

## Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and their Laborers: A Comprehensive Analysis

**\*Dr. Savitri Chandoliya**

### Abstract

A recognized growth engine on a global scale is the micro, small, and medium-sized company (MSME) sector. Many nations throughout the globe have established an MSME Development Agency as a nodal organization to coordinate and supervise all governmental initiatives in the growth of this sector. In India, the Medium Establishment was also created for the first time as a distinct legislation governing the creation and promotion of Micro, Small, and Medium-Sized Enterprises (MSMEs). The Micro Small and Medium Enterprises (MSME) Development Act 2006, which took effect on October 2, 2006, designates the Ministry of Micro, Small and Medium Enterprises (MSME) of the Office of the Commissioner for Development (Micro, Small and Medium Enterprises) as the Nodal Development Agency.

**Keywords:** *Micro, Small and Medium Enterprise (MSMEs), MSME Development Agency, Worldwide, Established.*

### Introduction

India has a long history of valuing and promoting variety as a national characteristic. Since the Indus Valley civilisation, entrepreneurs have lived with the consequences. Numerous micro, small, and medium-sized firms (SMEs) have been aided by this. Small and medium-sized businesses continue to play a crucial role in the creation of the majority of employment, the growth of the national economy, and a feeling of competition among the general populace. MSMEs have consistently exemplified the socioeconomic policies of the Government of India, which placed an emphasis on the prudent use of foreign exchange for the importation of capital goods and inputs, the labor-intensive mode of production, the disapproval of monopolistic production and marketing practices, and the overall successful contribution of the low-importation-intensive nation to foreign exchange earnings.

### MSMEs in India

The engine of economic growth and equitable development has been recognized as micro, small, and medium-sized companies (MSMEs). The sector's capacity to employ people at low capital levels is its main advantage. MSMEs account for more than 90% of all businesses in the majority of nations, are recognized with creating the fastest rates of employment creation, and contribute significantly to

---

## Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and their Laborers: A Comprehensive Analysis

*Dr. Savitri Chandoliya*

both industrial output and exports. MSMEs are essential to the entire industrial sector of India as well. The MSME sector provided around 8% of the nation's GDP, approximately 45% of manufactured output, and approximately 40% of exports. Their importance for accomplishing the goal of inclusive development, together with a high labor-to-capital ratio, fast growth, and large dispersion, can thus not be overstated. In comparison to the general industrial sector, the MSME sector has regularly recorded a greater pace of growth in recent years. With its tenacity and dynamism to endure the current economic slump and recession, the industry has shown remarkable innovativeness and flexibility. According to the data that is currently available (4th MSME Sector Census) during the years 2006–2007, the nation's 26 million MSMEs employed around 60 million individuals. 28 percent of the total were employed in the manufacturing industry, and 71% in the service sector.

### **MSME Development Act, 2006**

The government approved the revised MSME Act of 2006. Major issues with MSMEs, such as difficult bureaucratic registration procedures, a lack of finance, management skills gaps, etc., have been addressed. The main accomplishment of the Act is to make the sector more relevant and to define MSMEs specifically. Additionally, the Act required the MSME National Board's composition with the explicit long-term goal of monitoring and regulating the expansion of micro, small, and medium-sized companies in India. By drastically increasing sanctions for late payments, the MSME Act of 2006 brought in a strict legislation governing the payment of dues.

According to the Act, businesses may be roughly divided into those involved in (i) manufacturing and (ii) providing/rendering services.

Both groups have been further divided into micro, small, and medium firms depending on their investment in equipment (in the case of companies offering or performing services) or plant and machinery (in the case of manufacturing enterprises).

Manufacturing businesses: Micro Enterprises with a maximum investment of Rs. 25 lakh. Investments beyond Rs. 25 lakh and up to Rs. 5 crore for small businesses. Medium-sized businesses invest between 5 and 10 crores rupees.

Microbusinesses may invest up to Rs. 10 lakh in services. Investments beyond Rs. 10 lakh and up to Rs. 2 crore for small businesses. Medium-sized businesses invest between Rs 2 crore and Rs 5 crore.

### **The roles and responsibilities of laborers in small- and medium-sized businesses**

Although organized enterprises have contributed to the creation of the industrial proletariat in India until recently, the importance of workers in the production process cannot be understated. Scientific and technological progress together with the complexity of contemporary automation have not yet been used in delivering a flawless substitute for labor. It is the center of production in every area of the production unit, whether it be highly computerized public or private organizations, or larger or smaller company difficulties. In addition to performing its duties, labor also carries out responsibilities of many kinds, fosters cooperation in a variety of contexts, and aids management in

---

## **Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and their Laborers: A Comprehensive Analysis**

*Dr. Savitri Chandoliya*

realizing its objectives. Because they are a crucial component of any growth, employees should be treated with respect and in a completely different manner. Therefore, it can be said with confidence that they contribute to industrial success and economic expansion when viewed objectively. It should also be underlined that today's workforce is not in any way a disorganized, illiterate, or unconscious mass of workers that can be coerced to submit to the caprices and demands of their employers or management. As a goal and a tool for growth, labor has a significant place in every aspect of our economic life. Labor and industry are mutually beneficial. Therefore, one's success and progression rely on the other's development and prosperity. Class conflicts must be eliminated because they disturb the balance of the industrial environment. In fact, creating industrial harmony is necessary, in addition to just maintaining industrial peace. It is well recognized that one of the key factors influencing industrial progress is the emergence of a disciplined labor force. The labor market handles several socioeconomic factors that have an impact on social security, productivity, labor force welfare, and living standards. To raise the living conditions of the workforce and boost productivity, ability development via sufficient preparation is crucial. A robust labor force with the relevant qualifications and skills for various industries is required for quick socioeconomic progress. To generate employment in all productive areas is one of the fundamental objectives. In this situation, efforts are being undertaken to promote self-employment in both urban and rural regions. Priority attention was given during the Ninth Plan phase to the elimination of undesirable practices like child labor and bonded labor, as well as to issues like protecting the protection and social security of employees, caring for labor welfare, and providing the necessary support measures to address issues relating to the jobs of both male and female workers in different sectors. The government's social and economic strategy includes improving labor welfare and productivity while maintaining a reasonable level of social security as one of its main goals. The resources were concentrated on programs for skill development and growth, observation of working conditions, establishing health infrastructures for industrial peace, industrial relations and disease insurance, worker injury and unemployment, and finally families. The excess of labor and workers in the organized sector of the economy leads to unhealthy social practices including child labor, bonded labor, and unfavorable working conditions.

### **Review of Literature**

Before drafting the current study proposal, the researcher reviewed the relevant literature. The following two headings have been used to describe the current study:

#### **Studies Concerning MSMES**

**Shameel Akhtar (2011)** - The research shows that geography, company, and managerial/owner specific elements have a good relationship with international market performance. This demonstrates that businesses that consider market infrastructure, perceived market risk, a company's capacity to develop and deliver distinctive goods, firm size, and technological leadership do well.

**Jolanda Hessels (2011)** - His article focuses on the connection between environmental

---

## **Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and their Laborers: A Comprehensive Analysis**

*Dr. Savitri Chandoliya*

sustainability and small and medium-sized businesses' financial success in terms of sales and profit growth. The findings point to a strong correlation between environmental sustainability and company success.

**Arti Singh (2010)** - In this essay, Arti Singh strives to provide readers a glimpse of the Small Scale Industries (SSIs) and the institutional framework that supports their growth and diversification. A short description of SSIs in general and Varanasi-specific SSIs is also provided.

Studies on the Socioeconomic Situation of Workers

**S.K. Chauhan (2011)** - The research found that the majority of female bidi employees lack literacy, the owners discriminate against women when assigning tasks, and since there is no trade union, the employers are careless about the varied working conditions they provide.

**R.C. Upadhyaya (2011)** - The research highlighted the fact that floriculture provides women with a variety of options for employment, money production, empowerment, and, most importantly, self-fulfillment. Since many women in rural regions where floriculture is practiced are already involved in flower cultivation, they have the chance to boost their wages by adopting contemporary floricultural practices.

**Omkarnath Chattopadhyay, Tushar Kanti Saha, Arindam Butt, and Aparajita Dasgupta (2010)**- The survey revealed that among these workers, musculoskeletal issues, respiratory and eye ailments, accidents, injuries, skin disorders, stress, sleeplessness, etc. are all very frequent. Numerous socioeconomic issues, such as poverty, illiteracy, unfavorable working circumstances, excessive work hours, and bad food, exacerbate the poor health.

#### **Objectives of the Study**

The following are the study's main goals:

- 1) To look at how Indian MSMEs (Micro, Small and Medium Enterprises) are definable as they change through time.
- 2) Research on the impact of the 2006 Act on the expansion of Micro, Small, and Medium-Sized Enterprises (MSMED).
- 3) Research on MSMEs' potential and constraints in India during the time of liberalization.
- 4) To assess MSMEs' performance in India both before and after liberalization.
- 5) Outlining MSMEs' role to GDP growth

#### **Research Methodology**

The study's secondary data comes from a variety of secondary sources, including journals, annual reports, MSME offices, and other publications that have already been released. The information was presented as a table, and interpretations were developed in consideration of the aforementioned research goals.

---

### **Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and their Laborers: A Comprehensive Analysis**

*Dr. Savitri Chandoliya*

**Analysis of Data**

Information taken from the Government of India's Annual Report for Micro, Small, and Medium-Sized Enterprises The overall number of businesses in this sector as of the 2012–2013 fiscal year is 361.76 lakh. There are 198,74 lakhs unregistered businesses, of which 15,64 lakhs are in the registered industry. Rural regions make up around 45% of the registered industry. Sixty percent of unregistered business units are rural. This refers to the whole contribution to the MSMM's unit count. The group is from rural regions since it makes up roughly 55.34 percent of all units. As a result, rural Indian entrepreneurs are making more money. Initiatives to launch these micro, small, and medium-sized firms allow the government to think and think and think, unlike urban residents. Create some original tactics to inspire these businesspeople to launch new ventures. If we look closely at the data, it becomes clear that even female entrepreneurs are now contributing to the growth of these small-scale companies. About 26.61 percent of the total number of businesses in this category are owned and operated by women.

**Conclusion**

Due to the withdrawal of subsidies, a lack of infrastructure, an anti-dumping policy, difficulties with product standardization, a lack of general quality control, etc., India's MSMEs confront a challenging scenario. Indian MSMEs are still not well-prepared to compete, despite the fact that globalization has in some ways made them more competitive. The government's mentality has changed significantly from promoting defense to MSME development. Govt. The government has already adopted a number of policy measures, but more must be done to guarantee that these plans are properly coordinated and carried out. MSMEs must transform the difficulties of globalization into opportunities via increased production, product diversity, supply chain management, and research and development initiatives.

**\*Lecturer  
Department of Economic  
Government College  
Tonk (Raj.)**

**References**

1. Burke Ronald, Singh Parbudyal (2010), "The Importance of HRM in Small And Medium Enterprises", MBA Review: IUP Journal, pp 47 -53.
2. Singh Arti (2010), "Role of SSIs in District Level Development-A Study of Varanasi", The IUP Journal Of Entrepreneurship Development, VII, 3.

---

**Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and their Laborers: A Comprehensive Analysis**

*Dr. Savitri Chandoliya*

3. Milé Terziovski (2010), "Innovation practice and its performance implications in small and medium enterprises (SMEs) in the manufacturing sector: a resource-based view", *Strategic Management Journal*, 31(8), pp 892–902.
4. Khaire B Rajiv (2010), "Understanding the Awareness of Human Resource Practices in Nagpur SSI's", *The IUP Journal of Management Research*, Vol. IX, 4.
5. Pillania K. Rajesh (2008), "Knowledge management in SMEs in India: a study of the automotive components sector", *International Journal of Electric and Hybrid Vehicles*, 1(3), 308-318.
6. [www.smechamberofindia.com](http://www.smechamberofindia.com)
7. [www.indiabudget.nic.in](http://www.indiabudget.nic.in)
8. [www.rbi.org](http://www.rbi.org)
9. [www.msme.gov.in](http://www.msme.gov.in)
10. [www.eria.org](http://www.eria.org)

---

**Assessing the Socio-Economic Status of Micro, Small, and Medium Enterprises and  
their Laborers: A Comprehensive Analysis**

*Dr. Savitri Chandoliya*