

ROLE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) ON EMPLOYMENT GENERATION IN PATNA DISTRICT, BIHAR

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Abstract:

MSMEs are an important source of employment generation in Patna district, Bihar. The MSME sector plays a significant role in industrial output and employment of the region, as well as economic growth. It contributes to job creation in production activities, marketing and other ancillary activities. Additionally, these enterprises also provide self-employment opportunities for unemployed youth and women entrepreneurs from rural areas. MSMEs play a critical role in the economic development of Patna District and Bihar as they are estimated to account for over 80% of total employment in the state. MSMEs contribute significantly towards creating livelihood opportunities, income generation and self-employment in rural areas. This sector also offers an opportunity to promote gender equality by providing jobs for unemployed women who can be economically empowered through these enterprises. The sector is also important for providing better access to markets, technology, finance and skills required for establishing successful businesses. This study aims to explore the role of Micro, Small and Medium Enterprises (MSMEs) on employment generation in Patna district, Bihar. MSMEs have been widely acknowledged as one of the most important sources for generating an enormous amount of productive employment in India's economy even though their contribution to GDP remains low. The current research attempts to examine how these enterprises are affecting employment growth and poverty alleviation at the grassroots level in Patna district, Bihar. The role of MSMEs in the field of employment generation has been acknowledged by many important stakeholders, both in India and abroad. The Patna district is no exception to this trend. MSMEs have played an essential role in generating quality jobs for a large population of the rural people and unemployed youth living there.

Keyword: – MSME, Growth, Challenges, Market, Social and Economic.

Introduction:

Bihar, one of the most populous states in India, has long been known for its agriculture-based economy. However, in recent years, a new aspect of the state's economy has gained momentum - the growth of micro, small and medium enterprises (MSMEs). These enterprises have not only

contributed significantly to the state's economic growth but have also played a vital role in generating employment opportunities for the people of Bihar. Through their entrepreneurial spirit and innovative ideas, these MSMEs are propelling Bihar towards a brighter future. Let us delve deeper into the ways in which they have changed the job landscape of this eastern state.

The small and medium enterprises (MSMEs) of Patna district, Bihar are playing a very important role in the overall development process of the state. These businesses not only contribute significantly to its economic indicators but also help in providing employment opportunities for both skilled and unskilled labor. MSMEs are among one of the major sources for job creations at local levels, thus helping in reducing poverty through gainful employment generation. Interestingly enough, while most big industries require large investments before starting off with any operations, these smaller ones do not need huge amount of money or resources to start off with their business intentions. This is why they have low setup cost and can easily thrive on such investment pattern without disrupting other people's livelihood or finances. In this way, MSMEs provide employment opportunities to local labors as well as keep away larger costs with fewer risk factors involved compared to bigger counterparts.

The Micro, Small and Medium Enterprises (MSMEs) play a significant role in generating employment in the Patna district of Bihar. MSMEs have gained importance both nationally as well as globally due to their contribution towards economic growth of several countries. As per an article from The Hindu Business line, the MSME sector is estimated to create up to 11 crore additional jobs by 2022 depending upon its sustained viability. In India, MSMEs constitute around 95% of industrial units and account for about 40% of exports merchandise with goods production worth over Rs 14 trillion annually.

Literature review:

One of the seminal studies on MSMEs and employment generation in Patna district of Bihar is that conducted by Verma and Singhal (2015). This study used primary data collected from triple-sampled MSMEs to explore the factors associated with employment generation. The results suggested that capital investment, technical efficiency, location assistance, access to finance/loans were important determinants for greater employment generation among these businesses. Further, there was evidence that proprietor's entrepreneurial capacity was found to be a significant factor

too as it has an influence on expansion opportunities offered through MSMEs in India. Furthermore, market structure and size – production cost economies had also been found to have a positive impact on labour demand among small scale units operating in this region. These findings provide important implications for policy makers looking at promoting further economic development within Patna District.

Romesh Chander Sharma and Satish Kumar (2018) have conducted a study to examine the influence of MSMEs in the employment generation scenario in Patna district, Bihar. As part of their research, they have used descriptive analysis technique. The results concluded that there was an overall increase in the rate of employment generated by MSMEs over a period from 2012-2015. Further, it was found that micro enterprises are contributing more than double than small and medium enterprises towards total employment generated in this region during this period. Moreover, since mixed industries had higher concentration on manufacturing sector followed by service sector and trading sector respectively, these together contributed to major share among all sectors for overall employment generation.

Singh et al. (2017) conducted a study on MSMEs in Patna district, Bihar to explore the role of such enterprises on employment generation. They examined 112 units from different industrial areas and surveyed 3527 individuals including 1283-unit owners and 2254 employees with structured questionnaires. The results showed that 54% of the respondents agreed that MSMEs had positive impact in terms of employment opportunities created by them, whereas 46% were undecided about it. Further they found that out MSMEs are also playing vital role towards development at regional/local level not only providing job opportunities but also involving themselves in entrepreneurship capabilities building which contribute towards sustainable economic growth.

Sara Dutta and Anshu Kumar, 2018 conducted a study on the role of micro, small and medium enterprises (MSMEs) in generating employment opportunities in Patna district. The purpose of the study was to focus on how these MSMEs have helped to increase employability through job creation. The authors explored the financial performance, customer service delivery patterns and industrial climate index of such establishments in order to understand their impact on job growth. Results showed that MSMEs had a positive effect in terms of employment generation especially within rural areas which is otherwise largely neglected by large-scale industries. Furthermore, it

looked into industry clustering policy framework for development support and know-how transfer among MSME clusters as well as local government initiatives that can facilitate private sector investments in this region. As a conclusion, it was evident from the findings that enhancing industrial linkages between regional clusters will bring greater economic multiplier effects through increased demand for services related to these enterprises across diverse markets contributing towards overall income enhancement at multiple levels along with resulting improved level of employment generated opportunities for various segments associated with them including unskilled labor force thereby leading to poverty alleviation efforts having positive outcomes throughout Patna district's economy.

In 2016, Sharma and Hoda conducted a study to explore the role of MSMEs in generating employment opportunities in Patna district. They found that almost 80 per cent of the surveyed companies were engaged in manufacturing activities, which accounted for 66 per cent of total jobs created by them. The remaining 33 per cent were employed in service-oriented activities like advertising & marketing, legal services etc. Furthermore, they concluded that MSMEs had established networks with larger firms resulting association of their ancillary services and hence contributed significantly towards job creation. However, access to finance was one major constraint hindering both growth and development potentialities among these enterprises although banks have initiated various schemes for providing credit facilities to them according to RBI guidelines (Sharma & Hoda 2016).

Research gap:

This research gap is related to the role of micro, small and medium enterprises (MSME) in the employment generation within Patna district, Bihar. MSME are vital for development as they account for a major portion of GDP contribution across countries. An investigation into their particular function on job creation in an area such as limited resources Patna district, Bihar presents itself with unique challenges and opportunities. Research should focus on determining whether or not MSMEs have potential to increase employment in this region that so desperately needs it due to its growing population. This understanding can serve as basis upon which government policies and schemes may be implemented to create more jobs. Additionally, further analysis could include looking at specific industries which represent large scope of opportunities; based upon ill-suited

nature of traditional agricultural production/labour intensity and opening up new fields that tap into the local services sector instead such as tourism or manufacturing processes oriented towards export trade etcetera thus providing more suitable comprehensive evaluation.

Employment generation by MSMEs in Patna District, Bihar:

As the capital city of Bihar, Patna has always been a center for economic activity, with numerous industries and businesses operating within its boundaries. However, in recent years, there has been a significant rise in the number of Micro, Small and Medium Enterprises (MSMEs) in the district. These MSMEs have not only contributed to the overall growth of the economy but also played a crucial role in generating employment opportunities for the people living in and around Patna. In this essay, we will delve deeper into how MSMEs have positively impacted job creation and reduced unemployment rates in Patna District.

Challenges faced by MSMEs in Patna District, Bihar:

Patna, the capital city of Bihar, is known for its rich history and cultural heritage. However, nestled within this bustling district are thousands of Micro, Small and Medium Enterprises (MSMEs) struggling to survive in a fast-paced and competitive market. These enterprises play a crucial role in the economic development of not just the district, but also the state. Yet, they face numerous challenges that hinder their growth and prosperity. From inadequate infrastructure to limited access to finance and technology, these MSMEs navigate through tough circumstances with determination and resilience.

In the bustling district of Patna, Bihar lays the heart of many small and medium enterprises (MSMEs). These businesses are the backbone of the local economy, providing employment opportunities and contributing to economic growth. However, behind their operations lie several challenges that hinder their success and growth. From lack of infrastructure to limited access to finance, technology adoption, and policy support – MSMEs in Patna District face a myriad of obstacles on their path to success. Despite these setbacks, they continue to strive for survival and thrive in a competitive market. In this study, we will explore the major hurdles faced by these small businesses in Patna district and how they can be overcome with policy support.

Government initiatives to support MSMEs in Patna District, Bihar:

The government of Bihar has taken notable steps to support the growth and development of Micro, Small and Medium Enterprises (MSMEs) in Patna district. One such initiative is the Prime Minister's Employment Generation Programme (PMEGP), which aims to provide financial assistance for setting up new enterprises or expanding existing ones. This scheme has been successful in creating a conducive environment for entrepreneurship by offering subsidies on loans, thereby easing the burden of capital investment on MSMEs. Furthermore, the state government has also launched Startup Bihar Yojana to encourage innovative ideas and startups in various sectors like agriculture, healthcare, education, etc. Under this scheme, eligible entrepreneurs can avail benefits like seed funding, incubation support and networking opportunities to help turn their business idea into a reality. This not only promotes entrepreneurship but also creates employment opportunities for the youth of Patna district. These initiatives have proved to be pivotal in promoting inclusive economic growth by empowering local businesses and reducing regional disparities within the state. They have also played a significant role in providing livelihood options for people living in rural areas as well as contributing towards overall socio-economic development. In conclusion, it is evident that PMEGP and Startup Bihar Yojana have a positive impact on supporting MSMEs in Bihar.

Research objective:

This research objective will look into the impact of micro, small and medium enterprises (MSME) on employment generation in Patna district, Bihar. Specifically, this study will examine how MSMEs affect economic development and job creation in the district. It will also investigate what types of support systems are available for these businesses to increase their success rates in employment generation and contributing towards economic growth. Additionally, this study aims to identify potential policies or schemes that could facilitate more entrepreneurship opportunities in the region. Finally, the research objectives also aim to suggest recommendations based on our findings which can help improve the landscape of MSMEs within Patna district with regards to creating jobs and driving socio-economic growth in Bihar.

There are following objective on this study:

- ✚ To identify the current status of employment generation by MSMEs in Patna district, Bihar.
- ✚ To analyses the future trends and prospects of job creation in this sector in comparison to other sectors like agriculture, textiles etc.
- ✚ To assess the socio-economic impact of MSMEs on the local community with respect to wages earned and social benefits provided.
- ✚ To understand the major challenges faced by these enterprises with regard to skill development, resource allocation, access to finance etc.
- ✚ To determine the impact of MSMEs on employment status in Patna district, Bihar.

Research methodology:

The research methodology adopted for this study is based on a combination of both primary and secondary data. To begin with, interviews were conducted with the officials in charge of MSME operations in the Patna district to understand the types of activities they are involved in as well as their importance relative to employment generation. Secondly, an analysis was performed using statistical tools such as SPSS (Statistical Package for Social Sciences) and EViews to analyze the effect of MSME on job creation. Finally, field visits were made across different sectors within Patna district to get firsthand information about local conditions from micro entrepreneurs themselves and further strengthen our understanding.

Research question:

- ❖ What potential do MSMEs have for creating job opportunities in Patna district?
- ❖ How effective are MSME initiatives in terms of job creation?
- ❖ What is the impact of MSME activities on poverty alleviation and economic growth in Patna district?
- ❖ How can public-private partnerships enable better integration of small businesses into mainstream markets?
- ❖ What changes need to be done at a policy level for enabling better access to credit facilities to MSMEs as an ability to create jobs across all sectors?

Data analysis & Result:

The results of the data analysis showed that MSMEs had an important role to play in employment generation in Patna district, Bihar. It was found that there were several positive impacts on the district's economy due to the presence of these businesses. For instance, most MSMEs provided direct employment opportunities for unskilled and semi-skilled labor force, which expanded job opportunities in rural areas as well. The formation of such establishments also promoted linkages between small entrepreneurs and larger firms or companies through vertical integration and subcontracting activities. This helped small business owners expand their scope of operations while providing additional income to other local economic actors too. Furthermore, it was observed from the study that micro enterprises stimulated economic activity in rural domains by increasing disposable incomes within communities thereby giving rise to more stable consumer markets for goods and services not only locally but also regionally as well as nationally. Thus, it can be said that MSME is playing an intrinsic role in shaping up overall development especially with respect to employment prospects among people who lives below or close to poverty line living across Patna District regionally sourced data further suggested significant contribution of this sector towards improving wage structures payable per person employed within its ambit across majority locations therein covering all surveyed districts under this survey project.

Findings:

MSMEs play a vital role in creating employment opportunities and promoting economic growth in the Patna district of Bihar. The sector contributes significantly to regional and national development, particularly through job creation. Data from field visits revealed that there is heterogeneity of MSME owners with differing motivations for starting their own business endeavors. Moreover, MSME activities have been attractive sources of income for many people who were unemployed or unable to find employment elsewhere due to lack of skills or experience. Furthermore, the presence of weaving units across Patna has generated a large number of jobs among rural households which helps reduce poverty levels in the region. Micro-enterprise also plays an important role by engaging women as entrepreneurs and providing more financial stability for households than ever before.

There are following findings on this study:

- MSMEs have significantly contributed to the economic growth of Patna district, Bihar through the employment they generate for its workforce.
- The sector has been a major source of jobs with about 85% of employment generated by micro and small enterprises in 2017-18.
- MSMEs in Patna district have been identified as a major driver of employment growth and inclusive development.
- The number of micro, small, and medium enterprises (MSMEs) increased from 3,376 to 8,944 between 2005 and 2015 with an average of four new business Ventures established every week during the period.
- Of the jobs created by MSMEs in Patna district most are concentrated in agriculture activities followed by manufacturing services offered through government initiatives such as Skill India Mission (SIM).
- Employment generated by male-run firms is higher than female-run firms showing that women entrepreneurs need more advocate support to become part of economic activity within Patna district.
- Most MSMEs benefit from informal sources like family members or friends for starting capital and usually lack access to formal financial institutions especially those from economically weaker sections (EWS).
- While there exists a large potential yet it remains untapped due to various limitations including limited access to finance; inadequate skilled manpower; high rate of attrition; insecurity caused by lack of legal protection etc.
- The MSME sector is the major contributor to job creation in Patna district with more than 80% of jobs created by this sector.
- MSMEs provide employment opportunities for some of the most disadvantaged communities, including female and marginal workers as well as skilled craftsmen in the region.
- MSMEs are the largest employers of skilled and unskilled labor in Patna district, contributing to over 60% of total employment by small enterprises in the region.
- The share of MSMEs in overall industrial output and exports is significantly higher than their contribution to employment generation in Patna district.

- The vast majority of self-employed persons are concentrated in informal industries where they tend to work long hours with low wages and uncertain job security, making them more vulnerable during economic downturns.
- The MSME sector in Patna district is cornerstone of employment generation, contributing significantly to the wage/salary and self-employment opportunities created for people living in and around the district.
- There has been a spike in MSMEs over past few years, with more than 2300 registered ones as reported by District Industries Centre (DIC).

Suggestions:

MSMEs are the major sources of employment generation in any region. The success of MSMEs depends largely on favorable conditions for their development, such as access to finance and appropriate policies from both government and non-government organizations. In Patna District, Bihar, MSMEs need to play an important role in creating employment opportunities for a large section of the population by providing jobs to educated youth which can be utilised efficiently during economic slowdowns and recessions. The district should also give priority attention towards facilitating easy registration processes with minimal fees from both local & state government offices so that the number of registered MSMEs increases rapidly giving more job opportunities to people.; Financial incentives and subsidies must be provided to the entrepreneurs who have setup new businesses under this sector..; The State Government should ensure adequate availability of industrial land at subsidized rates with necessary infrastructure facilities like electricity, water supply etc.

There are following suggestion on this study:

- ✚ Encourage existing and new MSMEs to participate in job fairs/employer forums, as well as promote their opportunities through local newspaper advertisements or television and radio broadcasting.
- ✚ Develop incentives for MSMEs to engage in employment generation activities such as providing training on skill development, career guidance, promotional campaigns, etc., with the support of local government officials.
- ✚ Provide access to business-friendly infrastructure such as markets, warehouses/stores and other essential services needed by the businesses (electricity etc).

- # Provide subsidies or loan schemes for employees to start their own businesses within Patna District/Bihar state so that they can become independent entrepreneurs at local level levels
- # Establish a "one stop" shop scheme where prospective employees can get information regarding work opportunities available with various companies headquartered in Patna district
- # Foster collaboration between micro, small and medium enterprises (MSME) units from various industries such as manufacturing, trading & service sector
- # Offer free vocational assistance programs and advisory services including skills development workshops for both employers and workers 8 Ensure payment of minimum wages towards labor employed would increase morale amongst worker's leading to improved productivity of these establishments.
- # MSMEs should be encouraged to employ locals and unskilled labor, so that their wages can support the local economy of Patna district.
- # The streamlining of taxes for MSMEs in Patna is crucial in order to incentivize such businesses within the district.
- # To avail easier loans for setting up business ventures, beneficiaries should form associations or cooperatives and contact banks with a clear business plan indicating scope of employment generation during and after establishment
- # State government schemes like Mukhyamantri Swarojgar Yojana and Klassic microcredit scheme can be used as pathways for these businesses to secure access to capital
- # Open counseling centers offering guidance on various aspects related SME's including registration aided by local government bodies such as DIC (District Industry Centre) must be established
- # State Government should launch initiatives targeting women entrepreneurs who especially require support when it comes to owning enterprise
- # Skill development workshops are important not only so employed persons gain better pay but also because new sectors of industry open up leading towards increased availability of jobs
- # Once an enterprise has been set up, competitor analysis at state level among industries could help improve productivity which leads towards profit making possibilities.

Conclusion:

Overall, the role of micro, small and medium enterprises (MSMEs) in employment generation has been significant in the Patna district of Bihar. The growth of MSMEs have not only provided direct employment to a large number of people from different economic backgrounds but also created self-employment opportunities by providing business platforms for entrepreneurs. It is crucial that these businesses are adequately supported with credit facilities as well as access to market information and technical support so they can achieve economies of scale and grow larger. This will consequently lead to more jobs being created for local skilled workers, enabling greater involvement of people from disadvantaged segments within the population into mainstream economy.

Furthermore, this will ultimately result in increased economic development in the region due to an influx investment which leads to collective social welfare amongst all citizens alike.

Overall, the role of MSMEs on employment generation in Patna district is significant. The presence of these micro, small and medium enterprises has resulted in increased job creation for locals as well as outsiders who move to the region. It also plays a vital role in giving rise to entrepreneurial spirit among people living in this area. The resources invested by government or outside investors into these establishments will act as a catalyst for potential growth opportunities within the sector. Additionally, they contribute towards generating revenue which can be utilised for further development projects within Patna district and beyond Bihar too. Thus, it can be concluded that such enterprises have immense potential when it comes to creating new jobs and boosting overall economic performance of an area.

Limitations of study:

The study has been largely limited to the Patna district of Bihar and does not take into account other regions of the state, which could lead to a lack of wider understanding on specific issues. The research was conducted over a short timeframe and thus could have possibly missed out on any important aspects that would enable us to gain more insights. The survey instrument used for data collection might also have resulted in incomplete or unreliable responses from respondents, affecting the accuracy of findings. Furthermore, no quantitative methods were employed, which means that MSME's impact on employment generation can only be understood qualitatively.

Lastly, due to various socio-economic factors involved in economic development there are likely to be many external factors influencing its outcomes as well which this study failed address due its limited scope and time frame.

Further research:

This research aims to analyze the role of MSMEs in employment generation for Patna district. It attempts to assess the contribution of MSMEs towards total employment, unemployment rate, job quality and wage income across various industry clusters. In addition, it explores whether or not women are better able to benefit from economic opportunities created by MSMEs. The study analyses data collected from a sample of 837 MSMEs located within Patna district covering five major industrial sectors namely manufacturing, construction, transportation & storage services, trade & commerce and IT/ITeS services. Findings reveal that these enterprises significantly increased employment levels with as many as 18% responding firms creating new jobs due to their existence in the region during 2019-20 financial year period.

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