

Profile of employment of social groups in the MSMEs in India as per Fourth MSME Census

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Abstract. Micro, small and medium enterprises (MSMEs) sector holds a very important position in the Indian economy in terms contribution to the GDP as well as generating gainful employment. India being a heterogenous society, one important aspect of employment is the issue of its distribution among the various social groups, such as the scheduled caste (SCs), scheduled tribe (STs), other backward classes (OBCs) and others comprising of the general caste category. Study of distribution of employment among these social groups enables us to analyze the economic engagement of the work force in one of the industrial sectors of the country. It is also helpful in studying social development of India.

Key words: Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Classes (OBC), Employment, Micro, Small, Medium, Enterprise, MSME

1. Introduction

According to the Fourth All India Census on MSMEs held in the year 2006-07, there existed 211.11 lakhs MSMEs out of which 15.64 lakhs units were registered and the rest 195.47 lakhs happened to be unregistered units. Out of a total of 15.64 lakh Registered MSMEs, 7.07 lakh units are located in rural area and 8.57 lakh units are located in urban area. The distribution of units across the social groups is given as: 0.72 lakh in rural and 0.47 lakh in urban areas in case of SCs, 0.28 lakh in rural and 0.16 lakh in urban areas in case of STs and 3.09 lakh in rural and 2.9 lakh in urban areas in case of OBCs. However, in case of Others, the number of rural units (2.98 lakh) is less than the number of urban units (5.04 lakh) which has caused the total number of urban units to go up above that of rural units.

In the Unregistered sector, the total number of units for all groups (195.47 lakh) as well as the number of units across the social groups are more in the rural area (118.07 lakh) than that of urban area (77.39 lakh). The same result stands for all units (registered plus unregistered) also.

Out of 125.14 lakh total rural units, SCs have 16.07 lakh, STs have 8.73 lakh, OBCs have 60.49 lakh and Others have 39.85 lakh units. Out 86 lakh urban units the social groups taken together own nearly 46 lakhs and the Others own 40 lakh units. It is interesting to note that due large population of OBCs as compared to the rest of the groups, the OBC owned number of MSMEs is also higher.

These MSMEs are major source of employment to the rural and urban work force who look for engagement in non-agricultural occupation. It is important to note that Indian society is heterogeneous in nature due to existence of different social groups – SC, ST, OBC and Others. Historically, population belonging to SC, ST and OBC categories have been deprived of the development benefits. Hence it is important to study the employment situation of the social group population to analyse the economic conditions of such groups in the population

The present article analyses the profile of employment of the social groups engaged in the MSMEs by taking into consideration the distribution of employment under following heads:

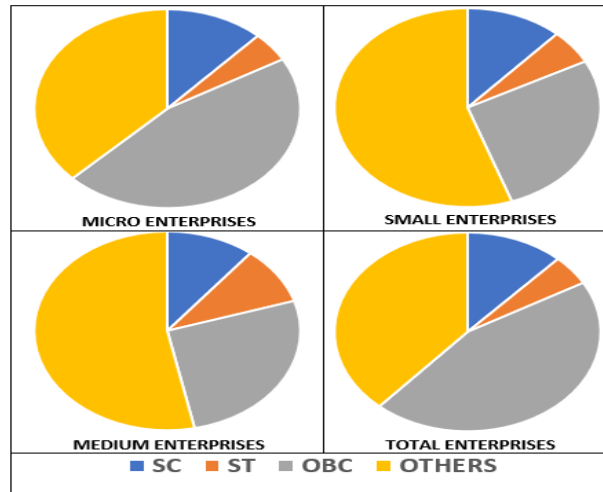
1. Employment of workers belonging to different social groups
2. Employment by size of investment in MSME
3. Employment by nature of activity of MSME
4. Employment by type of organisation of MSME

The source of data has been the Report of the Fourth All India Census on MSMEs carried out in the year 2006-07 which happens to be latest while writing this paper.

1.1 Distribution of Employment among Different Categories of Social Groups

As said above, the social groups in India consist of SC, ST, OBC and Others. An interesting observation from the data being the distribution of employment commensurate to the size of population of social groups in the country. In India, the population of OBCs happens to be highest followed by general castes, SCs and STs in that order. Accordingly, employment of OBCs has been maximum, around 224 lakhs (44.54 %) out of the total 502 lakhs. This is followed by general caste workers (192 lakhs or 38.31 %), SCs (59.45 lakhs or 11.84%) and STs (24.44 lakhs or 4.87%). Infact, the percentage of OBC workers are higher in micro, small and medium enterprises separately as compared to other groups. Chart 2 shows dominance of OBC workers in terms of absolute number in the distribution of employment in MSMEs. (See Chart 1)

Chart 1: Distribution of employment social groups in MSMEs (2007-07) by caste categories



1.2 Distribution of Employment of Social Groups in MSMEs by Size of Investment

Investment up to Rs. 25 lakhs in plant and machinery in manufacturing (up to Rs.10 lakhs in equipment in service) is called Micro Enterprise. Investment of Rs. 25 lakhs to Rs.5 crore in plant and machinery in manufacturing (Rs.10 lakh to rs.2 crore in equipment in service) is called Small Enterprise. Finally, investment of Rs. 5 crore to Rs.10 crore in plant and machinery in manufacturing (Rs.3 crore to Rs. 5 crore in equipment in service) is called Medium Enterprise. Accordingly, the ascending order of enterprises by their size of investment is given as- Micro units, Small units and Medium units. As given in Table 1, the total employment in the MSME sector has been estimated at around 502 lakhs. Of this, the micro units employ around 470 lakhs (about 94 per cent of total) followed by Small enterprises which have employed around 27 lakhs (5.33 % of total) and Medium enterprises have employed only 4.32 lakhs (0.86% of total).

Table 1: Distribution of Employment by size of investment in MSMEs in 2006-07 (No. in Lakhs)

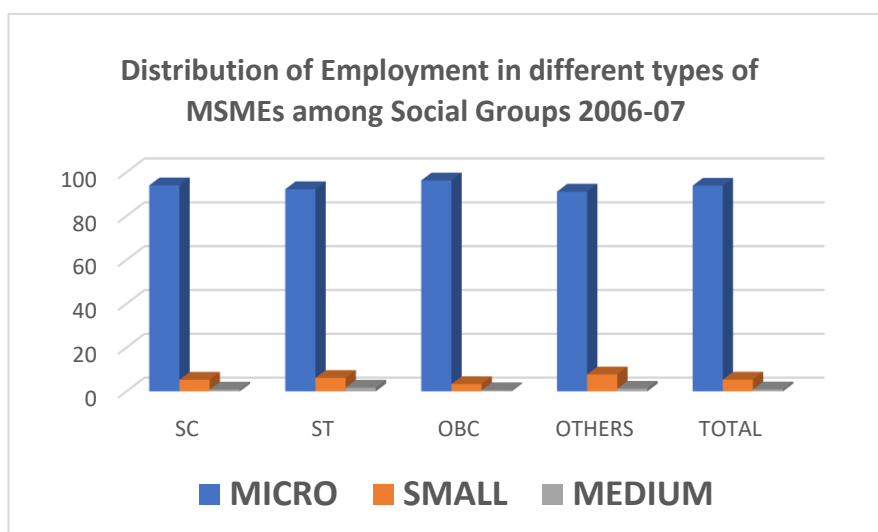
ENTERPRISE	SC	ST	OBC	OTHERS	TOTAL
MICRO	55.86 (94)	22.53 (92)	215.1 (96)	175.19 (91)	470.86 (94)
SMALL	3.13 (5.26)	1.5 (6.12)	7.3 (3.27)	14.81 (7.7)	26.75 (5.33)
MEDIUM	0.46	0.41	1.15	2.3	4.32
TOTAL	59.45 (100)	24.44 (100)	223.55 (100)	192.3 (100)	501.93 (100)

Source: Source: Calculated by using Reports of 4th All India Census on the MSME Sector for Registered and Unregistered Sectors. Figures in the parentheses are percentages.

Across the social groups, maximum people are employed in micro enterprises. Among the SC group, out of total employment of 59.45 lakhs, around 56 lakhs or 94 per cent of the total SC

workers have been employed in the micro units. Similarly, in case of ST, out of 24.44 lakhs, around 92 per cent or nearly 23 lakhs have been engaged in micro units. About 96 per cent i.e 215 lakhs OBC workers out of a total of 223 lakhs have been employed in micro units which also employs nearly 91 per cent of the total 192 lakhs workers in “Other” category. Small enterprises account for 5.26 per cent of total SC workers, ^.12 per cent of total ST workers, 3.27 percent of total OBC workers and 7.7 per cent of total other workers. In all small enterprises account for 5.33 per cent of total employment across social groups. Employment of social groups in the medium enterprises happened to be negligible. Chart 2 shows dominance of micro enterprises in providing employment to SCs, STs, OBCs and Others as compared to small and medium enterprises.

Chart 2



1.3 Distribution of Employment of Social Groups in MSMEs by Nature of Activity

The Nature of Activity of the MSMEs include: Manufacturing, Repairing and Maintenance and Services. Manufacturing is the dominant activity followed by service and repair and maintenance in the MSME sector which is confirmed by the fact that about 320 lakhs (62.76 %) of the total workers have been pursuing this activity. Nearly 67 per cent of SC (39.7 lakhs) and 78 per cent of ST (19 lakhs) and more than 62 per cent of both OBC (nearly 140 lakhs) and Other category (120 lakhs) workers respectively have been engaged in this activity in rural and urban areas combined. Next to manufacturing is the service activity which account for more than 30 per cent of total employment. While percentages of OBC and Others in service jobs have been in line with the all group average, per centages of SC and ST workers which account for 28 and 18 per

cents respectively are less than the all group average. These figures are shown by Table 2. In the repair and maintenance activities only 5.82 per cent of total workers are employed. Here also it is found that 4.94 per cent of SC and 3.82 of ST workers are engaged which are less than the all group average while per centages of OBC and Other category workers are respectively more than all group average.

Table 2: Distribution of Employment of Social Groups in MSMEs by Nature of Activity (Lakhs)

ENT	SC	ST	OBC	OTH	TOTAL
MANUF	39.7 (66.78)	19.1 (78.17)	139.82 (62.55)	120.32 (62.57)	320.1 (62.76)
R&M	2.93 (4.94)	0.93 (3.82)	11.42 (5.11)	13.93 (7.24)	29.23 (5.82)
SER	16.81 (28.28)	4.4 (18.01)	72.3 (32.34)	58.1 (30.19)	152.67 (30.42)
TOTAL	59.45 (100)	24.44 (100)	223.55 (100)	192.3 (100)	501.93 (100)

Source: Source: Calculated by using Reports of 4th All India Census on the MSME Sector for Registered and Unregistered Sectors. Figures in the parentheses are percentages.

*ENT- Enterprise, MANUF- Manufacturing, R&M- Repair and Maintenance, SER- Service

1.4 Distribution of Employment of Social Groups by in MSMEs by Types of Organisation

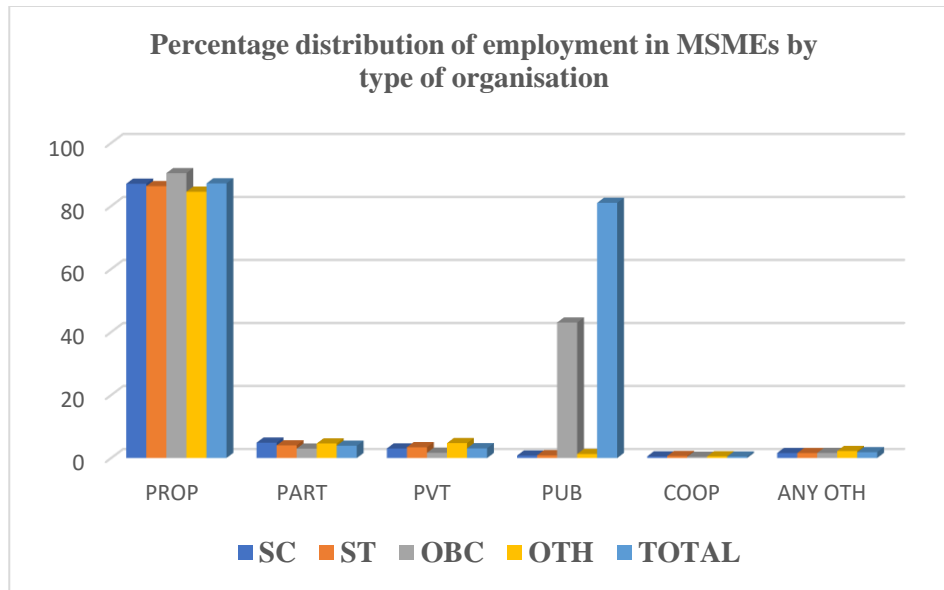
Type of Organization of MSME include: Sole Proprietary or HUF, Partnership, Private Company, Public Limited Company, Cooperatives and Others. As the data shows, most of the MSMEs are sole proprietary units and accordingly employment is maximum here. Table 3 gives data on this aspect. See Chart 3 which is carved out of this Table.

Table 3: Percentage distribution of employment in MSMEs by Type of Organisation

ORG	SC	ST	OBC	OTH	TOTAL
PROP	87.07	86.3	90.43	84.53	87.18
PART	4.87	4.01	3	4.63	3.89
PVT	3.02	3.43	1.67	4.73	3.08
PUB	0.78	0.87	43	1.27	0.81
COOP	0.52	0.62	0.39	0.54	0.47
ANY OTH	1.59	1.57	1.62	2.22	1.84
TOTAL	100	100	100	100	100

Source: Source: Calculated by using Reports of 4th All India Census on the MSME Sector for Registered and Unregistered Sectors. *ORG-Organisation, POP- Proprietary or HUF, PART-Partnership, PVT- Private Comp[any, PUB-Public Limited Company, COOP-Cooperatives

Chart 3



As table 3 shows, employment in sole proprietary units account for more than 87 per cent of the total. The rest 13 percent employment is distributed in partnerships, private companies, public limited companies, cooperatives and any other organisation combined. As can be seen in Table 3, all the social groups exhibit the similar trend. The only difference being other category workers who have comparatively higher representation in public limited companies than other groups.

Interpretation of Data

The overwhelming presence of workers in micro enterprises under sole proprietary irrespective of any social group is indicative of the developing nature of Indian economy. Lack of sufficient capital needed for investment is the major reason of existence of so many micro enterprises and sole proprietary type ownership indicate self-employment. In a way it can be said that a majority MSMEs are running at subsistence level. An inter group analysis could still show that SCs, STs and OBCs are comparatively operating at lower level than the other general group workers due to the fact that employment of the other workers is higher in small and medium enterprises where size of investments are higher. Also, employment of other group belonging to the general category in public limited companies is higher than that of SCs, STs and OBCs, thus indicating that general workers have access to better opportunities.

Conclusion

The data provided by the Fourth MSME Census (2006-07) in India shows that in the MSME sector, micro enterprises give maximum employment to workers belonging to all social groups- SC, ST, OBC and Others. Given the fact that micro units need less investment and more than three fourth of these units being sole proprietary in terms of ownership, the MSME sector can be

said to be dominated by self-employed class irrespective of the social group factor. Manufacturing activities have provided maximum employment accounting for more than 60 per cent of workers in each social group followed by service activities.

MSME sector need urgent attention as it has shown promises to provide employment. There has to be more investment in this sector to raise it above subsistence level.

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