

Distribution of number of MSMEs and employment therein with reference to social groups in India – An inter- state comparison using fourth MSME census data

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Abstract. Since independence, India's focus has consistently remained on the development of small industrial sector for its role in promoting industrial democracy and providing employment to local population. During the last six-decade period after independence, India has continuously modified and upgraded the policy relating to small sector which is now popularly known as micro, small and medium enterprise (MSME) sector. The enterprises in this sector are owned by population belonging to different social groups such as scheduled caste (SC), scheduled tribe (ST), other backward classes (OBC) and others in the general category spread over different states of the country. It will be interesting to know the distribution of number of micro, small and medium enterprises and employment of the social groups therein in order to get an idea of the performance of the states in this field of industrialisation

Key words: Employment, MSME

Introduction

India is a federation of states with each state having unique characteristic. From economic point of view, states are also different with states like Punjab, Maharashtra, Gujarat are high income states whereas states like Bihar, Odisha etc are not so developed. Similarly, the population of India has several social groups out of which scheduled caste (SC), scheduled tribe (ST) and other backward classes (OBC) are socially and economically underprivileged. It has been observed that most of the people rest belonging to general category are placed at a higher social stratum.

MSMEs (Micro, Small and Medium Enterprises) which are found across India happen to be a major source of livelihood for the population in different states. Development of MSMEs hold key to development of the state and its people.

Objective

On the basis of availability of data provided by Fourth MSME census, interstate comparison of entrepreneurship development among socially backward population is proposed to be made in terms of the following:

- 1) Number of enterprises owned or managed by people by social groups
- 2) Employment of social group population in MSME sector in different states

The article uses data given by the Report on Fourth All India Census on MSME sector held in the year 2006-07. The top ten states have been chosen for analysis per social group.

State wise Distribution of Number of MSMEs

According to the latest (4th) Census on MSMEs for the reference year 2006-07 as shown in Table 1, West Bengal has the maximum number of enterprises owned by SCs (4.09 lakhs, 17.2 per cent of total) followed by U.P (2.74 lakh units, 11.52 per cent), Gujarat (2.74 lakhs, 9.45 per cent). Gujarat has the highest number of ST owned enterprises (2.13 lakh units, 19.86 per cent of total) followed by Odisha (1.60 lakhs, 14.84 per cent) and M.P (1.05 lakhs, 9.77 per cent). Tamil Nadu tops the list of OBC owned enterprises in India with 15.99 lakh units (16.45 per cent) followed by U.P (12.72 lakh, 13.09 per cent) and Andhra Pradesh with 9.52 lakh (9.79 per cent).

Table 1: State-wise Distribution of Entrepreneurship Profile (lakh units)
Top Ten States, Registered + Unregistered Sector, 2006-07

State	SC	%	State	ST	%	State	OBC	%
All India	23.799	100	All India	10.7484	100	All India	97.1561	100
WB	4.0928	17.2	Gujarat	2.1347	19.86	TN	15.9861	16.45
UP	2.7414	11.52	Odisha	1.5946	14.84	UP	12.7156	13.09
Gujarat	2.249	9.45	MP	1.0502	9.77	AP	9.5153	9.79
TN	1.7612	7.4	Jhar	0.6773	6.3	Kerala	8.8876	9.15
MP	1.7565	7.38	Raj	0.6245	5.81	Kar	6.671	6.87
Punjab	1.7435	7.33	Kar	0.5782	5.38	MP	6.5344	6.73
Bihar	1.242	5.22	Chha	0.5652	5.26	Raj	5.024	5.17
Raj	1.2047	5.06	Megh	0.4481	4.17	Bihar	5.0135	5.16
Odisha	1.0498	4.41	MAH	0.425	3.95	MAH	5.0097	5.16
MAH	0.7688	3.23	TN	0.3646	3.39	Odisha	4.0244	4.14

Source: Calculated by using data provided by the Reports of the 4th MSME Census, Registered and Unregistered Sectors, 2006-07.

In the Registered Sector, as per 4th MSME census, 2006-07, Tamil Nadu has the maximum number of SC owned enterprises (18.12 thousand, 15.24%) followed by Karnataka (16.58 thousand, 13.94%) and UP (14.14 thousand, 11.89%). Madhya Pradesh heads the list of ST owned MSMEs in 2006-07 with 7.02 thousand (15.66%) followed by Karnataka (5.82 thousand, 12.98%) and Mizoram (3.52 thousand, 7.85%). In case of OBC owned registered MSMEs, Tamil Nadu leads with 176.61 thousand units (29.50%) followed by Kerala (83.76 thousand, 13.99% and UP (67.56 thousand 11.29%).

In the unregistered sector, West Bengal leads the All India list having maximum number of SC owned MSMEs in 2005 (4.05 lakh, 17.91%) and Gujarat (2.20 lakh, 9.73%). Maximum number of ST owned unregistered MSMEs in 2005 was established in Gujarat (2.10 lakh, 20.39%) followed by Odisha (1.59 lakh 15.4%) and Madhya Pradesh (6.98 lakh, 9.51%).

Among the OBC owned MSMEs in unregistered sector, Tamil Nadu (14.22 lakhs, 15.60%) leads the list followed by UP (12.04 lakh, 13.21%) and AP (9.36 lakh, 10.27%).

STATE WISE DISTRIBUTION OF EMPLOYMENT

The data provided by the 4th MSME Census for the year 2006-07 has been used to analyse the State wise distribution of employment in the MSME Sector. First, the State wise distribution of employment in the Registered MSME Sector is given. Then the State wise distribution of employment in the Unregistered MSME Sector is provided.

State wise distribution of employment in the Registered MSME Sector

As shown in Table 2, Tamil Nadu tops the list in the distribution of employment with regard to the SCs in India (2.17 lakh, 19.78 per cent) followed by Maharashtra (1.04 lakhs, 9.49 per cent), U.P (0.91 lakh, 8.33 per cent). In the ST category, Gujarat tops the list (0.93 lakhs, 19.04 per cent) followed by Karnataka (0.52 lakhs, 10.67 percent) and Maharashtra (0.48 lakhs, 9.81 per cent). In case of OBCs, Tamil Nadu tops the list (7.9 lakhs, 26.9 per cent) followed by Kerala (3.22 lakhs, 10.99 per cent) and Karnataka (2.94 lakhs, 10.02 per cent).

Table 2: State-wise Distribution of Employment in MSMEs (lakhs)
Top Ten States, Registered Sector, 2006-07

State	SC	% SC	State	ST	% ST	State	OBC	% OBC
TN	216596	19.77796	GUJ	93204	19.03921	TN	790494	26.9019
MAH	103955	9.492411	KAR	52248	10.67294	KER	322911	10.98923
UP	91277	8.334749	MAH	48031	9.811516	KAR	294416	10.01949

KAR	88197	8.053506	TN	46071	9.411137	UP	261283	8.891919
PUN	79914	7.297163	ODI	35608	7.273812	GUJ	192847	6.562922
HAR	62318	5.690424	RAJ	24110	4.925062	MAH	188959	6.430607
RAJ	61471	5.613083	MIZ	21912	4.476066	AP	148364	5.049087
GUJ	58707	5.360694	MP	20647	4.217659	MP	126926	4.319515
KER	52273	4.773188	WB	19494	3.98213	RAJ	109710	3.733624
WB	51779	4.72808	AP	16230	3.315378	HAR	88439	3.009734
INDIA	1095138	100	INDIA	489537	100	INDIA	2938432	100

Source: Report of 4th All India Census of the MSME Sector, Govt. of India. Percentages are calculated accordingly.

State wise distribution of employment in the Unregistered MSMEs

The data provided by MSME Census shows that as vast majority of enterprises are not registered, the employment in the unregistered sector is obviously large in number. As given in Table 3, in the SC category West Bengal tops the list 9.86 lakhs (20.33 per cent) followed by U.P (7.15 lakhs, 14.74 per cent) and Tamil Nadu (5.33 lakhs, 10.99 per cent). In the ST category, Odisha tops the list with 4.17 lakhs (21.34 per cent) followed by West Bengal (1.62 lakhs, 8.29 per cent) and Jharkhand (1.5 lakhs, 7.68 per cent). In the OBC category, U.P has maximum number of employed OBCs in the unregistered MSMEs with 28.4 lakhs (14.63 per cent). Tamil Nadu follows with 27.68 lakhs (14.26 per cent) employed OBCs followed by Andhra Pradesh (21.97 lakhs, 11.31 per cent). See data in Table 3.

Table 3: State wise Distribution of Employment by Social Category (Unregistered Sector), (No. in Lakhs) 2006-07. (Top Ten States)

State	SC	% SC	State	ST	% ST	State	OBC	% OBC
All India	48.5	100	All India	19.54	100	All India	194.17	100
WB	9.86	20.3299	Odisha	4.17	21.34084	UP	28.4	14.62636
UP	7.15	14.74227	WB	1.62	8.290686	TN	27.68	14.25555
TN	5.33	10.98969	Jhar	1.5	7.676561	AP	21.97	11.31483
Gujarat	3.59	7.402062	MP	1.43	7.318321	Kerala	16.27	8.379255
AP	2.71	5.587629	Gujarat	1.19	6.090072	Karna	14.46	7.447082
Punjab	2.46	5.072165	Raj	0.99	5.06653	Bihar	10.05	5.175877
Bihar	2.46	5.072165	Naga	0.92	4.708291	WB	9.84	5.067724
Odisha	2.38	4.907216	Chhatt	0.91	4.657114	Maha	9.65	4.969872
MP	2.21	4.556701	Megha	0.89	4.554759	MP	9.43	4.856569
Raj	2.02	4.164948	Karna	0.79	4.042989	Odisha	9.36	4.820518

Source: Report of 4th All India Census of the MSME Sector, Govt. of India. Percentages are calculated accordingly.

State wise distribution of total employment

Since the size of the unregistered sector is very large as compared to the registered sector, the ranking of the States with respect to the former mostly holds for the total (i.e unregistered plus registered sectors) employment as well. If there is any marginal difference in the ranking of States, it could be due to the fact that some States are comparatively ahead in registering the MSME units than the others.

Table 4: State wise Distribution of Employment by Social Category (Unregistered Sector + Registered Sector), (No. in Lakhs) 2006-07. (Top Ten States)

State	SC	% SC	State	ST	% ST	State	OBC	% OBC
ALL INDIA	59.45138	100	ALL INDIA	24.43537	100	ALL INDIA	223.5543	100
WB	10.37779	17.45593	ODI	4.52608	18.52266	TN	35.58494	15.91781
UP	8.06277	13.56196	GUJ	2.12204	8.684297	UP	31.01283	13.87262
TN	7.49596	12.60856	WB	1.81494	7.427512	AP	23.45364	10.49125
GUJ	4.17707	7.026027	MP	1.63647	6.697136	KER	19.49911	8.722315
PUN	3.25914	5.482026	JHA	1.60872	6.583571	KAR	17.40416	7.785205
AP	3.18482	5.357016	KAR	1.31248	5.37123	MAH	11.53959	5.161873
ODI	2.67422	4.498163	RAJ	1.2311	5.038188	BIH	10.81971	4.839858
BIH	2.64893	4.455624	MAH	1.02031	4.175546	MP	10.69926	4.785978
RAJ	2.63471	4.431705	CHH	1.00954	4.13147	WB	10.21192	4.567982
MP	2.60303	4.378418	MEG	0.99845	4.086085	ODI	9.81094	4.388616

Source: Report of 4th All India Census of the MSME Sector, Govt. of India. Percentages are calculated accordingly.

Table 4 shows that, West Bengal tops the list in employment of SCs (10.38 lakhs, 17.46 per cent) followed by U.P (8.06 lakhs, 13.56 per cent) and Tamil Nadu (7.50 lakhs, 12.61 per cent). In the ST category, Odisha tops the list (4.53 lakhs, 18.52 per cent) followed by Gujarat (2.12 lakhs, 8.68 per cent) and West Bengal (1.81 lakhs, 7.43 per cent). In the OBC category, Tamil Nadu has the maximum number of OBCs employment (35.58 lakhs, 15.92 per cent) followed by U.P (31.01 lakhs, 13.87 per cent) and Andhra Pradesh (23.45 lakhs, 10.49 per cent). See Table 4 for details of State wise distribution of employment.

Interpretation of Data and Analysis

It is assumed that the total number of MSMEs owned and managed by the social group population as well as their participation in employment in those enterprises have direct relation

with their respective share in total population of the state concerned. This happens to be partially true when one goes through the data on share in population as given in Table 5 which provides data on the share of SC, ST population in the total population of the ten states respectively discussed above. All these top ten states have considerable share of social group population thus justifying a higher number of enterprises owned by the social group population as compared to other states in India. However, there is no one-to-one relationship in size of population and number of enterprises and employment relating to the social groups respectively. For example, Punjab has maximum share of SC population in India (31.94) but ranks below West Bengal, UP and Gujarat in terms of number of SC owned enterprises as well as giving employment to SC in MSMEs.

Table 5: Percentage distribution of population belonging to SC, ST as per census of 2011

State	SC	State	ST
All India	16.63	All India	8.63
WB	23.51	Gujarat	14.75
UP	20.7	Odisha	22.85
Gujarat	6.74	MP	21.09
TN	20.01	Jhar	26.21
MP	15.62	Raj	13.48
Punjab	31.94	Kar	6.95
Bihar	15.91	Chha	30.62
Raj	17.83	Megh	86.15
Odisha	17.13	MAH	9.35
MAH	11.81	TN	1.1

Source: [Census of India, 2011](#)

Another interesting observation from data analysis is that the number of enterprises may not be directly related to number of employments in any category of the social group. Table 6 gives such a picture. The states in shaded area in Table 6 exhibit absence of co-relation between number of enterprises and employment in the specific category of social group. For example, under SC category in Table 6, the state of Maharashtra figures in the top ten states in India in terms of number of SC owned enterprises whereas it does not figure among the top ten in providing employment to SCs. Conversely, the state of Andhra Pradesh figures among the top ten states in providing employment to SCs whereas it does not figure among them in terms of

number of SC owned enterprises. Similar remarks can be given in case of Tamil Nadu and West Bengal under ST category and Rajasthan and West Bengal under OBC category respectively.

Table 6: Comparing states with respect to ownership of MSMEs (OWN) and employment in MSMEs (EMP) by social groups

SC		ST		OBC	
OWN	EMP	OWN	EMP	OWN	EMP
WB	WB	GUJ	ODI	TN	TN
UP	UP	ODI	GUJ	UP	UP
GUJ	TN	MP	WB	AP	AP
TN	GUJ	JHA	MP	KER	KER
MP	PUN	RAJ	JHA	KAR	KAR
PUN	AP	KAR	KAR	MP	MAH
BIH	ODI	CHH	RAJ	RAJ	BIH
RAJ	BIH	MEG	MAH	BIH	MP
ODI	RAJ	MAH	CHH	MAH	WB
MAH	MP	TN	MEG	ODI	ODI

Source: Author's derivation from the Report of 4th All India Census of the MSME Sector, Govt. of India.

Conclusion

An inter-state comparison of ownership and employment concerning the social group population with respect to MSME sector in India by taking into consideration the top ten states shows that higher number of social group owned enterprises are located in states which are having comparatively higher percentages of population of these groups. This also true in case of distribution of employment as well. However, there is not necessarily any one-to-one relationship in such state between ranking in the number of enterprise and ranking in terms of employment relating to any social group.

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