

Available online @ [www.iaraindia.com](http://www.iaraindia.com)  
RESEARCH EXPLORER-A Blind Review & Refereed Quarterly International Journal  
ISSN: 2250-1940 (P) 2349-1647 (O)  
Impact Factor: 3.655 (CIF), 2.78 (IRJIF), 2.62 (NAAS)  
Volume VIII, Issue 28  
July-September 2020  
Formally UGC Approved Journal (63185), © Author

## DEMOGRAPHIC PROFILE OF DISTRIBUTION OF MSME IN INDIA

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### *Abstract*

*Economic development depends on industrial growth of the country which consists of production, consumption, distribution, utilisation and employment. Therefore, economic policies of the country mainly concentrate with aim to promote industrial development in a phased manner. Essentially the micro small and medium scale enterprises are generally comprised of those industries which manufacture, produce and render services with the help of small machines and less manpower. This paper made an attempt to explore the demographic profile of MSME in India.*

**Keywords:** MSME , production, consumption, distribution, utilisation , labour-intensive, Manufacturing enterprises , Service enterprises

### INTRODUCTION

The small industries are the salvation of the economy, especially in developing countries like India. These industries are generally labour-intensive, and hence they play an important role in the creation of employment. Small industries are a crucial sector of the economy both from a financial and social point of view, as they help with the per capita income and resource utilisation in the economy. This paper made an attempt to explore the demographic profile of MSME in India.

### MICRO SMALL AND MEDIUM ENTERPRISES (MSME)

MSME stands for Micro, Small, and Medium Enterprises. In accordance with the Micro, Small, and Medium Enterprises Development (MSMED) Act in 2006, the enterprises are classified into two divisions.

1. **Manufacturing enterprises** – engaged in the manufacturing or production of goods in any industry
2. **Service enterprises** – engaged in providing or rendering services

MSME – NEW DEFINITION

Revised Classification applicable w.e.f 1st July 2020			
Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore

Source: MSME Report 2019-20

**CHARACTERISTICS OF MSME**

**Ownership:** MSME generally are under single ownership. So it can either be a sole proprietorship or sometimes a partnership.

**Management:** Generally both the management and the control is with the owner/owners. Hence the owner is actively involved in the day-to-day activities of the business.

**Labour Intensive:** MSME dependence on technology is pretty limited. Hence they tend to use labour and manpower for their production activities.

**Flexibility:** MSME are more adaptable to their changing business environment. So in case of amendments or unexpected developments, they are flexible enough to adapt and carry on, unlike large industries.

**Limited Reach:** MSME have a restricted zone of operations. Hence, they can meet their local and regional demand.

**Resources utilisation:** They use local and readily available resources which help the economy fully utilise natural resources with minimum wastage.

**REVIEW OF LITERATURE**

**Singh et al. (2012)** analyzed the performance of SSI in India and focused on policy changes which have opened new opportunities for this sector. This study concluded that SSI sector has made good progress in terms of number of SSI

units, production and employment levels. The study recommended the emergence of technology development and strengthening of financial infrastructure to boost SSI and to achieve growth target.

**Sudhansu Sekhar Nanda(2016),** The MSMEs contributes extensively to the country’s manufacturing output, employment and exports and is accredited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. The labour intensity of the MSME sector is much higher than that of large enterprises. MSMEs comprise more than 80 per cent of total enterprises in most of the economies.

**Kankipati, Ajay & Shaik, Meervali & Ramesh, & Shekar., (2017).** Entrepreneurship generally speaking refers to the overall course of action undertaken by an owner in starting and managing his enterprise for profit. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSME provides to promote skill development to increase productivity and providing accessible credit through government sponsored agency exclusively to MSME is essential to increase productivity and contribution to economic growth.

Subramanian, Sp Mathiraj & Balasundari, Mrs & Sarojadevi, R. (2018). Ping countries for its significant contribution in gratifying various socioeconomic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. They play a crucial role in the industrial development of any country. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. It is concluded that this sector contributes significantly to manufacturing output, employment, exports of the country.

**Table 1**  
Distribution of Enterprises category wise (Numbers in Lakh)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
<b>Total</b>	<b>630.52</b>	<b>3.31</b>	<b>0.05</b>	<b>633.88</b>	<b>100</b>

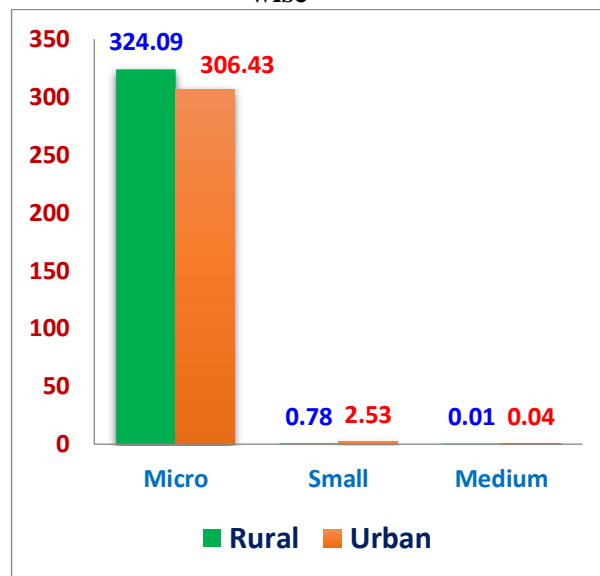
Source: MSME Report 2019-20

Table no. 3 shows that Distribution of enterprises category wise there are 633.88 lakhs of MSME in India as on 31<sup>st</sup> March 2019 of which 630.52 lakhs belongs to micro 3.31 lakhs to small and 0.05 lakhs belongs to medium enterprises.

The table shows that Distribution of enterprises category wise there are 324.88 lakhs of MSME in Rural sector as on 31<sup>st</sup> March 2019 of which 324.09 lakhs belongs to micro 0.78 lakhs to small and 0.01 lakhs belongs to medium enterprises.

The table shows that Distribution of enterprises category wise there are 309.00 lakhs of MSME in Urban sector as on 31<sup>st</sup> March 2019 of which 306.43 lakhs belongs to micro 3.31 lakhs to small and 0.05 lakhs belongs to medium enterprises.

**Chart 1**  
Distribution of Enterprises category wise



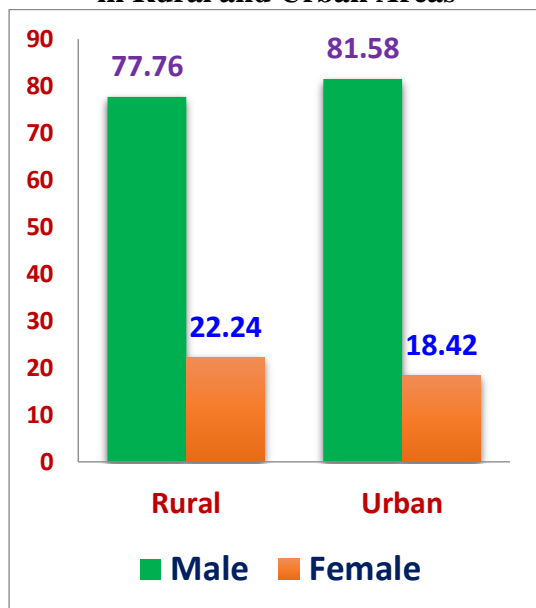
**Table 2**  
Percentage Distribution of Enterprises in Rural and Urban Areas (Male / Female ownership category wise)

Sector	Male	Female
Rural	77.76	22.24
Urban	81.58	18.42
<b>All</b>	<b>79.63</b>	<b>20.37</b>

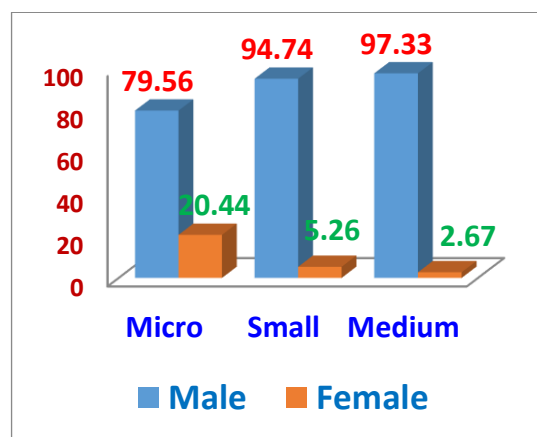
Source: MSME Report 2019-20

Table no. 4 shows that percentage distribution of enterprises in rural and urban areas (male and female ownership category wise) as regards the ownership category of MSME in India 79.63 percent of MSME owned by male and the remaining 20.37 percent of the MSME owned by Female. In Rural sector 77.76 percent of MSME owned by male and 22.24 percent by female. In urban sector 81.58 percent of MSME owned by male and 18.42 percent female.

**Chart 2**  
Percentage Distribution of Enterprises in Rural and Urban Areas



**Chart 3**  
Percentage Distribution of Enterprises by Male / Female Owners



**Table 3**  
Percentage Distribution of Enterprises by Male / Female Owners

Category	Male	Female
Micro	79.56	20.44
Small	94.74	5.26
Medium	97.33	2.67
<b>All</b>	<b>79.63</b>	<b>20.37</b>

Source: MSME Report 2019-20

Table no. 5 shows that Percentage distribution of enterprises by Male and female owners, as regards Micro units 79.56 percent of MSME owned by male and 20.44 percent owned by female. The table shows that Percentage distribution of enterprises by Male and female owners, as regards Small units 94.74 percent of MSME owned by male and 5.26 percent owned by female. The table shows that Percentage distribution of enterprises by Male and female owners, as regards Medium units 97.33 percent of MSME owned by male and 2.67 percent owned by female. On the whole 79.63 percent of MSME owned by male and 20.37 percent by female.

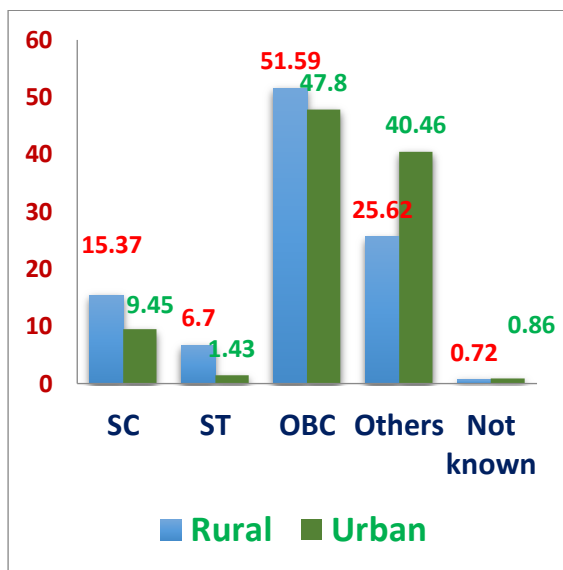
**Table 4**  
Percentage Distribution of Enterprises by Social Group of Owners

Sector	SC	ST	OBC	Others	Not known
Rural	15.37	6.70	51.59	25.62	0.72
Urban	9.45	1.43	47.80	40.46	0.86
<b>All</b>	<b>12.45</b>	<b>4.10</b>	<b>49.72</b>	<b>32.95</b>	<b>0.79</b>

Source: MSME Report 2019-20

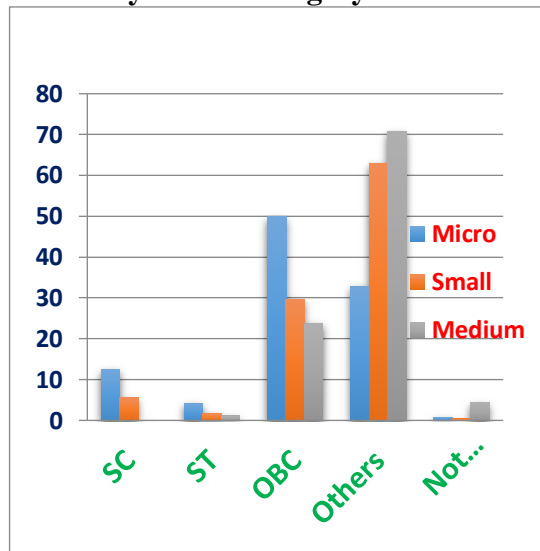
Table No. 6 indicates that percentage distribution of enterprises by social group owners. In rural 15.37 Percent of MSME owned by SC, 6.70 percent of MSME owned by ST, 51.59 percent of MSME owned by OBC, 25.62 percent of MSME owned by others and 0.72 percent of MSME Owned by not known. In Urban 9.45 Percent of MSME owned by SC, 1.43 percent of MSME owned by ST, 47.80 percent of MSME owned by OBC, 40.46 percent of MSME owned by others and 0.86 percent of MSME Owned by not known. On the whole, 12.45 percent of MSME owned by SC, 4.10 percent by ST, 49.12 percent by OBC, 32.95 percent by others and 0.79 percent by not known.

**Chart 4**  
Percentage Distribution of Enterprises by Social Group of Owners



MSME owned by OBC, 32.95 percent of MSME owned by others and 0.79 percent of MSME owned by not Known.

**Chart 5**  
Percentage Distribution of Enterprises by Social Category Wise



**Table 5**  
Percentage Distribution of Enterprises by Social Category Wise

Sector	SC	ST	OBC	Others	Not known
Micro	12.48	4.11	49.83	32.79	0.79
Small	5.50	1.65	29.64	62.82	0.39
Medium	0.00	1.09	23.85	70.80	4.27
<b>All</b>	<b>12.45</b>	<b>4.10</b>	<b>49.72</b>	<b>32.95</b>	<b>0.79</b>

Source: MSME Report 2019-20

Table No. 7 Shows that percentage distribution of enterprises by social category wise, as regards Micro units, 12.48 percent of units owned by SC, 4.11 percent owned by ST, 49.83 percent owned by OBC, 32.79 percent owned by others and 0.79 percent owned by not known. As regards Small units, 5.50 percent of units owned by SC, 1.65 percent owned by ST, 29.64 percent owned by OBC, 62.82 percent owned by others and 0.39 percent owned by not known. As regards Micro units, Zero percent of units owned by SC, 1.09 percent owned by ST, 23.85 percent owned by OBC, 70.80 percent owned by others and 0.79 percent owned by not known. On the whole, 12.45 percent of the MSME owned by SC, 4.10 percent of MSME owned by ST, 49.72 percent of

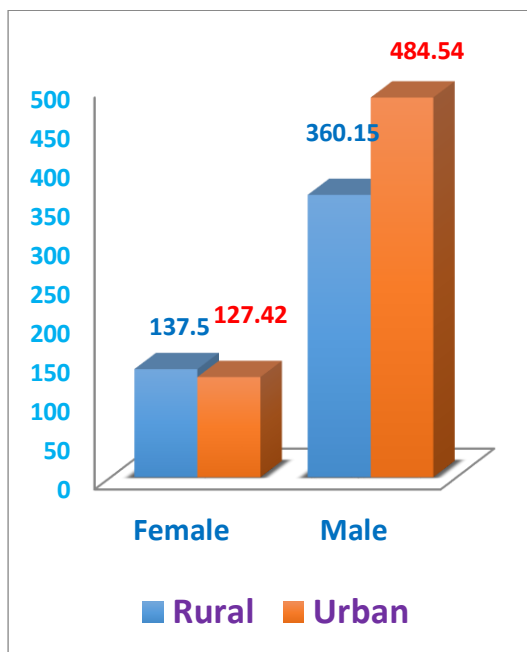
**Table 6**  
Sectoral distribution of workers in male and female category (in lakh)

Sector	Female	Male	Total	Share (%)
Rural	137.50	360.15	497.78	45
Urban	127.42	484.54	612.10	55
<b>Total</b>	<b>264.92</b>	<b>844.68</b>	<b>1109.89</b>	<b>100</b>

Source: MSME Report 2019-20

Table no. 10 indicates that sectoral distribution of workers in male and female category, In rural there are 137.50 lakhs female workers and 360.15 lakhs male workers in MSME sector. In urban there are 127.42 lakhs female workers and 484.54 lakhs male workers in MSME sector. In total there are 264.92 lakhs female workers and 844.68 lakhs male workers. Percentage of rural workers amounted to 45 percent and urban workers amounted to 55 percent in the MSME sectors.

**Chart 6**  
Sectoral distribution of workers in male and female category (in lakh)



**CONCLUSION**

Micro Small and medium enterprises are the backbones of the Indian economy which provides employment, income generation and effective utilization of local resources. The majority of the MSME is traditional foundation with community-based with the help of a particular family or social group. Ownership of these industries is mostly by a male who belongs to business communities occupied conventionally. The demographic profile of MSME clearly indicates that socially weaker sections people in the country are owned very less number of MSME that too they owned only micro industries which are community-based sectors. It is concluded that there is a need for promotion of MSME sectors among the socially weaker section people through financial, technical and marketing support.

**ACKNOWLEDGEMENT**

*This article is to be published and financial assistance covered under ICSSR under the scheme of IMPRESS.*

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