

# DEPENDABILITY OF MICRO SMALL & MEDIUM ENTERPRISES IN EMPLOYMENT FORMATION IN TAMIL NADU WITH SPECIAL REFERENCE TO THIRUVALLUR DISTRICT

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**Abstract**— The study is aimed to evaluate and examine the dependability of Micro, Small & Medium Enterprises in employment formation in Thiruvallur district of Tamil Nadu. “Micro, Small & Medium Enterprises sector has emerged as a predominant and growing sector of Indian economy over the last six decades. Micro, Small & Medium Enterprises not only play major role in industrialization but also create large employment opportunities at competitive lower cost than large industries, in terms of employment generation, place of Micro, Small & Medium Enterprises is next to agriculture.” “Thiruvallur district is one of the fastest developing districts in Tamil Nadu in terms of Industrial Development. The district has many leading industries like Madras Refineries, Madras Fertilizers, Manali Petro Chemicals, MRF, Ashok Leyland, TI Cycles, Britannia India Ltd, Parry India Ltd and Hindustan Motors. It also boasts of the Ennore Thermal Power Station and the Avadi Tank Factory. The District has 16 Industrial Estates, all in operation: 11 developed by the Government and 5 by Private Organization. This district also has 16940 Small Scale Industries.”

**Keywords**—Employment Formation, Micro, Small & Medium Enterprises, Thiruvallur District.

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## INTRODUCTION

“In India, Micro Small & Medium Enterprises play a crucial role in the economic development of the country. Micro Small & Medium Enterprises are the garden center where small existing businesses have the potential to become world beaters tomorrow. The larger players amongst the Micro Small & Medium Enterprises space also are in the unique position to become global players attracting partners with technology and funds.”<sup>[1]</sup>

“The classification of Micro, Small & Medium Enterprises is defined under the Micro, Small & Medium Enterprises Development Act 2006. The enterprises are classified in Manufacturing and Service enterprises based on the investment in plant and equipment (excluding land and building).”<sup>[1]</sup>

Classification	Manufacturing (Plant and Machinery)	Services (Equipment)
Micro Enterprises	Upto Rs.25 lakh	Upto Rs. 10 lakh
Small Enterprises	Rs.25 lakh to Rs.5 Crore	Rs. 10 lakh to Rs.2 Crore
Medium Enterprises	Rs. 5 Crore to Rs. 10 Crore	Rs.2 Crore to Rs. 5 Crore

**Source:** “Ministry of Micro, Small & Medium Enterprises, Government of India”<sup>[14]</sup>

“Micro Small & Medium Enterprises produce a wide variety of products in almost all sectors. The prominent among them are the textile, electronic products, engineering products, auto ancillaries, leather products, chemicals, plastics, garments, jeweler etc. Tamil Nadu has implemented an online system for filing Entrepreneur Memorandum-II through the website [www.msmeonline.tn.gov.in](http://www.msmeonline.tn.gov.in). Since the introduction of this system around 5.80 lakh entrepreneurs have filed Entrepreneur Memorandum Acknowledgement Part-II, providing employment opportunities to about 33.26 lakh persons with total investment of Rs.74662.27 crore. The Micro, Small & Medium Enterprises Sector play a vital role in the economic development of the country. This sector contributes about 45% of the Industrial Production, 40% of

exports and it forms part of about 95% of the total industrial units in the country. There are nearly 11.10 lakh registered Micro Small & Medium Enterprises in Tamil Nadu as on 31.3.15 providing employment to 69.69 lakh persons with a total investment of about Rs.91,480 crore. Further, this sector is a major employment provider next to Agriculture.”<sup>[1]</sup>

“Thiruvallur district is one of the fastest developing districts in Tamil Nadu in terms of Industrial Development. The district has many leading industries like Madras Refineries, Madras Fertilizers, Manali Petro Chemicals, MRF, Ashok Leyland, TI Cycles, Britannia India Ltd, Parry India Ltd and Hindustan Motors. It also boasts of the Ennore Thermal Power Station and the Avadi Tank Factory. The District has 16 Industrial Estates, all in operation: 11 developed by the Government and 5 by Private Organization. District also has 16940 Small Scale Industries.”<sup>[2]</sup>

“Maximum units have been established in metallurgy (750 units) followed by computer and computer related activities (700 units). Manufacturing of machinery have also taken up a large share of investment in the district. Other than these, industries relevant to construction materials like brick manufacturing, wood and paints are also available in this region.”<sup>[2]</sup>

“There are 178 Large and 21 Medium Scale Enterprises and there are 27319 Micro and Small Enterprises engaged in the manufacturing of various products like Leather / Textiles / Chemical / Engineering. Some of the economic activities undertaken by the rural artisans are manufacturing of jute, coconut shell products, and palm leaf based products, paper cups, leather, Rexine works etc.”<sup>[12]</sup>

### **REVIEW OF LITERATURE**

**Srinivas.K.T (2013)**<sup>3</sup> “has studied the performance of micro, small & Medium enterprises, and their contribution in India’s economic growth and concluded that micro, small & medium enterprises play a significant role in inclusive growth of Indian economy.”

**K.Vasanth Majumdar, M.K.Krishna (2012)**<sup>4</sup> “in their paper have stated that since several successful models of the sustainable small & medium sized enterprises are gradually evolving, networks of small & medium sized enterprises would become essential for addressing the systemic problems under lying the industrial ecology, enterprise resilience, and global supply chain sustainability.”

**Subrahmanya Bala (2011)**<sup>5</sup> “has probed the impact of globalization on the exports potentials of the small enterprises. The study shows that share of small scale industries export in total export has increased in protection period but remain more or less stagnated during the liberalization period. However, the correlation co-efficient in liberalization period is higher than that of protection period suggesting that the relationship between the total export and small scale industries export has become stronger in liberalization period. This may be due to the drastic change in composition of small scale industries export items from traditional to non-traditional and growth in its contribution to total export through trading houses, export houses and subcontracting relation with large enterprises. Thus, the current policy of increasing competitiveness through infusion of improved technology, finance, and marketing techniques should be emphasized.”

**Bhavani T.A. (2010)**<sup>6</sup> “highlights the issue of quality employment generation by the SSIs and negates the short-term attitude of increasing the volume of employment generation compromising with quality. The author argues that employment generation by the SSIs may be high in quantitative term but very low in quality. Technological up gradation would enable the small firms to create quality employment improving remuneration, duration and skill. This structural shift may reduce the rate of employment generation in the short run but would ensure high-income employment generation in the long run.”

**Sonia and Kansai Rajeev (2009)**<sup>7</sup> “studied the effects of globalization on Micro, Small & medium Enterprises during pre and post liberalization from 1973-74 to 2008-09. They used four economic parameters namely number of units, production, employment and export and interpreted study results based on Annual Average Growth Rate calculation. Annual Average Growth Rate in pre-liberalization period (1973-74 to 1989-90) was higher in all selected parameters than that of post liberalization period (1991-92 to 2007-08). They concluded that micro, small & medium enterprises failed to put up an impressive performance in post reform era.”

### **III. OBJECTIVE OF THE STUDY**

1. To study the expansion of employment in the micro, small & medium enterprises of Tamil Nadu and Thiruvallur district.

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2. To find out the problems faced by the micro, small & medium enterprises in Thiruvallur district and measures to overcome the major problems.
3. To identify the potential areas of existing service industry and new potential area of micro, small & medium enterprises in Thiruvallur district.

**RESEARCH METHODOLOGY**

This study is “an analytical and descriptive one and mainly depends on secondary data published by the Ministry of Micro, Small & Medium Enterprises, Government of India, Results of the Economic survey, Results of various All India Censuses of Small Scale Industries and Micro, Small & Medium Enterprises, Small Industries Development Bank of India Report on Micro, Small & Medium Enterprises Sector 2016, Annual Reports on Small Scale Industries and Micro, Small & Medium Enterprises sector etc. The statistical tool Percentage is used to analyse the data collected from these sources and thus assessed the growth trend of employment in the Micro, Small & Medium Enterprises Sector. The Methodology adopted is collection of data from Micro, Small & Medium Enterprises Department, Government of Tamil Nadu and Thiruvallur District.”

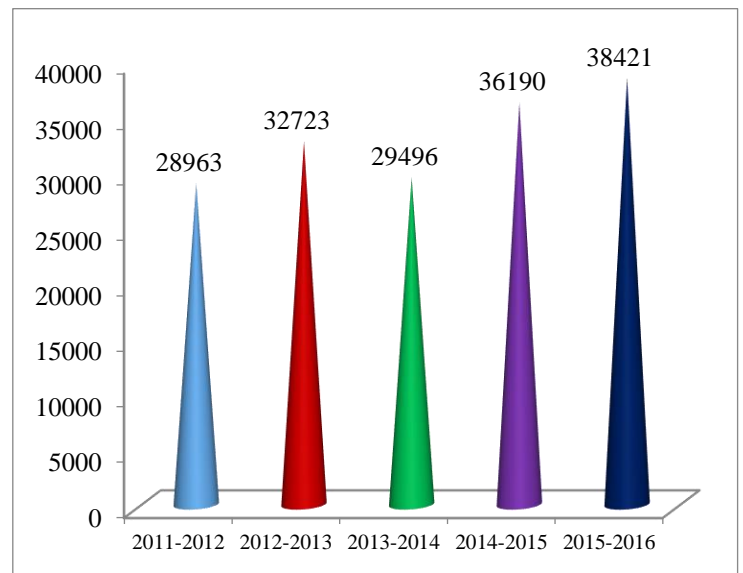
**DATA ANALYSIS AND DISCUSSION**

The employment generated by the micro, small & medium enterprises date were given in detail by the Ministry of Statistics and Programme Implementation, on the basis of the data on Gross Domestic Product published by Central Statistical Office.

**Table: 1 & Chart: 1**

**Employment Generated by Micro, Small & Medium Enterprises in Tamil Nadu**

<i>Year</i>	<i>Employment Generated (No. of Person)</i>
2011-2012	28963
2012-2013	32723
2013-2014	29496
2014-2015	36190
2015-2016	38421



**Source:** Ministry of Micro, Small & Medium Enterprises, Government of India, 2017

In the table 1, the employment generated by the micro, small & medium enterprises were given for the year 2011-2012 to 2015-2016. In the year 2011-2012 the employment generated by the micro, small & medium enterprises was 28,963 persons, in the year of 2012-2013 the employment generated by the micro, small & medium enterprises was 32,723 persons, in the year 2013-2014 the employment generated by the micro, small & medium enterprises was 29,496 persons, in the year 2014-2015 the employment generated by the micro, small & medium enterprises was 36,190 persons and in the year 2015-2016 the employment generated by the micro, small & medium enterprises was 38,421. There is clear indication of increase in employment generation from 2011-2012 to 2012-2013 of 3,760 persons. In the year 2012-2013 to 2013-2014 there was a slight decrease in the employment generation of 3,227 persons. Further, there was a continuous increase of 6,694 persons in 2014-2015 and 2,231 persons in 2015-2016.

**Table: 2**

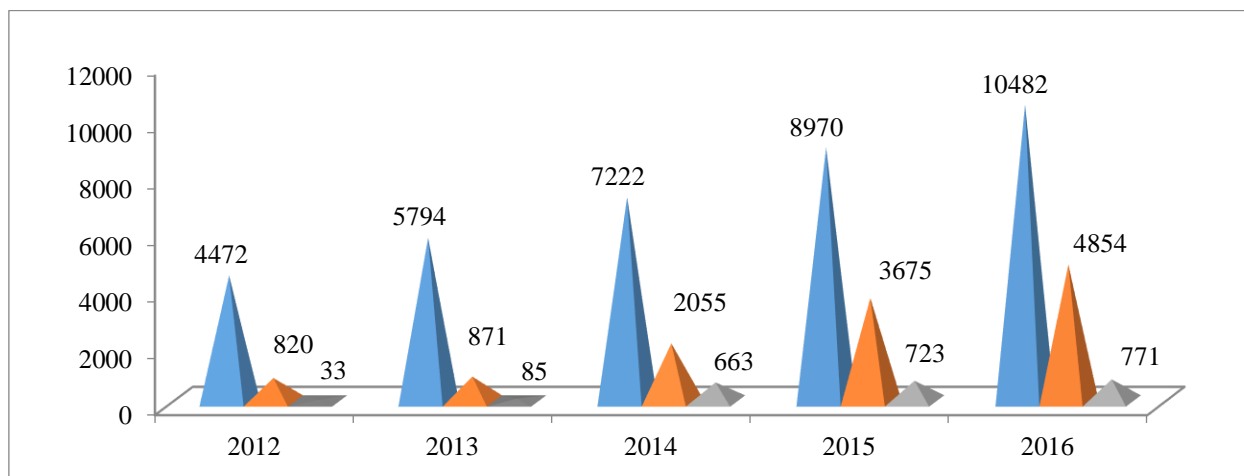
**Employment Generated by Micro, Small & Medium Enterprises in Thiruvallur District**

<i>Year</i>	<i>Micro Enterprises</i>	<i>Small Enterprises</i>	<i>Medium Enterprises</i>
2012	4472	820	33
2013	5794	871	85
2014	7222	2055	663
2015	8970	3675	723
2016	10482	4854	771

Source: Ministry of Micro, Small & Medium Enterprises, Government of India, 2017

**Chart: 2**

**Employment Generated by Micro, Small & Medium Enterprises in Thiruvallur District**



In the table 2 the employment generated by the micro, small & medium enterprises were given for the year 2012 to 2016. In the year 2012 the employment generated by micro, small & medium enterprises was 4,472, 820 and 33 persons respectively, in the year 2013 the employment generated by micro, small & medium enterprises was 5,794, 871 and 85 persons respectively, in the year 2014 the employment generated by micro, small & medium enterprises was 7,222, 2,055 and 663 persons respectively, in the year 2015 the employment generated by micro, small & medium enterprises was 8,970, 3,675 and 723 persons respectively, in the year 2016 the employment generated by micro, small & medium enterprises was 10,482, 4,854 and 771 persons respectively. The table shows that there was an increase in the employment generated by the micro, small & medium enterprises in Thiruvallur district.

**PROBLEMS FACED BY THE MICRO, SMALL & MEDIUM ENTERPRISES IN THIRUVALLUR DISTRICT**

The major problems faced by the micro, small & medium enterprises in the Thiruvallur district are a) power shortage, b) lack of supply of skilled laborers, c) proper transport facility for the transmit of goods, d) the money lent for the working capital at the higher rate by the financial institutions, e) communication facilities and the infrastructure facilities are not sufficient enough, f) lack of financial support for the research activities related to the productivity, g) lack of proper facilities to conduct small scale industries and micro, small & medium enterprises programmes for skill development, h) insufficient facility centers, i) making the small industries development bank of India to do compulsory funding for the project of micro, small & medium enterprises, j) no proper common tracking software are available to find out the sick industries, k) lack of centers with technology facilitation in the industrial estate level.

**MEASURES TO OVERCOME THE PROBLEMS OF MICRO, SMALL & MEDIUM ENTERPRISES IN THIRUVALLUR DISTRICT**

“These are some of the suggestive measures to overcome the problems of micro, small & medium enterprises in Thiruvallur district a) adequate flow of credit from financial institutions and banks, b) support for technology up gradation

and modernization, c) integrated infrastructural facilities, d) modern testing facilities and quality certification, e) access to modern management practices, f) entrepreneurship development and skill up gradation through appropriate training facilities, g) support for product development, design intervention and packaging, h) welfare of artisans and workers, i) assistance for better access to domestic and export markets and j) Cluster-wise measures to promote capacity-building and empowerment of the units and their collectives.”<sup>[13]</sup>

#### **POTENTIAL AREAS OF EXISTING SERVICE INDUSTRIES OF MICRO, SMALL & MEDIUM ENTERPRISES IN THIRUVALLUR DISTRICT**

“In Thiruvallur district there are some of the potential areas of existing service industries related with the micro, small & medium enterprises are hotels and hospitality enterprises, hospitals, crèches, fitness centres, glass engraving, interior decoration, industrial design and layout making, logistic centres, security services, housekeeping, cell phone servicing, repairing of electro-medical equipments, domestic repairing services, marketing consultancy, industrial consultancy, entrepreneurship development institutions, internet browsing, data base services, cyber marketing, industrial, laundry, power laundry, documentary, film making, beauty parlours, sporting and other recreational activities, safety disposal of hospital medical waste, postal and courier activities, cable tv, freight transport, printing and book binding, auto, two wheeler service centres, recharging and reconditioning of batteries and educational services.”<sup>[12]</sup>

#### **POTENTIAL AREAS OF NEW MICRO, SMALL & MEDIUM ENTERPRISES IN THIRUVALLUR DISTRICT**

“Biotechnology Industry Food Processing Industry Tool room, IE Enable services, Auto components, Heavy Fabrication, Aluminous structural fabrication, Pressed components, machine tool manufacturing, Electrical items, Insulation, Paints and adhesives, Plastic industrial components, Surgical Dresses, Non-woven bags Electronic Industry Hotel Industry, Processed milk products , Readymade garments, Integrated corrugated box manufacturing units, cargo and containers, Marine products , cosmetic items, Home appliances.”<sup>[12]</sup>

#### **CONCLUSION**

In a developing country like India micro, small & medium enterprises sector is playing a major role in generating employment opportunities to the underemployed and unemployed people. More than 78% percent of the employment created in this sector is supplied by the unregistered enterprises. This highlight the need for giving top most importance to the unregistered sector in the upcoming policy framework and plans accordingly for the encouragement of micro, small & medium enterprises. Thus, it is concluded that India is setting the milestone the other developing countries of the world to adopt the strategy of encouraging micro, small & medium enterprises for reducing unemployment and employment generation.

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