

## A STUDY ON EMPOWERMENT OF MICRO SMALL MEDIUM SCALE INDUSTRIES IN TENKASI DISTRICT THROUGH MSME SCHEMES

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### **ABSTRACT:**

*The MSME sector also plays a pivotal role in promoting inclusive growth by offering opportunities to marginalized communities, women entrepreneurs, and youth. They encourage entrepreneurship and innovation at the grassroots level, contributing to self-reliance and local economic development. In an era where globalization and digital transformation are reshaping industries, MSMEs are gradually embracing new technologies, e-commerce platforms, and digital tools to increase their competitiveness. This study concentrates on micro, small, and medium enterprises across selected regions in India. The findings are based on data collected from 65 sample respondents from the study area during a specific time frame and collected data were analysed through percentage and chi square analysis and reflecting the current scenario of empowerment of micro, small, medium scale industries through MSME schemes in Tenkasi District.*

**Key words:** MSME, Empowerment, Economic development

### **INTRODUCTION**

India, being one of the fastest-growing economies in the world, owes a significant portion of its industrial development to the contribution of the Micro, Small, and Medium Enterprises (MSME) sector. This sector forms the backbone of the Indian economy and has emerged as a highly vibrant and dynamic part of the industrial ecosystem. MSMEs are present in almost all sectors of the economy — from traditional crafts to modern high-tech industries — and provide employment to millions across urban and rural India. Over the decades, MSMEs have demonstrated remarkable flexibility and resilience in facing economic adversities and adapting to changing business environments. Their ability to operate with low investment, rapid adaptability to market changes, and generation of large-scale employment make them a key pillar in the socio-economic development of the country. The sector not only generates employment opportunities at relatively lower capital costs but also helps in the industrialization of rural and backward areas, reducing regional imbalances and ensuring more equitable income distribution.

In recent years, the Government of India has undertaken several strategic measures like Udyam Registration, the Emergency Credit Line Guarantee Scheme (ECLGS), the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), and the Prime Minister's Employment Generation Programme (PMEGP), among others, to empower and uplift MSMEs. These initiatives are aimed at enhancing competitiveness, ensuring ease of doing business, and improving market linkages. With India's ambition to become a \$5 trillion economy, the role of MSMEs becomes more vital than ever. Strengthening this sector will not only drive economic growth but also contribute to achieving the goals of *Atmanirbhar Bharat* (Self-Reliant India). This study explores the current structure, challenges, policy environment, and developmental prospects of MSMEs in India, especially in the context of rapid industrialization and digitalization.

### **REVIEW OF LITERATURE**

- AL, A. K. (2022) in his study titled "Role of MSMEs in Economic Development and Eradication of Unemployment in India" in the journal "International Journal of Trend in Innovative Research (IJTIIR)" highlights the significant role of MSMEs in addressing the unemployment crisis in India. AL (2022) argues that MSMEs are not only engines of economic growth but also crucial in fostering inclusive development, particularly in rural and semi-urban areas. They provide substantial direct and indirect employment, contributing to poverty reduction and regional economic balance.
- Bandopadhyay, K., & Khan, T. L. (2020) in their study titled "Factors of export promotion of MSME in India with special reference to raw material availability" from the journal "SEDME (Small Enterprises Development, Management & Extension Journal)" explores how MSMEs in India can enhance their export potential, focusing on the availability and access to raw materials. The study concludes that the lack of reliable raw material supply hampers the export performance of MSMEs. It suggests that improving local sourcing and integrating MSMEs into global supply chains could enhance their export competitiveness.
- Das, D. K. (2021) in his paper "Role Of Micro, Small, And Medium Enterprises (MSMEs) In Economic Development of India" in the journal "International Journal of Multidisciplinary Research and Explorer (IJMRE)" discusses the pivotal role of MSMEs in driving India's economic development, particularly in job creation and rural industrialization. The paper emphasizes that MSMEs contribute to GDP and help

in the diversification of industries, thereby playing an essential role in the country's overall economic structure.

- Hussain, Y., & Ahmed, P. (2021) in his study "INCLUSIVE GROWTH WITH EQUITY: ROLE OF MSME'S IN INDIA" in the journal "International Journal of Humanities, Law and Social Sciences (Kanpur Philosophers)" explore the concept of inclusive growth through the lens of MSMEs in India. They argue that MSMEs are central to ensuring equitable development, particularly in marginalized regions. The study underscores the need for policy reforms to provide MSMEs with better access to resources, technology, and markets, fostering sustainable growth.
- Jain, D. (2019) in the paper "Role of MSMEs in Generation of Employment Opportunities and Growth of the Nation" in the journal "International Journal of Research and Analytical Reviews (IJRAR)" discusses the role of MSMEs in generating employment in India. The paper highlights how MSMEs create significant job opportunities, especially in underdeveloped and rural areas, helping to reduce unemployment and contribute to national economic growth. The paper advocates for better support for MSMEs to strengthen their role in the economy.

### **NEED FOR THE STUDY**

The MSME sector is often termed the "Engine of Growth" for India's economy. However, it continues to grapple with structural, financial, and policy-related issues. A closer examination of these challenges is necessary to develop sustainable strategies for their resolution. The study is needed to understand:

- The present condition of MSMEs and their contribution to the economy
- The role of support institutions and development policies
- The awareness and accessibility of government schemes among entrepreneurs
- The effectiveness of financial and technical assistance provided to MSMEs

This research aims to bridge the gap between policy and practice, offering insights for better implementation and formulation of MSME-friendly frameworks.

### **OBJECTIVES OF THE STUDY**

- To identify the nature of business and performance of MSME sector in the study area
- To evaluate the satisfaction level of various schemes implemented under the Ministry of MSME.
- To offer suitable suggestions from the findings of the study.

## **HYPOTHESIS OF THE STUDY**

1. There is no significant relationship between the annual income of the respondents and their level of satisfaction about MSME schemes.
2. There is no significant relationship between the nature of business of the respondents and their level of satisfaction about MSME schemes.
3. There is no significant relationship between the GST registration of the respondents and their level of satisfaction about MSME schemes.

## **LIMITATIONS OF THE STUDY**

The study confined the following limitations:

- The study is conducted only in selected places of Tenkasi district.
- Time and cost are the others factors limiting the study sample to 65 respondents.
- Present study is mainly based on primary data. Hence the possibility of sampling error is inevitable.
- It is difficult to know whether the willing respondents are truly representative.

## **RESEARCH METHODOLOGY**

### **Type of Research and Data Collection:**

The study was in descriptive and analytical nature. Primary Data: Gathered through google forms with a structured questionnaire with MSME owners and Secondary Data: Sourced from MSME Ministry reports, government portals, journals, research papers, and publications.

### **Sample Size and Sampling technique**

The sample size for this study comprises **65 Micro, Small, and Medium Enterprises (MSMEs)** operating across various sectors in Tenkasi District. The units were selected using a purposive sampling method to ensure representation from manufacturing, service, and agro-based enterprises. The area of study encompasses the **entire Tenkasi District** in Tamil Nadu.

### **Tools for Analysis**

The data was analysed through percentage analysis to convert raw numbers into percentages, which makes comparisons between different categories more meaningful and easier to comprehend and chi square analysis to determine whether there is a significant association between two categorical variables.

## FINDINGS OF THE STUDY

### I Personal Profile of the Respondents

Under this head, the Researcher has examined the personal profile of the respondents such as age of the respondents, marital status of the respondents, spouse employment details, educational details, number of dependents, place of living and annual income of the respondents.

<b>Age of the respondents</b>			
1	20-30	51	78.5
2	31-40	5	7.7
3	41-50	5	7.7
4	Above 51	4	6.2
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Marital Status of the respondents</b>			
5	Married	26	40.0
6	Unmarried	39	60.0
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Spouse Occupation Detail of the respondents</b>			
7	Employed	16	24.6
8	Business	9	14.8
9	Others	40	61.5
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Educational qualification of the Respondents</b>			
10	SSLC	2	4.1
11	HSS	4	6.2
12	ITI	2	4.1
13	Diploma	7	10.8
14	UG	19	29.2
15	PG	31	47.7
	<b>Total</b>	<b>65</b>	<b>100.0</b>

<b>Number of Dependents</b>			
16	2	30	46.2
17	3	18	27.7
18	4	11	16.9
19	Above 4	6	9.2
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Place of Living</b>			
20	Rural	24	36.9
21	Semi-urban	19	29.2
22	Urban	22	34.8
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Annual income (in lakhs)</b>			
23	Up-to 5	43	66.2
24	5.1-10	1	1.5
25	10.1-15	13	20.0
26	15.1-20	7	10.8
27	Above 20	1	1.5
	<b>Total</b>	<b>65</b>	<b>100.0</b>

**Source: Primary data**

### **INTERPRETATION**

From the above table it was found that majority (78.5%) of MSME participants are between 20–30 years of age, indicating active involvement of young entrepreneurs in the sector. Most respondents (60%) are unmarried, highlighting that many are likely in the early stages of building both their personal and professional lives. A large portion of the respondents (47.7%) possess postgraduate qualifications, reflecting a well-educated MSME ownership base. Both place of living (36.9%) and business location (38.5%) indicate a strong MSME presence in rural areas, showing their role in rural economic development and majority earn up to ₹5 lakhs annually (66.2%), pointing to low revenue levels or early-stage operations.

## II Business Profile of the Respondents

Under this head, the Researcher has examined the business profile of the respondents such as business location, ownership structure of business of the respondent, types of business, nature of business, number of employees in business and source of fund for business of the respondents.

<b>Business Location of the Respondents</b>			
1	Rural	25	38.5
2	Semi-urban	17	26.2
3	Urban	23	35.4
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Ownership Structure of Business</b>			
4	Sole Proprietorship	24	36.9
5	Partnership	12	18.5
6	HUF	8	12.3
7	Others	21	32.3
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Business type of the respondents</b>			
8	Micro	24	36.9
9	Small	25	38.5
10	Medium	16	24.6
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Nature of Business</b>			
11	Manufacturing	23	35.4
12	Services	18	27.7
13	Retail	18	27.7
14	Online	6	9.2
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Number of Employee</b>			
15	Self	25	38.5

16	1-5	22	34.8
17	6-10	7	10.8
18	11-15	5	7.7
19	Above 15	6	9.2
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Source of Fund for Business</b>			
20	Own fund	36	55.4
21	Loan from bank	24	36.9
22	Government funding	5	7.7
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Registered under GST</b>			
23	Yes	45	69.23
24	No	20	30.77
	<b>Total</b>	<b>65</b>	
<b>Type of MSME Empowered Scheme</b>			
25	Financial support	26	40.0
26	Tax exemption	16	25.6
27	Business development	11	16.9
28	Innovation	12	18.5
	<b>Total</b>	<b>65</b>	<b>100.0</b>
<b>Participation in MSME Schemes</b>			
29	Improve finance access	28	43.1
30	Enhance skill	19	29.2
31	Increase market access	13	20.0
31	Better technology adoption	5	7.7
	<b>Total</b>	<b>65</b>	<b>100.0</b>

<b>Types of Technological Support</b>			
33	Grants for Technology Adoption	18	27.7
34	Digital Transformation Programs	29	45.6
35	Innovation Incubators or Accelerators	18	27.7
	<b>Total</b>	<b>65</b>	<b>100.0</b>

**Source: Primary data**

**Interpretation:**

From the above table it was found that 38.5 % respondents are located at rural area, most of the respondents (36.9 Per cent) are under the ownership structure of sole proprietorship, most of the respondents 25 respondents (38.5 Per cent) are under the category of small enterprises, majority of the respondents (35.4 Per cent) are involved in the manufacturing sector and operating their business independently with their own fund and registered under GST. As per the findings of type of MSME empowered scheme. Out of 65 respondents, 26 respondents (40 Per cent) of respondents acknowledged receiving financial support, 16 respondents (25.6 Per cent) of the participants recognized benefits in the form of tax exemptions. The result of participation in MSME scheme of the respondents, It is evident that most of the respondents (43.1 Per cent) are joined MSME schemes to improve financial access. As per the result of type technological support of the respondents, Majority 29 respondents (45.6 Per cent) that they were involved in digital transformation programs, 18 respondents (27.7 Per cent) that they received grants to adopt new technology and part of innovation incubators or accelerators.

**III APPLICATION OF CHI-SQUARE TEST:**

**ANNUAL INCOME OF THE RESPONDENTS AND SATISFACTION ABOUT MSME SCHEME**

The Researcher has applied chi-square test to test the significant relationship between annual income of the respondents and satisfaction about MSME schemes. The Researcher has framed the null hypothesis that there is no significant relationship between annual income of the respondents and satisfaction about MSME schemes.

**Chi-square Result: Annual Income of the Respondents and Level of Satisfaction about MSME Schemes**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.474 <sup>a</sup>	4	.831
Likelihood Ratio	1.924	4	.750
Linear-by-Linear Association	1.334	1	.248
N of Valid Cases	65		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .22.

**Source: Computed Primary Data**

The above table shows that the result of chi-square test likelihood ratio value is 1.924, linear by linear association value are 1.334, the pearson chi-square value is 0.831. This value is greater than the significant value of 5% (i.e.) 0.05. Hence, the null hypothesis is accepted. Therefore, the researcher has concluded that there is no significant relationship between annual income of the respondents and their level of satisfaction about MSME scheme. Satisfaction level does not vary according to the income group of the respondents.

**NATURE OF BUSINESS OF THE RESPONDENTS AND SATISFACTION ABOUT MSME SCHEME**

The Researcher has applied chi-square test to test the significant relationship between nature of business of the respondents and satisfaction about MSME schemes. The Researcher has framed the null hypothesis that there is no significant relationship between nature of business of the respondents and satisfaction about MSME schemes.

**Chi-square Result: Nature of business of the Respondents and Level of Satisfaction about MSME Schemes**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.395 <sup>a</sup>	2	.183
Likelihood Ratio	3.389	2	.184
Linear-by-Linear Association	1.604	1	.205
N of Valid Cases	65		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.45.

**Source: Computed Primary Data**

Table 5.21 shows that the result of chi-square test likelihood ratio value is 3.389, linear by linear association value are 1.604, the pearson chi-square value is 0.183. This value is greater than the significant value of 5% (i.e.) 0.05. Hence, the null hypothesis is accepted. Therefore, the researcher has concluded that there is no significant relationship between nature of business of the respondents and their level of satisfaction about MSME scheme. Satisfaction level does not vary according to the nature of business of the respondents.

**GST REGISTRATION OF THE RESPONDENTS AND SATISFACTION ABOUT MSME SCHEME**

The Researcher has applied chi-square test to test the significant relationship between types of business of the respondents and satisfaction about MSME schemes. The Researcher has framed the null hypothesis that there is no significant relationship between types of business of the respondents and satisfaction about MSME schemes.

**Chi-square Result: GST Registration of the Respondents and Level of Satisfaction about MSME Schemes**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.270 <sup>a</sup>	3	.064
Likelihood Ratio	8.163	3	.043
Linear-by-Linear Association	5.112	1	.024
N of Valid Cases	65		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is 1.29.

**Source: Computed Primary Data**

The above table shows that the result of chi-square test likelihood ratio value is 8.163, linear by linear association value are 5.112, the pearson chi-square value is 0.064. This value is greater than the significant value of 5% (i.e.) 0.05. Hence, the null hypothesis is accepted. Therefore, the researcher has concluded that there is no significant relationship between GST registration of the respondents and their level of satisfaction about MSME scheme. Satisfaction level does not vary according to the GST registration of the respondents.

**MAJOR FINDINGS OF THE STUDY**

**Youth Dominance:** A majority (78.5%) of MSME participants are between 20–30 years of age, indicating active involvement of young entrepreneurs in the sector.

**Unmarried Entrepreneurs:** Most respondents (60%) are unmarried, highlighting that many are likely in the early stages of building both their personal and professional lives.

**Educated Ownership:** A large portion of the respondents (47.7%) possess postgraduate qualifications, reflecting a well-educated MSME ownership base.

**Rural Presence:** Both place of living (36.9%) and business location (38.5%) indicate a strong MSME presence in rural areas, showing their role in rural economic development.

**Self-Funding Trend:** Over half (55.4%) rely on personal funds, revealing limited access to external financing.

**Micro Workforce:** 38.5% of businesses are managed by a single person, indicating a predominance of micro-enterprises.

**Dominance of Manufacturing:** The manufacturing sector leads with 35.4%, highlighting a production-focused MSME ecosystem.

**Financial Support is Key:** 40% of MSMEs benefited from financial schemes, showing that capital infusion remains the most sought-after support.

## SUGGESTIONS

1. **Strengthen Awareness Campaigns:** Government and MSME departments should intensify awareness programs via social media, workshops, and local MSME offices to reach rural and semi-urban entrepreneurs.
2. **Simplify Scheme Procedures:** Streamlining application processes, reducing documentation, and offering multilingual support can help improve access to schemes.
3. **Expand Access to Credit:** Financial institutions should consider relaxing collateral requirements and offer MSME-friendly interest rates with quick disbursement mechanisms.
4. **Encourage Group-based Businesses:** Promoting partnerships or cooperatives can reduce the burden on sole proprietors and increase access to resources.
5. **Promote Digital Inclusion:** Government should invest in affordable digital infrastructure and provide basic ICT training, especially in rural areas.
6. **Tailor Skill Development:** Short-term, modular training programs aligned with business needs should be made more widely available.
7. **Encourage Innovation Schemes:** MSMEs should be motivated to participate in innovation and technology adoption programs through incentives and mentoring.
8. **Develop Cluster-Based Support:** Creating regional MSME clusters with shared services (e.g., R&D, logistics) can improve competitiveness and reduce operational costs.
9. **Enhance Monitoring and Feedback:** A responsive grievance redressal and feedback system can help improve scheme implementation and identify on-ground challenges.

## CONCLUSION

The study highlights that the MSME sector is predominantly driven by young, educated entrepreneurs, mostly located in rural areas. Most respondents operate micro-enterprises with limited income and primarily rely on personal funds due to challenges in accessing formal finance.

The manufacturing sector stands out as the leading business type, while financial support schemes are the most utilized. However, lack of awareness, complex procedures, and high interest rates remain significant obstacles. Social media emerges as a key channel for scheme awareness, and short-duration training programs are preferred—especially in financial management.

Overall, the MSME sector shows strong potential but requires greater support in finance, technology, and training, along with simplified access to government schemes to realize its full contribution to economic development.

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