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UNEMPLOYMENT AND NEED FOR SUSTAINABILITY OF MICRO, SMALL AND MEDIUM SIZED ENTERPRISES IN INDIA: A STUDY

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Abstract

India is developing fast in different fields. Rapid economic development has placed India among the leaders in the world stage. However, to a great extent, growth and development scenario is being disturbed by the unemployment situation in the country. On the economic development front, inequality and increasing unemployment are the biggest challenges for the fast developing nation. Unemployment not only hits the financial and social stability but also reflects waste of productive resources of the country. To combat the situation, the union government has taken several steps. Creating a congenial atmosphere for entrepreneurial activities is one of them. The scholastic fraternity also supports the move for encouraging entrepreneurial activities to fight unemployment. However, the growth of entrepreneurship is not enough for a country. There is also the need for sustainability. The present paper, based on the aforesaid argument, discusses on the issues of government initiative, scholastic view on fighting unemployment, analysis of MSME growth in the country, and the sustainability measures in entrepreneurial growth.

Keywords: *Unemployment, entrepreneurship, scholastic view, sustainability*

A. INTRODUCTION

Today, India is scaling new heights of development. This development is reflected by the progress in the fields of science and technology (especially in space technology and information technology), agriculture, trade and business, art and culture, foreign relationship and many other fields to follow. This multi-sectoral development has placed India in a niche platform in the world

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scenario. This development, to a great extent, could be attributed to its demographic dividend earned through its population. India's 50% of the workable population are within the age group of 15 to 59 (Sanghi and Srija, 2014). However, unemployment is working as a major negative force in the pathway of India's development effort. Joblessness is increasing and it has gripped deeply the educated youth by denying the notion that education (mainly higher education) lessens the probability of not securing a job. The consecutive census strongly spells out in favour of it. India's unemployment rate grew between two consecutive censuses, i.e., 2001 to 2011. In 2001 the unemployment rate was 6.8% which grew to 9.6% in 2011. In absolute numbers, it could be said that the unemployment figure which was 3.35 s in 2001 has jumped up to 4.69 s in 2011¹. In this context, it should be remembered that in the year 2011 India registered a growth rate of 8 %². So, it could be said that the 2011 data is quite alarming for the educated unemployed population. The data reflects that 15% of the highest educated population having graduated, post-graduated and having technical degrees are looking for jobs³ numbering one crore. If the figure is elaborated in terms of the age group it comes out that the job hunt is 20% in the age group of 15-24, 18% in the age group of 25-29 and 6% in the age group of 30-34⁴. The impact of unemployment is never a healthy one concerning the financial and social stability of the country. Unemployment signifies the waste of productive resources of the country, i.e., the youth power. If used in the proper manner the power could further accelerate the pace of development in the country. However, the phenomenon of unemployment indicates that the productive youth power of the country is wasted. It gives birth to certain social malaise in the form of theft, domestic violence, drug consumption, burglary etc. The concept of wastage is quite true for India where youth accounts for about 20% (15-24 years age-group)⁵ of its population larger portion of which not being involved in the active development of India. Thus, unemployment could be considered as economic waste which causes the threat to the political stability of the country (Malenbaum, 1957).

B. GOVERNMENT'S INITIATIVE TO FIGHT UNEMPLOYMENT

Unemployment and subsequently wastage of the youth power is the major challenge for Indian Government. The challenge increases manifold if analyzed in terms of the youth population growth of India. The youth population of 1608 lakh grew to 4202 lakh in the span of 40 years, i.e., from 1971 to 2011. If considered in terms of 10 years period than the growth was the highest between the years of 2001 and 2011 which was 74 lakh⁶. With the

growth of each and every unit in the population, the union government has to encounter with the problem of employment.

However, youth represent the focal point of the government. To get rid of the problem of unemployment, from time to time, the union government came up with policies to employ people directly or create the opportunity for employment. In the direct way, it was done by employing the youth in the public sector and at the same time creating a conducive atmosphere for the private sector so that more employment could be created. The plan produced a significant result. The number of employees rose from 2065 lakh to 2090 lakh between 2005 and 2011 as per the data generated by Director General of Employment and Training, Ministry of Labour and Employment⁷.

The effort of direct employment was inadequate and left a staggering 4.7% (appx.) unemployment in 2011. So, the option left in front of the government was to make the young population employable by framing specific policies and starting youth development programs. In terms of the effort put in by the union government, it could be said that though governmental effort started from the 1980s, it gathered pace from the beginning of the year 2000 after the Economic Reform's started in 1990s. Under policy framing part, in 1988 National Youth Policy⁸ was formulated which considered the deletion of unemployment among the youth as its foremost objective. To this end, the policy was further bolstered in 2003 by making provision for young people to be trained and made skillful so that they could rise up to the situation. Subsequently, in 2005, under the chairmanship of the Prime Minister, came up National Council for Skill Development (NCSD)⁹. The initiative placed a target of employing about 50 million people by 2022 (Sanghi and Srija, 2014). Finally in 2009, came up the National Skill Development Policy¹⁰ that mainly focused on the change of scenario with respect to skill development which followed entrepreneurship development among the young population. Following the footsteps of National Skill Development Policy (2009)¹¹, in 2015, came up the National Policy for Skill Development and Entrepreneurship. This policy not only concentrated on skill development but also had a further thought for sustainable employment for the skilled youth. In other words, the focus was creating entrepreneurship opportunities for the trained and skilled youth force of the country.

Presently, the union government came up with different programs of skill development and further entrepreneurship development within the youth for the creation of an orientation of entrepreneurship within the country. National Program for Youth and Adolescent Development, Deen Dayal Upadhyaya Grameen Kaushalya Yojna, Aajeevika - National Rural Livelihoods

Mission, Mahila Kisan Sashaktikaran Pariyojana, Start-Up Village Entrepreneurship Programme, Prime Minister's Employment Generation Programme, Pradhan Mantri Kaushal Vikas Yojana and UDAAN are some of them. The main objective was to develop the requisite skill set in the unemployed population so that they become more employable with different organizations and also create their own job. These programs also have an inclination towards self-employment generation. Self-employment generation will motivate more and more youths to build own enterprise and will encourage the growth of entrepreneurial environment in the country. The generation of entrepreneurial environment will further help the country to eradicate the problems of unemployment.

C. SCHOLARS VIEW ON FIGHTING UNEMPLOYMENT

It was also heartening to note that the views of the scholars, researchers and academicians also matched that of the stance taken by the union government in the fight to eradicate unemployment. The scholars belonged to different corners of the globe, but all of them have a uniform view of skill development, self-employment and entrepreneurship development for eradication of unemployment with respect to their concerned geographical area (Marič et.al, 2010; Kostetska and Berezyak, 2014; Othman and Ishak, 2009; Gouws, 2002; Cook et al., 2003; Karimi et al., 2010; Oyelola et al., 2014; Thurik, 2003).

Unemployment is a societal problem and entrepreneurship is being increasingly viewed as a potent weapon in the fight for its eradication. It has gained a societal angle in the research and discussion (Koestetska and Berezyak, 2014; Cook et al., 2003; Karimi, 2010). Cook et al. (2003) in context of Australia advocated for social entrepreneurship. In their view, social entrepreneurship and in a broader view entrepreneurship could be used a device to bring social change by bringing down unemployment. The effect of unemployment reduction has a bigger effect on the society and socio-economic growth of the country (Karimi et al., 2010). Koestetska and Berezyak (2014) echoed the view of social change propagated by Cook et al. (2003) in context of Ukraine. In their analysis, positive social change by entrepreneurship development maintains countries success towards social stability along with social development. For the social development, there is a need for socially focused economic development which could be achieved by bringing up social entrepreneurship.

Scholars and researchers also felt the imminent need for entrepreneurial education to bring about long-term sustainable social development (Marič et.al, 2010; Gouws, 2002; Karimi et al., 2010; Oyelola,

2014); Gouws (2002) through employment generation. They advocated the need for an entrepreneurial driven economy in the context of South Africa where the unemployment rate was 32.6%. The authors strongly felt the need for entrepreneurship education for the development of an entrepreneurial driven economy which is further emphasized by the fact that the government policy-makers around the world board on it. This resulted in the inclusion of entrepreneurship education in the curriculum of numerous colleges, universities and educational institutes across the globe. (Karimi, 2010) advocated the need for a proper guideline which is necessary for change and development of education on entrepreneurship because of its profound effect on the society. It could be said that these institutes imparting entrepreneurial education can generate an important link between theoretical knowledge and practical involvement of the market (Marič et.al, 2010). To elaborate it in words of Oyelola (2014), it could be said that *“This study... highlights the importance of supporting entrepreneurship skills by embedding entrepreneurship teaching throughout the education system, providing information, advice, coaching and mentoring, facilitating access to financing and offering support infrastructure for business start-up with the penultimate result of mitigating youth unemployment problem in the country”*.

So, to summarize, it could be said that scholars’ intellectual points of view matches the vision and work orientation of the union governments about ways and means for combating the problem of unemployment. They unanimously recommended or worked upon the need of entrepreneurship for tackling the problem of unemployment with respect to the present situation of India. In the broader sense, it could be said that the need of entrepreneurship for erasing unemployment is not only true for developing country like India, but the need is felt irrespective of global boundaries and is true for all the economies around the world.

D. BRIEF ANALYSIS OF THE GROWTH SITUATION OF MICRO, SMALL AND MEDIUM ENTERPRISES

The well-established view on entrepreneurship is that the entrepreneurial firms start from small scale (Audretsch and Keilbach, 2008) and after that take the growth route. So, banking on the government’s effort on supporting unemployment (on basis of the previous section B) and the established view on entrepreneurship this section will analyze the growth scenario of the Micro, Small and Medium Enterprises (MSME) by the help of different data.

On basis of Annual Report (2015-2016) of Ministry of Micro, Small and Medium Enterprises, Government of India, it could be said that number of total working enterprises in the Micro, Small and Medium Enterprises

(MSME) and Small Scale Industries (SSI) have gone up from 361.76 lakhs to 510.57 lakh in the period 2006-07 to 2014-15. In this same period, the employment has shot up to 1171 lakh (2014-15) from 805 lakh (2006-07). This increase resulted in the augmentation in their market value of fixed assets from 868,543 s (2006-07) to 1,471,912 s (2014-15). Further, in the same period, the Gross Value of Output of MSME Manufacturing Sector has risen from 1198818 s to 1809976 s. The share in total GDP also went up from 35.13% to 37.54% for the MSMEs belonging to the Services Sector. It further helped in the increase of the share of MSME sector in total GDP. The share of MSME sector in total GDP went from 35.13 to 37.54%. The summary on MSME could be further segregated in two parts, i.e., on basis of the registered sector and on basis of the Non-registered sector. In the following part, the position of the MSME (Registered) and MSME (Unregistered) will be discussed. (Source- Ministry of Micro, Small and Medium Enterprises, Government of India, Annual Report, 2015-16)¹²

The Fourth All India census of MSME, 2006 (Registered Sector) says that there are total 15.64 lakh enterprises where 45.23% account for rural and 13.72% for women-owned enterprises. If segregated in terms of Micro, Small and Medium Enterprises, then a thumping 94.94% belongs to Microenterprise and 4.89% and 0.17% belongs to small and medium enterprises respectively. Furthermore, in the total 15.64 lakh enterprises, 67.10, 16.13 and 16.78% have taken the activities of manufacturing, repairing and maintenance and services respectively. In these enterprises, 2.87% is owned by the STs and 7.87% by the SCs. The data reflect that 65.34, 23.43 and 4.32 lakhs employment are provided by Micro, Small and Medium Enterprises respectively. (Source- Final Report of Fourth All India Census of Micro, Small and Medium Enterprises, 2006-2007: Registered Sector)¹³.

Analysis of the Fourth All India census of MSME, 2006 (Un-registered Sector) further says that the number of units in the unregistered sector has grown from 91.46 lakhs to 198.74 lakhs from 2001-02 (Third census) to 2006-07 (Fourth census). Rural units grew from 51.99 lakhs to 119.68 lakhs units, but urban units' growth was not that high, from 39.47 lakhs to 79.05 lakhs. The same census spells out that the number of micro-units and small units was 198.39 and 0.35 lakhs respectively. There was an increase in woman and ST run units too. The women run units increased from 9.26 lakhs to 10.30 lakhs. The reflection was clear in the growth of employment. The employment growth was from 187.69 lakhs to 408.84 lakhs. It further indicates that that per unit employment has risen from 2.05 to 2.06. (Source- Final Report of Fourth All India Census of Micro, Small and Medium Enterprises, 2006-2007: Unregistered Sector)¹⁴

So, it is clear from the overall analysis of the MSME sector, there is significant growth in the number of MSMEs. Numbers of employment given by the enterprises, the capital invested in the enterprises, number of units opened by women and socially deprived classes (the SCs and the STs), and the assets owned by the enterprises have gone up. This finally resulted in the increase of the share of MSME sector in total GDP which went from 35.13 to 37.54% from the year 2006-07 to 2014-15¹⁵.

E. NEED FOR SUSTAINABILITY OF ENTERPRISES

Notwithstanding the growth of small, medium and micro industries as discussed in Section D, there is a need for sustainability of these enterprises. In other words, it could be placed that, the existing enterprises should be sustainable and at the same time there is a need for more and more entrepreneurial business establishments to start. This is highly needed in view of the growing Indian population that is adding a big population of unemployed youth each and every year (as discussed previously). For the enterprises to become sustainable, one there is an express need for persistent effort, urge, and focus from the side of the entrepreneurs (Surie and Ashley, 2008; Ireland et al., 2003; Kelley, 2011; Kuckertz and Wagner, 2010; Schaltegger and Wagner, 2011; Weerawardena and Mort, 2006) and commitment (Bhardwaj and Malhotra, 2013; Clercq and Voronov, 2011; Moore and Manning, 2009; Schlange, 2006; Nowduri, 2012).

In the present time, for sustainability of the entrepreneurial organization, the focus of the entrepreneur should be inclined towards entrepreneurial drivers like innovativeness, proactiveness, risk management, developing personal initiative and skills of the individual or team and quick comprehension of the ever-changing market trends (Weerawardena and Mort, 2006; Schaltegger and Wagner, 2011). However, in all cases, there should be a priority for the environment and societal needs (Kuckertz and Wagner, 2010; Schaltegger and Wagner, 2011) which advocates adherence to societal values and ethics (Surie and Ashley, 2008). To combat risk and uncertainty, which creates an obstruction in the path of sustainability, the entrepreneurs should put conscious effort for developing mechanisms in their organizations to blend strategic, structural and process elements (Kelley, 2011; Ireland et al., 2001).

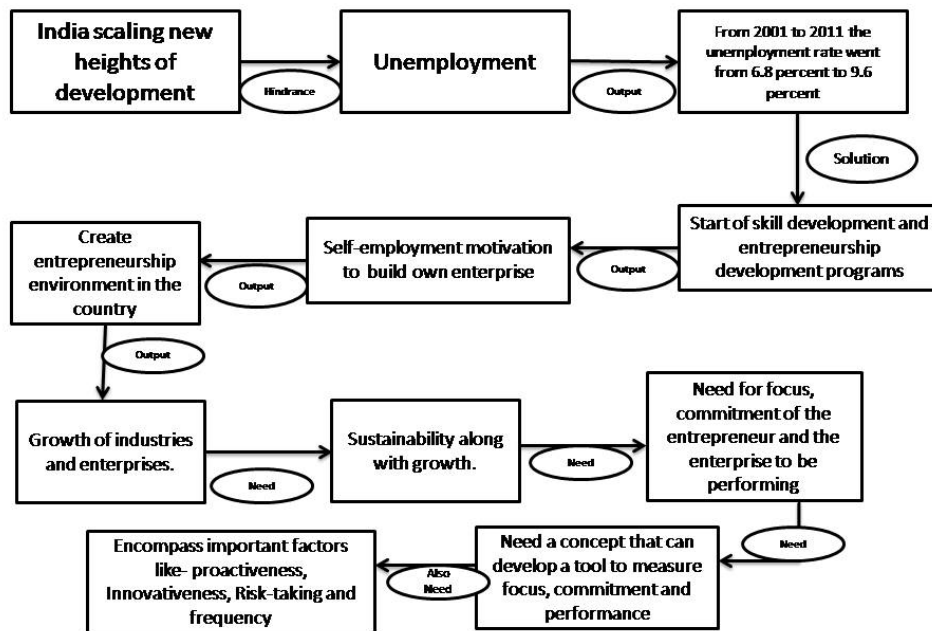
Sustainability of entrepreneurial venture further demands commitment from the entrepreneurs. Both internal and external environments, with respect to the business, impact the degree of commitment exerted by the entrepreneurs for their business (Kelley, 2011). Considering the internal factors it could be said that the commitment towards sustainability could be hit

by the economic ambitions of the organization (Schlange, 2006). However, the commitment will ensure ethical practices in the incorporation, better work life for workforce, fair employment practices in the organization and make the entrepreneurs morally responsible (Nowduri, 2012; Clercq and Voronov, 2011; Bansal and Roth, 2000; Derksen and Gartrell, 1993; Dunlap and Mertig, 1992; Juravle and Lewis, 2009). Figure 1, summarizes the concept depicted in the present paper.

F. CONCLUSION

At present, there is a need for increased level of entrepreneurial activities in the country. But, along with growing number of entrepreneurial ventures, there is a need for sustainability of the same. To ensure sustainability, there is a need for focus and commitment on the part of the entrepreneurs running the ventures. Taking clue from this, it could be said that the situation demands devising an instrument that will measure the focus and commitment of the entrepreneurs for their respective ventures. So, the two phenomena, i.e. birth of new enterprises and sustainable growth of the existing enterprises should go hand in hand which will lead to growth of employment in the country.

Figure 1: Summary of the concept: Unemployment position, need for self-employment, and sustainability of the present enterprises



Source: Author compilation based on earlier studies

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