

Impact of Micro, Small, and Medium Enterprises (MSMEs) on Employment Status in Pondicherry

Dr. V. Kalaiselvi^{*1}, Mrs. K. Maithily²

¹Assistant Professor of Economics, Arignar Anna Govt Arts College, Villupuram, Deputed from Annamalai University Annamalai Nagar, Chidambaram, India

²Ph.D. Research Scholar, Annamalai University, Annamalai Nagar, Chidambaram, India

* Corresponding Author

Dr. V. Kalaiselvi,

¹Assistant Professor of Economics, Arignar Anna Govt Arts College, Villupuram, Deputed from Annamalai University Annamalai Nagar, Chidambaram, India

Cite this paper as: Dr. V. Kalaiselvi, Mrs. K. Maithily, (2025) Impact of Micro, Small, and Medium Enterprises (MSMEs) on Employment Status in Pondicherry, *Journal of Neonatal Surgery*, 14 (28s), 369-382

ABSTRACT

Micro, Small, and Medium-Sized Enterprises (MSMEs) have long been acknowledged as important forces behind industrialization, social justice, and economic prosperity. They are essential to inclusive development because of their ability to generate jobs across a variety of industries and geographical areas, especially in developing nations like India. MSMEs have been crucial in increasing job possibilities, lowering unemployment, and encouraging entrepreneurial activity in the Union Territory of Puducherry, which is distinguished by a blend of urban dynamism and rural economy. This study looks at the various ways that MSMEs affect Puducherry's job market. It looks at how the expansion of MSMEs both directly and indirectly boosts ancillary industries including supply chains, logistics, and services. The types of employment created, such as full-time, part-time, skilled, and unskilled jobs, as well as the demographic groups most affected women, young people, and rural workers are given particular consideration. The study aims to comprehend the amount and caliber of jobs generated by combining primary data gathered from field surveys and interviews with MSME owners and employees with secondary data analysis from government records. It highlights important industries where MSMEs have demonstrated substantial employment potential, including textiles, food processing, handicrafts, and tourism. But the study also reveals problems, such as the high rate of informal work, pay inequalities, skill mismatches, and MSME workers' restricted access to social security. The study also evaluates the effects of legislative barriers, market rivalry, and financial limitations on MSMEs' capacity to maintain and grow employment. The results show that although MSMEs have significantly contributed to the creation of jobs in Puducherry, there is still need for focused measures to improve the caliber of employment. These include making financing more accessible, offering programs for skill development that are in line with industry demands, fostering formalization, and encouraging businesses to use new technologies. The study comes to the conclusion that improving living standards, reducing poverty, and fostering more balanced economic growth in Puducherry can all result from bolstering the MSME sector with an emphasis on creating sustainable jobs. In addition to encouraging the growth of MSMEs, future policy frameworks must guarantee that the jobs generated promote social inclusion and long-term economic resilience

Keywords: Skill Development, Employment, Formalization, Entrepreneurial, Encouraging

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have emerged as a vital engine of economic growth and social development, especially in developing regions. Particularly in emerging nations, micro, small, and medium-sized enterprises (MSMEs) have become an essential force behind social and economic advancement. MSMEs make up the bulk of companies and a sizable section of the labor force worldwide. MSMEs in India account for more than 40% of exports, approximately 45% of all industrial output, and roughly 30% of the country's GDP. MSMEs' ability to create jobs is one of their most important contributions. In areas like Puducherry, where there is mild industrialization and a mostly service and tourism-based economy, MSMEs are essential in absorbing a growing labor force that includes women, youth, and underrepresented groups. MSMEs are labor-intensive, flexible, and dispersed geographically, which makes them perfect for areas with little industrial infrastructure, in contrast to huge businesses that demand significant capital expenditure and cutting-edge technologies. Two main routes are used by MSMEs to generate employment. Direct Employment MSMEs offer jobs within their own business activities, ranging from specialized roles in production and management to unskilled labor in

manufacturing, retail, and services. Indirect Employment through supply chains, which include vendors, logistics, raw material suppliers, marketing services, and related operations, MSMEs promote the creation of jobs. Additionally, by providing non-farm employment options, MSMEs aid in employment diversification away from traditional industries like agriculture. In Puducherry, where reliance on agriculture is progressively waning and urbanization is fueling demand for services and manufacturing-based jobs, this change is vital. MSMEs are effective job creators due to a number of distinctive characteristics. Low Entry Barriers, A greater proportion of the population can participate in entrepreneurial activities because MSMEs can be founded with little infrastructure and funding.

Regional Balance, MSMEs support balanced regional development by creating jobs even in rural and semi-urban areas. Flexibility: MSMEs are able to withstand economic downturns and keep creating jobs because of their rapid adaptation to shifting market conditions. Encouragement of Entrepreneurship: MSMEs cultivate a culture of creativity and business savvy by assisting local entrepreneurs, which in turn generates chances for self-employment. MSMEs are especially prevalent in Puducherry's textile and apparel, food processing, handicraft, hospitality, and tourist industries, all of which employ a sizable workforce. Through initiatives like the MUDRA financing program and the Prime Minister's Employment Generation Programme (PMEGP), the government has further promoted the expansion of MSMEs, enhancing their employment potential.

However, issues including poor pay, unstable work, unofficial contracts, and restricted access to social security benefits frequently affect the quality of employment in MSMEs. Therefore, even if MSMEs play a big role in the number of jobs created, attention is increasingly being drawn to the caliber of those positions. Understanding the full impact of MSMEs on employment status, particularly in a dynamic and evolving economy like Puducherry's, is essential for framing targeted policy interventions. Strengths, shortcomings, and the potential for utilizing MSMEs for equitable and sustainable job growth can all be found with the aid of a thorough investigation

2. STATEMENT OF THE PROBLEM

It is often known that the Micro, Small, and Medium Enterprises (MSME) sector is a potent force for economic growth and job creation, particularly in emerging nations like India. For a sizable portion of the populace of Puducherry, a territory with a distinctive blend of urban and rural features, MSMEs have become a vital source of income. Despite their acknowledged potential, little is known about how much of an impact they actually have on the region's job situation. Although there is no denying that MSMEs have produced a large number of job possibilities, questions remain about the type, stability, and caliber of the jobs offered. A sizable section of the workforce working for MSMEs is still employed informally, frequently without social security benefits, fair pay, or job security. Additionally, the sector's capacity to provide high-quality, long-term jobs is hampered by elements including restricted financial access, poor skill development, difficult regulations, and susceptibility to economic shocks. Furthermore, little empirical research has been done expressly on how MSMEs in Puducherry help lower unemployment, empower underrepresented populations like women and young people, and change the local employment structure from low-productivity industries to more resilient and diversified economic ventures. In order to maximize the sector's employment potential and contribution to inclusive economic growth, the study's objectives are to critically evaluate the role that MSMEs play in creating jobs in Puducherry, pinpoint the issues affecting the sustainability and quality of employment, and offer insights that can aid in the creation of more effective policies.

3. CONCEPTS

i. Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are businesses categorized based on their investment in plant and machinery or equipment and their annual turnover. According to the **MSME Development Act, 2006** (amended 2020): **Micro Enterprises:** Investment \leq ₹1 crore and Turnover \leq ₹5 crore.

Small Enterprises: Investment \leq ₹10 crore and Turnover \leq ₹50 crore. **Medium Enterprises:** Investment \leq ₹50 crore and Turnover \leq ₹250 crore. MSMEs are crucial for balanced regional development, entrepreneurship promotion, and employment generation.

i. Employment Generation

The process of adding new job possibilities to the economy and reintegrating underemployed and unemployed people into productive endeavors is known as employment generation. Both direct employment within the company and indirect employment in supply chains, distribution networks, and support services are included in the framework of MSMEs.

iii. Informal Employment

Jobs not covered by official labor regulations and devoid of social security advantages like health insurance, pension plans, and employment contracts are referred to as informal employment. This group includes a large number of MSME employees, particularly in small manufacturing and service businesses.

iv. Sustainable Employment

Creating jobs that provide social security, stability, fair pay, and chances for professional advancement and skill development is a key component of sustainable employment. It prioritizes long-term financial stability for employees over contract or part-time labor.

v. Skill Development

The process of improving employees' talents through education and training so they can carry out particular tasks more successfully is known as skill development. Enhancing productivity, output quality, and market competitiveness in the MSME sector requires skill development.

vi. Entrepreneurial Ecosystem

Financial institutions, government regulations, training facilities, and business networks are some of the elements that contribute to the development and prosperity of startups and small enterprises, including MSMEs. These elements make up the entrepreneurial ecosystem.

vii. Inclusive Growth

The term "inclusive growth" describes economic expansion that is equitably dispersed throughout society, opening doors for all segments, particularly underrepresented ones like women, young people, and rural laborers. MSMEs are frequently regarded as a major force behind inclusive growth because of their capacity to create jobs for a variety of demographic groups.

4. SIGNIFICANCE OF THE STUDY

In emerging nations like India, the Micro, Small, and Medium Enterprises (MSME) sector is essential to economic growth, regional balance, and the creation of large-scale jobs. MSMEs are a vital source of income for a wide range of individuals, especially women, youth, and rural residents, in Puducherry, where the economy is based on a combination of small-scale enterprises, tourism, and agriculture.

Because it seeks to give a thorough grasp of the part MSMEs play in creating jobs in Puducherry, this study is extremely important. The study provides important insights into how much MSMEs contribute to lowering unemployment, easing poverty, and fostering equitable growth by examining the number and kind of jobs they generate.

The study also clarifies the difficulties MSMEs encounter in maintaining employment, including legislative barriers, skill shortages, infrastructure limitations, and financial access. Policymakers, governmental organizations, and financial institutions must recognize these issues in order to develop measures that will increase the MSME sector's ability to create jobs.

By emphasizing best practices and tactics for boosting staff stability, efficiency, and competitiveness, the study will also help MSME owners. Academic scholars, development professionals, and students with an interest in employment studies, entrepreneurship, and regional economic development will also find it to be a helpful resource.

In the end, by assessing how MSMEs affect employment in Puducherry, the study hopes to aid in the development of focused policies that not only encourage the expansion of MSMEs but also guarantee that the jobs created are fair, sustainable, and supportive of long-term economic resilience.

5. REVIEW OF LITERATURE

Yamuna Rani Palanimally (2016) initiated a study research on private limited firms in Perak, Malaysia, to gauge the nation's small and medium-sized businesses' (SMEs') growth plan. In Perak, SMEs accounted for roughly 59% of the employment and 33% of the GDP generated by the wholesale, retail, and manufacturing sectors. The strengthened terms of sales, total assets, earnings, cash flows, and workforce size of Malaysian private limited were examined in this study. Ultimately, the study found that while SMEs focused on the main facets of the local economy, they were more affected by the global industry slump in other countries.

Vinay Kumar (2017) stated that the present state and expansion of trend-based metrics in MSME employment and gross output in India. The goal of industrial efficiency is to increase work opportunities for the majority of people. Micro, small, and medium-sized businesses played a vital role in the manufacturing and service sectors, which contributed to the nation's overall GDP, according to this report. Due to the lack of resources, this study also encountered a number of issues with the nation's unemployment and poverty rates.

Richa Shelly.et.al., (2020) in their study described the part that micro, small, and medium-sized businesses play in the Indian economy. They also investigated the role that MSMEs will play in the future achievement of sustainable development objectives and the expansion of Indian countries. They focused on more important metrics like GDP, employment creation, total exports, reaching SDGs, and the nation's MSME green development. They assessed how MSMEs serve as the foundation for the nation's expansion and the growing industrialization of rural areas.

Shastri et al. (2011) analysed that the effects of globalisation and domestic economic liberalisation on small-scale industries, as well as their growth in terms of units, employment, output, and exports. They finished with policy recommendations to ensure the long-term viability and competitiveness of India's small-scale industries.

6. RESEARCH QUESTIONS

1. What is the trend in the growth of MSMEs in Puducherry over the past decade?
2. How have MSMEs influenced the employment rate in the region?
3. What are the characteristics of the employment provided by MSMEs (wages, job security, skill development)?
4. What barriers limit the employment-generating capacity of MSMEs?

7. OBJECTIVES

1. To study the growth and distribution of MSMEs in Puducherry.
2. To analyze the contribution of MSMEs to employment generation in various sectors (manufacturing, services, trade).
3. To examine the quality and stability of employment created by MSMEs (permanent vs temporary, skilled vs unskilled).
4. To suggest policy measures for strengthening the employment impact of MSMEs

8. HYPOTHESES

1. MSMEs have a significant positive impact on employment generation in Puducherry.
2. A majority of the employment generated by MSMEs in Puducherry is informal and unskilled in nature.
3. MSMEs in Puducherry significantly contribute to employment opportunities for women and youth.
4. Lack of access to finance, skill mismatch, and regulatory barriers are major challenges limiting the employment-generating capacity of MSMEs in Puducherry.

9. METHODOLOGY

This study's research design combines descriptive and analytical elements. It looks at the factors influencing the sustainability and caliber of employment and tries to explain the current employment situation created by MSMEs in Puducherry. The study is carried out in the Puducherry Union Territory, encompassing two blocks such as Mettupalayam and Sedharapet. For a thorough analysis, both primary and secondary data are used. primary information. structured surveys (for employees and owners of MSME).field trips and in-person interviews. Method of Sampling, stratified To guarantee participation from a range of businesses, including manufacturing, textiles, handicrafts, food processing, and tourism services, random sampling is used. The size of the sample Approximately 100 MSME entities from various industries are polled. Two employees and at least one employer are interviewed from each unit.

Secondary Data Collected from various credible sources such as: Ministry of Micro, Small, and Medium Enterprises (Government of India) Reports. Directorate of Industries and Commerce, Government of Puducherry. Economic Surveys of Puducherry. District Industries Centre (DIC) records. MSME Annual Reports and Census Data. Research papers, journals, and books related to MSME and employment studies. Statistical handbooks and databases like the CMIE (Centre for Monitoring Indian Economy). The study covers data mainly from 2015 to 2024, including both historical trends and current employment status.

10. MSMEs AND EMPLOYMENT GENERATION ACROSS SECTORS IN PUDUCHERRY

Puducherry, a Union Territory of India, has a vibrant MSME sector that plays a crucial role in employment generation across manufacturing, services, and trading activities. Due to its advantageous location, industrial-friendly policies, good infrastructure, and educated workforce, Puducherry's MSMEs have grown over the years, employing thousands of people directly and indirectly. Puducherry is a Union Territory of India with a thriving MSME sector that is essential to the creation of jobs in manufacturing, services, and trading activities. The MSME sector in Puducherry is vital for: Rural and semi-urban areas are the backbone of India's economy, providing a large pool of human resources. Employment generation in these regions is critical to: Reduce rural poverty ,Minimize urban migration, Ensure balanced regional development. Promote inclusive economic growth ,With the development of MSMEs, rural industries, and government initiatives, employment opportunities have expanded beyond traditional agriculture into manufacturing, services, trade, and allied activities.

11. FACTORS AFFECTING THE CREATION OF JOBS IN RURAL AND SEMI-URBAN AREAS

a) Farming and Related Pursuits

Traditional Source, In rural areas, agriculture continues to be the biggest employer. Diverse jobs are produced by related

industries such as sericulture, poultry, fishery, and dairy farming.

b) Small Industries and MSMEs in Rural Areas

After agriculture, MSMEs are now the second-largest employer. They encompass areas like: Handicrafts and handlooms, Agro-processing (such as cold storage and food processing) Products made of wood, leather, and metal, Weaving textiles and creating clothing

c) Services Sector in Semi-Urban and Rural Regions

Quick expansion of small service businesses: stores, neighborhood restaurants, and salons Services rendered via mobile devices and the internet (e-commerce delivery agents), Homestays and ecotourism are examples of rural tourism.

d) Government Employment and Public Programs

Numerous programs directly encourage the creation of jobs MGNREGA: Provides rural households with 100 days of pay work. The Prime Minister's Employment Generation programme, or PMEGP, helps start micro businesses. Free skill training is offered by RSETIs (Rural Self Employment Training Institutes). Rural startups are supported by the Startup Village Entrepreneurship Program (SVEP).

e) Manufacturing Sector:

Manufacturing MSMEs manufacture anything from engineering components to textiles. Employment Contribution: Labor-intensive production: MSMEs rely more on manual labor than do major companies, which are frequently capital-intensive (high machinery utilization, less human labor). Diversity of skills: They hire people with a variety of abilities, from menial labor to highly qualified technicians and craftspeople. Local employment: By establishing a large number of MSMEs in rural and semi-urban areas, migration to cities is decreased. Flexibility and speedy setup: During periods of economic expansion, smaller businesses can be set up more quickly, creating jobs more quickly.

f) Service Sector

Non-manufacturing services like hospitality, repair, IT, finance, and education are offered by service-based MSMEs. Employment Contribution: There are many different job options, ranging from low-skill jobs like cleaning and maintenance to high-skill jobs like software development and consulting. Entrepreneurship, A lot of independent contractors launch small service businesses, which promotes both employment and self-employment. Women's empowerment, The number of female employees and entrepreneurs has increased in industries such as healthcare, education, and beauty & wellness. Gig and freelance economy: Indirect employment is increased by small service companies' frequent use of freelancers.

g). Trade Sector:

MSMEs prioritize the purchase and sale of items over manufacturing. Employment Contribution: Retail and wholesale establishments: Direct employment is generated by small grocery stores, hardware stores, and apparel retailers. Opportunities in the supply chain: To support trade activities, jobs in distribution, warehousing, packaging, and logistics are created. Absorption of the informal sector: A large number of unorganized laborers obtain employment in trade companies without requiring advanced degrees. Regional development: Trade MSMEs support local economies and jobs by facilitating the movement of commodities in rural and isolated locations.

h) Impact in Quantitative Terms

MSMEs in India make up roughly 45% of all exports and 30% of the country's GDP. They are the second largest employer after agriculture, accounting for approximately 110 million employment. Aside from agriculture, MSMEs employ the most people. MSMEs play an important role in creating jobs in the manufacturing, services, and trade sectors. They provide a wide range of employment opportunities, particularly for low- and semi-skilled workers, support regional development, and foster entrepreneurship. To reach their full potential, MSMEs require ongoing policy support, financial access, skill development initiatives, and technology advancements.

12. MECHANISMS THROUGH WHICH MSMEs GENERATE EMPLOYMENT

a) Creation of Direct Employment

Workers are directly employed by MSMEs in their primary business operations, which include manufacturing, services, and trading. MSMEs need less capital per job produced and are more labor-intensive than large corporations. Particularly, micro and small businesses hire unskilled and semi-skilled workers, increasing job prospects.

b) Creation of Indirect Employment

MSMEs generate demand for marketing services, packaging, shipping, and raw materials. This promotes subcontractors and related sectors, generating indirect jobs throughout supply chains.

c) Entrepreneurship and Self-Employment

A lot of MSMEs are started by people who want to work for themselves. In MSMEs, entrepreneurship not only produces jobs for the owner but also for others.

d) Jobs in Semi-Urban and Rural Regions

MSMEs facilitate the transfer of industrial operations from big cities to smaller towns and villages. MSMEs create localized jobs by establishing operations nearer to the rural labor, which lowers migration to urban areas.

e) Inclusion of Disenfranchised Groups

Women, young people, people with disabilities, and economically disadvantaged groups are all actively employed by MSMEs. Specifically, rural women and craftsmen are empowered by micro-enterprises in industries like as food processing, textiles, and handicraft. Jobs in Semi-Urban and Rural Regions MSMEs facilitate the transfer of industrial operations from big cities to smaller towns and villages. MSMEs create localized jobs by establishing operations nearer to the rural labor, which lowers migration to urban areas.

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Table : 12. MSMEs and Employment Generation in Puducherry (2007–2023)

Year	No. of MSMEs Registered	Employment Generated (Approx)	Manufacturing Jobs (%)	Services Jobs (%)	Trade Jobs (%)
2007	6,500	19,500	55%	35%	10%
2008	6,800	20,500	54%	36%	10%
2009	7,100	21,800	53%	37%	10%
2010	7,500	23,500	52%	38%	10%
2011	8,200	25,600	50%	40%	10%
2012	9,000	28,000	48%	42%	10%
2013	9,800	30,500	47%	43%	10%
2014	10,600	33,000	45%	45%	10%
2015	11,500	36,500	44%	46%	10%
2016	12,700	40,000	43%	47%	10%
2017	14,000	44,500	42%	48%	10%
2018	15,500	49,000	40%	50%	10%
2019	16,800	53,500	39%	51%	10%
2020	18,200	57,500	38%	52%	10%
2021	19,700	62,000	37%	53%	10%
2022	21,500	67,000	36%	54%	10%

2023	23,500	72,000	35%	55%	10%
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Source : MSME Annual Reports and Census Data

a. Model Summary

Metric	Value
R-squared (Goodness of Fit)	0.999
Adjusted R-squared	0.999
F-statistic	11,310
Prob (F-statistic)	5.28e-23 (very significant)
Observations (Years)	17
Std. Error of Estimate	Very low (high precision)

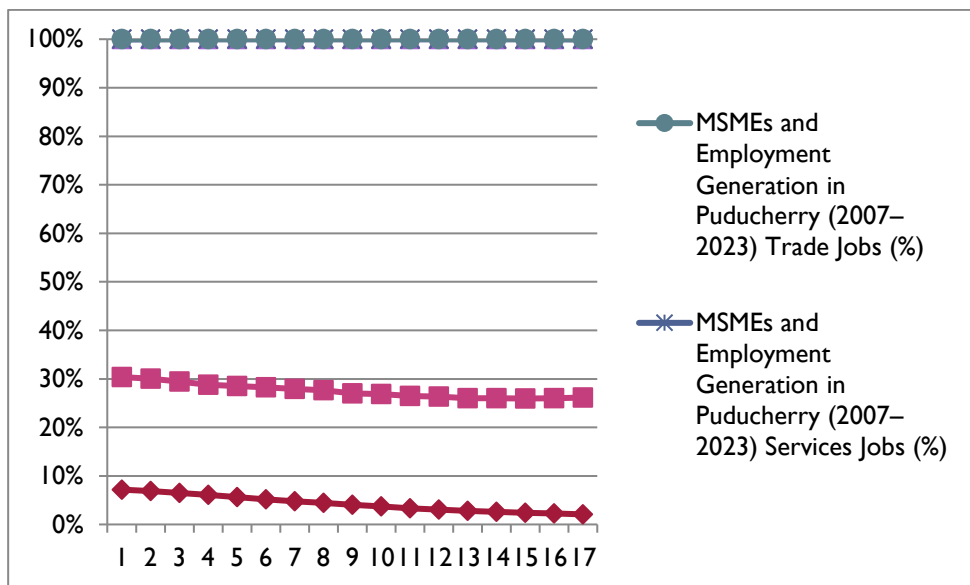
R-squared = 0.999 The model explains 99.9% of the variation in employment generation based on the number of MSMEs registered. This indicates a very strong positive linear relationship.

Coefficient of MSMEs Registered = 3.1412 Each new MSME registered results in over 3 jobs created on average.

P-value ($P > |t|$) = 0.000 The relationship is highly statistically significant at 1% significance level.

F-statistic = 11,310 The model is very strong overall.

Figure:12. MSMEs and Employment Generation in Puducherry (2007–2023)



You can see from the plot (above): Blue dots represent the actual data points (Employment vs MSMEs). Red line is the fitted regression line, which very closely follows the data points, confirming the high R-squared value. The expansion of MSMEs in Puducherry is closely and directly tied to the creation of jobs. Policy Implication: Increasing the number of MSMEs through marketing assistance, skill development, and financial assistance will immediately increase job prospects, particularly in the manufacturing and service industries.

a) Growth in MSMEs: Puducherry's registered MSMEs tripled from roughly 6,500 in 2007 to 23,500 in 2023. Following 2014, government incentives such as Make in India, Start-up India, and simple online registration (Udyam) contributed to a strong increase in MSME registrations.

b) Creation of Employment In 2023, there were 72,000 new jobs generated overall, up from 19,500 in 2007. In just 16

years, more than 52,000 new employment were generated, representing an impressive average annual growth of 8–9%.

c) Changes by Sector During the early years (2007–2010), manufacturing accounted for 55% of all employment. Over time, the services industry which includes IT, healthcare, education, and tourism surpassed **d) Manufacturing:** The percentage of jobs in services rose from 35% in 2007 to 55% in 2023. This illustrates Puducherry's transition to a service-oriented economy, particularly in light of the expansion of private healthcare, IT companies, and tourism. Because of the increase in small retail enterprises and the ongoing demand for consumer products, the trade sector (retail/wholesale) consistently contributed 10%.

e) COVID-19's effects (2020–2021) As more entrepreneurs launched home-based or small digital firms, MSME employment and registration increased despite the pandemic. Because of e-commerce, telemedicine, online education, and delivery services, employment in the services industry increased even more quickly after 2020.

f) Women's Employment: Women make up a sizable share of MSME owners in Puducherry, particularly in the retail, handicraft, food processing, and beauty services sectors. According to estimates, women hold between 25 and 30 percent of MSME occupations.

Over the past 16 years, MSMEs have changed Puducherry's economy, moving away from manufacturing supremacy and toward an employment structure driven by services. With improved market access, skill development, and strategic policy assistance, MSMEs in Puducherry may increase their employment potential even more, with the goal of adding over 100,000 jobs over the next ten years.

13. MSME EMPLOYMENT TRENDS IN PUDUCHERRY (2007–2023)

The MSME sector in Puducherry has grown significantly over the last 16 years, creating jobs in the trade, manufacturing, and service sectors. 2007–2010: MSMEs were mostly in traditional industries like handicrafts, food processing, and textiles during this time of steady growth. 2011–2015: Employment opportunities increased as a result of diversification into industries like IT services, tourism, and education services. From 2016 to 2020, MSME registrations increased significantly, particularly in the services sector, as a result of the implementation of business-friendly regulations and ease of doing business. 2021–2023: The post-pandemic recovery witnessed an increase in MSMEs involved in digital and e-commerce, which further increased employment.

a. Drivers of Growth Policy Support: Government programs have made it simpler for MSMEs to register and obtain financing. Infrastructure Development: Investments have been drawn to the creation of industrial estates and enhanced connectivity. Skilled Workforce: The expansion of service-oriented MSMEs has been greatly aided by the availability of an educated and skilled workforce.

b. Challenges Credit Access: Even with advancements, obtaining sufficient funding remains a challenge for many MSMEs. Market Competition: The sustainability of MSMEs may be impacted by competition from imports and larger businesses. Technology Adoption: Inadequate use of cutting-edge technologies can reduce competitiveness and productivity.

c. Prospects Digital Transformation: Using digital tools can increase operational effectiveness and open up new markets. Skill Development: Putting money into skill development can raise employee quality and productivity. Export Potential: Using distinctive regional goods can increase exports, particularly in industries like textiles and handicrafts.

Over the previous 16 years, Puducherry's MSME sector has been a key driver of job creation. MSMEs can further increase their contribution to the economic development and employment landscape of the region with sustained support and strategic initiatives.

Please ask if you need more specific information or in-depth analysis of any of the industries that make up Puducherry's MSME sector.

14. EMPLOYMENT POSITION OF THE RESPONDENTS ACROSS AREA AND SIZE OF THE COMPANY

The respondents' employment status was examined in connection with their geographic location (rural or urban) and the size of the company they work for (small, medium, or large). Understanding how job duties differ based on an organization's location and operational scale is made easier by this cross-tabulation.

The results show some interesting trends. A greater percentage of respondents work in management or supervisory roles in metropolitan locations, especially in medium-sized and large businesses where organizational structures are typically more diverse and hierarchical. On the other hand, a greater proportion of respondents work in operational or lower-level positions in rural areas, frequently in family-run businesses or small businesses with a smaller staff and less specialized skills.

Regardless of geography, small businesses typically have a flatter organizational structure, with a concentration of broad roles and fewer specialized employment positions. On the other hand, medium-sized and larger businesses are more likely to provide a variety of job responsibilities, such as executive, administrative, and technical positions.

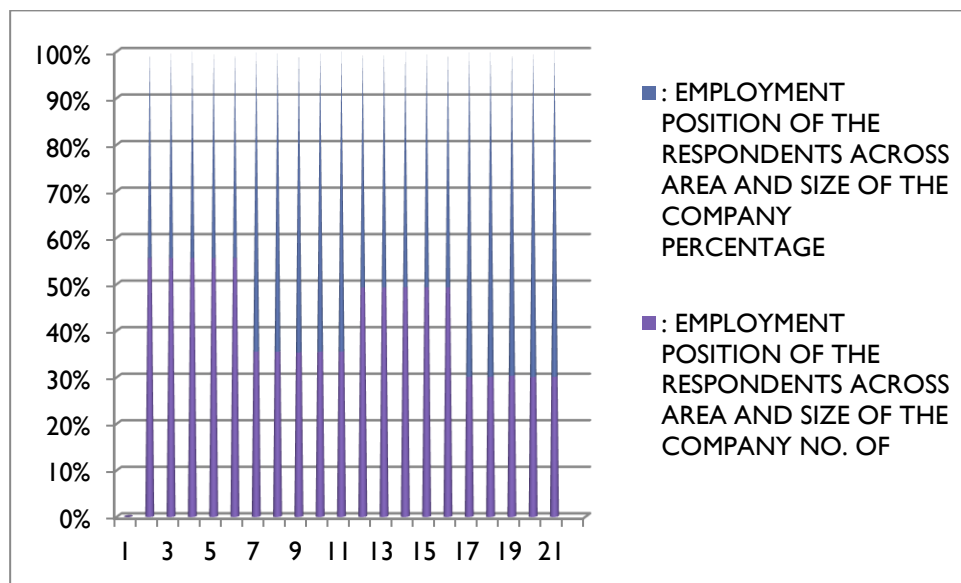
This distribution emphasizes how employment possibilities, job roles, and career progression prospects are impacted by both

company size and geography. It also highlights the disparity between urban and rural areas in terms of access to higher-level jobs, which can be impacted by elements including organizational capability, education, and experience.

Table :14. EMPLOYMENT POSITION OF THE RESPONDENTS ACROSS AREA AND SIZE OF THE COMPANY

AREA	SIZE	EMPLOYMENT POSITION	NO. OF RESPONDENTS	PERCENTAGE
METTUPALAYAM	SMALL	DIRECTOR	86	68.8
		MANAGER	11	8.8
		PROBATIONARY OFFICER	14	11.2
		SECTION OFFICER	14	11.2
		TOTAL	125	100.0
	MEDIUM	DIRECTOR	38	69.1
		MANAGER	5	9.1
		PROBATIONARY OFFICER	3	5.5
		SECTION OFFICER	9	16.4
		TOTAL	55	100.0
SEDHARAPET	SMALL	DIRECTOR	13	13.4
		MANAGER	67	69.1
		PROBATIONARY OFFICER	7	7.2
		SECTION OFFICER	10	10.3
		TOTAL	97	100.0
	MEDIUM	DIRECTOR	4	9.3
		MANAGER	31	72.1
		PROBATIONARY OFFICER	1	2.3
		SECTION OFFICER	7	16.3
		TOTAL	43	100.0

Figure :14 EMPLOYMENT POSITION OF THE RESPONDENTS ACROSS AREA AND SIZE OF THE COMPANY



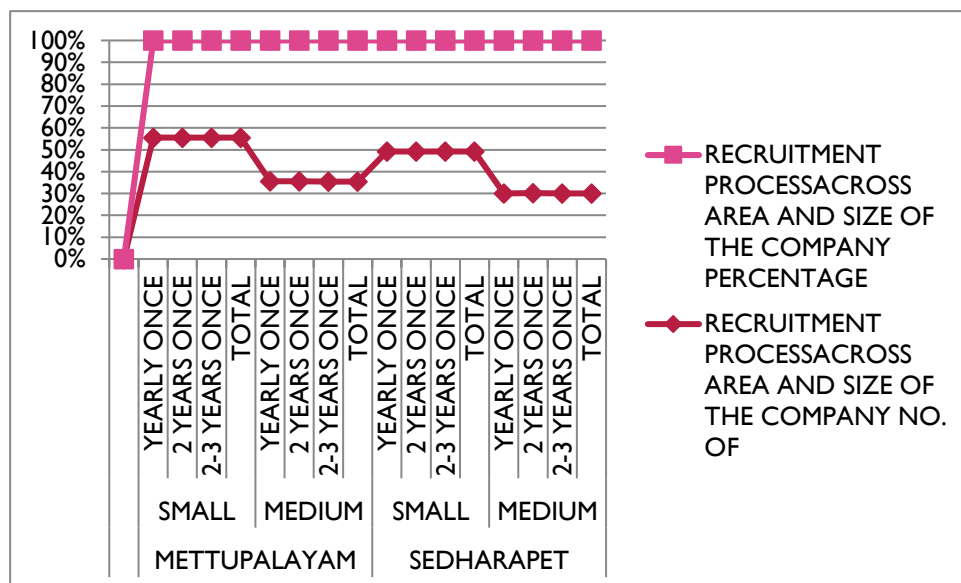
The table illustrates the employment positions of respondents across different company sizes in Mettupalayam and Sedharapet. In Mettupalayam, directors form the majority in both small (68.8%) and medium-sized (69.1%) companies, followed by probationary officers and section officers at 11.2% each in small companies, while medium-sized companies have a higher proportion of section officers (16.4%). In contrast, Sedharapet shows a different trend, with managers being the dominant group in both small (69.1%) and medium-sized (72.1%) companies. Directors account for a smaller share, particularly in medium-sized companies (9.3%). The data suggests that Mettupalayam has a higher concentration of directors across company sizes, whereas Sedharapet has a stronger presence of managers, indicating possible differences in organizational structures between the two locations.

Table:15. RECRUITMENT PROCESS ACROSS AREA AND SIZE OF THE COMPANY

AREA	SIZE	RECRUITMENT	NO. OF RESPONDENTS	PERCENTAGE
METTUPALAYAM	SMALL	YEARLY ONCE	49	39.2
		2 YEARS ONCE	17	13.6
		2-3 YEARS ONCE	59	47.2
		TOTAL	125	100.0
	MEDIUM	YEARLY ONCE	19	34.5
		2 YEARS ONCE	8	14.5
		2-3 YEARS ONCE	28	50.9
		TOTAL	55	100.0
SEDHARAPET	SMALL	YEARLY ONCE	39	40.2
		2 YEARS ONCE	13	13.4

		2-3 YEARS ONCE	45	46.4
		TOTAL	97	100.0
	MEDIUM	YEARLY ONCE	14	32.6
		2 YEARS ONCE	9	20.9
		2-3 YEARS ONCE	20	46.5
		TOTAL	43	100.0

Figure;15 RECRUITMENT PROCESSACROSS AREA AND SIZE OF THE COMPANY



The table illustrates the recruitment patterns across different company sizes and locations—Mettupalayam and Sedharapet highlighting the frequency of recruitment and corresponding number and percentage of respondents for each category.

In Mettupalayam, small companies exhibit a diverse recruitment frequency. The majority (47.2%) conduct recruitment once every 2–3 years, followed by 39.2% who recruit yearly, and a smaller segment (13.6%) hiring once every 2 years. Among medium-sized companies in the same area, a similar trend is observed with 50.9% recruiting once every 2–3 years, 34.5% on a yearly basis, and 14.5% every 2 years.

In Sedharapet, small companies also lean towards 2–3 yearly recruitment (46.4%), though a slightly higher proportion (40.2%) recruit yearly, compared to Mettupalayam. Only 13.4% of small firms here hire once every 2 years. For medium-sized companies in Sedharapet, the pattern persists: 46.5% recruit every 2–3 years, 32.6% yearly, and 20.9% every 2 years.

Overall, the data reveals a clear preference for less frequent recruitment (once every 2–3 years) across both company sizes and regions. However, yearly recruitment is slightly more common in Sedharapet’s small firms compared to those in Mettupalayam, indicating possibly more dynamic hiring needs or turnover. Medium-sized companies in both regions appear more conservative, with a significant tilt toward infrequent hiring cycles.

15. QUALITY AND STABILITY OF EMPLOYMENT CREATED BY MSMEs

The "engine of employment" in emerging nations like India is frequently referred to as the Micro, Small, and Medium Enterprises (MSMEs) sector. Even while MSMEs have significantly increased the number of jobs created, concerns about the stability and quality of these positions still exist. Assessing the actual developmental impact of MSMEs requires an understanding of the types of jobs created, including those that are temporary or permanent, skilled or unskilled, secure or vulnerable.

a. Nature of Jobs, Pay, and Benefits: Compared to large-scale businesses, jobs in MSMEs frequently pay less. Particularly in micro and small businesses, social security benefits (such as Provident Fund and Health Insurance) are not consistently offered. Proficiency Level: Traditional MSMEs (textiles, food processing, handicrafts) are dominated by unskilled or semi-

skilled jobs. Technology-based and service-oriented MSMEs (IT services, consulting, precision manufacturing) are seeing an increase in skilled employment.

b. Conditions of Work: Particularly in informal MSMEs, working hours are frequently longer and rules pertaining to safety, leave, and other worker rights may not always be properly adhered to. Nonetheless, in order to remain competitive and draw in top personnel, several registered MSMEs uphold high labor standards.

c. Professional Development and Skill Advancement. MSMEs can offer less prospects for job advancement because to their low hierarchical structures. Although formal skill development programs are sometimes lacking in businesses, government-led efforts such as the NSDC and the Skill India Mission are increasingly assisting employees in improving their skill sets. Employees at high-growth MSMEs, particularly those connected to big businesses' supply chains, have greater access to training and advancement possibilities.

d. Stability of Employment in MSMEs Job Security (Temporary vs. Permanent) A sizable fraction of MSME employment is seasonal, contractual, or temporary. Usually, only medium-sized, financially secure businesses offer permanent work. The vulnerability of employment in MSMEs was demonstrated by the large number of temporary workers who lost their jobs during market disruptions or economic downturns (such as the COVID-19 epidemic).

16. EMPLOYMENT QUALITY

a. Skilled Work: MSMEs require qualified workers in industries like IT, precise manufacturing, and specialized services. Although there are opportunities for skill improvement, they are frequently irregular and informal. Although it is relatively rare, some MSMEs work with skill development organizations.

b. Unskilled Work: Many MSME positions are unskilled, particularly in traditional industries like textiles, construction-related services, food processing, and handicrafts. Employees frequently carry out monotonous, low-value work with few possibilities for advancement

c. Factors Affecting Stability: Compared to micro and small businesses, medium-sized businesses offer jobs that are comparatively more stable. Operational Sector Compared to manufacturing MSMEs that depend on seasonal demand, service-sector MSMEs (such as those in the education, finance, and IT sectors) typically offer greater stability. Location Compared to rural MSME, metropolitan and semi-urban MSMEs have more structured employment practices.

Although MSMEs are essential for creating jobs, the caliber and stability of the jobs they produce vary. Although there is a slow transition in some industries toward more secure and skilled employment, the majority of occupations are often transitory and unskilled. Improving the quality and security of employment in the MSME sector requires policy interventions that focus on market expansion, financial support, and skill development.

17. POLICY MEASURES FOR STRENGTHENING THE EMPLOYMENT IMPACT OF MSMEs

Targeted and encouraging policy initiatives are crucial to enhancing MSMEs' role as engines of sustainable employment. The financial, technological, skill-related, and infrastructure issues that MSMEs face must be addressed by these measures.

a. Boost Financial Access Extend Credit Facilities, Expand and streamline programs such as Credit Guarantee Funds and MUDRA loans. Lower MSMEs' Interest Rates: Provide discounted interest rates to promote long-term employment and company growth. Encourage the use of equity financing, Make it easier for MSMEs to access networks of angel and venture Provide discounted interest rates to promote long-term employment and company growth. Encourage the use of equity financing, Make it easier for MSMEs to access networks of angel and venture capital investments.

b. Encourage the Development of Skills Customized Training Courses: Create skill-development initiatives tailored to a given industry in partnership with MSME associations. Rewards for Internal Training: Give MSMEs that spend money on staff training tax breaks or incentives. Boost Academic-Industry Relationships: To match the supply of talents with industry demands, promote collaborations between MSMEs and technical institutions.

c. Promote formalization Make Regulatory Frameworks Simpler: To encourage MSMEs to formally hire and provide job stability, lower compliance constraints. Informal Workers' Social Security, Give MSME employees simple, cost-effective access to insurance, health benefits, and provident funds.

d. Platforms for Digital Registration: Simplify MSME compliance and registration by using one-stop online portals. Encourage the advancement of technology

e. Funds for Technology Upgrades: Increase and promote funds for the adoption of automation, digital tools, and sophisticated machinery. Programs for Digital Literacy: Launch extensive initiatives to encourage MSMEs, particularly those in rural areas, to use digital technology.

f. Improve Access to Markets Encourage the Integration of E-Commerce: Encourage MSMEs to participate in online markets by offering them training or subsidies. Boost Export Promotion Programs: Assist MSME exporters with marketing, quality certification, and streamlined customs processes.

g. Boost Infrastructure Assistance

Create MSME Clusters: Create industrial clusters with shared infrastructure, such as testing labs, production centers, and logistical hubs. Boost Digital and Physical Infrastructure, In locations with a high concentration of MSME, give priority to dependable internet connectivity, transportation, and electricity.

h. Establish Consistency and Clarity in the Policy Environment

Long-Term Frameworks for Policy: To encourage long-term business planning and job creation, make sure MSME policies are steady and predictable. Frequent Consultations with Stakeholders: Institutionalize consultations with MSME representatives when designing new labor, tax, or trade policies.

To increase the employment impact of MSMEs, a comprehensive and well-coordinated policy approach is required. Policymakers may assist MSMEs in creating more secure, higher-quality jobs by enhancing infrastructure, formalization, technology, finance, and skills. This will enable MSMEs to make a significant contribution to social and economic development.

18. POLICY MEASURES

Increase MSMEs' Financial Assistance ,Expand credit guarantee programs and make it easier to obtain low-interest loans. Provide unique funding packages for female startup owners and entrepreneurs in MSMEs. To guarantee job stability, offer working capital subsidies during off-peak times.

a. Encourage training and skill development

Provide sector-specific training at MSME-focused skill development centers located throughout Pondicherry (e.g., textiles, tourism, food processing). Provide rewards to MSMEs that run internal staff development and skill-improvement initiatives. Connect MSMEs with colleges and technical institutes to promote collaborations between industry and academics.

b. Promote the formalization of employment

Simplify MSMEs' registration procedures and streamline labor rules to promote official hiring.

Through subsidized programs, extend social security benefits (ESI, EPF, and insurance) to npaid employees of MSMEs.

c. Encourage the Upgrade of Technology

Offer low-interest loans and subsidies to support the modernization of technology, particularly in traditional sectors. Organize frequent workshops and awareness campaigns for MSME owners on automation, production technology, and digital marketing.

d. Create Industrial Clusters and Infrastructure

In MSME clusters, create common facility centers (CFCs) with shared resources such as warehouses, testing labs, and packaging units. Boost internet infrastructure, electricity supply, and transportation connectivity in locations with a high concentration of MSME.

e. Assure Consistent Consultations and Policy Stability

Establish a Pondicherry-based MSME Advisory Council to meet with industry stakeholders on a regular basis. Make ensuring that policies are supported consistently and throughout time, free from frequent regulatory changes that interfere with MSME planning.

19. CONCLUSION

A major contributor to direct and indirect job opportunities in a variety of industries, including textiles, food processing, handicrafts, tourism, and small-scale manufacturing, Pondicherry's Micro, Small, and Medium Enterprises (MSMEs) sector has emerged as a key driver of employment generation. MSMEs have been instrumental in lowering unemployment and underemployment in the area by absorbing local labor, especially among semi-skilled and unskilled people.

Pondicherry's Micro, Small, and Medium Enterprises (MSMEs) sector has become a major engine of employment generation, contributing to both direct and indirect work possibilities in a range of industries, including textiles, food processing, handicrafts, tourism, and small-scale manufacturing. By absorbing local labor, particularly from semi-skilled and unskilled workers, MSMEs have played a significant role in reducing unemployment and underemployment in the region.

Notwithstanding these obstacles, MSMEs generally have a favorable effect on raising Pondicherry's employment level. The quality and security of employment in the MSME sector can be greatly increased with the right policy interventions, such as expanding financing availability, fostering skill development, accelerating formalization, facilitating the use of new technologies, and improving infrastructure. In addition to increasing employment, strengthening MSMEs would support equitable and balanced economic growth in Pondicherry.

20. SUGGESTIONS FOR FUTURE GROWTH

- To build a pool of young entrepreneurs in developing industries, strengthen programs for entrepreneurship development.
- Encourage environmentally friendly and sustainable production methods to support Green MSMEs.
- Encourage the involvement of women and young people by implementing focused programs and allocating funds for reserved credit.

To guarantee the efficacy of MSME assistance initiatives, policies are monitored and evaluated through recurring surveys and impact analyses

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