



Identification of Skill and Their Development in MSME

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Abstract: *Micro, small, and medium enterprises (MSMEs) are an essential part of economic and industrial development abroad, mainly in developing economies like India. They are considered to be the backbone of India's economy. They considerably contribute to GDP growth, employment generation, and export earnings. They play a crucial role in the industrialisation of rural and backwards areas, reducing regional imbalances and promoting inclusive growth. Skill development contributes to economic growth by increasing employability and productivity, encouraging sustainable enterprise development, and promoting inclusive advancement. It creates a cycle of high productivity, increased employment opportunities, income growth, and development. The study highlights that identification of skill and their development plays a pivotal role in economic growth and social development. The study emphasizes need to skill development which initiate in employment generation and making people capable to earn their livelihood.*

Keywords: *Micro, small and medium enterprises (MSMEs), Skill Development, Employment Generation.*

1. INTRODUCTION:

Micro, small, and medium enterprises (MSMEs) are an essential part of economic and industrial development abroad, mainly in developing economies like India. They are considered to be the backbone of India's economy. They considerably contribute to GDP growth, employment generation, and export earnings. They play a crucial role in the industrialisation of rural and backwards areas, reducing regional imbalances and promoting inclusive growth. According to the World Bank, formal MSMEs account for up to 45 per cent of total employment and up to 33 per cent of national income in emerging nations' GDP. The figures would be higher if unauthorised MSMEs were also included. Despite MSMEs' crucial role in actively pursuing more inclusive economic growth and being more exposed to external variables (example: Price risk and interest rate risk), MSMEs continue to face financial problems. MSMEs play a vital role in skill development.

Skill development contributes to economic growth by increasing employability and productivity, encouraging sustainable enterprise development, and promoting inclusive advancement. It creates a cycle of high productivity, increased employment opportunities, income growth, and development.

2. LITERATURE REVIEW:

Cabral and Dhar (2019) conducted a study with twofold objectives: firstly, to conduct a descriptive analysis of skill development research in India encompassing various dimensions such as geographical context, research methods, economic sectors, and types of training;

Saini and Singh (2016) underscored the critical need for skill development in India, particularly in light of its large working-age population.

Gooptu (2018) conducted analytical and policy discussions surrounding skill development initiatives in India.



Kaushik and Pandey (2023) conducted a literature review with the primary objectives of examining skill development programmes among aspirational districts of India, highlighting self-reported limitations of these programmes, and identifying gaps in current evidence.

3. OBJECTIVE OF THE STUDY:

The objective of this study is to enhance knowledge about the functioning of micro, small and medium enterprises in India. And to focus on the government initiatives for the growth and development of skills in MSMEs. And also to rectify the challenges faced and how to overcome them by providing necessary suggestions.

4. RESEARCH METHODOLOGY:

The studies primarily based on secondary data for the present study have been taken from published annual reports, documents, handbooks, articles, journals and various official websites.

5. Role of MSMEs in Indian Economy:

In India, the Ministry of Micro, Small and Medium Enterprises (MSME) is implementing various promotional and developmental schemes for the expansion of micro, small and medium enterprises. They are contributing towards the development of skills with the help of various schemes.

5.1 Skill Development:

Skill refers to the ability to perform a set of tasks assigned to us which will help to achieve the desired goals. Skill is also termed as 'Kaushal' which means to complete the task with efficiency and accuracy and within a time framed.

5.2 Major Government Initiatives for Skill Development in MSMEs in India

- **Entrepreneurship and Skill Development Programmes (ESDP)**

Entrepreneurship and Skill Development Programme ESDP is implemented by the Ministry of MSME. The objective of ESDP is to promote entrepreneurship culture and skill development among youth and existing workers in MSMEs. The features of ESDP are training in the manufacturing and services sectors, and cover entrepreneurial and managerial skills. Some of the programs which are included in the ESDP are Industrial Motivation Campaigns (IMCs), Entrepreneurship Awareness Program (EAPs), Entrepreneurship Development Programme (EDPs), Skill Development Programmes (SDPs).

- **Skill India Mission**

Skill India mission (under the Ministry of Skill Development and Entrepreneurship) MSMEs benefit greatly through access to a trained workforce and training programs. The key components of Skill India Mission are to promote Pradhan Mantri Kaushal Vikas Yojana (PMKVY), which offers free short-term training and a certificate in industrial skills. Recognition of Prior Learning (RPL) these are usually for unorganised sector workers to get certified based on their existing skills and National Apprenticeship Promotion Scheme (NAPS) which provide financial supports to MSME for engaging apprentices and cover stipend and basic training cost.

- **Cluster Development Programme (CDP)**

The Cluster Development Programme (CDP) promotes skill training at the cluster level and mainly focuses on collective skill enhancement for workers in sectors like handicrafts, textiles, engineering, and food processing.

- **Udyam Registration + Integration with Skill Training**

While Udyam Registration is primarily for registering MSMEs, it also links enterprises to **training and capacity-building programs** via platforms like:

- MSME SAMARTH



- Skill India Digital (SID) portal

6. Growth in the Area of Skill Development in MSMEs in India

In recent years, we can see that the MSME sector in India has witnessed significant growth in the area of skill development, which is initiated by the government with the help of digital transformation and increasing demand for skilled workers.

Some of the growth can be seen in: Government investment and support have increased, which leads to many schemes like Skill India Mission, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), ESDP by the Ministry of MSME.

We can also see a rise in technology, which is based on skilling, like MSMEs are inclusively adapting digital tools, automations and industry 4.0 practices, which technologically and digitally help in training programs, which leads to growth in e-commerce and digital marketing. It has also led to stronger industry-academia linkage with a collaboration with many Skill Development Councils. It has also enhanced digital access and e-Learning with the help of growth in online learning platform for MSME workers and entrepreneurs (SWAYAM), also we use mobile based learning in rural and semi urban MSMEs and when we talk about formal recognition of informal skills we see that there is a rapid growth in recognition of prior learning (RPL) programs which are specially beneficial for workers in unorganised MSMEs and we also talk about inclusion and diversity where mainly focus are increasing towards women entrepreneurship and the people usually from the minor communities like SC/ST, OBC usually participate in this, which leads to the growth of women, youth and artisans.

7. SUGGESTION:

The study establishes that support of government and educational institutions has the maximum impact on the development of skill in MSMEs. Therefore, government in collaboration with educational institutions should develop various long-term and short-term courses which emphasise on imparting skill development among workforce which include women, youth and artisans.

8. CONCLUSION:

The study highlights that identification of skill and their development plays a pivotal role in economic growth and social development. The study emphasizes need to skill development which initiate in employment generation and making people capable to earn their livelihood. There is a need to bridge the skill gap and enhance the potential of employees and increase productivity.

9. LIMITATIONS:

1. The study reflects that the government focuses on skill development, but it is confined to limited areas; it should cover a vast geographical area.
2. The skill development programmes are for a short-term period and usually don't benefit large trainees.

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