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“MSMES ENTERPRISES AND LIVELIHOOD GENERATION IN RURAL INDIA: A FIELD-BASED STUDY OF DHAMTARI DISTRICT, CHHATTISGARH.”

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have become an important source of livelihood in rural India. In districts like Dhamtari of Chhattisgarh, where most people depend on agriculture, MSMEs provide additional income and employment opportunities. This study is based on primary data collected from rural MSMEs in Dhamtari district. The paper examines how MSMEs help in employment generation and improvement in income levels of rural households. Simple statistical tools have been used to analyze the data. The study finds that MSMEs play a positive role in livelihood generation, though they face problems such as lack of finance, poor infrastructure, and limited market access.

KEYWORDS

MSMEs Enterprises, Rural Livelihood, Employment, Primary Data, Dhamtari District.

INTRODUCTION

In rural areas of India, agriculture is the main source of livelihood. However, agricultural income is uncertain and seasonal in nature. Because of this, rural households depend on additional income sources to support their families. During field interaction in rural areas of Dhamtari district, it was observed that many families depend on small enterprises along with agriculture for their livelihood.

MSMEs enterprises provide self-employment as well as wage employment opportunities in rural areas. Small manufacturing units, service activities, agro-processing units, and trading enterprises are commonly found in villages. These enterprises help people earn regular income and improve their standard of living.

Dhamtari district is largely rural and agriculture-based. Along with farming, many rural households are engaged in small business activities. These MSMEs enterprises help people earn regular income and reduce income insecurity. This paper studies the role of MSMEs enterprises in livelihood generation in rural areas of Dhamtari district.

REVIEW OF LITERATURE

Ayyagari, Demirgüç-Kunt, and Maksimovic (2014) analyzed the role of small enterprises in job creation in developing countries. Their study concluded that MSMEs generate a large share of new employment opportunities due to their labor-intensive nature. The study highlighted that MSMEs are especially important in regions where large industries are limited.

Chakrabartty (2016) examined the contribution of MSMEs towards entrepreneurship development and employment generation in North-East India. The study found that MSMEs promote self-employment among rural youth and help in reducing poverty by providing alternative livelihood options.

Kumar (2018) emphasized that MSMEs require comparatively less capital and are suitable for rural areas. The study showed that MSMEs play a crucial role in employment generation and income enhancement, particularly for small and marginal households.

Sharma and Singh (2020) studied the role of rural MSMEs in livelihood diversification. Their findings revealed that MSMEs reduce excessive dependence on agriculture and provide year-round income opportunities to rural families. The study also pointed out that MSMEs help in reducing seasonal migration from villages.

The Reserve Bank of India (2020), in its report on MSMEs, highlighted that lack of access to institutional credit and delayed payments are major challenges faced by small enterprises. The report stressed the need for policy support and easier credit mechanisms to strengthen rural MSMEs.

Kurukshetra (2021) discussed the role of MSMEs in rural employment generation and inclusive development. The journal emphasized that MSMEs contribute to balanced regional development and empower women through self-employment opportunities.

NITI Aayog (2022) reported that MSMEs are a key driver of inclusive growth in India. The report highlighted the importance of skill development, digitalization, and market linkages for the sustainable growth of rural MSMEs.

Patra (2022) analyzed the challenges of rural MSMEs and found that poor infrastructure, lack of technology, and limited market access hinder their growth. The study suggested that district-level field studies are necessary to understand location-specific problems of rural enterprises.

Government of India (2023), in its Annual Report on MSMEs, reported that the MSME sector is one of the largest employment generators in India after agriculture. The report emphasized the importance of MSMEs in rural development and livelihood generation.

The review of literature indicates that MSMEs enterprises play a vital role in employment and livelihood generation. However, most of the existing studies are based on secondary data and macro-level analysis. There is a lack of district-level studies based on primary data, particularly for rural areas like Dhamtari district.

RESEARCH GAP

From the review of literature, it is found that very limited studies are available based on primary data at the district level. Especially, studies focusing on rural MSMEs enterprises and livelihood generation in Dhamtari district are scarce. Therefore, there is a need to conduct a field-based study to understand the actual contribution of MSMEs enterprises to rural livelihood. The present study attempts to fill this gap by using primary data collected directly from rural MSMEs enterprises of Dhamtari district.

OBJECTIVE OF STUDY

1. To study the types of MSMEs enterprises operating in rural areas of Dhamtari district.
2. To examine the role of MSMEs enterprises in employment generation.
3. To analyze changes in income after involvement in MSMEs enterprise activities.
4. To identify problems faced by rural MSMEs enterprises.

RESEARCH HYPOTHESIS

- * **H₀**: MSMEs enterprises do not have a significant impact on livelihood generation in rural areas of Dhamtari district.
- * **H₁**: MSMEs enterprises have a significant impact on livelihood generation in rural areas of Dhamtari district.

RESEARCH METHODOLOGY

The study is descriptive in nature. Primary data were collected through a structured questionnaire from 60 rural MSMEs enterprises located in different villages of Dhamtari district. The data were collected through personal visits and direct interaction with MSMEs enterprise owners. Convenience sampling method was used.

During the field survey, I personally interacted with MSME owners and workers in the selected villages of Dhamtari district. Through these interactions, respondents shared their experiences of income instability prior to starting their enterprises. Most of them reported that engagement in small business activities has helped them achieve relatively regular income and improved livelihood security.

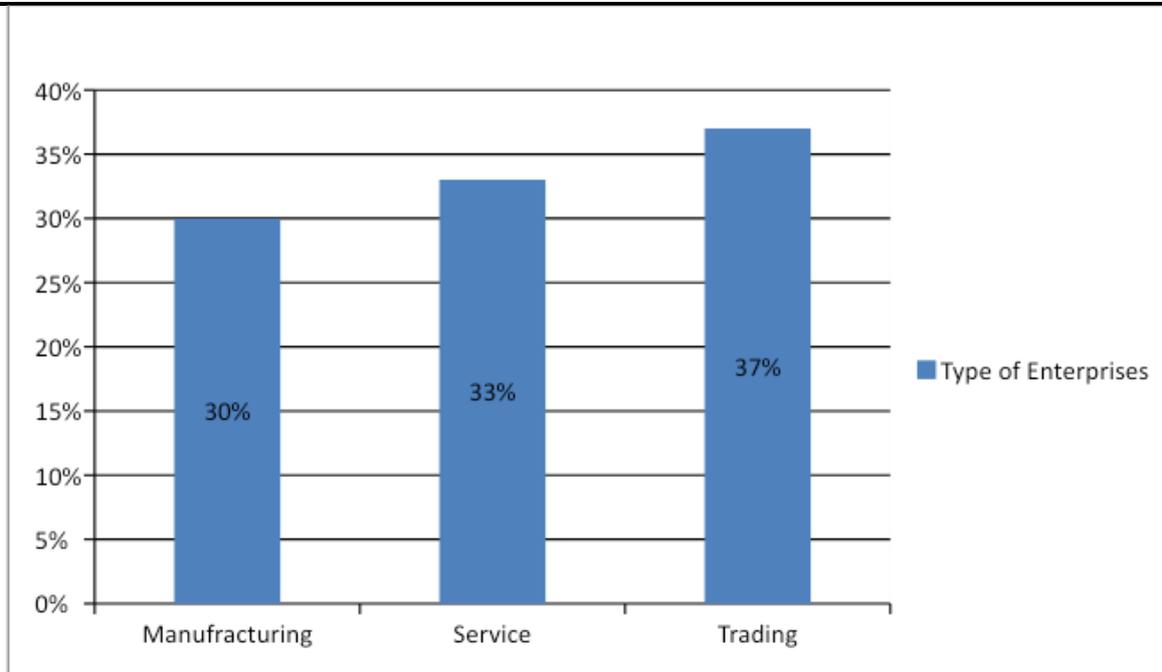
Secondary data for the study were collected from government reports, journals, books, and publications of the Ministry of MSME. For data analysis, percentage analysis and the Chi-square test were applied.

ANALYSIS OF PRIMARY DATA (Primary Survey Results)

Primary data were collected from 60 rural MSMEs enterprises of Dhamtari district through a structured questionnaire. The data were classified and analyzed using percentage method and Chi-square test.

Table 1: Type of MSMEs Enterprises

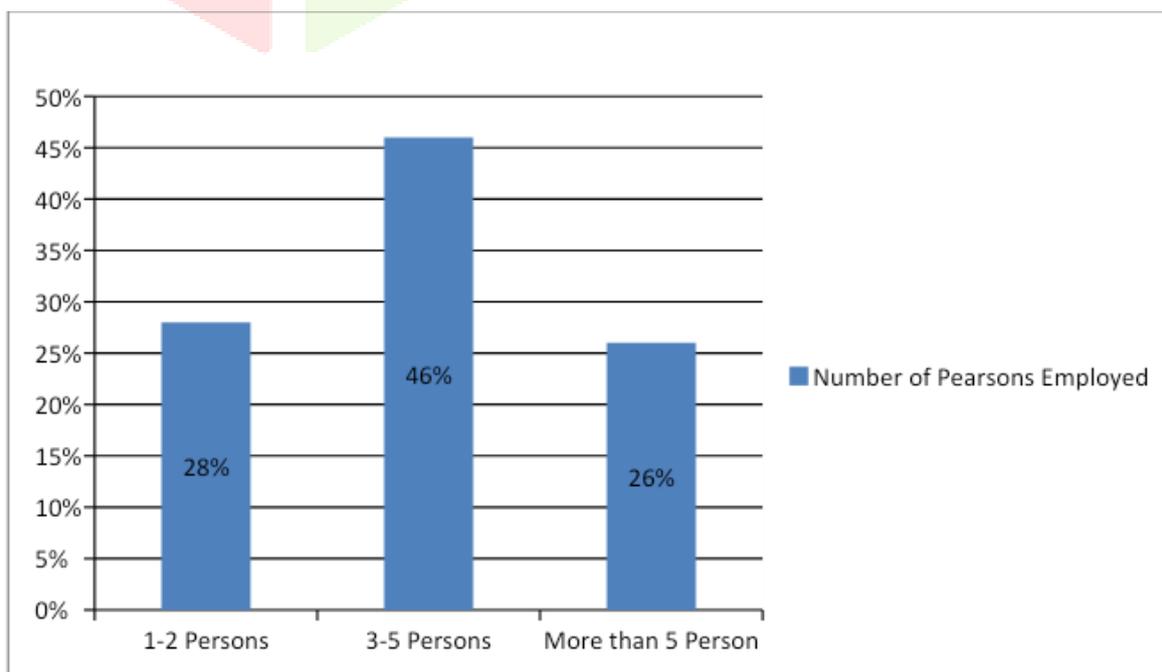
Type of MSMEs Enterprises	Number of units	Percentage %
Manufacturing	18	36%
Services	20	34%
Trading	22	30%
Total	60	100%



Interpretation: Manufacturing and service enterprises together constitute 70% of the rural MSMEs enterprises in the study area, indicating their dominance in livelihood generation.

Table 2: Employment Generated by MSMEs Enterprises

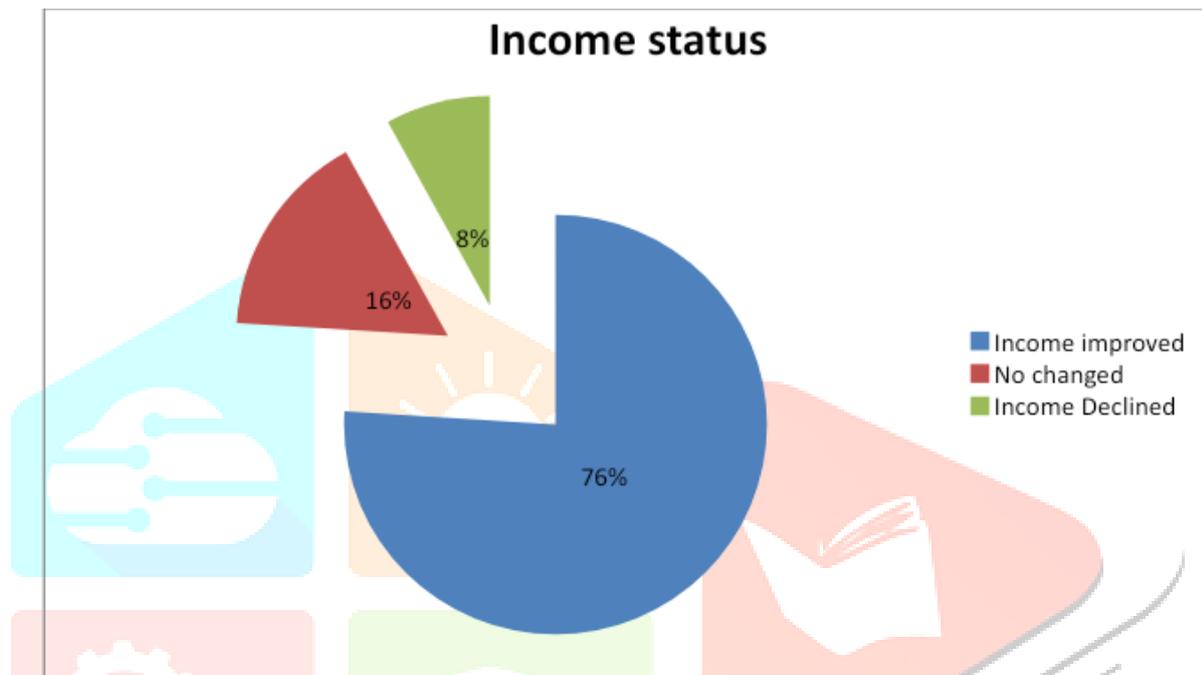
Number of Persons Employed	Number of MSMEs	Percentage%
1-2 Person	17	28%
3-5 Person	27	46%
More than 5 Person	16	26%
Total	60	100%



Interpretation: Majority of MSMEs enterprises provide employment to 3–5 persons, showing their importance in providing livelihood opportunities at the village level.

Table 3: Monthly Income Before and After MSMEs Enterprise Activity

Income status	Number of Respondent	Percentage %
Income improved	45	76%
Income no change	10	16%
Income declined	05	08%
Total	60	100%



Interpretation: A significant proportion of respondents (76%) reported improvement in income after starting MSMEs enterprise activities, indicating a positive impact on livelihood.

HYPOTHESIS TESTING

Calculation of Chi - square(χ^2)

Category	O	E	(O-E) ²	(O-E) ² /E
Income Improved	42	30	225	7.50
No Change/Declined	18	30	225	7.50
Total =	60	-	-	15.00

Calculation Formula=

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Decision Rule

Degree of Freedom (df) = $n - 1 = 2 - 1 = 1$

Table value of χ^2 at 5% level of significance (df = 1) = 3.84

Result and Interpretation

Since the calculated value of Chi-square (15.00) is greater than the table value (3.84), the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted.

Conclusion of Test:

MSMEs enterprises have a statistically significant impact on income improvement and livelihood generation in rural areas of Dhamtari district.

PROBLEMS FACED BY RURAL MSMEs ENTERPRISES

The study identified several problems faced by rural MSMEs enterprises such as difficulty in obtaining bank loans, lack of modern technology, irregular power supply, limited market access, and shortage of skilled labour.

SUGGESTION

There is a need to simplify loan procedures for rural MSMEs enterprises. Skill development and training programmes should be strengthened. Rural infrastructure and power supply need improvement. Government agencies should help MSMEs enterprises in marketing their products.

CONCLUSIONS

The study concludes that MSMEs and enterprises play an important role in livelihood generation in rural areas of Dhamtari district. The field-based analysis clearly indicates that rural enterprises have improved income stability, created local employment opportunities, and reduced dependence on agriculture. Availability of nearby employment through MSMEs also helps in reducing seasonal migration from rural areas. With better access to finance, skill development, and market linkages, rural MSMEs and enterprises can contribute significantly to sustainable rural development.

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