



## **Human Resource Problems and Prospects in Micro, Small and Medium Enterprises of India**

*<sup>1</sup>Neelam Kumari Dhusia, <sup>2</sup>Rohit Kumar, <sup>3</sup>Sohan Lal*

<sup>1</sup>Assistant Professor of Commerce, Rajiv Gandhi Govt. College, Saha, Distt.- Ambala-Haryana

<sup>2</sup>Assistant Professor of Commerce, Govt. College, Saraswati Nagar, Mustafabad, Distt.- Ambala-Haryana

<sup>3</sup>Assistant Professor of Commerce, Govt. College, Saraswati Nagar, Mustafabad, Distt.- Ambala-Haryana

---

### **ABSTRACT**

In the ancient times when uncivilized people populated the West of Europe, the birth place of the modern industrial revolution, India was famous for the wealth of her rules and for the high artistic skill of her artisans. Micro, small and medium enterprises have performed exceedingly well and enabled our country to achieve a wide measure of industrial growth and diversification. In India, MSMEs are facing various problems. For example, the small scale units located in a remote backward area are facing the problem with respect to unskilled workers because skilled workers are not available there. The reason is Firstly, skilled workers may be unwilling to work in these areas, and secondly, the enterprise may not afford to pay the wages and other facilities demanded by these workers. Thus, the focus of our government on small sector at this stage of economic droop is necessary.

---

**Key Words:** MSMEs, Performance Scenario, HR Problems, Government Policy, Prospects

---

### **MICRO, SMALL AND MEDIUM ENTERPRISES**

Since independence the rapid growth of the MSMEs has been a significant feature of the Indian economy. Our country is facing the problems of unemployment and scarcity of capital investment and skilled human resources. These industries play a fundamental role in the development of the Indian economy.

In the ancient times when the West of Europe, the birth place of the modern industrial revolution, was populated by uncivilized people, India was famous for the wealth of her rules and for the high artistic skill of her craftsmen." *According to Prof. Weber, "The skill of the Indians in the production of fragile woven fabrics, in the mixing of colours, the working of metals and precious stones, the preparation of essences and in all manner of technical arts, has from very early times enjoyed a world-wide celebrity.*

Every country has set its own parameters in defining small-scale industries. Normally, small-scale sector is defined in terms of investment ceilings on the original value of the installed plant and machinery. But in the earlier times in India the definition was based on employment trends.

In 1950, The Fiscal Commission of India 1950, for the first time defined a small-scale industry as, one which is operated mainly with hired labour usually 10 to 50 hands. After that small industries have been defined on the basis of fixed capital investment. In this chain in 1955 the Small Scale Industries Board of India defined the Small-scale industry as a unit employing less than 50 employees if using power and less than 100 employees if not using power and with a capital asset not exceeding Rs. 5 lakhs". Further the Government raised the initial capital investment of Rs. 5 lakhs has to Rs. 10 lakhs for small-sector industries and Rs. 15 lakhs for ancillaries in 1977. After that Government has been changing the investment limits time to time.

Following reveals the various investment limits from 1980 to 1999 as revised time to time by the government.

#### **Table 1.1**

**Investment Limits for Small Scale sector since 1977 to 1999**

Years	Investment Limits			
	Small-Scale Units	Industrial	Ancillaries	Tiny Units
1980	20 Lakhs		25 Lakhs	2 Lakhs
1985	35 Lakhs		45 lakhs	2 Lakhs
1990	60 Lakhs		75 lakhs	5 Lakhs
1997	3 Crores		3 Crores	25 Lakhs
1999	1 Crore		1 Crores	25 Lakhs

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting small scale sector as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness.

The Micro, Small and Medium Enterprises Development Act 2006 of government of India have defined micro, small and medium enterprises. Initially these industries were defined based on investment limits in plant, machinery and equipment pertaining to manufacturing and service providing enterprises. But from 1st July 2020 these industries have been defined based on investment in plant, machinery or equipment and turnover as under:

**Table 2**

**Definition of Micro, Small and Medium Enterprises**

Classification of Enterprises	Investment in Plant and Machinery or Equipment	Turnover
<b>Micro</b>	Up to Rs. 1 Crore	Up to Rs. 5 Crore
<b>Small</b>	Up to Rs. 10 Crore	Up to Rs. 50 Crore
<b>Medium</b>	Up to Rs. 50 Crore	Up to Rs. 250 Crore

**OBJECTIVE OF THE STUDY**

The main objective of this study is to highlight the problems of human resources in the Micro, Small and Medium enterprises of India. An attempt has been made in the end to suggest some measures to tackle the problems faced by the work force in these enterprises.

**LITERATURE REVIEW**

This study is related to the problems and prospects of human resource of the Micro, Small and Medium enterprises. Thus, this challenging area has wide scope to start more researches. However, few studies which are related to the topic of human resources and helped the present study are presented. Human resources have top importance, as organizations need to learn to think of human resource programme. Pallavi and Mishra (2010) have analysed that organizations across different sectors should train the right people in the right areas. According to Bonadio (2009) human resource leaders are continually seeking to improve insight into workers effectiveness. Cooke (2007) emphasized work place strategies as the integration of human resource and technological capabilities. Farh et.al. (1995) identified major social and economical trends that directly affect the management of human resources and discussed the key implications of these trends with regard to personnel planning, recruitment and selection, training and compensation. Garavan et. al. (2004) examined the concept of human resource development. Storey (2007) has emphasized that small and medium firms require different attention in the areas of employment, trades, and industrial policy.

**PROBLEMS OF HUMAN RESOURCES**

Human resource is unquestionably significant even in this age of wide-ranging use of information technology and mechanic modernism. This is because machine and technology cannot be used as an alternate for human brain which has capacity to think, assess, and react. It is correct to say that man is a power rather than man has a power.

In India, Micro, Small and Medium enterprises are facing various problems. For example the Micro, Small and Medium enterprises located in a remote backward area are facing the problem with respect to unskilled workers because skilled workers are not available there. The reason is Firstly, skilled workers may be unwilling to work in these areas, and secondly, the enterprise may not afford to pay the wages and other facilities demanded by these workers.

Micro, Small and Medium enterprises face various other problems like absenteeism, high labour turnover indiscipline, strike etc. These human resource related problems result in lower productivity, weakening of quality, increase in wastages, and rise in other fixed and variable overhead costs and finally bad impact on the profitability of these units.

Training and development is such an another neglected area in Micro, Small and Medium enterprises. Though many units appoint untrained workers, but still training programme is not designed appropriately. This sector does not conduct training needs assessment in search of training and development needs within the workers. Again, many organizations do not have knowledge about other methods of training and their importance.

Most small units still get by with taking care of the immediate tasks at hand, meet deadlines, and work schedules by going out on a limb. Another serious issue is lack of management skills and a better understanding of marketing skills. There is no shortage of work force in the country; the sector continues to be afflicted by not having the correct trained work force for several middle-management and top-management positions. Micro, Small and Medium enterprises are still to understand the value of working with consultants in different verticals, the Information Technology sector in particular. There is a need for more awareness about them brings to the table in terms of designing a process and handing it over.

India enjoys a proportional advantage with most nations in terms of labour availability in production. However, two main issues hindering this advantage are strict labour laws that restrict adjustments to business cycles weigh on the competitiveness of firms by absolutely increasing costs through suboptimal allocation of labour and capital. In addition, in spite of a large labour force and favourable demographics, skill mismatch along with non-commensurate employment options restrict the progress of the manufacturing small sector.

---

## PROMOTIONAL POLICY OF GOVERNMENT

For empowering the micro, small and medium industrial units of the country in the area of technology, the government has established MSME Technology Centers and Growth Centers. These centers are providing technical support in the area of IT training, design, manufacturing, consultancy and other areas. In 2018-19, 18 Technology Centers were working in the country for providing training to entrepreneurs.

Government has implemented a Group Insurance Scheme for the artisans engaged in Khadi activities. In 2019-20, 2, 45,080 Khadi artisans were enrolled under this scheme. The assistance has been provided to 12529 women entrepreneurs for establishing the small units under **Prime Ministers Employment Generation Programme (PMEGP)** in 2019-20.

Government of India is promoting entrepreneurship in the small sector by providing training and development facilities. A total number of 2,69,005 persons have been trained in this sector in 2019-20. Government has adopted **Cluster Development Programme (CDP)** for providing supporting environment to micro, small and medium enterprises.

Government has implemented three main skill development programmes namely, Entrepreneurship Development Programme (EDP), Scheme for Assistance to training Institutions (ATI) and The National Small Industries Corporation (NSIC) for the skill development of small entrepreneurs. These programmes will certainly support the small entrepreneurs.

Government of India has launched 'Make in India' Campaign in 2014 for promoting micro, small and medium enterprise. This programmes aims at providing infrastructural facilities to the industrial sectors. Government of India has implemented various promotional schemes for MSMEs under this scheme like Prime Ministers Employment Generation Programme (PMEGP), Development of Khadi, Village and Coir Industries Scheme and Technology Upgradation and Quality Certification scheme.

---

## CONCLUSION

As per a survey conducted by the Confederation of Indian Industries (CII), around 80% from the Micro, Small and Medium enterprises and about 20% of the medium enterprises respondents indicated having no formal HR department. The functions of management namely planning, organising, staffing, directing, and controlling are general to both the MSMEs and large industrial sectors. But, the scale on which various functions are performed by owner and manager are different and in MSMEs, the degree of complication is lower. Hence, several initiatives and steps are required to be undertaken to recognise the weaknesses in the Micro, Small and Medium enterprises, which are largely overwhelmed with problems in relation to human resource management. There is lack of trained and experienced employees because MSMEs find it difficult to have the funds for remunerative salaries as well as to provide adequate training facilities to their employees. Further, they find it difficult to recruit and motivate skilled managerial and technical personnel who tend to look for better opportunities in the large scale industries. Some MSMEs handle human resources challenges on their own or with the help of one other staff member, even though human resource duties include complying with labour law, developing relationships with employees, budgeting, and accessibility.

To ease the business environment, the Government has announced various labour reforms. Major reforms are to reduce paper work, reduce arbitrariness in compliance mechanism and promote and advance skill development. These measures are positive for the economic basics and outline the government's intent to focus on increasing the competitiveness of the Micro, Small and Medium enterprises.

---

## REFERENCES

1. Jassal Naib Singh, (2021), Business Organisation and Management, Kalyani Publishers, New Delhi.
2. Singla R.K. (2020), "Business Organisation and Management", VK Publications, New Delhi, 2021
3. Phulia S.S., Singh Ajit, (2010), Management of Small Scale Enterprises, New Delhi, Shri Sai Printographers.

- 
4. Ral Felix J., (2008): Indian Economy, Economic Ideas, Development and Financial Reforms, New Delhi, Deep & Deep Publications Ltd., PP-240-246.
  5. Bedi Suresh (2009): Business Environment, New Delhi, EXCEL Books, PP-503-520.
  6. Ghosh B.N. (1998): Economic Development and Social Change, Some Contemporary Problems, New Delhi, Deep & Deep Publications Ltd., PP-31-34.
  7. <https://msme.gov.in/>