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Journal of Management Research and Analysis

Journal homepage: <https://www.jmra.in/>

Original Research Article

An initiative to strengthen MSME for socio economic development and empowerment of rural women in Rajasthan

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ARTICLE INFO

Article history:

Received 19-10-2023

Accepted 03-11-2023

Available online 25-11-2023

Keywords:

MSME

Rural

Entrepreneur

Woman Entrepreneur

Development

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) are essential for the growth and development of the Indian economy, and Rajasthan is no exception. The MSMEs sector has played a critical role in employment generation, skill development, and women's empowerment in rural areas of Rajasthan. The government of Rajasthan has implemented various initiatives to promote and support MSMEs, such as the Rajasthan MSME Policy, Cluster Development Programme, Rajasthan Investment Promotion Scheme, and MSME Facilitation Council. These initiatives have created a conducive business environment for MSMEs, provided access to finance and credit, and promoted skill development and training for entrepreneurs, including rural women. The impact of these initiatives has been significant, with MSMEs contributing significantly to employment generation, skill development, and economic empowerment of rural women in Rajasthan (Tiwari, S., & Saha, S., 2020). The success stories of MSMEs run by women in Rajasthan have inspired other women in rural areas to take up entrepreneurship, leading to their economic empowerment and a positive impact on their communities. Overall, the government initiatives have helped to create a vibrant ecosystem for MSMEs in Rajasthan, paving the way for sustainable economic growth and development in the state.

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1. Introduction

MSME and its importance in the economic growth of Rajasthan:

Micro, Small and Medium Enterprises (MSMEs) are considered as one of the most important drivers of economic growth and development in India, including Rajasthan. MSMEs play a vital role in providing employment opportunities, promoting inclusive growth, and contributing to the overall GDP of the state. In Rajasthan, MSMEs account for a significant share of the industrial output, and their contribution to the state's economy is growing rapidly. They are considered as the backbone of the state's economy, especially in the rural areas, where they

provide livelihoods to a large number of people (Das, D. K., 2018). MSMEs are essential to achieve the goal of economic growth and development, and their role in promoting entrepreneurship and innovation cannot be ignored. Therefore, the importance of MSMEs in the economic growth of Rajasthan cannot be overstated.

1.1. Significance of employment generation and empowerment of rural women

Employment generation and empowerment of rural women are crucial for the socio-economic development of Rajasthan. Rajasthan is a state with a predominantly rural population, and a significant proportion of women in these rural areas face socio-economic challenges such as limited education, low levels of income, and restricted opportunities

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for employment. The MSME sector has emerged as a potential solution to address these challenges by providing employment opportunities to rural women.¹⁻³

The employment generation by MSMEs provides opportunities for women to become financially independent, enhance their skills and knowledge, and contribute to the economic growth of their families and communities (Ghatak, S., & Ghatak, A., 2019). The employment opportunities also provide an avenue for women to participate in decision-making processes and gain social recognition. When women are employed in MSMEs, they gain access to income, education, healthcare, and other resources that can help them lead a better life.

Moreover, MSMEs can play a significant role in empowering rural women by providing them with entrepreneurial opportunities. When women are encouraged to become entrepreneurs, they can create successful businesses that contribute to the economic development of their communities. Women entrepreneurs can also act as role models and inspire other women to pursue entrepreneurship.

In conclusion, employment generation and empowerment of rural women are essential for the overall development of Rajasthan. MSMEs can play a critical role in this regard by providing employment opportunities and promoting entrepreneurship among rural women.⁴⁻⁶

2. MSMEs in Rajasthan

2.1. An overview of the MSME sector in Rajasthan

The MSME sector in Rajasthan is an important contributor to the state's economy. The sector comprises many small and medium-sized enterprises engaged in a wide range of activities, including manufacturing, services, and trade. According to the Ministry of Micro, Small, and Medium Enterprises, there are around 1.3 million MSMEs in Rajasthan, employing over 5 million people. These enterprises contribute around 38% to the state's gross domestic product (GDP) and 9.8% to the national GDP.

The MSME sector in Rajasthan is characterized by a wide range of products and services, including textiles, handicrafts, tourism, agro-based industries, and IT services. The state is known for its rich cultural heritage and has a vast potential for the development of the tourism industry, which MSMEs dominate (Singh, N. K., & Yadav, S., 2017). The handicraft sector is another major contributor to the state's economy, with many small and medium enterprises producing handcrafted items such as pottery, textiles, jewelry, and leather goods (Sharma, S., & Sharma, A., 2017).⁷⁻⁹

The MSME sector in Rajasthan faces several challenges, such as limited access to finance, inadequate infrastructure, and insufficient skilled manpower. However, the state government has taken several initiatives to address these

challenges and promote the growth of the sector (Das, P., & Goswami, K. K., 2019). The government has launched various schemes and programs to provide financial assistance, improve infrastructure, and enhance the workforce's skill set.

The MSME sector in Rajasthan is a critical contributor to the state's economy and provides significant employment opportunities, especially in rural areas. While the sector faces several challenges, the state government's initiatives to promote the growth of MSMEs are expected to address these challenges and enable the sector to realise its full potential (Nath, R., & Singh, M., 2018).

Micro, Small, and Medium Enterprises (MSMEs) in Rajasthan face several challenges, including:

1. Lack of adequate infrastructure: MSMEs in Rajasthan often face challenges due to the lack of adequate infrastructure such as power, water, transportation, and communication facilities.
2. Limited access to finance: Access to finance is a significant challenge for MSMEs in Rajasthan. Many small businesses struggle to secure loans from banks or other financial institutions due to high interest rates, lack of collateral, and limited financial literacy.
3. Poor technology adoption: Most MSMEs in Rajasthan are still using outdated technology, which affects their productivity and competitiveness.
4. Skilled workforce shortage: MSMEs in Rajasthan often face a shortage of skilled workers, which hinders their growth and expansion plans.
5. Complex regulatory environment: The regulatory environment in Rajasthan can be complex and challenging for MSMEs. The compliance burden can be high, and small businesses may find it challenging to navigate the legal and regulatory requirements.
6. Competition from unorganized sector: The unorganized sector in Rajasthan poses significant competition for MSMEs. The unorganized sector operates with lower costs, and often doesn't follow labor and environmental regulations, which creates an uneven playing field.
7. Lack of marketing and promotional support: MSMEs in Rajasthan often lack marketing and promotional support, which makes it difficult for them to reach new customers and markets.

2.2. Employment generation by MSMEs

How MSMEs have contributed to employment generation in Rajasthan

1. MSMEs have played a significant role in employment generation in Rajasthan. According to the Annual Report 2020-21 of the Ministry of Micro, Small, and Medium Enterprises, the MSME sector employs around 26.09 lakh people in Rajasthan.

2. Here are some ways in which MSMEs have contributed to employment generation in Rajasthan:
3. Large number of MSMEs: Rajasthan has a large number of MSMEs, and these businesses collectively employ a significant number of people. According to the latest data from the Ministry of MSME, there were over 6.7 lakh registered MSMEs in Rajasthan as of March 2020.
4. Diversified MSME sectors: Rajasthan has a diversified MSME sector, with businesses operating in various sectors such as textiles, handicrafts, leather, food processing, and engineering. This diversity has led to the creation of employment opportunities across various skill levels.
5. Rural employment generation: MSMEs in Rajasthan have also contributed to employment generation in rural areas. Many MSMEs in the state are located in rural areas and have provided employment opportunities to local people, helping to boost the local economy.
6. Entrepreneurship development: MSMEs in Rajasthan have also played a significant role in promoting entrepreneurship and self-employment. Many MSMEs are owned and operated by entrepreneurs, who have created employment opportunities for themselves and others.

MSMEs have been a significant contributor to employment generation in Rajasthan. The sector has provided employment opportunities across various skill levels and has contributed to the growth and development of the state's economy.¹⁰

2.3. Impact of MSMEs on the employment rate in rural areas

MSMEs have a significant impact on the employment rate in rural areas. These businesses contribute to the growth and development of the local economy, creating employment opportunities and boosting income levels:

1. Here are some of the ways in which MSMEs impact the employment rate in rural areas:
2. Direct employment generation: MSMEs create direct employment opportunities in rural areas. These businesses hire local people to work in various roles, including manufacturing, sales, and administration.
3. Indirect employment generation: MSMEs also generate indirect employment opportunities in rural areas. These businesses often work with local suppliers and service providers, which creates additional employment opportunities in the local economy.
4. Skill development: MSMEs provide opportunities for skill development in rural areas. These businesses often provide training and upskilling opportunities for their

employees, which helps to develop a skilled workforce in the local area.

5. Entrepreneurship development: MSMEs also encourage entrepreneurship development in rural areas. Many MSMEs are owned and operated by local entrepreneurs, who create employment opportunities for themselves and others.

Overall, MSMEs have a positive impact on the employment rate in rural areas. These businesses contribute to the growth and development of the local economy, creating employment opportunities and boosting income levels.

2.4. Empowerment of rural women by MSMEs

MSMEs have played a significant role in empowering rural women in Rajasthan. These businesses have provided opportunities for women to become financially independent, develop their skills, and contribute to the growth and development of their communities.

Here are some of the ways in which MSMEs have empowered rural women in Rajasthan:

1. Employment opportunities: MSMEs have provided employment opportunities for rural women in various sectors, such as handicrafts, textiles, and food processing. These businesses have hired women to work in various roles, including production, quality control, and marketing.
2. Entrepreneurship opportunities: MSMEs have also provided entrepreneurship opportunities for rural women. Many women in Rajasthan have started their own businesses in areas such as handicrafts, textiles, and food processing, with the support of MSMEs.
3. Skill development: MSMEs have provided opportunities for skill development for rural women. These businesses often provide training and upskilling opportunities for their employees, which helps to develop a skilled workforce in rural areas.
4. Access to finance: MSMEs have also helped to improve access to finance for rural women. These businesses often provide microfinance loans and other forms of financial support to women entrepreneurs, which helps them to start and grow their businesses.
5. Women-led MSMEs: MSMEs in Rajasthan have also seen an increase in the number of women-led businesses. Women entrepreneurs are starting businesses in various sectors, which has helped to empower them and create employment opportunities for other women.

Overall, MSMEs have played a crucial role in empowering rural women in Rajasthan. These businesses have provided employment and entrepreneurship opportunities, skill development, and access to finance, which has helped to

improve the economic and social status of women in rural areas.

There are many examples of successful MSMEs run by women in rural areas of Rajasthan. Here are a few examples:

1. Disha Industries - Disha Industries is a successful MSME run by women in Jaipur, Rajasthan. The business produces handmade paper products, such as notebooks, journals, and gift bags. The business is run by a group of women who were trained in paper-making techniques and entrepreneurship skills by an NGO.
2. Samriddhi Self-Help Group - Samriddhi Self-Help Group is a successful MSME run by women in Bhilwara, Rajasthan. The business produces textiles and handicrafts, such as traditional sarees, bed sheets, and cushion covers. The business is run by a group of women who were trained in textile-making and entrepreneurship skills by an NGO.
3. Rajasthani Art Emporium - Rajasthani Art Emporium is a successful MSME run by women in Udaipur, Rajasthan. The business produces traditional handicrafts, such as embroidered textiles, wood carvings, and jewelry. The business is run by a group of women who were trained in handicraft-making and entrepreneurship skills by an NGO.
4. Shri Bheru Art and Craft - Shri Bheru Art and Craft is a successful MSME run by women in Jodhpur, Rajasthan. The business produces traditional handicrafts, such as wooden toys, puppets, and furniture. The business is run by a group of women who were trained in handicraft-making and entrepreneurship skills by an NGO.
5. Shri Vinayak Industries - Shri Vinayak Industries is a successful MSME run by women in Jhalawar, Rajasthan. The business produces solar panels, LED lights, and other renewable energy products. The business is run by a group of women who were trained in renewable energy and entrepreneurship skills by an NGO.

These are just a few examples of the many successful MSMEs run by women in rural areas of Rajasthan. These businesses have not only provided employment and entrepreneurship opportunities but have also helped to preserve traditional crafts and promote sustainable development.

2.5. Government initiatives to promote MSMEs in Rajasthan

The government of Rajasthan has taken several initiatives to promote and support the growth of Micro, Small and Medium Enterprises (MSMEs) in the state. Here are some of the major government initiatives in Rajasthan to promote MSMEs:

1. Rajasthan State Industrial Development and Investment Corporation (RIICO): RIICO is a government agency that provides infrastructure and support services to industrial units in Rajasthan. It has established several industrial areas and SEZs (Special Economic Zones) in the state to attract investment and promote industrial growth, including for MSMEs.
2. Rajasthan MSME Policy: The Rajasthan government has formulated a comprehensive policy framework for the development of MSMEs in the state. The policy aims to provide a conducive business environment for MSMEs and offers several incentives, such as tax exemptions, subsidies, and financial assistance schemes.
3. Cluster Development Programme: The Rajasthan government has launched a cluster development programme to promote the development of MSME clusters in the state. The programme provides technical assistance, financial support, and marketing support to MSME clusters to enhance their competitiveness.
4. Rajasthan Financial Corporation (RFC): RFC is a state-level financial institution that provides financial assistance to MSMEs in Rajasthan. It offers various loan schemes, such as term loans, working capital loans, and machinery loans, at attractive interest rates to support the growth of MSMEs.
5. Rajasthan Small Industries Corporation (RSIC): RSIC is a state-level agency that promotes the development of small-scale industries in Rajasthan. It offers several services, such as marketing assistance, training, and consultancy services, to support the growth of MSMEs in the state.
6. Rajasthan Investment Promotion Scheme (RIPS): RIPS is a scheme launched by the Rajasthan government to provide financial assistance to new and existing MSMEs in the state. Under the scheme, eligible MSMEs can receive subsidies and incentives for setting up new units or expanding existing ones.
7. MSME Facilitation Council: The Rajasthan government has set up an MSME Facilitation Council to provide a single window clearance mechanism for MSMEs. The council helps MSMEs in obtaining various clearances and approvals required for starting and running a business in the state.

These initiatives by the government of Rajasthan have created a conducive environment for the growth and development of MSMEs in the state. They have provided much-needed support to small businesses, helping them to overcome challenges and take advantage of growth opportunities. As a result, Rajasthan has emerged as a major hub for MSMEs in India, contributing significantly to the state's economy and creating employment opportunities for its people.

2.6. Impact of government initiatives on the employment and empowerment of rural women

The government initiatives to promote MSMEs in Rajasthan have had a positive impact on the employment and empowerment of rural women in the state (Alok, S., & Barua, M. K., 2015). Here are some of the ways in which these initiatives have benefited rural women:

1. **Employment Generation:** The promotion of MSMEs has led to the creation of several job opportunities in rural areas of Rajasthan. Women have been able to take advantage of these opportunities by working in MSMEs or starting their own businesses. The initiatives such as Cluster Development Programme, Rajasthan Investment Promotion Scheme, and MSME Facilitation Council have provided financial and technical assistance to rural women entrepreneurs, enabling them to start and run their businesses successfully.

2. **Skill Development:** The government initiatives have also focused on skill development and training programs for women in rural areas. Several agencies, such as RIICO, Rajasthan Small Industries Corporation, and the Cluster Development Programme, have provided training and skill development programs to rural women to help them acquire new skills and enhance their employability. This has not only empowered rural women but also improved the quality of products and services provided by MSMEs in the state.

3. **Access to Finance:** The government initiatives have also provided financial assistance and access to credit for rural women entrepreneurs. The Rajasthan Financial Corporation has provided various loan schemes to MSMEs, including those run by women, at attractive interest rates. The Rajasthan Investment Promotion Scheme has provided subsidies and incentives for setting up new units or expanding existing ones, enabling rural women to access funds to start or grow their businesses.

4. **Empowerment:** The promotion of MSMEs has led to the economic empowerment of rural women, providing them with greater control over their lives and resources. The success stories of MSMEs run by women in Rajasthan have inspired other women in rural areas to take up entrepreneurship, thereby empowering them and creating a ripple effect of positive change in their communities.

It can be said that, the government initiatives to promote MSMEs in Rajasthan have had a significant impact on the employment and empowerment of rural women in the state. These initiatives have created opportunities for rural women to acquire new skills, access credit and finance, and start their businesses, leading to their economic empowerment and a positive impact on their communities.

3. Conclusion

In conclusion, MSMEs play a crucial role in the economic growth and development of Rajasthan, contributing

significantly to employment generation, skill development, and women's empowerment in rural areas. The government initiatives to promote MSMEs, such as the Rajasthan MSME Policy, Cluster Development Programme, Rajasthan Investment Promotion Scheme, and MSME Facilitation Council, have created a conducive business environment for MSMEs, enabling them to overcome challenges and take advantage of growth opportunities. These initiatives have also provided financial and technical assistance to MSMEs run by women, promoting their economic empowerment and creating a ripple effect of positive change in their communities. Overall, the government initiatives have helped to create a vibrant ecosystem for MSMEs in Rajasthan, paving the way for sustainable economic growth and development in the state.

4. Source of Funding

None.

5. Conflict of Interest

None.

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Cite this article: Bhati P, Bhadu SS. An initiative to strengthen MSME for socio economic development and empowerment of rural women in Rajasthan. *J Manag Res Anal* 2023;10(4):243-247.