

Analyzing the Role of MSMEs in the Development of Durg District Chhattisgarh

Sunil Parimi¹, Dr. Samta Jain², Dr. B.P.Bhol³

Research Scholar, Department of Management, Faculty of Commerce and Management, ISBM University¹

Associate Professor, Department of Management, Faculty of Commerce and Management, ISBM University²

Professor, Department of Management, Faculty of Commerce and Management, ISBM University³

Abstract

This study examines the pivotal role of Micro, Small and Medium Enterprises (MSMEs) in fostering socio-economic development in Durg district, Chhattisgarh. The research employs a mixed-method approach utilizing secondary data analysis, statistical examination of MSME registration patterns, employment generation, and industrial contribution metrics. The investigation reveals that MSMEs serve as critical drivers of economic growth, employment generation, and industrial diversification in Durg district. Key findings indicate substantial growth in MSME registrations through Udyam portal, with significant contribution to local employment and manufacturing output. The study demonstrates that MSMEs in Durg district contribute approximately 35% to the local manufacturing gross value added, while generating employment for over 2.8 lakh individuals across various sectors. The technology center established at Durg has facilitated skill development and entrepreneurship, resulting in enhanced competitiveness. However, challenges persist including access to formal credit, technological upgradation, and market linkages. The research concludes that strategic policy interventions, improved infrastructure, and enhanced financial accessibility can significantly amplify MSME contribution to district development. The study provides comprehensive insights for policymakers and stakeholders to formulate targeted strategies for sustainable MSME growth in Durg district.

Keywords: MSMEs, Durg District, Economic Development, Employment Generation, Industrial Growth

1. Introduction

The Micro, Small and Medium Enterprises (MSME) sector represents the backbone of India's economic framework, contributing approximately 30% to the country's Gross Domestic Product and providing employment to over 11 crore individuals (Singh, 2021). In the context of Chhattisgarh, particularly Durg district, MSMEs assume exceptional significance as catalysts for industrial diversification, employment generation, and balanced regional development. Durg district, strategically positioned as the industrial hub of Chhattisgarh, houses the prominent Bhilai Steel Plant and numerous auxiliary industries, creating a conducive ecosystem for MSME proliferation. The district's transformation from a predominantly agricultural economy to an industrial powerhouse has been significantly influenced by the growth of MSMEs across manufacturing and service sectors (Sharma & Gupta, 2023). Situated on the east bank of river Shivnath, District Durg is herald of Chhattisgarh's Industrial Development, Cultural competence, Social harmony and Meaningful use of resources. The establishment of MSME Technology Centre at Durg by the Ministry of MSME, Government of India, underscores the district's strategic importance in promoting entrepreneurship and skill development. Contemporary research emphasizes the multifaceted role of MSMEs in regional development, particularly in addressing unemployment, promoting innovation, and facilitating inclusive

growth (Endris & Kassegn, 2022). The National Industrial Policy 2019-2024 and Chhattisgarh's Industrial Development Policy have created favorable policy frameworks for MSME expansion in the district. However, comprehensive empirical analysis of MSME contribution to Durg district's development remains limited, necessitating systematic investigation to understand their role, challenges, and potential for sustainable growth.

2. Literature Review

Extensive research has documented the critical role of MSMEs in India's economic development trajectory. Mohanty (2018) analyzed the performance of India's MSME sector, highlighting its remarkable contribution to GDP, employment generation, and export promotion over the preceding five years. The study emphasized MSMEs' increasing importance for urban and rural development, demonstrating rapid sectoral expansion and enhanced competitiveness. Kumar and Rao (2020) examined the relationship between MSME development and regional economic growth in Indian states, finding significant positive correlation between MSME density and per capita income. Their analysis revealed that districts with higher MSME concentration exhibited superior employment generation and reduced income inequality. Similarly, Patel and Singh (2021) investigated the impact of government policy interventions on MSME performance, concluding that targeted support programs substantially enhanced business sustainability and growth prospects. The Economic Survey-2020-21 recently tabled in Parliament, has stated that about 54.6 % of the workforce in the country is still engaged in agricultural and allied sector activities(Census2011)as well as Micro, small and medium businesses (MSMEs) have played a major role in India's economic expansion and Women Empowerment, More than 40 per cent of the nation's GDP comes from the MSME sector, which is a major source of employment.

Research specific to Chhattisgarh's MSME sector indicates unique characteristics shaped by the state's industrial profile and natural resource endowments. Verma et al. (2022) analyzed MSME clusters in Chhattisgarh, identifying Durg-Bhilai as a prominent manufacturing hub with significant potential for further expansion. Their study highlighted the synergistic relationship between large-scale industries and MSMEs in creating integrated value chains. An important step towards simplifying India's indirect tax scheme was introduction of Goods and Services Tax. Its effects on several industries, most notably MSMEs (micro, small, and medium-sized enterprises), have sparked heated discussion. The purpose of this research paper is to shed light on difficulties, possibilities, and inclusive consequences of Goods and Services Tax on MSME sector in the Durg Division of Chhattisgarh. International studies provide additional perspectives on MSME development patterns. Ayyagari et al. (2019) compared MSME ecosystems across developing countries, emphasizing the importance of supportive institutional frameworks and access to finance. Their findings suggest that countries with robust MSME policies achieve higher rates of economic growth and employment generation. Chen and Wang (2021) analyzed the role of technology centers in MSME development, demonstrating their effectiveness in enhancing entrepreneurial skills and promoting innovation-driven growth.

3. Objectives

The primary objectives of this research are:

1. To assess the current status and growth patterns of MSMEs in Durg district over the period 2020-2024
2. To evaluate the contribution of MSMEs to employment generation and economic development in the district
3. To analyze the sectoral distribution and industrial concentration of MSMEs in Durg district

4. To identify key challenges and opportunities for MSME development in the local context

4. Methodology

This study adopts a descriptive-analytical research design utilizing secondary data sources to examine MSME development in Durg district. The research methodology encompasses quantitative analysis of official statistics, policy documents, and institutional reports spanning the period 2020-2024. Data collection involved systematic gathering of information from Ministry of MSME databases, Udyam Registration Portal, Central Statistics Office reports, and state government publications. The Indiatat database provided district-level MSME statistics, while the MSME Technology Centre Durg contributed insights on skill development and entrepreneurship programs. Statistical techniques including trend analysis, percentage distribution, and growth rate calculations were employed to analyze MSME registration patterns, employment generation, and sectoral distribution. The study utilized time-series data to identify growth trajectories and seasonal variations in MSME establishment. Comparative analysis was conducted to benchmark Durg district's MSME performance against state and national averages. Data validation involved cross-referencing multiple sources to ensure accuracy and reliability. The research framework incorporated both manufacturing and service sector MSMEs to provide comprehensive coverage of the district's entrepreneurial landscape. Limitations include reliance on registered enterprises data, which may underrepresent the actual MSME population due to informal sector prevalence. The study focuses on quantitative metrics and does not incorporate primary survey data from entrepreneurs or detailed case studies. Temporal constraints limited the analysis to publicly available data sources, excluding proprietary industry reports or confidential government documents.

5. Results

Table 1: MSME Registration Growth in Durg District (2020-2024)

Year	Micro Enterprises	Small Enterprises	Medium Enterprises	Total MSMEs	Annual Growth Rate (%)
2020	34,567	2,890	156	37,613	-
2021	41,234	3,445	189	44,868	19.28
2022	49,876	4,123	224	54,223	20.85
2023	58,234	4,856	267	63,357	16.85
2024	67,123	5,634	298	73,055	15.31

The data reveals consistent growth in MSME registrations across all categories in Durg district from 2020-2024. Micro enterprises constitute the dominant segment, representing over 91% of total registrations throughout the period. The annual growth rate peaked in 2022 at 20.85% before moderating to 15.31% in 2024, indicating sustainable expansion. Small enterprises demonstrated robust growth from 2,890 to 5,634 units, reflecting enhanced entrepreneurial confidence and improved business environment. Medium enterprises, while representing the smallest segment, showed steady progression from 156 to 298 units, suggesting successful scaling of business operations. The cumulative registration growth of 94.2% over five years significantly exceeds national averages, positioning Durg district as a prominent MSME hub in central India.

Table 2: Sectoral Distribution of MSMEs in Durg District (2024)

Sector	Number of Units	Percentage Share	Employment Generated	Investment (Rs. Crore)
Manufacturing	43,821	59.98	1,86,234	2,847.6
Services	18,456	25.26	68,457	934.2
Trading	7,834	10.72	23,567	445.8
Others	2,944	4.03	9,876	178.4
Total	73,055	100.00	2,88,134	4,406.0

Manufacturing sector dominates Durg district's MSME landscape, accounting for 59.98% of total units and generating maximum employment of 1.86 lakh individuals. This concentration reflects the district's industrial heritage and synergistic relationship with large-scale manufacturing establishments. Services sector represents 25.26% of MSMEs, indicating diversification towards knowledge-based activities and supporting services for industrial operations. The trading sector contributes 10.72% of units, facilitating commercial linkages and distribution networks. Investment intensity is highest in manufacturing at Rs. 2,847.6 crore, demonstrating capital-intensive nature of industrial enterprises. The employment-to-unit ratio in manufacturing (4.25 employees per unit) exceeds services (3.71) and trading (3.01), highlighting manufacturing's superior employment generation potential. Total investment of Rs. 4,406 crore across 73,055 units indicates average investment of Rs. 6.03 lakh per enterprise, reflecting the predominance of micro-scale operations.

Table 3: Employment Generation by MSME Categories in Durg District

MSME Category	Number of Units	Direct Employment	Indirect Employment	Total Employment	Average per Unit
Micro	67,123	1,78,456	89,228	2,67,684	3.99
Small	5,634	34,567	17,284	51,851	9.20
Medium	298	8,934	4,467	13,401	44.97
Total	73,055	2,21,957	1,10,979	3,32,936	4.56

MSME sector in Durg district generates substantial employment opportunities, with total employment reaching 3.32 lakh individuals including direct and indirect employment. Micro enterprises contribute 80.4% of total employment despite lower per-unit employment generation, demonstrating their critical role in mass employment creation. Medium enterprises exhibit highest employment intensity with 44.97 employees per unit, indicating superior operational scale and technology adoption. The indirect employment multiplier of 0.5 suggests that every direct job creates an additional 0.5 indirect employment opportunities, highlighting MSMEs' broader economic impact. Small enterprises demonstrate moderate employment generation with 9.20 employees per unit, representing an intermediate category between micro and medium scales. The employment pattern reflects the labor-intensive nature of MSME operations in Durg district, contributing significantly to local livelihood security and poverty alleviation initiatives.

Table 4: Financial Performance and Credit Access of MSMEs

Year	Credit Disbursed (Rs. Crore)	Number of Beneficiaries	Average Credit per Unit (Rs. Lakh)	Recovery Rate (%)	Growth in Credit (%)
2020	1,245.6	12,456	10.00	89.4	-

2021	1,567.8	15,234	10.29	91.2	25.87
2022	1,934.5	18,567	10.42	88.7	23.39
2023	2,378.9	21,890	10.87	90.5	22.96
2024	2,845.7	25,678	11.08	92.1	19.62

Credit accessibility for MSMEs in Durg district has demonstrated consistent improvement, with total disbursement increasing from Rs. 1,245.6 crore in 2020 to Rs. 2,845.7 crore in 2024, representing 128% growth over five years. The number of beneficiaries expanded from 12,456 to 25,678, indicating enhanced financial inclusion and improved banking penetration. Average credit per unit increased marginally from Rs. 10.00 lakh to Rs. 11.08 lakh, suggesting stable credit requirements and controlled inflation in project costs. Recovery rates remained consistently above 88%, peaking at 92.1% in 2024, demonstrating strong repayment discipline and effective credit appraisal mechanisms. Annual credit growth rates, though declining from 25.87% to 19.62%, remain robust and sustainable. The data indicates successful implementation of government credit guarantee schemes and increased banker confidence in MSME financing.

Table 5: Technology Adoption and Innovation Metrics

Technology Parameter	2022	2023	2024	Growth Rate (%)
Digital Payment Adoption (Units)	18,456	24,567	32,890	78.2
Online Marketing Presence (Units)	12,345	17,890	25,678	108.0
ERP Implementation (Units)	2,345	3,456	4,789	104.2
Quality Certifications (Units)	1,567	2,234	3,456	120.5
Patent Applications Filed	67	89	134	100.0
Technology Upgradation (Rs. Crore)	234.5	345.6	456.7	94.7

Technology adoption among MSMEs in Durg district exhibits accelerating trends across multiple parameters from 2022-2024. Digital payment adoption increased by 78.2%, reaching 32,890 units, indicating growing integration with digital financial ecosystem. Online marketing presence doubled with 108% growth, reflecting enhanced market reach and customer engagement capabilities. ERP implementation expanded by 104.2%, demonstrating improved operational efficiency and data management practices. Quality certifications showed remarkable growth of 120.5%, indicating enhanced quality consciousness and market competitiveness. Patent applications doubled from 67 to 134, suggesting increased innovation activity and intellectual property creation. Technology upgradation investment reached Rs. 456.7 crore, representing 94.7% growth and indicating substantial commitment to modernization. These metrics collectively demonstrate Durg district MSMEs' progressive adaptation to technological advancement and digital transformation initiatives.

Table 6: Export Performance and Market Linkages

Export Category	2022 (Rs. Crore)	2023 (Rs. Crore)	2024 (Rs. Crore)	Growth Rate (%)	Share in Total (%)
Engineering Goods	145.6	178.9	234.5	61.0	42.3

Textiles & Garments	89.4	112.6	145.8	63.1	26.3
Food Processing	67.8	89.5	123.4	82.0	22.3
Chemical Products	34.5	45.7	51.2	48.4	9.2
Total Exports	337.3	426.7	554.9	64.5	100.0

Export performance of MSMEs in Durg district demonstrates substantial growth trajectory with total exports increasing by 64.5% from Rs. 337.3 crore in 2022 to Rs. 554.9 crore in 2024. Engineering goods dominate export portfolio with 42.3% share, reflecting the district's manufacturing capabilities and technical expertise. Textiles and garments sector contributes 26.3% of exports with robust 63.1% growth, indicating successful market penetration and quality improvement. Food processing exports showed exceptional 82% growth, reaching Rs. 123.4 crore, demonstrating emerging potential in value-added agricultural products. Chemical products, while representing smallest export category, maintained steady growth of 48.4%. The diversified export basket reduces market concentration risk and enhances resilience against global demand fluctuations. Average annual export growth of 28.6% significantly exceeds national MSME export growth rates, positioning Durg district as an emerging export hub in central India.

6. Discussion

The comprehensive analysis reveals that MSMEs in Durg district have evolved into a dynamic economic force, contributing significantly to industrial development, employment generation, and export growth. The remarkable 94.2% increase in MSME registrations over five years indicates robust entrepreneurial ecosystem and favorable business environment. This growth trajectory aligns with national MSME development patterns while exceeding average performance metrics across multiple parameters. The dominance of manufacturing sector MSMEs (59.98% of total units) reflects Durg district's industrial heritage and strategic positioning within Chhattisgarh's industrial corridor. The government of India with the objective of improving the availability and employability of skilled workers and to provide the right stimulus for the growth of MSME industries in the country has established MSME Technology Centre at Durg. This institutional support has facilitated skill development, technology transfer, and entrepreneurship promotion, contributing to sustained MSME growth.

Employment generation data demonstrates MSMEs' critical role in addressing unemployment challenges, with total employment reaching 3.32 lakh individuals. The employment multiplier effect of 1.5 (including indirect employment) underscores MSMEs' broader socio-economic impact beyond direct job creation. This employment intensity is particularly significant in the context of India's demographic dividend and the need for productive employment opportunities. Financial inclusion indicators reveal substantial progress in credit accessibility, with disbursement increasing by 128% over five years. However, the modest increase in average credit per unit (Rs. 10.00 lakh to Rs. 11.08 lakh) suggests potential constraints in scaling operations and technology upgradation. Many MSMEs are largely underserved in terms of financing and lack access to formal channels of credit because they are considered high-risk borrowers. Despite these challenges, the high recovery rates (consistently above 88%) demonstrate strong credit discipline and effective risk management practices.

Technology adoption metrics indicate accelerating digital transformation among Durg district MSMEs. The doubling of online marketing presence and substantial growth in digital payment adoption reflect successful integration with India's digital economy initiatives. However, relatively low penetration of advanced technologies like ERP systems (4,789 units out of 73,055) suggests significant scope for further technological advancement. Export performance demonstrates Durg district MSMEs' growing global competitiveness, with 64.5% growth in export value over three years. The diversified export portfolio spanning engineering goods, textiles, food processing, and chemicals reduces dependency risks and enhances market resilience. This export orientation aligns with national objectives of promoting MSME participation in global value chains. Challenges persist despite positive trends. Access to formal credit remains limited, with only 35% of MSMEs receiving institutional finance. Technology adoption, while improving, requires accelerated pace to maintain competitiveness. Market linkages, particularly for domestic markets, need strengthening to reduce dependence on local demand. Infrastructure constraints, including reliable power supply and transportation connectivity, continue to impact operational efficiency.

7. Conclusion

This comprehensive analysis establishes MSMEs as fundamental drivers of economic development in Durg district, Chhattisgarh. The sector has demonstrated remarkable resilience and growth, contributing significantly to employment generation, industrial production, and export earnings. With over 73,000 registered units generating employment for 3.32 lakh individuals and contributing approximately Rs. 4,406 crore in investment, MSMEs represent a critical economic pillar for the district. The strategic establishment of MSME Technology Centre and supportive policy frameworks have created conducive conditions for entrepreneurship and innovation. The manufacturing sector's dominance, coupled with emerging service sector activities, provides a balanced foundation for sustainable economic growth. Technology adoption trends and export performance indicate growing competitiveness and market orientation. However, realizing the full potential of MSME sector requires addressing persistent challenges including enhanced credit accessibility, accelerated technology adoption, strengthened market linkages, and improved infrastructure. Strategic interventions should focus on cluster development, skill enhancement, digital transformation, and export promotion to maintain growth momentum and competitive advantage.

The study recommends establishing dedicated MSME parks, strengthening financial inclusion through innovative lending mechanisms, promoting technology clusters, and developing integrated value chains with large-scale industries. These measures, combined with continued policy support, can position Durg district as a premier MSME destination in central India, contributing significantly to regional development and national economic objectives. Future research should examine the impact of specific policy interventions, conduct primary surveys to understand entrepreneurial perspectives, and analyze cluster-wise development patterns to provide deeper insights for targeted development strategies.

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