

Labor Productivity and MSME Performance in Chittoor district: A Study

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Abstract: *The micro, small, and medium enterprises (MSMEs) form a crucial component of Andhra Pradesh industrial landscape, contributing significantly to economic growth and employment generation. This study investigates the trends and factors influencing labor productivity within Chittoor district of Andhra Pradesh MSME sector. The Labor productivity, defined as total output by total number workers, is a critical indicator of economic efficiency and competitiveness. It helps to various entrepreneurs and labour by which factor should influence on improving skills and knowledge. The state and central government have been conducting various training programs for well being of MSMEs. This paper is highlighted number of MSME's in India and Andhra Pradesh and also special focus on Labour productivity in Chittoor district based on various reports.*

Keywords: *Productivity, MSMEs, Employment, Labour & Production.*

INTRODUCTION

Productivity is a measure of efficiency with which resources both human and material are converted into goods and services for faster rate of economic growth can be ensured through accelerate production and higher productivity in all branches of economic activity. This production of human resources (labour) being an important inputs beside land and capital playing a significant in determining the overall economic growth of a nation.

Apart from the level of human skills, the quantity of raw-material and the technology employed are also responsible for the productivity of human resources. The National Productivity Council (NPC) is to promote productivity, culture in Indian society. And another objectives of this agency discrimination of knowledge and experience in productivity, promotion of consciousness and improvement in productivity strengthening of the performance and competitiveness of the economy and improving the conditions and quality of work life.

In Andhra Pradesh state have been place for doing business/ rendering services/ manufacturing big coastal corridor is here. So, it is suitable to establish Enterprises it is an evident that AP is a Industrial corridor and the number of agro based unit were performing very well by using effective human beings. The study is taken up on secondary based data and reveals established employed, invested and Labour productivity in MSME's.

REVIEW OF LITERATURE

1. Article published in Economic Times (2021)¹ article highlighted the MSME Sector with special reference to its contribution to Economic Growth. In the article, it is specified that, the MSME sector in India is always been challenging due to the low cost imports, competition from rival industries. In the article, it is specified that, though most of the SMEs are working on thin margins, massive presence of SMEs would help the nation to achieve economic growth.
2. Manohar (2021)² stated that MSMEs are providing about 30 per cent to India's GDP. The study has compared the urban and rural wise distribution of enterprises and employment through enterprises. Based on the observation of literature, it is noticed that most of the studies were concentrated on problems faced by MSMEs, the presence of MSMEs in India, the effect of COVID-19 on MSMEs performance, an increase of exports and employment due to the growth of MSMEs, the impact of industrial policy and Government on the progress of MSMEs.
3. Muhammad Suhaili and Sugiharsono (2019)³ conducted a study and presented paper on "Role of MSME'S in Absorbing labour and contribution to GDP". The researchers was analysed this paper based on secondary data which are collected from Central Statistics

Agency and Ministry of corporative and MSME'S. For analysis of the secondary data, the researcher has used Analytical method with descriptive statistics. The study results presented and analysed that the average labour was found 97.03 per cent, micro businesses absorbed 92 per cent of workforce, Five per cent of small business and medium sized business were three per cent to the total work force.

4. Ibrahim Mike Okumu & Faisal Buyinza (2018)⁴, presented a paper “ Labour productivity among small and medium Enterprises in Uganda: The role of innovation”. They found that the new/ innovative methods was adopted in manufacturing product/ rendering services through 2013 WEBS. After introducing innovative practices – productivity / services was significantly improved. It is further noticed that innovativeness was also significant impact either components like Logistics, delivery, new distribution methods, inputs, products or services in India.

RESEARCH GAP

In spite of the broad writing analyzing labour productivity in MSMEs, there remains a recognizable gap in understanding the particular subtleties and localized components affecting efficiency patterns inside Andhra Pradesh MSME division. Existing considers overwhelmingly centre on wide hypothetical systems and bland variables without adequately diving into the special challenges and openings confronted by MSMEs working in this territorial setting. Whereas innovative headways and human capital advancement are recognized as basic determinants, their application and adequacy inside Andhra Pradesh MSME environment warrant more profound investigation. Besides, there's restricted experimental inquire about tending to the affect of

neighborhood financial conditions, administrative flow, and industry-specific challenges on labour efficiency results in Andhra Pradesh. By bridging this crevice, future inquire about can give significant bits of knowledge and custom fitted proposals to upgrade efficiency and competitiveness among Andhra Pradesh MSMEs, in this manner contributing to economical financial growth and improvement within the state .

OBJECTIVES OF THE STUDY

- To study the concept of labour productivity.
- To analyse the number of persons employed in MSMEs & its Production.

RESEARCH METHODOLOGY

The present study is taken up based on secondary data only. The data were collected from official website of MSMEs annual reports as well as UDYAM portal. As well as relevant academic articles, reports, policy documents, and industry publications from reputable databases and other related sources.

Labour productivity is a major component for development of organisation as well as Nation's Economy. Labour have been working in factories and Micro, Small and Medium Enterprises in developing economies like India. Here, the researcher has focused on labour productivity in MSMEs and its development depends on efficiency of the labour. Hence, the labour productivity is an important factor.

The study noticed that there are five MSME sector was selected in Chittoor district namely Leather & Footwear, Agro based & processing, Auto components based, Granite/ Mineral based and Textile based units were selected and 11 years of period was taken for analysis i.e., from 2014 to 2024.

Table 1

Year wise Details of Production, Employment and Per labour Productivity in Leather & Footwear sector in Chittoor District

S. No	Year	Production (□ Cr)	Labour	Per Labour Productivity
1	2014	2,800	18,200	0.15
2	2015	3,100	19,500	0.16
3	2016	3,400	21,000	0.16
4	2017	3,600	22,300	0.16

5	2018	3,900	25,000	0.16
6	2019	4,200	28,500	0.15
7	2020	3,800	25,200	0.15
8	2021	4,600	29,800	0.15
9	2022	5,400	32,500	0.17
10	2023	6,200	35,000	0.18
11	2024*	6,900	37,200	0.19

Data Sources : AP MSME Census (2014- 2023)

NSDC Employment Reports

GSTN Historical Data (2017-2024)

District Industries Center Archives

Table1 discloses that production (in crores) of Leather and footwear units, number of employees, Per Labour productivity with ten years of period in Chittoor district. It can be found that the production has been gradually increases from 2014 to 2023 as well as labour also but it is quite interestingly found that up to 2018 per labour productivity is increasing trend, after three years it is found declined. Again it is increasing trend was found up to 2023 financial year in leather industry of Chittoor district.

The table 2 depicted that the year wise production, (in rupees) number of employees and per labour contribution in Agro based processing sector in Chittoor district. It is denoted that every year i.e.,

2015 to 2024 production (in rupees) has been increasing trend, and also labour component. It is further explain that per labour production is constant from 2014 to 2020, except 2017 and it is noticed 0.15 crore per labour productivity and it is further explains that from 2021 to 2023 also found constant per labour productivity in Agro processing based units of Chittoor district.

It can be concluded from the table that production and labour were increases yearly but there is no increasing per labour productivity in Agro Processing Unit. It is not a positive significant impact on the labour by various policies in MSMEs of Chittoor district.

Table 2

Year wise Details of Production, Employment and Per labour Productivity in Agro-processing sector in Chittoor District

Sno	Year	Production (□ Cr)	Labour	Per Labour Productivity
1	2014	1,900	12,000	0.16
2	2015	2,100	13,200	0.16
3	2016	2,300	14,500	0.16
4	2017	2,600	16,800	0.15
5	2018	2,900	18,000	0.16
6	2019	3,100	19,200	0.16
7	2020	3,300	20,500	0.16
8	2021	3,800	23,000	0.17
9	2022	4,200	25,400	0.17
10	2023	4,800	28,700	0.17
11	2024*	5,500	31,000	0.18

Data Sources : AP MSME Census (2014-2023)

NSDC Employment Reports

GSTN Historical Data (2017-2024)

District Industries Center Archives

Table 3
Year wise Details of Production, Employment and Per labour Productivity in Granite & Stone Industry sector in Chittoor District

Sno	Year	Production (□ Cr)	Labour	Per Labour Productivity
1	2014	1,900	8,500	0.22
2	2015	2,100	9,200	0.23
3	2016	2,300	10,000	0.23
4	2017	2,500	10,800	0.23
5	2018	2,700	11,500	0.23
6	2019	2,800	12,500	0.22
7	2020	2,100	9,800	0.21
8	2021	2,600	11,200	0.23
9	2022	3,100	13,600	0.23
10	2023	3,500	15,200	0.23
11	2024*	3,200	14,500	0.22

Data Sources : AP MSME Census (2014- 2023)

NSDC Employment Reports

GSTN Historical Data (2017-2024)

District Industries Center Archives

The researcher has point out about Mineral based units, production, (in terms of rupees) number of labours and per labour productivity from 2014 to 2024 in Chittoor district of Rayalaseema region.

The table 3 discloses that labour productivity in MSMEs like Granite & stone industry in Chittoor district of Andhra Pradesh state. It can be explained that highest growth rate was found in 2021 year with 24 per cent followed by 2022 year with 19 per cent, 13 per cent in 2023, 11 per cent in 2015 and 10 per

cent in 2016 year. It is unfortunate there is a negative trend in production aspect of Granite & stone sector in 2024 (-9 per cent) and 2020 (-25 per cent) respectively.

Incase of labour point of view - Labour was decreased in 2020 financial year with 9800 and remaining financial years there is a significant impact of on labours in Granite & stone sector in Chittoor district.

Table 4
Year wise Details of Production, Employment and Per labour Productivity in Auto Components sector in Chittoor District

Sno	Year	Production (□ Cr)	Labour	Per Labour Productivity
1	2014	850	5,000	0.17
2	2015	950	5,800	0.16
3	2016	1,100	6,500	0.17
4	2017	1,200	7,200	0.17
5	2018	1,300	7,800	0.17
6	2019	1,400	8,200	0.17
7	2020	1,100	6,500	0.17
8	2021	1,500	8,800	0.17

9	2022	1,800	10,500	0.17
10	2023	2,100	12,000	0.18
11	2024*	2,600	14,300	0.18

Data Sources : AP MSME Census (2014-2023)

NSDC Employment Reports

GSTN Historical Data (2017-2024)

District Industries Center Archives

The table 4 depicted that the number of labour and their production (in cost) and also per labour productivity in Chittoor district of Rayalaseema Region. After bifurcation of Andhra Pradesh the state government has focused and encouraged new entrepreneurs for development of AP economy. In this context, Number of Micro, Small and Medium Enterprises was established and running in this district. Hence, Now Chittoor is Industrially well established. So, the researcher has selected one of the unit like Auto component Sector.

The above table exhibited that highest growth rate was found in production (cost) in 2021 year, followed by 2024, 2022, 2023, 2016 and 2015 respectively.

It is clearly notice that per labour productivity is constant from 2016 to 2022 with 0.17 (crores) even less production growth rate year. It indicates that labour have been working effectively in Auto component sector.

Table 5

Year wise Details of Production, Employment and Per labour Productivity in Textiles & Handlooms sector in Chittoor District

Sno	Year	Production (□ Cr)	Weavers	Per Labour Productivity
1	2014	600	4,500	0.13
2	2015	650	4,800	0.14
3	2016	700	5,200	0.13
4	2017	750	5,500	0.14
5	2018	800	5,800	0.14
6	2019	950	6,800	0.14
7	2020	720	5,200	0.14
8	2021	1,100	7,500	0.15
9	2022	1,300	8,900	0.15
10	2023	1,600	10,400	0.15
11	2024*	1,900	11,800	0.16

Data Sources : AP MSME Census (2014-2023)

NSDC Employment Reports

GSTN Historical Data (2017-2024)

District Industries Center Archives

The above table 5 shows that year wise production (in terms of amount), number of labour and per labour productivity in Textiles & Handloom units of Chittoor district of Andhra Pradesh state. It is observed from the table that the data shown from 2014 to 2024 in all respective financial year growth of production were found similar except 2020 (negative growth rate) and highest growth rate was

found in 2021 financial year with 54 per cent. It is further noticed that per labour productivity is found that there is a little variation in all financial years in Chittoor district.

It can be deduced from the table that workers/ weavers were gradually increased and production were also significant changes but per labour productivity is not much more changed in this

sector. Hence, the manager or owner will increase wages/ remuneration, skills, performance of labour for the development of this sector in the study area.

CONCLUSION

The Indian economy is majorly depends on primary & allied sector. So, every entrepreneur have invested less amount and established MSMEs in India. It plays a predominant role after agriculture. This sector has been utilising availability/ surrounding resources with effective manner. Hence, the study has found that labour contribution is an important component towards the development of Indian economy through MSMEs. For increasing labour productivity- the government, policy makers, owners/managers will initiate and make favourable decision for the development of labour and it leads to growth of entire economy.

REFERENCES

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