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## Entrepreneurship Skills for Growth-Oriented MSMEs in Bihar State.

### Abstract

With the notion of growth and the empowerment of citizens' economic conditions, various state governments in India have taken a lot of initiative in the periphery of entrepreneurship. The significance of entrepreneurship in supporting economic development has been identified as a stepping stone by many researchers, and it is well-recognised that education and training go hand-in-hand and play a crucial role in nurturing future entrepreneurs and developing the abilities of existing entrepreneurs to grow their established businesses to greater success. Entrepreneurship is breaking through the old rudiments. Financial support from the Government of Bihar to weaker sections has strengthened the backbone of its economy. To promote an innovation ecosystem and unlock the enormous entrepreneurial potential of the state, the Mukhya Mantri Udyami Yojana (MMUY) and Bihar Laghu Udyami Yojana (BLUY), which were launched in 2018 and 2023, respectively, focus on the promotion of MSMEs in the state. Approximately 29 billion INR have been disbursed to nearly 74,540 beneficiaries under MMUY scheme and 56,248 proposals are accepted under BLUY scheme. This research paper highlights the impact of various training programs that are provided to the beneficiaries in Bihar state and also studies whether or not, these schemes are acting as a catalyst for further entrepreneurship development programs.

### Introduction

Micro, Medium and Small Enterprises (MSMEs) play a significant role in determining the overall growth implications and strengthening the economies of developing or underdeveloped nations. They promote entrepreneurs, stimulate innovation, push the development of industrialisation and reduce economic disparities. In India, MSMEs are slowly trying to supersede the position held by the agricultural sector for over seven decades after independence. Because of their high capital ratios and low capital

investments <sup>6</sup> compared to large industries, MSMEs are known to stimulate economic growth, employment, incomes, and export innovation in a developing economy [1]. They contribute about 30% to GDP and employ over 117 million people.

#### Contextual Background in Bihar

MSMEs in Bihar have exhibited notable stability and resilience in retaining a compatible rate of growth and employment generation during the last two decades. A healthy amalgamation between the central and state governments led to prompt and appropriate fiscal stimulus. Effective monetary policy and continuous capital inflow are the two major instruments in restoring Bihar and revamping its image among the public from BIMARU state to SMART state. It was greatly achieved <sup>3</sup> under the leadership of Chief Minister Sri Nitish Kumar.

As a catalyst for the state's socioeconomic transformation, the MSME sector is pivotal in addressing the state's objectives, such as bridging the rural-urban gap and reducing poverty. To further develop and keep the momentum going, the state government must adopt a suitable policy framework that provides the impetus to grab opportunities and develop an enabling business environment. Simultaneously, the MSME sector must address the infrastructural deficiencies and focus on holistic development that can meet the emerging challenges for sustainable growth and survival in a globally competitive market.

#### Problem Statement

The functioning of MSMEs in Bihar is undisputed. Though there is persistent growth, certain hindrances exist. Insufficient credit facilities, obsolete technology, and failure of market networks and linkages are a few problems one cannot neglect. To further growth, these hindrances must be eliminated, which will unlock the latent potential and ensure sustainable development.

#### Research Objectives

1. Evaluate the contribution of MSMEs in the last two decades in Bihar State.
2. Focus on growth potential and opportunities in the development of this sector in Bihar.

3. Identify major issues, challenges, and constraints that budding enterprises face and offer remedial suggestions to overcome them.

### Methodology

To understand their role and challenges, this descriptive study involves a critical analysis of the key functions of a few MSMEs registered and functioning in Bihar state, both in the service and manufacturing sectors. The data are collected through secondary sources, such as government publications, industry reports, annual reports, journals, books, and relevant official websites.

### Literature Review

The role played by MSMEs in the state economy is very significant. Still, the studies and literature on their functioning are quite meagre, especially with reference to the changing economic and growth perspectives. [7] stated <sup>4</sup> that MSMEs in Bihar face critical challenges pertaining to inadequate infrastructure, limited funding options, and insufficient awareness regarding government schemes and support. It is of utmost importance to emphasise improving governance, creating and enhancing credit access, and bridging the gap by providing technical know-how which can foster growth, particularly in the underdeveloped regions of Bihar. Research studies by [12] and [7] show a positive correlation between MSME growth and Bihar's <sup>8</sup> Gross State Domestic Product (GSDP). [5] and [3] suggested that MSMEs must expand its horizon in the states like Bihar. It should have access to alternative sources of capital like angel funds, risk capital, etc. There is a need to redefine the ceiling limits. These initiatives will encourage MSMEs to develop through a cluster approach, thereby increasing their level of competitiveness. [13] mentions the role of MSMEs in generating employment and driving industrial growth in rural areas of Bihar and in India too. In his research paper, he highlighted the major obstacles like outdated technology, paucity and lack of awareness related to credit facilities. His suggestion focused on policy measures to enhance competitiveness. [2] highlights the importance of <sup>5</sup> enhancing the ease of doing business and establishing enterprises in Bihar to attract angel investors. Her study emphasises reducing red tape, reducing

procedural delays, and enhancing financial support from state and central governments, MSMEs, and other related organisations or institutions to encourage innovation and entrepreneurship. In the era of Globalisation, development in living standards and economic measures reflects the progress of a nation [9].

To some extent, the Bihar Industrial Investment Promotion Policy (2016) and the Prime Minister's Employment Generation Programme (PMEGP) attempted to bridge gaps identified by researchers such as [4] and [6]. MSMEs in Bihar often face setbacks due to weak infrastructure, limited credit access, and outdated technology. [11] have stated in their research paper that several successful models of MSMEs are evolving. There is a need to strengthen the network among MSMEs to address the systematic problems underlying the industry ecosystem, enhance enterprise resilience, and ensure global supply chain sustainability. Higher education can play a significant role in encouraging young graduates to pursue entrepreneurship, thereby reducing unemployment and increasing avenues for economic development [10].

For better employment and entrepreneurship opportunity, <sup>3</sup> under the leadership of Chief Minister Nitish Kumar, the state government has launched several schemes: Mukhyamantri Anusuchit Jaati/Anusuchit Janjaati Yudyami Yojana, Mukhyamantri Ati Pichhra Warg Udyami Yojana, Mukhyamantri Mahila Udyami Yojana, Mukhyamantri Yuva Udyami Yojana, Mukhyamantri Alpasankhak Udyami Yojana and Bihar Laghu Udyami Yojana.

The research paper focuses on two flagship programs.

1. Mukhya Mantri Udyami Yojana (MMUY), started in the year 2018 limited to the members of Scheduled Caste (SC), Scheduled Tribe (ST) and Extremely Backward Classes (EBC) &
2. The Bihar Laghu Udyami Yojana (BLUY) was launched in 2023.

## Defining & Characterising MSME

The term MSME is often used to describe small industries or business units, which have

been classified differently in various contexts based on their nature of assets, the scale of production, the investment required, and the authorising institutions that permit their establishment. **7 As per the International** Finance Corporation (IFC), an enterprise will qualify as a Micro, Small or Medium enterprise if it fulfils two out of three criteria of the applied loan within the limits of MSME loan size proxy:

Table: 01

IFC MSME Definition

MSME Loan Size Proxy

INDICATOR

EMPLOYEES

TOTAL ASSETS US\$

ANNUAL SALES US\$

LOAN SIZE AT ORIGINATION

Micro enterprise

< 10

<\$100,000

<\$100,000

<\$10,000

Small enterprise

Oct-49

\$100,000 - < \$3 million

\$100,000 - < \$3 million

<\$100,000

Medium enterprise

50-300

\$3 million - \$15 million

\$3 million - \$15 million

<\$1 or \$2 million[for more advanced countries]

Source: <https://www.ifc.org/>

For the development and regulation **1 of micro, small, and medium enterprises**, a single comprehensive act was framed in 2006. The MSMED Act 2006, framed **for the development of the MSME** sector, freed it from a plethora of laws and regulations to address the issues of MSEs in both manufacturing and service industries. In a developing nation like India, the natural evolution and transformation of small enterprises into medium-sized enterprises should be encouraged through targeted policy interventions and a robust legal framework.

Union Budget of India (2025-26) has come up with a new classification of MSMEs where-

- 1 Investment in plant and machinery of** less than ₹ 2.5 crores and turnover of less than ₹ 10 crores is categorised as a Micro Enterprise.
- Investment in plant and machinery of** less than ₹ 25 crores and turnover that does not exceed ₹ 100 crores is categorised as a Small Enterprise.
- Investment in plant and machinery of** less than ₹ 125 crores and turnover that does not exceed more than ₹ 500 crores is categorised as a Medium Enterprise.

MSMED 2006 caters to 34 schemes, wherein the number of beneficiaries is increasing significantly every year.

Table: 2 List of Schemes functional under MSME

S. No

Schemes Title

S. No

Schemes Title

1

Prime Minister Employment Generation Programme (PMEGP)

18

ISO 9000/ISO 14001 Certification Reimbursement

2

Performance and Credit Rating Scheme

19

Marketing Support/Assistance to MSMEs (Bar Code)

3

Credit Guarantee Trust Fund **1** for Micro & Small Enterprises (CGTMSE)

20

Lean Manufacturing Competitiveness for MSMEs

4

Interest Subsidy Eligibility Certificate (ISEC)

21

Design Clinic for Design Expertise to MSMEs

5

Science and Technology Scheme

22

Technology and Quality Upgradation Support to MSMEs

6

Market Promotion & Development Scheme (MPDA)

23

Entrepreneurial and Managerial Development of SMEs through Incubators

7

Revamped Scheme Of Fund for Regeneration Of Traditional Industries (SFURTI)

24

Enabling Manufacturing Sector to be Competitive through QMS&QTT

8

Coir Udyami Yojana (CUY)

25

Building Awareness on Intellectual Property Rights (IPR)

9

Coir Vikas Yojana (CVY)

26

International Cooperation

10

Skill Upgradation & Mahila Coir Yojana (MCY)

27

Marketing Assistance Scheme

11

Development Of Production Infrastructure (DPI)

28

Marketing Assistance & Technology Upgradation (MATU)

12

Domestic Market Promotion Scheme

29

MSME Market Development Assistance (MDA)

13

Export Market Promotion

30

Assistance to Training Institutions (ATI)

14

Trade and Industry Related Functional Support Services (TIRFSS)

31

1 Micro & Small Enterprises Cluster Development (MSE-CDP)

15

Financial Support to MSMEs in ZED Certification Scheme

32

EDP/MDP Schemes

16

A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)

33

NER Schemes

17

Credit Linked Capital Subsidy for Technology Upgradation

34

TCSP Schemes

MSMEs - Bihar's Perspective

MSMEs in Bihar offer a diverse range of opportunities to heterogeneous groups, encompassing a broad spectrum of unit sizes and structures, a wide variety of products and services, varying production scales, and diverse technological applications. There is no doubt in quoting the importance of MSMEs in the socio-economic development of Bihar but it has a long way to go. In comparison to other top five leading states, Bihar lags behind 7 in the number of Udyam Registration Processes, seeking funds and credit services from banks.

Table 3 Comparison of Bihar State with other top Five States Registered Under MSME in 2024-25

S. No.

State/UT Name

Micro

Small

Medium

Total Udyam

IMEs (UAP)

Total MSMEs

1

BIHAR

1,521,876

11,557

559

1,533,992

1,977,313

3,511,305

2

MAHARASHTRA

5,815,124

72,366

6,644

5,894,134

2,518,743

8,412,877

3

UTTAR PRADESH

3,682,556

38,712

2,457

3,723,725

3,200,922

6,924,647

4

TAMIL NADU

3,451,182

38,369

2,723

3,492,274

1,707,665

5,199,939

5

WEST BENGAL

1,647,417

23,183

1,685

1,672,285

2,826,203

4,498,488

6

KARNATAKA

2,079,601

30,637

2,227

2,112,465

2,162,536

4,275,001

When we analyse in Bihar state, there are 3,524,679 registered MSME units in the year 2023-24. According to the 2011 census, Bihar had a population of 104,099,452, comprising 54,275,001 males and 49,824,451 females.

State Name

Micro

Small

Medium

Total Udyam

IMEs (UAP)

Total MSMEs

BIHAR

1,533,066

11,573

559

1,545,198

1,979,481

3,524,679

The projected population is 13.43 Crore. The ratio of enterprises and registered micro, small or medium enterprises is negligible.

Table 4 Bihar's Population in 2011

Description

Rural

Urban

Population (%)

88.71%

11.29 %

Total Population

92,341,436

11,758,016

Total Population

104,099,452

Male Population

54,275,001

52.14%

Female Population

49,824,451

47.86%

Year

Projected Population

2021

126,670,000

12.67 Crore

2022

129,010,000

12.90 Crore

2023

131,040,000

13.10 Crore

2024

132,790,000

13.28 Crore

2025

134,300,000

13.43 Crore

Special Credit Linked Capital Subsidy Scheme (SCLCSS), introduced in 2017 under the National SC-ST Hub (NSSH) scheme, functioned with the objective of promoting new enterprises and supporting the existing enterprises in their expansion for enhanced participation of SC/ST entrepreneurs in the public procurement. The available records were truly alarming, as not a single small registered enterprise in Bihar grew to the level of a medium enterprise.

Table 5: Beneficiaries under Special Credit Linked Capital Subsidy Scheme (2024-25)

FY

No. of SC/ST Beneficiaries

Amount of Subsidy Released

No of Beneficiaries from Bihar

2019-20

189

23,34,13,280

NIL

2020-21

537

53,39,66,076

NIL

2021-22

285

34,82,42,204

NIL

2022-23

577

69,66,11,137

NIL

2023-24

645

72,40,00,981

NIL

2024-25

608

68,25,32,474

NIL

Grand Total

2841

3,21,87,66,152

Source: <https://scsthub.in/content/special-credit-linked-capital-subsidy-scheme-sclcss>

Unveiling Potentialities - Industrialization in Bihar – Current Scenario

Over the 1 years, the state government of Bihar has developed and adopted a two-pronged strategy for the secondary sector.

1. 1 The implementation of the Bihar Industrial Investment Promotion Policy 2016

earmarks various initiatives taken by the government to create a support structure of institutions that can facilitate industrial growth.

2. Implementation of various schemes and policies to attract different sections of society to set up their enterprises in various spheres of the economy.

The micro and small enterprises sector is labour-intensive. The proliferation of these enterprises generates a good number of jobs, absorbing the surplus labour available in Bihar.

Over the last five years (2019-20 to 2023-24), 1 the government of Bihar has received 1,934 investment proposals, with 1,689 proposals currently at the stage of I clearance. By 30 September 2023, 385 production units were operational, with a total investment in these units amounting to ₹ 3,431.55 crore. Over the last five years, these functional units have generated 14,885 employment opportunities. The grant released 1 by the government of Bihar is ₹ 886.62 crore under the Bihar Industrial Investment Promotion Policy 2016.

Table 6: Status of Industrial Units in Bihar as on 30 September, 2023

Area

Number

Investment (Rs. crore)

Number

Investment (Rs. crore)

Food Processing

1157

12166.32

233

1869.45

General Manufacturing

603

3103.71

111

489.26

Plastic and Rubber

277

1176.4

76

297.07

Tourism

79

968.41

21

163.07

Health Care

106

1436.86

30

224.28

Textile

116

631.9

7

106.42

Renewable Energy

59

10397.29

6

294.83

Small Machine Manufacturing

26

156.68

5

7.52

IT and IT-enabled Services

22

146.82

12

29.12

Technical Education

12

94.4

1

1.24

1 Electrical and Electronic Hardware

12

56.97

0

0

Leather

8

172.82

3

3.18

Wood Industry

25

95.66

7

16.64

Ethanol

164

30747.55

6

686.74

Cement

12

3616.92

4

503.84

Sugar Mill (expansion)

5

1922.34

0

0

Private Industrial Park

3

683.94

0

0

Others

9

39.95

2

20.31

Total

2695

67614.94

524

4712.97

Source: Department of Industries, GoB

<sup>1</sup> Bihar Industrial Area Development Authority (BIADA) played a crucial role in supporting the effective implementation of industries. It has acquired 7437.53 acres of land and constructed 711 sheds in the nine identified clusters. Approximately 14 per cent of the acquired land was utilised for developing infrastructure, administrative buildings, roads, and other facilities. These changes and implications led to the development of a large number of micro-enterprises. In 2022-23, 196 new micro-enterprises were established, compared to 45 in 2021-22. The total amount of investment in micro-enterprises was ₹250.2 crore in 2022-23, more than three times that of the previous year. In 196 micro-enterprises, 5,451 people received employment, which was 3.4 times more than the employment generated in 2021-22. The small enterprises were also leaping. In 2022-23, 111 small enterprises started their operations, compared to 36 in 2021-22. Total investment in small enterprises was ₹ 684.02 crore, 189 per cent <sup>1</sup> more than the investment in 2021-22. 8,560 jobs were generated in the 111 small enterprises in 2022-23. It was 2.8 times more than the previous year.

The given table precisely shows the growth pattern in employment. For a state like Bihar, where labour is available in surplus, the establishment of MSMEs is a way to solve the problem of unemployment or underemployment.

Table 7: Details **1** of the Number of Units, Investment and Employment by Type of Enterprises (2021-22 & 2022-23)

Category of Enterprise

No. of Units

Investment

(Rs. crore)

Employment (number)

2021-22

2022-23

2021-22

2022-23

2021-22

2022-23

Micro

45

196

68.3

250.2

1612

5451

Small

36

111

236.9

684.02

3108  
8560  
Medium  
5  
14  
162.7  
470.32  
801  
5623  
Large  
11  
7  
3109.5  
1881.21  
3154  
5111  
Total  
97  
328  
3577.4  
3285.75  
8675  
24745

Figure 1: Investment Trends in **1 MSME Sector in Bihar** (2000–2023)

Figure 2: Employment Generated by MSMEs in Bihar (2000–2023)

The state government of Bihar is attempting to attract young people from all backgrounds [8]. Under various schemes, funds are allocated, and financial support is extended in accordance with the norms. The Mukhya Mantri Yuva Udyami Yojana is exclusively for young entrepreneurs who are eligible to receive a loan at a one per cent interest rate. Upon receiving the last tranche of the loan, entrepreneurs can repay the loan in 84 installments.

Between 2018 and 2023, the number of applications received increased significantly. Tables 8 and 9 present the information in tabular form, highlighting the success of these schemes.

Table 8: Number of Application Received and Entrepreneurs Selected for Different Entrepreneurship Schemes (2018 – 2023)

Scheme for

2018-19 to 2020-21

2021-22

2022-23

No. of applications received

No. of applications selected

No. of applications received

No. of applications selected

No. of applications received

No. of applications selected

SCs/STs

53997

5120

13726

3999

48956

2047

EBC

17004

1978

17640

4000

63864

2020

Young entrepreneur

—

—

17820

3987

67487

2080

Women entrepreneur\*

—

—

13138

4000

43556

1964

Total

71001

7098

62324

15986

223863

8111

Source: Department of Industries, GoB (\* Includes Transgender Entrepreneurs)

Table 9: Information of Implementation of Different Entrepreneurship Schemes (2021-22 to 2022-23)

Scheme for

2021 - 22

2022 - 23

Total

No. of approved applications

Disbursed money (in Rs. lakh)

No. of approved applications

Disbursed money (in Rs. lakh)

No. of approved applications

Disbursed money (in Rs. lakh)

SCs/STs

3767

66.55

1282

397.16

5049

463.71

EBC

3769

93.52

1210

359.06

4979

452.58

Young entrepreneur

3738

0

1297

319.93

5035

319.93

Women entrepreneur\*

3715

0

1201

313.35

4916

313.35

Total

14989

160.07

4990

1389.5

19979

1549.57

Source: Department of Industries, GoB (\* Includes Transgender Entrepreneurs)

The question is what could be the reasons for rejection of such large number of applications that empirically impact the growth of MSMEs in Bihar? The answer to this question is a word – Entrepreneurial Skills.

Table 10: Applications Accepted under Bihar Laghu Udyami Yojana (BLUY) 2025

Category

## Total Applications from Bihar State

SC

13890

ST

1072

GEN

6334

EBC

19775

OBC

15177

Total

56248

The training module adopted covers multiple prominent topics but fails to effectively train enterprises by and large. In the shared snapshot of the training modules for phases 1 and 2, the topics covered indicate that the areas an entrepreneur must focus on to improve their entrepreneurial skills are well-defined; however, the time allocated for training the applicants is abysmally short.

### Figure 3: Training Schedule of Phase – 1 Training

Most of the areas selected by **1 entrepreneurs for setting up** micro or small-level enterprises required professional or vocational training. However, a significant gap has been observed in providing or facilitating this training need at both the institutional and organisational levels.

### Figure 4: Training Schedule of Phase – 2 Training

According to the report published by the MSME in 2024-25, under the Entrepreneurship and Skill Development Programme segment, a total of 213,241 beneficiaries were reported to have received training with a total expenditure of ₹63.69 crore as of 31 December, 2024, in India. These entrepreneurship training sessions enhance confidence levels, boost courage, and increase an entrepreneur's risk tolerance. In Bihar, the increase in selected list of applications for MSME can happen only if proper entrepreneurship training is imparted.

## 2 Bihar Skill Development Mission

Under the leadership of Chief Minister Sri Nitish Kumar, since 2016, the Bihar Skill Development Mission (BSDM) has organised five programmes.

1. Khushal Yuva Programme(KYP)
2. Domain Skilling
3. Recruit-Train-Deploy (RTD)
4. 1 Recognition of Prior Learning (RPL)
5. Bihar State Certificate in Financial Accounting (BS-CFA)

Under KYP, 1787 centres are operational, and 4,51,143 youth (aged 15-28 years, with age relaxation for disadvantaged groups) have been enrolled. 2,77,753 trainees have received their completion certificates, but no data is available regarding their placement.

Explanation: KYP offers the following certification courses that include:

- Life Skills
- Communication 2 Skills (English & Hindi)
- Basic Computer Literacy

The output is gloomy. The fund invested is not producing the desired output. There are no testimonials that can prove the effective functioning of KYP and its ability to transform certified learners into either skilled employees or 1 entrepreneurs. There is a lack of collaboration between KYP-registered centres and MSME offices. The number of placements is uncertain, and there is an unanswered question: whether these certifications are helping youth obtain employable skills on the ground level or are just a means 2 to fill

in the gaps.

Under the Domain Skilling Programme, which is operational in 216 centres, in 2022-23, a total of 22,809 candidates were enrolled, out of which 20,760 completed the programme. Although this is a sector-specific and demand-driven programme, out of 9820 certified candidates, only 835 were placed.

Explanation: The training is imparted for 22 skill-based programmes (appendix - 1) so that trainees can establish their enterprises. There is a lack of awareness regarding MSME schemes, which prevents these certified trainees from exploring and applying for financial support and instead leads them to wait for employment opportunities.

There is a lack of evidential proof related to the other two skill development programmes, i.e. Recruit-Train-Deploy (RTD) and <sup>1</sup> Recognition of Prior Learning (RPL). The Bihar Economic Survey Report (2023-24) hardly mentioned much about these two training programmes.

Under the Bihar State Certificate in Financial Accounting (BS-CFA), a total of 4583 candidates were enrolled, out of which 3744 completed the training; however, there is no evidence of their further development or placement.

Table 11: Physical Progress under BSDM (2022-23)

Name of the scheme

No. of Centres

Enrolled

Training completed

Training Ongoing

Certificate Issued

Placed

Kushal Yuva Program

1787

451143

349412

98769

277753

NA

Domain Skilling

216

22809

20760

2069

9820

835

Recruit-Train-Deploy

16

2006

1759

247

417

142

Recognition of Prior Learning (RPL)

38

1754

1754

0

468

NA

BS-CFA

62

4583

3744

0

3707

NA

Total

2119

482295

377429

101085

292165

977

Source: Labour Resource Department, GoB

Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP)

The objectives of SANKALP are to improve short-term skill training programmes qualitatively and quantitatively by strengthening institutions, providing accessible market access, and involving marginalised sections of society.

In 2023-24, 800 tyre fitters and 1,500 street food vendors were trained. 350 women were trained to drive e-rickshaws. Many women were engaged in bag manufacturing units.

Rural Self Employment Training Institutes (RSETI)

The aim is to identify and train rural youth, enabling them to become self-employed. In Bihar, JEEVIKA is the nodal agency to support RSETIs. 22,769 trainees received employment in 2022-23. Table 12 lists the numbers and shows the performance status of the trained youth.

Table 12: RSETIs (2018-19 to 2023-24)

Year

No. of Training Programmes

No. of Candidates Trained

No. of Trainees Receiving Employment

Male

Female

Transgender

Total

2018-19

925

9965

16705

18

26688

19277

2019-20

841

10300

14650

11

24961

18486

2020-21

537

6106

8762

0

14868

11137

2021-22

710

8439

12828

1

21268

14378

2022-23

915

11931

16361

0

28292

22769

2023-24 (up to Sep. 30, 2023)

532

7998

8850

0

16848

8377

Total

4460

54739

78156

30

132925

94424

Source: Rural Development Department, GoB

Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)

DDU-GKY uniquely targets rural youths aged between 15 and 35 years who belong to disadvantaged households. JEEVIKA is the implementing body of DDU - GKY in Bihar.

According to the available records from JEEVIKA, as of September 2023, 80,431 candidates have received skill-based training for employment, out of which 39,282 have been successfully placed.

#### Findings and Discussions

1. There is a steady growth in MSME units, which is a key factor <sup>1</sup> contributing to the state's economic growth and significant transformation in its industrial landscape. However, this growth is primarily concentrated in microenterprises, which have limited capacity to scale up or diversify.
2. Despite efforts to generate awareness and provide training at various levels, most MSMEs in Bihar are found to be informal and undercapitalised, which limits their ability to grow or expand with larger value chains.
3. Educational institutions at various levels must initiate and collaborate with MSMEs to bring about a positive change in the mindset of the youth and encourage them towards entrepreneurship.
4. <sup>1</sup> From time to time, the state government of Bihar and the MSME must conduct sensitization and awareness drives in every panchayat to foster a common understanding of the various schemes.
5. The training imparted to the trainees must focus on end result. Should help the trainees in developing employable skills along with technical and non-technical skills that are required for the establishment of an enterprise and also in scaling up their enterprise from micro to small, and from small to medium.
6. MSME and Govt. of Bihar must appoint a few Corporate Mentors who can assess kind of training imparted. Is the training delivered in proper way? What are the lacunas and how to overcome drawbacks if any to help the trainees reach to their desirable objective.
7. The skill training centres and institutes must collaborate with industries so that, upon completing their training, certified trainees may secure the right opportunities, either as employees or as entrepreneurs.

#### Conclusion

Over the past decade, MSMEs have assumed greater significance in the burgeoning state economy by contributing to rural and urban industrialisation and generating employment opportunities. The MSME sector has demonstrated sufficient resilience to sustain itself, combining traditional skills with modern technologies to create new growth avenues. Recent reforms in the policy and strategies are leading towards the creation of an ecosystem. Still, one cannot neglect the key challenges that MSMEs face in Bihar, including financial access, inadequate infrastructure, low-level of technology adoption in **1** **urban and rural areas**, which can be eliminated through fostering public and private partnerships, promoting sector-specific clusters where an immense growth opportunity like food processing, handicrafts, and textiles.

There is no doubt that by following the MSMED Act 2006, regulations have been simplified, and the government and other financial institutions are providing financial incentives. Additionally, infrastructure is undergoing a revamp.

#### Future Research Scope

**1** **The government of Bihar** should publish its reports on a regular basis so that it is feasible to assess the effectiveness of current policies. Furthermore, detailed studies on region-specific opportunities and challenges **can be conducted in** collaboration with MSMEs to redefine the real problem areas, design a proper plan of action, and apply solutions to resolve the challenges in shaping a developed Bihar.

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Appendix 1: Domain Skilling Programme in Bihar

S. No

Name

S. No

Name

1

Agriculture

12

Green Jobs

2

Apparel

13

Health Care

3

Automotive

14

IT / ITES

4

Beauty and Wellness

15

Leather

5

BFSI

16

Plumbing

6

Capital Goods

17

Life Sciences

7

Construction

18

Retail

8

Electronics

19

Security

9

Food Processing

20

Telecom

10

Furniture and Fittings

21

Textile

11

Gems and Jewellery

22

Tourism and Hospitality

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