

Regional Dynamics of Employment Generation in India's MSME Sector: A Post-2020 Growth Analysis

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Abstract

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in India's economic development by promoting industrialization, entrepreneurship, and employment generation across diverse regions. The present study examines the region-wise employment generated by MSMEs in India during the period from 2020–21 to 2025–26. The study aims to evaluate the quantitative contribution of MSMEs to national employment, analyse regional growth trends, and identify shifts in employment concentration across different geographical regions. The research is based entirely on secondary data collected from the Ministry of MSME through the Udyam Assist Portal. Percentage analysis and trend analysis have been employed to examine variations in employment across six geographical regions, namely Northern, Southern, Eastern, Western, North Eastern, and Central India.

The findings reveal that total declared MSME employment increased remarkably from 27.32 million in 2020–21 to 82.63 million in 2024–25, demonstrating the sector's substantial contribution to employment generation. The Southern Region consistently emerged as the largest employment provider, while the Eastern and North Eastern regions recorded the fastest growth in employment share, indicating increasing regional diversification of MSME activities. In contrast, the Western Region experienced a gradual decline in its relative employment share despite maintaining high absolute employment levels. State-level analysis further highlights the dominant contribution of Uttar Pradesh, Tamil Nadu, Karnataka, Maharashtra, West Bengal, Assam, and Madhya Pradesh within their respective regions. The statistical evidence supports both research hypotheses, confirming that MSMEs significantly contribute to employment generation and that the expansion of MSMEs has a positive influence on job creation across India.

The study concludes that MSMEs remain one of the strongest drivers of inclusive economic growth and regional development. It recommends strengthening infrastructure, improving access to institutional finance, promoting digitalization, enhancing skill development, and implementing region-specific policy interventions to reduce geographical disparities in employment and ensure balanced industrial development throughout the country.

Keywords: Micro, Small and Medium Enterprises (MSMEs), Employment Generation, Regional Employment, Udyam Assist Portal, Regional Development, Job Creation, India.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Indian economy, playing a

pivotal role in employment generation, innovation, and economic growth. Recognized as a vital contributor to India's GDP, MSMEs drive industrialization in rural and backward areas, reducing regional imbalances and fostering equitable economic development. MSMEs engage in manufacturing, production, and service delivery, contributing significantly to the Indian economy. The concept of MSMEs was introduced by the Indian government through the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006. MSMEs are performing its activities with the objectives of driving employment, particularly in rural and semi-urban areas and to foster self-reliance by promoting entrepreneurship and to boost the economy by contributing to exports and innovation.

Classification of MSMEs

In the Union Budget 2025, the Government of India introduced a major revision to the MSME classification rules as given below:

Enterprise Type	Investment Limit	Annual Turnover
Micro Enterprise	Up to ₹2.5 crore	Up to ₹10 crore
Small Enterprise	Up to ₹25 crore	Up to ₹100 crore
Medium Enterprise	Up to ₹125 crore	Up to ₹500 crore

Revised MSME Definition 2025 (w.e.f. April 1, 2025)

Importance of MSMEs in Indian Economy

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in Indian economy, anchoring growth, employment, and regional balance in the journey towards Viksit Bharat. MSMEs contribute to 8% of India's GDP and about 45% of manufacturing output, MSMEs act as vital linkages between agriculture, industry, and services. They are the largest generators of non-farm employment, especially for women, youth, and informal workers, thereby deepening social and economic inclusion. As engines of innovation, local entrepreneurship, and export competitiveness, MSMEs enhance India's resilience in a volatile global economy. Strengthening this sector is thus not merely an economic imperative but a strategic pathway to sustainable, inclusive, and self-reliant national development.

Objectives

1. To evaluate the quantitative contribution of MSMEs to India's total employment landscape.
2. To analyse the year-on-year growth trends across various Indian geographical regions.
3. To identify shifts in the percentage share of regional employment to detect emerging industrial hubs.

Need for the Study

MSMEs are one of the largest sources of employment after agriculture, especially in developing countries like India. With rising unemployment and population growth, understanding MSMEs' role in job creation is crucial. The sector supports inclusive growth by providing opportunities to rural, semi-skilled, and unskilled workers. Government policies heavily focus on MSME development, making it important to evaluate their effectiveness. The study helps in identifying gaps and challenges in employment generation. It provides insights for policymakers to improve employment-oriented strategies

Methodology

The study adopts a descriptive and analytical research design to examine the employment trends in India's MSME sector. The study relies exclusively on secondary data sourced from the Ministry of MSME, specifically the Udyam Assist Portal, covering the period from July 2020 to July 2025. To interpret the regional shifts and growth patterns, the study employs Percentage Analysis and Trend Analysis. These methods are used to convert raw employment figures into a "percentage share" for each of the six Indian regions, allowing for a comparative assessment of regional performance over time. The study focuses on "Declared Employment" by registered MSMEs, providing a factual basis for evaluating the sector's job-creation capacity across Northern, Southern, Eastern, Western, North Eastern, and Central India.

Hypothesis

H1: MSMEs significantly contribute to employment generation in India H2: Growth of MSMEs has a positive impact on job creation

Region-wise Employment Provided by MSMEs in India

Analysing the employment distribution by region from Micro, Small, and Medium Enterprises (MSMEs) in India is crucial for comprehending the nation's diverse economic framework and tackling spatial inequalities in job generation. Although MSMEs serve as the foundation of the national economy, their expansion frequently occurs in industrialized states, resulting in considerable disparities in labour absorption between urban and rural or underdeveloped areas (Government of India, 2024; Ministry of Statistics and Programme Implementation [MoSPI], 2024). Examining spatial data enables policymakers to pinpoint "employment deserts" where the absence of businesses hinders local communities from obtaining formal employment. This study is essential for customizing regional industrial strategies. Moreover, this will facilitate the allocation of infrastructure, market access, and finance resources to regions with significant job creation potential yet minimal existing MSME involvement (NITI Aayog, 2023; Reserve Bank of India, 2024).

Additionally, a regional examination offers understanding into how local ecosystems—such as access to raw resources, traditional craftsmanship, industrial agglomerations, and governmental incentives—affect the nature of employment created. The employment landscape of an MSME cluster in a textile centre such as Coimbatore significantly contrasts with that of a technology-oriented service cluster in Bengaluru, attributable to variations in industrial specialization, infrastructure, and workforce attributes (Porter, 1998; Government of India, 2024). Through the analysis of these geographical patterns, scholars may assess the efficacy of decentralization strategies and the influence of digital integration and skill enhancement programs on rural employment engagement (OECD, 2023; International Labour Organization [ILO], 2023). In conclusion, analysing regional employment distribution is both an economic requirement and a social obligation, as it guides efforts to diminish regional disparities, mitigate distress migration, and foster sustainable, localized livelihoods that empower various demographic groups throughout the Indian subcontinent (World Bank, 2024; ILO, 2023).

Regional Level Employment Generated by MSME Sector in India

Sl.No	Region	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	Northern Region	7805538	9546088	12657799	18860370	21593029	6443600

		(28.57)	(27.36)	(27.77)	(25.50)	(26.13)	(31.37)
2	Southern Region	8305927 (30.40)	10706313 (30.69)	14166568 (31.07)	22475052 (30.38)	28763955 (34.81)	5612580 (27.32)
3	Eastern Region	2736056 (10.02)	5216123 (14.95)	7113139 (15.60)	15251247 (20.62)	13372936 (16.18)	3381088 (16.46)
4	Western Region	6989286 (25.58)	6816031 (19.54)	7413614 (16.26)	10620377 (14.36)	10083631 (12.20)	2603088 (12.67)
5	North Eastern Region	381891 (1.40)	845963 (2.43)	1437235 (3.15)	2433611 (3.29)	3755874 (4.55)	1252665 (6.10)
6	Central Region	1099473 (4.02)	1754545 (5.03)	2800347 (6.14)	4334981 (5.86)	5062069 (6.13)	1249154 (6.08)
	TOTAL	27318171	34885063	45588702	73975638	82631494	20542175

Source: Ministry of MSME, Udyam Assist Portal in India

From the above table we can notice that total MSME employment grew strongly from 2.73 crore (2020–21) to 8.26 crore (2024–25). There is a sharp drop in 2025–26 (2.05 crore), which likely indicates partial-year data rather than an actual decline. Southern Region (Top Contributor) consistently the largest employer. It grew from 30.40% to the peak of 34.81% (2024–25). It indicates strong MSME ecosystems in southern states. Northern Region is Second-largest contributor. Employment increased steadily, but percentage share declined slightly (28.57%) still a major employment hub. When we look at the eastern region, there is a significant growth in both numbers and share and the same has jumped from 10.02% (2020–21) to 20.62% (2023–24). It is noticed that there is a slight dip afterward but still stronger than earlier years. As for as western region is concerned, the share is declining from 25.28% to

12.20 per cent in 2024–24. North Eastern Region is a smallest contributor but fastest relative growth from 1.40% to 4.55% and 6.10% (in 2025–26). The central region shows a moderate growth. The central region shows a moderate growth. The share of central region remains relatively stable showing around 4 to 6 percent increase.

In general, India's MSME sector shows robust expansion and regional diversification, with: Leadership from the South, Stability from the North, Rapid emergence of the East, and Growing inclusion of the North East.

Region wise Percentage Share of MSME Employment (2020–2026)

Region	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)	2024-25 (%)	2025-26 (%)
Northern Region	28.57	27.36	27.77	25.50	26.13	31.37
Southern Region	30.40	30.69	31.07	30.38	34.81	27.32
Eastern Region	10.02	14.95	15.60	20.62	16.18	16.46
Western Region	25.58	19.54	16.26	14.36	12.20	12.67
North Eastern Region	1.40	2.43	3.15	3.29	4.55	6.10
Central Region	4.02	5.03	6.14	5.86	6.13	6.08
Total	100.00	100.00	100.00	100.00	100.00	100.00

Note: The values are Calculated

From the above table one can understand that Southern and Northern regions consistently account for the largest shares of MSME employment, collectively providing over 55-60% of total jobs in most years. The Eastern Region saw a significant jump in its share, doubling from 10.02% in 2020-21 to over 20% by 2023-24, indicating rapid MSME expansion in that belt. The Western Region has experienced a steady decline in its percentage share, dropping from 25.58% in 2020-21 to approximately 12.67% in the most recent period. While starting from a low base, the North Eastern Region has shown the most consistent relative growth, increasing its share from 1.40% to 6.10% over the study period.

State wise MSME Employment - Northern Region

State	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Chandigarh	101641 (1.30)	65373 (0.68)	67876 (0.54)	73772 (0.39)	66029 (0.31)	19714 (0.31)
Delhi	1345665 (17.24)	1197976 (12.55)	1229007 (9.71)	2156935 (11.44)	1551268 (7.18)	441196 (6.85)
Haryana	1286918 (16.49)	1182461 (12.39)	1246279 (9.85)	1734703 (9.20)	2006449 (9.29)	600868 (9.33)
Himachal Pradesh	140008 (1.79)	173447 (1.82)	185758 (1.47)	377847 (2.00)	344627 (1.60)	75759 (1.18)
Jammu & Kashmir	192472 (2.47)	380985 (3.99)	677100 (5.35)	776487 (4.12)	737811 (3.42)	116001 (1.80)
Ladakh	4697 (0.06)	11366 (0.12)	13722 (0.11)	14273 (0.08)	8117 (0.04)	2197 (0.03)
Punjab	904165 (11.58)	934359 (9.79)	1154651 (9.12)	1723604 (9.14)	3114885 (14.43)	533951 (8.29)
Rajasthan	1532614 (19.63)	2366875 (24.79)	2764463 (21.84)	3599080 (19.08)	4573177 (21.18)	1219816 (18.93)
Uttarakhand	215631 (2.76)	398624 (4.18)	401149 (3.17)	575321 (3.05)	601540 (2.79)	271024 (4.21)
Uttar Pradesh	2081727 (26.67)	2834622 (29.69)	4917794 (38.85)	7828348 (41.51)	8589126 (39.78)	3163074 (49.09)
TOTAL	7805538 (100.00)	9546088 (100.00)	12657799 (100.00)	18860370 (100.00)	21593029 (100.00)	6443600 (100.00)

Source: Ministry of MSME, Udyam Assist Portal in India Note: Figures in parentheses indicate state's share of employment

Uttar Pradesh dominates throughout the period. It's share rises sharply from 26.67% (2020–21) to 41–49% (2023–26). It indicates clearly that the primary MSME employment hub was created in the region. Rajasthan is the second-largest contributor. It maintains a strong share (~19–25%), which means a steady growth was seen in absolute employment. Punjab shows a notable spike, peaks at 14.43% in 2024–25, then declines again. Which indicates possible temporary surge or policy-driven growth. If we look at Haryana, there is a stable but declining share over time. Continuously declining trend was noticed in Delhi. The data suggests

that the MSME's activity shifting to other states MSME employment in the Northern Region is highly concentrated, mainly in Uttar Pradesh (dominant) and Rajasthan (strong support) . Traditional industrial states like Delhi and Haryana are losing relative share, while smaller and emerging regions show gradual improvement.

State wise MSME Employment - Southern Region

State	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Andhra Pradesh	704653 (8.48)	1231030 (11.50)	2625446 (18.53)	3667748 (16.32)	8372465 (29.11)	1049171 (18.69)
Karnataka	1951276 (23.49)	2722252 (25.43)	3491710 (24.65)	5564104 (24.76)	7976733 (27.73)	1490370 (26.55)
Kerala	665799 (8.02)	753668 (7.04)	826390 (5.83)	1474842 (6.56)	1360074 (4.73)	327378 (5.83)
Tamil Nadu	3305234 (39.79)	4011295 (37.47)	4621580 (32.62)	7390860 (32.88)	6848400 (23.81)	1492483 (26.59)
Telangana	1639002 (19.73)	1931782 (18.04)	2543249 (17.95)	4270126 (19.00)	4114614 (14.30)	1235896 (22.02)
Lakshadweep	223 (0.00)	802 (0.01)	1373 (0.01)	1582 (0.01)	2155 (0.01)	365 (0.01)
Puducherry	39740 (0.48)	55484 (0.52)	56820 (0.40)	105790 (0.47)	89514 (0.31)	16917 (0.30)
TOTAL	8305927 (100.00)	10706313 (100.00)	14166568 (100.00)	22475052 (100.00)	28763955 (100.00)	5612580 (100.00)

Source: Source: Ministry of MSME, Udyam Assist Portal in India Note: Figures in parentheses indicate state's share of employment

Southern Region (state-wise) MSME employment share was given in the above table. Tamil Nadu dominates initially, Highest share in early years (~40% in 2020–21). It declines gradually to ~24–27%, but still a major contributor. Karnataka shows strong and stable growth, consistently it contributes ~23–27%. These becomes one of the leading MSME employment states. Andhra Pradesh shows rapid expansion, sharp rise from 8.48% → peak 29.11% (2024– 25). It indicates significant MSME development in recent years. It is important to note that the Moderate Contributor is Telangana and the smaller contributors are Kerala, Puducherry and Lakshadweep MSME employment in the Southern Region is diversifying over time, Early dominance of Tamil Nadu is reducing. Karnataka and Andhra Pradesh are emerging as strong leaders.

State wise MSME Employment - Eastern Region

State	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Bihar	678053 (24.78)	1421019 (27.24)	2113223 (29.71)	3625965 (23.77)	4247532 (31.76)	1227094 (36.29)
Jharkhand	374385 (13.68)	660472 (12.66)	889983 (12.51)	1395141 (9.15)	1359833 (10.17)	348403 (10.30)
Odisha	574500	943213	1273413	3707282	2465432	634710

	(21.00)	(18.08)	(17.90)	(24.31)	(17.44)	(18.77)
West Bengal	1098936 (40.16)	2018473 (38.70)	2801175 (39.38)	6507875 (42.67)	5281914 (39.50)	1144887 (33.86)
Andaman & Nicobar Islands	10182 (0.37)	172946 (3.32)	35345 (0.50)	14984 (0.10)	18225 (0.14)	25994 (0.77)
TOTAL	2736056 (100.00)	5216123 (100.00)	7113139 (100.00)	15251247 (100.00)	13372936 (100.00)	3381088 (100.00)

Source: Source: Ministry of MSME, Udyam Assist Portal in India Note: Figures in parentheses indicate state's share of employment

Based on the data given in the table for MSME employment in the Eastern Region, it is observed that the regions saw a massive surge in employment during 2023-2024, reaching over 1.5 crore jobs. This was followed by a slight dip in 2024-2025 and a sharp decline in the early figures for 2025-2026. West Bengal consistently leads the region, typically accounting for ~40% of the total MSME workforce. Even with fluctuations, it remains the primary industrial hub for the East. Bihar has shown significant steady growth in its share of the pie, rising from 24.78% in 2020 to a high of 36.29% in the most recent 2025-2026 data. Odisha and Jharkhand maintain relatively stable contributions, with Odisha generally holding around 18-20% and Jharkhand hovering around 10-13%. Andaman & Nicobar Islands represent a negligible portion of the regional total, usually staying below 1% (with a single outlier spike in 2021-2022).

State wise MSME Employment - Western Region

State	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Goa	66488 (0.95)	58401 (0.86)	82087 (1.11)	113323 (1.07)	88357 (0.88)	20317 (0.78)
Gujarat	2447455 (35.02)	2212055 (32.45)	2420218 (32.65)	3761774 (35.42)	3098789 (30.73)	804784 (30.92)
Maharashtra	4409808 (63.09)	4498783 (66.00)	4868596 (65.67)	6696195 (63.05)	6859462 (68.03)	1764105 (67.77)
Dadra & Nagar Haveli Daman & Diu	65535 (0.94)	46792 (0.69)	42713 (0.58)	49085 (0.46)	37023 (0.37)	13882 (0.53)
TOTAL	6989286 (100.00)	6816031 (100.00)	7413614 (100.00)	10620377 (100.00)	10083631 (100.00)	2603088 (100.00)

Source: Source: Ministry of MSME, Udyam Assist Portal in India Note: Figures in parentheses indicate state's share of employment

The above table summarizes state-wise MSME employment for the Western Region. Maharashtra consistently leads the region, accounting for approximately 63% to 68% of the total MSME workforce. The region saw a major spike of 43.2% in financial year 2023-24, likely driven by post-pandemic recovery and the inclusion of retail and wholesale trades under MSME classification. Gujarat maintains a stable second position, contributing roughly 31% to 35% of the regional employment. Growth is supported by government initiatives like the Aatma Nirbhar Bharat Abhiyan and the PM Vishwakarma

Scheme.

State wise MSME Employment - North Eastern Region

State	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Arunachal Pradesh	14698 (3.85)	20169 (2.38)	38053 (2.65)	53597 (2.20)	86128 (2.29)	16538 (1.32)
Assam	233336 (61.10)	554154 (65.51)	919077 (63.95)	1644025 (67.55)	2877225 (76.61)	1022105 (81.59)
Manipur	90178 (23.61)	116675 (13.79)	144636 (10.06)	152389 (6.26)	180257 (4.80)	45090 (3.60)
Meghalaya	7431 (1.95)	19360 (2.29)	31054 (2.16)	53303 (2.19)	110856 (2.95)	39183 (93.13)

Mizoram	9380 (2.46)	20640 (2.44)	68965 (4.80)	57573 (2.37)	47390 (1.26)	8440 90.67)
Nagaland	7982 (2.09)	26130 (3.09)	45970 (3.20)	74677 (3.07)	86428 (2.30)	19483 (1.56)
Sikkim	3408 (0.89)	10578 (1.25)	15265 (1.06)	23789 (0.98)	57432 (1.53)	8919 (0.71)
Tripura.	15478 (4.05)	78257 (9.25)	174215 (12.12)	374258 (15.38)	310158 (8.26)	92907 (7.42)
TOTAL	381891 (100.00)	845963 (100.00)	1437235 (100.00)	2433611 (100.00)	3755874 (100.00)	1252665 (100.00)

Source: Source: Ministry of MSME, Udyam Assist Portal in India Note: Figures in parentheses indicate state's share of employment

It was given to understand that Assam is the undisputed engine of the region, growing from 61% of total employment in 2020 to over 81% by the start of 2026. Tripura showed a massive jump between 2021 and 2024, becoming the second-largest contributor to MSME jobs in the region. This rapid increase is largely attributed to the Udyam Assist Platform, which allowed Informal Micro Enterprises common in the NER—to register and access formal credit.

State wise Share of MSME Employment - Central Region

State	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Chhattisgarh	279304 (25.40)	398047 (22.69)	549972 (19.64)	1045807 (24.12)	1206663 (23.84)	272778 (21.84)
Madhya Pradesh	820169 (74.60)	1356498 (77.31)	2250375 (80.36)	3289174 (75.88)	3855406 (76.16)	976376 (78.16)
TOTAL	1099473 (100.00)	1754545 (100.00)	2800347 (100.00)	4334981 (100.00)	5062069 (100.00)	1249154 (100.00)

Source: Ministry of MSME, Udyam Assist Portal in India

Note: Figures in parentheses indicate state's share of employment

From the above table, we understand that Madhya Pradesh Dominance the state consistently commands between 74% and 80% of the regional MSME workforce. Its employment numbers grew by approximately 370% from 2020 to 2025. While smaller in scale, Chhattisgarh experienced a massive 90% surge in employment between FY 2022-23 and FY 2023-24, doubling its workforce in a single year. The region crossed 5 million employment mark in FY 2024-25, indicating strong registration drives on the Udyam portal.

Major Findings

- Total MSME employment witnessed a massive surge, growing from 27.3 million (2020-21) to 82.6 million (2024-25), representing a 302% increase in just four years.
- The Southern Region consistently leads, peaking at 34.81% of total employment in 2024-25. This indicates a highly mature and formalised MSME ecosystem compared to the rest of the country.
- The Eastern Region showed the most dramatic early-stage growth, doubling its percentage share

from 10.02% to over 20% by 2023-24, signalling a shift in industrial activity toward states like West Bengal, Odisha, and Bihar.

- Although the smallest contributor in absolute numbers, the North Eastern Region saw its share triple (from 1.40% to 4.55%), proving that digital registration (Udyam) is successfully bringing remote enterprises into the formal economy.
- A concerning trend is the steady decline in the Western Region's share, dropping from 25.58% to 12.20%. This suggests that while employment may be growing in absolute terms, other regions are outstriking the West in new job creation.

Suggestions

- Policymakers should investigate the relative stagnation in the Western Region to determine if high operational costs or lack of new incentives are hindering job growth compared to the South.
- To sustain the high growth rate in the North East, the government should focus on "Export Hubs" and logistics, as this region shows the highest potential for further labour absorption.
- Since the Southern Region is a hub, a "Skill Mapping" initiative should be launched to replicate their successful MSME clusters (like Coimbatore or Bangalore) in the Central and Eastern regions.
- Given that MSMEs are major employers of women, specific subsidies for women-led MSMEs could further accelerate the employment numbers in lagging regions.

Interpretation of Hypotheses:

H1: MSMEs significantly contribute to employment generation in India.

The data shows an extraordinary leap in total employment from 2.73 crore (2020-21) to 8.26 crore (2024-25). A growth of over 200% within a five-year window proves that the MSME sector is not just a participant but a primary engine of the Indian labour market. Even the partial-year data for 2025-26 (2.05 crore in just 3.5 months) suggests that the sector continues to absorb labour at a high velocity.

H2: Growth of MSMEs has a positive impact on job creation.

There is a clear positive correlation between the expansion of the MSME ecosystem and regional job numbers. This is most evident in the Southern Region, which saw its employment figures jump from 0.83 crore to 2.87 crore as its industrial base matured. Similarly, the North Eastern Region saw its percentage share nearly triple (from 1.40% to 4.55%), indicating that as enterprise registration and formalization grow (via Udyam), job opportunities follow suit. The consistent upward trend across almost all regions (until the 2025-26 reporting cutoff) validates that enterprise growth is the leading indicator for job creation.

Conclusion

The MSME sector has proven its resilience as a cornerstone of the Indian economy, showing a near-tripling of declared employment within a five-year span. The data confirms H1 (Significant Contribution) and H2 (Positive Impact), as the growth in registered enterprises directly correlates with massive labour absorption. While the Southern Region continues to anchor the sector, the impressive growth in the North East (rising from 1.4% to over 6% share) highlights the success of decentralization and digital registration through the Udyam portal. However, the steady decline in the Western Region's share suggests a need for localized structural reforms. To achieve sustainable, inclusive growth, future policy must focus on bridging these regional credit and infrastructure gaps, ensuring that the "employment

deserts" of the past become the innovation hubs of the future.

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