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A Study of Skill India Mission's Impact on MSME Productivity, Employability and Revenue Growth (2021–2025)

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Abstract

The Micro, Small, and Medium Enterprises (MSME) sector is an indispensable element of the economy, it contributes more than 120 million employments and a 30% GVA (Gross Value Addition) in the economy. Although a remarkable organizational gap exists, as 93% of this workforce employed in the informal sector of the economy, often missing the technical competency required for present-day industrial demands. This analysis focus at how successfully the Skill India Mission has addressed the skills deficiency by utilizing secondary data from the India Skill Report (ISR) 2021 to 2025, together with research papers and journals, and follows an exploratory/descriptive research design. This research suggested that integrated vocational education programs exceptionally benefited the MSME sector of the economy, increasing the productivity by 23.7% and revenue growth by 18.6%. It also shows the fact that 43.7% of participants launched new goods after the training programs, government initiatives like the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and the Mudra Yojana (MY) have been beneficial in encouraging economic transformation. Furthermore, skill development initiatives have proven revolutionary for women entrepreneurs, presenting a positive alliance with profitability and increasing leadership qualities which benefited the economy. On a macroeconomic level, the mission has successfully uplifted national employability from 45.9% in 2021 to 54.81% in 2025, training more than 50 million persons to meet modern industrial requirements. The Skill India Mission is build an additional \$2 trillion skill-based huge economy by 2030 and become a decisive global centre for talent versatility by encouraging digital strength and financial insertion.

Keywords: MSME Productivity, Economic Transformation, Talent Versatility, Digital Strength, Financial Insertion.

Introduction

The Micro, Small, and Medium Enterprises (MSME) sector is the main driver of India's economic goals with over 120 million workers and a 30% GVA (Gross Value Addition) contribution. On the contrary, the industry faces a structural problem since about 93% of its workers are still worked in the unorganized sector and missing the technical know-how to handle concurrent industrial demand. The Skill India Mission is a key driver in changing this situation, converting "abandoned knowledge" into employable skills that foster economic flexibility and overall growth. 75% of corporate leaders accept that the present talent supply is not ready for Industrial requirements. The government desire to cover this critical gap by integrating vocational training program with the "Make in India" vision.

These skill-development programs have a straight and remarkable impact on MSME sector. Studies tell us that these schemes increase productivity by 23% and revenue growth by 18%. Apart from this, businesses that take part in skill development training initiatives see 18.6% speedy revenue growth and 23.7% higher productivity than those that do not. countless operational mediums are responsible for this effect. Workers who have technical and vocational proficiency can finish their tasks more rigorously, which reduce the rate of product deficiency and increase the overall quality of the products. Digital literacy empowers businesses to grab e-commerce and automated tools to expand their market, although managerial training allows proprietor to modernized supply chains and enhance decision-making.

The Skill India Mission particularly make use of flagship programs like the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and Mudra Yojana (MY) to provide the required technical and financial assistance for this transformation. These programs have proven to be strong drivers of innovation. Studies reveals that 43.7% of MSME participants introduced new products within 18 months of completing innovation-focused training. Additionally, the mission addresses the high demand for digital changes. The program confirm MSMEs can anticipate the niche talent required to support a \$5 trillion economy, by encouraging the adoption of AI and data analytics.

Beyond financial metrics, skill development generates a sustainable cycle of high productivity, directing to steady income growth and increase the employment opportunities. For illustration, enterprises have seen an average increase of 2.3 newjobs per firm within a year of training. This empowerment is especially transformative for women entrepreneurs and notably enhance self-confidence and leadership qualities. Contemporary, the collaboration between the Skill India Mission and the MSME sector is the elementary pillar for national opulence, which aiming to co-create a \$2 trillion skill-based huge economy by 2030 and establishing India as a global centre for talent versatility.

Literature Review

Aameena, R., & Karunamoorthi, G. (2025) This study examine the structure of education and skill development as a keytrackway for MSME innovation and growth. The authors state that workforce skill gaps in technical, entrepreneurial and digital areas critically obstruct productivity and global competition. Main hurdles identified comprise financial limitations, confined access to modern technologies, and complex regulatory frameworks. The research propagates technology-oriented training models and robust public-private alliance to secure sustainable sector development.

Koramutla, R., & Ragala, R. (2025) In a case study of 240 MSMEs in the SPSR Nellore District, the researchers observe that 70.8% of enterprises experienced remarkable efficiency enhancement following skill refurbishing. The data indicates that training expand productivity, better technology utilization, and lesser product deficiency rates. Specially, medium and small firms represent higher relative efficiency gains compared to micro-enterprises, which normally required the resources to successfully use training.

Zia, Z., & Shailesh, A. (2025) The author use the survey of 720 MSME originators, the study estimates the return on skill development, presenting a 23% return in productivity and 18% rise in revenue growth. Nevertheless, the research reveals a notable "skill gap," with 68% of MSMEs disclose a shortage of skilled workforce, especially in new emerging technologies (74%) and quality management (61%). The authors suggest a structure based on international benchmarks like Germany's dual education system.

Prasad, S., & Nagdeo, M. (2023), The Author's concentrated on the Chhindwara district, this study analyses the efficacy of the PMKVY programme. The research wraps up that PMKVY favourably motivate entrepreneurs to innovate and evolve new business ideas. While many participants missed complete knowledge of the scheme's details, the program was found to have a remarkable potential for manufacture new jobs opportunities and assisting youth empowerment.

Behera, B., & Gaur, M. (2022) Behera and Gaur analyse how skill development training programmes serves as a stimulus for employability and economic expansion amongst technological disruption. The researchers found that focusing on education in aloneness is insufficient; rather, there must be a blended effort to develop technical and portable skills. The analysis indicates that India's unemployment condition is complex by a low employment rate and low female labour force engagement. The authors states that the rate of employability can be enhance through the active participation of stakeholders, including government bodies and training partners, while modernising infrastructure through public-private partnerships.

Chenoy, D., Ghosh, S. M., & Shukla, S. K. (2019) This article review the convergence of the "Skill India" and "Make in India" missions within the context of Industry 4.0. The authors indicate that the changing industrial landscape needed a workforce skilled in "new-age" technologies like AI, IoT, and advanced robotics. The research shows that around 60–65% of jobs in the automotive sector will needed new skill sets by 2022, requiring a "generational transformation" in the professional education and skill development ecosystem.

Arora, R., & Chhadwani, M. (2018) The authors explore the Skill India Mission as an instrument for refine the Indian economy by shifting the centre of attention from merely academic skills to employable skills. The study propounds that for India to transmute a global manufacturing centre, it must highlight skill extension over traditional education systems. It culminates that while the government has lay down a policy framework, industry contribution in a public-private-partnership mode is necessary to go over the gap between industry requirements and the availability of skilled manpower.

Joshi, T., & Pandey, M. (2018) This study analyses the importance of skill development in leveraging India's demographic dividend, noting that the nation's workforce is estimated to reach 950 million by 2026. The authors highlight a notable quantum of challenge, as only 2.3% of the Indian workforce has experience formal skill development training compared to much higher rates in the UK and US. The research recognises analytical bottlenecks, including deficient training infrastructure at ITIs and animbalance between the skills provided and those sought by employers. To raise employability, the paper suggests industry-academic association to design curricula that supply "knowledge workers" instead of just manual labourers.

Dayal, S. (2016), Dayal lay out a broad overview of the skill development landscape, highlight its essentiality for India's transition into a "knowledge economy". The analysis identifies a vitalskill gap occurring as the workforce move from the primary agricultural sector to the secondary manufacturing and tertiary service sectors. The author highlights the organisational reality that roughly 90% of the workforce is working in the informal sector of the economy, creating inclusive growth initiatives essential. The research analyses the three-tier institutional structure governing the Skill India Mission and advise that the mission's success depends on quality delivery, speed, and the use of information technology for versatility.

Farajollahzadeh, G., Noorinasab, A. R., & Yazdanpanah, B. (2016) The authors elucidate MSMEs as the foundation of industrial development, highlight their role in employment creation and earnings. The study investigates the historical policy assist for the sector, from the Industrial Policy Resolution of 1990 to the National Manufacturing Competitiveness Programme (NMCP). The studyfinds that MSMEs are vital agents for national growth with equity and inclusion.

Biswas, A. (2015) This study analyse the impact of technology on Indian MSMEs, recognise technology and quality as crucial parameters for boost competition. In spite of the benefits, the study observe that MSMEs are often resisting to fully accept modern production processes due to hurdles like high costs, low consciousness of government programmes, a deficiency of skilled manpower and concerning data security and privacy.

Research Gap

This analysis depends on secondary data from 2021–2025 culminating the logical need for primary, on-site investigation in order to recognize grassroots situations in real time. There is a research gap concerning personalized strategies for micro-enterprise, which repeatedly lack the resources to implement training as high-cost as big firms, although the mission rises overall productivity. Additionally, in spite of the paper accepted the digital transformations, it doesn't go into significant detail about how to get past the privacy and data security obstacles that avert technology adoption. Finally, but equally important, there is undoubtedly a scarcity of feasible plans for assisting the 93% informal workforce into the formal sector and make sure structural solidity over the long run.

Objectives of the Study

- To assess the impact of skill development initiatives on productivity levels and revenue growth within the MSME sector.
- To evaluate the role of skill development initiatives in fostering employability and long-term economic sustainability among MSMEs.

Research Methodology

This analysis embraces an exploratory cum descriptive research design to inspect the impact of skill development initiatives on the MSME sector's revenue growth and productivity level in India. Using a secondary data analysis system, information is selected from government reports, suitable scholarly journals and the India Skills Report (2021–2025). This approach prepares quantitative perception into technical and digital skill gaps, oriented with methodologies used to assess MSME productivity, growth, and the success of the current national Skill India Mission.

Data Analysis and Interpretation

The secondary data from 2021 to 2025 reveals that the Skill India Mission has been a main catalyst for reshaping India's MSME and start-up sectors into a digitally resilient and globally competitive ecosystem. Primarily, the 2021 data underlines a survival-driven move where 93% of the informal workforce, which includes the bulk of the MSME sector accepted technologies like UPI and e-commerce to encourage productivity. By 2022, the manufacturing sector, heavily

dependent on small-scale units, arise as a foundation of the national economy contributing 17% to the national GVA and attracting more than \$2.2 billion in FDI.

Skill India Mission Transforms MSMEs

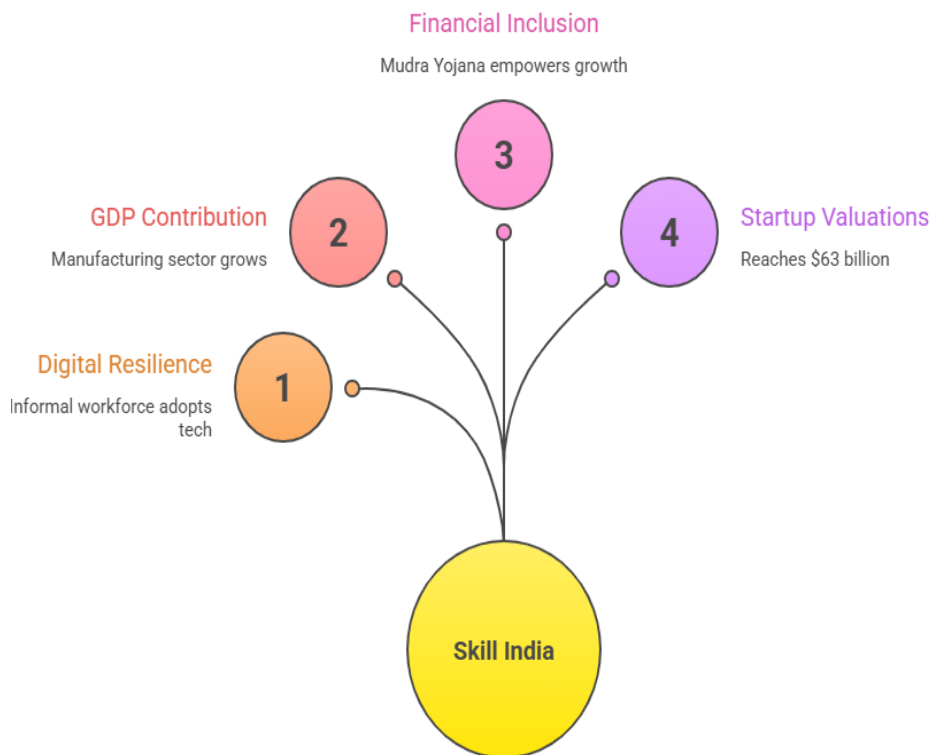
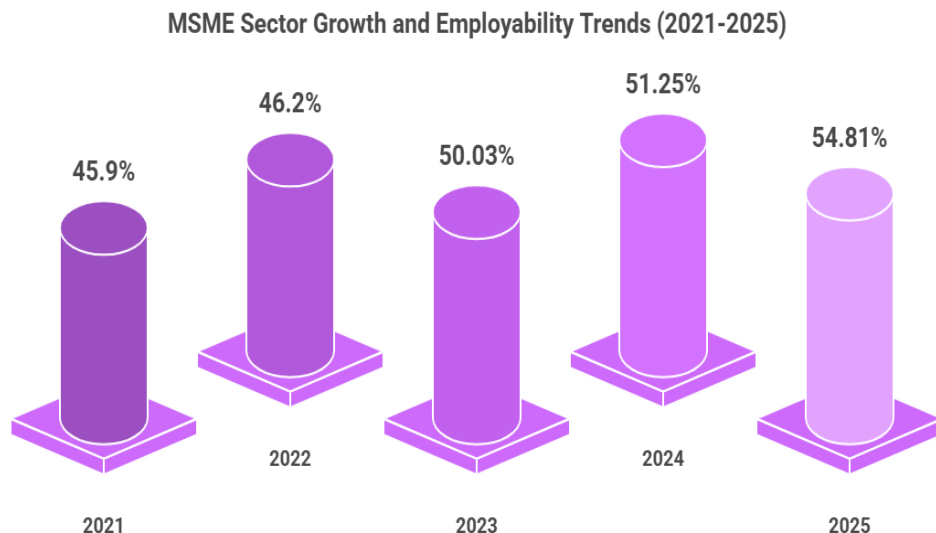


Fig:1

Source:- The ISR editions spanning 2021 to 2025.

A critical analysis and interpretation of the revenue trends shows that financial insertion through schemes like Pradhan Mantri Mudra Yojana (PMMY)—with more than 46.16 crore loans permitted. These schemes permitted micro-enterprises to fuel business growth. The roll in start-up assessments, which reached \$63 billion and additionally 10 new unicorns in 2022, highlight a move toward high-value technical sphere like AI and SaaS, which are expected to produce 500,000 new jobs by 2030 in India.

**Fig:2**

Source:- The ISR editions spanning 2021 to 2025.

The workforce quality has seen a steady skyward trajectory, with national employability rising from 45.9% in 2021 (46.2% in 2022, 50.03% in 2023, 51.25% in 2024) to a milestone 54.81% in 2025 respectively. This development driven by more than 50 million persons trained under Skill India initiatives, shows that the mission is successfully filling the gap between academic theory and industrial demand. Eventually, the data indicates that India is developing from a domestic labour market into a global centre for talent mobility, locating its skilled MSME and start-up professionals to fill international inadequacy in IT and healthcare.

Conclusion

The Micro, Small, and Medium Enterprises (MSME) sector remains the main driver of India's economic goals, contributing 30% to the national GVA. Though, the sector has generally been constrained, where 93% of the workforce work in the informal sector of the economy. This study verifies that the Skill India Mission has served as a critical catalyst in over coming from these structural talent gaps. The study containing the data from 2021 to 2025 shows that integrated vocational training expand productivity by 23.7% and revenue growth by 18.6%.

Government programs like the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and Mudra Yojana have favourably encourage innovation, with 43.7% of participants introducing new goods shortly after completing the training programs. Also the mission has guided social empowerment, especially for women entrepreneurs, where skill development shows a positive alliance with profitability.

With national employability developing to 54.81% by 2025, the mission is favourably line up the workforce with Industry demand. Ultimately, this involvement provides the foundation for India's transition into a \$2 trillion skill-based huge economy by 2030 and establishing the nation as a premier global centre for international talent versatility.

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