

An Assessment of Regional Disparities in MSME Distribution Across Maharashtra

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Abstract: *One of the economic backbones of the Maharashtra economy is the MSME Sector. It supports industrial development, contributing to employment generation, entrepreneurship, production and regional economic growth. In Maharashtra, the distribution of Micro, small, and medium enterprises is not equally distributed in each and every district. There are reasons such as geographical conditions, government development policies, lack of facilities, etc. The present study aims to assess the regional disparities in the distribution of MSMEs across the 36 districts of Maharashtra and to identify the major factors responsible for these disparities. The study adopts a descriptive research design and is based on secondary data obtained from government and MSME-related sources. Also, the study shows that MSMEs are more concentrated in economically developed and urbanised districts having better infrastructure, transportation and logistics, access to finance, skilled manpower and market opportunities. In contrast, rural, tribal and less-industrialised districts face problems related to infrastructure, finance, skilled labour and market accessibility. From this study, it is clear that Pune district is the leading MSME sector rather than Mumbai.*

Keywords: MSMEs, Regional Disparities, District-wise Distribution, Maharashtra, Industrial Development, Regional Development, MSME Concentration

1. Introduction

Micro, small, and medium enterprises (MSMEs) are the backbone of the economy. There are various sectors that are essential for the Indian economy. There are four main sectors. Primary sector, secondary sector, tertiary sector and quaternary sector. The primary sector relates to natural resources like agriculture, fishing, mining, etc. The secondary sector relates to manufacturing and construction. tertiary sector relates to services like banking, healthcare, education, etc., and the quaternary sector includes IT field research work. Enterprise who are manufacturing come under the secondary sector, like textile, food processing, etc. and the MSME which are service providing comes under the tertiary sector, like logistics companies. They drive local growth, create jobs, contribute nearly 30% to GDP, and account for about 45% of manufacturing output and exports. MSMEs contribute substantially to India's Gross Domestic Product (GDP) through manufacturing, services, and trade activities. They support overall economic growth by increasing production and income. MSMEs promote industrialisation by establishing manufacturing and service enterprises in urban as well as rural areas. They encourage the development of ancillary industries that support large-scale industries. MSMEs encourage first-generation entrepreneurs by providing opportunities to start businesses with comparatively lower capital requirements. Government schemes and financial support further promote entrepreneurship. The state has one of the largest MSME ecosystems in India. Districts such as Pune, Mumbai, Thane, Nashik, Nagpur, Kolhapur, and Chhatrapati Sambhaji Nagar (Aurangabad) have strong MSME clusters in sectors including engineering, automobiles, textiles, food processing, pharmaceuticals, and information technology. MSMEs contribute significantly to Maharashtra's industrial output, exports, and employment while also helping develop emerging industrial districts. However, their distribution is uneven, making the study of regional disparities in MSME distribution across Maharashtra highly relevant.

2. Literature Review

Deshmukh (2025), in the study "Regional Disparities in MSME Performance: A Comparative Study of Western Maharashtra and National Trends (2018–2025)," examined regional differences in MSME performance within Western Maharashtra. The study focuses on the districts of Pune, Kolhapur, Satara, and Sangli. Also, the study compares Maharashtra state with other leading states such as Gujarat, Tamil Nadu, and Uttar Pradesh. The study was based on a mixed-method approach. Data are from Udyam registration records, GST compliance filings, MSME annual reports and semi-structured interviews.

The findings of the study say that Pune exhibited the highest MSME density, digital penetration, and access to formal credit. Sangli lagged because of less developed infrastructure, digital connectivity, and financial inclusion. The study also found that Gujarat performed better than Maharashtra in GST compliance. Whereas Tamil Nadu outperformed Maharashtra in cluster development. The productivity analysis indicated that urban MSMEs had substantially higher labour productivity than rural MSMEs.

The study concluded that although Maharashtra is one of India's leading MSME states, considerable intra-state disparities continue to exist, particularly between urban and rural districts. and investment. More investment is needed in rural districts in digital infrastructure development and a safe environment for business to balance disparities. and promotion of women-led entrepreneurship. Shule in priority to achieve balance regional development I context of enterprises.

Andhale and Rath (2025), in their study of "Geographical Dispersal of the Manufacturing Industry in India," examined the distribution and dispersal of India's manufacturing industry. The research focused on how manufacturing activities expand from established industrial clusters to relatively less industrialised regions between 2002 and 2018.

This study includes not only the administrative boundaries but also takes into account manufacturing plant locations across the country. It identifies patterns of industrial clustering and geographical expansion.

This study used plant-level data on newly completed manufacturing projects from the Projects. Density-Based Spatial Clustering of Applications with Noise (DBSCAN) algorithm is applied to identify the industrial clusters and to analyse their spatial characteristics.

The findings revealed that manufacturing industries in India remain highly concentrated in a few established industrial clusters. They are creating significant regional disparities in formal industrial employment. The study also found that industrial clusters frequently extend across state and district boundaries. Developed regions attract new industries. The automobile component industry exhibited strong regional concentration within larger manufacturing clusters, particularly in northern and southern India.

Rajhansa and Bansode (2024), in their study "**Exploring Ecosystem Dynamics and Their Effect on MSMEs in Pune**," examined how various components of the MSME ecosystem influence the growth and sustainability of enterprises in Pune district. The study focused on the ecosystem of business, financial accessibility, which is essential for growing businesses, technology adoption, institutional support, market availability, and the regulatory environment. The main aim of the study is to evaluate the impact of these ecosystem factors on MSME performance, in terms of enterprise growth, employment generation, and business sustainability.

For the study, secondary data were collected from the Udyam Registration Portal, MSME Annual Reports, Reserve Bank of India (RBI) reports, IBEF publications, industry reports, and other government databases. The statistical techniques used for the analysis included percentage analysis, frequency distribution, and comparative trend analysis to examine the relationship between ecosystem support mechanisms and MSME development in Pune.

The findings of the study revealed that Pune possesses a comparatively strong MSME ecosystem due to its well-developed institutional infrastructure, industrial clusters, and supportive policy environment. On the other hand, persistent challenges, including limited access to institutional credit for smaller enterprises, inadequate digital readiness among many MSMEs, and shortages of skilled manpower, lead to a decreased number of MSMEs.

Turkar, Badhe, and Jaybhave (2024), in their study "**Spatiality of Disparities in Socio-economic Development of Vidarbha Region, Maharashtra**," examined the spatial pattern of socio-economic disparities within the Vidarbha region of Maharashtra. The objective of the study was to assess the level of socio-economic development across the 120 blocks of Vidarbha and identify intra-regional inequalities. The study adopted Friedman's Core-Periphery Model as the theoretical framework to explain variations in regional development.

The study employed a quantitative research design using secondary data collected at the block level. composite socio-economic development index was constructed using 30 indicators. It covers demographic, economic, social, and infrastructural dimensions. Statistical techniques are used for the study to classify the blocks into different levels of development, ranging from highly developed to less developed. Spatial analysis is used to identify regional patterns of inequality.

The findings show that highly developed blocks were concentrated around district headquarters and urban centres, where better infrastructure, higher urbanisation, improved educational facilities, and greater economic opportunities were available. In contrast, less-developed blocks were predominantly located in remote, forested, and tribal areas characterised by poor infrastructure, limited economic activities, and inadequate social services. The results supported Friedman's Core-Periphery Model, demonstrating that core regions attract greater investment and development, while peripheral regions continue to lag.

Shinde and Pandkar (2023) studied **regional imbalance in Maharashtra with special reference to Marathwada**. The findings of the study show that Marathwada faces significant disparities in per capita income, industrial development, education, infrastructure, health and credit availability. Marathwada accounted for only 13.4% of MIDC industrial units and 8% of industrial investment, indicating weak industrial development. The study concluded that special government policies, improved infrastructure, investment and effective implementation of development-board recommendations are necessary to reduce regional disparities.

Objectives of the study

- To examine the district-wise distribution of MSMEs in Maharashtra.
- To identify regional disparities in MSME concentration.
- To identify reasons behind disparities in MSMEs
- To suggest policy measures for balanced regional MSME development.

3. Methodology

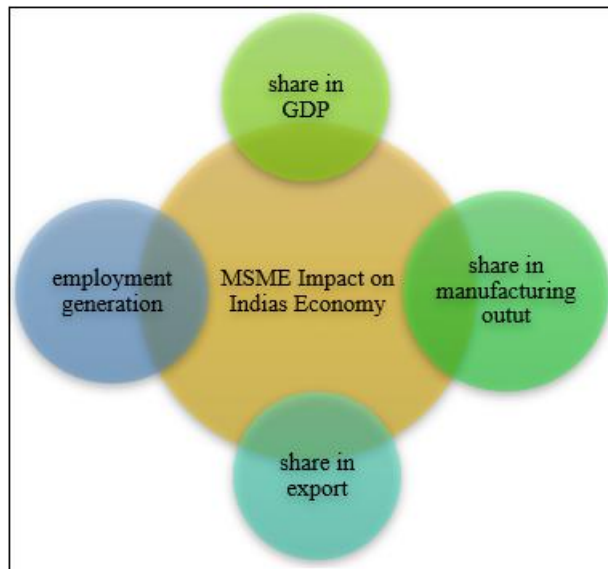
The research design is descriptive, the data source is secondary, and the geographical area is Maharashtra state, India

In the study, the dependent variable is the number of MSMEs, and the independent variables are population area, urbanisation, industrial development, and district income. The study covers 36 districts in Maharashtra state.

Global Perspective of MSME

Across India, MSMEs account for 30% of GDP and up to 35% of total manufacturing output. After agriculture, which is a main source of livelihood, MSMEs are the second-largest job provider in the country.

MSME impact on India's Economy

**Figure 1**

Source: Ministry of Economy

The contribution of MSMEs is 30% of GDP, 35.4% of Manufacturing, 48.58% of exports, and 38.9% of employment generation.

Table 1

Category	Investment in Plant/Machinery/Equipment	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

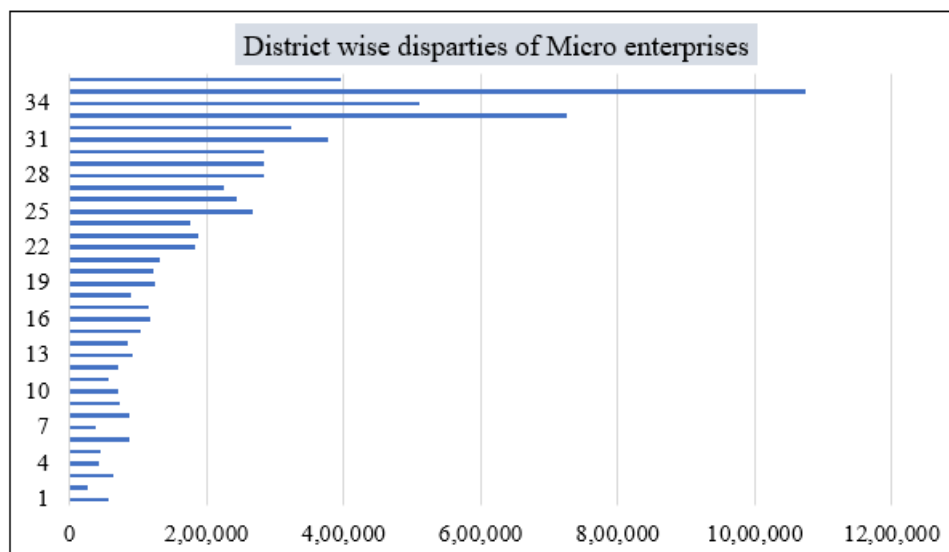
MSME in Maharashtra

Maharashtra has 7,336,363 registered MSMEs, more than any other state in India. That is close to 73.4 lakh enterprises, and it works out to 15.6 per cent of the national total of 4.72 crore. No other state comes near it, and that gap over the rest of the country is the real story of MSME registration in Maharashtra.

Total MSME registrations are 7,336,363 (about 73.4lakh) and share of India's MSME registration: 15.6 percent. Enterprise splits into 98.9 percent micro, 1.0 percent small, and 0.1 percent medium.

District wise dispirits of Micro, Small and Medium Enterprises as per registration in Maharashtra state

According to data published by the government MSME registration report, **Micro enterprises** range from 27,432 in Gadchiroli district to 10,73,994 in Pune district. The following chart shows variations of micro enterprises across all 36 districts in Maharashtra.

**Figure 2**

In the above Figure No 2, district disparities of micro enterprises have been shown. The lowest number of micro enterprises is in Gadchiroli, a total of 27,432, and the highest micro enterprises are in Pune, a total of 10,73,994.

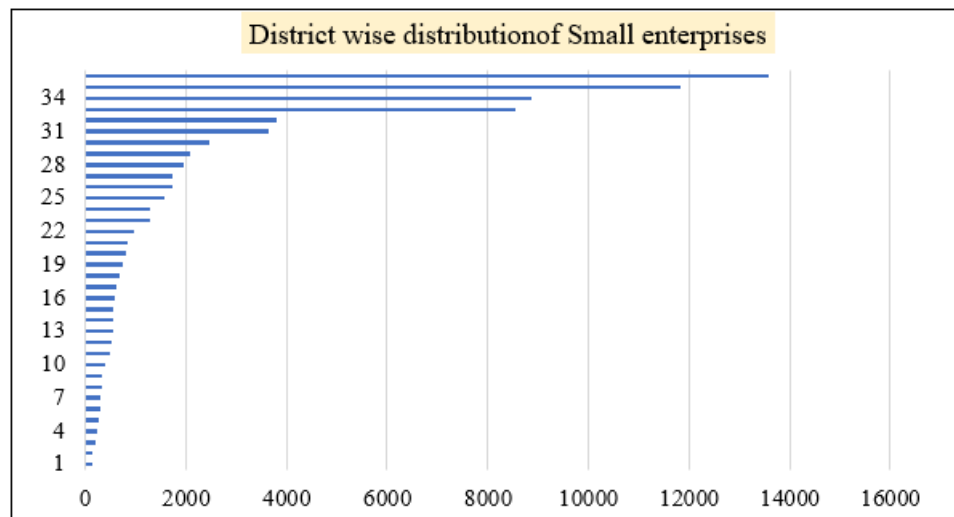


Figure 3

Above figure no 3, shows district-wise total registered small enterprises across all over 36 districts. As per the study, the lowest registered district is Sindhudurg; the total number of MSMEs registered is 127, and the highest number is Mumbai; the total number of MSMEs registered is 15,575.

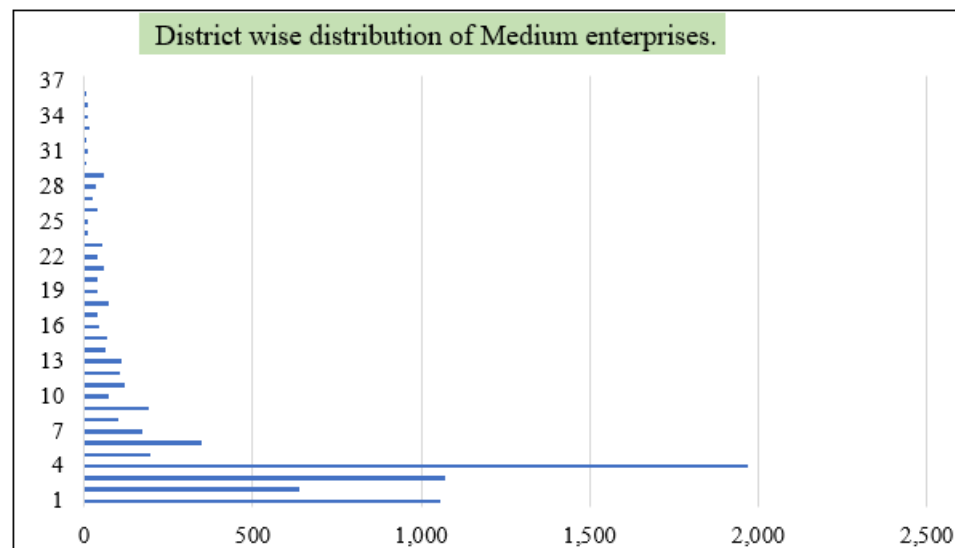


Figure 4

The above chart shows the lowest and highest registered medium enterprises in the district.

The lowest number of medium enterprises belongs to Sindhudurg district total number is 03, and the highest

medium enterprises are in Mumbai; the total number is 1,969. The result is the same as per small-size enterprises in the same districts, Sindhudurg and Mumbai.

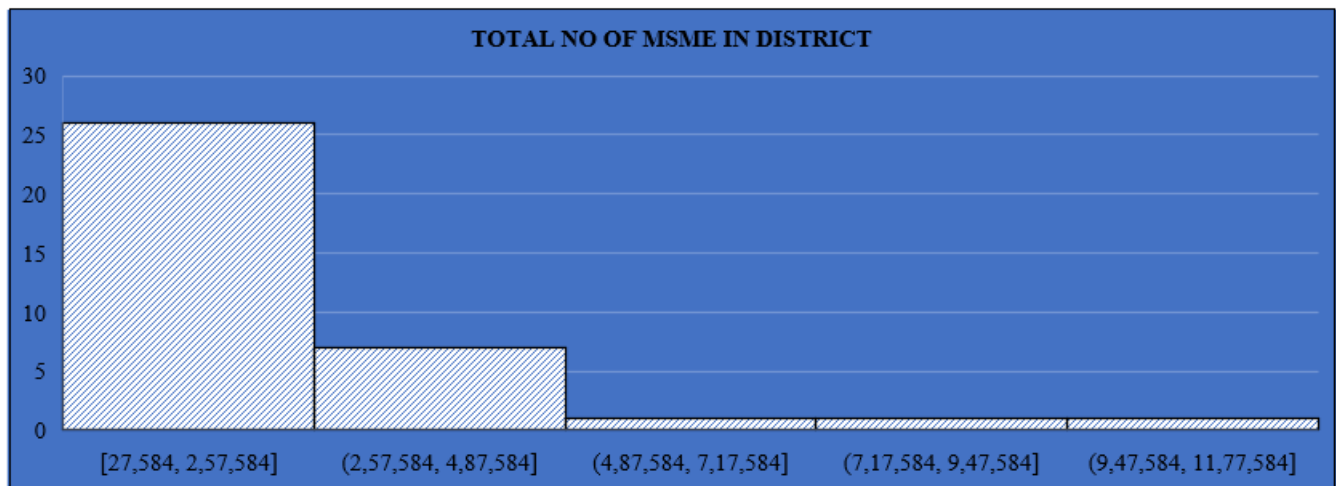


Figure 5

In the above Figure No. 5, the total number of micro, small and medium enterprises is given in different districts of Maharashtra state. A classification of groups is made according to the total number of MSMEs. first group is from lowest 27,584 to 2,57,584, second is 2,57,584 to 4,87,584, third group is 4,87,584 to 7,17,584, fourth is 7,17,584 to 9,47,584 and the fifth group is 9,47,584 to 11,77,584.

In the first group from 27,584 to 2,57,584, there is a total of 26 districts. The lowest level of district Gadchiroli has a total number of 27,584 MSMEs. Second is Nandurbar district, which shows a total of 39,566 MSMEs. The third district is Hingoli; the total no of MSMEs is 42,917. The fourth district is Washim, which has a total of 45,961 MSMEs. Then the fifth district is Sindhudurg, which has a total of 57,216 MSMEs. sixth district is Gondia total of 57,722 MSMEs.

seventh district is Bhandardara which has a total of 64,652 MSMEs. eighth district is Wardha total number of MSME is 71,217. Subsequently, Dhule 72736 MSME, Parbhani 73509 MSME, Chandrapur has 86,778 MSMEs, Dharashiv(Osmanabad)) 86974 MSME, Ratnagiri has total 87938 MSME, Akola 90171 MSME, Yavatmal 93527 MSME, Jalna 1,04,573 MSME, Buldhana 1,16,680 MSME, Beed has 1,19,407 MSME, Latur has 122920 MSME, Nanded 124582 MSME, Amravati has 1,33,860 MSMEs, Sangli 1,76,923 MSME, Satara 1,85,420, Jalgaon 1,89,465, Palghar 2,26,440.raigad 247144MSMEs.

The second group, which is from 2,57,584 to 4, 87,584 has total 7 districts. Solapur district has 2,69,881 MSMEs. Chatrapati Sambhajinagar (Aurangabad) has 2,85,325 MSMEs, Ahilyanagar (Ahmednagar) has 2,86,002 MSMEs, Kolhapur 286,012MSMEs, Nagpur has 3,27,633 MSMEs, Nashik has 3,81,769 MSMEs, and Mumbai has 4,12,015 MSMEs.

In the third group, which is from 4,87,584 to 7,17,584, there is only one district, which is Mumbai Suburban, which has a total of 5,20,351 MSMEs.

The fourth group, from 487584 to 947584, also has one district, Thane, with a total of 7,34,608 MSMEs.

And the last group, which is from 9,47584 to 11,77,584, include only one district, which is Pune. It has 10,86,885 total MSMEs.

Thus, the analysis shows that the largest number of MSMEs fall in the first classification group, from 27,584 to 2,57,584.

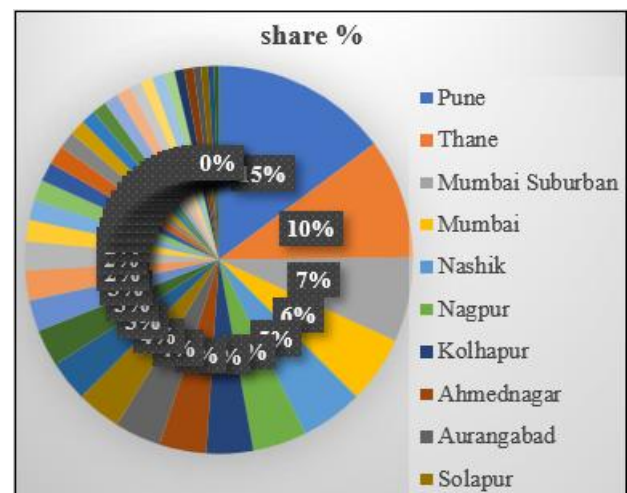


Figure 6

The district-wise distribution of MSMEs in Maharashtra shows considerable variation in their share across districts. Pune has the highest share of MSMEs at 14.8%, followed by Thane with 10.0% and Mumbai Suburban with 7.1%. Mumbai accounts for 5.6%, while Nashik and Nagpur contribute 5.2% and 4.5%, respectively. Kolhapur, Ahilyanagar (Ahmednagar) and Chatrapati Sambhajinagar (Aurangabad) each have a share of 3.9%, followed by Solapur at 3.7%, Raigad at 3.4%, and Palghar at 3.1%. Jalgaon contributes 2.6%, while Satara and Sangli account for 2.5% and 2.4%, respectively. Amravati has a share of 1.8%, whereas Nanded and Latur each contribute 1.7%. Beed and Buldhana account for 1.6% each, followed by Jalna at 1.4%. Yavatmal contributes 1.3%, while Akola, Ratnagiri, Dharashiv (Osmanabad) and Chandrapur each have a share of 1.2%. Parbhani and Dhule account for 1.0% each, while Wardha also contributes 1.0%. Bhandara has a share of 0.9%, Gondia and Sindhudurg each account for 0.8%, and Washim and Hingoli contribute 0.6% each. Nandurbar has a share of 0.5%, while Gadchiroli has the lowest share at 0.4%. Overall, the distribution indicates that MSMEs are highly concentrated

in major industrial and urban districts such as Pune, Thane, Mumbai Suburban and Mumbai, while comparatively smaller shares are observed in several less industrialised and predominantly rural districts.

Reasons for disparities in MSMEs in Maharashtra

As per the study, MSMEs in Maharashtra are concentrated highly in developed districts like Pune, Mumbai Thane etc. Similarly, in districts like Gadchiroli, Washim, Hingoli, they have a smaller number of MSMEs. There are numerous reasons. Districts like Pune, Thane, Nashik, Nagpur have adequate infrastructure, transport systems, and logistic networks. On the other hand, some district has rural and tribal districts; they lack basic needs of industry development like transport systems. Also, they have equal financial access. Metropolitan cities have access to venture capital and a banking network. Rural entrepreneurs face tough challenges to get capital in built businesses and severe processing hurdles. In Marathwada and Vidarbha, farming issues due to weather and water affect local capital-raising capacity and customer purchasing power.

To start a new business, there is a need for capital finance. But due to continuous economic stress results into demotivated new entrepreneurs. Urban enterprises get skilled labour from developed regional areas. Also, they have access to skilled labour from regional technical institutes. Rural backward districts suffer from advance training hubs and brain drain. One of the biggest reasons is market availability. Large consumer base is the key to any business success. Corporate structure and export gateways give urban districts a natural advantage in supply chain contracts.

4. Findings

- 1) The study found considerable disparities in the distribution of MSMEs across the 36 districts of Maharashtra. MSMEs are not evenly distributed across the state, with a high concentration in a few developed and urban districts.
- 2) Pune has the highest concentration of MSMEs in Maharashtra, accounting for 14.8% of the total MSMEs. It has approximately 10,86,885 MSMEs, indicating its strong industrial, commercial, infrastructural and market advantages.
- 3) Thane, Mumbai Suburban and Mumbai also have relatively high shares of MSMEs, with 10.0%, 7.1% and 5.6%, respectively. Nashik and Nagpur also have significant shares of 5.2% and 4.5%.
- 4) Gadchiroli has the lowest MSME share at only 0.4%, followed by Nandurbar at 0.5% and Washim and Hingoli at 0.6% each. This indicates the weaker presence of MSMEs in several less-developed and predominantly rural districts.
- 5) The number of micro enterprises ranges from 27,432 in Gadchiroli to 10,73,994 in Pune.
- 6) Mumbai has the highest number of registered small enterprises (15,575) and medium enterprises (1,969), while Sindhudurg has the lowest, with 127 small enterprises and only 3 medium enterprises.
- 7) Developed districts such as Pune, Thane, Nashik and Nagpur have better infrastructure, transportation and

logistics networks, which support the establishment and growth of MSMEs.

- 8) Urban and developed districts have better banking networks and access to formal finance and investment, whereas entrepreneurs in rural and backward districts face greater difficulties in obtaining capital.
- 9) Developed districts have better access to skilled workers and technical institutions. In contrast, backward districts face shortages of skilled manpower.
- 10) The study confirms that Maharashtra's MSME sector is highly concentrated in major industrial and urban centres, while several rural, tribal and less-industrialised districts have substantially lower MSME participation.

5. Conclusion

The study concludes that there are substantial regional disparities in the distribution of MSMEs across Maharashtra. Although Maharashtra has a very large MSME ecosystem, its distribution is highly uneven among the 36 districts. Pune, Thane, Mumbai Suburban, Mumbai, Nashik and Nagpur have emerged as major MSME centres, while districts such as Gadchiroli, Nandurbar, Hingoli, Washim and Sindhudurg have relatively low concentrations of MSMEs. Therefore, balanced MSME development in Maharashtra requires district-specific and region-specific policy interventions. Greater investment in infrastructure, transportation, digital connectivity, institutional finance, skill development and industrial clusters is necessary in less-developed districts. Special attention should also be given to improving market linkages and entrepreneurial opportunities in rural and backward regions. Overall, reducing regional disparities in MSME distribution is essential for achieving more inclusive industrialisation, employment generation and balanced economic development across Maharashtra. The state should therefore focus not only on strengthening existing MSME clusters but also on creating favourable conditions for MSME development in underdeveloped districts.

6. Suggestions

- 1) The government should give priority to districts having a low concentration of MSMEs, particularly rural and tribal districts.
- 2) New MSME industrial clusters should be developed in backward districts to encourage industrialisation, create employment and reduce the excessive concentration of enterprises in major urban centres.
- 3) Skill-development and technical training centres should be established or strengthened in districts with a shortage of skilled labour.
- 4) Entrepreneurship development programmes should be organised in rural and less-developed districts to encourage new entrepreneurs, particularly first-generation entrepreneurs.
- 5) A common policy may not be sufficient for all districts because the level and nature of disparities differ. Therefore, MSME policies should be designed according to the specific economic, infrastructural and social conditions of each region.
- 6) Government incentives such as subsidies, tax benefits and easier regulatory procedures can be used to attract

private investment and encourage the establishment of MSMEs in backward districts.

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