

## **Emerging Trends in the Service Sector of MSME (Micro, Small and Medium Enterprises)**

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### **Abstract**

The article focuses on growing developments in the service sector of MSME (Micro, Small, and Medium Enterprises). As trends became an integral element of the MSME, it is critical to evaluate and comprehend developing trends in the service industry. In this post, we will take a thorough look at one specific business within the MSME service sector. We will provide a detailed explanation and appraisal of the current trends in the beauty industry, which is one of the fastest growing industries in MSME. Beauty sector plays a critical part in shaping up the better economic potential of this Micro Small and Medium businesses; it has a broader scope than envisaged in the contribution to the success of MSME and also.

### **1. Introduction to MSME**

Over the past 50 years, the Micro, Small, and Medium-Sized Enterprises (MSME) sector in India's economy has become a highly dynamic and lively one. The country's economic and social development is greatly aided by it, as it creates the greatest number of employment opportunities at comparably cheaper capital costs, second only to agriculture, and encourages entrepreneurship. MSMEs are supplementary to big businesses as auxiliary units, and this industry makes a substantial contribution to the nation's inclusive industrial development. MSMEs are expanding into new economic areas and offering a wide range of goods and services to satisfy both local and international consumer demands.

As auxiliary businesses, Micro, Small, and Medium-Sized Enterprises (MSMEs) support sectors and make significant contributions to the nation's overall industrial development. These businesses are involved in the manufacture, processing, and production of commodities and goods.

## **2. Introduction to Service Sector in MSME**

Everything that grows alters its structure. A expanding economy alters the proportions and interrelationships between agriculture, industry, and services, as well as between rural and urban areas, public and private sectors, and domestic and export-oriented activities.

An economy's structure can be determined by examining how the three major sectors—agriculture, industry, and services—contribute to the overall output and employment of the nation. Even though it is the most significant sector in developing economies, as per capita income rises, the industrial and then service sectors take over as the agricultural sector becomes less significant. Industrialization and post-industrialization, sometimes known as "deindustrialization," are these two successive changes. These phases are common to all developing economies, and they can be explained by structural shifts in consumer demand as well as in the relative labor productivity of the three main economic sectors.

The businesses are divided into two categories in line with the Micro, Small, and Medium Enterprises Development (MSMED) Act of 2006. Manufacturing enterprises are those that produce or manufacture things in any sector of the economy. Businesses that provide or deliver services are known as service enterprises.

Indeed, manufacturing has a significant role. But there are also a lot of MSMEs in the services industry. The government's recent decision to classify wholesale and retail trade as MSMEs indicates that these businesses confront similar issues to those in the industrial sector and that they too need to modernize," the speaker stated. The pandemic's effects on this industry have been severe.

The four properties of service are intangibility, inseparability, variability, and perishability. Because services are intangible, making and delivering them is more complex than producing products. High demand for services as a final product: The services sector took off as companies from overseas, particularly industrialized nations, outsourced their banking, computer, communications, and advertising operations to India. The service industry saw rapid expansion as a result of this strong demand.

## **3. Introduction to Beauty Industry under MSME**

The majority of establishments categorized as beauty salons provide both nail and hair

styling services. Additionally, aesthetician-performed skin care services including facials, exfoliating scrubs, and anti-aging methods may be available at beauty salons.

The MSME code for beauty parlor, this Section also includes information on other related activities such as face massage, manicure, and makeup. The activity code for these activities is **96020**.

#### **4. Objectives of the Study**

1. Understanding emerging trends in the MSME.
2. Gain an understanding of new trends in the MSME service sector.
3. To investigate the role of the Service Sector in MSME.
4. Role of the Beauty Industry.
5. Economic Contribution of the Beauty Industry to the Nation.
6. Overview of Emerging Trends in the Service Sector.
7. To comprehend employment generation in the service sector.
8. The Importance of Beauty Industry in Creating Job Opportunities.
9. MSME's Contribution to GDP.
10. A range of services offered by MSME's service sector.

#### **5. Research Methodology**

1. Previous Research Papers
2. Text Books
3. News Papers
4. Online Articles
5. Individual Study

#### **6. Challenges Faced By MSMEs**

MSMEs have enormous growth potential, but they face a number of challenges in their development:

- **Finance Access:** Getting funding is one of the biggest obstacles. MSMEs frequently have trouble obtaining financing because of their high-risk profiles and lack of collateral.

- **Infrastructure Restrictions:** MSMEs' ability to expand may be hampered by inadequate infrastructure, such as shoddy transportation and unstable utilities.
- **Regulatory Burdens:** Entrepreneurs may be deterred from starting or growing their MSMEs by intricate and expensive rules.
- **Limited Technical Knowledge:** MSMEs may find it difficult to adopt contemporary business methods if they do not have access to information and technology.
- **Market Challenges:** Due to their limited resources and marketing skills, MSMEs may have trouble breaking into larger markets.

## 7. Impact of the Emerging Trends in Service Sector of MSME

*Economic Growth:* The majority of the nation's economic production is derived from the service sector. In India, the services sector accounts for more than 50% of the GDP.

*Employment Creation:* In India, the service industry is a significant employer.

## 8. Emerging Trends in the Beauty Industry

One of the global leaders in marketing and technological advancements is still the beauty and self-care industry. Prominent companies effectively employ novel approaches for attracting and retaining customers, exhibit their products through augmented reality, and challenge established business methods. Let us examine the developments in the beauty sector for 2024 and their implications for the market and consumer behavior.

- **Organic goods:** There is a growing market for organic goods. Modern customers are growing more concerned about their health and want to know what's in the items they use for personal hygiene. These customers are moving more and more toward companies that use natural ingredients, adhere to moral manufacturing practices, and provide cruelty-free, vegan products. Despite being more costly and having a shorter shelf life than conventional chemical-based branded products, organic and ethical products are becoming more and more popular. To draw in clients, MSMEs in the cosmetics sector are quickly implementing these natural, handmade goods.
- **Demand for Multipurpose Products is Growing:** Everyone wants to look presentable but not too formal in today's fast-paced world. Nobody has the time to undergo so many steps just to appear presentable. For this reason, people are choosing things that may save them time and have several uses. For example, the majority of foundations now provide features like sun protection, moisturizing care, and primer-

based, pore-clogging-free formulas, which sell for more than a standard foundation because they offer several advantages to the skin at the same price. Ideas such as this are allowing business owners to create new and creative ways to draw in more customers.

- **Vegan Cosmetics:** The vegan movement has taken the world by storm, and the cosmetics industry is no different. Animal products were widely used in the beauty industry's product manufacture. However, as veganism has become increasingly popular around the world, producers are avoiding using animal products. An easily launched vegan cosmetic manufacturing sector could prove to be a profitable venture.
- **Edible Cosmetics for Beauty:** The fine line that was previously distinguished between health and beauty—a distinction made by chemical-based beauty regimens—has become less distinct in recent years as an increasing number of goods have a wellness focus. People are searching for products that can provide them both inside health and, eventually, outside radiance as they become more conscious of the connection between outer beauty and inner wellness. This is the driving force behind the idea of edible beauty cosmetics developed by cosmetic corporations. Some of the inventive cosmetic products that are becoming more and more well-liked by customers include chocolates that fight acne, lip washes, and edible lipsticks.
- **Marketing with Influencers:** In the beauty business, influence is a valuable instrument that is frequently underutilized. According to surveys, 88% of consumers believe the opinions of strangers and up to 67% of buyers look for information about beauty goods from social media influencers. The primary target demographic is Generation Z. It's important for beauty firms to consider who online represents their products. The ideal candidate will be someone who can truly convey the brand's vision to their audience and who fully supports it. When buyers of cosmetics witness the desired product being used by actual, reliable people, it can prompt a purchase.

## 9. Findings

1. Consumers are selecting from a large assortment of organic products.
2. An uptick in the growth of entrepreneurship.
3. An expansion of the national economy.
4. Creation of Job Opportunities.
5. The Sustainable Development Agenda.

6. Diminishes Uneven Distribution.
7. Advances the Empowerment of Women.
8. Creating Opportunities for Digital Employment.
9. Growth in the quantity of MSMEs.
10. Permits workers to have adjustable hours.

## **10. Suggestions**

1. A broad range of subsidies must be offered.
2. A considerable portion of small-scale industries may also involve men.
3. The public needs to be well informed about all of the plans.
4. Appropriate Distribution and details on the appropriate distribution of resources.
5. Offering an extensive array of programs for skill development.
6. In lieu of taxes, subsidies.
7. Offering aid with technology.
8. Supplying monetary support.
9. Offering assistance with marketing.
10. Offering appropriate programs for the growth of entrepreneurship.

## **11. Conclusion**

Based on the facts provided above, it is possible to infer that the beauty industry plays a major role in the flourishing of micro, small, and medium-sized businesses, helping them expand their reach and contribute to overall growth. The beauty industry plays a critical role in shaping the future of the nation by boosting employment opportunities, expanding the scope for entrepreneurship, empowering women, supporting sustainable growth and development, and resolving regional imbalances. All of these factors contribute to the nation's income being promoted to an ultra level. The entrance of vegan, DIY, and organic items into the MSMEs in the cosmetics sector is a huge developing face that has assisted this particular business in leaving a lasting impression on the competition.

## **Reference**

- [1] MSME's in Emerging India by Mitali Chinara and Himanshu Shekar Raut
- [2] Articles from the Government Website