

RECENT DEVELOPMENTS AND PERFORMANCE METRICS OF MICRO SMALL AND MEDIUM ENTERPRISES IN INDIA

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Abstract

MSME sector has glittered as a highly energetic sector and this contributes significant impact to the economic, social, and also collective industrial progressive in the country. The MSME unit strengthens their area on various sectors of the financial system which supports stronger economy in the nation, manufacturing multiple commodities and services to fill the gap in the national and international markets requirements. This paper shows the current position of the MSME sector and its performance. Secondary data were drawn from the yearly report 2020-2021 published by the Ministry of MSME. The study also examine the estimated number of MSMEs, enterprise distribution, ownership type, gender-wise and social category-wise, employment in the MSME sector, pattern in the number of enterprises and value of assets in the market. This articles concludes with the role of MSMEs are highly remarkable in the modern era and they become a tool for industrial development in the country.

Keywords: Entrepreneurship, MSME, Performance, Rural development

1. INTRODUCTION

Micro, Small & Medium Enterprises sector has turned up as significant portion in the economic growth for more than fifty years. MSMEs are very crucial in creating large number of job opportunities at minimum cost than big industries apart from that also helps in industrialization in the under developed parts, thereby removing regional imbalances, assure more fair distribution of income and wealth in the nation. This sector is gifted to big industries as subsidiary units and this sector supported lot for upliftment of the nation. The MSME contributes more than 48% of exports in India are comes from this sector. There are more than six thousand product varieties from traditional to modern which are being manufacture by MSME in India (MSME.gov.in, Govt. of India). This sector provides significant role source of income and balanced economic development in the country (altaf ahmed 2018). Overall growth of this sector is tremendous and ratio between labour and capital is very high than in the large industries. The enterprises are scattered across the country even manner.

2. REVIEW OF LITERATURE

1. Venkatesh and Muthiah (2012) in their study analyzed the small & medium enterprises paves the way for industrialization in rapid manner and they have become a driven force for expected growth. They highlighted in the study to promote Small Medium Enterprises are very important sector for the financial development in the country.

2. Ms. Jyothi Sharma and Ms. Guneet Gill (2016), in their paper discussed the employment it was eighty million workers with 36 million units also 55% of the units are functioning in backward areas thus removing regional imbalances in the country. The contribution made by

the sector towards GDP accounts for 8%, 45% for total export and producing more than 6000 quality products. The study also explored that micro-enterprises are more in number and category wise more than 67% of units are involved in the manufacturing process. They concluded this sector is highly vibrant and plays a vital sector in economic growth in the nation.

3. Dr. Meeravali S., et al. (2017) in their article examine the performance, initiatives by government and challenges faced by the sector. They found total number of enterprises registered, employment opportunities generated and fixed assets market value shows in upward moving trend. The contributions to GDP by these manufacturing and service units are -1.53 percent and 1.82 percent respectively. They suggests to frame inclusive policy and encourage more skill development measures to develop the industries to raise productivity and elevate the economic growth in the country.

4. Priyadarshini Zanjure (2018), in her article focused on performance evaluation, growth, challenges and future prospectus of MSME. According to the Fourth All India Census of MSME, the number of units, Job opportunities, and fixed assets investments shows an increasing trend and the overall growth rate of MSMEs is in the upward moving trend of 12%. They found this sector provided more than 106 million employment opportunities and contributes 31% to GDP. The study also addresses major problems such as lack of financial support from banks, heavy competition from multinational companies, deprived facilities, Shortage of raw materials, lack of technological advancement and marketing channels. The study concludes that the Government of India has taken a lot of steps to build up this key sector in developing the Indian economy.

5. Dr. Altaf Ahmed (2021), in his article stated that MSME emerged as highly vibrant in creating employment opportunities and industrial production for economic growth. The study highlighted the problems faced by the sector like high bank interest rates, transportation and facilities. The Government has provided a lot of measures to promote the sector but not sufficient to tackle the challenges faced by the enterprises. The study suggests to strengthening the sector by providing cheaper credit facilities, infrastructure development and promoting the products at the national and international level.

3. METHODOLOGY

3.1 Statement of the Problem

The MSME sector suffers lot of difficulties in the operations mainly financial, technological, marketing and labour etc. The effective functions of these enterprises are highly significant in the economic growth and development of the nation. MSME sector already reeling under huge distress because of prolonged economic slowdown, demonization, & GST now finally, for the biggest of all COVID-19 this has annoyed the sector. Hence the present study will be very important in knowing the pre and post status and performance metrics on various items on the MSME sector.

3.2 Objectives

- To explore the present status of MSME units in India
- To analyze the performance of MSME units in India

3.3 Data used

The data has been drawn from the various publications on yearly reports of MSMEs. To explore the recital of MSMEs in India, the required data drawn from the period 2006-2007 to 2015-2016 have been processed and analyzed in various tables.

4. RESULTS AND DISCUSSION

Table 1: Activity & Employment wise Allocation of MSMEs

Activity Wise	Registered Enterprises (` In lakhs)			Share (%)	Employment (` In lakhs)			Share (%)
	Rural	Urban	Total		Rural	Urban	Total	
Manufacturing	114	82	196	31	186	173	360	32
Electricity	0.03	0.01	0.03	-	0.06	0.02	0.07	0
Trade	108	121	230	36	160	226	387	35
Other Services	102	104	206	33	150	211	362	33
Total	324	309	633	100	497	612	1109	100

Source: 73rd Round Survey (2015-16) Annual Report on MSME

From the above figures, it is found that total enterprises engaged and employment opportunities created during the period. Totally 633 lakh enterprises engaged in various economic activities and created 11.10 crore employment opportunities in different sectors on the country.

Table 2: Gender & Social Category wise Allocation of MSMEs

Gender & Social category wise ownership of Enterprises in MSME (in lakhs)									
Category	Gender			Social Category					
	Male	Female	Total	SC	ST	OBC	Others	Not known	Total
Micro	79.56	20.44	100	12.48	4.11	49.83	32.79	0.79	100
Small	94.74	5.26	100	5.5	1.65	29.64	62.82	0.39	100
Medium	97.33	2.67	100	0	1.09	23.85	70.8	4.27	100
Total	79.63	20.37	100	12.45	4.1	49.72	32.95	0.79	100

Source: 73rd Round Survey (2015-16) Annual Report on MSME

From the above it is shows that gender wise & social category wise distribution of Enterprises during the period. In gender wise distribution, male owned 79.63% of enterprises and female owned by 20.37% enterprises. In social category distribution reveals that 12.45% belongs to SC, 4.1% belongs to ST, 49.72% belongs to OBC, 32.95% belongs to others and not known accounted for 0.79%.

Table 3: Category, Gender and Caste group of owner wise Distribution in urban and rural Areas

Sector	Category wise (In lakhs)				Gender (In lakhs)			Social Category (lakhs in figures)					
	Micro	Small	Medium	Total	Male	Female	Total	SC	ST	OBC	Others	Not known	Total
Rural	324	0.78	0.01	324.9	77.76	22.24	100	15	7	51.6	25.62	0.72	100
Urban	306	2.53	0.04	309	81.58	18.42	100	9.5	1	47.8	40.46	0.86	100
Total	631	3.31	0.05	633.9	79.63	20.37	100	12	4	49.7	32.95	0.79	100

Source: 73rd Round Survey (2015-16) Annual Report on MSME

From the above table it reveals that category wise, gender wise and social category wise distribution of enterprises. In category wise, 631 lakh enterprises belongs to micro units, small units belongs to 3.31 lakh and medium units with 0.05 lakh. In Gender wise male dominated the distribution and it owns 79.63% of enterprises and 20.37% belongs to female. In social category wise allocation SC and ST represented 12% and 4% followed by OBC category 49.7% and others were 32.95.

Table 4: State wise Distribution of Enterprises in South India

Year	Tamilnadu	Kerala	Telangana	Karnataka	Andhra
2007-2008	27309	10757	2745	14984	1733
2008-2009	32049	15541	2836	15705	1890
2010-2011	41799	10956	4528	17195	4616
2011-2012	57902	11089	6177	18434	3027
2012-2013	70639	11071	6479	21021	2781
2013-2014	90974	13551	5332	24208	2868
2014-2015	116393	14997	6844	25966	2403
2015-2016	143104	14906	5787	28754	2810
CAGR	0.27	0.05	0.11	0.10	0.07

Source: 73rd Round Survey (2015-16) Annual Report on MSME

According to CAGR, Tamil Nadu is the highest number of enterprises followed by Karnataka, Telangana, Andhra and Kerala. The study found that there is a rising trend in the numbers of MSME. From the above analysis it is clearly shows that MSMEs have proven its performance in the recent years.

Table 5: Performance Evaluation of MSME segment in India

Year	Working MSMEs (In lakhs)	Employment (person in lakh)	Assets in market value (Rs. In crore)	Share of MSME sector in GDP
2006-2007	361.76	805.23	868543.79	35.13
2007-2008	377.36	842	920459.84	35.41
2008-2009	393.7	880.84	977114.72	36.12
2009-2010	410.8	921.79	1038546.08	36.05
2010-2011	428.73	965.15	1105934.09	36.69
2011-2012	447.64	1011.69	1182757.64	37.97

2012-2013	467.54	1061.4	1268763.67	37.54
2013-2014	488.46	1114.29	1363700.54	30.64
2014-2015	510.57	1171.32	1471912.94	30.74
2015-2016	633.88	1109.89	1543491.66	28.77
CAGR	5.77%	3.26%	5.92%	-1.98%

Source: 73rd Round Survey (2015-16) Annual Report on MSME

The CAGR in connection with market value of fixed assets is the maximum followed by total number of working enterprises and job opportunities generated. It is interesting to note that there is significant association between the total working MSMEs units and employment generated and fixed assets value.

CONCLUSION

In India, for the past five decades the growth of MSMEs was tremendous. The impact of MSMEs sector is highly remarkable and they turned out to be a driven force for future growth of the economy. Government of India should promote the future growth of MSMEs with the formulation of policy and regulatory framework. This sector already proven its significant impact in creating employment, reducing regional imbalances, contribution to GDP and also share in export makes the high expectation. It is very essential that the existing entrepreneurs and government to launch more number of MSMEs for further improvement and advancement of the nation.

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