

Role of MSME in Entrepreneurship Development- A Case study

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Abstract: *In India, the evolution of policy framework and support for the protection and management of micro, small and medium enterprises could be traced from the beginning of the industrial policies being framed by the government in 1948. After independence government of India gave the consideration to MSME sector and this sector got recognition as one of the pillars of the economy. It was in 1954 that Micro, Small and Medium Enterprises Development Organization [earlier known as Small Industries Development Organization (SIDO)] was set up as an apex body for sustained and organized growth of micro, small and medium enterprises. It is an important tool through which the quality of life for individuals, families and communities can be improved. Government of India in its successive five year plans has been assigning increasing importance and support for promotion and development of entrepreneurship. There are so many entrepreneurship development programmes provided by ministry of micro, small and medium enterprises for more and more entrepreneurship development and employment generation in the country. In this background present paper is an attempt to study the role of Micro, Small and Medium enterprises in entrepreneurship development in district Rajouri of J&K State.*

Key words: *Micro, Small and Medium enterprises, MSME (2006), Entrepreneur, Entrepreneurship development, SIDCO.*

Introduction

Entrepreneurship is considered as one of the most important factors contributing to the economic development of the society. Creation of new business enterprises leads to the generation of employment, innovation and generation of revenues for the economy. Entrepreneurs such as men and women are considered as instrumental in initiating and sustaining socio-economic development of country. Entrepreneurship is not new to India as its history is back in the year 1905 as Swadeshi movement presently as Make in India policy, which was launched pre-independence era so as to boycott British goods and make use of Indian made goods. Further entrepreneurship serves as the genesis for developing a vibrant micro, small and medium enterprise (MSME) sector which is an indispensable component of competitive economies. Entrepreneurship also has the potential to promote inclusive growth through empowerment of women, disadvantaged sections as well as educated unemployed youth.

In India, Micro, Small and Medium enterprises (MSME) sector has emerged as a dynamic and vibrant sector which plays an important role towards generating employment opportunities and also in industrialization of rural and backward areas. The Micro, Small and Medium Enterprises (MSMEs) contribute about 7-8 per cent of India's GDP, 45 per cent of the manufacturing output and 40 per cent of the exports. They are recognized as the engine of growth for the economy. After agriculture, MSME sector employs the largest number of persons. MSMEs are widely dispersed throughout the country and produce a diverse range of products catering to various segments of the market. The geographic spread, diverse product range and potential for innovation and employment generation make them extremely important in the context of economic growth with equity and regional balance. Micro, Small and Medium Enterprises (MSMEs) are widely called the back-bone of the Indian economy. According to the online official portal of MSME, this sector is the largest employment providing sector in India with employing more than 600 lakhs persons in India". In recent years, it has emerged as the most dynamic sector displaying phenomenal growth by contributing 10% of share in GDP of India, contributing 40% to total economy exports, producing about 7500 items and involving in Technology Upgradation and implementation (55% of MSMEs involved) in particular (ASSOCHAM report, 2010). This sector comprises of business units with varying sizes that range from tiny to medium based on level of investment. Most of these also act as ancillary units for large scale industry. Micro, Small & Medium enterprises (MSMEs) have played a crucial role in the overall economic development of every developing economy in the world. In India, MSMEs have helped in creating a favorable environment of growth by serving as ancillary units to large scale industries. They not only create huge employment opportunities for the public but also address other challenges faced by the economy like poverty and removing regional imbalance.

Classification of SMEs in the Indian Context:

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Ministry of Micro, Small & Medium Enterprises (MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries , in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises.

In India, the enterprises have been classified broadly into two categories:

(i) Manufacturing; and

(ii) Those engaged in providing/rendering of services.

Both the categories of enterprises have been further classified into micro, small and medium enterprises on the basis of their investment in plant and machinery in case of manufacturing enterprise and investment on equipments in case of service enterprises.

Table: 1 Classification of Enterprises

Classification	Manufacturing Enterprises	Service Enterprises
Micro	Twenty five lakh	Ten lakh
Small	Five crore	Two crore
Medium	Ten crore	Five crore

Review of literature

Fey et al (2009) studied the performance and human resource practices of MSEs in three countries and revealed that neither motivation of human resources nor ability of them was alone enough to achieve maximum performance. Jasra (2011) carried out his study in Islamabad, Rawalpindi and Lahore states of Pakistan. In this study the total sample size was 520 small and medium enterprises of the business dealing with retail, textiles, carpets, metal product and service providers. According to their study the main determinant of the success of SMEs was the use of innovative methods of production, technology up gradation, use of well-equipped and trained staff. Uttamrao and Kanthe (2012) analyzed the importance of HR practices on the success of enterprises. According to their study, the productivity and performance of enterprises will increase automatically, if these enterprises focus on improving the various human resource perspectives and practice involved. They should act as motivating factors for their employees by compensating them with adequate rewards and incentives for their achievements. They should arrange training programmes for these employees to sharpen their skill sets accordingly. Chandraiah and Vani (2013) while studying the overall performance and contribution of Micro Small and Medium Enterprises to Indian economy in terms of employment production and its exports. The main pillar behind this success is the MSMED Act of 2006, which has set a benchmark in the revolution era. As per their study this sector has grown from the last few years, it has also brought the huge amount of investment from the foreign countries and provide facilities to the rural people which in its turn helps to reduce the level of poverty in the country.

Objectives of the study

1. To find out the existing scenario of MSME sector in the study area.
2. To study the role of MSMEs in entrepreneurial development in the study area.
3. To study various MSME development programmes for entrepreneurship development.
4. To find out key challenges being faced by entrepreneurs and to suggest some remedial measures for the smooth functioning MSME sector in the study area.

Research Methodology

This research aims to study the important issues related to Performance of Micro, Small and Medium Enterprises and its various aspects like entrepreneurship development. For the purposes of present study, secondary data has been collected from various journals, research articles, and ministry of micro, small and medium enterprises, district industries centres besides various websites. The secondary data though collected has been used to analyze the performance of these enterprises at national level as well as in the study area.

Performance of MSME in India

Performance of SMEs has been measured in terms of various indicators like sales volume, resource utilization, training and motivation level, working capital etc. these MSMEs have shown a significant impact on the national economy by improving their performance on these set performance indicators. Hence the economy of the nation has been on up rise due to increase in their performance visa viz. various performance indicators.

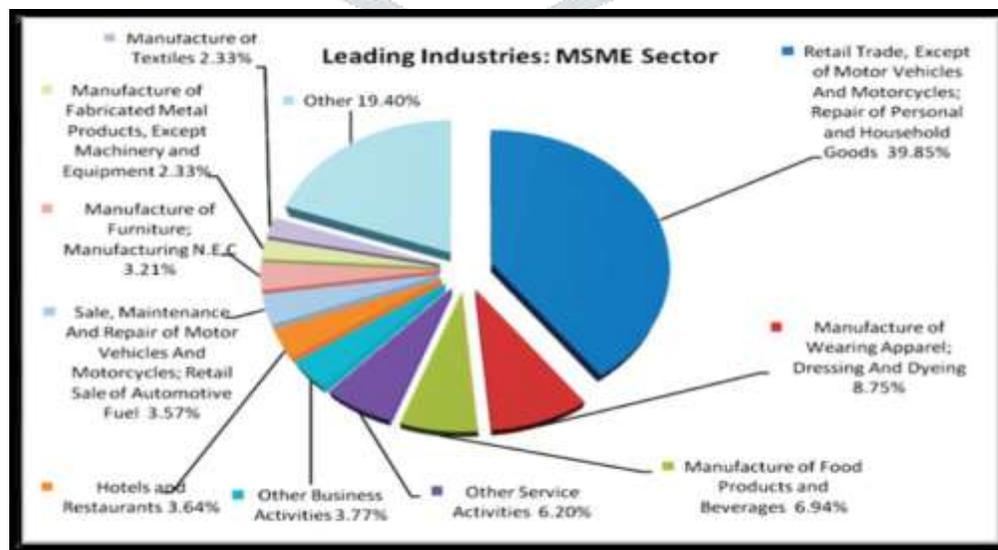
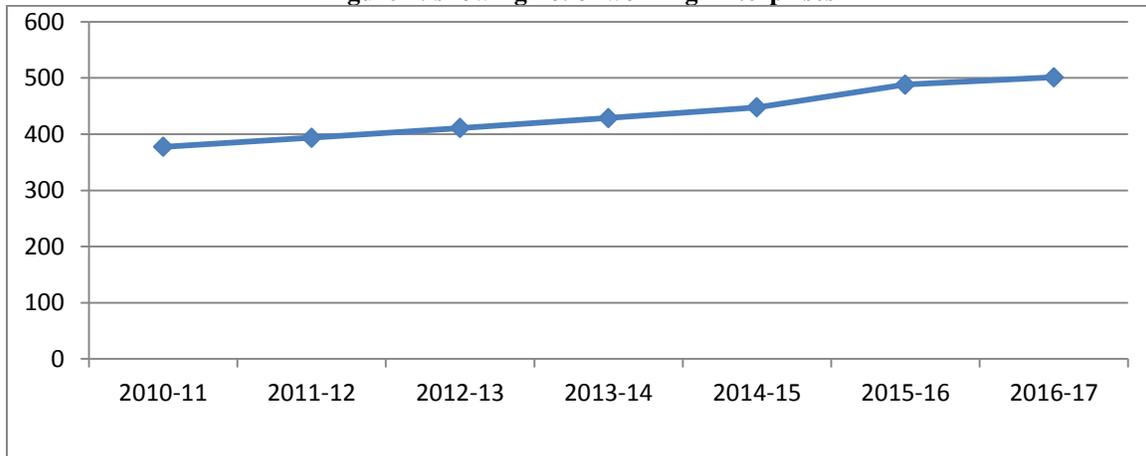


Fig 1: Distribution of industrial structure

Number of Enterprises in MSME Sector

Figure 2: showing no. of working Enterprises



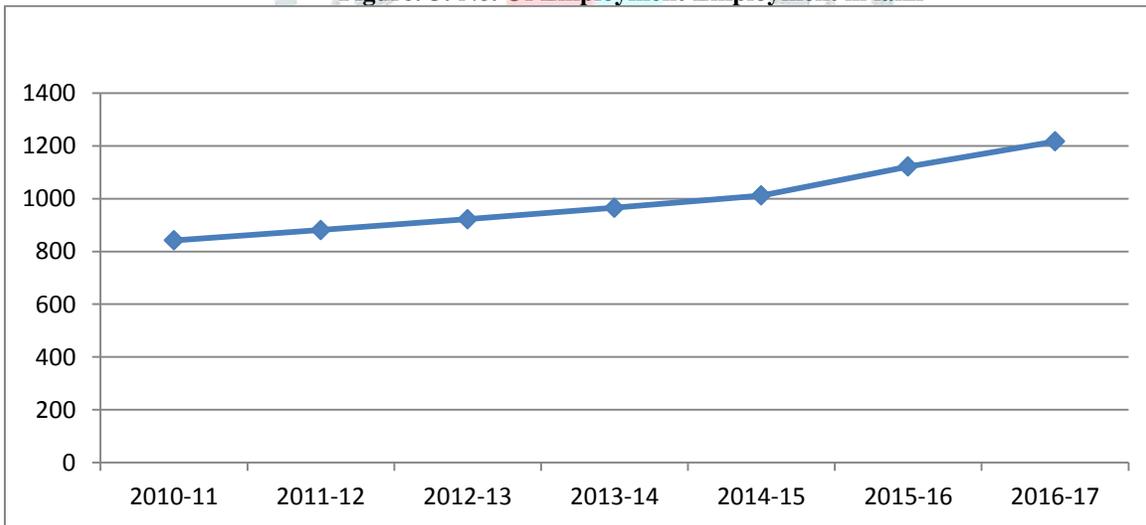
Source: Projected data for the years 2010-11 to 2017

From the above table, it could be assessed that the number of working enterprises has shown a significant increase in their number with every passing year from 2010 to 2017. This increase could be attributed to the various industrial policies framed by the government from time to time. Hence we can say that the performance of SMEs in India has increased during the past decade or so.

B) Employment in MSME Sector:

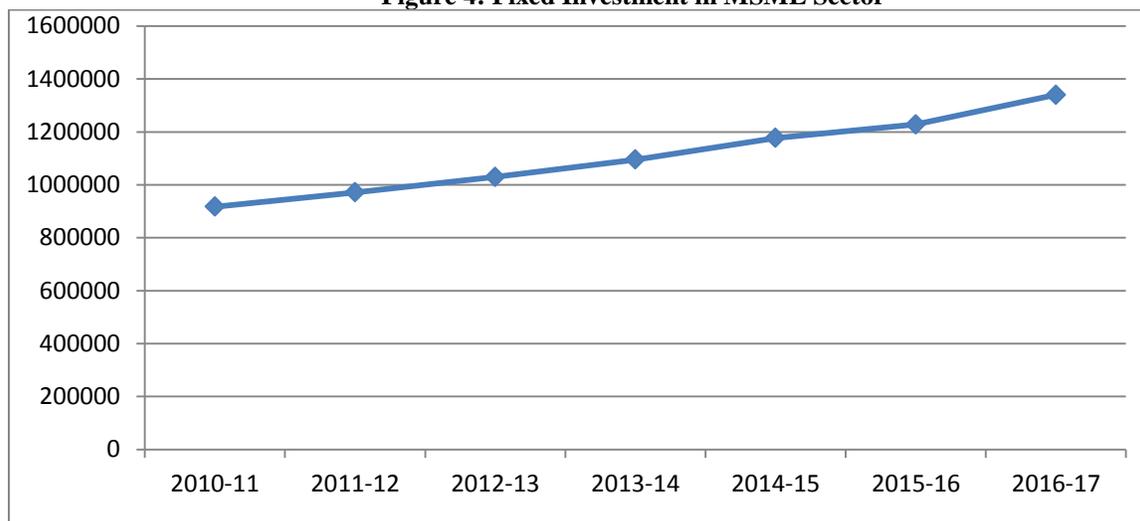
Employment generation by the SMEs is a vital factor in the growth of economy of the nation. Nation has seen a vast and enormous growth in employment generation by these SMEs due to increase in their Number and also due to lack of government jobs for the young people. Hence people tend to turn to these SMEs for employment purpose as government jobs are sinking due to various unknown and some known reasons.

Figure 3: No. Of Employment in lakh



Source: Projected data for the years 2010-11 to 2017

From the table above it could be concluded that employment generation avenues have increased in these SMEs from 2010 to 2017. It was found that 842 lakh people were employed by SMEs in 2010 which has grown up to 1217 lakh employees in 2017. This growth is an indicator of how well the SMEs are growing at an alarming pace in the country.

Figure 4: Fixed Investment in MSME Sector

Source: Projected data for the years 20010-11 to 2017

Market value of fixed assets is another indicator of the performance of MSMEs. Greater the market value of assets, greater is the performance of the MSMEs. From the table above we can say that market value of fixed assets of SMEs was Rs. 917437 crores which has grown up to Rs. 1339876 crores in the year 2017. Hence it authenticates the fact that these SMEs have enhanced their efficiency from the past few years.

Performance of MSEs in District Rajouri

Micro, small and medium enterprises Development institute (J&K) Jammu is a nodal agency functioning under the ministry of MSME. The institute is engaged in various developmental and promotional activities in the state of J&K especially in the far flung areas of the state with an intention to promote entrepreneurship among the young unemployed youth and is also engaged in promoting various schemes among the existing MSMEs so as to promote competitiveness among them. MSME-DI (J&K) Jammu is also playing its vital role in assisting the development of industrial infrastructure across the state.

Table 2: Availability of minerals in District Rajouri

S.No.	Name of Mineral	Production in tones 2015-16
Major Mineral		
1.	Coal Mines at Kala Kote	9.5 Million Tones
2.	Lime Stone	6081 Million Tones

Source: Department of Mines & Geology

Table 3: Industrial area in district Rajouri

S.No.	Name of the industrial area	Name of development agency	Land acquired (in hectare)	Land developed (in hectare)	Prevailing rate/sq.m	No. of plots	No. of vacant plots	No. of units in production
1	Kheora Rajouri	PWD	51.17 Kanals	51.17 Kanals	1 to 5 Kanal @2.5 Lacs & 5-10 Kanal @3.5 Lacs	54	Nil	37

Source: DIC Rajouri

Table 4: Performance of MSEs in district Rajouri

S.No.	Parameter	Manufacturing			Service			Total
		Micro	Small	Medium	Micro	Small	Medium	
1	Total registered units	875	36	0	666	0	0	1577
2	No. of persons employed	4850	0	0	0	0	0	4850
3	Turn over (in Lacs)	8.10	0	0	0	0	0	8.10

Source: DIC Rajouri

Table 5: Year-wise performance of MSEs in district Rajouri

	Year	No. of registered units	Employment	Investment (in Lacs)
1	2010-11	58	142	170.40
2	2011-12	70	226	340.20
3	2012-13	49	168	228.95
4	2013-14	10	129	574.00
5	2014-15	10	79	350.09
6	2015-16	07	46	350.09
	Total	204	790	1842.96

Source: DIC Rajouri

MSME Schemes for Entrepreneurship development

Ministry of Micro, Small and Medium Enterprises (MSME) has designed various policies & programmes for the development of entrepreneurs so as to eradicate unemployment and also towards economic development of the country. The schemes/programmes undertaken by the Ministry and its organizations towards entrepreneurs avail/facilitate:

1. adequate flow of credit from financial institutions/banks;
2. support technology up gradation and modernization;
3. integrated infrastructural facilities;
4. modern testing facilities and quality certification;
5. access to modern management practices;
6. entrepreneurship development and skill up gradation through appropriate training facilities;
7. support for product development, design intervention and packaging;
8. welfare of artisans and workers;
9. Assistance for better access to domestic and export markets.
10. Cluster-wise measures to promote capacity building and empowerment of the units and their collectives.

Findings:

Through the availability of credit from financial institutions, majority of the population now a days are coming forward towards setting up of entrepreneurial units which has given a boost towards entrepreneurship development. The assistance provided by various institutions towards technology up gradation and modernization has also made enterprises quite enough competent in the long wrong which further results in the development of this sector. Training programmes conducted by various institutions enhanced the various skills of enterprises which helps them to be successful in the various activities of their enterprises and further to enhance their productivity and overall resulting in entrepreneurship development. It is further visible from the enterprises point of view that the assistance towards access to domestic and export markets has made their products to generate revenue at large which resulted in their development.

Conclusion:

The paper was an attempt towards the entrepreneurship development through various schemes and subsidies provided to these enterprises under MSMEs. The budding entrepreneurs are availing various benefits from the government institutions and are on a track towards their development. It can be concluded that the Government of India and the Government of Jammu and Kashmir are trying to guide the entrepreneurs through these agencies, to motivate them in setting up more units which will not only help them but also help the economy. They want to create more of job providers than job seekers. The entrepreneurs should make use of the facilities provided by the Governmental organizations and agencies in order to grow economically and become more competitive globally. Hence it is required by all the players of the society involved to come in front for the promotion of this sector in the area so as to make it more development oriented.

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