

# Contribution of micro-small enterprises in Haryana

Anjoo Boora<sup>1</sup>, Nidhi Dembla<sup>2</sup>

<sup>1</sup> Independent Research Scholar

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## Introduction:

Haryana, a relatively new state came in to existence on 1<sup>st</sup> November, 1966. The state is bordered by Punjab and Himachal on north and Rajasthan to west and south. The river Yamuna defines its eastern border with Uttarakhand and Uttar Pradesh. Haryana also surrounds the country's capital Delhi on three sides, forming the northern, western and southern borders of Delhi. A large area of south Haryana is included in the National Capital Region. The state is divided in four divisions for administrative purposes: Ambala, Rohtak, Gurgaon and Hisar. It is one of the most progressive states in the country. It has the third highest per capita income in the country after Goa and Sikkim. Agriculture is the leading occupation of the state with more than half of its population engaged in it. MSME-Development Institute, Karnal is a field office of the development commissioner, Ministry of Micro, Small and Medium Enterprises, Government of India, New Delhi. It is an apex body for formulating, coordinating and monitoring the policies and programmes for promotion and development of MSMEs in the country. MSME- Development Institute (Formerly Small Industries Service Institute), Karnal was established on October, 1982. MSME-Development Institute along with its branch office at Bhiwani provides a wide range of extension and support services to the MSMEs in the state of Haryana ([www.msmedikarnal.gov.in](http://www.msmedikarnal.gov.in)).

The major MSMEs industrial clusters in Haryana are:

1. Gurgaon ----- Leather, Readymade Garments, IT
2. Manesar ----- Auto-components, Electronics
3. Faridabad ----- Engineering Goods, Footwear
4. Karnal ----- Printing, Packaging, Agri-implements, Pharmaceutical
5. Panipat ----- Textile Machinery, Handlooms, Hosiery
6. Yamunanagar ----- Plywood, Engineering Goods
7. Jagadhari ----- Metal
8. Kundli ----- Stainless Steel, Pharmaceuticals

Haryana has emerged as one of the leading industrialised state in the country. The industry sector is the second largest contributor to the state domestic product. Haryana has strong industrial base with 1654 large and medium industrial units and about 88,014 micro/small-scale enterprises. For promoting the industrial development of the state, government is promoting industrialisation along Kundli-Manesar-Palwal

Expressway. Delhi-Mumbai Industrial Corridor and Amritsar-Kolkata Industrial Corridor are other projects for massive industrialisation of the state.

### Review Literature:

MSMEs have made significant contribution in exports and technological growth. Small and medium enterprises have been contributed in all major sectors of Haryana such as textile, leather goods, agriculture inputs, chemicals, computer software, plastic goods and engineering goods (Sahapathi and Khanna, 2011).

Statistical Abstract of Haryana reflects that Faridabad, Gurgaon and Yamunanagar are industrially advanced districts of Haryana. More than 50 per cent of total industrial units of Haryana are located in these three districts. On the other hand, Mewat, Palwal and Mahendragarh are industrially backward districts of Haryana. In these three districts, less than 1 per cent industrial units of the state are located. It reflects that state should take some special measures to promote industrialisation in industrially backward districts (Statistical Abstract of Haryana, 2013-14).

### Data analysis:

Total number of MSMEs reported by the Fourth All India Census Report of MSMEs in Haryana state was 48243. Out of which, total number of working MSMEs in Haryana state was 33150, while the total number of non-working MSMEs in Haryana state was 15093. 10973 non-working MSMEs got closed or shut down their business and 4120 MSMEs were non traceable. Total number of MSMEs reported by the Fourth All India Census Report of MSMEs in Haryana state was 33150, which includes 30741 as micro industries, 2329 as small industries and 80 as medium enterprises. It indicates that the majority of the enterprises are micro enterprises, followed by the small industries and medium enterprises. As per the report of Fourth All India Census Report, total number of MSMEs in Haryana state which are in manufacturing was 26741 which are around 79 per cent of the total number of working MSMEs in Haryana state. While the total number of MSMEs working in service industry and repair or maintenance work was 1524 and 5155 respectively, which is approximately 4.60 per cent and 15.55 per cent of total number of working MSMEs in Haryana state?

Table 1: Clusters and Economic Parameters

Total Units	5.20 Lakhs
Clusters	42
Employment	12.23 Lakhs
Investment in P and M	INR 25998.80 Crores
Gross Output	INR 53198.68 Crore

(Source: Fourth All India Census Report on MSMEs, 2006-07).

MSMEs industries form an important part of Haryana State economy. Sector contributes around 6.19 per cent of GDP and employs close to 12.23 lakhs (31.23 per cent in registered units and 68.77 per cent in unregistered units) people. In Haryana State of India, there is 5.20 lakhs (6.35 per cent registered and 93.65 per cent unregistered) no. of working enterprises and constitutes 4.22 per cent investment in fixed assets in India. The sector will thus be a major focus in the strategy to create maximum growth and development in the state.

Table 2: Working enterprises by type of organisation:

Type of Organisation	No. of Working Enterprises
Proprietary	25792 (77.80)
Partnership	2669 (8.05)
Private Company	2260 (6.82)
Public Ltd. Company	552 (1.67)
Co-operative Society	122 (0.37)
Others	1755 (5.29)
Total	33150 (100)

(Source: Annual Report, 2013-14)

Various districts are known for various manufacturing such as:

- Panipat for textiles.
- Sonipat for cycle factory.
- Rohtak for sugar.
- Ambala for chemical sports goods and glassware.
- Faridabad for tractors and sewing machines.
- Gurgaon for Maruti Udyog.
- Hisar for woollen and cotton factory.
- Rewari for handicrafts.
- Jagadhari for vegetable oil and sugar.
- Jind for rice, wheat and bajra.

Micro, small and medium enterprises have been playing an important role in economic development of Haryana state. In spite of this importance, MSMEs faced so many problems related to finance, operation and technological.

MSMEs face number of problems like inadequate and timely supply of bank finance, difficulties in procuring raw material, marketing and distribution challenges and non-availability of suitable technology (Veena, 2014). The development of Small and Medium industries hampered due to diversity of problems. There are many

problems connected with SMEs like high level competition, lack of skilled labour, lack of raw material, financial and marketing problems (Goel and Prakesh, 2014).

### SAMPLING DESIGN

In the current study, the performance of MSMEs operating in Haryana state has been measured. Thus all the micro, small and medium enterprise operating in Haryana state are considered as the population of the study. Sample size has been derived using following formula:

$$\text{Sample Size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

Where SS means Sample Size

Z = z score 1.96 for 95% confidence level

p = 0.5 used for sample size needed

e = margin of error

N = Population = 26681 MSMEs operating in Haryana state as on March 2016.

For determining the sample size, there is a need to determine the three important factors namely; confidence interval, confidence level and population size. Confidence interval which is also known as margin of error indicates the degree of uncertainty that is associated with the sample statistics. Confidence interval shows the precision of the uncertainty.

**Confidence level** shows the level of confidence towards the results of the study. It indicates the true percentage of the whole population who would pick the same answer lies within the confidence interval. Confidence level of 95% says that you are 95 percent sure and 95% says that you are 95 percent sure. In this study researcher has used the 95% confidence level with confidence interval of 5. The sample size of the study calculated with the help of above formula comes out to be 379 at 95 percent of confidence level and 5 percent of margin of error, thus researcher has used the total sample size of 380 as a roundabout figure for the purpose of collection of primary data. In the current study researcher has used the stratified random sampling technique. Under this technique, complete Haryana state has been divided into six divisions which include various districts. Total numbers of divisions are six which are considered as six strata in the study, and the sample size from each strata has been calculated on the basis of percentage of total population of each strata. Detailed sampling scheme has been given in table 3.

Table 3: Sampling Design

Divisions	Districts	Number of MSMEs	Percentage of Population	Sample Size
Ambala	Ambala, Kurukshetra, Panchkula, Yamuna Nagar	4159	15	59
Faridabad	Faridabad, Palwal, Nuh	6642	25	95
Gurugram	Gurugram, Mahendragarh, Rewari,	5518	21	79
Hisar	Fatehabad, Jind, Hisar, Sirsa,	1577	6	22
Rohtak	Jhajjar, Charkhi Dadri, Rohtak, Sonipat, Bhiwani	4747	18	68
Karnal	Karnal, Panipat, Kaithal	4038	15	57
Total = 6 Divisions	22 Districts	26681	100	380

From each of the six divisions the districts which are having highest number of MSMEs has been selected as a sample of the study. Thus, total six districts one from each of the six divisions which successfully represent a particular division and whole Haryana state has been chosen as sample. The districts which have been chosen in the sample are namely; Yamuna Nagar, Faridabad, Gurugram, Hisar, Sonipat and Panipat.

#### Reference:

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