

Working of Micro, Small and Medium Enterprises in India – A study

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• Abstract

Growth and development of the any country is based on performance and share of agriculture industrial sector. The countries like India need to balance the on both of these sectors as both are the back bone and pillars for solving economic problems of the country. Present scenario employment generation is essential as per the increase in the rate of population. In fact the industrial development is plays a major role in accelerating economy of the country as well as remove backwardness of the rural area to attain reliance between the urban and rural area as per as development is concern. Development is required in all the types of units, large, medium, small and micro industries. In general, development of Micro, Small and Medium Enterprises more essential at present situation. The MSME's are facing many problems and challenges. The government of India is taken many steps to boost MSME's through schemes, polices and laws. The present paper is focused on the “*Working of Micro, Small and Medium Enterprises in India – A Study*”.

Key words : Growth, development, India, MSME's, economy, government, sectors, etc.

• Introduction

The growth and development of Micro, Small and Medium Enterprises (MSMEs) in India have been considerably increasing since independence. During two decades back MSME's merely referred as small scale industries but present scenario MSME's are working across all sector manufacturing, trade and services in India in the entire corner. Contribution of this sector towards the economic growth of the country has outstanding. On the other hand this sector was facing lots of ups and down and facing challenges. The key success of the MSMEs is utilization of resources available at urban area of rural areas. The government policies and regulations help to retain, attain and sustain the business. MEMEs in India on of major key sector as well as prominent in all the manner of creation to empowerment. Government has given the opportunities to start the MSMEs in all the area and supporting through Make in India, Mudra Bank, Digital India , Skill India and from many more schemes and policies to boom the MSMEs area. Gradually the management skills in MSMEs are developed remarkable. The researcher focused on this paper working of MSMEs in the forms of area, gender wise ownership and social categories.

• Review of literature

Dr.N.Srinivas Kumar(2014). A Study on Capital Structure Pattern of Small and Medium Enterprises (SMEs). In this paper the present paper studied the financing pattern as well as composition of capital structure of SMEs by evaluating the long-term solvency using debt to equity ratio, debt to total fund ratio and interest coverage ratio.

Dr. Mateen Ahmed Siddiqui(2015). Engines of Growth - A Study of the Growth and Performance of Indian MSMEs in the Present Scenario, this paper is focused on to analyze the growth and performance of Indian MSMEs in present scenario, the contemporary problems faced by MSMEs, to evaluate the reason for the sickness of MSMEs and financing to the MSMEs. **Sudhansu Sekhar Nanda(2016)**, Growth and Performance of Indian MSMEs : An Appraisal, the paper is focused on the growth and performance of Indian MSMEs, the reason for the sickness of MSMEs and the working group on MSMEs. **C S Sarma (2016)**, Performance of MSMEs in India - problems & prospects, under this research paper the researcher is mainly focuses on only two elements Performance of MSMEs in India and Problems & future prospects of MSMEs. **Parthajeet Das (2017)**. Micro, Small and Medium Enterprises (MSME) in India: Opportunities, Issues & Challenges. The present paper base on the brief highlight on the functional scenario of micro, small and medium enterprises in India, to focus on the huge growth potential and opportunities available for development of this sector.

- **Objectives of the study**

The researcher has attempted to study the following five objectives under this paper after drawing a inferences from the literature review.

1. To study the working of MSMEs in India on activity wise.
2. To analyze the distribution of enterprises on category wise.
3. To study distribution of entrepreneurs in rural and urban area.
4. To evaluate the distribution of enterprises gender wise ownership.
5. To study the distribution of MSMEs on social categories.

- **Scope of the study**

The present paper focuses on the working of MSMEs in India with special reference to urban and rural area, activity and category wise and social category wise. The study is purely based on the secondary data for the year 2017-18 information.

- **Methodology**

The study is based purely secondary data. All financial and non financial data are collected from Annual report of MSMEs, Government of India, different books, periodicals and websites. The researcher used charts, table and paired test (SPSS) to analyze the data.

- **Hypothesis of the study**

H₀: There is a significant association between in the estimated number of enterprises in rural and urban area along with the activities in category wise.

H₀: There is no significant association between in the estimated number of enterprises in rural and urban area along with the activities in category wise.

- Analysis of the study

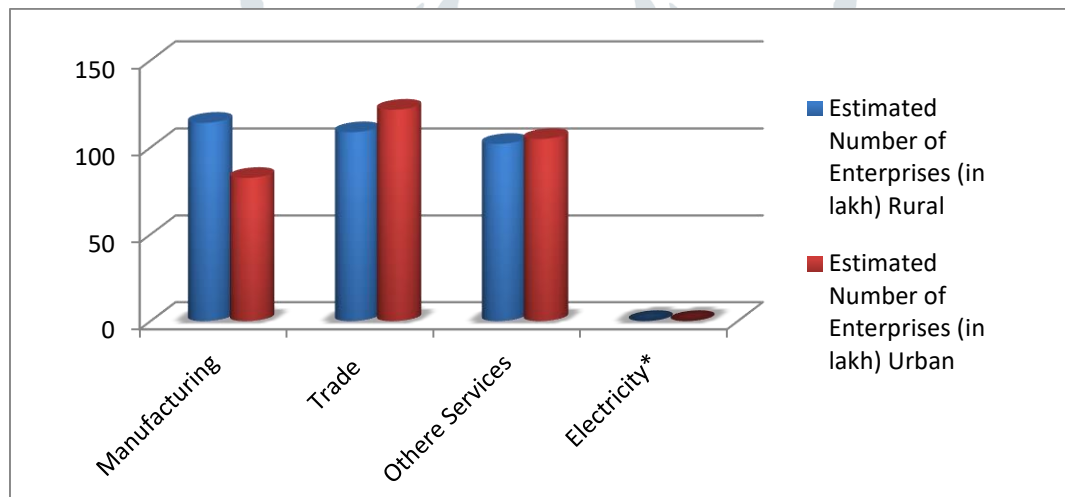
Table No. – 01: Working of MSMEs in India on activity wise

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.5	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102	104.85	206.85	33
Electricity ¹	0.03	0.01	0.03	0
Total	324.88	309	633.88	100

Source: Annual Report 2017-18



Chart no. 01: Working of MSMEs in India on activity wise



Source: Table no 01

The above table and charts describes 31% MSMEs were found to be engaged in Manufacturing activities, while 36% were in Trade and 33% in Other Services. Out of 633.88 estimated numbers of MSMEs, 324.88 lakh MSMEs (51.25%) were in rural area and 309 lakh MSMEs (48.75%) were in the urban areas

Table No. – 02: Distribution of enterprises on category wise

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.09	0.78	0.01	324.88	51
urban	306.43	2.53	0.04	309	49
Total	630.52	3.31	0.05	633.88	100

Source: Annual Report 2017-18

¹ Non-captive electricity generation and transmission and distribution by units not registered with the Central Electricity Authority (CEA)

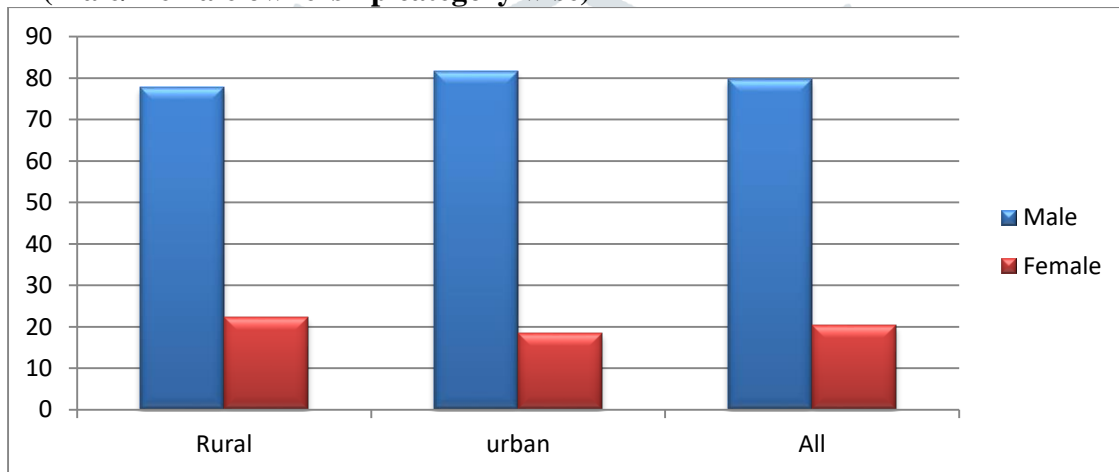
It is seen that distribution of micro enterprises share is 99.46% (630.52 out of 633.88). Rural share is little higher than the urban share of distribution of micro enterprises. On the other hand small and medium enterprises share less than 2% in total share.

**Table No – 03: Distribution of Enterprises in rural and urban areas.
(Male/ Female ownership category wise)**

Sector	Male	Female	Total
Rural	77.76	22.24	100
urban	81.58	18.42	100
All	79.63	20.37	100

Source: Annual Report 2017-18

**Chart no 02: Distribution of Enterprises in rural and urban areas.
(Male/ Female ownership category wise)**



Source: Table no 03

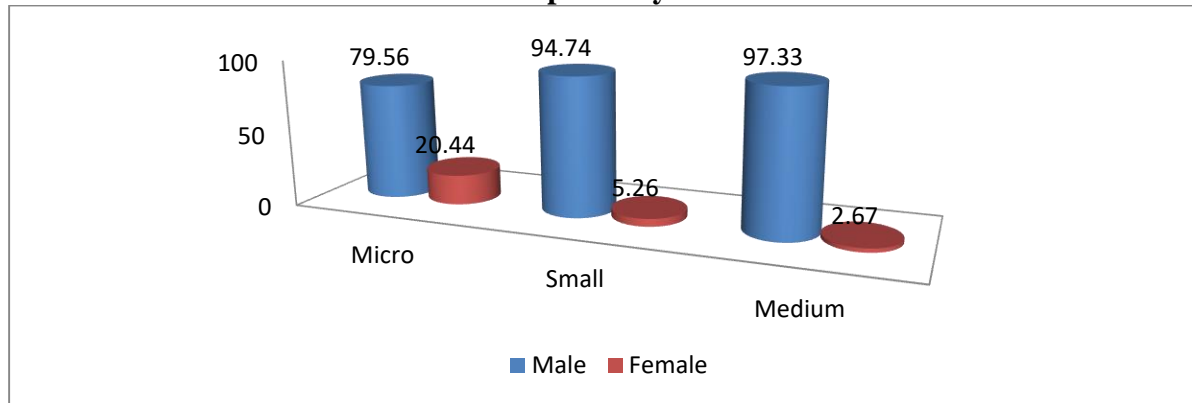
The table shows that urban distribution of enterprises higher than rural. Obviously male entrepreneurs are more in urban. The female contribution is more in case of rural areas as compared to urban quite impressive.

Table No. – 04: Distribution of Enterprises by Male/Female Owners

Sector	Male	Female	Total
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
Total	79.63	20.37	100

Source: Annual Report 2017-18

Chart no.03: Distribution of Enterprises by Male/Female Owners



Source: Table no 04

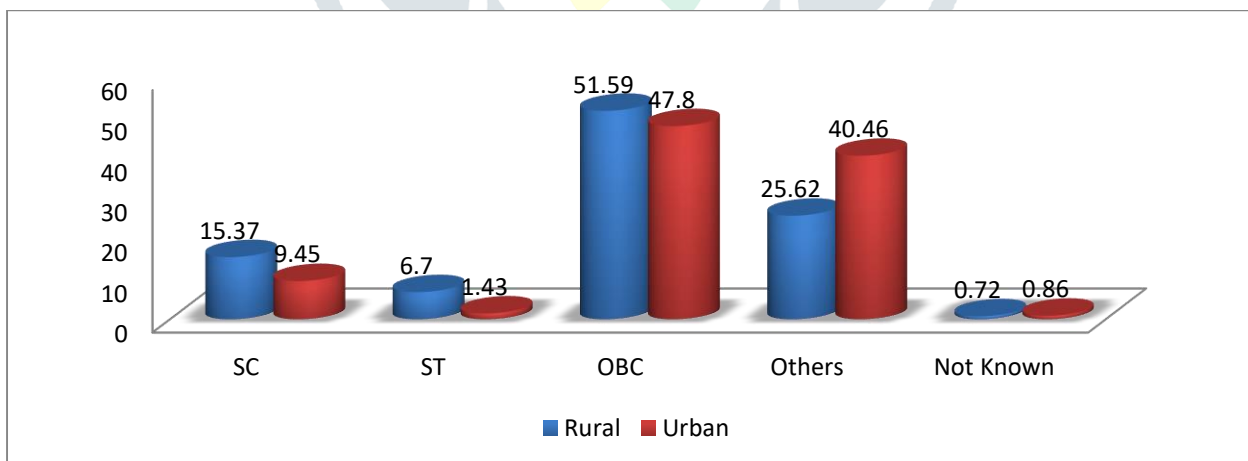
Male dominance in ownership has been more in the entire sector i.e. micro, small and medium enterprises with 79.63% but female share was only 20.37. As per the sector wise classification majority of the male ownership is in medium enterprises.

Table No. – 05: Distribution of enterprises by social group of owners

Sector	SC	ST	OBC	Others	Not Known	All
Rural	15.37	6.7	51.59	25.62	0.72	100
Urban	9.45	1.43	47.8	40.46	0.86	100
All	12.45	4.1	49.71	32.95	0.79	100

Source: Annual Report 2017-18

Chart no 04: Distribution of enterprises by social group of owners



Source: Table no 05

As the table shows socially backward groups owned 66.26% of MSMEs, out of that OBCs owning in 49.71%. The representation of SC and ST owners in MSMEs sector was quite low as compared OBCs at 12.45% and 4.10% respectively. In rural areas, dominates i.e. 73.67% contribution in MSMEs were owned by socially backward groups. On the other hand urban areas contribution was almost 58.68% belonged to the socially backward groups.

- **Paired test analysis**

Table no 6.1: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Rural	81.2075	4	54.34418	27.17209
	Urban	77.2275	4	53.91197	26.95599

Table no 6.2: Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Rural & Urban	4	.937	.063

Table no 6.3: Paired Samples Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Rural - Urban	3.98	19.23	9.61530	-26.62019	34.58019	0.414	3	.707

The paired test analysis clears that these is a significant association between in the estimated number of enterprises in rural and urban area along with the activities in category wise.

- **Conclusion**

The working of micro small and medium enterprises is majority operating in manufacturing area need to boost other activities and establishment of urban enterprises are more and even male entrepreneurs dominated. The estimated number of micro units is established more as it compared to small and medium enterprises.

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