



EXISTING SCENARIO OF MSMEs IN KARNATAKA: A SPECTRAL REFERENCE TO UDYAM REGISTRATION – A STUDY

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ABSTRACT

Micro, small, and medium enterprises are the backbone of our country. They contribute more than 29% to the GDP. They are the ancillaries to the major industries, which contribute significantly to the profitable and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital costs. Next only to agriculture, MSMEs are supplemental to large industries as ancillary units, and this sector contributes significantly to the inclusive industrial development of the country. The main objective of this paper is to know the existing scenario of MSMEs in Karnataka and to anatomize investment and employment patterns for MSMEs in Karnataka. For this purpose, the study collected secondary data, analysed it using one-way ANOVA, and for more accuracy, used the Post-Hoc Test. The results indicate that there is a significant difference among micro, small and medium enterprises pertaining to registration and employment count. Maximum registration of enterprises, investments, and employment was done by microenterprises as compared to small and medium enterprises.

KEY WORDS: MSME, UDYAM REGISTRATION, KARNATAKA,

INTRODUCTION

Over the past fifty years, India's Micro, Small, and Medium-Sized Enterprises (MSMEs) sector has become one of the country's most thriving and dynamic economic sectors. By encouraging entrepreneurship and creating major employment opportunities at a relatively cheap capital cost, it is the second largest contributor to the economic and social development of the nation after agriculture. MSMEs serve as accessory units to large companies and make a substantial contribution to the country's inclusive industrial growth. MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. MSMEs play critical role in the industrial development of any economy as could be seen in the historical records of presently developed countries. These units act as ancillary units and provide processed raw material to advanced industrial units. Thus, the quality of final products of advanced industrial units, to a large extent, depends on the material supplied by MSME units. In addition to this, these units also provide unskilled and semi-skilled labor to these advanced industrial units. Several MSMEs also directly produce and supply final products to consumers also. If these MSMEs receives continuous orders from domestic and export markets then it might give such a platform to MSMEs that many of them can improve their status as, can be emerged as advanced industrial units. And thus take the economy to the path of industrial development

Literature Review:

An account of studies that are connected to the current investigation either directly or indirectly is presented in the review of literature. In order to fill the gap in the literature and conduct the investigation, the current research will analyse conceptual elements and past research studies.

Premkumar et al. (2015) endeavoured a study on significant role of msme on Indian economy, covering their contribution to production for the domestic and international markets as well as exports, employment, and industrial output. In addition to investigating the potential of online marketing, this study focuses on the current marketing channels available to SMEs in the services sector. Reviews have been conducted based on the services provided by SME organisations that market online. According to studies, SMEs that concentrate in services target the certain niche market

Varsha Agarwal et al.(2019) concentrated on challenges faced by the Indian msme, researches and examples taken into consideration the major problems faced by SMEs in India are: - Lack of skilled labours and availability of labours, Lack of infrastructure facilities, Unstable Government policies, No proper clarity in business tax rates, Lack of funding and investment, Unavailability of Raw – Materials, Lack of upgraded technology Due to these challenges the growth of SMEs is very slow in India which is affecting the Indian

Economy on a very large scale. Solutions to these problems can open many doors to revive the Indian Economy and improve the conditions.

MSMEs annual report 2021 provided a detailed information on background data of, MSMEs and organization structure, recent developments Overview and Performance of the MSME sector. New Definition of MSMEs and different programs, policies and schemes. The study concentrates on different government schemes and subsidies on marketing promotion on MSMEs

Mahua Biswas and Ashwini Vernekar(2020) found that the growth and performance of MSME in terms of units is appreciable. But the matter of concern is that the contribution to GDP is getting lower over a period of time. The sector has huge potential to generate employment, contribute to export and to make "Make in India" project successful. The study found that High cost of production is most worrisome factor to the entrepreneurs and dealing with government laws is the least important factor. In the study only, the external factors affecting the performance of MSME are considered but there is a further scope of research by including internal factors. A comparison between internal and external factors will also be contribution to the research

Sanket. Charkha and Bhavana Shah (2021) states that The micro, small, and medium-sized enterprise (MSME) sector is regarded as an economy's growth engine. During 2012-13, the Micro, Small and Medium Enterprises (MSME) sector, including that of the business services industry, contributed 37.54 percent to the nation's exports GDP, with 805.24 lakh people employed inside this sector. For the fiscal year 2014-15, the industry contributed 44.70 percent of India's overall exports. Income and wealth inequality are also widespread, particularly in emerging nations like India. require a 'Inclusionary Growth' framework to handle these issues. Growth will not even be comprehensive until and unless the benefits of growth reach the other side of the pyramid. A continuous increase in per capita income cannot inevitably translate to a sustained gain in standard of life in a developing country like India, where disparity in wealth and economic activity is large.

Objectives of the Study

1. To know the existing scenario of MSMEs in Karnataka
2. To analyse investment and employment patron of MSMEs in Karnataka

HYPOTHESES FOR THE STUDY:

1. H0: There is no significant difference with respect to registration of Micro, Small and Medium Scale Enterprises in Karnataka
H1: There is a significant difference with respect to registration of Micro, Small and Medium Scale Enterprises in Karnataka
2. H0: There is no significant relationship between registration MSMEs and its Employment in Karnataka
H1: There is a significant relationship between registration MSMEs and its Employment in Karnataka

3. H0: There is no significant relationship between investment pattern and registration of MSMEs units in Karnataka

H1: There is a significant relationship between investment pattern and registration of MSMEs units in Karnataka

Meaning and Definition of MSME's

Although the definition of MSMEs differs from country to country depending upon economic, political and social environment prevailing in the particular country, yet there are a few similarities in most of the definitions i.e. they are based either on the number of persons employed or are defined on the basis of quantum of investment in fixed assets or on both

In India the new classification has come into effect from 1st July, 2020. The earlier criterion of classification of MSMEs under MSMED Act, 2006 was based on investment in plant and machinery / equipment. It was different for manufacturing and services units. It was also very low in terms of financial limits. Since then, the economy has undergone significant changes. a revision in MSME criteria of classification was announced in the Aatmnirbhar Bharat package on 13th May, 2020. This has been done in order to be realistic with time and to establish an objective system of classification and to provide ease of doing business.

Source : Karnataka economic survey 2021-22

UDHYAM REGISTRATION FOR MSME

Table 1 : Classification of MSMEs

Category	Manufacturing and Service	
	Investment on Plant and Machinery	Annual Turnover
Micro	Up to Rs. 1. Crore	Up to Rs. 5 Crore
Small	Up to Rs.10Crore	Up to Rs. 50 Crore
Medium	Up to Rs. 50 Crore	Up to Rs. 250 Crore

All the units registered under the umbrella of Karnataka Micro, Small and Medium Enterprises will be the population for proposed study. A very huge part of this study

will be carried out with the help of primary data which will be collected by way of sampling. To obtain the required information from the respondents, probability sampling will be used.

Meanwhile on account of Covid-19 Pandemic effects many units have been closed or in operative. Hence, they could not transform to udyam registration. As on 30th November 2021 under udyam registration portal there are 3.32 lakh MSME units registered in the State with the investment of about Rs. 0.60 lakh crores and provided employment to 36.31 lakh persons. The transformation process will continue till the end of December 2021

MSMEs in Karnataka

Karnataka is the home for more than 8.5 lakh Micro, Small and Medium Enterprises (MSMEs) and provided employment to over 55 lakh people. In Karnataka over the last 5 years, about Rs. 4 lakh crore has been invested and the state stands in 5th place in the country in industrial growth. MSMEs play an important role in economic growth by fostering entrepreneurship and generating large employment opportunities. MSMEs provide support to large firms as suppliers of input goods and services, thereby contributing to industrial development. Many programs and policies, incentives and concessions have been in place for promoting MSMEs.

During the year 2021-22, the registration of all the industries is freshly done based on the newly introduced Udyam registration portal of Govt. of India which replaced the old data that was extracted earlier through udyog adhar portal. (Economic Survey Reports - Planning, Programme Monitoring and Statistics Department, n.d.)

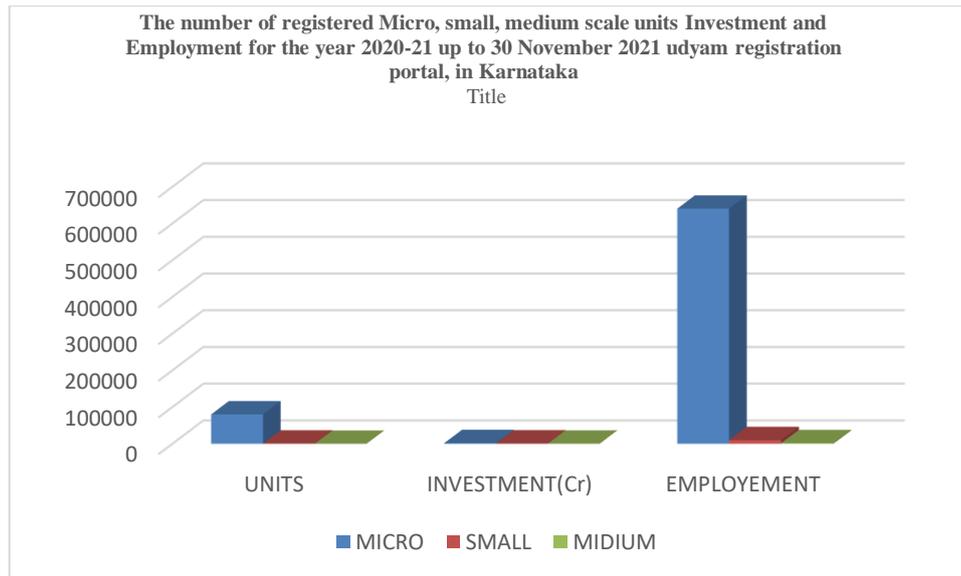
Table 2

The number of registered Micro, small, medium scale units Investment and Employment for the year 2020-21 up to 30 November 2021 udyam registration portal, in Karnataka

BUSINESS	DISTRICTS	UNITS	INVESTMENT(Cr)	EMPLOYEMENT
MICRO		80127	1709.29	6,40,392
SMALL		580	889.1	9,930
MIDIUM		28	366.53	1,612
TOTAL	30	80,735	2964.86	6,51,934

Source : Karnataka economic survey 2021-22

Fig:1



The above table no. (2. Fig 1) reveals the number of registered micro, small, and medium-scale units, their investment, and employment in Karnataka in the years 2020–21 up to November 30, 2021 under the Udyam registration portal. By analysing these aspects, it was observed that, out of 80735 units, micro enterprises account for 99.24%, small scale units' account for 0.71%, and medium enterprises account for 0.034% registered and in investment, out of 2964.84 Cr, micro units' account for an average of 1.53cr, small scale units' account for 1.09cr, and medium scale units' account for 13.09cr per unit. Likewise, in employment, out of 6,51,934 in Karnataka, MSMEs employ an average of eight people, small-scale units employ 17 people, and medium-scale enterprises employ 57 people per unit. That table reveals that the majority of enterprises registered at micro scale and the average investment and employment for medium-scale enterprises.

Methodology

The study is based on secondary data and is of conceptual and empirical. Concerning the objective study collected data from a secondary source that is published annual reports and Karnataka economic survey report of MSMEs in Karnataka which are shown in the following table. In this paper analytically studied with using of one- way Anova and cross check the data using Post-Hoc Test.

Table 3: Mean Values of Micro, Small & Medium Enterprise w.r.t Registration, Investment and Employment results of One-way ANOVA

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		F	Sig.
					Lower Bound	Upper Bound		
Registration	Micro	30	2670.9000	4981.82687	810.6553	4531.1447	6.503	.003
	Small	30	19.3333	29.70003	8.2432	30.4235		
	Medium	16	2.5000	2.85190	.9803	4.0197		
	Total	76	1062.4605	3362.53296	294.0888	1830.8322		
Investment (Cr)	Micro	30	56.9747	97.36651	20.6174	93.3319	1.150	.323
	Small	30	29.6367	43.64684	13.3387	45.9347		
	Medium	10	36.6520	28.51496	16.2536	57.0504		
	Total	70	42.3551	71.12768	25.3953	59.3149		
Employment	Micro	30	21346.4000	33055.45225	9003.2913	33689.5087	7.767	.001
	Small	30	331.0000	525.91549	134.6199	527.3801		
	Medium	22	11726.0000	9903.44267	7335.0595	16116.9405		
	Total	82	11076.7561	22330.91935	6170.1150	15983.3972		

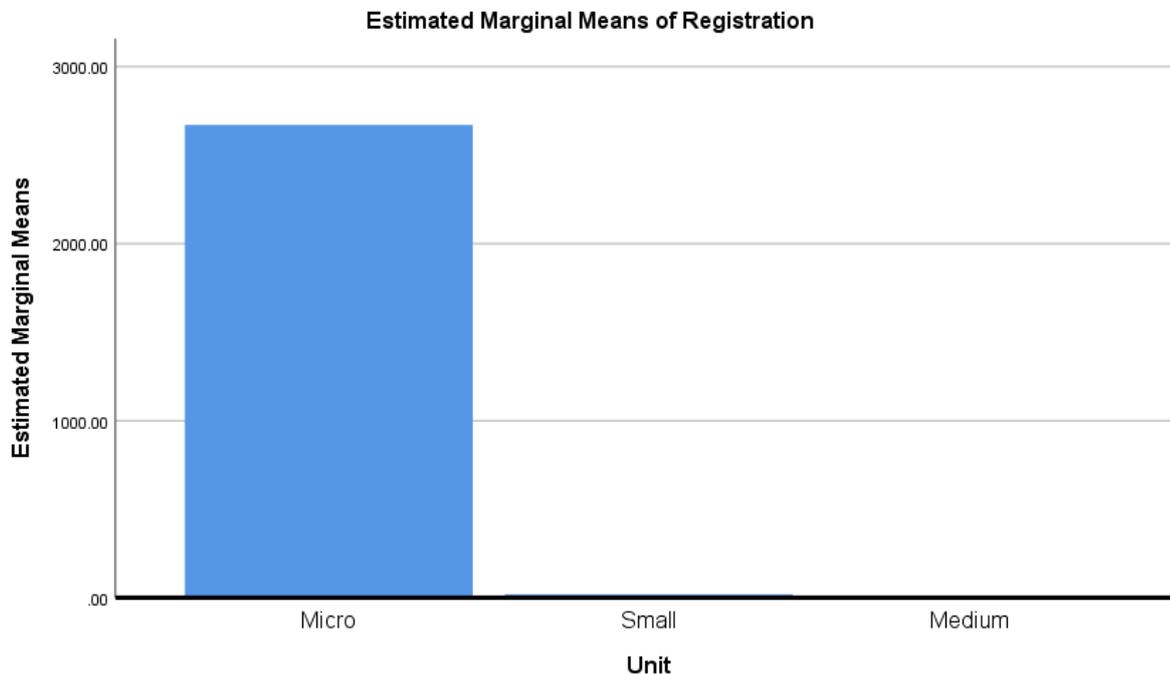
Table no 3.(Fig123) shows the results of the one-way ANOVA and revealed a significant difference between the mean of registration in MSME as mean of Micro enterprise is the highest. Average registration for Micro enterprise is (2670.900) for the year 2020-21, where the value of F (6.503) with p-value (0.003) is lesser than (0.05). Whereas it is clear from the previous table that the mean of small enterprise is lower (30.4235) and medium enterprise registration is lowest (4.0197) as compared to micro and small enterprise. In terms of Investments, the previous table shows the results of the one-way ANOVA and revealed the non-significant difference between the mean of registration in MSME as mean of Micro enterprise is the highest. Average Investments for Micro enterprise was (56.9747 Cr.) for the year 2020-21, where the value of F (1.150) with p-value (0.323) is greater than (0.05). Whereas it is clear from the previous table that the mean Investment of small enterprise is lowest (29.6367 Cr.) and medium enterprise registration is similar (36.652) as compared to micro and small enterprise.

In terms of Employment, the previous table shows the results of the one-way ANOVA and revealed the significant difference between the mean of Employment in MSME as mean of Micro enterprise is the highest as Micro enterprise as hired maximum employees as compared to small and medium enterprise. Average Employment for Micro enterprise was 33055.45225 for the year 2020-21, where the value of F

(7.767) with p-value (0.001) is lesser than (0.05). Whereas it is clear from the previous table that the mean of small enterprise is lowest (331) and medium enterprise registration is lowest (11726) as compared to micro enterprise.

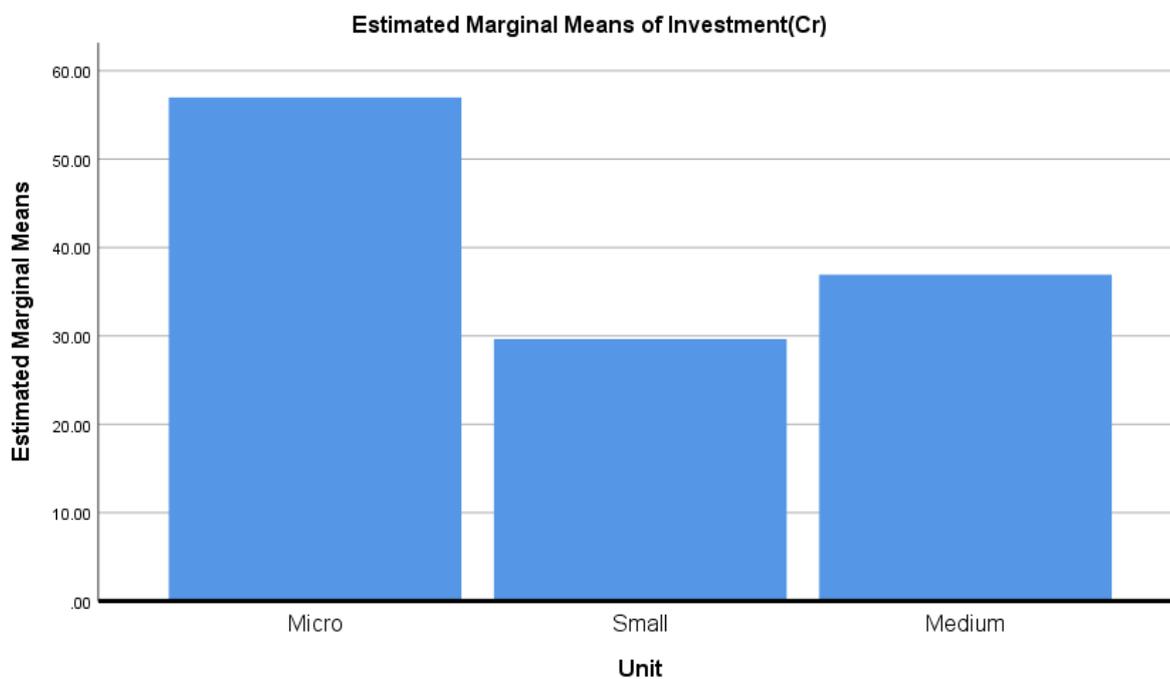
Registration:

Fig 3.1 mean of registration of MSMEs



Investment(Cr)

Fig 3.2 Mean of Investment of MSMEs



Employment

Fig 3.3 Mean of Employment in MSMEs

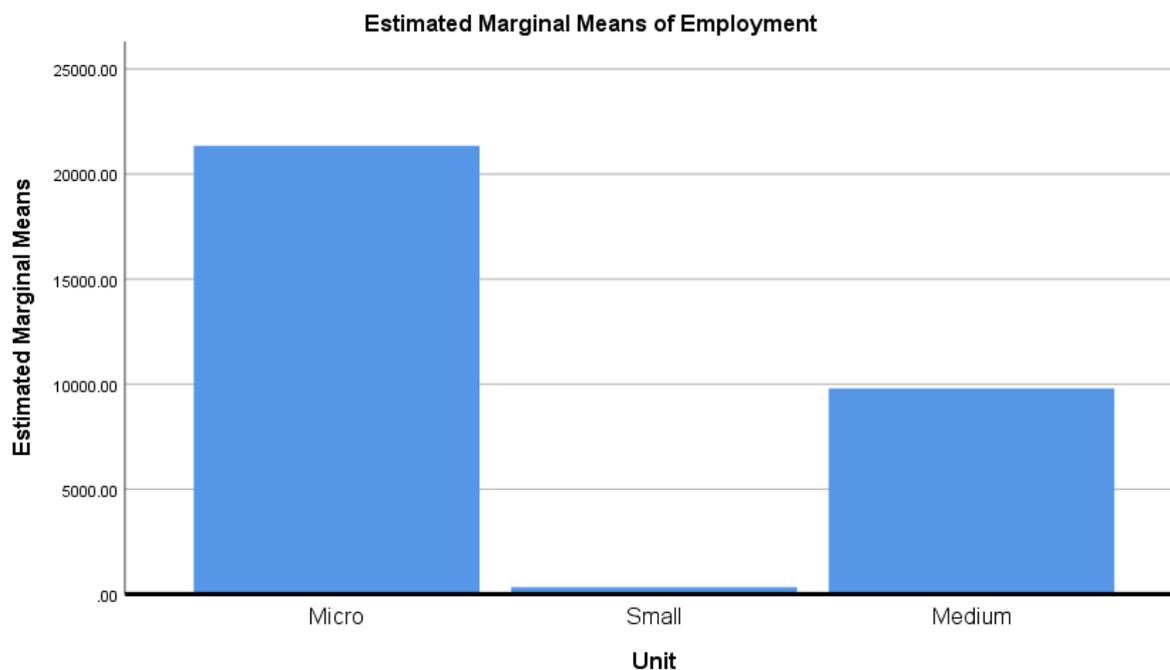


Table 4: Post-Hoc Test

Dependent Variable	(I) Unit	(J) Unit	Mean Difference (I-J)	Sig.
Registration	Micro	Small	2651.56667*	.002
		Medium	2668.40000*	.008
	Small	Micro	-2651.56667*	.002
		Medium	16.83333	.986
	Medium	Micro	-2668.40000*	.008
		Small	-16.83333	.986
Investment (Cr)	Micro	Small	27.33800	.140
		Medium	20.32267	.436
	Small	Micro	-27.33800	.140
		Medium	-7.01533	.787
	Medium	Micro	-20.32267	.436
		Small	7.01533	.787
Employment	Micro	Small	21015.40000*	.000
		Medium	9620.40000	.101
	Small	Micro	-21015.40000*	.000
		Medium	-11395.00000	.053
	Medium	Micro	-9620.40000	.101
		Small	11395.00000	.053

For more accuracy, the LSD post hoc test was used. The ANOVA is significant, so LSD post hoc test used to find the means difference between the selected three groups. So multiple comparisons found that there is only a significant difference of Registration and employment count between micro, medium and small enterprise as significance value is lesser than 0.05 whereas there is no significant difference in investment among micro, small and medium enterprise as significance value is greater than 0.05

Limitations of the Study

The study also suffered from some limitations such as it only focused on the secondary data and its focused only based on survey report. Every methodology applied for the study is having their limitations which may affect the results.

Findings and Conclusions

Following are the findings of the study based on the objectives: This section of the paper discusses the findings concerning the objectives of the study

1. The study found that Maximum Registration of enterprise, Investments and employments was done by Micro enterprise as compare to small and medium enterprise.
2. Also, there is a significant difference amongst Micro, small and medium enterprise pertaining to registration and employment count.
3. Whereas there is no significant difference amongst Micro, small and medium enterprise pertaining to investment as all the enterprise units have made similar amount of investments.

To sum up, we can conclude that MSMEs registration under the Udyam registration portal is under processing During the years 2021–22, the registration of all the industries was freshly done based on the newly introduced Udyam registration portal of the Govt. of India, which replaced the old data that was extracted earlier through the Udyog adhar portal. Therefore, the concerned department should give awareness to registration rapidly on the Udyam registration portal. The study also emphasises that further study focus should be on the empirical and primary data.

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