



GROWTH AND PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA.

¹Mrs. TASLEEMA M JORUM,

¹Assistant Professor

¹Department of Commerce

¹Shree Siddeshwar Government First Grade College and P.G Studies Centre, Nargund, Dist-Gadag
India

Abstract: The importance of MSME has been recognized in recent years for its significant contribution to gratify socio economic status of small and medium entrepreneur's. They play vital role in industrial development of a country. The MSME sector is an important pillar of Indian economy, as it contributes greatly to growth of Indian economy. The present paper has made an attempt to focus on the present performance of MSME in India in terms of growth in number of units in different states, growth in term of area and activity based, growth in category wise, employment generation and contribution to total industrial production and GDP of India and problems faced by MSME in India. It is concluded that this sector is contributing significantly to manufacturing, trade and service sector, generating employment opportunities to rural people and to the GDP of the country. MSME faces a number of problems such as absence of adequate and timely financial facilities, non-availability of suitable technology, scarcity of skilled manpower and market facility.

Keywords: MSME, GDP, GVA.

I. 1 INTRODUCTION

The Micro Small and Medium Enterprises including Khadi and Village/ rural enterprises credited with generating the highest rates of employment growth, account for major share of industrial production and exports, They also play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. The socio-economic policies adopted by India since the industries Act 1951 have been laid stress on MSME as a means to improve the country's economic conditions.

The MSME in India playing crucial role by providing large employment opportunities at comparatively low capital cost than large industries, Industrialization of rural area, reducing regional imbalance, assuring more equitable distribution of national income and wealth.

1.2 OBJECTIVES OF THE STUDYy:

To evaluate growth and performance of MSME.

To study distribution, employment generation of MSME.

1.3 REVIEW OF LITRATURE;

- **Sing et al. (2012)** analysed the performance of small-scale industries in India and focused on policy changes which have opened new opportunities for this sector. Their study concluded that SSI sector has made good progress in terms of number of SSI units, production and employment levels. The study recommended the emergence of technology development and strengthening of financial infrastructure to boost SSI and to achieve growth target.
- **Venkatesh and Muthiah (2012)** role of small scale and medium enterprises growing rapidly and they have become a thrust area for future growth. They emphasized that nurturing SME sector is essential for the economic well being of the nation.
- **Paramasivan C & Mari Selvam P (2013)** has explained the contribution of micro, small and medium enterprises (MSME) sector to manufacturing output, employment and exports of the country is quit significant. According to estimates, in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 percent of the total exports of India. The MSME provides employment opportunities about 42 million persons in over 13 million units throughout the country. There are more than 6000 variety of products, which are being manufactured by the India MSMEs.
- **Ujjal Bhuyan (2016)** has analysed that the Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. MSME s 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 and 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.
- **Kankipati et al (2017)** has observed that the entrepreneurship generally speaking refers to the overall course of action undertaken by an owner in starting and managing his enterprise for profit. 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. Over last 5 decades MSME sector emerged as extremely effervescent and vigorous segment of Indian economy. There is continuous growth in MSME employment and MSME providing more employment opportunities over last 7 years.
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- **Subramanian et al (2019)** has pointed that the importance of MSME has been recognized in recent years in both developed and developing countries for its significant contribution in gratifying various socio-economic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. They play a crucial role in the industrial development of any country. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda.

1.4 METHODOLOGY:

This study is based on secondary data, the information for the study is collected from the publication of Ministry of statistics, Annual reports of MSME are considered for the analysis. The MSME contributes 33% of country's total GDP in 2022 and it's predicted to contribute worth US \$ 1 trillion India's total exports by 2028.

2 ANALYSIS OF DATA AND DISCUSSION

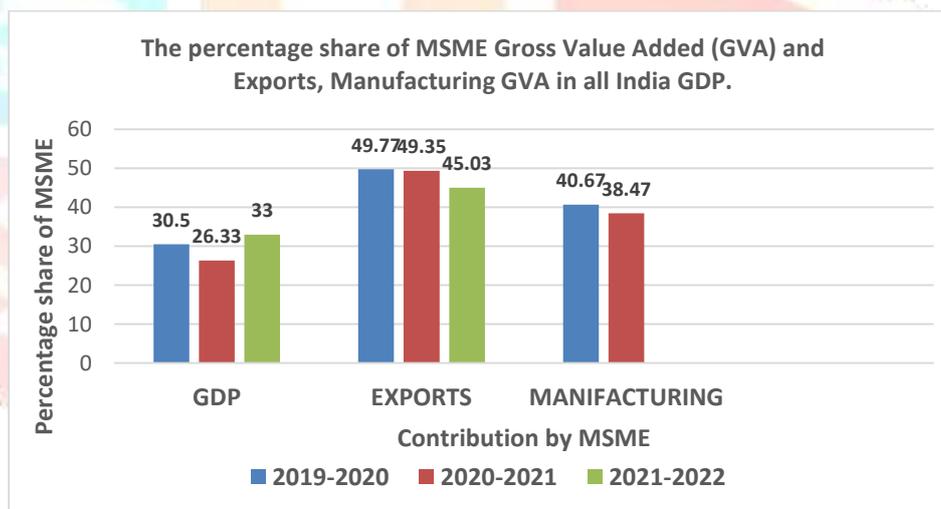
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Table 2 1: The percentage share of MSME Gross Value Added (GVA) and Exports, Manufacturing GVA in all India GDP.

Description/Year	2019-2020	2020-2021	2021-2022
Share of MSME GVA in All India GDP(%)	30.50	26.33	33
Share of exports of MSME to All India's Exports	49.77	49.35	45.03
Share of MSME GVA in All India Manufacturing GVA	40.67	38.47	

Source: Ministry of MSME Annual Reports.

As per the information received from Ministry of MSME, the share of MSME Gross Value Added in all India GDP is increased to 33% during 2022 from 30.50 % in 2020. The exports of MSME compared to total exports of a country in 2019-2020 is 49.77% and it decreased to 45.03% in 2021-2022. The percentage share of MSME GVA in all India manufacturing GVA for 2018 to 2020 was 40.67%, whereas for 2020-2021 it decreased to 38.47%.



2.2 Distribution of MSME's Activity wise, Area wise and Employment Generation

MSME in India are playing a crucial role by providing large employment opportunities with lower capital cost than large industries of rural and backward areas, reducing regional imbalances assuring equal distribution national income and wealth.

Table 2.2 : Estimated Number of MSME(Activity Wise)(In lakh)

Activity wise	2021-2022			
	RURAL	URBAN	TOTAL	SHARE(%)
Manufacturing	114.14	82.50	196.65	31.02
Electricity	0.03	0.01	0.04	6.31
Trade	108.71	121.64	230.35	36.34
Other Services	102.00	104.85	206.85	32.55
TOTAL	324.88	309.00	633.88	100

Source: Ministry of MSME Annual Reports 2021-2022

The table 4 shows activity wise distribution of MSME. Out of 633.88 lakh MSME majority of them are in the sector of trade 230.35 lakh, in other service 206.85 lakh and in manufacturing 196.85 lakhs. Only 0.04 lakh are in electricity.

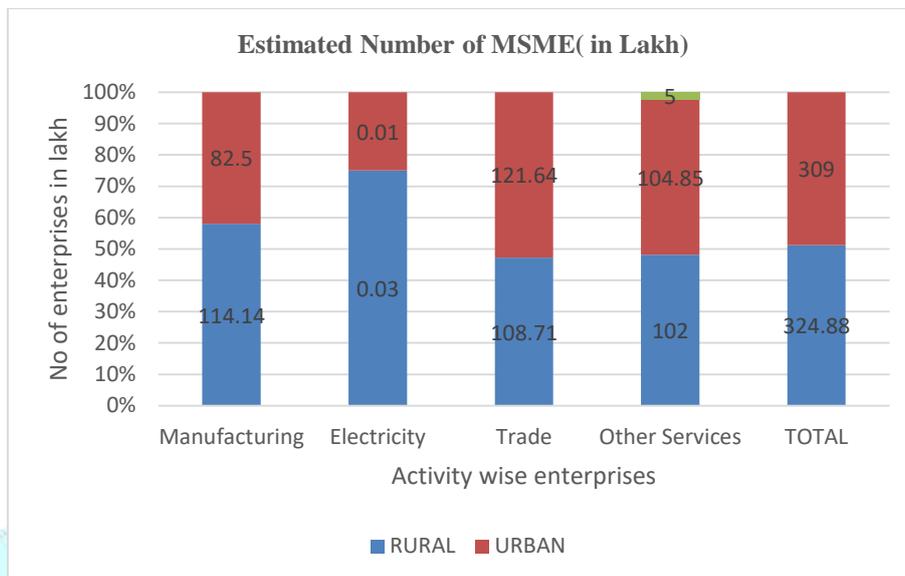


Table 2 3 : State wise Distribution of Enterprises

SI No	State/UT	2021-2022	
		Number (in lakh)	Share (%)
1	Utter Pradesh	89.99	14
2	West Bengal	88.67	14
3	Tamil Nadu	49.48	08
4	Maharashtra	47.78	08
5	Karnataka	38.34	06
6	Bihar	34.46	05
7	Andra Pradesh	33.87	05
8	Gujarat	33.16	05
9	Rajasthan	26.87	04
10	Madhya Pradesh	26.74	04
	Total	469.36	74
	Other state/UTI	164.52	26
	Total	633.88	100

Source: Ministry of MSME Annual Reports 2021-2022/

As per the National Sample Survey Top ten states accounted for a share of 74% of the total number of MSME s in the country. And 26 % are in other states/UT's. Among these states Utter Pradesh and West Bengal had highest percentage of MSME(14%).

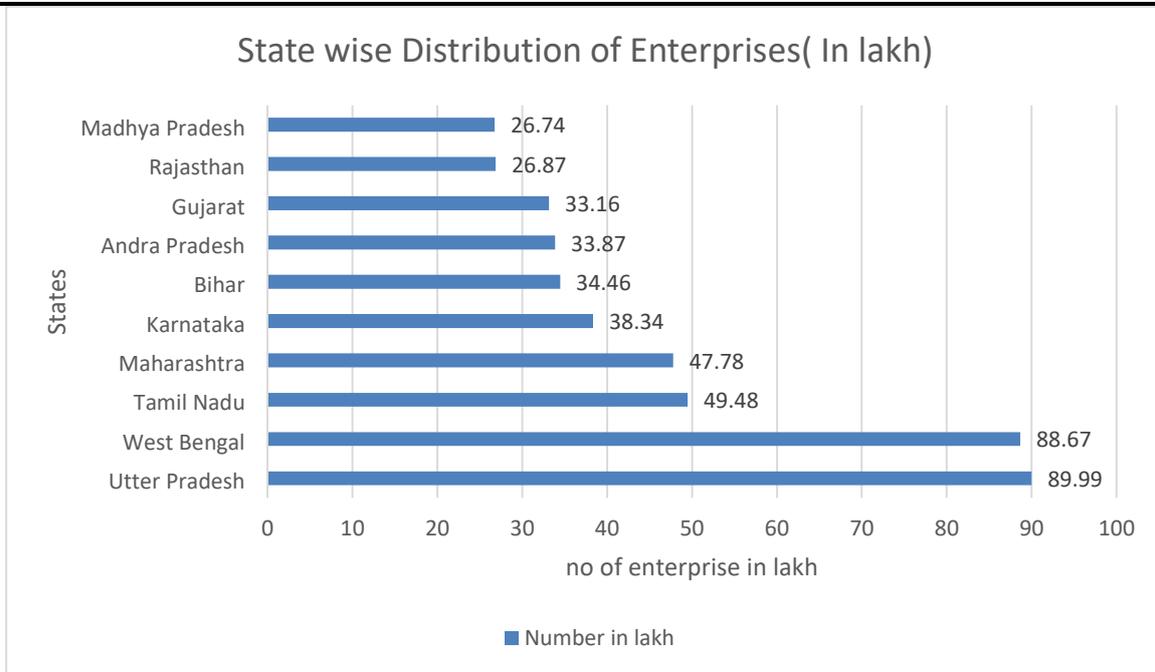
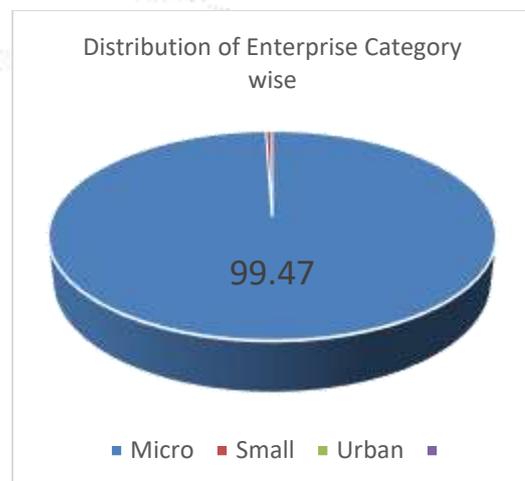
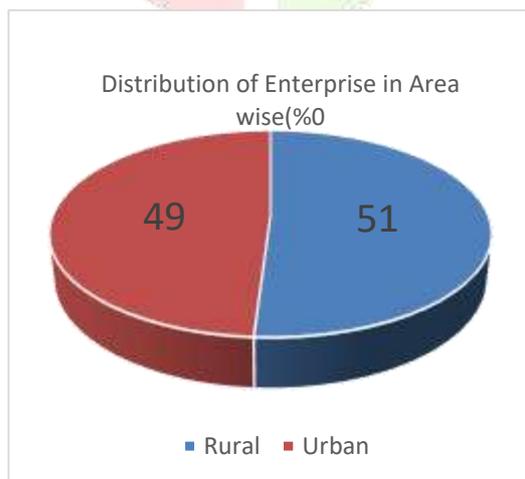


Table 2.4: Distribution of Enterprise Category wise (in lakhs)

Sector/Year	2021-2022			
	Rural	Urban	Total	Share in%
Micro	324.09	306.43	630.52	99.47
Small	0.78	2.53	3.31	0.52
Medium	0.01	0.04	0.05	0.01
Total	324.88	309.00	633.88	100
Share (%)	51	49	100	

Source: Ministry of MSME Annual Reports 2021-2022.

Among the total 633.88 lakh enterprises Majority are micro sectors 630.52 lakh accounts for 99.47% and only 0.52% are small, medium enterprises. 51% of these enterprises resided in rural area and 49% are in urban area.



**Table 2.5: Estimated Employment in the MSME Sector (Activity wise)
(In Lakh)**

Activity/ Category	2021-2022			
	Rural	Urban	Total	Share(%)
Manufacturing	186.56	173.86	360.41	32
Electricity	0,06	0.02	0.07	0
Trade	160.64	226.54	387.18	35
Other service	150.53	211.69	362.22	33
Total	497.78	612.10	1109.89	100

Source: Ministry of MSME Annual Reports 2021-2022

The above table shows activity and area wise distribution of MSME. As per 2022 report, out of 1109.89 lakh enterprise 612.10 lakh are in urban and 497.78 lakh in rural area. Activity wise distribution shows that most of the MSME are in trade, other service and in manufacturing sector

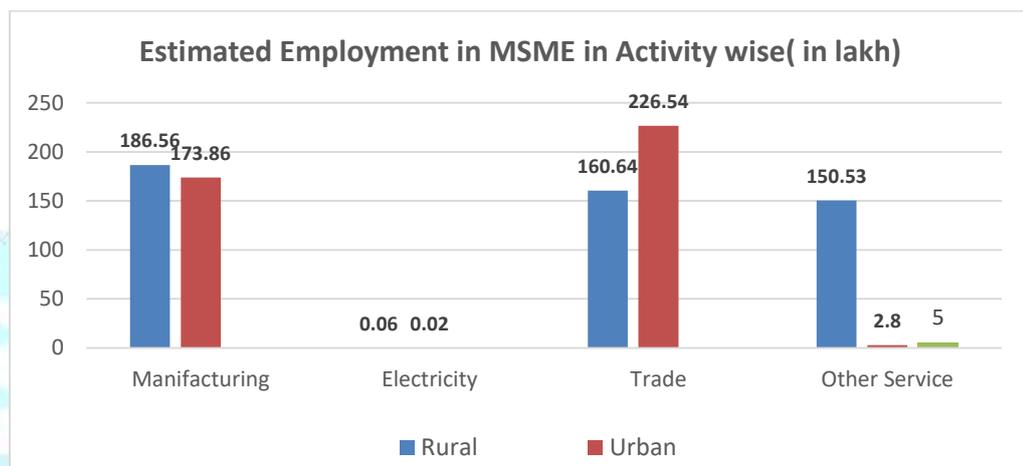
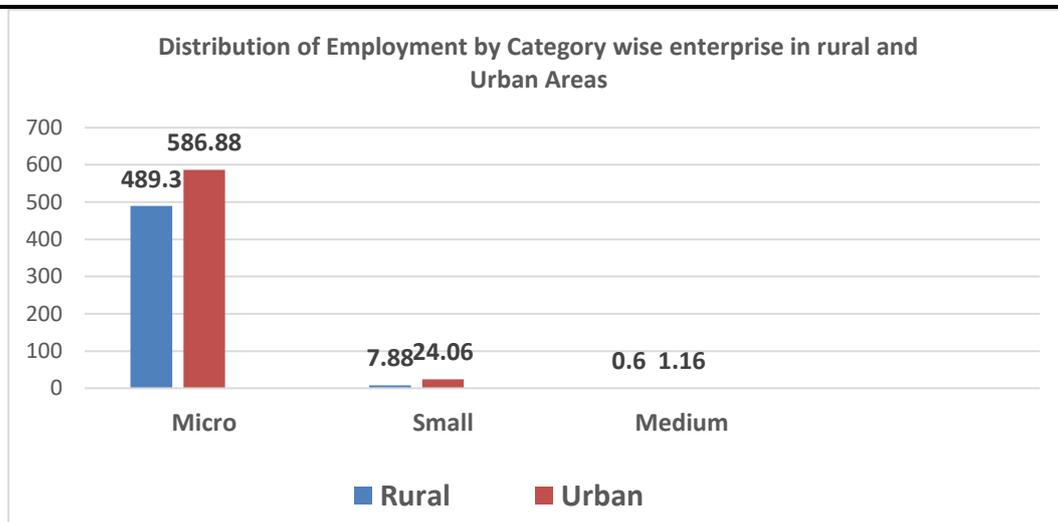


Table 2.6 Distribution of Employment by type of enterprise in rural and Urban Areas (Number in Lakhs)

Sector/ Year	2021-22			
	Rural	Urban	Total	Share(%)
Micro	489.30	586.88	1076.19	96.96
Small	7.88	24.06	31.95	2.87
Medium	0.60	1.16	1.75	0.16
Total	497.78	612.10	1109.89	100
Share(%)	45	55	100	

Source: Ministry of MSME Annual Reports 2021-2022.

The above table shows employment generated by MSME in rural area accounts for 45% and in urban area 55% . Majority employment generated in Micro units 96.96% and lowest in medium enterprises (0.16%).



CONCLUSION

The MSMEs has continuously grown faster in the recent years. The finance, technology, infrastructure, marketing and entrepreneurship development and supportive environment are the main focus areas for the success of 36%. The contribution towards GDP was increasing from 2014-15 to 2018-19. In the year 2014-15 the GDP share of MSME was 29.34% were as in the year 2018-19 the percentage of share of MSME was increased to 30.27%. The total percentage of rural and urban sectors are higher for OBC 49.72%, other contribution was 32.95%.

The total contribution from Utter Pradesh state is 28%. The rural area category was more when compared to urban regarding trade and other activities. Out of total MSME 51 % are in Rual area but Employment generated by MSME in urban area 55 % which was more than rural area in 2022.

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