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ROLE AND PERFORMANCE OF MSME SECTOR IN INDIA

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Abstract

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The 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. The MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. In this article focused on the MSME important role and performance of various sectors in India

Key words: Estimated MSME, Gender base ownership, Role and performance, social group, Estimated Employment.

INTRODUCTION

The 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. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The 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. Ministry of Micro, Small & Medium Enterprises envisions a progressive MSME sector by promoting growth and development of the Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises, adopting cutting edge technologies and encouraging creation of new enterprises.

MICRO, SMALL AND MEDIUM ENTERPRISES

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as below:

- (i) A micro enterprise, where the investment in plant and machinery or equipment does not exceed one core rupees and turnover does not exceed five core rupees;
- (ii) A small enterprise, where the investment in plant and machinery or equipment does not exceed ten core rupees and turnover does not exceed fifty core rupees; and
- (iii) A medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty core rupees and turnover does not exceed two hundred and fifty core rupees.

REVIEW OF LITERATURE

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.

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. 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.

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.

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 quite 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 sector employs about 42 million persons in over 13 million units throughout the country. There are more than 6000 products, ranging from traditional to high-tech items, which are being manufactured by the Indian MSMEs

OBJECTIVES OF THE STUDY

- a) To assess the performance of MSME sectors in India
- b) To analyse the role of MSME Enterprises in rural and urban areas.

METHODOLOGY

The study is based on secondary data. A survey and observation by selected literatures in published reports and research sources. Several published

reports are also consulted such as Annual report of MSME 2020-21 and websites of Ministry Of Micro, Small and Medium Enterprises, Government of India etc.

FINDINGS AND ANALYSIS

In this study based on the secondary data sources including percentage method used to analyse the role and performance of MSME sectors.

Table 1
Estimated Number of MSMEs
(Activity Wise)

Activity Category	Estimated Number of Enterprises (in Lakh)			
	Rural	Urban	Total	Percentage
Manufacturing	114.14	82.50	196.65	31%
Electricity	0.03	0.01	0.03	0%
Trade	108.71	121.64	230.35	36%
Other services	102.00	104.85	206.85	33%
All	324.88	309.00	633.88	100

Source: MSME Annual Report 2020-21

The above table shows that the estimated number of MSMEs Activity wise. Micro sector with 630.52 lakh estimated enterprises on accounts for more than 99% of total estimated number of MSMEs. Small sector with 3.31 lakh and medium sector with 0.05 lakh estimated MSMEs on accounted for 0.52% and 0.01% total estimated MSMEs, respectively. Out of 633.88 estimated numbers of MSMEs, 324.88 lakh MSMEs (51.25%) are in rural area and 309 lakh MSMEs (48.75%) are in the urban area.

Table 2
Gender base ownership Enterprises in rural and urban areas (in Lakhs)

Sector	Male	Female	Total percentage
Rural	77.76	22.54	48.80 %
Urban	81.58	18.42	51.20%
Total	159.34	40.96	100%

Source: MSME Annual Report 2020-21

The above table reveals that gender base ownership enterprises in rural and urban areas. The majority of enterprises situated in (urban 54.20%) areas. The remaining 48.80% of enterprises located in rural area. In this regard classification gender base rural enterprises maximum of male owners in 77.76 lakhs and remaining 22.54 enterprises in female ownership category. The maximum of 81.58 lakhs enterprises in male category and remaining minimum of 18.42laksh in female ownership enterprises.

Table 3
Distribution of Enterprises owned by Male and Female Entrepreneurs (in Lakhs)

Category	Male	%	Female	%	Total
Micro	79.56	29.28	20.44	72.04	100
Small	94.74	34.87	5.26	18.54	100
Medium	97.33	35.83	2.67	9.41	100
Total	271.63	100	28.37	100	300

Source: MSME Annual Report 2020-21

The above explained that distribution of enterprises owned by male and female entrepreneurs. Micro entrepreneurs are 29.28% of enterprises in male category and followed by 72.04% of enterprises in female category. Small entrepreneurs are 34.87% of enterprises maintained by male category and 18.54% of enterprises in female category. Medium sizes of entrepreneurs are 35.83% of enterprises in male category and 9.41% of enterprises are female category.

Table 4
Distribution of enterprises by social group of owner in rural and urban Areas

Sector	SC	ST	OBC	Others	Not known	All
Rural	15.37	6.70	51.59	25.62	0.72	100.00
Urban	9.45	1.43	47.80	40.46	0.86	100.00
All	12.45	4.10	49.72	32.95	0.79	100.00

Source: MSME Annual Report 2020-21

The above table explained that the distribution of enterprises by social group of owner in rural and urban areas. The socially backward groups owned almost 66.27% of MSMEs. Bulk of that was owned by OBCs (49.72%). The representation of SC and ST owners in MSME sector was low at 12.45% and 4.10% respectively. In rural areas, almost 73.67% of MSMEs were owned by socially backward groups, of which 51.59% belonged to the OBCs. In urban areas, almost 58.68% belonged to the socially backward groups, of which 47.80% belonged to the OBCs.

Table 5
Distribution of Enterprises Social Category wise

Sector	SC	ST	OBC	Others	Not known	All
Micro	12.48	4.11	49.83	32.79	0.79	100
Small	5.50	1.65	29.64	62.82	0.39	100
Medium	0.00	1.09	23.85	70.80	4.27	100
All	12.45	4.10	49.72	32.95	0.79	100

Source: MSME Annual Report 2020-21

The above table cleared that distribution of enterprises social category wise. The analysis of enterprises owned by socially backward groups in each of the three segments of MSME sector reveals that micro sector had 66.42% of

enterprises owned by socially backward group, whereas small and medium sectors had 36.80% and 24.94% of enterprises owned by socially backward groups, respectively.

Table 6
Estimated Employment in the MSME Sector (Activity Wise)

Category	Employment (in lakh)			
	Rural	Urban	Total	%
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 services	150.53	211.69	362.22	33
All	497.78	612.10	1109.89	100

Source: MSME Annual Report 2020-21

*Non-captive electricity generation and transmission

The above table estimated employment in the MSME sector. MSME sector has been creating 11.10 core jobs (360.41 lakh in Manufacturing, 0.07 lakh in Non-captive Electricity Generation and Transmission, 387.18 lakh in Trade and 362.82 lakh in Other Services) in the rural and the urban areas across the country. Statement No. 2.7 and Figure 2.5 shows the distribution of MSMEs activity wise

CONCLUSION

The Government has taken measure to improve the productivity, over last 7 years the MSME contribution to GDP has not increased to acceptable level. The estimated number of trade activity in compare to urban and rural is more than urban area covered to high trade and other MSME activities. The gender base ownership enterprises in rural and urban areas comparatively urban area male ownership highly influence the MSME activity. Distribution of enterprises owned by male and female entrepreneurs was running to medium scale industry in majority of male

category. It is suggested that government has to adopt integrated policy, providing sound data with efficient governance, promote skill development to increase productivity and providing accessible credit through government sponsored agency exclusively to MSME is essential to increase productivity and contribution to economic growth.

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