



A STUDY TO EVALUATE THE GROWTH OF MSMEs WITH SPECIAL REFERENCE TO KDMC REGION

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Introduction:

The Micro, Small and Medium Enterprises (MSMEs) is regarded to be one of the apex organizations for enhancing the growth of our country. Various measurements and policies are introduced by the government from time to time to promote the MSME sector. The initiative of 'Start-up India' has immensely contributed to the growth of MSMEs in our country. The COVID-19 pandemic has disrupted the normal

life and has affected multiple industries and sector impacting the overall Gross Domestic Product (GDP) of our country.

The MSMEs are classified on the basis of their aggregate turnover during a financial year. The classification as per the new MSME Act, 2020 is as follows:

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Table 1- Classification of MSMEs

Classification	Micro	Small	Medium
Manufacturing & services	Investment < Rs 1 crore and turnover < Rs 5 crore	Investment < Rs 10 crore and turnover < Rs 50 crore	Investment < Rs 20 crore and turnover < Rs 100 crore

Source – Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

The financial implications, socio-economic and technological factors contributed in reducing the efficiencies of these sectors which needs to be addressed to ensure its survival. The government both at the central and state levels managed to support the units by various schemes. The units had to register themselves on the MSME Portal to avail these benefits. Since the MSMEs play a vital role for the economic growth of our country, it needs to -

1. Develop better training and skills enhancement programmes for its employees and other stakeholders.
 2. Monitor and address the evolving technological needs to increase the quality of the products manufactured.
 3. Coordinate with other departments and bodies of the government for amending policies that would promote these units and develop them as a larger unit.
- The Indian economy is regarded to grow stronger than other economies in the years to come by building a satisfied consumer base which is being catered to by the



MSME Sector. The MSME sector occupies a substantial position in the Indian economic structure due to the considerable contribution of 30.27% made towards all India GDP in the FY 2019, employment of 110 million people and a whopping 49.7% contribution in all India Export during FY 2020 (SIDBI, 2020-21).

Objectives of the Study:

1. To evaluate the challenges faced by MSMEs.
2. To evaluate the awareness about the measures undertaken by Government of India (GOI) in support of MSMEs.
3. To suggest the remedial measures to boost the survival of MSMEs.

Research Methodology:

The study is based on primary as well as secondary data. The study is analytical, applied and quantitative in nature. Simple random sampling method was used to collect the samples. The primary data was collected using a questionnaire as the research tool. The questionnaire had 30 questions which comprised of open ended and closed ended questions and a sample size of 50 respondents and were collected from Kalyan and Dombivli region. The secondary data is collected from various annual reports of MSMEs, books, research papers in journals, articles from newspapers and magazines. The data thus collected is put to test with the statistical tool – ANOVA. Wherever necessary pictorials, graphs, charts, and statistics are used to facilitate explanation. Sources of data are appropriately mentioned in the bibliography. The study aims to evaluate the challenges faced, measures undertaken by GOI and suggest the remedial measures to boost the survival of MSMEs.

Hypotheses:

Hypothesis is regarded as a proposed explanation made on the basis of limited evidence as a starting point for further investigation. For the purpose of this research, the following hypotheses are considered:

Hypothesis 1

Null Hypothesis (H₀): There is no significant difference between the challenges faced by the MSMEs.

Alternate Hypothesis (H₁): There is a significant difference between the challenges faced by the MSMEs.

Hypothesis 2

Null Hypothesis (H₀): There is no significant difference between the awareness regarding the government initiatives towards MSMEs.

Alternate Hypothesis (H₁): There is a significant difference between the awareness regarding the government initiatives towards MSMEs.

Review of Literature (Aim):

According to (Dr Ch.Hema Venkata Sivasree, 2020) the problems faced by the MSMEs are unawareness in technological advancement, low cost credit and non-involvement of foreign banks are a major hindrance in the growth of MSMEs. She also highlights that substantial involvement of the government in MSME sector can lead to greater scale of economic development in the country.

According to (Dr.Sharath.A.M, 2020) the MSME sector undergo a lot of difficulties majorly contributing to non-entrepreneurial environment, insufficient capital generation, inability to differentiate between business and individual accounts, non- presentation to administrative superiors, and absence of good HR personnel. To introduce and develop entrepreneurial friendly environment, educational institutions should enable the supply of good entrepreneurs and bridge the challenges faced by these institutes to boost MSME growth and stabilize them.

(Gisha.P.Mathai, 2015) focused on the fact that there are drastic challenges faced by MSMEs right from setting up newer units to ensuring their smooth functioning in gathering good skilled workers, to the extent of even allocating funds for the training and development of the existing employees.



Data Analysis & Discussions:

What is data analysis and emphasise research methodology.

The primary data collected for this study with the help of a questionnaire studies the profile of the MSMEs. It

1. Testing the significant difference between the challenges faced by the MSMEs:

Null Hypothesis (H₀): There is no significant difference between the challenges faced by the MSMEs.

Alternate Hypothesis (H₁): There is a significant difference between the challenges faced by the MSMEs.

Table 2 - Testing the significant difference between the challenges faced by the MSMEs

Variable	Groups	Average	Variance	F Value	F Critical Value	p Value
Challenges faced by the MSMEs	Capital Generation	1.85	9.31	0.077	1.876	0.99
	Better Infrastructure	1.78	5.44			
	Latest Technology	1.80	6.40			
	Skilled Labour	1.75	4.50			
	New Marketing & Promotion Tools	1.83	8.33			
	Government Interference	1.80	6.40			
	Training & Development Cost	1.33	0.33			
	Gender Discrimination	1.00	0.00			
	Job Security	1.60	1.80			
	Competition with other establishments	1.71	3.57			
	Availability of Raw Material	1.78	5.44			
	Procurement of Machinery & Equipment	1.33	0.33			
Others	0.00	0.00				

Source – Primary Data

To ascertain if there were any significant differences between the challenges faced by the MSMEs, a one-way ANOVA was applied. The results are shown in the table above.

The highest mean (1.85) was recorded against the challenge of ‘Capital Generation’ followed by the second highest mean (1.83) which was recorded against the challenge of ‘New Marketing and Promotion Tools’. The lowest mean (0.0) was recorded in correspondence to ‘Others’. The calculated F value (0.077) is lesser than the F critical value (1.876). The p Value is more than 0.05 (5%) significance level. Hence, the alternate hypothesis (H₁): ‘There is a significant difference between the

identifies the gaps in the system, highlights the awareness level regarding the various government schemes for the benefit of the MSMEs and suggests measures to improve the situation of the MSMEs.

challenges faced by the MSMEs.’ is rejected at 5% significance level. Therefore, the null hypothesis (H₀): ‘There is no significant difference between the challenges faced by the MSMEs.’ is accepted.

2. Testing the significant difference between the awareness regarding various government initiatives towards MSMEs

Null Hypothesis (H₀): There is no significant difference between the awareness regarding the government initiatives towards MSMEs.

Alternate Hypothesis (H₁): There is a significant difference between the awareness regarding the government initiatives towards MSMEs.

Table 3 – Testing the significant difference between the awareness regarding the government initiatives towards MSMEs

Variable	Groups	Average	Variance	F Value	F Critical Value	P-value
Awareness regarding Government Initiatives	Bachat Yojna	1	0	0.106282	2.490410018	0.994939
	Credit Scheme	1	0			
	Udyog Aadhaar	1.857143	10.28571			
	Mudra	1.5	1			
	Make in India	1.666667	2.666667			
	NSIC Scheme	1	0			
	Credit Linked Capital Subsidy	1	0			

Source – Primary Data

To ascertain if there were any significant differences between the awareness regarding the government initiatives towards MSMEs, a one-way ANOVA was applied. The results are shown in the table above.

The highest mean (1.5) was recorded against the initiative of ‘Udyog Aadhaar’ followed by the second highest mean (1.6) which was recorded against the initiative of ‘Make in India’. The lowest mean (1) was recorded in correspondence to ‘Bachat Yojana’, ‘Credit Scheme’, ‘NSIC Scheme’, and ‘Credit Linked Capital Subsidy’. The calculated F value (0.106) is lesser than the F critical value (2.490). The p Value is more than 0.05 (5%) significance level. Hence, the alternate hypothesis (H_1): ‘There is a significant difference between the awareness regarding the government initiatives towards MSMEs.’ is rejected at 5% significance level. Therefore, the null hypothesis (H_0): ‘There is no significant difference between the awareness regarding the government initiatives towards MSMEs.’ is accepted.

3. Secondary Data Discussions:

The Ministry of MSME runs numerous schemes targeted at providing credit and financial assistances, skill development training, infrastructure development, marketing assistance, technological and quality upgradation and other services for MSMEs across the country.

The GoI has designed various policies for the growth of MSMEs in the country. In November 2021, the Indian

government launched the Special Credit Linked Capital Subsidy Scheme (SCLCSS) for the services sector. This scheme will help enterprises in the services sector to meet various technological requirements. In November 2021, the Ministry also launched SAMBHAV, a national level awareness program to push economic growth by promoting entrepreneurship and domestic manufacturing. (India Brand Equity Foundation, 2021)

In the aftermath of COVID-19 pandemic, the MSME sector has not only been given substantial allocation but also has been accorded priority in implementation of the measures to revive the economy. In addition to the existing credit related schemes and other announcements, the following two announcements were made under the Aatmanirbhar Bharat Package to provide better access to finance for MSMEs: (1) Rs. 20,000 crores subordinate debt for stressed MSMEs and (2) Rs. 50,000 crores equity infusion for MSMEs through Self-Reliant India Fund (Fund of Funds). (Ministry of MSME, 2021-22)

Skill training program are conducted by a network of institution under the Ministry i.e. Khadi and Village Industry Commission (KVIC), Coir Board, National Small Industries Corporation Ltd. (NSIC), National Institutes for MSME (ni-msme), and MSME - Technology Centres (TCs). (Ministry of MSME, 2021-22)

Recommendations & Suggestions:

Some of the remedial measures to curb and overcome



sickness in industrial undertakings are as follows:

1. **Identifying Sickness at Initial Stage:** Sickness in MSMEs are not a sudden phenomenon but it is a gradual process taking 5 to 7 years eroding the health of a unit beyond cure. Therefore, the identification and detection of the sickness at incipient stage is the first and foremost measure to detect and reduce industrial sickness. Sickness must be identified at initial stage.
2. **Financial Assistance:** Lending agencies need to relax their lengthy process and other norms for extending credit to the MSMEs. To combat the incidence of sickness financial institutions should grant credit without delay to MSME sector. A number of initiatives like increasing working capital limits, enhancing the powers of bank managers in offering credit to MSMEs, and reduced rate of interest can be undertaken to overcome credit problems. These measures would improve the flow of credit and keep a check on the incidence of sickness.
3. **Improving Infrastructure:** Infrastructure facilities can be improved by setting up industrial estates, common testing centres, etc. Infrastructural problems can be solved by improving the roadways, waterways, establishing telecommunication systems.
4. **Technology Up-Gradation:** Funds may be provided by the financial institutions for adoption of advanced technology. Similarly, some sort of training may be provided for use of the latest technology to overcome technological problems. Technological up-gradation can help to overcome technological obsolescence.
5. **Marketing Assistance:** Marketing assistance may be provided to entrepreneurs for marketing the goods produced by them. Government must help to market the goods. Government and NGOs can come forward for marketing the goods produced by the MSME sector. The problem of poor marketing of the products can be solved by coordinated efforts of entrepreneurs and promotional agencies.
6. **Government Interventions:** Interventions must be made by the government to prevent sickness. Periodic review of financial statements can help to identify and prevent sickness at initial stage. It is extremely vital that awareness regarding these initiatives should be provided to the MSME beneficiaries starting from the grass root level to ensure that these benefits are availed and the outcome of these initiatives should be mapped.
7. **Training:** A proper environment must be created where an entrepreneur will be educated and will have a proper knowledge, skill and experience about internal and external environment of business to compete with large-scale industries and multinational companies.

Conclusions:

The central issue of concern for the future growth of MSMEs is how to strengthen its competitiveness. First of all, if MSMEs have to thrive steadily, infrastructural bottlenecks must be overcome to enable them to compete based on their inherent potential. It is the responsibility of the government to remove any structural bottleneck for MSME performance especially when market forces are given prominence through the removal of 'protective elements.' It is essential to provide the much-needed 'level playing field' to small enterprises through infrastructure development. But overcoming the infrastructural bottlenecks for MSME is easier said than done. To enable efficient monitoring and provision of infrastructural facilities, MSMEs should be permitted to come up only in designated industrial areas or estates. Each state should be asked to develop a database of MSME, which should be updated at least, once in three years with the help of District Industries Centres (DICs). There is an urgent need to introduce a system of delisting closed registered MSME units (Planning Commission, 2002). This will facilitate 'policy corrections' from time to time.



There is a need to explicitly recognise and exploit the ‘innovation potential’ of MSMEs. In developed countries, MSMEs are promoted, among others, as the ‘seed bed’ of innovation (Bala Subrahmanyam, 2002). Micro, small and medium enterprises have the specific advantages of flexibility, concentration and internal communications for carrying out technological innovations. Technological innovations contribute to competitiveness. Even in the Indian context, a significant number of small firms do carry out technological innovations and thereby enhance their competitiveness (Bala Subrahmanyam, 2002). Therefore, it is appropriate to incorporate schemes in the existing policy and institutional network to provide technological and financial assistance to in-house technological innovations at the district level and make it easily accessible to MSME.

It is essential to pursue with more intensity the existing strategy of technological upgradation and modernisation by involving local governments and MSME associations, particularly with a focus on MSME clusters. However, it needs to be emphasised that the technological transformation of Indian MSME is a gigantic task and government alone cannot achieve the objective, however extensive its infrastructure may be. Therefore, major initiative has to come from MSME itself, particularly through their associations. The importance of ‘achieving and sustaining competitiveness in the long run’ and investing ‘self-efforts and resources’ needs to be realised and spread among MSME units through their associations at the regional level. This will play a crucial role in their long-term development in the future.

Financial infrastructure needs to be broadened and adequate inflow of credit to the sector be ensured taking into consideration the growing investment demand including the requirements of technological transformation. MSMEs should be allowed to come up only in designated industrial areas for better monitoring and periodic surveys though DICs should enable policy

corrections from time to time. A technologically vibrant, internationally competitive MSME sector should be encouraged to emerge, to make a sustainable contribution to national income, employment and exports.

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