

Role of MSMEs in Growth and Development of Indian Economy- A Study of Meerut District in Uttar Pradesh

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ABSTRACT

India's Micro, Small and Medium enterprises (MSMEs) segment has appeared as a vibrant and dynamic sector for the economy. The MSMEs have been recognized as an engine of economic growth and play an important role in promoting equitable regional development. MSMEs form a huge allotment of private sectors in various developed and developing countries which has been acknowledged as a medium in promoting the growth and development. MSMEs are playing a crucial responsibility in generating a huge amount of employment at inadequate cost of capital in comparison to large industries, helping in export and establishment of industries. The study attempted to examine the contribution of MSMEs Sector in the nation's growth and also the areas which are required to strengthen the MSMEs sector to its continuous contribution to the development of India. In this study convenience sampling was adopted with the data sample size of 80 MSMEs, the data was collected with the help of structured questionnaire. The data is analyzed through frequency analysis with

graphs & tables. The findings of the study have shown that that growth of MSMEs may lead to growth of Indian economy

Keywords: Small and medium-size enterprises, Economic development, export and employment generation.

Introduction

The MSMEs play an important role in the economic and social development of India. The sector contributes in manufacturing and employment generation and export significantly. Moreover, the MSMEs sector is highly heterogeneous and it creates important employment at very low cost. It also helps in industrialization of rural and backward areas thereby, reducing regional imbalances, assuring more distribution of national income and wealth. Indian market has been emerging speedily and the entrepreneurs of India are creating remarkable progress in different industries like food processing, manufacturing, garments and textile, information technology and service. The Micro and Small enterprise sector has sustained to add immensely in making large scale employment opportunities.

The MSME sector is at the initial stage of its expansion and with further improvement in technology, there is every likelihood that MSME sector will be able to contribute immensely to the overall growth of the Indian Economy. The MSME sector as per the Indian government industrial policies has been designated as the priority sector for the growth of Indian economy. But this sector is facing huge crunch in raising adequate financial recourses from within and outside.

Motivation of the study

The small and medium enterprise has a high potential for providing employment, contribution to GDP, promoting entrepreneurship and earning foreign exchange for the country. The above factors express the importance of small and medium enterprise in our economy. So SMEs play a

vital role in the growth and development of the economy. This sector cannot be ignored for the growth of the Indian economy

Objective of the study

The primary objective of the paper is to investigate the Role of MSMEs in Growth and Development of Indian Economy since the sector contributes in manufacturing and employment generation and export significantly.

Research Methodology & Sampling Procedure

Research is based upon primary and secondary data. A set of 100 Questionnaires were circulated among the MSMEs, in which 80 officials responded by the MSMEs and it was taken as the sample for this study. The data is analyzed and represented through graphs & tables.

Sector: MSME (Micro, Small & Medium), Sports goods manufacturing

Location: Meerut District

Sampling Method: Convenience Sampling

RESULT AND ANALYSIS

There are two research questions have been generated from Micro, Small and Medium enterprise in order to examine the role of MSMEs in growth and development of Indian economy, one question relating to contribution to the Export and second reveals employment generation with special reference to Meerut district in Uttar Pradesh in India. The data is analyzed and represented through graphs & tables.

(a) Are you an exporter? (1 = Yes, 2 = No)

Frequency Table

Table 1: Analysis of Total Exports of Sports Goods by SMEs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	26	32.5	32.5	32.5
	2	54	67.5	67.5	100.0
	Total	80	100.0	100.0	

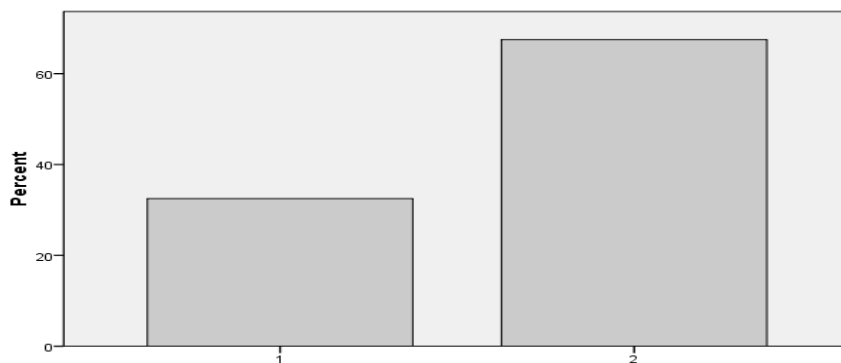


Figure 1: Analysis of Total Exports of Sports Goods by SMEs

It is concluded from the above bar graph that majority of SMEs does not export.

(b) If yes, what is the percentage of Export to Total Sales?

Table 2: Analysis of Percentage of Exports in Total Sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	4	15.4	15.4	15.4
	2	8	30.8	30.8	46.2
	3	9	34.6	34.6	80.8
	4	4	15.4	15.4	96.2
	5	1	3.8	3.8	100.0
	Total	26	100.0	100.0	

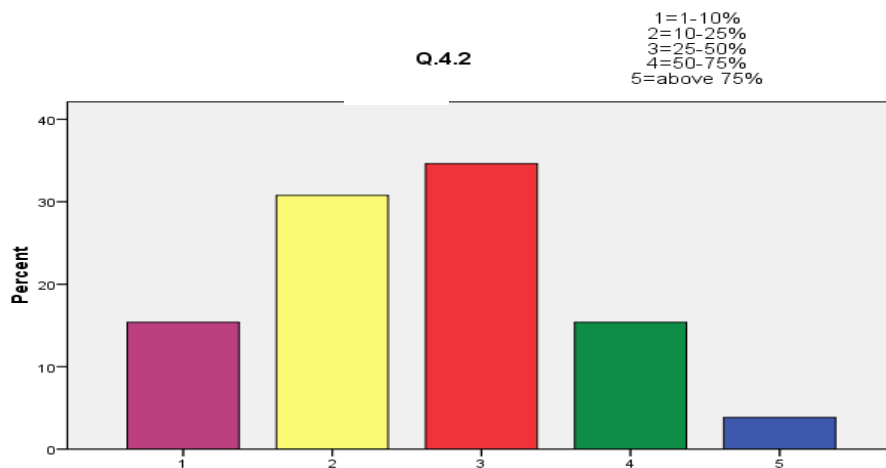


Figure 2: Analysis of Percentage of Export in Total Sales

From the above bar chart, it is concluded that among the major exporters, percentage of Export to Total Sales ranges between 25-50 % followed by 10-25 % of export to total sales by the rest.

The country sports equipment market has been growing as per the data of financial year 2018.

(c) Employment Generation Related Information (SME)

1 = 1-10 employee, 2 = 11-20 employee, 3 = 21-40 employee, 4 = 41-60 employee, 5 = More than 60 employee

Table 3: Analysis of Employment Generation by SMEs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	20	25.0	25.0	25.0
	2	20	25.0	25.0	50.0
	3	14	17.5	17.5	67.5
	4	13	16.2	16.2	83.8
	5	13	16.2	16.2	100.0
	Total	80	100.0	100.0	

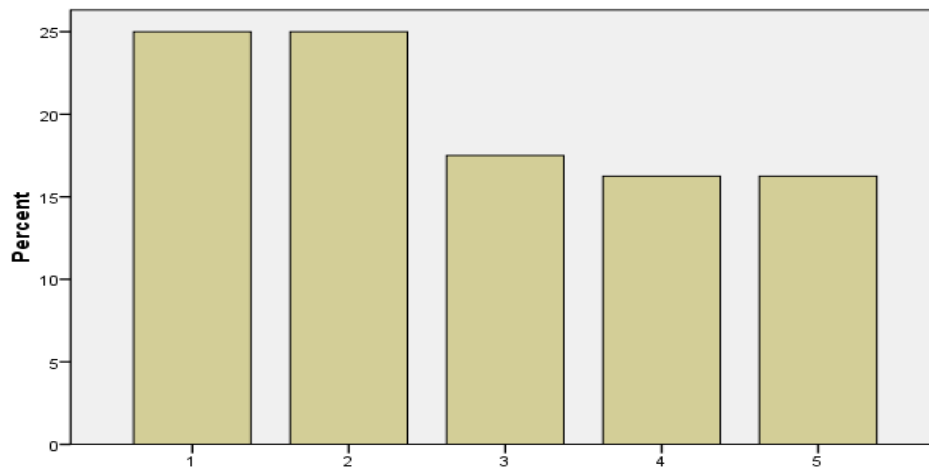


Figure 3: Analysis of Employment Generation by SMEs

Table 4: Analysis of Employment Generation for Skilled and Unskilled Worker in Meerut

Year	Skilled	Year	Unskilled
2012-2013	4908	2012-2013	3914
2013-2014	5643	2013-2014	4639
2014-2015	6848	2014-2015	5012
2015-2016	7217	2015-2016	6381
2016-2017	8551	2016-2017	7716

Majority of SMEs in employment generation are in the first two categories where less than 20 employees are employed, while in the last three categories, show an almost constant number of employees. The above table clearly indicates that in the last five year there has been an increasing number of skilled and unskilled labour that are being employed by SMEs, which is a positive indicator to the growth and development of SMEs sectors in India.

Growth and Performance of SMEs in India

- Indian SMEs are being funded by local fund providers and foreign funds.
- Use of advanced technology has also enabled the growth of the SME sector. The coming of online business directories and trade portals has contributed to a vast database of manufacturers, sellers and buyers, all at one click of a button.
- Minimal investment is required to start and maintain these units.
- Nowadays the SMEs are major contributors to domestic production and also add to the export basket of the country.
- SME sector exports approximately 60 percent of its entire production to sports-loving people around the world.
- The sector gives employment to more than 500,000 people.
- Contribution of SMEs is significant towards GDP growth which leads to further development of SMEs in India.
- MSMEs contributes around 40% of Indian's total export

Conclusion

The MSMEs has been playing a vital role in propelling the economic growth of India. It has been contributed consistently and significantly to India's GDP and employment generation for the last decade. Access to sufficient and timely finance from the financial institutions is still a constraint being faced by the MSMEs. This study concluded that MSMEs among the major exporters, percentage of Export to Total Sales ranges between 25-50 % followed by 10-25 % of export to total sales by the rest, Which shows that the country sports equipment market has been growing as per the data of financial year 2018. From the last five year there has been an

increasing number of skilled and unskilled labour that are being employed by SMEs, which is a positive indicator to the growth and development of SMEs sectors in India.

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