

**A STUDY ON DEVELOPMENT OF MICRO, SMALL AND
MEDIUM ENTERPRISES IN RAMANATHAPURAM
BLOCK**

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ABSTRACT

The Micro, Small and Medium Enterprises (MSMEs) in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. Despite being pillars of economy, the Micro, Small and Medium Enterprise (MSME) continue to face several problems in their day-to-day operations, that is, in production and marketing of their products. The present study would serve as guide posts for paving the way for the development of Micro, Small and Medium Enterprises (MSMEs). The measures suggested for overcoming the problems faced by Micro, Small and Medium Enterprises (MSMEs) in Ramanathapuram block, eventually leading to the better utilization of their capacity may also be found useful.

Key words: Micro, Small and Medium Enterprises (MSMEs), National Manufacturing Competitiveness Programme (NMCP), Small Scale Industry (SSI)

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Introduction

A role of Micro, Small and Medium Enterprises (MSMEs) in the economic and social development of the country is well established. The Micro, Small and Medium Enterprise (MSME) sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector contributes 8 per cent of the country's Gross Domestic Product 45 per cent of the manufactured output and 40 per cent of its exports. The Micro, Small and Medium Enterprises (MSMEs) provide employment to about 60 million persons through 26 million enterprises. The labour to capital ratio in Micro, Small and Medium Enterprise (MSME) and the overall growth in the Micro, Small and Medium Enterprise (MSME) sector is much higher than in the large industries. The geographic distribution of the Micro, Small and Medium Enterprises (MSMEs) is also more even. Thus, Micro, Small and Medium Enterprises (MSMEs) are important for the national objectives of growth with equity and inclusion.

In view of the Micro, Small and Medium Enterprise (MSME) sector's role in the economic and social development of the country the Government has emphasized on its growth and development. Some of recent measures include enactment of the Micro, Small and Medium Enterprises Development Act, 2006, amendments to the Khadi and Villages Industries Commission Act, announcement of a package for promotion of Micro, Small and Medium Enterprises (MSMEs), launching of new/innovative schemes under National Manufacturing Competitiveness Programme (NMCP), launching of Prime Minister's Employment opportunities.

Definitions of Micro, Small and Medium Enterprises

In accordance with the provision of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprise (MSME) are classified in two classes. The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under:

Manufacturing Sector	
<i>Enterprises</i>	<i>Investment in Plant & Machinery</i>
Micro Enterprises	Does not exceed <i>twenty five lakh</i> rupees
Small Enterprises	More than <i>twenty five lakh</i> rupees but does not exceed <i>five crore</i> rupees.
Medium Enterprises	More than <i>five crore</i> rupees but does not exceed <i>ten crore</i> rupees.
Service Sector	
<i>Enterprises</i>	<i>Investment in Equipments</i>
Micro Enterprises	Does not exceed <i>ten lakh</i> rupees.
small Enterprises	More than <i>ten lakh</i> rupees but does not exceed <i>two crore</i> rupees.
Medium Enterprises	More than <i>two crore</i> rupees but does not exceed <i>five crore</i> rupees.

Objectives

- To analyze the trend and growth of the Micro, Small and Medium Enterprises (MSMEs) registered the investments, the employment and the production performance of the Micro, Small and Medium Enterprises (MSMEs).
- To examine the extent growth of the selected Micro, Small and Medium Enterprises (MSMEs) in Ramanathapuram.

Review of Literature

Waghamare Shivaji, Sudharsana Reddy and B.Ravichandra Reddy (2008), on their article on “Industrial Sickness: Small Scale paper mills in Karnataka” stated that financial structure of sample paper mill points that the industry more dependent on internal sources. The industry’s long term financial strength was sound. The debt-equity mix of the sample mills is also resembles industry’s position.

S.Vijayalakshmi (2010), in her article on “Industrial sickness of Small Scale Industry (SSI) in India: An overview” stated that Small Scale Industry (SSI) in India is important segment of Indian economy. Thus the government should revamp the existing policies to cover the existing policies to cover all Small Scale Industry (SSI) units. In addition to this it may to provide move awareness to the entrepreneurs, through which we can enhance the performance of Small Scale Industries (SSIs) in India.

Ratna.N. Sheltar (2011), in his article on “perspective on the problems of sickness in SSI sector” stated that the SSI is playing pivotal role in Indian economy in terms of employment. It has built up brands that are small, reliable, trusted and local. These tiny brands have remained small in their values and turnover but are really big in their equity in the markets they operate. Since tiny sector is nursery of traditional skills of rural areas and caters to artisans and craftsmen both in rural and urban areas it should be strengthened.

Liji Jolly (2013) in his article on “Government policy and small sectors in India” World over, Micro, Small and Medium Enterprises (MSMEs) are recognized as an important constituent of the national economies, contributing significantly to employment expansion and poverty alleviation. Recognizing the importance of micro and small enterprises, which is an important segment of Indian economy in terms of their contribution to country’s industrial production, exports, employment and creation of entrepreneurial base. Development and promotion of Micro, Small and Medium Enterprises (MSMEs) are vital for economic development that is why the modern era describes the Micro, Small and Medium Enterprises (MSMEs) as “the most employment-intensive segment”.

Hypothesis

The following hypotheses have been framed for the study. The entrepreneurs are not having continuous performance. The entrepreneurs are not enjoying the social security benefits and are exploited.

- Age of the entrepreneurs influences their performance
- Gender of the entrepreneurs influences their performance
- Educational status of entrepreneurs influences their performance
- Community of entrepreneurs influences their performance

- Marital status of entrepreneurs influences their performance
- Location of entrepreneurs influences their performance
- Experience of entrepreneurs influences their performance
- Source of finance of entrepreneurs influences their performance

Methodology

This is an empirical research based on the survey method. The present study has been based on primary and secondary data.

Sampling Design

Random sampling technique was adopted and one hundred samples were selected within the study area.

Framework Analysis

Chi-square test was applied to find out whether performance of the Micro, Small and Medium Enterprises (MSMEs) entrepreneurs.

Quick Estimates Micro, Small and Medium Enterprises (MSMEs)

Quick Estimates of 4th Census (2006-2007)	
Number of MSMEs	26.1 million
Number of manufacturing enterprises	7.3 million
Number of service enterprises	18.8 million
Number of women enterprises	2.1 million (8%)
Number of rural enterprises	14.2 million
Employment	59.7 million
Per unit employment	6.24
Per unit fixed investment	Rs.33.78 lakh
Per unit original value of plant & machinery	9.66 lakh
Per unit gross output	46.13 lakh

Employment per one lakh fixed investment	0.19
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Source: secondary data

Performance of Micro, Small and Medium Enterprise (MSME) Entrepreneurs

Degrees of freedom: 2

Table value of 5% level: 5.99

Factors	Calculated Value	Result
Age	4.476	No significance relationship
Gender	0.98	No significance relationship
Education	3.12	No significance relationship
Community	0.539	No significance relationship
Marital status	2.37	No significance relationship
Location	6.66	Significance relationship
Experience	16.51	Significance relationship
Source of Finance	2.9	No significance relationship

Source: Primary Data

Conclusion

Micro, Small and Medium Enterprise (MSME) units are help to develop the national economy and increase the self-employment. The pre-planning and time decision helps to the entrepreneurs, because without preplanning cannot perform full plugged. This is also to help to the entrepreneurs to take actions and to prevent the problems for the units. Technical skills and experience are helps to the entrepreneurs. Now- a-days competition is general one, so entrepreneurs must get all skills and definitely they can achieve the goal.

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