

An Empirical Study on Micro Small and Medium Scale Enterprises MSMEs in Uttar Pradesh

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Abstract

The Micro, Small and Medium Enterprises (MSMEs) assume a fundamental role in the economic and social advancement of the nation, frequently acting as a nursery of entrepreneurship and development. They additionally assume a key role in the advancement of the economy with their compelling, productive, adaptable and creative entrepreneurial spirit. The MSME segment contributes essentially to the nation's manufacturing output, employment, and exports and is credited with creating the most noteworthy employment growth just as representing a significant portion of industrial production and exports. MSMEs have been internationally considered as a foundation of economic development and as key instruments for advancing evenhanded advancement. The MSME division in India is profoundly heterogeneous as far as the size of the enterprises, an assortment of products, services, and levels of technology. The segment not just assumes an incredible role in giving business openings at similarly lower capital expense than large ventures yet additionally helps in the industrialization of provincial and backward areas, decreasing local irregular imbalances and guaranteeing progressively fair appropriation of national income and wealth.

Introduction

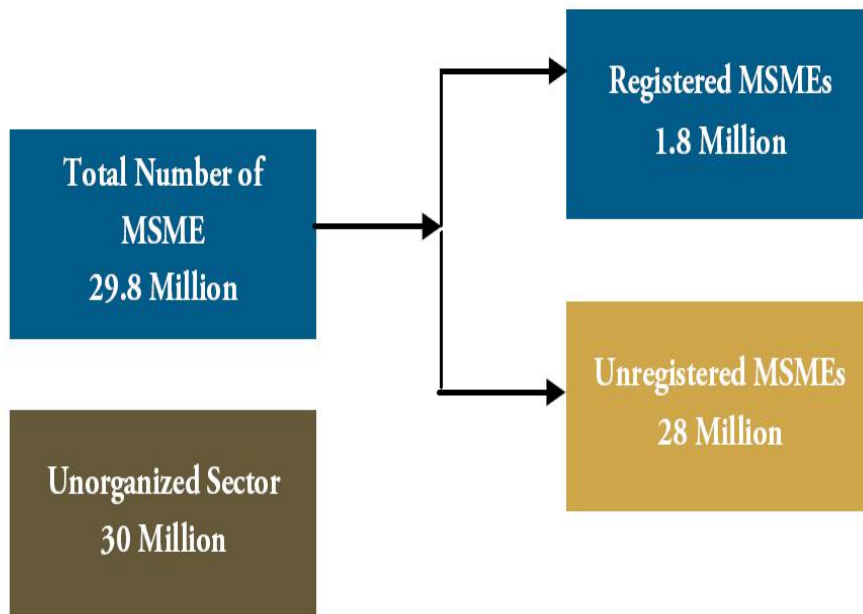
MSMEs complement large enterprises. MSMEs contribute about 22% of the nation's GDP, 45% of the manufacturing output and 40% of the exports. They give the biggest portion of employment after agriculture. They have broadly scattered the nation and produce an assorted scope of products and services to address the issues of the neighborhood markets, the worldwide market, and the national and international value chains. The significant preferred position of the sector is its employment potential at the low capital expense. It is notable that the MSME sector establishes the spine of the country, small Industry has been one of the significant mainstays of India's economic improvement strategy since Independence.

Table 1.1. Definition of Micro, Small and Medium enterprises

Enterprises	Investment in Plant & Machinery (Manufacturing)	Investment in Equipment (service)
Micro	Up to Rs. 25 lakhs	Up to Rs. 10 lakhs
Small	Above Rs. 25 lakhs up to Rs. 5 crore	Above Rs. 10 lakhs up to Rs. 2 crore
Medium	Above Rs. 5 crore up to Rs. 10 crore	Above Rs. 2 crores up to Rs. 5 crore

Source: Uttar Pradesh Micro, Small & Medium Enterprises Report

Agriculture alone isn't equipped for meeting the difficulties of unemployment and destitution decrease in our nation. All things considered, an arranged and directed development of industries is a must for the growth of our country.



Source: MSME Census, NCEUS

Figure 1.2. Broad Classification of the MSMEs in India

Micro enterprises are assuming an essential role in the advancement of the industrial sector of our nation. A micro-enterprise is the smallest business in a nation, which works with the least capital and the low number of representatives. Normally, it works inside a small topographical region to provide goods or services for their community.

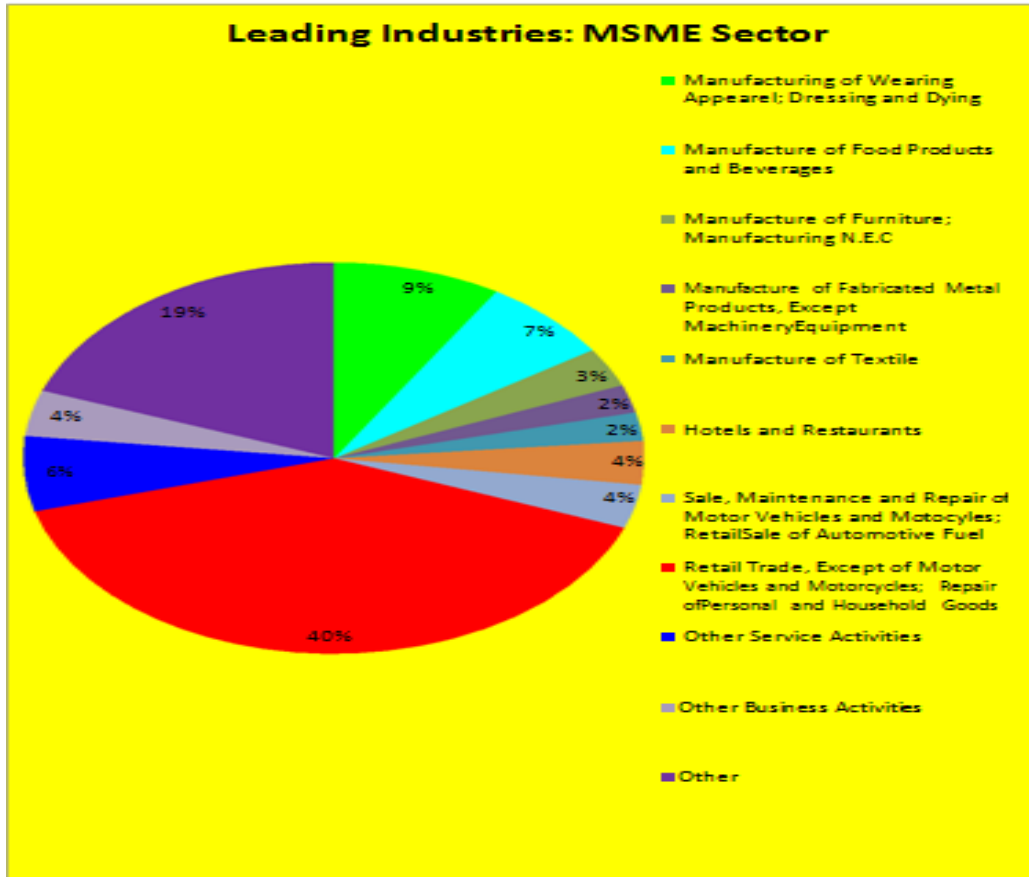


Chart 1.3. Leading Industries

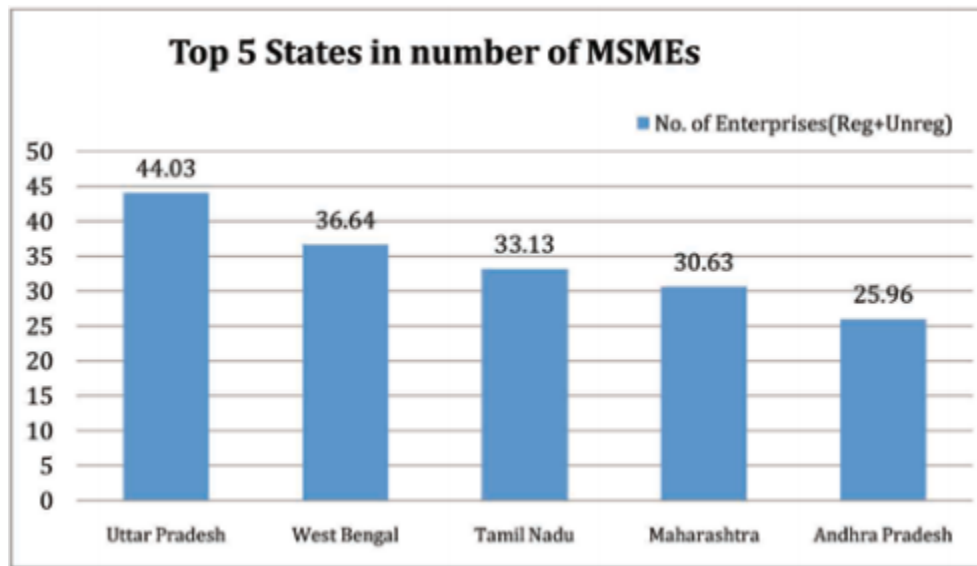
This study aims to bring out the problems and prospects of selected micro small and medium scale enterprises MSMEs located in UP.

Importance of the study

A microenterprise assumes a significant role in employment creation, asset use, income generation and assists with advancing change in a steady and staged way. Micro enterprises likewise expel the problems of unemployment, poverty, inequality of income, and so on partially. Apart from this micro-venture additionally faces different problems. To diminish such problems the government provides various special measures. This research work will be useful to distinguish the problems and prospects of selected micro small and medium scale enterprises MSMEs situated in UP.

Scope of the Study

Uttar Pradesh is one of the major states in India, having the most raised number of enterprises in the MSME sector. The state has in excess of 4.4 million MSME units at present. Out of these 1.88 lakh units enrolled, while 4.215 million units are unregistered. It is the third State after Tamil Nadu and Gujarat regarding the quantity of MSMEs enlisted lately.



The present study is intended to examine the problems and prospects of MSMEs in Uttar Pradesh, which is the biggest state in India having the maximum number of MSMEs. The MSMEs units in Uttar Pradesh are grouped into micro, small and medium scale enterprises and further arranged into production units and servicing units to pursue the objectives of the study.

Problem statement

The authorization of the Micro, Small and Medium enterprises, development (MSMED) Act, 2006 is a defining moment for the improvement of the Indian business, as it addresses, and streamlines simultaneously, key governance and operational issues being looked by the micro, small and medium industry in India. The MSMEs are a significant part of the Indian economic framework because of their employment creating potential, a solid commitment to the domestic market as likewise to exports.

The study entitled “**An Empirical Study On Micro Small and Medium Scale Enterprises MSMEs in Uttar Pradesh**” is, for the most part, led to knowing the problems of micro-enterprises, principally production enterprises with capital up to 25 lakh.

Significance

An enormous volume of literature has developed on the small scale enterprises and MSMEs of this nation. Despite the fact that the researchers and authority organizations delivering these works away at the small scale sector studied at various parts of its working, shockingly work the power and work relations in these ventures barely got satisfactory attention. By the fall of the most recent decade, the work and industrial relations it appears began drawing in the consideration of the researchers.

Subsequently, it was felt that there was an enormous need to lead an overview of problems and prospects of selected MSMEs in Utter Pradesh. The proposal encapsulates an orderly study inside and out of the Problems and Prospects of MSMEs Located In Utter Pradesh.

Objectives of the study

The primary goal of the present research work is to know the problems and prospects of MSMEs in Utter Pradesh. So as to accomplish the essential goal, the accompanying sub-targets have been incorporated:

- To study the growth and execution of micro, small and medium scale enterprises in Utter Pradesh-India.
- To examine the problems and prospects apparent by the sample respondents in the study territory and to recommend appropriate measures to improve the exhibition of micro, small and medium scale enterprises in Utter Pradesh.
- To discover the significant source of the capital of micro-enterprises in Utter Pradesh.
- To know the employment openings gave by the micro-enterprises in Utter Pradesh.

Literature Review

A complete review of literature has become a fundamental part of any research as it not just gives a thought regarding the work done previously and aids depiction of the issue area But likewise provides essentials for interpretation of findings. The accessible significant literature on MSME is explored regarding the financial just as other related viewpoints. An endeavor is made along the accompanying lines to review some of such investigations:

UNIDO (1969) concentrated to study on proof from various creating nations the study wins that small enterprises with a lower level of speculations per laborer will, in general, accomplish A higher profitability of capital than do the bigger, progressively capital escalated enterprises.

Pathak (1972) Studied 12 units from 1967-70 To 1970-71 so as to assess entrepreneurship. The units were selected from the industrial domain getting a charge out of indistinguishable offices and occupied with various lines of assembling. He contemplated their problems at three distinct stages. The study infers that the variables like agreements, instruction and funds assume a significant role and the problems at the phase of initiation got moderately more consideration than the problems at staying two phases.

Bramanadan, G, N . Rai, H.L, Dakshina Murthy.D (1981) intended to analyze the role of the bank in financing SMEs in the years 1981, On those occasions, the Indian banking was not all keen on financing the SMEs, in light of their credit value. This article was composed before the economic changes occurred. Here is a hole for more investigation about the role of

the banks in the post-economic changes. It finishes up inside and out the study of the investor's role in giving the credit to advance the SMEs

Shah (1990) expected to inspect in the low salary group, over 82% of ladies became business visionaries because of economic needs and of them, over half were not in any case graduate, as a consequence of which they couldn't benefit the upsides of the most recent technology this makes the absence of access technology.

Ramesh (1991) in his study concentrated on the problems in increasing money related assets, restricted ability to raise value, raising industrial assets, working capital argumentation, private acquiring and extravagant loan costs, lacking verifying base and market pressure and so on he has presumed that the government ought to inspire new ventures as well as make instrument for ensuring the current units. Progressively liberal working capital assets ought to be made accessible to small units.

J. C. Sandesare (2001) in his exploration dissected the new small endeavor strategy. The essential target of the NSEP is to import, greater essentialness and growth impulse. The importance of SSI is changed and a different bundle for the advancement of the SSI sector is presented. The third significant change identifies with value cooperation and the presentation of another authoritative document of the association of business.

C. Paramasivan (2010) in his work economies of small scale material enterprises. A micro-study portrayed small scale ventures assume a key role in our economic improvement which provides greater employment openings, activation of a small measure of capital, the procedure of industrialization, use of neighborhood assets and lessen the territorial lopsidedness of the nation.

Dr. Neeru Garg (Sept. 2014) This research work made an endeavor to accentuate the growth of this sector and break down a scope of problems and difficulties looked by the MSME sector in India all in all.

Research Methodology

The validity of any research relies upon the efficient strategy of collecting the information/data and dissecting the same in a logical and sequential order. The study is descriptive and analytical in nature. The researcher planning to include Sampling Design, Collection of Data :(i) Primary data, ii) Secondary Data, iii) Discussions and Informal Interview), Tools of Data Collection, Construction of Questionnaire and Pre-test.

Research Timeline

Year One	
First 6 months	Collection of Literature Review
Second 6 months	Preparing Chapter 1
Year Two	
First 2 months	Designing the Research methodology
Next 2 months	Designing Questionnaire Validity and Reliability checking
Next 1 month	Pretest
Next 1 month	Publishing a research paper in International peer-reviewed paper
Next 3 months	Collecting Questionnaire for the entire sample
Next 3 months	Analyzing the questionnaire using SPSS using appropriate tools.
Year Three	
	Submit the Synopsis
	Publishing a research paper in International peer-reviewed paper
	Publishing a research paper in International peer-reviewed paper
	Preparing the Findings and conclusion
	Submit the thesis

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