

An Economic Analysis of MSMEs: A Case Study of Karur District

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Abstract: *Micro Small and Medium Enterprises (MSME) form the backbone of the Indian manufacturing sector and have become engine of economic growth in India. This paper closely analyses the growth and development of the Indian small scale sector from opening of the economy in last few years. Another part looks into the present scenario of MSMEs and the problems they phases like lending, marketing, license issues in detail. The Micro, Small and Medium Enterprises Act, 2006 is intended to boost the sector. The provisions of the Act are examined closely. The final part in this paper provides some future policy framework for the sustainability of the sector and analysis the facts on MSMEs.*

Introduction

Micro Small Medium Enterprise (MSMEs) constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the MSMEs play a pivotal role in the overall industrial economy of the country. In recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession.

In India, the MSMEs play a pivotal role in the economy of the country. In recent years, this sector has consistently registered higher growth rates compared to the overall Industrial Sector. With its agility and dynamism, the sector has shown an admirable innovativeness and adaptability to survive the recent economic downturn and recession. As per the available statistics, (4th All India census of the MSME sector), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, the MSME sector accounts for about 45 percent of the manufacturing output and around 40 percent of the total exports of the country. 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.

MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries, but also help in industrialization of rural and backward areas, thereby reduce regional imbalances and assure 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. Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector

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by promoting growth and development of the MSME Sector, including Khadhi, Village and Coir Industries , in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises.

Research Methodology

In this study the researcher has took the micro, small and medium scale enterprises because so many members already done their research on only medium scale enterprises. So researcher will use the descriptive and analytical research methodology to better understand the nature of problem and uses interviews with MSMEs industries which are located in Karur city only. Sampling Size in Indian geographical area has very large number of population. It is very difficult to cover the all people of the country. So the survey shall include 50 respondent units from the geographical area of Karur, Tamilnadu.

Objectives of the Study

- To understand the role of Micro, Small and Medium scale industries in the economic development of karur district.
- To suggest the policy measures for the exponential growth of Micro, Small and Medium scale industries.

Scope of the Study

The current study is mainly concerned to know the current position of the small and medium scale enterprise in Karur and what all the problems are is there in the MSMEs in Karur. To find out the how MSMEs role in economic development of the country. The study is restricted to only in the area of Karur.

Review of Literature

Sudan, F. K. (2005) described the challenges in Micro and Small Scale Enterprises Development and policy issues by arising different questions related to Micro and Small Enterprises. The study explained the meaning, advantages, problems and policy options of MSE sector. The study concluded that all the policies which were opted by GOI were the efforts to form a dynamic MSE sector and a diversified economy providing expanded employment opportunities to absorb all new labor force and offer exciting career opportunities.

Saxena. H. M. (2002) has studied the factors underlying the growth of marketing system as a result historic economic reforms and is linked to the growth of human civilization, specifically to the economic development population growth and inactive for urbanization. The study emphasized on understanding the behavior of the market participants the behavior of market participants due to market dynamics and concluded with a suggestion as to how the development of markets and their efficiency could be strategized.

J.M.Keynes (1936) identifies the force that influences formulation of employment policy during industrialization. He propounds the theory of entrepreneurship that will offer the quantum of employment that can be created to maximize the output and profitability he further, stresses that the productivity of labors determinant factor of the level of employment.

Statement of the Problems

Despite its strategic importance in any industrialization strategy, the opportunities that the Indian landscape presents and its immense potential for employment generation the MSME sector confronts several challenges. They face problems at every stage of their operation, whether it is buying of raw materials, manufacture of products, marketing of goods or raising of finance. Some of the challenges Indian MSMEs face have been discussed below:

- Problems in supply to government departments and agencies
- Procurement of raw materials at a competitive cost
- Low technology levels and lack of access to modern technology
- Lack of skilled manpower for manufacturing, services, marketing, etc

Analysis and Interpretation of the Data

Ownership Pattern of the Unit

S.No.	Ownership pattern	Response
1	Sole proprietorship	24
2	Private limited	45
3	Partnership firm	27
4	Public	4
5	Others	0
6	Total	100

Source: Primary Data

This table reveals that study area of Karur has most of private firms are participating by this we can see the organizations having the private owners. Partnership firm and sole proprietorship firm showing little bit equal participation. But the study area of Karur public organization is very less to other type organizations, so Karur area organizations having ownership pattern most of all is private limited.

The Table Showing Registered Organization Respondents

S.No.	Ownership Pattern	Response
1.	YES	100
2.	NO	0
3.	Total	100

Source: Primary Data

We can see that every organization has got the registration by the above data. The study area Karur District has various types of industries in that all industries has got registration which we have took to survey. The table showing role your of organization is playing in economic development of Karur District.

Below table reveals that in total Karur MSMEs playing role in economic development activity. That is first they are playing to create employment opportunity for unemployed educated people, the second role contributing to social development infrastructure. Enhancing standard of living of people and social responsibilities for providing for common good role is playing in economic development of Karur. So MSMEs provide better help to Karur people to develop their economic condition.

The Table Showing Role Your Of Organization Is Playing In Economic Development of Karur District

S.No.	Role of Organization in Economic Development	Yes	No
1.	Creating employment opportunity	93	7
2.	Enhancing standard of living of people	31	69
3.	Contributing to development of social infrastructure	40	60
4.	Social responsibilities for providing for common good	24	76
5.	Others Please Specify:	9	91

Source: Primary Data

The Table Showing the Important Measures as Per You Would Steer the Growth of MSMEs

S.No.	Measures as per you would steer the growth of MSMEs	YES	NO
1.	Financial Assistance	55	45
2.	Government assistance	43	67
3.	Reducing tax deductions	60	40
4.	More availability of raw material	50	50
5.	Improve the technology	33	67
6.	Innovations	18	82
7.	Improve the production capacity	64	36
8.	Fulfill employees incentives	44	56

Source: Primary Data

The above table reveals that effective measure to growth of MSMEs by their opinion is improve the production capacity, Reducing tax deductions, Financial assistance, More availability of raw material, Fulfill employees incentives, Government assistance, Improve the technology, Innovations these are all the measures they need to growth of MSMEs but first is Improve the production capacity, financial assistance, More availability of raw material is more important factors to develop the MSMEs.

Conclusion

The study area Karur has various MSMEs to improve the economic condition of the country. The MSMEs role is most important in Karur area to improve the life style of people and these MSMEs also having social development activity. MSMEs are providing employment opportunity to unemployed people. MSMEs having the relationship with other country to sell their product by this activity Karur got good identity. Now day's MSMEs are facing lots of problem because of various reasons that may be finance, employees, technology, innovation problems etc. MSMEs having the social development activity to improve the present economic condition of the Karur area. The role of MSMEs in economic development is first and foremost thing is providing employment opportunity to unemployed people. The study area Karur is very comfortable to open more MSMEs because of this area is having required and enough raw materials to related industries and this area having comfortable marketing. According to my survey the marketing, transportation, innovation and tax problem is less compare to other industrial areas like Chennai etc.

Reference

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