



## POTENTIALS TO DEVELOPMENT OF MICRO, SMALL AND MEDIUM MANUFACTURING ENTERPRISES IN BHANDARA DISTRICT

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### ABSTRACT

*The study evaluates potential developments of manufacturing MSMEs in Bhandara District. The objective of the study is to study the various potentials in the district to developed manufacturing MSMEs and scope of development of MSMEs in the resign. Furthermore, study also evaluates the basic facilities and resources available in the district to develop manufacturing MSMEs. In the present study Bhandara District of Vidarbha region of Maharashtra state, India was selected as study area. In the present research, data was collected by following survey methodology. For the present study total 175 MSMEs (25 MSMEs from each Taluka) are selected randomly for generation of data. We find that MSME sector in district play a vital role for the development of the region. Also provide the ancillary products to the large industries. In addition to this study also focused on employment generation in the district due to MSMEs, government policies are favorable for the development of MSMEs in the district is also studied. However, there is scope of expansion of micro, small and medium scale industry near future. There is strong possibility of generation of employment opportunities in micro, small and medium scale industries.*



**KEY WORDS:** Bhandara, MSMEs, Developments, Potentials, Resources.

### INTRODUCTION:

Economic development is the primary objective of the majority of world nations. This truth is accepted almost without any controversy. The plans after the independence of the country was highlighted the industrialization as a key instrument for the sustainable growth.

In India in comparison with the overall industrial, sector the MSMEs registering higher growth consistently in recent years. MSME Sector exhibited a growth rate of 13% on an average, an impressive performance compared to most of the other sectors during the first four years of XI planning. According to the 4<sup>th</sup> Census of MSME Sector, this sector provided the employments to 59.7 million people spreader over 26.1 million enterprises. The major benefits of the sector are their employment potential at very low capital cost and it was estimated that in terms of value, MSME sector holds about 45% of the manufacturing output and around 40% of the total export of the country.

The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 seeks to facilitate the development of these enterprises as well as to enhance their competitiveness also. This also provides the

first of its kind of legal framework for the recognition of the concept of “enterprise”, which combines both manufacturing and service entities. Medium enterprises for the first time were defined in it. In addition, seeks to incorporate the three tiers of these enterprises, viz., and micro, small and medium.

The study evaluates potential developments of manufacturing MSMEs in Bhandara District. The objective of the study is to study the various potentials in the district to developed manufacturing MSMEs and scope of development of MSMEs in the resign. Furthermore, study also evaluates the basic facilities and resources available in the district to develop manufacturing MSMEs. In the present study Bhandara District of Vidarbha region of Maharashtra state, India was selected as study area. In the present research, data was collected by following survey methodology. For the present study total 175 MSMEs (25 MSMEs from each Taluka) are selected randomly for generation of data. We find that MSME sector in district play a vital role for the development of the region. Also provide the ancillary products to the large industries. In addition to this study also focused on employment generation in the district due to MSMEs, government policies are favorable for the development of MSMEs in the district is also studied. However, there is scope of expansion of micro, small and medium scale industry near future. There is strong possibility of generation of employment opportunities in micro, small and medium scale industries. Current government policies are favorable for development of MSMEs but most of the micro, small and medium scale industry does not receive support from government.

The potentials persist in MSME Manufacturing sector including those MSMEs in Bhandara District. In the context of “Make in India” initiative by central government, it is worthwhile to see the role of DIC in development of MSMEs as well as resource constraints our MSMEs are facing for the decades. The objective of the study is to study the potentials to developed MSMEs and scope of development of MSMEs in the area. Furthermore, study also evaluates status o support of government received by MSMEs in the District.

#### REVIEW OF LITERATURE:

Martin *et al.*, (2017) identified the consequences for employment growth, investment, output, productivity, and wages of dismantling India's SSI reservations. Gupta and Barua (2016) identified important enablers of technological innovation in the context of Indian MSMEs. Vibhuti and Barki (2016) observed that a country development is mainly depends on the two sectors, one is manufacturing and second one is service sector. According to Gupta *et al.*, (2016) the role of micro, small and medium enterprises (MSMEs) in a nation's economy has been widely highlighted in past studies, these MSMEs have been able to deal with global competition through proper quality management. Bhuyan (2016) analyzed the status MSMEs sector as per the data the estimated contribution of Micro, Small and Medium Enterprises (MSME) sector, including service segment, to the country's GDP during 2012-13 was 37.54 per cent; while the total employment in the sector is 805.24 Lakh. According to Babu *et al.*, (2016) the role played by the Micro, Small and Medium Enterprises (MSMEs) in the economic landscape of the country is worth appreciating. Singh *et al.*, (2016) highlighted the problems and possibilities of innovative behavior in Micro, Small and Medium Enterprises (MSMEs). Strength, Opportunity, Weakness and Threats (SWOT) Analysis is one of the techniques to carry out the structural analysis and to formulate the best strategy. Kaur and Viridi (2016) in their study focused on progress of MSMEs in northern India and the study was evaluated based on number of units assisted. According to Roy *et al.*, (2016) many SMEs have set up activities beyond their home markets, hence their role is more important in contributing to future growth.

Like the other researchers Syal (2015) also commented that, the micro small and medium enterprises (MSMEs) have accepted as the engine of economic growth and it promotes reasonable development. The strength of the labors of the MSME sector is quite higher than that of the large enterprises. According to Rajesh *et al.*, (2015) micro, small and medium enterprises (MSMEs) all over the world have been recognized as silent drivers of a nation's economy. Their role in the economic and social development of a country is well established. The MSME sector is a breeding ground of entrepreneurship, often driven by individual creativity and innovation at grass root level and shows dynamism in terms of Micro, small and medium enterprises (MSMEs) have been accepted as an engine for economic growth and

reasonable development. Jain and Sharma (2015) focused on the present status of Khadi and Village Industries and the challenges faced by the under developing state of India such as Chhattisgarh along with this they have also focused on the globalized world of free market economy and suggested some recommendation for the development and improvement of economy statue. According to Oppong *et al.*, (2014) SMEs are accepted worldwide as key factor for the growth and development. Singh (2014) observed direct relationship between economic developments of a country with the level of growth. The expansion of the industrial sector is well connected to the greater utilization of natural resources, production of goods and services, creation of employment opportunities and improvement of general standard of living. Mehta (2013) argued that MSMEs plays an essential role in the economic and social development of the country. It is also plays a key role in the development of the economy with its effective, efficient, flexible and innovative entrepreneurial spirit. MSMEs contribute about 45% in the industrial output, about 40% of exports, employing about 60 million people; create about 1.3 million jobs every year.

Lahiri (2012) minutely analyzed the aspects of MSMEs definition and explored their opportunities the constraints faced by them in the era of globalization. Annual Average Growth rate (AAGR) was used as the major statistical tool to compare the performances of MSMEs during pre and post-liberalization period with the help of four economic parameters namely No. of units, production, employment and export. Upadhyay *et al.*, (2011) in their study presented the results of a comprehensive compilation of literature and successive analysis of ERP implementation success factors in the view of Indian micro, small and medium-scale enterprises (MSMEs). Authors attempted to evaluate the factors, which were most critical in the ERP implementation process from the perspective of the Indian MSMEs. According to Khanka (2010), the small enterprises have become two important pillars of industrial economy of India. Because these small enterprises sector has now emerged as a vibrant sector in the Indian economy, and that was indicated by its contribution in employment, income and exports.

**METHODOLOGY:**

This study focuses on MSMEs with respect to its potential development. The approach of the research is non-experimental, qualitative, exploratory-descriptive and contextual. In the present study Bhandara District of Vidarbha region of Maharashtra state, India was selected as study area. In the present research, data was collected by following survey methodology. For the present study total 175 MSMEs (25 MSMEs from each Taluka) are selected randomly for generation of data. In this study self-prepared questionnaire were used as a primary source of data collection. The data was analysed by using descriptive statistics especially non-parametric chi square test.

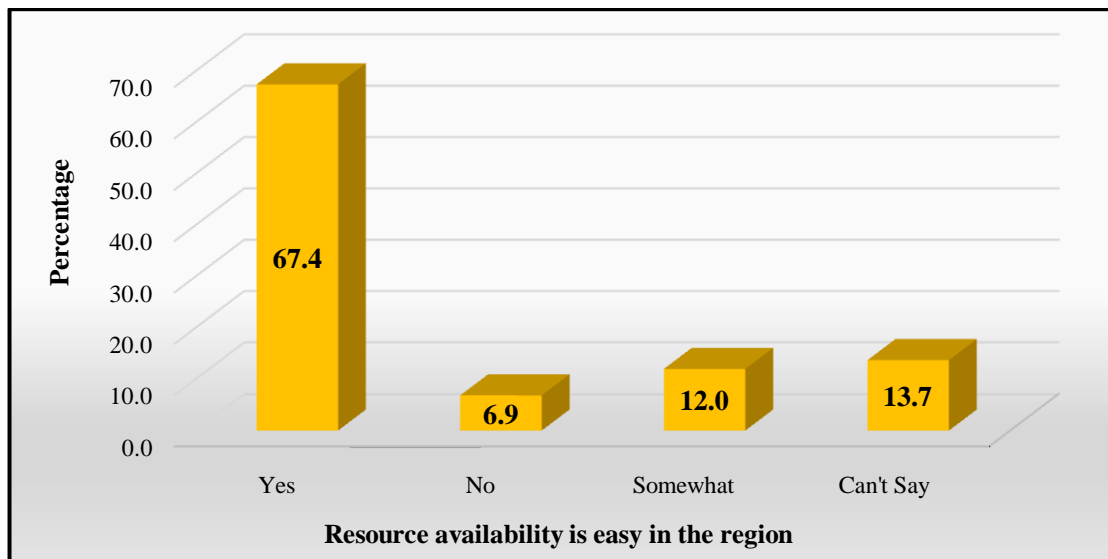
**RESULTS AND DISCUSSION:**

**Table 1: Resource availability is easy in the region**

Resource availability is easy in the region	Frequency	Percentage
Yes	118	67.4
No	12	6.9
Somewhat	21	12.0
Can't Say	24	13.7
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>df</b>	<b>Sig.</b>
92.800	3	<0.001

**Table 1** illustrates opinion of authorities about easy resource availability in the region. It is evident from the information that according to 67.4% authority resource availability is easy in the region whereas according to 12% authority resource availability is somewhat easy in the region. In addition to this,13.7% authority are uncertain regarding the easy resource availability in the region and 6.9% authority reported

that resource availability is not easy in the region. The chi square statistics shows that at df 3 and significant level <0.001 the chi square value is 92.800, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities regarding easy resource availability in the region. Thus, high percentage of authorities agreed that there is easy resource availability in the region.



**Fig. 1: Resource availability is easy in the region**

**Table 2: The lack of resources affects the growth of industries in the region**

The lack of resources affects the growth of industries in the region	Frequency	Percentage
Yes	142	81.1
No	12	6.9
Somewhat	21	12.0
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>Df</b>	<b>Sig.</b>
76.543	2	<0.001

**Table 2** illustrates opinion of authorities about affecting growth of industries due to lack of resources in the region. It is evident from the information that according to 81.1% authorities the lack of resources affects the growth of industries in the region, whereas according to 12.0% authorities the lack of resources somewhat affects the growth of industries in the region. However, 6.9% authority reported that the lack of resources not affects the growth of industries in the region. The chi square statistics shows that at df 2 and significant level <0.001 the chi square value is 76.543, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities about affecting growth of industries due to lack of resources in the region. Thus, high percentage of authorities agreed that lack of resources affects the growth of industries in the region.

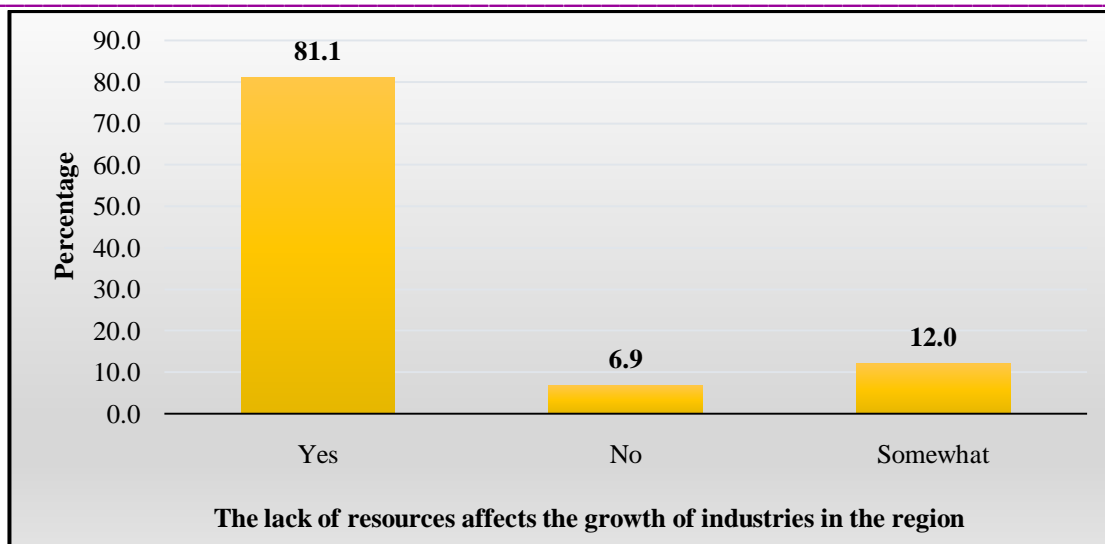


Fig. 2: The lack of resources affects the growth of industries in the region

Table 3: There is scope of expansion of industry near future

There is scope of expansion of industry near future	Frequency	Percentage
Yes	141	80.6
No	34	19.4
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>Df</b>	<b>Sig.</b>
15.303	1	<0.001

Table 3 illustrates opinion of authorities about scope of expansion of industry near future. It is evident from the information that according to 80.6% authorities there is scope of expansion of industry near future. Furthermore, 19.4% authorities reported that there is no scope of expansion of industry near future. The chi square statistics shows that at df 1 and significant level <0.001 the chi square value is 15.303, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities regarding scope of expansion of industry near future. Thus, high percentage of authorities reported that there is scope of expansion of industry near future.

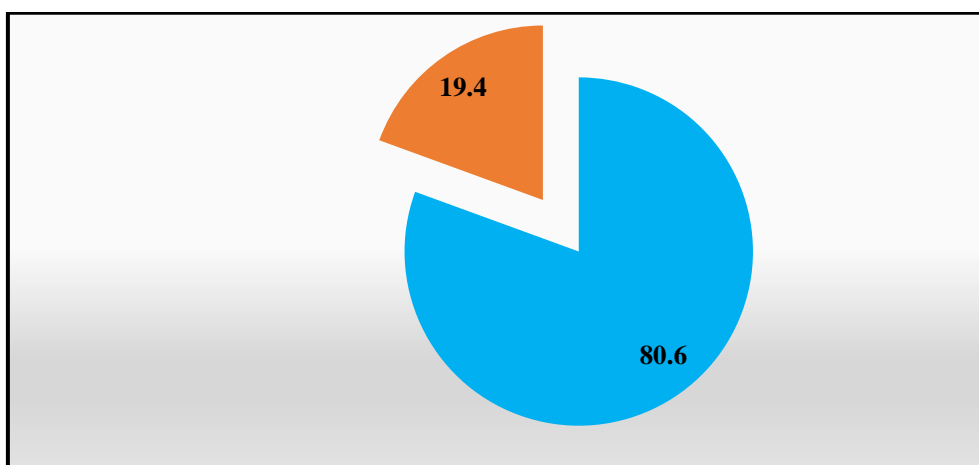
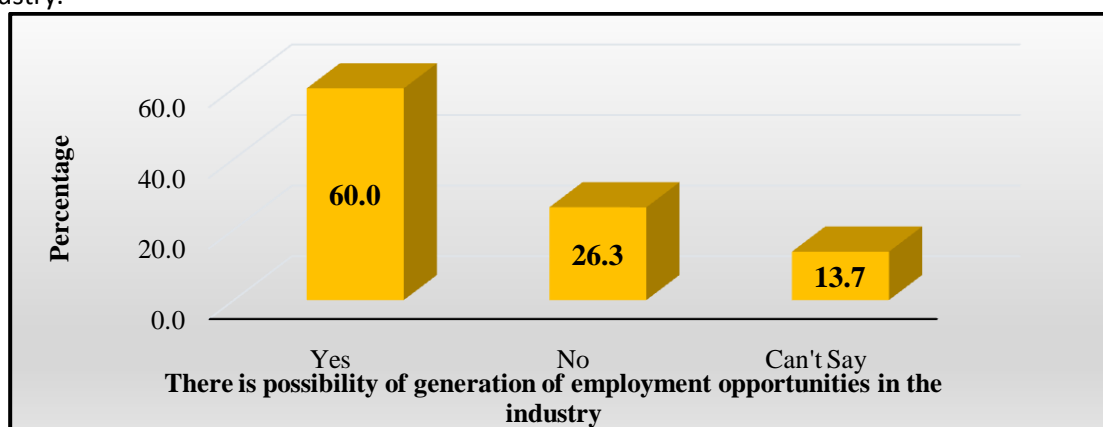


Fig. 3: There is scope of expansion of industry near future

**Table 4: There is possibility of generation of employment opportunities in the industry**

There is possibility of generation of employment opportunities in the industry	Frequency	Percentage
Yes	105	60.0
No	46	26.3
Can't Say	24	13.7
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>df</b>	<b>Sig.</b>
29.914	2	<0.001

**Table 4** illustrates opinion of authorities regarding possibility of generation of employment opportunities in industries. It is evident from the information that according to 60.0% authorities there is possibility of generation of employment opportunities in the industry whereas according to 26.3% authorities there is no possibility of generation of employment opportunities in the industry. Furthermore, 13.7% authorities are uncertain regarding possibility of generation of employment opportunities in industries. The chi square statistics shows that at df 2 and significant level <0.001 the chi square value is 29.914, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities regarding possibility of generation of employment opportunities in industries. Hence, high percentage of authorities agreed that there is possibility of generation of employment opportunities in the industry.



**Fig. 4: There is possibility of generation of employment opportunities in the industry**

**Table 5: Current Government policies are favorable for industrial development in Bhandara District**

Current Government policies are favorable for industrial development in Bhandara District	Frequency	Percentage
Yes	127	72.6
No	12	6.9
Somewhat	12	6.9
Can't Say	24	13.7
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>df</b>	<b>Sig.</b>
84.229	3	<0.001

**Table 5** illustrates opinion of authorities about promising current government policies for industrial development in Bhandara District. It is evident from the information that according to 72.6% authorities current government policies are favourable for industrial development in region, whereas, 13.7% authority

are uncertain about availability of promising current government policies for industrial development in Bhandara District. Furthermore, 6.9% authorities reported that current government policies are somewhat favourable for industrial development in region, whereas 6.9% authorities reported that current government policies are not favourable for industrial development in region. The chi square statistics shows that at df 3 and significant level <0.001 the chi square value is 84.229, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities about availability of favourable current government policies for industrial development in region. Hence, high percentage of authorities agreed that current government policies are favorable for industrial development in Bhandara District.

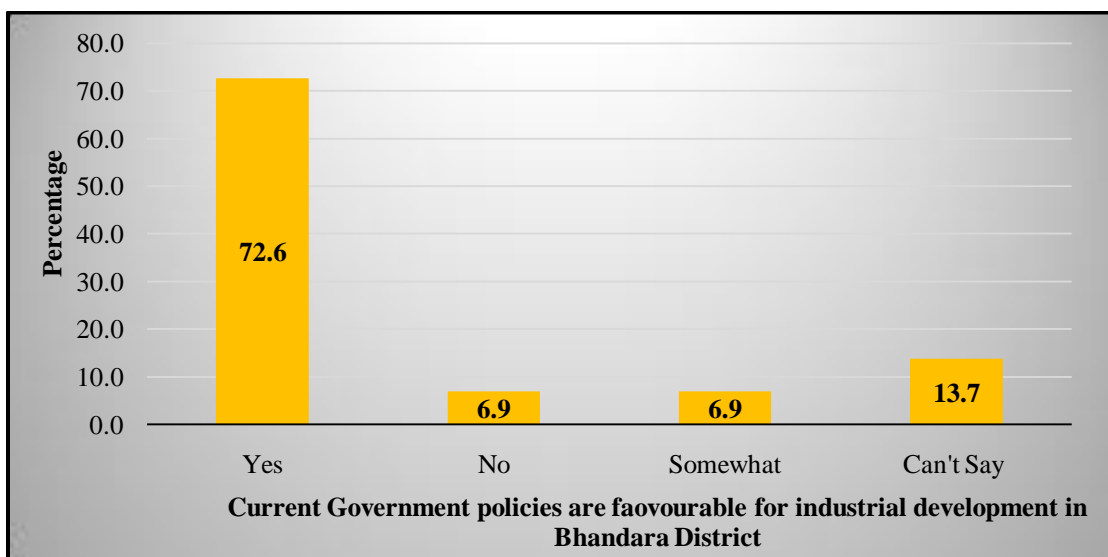
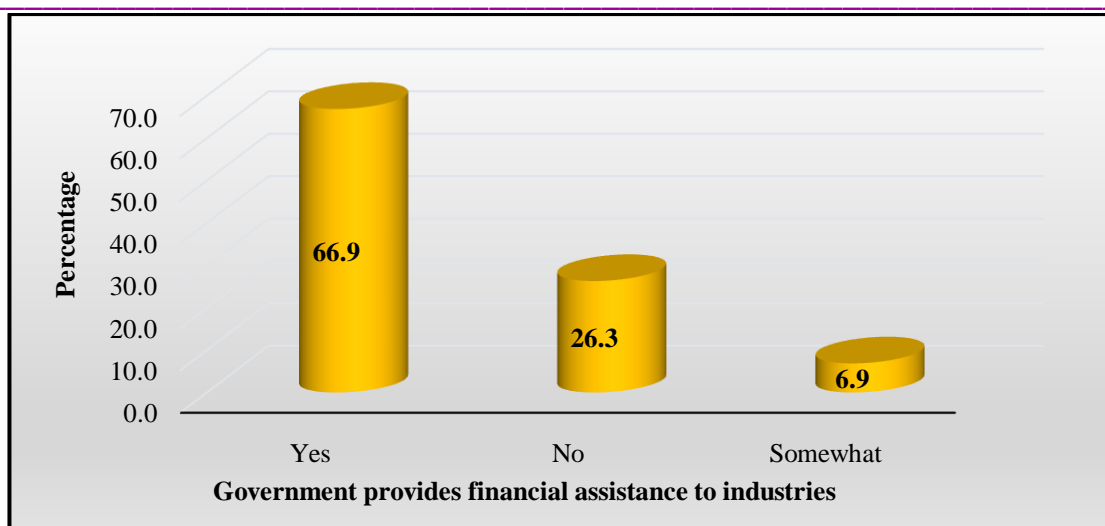


Fig. 5: Current Government policies are favorable for industrial development in Bhandara District

Table 6: Government provides financial assistance to industries

Government provides financial assistance to industries	Frequency	Percentage
Yes	117	66.9
No	46	26.3
Somewhat	12	6.9
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>df</b>	<b>Sig.</b>
41.434	2	<0.001

Table 6 illustrates opinion of authorities about providing financial assistance by government to industries. It is evident from the information that according to 66.9% authority government provides financial assistance to industries, whereas according to 26.3% authority government did not provide financial assistance to industries. Furthermore, 6.9% reported that government provides somewhat financial assistance to industries. The chi square statistics shows that at df 2 and significant level <0.001 the chi square value is 41.434, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities of industries about providing financial assistance by government to industries. Thus, high percentage of authorities agreed that government provides financial assistance to industries.



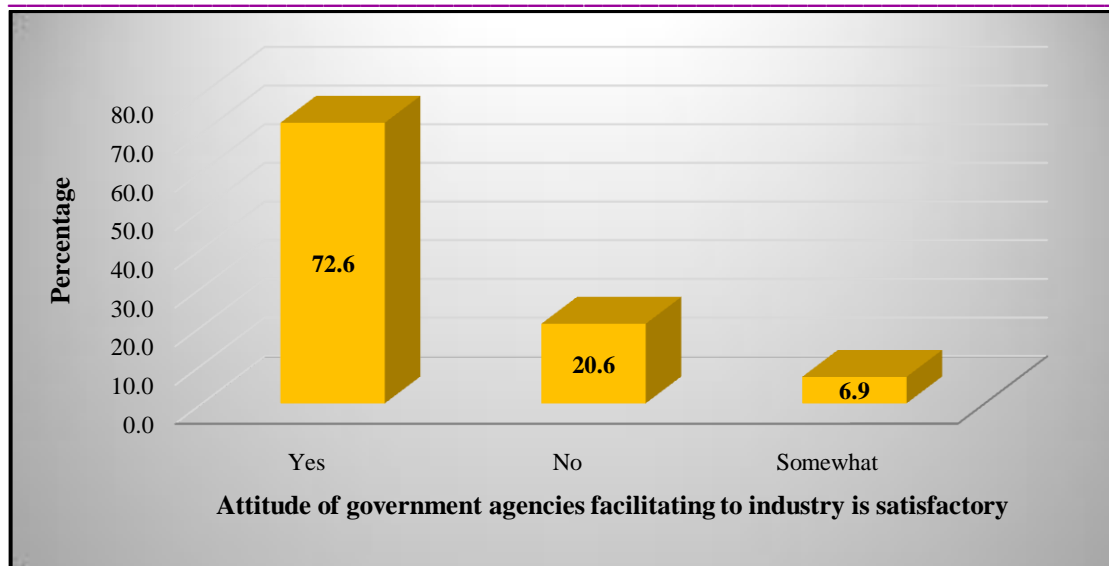
**Fig. 6: Government provides financial assistance to industries**

**Table 7: Attitude of government agencies facilitating to industry is satisfactory**

Attitude of government agencies facilitating to industry is satisfactory	Frequency	Percentage
Yes	127	72.6
No	36	20.6
Somewhat	12	6.9
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Chi sq</b>	<b>df</b>	<b>Sig.</b>
45.549	2	<0.001

**Table 7** illustrates opinion of authorities about satisfactory attitude of government agencies facilitating to industry. It is evident from the information that according to 72.6% authorities attitude of government agencies facilitating to industry is satisfactory, whereas according to 20.6% authorities attitude of government agencies facilitating to industry is not satisfactory. Furthermore, 6.9% authorities reported that attitude of government agencies facilitating to industry is not satisfactory. The chi square statistics shows that at df 2 and significant level <0.001 the chi square value is 45.549, which is significant at 95% confidence interval, which means that there is significant difference in opinion of authorities of industries about satisfactory attitude of government agencies facilitating to industry. Thus, high percentage of authorities agreed that attitude of government agencies facilitating to industry is satisfactory.





**Fig. 7: Attitude of government agencies facilitating to industry is satisfactory**

### CONCLUSION:

The MSME sector has habitually been termed the 'engine of growth' for budding economies. There have been major policy changes over the last few years, at the national and state level aimed at consolidating and developing this sector. There are some factors, which have interfered the growth of the MSMEs sector,

The national and the state governments are giving the supports to the MSMEs It is quite evident that, nurturing this sector is important for the economic well-being of the nation.

Though there are limitations like above, the growth of MSMEs over the period in India is creditable, but still there is a lot of scope for the upliftment of MSMEs sector. With respect to this, it is an urgent need that state as well as central government to keep watches to respond appropriately for further improvement of MSMEs sector.

It is concluded from the study that micro, small and medium scale industries However, it is also evident that there is scope of expansion of micro, small and medium scale industry near future. There is strong possibility of generation of employment opportunities in micro, small and medium scale industries. Furthermore, current government policies are favorable for development of micro, small and medium scale industries in Bhandara District but most of the micro, small and medium scale industry do not receive support from government.

It is suggested that Government should encourage MSMEs in the region, Local administration should encourage MSME entrepreneurs to establish their production unit in MIDC areas.

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