



GEOGRAPHICAL AND SOCIAL SPREAD OF MSMEs IN INDIA : AN ANALYSIS

Dr. Gaonkar Gopalkrishna M.

Associate Professor and Head, Dept of Economics, Govt. First Grade College and Centre for PG Studies,
Tenkanidiyoor, Udupi.

ABSTRACT

In a country like India, with an economy where capital is scarce and progress is not evenly spread, the growth of MSMEs sector in a proper way is vital in order to achieve a balanced economic development. The strength of MSMEs enterprises in India lies in the spread or dispersal of rural, semi-urban and urban areas evenly. So the performance of the MSME sector has a direct impact on the augmentation of the overall economy of the country. The paper throws light on how MSMEs are distributed geographically and socially among communities in India. The analysis is made on the basis of secondary data considering Nature of activity, male, female, urban, rural, and category wise units. The paper concludes that contribution and role of different area and different social groups are paramount for the development of MSMEs sector in India. However, the fast growth of this sector, by including all regions as well as social groups will definitely lead to the improvement of whole economy and the dream of 'make in India' will be realized. Eventually, As per the overlook of data, The MSMEs sector is one such opportunity to bring geographical and social equality in the Indian economy.



KEYWORDS : Micro, Small , Medium Enterprises, Geographical, Social, Activity, Manufacturing, Services

I. INTRODUCTION

In a developing country like India, the role and importance of small-scale industries is very significant towards poverty eradication, employment generation, rural development and creating regional balance in promotion and growth of various development activities (Shivani Misra, 2012) In addition to that MSMEs sector has been playing very vital part in the socio-economic equality in the country in different ways.

DEFINITION OF MSMEs:

As per the MSME Act, 2006, the field of small scale industries in India widened and called Micro, Small and Medium enterprise. The investment limits for defining "small" have been raised and the sector encompasses medium enterprise and service sector also. According to the Micro, Small and Medium Enterprises (MSME) Development Act of 2006, (India) a micro enterprise is where the investment in plant and machinery does not exceed twenty-five lakh rupees. A medium enterprise is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees. A small enterprise is where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees. In the case of the enterprises engaged in providing or rendering of services, as (a) a micro enterprise is where the investment in equipment does not exceed ten lakh rupees. (b) a small enterprise is where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees. (c) a medium enterprise is where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

Regarding Indian context, social disparity and regional imbalances are always demanding the policy improvement. The policy makers of the country are searching for better tools to find a solution to such problems. The MSMEs can be established with a small investment in any corner of the country, means even more improvement in the MSMEs sector can be the best answer the difficulty. The paper is a small attempt to look into the matter.

II. OBJECTIVES:

1. To examine the nature of activities of MSMEs in India.
2. To know the participation of the male and female population in the growth of MSMEs in India.
3. To study the role of MSMEs in achieving social equality.
4. To know the geographical distribution of MSMEs in India.
5. To study the role of Micro, small and medium enterprises in this sector.

III. METHODOLOGY:

The study is based on the secondary data. It includes data of Nature of activity, male, female, urban, rural, and category wise units. To analyze simple statistical tools like percentage, tables and graphs are used.

IV. ANALYSIS:

1. Nature of Activities of MSMEs in India.

The nature of activity of Indian MSMEs can be broadly divided into Manufacturing, Trade, other services and electricity. As per the estimated numbers, 196.64 lakhs units undertake manufacturing activities 230.35 lakhs units are traded, 206.85 lakhs units other services and 0.04 lakhs units electricity work, out of total 633.88 lakh MSMEs units. (Table no.1)

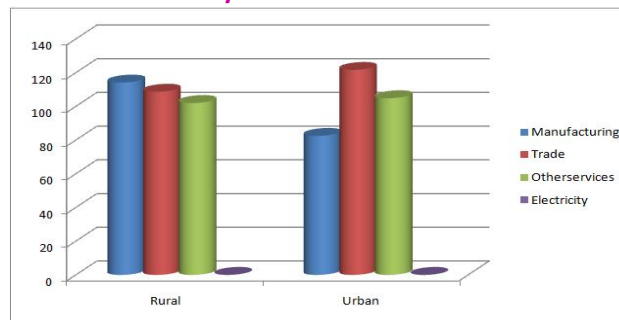
Table.No. 1. Activity wise Estimated number of MSMEs.

Category of activity.	Estimated Number of Enterprises.(in lakhs)			Percentage Share.
	RURAL	URBAN	TOTAL	
Manufacturing	114.14	82.50	196.64	31
Trade	108.71	121.64	230.35	36
Otherservices.	102.00	104.85	206.85	33
Electricity*	0.03	0.01	0.04	0
All	324.88	309.00	633.88	100

*No-captive electricity generation and transmission and distribution by units not registered with central electricity authority.

Sources: MSME Annual report – 2017-18, Ministry of MSME Govt.of India, www.msme.gov.in.

Table.No. 1. Activity wise Estimated number of MSMEs



2. Geographical Spread of MSMEs.

Indian economy is called as a dual economy on different dimensions. Generally, on the basis of geography and development, it is divided into Rural and urban economy. In every economical aspect of development rural economy is lagging behind compared to urban economy. The study tries to bring forth establishment of MSMEs also.

2. i. Area wise Distribution of Enterprises:

As per the study, among MSMEs, micro units are more in a rural area than in urban area i.e. 324.09 lakhs and 306.43 lakhs respectively. Regarding, small and medium units, the majority are concentrated in an urban area (Table no.2).

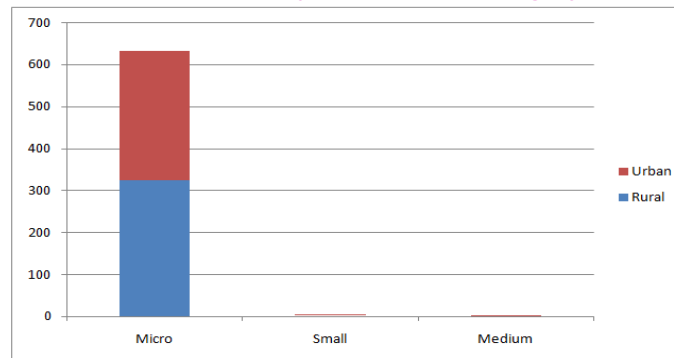
Table no.2. Distribution of Enterprises Area and category Wise. (In Lakhs)

Area	Micro	Small	Medium	Share (%)
Rural	324.09	0.78	0.01	51
Urban	306.43	2.53	0.04	49
All	630.52	3.31	0.05	100

Sources: MSME Annual report – 2017-18, Ministry of MSME Govt. of India, www.msme.gov.in.

Thus, study arrived at the inference that more and more small and medium units should be established in a rural area so that there will be more employment opportunities, increase in the income, thereby promote the development of the area and regional disparity can be removed to that extent

Graph no. 2. Distribution of Enterprises Area and category Wise. (In Lakhs)



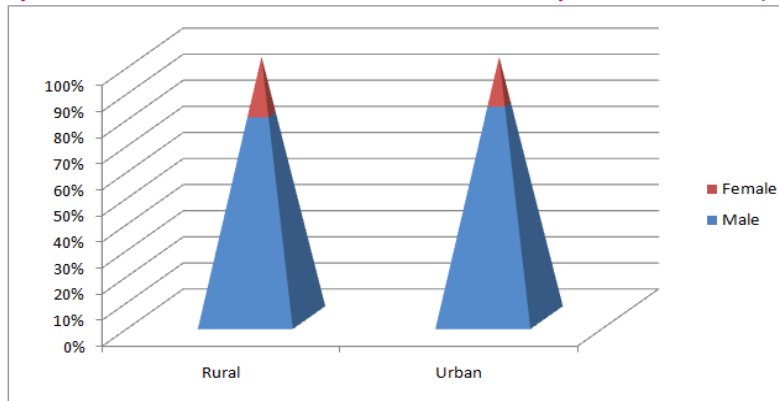
2. ii. Area wise Distribution of Male and Female Enterprises

Gender inequality is a serious problem in the Indian context. Gender and cast discrimination are the biggest obstacles to the economic development of the country. Female population are deprived of a number of opportunities. Here in respect of the area-wise distribution of MSMEs also female population is dominated by a male in ownership of enterprises. In urban area, it is 18.42% Female and 81.58% male owners, and in rural area, 22.24% female and 77.76% are male owners. (Table no.3) Thus, male enterprises are more than female enterprises in both rural as well as the urban area. As per the study, To bring gender equality the given concessions are not enough, the condition demands even more concern to women enterprise in every respect and every area.

Table No.3. Area wise Distribution of Male and Female Enterprises .(in %)

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

Sources: MSME Annual report – 2017-18, Ministry of MSME Govt.of India, www.msme.gov.in.

Graph no.3. Distribution of Male and Female Enterprises Area wise.(in %)

2. iii .Area wise Distribution of enterprises by social group of owners:

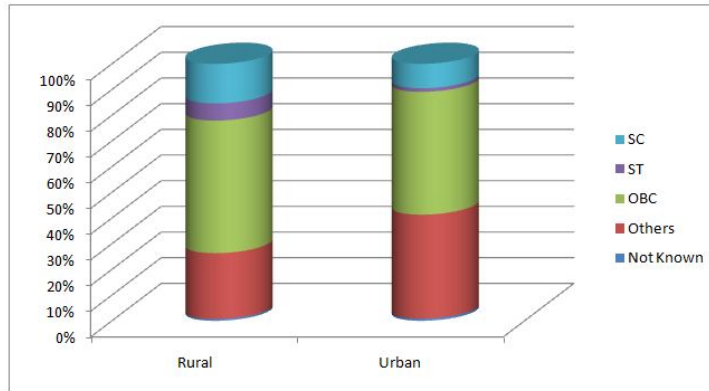
The cast system causes too many economic problem and hardships. Traditionally certain casts are deprived of ownership in the economy that led to economic inequality. After independence scenario is gradually changing, however, it is not at all sufficient.As per the study, both in rural and urban area SC,ST population is having a very less ownership of MSMEs compare to OBC and others. It is 15.37% SC,6.70% ST ownership compared to 51.59% OBC, 25.62% others in rural area. In Urban area also the SC population entrepreneurs are 9.45%, ST 1.45%, on the other hand, OBC 47.80 % and 40.46% others (Table no.4).In reality, MSMEs are a better solution to proper distribution of Income and wealth,thereby to bring economic equality.Therefore, more policy concessions, incentives, training etc should be given to particularly backward classes as well as aspirants to establish MSMEs.

Table. No.4.Area wise Distribution of enterprises by social group of owners.(in %)

Area	SC	ST	OBC	Others	Not Known	All
Rural	15.37	6.70	51.59	25.62	0.72	100
Urban	9.45	1.43	47.80	40.46	0.86	100
All	12.45	4.10	49.72	32.95	0.79	100

Sources: MSME Annual report – 2017-18, Ministry of MSME Govt.of India, www.msme.gov.in.

Graph No.4.Area Wise Distribution of Enterprises by Social Group of Owners.(in %)



3. SOCIAL SPREAD OF MSMEs:

In addition to the above study, there are three categories in MSMEs of India like Micro, small and medium enterprises. Both male and female proprietors are running a number of MSMEs units. Both are managing the units efficiently. In reality, Small and medium enterprises demand more investment so can generate more income compared to micro units. Having more ownership of the Small and medium units brings more decision making power in the sector.

3. i . Sector-wise Distribution of Enterprises by Male and Female owners:

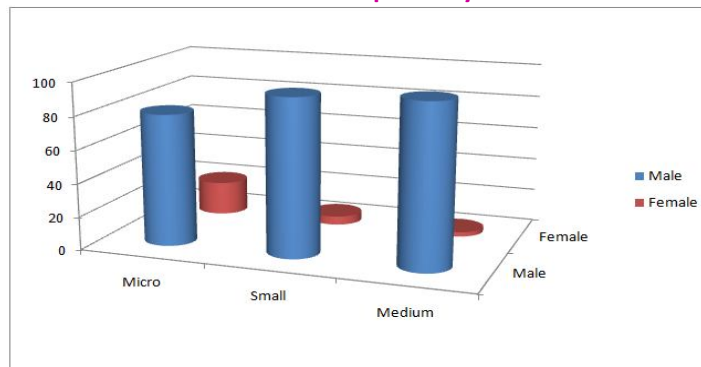
Unfortunately, female ownership is very less in all three categories of units and it is very less in Small and medium units.(table no.5)An important aspect of MSMEs sector should be the promotion of female entrepreneurs and also builds confidence in them to become successful business stalwarts.Thus, incentives to female entrepreneurs given at present may not enough, to boost their moral and confidence, more positive policy should be implemented.

Table No.5.sector wise Distribution of Enterprises by Male and Female owners. (in %)

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Sources: MSME Annual report – 2017-18, Ministry of MSME Govt.of India, www.msme.gov.in.

Graph No.5.Sector Wise Distribution OfEnterprises By Male And Female Owners. (in %)



3.ii. Distribution of Social Category Wise ownership of Enterprises.

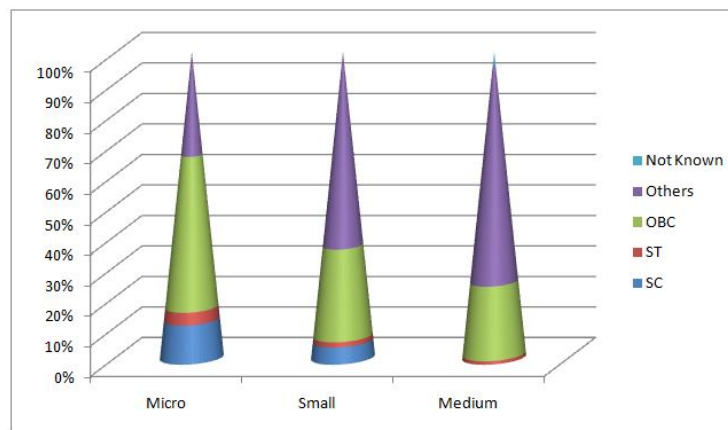
As per the study, The MSMEs ownership by SC/ST population is very less, those are the owners, the majority are the owners of micro-units. The SC/ST participation in running small and medium units is all most all nil. It is 5.50% Small and 0.00% in Medium by SC and 1.65% Small and 1.09 % medium by ST (Table No.06). Therefore, encouraging SC/ST population to establish more and more Small and medium enterprise in this sector is a must. There are a number of programmes to promote backward category entrepreneurs like National Schedule Cast/Schedule Hub, under which special single point registration scheme, special marketing assistance Scheme etc. But the question is whether these schemes are being reached to backward classes? To increase their number the scheme should be implemented effectively.

Table .no.6. Distribution of Enterprises Social Categories (In %)

Sector	SC	ST	OBC	Others	Not Known	All
Micro	12.48	4.11	49.83	32.79	0.79	100
Small	5.50	1.65	29.64	62.82	0.39	100
Medium	0.00	1.09	23.85	70.80	4.27	100
All	12.45	4.10	49.72	32.95	0.79	100

Sources: MSME Annual report – 2017-18, Ministry of MSME Govt.of India, www.msme.gov.in.

Graph No.6. Distribution of Enterprises Social Categories (In %)



V. CONCLUSION:

In view of the above analysis, one can infer that contribution and role of different area and different social groups are paramount for the development of MSMEs sector in India. However, the fast growth of this sector, by including all regions as well as social groups will definitely lead to the improvement of whole economy and the dream of 'make in India' will be realized. Eventually, As per the overlook of data, The MSMEs sector is one such opportunity to bring geographical and social equality in the Indian economy.

REFERENCE:

- Annual report – 2017-18, Ministry of MSME Govt.of India, www.msme.gov.in.*
Desai, Vasanth(1999) Small Scale Industries And Entrepreneurship, Himalaya publishing house.
Das, Parthajeet (March 2017), Micro, Small and Medium Enterprises(MSME) in India: Opportunities, Issues & Challenges, Great Lakes Herald, March 2007, Volume II, Issue No.1.

Handbook For MSME Entrepreneurs, June 2017, The Institute Of Company Secretaries Of India published By The Institute Of Company Secretaries Of India iccsi House, 22, Institutional Area, Lodi Road, New Delhi - 110 003.

Kessy, S. and S.S. Temu, 2010. The impact of training on performance of micro and small enterprises served by microfinance institutions in Tanzania. Res. J. Bus. Mana., 4: 103-

Mishra, Shivani 2012, Small Scale Industries: Striving and Thriving in the Era of Globalization, IJECBS India Journal, Vol.2, Issue 2, July-2012.

Micro, Small and Medium Enterprise Fourth Census Report (2006-2007) (Online) www.dcsmse.gov.in.

Peace C. Kelley, Kenneth Lawyer and Clifford N Baumback, " How to Organise and Operate a Small Business", Prentice Hall, Englewood Cliffs, New Jersey, 1968.

Ramanaiah Venkata M and Ranganatham G (2012), "Small Scale Enterprises in India", Paper Published in Journal of IPM Meerut, Vol 13, No 2, pp.63.

Valsamma Antony, " The prospects and Growth of small-scale industries in India: An overview", Southern Economist, Vol .43, No. 6, May 2002, p.23



Dr. Gaonkar Gopalkrishna M

Associate Professor and Head, Dept of Economics, Govt. First Grade College and Centre for PG Studies, Tenkanidiyoor, Udupi.