



Research Article

An Analysis of Growth Of MSME's in Uttarakhand

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Abstract

MSMEs continue to be the backbone of the economy for countries like India where the problem of unemployment is steadily escalating and the agriculture land holdings continue to shrink. The State of Uttarakhand in India is looking at sustainable and inclusive industrial growth as it faces an acute problem of migration from the hilly terrain to the plains due to lack of employment and business opportunities. The purpose of this paper is to comprehensively analyse the growth and performance of MSMEs and to explore the reasons responsible for hindering their growth. A descriptive study was conducted with the help of secondary data and is based on extensive review which significantly contributes in directing the stakeholders to take appropriate measures for speedy development of the region



Keywords: MSME, unemployment, business opportunities, migration

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1.1 Introduction

In this tough global business environment micro Enterprises have survived and even flourished therefore ,in recent time the micro Enterprises sector is emerging as an option of supporting business environment of any developed and developing economy (Munoz 2010). In the present time all developed and developing countries are facing unemployment, unequal distribution of wealth, income and economic fluctuations, etc. therefore , micro enterprises has emerged as an economic growth engine in all the nations of the world. . Development of micro Enterprises can help to create immediate employment opportunities at lower investment level therefore micro Enterprises have emerged as a real bone for the poor (Jerinabi 2009). Micro enterprises are also called small businesses. In the present time world's all developed and developing Nations are adopting the various programs of micro enterprises development for creation of self - employment opportunities and economic development. During this economic environment, in the mid 1970 Dr. Yunus introduced Holistic development strategy by linkage micro enterprises to micro finance concept in Bangladesh. After the success of the development strategy in Bangladesh, world -wide it was considered micro enterprises are the best way to generate employment opportunities and overall economic growth. Since 1980, various development agencies and developing and developed nation had been started various micro enterprise development programs and after 1990 microenterprise have been become the synonyms of economic development in all the countries of the world. The World Bank has been actively engaged micro enterprise development since 1990 e as it approved roughly 49 project between 1989 and 1993 that aims to improve the living standards of low-income people and just under half of these incorporated micro enterprise development programme (Websler et al 1996).

MSMEs are said to be highly innovative , having high growth potential and a a major contribution to economy as a whole but the growth and performance of MSMEs could not be assessed accurately due to the sector comprising of more unorganised an unregistered sector rather than registered. Micro, small and medium enterprises are also facing various challenges that are uncommon to the large scale companies and multinational companies like lack of finance, marketing , skilled labour, technology , infrastructure and so on. In an endeavour to promote , develop and enhance competitiveness of the sector, Government of India enacted a single comprehensive legislation the MSME Act 2006 and also the NDA government has committed to boost micro ,small and medium enterprises by invoking slogan like “make in India’.

1.2 Objectives

- 1) To analyse the growth and development of MSME’s in Uttarakhand.
- 2) To examine problems faced by MSME’s in respect of availability of raw materials, finance, skill-promotion and capacity-building, labour and marketing strategies.
- 3) To study policies of Uttarakhand and investigate various bottlenecks emerging out in the policy and suggest appropriate guidelines for strengthening the MSME’s in Uttarakhand.

2.1 Review of Literature

Lalroluahpuia (2016)- The paper “Study on the Performance of Msmes in Lunglei District, Mizoram”, tried to find out the role and performance of micro, small and medium scale Enterprises in Lunglei district, Mizoram It was observed in the study that the small scale and medium scale industries in India can make a



significant contribution to achieve social and economic objectives such as labour absorption, eradication of poverty, reducing regional imbalances, ensuring equitable distribution of national income, rural development and growth of various development activities Singh et al, (2016)-The paper “Entrepreneurial Commitment, Organizational Sustainability and Business Performance of Manufacturing Msms: Evidence from India”, was an attempt to understand the motivation of micro, small and medium enterprises towards organisational sustainability in such a competitive environment. Conceptual Framework was developed to test the link among entrepreneurial commitment, organisational sustainability and business performance. Structural equation modelling and other standard statistical analysis have been used to analyse the data collected through questionnaire survey from 262 manufacturing micro, small and medium enterprises in India. The study findings highlighted that organisation sustainability emerged as a driving source of motivation to improve the business performance among manufacturing micro small and medium enterprises in India.

In addition, there is significant mediation effect of organisational sustainability on entrepreneurial commitment and business performance. Muriithi (2017)- The paper “African Small and Medium Enterprises (SMEs) Contributions, Challenges and Solutions”, was based on empirical evidence and current research on small and medium scale Enterprises worldwide with the major focus on African small and medium scale enterprise and how to improve their operations and profitability It was observed that the African government have to put more efforts t and come up with practical rather than theoretical solution because of small and medium scale Enterprises alarming rate of failures and solutions Upadhyay and Kushwaha (2017)- The paper “Growth of MSMEs in India: Its' Performance and Future Prospects”, highlighted the performance of Indian micro, small and medium enterprises and also forecasts the future trend. The research design was analytical research design. The data required for the present study had been collected from secondary sources It was observed that micro, small and medium enterprises not only help in industrialization of rural and backward areas but also they play a crucial role in providing large-scale employment opportunities at reasonably lower capital cost than large scale industries.

Thereby ensuring more impartial distribution of national income, resources, wealth and thus reducing the regional imbalances. Economically this sector has strengthened the regions of the country and helps in achieving the self-reliance in every aspect of life. It also eliminate the imbalances between rich and poor. Molefe, et al (2018)- The paper “A Comparative Analysis of the Socio-Economic Challenges Faced by SMMEs: The Case of the Emfuleni and Midvaal Local Municipal Areas”, tried to identify and compare the main socio-economic challenges faced by SMEs in two local areas within the Vaal Triangle region. The study used quantitative research approach and a cross-sectional research design through means of the survey method. A total of 198 SME owners that resided in both the Emfuleni (ELM) (n=100) and Midvaal (MLM) (n=98) local municipal areas were surveyed. Data analysis involved the use of descriptive statistics, cross-tabulations and chi-square tests. The study revealed that managerial and economic challenges were the biggest challenges faced by SMEs which include: lack of skilled labour, insufficient business training and local economic conditions.

The findings of the study provide valuable insight towards fostering an enabling environment for SME development on local levels. Virk and Negi (2019)- The paper “An Overview of MSME Sector in India with Special Reference to the State of Uttarakhand”, performance of micro, small and medium sector of India was highlighted by last annual report by government of India that is annual report of 2017 to 18 The study of observed that MSMEs have the potential to act as a catalyst of growth and does social crisis So



observed that the Uttarakhand State should drive for MSME penetration across all the 13 district to ensure an overall development of the state Also the Uttrakhand government needs to provide adequate support to the MSME to develop to its full potential in the state Batola et al (2020)- The paper “Growth and Performance of Small and Medium Scale Enterprises in Women Entrepreneurship Development (A Case of Uttarakhand)”, studied the impact of type of industry, age of entrepreneur and form of Organisation on women entrepreneurial development in Uttarakhand. The study basically included the small and medium scale women entrepreneurs of Uttarakhand from Dehradun, Haridwar, Nainital, Udham Singh Nagar and Haldwani and the sample size for the study comprises of 300 women entrepreneurs chosen according to stratified random sampling. Cross-sectional bivariate analysis was performed to determine the impact of various factors on the growth and performance of women entrepreneurship development. It was observed from the study that womens are unaware of latest technological developments and market trends.

3.1 Research Methodology

The study area selected to accomplish the objectives of the paper is Uttarakhand State.

Sample and Data Type

- In this study we have used secondary data due to time limitation from different sources.
- Descriptive in nature
- Both qualitative and Quantitative

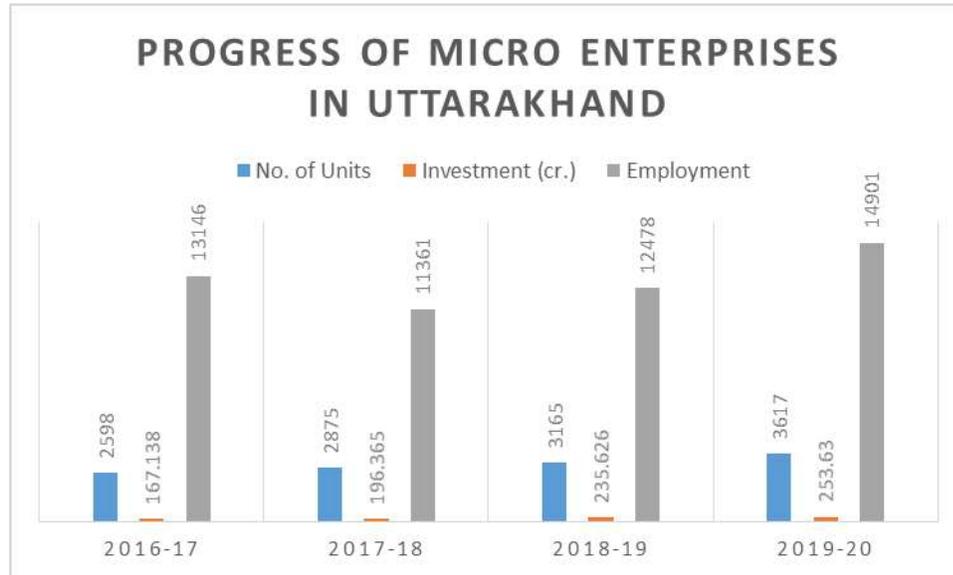
Sources of Data

- Industries Department Uttarakhand
- National sample survey organization
- PHD Chamber of commerce and industry
- Confederation of Indian Industry
- KVIC reports
- Directorate of Industries



4.1 Findings

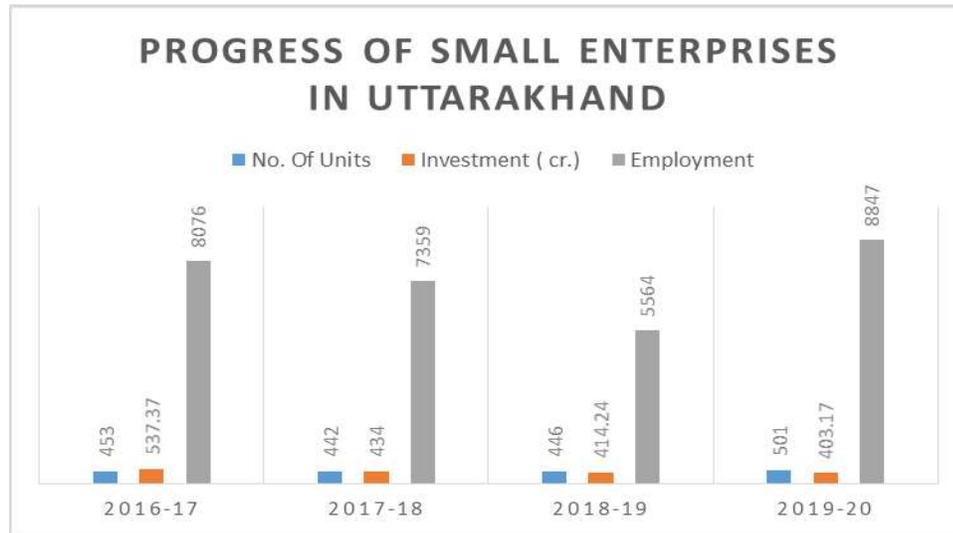
Figure 1. Progress of Micro Enterprises in Uttarakhand



Source- Directorate of Industries, Dehradun, Uttarakhand

In Uttarakhand there exists maximum number of registered micro enterprises. The figure shows an increasing trend of micro enterprises over the years with investment and employment.

Figure 2. Progress of Small Enterprises in Uttarakhand

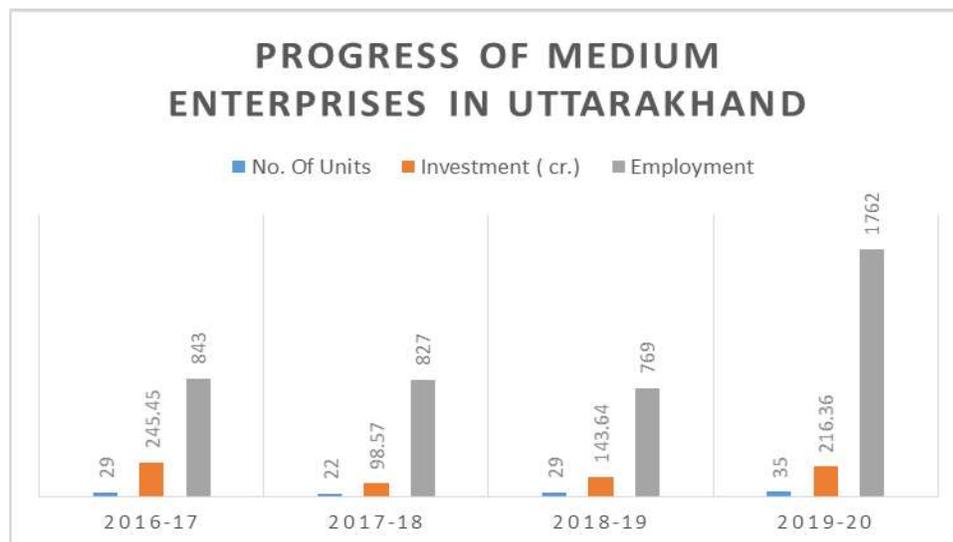


Source- Directorate of Industries, Dehradun, Uttarakhand

As compared to registered micro enterprises, small enterprises are less in number in Uttarakhand. The figure shows an increasing trend in employment status of small enterprises in Uttarakhand.

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Figure 3. Progress of Medium Enterprises in Uttarakhand

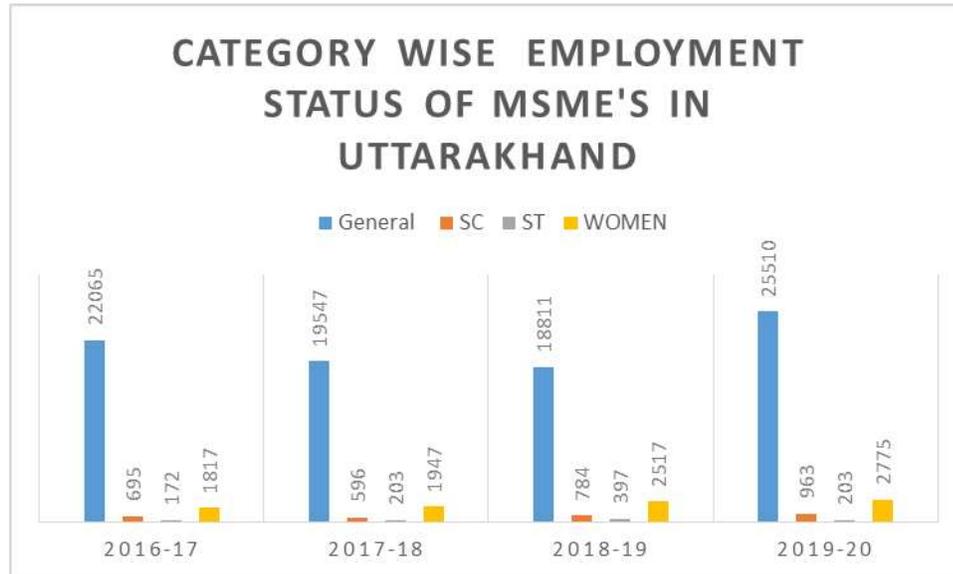


Source- Directorate of Industries, Dehradun, Uttarakhand



Uttarakhand is having very less number of registered medium enterprises but still over the years the employment is increasing.

Figure 4. Category wise Employment status of MSMEs in Uttarakhand



Source- Directorate of Industries, Dehradun, Uttarakhand

The figure shows that general class people are more employed in MSME sector followed by women in Uttarakhand.

The table shows the performance of prime minister's employment generation programme in Dehradun from 2016-17 to 2019-20.

Table 1. Evaluation of Prime Minister's Employment Generation Programme in Dehradun

Years	Nos. of Prj. received	MM Involve (in lakh) On received	Nos. of Prj. sanctioned	MM (in lakh) on sanctioned	Nos. of Prj. Disbursed	MM (in lakh) on disbursement
2016-17	453	904.29	96	206.52	87	168.8
2017-18	1046	1779.23	207	401.19	102	195.95
2018-19	787	1504.6	160	363	213	442.01
2019-20	588	1280.01	125	297.71	155	320.29

Source- PMEGP e- Portal



4.1.2 Problems faced by MSME's in Uttarakhand

UTTRAKHAND has been facing some crucial problems since last few decades that are responsible for hindering the performance of khadi village institutions in the state. Some of them are mentioned below;

- There is a problem of effective marketing and selling in the state due to uneven geographical factors.
- Inadequate Infrastructure
- Lower technology levels
- The industries are heavily weighed down by the rules and regulation imposed on them. Investment in the khadi and village sector
- Shortage of energy leading to high energy cost is also an issue.
- Problems of storage, designing, packaging and product display
- Youth of the state lacks in proper skill development and training.
- Lack of proper research and development is also an issue.

5.1 Conclusion

The share of Uttarakhand to the total tourist in India (domestic tourist) has increased in past few years while in case of foreign tourist, the growth is almost stagnant, where majorities are domestic tourists. Statistics portrays a gloomy picture of state tourism development and also shows that there is a lot of potential for developing this sector. The infrastructure facility currently available is very poor after several years of creation of the state and despite the potential of all kinds of tourism, the state is not able to attract tourists because of the poor tourism infrastructure. The accommodation facilities and local transport needs improvement. In 2006, Uttarakhand has only 8.4 tourist rent houses per million tourists, 102.5 hotels and guest houses per million tourists and 337 beds available for every million tourists. MSMEs that are related to the items of expenditure in the tourism sector should be encouraged. More tourism based MSMEs will be established, more employees will be needed thus the local residents will get employment in service sector. More MSMEs will lead to more competition and thus better facilities for the tourists. Abundant and stronger tourism MSMEs with better services and facilities, will prove as a strong pillar in state's revenue stream. Better services and facilities will attract more tourists to the state and tourists would love to revisit the place again and recommend others too. This generated revenue can be channeled by the government into other streams such as social welfare.

6.1 Recommendations

Availability of Data

There is no data which shows the percentage contribution of tourism on MSMEs, it should be made available. Data should be made available for the revenue generated from tourism.



Infrastructural development

Investments in tourism infrastructure may include development of both tourism as well as civic infrastructure. Also involves provision of tourist information bureaus and websites for providing requisite tourist information. Efforts towards enhancement of overall transport infrastructure in the form of good quality roads, rail network, airports, availability of tourist vehicles etc. may also be strengthened in order to improve the overall infrastructure. There is less number of beds per million people. Steps should be taken to increase and improve accommodation facilities.

Human resource development

Provision of additional training institutes, enhancing capacity of existing ones along with introduction of short term courses providing specific skills directed at hospitality and travel trade sector employees may be required for catering to the increased manpower and skill requirements. Rural youth may be provided vocational training through special institutes to provide them employment opportunities.

Marketing programs

Collaborative marketing efforts may be required for promotions. Focused branding and promotional campaigns may be designed. Involvement of local travel trade partners may be encouraged. Trips to involved destinations, informative sessions, financial support and incentives may be provided. A greater number of domestic tourism events and road shows may be organized in order to offset seasonality of tourist inflow. Events may be based on innovative themes of music, dance, sports, food, fruits, handicrafts, Indian culture and traditions, Indian villages, festivals etc.

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