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## Research Article

### Performance and Problems of Indian MSMEs: A Comparative Study of Rajasthan and 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. With the limited data and information, this paper aims to examine the recent developments in women participation / entrepreneurs in India. This paper focuses on Vision of Atma Nirbhar Bharat role and significance of micro, small and medium enterprises. The objective of the paper is ; a) to estimate the ratio and share of the labour force in registered and unregistered MSMEs . b) To analyse the growth and progress of MSME in India., c) to identify the socio-economic problems faced by MSME's d) credit availability, e) development of women entrepreneurship under planning. The State of Uttarakhand and Rajasthan 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 role of women participation in micro, small and medium enterprises in Rajasthan and Uttarakhand 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. The recent trends show that when women are better educated and have better paid employment opportunities, then participation of women might decline in SMES and they may move towards large scale industries.



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## 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. & Mark Joseph ed., 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 (Rabdall & Anne, 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’.

## Objectives

- To analyse performance and problems of MSMEs in Rajasthan and Uttarakhand.
- To examine problems faced by MSME's in respect of availability of raw materials, finance, skill-promotion and capacity-building, labour and marketing strategies.
- To suggest appropriate guidelines for strengthening the MSME's.

## Review of Literature

**C. 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 **Manvendra Pratap Singh, Arpita Chakraborty and Mousumi Roy (2016)-** The paper “**ENTREPRENEURIAL COMMITMENT, ORGANIZATIONAL SUSTAINABILITY AND BUSINESS PERFORMANCE OF MANUFACTURING MSMES: 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, organizational 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.

**Dr. Samuel Muiruri 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 and come up with practical rather than theoretical solution because of small and medium scale Enterprises alarming rate of failures and solutions.

**Ms. Heena Upadhyay and Dr. Vivek Singh 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.

**Karabo Molefe, Natanya Meyer, Jacques de Jongh (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.

**Simranjeet Kaur Virk, Pinnacci 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 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 Uttarakhand government needs to provide adequate support to the MSME to develop to its full potential in the state.

**Dr. Megha Batola (Main Author), CA Bijaya Laxmi Thapliyal, Ms Neha Rani, Dr Ankur Singh Bist (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 women are unaware of latest technological developments and market trends.

### Research methodology

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

### Sample and Data Type

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

### 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

### Findings

**TABLE 1 - Number of MSME's Registered in Rajasthan and Uttarakhand**

Years	Micro		Small		Medium	
	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand
2015-16	29022	1337	4655	393	188	40
2016-17	89533	3485	11937	1132	448	103
2017-18	111190	4666	11231	951	359	69
2018-19	113144	7886	12404	1468	414	112
2019-20	153563	14988	18774	2011	548	148
2020-21	50971	7321	14722	1679	456	95

**Source-** Ministry of MSME, Government of India Report 2020-21

The above table shows the number of MSME's units registered from 2015-16 to 2020-21. It is quite evident from the table that before COVID-19 i.e. 2020, number of MSME's units were increasing over the years till 2019-20 both in Rajasthan and Uttarakhand, although MSME units were more in Rajasthan as

compared to Uttarakhand. But, in 2020-21 i.e. after the outbreak of COVID-19, MSME units declined both in Rajasthan as well as Uttarakhand state. However, Rajasthan is still much ahead than Uttarakhand

**TABLE 2- Total Employment in MSME in Rajasthan and Uttarakhand**

Years	Micro		Small		Medium	
	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand
2015-16	139439	6806	69127	8968	10717	4223
2016-17	365161	21420	184473	29583	37002	8743
2017-18	388859	20066	134657	22223	25313	7007
2018-19	411678	37571	143735	28391	25272	12222
2019-20	530333	56617	195461	33684	31108	10570
2020-21	202119	36671	150319	24286	2665	7172

Source- Ministry of MSME, Government of India Report 2020-21

The above table shows the total employment in MSME sector from 2015-16 to 2020-21. It is quite evident from the table that before COVID-19 i.e. 2020, total employment was increasing over the years till 2019-20 both in Rajasthan and Uttarakhand, although

total employment was more in Rajasthan as compared to Uttarakhand. But, in 2020-21 i.e. after the outbreak of COVID-19, employment declined both in Rajasthan as well as Uttarakhand state. However, Rajasthan is still much ahead than Uttarakhand.

**TABLE 3 - Male Registration in MSME in Rajasthan and Uttarakhand**

Years	Micro		Small		Medium	
	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand
	Male	Male	Male	Male	Male	Male
2015-16	1308	49	430	44	34	7
2016-17	13817	453	2235	231	104	27
2017-18	91252	3642	9496	785	324	66
2018-19	94969	5870	10667	1212	369	97
2019-20	129780	10089	16195	1718	483	127
2020-21	44246	6175	13325	1454	409	85

Source- Ministry of MSME, Government of India Report 2020-21

The above table shows the number of males registered in MSME sector from 2015-16 to 2020-21. It is quite evident from the table that before COVID-19 i.e. 2020, number of males who were registered in MSME sector were increasing over the years till 2019-20 both in Rajasthan and Uttarakhand, although

males participation in MSME sector was more in Rajasthan as compared to Uttarakhand. But, in 2020-21 i.e. after the outbreak of COVID-19, males participation declined both in Rajasthan as well as Uttarakhand state. However, Rajasthan is still much ahead than Uttarakhand.

**TABLE 4 - Female Registration in MSME in Rajasthan and Uttarakhand**

Years	Micro		Small		Medium	
	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand	Rajasthan	Uttarakhand
	Female	Female	Female	Female	Female	Female
2015-16	213	9	80	8	2	0
2016-17	3350	108	389	50	8	2
2017-18	19938	1024	1735	166	35	3
2018-19	18175	2016	1737	256	45	15
2019-20	23783	4899	2579	293	65	21
2020-21	6725	1146	1397	225	47	10

**Source-** Ministry of MSME, Government of India Report 2020-21

The above table shows the number of females registered in MSME sector from 2015-16 to 2020-21. It is quite evident from the table that before COVID-19 i.e. 2020, number of females who were registered in MSME sector were increasing over the years till 2019-20 both in Rajasthan and Uttarakhand, although females participation in MSME sector was more in Rajasthan as compared to Uttarakhand. But, in 2020-21 i.e. after the outbreak of COVID-19, females participation declined both in Rajasthan as well as Uttarakhand state. However, Rajasthan is still much ahead than Uttarakhand.

#### **Problems faced by MSME's in Uttarakhand and Rajasthan**

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.

#### **Conclusion**

MSME's are termed as the "engine of economic growth" of any country both developed and developing but specially developing countries. It's the panacea to alleviate poverty and also a proven way to improve the quality of life particularly for the poor people. MSME's have the potential to act as catalysts of growth and thus curb this societal crisis. From the study it is observed that COVID-19 has seriously affected the MSME sector in both the states as there was a sharp decline in number of MSME units registered, employment and gender-wise participation. The State should strive for MSME's penetration across all the thirteen districts to ensure an overall development of the state.

#### **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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