

## **GROWTH AND PERFORMANCE OF MSME MANUFACTURING INDUSTRY IN INDIA**

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### **ABSTRACT**

Manufacturing sector in India presently contributes 16-17 per cent to gross domestic product and provide employment to around 12 per cent of the workforce of the country. Numerous studies have projected that every job created in manufacturing has a multiplier effect in creating 2-3 jobs in the services sector. In India, where employment generation is one of the key policy issues, this makes this sector a critical one to attain comprehensive growth. This paper made an attempt to discuss micro small and medium enterprises, share of micro small and medium enterprises and social classification of manufacturing sectors in India.

**Key words:** micro small and medium enterprises, gross domestic product, industrial growth, economic development, manufacturing sector.

### **INTRODUCTION**

India is one of the wildest economic growing countries in the world with more potential in industrial and service sectors. Indian industrial sector consists of huge number of small and medium enterprises which are mostly labour intensive. Indian Manufacturing Industry has disappeared through different stages of development over the period of time. Since independence in 1947, the home manufacturing sector has moved from building the industrial foundation in 1950's and initial 1960's, to the license-permit Raj between 1965 to 1980. Then it endured a phase of liberalization of 1990's and finally to the present phase of global competitiveness. Indian Manufacturing remains bright and we look forward to seeing the sector going from strength to strength in the coming years. International economic situation as well as the steps taken by the Government influence performance in the manufacturing sector in the short, medium and long term. The Make in India inventiveness has provided fresh impetus to several sectors and has presented before the companies a wide scope for investments and opportunities in terms of partnerships, collaborations or joint ventures, research and development, manufacturing, distributorship, financing and insurance or local support. There is a huge level of growth prospects in Indian manufacturing sector.

### **REVIEW OF LITERATURE**

**Paramasivan C & Mari Selvam P (2013)**, Micro, Small and medium enterprises are the fundamentals of the economic development of the nation, which focusses to encounter the national as well as the international demands in a unique character of the products and services. These sectors could be talented to achieve the maintainable development of the nation with self-reliance characteristics. Hence this paper concludes that the advancement and performance of the micro small and medium enterprises is a noteworthy way during the study period.

**Sudhansu Sekhar Nanda (2016)**, The micro small and medium enterprises subsidizes widely to the nation's manufacturing output, employment and exports and is attributed with generating the uppermost employment growth as well as accounting for a major share of industrial production and exports. The labour concentration of the micro small and medium enterprises sector is much higher than that of large enterprises. Micro small and medium enterprises encompass more than 80 per cent of total enterprises in most of the economies.

**Kankipati, Ajay & Shaik, Meervali & Ramesh, & Shekar, (2017)**. Entrepreneurship commonly speaking refers to the inclusive course of action undertaken by an owner in starting and managing his enterprise for profit. Micro, Small and Medium Enterprises sector has occurred as a highly vivacious and energetic sector of the Indian economy over the last 50 years.

**Subramanian, Sp Mathiraj & Balasundari, Mrs & Sarojadevi, R. (2018)**. Ping countries for its important contribution in flattering various socioeconomic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. They play a critical role in the industrial development of any nation. This sector even accepts greater importance now as the nation moves towards a quicker and inclusive growth program.

**Table 1**  
**Registered MSMEs in India as on 31<sup>st</sup> March 2019**

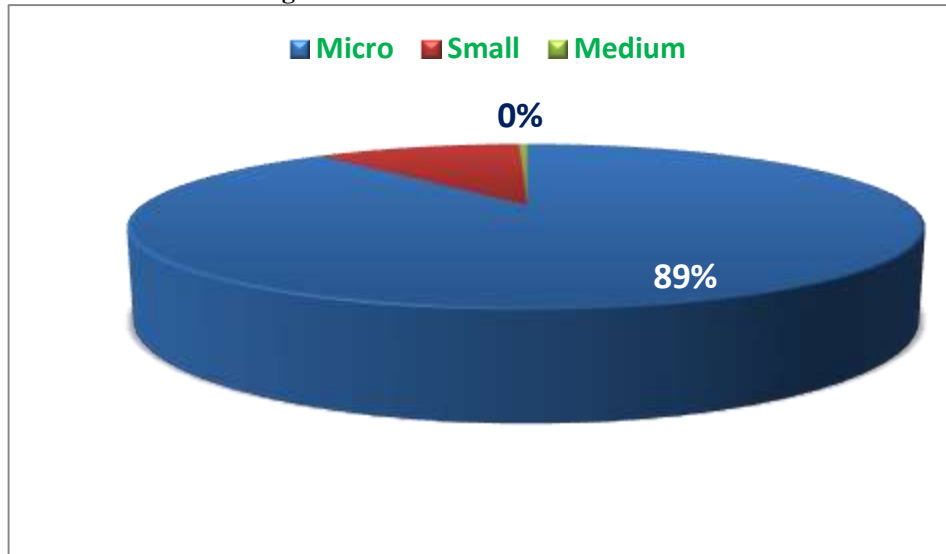
(In Nos.)

| S.No. | State/UT               | Micro          | Small         | Medium       | Total MSMEs (Nos) | Total MSMEs (%) |
|-------|------------------------|----------------|---------------|--------------|-------------------|-----------------|
| 1     | Andhra Pradesh         | 233662         | 31618         | 915          | 266195            | 4.0             |
| 2     | Arunachal Pradesh      | 593            | 417           | 28           | 1038              | 0.0             |
| 3     | Assam                  | 5091           | 1909          | 114          | 7114              | 0.1             |
| 4     | Bihar                  | 807111         | 17617         | 868          | 825596            | 12.4            |
| 5     | Chattishgarh           | 29348          | 6348          | 230          | 35926             | 0.5             |
| 6     | Goa                    | 3776           | 1526          | 79           | 5381              | 0.1             |
| 7     | Gujarat                | 525068         | 93899         | 4039         | 623006            | 9.4             |
| 8     | Haryana                | 89008          | 22094         | 1175         | 112277            | 1.7             |
| 9     | Himachal Pradesh       | 6658           | 2461          | 224          | 9343              | 0.1             |
| 10    | Jammu and Kashmir      | 4765           | 1323          | 68           | 6156              | 0.1             |
| 11    | Jharkhand              | 110718         | 7843          | 278          | 118839            | 1.8             |
| 12    | Karnataka              | 168092         | 38864         | 1791         | 208747            | 3.1             |
| 13    | Kerala                 | 70943          | 12901         | 521          | 84365             | 1.3             |
| 14    | Madhya Pradesh         | 607083         | 29477         | 955          | 67515             | 9.6             |
| 15    | Maharashtra            | 922695         | 131327        | 5934         | 1059956           | 16.0            |
| 16    | Manipur                | 20670          | 3214          | 46           | 23930             | 0.4             |
| 17    | Meghalaya              | 1458           | 141           | 7            | 1606              | 0.0             |
| 18    | Mizoram                | 1488           | 454           | 28           | 1970              | 0.0             |
| 19    | Nagaland               | 508            | 196           | 8            | 712               | 0.0             |
| 20    | Odisha                 | 75275          | 8579          | 307          | 84161             | 1.3             |
| 21    | Punjab                 | 99860          | 18996         | 640          | 119496            | 1.8             |
| 22    | Rajasthan              | 352226         | 40855         | 1428         | 394509            | 5.9             |
| 23    | Sikkim                 | 398            | 182           | 28           | 608               | 0.0             |
| 24    | Tamil Nadu             | 679669         | 90683         | 2406         | 772758            | 11.7            |
| 25    | Telangana              | 163861         | 53881         | 1424         | 219166            | 3.3             |
| 26    | Tribura                | 3625           | 467           | 15           | 4107              | 0.1             |
| 27    | Uttar Pradesh          | 648739         | 45438         | 2031         | 696208            | 10.5            |
| 28    | Uttarakhand            | 18108          | 3968          | 300          | 22376             | 0.3             |
| 29    | West Bengal            | 151811         | 15539         | 742          | 168092            | 2.5             |
| 30    | A & N Islands          | 3713           | 852           | 40           | 4605              | 0.1             |
| 31    | Chandigarh             | 5389           | 1160          | 72           | 6621              | 0.1             |
| 32    | Dadar And Nagar Haveli | 2154           | 991           | 77           | 3222              | 0.0             |
| 33    | Daman and Diu          | 877            | 781           | 73           | 1731              | 0.0             |
| 34    | Delhi                  | 76808          | 20137         | 854          | 97799             | 1.5             |
| 35    | Lakshdeewp             | 60             | 8             | 0            | 68                | 0.0             |
| 36    | Puducherry             | 5679           | 1270          | 47           | 6996              | 0.1             |
|       | <b>Total</b>           | <b>5896987</b> | <b>707416</b> | <b>27792</b> | <b>6632195</b>    | <b>100</b>      |

Source: <https://udyogaadhaar.gov.in/UA/UAM Registration.aspx>

Table no. 1 shows that Register MSME in India as on 31<sup>st</sup> March 2019 there are 6632195 MSME in India as on 31<sup>st</sup> March 2019, of which 5896987 belongs to micro, 707416 belongs to small and 27792 belongs to medium enterprises. As Regards State wise performance of MSME registration Maharashtra consists of 16 percent of total registered MSME (1059956) as on 31<sup>st</sup> March 2019, followed by Bihar (12.4%), Tamil Nadu (11.7%), Uttar Pradesh (10.5%), Madhya Pradesh (9.6%), Gujarat (9.4%), Rajasthan (5.9%), Andhra Pradesh (4%), Telangana (3.3%), Karnataka (3.1%), West Bengal (2.5%), Punjab and Jharkhand (1.8%), Hariyana (1.7%), Delhi (1.5%), Kerala and Odisha (1.3%), Chattisgarh (0.5%), Manipur (0.4%), Uttarkhand (0.3%) Assam, Goa, Himachal Pradesh, Jammu & Kashmir, Tripura, A&N Islands, Chandigarh, and Puducherry (0.1%), Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Sikkim, Daman & Diu, and lakshdeewp.

**Chart 3.1 Registered MSMEs in India as on 31<sup>st</sup> March 2019**



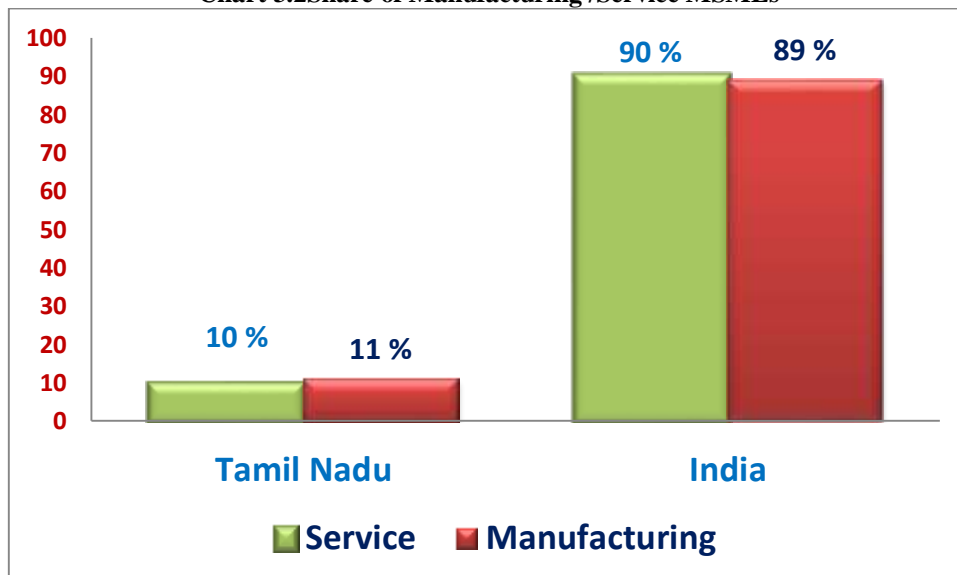
**Table 3.2  
Share of Manufacturing /Service MSMEs**

| S. No. | Sector        | Tamil Nadu (%) | India (%) |
|--------|---------------|----------------|-----------|
| 1      | Service       | 10             | 90        |
| 2      | Manufacturing | 11             | 89        |

**Source:** <https://udyogaadhaar.gov.in/UA/UAM Registration.aspx>

Table no. 2 indicate that share of manufacturing and service MSMEs in Tamil Nadu, 10 percent of MSME belongs to service sectors and 11 percent of MSME belongs to Manufacturing sectors. Where as in overall India, 90 percent of MSME belongs to service sectors and 89 percent of MSME belongs to Manufacturing sectors.

**Chart 3.2 Share of Manufacturing /Service MSMEs**



**Table 3.3  
Manufacturing of MSMEs in Tamil Nadu and India**

| Manufacturing | State      | Country | Percent |
|---------------|------------|---------|---------|
|               | Tamil Nadu | India   |         |
| Micro         | 322208     | 2463996 | 13.07   |
| Small         | 38544      | 345729  | 11.14   |

|              |               |                |              |
|--------------|---------------|----------------|--------------|
| Medium       | 1400          | 16674          | 8.39         |
| <b>Total</b> | <b>362152</b> | <b>2826399</b> | <b>32.60</b> |

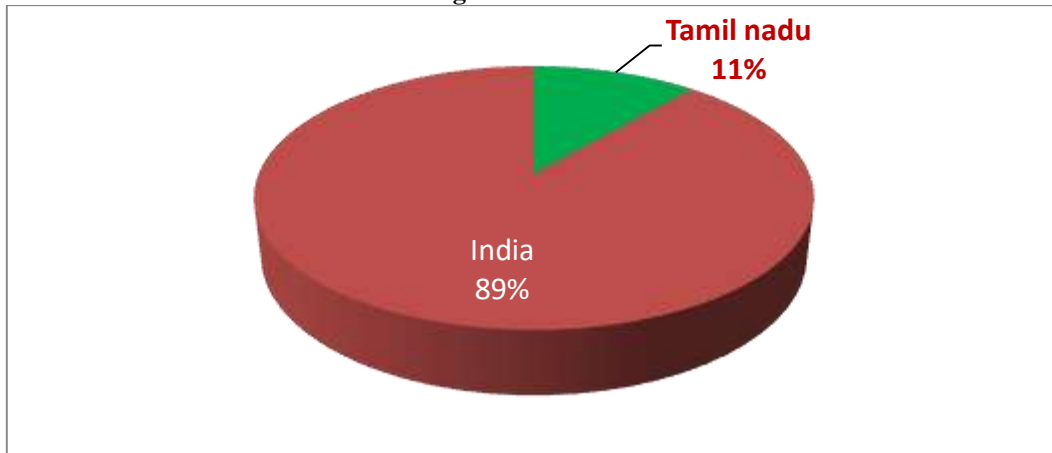
Source: <https://udyogaadhaar.gov.in/UA/UAMRegistration.aspx>

Table no.3 shows that manufacturing of MSMEs in Tamil Nadu and India as regards manufacturing sectors in Tamil Nadu, total registered units amounted to 362152 of which 322208 units belongs micro units, 38544 units belong to small units and 1400 units belongs to medium enterprises.

As regards manufacturing sector is all India level, total registered units amounted to 2826399 of which 2463996 units belongs micro units, 345729 units belong to small units and 16674 units belongs to medium enterprises.

Share of manufacturing sectors in Tamil Nadu to all India level amounted to 13.07 percent in micro, 11.14 percent in Small and 8.39 percent in medium level enterprises.

**Chart 3.3 Manufacturing of MSMEs in Tamil Nadu and India**



**Table 3.4 Service of MSMEs in Tamil Nadu and India**

| Service      | State         | Country        | Percent      |
|--------------|---------------|----------------|--------------|
|              | Tamil Nadu    | India          |              |
| Micro        | 357520        | 3428848        | 10.42        |
| Small        | 52083         | 361098         | 14.42        |
| Medium       | 1003          | 11097          | 9.03         |
| <b>Total</b> | <b>410606</b> | <b>3801043</b> | <b>33.87</b> |

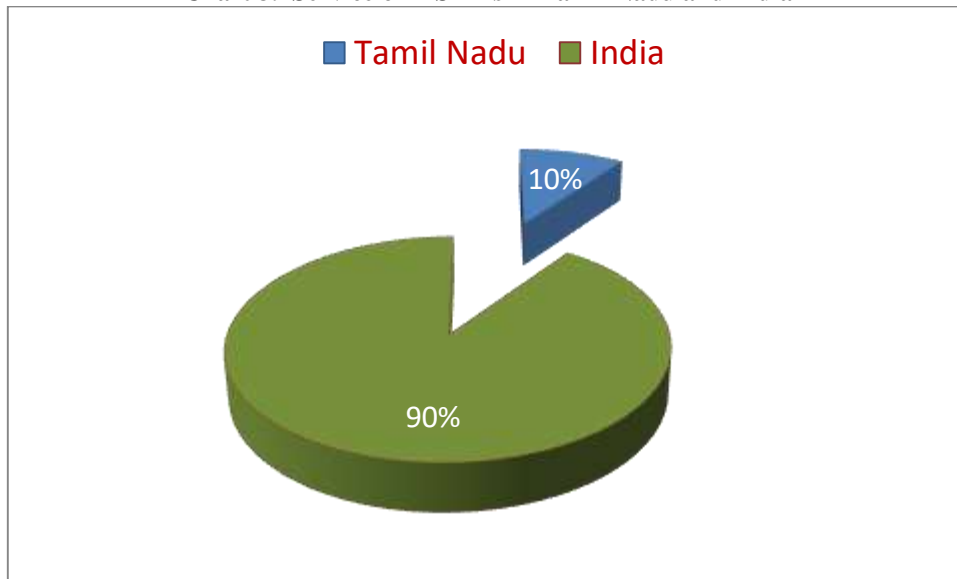
Source: <https://udyogaadhaar.gov.in/UA/UAMRegistration.aspx>

Table no.4 shows that Service of MSMEs in Tamil Nadu and India as regards service sectors in Tamil Nadu, total registered units amounted to 410606 of which 357520 units belongs micro units, 52083 units belong to small units and 1003 units belongs to medium enterprises.

As regards service sector is all India level, total registered units amounted to 3801043 of which 3428848 units belongs micro units, 361098 units belong to small units and 11097 units belongs to medium enterprises.

Share of service sectors in Tamil Nadu to all India level amounted to 10.42 percent in micro, 14.42 percent in small and 9.03 percent in medium level enterprises.

**Chart 3.4 Service of MSMEs in Tamil Nadu and India**



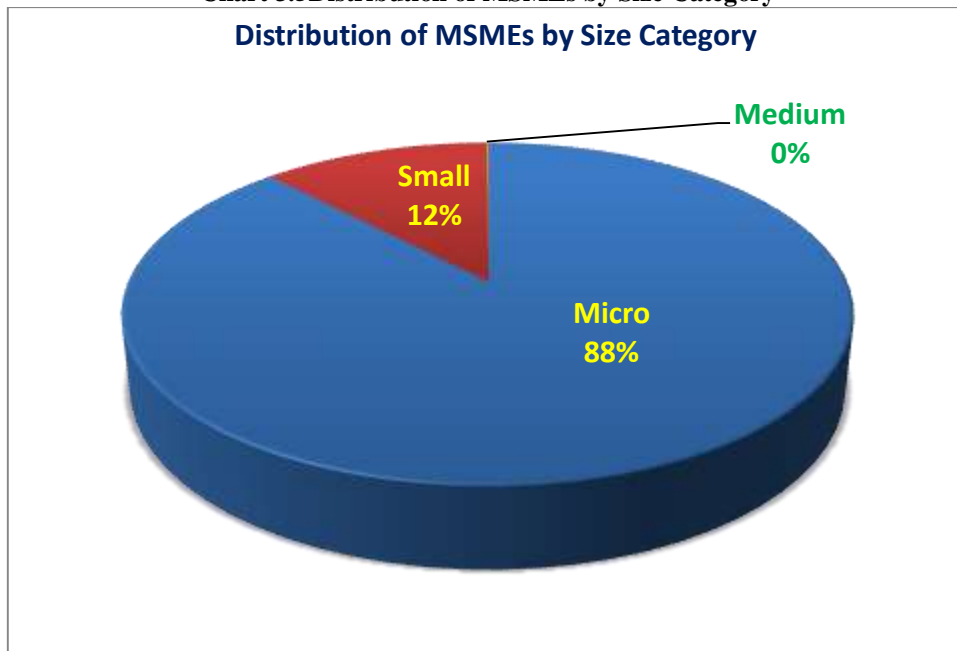
**Table 3.5 Distribution of MSMEs by Size Category**

| S.No. | Size Category | Percent    |
|-------|---------------|------------|
| 1     | Micro         | 87.9       |
| 2     | Small         | 12         |
| 3     | Medium        | 0.1        |
|       | <b>Total</b>  | <b>100</b> |

Source: <https://udyogaadhaar.gov.in/UA/UAMRegistration.aspx>

The table no. 5 indicates that Distribution of MSMEs by size category in India as on 31<sup>st</sup> March 2019, Micro units amounted to 87.9 percent, small units amounted to 12 percent and medium units amounted to 0.1 percent.

**Chart 3.5 Distribution of MSMEs by Size Category**



**Table 3.6 Distribution of MSMEs by Social Category**

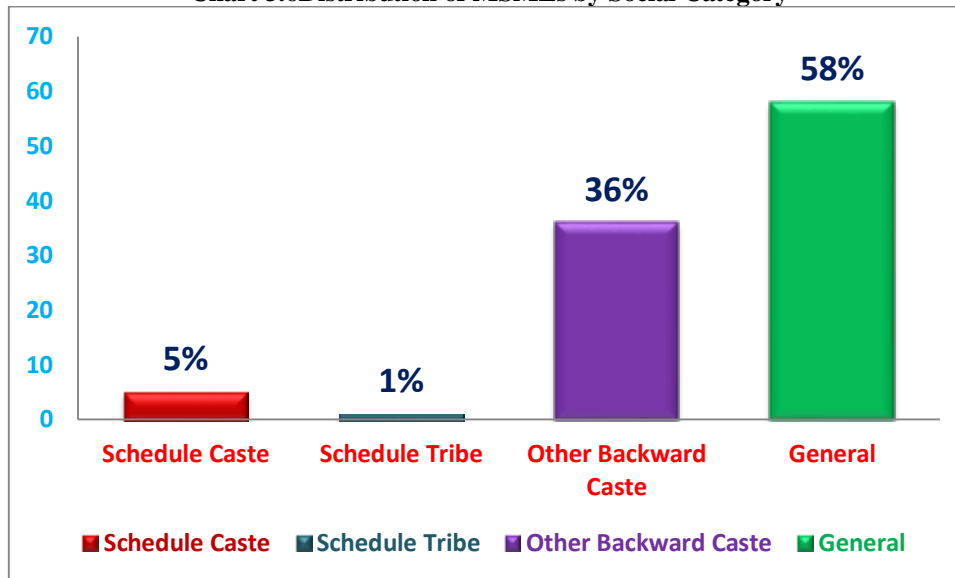
| S.No. | Social Category | Percent |
|-------|-----------------|---------|
| 1     | Schedule Caste  | 5       |

|   |                      |            |
|---|----------------------|------------|
| 2 | Schedule Tribe       | 1          |
| 3 | Other Backward Caste | 36         |
| 4 | General              | 58         |
|   | <b>Total</b>         | <b>100</b> |

Source: <https://udyogaadhaar.gov.in/UA/UAMRegistration.aspx>

Table no. 6 shows that distribution of MSMEs by social category there are general category people owned 58 percent of MSMEs in India followed by Other Backward Class (OBC) 36 percent, Schedule Caste (SC) five percent, Schedule Tribe (ST) one percent, if shows that majority of the MSMEs owned by general category of people in the country.

Chart 3.6 Distribution of MSMEs by Social Category



## CONCLUSION

Industrial development of the nation brings the overall growth in social and economic development. Manufacturing industries are unique in its nature and place where employees are working. Training employees Manufacturing industries mostly on actions, laws, and regulations is a intimidating task. When government appraises the existing standards, employees must be conscious and up to date. Most employees not interested to acquiescence training because of its legal nature. This kind of perception reduce the interest of training by employees. Therefore, there is a need of natural relaxation and other provisions. MSME sector is one of the most dominant parts of manufacturing sector in the country which constituent more than 80 percent with huge employment opportunities.

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