

MSMES AND BUSINESS ENTREPRENEURS 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 -576106.

Abstract

The Progress of a country mainly depends upon the Industrial development, MSMEs are the part of industrial sector growth so that the role of the MSMEs sector is considerable in economic and social development, which provide the way for business entrepreneurship, as they have inherent features of being innovative and responsive to changing market changing aspects. Here, definitions of entrepreneurship means typically focus on the launching and running of businesses, due to the high risks involved in it. There are so many institutes and organizations which are involved in entrepreneurship development activities and there are people who join these programmes as a stepping stone to become entrepreneur, but in the midst of all these system, MSMEs by giving real platform, try to promote entrepreneurial opportunity. Registered and unregistered unit is always important for the progress of the business unit. In the total ownerships, partnerships, pvt.company, pub.ltd company and others types more in urban area then rural area. it is obvious that boost to the development of small business entrepreneurs is need of the hour. It may in respect of registration, organization, ownership, etc Thus, small business entrepreneurs are always pivotal to the growth of the economy.

Key words: Business Entrepreneurs, Progress, Micro Small Medium, registered, unregistered, organization.

I. Introduction:

The Progress of a country mainly depends upon the Industrial development, MSMEs are the part of industrial sector growth so that the role of the MSMEs sector is considerable in economic and social development, which provide the way for business entrepreneurship, as they have inherent features of being innovative and responsive to changing market changing aspects. Here, definitions of entrepreneurship means typically focus on the launching and running of businesses, due to the high risks involved in it. There are so many institutes and organizations which are involved in entrepreneurship development activities and there are people who join these

programmes as a stepping stone to become entrepreneur, but in the midst of all these system, MSMEs by giving real platform, try to promote entrepreneurial opportunity

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.

In a country like India, where capital is in scarce and improvement is not evenly spread, growth of MSME sector is vital in order to achieve a balanced economic growth. The strength of MSME enterprises in India lies in their wide spread dispersal in rural, semi –urban and urban areas, fostering entrepreneurial base, shorter gestation period. So the performance of the MSME sector has a direct impact on the augmentation of the overall economy of the country. In fact, they contribute significantly in the national economies the world over and are considered to be the engine of growth in most of the developed and industrialized countries also. At the same time for the development of any type of industries role of entrepreneurs is paramount. In the light of the above issues and developments the paper tries to throw light upon how far MSMEs can contribute in to foster business entrepreneurship in the Indian Economy.

II.Objectives:

- 1.To know the role of Business entrepreneurs in the progress of micro, small and medium enterprises in India.
2. To understand the contribution of registered and unregistered small scale units.
- 3.To study the environments for development of entrepreneurship.

III. Methodology: The study is based on the secondary data, and simple statistical tools like percentage, averages, tables and graphs are used.

IV.Analysis:

MSME sector is always a prominent contributor to GDP of India and promoting this sector with different facilities, will create big sources of income to the economy and the country. Boosting small business entrepreneurs will help a lot to the growth of small scale Industries. One can analysis this business enterprises in the following way.

1. Registered and Unregistered Enterprises:

Registered and unregistered unit is always important for the progress of the business unit. Out of total MSMEs 198.75 lakhs are from unregistered sector. It is really concerning matter because most of the times unregistered units are not eligible to get support, encouragement from either banks or government. However, such units contribution in promoting business entrepreneurship is considerable. In addition to that rural based MSMEs are playing vital role in developing entrepreneurship. Their number is bigger compare to urban and semi-urban MSMEs. Regarding employment also unregistered units are in better position. But registered units are in an average giving more jobs i.e per unit 5.95 persons compared to unregistered units i.e 2.06 persons.(Table 1)

Table No. - 1: Registered and Unregistered Enterprises.

Sr. no.	Characteristics	Registered Sector	Unregistered Sector	Economic census 2005.	Total
1	No. of enterprises (In Lakhs)	15.64	198.74	147.38	361.76
2	No. of Rural enterprises(In Lakhs)	7.07 (45.20%)	119.68 (60.22%)	73.43 (49.82%)	200.18(55.34%)
3	No. of Enterprises owned by Women (in lakhs)	2.15 (13.72%)	18.06 (9.09%)	6.40 (4.34%)	26.61 (7.36%)
4	Employment (in lakhs)	93.09	408.84	303.31	805.24
5	Per unit employment	5.95	2.06	2.06	2.23

Source: Fourth All India Census MSME.2006-2007.

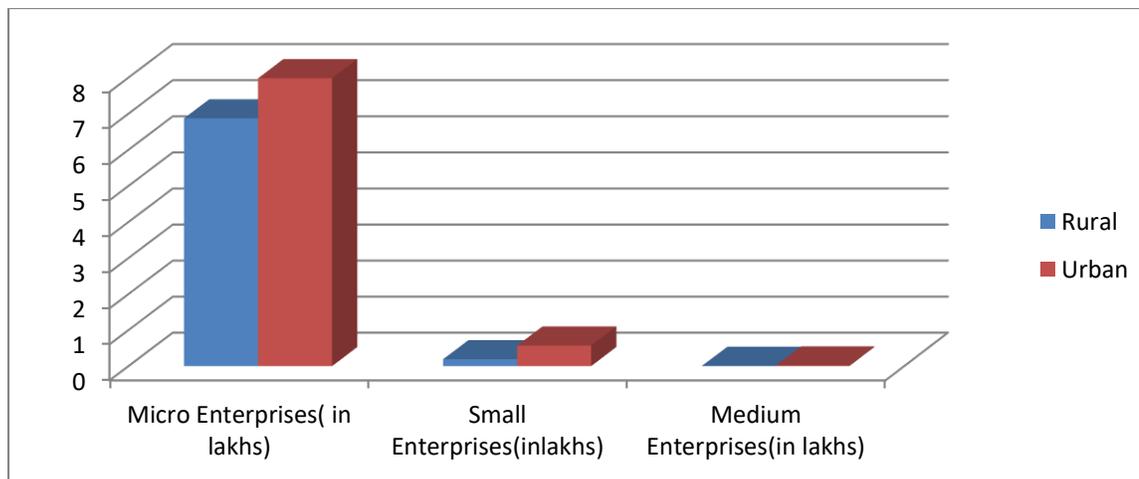
2. Spread of Working Enterprises in Different Size of Industries: Business Entrepreneurs are pillars of any type of industry may be small or large and one can decide the progress of an area on the bases of number of enthusiastic, ambitious and active entrepreneurs' availability. Thus Indian MSME sector is not the exception to that .As per the data available, 14.85 lakhs working in Micro,0.76 lakhs in small and 0.03 lakhs in Medium, it means number of micro business units are more in India. Further, 45.20 % of working enterprises located in rural India and 54.80% in Urban area. Thus, working enterprises are more in urban India. In the sector wise also the same nature is observed, among micro industries 6.87 lakhs enterprises are in rural area and 7.98 lakhs in urban area, regarding small industries it is 0.19 lakhs in rural and 0.57lakhs in urban and in respect of medium industries same condition prevailed (Table No.2). The same thing is depicted in Graph No.1.

Table No. 2: Distribution of Working Enterprises in Different Size of Industries(In Lakhs)

	Micro	Small	Medium	Total	%
Rural	6.87	0.19	0.01	7.07	45.20
Urban	7.98	0.57	0.02	8.57	54.80
All	14.85	0.76	0.03	15.64	100

Source: Fourth All India Census of Micro, Small & Medium Enterprises- 2006-2007, Registered sector.

Graph No.1: Distribution of Working Enterprises Different Size of Industries (In Lakhs)



3. Spread of Enterprises by Gender of Owner:

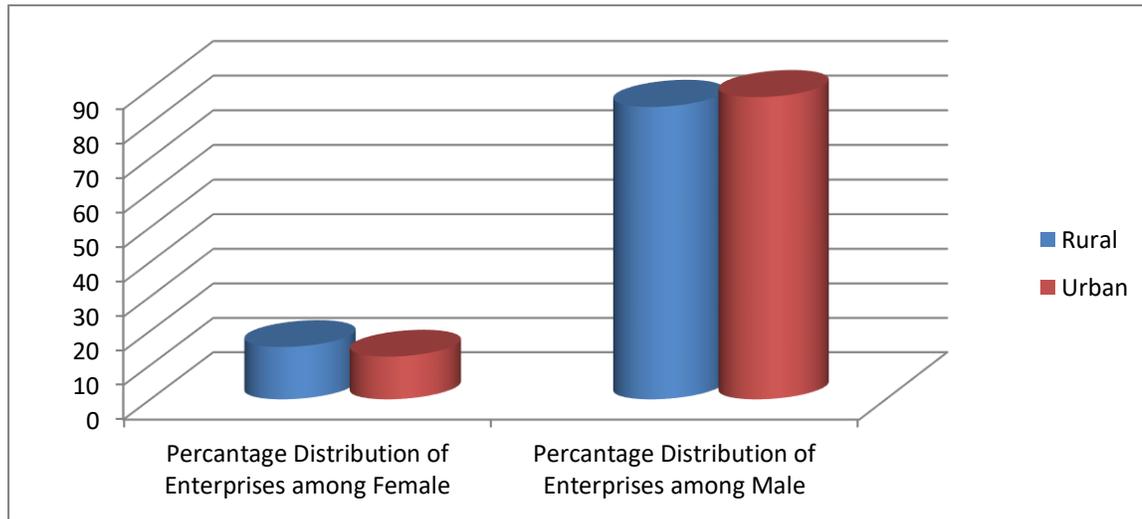
This is an effort to know gender wise attitude in running the MSME. 13.72 % MSME entrepreneurs are from female group, majority 86.28% are from male owners. Here also male domination found. Further, in rural India more female members came out to run and be the owner of MSME (15.27%) in urban area it is only 12.45%. and reverse in case of male members 87.55% in urban area and 84.75% in rural area. (Table. No.3) Thus, contribution of female member in the growth of MSME sector in rural area is considerable compare to urban area. The same is explained in Graph no.2.

Table No.3: Percentage Distribution of Enterprises by Gender of owner.

	Female	Male
Rural	15.27	84.73
Urban	12.45	87.55
All	13.72	86.28

Source: Fourth All India Census of Micro, Small & Medium Enterprises- 2006-2007, Registered sector

Graph no.2: Percentage Distribution of Enterprises by Gender of owner.



4. Spreading of Enterprises by Social Group of Ownership:

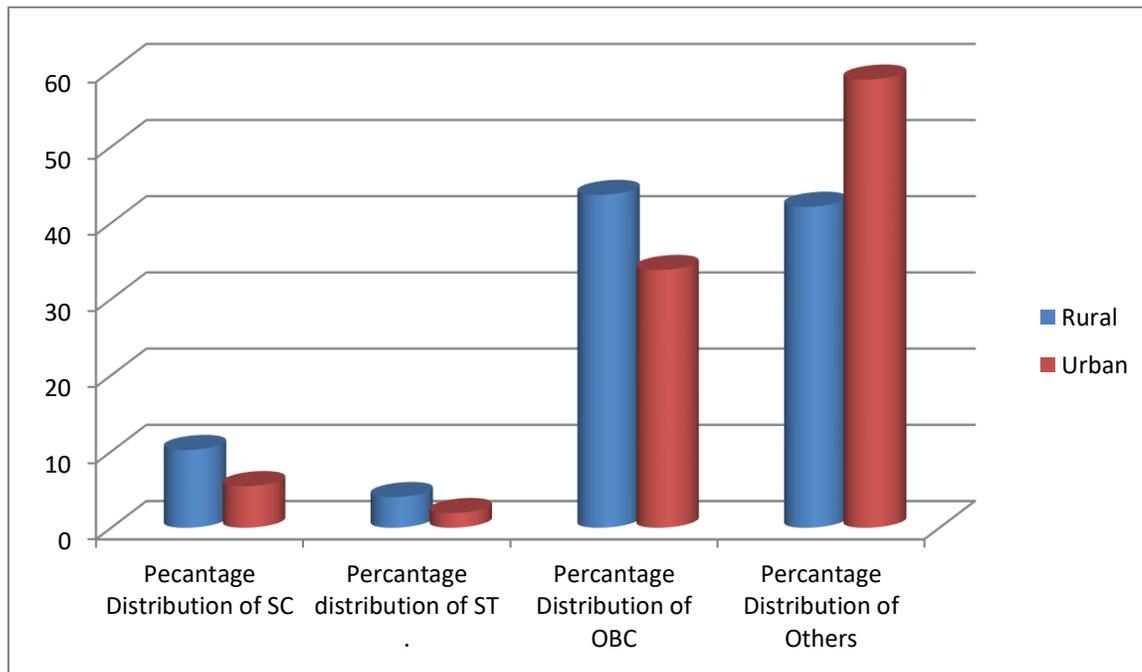
In the growth of the MSME of India we always find the contribution of all social groups. It is an attempt to know which social group is contributed more, as per study, 7.60 % from SC, 2.87 % from ST, 38.28% from OBC and 51% from Other categories are running MSMEs in India. Further the study also found that in urban and rural area MSMEs development. SC,ST and OBCs are more in rural ownerships of MSMEs units. (SC 10.20% in rural, 5.45% in urban, ST 4.02% in rural, 1.92% in urban, OBCs 43.67% in rural and 33.82% in urban area) (Table no.4) but in case of others, more ownerships came from the urban area rather than the rural (others 58.81% from Urban and 42.11% from rural). Same is explained in the graph no.3. Thus, for the further improvement of certain social groups it is better to give more weightage to rural area in the policy matters.

Table 4: Percentage Distribution of Enterprises by Social Group of Ownership.

	SC	ST	OBC	Others.
Rural	10.20	4.02	43.67	42.11
Urban	5.45	1.92	33.82	58.81
All	7.60	2.87	38.28	51.26

Source: Fourth All India Census of Micro, Small & Medium Enterprises- 2006-2007, Registered sector

Graph no.3: Percentage Distribution of Enterprises by Social Group of Ownership



4. Spreading of Enterprises by Type of Organization:

Type of organization is one of the feature which determine the base of the small industry. Usually, in the MSMEs one can find more proprietary type of ownership because operational area and scale of production is small, it is true here also. 90.08% are proprietorship, 4.01 % partnership ,2.78% Pvt.Company, megar 0.54% pub.ltd, 0,30% Cooperatives and 2.30 % others. Our study also concerned to know exactly what type of organization are more in rural and urban areas. When it comes to rural MSME more proprietary type of ownership is observed (92.40%) comparatively it is less in urban area (88.16%). In the total ownerships, partnerships, pvt.company, pub.ltd company and others types more in urban area then rural area.(Table no.2). However, co-operative type of ownership is more in rural area only.

Table No.4: Percentage Distribution of Enterprises by Type of organization

	Proprietary	Partnership	Pvt. company	Pub.ltd company	Cooperatives	others
Rural	92.40	2.82	1.89	0.43	0.38	2.08
Urban	88.16	4.99	3.51	0.62	0.24	2.48
All	90.08	4.01	2.78	0.54	0.30	2.30

Source: Fourth All India Census of Micro, Small & Medium Enterprises- 2006-2007, Registered sector

V.Conclusion:

As per the above analysis, it is obvious that boost to the development of small business entrepreneurs is need of the hour. It may be in respect of registration, organization, ownership, etc. Further, root of business entrepreneurs is stronger in rural India, though need further to strength, will help in growth of Indian business. However, in certain features urban sector is contributing more to the growth of MSME, it may be because of facilities, priority etc. therefore, if the policy gives even more importance to rural MSME it will grow more robust way and contribute more to the growth of Indian MSME. Thus, small business entrepreneurs are always pivotal to the growth of the economy.

Reference:

1. Acs,Z.andArmington,C., (2006),Entrepreneurship,Geography and Economic Growth, Cambridge University Press, New York.
- 2.Arora, Renu, (1996).Entrepreneurship and Small Business, Dhanpat Rao and Sons, New Delhi
3. Bosma, N. and Schutjens, V., Mapping entrepreneurial activity and entrepreneurial attitudes in European regions. International Journal of Entrepreneurship and Small Business, 2009. 7(2): p. 191-213.
4. Fourth All India Census of MSME.2006-07.
- 5.Government of India – Annual Reports, Ministry of Micro, Small and Medium Enterprise, New Delhi
6. Isaga, N., Entrepreneurship and the growth of SMEs in the furniture industry in Tanzania. 2012.
7. Kibassa, F.M., Small Business Research: Upon Finding Definitions of Entrepreneurship, Entrepreneur and Small Firms. European Journal of Business and Management, 2012. 4(15): p. 158-167.
- 8.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-
9. Longenecker, J.G., Moore, C.W., & Petty, J.W. (2000). Small business management: An entrepreneurial emphasis (11th ed). London: South Western College Publishing
10. Mishra , Shivani (July-2012) Small Scale Industries:Striving and Thriving in the Era of Globalization, IJECBS India Journal,Vol.2,Issue 2.
11. Micro, Small and Medium Enterprise Fourth Census Report (2006-2007) (Online)
www.dcmsme.gov.in.
12. Peace C. Kelley, Kennath Lawyer and Clifford N Baumback, (1968.) How to Organise and Operate a Small Business , Prentice Hall, Englewood Cliffs, New Jersey,
13. 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.
14. Shane, S., Why encouraging more people to become entrepreneurs is bad public policy. Small business economics, 2009. 33(2): p. 141-149.
- 15.Valsamma Antony, (May 2002) The prospects and Growth of small scale industries in India: An overview, Southern Economist , Vol .43, No. 6, p.23
- 10.Vasanth Desai, (1983) Problems and Prospects of Small Scale Industries in India , Bombay, Himalaya Publishing House,