



MICRO SMALL MEDIUM ENTERPRISES IN KERALA –AN OVERVIEW

Resmi Annie Thomas

Assistant Professor, Catholicate College, Kerala.

Abstract

The Micro Small and Medium Enterprises (MSMEs) are considered as the important force behind the development of our country. The sector is performing well with limited capital and it is gaining appreciation from various fields because of its innovative products and services, the contribution to GDP, the ability to create employment opportunities and moreover its ability to tap the local resources effectively. Government has given considerable contribution to this sector and has invited entrepreneurs to play a vital role for the growth of its GDP. This paper focuses on an overall analysis of Kerala state's MSME sector.

Introduction

Micro, Small and Medium Enterprises are considered as the catalyst of any Nation's technological and economic development. Similarly, MSMEs form the backbone of the Indian economy and have become engine of economic growth in India. Today, MSME occupies a very key position in Indian economy because of its immense contribution in dispersal of industries and generation of employment opportunities. Its contribution is very much appreciable in terms of output, exports too apart from employment. The MSMEs are providing employment to nearly 32 million people. Kerala state is connoted as the God's own country because of the availability of natural resources and human resource. The high literacy rate can be used for bringing economic growth and surplus to the state as well as to the nation. MSMEs can tackle the problem of unemployment and under employment and can also make people creative and innovative through its various initiatives. The New Economic Policy of the government has made the constraints into opportunities and stringent restrictions and barriers are driven out for one to start up and further. In the present scenario it is worthwhile to have an overall analysis of MSME sectors in Kerala so that its current status can be well established.

Micro Small and Medium Enterprises (MSME) are important source for economic development so that equal opportunities should be provided to all players in the field. Kerala is well placed for a revolution in MSME sector and the state should leverage the education and capabilities. MSMEs are very important source of creation of jobs. The state need to create many more jobs and that is one of the crucial elements to be considered for the state and the country to prosper. Employment opportunities actually go up when they grow and it is vital to create conditions for the growth of the MSME not only for startups but also to grow in effective ways. Kerala is a state with good level of education to move forward and can be considered as the most amicable place for advancing transforming MSMEs. More units will create more competition. New and innovative methods of manufacturing or production will be helpful in improving productivity. Reluctance to go for modernization can have a reverse effect to productivity. Competition is the way to progress and this will not only help in improving the functioning of MSMEs but also help in empowering women and those in the weaker sections of the society. In a wider perspective by empowering MSME the economy will be better by spreading opportunities across the boundaries which will also bring social equality. The only concern from the government is to bring parity for all the players in terms of opportunities. Stringent regulations that hinder the growth of MSME should be abolished. With all these factors it is the need of the hour to make the stage open for MSME sectors especially in an educated state like Kerala.

Review of Literature

Singh. (2012) analyzed the performance of Small scale industry in India and focused on policy changes which have opened new opportunities for this sector. Their study concluded that SSI sector has made good progress in terms of number of SSI units, production & employment levels. The study recommended the emergence of technology development and strengthening of financial infrastructure to boost SSI and to achieve growth target.

Venkatesh and Muthiah (2012) found that the role of small & medium enterprises (SMEs) in the industrial sector is growing rapidly and they have become a thrust area for future growth. They emphasized that nurturing SME sector is essential for the economic well-being of the nation. The above literature highlights the various aspects viz. performance, growth & problems of MSMEs in Indian economy and induces for continuous research in this field.

Annual Report of MSME 2011-2012, gives the overall view of MSMEs with respect to its performance and growth in production, employment, export, number of industries, detail view of various schemes and of various departments of MSMEs.

Garg, Ishu. and Walia, Suraj. (2012) confirms that the significant growth of MSMEs have been taken place over a period of time and this sector is the major donor to gross domestic product (GDP), employment and exports in Indian economy using the OLS technique.

Objectives of the Study

The objectives of the study on the topic MSME sectors in Kerala are;

- To analyse the performance of MSME sectors in Kerala.
- To examine the overall status of selected MSME sectors in Kerala.

Methodology

The study is meant to analyze the objectives set for the study. Secondary data are relied upon for the proper conduct of the study. Secondary data are collected through government sites, reports, books and journals. The overall status and data on government initiatives are compiled through secondary sources. Data from 2007 to 2012 is taken for the study. The data analysis is done on MS Excel and relevant tables and graphs are used for presenting the data.

Analysis of the Data

For the purpose of data analysis secondary data is resorted to. In the analysis relevant information on employment, investment and gross output of India and Kerala are compared. Similarly growth of MSME units registered in Kerala and their average performance is also presented by means of tables.

Table 1: MSME Units in India (Performance in Terms of Employment, Investment and Gross Output)

Year	Enterprises (Lakhs)	Employment (Lakhs)	Market value of Fixed Assets (Rs in Crores)	Gross Output (Rs in Crores)
2007-08	377.37	842.23	917437	1435179
2008-09	393.70	881.14	971407	1524235
2009-10	410.82	922.19	1029331	1619356
2010-11	428.77	965.69	1094893	1721553
2011-12	447.73	1012.59	1176939	1834332
Growth Rate(%)	14.07	13.59	20.28	18.55

Table 2: MSME Units in India (Average Performance in Terms of Employment, Investment and Gross Output)

Year	Employees (Per unit)	Investment per employee	Investment per unit	Average value of output
2007-08	2.23	108930	243114	380311
2008-09	2.24	110244	246738	387156
2009-10	2.24	111618	250555	394176
2010-11	2.25	113379	255357	401510
2011-12	2.26	116231	262868	409696

Table 3: Growth of MSME Units in Kerala

Year	Units	Investment Generated	Employment	Value of Goods and Services Produced
2007-08	195960	600255	722860	1257899
2008-09	204381	656849	770971	1390055
2009-10	213740	731212	831847	1545949
2010-11	194908	892526	941981	1639560
2011-12	205987	1083169	1021162	3715570
Compound Growth Rate(%)	1.9	12.44	7.3	22.91

Table 4: Average Performance of MSME Units in Kerala

Year	Employees (Per unit)	Investment per Employee	Investment per Unit	Average Value of Output
2007-08	3.69	83039	306315	641916
2008-09	3.77	85198	321385	680129
2009-10	3.89	87902	342103	723285
2010-11	4.83	94750	457922	841197
2011-12	4.96	106072	525843	1803789

Source: Kerala State Planning Board, Economic Review, 2013



- The growth of MSME in India in terms of number of units, employment generated market value of fixed assets and the value of gross output produced reveals that all of them have made an increase year by year.
- The average performance of all MSMEs in India shows that even though there is an increase no significant increase has happened in the employment generation but there is significant increase in the investment and value of output produced.
- The growth of MSME in Kerala in terms of number of units, employment generated market value of fixed assets and the value of gross output produced also reveals that all of them have made an increase year by year.
- The average growth of MSME in Kerala in terms of number of units, employment generated market value of fixed assets and the value of gross output produced has increased over the years. The average number of employee increase is ahead of the national level.

Conclusion

The overall analysis of MSME in Kerala shows that MSMEs have played a vital role in the economic development of the country as well as the Kerala State. With a little capital they created large employment opportunities and thereby helped to create new and innovative use of locally available resources. Apart from this the state has a lead role in the development of entrepreneurial skill and for the balanced regional development in the country.

References

1. Manish Roy Tirkey, Role of MSME in Emerging Indian Economy, Global Journal of Arts and Management, 2012, 2(1).
2. Sukanya M and Pranitha V, Role and Challenges of MSMEs in India, AADYAM-A Journal of Management vol1, Issue1, July-December 2012.
3. Desai Vasant (2007): Management of Small Scale Industry, Himalaya Publishing House, Delhi.
4. Neelam Jain (2004), "Small Scale Industries in the New Millennium" Southern Economist, Vol. 43, No.10.
5. Subir Mehra (2007), "SME Financing, Widening Options in Access", The Hindu Survey of Indian Industry.