

STUDY ON THE MICRO SMALL AND MEDIUM SCALE ENTERPRISES IN UTTAR PRADESH

Priya Gupta,Research Scholar,
Dept. of Economics

Himalayan University, (India)

Dr. Ganesh PawarAssistant Professor
Dept. of Economics

Himalayan University, (India)

ABSTRACT

A significant role in the economic and social advancement of the nation is played by Micro, Small, and Medium-Sized Enterprises (MSMEs), which frequently serve as a breeding ground for entrepreneurship and economic development. With their captivating, productive, flexible, and innovative entrepreneurial spirit, they also contribute significantly to the progress of the economy. SMEs account for a large amount of the nation's manufacturing output, employment, and exports, and they are credited with generating the nation's most substantial employment growth, as well as accounting for a significant portion of industrial production and exports, among other things. Micro, small, and medium-sized enterprises (MSMEs) have long been recognised around the world as the building blocks of economic development and as critical instruments for furthering equitable advancement. The MSME sector in India is quite varied in terms of the size of the firms, the variety of products and services offered, and the level of technological sophistication. The sector not only plays an important role in providing business opportunities at a cost that is comparable to that of large ventures, but it also contributes to the industrialization of provincial and backward areas, thereby reducing local irregular imbalances and ensuring a more equitable distribution of national income and wealth.

Keywords: *Wealth, MSME, Instruments, Industrialization*

INTRODUCTION

Small and medium-sized enterprises (MSMEs) are a complement to major corporations. MSMEs account for around 22 percent of the nation's gross domestic product (GDP), 45 percent of manufacturing output, and 40 percent of exports. After agriculture, they account up the largest share of total employment. They are widely dispersed around the country and generate a diverse range of products and services to solve the challenges of local markets, the global market, as well as the issues of national and international value chains. The employment potential of the sector, along with its minimal capital expenditure, makes it a considerable preferred position. It is noteworthy that the MSME sector

serves as the backbone of the country, and that small industry has been one of the most important pillars of India's economic development strategy since independence, according to the World Bank.

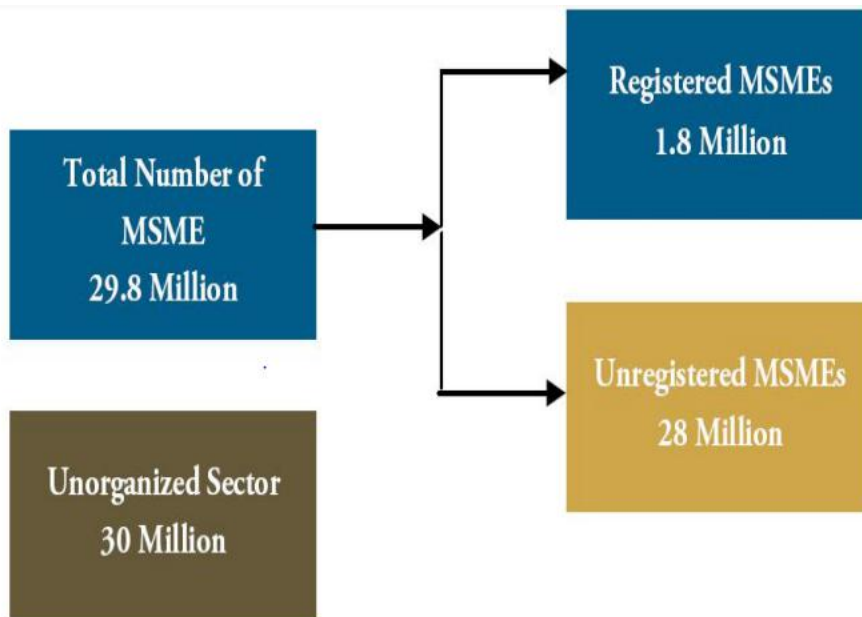


FIG 1 Classification of MSME in India

Micro firms are playing an increasingly important part in the development of our nation's industrial sector. Generally speaking, a micro-enterprise is the smallest firm in a country, with the least amount of capital and the smallest number of representatives. Typically, it operates inside a narrow topographical zone in order to give goods or services to the people in their neighborhood. The purpose of this study is to identify the issues and opportunities faced by a sample of micro, small, and medium-sized firms (MSMEs) in the state of Uttar Pradesh.

Importance of the Study

A microenterprise plays an important role in the development of new jobs, the utilization of existing assets, the generating of new money, and the advancement of change in a gradual and phased manner. Micro companies, like other small businesses, help to alleviate some of the problems associated with unemployment, poverty, income inequality, and so on. Aside from this, the micro-enterprise is confronted with a variety of challenges. The government implements a variety of particular steps in order to mitigate such issues. This research will be valuable in distinguishing between the challenges and opportunities of selected micro, small, and medium-sized enterprises (MSMEs) located in the state of Uttar Pradesh.

Uttar Pradesh is one of India's major states, and it is home to the state with the highest number of small and medium-sized enterprises (SMEs). Currently, the state has more than 4.4 million micro, small, and medium-sized enterprises (MSME). 4.215 million units are not registered, compared to 1.88 lakh units that have been enlisted so far. It is the third state, behind Tamil Nadu and Gujarat, in terms of the number of MSMEs that have recently been registered. The purpose of this study is to analyse the difficulties and opportunities of micro, small, and medium-sized enterprises (MSMEs) in Uttar Pradesh, which is the largest state in India and has the highest number of MSMEs. In order to achieve the objectives of the study, the MSMEs units in Uttar Pradesh are divided into three categories: micro, small, and medium-sized firms, and further subdivided into production units and service units.

Defining the problem

MSMED Act 2006, which was passed by Parliament in 2006, is a watershed event in India's business development since it solves and streamlines at the same time critical governance and operational concerns facing the country's small and medium-sized enterprises (MSMEs) and other small businesses. Because of their employment-creating potential, as well as their strong dedication to both the home market and exports, micro, small, and medium-sized enterprises (MSMEs) are an important part of the Indian economic system. For the most part, the study, titled "An Empirical Study On Micro Small and Medium Scale Enterprises MSMEs in Uttar Pradesh," has led to a better understanding of the issues faced by micro-enterprises, which are mostly production enterprises with capital of up to Rs. 25 lakh (about).

Significance

This country's small and medium-sized enterprises (SME) and micro, small, and medium-sized enterprises (MSMEs) have generated an immense amount of literature. However, despite the fact that researchers and authority organisations providing these works away at the small scale sector investigated at various parts of its operating, it is startling that the power and work relations in these ventures received just a minimal amount of consideration. By the fall of the most recent decade, it appears that the study of work and industrial relations had begun to attract the attention of academics and researchers. As a result, it was determined that there was an urgent need to conduct an overview of the challenges and possibilities of chosen MSMEs in the state of Uttar Pradesh. The proposal incorporates an ordered investigation of the Problems and Prospects of MSMEs Located in the State of Uttar Pradesh from the inside out.

OBJECTIVES OF THE STUDY

The fundamental objective of the current research endeavour is to gain an understanding of the issues and potential faced by MSMEs in the state of Uttar Pradesh. It has been decided to include the following sub targets in order to achieve the overarching goal:

- To investigate the development and implementation of micro, small, and medium-sized firms in Uttar Pradesh, India.
- To investigate the relation between the age and type of risk faced by the entrepreneurs.

RESEARCH METHODOLOGY

The validity of any research is dependent on the effectiveness of the approach used in gathering information/data and dissecting it in a logical and systematic manner, among other things. The nature of the research is both descriptive and analytical in character. Among the topics the researcher intends to cover are sampling design, data collection (including primary and secondary data, as well as discussions and informal interviews), tools for data collection, and the construction of questionnaires. The research is carried out on the basis of several questionnaires that are distributed to small and medium-sized enterprise (SME) owners in Uttar Pradesh. On the basis of which we shall arrive at a conclusion for this research project.

Sample

The sample size for this study is 263 MSME owners who have actively participated for the questionnaires for this study. Basic and related questions were asked from the respondents.

Data analysis and Interpretation

Demographic status of the respondents

Particulars		Frequency	Percent	Valid Percent
Category	25-35	142	54	54
	35-45	61	23.2	23.3
	Above 45	60	22.8	22.8

	Total	263	100	100
--	-------	-----	-----	-----

To assess the type of risks that an entrepreneur is exposed to, the Age of the Entrepreneur is taken into consideration. According to the frequency and percentage charts, the analysis was conducted on a majority of male entrepreneurs, with the highest proportion of 54 percent of entrepreneurs in the age group of 25-35 years, 23 percent of entrepreneurs in the age group of 36-45 years, and 22 percent of entrepreneurs in the age group of 46 and above being male entrepreneurs. This demonstrates that the majority of entrepreneurs started their businesses when they were between the ages of 25 and 35. This is typically the age at which the entrepreneur either completes his or her college education and enters the business world, or the age at which the entrepreneur gains experience in the workplace and decides it is best to branch out and form his or her own entity.

2. Type of Industry

Particulars		Frequency	Percent	Valid Percent
Category	Manufacturing	52	19.8	19.8
	Service	93	35.4	35.4
	IT	64	24.3	24.5
	Others	54	20.5	20.5
	Total	263	100	100

Type of Industry is a consideration in the research in order to assess the type of risk that an entrepreneur may be exposed to due to the industry in which he or she is engaged. According to the above graphic, approximately 20% of entrepreneurs are in the manufacturing industry, 35% are in the service industry, 24% are in information technology (IT), and another 20% are in the "Other" sectors, which include real estate, pharmaceuticals, and hospitals, among others.

Hypothesis Testing

H01 – There is no relationship between the age of the entrepreneur and the risk variables that he or she faces.

H11 - The impact of risks varies depending on the age of the individual.

Relation between Age and the Kind of Risk Faced while Starting the Enterprise

		Age							
		25-35		36-45		Above 45		Total	
		Count	Column N %	Count	Column N %	Count	Column N %	Count	Column N %
Q1 Problems faced while starting	No family support	11	7.7%	7	11.5%	8	13.3%	26	9.9%
	Finance / capital	43	30.3%	45	73.8%	35	58.3%	123	46.8%

enterprise	Government policies / licenses	88	62.0%	13	21.3%	12	20.0%	113	43.0%
	Logistics and transportation	1	0.7%	6	9.8%	2	3.3%	9	3.4%
	Market Unavailability	7	4.9%	7	11.5%	4	6.7%	18	6.8%
	Competition	34	23.9%	22	36.1%	17	28.3%	73	27.8%
	Other	0	0.0%	1	1.6%	2	3.3%	3	1.1%
	Total	142	100.0%	61	100.0%	60	100.0%	263	100.0%

With a high percentage of 62 percent, the above table shows that the highest risks faced by entrepreneurs in the age group of 25 to 35 are government policies or licences, whereas the highest risks faced by entrepreneurs in the age group of 35 and above are financial or capital accumulation risks, as shown in the following chart. This demonstrates that the younger generation of entrepreneurs confronts greater risks as a result of government policies than the older age group, which faces greater risks as a result of

funding. As a result, it can be assumed that individuals in the older age groups have a more difficult time raising funds from their friends, families, or banks because of the possibility of shorter repayment periods and so on. Additionally, individuals in the older age groups do not exhibit as many risks in the government factors because they have more experience dealing with government and policy matters, whereas individuals in the younger age groups of 25-35 have a more difficult time managing the licences for their businesses and so on.

Pearson’s Chi Square Test

		Age
Q1 Problems faced while starting enterprise	Chi-square	104.924
	df	14
	Sig.	.000 ^{a,b,c}

With reference to the preceding table, it can be clearly seen that there is a statistically significant difference between the means, indicating that there is clearly a statistically significant difference in the level of risks faced by entrepreneurs belonging to different age groups, as evidenced by the p value =.000 (0.05). As a result, Ho is disqualified. As a result, it is apparent that the age of the entrepreneur has a substantial impact on the risk variables that he or she faces.

H02 In the second case, the entrepreneurs are not aware of the policies of the government.

H12 - The government's policies are well-publicized and understood by business owners and managers.

Awareness of the Government Policies by the Entrepreneurs

		Age							
		25-35		36-45		Above 45		Total	
		Count	Column N %	Count	Column N %	Count	Column N %	Count	Column N %
Q15 Are you aware of the various support policies of the government?	Training	22	15.6%	15	26.3%	11	19.6%	48	18.9%
	Finance	35	24.8%	35	61.4%	30	53.6%	100	39.4%
	Export-Import	23	16.3%	21	36.8%	23	41.1%	67	26.4%
	Marketing	30	21.3%	22	38.6%	22	39.3%	74	29.1%
	None	96	68.1%	15	26.3%	19	33.9%	130	51.2%
	Total	141	100.0%	57	100.0%	56	100.0%	254	100.0%

Based on the age of the entrepreneur, the entrepreneurs in the age group of 25 to 35 had no knowledge of any of the government's policies, according to the table above. This could be due to the fact that younger entrepreneurs are unaware of or uninformed about the government's numerous support initiatives. With expertise in company, these entrepreneurs are aware enough to comprehend the strength of funds that assists in the smooth flow of the organisation. The age groups of 36 to 45 and 45 and above had some knowledge of government finance policies. This is also in relation to the subsidies or loan rate exemptions that the government maintains for MSME enterprises.

Pearson's Chi Square Test

		Age
Q15 Are you aware of the various support policies of the government? - Training	Chi-square	95.071
	df	10
	Sig.	.000*

*. The Chi-square statistic is significant at the .05 level.

According to the above table, there is a significant difference between the means, indicating that there is a substantial difference in the level of awareness among entrepreneurs of various ages, as evidenced by the p value =.000 (0.05). As a result, Ho has been rejected. As a result, it is apparent that the entrepreneur's age has a substantial impact on his or her level of awareness.

CONCLUSION

Uttar Pradesh has the third-highest number of micro, small, and medium-sized enterprises (MSMEs), which are scattered across the state's districts. Uttar Pradesh has established various programmes for the promotion of Small Scale Industries, including the Transport Assistance Scheme, Technology Up-Gradation Scheme, and Single Table System, to provide rapid and timely responses to entrepreneurs in the state. Furthermore, the state has established a Promote Development Assistance Scheme to assist Khadi and Village Industries in marketing their products. Uttar Pradesh has set a target of increasing employment and manufacturing enterprises' contribution to the country's GDP.

The purpose of this study is to determine the meaning and causes of disease, as well as the policies and initiatives enacted by the government and other agencies to rehabilitate sick units in Uttar Pradesh. It also tries to figure out what function different government organizations and agencies play in MSMEs' promotion and development, as well as their growth and development.

The majority of the entrepreneurs interviewed were male, with 54 percent being in the age group of 25-35 years, 23 percent in the age group of 36-45 years, and 22 percent in the age group of 46 and above, with 13 percent having completed high school, 17 percent having completed junior college, and 11 percent having dropped out of degree/graduation programmes. Manufacturing is represented by 19 percent of entrepreneurs, service by 35 percent, information technology (IT) by 24 percent, and other by 20 percent, which includes real estate, pharmaceuticals, and health and hospitals. According to the analysis, most entrepreneurs have good support from their families in terms of transitioning from a job to a self-owned business. However, some entrepreneurs have encountered issues from their families, such as reluctance from the family in transitioning from a job to an enterprise, which is important to consider given the risks and issues that entrepreneurs face in terms of entrepreneurship. Most entrepreneurs also experienced difficulties with onerous financing procedures, which were compounded by the lack of a capitalist or a funder. As a result, most entrepreneurs rely on contributions from family and friends as a source of funding. MSMEs are one of the most important segments of the Indian economy. It contributes significantly to the creation of jobs, the production system, and the growth of exports and GDP. This indirectly contributes to the country's economic progress. In order to achieve technical efficacy, both government and MSME collaboration is essential. The analysis was done to determine the level of risk based on three primary demographic factors: age, education level, and industry type. It is obvious from this research study that entrepreneurs in the country suffer a considerable risk while launching their businesses.

REFERENCES

- A Vinod. "Entrepreneurship development", Calicut university central co-operative stores ltd, 2010
- Annual Reports, Government of India, Ministry of MSMEs, 2006-07 to 2014-15. Batra G. S. and Dangwal R. C. (2003), Entrepreneurship and Small Scale Industries (New Potentials). New Delhi: Deep & Deep Publications Pvt. Ltd.
- JagapathiRao, G, V (2010) "A Study on Socio Economic Background of Entrepreneurs, in Small Scale Industries", in Indian Journal of Marketing, Vol.40 (9), pp. 55-59.
- Jayalakshmi Srikumar, U (2006) "SMEs and Global Competitiveness Strategies for Survival and Growth in the WTO Era", in The ICFAI Journal of Industrial Economist, Vol.III (4), pp. 70-82.
- rasad C. S, "Indian Small Scale Industries in Emerging International Scenario", Laghu Udhog Samachar-A Journal on Small Scale Industries, Vol. XXVII No.3 to 5, October December 2002, pp.22-27.
- Vepa Kamesam, "Financing for Entrepreneurship and SMEs: An Indian Perspective", RBI Bulletin, October 2003, pp. 689-696.
- Aarthi Deveshwar, "Small Scale Industries: Threats and Challenges", Paradigm, Vol. No.2, July-December 2004, pp.37-41.
- Shades Pande, "A Critique of Problems of Small and Cottage Industries in India", Khadigram Udhog, November 1990, pp. 90-91.