

A Study on Growth and Challenges of Small Scale Industries in India

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ABSTRACT

The Indian MSME has fast growing countries in the world today, and this sector contribute very much has been socio economic development of the country approximately 78 percent of own business operate in service sectors. MSME play an important role in providing with a GDP growth rate of 9 percent during the twelfth plan period. The women entrepreneurship refers to the achieved immense development act of setting up a new business in the state of mind or reviving an existing business so as to take advantages from new opportunities. Thus, entrepreneurs many entrepreneurial opportunities especially for women have been creating their skills with maintaining balance in their life shape the economy by creating new wealth and new jobs and by inventing new products and services.

I. INTRODUCTION

However, an insight study reveals that it is not about making money, having the greatest ideas, knowing the best sales field of entrepreneurship and also they are gradually changing the face of business of today, applying the best marketing strategy. The total finance requirement of women-owned MSMEs in 2012 was around Indian rupees 8.68 trillion (\$158 billion). Within the segment, small enterprises led the demand for financing:

around Indian rupees 6.42 trillion (\$116 billion), approximately 74 percent of the total requirement. This was mostly due to unmet working capital and investment finance needs. Micro enterprises with a requirement of Indian rupees 2.05 trillion (\$37 billion), accounted for 24 percent. Most of this requirement was largely focused around working capital needs. Women-owned medium-scale enterprises, which account for 0.01 percent of the total MSME sector had finance requirements of around Indian rupees 0.21 trillion (\$4 billion), about 2 percent of the total requirement. Women Entrepreneurship in India Empowering women has become the key element in the development of any economy the total supply of formal finance to women-owned MSMEs in 2012 is around Indian rupees 2.31 trillion period and large employment opportunities of Indian economy over the last two decades.

The Indian economy has been substantially liberalised in recent years with an increasing role for small-scale private enterprise is based on the only seven percent of the total entrepreneurs in Indian women. At the side of economic liberalisation has come a drive to enhance the role of women with moves to ensure that women have at least 30 per cent of seats in local councils and many other elected bodies of Indian women are in no way substandard to men in all walks of life and they can be as good entrepreneurs as men in the country. Women have a unique position in every society, it is essential to exploit the potential of Indian women. Real development cannot take place if it bypasses women who not only represent one half of a country's population but also the kernels around which societal revolution take place. Entrepreneurship enhances financial independence and self esteem of women. Around 50 per cent of India's population is women, yet business spheres such as trade, commerce and industry is still considered a male preserve. Entrepreneurial work has also been predominantly a man's world in India. Therefore, promotion of entrepreneurship and economic empowerment of women poses a challenge to the government, funding agencies and non- government organizations. It is important for these people to focus on the limitations faced by the women and to plan supporting systems to enhance women entrepreneurship in India.

Need and Importance of Women Entrepreneurs

It is imperative to note the participation of women in economic activities as self employed individuals. Many of the traditional occupations open to women are mainly based on caste, creed and the nature of self-employment is based on the standard of living. At present, women are generating employment for themselves in unorganized sectors and other category of women provides employment for others. The country needs to mobilize and utilize fully all its resources including human resources. The participation of women in economic activities is necessary not only from a human resource point of view but also is essential even from the objective of raising the status of women in the society. The economic status of the women is now accepted as an indicator of a society's stage of development and therefore it becomes imperative for the government to frame policies for

development of entrepreneurship among women. The long-term objectives of the development programmes for women should aim to raise their economic and social status in order to bring them into the mainstream of national life and development. For this, due recognition has to be accorded to the role and contribution of women in the various social economic and political and cultural activities.

Entrepreneurship plays an important role in generating employment opportunity for rural societies, providing self-employment for those who started-up their own business and improving the economic status of the rural area as well. Now women's are also interested to start their own business in both the rural and urban areas due to overcome poverty, generate family income and developing Standard of living. Women's are participating in the agriculture, business and trade without any social and other boundaries. But in India, there are many social and cultural limitations for rural women. Hence, the women contribution in entrepreneurial activities is less in the social and economic growth of rural India. Now the United Nations has been celebrating 15th October as International Rural Women's Day since 2008 for appraising them. Who carry out entrepreneurial activity establishing industries, business units in rural areas by using agriculture sources are called rural entrepreneurship. In other word, establishment of industry and business units in the rural areas refer to rural entrepreneurship.

Problems Faced By Rural Women Entrepreneurs

Women play a vital role in the growth and development of the economy of the nation. They attain the success in the entrepreneurial world by facing a lot many problems. There may be various problems for women to get entered into the world of entrepreneurship. But their ultimate aim is to reach the peak of success and to be economically sound. This type of target of every rural women entrepreneur brightens the development of country along with the development of women entrepreneurs. The problems faced by rural women entrepreneurs are more than that of the problems faced by the men of rural area and the women of urban area. This is because they neither face gender bias nor the problem of literacy respectively. The participation of women in the field of economy not only improves the nation and also women. Indian rural women entrepreneurs become part and parcel of the development of the nation. As rural women is one of the major human resources and opened to all natural resources. They even assist men in all walks of life along with agriculture. Henceforth if they take participation in the area of business, they can lower the concept of „brain and drain“ within the nation by finding employment in their own rural area.

II. REVIEW OF THE LITERATURE

Raju and Bhuvaneswari, (2014) Study being planned and it deals with problems, functions, needs and how to develop methods in rural entrepreneurship. In this situation researcher focuses on identifying the needs to the rural entrepreneurship, types of rural

entrepreneurship, issues and problems faced by rural entrepreneurship and the elements encouraging the rural entrepreneurship. The author limitations those are very difficult to encourage and motivate to rural entrepreneurs and with reduced motivation level, rural entrepreneurs face a lot of problems. Thus it is mandatory for our government to provide entrepreneurial training to women belonging to rural and urban area. As far as rural development through rural women entrepreneurship is concerned it will stand as vehicle to change quality of life of rural people, sustainable development and growth of economy.

Pharm, and Sritharan, (2013) women entrepreneurs faced in some problems in rural areas was being measured and initiates that majority of the women entrepreneurs were rated as absence of strong leadership. Their leadership quality was not good as required for being a successful entrepreneur. There are many women entrepreneurs who face the problem related to finance. Second rank was financial insufficiency. The third rank was absence of systematic development, No awareness about Government scheme, No repayment of loan by the participants, Lack of education and other problems.

Ponsindhu and Nirmala (2014) had explained the available schemes and subsidy in Micro, Small and Medium Enterprises to existing and budding women entrepreneurs. The existing women entrepreneurs are availing the schemes like Micro and Small Enterprises Cluster Development Programme, Technology Up gradation and marketing development export promotion etc. with special subsidies and benefits. The budding women entrepreneurs are availing the schemes such as Trade Related Entrepreneurship Assistance and Development, Entrepreneurship Development Programmes etc.

Priti Gowswami and Yashwant Singh Jhakur (2015) had reviewed the motivating factors of women to be the entrepreneur in the growth of Micro, Small and Medium Enterprises in India. Women Entrepreneur are facing problems but as now scenario is fast changing with modernization, urbanization and development of education and business more and more women are successfully running the business. Thus it is necessary to increase the opportunities of self-employment for educated un-employed women through development of entrepreneurship.

OBJECTIVE OF THE STUDY

1. To study the growth and performance and employment of MSME in India
2. To know the growth and performance production and employment of MSME in Tamil Nadu.
3. To study the effective support of the government on women entrepreneurship.

Research design

The nature of the research is both exploratory and descriptive. It is investigative as the research goals to classifying the problems and motivation of rural women entrepreneurs. This study is based on secondary source of data. The data collected from books, published

reports of RBI, NABARD, DWCRA, Census Surveys, SSI Reports, newspapers, literature review is prepared by online available studies and journals.

Micro, Small and Medium Enterprises Sector

MSME sector is the major base of manufacturing sector in India with its contribution of over 45% in overall industrial output. To achieve the ambitious targets of National Manufacturing Policy, the Working Group on MSME Growth looks forward to enhance the growth rate of the MSME sector substantially from the existing level of 12 - 13 % growth rate per annum. The Government of India, supplements the efforts of the State Governments through various initiatives. The role of the MSME and its organisations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes or programmes undertaken by the Ministry and its organisations seek to facilitate and provide the adequate flow of credit from financial institutions or banks and more support for women entrepreneurship.

Table 1
Year Wise Performance of Msme, Employment and Total Working Entrepreneurs In India

Year	Total working entrepreneurs in Lakhs	Employment in lakhs
2001-02	105.21	249.33
2002-03	109.49	260.21
2003-04	113.95	271.42
2004-05	118.59	282.57
2005-06	123.42	294.91
2006-07	361.76	805.23
2007-08	377.36	842.00
2008-09	393.70	880.84
2009-10	410.80	921.79
2010-11	428.73	965.15
2011-12	447.66	1011.80
2012-13	467.56	1061.52
2013-14	488.46	1114.29

Source: MSME Annual Report 2014-2015

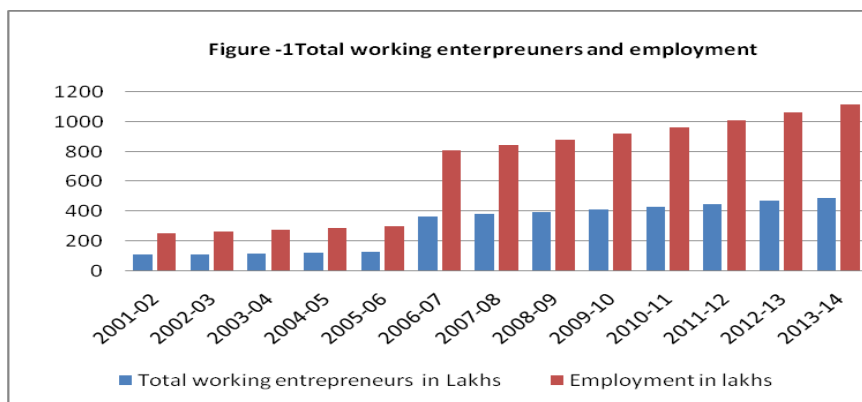


Table 1 shows that the growth and performance of MSME, employment and investments from the year 2001-02 to 2013- 14 in India. In the year 2001-02, the total number of working enterprises was 105.21 lakhs, the total number of employment In the year 2002-03, the total number of working enterprises increased to 109.49 lakhs, the total number of employment increased to 260.21 lakhs. In the year 2003-04, the total number of working enterprises increased to 113.95 lakhs, the total number of employment increased to 271.42 lakhs. Whereas in the year 2004-05, the total number of working enterprises increased to 118.59 lakhs, the total number of employment increased to 282.57lakhs. In this year 2005-06, the total number of working enterprises increased to 123.42 lakhs, the total number of employment increased to 294.91lakhs. In the year 2006-07, the total number of working enterprises increased to 361.76 lakhs, the total number of employment increased to 805.23 lakhs. In the years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13, the total number of working enterprises increased to 377.36 lakhs, 393.70 lakhs, 410.80 lakhs, 428.73 lakhs, 447.66 lakhs and 467.56 lakhs, the total number of employment increased to 842.00 lakhs, 880.84 lakhs, 921.79 lakhs, 965.15 lakhs, 1,011.80 lakhs and 1,061.52 lakhs, and investment in market value of fixed assets also increased to 920,459.84 crores, 977,114.72 crores, 1,038,546.08 crores, 1,105,934.09 crores, 1,183,332.00 crores and 1,269,338.02 crores respectively. During the year 2013-14, the total number of working enterprises again increased to 488.46 lakhs, the total number of employment increased to 1,114.29 lakhs and. It depicted the growth of MSME sector in our country.

Production function

In the production function is purely technical relation which connects factor inputs and outputs. It describes the transformation of factor inputs into outputs at any particular time period.

$$P = f(L, K, R, T, Ld, T, t)$$

Factors of Production

You can't make something from nothing. You need supplies, equipment, resources, and some know-how, too. How much you have of these things can affect your production. In economics, a production function is a way of calculating what comes out of production to what has gone into it. The formula attempts to calculate the maximum amount of output you can get from a certain number of inputs. In macroeconomics, the factors of production are:

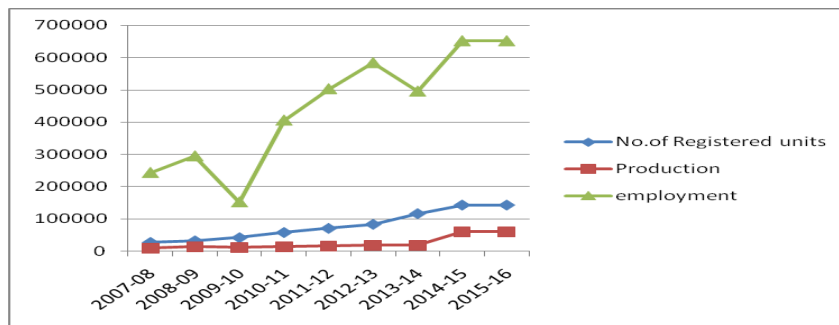
Physical capital (*K*), or tangible assets that are created for use in the production process. This includes such things as buildings, machines, computers, and other equipment. Labor (*L*), or input of skilled and unskilled activities of human workers. Land (*P*), which includes natural resources, raw materials, and energy sources, such as oil, gas, and coal. Entrepreneurship (*H*), which is the quality of the business intelligence that is applied to the production function.

The production function is expressed in the formula: $Q = f(K, L, P, H)$, where the quantity produced is a function of the combined input amounts of each factor. Of course, not all businesses require the same factors of production or number of inputs. Another form of the production function reduces the inputs to just labor and physical capital. The formula for this form is: $Q = f(L, K)$, in which labor and capital are the two factors of production with the greatest impact on the quantity of output.

Table 2
Trends in the Growth of Msmes in Tamil Nadu

Year	No. of Registered Units	Investment Rs. in crore	Production Rs. in crore	Employment
2007-08	27209	2547.14	8739.95	242855
2008-09	32049	3557.89	13354.86	294255
2009-10	41799	3214.22	10880.01	151743
2010-11	57902	5872.37	12500.86	405233
2011-12	70758	7429.59	15496.00	502381
2012-13	83348	8751.54	17503.08	583436
2013-14	116393	18936.87	16832.25	494990
2014-15	143104	24349.65	59789.70	651180
2015-16	143104	24349.65	59789.70	651180

Sources: Micro, Small and Medium Enterprises Department, Policy Note 2016 –2017, MSME in Tamil Nadu



Tamil Nadu has been a phenomenal growth of MSMEs considered a leading industrial state in India and a major manufacturing centre. The sector produces a wide variety of products in almost all fields; the prominent among them are the Textile, electronic products, engineering products, auto ancillaries, leather products, chemicals, plastics, garments jewelers etc. There are 12.94 Lakh registered number of units in the State, providing an employment opportunities to about 80.81 Lakh persons. Since 2007-08 around 7.22 Lakh Entrepreneurs have filed EM Acknowledgement P providing Employment opportunities to about 41.41 Lakh persons with total investments Rs.1,09,074.17 Crore. Consequent to the introduction of UDYOG AADHAAR MEMORANDUM (UAM) by the Ministry of Micro Small & Medium Enterprises GOI, Tamil Nadu started implementation w.e.f 21.1.2016. As on 31.3.2016, 41,656 UAMs have been filed in Tamilnadu, comprising of 35,487 Micro enterprises and 6,012 Small Enterprises and 157 Medium Enterprises providing Employment to 2,96,687 with total investment of Rs.6,218.69 Crore.

2010-11, 2011-12 and 2012-13, the total number of registered enterprises increased to 57902, 70758 and 83348, the total number of employment increased to 294255, 502381 and 583436 persons, the investment also increased to 5872.37, 7429.59 and 8751.54 crores and the value of production also increased to 12500.86, 15496.00 and 17503.08 crores respectively. In the year 2013 registered enterprises increased to 116393, but the total number of employment decreased to 494990 persons, the investment increased to 18939.87 crores and the value of production decreased to 16832.25 crores. In the year 2014 number of registered enterprises increased to 143104, the total number of employment increased to 651180 persons, the investment also increased to 24349.65 crores and the value of production decreased to 59789.70 crores. In the year 2015 there are 142136 units registered an UAM, the total number of employment provided to 815315 persons with the total investment 34411.90 crores and the value of production is 59332.19 crores. Presently there are more units registered in MSME with high investment and more persons are employed and yield high production.

MSME Growth of Women Entrepreneurship in India

Entrepreneurship has grown rapidly, visibly so, creating wealth and generating employment, especially in the past twenty years. And in present time women are an emerging economic force. Women's equal access and control over economic and financial resources is critical for the achievement of gender equality and empowerment of women as well as equitable and sustainable economic growth and development. In Indian female headed households were 11.5 % in rural areas whereas this was 12.4% in urban areas as per 68th round of NSS, 2011 -12 . Female literacy rate was 65.46 % as per population census in 2011. Further, work force participation rate for female was 25.51 as per Population Census 2011. Women have started playing important roles in decision making at all levels. It has been observed that 8.05 million out of the total 58.5 million establishments were run by women entrepreneurs in India which is around 13.76 % of the total number of establishments. Total workers engaged in women owned & run establishments were 13.48 million persons, which is 10.24% of the total number of workers engaged in India under different economic activities.

III. CONCLUSION

India being a socially male dominated country, women are assumed to be economically as well as socially dependent on male members. The extent of dependence seems to be diluted among the high and middle class women as they are becoming more aware of personal needs and demanding greater equality. Similarly, the entrepreneurial sphere is also male dominated. Women entrepreneurship in India has gained sharp momentum in recent years but the doubt is that whether these figures include only enterprises owned and run by women or enterprises owned by women and run by men. Desire to be independent; achievement orientation, etc. are some of the common motivating factors of women entrepreneurs across geographical boundaries. Women entrepreneurs in India have to face many problems at start up as well as operating stage.

Increasingly, women entrepreneurs are being considered as an important catalyst for economic development. For women, entrepreneurship is essentially a journey out of poverty and towards equality and equity. Pandit Jawaharlal Nehru, India's first Prime Minister, realizing the pathetic situation of women, stated, —in order to awaken people, it is the woman who has to be awakened. Once she is on the move, the household moves, the village moves, the country moves, and thus, we build the India of tomorrow. The Government has emerged as a major catalyst by way of providing training incentives and other facilities to succeed particularly in rural areas. But this marks only the beginning of an arduous journey ahead for the Indian woman entrepreneurs.

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