



A study on the Contribution of Micro, Small, and Medium Enterprises in the Growth of Industry and Economic of Haryana

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DOI: <https://doi.org/10.36676/irt.v10.i3.1533>



Accepted: 10/08/2024 Published: 25-09-2024

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Abstract

The main purpose of the present research work is to study the contribution of Micro, Small and Medium Enterprises in the growth of Industry and Economy of Haryana State. To meet the objective study, the primary data collected from a sample of 100 respondents through structured questionnaire. The collected data were analyzed using frequency analysis and descriptive statistics to identify the perceptions of entrepreneurs of MSMEs regarding employment creation, innovation, and economic diversification. This methodology enables a comprehensive understanding of MSMEs' contribution in local and regional economies. The findings indicate that MSMEs are crucial for job creation, particularly in local communities, with a majority of respondents recognizing their capacity to diversify economic activities across various sectors. Furthermore, MSMEs contribute to technological advancement and foster entrepreneurship, allowing individuals to establish their own businesses, thus enhancing economic dynamism.

Keywords: MSMEs, Economy, Contribution, Economy and Schemes.

Introduction

Over the past 50 years, the Micro, Small, and Medium Enterprises (MSME) sector has emerged as a dynamic sector of the Indian economy and has been recognized as an engine for socioeconomic growth. Since MSMEs account for the biggest portion of employment, second only to agriculture, their growth can have a significant impact on the nation's socioeconomic progress. According to the MSME annual Report 2016–17, MSMEs complement major businesses as vendor units and account for 33% of manufacturing output, 45% of exports, and roughly 6% of the nation's GDP. The Micro, Small, and Medium-Sized Enterprises Development (MSMED) Act of 2006 also aims to boost small businesses' competitiveness, facilitate their growth, and establish a legal framework for acknowledging both manufacturing and service entities.

The Hon'ble Chief Minister of Haryana has given the growth of MSMEs as the state's economic engines top priority, with a particular emphasis on manufacturing and service businesses, job creation, and balanced regional growth. With MSMEs at the center of strategic interventions, the Haryana Enterprise Promotion





Policy 2015 lays forth a transformative blueprint for Haryana's industrial growth. The Haryana EPP 2015 places particular attention on the state's core industries, including textiles and food processing (thrust/focus clusters), clothing, footwear, and dairy (rural functional clusters), scientific instruments, metal, plywood, and light engineering and textile (traditional clusters).

With over 1,00,000 MSMEs, over Rs. 20,000 crore in total investment, and over 10 lakh jobs created, the automotive, food and beverage, textile, engineering, and metals sectors have the largest MSME footprints. The state's manufacturing MSME spectrum includes both modern medium-sized businesses (mostly in Panipat, Faridabad, and Gurugram) and numerous conventional micro and small businesses (mostly in Panchkula, Ambala, Karnal, Rohtak, Kaithal, etc.). The 2015 Haryana Enterprise Promotion Policy establishes a framework of regulations and financial incentives for MSMEs and other industries. However, the MSME sector faces a lack of governmental outreach and knowledge, as well as limited access to markets, credit, technology, and infrastructure. Additionally, MSMEs require additional assistance, particularly in areas with a low level of industry.

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Review of Literature

Mari Selvam (2021) focused on the success of MSME sectors in India and their significant influence in both rural and urban locations. This study's analysis of the function and performance of MSME sectors was conducted using secondary data sources, including the percentage approach. According to the report, despite government efforts to boost productivity, the MSME sector's share of the GDP has not grown to a level that is acceptable over the past seven years. Compared to urban and rural areas, the estimated number of trade activities is higher in the former due to high levels of commerce and other MSME activities. Gender-based business ownership in both rural and urban locations has a significant impact on MSME activity, with male ownership being more prevalent in urban areas.

Charkha and Shah (2021) assessed MSMEs' performance and contribution to the expansion of entrepreneurship. To accomplish the study's goal, they employed secondary data. The websites of the Ministry of Micro, Small, and Medium Enterprises, Government of India, and the MSME Annual Report 2014–15 were among the sources from which the secondary data was gathered. According to the study's findings, MSME contributed significantly to the socioeconomic revolution of the economy. About 80 million people were employed by MSME, which ran over 36 million businesses and contributed 8% of the nation's GDP. The industry contributes over 45% of the nation's total exports, according to the Ministry of MSME's annual report. The MSME sectors manufacture about 6000 high-quality products.

Dipak Kumar Das (2021) determined that MSMEs (micro, small, and medium-sized enterprises) are crucial to a nation's economic growth. Their contribution to exports, employment creation, production, and promoting fair income distribution are all extremely important. Currently, MSMEs account for almost 30% of India's GDP. However, this industry needs to be properly supported and nurtured. The government needs to work together.

Deepti Maurya (2020) highlighted the strategic importance of MSME sector in current economy scenario, bring out challenges for the MSMEs operating in India and the way forwarding to help MSME sector to





achieve its full potential in order to be growth engine for Indian Economy by end of the decade. The Government had already announced some relief packages, but much more need to be done and much more expected relief package that can insulate them at the time of writing.

Satish and S. Raja Mohan (2018) attempted to identify the contribution of MSME in Indian economy and it has been found that the MSME has accounted vibrant contribution in Indian economy growth. It has been registered around 30 percent share in Indian GDP and also it produces manufacturing goods around 40 percent in total production and also it recorded around 4 percent growth in entrepreneurship development and employment generation in every year.

Kumaravel (2017) discovered that entrepreneurship plays an increasingly important function in the expansion of MSME and aids in the future growth and promotion of the economy. He discovered that while there are many options for MSME growth, entrepreneurship is a great way to support and expand this sector.

Vinay Kumar (2017) revealed that India's MSME sector is expanding quickly and even giving a large number of people job chances. Both the manufacturing and service sectors of MSMEs make a substantial contribution to the nation's overall GDP. In order to support the expansion of these Micro, Small, and Medium-Sized Businesses in the nation, the Indian government has launched a number of initiatives. In order to ensure that government policies for the establishment of MSMEs are properly implemented and that entrepreneurs are given the right guidance when they begin their businesses, the Indian government is also forming a number of partnerships and agreements with NGOs, government agencies, and universities.

Objective of the Study:

- To study the contribution of Micro, Small and Medium enterprises in growth of Industry and Economy of Haryana.

Research Methodology:

The research methodology for this study employs a quantitative approach, utilizing a structured questionnaire to gather data on the perceived contributions of Micro, Small, and Medium Enterprises (MSMEs) to industrial and economic growth. A sample of 100 respondents was selected through random sampling to ensure diverse representation. The collected data were analyzed using frequency analysis and descriptive statistics to identify trends in perceptions regarding employment creation, innovation, and economic diversification. This methodology enables a comprehensive understanding of MSMEs' impact on local and regional economies.

Data Analysis:

Data analysis is the process of inspecting, cleansing, transforming, and modeling data to extract meaningful insights and support decision-making. It involves applying statistical and computational techniques to interpret data patterns, relationships, and trends. Effective data analysis helps researchers draw conclusions, and make informed recommendations based on empirical evidence gathered during the study.

Demographic Analysis:

Demographic analysis involves the systematic examination of data related to the characteristics of a population, such as age, marital status, education, and income levels. This analysis helps identify patterns and trends, providing valuable insights into the diverse perspectives and behaviors of the target population.

Table Frequency Analysis of Demographic Variable





Demographic Variables	Frequency	
Age	18-25	24
	25-30	26
	30-35	21
	Above 35	29
	Total	100
Marital Status	Unmarried	41
	Married	59
	Total	100
Educational Qualification	Graduation	48
	Post graduation	32
	Others	20
	Total	100
Monthly Revenue	Less than 50,000	23
	50,001 - 1,00,000	27
	1,00,001 - 5,00,000	22
	Above 5,00,000	28
	Total	100

The demographic frequency analysis provides insights into respondents' age, marital status, educational qualifications, and monthly revenue. Age-wise, respondents aged 25-30 years constitute the largest group at 26%, followed by those above 35 years (29%). The 18-25 and 30-35 age groups account for 24% and 21%, respectively, indicating a balanced representation across age categories.

In marital status, a majority are married (59%), while 41% are unmarried, allowing for perspectives from both groups. Regarding educational qualifications, most respondents hold a graduation degree (48%), with 32% having postgraduate qualifications, and 20% falling into "Other" education categories, suggesting a predominantly educated respondent base.

Monthly revenue data reveals that 28% of respondents earn above ₹5,00,000, marking the highest income group, while 27% earn between ₹50,001 and ₹1,00,000. Those earning less than ₹50,000 make up 23%, and 22% earn between ₹1,00,001 and ₹5,00,000. This distribution indicates a mix of income levels, capturing varied economic perspectives essential to the study.

Frequency Analysis: The contribution of Micro, Small and Medium enterprises in growth of Industry and Economy

Frequency analysis in this context refers to the systematic examination of responses regarding the role of Micro, Small, and Medium Enterprises (MSMEs) in enhancing industrial and economic growth. It quantifies perceptions of MSMEs' impacts, such as job creation, innovation, and contributions to diversification and regional development.

Table Frequency Analysis: The contribution of Micro, Small and Medium enterprises in growth of Industry and Economy





Sr. No.	Statements	SD	D	N	A	SA
1.	MSMEs create many jobs, especially in local communities.	3	4	3	19	71
2.	They help diversify the economy by operating in various sectors.	4	3	4	32	57
3.	MSMEs are quick to innovate and adapt to new market trends.	1	2	7	36	54
4.	They promote regional development, especially in rural areas.	6	5	9	35	45
5.	MSMEs boost exports with their competitive products.	3	5	2	17	73
6.	They support larger industries by being part of their supply chains.	8	7	3	55	25
7.	MSMEs generate income for many families and reduce poverty.	5	3	4	32	56
8.	They often adopt new technologies, driving technological progress.	4	4	5	52	35
9.	MSMEs foster entrepreneurship by allowing people to start their own businesses.	7	6	7	33	47
10.	They contribute to government tax revenues, funding public services.	11	4	5	33	47

The frequency analysis on the contribution of Micro, Small, and Medium Enterprises (MSMEs) reveals significant insights into their role in economic growth and industrial development. Respondents strongly agree (71) that MSMEs create numerous jobs, particularly in local communities, highlighting their impact on employment. Additionally, a substantial number (57) affirm that MSMEs diversify the economy by operating across various sectors, showcasing their versatility.

Innovation and adaptability are also noteworthy, with 54 respondents agreeing that MSMEs quickly adapt to market trends, while 36 acknowledge their innovative capabilities. The analysis further indicates that MSMEs promote regional development, especially in rural areas, although the responses here are slightly more varied, with 45 expressing strong agreement.

A significant 73 respondents recognize that MSMEs boost exports with competitive products, underlining their importance in international markets. However, support for larger industries through supply chains receives mixed responses, with only 25 strongly agreeing.

Furthermore, 56 respondents assert that MSMEs generate family income and contribute to poverty reduction, demonstrating their role in enhancing livelihoods. The adoption of new technologies is also viewed positively, with 52 agreeing that MSMEs drive technological progress.

Finally, the analysis highlights the role of MSMEs in fostering entrepreneurship, as 47 respondents support the idea that they facilitate business startups. The contribution of MSMEs to government tax revenues,





while acknowledged, received less strong agreement. Overall, these findings illustrate the multifaceted impact of MSMEs on economic growth and community development.

Conclusion:

The study concludes that Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the growth of industry and the economy, significantly impacting employment generation, innovation, and regional development. The findings indicate that MSMEs are crucial for job creation, particularly in local communities, with a majority of respondents recognizing their capacity to diversify economic activities across various sectors. Furthermore, MSMEs contribute to technological advancement and foster entrepreneurship, allowing individuals to establish their own businesses, thus enhancing economic dynamism. The analysis also highlights the importance of MSMEs in boosting exports, showcasing their competitiveness in the global market. However, while respondents acknowledged their support for larger industries, there is room for improvement in strengthening supply chain integration. Overall, this study emphasizes the need for supportive policies and frameworks to empower MSMEs, as they are essential for sustainable economic development, poverty alleviation, and regional growth. Future research should explore strategies to enhance the resilience and capacity of MSMEs in an evolving economic landscape.

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