



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

MICRO SMALL AND MEDIUM ENTREPRISES PERFORMANCE AND SUSTAINABLE GROWTH

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Abstract

Indian MSMEs play a vital role for Economy growth and Development, it promotes sustainable growth with use of local resources, provide employment to youth, and increase in export & investment ratio. Sustainable growth and development goal of any economy may not be achieved without job creation and environment concerns. Present study aims to analyse the performance of MSMEs and its role in maintaining sustainable development in India.

Keywords: Technology, Sustainable, Micro Small and Medium Enterprise.

INTRODUCTION: This is the era of technology /computer or in other words we can say robotic time. Technology had a great impact in all aspect of life such as economy, culture and business. The world economy is at present undergoing with continues changes and these changes has great positive impact. From the last two decade the way of doing task/activities/operations has changed. The speed of operations has increased, quality of products and services improved day by day. All fields are now equipped with latest technology. **Manhas (2015)** The MSME,s cannot deny the adoption of innovation and new trends with technology ,if they want to develop and maintain a competitive advantage and willing to enter into new market. **N.Becheikh, R. Londry and N.Amara**

Sustainable development is the key for overall prosperity of each country. There are number of definitions of sustainability , but best definition of sustainable defined by report of **Brundtland**, “development that meets the needs of present without compromising the ability of future generations to meet their own needs.” To achieve sustainable development of prosperity and for protecting planet by 2030, SDG, (Sustainable Development Goals) had been developed. <http://sdgs.un.org/2030agenda> There are some positive points, of sustainability are following:

- It helps to reduce wastage of resources, as a result resources are efficiently used.
- Preference give to recycling.
- New changed production process, helps to reduce overall consumption of time, decrease in wastage ,as a result there is decrease in cost of production. All this possible due to use of innovative technologies.
- More efficiency in overall production manufacturing process.
- Use of innovative and updated technologies , reduce emission of carbon, in simple words , eco-friendly updated technologies helps to control pollution .

MSME,s in India which is a developing country play a vital role in the generation of employment, investment with less capital, increase in GDP, usage of resources. We can also call it the backbone of the GDP of India. These enterprises are competing with international standard, and increase export, these positive points makes a good increase in overall profitability of India.

Definition :MSMEs Act 2006: According to Micro, Small and Medium Enterprises act the enterprises are broadly classified in terms of activity such as enterprises engaged in the manufacturing/ production and enterprises engaged in services. while the manufacturing enterprises were defined in terms of investment in plant and machinery, service enterprises are defined in terms of investment in equipments. The Act has also defined medium scale enterprises for the first time.

Table 1: classification of MSME,s

Classification	Manufacturing Enterprises Investment in Plant & Machinery	Service Enterprises Equipment Investment in
Micro	Less than 25 lac	Less than 10 lac
Small	25 lakhs - 5 crores	10 lakhs - 2 crores
Medium	5 crores - 10 crores	2 crores - 5 crores

Finance minister announced revisions in the definition of Micro, Small and Medium Enterprise. Earlier the MSME,s were defined on the basis of investment put in , now the revised definition will also include turnover of the company. Earlier , the criteria for manufacturing units and service units were different. Now

those distinctions between manufacturing and service MSMEs are being removed. They will all be defined similarly.

Criteria – Investment in Plant & Machinery or equipment			
Classification	Micro	Small	Medium
Manufacturing	Inv.< 25lac	Inv. <5 cr.	Inv. <10 cr.
Service	Inv.< 10lac	Inv.<2 cr.	Inv. <5 cr.
Revised MSME Classification Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Inv. <1 cr. and Turnover <5 cr.	Inv.<10 cr. and Turnover<50 cr.	Inv. <20cr. And Turnover<100cr.

Literature review

Choudhuri(2019):The study found that there is a huge gap on literature regarding sustainable development in india.17 SDG,s are the least research areas. There are sufficient gap in clean energy, sanitation and linking the government plans to SDG,s.

Puneet and Davinder(2014) It revealed that SME,s play a vital role in the Indian economic structure due to its contribution in terms of output , export and employment. But still most MSME,s in India lack in adoption of technology .Suggested that government should take appropriate steps to ensure MSME,s sustainable growth.

Kumar , Prasad and Rao(2013):The study resulted that MSME,s have an attitude for innovation, creativity and flexibility which make them to respond more quickly to structural changes and to adopt the dynamic demand patterns of consumers. Government policies should be more in favors of MSME,s regarding arrangement of finance, arranging appropriate modern technology and friendly policies.

Paramasivan(2013): studied the Effect of Technological Capability on the performance of SMEs . This study contributes to the literature by yielding further insights into the impact of TC of SMEs on their export performance. The result show that entrepreneurial orientation (EO) and absorptive capability have significantly related to export intensity and export growth.

Das and Das (2012) attempts to establish the relationship between MSMEs competitiveness and Information Technology Comprehensiveness. This study examines the Information Technology Adoption of Micro, Small and Medium Enterprises (MSME) in North India. The data were collected through personal inquiry and semi structured questionnaire, thereafter responses of 36 successful MSMEs were

analyzed. According to empirical surveys, information requirement, intensity of competition, and support and incentives, size and age influence the Information Technology Adoption. Their study proves that there is a relationship between environmental factors and the adoption of ICT. Information Technology Adoption increases with increasing information requirements.

Malla(2009): in his article entitled “Financing of MSMEs- Issues and Concerns”. The study revealed that the problems cited by MSME borrowers in accessing the institutional finance are insistence on collateral guarantees, limited outreach of banks, rigid approaches, and high interest and other costs, computer documentation, lack of supporting business development services

Zaheer, Rehman and Ahmad(2006): study defined and assessed the organizational culture exhibited by Micro Small and Medium Enterprises. They primarily focused on four culture categories: clan, adhocracy, hierarchy and market driven. Results from a sample of 162 SMEs indicates that MSMEs culture lacks creativity, innovation, freedom and risk taking. MSMEs are not looking to change in the future, preferring the status quo.

Desai(2006): observed the rapid changes taking place over the past few years due to global events and up gradations in technologies and its influence over small scale industries and suggested the required structural changes to be made in the small enterprises.

Performance of MSME,s:

S.NO.	Year	Total Working Enterprises (In lakh)	Employment (In lakh)	Investment (Crore)
1	2006-07	361.76	805.53	868,543.79
2	2007-08	377.36	842	920,456.84
3	2008-09	393.7	880.84	977,114.72
4	2009-10	410.8	921.79	1,038,546.08
5	2010-11	428.73	965.15	1,105,934.09
6	2011-12	447.64	1011.69	1,182,757.64
7	2012-13	467.64	1061.40	1,268,763.67
8	2013-14	488.46	1114.29	1,363,700.54
9	2014-15	510.57	1171.32	1,471,912.94
10	2015-16	453.63	1901.42	763,847.80
11	2016-17	361.76	1370.24	947,693.00
12	2017-18 Up to Dec.2017	633.88	1109.89	1014761.10
Average		444.66	1096.27	1068388.87
CAGR		5.23%	2.96%	1.42%

Source: MSME Annual Report 2017-18

The performance of MSMEs is assessed by All India Census of the sector, the data for the current study is collected from MSME,s Annual Report 2017-18. Table 1 is shows that the average growth rate of total working Enterprise is 444.66, employment 1096.27 and investment 1068388.87. Whereas Compound Annual Growth Rate of Total Working Enterprises is 5.23%, Employment 2.96 and Investment is 1.42%.

Sustainable Development Goal: in Sep.2015 , the general assembly adopted the 2030 Agenda for Sustainable development that includes 17 SDG,s. building on the principle of “Leaving no one behind” The 17 sustainable development goals to transform our world:

1 No Poverty

2 Zero Hunger

3 Good Health and Well-being

4 Quality Education

5 Gender Equality

6 Clean water and Sanitation

7 Affordable and Clean Energy

8 Decent Work and Economic Growth

9 Industry, Innovation and infrastructure

10 Reduced inequalities

11 Sustainable cities and communities

12 Responsible Consumption and Production

13 Climate Action

14 Life Below Water

15 Life on Land

16 Peace and Justice Strong Institutions

17 Partnership to achieve the goal

According to **Epstein (2008)** in terms of corporate sustainability , nine principles of sustainability to be followed by corporate. These principles are following:

Ethics: A company main target to make best dealing with its stakeholder through maintains and preserve ethical standard and moral values.

Governance : A company first preference that its managers and corporate boards should perform their duty effectively to focus on the interests of all company stakeholders.

Transparency : company should always time disclose all information regarding their activities , products and services.

Business relationships : firm company should deal fairly with its suppliers , distributors, and partners .

Financial Return : return on investment , is as compensate of capital , these return helps to protection of company assets.

Community involvement / Development : A company fosters a mutually beneficial relationship between the corporate and community in which it is sensitive to the culture , context and the needs of the community .

Value of production and services : A firm / company main vision to provide best product & services to its customers according to their needs , desires.

Employment practices : In these days companies engages in Human Resource Management practices, which helps development and growth in employee personal and professional life.

Protection of Environment : company endeavour to safe and protect environment and make sure sustainable development in product & service.

Local Economic Development : establishment of MSME,s in local areas become main source of employment creation. People of these areas get jobs, benefiting the poor through reduction in poverty , improve standard of living. MSME,s also helps to bring value addition at local level , that is though for big business. Big business provide value addition at the end. MSME,s at local level present and make availability of all prosper u prosperity and reduced inequalities. Thus MSME,s play major role in achievement of SDG (Sustainable Development Goal) like :SDG 1 (NO POVERTY), SDG 8 (JOBS & GROWTH) SDG 10 (REDUCE INEQUALITIES).

MSME,s bring diversity of business : Entrepreneur choose business according to the availability of resources surrounding of their area. They prefer resources ,which are unused and not preferred by big businesses. At small level number of project/idea with less capital investment started by MSME,s. Entrepreneurs choose projects for their firm/ company / enterprise according to the availability of raw material, labor and other sources of production/manufacturing. India is a country with diversity – diversity of climate, diversity of resources, diversity of culture. Due to variety of available resources, climate and environment diversity ,projects started / established by MSME,s create diversity of business.

Eco friendly development with Environmentally Conscious:With the use of innovative technologies MSME,s have following advantages are :

- Use of natural resources as comparison of artificial resources of high comical mixture.
- While manufacturing/ production less wastage and implication of reuse and recycle.
- Use of innovative equipments ,(these have quality of minimum emission of carbon), helps to make environment less polluted.
- New ways/ methods of manufacturing/ operation are adopt by MSME,s towards less use of energy with the efficiency

Conclusion: MSMEs play a vital role in economy , through employment creation, equitable distributional development and reduce poverty. The available literature and data show that this sector is continuously growing with the passage of time and generating employment. Use of local resources, employment to local manpower, helps to develop rural areas. MSMEs create diversity of business ,through the use of various local resources , the products of these diversified business are cover huge part of Indian export list. With the advancement of technology and up-gradation of small business keeping in mind the future of the Indian economy. To keep in notice the performance of Micro Small and Medium Enterprises , its time to put emphasis on formulation of MSMEs friendly policies, conducive operating environment, improvement of proper infrastructure and arranging appropriate modern technology. As

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