

# **A Study On Export Growth Performance Of Msmes With Special Reference To Salem District**

**<sup>1</sup>S.Nandhini , <sup>2</sup>Dr.V.R.Palanivelu**

<sup>1</sup>Ph.D Research Scholar, Department of Management Studies, Periyar University, Salem-11

<sup>2</sup> Professor and Head, Department of Management Studies, Periyar University, Salem-11

---

## **ABSTRACT**

Economic development and Export are public need for all nations be it a created, creating or an immature economy. The commitment of MSMEs particularly to an agricultural nation like India is entirely significant. They contribute in producing work as well as support low gifted level laborers to begin as business person level in rustic zones and advancing fares. The MSMEs area in India is profoundly heterogeneous as far as the extent of the endeavors, assortment of items and administrations, and stages of innovation. It helps in industrialization of rustic and in reverse regions, diminishing provincial uneven characters and guaranteeing more evenhanded circulation of public pay and abundance. In the field of fare India has gone through various periods of primary changes from pre and present Independence period on till ongoing occasions. With the financial changes and progression of the economy since 1990's there are numerous progressions occurred in the construction and synthesis of fare container of India. One of the areas which have involved a significant situation in the absolute fare of the nation is Small Scale Industries (SSIs) area. Globalization bringing about wild rivalry in different product offerings has constrained the SME area to embrace procedures in line with the worldwide patterns. The paper surveys the advancement of MSME area and its job in pushing the financial development, work and fare of the country.

**KEYWORDS:** MSMEs, production, employment, Exports.

## **INTRODUCTION**

The SSI frames a critical fragment of the Indian Industrial area. It has invigorated the financial movement of an expansive size, and has assumed a huge part in the disposal of the monetary backwardness of the provincial and the immature districts in the country, the accomplishment of confidence and the decrease of local uneven characters. It has likewise prompted the decrease of differences in pay, riches and consumption.(Lahiri, 2012) MSMEs not just treated as a motor of

development and advancement yet in addition create work openings subsequently expanding the way of life of individuals of a country. Contingent on the asset base, innovation and framework various nations appreciate changing benefits in the fare of various products. In the field of fare India has gone through various periods of primary changes from pre and present Independence period on till late occasions. With the monetary changes and advancement of the economy since 1990's there are numerous progressions occurred in the design and organization of fare container of India. One of the areas which have involved a significant situation in the complete fare of the nation is Small Scale Industries (SSIs) sector. (Jena, 2007)

MSMEs contribute almost 8% of the nation's GDP, 45% of the assembling yield and 40 percent of the fares. They give the biggest portion of work after farming. They are the backbone for business and development. They are generally scattered the nation over and fabricate a different scope of items and administrations to address the issues of the neighborhood advertises, the worldwide marketplace and the public and global worth manacles (Katyal and Xaviour, 2015). This area has the upside of Labor serious in nature, Scope for ideal innovation appropriation, Wide dispersal in provincial/in reverse zones, Helps in decreasing the differences in various districts, Got operational adaptability, Quickly versatile to the evolving circumstances, Export direction, Widespread dissemination of business venture, Utilization of locally accessible human and material assets and ability/experience and so forth This area portrays the possibility of development and work age and giver of a significant offer to the fare crate of the country.

Ministry of (MSME) imagine a lively MSME area by advancing development and advancement of the MSME Sector, include Khadi Village and Coir Industries , in participation with anxious Ministries/Departments, State Governments and different Stakeholders, through offering help to existing undertakings and empowering formation of new enterprises.

It gives the primary ever lawful system for acknowledgment of the idea of "big business" (involving both assembling and administrations) and coordinating the three levels of these endeavors, viz., MSMs.

In the Act, enterprises have been categorize mostly into those occupied in (i) industrialized and (ii) given that/representation of services. Both categories have been additional confidential into MSMEs, based on their investment in plant and machinery (for developed enterprise) or in tools (in case of enterprises providing or interpretation services) as under:

**Table 1: Investment in plant & machinery under MSMED-Act 2006**

Classification	Manufacturing	Services
Micro enterprises	Up to Rs. 25 lakhs	Up to RS 10 lakhs
Small Enterprises	Above Rs. 25 lakhs & up to Rs. 5crores	Above Rs. 10 lakhs & up to Rs. 2 crores

<b>Medium Enterprises</b>	Above Rs. 5 crores & up to Rs. 10crores	Above Rs.2 crores & up to Rs.5 crores
---------------------------	-----------------------------------------	---------------------------------------

**Source:** Ministry of Micro, Small & Medium Enterprises development Act, 2006

### **Objectives of the Study.**

1. To appraise the progress made by MSMEs.
2. To study the role of MSMEs in development of the country.
3. To investigate the changing scenario of the composition and direction of MSME exports.

### **Methodology and data base**

The current lessons is explanatory in nature. It is mainly based on secondary data. The major sources of secondary data include various published books, journals, periodicals, economic survey of India, annual reports on Micro Small Medium Enterprises, reports of prime minister task force on Micro Small Medium Enterprises, report of forth all India census of Micro Small Medium Enterprises, 2006-07, annual report on basic statistics on Indian Economy and India, Micro Small Medium Enterprises, reports published by institute of Small enterprise and development council. Six major parameters namely No. of Micro Small Medium Enterprises, manufacture, Employment, send overseas and India's total exports have been used for investigative the performance of Micro Small Medium Enterprises, exports. The data collect from different sources are tabulated and classified methodically to make the study more scientific.

### **Growth of MSME sector**

Throughout the long term the size and significance of SSI area has gone through a tremendous change since the arranged improvement of the nation began. The no. of SSI units throughout the years has expanded in many overlap including speculation, yield, work and fare. In the year 1973-74, there were about 4.16 lakhs of units comprising of both enlisted and unregistered with a creation of Rs.7200 crores and offering work to 39.70lakhs of individuals. In the year 1970-71, the no. of units have expanded to 19.48 lakhs with a yield of 155340 crores and making work for 125.30 lakhs of individuals. In the year 2002-03 especially after the third evaluation of SSI's was directed the structure of this area to some degree portray an alternate picture. The enlisted units which are accounted for by the enrolling specialists at state level, was not appropriately mirroring the shut and de-enrolled units. In the third evaluation the quantity of units under enrolled classification diminished altogether while the unregistered units which were under reflected before has been sensibly assessed based on example review. So the absolute number of units has been shown up at 109.49 lakhs with a creation of 3, 11,993 crores and producing work for 260.21 lakh individuals. In the year 2005-06 the quantity of units has additionally expanded

to 123.42 lakhs with a creation of 4, 76,201 crores and offering work to 294.91 people. (S.Shahina, 2014) The subtleties are reflected in the table 2 given underneath

As of late the MSME area has reliably enlisted higher development rate contrasted with the generally modern area in India. During the initial 4 years of six Plans, MSME Sector displayed a development pace of 13% on a normal, a noteworthy execution contrasted with the majority of different areas. According to the fourth Censes of MSME Sector, this area utilizes an expected 59.7 million people spread over 26.1 million undertakings. It is assessed that as far as worth, MSME area represents about 45% of the assembling yield and around 40% of the complete fare of the country. The significant benefit of the area is its work potential at low capital expense. Foundation of explicit Funds for the advancement, improvement and upgrading seriousness of these endeavors, warning of plans for this reason, reformist credit strategies and practices, inclination in Government acquirement to items and administrations of the miniature and little undertakings, more powerful systems for alleviating the issues of postponed installments to miniature and little ventures and confirmation of a plan for facilitating the conclusion of business by these undertakings are a portion of different highlights of the Act.(Syal, 2015).

**Table 2: Number of Units, production and employment by MSMEs**

year	No. of units (in Lakhs)	Production (in Crores)	Employment(in Lakhs)
2000-01	101.1	261289.00	239.09
2001-02	105.21	282270.00	249.09
2002-03	109.49	311933.00	260.13
2003-04	113.95	364547.00	271.42
2004-05	118.59	429796.00	282.57
2005-06	123.42	497842.00	294.91
2006-07	361.76	1351383.45	805.23
2007-08	377.37	1435179.26	842
2008-09	393.70	1524234.83	880.84
2009-10	410.82	1619355.53	921.79
2010-11	428.73	1721553.42	965.15
2011-12	447.64	1834332.05	1011.69
2012-13	467.54	N/A	1061.40
2013-14	488.46	N/A	1114.29
2014-15	510.57	N/A	1171.32

**Source:** Annual reports of MSMEs.

## Exports of MSMEs

MSME are, as of now, working in wide assortment of areas like assembling, exchange and benefits and there by comprise an impressive part of country's mechanical creation. Over the course of the year MSME came to at a level on the ideal usage of accessible homegrown assets and produces quality items and administrations. The area contribute a lot to the modern development of the country. The area represent more than 90 of the percent Industrial units in India and it has been expanding stunningly for last numerous years. MSME affected different issues of the economy like mechanical advancement, business, work creation, monetary strengthening and so on MSME made conceivable a comprehensive and adjusted development. Around half MSME are possessed by provincial individuals and consequently expands the way of life of people.(Katyal and Xaviour, 2015) When we talk about nation's fare, it is perceptible that MSME contribute 40% of the all out send out. The current record shortfall (CAD) has been exposed to hot discussion during the third and fourth courter of 2012 - 13 monetary year. The disturbing decrease in the CAD can be, by and large, captured by advancing the MSME area however CAD is affected by numerous different factors like monetary turndown. The information show that the MSME continually presentation an expanding pattern in the commitment to the all out fare of the country. It has an expansion from Rs. 71244 crores in 2001-02 to Rs. 855874 crores in 2015-16.

## KMO AND BARTLETT'S TEST

### Problems Related to Production, Export Market Customers and export market procedures.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		<b>0.688</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	<b>975.526</b>
	Df	<b>21</b>
	Sig.	<b>0.000</b>

**Source:** Computed from Primary Data

## EXTRACTION METHOD: PRINCIPAL COMPONENT ANALYSIS COMMUNALITIES

S.No	Factors	Extraction
1	Irregular power supply	0.744

2	Higher cost of raw materials	0.703
3	Lack of skilled labour force	0.865
4	Inability to schedule production according to demand	0.567
5	Export market customer perceptions about the image of the product	0.678
6	Complexity of paper works involved	0.716
7	Different procedures in different Countries	0.703

### INTERPRETATION

The above table shows that communality values. This is captured by the extracted factors. Communality can be clear as the quantity of variance in any one of the new variables; the history of the resulting components is outlined in the Total Variance Explained table. It is renowned that the first component accounts for the most variance 86.5%, the following accounts for the second maximum sum 74.4%, and so on.

### TOTAL VARIANCE EXPLAINED

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation sum of squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.866	40.946	40.946	2.866	40.946	40.946	2.863	40.902	40.902
2	1.102	15.740	56.687	1.102	15.740	56.687	1.089	15.551	56.453
3	1.007	14.390	71.077	1.007	14.390	71.077	1.024	14.624	71.077
4	0.890	12.717	83.794						
5	0.720	10.291	94.085						
6	0.241	3.447	97.531						
7	0.173	2.469	100.000						

**Extraction Method:** Principal Component Analysis

### INTERPRETATION

Three components are extracted because Eigen values are  $> 1$ . This means that 71.077% of the difference is being captured by the extracted factors together whereas the variable Elevators within the store exhibits a low communality value of 0.890 collectively they account for approximately 71.077% of the variance. From the table it can be clear that 5 factors were extracted and retained. This implies that only 89% of the variance in variable is captured by the extracted factors. The history of the derived components is outlined in the exceeding table.

### ROTATED COMPONENT MATRIX

S.NO	FACTORS	COMPONENT		
		1	2	3
1	Irregular power supply	0.862	0.015	-0.022
2	Higher cost of raw materials	0.838	0.008	-0.025
3	Lack of skilled labour force	-0.008	-0.007	0.930
4	Inability to schedule production according to demand	-0.051	-0.683	0.312
5	Export market customer perceptions about the image of the product	-0.044	0.786	0.241
6	Complexity of paper works involved	0.844	-0.49	0.34
7	Different procedures in different countries	0.837	0.035	-0.36

**\*Removal process:** Principal Component Analysis.

**\*Replacement process:** Varimax with Kaiser Normalization

- **Problems Related to Production:**

The factors like Irregular power supply (0.862), Complexity of paper works involved (0.844) contributed to the Irregular power supply Factor (Factor – 1).

- **Export Market Customers:**

The Export market customer perceptions about the image of the product (0.786) comprised with Export Market Customers (Factor - 2).

- **Export market procedures.**

The factors like that Lack of skilled labour force (0.930) comprised with Export market procedures.

## CONCLUSION

MSME area of India is today at the passage of worldwide development on the strength of serious and quality item range. In any case, help from the Government is needed to limit the exchange expenses of innovation up degree, market infiltration, modernization of foundation and so forth. In this paper we have taken a gander at development of Indian Micro Small and Medium Enterprise Sector in the course of the last a quarter century. The MSME area has frequently been named the „engine of growth“ for creating economies. We start with an outline of this area in India and take a gander at some new patterns which feature the turn of events and meaning of this area versus the Indian economy. We have investigated the development of MSMEs in number of units, creation execution, work and fare commitment. The MSME Development Act of 2006 is maybe the most pivotal of these new strategy changes. In the much talked SEZ Schemes the fare arranged Small Scale Industries are likewise getting the need and the motivating forces through the plan to set up their units. The bunches approach for advancement of little and medium scale businesses which gives the advantage of economies of scale separated from other advantage is the worldwide way to deal with make the items universally serious. According to the National Knowledge Commission tracking down the little and medium ventures are more inventive than the enormous firms. The tremendous probability of the Small and Medium businesses with an empowering climate made through various approach estimates will profit this area in documenting a higher development remembering sends out for the coming years.

## REFERENCES

1. Jena, R. K. (2007) „Small Scale Industries in the Path of Growth and Promoting Exports“, Vaanijya, pp. 1–15. Available at: [http://www.dgciskol.nic.in/vaanijya0907/C\\_SSI\\_SECTOR.pdf](http://www.dgciskol.nic.in/vaanijya0907/C_SSI_SECTOR.pdf)
2. Agarwal, H. (2011). HR Issues in Micro, small and Medium Enterprises. *International Journal of Research in Finance & Marketing*, 1(3), 232-246.
3. P.Uma. (2013). “Role of SMEs in Economic Development of India” *Asia Pacific Journal of Marketing & Management Review*, 2 (6).
4. Garg, B. (2014, February). “Role of human resource in MSME in India” *Researchjournal’s Journal of Entrepreneurship*, 2(2).
5. S.Shahina, B. (2014) „Small and Medium Enterprises and Inclusive Growth in the Globalisation Era“, *IOSR Journal of Business and Management (IOSR-JBM)*, 16(6), pp.06–24. Available at: <http://www.iosrjournals.org/iosr-jbm/papers/Vol16-issue6/Version-2/B016620624.pdf>.

6.Syal, M. S. (2015) „Role of MSMEs in the Growth of Indian Economy Foreign Direct Investment (FDI) Policy De-reservation“, 4(5), pp. 40–43.