

## TREND AND PERFORMANCE OF MSME'S IN RAMANTHAPURAM DISTRICT

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### **Abstract**

*There is no other economic policy in India which has no dominantly determined the pattern and direction of development of the economy as the industrial. To a largest extent the industrial reflected the socio economic and political ideology of development. When India achieved Independence in 1947, the national census was in favor of rapid industrialization of the economy which was seen not only as the key to economic development but also to economic sovereignty. Industrial is important and second position in India to provide employment after agriculture sector.*

*Keywords: SSI, MSMEs, Export, Manufacturing factor.*

### **Introduction**

MSMEs have been significantly contributing towards employment, export, manufacturing sector in India. They occupy an important place in India's industrialization strategy and display enormous growth potential. These units produce a wide range of items employing traditional to state-of-the-art technology. This vibrant segment of the Indian economy, has been contributing over 45 per cent of the manufacturing sector output, close to 40 per cent of the national exports. There has been a paradigm shift in the approach of the Government towards this sector. MSME is the best vehicle for inclusive growth, to create local demand and consumption. The contribution of service sector apart from manufacturing sector was realized and with the introduction of MSMED Act 2007, the importance of service enterprises along with the need to shift from small enterprises to medium enterprises has been clearly brought out. There have been many policies protecting this sector and yet there are number of challenges faced by MSMEs. This paper examines the trends in performance and growth of MSMEs. The paper also makes an attempt to understand various problems faced by this sector. An attempt is made to offer few suggestions to augment the success of the sector.

Small Enterprises play a very significant role in terms of balanced and sustainable growth of the economy by way of employment generation, development of entrepreneurial skills and contribution to export earnings. This vibrant segment of the Indian economy, has been contributing over 45 per cent of the manufacturing sector output, close to 40 per cent of the national exports and providing employment to about 59 million persons (which is next only to agriculture) through about 2.6 crore units, located in both the rural and urban areas across the country. This sector accounts for 8 per cent of the Gross Domestic Product (GDP). In the First Five Year Plan, priority was given to agriculture and the Second Five

Year Plan focused on large industries. By early eighties, the weaknesses of small scale industries were recognized especially about their inability to withstand adverse developments. Small and Medium Enterprises are an important tool for entrepreneurship development. However, there are numerous challenges faced by this sector. Banks and constructive government policies can play a lead role for furthering their growth and development.

#### **Definition of MSMEs**

Earlier small enterprises were called Small Scale Industries (SSI) and with the enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, they are addressed as Small and Medium Enterprises (SMEs). Thus, service enterprises were included in the MSME sector realizing the importance of service sector. The level of employment and /or sales turnover is what most countries follow as the criterion for defining the small scale sector. However, in India, it is defined in terms of investment in "Plant and Machinery". As per MSMED Act, 2006, the enterprises are now grouped under two major heads namely manufacturing and service enterprises.

#### **Manufacturing Enterprises**

Sector Micro Enterprises Small Enterprises Medium Enterprises Manufacturing Investment in plant and machinery in case of micro industries does not exceed Rs.25 lakh. Investment in plant and machinery is in case of small industries more than Rs.25 lakh but does not exceed Rs.5 crore. Investment in plant and machinery is in case medium enterprises more than Rs.5 crore but does not exceed Rs.10 crore.

#### **Service Enterprises**

Services Investment in equipment in micro enterprises does not exceed Rs.10 lakh. Investment in equipment is in small industries more than Rs.10 lakh but does not exceed Rs.2 crore. Investment in equipment is in the case of medium enterprises more than Rs. 2 crore but does not exceed Rs. 5 crore.

**Source:** Ministry of Micro, Small & Medium Enterprises, 2007: Micro, Small and Medium Enterprises in India:

#### **Review of Literature**

Singh et al. (2012) analyzed the performance of Small scale industry in India and focused on policy changes which have opened new opportunities for this sector. Their study concluded that SSI sector has made good progress in terms of number of SSI units, production & employment levels. The study recommended the emergence of technology development and strengthening of financial infrastructure to boost SSI and to achieve growth target.

**Annual Report of MSME 2011-2012**, gives the overall view of MSMEs with respect to its performance and growth in production, employment, export and number of industries, detail view of various schemes and of various departments of MSMEs.

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**Final Report of Fourth All India Census of MSME**, gives a sound, accurate and comprehensive database of MSMEs for sound policy formation.

**Garg, C, Charu. (1996)** in their research paper describes the growth of SSI with some policy issues. Here the comparative analysis has been made between large scale and small scale industries taking into the industrial policy resolutions.

**Garg, Ishu. And Walia, Suraj. (2012)** confirms that the significant growth of MSMEs have been taken place over a period of time and this sector is the major donor to gross domestic product (GDP), employment and exports in Indian economy using the OLS technique.

#### **Object of the Study**

1. To know the growth and performance of MSME's in India.
2. To know the growth and performance of MSME's in Tamilnadu.
3. To know growth and performance of MSME's in Ramanathapuram district.

#### **Salient Features of Ramanathapuram District**

Ramanathapuram District was carved out of composite Ramanathapuram District on 15.3.1985 and retains the original name "Ramanathapuram". The area of this District is 4089.57 Sq. Km. and the population is about 13 Lakhs. Considered to be one of the backward districts, the district is leading in fishing.

#### **Population, Religion, and Caste Composition**

The total population of the District is 13.5 Lakhs according to 2011 Census. A vast majority of people are engaged in Agricultural activities. Hinduism is the dominant religion of this district. 85% of the population practice Hinduism. Islam, the next largest religion, has 10% followers and Christianity is being followed by 5% of the population. Scheduled Castes form a majority with 19%, followed by Mukkulothors (17%), Muslims (10%) and Yadavas (10%). Other communities in this District are Nadars (6%), Pillaimars (5%), Odayars (5%), Mutharayars (5%) and others. About 90% of the population speaks Tamil. A few packets in Muthukulathur and Kamuthi Taluks has Telugu- speaking people. Paramakudi town has sizeable Sourashtra population.

### Art and Architecture

Celebrated temples such as Ramanathaswamy Temple of Rameswaram, Pagampiriyal Temple at Thiruvettriyur, the Siva Temple at Thiru Uthiragasamangai are in this District. The Ramanathaswamy Temple can be taken as one of the wonders as the corridor of this temple is 1220 Metres long which is considered to be the most lengthiest corridor in this world. The world famous Angkor -Thom corridor of Vishnu Temple in Cambodia comes only second.

### Torism

Apart from Rameswaram, the places of attraction in this District are Pamban Bridge, which connects the Island of Rameswaram to the mainland., The Navabashanam in Devipattinam, Ship-breaking yard in Valinokkam, the Temple in Thiruppullani , the ruins of Dhanushkodi and Sethukkarai, etc.,. Fishing Industry is the most popular in this area which gives life to a lot of people and earns Foreign Exchange by exporting some of the fine varieties of sea fish. Other products such as toys, bags and mats, etc., made from palm leaves are very beautiful and attractive and these are being exported to all parts of the State.

Sources: Deputy Director of statistic ramanathapuram district.

### Area and Population - Census 2011

Table 1 Area, Population, Literates, Sexwise by Taluk and Municipalities.

Sl. No	Taluk/ Municipality	Area in Sq. Kms.	Total			Literates		
			Persons	Male	Female	Persons	Male	Female
1.	Ramanathapuram Municipality	6	61440 (4.54)	30904 (4.53)	30536 (4.55)	51254 (5.24)	26631 (4.96)	24623 (5.57)
2.	Paramakudi Municipality	12	95579 (7.06)	48621 (7.12)	46958 (7.00)	84036 (8.58)	44952 (8.38)	39084 (8.83)
3.	Ramanathapuram	256	337792 (24.96)	171143 (25.07)	166649 (24.84)	252448 (25.79)	136086 (25.37)	116362 (26.30)
4.	Thiruvadanai	484	212029 (15.67)	106094 (15.54)	105934 (15.79)	151921 (15.52)	83492 (15.56)	68429 (15.47)
5.	Paramakudi	298	169563 (12.53)	85513 (12.53)	84050 (12.53)	109536 (11.19)	62506 (11.65)	47030 (10.63)
6.	Muthukulathur	396	113432 (8.38)	56531 (8.28)	56901 (8.48)	75690 (7.73)	42618 (7.94)	33072 (7.47)
7.	Kadaladi	268	145277 (10.73)	73448 (10.76)	71829 (10.71)	99251 (10.14)	55358 (10.32)	43893 (9.92)
8.	Kamuthi	578	135658 (10.02)	68458 (10.03)	67200 (10.02)	93598 (9.56)	52411 (9.77)	41187 (9.31)
9.	Rameswaram		82675 (6.11)	41946 (6.14)	40729 (6.07)	61212 (6.25)	32433 (6.05)	28779 (6.50)
	Total	4175	1353445 (100.00)	682658 (100.00)	670787 (100.00)	978946 100.00	536487 100.00	442459 100.00

Sources: District statistical hand book 2012-2013.

The above table 1 reveals that total area and population and sex-wise of ramanathapuram district at taluk and municipal wise. there are total 4175 in area in sq.kms, and 1353445 total persons in which 682658 male persons and 670787 female persons as well as it also describe literacy level in sex-wise in the all over district level. From the above table we found that majority of the male and female population is in ramanathapuraram block. Then majority of area 578 sq. Kms out of 4175 sq. Kms covered in kamuthi taluks around the ramanathapuram district.

### Growth and Performance of MSMEs

MSMEs produce over 6000 products which includes traditional as well as high tech items. The labour to capital ratio and the overall growth in this sector is much higher than in the large industries. The contribution of this sector to the Indian economy and its importance in the national objectives of growth with equity and inclusion.

### MSME's in India

It is necessary to bring before you the growth trend of india. From below Table that, it is observed that at the end of the year 2011-2012

**Table 2: Trend of MSME's Growth on Investment and Employment in India**

Year	Total No. of units in (lakhs)	Investment (Rs. Crores)	Employment Generated (Lakh Persons)	Production at Current Prices. (Crores)
2006-2007	361.76	868543.79	805.23	1351383.45
2007-2008	377.37 (4.32)	917437.46 (5.63)	842.23 (4.59)	1435179.26 (6.20)
2008-2009	393.7 (4.33)	971407.49 (5.88)	881.14 (4.62)	1524234.83 (6.21)
2009-2010	410.82 (4.35)	1029331.46 (5.96)	922.19 (4.66)	1619355.53 (6.24)
2010-2011	428.77 (4.37)	1094893.42 (6.37)	965.69 (4.72)	1721553.42 (6.31)
2011-2012	447.73 (4.42)	1176939.36 (7.49)	1012.59 (4.86)	1834332.05 (6.55)

Sources: MSME's annual report 2012-2013, GOVT of India.

It is known from the table 2 the detail of trend of MSME's and growth of total number of registered MSME's units, investment and employment generation and production during the year of 2006 to 2012 in India. During the study period is fluctuating. The maximum number of units has been found during the year of 2011-2012 with 4.42% and 7.49%, 4.86% and 6.55% both registered MSME's unit and investment, employment generation and production, While least number of units has been recorded of both

registered units, investment and employment, production during the year of 2006-2007 It thus reveal that there is a consistency growth of both MSME's unit, investment and employment generation and production from the year of 2006 to 2012 in India.

#### MSMEs in Tamil Nadu

The MSME sector has a major contribution to the economy of Tamil Nadu. Tamil Nadu has 8.44 Lakh registered MSMEs (as on 28.2.2013). This sector contributes about 10% to the GSDP, provides employment to about 58.83 Lakh persons and accounts for a total investment of Rs. 48,189 Crores. MSMEs in Tamil Nadu produce over 8000 varieties of products including engineering products, electrical, electronics, chemicals, plastics, steel, cement, paper, matches, textiles, hosiery and readymade garments. As per the 4th All India Census of MSMEs (2006-07) Tamil Nadu Accounts for 14.95% of the total working enterprises in the country 15.24% of these enterprises are micro enterprises, which is the highest in the country. 9.60 % of them are small enterprises, which is the 3rd highest in the country. Further 9.21% are medium enterprises, which is the 2nd highest in the country. MSMEs in Tamil Nadu provides the largest number of employment in the country (15.32%). Growth of the SSI (MSME) Sector over the Five Year Plan periods in Tamil Nadu is furnished in the following Table

**Table 3: Growth of MSME sector over the plan period in Tamilnadu**

Period	No. of registered MSME units	Investment	Production	Employment
v five year plan-END	7544	325.74	1391.24	22164
vi five year plan-END	45,891	829.84	3949.53	4,48163
vii five year plan-END	99290	2198.92	7322.69	9,28464
viii five year plan-END	255694	6547.73	17,055.42	22,57055
ix five year plan-END	419524	12166.19	83904.80	31,04477
x five year plan-END	530552	16819.82	105979.51	37,03408
xi five year plan-END	7,60269	39,438.13	166951.19	52,99875

It is seen from the table 3 the detail of trend of MSME's and growth of total number of registered MSME's units, investment and employment generation and production during the year of 2006 to 2012. During the study period is fluctuating. From the above table clearly reveal that there is a consistency growth with regards to registered MSME's units and investment, employment generation and production in Tamilnadu states in India.

Table 4: Trend and Growth of MSME in Tamilnadu for the past Ten years

Year	Number of units	Investment	production	Employment
2003-2004	25794	722.10	5158.80	322967
2004-2005	16253	1105.81	4556.97	60280
	(36.99)	(53.14)	(11.67)	(81.34)
2005-2006	20399	1705.20	4414.87	67800
	(25.51)	(54.20)	(-3.12)	12.48
2006-2007	19201	714.41	2067.87	110026
	(-5.87)	(-58.10)	(53.16)	62.28
2007-2008	27209	2547.14	8739.95	242855
	(41.71)	(256.54)	(322.66)	120.73
2008-2009	32049	3557.89	13354.86	294255
	(17.79)	(39.68)	(52.80)	21.16
2009-2010	41799	3214.22	10880.01	151743
	(30.42)	(-9.66)	(-18.53)	48.43
2010-2011	57902	5872.37	12500.86	405233
	(38.52)	(82.70)	(14.90)	167.05
2011-2012	70758	7429.59	15496.00	502381
	(22.20)	(26.52)	(23.96)	23.97
2012-2013	83348	8751.54	17503.08	583436
	(17.79)	(17.79)	(12.95)	16.13

Sources: MSME annual report 2012-2013,

It is known from the table 4 the detail of trend of MSME's and growth of total number of registered MSME's units, investment and employment generation and production during the year of 2003 to 2013 in tamilnadu. During the study period is fluctuating. The maximum number of units has been found during the year of 2011-2012 with 17.79%, while least number of units has been recorded during the year of 2004-2005 and as far as investment the maximum has been found during the period of 1012.59 (4.86%) lakhs. While lowest level has been recorded during the year 805.23 lakhs. And maximum number of employment has been found during this year 2011- 2012 in india. It thus reveal that there is no consistency growth of both MSME's unit, investment and employment generation and production from the year of 2006 to 2012 in Tamilnadu.

## Trend of Registered MSME's in Ramanathapuram District

Table 5: Year-wise Trend of Registered unit in Ramanathapuram District

Year	Registered units	CGR
1984-85	-	--
1985-86	-	--
1986-87	102	-
1987-88	98	26.47
1988-89	141	32.71
1989-90	148	38.77
1990-91	200	42.08
1991-92	220	109.00
1992-93	398	4.71
1993-94	369	12.41
1994-95	316	7.05
1995-96	390	1.27
1996-97	374	43.85
1997-98	369	31.55
1998-99	375	14.33
1999-00	383	13.48
2000-01	391	22.51
2001-02	110	156.65
2002-03	121	86.21
2003-04	131	177.81
2004-05	118	4.02
2005-06	122	38.17
2006-07	126	15.04
2007-08	147	87.32
2008-09	130	57.61
2009-10	171	10.84
2010-11	202	48.11
2011-2012	254	12.82

Source: DIC Ramanathapuram

The above table 5 describe that detail of registered micro, small and medium enterprises through MSME's in Ramanathapuram district. During the period, the number of MSME's is fluctuating. the maximum number industrial units has been registered during 2011-2012 with 12.82% while the least number of 26.47% of units has been recorded during the period of 1987-1988, it thus reveal that there is no consistency growth with regards to MSME's units from 1986 to 2012.



### Detail of Micro, Small and Medium Enterprises Units in the District

Ramanathapuram district comprising seven taluks ramanathapuram, paramakudi, muthukulathur, thiruvadaanai, rameswaram, kumuthi, kadaladi, each taluk having some special resources like soil, agriculture and other natural resources. Mostly the investor are involved industry on the basis of natural resources example in ramanathapuram taluk and paramakudi taluks are some special for making bricks because suitable soil are available for bricks making in ramanathapuram and paramakudi taluk compare with other taluks as well as thiruvadaanai taluks and rameswaram taluks are best for making salt making. Apart from there are several natural resources are available in ramanathapuram. In order to industry are launched on the basis of natural resources. The industries are classified i. agro ii forest iii chemical iv text-tile v electrical and electronic vi engineering, and also industries are classified on the basis of investment. Micro, small and medium enterprises.

**Table 6: Registered Micro, Small Medium Enterprises in Ramanathapuram District.**

Year	Micro	Small	medium	Total
2007-2008	140	05	2	147
				-
2008-2009	125	04	-	130
				11.56
2009-2010	164	06	-	171
				31.54
2010-2011	197	05	-	202
				18.13
2011-2012	241	10	3	254
				25.74

**Sources:** DIC ramanathapuram

It is seen from the table 1.6 the detail of registered MSME's units, in Ramanathapuram during the year of 2007 to 2012. During the study period is fluctuating. The maximum units have been recorded during the year of 2011-2012 with 25.74%, while lowest of 11.56% has been recorded during the year of 2008-2009. From the above table clearly reveal that there is no consistency growth with regards to registered MSME's units in Ramanathapuram district.

**Conclusion**

MSMEs, as a major contributor towards growth of domestic economy and employment generation, should also get adequate support for its growth and development in terms of policy framework, incentives and other relevant aids and supports like providing good infrastructural facilities, developing various industrial parks and technology incubators under MSME cluster development programmes, creating networks of organizations which help to provide training to the skilled workforce to improve productivity, encourage entrepreneurship and competency in management, funding R&D investments, technology advancement may work for the betterment of the sector. Although, Indian MSMEs are finding it difficult to sell their products in the domestic and international markets because of increasing competition and to make their products globally competitive, Indian MSMEs need to up-grade their technology and put more emphasis on innovation.