

## **Role of Micro, Small and Medium Enterprises in the Development of Entrepreneurship in Sonitpur District of Assam**

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**Abstract:** *Entrepreneurship plays a vital role in the growth of an economy. Micro, Small and Medium Enterprises (MSMEs) are widely called the back-bone of the Indian economy. In recent years, it has emerged as the most dynamic sector displaying phenomenal growth by contributing 10% of share in GDP of India, contributing 40% to total economy exports, producing about 7500 items and involving in Technology upgradation and implementation (55% of MSMEs involved) in particular (ASSOCHAM report, 2010). Considering the importance of MSMEs in the economy the present study attempts to analyse the contribution made by this sector towards growth and development. The study is confined to Sonitpur district of Assam. It is based on secondary data collected from District Industries and Commerce Centre, Sonitpur. The findings of the study justifies the importance of MSMEs in growth of the economy by its increasing contribution in number of establishments, employment, investment and production output.*

**Keywords:** *Microenterprises, employment, investment*

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### **I. Introduction**

India is a developing country with 70 percent of its people living in rural areas. Hence, rural development is an important aspect of development agenda. Entrepreneurship can play an important role in rural development. The heavy dependence of the people on agriculture sector makes it overburdened. The Micro, Small and Medium Enterprises (MSME) sector is one of the emerging areas of developing entrepreneurship in recent years. The MSMEs form the backbone of the Indian manufacturing sector and have become engines of economic growth in India. It is estimated that the MSMEs account for almost 90 per cent of the industrial units in India and 40 per cent of value addition in the manufacturing sector. It is increasingly recognized that the MSMEs play a crucial role in employment creation and income generation in the Asian Region. The MSMEs can be easily established since their requirements in terms of capital, technology, management and even utilities are not as demanding as it is in the case of large enterprises. Their development is closely associated with more equitable distribution of income and thus important as regards poverty alleviation (Babu, Bandeiah & Venkateswarlu, 2014).

### **II. Review Of Literature:**

Deolankar (1984) conducted a study on 264 small-scale units to understand entrepreneurs development in the developed, developing and backward states of India. In spite of the abundant natural resources, industrial development was slow mainly due to untapped entrepreneurial talent rather than due to lack of basic facilities and financial support. The study suggested for timely action of the government to accelerate the process of entrepreneurship development in India.

The study of Ajit Kanitkar (1994) aims at understands the emergence of successful entrepreneurs and owners of micro-enterprises in rural India. Based on the case studies of 86 village-based entrepreneurs drawn from different regions of India, the article examines that socio-economic profile of the entrepreneurs, their motivation for shifting from an agriculture-based occupation to a non-farm activity, their approach to raising resources for their enterprises and the factors that facilitated entry of the village based entrepreneurs in to a business activity. Andersan (1995) in his thesis attempts to understand what it is that rural entrepreneurs do within the rural context. The central argument of the thesis is that in order to understand the entrepreneur we must place entrepreneurial action in its social context, we must study the process of entrepreneurship. This study, therefore, endeavors to investigate the actions of the entrepreneur in one context, rurality. Consequently this study is a detailed examination of a rural environment and the interrelationships of this environment and entrepreneurs. Its purpose is to try to establish the nature of the relationships between rurality and to specify the conditions of the entrepreneurial process.

Mandal (2008) in his paper encompasses the present scenario of Khadi and Village Industries in the North East States, particularly Arunachal Pradesh, in relation to growth, development, problems and solutions. The author opined that top priority should be given to those small scale industries like KVIs which need light machine tools and other equipments in order to produce qualitative products because today, a state's progress is measured by the quality of goods it produces.

Srivastava and Syngkon (2008) study makes an in depth analysis of the development of small scale industrial (SSI) sector in the rural areas of the states North Eastern Region of India. The study also focuses specifically on the role and profile of entrepreneurs. The findings reveal that the manufacturing, assembling, processing, activity is the dominant group among the various SSIs activities in the North Eastern states in rural and urban areas. It is observed that in most of the North Eastern states, concentration and growth of SSI activities is higher in rural areas than in urban areas. The study also brings to light the rising number of women and tribal entrepreneurs in the region.

Barua and Mali (2011) in their paper on entrepreneurship and its role in the growth of micro and small enterprises: a case study in Assam, found that the MSMEs in Assam had registered an average growth of 20.63 percent per annum from 1987-88 to 2006-07. This was accompanied by a 45.3% in investment and 89.5% in output. However, there is an element of upward bias in estimates of growth in investment and output as price rise over the years has significantly inflated their values. The whole study is based on secondary data. It can be concluded from the study that entrepreneurial performance indicated by the output is affected largely by the quantum of investment rather than the level of employment.

Govindappa and Geetha (2011), in their study on Socio-economic Background and problems of entrepreneurs in Industrial estate, A case study of Industrial estate in Davangere District of Karnataka studied 30 entrepreneurs selected randomly from manufacturing units and found that participation of women in entrepreneurial activities was nil, Majority of entrepreneurs were from nuclear family and were below 40 years of age. Main motivating factors were family environment, practical experience gained in the field and 53.3 percent participated in Entrepreneurship Development Programme (EDP). Entrepreneurs faced different kinds of problems like, problem of raw materials, problem of marketing, problem of power, problem of labour, problem of finance, problem of technical and management assistance in operating their units.

### **Objectives:**

Considering the observations and findings of previous researchers, the present study attempts to analyse the status of entrepreneurship in Sonitpur district of Assam. More specifically, the objectives of the study are

- i) To identify the working and non-working units of MSMEs in Sonitpur District.
- ii) To assess the nature of activities of working and non-working units of MSME in the district.
- iii) To assess the range of Investment, Annual Production Capacity and Employment generated by the working MSME units in the district.

### **III. Methodology**

The study is based on secondary data. It was carried out in Sonitpur district of Assam. The data were collected from District Industries and Commerce Centre, Sonitpur. The data so collected was analyzed and organized in tabular form to draw meaningful conclusions.

### **Meaning and Definition of MSME**

The "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006" is the first Act for micro, small and medium enterprises. The new MSMED Act, 2006 came into effect from 2<sup>nd</sup> October, 2006. Under this Act, the earlier, rather limited, concept of 'Industries' has been widened to that of 'Enterprises'. Enterprises have been classified broadly into two categories, namely enterprises engaged in the manufacture/production of goods pertaining to any industry and enterprises engaged in providing/rendering of services. The following table defines the MSMEs in both these sectors. According to the Ministry of Micro, Small and Medium Enterprises, recent ceilings on investment for enterprises to be classified as micro, small and medium enterprises are as follows:

**Table 1.1:** Definition of Micro, Small and Medium enterprises

	Investment in plant and machinery/equipment (excluding land and building)	
	Manufacturing enterprises	Service enterprises
Micro	Up to Rs.25 lakh	Up to Rs.10 lakh
Small	More than Rs.25 lakh and up to Rs. 5 crore	More thanRs.10 lakh and up to Rs.2 crore
Medium	More than Rs.5 crore and up to Rs.10 crore	More than Rs.2 crore and up to Rs.5 crore

*Source: MSME Annual Report*

#### IV. Results And Discussion

During the period from 1972 to 2017, a total of 2794 MSME units were registered with District Industries and Commerce Centre, Sonitpur. Out of this total 2127 units (76.13%) were found to be working units and remaining 667 units (23.87%) were found to be non working units. The figure shows that the percentage of working units was more than the non working units.

**Table 1.2:** Year wise Registration of MSME units with numbers of Working and Non-working Units

Year	No. of Units Registered	Working Units		Non Working Units		Cumulative Total
		Nos.	Percentage	Nos.	Percentage	
1972-1980	114	93	81.58	21	18.42	114
1980-1990	554	426	76.90	128	23.10	668
1990-2000	723	511	70.68	212	29.32	1391
2000-05	371	194	52.29	177	47.71	1762
2005-06	118	101	85.59	17	14.41	1880
2006-07	103	89	86.41	14	13.59	1983
2007-08	100	100	100.00	0	0.00	2083
2008-09	46	32	69.57	14	30.43	2129
2009-10	42	36	85.71	6	14.29	2171
2010-11	39	29	74.36	10	25.64	2210
2011-12	88	70	79.55	18	20.45	2298
2012-13	56	54	96.43	2	3.57	2354
2013-14	80	80	100.00	0	0.00	2434
2014-15	85	76	89.41	9	10.59	2519
2015-16	174	135	77.59	39	22.41	2693
2016-17	101	101	100.00	0	0.00	2794
Total	2794	2127		667		2794

Source: DICC, Sonitpur

The table reveals that all the units of MSMEs established during the years 2007-08, 2013-14 and 2016-17 were found to be working units. The highest numbers of MSME units were registered during the period 1990-2000. 723 units were registered during this period of which 212 were non working. The units registered in 2006-07 were 103 in which year the MSMED Act came into effect. Before that these were called as Small Scale Industries (SSI). For 2008-09, 2009-10 and 2010-11, the number of units registered was comparatively less. Only 46, 42 and 39 units were registered during the respective years. In 2011-12, 88 units were registered of which 18 were closed. In 2012-13, 2 units were closed out of 56 registered units, 9 units were closed out of 85 nos. of registered units in 2014-15 and 39 units were closed out of 174 registered units in 2015-16.

#### Nature of activities under MSME

Entrepreneurs undertake different types of activities under MSME. The following table shows the type of industry under MSME existed in Sonitpur district.

**Table 1.3:** Details of MSME Units in the District of Sonitpur

Sl. No.	Category	Total Units	Working Units		Non Working Units	
			Nos.	Percentage	Nos.	Percentage
1	Agro Based	294	229	10.77	65	9.75
2	Soda Water	0	0	0.00	0	0.00
3	Cotton Textile	204	168	7.90	36	5.40
4	Woolen Silk & Artificial Silk Based Clothes	0	0	0.00	0	0.00
5	Jute & Jute Based Products	5	5	0.24	0	0.00
6	Readymade Garments & Embroidery	311	161	7.57	150	22.49
7	Wood/ Wooden Based Furniture	225	188	8.84	37	5.55
8	Paper & Paper Products	9	7	0.33	2	0.30
9	Leather Based	0	0	0.00	0	0.00
10	Chemical/ Chemical Based	24	15	0.71	9	1.35
11	Rubber, Plastic & Petro Based	0	0	0.00	0	0.00
12	Mineral Based	2	2	0.09	0	0.00
13	Metal Based (Steel Fab)	386	310	14.57	76	11.39
14	Engineering Units	57	37	1.74	20	3.00
15	Electrical Machinery & Transport Equipment	0	0	0.00	0	0.00
16	Repairing & Servicing	248	137	6.44	111	16.64
17	Others	1029	868	40.81	161	24.14
	Total	2794	2127	100.00	667	100.00

Source: DICC, Sonitpur

From the table given above it is observed that the highest number of working units in Sonitpur district was engaged in Metal Based (14.57%) industries followed by Agro Based industries (10.77%), Wood/Wooden based furniture (8.84%), Cotton Textile (7.90%), Readymade Garments & Embroidery (7.57%), and Repairing & Servicing (6.44%). Engineering Units, Chemical/ Chemical Based, Paper & Paper Products, Jute & Jute Based Products, Mineral Based units were also found in the district though less in numbers. The table also reveals that among the non working industrial units, the highest of 150 units representing 22.49% belonged to readymade garments and embroidery activities.

### Range of Investment

Investment is an important aspect of starting any business venture. The following table shows the range of investment by the working MSME units of Sonitpur district.

**Table 1.4:** Range of Investment by working MSMEs

Range of Investment (Rs.)	No. of Working Units	Percentage
Upto Rs. 50,000	309	14.53
Rs. 50,000- Rs.1,00,000	408	19.18
Rs.1,00,000- Rs.2,00,000	361	16.97
Rs.2,00,000- Rs.5,00,000	302	14.20
Rs.5,00,000- Rs.10,00,000	193	9.07
Rs.10,00,000- Rs.20,00,000	244	11.47
Rs.20,00,000- Rs.30,00,000	155	7.29
Rs.30,00,000- Rs.40,00,000	92	4.33
Rs.40,00,000- Rs.50,00,000	35	1.65
Rs.50,00,000- Rs.1,00,00,000	19	0.89
Rs.1,00,00,000- Rs.5,00,00,000	6	0.28
Rs.5,00,00,000- Rs.10,00,00,000	3	0.14
Total	2127	100.00

*Source: DICC, Sonitpur*

It is evident from the table that 14.53 percent of the working units invest upto Rs.50,000. Again 19.18 percent of the units have an investment between Rs.50,000 to Rs.1,00,000; 16.97 percent of the units have investment in the range Rs.1,00,000- Rs.2,00,000;. The number of units invested in the range Rs.50,00,000- Rs.1,00,00,000 and Rs.1,00,00,000- Rs.5,00,00,000 is very less. Only 0.89 percent and 0.28 percent of the units invested in the respective ranges.

### Annual Production Capacity

The production capacity of a unit is an important indicator of the performance of an enterprise. The following table shows the annual production capacity of the working MSMEs of Sonitpur district.

**Table 1.5:** Annual Production Capacity of the working MSMEs

Range of Capacity in Rs.	Nos. of units	Percentage
Upto Rs. 1,00,000	162	7.62
Rs.1,00,000 - Rs.2,00,000	339	15.94
Rs.2,00,000 - Rs.5,00,000	428	20.12
Rs.5,00,000 - Rs.10,00,000	356	16.74
Rs.10,00,000 - Rs.30,00,000	303	14.25
Rs.30,00,000 - Rs.50,00,000	264	12.41
Rs.50,00,000 - Rs.1,00,00,000	166	7.80
Rs.1,00,00,000 - Rs.5,00,00,000	54	2.54
Rs.5,00,00,000 - Rs.10,00,00,000	39	1.83
₹10,00,00,000 and above	16	0.75
Total	2127	100

*Source: DICC, Sonitpur*

From the above table it is clear that majority of the working units (20.12%) had an annual production capacity ranging from Rs.2,00,000- Rs.5,00,000, followed by Rs.5,00,000- Rs.10,00,000 (16.74%), Rs.1,00,000- Rs.2,00,000 (15.94%) and so on. The table shows that 7.80 percent of the units had an annual production capacity of Rs.50,00,000- Rs.1,00,00,000. After that the percentage of units invested in the successive ranges gradually decreases.

### **Employment in MSMEs**

Employing sufficient number of workers in an enterprise can determine the growth and prosperity of the enterprise. The following table highlights the employment in the working units of MSMEs of Sonitpur district.

**Table 1.6:** Employment generated by the working MSMEs

<b>Employment in Nos.</b>	<b>No. of Working Units</b>	<b>Percentage</b>
Upto 10	1459	68.59
11-20	569	26.75
21-30	59	2.77
31-40	22	1.03
41-50	12	0.56
Above 50	6	0.28
Total	2127	100.00

*Source: DICC, Sonitpur*

The table gives a clear picture that majority 1459 units (68.59%) employed workers upto 10 persons. This is followed by 569 units (26.75%) employing in the range of 11-20 persons, 59 units (2.77%) employing in the range of 21-30 persons. Only 0.28% of the working units employed workers above 50 persons.

### **V. Findings And Suggestions**

The above analysis goes through the details of MSMEs of Sonitpur district. From the analysis we find that-

- (i) The MSMEs have been contributing to a large to the different sections of the society. Though the metal based (steel fabrication) units are highest in number (14.57%) in the district, yet a wide range of MSMEs like Agro Based, Wood/ Wooden Furniture, Readymade Garments & Embroidery, Repairing & Servicing, Chemical Based, Engineering Units, Jute & Jute Based etc. are also found operating in the district.
- (ii) Establishing a unit and its continuance is very important. But it is seen that for most of the years some of the units registered were found closed. Under this situation, however, we have seen that for the years 2007-08, 2013-14 and 2016-17, all the units are found working.
- (iii) Out of the total working units, 19.18 percent had an investment in the range Rs. 50,000- Rs. 1,00,000.
- (iv) Maximum 20.12 percent of the working MSME units had annual production capacity in the range Rs. 2,00,000 - Rs. 5,00,000.
- (v) It is observed that 68.59 percent of the working units are giving employment upto 10 numbers of employees.
- (vi) As there is dearth of Large Scale Industries in Sonitpur district, MSMEs have to play an important role in the process of industrialization for exploitation of available resources of the district.

### **VI. Conclusion**

India's villages can be developed by encouraging entrepreneurship in rural areas. Micro enterprises have an important role to play in the generation of employment opportunities, and also in the promotion of self-employment and entrepreneurship among the youth. In view of this, the Government of India is assigning significant importance to rural industrialization so that employment can be raised as well as utilization of local resources can be done to optimum. In fact, if rural development is to be sustained then rural entrepreneurship is must. Understanding the basic characteristics of rural areas and eliminating the inherent constraints, rural entrepreneurs can go a long way in framing proper policies for promoting and developing rural entrepreneurship. Micro and small enterprises can offer much greater service to the nation than their bigger counterparts. These rural enterprises can do miracle if they have greater capital inflows at their disposal. This has been the motive behind MUDRA to ease capital constraints faced by rural micro entrepreneurs and bring much more money at their disposal to grow themselves and make India grow. Micro entrepreneurs can contribute to Mr. Modi's Make in India programme through this scheme by making India a manufacturing hub of millions of small items and things and marketing them on a larger scale. However, government policies will be of no use without the participation of people. A combined effort of government, family members and total involvement of the people at the grass root level will go a long way in bringing about planned development of rural microenterprises.

Considering the importance of MSME in rural development, the present study was undertaken in Sonitpur District of Assam and the study comes to a conclusion that the MSME sector has been catalyst in the development of rural entrepreneurship in the study area.

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