



## Progress of Micro, Small and Medium Enterprises in Rajkot District of Gujarat

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### ABSTRACT

The industrial development of Gujarat and Rajkot District in particular has been studied. The data on the number of industries under MSME, Large industries etc were collected from the webs of Gujarat State and Commissioner of Industries, Rajkot, Gujarat from 2006 to 2014-15. It can be noticed that the Small Enterprises which started at 164 during the beginning, reached 603 in 2013-14. Similarly, the investment which started at moderate figure of Rs.33533.72 lakhs during 2006-07, it jumped to almost double during 2010-11 with Rs.71505.1682 lakhs. The total investment combined is Rs.510067.37 lakhs till 2013-14. The number of Jobs created during 2006-07 was only 4925, which has shown to increase slowly and reached 7716 during 2008-09. In the very next year 2009-10, the jobs reduced to 5189 in the Small industry sector, probably, owing to the Global Recession which affected India also resulting loss of four million jobs by April 2010. At Rajkot, the registration of Textile enterprises under Micro units are 982, in Small (99) and in Medium it was only 7 till 2014. Rajkot is very strong in Machinery and parts except electrical with 3498 units of Micro, 475 of Small and 9 of Medium. The next highest has been the Basic metal Industries with 2530 of Micro, 459 of Small and 8 of Medium. If the overall is considered, they are 16970 of Micro enterprises, 3277 of Small units and 184 of Medium.

### KEYWORDS

Rajkot, MSMEs, Progress, wealth

### Introduction

Among the Indian States, Gujarat occupies a unique position in terms of its Industrial progress resulting to Gujarat's gross state domestic product (GSDP) was at US\$ 142.38 billion over 2014-15 and contribution to National GDP at 8% Government of India under the Ministry of Micro, Small and Medium Enterprises have in October 2006 enacted Micro, Small and Medium Enterprises Development Act 2006. Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the overall industrial and economic development of a nation and are considered as the prime drivers for employment generation and GDP growth, besides contributing to the balanced regional development. Further, MSMEs contribute greatly to economic diversification, social stability, and play an important role in development of the private sector. Rajkot District is the 3<sup>rd</sup> in the industrial sector of the Gujarat State, Ahmedabad being first, followed by Surat and Rajkot.

### Statement of Problems

MSMEs sector falls into the Priority Sector where the banks and many other financial institutions have to extend at least 40% of their total portfolio. As the investment level have been increased many bigger firms fall into MSME category. With ever increasing registration of MSMEs in India level, and the latest figure is 1.1 Million with the proportion of micro, small and medium enterprises were 94.94%, 4.89% and 0.17% respectively. This comprises of 67.10% manufacturing enterprises and 32.90% services enterprises (Vibrant Gujarat, 2015). The competition level also increasing alarmingly to sustain the working enterprises. Hence, a detailed study was made to understand the various factors contributing increasing registration of MSMEs in Gujarat and more particularly at the Rajkot district of Gujarat state. Correlation was made to know the relationship of increasing MSMEs and the resulting employment opportunity from 2006-07 to 2014-15.

### Objective

The study has been made with the following objective:

- To study performance of MSMEs registered at Gujarat and Rajkot district
- To study the pattern of jobs created in relation to industries registered

### Methodology

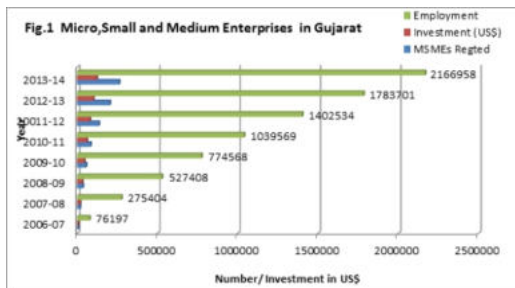
The present study has been made with the data available at the authentic webs of Gujarat Government portal and the Rajkot District Portal. The data were collected arranged year-wise for Micro, Small and Medium enterprises and plotted as graphs and correlation between the number of units registered and the quantum of investment made, both being independent variables with the number of jobs created/offered being dependent variable. Though the turnover in unit-wise or year-wise is not available either with the concerned industry or with any of the Association of the particular group of items manufactured. Hence, the progress of these category of enterprises were ascertained based on the increasing trends, year wise is taken as good performance.

### Results and Interpretation

The MSMEs are the considered one of important groups of the Industries in India which contributes about 8% of the Country's GDP (Ministry of MSMEs, 2015; (<http://www.ibef.org/states/gujarat-presentation>)). About 45 % of the manufacturing output comes from MSMEs enterprises. It has been calculated that about 40 of the Export items are produced from the MSMEs enterprises. In terms of Employment, after agriculture, MSMEs units gives the largest job opportunities in India.

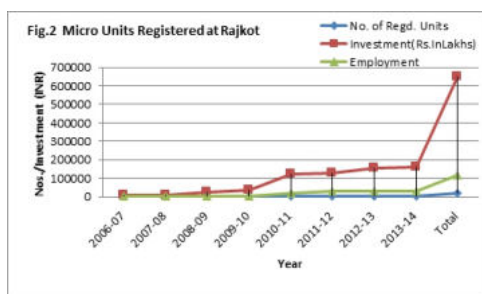
The data in the Fig.1 presents the position of MSMEs registered at the Whole of Gujarat state from 2006-07 to 2014-15. In the year 2006-07 the number of MSMEs registered were 4131. From this phenomenal figure, the registration has been accelerated to 17317 units which works out to be 76.15 % increase in Registration. This quantum jump in the registration is due to the incentives, facilities offered through the enforcement of the rules and regulation of the MSMEs Act 2006 with letter and spirit by the Government of Gujarat. The incentives offered were through Awards to best MSMEs separately for Micro, Small and Medium category in the form of INR 100,000 cash and appreciation letter, Awardees are to be given priority in participation in International Seminars. Not only these measures were implemented with a zeal to achieve the quantum jump in the industrial output of Gujarat, the GOG has helped in Rehabilitation of Sick Units by 50% subsidy on cost of diagnostic study by Technical institution initiated through FI/ Bank/ Government-maximum INR 100,000, Registered Experts in the field of technology, marketing and finance are

appointed to advise sick units. 50% fees (max. INR 100,000/unit) to be reimbursed on implementing suggestions. The foremost help is to give Interest subsidy @5% p.a. limited to INR 10 Lakh per year for 3 years on additional finance for rehabilitation disbursed by bank/FI. If the data in the Fig.1 verified further, it can be seen that during 2008-09 the registration of all units went to 35184 which is 50.78% increase from the previous year and 88.26% jump from 2006-07. During 2013-14 the registration of all units increased to 261760 which is 98.42% jump in registration comparing 2006-07 and 78.92% increase comparing 2009-10, as both these periods are considered to the favourable periods from the GOG helping the MSMEs in Gujarat. The job opportunity in Gujarat under the MSMEs group of industries tend to increase continuously, as has been supported by Hina Sidhu (2004) who studied the Industrial Development in the Mehsana District of Gujarat, a Backward Region on the small-scale industries (SSI) which were playing an important role in employment generation. The employment per SSI unit had increased over the year which was contrary to the trend at the national level. The growth rates recorded by SSI sector in the district were higher than in the state. Such was the high growth in industrialization in Mehsana that the number of SSI units located in the district increased from 1.74 percent of the total SSI units in Gujarat in 1993-94 to 436 percent in 2004-05. It is essential to refer the previous research work as, looking at the history of development, and the subject of development patterns in two different but major districts of the state at the same time period which is called the methods of cross-sectional and cross-cultural status (Bryman, 2008).



Source: Vibrant Gujarat.2015. Micro, Small and Medium Enterprises: Engine of Modern Economic Growth .Government of Gujarat, pp-43.

In Rajkot the Micro enterprises Registered since 2006-07 is given in Fig.2. The meagre registration of Micro enterprises at Rajkot during 2006-07 was 354 only, whoever, during 2007-08 it went to 640, by number it might be nearing little lesser than double, with the available incentives as given above through the implementation of the MSMEs Act 2006 and 2009, the Rajkot industrial quantum jumped to 4588 which 92.28 % increase in 2013-14. When considering the investment it was only Rs.8902 lakhs in 2006-07 and progressed at Rs.119693 lakhs in 2010-11, 155570 lakhs in 2012-13 and Rs.162198 lakhs in 2013-14. Correspondingly, the increase in job opportunity from 354 during 2006-07 to 29205 in 2013-14. The increase in job opportunity is in tandem with the Globalization which has brought benefits such as lower production costs that have contributed to the movement of manufacturing to cheaper production countries creating economic growth in periphery regions and the same time rich have become richer creating an unequal wealth distribution (Collier, 2007).

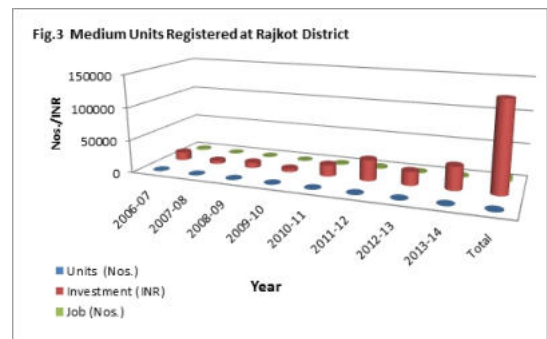


The table 1. Shows the number of Small enterprises since 2006-07 till 2013-14. It can be noticed that the Small Enterprises which started at 164 during the beginning, reached 603 in 2013-14. Similarly, the investment which started at moderate figure of Rs.33533.72 lakhs during 2006-07, it jumped to almost double during 2010-11 with Rs.71505.1682 lakhs. The total investment combined is Rs.510067.37 lakhs till 2013-14.

Table 2. Group-wise Registration of MSMEs at Rajkot District from 2006 to 2014

Group Name	Micro	Small	Medium
Textiles	982	99	7
Machinery and parts except electrical	3498	475	9
Mining and Quarrying	209	48	0
Food Products	555	170	6
Chemical & chemical Products	372	107	2
Wood Products	159	22	1
Rubber & Plastic Products	1185	429	7
Non-metallic mineral Products	490	497	113
Basic Metal Industries	2530	459	8
Paper Products & Printing	1008	145	10
Electrical Machinery and Apparatus	628	97	0
Transport equipments and parts	1305	349	2
Leather Products	40	10	1
Beverages, Tobacco & Tobacco Products	72	14	0
Service Activities	1941	95	7
Trading Activities	593	29	0
Others	1403	232	11
Total	16970	3277	184

The number of Jobs created during 2006-07 was only 4925, which has shown to increase slowly and reached 7716 during 2008-09. In the very next year 2009-10, the jobs reduced to 5189 in the Small industry sector, probably, owing to the Global Recession which affected India also resulting lose of four million jobs by April 2010, according to the FIEO survey (Shekhar.2012). Almost similar trend was observed in the Medium enterprises at Rajkot District wherein, the year 2010 -11 appeared to be year which was affected by the recession as given above. As, the units registered under Medium category was 14 during 2006-07 which was reduced to 5 in 2007-08, and in 2008-09 it went to 10, while it was only 4 enterprises registered during 2009-10 reflecting the susceptibility of these industries during Global Recession. This trend of reduction can be very much confirmed in the investment i.e., from Rs.8249.1 lakhs in 2008-09 to Rs.4729 in 2009-10. This reduction in number of units registered and investment pumped reflected in the lowest job opportunity of only 217 during 2009-10 (Fig.3).



**Group-Wise Registration of the enterprises under MSMEs at Rajkot District:**

The data in the Table 2 shows the group-wise registration of MSMEs in the Rajkot District of Gujarat State. Textile enterprise is the backbone of Gujarat in General, which was claimed as very strong in both ginning and technology/productivity (Gujarat Textile Policy, 2012), however, at Rajkot the registration of Textile enterprises under Micro units are 982, in Small (99) and in Medium it was only 7 till 2014. Rajkot is very strong in Machinery and parts

except electrical with 3498 units of Micro, 475 of Small and 9 of Medium. The next highest has been the Basic metal Industries with 2530 of Micro, 459 of Small and 8 of Medium. If the over all is considered, they are 16970 of Micro enterprises, 3277 of Small units and 184 of Medium. If the table is seen critically, it can be noted that the Medium enterprises are very low in numbers, probably owing to the involvement of the investment which according to the classification of MSMEs, it should invite Rs.50 to 100 million in the manufacturing sector and between 20 to 50 Million in the service sector. Hence the investment mattered much in the lowest registration of Units.

### Conclusion

The industrial development of Gujarat and particularly at Rajkot District has been very impressive. It can be noticed that the Small Enterprises which started at 164 during the beginning, reached 603 in 2013-14. Similarly, the investment which started at moderate figure of Rs.33533.72 lakhs during 2006-07, it jumped to almost double during 2010-11 with Rs.71505.1682 lakhs. The total investment combined is Rs.510067.37 lakhs till 2013-14. The number of Jobs created during 2006-07 was only 4925, which has shown to increase slowly and reached 7716 during 2008-09. The Textile enterprises under Micro units are 982, in Small (99) and in Medium it was only 7 till 2014. Rajkot is well known for its Machinery and parts except electrical with 3498 units of Micro, 475 of Small and 9 of Medium. The next highest has been the Basic metal Industries with 2530 of Micro, 459 of Small and 8 of Medium. Industrially, Rajkot district has established a nich as industrial hub of Gujarat State.

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