



ORIGINAL RESEARCH PAPER

Management

Viability of MSMEs Enterprises in Rajkot District of Gujarat

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Brinda V Nandagopal

Ph.D. Student, Department of Public Administration, Bharathiar University, Coimbatore, Tamil Nadu

Dr.R.Sivakumar

Associate Professor, Government Arts and Science College, Namakkal, Tamil Nadu

ABSTRACT

Gujarat's gross state domestic product (GSDP) was at US\$ 142.38 billion during 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. Rajkot is a well established center for manufacturing of Machinery and parts except electrical under the Micro enterprises registering 3498 numbers. Basic Metal Industries 2530 numbers. There is very high positive correlation with units and investments with number of jobs created at Rajkot. The MSMEs registration though started with a small numbers in the whole Gujarat during 2006-07 (4131), it reached a very high position (261760) with a contribution of 8% to GDP during 2013-14.

Introduction

Gujarat occupies an 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. Rajkot District is the 3rd in the industrial sector of the Gujarat State, Ahmedabad being first, followed by Surat and Rajkot. The industries, specially, MSMEs occupy an enviable position in four major districts of Gujarat compared to other states of India. Rajkot encompasses 14 Talukas, and all of them is endowed with industries considerably. Among these 14 Talukas, again, Rajkot itself, Gondal, Jetpur, Morvi, Jesdhan, Wankaner are much ahead of their industrial pursuit.

Statement of Problems

MSMEs sector falls into the Priority Sector where the banks and many other financial institutions have extended at least 40% of their total portfolio. As the investment level have been increased due to the MSMEs Act of 2006, many bigger firms fall into MSME category. With ever increasing registration of MSMEs in Gujarat with 1.1 Million units, with the proportion of micro, small and medium enterprises being 94.94%, 4.89% and 0.17% respectively. This comprises of 67.10% manufacturing enterprises and 32.90% services enterprises (VibrantGujarat,2015). The competition between sector, between districts 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 Rajkot. Correlation were 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 the four major districts of Gujarat including the study area (Rajkot district).
 - To ascertain the viability of the MSMEs in Rajkot District

Methodology

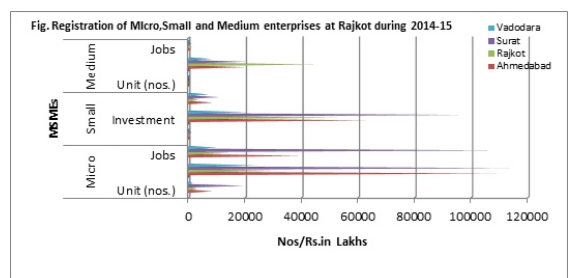
The present study has been made with the data available at the authentic webs of Gujarat Government portal and the Rajkot District Portal. The data were collected arranged year-wise for Micro, Small and Medium enterprises and plotted as graphs and correlation between the number of units registered and 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 Gujarat which contributes Per Capita Net State Domestic Product At Current Price, from 32021 Crore during 2004-05 to 10683 crores during 2013-14 as compared to the industrially advanced Tamil Nadu state with 30062 Crore during 2004-05 to 112664 crores during 2013-14 (Ministry of MSMEs,2015);(<http://www.ibef.org/states/gujarat-presentation>) Of-course, the Maharashtra State stood first among the four states studied during all these years. 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.

Registration of Micro, Small and Medium enterprises during 2006-07 at Rajkot District:

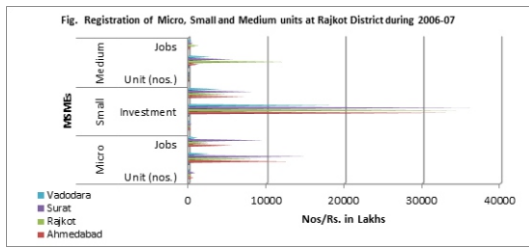
can be seen that the Registration of Micro Enterprises at Rajkot District started with only 350 during 2006-07, while it was 852 at Surat District, followed by Ahmedabad with 569 units. If the investment made is correspondingly in the rank of Surat (Rs.15189.94 lakhs), Ahmedabad (Rs.13038.46 lakhs), at Rajkot it was Rs. 8707.04 lakhs. The Small units at Surat were higher at 367, while Medium units were only 6 during the period under report. The units registered and the investment made reflected in the generation of Jobs which were 9642 (Surat), 5663 (Ahmedabad), 2654 (Rajkot) and 1159 at Vadodara which happen to be the fourth in these years of registration. Surprisingly, the medium units registered during this period was the Highest with 14 in numbers with corresponding increase in investment of Rs.12509.69 resulting 1241 jobs created.



Registration of Micro, Small and Medium enterprises during 2014-15 at Rajkot District:

The data in the Table 1 shows the registration of Micro, Small and Medium Enterprises at Rajkot District during 2014-15. The jump of about 88.37 % of Registration at Rajkot District under Micro units compared to the year 2006-07. The investment also increased to Rs.31502.89 lakhs under Micro units which is again 72.36 % higher in 8 years period. The job opportunity also increased from 2654 to 14131 in the year 2014-15. Under the

Small units Rajkot Registered



367 numbers in 2014-15, while it was only 168 numbers in the corresponding year of 2006-07. The investment though almost similar between Surat and Rajkot under Small units in 2006-07, there was a shift of increase in Surat with Rs.97584.65 lakhs with corresponding increase in job creations. Rajkot, though in third in position i.e., next to Ahmedabad, it invested Rs.53611.49 lakhs.

DISTRICT	Micro			Small			Medium		
	UNIT (NOS.)	INVESTMENT (LAKHS)	JOBS	UNIT (NOS.)	INVESTMENT (LAKHS)	JOBS	UNIT (NOS.)	INVESTMENT (LAKHS)	JOBS
AHMEDABAD	8333	1100	4021	545	6398	8530	18	2031	770
RAJKOT	3010	3150	1413	367	5361	3444	43	4580	1185
SURAT	1992	1139	1096	917	9758	1085	26	2072	912
VADODARA	1349	2425	1001	161	2033	7160	9	8268	260

Table 1. Micro, Small & Medium From 2014 to 2015- Investment in Rs.Lakhs

The industrial development of the economy plays pivotal role and small scale industry has been adopted as a policy goal in many countries including India. The concept of small scale industries was developed basically with the presumption that small scale unit inherently possesses certain economic advantages which justify its existence and if initially given protection from the grabbing and bullying attitude of the large scale sector, economically viable than its large competitor (MSME,2017). The Government of Gujarat, Industries and Mines Department, Gandhinagar has declared a scheme for Awards to Best MSME under New Industrial Policy 2009 for the following three categories for the period 2012-13.

1. Growth in Production and Profit;2. Quality and Environment Improvement Measures;
3. Innovation in Technology for New Product or Process Development.

Under this plan, In the Category, Small industries: Quality and Environment Measures, Captain Tractors Pvt. Ltd., Rajkot is one among the three winners. In the Micro industries, Siddhi Engineers, Rajkot has bagged the award. Under innovation in Technology, in small industry, Era Mechatronix Pvt. Ltd got the award (Anon,2013).

Group based micro & small enterprises and artisan units in Rajkot district:

Table 2. Group based micro and small enterprises and artisan units in Rajkot district

Type	No. of Units	Jobs
Agro-based	2,772	14,642
Soda water	257	1,835
Cotton textile	5,238	15,216
Wood and wood-based furniture	2,433	17,593
Leather	2,430	14,434
Chemicals/chemical-based industries	1,864	16,262
Mineral-based industries	3,122	24,069
Metal-based (fabrication) sector	6,443	77,252
Engineering units	5,663	28,685
Electrical machinery & transport equipment	1,977	13,225
Repair & servicing	11,360	51,130

Source: District Industrial Profile of Rajkot District, Ministry of MSME

The Table 2 reveals the group-wise Micro, Small and Artisans

enterprises at Rajkot District. Agro-based industry are of 2772 which have created 14642 jobs. Cotton textiles with 5238 units resulted in 15216 jobs. Leather industries with 2430 units giving jobs for 14434 employees. The most important in Rajkot is the metal based industries and metal based fabrication sectors which put together 9566 units working at Rajkot district with a job potential of 62841. The repairing and services are of 11360 units with opportunity for 51130. 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.

Correlation studies:

Correlation studies with number of Units and amount of investment as independent variables were correlated with the number of jobs created as dependent variable. The results correlation of these variable since 2006-07 to 2014-15 revealed that there is strong positive relationship between units and job and investment and jobs. The data for the three types of industries i.e., Micro, Small and Medium of two Financial years of 2013-14 and 2014-15 is given below:

Year	Category	Correlation between	Regression (r)
2013-14	Micro	Unit vs Employment	0.924
		Investment vs Employment	0.888
	Small	Unit vs Employment	0.989
2014-15	Micro	Unit vs Employment	0.998
		Investment vs Employment	0.993
	Small	Unit vs Employment	0.857
Medium		Investment vs Employment	0.861
	Medium	Unit vs Employment	0.795
		Investment vs Employment	0.810

The regression (r) ranged from 0.795 to 0.998 which speaks of the very close relationship of the number of industrial units established and the amount of investment with jobs creation.

Conclusion

The industries categorized under MSMEs i.e., Micro, Small and Medium units at the Rajkot district flourished well with a merge starting of Industries in 2006-07 (350 NOS.) WITH AN INVESTMENT OF RS.8707.04 LAKHS FOR MICRO UNITS REACHED 3010 units, a jump of 88.37% and with an investment of Rs. 31502.89 Lakhs. The favorable aspect of these increase resulted in quantum jump of job opportunities. It was 2654 jobs during 2006-07 which increased to 14131 jobs during 2014-15. Similar trend could be observed for Small and Medium units at Rajkot and other district which were compared.

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