



ORIGINAL RESEARCH PAPER

Economics

FINANCIAL PERFORMANCE AND PROFITABILITY OF SELECTED MSMEs IN TELANGANA STATE

KEY WORDS: MSME, Industrialization, large employment opportunities, reducing regional imbalances, socio-economic development

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ABSTRACT

Industrialization has been recognized as synonymous to economic development. The gap in per capita income between the developed and under developed countries is usually attributed to the disparities in the structure of their economies where the developed countries are largely industrial economies, while the less developed countries are confined predominantly to agriculture. Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last six decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring 'more equitable distribution of national income and wealth. MSME are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. The present research paper focused on problems of the selected MSMEs in the Telangana State.

Introduction

All kinds of business enterprises require sufficient funds in order to meet their fixed as well as working capital requirements. Finance is one of the critical inputs for the growth and development of the Micro, Small and Medium Enterprises. They need credit support not only for running the enterprises and fulfilling operational requirements but also for diversification, modernization/up-gradation of facilities, capacity expansion etc.

Inadequate access to credit is a major problem encountering Micro, Small and Medium Enterprises. Generally, such enterprises operate on tight budgets, often financed through owner's own contribution, loans from friends, money lenders and relatives and also bank credit. They are often unable to procure adequate financial resources for the purchase of machinery, equipment and raw materials as well as for meeting day-to-day expenses. This is because, on account of their low goodwill and little fixed investment, they find it difficult to borrow at reasonable interest rates. As a result, they're being pushed to depend largely on internal resources and money lenders.

In respect of Micro, Small and Medium Enterprises, the problem of credit becomes a serious one whenever any difficult situation occurs such as a large order, rejection of consignment, inordinate delay in payment etc. Sometimes, they have to close down their operations due to shortage of funds. Also, there is hardly little scope for expansion and growth due to scarcity of capital. Hence, economies of scale are not available.

This paper is made an attempt to analyze and figure out financial performance in terms of capital structure, sources of finances, profitability of selected Micro, Small and Medium Enterprises in Telangana State.

Objectives of the Paper

The following are the main objectives of the paper :

- * To assess the performance of MSMEs in Telangana State.
- * To assess the capital structure of the selected MSMEs in Telangana State
- * To evaluate the financial performance of selected MSMEs in Telangana State

Methodology

The paper is based on primary data which has been collected through the questionnaire. Several published reports are also used for comparison of the problems of MSMEs in the selected areas

Year-wise capital structure of selected MSMEs in Telangana State

Table No.1 provides the year-wise capital structure of selected Micro, Small and Medium consisted of a enormous portion of owned capital of Rs 8896.98 lakh with a considerable portion from borrowed capital of Rs 5652.24 lakh, constituting long term

liabilities of Rs 3182.85 and short-term liabilities of Rs 2469.39 lakh, out of a total capital of Rs 14549.22 lakh in the year 2008-09. In 2009-10, of the total capital of Rs 15074.57 lakh, a significant part of Rs 9255.55 lakh was owned capital and the amount of Rs 5819.02 lakh was borrowed capital, includes long term liabilities of Rs 3303.95 and short-term liabilities of Rs 2517.07 lakh. In 2010-11, owned capital was Rs 10323.32 lakh and long term liabilities of Rs 3416.55 and short-term liabilities of Rs 2742.43 lakh clubbed to form borrowed capital of Rs 6158.98 lakh of the capital structure of Rs 16482.86 lakh. In 2011-12, the equity of owners Rs 11363.26 lakh coupled with Rs 6455.80 lakh of borrowed capital, which includes long term liabilities of Rs 3608.85 and short-term liabilities of Rs 2846.95 lakh builds the total capital of Rs 17811.14 lakh. In 2012-13, the owned capital of Rs 11824.08 lakh mingled with borrowed capital of Rs 6580.04 lakh is the structure the total capital of Rs 18399.15 lakh in 2013-14, the owned capital of Rs 12186.02 lakh and Rs 6894.98 lakh of borrowed capital built the total capital of Rs 19070.98 lakh and in the year 2014-15, the total capital of Rs 19426.00 lakh was from Rs 12399.46 lakh of owned capital and Rs 7026.54 lakh of borrowed capital. The linear growth rates of 5.71 per cent in owned capital and 4.26 per cent in borrowed capital with 3.90 per cent in long term liabilities and 4.65 per cent in short term liabilities and 6.02 per cent in the total capital were registered.

Table No.1 Year-wise capital structure of selected MSMEs in Telangana State

Years	Owned Capital	Borrowed Capital			Total
		Long-term Liabilities	Short-term liabilities	Total liabilities	
2008-09	8896.98 (61.15)	3182.85 (21.88)	2469.39 (16.97)	5652.24	14549.22 (100.00)
2009-10	9255.55 (61.40)	3301.95 (21.90)	2417.07 (16.70)	5819.02	15074.57 (100.00)
2010-11	10323.32 (62.63)	3416.55 (20.73)	2742.43 (16.64)	6158.98	16482.86 (100.00)
2011-12	11363.26 (63.80)	3608.85 (20.26)	2846.95 (15.98)	6455.80	17811.14 (100.00)
2012-13	11824.08 (64.26)	3693.25 (20.07)	2886.79 (15.69)	6580.04	18399.15 (100.00)
2013-14	12186.02 (96.90)	3802.04 (19.94)	3092.94 (16.22)	6894.98	19070.98 (100.00)
2014-15	12399.46 (63.83)	3916.84 (20.16)	3109.70 (16.01)	7026.54	19426.00 (100.00)
LGR	5.71	3.90	4.65	4.26	6.02
t-value	12.62	25.82	11.53	20.89	11.63
CV	11.76	7.01	8.33	7.60	10.34

Note: Figure in parenthesis represent the percentage

Source: Field Survey

Sector-wise capital structure of MSME

Table No. 2 shows sector-wise capital structure of select Micro, Small and Medium Enterprises in Telangana State during 2008-09 - 2014-15. In 2008-09, a greasy contribution of Rs 812.36 lakh from owned capital and Rs 611.26 lakh from borrowed capital, pair of long term liabilities of Rs 385.25 and short-term liabilities of Rs 226.01 lakh, mixed to form the total capital of Rs 1423.62 lakh of micro enterprises; a total of Rs 6160.88 lakh capital of small enterprises comprised owned capital of Rs 1242.24 lakh and Rs 542.35 long term liabilities and Rs 376.29 lakh short-term liabilities, mixed to create borrowed capital of Rs 918.68 lakh. An owned capital of Rs 6842.38 lakh and long term liabilities of Rs 2255.25 and short-term liabilities of Rs 1867.09 lakh joined together to form a borrowed capital of Rs 4122.34 lakh, formed the total capital of Rs 10964.72 lakh for medium enterprises.

In 2014-15, out of a total capital of Rs 1645.68 lakh, there was a contribution of Rs 956.44 lakh from owned capital, Rs 703.32 lakh from borrowed capital (long term liabilities of Rs 430.85 and short-term liabilities of Rs 267.68 lakh) in micro enterprises; in small enterprises total of Rs 1088.98 lakh, constituted the owned capital of Rs 1458.64 lakh and borrowed capital of Rs 1088.98 lakh (long term liabilities of Rs 635.55 and short-term liabilities of Rs. 453.43 lakh) and in medium enterprises, of the total capital of Rs 15232.70 lakh, the share being owned capital of Rs 9984.38 lakh and borrowed capital of Rs 5248.32 lakh (long term liabilities of Rs 2845.65 and short-term liabilities of Rs 2388.55 lakh).

It would be inferred, that there had been positive Linear Growth Rates (LGR) of 2.53, 2.99 and 7.08 per cent recorded in the capital structures of micro, small and medium enterprises.

Table No 2 Sector wise capital structure of MSME during 2008-09 to 2014-15

Year	Micro				Small				Medium			
	Owned capital	Borrowed capital		Total	Owned capital	Borrowed capital		Total	Owned capital	Borrowed capital		Total
		Long term	Short term			Long term	Short term			Long term	Short term	
2008-09	812.36	385.25	226.01	1423.62	1242.24	542.35	376.29	2160.88	6842.38	2255.25	1867.09	10964.72
2009-10	842.56	395.85	246.47	1484.88	1288.44	565.85	398.53	2252.82	7124.55	2340.25	1872.07	11336.87
2010-11	874.68	405.55	256.77	1537.56	1324.32	585.65	398.67	2308.64	8124.32	2425.35	2086.99	12636.66
2011-12	888.36	425.35	262.89	1568.68	1364.58	598.25	443.99	2406.82	9110.32	2585.25	2140.07	13835.64
2012-13	901.36	427.35	262.97	1586.71	1398.34	620.25	444.09	2462.68	9524.38	2645.65	2179.73	14349.76
2013-14	945.36	430.85	265.49	1631.68	1425.32	625.34	448.98	2499.64	9815.34	2745.85	2378.47	14939.66
2014-15	956.44	435.64	267.68	1645.68	1458.64	635.55	453.43	2547.62	9984.38	2845.65	2388.55	15232.70
LGR	2.92	2.25	2.67	2.53	2.85	2.85	3.59	2.99	8.50	4.44	5.11	7.08
t-value	15.19	7.89	4.21	11.33	29.57	12.61	5.78	15.43	8.81	26.34	9.51	10.96
CV	5.40	4.35	4.73	4.73	5.26	5.27	6.83	5.49	13.81	7.88	9.20	11.88

Source : Field survey

Category-wise capital structure of MSME

The category-wise capital structure of MSME during 2008-09 - 2014-15 is presented in Table No.3. Among different categories of Micro enterprises, Agro based industries capital acquiring capacity rose from Rs 201.32 lakh in 2008-09 to Rs 224.24 lakh in 2014-15 by registering an increase over previous period of 11.38 per cent; the capital size of Engineering based industries increased from Rs 342.54 lakh in 2008-09 to Rs 398.87 lakh in 2014-15 with an increase over previous period of 16.44 per cent, Textile based industries picked up from Rs 84.46 lakh in 2008-09 to Rs 98.88 lakh in 2014-15 by showing 17.07 per cent increase over previous period; Chemical based industries capital substantially increased from Rs 40.28 lakh in 2008-09 to Rs 49.78 lakh in 2014-15 by recording 23.58 per cent growth over previous period. During the same period, the capital size of Forest based industries improved from Rs 114.42 lakh to Rs 124.65 lakh by exhibiting 8.94 per cent growth rate and no capital structure noticed in from Animal husbandry during the entire period. The capital attaining ability of other industrial categories in Micro segment also escalated to Rs 724.26 lakh in 2008-09 from Rs 615.64 lakh in 2014-15 with 17.64 per cent growth over previous period. Eventually, it could be deduced that the total capital of all industrial categories of Micro segment augmented from Rs 1423.62 lakh in 2008-09 to Rs 1645.68 lakh in 2014-15 by showing 15.60 per cent increase over previous period.

Under Small enterprises segment, the capital attaining capacity of Engineering based industries are from Rs 165.55 lakh in 2008-09 to Rs 185.64 lakh in 2014-15 with an increase over previous period of 12.14 per cent; Agro based industries capital size rose from Rs 525.60 lakh in 2008-09 to Rs 625.32 lakh in 2014-15 by registering an increase over the previous period of 18.97 per cent; Mineral based industries sharing momentum in gaining capital picked up from Rs 165.55 lakh in 2008-09 to Rs 185.64 lakh in 2014-15 by showing 12.14 per cent increase over previous period; Chemical based industries capital increased from Rs 115.75 lakh in 2008-09 to Rs 124.32 lakh in 2014-15 by recording 7.40 per cent growth over previous period. During the same period, the capital size of Animal husbandry industries improved from 182.68 lakh to 201.35 lakh by exhibiting 10.22 per cent growth rate and totally nil from Forest based and Textile based industries. The capital acquiring ability of other industrial categories in Small segment also escalated to Rs 1225.35 lakh in 2008-09 from Rs 1005.75 lakh in 2014-15 with 22.83 per cent growth over previous period. Ultimately, it could be inferred that the total capital of all industrial categories of Small segment recorded enhancement from Rs 2160.88 lakh in 2008-09 to Rs 2547.62 lakh in 2014-15 by recording 17.90 per cent increase over previous period.

Table No.3 Category-wise total capital of MSME in 2008-09 and 2014-15

(Rs in lakh)												
S.No.	Industrial Category	Micro			Small			Medium			Total	
1.		2008-09	2014-15	Increase over previous period	2008-09	2014-15	Increase over previous period	2008-09	2014-15	Increase over previous period	2008-09	2014-15
1.	Agro Based	201.32	224.24	11.38	525.6	625.32	18.97	3242.23	4852.36	49.66	3969.15	5701.92
2.	Forest Based	114.42	124.65	8.94	0.00	0.00	0.00	0.00	0.00	0.00	114.42	124.65
3.	Textile Based	84.46	98.88	17.07	0.00	0.00	0.00	2152.28	3012.38	139.96	2236.74	3111.26
4.	Mineral Based	24.96	25	100.16	165.55	185.64	12.14	0.00	0.00	0.00	190.51	210.64
5.	Engineering Based	342.54	398.87	16.44	165.55	185.64	12.14	1825.36	2012.32	110.24	2333.45	2596.83
6.	Animal husbandry	0.00	0.00	0.00	182.68	201.35	110.22	1042.38	1542.36	147.97	1225.06	1743.71
7.	Chemical based	40.28	49.78	23.58	115.75	124.32	107.40	0.00	0.00	0.00	156.03	174.1
8.	Others	615.64	724.26	17.64	1005.75	1225.35	121.83	2702.47	3813.28	141.10	4323.86	5762.89
Total		1423.62	1645.68	15.60	2160.88	2547.62	17.90	15232.7	138.92	14549.22	19426	133.52

Source : Field survey

In Medium enterprises, during 2008-09 and 2014-15, the capital size of Agro based industries increased from Rs 3242.23 lakh to Rs 4852.36 lakh, Textile based industries from Rs 2152.28 lakh to Rs 3012.38 lakh, Engineering based industries from Rs 1825.36 lakh to Rs 2012.32 lakh, Animal husbandry from Rs 1042.38 lakh to Rs 1542.36 lakh and other industrial categories from Rs 2702.47 lakh to Rs 3813.38 lakh by registering considerable growth rates of 149.66 per cent, 139.96 per cent, 110.24 per cent, 147.97 per cent and 141.10 per cent respectively. Mineral and Chemical based industries have exhibited no capital structure during the entire period of study.

Sources of Finance of selected MSME.

Table No.4 reveals the year-wise sources of finance of the selected MSME during 2008-09 to 2014-15. In 2008-09, the total capital of Rs 14549.22 lakh was constituted with the owned capital of Rs 8896.98 lakh and borrowed capital of Rs 5652.24 lakh, which includes Rs 2095.27 lakh borrowed from banks/corporation, Rs 1473.73 lakh borrowed from friends/relatives and Rs 2083.24 lakh borrowed from money lenders. In 2009-10, Rs 9255.55 lakh of owned capital and Rs 2153.52 lakh of borrowed capital from banks/corporation, Rs 1505.25 lakh of borrowed capital from friends/relatives and Rs 2160.25 lakh of borrowed from money lenders built up the total capital of Rs 15074.57 lakh. In 2010-11 borrowed capital of Rs 2295.25 lakh from banks/corporation, Rs 1580.25 lakh from friends/relatives and Rs 2283.48 lakh from money lenders built up the total capital of Rs 16482.86 lakh. In 2011-12, Rs 11363.26 lakh of owned capital and Rs 2427.65 lakh of borrowed capital from banks/corporation, Rs 1612.90 lakh of borrowed capital from friends/relatives and Rs 2415.25 lakh of borrowed from money lenders built up the total capital of Rs 17811.14 lakh. In 2012-13, Rs 11824.08 lakh of owned capital and Rs 2460.88 lakh of borrowed capital from banks/corporation, Rs 1673.65 lakh of borrowed capital from friends/relatives and Rs 2445.51 lakh of borrowed from money lenders built up the total capital of Rs 18399.15 lakh. In 2013-14, Rs 12186.02 lakh of owned capital and Rs 2573.68 lakh of borrowed capital from banks/corporation, Rs 1725.45 lakh of borrowed capital from friends/relatives and Rs 2595.85 lakh of borrowed from money lenders built up the total capital of Rs 19070.98 lakh. In 2014-15, Rs 12399.46 lakh of owned capital and Rs 2580.35 lakh of borrowed capital from banks/corporation, Rs 1835.26 lakh of borrowed capital from friends/relatives and Rs 2610.93 lakh of borrowed from money lenders built up the total capital of Rs 19426.00 lakh.

money lenders and owned capital of Rs 10323.32 lakh were clubbed to form Rs 16482.86 lakh total capitals.

In 2011-12, the total capital of 17811.14 lakh was constituted with the owned capital of Rs 11363.26 lakh and borrowed capital of Rs 6455.80 lakh, which contains Rs 2427.65 lakh borrowed from banks/corporation, Rs 1612.90 lakh borrowed from friends/relatives and Rs 2415.25 lakh borrowed from money lenders. In 2012-13, Rs 11824.08 lakh of owned capital and Rs 2460.88 lakh of borrowed capital from banks/corporation, Rs 1673.65 lakh of borrowed capital from friends/relatives and Rs 2445.51 lakh of borrowed from money lenders built up the total capital of Rs 18399.15 lakh. In 2013-14, borrowed capital of Rs 2573.68 from banks/corporation, Rs 1725.45 lakh from friends/relatives and Rs 2595.85 lakh from money lenders and owned capital of Rs 12186.02 lakh helped to form Rs 19070.98 lakh total capital and in 2014-15 the total capital of Rs 19426.00 lakh consisted of Rs 12399.46 lakh of owned and Rs 7026.54 lakh of borrowed capitals.

The proper analysis of the above data led to infer that there had been registered mentionable Linear Growth Rates (LGR) of 5.71 per cent in owned capital, 4.23 per cent in borrowed capital, 4.20 per cent in banks/corporation, 3.92 per cent in borrowed from friends/relatives and 4.49 per cent in borrowed from money lenders.

Table No.4 Year-wise Sources of Finance of selected MSME

Years	Owned Capital	Borrowed capital				Total
		Banks /Corporation	Friends/relatives	Money lenders	Total	
2008-09	8896.98 (61.15)	2095.27 (14.40)	1473.73 (10.13)	2083.24 (14.32)	5652.24	14549.22 (100.00)
2009-10	9255.55 (61.40)	2153.52 (14.29)	1505.25 (9.99)	2160.25 (14.33)	5819.02	15074.57 (100.00)
2010-11	10323.32 (62.63)	2295.25 (13.93)	1580.25 (5.59)	2283.48 (13.85)	6158.98	16482.86 (100.00)
2011-12	11363.26 (63.80)	2427.65 (13.63)	1612.90 (9.06)	2415.25 (13.56)	6455.80	17811.14 (100.00)
2012-13	11824.08 (64.26)	2460.88 (13.37)	1673.65 (9.10)	2445.51 (13.29)	6580.04	18399.15 (100.00)
2013-14	12186.02 (63.90)	2573.68 (13.50)	1725.45 (9.05)	2595.85 (13.61)	6894.98	19070.98 (100.00)
2014-15	12399.46 (63.82)	2580.35 (13.28)	1835.26 (9.45)	2610.93 (13.44)	7026.54	19426.00 (100.00)
LGR	5.71	4.20	3.92	4.49	4.23	6.02
t-value	12.62	11.02	14.10	14.22	19.92	11.63
CV	11.76	7.57	7.18	8.00	7.56	10.34

Note: Figures in parentheses represent the percentages

Source: Field survey

Sector-wise Sources of Finance of selected MSME

The sector-wise sources of finances of MSME during 2008-09 to 2014-15 are shown in Table No.5. It could be seen from the table that the total borrowed capital of Micro enterprises lift up from Rs 1440.78 lakh, comprising Rs 542.35 lakh capital borrowed from banks/corporation, Rs 342.58 lakh from friends/relatives and Rs 555.85 lakh from money lenders in 2008-09 to Rs 1741.08 lakh, including Rs 685.65 lakh capital borrowed from banks/corporation, Rs 1440.28 lakh from friends/relatives and Rs 640.15 lakh from money lenders in 2014-15. If small enterprises category is considered, the total borrowed capital heaped up from Rs

2223.95 lakh, encompassing Rs 845.85 lakh capital borrowed from banks/corporation, Rs 525.85 lakh borrowed from friends/relatives and Rs 852.25 lakh borrowed from money lenders in 2008-09 to Rs 2513.85 lakh, consisting of Rs 985.85 lakh capital borrowed from banks/corporation, Rs 602.15 lakh from friends/relatives and Rs 925.85 lakh borrowed from money lenders in 2014-15. The total borrowed capital of Medium enterprises escalated significantly from Rs 1987.51 lakh in 2008-09 to Rs 2771.61 lakh in 2014-15. The linear growth rates of 3.43 per cent, 2.22 per cent and 7.06 per cent were recorded in total borrowed capitals of Micro, Small and Medium Enterprises respectively.

Table No.5 Sector-wise Sources of Finance of MSME during 2008-09 to 2014-15

Year	Micro				Small				Medium			
	Banks/ Corporation	Friends/ Relatives	Money lenders	Total	Banks/ Corporation	Friends/ Relatives	Money lenders	Total	Banks/ Corporation	Friends/ Relatives	Money lenders	Total
2008-09	542.35	342.58	555.85	1440.78	845.85	525.85	852.25	2223.95	707.07	605.30	675.14	1987.51
2009-10	550.25	352.25	562.56	1465.06	855.65	545.25	864.25	2265.15	747.62	607.75	733.44	2088.81
2010-11	565.25	362.55	575.25	1503.05	865.85	562.35	875.85	2304.05	864.15	655.35	832.38	2351.88
2011-12	580.85	385.26	590.25	1556.36	875.25	570.25	885.65	2331.15	971.55	657.39	939.35	2568.29
2012-13	610.25	395.35	610.25	1615.85	915.25	582.25	892.25	2389.75	935.38	696.05	943.01	2574.44
2013-14	625.85	402.85	620.55	1649.25	965.25	598.25	915.15	2478.65	982.58	724.35	1060.15	2767.08
2014-15	685.65	415.28	640.15	1741.08	985.85	602.15	925.85	2513.85	908.35	817.83	1044.93	2771.61
LGR	4.12	3.67	2.59	3.43	2.91	2.41	1.42	2.22	5.79	5.38	9.91	7.06
t-value	7.46	17.17	18.94	13.92	7.29	14.67	16.48	13.68	3.18	6.54	9.57	8.85
CV	7.86	6.68	4.89	6.38	5.71	4.50	2.75	4.24	11.46	10.11	15.44	11.85

Source : Field Survey

Year-wise and Sector-wise Profitability of MSME

Table No.6 reveals the year-wise and the sector-wise profitability of Micro, Small and Medium Enterprises in Telangana State during 2008-09 - 2014-15. Total Net profit of Rs571.91 lakh in 2008-09 includes Rs 299.54 lakh net profit from micro sector, Rs 173.54 lakh net profit from small and Rs 98.83 lakh net profit from medium sector. In 2009-10, Rs 301.01 lakh net profit from micro, Rs180.47 lakh net profit from small and Rs 99.27 lakh net profits from medium sectors constituted the total net profit ofRs 580.75 lakh.Rs 287.01 lakh net profit from micro, Rs 152.00 lakh net profit from small and Rs 81.00 lakh net profit from medium sectors formed the total net profit of Rs 520.02 lakh in 2010-11. In 2011-12, Rs 273.65 lakh net profit from micro sector, Rs 146.35 lakh net profit from small and Rs 79.38 lakh net profit from medium clubbed to form a total net profit ofRs 499.38 lakh. In 2012-13, out of Rs 528.81 lakh total net profit, the shares of micro, small and medium sectors were Rs 285.32 lakh, Rs 158.29 lakh and Rs 85.20 lakh respectively. In 2013-14, out of a total net profit of Rs 612.18 lakh, a net profit of Rs 325.02 lakh from micro sector, Rs 188.15 lakh net profit from small and Rs 99.01 lakh net profit from medium sector were observed and in 2014-15, out of a total net profit ofRs 657.84 lakh, there was Rs 352.61 lakh net profit from micro sector, Rs 201.32 lakh net profit from small and Rs 103.91 lakh net profit from medium sector.

After proper analysis, it would be inferred that there had been mentionable Linear Growth Rates (LOR) of micro at 2.45 per cent per annum, small at 2.14 per cent per annum and medium enterprises at 0.68 per cent per annum.

Table No.6 Year-wise and sector-wise Profitability of MSME during 2008-09 to 2014-15

(Rsin lakh)				
Year	Micro	Small	Medium	Total net Profit
2008-09	299.54	173.54	98.83	571.91
2009-10	301.01	180.47	99.28	580.75
2010-11	287.01	152.00	81.00	520.02
2011-12	273.65	146.35	79.38	499.38
2012-13	285.32	158.29	85.20	528.81
2013-14	225.02	188.15	99.01	612.18
2014-15	352.61	201.32	103.91	657.84
LGR	2.45	2.16	0.68	2.06
t-value	1.62	0.98	0.33	1.14
CV	8.25	10.89	10.16	9.12

Source : Field survey

CONCLUSIONS

The Micro, Small and Medium Enterprises (MSMEs) contribute to economic development in various ways, such as creating employment opportunities for rural and urban population, providing good and services at affordable costs by offering innovative solutions and sustainable development of the economy as a whole. MSMEs in India and particularly in Telangana state face a number of problems – absence of adequate and timely banking, finance, power shortages and ineffective marketing due to limited resources and non availability of skilled employees. The sectors also contributes significantly to manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40% of total exports of the country. To make this sector to become more vibrant and significant player in the development of the Indian economy, the Government has to taken various initiatives.

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