

SOCIO-ECONOMIC IMPACT OF MSMEs IN KERALA

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ABSTRACT

Microenterprises are the basic organization of every nation's economic development. In India, many youngsters face different problems, especially economic, Psychological, and social related problems. Under this condition, micro-enterprises play a dominant role in reducing or eliminating the above-mentioned problems in the country. MSMEs help every nation to empower weaker sections of society like women and economically weaker sections in a country. This study uses primary data from entrepreneurs and consumers and secondary data collected from various books, publications, the internet, etc... This study mainly focuses on the socio-economic impact of manufacturing micro-enterprises in Kollam district, Kerala. This study mainly used Chi Chi-square and Likert scale for analysis. This study found that manufacturing micro enterprises are highly influencing the financial and social status of micro-entrepreneurs.

Keywords: MSMEs, Socioeconomic Conditions, Manufacturing micro-enterprises, Economic development

INTRODUCTION

Micro Enterprises are the grass root level organization for the economic development of every nation. In India, many youngsters face different problems, especially economic, Psychological and social related problems. In this condition, micro-enterprises play a dominant role in reducing or eliminating the above-discussed problems of the country. Present Indian economic conditions, poverty, and unemployment are the main issues faced by all industrial sectors. Poverty can be eliminated by introducing new and innovative

employment opportunities to the unemployed sections. Micro industries are the main solution to these problems. The main objective of microenterprises increasing the socioeconomic development of weaker sections at the same time to develop our women's society and the whole nation. The last five-year plan was aimed to provide maximum employment opportunities to the weaker section of Indian society. Youngsters are the backbone of the family as well as every society and every country. Employing unemployed people can reduce his/her household poverty and also improve the standard of living of the family, which will, in turn, eliminate poverty in society and the nation.

The Government of India enacted the micro, small, medium Enterprises Development (MSMED) Act 2006 containing the definition of micro, small, and medium Enterprises. Micro units is a small business unit that operates with less than ten employees and conducts small-scale operations and the owner contribute a small amount of capital. Most of the micro-enterprises are engaged in the production and manufacturing of goods and providing some services to the local areas. The main advantages of micro-enterprises are the entrepreneur easily start micro-enterprises with limited capital and limited number. Financial institutions provide a small number of loans to human resources. The main financial sources of micro-entrepreneurs are microfinance from financial institutions. Financial institutions provide a small number of loans to poor individuals or families to start their businesses to earn income. Micro enterprises are usually able to start micro enterprises because of small capital and limited managerial ability. The agricultural field and small manufacturing units are the most important area in providing employment opportunities to the weaker section of young people in the back word area. The MSME sector holds the second position in providing employment generation to the weaker sections in back word areas as well as an urban areas in Kerala. Recently it was found that 93.21 percent of industrial production was the contribution of the MSME sector.

REVIEW OF LITERATURE

1. Shastri.D and Rao U.T (2014) study the socio-economic changes of women entrepreneurs in Gujarat. They used secondary data for the study. They found women entrepreneurs are capable of doing micro business and achieving success.

Government should take more initiative to boost the entrepreneurial activity of women for their success.

2. Thomas Rajeeve(2014) in his work entitled “Microcredit and micro enterprises under Kudumbasree for rural development with special reference to Malappuram District” tried to find out a comprehensive evaluation of the functioning of micro-enterprises under Kudumbasree and their role in mobilizing the savings.
3. Shweta Arora and Priya Rathi(2011) in their work entitled “Role of MSMEs in the economic and social development, New Delhi”. This study found the MSME sector is a nursery of entrepreneurship. The MSME sector helps entrepreneurs to improve their socio-economic status and also contributes 8 percent of countries’ GDP.

STATEMENT OF THE PROBLEM

The modern economy faces various types of socio-economic problems like unemployment, poverty, low standard of living, etc. Micro enterprises play a key role in developing the standard of living of people through employment generation. Micro enterprises provide employment opportunities to employed people, and employment leads to the eradication of poverty and increases the purchasing power of rural people. This situation helps to increase the economic development of the nation. There are so many studies conducted in M.S.M.E sectors But studies relating to manufacturing micro enterprises are limited in number. In this context, this work is an attempt to study the socioeconomic impact of manufacturing micro enterprises in the Kollam district, Kerala. This study mainly focuses, on whether Is there any improvement in the socio-economic status of micro-entrepreneurs against this background, The present study titled “socio-economic impact of MSMEs in Kerala” is attempted.

SIGNIFICANCE OF THE STUDY

Every developing nation faces many types of problems, and for surviving these issues nations adopt different types of techniques and methods. The main issue of every developing nation is poverty, unemployment, lack of capital, lack of skilled human resources, etc... The most important reason for the economic problem is the poor performance of the agricultural

sector and industrial sectors. This study is significant and timely because after the Covid19 pandemic situations each and every country faces different types of problems. This study mainly focuses on how to play MSMEs in the socioeconomic development of people. It is hoped that the study can make some suggestions for positive change in the attitude of unemployed people in society. This study is significant because of

1. Income generation from various MSMEs is one of the main factors in the economic development of Kerala
2. MSMEs are providing employment opportunities to unemployed people in Kerala.
3. MSMEs help to generate saving habits in people
4. MSMEs also help to empower weaker sections.

OBJECTIVES

1. To examine the growth of MSMEs in Kerala.
2. To analyze the impact of MSMEs on socio-economic development.
3. To analyze the hindrances of MSMEs.

HYPOTHESIS

1. There is no significant difference of opinion between various MSMEs towards the main hindrance are their enterprises

RESEARCH METHODOLOGY

In the execution of the above-mentioned objectives and hypotheses, the following methodology is taken on for this study. Both primary and secondary data were collected and used for the study. The primary data collecting from entrepreneurs through questionnaires and secondary data collecting from books, journals, publications, internet.

Analysis No. 1

A questionnaire has been conducted to the 100 MSMEs Kerala. The chi-square test is used to test the null hypothesis.

Null Hypothesis: There is no significant difference of opinion between various entrepreneurs towards the main hindrance are their enterprises

Types of Business	Hindrances					
	Electricity and water supply	Financial issues	Shortage of raw material	Lack of skilled labour	Government policies	Total
Soft drinks	9	11	9	5	2	36
Consumer goods	6	13	11	7	4	41
Bakery and Hotel	6	7	1	6	3	23
Total	21	31	21	18	9	100

Sources: Primary Data

Expected frequencies

7.56	11.16	4.32	6.48	3.28
8.61	12.71	8.61	7.38	3.69
4.83	7.13	4.83	4.14	2.07

$$\text{Chai Square } (X^2) = \sum \frac{(O-E)^2}{E}$$

$$\text{Degrees of freedom} = (r-1) (c-2)$$

$$(3-1) (5-1) = 2 \times 4 = 8$$

$$\text{For } X^2_{0.05} = 15.5$$

Inference: The calculated value of X^2 is 12.266. But the table value is 15.5. The table value is greater than that of the calculated value. So the null hypothesis is accepted at a 5 percent

level of significant. Hence we concluded that there is no significant difference of opinion between various MSMEs towards the main hindrance are their enterprises.

Analysis No. 2

Likert five-point scale

Likert scale for improving factors of micro-enterprises

No.	Factors	No.	Factors
A	Financial Improvement	E	Level of borrowing of money
B	Increasing the standard of living	F	Improving social status
C	Increasing self-confidence	G	Freedom to express the opinion
D	Economic stability	H	Family Issues

FACTORS	5	4	3	2	1	TOTAL	RANK
A	21 105	49 196	18 54	6 12	6 6	373	4
B	23 115	59 236	16 48	1 2	1 1	402	1
C	24 120	53 212	16 48	5 10	2 2	392	3
D	26 130	56 224	11 33	6 12	1 1	400	2
E	15 75	39 156	17 51	20 40	9 9	331	8
F	14 70	41 164	23 69	16 32	6 6	341	6
G	13 65	36 144	30 90	14 28	7 7	334	7
H	19 95	49 196	12 36	12 24	8 8	359	5
	775	1528	429	160	40	2932	

Inference: Among the various factors affecting the socio-economic development of entrepreneurs in Kerala. The majority of entrepreneurs agree to increase their standard of living after starting MSMEs. Also agree to increase their financial and economic improvement respectively. After starting MSMEs their economic stability increased, so it is

ranked 2. Improving social status and freedom to express their opinion got 6,7 ranks respectively. The level of increasing borrowing of money got 8TH rank.

FINDINGS

1. The study found that from the community-wise analysis more than 65 percent of respondents under the category of O.B.C. The SC/ST category is less than 10 percent.
2. The study found that the majority of the respondent belongs to the below 15000 income group. Only 33 percent of sample respondents are from the 15000-25000 income group
3. The study found that the majority of the respondents are engaged in food manufacturing as their main activity
4. Majority of entrepreneurs agree to increase their self-confidence after starting micro enterprises and also got ranked 1
5. This study found that their financial stabilities and social empowerment are improved after starting micro enterprises
6. This study found that entrepreneurs face different types of hindrances to improving their economic and social status. Mainly they face financial issues and lack of skilled labor and a shortage of raw materials.

SUGGESTIONS

1. District Industrial Center should encourage manufacturing micro enterprises to earn additional income to achieve financial freedom.
2. Central and state governments should assist micro-enterprises to participate in international trade fairs, conferences, and training.
3. The Government of Kerala provide more awareness programme related to various initiatives and policies through District Industrial Centers
4. Financial institutions should create a special cell for providing easy finance to manufacturing micro enterprises.
5. District Industrial Centers should help to ensure raw materials are enough for their production.

CONCLUSION

MSMEs are playing the dominant role in the economic and social development of weaker sections in rural and urban areas. MSMEs provide more opportunities to increase their economic and social empowerment like financial stability, increasing standard of living, self-confidence, and decision-making skill. MSMEs face different types of hindrances to improving and establishing their enterprises. The main hindrances are lack of finance, nonavailability of raw materials, lack of skilled labour, government policies, etc. Kerala government and District Industrial Centers are taking the necessary step to improve the efficiency of entrepreneurs and MSMEs.

LIMITATIONS

1. The scope of the study is limited to MSMEs enterprises in Kerala.
2. Most enterprises do not main training proper books of account systematically.
3. Entrepreneurs reluctant to share information because of fear of income tax and other matters

SCOPE FOR FURTHER RESEARCH

1. Further research conducted on the marketing and financial problems of MSMEs
2. Detailed research conducted in the field of hindrances faced by entrepreneurs for their socio-economic and psychological development.

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