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A study of role of small & medium enterprises (SME) and employment generation in thane district

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Abstract
Employment generation process is dependent on the predictive capability and development in small and medium enterprises in India; but no model is perfectly able to capture the employment structures. Small and medium enterprises is one of the sensitive area has attracted less research attention compared to other area in economy. This paper examines the movements of employment generations due to the contribution of small and medium enterprises. A applications of T-Test, F-Test, Chi-Square Test, ANOVAS and critical evaluation models applied for testing hypothesis and obtaining results. The impulse response validates the results obtained. Hence dynamic relationship among employment generation and small and medium enterprises does exist. However, a small and medium enterprise shows persistence role in employment generation.

Keywords: small & medium enterprises (SME), employment, skill, production, development

1. Introduction

Schumacher was right when he said "Small is beautiful". The experience of Small and Medium Enterprises (SME) development during the last two decades all over the world has proved it so. SME have emerged as an engine of growth in the new millennium. In India also they have emerged as vibrant and dynamic components of the economy by the virtue of their significant contribution to GDP, industrial production and exports. However, the most important contribution of this sector toward employment at lower capital cost generation which is second only to agriculture. Even in many developing countries, it is being accepted as key to sustainable economic growth. Considering its potential and ability, the SME sector has been assigned a target of 12 per cent annual growth rate and additional employment of 4.4 million people.

Small and Medium Enterprises (SME) exist in the form of factories, workshops, trading and service organizations and range from the most modern and up-to-date enterprise to the simple and traditional unites. These enterprise exist in various forms such as proprietorship, partnership, companies or co-operatives in almost all major sectors in the Indian Industry. Within the SME sector, the small sector serves as a green field for nurturing of entrepreneurial talent and helping the units to grow into medium and large size.

After the formation of Maharashtra State on May 1, 1960, the Government of Maharashtra constituted a "Board of Industrial Development" (BID) on October 1, 1960, The BID framed the legislation and it was introduced before the state legislation and passed in the form of "Maharashtra Industrial Act" which gave birth to MIDC, as a separate corporation on August 1, 1962. The key historical policy decisions taken by MIDC certainly changed the socioeconomic scenario of the state highly in Navi Mumbai as its activities spread in the interior.

Considering the International standard facilities required to attract multinational companies, five star industrial areas are developed by MIDC at 9 locations in the State of Maharashtra and out of this one is Trans-Thane creek i.e. Thane - Belapur Industrial Belt .

As per the World Competitiveness Report 2006 Maharashtra ranks 37, ahead of South Korea, South Africa, Philippines, Greece, Brazil, Italy, Russia & Indonesia. In the Maharashtra State MIDC has demarcated 57650 No. of plots and allotted 48701 No. of plots to the entrepreneurs. There are total 28918 No. of industries in production.

The Thane Belapur Industrial belt developed by MIDC in mid-sixties witnessed a Sharp growth of Small and Medium Enterprises in terms of number of units, capital deployed, employment and turn over. Most of the small industrial units continue to be high capital incentive industries. The Thane Belau Industrial belt had 72 industrial units in 1974. This has been increased to 533 in 1984 and 1931 in 1990. Now there are about 2,300 industrial units with an employment of over one lakh with an annual turnover of more than 10,000 Crores.

2. Methodology

The research adopted is tuned to 'Descriptive and Analytical method'. The Research Methodology considered popular methods for understanding the population, sample and sampling, collection of data, editing, classification and interpretation of data. The standard practice of conducting social research was adopted as Research Methodology. The objectives and Hypothesis of the study were kept in mind to develop a supportive Research Methodology.

The population of the study covered the 100 SME unites in Thane Belapur Industrial Belt in Navi Mumbai covering engineering, chemical, pharmaceuticals, Textile and others enterprises in a size of small and medium enterprises. The sample size thus arrived is stratified sample based on response received from the respondents.

Table 1: Sample units for conducting surveys

	Engineering	Chemical	Others	Pharmaceutical	Textile	Total
Small Enterprises	29	14	26	03	06	78
Medium Enterprises	10	06	04	01	01	22
Total	39	20	30	04	07	100

(Other Enterprises includes Paint(01), Fabrications(03), Food(02), Packaging(02), Ice Sheet(01), Printing(03), Mineral water(02), Furniture(01), Spare parts(07) ,Plastic(01), IT(01), Promotion(01), Logistic(01), Peper(01), Rubber(02), Electronic Component(01).

The study is in-depth study with special reference Small and Medium Enterprises (SME) at Thane-Belapur Industrial Belt (TBIB) in Navi-Mumbai. Small and Medium Enterprises (SME) includes the category of Engineering unites, Chemical unites, Pharmacutical unites, Textile unites and other unites in Navi Mumbai

Limitations of the study

1. The study only deals with Small and Medium Entrprises (SME) in Navi Mumbai at Thane-Belapur Industrial Belt (TBIB).
2. The study deals specifically with 100 Small and Medium Entrprises (SME) unites in a category of Engineering, Chemicals, Pharmacuticals, Textile and Others.
3. The study also deals with some unites which are existed after 2000 but which are now functioning in MIDC area in Navi-Mumbai.
4. The study does not include Large Scale Enterprises (LSE) in Thane-Belapur Industrial Belt (TBIB) in Navi-Mumbai.
5. As the study requires data from SME unites all over the Thane-Belapur Industrial Belt (TBIB) in Navi-Mumbai region, the cost and time constraints have put certain limitations including sample size. But every attempt is made to keep spirit of the objectives and research methodology.
6. The reliability of the study may depend on authenticity of the data supplied by the SME respondents.

3. Data Specification

The collected data subject to editing process by which purification of data could be achieved. Incomplete questionnaires and irrelevant answered questionnaires were edited from the collected data and constituted for Classification of data, Tabulation, Analysis of data and statistical Methods.

Statistical Methods used for data analysis consist of Quantitative and Qualitative analysis.

T-test, ANOVA and Descriptive statistics are used in the study. The SPAA package was used for statistical analysis. For the purpose of data collection and study, the data has been collected from the present 100 SME unites in Thane-Belapur Indusrial Belt (TBIB) in Navi Mumbai. To calculate the trends in development of SME in Navi-Mumbai, 14years data (Calender year 2000 to 2015) has considered.

Following were some findings of classifications of the respondents:

1. Classification of respondents according to employment in the year of existence of pre 2000 and post 2000, indicate that out of 100 SME unites, 24 unites were in existence in post 2000 and 76 unites were in existence in pre 2000.
2. Classification of respondents according to type of organization, indicate that out of 100 SME unites, 19 unites were from sole proprietorship, 24 unites were from partnership and 57 unites were from private limited companies.
3. Classification of respondents according to type of enterprises**,** indicate that out of 100 SME unites, 22 unites were from medium enterprises and 78 unites were from small enterprises.
4. Classification of respondents according to type of industry, indicate that out of 100 SME unites, 22 unites were from chemical, 39 unites from engineering, 32 unites were from others, 02 unites were from pharmaceuticals and 05 unites from textile.
5. Classification of the respondents according to annual turnover, the above table indicate that out of 100 SME unites, turnover of 10 unites was below 25 lakh, turnover of 21 unites was in a range of 25 lakh to 50 lakh and turnover of 69 unites was in range of 50 lakh and above.
6. Classification of employees according to nature of employment, indicates that in the year 2000, 692 employees were permanent, 294 were temporary and 620 were on contract basis.
7. Classification of employees according to nature of employment, the above table indicates that in the year 2000, 1999 employees were permanent, 562 were temporary and 1500 were on contract basis.
8. Classification of employment according to skill of employees, the above table indicates that in the year 2000, 309 employees were skilled, 562 were semiskilled and 1500 were on unskilled basis.
9. Classification of employees according to skill of employees, indicates that in the year 2000, 988 employees were skilled, 459 were semiskilled and 2357 were on unskilled basis.
10. Classification of respondents according to type of industry, indicate that out of 100 SME respondents 22 were from chemical industry,39 were from engineering industry,32 were from others industry,02 were from pharmaceutical industry and 05 were from textile industry.
11. Classification of respondents according to annual turnover**,** indicate that out of 100 SME respondents,10 unites were showing turnover below Rs.25 Lakhs,21 unites were showing turnover between Rs.25 Lakh to Rs.50 Lakh and 69 unites were showing turnover above Rs.50 Lakhs.

Combined Descriptive Statistics

Table 2: Combined Descriptive Statistic

Type of Industries		Total employment 2000	Total employment 2013
Engineering	Sum	513.00	1251.00
	Mean	13.1538	32.0769

	Std. Deviation	9.02785	21.72118
	N	32	32
Chemical	N	22	22
	Sum	505.00	1162.00
	Mean	22.9545	52.8182
	Std. Deviation	24.08809	56.35655
	N	39	39
Others	Sum	483.00	1356.00
	Mean	15.0938	42.3750
	Std. Deviation	15.82640	49.27392
	N	2	2
Pharmaceutical	Sum	7.00	78.00
	Mean	3.5000	39.0000
	Std. Deviation	4.94975	29.69848
	N	5	5
Textile	Sum	98.00	214.00
	Mean	19.6000	42.8000
	Std. Deviation	19.76866	32.73683
	N	100	100
Total	Sum	1606.00	4061.00
	Mean	16.0600	40.6100
	Std. Deviation	16.33539	41.59786

Table 3: Descriptive statistics with reference to employment in pre and post 2000

Year of Existence	N	Minimum	Maximum	Mean	Std. Deviation
Post 2000	24	16.67	83.33	75.6925	16.28289
Pre 2000	76	33.33	100.00	77.4104	11.76904
Total	100	16.67	100.00	76.9981	12.92564

4. Results & Discussion

Hypothesis: There is no significant increase in employability in Navi-Mumbai MIDC over a period of interval (2000-2015). To study above hypothesis information about number of employees in the year 2000 and in 2015 is collected. Following table indicate comparative information only of those firms which were established before 2000

Table 4: Comparison of Increase in Employment in Pre (2000)

Pre 2000	Total Employment 2000	Total Employment 2015
Number of Firms	76	76
Total Employees	1237.00	3121.00
Average of employees per firm	16.2763	41.0658
Std. Deviation	17.24691	45.05266

Above table indicate that there are 76 firms established before year 2000. Comparative study indicates that total employees increased from 1237 to 3121. This indicates that there is increase of 1884 employees. Increase in employment in 2014 is 152.30 % as compare to employment in 2000.

Table 5: Comparison of Increase in Employment in Post (2015)

Post 2000	Total Employment 2000	Total Employment 2015
Number of Firms	24	24
Total Employees	369.00	940.00
Average of employees per firm	15.3750	39.1667
Std. Deviation	13.34105	28.75030

Table 6: Comparison of Increase in Total Employment

Total(Pre and Post 2000)	Total Employment 2000	Total Employment 2015
Number of Firms	100	100
Total Employees	1606.00	4061.00
Average of employees per firm	16.0600	40.6100
Std.Deviation	16.33539	41.59786

To test above null hypothesis Paired T-test is applied and results are as follows.

Table 7: Paired Samples Statistics of Increase in Employment

	Mean	N	Std. Deviation	Std. Error Mean
Total Employment 2000	16.0600	100	16.33539	1.63354
Total Employment 2015	40.6100	100	41.59786	4.15979

Table 8: Paired Samples Test for Increase in Employment

	Paired Differences		T-Calculated	Degree of Freedom	T – Table at 5% level of significance	Result of Test
	Difference of Mean	Std. Deviation				
Total employment 2000 and 2015	24.55000	28.62695	8.576	99	1.96	Rejected

Above table indicate that T-calculated value (8.576) is greater than T-table value (1.96) at 5% level of significance. Therefore T-test is rejected. Hence null hypothesis is rejected and alternate hypothesis is accepted. Conclusion is there is significant increase in employability from year 2000 to year 2015.

5. Policy Suggestions

1. The land affected people are not supported by employment opportunities in SME in MIDC area. The authorities should concern for land affected people for getting employment opportunities in MIDC area.
2. In spite of regular supply of water, many unites are suffering from losses due to the shortage of water due to the damage of water pipe are not repaired on time or they were not maintained properly. SMEs should ensure adequate maintenance, repairing on time for avoiding disguised unemployment.
3. Safety to female employees is a priority in case of general safety measures and attracting employment prospects to SMEs. SMEs should ensure the safety of female employees should not be overlooked by industrial unite in Navi Mumbai.
4. As per the study incentives provided by SMEs are not sufficient. SMEs should take serious steps for enlarging the benefit of incentives to the workers for avoiding possible industrial migration.
5. Upgradation of energy infrastructure reduces the chances of losses due to the shortage of power. SMEs should plan for timely upgradation of energy infrastructure for more production and employment opportunities.
6. .ERP is always a turning point for the development of SME. It brings many opportunities to the SMEs to bring more employment opportunities.
7. Marketing Research updates is the radiology and pathology of marketing operations of SMEs It diagnosis the business ailments when there is trouble.MR furnishes reports that can guide the SMEs. "How to gain and retain competitive advantage?" This is where MR plays an important role in creating employment opportunities.

6. Conclusion

Small and Medium (SME) has been accorded an important place in the National economy by the national decision makers. Small units generate employment at relatively small capital cost, mobilize resources of capital and skill at micro levels and are expected to meet the rising demand for various goods and services required by the economy. SME forms an important sector constituting nearly 40 percent of the total output in the private sector. Much more significant is the employment generation capacity of small scale industry.

India operates today in sheer size what is perhaps the largest small industries programme in any developing country. Small scale sector as a priority sector of the national economy is protected and promoted in a number of ways. A small scale industry provides a steady source of income throughout the year. The basic idea is to become independent through utilizing locally available resources and skills.

Maharashtra Industrial Development Corporation (MIDC) plays an important role in the development of industries specially SMEs. This study focus on the existing contribution of SMEs in the employment generation in Thane Belapur Industrial Belt in Navi Mumbai by assessing the level of satisfaction of respondents in Navi Mumbai. Further based on the findings provide suggestions to strategically improve the support and services to SMEs for employment opportunities in future, all these factors becomes creamof the study. Further the study attempted to deliberate and find the solutions for effective implementation of the suggestions given in the study which can also be considered as a significant pragmatic approach of the study.

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