



Sustainable development of small-scale enterprises in district Uttarkashi

Dr. Diwakar Buddha¹, Dr. Deepika^{2*}

¹ Head, Assistant Professor, Commerce R. C. U. Govt. PG College Uttarkashi, Uttarakhand, India

² Assistant Professor, Commerce R. C. U. (Govt.) PG College Uttarkashi, Uttarakhand, India

Abstract

MSMES (Micro, Small and Medium Enterprises) are the key player in the sustainable growth of any developed or developing country. In India MSME's play an important role in industrialization and it is the major factor for the economic progress of country. Uttarakhand, an agrarian state despite a small state but has some unique features which offer massive growth possibilities for MSMEs in all the districts of Uttarakhand. The present research focused in the development of small-scale enterprises in Uttarkashi district of Uttarakhand and also calculated the projected values of small-scale enterprises for upcoming 10 years. Study is completely based upon secondary data and only Uttarkashi district have been selected for the same. To analyze the data Simple percentage, T- test and Time series analysis have been used. 22 years data has been taken from 2000-01 to 2021-22 with the help of SPSS-26. The study revealed that the composition of manufacture sector is little bit more than Service Sector. Study further showed that there is a growth in the number of enterprises established, capital investment and employment generation but the pace of growth is not at even rate in all, even it declined during many years.

Keywords: small enterprises, growth, employment, trend, t-test, time series

Introduction

Globalization has a very vital impact on socio economic integration. Industrialization is the very important for overall development of any country. The industrial health of a society depends on the entrepreneurship prevailing in it. Entrepreneurship basically concerned with creating wealth through industrial development. India has a vibrant MSME (Micro, small and medium enterprise) sector and has dynamic role on sustaining socio- economic growth. Uttarakhand is an agrarian economy but during the recent years manufacturing and services sector have contributed pointedly to the economic growth of the state. MSME's these days producing divers' range of products and services to meet demand of domestic and global market. Ministry of MSME visualizes a progressive MSME sector by promoting growth and development of the sector together with khadi, village and coir enterprises, in corporation with concerned ministry, departments and government etc. through encouraging creation of new enterprises as well as providing financial and non-financial support to existing enterprises. The MSME ministry runs different schemes like as financial support, technological support, infrastructure development, training and market assistance for the noteworthy growth of Micro, small and medium enterprises.

Definition of MSME (micro, small and medium enterprises)

According to MSME Act, 2006 the Micro, Small and medium enterprises are classified as below:

A micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.

A small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees.

A medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees. (Dr. Deepika.2022)

Ministry of MSME has given a summary information that there will be no difference between manufacturing and service sectors. The change in criteria of classifying the MSMEs is set to offer major relief to the exporters. With this change in criteria of classification of MSMEs the Government has also done away with the difference between manufacturing and services.

MSME's and Uttarkashi

Uttarakhand state has two divisions, Garhwal division and Kumaon division and has thirteen districts. Uttarkashi district is one of the northern districts of Garhwal division and has its headquarters at Uttarkashi city. It lies high in the Himalaya range. Uttarkashi contains the source of both the Ganges and Yamuna rivers. It lies on the main route of Gangotri Dham. The district has 88 % of the area both covered by wood or barren and uncultivable. Due to difficult hilly territory, lack of infrastructure and connectivity, the growth of large and medium scale industries is nil for many years even small-scale enterprises are found in very small numbers in Uttarkashi although only micro enterprises shown in respectable numbers in the district of Uttarkashi.

Potentials for new MSMEs

- Major Trees: Chir, Deodar, Banj, Buransh, Boru and Bhoj Patra
- Main crops: Rice, Wheat and Chulai
- Main fruits: Apple, Guava, Pear, apricot, kiwi, Mango and Papaya
- Main vegetables: Cabbage, French Bean, Tomato, Pea, Spinach, Raddish, Onion, Garlic, Rai and Potato.
- Main Cereal: Rajma, Arhar, Masoor and Urd.

- Minerals: Iron, Copper, Graphite and Limestone
- Gangotri is a main glacier
- Main tourist Places in Uttarkashi: Gangotri, Yamunotri, Har-ki-doon and Gaumukh

Investment sector suggested for Uttarkashi district

Horticulture crops, Plantation crops like Jatorpha, Tourism, Hydro Dam, Fishery, Forest based products, Herbs and Medicinal plants, Fabrication, Food processing, Wool based industry and Bee keeping etc are the main investment sectors which could be productive in upcoming years.

Present economic activities of the district

Feather Shawl Industry, Manufacturing of the Sweet Boxes, Photostat, Auto & Mobile Repairing, Confectionery Products, Woollen Industry, Manufacturing of Spices, Oil Refining, Ornaments, Beauty Parlour, Tyre Re-treading, Furniture, Agricultural Crops, wheat milling are the present economic activities of Uttarkashi.

Major constraints in front of small- scale enterprises of Uttarkashi industry

Weak Communications Network, Infrastructure, Connectivity, Lack of Entrepreneurship Shortage of skilled manpower, Transportation, Marketing, Technology, Fragmentation of Land holding, Absence of integrated marketing infrastructure (packaging, weighting, collection centres, etc, Lack of information / awareness about various schemes, Non-availability of training facilities in internal locations and Shortage of Bank Credit are the main constraints of Uttarkashi district.

Review of literature

Huda found in 2012 ^[2] that small and Medium Enterprises (SMEs) has a significant role in service creation and growth of GDP gross domestic products of developing country in Indonesia. The paper analysed the problems that may occur if the Islamic profit-sharing scheme to be applied in the providing financial access to SMEs and study concluded that government should provide detailed data on SMEs so that the bank can easily find them. Ayozie analysed in 2011 that historical development and positioning of SME's and described the role of the Nigerian government as a regulator both legally and politically in the growth of SME's. It acknowledged the role of SMEs in Nigeria's development and growth. Junejo and Nawaz in 2008 analysed the growth, efficiency and chief causes of the sickness of small-scale industries. Through the survey method, it has been observed that there is the low growth of small-scale industries in the Larkana Estate due to the lack of proper motivation. The study concluded that the small-scale industries units are mostly family concerns having a low educational background which results in underutilization of capacity and low growth of the units. Chetan Mehta discussed in 2013 ^[1] that Small-scale industries are the growth engine for any developing country. The study found that microfinance is a very significant financing tool for the industries that are experiencing entrepreneurship skills buck lacking financial capacity & are also interested in starting their own business. In their study, Singh, Verma and Bimal (2012) found that small scale sector in India has particularly emerged as a vibrant segment of the economy. Study discussed the policy

changes which have opened new opportunities for this particular sector. Various mathematical and statistical tools like percentage, average and S.D. coefficient of variance and combined growth rate have been used for data interpretation. (Dr. Deepika, 2018)

Research gap

On the basis of review of available literature, it has been found that the most of the studies has been focused on the growth, performance and achievements of Micro, Small and Medium Enterprises, covering all the segments of an economy together such as manufacturing and service industry. However separate study of individual states in context to the role of microfinance in the growth of small-scale industries or MSME's has been done. But so far, no study has been done in reference to, the contribution of small- scale enterprises particularly, in context to Uttarkashi.

Objectives of the study

1. To ascertain the present proportion of Small-scale enterprises in overall enterprises in Uttarkashi district.
2. To identify the growth of small-scale enterprises in numbers, capital investment and employment generation.
3. To assess the projected values of small- scale enterprises in the district.

Hypotheses

H1: There is significant difference in the growth of small-scale enterprises in numbers, capital investment and employment generation.

H1₁: There is significant difference in the growth of small-scale enterprises.

H1₂: There is significant difference in the growth of capital investment.

H1₃: There is significant difference in the growth of employment generation.

Research methodology

In this research, the growth of the small-scale enterprises has been analysed on the basis of secondary data completely, collected from the reports and website of District Industries Centre, Uttarakhand. Small-scale enterprises of Uttarkashi district of Uttarakhand have been covered for the study. Both, manufacturing and service sectors have been used. For this, 22 year's data (2000-01 to 2021-22) have been studied and analysed with the appropriate statistical tools (Simple Percentage, T-test and Time series analysis for effective understanding and presentation of data. Tables, pie charts and graphical presentation has been used to depict the relevant data findings. In this paper, SPSS-26 has been used to analysis and interpret the data.

Analysis of data

Growth of small-scale enterprises (Manufacturing and service Industries) with respect to enterprises established, capital investment and employment generation.

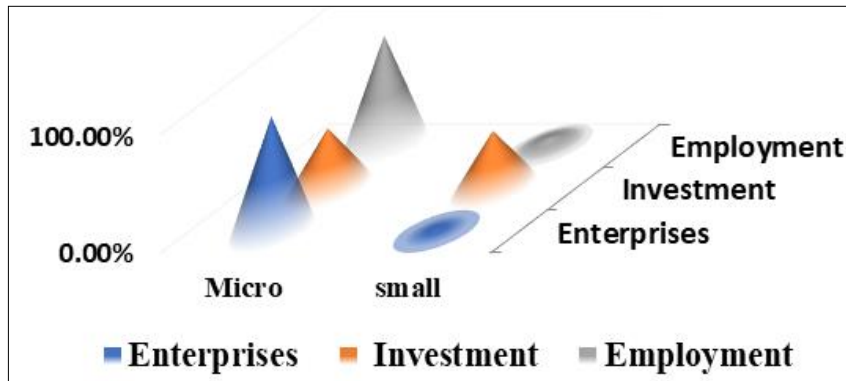
Table 1: Total no. of enterprises, investment and employment of small enterprises as on 31st march 2022

Enterprise	No. of Enterprise	Investment (In Lakh)	Employment
Micro Enterprises	3765	404992294	9279
Small Enterprises	94	386429179	685
Total	3859	791421473	9964
Micro Enterprises	97.56%	51.17%	93.12%
Small Enterprises	2.44%	48.83%	6.88%
Total	100%	100%	100%

Source: Authors findings based on DIC’s reports

It revealed from the above table that the composition of total micro units in overall number of micro and small enterprises is 97.56% (3765 out of 3859 overall enterprises) and the small-scale sector covered only 2.44% (94 out of 3859

overall enterprises). The composition of capital invested by micro enterprises is 51.17% and by small enterprises is 48.83%. the employment generation by micro enterprises is 93.12% and by small enterprises is 6.88%.



Source: Author’s Creation

Fig 1

Above graph showed the actual position of micro and small enterprise in Uttarkashi district.

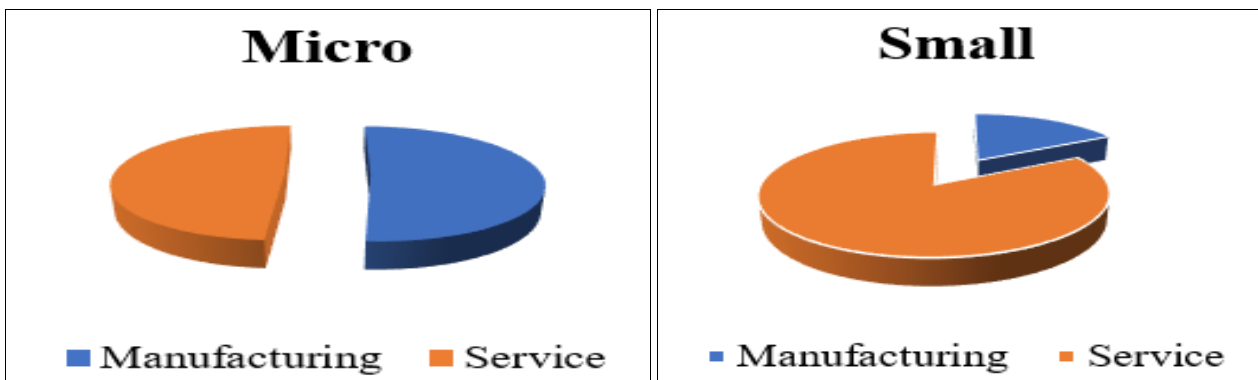
Table 2: Proportion of small and micro enterprises in Uttarkashi as on 31st march 2022

Sector	Micro	Small	Total
Manufacturing Enterprises	1920	16	1936
Service Enterprises	1845	78	1923
Total	3765	94	3859
Manufacturing Enterprises %	49.76	0.414	50.16
Service Enterprises %	47.81	2.02	49.83
Total %	97.57	2.434	100

Source: Authors findings based on DIC’s reports

Above table showed that the composition of total micro manufacturing sector’s units in overall number of SSE’s is 49.76% (1920 out of 3859 overall enterprises) and the small manufacturing sector covered the 0.414% (16 out of 38599

overall enterprises) however, composition of micro service enterprises sector is 47.81% (1845 out of 3859 overall enterprises) and small service enterprises is 2.02% (78 out of 3859 overall enterprises).



Source: Author’s Creation

Fig 2

Above Pie charts depicts the actual proportion of manufacturing and service enterprises of Small-scale enterprise in Uttarkashi.

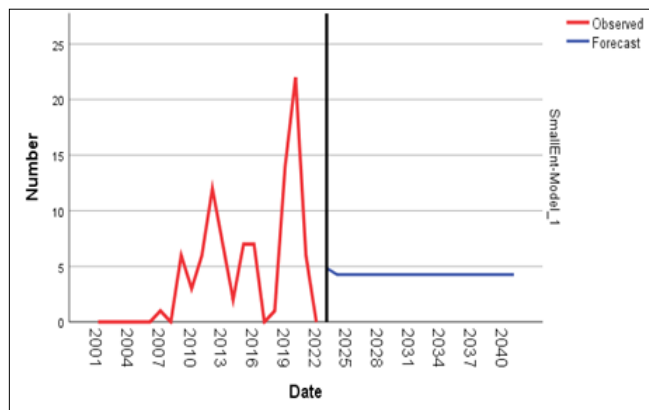
Table 3: Growth of small-scale enterprises in the number of units

Year	Units	Growth	Percentages	Predicted Value
2000-01	0	0	0	4
2001-02	0	0	0	2
2002-03	0	0	0	3
2003-04	0	0	0	2
2004-05	0	0	0	3
2005-06	0	0	0	2
2006-07	1	1	0	2
2007-08	0	(1)	(100)	3
2008-09	6	6	0	2
2009-10	3	(3)	(50)	8
2010-11	6	3	100	0
2011-12	12	0	0.0	9
2012-13	7	(5)	(41.7)	7
2013-14	2	(5)	(71.4)	4
2014-15	7	5	250.0	2
2015-16	7	0	0.0	8
2016-17	0	(7)	(100.0)	3
2017-18	1	1	100.0	2
2018-19	14	13	1300.0	4
2019-20	22	8	57.1	13
2020-21	6	(16)	(72.7)	12
2021-22	0	(6)	(100.0)	(1)
2022-23				5
2023-24				4
2024-25				4
2025-26				4
2026-27				4
2027-28				4
2028-29				4
2029-30				4
2030-31				4

Source: Authors finding
(Data in parenthesis is a negative value)

Interpretation

Above table revealed that from 2001 to 2005 there were no small-scale enterprise in the district but after 2006 to 2020-21 there is minor growth in the numbers. After 2021-22 its revealed through the projected values that there is a below average growth in the numbers of small enterprises.



Source: Calculated through SPSS

Fig 3

Above graph tells that after 2021-22 trend line or forecasted value line is lower than average which means there will be growth of small enterprises up to 2040.

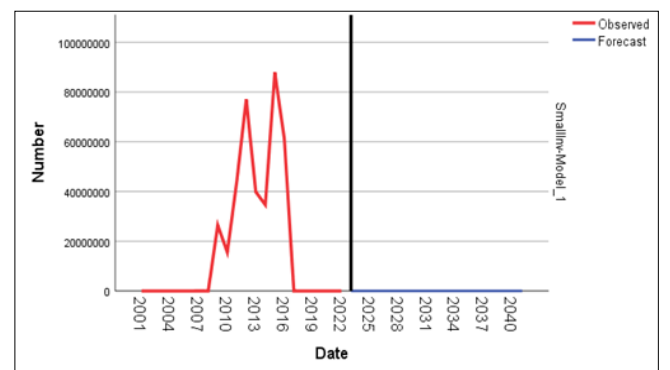
Table 4: Growth of small enterprises in the capital investment.

Year	Investment (In lakh)	Growth	Percentages	Predicted Value
2000-01	0	0	0	704
2001-02	0	0	0	189
2002-03	0	0	0	51
2003-04	0	0	0	14
2004-05	0	0	0	4
2005-06	0	0	0	1
2006-07	34000	34000	0	0
2007-08	0	(34000)	(100)	24884
2008-09	26418000	26418000	0	6672
2009-10	15613000	(10805000)	(41)	19336349
2010-11	43909000	28296000	181	16611339
2011-12	77043000	0	0	36589697
2012-13	39822000	(37221000)	(48.31)	66196283
2013-14	34649000	(5173000)	(12.99)	46893719
2014-15	87881000	53232000	153.63	37932168
2015-16	61058000	(26823000)	(30.52)	74488254
2016-17	0	(61058000)	(100)	64659045
2017-18	98	98	9800	17336986
2018-19	594	496	506.12	4648626
2019-20	1034	440	74.07	1246868
2020-21	453	(581)	(56.18)	335079
2021-22	0	(453)	(100)	90176
2022-23				24179
2023-24				24179
2024-25				24179
2025-26				24179
2026-27				24179
2027-28				24179
2028-29				24179
2029-30				24179
2030-31				24179

Source: Authors finding
(Data in parenthesis is a negative value)

Interpretation

Table no. 4, shows that there is a growth in the capital invested in small enterprises from 2006 to 2016 but with a huge decrease after 2015-16 to 2021-22. With the help of table's projected values, it can be assumed that after 2021-22 that there is no growth and no hike in the capital investment up to 2040. The trend value is showing below average values of capital investment.



Source: Calculated through SPSS

Fig 4

Above graph tells that after 2021-22 trend line or forecasted value line is very low which means there is no growth in capital investment after 2021-22 of small enterprises up to 2040.

Table 5: Growth of employment generation in small enterprises.

Year	Numbers	Growth	Percentages	Predicted Value
2000-01	0	0	0	3
2001-02	0	0	0	2
2002-03	0	0	0	1
2003-04	0	0	0	1
2004-05	0	0	0	1
2005-06	0	0	0	0
2006-07	2	2	0	0
2007-08	0	(2)	(100)	1
2008-09	62	62	0	1
2009-10	19	(43)	(69.35)	20
2010-11	75	56	(294.73)	20
2011-12	90	0	0	37
2012-13	53	(37)	(41.1)	54
2013-14	28	(25)	(47.2)	54
2014-15	56	28	100.0	46
2015-16	47	(9)	(16.1)	49
2016-17	0	(47)	(100.0)	48
2017-18	27	27	2800.0	33
2018-19	79	52	192.6	31
2019-20	115	36	45.6	46
2020-21	32	(83)	(72.2)	68
2021-22	0	(32)	(100.0)	57
2022-23				39
2023-24				39
2024-25				39
2025-26				39
2026-27				39
2027-28				39
2028-29				39
2029-30				39
2030-31				39

Source: Authors finding
(Data in parenthesis is a negative value)

Interpretation

According to above table, there is no growth because there are no small enterprises up to 2006 in the district. After 2006 there is little growth of units so as growth of

Table 6: T-test (One-Sample Test)

95% Confidence Interval of the Difference	T	df	Sig. (2tailed)	Mean Difference	Lower	Upper
Small enterprises	3.490	21	.002	4.273	1.73	6.82
Small investment	2.961	21	.007	17564962.682	5229437.86	29900487.50
Small employment	4.091	21	.001	31.136	15.31	46.96

Source: Calculated through SPSS

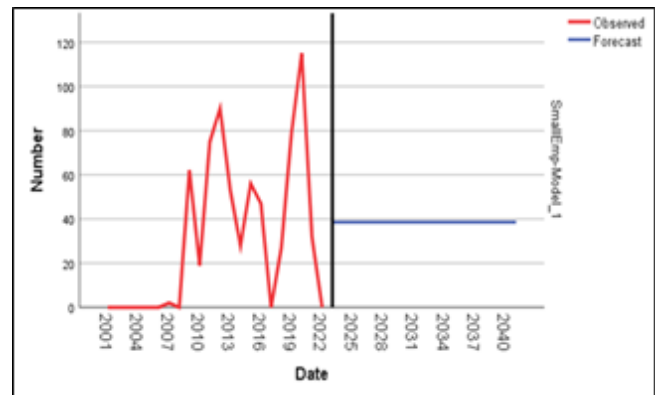
Interpretation

The T-test table shows that the value of two two tailed significance is smaller than 0.05 in all three parameters (0.002 units, 0.007 capital investment and 0.001 employment generation). Thus, the data tells that there is a significant difference in the growth of no. of enterprises, capital investment and employment generation of small enterprise.

Conclusion and suggestions

The micro, small and medium enterprise sector plays an important role for the growth of any country. The MSME sector has emerged as an extremely vibrant and dynamic

employment generation could be witnessed. with few decreases in the employment generation in micro enterprises from 2001-2022. With the help of table’s projected values, it can be assumed that after 2021-22, there is low growth and low hike in the employment generation up to 2040. The trend value is showing below average values of employment generation.



Source: Calculated through SPSS

Fig 5

Above graph shows that after 2021-22 trend line or forecasted value line is below average, which means there is below average growth in employment generation of micro enterprises up to 2040.

Hypothesis testing

H1: There is significant difference in the growth of small-scale enterprises in numbers, capital invested and employment generated.

H1₁: There is significant difference in the growth of small-scale enterprises.

H1₂: There is significant difference in the growth of capital investment.

H1₃: There is significant difference in the growth of employment generation.

segment for any economy as well as India. The ministry is committed towards an agenda of inclusive development. Various initiatives have been measured to ensure that weaker section (demographically and geographically) will be benefitted by its work. In present study it has been concluded that although Uttarkashi district is full of natural resources and opportunities for MSMEs but there are many restraints in-front of micro, small and medium enterprises to work smoothly. There is slow growth in the units, capital investment and employment generation of Small- scale enterprise. Decreases has been found in many years but major decrease has been found in the year of 2021-2022. Covid-19 could be the reason for this fall. Further study

shows the graphs of projected values of all three parameters and those depicts that there is little hope for the growth of small enterprises in Uttarkashi. The feather shawl industry, manufacturing of the sweet boxes, photo state, auto and mobile repairing, confectionery products, woollen industry etc are the present economic activities of the district as well as weak communication network, infrastructure, lack of entrepreneurship, shortage of skilled power etc are the main limitations of micro enterprises in Uttarkashi. There are some issues raised by the industry association during the course of meeting such as demand of wood and resin depot, demand of basic infrastructure facilities in Industrial estates, easy bank loan process, The district has huge potentials in horticulture, fruit, vegetables products and adventure tourism but proper supply chain model is needed for the development of these sectors. In absence of proper transmission lines, the potential for growth of small industries is not taking place which needs to be put in place.

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