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9893076404

④ N: 2394 5303	Impact Factor 6.039(IJIF)	Printing Area [®] International Research Journal	April 2019 Issue-52, Vol-01	2019 070	⑦
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**TRENDS ANALYSIS AND
PROBLEMS & PROSPECTS OF SMES
IN SATNA DISTRICT IN SATNA
DISTRICT OF MADHYA PRADESH**

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Abstract : Small and Medium Enterprises sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. SMEs 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. SMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. The main reason of the research undertakes to find response to the following query for the periods of after introduction of implications of MSMED Act 2006. In present study the trends of enterprises registered, employment and investment is studied. SMES in the Satna District of Madhya Pradesh have not shown satisfactory growth in terms of investment and employment. The number of units has significantly increased in the year 2006-07 after new economic policy of liberalization, privatization and globalization.

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9893076404

ISSN: 2394 5303 | Impact Factor 6.039 (IIJIF) | *Printing Area* International Research Journal | April 2019 | Issue-52, Vol-01 | 071

The investment and employment growth has not recorded high growth rates; it increased at a low rate.

Keywords: Trends, Challenges, SME's, Problems

INTRODUCTION:

International investors are often reluctant to invest in developing countries because their institutions do not provide an adequate level of security for their investment particularly in terms of enforceability of legal rights and governance framework. MNCs and international investors will be willing to forge partnership with SMEs only when their level confidence and trust increases regarding transparency and governance of the local partner. Another problem for most of the SMEs being family owned enterprises is that there is no clarity on the roles resulting in credibility problems and inability to arrive at strategic decisions. Good governance is vital for the development of a healthy and competitive corporate sector. For SMEs, corporate governance is about the respective roles of the shareholders as owners and the managers. It is about establishing rules and procedures to manage and run the enterprise it has been empirically tested that good governance practices of a company gives a positive signal to investors. With the globalization of markets, international capital flows have become extremely valuable source of external financing.

LITERATURE REVIEW:

Iose, Gutierrez, Moreno & Tejada (2015) reveal that competitive success of the Spanish SMEs in the service enterprises is conditioned by macroeconomic and social factors related to the general business environment and especially by business factors concerning the entrepreneurial orientation of the firm.

Small enterprises represent vast majority of enterprises in Europe (over 99% for the EU-27) and account for the largest share of employment (47%) and for over half of the value-added in the EU-27 (Varum & Rocha, 2011). In ASEAN their contributions to GDP range between 38 and 76 percent. In Indonesia and Taiwan they employ 96 percent and 78 percent of all working population respectively (Tambunan, 2011). Chinese non-state enterprises provide 70 percent of tax revenue, and 90 percent of total employment for those who enter the labor market for the first time and those who were laid off by state-owned enterprises. (Fung et al., 2006a, b).

STATEMENT OF PROBLEM: The main reason of the research undertakes to find response to the following query for the periods after introduction of Implications of MSMED Act 2006. Do MSMEs policies and programmes introduced by Government of India after 2006 impact the growth of SMEs in Satna ?

RESEARCH QUESTION:

1. What are the trends of SMEs in Satna District ?
2. What are the noteworthy remedial measures to curtail the challenges identified ?

OBJECTIVES OF THE STUDY:

1. To analysis the trends of the industrial development of Satna District in last 10 years.
2. To recommend some specific significant suggestion for development of SMEs in Satna District.

HYPOTHESIS OF THE STUDY:

Null Hypothesis:

H₀: There is a significant growth of registered enterprises in Satna District.

H₁: There is a significant growth of employment in Satna District.

H₂: There is a significant growth of investment in Satna District.

RESEARCH METHODOLOGY:

This research has achieved by using descriptive study to explain sample characteristics and analytical for the purpose of data analysis. This research aspires to evaluate the contribution of SMEs to various sectors of Satna District of Madhya Pradesh and the challenges confronting against their growth.

in *Printing Area* : Interdisciplinary Multidisciplinary & Refereed Journal

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ISSN: 2394 5303

Factor: 6.039

Printing Area International Research Journal

April 2019

Issue-52, Vol-01

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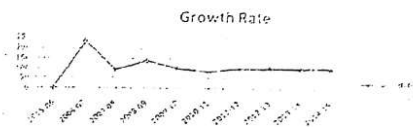
This study is also exploratory in nature that inquires the performance of SMEs and key challenges facing SMEs in India. The secondary data accumulated from various annual reports published on MSMEs, economic journals, Reserve Bank of India (RBI) and other books form a basis of this study. This study considers the time period from 2006-2007 to 2015-2016 for secondary data. Four parameters namely, number of SMEs, production (employment and export for India, number of SMEs, employment and investment for Satna District have been used to see the performance analysis of SMEs. Statistical Techniques like Frequency Distribution, Simple Mean, One Sample T-Test, and straight line method (i.e., Least Square Method) to check the trend.

Year	Number of Registered Enterprises	Annual Growth Rate
2005-06	217	0
2006-07	505	232.72
2007-08	458	99.05
2008-09	636	136.86
2009-10	617	100.35
2010-11	505	75.74
2011-12	501	99.01
2012-13	505	100.4
2013-14	501	99.20
2014-15	504	100.6
	CAGR	1.79%
	Mean	457
	SD	115.07
	Variance	1.3

(Source: <http://dcmsme.gov.in/dips/2016-17/Satna.pdf>)

Chart-1

Growth Rate of Number of Registered Enterprises



SCOPE AND LIMITATIONS OF THE STUDY:

1. As a result, it is important to note that management of the SMEs may not disclose their information of schemes and problems.
2. In spite of these limitations it is hoped that the findings will have applicability to the Satna District SMEs.
3. The study was conducted for the period of ten years i.e. from 2006 to 2016.
4. Besides, during research period, efforts were made to collect and analyse the data within the boundaries of time, cost and human capabilities.

FINDINGS:

Satna is a dynamic district for many reasons. Despite being a largely agricultural district in Madhya Pradesh, with a significant majority of the population residing in rural areas, it is also the heart of the cement industry in India with every major cement manufacturer having their plants here. Satna region is one of the largest cement producing regions.

Table- 1

Performance of SME Sector with respect to Number of Registered Enterprises Satna District Number of Registered Enterprises in SME sector

The above data presents the growth of SMEs in terms of number of units in Satna District of Madhya Pradesh during the period from 2005-06 to 2014-15. The number of units which was 217 in 2005-06 increased to 504 in 2014-15, though it showed declining trend and fluctuations in the intervening period. The number declined in the following four years to 458 in 2007-08 and then increased to 637 in 2009-10 only to show declining trend afterwards. The number declined to a minimum of 501 in 2013-14 and then increased in the next years. It's clearly stated from the chart-4.19 that 2006-07 was peak year in term of units registration growth. Overall, the trend in growth rate seems to be static and positive.

Performance of SME Sector with respect to Employment Satna District (2006 to 2015)

Table- 2

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ISSN: 2394 5303 | Impact Factor (6.039(1111)) | *Printing Area* International Research Journal | April 2019 | Issue-52, Vol-01 | 073
 Performance of SME Sector with respect to Employment | Performance of SME Sector with respect to Investment Satna District (2006 to 2015)

Year	Performance of SME Sector with respect to Employment	Annual Growth Rate
2005-06	545	0
2006-07	672	123.30
2007-08	1931	287.35
2008-09	1690	87.51
2009-10	1677	59.23
2010-11	800	47.70
2011-12	872	104.87
2012-13	898	102.16
2013-14	506	100.89
2014-15	846	92.37
CAGR		4.5%
Mean		1024.4
SD		457.87
Variance		2.38

Year	Performance of SME Sector with respect to Investment	Growth Rate
2005-06	213.86	0
2006-07	213.86	100
2007-08	4747	2219.67
2008-09	551	11.60
2009-10	256.6	46.56
2010-11	1176	458.30
2011-12	767	65.22
2012-13	756.24	98.59
2013-14	623.41	108.88
2014-15	779.63	94.68
CAGR		13.81%
Mean		1028.5
SD		1343.56
Variance		1.80

(Source: <http://dcmsme.gov.in/dips/2016-17/Satna.pdf>)

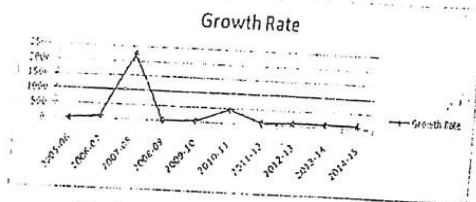
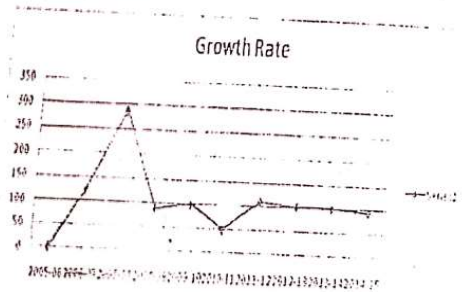
(Source: <http://dcmsme.gov.in/dips/2016-17/Satna.pdf>)

Chart-2

Chart-3

Growth Rate of SME Sector with respect to Employment

Growth Rate of SME Sector with respect to Investment



But, there are negative trends in employment. The employment has increased from 672 in 2006-07 to 1931 in 2007-08 and declined for next three years. Again increase in 2011-12 and continue to increase for the year 2013-14, though it showed fluctuations during the intending period. However, the linear and compound annual growth rates are 4.5% which also at lower side.

The investment increased from Rs.213.86 lakhs in 2005-06 to Rs.4747 lakhs in 2007-08, declined heavily next two year but significantly reached to Rs.1176 lakhs in 2010-11. Afterwards, investment showed decreasing trend for next two years and reach to Rs.756.24 lakhs in 2012-13. The investment after that increases in the year 2013-14 and decreased in the year 2014-15 and reached to Rs. 779.63 lakhs.

Overall this show, the SMES in the Satna District of Madhya Pradesh havenot shown satisfactory growth in terms of investment and employment. The number of units has

Table- 3

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ISSN: 2394 5303 | Impact Factor: 0.039 (IIJF) | *Printing Area* International Research Journal | April 2019 | Issue-52, Vol-01 | 074

significantly increased in the year 2006-07 after new economic policy of liberalization, privatization and globalization. The investment and employment growth has not recorded high growth rates; it increased at a low rate.

4.10.4 Trend Analysis of Satna District:

Trend Analysis of SMEs in Satna District of Madhya Pradesh by using Least Square Method (Fit a Straight Line) in term of Units Registered, Employment and Investment between the years: 2005-09 to 2014-15.

Table- 4
Trend of SME Sector with respect to Units Registered

Year	Number of Registered Enterprises (Y)	X	X ²	XY
2005	317	-4.5	20.25	-1426.65
2006	505	-3.5	12.25	-1767.5
2007	458	-2.5	6.25	-1145
2008	626	-1.5	2.25	-939
2009	557	-0.5	0.25	-278.5
2010	508	0.5	0.25	254
2011	503	1.5	2.25	754.5
2012	505	2.5	6.25	1262.5
2013	501	3.5	12.25	1753.5
2014	502	4.5	20.25	2268
Total	4974	0	82.5	1131

$$a = \frac{\sum Y}{n} = 497.4$$

$$b = \frac{\sum XY}{\sum X^2} = 13.71$$

Thus the trend equation is:

$$Y = a + bx$$

$$Y = 497.4 + 13.71x$$

The parameter b in the trend equation which is also called the slope co-efficient, it seems to be in positive, indicating an increasing trend as the value of b is positive.

Table- 5

Trend of SME Sector with respect to Employment

$$a = \frac{\sum Y}{n} = 1028.4$$

$$b = \frac{\sum XY}{\sum X^2} = -54.71$$

Thus the trend equation is:

Year	Employment (Y)	X	X ²	XY
2005	345	-4.5	20.25	-1552.5
2006	577	-3.5	12.25	-2020
2007	1931	-2.5	6.25	-4827.5
2008	1659	-1.5	2.25	-2488.5
2009	1477	-0.5	0.25	-738.5
2010	800	0.5	0.25	400
2011	875	1.5	2.25	1312.5
2012	838	2.5	6.25	2095
2013	905	3.5	12.25	3177.5
2014	846	4.5	20.25	3807
Total	10244	0	82.5	-2064

$$a = \frac{\sum Y}{n} = 1028.4$$

$$b = \frac{\sum XY}{\sum X^2} = -25.02$$

Thus the trend equation is:

$$Y = a + bx$$

$$Y = 1028.4 - 25.02x$$

The parameter b in the trend equation which is also called the slope co-efficient, it seems to be in negative, indicating a decreasing trend as the value of b is negative.

Table- 6

Trend of SME Sector with respect to Investment

Year	Investment (Y)	X	X ²	XY
2005	253.86	-4.5	20.25	-1142.37
2006	213.85	-3.5	12.25	-748.51
2007	474.7	-2.5	6.25	-1186.75
2008	551	-1.5	2.25	-826.5
2009	256.7	-0.5	0.25	-128.35
2010	1175	0.5	0.25	587.5
2011	767	1.5	2.25	1150.5
2012	756.24	2.5	6.25	1890.6
2013	823.41	3.5	12.25	2881.935
2014	779.63	4.5	20.25	3508.335
Total	10224.6	0	82.5	-513.81

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ISSN: 2394 5303 Impact Factor 6.039(IJHR), *Printing Area* International Research Journal April 2019 Issue-52, Vol-01 075

$Y = a + bx$
 $Y = 1084 - 54.71x$

The parameter b in the trend equation which is also called the slope co-efficient, is seems to be in negative, indicating a decreasing trend as the value of b is negative. It means overall analysis of trend analysis of SMEs in Satna District of Madhya Pradesh shows positive trend for units registered but negative trend for both the employment and investment respectively.

Result of hypothesis:
 H_{17} : There is no significant growth of registered enterprises in Satna District.
 H_{18} : There is no significant growth of employment in Satna District.
 H_{19} : There is no significant growth of investment in Satna District.

Table- 7
 Growth of SMEs in Satna District

S.No	Variables	t	Df	SE (2-tailed)	Accept / Reject
1	Registered Enterprises	13.669	9	0.000	Reject
2	Employment	7.029	9	0.000	Reject
3	Investment	2.421	9	0.039	Reject

The Sig (2-Tailed) value in our study is 0.000. This value is less than .05. Therefore, it can be concluded that the population means are statistically significantly different. If $p > .05$, the difference between the sample-estimated population mean and the comparison population mean would not be statistically significantly different. It shows that the growth of SMEs in Satna District have negative growth rate.

CONCLUSION AND SUGGESTIONS:
 Both Central and State government should be more focused on promotion of small industries.
 Government should provide genuine managerial training to the small and medium enterprises for promoting exports or securing direct investment.

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ISSN: 2394 5303 | Factor 6.039 (2017) | *Printing Area* | *International Research Journal* | April 2019 | Issue-52, Vol-01 | 076

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