

Status of Micro Small and Medium Enterprises in Punjab

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ABSTRACT

Aspirations of an entrepreneur do not always come true. His vision will see the light of the day only if sufficient resources could be arranged for floating a business. To perform the economic functions, an entrepreneur needs the power of disposal over the factors of production. According to Schumpeter, the power of disposal over the factors of production is made available to him in the form of bank credit. In order to assess the magnitude, impact of financial assistance on the SSIs and also to know the problems of SSIs, a detailed field survey has been conducted. The present study aims at to know the general profile of the entrepreneurs. So that the economy knows about the basic status of the Industrial sector of Punjab and assist the government in framing the policies for industrial sector of Punjab. The chapter is based on the study of the views of 300 entrepreneurs covering three regions of Punjab, viz. Malwa, Majha and Doaba.

Keywords: Commercial Banks, SSIs, Entrepreneurs, Finance, Long Term Loans, Repayment, Perception, Survey, Malwa, Majha, Doabla, Punjab, Region, MSMEs.

II. OBJECTIVES OF THE STUDY

To know the general profile of the MSMEs Entrepreneurs in Punjab

III. RESEARCH DESIGN

The views of the entrepreneurs were collected through a structured questionnaire with an aim to know their opinion on different types of financing services provided by different financial institutions in Punjab. In this study, an entrepreneur means a promoter of a small industrial unit whose investment range is from Rs. 25 lac to Rs. 5 cr. As it is known that SSI sector is a heterogeneous group consisting of several types of industries and hence, sample units from various industrial sectors like Electrical, Electronics, Food, Engineering, Rubber, Leather, Textiles, etc. have been selected on the basis of a stratified random sampling technique. In this paper, an endeavour has been made to analyze the data relating to the form of ownership of small industrial units, investment size of the units, factors motivating an entrepreneur to launch a business, location, type of business activity, registration under the Factories Act, labour strength of sample small units and so forth. The analysis of survey data was mainly based on the location of the study units, namely, region-wise distribution of the small-scale industrial units. The entrepreneurs participating in the study belong to Malwa, Majha, and Doaba regions of Punjab.

IV. RESEARCH METHODOLOGY

The study is based on the information collected from the respondent entrepreneurs only. To know the views of the respondents, a questionnaire was prepared and distributed among the entrepreneurs of small-scale industrial units located in Punjab. The study covers the area according to the following distribution:

Region	No. of Respondents
Malwa	100
Majha	100
Doaba	100
Total	300

As every entrepreneur has his own financial decision, it may vary from the decision of other entrepreneurs. Therefore, it is necessary to know about their personal profile. The demographic sketch of the individual entrepreneurs surveyed is based on various attributes, viz. age, education, investment limit, category of industry, type of ownership, nature of unit, etc.

V. PROFILE OF MSMES ENTREPRENEURS IN PUNJAB

Age Structure: Age of the entrepreneurs is a significant attribute, which has an important impact over their perception regarding institutional assistance. On this basis, entrepreneurs have been distributed into three age groups, i.e., Up to 35 years, 36-50 years, and above 50. The age-wise data of the respondents is given in the following table:

Age-wise Distribution of Respondents

Age (years)	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Up to 35	29	29.00	21	21.00	32	32.00	82	27.33
36-50	38	38.00	48	48.00	43	43.00	129	43.00
Above 50	33	33.00	31	31.00	25	25.00	89	29.67
Total	100	100.00	100	100.00	100	100.00	300	100.00

Table reveals that the highest proportion of respondents from Doaba region, i.e. 32 per cent belonged to the age group of up to 35 years. However, majority of respondents from Majha region, i.e. 48 per cent represented the age group 36-50 years, wherever as many as 33 per cent of respondents from Malwa region appeared under the category of above 50 years. Overall, 43 per cent of the respondents represented the age category of 36-50 years. As is evident from the table, Majha has the highest percentage of respondents in the age group of 36-50 years.

Education Level: The educational qualifications have an important role to play in decision-making of the entrepreneurs for taking financial assistance from financial institutions. The educational profile of the respondents has been classified into the following categories:

Education-wise Distribution of Respondents

Education	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Matric/10+2	21	21.00	32	32.00	19	19.00	72	24.00
Graduation	52	52.00	47	47.00	47	47.00	146	48.67
Post- graduation	16	16.00	11	11.00	21	21.00	48	16.00
Professional	11	11.00	10	10.00	13	13.00	34	11.33
Total	100	100.00	100	100.00	100	100.00	300	100.00

The table highlights that maximum proportion of the respondents from Majha region, i.e. 32 per cent were Matric/10+2. However, the highest proportion of respondents from Malwa region were under graduates, majority of the respondents, i.e., 21 per cent from Doaba region were post- graduates, while as high as 13 per cent of the respondents from Doaba region were professionals. Overall, as many as 48.67 per cent respondents were graduates. It is clear from the table that Malwa region was having the highest percentage of graduates among all the regions.

Industry Category: The Small Industries Development Organisation (SIDO)-New Delhi, classified the small industrial units into different group of industries. For each type of industry SIDO has assigned a code number. For the purpose of present study, these units were grouped into eight parts, viz. Automobile parts, Rice Mills, Iron Pipes, Washing Soap, Food Products, Textile, Cycle Parts and Leather.

Industry-wise Distribution of Respondents

Industry	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Automobile Parts	11	11.00	14	14.00	13	13.00	38	12.67
Rice Mills	14	14.00	13	13.00	5	5.00	32	10.67
Iron Pipes	19	19.00	20	20.00	14	14.00	53	17.67

Washing Soap	21	21.00	23	23.00	19	19.00	63	21.00
Food Products	13	13.00	11	11.00	16	16.00	40	13.33
Textile	9	9.00	11	11.00	10	10.00	30	10.00
Cycle Parts	7	7.00	5	5.00	12	12.00	24	8.00
Leather	6	6.00	3	3.00	11	11.00	20	6.67
Total	100	100.00	100	100.00	100	100.00	300	100.00

The table shows that as many as 21 per cent of respondents were having the Washing soap industry followed by iron pipes (19%), rice mills (14%), food products (13 %), automobile parts (11%), textile (9%), cycle parts (7%) and Leather (6%) in Malwa. Majority i.e. 23 per cent of respondents in Majha were having highest percentage in washing soap industry and lowest in Leather i.e. 3 per cent whereas in Doaba highest percentage of respondents i.e. 19 per cent were having the washing soap industry and lowest (5%) were having Rice mills. Overall, respondents were having the washing soap industry. Hence, It was also inferred that majority of the respondents having the washing soap industry were belong to Majha region.

Investment in Fixed Assets: Around the globe, small and medium industries are defined based on different criteria, such as, amount of investment, number of employees etc. The Indian definition of small-scale industries is purely based on the amount of investment made in plant and machinery as mentioned in the introduction chapter. The present study of small-scale industries includes micro and small enterprises having investment up to Rs. 500 lac, yet a vast majority of SSI units are small enterprises having investment more than Rs. 25 lac. Hence, this part is classified the sample units based on their investment size viz. Less than 1 cr., 1 to 2 cr., 2 to 3 cr., 3 to 4 cr., and 4 to 5 cr. as shown in the following table:

Distribution of Respondents according to the Investment in Fixed Assets

Fixed Investment (Rs.)	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Less than 1 cr.	13	13.00	16	16.00	11	11.00	40	13.33
1 to 2 cr.	34	34.00	32	32.00	27	27.00	93	31.00
2 to 3 cr.	19	19.00	22	22.00	24	24.00	65	21.67
3 to 4 cr.	27	27.00	24	24.00	29	29.00	80	26.67
4 to 5 cr.	7	7.00	6	6.00	9	9.00	22	7.33
Total	100	100.00	100	100.00	100	100.00	300	100.00
Average	2.31		2.22		2.48		2.34	
F- ratio				1.37ns				

ns: non-significant

Table revealed that 16 per cent of respondents in Majha invest Less than 1 cr. in fixed assets, as high as 34 per cent respondents invested 1 to 2 cr. in fixed assets in Malwa, the majority i.e. 24 per cent respondents were belonging to the investment level of 2 to 3 cr. in Doaba, as much as 29 per cent of respondents having investment of 3 to 4 cr. and 9 per cent of respondents invested 4 to 5 cr. in fixed assets in Doaba. Overall, 31 per cent of respondents were invested 1 to 2 cr. in fixed assets. On an average, it is implied that respondents of Doaba are more invested in fixed asset. Hence, there is insignificant impact on respondents of the investment in fixed assets.

Ownership of Industry: Small industries are always the outcome of one or more individuals' endeavour to be self-employed. In India, due to the mounting population growth, the need of self-employment has become indispensable option for skilled and semi-skilled persons. Moreover, the government has sponsored many self-employments cum small industries programmes to bridge the gap between employment and unemployment levels. On account of this, many of the small industries remain sole-proprietorship concerns. In other words, many entrepreneurs do not like to share the authority or ownership with others. Interestingly, the study has brought to light that as many as 102 units constituting to 34 per cent in totality were sole proprietary concerns. On some occasions, the entrepreneur thinks sharing his control, that too with his close friends and relatives, including them as partner in his business. The study noted that overall 29 per cent of the sample units were partnership concerns and rest of the sample units were found to be under the private limited companies. The above facts are captured in the following table.

Distribution of Respondents according to the Form of Ownership of Industry

Form of Ownership	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age

Proprietary	29	29.00	34	34.00	39	39.00	102	34.00
Partnership	31	31.00	29	29.00	27	27.00	87	29.00
Private Ltd. Co.	40	40.00	37	37.00	34	34.00	111	37.00
Total	100	100.00	100	100.00	100	100.00	300	100.00

Table showed respondents according to the form of ownership of industry. Table highlighted that 39 per cent of respondents have proprietary form of ownership in Doaba that has higher than that of Majha (34%) and Malwa (29%). The majority i.e. 31 per cent of respondents in Malwa have partnership form of ownership among all. As much as 40 per cent of respondents have private limited company in Malwa which has higher in percentage than Majha (37%) and Doaba (34%). Overall, majority of the respondents have private limited company form of ownership. Hence, it has cleared that majority of respondents having this form of organisation in Malwa.

Mode of Acquisition of the Business: Realising the employment potentiality of small-scale industries, the Government of India implemented self-employment programmes, which has motivated many unemployed and under-employed youths to take up some viable ventures. The package of incentives under different self-employment such as PMEGP, SFURTI and the like gave further impetus to the growth of small industries. The following table elucidates the mode of acquisition of business, indicating that an overwhelming majority of small-scale industries were set up rather than being acquired or leased.

Distribution of Respondents according to the Mode of Acquisition of the Business

Mode of Acquisition	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Started by Owner	69	69.00	57	57.00	72	72.00	198	66.00
Inherited	28	28.00	31	31.00	16	16.00	75	25.00
Outright Purchase	2	2.00	7	7.00	6	6.00	15	5.00
Taken on Lease	1	1.00	5	5.00	6	6.00	12	4.00
Total	100	100.00	100	100.00	100	100.00	300	100.00

Table revealed that the highest proportion i.e. 69 per cent of respondents having the 1st mode of acquisition i.e. started by owner followed by Inherited (28%), Outright Purchase (2%), and Taken on Lease (1%) in Malwa. Majority i.e. 57 per cent of respondents' mode of acquisition was started by owner and the lowest proportion i.e. 5 per cent was taken on lease mode of acquisition in Majha whereas in Doaba, maximum proportion of mode of acquisition of respondents i.e. 72 per cent was Started by owner and the lowest i.e. 6 per cent was Outright Purchase and Taken on Lease. Overall, majority of the respondents' mode of acquisition was started by Owner. Hence, It was also cleared that majority of the respondents had taken the acquisition by the 'Started by Owner' mode in Doaba region.

Location of the Business: Usually, an entrepreneur selects a site for location, which is primarily based on the convenience or cost. Yet, the entrepreneur must choose the best place that meets the locational requirements of the industry (i.e. access to raw materials and resources) and business conditions (infrastructure facilities) and Governments' policies on regional dispersal of industries. In India, location of industries is mostly decided by the 'locational policy' of the Government. For the purpose of the present study, the industrial units were grouped under three categories, namely, 'semi-urban', 'rural', and 'Industrial Estate' units. These particulars are shown in the following table:

Distribution of Respondents according to the Location of the Firms

Location	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Semi-Urban	43	43.00	37	37.00	47	47.00	127	42.33
Rural	18	18.00	21	21.00	16	16.00	55	18.33
Industrial Estate	39	39.00	42	42.00	37	37.00	118	39.33
Total	100	100.00	100	100.00	100	100.00	300	100.00

Table depicted that the highest proportion i.e. 43 per cent of responding firms in Malwa were located in semi-urban area rather than other. Majority of responding firms in Majha i.e. 42 per cent were located in Industrial Estate which was followed by Semi-Urban (37%) and Rural (21%). The location of maximum responding firm in Doaba was Semi-Urban i.e. 47 per cent which was followed by Industrial Estate i.e. 37 per cent and Rural i.e. 16 per cent. Overall, the location of the responding firms was Semi-Urban. Hence, it was also cleared from the above table that majority of the responding firms has located in Semi-Urban in Doaba Region.

Family Income: The family income means total compensation received by all family members from any income sources. In this study, Compensation may received from Main occupation, Rented Property, Agriculture, Shares, Services, and Other Business as shown in the following table:

Family Income from Different Sources

(Average Amount in Rupees/Annum)

Source of Income	Malwa		Majha		Doaba		Total	
	Amount	%age	Amount	%age	Amount	%age	Amount	%age
Main Occupation	487127	44.81	352687	41.52	437987	46.52	425934	44.40
Rented Property	56765	5.22	44587	5.25	51564	5.48	50972	5.31
Agriculture	114521	10.53	83658	9.85	59452	6.31	85877	8.95
Shares	37262	3.43	31987	3.77	34981	3.72	34743	3.62
Services	362456	33.34	316987	37.32	334987	35.58	338143	35.25
Other Business	28987	2.67	19481	2.29	22537	2.39	23668	2.47
Total	1087118	100.00	849387	100.00	941508	100.00	959338	100.00

Table 9.8 showed that the highest proportion of family income was main occupation i.e. 44.81 per cent in Malwa which was followed by Income from Services i.e. 33.64 per cent, income from Agriculture i.e. 10.53 per cent, Income from Rented Property i.e. 5.22%, and then followed by income from Shares and income from Other Business. The majority proportion of family income was also Main occupation in Majha and Doaba. The maximum proportion of income from main occupation was occurred in Doaba which was followed by Malwa and then Majha i.e. 44.81% and 41.52% respectively. The second highest proportion of family income was Services i.e. 35.25 per cent in totality. The lowest proportion of family income was Other Business i.e. 2.47 per cent in total and highly occurred in Doaba.

Employment Opportunities: The twin objectives underlying the promotion of small-scale industries in India are poverty alleviation and employment generation. The above two economic indicators are closely inter-related. Large scale industries are said to be capital intensive in nature, whereas, small industries are not. The reason supporting this phenomenon is that the capita required for creating a job in large industries is high, compared to small industries. The Small- scale industrial sector create more and more employment with less capital employed as compare to large scale industries. A remarkable feature of small-scale industries is that, when compared to large scale industries, employment created for every unit of capital employed in small industries is high. A move towards ascertaining the potential of small-scale industries in providing employment opportunities has been made in the present study.

Average Number of Persons Employed in the Selected Units

(Average No. of Persons)

Type of Labour	Malwa		Majha		Doaba		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Casual Labour	16	53.33	13	54.17	19	51.35	16	52.75
Labour: Muster Roll	14	46.67	11	45.83	18	48.65	14	47.25
Total Labour	30	100.00	24	100.00	37	100.00	30	100.00

Table showed the average number of persons in a firm, according to this table casual labour was 53.33 per cent which was more than Labour of Muster Roll in Malwa. In Majha, the Proportion of Casual labour was little bit high i.e. 54.17 per cent and the Labour in Muster Roll was 45.83 per cent. The proportion of Casual labour and Labour in Muster Roll was 51.35 per cent and 48.65 per cent in Doaba. Overall, the proportion of Casual labour was higher i.e. 52.75 per cent.

CONCLUSION

The MSME sector contribute significantly towards the balanced development of the country. These industries generate more employment opportunities as compared to large industries in terms of per unit of capital invested. The growth of small-scale industries in Punjab has not been evenly shared by all the areas in the state. The industrial growth has tended to concentrate in the districts of Ludhiana, Amritsar and Jalandhar. In Punjab, only those small-scale industries have developed which use raw-material imported from outside the state, like woollen textiles and hosiery, steel re-rolling cycle and cycle parts industry, agricultural implements and machine tools, sewing machines and parts, and sports goods. Finance is the key input for sustained growth of small-scale sector and its accessibility continues to be a matter of great concern. The small-scale industries need both long- term as well as short-term credit.

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