

Performance of Micro Small and Medium Enterprises in Tamil Nadu (With special reference to Coimbatore District)

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Abstract

In recent years in both developed and developing countries for MSME is most significant contribution in gratifying various economic developments. The major aim of MSME higher growth of employment, increase the output and promotion of exports and fostering entrepreneurship. It is a major role in the industrial development of any country. In Indian economy MSME sector in very important pillar of Economic Development. MSME sector which can help realize the target of increased the National Manufacturing policy of raising the share of manufacturing sector as well as services sector in GDP from 10 % at present to 14% by the end of 2016. The present paper is attempted to focus the present status of performance of MSMSEs in Tamil Nadu and future prospects. It is concluded that this sector contributes significantly to manufacturing output, Employment opportunities and increase the export of the country.

Keywords; MSMEs Employment, Growth, Capital, opportunities.

Introduction:

Micro Small and Medium Enterprises most important role in the industrialization of a developing nation. This is because: They provide lot of Employment opportunities and have comparatively higher labour capital ratio, they need only a shorter gestation period and relatively smaller markets, and to be economic they need lower investment. The MSME ensuring a more equitable distribution of the national income and facilitate an effective mobilization of the resources of capital and skill which might, otherwise, remain unutilized and they induce the growth of the industrial entrepreneurship and promote a more differed pattern of the ownership and location.

In Indian Economy Micro, Small and Medium Enterprises (MSMEs) are one of the most important sensitive sectors. The role of Micro small and Medium Enterprises (MSMEs) is attributable to its capacity of employment generation, low capital and technology requirement use of traditional or inherited skill , use of local available resources , mobilization of resources and exportability of products.

MSME IN INDIA

The Importance of Micro, Small and Medium Enterprises (MSMEs) is well understood by national economics. World over, half to two-thirds of all businesses are MSMEs and in many regions this proportion is much higher. MSMEs are capable of creating jobs with least amount of capital in dispersed locations which makes

MSMEs attractive to policy makers. The heterogeneous nature and small size need adequate support from organized intermediaries. MSMEs development agencies, such as Small Business Administration of the US, Small Business Services of United Kingdom and SIDO (Small Industries Development Organization) in India are the intermediaries set up by the government. The contribution of individual MSMEs are small but collectively they have emerged as a dominant player in the national economies. The unprecedented importance of Small and Medium Enterprises in India is due to the maximum number of units and their employment opportunities. This sector plays a significant role in the development and employment of minorities, backward class people and also to women. Annual Report of Ministry of MSMEs (2010-2011) shows that, in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country. The sector is estimated to employment about 59 million people in over 26 million units throughout the country. There are over 8,000 products ranging from traditional to high-tech items, which are being manufactured by the Micro, Small and Medium Enterprises in India.

The Majority of MSMEs units are in the manufacturing sector and very few are in service oriented activities. The manufacturing units majority are doing support function of processing components and semi-finished goods for bigger units. The Very few MSMEs units make ready to use products to be sold in the market. The MSMEs can be started as per convenience of the owner in terms if space, finance, product and man power. Locally available skilled and semi-skilled people can be appointed at short notice and at a much lower wages compared to the large industries. The Employment is one of the best forms of self employment as well as giving

employment opportunities to own kith and kin, friends and relatives.

Mirco Small and Medium Enterprises

According to the Ministry of Micro, Small and Medium Enterprises, recent ceilings on investment for enterprises to be classified as Micro, Small and Medium Enterprises are as follows Micro, Small and Medium Enterprises as per the MSMEs Development Act, 2006 are defined based on their investment in plant and machinery for manufacturing enterprise and on equipments for enterprises providing or rendering services. According to the Micro, Small and Medium Enterprises (MSMEs) Development Act of 2006, a **Micro Enterprise** is where the investment in plant and machinery does not exceed twenty five lakh rupees. A **Small Enterprise** is where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees. **Medium Enterprise** is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees. In the case of the enterprises engaged in providing or rendering of services, (a) a **Micro Enterprise** is where the investment in equipment does not exceed ten lakh rupees (b) a **Small Enterprise** is where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees and (c) **Medium Enterprise** is where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

ECONOMIC DEVELOPMENT: India is the fourth largest economy in the world and the second largest in developing Asia. The Micro, Small and Medium Enterprises (MSMEs) in the growth process are considered to be a key engine of economic growth in India. MSMEs sector accounts for about 45 per cent of manufacturing output, 95 per cent of the industrial units and 40 per cent of exports, besides the sector providing employment to almost 60 million people, mostly in the rural areas

of the country, making it the largest source of employment after the agriculture sector. Micro, Small and Medium Enterprises offer huge potential for employment creation. They provide employments, innovation, marketing areas for goods and services which are offered for sales. A lot of youth workers and just out of school/college graduates are now gainfully employed, thereby reducing the unemployment rate and its consequent social complications, armed robbery and white collar crimes. They promote the development of indigenous man power at the same time increasing local participation in the manufacturing sector. The MSME sector have heterogeneous group with units from different sectors such as bread making, girll making, manufacturing and information technology. While extending credit, the credit appraisal should be done for each unit. MSMEs were faced lot of huge problems under these circumstances it was essential for the MSMEs and banks to co-ordinate, have a cordial relationship and accept a holistic approach for the growth of the economy.

EMPLOYMENT DEVELOPMENT: Micro, Small and Medium Enterprises are a source of employment opportunities and wealth creation. Micro, Small and Medium Enterprises have emerged as the main contributor to employment all over the world. Employment generation has always been one of the main objectives of the policies aimed at economic development and growth of the nation. The Micro, Small and Medium Enterprises currently provide employment for over 20.0 million persons, dispersed in every corner of the country and have been contributing significantly to its socio economic development.

SOCIAL DEVELOPMENT: MSMEs can contribute to social stability and generate tax revenues. The World Bank's business reports indicate that a healthy Micro, Small and Medium Enterprises sector corresponds with a reduced level of informal or "Black Market" activities. MSMEs can constitute an important source of local supply and service provision to larger

corporations. The important source of employment, particularly for low-skilled workers, as well as women and young people, who usually make up the greatest proportion of the unemployment in emerging economies. they usually have extensive local knowledge of resources, supply patterns and purchasing trends. Most of the MSMEs, being anchored in towns and villages or in the remote areas, have considerable adaptability to the local settings, exposure to local problems and also access to local resources. Demand stimulus packages present important opportunities for Micro, Small and Medium Enterprises to build infrastructure and supply goods and services to governments.

POLITICAL DEVELOPMENT: MSMEs sector registration and monitoring needs to be cheaper, simpler, speedier and more transparent. MSMEs require a favorable institutional framework. Most are overlooked by policy-makers and legislators, who tend to target larger corporations. MSMEs often miss out on tax incentives or business subsidies. They suffer more than big companies from the large burden and cost of bureaucracy, as few MSMEs possess the necessary financial or human resources to deal with this. Government can help address to need for start-up funds for MSMEs by providing incentives for MSMEs financing. Indian MSMEs are generally unwilling to expose themselves to the myriad rules and regulations governing industrial and economic development Government policy needs to moderate wage demands and to find ways to retain workers and to support those who are retrenched. The recent efforts to support MSMEs may provide an opportunity for policy experiments. Reduced regulation for start-ups, better access to finance and improved methods for monitoring and sustaining decent work can be developed during the crisis and continued when growth revives.

INDUSTRY-WISE CLASSIFICATION OF MSMES PRODUCTS

Food Industry: Food processing sector covers food products like Fruits & Vegetables, Fisheries, Milk & Milk Products, Meat & Poultry, Packaged Convenience Foods, Alcoholic Beverages & Soft Drinks and Grains are important sub-sectors of the food processing industry and other consumer product groups like confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc.

Tobacco Products: Tobacco industry is one of the highest concentrated industries across the world with the major part of international tobacco market being controlled by several corporations.¹⁰ there are four major manufacturing of cigarettes in india- the Indian Tobacco Company (ITC) limited, Godfry Phillips India (GPI) limited, Vazir Sultan Tobacco (VST) industries limited and Golden Tobacco Company (GTC) limited.

Cotton Products: The textile industry of Tamil Nadu plays a significant role in the national and state economy. It is the largest single manufacturing activity providing direct and indirect employment. The various sectors of the textile industry in the state include handloom, power loom, spinning, processing and hosiery and garments sectors. Tamil Nadu is next only the Maharashtra in terms of the number of power looms established.

Wool Products: Wool is the textile obtained from sheep and certain other animals, including cashmere from goats, mohair from goats, qiviut from muskoxen, angora from rabbits and other types of wool from camelids. Wool fabrics products have a greater bulk than other textiles, and retain air, which causes the product to retain heat.¹¹ the use of wool car seat covers or carpets, reduces the risk of a shock when a person touches a grounded object. Wool is considered by the medical profession to be hypoallergenic.

Jute Products: Jute is also called “The Golden Fibre”. Jute products like jute blended saris, jute tiles, floor coverings, wall hangings, jute handicrafts, various kinds of bags, home textiles, jute stationery articles, gift articles footwear etc.

Readymade Products: Readymade garments and hosiery sector, the garment industry occupies a predominant position in world trade and it is the fastest growing sector in the textile industry. This sector in Tamil Nadu contributed 2,500 crores in foreign exchange. There are about 6,000 hosiery units in India of which 2,900 units are located in Tiruppur in Coimbatore districts. The readymade sector in Tamil Nadu provides large scale employment to around 3 lakhs persons. The readymade industry in Tiruppur contributes 48 per cent of the country export and earns ` 8,000 crores in foreign exchange per annum.

Wooden Products: Uses of wood for handicrafts in four distinct categories furniture, toys, decorative and accessories. Wooden handicraft has five categories like furniture old and new, antiques, gift items, accessories and decorative. Many kind of articles like almirah, bed side cabinet, bon fitted, book rack, candle lamps, chairs & benches, chest of drawers, coffee table, console tables, dining sets, library cabinets, goddess statue are manufactured.

Paper Products: Produces numerous types of paper that comes in various uses such as filter paper, drawing sheets etc. other paper products including paper bags, paper photo frames, greeting cards, handmade paper boxes, paper album manufacturing and exported across the world. The Indian paper industry has the top 15 global players with an output of more than 6 millions tones annually with turnover of 1, 50,000 millions. The major paper produced state in Tamil Nadu is placed second next to Andhra Pradesh.

Leather Products: The prominent products exported are leather footwear, Footwear

Components Shoe Uppers, Soles etc. Leather is used as the main component for ladies, kids and men shoes, and sandals. This leather is also used for the manufacturing of leather goods such as fancy leather goods items. Tamil Nadu and Coimbatore has a dominant presence in the leather and leather based industries. Leather industry occupies a pride of place in the industrial map of Tamil Nadu. Tamil Nadu enjoys a leading position with 40% share in India's export.

Rubber Products: Rubber products manufactured also cover hi-tech industrial items. The important areas which the industry caters to include all the three wings of defense, civil, aviation, aeronautics, railways, agriculture, transport as also textile engineering industries, pharmaceuticals, mines, steel plants, ports, family planning programmes, hospitals, sports, practically to every conceivable field.

Chemical Products: The Chemical Industry in India consist of both small and large scale units, and is ranked 12th in the world in terms of production. The state of Tamil Nadu traditionally has a strong base in the chemical industry.

Non-Metal Products: The Non-Metallic Mineral product manufacturing subsector transforms mined or quarried nonmetallic mineral, such as sand, gravel, stone, clay and refractory material, into products for intermediate or final consumption. Process used includes grinding, mixing, cutting, shaping and honing. Non-metal products, such as bricks, cement and concrete products lime, gypsum and glass and glass products such as plate glass and containers.

Basic Metal Products: The basic metal products production of metal from ore, scrap and conversion of billet, slab etc into primary metal products. The manufacturing of fabricated metal products except machinery and equipment, manufacturing of electrical machinery and apparatus and manufacturing of radio, television and

communication equipment and apparatus, manufacturing of other transport equipment etc.

Metal Products: Metal artisans produce spectacular handmade products composed of brass sheets, particularly in pembarti. Cooking utensils, flower pots, flower vases in fascinating shapes, figurines and various other objects are manufacturing in MSMEs Indian state. Metal Products in Tamil Nadu like lamps, deepam, aarthi or votive lamps' deepalakhsmis which represent Lord Agni are renowned in Tamil Nadu.

Machinery Products: Machinery Products is important groups within the engineering industry include machinery & instruments, primary and semi finished iron & steel, steel bars & rods, non-ferrous metals, electronic goods. In Tamil Nadu, a strong engineering base exists involving products ranging from automobiles, bicycles, castings and forgings, to textile machines, electrical and non-electrical machinery, pumps and transportation equipment, engineering ancillary industries all of which are concentrated in Chennai (Madras), Coimbatore, Salem, etc .

Electrical Products: The major items manufactured in India are computers, communication equipment, broadcasting and strategic electronics, television sets, microwave ovens, and washing machines.

Transport Products: There are 402 medium and large key players in auto components parts are produced in the organized sector. The unorganized sectors there are approximately 5000 SSI's. The direct employment generated by the medium and large firms in the organized sector is 2, 50,000. No figures are available for unorganized sector.

Manufacturing Products: The manufacturing industry broadly covers manufacture of machinery and equipment, transport parts, basic metal and alloy industries, metal products and repair of capital goods. Tamil Nadu accounts for about 17 per cent of India's software exports. The

manufacturing industry fixed investment was ₹.949 crores and industrial output values is ₹.4247

crores, employment provided to 68,521 lakhs during the period.

MSMEs PERFORMANCE IN INDIA

TABLE - I.1 MSMEs PERFORMANCE: UNITS, PRODUCTION, EMPLOYMENT & EXPORT, AND GROSS DOMESTIC PRODUCT DURING 1999-2011

Year	Number of Units (In Lakhs)	Production (in Crores)	Export (in Crores)	Employment (In Lakhs)	GDP Grown Per annum	Growth Rate Per Annum
1999-00	79.60	1,22,210	29,068	191.40	5.7 %	10 %
2000-01	82.84	1,48,290	36,470	197.93	5.82 %	7.5 %
2001-02	86.21	1,68,413	39,248	205.86	5.86 %	8.2 %
2002-03	89.71	1,89,178	44,442	213.16	6.02 %	8.5 %
2003-04	93.36	2,12,901	48,979	220.55	6.11 %	8.94 %
2004-05	97.15	2,34,255	54,200	229.10	5.89 %	9.54 %
2005-06	101.10	2,61,289	69,797	239.09	6.08 %	10.23 %
2006-07	105.21	2,82,270	71,244	249.09	7.2 %	10.80 %
2007-08	110.10	3,11,993	86,012	261.38	7.11 %	11.02 %
2008-09	115.22	3,48,059	99,412	273.97	7.95 %	12.45 %
2009-10	117.43	3,78,452	1,02,547	285.66	8.42%	14.11%
2010-2011	119.44	3,93,576	1,24,351	297.85	11.63%	16.43%

Source: Various Publications of Directorate of Commissioner Micro, Small and Medium Enterprises including Small Scale Industries in India-An Engine of Growth.

The number of units in India was 79.60 lakhs in 1999 and it increased to 82.84 lakhs during 2000-01. The increased percentage was 4. The production in India was 1, 22,210 crores and it increased to 1, 48,290 crores during 2000-01. The increased percentage was 7.8. and export of India in 1999 was 29, 068 crores and it increased to 36, 470 crores during 2000-01. The increased percentage was 17.8. Number of persons employed was 191.40 lakhs in 1999 and it increased to 197.93 during 2000-01. The increased percentage was 0.6. Gross Domestic Product in 1999 was 5.7% and it increased to 5.82 % during 200-01. The increased percentage was 0.12, growth rate per annual was 10% and it decreased to 7.5% during 2000-01. The decreased percentage was 2.5 %.

The number of units in India was 117.43 lakhs during 2009-10 and it increased to 119.44 lakhs during 2010-11. The increased percentage

was 10.1. The production in India was ₹.3, 78,452 crores during 2009-10 and it increased to ₹.3, 93,576 crores during 2010-11. The increased percentage was 10.3. and export of India was ₹.1,02,547 crores during 2009-10 and it increased to ₹.1,24,351 crores during 2010-11. The increased percentage was 12.1. Number of persons employed in MSMEs was 285.66 lakhs during 2009-10 and it increased to 297.85 during 2010-11. The increased percentage was 10.4. Gross Domestic Product in India was 8.42 during 2009-10 and it increased to 11.63 % during 2008-09. The increased percentage was 13.8. Growth rate per annum was 14.11 % during 2009-10 and it increased to 16.43 % during 2010-11. The increased percentage was 11.6.

MICRO, SMALL AND MEDIUM ENTERPRISES IN TAMIL NADU

Tamil Nadu MSMEs sector continued to grow fast and the average annual rate of growth of number of units was 12.8 per cent and an employment of 10.9 per cent. The units in the MSMEs sector are also registered with the State Level Directorates of Industries. Tamil Nadu accounts for the largest number of Micro, Small and Medium Enterprises' in the country. The registered number of Micro, Small and Medium Enterprises in Tamil Nadu was 7,60,269 lakhs during 2007-08, during XI five year plan period it provided employment to 52,99,875 lakhs persons with a total investment of more than `39,438.13 Crores

and production increased to 1,66,951.19 Crores during XI five year plan period. Micro, Small and Medium Enterprises Department of Government in its notification dated 19.03.2012 has enhanced the ceiling of subsidy for generators from `1.5 Lakhs to 5 Lakhs, with effect from 11.11.2008. In the last ten years, number of Micro, Small and Medium scale enterprises has increased three fold and the investment in such sectors increased tenfold in Tamil Nadu. From the financial year 2003-04 to 2012-13 February numbers of Micro, Small and Medium Enterprises has increased from 25,794 to 83,348, it is threefold increase.

Table – 1.2 MICRO, SMALL AND MEDIUM ENTERPRISES PERFORMANCE IN TAMIL NADU DURING 1999-2011.

Year	Number of Units (In Lakhs)	Investment (in Crores)	Export (in Crores)	Employment (In Lakhs)	Production In Crores
1999-00	2,14,568	3,954.12	1,49,872	17,45,896	22,368.00
2000-01	2,47,890	4,954.00	1,51,478	18,75,946	30,541.01
2001-02	2,69,874	6,574.11	1,69,999	20,14,789	39,688.57
2002-03	2,95,004	7,966.00	1,84,718	22,50,900	48,675.00
2003-04	3,24,627	9,350.00	1,98,745	24,51,000	58,432.00
2004-05	3,54,939	10,623.00	2,01,447	26,67,200	70,987.00
2005-06	3,87,597	11,567.22	2,22,330	29,02,122	78,261.66
2006-07	4,19,524	12,166.19	2,31,561	31,42,335	83,904.80
2007-08	4,48,905	12,569.34	2,47,891	31,42,335	89,781.00
2008-09	4,74,699	13,291.50	2,56,487	34,17,832	94,939.80
2009-10	6,31,609	26,136.17	2,96,472	43,92,661	1,38,954.33
2010-11	6,89,511	32,008.54	3,34,867	47,97,494	1,51,455.19

Source: Publication of Tamilnadu Statistical Department 2010-11

The number of units in Tamil Nadu in 1999 was 2, 14,568 lakhs and it increased to 2, 47,890 lakhs during 2000-01. The increased percentage was 15.5. Total investment in Tamil Nadu was `3, 954.12 crores and it increased to 4, 954.00 crores during 2000-01. The increased percentage was 25.2. And export in Tamil Nadu was 1, 49,872 crores in 1999 and it increased to 1, 51,478 crores during 2000-01. The increased percentage was 1.01. Employment was 17, 45,896 lakhs in 1999 and it increased to 18, 75,946 lakhs during 2000-01. The

increased percentage was 7.4. The production in Tamil Nadu in 1999 was 22, 368 crores and it increased to `30, 541.01 crores during 2000-01. The increased percentage was 36.5.

The number of units in Tamil Nadu in 2009-10 was 6, 31,609 lakhs and it increased to 6, 89,511 lakhs during 2010-11. The increased percentage was 10.9. The investment was 26, 136.17 crores during 2009-10 and it increased to 32, 008.54 crores during 2010-11. The increased percentage was 12.2. The Export in Tamil Nadu

was 2, 96,472 crores during 2009-10 and it increased to 3, 34,867 crores during 2010-11. The increased percentage was 11.2. The employment was 43,92,661 lakhs during 2009-10 and it increased to 47,97,494 during 2010-11. The

increased percentage was 10.9. The production was ₹.1, 38,954.33 crores and it increased to ₹.1, 51,455.19 crores during 2010-11. The increased percentage was 10.8.

TABLE - I.3 GROWTH OF THE MSMEs SECTOR OVER THE FIVE YEAR PLAN PERIODS IN TAMIL NADU

Period	Number of Registered SMEs units	Investment (₹. In Crores)	Production (₹. Crores)	Employment (Nos)
End of V Five Year Plan (1974-79)	7,544	325.74	1,391.24	22,164
End of VI Five Year Plan (1980-85)	45,891	829.84	3949.53	4,48,163
End of VII Five Year Plan (1985-90)	99,290	2,198.92	7,322.69	9,28,464
End of VIII Five Year Plan (1992-97)	255,694	6,547.73	17,055.42	22,57,055
End of IX Five Year Plan (1997-02)	4,19,524	12,166.19	83,904.80	31,04,477
End of X Five Year Plan (2002-07)	5,30,552	16,819.82	1,05,979.51	37,03,408
End of XI Five Year Plan (2007-12)	7,60,269	39,438.13	1,66,951.19	52,99,875

Source: Small and Medium Enterprises Department Policy Note 2012-13.

The number of units in Tamil Nadu was 7,544 lakhs during 1974-79 and it increased to 45,891 lakhs during fifth and sixth five year plan periods. The increased percentage was 6.8. The investment was Rs.325.74 crores at the end of the fifth year plan period and it has increased to Rs.829.84 crores during fifth and sixth five year plan periods. The increased percentage was 2.5.

Production was Rs 1391.24 crores during the fifth year plan period and it have increased to Rs.3949.53 crores during fifth and sixth five year plan periods. The increased percentage was 2.8. The employment was 22,164 lakhs during fifth year plan period and it has increased to 4, 48,163 lakhs during fifth year and sixth five year plan periods. The increased percentage was 20.2.

TABLE - I.4 DISTRICT WISE MICRO, SMALL AND MEDIUM ENTERPRISES UNITS IN TAMIL NADU DURING 2007-2012

S.No	District	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1	Ariyalur	3,429	5,602	6,718	7,829	11,166	13,720
2	Chennai	53,879	56,367	57,862	62,627	56,842	55,214
3	Coimbatore	64,781	59,230	55,528	52,496	51,765	49,413
4	Cuddalore	16,923	18,740	17,671	18,213	17,090	18,162

5	Dharmapuri	15,720	16,548	16,241	16,848	15,885	13,669
6	Dindigul	14,528	15,387	15,389	15,711	14,306	13,472
7	Erode	29,101	30,199	31,283	34,176	30,789	29,720
8	Kancheepuram	36,125	38,306	37,346	40,754	41,062	41,983
9	Kanyakumari	12,956	15,034	13,829	14,513	16,659	20,008
10	Karur	5,764	6,124	6,174	7,043	7,627	7,704
11	Krishnagiri	6,766	8,518	12,960	17441	17807	26,839
12	Madurai	23,444	25,203	25,004	26,131	27,010	26,547
13	Nagapattinam	8,711	9,343	9,419	10,871	12,195	13,140
14	Namakkal	5,378	8,936	9,382	9,309	8,907	9,345
15	The Nigris	5,216	5,973	5,821	6,889	11,085	11,510
16	Perambalur	3,755	4,052	3,853	4,512	4,849	6,362
17	Pudukkottai	12,154	12,544	12,710	12,770	13,444	14,923
18	Ramanadhapuram	7,254	7,527	7,749	8,383	10,202	11,717
19	Salem	29,050	32,951	32,837	36,917	36,554	37,886
20	Sivagangai	11,798	12,560	12,648	14,943	11,462	10,668
21	Thanjavur	10,999	12,094	11,922	12,413	12,100	11,980
22	Theni	6,693	6,765	6,688	7,656	8,329	9,393
23	Thiruvallur	14,580	17,311	20,839	19,389	23,609	25,794
24	Thiruvannamalai	5,671	6,146	5,865	9,106	10,159	11,923
25	Thiruvarur	5,905	3,813	4,183	4,328	5,869	7,711
26	Thoothukudi	13,183	16,361	16,046	16,458	16,981	12,458
27	Trichirapalli	16,856	19,123	19,100	18,271	18,938	21,975
28	Tirunelveli	15,075	17,007	16,696	19,286	23,471	28,131
29	Trippur	36,560	31,601	29,302	28,118	26,762	25,186
30	Vellor	22,855	23,271	23,085	23,311	24,292	27,840
31	Villupuram	7,079	8,518	7,909	10,261	10,406	9,708
32	Virudhunagar	17,531	24,821	22,599	22,891	23,949	30,259

Source: Directorate, Department of Industry and Commerce, Chennai – 6.

I.5 MICRO, SMALL AND MEDIUM ENTERPRISES IN COIMBATORE

Coimbatore is an important industrial city, which is located in the south Indian state of Tamil Nadu. It is also known as the “Manchester of South India.” Coimbatore is one of the few big industries towns of Tamil Nadu. The thousands of Small and tiny industries including ancillaries and jobbing units have helped Coimbatore to be recognized as a signature of South India. The primary capital income of Tamil Nadu comes from the output of these industries. Coimbatore is house to the Textile industries, to automotive part components, technical institutes and a lot of entrepreneurs.¹⁹ Coimbatore was in much better position compared to its other

peers in the other regions. Their large numbers of premier educational and research institutions on health care have attached a host of multinational companies to set up their development centre in the city and there are more than 65,000 Micro, Small and Medium Industries and Textile Mills located here. In SIDO Industrial Estate, Kuruchi there are 238 units in production and in SIDO Industrial Estate, Malumichampatti there are 115 units functioning. The Micro, Small and Medium Enterprises have grown to the present status of 50,000 MSMEs units in Coimbatore District as against around 10,000 industries in 1960. The Coimbatore District Small Industries Association (CODISSIA) is a registered organization functioning from 17.11.1969 and it started

functioning with 40 members and now it has grown far and wide. It is one of the Largest District level associations for Micro, Small and Medium Enterprises in India. The main industrial activities in the Micro, Small and Medium Enterprises in Coimbatore are foundry castings, manufacturing of electric motors and pumps, machine tools, steel furniture, wet grinders, washing machines,

domestic vessels, electric appliances, transformers, automobile components etc. Coimbatore takes second rank in Tamil Nadu next to Chennai and six in India. There were industrial clusters for Electric motors, Pumps, Castings, Machines spares components etc. In Coimbatore Micro, Small and Medium Enterprises are like nurseries for building entrepreneurs.

TABLE - I.6 PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES IN COIMBATORE DURING IN 2012

Name of the Block	Number of MSMEs units	Investment Land Building / Plant & Machine ` Crores		Employment (Nos)
Mettupalayam	38	148.05	218.25	292
Anaimalai	46	53.3	75.21	182
Kinathukadavu	512	44.97	60.25	134
Annur	78	73.46	104.06	193
Sulur	178	378.18	528.83	844
Coimbatore North	244	3042.66	3847.60	4037
Coimbatore South	1211	4346.64	4964.43	4862
Pollachi	134	503.07	720.22	946
Total	2441	8590.33	10518.85	11490

Source: District Industrial Centre Coimbatore

The primary capital income of Tamil Nadu comes from the output of Micro, Small and Medium Enterprises. Coimbatore is poised to become a global manufacturing hub. Coimbatore has been ranked 4th among Indian cities in investment climate by a survey done by the confederation of Indian industry. The Coimbatore has been ranked at number 17th among the top global outsourcing cities. The Coimbatore is one of the few big industrial towns of Tamil Nadu. There were 65,000 of micro, small and medium tiny industries including ancillaries and jobbing units have helped Coimbatore to be recognized. As a signature of Tamil Nadu industries Coimbatore is producing a variety of engineering products and component assessors to a carter to the needs not only in Tamil Nadu but also in India. Coimbatore is house to the textile industries, automotives parts components, technical institutes and a lot of entrepreneurs. In Coimbatore there are more than

65,000 small medium and large industries.²¹ The Coimbatore has two special economic zones, the Coimbatore high-tech infrastructure and Coimbatore IT, TIDEL Park and at least five more zones. The Coimbatore is the highest revenue district in Tamil Nadu.

REVIEW OF LITERARURE

Poovendhiran (2010) had suggested that the success of the Small and Medium Enterprises is mainly determined by the entrepreneurial skill because the decisions are taken through entrepreneurial skill. The major requirements to start small scale industries are experience, industrial knowledge and financial background. The researcher finds that the government should make necessary arrangement to provide continuous energy in order to avoid the delay in the execution of orders. Entrepreneurs should attend entrepreneur's development programmes to

improve their skills. And also the government should take steps to motivate the small scale entrepreneurs' by sanctioning loans.

Vasumathy Hariharan (2010) had analysed in her article the importance of having a holistic risk management system in place, especially at a time when the Small and medium Enterprises (SMEs) are more vulnerable to volatile markets, which needs no emphasis. The researcher found that many of the Indian SMEs fail to recognize that risk management is important role in their business operations.

Shanoy Sunil (2010) had evaluated in his article the issues relating to working capital and remedies, all assistance and support by the government and financial institutions. Sickness among Small and Medium Enterprises has increased. Net present Assets have been gradually coming down from 21.36% in 2001 to 5.58 % In 2007, but the level of gross net present value has reduced from 15.58 % to 2.93 during this period. The Net Present value in Small and Medium Enterprises has reduced by 75%, still they stand at double the Net present value level of total advances as on 31-03-2007. SMEs going sick are not trivial issues. It ruins the life of the entrepreneurs as well as the lives of families of his workers and suppliers in the chain and created a financial burden on the banking industry. The researcher find that the Banks should utilize services of qualified professional for working capital monitoring. While sanctioning working capital facilities minimum thrust should be laid on value of collateral security.

Manoharan and Selvamoorthy (2010) have said that the Small and Medium Enterprises play significant role in the Indian economy. It is well known by the government that alongside agriculture, small scale industry is an important segment of the Indian economy. Small scale sector helps our nation to save foreign exchange through production of a large number of import substitution items. Unemployment is an important problem in all the countries. India is not an exception; its ever growing population is one of

the important factors which has outpaced the development of Small and Medium Enterprises and agriculture. The researcher found that the SMEs sector has emerged as a vibrant and dynamic sector and an engine house for the growth of present millennium.

OBJECTIVES OF THE STUDY

1. To study the overview of Micro Small and Medium Enterprises.
2. To Examine the growth of Employment, Output, promotion of exports of MSMSs in Tamil Nadu
3. Performance of MSMEs in Coimbatore & Future Prospects.

SCOPE OF THE STUDY

The Study is a first attempt to evaluate the growth of Micro, Small and Medium Enterprises in Tamil Nadu and identify the poor administrations efficiency of Micro, Small and Medium Enterprises in Coimbatore. For this purpose the researcher choice the core administration like Credit, Working Capital, Factory, Investment, Marketing, Financial and Office Administrations and in addition to identify the Failure Causes, Success Factors, Suggestions Factors etc. Moreover the study measures the direct relationship between administration efficiency and impact on Micro, Small and Medium Enterprises in Coimbatore.

The Study mainly focusing on what are the bottlenecks faced by Micro, Small and Medium Enterprises due to lack of administration efficiency of Micro, Small and Medium Enterprises in Coimbatore and does not consider at all other factors, which are directly or indirectly associated with poor performance of Micro, Small and Medium Enterprises in Coimbatore.

HYPOTHESIS

For assessing and evaluating the objectives of the study the researcher adopted the following hypothesis.

1. There is no significant relationship between top fifteen and next top ten districts in Tamil Nadu, regarding number of units established, increase in production, investment, employment, sales and profit.
2. There is no significant association between effective administration and overall improvement of MSMEs in Coimbatore.

RESEARCH METHODOLOGY

The study is evaluative diagnostic and ex post facto. The study follows survey method, attempts to discover empirically the nature of relationship between the effectiveness of the main seven types of administration of the Micro, Small and Medium Enterprises the overall improvement of MSMEs in Coimbatore. For the evaluation of effectiveness of the seven main administrations and their positive impact on MSMEs it is necessary to select the entrepreneur who started MSMEs. The seven administrative capacities were qualitative such as credit, working capital, factory, investment, marketing, financial and office administrations. These qualitative factors were measured through likert's five point scale. Besides, quantitative factors such as capital invested, value of machines, units produced, number of persons employed, sales and net profit were also taken into consideration. The study follows personal interview as the tool of survey using an interview schedule and secondary data related to MSMEs formation and its progress: 617 respondent entrepreneurs were selected as explained in the section of sampling from 2441 entrepreneurs from 2441 MSMEs, functioning in four zones of Coimbatore

SAMPLE DESIGN

This study is related to evaluation of success of MSMEs and effectiveness of administration capacity of Micro, Small and Medium Enterprises in Coimbatore. For the selection of unit the researcher has adopted purposive sampling technique first, the entrepreneurs of MSMEs and their address in Coimbatore were collected from The Coimbatore District Small Industries Association (CODISSIA) in Coimbatore. 617 respondent entrepreneurs were selected as explained in the section of sampling from 2441 entrepreneurs from 2441 MSMEs, functioning in four zones of Coimbatore

LIMITATIONS OF THE STUDY

The research result cannot be generalized for Micro, Small and Medium Enterprises elsewhere in other districts of Tamil Nadu. Secondly the contribution of other external factors like support from government, financial institutions and any other external factors are not taken into account for the study and these things may affect the overall performance of MSMEs not only in Coimbatore, but also in other places in Tamil Nadu. Finally the researcher has not considered the improvement of socio-economic status of entrepreneurs through MSMEs in Coimbatore.

Findings, Suggestions and Conclusion

This Chapter deals with the Summary of Findings, Suggestions and Conclusion of the research study. The Study is mainly focusing on contemporary development and administrative problems of MSMEs in Coimbatore. The Findings are not only based on the experience and observation of the researcher but also on the opinion expressed by the entrepreneurs in Coimbatore and also through the study of association between Money, Material, Machine, Market and Men and their development. The findings are entirely based on primary and secondary data and they are summarized under

four categories namely 1. Contemporary development of Micro, Small and Medium Enterprises in Tamil Nadu. 2. Association between Money, Material, Machine, Market and Men, 3. Administrative problems of Micro, Small and Medium Enterprises 4. Failure causes, Success factors and Suggestion factors Vs growth identifying factors. The opinions were expressed by entrepreneur as an entrepreneur in the MSMEs. The Micro, Small and Medium Enterprises' administrative problems were expressed by entrepreneurs on a wide range of issues using positive and negative statements, depicting the kind, average and extent of administrative problem of Micro, Small and Medium Enterprises in Coimbatore.

Conclusion:

“Action without planning is fatal, planning without action is futile”. As per the observation of the researcher most of the entrepreneurs in MSMEs go in for action without any planning and plan without any follow up action, because most of the entrepreneurs are new to the field and their administration efficiency is very little. They simply blame the government and financial institutions for their poor support to them. The government has already introduced many schemes for the improvement of MSMEs and even financial institutions are ready to provide maximum financial assistance but most of the MSMEs are winding up their business in Coimbatore because of their poor administration efficiency. Hence the researcher has strongly suggested that when the MSMEs improve their overall administration efficiency they can avoid more liquidation and winding up in Coimbatore.

For the success of MSMEs, they must diversify their product and business. In order to overcome the difficulties experienced by the MSMEs in getting regular supply of electricity, they must go for labour intensive industries where human beings are engaged in large number in the

manufacturing activities and less demand of electricity and other energies are used any to a limited extent. Entrepreneurs of MSMEs which are manufacturing auxiliary products meant for big industries must try to make tie-ups with nearby concerned large scale enterprises so as to enable MSME employees to get some administrative and manufacturing training in the large industries.

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