



# Growth and Performance of Micro Small Medium Enterprises in Virudhunagar District

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**Abstract** - The Micro, Small & Medium enterprises (MSMEs) has often been termed as 'engine of growth' for all developing economies including India. MSMEs have been playing a momentous role in economic development of a country like India where millions of people are unemployed or underemployed and facing the problems caused by poverty. MSMEs occupy a position of prominence in Indian economy as they provide immediate large-scale employment, with lower investments and prove to be a second largest manpower employer, after agriculture. The significant growth of MSMEs has been taken place over a period of time. This sector is the major donor to gross domestic product (GDP), employment and exports in Indian economy. The main aims of the present study are growth, performance and problems faced by MSMEs in Virudhunagar District. This study is primarily based on secondary data collected from various secondary sources such as magazines, annual reports, District Industries Center and Department of MSMEs. This study upshots that though micro enterprises have registered good progress in terms of number of units, investment and employment opportunities, their performance is challenged by Lack of availability of adequate and timely credit, Procurement of raw material at a competitive cost, Inadequate infrastructure facilities.

**Keywords:** MSME, Growth, Performance, Problems

## 1. INTRODUCTION

The Micro, Small and Medium enterprises (MSMEs) have been accepted as the engine of economic growth for promoting equitable development of countries all over the world. The Micro, Small and Medium enterprises of India are a key driving force for the growth of Indian Economy. These MSMEs not only provide the employment opportunities but also facilitates the process of industrialization in rural areas. Simultaneously it enables the reduction of the unequal income distribution of wealth among the residents of a place. The MSMEs contribute significantly in the development of Indian economy through export promotion, domestic protection, low investment requirements, operational flexibility, technology adoption and so on. The SMEs are complimentary to large industries

operating in the economy and contribute significantly in the fast development of the country. On an average this sector has almost 36 million units that provide employment to about 80 million individuals. This sector, through the production of 6000 products, contributes 8% to GDP of the country. It contributes 45% of the total manufacturing output and 40% of the total exports of the country. This research paper discusses the methodology, objectives, definition of MSME, year wise growth of MSME, block-wise performance of micro, small and medium enterprises in terms of employment creation and investment, product wise growth of MSME and challenges faced by the MSMEs in Virudhunagar District.

## 2. METHODOLOGY

The research paper is based on the formal analysis made using secondary data collected from various secondary sources such as magazines, annual reports, District Industries Center and Department of MSMEs. A review of notable previous researches undertaken related to the field of study is presented below.

**Ghatak, Shambhu**, in his paper titled "Micro, small and medium enterprises (MSMEs) in India: an Appraisal" highlighted that status of Indian MSMEs is better than its counterpart in Bangladesh & Pakistan. About 36% of Pakistani SMEs have bank accounts where as about 46% Bangladeshi's SMEs have Bank accounts. In comparison to them about 95% of Indian SMEs have their bank accounts. He further stated that Indian Govt. should accelerate its initiatives to provide further support to these Small scale industries.