

RECITAL OF MICRO, SMALL AND MEDIUM ENTERPRISES IN CHITTOOR DISTRICT

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Abstract

Micro, Small and Medium Enterprises take in massive scope covering activities like manufacturing, servicing, financing, construction, infrastructure etc. In view of the Government of India ever increasing importance given to the small scale industries they need to be set up in the years to come. By contributing its increasing share to the national production, employment and exports, small scale industries also contribute to the economic development of the country. In the present study focuses on recital of Micro, Small and Medium Enterprises like capital structure, employment pattern, average cost of production, and profitability are covered and suggestions emanating from the conclusions are offered for ensuring a better performance in selected Micro, Small and Medium Enterprises. The study comprises a total sample of 192 units covering all industrial categories.

Key Words: *Chittoor District, India, Micro, Small and Medium Enterprises (MSMEs), Recital.*

1. Introduction

Small scale industries are imperative ingredient of India's industrialized sector. It contributes significantly to India's Gross Domestic Product (GDP) and export earnings besides meeting the social objectives including that of providing employment opportunity to millions of people across the country. The MSMEs in India are acting as power and spirit of economic growth in the 21st century. The Ministry of Agro and Land Rural industries and Ministry of SSI have been merged into a single Ministry namely, Ministry of Micro, Small and Medium Enterprises. The Small scale sector has played a greater role in the socio economic development of the country during the past fifty years. It has significantly contributed to the overall growth in terms of Gross Domestic Product (GDP) employment generation and exports. Worldwide, the Micro Small and Medium Enterprises (MSMEs) have been accepted as the tank engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of the large enterprises. In India too, the MSMEs play a pivotal role in the overall industrial economy of the country.

2. Research Objectives

The main objectives of this research can be summarized as follows.

- To analyze the performance of Micro, Small and Medium Enterprises in Chittoor District.
- To examine the various problems of Micro, Small and Medium Enterprises.
- To provide suggestions to improve the implementation of Micro, Small and Medium and growth of those enterprises.

3. Hypothesis

The following hypotheses are formulated to test the validity of the study:

1. There is no significant difference between the cost output ratio among the different categories of micro and small industrial units.
2. There is no significant difference between fixed capital to output ratio and working capital to output ratio among the different categories of Micro, Small and Medium Enterprises.
3. There is no change in the relative importance of the districts /classified Micro, Small and Medium Enterprises over a period of time.
4. There is no significant difference between qualified technical /skilled labour and unskilled labourers.
5. There is no significant difference between input and output ratio among Micro, Small and Medium Enterprises (MSMEs).

4. Sampling Design

The list of registered units functioning in division wise has been obtained from the District Industries Centre (DIC), Chittoor. The survey was conducted on the basis of sampling method for developing sample design. The researcher collected the list of Micro, Small and Medium Enterprises registered with the District Industries Centre, Chittoor.

The lists of registered units have been obtained from the District Industries Centre, Chittoor; all the units have been divided into three revenue divisions based on their location. All the units have been divided into three revenue divisions based on their location. The study comprises a total sample of 192 units covering all industrial categories. Out of 192 sample units, 67 units are located in Madanapalli Division, 55 units in Chittoor Division and 70 units in Tirupati Division. Out of 192 sample units, the study covered 40 units of Agro and allied based units, 5 units of Chemical based units, 17 units of Animal husbandry, 24 units of Engineering based units, 35 units of Non Metallic and Mineral based units, 5 units of Paper and Printing based units, 6 units of Repairs and Service based units, 20 units of Textile based units, 7 units of Forest based units and 33 units of Miscellaneous. All the units have been further classified into ten broad categories. The distribution of sample Small scale units is presented in Table 1.

Table 1
Revenue Division Wise Distribution of Sample Micro, Small and Medium Enterprises in Chittoor District

Sl. No	Category	Revenue division			District Total
		Madanapalli	Chittoor	Tirupati	
1	Agro and allied based units	165 (17)	114 (11)	121 (12)	400 (40)
2	Chemical based units	22 (2)	16 (2)	13 (1)	51 (5)
3	Animal husbandry	58 (6)	43 (4)	67 (7)	168 (17)
4	Engineering based units	116 (11)	58 (6)	69 (7)	243 (24)
5	Non – Metallic and Mineral based units	87 (9)	125 (12)	135 (14)	347 (35)
6	Paper and Printing based units	15 (1)	11 (1)	26 (3)	52 (5)
7	Repairs and Service based units	25 (3)	13 (1)	24 (2)	62 (6)

8	Textile based units	48 (5)	62 (6)	86 (9)	196 (20)
9	Forest based units	29 (3)	28 (3)	18 (1)	75 (7)
10	Miscellaneous	108 (11)	86 (8)	136 (14)	330 (33)
	Total	673 (67)	556 (55)	695 (70)	1924 (192)

Note: Figures in the parentheses are sample of Micro, Small and Medium Enterprises in the respective category.

5. Database

The study is empirical in nature; the empirical data was collected for analyzing growth and performance of Micro, Small and Medium Enterprises by conducting a survey by using an interview schedule. The study is based on both primary and secondary data. The primary data covering all the aspects of Micro, Small and Medium Enterprises in accordance with the objectives of the study were collected through personal interviews with the entrepreneurs and managers of the sample units with the help of a schedule, which was specially designed for the study. The secondary information was collected from various annual reports of Micro, Small and Medium Enterprises; different issues of Economic Survey Published by the Government of India and other important books and Journals, Internet, Reports, Published Documents of District Industries Centre, Ministry of Micro, Small and Medium Enterprises, Government of India, New Delhi and the Hand Book of statistics, Chittoor District, published by chief planning officer, Chittoor from DIC, Chittoor.

6. Construction Tools

All the schedules were scrutinized so as to appraise the quantitative and qualitative aspects of the data before each schedule was passed for tabulation. After tabulation of data, the data was analyzed by using statistical tools like t-test, f-test, CGR, and ANOVA.

Growth of Micro, Small and Medium Enterprises in Chittoor District (2012-2013)

Table 2

Category Wise Micro, Small and Medium Enterprises in Chittoor District (Rs. In lakhs)

Sl. No	Category	No. of units	Per cent	No. of Workers	Per cent	Investment (In Lakhs)	Total
1.	Micro, Small Enterprises	1,469	98.06	26,149	91.85	49,724.43	57.42
2.	Medium enterprises	29	1.94	2,320	8.15	36,876.86	42.58
		1,498	(100.00)	28,469	(100.00)	8,6601.29	(100.00)

Source: General Manager, District Industries Centre, Chittoor.

The data in Table 2 show that out of 1,469 units, 98.6 per cent belong to Micro and Small Enterprises, while only 1.94 per cent 29 units to Medium Enterprises. Regarding the number of workers employed, 91.85 per cent 26149 are found in the Micro and Small Enterprises, and only 8.15 per cent in the Medium Enterprises. The investment part shows that 57.42 per cent constitute Micro and Small Enterprises whereas 42.58 per cent Medium Enterprises, on the whole the data shows that a greater number of enterprises constitute micro and small.

Micro Enterprises

The micro enterprises in Chittoor District during 2006-12 are shown in table 3. The number of micro enterprises was 278 during 2006 vi-a vis 870 during 2012. There was a continuous growth in them during the period. The amount invested in plant and machinery was Rs.1, 630.32 lakhs in 2006 as against Rs.4, 669.96 lakhs in 2012. There was a regular increase in the level of investment in these assets. The total capital employed in all the assets put together has increased from Rs. 2, 007.90 lakhs in 2006 to Rs.7, 216, 23 lakhs in 2012. The number of employees in all the units as a whole was 2,930 during 2006 whereas 9,470 during 2012. It may be concluded that there is a rise in micro enterprises in respect of number units, investment in plant and machinery, total capital employed in all the assets and labour force employed.

Table 3
Year wise micro enterprises in Chittoor during 2006-2012

Year	No. of Units	Plant And Machinery	Total Capital Employed	No. of Employees
2006	278	1,630.32	2,007.90	2,930
2007	303	1,777.21	2,269.11	3,192
2008	405	2,312.06	3,195.24	4,847
2009	491	2,661.32	3,833.55	6,266
2010	604	3,186.33	4,806.31	7,327
2011	710	3,710.25	5,694.73	8,230
2012	870	4,669.96	7,216.23	9,470
CGR (%)	17.7	16.22	20.05	18.25

Source: Compiled from the records of District Industrial Centre, Chittoor

Small Enterprises

The small enterprises in chittoor district for the period 2006-12 are depicted in table 4. It shows that the number of small enterprises have gradually increased from 100 in 2006 to 559 in 2012. The cost incurred in acquiring plant and machinery was Rs.5, 974.77 lakhs in the former as against Rs.45, 054, 47 lakhs in the latter. It may be noted that there is no decline in any one of the years over the preceding years. Similarly, the total capital employed stood at Rs.7, 826.35 lakhs in 2006 whilst Rs.71, 724.47 lakhs in 2012. There has been no decline in the total capital employed in any one of the years during the period. These units have generated employment to 2,549 persons in 2006 whereas 16,679 persons in 2012. It may be summed up that there has been a continuous progress in the number of units established, cost incurred in purchasing of plant and machinery and total capital employed in financing total assets. These have generated employment to thousands of persons during 2006-12. It may be summed up that there is tremendous growth in the matter of small enterprises in the district during 2006-12.

Table 4
Details of Small enterprises in Chittoor during 2006-12
(Rs. In lakhs)

Year	No. of Units	Plant and Machinery	Total Capital Employed	No. of Employees
2006	100	5,974.77	7,826.35	2,549
2007	179	10,950.91	16,991.24	4,504
2008	286	18,854.87	29,459.06	7,692
2009	366	26,375.44	42,508.59	10,805
2010	446	33,365.77	53,132.05	13,213
2011	523	39,690.92	63,331.91	15,115
2012	599	45,054.47	71,724.47	16,679
CGR (%)	29.14	33.46	37.23	30.78

Source: Compiled from the records of District Industrial Center, Chittoor.

Medium Enterprises

The particulars of medium enterprises in Chittoor District during 2006-12 are presented in table 5. It can be observed from the table that the number of medium enterprises at the end of 2006 were 19. These have gradually gone up to reach 29 at the end of 2012. The amount invested in these units in terms of plant and machinery was Rs.29,727.50 lakhs in 2006 as against Rs.36, 876.86 lakhs in 2012. There has been a gradual increase in the amount invested for acquiring these assets during the period without any exception. The total capital invested was Rs.41, 231.55. lakhs in 2006 vis –a vis Rs.53,115.856 lakhs in 2012. There has been a gradual progress in the total investment made over all the assets spread over medium enterprises during the period under reference. The number of employees working in all these units was 679 during 2006 as against 2, 320 during 2012. It may be concluded that the medium enterprises measured in terms of number units, investment in plant and machinery, total capital employed and number of employees has progressively gone up without any to and fro changes during the period.

Table 5
Particulars Medium Enterprises in Chittoor during 2006-12
(Rs. In lakhs)

Year	No. of units	Plant and Machinery	Total Capital Employed	No. of Employees
2006	19	29,727.50	41,231.55	679
2007	21	31,235.50	44,217.55	854
2008	23	32,653.50	46,110.55	1,740
2009	25	34,034.86	47,903.91	1,947
2010	26	34,807.86	49,498.91	2,040
2011	27	35,307.86	50,698.91	2,135
2012	29	36,876.86	53,115.85	2,320
CGR (%)	6.23	3.13	3.68	19.19

Source: Compiled from the Records of District Industrial Center, Chittoor

Cost - Output Ratio**Table 6****Cost Output Ratio in the Sample Micro, Small and Medium Enterprises**

SI. No	Category	Raw Materials Cost to Output Ratio	Wages to Output Ratio	Power / energy to Output Ratio	Other Cost to Output Ratio	Total Cost Output Ratio
1	Agro and allied based units	0.16	0.02	0.2	0.13	0.33
2	Chemical based units	0.23	0.03	0.02	0.17	0.45
3	Animal husbandry	0.17	0.01	0.01	0.10	0.30
4	Engineering based units	0.21	0.02	0.01	0.06	0.30
5	Non – Metallic and Mineral based units	0.11	0.02	0.02	0.07	0.22
6	Paper and Printing based units	0.37	0.06	0.03	0.11	0.57
7	Repairs and Service based units	0.26	0.25	0.02	0.09	0.62
8	Textile based units	0.30	0.04	0.03	0.07	0.44
9	Forest based	0.31	0.03	0.02	0.07	0.43
10.	Miscellaneous	0.18	0.01	0.01	0.06	0.26
Total		0.21	0.03	0.01	0.12	0.32

Source: Sample data

The cost output ratio shows that paper and printing based units was highest with 0.37% in the case of raw material. The next in order was forest based 0.31%, textile based units 0.20% and chemical based units 0.23%. As for the wages was concerned the high percentage belonged to repairs and service based units 0.25%, Power and energy to output ratio shows paper and printing based units and textile based units dominated with 0.03% each. Anova is calculated for the data available in table 6 and the results are shown in Table 7, Anova Results.

Anova consequences reveal that there is no significant difference in the cost - output ratio among the different categories of micro, small and medium enterprises as the calculated F – values is less than Table value at 5% level. Hence, the formulated hypothesis is accepted.

Capital – Output Ratio

Table 7

The capital out ratio for different categories of Micro, Small and Medium Enterprises have been

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	0.041922	9	0.004658	1.209448	0.329713	2.250131
Columns	0.234988	3	0.078329	20.3379	4.25E-07	2.960351
Error	0.103988	27	0.003851			
Total	0.380898	39				

worked out and presented in Table 8

Table 8

Capital – Output Ratio in the Sample Micro, Small and Medium Enterprises

Sl. No	Category	Fixed Capital to Output Ratio	Working Capital to Output Ratio	Total Capital to Output Ratio
1	Agro and allied based units	0.11	0.31	0.42
2	Chemical based units	0.32	0.43	0.85
3	Animal husbandry	0.31	0.33	0.64
4	Engineering based units	0.37	0.39	0.76
5	Non – Metallic and Mineral based units	0.19	0.28	0.47
6	Paper and Printing based units	0.38	0.54	0.92
7	Repairs and Service based units	0.39	0.48	0.87
8	Textile based units	0.40	0.48	0.88
9	Forest based	0.24	0.30	0.54
10.	Miscellaneous	0.21	0.29	0.50
Total				

Source: Sample data

The fixed capital output ratio shows that textile based units had high percentage with 0.40%, followed by repairs and service based units with 0.39%, paper and printing based units with 0.38% and engineering based units with 0.37% working capital to output ratio shows the 0.54% belonged to paper and printing, 0.48% each to repairs and service based units and textile based units, and 0.39% to

engineering based units. T-Test is calculated for the data available in table 9 and the results are exposed in table 9(t-tests.)

Table 9 (T-Test)

It is evident from the above table 15 the t- calculated value is less than the critical value at 5 % level of

t-Test: Two-Sample Assuming Unequal Variances		
	Variable 1	Variable 2
Mean	0.292	0.383
Variance	0.009907	0.00889
Observations	10	10
Hypothesized Mean Difference	0	
df	18	
t Stat	-2.09894	
P(T<=t) one-tail	0.025097	
t Critical one-tail	1.734064	
P(T<=t) two-tail	0.050194	
t Critical two-tail	2.100922	

significance, where the degree of freedom is 18. Hence Null hypothesis is accepted, there is no significant difference between fixed capital to output ratio and working capital to output ratio among the different categories of micro, small and medium enterprises.

Input – Output Ratio

The Input Output Ratio of Sample Micro, Small and Medium Enterprises is Shown in
Table 10

Sl. No.	Category	Input	Out put	Input output Ratio
1	Agro and allied based units	3,78,17,199	12,30,69,009	1:3.25
2	Chemical based units	77,70,607	1,64,12,223	1:2.11
3	Animal husbandry	73,49,780	2,40,23,280	1:3.27
4	Engineering based units	69,59,346	2,25,48,282	1:3.23
5	Non Metallic and Mineral based units	57,22,963	2,57,83,710	1:4.51
6	Paper and Printing based units	32,72,880	56,65,098	1:1.73
7	Repairs and Service based units	57,26,468	92,27,794	1:1.61
8	Textile based units	36,97,814	84,24,063	1:2.28
9	Forest based	41,16,259	1,32,30,047	1:3.21
10.	Miscellaneous	43,22,072	1,52,14,554	1:3.52
Total		8,67,55,388	26,35,98,060	1.3.03

Source: Sample data

The data point out that the input and output ratio is more for the non-metallic and mineral based units, followed by miscellaneous 1:3.52, animal husbandry 1:3.27, agro and allied based units 1:3.25 and engineering based units 1:3.23. Repairs and service based units have the lowest of all units with 1:1.61. T test is calculated for the data available in table 10 and the results are shown in Table 11.

Table 17

t-Test: Two-Sample Assuming Unequal Variances		
	Variable 1	Variable 2
Mean	8675538.8	26359806
Variance	1.0732E+14	1.20134E+15
Observations	10	10
Hypothesized Mean Difference	0	
df	11	
t Stat	-	
	1.545875242	
P(T<=t) one-tail	0.07520172	
t Critical one-tail	1.795884814	
P(T<=t) two-tail	0.15040344	
t Critical two-tail	2.200985159	

The “t” calculated value (0.15040344) is less than the t critical value (Table Value (2.200985159) at 11 df (degree of freedom), Since the null hypothesis is accepted as there is no significant difference between the variables have been taken from the above table.

7. Conclusion

The Micro, Small and Medium Enterprises are appropriately regarded as the strength of character of the Indian economy. The procedures recommended above, if implemented authentically, can ease out the problems of Micro, Small and Medium Enterprises and help their expansion to a large extent. What is required most is a positive approach on the part of the Government and financial and other institutions towards the Growth and Performance of Micro, Small and Medium Enterprises in Chittoor District of Andhra Pradesh. MSMEs include huge extent covering activities like manufacturing, servicing, retailing, financing, construction, and infrastructure. Experience shows that nations that support their courageous entrepreneurs have grown and prospered over the last 50 years, while nations that have placed barriers to the growth of their small business enterprises have been rated low on the performance graph. MSEs has performed extremely well and enabled our country to accomplish comprehensive procedures of industrial enlargement and diversification.

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