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IMPACT OF GOVERNMENT AID TOWARDS DEVELOPMENT OF SUSTAINABLE MSME BUSINESS IN SOLAN AND SHIMLA DISTRICT OF HIMACHAL PRADESH

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ABSTRACT: The MSMEs contributes extensively to the country's manufacturing output, employment and exports and is accredited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. The labor intensity of the MSME sector is much higher than that of large enterprises. MSMEs comprise more than 80% of total enterprises in most of the economies. So, the main purpose of the research was to study the current status of Govt. aided MSME's who are already in this business and have completed their 5years. Secondly, the research was targeted on the Govt. aid towards the development of sustainable MSME's business to provide some recommendations & suggestions for their improvement and other supporting Govt. agencies as well. By the study, I wanted to conclude that although Govt. is providing facilities and subsidiary to the people who want to run the business, but in actual, are these businesses in good working condition and how much these are contributing to generate the employability. At the same time, how much effort and initiatives are being taken by the Government for the benefit of the MSME's.

Keywords: MSME, Entrepreneurship, business, performance, employability

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INTRODUCTION

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. They have unique advantages due to their size; they have comparatively high labor-capital ratio; they need a shorter gestation period; they focus on relatively smaller markets; they need lower investments; they ensure a more equitable distribution of national income; they facilitate an effective mobilization of resources of capital and skills which might otherwise remain unutilized; and they stimulate the growth of industrial entrepreneurship. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. It complements large industries as ancillary units and contributes enormously to the socioeconomic development of the country. The MSME sector is an important pillar of the Indian economy as it contributes greatly to the growth of Indian economy with a vast network of around 30 million units, creating employment of about 70 million, manufacturing more than 6000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. This sector, even assumes greater importance now as the country moves towards a faster and inclusive growth agenda.

The SME sector has registered a continuous growth in terms of total number of units, which was 4 percent. The Units are estimated to increase to 11.853 million from 11.395 million. The production was about 11.5 percent, worth of Rs. 39, 90,200 million up from Rs.35, 77,330 million. The employment generation found 4.2 percent during 2004-05, was 28.282 million increased from 27.136 million.

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Objectives:

1. To study the impact of Govt. aid towards development of sustainable MSME's business.
2. To provide some recommendations & suggestions for their improvement.

METHODOLGY

The research methodology of this project was based on **primary information** in which the information which I had collected was never collected before. My research work started from the ground level, because I had to find the business performance of MSME's entrepreneurs of Solan and Shimla district of Himachal Pradesh.

A. ***Data collection:*** After making the questionnaire, I had to get the contacts of male and female entrepreneurs of Shimla and Solan district of Himachal. So, I visited KVIC, DIC and KVIB of Solan and Shimla. There, I convinced them to give the information of entrepreneurs within their name, Business name, address, mobile number and email id.

B. ***Research instrument:*** The research instrument in this study is a structured questionnaire to be filled by the respondents. The questions are both open-ended and close ended to have a free opinion from the respondents.

C. ***Distribution of questionnaire and collection of data****:* After designing of questionnaire and selection of sampling unit, questionnaire was distributed to be filled in by sampling unit.

D. ***Survey methodology:*** I had the information of entrepreneurs within their name, address, business name, mobile number and email id. I made the personnel call for every entrepreneur to convince them to fill the survey. I sent the questionnaire through their WhatsApp number and email id. I did the offline survey also. I went to the number of places to make the survey fill. In online survey, I got the 73 responses and 27 from offline survey. So, in total I got 100 responses.

E. ***Analysis of data****:* Data analysis was done to measure the current situation of entrepreneurs in Solan and Shimla district of Himachal Pradesh. And to know about the employability generated by it.

FINDINGS OF STUDY:

Table 1: Amount of subsidy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 1-10%	31	31.0	31.0	31.0
	Between 11-20%	31	31.0	31.0	62.0
	Between 21-30%	24	24.0	24.0	86.0
	Above 30%	14	14.0	14.0	100.0
	Total	100	100.0	100.0	

The research work was based on the survey. The data which is collected from the survey is as followed. As the survey was consisted of the questionnaire, this was being filed by the people who are associated with the business of MSME. The study was based on the entrepreneurs who are doing their business in Solan and Shimla district of Himachal Pradesh. The survey was being done on the total of 100 entrepreneurs.

Above data amount of subsidy given to the entrepreneurs. Maximum of the subsidy amount lies between 1-10% and the percentage of the people is 31. After that 30% of the people got the subsidy of 11-20%. While 21-30% subsidy was given to 23% and 14% of the people got the subsidy above 30%.

The subsidy which is being provided to the entrepreneurs for their business is the decent amount of money which is really helpful to start a business, some of them even getting subsidy 21-30% which is again a good amount of subsidy. Although the amount of subsidy all depends upon the type of business, entrepreneur is going to start.

Maximum of the employees who are working in these businesses are semi-skilled and their percentage is 42%, followed by 32% who are skilled. Rest of 26% are of the employees are non-skilled and meeting to their needs. As people are getting employed at MSME businesses, this is the good sign towards growth of employability and some of the employees are skilled too which shows their keen interest to work there. At the same time number of

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employees is also getting increased. The study showed that the employees are getting paid a decent amount of money. Also, the annual income of the businesses is good, that is why they are paying their employees well.

Table 2: Net income annually

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 Lakhs	36	36.0	36.0	36.0
	11-15 Lakhs	20	20.0	20.0	56.0
	6-10 Lakhs	28	28.0	28.0	84.0
	Above 15 Lakhs	16	16.0	16.0	100.0
	Total	100	100.0	100.0	

Above data shows that 36% of the entrepreneurs gets the profit of 1-5lakhs. 28% gets the profit of 6-10lakhs, 20% gets the profit ranging from 11-15 Lakhs and 16% have the profit above 15lakhs.

Table 3: How long you wish to continue with your business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2-3 years	20	20.0	20.0	20.0
	3-4 years	29	29.0	29.0	49.0
	4-5 years	24	24.0	24.0	73.0
	More than 5 years	27	27.0	27.0	100.0
	Total	100	100.0	100.0	

This above chart clears that MSME businesses are earning well according to their initial investments. Good annual income also shows that MSME businesses are doing a good growth in our country. This is a good source of money for the entrepreneurs and also playing a role in providing employability.

Above bar graph shows that 29% wants to continue the business for around 3-4 years, 27% wants to continue for more than 5 years. 24% have the interest to continue it for 4-5 years and rest 20% wants to continue for 2-3 years.

This also shows that are people are satisfied with their businesses and want to continue for further years which is again a good sign with regard to GDP of the nation and employability. And at the same time, they are interested in doing the business and want to set up new type of machinery in their business center so it is easy for employees to do the work and so they can produce more products.

Table 4: Satisfied with MSME ID

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	69	69.0	69.0	69.0
	No	31	31.0	31.0	100.0
	Total	100	100.0	100.0	

Above chart shoes that people are pretty much satisfied with the assistance provided with the MSME Id. That is why, 68% have favored in the satisfied section. On the other hand, 30% don't favor it. This shows that MSME's are providing their full support to the entrepreneurs of India and these MSME Id's are helpful in getting the raw material for their products and they have to pay less amount for buying the raw material.

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Table 5: Knowledge about entrepreneurship development Program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	82	82.0	82.0	82.0
	No	18	18.0	18.0	100.0
	Total	100	100.0	100.0	

Above chart signifies that 82% of the people know about the Young entrepreneurship Program which clarifies that entrepreneurs are well aware about the recent trends in the business.

According to all this analysis, I have concluded some findings which are following:

- Regarding MSME business, most of the entrepreneurs are associated with the Manufacturing and Services business followed by Service sector which shows that there is an equal opportunity to start any type of business whether it is small, micro or medium. There is subsidy available for every type of business.
- The people who are doing MSME business are most likely to do the Micro and Small businesses because of the subsidy provided to them. The amount of subsidy which is providing to the entrepreneurs lies between 1-10% followed by 11-20%. Very few of the entrepreneurs get the subsidy above 30%. The amount of subsidy provided to the people also depends upon the type of business they are doing. For taking the subsidy, KVIB and DIC are the most preferred statutory body according to the entrepreneurs. The subsidies which they are getting from the statutory bodies are a great help to the entrepreneurs for their businesses. It is helpful in starting their business as well as plays an important part in their overall income.
- The net income of the entrepreneurs annually lies between 1-5lakhs, followed by 6-10lakhs, further followed by 11-15lakhs. There are few entrepreneurs who likely to get above 15lakhs annually from their business. On an average, people are getting a fair amount of money from their businesses. And they are able to provide sufficient amount of salary to the employees because of which they are also interested in doing jobs at MSME businesses and their number is also increasing.
- Study shows that there is a good demand of MSME products in the market that is why the product has been selling to the domestic as well as on International level. The selling of the product to the other countries is a good sign towards the growth of MSME businesses
- At the same time, they have knowledge about Entrepreneurship Development Program too which shows that they are aware about the Govt. policies and recent trends in the MSME business. This means that Govt. is ready to give their full support to the MSME businesses in the country.

CONCLUSION AND RECOMMENDATIONS

Entrepreneurs are earning well from the MSME businesses because their annual incomes shows are proof of that and they even export their products in other countries too. MSME statutory bodies are giving their full assistance to the entrepreneurs to get their subsidy at time. On the top of that these businesses are providing employability too and the number of employees is getting increased and they are earning well. The people who are satisfied with the businesses want to continue with their businesses for a longer period.

And they are well aware about the recent trends in current business scenario and are implementing in their work environment.

Government is also providing the full assistance to the people who are doing their own businesses by providing Young entrepreneurship programs so that they become more aware.

- Although MSME businesses are doing well in the Solan and Shimla district of Himachal Pradesh. At the same time, they face some problems during getting their subsidies. Sometimes it takes up to 5 years to get their subsidy passed. So, the subsidy should be provided within 3 years so that people don't have to wait for such a long time. At the same time on the market level they face the problem of low price and delayed payments for their products, so there should be a proper pricing for the product so that the businesses can earn well.
- Another problem is of transportation because the people whose businesses are far from the market don't find any suitable transport system to sell their product in the market. So, there be shall of facility of transportation to sell their product.

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- One another major problem is that during buying of raw material there is more govt. control because of which the people are unable to buy the suitable amount of raw material. So, the entrepreneurs demand that there should be less govt. control.

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