



## MSME SECTOR AT A GLANCE-PERFORMANCE OF THE SECTOR IN KERALA

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### ABSTRACT :

Micro, Small and Medium Enterprises (MSMEs) play a crucial role in promoting equitable development, stability and in nurturing innovation on a small scale sector. The MSME sector in Kerala is diverse in terms of size, levels of technology employed and products. In this article to identify the performance of MSME sector in Kerala and also to evaluate its role on Kerala's economic development. It's the main emphasis on the production, investment, and employment in the MSME sector and its growth rate. The study is based on secondary data only; it is collected from various agencies related to promoting MSME sector. A Zigzag growth rate is got from MSME enterprises during the past years and Directorate of Industries and Commerce of all districts of Kerala is a full-time motivator for the growth of MSME enterprises in Kerala.

**KEYWORDS :** MSME Enterprises, Production, Goods and Services, Employments.

### INTRODUCTION:

Kerala with its excellent connectivity communication network, availability of highly skilled human resources and relatively good industrial infrastructure is highly suited for the growth of the MSME sector. The Micro, Small, and Medium enterprises sector help in the industrialization of rural and backward areas, targeting youth and socially disadvantaged group such as SC/ST, women, and physically challenged persons. This sector contributes enormously to the socio-economic development of the state. The industries coming under the MSME sector include handicraft, handloom, Khadi, food processing industries, garment making, and textile industries, industries related to coir, wood, bamboo, plastic, rubber, leather, clay, and electronic or electric components. The Directorate of Industries and Commerce of the Government of Kerala act as a facilitator for industrial promotion and sustainability of MSME sector and traditional industrial sector in the state with the help of Directorate of Handloom and textile Directorate of Coir Khadi and village industries Board. A total amount of 2373.74 crores has been provided for the development of Industry and Minerals during the first four years of the 12<sup>th</sup> plan.

### OBJECTIVES OF THE STUDY

The primary objective of the study is to identify the performance of MSME sector in Kerala. The performance mainly related to investment, goods and services and employment of MSME enterprises.



### METHODOLOGY

The study is pursued using secondary data. The sources from which secondary data are drawn from Economic Review Published by Kerala State Planning Board.

**Tools for Analysis**

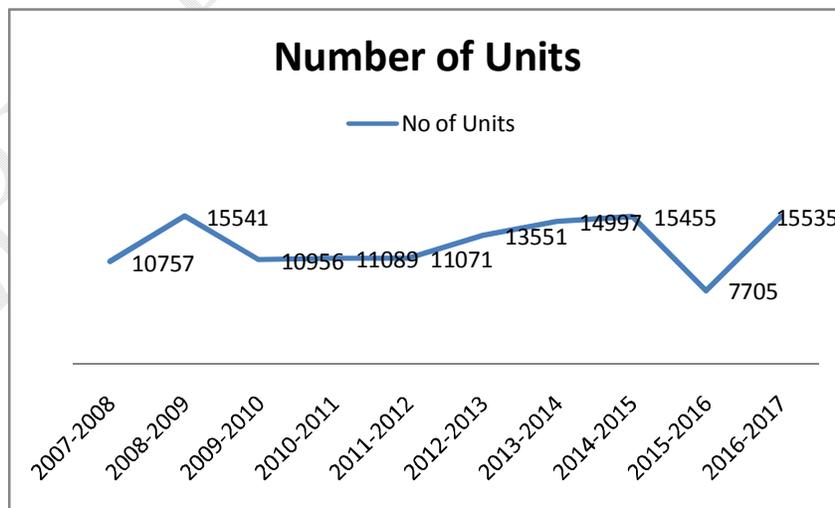
Annual Growth Rate and Compound Annual Growth Rate are applied for analysis.

**TABLE. 1**  
**YEAR WISE DETAILS OF MSME ENTERPRISES REGISTERED IN KERALA DURING THE YEAR FROM 2007-2008 TO 2016-2017.**

Year	No of Units	Value of Investments	Value of Goods and services	Employment generated
2007-2008	10757	878959.83	205198.6	107165
2008-2009	15541	573368.79	144349.62	106159
2009-2010	10956	553533.31	136003.27	80020
2010-2011	11089	915136.9	240193.41	83468
2011-2012	11071	697837.46	180436.95	79015
2012-2013	13551	700712.08	197912.01	86431
2013-2014	14997	876304.39	22242.28	87789
2014-2015	15455	71975.39	238794.75	83500
2015-2016	7705	338001.36	129356.95	45407
2016-2017	15535	712200	138711.73	57445

Source: Economic Review

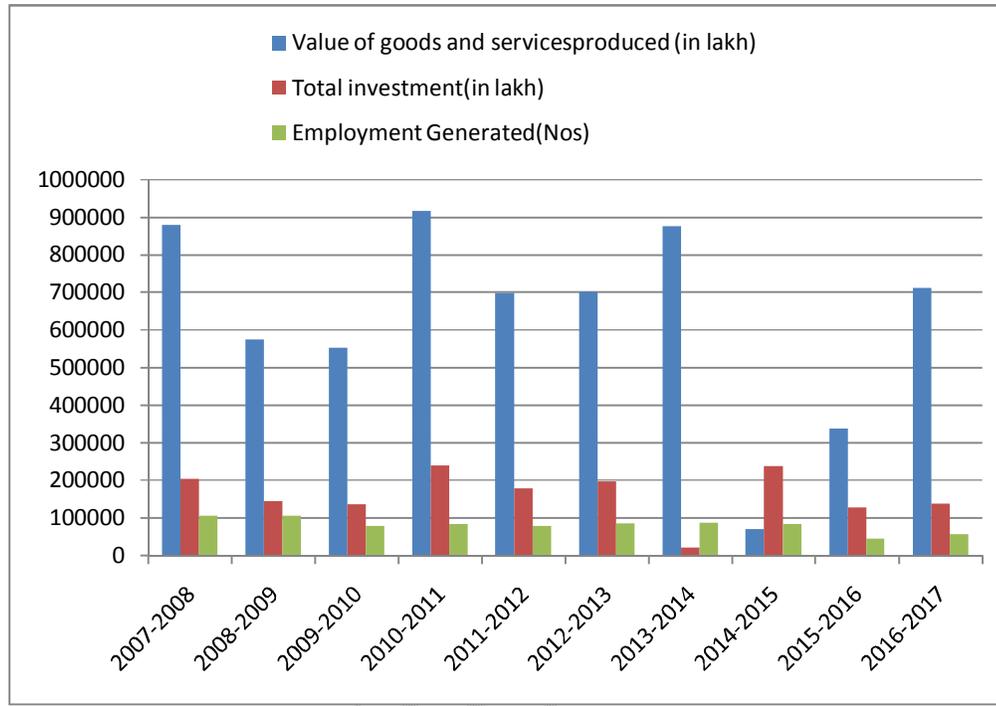
Table 1 shows the details of MSME enterprises registered in Kerala from the year 2007-2008 to 2016-2017 with a value of Investment generated, Goods and services produced and Employment generated. It is inferred from the table that from the year 2007-2008 to 2016-2017, a large number of MSME enterprise registered in the year 2008-2009 with 15541 units. In that period the low number of registration is inferred in the year 2015-2016 by 7705 units. In the year 2016-2017, 15535 MSME enterprises were registered under District Industrial Centers in Kerala. Value of goods and services and investment generated is very high in the year 2010-2011, at Rs. 915136.9 investment and Rs.240193 goods and services produced during the year. The low value of investment generated by the year 2014-2015, Rs.71975.39 and low value of goods and services produced during the year 2013-2014 Rs.22242.28. It also noted that employment generated is a very high number in the base year 2007-2008 at 107165 numbers and a very low number in the year 2015-2016 at 45407 numbers.



Source: Economic Review

**Figure 1 growth trend of MSME enterprises in Kerala**

Figure 1 shows the trend line of MSME unit’s registration in Kerala from the year 2007-2008 to 2016-2017. Only the base year shows an upward trend and after the year the trend line diminished. After 2009, constant rates of growth till 2012. After 2012 a small increase in growth curve is shown. From the year 2015 to 2016 deep falls in trend curve. After the year tremendous increase is shown till 2017.



Source: Economic Review

**FIGURE 1. 1 PRODUCTION, INVESTMENTS AND EMPLOYMENTS OF MSME ENTERPRISES FROM 2007-2008 TO 2016-2017.**

It is inferred from the graph investment, goods and services and employment of MSME enterprises in Kerala from the year 2007-2008 to 2016-2017. Investment and goods and services are very high in the year 2010-2011 and number of employment generated is very high during the period in the base year 2007-2008.

**TABLE.2  
YEAR WISE REGISTRATION O MSME ENTERPRISES FROM 2007-2008 TO 2016-2017.**

Year	No of Units	AGR	CAGR
2007-2008	10757		156.334
2008-2009	15541	44.47337	
2009-2010	10956	-29.5026	
2010-2011	11089	1.213947	
2011-2012	11071	-0.16232	
2012-2013	13551	22.40087	
2013-2014	14997	10.6708	
2014-2015	15455	3.053944	
2015-2016	7705	-50.1456	
2016-2017	15535	101.6223	

Source: Economic Review

Table 2 shows the year a wise total of MSME enterprises in Kerala. The table revealed that from the year 2007-2008 to 2016-2017, the yearly growth rate in unit registration is calculated by using Annual Growth Rate. AGR is highest in the year 2016-2017 at 101.62 percent and followed by the year 2008-2009 at 44.47 percent. AGR shows very low in the year 2015-2016 at -50.1456 percent. It also depicts that comparing initial years of unit registration and final years of registration by using Compound Annual Growth Rate. CAGR is 156.334 percent in relation to unit registration.

**TABLE.3**  
**VALUE OF INVESTMENTS GENERATED BY MSME ENTERPRISE FROM 2007-2008 TO 2016-2017**

Year	Value of Investments generated	AGR	CAGR
2007-2008	205198.6		-443.447
2008-2009	144349.6	-29.6537	
2009-2010	136003.3	-5.78204	
2010-2011	240193.4	76.60856	
2011-2012	180437	-24.8785	
2012-2013	197912	9.684857	
2013-2014	22242.28	-88.7615	
2014-2015	238794.8	973.6073	
2015-2016	129357	-45.8292	
2016-2017	138711.7	7.231757	

Source: Economic Review

Table 3 shows the year-wise details of total investment generated by MSME enterprises in Kerala. The table revealed that from the year 2007-2008 to 2016-2017, the yearly growth rate in the value of investment generated and also to identify CAGR. AGR in related to total investment generated is very high in the year 2014-2015 at 973.6073 percent and followed by the year 2010-2011 at 76.61 percent. AGR shows very low in the year 2013-2014 at -88.7615 percent. It also clears that comparing initial years and final years of the value of investment generated by using Compound Annual Growth Rate. CAGR is -443.447 percent in relation to value investment generated.

**TABLE.4**  
**VALUE OF GOODS AND SERVICES PRODUCED BY MSME ENTERPRISE FROM 2007-2008 TO 2016-2017**

Year	Value of Goods and Services	AGR	CAGR
2007-2008	878959.8		-480.393
2008-2009	573368.8	-34.7673	
2009-2010	553533.3	-3.45946	
2010-2011	915136.9	65.32644	
2011-2012	697837.5	-23.745	
2012-2013	700712.1	0.411933	
2013-2014	876304.4	25.05912	
2014-2015	71975.39	-91.7865	
2015-2016	338001.4	369.6068	
2016-2017	712200	110.7092	

Source: Economic Review

Table 4 shows that the year wise details of goods and services produced by MSME enterprises in Kerala. AGR in related to the value of goods and services produced is very high in the year 2015-2016 at 369.6068 percent and followed by the year 2016-2017 at 110.7092 percent. AGR is very low in the year 2014-2015 at -91.7865 percent. Compound Annual Growth Rate is a comparatively negative figure at -480.393 percent.

**TABLE.5**  
**NUMBER OF EMPLOYMENT GENERATED BY MSME ENTERPRISE**  
**FROM 2007-2008 TO 2016-2017**

Year	Employment Generated	AGR	CAGR
2007-2008	107165		-432.535
2008-2009	106159	-0.93874	
2009-2010	80020	-24.6225	
2010-2011	83468	4.308923	
2011-2012	79015	-5.33498	
2012-2013	86431	9.38556	
2013-2014	87789	1.571196	
2014-2015	83500	-4.88558	
2015-2016	45407	-45.6204	
2016-2017	57445	26.51133	

Source: Economic Review

Table 5 shows the year-wise growth of a number of employment generated by MSME enterprises in Kerala from the year 2007-2008 to 2016-2017. Annual Growth Rate is very high related to employment generation is very high in the year 2016-2017 at 26.51 percent and followed by the year 2010-2011 at 4.31 percent. Low AGR is recorded in the year 2015-2016 at -45.62 percent. Compound Annual Growth Rate shows a negative figure at -432.54 percent.

### FINDINGS

Following are the major findings of the study

- From the year 2007-2008 to 2016-2017 shows, a year by year increase of MSME unit registration but AGR shows a declaiming trend.
- MSME enterprise shows a Zigzag model of investment pattern.
- AGR in related Goods and services produced by the MSME enterprises shows a declining trend.
- Comparing base year in all other years shows a low number of employment opportunities provided by MSME enterprises in Kerala.
- Besides a number of unit registration in all other variables like the value of investment, goods and services and employment show a negative Compound Annual Growth Rate.

### CONCLUSION

MSME Enterprises in Kerala from the year 2007-2008 to 206-2017 shows positive growth in their unit registration, the value of goods and services produced and employment generated but a proportionate increase is not visible in tier growth. Compound Annual Growth Rate is negative except a number of unit registrations. From the study period, comparatively base year only shows a positive trend in all variables because of the introduction of various new initiatives and rules have directly affected the registration of MSME enterprises. By concluding that government can loosen the rules and regulations imposed on MSME

enterprises and various attractive policies are applied for the growth of MSME enterprises. Surely this will improve the positive growth of the performance of MSME enterprises in Kerala.

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