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THE FACTORS ACCOMPANYING WITH DEVELOPMENTS OF MSMEs: A SYSTEMATIC REVIEW OVER DEVELOPING COUNTRIES

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Abstract

It is well known that the role of MSMEs in the Indian economy is commendable. The MSME sector comprises nearly 63 million Enterprises it contribute 30% to India's in GDP, 45% to manufacturing, 40% to export, generate employment more than 113 million people. According to Udyam Registration Portal the number of MSME is 12,36,15,681. One of the main reasons for the success and growth of MSME in India is non-financial support. The contribution of non-financial assistance is important in the success of Make In India and Startups concept in India. Non-financial support such as access to networking decision, ability risk covering ,use of data information, knowledge of consumer behavior, market access, management technique ,strength to grow up itself in the competition etc.It can also provide the MSME sector to expand itself into new market and opportunities The impact of none financial support maybe underlined as increased brand awareness, improve the customer service, increase the quality of the product, improved efficiency, create online trading platform, minimize the cost of product ,maximize its profit, increase market opportunities. They are able to evaluate their performance and make changes as required and improve their performance. There are many MSME in India which are not able to survive in the market due to lack of non-finance support. So that non-financial support may help to accelerate MSMEs growth in India. That means non-financial support has a positive impact on the performance of MSME in India.

Keywords: *MSME, Non-financial support, MSME performance, Make in India, Startup*

Introduction

Mahatma Gandhi said that “The salvation of India lies in cottage and small scale industries” In 1800 India had a diversified manufacturing base, employing a significant proportion of the workforce. Textile production was the leading sector and the weaving of cotton cloth by India’s village artisans was a universal occupation. In crafts like ornamental metal ware, master craftsmen worked with apprentices in workshops. Since Independence , the rapid growth of the small scale industries sector is a significant component of Indian economy. To obtain this rapid development, governments have framed successive policies and guidelines which include modernization of technology, marketing assistance, investment ceilings, fiscal incentives and subsidies scheme, reservation schemes and so on to facilitate the growth of small scale industrial sector. After independence the national government conducted an industrial conference in 1947. The conference divided village and small industries broadly into three categories as follows (1) auxiliary; (2) service enterprises; (3) manufacturing enterprise. Auxiliary industries are supplementary of manufacturing industries. With the development of industrialization there arise many

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small industries which act as an auxiliary to the large scale production industries by supplying inputs to it. Service enterprises engaged in rendering or providing services. It is a commercial enterprise which renders services in expert manner by an individual or team for the benefits of its customers. The typical business services are intangible products such as banking, insurance, consulting, cleaning, repairing, transportation services and medical treatment and so on. Manufacturing enterprise uses components of raw materials to make finished goods which can be sold to the consumers directly or to the other manufacturing company that may use them for making a different product. Present study deals with the systematic reviews of literature which developed and contributed significant contribution in literature over it.

Data and Methods: The study over development of MSMEs follows a continuous and systematic reviews over time started from 1990's. Several problems with solution how evolve by different studies is carefully captured by this research work and tries to draw a path over such development. The systematic reviews regarding financial and infrastructural factors are the main variable and study identifies most of such factors over time. The identification of such factors will help us to construct a systematic review of the development of Micro-Small and Medium enterprises over some place and space. Overtime inclusion of new explaining factors will help the researchers to know the functioning of such industries more effectively and concurrently.

Results & Discussion

Studies found that there are many are many critical issues which make obstacles for the development of SMEs (Hornsby and Kuratko, 1990). Absence of important components like, arrangement of SME related factors, executive experiences, data handling, guidance board and business arranging aptitudes etc. We need to reduce these critical issues by right strategy to accelerate SMEs development. Anuradha (1995) made an account that Capability of Small Manufacturing enterprises implications for employment proportion between prime expense and fixed experience in small manufacturing enterprises Comparable cost capability, adequacy to interchange capability, payment discrimination. The Small firms were not by anyhow partly as profitable as big firms. Saif Siddiqui et.al (2008) made an account about the impact of non-financial help for MSME in Delhi. Those firms who were using non-financial help like consultancy service, training, infrastructural information, technology, market knowledge, production quality, payment of bills, industrial accommodation, raw materials, nature of human behavior, entrepreneurial skill etc., they were stronger than those who were not using non- financial help.

The study focused on alluring and sympathetic environment for development of SMEs in developing countries and South Africa (Mukolekongolo, 2010). Comprehensive contribution from government is essential for SMEs development. A big part of non-farm output produced by SMEs but it face a lot of problem like financial problem and lack of right strategy are two main challenges in these countries. There is a need for revolutionary initiative from the government. The right strategy of the government can provide technical and financial support to the SMEs, which will helpful to SMEs in expanding further. Khrystyna Kushnir et.al (2010) after studying the data related to MSMEs of 132 countries, he found that when compared to big farms, small businesses do not get financial facilities due to which they do not develop. In an economy where MSMEs get more financial facilities, their number is more, whereas in an economy where MSMEs get less financial facilities, their numbers are also limited. Steve Mercieca Klaus Schaeckb and Simon Wolfe (2011) found that small size and financial constraints always hinder the success of MSME and legal diversity does not allow them to succeed. This study suggests amendments in legal institutions as per the requirement. It will help to expand MSMEs size. Nalla Bala Kalyan Kumar and Sardar Gugloth (2012) study found that after globalization the development of MSME in India also gained momentum due to which employment, production, export, no. of units also increased. Rapid growth of MSME in the last few years has brought about a major change in the Indian economy. MSME will continue play an important role in the Indian economy in future also, especially in the field of employment. Nunoo and K.F. Andoh (2012) made a strong attempt that there is a positive relationship between secondary education and technical education and training and financial literacy of the owners of

MSME due to which they become aware of financial services and use them so that there are in large number of financial and non-financial institutions in urban areas. Whereas in rural areas due to lack of education and technical training there are few number of financial and non-financial institutions, so that MSME are not able to develop in rural areas. C. Silambarasan et.al (2012) outcome of the study is that after liberalization and globalization in India, the growth of entrepreneurship has increased. More than 90% of MSMEs in India has self-financed. Currently there are more than 3 crore MSME in India but their growth and success rate is very low about 12-13%. The successful MSMEs are mostly related to IT sector, Auto component, Heavy and Light Engineering Industries and Textile sector. There are many small and tiny MSME in India which is not able to develop due to many reasons, in which financial problems, inadequate knowledge of market, lack of training, lack of technical skill are prominent. Zarook and Rahman (2013) study explains the effects of management skills in the Libya's MSME. Their study concerns small and medium-sized industries. In their study, they found that management experience and higher education in industries play an important role in access to finance and the higher the refusal. And the higher their level, the greater and better will be their access to finance. That is, they have considered management skills as an important factor for the development of SMEs. Godfred Adjapong (2013) found in his study that in UK, the management of SMEs depend on the skilled managers who are highly qualified and have long-term experience can easily perform all the necessary tasks like work management and capital management with full confidence and efficiency, so that they have best working capital management. Illahi. S (2014) focused on the importance of institutional non-financial support to increase the performance of MSMEs in Delhi region. Small entrepreneur uses different types of non-financial assistance according to their needs. The study observed mainly six types of non-financial like technology, training, marketing, entrepreneurship development common facility centre and information and consultancy.

The study found that the role of MSMEs is very important in the industrial development of a country (Khound Makhan, 2015). Wide employment opportunities created through low capital investment in MSMEs. It is also helpful in removing regional disparity. To eliminate the role of MSME in social sector also prove to be effective in increasing per capita income, raising the standard of living etc. their study clarifies the role and importance of "The Micro, Small and Medium Enterprise Development Act" in June 2006 and a National Board for Micro, Small and Medium Enterprise. Ajmeri Sanjay R. (2015) found that MSME plays a remarkable role in developed and developing economies. MSME considered as the backbone of Indian economy. The performance and growth of central and state ministry activity regarding to MSME and its organization to encourage entrepreneurship, employment and livelihood opportunities and increase the competitiveness of MSME in the era of globalization, privatization and liberalization. This study examines the performance and growth of MSME in India It also clarifies its contribution to GDP. Patnaik et al. (2016) focused on the various challenges of MSMEs and the government schemes to reduce its problems and try to enhance its grow in Odisha. It also focused on global market competition and skill gap. Upadhayay & Kushwa (2017) made a study to predict the trend of contribution of MSME sector in India's GDP and output. The study considers the time period from 2006-2007 to 2019 to 2020. After the interpretation of the data it shows that despite of global meltdown in 2006-07 MSMEs has shown consistent growth in market value of fixed assets, employment and in increase in no. of working enterprises. Whereas contribution of manufacturing sector to GDP has shown a stable trend or slightly decreasing contribution but it has a huge possibilities for increasing contribution of manufacturing sector in India's GDP. The outcomes of several studies are that MSME plays a remarkable role in economic progress in rural and urban areas (Priyadarshani Zanjurne, 2018). It increases employment generation and provides affordable goods and services. The market value of MSMEs in India is \$5 billion, 45% of industrial output, 40% of total export, 45% industrial units, 42 billion employments and it produce more than 8000 products in Indian economy. Government of India has recognized the role of MSME in Indian economy, it has taken several initiatives including recognition of the concept of 'Enterprises' and include manufacture and service sectors, setting up a national board. It can play an important role in inclusive growth. The potential for growth of MSMEs in India is immense. Md. Suhaili and Sugiharsono (2019) found that the contribution of MSME in Indonesia in the year of 2012-2017 has been commendable in

employment and GDP. Micro business engaged 92%, medium business engaged 3% and small business engaged 5% of total workforce. The share of MSMEs in Indonesia's GDP during the period of 2012-2017 was 59.74%. In which micro enterprise 61.05%, small enterprises 16.05% and medium enterprises 22.75%. It shows that the role of micro enterprises is more significant than other enterprises. Bai, B. K. (2019) found that empower of the MSME sector to take its rightful place as the growth engine of Indian economy, it is necessary to support the MSMEs, educate and empower them to make optimum utilization of the resources, both human and economic, to achieve success. The MSMEs need to be educated and informed of the latest developments taking place globally and helped to acquire skills necessary to keep pace with the global developments. C. S Mund (2020) outlined that MSME is the backbone of the Indian economy and it is a major factor in the development of the economy. It also provides employment on large scale and is helpful in reducing poverty. But inadequate financial facilities are proving to be a hindrance in its development. They get loan facilities at high cost from financial institutions which are not available on time and in sufficient quantity. The main reason for this is the small size of these units. The establishment of CGTMSE is an important step in this area, it provides credit guarantee to MSME. But still the enterprises and the bankers are facing many problems.

Singh, Sandhaya et al.(2021) discussed about the women of India face different socio-economic hurdles while starting their own enterprises. It also discussed about market and skill related barriers. It focused on women entrepreneurship to accelerate job opportunities and the government and Ministry of MSME have taken several initiatives like Entrepreneurship development program, Entrepreneurship Cum Skill Development program, Training of trainers program. Sethurajan, S. & Shakena, M.I. (2021) studied to assess the level of the Prospects and Problems Faced by Small and Medium Scale Industries at Coimbatore in Tamil Nadu. The variables used in the study to identify the- finance ,raw materials, technological point of view, manpower point of view, project planning point of view, utilization of capacities, infrastructure point of view, legal aspects and marketing point of view (product, price, promotion and place) . The researcher has used measures of central tendency and dispersion for measuring the data. After the interpretation of the data it shows that credit problems is the major problem of MSMEs and it also ask for the establishment of separate finance department for MSMEs and optimum utilization of the resources. Renaldo, Sudarno et.al (2021) aims to understand the effects of the characteristic of entrepreneurial on MSMEs owners in the Pekanbaru (Indonesia) city. It is clear from this study that what is the impact of entrepreneurial characteristics, business capital and technological sophistication on the performance of MSMEs It shows that the entrepreneurial characteristics, business capital have a positive impact on MSME while technological sophistication does not have any significant impact on MSME. The importance of technological sophistication was seen during the Covid-19 pandemic as it was of utmost importance to keep human resources safe from the corona virus. Puwanto. A.H. Djoko (2022) found that operational management increase the performance of MSMEs but innovation does not effect on MSMEs performance. He focused on leadership; he found that leadership increases innovation and financial recording and later on financial recording increases MSMEs performance. Hendrawan, Bakri et.al (2023) found in his study that the use of financial capacity, capital, accounting information, financial information, financial reporting and entrepreneurship has a positive impact on MSME in Bogor region (Indonesia). To get adequate and necessary capital, it focuses on the skill development of enterprises. It is clear from the study that MSME should maintain adequate capital so that they can take adequate advantage of business opportunities.

Conclusion

It is clear that satisfactory development of MSME can be done through monetary and non-monetary assistance. The biggest problem of MSMEs is the problem of financial assistance, but even if this problem is solved then the problems arises in its efficient use in which the role of non-financial assistance increase. It clear from the above literature reviews that MSMEs can also developed by low investment with the help of non-financial assistance. Clearly we can say that MSMEs need financial assistance as well as non-financial assistance but the role of non-financial assistance is most valuable.

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