

# The Study of Growth Challenges Impacting Micro, Small, and Medium Enterprises Special References in Bihar

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**Abstract:** *Small and medium-sized enterprises constitute an enormous portion of the overall entities in Indians. Following agriculture, the MSME business produces most persons. This industry has been designated as a priority field given that to its key role in the nation's financial and social development. Due to the lack of important industries in Bihar, India, micro, small, and medium companies have been the framework for external investments. Because of the incorporation of entrepreneurial abilities within regular businesses, MSMEs have also been an important limestone to social inclusion. During this research, an attempt is made to present the interpretation and analysis related with the MSME sector's contribution to socialization and its future prospects in profiting from opportunities created by recent initiatives. The study additionally includes a comparative evaluation of the variations in arguments of small, micro, and medium-size enterprises on obstacles to their operations.*

**Keywords:** Inequality, MSME, MSMED Act, Comparative analysis, Role of Economics

## 1. Introduction

Micro, small, and medium-sized companies indicate the majority of the production base in most developing countries, providing considerably to overseas trade as well as GDP or GNP. SMEs are regarded as the still generators of a nation's economy and are thought to be the engine of every dynamic industry (Kumar, N. P. 2004). The agricultural and related industries provide the vast majority of revenue in rural regions. However, expansion, as well as fair development, in various sectors such as manufacturing and service sectors, is essential to promote the inclusive growth of the Indian economy.

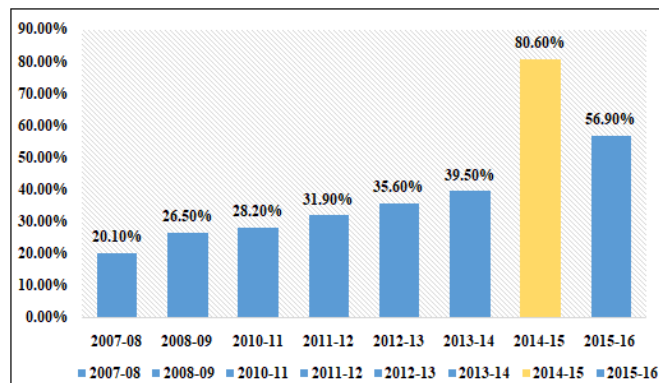
The Govt. in India strives to enhance both the financial and social circumstances of rural communities and the non-farm industry through a range of regulations that include facilitating the development of profitable industries that make the optimal utilization of local resources and skills, as well as measures that focus on enhancing logistics, developing abilities, improving science and technology, developing markets, and enhancing the abilities of entrepreneurs/artisans as well as it groups/collectives.

### 1.1 MSMEs in India: Development and Growing Perspectives

During autonomy, there has been a substantial shift in policy toward MSMEs in India. At first, medium-sized enterprises (MSME) (also referred to as small scale industries- SSI) benefitted from powerful comparable protection due to a number of categories of products within specialized manufacture from this sector. Nevertheless, with the subsequent launch of commercial policy, this approach experienced a few changes.

**Table 1:** MSMEs in India: Development as well as growth Prospects

Development in Years	Percentage
2007-08	20.1%
2008-09	26.5%
2010-11	28.2%
2011-12	31.9%
2012-13	35.6%
2013-14	39.5%
2014-15	80.6%
2015-16	56.9%



**Figure 1:** MSMEs in India: Development as well as growth Prospects

The liberalization is one such variable socioeconomic pattern that has transformed the MSMEs the surroundings. The Micro, Small, and Medium-Sized Enterprise Growing Act of 2006 set criteria for categorizing entities as Micro, Small, and Medium Enterprises based on how much they invested in buildings and equipment for manufacturing premises and machines for customer-focused units of measurement (Ravi, S. 2009).

### 1.2 Entrepreneurship's role and success in the nation's MSMEs industry

Considering its historic improvements expertise, "India has generated its mark in the global entrepreneurial scene."

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Indian citizens (such as Sunil Mittal and Nathan Goyal) have distinguished themselves as world-class entrepreneurs."

The goal must be to handle the differed sections of SMEs and link their activities with the operations of big multinational corporations. Entrepreneurial development amongst MSMEs is thoroughly addressed in various countries by a combination of both public and private sector groups. India has also included the growth of entrepreneurship inside MSMEs in its national development Action Plan.

MSMEs are driven by entrepreneurs, and MSMEs play a vital structural and dynamical role in every country's economy. The main domains where higher degrees of entrepreneurship can substantially help accomplish certain policy goals are below:

- Generate possibilities including new jobs, careers, and products/services.
- Economic expansion, improved efficiency, and creativity.
- Reduced poverty and social inclusion.
- Locate new consumers and enter fresh markets.

Over the past two decades, there has been an upsurge toward promoting more "social enterprise" as a means of reducing poverty, boosting job possibilities, and strengthening disadvantaged or underrepresented communities, especially in rural areas.

Bihar district has the highest proportion of MSMEs in the state in fiscal year 2017-18. Despite the government's attempts to expand connectivity in areas other than public money, a second option among MSMEs proprietors remains a point of contention.

For the monetary year 2017-18, most of MSMEs chose to be enlisted in the Bihar separating, out of the absolute number of units laid out across the various developments of Bihar - alongside units set up in regions made by BIADA (Bihar Businesses Region Improvement Specialists). All through the monetary year 2013-14, 3133 units have been made in Bihar, with 827 units (26%) enrolled in the Patna Division. In the Tirhut isolating, 17% of units were recorded.

### 1.3 MSME in Bihar

Bihar is one of the country's primary MSME centres, accounting for around 95% of the state's enterprises; yet, only 5% of these industries are bank-exposed (SME Venture, 2017). Despite the Republic of India (GoI) distributing news articles in 2018 examining the year-end accomplishments of MSMEs as well as their job era, of which Bihar, India displays 915 projects involving support to women empowerment, more than half of these MSMEs in the region encounter problems such as acquiring capital, insufficient and incorrect power supply, a lack of cutting-edge technology, a lack of current data, and a lack of marketplaces or structures.

All of these issues contribute to the sector's poor development, given the fact that it kinds the foundation of the state's jobs and economic.

## 2. Objectives of the Study

- To investigate the impact of MSMEs (micro, small, and medium-sized enterprises) on supporting entrepreneurship and economic development in Bihar.
- Identify the development worries impacting small, medium, and micro enterprises in the expansion of Bihar's national economic.

## 3. Literature Review

**Ravi, S. (2009)** The MSME area has frequently been named the 'driving force of development' for creating economies. We start with an outline of this area in India and take a gander at a few ongoing patterns which feature the turn of events and meaning of this area opposite the Indian economy. Throughout recent years, there have been significant arrangement changes at the government and state level pointed toward uniting and fostering this area.

**Srinivas K T (2013)** India's SME sector is a critical engine of the country's financial growth narrative. Using 40% of the nation's labour force, the area might potentially disseminate contemporary development throughout the country and can be a vital partner in accelerating the pace of comprehensive development. Miniature, little and medium ventures, have consistently filled in as a model of the financial strategies of the Public authority of India.

**D. Amutha, (2014)** This work presents a survey of late explores on ladies business person. It endeavours to distinguish the Variables influencing ladies business person, Sort of work in which females are involved talked about in the pertinent writing. The discoveries uncovered that notwithstanding a few associations "Business person is an individual who finds ground-breaking thought and business open doors, unites assets to lay out a business, sorts out and deals with its tasks to give financial labour and products, for the general population.

**Sugaraj .J et al (2014)** Noticed 17 variables for example monetary autonomy, utilization of inactive assets, market potential, economic wellbeing, support from family, acquiring regard from others for ability and ability, looking for testing undertaking, getting more cash, acquiring control on life, getting preferable life over previously, to show what me can do, confidence, being business visionary was long lasting objective, opportunity structure management, To help family monetarily, to invest spare energy are the elements which impact.

**Pandya R (2016)** The term 'business visionary' has a French beginning, got from the French language 'entreprenre' which signifies "among taker" and "go-between" that is 'to embrace' and intended to assign a coordinator of stimulations like melodic occasions and so on. Business visionary characterized by the Oxford English Word reference (1987) as "the chief or supervisor of a public

foundation, one who 'gets up' diversion, particularly melodic execution.”

**Das, K. (2017)** Little and Medium Ventures (Sme's) has a most significant impact in the financial development of the nation. However, SME's area has reliably enlisted higher development rate contrasted with the generally modern area, however at that point likewise they have been confronting extraordinary difficulties in the period of progression and Globalization too in the present VUCA climate.

#### 4. Research Methodology

The method applied is to identify development difficulties affecting small and medium-sized firms in the economic growth of Bihar's government. These traits may have

standardized as a result of empirical investigation. A descriptive study was carried out for this purpose.

#### 4.1 Data Collection

The research effort made to collect secondary as well as primary information relevant to the goal. The primary information was obtained using an organized survey.

#### 5. Data Analysis

The replies from participants have been summarized utilizing Tables. To determine the association between factors, a test for statistical significance (i.e., the Chi-square test) was performed, and the hypothesis was then assessed using the right statistical methods.

#### 5.1 Data Interpretation and Analysis

**Table 2:** Descriptive Statistics

Sl.No	Particulars	Number of respondents		Percentage
1	Gender classification of entrepreneurs	Male	134	90
		Female	16	10
2	Education credentials of entrepreneurs	Technical/professional	38	25
		Others	112	75
3	Nature of ownership of enterprises	Sole proprietorship	135	90
		Others	10	5
4	Number of years establishment	0-5 years	120	80
		<5 years	30	12
5	Respondents nature of manufacturing activity	Food processing	66	44
		Wooden/plastic	32	21
		Ceramics	11	7
		Others	41	25
6	Percentage distribution of enterprises processing quality certification	Possess	15	9
		Do not process	133	98
7	Geographical distribution	Patna	96	64
		Bhojpur	19	12.6
		Bhagalpur	14	10
		Muzzafurpur	25	11.6

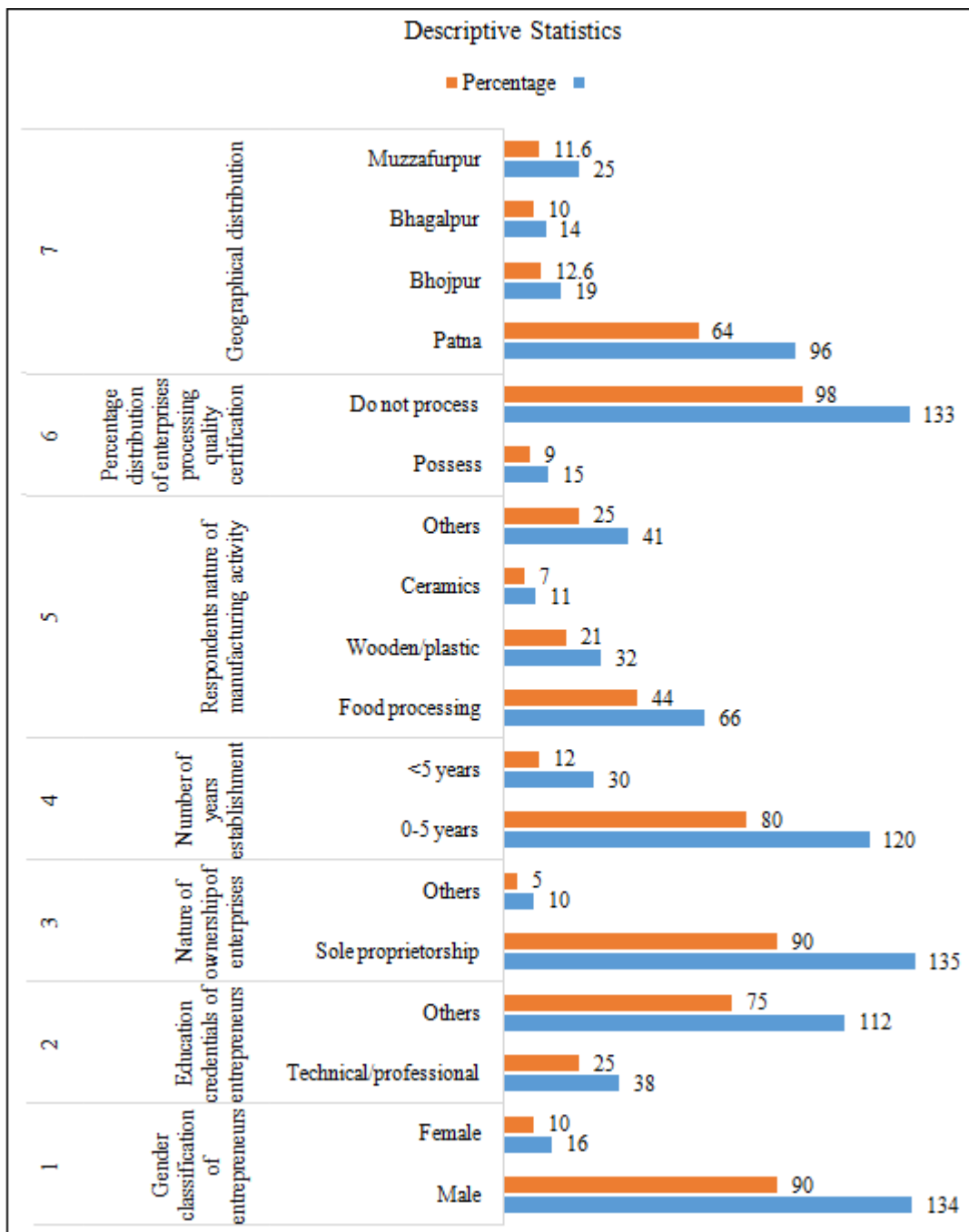


Figure 2: Descriptive Statistics

Table 2 indicates that 90% of the subunits were confidential, while 5% were produced in cooperation. Limited Units were holdings in companies whose shares went on sale either publicly or secretly. 80% of the devices have been in operations for a maximum of five years. Only 5 components, or 3% of all elements, remained over ten years old.

**5.2 Business-Government relations**

The response from MSMES was created utilizing a numerical scale option to acquire insight into the challenges encountered by Units owing to tax rates, taxation, business authorization, instability in politics, the accessibility of government authorities, and deception. Table 3 shows the final result.

Table 3: Central Tendency and Dispersion

Statistics	Tax rate	Tax administrative	Business licensing	Political instability	Responsiveness of officials	Corruption	Courts
Valid	150	150	150	150	150	150	150
Missing	0	0	0	0	0	0	0
Median	3.00000	4.0000	3.0000	2.0000	4.0000	3.0000	1.0000
Std. deviation	.90980	.73216	.83944	.39714	.63897	.66974	.16165
Variance	.828	.536	.705	.158	.408	.449	.026

The Chi square test was done, and the results, presented in table 3, revealed no link between the variables set to represent the degree of barriers confronting MSMES. This suggested that MSMES encountered problems as a result of

tax rates, taxation and licenses for business, political security, and responsiveness of authorities, bribery, and court.

**Table 4:** A chi-square test for parameter independence

<i>Test Statistics</i>						
	Tax administrative	Business licensing	Political instability	Responsibness officials	Corruption	Courts
<i>Chi- square</i>	29.467a	129.41a	76.462a	43.000b	79.000b	134.428c
<i>Df</i>	3	3	2	2	2	1
<i>Asymp. Sig</i>	.000	.000	.000	.000	.000	.000

The chi-square test findings in Table 4 showed that there was no substantial variance in difficulties across MSMES due to the government's tax bill.  $\chi^2(3, N = 150) = 29.467, p.05$ . The average amount of struggles caused by the material's purchasing was three. It showed that MSMES noticed minor difficulties as a consequence to the rate of taxation.

## 6. Conclusion

Micro, small, and medium-sized enterprises (MSMEs) make up an important segment of the Indian economy. There is no questioning that MSMEs may be properly described as an enhancer of long-term development. They possess a chance for hiring an enormous amount of individuals, thereby eradicating employment and reducing suffering. Both the national and state governments have regularly established schemes and initiatives that support and support entrepreneurs and small businesses. Bihar has to do quite a bit of homework to promote and grow MSMEs. The most crucial change necessary is an evolution in stakeholder attitudes and the perspective of agencies involved in small business growth.

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