

Analyzing Msme Growth and Development in the Garhwal Region Compared to Uttarakhand

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ABSTRACT

This study focuses on the growth of micro, small and medium enterprises (MSMEs) in all the districts of the Garhwal region of Uttarakhand. MSMEs play a decisive role in the socio-economic development of a country. In India, MSMEs are the primary drivers of socioeconomic growth and development. This study explores the current situation of MSMEs in the Garhwal region and compares it with the overall status of MSMEs in Uttarakhand. The research also analyzes the employment generation growth rate through MSME in the Garhwal region. This study highlights the challenges and opportunities for MSMEs in the Garhwal region and provides a comparative analysis of MSMEs in the state. The study's research methodology relies on secondary data obtained from the annual reports of the district industries center of Uttarakhand (2021-22). The statistical data has been analyzed and interpreted using the percentage and correlation method. Together, Visual aids such as tables, graphs and pie charts were employed to present the findings. The study found that the Garhwal region is a major contributor to capital investment in Uttarakhand. The share of the Garhwal region is higher than the Kumaon region in respect of MSMEs in Uttarakhand.

KEYWORDS MSMEs, Garhwal Region, Employment, Growth, Capital Investment.

INTRODUCTION

Small and medium-sized enterprises (SMEs) are regarded as one of the most significant contributors to economic growth in most countries across the globe (Nadaf & Kadakol, 2017). According to a report from the World Bank, SMEs comprise 90 % of all businesses and create over half of all jobs worldwide, with formal SMEs contributing up to 40% of GDP in emerging economies. In India, small and medium enterprises are referred to as micro, small and medium enterprises (MSMEs). Similar to the global trend, the Indian economy recognizes MSMEs as a crucial driver of growth and a catalyst for promoting equitable regional development. The MSME sector plays a vital role in Uttarakhand's production, investment, and job creation and helps mitigate the problem of migration and underutilization of natural resources. The study aims to identify the present situation of MSMEs in the Garhwal region and compare it with the overall status of MSMEs in Uttarakhand. The research also analyzes the employment generation growth rate through MSMEs in the Garhwal region.

GARHWAL REGION

Uttarakhand state comprises two distinct regions, namely Garhwal and Kumaon, which are home to 13 districts. The Kumaon region comprises districts through which the Sharayu River flows, such as Pithoragarh, Bageshwar, Almora, Nainital, Champawat, and Udham Singh Nagar. The Kumaon region boasts modern hill stations, breathtaking viewpoints, adventure activities and wildlife. On the other hand, the Garhwal region is known for its religious significance and connection to the Ganga River. Lying in the Himalayas, the Garhwal region is bounded on the north by Tibet, on the east by Kumaon, on the south by Uttar Pradesh state, and on the northwest by Himachal Pradesh state. The Garhwal region comprises 7 districts: Chamoli, Dehradun, Haridwar, Pauri Garhwal, Rudraprayag, Tehri Garhwal and Uttarkashi. Locals affectionately refer to Uttarakhand as Dev Bhoomi (The land of the Gods).

DEFINITION OF MSMEs

The Micro, Small and Medium Enterprises Development (MSMED) Act 2006 governs MSMEs. The definition of MSMEs is based on the investment made in plant and machinery for manufacturing units and investment in equipment for service units.

Table 1. Classification of MSMEs as per the MSMED Act, 2006.

Enterprises	Manufacturing Sector (Investment in Plant and Machinery)	Service Sector (Investment in Equipment)
Micro	Up to 25 Lakh	Up to 10 Lakh
Small	25 Lakh to 5 Crore	10 Lakh to 2 Crore
Medium	5 Crore to 10 Crore	2 Crore to 5 Crore

In 2020, the government realized that the upper investment threshold for MSMEs was hindering their growth potential. Therefore, an amendment was introduced on 1 July 2020, which classifies MSMEs based on a composite criterion of investment and annual turnover with higher upper threshold limits. The amendment also eliminates the differentiation between manufacturing and service units.

Table 2. Classification of MSMEs as per Amendment of 1 June 2020.

Manufacturing and Service Sector	Micro	Small	Medium
Investment	Up to 1 Crore	1 crore to 10 Crore	10 to 20 Crore
Turnover	Up to 5 Crore	5 Crore to 50 Crore	50 to 100 Crore

SIGNIFICANCE OF THE STUDY

The objective of this study is to gain valuable insights into the growth and development of MSMEs in the Garhwal region of Uttarakhand and to identify strategies for promoting their growth. MSMEs are crucial for creating employment opportunities and generating income. The development of MSMEs can bring balance to the development of the Garhwal region in Uttarakhand.

OBJECTIVES

The study has assessed the current situation of MSMEs in Uttarakhand along with some additional objectives, listed below:

1. To explore the current situation of MSMEs in Uttarakhand.
2. To analyze and compare the growth of MSMEs in the Garhwal region with the overall growth of Uttarakhand.
3. To compare the capital investment through MSMEs in the Garhwal region with the overall growth of Uttarakhand.
4. To compare the employment generation through MSMEs in the Garhwal region with the overall growth of Uttarakhand.

RESEARCH METHODOLOGY

The present study relies entirely on secondary data obtained from the annual reports of the district industries center of Uttarakhand (2021-22). The data has been analyzed and interpreted using the percentage method, and visual aids such as tables and graphs were employed to present the findings.

DATA ANALYSIS AND INTERPRETATION

Table 3. Current situation of MSMEs in Garhwal region till December 2022-23.

MSMEs	Enterprises	Share %	Capital Investment (In Lakhs)	Share %	Employment	Share %
Micro	40547	95.31	673708505.69	62.37	179645	77.30
Small	1865	4.38	406345221.1	37.62	43780	18.84
Medium	126	0.29	163748.61	0.02	8983	3.87
Total	42538	100	1080217475.4	100.00	232408	100.00

Source: Annual Reports of DICs.

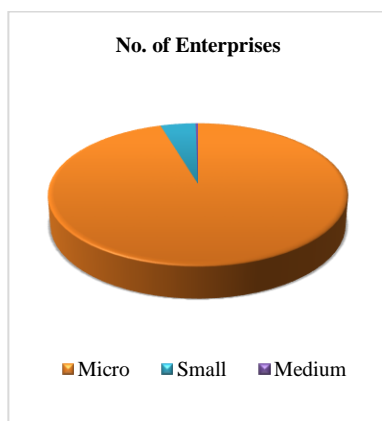


Figure: 1

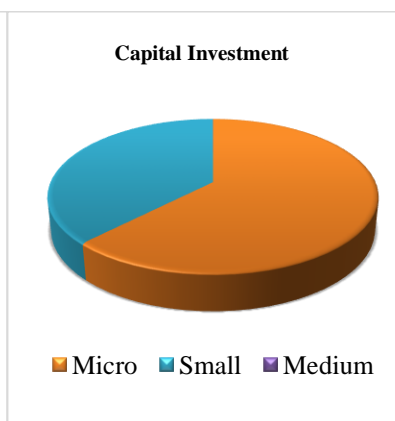


Figure: 2

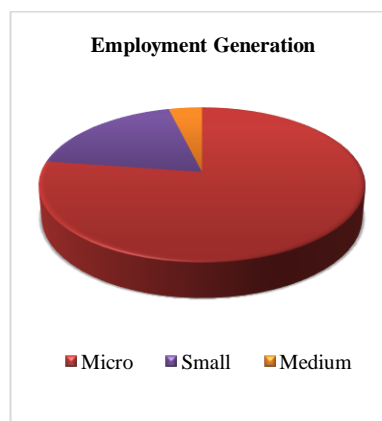


Figure: 3

INTERPRETATION: The above table and pie charts represent the data related to MSMEs (Micro, small, and medium enterprises) in terms of units, capital investment (in lakhs), and employment. The table is classified based on enterprise size i.e. micro, small and medium. As per the table, micro-enterprises constitute the majority of MSMEs with a share percentage of 95.31%, capital investment of 673708505.69 lakh (62.37% share), and employment of 77.30% share. Small enterprises have a share percentage of 4.38%, capital investment of 406345221.1 lakh (37.62% share), and employment of 18.84% share. The table shows that medium enterprises have a share percentage of 0.29%, capital investment of 163748.61 lakhs (0.02% share), and employment of 3.87% share. Overall, MSMEs account for 42538 in total number of enterprises, 1080217475.4 lakh capital investment, and 232408 employment generation.

Table 4. Overall status of MSMEs in the state of Uttarakhand till December 2022-23.

MSMEs	Enterprises	Share %	Capital Investment (In Lakhs)	Share %	Employment	Share %
Micro	59750	94.43	1008670858	64.23	279215	82.44
Small	3299	5.21	475867542.5	30.30	46328	13.68
Medium	223	0.35	85896756.09	5.47	13157	3.88
Total	63272	100.00	1570435157	100.00	338700	100.00

Source: Annual Reports of DICs.

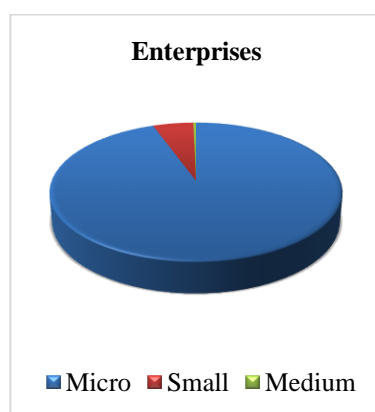


Figure: 4

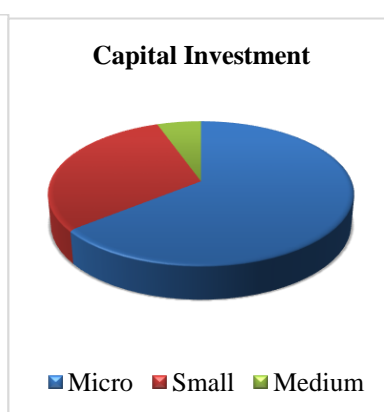


Figure: 5

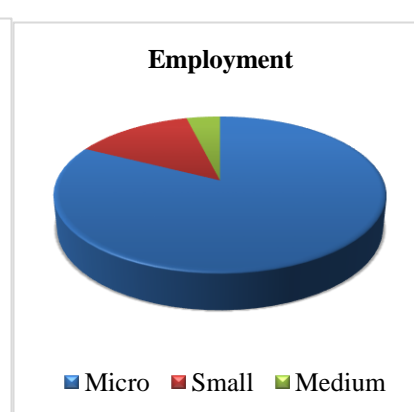


Figure: 6

INTERPRETATION: The above table and pie charts show the data related to MSMEs (Micro, Small, and Medium Enterprises), including the number of enterprises, their share percentage, capital investment in lakhs, and employment percentage in overall Uttarakhand including all the districts of Garhwal and Kumaon Region. The table is divided into three categories: Micro, Small, and Medium. The Micro category has the highest number of enterprises and employment percentages with a share of 94.43% and 82.44%, respectively. The Small enterprises have a share percentage of 5.21% and a capital investment percentage of 30.30%. Medium-sized enterprises have the lowest share percentage of 0.35% but have a higher capital investment percentage of 5.47%. Overall, the total number of MSMEs and their share percentage is 100%, and the total capital investment and employment percentage is 100% as well.

Table 5. Comparison in the status of MSMEs in the state of Uttarakhand and Garhwal region till December 2022-23.

Particular	Place	Micro	Share %	Small	Share %	Medium	Share %
Enterprises	Garhwal Region	40547	67.86	1865	56.53	126	56.50
	Overall Uttarakhand	59750	100.00	3299	100.00	223	100.00
Capital Investment (In Lakhs)	Garhwal Region	673708505.69	66.79	406345221.1	85.39	163748.61	0.19
	Overall Uttarakhand	1008670858	100.00	475867542.5	100.00	85896756.09	100.00
Employment Generation	Garhwal Region	179645	64.34	43780	94.50	8983	68.28
	Overall Uttarakhand	279215	100.00	46328	100.00	13157	100.00

Source: Annual Reports of DICs

INTERPRETATION: This table provides a detailed breakdown of enterprises, capital investment and employment generation in the Garhwal region compared to the overall Uttarakhand scenario, highlighting the contribution and performance of different enterprise sizes in the region's economy.

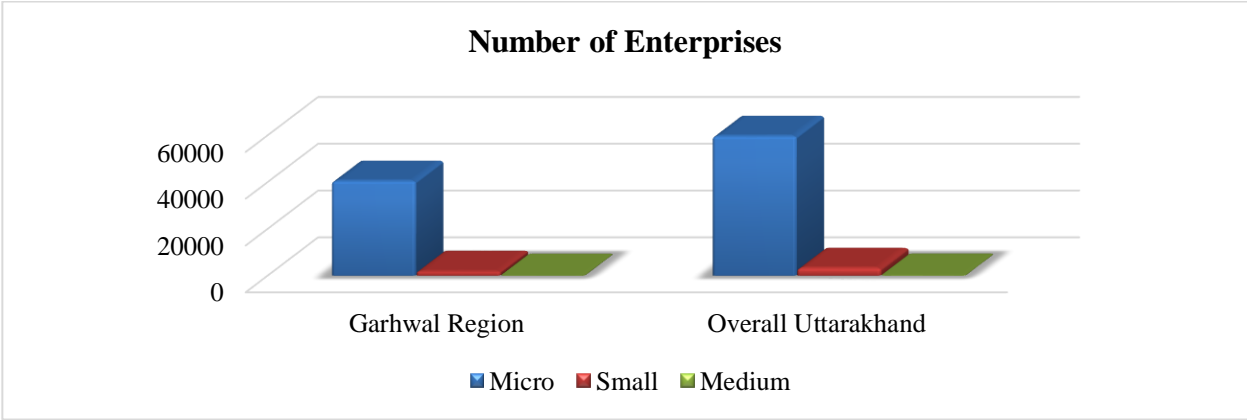


Figure: 7

INTERPRETATION: This section provides information about the number of enterprises in the Garhwal region and overall Uttarakhand segmented by their size. The data is presented in terms of the number of enterprises and their respective share percentages. For example, in the Garhwal region, there are 40,547 enterprises, representing 67.86% of the total in Uttarakhand. Out of these, 1,865 are small enterprises, constituting 56.53% of small enterprises in Uttarakhand. There are 126 medium-sized enterprises, accounting for 56.50% of the total medium-sized enterprises in Uttarakhand. Overall in Uttarakhand, there are 59,750 enterprises, representing the total. The share of small and medium-sized enterprises is also presented as 100% for reference.

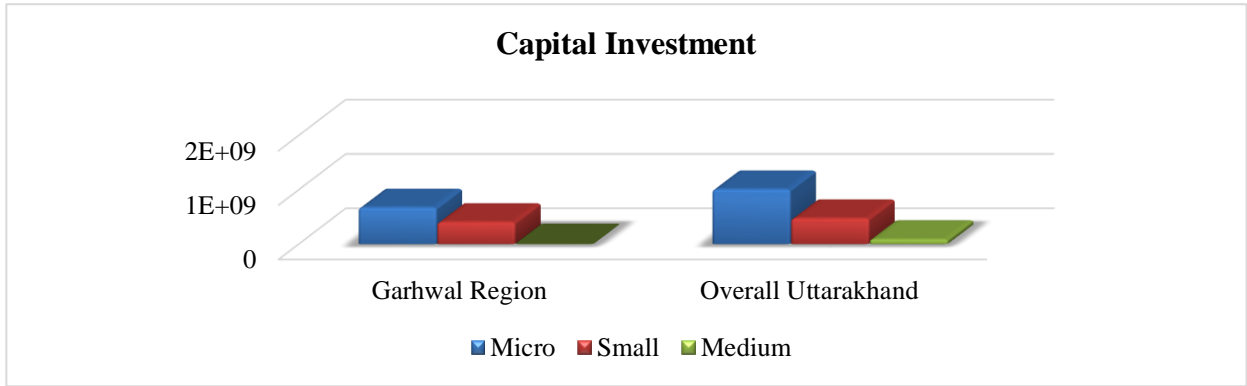


Figure: 8

INTERPRETATION: This section presents data regarding capital investment in the Garhwal region and overall Uttarakhand. It includes the total capital investment in lakhs and the respective share percentages for micro, small and medium-sized enterprises, for example; in the Garhwal region, the total capital investment is approximately Rs. 67,370.85 million, constituting 66.79% of the total investment in Uttarakhand. Micro enterprises account for Rs. 4063.45 million, representing 85.39% of the total micro-enterprise's investment in Uttarakhand. Small enterprises contribute Rs.163.75 million, making up only 0.19% of small enterprises investment in Uttarakhand. Overall in Uttarakhand, the total capital investment is approximately Rs. 100867.09 million, representing the total investment. The share of micro, small, and medium-sized enterprises is presented as 100% for reference.

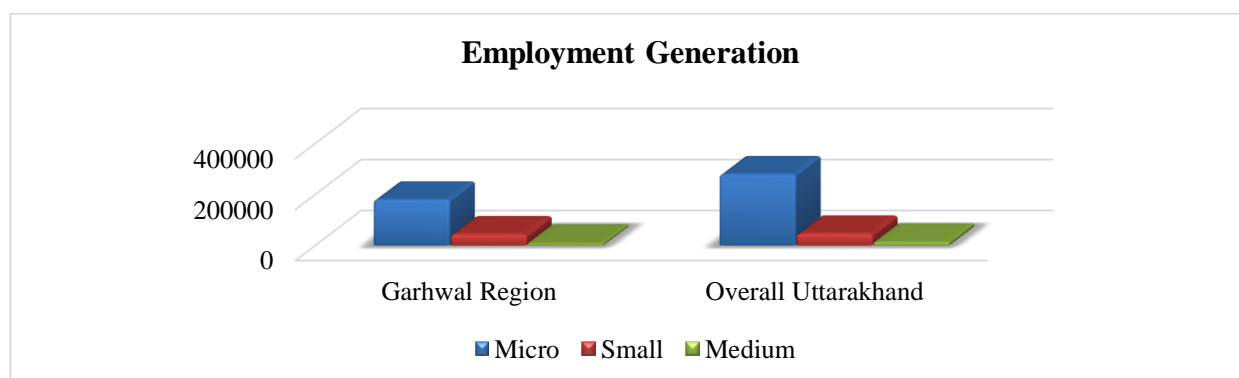


Figure: 9

INTERPRETATION: This section provides data on employment generation in the Garhwal region and overall Uttarakhand. It includes the total number of jobs created and the respective share percentages for micro, small, and medium-sized enterprises. For example; in the Garhwal region, there are 179,645 jobs generated, accounting for 63.34% of total employment generation in Uttarakhand. Micro-enterprises create 43,780 jobs, constituting 94.50% of the total micro-enterprise jobs in Uttarakhand. Small enterprises contribute 8,983 jobs, making up 68.28% of the total small enterprise jobs in Uttarakhand. Overall in Uttarakhand, there are 279,215 jobs generated, representing the total. the share of micro, small, and medium-sized enterprises is presented as 100% for reference.

Table 6. Existing status of MSMEs in Garhwal Division of Uttarakhand.

S. No.	District	Enterprise	Capital Investment (In lakhs)	Employment
1	Dehradun	10917	3393767.98	80065
	Micro	10813	3384675.98	78335
	Small	99	6662.00	1549
	Medium	05	2430	181
2	Haridwar	10073	261962370.06	96074
	Micro	8581	241982768.47	50162
	Small	1379	19882426.21	37386
	Medium	111	97174.61	8521
3	Tehri Garhwal	4172	281937.22	12149
	Micro	4055	271476.43	10833
	Small	115	9640.79	1203
	Medium	02	820	113
4	Pauri Garhwal	7058	1368839.45	17889
	Micro	6895	1351923.11	14993
	Small	156	14592.34	2778
	Medium	7	2324	118
5	Rudraprayag	2913	18425.03	8099
	Micro	2903	16523.27	8007
	Small	10	1901.76	92
	Medium	0	0	0
6	Uttarkashi	4015	813122796.49	10366
	Micro	3921	426693543.49	9684
	Small	94	386429247	682
	Medium	0	0	0
7	Chamoli	3379	9345.94	7771
	Micro	3366	7594.94	7631
	Small	12	751	90
	Medium	1	1000	50

Source: Authors finding

INTERPRETATION: The above table shows the data of MSMEs related to all districts of the Garhwal region of Uttarakhand state. The table above shows the data related to the capital investment and employment by enterprises in

different districts of Uttarakhand. The table includes seven districts, namely Dehradun, Haridwar, Tehri Garhwal, Pauri Garhwal, Rudraprayag, Uttarkashi, and Chamoli. The enterprises are further divided into three categories, namely Micro, Small, and Medium, and the corresponding data is given in the subsequent rows. The table provides valuable insights into the economic activities of various districts in Uttarakhand. The majority of enterprises lie in Dehradun and Haridwar districts i.e. 10917 in Dehradun and 10073 in Haridwar. Total capital investment in Haridwar district is 261962370.06 lakh. The contribution of employment generation is highest in Haridwar and Dehradun i.e. 96074 and 80065. Micro enterprises seem to dominate both in terms of capital investment and employment generation. They have the highest investment and employment figures compared to Small and Medium enterprises. This suggests a strong presence of small-scale businesses in Dehradun.

FINDINGS

Based on the analysis of the provided data, several conclusions can be drawn:

1. The Garhwal region contributes significantly to employment generation in Uttarakhand, with 179,645 jobs created, accounting for 63.34% of the total employment generation in the state.
2. Micro-enterprises play a crucial role in job creation, with 43,780 jobs generated, constituting 94.50% of the total micro-enterprise jobs in Uttarakhand.
3. Small enterprises also contribute to employment, with 8,983 jobs created, making up 68.28% of the total small enterprise jobs in Uttarakhand.
4. The Garhwal region is a major contributor to capital investment in Uttarakhand, with approximately Rs. 67,370.85 million invested, making up 66.79% of the total investment in the state.
5. Micro-enterprises account for a significant portion of the total investment in Uttarakhand, with Rs. 4063.45 million invested, representing 85.39% of the total micro-enterprises investment in the state.
6. Small enterprises contribute less to investment, with only Rs. 163.75 million invested, making up just 0.19% of small enterprise's investment in Uttarakhand.
7. The Garhwal region is home to a significant number of enterprises, with 40,547 enterprises, representing 67.86% of the total in Uttarakhand. Out of these, 1865 are small enterprises, constituting 56.53% of small enterprises in Uttarakhand.
8. There are 126 medium-sized enterprises in Uttarakhand, accounting for 56.50% of the total medium-sized enterprises in the state.
9. In the Dehradun district, micro-enterprises dominate both in terms of capital investment and employment generation, indicating a robust presence of small-scale businesses in the district, contributing significantly to the local economy and employment opportunities.
10. The Haridwar district exhibits significantly higher levels of capital investment, particularly in micro and small enterprises, suggesting a strong industrial presence or favorable business conditions in Haridwar, leading to substantial economic activity and employment generation.
11. The Tehri Garhwal, Pauri Garhwal, Rudraprayag, and Chamoli districts show lower levels of capital investment and employment compared to Dehradun and Haridwar. This may indicate relatively lesser industrial or business activity in these areas, highlighting areas for targeted economic development initiatives.
12. There seems to be an anomaly in the capital investment figures, particularly in micro and small enterprises, which are unusually high compared to other districts. This could signify significant economic activity in Uttarkashi or potentially a data reporting error that needs further investigation.
13. Although Dehradun and Haridwar are strong in terms of economic activity and employment generation, there may be opportunities for further development and investment in other districts like Tehri Garhwal, Pauri Garhwal, Rudraprayag, and Chamoli. Additionally, the anomaly in Uttarkashi requires closer examination to understand the true nature of economic activity in that district.

CONCLUSION

Micro, Small, and medium-sized businesses are very important for driving economic growth in most economies worldwide. In India, Micro, Small, and Medium Enterprises (MSMEs) are considered to be the primary drivers of socio-economic growth and foster balanced regional development. Uttarakhand is a Himalayan state with most of the parts covered with hill areas. Due to the difficulty in establishing large-scale industries, micro, small, and medium Enterprises (MSMEs) are getting more importance and employed in various sectors. This paper analyzes the growth, investment, and employment generation with low capital investment. The study further investigates the dependency of MSME growth and employment generation on fully hilly, fully plane, and semi-hill regions. The study found that the performance of micro-scale industries is the best in terms of employment generation and capital investment. In Uttarakhand, the growth and employment opportunities created by MSMEs are largely dependent on regions with high growth rates and employment generation in flat, plain areas. with a high rate of growth and employment generation in fully plane regions.

IMPLICATIONS

The research findings can be instrumental in devising policies and strategies to promote MSME growth and development in Garhwal and other regions of Uttarakhand. The study demonstrates the importance of MSMEs as a catalyst for job creation and income generation, which can lead to balanced regional development. The research outcomes of this study can be of great benefit to the government, policymakers, entrepreneurs, and business leaders in the state to create a conducive environment for MSME growth and development.

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