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## **Role of MSME in rural development of Malappuram district**

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### **Abstract**

Micro, small and medium enterprises plays a vibrant and dynamic sector of the Indian economy. It generates employment at low cost and helps the society to move on the path of prosperities and growth. They are complement to industrial development and thereby socioeconomic development of a region. In the case of economy of our nation small scale industries comprise industrial employment and have great role in increasing economic growth. This paper is an attempt to reveal the role of MSME in the rural development of Malappuram district in Kerala.

**Keywords:** MSME and rural development

### **Introduction**

MSME plays a vital role in the process of economic development. Major advantage of this sector is its employment potential at low cost. The labour intensity of MSME sector is more than that of multi corporate enterprise. They lead to industrialisation of backward areas, thereby reducing economic inequality and assuring more equitable distribution of income and wealth.

### **Objectives**

1. To make an overview of MAME Act, 2006 and rural development.
2. To examine the significance of MSME on Rural development of Malappuram.
3. To suggest measures for the better performance.

### **Methodology**

For the study investigator used both primary and secondary data. Simple random method is used and conducted survey among 20 small scale industrial units of various parts of Malappuram like Kondotty, Morayur, Pulpatta. Questionnaire is prepared for conducting survey. Secondary data were collected from various governmental reports. For analysis simple statistical technique only used.

### **Theoretical Review**

#### **MSME**

Enterprises from small-scale to medium scale grouped together are called MSME. In accordance with the provision of MSME Act, 2006, the micro, small and medium enterprises are classified in to two classes.

- Manufacturing enterprises: the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (development and regulation act-1951). The manufacturing enterprises are defined in terms of investment in equipment. The limit for investment in plant and machinery
- Service enterprises: The enterprises engaged in providing or rendering of services and are defined in the terms of investment in equipments. The for investment in plant and machinery /equipments for manufacturing /service enterprises , as noticed are as shown down

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**Manufacturing sectors**

Enterprises	Investment in plant and machinery
Micro enterprises	Don't exceeded 25 lakh rupees
Small enterprises	More than 25 lakh rupees but doesn't exceed 5 crore rupees
Medium enterprises	More than 5 crore rupees but doesn't exceed ten crore rupees

**Service sector**

Enterprises	Investment in plant and machinery
Micro enterprises	Doesn't exceed 10 lakh rupees
Small enterprises	More than 10 lakh rupees but doesn't exceed 2 crore rupees
Medium enterprises	More than 2 crore rupees but doesn't 5 crore rupees

Establishment of specific funds for promotion, development, and enhancing competitiveness of these enterprise, notification of programmes for this purpose, preference in procurements to products and services of the micro and small enterprises, more effective mechanism for mitigating problems of delayed payments to micro and small enterprises. The programmes undertaken by the ministry and its organizations seek to facilitate or provide

- a) Adequate flow of credit from financial institutions,
- b) Support for technological improvement,
- c) Integrated infrastructural facilities,
- d) Access to modern management practices,
- e) Training facilities for development of entrepreneurship skills,
- f) Support for product development and marketing,
- g) Development of artisans,
- h) Assistance for better access to domestic and export markets,
- i) conducting exhibitions for MSMEs
- j) giving awards for best MSMEs in every year

**Rural development**

Rural development is a process of improving the quality of life and economic well-being of people living in relatively isolated areas. Rural development has traditionally centered on the exploitation of land intensive natural resources such as agriculture and forestry. It is also characterized by its emphasis on locally produced economic development strategies. Rural development is backbone for prosperity in India. It has potential in rural development through various innovative technology based and proper utilization of human resources approach for growth and development. Rural development is a strategy designed to improve the economic and social life of rural poor. It is a process which aims at wellbeing and self-realization of people living outside the urbanized areas through collective process.

**Objectives of Rural Development**

- a) To develop rural area as whole in terms of culture, economy, technology, society etc.
- b) To develop standard of living.
- c) To develop and empower human resources of rural area in terms of their abilities.
- d) To develop rural industries through development of handicrafts, ssi village industries, rural crafts, cottage industries, and their economic operations in rural sector.
- e) To develop employment opportunities,

- f) To eliminate rural poverty,
- g) To empower rural community,
- h) To develop entrepreneurial skills,
- i) To improve rural marketing, etc are the important objectives of rural development.

**Rural Industries**

The Ministry of Agro and Rural Industries in India was established in September 2001, with the aim to develop the rural industries in the Indian economy A wide range of programmes, schemes, projects and policies have been formulated to carry out various activities in the rural areas of India. Rural industries are in different kinds such as Agro based, Forest based, Mineral based, Textile based and Engineering and service.

**Analysis and Results of the study**

Theoretical overview about MSME and Rural development were analyzed in former section. Role of MSME on development of Malappuram is analyzed on the basis of certain factors. They are given as

**Development of small scale industrial units after the MSME Act**

Industrial report of Malappuram district shows that when implementing MSME Act during 2006, numbers of units were only 154. It is increased to very high proportion during 2007-08 to 512 units. During 2008-09, units were 844 and 930 units were in 2009-10. Then it is increased 1628 in 2013-14.

**Availability of finance to units**

MSME helped in improving the availability of finance and assistance to industrial units in Malappuram. 80% of the unit members opined that many financial schemes and subsidy are getting for them for the improvement of their enterprise. They get many relaxation to their loans and getting concessional rates for electricity from KSEB.

**Details of existing Micro and Small Enterprise and Artisan units 2013-14**

Type of industry	No: of units	investment	employment
Agro based	183	989	508
Soda water	48	120	185
garments	1394	7149	3783
Wooden furniture	1349	8021	3971
Paper products	746	4598	2115
Leather based	114	1515	793
Chemical based	155	813	615
Rubber, plastic, based	411	415	1373
Steel works	464	1630	1369
Engineering units	2003	9307	7518
Electrical, transport	166	513	429
repairing	1698	2198	5215
others	2997	17904	8918

Source: DIC Malappuram

The above table shows there are many units and employment opportunities are held through MSME in Malappuram

### **Managerial and Technical Support from DIC**

There are 19 entrepreneurial skill development programmes were conducted during 2013-14. Many trainees were attended and trained in each clusters of Malappuram. There are 23 experts were developed through this. 85% of the unit members opined that they got all support for improvement of their units from DIC. It is a great help to rural artisans and it lead to the rural development. Only 15% unit member's were opined about the lack of technical support.

### **Marketing facilities and Profit of the unit**

Marketing is a serious problem faced by all small scale industries in any region. But due to effect of MSME Act this problem is solved to a great extent. DIC gives all support for marketing of their product and to conduct fairs and exhibitions. 40% of the entrepreneurs responded that their work is profitable. 60% responded that they are suffering difficulty for marketing their product. It is a great obstacle in competing with corporate product.

### **Suggestions and Conclusion**

On the basis of above analysis, this study put forward the following suggestions for better performance of the MSME.

- Provide raw materials at minimum price with the support of Govt:
- Provide adequate financial support to each unit.
- Give awareness to all unemployed about the scope of MSME.
- Find out permanent setup for marketing of their product.
- Establish more incentives to entrepreneurs.
- Encourage youth to start this venture.
- Promote more entrepreneurs from the part of women also.

The major achievement is that with MSME Act 2006, many changes are held in our district, and there by rural development. Small scale industrial development is an important strategy especially in developing countries. Through MSME many unemployed got employment opportunities. It also helps to reduce poverty. The notable achievement is MSME reduced gender inequality in Malappuram.

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