

A Study of SMEs in India: An Analysis of Units from Haryana (2014-2017)

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ABSTRACT

Small and Medium Enterprises (SMEs) are crucial to India's economic development, making substantial contributions to GDP, job creation, and exports. This study centers on SMEs in Haryana, exploring their performance, challenges, and growth from 2014 to 2017. By analyzing statistical data, government policies, and qualitative insights from various stakeholders, the paper underscores the sector's contributions and provides policy recommendations aimed at improving its sustainability and growth.

Keywords: *SMEs, Haryana, economic growth, employment, challenges, policy*

The Small and Medium Enterprises (SME) sector plays a crucial role in the Indian economy, known for its diversity, adaptability, and resilience. With more than 63 million units across the country, SMEs account for approximately 30% of India's GDP and 45% of total exports. Haryana, recognized for its industrial clusters and its close proximity to the National Capital Region (NCR), has become a prominent hub for SMEs in various sectors, including textiles, auto components, food processing, and IT. This study seeks to evaluate the performance of SMEs in Haryana from 2014 to 2017, a time marked by significant policy shifts such as the implementation of the Goods and Services Tax (GST) and the "Make in India" initiatives. The paper examines how these elements impacted the sector's growth while also identifying key challenges and opportunities.

Objectives

1. To evaluate the growth and contribution of SMEs in Haryana from 2014 to 2017.
2. To identify challenges faced by SMEs in the region during this period.
3. To analyze the impact of government policies on SMEs.
4. To recommend strategies for sustainable growth and competitiveness.

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METHODOLOGY

This study adopts a mixed-methods approach:

- **Quantitative Analysis:** Secondary data from government reports, industry surveys, and financial statements of SMEs.
- **Qualitative Insights:** Interviews with SME owners, industry experts, and policymakers.
- **Comparative Analysis:** Examining SMEs in Haryana relative to other states.

Overview of SMEs in Haryana

Haryana is home to approximately 2.5 lakh SMEs, contributing significantly to industrial output and employment. Key industrial clusters include:

1. **Faridabad and Gurugram:** Focused on auto components, IT, and consumer goods.
2. **Panipat:** Known for textiles and handloom products.
3. **Karnal and Ambala:** Renowned for agricultural equipment and scientific instruments.

Sectoral Contribution

Between 2014 and 2017, Haryana's SMEs accounted for:

- **Employment:** Providing jobs to over 6 million individuals.
- **Exports:** Contributing around 12% of the state's total exports.
- **GDP:** Approximately 7% of Haryana's Gross State Domestic Product (GSDP).

Key Challenges

1. **Financial Constraints** Access to affordable credit remains a critical issue. Despite initiatives like the MUDRA scheme, many SMEs struggle with high-interest rates and stringent collateral requirements.
2. **Technological Lag** A significant proportion of SMEs operate with outdated technology, impacting productivity and competitiveness.
3. **Policy Implementation** The rollout of GST posed initial challenges, including compliance costs and procedural complexities.
4. **Infrastructure and Connectivity** Inadequate infrastructure, especially in non-urban clusters, hampers operational efficiency.

Impact of Government Policies

1. **Make in India** The "Make in India" initiative encouraged investment in manufacturing, leading to increased opportunities for SMEs in Haryana, particularly in the auto and textile sectors.
2. **Digital India** Digitalization initiatives facilitated the adoption of e-commerce platforms and digital payments among SMEs, enhancing market reach.
3. **GST Implementation** While GST streamlined taxation, its initial implementation was met with resistance due to compliance difficulties.

Recommendations

1. **Enhancing Credit Accessibility:** Strengthening financial inclusion through simplified loan processes and lower interest rates.
2. **Technology Upgradation:** Introducing subsidized schemes for adopting advanced machinery and training programs for digital skills.
3. **Cluster Development:** Establishing state-of-the-art industrial parks with robust infrastructure.
4. **Policy Simplification:** Reducing bureaucratic hurdles and ensuring smoother implementation of tax and compliance frameworks.
5. **Export Promotion:** Providing market intelligence, subsidies for export-oriented units, and participation in international trade fairs.

CONCLUSION

SMEs in Haryana demonstrated impressive resilience and growth potential between 2014 and 2017. However, it is crucial to tackle systemic challenges and make the most of government initiatives to maintain this growth. By prioritizing innovation, financial inclusion, and infrastructure development, the SME sector in Haryana can play a vital role in advancing India's global economic goals.

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Conflict of Interest

The author(s) declared no conflict of interest.

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