

A Comprehensive Analysis of Number of MSME Registrations in Indian States

Exploring the Relationship Between Micro, Small and Medium Enterprises Registrations Across Indian States Till 19Th Feb 2024



Prepared Under the Guidance of

Dr. Amarnath Mitra

Course Coordinator, Regression and Time Series Models

Prepared by

Vivek Chandra(53A)

MBA Business Analytics 2023-25

Acknowledgement

I would like to express my sincere appreciation to **Dr. Amarnath Mitra**, our experienced Regression and Time Series Models Faculty, whose guidance and expertise were invaluable in shaping this report on 'A Comprehensive Analysis of Number of MSME Registrations in Indian States'. I also owe thanks to Wikipedia for being a valuable reference source and AI tools like ChatGPT and Bard for its quick information retrieval.

Additionally, I extend our gratitude to my supportive faculty members and, most importantly, our parents, whose unwavering encouragement has been a source of strength throughout our academic journey. I deeply appreciate the collective contributions and support from these individuals and resources, without which this project would not have been possible. I am sincerely grateful for their contributions to our work.

Vivek Chandra - 53A

MBA Business Analytics (2023-25)

Indian Institute of Foreign Trade, New Delhi

21st February , 2024

1. Executive Summary

The report analyses data on Micro, Small, and Medium Enterprises (MSME) registrations across Indian states and their correlation with Gross State Domestic Product (GSDP). Key insights include identifying top-performing states in the services and manufacturing sectors, exploring regional disparities, and assessing the correlation between MSME registrations and economic output. The analysis provides valuable insights for policymakers, stakeholders, and MSMEs to support informed decision-making and promote economic development.

2. Introduction

Micro, Small, and Medium Enterprises (MSMEs) constitute the backbone of India's economy, contributing significantly to GDP growth, employment generation, and fostering entrepreneurship. As engines of economic progress, MSMEs operate across diverse sectors, ranging from manufacturing to services, and play a pivotal role in driving innovation, promoting inclusive development, and mitigating regional disparities. Recognizing the critical importance of MSMEs, policymakers continually seek to formulate effective strategies and policies to nurture their growth, enhance competitiveness, and unlock their full potential.

Against this backdrop, this report embarks on a comprehensive analysis of MSME registrations in Indian states, aiming to unravel the intricate dynamics shaping the MSME landscape. By delving into extensive datasets encompassing registration figures, sectoral distribution, and geographic variations, the report endeavours to uncover key trends, identify top-performing states, and assess the correlation between MSME activities and economic indicators such as Gross State Domestic Product (GSDP). Through rigorous analysis and visualization techniques, the report seeks to offer actionable insights that can inform evidence-based policymaking, foster stakeholder collaboration, and catalyse sustainable economic growth.

By shedding light on the nuanced nuances of MSME registrations, this report not only seeks to deepen our understanding of the MSME ecosystem but also aims to provide valuable guidance for policymakers, industry stakeholders, and aspiring entrepreneurs. In an era marked by rapid technological advancements, globalization, and evolving market dynamics, the insights gleaned from this analysis can serve as a compass for navigating challenges, seizing opportunities, and fostering a conducive environment for MSMEs to thrive and contribute meaningfully to India's socio-economic development agenda.

3. Methodology

The analysis undertaken in this report relies on a robust methodology grounded in the systematic examination of data sourced from two primary repositories: MSME registration records and Gross State Domestic Product (GSDP) statistics for Indian states. These datasets serve as the foundational pillars upon which the analysis is constructed, offering comprehensive insights into the landscape of MSME activities and their correlation with economic performance across different regions of India.

To begin with, the data undergoes a meticulous process of organization and cleaning to ensure its integrity and reliability for subsequent analysis. This involves identifying and rectifying any inconsistencies, missing values, or anomalies present within the datasets. Once the data is curated and standardized, it is subjected to a series of descriptive statistical analyses, enabling the generation of summary statistics, distributional characteristics, and key metrics pertaining to MSME registrations and GSDP figures.

Furthermore, correlation analysis techniques are employed to ascertain the degree of association between MSME registrations and GSDP across various states. By quantifying the strength and direction of this relationship, the analysis seeks to unravel the interplay between MSME activities and economic growth, thereby elucidating the pivotal role played by MSMEs in driving regional development dynamics.

In addition to statistical analyses, visualization techniques are utilized to present the findings in an accessible and intuitive manner. Through the creation of charts, graphs, and interactive visualizations, the data is transformed into compelling narratives that facilitate a deeper understanding of the underlying trends, patterns, and disparities observed within the MSME landscape. By leveraging both quantitative and visual analytical approaches, the methodology employed in this report ensures a comprehensive and rigorous examination of the factors shaping the MSME ecosystem in India.

4. Analysis and Insights:

Correlation Analysis:

A correlation analysis between total MSME registrations and GSDP indicates a positive relationship, suggesting that states with higher MSME registrations tend to have higher economic output. The correlation coefficient signifies a moderate to strong positive correlation between MSME activity and economic productivity, highlighting the integral role of MSMEs in driving economic growth.

Top Performing States:

➤ **Services Sector:**

States such as Maharashtra, Tamil Nadu, and Karnataka emerge as top performers in MSME registrations in the services sector, reflecting their strong service-oriented economies. Factors contributing to their performance include favorable business environments, robust infrastructure, and access to skilled labor. These states serve as hubs for service-based industries such as IT, finance, and healthcare.

➤ **Manufacturing Sector:**

Gujarat, Maharashtra, and Tamil Nadu lead in MSME registrations in the manufacturing sector, owing to their established industrial bases, supportive policies, and access to raw materials and markets. These states boast thriving manufacturing clusters across sectors such as textiles, automobiles, and pharmaceuticals, contributing significantly to national industrial output.

➤ **Overall Performance:**

States such as Maharashtra, Tamil Nadu, and Uttar Pradesh emerge as overall top performers in total MSME registrations, indicating their balanced development in both services and manufacturing sectors. These states exhibit diverse economies, encompassing a mix of service-oriented industries and manufacturing enterprises, driving economic growth and employment generation.

Bottom Performing States:

States with lower MSME registrations, such as Lakshadweep, Ladakh, and Mizoram, face challenges related to geographical remoteness, limited infrastructure, and resource constraints. These states require targeted interventions and policy support to overcome barriers to MSME growth and enhance economic resilience.

Regional Disparities:

Regional disparities in MSME registrations and economic output highlight the uneven distribution of economic opportunities and development across states. Disparities between states in different geographical regions, such as North-Eastern states and Union Territories, underscore the need for region-specific policies and investments to address developmental gaps and promote inclusive growth.

Sectoral Analysis:

Analysis of MSME registrations by sector reveals variations in sectoral composition and growth trends. While the services sector dominates in states like Maharashtra and Karnataka, manufacturing-centric states like Gujarat and Tamil Nadu exhibit a more balanced sectoral mix. Understanding sectoral dynamics is crucial for formulating targeted policies and interventions to promote sectoral growth and diversification.

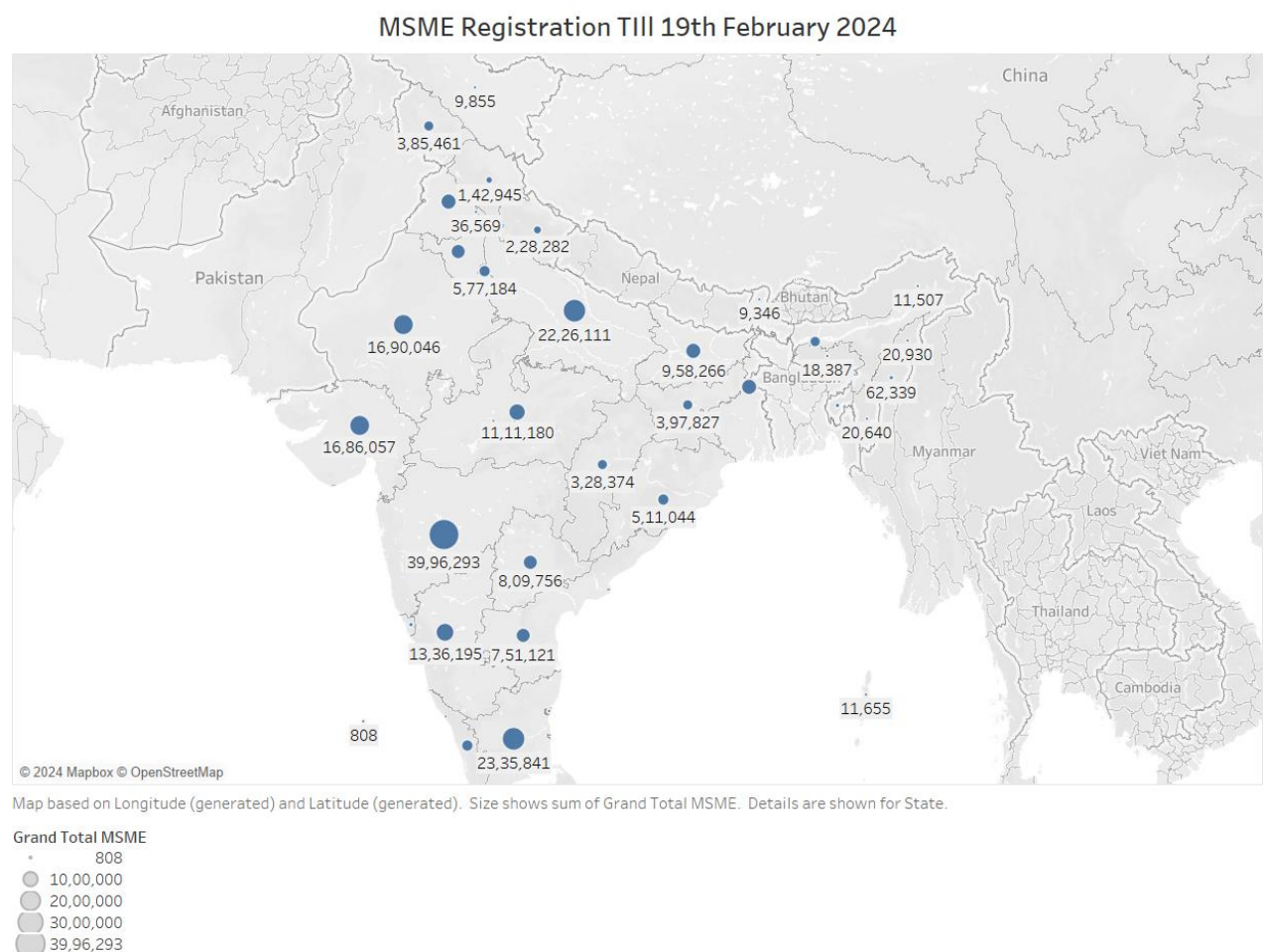


Fig1.1 – State Wise Number of MSME Registrations Till 19th February 2024 in India

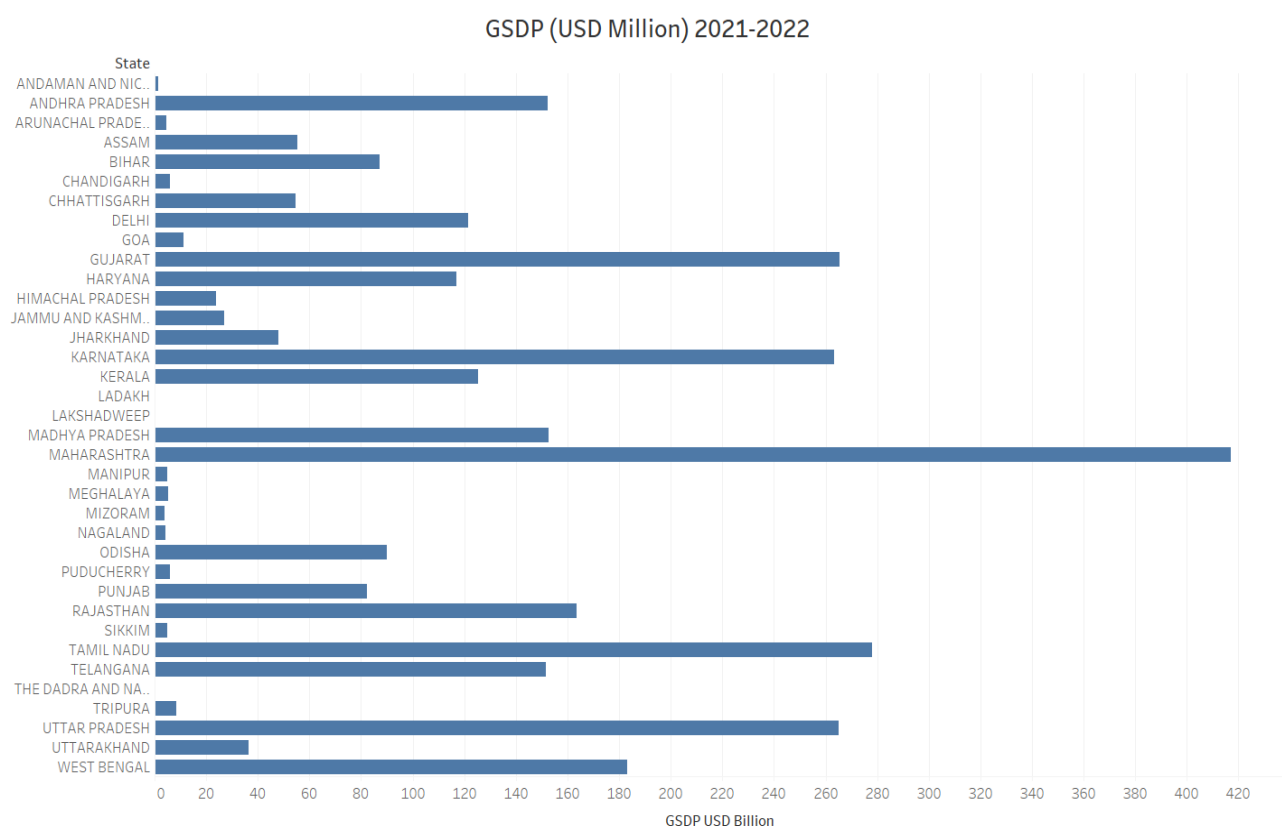


Fig1.2 –Gross Domestic Product State Wise in India (2021-2022)

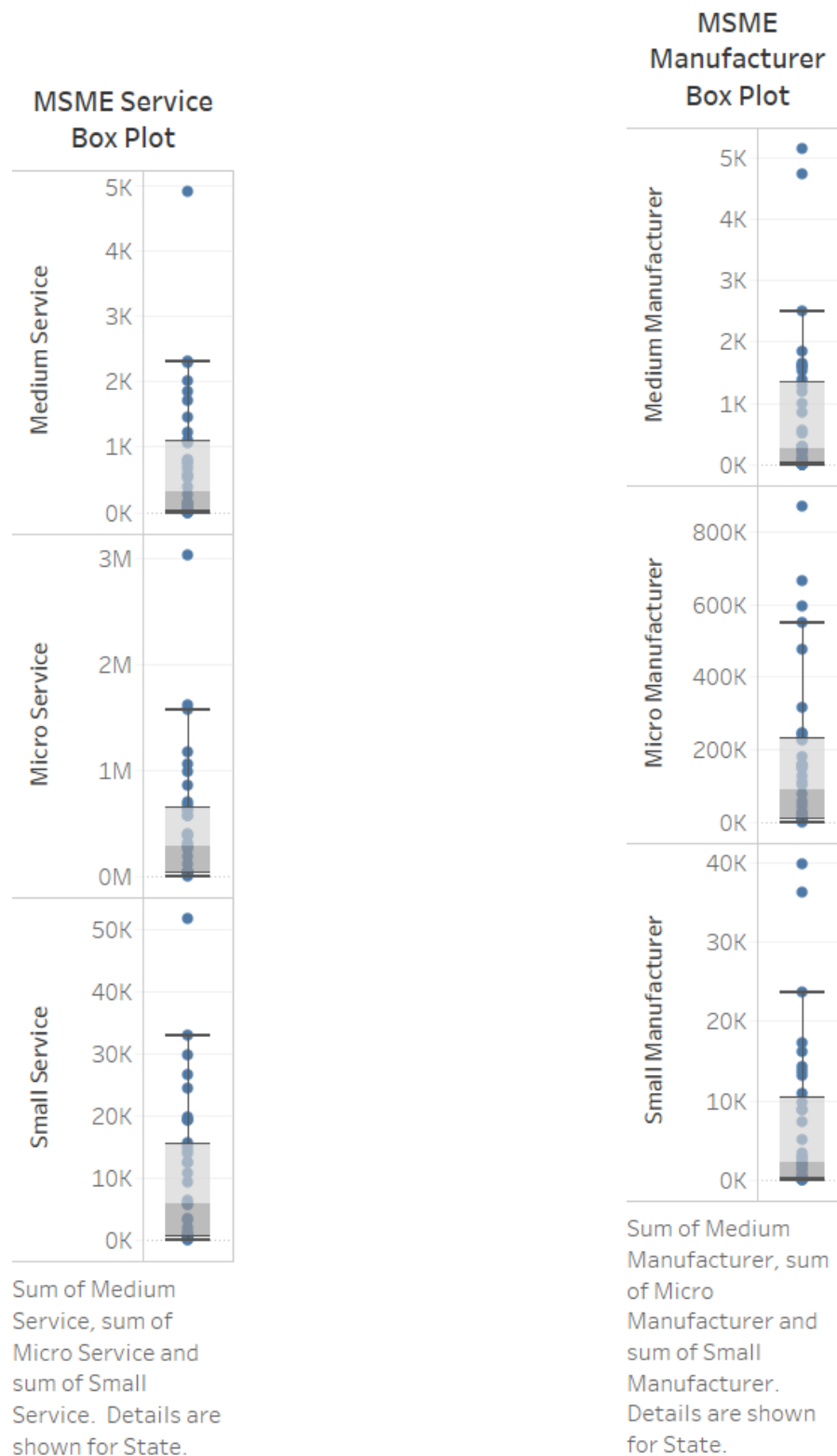


Fig1.3 – Box Plot of Total Micro, Small, Medium Service & Total Micro, Small, Medium Manufacturer Enterprises Till 19th February 2024

4. Reference :

<https://data.gov.in/catalog/udyam-registration-msme-registration>