An Inflation Insinuation in Industries (MSME of Uttar Pradesh) Growth

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Abstract— **An inflation is the tormentor of the economy, it destroyed an entire predicts. In this endeavor the role of inflation on MSME of UP is critically examined since the year 1990-1991 to 2018-2019. The growth was studied taking parameters inflation Rate, Numbers of MSME, Investment, Employments and derived data at base rate 1990-1991. The critical examination of the inflation behavior of growth by the X-Y graph taking year value in X-axis and other variables at Y axis. The number of counts, Average value, Maximum Value and Minimum Values were also calculated.**

The inflation was in range the minimum 2.07 to 13.75%, however, the hundred rupees are inflated to rupees 793.51. The range of Total Investments (Crores Rs) was 104.54 to 53334.31, MSME units established was 6033 to 52231 and employment 28229 to 490820. At the base year 1990-1991 Rupees value the range of Total Investments(Crores Rs) was 993.20 to 69.30, MSME units established was 428 to 34 and employment 1423 to 181. The trend lines of Total Investments, MSME units, Employment, rupee value and Investments at base year 1990-1991 were increasing, however, inflation, at base year 1990-1991 MSME units and Employments were decreasing. The linear trend lines were not Consistent, Systematic, Repetitive, somewhere bloodshot and albeit of an unusual kind.
Key Words:
Inflation, Insinuation in Industries, MSME of Uttar Pradesh Growth, Inflation Rate, Numbers of MSME, Investment, Employments

1.INTRODUCTION:

An inflation is the tormentor of the economy. It is one of the fundamental threat that undermine even destroy economic predictions and planning. The central bankers fear globally and forces the execution of monetary policies that are inherently unpopular. It makes people unfairly rich and impoverishes others.

Inflation historically has smashed entire economies and changes the course of human history. The inflation was one of the forces that unraveled the Roman Empire Two millennia ago and the Soviet Union two decades before. At the time this is being written the country of Venezuela is reeling from inflation rates of above 100% and Egyptians are rioting about higher bread and fuel prices (1)

The impact of severe inflation often extends far beyond the economy. In the most significant sections on contemporary history, the horrendous inflation prompted by the Weimer Republic in Germany at the end of World War I, caused prices to rise to such stupendous levels that the exchange rate of the German Mark, to the Doller exceeded three trillion to one. The resulting economic devastation created a political black hole from which emerged the National Socialist Party and Adolf Hitler, who exploited the perdition to become Chancellor of Germany in January 1933 (2,3).

An inflation role in planning is very important, to study the importance and its trends taking an example of Micro, Small & Medium Enterprises (MSMEs) is critically studied in reference to the Uttar Pradesh, The most populous state of the country.

In India there are more than 50 millions MSMES, which represent diverse types of business, and spread across the length and breadth of the country.

MSMEs plays a dominant role in the Indian Economy, as the account for about 45% of the total manufacturing output and 40% of the exports from the country. Their development is extremely critical to meet the national imperatives of financial inclusion and generation of significant levels of employment across urban and rural areas, to catalyze socioeconomic transformation.

The MSMEs are the backbone for existing as well as future for high growth Business for both Domestic and Foreign companies' investments in the "Make in India" initiative and make a significant impact. The "Make in India with zero defect and zero effect", is a noteworthy opportunity. It can nurture and the sustenance the development of new age entrepreneurs who have the potential to create globally-competitive business from India. The "Digital India" revolution also provides good scope to promote MSME participation in the Information, communication and telecommunication sector, in the line with the government's vision.

It is important note that MSMEs develop in all areas of agriculture, manufacturing and services, because each of these sectors will continue to be very relevant to the overall gross domestic product (GDP) as well as to employment generation.

The development of a robust MSME sector requires efforts by the government to bring the various stakeholders, such as equity funds, bank and financial institutions, industry majors and MNCs, regulators across various ministries at the center and in the States, and trade associations and global economics having trade flows with India, together, to create a forward – looking framework and economic system (4).

Again to understand Inflation Insinuation in Industries a prototype study is made considering the data of MSME sector growth of Uttar Pradesh (UP).

The Uttar Pradesh has always been in the forefront in the arena of Industrial development. During the post liberalization period the industrial growth rate somewhat dropped. However, the state was able to meet the challenges (5).

The Uttar Pradesh is emerging as a rapidly growing economy over the past few years. The Gross State Domestic Product (GSDP) of UP (at current prices) has grown from Rs. 1137210 crore in 2015-16 to about Rs. 1375607 crore in 2017-18. The average economic growth of UP stands at 7.5% during FY2016 to FY2018. The State shown an inspiring trend in terms of raising per capita income levels.

The per capita income of the state has increased from Rs. 42267 in 2014-2015 to Rs 55339 in 2017-18 representing an average growth of 8.4% during the last four year period. The per capita income of the state is projected to increase more than Rs. 1 80000 by 2024-25.

UP has shown a decent rate of growth of 7.5% during the period of 2015-16 to 2017-18. Agriculture and services industry form the largest parts of the state's economy. The state resources, policy initiatives, infrastructure and climate are best suited for investment in diverse sectors such as information technology, agrobased and food processing, sports goods, textiles, leather and tourism. The state has a robust industrial infrastructure, with 15 industrial areas, 12 specialized parks, 4 growth centers and industrial infrastructure development centers. As of December 2017, the state had 21 notified special economic zones which include 15 information technology sector.

Taking its mission a step forward, the Government of UP announced "One District One Product" to give boost to the traditional industries, enable the people to gain expertise in one product, value addition of the product and improvement in the growth of states' GSDP. ODOP aims to boost the micro and small units involved under this scheme. It focuses on all districts in the state and is beneficial for the local craftsman as well as the unemployed.

The ODOP scheme will play a major role in bolstering the MSMEs in the state by ushering a new pace of progress through employment generation at district level. The MSME sector plays an important role in the economy of the state and is a significant contributor to capital investment, production and employment. The state has around 89.99 lakh MSME units in 2017-18. The majority of the exports are one district, one product and state are positioning a good growth in exports (6).

There are so many factors influencing the growth, however the inflation has immense importance has ever been taken prime consideration.

In this endeavor "An Inflation Insinuation in Industries (MSME of Uttar Pradesh) Growth" a prototype study has been made on the growth taking parameters inflation Rate, Numbers of MSME, Investment, Employments and derived data at base rate 1990-1991 of Investment (crores), Numbers of MSME and Employements. In this study year 1990-1991 to year 2018-2019 has been taken for study purpose. To critically examine the inflation behavior on growth, The X-Y graph are drawn taking year value in X-axis and other variables at Y axis. The number of counts, Average value, Maximum Value and Minimum Values are also calculated. The linear trend lines were also drawn to observe the overall trend of the data.

2.METHODOLOGY:

The Inflation Rate, Numbers of MSME, Investment, Employments etc. are tabulated as follows;

The base year 1990-1991 was taken for calculation of data. The calculations are made using the following formulas.

1. Investment(crores) Base Rate $1990 - 1991 = \dfrac{\text{Capital Investment (Crores)}}{\text{One Hundred Rupee Value}}$

2. MSME at Base Rate $1990 - 1991 = \dfrac{\text{Total Number of MSME}}{\text{One Hundred Rupee Value}}$

3. Employment at Base Rate $1990 - 1991 = \dfrac{\text{Total Employment}}{\text{One Hundred Rupee value}}$

The X-Y graph are drawn taking year value in X-axis and other variables at Y axis. The number of counts, Average value, Maximum Value and Minimum Values are also calculated. The linear trend line was drawn to observe the overall trend of the data.

3.RESULTS AND DISCUSSIONS:

To study the Inflation Insinuation in Industries (MSME) of Uttar Pradesh the Inflation Rate, Numbers of MSME, Investment, Employments etc., is given in Table No:1 Inflation Insinuation in Industries (MSME of UP) Growth(7).

The X-Y graph of Year wise Inflation, Inflated Rupees, Total Investment, Investment at Base Rate 1990-1991 per Crores, Total Numbers of MSME, MSME at Base Rate 1990-1991 per Crores, Total Employment and Employment at Base Rate 1990-1991 per Crores are drawn in Figure No: 1, 2, 3.1 & 3.2, 4.1&4.2, and 5.1&5.2 respectively.

3.1. YEAR WISE INFLATION:

It is depicted in Figure.1, that inflation rates are different in different years. The maximum inflation 13.75% was noted in the year 1990-1991. The minimum 2.07% was in 2015-2016. The average inflation is 6.51%. The trends was not regular, repeated and evenly. The Overall linear trend line shows regular decline.
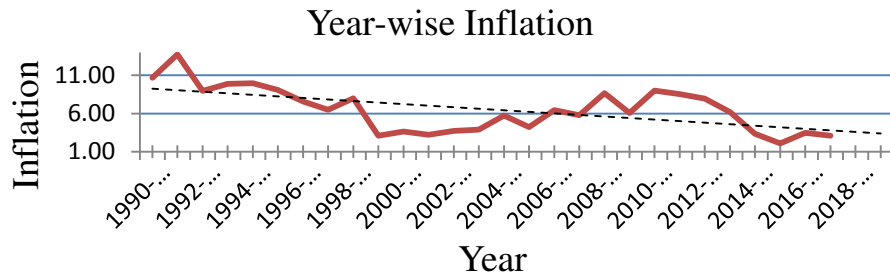

Figure: 1

3.2.INFLATED RUPEES:

It is depicted in Figure.2, that 100.00 rupees of year 1990-1991 is inflated in the years 2019-2020 to 793.51. The average value of rupees is 365.49. The x-y graph shows regular inflation, however it is not even and repeated.

The curve trend is more horrible up-to year 1998-1999, however from 2014-2015 it was outranked. The linear trend line is steep increasing show the continuous inflation.
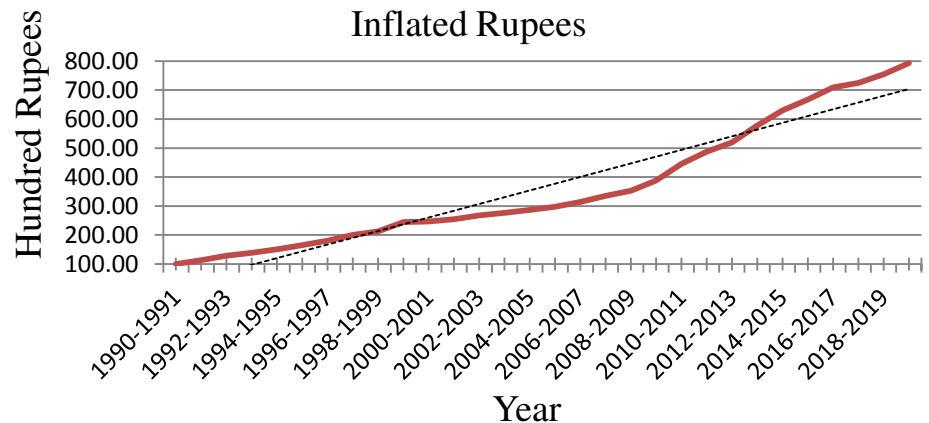

Figure: 2

3.3.1. TOTAL INVESTMENT:

It is depicted in Figure.3.1, that Total Investments are different in different years. The maximum Total Investment was 53334.31 Crores rupees in years 2015-2016. The lowest Total Investment was 104.54 crores rupees in 1994-1995. The average total investment is 1425.66 crores rupees. In the years 2007-2008 rapid growth is noted as Rs. 1357.48 Crores in comparison to previous years Total Investment Rs. 507.59. The trends were not Consistent, Systematic, Repetitive and somewhere bloodshot. The linear trend line shows a regular increase in total investments.
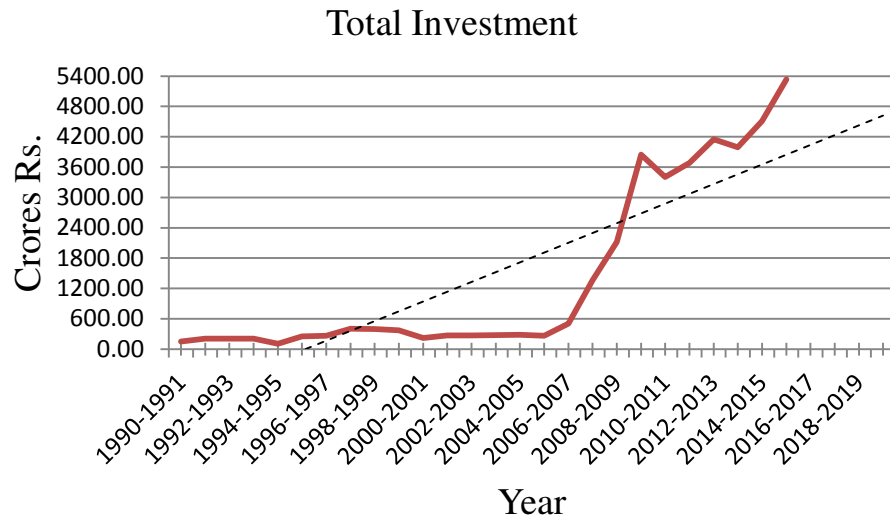

Figure: 3.1

3.3.2. INVESTMENT AT BASE RATE 1990-1991:

It is depicted in Figure: 3.2 that Investment in Crores at a base rate of year 1990-1991, the maximum Rs 993.20 in the year 2009-2010 and the lowest was Rs 69.30 however the average is 339.39. At the base rate 1990-1991, on an assessment there is no egalitarianism is noted, even the cavities are so heterogeneous that cannot be portioned. This asset development may not frame a regular structural growth. The linear trend line shows a steep regular increase.
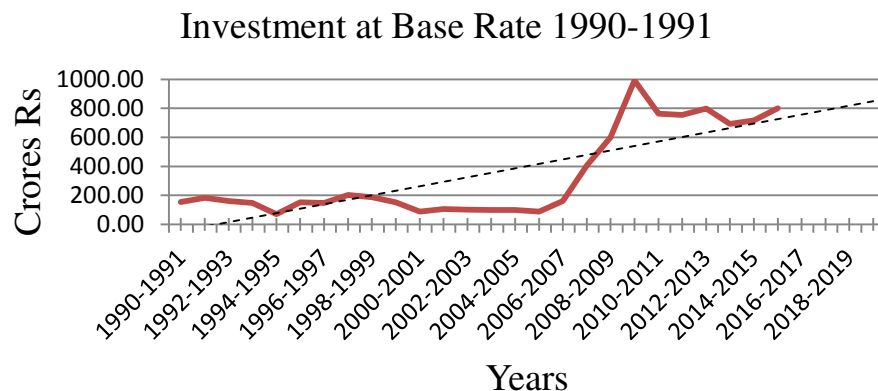

Figure: 3.2

3.4.1. TOTAL NUMBER OF MSME:

It is depicted in Figure.4.1 that the maximum 52231 units of MSME established was in year 2015-2016 however minimum 6033 units of MSME was established in the years 1994-1995. The average 31623 units were established. However, from year 1990 to 2013 the toning numbers of MSME were established, from 2013 to 2016 rapid growths are revealed. The linear trend line shows increasing behavior.
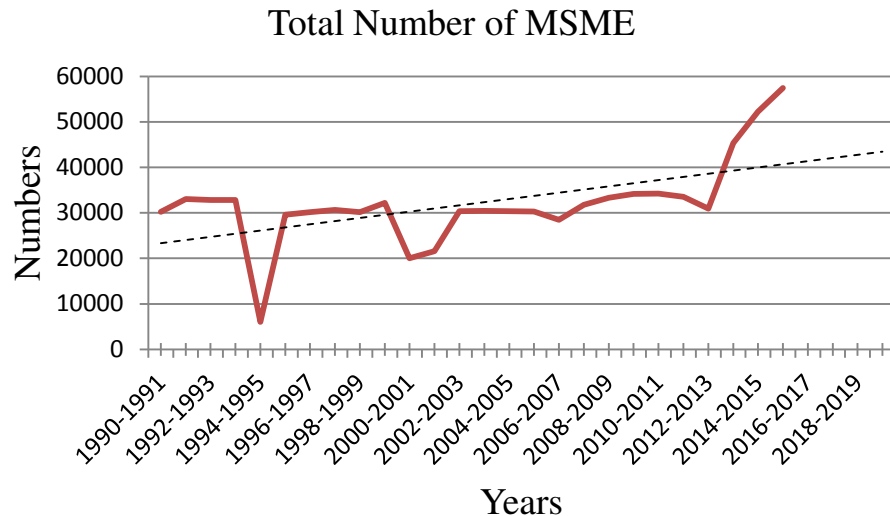
Total Number of MSME

Figure: 4.1

3.4.2. MSME AT BASE RATE 1990-1991:

It is depicted in Figure: 4.2 that at investment per Crores at a base rate of year 1990-1991, the maximum 428 units were established in the year 1994-1995 and the lowest 34 units were established in the year 2009-2010. The average 174 units were established per year per crore Rs investment. After year 2007 unreasonable lowering numbers of MSME units are established. The linear trend line shows the declining trends.

The year wise comparison could not establish any strategy for fundamental growth.
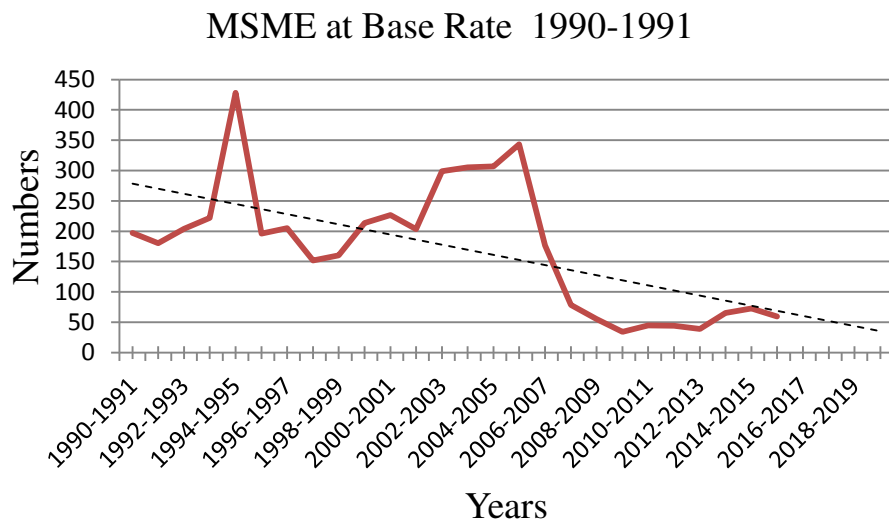
MSME at Base Rate 1990-1991

Figure: 4.2

3.5.1. TOTAL EMPLOYMENT:

It is depicted in Figure.5.1, that Total Employments are different in different years. The increasing trend was noted as maximum Total Employment 490820 in years 2013-2014 and minimum 28229 in 1994-1995. The average total employment was 151516.   From the years 2014-2015 to 2015-2016 again decreasing trend was noted. The linear trend line shows a regular increase in total employment.

The growth trend reveals structural effectiveness.
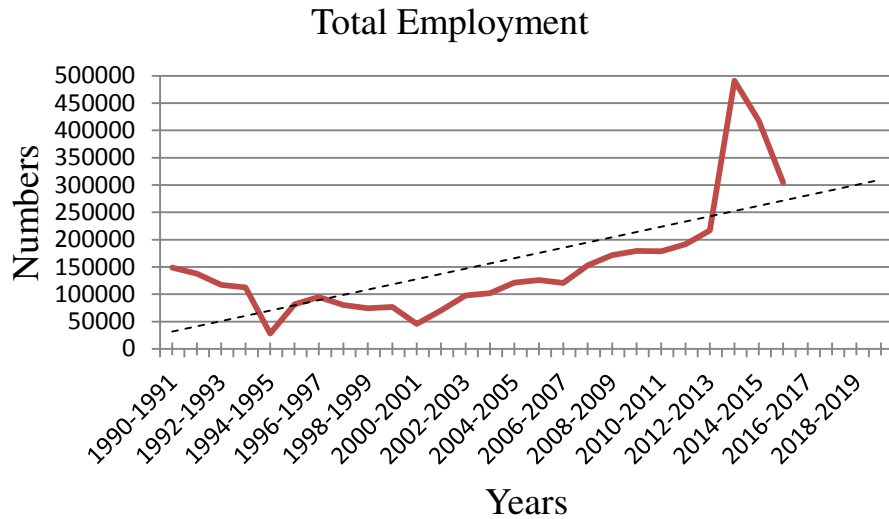
Figure: 5.1

3.5.2. EMPLOYMENT AT BASE RATE1990-1991:

It is depicted in Figure: 5.2 that at Employments per Crores at a base rate of year 1990-1991, the maximum was 1423 in year 2005-2006, and the minimum of 181 in year 2009-2010. The average employments is 613. After year 2006 unreasonable lowering numbers of Employments trends are shown. The linear trend line shows decreasing trend in employment.
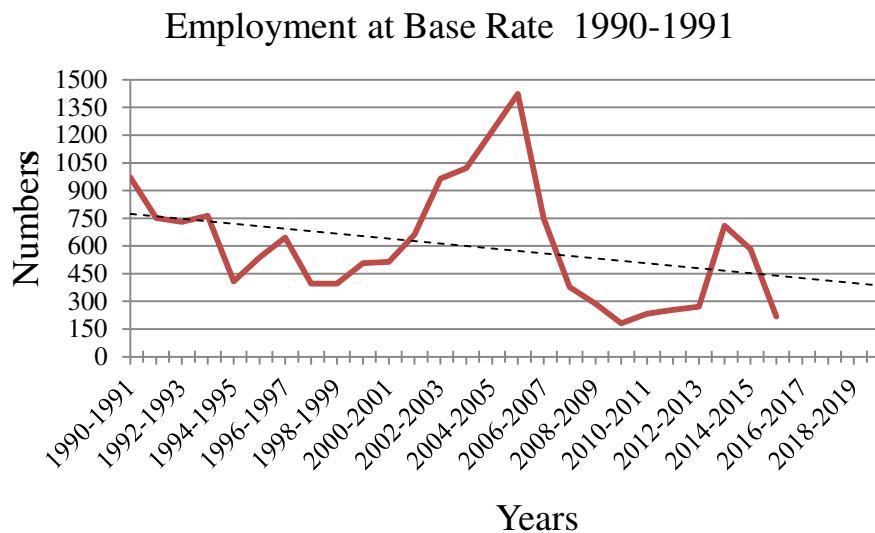
The year wise relationship could not launch.

Figure: 5.2

6.CONCLUSIONS:

The study "An Inflation Insinuation in Industries (Small Scale Manufacturing of Uttar Pradesh) Growth" conclude the followings.

1. The inflation was in range the minimum 2.07 to 13.75%, however the hundred rupees are inflated to rupees 793.51.
2. The range of Total Investments(Crores Rs) was 104.54 to 53334.31, MSME units established was 6033 to 52231 and employment 28229 to 490820.

3. At the base year 1990-1991 Rupees value the range of Total Investments(Crores Rs) was 993.20 to 69.30, MSME units established was 428 to 34 and employment 1423 to 181.
4. The trend lines of Total Investments, MSME units, Employment, rupee value and Investments at base year 1990-1991 were increasing, however, inflation, at base year 1990-1991 MSME units and Employments were decreasing. The trends were not Consistent, Systematic, Repetitive, somewhere bloodshot and albeit of an unusual kind.

Table No: 1. Inflation Insinuation in Industries (MSME) of UP

Year	Inflation Rate	Numbers of SSI / MSMEs	Investment Rs(Crores)	Employment (Numbers)	Base year 1990-91			
					One Hundred Rupee Value	Rs one Crores		
						Investment	MSME	Employment
1990-1991	10.67	30248	153.47	148967	100.00	153.47	197	971
1991-1992	13.75	33048	208.48	137647	113.71	183.34	180	751
1992-1993	8.97	32807	206.50	117240	128.57	160.61	204	730
1993-1994	9.86	32808	205.04	112652	138.86	147.66	222	763
1994-1995	9.98	6033	104.54	28229	150.86	69.30	428	407
1995-1996	9.06	29627	249.90	81453	165.14	151.33	196	538
1996-1997	7.58	30155	266.31	95001	181.14	147.02	205	646
1997-1998	6.48	30630	403.89	80132	200.00	201.95	152	397
1998-1999	8.01	30134	399.41	74347	212.57	187.90	160	396
1999-2000	3.07	32212	370.25	76671	245.14	151.04	213	508
2000-2001	3.64	20042	217.75	45400	246.29	88.41	227	514
2001-2002	3.22	21585	270.00	70053	254.86	105.94	204	661
2002-2003	3.72	30361	272.20	98008	268.00	101.57	299	965
2003-2004	3.87	30454	276.06	101908	276.57	99.82	305	1021
2004-2005	5.73	30402	284.34	121102	286.86	99.12	307	1222
2005-2006	4.24	30282	262.79	125611	297.71	88.27	343	1423
2006-2007	6.42	28487	507.59	120876	314.29	161.50	176	748
2007-2008	5.76	31751	1357.48	152582	334.80	405.46	78	376
2008-2009	8.66	33314	2122.13	171857	353.26	600.73	55	286
2009-2010	6.06	34136	3848.95	179334	387.53	993.20	34	181
2010-2011	8.98	34212	3403.92	178594	445.53	764.02	45	234
2011-2012	8.54	33563	3681.56	191566	487.71	754.87	44	254
2012-2013	7.93	30933	4152.31	216749	519.34	799.54	39	271
2013-2014	6.19	45342	3995.48	490820	577.34	692.05	66	709
2014-2015	3.33	52231	4512.51	417967	630.06	716.20	73	584
2015-2016	2.07	47413	5334.31	304641	666.97	799.78	59	381
2016-2017	3.46	-	-	-	709.15	-	-	-
2017-2018	3.07	-	-	-	724.97	-	-	-
2018-2019	-	-	-	-	753.97	-	-	-
2019-2020	-	-	-	-	793.51	-	-	-
Count	28	26	26	26	30	26	26	26
Average	6.51	31623	1425.66	151516	365.49	339.39	174	613

| Maximum | 13.75 | 52231 | 5334.31 | 490820 | 793.51 | 993.20 | 428 | 1423 |
| Minimum | 2.07 | 6033 | 104.54 | 28229 | 100.00 | 69.30 | 34 | 181 |

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