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Efficiency of Micro, Small and Medium Enterprises (MSMEs): An Empirical Study of MSMEs in the Srikakulam District of AP

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Abstract

MSMEs, or micro, small, and medium-sized businesses, have been considered the engine behind economic expansion in the pursuit of equitable development. The sector's employment potential at low capital cost is by far its greatest benefit. Compared to enterprises, the MSME sector has a significantly greater labour intensity. Performance in enterprise level should evaluate from many aspects, which can not only reflect the financial position of the current marketing, but also reflect the social benefits of corporate, as well as future potential . MSMEs, or micro, small, and medium-sized businesses, play an essential role in developing opportunities for employment, particularly in rural areas. In Andhra Pradesh state's Srikakulam district, where the population is higher and the quantity of labor-intensive manufacturing plants is enormous, these are more vibrant. MSMEs are the main source of employment for those without jobs in areas like Srikakulam district, particularly for rural young, after the agricultural industry. Additionally, they offer an extensive range of products and services that satisfy the demands of regional, global, and local supply chains. The author of this study gave special attention to MSMEs' performance.

Keywords: MSMEs, Sales Turnover, Gross Profit, Employee Turnover, employment

INTRODUCTION

It is necessary to not only reflect the efficiency of operation, but also reflects the effectiveness of the operation. Most of the products now we are using regularly in our daily life come from the MSMEs. MSMEs help in the achievement of improvement in rural infrastructure, improved living standard of the rural dwellers thereby creating employment utilization of indigenous technology, production of intermediate technology and increase in revenue base of the private individuals and government. [1-3]

SCOPE OF THE STUDY

One of the nine districts of the Coastal Andhra area of the Indian state of Andhra Pradesh is Srikakulam, and additionally acts as the district's administrative centre. It is one of the state's nine coastal districts and is situated in the far northeast. In 1950, the Visakhapatnam District was divided to form the Srikakulam District. For some time, its territorial jurisdiction was unaffected. But 63 villages from Saluru Taluk and 44 villages from Bobbili Taluk were transferred to the then-newly formed Gajapathinagaram Taluk of Visakhapatnam District in November 1969, which resulted in the loss of both of these taluks for the district. With the creation of a new district with its headquarters at Vizianagaram in

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May 1979, the district experienced significant territorial changes. The Salur, Bobbili, Parvathi Puram, and Cheepurupalli Taluks were assigned to the new district. The culture of Srikakulam includes traditional festivals, cuisine, music, and theatre.

REVIEW OF LITERATURE ON PERFORMANCE OF MSMES

According to **Maryam Imam Ibrahim** and **Bintu Mustapha** (2019),[8] "Determinants of small and medium enterprises performance in Nigeria: The role of Government support policy" is one of the study's topics. According to the writers, SMEs, or small and medium-sized enterprises, are important for society and the economy in both developed and developing countries. Despite the relevance and significance of SMEs, the literature shows that very few studies have attempted to look into the variables that influence their performance in Nigeria, particularly the relationships between entrepreneurial orientation (EO), contemporary marketing (CM), and government support policy and the performance of SMEs.

The total expansion of MSMEs has decreased recently, especially after 2009, according to a **Press Trust of India** article titled "Amidst Economic Slowdown, Survey Shows Deepening MSME Crisis" (2019). One emphasized the importance of MSMEs, discussed shifting patterns of job growth in this industry, and addressed issues with establishing a business and successfully running one. Additionally, it highlighted the necessity of developing support systems to encourage new business ventures, conducting and growing existing operations, and making it simple to close and exit. It additionally offers suggestions for specific products and recommends modifications to employment laws.[9]

A paper titled "Vision and the performance of SMEs in Nigeria" was published by **Sunday Baba** and **Mary Njeri Thiong'o** in 2019. This study's goal was to examine the relationship between SMEs in Nigeria's vision and performance. The study's results showed that, based on by a mean of 3.94, the majority of respondents agreed with the claims about the vision of entrepreneurship. A standard deviation of 1.16 indicates that there was little variation in the respondents' answers. The survey advises SMEs to make sure their companies are well-structured and follow their objective. Additionally, SMEs must have business fundamentals and strategic organizational processes. [10]

NEED AND SIGNIFICANCE OF THE STUDY

Various incentives have been offered by the Central and State Governments' industrial plans to accelerate the expansion of MSMEs. The performance of MSMEs was primarily concentrated at the national level, while state-level concerns about size growth, structure, and productivity received insufficient attention. The process of liberalizing and deregulating the Indian economy has placed the Micro, Small, and Medium Scale Enterprises (MSME) at a crucial crossroads of complexity related to their future. However, it seems that despite being recognized for its tremendous contribution to sustainable economic development and given the MSMEs sector's enormous potential, its performance in many developing nations continues to fall below of expectations. This is due to the fact that the sector in these developing nations has been afflicted by a number of issues that work against its performance, raising the rate of MSMEs failure.

OBJECTS OF THE STUDY

1. To study the profile of enterprises and entrepreneurs of MSMEs in Srikakulam district.
2. To study the performance of MSMEs in Srikakulam district.
3. To suggest policy measures for better performance through overcome the problems and outreach the prospects ofMSMEs.

METHODOLOGY OF THE STUDY

In this study, descriptive research methodology was used. Descriptive studies aim to gather accurate and pertinent data about a phenomenon's current state and, whenever possible, to make accurate general conclusions from the collected information. The major goal of the study is to gain some insight into how people think about the elements that may affect the performance, problems and future prospects of the selected Micro, Small, and Medium Scale Enterprises.

In order to research performance evaluation and its effects on both of the aforementioned kinds of businesses, the survey method was used to analyse Micro, Small, and Medium Scale Enterprises. This strategy is crucial, and there won't be any confusion with the more formal process of gathering and tabulating data. It involves a problem with a specified scope and objectives. Planning that is both adept and imaginative, rigorous analysis and interpretation of the data collected, and logical and skillful reporting of the findings are all required.

Performance of Micro, Small and Medium ScaleEnterprises

MSMEs play a pivotal role in creating employment opportunities, especially in rural segments. [4] These are more vibrant in district like Srikakulam in Andhra Pradesh state where population is more and labour-intensive manufacturing establishments are huge in number. [5] In general, these firms are established in rural and economically backward regions; thereby a regional balance may be achieved through the equal distribution of wealth across the state.[6] MSMEs are considered complementary to heavy industries as subsidiary units and provide enormous socio-economic development to the nation. MSMEs generate 40% of the nation's exports and generate 45% of the manufacturing output, or around 8% of the GDP.

After the agricultural sector in the area like Srikakulam district, MSMEs provide major share of employment for the jobless, especially for rural youth. Further, they provide a diverse range of goods and services that satisfy the needs of local, national and international supplychains.

The existing literature in the subject indicates that there is a considerable fall in the growth rate of the number of units, output, exports and employment generation after post-globalization, and this trend is the matter of serious concern for the policymakers and decision-makers. In this junction, the present studyis intended to investigate the performance of MSMEs in Srikakulam district.

Table 1. Average sales turnover (in lakhs rupees) of business for last five years by MSMEs in study area

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	7081	-	136070	-	77550	-	220701	-
2015-16	8088	14.22	151400	11.27	79400	2.39	238888	8.24
2016-17	9095	12.45	173660	14.70	91800	15.62	274555	14.93
2017-18	10330	13.58	195800	12.75	98600	7.41	304730	10.99
2018-19	11060	7.07	207930	6.20	107900	9.43	326890	7.27
CGR		11.37*		11.05*		8.77**		10.29**
t-value		17.04		14.74		9.62		16.17

Table.1 represents the average sales turnover of business for the last 5 i.e. from 2014-15 to 2018-19 years by the MSMEs in the study area. To estimate the trends in the sales turnover of business growth percentages have been calculated. Thus, during the study period it is observed the highest growth of sales turnover by micro enterprises shows 14.22 per cent in the year 2015-16. The same trend has been found in smallandmediumenterprisesduring2016-17yearwiththegrowthof14.70per cent and 15.62 per cent respectively. Hence, this can be revealed that only in 2016-17 year the highest growth of sales turnover has incurred by all the MSMEs during the last five years.

The overall compound growth rate (CGR) of sales turnover for last five years of micro enterprises shows 11.37 per cent indicates significant where the coefficient value is 17.04. Whereas, the CGR of sales turnover during this period for small enterprises is 11.05 per cent shows significant where the coefficient value is 14.74. But the CGR of sales turnover of medium enterprises in the study period is 8.77 also indicate significant because the coefficient value is 9.62. Hence, the overall CGR of sales turnover of MSMEs in the study shows 10.29 indicate significant, where the coefficient value is16.17. This infers that the sales turnover of MSMEs during last five years i.e. 2014-15 to 2018-19 shows significant.

Table 2. Average gross profit (in lakhs rupees) of business for last five years by MSMEs in study area

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	1275	-	17689	-	10857	-	29821	-
2015-16	1375	7.84	24224	36.94	10322	-4.93	35921	20.46
2016-17	1819	32.29	22576	-6.80	13770	33.40	38165	6.25
2017-18	1859	2.20	25454	12.75	12818	-6.91	40131	5.15
2018-19	2212	18.99	31190	22.53	12948	1.01	46350	15.50
CGR		14.03**		11.83**		56.88		9.92**
t-value		7.19		3.83		1.82		7.36

The average gross profit of business for last five years from 2014-15 to 2018-19 by MSMEs in study area showed in the Table.2. The highest growth percentage of gross profit counted by micro enterprises during the year 2016-17 was 32.29 per cent and the lowest growth was found 2.20 per cent in the year 2017-18. But in the case of small scale enterprises the highest growth rate of gross profit was found 36.94 in the year 2015-16 and the lowest of -6.80 per cent was found in the year 2016-17. Whereas, the highest growth rate of 33.40 per cent showed by medium enterprises in the year 2016-17 and the lowest of 1.01 per cent growth was found in the year 2018-19. This infers that there is no relation among MSMEs in their gross profit during the study period, where it shows micro enterprises gained more gross profit in the year 2016- 17, small enterprises gained more gross profit in the year 2015-16 and the medium enterprises gained more gross profit in the year 2016-17.

The overall compound gross profit growth rate (CGR) for last five years of micro enterprises shows 14.03 per cent indicates significant where the coefficient value is 7.19. Whereas, the CGR of gross profit during this period for small enterprises is 11.83per cent shows significant where the coefficient value is 3.83. But the CGR of gross profit of medium enterprises in the study period is 56.88 also indicate no significant because the coefficient value is 1.82. Hence, the overall CGR of gross profit of MSMEs in the study shows 9.92 indicate significant, where the coefficient value is 7.36. This infers that the gross profit growth rate of MSMEs during last five years i.e. 2014-15 to 2018-19 shows significant.

Table 3. Average net profit (in lakhs rupees) of business for last five years by MSMEs in study area

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	612	-	9021	-	5754	-	15387	-
2015-16	729	19.12	10901	20.84	4851	-15.69	16481	7.11
2016-17	982	34.71	11288	3.55	6334	30.57	18604	12.88
2017-18	930	-5.30	11454	1.47	6922	9.28	19306	3.77
2018-19	1194	28.39	14659	27.98	6862	-0.87	22715	17.66
CGR		15.80**		10.20**		7.07		93.72**
t-value		5.52		4.44		2.01		9.34

The Table 3 shows the average net profit of MSMEs in their business for last five years in study area**.** It is observed that the highest growth percentage of net profit done by micro enterprises duringtheyear2018-19was28.39per centandthelowestgrowthwasfound5.30 per cent in the year 2017-18. But in the case of small scale enterprises the highest growth rate of net profit was 27.98 in the year 2018-19 and the lower of 1.47 per cent was found in the year 2017-18. Whereas, the highest growth rate of net profit was 30.57 per cent showed by medium enterprises in the year 2016-17 and the lowest of -0.87 per cent growth was found in the year 2018-19. This infers that there is a relation between gross profit and net profit of the MSME, where it shows the highest growth in gross profit leads to more in net profit and viceversa.

The overall compound net profit growth rate (CGR) for last five years of micro enterprises shows 15.80 per cent indicates significant where the coefficient value is 5.52. Whereas, the CGR of net profit during this period for small enterprises is 10.20 per cent shows significant where the coefficient value is 4.44. But the CGR of net profit of medium enterprises in the study period is 7.07 also indicate no significant because the coefficient value is 2.01. Hence, the overall CGR of net profit of MSMEs in the study shows 93.72 indicate significant, where the coefficient value is 9.34. This concludes that the net profit turnover of MSMEs during last five years i.e. 2014-15 to 2018-19 shows significant.

Table 4. Average loan repayment by MSMEs (rupees in lakhs) for last five years

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	343	-	5635	-	3207	-	9185	-
2015-16	392	14.29	7313	29.78	4600	43.44	12305	33.97
2016-17	440	12.24	10068	37.67	3800	-17.39	14308	16.28
2017-18	500	13.64	11360	12.83	4086	7.53	15946	11.45
2018-19	642	28.40	12066	6.21	4471	9.42	17179	7.73
CGR		14.97**		19.63**		54.60		15.11**
t-value		10.28		6.27		1.28		6.23

The average loan repay amount by the MSMEs for the last five years i.e. 2014-15 to 2018-19 showed in Table.4. In this regard the percentage of growth in the loan repayment has been calculate and showed in the table. Thus, according to the data it shows, the highest growth rate of loan repay amount was done by micro enterprises was 28.40 per cent in the year 2018-19 and the lowest of 12.24 per cent was done in the year 2016-17. In the case of small enterprises, the highest growth of repay amount was 37.67 per cent counted in the year 2016-17 and the lowest rate was 6.21 per cent done in the year 2018-19. Whereas, the highestgrowth rate of loan repay amount done by medium enterprises was 43.44 per cent in the year 2015-16 and the lowest rate was 7.53 per cent done in the year 2017-18. This indicate that while micro enterprises done their maximum loan repayment in the year 2018-19, the small enterprises made their maximum repayment in the year 2016-17 and the medium enterprises done their maximum repayment in 2015-16 year.

The overall compound loan repayment by MSMEs (rupees in lakhs) (CGR) for last five years of micro enterprises shows 14.97 per cent indicates significant where the coefficient value is 10.28. Whereas, the CGR of loan repayment by MSMEs during this period for small enterprises is 19.63 per cent shows significant where the coefficient value is 6.27. But the CGR loan repayment by MSMEs of medium enterprises in the study period is 54.60 also indicate no significant because the coefficient value is 1.28. Hence, the overall CGR of loan repayment by MSMEs in the study shows 54.60 indicate significant, where the coefficient value is 6.23. This infers that the loanrepayment by MSMEs of MSMEs during last five years i.e. 2014-15 to 2018-19 shows significant.

Table 5. Average number of employee turnover in MSMEs for last five years

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	8435	-	28840	-	4823	-	42098	-
2015-16	8958	6.20	35687	23.74	5674	17.64	50319	19.53
2016-17	9387	4.79	49871	39.75	6895	21.52	66153	31.47
2017-18	9975	6.26	58923	18.15	7658	11.07	76556	15.73
2018-19	10114	1.39	66584	13.00	8341	8.92	85039	11.08
CGR		47.06**		21.74**		13.95**		18.25**
t-value		9.99		10.09		10.74		10.79

The average number of employees' turnover and the growth rate in MSMEs during last five years from 2014-15 to 2018-19 are presented in Table 5. It is observed from the data that the highest growth rate of employee turnover during the study period was 6.26 in the micro enterprises during the year 2017-18, whereas in small and medium scale enterprises the highest growth rate of employee turnover was recorded39.75 per cent and 21.52 per cent respectively during the year 2016-17.

The overall compound shows number of employee turnover in MSMEs growth rate (CGR) of number of employees' sales turnover for last five years of micro enterprises shows 47.06 per cent indicates significant where thecoefficient value is 9.99. Whereas, the CGR of number of employees sales turnover during this period for small enterprises is 21.74 per cent shows significant where the coefficient value is 10.09. But the CGR of number of employees' sales turnover of medium enterprises in the study period is 13.95 also indicate significant because the coefficient value is 10.74. Hence, the overall CGR of number of employees' sales turnover of MSMEs in the study shows 18.25 indicate significant, where the coefficient value is 10.79. This infers that the number of employees' sales turnover of MSMEs during last five years i.e. 2014-15 to 2018-19 shows significant.

Table 6. Average number of employees trained and upgradedtheir skills in MSMEs for last five years.

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	1245	-	7894	-	1051	-	10190	-
2015-16	1324	6.35	8967	13.59	1348	28.26	11639	14.22
2016-17	1412	6.65	9647	7.58	1569	16.39	12628	8.50
2017-18	1479	4.75	10283	6.59	1737	10.71	13499	6.90
2018-19	1568	6.02	12354	20.14	1928	11.00	15850	17.42
CGR		5.72**		10.32**		14.67**		10.31**
t-value		33.54		9.07		8.37		11.78

The Table.6 represents the average number of employees trained and upgraded their skills in MSMEs during study period i.e. from year 2014-15 to year 2018-19. It is found in the table that the highest growth rate of employees trained and upgraded their skills in micro enterprises in the year 2016-17 was 6.65 per cent, whereas in small enterprises the highest growth rate was recorded 20.14 per cent in the year 2018-19. But in the case of medium enterprises the highest growth of employees trained and upgraded their skills was 28.26 per cent in the year 2015-16.

The overall compound shows number of employees trained and upgraded their skills in MSMEs (CGR) for last five years of micro enterprises shows 5.72 per cent indicates significant where the coefficient value is 33.54. Whereas, the CGR number of employees trained and upgraded their skills during this period for small enterprises is 10.32 per cent shows significant where the coefficient value is 9.07. But the CGR number of employees trained and upgraded their skills medium enterprises in the study period is 14.67 also indicate significant because the coefficient value is 8.37. Hence, the overall CGR number of employees trained and upgraded their skills in MSMEs in the study shows 10.31 indicate significant, where the coefficient value is 11.78. This infers that the number of employees trained and upgraded their skills in MSMEs of MSMEs during last five years i.e. 2014-15 to 2018-19 shows significant.

Table 7. Average number of training programs organized by MSMEs for upgrading the skills in last five years.

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	15	-	12	-	11	-	38	-
2015-16	17	13.33	16	33.33	18	63.64	51	34.21
2016-17	26	52.94	18	12.50	19	5.56	63	23.53
2017-18	21	-19.23	17	-5.56	17	-10.53	55	-12.70
2018-19	27	28.57	18	5.88	21	23.53	66	20.00
CGR		13.86		8.71		12.36		11.79
t-value		2.81		2.44		2.18		2.84

The average number of training programs organized by MSMEs in the study area for upgrading the skills of their employees during last five years, i.e. 2014-15 to 2018-19 is showed in the Table.7. It is observed from the data that the highest growth rate of 52.94 per cent incurred by number of training programs organized by microenterprises in the year 2016-17. Whereas, in the case of small and medium enterprises the maximum growth rate in of training programs organized was found 33.33 per cent and

63.64 per cent respectively in the year 2015-16. On the contrary the lowest growth rates in number of training programs organized by MSMEs shows -19.23 per cent for micro, -5.16 per cent for small and -10.53 for medium in the year 2017-18. This infers that even though there is difference in maximum growth and incurred years of number of training programs organized by MSMEs, but all the minimum growth appeared in number of training programs organized was same year i.e. 2017-18 with negative trend.

The overall compound rate number of training programs organized by MSMEs (CGR) for last five years of micro enterprises shows 13.86 per cent indicates no significant where the coefficient value is 2.81. Whereas, the CGR of training programs organized during this period for small enterprises is 8.71 per centshows no significant where the coefficient value is 2.44. But the CGR of training programs organized of medium enterprises in the study period is 12.36 also found no significant because the coefficient value is 2.18. Hence, the overall CGR of training programs organized of MSMEs in the studyshows11.79 indicates no significant, where the coefficient value is 2.84. This infers that the training programs organized of MSMEs during last five years i.e. 2014-15 to 2018-19 show significant.

Table 8. Average number of customers/buyers of MSMEs for last five years.

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	7524	-	657	-	135	-	8316	-
2015-16	8967	19.18	771	17.35	146	8.15	9884	18.86
2016-17	10145	13.14	795	3.11	189	29.45	11129	12.60
2017-18	12257	20.82	814	2.39	195	3.17	13266	19.20
2018-19	13024	6.26	876	7.62	198	1.54	14098	6.27
CGR		14.09**		62.96**		10.55**		13.49**
t-value		12.38		4.61		4.28		12.49

The Table.8 represents the average number of customers/buyers of MSMEs for last five years i.e. from 2014-15 to 2018-19 years by the MSMEs in the study area. To estimate the trends in the number of customer growth percentages have been calculated. Thus, during the study period it is observed the highest growth of customers by micro enterprises shows 20.82 per cent in the year 2018-18. The trend has been found in small 17.35 per cent growth during 2015-16 year and medium enterprises 29.45 per cent growth respectively. Hence, this can be revealed that in 2017-18, 2015-16 and 2016-17 years the highest growth of customers has incurred by all the MSMEs during the last five years.

The above analysis average compound growth rate (CGR) number of customers / buyers of MSMEs for last five years of microenterprises shows 14.09 per cent indicates significant where the coefficient value is 12.38. Whereas, the CGR of customers/buyers during this period for small enterprises is 62.96 per cent shows significant where thecoefficient value is4.61. But the CGR of customers/buyers of medium enterprises in the study period is 10.55 also found significant because the coefficient value is 4.28. Hence, the overall CGR of number of customers/buyers of MSMEs in the study shows 13.49 indicates significant, where the coefficient value is 12.49 This infers that the numbers of customers/buyers of MSMEs during last five years i.e. 2014-15 to 2018-19 show significant.

Table 9. Average working capital (rupees in lakhs) maintained by MSMEs for last five years.

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	125.36	-	536.21	-	1424.25	-	2085.82	-
2015-16	138.67	10.62	654.45	22.05	1523.65	6.98	2316.77	11.07
2016-17	149.57	7.86	714.83	9.23	1597.89	4.87	2462.29	6.28
2017-18	151.24	1.12	758.59	6.12	1645.24	2.96	2555.07	3.77
2018-19	185.76	22.82	834.26	9.98	1712.41	4.08	2732.43	6.94
CGR		8.73**		10.31**		4.45**		6.37**
t-value		5.48		7.19		11.03		9.77

Average working capital (rupees in lakhs) maintained by MSMEs for last five years 2014-15 to 2018-19 by MSMEs in study area showed in the Table.9 The highest growth percentage of working capital maintained by micro enterprises during the year 2018-19 was 22.82 per cent and the lowest growth was found 1.12 per cent in the year2017-18. But in the case of small and medium scale enterprises the highest growth rate of working capital was found 22.05 and in the year 2015-16 and the lowest of 6.12 per cent was found in the year 2017-18. Whereas, working capital 6.98 per cent showed by medium enterprises in the year 2015-16 and the lower of 2.96 per cent growth was found in the year 2017-18. This infers that there is no relation among MSMEs in their working capital maintained during the study period, where it shows micro enterprises gained more working profit in the year 2018-19, small enterprises gained more gross profit in the year 2015-16 and the medium enterprises gained more gross profit in the year2016-17.

The overall compound growth rate (CGR) of working capital for last five years of micro enterprises shows 8.73 per cent specified significant where the coefficient value is 5.48. Whereas, the CGR of working capital during this period for small enterprises is 10.31 per cent shows significant where the coefficient value is 7.19. But the CGR of working capital of medium enterprises in the study period is 4.45 also indicate significant because the coefficient value is 1103. Hence, the overall CGR of working capital of MSMEs in the study shows 6.37 shows significant, where the coefficient value is 9.77 This infers that the working capital of MSMEs during last five years i.e. 2014-15 to 2018-19 show significant.

Table 10. Average return on investment (ROI) incurred by MSMEs for last five years (rupees in lakhs).

Year	**Micro**	**Growth**	**Small**	**Growth**	**Medium**	**Growth**	**Total**	**Growth**
2014-15	29.75	-	22.87	-	25.63	-	29.75	-
2015-16	31.03	4.30	24.84	8.61	21.09	-17.71	31.03	4.30
2016-17	37.18	19.82	22.42	-9.74	23.81	12.90	37.18	19.82
2017-18	31.02	-16.57	20.17	-10.04	24.20	1.64	31.02	-16.57
2018-19	37.21	19.95	24.30	20.48	21.92	-9.42	37.21	19.95
CGR		4.47		0.86		0.17		4.47
t-value		1.49		0.29		0.65		1.49

The average Return on Investment (ROI) incurred by MSMEs during the last five years and their annual growth rates have presented in Table.10. It is observed that the highest growth of ROI by micro enterprises in the market was 19.95 per cent during the year 2018-19 and the lowest growth was showed -16.57 per cent in the year 2017-18. Regarding ROI in small enterprises during the study period shows, the highest growth was 20.48 per cent incurred in the year 2018-19 and the lowest growth rate -10.04 per cent found in 2017-18 year. In the case of medium enterprises the growth rate of ROI during the study period shows that the highest was12.90 per cent in the year 2016-17 and the lowest was -17.71 per cent noted in the year 2015-16. This infers that the maximum growth rate in ROI incurred by micro and small enterprises was found in the year 2018-19, whereas in the case of medium enterprises it is found in the year 2016-17.

The overall compound growth rate (CGR) of return on investment incurred for MSMEs last five years of micro enterprises shows 4.47 per cent indicates no significant where the coefficient value is 1.49. Whereas, the CGR of return on investment during this period for small enterprises is 0.86 per cent shows no significant where the coefficient value is 0.29. But the CGR of return on investment of medium enterprises in the study period is0.17 also indicate no significant because the coefficient value is 0.65. Hence, the overall CGR of return investment of MSMEs in the study shows 4.47 shows no significant, where the coefficient value is 1.49. This infers that the sales turnover of MSMEs during last five years i.e. 2014-15 to 2018-19 shows no significant.

The average return on sale (ROS) percentage and their annual growth rates incurred by MSMEs in the study area for last five years i.e. 2014-15 to 2018-19 is presented in the Table11. It is observed from the data that the highest growth rate of ROS is 17.65 per cent incurred by micro enterprises in the year 2016-17. Whereas, in the case of small enterprises the maximum growth rate ROS found 23.08 per cent recorded in the year 2015-16. But in the case of medium enterprises the highest growth rate of ROS was 15.38 found in the year 2016-17. On the contrary the lowest growth rates ROS by MSMEs shows -10.0 per cent, -18.75 per cent, and -13.33 per cent respectively in the year 2017-18. This infers that even though there is difference in maximum growth incurred and years of recorded in ROS by MSMEs, but maximum growth appeared in ROS by micro and medium enterprises was same year i.e. 2016-17, whereas in small enterprises it is 2015-16 year.

Table 11. Average return on sales (ROS) incurred by MSMEs for last five years (%).

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	18.00	-	13.00	-	14.00	-	18.00	-
2015-16	17.00	-5.56	16.00	23.08	13.00	-7.14	17.00	-5.56
2016-17	20.00	17.65	13.00	-18.75	15.00	15.38	20.00	17.65
2017-18	18.00	-10.00	13.00	0.00	13.00	-13.33	18.00	-10.00
2018-19	20.00	11.11	15.00	15.38	12.00	-7.69	20.00	11.11
CGR		26.78		0.78		3.08		2.67
t-value		1.25		0.21		1.22		1.25

The overall compound return on sales (ROS) incurred by MSMEs for last five years of micro enterprises shows 26.78 per cent found that no significant where the coefficient value is 1.25. Whereas, the CGR of return on sales of during this period for small enterprises is 0.78 per cent indicates that no significant where the coefficient value is 0.21. But the CGR of return on sales of medium enterprises in the study period is 3.08 also indicate no significant because the coefficient value is 1.22. Hence, the overall CGR of return on sales of MSMEs in the study shows 2.67 shows no significant, where the coefficient value is 1.25. This infers that the return on sales of MSMEs during last five years i.e. 2014-15 to 2018-19 shows no significant.

Table 12. Average Debt Service Coverage Ratio (DSCR) incurred by MSMEs for last five years (rupees in lakhs).

Year	Micro	Growth	Small	Growth	Medium	Growth	Total	Growth
2014-15	1.64	-	1.47	-	1.65	-	1.64	-
2015-16	1.71	4.27	1.37	-6.80	0.97	-41.21	1.71	4.27
2016-17	2.05	19.88	1.03	-24.82	1.53	57.73	2.05	19.88
2017-18	1.71	-16.59	0.93	-9.71	1.55	1.31	1.71	-16.59
2018-19	1.71	0.00	1.11	19.35	1.41	-9.03	1.71	0.00
CGR		0.83		9.49		1.54		0.83
t-value		0.26		2.14		0.20		0.26

The average debt service coverage ratio (DSCR) incurred by MSMEs in the study area for last five years i.e. 2014-15 to 2018-19 showed in the Table 12. It is observed from the data that the highest growth rate of 19.55 per cent incurred in DSCR by micro enterprises in the year 2016-17. Whereas, in the case of small enterprises the maximum growth rate in of DSCR was found 19.35 per cent in the year 2018-19. But in the case of medium enterprises the highest growth rate of DSCR was 57.73 per cent found in the year 2016-17. On the other hand the lowest growth rates in DSCR by MSMEs show -16.59 per cent for micro enterprises, -24.82 per cent for small enterprises and -41.21 for medium enterprises in the year 2015-16. This infers that there is difference in maximum growth and incurred and years of record in DSCR by MSMEs.

The overall compound debt service coverage ratio (DSCR) incurred by MSMEs (CGR) for last five years of micro enterprises shows 0.83 per cent indicates no significant where the coefficient value is 0.26. Whereas, the CGR of debt service during this period for small enterprises is 9.49 per cent shows no significant where the coefficient value is 2.14. But the CGR of debt service of medium enterprises in the study period is 1.54 also indicate no significant because the coefficient value is 0.20. Hence, the overall CGR of debt service of MSMEs in the study shows 0.83 indicate no significant, where the coefficient value is 0.26 this infers that the debt service coverage ratio (DSCR) incurred of MSMEs during last fiveyearsi.e. 2014-15 to 2018-19 shows no significant.

Suggestions of the Study

1. Government has to take necessary policy initiatives to establish the linkage between the implementing agencies and the entrepreneurs of the MSMEs, which helps to identify the response of MSM entrepreneurs towards Government policies, incentives and supporting measures so that for further improvement andrevision.
2. Regarding gross profit and net profit it is found that there is significant growth in micro and small enterprises but not in medium enterprises. In this purpose the Government has to encourage medium enterprises with more and more incentives and benefit schemes to get moreprofits.
3. While there is insignificant profit raised by medium enterprises, the loan repayment capacity of this industrial sector also indicates insignificant. Therefore, there is a need to establish profiTABLE business in the medium enterprises with government support through various schemes and benefits.
4. It is observed that 53.7 per cent entrepreneurs opined discretion of authorities in financial institutions create problems in financial transactions of MSMEs. Therefore, the financial authorities have to cooperate and encourage the enterprises in connection with the financial facilities and support.

CONCLUSION

The performance of MSMEs in Srikakulam district has been measured with sales turnover, gross profit, net profit, tax payable, loan repayment of interests on loans, desperation, number of innovative products introduced and employee turnover. In addition to these the number of employees trained and upgraded their skills, number of training programs organized by enterprises, pursuing of equipment/ technology, number of customer/ buyers, working capital, wages and salaries paid by entrepreneurs are presented. Based on the analysis it is observed that the sales turnover of the MSMEs found significant growth, where the compound growth in sales turnover of MSMEs indicates significant. Regarding gross profit of MSMEs the compound annual growth rate of micro and small enterprises indicate significant, whereas medium enterprises shows not significant. Hence the overall growth rate of MSMEs on gross profit shows significant. In the net profit also the data reveals that there is significant growth rate incurred by micro and small enterprises, but in the case of medium enterprises the growth has not significant. Since the total MSMEs net profit shows significant.

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in creating employment opportunities, especially in rural segments. These are more vibrant in district like Srikakulam in Andhra Pradesh state where population is more and labour-intensive manufacturing establishments are huge in number. After the agricultural sector in the area like Srikakulam district, MSMEs provide major share of employment for the jobless, especially for rural youth. Further, they provide a diverse range of goods and services that satisfy the needs of local, national and international supply chains. In this study author more focused on Performance of MSMEs.

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