ISSN: 2278-3369
International Journal of Advances in Management and Economics
Available online at: www.managementjournal.info

RESEARCH ARTICLE

PERFORMANCE OF MICRO ENTERPRISES IN MURSHIDABAD DISTRICT OF WEST BENGAL

Labanya Pal[1]

[1]Department of Economics, Suri Vidyasagar College, Birbhum,West Bengal,India.

Abstract: The Micro, Small and Medium Enterprises (MSMEs) act as a catalyst for faster, sustainable and overall socio-economic development of a country. In India, MSMEs play key roles in promoting economic growth and development equally at all levels starting from rural to regional to national levels. They have a significant contribution in employment generation, production, exports and developing entrepreneurial skills. The present paper seeks to study the performance of micro enterprises in Murshidabad district of West Bengal based on the data obtained from the field survey. Statistical and regression analysis (OLS) are used in this study. The study shows that the trading sector elicits the highest participation rate, followed by production activities and services activities. The study also examined the impact of financial assistance on the turnover and mean yearly income of the enterprises. The empirical results show that there is a significant positive impact of the loan amount provided by CEF (Community Entrepreneurship Fund) on the yearly turnover of micro enterprises. It is also observed that there is a positive and significant relationship between the loan amount provided by CEF and the yearly income of the enterprise. Hence, the findings of this study suggest providing more financial assistance to the micro enterprises for their growth and development.

Keywords: *MSMEs, West Bengal, Yearly Turnover, yearly mean income, Financial Assistance.*

Article Received: 16 May. 2026 **Revised: 27 May 2026** **Accepted: 25 June 2026**

INTRODUCTION

Micro, small and Medium Enterprises (MSMEs) play a pivotal role in the socio-economic development of the Indian economy. The significancy of MSMEs is the ability to generate employment, use of less capital and low technology, and enhance the exports of products. Moreover, they use traditional skills of labour, and local resources. The advent and development of Micro-entrepreneurship have been the turning point for the Indian economy. They have ushered in a new era of growth in this economy through their multitude of activities.

The MSMEs have played key roles in promoting economic growth and development equally at all levels starting from rural to regional to national levels. Now, before we dive into the analysis regarding the performance of the MSMEs, we should define separately what the Micro, Small and Medium enterprises are. According to the notification June 2020, MSMEs, are categorized by their investment in plant and machinery or equipment. The present ceiling of investment that determine the classification of MSMEs are as follows:

Table 1: Classification of MSMEs

Category	Investment & turnover in plant and machinery or equipment
Micro enterprises	Does not exceed one crore rupees and turnover does not exceed five crore rupees
Small enterprises	Does not exceed ten crore rupees and turnover does not exceed fifty crore rupees
Medium enterprises	does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

(As per Micro, Small and Medium Enterprises notification, 26th June 2020)

The MSMEs have contributed to the economic growth and development in the following ways which are enumerated in the following manner:

- Inclusive growth and development: They foster economic growth which is inclusive in nature because of generating large scale employment for the rural people and thus reducing poverty. The also help to ensure development through skill enhancement and reducing income inequality of the people.
- Financial Inclusion: MSMEs give opportunities to the people to access banking service and products to improve their lives.
- Encourage innovation: They provide scopes to the aspiring business owners to create innovative goods that stimulates business competition and growth.
- Mobilisation of rural savings: MSMEs mobilised rural funds by putting profitable business and make capital formation through multiplier effect. Hence, they attract private investment and their participation.

MSMEs have made innumerable contributions to the economy which makes them very central to our economy and the unravelling of their latent potential a key to economic growth and prosperity. The MSMEs are the second largest employer after agriculture creating around 24.4 crore employment through 5.77 crore units. This sector contributes 30.1% to GDP, 36% to manufacturing output and 45% country's export. (MSME annual report 2025).

In the case of West Bengal, the government aims to generate additional employment for about 10 million in next ten years in MSEMs and maximise the utilisation of resources for increasing the production in MSMEs.

Hence, from that angle, the study of the MSMEs sector is a very futuristic and a very lucrative prospect. After serious and careful consideration of the innovative growth prospects underlying the MSMEs sector, we are highly motivated to undertake this "A Study of Micro Enterprises in Murshidabad District of West Bengal" to unravel some of its latent growth aspects on the livelihood of that district.

The study is comprised as follows. The section 2 contains a brief literature review. Objectives of the study are presented in section 3. Sources of data is discussed in section 4. Section 5 discussed the methodology used in this study. Section 6 discussed the analytical results. Conclusion remarks are presented in the final section 7.

LITERATURE REVIEW

Some research papers were reviewed for the preparation of ground of the present study.

Banerjee et al. (2002) examined the different sectors of West Bengal economy. They observed that small scale industries fallen behind with some other sectors. They suggested that the government must ensure public investment in infrastructure facilities, improve industry-university collaboration, make financial assistance easily accessible, provide modern technology, for the improvement of small-scale industries.

Dutta Subrata (2002) studied the rural small industries in West Bengal. He pointed out in his study that MSMEs are not cultivated in rural areas. Most of the small industries are concentrated in urban areas. The study prescribed the policy to set up and encourage small industries in rural and backward areas.

Chakrabarti and Bose (2009) compared the industry of West Bengal with the industry of other developed states of India like Maharastra and Gujrat and stated the industry of West Bengal more or less equally perform as the other developed states during the pre-liberalisation period. However, the performance of industry of West Bengal deteriorates drastically due to outdated technology, bureaucratic formalities, political interference, corruption, trade union etc, during the post liberalisation period.

In 2011, Dixit and Pandey carried out a study on MSMEs for the years 1973-74 to 2006-07 in India. He applied co-integration technique to examine the relation between output production of MSMEs and country's GDP. They noticed that the output of MSMEs and GDP of India were associated positively.

Ganguly. S. (2013) discussed the significance of MSMEs in West Bengal. He found that the MSMEs in West Bengal face very challenging situation due to increase in competition from large industries in open economy.

He revealed also the problems faced by the MSMEs like less capital, poor infrastructure, outdated technology etc. Another significant finding of this study is that the number of unregistered MSMEs is much higher than the registered units in West Bengal.

Lahiri. R. (2014) examined the actual fact of MSMEs in West Bengal's district of Howrah. He worked to find the problems met by the MSMEs and investigate further about the assistance of institutional credit provided by the Bank. He showed that the MSMEs in Howrah went through the problems of inadequate banking financial support, outdated technology, lack of infrastructure,

Sathish. A. (2014) studied the issues and problems of MSMEs in Goa over the period 2007-08 to 2013-14. He found the significant growth of MSMEs due to increase in investment and employment in the sector. He concluded that the growth of MSMEs might be occurred due to introduce of MSME Act,2006. He also pointed out the problems related to closure of units.

Dutta, Dipankar (2018) studied MSMEs of West Bengal by using secondary data. He examined the role of institutional finance provided by the West Bengal Financial Corporation for the performance of MSMEs. He observed that financial assistance helped the MSMEs remarkably.

OBJECTIVES

The objectives of the present study are as follows.

- To study the performance of Micro Enterprises in the district of Murshidabad in terms of their participation in trading, services or the manufacturing sector. We want to find out which sector has the highest participation rate in different economic activities.

- To know in what extent and magnitude the financial assistance affects the performance of Micro Enterprises. So, we will examine the impact of loan amount provided to the enterprises on the yearly average turnover and the impact of loan amount provided to the enterprises on the yearly income of the enterprises. Moreover, the impact of the number of workers employed on the yearly average turnover and the yearly income of enterprises will be examined.

DATA

We have used cross-sectional data for the year of 2024 for the purpose of our study. Primary data have been collected on 150 micro enterprises from the district of Murshidabad in West Bengal by employing survey method (using the format of a questionnaire and then asking them). Simple random sampling technique is used to collect the data so that there is no effect of sampling bias. We have synthesized the collected data on specific parameters like baseline yearly average turnover (in Rs.), loan amount provided to the enterprises (in Rs.), yearly income (in Rs.) and the number of workers employed in those enterprises.

METHODOLOGY

For the purpose of this study, we have done some statistical analysis such as simple bar diagrams, pie charts and descriptive statistics of the selected variables necessary to infer a meaningful relation between of the variables. Regression analysis is carried out in the study. We have run OLS regression to assess the impact of number of workers and loan amount disbursed on yearly average turnover in model 1 and to assess the impact of number of workers and loan amount disbursed on yearly income in model 2. The regression model is defined as

$$\ln T_i = \alpha_1 + \alpha_2 \ln N_i + \alpha_3 \ln L_i + U_i \quad \text{----- (1)}$$

$$\ln Y_i = \beta_1 + \beta_2 \ln N_i + \beta_3 \ln L_i + V_i \quad \text{-------(2)}$$

Here, T_i, and Y_i denotes yearly average turnover and yearly income respectively. N_i and L_i represent number of workers and loan amount provided to the enterprises respectively. In equation 1, T_i is explained variable or dependent variable whereas N_i and L_i are explanatory variables or independent variables. U_i stands for random error term. In equation (2), Y_i, is explained variable and N_i and L_i are explanatory variables. V_i denotes random error term. ln denotes log transformation of variables. The regression coefficients, α and β implies the change in explained variable due to 1 percent change explanatory variables that means degree of responsiveness or elasticity.

ANALYSIS OF RESULTS

In the different types of micro enterprises, maximum enterprises are engaged in trading activities accounted for 88 enterprises out of

150 enterprises thus trading sector elicits the highest participation rate followed by production activities and the services activities shown in table 2. and in figure 1.

Table 2: Different types of enterprises

Different types of Enterprises	
Production	44
Trading	84
Services	22

Sources: Author's own estimation

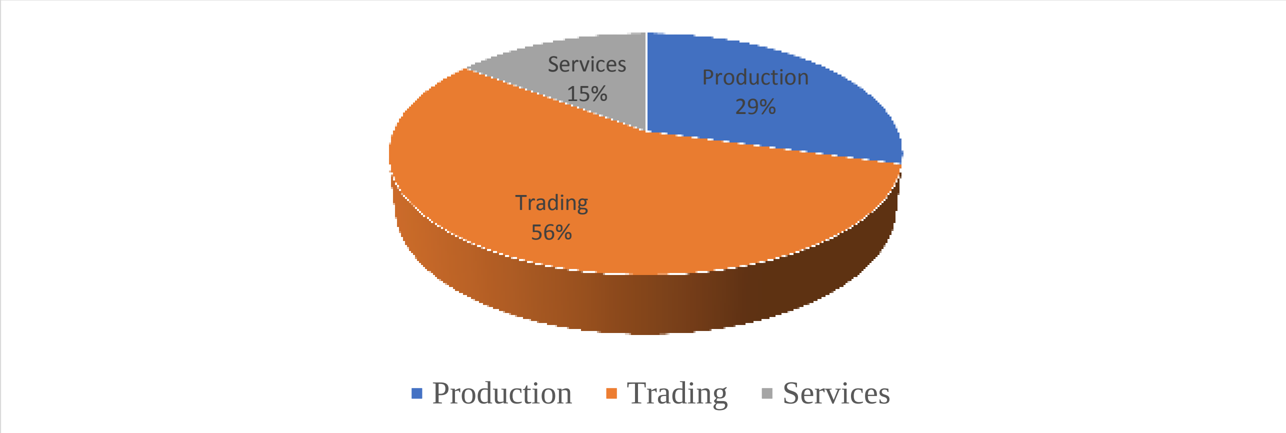

Figure 1: Micro enterprises belonging to different sectors

Source: Author's own estimation

Next, we have tried to segregate the number of enterprises and demarcate them into either Joint enterprise and Individual enterprise. Joint enterprise is that enterprise which has more than 1 owners and, individual enterprise is that enterprise which has a single owner.

Table 3. Different kinds of Enterprises

Different kinds of Enterprises	
Joint Enterprises	3
Individual Enterprises	147

Source: Author's own estimation

We have found that a major portion of those enterprises are individual enterprises with the exception of a few. This result is only natural given that these enterprises are micro enterprises and is most likely to be handled single-handedly.

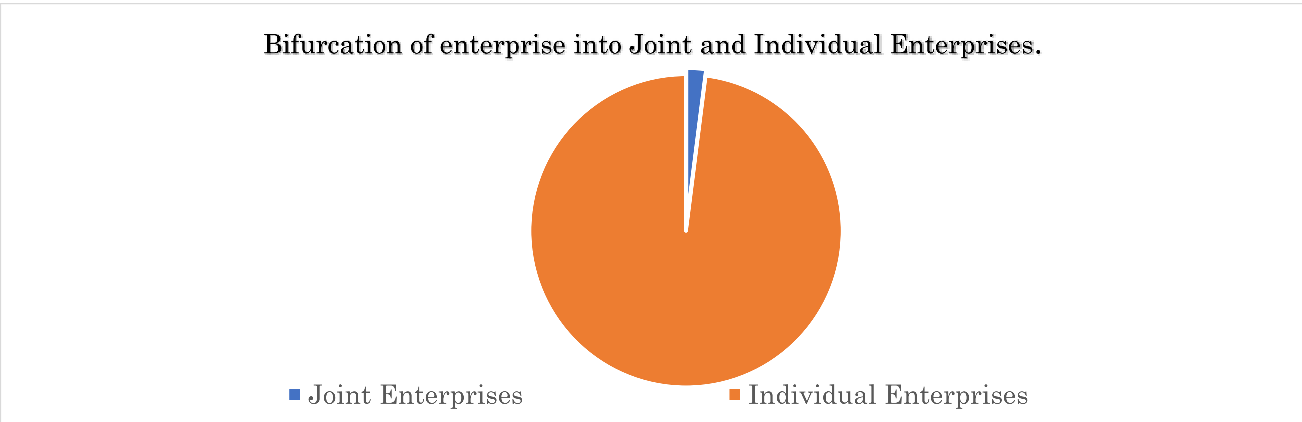

Figure 2: Ownership types of enterprises

Source: Author's own estimation

Now, we have shown the descriptive statistics of the variables, yearly income and yearly average turnover of micro enterprises in table 4. We have observed from the table 4 that the mean and standard deviation of yearly income is 155675 and 338581 respectively with the range being 2739850, where the maximum average yearly income is 2750000 and the minimum being 10150. Thus, the statistics indicates wide disparity of income among the micro enterprises.

Table 4: Descriptive statistics of yearly income and yearly turnover of micro enterprises

Variable	Mean	Standard Deviation	Maximum	Minimum	Count
Yearly Income for this Business (in Rs.)	155675	338581	2750000	10150	150
Yearly average turnover in Business (in Rs.)	1475070	3375110	27375000	36500	150

Source: Author's own estimation

Table 5 shows that the correlation coefficient between yearly turnover in business and the yearly income for business of micro enterprises is a quite high. Hence it has the significant implication that majority portion of the yearly turnover is being converted and adding into yearly income. This can only happen only when the cost of production is so low that it is being met with only a minimal amount of turnover which is very reasonable given that majority of the enterprises surveyed here are individual enterprises.

Table 5: Correlation Coefficient between yearly turnover and yearly income of micro enterprises

	Average Yearly turnover	Yearly Income
Average Yearly turnover	1	
Yearly Income	0.999789872	1

Source: Author's own estimation

As it can be observed form table 6, the mean yearly income of the trading sector is the highest accounted for Rs. 195519 followed by the service sector Rs. 108965 and then by the services sector accounted for 102965. Hence, it can be inferred that the trading sector is the most lucrative.

Table 6: Descriptive statistics of mean yearly income of different sectors

Different types of enterprises	Mean yearly turnover	Standard deviation	Number
Production activity	102965	153243	44
Services activity	108965	115706	22
Trading activity	195519	431952	84

Source: Author's own estimation

REGRESSION RESULTS

Now, we analyse the regression results. After running the OLS technique considering the yearly turnover as explained variable whereas number of workers employed and the loan amount disbursed to the enterprises as explanatory variables, we obtained the results shown in Table 7.

Table 7: Estimated OLS Regression [Yearly turnover (ln T) as explained variable whereas, number of workers (ln N) and loan amount provided (ln L) as explanatory variables

Model 1	Coefficients	Standard Error	t-statistic
Intercept	3.50	2.76	1.27
ln N	0.47***	0.12	3.79
ln L	0.93***	0.27	3.47
R Square	0.84		

Source: Author's own estimation., Note: *** represents 1 percent level of significance.

As it can be seen from the above table 7, that the regression co-efficient of both number of workers employed and loan amount provided to the enterprises are positive and significant at 1 percent level. Hence the regression result implies that an increase in loan amount and the number of workers will increase the yearly average turnover of the enterprises.

Further, we have the regression result to assess the impact of number of workers and the loan amount provided to the enterprises on the yearly income of the enterprise. The regression result is shown in Table 8.

Table 8: Estimated OLS Regression [Yearly income (ln Y) as explained variable whereas, number of workers (ln N) and loan amount provided (ln L) as explanatory variables

Model 1	Coefficients	Standard Error	t-statistic
Intercept	0.97	2.44	0.40
ln N	0.42***	0.11	3.80
ln L	0.97***	0.24	4.11
R Square	0.81		

Sources: Author's own estimation.
Note: *** represents 1 percent level of significance.

The estimated results of table 8 inferred that the number of workers employed and loan amount provided to the enterprises have a significant positive impact on the yearly income of the enterprise revealing pretty much the same result as in the case of yearly turnover and the loan amount provided to the enterprises. This is due to the fact of a quite high correlation between yearly turnover and the yearly income in business of micro enterprises.

CONCLUSION

In the present study we concentrated on the micro enterprises to observe their engagement in different activities, and their performance. How micro enterprises are benefitted due to financial assistance is also examined. The study shows that in different types of micro enterprises; trading sector elicits the highest participation rate followed by production sector and the services sector. In case of mean yearly income, trading sector is the highest accounted for Rs. 195519 followed by the service sector Rs. 108965 and then by the services sector accounted for 102965.

Hence, it can be inferred that the trading sector is the most lucrative. The result of the regression analysis shows that number of workers and the loan amount provided by CEF (Community Entrepreneurship Fund) to the enterprises have a significant positive impact on the yearly turnover of business. Thus, an increase in number of workers and the loan amount provided by CEF will increase the yearly average turnover of the enterprises.

The results obtained from this study can serve as an important policy prescription for the government. The West Bengal government has already stated that its motive is to develop the prosperity of the MSME sector, therefore it should concentrate on the financial institutions which can provide riskless credit to the micro-enterprises so that they can successfully utilize it and generate employment and promote growth of the economy. Meanwhile, we have also noticed that there is a huge positive correlation between the baseline yearly turnover and the yearly income of that enterprise which means that a major portion of the turnover is actually adding to the yearly income due to the cost of production being quite low.

This has significant economic implication because it indicates that the micro-enterprises can be most fruitful when it is run by a single individual rather than by a group of owners. Now, this finding can depress the prospect of these micro-enterprises employing more people to work under them, and thus eradicating disguised employment, but it can inspire other individual to become micro-entrepreneurs, contributing immensely to the economic growth and prosperity of the state.

Moreover, the state of West Bengal is a place where social dualism exists or it is an amalgam of capitalistic economy and rural economy and these sorts of micro-enterprises are the main pillars of strength of the rural economy. Hence, if the rural economy grows and develops hand in hand with the capitalistic economy, it will lead to the manifestation of the latent amazing growth prospects of this state into a reality and, West Bengal being much more prosperous and opulent in the future.

REFERENCES

1. Annual Report (2025). Ministry of Micro, Small & Medium Enterprises. https://msme.gov.in /documents/reports-and-publications
2. Banerjee Abhijit., Pranab Bardhan, Kaushik Basu et al. (2002). "Strategy for Economic Reforms in West Bengal". Economic and Political Weekly (Special Issue), Vol. 37 No.41, pp.4203-4218.
3. Chakravarty, Deepita & Indranil Bose (2009). "Industrialising West Bengal: The Case of Institutional Stickiness". IPPG Discussion Paper Series, 32,
4. Dixit, A. & Pandey, A. K. (2011). SMEs and Economic Growth in India: Co-integration Analysis, The IUP Journal of Financial Economics, Vol. 9 No.2, pp.41-59.
5. Dutta, Dipankar (2018). Micro Small and Medium Enterprises in West Bengal: An Empirical Study. International Journal of Research and Analytical Reviews, Vol. 5 No.4, p.952-960.
6. Dutta, Subrata (2002). "Urbanisation and Development of Rural Small Enterprises: Studying the Linkage with Focus on West Bengal". Economic and Political Weekly, Vol.37 No.30, pp.3181-3189.
7. Ganguly, S. (2013). Micro, Small and Medium Enterprises in West Bengal: An Evaluation. International Journal of Research in Commerce and Management, 4(10).
8. Lahiri, R. (2014). A Case Study on the Opportunities and Challenges of Micro, Small and Medium Enterprises (MSMEs) at Howrah District in West Bengal. International Journal of Management Research and Business Strategy, Vol. 3 No.4,.
9. Msme Annual Report English 2024-25
10. Mukherjee, R., Das, & P.K., Bhattacharya, U. (1999). Small Scale Industries in West Bengal 1971-97. Economic and Political Weekly, Vol.34 No.48,pp. 157-162.
11. Ray, S. (2014). An Analysis of Performance, Growth and Prospects of Micro, Small and Medium Enterprises in India. United States of America Research Journal, Vol.2 No.2,.
12. Sathish, A. (2014). Issues and Problems in the Growth of Micro, Small and Medium Enterprises in Goa: An Empirical Study. International Journal of Science and Research, Vol. 3 No.7, pp.102-106.