

Analysing the Contribution of Small and Medium Enterprises (SMES) In The Economic Development Of Selected Union Territories Of India

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ABSTRACT : Small and medium enterprises stimulate economic activity and play an important role in the economic development of a country by eliminating economic backwardness of rural and underdeveloped regions and by reduction in regional imbalances and disparities in income, wealth and consumption. SMEs also mobilize resources of capital and skills at the optimum level. It also reduces unemployment, increases output, increases income and standard of living. Promoting of industries and enterprises have become a task for India to facilitates and achieve the role it plays in the economy. The main objectives to develop SMEs are to create employment opportunities for the people, decentralization of industries by creating more industrial estates and to raise the standard of living of the people and redistribution of economic power and income.

Key Words: Entrepreneurship, Small and Medium Enterprises (SMES).

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I. INTRODUCTION

Starting a business requires time, risk, ideas, actions and competition. In order to grow a business there are challenges and opportunities to handle. A nation where entrepreneurs are supported to bring growth and prosperity in their economy. An entrepreneurial activity which will foster the economy and small and medium enterprises will foster the growth of the economy since it acts as the nursery for entrepreneurial development. The economic development of a country largely depends on the people who are entrepreneurs. Development occurs with industrialization and entrepreneurs are the resource who performs the roles of innovating, risk-bearing, leadership, organizing, management and producer of goods and services for growth of a country. At the same time the absence of entrepreneurs and lack of entrepreneurship among the people is one factor for poor economic growth.

The impact of SMEs in the economic development of a region cannot be neglected especially developing nation like India where sustainable economic development is highly desirable. Hence Small and Medium Enterprises have such a crucial impact on the economic development of a country. The development of Small and Medium Enterprises contributes more to the economic development of a less developed region. It generates immediate employment opportunities with relatively low capital/investment especially plays a significant role in the development and employment to minorities, backward classes people and also to women, makes effective mobilization and utilization of untapped capital and human skills and promoting regional development of small towns and other economically lagging regions. Also, SMEs development is associated with more equitable distribution of income, thus it is important as regards poverty alleviation of a particular region.

Small and Medium Enterprises stimulates economic activity and played an important role in attaining the objectives of economic development of a Union Territories as follows:

- Mobilization and optimum utilization of resources of capital and human skills.
- Elimination of economic and social backwardness.
- Reduction of poverty and regional imbalances.
- Reduction of disparities in income, wealth and consumption.
- Creation of greater employment opportunities and increased output, income and standards of living of people involved.
- Meeting the economy requirements for consumer goods.
- Create abundant opportunities for the well-being of the community at large

Economic development is caused by industrialization and Union Territories are immature aims to decentralize industrial structure for regional imbalances in levels of economic as well as social for which

Small and Medium Enterprises plays an important role. Thus, SMEs has to achieve social ambition (reducing unemployment) than economic ambition (creating competitive business).

II. STATE OF INDIAN ECONOMY

India is the seventh largest and the second most densely inhabited nation of the world. It is the largest democracy of the world with a republican constitution. The vast variety of natural resources have provided a base for diversifies economic activities. The Government of India prepares Plan in the field of economic, social and general services not only to raise the income of the economy but also for bringing about all round development and growth. According to Census 2011, India total population is 1,210,854,977 persons with 382 population density (persons per sq.km.). 833.5 million People (68.85%) live in rural areas and 377.1 million persons (31.15%) lives in urban areas. The latest economic indicator shows 37.5 percent as micro, small and medium contribution in the country GDP. There are 3.6 crore units of micro, small and medium enterprises spread across the country that employed 8.05 crore people. The size of registered MSMEs was estimated to be about 15.84 lakh units. The Government of India set up the Planning Commission in 1950 to assess human and physical resources of the state and to prepare plans for effective utilization of these resources. India embarked upon planned economic development soon after the achievement of Independence. In the First Five Year Plan (1951-56), industrial development was confined mainly to consumer goods and a number of industries were set up as public sector. A cottage Industries Board was set up in 1974 which was split into three boards viz. Small Scale Industries Board, Coir Board and Central Board. The Second Plan (1956-61) gives top priority to programmes of industrialization and also emphasized on building industrial development for the future. More public sector industries were set up along with undertakings for the expansion and modernization of private sector. Around 60 industrial estates were set up for providing factory accommodation and a number of common facilities like power, transport, water etc. were provided at one place.

III. LITERATURE REVIEW

Khanka (2012) discuss on the parameters of role played by micro, small and medium enterprises in economic development stating that increase in the number, production, employment and exports of small-scale enterprises over a period of time is the commonest parameters to adjudge the role played by these enterprises in the national economy. Baragwiha Frederick (2013) examine the role of SMEs to the economy of Tanzania but significantly he widened scope to further study more about the government contribution to the growth of SMEs and not the exact role of SMEs to the economy. Syal (2015) stated in role of MSMEs in the growth of Indian economy that the factors like export promotion, reservation policy, tooling & technology, manpower training, technology and managerial skills gave enormous opportunities for growth and better performance in the economy. It is the opportune time to set up projects in the small scale sector in India as the process of liberalization coupled with Government support will attract the infusion of growth and development of MSMEs. The study concluded that MSMEs in the Indian Economy have shown tremendous growth and excellent performance with the contribution of policy framework and efficient steps which had been taken by the Government from time to time for the growth and development of the MSMEs. Farajollahzadeh, Gilda., Noorinasab, A.R., & Yazdanpanah, B. (2016) pointed that MSMEs contribution should be seen not only in terms of output, employment, income, investment or exports but also in terms of qualitative indicators such as the synergies they promote with large industries, their contribution towards balanced regional growth, participation in nurturing entrepreneurial spirit, innovation and in providing a nation-wide pool of skilled and trained manpower. It is being suggested that the Government's 'Make in India' program, with its focus on skill formation and innovation could be utilized for achieving MSME growth by directed efforts towards innovating ways of removing roadblocks and enabling a greater thrust to the overall growth and development of the MSMEs in India.

STATEMENT OF THE PROBLEM

The effective and efficient performance of Small and Medium Enterprises (SMEs) depends on the role played by the people involved with SMEs such as Owner/Manager, employees and community at large; the success and failure of SMEs are heavily dependent on the act of these beneficiaries. Therefore, it is important to analyse the contribution of SMEs for economic development and growth from different perspectives.

OBJECTIVES OF THE STUDY

1. To identify the factors of SMEs contribution of in Union Territories such as Dadra & Nagar Haveli, Pondicherry and Lakshadweep.
2. To examine the impact of SMEs contribution on the well-being of the people involved with SMEs.
3. To examine the influence of SMEs contribution on the economic development and quality of life.

HYPOTHESIS

The hypotheses of the study in the broad level are presented as:

- H1: Economic contribution of the SME has a positive impact on the well-being of the community/employees.
H2: Economic development done by the SME has a positive impact on the well-being of the community H3: Social contribution of the SME has a positive impact on the well-being of the community/employees.
H4: Knowledge and skills imparted by the SME has a positive impact on well- being of the community/employees.
H5: Employee well-being positively influences their job satisfaction in SMEs
H6: Economic contribution of the SME has a positive impact on environmental improvement.H7: Economic contribution of the SME has a positive impact on SME performance.
H8: Economic development done by the SME has a positive impact on environmental improvement.H9: Economic development done by the SME has a positive impact on SME performance.
H10: Social contribution of the SME has a positive impact on environmental improvement.

H11: Social contribution of the SME has a positive impact on SME performance.
H12: Knowledge and skill development made by SME has a positive impact on environmental improvement.
H13: Knowledge and skill development made by the SME has a positive impact on SME performance

IV. RESEARCH METHODOLOGY

The study followed a descriptive research design to select the sample and collect data to test the study propositions. Thus in this study, the researcher framed it in three sequential and interrelated phases. As part of preparing a survey questionnaire to collect study information, first, the researcher identified the measuring items from the existing literature and later confirmed the relevance of the same through different pre-tests. In stage two, a survey questionnaire was developed containing the items covering the dimensions and confirmed the suitability of the same through a series of pre-tests. In stage three, the study conducted a questionnaire-based survey among three sets of people, such as SME owner-manager, beneficiaries, and the community at large.

V. DATA ANALYSIS TOOLS

The current study performed data analysis and presented the study results in five related sections. In section one, the study examined the demographic characteristics of the study respondents. Then, the study conducted a preliminary data screening to examine the pattern and structure of the collected data through the basic descriptive statistics. Subsequently, the study conducted a series of Exploratory Factor Analyses (EFAs), which confirmed the preliminary psychometric properties of the scale dimensions and also confirmed the unidimensionality of the scales. Further, the study performed the Confirmatory Factor Analysis (CFA), and the results supported the validity and reliability of the scale dimensions. Finally, the study performed Structural Equation Modeling (SEM) to test the study hypotheses. From the SEM results, the study found support for all the proposed hypotheses.

VI. SUMMARY AND FINDINGS

As part of the study, the researcher selected 15 SMEs (5 from each of the three union territories), and these selected territories are Dadra Nagar Haveli, Pondicherry and Lakshadweep. In these selected union territories, the study collected data from three different parties involved with SMEs. These parties are (a) Employees (N = 420), (b) Community (N = 320) and (c) Owner/Manager of the SMEs (N = 60). From these three different parties, the study collected various information based on a questionnaire-based survey. After the collection of the data, the study applied various statistical analyses, and the results generated out these statistical analyses are presented in the following sections.

a. Employee level analysis:

While analyzing the socio-economic profile of the 420 employees, around 51% of the samples are male participants, and the rest are female. In this sample, the religion-wise analysis reported that the majority of them are Muslims, followed by Hindus, then Christians, and around 12 % of individuals reported that they are in other categories. It is also found that around 52% of the participants belong to the General caste category. In addition, in the selected sample, the major proportion (around 43%) belongs to the age group of 31 to 40. Followed by

this, people belong to the age group of 41-50 years constitute the highest. Further, the analysis of the status of the participants in terms of their APL/BPL status revealed that in the selected sample, the majority of them are in the category of BPL (about 73%). Analysis in terms of the marital status revealed that about 53% of the selected participants are married. The education-wise analysis reported that around 50% of them went up to high-school, and only 35% of them completed SSLC. Occupation wise classification of the study respondents revealed that about 55% of them are engaged in agri-labour. Analysis of their annual income revealed that around 85 % of them are below Rs. 30,000 income category.

Further, the housing conditions of the study participants revealed that about 44% of them have their own housing, 15% of them are staying in the rented houses, 20% of them are staying in the government provided houses, and the rest of 13% are houseless. In this, 51% of employees are staying in the concrete roofed house, and the rest are staying in tiles as the roof. The analysis reported that in the selected list, around 95% of them are staying in those houses, which has rooms 2 or less than 2. The analysis of electricity connection in their homes revealed that the majority of them have electricity connection in their homes, that is around 98% of them reported that they have electricity connection in their homes, and the rest of 2% of them reported that they have no electricity connection in their homes. The analysis examining the source of drinking water revealed that the majority of the participants said that they have open well as the source (about 55%). Followed by this, the examination of the kind of toilet facility used by the participants revealed that around 95% of them have houses with toilet.

Besides this, the study examines their awareness concerning SME activities. The analysis revealed that about 69% of them regularly attend the SME meeting, 5% do not attend the meetings, and 26% of them sometimes attend the meetings. Furthermore, the analysis of awareness about various provisions of the SME indicated that about 52% of them stated that they are well aware of the provisions, 13% of them stated that they do not know about the provisions of the SME, and 34% of them stated that they are aware of the requirements of the SME to some extent. In addition to this, the analysis concerning the source of information with respect to SME activities indicated that around 36% of them got awareness about the programme through SMEs, 16% of them go information through media, 20% of them got the same through their social groups, 8% of the got information through government functionaries, and the rest of 18% received information through some other sources.

After the above-said assessments, the study analysed the employee’s perception concerning SME to create well-being. To analyse the same, the study used one sample t - tests, where eight different aspects concerning the well-being of the employees are analysed in terms of the reported mean score. These well-being aspects include the well-being components such as (1) SME’s vision motivates and encourages the shared values, (2) SME offers good product at better price by considering needs, (3) sales growth and cash flow met the community expectations, (4) SME help to enhance the social well-being of the people in the area, (5) enhance the social well-being of the people in terms of better standard of living, (6) play an important role in facilitating social life of the individual in the area,

(7) SME encourages the participation of the social groups, and (8) SME provides accessible community health (social) services. From the analysis, it found that the examination of the mean of these EIGHT different well-being elements reported a mean score above 3 and further the test indicated the fact that in all the cases it is significant or is much different from that of the ideal value of 3. In summary, this analysis supported that SME do a great deal to create the well-being of the employees.

Table 1: One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Q1	420	3.28	1.200	.059
Q2	420	3.39	1.146	.056
Q3	420	3.30	1.129	.055
Q4	420	3.31	1.171	.057
Q5	420	3.30	1.289	.063
Q6	420	3.39	1.258	.061
Q7	420	3.20	1.485	.053
Q8	420	3.59	1.212	.041

Table 2: One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Q1	4.698	419	.000	.275	.16	.39
Q2	6.997	419	.000	.391	.28	.50
Q3	5.420	419	.000	.299	.19	.41
Q4	5.357	419	.000	.306	.19	.42
Q5	4.767	419	.000	.300	.18	.42
Q6	6.425	419	.000	.394	.27	.51
Q7	4.1111	419	.000	.304	.17	.41
Q8	6.3712	419	.000	.324	.21	.53

Further to assess the impact of contributing factors on employee well-being and satisfaction the study conducted two different ordinary least square (OLS) regression analysis and examined the contributing factors on employee well-being and satisfaction. In regression model one, the study considered employee satisfaction as the dependent variable, and the factors such as economic contribution, economic development, social contribution, knowledge and skill development and environment improvement as independent variables. In the second regression model, the study considered employee well-being as the dependent variable, and the factors such as economic contribution, economic development, social contribution, knowledge and skill development and environment and satisfaction as independent variables. In these two regression equations, followed by the originally specified control variables of age of the employee as dummy control variable.

The results of the regression analysis with the aforementioned dependent and independent variables supported an R^2 of 0.624. It indicated that around the incorporated independent variables explained variance of 62% on the dependent variable that is employee satisfaction and examination of the model also indicated that all these variables together work as a significant predictor of employee satisfaction ($F [6,243] = 67.29, p < 0.01$). The study postulated that economic contribution influence employee satisfaction and study found significant results ($\beta = .117, p < 0.01$). Next, the study postulated that economic development of the region has an impact on employee satisfaction. The regression results supported a positive and significant estimate ($\beta = .080, p < 0.01$) and inferred that the economic contribution improves employee level satisfaction. Further, it was also postulated that the social contribution influence the employee satisfaction. The study supported negative and significant regression estimate ($\beta = -.585, p < 0.01$) and inferred that social contribution influence employee level satisfaction. In addition, it was also postulated that knowledge and skill influence the employee satisfaction, the study results found a significant regression estimate ($\beta = -.255, p < 0.01$) and inferred that employee skill and knowledge matters to develop employee satisfaction. It was also postulated that environment improvement has a positive effect on employee satisfaction. The study results supported significant path estimate ($\beta = .204, p < 0.01$) and inferred that environment improvement favour the development of employee satisfaction.

The examination of the model also indicated that all these variables together work as a significant predictor of well-being ($F [6,243] = 77.82, p < 0.01$). The economic contribution influence the employee well-being and the study found significant results ($\beta = .217, p < 0.01$). Next, the study postulated that economic development has a positive impact on employee well-being. The regression results supported a significant estimate ($\beta = .317, p < 0.01$) and inferred that economic development positively influences employee well-being. Further, it was also postulated that the speedy social contribution influence the employee well-being, the study supported significant regression estimate ($\beta = .565, p < 0.01$) and inferred that social contribution influence employee well-being. In addition, it was also postulated that knowledge and skill imparted has a positive influence on employee well-being, the study results found a significant regression estimate ($\beta = .455, p < 0.01$) and inferred that knowledge and skill are important to deliver employee well-being in SMEs. It was also postulated that satisfaction has a positive impact on employee well-being, the study results supported significant regression estimate ($\beta = .404, p < 0.01$) and inferred that employee satisfaction positively influences employee well-being. Finally, it was also postulated that environment management influence employee well-being, the study results find support for the study postulation ($\beta = .333, p < 0.01$) and inferred that environmental management is an important predictor to well-being.

b. Community-level analysis:

Table 3

Variable	mean	Median	SD	Minimum	Maximum
Age	34.55	35	5	18	43

Followed by the employee level analysis, in the second stage the study analysed the data collected from the community side. In this, we have collected data from 320 community members. In this collected sample, the age of the sample revealed that the average age of the sample is 34.5, median of the age is 35, the standard deviation of the age is 5, minimum age of the participant is 18 and maximum age is 43. In this sample, the majority of them are Muslims (69 %), followed by Christians and the remaining 13 % constitute Hindus. The analysis of the marital status revealed that about 83% of the selected participants are married, 9% are unmarried, 5% is divorced, and the rest of 3.4% are widows. Further, the analysis reported that the majority of the participants residing at coastal areas (73%), about 10% were residing at urban areas; remaining participants belonged to rural and semi-urban areas in 7.5% and 8% respectively. The education-wise analysis reported that 20% of them completed primary school, 48% of them having upper primary education, 16% of them went up to high-school, and only 4% of them completed college education. In this selected sample, 79% of the selected participants are belonging to the fishing community and the remaining percentages are not. It is also found that in the sample around 79% of the selected participants are belonging to BPL and the remaining percentage is belonging to APL category. The results also reveal that 48% are nuclear family, remaining are extended family (36%) and joint family (16%) respectively. The analysis to understand the dependents of the community revealed that 38% of communities having less than 2 dependents in their family, 36% having 2 to 4 dependents and remaining 26% of communities having more than 4 dependents in their family. Further, it is also found that about 52% of communities reported that they have less than 2 children were getting to marry, 28% were agreeing that they have 2 to 4 children to marry and remaining 21% are not having such liability.

Followed by this, as part of testing the hypotheses, the study conducted the community wise analysis in three steps. In the first step, four different exploratory factor analyses (EFA) were performed. This is primarily done to understand the dimensional structure of the factors, such as economic contribution, social contribution, knowledge and skill, and quality of life. The detailed analysis using four different EFA revealed the dimensional structure of the said factors or dimensions. In the second step, the study conducted Confirmatory Factor Analysis (CFA) to examine the validity and reliability of the scales, such as economic contribution, social contribution, knowledge and skill, and quality of life. The analysis conducted through CFA reported that the scales used in the study to capture the said aspects are valid and reliable. It supported the scale used to measure the mentioned factors measuring what we intended to measure and is free from random error. It also confirms the fact that the researcher can proceed with test of hypothesis.

After the confirmation of the validity and reliability of the scale, in the third stage, the study performed Structural Equation Modeling (SEM) to examine the study hypothesis. The main objectives of this stage are to empirically validate the conceptual model proposed in the study and also to test the proposed set of hypotheses. Thus, the study modeled the constructs, Economic contribution (EC), Social contribution (SC), Knowledge and Skill (KS), as exogenous variables, and Quality of life (QWL) as endogenous variable. The SEM model fit results supported that the data fit to the model well [$\chi^2 = 7622.58$, $p < 0.001$; $\chi^2/ df = 2.003$; CFI = .911; RMSEA = .052; IFI = .912; TLI = .906]. Further, the examination of path coefficients and its sign indicated that all these estimated coefficients were in line with the theoretical assumption.

In align Hypothesis one (H1), the study found that Economic contribution (EC) has a positive impact on QWL ($\beta = 0.23$, $p < .001$). Thus, the study supported Hypothesis one and inferred that as and when economic contribution increases the QWL also increases. Similarly, as proposed in H2, the study also found that Social Contribution (SC) also has a positive and significant impact on QWL ($\beta = 0.25$, $p < .001$). Hence, the study supported Hypothesis 2 and inferred that social contribution positively influence QWL. In hypothesis 3, the study proposed that environmental improvement has a positive impact on QWL. In support with this, the study results supported a significant result ($\beta = 0.32$, $p < .001$). In Hypothesis 4, the study proposed that Knowledge and skill has a positive impact on QWL. In support of this proposition, the SEM results supported a significant and positive coefficient ($\beta = 0.36$, $p < .001$). Thus, the study found support for Hypothesis 4, and the study inferred that Knowledge and skill improvement positively influence QWL.

Table 4 : AVE, CR, and correlations.

	CR	AVE	MSV	Max R (H)	EC	CS	KS	QWL
EC	0.846	0.658	0.320	0.921	0.811			
SC	0.870	0.430	0.373	0.950	0.326	0.656		
KS&EI	0.890	0.452	0.367	0.965	0.032	0.606	0.672	
QWL	0.765	0.353	0.291	0.969	0.221	0.441	0.297	0.594

Note: CR = Composite reliability, AVE = average variance extracted, MSV = Minimum Shared Variance. Diagonal values shows square root of AVE. Off - diagonal values show correlations. In all the cases, the square roots of AVEs are greater than correlations, therefore it support discriminant validity.

c. Manager level analysis:

In this stage, the study conducted the analysis in three different stages, using the manager level data (N= 60). In the first stage, the study analysed the socio-economic status of the manages. Followed by this, in the second stage, the study examined the company and work-related information provide. Finally, in the third, which the crucialanalysis stage, the researcher examined the study hypotheses.

The analysis of the mangers in terms of their age revealed that the average age of the study participants is 39.88, and the median age is 36 years, with a standard deviation of 4.11. In this, the majority of them reported that they believe in Muslim religion (around 56%). Further, the marital status reported that the majority of the managers are married (about 79%), and significant portion of the managers reported that they are residing in coastal region (52%). The wise education analysis said that a significant part of the managers completed secondary education (around 67%).

The company-wise analysis reported that the major chunk of the managers owned or manages manufacturing type SMEs (34%). The analysis showing the average number of employees employed in their firms reported as 29, and in this, most of them are having semi-skilled work. In terms of the security benefits, around 65% of them reported that they have ESI facility in their company. Considering the stress with respect to the job offered in their company, the majority of them (about 69%) of them reported that in their company there exists an average or moderate stress level.

Table 5: Reliability coefficients

Dimensions	Cronbach's Alpha
Economic contribution	0.80
Economic development	0.76
Social contribution	0.79
Knowledge and skill development	0.81
Environment improvement	0.88
Performance	0.70

In the third stage, as part of testing the study hypotheses, first the study checked the dimensional structure of the scales used (e.g., economic, social, knowledge and skill, environmental, and performance). This was conducted using different EFA analysis. The results supported that in all these five cases, a good EFA structure, where all those items considered were loaded into the respective factors. Hence, the study conducted CFA analysis to examine the validity and reliability of the scale dimensions. In this stage, the study confirmed the validity and reliability of the scale, especially the convergent and discriminant validity. Moreover, the results of the CFA supported that the data fit the model well, and it confirmed that fact that the researcher can proceed with the test of hypotheses. Hence, after the confirmation of the CFA analysis, the study conducted multiple regression analysis. In this regression analysis, the study considered the compositive scores of the variables, such as social contribution, economic contribution, knowledge and skill, and environmental contribution as the independent variables, and the composite score of firm performance as the dependent variable.

Table 6 : KMO and Bartlett's Test [EFA one]

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.669
Bartlett's Test of Sphericity	Approx. Chi-Square	3889.319
	df	378

The examination of the regression model also indicated that all these variables together work as a significant predictor of well-being ($F [3,56] = 22.22, p < 0.01$). The economic contribution influence the firm performance and the study found significant results ($\beta = .311, p < 0.01$). Next, the study postulated that social contribution has a positive impact on firm performance. The regression results supported a significant estimate ($\beta = .322, p < 0.01$) and inferred that social contribution positively influences firm performance. Further, it was also postulated that the speedy environmental contribution influence the firm performance, the study supported significant regression estimate ($\beta = .455, p < 0.01$) and inferred that environmental contribution influence employee firm performance. Finally, the analysis also supported that knowledge and skill development also contribute to firm performance ($\beta = .355, p < 0.01$). Thus, the study confirmed all the proposed hypotheses.

Table 7 : Test of Hypotheses

Endogenousvariable		Exogenous Variables	Un std. Estimate	Std Estimate	S.E.	HypothesisStatus
EC	→	PF	0.134	0.059	0.05	H1 supported
ED	→	PF	0.192	0.171	0.041	H2 Supported
SC	→	PF	0.230	0.276	0.062	H3 Supported
KS	→	PF	0.124	0.183	0.058	H4 Supported
EN	→	PF	0.616	0.585	0.107	H5 Supported

Note: EC= economic contribution, ED = economic development, SC = social contribution,KS = knowledge and skill, EN = environment, PF = performance.

VII. SUGGESTIONS

On the basis of the above findings, some suggestions have been put forward which may be helpful in formulating appropriate strategy to increase the contribution of small and medium enterprises in the economic development of territories. Some of the important suggestions for the study are:

1. Policymakers should design and implement SME activities in such a manner that it creates economic contribution to the community and the employees, and this is crucial in creating outcomes.
2. It is also important to have economic development in the area. This economic development created by the SME is critical to the overall well-being and welfare of the community at large. In addition to this, this also directs the SMEs to achieve its performance.
3. It is also recommended that while designing policies and practices, the policymakers also should have an orientation towards protecting the environment. This, in turn, develops and improves the overall development of the community, employees and the firm.
4. In addition to all, the study results also recommend that there should be an orientation towards knowledge and skill development in the SME activities. This is because this knowledge and skill development will help the employees to have quality of life. Moreover, it will also help the firm to have satisfied employees in their organization.

VIII. CONCLUSION

In order to develop a country, industrial activities should be supported. Small and Medium enterprises are expected to bring development of economy of a territory for which it played an important role in an economy as it has a high level of economic impacts.

The empirical study of the analyzing the contribution of Small and Medium Enterprises (SMEs) in economic development selected union territories of India revealed that the majority of enterprises are showing a high economic impact on the economic growth of the territory. Therefore, it is stated that the contribution of SMEs on economic development of the selected territories is high.

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