A Brief Analysis of MSME Sector of Sonipat and Panipat District of Haryana with Special Focus on Employment and its Contribution to the Economy of Haryana

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Abstract

The paper provides a brief overview of the MSME sector of the Sonipat and Panipat districts of the Haryana. It provides sectoral overview and Government contribution to the MSME sector. The research is done by taking the secondary data and regression analysis is carried out to check the hypothesis set. It clearly marks out the industries according to the districts and their employment contribution to the state of Haryana.

Keywords

MSME, Employment, Industry, Economic contribution.

Introduction

The MSME (Micro, Small, and Medium Enterprises) sector plays a vital role in the economy of Haryana, particularly in Sonipat and Panipat districts. Both districts are known for specific industries that provide substantial employment opportunities and contribute significantly to the state's economic output.

A brief analysis of MSME sector of Sonipat and Panipat:

1. Sectoral Overview of MSME in Sonipat and Panipat

Sonipat: Sonipat has a diverse MSME base, including metal, auto parts, and consumer goods manufacturing. The district benefits from its proximity to Delhi, making it a convenient hub for manufacturing and warehousing.

Panipat: Known as the "Textile City," Panipat specializes in textile and carpet production. It is one of the largest centres for handloom products, producing blankets, rugs, and durries. This industry has traditionally provided a large number of employment opportunities, particularly in low-skilled labour.

2. Employment Generation

The MSME sector in both districts employs a significant portion of the local population. These enterprises provide employment across various skill levels, ranging from artisans in the textile sector to skilled labour in manufacturing industries.

- **Women's Employment**: Particularly in Panipat, the textile industry has a notable impact on women's employment, providing jobs in spinning, weaving, and dyeing sectors.
- **Youth Employment**: Both districts also offer employment opportunities for the youth, providing an alternative to agricultural work, which has been a predominant sector in Haryana.

3. Economic Contribution

Gross State Domestic Product (GSDP): The MSME sector in Sonipat and Panipat contributes substantially to Haryana's GSDP. Panipat's textile exports boost the state's revenue and foreign exchange earnings.

Export Potential: Panipat has a strong export market for home furnishings, carpets, and textiles. This enhances the economic stability of the region, with exports contributing to both state and national revenues.

Value Addition: In Sonipat, the MSMEs focusing on engineering goods and auto parts are part of the larger supply chain of Delhi NCR, thus adding value and supporting the growth of industrial clusters in Haryana.

4. Challenges and Opportunities

Challenges: Despite its strengths, the sector faces challenges like competition from larger firms, limited access to credit, and outdated technology, which affects productivity.

Opportunities: There is potential for modernization and improved access to global markets. The government's support for MSMEs through policy initiatives such as Haryana's MSME Promotion Policy can help address some challenges and expand the sector's contributions.

5. Overall Impact

The MSME sector in Sonipat and Panipat not only drives economic growth but also plays a crucial role in social development by providing employment, reducing migration to urban areas, and fostering entrepreneurship. Its continued development will be vital for sustaining Haryana's economic trajectory and employment rates.

KEY INITIATIVES OF HARYANA GOVERNMENT FOR MSME SECTOR

The Government of Haryana has implemented the PM Gati Shakti initiative to enhance planning for physical and social infrastructure across the state. Haryana has uploaded 29 out of the required 30 data layers on the National Master Plan Portal (excluding the Coastal Regulation Zone Layer, which does not apply to Haryana). Beyond the mandatory layers, Haryana has added 141 additional data layers to the portal. In the 2022-23 financial year, the state submitted six projects to the Government of India under the "Scheme for Special Assistance to States for Capital Investment." Of these, three projects, amounting to approximately ₹55 crore, have received approval from DPIIT, GoI. All project planning is integrated within the Gati Shakti Portal.

In partnership with BISAG-N, Haryana has developed five mobile applications on the PM Gati Shakti Portal to support various departments, including Urban Local Bodies, Haryana State Agriculture Marketing Board, Haryana Vidyut Prasaran Nigam Limited, Town and Country Planning, and the Women and Child Development department. These applications facilitate data collection and infrastructure mapping.

Additionally, PM Gati Shakti is aiding the mapping of street infrastructure across the state to support the early and efficient rollout of 5G by the Department of Telecommunication and the Government of India. (cdnbbsr, 2024)[1]

REVIEW OF LITERATURE

(Deepak Adhana, 2019)[2] In their research paper on progressive Haryana, highlighted the states' contribution towards India's agricultural exports, making of KMP as global corridor, Delhi – Mumbai Industrial Corridor (DMIC). This paper provides an overview of the Haryana economy, exploring its current state and future prospects. It examines recent trends in the Gross State Domestic Product (GSDP) and illustrates the structural transformation of Haryana's economy. Additionally, the paper highlights Haryana's achievements in attracting Foreign Direct Investment (FDI) and its progress in improving Ease of Doing Business rankings.

(Azad, 2022)[3] In his research paper on 'A Study of Structural Changes in Haryana's Economy and Its Decomposition' highlighted that since the economic reforms of 1991, Haryana has achieved an annual GSDP growth rate of 7.2%, which is considered robust. This growth has been accompanied by a structural shift favouring the service sector, which now accounts for over 50% of Haryana's GSDP. However, the employment structure has not shifted in the same way. This paper attempts to estimate the contributions of employment, working-age population, and productivity to economic progress using the Shapley decomposition method. Findings indicate that a decline in employment rate reduced per capita GDP growth by (-) 35.5% from FY1994 to FY2018, with a notable drop in agricultural employment contributing (-) 43.9 percentage points. This decline in employment is attributed to rising capital intensity across sectors. Conversely, labour productivity in the service sector grew by an impressive 466.4% during the same period, equivalent to a 7.5% annual growth rate.

(Deepak, 2024)[4] In his research paper on 'To analyze the structural change and sectorial performance (Growth of PCY/NSDP) in the economy of Haryana during 1991-92 to 2020-21 Structural change in Economy of Haryana' highlighted that the structure and sectoral performance of Haryana's economy from 1991-92 to 2020-21 reveal significant transformations across all sectors. Initially an agricultural economy, Haryana evolved into a diversified one with strong industrial and service sector growth. In the early 1990s, agriculture was the dominant contributor to the state's GDP, with high yields in wheat and rice production being a hallmark.

(Dubey Sarwan Kumar, 2010)[5]. In their research paper 'Contamination of ground water as a consequence of land disposal of dye waste mixed sewage effluents: A case study of Panipat district of Haryana, India.' concluded that Spatial samples of surface and groundwater from a land disposal site for dye waste mixed with sewage effluents at Binjhole, Haryana, India, were analyzed to assess their impact on the quality of pond, hand pump, and groundwater for human health and irrigation use. The analysis revealed that the average COD and TDS of the dye house discharge (310 and 3,920 mg/L) and treated sewage (428 and 1,470 mg/L) reached 245 and 1,780 mg/L after mixing, with only

[1]https://cdnbbsr.s3waas.gov.in/s32b0f658cbffd284984fb11d90254081f/uploads/2024/02/202402271962653454.pdf
[2] Adhana, Deepak and Yadav, Jyoti, Progressive Haryana: A Study of Economic Growth and Prospects (April 18, 2019). Pramana Research Journal, 2019, Available at SSRN: https://ssrn.com/abstract=3471049
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[4]https://www.researchgate.net/publication/382629822_To_analyze_the_structural_change_and_sectorial_performance_Growth_of_PCYNSDP_in_the_economy_of_Haryana_during_1991-92_to_2020-21_Structural_change_in_Economy_of_Haryana
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Pb (0.24 µg/L) exceeding the permissible limit for irrigation. When this mixed water was disposed of into a village pond, the COD and TDS levels increased to 428 and 1,470 mg/L, respectively. Hand pump water samples recorded COD and TDS levels of 264 and 1,190 mg/L, while tube well water showed 151 and 900 mg/L. Although groundwater contamination appeared to reduce with distance from the pond, COD, TDS, and BOD levels remained high up to 500 meters away. Notably, Pb concentrations (0.11–0.45 ppm) posed a major concern.

Crops irrigated with this water showed accumulation of heavy metals like Pb, Cd, Fe, Mn, Ni, Cu, and Zn, with Zn, Pb, and Cd occasionally exceeding safe limits in certain crops. Regular consumption of these crops could lead to heavy metal toxicity. The study concluded that deep seepage of effluents significantly deteriorated groundwater quality for drinking and rendered well water unsuitable for irrigation within two years, underscoring the need for effective disposal practices for sewage and dye industry effluents to prevent groundwater contamination and safeguard human and animal health.

(Sushil Kumar, 2024)[6]. In their research paper highlighted that the sectoral composition, technological advancements, and the role of infrastructure in fostering industrialization within the state. Also, the paper critically evaluates the challenges faced by the industrial sector in Haryana, including issues related to environmental sustainability, workforce dynamics, and regulatory frameworks. Special emphasis is given to the impact of globalization and digital transformation on Haryana's industrial landscape.

(Kamini, 2024)[7]. In their research paper assessed the contribution of MSME sector of Haryana towards the GDP of whole of India which has reached 30-35% in total GDP of nation around INR 3 lakh crore in 2023. It also provides a comprehensive analysis of small enterprise performance in Haryana, comparing the status of MSMEs in three major states—Maharashtra, Tamil Nadu, and Haryana. It evaluates the initiatives and projects implemented in these states, identifying key actions needed for Haryana to enhance MSME performance. By examining how these states optimize resources to drive economic value and sectoral growth, the paper highlights strategies for Haryana to benchmark performance and improve resource integration for sustained MSME growth.

RESEARCH GAP

The above review of literature demonstrates that much study is done on the economic aspects of Haryana and its contribution towards India as a nation but the comparative analysis is not carried out between the Sonipat and Panipat districts of Haryana. In this paper, I would strive to fill this gap and will carry out the comparative analysis of MSME sector of Sonipat and Panipat districts of Haryana.

HYPOTHESIS

H0: The contribution of MSME sector of Sonipat and Panipat districts is not significant towards the economy of Haryana.

H1: The contribution of MSME sector of Sonipat and Panipat districts is significant towards the economy of Haryana.

RESEARCH METHODOLOGY

[6] Sushil Kumar and Suman Kumari (2024). Industrial Development in Haryana: A Review, Journal of Emerging Technologies and Innovative Research (JETIR). f523-f528

[7] https://www.ijfmr.com/papers/2024/4/25153.pdf 52

The data taken foe the study will be secondary in nature from various official websites of Haryana government. To carry out the data analysis, correlation and regression analysis will be applied.

Table 1: Data on MSME sector of Sonipat and Panipat district of Haryana

TYPE OF INDUSTRY	**NUMBER OF UNITS**			**INVESTMENT (Lakh Rs.)**			**EMPLOYMENT (Nos.)**		
	SNP	**PNP**	**HRY**	**SNP**	**PNP**	**HRY**	**SNP**	PNP	HRY
Agro Based	62	36	1960	460	380	16800	824	357	23620
Soda Water	02	-	40	10	-	200	26	--	520
Cotton Textile	32	444	9520	160	752	18240	329	1315	32880
Woollen & Silk Clothes	12	52	1280	120	352	9440	156	754	18200
Jute & jute based	-	17	340	-	112	2240	-	185	3700
Readymade garments & embroidery	27	5	640	1725.10	50	35502	484	52	10720
Wood/wooden based furniture	35	9	880	350.25	180	10605	434	115	10980
Paper & paper products	04	4	160	200	320	10400	54	214	5360
Leather based	10	2	240	560	40	12000	124	20	2880
Chemical / chemical based	54	18	1440	1080	415	29900	636	687	26460
Rubber, plastic & petro based	42	7	980	840	254	21880	486	84	11400
Mineral based	-	3	60	-	84	1680	-	30	600
Metal based (Steel Fab.)	35	47	1640	380	900	25600	378	845	24460
Engineering units	92	54	2920	1472.10	725	43942	1270	913	43660
Electrical machinery & transport equipment	32	8	800	1034	200	24680	482	85	11340
Repairing & servicing	98	275	7460	782	478	25200	1368	1062	48600
Others	8206	15	164420	947.05	80	20541	52656	52	1054160
Total	8743	996	194780	10120.5	5322	308850	59707	6770	1329540

Source: dcmsme.gov.in[89]

[8] https://dcmsme.gov.in/old/dips/har_panipat.pdf,
[9] https://dcmsme.gov.in/old/dips/har_sonepat.pdf

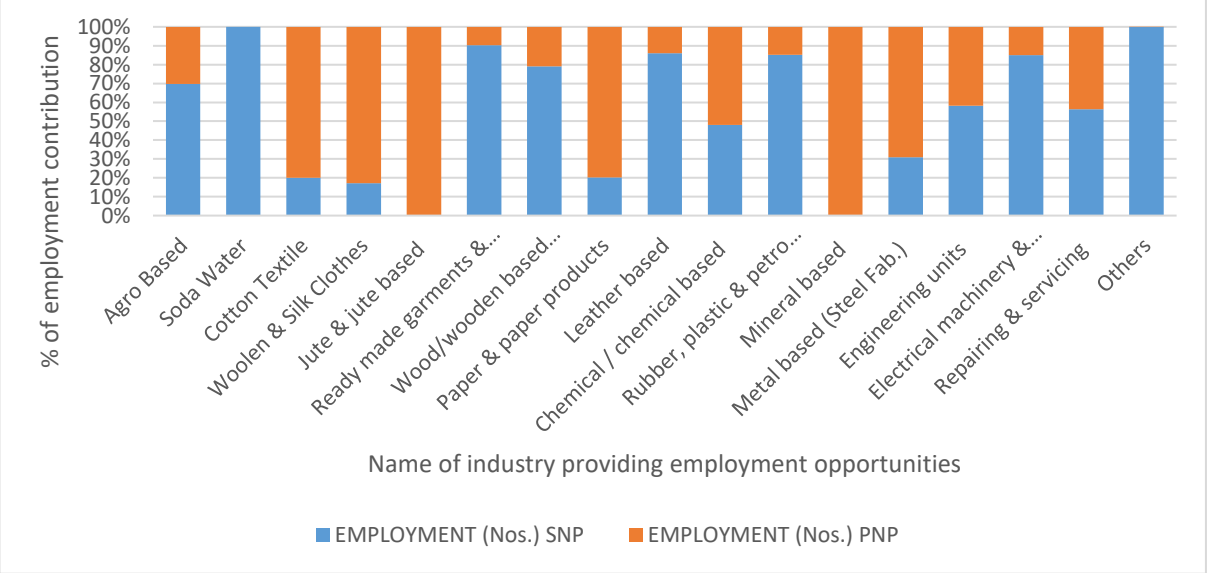
Figure 1: Data showing no. of units of various industries in Sonipat and Panipat

Source: Data analysis

Thus, the above data shows that Sonipat district has more units of cotton textiles, woollen & silk clothes, jute & jute based, mineral based and repair & servicing based industries where as Panipat district has more of Soda water, readymade garments, wooded/wooden based furniture, leather, chemicals, rubber, plastic & petro based, engineering & electrical machinery units etc.

The industries like Agro based, paper based, metal based (steel fabrics etc.) has fair proportion of units in both Sonipat & Panipat districts of Haryana.

Figure 2: Data showing % of employment contribution by various industries in Sonipat and Panipat



Source: Data analysis

The above data shows that Panipat district provides more employment through cotton textiles, woollen & silk clothes, jute & jute based, paper & paper products, mineral based, metal based industries whereas Sonipat district has more

of Agro based, Soda water, readymade garments, wooded/wooden based furniture, leather, rubber/plastic & petro based, electrical machinery and others unspecified units etc.

The industries like chemical, engineering and repairs & servicing are providing equal number of employment opportunities in both Sonipat & Panipat districts of Haryana.

REGRESSION ANALYSIS OF DATA

Regression Statistics	
Multiple R	1
R Square	1
Adjusted R Square	1
Standard Error	4.91E-11
Observations	17

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	2	1.02E+12	5.08E+11	2.10826E+32	4.4486E-221
Residual	14	3.37E-20	2.41E-21		
Total	16	1.02E+12			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.18E-11	1.74E-11	0.681184	0.506866626	-2.5404E-11	4.91E-11	-2.5E-11	4.91E-11
SNP	20	9.86E-16	2.03E+16	1.1093E-221	20	20	20	20
PNP	20	2.89E-14	6.92E+14	3.8244E-201	20	20	20	20

Source: Data analysis

Thus, from the results of regression analysis we can conclude that Significance F i.e. considered as the p value in statistics, is greater than the (α) i.e. 0.05. This concludes that null hypothesis cannot be rejected and it is held that there is no significant contribution of MSME sector of Sonipat and Panipat districts towards the economy of Haryana and a more wholesome data should be considered to arrive at a fruitful decision.

CONCLUSION

The study concludes that both Sonipat and Panipat districts enjoys the perks of Delhi NCR and proximity to Delhi, UP , Punjab and Chandigarh is the main factor that provides more opportunities to these 2 districts of Haryana. Also, the strategic location of both districts like being situated on GT road provides more opportunities in terms of connectivity, better reachability from any part of the nation, makes these two districts an important hub in terms of business and industries. If more investment opportunities and government initiatives can be provided to these districts, more units can be set up and as a result more employment generation may take place which will overall affect the economy of the Haryana as a whole in a positive way.

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