

“Resilience and Recovery: An Empirical Analysis of MSME Performance in Kerala Using Secondary Data”

Dr. SHYMA K

Principal, MES College Kuthuparamba

Abstract-- Micro, Small and Medium Enterprises (MSMEs) form the backbone of Kerala's economy by contributing significantly to employment generation, regional development, and inclusive growth. In recent years, the sector has faced multiple shocks including demonetisation, the COVID- 19 pandemic, supply- chain disruptions, and climate- induced disasters. This study examines the resilience and recovery patterns of MSMEs in Kerala using secondary data sourced from government reports, MSME ministry publications, RBI databases, Economic Reviews of Kerala, and Udyam registration statistics. The paper analyses trends in enterprise registration, employment, credit flow, sectoral composition, and output performance over time. The findings reveal that while MSMEs in Kerala experienced severe short- term disruptions, policy interventions, institutional support, and digital adoption played a crucial role in recovery and adaptive resilience. The study contributes to the literature by offering a region- specific resilience framework and evidence- based policy insights for strengthening MSME sustainability in developing economies.

Keywords-- MSMEs, Resilience, Recovery, Kerala Economy, Secondary Data, Regional Development

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are widely recognised as engines of economic growth, employment generation, and innovation. In Kerala, MSMEs hold particular importance due to the state's limited large- scale industrial base, high literacy levels, and strong entrepreneurial culture. According to official estimates, the MSME sector accounts for a substantial share of industrial units and non- agricultural employment in the state.

However, the sector has been exposed to multiple economic and non- economic shocks in the last decade. Events such as demonetisation (2016), the COVID- 19 pandemic (2020–21), global supply- chain disruptions, and recurrent floods have severely tested the survival capacity of MSMEs. Understanding how MSMEs in Kerala responded, adapted, and recovered from these shocks is essential for designing effective policy interventions.

This paper focuses on analysing the resilience and recovery of MSMEs in Kerala through an empirical assessment of secondary data. Unlike firm- level primary surveys, this study utilises officially published datasets to capture long- term structural trends and macro- level performance indicators.

II. REVIEW OF LITERATURE

Existing literature on MSMEs highlights their vulnerability to external shocks due to limited capital, informal structures, and restricted access to credit. Studies at the national level indicate that MSMEs were disproportionately affected during economic downturns, particularly during the COVID- 19 crisis.

Regional studies on Kerala emphasise the role of institutional support systems such as Kudumbashree, cooperative banks, and state- led industrial policies in sustaining small enterprises. Recent research has also introduced the concept of enterprise resilience, focusing on adaptability, innovation, and institutional embeddedness.

However, there is a limited number of studies that empirically analyse MSME resilience in Kerala using longitudinal secondary data. This study attempts to bridge this gap by integrating performance trends with a resilience- oriented analytical framework.

III. OBJECTIVES OF THE STUDY

The specific objectives of the study are: 1. To examine the growth pattern of MSMEs in Kerala over time using secondary data. 2. To analyse employment and sectoral trends within MSMEs in Kerala. 3. To assess the impact of economic shocks on MSME performance indicators. 4. To evaluate recovery patterns and resilience factors in the MSME sector. 5. To suggest policy measures for strengthening MSME resilience and sustainability.

IV. RESEARCH METHODOLOGY

4.1 Research Design

The study adopts a descriptive and analytical research design based entirely on secondary data.



International Journal of Recent Development in Engineering and Technology

Website: www.ijrdet.com (ISSN 2347-6435(Online)) Volume 15, Issue 01, January 2026

4.2 Sources of Data

Secondary data have been collected from the following sources: - Ministry of MSME, Government of India - Economic Review of Kerala (various issues) - Reserve Bank of India (RBI) publications - Udyam Registration Portal statistics - Directorate of Industries and Commerce, Government of Kerala - Reports from NABARD and SIDBI

4.3 Period of Study

The analysis covers a multi- year period to capture pre- shock, shock, and post- shock phases of MSME performance.

4.4 Tools of Analysis

- Trend analysis
- Growth rate analysis
- Percentage analysis
- Comparative analysis
- Graphical representation

V. MSME PROFILE AND PERFORMANCE TRENDS IN KERALA

5.1 Growth of MSMEs

Secondary data indicate a steady increase in the number of registered MSMEs in Kerala, particularly after the introduction of the Udyam registration system. The post- pandemic period shows renewed entrepreneurial activity, suggesting adaptive resilience.

5.2 Employment Generation

MSMEs remain a major source of non- farm employment in Kerala. Although employment levels declined during crisis periods, gradual recovery is evident with the expansion of micro and service- based enterprises.

5.3 Sectoral Composition

The MSME sector in Kerala is dominated by micro enterprises, with significant representation in manufacturing, trade, services, and traditional industries. A noticeable shift towards service- oriented and digital- enabled enterprises is observed in recent years.

VI. RESILIENCE AND RECOVERY ANALYSIS

Resilience in MSMEs is reflected through their ability to absorb shocks, adapt business models, and recover performance levels.

The analysis reveals that: - Policy support measures such as emergency credit schemes and interest subventions aided short- term survival. - Digitalisation and e- commerce adoption enhanced market access during disruptions. - Localised supply chains and cooperative networks strengthened adaptive capacity.

The recovery trajectory, however, remains uneven across sectors, with micro enterprises facing greater constraints compared to small and medium units.

VII. FINDINGS OF THE STUDY

1. MSMEs in Kerala demonstrated moderate to high resilience despite repeated economic shocks.
2. Government policy interventions played a crucial role in stabilising enterprise operations.
3. Digital adoption emerged as a key recovery driver.
4. Micro enterprises remain more vulnerable due to limited financial buffers.
5. Region- specific institutional support significantly enhanced recovery prospects.

VIII. POLICY IMPLICATIONS AND SUGGESTIONS

- Strengthening credit accessibility for micro enterprises.
- Promoting digital literacy and technology adoption among MSMEs.
- Enhancing disaster- responsive industrial policies.
- Encouraging cluster- based development models.
- Improving data- driven monitoring of MSME performance at the state level.

IX. CONCLUSION

The study concludes that MSMEs in Kerala possess inherent resilience supported by strong institutional frameworks and policy interventions. While shocks have temporarily disrupted performance, adaptive strategies and state support mechanisms have facilitated recovery. Strengthening these resilience factors is essential for ensuring long- term sustainability and inclusive economic growth.

REFERENCES

- [1] Government of India. (2022). Annual report 2021–22: Ministry of Micro, Small and Medium Enterprises. Ministry of MSME.
- [2] Government of India.(2023). MSME annual report 2022–23. Ministry of Micro, Small and Medium Enterprises.



International Journal of Recent Development in Engineering and Technology

Website: www.ijrdet.com (ISSN 2347-6435(Online) Volume 15, Issue 01, January 2026)

- [3] Government of Kerala.(2021). Economic review 2020–21.State Planning Board.
- [4] Government of Kerala.(2022). Economic review 2021–22.State Planning Board.
- [5] Government of Kerala.(2023). Economic review 2022–23.State Planning Board.
- [6] Ministry of Micro, Small and Medium Enterprises.(2020). MSME sector at a glance.Government of India.
- [7] Reserve Bank of India. (2021). Report on trend and progress of banking in India 2020–21. RBI.
- [8] Reserve Bank of India. (2022). State finances: A study of budgets. RBI.
- [9] National Bank for Agriculture and Rural Development.(2021). Status of microfinance in India.NABARD.
- [10] Small Industries Development Bank of India.(2022). MSME pulse report.SIDBI.
- [11] OECD. (2020). Coronavirus (COVID-19): SME policy responses. Organisation for Economic Co-operation and Development.
- [12] World Bank.(2021). Supporting MSMEs to recover from the COVID-19 crisis. World Bank Group