

## **PROBLEMS AND PROSPECTS FACED BY MICRO, SMALL AND MEDIUM SCALE ENTERPRISES WITH SPECIAL REFERENCE TO COIMBATORE**

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### **ABSTRACT**

MSME sectors always face more problems related to their level. Because their poor planning may affect their business. The primary purpose of this research work is to assess the challenges of Micro and Small scale Enterprises (MSMEs) face in marketing. The study was confined to the area in Coimbatore district. Where a sample of 25 Micro Small and Medium scale Enterprises was adopted. It emerged that MSMEs are not getting financial supports and also marketing problems. Coimbatore is one of the few big industrial towns in Tamil Nadu. The city is well connected to its region by road, rail and air. The thousands of small and tiny industries including ancillaries and jobbing units have helped Coimbatore to be recognized as a signature of south India.

**Keywords:** MSME, R&D, HRD

### **INTRODUCTION**

Micro and Small scale enterprise is an integral part of the Indian industrial sector. The distinctive features of micro and small-scale enterprises are the less capital investment and high labor absorption which has created unprecedented importance of this sector MSMEs in India face several problems such as lack of availability of adequate and timely credit, high cost of credit, lack of collateral requirements, limited access to equity capital, problems in supply to government departments and agencies, procurement of raw materials at a competitive price, issues of storage, designing, packaging and product display, lack of access to global markets, inadequate infrastructure facilities like power, water and roads, low technology and lack of access to modern technology, problems of skilled labour for manufacturing, services and marketing, multiplicity of labour laws and complicated procedures, absence of a suitable mechanism.

### **OBJECTIVES**

- To what extent do the challenges faced by the industry while running business in MSMEs.
- To know the problems faced by the MSME around the Coimbatore district.
- To accelerate the organizational aspects of MSME.

### **STATEMENT OF PROBLEM**

The most of the problems of MSMEs are external to it, among them are those related to Production, Safety, Capital shortage. The internal problems of MSMEs in Coimbatore include inadequate working capital, difficulties in sourcing raw materials, low capacity utilization, stiff competition from larger companies, lack of management strategy, poor educational background of operator, and huge financial problems while the external problems include; policy inconsistencies, multiple taxation, harsh requirements and trade groups. And the MSMEs face the marketing problems in the way of Price determination, Quality, Variety of Product etc., it is also important to note that MSMEs

in Coimbatore district are not is examining the risk and challenges towards the Micro small and Medium scale enterprises in Coimbatore.

## REVIEW OF LITERATURE

- ❖ Dr. Mukund Chandra Mehta (2013), reveals that the twin problems of unemployment and poverty constitute a major development challenges. There are several challenges on the sector of MSMEs. If the government, Bank and Financial Institutions will take proper initiatives in the sector of MSME and they will take pride while servicing the MSMEs, these challenges can be solved and the economic growth rate of India will be 8-10% for the next decades.
- ❖ Dr. Neeru Garg (Sept. 2014), Micro, Small and Medium Enterprises in India: Current Scenario and Challenges,. This paper made an attempt to highlight the growth of this sector and analyze various problems and challenges faced by MSME sector in India in general.K. Suneetha and T.Sankaraiah, Problems of MSMEs and Entrepreneurs in Kadapa District, IOSR Journal of Economics and Finance: The study conducted a survey on 156 enterprises to study the problems. It was found that 103 enterprises were facing financial problems and among them 62.8 per cent are from Micro enterprises. More over 23 percent found as meager assistance from government agencies.

## RESEARCH METHODOLOGY

**Primary Source:** A well-structured Interview schedule was prepared and distributed to the customers who are in MSME in Coimbatore.

**Secondary Source:** The various secondary information sources used for the present research include the journals and magazines and websites.

## TOOLS USED FOR DATA ANALYSIS

The tools used for the through Percentages and ANOVA.

## Sampling Design

The study covers only the selected customers. In this study stratified random sampling technique has been used and 25 customers were selected on random basis.

**TABLE I :SIMPLE PERCENTAGE (PROFILE OF THE INDUSTRIES)**

Demographics		No. of Respondents	Percentage (%)
Age (in years)	Less than 3	6	24
	3 – 6	8	32
	7-10	9	36
	More than 10	2	8
Capital invested	Below 5 Lakhs	4	16
	5- 10 Lakhs	6	24
	10 – 15 Lakhs	8	32
	15- 20 Lakhs	7	28
Nature of organization	Micro	9	36
	Small	11	44
	Medium	5	20
Form of organization	Sole proprietorship	9	36
	Partnership	6	24

Demographics		No. of Respondents	Percentage (%)
	Private Limited	10	40
Nature of Activity	Textiles & Garments	7	28
	Fabrication	5	20
	Jewelers Making	2	8
	Fabrication	11	44
Source of Finance	Own funds	5	20
	Bank Loan	4	16
	Both own funds and bank loan	16	64

**TABLE II :ANOVA TABLE FOR PROFILE OF THE ENTERPRISES AND STRATEGY FOR SUSTAINED GROWTH**

		Sum of Squares	df	Mean Square	F	Sig.
Scale of operation	Between Groups	1.679	6	.280	1.032	.437
	Within Groups	4.881	18	.271		
	Total	6.560	24			
Form of the Organization	Between Groups	.545	6	.091	.780	.596
	Within Groups	2.095	18	.116		
	Total	2.640	24			
Nature of the activity	Between Groups	6.773	6	1.129	.567	.752
	Within Groups	35.867	18	1.993		
	Total	42.640	24			
Sources of finance	Between Groups	1.169	6	.195	.726	.635
	Within Groups	4.831	18	.268		
	Total	6.000	24			
Age of the enterprises	Between Groups	2.919	6	.487	1.237	.334
	Within Groups	7.081	18	.393		
	Total	10.000	24			
Capital	Between Groups	4.776	6	.796	1.277	.317
	Within Groups	11.224	18	.624		
	Total	16.000	24			

There is no significant difference between scale of operation, nature of activity, sources of finance, age of the enterprise, capital, form of organization and strategy for sustained growth. Hence, Null hypothesis gets accepted.

### Suggestions

There is a need to understand and assess the real needs of the MSMEs and accordingly devise approaches that ensure their sustainable growth. The need today is also to manage on modern technologies to harness human capability through the process of increased communication, cooperation and linkages, both within the enterprise as well as across enterprises and knowledge producing organizations.

### **Conclusion**

It is necessary to support the MSMEs, educate and give power to them to make optimum utilization of the resources, both human and economic and informed of the latest developments taking place globally and helped to acquire skills necessary to keep speed with the global developments. It concludes that simple and clear policies and acts are to be made so that these enterprises can understand them and make use of as well as implement them in the business for compliance and secure benefits. There are many government schemes but from the study it was observed that most of these enterprises are not aware and do not understand how they can benefit out of them.

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