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### **PROBLEMS FACED BY MICRO, SMALL AND MEDIUM ENTERPRISES – A SPECIAL REFERENCE TO SMALL ENTREPRENEURS**

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#### **ABSTRACT**

MSMEs, as a major contributor towards growth of domestic economy and employment generation, should get adequate support in terms of policy framework, incentives and other relevant aids. There are 35 million enterprises in various industries, employing 69 million people. Together, these account for 45% of the industrial output and 40% of the exports. Although 95% of Micro, small and medium enterprise units is informal in nature, the contribution of the sector to India's GDP has been growing consistently at 11% per annum, higher than overall GDP growth of 7-8%. Nationwide, Micro, Small and Medium enterprises (MSMEs) have been acknowledged as the engine of economic acceleration and for promoting unbiased progress. The finest benefit of this sector is employment generation for the development of Indian Economy by increasing of standard of living of the people. In this background researcher made an attempt to study the role of Small, Micro and Medium Enterprises in inclusive growth of Indian Economy. Steps like providing infrastructure facilities, developing various industrial parks and technology incubators under MSME cluster development programmes, creating networks of organizations that help provide training to skilled workforce to improve productivity, encourage entrepreneurship and competency in management, funding R&D investments, technology advancement may work for the betterment of the sector. This paper focuses on the prospects of MSME and the major challenges for sustained growth.

#### **Introduction**

For a developing economy like India which is often faced with chronic problem of unemployment and severe foreign exchange crunch, sustained development of tiny and small firms offers an idea opportunity and a real challenge. It also holds the promise of fulfilling the cherished goals of planners. The generation of adequate employment is to achieve near full employment by the turn of this century.

#### **Objectives**

- To study about the scenarios of MSMEs in Coimbatore District.
- To study on major challenges are faced by Micro, Small and Medium Enterprises.

#### **RESEARCH METHODOLOGY**

The present study based on both primary and secondary data. The primary data are collected through the personal discussion with manufacturing sectors owner. Secondary data are collected from the annual reports published by the MSMEs and various national and International Journal. The study covers the period from 2019 – 2020. The Study concentrated from one region in Tamil Nadu i.e. Coimbatore District. The sample size was 468.

## Tools for Analysis

The data collected through primary sources. The tools used for the analysis were as Simple Percentage and ANOVA.

## Review of literature

Dr. K. Balasubramaniam (2015), brought out that the Khadi and Village Industries Programme holds great potential for generating gainful employment opportunities for the rural poor, arresting migration of rural unskilled workers to urban areas and for promoting the strategy of sustainable development. It can also be a viable and effective social safety net to enable the poor to ward off the adverse impacts of structural adjustment and economic reforms on their wellbeing.

Ravin Kadian and Aarti Chahal (2015), this study focuses on the role of MSMEs in the “Make in India” initiative. Quantitative data regarding this has been collected using various reports like RBI Database on Indian Economy, Database of Department of Industrial Policy and Promotion and report of CII’s 13 th manufacturing summit 2014. It has been analyzed that the key area of progress for India would be the development of its MSMEs to achieve and manage scale effectively. Our supply chains are over-dependent on MSMEs. The MSME sector employs over 80 million people in 36 million units, and contributes 45 percent of the manufacturing output. However our MSMEs are struggling due to lack of access to investment.

## Challenges for Sustained Growth

**Listen to Market place** The real challenge was production, no matter what the costs were. Even today our cost of production in many industries is about three times the international prices. The challenge today is termed as ‘myopic vision’ and make the firms market driven. The manufacturers must understand that the needs and desires of the market precede and not follow the product.

**Technology –The Key to Growth** High Technological obsolescence leading to shorter product life cycles (PLCs) is one of the major causes of business failures. “Small business firms produce two and a half times as many innovations as large firms, relative to the number of persons employed”.

**Opt for Technology Based Products and Services** While many new firms start up each year, very few reach to the commercialization stage. Nearly half of them are out of business within 18 months. It adds, “Excessive sickness in the small scale sector has been on the increase”.

## Promotion is a serious business

“If a man writes a better letter, book, preach a better sermon, or make a better mousetrap than his neighbor, though he builds his house in the woods, the world will make a beaten path to his door”. One of the biggest constraints facing a small business firm is the scarcity of funds in general and for promotion in particular. Very often the promotional budget is allocated on a residential basis.

### Capital of entrepreneurs

Capital (in Lacs)	Numbers	Percentage
Up to 10	196	41.9
10 – 15	120	25.6
15 - 20	58	12.4
20 – 25	28	6.0
Above 25	66	14.1
<b>Total</b>	<b>468</b>	<b>100.0</b>

Out of 468 entrepreneurs, 196 (41.9) entrepreneurs Up to 10 lacks capital invested for running their business and 120 (25.6) entrepreneurs 15 – 20 lacks capital invested for running their business and

58(12.4) entrepreneurs 15 - 20 lacks capital invested for running their business and 28 (6.0) entrepreneurs 20 – 25lacks capital invested for running their business the rest 66 (14.1) entrepreneurs above 25 lacks capital invested for running their business. Thus, most of the entrepreneurs Up to 10 lack capital invested for running their business.

**Gender with level of problem**

Gender	Level of Problem			Total
	Low	Moderate	High	
Male	36 (10.9)	258 (78.2)	36 (10.9)	330 (100.0)
Female	24 (17.4)	92 (66.7)	22 (15.9)	138 (100.0)
<b>Total</b>	<b>60</b>	<b>350</b>	<b>58</b>	<b>468</b>
<b>Df:2</b>	<b>Chi-square : 6.903</b>		<b>P Value: .032</b>	<b>Significant</b>

Female entrepreneurs have high level of problem. Female entrepreneurs also have low level of problem. Comparing the percentage it is inferred that female entrepreneurs have low level of problem. As the calculated P value is less than 0.05 there exist a significant association between gender and level of problem. Hence, the null hypothesis is rejected.

**Raw material problem does not differ among entrepreneurs classified on the basis of Educational Qualification**

Educational Qualification	Numbers	Labor Problem	Standard Deviation	Minimum	Maximum
Up to Primary & Secondary	44	80.91	10.12	60.00	100.00
Under Graduation	300	79.04	13.05	20.00	100.00
Post Graduation	106	77.67	12.92	20.00	100.00
Others	18	78.52	7.77	66.67	90.00
<b>Total</b>	<b>468</b>	<b>78.89</b>	<b>12.61</b>	<b>20.00</b>	<b>100.00</b>
<b>Df: :v1 3, v2 464</b>		<b>F Value: 0.725</b>	<b>P Value: .538</b>		<b>Not Significant</b>

Mean raw material problem is found high among entrepreneurs, whose educational qualification under graduation. Mean raw material problem is found low among entrepreneurs, whose educational qualification other category. As the calculated P value is greater than 0.05, there exists a significant difference in mean marketing problem among entrepreneurs classified on the basis of Educational Qualification. Hence, the null hypothesis is accepted.

**CONCLUSION**

From the above discussion it can be seen that the project is technically feasible and economically viable on the financing pattern. Since most of the enterprises complained about non availability of labour (though this problem is not covered) Government need to look into this matter. It has to amend the labour laws which are contemporary and relevant to the present globalized scenario. Simple and clear policies and acts are to be made so that these enterprises can understand them and utilize 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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