

Challenges faced by the MSME's sector start up's

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Abstract - MSME is one of the emerging trends of business opportunities which create generation of employment of modern business world. In today's globalized world, entrepreneurship has assumed greater significance in the acceleration of economic growth and provision of economic facilities. Based on the number of MSMEs in the country, it is expected that Villupuram should easily meet its essential needs, notably in the area of employment generation, poverty alleviation, economic and industrial growth. The major advantage of MSMEs is to generate employment potential at low capital cost. In Villupuram, MSMEs play a vital role in the overall industrial economy of country. In recent years particularly after MSME Act 2006 policy, the MSME sector has consistently established the large number of working enterprises and generating more number of direct and indirect employment opportunities in rural and urban areas. Finally, it can be said that there is a long way to go for entrepreneurs and MSMEs in Villupuram and their success is the success of Indian economy.

keywords - Micro, Small and Medium Enterprises

I. INTRODUCTION

MSME promote the socio economic growth increasing GDP rate through effective mechanism in our Indian economy. But the reverse currently is the situation as a country now parades a population with adverse unemployment, poverty and lack of growth.. This implies that the number of a young person's thrown into the labour market and those living below the poverty line has continued to grow. While some of the challenges faced by MSMEs are within the control of the businesses, others are external and thus beyond their control. In recognition of this, it is expected that with some deliberate intervention, the failure rate will be reversed. The role of government is thus seen through the various programmes that are designed and put in place to address the typical needs of MSMEs. These programmes and initiatives are designed to ultimately lead to job creation and poverty alleviation through the MSMEs. In this regards micro entrepreneurs is highly vibrant of economic growth in our country.

II. SIGNIFICANCE OF (MSMES)

The Micro, Small & Medium enterprises (MSMEs) is one of the most vital sectors of any economy in general and India in particular in ensuring equitable, inclusive & employment friendly economic growth. MSMEs have been playing a momentous role in overall economic development of a country like India where millions of people are unemployed or underemployed. This sector solves the many problems viz. poverty & unemployment through providing immediate large-scale employment, with lower investments and proves to be a second largest manpower employer, after agriculture. By contributing to more than fifty per cent industrial production in value accumulation terms, this sector occupies a position of prominence in Indian economy. In this regard, Prime Minister Dr. Manmohan Singh stated, "the key to our success in employment lies in the success of manufacturing in the small scale sector".

III. GROWTH OF MICRO, SMALL AND MEDIUM ENTERPRISES

Micro, Small and Medium Enterprises (MSMEs) across the world, including India, are the vehicles for faster, sustainable and overall inclusive economical growth. In India, the MSME sector is a founding pillar Of its socio-economic fabric. With more than 44.7 million enterprises, this sector generates more than 101million jobs; second largest sector after agriculture. It also contributes 40% of total industrial manufacturing and 43% of India local exports. There are over 8,000products ranging from traditional thigh-tech items, which are being manufactured by the MSME sector in addition to provide wide range of services. In modern era, with the development of Indian economy and rapid expansion of trade, this sector has emerged as an enthusiastic and dynamic segment in the process of industrialization which is considered not only as key factor to lift up the per capita income but also a vital mechanism for a larger transformation of Indian economy.

Table 1.1 Limit of Investment in Plant and Machinery and Equipment

Enterprises (Type)	Investment in Plant & Machinery(Manufacturing)	Investment in Equipment(Service)
Micro	Upto Rs.25lakh	Upto Rs.10lakh
Small	Above Rs.25lakh upto Rs.5 crore	Above Rs. 10lakh upto Rs.2 crore
Medium	Above Rs.5crore upto Rs.10crore	Above Rs. 2 crore u pto Rs. 5 crore

IV. MSME IN INDIA

Micro, Small and Medium Enterprises are the heart of Indian Industry. Their contribution especially to a developing country like India is very valuable. They not only contribute in generating employment but also encourage low skilled level workers to start as entrepreneur level in rural areas. As data given by Economic Times in June 2013, they employ close to 40% of India's workforce. Their main boost is given to Indian Manufacturing industry which is around 45% and export oriented units which are close to 40%. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. It helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSME complement large industries as ancillary units and contribute enormously to the socioeconomic development of the country. MSME manufacture more than 6,000 products ranging from traditional to high tech items.

Electricity is internal aspect of every organization to cover more attractive regular customer. Frequently electricity cuts and load shedding leads to loss of many hours and low supply of selling the product in marketing. Entrepreneurs to spent the huge investment in small medium enterprises have meet many problems due to insufficient of labour, huge competition, inadequate of working capital, marketing environment, transport facilities, poor customer relationship management, Availability of warehouse, delay on insurance claims, promotion on sales, provide offer discount/credit, cheating materials by customers, lack of infrastructure and government policy.

Five major issues for MSMEs in general in most parts of the world are:

- Access to finance (physical as well as documentary access to formal financing sources).
- Infrastructure (inadequate or even absence of sufficient basic infrastructure).
- Marketing of products/services (physical access to markets, and psychological access to consumers).
- Regulatory burden (bureaucratic requirements to utilize the schemes and subsidies by various bodies).
- Training and Education (inadequate or absence of training, coupled with).

V. RESEARCH QUESTION

Economic activities of MSME enterprises are one of the major milestones in the field of socio-economic development of MSME sector in Villupuram District. The research study was carried out on the basis of the following important questions:

1. Have the quality performance of economic activities through MSME enterprises?
2. Did the financial assistance of MSME enterprises in Villupuram district?
3. Have MSME enterprises improvement on wider market?

VI. OBJECTIVES

The present study consists of following objectives:

1. To know the Micro Small Medium Enterprises in general
2. To analyze the socio-economic status of MSME enterprises in Villupuram District
3. To measure various factors affecting through MSME enterprises in Villupuram District
4. To offer findings and suggestions, to improve MSME enterprises in Villupuram District.

VII. PILOT STUDY

A Pilot study was conducted with 25 samples selected from the study area. Based on the response of the respondents, the questionnaire were modified and redesigned according to the need and relevance of the study.

VIII. SCOPE OF THE STUDY

The present study evaluated one economic activities of MSMEs enterprises in Villupuram District. This study mainly covered various factor affecting through micro small medium enterprises with regard to socio economic growth of MSME enterprises and also manufacturing and service sector in the study area and does not cover the large scale industries in Villupuram.

IX. PERIOD OF THE STUDY

The period of the study in collection of the secondary data during the years from 2000- 2013 thirteen years and primary data were collected during the months from August 2019 to September 2019.

X. CONCEPTUAL FRAME WORK

- a) **The Micro, Small & Medium enterprises (MSMEs)** is one of the most vital sectors of any economy in general and India in particular in ensuring equitable, inclusive & employment friendly economic growth. MSMEs have been playing a momentous role in overall economic development of a country like India where millions of people are unemployed or underemployed.
- b) **Manufacturing Enterprises** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery
- c) **Service Enterprise** The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment. The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.
- d) **SME sector** Despite its commendable contribution to the Nation's economy, SME Sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate, which is a handicap in becoming more competitive in the National and International Markets. SMEs face a number of problems.

- e) **Entrepreneurship development programs [EDPs]** :Entrepreneurship Development Programs are organized by the Institute as a regular training activities to cultivate the latent qualities of educated unemployed youth (both men and women) by enlightening them on various aspects that are necessary to be considered while setting up small scale industries and other service or business enterprises.
- f) **Marketing support to MSMEs:** Under the Scheme, it is proposed to provide marketing support to Micro, Small & Medium Enterprises through National Small Industries Corporation (NSIC) and enhance competitiveness and marketability of their products, through following activities
- g) **Generating Employment opportunities:** employment opportunities are one among the important variables of economic growth of a country. Now days, the Arab world is facing the problems created by its unemployed unrest people. No economy can economically sustain unless and until it provide lively hood to its local people. Traditionally the MSME are labour intensive and alleviating unemployment problems to a great extent.
- h) **EDI Schemes:** The central assistance provided under the scheme is to catalyst and supplement the efforts of respective states and other agencies involved in entrepreneurship development and creating infrastructure such as buildings, training institutes to educate entrepreneurs.

XI. FINDINGS

1. A maximum of 30.0 percent of the respondents are belongs to the age group of above 61 years, and a minimum of 13 percent of the respondents are belongs to the age group of 41-50 years.
2. It is clearly shows that marital statuses of the respondents a maximum of 71.0 of the respondents are married and a minimum of 23 percent of the respondents are Unmarried
3. A maximum of 28.0 percent of the respondents finished high school level and a minimum of 20.0 percent of the respondents did their high secondary level
4. It is found that 34.0 percent of the respondents are working in self employed and a minimum of 22.0 percent of the respondents are working in job
5. It exhibits that 100 percent of the respondents of annual income that a maximum of 35.0 percent of the respondents have their annual incomes Rs.6 – 9 lakhs and minimum of 26.0 percent of the respondents have their annual incomes Rs.2 – 5 lakhs
6. It is found that 53.0 percentage of the respondents location of the business in rural and remaining 47.0 of the respondents location of the business in urban.
7. It is exhibit that out of 100 respondents 27.0 percent of the respondents are doing the micro business, 32.0 percent of the respondents are doing the small business, 41 percent of the respondents are doing the medium business.
8. It is clearly shows that a maximum of 37.0 of the respondents are running of their business 8 to 10 years and a minimum of 28.0 percent of the respondents are running of business 4 to 7 years.
9. It is found that out of 100 respondent's nature of sector 45. 0 percent of the respondents are doing manufacturing sector, 55.0 percent of the respondent are doing Service sector in the study areas.
10. It is noted that 71 percent of the respondents are running the enterprises by sole traders, 29.0 percent of the respondents are running the enterprises by Partnership
11. The above tables 75.0 percent of the respondents have registered the business unit and remaining 25.0 percent have not yet registered.
12. It is clearly shows that investments on capital 38.0 percent of the respondents have invested capital above 6 lakhs and above and a minimum of 18.0 percent of the respondents have invested capital below Rs. 1 lakhs,
13. Out of total 100 respondents that a maximum of 33.0 percent of the respondents borrowed money from bank and a minimum of 14.0 percent of the respondents borrowed money from friends
14. It is exhibit that bank wise loan a maximum of 26.0 percent of the respondents got the loan from Indian bank and a minimum of 2.0 percent of the respondents got the loan from Indian overseas bank.
15. It is found that 59 percent of the respondents got the loan one time, 17 percent of the respondents got the loan two times, 24 percent of the respondents got the loan three times.
16. From the above table out of 100 respondents 41percent of the MSME enterprises have paid the repayment of loan in time, 20 percent of the respondents have paid the repayment of loan in advance, 39 percent of the respondents have paid the repayment of loan not in time.
17. It is understood that out of 100 percent of the respondents 48 percent of the MSME entrepreneurs have got training from NGO, 21 percent of the respondents have got training from TAHDCO, 4 percent of the MSME entrepreneurs have got training from DIC, 19 percent of the respondents entrepreneurs have got training from SIDCOI, 8 percent of the MSME entrepreneurs have not got training any organization.

XII. SUGGESTIONS

The presence and the activities of MSME's have played a significant role in the economy of Villupuram. However, they normally constrained financially and non-financially.

1. First the government and other private organization should pay more attention to MSME's, so that MSME's poverty will be reduced and improve the living standards of many people in Villupuram.
2. Government should reduce the corporate taxes and granting tax relief for medium, small, micro entrepreneurs. MSME's have been found to create jobs, schools and colleges in both private and public sector.
3. It is suggested that entrepreneurship training has to be started from all levels of education (should have started from schooling).

4. The government may take special action to import the latest technology available for products only for Micro Small Medium Entrepreneurs Enterprises. The government may conduct camps for promoting the Micro and small units by conducting exhibition and through Online Enterprises.
5. Marketing agencies like Snapdeal, Amazon should have tie up with MSME's Enterprises.
6. MSME's enterprises units should be provided with quality, control facilities by the government in the industrial training institutions, polytechnic colleges, engineering colleges and university laboratories.
7. For creating Global Business Environment government can introduce a web portal a complete guide to start up enterprises (with whom to contact for what).
8. Entrepreneur need not know the name of the scheme introduced by the government, they can they can get the details through new web portals and the standard of entrepreneurs can be improved. Empowerment of MSME's through Skill development and training programmes. It can be Designed based on short term & hi-tech training programmes. Effort made for 100% placement in India and abroad.
9. As Villupuram District is largely based on Agro based (Food) industries an attempt can be made towards food security & value addition to agro based food products. Resource mapping has to identify agro-based enterprises done block wise. Government organized agro based training programme can be done effectively.
10. Encourage youth to start Agro based enterprises. Youth has to be involved in the project. They will become the partners of the project. Fraction of the profit is deposited in their account. The saving would be used either for their higher studies or to start sustainable livelihood option in the forest based activity under people movement.
11. To create aspiring entrepreneurs committed service to create employable skills through our regular and outreach skill up gradation training programmes.
12. Entrepreneurship Development Programmes are being organized as a regular training activity to cultivate the latent qualities of youth by enlightening them on various aspects that are very much essential while setting up Micro, Small & Medium Enterprises. These programmes have to be conducted generally for technicians for motivating them towards self-employment.
13. The course contents of the Entrepreneurship Development Programmes are so designed as to provide useful information on product design, manufacturing, testing, quality control, selection and usage of appropriate machinery and equipment's, project profile preparation, marketing techniques, product pricing, export opportunities, support and financial institutions, cash flow, etc.
14. Special software has to be developed to monitor the progress of various training programmes. Training on cell phone servicing and repairing was imparted to these targeted groups. New approach has to be adopted to impart result oriented training by involving leading Non-governmental organizations (NGO) and leading institutions.
15. Identification of Entrepreneurs by conducting motivational campaigns throughout the district, especially in Panchayats union headquarters. The central and state government should be provided with special subsidy to the MSME enterprises. So that they will expand the production capacity and will automatically increase the profit.

XIII. CONCLUSION

Though entrepreneurs face many problems and challenges in their path of becoming a successful entrepreneur but the government has taken many initiatives for their growth. MSMEs "form the backbone of our Economy". They account for a large portion of our industrial output and employment. The project concludes with the recommendation to the Indian Banking industry to enhance its share of finance to MSME sector, through lending either directly or indirectly, in order to ensure further improvements in their contributions to the economy – in terms of jobs creation, export potential, and better standard of living to millions of families. . Finally, it can be said that there is a long way to go for entrepreneurs and MSMEs in Villupuram and their success is the success of Indian economy.

XIV. REFERENCES

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