

# 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 problem 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 Tamilnadu. 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.

**Index Terms**—medium scale enterprises

## I. 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

## II. 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

industries in Coimbatore District.

- To Analyze The Internal And External Problems Faced By Them.

## III. LIMITATIONS OF THE STUDY

- Respondents are hesitant to provide the necessary information.
- Only 25 respondents were selected for sampling.
- Data is collected only in Coimbatore District.

## IV. 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.

## V. 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. M.S.Vasu, Dr. K. Jayachandra (2014), the paper discussed about the growth and performance of MSMEs and also listed out the problems faced by MSMEs in India, Problems in general were listed out, but not to a particular State

or Region.

Dr. Padmasani, S. Karthika (2013), A study on Problems and Prospects of Micro, Small and Medium Scale Enterprise in Textile Exports with special reference to Tirupur and Coimbatore District. This paper has examined the problems of MSMEs in the era of global economy and also has identified the factors affecting MSMEs. A study was also made on the socio-economic conditions of MSMEs. The survey revealed that the problems can be overcome if MSMEs get involved in standardization of the business process, and can also adopt latest technology to improve the productivity. It was said that banks can support the industry by providing the credit facilities at low interest rate and Government and Institutions relating to Small and Medium Scale industries should take effective measures to improve the export performance of MSMEs in order to develop economy. The study covered the districts of Tirupur and Coimbatore district.

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. Moreover 23 percent found as meager assistance from government agencies.

## VI. RESEARCH METHODOLOGY

### Primary Source:

A well-structured Interview schedule was prepared and distributed to the customers who are in MSME in Coimbatore Taluk.

### Secondary Source:

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

## VII. TOOLS USED FOR DATA ANALYSIS

The data collected was analyzed through Percentages, frequencies, Chi-square tests; Garrat Ranking Techniques are applied for the analysis of data. Charts are also prepared.

### Period of the Study

The study was conducted during June 2018 to September 2018

### Area of the Study

The study is undertaken in Coimbatore District.

### Sampling Design

The study covers only the selected customers who are all investing amount in post office savings schemes. In this study stratified random sampling technique has been used and 25 customers were selected on random basis.

## VIII. HYPOTHESIS TESTING

### A. Analysis and Findings

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
	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  
CHALLENGES AND PROBLEMS FACED BY MSME

S. No.	Particulars	Very High	High	Moderate	Low	Very low
1	Lack of sufficient fund	15	5	3	1	1
2	Delayed payment from customer	13	7	1	2	2
3	Too much intervention of middlemen	8	8	4	3	2
4	Seasonal orders	6	5	5	4	5
5	Frequent changes in government policies	3	6	4	5	7
6	Lack in upgrade technology	7	7	8	1	2
7	Availability of Raw materials	9	5	6	3	2

TABLE III  
PROBLEMS OF TECHNOLOGY AND MANAGEMENT

S. No.	Types of product	produced Number	no of respondents
	Capital goods	Plastic	5467
	Consumer goods	Rubber	6787
	Luxury goods	Cosmetics	6789

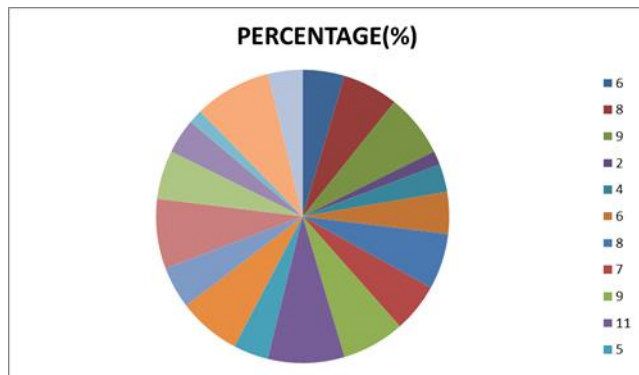


Fig. 1. Profile of the industries

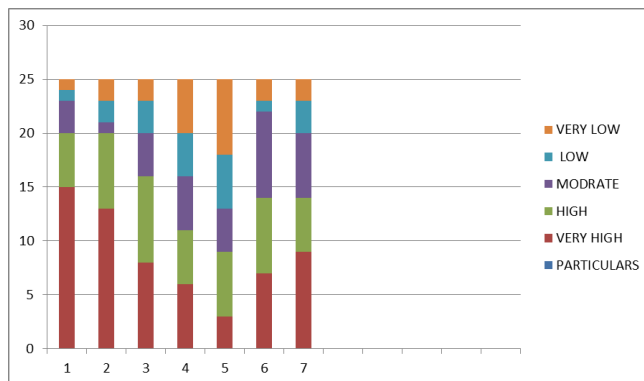


Fig. 2. Challenges and problems faced by MSME

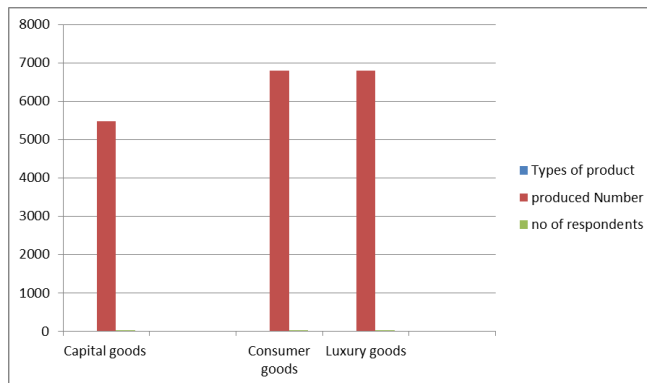


Fig. 3. Problems of Technology and Management

TABLE IV  
 PERFORMANCE OF MSME'S

S. No.	Total working enterprises	employments	Market value of fixed assets	Gross output
1	25	20	50000	100000
2	25	22	55000	100000
3	25	21	65000	200000
4	25	22	60000	1200000
5	25	25	30000	1500000

Source: Primary Data

The above table clearly states that the various factors influencing by the investors to invest amount in post office schemes.

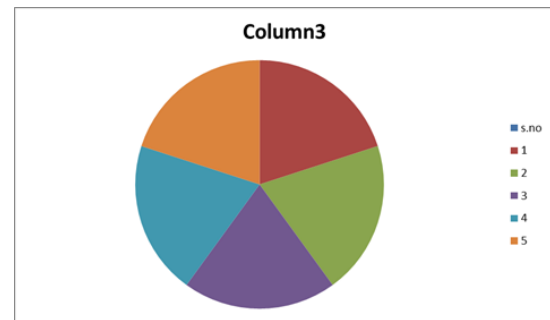


Fig. 4. Performance of MSME's

### B. Chi-Square Test

#### 1) Null Hypothesis 1

There is no significant relationship between Educational qualification and problems faced by the customers.

Chi-square value = 21.27

Table value = 33.44

Significant level = 5%

*Result:* Thus the  $\chi^2$  value is less than table value we accept the hypothesis. Therefore there is no significant relationship between educational qualification and problems faced by the customers.

#### 2) Null Hypothesis 2

There is no significant relationship between age and problems faced by the customers.

Chi-square value = 26.37

Table value = 31.21

Significant level = 5%

*Result:* Thus the  $\chi^2$  value is less than table value we accept the hypothesis. Therefore there is no relationship between age and problems faced by the customer

## IX. 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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