



MSME ENTREPRENEUR'S SOCIO ECONOMIC STATUS AND CONSTRAINTS IN COIMBATORE DISTRICT

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ABSTRACT

Entrepreneurship is generally associated with the establishment of a small business. There is no doubt that in a country like India, capable persons with dynamic confidence and vision usually launch small enterprises instead of going in for employment. Entrepreneurship offers an independent way of life for the young persons who want to be masters of their own destiny. Many authors believe, lack of entrepreneurship is one of the causes of the slow growth of Indian economy although we have abundance of natural resources and manpower. This fact has been duly recognized by the government which provides many facilities and incentives to entrepreneurs. The Small and Medium Industry occupies a position of strategic importance in the Indian economic structure due to its significant contribution in terms of output, exports and employment. Micro, Small and Medium Enterprises are the legs of Industrialization process of a country. In the earlier days this concept was called as small and medium enterprises. The Indian market is growing rapidly and Indian entrepreneurs are making remarkable progress in various Industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile and Garments, Retail, IT, Agro and Service sector. Being the priority sector in contributing towards the development of economy, MSME Entrepreneurs are facing many obstacles and constraints to run their business unit. This paper exhibits the socio economic status and important constraints faced by the Entrepreneurs.

INTRODUCTION

In the Indian economy, Industries and Services act as twin engines for propelling overall growth in the economy. They play a vital role in accelerating socio-economic

development of a nation, thereby providing several categories of goods and services (both tangible and intangible) and catering to the diverse needs of the masses. These sectors are the largest generator of employment opportunities in the country and a facilitator of trade and commerce with other countries. Besides agriculture, they are the basis of almost all the major policy initiatives, incentives and schemes as well as programmes and plans, both at the National and the State level. Industrial development aims at achieving various socio-economic objectives such as reducing debt burden, promoting foreign direct investment(FDI) inflow, enhancing self reliant product and distribution as well as diversifying and modernising the existing economic set up.

Small-scale sector constitutes a major part of Indian economy. It plays a great role in the Indian economy in terms of creating additional employment with low capital investment and maintaining self-sustainability in various sectors of the economy. The typical characteristics of small-scale industry other than the level of investment and employment are the personal face of the organisation and style of management. These kinds of organisations run in to maximum fifty to hundred in employment size and management is basically proprietary in nature. The small enterprises create more employment per unit of capital employed due to low cost overheads, but in an efficient entrepreneurial environment it is not important to create another additional employment source but also to have an economic reason behind it i.e. make a profitable operation in a productive process.

An important segment of Indian Industrial set up has been the micro small and medium enterprises (MSMEs), which have been accepted worldwide for promoting equitable growth in the economy. The Ministry of Micro, Small and Medium Enterprises is responsible for overall development of India's small and medium sectors. MSME constitutes larger number of total enterprises in the economy, account for a major share of Industrial production and exports.

NEED FOR THE STUDY

Micro, small and medium enterprises sector has been recognised as an engine of growth all over the world. The sector is characterised by low investment requirement, operational flexibility, location wise mobility, and import substitution. Over the years, the small scale sector in India has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, micro wave components, electro medical equipment's, etc. The process of economic

liberalisation and market reforms has further exposed these enterprises to increasing levels of domestic and global competition.

The Government has been encouraging and supporting the sector through policies for infrastructural support, technology up gradation, preferential access to credit, reservation of products for exclusive manufacture in the sector, preferential purchase policy, etc. It has been offering packages of schemes and incentives through its specialized institutions in the form of assistance in obtaining finance; help in marketing; technical guidance; training and technology up gradation, etc. The entrepreneurs are provided various facilities financially and non-financially from Govt. and other sectors. But, they are facing obstacles and issues to start and run the business.

STATEMENT OF THE PROBLEM

Micro, Small and Medium Enterprises are the legs of Industrialization process of a country. The Micro, Small and Medium Enterprises sector contributes considerably to the manufacturing output, employment and exports of the country. These enterprises create more employment per unit of capital employed due to low cost overheads, but in an efficient entrepreneurial environment it is not important to create another additional employment source but also to have an economic reason behind it i.e. make a profitable operation in a productive process. Irrespective of performance level and objectivity of creation, MSME's in India have to face some serious issues to run the business successfully. Survival in this crucial and political environment is highly challengeable to the entrepreneurs. Being the priority sector generating employment and contributing lot towards the development of the nation MSME Entrepreneurs are facing several problems and constraints. This paper made an attempt to analyse the socio economic status and the chief constraints faced by the entrepreneurs.

OBJECTIVES OF THE STUDY

1. To probe the socio economic profile of the MSME Entrepreneurs in Coimbatore district.
2. To analyse the various constraints faced by the MSME Entrepreneurs in Coimbatore district.

RESEARCH METHODOLOGY

Research Design

The research design of the study consists of two stages. First stage of the research is explanatory in nature. A descriptive research was carried out at the second stage.

Sampling framework

The researcher adopted random sampling using lottery method for the effective conduct of this empirical study. Adequate weight age was given for ensuring fair and equitable distribution of respondents covering all segments of the industry.

Data source

Data base of the study includes both primary and secondary data. Primary data has been collected through individuals using Interview Schedules. The secondary data required for the study has been collected from Books, Journals, District Industries Centre, Coimbatore, and Ministry of MSME Website.

REVIEW OF LITERATURE

1. Renuka (2004) in her research titled “Role of Small Industries Development Bank of India in Financing Small Scale Industries” has made an attempt to analyse the increasing trend of financial assistance provided by SIDBI to small scale industries and found that in the context of the changing economic order, SIDBI has refined its strategies and introduced many new schemes to step up the flow of credit to small industry sector and the growth of small scale industries in India in the last decade has been largely contributed by the SIDBI.
2. Junaid M. Shaikh (2011) we attempt to integrate the prior literature on SME financing, and propose that these issues should be researched in a structured and holistic manner. To that end, we suggest that SME financing can be studied from the supply side(banks’) perspective, but not be restricted to a discussion on the quantum of loan, or other quantitative measures alone. We put forward 5 categories of items that we believe should be discussed in any work concerning SME financing, being (a) the SME’s personality, (b) the viability of the SME’s business and/or its industry, (c) the SME’s knowledge and competency, (d) the financial position of the SME, and (e) the level of detail and preparation of the loan application. We further attempt to

provide examples of items to be discussed in each category based on works from the literature.

DATA ANALYSIS

The analysis of data collection and presented systematically with the use of tables.

The demographic and socio-economic status of the entrepreneurs are correlated with the performance and constraints faced by them. Based on this conceptual understanding, the socio economic status of the respondents is surveyed:

S.No.	Factor	Category	Frequency	Percent
1.	Age	15 Years-17 Years	15	3
		18 Years -25 Years	137	27.4
		26 Years-50 Years	172	34.4
		51 Years -60 Years	176	35.2
		Total	500	100.0
2.	Gender	Male	486	97.2
		Female	14	2.8
		Total	500	100
3.	Educational Status	Schooling	162	32.4
		Diploma	85	17.0
		Graduation	152	30.4
		Post-Graduation	65	13.0
		Engineering	36	7.2
		Total	500	100.0
4.	Size of the Concern	Micro	216	43.2
		Small	111	22.2
		Medium	173	34.6
		Total	500	100.0
5.	Nature of Activity	Cotton Weaving And Textiles	83	16.6
		Metal Products	84	16.8
		Grain Milling	68	13.6
		Art Silk	92	18.4
		Jewellery	88	17.6
		Wood & Furniture	43	8.6

		Others	42	8.4
		Total	500	100.0
6.	Nature of Business	Manufacturing	155	31.0
		Services	106	21.2
		Commerce & Trade	172	34.4
		Others	67	13.4
		Total	500	100.0

It could be inferred from the table that out of 500 Entrepreneurs, 35.2 percent of the Entrepreneurs were in the age category of 51-60 Years and 97.2 per cent of the MSME Entrepreneurs are Male. The analysis proved that most of the (32.4 %) Entrepreneurs are having school level of Education..Concerning the size of the business concern it was understood from the table that most of the Entrepreneurs (43.2%) owned Micro units.

With regard to the nature of activity, 18.4% of the Entrepreneurs owned Art silk units and they are the maximum compared to others. The above analysis also states that among 500 respondents 34.4% of the Entrepreneurs were involved in the activities of Commerce and Trade, 31% of them were involved in the Manufacturing process 21.2% of them were involved in Service activity and remaining 13.4% of them were involved in other activities.

THE MAJOR CONSTRAINTS FACED BY THE MSME ENTREPRENEUR

The Entrepreneur is facing many constraints now days. The manpower shortage is the bigger issue for those MSMEs which have matured and willing to grow. Despite few being skilled, the skilled workers have problems of attitude and lack motivation and the right mind set. The state is facing huge problem because of power the power constraints influence the other factors like Man, Money and Purchasing constraints. The MSME Entrepreneurs are not able to place the purchase order in time and they cannot supply the finished products in proper time.

The political constraints another problem is faced by the MSME Entrepreneurs in the study District. The Government and periodical policy changes by the Government will affect the Entrepreneur and their production. This is one the chief constraints faced by the MSME Entrepreneur.

The start-up Entrepreneurs need venture capital. Since the risk involved in very high, many have put their own private capital. It is not the investment in infrastructure or buying machine, it is the working capital also. The capital is required to run the organization. Now with banking loan services it is becoming easy to get loan, but repayment is another issue

since marketing is too weak. Hence the analysis of above said constraints faced by Entrepreneur is necessary.

TABLE 2

MAJOR CONSTRAINTS FACED BY THE MSME ENTREPRENEUR

S.NO	Particulars	HA	A	N	DA	HDA	Mean	S.D	Total Score	Rank
1	Man power	50	127	67	13	0	0.21	0.795	1011	II
2	Electric power	41	89	96	31	0	0.19	0.901	911	III
3	Money power	34	85	97	39	2	0.18	0.929	881	V
4.	Purchasing power	42	94	80	39	2	0.19	0.964	906	IV
5	Political Power	83	119	47	7	1	0.22	0.804	1047	I

The major constraints faced by the MSME entrepreneur was analysed through Henry Garret ranking analysis, it was proved that the political power constraints was the major constraints faced by the MSME entrepreneurs, Man power constraints was the second major constraints faced, hence these two factors were ranked as I, and II with a total score of 1047 and 1011 respectively. The factor Electric power constraints and Purchasing power constraints were ranked as III and IV with a total score of 911 and 906 respectively. The factor Money power has secured V rank with a score of 881. It was concluded from the analysis that because of the political power the MSME Entrepreneurs were facing lot of difficulties, due to that the Entrepreneurs have lost many opportunities in expanding their business and because of the man power constraints the Entrepreneurs were not able to accomplish many works which they have signed in contract before and semi-finished products were lying idle in the godown without processing of finished goods.

CONCLUSION

Micro, Small and Medium Scale Enterprises require more well qualified Entrepreneurs and female Entrepreneurs to bring up this small scale sectors to a higher pace

and develop the country. Micro, Small and Medium Scale Enterprises continued to face the problem of infrastructure bottlenecks in terms of presence of inadequate transportation facilities, low/ no access to sound power supply, lack of proper communications channels, inadequate marketing facilities, lack of funds, etc. Apart from the above problems they have been forced to face some constraints which have been discussed in this study. All this affects the long run profit earning capacity of such entrepreneurs as well as inhibits the chances of survival of enterprises run by them. Adequate infrastructure facilities, adequate and timely credit are necessary for the overall development of every sector of the economy. In the wake of liberalisation and globalisation, its presence and importance for the proper growth of small and medium enterprises cannot be underestimated.

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