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Micro, Small and Medium Enterprises in India: problems and Challenges

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Abstract

Micro, tiny associate degree Medium Enterprises represent the backbone of the associate degree economy in maintaining a considerable rate and in generating employment opportunities. This sector has been thought to be an engine of economic process and social development in several developed and developing countries Contribution of MSMEs to the Indian economy in terms of employment generation, containing regional disparities, fostering an evenhanded economic process and enhancing the export potential of the country has been quite extraordinary. Despite some infrastructural deficiencies and challenges like the flow of institutional credit and inadequate market linkages, this sector has registered exceptional success with respect to the increase in variety, quantum of investment, scale of production and overall contribution to national gross domestic product. The study makes an effort to specialize in the massive growth potential and opportunities offered in the Republic of India for the development of the MSME sector, to spot vital problems and challenges and provide suggestions to deal with similar.

Keywords- Economic process, MSMEs, Enterprises, Performance

1. Introduction

Considering the name of small, tiny and medium enterprises – it's not troublesome to urge the enlightened concerning the importance of MSMEs once it involves the expansion and development of the country. They need to be unmarked for even once this sector truly employs sixty nine million folks in the Republic of India that is four-hundredth of the overall work force through forty-four million enterprises. Not solely are they a supply of basic sustenance resource but have improved the quality of living of many families over the years. MSMEs contribute just about every day to India's gross domestic product, are accountable for a surprising forty fifth of its total industrial output and four-hundredth of its total exports. The producing sector among MSMEs, that could be very little larger than the services sector, constitutes the ninetieth of the overall industrial units that unfold everywhere in the Republic of India. Solely fifty-five percent of

the overall MSMEs units are settled in urban areas. The rest of the forty-fifth of the units are settled in rural areas of the states like the capital, geographic region, Tamil Nadu, province, Andhra Pradesh, Karnataka etc. This results in an evenhanded distribution of value, financial condition alleviation and a comprehensive economic process. World over, tiny and medium enterprises are thought of to be the engine of growth that faucet into the latent entrepreneurial talent within the nation and supply a chance to the weakest sections of the society to use themselves as others do and within the method facilitate those they're providing services to.[1-5]

2. Definition of MSME

MSME are the engines of growth of any country's economy. In accordance with the availability of small, tiny and Medium Enterprises Development Act 2006, small, tiny and medium enterprises are classified into 2 categories.

2.1 Producing Enterprises

The Ventures occupied with the creating or creation of items addressing any business spread out in the essential timetable to the enterprises (Improvement and Guideline Act 1951) are delineated inside the terms of interest in the plant and apparatus.

2.2 Service Enterprises

a. The enterprises engaged in providing or rendering of services are outlined within the terms of the investment in instrumentality.

b. The limit of investment in the plant and machinery/equipment for manufacturing/service Enterprises is notified.

3. Contribution to Economy

MSMEs are the foundation of the Indian economy. They contribute in total national output and GNP of the Republic of India. It goes about as a bundle for business people to develop from minuscule to colossal. MSME Segment is expanding massively in the Republic of India. Republic of India has almost twelve million MSMEs that are kind of five hundredth of business yield and forty-third of India's absolute fare. The clarifications are as per the following:-

- a) Investment of less capital
- b) High contribution to domestic product
- c) Intensive promotion and support by the Government
- d) Important export earnings
- e) Operational flexibility
- f) Man power, power, machinery, procural.
- g) Capability to develop applicable autochthonic technology.
- h) Technology- orienting industries.

4. Objectives

- ❖ To Study the problems & Challenges of small, tiny and Medium Enterprises in Republic of India
- ❖ To find out some answer and suggestion for MSMEs.

5. Methodology

The methodology is very required to construct the analysis work. Additionally, qualitative and quantitative strategies were utilized in the study. This text needs secondary knowledge, secondary knowledge has been collected from printed supply, like periodicals, articles, reports, books, journals, and literatures on the topic. For

the purpose of gathering the latest updated information on the subject, e-sources are conjointly sighted.[6-10]

6. A Brief Review on Challenges round-faced by MSMEs in Indian Context:

6.1 Product connected Challenges

- Removal of the sum limitation.
- Non-similarity of normalization/absence of value mindfulness/Low quality of item.
- Product and fix fluctuate and utilization varieties.
- Complexity of exchange documentation just as bundling and naming.
- Problems of capacity, planning, bundling and items show/Absence of admittance to bundling advances.
- Introduction of higher substitutes.

6.2 Manufacturing/Distribution connected Challenges

- ❌ Low production capability.
- ❌ R&D shortage.
- ❌ Improper distribution system.
- ❌ Poor delivery schedules and the lack of the correct distribution system.

6.3 Technological / IPR connected Challenges

- * Limited correspondence organizations.
- * Low levels of innovation.
- * Lack of availability to data and information.
- * Lack of availability to speculation innovation instrumentality and force.
- * Low innovation levels and absence of admittance to popular innovation.
- * Inadequate material belonging insurance.

6.4 Govt. Policy / Infrastructure connected Challenges

- Bureaucracy and system.
- Lack of state flexibly supporting projects.
- Delay in getting power connection, water association, consent of the included specialists to release effluents, and so forth.
- Inadequate physical and financial framework.
- The absence of framework, gracefully and advancing help.

6.5 Finance connected Challenges

- Poor/non-accessibility of credit account

- Difficulties getting to cash assets/absence of capital.
- Lack of handiness of satisfactory and opportune credit.
- Limited admittance to value capital.
- Limited capital and information.
- Difficulties in getting to capital.
- Lack of respectable account at modest financing costs.
- Highly deficient credit stream.
- Diversion of capital assets for the securing of mounted resources.

6.6 Managerial/Marketing connected Challenges

- ❏ Lack of pioneering, social control and advancing aptitudes/absence of expertly oversight prime administration
- ❏ Ineffective advancing methodology
- ❏ Identification of most recent business sectors
- ❏ Constraints on modernization and developments
- ❏ Lack of offices for statistical surveying
- ❏ Improper new turn of events
- ❏ Non-presentation to best administration rehearses in delivering, promoting, dispersion and defamation
- ❏ Lack of corporate greed
- ❏ Lack of satisfactory data
- ❏ Entry of numerous new producers bringing about merciless rivalry

6.7 Labor connected Challenges

- ❖ Lack of good staff for creating, administrations, promoting, and so forth.
- ❖ Multiplicity of work laws and complex methodology identified with consistence of such laws.
- ❖ Non-handiness of incredibly great work at modest worth.
- ❖ Improper training and helpless specialist the board.
- ❖ Rigid work markets.
- ❖ Absence of the labor force coming up with, poor industrial relations.

6.7 Export connected Challenges

- Language obstructions and social varieties
- Risks in trade abroad

- Competition of autochthonic SMEs in unfamiliar business sectors
- Inadequate practices of worldwide organizations against homegrown SMEs
- Lack of admittance to world business sectors
- Lack of state motivating forces for bunch activity of SMEs
- Improper prohibitive arrangements at the passage and leave stages
- Infrastructure issues like force tax and absence of fare framework.

7. There is varied ways that during which such problems might be resolved. Few of them are listed below:

7.1 Mutual offer varied of assorted Technologies: Assortment of appropriate advances for the MSME segment has created in different segments. Though every MSME has its own limits of qualities and shortcomings, subsequently, it'd be equally important if effectively created innovations were being offered to various. An entire rundown of all types of advances should be prepared and made, thus to the MSMEs requiring it.

7.2 The Constitution of a Panel of Consultants: For the point of innovative progression and steerage a board of experts and specialists should be composed. The UN organization will encourage the MSMEs at stretches in the locale to viably move the offered innovations. The Constitution of the board of those experts may be nature insightful of the exercises of the MSME. At the hour of the constitution of the board of pros, there should be the incorporation of the property holders of different divisions of MSME'S.

7.3 Determine the Technological Needs: There ought to be a depth survey to assess the technical and money wants of MSME. So that the right arrangement might be created to meet the wants of the MSME.

7.4 Conduct varied coaching and development awareness programs: There ought to be a physical marvel of training and improvement programs by the MSME service. The directly running projects don't appear to be to be gainful and fair. One of the indispensable purposes behind moderate admission inside the use of plans is the absence of information concerning plans and their gifts. There's a longing to build up an improved

correspondence procedure and there's a craving for the utilization of the most recent age media devices.

7.5 Relaxation aborning laws and red tape:

There ought to be a relaxation in complicated labor laws to avoid the inconvenience in compliance. Uniform labor laws shouldn't be applicable to every MSME.

8. Findings and Discussion

Indeed, even despite the fact that the difficulties are with regards to the nations mainlands, still, the significance of the key difficulties is that they are similar to cash imperatives. A few nations recognized the absence of admittance to credit on the grounds that the prime need that obstruct SME improvement is the financial one, while different nations thought of the absence of monetary assets to concoct the greatest difficulties. The overarching writing elucidates cash limitations and non-budgetary requirements as normal difficulties. However, its majority clarifies the outside of each challenge that warrants the new and explicit difficulties to be referenced in detail. On the contrary, the board aptitudes and advancing are among the most important things that are oft-in-need in light of the fact that the primary difficulties that impede SME development, especially regarding electronic record keeping and systems administration, are among the primary difficulties. Regardless of nations, SME has issues with endurance rates and rivalry, eminently in the worldwide market.

Conclusion

We have seen differed difficulties introduced round-looked by MSMEs during this setting are requiring and mindful exertion and activity orchestration. Some of the basic difficulties incorporates issues like: Helpless Elite Work Practices (HPWP), Obstructions in trade direction, Insufficient Capital, convoluted social control exercises, Inappropriate information taking care of ,Ill-advised Strategy structure, advancing associated issues, Failure to isolate business and family or individual accounts, incredibly deficient credit stream, Non-presentation to best administration rehearses in creating, showcasing, circulation and vilification , Need access of bundling advances and Absence of good HR and so on.

To address these issues there are shifted

measures designed by Government anyway still there's as yet an extended gratitude to go. There's a powerful interest for such strategies through that the difficulties of MSMEs is experienced .To do these 2 things are significant—they are:

1. Sturdy commitment from the facet of policymakers and implementers, and
2. Attention of research worker in such quite problems those are associated with MSMEs.

As the Republic of India is concerned, there's less and less associate degreed immature literature offered for MSMEs. Beside this stuff we'd like to develop entrepreneurial friendly surroundings within the country, and things ought to be started from educational establishments. As a result of educational establishments, there will become a supply of sound entrepreneurs. This breed of entrepreneurs will handle most of the challenges in a rather higher method. And last however not the smallest number of efforts ought to be created to grab a lot of attention of researchers in the MSMEs sector. In order that varied dimensions of MSMEs business are deeply analyzed and consequently policy manufacturers will create policies.

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