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CHALLENGES OF ENTREPRENEURS IN MANUFACTURING SECTOR: A STUDY OF COIMBATORE DISTRICT

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Abstract:

The Indian manufacturing sector has been witnessing a sluggish growth due to deceleration in investment. The national manufacturing policy suggests raising the share of manufacturing in GDP to 25percent in order to create 100 million jobs in the coming decades. Additional capacities are being planned to be installed in all the major manufacturing units. A public procurement policy has been proposed incorporating technology along with common facility centres while the Khadi Mark steps has been launched to promote Micro Small and Medium Enterprises. The present study analysis the challenges of entrepreneurs in MSME with reference to manufacturing sector in Coimbatore District.

Key Words: MSME, Entrepreneurs, Challenges, Employment and Manufacture.

Introduction:

Worldwide, Micro, Small and Medium Enterprises sector has emerged as a highly vibrant and effervescent sector of the Indian economy over the last five decades. MSME's not only play crucial role in providing large employment opportunities at relatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Around 100 million domestic jobs are waiting to be created by that timeframe with the manufacturing segment contributing about 25-30 percent of India's gross domestic product. India's rapidly expanding economy is giving both international entrepreneurs and home players an array of opportunities to venture out and grow. Indian market is growing rapidly and Indian entrepreneurs are making remarkable progress in various Industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector. The present study attempts at analyze the challenges of manufacturing sector like textiles & Garments, fabrication, engineering works and jewellery making.

Objectives of the Study:

- ✓ To know about the demographic profile and industry profile of the MSME.
- ✓ To examine the challenges of entrepreneur in manufacturing sector.

Scope of the Study:

The MSMEs sector has long faceted extreme obstacles in accessing finance and markets. Some of these obstacles include inability to access finance and working capital loans from banks, inability to access capital from other sources, mistreatment by large procurement companies, difficult bureaucratic procedures for registration, and lack of management skills, etc. The increasing availability of cheap foreign imports has further hindered the development of Indian micro, small and medium enterprises. These obstacles have compelled the MSMEs lobbies for government intervention. The scope of the study has been confined only to the manufacturing sector of MSME.

Research Methodology:

The present study is based on both primary and secondary data. The primary data has been gathered from 150 manufacturing sector through well-structured questionnaire by adopting stratified random sampling method. The secondary data has been collected from books, journals and website. The primary data has been analysed by using mean, standard deviation, percentage analysis, Correlation, ANOVA and Garrett's ranking technique.

Conceptual Framework:

Micro, Small, Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

- ✓ Enterprises engaged in the manufacture or production, processing or preservation of goods.
- ✓ Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006 are:

Table 1: Finance for SME Sector as MSME Act 2006

Classification of MSME	Investment ceiling for plant, Machinery or Equipment's	
	Manufacturing Sector	Service Sector
Micro	Up to Rs.25 Lakh	Up to Rs.10 Lakh
Small	Above Rs.25Lakh & Up to Rs.5 Crore	Above Rs.10Lakh & Up to Rs.2 Crore
Medium	Above Rs.5 Crore & Up to Rs.10 Crore	Above Rs.2 Crore & Up to Rs.5 Crore

Analysis and Interpretation:

An attempt has been made to study the demographic and industry profile of manufacturing sector.

Table 2: Demographic and Industry profile of entrepreneurs of manufacturing sector

2.1 Demographic Profile		Frequency	Percentage %	Mean
Gender	Male	98	65	1.31
	Female	52	35	
Age	Below 30	40	27	3.14
	31-40	65	43	
	41-50	30	20	
	51 and Above	15	10	
Marital Status	Married	140	93	1.07
	Unmarried	10	7	
Type of Family	Nuclear family	132	88	1.07
	Joint family	18	12	
Size of the Family	Upto 3 members	0	0	1.10
	4 to 6	123	82	
	7 and Above	27	18	
Educational Qualification	Illiterate	38	25	3.33
	Primary and Secondary level	39	26	
	Graduate	42	28	
	Post Graduate	31	21	

The above table depicts the demographic profile of industrialist and also indicates the percentage and means of the factors. It can be observed that 98 percent of the manufacturers are Male, 65 percent of the Respondents are Age group between 31-40, 93 percent are married, 82 percent Size of the family are 4-6 and 28 percent of entrepreneurs are above graduation level education. The mean score of the demographic profile ranged from 1.07 to 3.33.

2.2. Industry Profile		Frequency	Percentage %	Mean
No. of years running the Industry	Less than 5 years	45	30	2.02
	5 to 10 years	57	38	
	More than 10 Years	48	32	
Scale of Operation	Micro Level	90	60	1.53
	Small Scale	41	27	
	Medium Scale	19	13	
Form of Organisation	Sole Proprietorship	107	71	1.33
	Partnership Firm	39	26	
	Private Limited	4	3	
Nature of Activity	Textiles & Garments	29	19	3.33
	Fabrication	6	4	
	Jewellers Making	7	5	
	Engineering Works	108	72	

The above table presents the profile of the industry which included number of years running the industry, scale of operation, form of organisation and nature of activity. It can be observed that 38 percent of enterprises are running 5 to 10 years, 60 percent are Micro level industry, 71 percent are sole trader and 72 percent of manufacturers are involved in engineering works. The mean score of the industrial profile ranged from 1.33 to 3.33.

Challenges of Micro Small and Medium Enterprises:

2.3 Challenges of MSME	Very low	Low	Moderate	High	Very High	Total
Lack of Finance	9(6)	15(10)	50(33.33)	66(44)	10(6.67)	150(100.0)
Lack of Creativity	8(5.33)	30(20)	75(50)	28(18.67)	9(6)	150(100.0)
Lack of motivation	25(16.67)	33(22)	57(38)	2919.33)	6(4)	150(100.0)
Lack of training	9(6)	21(14)	76(50.67)	32(21.33)	12(8)	150(100.0)

Lack of Family Support	16(10.67)	55(36.67)	45(30)	24(16)	10(6.66)	150(100.0)
Lack of Government Support	10(6.67)	46(30.67)	54(36)	36(24)	4(2.66)	150(100.0)
Lack of Marketing	8(5.33)	38(25.33)	65(43.34)	24(16)	15(10)	150(100.0)

The above table depicts that most of the enterprises were moderately facing the challenges while running their industry. The MSME's are needed most of the support from government and they expect to increase the industrial area to develop their business.

Hypothesis Testing:

Table 3: Relationship between age of Respondents and Scale of Operation

Correlations			
		Age	Form of Organisation
Age	Pearson Correlation	1	-.115
	Sig. (2-tailed)		.159
	N	150	150
Form of Organisation	Pearson Correlation	-.115	1
	Sig. (2-tailed)	.159	
	N	150	150

The output produced is shown that the correlation coefficient between age of respondents and Scale of operation is -.115 and the p-value for two-tailed test of significance is greater than 0.05. We can conclude that the age and scale of operation are not significantly correlated (r=-115, p=.159).

Table 4: Relationship between Age of the Respondents and Utilization of financial Resources

ANOVA					
Age					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34.901	3	11.634	35.785	.000
Within Groups	47.139	145	.325		
Total	82.040	148			

In the utilization of financial resources, the p-value is less than (0.05, $p<0.05$) the null hypothesis is rejected. Hence, the age and utilization of financial resources about financial challenges of the respondents is significantly different.

Conclusion:

India's manufacturing sector is vital for its economic progress. The government has realised the importance of this sector to the country's industrial development, and has taken a number of steps to further enhance the industry. Today, the country's attractiveness as a manufacturing centre for foreign companies is clear. As per a study, most of the Sole traders are running micro enterprises and they are undertaking engineering works. The government has to give importance to promote the engineering industries by creating awareness about the MSME policies.

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