

Challenges Faced by MSME Automobile Ancillary Start-Ups In Krishnagiri District

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Abstract- *Micro, Small and Medium Enterprises (MSMEs) are contributing a vital role in economic development and second largest workforce in our country after the agricultural sector. Nowadays, small and medium industries are occupying a major portion Indian Economic Growth due to its significant contribution in terms of output, exports and employments. MSMEs are predominantly important socioeconomic development of our country and creates a employment opportunities with lower capital cost when compare to large industries. Small scale businesses are often facing a lot of problems due to their contribution and size. This study focuses on the problems faced by micro, small and medium entrepreneurs in Krishnagiri District. In this study, 125 MSME Entrepreneurs are taken for study from Hosur Taluk (majority) through convenient sampling method and primary data was collected with the help of Questionnaire. This study uses Structural Equation modelling for identifying the challenges encountered by MSME Entrepreneurs.*

Keywords- Business Start-ups, Challenges faced by MSMEs Entrepreneurs, Financial Problem, Marketing Problem, Managerial Problem, Entrepreneurial Stress.

I. INTRODUCTION

The Micro, Small and Medium Enterprises (MSME) sector in India has emerged as the growth engine of the economy with a vast network of about 6.33 crore enterprises contributing 30 per cent to our nominal GDP and around 48 per cent to exports¹. The sector employs about 11 crore people, second only to agriculture. The sector has been rendered especially vulnerable by the pandemic, necessitating concerted efforts to combat the stress and focus on revival of the sector. In this regard, two major schemes, viz., the Emergency Credit Line Guarantee Scheme (ECLGS) and the Credit Guarantee Scheme for Subordinate Debt (CGSSD) were introduced by the Government. These have been duly supported by various monetary and regulatory measures by the Reserve Bank in the form of interest rate cuts, higher structural and durable liquidity, moratorium on debt servicing, asset classification standstill, loan restructuring package and CRR exemptions on credit disbursed to new MSME borrowers. These measures will not only help in ameliorating stress in the sector but also open new opportunities. Going

forward, the Reserve Bank stands ready to support the Small Industries Development Bank of India (SIDBI) for greater credit penetration to the MSME sector².

The term “entrepreneurship” comes from the French verb “entreprendre” and the German word “unternehmen”, both means to “undertake”. Entrepreneur is a process where one person getting himself employed provides job to other. The persons are also called “entrepreneur”.

An Entrepreneur is an individual who, rather than working as an employee, finds and runs a small business, assuming all the risks and rewards of the enterprises. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business or procedures. Entrepreneurs play a vital role in Indian economy. These are the people who have the skills and creativity necessary to expect current and future needs and bring about good new ideas to market. Entrepreneurs who prove to be successful in taking on the risks of a start-up are rewarded with profits, fame and continued growth opportunities. Those who fail suffer losses and become less prevalent in the markets.

These types of industries are providing various level of opportunity in our society such as creating emplacement chances spending power of people, improved standard of living level and improved economic level of the people which ultimately results in improvement of GDP and Economic growth.

II. REVIEW OF LITERATURE

Nishant P., Dr.Zakkariya K.A. (May 2014)³, articles entitled , “Barriers faced by Micro, Small and Medium Enterprises in Raising Finance”, considers that, „Micro, Small and Medium Enterprises sector establishes vital parts for encouraging equitable progress in developing countries like India. Though MSME sector has been considered as a locomotive of economic growth, this sector face number of obstacles like inadequate and timely supply of bank finance, difficulties in procuring raw materials, marketing and distribution challenges and unavailability of appropriate technology.“With this point of view researcher tried to identify the various barriers faced by MSME units in raising

fiancé and also tries to identify the various sources of finance other than banks. They were found that the growth and development of MSMEs can be ensured by initiating actions by government and banks for arranging the MSMEs to avail more credit by way of falling the barriers perceived by the entrepreneurs.

W.G Bonga (2014)⁴, analyses the challenges faced by SMEs in the internationalization of their products and suggests some strategies which can be employed at both individual and national levels. It also suggests a simplified regulatory framework, good governance, accessible finance, proper infrastructure, and availability of foreign market information to help SMEs in the promotion of their exports. Some of the major challenges in the way of increased exportation are lack of adequate finance, inadequate market research and analysis, inability to understand competitive conditions, lack of expertise to enter a foreign market, unfamiliar export procedures, and government assistance, initial focus on few selected markets, realistic commitments, understanding employment policies and reduction of regulatory burden are few of the suggestions.

Daniel, Agbenyo (2015)⁵, aims of this research work is to access the challenges facing SMEs in credit in the Kumasi Metropolis of the Ashanti Region of Ghana. Also, it investigates the requirements for Micro financing SMEs and its effects on SMEs operations in the Kumasi Metropolis. It examined challenges SMEs face when accessing micro-credit in the Metropolis

Meeravali Shaik, et. al. (2017)⁶ establishes that although MSME sector has shown a positive contribution to employment and fixed assets growth in recent years but it still faces a number of challenges such as lack of timely credit, high cost of credit, difficulty in procurement of raw material, problems in storage and designing, inadequate infrastructure, low technology levels, lack of skilled manpower, etc. it suggests the government to adopt integrated policy with efficient governance for the MSME to help the sector increase its productivity and contribution to economic growth.

III. OBJECTIVES OF THE STUDY

To identify the challenges faced by MSMEs in Krishnagiri district, Tamil Nadu and provide a possible suggestion to policy makers to improve the survivability of MSME's and contribution to economic growth.

IV. METHODOLOGY OF THE STUDY

The study is conducted in Krishnagiri, Tamil Nadu. The sample of the study was determined with the convenient sampling method and the population of this study defined as 125 respondents. The data were collected through questionnaire with two parts, part I demographic profile of the respondents and part II the problems faced by MSMEs Entrepreneurs.

Sampling Techniques

Convenience sampling technique was adopted for the study.

Data Collection

The sample size of the study is 125. The data were collected in Krishnagiri district with various MSME Entrepreneurs with sample Questionnaire on a 5 points scale.

Reliability

For all the items in the questionnaire were designed with Cronbach's Alpha of 0.737. This indicates that the reliability of the items in the questionnaires are high and results in steadiness, reliability and adoptability.

Statistical Tool Used

Structural Equation Modelling was adopted in this study and it is used to know the correlation and regression of independent variables with respect to MSME Entrepreneurs. Likewise, the independent variables are financial problems and marketing problems. The variable managerial problem is considered as an arbitrator variable and entrepreneurial stress is considered as a consequence variable.

V. LIMITATIONS OF THE STUDY

- Due to time constraint sample size was refrained to 125.
- Due to the personal bias of the respondent's errors may occur.
- The study is limited to Hosur town alone and the study cannot be compared to other geographical locations

VI. RESULTS AND DISCUSSIONS

Statistical techniques such as simple percentage, mean score and used factor analysis for identifying the problems encountered by MSME Entrepreneurs.

Table 1.Demographic Distribution of Respondents

Demographic Details		Frequency	Percentage (%)
Gender	Male	112	89.6
	Female	13	10.4
Total		125	100
Age Group	Below 20 years	11	8.8
	21 – 30 Years	69	55.2
	31-40 Years	30	24
	Above 40 Years	15	12
Total		125	100
Marital Status	Married	121	96.8
	Unmarried	4	3.2
Total		125	100
Educational Qualification	Primary	30	24
	Secondary	52	41.6
	Degree	19	15.2
	Technical/Diploma	24	19.2
Total		125	100
Years of Previous Experience	Below 5 Years	68	54.4
	6-10 Years	22	17.6
	11-15 Years	23	18.4
	Above 15 Years	12	9.6
Total		125	100
Type of Experience	Machine Setting	25	20
	Machine Operator	35	28
	Supervisor	45	36
	Others	20	16
Total		125	100

Source: Primary Data

From the above table inferred that the demographical profile of the respondents which includes gender, age, marital status, educational qualification, year of previous experience and type of experience.

- It analyzed from the above shows that 89.6 percent of the respondents are male, and 10.4 percent of the respondents are female. It is observed that the majority (89.6%) of the respondents are male.
- It is examined that the above table displays that 8.8 percent of the respondents come under the age group of below 20 years, 55.2 percent of the respondent with the age group of 21-30 years, 24 percent of the respondents come under the age group of 31-40 years of age and 12 percent of the respondents belongs to the age group of above 40 years. Hence most (55.2%) of the respondents belong to the age group of 21-30 years.

- It is observed that 96.8 percent of the respondents are married, and 3.2 percent of the respondents are unmarried. It evidently shows that majority of the respondents are married.
- It is discussed that 24 percent of the respondents are qualified primary level education, 41.6 percent of the respondents are qualified with secondary level, 15.2 percent of the respondents are qualified with degree level and 19.2 percent of the respondents are Technical/Diploma education. It clearly shows that majority of the respondents are secondary level education.
- It is determined that 54.4 percent of the respondents are having below 5 years of experience. It is followed by 17.6 percent of the respondents are having 6-10 years of experience, 18.4 percent of the respondents are having 11-15 years of experience and 9.6 percent of the respondents are having above 15 years. So, the majority (54.4%) percent of the respondents are having below 5 years of experience.
- It is stated that 20 percent of the respondents are getting experience of machine settings, 28 percent of the respondents are getting experience in the field of machine operators, 36 percent of respondents are getting experience in the field of supervisor and 16 percent of the respondents getting experience in the field of others.

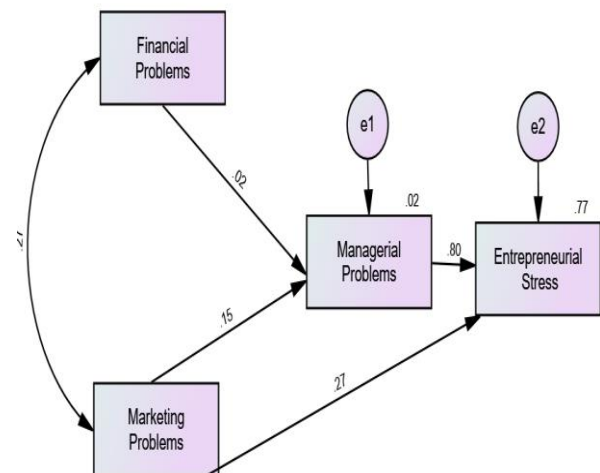


Figure1. Structural Equation Modelling

Table 2. Results of Goodness of Fit Test Problem faced by MSME Entrepreneurs

Model	Chi-square Value	Df	Chi-square/df	P-value	GFI	AGFI	NFI	CFI	RMESA
Study Model	1.17	1	1.17	0.279	0.995	0.953	0.994	0.999	0.037
Recommended Value	-	-	< 3	> 0.05	0.89	0.89	0.89	0.89	< 0.08

Source: Primary data

From the above table it is found that the calculated chi-square value is 0.016, p value is 0.279 which is greater than 0.05, which indicates that perfectly fit. Here GFI and AGFI values are greater than 0.90 which represent it is a good fit. The calculated CFI value and NFI values are greater than 0.90 which means that it is a perfectly fit. It is found that RMESA value is 0.037 which are less than 0.08 which indicates that it is perfectly fit.

Table 3. Regression Weights of Entrepreneurial Stress

DV		IV	Estimate	S.E.	C.R.	P
Managerial Problems	< -- -	Marketing Problems	0.164	0.102	1.606	0.108
Managerial Problems	< -- -	Financial Problems	0.027	0.103	0.259	0.796
Entrepreneurial Stress	< -- -	Managerial Problems	0.833	0.046	18.299	***
Entrepreneurial Stress	< -- -	Marketing Problems	0.308	0.05	6.12	***

Source: Primary data

H0: Marketing Problems do not influence by managerial problems

Through the structural equation modelling, regression weight as the value of CR is 1.606. The p value is 0.108, here the p value is greater than 0.05 and the hypothesis is accepted. Hence it can be revealed that the marketing problems do not influence managerial problems in MSME Entrepreneurs in Krishnagiri district.

H1: Financial problems do not influence by Managerial problems

Through the structural equation modelling, regression weight as the value of CR is 0.259. The p value is 0.796, here the p value is greater than 0.05 and the hypothesis is accepted. Hence it can be revealed that the financial problems do not influence managerial problems in MSME Entrepreneurs in Krishnagiri district.

H2: Managerial problems do not influence by entrepreneurial stress

Through the structural equation modelling, regression weight as the value of CR is 18.299. The p value is 0.000, here the p value is less than 0.01 and the hypothesis is rejected. Hence it can be revealed that the Managerial problems influence Entrepreneurs stress in MSME Entrepreneurs in Krishnagiri district.

H3: Marketing problems do not influence by entrepreneurial stress

Through the structural equation modelling, regression weight as the value of CR is 6.120. The p value is 0.000, here the p value is less than 0.01 and the hypothesis is rejected. Hence it can be revealed that the Marketing problems influence Entrepreneurs stress in MSME Entrepreneurs in Krishnagiri district.

Findings

- The study reveals that the majority of the respondents are male (89.6%)
- The age group of the respondent falls in between 21-30 years (55.2%)
- Most of the respondents are married (96.5%)
- 41.6% of the respondents are secondary level.
- It can be revealed that the financial problems do not influence managerial problems in MSME Entrepreneurs in Krishnagiri district.
- It can be revealed that managerial and marketing problems are influence entrepreneurs stress in MSME’s Entrepreneurs in Krishnagiri District.

VII. CONCLUSION

The analysis summarises that is a high-level influence of managerial and marketing problems on entrepreneurs' stress. Hence, this study suggests that the policy makers to provide high priority for managerial problems such as lack of timely credit and on-time payment release which leads to procurement of raw material and skilled and unskilled labour management and marketing problems such as fixing uniform price for job across the industries which maintains competition among MSME's. The entrepreneur friendly polices lead to long term survival of industries.

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