

ISSUES AND CHALLENGES IN MANAGEMENT OF MSMEs

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Abstract: Micro, Small and Medium Enterprises have been playing a major role in economic development of our country. Though they are contributing immensely to our country, they are facing many challenges viz. stiff competition from MNCs, lack of entrepreneurial skill, dearth of funds, lack of infrastructure, scarcity of funds, lack of cooperation from officials and bankers, poor planning and improper implementation of plans, lack of public belief and support, poor quality of raw materials being supplied to them, etc. This paper looks in to the problems of MSMEs in Khammam district of Telangana. Apart from the challenges faced by the MSMEs, suggestions to overcome these challenges have been given for the growth and development of MSMEs. There is no gainsaying in the fact that, if proper platform and support is given to the MSMEs, several problems of our country will be removed viz. unemployment, uneven distribution of wealth, high rate of inflation, being at the receiving end of business cycles. It is high time the government looks in to this aspect. In order to achieve greater GDP and face competition from foreign countries in international trade, MSMEs play a key role.

Key words: entrepreneurial skill, competition, scarcity, dearth, business cycle.

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INTRODUCTION: In India, the Micro, Small and Medium Enterprises (MSMEs) sector plays a significant role in our economic development by providing employment to a a great number of people, contributing in a big way to exports, increasing our GDP. Indian government established the Ministry of Small Scale Industries and Agro and Rural Industries (SSI & ART) in October, 1999 to look after the issues related to these industries. The Ministry of SSI and ART was bifurcated into two separate ministries, viz. Ministry of Small Scale Industries and Ministry of Agro and Rural Industries, in September 2001. These ministries try to improve their competitiveness and solve their problems. Manufacturing enterprises are defined in terms of investments in plant and machinery, the service enterprises in terms of investment in equipments. The enterprises are further classified into Micro, Small and Medium categories.

REVIEW OF LITERATURE:

Thiripurasundari, K and V. Gurumurthy (2009): The study highlighted the challenges of micro, small and medium enterprises of India. The financially strong MSME'S will survive strongly at globalized platform.

Bhavani, T.A. (2011): This study reveals that how the all aspects of the MSME'S (Employment, Leading sector of MSME'S, Investment in fixed assets) being changed in modern perspective.

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Sardar, Gugloth. (2011): This study focuses upon the growth pattern of the MSME'S, employment generation (1992-2009). Further, study reveals the symptoms and steps involved in industrial sickness. The study gives the ample amount of knowledge about the various credit schemes sponsored by the government like Laghu udyami credit card scheme ,Credit guarantee fund trust for small industries, Swarojgar credit card scheme, ets.

Dr. M.S.Vasu, Dr. K. Jayachandra Growth and Development of MSMEs in India; Prospects & Problems: This paper discussed the growth, performance and problems of MSMEs in India.

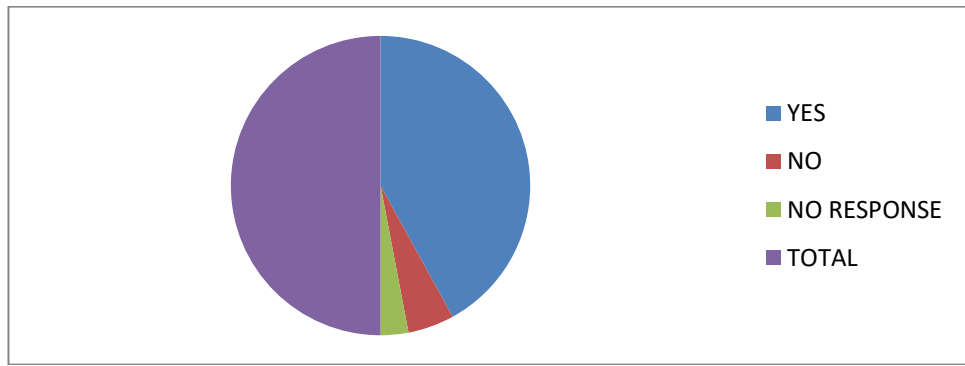
Dr. A.S. Shiralashetti (2014), prospects & Problems of MSMEs in India: This paper discussed MSMEs contribution to GDP and also referred to the problems faced by MSMEs located in Dharwad district of Karnataka State.

Research Methodology: Present study deals with the problems of MSMEs in Khammam district of Telangana. To understand this, 50 MSME entrepreneurs have been presented a questionnaire. Based on their responses, the following 10 key trouble areas have been identified namely;

- (i) lack of adequate capital
- (ii) Poor infrastructure
- (iii) Access to modern technology
- (iv) Access to markets
- (v) Getting statutory clearances related to power, environment, labour etc.
- (vi) Inflexible labour laws and availability of affordable skilled labour
- (vii) Lack of Experience of Using Consultants
- (viii) power cut problem
- (ix) Export and import problem
- (x) Problems related to GST & Demonetisation

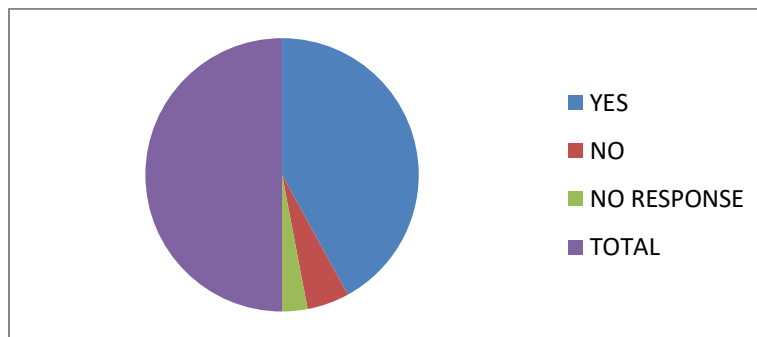
(i) lack of adequate capital:

YES	35
NO	15
NO RESPONSE	0
TOTAL	50



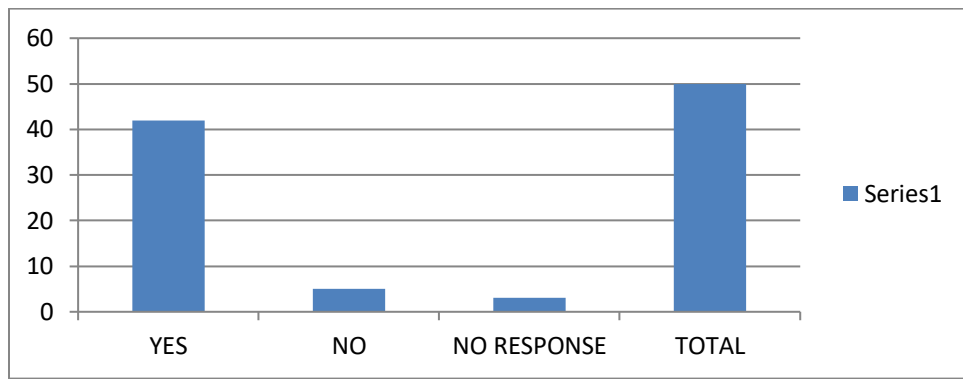
(ii) Poor infrastructure:

YES	33
NO	17
NO RESPONSE	0
TOTAL	50



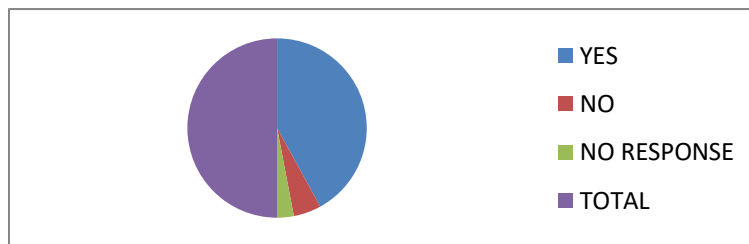
(iii) Access to modern technology:

YES	15
NO	35
NO RESPONSE	0
TOTAL	50



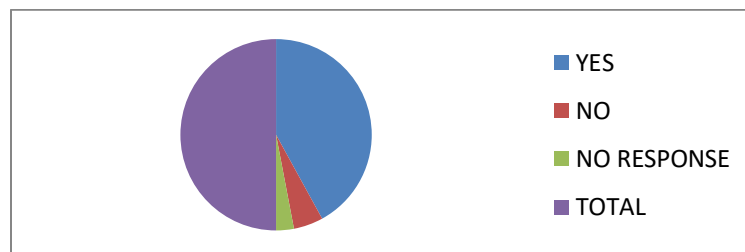
(iv) Access to markets:

YES	12
NO	38
NO RESPONSE	0
TOTAL	50



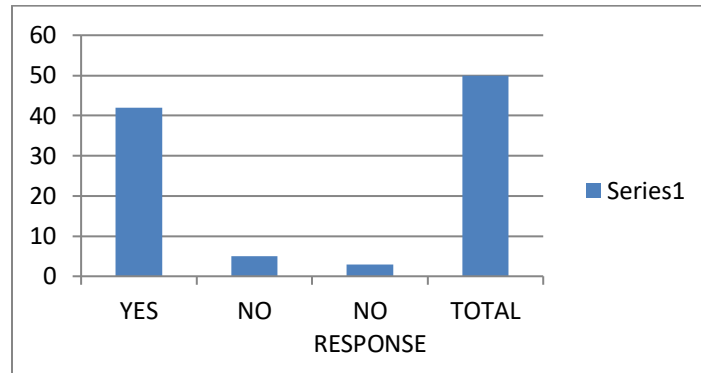
(v) Getting statutory clearances related to power, environment, labour etc:

YES	36
NO	10
NO RESPONSE	4
TOTAL	50



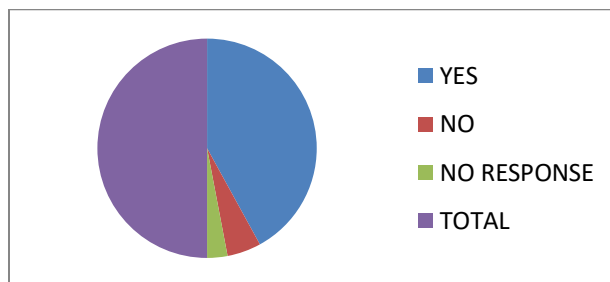
(vi) Inflexible labour laws and availability of affordable skilled labour:

YES	26
NO	20
NO RESPONSE	4
TOTAL	50



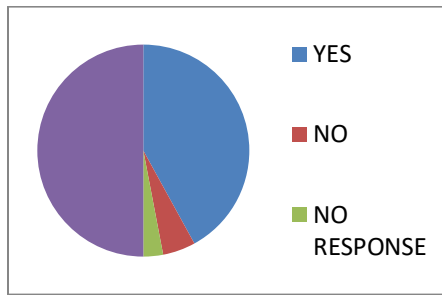
(vii) Lack of Experience of Using Consultants:

YES	36
NO	12
NO RESPONSE	2
TOTAL	50



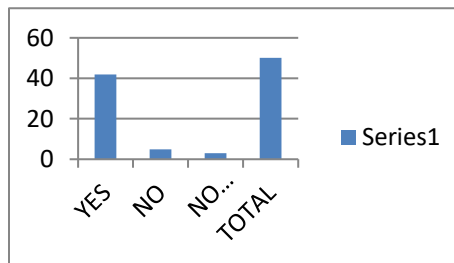
(viii) power cut problem:

YES	2
NO	48
NO RESPONSE	0
TOTAL	50



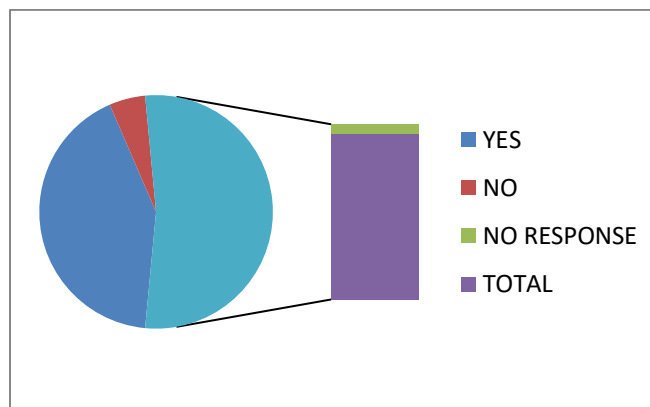
(ix) Export and import problem:

YES	1
NO	49
NO RESPONSE	0
TOTAL	50



(x) Problems related to GST & Demonetisation:

YES	42
NO	5
NO RESPONSE	3
TOTAL	50



CONCLUSION AND SUGGESIONS:

The main purpose of this study is to understand the role of MSMEs and problems faced by MSMEs in India. It is observed that, the recent major economic reforms in India (demonetisation and GST) have dealt a bloody blow to MSMEs. Labor laws also need to be amended for the betterment of MSMEs. Though the government has come up with certain measures to help MSMEs viz. Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme, Cluster Development Programme and National Manufacturing Competitiveness Programme etc. a majority of them are not even aware of such schemes. Even the recent Make in India helps in increasing the role of MSMEs in India.

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