

# A STUDY ON PROBLEMS FACED BY MSME ENTREPRENEURS IN KRISHNAGIRI DISTRICT (WITH SPECIAL REFERENCE TO HOSUR TALUK)

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**Abstract:** Micro, Small and Medium Enterprises sector has emerged as a highly vibrant and dynamic sector of the Indian economy. The Micro, Small and Medium level of company Development act for 2006. The Act has empowered the government to establish a National Board for Micro, Small and Medium Enterprises. Entrepreneurs are agents who perform a momentous role in the economic development of a country and are linked to the overall industrial development of a nation. Convenient sampling method was used to collect the data from the MSMEs entrepreneurs. Both primary and secondary data were used in this study. The secondary data was also obtained from website, books, leading journals and magazines for this study. The Primary data was collected through questionnaire. The research work was aimed at studying the problem faced by MSMEs Entrepreneurs. A sample of 150 respondents and data was collected in Hosur Taluk.

**Key Words:** MSME Entrepreneurs, Problems, MSME-Micro, Small and Medium Enterprises.

## I. INTRODUCTION

Economic growth and development of the country is determined by human, physical and financial resources. The dynamic role of Micro, Small and Medium Enterprises in developing countries positions them as engines through which the growth objectives of developing countries can be archived-a role that has long been recognized. Micro, Small and Medium Enterprises are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. This sector solves many problems viz. Poverty and unemployment through providing immediate large-scale employment, with lower investments and proves to be the second largest manpower employer after agriculture.

According to MSMEs Act 2006, the enterprises are broadly classified in terms of activity such as enterprises engaged in the manufacturing and enterprises engaged in services. The major advantages of the sector are its employment potential at low capital cost. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. It is the attitude of mind to seek opportunities, take calculated risks and derive benefits by setting up a venture.

## II. OBJECTIVES OF THE STUDY

- To examine the socio-economic profile of MSMEs Entrepreneurs in Hosur Taluk.
- To study the association relationship between Problems faced by MSMEs Entrepreneurs with demographic and other variables of the MSMEs Entrepreneurs in Hosur Taluk.

## III. RESEARCH METHODOLOGY

The present study is based on both primary and secondary data. A structured questionnaire is designed to collect the primary data. Secondary data sources have been collected from book, websites and journals.

#### IV. SAMPLE DESIGN

Convenient sampling techniques were adopted and 150 MSMEs Entrepreneurs were selected in HosurTaluk.

#### V. STATISTICAL TOOLS

Appropriate statistical tools have been used to analyse the data. The researcher has applied the statistical tools such as Percentage analysis and Chi-square test are used to analyse the data.

#### VI. LIMITATION OF THE STUDY

The study is conducted only in Hosur Taluk and Sample size is only for 150 respondents.

MSMEs Entrepreneurs.

#### VII. HYPOTHESIS

HYPOTHESES 1: Gender and Problems faced by MSMEs Entrepreneurs.

Ho: There is no significance association between Gender and Problems faced by MSMEs Entrepreneurs.

H<sub>1</sub>: There is significance association between Gender and Problems faced by MSMEs Entrepreneurs.

HYPOTHESES 2: Age and Problems faced by MSMEs Entrepreneurs.

Ho: There is no significance association between Age and Problems faced by MSMEs Entrepreneurs.

H<sub>1</sub>: There is significance association between Age and Problems faced by MSMEs Entrepreneurs.

HYPOTHESES 3: Education and Problems faced by MSMEs Entrepreneurs.

Ho: There is no significance association between Education and Problems faced by MSMEs Entrepreneurs.

H<sub>1</sub>: There is significance association between Education and Problems faced by MSMEs Entrepreneurs.

HYPOTHESES 4: Category of units and Problems faced by MSMEs Entrepreneurs.

Ho: There is no significance association between Category of units and Problems faced by MSMEs Entrepreneurs.

H<sub>1</sub>: There is significance association between Category of units and Problems faced by MSMEs Entrepreneurs.

HYPOTHESES 5: Experience and Problems faced by MSMEs Entrepreneurs.

Ho: There is no significance association between Experience and Problems faced by MSMEs Entrepreneurs.

H<sub>1</sub>: There is significance association between Experience and Problems faced by MSMEs Entrepreneurs.

HYPOTHESES 6: Nature of Activities and Problems faced by MSMEs Entrepreneurs.

Ho: There is no significance association between Nature of Activities and Problems faced by MSMEs Entrepreneurs.

H<sub>1</sub>: There is significance association between Experience and Problems faced by MSMEs Entrepreneurs.

TABLE: 1

Number Of Male And Female Entrepreneurs

GENDER \* CATEGORY Crosstabulation

		CATEGORY			Total	
		1	2	3		
GENDER	Male	Count	56	40	22	118
		% within GENDER	47.5%	33.9%	18.6%	100.0%
		% within CATEGORY OF UNITS	78.9%	75.5%	84.6%	78.7%
	Female	Count	15	13	4	32
		% within GENDER	46.9%	40.6%	12.5%	100.0%
		% within CATEGORY OF UNITS	21.1%	24.5%	15.4%	21.3%
Total	Count	71	53	26	150	
	% within GENDER	47.3%	35.3%	17.3%	100.0%	
	% within CATEGORY OF UNITS	100.0%	100.0%	100.0%	100.0%	

Sources: Field Survey

From the above table 1, among the total respondent, 78.7 percent of respondents are male and the remaining 21.3 percent are female. The male entrepreneurs are higher percentage in micro scale entrepreneurs (47.5%), small level (33.9%) and Medium level(18.6%). The Female entrepreneurs are higher percentage in micro scale industry (46.9%) followed by small(40.6%) and Medium (12.5%) scale entrepreneurs.

FIGURE 1.

Number Of Male And Female Entrepreneurs

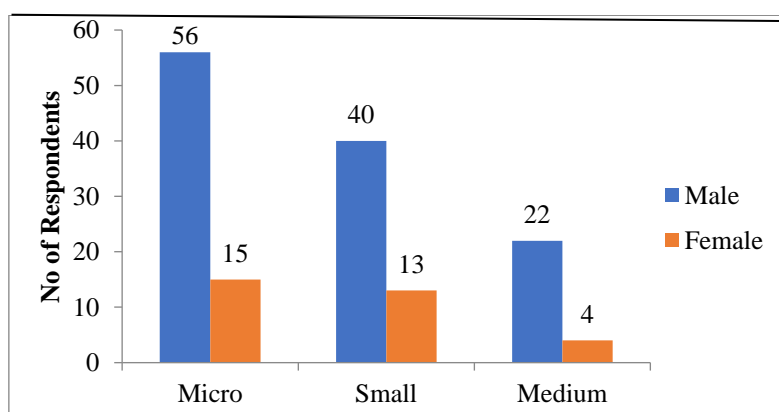


TABLE: 2  
AGE OF THE ENTREPRENEURS

		Category of Units			Total	
		Micro	Small	Medium		
Age Groups	Below 27	Count	12	7	3	22
		% within Age	54.5%	31.8%	13.6%	100.0%
		% within Category of Units	16.9%	13.2%	11.5%	14.7%
	28-37	Count	16	8	3	27
	% within Age	59.3%	29.6%	11.1%	100.0%	
	% within Category of Units	22.5%	15.1%	11.5%	18.0%	
	38-47	Count	18	16	6	40
	% within Age	45.0%	40.0%	15.0%	100.0%	
	% within Category of Units	25.4%	30.2%	23.1%	26.7%	
	Above 47	Count	25	22	14	61
	% within Age	41.0%	36.1%	23.0%	100.0%	
	% within Category of Units	35.2%	41.5%	53.8%	40.7%	
Total	Total	Count	71	53	26	150
		% within Age	47.3%	35.3%	17.3%	100.0%
		% within Category of Units	100%	100%	100%	100%

Sources: Field Survey

Table 2 shows that the total sample of 150 MSMEs entrepreneurs in Hosur Taluk, 40.7 percent has above 47 years, 26.7 percent have betweenage group of 38-47 years, 18 percent have between age group of 28-37 years and 14.7 percent have between age group of Below 27 years. The tables reveal that 47.3 percent of respondents under micro scale entrepreneurs, 35.3 percent of respondents under small scale entrepreneurs and rest of respondents are Medium scale entrepreneurs.

FIGURES:2

AGE OF THE ENTREPRENEURS

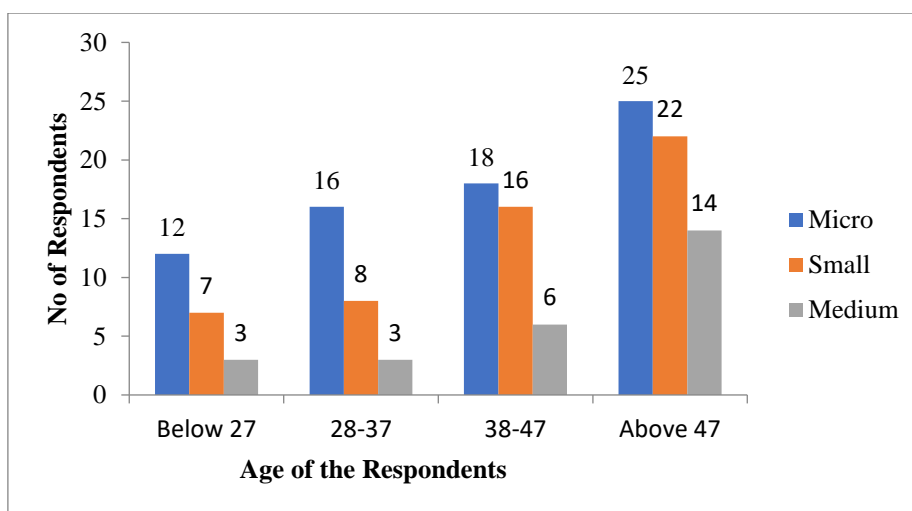


TABLE: 3

EDUCATIONAL QUALIFICATIONS OF ENTREPRENEURS

		Category of Units			Total	
		Micro	Small	Medium		
<b>Educational Qualifications</b>	SSLC	Count	10	12	1	9
		% within Education	40.0%	48.0%	12.0%	100.0%
		% within Category of Units	14.1%	22.6%	11.5%	16.7%
	Graduates	Count	10	5	2	17
		% within Education	58.8%	29.4%	11.8%	100.0%
	% within Category of Units	14.1%	9.4%	7.7%	11.3%	
	Post Graduates	Count	5	4	1	10
	% within Education	50.0%	40.0%	10.0%	100.0%	
	% within Category of Units	7.0%	7.5%	3.8%	6.7%	
	Diploma	Count	23	19	11	53
	% within Education	43.4%	35.8%	20.8%	100.0%	
	% within Category of Units	32.4%	35.8%	42.3%	35.3%	
	Others	Count	23	13	9	45
	% within Education	51.1%	28.9%	20.0%	100.0%	
	% within Category of Units	32.4%	24.5%	34.6%	30.0%	
<b>Total</b>	Total	Count	71	53	26	150
		% within Education	47.3%	35.3%	17.3%	100.0%
		% within Category of Units	100%	100%	100%	100%

SOURCES: FIELD SURVEY

The above table 3 shows the industry wise educational status of MSMEs Entrepreneurs in the study area. In the samples of 150 respondents 35.3 percent were diploma and others, 30 percent were others, 16.7 percent were SSLC and 6.7 percent comes under post graduates.

FIGURES 3

EDUCATIONAL QUALIFICATION OF ENTREPRENEURS

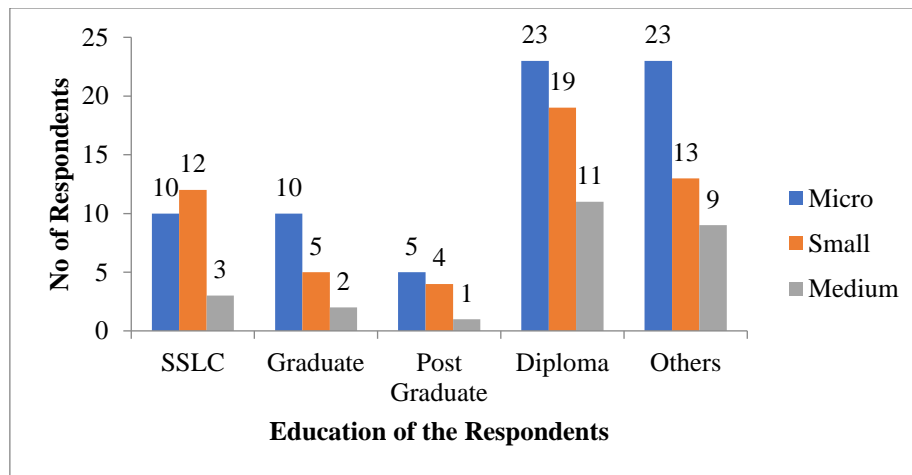


TABLE: 4  
BUSINESS EXPERIENCES OF ENTREPRENEURS

		Category of Units			Total	
		Micro	Small	Medium		
<b>Experience</b>	Less than 5	Count	15	6	1	22
		% within Experience	68.2%	27.3%	4.5%	100.0%
		% within Category of Units	21.1%	11.3%	3.8%	14.7%
	5-10	Count	19	17	5	41
		% within Experience	46.3%	41.5%	12.2%	100.0%
		% within Category of Units	26.8%	32.1%	19.2%	27.3%
	11-15	Count	18	20	11	49
		% within Experience	36.7%	40.8%	22.4%	100.0%
		% within Category of Units	25.4%	37.7%	42.3%	32.7%
	Above 15	Count	19	10	9	38
		% within Experience	50.0%	26.3%	23.7%	100.0%
		% within Category of Units	26.8%	18.9%	34.6%	25.3%
<b>Total</b>	Total	71	53	26	150	
	% within Experience	47.3%	35.3%	17.3%	100.0%	
	% within Category of Units	100%	100%	100%	100%	

Sources: Field survey

Table-4 shows that, a maximum of 32.7 percent of the respondents who have experience in the range of 11-15 years of experience and out of which 42.3 percent belongs to small enterprises, 37.7 percent belongs to medium enterprises and 25.4 percent of them belong to micro enterprises. 25.3 percent of the respondents have experience of Above 15 years, out of which 33.3 percent belong to small enterprises, 25 percent of them belong to medium enterprises and 34.6 percent belongs to medium enterprises and so on. The least percentage relates to less than 14.7 percent of the respondents who have experience in the range of less than 5 years, out of which 21.1 percent of them belong to microenterprises and 11.3 percent belong to small and 3.5 percent of them belong to medium enterprises. This clearly shows that a sizable number of respondents in the study are very young and having experience i.e., those who have started the business recently.

TABLE: 5  
CATEGORIES OF UNITS

		Frequency	Percent
<b>Valid</b>	Micro	71	47.3
	Small	53	35.3
	Medium	26	17.3
	Total	150	100.0

Sources: Field survey

From the above table 6, evidence that 47.3 percent of the respondents are Micro scale entrepreneurs, 35.3 percent of the respondents are Small scale entrepreneurs and rest of them medium scale entrepreneurs.

TABLE: 6 NATURE OF ACTIVITY OF ENTREPRENEURS

		Category of Units			Total	
		Micro	Small	Medium		
Nature of Activity	Manufacturing	Count	32	22	7	61
		% within Nature of Activity	52.5%	36.1%	11.5%	100.0%
		% within Category of Units	45.1%	41.5%	26.9%	40.7%
	Services	Count	22	19	10	51
		% within Nature of Activity	43.1%	37.3%	19.6%	100.0%
		% within Category of Units	31.0%	35.8%	38.5%	34.0%
	Both	Count	17	12	9	38
		% within Nature of Activity	44.7%	31.6%	23.7%	100.0%
		% within Category of Units	23.9%	22.6%	34.6%	25.3%
Total	Total	Count	71	53	26	150
		% within Education	47.3%	35.3%	17.3%	100.0%
		% within Category of Units	100%	100%	100%	100%

Sources: Field survey

The details relating to the nature of their products and services of the selected small scale units of the study are presented in table-6. The nature of the activities is classified into Manufacturing, Services and Both. The data reveal that in the total selected sample units 61 per cent are manufacturing, 51 percent are services and 38 percent are both.

The tables reveal that in the total sample units of manufacturing under 45.1 percent Micro, 41.5 percent Small and 26.9 percent Medium Scale.

CHI-SQUARE TEST FOR GENERAL PROBLEMS FACED BY MSMEs ENTREPRENEURS

TABLE: 7 BASED ON GENDER & GENERAL PROBLEMS  
CHI-SQUARE TESTS

	Value	Df	P value
Pearson Chi-Square	.872 <sup>a</sup>	2	.646
Likelihood Ratio	.906	2	.636
Linear-by-Linear Association	.139	1	.709
N of Valid Cases	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.55.

The Chi-square table 7 reveals that the P value (0.646) is more than table value (0.05), the null hypothesis is accepted at 5% level of significance. Hence it's concluded that there is no significance association between gender and general problems faced by MSMEs entrepreneurs.

TABLE: 8 BASED ON AGE GROUPS & GENERAL PROBLEMS

CHI-SQUARE TESTS

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.286 <sup>a</sup>	3	.515
Likelihood Ratio	2.210	3	.530
Linear-by-Linear Association	.031	1	.860
N of Valid Cases	150		

0 cells (.0%) have expected count less than 5. The minimum expected count is 6.45.

Since p value (0.515) is more than 0.05, Null hypothesis is accepted at 5% level of significance. So, there is no significance difference between age and general problems faced by MSMEs entrepreneurs.

a.

TABLE: 9 BASED ON EDUCATIONAL QUALIFICATION & GENERAL PROBLEMS

CHI-SQUARE TESTS

	Value	Df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	7.919 <sup>a</sup>	4	.661
<b>Likelihood Ratio</b>	9.603	4	.671
<b>Linear-by-Linear Association</b>	3.027	1	.161
<b>N of Valid Cases</b>	50		

a. 2 cells (20.7%) have expected count less than 5. The minimum expected count is 2.93.

Table 9 states that at 5% level of significance the p value (0.441) is not significance. Therefore there is no relationship between Educational qualification and general problems by MSMEs entrepreneurs.

TABLE: 10 BASED ON CATEGORY OF UNITS & GENERAL PROBLEMS

CHI-SQUARE TESTS

	Value	Df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	1.085 <sup>a</sup>	2	.581
<b>Likelihood Ratio</b>	1.094	2	.579
<b>Linear-by-Linear Association</b>	.037	1	.848
<b>N of Valid Cases</b>	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.63.

This Chi-square test reveals that there is no association between category of unit and general problems faced by MSMEs entrepreneurs. The p-value of the test is not statistically significant. Therefore it can be concluded that null hypothesis is accepted.

TABLE: 11 BASED ON EXPERIENCE & GENERAL PROBLEMS

CHI-SQUARE TESTS

	Value	Df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	.231 <sup>a</sup>	3	.972
<b>Likelihood Ratio</b>	.232	3	.972
<b>Linear-by-Linear Association</b>	.001	1	.970
<b>N of Valid Cases</b>	150		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is 1.82.

This Chi-square test reveals that there is no association between category of unit and general problems faced by MSMEs entrepreneurs. The p-value of the test is not statistically significant. Therefore it can be concluded that null hypothesis is accepted.

TABLE: 12 BASED ON NATURE OF ACTIVITY & GENERAL PROBLEMS

CHI-SQUARE TESTS

	Value	Df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	5.370 <sup>a</sup>	2	.048
<b>Likelihood Ratio</b>	5.265	2	.072
<b>Linear-by-Linear Association</b>	.003	1	.955
<b>N of Valid Cases</b>	150		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.15.



It is evident from the above table 12 the significance value is lesser than 0.05 the alternative hypothesis is accepted and null hypothesis is rejected and it is concluded that there is significance association between nature of activity and problems faced by MSMEs entrepreneurs.

#### **VIII. FINDINGS OF THE STUDY**

The study reveals that most of the respondents are Male (82%)

The age group of the respondents falls in above 47(40%)

The study found that majority of respondents is Diploma and others (34%)

From the analysis, 36 percent of the respondents are experience under 11-15 years.

It is revealed that 44 percent of respondents are in nature of manufacturing.

Majority (48%) of respondents are belongs to small scale entrepreneurs.

There is no significance difference between Gender and general problems faced by MSMEs entrepreneurs.

There is no significance difference between Age groups and general problems faced by MSMEs entrepreneurs.

There is no significance difference between educational qualification and general problems faced MSMEs entrepreneurs.

There is no significance difference between Category of units and general problems faced by MSMEs entrepreneurs.

There is no significance difference between experience and general problems faced by MSMEs entrepreneurs.

There is significance difference between nature of activity and problems faced by MSME entrepreneurs.

#### **IX. CONCLUSION**

It is well known that the socio-economic factors like gender, age, education starting before the enterprise, experience and nature of activities to start the industry. The analysis of the impact of socio-economic factors on entrepreneurship development in the district reveals that the growth of entrepreneurship has more influenced by the factors like previous experience.

The Government, by introducing the MSMED Act, has done a commendable job. The manner in which the whole segment is treated with such detail, touching the core areas of the segment is truly in the interest of the entrepreneurs. The Ministry of Micro, Small and Medium Enterprise has been continuously scrutinizing the policy framework. The various schemes introduced, the incentives, assistance and concessions given to the MSME sector in the country confirms this fact.

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