



A Study on the Problems Faced by Msme's in Coimbatore District

KEYWORDS

MSME, MSME'S PROBLEM'S, MSME UNITS

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ABSTRACT Coimbatore is one among the industrially developed and commercially vibrant districts of Tamilnadu. It has got high concentration of small scale industries and medium and large scale industries. It is known as the Manchester of South India because of its well developed textile industry and other industrial base. The third largest city of the state, Coimbatore, is one of the most industrialized cities in Tamil Nadu, known as the textile capital of South India or the Manchester of the South. The successful growth of cotton that served as a foundation for the establishment of its famous textile industry. The result has been a strong economy and a reputation as one of the greatest industrial cities in South India. There are more than 25,000 small, medium, large scale industries. Coimbatore is also famous for the manufacture of motor pump sets and varied engineering goods. The development of Hydro electricity from the Pykara Falls in the 1930 led to a cotton boom in Coimbatore.

INTRODUCTION

The MSME's sector plays an important role in the country's economy. It is the second largest sector in terms of employment, next only to agriculture. Coimbatore has the largest and fastest growing MSME market in Tamil Nadu. The MSME industry was mainly responsible for expanding global markets for Indian exporters. There are more than 25000 MSME's units which includes 1430 Food and Agro Based units, 51 soda water units, 2175 Cotton textiles units, 23 jute and jute based units, 5567 Ready made garments and embroidery units, 575 wood and wooden based furniture and 1145 paper and paper production units.

STATEMENT OF THE PROBLEM

Coimbatore is experiencing unlimited progress in terms of MSME's. At the beginning, there were 1112 MSME's and by 1968 this increased to 2387 and today MSME's from Coimbatore continued to grow throughout. The growth of these MSME's in Coimbatore has also faced many problems in its journey in terms of inadequate availability of power & and its fluctuations/quality, Bankers reluctance to finance MSMEs,

Problems in availability of skilled man power, frequent power cut and supply of quality power. Micro, Small and Medium units are facing problems in repaying the loans taken from banks. The loans may be restructured so that they can avoid the action by the banks for becoming NPAs. The interest rates charged by the banks are high. The same may be reduced. New Industrial Estates may be formed for Micro Enterprises and so on. This study attempts to analyse various problems faced by MSME's in Coimbatore.

OBJECTIVES OF THE STUDY

- To analyse the problems faced by the MSME's in Coimbatore district.
- To offer suggestions based on result of study.

RESEARCH METHODOLOGY

The methodology includes area of the study, sources of data, sample size and statistical tools. This study uses primary data which have been collected from 200 Micro, Small and Medium entrepreneurs of Coimbatore district through questionnaires by using simple random sampling technique. The collected data was analyzed by using simple percentage analysis and rank analysis.

Table – 1

PERCENTAGE ANALYSIS:

The problems faced by MSME's in Coimbatore district.

1. INADEQUATE AVAILABILITY OF POWER & AND ITS FLUCTUATIONS			
S. NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	POWER CUTS	60	30
2	POWER FLUCTUATIONS	50	25
3	HIGH COSTS	55	27.5
4	POWER QUALITY	35	17.5
	TOTAL	200	100

2. PROBLEMS IN AVAILABILITY OF SKILLED MANPOWER TOWARDS THE MSME'S			
S. NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	LACK OF MANPOWER	75	37.5
2	LACK OF FORMAL PROCEDURE AND DISCIPLINE	45	22.5
3	LACK OF LITERACY	55	27.5
4	LACK OF AWARENESS	25	12.5
	TOTAL	200	100

3. PROBLEMS OF BANK'S FINANCING TOWARDS MSME'S			
S. NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	HIGH COST OF CREDIT	65	32.5
2	COLLATERAL REQUIREMENTS	35	17.5
3	NON AVAILABILITY OF ADEQUATE AND TIMELY CREDIT	55	27.5
4	LIMITED ACCESS TO EQUITY CAPITAL	45	22.5
	TOTAL	200	100

Table – 2
RANK ANALYSIS:
The problems faced by MSME's

Option	No of Respondents					Score	Ranking
	1	2	3	4	5		
Power Fluctuation	62	45	34	30	29	0.545667	1
Un Availability of Skilled Man power	44	65	34	34	23	0.504667	2
Frequent Power cut	48	32	67	30	23	0.492167	3
High Cost of Credit	20	39	35	61	45	0.377083	4
Non Availability of Credit	26	19	30	45	80	0.36375	5
Total	200	200	200	200	200		

SUGGESTIONS

1. Micro & Small Enterprises – Cluster DEVELOPMENT PROGRAMME (MSE-CDP)

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country.

Clustering of units also enables providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.

2. Finance problem

A lot of difficulties like labour, finance problem, price fluctuation, power cut, heavy interest rates on loans may lead to difficulties to MSME's. The Micro & Small units are facing problems in repaying the loans taken from banks. The loans may be restructured so that they can avoid the action by the banks for becoming NPAs.

3. Problems in availability of skilled man power

Coimbatore has achieved more in MSME's over the last decade, there is still shortage of permanent skilled workers, the MSME's have to take necessary steps to retain the manpower. Fluctuation in the skilled man power leads to low turnover and meagre orders. Frequent labour turnover in turn results in low production.

4. Back-ended Interest Subsidy

A back-ended interest subsidy can be provided to Micro, Small and Medium Enterprises for modernization by in-

duction of well established and improved technologies in specified sub sectors products as listed in the guidelines on Credit Linked Capital Subsidy Scheme (CLCSS) Scheme of Government of India.

CONCLUSION

From this study, the researcher has concluded that main problems of MSME's are financial problems, Frequent Power cuts, High interest rates for loans, Lack of skilled man power and currency fluctuation. Hence, it is concluded that there is a chance of development for Coimbatore district MSME's, if proper solution is been provided by the industrial association and government to solve existing problems by making finance available for MSME's at faster rate to strengthen them. MSME's need to participate in EDP organized by the private and public sector undertakings to be aware of full understanding of Incentives, Subsidies and other measures provided by the government and the industry has taken efforts to cope up with the present changing scenario. These problems being fixed, the MSME's can witness a tremendous industrial progress and development thus in turn generating more employment opportunities.

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