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## A RESEARCH PAPER ON ROLE AND PROBLEMS OF MICRO, SMALL AND MEDIUM ENTERPRISES

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### ABSTRACT:

*The purpose of this paper is to know the role and problems of Micro, Small and Medium Enterprises and of in Indian economy towards employment generation. The MSME sector fulfils its potential role in contributing to SMEs have an inclination to employ more labour-intensive production processes than large enterprises. Consequently, they contribute significantly to the provision of productive employment opportunities, the generation of income and, eventually, the reduction of poverty. SMEs can become a*

*major contributor to private sector employment.*

**KEYWORDS:** role and problems of MSME.

### INTRODUCTION

The small scale sector in India has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, micro wave components, electro medical equipments, etc. The process of economic liberalization and market reforms has further exposed these enterprises to increasing levels of domestic and global competition. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. While one end of the MSME spectrum contains highly

innovative and high growth enterprises, more than 94% of MSMEs are unregistered, with a large number established in the informal or unorganized sector. The sector has a high growth potential and performs a critical role in the manufacturing and value chains. Micro, small and medium enterprises (MSME) sector is characterized by low investment requirement, operational flexibility and location wise mobility. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. While one end of the MSME spectrum contains highly innovative and high growth enterprises, more than 94% of MSMEs are unregistered, with a large number established in the informal or unorganized sector.

The sector has a high growth potential and performs a critical role in the manufacturing and value chains. Micro, small and medium enterprises (MSME) sector is characterized by low investment requirement, operational flexibility and location wise mobility.

Ministry of Micro, Small and Medium Enterprises (2012-2013), the Mission of the government is to - "Promote growth and development of globally competitive Micro, small and Medium Enterprises, including Khadi, Village and Coir industries, in cooperation with concerned Ministries / Departments, State Governments and other stakeholders by providing support to existing enterprises and encouraging creation of new enterprises. To endeavour to achieve a cumulative growth of 40%-50%

in the number of registered enterprises by the end of 12th Plan and enhance this sector's contribution to GDP from the present 8% to 10% by the end of 12th Plan.”

### REVIEW OF LITERATURE

Karthika (2013), An examination on Problems and Prospects of Micro, Small and Medium Scale Enterprise in Textile Exports with exceptional reference to Tirupur and Coimbatore District. This paper has analyzed the issues of MSMEs in the time of worldwide economy and furthermore has recognized the elements influencing MSMEs. An investigation was likewise made on the financial states of MSMEs. The review uncovered that the issues can be survived if MSMEs engage in institutionalization of the business procedure, and can likewise receive most recent innovation to improve the profitability. It was said that banks can bolster the business by giving the credit offices at low loan fee and Government and Institutions identifying with Small and Medium Scale enterprises should take viable measures to improve the fare execution of MSMEs so as to create economy. The investigation secured the regions of Tirupur and Coimbatore area.

Nishanth (2014) audited that "there exists issue in getting to fund from banks and monetary foundations and furthermore saw that this issue may vary from district to area between areas, or between individual undertakings inside a segment. Different obstructions looked by these units in raising money and furthermore attempted to recognize different wellsprings of account other than banks. The investigation was limited to Kozhikode locale in Kerala

Dr. Neeru Garg(Sept. 2014), Micro, Small and Medium Enterprises in India: Current Scenario and Challenges,. This paper made an endeavor to feature the development of this part and dissect different issues and difficulties looked by MSME segment in India when all is said in done.

### OBJECTIVES OF THE PAPER

1. Role of micro enterprises in economic development
2. Problems of micro, small and medium enterprises

### DEFINITION OF MSME

Definition of micro, small and medium enterprises is as under:

1. A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;
2. A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and
3. A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

### METHODOLOGY

The methodology in Social science research collected the secondary data; the secondary data were also collected from the Govt. publications. Monthly journals on problems of micro, small and medium enterprises wherever, necessary reference have also made in different issues of bulletins of on problems of micro, small and medium enterprises part from this Different edition of daily news papers, such as Hindu. Vijay Karnataka, Indian express, Kannada Prabha, Praja Vani etc. used for the purpose of secondary Data collection.

### ROLE OF MICRO ENTERPRISES IN ECONOMIC DEVELOPMENT

We mean in this article to value the significant pretended by smaller scale and little endeavors in financial advancement of India. How would you characterize monetary improvement? The commonest definition could be 'an expansion in genuine per capita pay of an individual bringing about progress in the degrees of living'. The advancement of little scale businesses adds to the expansion in per capita pay, i.e., financial improvement in different ways. It creates quick work openings with moderately low capital/venture, advances increasingly impartial appropriation of national pay, makes

successful assembly of undiscovered capital and human aptitudes and prompts dispersal of assembling exercises everywhere throughout the nation, prompting development of towns, communities and monetarily slacking locales. This elevates to adjusted territorial advancement as well. Any talk on the job of miniaturized scale and little ventures in monetary improvement of a nation will much should be encouraged on the off chance that we inspect it with applicable parameters. Be that as it may, information arranged into miniaturized scale and little ventures are so far not accessible. We are, thusly, introducing the information under little scale units which incorporates smaller scale ventures too. Clearly, increment in the number, creation, business and fares of little scale undertakings over some stretch of time could be commonest parameters to decree the pretended by these endeavors in the national economy

## **PROBLEMS OF MICRO, SMALL AND MEDIUM ENTERPRISES**

### **1. Problem of Raw Material:**

A noteworthy issue that the miniaturized scale and little undertakings need to fight with is the acquisition of crude material. Most of smaller scale and little undertakings for the most part delivered things subject to neighborhood crude material. At that point, there was no serious issue in acquiring the required crude materials. In any case, as far back as the development of modern little scale ventures fabricating a ton of advanced things, the issue of crude material has risen as a major issue on their creation efforts. The little units that utilization imported crude material face crude material issue with greater seriousness essentially because of trouble in getting this crude material either by virtue of the remote trade emergency or some of other reasons. Even the smaller scale and little undertakings that rely upon nearby assets for crude material necessities face the issue of other sort. A case of this sort is handloom industry that depends for its prerequisite of cotton on neighborhood dealers

### **2. Problem of Finance:**

A significant issue looked by miniaturized scale and little endeavors in the nation is that of money. The issue of money in miniaturized scale and little part is principally because of two reasons. Right off the bat, it is mostly because of shortage of capital in the nation all in all. Accordingly, they will undoubtedly get credit from the cash banks on an exceptionally high pace of premium and are, along these lines, exploitative in character. It is a glad divination that as far back as the nationalization of banks in 1969, the credit circumstance has improved still further. The positive change in frame of mind of banks would be obvious from the way that while the measure of credit exceptional (of open part banks) to little scale enterprises remained at just Rs. 251 crores in June 1969, it rose to a stunning figure of Rs. 15,105 crores in March 1990

### **3. Problem of Marketing:**

One of the primary issues looked by the miniaturized scale and little ventures is in the field of showcasing. These units frequently don't have any promoting association. In outcome, their items contrast negatively and the nature of the results of the huge scale enterprises. In this manner, they experience the ill effects of aggressive hindrances versus enormous scale units. Secondly, it is mostly because of powerless credit value of miniaturized scale and little ventures in the nation. Because of their feeble monetary base, they think that it's hard to take budgetary help from the business banks and money related establishments.

### **4. Problem of Under-Utilization of Capacity:**

There are contemplates that plainly draw out the gross under-usage of introduced limits in miniaturized scale and little undertakings. As per Arun Ghosh, based on All India Census of Small-Scale Industries, 1972, the rate use of limit was just 47 in mechanical building ventures, 50 in electrical gear, 58 in car auxiliary enterprises, 55 in calfskin items and just 29 in plastic items. On a normal, we can securely say that 50 to 40 percent of limit were not used in smaller scale and little enterprises. The basic to the issues of under-use of limit is control issue looked by miniaturized scale and little ventures. To

put it plainly, there are two perspectives to the issue: One, control supply isn't constantly accessible to the little units on the insignificant asking, and at whatever point it is accessible, it proportioned out, restricted to a couple of hours in a day.

## CONCLUSION

What are the various problems faced by these enterprises. It also showed how the role of MSMEs helped in economic restructuring and development of India. Empirical data revealed that hurdle like financial constrain and issues relating to power, raw material procurement should be more effectively dealt by the government. Further, the data collected revealed that overall globalised business environment of India has been average favorable for the growth of micro and small scale industries. There has been lack of effective co-ordination among the various support organisations set up over the period for the promotion and development of these industries. Quality consciousness has not been generated to the desired level despite various measures taken in this regard. Some of the fiscal policies pursued have resulted in unintended splitting up of these capacities into uneconomic operations and have inhibited their smooth transfer to the medium sector. All these constraints have resulted in a skewed cost structure placing this sector at a disadvantage vis-a-vis the large industries, both in the domestic and export markets.

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