

# Problems and Challenges of Micro Enterprises with special reference to Kondotty Taluk

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## ABSTRACT

Micro enterprises play a inevitable role in the development of an economy mainly in developing countries. The micro enterprises face many problems while computing with other large enterprises. The study focus on the problems and prospects of micro enterprises with special reference to Kondotty Taluk. The main aim of the study is to know various problems faced by the micro enterprises in Kondotty Taluk, and also to find out the major source of capital of micro enterprises in Kondotty Taluk and to investigating the employment opportunities render by the micro enterprises in Kondotty Taluk.

**Key Words :** MSME, Micro Enterprises, Micro Unit

## I. INTRODUCTION

Micro enterprises are playing a indispensable role in the development of industrial aspect of our country. A micro enterprise is the smallest business in a nation which operate with most capital and low number of employees .Usually it function within a small geographical as to render goods or services for their community. The human factor is very important in industry as it is in any other sphere of economic de le industry a worker plays an important role in producing the goods. So the satisfaction of labours a very important attribute and frequently measured by enterprise labour factor is a critical element in every organization. It is the only living element in the organization for promoting whole success. It is a recognized fact that agriculture alone is not able of meeting the contest of unemployment and poverty reduction of our country. As such a formed and regulated development of industries it must for the growth of our nation This study aims to take out the problems and challenges of Micro enterprises operating in Kondotty Taluk

## II. REVIEW OF LITERATURE

**SME chamber of India (2011)**, MSME are now exposed to lesser opportunities than ever for enlargement and diversification across sectors .Indian market is increasing quickly and Indian entrepreneurs are making significant progress in various industries like manufacturing activity and engineering, design, food processing Textiles and garments, retails.

**Gholam Ali,(1999)**, in his study entitled, "Help makes small scale industries viable" Disclosed that big and small industries have their portion in the development of a nation and the prosperity of its multitude. A balance must be struck in the development of these industries. The thrust on the development of SSI through consecutive Five year plans and Government Policies had helped this sector

**Malga Weker,(1997)**, in his study entitled, "Problems of small Industry in Andhra Pradesh" has found the need of infrastructure as a general trouble. The industrial estate alone cannot get over the vocational disadvantages. The infrastructure facilities are either very anemic or non existent in rural areas. In urban field with necessary industrial climate and infrastructure readiness, the growth of industries is relatively faster. The scarcity of indigenous raw materials has been a serious bottleneck. Scarce raw materials supplied through quotas are not adequate to meet the demands of the units. There is a delay in the spending of the loans due to the existence of procedural delays and instances of tangible securities

**Ramakrishna K.T.(2001)**, in his study entitled, "Finance for Small Scale Industries in India" has represented the nature of problems of finance with respect to small scale industries in India and the part played by the government, State Financial Corporations and Banks in financing the small

scale units. His study lightness the methods of financing followed by respective countries in North and South America, Asia and Europe.

**Raju (2008)**, It is estimated that Small Medium Enterprises account for around 90 per cent of industrial units in India and 40 per cent of value constituent in the manufacturing sector this shows that SMEs have get along engine for economic development and development in India. Still there are various problems face by small scale industries like lending, financing, marketing, and management of employed capital.

**OBJECTIVES OF THE STUDY**

1. To know various problems faced by the micro enterprises in Kondotty Taluk.
2. To find out the main source of capital of micro enterprises in Kondotty Taluk.
3. To analysis the employment opportunities given by the micro enterprises in Kondotty Taluk.

**Micro Enterprises:**

A micro enterprise is the smallest business in a nation which operate with the least capital and number of employees Usually operate within a small geographical sphere to render goods or services for their community.

According to MSME Development Act 2006,

- In the case of manufacturing enterprise  
A micro enterprise is one in which the grooming in plant and machinery Does not exceed 25 lakhs.
- In the case of Service enterprise  
A micro enterprise is one in which the investing in plant and Machinery Does not exceed 10 lakhs.

**Problems of Micro enterprises**

The micro enterprises face a number of problems. Some of the more important difficulty faced by micro enterprises as follows

- Lack of managerial experience
- Inadequate finance
- Lack of proper machinery and equipment
- Lack of technical know-how
- Run traditional lines on
- Irregular supply of raw materials
- Problem of marketing
- Personnel problems
- Lack of clear cut policy of Govt.
- Bogus unit
- Under Utilization Of Capacity
- Other problems

In addition to the problemslisted above, the micro enterprises face a number of other problems like in prompt, non-availability of cheap power, burden of local taxes etc.Promotional Measures For the development of micro enterprises GOVT. provide a lot of Promotional Measures.

**RESEARCH METHODOLOGY**

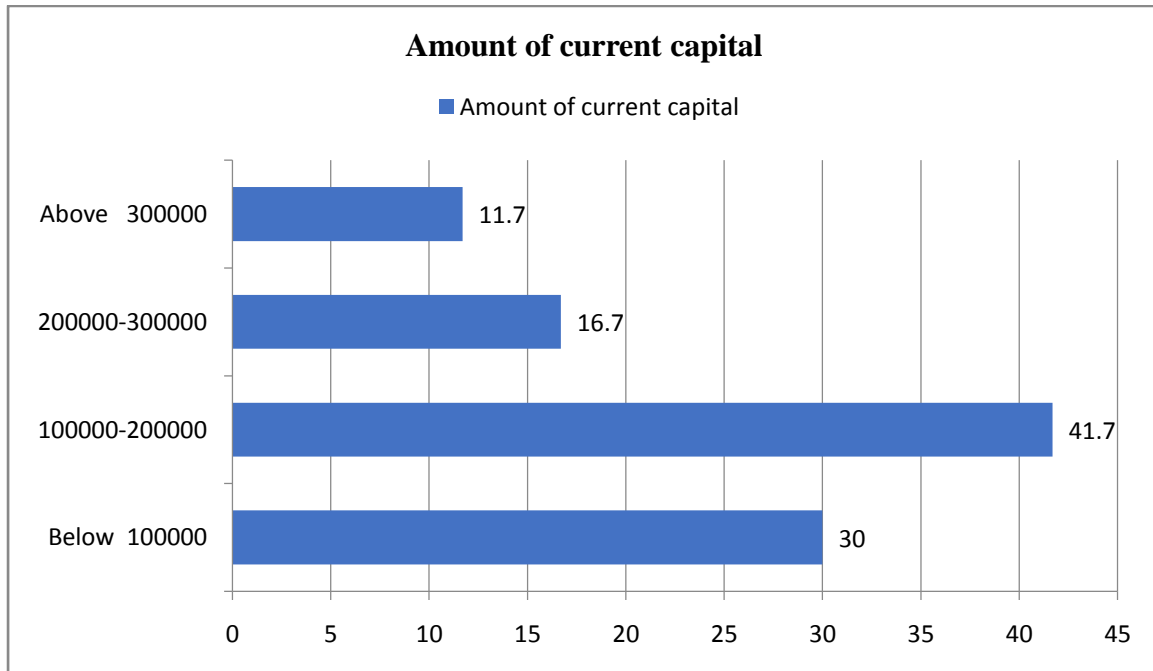
The study is based on particular data which has been collected 60 respondents.Convenient sampling method is used for data collection.For this study both primary and secondary data are used. First-string data are collected directly from 60 entrepreneurs in Kondotty Taluk. Secondary data are collected from journals and publications, relevant website etc.Primary data were collected through direct discussion and interview for collection of information from micro entrepreneurs, questionnaire and interview schedule were used.

**Analysis and Intrepretation**

**Table 1**  
**Categorization on the basis of amount of capital**

Capital	Responses	Percentage
Below 100000	18	30
100000-200000	25	41.7
200000-300000	10	16.7
Above 300000	7	11.7
<b>Total</b>	<b>60</b>	<b>100</b>

Source : primary data



Among the total 60 respondents, 30% are having below 100000 capital, 41.7% are having 100000-200000, 16.7% having 200000-300000, 11.7% having above 300000 capital.

**Table 2**  
**Categorization on the basis of level of satisfaction regarding infrastructural facility**

Infrastructural facilities	Sum	Mean	Rank
Transportation	229	3.81	2
Warehouse	227	3.78	3
Water	229	3.81	2
Electricity	225	3.75	4
<b>Building</b>	<b>232</b>	<b>3.86</b>	<b>1</b>

Source : primary data

From the table it is clear building have most level of satisfaction regarding infrastructural facility so it is in 1<sup>st</sup> rank( 3.86), transportation and water are in

2<sup>nd</sup> rank( 3.81), warehouse in 3<sup>rd</sup> (3.78) rank and electricity in 4<sup>th</sup> rank (3.75).

**Table 3**  
**Categorisation on the basis of major problems faced over the period of operation.**

Problems	Sum	Mean	Rank
Competition	260	4.33	2
Technology	266	4.43	1
Marketing	247	4.11	4
Lack of demand	247	4.11	4
Location	250	4.16	3
<b>Wrong perception about quality</b>	<b>236</b>	<b>3.93</b>	<b>5</b>

Source : Primary data

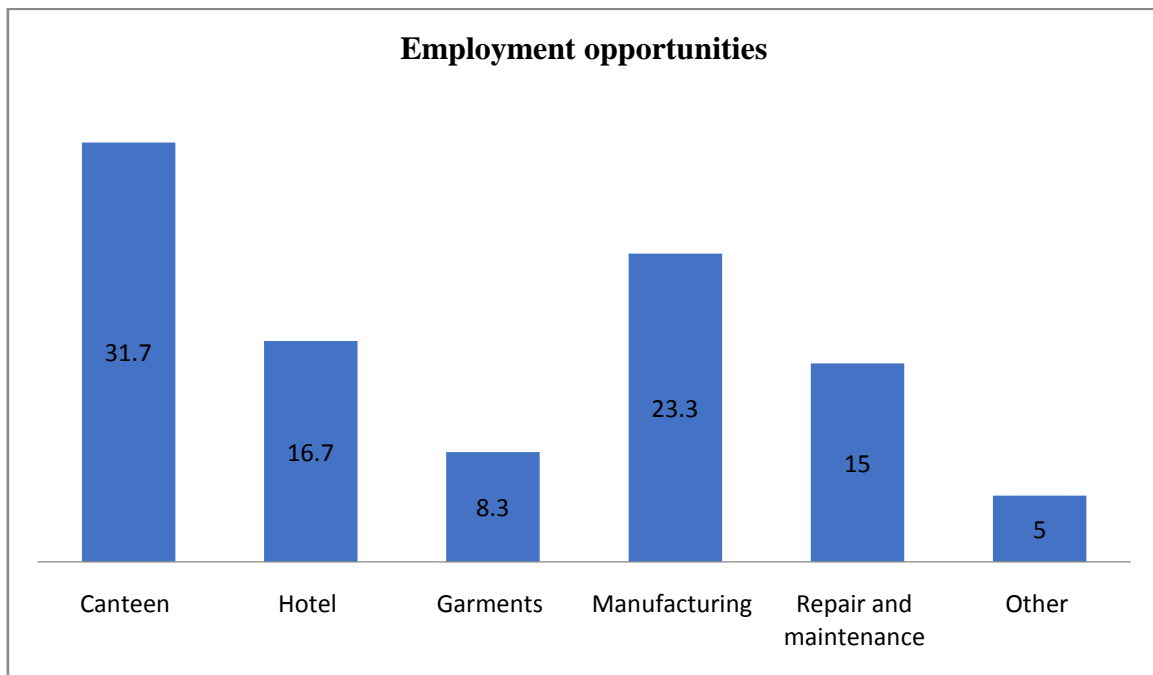
From the above table it is clear that the technology is the major problem faced over the period of operation. So it is in 1<sup>st</sup> rank(4.43), competition in 2<sup>nd</sup> rank(4.33), location in 3<sup>rd</sup>

rank(4.16),marketing and lack of demand in 4<sup>th</sup> rank(4.11) and wrong perception about quality in 5<sup>th</sup> rank(3.93).

**Table 4**  
**Classification on the basis of employment opportunities**

Opportunities	Responses	Percentage
Canteen	19	31.7
Hotel	10	16.7
Garments	5	8.3
Manufacturing	14	23.3
Repair and maintenance	9	15
<b>Other</b>	<b>3</b>	<b>5</b>

Source : primary data



From the above table it is clear that canteen is the section with most employment opportunities(31.1%0 and manufacturing with 23.3%,hotel with 16.7%,repair and maintenance with 15%, garments with 8.3% and others with 5% respectively.

### III. FINDINGS

- ❖ Majority of the enterprises are owned by male (70%).
- ❖ Most of the respondents are supporting sole trader(61.7%).
- ❖ Majority of the respondents are coming under the age group of 30-40 (43.3%).

- ❖ Most of the entrepreneurs are started their enterprise with 1lakh or 2lakh (41.3) capital.
- ❖ It is the found that main source of capital for majority of the enterprise is owned found (36.7).
- ❖ The study shows that most of the entrepreneurs have employees between 1- 5 that is (56.7%).
- ❖ During the study most of the respondents opinions that there is difficulty for getting efficient workers (60%) yes.
- ❖ 70% of respondents use promotional strategy for marketing their product .
- ❖ 78.3% of respondents use latest technology for marketing their products.

- ❖ The study reveals that 73.3% of respondents are able to withstand competition.
- ❖ Majority of the entrepreneurs are able to avail all the infrastructural facilities .
- ❖ While measuring the satisfaction level of entrepreneurs on promotional measures it is found that most of the entrepreneurs are highly satisfied with provision of training facilities, subsidy and industrial estates .
- ❖ While measuring the major problems faced over the period of operation identified that technology and competition are the major problems.
- ❖ From the study identified that on the basis of employment opportunity 31.7% of employment opportunities are provided by canteen.
- ❖ From the study revealed that 61.7% of entrepreneurs are marketing their product through direct marketing and only 38.3% of entrepreneurs are marketing their product through wholesalers.

#### IV. SUGGESTIONS

- The study shows shortage of raw material is main problem in most of the concern.
- To reduce their problems of shortage of raw material it should be produced from the place where it is cheap for this purpose a general facility center under the MSME sector is need to supply all raw material and undertake market of raw material .
- The financial institution should accept a liberal credit policy toward micro enterprises entrepreneurial development programs must be conducted among the backward sector, because their development is very essential for our country .
- The micro enterprises should be provide the better infrastructural facilities .
- The enterprise should be improve the satisfaction level of micro entrepreneurs should be increases .

#### LIMITATIONS OF THE STUDY

- Shortage of time and money limit the number of samples into the Minimum.
- Some of the respondents were reluctant to disclose the data.
- The area of study is limited to Kondotty Taluk. Service enterprises were excluded from the study.

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