

INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT AND ALLIED SCIENCES (IJBMAS)

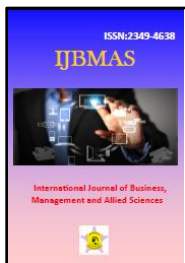
A Peer Reviewed International Research Journal

PROBLEMS AND PERSPECTIVES OF MSMEs IN PRAKASAM DISTRICT -A STUDY

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ABSTRACT

Micro, Small and Medium Scale Enterprises (MSMEs) form the backbone of the Indian economy and are also called as engine of economic growth. Despite the fact that these play a very significant role in GDP, manufacturing, exports and also employment, they continue to face very distinctive set of challenges. MSMEs contribute immensely to job creation, income generation and poverty reduction in emerging economies in Andhra Pradesh. Inadequate finance is the major problem for MSMEs. Since most of the MSMEs are proprietary concern or partnership firms, their internal resources are small. The credit provided by the various institutional agencies such as banks, State Financial Corporation (SFCs) and Small Industrial Development Bank of India (SIDBI) are inadequate to meet the requirements of small units. The initial investment of small units comes from relatives, friends, and non-banking and non-government sector. The institutional agencies are still reluctant to advance money to small industries as they are unable to offer security guarantee required by them. The shortage of funds makes it difficult to install modern machinery and maintain well organized and fully equipped rectories. They are unable to buy and store required raw materials or stock of finished goods or have their own sales organization. Despite the liberal credit provided by the institutional agencies, the problem of finance still exists in small-scale sector. The present endeavour is an attempt to study the Small and Medium Enterprises and their problems. These units are playing a key role in the grass root economy in the study region of Prakasam District. Both primary data and secondary data have been compiled from the different sources. Different statistical methods have been employed for analysis. In this study the researcher has surveyed those MSMEs who have availed finance from banks and financial institutions and try to find out the other problems faced by them affecting their performance.

Keywords: MSMEs, Technology, Prakasam District, employees, performance, Small Scale Industries, Large Scale Industries etc.,.

Introduction

In spite of various policy measures taken by the governments since independence, most of the problems of MSMEs still continue to trouble the sector. MSMEs huge contribution to employment

generation and the role they play in sustainable development prompted many countries around the world to come up with special programs and support organizations for the development and growth of this sector. But the financing problems still persevere; MSMEs entrepreneurs generally have restricted access to finance. This compels them to borrow from unregulated lending markets or from their own dealers and they end up paying much higher interests. Not only does this lead to overpricing of products, but also confines the MSME entrepreneurs' ability to add value, upgrade technology, quality and adopt modern management methods. Thus accessibility of finance at affordable cost is significant for Indian MSMEs. In this study it has been attempted to identify the different problems and challenges faced by MSMEs who in spite of availability of finance face different problems in their working.

As SME's are growth day by day with full of opportunities and sources to invest etc as being as backbone for Indian economy still many issues and challenges both internally and externally. Hence this is an attempt to fill what issues and challenges faced by SME's along with them giving suggestions to both government and to MSME sector for further improving growth in SME's by reducing these issues and challenges. In present scenario, SME;s are facing issues relating to internal environment and with external environment where external environmental issues and challenges is not control with SME entrepreneurs, internal environmental issues and challenges are controllable with SME entrepreneurs.

Classification of MSME Sectors based on the original investment in plant and machinery with regard to Manufacture/production units & original investment in equipment with regard to Services units

	Investment in Plant and Machinery/ Equipment (excluding land and Building)	
	Manufacturing Enterprises	Services Enterprises
Micro	Up to Rs. 25 lakh	Up to Rs. 10 lakh
Small	More than Rs.25 lakhs and up to Rs. 5 crore	More than Rs. 10 lakhs and up to Rs. 2 crore
Medium	More than Rs.5 crore and upto Rs. 10 crore.	More than Rs.2 crore and up to Rs. 5 crore

Overview of MSMEs in Andhra Pradesh

The MSME sector in AP manufactures a variety of products. There is a high concentration of micro and small units in the food sector, mineral and building materials sector, drugs and pharmaceuticals, fabricated materials, trading and service sector. To develop a vibrant MSME sector, institutional measures put in place for addressing incipient sickness, enhancing credit flow and facilitating registration of MSMEs have been fortified; and new measures have been taken up such as MSME Revival Fund of ₹100 crore to be set up in FY 2015-16. The parallel focus on setting up incubation centres and start-ups is aimed at enhancing skill intensity and content in MSMEs. Is estimated, based on available statistics, that only 10-15% of MSMEs have been registered with the Department of Industries. Hence, a special drive has been proposed to identify such units and get them registered with the Department. The growth of MSMEs in AP (combined) given Table 1.

Among the strategies to be pursued for accelerating growth of SMEs, a few prominent ones are presented in this section. Cluster development, export potential, and promoting complementary between small, and medium and large units can be the directions for fostering speedy growth. Another dimension is focusing on emerging and high value added product lines to create wealth. A few emerging areas indicated for the State are: drugs, pharmaceuticals, information technology (IT and IT enabled services and business process outsourcing - BPO), bio-technology, nanotechnology, leather, textiles, garments, electronic hardware and telecommunication equipment, agro and food processing, and mineral-based product lines, gems and jewellery, apparel parks, etc. Cluster approach for modernisation, and overall planning for a group of enterprises in product lines which have the potential for development is being practised in many locations in the State, on the pattern being followed in other parts of the country. This will also result in greater degree of dispersal of industries in smaller towns, apart from growth centres which are reasonably well developed in earlier years. A few product lines in this category for cluster approach in the State are: cashew processing, mango jelly, fruit canning, biscuits and confectionery, marine foods, brass metal works, cast brass hardware, aluminium utensils, steel furniture, automobile industry, agricultural implements, ceiling fans, distribution transformers, wooden toys, steel rolling mills, wooden furniture, etc

Overview of Prakasam District

Prakasam district is one of the coastal districts of Andhra Pradesh. A distinct geographical feature of the district is the varied nature of plains and rocky hills. The areas near the coast are plain and fertile while the other parts are stony plains and hills with dry shrub forests. The district has variety of soils like black cotton, red soil, red sandy loamy and sandy loamy. The average rain fall is 751 mm. The district can be termed as warm district. The maximum temperature in summer is 45 degrees. The duration of winter in the district is very short. Prakasam district has clusters of handlooms, handicrafts and mineral products scattered around the district. Markapuram and surrounding areas have rich slate deposits, while Chimakurthy is famed for the Galaxy granite deposits, not found any where else in the world. Chirala, Vetapalem, Ippurupalem, Chimakurthy and Kothapatnam, Kanigiri, Besthavaripeta, Inkollu and Naguluppalapadu and surrounding areas are famed for handloom cloth and traditional weavings, while Addanki and surrounding areas have clusters of mat weaving and leaf fibre products. Aggarbathi makers are also many in Prakasam district. Medium scale enterprises were first classified in the MSMED Act, 2006. From the year 2007 onwards, only two Medium enterprises were registered with the DIC, Prakasam, one each during the years 2009-10 and 2010-11. There were 30 Large and Medium enterprises in Prakasam district in the year 2006, involving an investment of 347 crores and providing employment to 7783 persons. In six years, the number of units has risen to 54 units (annual growth rate of 10.92%, employment grew at 17.58 % (at current prices) and employment grew at only 3.8% pa). Details of Existing Micro & Small Enterprises given in Table 2.

Objectives of the study

1. To assess the different factors affecting the growth and performance of MSMEs.
2. To know the different challenges and problems MSMEs have to face
3. To examine the relationship between issues and challenges faced by SME's with financial performance
4. To know whether there is any significant difference among the problems faced by assisted MSMEs the hypothesis has been framed and the data has been analyzed using ANOVA one way.

Hypothesis of the study

Ho: There is no significant difference between the problems faced by the assisted MSMEs

Ha: There is significant difference between the problems faced by the assisted MSMEs **Methodology Area of Study**

The survey was done in Prakasam district of Andhra Pradesh

Sample Selection To conduct the study, 112 MSMEs were surveyed pertaining to six different sectors

Collection of Data Primary data for the study is collected from MSMEs by using a structured questionnaire. Secondary data have been collected from various publications of Government of India, and Government of Andhra Pradesh, Ministry of Industry, Ministry of Finance, Planning Commission, Ministry of Small Scale Industries, Development Commissioner for Small Scale Industries, Reserve Bank of India, National Institute for Entrepreneurship and Small Business Development, Central Statistical Organisation, Bureau of Economics and Statistics, Commissionerate of Industries, Hyderabad and District Industries Centre, Prakasam. Primary data have been collected for making an in-depth study by canvassing through a well-designed schedule from the entrepreneurs of the selected sample of the Small and Medium Enterprises in Prakasam district of Andhra Pradesh

Data Analysis The information gathered was tabulated and was analyzed by using percentage and ANNOVA one way

Reference Period The data for the study was collected during the period April 2014 - December 2017.

Limitations of the Study: The study is based on the primary and secondary data. The primary data are collected from the selected sample of small and medium enterprises in Prakasam district. The study is a micro level study. As such the conclusions arrived in this study may not be exactly similar with respect to the small and medium units in other areas due to the variations in the socio-economic conditions and other factors. The data base of the study pertains to the period 2014-2017. The study mainly focuses on the problems of small and medium enterprises in Prakasam district, Andhra Pradesh.

Table 1: Growth of MSMEs in Andhra Pradesh – District-wise and Region-wise

Sl. No.	District / sub-region / region	(2006 and 2012)			(cumulative picture for the year ending March)					
		No. of enterprises			Fixed investment (Rs. crore)			Employment (persons)		
		2006	2012	CA GR (%)	2006	2012	CA GR (%)	2006	2012	CA GR (%)
1	2	3	4	5	6	7	8	9	10	11
1	Medak	4589	7187	7.8	344.6	2118.6	35.3	51603	116608	14.6
2	Hyderabad	14412	18623	4.4	235.4	659.6	18.7	110484	180076	8.5
3	Rangareddy	18091	31053	9.4	1119.5	6257.8	33.2	169456	392600	15.0
4	Mahabubnagar	3268	4900	7.0	113.1	688.1	35.1	28915	50306	9.7
(A)	Hyderabad region	40360	61763	7.3	1812.6	9724.2	32.3	360458	739590	12.7
5	Adilabad	1816	2252	3.7	51.7	113.0	13.9	18943	23484	3.6
6	Nizamabad	3899	4701	3.2	75.1	230.4	20.5	35432	42145	2.9
7	Karimnagar	4915	5507	1.9	145.7	309.2	13.4	45612	53447	2.7
8	Nalgonda	7446	8940	3.1	218.1	1067.2	30.3	72390	100180	5.6
9	Warangal	6224	7185	2.4	98.4	347.5	23.4	49809	58371	2.7
10	Khammam	4494	5871	4.6	146.4	519.8	23.5	40706	54034	4.8
(B)	Rest of Telangana	28794	34456	3.0	735.4	2587.0	23.3	262892	331661	3.9
(C)	Telangana	69154	96219	5.7	2548.1	12311.1	30.0	623350	1071251	9.4
11	Srikakulam	4731	5086	1.2	104.7	329.1	21.0	40751	51618	5.6
12	Vizianagaram	3490	3918	1.9	80.9	265.4	21.9	30868	37859	3.5
13	Visakhapatnam	10231	13644	4.9	295.6	1226.9	26.8	81163	144365	10.1
14	East Godavari	8151	11329	5.6	266.2	1484.2	33.2	73315	114478	7.7
15	West Godavari	6897	7671	1.8	247.0	633.2	17.0	61471	73859	3.1
(D)	North Coastal Andhra	33500	41648	3.7	994.4	3938.8	25.8	287568	422179	6.6
16	Krishna	8583	10604	3.6	336.9	1083.4	21.5	80458	112923	5.8
17	Guntur	7168	8454	2.8	314.2	831.7	17.6	71882	90630	3.9
18	Prakasam	5290	6636	3.9	171.2	662.6	25.3	51652	71326	5.5
19	Nellore	6130	6651	1.4	106.8	345.8	21.6	60042	67624	2.0
(E)	South Coastal Andhra	27171	32345	3.0	929.0	2923.4	21.1	264034	342503	4.4
(F)	Coastal Andhra	60671	73993	3.4	1923.4	6862.2	23.6	551602	764682	5.6
20	Kadapa	3829	4950	4.4	77.7	423.2	32.6	33629	47332	5.9
21	Kurnool	4337	4912	2.1	133.4	274.7	12.8	38026	44986	2.8
22	Ananthapur	4696	5581	2.9	122.5	431.4	23.3	40281	49784	3.6
23	Chittoor	4079	5240	4.3	157.9	607.1	25.2	39015	64253	8.7
(G)	Ravalaseema	16941	20683	3.4	491.5	1736.4	23.4	150951	206355	5.3
(H)	Andhra Pradesh	146766	190895	4.5	4963	20909.3	27.1	1325903	2042288	7.5

Note: Data presented in the table relate to micro and small enterprises up to 2005-06.

From 2006-07, in addition, data regarding the newly registered medium enterprises are also included.

Source: Commissionerate of Industries, Andhra Pradesh, Hyderabad.

Table 2: Details of Existing Micro & Small Enterprises & Artisan Units in the District

SL.	CATEGORY	NO. OF UNITS	CAPITAL INVESTMENT (IN RS. LAKHS)	EMPL.
1	Agro based	1046	19994	11398
2	Mineral based	951	21857	10884
3	Engineering & Allied	309	2057	3754
4	Food based	665	8542	3024
5	Chemical based	495	3024	3121
6	Textiles	55	805	479
7	Forest based	1206	9073	3384
8	Miscellaneous	2167	15006	7912
	Total:	6894	80358	43956

Source: estimated figures, based on DIC information for 2006

Results and Discussion

In order to identify the major problems of Micro Small and Medium Enterprises, 100 entrepreneurs are selected at random from different forms of business in Prakasam District of Andhra Pradesh.

MAJOR PROBLEMS FACED BY MSMEs IN PRAKASAM DISTRICT

CHALLENGES FACED BY RURAL ENTREPRENEURSHIP

Family Challenges: Convincing to opt for business over job is easy is not an easy task for an individual. The first thing compared is - Will you make more money in the business of your choice or as a successor of family business. This is where it becomes almost impossible to convince that you can generate more cash with your passion than doing what your Dad is doing.

Social Challenges: Family challenges are always at the top because that is what matter the most but at times social challenges also are very important. Let us say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opted for a job. He now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where the challenge comes.

PROBLEMS FACED BY THE ENTREPRENURS' TOWARDS RURAL MICRO ENTERPRISES (Testing of Hypothesis -t Test)

The present study has made an attempt to analyze the problems of micro enterprises. Even though the dimensions of problems are too many, the present study is confined to financial, marketing, entrepreneurial, knowledge related, economic, social, psychological and general and business problems.

OPERATIOAL PERFORMANCE OF MSMEs - A REVIEW

Performance evaluation of MSMEs in the district (Prakasam) is done by taking indicators such as of number units, employment opportunities generated by MSMEs and Gross Output.

MSMEs Growth Rate:

Number of MSMEs and Growth Rate (in lakhs)

Year	No. of Units	Growth Rate in %
2009-10	410.80	-
2010-11	428.73	4.19
2011-12	447.64	4.38
2012-13	467.54	4.26
2013-14	488.56	4.49
2015-16	512.99	4.71
2016-17	538.64	4.95

Source: Annual Report 2016-1,7 Govt., of AP

Problem Encountered among the Entrepreneurs'

The problems in micro enterprises have been identified as financial, marketing, entrepreneurial, knowledge-related, economic, social, psychological, general and business problems. The mean scores of the above said nine problems among the male and female respondents have been computed to show their level of perception on it. The 't' test has been applied to test the significant difference among the male and female respondents regarding the above said nine problems. The results are given in Table 1.

Table: 1 Problem Encountered among the Entrepreneurs

S. No.	Problems	Mean Score Among (x100)		t - statistics
		Male	Female	
1	Financial problems	4.063	4.14	-0.676
2	Marketing problems	3.623	4.442	-2.997
3	Entrepreneurial problems	3.383	4.379	-3.207
4	Knowledge related	3.263	4.233	-2.77

	problems			
5	Economic problems	3.829	4.302	-1.73
6	Social problems	3.154	4.386	-3.668
7	Psychological problems	3.319	4.363	-3.23
8	General problems	3.375	4.146	-2.432
9	Business problems	3.792	4.022	-0.93

- The highly viewed problems among the male respondents are financial and economic problems since their mean scores are 4.01 and 3.84. Among the female respondents, these are marketing and social problems, since their mean scores are 3.91 and 3.901 respectively. Regarding the perception on problems, the significant differences among male and female respondents have been identified in the case of marketing, entrepreneurial, knowledge-related, social, psychological and general problems, since their respective 't' statistics are significant at five percent level.

Findings

- The MSME Units mainly fall in sole trading and partnership form of business. These forms of businesses naturally face financial and managerial problems:
- The growth rate of number of units established during the study period has shown upward trend which ranges from 4.19% to 4.49%
- MSMEs created more employment opportunities which increased from 921.79 lakh to 1114.29 lakh during the study period.
- The output of MSMEs recorded in the year 2014-15 at 1619.53 crores and rose to 1834.05 crore.
- In forms of Entrepreneurship, the sole proprietorship recorded 94.41%
- Majority of the entrepreneurs have not registered their enterprises.
- The MSMEs are facing lot of competition from domestic and global companies.
- Technological problem is also a major problem to compete with global companies while selling the products.
- Due to lack of sufficient knowledge, the entrepreneurs are not in a position to utilize resources effectively.
- Some MSMEs are poor in procuring the required raw-materials due to their financial inability.
- Further, it is found that the entrepreneurs of MSMEs need entrepreneur skills.
- In many instances, business ideas and exposures are not upto date and adequate, rules and regulations are less understood, product and market knowledge are not upto the mark, business remains confined within local or regional market.

PROBLEM FACED IN RESPECT OF FINANCE:

The financial problem of MSMEs is the root cause for all the other problems faced by the MSME sector. These industries (especially micro) are generally poor and there are no facilities for cheap credit. They fall into the clutches of money lender who charges exhibited rate of interest. In recent years, large Indian firms obtained around 15 percent of their total funding from internal sources, 25 percent from banks and FIs, and 10 percent from capital markets. The remaining 50 percent came from alternative sources. Friends and family equity accounted for a huge proportion of their alternative finance, followed by trade credit. Based on the research undertaken at the Centre for Analytical Finance (CAF) at the ISB, and partly on the work done for the Financial Sector Reforms committee headed by Professor Raghuram Rajan, Eric J. Gleacher Distinguished Service Professor of Finance, University of Chicago during 2007-08, it was found that the firm size is inversely related to dependence on alternative financing sources; the smaller the firm, the higher is the proportion of alternative financing in the total. It was also found that poor profitability and lack of access to formal capital markets and institutions result in heavy dependence on alternative financing channels. It was said that funding from those channels is considerably costlier than funding from formal sources. This creates a most unfortunate vicious cycle in the pattern of funding. High cost of funding results

in poor profitability. Poor internal cash flow generation limits ability to service formal bank debt, and makes the firm less creditworthy from a bank's point of view. This, in turn, leads to greater dependence on alternative channels. The organizational pattern of the micro enterprises places them at a distinct disadvantage vis-à-vis the large-scale enterprises. It is due to this peculiarity of micro and small enterprises, "Murphy's Law" i.e., "If anything can go wrong, it will" squarely applies to them. This disadvantage has given rise to various problems with which the micro and small enterprises have been contending with. The problem of finance in these units is mainly due to two reasons. Firstly it is partly due to scarcity of capital in the country as a whole. Secondly, it is partly due to weak credit worthiness of micro and small enterprises in the country. Due to their weak economic base, they find it difficult to take financial assistance from the commercial banks and financial institutions. As such, they are bound to obtain credit from the money lenders on a very high rate of interest and are, thus, exploitative in character.

Table 3: Finance problems of Micro Small and Medium Enterprises in the study area

Factors	Very Low	Low	Moderate	High	Very High	Total
Unavailability / insufficient credit	8(7.14)	23(20.54)	9(8.04)	20(17.86)	52(46.43)	112(100.0)
High cost of credit	1(0.89)	15(13.39)	11(9.82)	57(50.89)	28(25.0)	112(100.0)
Shortage of Working Capital	0(0.00)	1(0.89)	4(3.57)	59(52.68)	48(42.86)	112(100.0)
Difficulty in getting amount from debtors	2(1.79)	9(8.04)	13(11.61)	54(48.21)	34(30.36)	112(100.0)

Source: Primary data

Marketing Problems

One of the major problems confronted by MSMEs is marketing of products. Market is the final target of all industrial concerns whether small, medium or big. The produce of MSMEs have no value unless they are sold, marketing is a delicate task of linking what the consumers wants, then planning and developing a product or service which satisfies those demands and finally quoting the best price for that product. The proficiency of entrepreneurs in marketing their product plays a crucial role in success and growth of enterprise. Besides finance, marketing has been identified as a key element affecting the performance of MSMEs and leads to sickness and ultimately closure of units. MSMEs face numerous problems in marketing their products mostly on account of growing competition among themselves, from large scale industries (LSI) and imports of foreign products. In this era of liberalization and more so as these MSMEs do not go for marketing research which leads to failure of their products. Table 4 exhibit the marketing problems faced by MSMEs.

Table 4: Marketing problems of Micro Small and Medium Enterprises

Factors	Very Low	Low	Moderate	High	Very High	Total
Weak market demand	5(4.46)	5(4.46)	5(4.46)	36(32.14)	41(36.61)	112(100.0)
Limited market available	10(8.93)	35(31.25)	7(6.25)	37(33.04)	23(20.54)	112(100.0)
Less variety of goods offered to market	12(10.71)	36(32.14)	19(16.96)	38(33.93)	7(6.25)	112(100.0)
Excessive Competition in the market	0(0.00)	7(6.25)	1(0.89)	37(33.04)	67(59.82)	112(100.0)
Technology of competitor is superior	6(5.36)	18(16.07)	13(11.61)	37(33.04)	38(33.93)	112(100.0)

Technological Problem

Use of obsolete technology, is an important constraint faced by sample MSMEs, MSMEs firstly require funds at the time of establishment of the enterprise and secondly after some years when plant and machinery becomes obsolete. Most of the MSMEs feel that the finance disbursed to them is inadequate to technologically equip them for future challenges. Under these circumstances they face stiff competition from large scale industries and other foreign enterprises with their obsolete technology which ultimately results in

less acceptability in the market, low sales, high manufacturing costs with low quality products. Secondly inadequate infrastructure available with the firm, shortage and irregular supply of power, and power cut specially during summer are the common problems faced by MSMEs in Prakasam and Nellore districts.

The lots of potentials are available in the field of MSME'S. The prospectus of this sector are explained as under-

1. Employment generation- There is numerous possibilities in the field of manufacturing and service rendering of MSME'S. In recent year, the MSME IS are generating different and ample amount of employment in the field of retail and manufacturing sector. The rate of employment generation extended more by promoting the Indian MSME'S.
2. Customer satisfaction oriented- The MSME'S produce goods according to the needs or expectations of the customers. Primarily, the MSME'S manufacture goods considering the taste and preferences, liking and disliking of the local consumer .So, the MSME'S can be ore customer satisfaction oriented.
3. Minimization of regional imbalance-The MSME'S can be a good vehicle to minimize or remove the regional imbalances. The rural areas of the nation can equally developed through the running of MSME units in such areas. The MSME'S will utilize the work force of rural areas and lead to the removal of regional imbalance.
4. Enhancement of export- The MSME'S can be a mean to enhance the export of India. There will be a great demand of Indian product at international level of market. The Indian items like -dari, kaleen, wooden items and other hand- made souvenir articles demanded in the world.
5. Attraction to the foreign investment -Though, the Indian MSME'S are the booming field and the growth rate and return on investment is satisfactory. This sector is more responsive than other sector of economy. Therefore, this sector might be a source to attract foreign investment in India.

The scores of individual respondents were added and divided by total number of respondents whose scores were added. The responses are given ranks based on the percentage of scored obtained by each variable.

The ranks for all problems have been arranged in ascending order and shown in table 5

Table5: Chronological Ranks of Factors Responsible for Poor Operational Performance

Statistics	N	Mean	Sum	percent	Rank
Excessive competition in the market	112	4.46	500	89.29	1
Shortage of Working Capital	112	4.38	490	87.5	2
Quality of products offered to market is low	112	4.13	463	82.68	3
Difficulty in receiving amount from Debtors	112	3.97	445	79.46	4
High cost of borrowing	112	3.86	432	77.14	5
Weak Market Demand	112	3.78	423	75.54	6
Unavailability of credit	112	3.76	421	75.18	7
Unskilled labour available	112	3.75	420	75	8
Technology of competitor is superior	112	3.74	419	74.82	9
Fluctuation in the price of raw material	112	3.71	415	74.11	10
Obsolete Plant and Machinery	112	3.62	405	72.32	11
Low quality of material available	112	3.54	397	70.89	12
Dealing with Govt. laws	112	3.52	394	70.36	13
Lack of management skills	112	3.49	391	69.82	14
Raw material not available	112	3.46	388	69.29	15
Price of the goods offered to market is high	112	3.41	382	68.21	16
Inadequate infrastructure with the firm	112	3.41	382	68.21	17
Labour absenteeism	112	3.34	374	66.79	18
Absence of Long term planning	112	3.27	366	65.36	19

In order to find out whether there exists any significant difference among the problems faced by different MSMEs, MSMEs are divided into eight different sectors like food, plastic, chemical, pharmaceutical, service, engineering, miscellaneous and printing and the key factors affecting their operational performance of these MSMEs have been grouped into financial, managerial, marketing, technological, raw material and labour.

To know whether there is any significant difference among the problems faced by MSMEs the hypothesis is tested with the help of ANOVA one way.

Ho: There is no significant difference between the problems faced by the assisted MSMEs

Ha: There is significant difference between the problems faced by the assisted MSMEs Further analysis are done to find out sector wise whether there exists a significant difference in the problems faced by sample MSMEs and the results shown as under in Tables 6.

Table 6: ANOVA sector wise problems faced by Micro Small and Medium Enterprises

ANOVA		Sum of Square	Df	Mean Square	F	p	Result
Finance	Between Groups	450.9104	7	64.415766	0.39534	0.9031895	Accept Ho
	Within Groups	16945.52	104	162.93768			
	Total	17396.43	111				
Managerial	Between Groups	6156.255	7	879.46502	3.118557	0.0049925	Reject Ho
	Within Groups	29329.06	104	282.01022			
	Total	35485.32	111				
Marketing	Between Groups	3510.404	7	501.48622	2.762822	0.0112911	Reject Ho
	Within Groups	18877.28	104	181.5123			
	Total	22387.68	111				
Raw material	Between Groups	18460.16	7	2637.1652	12.88244	0.0001	Reject Ho
	Within Groups	21289.84	104	204.71003			
	Total	39750	111				
Labour	Between Groups	4454.287	7	636.32675	3.132295	0.0048369	Reject Ho
	Within Groups	21127.63	104	203.15031			
	Total	25581.92	111				
Technological	Between Groups	9404.206	7	1343.458	4.54611	0.0001851	Reject Ho
	Within Groups	30733.89	104	295.51817			
	Total	40138.1	112				

SUGGESTIONS AND RECOMMENDATIONS

The following are the important suggestions and recommendations of the study:

1. Author identifies the entrepreneurs and renders all assistance by co ordinate efforts to commission the small scale industrial units chosen by them. The motivation conducted yields the result of desire by changing the student population to an entrepreneur.
2. The Government of Andhra Pradesh encourages entrepreneurship among micro entrepreneurs through EDP. The Government also extends incentives such as Margin money subsidy for First Generation Entrepreneurs at 10% on the project cost for Rs 50,000 whichever is less.
3. To encourage micro enterprises and for equitable distribution and growth in the District, the Government has to announce various concessions especially at the backward blocks.

4. Avoidance of competition is linked to the income earning capacity of the beneficiaries. Generally people avoid competition due to fear of failure. In order to check their failure, they must be imparted necessary skill in the handling of the scheme, which in turn would generate confidence among them. Beneficiaries can be trained in small groups of four to five.
5. Most of the financial institutions and government agencies normally require the borrower to prepare detailed working paper together with the cash flow projections. Being a micro enterprise entrepreneur with a lack of knowledge in the financial and accounting aspect, is also another challenge faced. Due to lack of knowledge, most SMEs entrepreneurs are ignorant of proper accounting principles and values to reflect their financial position.

To sum up, the entrepreneurs are facing a plethora of problems in the functional areas of production, finance, marketing and other related areas of management. Their contribution to industrial development is unique and noteworthy. It is high time to explore new strategies and programmes to promote entrepreneurship in the country.

In the current scenario for the SSI sector to achieve economic efficiency and international quality standards, there is an imminent need to upgrade its technology. While the setting up of the Technology Bank, as announced in the comprehensive policy package for MSMEs would facilitate technology transfer and match making, creation of a separate Small Industries Development Fund at the earliest would meet the much needed financial requirements of the sector for mass scale technology up gradation. The suggested fund would also provide access of resources for infrastructure, marketing development and other similar requirements of the sector. These measures are expected to help in accelerating the pace of growth of the sector.

The process of liberalization and globalization has necessitated technological up-gradation and the building of appropriate marketing and other related infrastructure. Entrepreneurs need to hasten the transition from existing levels to higher standards in terms of quality and design in order to become internationally competitive. Thereafter, constant adaptation and innovation would hold the key to sustained competitiveness. In order to do so, there is need for internalizing, not only new technology, but also effective management techniques and economies of scale. The government has already enhanced the limit of investment in plant and machinery in select subsectors of the SSI sector to facilitate their vertical expansion and building of competitive strength

Conclusion

The objective of the present study is to analyze the different factors that hinder the performance of MSMEs who have availed finance from different sources. The major problems encountered by sample MSMEs could be summed up as shortage of working capital, lack of management skills, excessive competition, fluctuation in the price of raw material, availability of skilled labour and low quality of products offered to market. This study helps the reader to gain insights into the problems and challenges faced by the MSMEs in Prakasam district. It outlines organized and definite system of understanding these pressures to the MSMEs functioning and existence such that further research can be done to investigate potent solutions to address the dire situation. The research highlights key elements such as the importance of finance in the sector. It asserts that perhaps availability of finance is not as much of a problem as now different banks and financial institutions have shown a helping hand to this sector but other problems continue to threaten the profitability of this sector.

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