

Problems of Micro Manufacturing Entrepreneurs in Chittoor District

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Abstract

Introduction- In present scenario of business, the Micro, Small and Medium Enterprises (MSMEs) have been accepted as the engine of growth for promoting equitable development. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products, services and levels of technology. The sector not only plays a critical role in providing employment opportunities at comparatively lower capital cost than large industries but also helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. The MSMEs contribute nearly 22 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the exports. Despite a vital role MSMEs play in the Indian economy, their development hampered by a number of problems and constraints. Therefore, an attempt is made in this article to analyse the problems confronted by micro manufacturing entrepreneurs in the Chittoor district, Andhra Pradesh.

Index terms—

1 Introduction

In present scenario of business, the Micro, Small and Medium Enterprises (MSMEs) have been accepted as the engine of growth for promoting equitable development. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products, services and levels of technology. The sector not only plays a critical role in providing employment opportunities at comparatively lower capital cost than large industries but also helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. The MSMEs contribute nearly 22 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the exports. Despite a vital role MSMEs play in the Indian economy, their development hampered by a number of problems and constraints. Therefore, an attempt is made in this article to analyse the problems confronted by micro manufacturing entrepreneurs in the Chittoor district, Andhra Pradesh.

2 II.

3 Methodology

The universe of the study is spread over the whole of Chittoor district. The study is confined to micro manufacturing enterprises as incorporated in the MSMEs Development Act, 2006. In Chittoor district, there are 176 agro, food and allied; 81 mechanical and metallurgical; 206 chemical, plastic and rubber; 238 glass and ceramics; 39 paper; 30 textiles; 14 wooden; 9 electrical and electronics; and 5 leather and footwear units. For a meaningful analysis of cross sectional data, there shall be a minimum of 25 units. In the first instance, the last three categories are excluded since the number of units registered with the DIC itself is less than 25. In the case of textiles, nearly half of the units are sick/ closed. Finally, five categories are left and therefore, the

researcher has to necessarily select the samples from these categories. One hundred and twenty five units spread over five categories are purposely brought into the sample frame. Thus, stratified random sample technique is conveniently adopted.

4 III.

5 Problems

The various problems and constraints of micro manufacturing entrepreneurs discussed in this section.

6 a) Finance

A look at the Table 1 shows that, 81 out of 125 entrepreneurs have faced the problems such as non availability, delay and high rate of interest in obtaining funds. If all the 81 respondents are put together, the highest, 23.46 per cent have cited non-availability of funds, high rate of interest, delay in obtaining funds and lack of security to offer followed by 14.81 percent non ??nd 7.41 per cent delay in obtaining funds as leading problems. The respondents who have faced problems in obtaining funds are spread over in all the industrial categories without any exception. Those in glass and ceramics formed the highest (21) followed by each of agro, food and allied and mechanical and metallurgical (16), chemical, plastic and rubber (15) and paper (13). None of the respondents in agro, food and allied have referred to either non-availability of funds or delay in obtaining funds. In the case of glass and ceramics, those who have faced delay in obtaining funds are nil. Similarly, no one had reported high rate of interest and delay in obtaining funds in paper. The share of respondents spread over different problems varied across the categories in varying proportions. Those who reported non-availability were in the range of 6.25-15.38 per cent, high rate of interest 7.69-25 per cent, delay in obtaining loans 6.67-23.08 per cent, non-availability of funds and lack of security 6.25-23.08 per cent, nonavailability of funds and high rate of interest 6.25-14.29 per cent, high rate of interest and delay in obtaining funds 4.76-20 per cent, non-availability of funds, lack of security, high rate of interest and delay in obtaining funds 15.38-33.33 per cent and availability of funds, high rate of interest and delay in obtaining funds 6.67-25 per cent.

7 b) Raw materials

It can be observed from the Table 2 that, if all the units are taken as a whole, the highest, 21.62 per cent have perceived that the fluctuation in the prices of raw materials is high followed by scarcity, high fluctuations in prices and high transportation cost (19.82 per cent), high prices and transportation cost (17.12 per cent), high fluctuations in prices and irregular supply (12.61 per cent), high fluctuations in prices and poor quality and high prices, fluctuations in prices and irregular supply (9.91 per cent each) and high fluctuations in prices (9.01 per cent). Across the industrial categories, the perceptions of respondents have varied considerably. In the case of mechanical and metallurgical, 47.62 per cent, 23.81 per cent, 14.29 per cent, 9.52 per cent and 4.76 per cent have opinioned high prices and transportation cost, high fluctuations in prices, high fluctuations in prices and poor quality and high fluctuations in price and irregular supply respectively. In the rest of the cases, the respondents are absent. In the case of glass and ceramics, 26.09 per cent each have stated high price and transportation cost and scarcity, high fluctuations in prices and high cost of transportation, 17.39 per cent each high fluctuation in prices and poor quality and high prices, fluctuations in prices, irregular supply and 13.04 per cent, high prices. The respondents with the remaining two problems are absent. With regard to agro, food and allied, 26.09 per cent each have cited high price and scarcity, high fluctuations in prices and transportation charges as major problems followed by 17.39 per cent each, high price and transportation cost and high fluctuations in prices and irregular supply, 8.70 per cent high prices, fluctuations in prices and irregular supply, 4.35 per cent high fluctuations in price and poor quality. But those who cited high fluctuations in prices are nil. In respect of chemical, plastic and rubber, the respondents are divided across the problems except those who have viewed that the prices of raw materials are high. The share of respondents was in the range of 4.76-33.33 per cent. The respondents under paper category have emerged in all the problem groups without any exceptions. Their proportion has varied between 4.35 per cent and 21.74 per cent.

8 c) Labour

A perusal of the Table 3 shows that, out of 125 respondents, 108 have expressed labour problems. Of the entrepreneurs who have faced labour problems, 25 per cent have perceived Problems of Micro Manufacturing Entrepreneurs in Chittoor District

9 d) Power

Of the units, 70 have perceived the power problem. Of these 70 respondents, 55.70 per cent have cited power cuts as a major problem followed by power cuts and low voltage (31.40 per cent), power cuts, disruption and low voltage (7.10 per cent), power cuts and disruption (5.80 per cent) (see Table 4). In the case of mechanical and metallurgical category, 87.50 per cent have cited the problem of power cuts whereas the rest, 12.5 per cent, power cuts and low voltage. With regard to agro, food and allied, those who have cited power cuts, power cuts

and low voltage, power cuts, disruption and low voltage and power cuts and disruption as major problems have formed 46.20 per cent, 30.80 per cent, 15.40 per cent and 7.70 per cent respectively. In respect of chemical, plastic and rubber, 61.50 per cent, 30.80 per cent and 7.70 per cent have reported power cuts and low voltage and power cuts and power cuts and disruption serially. In the case of glass and ceramics, 23.80 per cent have mentioned power cuts, 9.60 per cent power cuts and disruption, 57.10 per cent power cuts and low voltage and 9.50 per cent power cuts, disruption and low voltage. With regard to paper those who have faced power cuts have accounted for 86.70 per cent and each 6.70 per cent power cuts and low voltage and power cuts, low voltage and disruption. The share of respondents who have cited power cuts and power cuts and low voltage have emerged in all the categories in varying proportions without any exception. Across the industrial categories, those who have confronted power problems are the highest in glass and ceramics (21) followed by paper (15), each of agro, food and allied, chemical, plastic and rubber (13) and mechanical and metallurgical (8).

10 e) Marketing

A glance at the Table 5 reveals that, among the industrial categories, those who have faced problems in marketing of goods have varied considerably. All the 25 units in paper, 24 in mechanical and metallurgical, 21 in chemical, plastic and rubber, 20 in agro, food and allied and 19 in glass and ceramics have faced marketing problems. In all, out of 125, 109 are subjected to marketing problem like competition, change of consumer taste, irregular demand, seasonal demand and transportation bottlenecks. Among the 109 respondents, 22.94 per cent each have cited competition and irregular demand and competition and transportation problems, 13.76 per cent competition and change in customer taste, 11.93 per cent change in consumer taste and irregular demand, 11.01 per cent competition, 9.17 per cent irregular demand and transportation problem and 8.26 per cent competition demand, 4.76-45.83 per cent and irregular demand and transportation problems 4.76-16 per cent. In the case of glass, ceramics, mechanical and metallurgical, agro, food and allied, paper and chemical, plastic and rubber those who have faced the highest number of problems constituted 47.37, 45.83, 45, 36, and 23.81 sequentially.

11 IV.

12 Conclusions

Nearly 65 per cent have faced the problems in obtaining finance. The respondents have stated multiple opinions over the acquisition of raw materials. The proportion of respondents is less than 40 per cent except high prices (47.62 per cent) in mechanical and metallurgical. The sample units are confronted with multiple problems with regard to labour in varying proportions across the industrial categories. Many units have faced marketing problems. Of the respondents who complained of problems, almost all the respondents felt that inadequate power has been a stumbling block to utilise the installed capacity fully. ^{1 2}

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Figure 1: 4 Global

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Type of problems	Agro, food and allied	Mechanical and metal-lurgical	Chemical, plastic and rubber	Glass and ceramics	Paper	Total
Non-availability of funds	-	1 (6.25)	2 (13.33)	2 (9.52)	2 (15.38)	7 (8.64)
High rate of interest	4 (25.00)	3 (18.75)	-	2 (9.52)	1 (7.69)	10 (12.35)
Delay in obtaining funds	-	2 (12.50)	1 (6.67)	-	3 (23.08)	6 (7.41)
Non-availability of funds and lack of security	1 (6.25)	3 (18.75)	1 (6.67)	3 (14.29)	3 (23.08)	11 (13.58)

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Figure 2: Table 1 :

2

Problems	Agro, food and allied	Mechanical and metallurgical	Chemical, plastic and rubber	Glass and ceramics	Paper	Total
High price	6 (26.09)	10 (47.62)	-	3 (13.04)	5 (21.74)	24 (21.62)
High fluctuations in prices	-	3 (14.29)	4 (19.05)	-	3 (13.04)	10 (9.01)
High price and transportation cost	4 (17.39)	5 (23.81)	3 (14.29)	6 (26.09)	1 (4.35)	19 (17.12)

Figure 3: Table 2 :

3

Problems of Micro Manufacturing Entrepreneurs in Chittoor District									
High fluctuations in			1	2		1		4	3 11
absenteeism, shortage of labour									
Problems Absenteeism and indiscipline Absenteeism and shortage of labour	Absenteeism, indiscipline and demand for high wage Absenteeism, indiscipline and shortage of labour	Absenteeism, labour turnover and shortage of labour	Agro, food and allied	Mechanical and metal-lurgical	Chemical, plastic and rubber	2 (8.70)	2 (8.70)		
			2 (9.52)	2 (8.70)					
			4 (19.05)	2 (8.70)					
			4 (19.05)	6 (26.09)					
			3 (14.29)	4 (17.39)					
			4 (19.05)	4 (17.39)					
			4 (19.05)	5 (21.74)	6 (26.09)			3 2 20	
			21 (100.00)	23 (100.00)	23 (100.00)			23 18 108	
								(100.00)(100.00)	

Note: Figures in parentheses indicate the percentage to total

Source: Compiled from field data

Figure 4: Table 3 :

4

Problems	Agro, food and allied	Mechanical and metal-lurgical	Chemical, plastic and rubber	Glass and ceramics	Paper	Total
Power cut	6 (46.20)	7 (87.50)	8 (61.50)	5 (23.80)	13 (86.70)	39 (55.70)
Power cut and disruption	1 (7.70)	-	1 (7.70)	2 (9.60)	-	4 (5.80)
Power cut and low voltage	4 (30.80)	1 (12.50)	4 (30.80)	12 (57.10)	1 (6.70)	22 (31.40)
Power cut, disruption and low voltage						

Figure 5: Table 4 :

5

Problem	Agro, food and allied	Mechanical and met-allurgical	Chemical, plastic and rubber	Glass and ceramics	Paper	Total
Competition	2 (10.00)	1 (4.17)	4 (19.05)	2 (10.53)	3 (12.00)	12 (11.01)
Competition and change of consumer taste	3 (15.00)	2 (8.33)	4 (19.05)	3 (15.79)	3 (12.00)	15 (13.76)
Competition and irregular demand	2 (10.00)	5 (20.83)	5 (23.81)	9 (47.37)	4 (16.00)	25 (22.94)
Competition and seasonal demand	3 (15.00)	-	3 (14.29)	1 (5.26)	2 (8.00)	9 (8.26)
Competition and transportation problems	9 (45.00)	2 (8.33)	3 (14.29)	2 (10.53)	9 (36.00)	25 (22.94)
Change of consumer taste and irregular demand	-	11 (45.83)	1 (4.76)	1 (5.26)	-	13 (11.93)
Irregular demand and transportation problem	1 (5.00)	3 (12.50)	1 (4.76)	1 (5.26)	4 (16.00)	10 (9.17)
Total	20 (100.00)	24 (100.00)	21 (100.00)	19 (100.00)	25 (100.00)	109 (100.00)

Figure 6: Table 5 :

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