Challenges Faced By Micro, Small and Medium Enterprises of Mumbai - An Empirical Study

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Abstract: *Micro, Small And Medium Enterprises Are Considered As The Growth Engine All Over The World. This Sector Is Having Huge Potential Of Employment. Despite Its Importance And Potential This Sector Is Not Flourishing At The Expected Rate In Developing Countries Including India. Indian Msmes Are Facing Lots Of Setbacks. These Setbacks Are Not Only Hindering The Growth Of Msme Sector But Are Also Obstructing The Growth Of The Economy. Therefore The Main Aim Of This Research Paper Is To Identify These Setbacks Or Challenges Faced By Msmes In Mumbai. In Order To Understand The Challenges Faced By Mumbai Based Msmes The Views Of 117 Msmes Owners Is Captured Through A Structured Questionnaire. The Data Collected Is Analyzed Using Spss. With The Help Offactor Analyzing Tool 8 Factors Have Been Identified Which Represents The Challenges Faced By Mumbai Based Msmes.*
Key Words *MSME, Challenges, Economic Growth, GDP, Factor Analysis*

I. Introduction

Indian Economy Since Its Independence Has Seen A Paradigm Shift In Its Structure And Performance. India's GDP Growth Accelerated After 1991 Due To Liberalization Of Economy. The Average Annual GDP Growth Went Up To 7.3 Per Cent In The 2000s From 5.7 Per Cent In The 1990s. Over The Past Ten Years Though The World Economy Passed Through A Very Tough Phase Of Financial Crises, India Had Grown In Stature And Emerged As A Powerful Economy. At Present, Indian Economy Is All Set To Rise On The Ever Rising Growth Curve. With Positive Indicators Such As A Stable Annual Growth, Increasing Flow Of Foreign Direct Investment (FDI), Rising Foreign Exchange Reserves, A Booming Capital Market, Upward Shift In Savings And Investment Rates And More Than 20 Per Cent Increase In Exports Are Reinforcing India's Growth Story.

Currently The Indian Economy Is The Seventh-Largest Economy In The World Measured In Terms Of GDP And The Third-Largest In Terms Of Purchasing Power Parity (PPP). India's GDP Accounts For 3.34 Per Cent Of The World Economy.Indian GDP Data Which Came In June 2015 Represented A Growth Of 7.5 Per Cent. But A Closer Analysis Shows That The Actual Growth Value Added (GVA) Is Only 6.1 Per Cent Which Was 8.4 Per Centearlier. This Reveals That The Actual Output In The Economy Has Reduced And The Rise In GDP Is Actually Due To The Rise In Indirect Taxes And Subsidies. India's Economic Growth In The Last Decade Has Been Led By The Services Sector, Particularly Owing To The Growth In Information Technology (IT) Andbusiness Process Outsourcing (BPO) Industries.Service Sector Contributes 70.1 Per Cent In GDP, Whereas Manufacturing Sector And Agriculture Contributes 14.9 Per Cent And 15 Per Cent Respectively. In 1992 The Share Of Manufacturing Sector Was 14.6per Cent In GDP And In 2014 It Is Still At 14.9per Cent In GDP. If We Want To Create Sustainable GDP For Coming Years, Then The Share Of Manufacturing Sector In GDP Has To Go Up Since This Would Create Mass Jobs In The Economy. The Service Sector Create Jobs But They Are Of Intellectual Levels But In India Where Still The School Dropout Ratio From Standard 1[st]to 12[th]is 88%, The Only Way To Employ Such Large Uneducated Or Less Qualified Workforce Is The Manufacturing Sector Only. The Development Of The Manufacturing Sector Would Not Only Create Employment But Will Also Enhance Entrepreneurship And Thus Will Ensure A Sustainable Growth In GDP.The Development Of Manufacturing Sector In General And MSME Sector In Particular Is Important.Thecontribution Of Micro, Small And Medium Enterprises (Msmes) In The Economic Growthprocess Of India Cannot Be Neglected As Msmes Are Considered As A Backbone Of Indian Economy.

As Per Ministry Of Micro, Small & Medium Enterprises (M/O MSME) 2016 Data The MSME Sector Accounts For About 45 Per Cent Of Manufacturing Output. This Sector Provides Employment To Over 80 Million People Through 36 Million Enterprises.This Sector Through More Than 6,000 Products Contributes About 8 Per Cent To GDP And 40 Per Cent To The Exports From The Country. Development Of This Sector Is Therefore Very Important As This Sector Playsa Critical Role In India's Future. There Is A Huge Potential For Msmes To Enter The International Markets And Create An Upsurge In The Employment Opportunities For India. It Also Provides An Opportunity For The Sector To Go International And Market Its 'Made In India'

Brand In Order To Explore More Opportunities And Enhance Possibilities Globally. If The 'Make In India' Campaign Has To Succeed Then The Government Will Have To Do Lot In Terms Of 'Ease Of Doing Business'and Make Procedural Norms For Starting A New Business. Today, India Has The Third Largest Number Of Startup Companies Pegged At 4,300 After US And UK. Despite The Sector's Strategic Importance In Development Of Economy Andemployment Generation, The MSME Sector Confronts Several Challenges. Research By NASSCOM Reveals That Nine Out Of Ten Msmes Fail To Make A Mark. Therefore It Is Necessary To Understand The Factors That Lead To The Failure Of This Sector.

Need Of The Study

Micro, Small And Medium Enterprises Have Been Identified As The Stepping Stones For Industrialization All Over The World. Msmes Are Not Only A Source Of Basic Livelihood For Many But Are Also A Source Of Improving The Standard Of Living Of Many Families. In The Light Of Their Significance In The Economic Development And Progress, It Seems Of Utmost Importance To Understand The Factors That Hinders The Growth Of This Sector. There Are Many Initiatives And Policies Launched By The Government To Help Msmes In Different Ways But Still The Problems Continue To Persist In The Development Of This Sector. It Is Therefore Important To First Understand The Challenges Faced By Msmes And Then Introduce Appropriate Policies And Measures To Solve These Issues.For This Purpose The Analysis Of The Challenges Faced By The Msmes Is Very Important.

II.   Literature Review

Many Researchers Have Studied The Problems And Challenges Faced By Msmesfrom Different Views And In Different Contexts. The Following Are Very Interesting And Useful For This Research.

N. Aruna (2015) In The Research Paper Titled 'Problems Faced By Micro, Small And Medium Enterprises – A Special Reference To Small Entrepreneurs In Visakhapatnam' Studied The Major Problems Faced By Msmes In Visakhapatnam. As Per The Study The Major Problems Faced By Msmes In Visakhapatnam Are Procurement Of Raw Material, Power Cut, Marketing Problems, Import/Export Of Goods And Production Problem. The Paper Also Highlights The Possible Remediable Measures To Overcome These Problems.

Abhinav Sharma And Dr. D.C. Gupta (2015) In The Research Paper 'Challenges And Opportunities In Micro, Small Andmedium Enterprises In India' Analyzed The Various Challenges And Opportunities Associated With Msmes In India. The Paper Focused More On The Measures Taken By Government To Promote Msmes In India Rather Than The Problems Faced By Msmes.

Anis Ali And Firoz Husain (2014) In The Research Paper 'MSME`Sin India: Problems, Solutions And Prospectus In Present Scenario' Studied The Importance Of MSME Sector In The Development Of Indian Economy. The Paper Used The Secondary Data. Lack Of Credit From Banks, Competition From Multinational Companies, Poor Infrastructure, Unavailability Of Raw Material And Other Inputs, Lack Of Advanced Technology, Lack Of Distribution Of Marketing Channels, Lack Of Training & Skill Development Program And Complex Labor Laws And Red-Tape Were The Major Problems Highlighted By The Paper.

Dr. Mateen Ahmed Siddiqui (2015) In The Research Paper 'Operational Problems Of Micro Small And Medium Enterprises' Explored The Challenges Encountered By The Indianmsmes.The Study Is Based On The Primary Research. With The Help Of Responses Collected From 112 Msmes, The Paper Concluded That The Major Problems Encountered By Msmes Are In The Form Of Marketing Theproducts And Shortage Of Working Capital.

Anthony Sathish And Atmaram M. Tarpe (2012) In The Research Paper 'Issues And Problems In The Growth Of Micro, Smalland Medium Enterprises In Goa: An Empiricalstudy' Examined The Issues Related To Closure Of Units. The Paper Concluded That The Main Reason For The Closure Of Units In Goa Is Due To Failure Of Units To Registered Themselves And Take The Advantage Of Government Schemes.

All The Above Studies Provide Us A Solid Base And Give Us An Idea Regardingthe Challenges Faced By Msmes. While There Has Been Enough Research On The Challenges Faced By MSME Sector, There Is A Dearth Of Literature And Research On Grouping These Challenges Into Main Categories.Thus Taking Into Consideration The Importance Of MSME Sectorthe Research Will Help To Understand The Factors That Hinders The Growth Of This Sector.

III.   Research Objectives

The Objectives To Carry Out This Research Are As Under:

*   To Study MSME Sector And The Scope Of MSME Sector In India
*   To Analyze The Challenges And Problems Faced By Msmes.
*   To Find The Relationship Between The Challenges Faced By Msmesand Their Demography.
*   To Group The Challengesfaced By Msmes Into Factors.

- To Develop Potential Strategies To Overcome The Challenges.

IV. Research Methodology

The Paper Consists Of The Study On The Msmes Of Mumbai. The Study Consists Of Information Collected By Secondary As Well As Primary Research To Gain A Meaningful Insight On The Challenges Faced By Msmes In Mumbai. Tabular Analysis Techniques Employed Are Percentages, Frequency Distribution, Crosstab, Chi Square And Factor Analysis. Univariate Analysis Using Frequency Tables Is Done To Understand The Demographics Of The Respondents. Bivariate Analysis Using Crosstabs And Chi Square Is Done To Understand The Relationship Between The Challenges Faced By Msmes And The Demographics Of The Business. Multivariate Analysis Using Factor Analysis Is Done To Reduce And Group The Variables.

a. Univariate Analysis Using Frequency Tables:

When We Use One Variable To Describe A Person, Place, Or Thing, It Is Called As Univariate Data. Univariate Analysis Explores Each Variable In A Data Set, Separately. It Looks At The Range Of Values And Also The Central Tendency Of The Values. It Defines The Pattern Of Response To The Variable. It Describes Each Variable On Its Own. Descriptive Statistics Describe And Summarize Data. Univariate Descriptive Statistics Describe Individual Variables. Generally, A Frequency Is Used For Univariate Analysis. A Frequency Distribution Is A Listing Of Categories Of Possible Values For A Variable, Together With A Tabulation Of The Number Of Observations In Each Category. Frequency Distribution Helps In Comparing Information Between Groups Of Individuals. Frequency Distributions Summarize And Compress Data By Grouping It Into Classes By Recording The Data Points Into Each Class. That Is, They Show How Many Observations On A Given Variable Have A Particular Attribute.

b. Bivariate Analysis Using Crosstabs And Chi Square:

In Statistics, Bivariate Data Is Data That Has Two Variables. Bivariate Analysis Is The Simultaneous Analysis Of Two Variables Or Attributes. It Explores The Concept Of Relationship Between Two Variables, Whether There Exist An Association And The Strength Of This Association, Or Whether There Are Differences Between Two Variables And The Significance Of These Differences. Most Of The Bivariate Analysis Begins With A Crosstab Or Cross Tabulation. Crosstabs Show The Relationships Between The Two Variables. It Displays The Joint Distribution Of Two Or More Variables. They Are Usually Presented As A Contingency Table In A Matrix Format. Chi Square Is A Non-Parametric Statistical Technique Used Primarily To Determine Whether There Is A Significant Difference Between The Expected Frequencies And The Observed Frequencies In One Or More Categories. It Is Used To Check Whether The Numbers Of Individuals Or Objects That Fall In Each Category Differ Significantly From The Number Expected Or Not. The Chi-Square Test Is Basically Used To Discover If There Is A Relationship Between Two Variables Or Not.

c. Multivariate Analysis Using Factor

Multivariate Analysis Is Done When More Than Two Variables Are Dealt Together. Factor Analysis Is An Interdependence Technique In Which An Entire Set Of Interdependent Relationships Is Examined Without Making The Distinction Between Dependent And Independent Variables. Factor Analysis Helps To Reduce The Number Of Variables And Also To Detect Structurein The Relationships Between Variables, That Is To Classify Variables. Thus Factor Analysis Is Applied As A Datareduction Or Structure Detection Method.

1. Data Collection

The Study Employed Both Primary And Secondary Sources Ofdata Collection.

Secondary Sources: The Relevant Secondary Data Has Been Collected From Research Journals, Business Magazines, Various Online Portals, Reports, Websites And Surveys Conducted In The Area Of MSME.

Primary Sources: The Required Data Hasbeen Collected From The Owner Or Operators Of The Micro, Small And Medium Enterprises. The Data Is Collected By Capturing Views Of 117 Msmes Owners From Different Age Group And With Different Employment Status Through A Detailed Questionnaire Which Had Both Structured As Well As Unstructured Questionsto Study The Challenges Faced By Them.Theinterview Method Of Data Collection Was Preferred Due To Itshigh Response Rate.

2. Data Processing And Analysis

The Collected Data Was Quantified And Editedthoroughly. Few Respondents' Responses Have Been Omitteddue To Missing Information. Later The Data Was Coded Andcomputed. The Competed Data Wastabulated As Per The Requirement. The Influence Of The Variables Designed Foreach Factor Was Quantified With Likert Scale Rangingfrom 1 To 5 Where 1 Is The Least And 5 Is The Highest. To Analyze

Andinterpret The Data Appropriate Software Like Microsoft Excel And Statistical Package For The Social Sciences (SPSS) Was Used.

3. *Research Design*

First An Exploratory Research Was Conducted To Get Some Insights About The Topic. Secondary Data Analysis Was Performed. It Was Followed By Questionnaire Filling. Findings Of Exploratory Research Were Regarded As Input To Further Research. This Research Was Followed By Descriptive Design.

V.   Data Analysis and findings

In Order To Achieve A Stable Growth In GDP It Is Very Important To Develop The Manufacturing Sector In General And MSME Sector In Particular. In This Pretext It Is Very Crucial To Understand The Challenges Faced By MSME Sector Which Are Hindering The Growth And Development Of Msmes. With The Help Of Various Statistical Tools The Different Factors Affecting The Performance Of Msmes And Impede Their Growth Are Analyzed. Firstly The Frequency Analysis Is Done To Get The Feel Of The Data And Variables. Then Through Crosstabs And Chi Square Analysis The Relationship Between The Challenges Faced By Msmes And Demographics Of Respondents Is Studied. Lastly The Factor Analysis Is Used To Group The Challenges Faced By Msmes Into 8 Factors.

1.   Demographic Information Of The Respondents

Table - 1

Variables	Measuring Group	Frequency	Percentage
Gender	Male	63	53.8
	Female	54	46.2
	Total	**117**	**100.0**
Qualification	Less Than SSC	49	41.9
	SSC	25	21.4
	HSC/Diploma	19	16.2
	Graduate	17	14.5
	Postgraduate	7	6.0
	Total	**117**	**100.0**
Age Of The Firm	Less Than 2 Years	10	8.5
	2-5 Years	47	40.2
	5-10 Years	29	24.8
	More Than 10 Years	31	26.5
	Total	**117**	**100.0**
Kind Of Business	Manufacturer	45	38.5
	Wholesaler	3	2.6
	Retailer	31	26.5
	Service Provider	38	32.5
	Total	**117**	**100.0**
Nature Of Business	Leather Product Making	7	6.0
	Artificial Jewelry Making	12	10.3
	Stitching And Tailoring	7	6.0
	Grocery Shop	15	12.8
	Printing And Xerox Centre	7	6.0
	Saloon / Beauty Parlour	4	3.4
	Hand Or Power Loom	10	8.5
	Chemical / Pharmaceutical	4	3.4
	Transport Service	8	6.8
	Training Institute	4	3.4
	Bakery	6	5.1
	Fast Food Centre	12	10.3
	Auto Parts Repair/Garage	5	4.3
	Rubber And Plastics Products	16	13.7
	Total	**117**	**100.0**
Type Of Business	Micro	72	61.5
	Small	39	33.3
	Medium	6	5.1
	Total	**117**	**100.0**
Strength Of Employees	1 To 10	106	90.6
	11 To 25	9	7.7
	26 To 50	2	1.7
	Total	**117**	**100.0**
Company's Monthly Turnover	Less Than 10,000	26	22.2
	10,000-25,000	60	51.3
	25,000-50,000	24	20.5
	More Than 50,000	7	6.0
	Total	**117**	**100.0**

Interpretation:

From The Above Frequency Table The Following Interpretation Can Be Done:

a. **Gender -** Out Of 117 Respondents, 63 Respondents Or 53.8 % Of The Respondents Are Male And 54 Respondents Or 46.2 % Are Female.

b. **Qualification** - Out Of 117 Respondents, 41.9 % Of The Owners Of Msmes Are Not Educated Or Having Qualification Of Less Than SSC. 21.4 % Of The Owners Are SSC, 16.2 % Are HSC, 14.5 % Are Graduate And 6 % Are Postgraduate.

c. **Age Of The Firm** - Out Of 117 Respondents, 40.2 % Of The Msmes Are In The Age Bracket Of 2-5 Years, 26.5 % Of Msmes Are Having An Age Of More Than 10 Years, 24.8 % Are Having An Age Of 5-10 Years And 8.5 % Of Msmes Are Recently Started With A Life Of Less Than 2 Years

d. **Kind Of Business** - Out Of 117 Respondents, 38.5 % Of The Respondents Are Manufacturer, 32.5 % Of Respondents Are Service Providers, 26.5 % Respondents Are Retailers And 2.6 % Re Wholesalers.

e. **Nature Of Business** - Out Of 117 Respondents, 13.7 % Of Respondents Are Dealing With Rubber And Plastics Products Business, 12.8 % Respondents Are Having A Grocery Shop, 10.3 % Of Respondents Are Making Artificial Jewelry, 10.3 % Of Respondents Are Running Fast Food Centre, 8.5% Of Respondents Are Having Loom Or Textile Business. Leather Product Making, Stitching And Tailoring And Printing And Xerox Centre Consist Of 6 % Each And Remaining 19.6 % Comprises Of Bakery, Auto Parts Repair/Garage, Saloon / Beauty Parlour, Chemical / Pharmaceutical And Training Institute

f. **Type Of Business** – Out Of 117 Respondents, 61.5% Of Respondents Are Micro Enterprises, 33.3 % Are Small And 5.1 % Are Medium Enterprises.

g. **Strength Of Employees** - Out Of 117 Respondents, 90.6 % Of Enterprises Are Having Employees In Range Of 1 To 10, 7.7% Of Respondents Are Having Employees In Range Of 11 To 25 And 1.7 Of Respondents Are Employing 26 To 50 Employees.

h. **Company's Monthly Turnover** - Out Of 117 Respondents, 51.3 % Of Respondents Are Having A Monthly Turnover Between INR 10,000 To INR 25,000, 22.2 % Of Respondents Are Having A Monthly Turnover Of Less Than INR 10,000 And 26.5 % Of Respondents Are Having A Monthly Turnover Of More Than INR 25,000.

2. **Challenges Faced By Msmes**

Table - 2

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I Face Problem Of Getting Capital Or Funds	117	1	5	3.88	1.084
I Face Problem In Accessing Skill Development Programmes	117	1	5	3.72	1.057
It Is Difficult To Avail Credit Facility For Purchase Of Raw Material	117	1	5	3.50	1.215
I Face Problem Of Payment To Creditors	117	1	5	3.45	1.141
I Face Problem In Preparing Budget	117	1	5	3.44	1.214
Access To Right Kind Of Information Is A Constrain For Me	117	1	5	3.42	.985
I Face Problem Of Bad Debts	117	1	5	3.40	1.189
I Face Difficulty Of Sewerage System	117	1	5	3.27	1.215
Paperwork Is A Limitation For Me	117	1	5	3.22	1.197
I Face Problem Of Payment Of Interest And Loan	117	1	5	3.21	1.272
I Am Not Able To Balance Time Between Family And Business	117	1	5	3.13	1.193
I Face Problem Of Frequent Water Supply	117	1	5	3.03	1.348
Laws And Regulations Are Very Rigid	117	1	5	2.92	1.010
The Road Facility Is Not Good	117	1	5	2.91	1.189
I Face Difficulty In Using Technology	117	1	5	2.88	1.219
I Am Timely Updated With The New Government Policies And Grants	117	1	5	2.88	.993
I Face Difficulty In Accessing Market To Sell Products	117	1	5	2.73	1.222
I Offer Discount And Free Samples	117	1	5	2.71	1.246
I Face Lots Of Competition	117	1	5	2.68	1.224
I Offer After Sales Service	117	1	5	2.67	1.211

	N	Min	Max	Mean	Std. Dev
I Do Promotion Of Products Through Exhibitions And Trade Fair	117	1	5	2.64	1.200
Machine Breakdown And Maintenance Is A Problem	117	1	5	2.50	1.179
I Face Problem Of Bureaucratic Procedures	117	1	5	2.49	1.055
I Face Problem Of Frequent Absenteeism Of Labour	117	1	5	2.28	1.202
I Face Problem Of Idle Time Spent By Labour	117	1	5	2.25	1.090
I Face Difficulty Of Maintaining Records And Accounts	117	1	5	2.08	1.115
I Face Difficulty In Hiring Local Skilled Labour	117	1	5	2.00	1.137
I Face A Problem Of Traditional Method Of Doing Business	117	1	5	1.95	1.074
Valid N (Listwise)	117				

Interpretation:

To Understand The Challenges Faced By Msmes, The Msmes Owners Where Asked To Rate 28 Statements On The 5 Point Likert Scale To Capture Their Views. From The Above Table It Is Seen That The Mean Value Is 3.88 For The Difficulty Of Getting Capital Of Funds. It Means That Majority Of The Respondents Agree Or Strongly Agree To The Problem Of Accessing Capital Or Funds. The Second Challenge Faced By The Msmes Is The Problem In Accessing Skill Development Programmes. The Mean Value Of This Parameter Is 3.72. This Is Followed By The Payment To Creditors And Preparing A Budget. The Mean Value For Difficulty In Accessing Market To Sell Products Is 2.73, Which Means That Majority Of The Respondents Does Not Agree To This Statement. Marketing Of The Products Is A Challenge For The Msmes But It Is Comparatively Less Due To Easy Domestic Sales. The Problem Of Doing Business In Traditional Method Is Not The Constraint For Many Of The Respondents As Its Mean Value Is 1.95.

As Majority Of The Respondents Agrees That Getting Capital Or Funds Is Difficult, This Challenge Is Studied In Detailed By Developing The Relationship Of This Challenge With The Nature Of The Msmes By Using Crosstabs And Chi Square.

3. Relationship Between Difficulty In Getting Capital Or Fund And Age Of The Firm

Table - 3

		I Face Problem Of Getting Capital Or Funds					
		Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree	Total
How Old Is Your Firm	Less Than 2 Years	0 .0%	1 10.0%	3 30.0%	3 30.0%	3 30.0%	10 100.0%
	2-5 Years	2 4.3%	3 6.4%	7 14.9%	15 31.9%	20 42.6%	47 100.0%
	5-10 Years	1 3.4%	2 6.9%	6 20.7%	10 34.5%	10 34.5%	29 100.0%
	More Than 10 Years	1 3.2%	3 9.7%	9 29.0%	10 32.3%	8 25.8%	31 100.0%
Total		4 3.4%	9 7.7%	25 21.4%	38 32.5%	41 35.0%	117 100.0%

Interpretation:

From The Cross Tabulation, We Observe The Following:

Difficulty In Getting Capital Or Fund Is Considered As Important By All The 117 Respondents. 35 % Of Respondents Strongly Agree, 32.5 % Of Respondents Agree, 21.4 % Of Respondents Neither Agree Nor Disagree And 11.11 % Respondents Disagree And Strongly Disagree. Out Of 41 Respondents That Strongly Agree, 48.78 % Of Msmes Have Age Between 2-5 Years, 8.55 % Have An Age Of 5-10 Years, 6.84 % Have Age More Than 10 Years And 2.6 % Have An Age Of Less Than 2 Years. If We Combine The Responses Into Two Categories Of Agree And Disagree Than Out Of 10 Respondents From The Class Of Less Than 2 Years, 9 Respondents Or 90 % Respondents Agree And 1 Respondent Or 10 % Respondents Disagree. Out Of 47 Respondents From The Class Of 2-5 Years, 89.4 % Respondents Agree And 10.6 % Respondents Disagree. Out Of 29 Respondents From The Class Of 5-10 Years, 89.7 % Respondents Agree And 10.3 % Respondents Disagree. Out Of 31 Respondents From The Class Of More Than 10 Years Of Age, 88.9 % Of Respondents Agree And 12.9 % Respondents Disagree.

4. Relationship Between Difficulty In Getting Capital Or Fund And Kind Of Business
Table - 4

		I Face Problem Of Getting Capital Or Funds					
		Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree	Total
Kind Of Business	Manufacturer	2	4	10	14	15	45
		4.4%	8.9%	22.2%	31.1%	33.3%	100.0%
	Wholesaler	0	0	2	1	0	3
		.0%	.0%	66.7%	33.3%	.0%	100.0%
	Retailer	1	4	9	10	7	31
		3.2%	12.9%	29.0%	32.3%	22.6%	100.0%
	Service Provider	1	1	4	13	19	38
		2.6%	2.6%	10.5%	34.2%	50.0%	100.0%
Total		4	9	25	38	41	117
		3.4%	7.7%	21.4%	32.5%	35.0%	100.0%

Interpretation:
From The Cross Tabulation, We Observe The Following:
Out Of 41 Respondents That Strongly Agree, 36.58 % Of Msmes Falls In The Category Of Manufacturing, 17 % Respondents Falls In The Category Of Retailers And 16.24 % Respondents Fall In The Category Of Service Providers. If We Combine The Responses Into Two Categories Of Agree And Disagree Than Out Of 45 Respondents From The Class Of Manufacture, 86.7 % Of Respondents Agree And 13.3 % Respondents Disagree. All The Respondents From The Category Of Wholesalers Agree. Out Of 31 Respondents From Retailer Category 83.9% Of Respondents Agree And 16.1 % Of Respondents Disagree. Out Of 38 Respondents From The Category Of Service Providers, 94.7 % Respondents Agree Whereas 5.3 % Respondents Disagree.

5. Relationship Between Difficulty In Getting Capital Or Fund And Type Of Business
Table - 5

		I Face Problem Of Getting Capital Or Funds					
		Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree	Total
Type Of Business	Micro	0	5	16	23	28	72
		.0%	6.9%	22.2%	31.9%	38.9%	100.0%
	Small	3	4	7	15	10	39
		7.7%	10.3%	17.9%	38.5%	25.6%	100.0%
	Medium	1	0	2	0	3	6
		16.7%	.0%	33.3%	.0%	50.0%	100.0%
Total		4	9	25	38	41	117
		3.4%	7.7%	21.4%	32.5%	35.0%	100.0%

Interpretation:
From The Cross Tabulation, We Observe The Following:
Out Of 41 Respondents That Strongly Agree, 68.29 % Of Msmes Falls In The Category Of Micro Enterprises, 24.39 % Respondents Falls In The Category Of Small Enterprises And 7.3 % Respondents Fall In The Category Of Medium Enterprises. If We Combine The Responses Into Two Categories Of Agree And Disagree Than Out Of 72 Respondents From The Class Of Micro Enterprises, 93.1 % Of Respondents Agree And 6.9 % Respondents Disagree. Out Of The Respondents From The Category Of Small Enterprises 82.1 % Of Respondents Agree Whereas 17.9 % Of Respondents Disagree. Out Of 6 Respondents From Medium Enterprises Category 83.3 % Of Respondents Agree And 16.7 % Of Respondents Disagree.

6. Relationship Between Difficulty In Getting Capital Or Fund And Company's Monthly Turnover

Table - 6

		I Face Problem Of Getting Capital Or Funds					
		Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree	Total
Company's Monthly Turnover	Less Than 10,000	0 .0%	2 7.7%	4 15.4%	5 19.2%	15 57.7%	26 100.0%
	10,000-25,000	2 3.3%	4 6.7%	14 23.3%	21 35.0%	19 31.7%	60 100.0%
	25,000-50,000	2 8.3%	2 8.3%	6 25.0%	9 37.5%	5 20.8%	24 100.0%
	More Than 50,000	0 .0%	1 14.3%	1 14.3%	3 42.9%	2 28.6%	7 100.0%
Total		4 3.4%	9 7.7%	25 21.4%	38 32.5%	41 35.0%	117 100.0%

Interpretation:

From The Cross Tabulation, We Observe The Following:

Out Of 41 Respondents That Strongly Agree, 36.58 % Of Msmes Have A Monthly Turnover Of Less Than INR 10,000, 46.34 % Respondents Have A Monthly Turnover In The Range Of INR 10,000 To 25,000, 12.2 % And 4.88 % Respondents Have A Monthly Turnover Between INR 25,000 To 50,000 And More Than INR 50,000 Respectively. If We Combine The Responses Into Two Categories Of Agree And Disagree Than Out Of 26 Respondents From The Class Of Less Than 10,000 Monthly Turnover, 92.3 % Of Respondents Agree And 7.7 % Respondents Disagree. 90 % Of The Respondents From The Category Of 10,000 – 25,000 Monthly Turnover Agree Whereas 10 % Disagree. Out Of 24 Respondents From The Category Of 25,000 – 50,000 Monthly Turnover 83.3 % Of Respondents Agree And 16.7 % Of Respondents Disagree. Out Of 7 Respondents From The Category Of More Than 50,000 Monthly Turnover, 85.7 % Respondents Agree Whereas 14.3 % Respondents Disagree.

From The Above Crosstabs, It Is Observed That Accessing Capital Or Funds Is A Challenge Faced By Majority Of Respondents Of Different Group Class. In Order To Understand The Association Between This Challenge And The Demographic Factor The Chi Square Test Is Performed. The Result Of The Chi Square Is As Under:

Inferential Statistics
Chi-Square
Difficulty In Getting Capital Or Funds And Demographic Variables

Table - 7

Hypothesis	P Value	Contingency Coefficient	Decision	Interpretation
H_0a: Difficulty In Getting Capital Or Funds Is Independent Of Age. **H_1a:**Difficulty In Getting Capital Or Funds Is Dependent Of Age	0.971	0.194	Accept H_0	Difficulty In Getting Capital Or Funds Is Independent Of Age.
H_0b: Difficulty In Getting Capital Or Funds Is Independent Of Kind Of Business. **H_1b:**Difficulty In Getting Capital Or Funds Is Dependent Of Kind Of Business	0.315	0.325	Accept H_0	Difficulty In Getting Capital Or Funds Is Independent Of Kind Of Business.
H_0c: Difficulty In Getting Capital Or Funds Is Independent Of Type Of Business **H_1c:**Difficulty In Getting Capital Or Funds Is Dependent Of Type Of Business	0.106	0.318	Accept H_0	Difficulty In Getting Capital Or Funds Is Independent Of Type Of Business.
H_0d: Difficulty In Getting Capital Or Funds Is Independent Of Company's Monthly Turnover **H_1d:**Difficulty In Getting Capital Or Funds Is Dependent Of Company's Monthly Turnover	0.480	0.300	Accept H_0	Difficulty In Getting Capital Or Funds Is Independent Of Company's Monthly Turnover.

Interpretation:

From The Chi Square Table We Observe That The Pearson Chi-Square Value For All The Factors Is Greater Than A Which Is 0.05, So We Accept All The Null Hypothesis (H_0 A To D). It Can Be Concluded That

Difficulty In Getting Capital Or Funds Is **Independent** Of Age, Kind Of Business, Type Of Business Or Monthly Turnover. Therefore, We Can Say That The Demographics Have **No Impact** On This Challenge.

7. Factor Analysis

Factor Analysis Is Used To Construct The New Factors Dealing With The Challenges Faced By The Msmes.

Kmo And Bartlett's Test

Table - 8

KMO And Bartlett's Test

Kaiser-Meyer-Olkin Measure Of Sampling Adequacy.		.766
Bartlett's Test Of Sphericity	Approx. Chi-Square	1732.397
	Df	378
	Sig.	.000

Interpretation:

KMO Test Is Done To Identify Whether The Data Is Suitable Forfactor Analysis Or Not.KMO Value Should Be Between 0.50-1.00. If The KMO Value Is Greater Than 50% Then Further Analysis Is Possible. Here The Kaiser-Meyer-Olkin Measure Of Sampling Adequacy Value Is 0.766which Is Greater Than 0.50, So The Next Step Is Possible.

Testing Of Hypothesis

H_0 : Correlation Matrix Is Not Significant

H_1 : Correlation Matrix Is Significant

P Is 0.000 Which Is Less Than 0.025, So H_0 Is Rejected And H_1 Is Accepted. So We Conclude That Correlation Matrix Is Significant And We Can Perform The Factor Analysis Techniques.

Total Variance Explained

Table - 9

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums Of Squared Loadings			Rotation Sums Of Squared Loadings		
	Total	% Of Variance	Cumulative %	Total	% Of Variance	Cumulative %	Total	% Of Variance	Cumulative %
1	**5.648**	20.170	20.170	5.648	20.170	20.170	4.282	**15.292**	15.292
2	**4.068**	14.527	34.698	4.068	14.527	34.698	3.667	**13.095**	28.387
3	**3.204**	11.441	46.139	3.204	11.441	46.139	2.801	**10.004**	38.391
4	**1.720**	6.144	52.283	1.720	6.144	52.283	2.626	**9.378**	47.769
5	**1.537**	5.488	57.771	1.537	5.488	57.771	1.818	**6.493**	54.262
6	**1.340**	4.787	62.558	1.340	4.787	62.558	1.742	**6.222**	60.483
7	**1.183**	4.223	66.781	1.183	4.223	66.781	1.436	**5.127**	65.611
8	**1.046**	3.735	70.516	1.046	3.735	70.516	1.373	**4.905**	**70.516**
9	.983	3.509	74.025						
10	.922	3.295	77.320						
11	.860	3.072	80.391						
12	.696	2.486	82.877						
13	.667	2.382	85.260						
14	.585	2.089	87.349						
15	.466	1.665	89.014						
16	.410	1.463	90.477						
17	.348	1.241	91.719						
18	.334	1.192	92.911						
19	.308	1.100	94.011						
20	.271	.969	94.980						
21	.267	.952	95.932						
22	.223	.797	96.729						
23	.213	.759	97.488						
24	.192	.687	98.175						

25	.157	.562	98.737							
26	.135	.481	99.218							
27	.116	.416	99.634							
28	.103	.366	100.000							

Extraction Method: Principal Component Analysis.

Interpretation:

Component Total Value Of Initial Eigenvalues Is Greater Than 1, So We Reduced The Variables From 28 To 8. 8 Variables Are Greater Than 1, So 28 Variables Are Reduced To 8 Variables.

Rotation Sums Of Squared Loadings Cumulative Percentage Is 70.52%, Which Is Greater Than 60%, So We Can Create The Variables. There Are 8 Factors Extracted. The First Factor Accounts For 15.292% Of Variances In The Data. The Second Factor Accounts For 13.095% Of Variance In The Data And The Eighth Factor Accounts For 4.905% Of Variance In The Data. So The Total Cumulative Percentage Is 70.52%, Which Is Fairly Good.

Extraction Method: Principal Component Analysis. In Order To Reduce The Number Of Factors Andenhance The Interpretability, The Factors Are Rotated. Since The Rotation Increases The Quality Of Interpretation Ofthe Factors. There Are Various Methods For Rotation. In Order To Obtain Simple Structure Of The Data Thevarimax Rotation Is Used In Order To Obtain Better Result For Interpretation. The Result Isshown In The Below Table.

Rotated Component Matrix

Table - 10

Rotated Component Matrix[a]

	Component							
	1	2	3	4	5	6	7	8
I Offer Discount And Free Samples	**.904**	.057	.129	-.107	-.023	.046	-.125	.117
I Face Lots Of Competition	**.876**	.040	.065	-.064	-.001	-.040	.096	-.035
I Do Promotion Of Products Through Exhibitions And Trade Fair	**.874**	-.004	.164	-.079	.052	.028	-.118	.084
I Face Difficulty In Accessing Market To Sell Products	**.863**	-.083	.212	-.090	.102	.002	-.019	.182
I Offer After Sales Service	**.853**	-.018	.107	-.085	.029	-.055	-.054	.033
I Face Problem Of Bad Debts	.107	**.875**	.079	.063	.020	.055	.017	.048
I Face Problem Of Payment To Creditors	-.077	**.859**	.006	.122	.041	.048	.027	.002
I Face Problem Of Payment Of Interest And Loan	-.009	**.836**	-.122	.137	-.121	-.068	.014	.092
I Face Problem In Preparing Budget	.001	**.814**	-.177	.187	-.055	-.031	.036	.038
I Face Problem Of Getting Capital Or Funds	-.019	**.646**	.229	.085	-.082	.115	.127	-.294
I Face Problem Of Idle Time Spent By Labour	.217	.052	**.872**	-.050	.000	.000	-.007	.163
I Face Difficulty In Hiring Local Skilled Labour	.280	-.032	**.855**	-.030	.124	-.072	.001	.059
I Face Problem Of Frequent Absenteeism Of Labour	.148	-.077	**.833**	.069	.101	-.166	-.072	.045
Access To Right Kind Of Information Is A Constrain For Me	-.222	.171	.006	**.783**	.005	-.004	-.108	-.075
Laws And Regulations Are Very Rigid	-.118	.116	.219	**.666**	.108	-.246	.193	.158
I Face Problem In Accessing Skill Development Programmes	.098	.084	-.065	**.617**	.002	.174	.000	.048
It Is Difficult To Avail Credit Facility For Purchase Of Raw Material	-.233	.228	-.225	**.600**	-.085	-.085	-.024	.059
I Am Timely Updated With The New Government Policies And Grants	-.157	.147	.299	**.590**	.065	-.178	.468	.059
I Face Difficulty Of Maintaining Records And Accounts	.062	-.158	.244	-.140	**.761**	-.029	.021	.152
I Am Not Able To Balance Time Between Family And Business	.004	.094	-.024	.206	**.686**	-.138	-.130	-.158
I Face A Problem Of Traditional Method Of Doing Business	.136	-.341	.164	-.184	**.655**	-.026	.203	.270
I Face Problem Of Frequent Water Supply	-.021	.108	-.161	.308	.441	.010	.395	-.037
I Face Difficulty Of Sewerage System	.118	.000	-.155	-.050	-.012	**.821**	.056	-.035
The Road Facility Is Not Good	-.186	.056	-.016	.035	-.131	**.784**	.018	-.079

I Face Problem Of Bureaucratic Procedures	-.071	.131	-.111	-.108	-.013	.180	**.748**	.144
Paperwork Is A Limitation For Me	-.144	-.101	.096	.369	.033	-.448	**.563**	-.127
I Face Difficulty In Using Technology	.201	-.130	.031	.110	-.076	-.050	.078	**.739**
Machine Breakdown And Maintenance Is A Problem	.066	.171	.233	.039	.174	-.044	.021	**.659**

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax With Kaiser Normalization.

A. Rotation Converged In 7 Iterations.

Clustering Of Variables Into Factors
From The Above Table The Variables Are Grouped Into 8 Factors Which Are As Under :
Table - 11

FACTOR	VARIABLES	ROTATED FACTOR LOADING
1	I Offer Discount And Free Samples	.904
	I Face Lots Of Competition	.876
	I Do Promotion Of Products Through Exhibitions And Trade Fair	.874
	I Face Difficulty In Accessing Market To Sell Products	.863
	I Offer After Sales Service	.853
2	I Face Problem Of Bad Debts	.875
	I Face Problem Of Payment To Creditors	.859
	I Face Problem Of Payment Of Interest And Loan	.836
	I Face Problem In Preparing Budget	.814
	I Face Problem Of Getting Capital Or Funds	.646
3	I Face Problem Of Idle Time Spent By Labour	.872
	I Face Difficulty In Hiring Local Skilled Labour	.855
	I Face Problem Of Frequent Absenteeism Of Labour	.833
4	Access To Right Kind Of Information Is A Constrain For Me	.783
	Laws And Regulations Are Very Rigid	.666
	I Face Problem In Accessing Skill Development Programmes	.617
	It Is Difficult To Avail Credit Facility For Purchase Of Raw Material	.600
	I Am Timely Updated With The New Government Policies And Grants	.590
5	I Face Difficulty Of Maintaining Records And Accounts	.761
	I Am Not Able To Balance Time Between Family And Business	.686
	I Face A Problem Of Traditional Method Of Doing Business	.655
6	I Face Difficulty Of Sewerage System	.821
	The Road Facility Is Not Good	.784
7	I Face Problem Of Bureaucratic Procedures	.748
	Paperwork Is A Limitation For Me	.563
8	I Face Difficulty In Using Technology	.739
	Machine Breakdown And Maintenance Is A Problem	.659

Interpretation:
A 0.50 Factor Loading Was Used As A Cut-Off Point, Therefore The Surviving Variables With Factor Loadingsof 0.50 Or Higher Are Considered Further For Interpretation And Naming. The Interpretation And Naming Of Factorsimplied That The Remaining Or Surviving Variables With High Factor Loadings And Common Conceptual Meaningswere Grouped Together To Form A Genuine Independent Factor. Following Table Provides The Summary Of Rotated Factorpatterns. After Grouping, Naming And Interpretation, 8 Newly Established Factors Are Identified. These Factors Are Considered To Be Significant Factors That Represent The Problems Faced By MSME Sector.

Table - 12

Sr. No	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Factor 8
1	I Offer Discount And Free Samples	I Face Problem Of Bad Debts	I Face Problem Of Idle Time Spent By Labour	Access To Right Kind Of Information Is A Constrain For Me	I Face Difficulty Of Maintaining Records And Accounts	I Face Difficulty Of Sewerage System	I Face Problem Of Bureaucratic Procedures	I Face Difficulty In Using Technology
2	I Face Lots Of Competition	I Face Problem Of Payment To Creditors	I Face Difficulty In Hiring Local Skilled Labour	Laws And Regulations Are Very Rigid	I Am Not Able To Balance Time Between Family And Business	The Road Facility Is Not Good	Paperwork Is A Limitation For Me	Machine Breakdown And Maintenance Is A Problem
3	I Do Promotion Of Products Through Exhibitions And Trade Fair	I Face Problem Of Payment Of Interest And Loan	I Face Problem Of Frequent Absenteeism Of Labour	I Face Problem In Accessing Skill Development Programmes	I Face A Problem Of Traditional Method Of Doing Business			
4	I Face Difficulty In Accessing Market To Sell Products	I Face Problem In Preparing Budget		It Is Difficult To Avail Credit Facility For Purchase Of Raw Material				
5	I Offer After Sales Service	I Face Problem Of Getting Capital Or Funds		I Am Timely Updated With The New Government Policies And Grants				

Factor 1 – Marketing Challenge And It Has 5 Questions (Variables)
Factor 2 – Financing Challenge And It Has 5 Questions (Variables)
Factor 3 – Labour Problem And It Has 3 Questions (Variables)
Factor 4 – Training And Development Problem And It Has 5 Questions (Variables)
Factor 5 – Managerial Problems And It Has 3 Questions (Variables)
Factor 6 – Infrastructural Challenge And It Has 1 Questions (Variables)
Factor 7 – Procedural Problem And It Has 2 Questions (Variables)
Factor 8 – Technological Problem And It Has 2 Questions (Variables)

VI.   Conclusion and Recommendations

Despite The Vital Role Played By Msmes In Economic Development, Employment Creation, Innovation, And In Building A Competitive Private Sector, Msmes Are Facing Lots Of Challenges. Msmes Are Facing Challenges Not Only In India But In Other Developing Countries Also. The Problem Faced By The Msmes Differs From Country To Country, From Region To Region Within The Country, Between Rural And Urban Areas, Between Sectors, Or Between Individual Enterprises Within A Sector. However, The Challenges Faced By The Mumbai Based Msmes Are Studied In The Above Research Paper. The Results Reflect That Access To Capital Or Funds, Payment Of Interest And Loan, Accessing Market To Sell Products, Accessing Skill Development Programmes And Difficulty In Hiring Local Skilled Labour Are The Common Problems Faced By Msmes. The Study Have Generated Some Important Factors Relating To Problems Faced By Mumbai

Based Msmes. Factor Analysis Has Derived 8 Factors. The Challenges Faced Are Grouped Under The Finance, Marketing, Manpower, Training And Development, Managerial, Infrastructural, Procedural And Technological Problems.

Based On The Findings Of This Study, The Following Recommendations Are Made:
1. The Government Should Improve Msmes Access To Financing By Introducing Reforms In The Banking System. Government Should Take Measures Regarding Interest Rates, Collateral Requirements And Security As Many Entrepreneurs Are Facing Continuous Problem Of High Interest Rates And The High Collateralrequirement For Loans.
2. Since Many Micro And Small Enterprises Don't Have Easy Access To Formal Banking System, They Normally Approach Microfinance Institutions. Measures Are Needed To Ease The Process Of Getting Microcredit.
3. Factors For Raising Capital Need To Be Worked On. Private Equity And Venture Capitalist Need To Be Motivated. SME Listing And Creation Of A MSME Exchange Is A Need Of The Hour.
4. Innovative Marketing Measures Are To Be Developed. Msmes Need To Be Motivated To Export The Products.
5. Government / Ngos Should Provide Skill Development And Awareness Programmes To Msmes.
6. Infrastructure Problems Related With Power Interruption, Water Supply, Sewerage System And Road Facility Need To Be Addressed.
7. The MSME Owners Also Need To Take Initiatives To Expand Their Venture.

As Long As MSME Sector Is Expected To Contribute To The Growth Of The Economy And The Country, The Government Should Give Priority To This Sector And Importance To Msmes.

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