

“A Study on the Problems and Prospects of Micro Enterprises with Special Reference To Kondotty Taluk”

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I. Introduction

The Micro, Small and Medium Enterprises (MSMEs) play a vital role in the economic and social development of the country, often acting as a nursery of entrepreneurship and innovation. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. MSMEs have been globally considered as an engine of economic growth and as key instruments 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.

MSMEs complement large industries. Micro, Small and Medium Enterprises (MSME) contribute nearly 22 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the exports. They provide the largest share of employment after agriculture. They are widely dispersed across the country and produce a diverse range of products and services to meet the needs of the local markets, the global market and the national and international value chains. The major advantage of the sector is its employment potential at low capital cost. It is well known that the MSME sector constitutes the spine of the nation, small Industry has been one of the major pillars of India's economic development strategy since Independence.

It is recognized fact that agriculture alone is not capable of meeting the challenges of unemployment and poverty reduction of our country. As such a planned and regulated development of industries is must for the growth of our nation.

Micro enterprises are playing a vital role in the development of industrial sector of our country. A micro enterprise is the smallest business in a country, which operates with least capital and low number of employees. Usually it operates with in a small geographical area to provide goods or service for their community.

This study aims to bring out the problems and prospects of Micro Enterprises operating in kondotty taluk.

Meaning

A micro enterprise is a small business that employs a small number of employees. A micro enterprise will usually operate with lesser than 10 people and is started with a small amount of capital. Most of the micro enterprise market their goods or services to their local area.

Definition

According to MSME development Act 2006.

- In the case of **manufacturing** enterprise
A micro enterprise is one in which the investment in plant and machinery does not exceed 25 lakhs.
- In the case of **Service** enterprises
A micro enterprise is one in which the investment in plant and machinery does not exceed Rs 10 lakhs.

II. Importance of The Study

A micro enterprise plays an important role in employment creation, resource utilization and income generation and helps to promote change in a gradual and phased manner. Micro enterprises also remove the problems of unemployment, Poverty; Inequality of income etc to a certain extent Apart from this micro enterprise also faces various problems. To reduce such problems government provide a number of promotional measures. This project will be helpful to identify the problems and prospects of micro enterprise in Kondotty thaluk.

Statement of The Problem

The study entitled “A study on the problems and prospects of micro enterprises with a special reference to Kondotty Taluk.” is mainly conducted for knowing the problems of micro enterprises, mainly production enterprises with a capital up to 25 lakh.

Objectives of The Study

I. General Objective

- To find out the problems and prospects of micro enterprises in kondotty taluk.

II. Specific Objectives

- To find out of the major source of capital of micro enterprises in Kondotty Taluk.
- To know the employment opportunities provided by the micro enterprises in Kondotty taluk.
- To analysis the influence of educational qualification in managing micro enterprises.
- To know the effectiveness of promotional measures provided by the govt.

Hypothesis Tested

H₀: There will be no significant difference in the influence of educational qualification and difficulties in managing micro enterprises.

III. Scope of The Study

In Malappuram District there are 15 Blocks, 12 Municipalities and 94 Panchayath. Each Panchayath have at least 4 micro enterprises. In this context a study of all these micro enterprises is difficult. This for the scope of study is limited to registered manufacturing micro enterprises in Kondotty Taluk with a capital up to Rs. 25lakhs.

IV. Methodology of The Study

- **Population**

Micro enterprises at Kondotty Thaluk will be the population.

- **Sample design**

Sample size will be 60

- **Sampling method**

Convenient sampling method is used for data collection.

- **Source of Data**

Primary source : Structured questionnaire schedule

Secondary source: Books, Internet

- **Tools of Analysis**

Statistical tools such as percentages, Chi square test etc... is used for data analysis.

Chapter Scheme

The project is presented in the following chapters.

Chapter 1: Introduction

It includes introduction, meaning and definition, objectives of the study, importance of the study, period of study and chapter scheme etc...

Chapter 2: Theoretical Review

It includes theoretical review about Micro enterprises.

Chapter 3: Analysis and Interpretation

Includes the analysis of data collected from 50 entrepreneurs.

Chapter 4: Findings and conclusions

Includes the findings and conclusions derived from analysis.

V. Limitations of The Study

1. Considering the constraint of time the sample had to be retrieved to 60.
 2. This study may be subject to personal bias of the respondents while answering the questionnaires.
 3. The area of study is limited to kondotty taluk and also very small sample of respondents. Thus the findings of the study cannot be a true representative and cannot be generalized.
- In spite of the above limitations best efforts has been made to carry out the work in an authentic way

CHAPTER 2: THEORETICAL REVIEW

Theoretical Review

Micro Enterprises

A Micro Enterprise is the smallest business in a country which operates with the least capital and number of employees, usually operates with in a small geographical area to provide goods or services for their community.

Characteristics of Micro enterprises

1. Ownership

Ownership of a small scale unit is with one individual in sole proprietorship or it can be with a few individual in partnership.

2. Management and control

A small unit is normally a one man show and even in case of partnership the activities are mainly carried out by the active partner and the rest are generally sleeping partners. These units are managed in a specialized fashion.

3. Gestation period

Gestation Period is that period after which teething problems are over and return on investment starts. Gestation period of small scale unit is less as compared to large scale unit.

4. Area of operation

The area of operation of small scale units is generally localized catering to the local or regional demand. The overall resources at the disposal of small scale units are limited and as a result of this, it is forced to confine its activities to the local level.

5. Technology

Small scale enterprises are fairly labour intensive with comparatively smaller capital investment than the larger unit.

6. Resources

Small scale units use local resources and as such can be located anywhere subject to the availability of these resources like labour and raw materials.

7. Dispersal of unit

Small scale units use local resources and can be dispersed over a wide territory. The development of small scale unit in rural and backward areas promotes more balanced regional development and can prevent the influx of job seekers from rural areas to cities.

8. Flexibility

Small scale unit as compared to larger scale unit are more change susceptible and highly reactive and responsive to socio-economic condition.

Objectives of Micro Enterprises

- 1) To create more employment opportunities with less investment.
- 2) To remove economic backwardness of rural and less developed region of the economy.
- 3) To reduce regional imbalance.
- 4) To mobilize and ensure optimum utilization of unexploited resources of the country.
- 5) To improve standard of living of people.
- 6) To ensure equitable distribution of income and wealth.
- 7) To solve unemployment problem.
- 8) To attain self reliance.
- 9) To adopt latest technology aimed at producing better quality product at lower cost.

Advantages of Micro Enterprises

1. They create more employment opportunities. They are labour intensive. They offer ample scope for self employment.
2. They require only less capital. It is a boon to a country like India where capital is deficient.
3. Close supervision and control is facilitated.
4. There is a personal touch with employees. This makes the business smooth and prosperous.
5. There is a close and direct personal contact with the customers.
6. Micro Enterprise alone can satisfy individual tastes fully and offer personalized service to the customers.
7. It is possible to make necessary changes as and when required.
8. These help in the balanced regional development.
9. Micro Enterprise enjoys the government support and patronage.
10. They facilitate equitable distribution of income and wealth.
11. They provide ample opportunities for creativity and experimentation.
12. They are generally based on local resources.
13. They are relatively more environmental friendly.

Problems of Micro Enterprises

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

1. Lack of managerial expertise

As the micro enterprise is owned by one person or group of persons, they may not be having specialized Knowledge in the different field of management. At the time of initiating the project they are not in a position to anticipate correctly their financial requirements and the size of market for their products.

2. Inadequate finance

Finance is the one of the important problems confronting by micro enterprises. Finance is the life blood of an organization. No organization can function properly without adequate finance. Generally micro enterprises are not in a position to arrange full finance from their own sources. They obtain finance from unorganized finance sector at a higher rate of interest.

3. Lack of proper machinery and equipment

Because of the financial problems, many micro enterprises use inefficient and outdated machinery and equipment. This affects the quantity and quality of production. This, in turn, result in high cost of production.

4. Lack of technical know-how

The micro enterprises do not have the knowledge about different alternative technologies and processes available for manufacturing their products to improve the quality of products and reduce costs.

5. Run on traditional lines

Generally the micro enterprises are run on traditional lines. They have not yet adopted modern methods and techniques of production. Old designs and patterns are used. In most of the micro enterprises, there is a high degree of obsolescence. They have not taken adequate interest in research and development efforts. Because of these problems, they cannot be run efficiently. Beside, the products cannot satisfy modern tastes.

6. Irregular supply of raw materials

The quantity, quality and regularity of supply of raw materials are some other problems of micro enterprises, the majority of micro enterprises depend on local source for their raw material requirements, and hence the micro enterprises may not be able to get regular supply of quality raw materials in adequate quantity, material because they purchase materials in small quantity.

7. Problem of marketing

One of the main problems faced by micro enterprises is in the field of marketing. The problem of popularizing brand name of the products of micro enterprise is acute due to tough completion from large industries, it cannot afford to costly advertisement, it does not have network of distribution system. There are delays in the payments of bills by large purchased resulting in inadequate working capital. Because of the shortage finance, the micro enterprises do not have adequate staying capacity and are often forced to sell their product at lower prices.

8. Personnel problems

Micro enterprises face personnel problem also. They it is difficult for them to get qualified persons to run the business. They cannot employ highly paid officials to look after purchase; sale etc. they cannot provide much training facility to employees. They also face the problem of maintaining good relation with labour union

9. Lack of clear-cut policy of the government

Lack of clear –cut policy of government towards micro enterprises is another problem. The government may take decisions relating to micro enterprises on the basis of political consideration rather than on economic consideration.

10. Bogus units

It is stated that 20% of micro enterprises in the country are bogus concerns and that they exist for the purpose of getting their quotas of steel, aluminum, basic chemicals and other scarce raw material and diverting them in to black markets. The government should look into this aspect seriously, break the strong hold of such vested-interested and promote only genuine entrepreneurship in the country.

11. Under utilization of capacity

According Arun Gosh, on the basis of all India censuses of SSIs, 1972, the percentage utilization of capacity was only 47 in mechanical engineering industries, 50 in electrical equipment, 58 in automobile ancillary industries, 55 in leather products and only 29 in plastic products. On an average we can say that only 40 to 50 percent of capacity was not utilized in small scale units. There are certain reasons for the under utilization. Some of them are shortage of raw materials, non availability of power, inadequate working capital, limited market etc.

12. Other problems

In addition to the problems enumerated above, the micro enterprises face a number of other problems like in efficient management, non availability of cheap power, burden of local taxes etc.

Promotional Measures

For the development of micro enterprises government, provide a lot of promotional measures. The important promotional measures are:

1. Industrial Estate
2. Subsidies
3. Provision For Training Facilities
4. Entrepreneurs Support Scheme (ESS)
5. Technical Consultancy Service
6. Administrative framework
7. Policy instrument
8. Reservation of items
9. Statutory Board
10. Prime Minister Rozgar Yojna(PMRY)
11. Seed capital assistance/margin money loan
12. Marketing scheme/incentive marketing
13. Technology development fund scheme

1. Industrial Estate

Industrial estate may be defined as a method of “Organizing, housing and servicing industry, a planned clustering of industrial enterprises offering standard factory buildings erected in advance of demand and a variety of services and facilities to the occupants.” Industrial estates have been set up to help small units in a number of ways such as providing factory accommodation and other basic common facilities at reasonable rates. In short, industrial estate is place where the required facilities and factory accommodation are provided by the government to the entrepreneurs to establish their industrial there.

The first and foremost industrial estate was established at Rajkot in Gujarat in 1955. By now, the number of industrial estate had gone up to more than 650.

Features of Industrial Estate

The following are the important features of industrial estates:

- It is a planned clustering of industrial units.
- It may be developed in urban, semi-urban or rural areas.

- It may be large, medium or small
- It is tract of land subdivided and developed into factory plots or sheds
- It provides several common infrastructural facilities such as water, power, roads, training, bank, repair and maintenance etc....
- It may be set up by the government, or by co-operatives or even by private agencies.

2. Subsidies

Subsidy denotes a single lump-sum which is given by a government to an entrepreneur to cover the cost. It is granted to an industry which is considered essential in the national interest. Subsidies act as a motivational force and push the prospective entrepreneurs to an entrepreneurial line. It encourages entrepreneurs to set up their ventures in those states where subsidies are available. Thus, it results in regional dispersal of industries in rural and backward area.

Need for subsidies

- To remove regional disparities in development.
- To promote entrepreneurial ship
- To provide competitive strength, survival and growth
- To generate more employment and remove unemployment.
- To reduce overall problems of micro enterprises.
- To make the entrepreneurs to face completion successfully.

3. Provision for training facilities

Training means an organized activity aimed at imparting information and/or construction to improve the recipient's performance of to help him or her attain a required level of knowledge or skill. The quality of employees and their development through training and education are major factors in determining long term profitability of small business. Training often is considered for new employees only this is mistakes because ongoing training for current employees help them adjust to rapidly job requirement.

4. Entrepreneurs Support Scheme (ESS)

For the development of micro, small and medium enterprises GOVT. establish E entrepreneurs support scheme. The following are the objectives of ESS;

- 1) To provide extensive support to micro, small and medium enterprises.
- 2) Give one time support to entrepreneurs with due regards to special categories by optimal utilization of fund and giving more flexibility of operation while implementing this scheme.

5. Technical consultancy services

Definition

Technical consultancy services means any advise, consultancy or scientific or technical assistance, rendered in any manner, either directly or indirectly, by a scientist or a technocrat, or any science or technology institution or organization to any person in one or more disciplined of science or technology (section 65(92) of finance Act, 1994 as amended.

Small entrepreneurs who are desirous of starting rural, cottage, tiny or small scale units or to expand/diversify/modernize their existing units can get consultancy services at a low cost from the T technical consultancy organization sponsored by all India and state level financial institution and bank. For units identified or assignment covering physically handicapped or SC/ST entrepreneurs, 100% of the fees of the TCO or Rs.6000 whichever is less is subsidized.

6. Administrative framework

Administrative mechanism for SSI is being looked after by the department of small scale industries. Agro and Rural industries within the development organization (SIDO) headed by a development commissioner. SIDO has 27 small industries service institutes, 31 production centers and 2 foot wear training centers.

To provide different services and support to village and small entrepreneurs under a single roof, 422 District industries centers (DIC) have been set up to cover 431 districts out of the total of 436 district of country.

7. Policy Instruments

Policy Instruments adopted by the government to encourage the growth of Micro enterprises comprise;

- 1) Financial incentives, (2) Fiscal incentives, (3) General incentives (4) Special incentives in backward areas.

Financial incentives; SIDBI provides direct assistance among others for specialized marketing agencies, acquisition of machinery/ equipment, both indigenous and imported, equity capital through soft loan schemes, viz, seed capital scheme and national Equity fund scheme. Modernization scheme, bill re-discounting and direct discounting scheme. State and local government provide financial subsidies like interest rate and capital subsidies, water and electricity subsidies and subsidies for acquisition of fund.

Fiscal incentives; These comprise investment allowance, tax holidays, additional depreciation for new plant and machinery, excise tax concession by the central government, and state government, and state and local governments provide exemption from electricity tariffs.

General incentives; These include, among other things, reservation of items for exclusive purchase from micro enterprises, price preference over medium-and large-scale units in public sector purchase, and scheme for Self-Employment to Educated Unemployment Youth (SEEUY)

Special incentives in backward areas; Some of the schemes which are operational are concessional finance scheme, transport subsidy scheme, interest subsidy scheme and income tax incentives etc.

8. Reservation of items

The most novel feature of India's SSI policy is the system of reservation. As per the policy; certain items have been exclusively reserved for manufacturing in the micro enterprise sector. The objective is to protect micro enterprises engaged in the manufacturing of such items from the competition of medium and large-scale units.

9. Statutory Boards

To promote different segment of SSI government set up 6 exclusive boards, namely, (1) Khasi and village industry board (2) Handloom board is to promote modern SSI whereas the rest are for promoting traditional industries.

10. Prime Minister's Rozgar Yojna (PMRY)

PMRY was launched on second October 1993, with the objective of creating one million jobs in 5 years by giving loans for the creation of tiny and micro enterprises. The scheme is still active.

11. Seed capital assistance/Margin Money Loan

The objective of the scheme is to assist deserving entrepreneurs in setting up small industrial units by way of providing soft loan to raise the required equity insisted by the financing institution. Only newly registered SSI units are eligible for this. Margin Money Loan is given for both term loan and working capital loan. It is limited to 20% of the cost of project or of the total working capital requirement or 50% of the margin stipulated by the total working capital loan, whichever is less. The maximum limit of margin money loan is Rs.250000. The interest rate is 9% per annum. It is to be repaid in 16 quarterly installments.

12. Marketing scheme/Incentive marketing

The scheme is intended to provide finance to organization for marketing Micro enterprise products of the state particularly in the area of setting up of showrooms, expenditure towards installing improved packaging machineries, quality certification expenditure.

13. Technology development fund scheme

The scheme is to encourage micro enterprises to upgrade the level of technology or to use modern technology to increase productivity/increase quality of product by providing credit capital subsidy @ 12% of loan amount sanctioned and disbursed by financial institution.

Pradhan Mantri Mudra Yojana

Micro Units Development and Refinance Agency (MUDRA) Bank is a new institution being set up by Government of India for development and refinancing activities relating to micro units. It was announced by the Finance Minister while presenting the Union Budget for FY 2016. The purpose of MUDRA is to provide funding to the non corporate small business sector.^[1] Loans worth about Rs 1 lakh crore have been sanctioned to small entrepreneurs under the Pradhan Mantri MUDRA Yojana, Prime Minister Narendra Modi said today, emphasizing that the government wants youth to be job creators and not job seekers

Objectives

Under the scheme, Pradhan Mantri Mudra Yojana three categories of interventions has been named which includes

1. **Shishu** :- Loan up to 50,000 (US\$740)
2. **Kishore** :- Loan ranging from ₹50,000 (US\$740) to 5 lakh (US\$7,400)
3. **Tarun** :- Loan above 5 lakh (US\$7,400) and below 10 lakh (US\$15,000)

These three categories will signify the growth; development and funding needs of the beneficiaries as well as it will assure the loan amount to be allotted by Micro Units Development and Refinance Agency Bank.

VI. Review Of Literature

A comprehensive review of literature has become an essential part of any investigation has it not only gives an idea about the work done in the past and assists in delineation of the problem area But also provides basics for interpretation of findings. The available relevant literature on MSME is reviewed with reference to the financial as well as other related aspects. An attempt is made along the following lines to review some of such studies

UNIDO(1969) focused to study on evidence from a number of developing countries the study prevails that small enterprises with a lower level of investments per worker tend to achieve A higher productivity of capital than do the larger, more capital intensive enterprises.

Pathak(1972)Studied 12 units during 1967-70 TO 1970-71 with a view to evaluate entrepreneurship. The units were selected from industrial estate enjoying identical facilities and engaged in different lines of manufacture. He studied their problems at three different stages. The study conclude that the factors like contracts, education and finance play an important role and the problems at the stage of inception received relatively more attention than the problems at remaining two stages.

Bramanadan,G,N .Rai, H.L,Dakshina murthy.D (1981) aimed to examine on the role of bank in financing the SMEs in the years 1981,at those times the Indian the banking was not all interested in financing the SM Es ,because of their credit worthiness. This article was written before the economic reforms taken place. Here is a gap for more analysis about the role of the banks in the post economic reforms .It concludes in- depth study of the banker's role in providing the credit to promote the SMEs

C.Sounthara Pandian(1989)conducted a study entitled “ Growth of entrepreneurship in small scale industry : An empirical study in Madurai region “ has highlighted the extent of the growth of entrepreneurship in small scale industry and the factors influencing the growth of entrepreneurship in selected small scale unit in Madurai region.

Shah(1990) aimed to examine in the low income group, more than 82% of women became entrepreneurs due to economic needs and of them, more than 50% were not even graduate, as result of which they could not avail the advantages of the latest technology this causes lack of access to technology.

Ramesh(1991) in his study focused on the problems in augmenting financial resources, limited capacity to raise equity, raising industrial funds, working capital argumentation, private borrowing and exorbitant interest rates, inadequate securing base and market pressure etc. he has concluded that the government should motivate not only new industries but also create mechanism for protecting the existing units. More liberal working capital funds should be made available to small units.

c.paramasivan(2010) in his work economies of small scale textile industries. A micro study described small scale industries play a key role in our economic development which provides more employment opportunities, mobilization of small amount of capital, process of industrialization, utilization of local resources and reduce the regional imbalance of the country.

Dixit and pandey(2011) the study examined in co integration analysis to examine the casual relationship between SMEs output ,exports, ,employment, number of SMEs and their fixed investment and India's GDP, total exports and employment(public and private)for the period 1973-74. Their study reveals the positive causality between SMEs output and India's GDP.

Maruthi Ram Prasad, Sunitha and Laxmi sunitha(2011)conducted a study on the emergency and impact of micro-finance on Indian scenario. After the pioneering efforts by government, banks NGOs etc the microfinance scene in India has reached in take off stage. An attempt could be initiated to promote a cadre of new generation micro credit leaders in order to strength the emergence of micro-finance institution (MFIs),so as to optimize there contribution towards the growth of the sector and poverty alleviation. it is conclude that each Indian estate could consider forming multi-party working group to meet with microfinance leaders and have a dialogue with them about how the policy environment could be made more supportive and to clear up misperceptions.The literature which has been reviewed earlier was to identify research to set the current research work with in a conceptual and theoretical context. The previous studies indicated the benefit from government, for MSNEs and

of entrepreneurs in MSMEs but they have not covered fully to the current trend and thus a gap existed. Hence, the present study has been done in order to reveals the significance and to fill the gap covering the relevant objective to suit for current trend.

Chapter-3

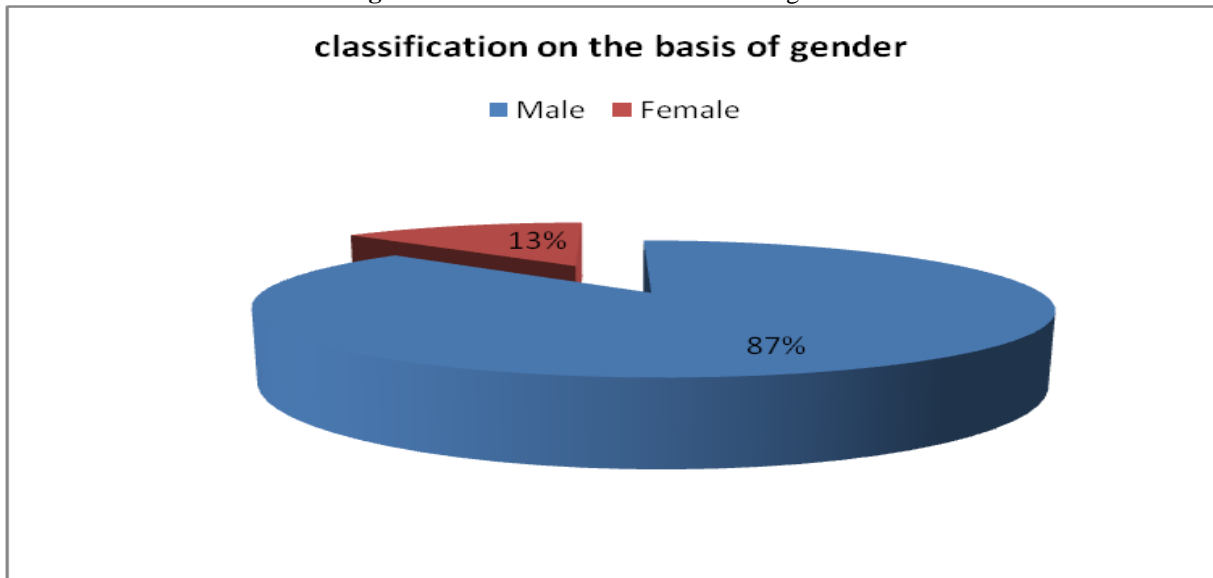
Analysis and interpretation

VII. Data Analysis And Interpretation

Table-3.1: classification on the basis of gender

Gender	Number of entrepreneurs	Percentage
Male	52	86.667%
Female	8	13.333%
Total	60	100%

Figure-3.1: classification on the basis of gender



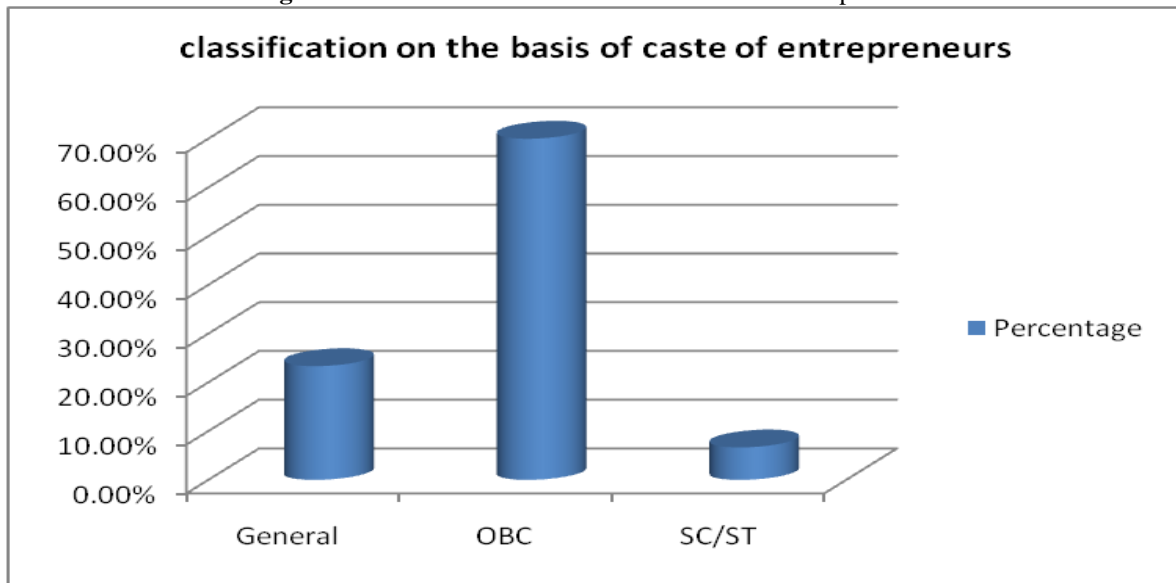
Interpretation:

It is clear from the above table about 87% of the micro enterprises are owned by men. 13% of micro enterprises are owned by women's.

Table-3.2: classifications on the basis of caste of entrepreneurs

Caste	Number of entrepreneurs	Percentage
General	14	23.33%
OBC	42	70%
SC/ST	4	6.66%
TOTAL	60	100

Figure-3.2: classification on the basis of caste of entrepreneurs



Interpretation:

The study reveals that about 70% of the entrepreneurs are belongs to OBC category, 23.33% of the entrepreneurs belongs to general category and 6.66% are belongs to SC/ST categories.

Table -3.3: classification of entrepreneur on the basis of qualification

Educational qualification	Number of entrepreneurs	Percentage
SSLC/Below	36	60%
Plus Two	16	26.66%
Degree	3	5%
PG	2	3.33%
Others	3	5%
TOTAL	60	100%

Figure-3.3: classification of entrepreneurs on the basis of qualification



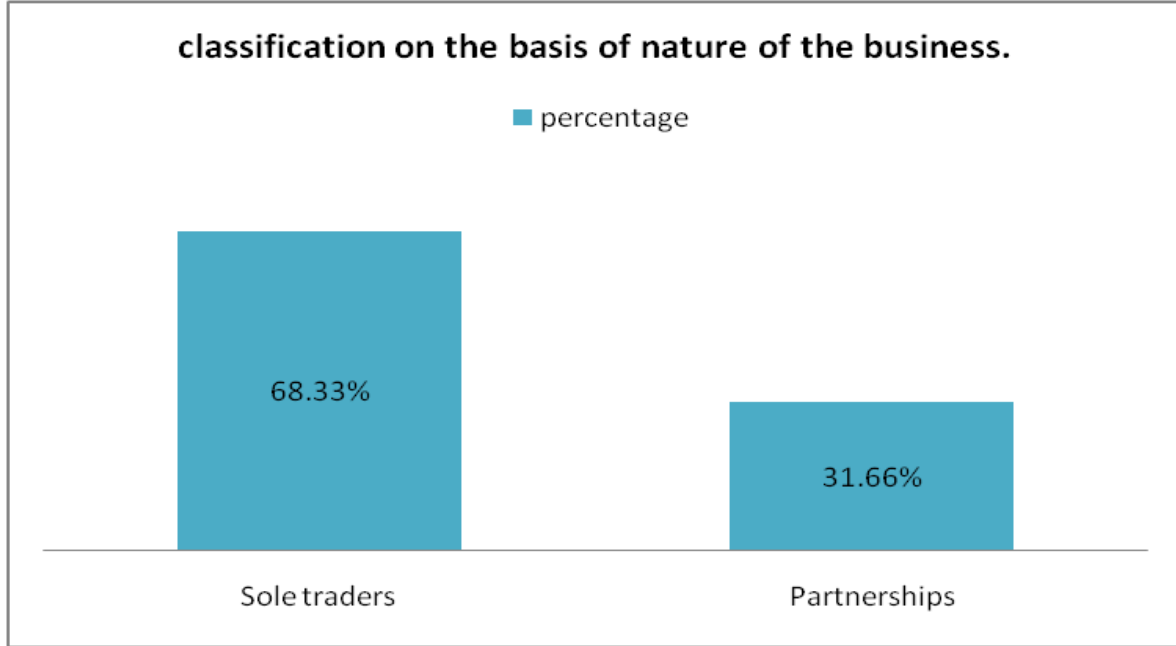
Interpretation:

From the above it is clear that about 60% of them fall under SSLC/Below categories. 26% of them qualified plus two, 5% of the entrepreneur’s qualified degree. It is important that only 3 % of the entrepreneurs qualified post graduation.

Table-3.4: classification on the basis of nature of the business.

Nature of business	Number of entrepreneurs	Percentage
Sole traders	41	68.33%
Partnerships	19	31.66%
Total	60	100%

Figure-3.4: classification on the basis of nature of the business.



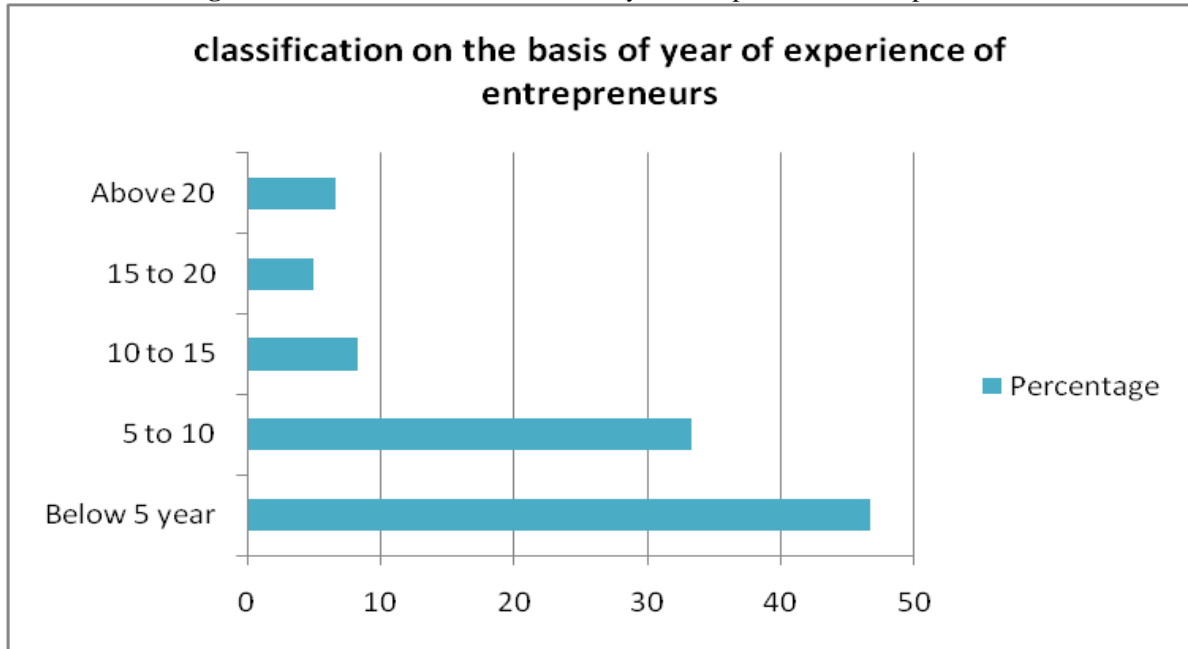
Interpretation:

From the above table it is clear that about 68% of the micro enterprises are owned by single individual that is sole proprietorship and 31% of the in the form of partnership.

Table –3.5: classification on the basis of year of experience of entrepreneurs

Year Of Experience	No Of Entrepreneurs	Percentage
Below 5 year	28	46.66
5 to 10	20	33.34
10 to 15	5	8.33
15 to 20	3	5
Above 20	4	6.67
Total	60	100

Figure-3.5: classification on the basis of year of experience of entrepreneurs.



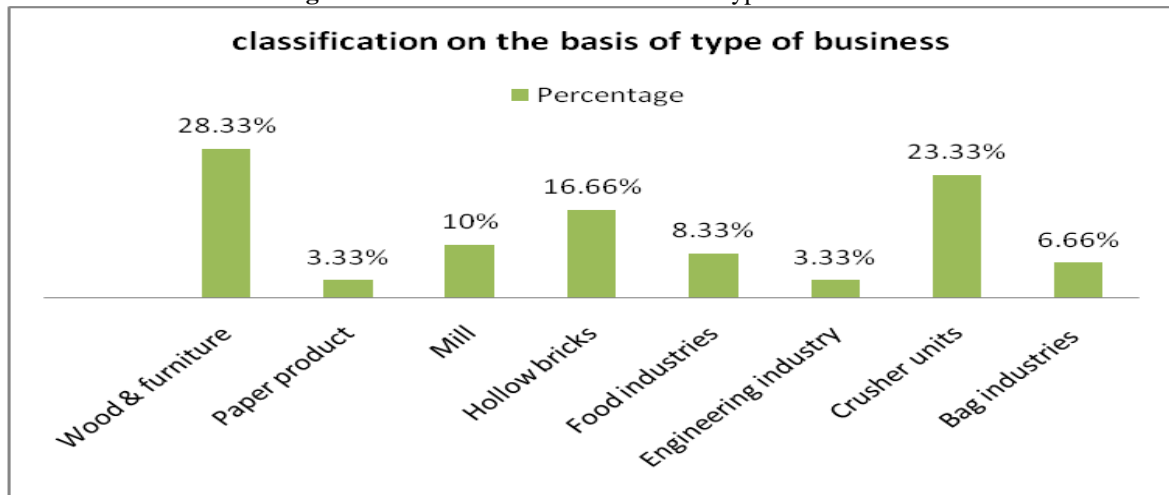
Interpretation:

From the above table it is clear that 46% entrepreneurs are having less than 5 year experience.33% entrepreneurs under study are having 5-10 year experience,8% having 10-15 year experience ,5% of entrepreneurs having 15-20 years of experience and 6% have above 20 years of experience.

Table -3.6: classification on the basis of type of business

Type of business	Number of enterprises	Percentage
Wood & furniture	17	28.33%
Paper product	2	3.33%
Mill	6	10%
Hollow bricks	10	16.66%
Food industries	5	8.33%
Engineering industry	2	3.33%
Crusher units	14	23.33%
Bag industries	4	6.66%
Total	60	100%

Figure-3.6: classification on the basis of type of business



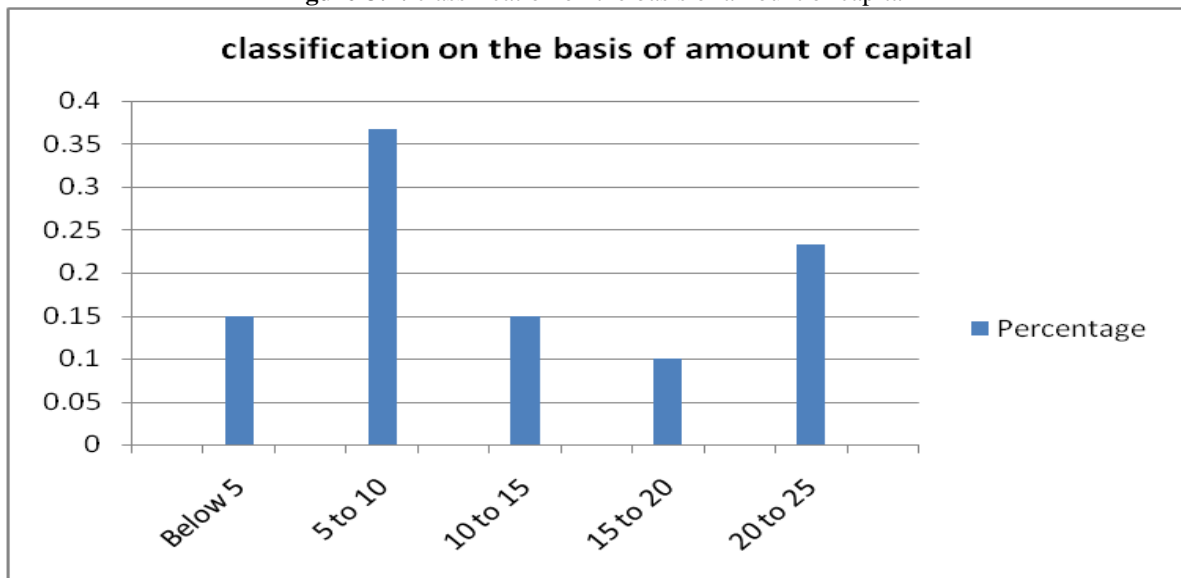
Interpretation:

The study reveals that about 28% of the enterprises are engaged in wood and furniture sector.23% of enterprises engaged in crusher units.16% engaged in hollow bricks business.10% engaged in mill sector.8% in food industries and about 6% engaged in bag industries.

Table -3.7: classification on the basis of amount of capital

Amount of capital(in lakhs)	Number of enterprises	Percentage
Below 5	9	15%
5 to 10	22	36.66%
10 to 15	9	15%
15 to 20	6	10%
20 to 25	14	23.34%
Total	60	100%

Figure-3.7: classification on the basis of amount of capital



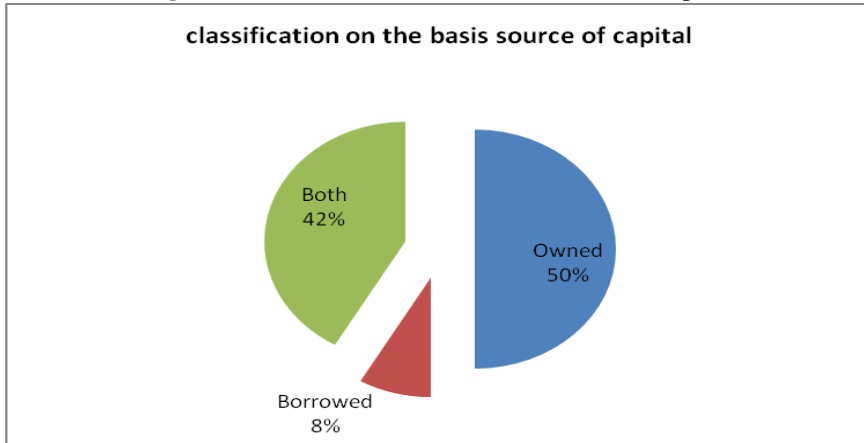
Interpretation:

The study reveals that the amount of capital of 36% of enterprises is 5-10 lakhs.23% of enterprises has the amount of capital between 20 to 25 lakhs.15% of the enterprises has the amount of capital below 5 lakhs and 10 to 15 lakhs,

Table -3.8: classification on the basis source of capital

Source of capital	Number of enterprises	Percentage
Owned	30	50%
Borrowed	5	8.33%
Both	25	41.67%
Total	60	100%

Figure-3.8: classification on the basis source of capital



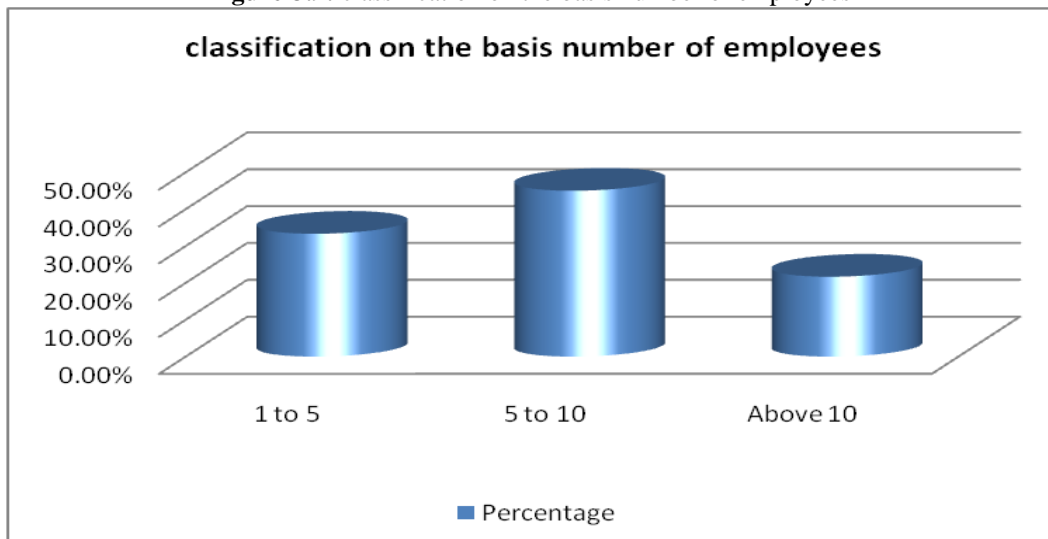
Interpretation:

The study reveals that about 50% enterprises uses owned source of capital, 42% of enterprises used both owned and borrowed source of capital and 8 % enterprises fully depends on borrowed capitals.

Table -3.9: classification on the basis number of employees

Number of employees	Number of enterprises	Percentage
1 to 5	20	33.33%
5 to 10	27	45%
Above 10	13	21.67%
Total	60	100%

Figure-3.9: classification on the basis number of employees



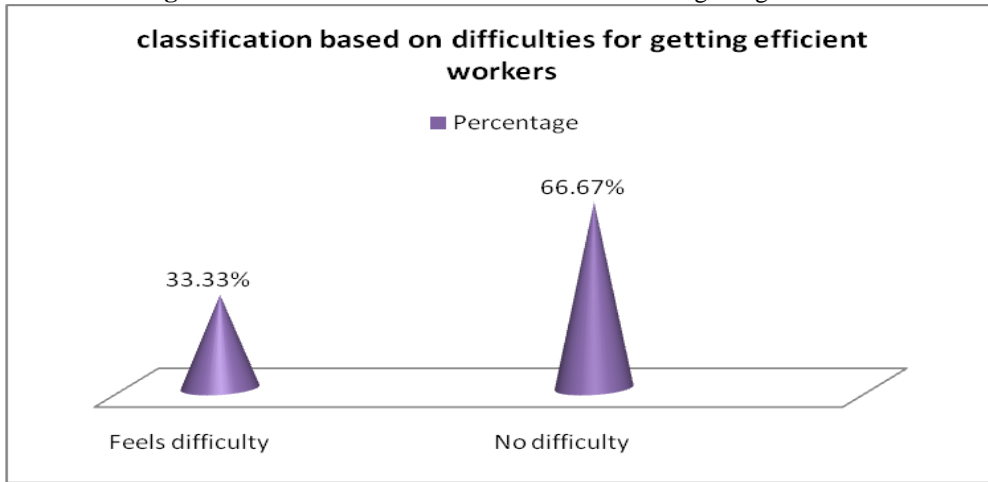
Interpretation:

The study reveals that 45% of the micro enterprises provided 5 to 10 number of employment. 33%. Of the enterprises provided employment between 1 to 5 and 21% of enterprises generates employment above 10.

Table-3.10: classification based on difficulties for getting efficient workers

Difficulty level for getting efficient workers	Number of enterprises	Percentage
difficult	20	33.33%
Not difficult	40	66.67
Total	60	100%

Figure-3.10: classification based on difficulties for getting efficient workers



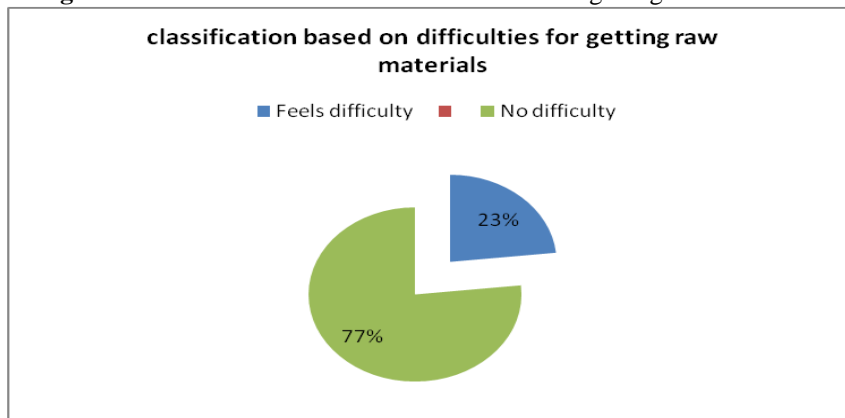
Interpretation:

The study reveals that 66% of entrepreneurs feel no difficulty for getting efficient workers. 33% of the entrepreneurs feel difficulty for getting efficient workers.

Table-3.11: classification based on difficulties for getting raw materials

Difficulty level in getting raw materials	Number of enterprises	Percentage
difficult	14	23.33%
Not difficult	46	76.67%
Total	60	100%

Figure-3.11: classification based on difficulties for getting raw materials.



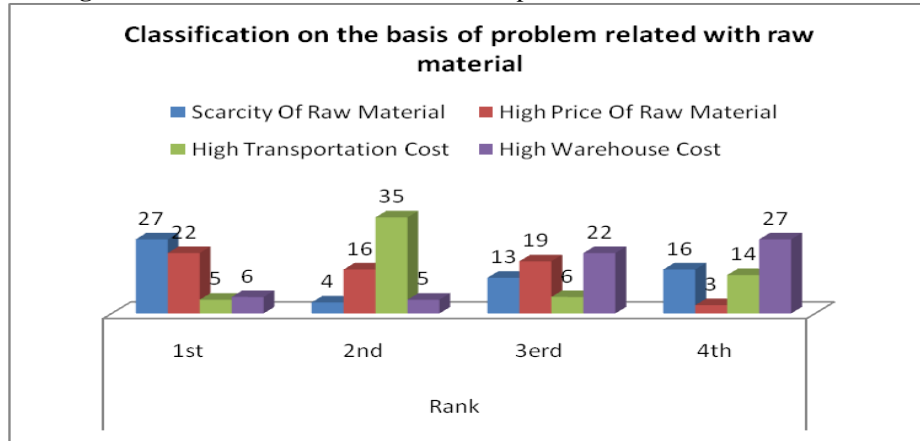
Interpretation:

The study reveals that 76% of enterprises feel difficulty for getting raw material and 23% of the enterprises feel no difficulty for getting raw materials.

TABLE-3.12: Classification on the basis of problem related with raw material

Problems	Rank			
	1 st	2 nd	3 rd	4 th
Scarcity Of Raw Material	27	4	13	16
High Price Of Raw Material	22	16	19	3
High Transportation Cost	5	35	6	14
High Warehouse Cost	6	5	22	27

Figure-3.12: Classification on the basis of problem related with raw material



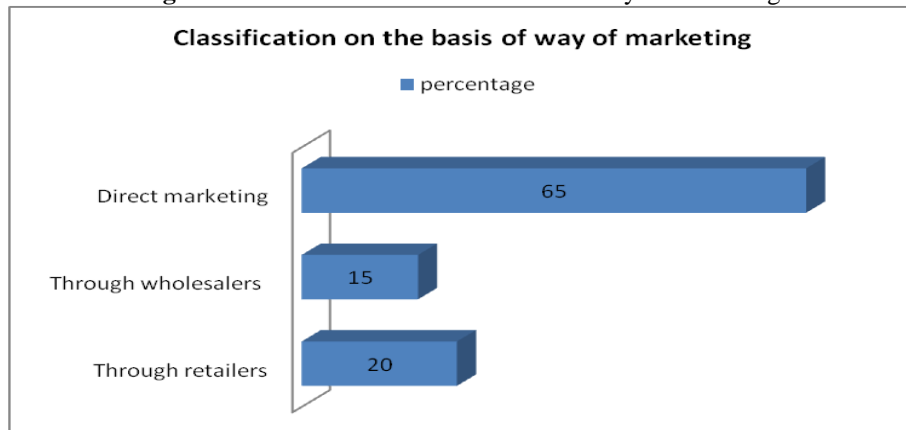
Interpretation:

The study reveals that 27 of the respondent's rank 1st for scarcity of raw material, 22 of the respondent rank 1st for high price of raw material, 5 respondents rank 1st for high transportation cost and 6 of the respondent's rank 1st for high ware house cost is the problem related with raw material.

TABLE-3.13: Classification on the basis of way of marketing

Way of marketing	Number of enterprises	Percentage
Through retailers	12	20
Through wholesalers	9	15
Direct marketing	39	65
Total	60	100

Figure-3.13: classification on the basis of way of marketing



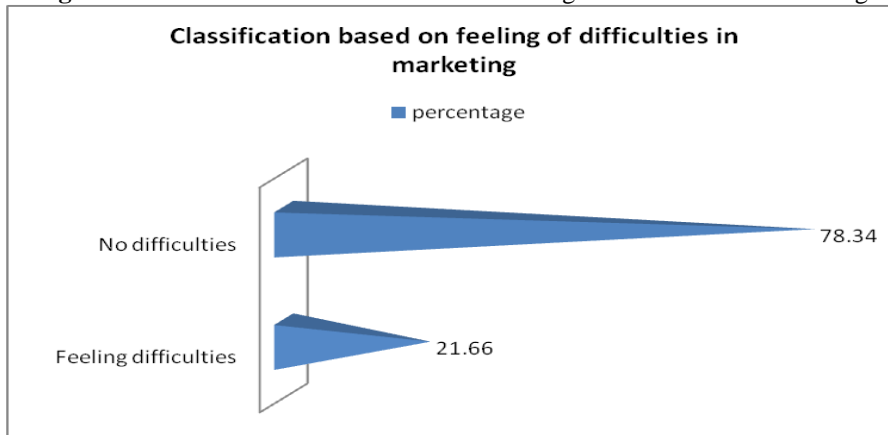
Interpretation:

The study shows that about 65% of enterprises directly market their product. 20% of the enterprises sell their product through retailers.15% of the enterprises market their product through wholesalers.

TABLE-3.14: Classification based on feeling of difficulties in marketing

Feeling Difficulties In Marketing	Number of enterprise	Percentage
Feeling Difficulties	13	21.66
No Difficulties	47	78.34
Total	60	100

Figure-3.14: classification on the based on feeling of difficulties in marketing



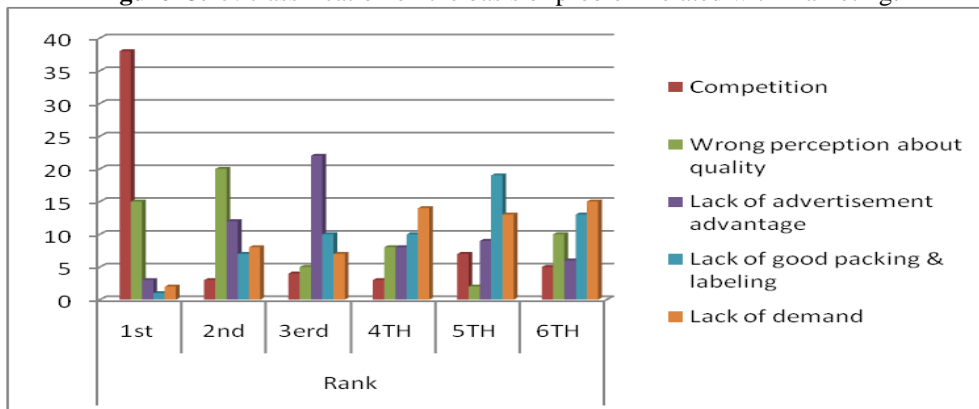
Interpretation:

From the above table it is clear that about 78% of entrepreneurs do not feel any difficulty for marketing their product. Only 21% of entrepreneurs feel difficulty for marketing their product.

TABLE-3.15: Classification on the basis of problem related with marketing

Problems	Rank						Total
	1 st	2 nd	3 rd	4 th	5 th	6 th	
Competition	38	3	4	3	7	5	60
Wrong perception about quality	15	20	5	8	2	10	60
Lack of advertisement advantage	3	12	22	8	9	6	60
Lack of good packing & labeling	1	7	10	10	19	13	60
Lack of demand	2	8	7	14	13	15	60
Poor technology	4	10	12	17	10	7	60

Figure -3.15: classification on the basis of problem related with marketing.



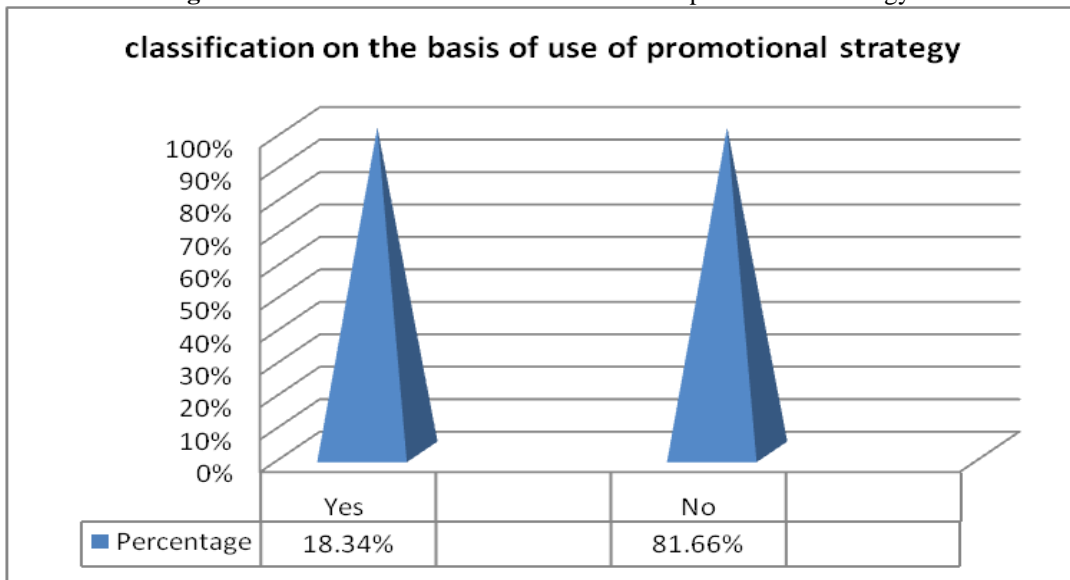
Interpretation:

From the above table most of the (38) entrepreneurs ranked first for competition is the main problem related to marketing their product. 15 entrepreneurs rank first for customers wrong perception about quality. Only a small group of respondent rank lack of demand is the major problem of marketing their product.

Table-3.16: classification on the basis of use of promotional strategy.

Usage of promotional strategy	Number of entrepreneurs	Percentage
Yes	11	18.34%
No	49	81.66%
Total	60	100%

Figure-3.16: classification on the basis of use of promotional strategy.



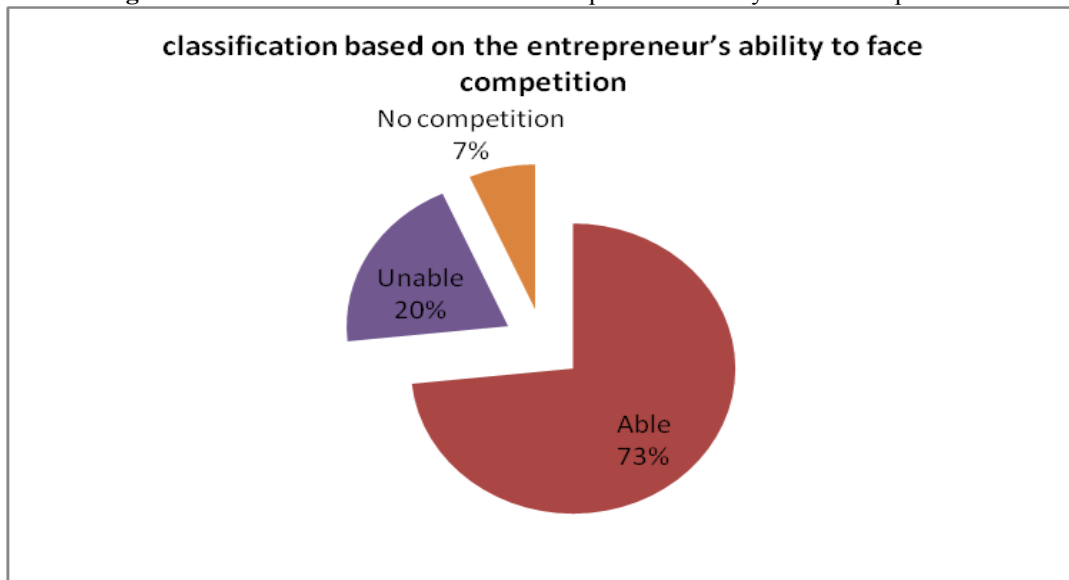
Interpretation:

From the above table it is clear that most of the entrepreneurs are not use any promotional strategy for marketing their product. Only 18% of enterprises use promotional strategy for marketing their product.

Table -3.17: classification based on the entrepreneur’s ability to face competition

Entrepreneurs ability to with stand competition	Number of enterprises	Percentage
Able	44	73.34%
Unable	12	20%
No competition	4	6.66%
Total	60	100%

Figure-3.17: classification based on the entrepreneur’s ability to face competition



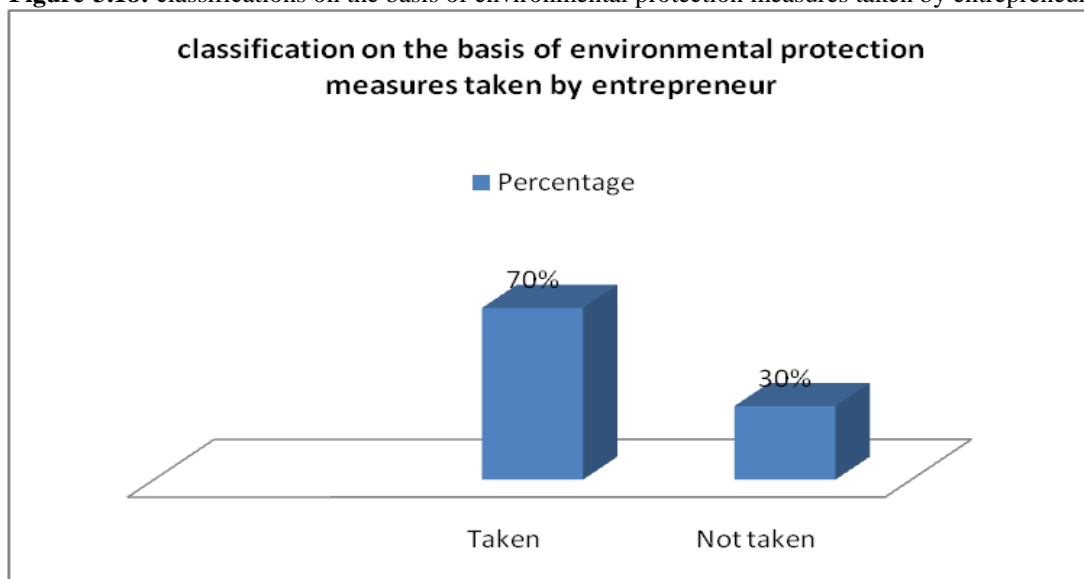
Interpretation:

From the above table about 73% of the entrepreneurs are able to face competition.20% of the entrepreneurs are not able to face competition. 7% of entrepreneurs are says there is no competition to their product.

Table: 3.18 classifications on the basis of environmental protection measures taken by entrepreneur

Environment protection measures	Number of enterprises	Percentage
Taken	42	70%
Not taken	18	30%
Total	60	100%

Figure-3.18: classifications on the basis of environmental protection measures taken by entrepreneur



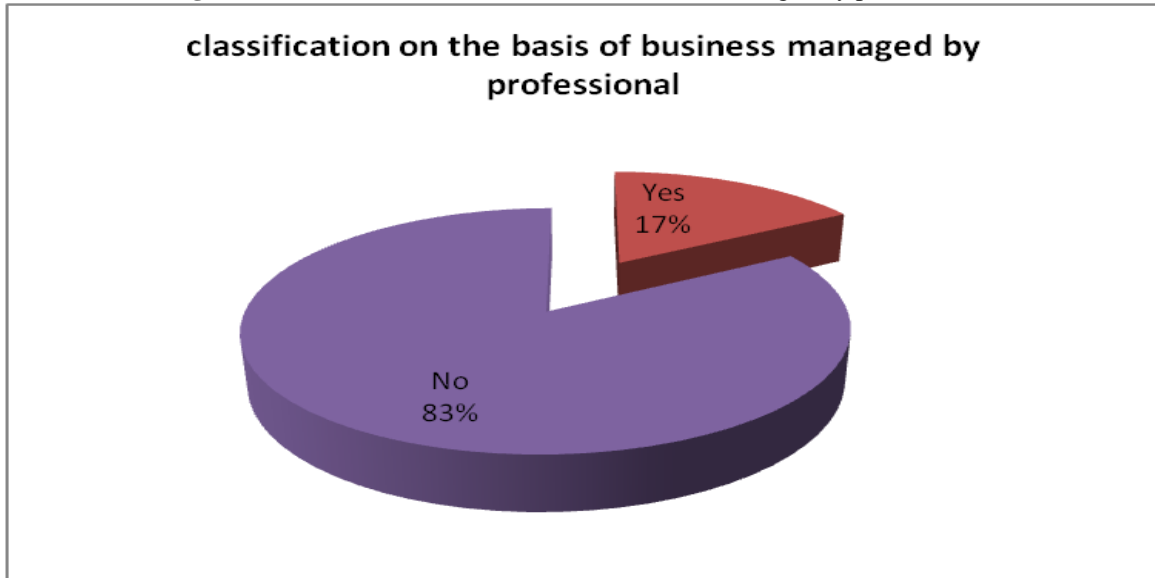
Interpretation:

From the table it is clear that about 70% of enterprises are taken environmental protection measures. 30% of enterprises are not taken any environmental protection measures.

Table-3.19: classification on the basis of business managed by professional

Business managed by professional	Number of enterprises	Percentage
Yes	10	16.67%
No	50	83.33%
Total	60	100%

Figure-3.19: classification on the basis of business managed by professional.



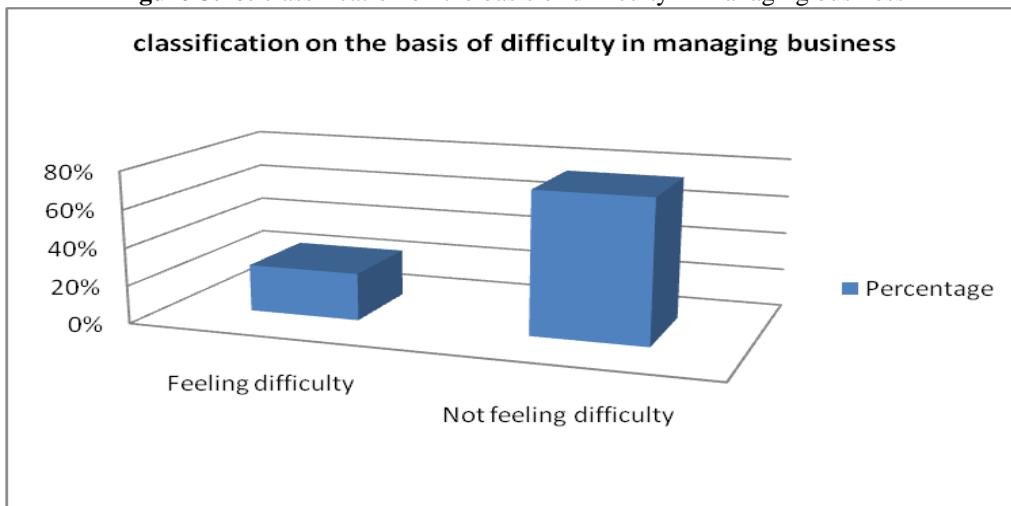
Interpretation:

From the above table it is clear that about 83% of enterprises are managed by entrepreneurs itself. 17% of enterprises are managed by professionals.

Table -3.20: classification on the basis of difficulty in managing business

Difficulty	Number of entrepreneur	Percentage
Feeling difficulty	15	25%
Not feeling difficulty	45	75%
Total	60	100%

Figure-3.20: classification on the basis of difficulty in managing business



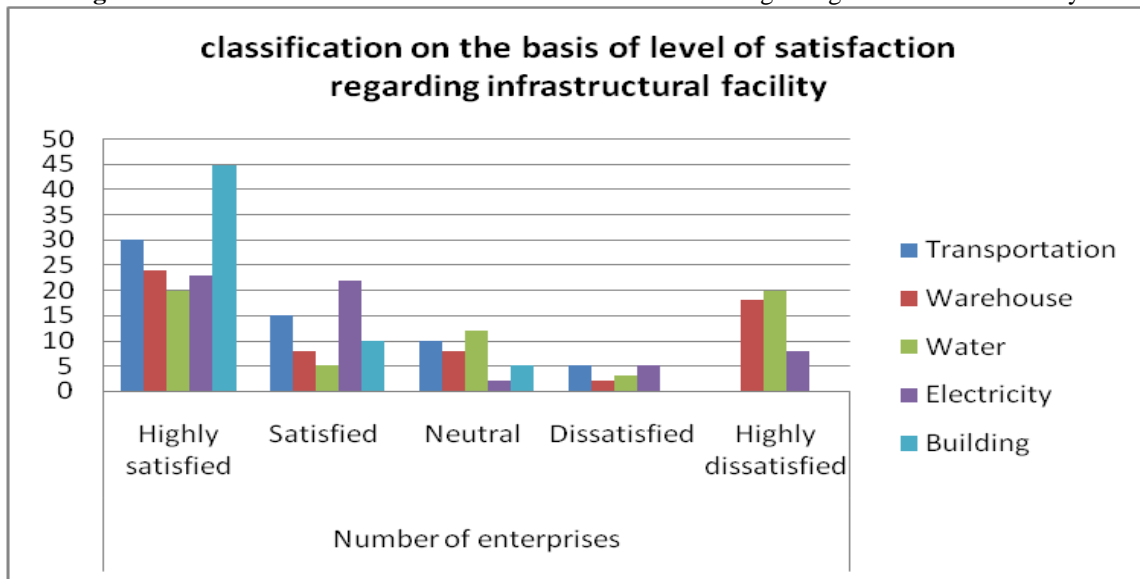
Interpretation:

From the table it is clear that 75% of entrepreneurs are not feeling any difficulty in managing their business.25% of the entrepreneurs are feel difficulty in managing business.

Table -3.21: classification on the basis of level of satisfaction regarding infrastructural facility

Infrastructural facility	Number of enterprises				
	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Transportation	30	15	10	5	0
Warehouse	24	8	8	2	18
Water	20	5	12	3	20
Electricity	23	22	2	5	8
Building	45	10	5	0	0

Figure-3.21: classification on the basis of level of satisfaction regarding infrastructural facility



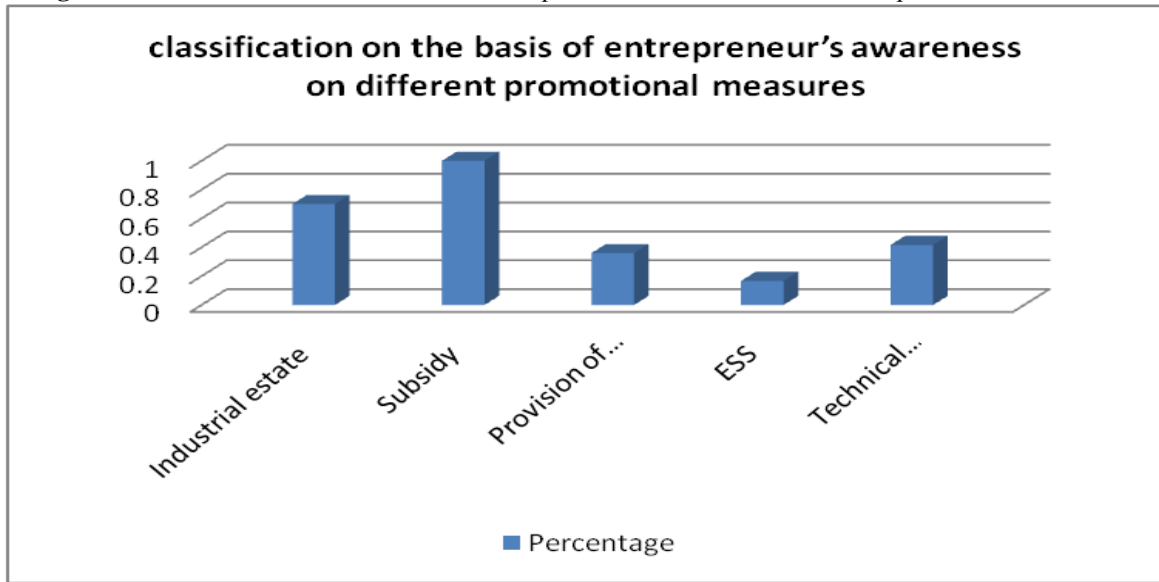
Interpretation:

From the table it is clear that most of the entrepreneurs are highly satisfied with transportation facilities. Regarding warehouses 24 are highly satisfied. Regarding water 20 are highly satisfied, 55 are satisfied about building facilities. Regarding water and electricity few entrepreneurs are dissatisfied.

Table-3.22: classification on the basis of entrepreneur’s awareness on different promotional measures

Promotional measures	Number of entrepreneurs	Percentage
Industrial estate	42	70%
Subsidy	60	100%
Provision of training	22	36%
ESS	10	16.66%
Technical consultancy	25	41.66%

Figure-3.22: classification on the basis of entrepreneur’s awareness on different promotional measures



Interpretation:

From the above table it is clear that most of the entrepreneurs are aware of subsidy and very low number of entrepreneurs support schemes (ESS)

Section B: Hypothesis testing

Table: 21

Educational qualification	Difficulties		Total
	Yes	No	
Primary level	11	25	36
Secondary and territory level	8	16	24
Total	19	41	60

H₀: There is no significant association between educational qualification and managerial Capabilities

H₁: There is a significant association between educational qualification and managerial Capabilities

$$\chi^2 = \sum \frac{(o-E)^2}{E}$$

Here, $\frac{O}{E} = \frac{\text{Observed frequency}}{\text{Expected frequency}}$ Summation

χ^2 = Chi Square value

E = Row total * Column total/grand total

O	E	O-E	(O-E) ²	(O-E) ² /E
12	11.4	.6	.36	.0315
8	7.6	.4	.16	.0210
24	24.6	-.6	.36	.0315

16	16.4	-.4	.16	.0210
$\sum (o-E)^2/E$.105

Degree of freedom

$$\begin{aligned}
 &= (c-1) (r-1) \\
 &= (2-1) (3-1) \\
 &= 1*2 \\
 &= 2
 \end{aligned}$$

At 5% level of significance, table value is 5.99

Interpertation:

Calculated value is less than the table value, so the null hypothesis is accepted. I.e. there is no significant association between educational qualification and managerial capabilities.

CHAPTER IV

Findings, suggestions and conclusions

VIII. Findings

- Most of the enterprises (68%) are owned by a single individual.
- Most of the enterprises are owned by men, about 87%
- The study reveals that most of entrepreneurs (70%) belong to OBC category.
- Academically most of the entrepreneurs are SSLC/Below SSLC qualified.
- Most of the entrepreneurs have below 5 years experience.
- The study show that most of the micro entrepreneurs are engaged in wood and furniture works (28%) and crusher units(23%).
- Most of the entrepreneurs are started their enterprises with capital between 5 lakh to 10 lakhs.
- It is found that main source of capital for most of the enterprises is owned fund, about (50%).
- The study reveals that most of the micro enterprises provide employment between 5 to 10 persons.
- About 45% respondents say that scarcity of raw material is the major problem related with raw material.
- The study show that the major problems faced by micro enterprises are lack of opportunities to use latest technology, lack of managerial experience, unawareness of latest promotional measures provided by Govt. and unable to avail any promotional measures.
- Most of the entrepreneurs are able to avail all the infrastructural facilities.
- Most of the entrepreneurs are aware of industrial estate, subsidy and provision for training facilities as promotional measures provided by government.
- While measuring the satisfaction level of entrepreneurs on promotional measures it is found that most of the entrepreneurs are satisfied with subsidy and they are highly satisfied with industrial estate.
- The reveals that highly educated peoples are not interested in with starting micro enterprises.
- The study reveals that educational qualification does not influence in the managerial capabilities of entrepreneurs.

IX. Suggestions

- The study shows shortage of raw material is the major problem in most of the concern. To reduce their problem of shortage of raw material it should be procured from the place where it is cheap. For this purpose a common facility center under the MSME sector is need to supply all raw materials and undertake market of raw material.
- The financial institution should accept a liberal credit policy toward micro enterprises.
- Priority should be given to micro enterprises in the budget allocation of local self government.
- Entrepreneurial development programs must be conducted among the backward sector, because their development is very essential for our economy.
- Industrial estate plays an important role in the development of micro enterprises. The study shoes that every taluk in kerala does not have industrial estates. So it is better to establish at least one industrial estate in every taluk.

X. Conclusion

The project named “A STUDY ON THE PROBLEMS AND PROSPECTS OF MICRO ENTERPRISES WITH SPECIAL REFERENCE TO KONDOTTY TALUK” is an attempt to find out of the various problems faced and the prospects of micro enterprises in kondotty Taluk. The project helped to find out the various problems faced by the micro entrepreneurs like unable to avail latest technology, lack of managerial skills etc. It also helped to study the awareness of micro entrepreneurs on various promotional measures of government. The study reveals that most of the entrepreneurs are unable to avail the latest promotional measures of government due to their unawareness.

The government should take necessary steps to educate the micro entrepreneurs on different promotional measures. The government must also try to identify the problems of micro entrepreneurs and should take steps to resolve it. This wholehearted effort of government is must for the growth of micro enterprises in our nation.

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WEBSITES

- FAQ MSC
- WWW.wikkipedia
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- www.scribid.com

APPENDIX

SCHEDULE

TOPIC: A STUDY ON THE PROBLEMS AND PROSPECTS OF MICRO ENTERPRISES WITH SPECIAL REFERENCE TO KONDOTTY TALUK

Name and address of the firm
.....
.....
.....

1. Nature of Business : Sole trader Partnership
2. Firm belongs to : Municipality Panchayath Corporation
3. Name of the entrepreneur :
4. Gender : Male Female
5. Caste : General SC/ST OBC
6. Educational qualification
Of the entrepreneurs : SSLC/Below PG Plus Two Degree Others
If others Please Specify :
7. Years of experience of Entrepreneur : Below 5 years 5-10 years 10-15 year 15-20 years above 20 years
8. Years of existence Current business : Below 5 years 5-10 years 10-15 years above 15 years
9. Type of business : Wood & Furniture Textile Food Mill

Hollow bricks For industry
 Bag industry Eng ng work crusher

If others please specify

10. Amount of current capital : Below 5 Lakh 10 Lakh
 10 – 15 Lakh 1 lakh
 20 -25 lakh

11. Source of capital : Owned Borrowed

If borrowed capital

a) Tick the source of borrowed capital: Bank Loan Friends relatives
 NBFC Oth

If others, Please specify

b) Do you feel any difficulty in raising borrowed capital: Yes No
 If yes, Please specify

12. Number of employees : 1 – 5 ab

13. Category of employees : Technical no nical

14. Do you find any difficulty for getting efficient workers?
 : Yes No
 If yes, Please specify

15. Numbers of employment you expected to generate during the next 5 years?
 :

16. Do you find any difficulty in getting sufficient raw material?
 : Yes No

17. What are the problems related to getting raw material? Rank them (1, 2, 3...etc)
 A. Scarcity of raw material B. High price of raw material
 C. High transportation cost D. High warehouse cost

18. How do you market your product?
 Direct marketing High Wholesalers
 Through retailers

19. Do you feel any difficulty in marketing your product?
 Yes No

20. What are the problems faced in marketing your product? Rank them (1, 2, 3...etc).
 A. Competition
 B. Peoples wrong perception about quality
 C. lack of Advertisement Avenue
 D. poor technology
 E. Lack of good packing and labeling.
 F. Lack of demand

21. Do you use any promotional strategy for market your product?
 Yes No
 If yes, Please specify

22. Do you use latest technology?
 Yes No
 If No, Please Specify

23. Do you feel that new technologies became challenges for your business system?
 A. To great extend B. To certain extend
 C. Not at all

24. Are you able to with stand competition?
 Yes No No Competition
 If No, Please Specify

25. Are you taking any measures to protect the environment?
 Yes No
 If yes, Please specify

26. Do you get sufficient support from social units?

Yes No

If no, please specify.....

27. Do your business managed by a professional?

Yes No

28. Do you feel any difficulty in managing business?

Yes No

If yes, Please Specify

29. Which of the following infrastructural facilities you availed?

- a) Transportation Yes No
- b) Ware house Yes No
- c) Water Yes No
- d) Electricity Yes No
- e) Building Yes No

27. Mark your level of satisfaction regarding the infrastructural facilities

Infrastructural facilities	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Transportation					
Ware house					
Water					
Electricity					
Building					

29. Tick the promotional

Measure you aware of : industrial estate Subs
 Provision of training facilities
 ESS (Entrepreneurs Support Scheme)
 Technical Consultancy

30. Which of the following promotional measures you availed?

Industrial estate Provision ing facilities
 ESS (Entrepreneurs Support Scheme) al Consultancy
 Others

If others Please Specify

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