

Available online @ www.iaraindia.com
 SELP Journal of Social Science - A Blind Review & Refereed Quarterly Journal
 ISSN: 0975-9999 (P) 2349-1655 (O)
 Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)
 Volume. X, Issue 42
 July - September 2019
 Formerly UGC Approved Journal (46622), © Author

PROBLEMS AND PERCEPTIONS OF MSMEs; A COMPARATIVE STUDY OF YSR KADAPA DISTRICT AND CHITTOOR DISTRICT OF ANDHRA PRADESH

Dr. SIDDARAPU HARIBABU

Post Doctoral Fellow (ICSSR), Department of Commerce
 S.V. University, Tirupati, Andhra Pradesh

Prof. M. Venkateswarlu

Professor, Department of Commerce
 S.V. University, Tirupati, Andhra Pradesh

Abstract

Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Recognizing the significant contribution of this sector in economic growth and also in employment generation in our country, Government of India has taken good number of initiatives to develop the sector such as erstwhile definition of 'Small Scale Industries' was enlarged by increasing investment ceiling in plants & machineries from Rupees One crore and trading activities have taken in the ambit of MSMEs by enactment of Micro, Small and Medium Enterprises Development (MSMED) Act from 2nd October 2006. MSME sector is the second largest employment provider in our country and it is good vehicle to achieve inclusive and distributed growth. This paper focuses on the problems and prospects of MSMEs in YSR Kadapa district and Chittoor district of Andhra Pradesh A Comparative study.

Key Words: Problems, MSMEs, Employment, Opportunities, Comparatively, Imbalances.

Introduction

Micro, small and Medium Enterprises (MSMEs) play a very significant role in almost all countries of the world irrespective of their development stage. Developed countries like Japan, China, Malaysia, Taiwan, the United States of America

and the United Kingdom have developed through developing many aspects of MSMEs business such as employment generation, export, tax, income, innovation and competitiveness. The recent wave of Globalization has influenced overall business of the world. The MSMEs have prospered

better under this wave of Globalization. Particularly in India, they have made a significant impact on income distribution, social stability, domestic resources utilization technique, structural and regional development, exports, employment and creation of a broad entrepreneurial base. Hence, the MSMEs' are rightly regarded as the backbone of modern Indian economy. With the advent of planned economy in 1951, and the subsequent industrial policy of the Government of India, both planners and the Government have earmarked financial resources for small and medium industries that play a special role in the economy.¹

Objective

1. To Study the Problems and Perceptions of MSMEs; A Comparative Study of YSR Kadapa district and Chittoor district of Andhra Pradesh.

Methodology

Data Sources

Industry- Wise distribution of select sample MSME units as per their line of activity in YSR Kadapa district and Chittoor district

Name of Industry	Total no; of units in YSR Kadapa district	Total no of Selected Sample Respondents	Total no; of units in Chittoor district	Total no; of Selected Sample Respondents
Agro-based	110	11	210	21
Forest-based	31	03	131	13
Textile-based	60	06	190	19
Mineral-based	291	29	240	24
Engineering-based	40	04	241	24
Animal Husbandry	31	03	40	04
Chemical Based & Chemical Products	30	03	50	5
Engineering (other than steel & iron)	42	04	101	10
Paper and Printing	21	02	50	05
Electrical-Based	90	09	60	06
Rubber and Plastics-based	110	11	80	08
Basic Metal and alloys-based	20	02	11	01
Machinery & equipment other than transport equipment-based	11	01	11	01
Repair and Service	41	04	61	06
Cement bricks and pipes-based	50	05	70	07
Non-metal products and parts except Machinery & equipment	41	04	61	06
Miscellaneous	30	03	20	02

The study is based on primary data. Primary data was collected through sample survey. The specific questionnaire designed for the purpose of canvassed through personal interview and the information given by the respondents was thus recorded.

Sample Design

The number of micro, small and medium enterprises registered with the district industrial centres in two districts (DIC) in 2016 was 1049 and 1627, out of which 266 industrial units were drawn by following the stratified sampling technique. All the micro, small and medium enterprises are primarily stratified on the basic of the nature of their products. From each of the stratum, 10 per cent of the enterprises were randomly selected, thus taking the total number of sample units to 266 enterprises. Industry- Wise distribution of select sample MSME units as per their line of activity in YSR Kadapa district and Chittoor district is presented in table 5.1

It shows the industry-wise distribution of select sample MSME units as per their line of activity. Among total population (1049 units in YSR Kadapa district, 1627 units in Chittoor district) 10 per cent (104 units in YSR Kadapa district, 162 units in Chittoor district) are selected as sample size. Among 104 sample MSME units in YSR Kadapa district majority or 29 sample respondents are engaged in mineral based industry followed by 11 sample respondents that are agro-based, 11 sample respondents that are engaged in rubber and plastic based activities, 09 sample respondents, are engaged in electrical-based manufacture 06 sample respondents that are engaged in textile based, 05 sample respondents are engaged in cement bricks and pipes-based manufacture 04 sample respondents that are engaged in engineering (other than steel & iron), 04 sample respondents that are engaged in repairs and services, 04 sample respondents that are engaged in non-metal products and parts except machinery and equipment, 04 sample respondents that are engaged in engineering based, 03 sample respondents are engaged in animal husbandry, 03 sample respondents that are engaged in making forest-based products 03 sample respondents that are engaged in chemical based & chemical products, 03 sample respondents that are engaged in making miscellaneous products 02 sample respondents, are engaged in paper and printing, 02 sample

respondents that are engaged in basic metal and alloys-based manufacture and 1 sample respondent that are engaged in machinery & equipment other than transport equipment based.

In Chittoor district among 162 sample MSME units, the majority or 24 sample respondents are engaged in engineering based industry followed by 24 sample respondents that are engaged in mineral based, 21 sample respondents that are engaged in agro based, 19 sample respondents that are engaged in textile based, 13 sample respondents that are engaged in forest based, 10 sample respondents that are engaged in engineering (other than steel & iron), 08 sample respondents that are engaged in making rubber and plastic-based products 07 sample respondents that are engaged in cement bricks and pipe based, 06 sample respondents repair and services, 06 sample respondents are engaged non-metal products and parts except machinery and equipment, 6 sample respondents that are engaged in chemical based, 05 sample respondents are engaged in chemical based and chemical products, 05 sample respondents that are engaged in paper and printing, 04 sample respondents that are engaged in animal husbandry, 01 sample respondent that are engaged in machinery and 01 sample respondent that are engaged in basic metal and alloys based industry.

Industry-wise number of sample MSMEs facing problem of raw material in YSR Kadapa district and Chittoor district

Name of Industry	YSR Kadapa district				Chittoor district			
	Non Availability of required quantity	High Price	Not Good Quality	No Problem	Non Availability of required quantity	High Price	Not Good Quality	No Problem
Agro Based	03 (27.27)	05 (45.46)	01 (09.09)	02 (18.18)	07 (33.33)	11 (52.38)	02 (9.52)	01 (4.77)
Forest Based	01 (33.33)	01 (33.33)	01 (33.34)	0.00	03 (23.07)	07 (53.84)	01 (7.09)	02 (15.38)
Textile Based	02 (33.33)	02 (33.34)	01 (16.66)	01 (16.67)	03 (15.79)	09 (47.37)	05 (26.31)	02 (10.53)
Mineral Based	07 (24.13)	13 (44.83)	05 (17.25)	04 (13.79)	05 (20.84)	12 (50.00)	04 (16.66)	03 (12.5)
Engineering Based	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	07 (29.16)	09 (37.5)	05 (20.84)	03 (12.5)
Animal Husbandry	01 (33.33)	01 (33.33)	0.00	01 (33.34)	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)
Chemical Based and Chemical Products	01 (33.33)	01 (33.33)	01 (33.34)	0.00	01 (20.00)	02 (40.00)	01 (20.00)	01 (20.00)
Engineering (Other than steel and Iron)	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	03 (30.00)	05 (50.00)	01 (10.00)	01 (10.00)
Paper and printing	0.00	01 (50.00)	01 (50.00)	0.00	01 (20.00)	02 (40.00)	01 (20.00)	01 (20.00)

Electrical based	01 (11.11)	04 (44.45)	02 (22.22)	02 (22.22)	01 (16.66)	03 (50.00)	01 (16.67)	01 (16.67)
Rubber and plastic based	02 (18.18)	05 (45.45)	02 (18.18)	02 (18.18)	02 (25.00)	04 (50.00)	01 (12.5)	01 (12.5)
Basic and alloys based	0.00	01 (50.00)	01 (50.00)	0.00	0.00	01 (100.00)	0.00	0.00
Machinery & equipment other than transport equipment based	0.00	01 (100.00)	0.00	0.00	0.00	01 (100.00)	0.00	0.00
Repair and services	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	01 (16.66)	03 (50.00)	01 (16.67)	01 (16.67)
Cement bricks and pipes based	01 (20.00)	02 (40.00)	01 (20.00)	01 (20.00)	02 (28.57)	03 (42.85)	01 (14.28)	01 (14.28)
Non Metal products and parts except machinery & equipment	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	01 (16.66)	03 (50.00)	01 (16.67)	01 (16.67)
Miscellaneous	01 (33.33)	01 (33.33)	0.00	01 (33.34)	01 (50.00)	01 (50.00)	0.00	0.00
Total	24 (23.07)	42 (40.39)	20 (19.23)	18 (17.31)	39 (24.07)	77 (47.54)	26 (16.04)	20 (12.35)

Various Problems faced by the select sample MSMEs in YSR Kadapa District and Chittoor District

Raw Material Problem

The non availability of raw materials at standard prices has been one of the significant problems for the small scale sector. The scarcity of raw materials was found to be the major problem more so in the initial years, followed by high cost of raw materials, non-availability of raw materials in the required quantities, poor quality of raw materials and lack of transport facilities to transport raw materials. Industry-wise number of sample MSMEs facing problem of raw material in YSR Kadapa district and Chittoor district are presented in table 5.2

Table 5.2 shows the industry-wise number of sample MSMEs facing problems with raw material in YSR Kadapa district and Chittoor districts. It can be observed from the table that among 104 sample units, majority of 42(40.39 per cent) sample units are observed to be suffering due to high price of raw material, followed by 24 (23.07 per cent) units were suffering from non-availability of required quantity, 20 (19.23 per cent) units that have reported that they have problem with bad quality of raw material and 18 (17.31 per cent) units which have no problem regarding raw material. Among 162 sample MSME units which are facing raw material problems in Chittoor district, majority of 77 (47.54 per cent) sample units were suffering from high price of raw material, followed by 39 (24.07 per cent)

units suffering due to non availability of required quantity of raw material, 26 (16.04 per cent) units were forced to use poor quantity of raw material and 20 (12.35 per cent) units facing no problem regarding raw material. From the table, it can be inferred that high price of raw martial is the major problem faced by the sample MSMEs units in YSR Kadapa district and Chittoor district.

Financial Problems

The availability of timely and adequate finance at reasonable rate is an essential pre requisite for the development of Micro and Small Industrial Units. Micro and Small industries generally do not have sufficient funds of their own to meet the required investment on fixed working capital. The paucity of funds often makes it difficult for them to install modern machinery and tools and to maintain them properly. Moreover, they cannot buy good quality raw material and maintain adequate stocks of raw material or stock their finished products and pack their goods attractively. There are various other indirect problems relating to finance like longer production period, delays in the realization of bills, uneven supply of raw material, increased production costs, problems of marketing etc. The financial institutions and banks insist on the provision of detailed information and project reports before providing financial assistance for Micro and Small Industrial Units. The information they seek is very often exhaustive and beyond the capacity of the small entrepreneurs. Industry-

wise number of sample MSMEs facing problem of finance in YSR Kadapa district and Chittoor

district is presented in table 5.3.

Industry-wise number of sample MSMEs facing problem of finance in YSR Kadapa district and Chittoor district

Name of Industry	YSR Kadapa district				Chittoor district			
	Shortage of Fixed Capital	Shortage of Working Capital	Increase in Production Cost	No Problem	Shortage of Fixed Capital	Shortage of Working Capital	Increase in Production Cost	No Problem
Agro Based	03 (27.27)	05 (45.45)	02 (18.18)	01 (9.09)	05 (23.81)	11 (52.39)	03 (14.28)	02 (9.52)
Forest Based	01 (33.33)	01 (33.33)	0.00	01 (33.34)	03 (23.07)	05 (38.47)	02 (15.39)	03 (23.07)
Textile Based	01 (16.66)	02 (33.33)	02 (33.34)	01 (16.67)	07 (36.85)	09 (47.37)	02 (10.52)	01 (5.26)
Mineral Based	07 (24.13)	13 (44.86)	06 (20.68)	03 (10.34)	05 (20.84)	13 (54.16)	04 (16.67)	02 (8.33)
Engineering Based	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	02 (8.34)	07 (29.16)	14 (58.34)	01 (4.16)
Animal Husbandry	01 (33.33)	0.00	01 (33.33)	01 (33.34)	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)
Chemical Based and Chemical Products	01 (33.33)	01 (33.33)	0.00	01 (33.34)	01 (20.00)	02 (40.00)	01 (20.00)	01 (20.00)
Engineering (Other than steel and Iron)	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	02 (20.00)	03 (30.00)	03 (30.00)	02 (20.00)
Paper and printing	0.00	0.00	01 (50.00)	01 (50.00)	01 (20.00)	02 (40.00)	01 (20.00)	01 (20.00)
Electrical based	02 (22.22)	04 (44.45)	02 (22.22)	01 (11.11)	01 (16.67)	02 (33.33)	02 (33.33)	01 (16.67)
Rubber and plastic based	01 (9.09)	05 (45.46)	03 (27.27)	02 (18.18)	02 (25.00)	03 (37.5)	02 (25.00)	01 (12.5)
Basic and alloys based	01 (50.00)	01 (50.00)	0.00	0.00	0.00	0.00	01 (100.00)	0.00
Machinery & equipment other than transport equipment based	0.00	0.00	01 (100.00)	0.00	01 (100.00)	0.00	0.00	0.00
Repair and services	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	02 (33.33)	02 (33.33)	01 (16.67)	01 (16.67)
Cement bricks and pipes based	01 (20.00)	02 (40.00)	01 (20.00)	01 (20.00)	02 (28.57)	02 (28.57)	02 (28.57)	01 (14.29)
Non Metal products and parts except machinery & equipment	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	02 (33.33)	02 (33.33)	01 (16.67)	01 (16.67)
Miscellaneous	01 (33.33)	01 (33.33)	0.00	01 (33.34)	01 (50.00)	0.00	01 (50.00)	0.00

Table 5.3 reveals the industry-wise number of sample MSMEs facing problem of finance in YSR Kadapa district and Chittoor district. Among 104 sample MSMEs in YSR Kadapa district, majority of 39 (37.50 per cent) units were suffering due to shortage of working capital followed by 24 (23.08 per cent) units suffering due to shortage of fixed capital and 23 (22.12 per cent) units suffering due to increase in production cost while 18 (17.30 per cent) units were not facing any problems with raw material. Whereas in Chittoor district, among 162 sample MSMEs units, majority of 64 (39.50 per cent) units are facing problem of shortage of working capital followed by 41 (25.31 per cent) units facing problem of increase in production cost, 38 (23.46 per cent) units facing problem of shortage of fixed capital. 19 (11.73 per cent) units have reported no problem regarding raw material.

Labour Problems

Labour is the crucial input for functioning of micro and small Industrial units. Handling labourers is one of the difficult tasks

performed by the entrepreneurs because of the involvement of human element. The availability of local skilled labourers is the most important problem. Due to non-availability of skilled labourers, the entrepreneurs are sometimes forced to recruit unskilled workers and train them for a few months so as to effectively employ them. However, once a worker receives training and acquires the required skills, the worker demands higher wages and if the entrepreneur is not in a position to pay the demanded wage, the worker would generally look for a better job in some other unit. Another problem is that most of the small entrepreneurs are not able to provide the basic facilities and implement the welfare measures on par with the large scale industries and as such, there is an increasing growing tendency in the employees to shift from, one unit to the other unit. Industry-wise problems relating to labourers being faced by the sample MSME units are analysed in YSR Kadapa district and Chittoor district and presented in table 5.4.

Industry-wise number of sample MSMEs facing problem of labour in YSR Kadapa district and Chittoor district

Name of Industry	YSR Kadapa district				Chittoor district			
	Non Availability of required number	Non Availability of casual labour	Absenteeism	Demand for Higher wages	Non Availability of required number	Non Availability of casual labour	Absenteeism	Demand for Higher wages
Agro Based	03 (27.27)	04 (36.37)	03 (27.27)	01 (9.09)	09 (42.86)	05 (23.81)	04 (19.04)	03 (14.29)
Forest Based	01 (33.33)	01 (33.33)	01 (33.34)	0.00	05 (38.46)	06 (46.16)	01 (7.69)	01 (7.69)
Textile Based	02 (33.33)	02 (33.33)	01 (16.67)	01 (16.67)	09 (47.37)	05 (26.31)	03 (15.79)	02 (10.53)
Mineral Based	08 (27.58)	11 (37.94)	05 (17.24)	05 (17.24)	07 (29.16)	07 (29.17)	06 (25.00)	04 (16.67)
Engineering Based	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	08 (33.33)	07 (29.16)	05 (20.84)	04 (16.67)
Animal Husbandry	01 (33.33)	01 (33.33)	01 (33.34)	0.00	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)
Chemical Based and Chemical Products	01 (33.33)	0.00	01 (33.33)	01 (33.34)	02 (40.00)	01 (20.00)	01 (20.00)	01 (20.00)
Engineering (Other than steel and Iron)	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	03 (30.00)	04 (40.00)	02 (20.00)	01 (10.00)
Paper and printing	01 (50.00)	01 (50.00)	0.00	0.00	02 (40.00)	01 (20.00)	01 (20.00)	01 (20.00)
Electrical based	02 (22.22)	03 ()	02 (22.22)	02 (22.22)	01 (16.67)	02 (33.33)	01 (16.67)	02 (33.33)
Rubber and plastic based	03 (27.27)	04 (36.37)	02 (18.18)	02 (18.18)	03 (37.5)	02 (25.00)	02 (25.00)	01 (12.5)
Basic and alloys based	01 (50.00)	01 (50.00)	0.00	0.00	01 (100.00)	0.00	0.00	0.00

Machinery & equipment other than transport equipment based	0.00	01 (100.00)	0.00	0.00	0.00	0.00	0.00	01 (100.00)	0.00
Repair and services	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	02 (33.33)	02 (33.33)	01 (16.67)	01 (16.67)	01 (16.67)
Cement bricks and pipes based	02 (40.00)	01 (20.00)	01 (20.00)	01 (20.00)	03 (42.86)	02 (28.58)	01 (14.28)	01 (14.28)	01 (14.28)
Non Metal products and parts except machinery & equipment	01 (25.00)	01 (25.00)	01 (25.00)	01 (25.00)	02 (33.33)	02 (33.33)	01 (16.67)	01 (16.67)	01 (16.67)
Miscellaneous	01 (33.33)	0.00	01 (33.33)	01 (33.34)	0.00	0.00	01 (50.00)	01 (50.00)	01 (50.00)

Table 5.4 shows the industry-wise number of sample MSMEs facing problem with labours in YSR Kadapa district and Chittoor district. Among 104 sample MSMEs units in YSR Kadapa district, majority of 34 (32.70 per cent) sample units expressed the problems of non-availability of casual labour followed by, 30 (28.85 per cent) units that expressed the problem of non-availability of required quantity number of labourers 22 (21.15 per cent) units that expressed the problem of absenteeism and 18 (17.30 per cent) units that expressed the problem of demanding of high wages. Whereas in Chittoor district, among 162 sample units majority of 58 (35.81 per cent) of the sample MSME units are facing the problem of non-availability of required labour followed by, 47 (29.01 per cent) units facing the problem of non-availability of casual labour, 32 (19.75 per cent) units facing the problem of absenteeism

and 25 (15.43 per cent) units facing the problem of demanding of high wages.

Problems of Power Supply

Adequate and uninterrupted supply of electric power is an essential and crucial input for the efficient operation of small scale units. Most of the sample entrepreneurs reported that frequent power-cuts affect the working of their units and the workers have to remain idle during their duty time, which result in increase in the cost of production. The low voltage of power supply also affects production of small units. Though the inadequacy and unreliability of power supply has been increasing year after year, the rates of electricity charges are being raised very often. Industry-wise number of sample MSMEs facing problems of power supply in YSR Kadapa district and Chittoor district are presented in table 5.5.

Industry-wise Number of sample MSMEs facing problem of power Supply in YSR Kadapa district and Chittoor district

Name of Industry	YSR Kadapa district			Chittoor district		
	In adequate Power supply	High Electricity Charges	Power Cuts	In adequate Power supply	High Electricity Charges	Power Cuts
Agro Based	02 (18.18)	04 (36.36)	05 (45.46)	07 (33.33)	06 (28.58)	08 (38.09)
Forest Based	01 (33.33)	01 (33.33)	01 (33.34)	03 (23.07)	04 (30.77)	06 (46.16)
Textile Based	03 (50.00)	01 (16.67)	02 (33.33)	05 (26.31)	09 (47.37)	05 (26.32)
Mineral Based	09 (31.03)	11 (37.94)	09 (31.03)	07 (29.16)	09 (37.5)	08 (33.34)
Engineering Based	01 (25.00)	01 (25.00)	02 (50.00)	08 (33.34)	09 (37.5)	07 (29.16)
Animal Husbandry	01	01	01	01	01	02

	(33.33)	(33.33)	(33.34)	(25.00)	(25.00)	(25.00)
Chemical Based and Chemical Products	01 (33.33)	01 (33.33)	01 (33.34)	01 (20.00)	02 (40.00)	02 (40.00)
Engineering (Other than steel and Iron)	01 (25.00)	01 (25.00)	02 (25.00)	03 (30.00)	04 (40.00)	03 (30.00)
Paper and printing	0.00	01 (50.00)	01 (50.00)	01 ()	02 (40.00)	02 (40.00)
Electrical based	02 (22.22)	02 (22.22)	05 (55.56)	02 (33.34)	02 (33.33)	02 (33.33)
Rubber and plastic based	03 (27.27)	03 (27.27)	05 (45.45)	01 (12.5)	02 (25.00)	05 (62.5)
Basic and alloys based	01 (50.00)	0.00	01 (50.00)	0.00	0.00	01 (100.00)
Machinery & equipment other than transport equipment based	0.00	0.00	01 (100.00)	0.00	0.00	01 (100.00)
Repair and services	01 (25.00)	01 (25.00)	02 (50.00)	02 (33.33)	02 (33.33)	02 (33.34)
Cement bricks and pipes based	01 (20.00)	02 (40.00)	02 (40.00)	02 (28.57)	03 (42.86)	02 (28.57)
Non Metal products and parts except machinery & equipment	01 (25.00)	01 (25.00)	02 (50.00)	01 (16.67)	03 (50.00)	02 (33.33)
Miscellaneous	01 (33.33)	01 (33.33)	01 (33.34)	0.00	01 (50.00)	01 (50.00)

Table 5.5 shows the industry-wise number of sample MSMEs facing problems of power supply in YSR Kadapa district and Chittoor district. Among 104 sample MSMEs units in YSR Kadapa district majority of 43 (41.35 per cent) units are facing problems due to power cuts, followed by 32 (30.77 per cent) units facing the problem due to high electricity charges and 29 (27.88 per cent) units facing problem due to inadequate power supply. Whereas in Chittoor district, among 162 sample MSMEs units, majority of 59 (36.42 per cent) units are suffering due to high electricity charges and power cuts respectively and 44 (27.16 per cent) units are suffering from inadequate power supply.

Marketing Problems

Marketing problems of small scale industries mostly arise due to lack of standardization, inadequacy of products and packaging designs, use of low quality materials, lack of precision and inconsistency in the finishing of products etc. The market-oriented problems from inadequate resources at the disposal of small scale industries include identification of the market outlets and market characteristics of their products and also for tapping profitably the existing new market

outlets and contexts. Some of the marketing problems faced by small scale entrepreneurs are: inefficient sales force, high cost of marketing, inadequate sales promotion, customer resistance, ineffective after sales service, untimely release of product and high cost of advertisement. Industry-wise different marketing problems faced by sample MSME units in YSR Kadapa district and Chittoor district are presented in table 5.6.

Conclusion

The MSMEs constitute over 90 per cent of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India, the MSMEs contribution is highly remarkable in the overall industrial economy of the country. In recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. The two main constraints of MSMEs in both districts are raw material, financial, labour, power and marketing issues. As in many other countries, MSMEs in YSR Kadapa district and Chittoor district are having constraints of inadequate capital in expanding their business. Although there are many efforts done by

various government agencies to overcome this issue, the accessibility of MSMEs towards the financial assistance provided is still a problem that needs to be addressed. Also, most of MSMEs are also unable to market their product to the national level due to inadequate

marketing skills and financial constraints.

Reference

1. Abor, J. and Biekpe, N (2006). "Small Business Financing Initiatives in Ghana", *Problems and Perspectives in Management*, 4(3), pp. 69