

A Study on Challenges Faced by MSME Exporters in Coimbatore District

V. Saranya¹, E. Tharani Priya^{2*}

¹Associate Professor, Department of Commerce with International Business, Dr. N.G.P. Arts and Science College, Coimbatore, India

²M.Com. Student, Department of Commerce with International Business, Dr. N.G.P. Arts and Science College, Coimbatore, India

Abstract: The Study undertakes to find out the challenges faced by MSME exporters in Coimbatore district. The Micro, Small, and Medium Enterprises (MSME) sector plays a crucial role in the economic development of Coimbatore, a key industrial hub in Tamil Nadu. However, MSME exporters in the district face multiple challenges that hinder their growth and competitiveness in the global market. This study explores the major obstacles, including financial constraints, logistics and infrastructure issues, regulatory burdens, market access difficulties, technological gaps, currency fluctuations, and global trade challenges. The lack of affordable credit, high transportation costs, complex export procedures, and intense competition create significant barriers for MSME exporters. Additionally, global economic uncertainties and geopolitical factors further impact their operations. To overcome these challenges, MSMEs must adopt modern technologies, leverage government schemes, and explore new markets through trade fairs and export promotion councils. Addressing these issues through policy interventions and industry collaborations will enhance the global competitiveness of Coimbatore's MSME exporters and contribute to sustainable economic growth.

Keywords: exporters, micro, small, medium.

1. Introduction

The Micro, Small and Medium Enterprises Development Act, 2006 was enacted on 16th June 2006. The Act has empowered the government to establish a National Board for micro, Small and Medium Enterprise. As per Micro, Small and Medium Enterprises Development Act 2006, the earlier concept of "industries" has been changed to "enterprises". Manufacturing enterprises have been defined in terms of investment in plant and machinery (excluding land and building) they are classified into; Micro enterprises-investment up to Rs. 25 lakhs, small enterprises-investment above Rs. 25 lakhs and up to Rs. 5 crores and medium enterprises-investment above Rs. 5 crores and up to Rs. 10 crores. Services enterprises have been defined in terms of investment of equipment (excluding land and building) they are classified into; Micro enterprises-investment up to Rs. 10 lakhs, small enterprises-investment above Rs. 10 lakhs and up to Rs. 2 crores and medium enterprises-investment above Rs. 2 crores and up to Rs. 5 crores.

2. Objectives

- To analyze the economic profile of the respondents.
- To find out the problems faced by MSME exporters in running the industry and at the time of exporting.
- To find the challenges faced by MSME exporters in logistics services.

3. Statement of the Problem

The research focuses on the innumerable problems faced by the micro small and medium exporters. Hence, the problems are analyzed on various operational areas viz., issues related to high quality of raw materials, logistics problems, financial problems, export documentation, transportation problem. The study will highlight the emerging trends in the growth of garments and the major problems faced by garment Entrepreneurs in the global competitive era with numerous designs and high-tech manufacturing.

4. Limitations of the Study

1. The field survey was conducted only in Coimbatore district of Tamil Nadu state. Hence, the result arrived at from the study may (or) may not be applicable to other State. Further, the survey method which was adopted for collecting the data has its own limitations.
2. The respondents were selected from the different financial backgrounds and a few respondents were hesitant to reveal the original data regarding their income, wealth, etc. In case of doubt, however it was cross checked in order to avoid biased information.

5. Review of the Literature

Thilaka in her study "A Study of Financing of Select Small-Scale Industries by Commercial Banks in Tamil Nadu", stated that one of the important problems of the small-scale industries was bank finance. Restriction on term on loan facilities small-scale industries acted as a stumbling block in the promotion of SSI units. She stated that commercial banks provided only 75 per cent of the financial needs of the small-scale industrial units. Further the borrowers complained that they had to visit the bank more than ten times for getting their loans.

*Corresponding author: tharanipriya2912@gmail.com

Pradeep in his work, "A Study of Constraints Analysis for Promotion of Small-Scale Agro Processing Industries", undertaken in the State of Haryana opined that education, innovation proneness, cosmopolitans, extension contract, mass media exposures, risk preference and annual income of the family were important variables interlinked with the problems encountered by the entrepreneurs.

Pandit in his article entitled, "Trade Policies and their Impact on Small Enterprises in India", stated that the investment structure of the small-scale enterprises in India as per the second All India Industrial Census (1987-88) had shown that about 95 per cent of these enterprises was tiny/micro having investment of Rs.0.5 million. Due to low capital in this segment, the technology used by tiny units was obsolete and of traditional type that affected both productivity and quality of production and hence their competitiveness. The tiny units had been catering to the requirements of the lower and middle-income level customers predominantly in the rural and semi-urban areas. Only five per cent of the small-scale enterprises had higher level of capital investment and acquired comparatively better level of technology, he observed.

Khan in his article entitled "Financing of Small-Scale Industries in Maharashtra", found that there was an urgent need to review the labour provisions for small units and bring about simplicity and transparency. The issues of labour laws assumed significance for the small industry. The multiplicity of labour Act and legislation enacted and administered by the State Government had neither proved useful to the workers nor to the industry. He suggested that the Central Government should come out with a single comprehensive labour act for the small sector as a model and the State Government may be asked to implement the same in the place of the existing labour legislation.

Rudra Murthy in his study entitled "Institutional Finance for the Development of the SSI in Karnataka", stated that availability of institutional finance has not met the demand from the SSIs sector. The educational background of the owner had little impact on the running of the unit. Proprietary and partnership firms were found to be more prompt and regular in repayment of loans than limited companies. The study suggests for setting up of an SSI mutual fund, more specialized SSIs branches and modification of Narasimham Committee report to suit the SSIs sector.

6. Research Methodology

- *Research design:* Descriptive research
- *Area of the Study:* Coimbatore
- *Sampling technique:* Simple random sampling
- *Data collection:* Primary data
- *Sample size:* 70
- *Tools used for analysis:* Simple Percentage Analysis, ANOVA, Chi – Square, Correlation.

7. Data Analysis & Interpretation

Table 1

Age group of the respondents		
Age of the respondents	Number of respondents	Percentage
Below 25 years	6	9
25- 35 years	10	14
35-45 years	44	63
45-55 years	5	7
Above 55 years	5	7
Total	70	100

Interpretation:

From the above table, 63% of the respondents fall within the 35-45 years age group, making it the largest group. 14% of respondents are in the 25-35 years age group, while 9% are below 25 years. 7% of respondents are in the 45-55 years age group, and another 7% are above 55 years.

Table 2

Education qualification of the respondents		
Education qualification	Number of respondents	Percentage
School level	8	11
Diploma	19	27
Graduates	22	31
Professionals	21	30
Total	70	100

Interpretation:

From the above table, it can be inferred that 31% of the respondents have completed their graduation, 30% have completed a professional course, 27% have completed a diploma, and 11% have completed their school level education.

A. ANOVA

To find the mean difference between volume of business per year and financial problem faced during the operation of business

Null hypotheses: Years have been using e-commerce for business and Volume of business per year and financial problem faced during the operation of business

Alternative Hypothesis = There is a mean difference between Volume of business per year and financial problem faced during the operation of business.

Table 3

ANOVA					
Volume of Business Per Year					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.902	4	1.475	1.436	.232
Within Groups	66.798	65	1.028		
Total	72.700	69			

Interpretation:

Volume of business per year and financial problem faced during the operation of business

Since the significance value is .232 which is greater than 0.05, we accept the hypothesis. And we conclude that there is mean difference between Volume of business per year and financial problem faced during the operation of business- High investment, financial rules & regulations enforced by banks,

Table 4
Correlations between nature of the industry and problems faced in marketing the products

Statements	Correlation	Nature of the industry	Problems faced in marketing the products
Nature of the industry	Pearson Correlation	1	.507**
	Sig. (2-tailed)		.061
	N	70	70
Problems faced in marketing the products	Pearson Correlation	.507**	1
	Sig. (2-tailed)	.061	
	N	70	70

Lack of security, Delay in payments form customers and Delay in getting loan from banks

B. Correlation

Correlations between nature of the industry and problems faced in marketing the products

Hypothesis:

Null hypothesis: There is no statistical significant relationship between nature of the industry and problems faced in marketing the products

Alternate hypothesis: There is statistical significant relationship between nature of the industry and problems faced in marketing the products

Interpretation:

The calculated value .061 in significant at 5% level of significance hence we accept alternative hypothesis that is significant relationship between Nature of the industry and Problems faced in marketing the products. The coefficient r is .507 this means Nature of the industry and problems faced in marketing the products is positively correlated.

C. Chi-Square

To find the significant difference between Age of the respondents and how familiar with government policies and schemes for exports.

Hypothesis:

Null Hypothesis: There is no significant difference between Age of the respondents and how familiar with government policies and schemes for exports.

Alternative hypothesis: There is significant difference between Age of the respondents and how familiar with government policies and schemes for exports.

Table 5

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.738 ^a	8	.089
Likelihood Ratio	15.994	8	.042
Linear-by-Linear Association	2.878	1	.090
N of Valid Cases	70		

Level of Significant = 5%

Degree of freedom= (R-1) (C-1)= (5-1) (3-1) = 8

Interpretation:

Since the p value is .089 which is greater than 0.05 at 8 degrees of freedom and 5% level of significance, we accept the alternate hypothesis. Hence there a significant association between Age of the respondents and how familiar with government policies and schemes for exports.

8. Findings

A. Simple Percentage

- Male (77%) participated more than female (23%).
- 63% of the respondents fall within the 35-45 years age group, making it the largest group.

B. ANOVA

- The significance value is .232 which is greater than 0.05, we accept the hypothesis. And we conclude that there is mean difference between volume of business per year and financial problem faced during the operation of business

C. Chi-Square

- The coefficient r is .507 this means Nature of the industry and Problems faced in marketing the products is positively correlated.

9. Suggestions

Based on the study on the problems faced by MSME exporters in Coimbatore district, the following suggestions can be made to improve the export performance and address the challenges faced by MSMEs are Banks and financial institutions should provide low-interest loans and credit facilities specifically tailored for MSME exporters. Simplify the loan application process and reduce documentation requirements to make it easier for MSMEs to access financial aid. Improve the transportation infrastructure, including road, rail, and port connectivity, to reduce the time and cost of exporting goods. Introduce tax incentives and export subsidies to make MSME exports more competitive. Create a dedicated MSME Export Promotion Board to address exporter grievances and policy-related issues. Offer training sessions on export regulations, procedures, and trade policies to help MSMEs navigate complex processes.

10. Conclusion

The project entitled "A study on challenges faced by MSME exporters in Coimbatore district" was carried out with sample size of 70. The statistical tools used for the study is Percentage analysis, Chi-square, ANOVA and Correlations. Majority of the respondents are having 11-20 years of experience in the business and strongly agreed that frequent job-switching among workers causes disruptions in operations and increases training costs. Most of them identified the cost of distributing goods as the main problem faced in logistics support systems

The study reveals that MSME exporters in Coimbatore face several challenges, including inadequate financial support, poor

infrastructure, complex export procedures, and limited market access. Addressing these challenges requires a comprehensive approach involving government policy support, financial assistance, infrastructure improvement, and capacity building. By simplifying export procedures, enhancing financial support, improving market access, and encouraging technology adoption, the MSME sector in Coimbatore can significantly improve its export performance. Strengthening the MSME export ecosystem will not only boost the local economy but also contribute to the overall growth of India's export sector.

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