Issues and Challenges Faced by Msme Sector: A Case Study in Balangir District

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ABSTRACT:
Micro, Small and Medium Enterprises (MSMEs) plays a vital role in the part of economy of the country, and exert a positive impact on growth and development of India. Basically, this sector creates opportunities for young peoples as well, it will create employment and from MSMEs there is a many more chance for growth if they will adopt better strategies. This sector has a great impact as the peoples will get hand made products and it will also create an opportunity for the organizations to make their product global and grow their business in world wide. The problem faced by this sector is that the enterprises will not get enough fund and generally they are adopting wrong strategies so they don't grab many opportunities as well. The objective of this study is to find out the growth potential of MSMEs and issues and challenges faced by them. As of now, no studies have been done in Balangir and this sector need to focus a lot as this district follows more culture and tradition and the peoples will show their interest in purchasing hand made products as well. The data has to be collected from both primary and secondary sources. Cluster sampling, depth interview, SWOC Analysis will be used and the interpretation will be done through descriptive and inferential statistics.

KEYWORDS: Economy, Strategies, Opportunities, Development, Investment

Introduction:

Micro, Small and Medium Enterprises (MSMEs) represent a significant part of the Indian economy and are one of the strongest drivers of economic development, innovation and employment. Access to finance is frequently identified as a critical barrier to growth for MSMEs. Creating opportunities for MSMEs in emerging markets is a key way to advance economic development and reduce poverty.

Micro, Small and Medium enterprises have been an area of great interest for many researchers. This is owing to the rising importance of the sector in providing a source of livelihood for the people. The government and private sector organisations have not been able to meet the growing demands of employment. As such entrepreneurship comes as a relief to millions of jobless people. But not all such enterprises have been successful due to many factors.

Balangir is a place where most of the peoples were depend upon MSMEs and they will show their interest on purchasing local hand made products as well, in balangir peoples will focus on following culture and tradition and hence more development in this sector will be given priority.

Literature review:

According to RBI Expert committee on MSMEs (2019), in the changed circumstances, it is imperative that the thrust of this important legislation should be focused more on market facilitation and promoting ease of doing business for MSMEs. SIDBI, as a nodal agency, should ideally play the role of a facilitator to create platforms wherein various Venture Capital Funds can participate and in turn create multiplier effect for providing equity support to MSMEs. A Government sponsored Fund of Funds (FoF) to support VC/PE firms investing in the MSME sector should be set up to encourage them to invest in the MSME segment. The Committee recommends for the creation of a Distressed Asset Fund, with a corpus of ₹ 5000 crore, structured to assist units in clusters where a change in the external environment, e.g. a ban on plastics or 'dumping' has led to a large number of MSMEs becoming NPA. Credit guarantee is an important risk mitigating tool which provides cushion to the lender for lending to MSEs. Currently, CGTMSE and NCGTC have devised credit guarantee schemes for MSE loans. However, these entities are currently outside the purview of regulation. It is, therefore, recommended that all Credit Guarantee Schemes should be subject to the regulation and supervision of RBI. While framing the regulatory and supervisory guidelines RBI can draw upon the well acknowledged principles for design implementation and evaluation of Public Credit Guarantee Schemes for SMEs, which has been evolved by the World Bank Group.

Sonia Mukherjee (2018) analyses the Indian coir industry with respect to its export trend for five years. The major reason for its deteriorating export competitiveness found out to be the absence of appropriate technology. She concludes that higher investment in advanced technology and R&D, higher usage of the digital platform, transfer of technology, higher investment in HR, improved access to finance and liberal business regulations can improve its global competitiveness. The study also includes a detailed analysis of the several measures taken by the Indian government for the technological development of Indian MSMEs.

Ashu Katyal, et. al. (2015) focus on the role of HR operations and systems in MSME. HR activities are often neglected by many MSMEs but it is always in the interest of any company to positively focus on HR development and management. Five human resource management areas which must be closely examined are job analysis, job security, training, and performance appraisal. MSMEs lack resources to advertise, compensate highly and train as compared to large organizations. The study provides innovative strategies to deal with various HR challenges in the area of recruitment, retention, motivation, job security, empowerment, employee engagement, workforce diversity, etc

Khatri, P. (2019) conducts an exploratory study to analyse the major challenges of the Indian MSME sector and also provide valuable suggestions for improvement. The author claims that the SME sector is like the spine of the nation providing the second largest employment opportunities. Some of the major problems are related to lack of bank credit, competition from MNCs, poor infrastructure, unavailability of raw materials, lack of advanced technologies, lack of marketing channels, lack of skill development program and complex labour laws. The author suggests that mutual supply of technologies, the constitution of a panel of consultants, determination of technological needs, awareness programs, sufficient availability of credit and relaxation in labour laws can lead to growth and development of Indian MSMEs.

Singh C, et. al. (2014) studies the role of entrepreneurs in the development of SME business given the current challenges faced by the sector. After mentioning some of the key highlights of the MSME sector, the study discusses the major initiatives as undertaken by the Indian government to revitalize the sector. It highlights that small business act like the nursery of entrepreneurial and managerial talent. The problems faced by such entrepreneurs of the SME sector and assistance provided by the government are also discussed. The government can help this sector by providing R&D support, access to foreign technologies, innovative promotions, assistance from large firms, e-governance, and e-procurement.

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

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

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

Dr. Mateen Ahmed Siddiqui (2015) In the Research Paper 'Operational Problems of Micro Small and Medium Enterprises' Explored the Challenges Encountered by The Indian MSMEs. The Study Is Based on The Primary Research. With The Help of Responses Collected From 112 Msmes, The Paper Concluded That the Major Problems Encountered by Msmes Are in The Form of Marketing The products And Shortage of Working Capital.

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

Research Gap

There are a lot many challenges faced by SMEs and some of those are financial constraints, Lack of Formalisation, Adoption of new technologies, Lack of skills etc… and those are to be examined properly by this study.

Problem statement:

There are a number of problems that was faced by MSMEs during their financing and some of the major problems are lack of knowledge, lack of awareness, Insufficient funds, lack of skilled labour, collateral securities to be provided to banks or financial institutions during the process of establishment and some of the SMEs are facing another type of problems like working capital management, some of them doesn't grab exact opportunity for their growth and development etc…

Research objectives: -

1. To evaluate the growth potential and Profitability index of MSMEs
2. To find out the issues and challenges faced by MSME sector

3. To determine the opportunities available in this sector and the strategies adopted by MSMEs to tackle those challenges.

Limitations of this study: -
1. In this study only 80 samples were taken.
2. In this study there will be less focus on firm's management
3. Because of their ethical considerations the owners are hesitate to provide relevant data hence less parameters have been taken.
4. Doesn't focus on their operational activities

Need of the study: -
The need of the study arises from the fact that there is significant focus on MSMEs sector in India by the government as well as the private organisations as MSME sector contributes a lot in the economic growth and development and will maintain the culture and tradition and emphasize them also. This sector will be highly prioritised in our country and mainly focus on their development for future growth as well.

Research Design: -
The data needed for conducting this research is basically both primary as well as secondary data. The primary data is to be collected from the different interviews of the MSME entrepreneurs and many number of samples as far as possible is to be taken during the period and from the government documents, speeches and Photographs Secondary data is to be collected from different Journals, Textbooks, Blog posts, Research papers, Thesis submitted already and political commentary as well as the Budget 2024-25.

Data Analysis and Interpretation:
The data has been analysed through different descriptive tools and techniques as well as SWOC analysis which was shown below:

- **Descriptive Statistics:** Mean, Standard Deviation
- **Profitability Index (PI):** Measures the financial viability of MSMEs

$$PI = \frac{\text{Present value of annual cash flows}}{\text{Initial Investment}}$$

- **Growth Potential Formula:** Assesses the expansion capability of MSMEs

$$GrowthPotential = \frac{\text{Annual Cash Flows - Initial Investment}}{\text{Initial Investment}} \times 100$$

- **Debt-Equity Ratio:** Evaluates financial stability

$$Debt - EquityRatio = \frac{\text{Total Debt}}{\text{Initial Capital}}$$

- **SWOC Analysis:** Identifies Strengths, Weaknesses, Opportunities, and Challenges

Table No. 1.1

Profitablility and growth potential of Micro Enterprises (Manufacturing)

S.NO	NAME OF THE ENTERPRISE	ANNUAL SALES	INITIAL CAPITAL OUTLAY	WORKING CAPITAL	ASSET OUTLAY	DEBT	PROFIT	DEBT/EQUITY RATIO	PROFITABILITY INDEX	GROWTH POTENTIAL
1	KHABIR CHANA AND CHIPS	8,00,000	2,00,000	30,000	5,00,000	50,000	5,20,000	0.25	4.00	150
2	MAA NARAYANI JEWELLERS	7,00,000	4,50,000	2,00,000	12,00,000	2,00,000	-1,50,000	0.44	1.56	167
3	AGARBATI MAKING	4,33,00,000	1,00,00,000	30,00,000	2,00,00,000	6,37,000	2,96,63,000	0.06	4.33	100
4	GOUDA ENTERPRISES	20,00,000	5,00,000	20,000	20,00,000	60,000	14,20,000	0.12	4.00	300
5	SUBASH GENERAL STORE	8,00,000	5,00,000	65,000	30,00,000	88,000	1,47,000	0.18	1.60	500
6	MEHER HANDLOOM	25,00,000	3,00,000	1,50,000	40,00,000	5,00,000	15,50,000	1.67	8.33	1,233
7	LAXMI PURE AQUA	19,50,000	5,00,000	3,00,000	12,00,000	90,000	10,60,000	0.18	3.90	140
8	BJ GARMENT	20,00,000	6,00,000	3,00,000	25,00,000	5,00,000	6,00,000	0.83	3.33	317
9	RAKESH FISH FARM	70,00,000	22,00,000	12,00,000	1,00,00,000	20,00,000	16,00,000	0.91	3.18	355
10	SETH JEWELLERY	23,50,000	5,00,000	3,00,000	20,00,000	8,00,000	7,50,000	1.60	4.70	300
11	MISHRA FURNITURE	75,00,000	38,00,000	20,00,000	1,00,00,000	30,00,000	-13,00,000	0.79	1.97	163
12	SHREE SHYAM AGRO INDUSTRIES	55,00,000	8,00,000	8,00,000	30,00,000	12,00,000	27,00,000	1.50	6.88	275
13	DASRATH AND SONS TRANSPORT BAGS	1,00,00,000	30,00,000	17,00,000	3,00,00,000	22,00,000	31,00,000	0.73	3.33	900
14	M/S GUPTA & COMPANY	7,00,000	50,000	75,000	12,00,000	1,25,000	4,50,000	2.50	14.00	2,300
15	TIRUPATI COLOURS	2,50,00,000	30,00,000	10,00,000	4,00,00,000	1,50,00,000	60,00,000	5.00	8.33	1,233
16	MAHALAXMI BAKERY	50,00,000	12,00,000	7,00,000	40,00,000	13,00,000	18,00,000	1.08	4.17	233
17	BHAGABATI FABRICATION	32,50,000	10,00,000	3,00,000	25,00,000	7,00,000	12,50,000	0.70	3.25	150
18	BACHHA JWELLERY SHOP	25,00,000	5,00,000	10,00,000	45,00,000	15,00,000	-5,00,000	3.00	5.00	800
19	SAGAR ENGINEERING WORKS	1,00,00,000	8,00,000	19,00,000	3,00,00,000	32,00,000	41,00,000	4.00	12.50	3,650
20	SHREE HANUMAN OIL AND FLOUR MILL	35,00,000	4,00,000	5,00,000	20,00,000	6,50,000	19,50,000	1.63	8.75	400
21	MANOJ CLOTH STORE	25,00,000	90,000	1,50,000	12,00,000	1,90,000	20,70,000	2.11	27.78	1,233
22	MAA SANTOSINI ENTERPRISE	13,50,000	1,00,000	1,50,000	9,00,000	2,00,000	9,00,000	2.00	13.50	800
23	PUTEL ENTERPRISE	10,00,000	1,20,000	1,75,000	17,00,000	2,00,000	5,05,000	1.67	8.33	1,317
24	MAA SAMALESWARI MUDI TRADING	1,00,000	20,000	30,000	2,50,000	30,000	20,000	1.50	5.00	1,150
25	M/S ARNNAPURNNA ENTERPRISES	2,50,00,000	80,00,000	40,00,000	5,00,00,000	50,00,000	80,00,000	0.63	3.13	525
26	RANA JEWELLERY	20,00,000	6,00,000	3,50,000	15,00,000	4,00,000	6,50,000	0.67	3.33	150
27	SS FEBRICATION	1,50,00,000	30,00,000	12,00,000	2,50,00,000	35,00,000	73,00,000	1.17	5.00	733
28	RADHE RADHE GENERAL STORE	10,00,000	75,000	1,25,000	13,00,000	2,00,000	6,00,000	2.67	13.33	1,633
29	M/S MAA BASTARENDEVI MURI MILL	1,00,000	30,000	25,000	1,50,000	25,000	20,000	0.83	3.33	400
30	RANA VEGETABLES	11,00,000	1,50,000	1,50,000	15,00,000	2,00,000	6,00,000	1.33	7.33	900
31	SAHU KIRANA STORE	9,00,000	1,00,000	1,00,000	12,00,000	1,50,000	5,50,000	1.50	9.00	1,100
32	SIFON FEBRICATION	1,00,00,000	19,00,000	15,00,000	2,75,00,000	31,00,000	35,00,000	1.63	5.26	1,347
33	MAA TRADING	1,00,00,000	20,00,000	7,50,000	4,50,00,000	12,00,000	60,50,000	0.60	5.00	2,150
34	SETH FURNITURE	2,00,00,000	40,00,000	50,00,000	5,00,00,000	60,00,000	50,00,000	1.50	5.00	1,150
35	SMRUTI ENTERPRISES	72,50,000	15,00,000	25,00,000	1,00,00,000	29,00,000	3,50,000	1.93	4.83	567
	Mean	66,75,714	14,85,286	9,07,000	1,11,65,714	16,31,286	26,52,143	1.40	6.47	823.48
	Standard deviation	91,94,279	22,04,169	9,32,057	1,14,70,449	27,70,367	52,06,235	1.43	6.54	842.72

Table No. 1.2

Profitablility and growth potential of Small Enterprises (Manufacturing)

S.NO	NAME OF THE ENTERPRISE	ANNUAL SALES	INITIAL CAPITAL OUTLAY	WORKING CAPITAL	ASSET OUTLAY	DEBT	PROFIT	DEBT/EQUITY RATIO	PROFITABILITY INDEX	GROWTH POTENTIAL
1	M/S MAIKAL BREWERIES PVT LIMITED	3,50,00,000	15,00,000	1,00,00,000	5,00,00,000	1,80,00,000	55,00,000	12.00	23.33	3,233
2	PRIYAM POULTRY FARM	4,25,00,000	2,00,00,000	75,00,000	5,00,00,000	1,00,00,000	50,00,000	0.50	2.13	150
3	MAA FABRICATION	9,00,00,000	5,00,00,000	2,00,00,000	8,50,00,000	1,75,00,000	25,00,000	0.35	1.80	70
4	M/S JAYAPRAKASH JAIN AND SONS	9,00,00,000	50,00,000	1,90,00,000	15,00,00,000	3,00,00,000	3,60,00,000	6.00	18.00	2,900
5	M/S KOSHAL LAXMI BREVERAGES	6,50,00,000	1,50,00,000	1,80,00,000	16,00,00,000	1,00,00,000	2,20,00,000	0.67	4.33	967
	Mean	6,45,00,000	1,83,00,000	1,49,00,000	9,90,00,000	1,71,00,000	1,42,00,000	3.90	9.92	1464.00
	Standard deviation	7,04,00,000	2,16,60,000	1,58,80,000	10,88,00,000	1,69,20,000	1,59,40,000	2.28	7.24	1110.13

Table No. 1.3

Profitability and growth potential of Miro Enterprises (Services)

S.NO	NAME OF THE ENTERPRISE	ANNUAL SALES	INITIAL CAPITAL OUTLAY	WORKING CAPITAL	ASSET OUTLAY	DEBT	PROFIT	DEBT/EQUITY RATIO	PROFITABILITY INDEX	GROWTH POTENTIAL(%)
1	SHREE SHYAM MEDICAL STORE	10,00,000	2,00,000	2,60,000	12,50,000	3,50,000	1,90,000	1.75	5.00	525.00
2	M/S-AD ENTERPRISES	1,80,00,000	60,00,000	22,00,000	3,00,00,000	40,00,000	58,00,000	0.67	3.00	400.00
3	BISAKHA TRADERS	3,00,000	50,000	40,000	3,75,000	70,000	1,40,000	1.40	6.00	650.00
4	BANADURGA TRADERS	6,00,000	1,00,000	1,25,000	4,00,000	1,50,000	2,25,000	1.50	6.00	300.00
5	RAMESH cloth store	4,00,000	60,000	60,000	5,00,000	1,00,000	1,80,000	1.67	6.67	733.33
6	ISWAR KIRANA STORE	3,00,000	1,00,000	17,000	3,00,000	50,000	1,33,000	0.50	3.00	200.00
7	PURE WATER	11,60,000	6,00,000	50,000	17,00,000	4,00,000	1,10,000	0.67	1.93	183.33
8	REENA FANCY	5,00,000	90,000	30,000	2,00,000	1,25,000	2,55,000	1.39	5.56	122.22
9	KELENDRA TRADERS	7,00,000	2,00,000	2,00,000	3,00,000	2,25,000	75,000	1.13	3.50	50.00
10	BISWAL COMMUNICATION	13,00,000	3,00,000	2,00,000	17,00,000	5,00,000	3,00,000	1.67	4.33	466.67
11	SANTOSH GROCERY STORE	5,00,000	50,000	20,000	60,000	36,000	3,94,000	0.72	10.00	20.00
12	SRI SAI TRADERS	40,00,000	5,00,000	3,00,000	22,00,000	12,00,000	20,00,000	2.40	8.00	340.00
13	KORESH XEROX COMPLEX	7,00,000	2,60,000	69,000	10,00,000	2,00,000	1,71,000	0.77	2.69	284.62
14	JAL ENTERPRISE	15,00,000	4,50,000	1,50,000	20,00,000	3,00,000	6,00,000	0.67	3.33	344.44
15	GOODLY ENTERPRISE	10,00,000	6,00,000	1,00,000	7,50,000	2,00,000	1,00,000	0.33	1.67	25.00
16	PRAKASH TEA AND COFEE SHOP	5,00,000	12,000	5,000	17,500	9,000	4,74,000	0.75	41.67	45.83
17	NAG KIRANA STORE	3,00,000	50,000	40,000	3,75,000	70,000	1,40,000	1.40	6.00	650.00
18	M/S PARINDA TRACK	70,00,000	40,00,000	7,00,000	67,00,000	12,00,000	11,00,000	0.30	1.75	67.50
19	OM KIRANA STORE AND INTERNET	6,50,000	3,00,000	1,00,000	5,00,000	2,00,000	50,000	0.67	2.17	66.67
20	SONU SHOP	7,00,000	2,00,000	30,000	8,00,000	50,000	4,20,000	0.25	3.50	300.00
21	QUEEK PHOTO STUDIO	5,00,000	3,00,000	17,000	9,00,000	40,000	1,43,000	0.13	1.67	200.00
22	JAI MAA DURGA CLOTH STORE	27,00,000	15,00,000	3,50,000	22,00,000	4,00,000	4,50,000	0.27	1.80	46.67
23	SHANTI MOBILE CARE	40,00,000	12,00,000	7,00,000	50,00,000	16,00,000	5,00,000	1.33	3.33	316.67
24	ROHAN MOBILE CARE	22,00,000	8,00,000	5,00,000	30,00,000	5,50,000	3,50,000	0.69	2.75	275.00
25	PATRA TRADERS	3,50,00,000	85,00,000	25,00,000	1,50,00,000	40,00,000	2,00,00,000	0.47	4.12	76.47
26	ROSHNI MOBILE CARE	22,00,000	10,00,000	7,00,000	30,00,000	9,00,000	-4,00,000	0.90	2.20	200.00
27	MOR SAMIYA	8,00,000	5,00,000	0	12,00,000	0	3,00,000	0.00	1.60	140.00
28	JELLY COMPUTER &ONLINE CENTER CHUDAPALI	5,00,000	2,00,000	40,000	3,50,000	0	2,60,000	0.00	2.50	75.00
29	SILVER BAWARCHI OPEN RESTAURANT	8,00,000	3,50,000	2,00,000	5,00,000	2,00,000	50,000	0.57	2.29	42.86
30	GENTS HAIR CUT SALOON	8,00,000	4,00,000	2,00,000	8,00,000	3,00,000	-1,00,000	0.75	2.00	100.00
31	KIRAN KIRANA STORE	7,00,000	70,000	40,000	5,00,000	90,000	5,00,000	1.29	10.00	614.29
32	RAJPUT CLINIC	12,00,000	5,00,000	2,00,000	10,00,000	3,50,000	1,50,000	0.70	2.40	100.00
33	BIJAYA KIRANA STORE	6,50,000	40,000	50,000	3,00,000	75,000	4,85,000	1.88	16.25	650.00
34	M/S GHIVELA FISH SUPPLY	50,00,000	12,00,000	10,00,000	30,00,000	10,00,000	18,00,000	0.83	4.17	150.00
35	P AND J TRADERS	1,00,00,000	37,00,000	3,00,000	2,00,00,000	30,00,000	30,00,000	0.81	2.70	440.54
	Mean	30,90,286	9,82,343	3,28,371	30,82,214	6,26,857	11,52,714	0.89	5.30	262.92
	Standard Deviation	65,37,708	18,26,549	5,60,641	62,27,031	10,30,199	34,61,230	0.57	7.02	213.01

Table No. 1.4

Profitability and growth potential of Small Enterprises (Services)

S.NO	NAME OF THE ENTERPRISE	ANNUAL SALES	INITIAL CAPITAL OUTLAY	WORKING CAPITAL	ASSET OUTLAY	DEBT	PROFIT	DEBT/EQUITY RATIO	PROFITABILITY INDEX	GROWTH POTENTIAL(%)
1	M/S. PANIGRAHI TRADING CO.	10,00,00,000	20,00,000	16,00,000	2,25,00,000	70,00,000	8,94,00,000	3.50	50.00	1025.00
2	BUILDING MATERIAL SUPPLY(BIKASH TRADER)	38,00,00,000	12,00,00,000	1,25,00,000	29,00,00,000	12,00,00,000	12,75,00,000	1.00	3.17	141.67
3	SAHOO TRANSPORT	5,00,00,000	30,00,000	12,00,000	1,00,00,000	22,00,000	4,36,00,000	0.73	16.67	233.33
4	M/S MAHAVIR TRADERS	80,00,00,000	44,00,00,000	90,00,000	50,00,00,000	7,00,00,000	28,10,00,000	0.16	1.82	13.64
5	TOM AND JERRY BAKERY	7,00,00,000	3,75,00,000	20,00,000	12,00,00,000	37,00,000	2,68,00,000	0.10	1.87	220.00
	Mean	28,00,00,000	12,05,00,000	52,60,000	18,85,00,000	4,05,80,000	11,36,60,000	1.10	14.70	326.73
	Standard Deviation	320078115.5	184944586.3	5169912.959	207029587.3	52758525.38	101533039	1.40	20.70	399.99

Findings, Suggestions and Recommendations: -

In this study the researcher had divided and collected the data and collected and analysed by taking 2 broad categories, i.e... Manufacturing and Services. The objective wise findings are as follows:

1-For the first objective to evaluate growth potential and profitability index of the firm of MSMEs:

For analysis of the growth potential of the firms in this study the parameters used are their Initial capital, Asset outlay, Working capital, Debt and Annual sales/ Turnover which was analysed through different descriptive statistics techniques like finding standard deviation, finding mean and from which it was concluded that even though the MSMEs growth potential is their and profitability index is their but they are suffering losses because of lack of knowledge and financial and technical know-how and also their business regulatory decision.

In this study each sector i.e.… Manufacturing and service has been categorised into 2 parts that are one for the Micro scale industries (MSI) and another for the small-scale industries (SSI) and for which the result will be:

	Mean of Profitability index	Mean of Growth Potential	Standard Deviation of Profitability index	Standard Deviation of Growth Potential
Manufacturing Micro	6.47	823.48%	6.54	842.72%
Manufacturing Small	9.92	1414.60%	7.29	1110.13%
Service Micro	5.30	262.92%	7.02	213.01%
Service Small	14.70	326.73%	20.70	399.99%

(Source: Researcher's own calculation)

2. For the second objective that is to find out issues and challenges faced by MSMEs are:

a) **Manufacturing:** The issues and challenges faced by Manufacturing concerns are generally based on the capital investment that is they are hunkering towards the capital investment and the capital they want to invest is of their own as well as the debt and in this case the challenges faced by this sector is proper loan assistance is not being provided to these sectors, the payment of wages to the employees are on daily wage system, marketing of these concerns mainly local products are not properly done and people will not understand nature and quality of the product and they are heading towards the products which they cannot afford as a bulk and attracted towards it by their product image.

b) **Services:** The issues and challenges faced by service sector are labour migration for which the concerns have taken a precaution as increasing remuneration of the labours, In the case of medicine stores they want to assistance from doctors to sell their medicines, another challenges faced by this sector are their location and the customers are not giving privilege towards local products and they also don't have lack of awareness towards their working capital management and the working capital loan that's why they have to stop their business as the repayment capacity of loan is less and their investors are not showing more interest towards them as because of high risk and their seen that high bargaining by the customers done to the services sector mainly to Grocery stores and local made products like handicraft, Sambalpuri handloom sarees and local made clothes that they have less profit and they can't run their family as well as their extension of the business are going to be less and they can't also have proper assistance as if some SMEs are willing to become company but they can't do as to avail the facilities provided by government and also a challenge in this because of the restrictions provided by the government.

3. For the third objective that opportunities and strategies adopted by MSMEs to tackle those challenges are as follows:

		OPPORTUNITIES	STRATEGIES
MICRO	MANUFACTURING	➢ Enhancing global trades ➢ Develop rigid plan for their business ➢ Digitalisation	➢ Diversification of their products ➢ Improve operational efficiency ➢ Monitor business properly with proper training and education
	SERVICES	➢ Taking advantages of government initiatives for sustainable practices ➢ Optimize tax planning ➢ Availing facilities provided by government for training and development	➢ Develop strategic partnerships ➢ Availing loopholes of taxation system ➢ Invest in employee development
SMALL	MANUFACTURING	➢ Growing demand for local products rather than foreign products ➢ Export opportunities ➢ Regular consultation with DIC	➢ Maintain better quality ➢ Collaboration with Government schemes or NGOs ➢ Step by step verification by officials and experts in that field
	SERVICES	➢ Innovation, Research and development ➢ Digital Marketing ➢ Networking and mentorship	➢ Make products according to the taste of customers and make them satisfied ➢ Availing for Digital India initiative for promotion also ➢ Monitor and adopt market trends by startup India

(Source: Researcher's own calculation)

Suggestions and recommendations for this study will be:

1. Before going for this type of study first of all make a discussion with DIC

2. Contact local authorities like weaver's cooperative society, NGOs etc…
3. Use mix method of research for example use both qualitative as well as quantitative data
4. Track the business mans on the time of their business

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