



THE EMPIRICAL STUDY ON MAKE IN INDIA INITIATIVE UNDER OPPORTUNITIES AND CHALLENGES TOWARDS MSMEs SECTOR

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ABSTRACT

This paper mainly investigates the socio-economic background of the MSMEs owners and managers in MSMEs and examine the current Make in India initiative schemes and Opportunities in MSMEs Sector and also assess the major challenges faced by the MSMEs Sector in Mysore District. This study mainly collected from primary sources of data from selected 100 MSMEs owners in Mysore District Industrial areas. Lastly this study results that MSMEs owners opinioned that they get more benefit from Make in India scheme of credit and financial assistance to MSMEs and scheme for technology up gradation and competitiveness, these are the major schemes adopted for boost the MSMEs sector and in the other context MSMEs owners or respondents are opinioned that they financial challenges and lack of Technological knowledge, currently these are the major challenges faced by the MSMEs sector in Mysore District. Lastly this study suggested that focus on the implementation of good governance and also government takes remedial measures in form of Make in India schemes introduces to remove effectively the major barriers or various challenges of MSMEs Sector in underdeveloped states such as, Mysore District and Karnataka State.

KEYWORDS: *MSMEs, Make in India, Financial Challenges, Technical Skill etc.*

INTRODUCTION

Honorable Prime Minister Narendra Modi has launched the concept of Make in India on 25th September 2014. This is especially for economic growth of the country. This scheme was launched by the Prime Minister Narendra Modi in the workshop organized by the Department of Industrial Policy and Promotion. The Mission statement while launching the Make in India concept was “Promoting foreign investment in India in a focused, comprehensive and structural manner while acting as a first Entrance point to provide quality input and support services to the prospective foreign investors”. There is a positive sentiment of the people, a belief in new India”. This has shown the belief of the Indian people and Indian society at large. The Govt. of India is planning to tap the best human resources available in the nation and to exploit the same for economic growth. Many areas are

existing in Indian economy which are neglected or ignored in economic growth, especially because of lack of capital. Accordingly Make in India will attract FDI in all requisite sectors of economy to develop the industrial environment. The FDI is the welcome step in infrastructural development. Hence Prime Minister Narendra Modi has stated that the present industrial and services sector eye shall from “Profit to Progress, friendship to partnership” calling the world of Make in India.

From the above context the present study focused Make in India initiative in MSMEs sector. In the context of Micro, Small and Medium Enterprises (MSME) 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. The Sector consisting of 36 million units, as of today, provides employment to over 80 million persons. The Sector through more than 6,000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country. The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements the efforts of the State Governments through various initiatives. The role of the M/o MSME and its organizations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario.

REVIEW OF LITERATURE:

AnadaSagar (2014) conducted a study on make in India: An analytical review. The primary motive behind this program was to make India a manufacturing hub like China. India is a big market and any MNCs would not like to lose the opportunity of selling their products here. Hence, they can be compelled to set up their manufacturing units in India or to increase the production capacities of the existing ones. But it would rather be better if there is a kind of atmosphere in India, where the MNCs are not compelled through such drives but queue up on their own to get the permission of setting up more and more plants in India.

Kale (2015) has done a detailed study of the MSMEs operating in Maharashtra to establish that MSMEs help to create jobs, minimize unemployment, poverty and achieve socio-economic growth in the state. MSMEs catalyze inclusive and balanced growth of the economy by creating demand for goods and services. The author claims that the MSME sector is like the spine of the nation providing the second largest employment opportunities next to agriculture. This sector reduces social imbalances and leads to faster sustainable growth and development.

Mohammad Ghouse (2017) conducted primary research over 200 exporters of the handicraft industry established in and around Noida, to understand the perceived challenges regarding the globalization of their MSMEs. Unstructured questionnaires are used to explore their sales methods adopted, competition profile, export markets, and challenges associated with export. The biggest challenges are related to export subsidies, export promotion

and market awareness. Lastly this study recommended that export-related subsidies are most crucial to the MSME exporters due to the tough price competition in the international market.

Kumar (2018), identified in this study mainly challenges of MSMEs are both external and internal. They are related to production, safety, lack of adequate working capital, inaccessibility of test infrastructure, shortage of raw material, and competition etc. They surveyed 25 MSMEs and observed that there was no correlation between educational qualification/age and challenges faced by MSME. They deduced that labor laws need to be accordingly amended. They also observed that most of the MSME entrepreneurs are not aware of the government schemes.

Aditi Mathur (2019) focused a study on role and prospects of micro, small and medium enterprises in India. This study mainly finds that many factors, which impact the performance of the Micro, Small, and medium enterprises in India include marketing, finance, human resource, technology and Infrastructure. They also state that non-availability of skilled manpower and experienced managerial and entrepreneurial capability at affordable cost near the location of enterprises is a huge challenge for the MSMEs in India

Ashish Kumar (2021) explains in their literature that the MSMEs are facing an unusual crisis in recent times due to Covid-19 pandemic in terms of suspended operations, supply-chain disruptions, labor shortage, cash flow crunch, lower demands for goods and services, among many other recurrent problems posing challenge to the sector. The MSME experience indicates that lenders are generally not supportive in extending loans without collaterals. Besides indomitable risk abilities, these smart entrepreneurs have also learnt the tricks of organizing resources for their business operations.

Saumendra Das (2023) conducted a study on assessment of operational functions affecting on the micro and small enterprises' sustainability. This study deep primary research through direct population survey and proved that Marketing, Technology and Financial competence have significant and positive impact on success of MSMEs. He identified that positive impact on success of MSMEs and both is supported at 5% significant level. Entrepreneurial orientation is another significant parameter relating to success of MSMEs.

RESEARCH METHODOLOGY:

The data required for the present study has been collected from both primary and secondary sources of data collection. The primary data was collected through issuing of questioner using Likert five scale rating method has been used for MSMEs owners and managers. The study covered only two industrial such as, Belagola (90 Production units) and Koorgally (5 production units) etc. This study primary data has been collected from selected 100 production units from above mentioned four industrial areas. The secondary data was collected from research publications in books, journals and periodicals, dailies and study reports and articles available on the chosen topic. For analysis of data used SPSS 21.0 Version, chi-square test, Paired Sample T-test, one way ANOVA test and descriptive statistics has been used in this paper.

OBJECTIVES OF THE STUDY:

1. To analyses the socio-economic background of the MSMEs owners and managers in MSMEs at Mysore District.
2. To examine the current Make in India initiative schemes and Opportunities in MSMEs Sector.
3. To assess the major challenges faced by the MSMEs Sector in Mysore District.

HYPOTHESES FOR THE STUDY:

1. **H0:** There is no significant relationship between socio-economic background of the MSMEs owners and managers in MSMEs.
2. **H0:** There is no significant relationship between current Make in India initiative schemes and Opportunities in MSMEs Sector
3. **H0:** There is no significant relationship between major challenges faced by the MSMEs Sector.

ANALYSIS AND INTERPRETATION:**1. Socio–Economic Profile of MSMEs Owners and Managers:**

Table No.1 represents the socio –economic profile of MSMEs owners and managers in Mysore District. The overall respondents were numbering, 100 respondents out of that 45 respondents are MSMEs Owner and 55 respondents are working has mangers in MSMEs sector. The majority 80 respondents were male and 20 respondents were female respectively. In the context of age pattern, majority of the respondents numbering, 40 and 25 respondents are belongs to age group of between 30 to 40 years and above50 years, this shows middle age group of respondents running MSMEs in Mysore District. In the case of product specification and awareness of Make in India scheme majority numbering, 52respondents and 50 respondents are running agro and allied enterprises and repair and they aware about make in India schemes for MSMEs Sector in Mysore District.

Table No. 1

Socio–Economic Profile of MSMEs Owners/Managers

<i>Variables</i>	<i>Classification</i>	<i>Frequency</i>	<i>Chi-Square</i>	<i>Results</i>
Gender	Male	80	$\chi^2=2.01$	<i>P=0.000</i> <i>(H0 Significant)</i>
	Female	20		
Age Pattern	Between25to30 years	15	$\chi^2=3.12$	<i>P=0.000</i> <i>(H0 Significant)</i>
	Between30to40years	40		
	Above40 years	25		
Category of Business	Micro	25	$\chi^2=1.17$	<i>P=0.061</i> <i>(H0 In Significant)</i>
	Small	55		
	Medium	20		
Product specification	Agro and allied enterprises	52	$\chi^2=3.11$	<i>P=0.000</i> <i>(H0 Significant)</i>
	Textile enterprises	15		
	Repair and allied enterprises	33		
Designation	MEMEs Owners	45	$\chi^2=2.88$	<i>P=0.000</i> <i>(H0 Significant)</i>
	Mangers	55		
Awareness of Make In India Scheme	Fully Aware	40	$\chi^2=2.45$	<i>P=0.055</i> <i>(H0 In Significant)</i>
	Aware	50		
	Not Aware	10		

Source: Primary data

To calculate, chi –square test for data of gender, age pattern, designation and product specification of the respondents the table value of χ^2 for degrees of freedom at 5% level of significance, the calculated P value is 0.000, 0.000, and 0.000 which is less than the Alpha Value of 0.05 it was found to be significant. Therefore the results indicate that the stated null hypothesis to be rejected and alternative hypothesis is accepted. In the other part to calculate, chi–square test for data of category of business and awareness of Make in India scheme of respondents, the table value of χ^2 for degrees off redeem at 5% level of significance, the calculated P value is 0.061 and 0.055, which is more than the Alpha Value of 0.05. It was found to be not significant. Therefore the results indicate that the stated null hypothesis to be accepted and alternative hypothesis is rejected.

2. Make in India initiative schemes and Opportunities in MSMEs:

Table No.2 shows that make in India initiative schemes and opportunities in MSMEs sector. The highest mean and standard deviation were found 4.81(1.847) and 4.56 (1.504), the MSMEs owners or respondents are opinioned that they get more benefit from scheme of credit and financial assistance to MSMEs and scheme for technology up gradation and competitiveness, these are the major schemes adopted for the MSMEs in Mysore District. To sum up, the above explained scheme government provide financing the maximum cost of the project/unit admissible under manufacturing sector is Rs.25 lakh and under business/service sector is Rs.10 Lakh and also collateral free lending to Micro and Small Enterprises through banks and financial institutions, these will boost up the MSMEs it avoid closed down of the industries. In the point of technology related scheme MSME-Sustainable (ZED), Zero Defect Zero Effect practices, MSME-Competitive (Lean), implementation of Lean Tools and Techniques and MSME-Innovative (for Incubation, IPR, Design and Digital MSME) these are technology is required to increasing the productivity in MSMEs sector.

Table No.2
Make in India initiative schemes and Opportunities in MSMEs

Variables	Mean	SD
Scheme for credit and financial assistance to MSMEs	4.81	1.847
Schemes for Skill Development and Training	4.55	1.465
Schemes for Infrastructure Development-Support through Cluster Approach	3.98	1.049
Scheme for Marketing Assistance	3.97	1.639
Scheme for Technology Up gradation and Competitiveness	4.56	1.504
Finance and subsidies from government	2.75	1.403
Produced goods are promised to be purchased by government	3.83	1.508
Export channelization	3.09	1.353
Other Special Schemes for the MSMEs	4.33	0.775

Source: Primary data. Note: Significant Level 0.05.

To be summarized that, one way ANOVA F-Test results that Schemes for skill development and training, Scheme for Marketing Assistance, scheme for technology up gradation and competitiveness, produced goods are promised to be purchased by government, export channelization and Other Special Schemes for the MSMEs category results, the P value (Sig2-tailed) is which is indicates less than the Alpha value of 0.05, it was found to be significant. Therefore the results indicate that the stated null hypothesis to be rejected and alternative hypothesis is accepted. In the context of scheme for credit and financial assistance to MSMEs, schemes for Infrastructure development-support through cluster approach, finance and subsidies from government category results, the P value (Sig2-tailed) is which is indicates more than the Alpha value of 0.05, it was found to be not significant. Therefore the results indicate that the stated null hypothesis is accepted.

Table No. 2(a)

Make in India initiative schemes and Opportunities in MSMEs Results of One Way ANOVA F-Test

Independent Variables	One Way ANOVA F-Test	P-value	Results
X1	5.41	0.158	<i>Ho = Accepted</i>
X2	2.05	0.000	<i>Ho= Rejected</i>
X3	5.80	0.217	<i>Ho = Accepted</i>
X4	3.38	0.012	<i>Ho= Rejected</i>
X5	6.70	0.000	<i>Ho= Rejected</i>
X6	4.34	0.370	<i>Ho = Accepted</i>
X7	2.10	0.001	<i>Ho= Rejected</i>
X8	3.54	0.000	<i>Ho= Rejected</i>
X9	2.74	0.000	<i>Ho= Rejected</i>

Source: Primary data. Note: Significant Level 0.05.

3. Major Challenges faced by the MSMEs Sector in Study Area:

Table No.3 depicts that major challenges faced by the MSMEs sector of Mysore District. The highest mean and standard deviation were found 4.88(1.89) and 4.44(1.37), the MSMEs owners or respondents are opinioned that they financial challenges and lack of Technological knowledge, currently these are the major challenges faced by the MSMEs in Mysore District. To summarize finance is known as the blood for the MSMEs. The availability of timely and adequate finance at a reasonable rate is an essential requirement for the development of MSMEs lack of finance can affect the fixed and working capital and thus owners/managers cannot modernize their MSMEs and in the case of technology challenges faced by the MSME owners/managers are not much aware of advanced technology of production, supplier, transportation, and marketing efficiency this leads to delay in production activity in MSMEs sector.

Table No. 3

Major Challenges faced by the MSMEs Sector in Study Area

Variables	Mean	SD
Management related challenges	4.26	1.03
Lack of Credit to MSMEs	3.40	1.53
Challenges related to marketing strategies	3.75	1.29
Lack of Technological Knowledge	4.44	1.37
Lack of proper infrastructure facilities	3.80	1.57
Lack of skilled human resources	4.25	1.68

Challenges related to government rules and regulations	3.70	1.38
Financial challenges	4.88	1.89
Environmental hazards related challenges	2.89	1.01

Source: Primary data. Note: Significant Level 0.05.

To be summarized that, paired sample T-Test results that management related challenges, lack of credit to MSMEs, challenges related to marketing strategies, lack of Technological Knowledge, lack of skilled human resources and environmental hazards related challenges category results, the Pvalue (Sig 2-tailed) is which is indicates less than the Alpha value of 0.05, it was found to be significant. Therefore the results indicate that the stated null hypothesis to be rejected and alternative hypothesis is accepted. In the context of lack of proper infrastructure facilities, challenges related to government rules and regulations and financial challenges category results, the Pvalue (Sig 2-tailed) is which is indicates more than the Alpha value of 0.05, it was found to be not significant. Therefore the results indicate that the stated null hypothesis is accepted.



Table No. 3(a)

Make in India initiative schemes and Opportunities in MSMEs Results of Paired Sample T-Test

Independent Variables	Paired Sample T-Test	P-value	Results
X1	3.17	0.001	<i>H0=Rejected</i>
X2	2.89	0.000	<i>H0=Rejected</i>
X3	3.20	0.004	<i>H0=Rejected</i>
X4	3.85	0.001	<i>H0=Rejected</i>
X5	2.00	0.523	<i>H0=Accepted</i>
X6	4.01	0.004	<i>H0=Rejected</i>
X7	2.78	0.099	<i>H0=Accepted</i>
X8	2.11	0.626	<i>H0=Accepted</i>
X9	3.01	0.000	<i>H0=Rejected</i>

Source: Primary data. Note: Significant Level 0.05.

SUGGESTIONS FOR THE STUDY:

- ❖ The MSMEs owners try to know the procedures & schemes of government and financial institutions for smooth running of business.
- ❖ Financial challenge on the growth of MSMEs is also considerable. Hence, assistance for getting loan form government institutions, availing subsidies, collecting money will improve the performance of MSMEs sector.
- ❖ The MSMEs should adopt latest and advanced technologies like Internet in order to provide the benefit of all time connectivity to the entrepreneurs in the urban areas.
- ❖ The MSMEs should have the state of the art infrastructural facilities in order to rise to the occasion in the age of economic liberalization.
- ❖ The MSMEs should provide financial assistance to the deserving beneficiaries in order to do justice to their role.
- ❖ The MSMEs should open up new avenues for business management, industrial development and inclusive development in order to enrich the bargaining power of the entrepreneurs in the urban and rural areas.

CONCLUSION:

MSME sector is a vibrant and dynamic sector of the Indian economy. The current study focused on make in India opportunities and challenges in MSMEs Sector. It has experienced steady growth in terms of number of new registrations, variety of products manufactured, and employment generation. MSME sector. Currently MSME units face a number of challenges despite initiatives taken by the government difficulty to receive timely finance for working capital needs, production, expansion and internationalization needs, lack of consultancy assistance,

bureaucratic processes, cumbersome documentation, difficulties of providing collateral, etc. In the other context they face finance-related challenges and Lack of the current technological skills, need-based research programs, non- availability of skilled manpower, low ICT literacy, etc. are few of the causes of technological backwardness of MSME sector. Lastly this study recommends that, the expectation of MSMEs can be achieved through the high determination of the government towards creating a good governance environment. Through effective and good governance, the government can eliminate major obstacles for MSMEs sector.

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