



# A Study on Difficulties Face by Small Scale Enterprise in Surat District

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## Abstract

The present study is the analysis of the 'Difficulties Face by Entrepreneurs' of Small Scale Enterprise in surat district. The main objective of the study is to study the factors affects to the Small Scale Enterprise and the Difficulties and Problems face by the Entrepreneurs of Small Scale Enterprise. The data is collected through a structured questionnaire from 100 randomly selected individual Entrepreneurs from the selected area of surat district. The researcher has been using a structured questionnaire on multiple-choice questions, multi-response, and a five-point Likert scale. In this study, the researcher has analyzed the data through various statistical tools such as frequency, chi-square and cross-tabulation between a two different variables. The collected data are analyzed using statistical software like SPSS. The study suggested that the internal and external factors are the reason of affecting the business.

**Keywords:** Small-scale Entrepreneurs, Difficulties and Problems, Internal and External Factors

## 1. Introduction

Essentially the small scale industries are generally comprised of those industries which manufacture, produce and render services with the help of small machines and less manpower. These enterprises must fall under the guidelines, set by the Government of India. The SSI's are the lifeline of the economy, especially in developing countries like India. These industries are generally labour-intensive, and hence they play an important role in the creation of employment. SSI's are a crucial sector of the economy both from a financial

and social point of view, as they help with the per capita income and resource utilisation in the economy. For manufacturing enterprise, if the investment in plant and machinery (excluding land & buildings) is within any of the following levels: Micro Enterprises. According to the theory I am studying the Major problems faced by the small scale industries in surat district are: (1) Finance (2) Raw Material (3) Idle Capacity (4) Technology (5) Marketing (6) Infrastructure (7) Under Utilisation of Capacity (8) Project Planning. Finance is one of the most important problem confronting small scale industries Finance is the life blood of an organisation and no organisation can function properly in the absence of adequate funds. The scarcity of capital and inadequate availability of credit facilities are the major causes of this problem. Firstly, adequate funds are not available and secondly, entrepreneurs due to weak economic base, have lower credit worthiness. Neither they are having their own resources now are others prepared to lend them. Entrepreneurs are forced to borrow money from money lenders at exorbitant rate of interest and this upsets all their calculations.

## 2. Literature Review

**JESMIN RUBAYAT FEBRUARY, (2009)** studies financing the small scale industries in Bangladesh: the much-talked about, but less implemented issue. To highlight one of the major prerequisites, namely financial supports, of the SSI sector in the backdrop of pursuing rapid industrialization strategy underpinning acceleration of economic growth. This paper examines the issues involved and the options related to the financing 17 of SSIs in the country. The first part of the paper aims to provide an understanding of the present financing environment, various financing mechanisms and experiences in the country. **DR. REETU SHARMA (2012)** studies problems and prospects of small scale industrial units (a case study of exporting and non – exporting units in haryana).The proposed study is primarily aimed at bringing out the problems and prospects of To conclude, the ultimate objective of prosperity and happiness of the people can be achieved only through expansion of economic activities, on a massive scale in Tiny, small and large sectors on the basis of the rationality of their complementarily. **JITESH THAKKAR (2011)** studies Supply chain issues in Indian manufacturing SMEs: insights from six case studies. The purpose of this paper is to report insights on supply chain issues in small- and medium-scale enterprises (SMEs) based on an analysis of six case organizations. The deliverables of the paper are two-fold. First, the paper documents six cases uncovering supply chain and operations complexities in manufacturing SMEs. Second, based on the critical analysis of the case organizations, insights developed are reported with a set of recommendations. **AMIT KUMAR ARYA AND SURAJ CHOUDHARY (2015)** studies Assessing the application of Kaizen principles in Indian small-scale industry. This study aims to represent Kaizen implementation in a machine vice manufacturing company. Kaizen has shown tremendous impacts on the production techniques and lead times. A large number of small-scale industries have shown their existence in India. It has been difficult for small industries to survive due to tough competition among them. All are facing problems like low production and poor-quality products. Inventory access time is reduced up to 87 per cent and total distance travelled and total time taken by product 21 is reduced up to 43.75 and 46.08 per cent, respectively. Aha bit to maintain a clean workplace has been developed in workers. **ARIHANT AGRAWAL (2006)** studies Difficulties Small Business Face Due to Market Conditions. There searcher has tried to find out the possible difficulties that small enterprises face in the market. The reasons behind the failure of maximum small

enterprises in Indian market. The analysis of the various problems and marketing activities of the Small business in India indicates that there is no single perfect plan for promotion Since MSME play a pivotal role in the economic and social development of the country, often acting as a foundation for growth entrepreneurship.

### 3. Objective of Research

The aim of the study is to analysis the Difficulties face by small-scale Enterprises in the surat district. To reach the aim we have two specific objectives. That are;

- To Study the Difficulties face by small scale Enterprises.
- To identify the major factors affect to the small scale Enterprises.

### 4. Research methodology

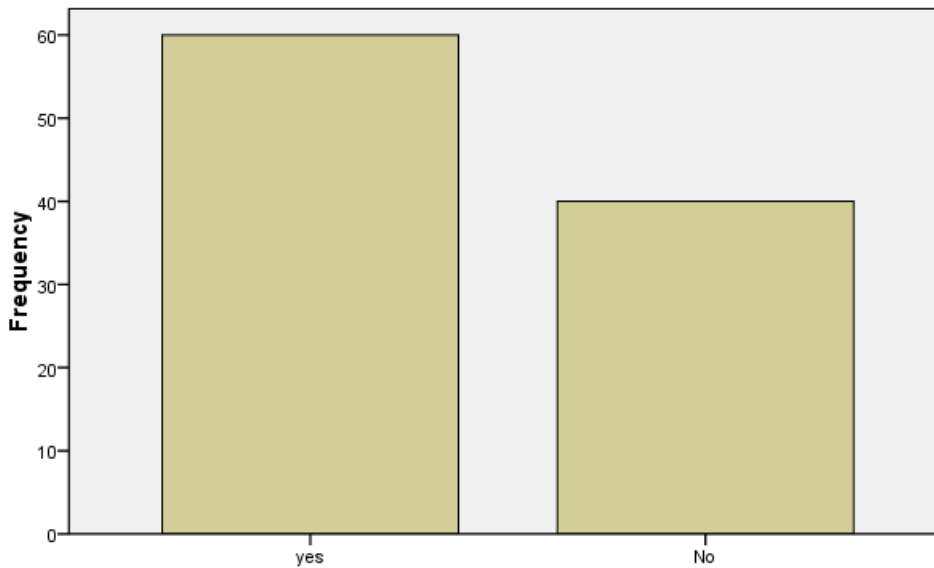
To accomplish the objective of the study, the survey was done in a selected area of surat district from 100 individual Entrepreneurs. The data comprise two parts, in part one demographic information and second part Difficulties in business related questions. The researcher has collected data through the structured questionnaire where multiple-choice, multiple responses, and Likert-type scale is administered. The data collected based on convenience sampling. As per the requirement of the objectives, the researcher has opted to use the frequency analysis, cross-tabulation with Chi-square technique using SPSS software.

### 5. Data Analysis

In this section, the researcher tries to analyze the data and based on that mention the possible conclusions as result of survey.

<b>sector of respondent * Don't you think having a business plan for the organization will enhance the performance of your organization Cross tabulation</b>				
		Don't you think having a business plan for the organization will enhance the performance of your organization		Total
		yes	No	
sector of respondent	Manufacturing	17	9	26
	Retail	12	13	25
	Trading	15	10	25
	Service	16	8	24
Total		60	40	100

**Don't you think having a business plan for the organization will enhance the performance of your organization**



**Don't you think having a business plan for the organization will enhance the performance of your organization**

**Interpretation:** From the above table and chart, it shows that the manufacturing sectors is believing in having a business plan to the following service and trading sectors are also having a business plan for their organization.

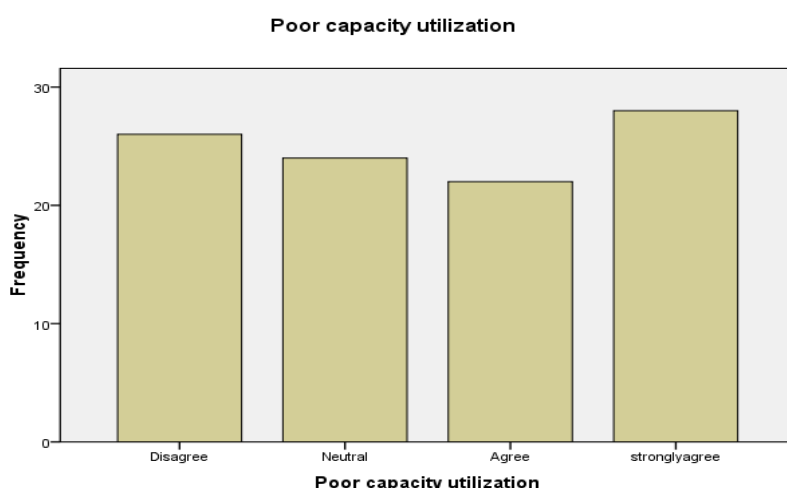
**Multiple Response**

Funding start up Frequencies				
		Responses		Percent of Cases
		N	Percent	
Funding start up	personal saving	60	29.7%	63.2%
	bank credit	48	23.8%	50.5%
	friends and relatives	41	20.3%	43.2%
	money lender	2	1.0%	2.1%
	Other	51	25.2%	53.7%
Total		202	100.0%	212.6%

**Interpretation:** From the above table, it shows that entrepreneurs are funding their start up Business through personal saving consist of 29.7%, other consist of 25.2%, bank credit consist of 23.8%, friends and relatives consist of 20.3% and money lender only preferred by 1% entrepreneurs.

Source of finance Frequencies				
		Responses		Percent of Cases
		N	Percent	
Source of finance	bank loan	55	26.8%	59.8%
	personal saving	26	12.7%	28.3%
	retained profit	34	16.6%	37.0%
	private institution	18	8.8%	19.6%
	trade credit	22	10.7%	23.9%
	NBFC	34	16.6%	37.0%
	Family or friends	16	7.8%	17.4%
Total		205	100.0%	222.8%

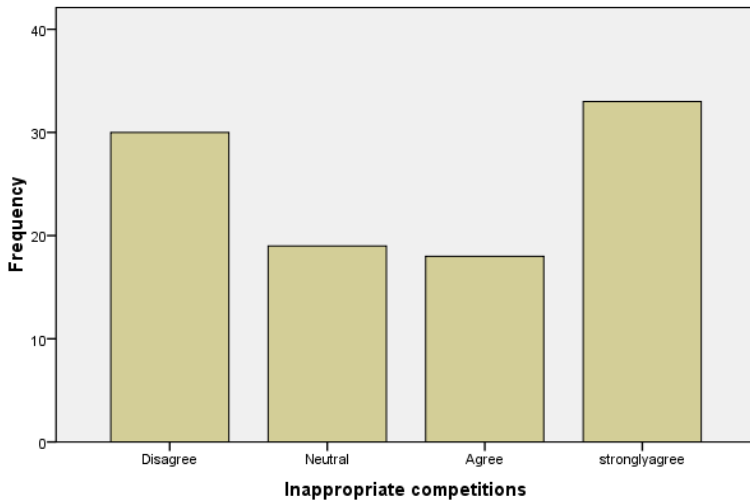
**Interpretation:** From the above table, it shows that the highest source of finance for the Entrepreneurs is bank loan consist of 26.8%, retain profit and NBFC consist of 16.6%, personal saving consist 12.7%, trade credit consist 10.7%, private institution consist 8.8% and family or friends consist 7.8%.



	Frequency	Percent
Valid Disagree	26	26.0
Neutral	24	24.0
Agree	22	22.0
Strongly agree	28	28.0
Total	100	100.0

**Interpretation:** From the above table, it shows that the entrepreneurs are strongly agree of having a poor capacity utilization in the organization.

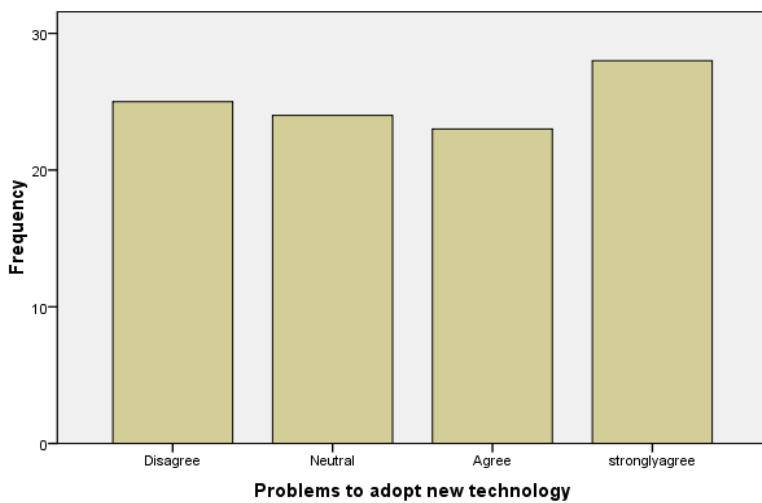
Inappropriate competitions



**Interpretation:** From the above table, it shows that the entrepreneurs are strongly agree of having an inappropriate competitors in the market.

		Frequency	Percent
Valid	Disagree	30	30.0
	Neutral	19	19.0
	Agree	18	18.0
	Strongly agree	33	33.0
Total		100	100.0

Problems to adopt new technology



**Interpretation:** From the above table and chart, it shows that the strongly agree ratio is high in problem to adopt new technology.

		Frequency	Percent
Valid	Disagree	25	25.0
	Neutral	24	24.0
	Agree	23	23.0
	Strongly agree	28	28.0
	Total	100	100.0

## 6. Conclusion

The Research suggest that there are several reasons due to which the small scale enterprises are facing problems. It includes both the factors, internal and external which affects the small business to grow. Due to these factors the entrepreneurs are facing problem to develop their business in huge manner. To control these the entrepreneurs need to work on it precisely. From the above analysis, it can be concluded that majorly the external environment affect the small industries and create huddles to expand the business.

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