

A critical evaluation of MSMEs based on selected factors contributing in economic development of SMSE's

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Abstract: Entrepreneurship Development has an incredible effect on the monetary improvement of the nation. The accomplishment of the business visionary relies upon the natural factors, for example, social, monetary, lawful, political and mechanical elements which impact their exercises in this manner prompting fruitful enterprise. The financial components are the real key variables impacting the enterprising conduct and task of the business and in this way the requirement for the investigation and the due impact. This paper investigates the effect of financial factors in significance to business enterprise advancement of Small and Medium Enterprises (SMEs) crosswise over Pune and Pimpri Chinchwad Industrial Area, Maharashtra State India. This paper endeavors to clarify the foundation that must be created so as to develop the nature of authority among potential venturesome young fellows. Endeavors are being made to instill the soul of enterprise. Our exact outcomes uncover that a large portion of the chose business people of SMEs see the pertinence of these components to the most elevated degree. They are enticed to enter the business enterprise part due to the apparent open doors accessible to make calculable benefit. The investigation likewise uncovers that the elements which are not viewed as of high significance in the former days, for example, Education, Religion, Previous Experience, Family Type and Legal Status have critical impact on the enterprising conduct and the operational execution of the chose SMEs' matter of fact, in the ongoing time frame. In this way, there exists need for the Government and the related supporting organizations to investigate these elements and empower the youthful business people who thus will render their full help towards national economy.

Key words: Entrepreneurship, Factors' effect on business enterprise advancement, Small and Medium Enterprises, Socio-economic and monetary variables.

INTRODUCTION: Government and non-governmental organizations through Banks have come forward to assist the entrepreneurs in motivating to start Small and Medium Enterprises (SMEs). However, the small-scale units established in these estates are getting sick despite all the facilities provided by the Government. While large -scale industries are established with expatriate capital, SMEs need to have a domestic entrepreneurial and industrial base. Low capital investment on capital goods and lack of division of labor in production makes these enterprises remained weak. It is a fact that many Micro, Small and Medium Enterprises (MSMEs) are dying out owing to lack of financial support from the government and other citizens. Further, the factors such as lack of technology, inadequate entrepreneurial skills and the absence of effective management techniques hinder the advancement of SMEs to such an extent. This has made the focus on SMEs is relatively little and therefore SMEs tend to concentrate on traditional industries where low entry barriers, low minimum production scales, and relatively large labor force are the potential advantages. However, the traditional industries have not been immune to the recent technological revolution taking place in the field (Adubifa, 1990). Hence, the goods produced by the SME units are constrained by lack of access to critical resources viz. capital, labour, land, infrastructures, and latest technology.

The little scale ventures are the center point of numerous monetary exercises in a creating nation like India. The social monetary change of India can't be accomplished without giving careful consideration to the improvement of this work serious and capital saving element (Prasain and Singh, 2007, p.13). Neediness annihilation has been the significant objective of little venture improvement in most creating nations. The little and medium scale enterprises speak to 80 percent of mechanical base of a large portion of the created nations (Mathew, 1999, p.23).

Consequently, the focal point of the investigation is to discover the financial variables that block the progression of SMEs, accordingly to decrease/dispense with the obstructions and to infer innovative procedures to enhance the monetary development.

OBJECTIVE OF THE STUDY: The fundamental target of this investigation is to demonstrate the impact of the financial factors on the enterprise advancement of the MSMEs in the modern bequests of Pune and Pimpri Chinchwad Industrial Area, Maharashtra India. In this way, the key target of the examination is to recognize the striking effects of financial factors on the business advancement

of the SMEs in the investigation region and to set up the beneficial prospects of dynamic MSMEs in the investigation zone.

RESEARCH PROBLEM: Researcher wanted to find out that is there any relationship exist in Gender, Age, Education, Religion, Previous Experience and Family Type of respondents (who are the owners of respondents) and the profit earned by MSME's.

RESEARCH METHODOLOGY: The overview was led among different small scale business in today's modern era. Sample size for the research work is 128 respondents, in and around Pune, Pimpri and Chinchwad Industrial area.

Scope of the Study is limited to Pune District including Pimpri and Chinchwad region only.

Researcher collects data by using structure questionnaire. Which was distributed to 300 owners of MSME's only 178 respondents took initiative and return the questionnaires out of 128 respondents filled the questionnaire in proper manner which are taken for the purpose of tabulation.

The investigation included different measurable examinations. ANOVA and DF were utilized to dissect to decide the issue which is most separate with the business visionary and the issue which is slightest segregate to the Entrepreneur.

STUDY VARIABLES AND MEASUREMENTS: The exploration issue has been characterized to acquire the goals of the examination with a lot of factors called independent variables which include: Gender, Age, Education, Religion, Previous Experience and Family Type where as **Dependent Variable is Profit of MSME's.**

The statistical significance of regression coefficient is based on the appropriateness of signs of multiple determinations (R^2) and the explanatory variables were evaluated by t-value.

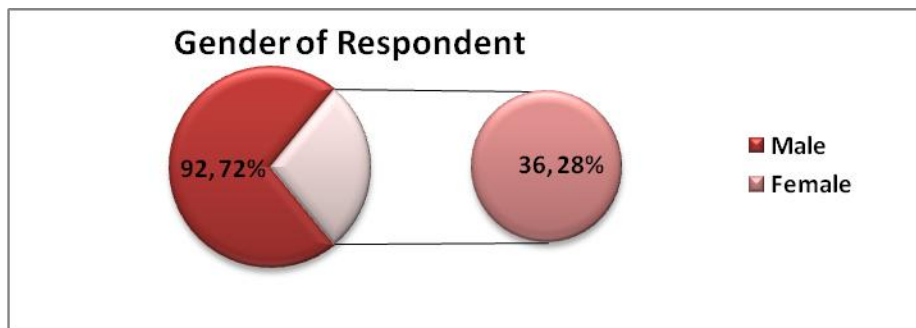
DEMOGRAPHIC ANALYSIS (DEMOGRAPHIC PROFILE) OF RESPONDENT:

The financial variables of MSMEs were dissected as far as their Gender, age, educational qualification, past work involvement, religion and family type.

Table No. 1)

Gender	Frequency	Percentage
Male	92	0.72
Female	36	0.28
Total	128	1.00

Graph No. 1)

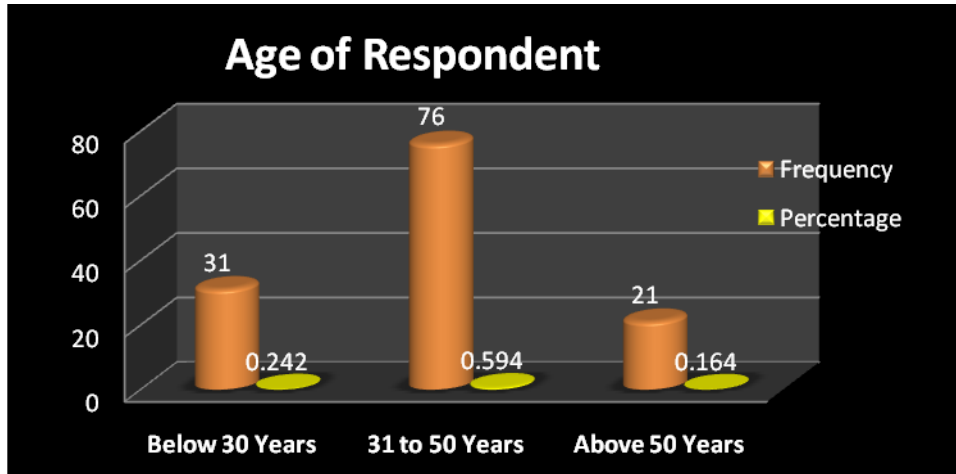


Interpretation: It is observed that out of 128 entrepreneurs, 92(72 %) entrepreneurs were male and 36(28%) were females. The distribution divulges that majority of the respondents i.e. 72 % were male entrepreneurs. This unmistakably demonstrates most of the effective business visionaries are male individuals.

Table No. 2)

Age	Frequency	Percentage
Below 30 Years	31	0.24
31 to 50 Years	76	0.60
Above 50 Years	21	0.16
Total	128	1.00

Graph No. 2)

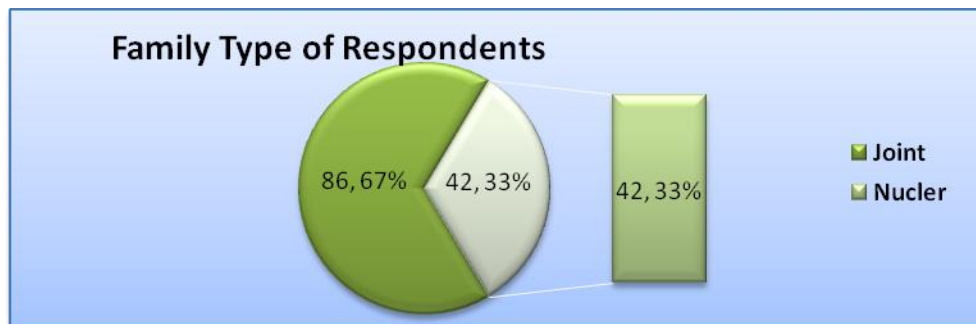


Interpretation: It is observed that the analysis of the age constitution of the survey shows that 31(24%) are below 30 years, 76(60%) are belonging to the age group between 31 to 50 years, and 21(16%) are above 50 years of age.

Table No. 3)

Family Type	Frequency	Percentage
Joint	86	0.67
Nuclear	42	0.33
Total	128	1.00

Graph No. 3)



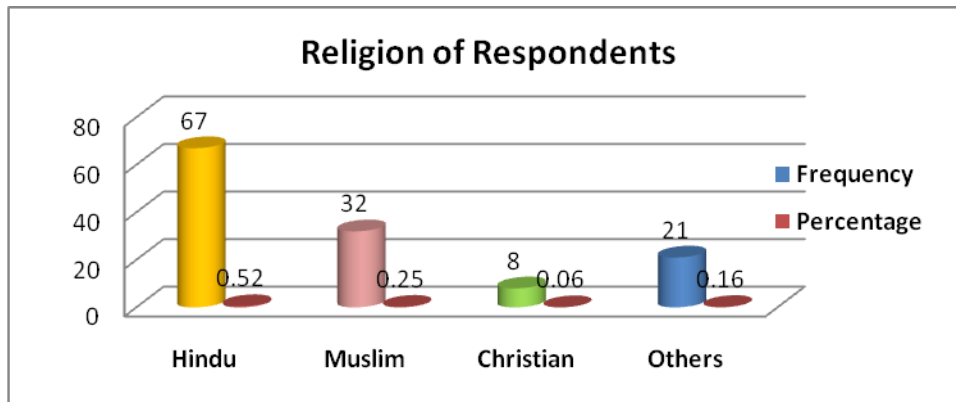
Interpretation: From the data it is apparent that 86(67%) of the respondents are from the nuclear family and 42 (33%) are from the Joint family. Conceivably this may be the reason for them to

become successful entrepreneurs. This pattern of family system helps them to spend time or earn more money to lead their life in a socialistic pattern.

Table No. 4)

Religion	Frequency	Percentage
Hindu	67	0.52
Muslim	32	0.25
Christian	8	0.06
Others	21	0.16
Total	128	1.00

Graph No. 4)



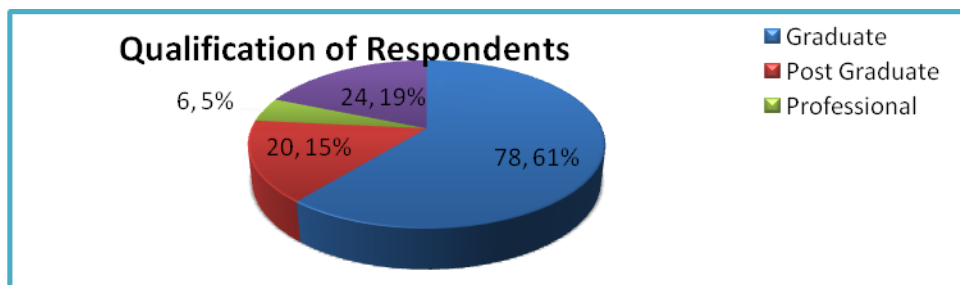
Interpretation: The example information obviously demonstrates that 52% percent of the business people are having a place with the Hindu religion. This demonstrates comparable discoveries have been accounted for by (Walokar, D., 2001, p.50). Muslims are 32% and Christians are over 8% of the respondents. Therefore a larger part of the business visionaries were from the Hindu religion.

Table No. 5)

Qualification	Frequency	Percentage
Graduate	78	0.61
Post Graduate	20	0.16
Professional	6	0.05
Technical	24	0.19
Total	128	1.00

Interpretation:

Graph No. 5)

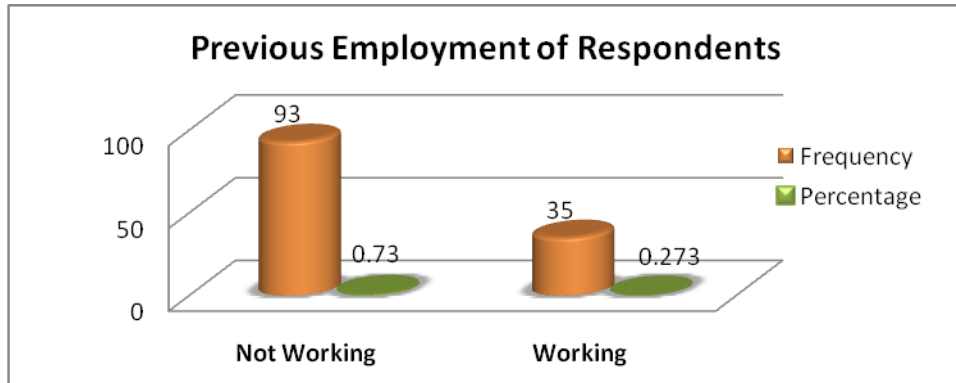


Interpretation: It is seen that out of 128 respondents, 78 (61 %) are either graduates, 20 (15%) are post graduates, 6(5%) are professionals and 24 (19 %) are technical qualification holders. This demonstrates the business visionaries had the capacity to create most extreme benefit through their education – one of the variables which impact their execution.

Table No. 6)

Previous Employment	Frequency	Percentage
Not Working	93	0.73
Working	35	0.273
Total	128	1.00

Graph No. 6)



Interpretation: The information unmistakably demonstrates that 93(73%) respondents either had no understanding of job or jobless before beginning an undertaking like and 35(27%) just had before involvement in the job. This plainly demonstrates the MSMEs were ruled without anyone else utilized youth and pre-word related experience isn't required for them.

Six variables were used to predict and explain the effects of socio-economic factors on the performance of the study.

CO-RELATION COEFFICIENTS:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.2483	0.05916	0.03513	3.3972

The various coefficients of correlation decide the quality of the connection between the deprived and autonomous factors. In this examination, the execution of MSME's (Y) and the factors (X₁ to X...n) appearing numerous relapse coefficient of 0.2483 which is observed to be enormous as shown in the above table.

The examinations of fluctuation (vide Table below), for the relapse investigation yields a F-estimation of 2.461, which is critical at 5 %. This affirms the relapse condition as a model of determinants of the effect of socio – economic and monetary factors on the execution of the chose endeavors.

	Sum of Squares	df	Mean Square	F	Sig.
Regression	259.504	6	28.834	2.461	0.01
Residual	4370.38	122	11.717		
Total	4629.89	128			

The impact of socio-financial and economic factors on the implementation of MSMS endeavors and business tasks in the examination zone are appeared Table given below.

This authenticates the regression equation as a model of determinants of the impact of socio-economic factors on the performance of the selected enterprises.

Table No. 7): CO-EFFICIENTS:

The statistical significance of regression coefficient is based on the appropriateness of signs of multiple determinations (R²) and the explanatory variables were judged by t-value.

		B	Std. Error	Beta	T	Sig
	(Constant)	5.135	1.005		5.293	0
X ₁	Gender	0.363	0.357	-0.044	0.893	0.412
X ₂	Age	0.260	0.270	-0.059	0.899	0.039
X ₃	Education	0.392	0.171	0.098	1.891	0.039
X ₄	Religion	0.287	0.201	0.087	1.516	0.149
X ₅	Previous Employment	0.036	0.131	0.018	2.249	0.001
X ₆	Family Type	1.278	0.491	0.170	0.535	0.014

DISCUSSION AND CONCLUSION:

Notwithstanding this examination, the six notable factors represent 5.6% of the aggregate variety in clarifying the effect of financial factors on the execution of the chose ventures.

In any case, six of these logical factors found to have fundamentally added to the needy variable (execution) and the critical factors are return on education of the respondents (X₃), past experience of the respondents (X₅), religion of the respondents (X₄) and family sort of the respondents (X₆).

As cited by (Aworemi et.al, 2011, pp.92-99), the investigation thusly can't help contradicting the discoveries of Rondinelli (1983, pp.181-208) that there is no noteworthy difference between financial elements and execution regarding educational foundation, past experience, religion and family type, however it underpins the finding of Bygrave (1989, pp.7-26) that there is noteworthiness difference between financial elements and execution as far as development in benefit.

From the above discoveries, it could be presumed that the financial factors, for example, instructive capability foundation, religion, past employment experience and family type (X_6) had significant effect on the execution of the MSME's in the examination region.

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