

A STUDY ON CHALLENGES FACED BY THE SELECTED MSME SECTORS IN MANAGING LOGISTICS ACTIVITIES IN COIMBATORE CITY

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Abstract

The Micro, Small, and Medium Enterprises (MSMEs) industry plays a significant role in the economic growth of India. Industrial production, GDP growth, export revenue, job creation, regional development, economic diversity, and social stability are all aided by it. Due to the limited volume of products delivered and raw materials procured, the small manufacturing scale raises costs and reduces competitiveness. The goal of the current study is to investigate the many issues and difficulties that the MSME sector faces. The inability of MSMEs to obtain market data is their shortcoming. The inability to pay for working capital and investments is another common limitation of MSMEs. SMEs need to be flexible enough to adjust to current business trends, and they will increasingly focus on digital. They can no longer afford to play it safe; instead, they need to be able to recognize digital opportunities to reach a larger audience.

Keywords: Challenges for MSMEs, Challenges and Opportunities for MSMEs, Government Initiatives, Growth of the MSME and economy.

INTRODUCTION:

Micro, Small, and Medium-Sized Enterprises (MSME) are a low-investment industry that offers significant operational flexibility and site mobility. Micro, small, and medium-sized businesses, or MSMEs, make up a sizable portion of all businesses in the great majority of nations. This is because MSMEs have a higher number of business units than do large-scale industrial firms. This is because MSMEs have more business units than large-scale industrial firms. More than 99 percent of the businesses in the G20 and the organization's member nations are MSMEs, according to a 2015 report from the Organization for Economic Cooperation and Development (OECD). Its benefits include the ability to absorb more labor and quicken the pace of equitable development. Notwithstanding its significant role in creating jobs, developing entrepreneurial skills, increasing domestic production, innovation, GDP growth, equitable regional development, export revenue, economic diversification, social stability, and private sector expansion, it faces several challenges. The largest obstacle is finding sufficient, timely funding that is free of complications. A further issue is the absence of the newest technology and its prompt upgrade.

OBJECTIVE:

- To study the Challenges faced by logistics services in MSMEs.
- To study the levels of logistics service management in Micro Small and Medium

Enterprises.

RESEARCH METHODOLOGY:

Research design	DESCRIPTIVE RESEARCH
Period of study	4 Months
Area of study	Coimbatore
Sample design	Simple Random Sampling
Sample size	120
Source of data	Primary and Secondary Data

REVIEW OF LITERATURE:

Dayanand Trimukh Hattiambire, Prabhakar Harkal 2022: India has around 6.33 crore Micro, Small, and Medium-Sized Businesses dispersed over its territory. Since more than half of them are located in rural areas, they support the growth of the rural economy and provide local jobs for workers in the area. Nevertheless, a variety of obstacles affect Indian MSMEs, including difficulty obtaining bank loans, inadequate strategic management, low financial literacy, difficulty hiring and retaining personnel, etc. **Rahul Sindhvani, Abhishek Behl, Ankit Sharma, and Jighyasu Gaur 2022:** MSMEs, or micro, small, and medium-sized businesses, are crucial to economic expansion. This industry was heavily impacted by COVID-19 because it relied on logistics. A forward-thinking and essential technology for the MSME sector in developed economies is logistics 4.0. However, some barriers make it difficult and crucial for MSMEs to implement Logistics 4.0. As a result, the authors employed the Delphi technique to select the final fourteen inhibitors for additional investigation after first identifying them through a thorough, organized literature scan. **Hemendra Singh Bisht, Dilpreet Singh, 2020:** Micro, small, and medium-sized businesses (MSMEs) are essential to the expansion of the economy, but their development has been hampered by issues. Based on this assumption, the writers made an effort to pinpoint the difficulties MSMEs in India confront. Five areas of difficulties were identified by a review of the established literature: money, human resources, market/export, technology/infrastructure, and government. **Sreerag, V Regi Kumar:** India's Small and Medium Enterprises (MSME) are growing to be competitive in the international market. These firms deal with several societal issues regarding the final product's cost and response to client requests. One of the main issues is that MSMEs lack an adequate network for logistics. In MSMEs, logistics outsourcing offers fresh and creative approaches to enhance supply chain management, lower total costs, and enhance the social impact of the entire business process. This essay focuses on the usage of logistics outsourcing by MSME's and the advantages it can offer their businesses.

DATA ANALYSIS AND INTERPRETATION:

TABLE: 1(Simple percentage frequency):

FACTOR	NO. OF RESPONDENTS	PERCENTAGE
SECTOR UNDER STUDY		
Textile	76	58.5
Engineering Goods	54	41.5
Total	130	100.0

NUMBER OF EXPERIENCE IN THE INDUSTRY		
1-5 Years	47	36.2
6-10 Years	55	42.3
11-15 Years	19	14.6
More Than 15 Years	9	6.9
Total	130	100.0
NATURE OF THE INDUSTRY		
Micro	60	46.2
Small	44	33.8
Medium	26	20.0
Total	130	100.0
GEOGRAPHICAL COVERAGE		
Domestic	86	66.2
International	44	33.8
Total	130	100.0
NUMBER OF EMPLOYEES		
Less Than 25	41	31.5
Between 25-50	58	44.6
Between 50-100	12	9.2
More Than 100	19	14.6
Total	130	100.0
TYPE OF EXPORT		
Direct	103	79.2
Indirect	27	20.8
Total	130	100.0
INCO TERMS		
FOB	70	53.8
CIF	40	30.8
C&F	20	15.4
Total	130	100.0

- From the above table it is inferred that the majority of the respondents are Textile (58.50%), many of the respondents have 6 - 10 years of experience in the industry (42.30%), more number of the respondents are

micro (46.20%), many of the respondents are domestic (66.20%), most of the respondents have between 25 – 50 employees in their company (44.60%), majority of the respondents are direct (79.20%), Majority of the respondents are FOB (53.80%).

TABLE NO: 2 (RANKING METHOD)

RANK		
	Mean Rank	Rank
Rising Fuel Cost	3.06	VII
Lack Of Planning and Forecasting in Inventory	3.53	VI
Inefficient Employee Management in Inventory and Infrastructure	3.86	V
Poor Communication	4.04	IV
Difficult To Access the Markets	4.43	III
Inaccurate Inventory Reporting	4.63	I
Late Delivery of goods	4.45	II

INTERPRETATION:

The above table exhibits the rank scoring of the barriers the companies face in terms of logistics services. Inaccurate Inventory Reporting was ranked first and is the most agreed barrier which is being faced by most of the MSMEs exporters and Rising Fuel Cost ranked seventh.

It is interpreted that Inaccurate Inventory Reporting (4.63) imposes the first rank, which implies that it is the major challenge faced by many companies and Rising Fuel Cost is the least effective barrier (3.06).

FINDINGS OF THE STUDY:

SIMPLE PERCENTAGE ANALYSIS:

- The majority of the respondents are Textile (58.50%).
- The majority of the respondents have 6 - 10 years of experience in industry (42.30%).
- The nature of industry of the majority of the respondents is micro (46.20%).
- The geographical coverage of the majority of the respondents is domestic (66.20%),
- The majority of the respondents have between 25 and 50 employees in their company (44.60%).
- The majority of the exporters export directly (79.20%).
- The majority of the respondents are FOB (53.80%).

ANOVA:

- There is no significant difference between transport and area of location.
- There is no significant difference between Warehouse and Year of Experience.
- There is no significant difference between Technology and Nature of Industry.

RANKING:

- It is interpreted that Inaccurate Inventory Reporting will be ranked first and is the mostly agreed barrier which is being faced by most of the MSMEs exporters Rising Fuel Costs are ranked seventh.

SUGGESTIONS:

- The proliferation of modern technology and networked electronic systems has made handling enormous amounts of data essential. Logistics companies may better forecast consumer demand, manage logistics operations, and resolve supply chain issues by leveraging the potential of cloud services, smart technology, and logistics software. On the other hand, those who adopt technology later than their peers suffer from errors, inefficiencies, and a competitive disadvantage.
- The cost of transportation can significantly affect the budget of a logistics company. Transportation costs are influenced by variables including fuel prices and driver shortages. A logistics company needs efficient transportation management if it hopes to succeed and deliver products on time. By using measures like route optimization, utilizing third-party logistics partnerships, and adopting environmentally responsible practices, businesses may keep these costs under control.

CONCLUSIONS:

The above study provides a primary explanation of how exporters of engineering goods perceive green supply chain techniques. The purpose of this investigation was to identify the logistics management difficulties that the chosen MSME industries were facing. Logistics management challenges are constantly evolving in today's cutthroat global economy as businesses navigate a labyrinth of supply chain complexities, surging transportation costs, and evolving customer expectations. Maintaining supply chain visibility and efficiency in the face of shifting demands, global issues, and technology interruptions is the most logistical problem.

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