

**Original Article**

A Study on the Challenges of Entrepreneurship in MSMEs: Special Reference to the Manufacturing Sector in Sindhudurg District

Akshata Harishchandra Mondkar
Pundalik Ambaji Karle College Shirgaon

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Correspondence Address:
Akshata Harishchandra Mondkar
Pundalik Ambaji Karle College
Shirgaon
Email: akshumondkar004@gmail.com



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Abstract

Micro, Small, and Medium Enterprises (MSMEs) are crucial contributors to India's industrial and economic progress. They stimulate job creation, drive innovation, and enhance both domestic output and export performance. Nevertheless, many MSMEs in the manufacturing sector continue to face obstacles that restrict their expansion and long-term viability. This paper examines the challenges experienced by entrepreneurs in the manufacturing-based MSMEs of Sindhudurg district, Maharashtra. Drawing upon surveys and interviews with local business owners, complemented by analysis of official reports and industrial data, the research highlights critical issues such as financial limitations, technological lag, regulatory complexities, market-entry barriers, and shortages of skilled labor. These interdependent factors collectively influence the sustainability of enterprises. The study concludes with region-specific recommendations emphasizing simplified credit access, skill enhancement initiatives, policy rationalization, and technological modernization to strengthen the MSME ecosystem in Sindhudurg.

Keywords: MSMEs, Entrepreneurship, Manufacturing Sector, Sindhudurg District, Challenges, Financial Constraints, Technology, Skilled Labor

Introduction:

Micro, Small, and Medium Enterprises represent one of the most dynamic segments of the Indian economy. They foster entrepreneurship, support regional development, and contribute significantly to national income and exports. Within the manufacturing sector, MSMEs utilize local resources, generate employment, and help distribute industrial growth beyond urban centers. Sindhudurg district, situated in the southern coastal part of Maharashtra, has traditionally relied on agriculture and agro-based livelihoods. In recent years, a steady emergence of manufacturing enterprises such as food processing, handicrafts, and resource-based industries has diversified the local economy and created new employment avenues. These enterprises have become essential to the district's socio-economic transformation. Despite this progress, entrepreneurs operating MSMEs in Sindhudurg confront persistent barriers, including limited financial accessibility, insufficient technology adoption, scarcity of trained labor, and inadequate market connectivity. Complicated regulatory procedures and infrastructural constraints further aggravate their situation. Understanding these barriers is essential for devising policies that can enhance competitiveness, stimulate innovation, and support sustainable growth. The present study investigates these challenges in depth, with a focus on identifying their root causes and assessing their implications for business survival. It also proposes actionable strategies for policymakers, industry associations, and financial institutions to strengthen the regional MSME framework.

Objectives of the Study

The primary objectives of this study are:

- To identify the key challenges faced by MSMEs in the manufacturing sector in Sindhudurg district.

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- To analyze the impact of these challenges on the growth and sustainability of MSMEs.
- To provide recommendations for addressing these challenges and fostering a conducive environment for MSME development.

Literature Review

Previous studies consistently emphasize several recurring issues faced by MSMEs in India. Restricted access to credit and high borrowing costs often deter expansion. Technological obsolescence limits productivity and innovation potential. Compliance with multiple regulatory norms increases administrative expenses and discourages new entrants. Market-related difficulties—including limited distribution channels and competition from imported products—affect profitability. Moreover, a shortage of adequately trained human resources reduces production efficiency and quality. Within the context of Sindhudurg, researchers and local authorities note additional concerns such as the migration of skilled workers to larger cities, poor transport connectivity, and vulnerability to competition from cheaper external products. These factors collectively weaken the competitiveness of the district's manufacturing enterprises.

Methodology

This study employs a mixed-methods approach:

- **Primary Data:** Surveys and interviews with MSME owners and employees in Sindhudurg district.
- **Secondary Data:** Analysis of reports from the Ministry of MSME, District Industrial Center, and other relevant sources.

Findings

Financial Challenges

A significant number of MSME owners reported difficulties in accessing timely and adequate finance. Factors contributing to this include:

- **Complex Loan Procedures:** Lengthy documentation and approval processes.
- **High Collateral Requirements:** Small enterprises often lack assets to offer as collateral.
- **Limited Awareness:** Lack of awareness about available financial schemes and support.

Technological Challenges

Many MSMEs in Sindhudurg district operate with outdated machinery and lack the resources to invest in modern technology. This results in:

- **Low Productivity:** Inefficient production processes.
- **Quality Issues:** Inability to meet quality standards.
- **Limited Innovation:** Difficulty in developing new products or improving existing ones.

Regulatory Challenges

Entrepreneurs face numerous regulatory challenges, including:

- **Complex Compliance Requirements:** Multiple licenses and permits are needed.
- **High Compliance Costs:** Expenses related to adhering to regulations are burdensome.
- **Frequent Policy Changes:** Uncertainty due to changing regulations.

Market Access Challenges

Accessing markets remains a significant hurdle due to:

- **Limited Marketing Knowledge:** Lack of expertise in branding and promotion.
- **Poor Infrastructure:** Inadequate roads and transportation facilities.
- **Competition from Imports:** Difficulty in competing with cheaper imported goods.

Human Resource Challenges

The migration of skilled labor to urban centers has led to:

- **Labor Shortages:** Difficulty in finding qualified workers.
- **Training Needs:** Necessity for skill development programs.
- **Retention Issues:** Challenges in retaining trained employees.

Discussion

The challenges identified are interrelated and exacerbate each other. For instance, financial constraints hinder technological upgrades, which in turn affect product quality and market competitiveness. Addressing these challenges requires a holistic approach involving various stakeholders, including government agencies, financial institutions, and educational bodies.

Recommendations

- To enhance the resilience of MSMEs in Sindhudurg's manufacturing sector, the following measures are proposed:
- **Easier Access to Finance:** Simplify loan approval procedures and improve awareness of government-backed credit schemes through local outreach programs.
- **Technology Modernization:** Introduce district-level incentives or partnerships that encourage adoption of efficient production systems and digital tools.

- Regulatory Streamlining: Reduce redundant licensing requirements and ensure greater policy stability to foster investor confidence.
- Market Development Support: Facilitate participation of local enterprises in regional and national trade fairs, and provide marketing and branding assistance.
- Workforce Development: Establish vocational training centers and industry-academia collaborations tailored to the district's industrial profile.

Conclusion

The study reveals that MSMEs in Sindhudurg's manufacturing sector face interlinked financial, technological, regulatory, and human-resource-related constraints that collectively limit growth potential. Addressing these challenges requires a coordinated approach involving entrepreneurs, local authorities, financial institutions, and policy planners. Creating an environment that combines easier credit access, modern infrastructure, skilled manpower, and simplified governance can accelerate the district's progress toward a more competitive and sustainable MSME sector.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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