

PROSPECTS AND OPPORTUNITIES OF MSMEs IN COIMBATORE DISTRICT

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) drive economic growth by creating employment, fostering innovation, and contributing to industrial output. They promote entrepreneurship, support rural development, and enhance exports. With government incentives and digital adoption, MSMEs improve economic resilience, ensure balanced regional development, and strengthen supply chains, making them vital for sustainable economic progress. MSMEs in Coimbatore play a significant role in industrial development and employment generation. However, they face several challenges, including limited financial access, technological constraints, market competition, and regulatory hurdles. Despite government initiatives and digital advancements, many MSMEs struggle to scale their operations and compete in national and global markets. In this juncture, this study aimed to analyze the prospects and opportunities for MSMEs in Coimbatore. This study employed a descriptive research design. Both primary and secondary data are utilized to gain a comprehensive understanding of the sector. The primary data are collected through surveys and structured interviews with MSME owners, industry experts, and policymakers whereas the secondary data are obtained from government reports, industry journals, MSME development agencies, and academic research papers to identify trends, policies, and financial support mechanisms. A purposive sampling method is used to select the sample size of 62 MSMEs from industries such as textiles, engineering, and manufacturing. The data analysis is conducted by applying the statistical tools such as frequency distribution, percentage analysis, standard deviation and Anova with the help of MS-Excel and SPSS 22.0 software. This study revealed from the analysis that there is a significant difference in mean prospects and opportunities of MSMEs with regard to selected variables namely age, gender and type of support need from the government of the respondents.

Keywords: MSMEs, Economic Growth, Entrepreneurship, Government Policies, Market Opportunities, Financial Support, Prospects and Opportunities.

1. INTRODUCTION

Micro, Small, and Medium Enterprises play a crucial role in economic development, serving as the backbone of many economies worldwide. These enterprises contribute significantly to employment generation, industrial output, and export earnings. The dynamic nature of MSMEs allows them to adapt quickly to market changes, fostering innovation and entrepreneurship. Governments across the globe recognize the importance of MSMEs and have introduced various policies and financial support schemes to enhance their growth. The prospects of MSMEs are promising, given the rapid advancements in technology, digitalization, and the increasing emphasis on local manufacturing and self-reliance. One of the most significant opportunities for MSMEs lies in technological advancements and digital transformation. The adoption of e-commerce, digital payments, and cloud-based solutions enables small businesses to reach a wider customer base with minimal investment. Additionally, government initiatives such as “Make in India,” “Startup India,” and financial incentives like credit guarantees and subsidies provide a favorable business environment for MSMEs. The expansion of global trade also presents export opportunities, allowing small businesses to explore international markets. Moreover, the growing consumer demand for customized and niche products opens new avenues for MSMEs in sectors like handicrafts, organic farming, and sustainable manufacturing. The emphasis on sustainable and green practices further strengthens the role of MSMEs in the emerging circular economy. With proper financial access, skill development, and technological support, MSMEs can significantly contribute to GDP growth and employment creation. Despite challenges such as

PROSPECTS AND OPPORTUNITIES OF MSMEs IN COIMBATORE DISTRICT

access to finance and market competition, the future of MSMEs remains bright, provided they leverage innovation, digital tools, and policy support effectively.

2. REVIEW OF LITERATURE

The author Chandrakala (2024) inferred that there is no significant difference between transport and area of location, between Warehouse and Year of Experience and also between Technology and Nature of Industry. Further, Inaccurate Inventory Reporting was ranked first and was the mostly agreed barrier which was faced by most of the MSMEs exporters. Rising Fuel Costs were ranked seventh. Thouseef Ahamed and Aneel Amrutha Raju (2023) indicated that the major challenges included limited access to finance, marketing and sales, technology adoption, lack of skilled manpower, regulatory compliance and inadequate infrastructure. Further, the government had implemented several initiatives to support MSMEs in India, such as the Udyam Registration Portal, favorable policies for MSME financing, financial assistance, tax benefits and subsidies, but access to finance and credit remained a significant challenge. Moreover, MSMEs can compete and grow in the market by addressing their challenges and capitalizing on available opportunities with government support. Aniruddha Ghosh and Mithu Deb (2023) revealed that distribution, competition, raw materials, product innovation & product quality, branding, finance & promotion, information technology, government policies, technology and owners perception have a significant impact on the marketing problems of MSMEs in India. Also, SMEs should play an important role as intermediaries, which will increase the distribution facilities and also more customers being aware of the SMEs product through intermediaries.

Mai Al Saifi (2021) noticed that the key challenges impeding MSMEs from accessing credit facilities were high repayment costs, stringent collateral requirements, not getting the exact amount applied for, lack of guarantors, lack of sufficient collateral, high credit facilities processing fees and short repayment periods. Rachana Bhattacharjee and Shelly De (2020) displayed that the problems of MSMEs were technology obsolescence, managerial inadequacies, delayed payments, poor quality, incidence of sickness, lack of appropriate infrastructure, lack of marketing network, etc. In addition, this sector forewent possible benefits from economics of scale. This study noted that the design of the effluent treatment plant may not be proper in many units. But adequate land space was not available for installation of treatment plant while non availability of trained technical personnel poses a big hindrance. Parthajeet Das (2017) identified that some of the major challenges confronted by these enterprises included lack of adequate credit and capital, poor and inadequate infrastructural facilities, inadequate access and marketing linkages, technological obsolescence and inadequate application of new technology, lack of skilled human resources, dilatory and cumbersome regulatory practices for clearance and poor adaptability to emerging international trends. Furthermore, MSMEs over the years had assumed greater significance in burgeoning national economy by contributing to employment generation and rural industrialization.

3. STATEMENT OF THE PROBLEM

Micro, Small, and Medium Enterprises boost employment, innovation, exports, and regional development, strengthening economic resilience and entrepreneurship while enhancing industrial and supply chain growth. MSMEs are a crucial part of Coimbatore's economy, contributing significantly to employment, industrial output, and economic growth. Recognized as the "Manchester of South India," Coimbatore has a thriving MSME sector, particularly in textiles, engineering, and manufacturing. However, despite its potential, MSMEs in the district face multiple challenges, including limited access to credit, market competition, lack of technological advancement, and inadequate infrastructure. These barriers hinder their ability to scale operations and compete in national and global markets. Hence, this study aimed to analyze the prospects and opportunities available for MSMEs in Coimbatore.

4. OBJECTIVES OF THE STUDY

- To explore the socio-economic profile of the selected respondents in Coimbatore District.
- To analyze the prospects and opportunities of selected MSMEs in the study area.

5. HYPOTHESIS OF THE STUDY

- There is no significant difference in mean prospects and opportunities of MSMEs with regard to age of the respondents.
- There is no significant difference in mean prospects and opportunities of MSMEs with regard to gender of the respondents.
- There is no significant difference in mean prospects and opportunities of MSMEs with regard to type of the company of the respondents.
- There is no significant difference in mean prospects and opportunities of MSMEs with regard to number of employees working in the firm of the respondents.
- There is no significant difference in mean prospects and opportunities of MSMEs with regard to type of support need from the government of the respondents.

6. RESEARCH METHODS

This study on the prospects and opportunities of MSMEs in Coimbatore District adopts a mixed-method research approach, incorporating both qualitative and quantitative data. The primary data are collected through structured surveys and interviews with MSME owners, industry experts, and policymakers to understand challenges, growth opportunities, and government support. A sample of 62 MSMEs across various sectors, including textiles, engineering, and manufacturing, are selected using a stratified random sampling technique. The secondary data are gathered from government reports, industry publications, research articles, and financial records to analyze market trends, policies, and technological advancements. For analysis purpose, the statistical tools such as frequency distribution, percentage analysis, standard deviation and Anova analysis are performed through SPSS 22.0 software.

7. RESULT AND DISCUSSION**7.1 Socio-Economic Profile of the respondents**

The information about the socio-economic profile and prospects and opportunities of MSMEs among the selected MSMEs are given in the following table.

Table 1: Socio-Economic Profile and Prospects and Opportunities of MSMEs

No.	Variables Name	Number of Respondents	%	Mean	SD
1	Age				
	• Upto 35 Years	12	19.4	4.03	0.24
	• 36 - 45 Years	17	27.4	3.56	0.49
	• 46 - 55 Years	24	38.7	4.00	0.55
	• Above 55 Years	9	14.5	3.85	0.50
	Total	62	100.0		
2	Gender				
	• Male	43	69.4	3.74	0.54
	• Female	19	30.6	4.13	0.33
	Total	62	100.0		
3	Type of the Company				
	• Sole Proprietorship	29	46.7	3.90	0.53
	• Partnership Company	12	19.4	3.74	0.52
	• Private Limited	21	33.9	3.85	0.53
	Total	62	100.0		
4	No. of employees working in the firm				
	• Below 10 employees	12	19.4	3.84	0.48
	• 10-20 employees	19	30.6	4.09	0.50
	• 21-30 employees	24	38.7	3.72	0.52
	• Above 30 employees	7	11.3	3.70	0.51
	Total	62	100.0		
5	Type of support need from the government				
	• Financial Assistance	20	32.3	3.74	0.52
	• Training Programs	17	27.4	4.17	0.40
	• Infrastructure Development	14	22.6	3.79	0.55
	• Others	11	17.7	3.67	0.48
	Total	62	100.0		

- It is revealed among MSME respondents, 38.7% are aged 46-55 years, followed by 36-45 years (27.4%). Also, the respondents those upto 35 years constitute 19.4%, while only 14.5% are above 55 years, indicating a strong presence of middle-aged entrepreneurs. Further, the highest mean perception of MSME prospects is among respondents upto 35 years (4.03), while the lowest is in the 36-45 years group (3.56), indicating young entrepreneurs see more opportunities.
- From the analysis, male respondents dominate with 69.4%, whereas females account for 30.6%, reflecting the lower participation of women in MSMEs in the Coimbatore district. Moreover, female respondents have a higher mean perception (4.13) compared to males (3.74), suggesting women perceive better prospects for MSMEs.
- It is observed that among selected respondents, sole proprietorships make up the largest share (46.7%), followed by private limited companies (33.9%) and partnership firms (19.4%), indicating a preference for individual business ownership. In addition, sole proprietorships have the highest mean perception (3.90), while partnership companies have the lowest (3.74), showing individual business owners are more optimistic.
- From the analysis, most firms (38.7%) employ 21-30 workers, while 30.6% have 10-20 employees whereas firms with fewer than 10 employees account for 19.4%, and only 11.3% have more than 30 employees, showing a dominance of small-scale employment. Also, firms with 10-20

employees have the highest mean perception (4.09), whereas those with above 30 employees have the lowest (3.70), indicating that medium-sized businesses see better prospects.

- It is assumed from the analysis that financial assistance is the most needed support (32.3%) from the government followed by training programs (27.4%) and infrastructure development (22.6%) whereas other forms of support are required by 17.7%, highlighting varied business needs. Furthermore, training programs have the highest mean perception (4.17), while other forms of support have the lowest (3.67), highlighting the importance of skill development for MSMEs.

7.2 Prospects and Opportunities of MSMEs

The following table explores that the prospects and opportunities of MSMEs among the selected respondents in Coimbatore District. For this study, the researcher has developed eight statements related the prospects and opportunities of MSMEs.

Table 2: Prospects and Opportunities of MSMEs

S. No	Factors	Mean Score	SD
1	Governments of nations withdraw some restrictions	3.47	1.29
2	Promotion of healthy competition among nations	3.84	1.30
3	Acquiring new customers and/or expanding to new markets	4.05	0.86
4	Finding suitable workspace or retail space	3.58	1.15
5	Obtaining finance without hurdles	4.08	1.06
6	Support of Government Training Programmes	3.85	1.16
7	Easy access to bank credit	3.79	1.19
8	Support of Government Schemes	4.16	1.06

The Cronbach Alpha value for the statements of prospects and opportunities of MSMEs is 0.951. This study shows that the reliability of the prospects and opportunities of MSMEs is good and fit for analysis. It is displayed that most of the respondents opined as 'support of government schemes' with the mean score and standard deviation of 4.16 and 1.06 respectively followed by 'finding suitable workspace or retail space' with the mean score and standard deviation of 4.08 and 1.15 respectively.

TESTING OF HYPOTHESIS (ANOVA)

7.3 Relationship between Socio-economic Profile and Prospects and Opportunities of MSMEs

This section has discussed about the relationship between the socio-economic profile and prospects and opportunities of MSMEs in Coimbatore district. In order to analyse the relationship between selected independent variables and prospects and opportunities of MSMEs, a hypothesis has been framed and tested by applying ANOVA.

Age and Prospects and Opportunities of MSMEs

H_0 : There is no significant difference in mean prospects and opportunities of MSMEs with regard to age of the respondents.

Table 3: Age and Prospects and Opportunities of MSMEs

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	2.258	3	0.753	3.079	0.034**
Within Groups	14.178	58	0.244		
Total	16.436	61			

Note : ** – Significant at 5% level

From the analysis, it is revealed that the 'p' value is lesser than 0.05 accordingly the null hypothesis is rejected. Hence, there is a significant difference in mean prospects and opportunities of MSMEs with regard to age of the respondents.

Gender and Prospects and Opportunities of MSMEs

H_0 : There is no significant difference in mean prospects and opportunities of MSMEs with regard to gender of the respondents.

Table 4: Gender and Prospects and Opportunities of MSMEs

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	2.013	1	2.013	8.374	0.005*
Within Groups	14.423	60	0.240		
Total	16.436	61			

Note : * – Significant at 1% level

It is indicated from the analysis that the 'p' value is lesser than 0.05 therefore the null hypothesis is rejected. Thus, there is a significant difference in mean prospects and opportunities of MSMEs with regard to gender of the respondents.

Type of the Company and Prospects and Opportunities of MSMEs

H_0 : There is no significant difference in mean prospects and opportunities of MSMEs with regard to type of the company of the respondents.

Table 5: Type of the Company and Prospects and Opportunities of MSMEs

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	0.221	2	0.110	0.401	0.671 ^{NS}
Within Groups	16.216	59	0.275		
Total	16.436	61			

Note : * – Significant at 1% level

From the analysis, it is noticed that the 'p' value is greater than 0.05 so the null hypothesis is accepted. Thus, there is no significant difference in mean prospects and opportunities of MSMEs with regard to type of the company of the respondents.

Number of employees working in the firm and Prospects and Opportunities of MSMEs

H_0 : There is no significant difference in mean prospects and opportunities of MSMEs with regard to number of employees working in the firm of the respondents.

Table 6: Number of employees working in the firm and Prospects and Opportunities of MSMEs

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	1.685	3	0.562	2.209	0.097 ^{NS}
Within Groups	14.751	58	0.254		
Total	16.436	61			

Note : NS – Not Significant

It is explored from the analysis that the 'p' value is greater than 0.05 consequently the null hypothesis is accepted. Hence, there is no significant difference in mean prospects and opportunities of MSMEs with regard to number of employees working in the firm of the respondents.

Type of support need from the government and Prospects and Opportunities of MSMEs

H_0 : There is no significant difference in mean prospects and opportunities of MSMEs with regard to type of support need from the government of the respondents.

Table 7: Type of support need from the government and Prospects and Opportunities of MSMEs

	Sum of Squares	df	Mean Square	F	'p' value
Between Groups	2.412	3	0.804	3.326	0.026**
Within Groups	14.024	58	0.242		
Total	16.436	61			

Note : ** – Significant at 5% level

From the analysis, it is inferred that the 'p' value is lesser than 0.05 then the null hypothesis is rejected. Therefore, there is a significant difference in mean prospects and opportunities of MSMEs with regard to type of support need from the government of the respondents.

8. FINDINGS

- It is mentioned from the analysis that the highest percentage of MSME respondents are aged 46-55 years (38.7%). Also, the highest mean perception of MSME prospects is among respondents belong to upto 35 years (4.03) which indicates that young entrepreneurs perceive better growth opportunities in MSMEs.
- It is observed from the analysis that male respondents form the majority at 69.4%. Additionally, female respondents have the highest mean perception (4.13) which indicates that women in MSMEs

- From the analysis, sole proprietorships have the highest percentage at 46.7%. Further, sole proprietorships have the highest mean perception (3.90) which reflects that individually owned businesses see better growth potential compared to other company types.
- From the analysis, it is noticed that the selected most firms (38.7%) have 21-30 employees. Moreover, firms with 10-20 employees have the highest mean perception (4.09) which reflects that medium-sized enterprises experience better opportunities compared to smaller and larger firms.
- It is confirmed that financial assistance is the most required support (32.3%) from the government among the selected respondents. In addition, training programs have the highest mean perception (4.17) which highlights the importance of skill development in improving MSME prospects and business success.
- From the mean score analysis, it is proved that most of the respondents opined the prospects and opportunities of MSMEs as 'support of government schemes' and 'finding suitable workspace or retail space' with the mean score of 4.16 and 4.08 respectively.
- The Anova test displayed that there is a significant difference in mean prospects and opportunities of MSMEs with regard to age of the respondents.
- From the 'F' test, it is showed that there is a significant difference in mean prospects and opportunities of MSMEs with regard to gender of the respondents.
- The analysis of Anova confirmed that there is no significant difference in mean prospects and opportunities of MSMEs with regard to type of the company of the respondents.
- From the 'F' test analysis, it is mentioned that there is no significant difference in mean prospects and opportunities of MSMEs with regard to number of employees working in the firm of the respondents.
- The Anova analysis assumed that there is a significant difference in mean prospects and opportunities of MSMEs with regard to type of support need from the government of the respondents.

9. SUGGESTIONS

- The findings observed that the highest level of prospects and opportunities of MSMEs is perceived by respondents came into upto 35 years. So, this study suggested that government and financial institutions should create special schemes to support young entrepreneurs mainly, providing incentives and mentorship programs to sustain their business growth.
- It is displayed from the study that female respondents have the highest level of prospects and opportunities of MSMEs. Hence, it is suggested that tailored financial assistance, leadership training, and networking opportunities should be provided to empower women in business to encourage more female participation in MSMEs.
- It is assumed from the findings that sole proprietorships have the highest level of prospects and opportunities of MSMEs. Therefore, policies should focus on easing regulations, providing tax benefits, and offering digital transformation support to help sole proprietors scale their businesses efficiently.
- The analysis confirmed that firms with 10-20 employees have the highest level of prospects and opportunities of MSMEs. Since firms with 10-20 employees perceive better opportunities, targeted funding, infrastructure support, and operational guidance should be provided to enhance their growth.
- It is depicted from the study that training programs have the highest level of prospects and opportunities of MSMEs among the respondents. Therefore, skill development initiatives should be expanded with industry-relevant training, digital literacy workshops, and government-backed certification programs to improve MSME success rates.

10. CONCLUSION

The study on the Prospects and Opportunities of MSMEs in Coimbatore District highlights the strong potential for growth, particularly among young entrepreneurs and female business owners. Also, sole proprietorships and medium-sized enterprises (10-20 employees) perceive better opportunities,

PROSPECTS AND OPPORTUNITIES OF MSMEs IN COIMBATORE DISTRICT

indicating the need for targeted support in these sectors. Training programs play a crucial role in enhancing MSME success, emphasizing the importance of continuous skill development. So, government policies should focus on financial aid, infrastructure support, and capacity-building initiatives to foster sustainable growth. Overall, MSMEs in Coimbatore hold significant potential, and strategic interventions can further strengthen their contributions to the economy.

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