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## Growth of Micro Small Medium Enterprises in Chittoor District of Andhra Pradesh

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### Abstract

Micro Small and medium enterprises are important for national development. As change is taking place in industrialized nations, the participation of women in entrepreneurship is increasing but the range of women entrepreneurship is low compared with female population. There is increase of number of women in starting business making considerable contribution to the growth of the economy. Even though the government is launching various schemes to promote Micro Small and Medium Enterprises still there are problems faced by the women entrepreneurs. Women entrepreneurs unable to procure sufficient fund to the business. The hardest and most stressful problem faced by entrepreneurs is decision making. Government should take initiative in granting loans at concessional rates of interests and at reduced margins. Proper training programmes should be organised periodically to acquire knowledge and to know the initiatives of the government for supporting women entrepreneurs.

**Keywords:** industrial objectives - socio-economic transformation - entrepreneurial spirit- industrial security - rate of capital formation- idle resources - entrepreneurial capabilities -downsizing - creator of wealth- public savings - National Resources

### Introduction

Entrepreneurship is an essential forerunning factor for national development. Nurturing an individual's natural spirit of entrepreneurship is a powerful key to economic development, which takes its major share in the developing countries. Small and medium enterprises provide enormous employment opportunities to people. Moreover, small enterprise is frequently involved as a key player in the process of local economic development and the reorganization of national economies. The origin of women entrepreneurship in India is also geared up in last three decades. The individual entrepreneur's creativity has led to the industrialization of many nations. The spirit of enterprising transforms ordinary men into entrepreneurs and ideas into economic realities. Entrepreneurship is the ability to perceive an opportunity, the foresight to see scope for its exploration, the courage to undertake the initiative and trying to take risks. Since independence, small-scale entrepreneurship programme has contributed significantly to the economic growth.

According to M. Visveswaraya, the following are the seven M's necessary for modern enterprises. They are (i) Men, (ii) Money, (iii) Materials (iv) Machinery (v) Motive power (vi) Market and (vii) Management. These seven factors should be brought together by an entrepreneur to achieve the objectives, which he has set for himself. The entry of entrepreneurs into the field of economy makes the nation not only prosperous but also empowers individuals by providing employment opportunities.

The word entrepreneurship originated from French. Men engaged in leading military expeditions were referred to as entrepreneur in the early 16th century. Around 17<sup>th</sup> century, the term entrepreneur ascribed to architects and contractors of public works. Later Mark Casson (1991) defined and described entrepreneur as a person, who specializes in taking judgmental decisions about the coordination and usage of resources which are limited in available. Entrepreneur is an innovative and out of box thinker, who introduces a new method of production or a new product, a new source of material or new markets into the economy.

An entrepreneur's function is to modernize the model of production by reorganizing or exploiting an invention or introducing an untried technological possibility for producing a new commodity. Entrepreneurship is exercised through practice; it is neither a science nor an art. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge in practice is largely defined by the ends, that is, by the practice.

Entrepreneurship is a process undertaken by an entrepreneur to boost his business interest. Basically, it involves creativity and innovation that takes towards establishing the enterprise. It is the readiness of mind to take calculated risks with confidence to achieve a set business goal or industrial objectives. Thus, entrepreneurship is a decisive activity that involves in initiating and maintaining economic activities for the production and distribution of wealth. It has been recognized as an essential ingredient of economic development and an integral part of socio-economic transformation.

### **Importance of Entrepreneurship**

Entrepreneurship is the base of industrialization and determines the growth rate of a country. The poor financial performance of public enterprises in India is partly due to the lack of entrepreneurial spirit among the managers of these enterprises. Entrepreneurs initiate, increase and sustain the process of economic development in the following ways:

1. **Capital Formation:** Entrepreneurs mobilize the idle savings of the public through the issues of industrial securities. Investment of public savings in industry results in productive utilization of national resources. Rate of capital formation increases which is essential for rapid economic growth. Thus, an entrepreneur is the creator of wealth.
2. **Improvement in Per Capita Income:** Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase Net National Product and per capita income in the country, which are important yardsticks for measuring economic growth.
3. **Generation of Employment:** Entrepreneurs generate employment both directly and indirectly. Directly, as self-employment, an entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large- and small-scale business units they offer jobs for millions. Thus, entrepreneurship helps to reduce the unemployment problem in the country.
4. **Balanced Regional Development:** Entrepreneurs in the public and private sectors help to remove regional disparities in economic development. They set up industries in backward areas to avail various concessions and subsidies referred by the Central and State Governments. Public sector steel plants and private sector industries by Midis, Tata's, Birla's and others have put up their ventures in unknown places on the international map.
5. **Improvement in Living Standards:** Entrepreneurs set up industries which remove scarcity of essential commodities and introduce new products. Production of goods on mass scale and manufacture of handicrafts,

etc. in the small-scale sector help to improve the standard of life of a common man. These offer goods at lower costs and increase variety in consumption. China model of small-scale industrialization is a typical example for this.

6. **Economic Independence:** Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries. Businessmen also export goods and services on a large scale and thereby earn the scarce foreign exchange for the country. Such import substitution and export promotion help to ensure the economic independence of the country without which political independence has little meaning.

### **Entrepreneurship among Women**

In many industrialized nations, change is taking place at an increasing pace because of rise in manufacturing and modernization. As a result, ambitious, innovative, energetic and creative individuals are becoming a dynamic force. During this phase of uncertainty and instability, women are emerging as a driving force in the growth of developing economies of the world. The considerable changes in the world economy have significantly altered the position of women in the marketplace. New opportunities and new challenges have increased the demand for viability of skills and specialization of knowledge to accommodate such changes. At such a stage, women entrepreneurial capabilities and leadership styles appear to be valuable.

Entrepreneurship is the dynamic process of building incremental wealth. This wealth is created by individuals who take risks in terms of capital, time, and career commitment and provide value for their product or service. By the end of 20th century women became more conscious of their social potentials, which were concealed until then by social, economic and political restrictions and started participating in economic development. According to Global Entrepreneurship Monitor research project, women entrepreneurship ranges from 1.5 percent to 45.4 percent of the total female population. Even though, the proportion of women entrepreneurs varies considerably among the economies, women are now starting business at a more rapid pace than men, making considerable contributions to the growth of their economy. Women entrepreneurs play a vital role in creating wealth and jobs. In developing economies women entrepreneurs are more into micro, small and medium enterprises as large manufacturers in the industrialized world are constantly downsizing by reorganizing and laying off workers. Thus, in this unstable social and economic environment, small entrepreneurial firms led by women are becoming creators of jobs.

Women Entrepreneur is a person who captures the prevailing opportunities to become economically independent and accepts challenging roles to meet her personal needs. Today's entrepreneurial woman has an intrinsic quality of doing something positive in contributing values to both family and society. With the advent of media, women are aware of their own qualities, privileges and also the work conditions. The challenges and opportunities provided to the women are growing rapidly in such a way that the women are turning into job creators rather than job seekers. Their entrepreneurial activities include designing, exports, interior decorating, publishing,

computer software, small machine tools manufacturing, and garment manufacturing and yet investigating new opportunities of economic participation. Women become entrepreneurs because of many reasons like innovative thinking; government policies and procedures; new opportunities for self-fulfillment; education and qualification; support of family members; freedom to take own decision; need for additional income; be independent and to gain social status.

**Problems Faced by Entrepreneurs**

With the Indian government launching various schemes to promote small scale industries in India, local businesses have been mushrooming all over the country with many startups making huge impacts in the past few years. But it's not easy, there are abundant problems faced by entrepreneurs.

Arriving sufficient funds to the business is one of the main issues that all business faces and has to tackle in order to survive. Initial money may be useful for certain period but in the long run it is not possible to maintain the same position. A steady flow of cash is essential for small business to survive and there is every need to have extra funds to take care of rainy and in-between days. Many entrepreneurs struggle to make ends meet and at times don't even pay themselves so they can clear the invoices in time. Entrepreneurs should have a clear business plan to clear the payments at all levels.

Picking the right combination team for a startup is important. Team may look like efficient at the time of recruitment but in practice they fail to meet the requirements. Every entrepreneur should run the firm with confidence and survive with time. The product should be accepted. The ultimate goal is to earn profits. Some unknown factors may affect the long-term plans due to new developments that take place. Dealing with this volatility is one of the hardest challenges for a new entrepreneur.

One of the hardest and most stressful problems faced by

entrepreneurs is decision making. New entrepreneurs have a harder time is making decisions as they often equate even small decisions with how it will impact the company and its budget. Self-doubt also makes them question the decisions they have made already made and if it was the right one. It's is only with time that they learn to take hundreds of decisions a day, big and small, without questioning themselves and often facing decision fatigue. While it will take some time and experience to reach that point, they can start by following the 5 steps of the decision-making process to make crucial decisions. These are – Identifying their goal, weighing their options, considering the consequences, make the decision and evaluate it before giving it a nod.

One of the constant problems faced by entrepreneurs is criticism, relating to the business ideas, and failures in business decision making. Many entrepreneurs are facing criticism constantly in various ways. Entrepreneur should learn to face them look at genuine criticism, evaluate with suitable solutions. Firm should attract the customers, for better business. This problem always plays on every entrepreneur's mind. The new companies hold a big advantage over brands and that is their pricing is much cheaper than their rivals. If the firm provides a high-quality product at a much cheaper rate than their rival, they will not only be able to attract new customers but also retain their customer who will become loyal to them over time.

**Growth of Micro Small and Medium Enterprises in Chittoor District**

Table -1 shows growth of MSMEs in Chittoor district. The total numbers of units are 3561 in 2015-16 increased to 8275 in 2019-20. The agro based units which were 588 in 2015-16, increased to 1565 units in 2018-19, textile-based units were 120 units in number are also increased to 1243 in the year 2019-20.

**Table 1:** Growth of Micro Small and Medium Enterprises in Chittoor District during 2016-2020.

S.No	Category	2015-16	2016-17	2017-18	2018-19	2019-20
1	Agro based	588	995	1128	1565	695
2	Forest based	273	225	273	283	22
3	Textile Based	120	625	795	1005	1243
4	Engineering based	695	1295	1459	1802	568
5	Chemical Based	416	437	485	523	95
6	others	1469	1768	1995	2731	5652
	Total	3561	5345	6135	7909	8275

Source: District Industry Centre, Chittoor - 2021

Table – 2 shows year –wise number of employees of Micro Small and Medium Enterprises. The total numbers of employees were 502779 in 2015-16 increased to 104050 in 2019-20. The male employees' number is 36685 in 2015-16, increased to 64763 in 2019-20. The female employees number also increased from 13594 in 2015-16 increased to 39287. The capital investment which is 230372 lakhs in 2015-16 is also increased to 657000 lakhs in 2019-20.

**Table – 2:** Year –wise Number of Employees of Micro Small and Medium Enterprises in Chittoor District during 2016-2020.

Years	No. of Units	No of Employees		Total no. of employees
		Male	Female	
2015- 16	3561	36685	13594	50279

2016-17	5345	45858	13924	59782
2017-18	6135	52071	17450	69521
2018-19	7909	74453	30601	105054
2019-20	8275	64763	39287	104050

Source: District Industry Centre, Chittoor - 2021

### Conclusion

The state and central governments should take initiatives for the supply of essential inputs like raw material, power, coal, oil and other facilities like transport for the smooth marketing of the products. The government should grant loans as and when they require at concessional rates of interest at reduced margins. The Government should set up a special institution or agency in order to eliminate middlemen and to ensure the supply of good quality of raw materials at reasonable prices. It has to procure and distribute both local and non-local raw materials as and when required. The entrepreneurs should have proper training in acquiring the necessary skills in running the units. The entrepreneurs training programmes should be organized periodically to acquire knowledge and also highlight the availability of Government incentives and supporting measures for MSMEs to the entrepreneurs.

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