

Difficulties Facing Himachal Pradesh In Today's Sector

***Pawan Kumar Sharma**

Ph.D. Research Scholar, Jindal Global Business School of O.P. Jindal Global University, Sonipat

****Dr. Tejpavan Gandhok**

Professor, Jindal Global Business School of O.P. Jindal Global University, Sonipat

***** Dr. Sanjay Chaudhary**

Assistant Professor, Jindal Global Business School of O.P. Jindal Global University, Sonipat

******Dr. Devinder Sharma**

Professor, Department of Commerce, Himachal Pradesh University, Shimla-171005

Abstract:

Handlooms, Cottage or Small-Scale businesses produce ornaments, garments, and commodities with distinctive designs and long-lasting durability throughout the Himalayan ranges, which are associated with many regions and states. In India, the state of Himachal Pradesh is located in the Himalayan region, one of the country's seven states. Hispanic and worldwide importance is accorded to the products manufactured by cottage and small-scale enterprises in Himachal Pradesh. Among the international treasures are handkerchiefs from the Chamba district, shawls from Kullu, Shimla (Rampur Bushahar) caps, and Kangra paintings, among others. Due to the effects of industrialization on large-scale highly mechanised industrial production, cottage and small-scale industrial activities in India have suffered significantly during the post-independence period, whereas small-scale industrial activities have relevance to the vast majority of the population in terms of entrepreneurialism, employability, and locally consumed goods. Micro, Small, and Medium-Sized Enterprises (MSMEs) in Himachal Pradesh face a number of issues today, which the study paper attempts to address in detail.

Key Words: Micro, Small, and Medium Enterprises (MSME), Cottage Industry, Himachal Pradesh

Introduction

Approximately 30 percent of India's gross domestic product is generated by micro, small, and medium-sized enterprises (MSMEs). MSMEs are the growth accelerators of the Indian economy. Exports are an important component of the supply chain, accounting for roughly 48 percent of total exports. Small and medium-sized enterprises (SMEs) play a vital role in job creation as well, as they employ millions of people across the country. It's interesting to note that MSMEs are also connected with the rural economy, as more than half of all MSMEs in India are located in rural areas. Recently, Himachal Pradesh has made major

strides forward in the fields of industry and development. The introduction of a liberalised economy and the announcement of a specific package of incentives for the state have resulted in a significant increase in the flow of investment, which has resulted in a very positive reaction to the establishment of new industrial ventures in the state.

The Significance and Importance of the Study

In any economy, the Micro, Small, and Medium-Sized Enterprise (MSMEs) sector is regarded as the most active due to its capacity for invention, aptitude for technological improvement, and endurance in the face of several hurdles. However, despite the fact that MSMEs in India make significant contributions to GDP, industrial production, and exports, they do not receive the necessary support to expand at an exponential rate. Their daily lives are filled with obstacles that they must overcome in order to remain afloat. Aside from the numerous impediments faced by MSMEs in terms of competition, lack of infrastructure, red tape, a scarcity of labour, and so on, the promoters of MSMEs also face difficulties in obtaining adequate and timely financial assistance from banks and other financial institutions, particularly in the developing world. It is the purpose of this paper to investigate and analyse the difficulties and obstacles faced by the MSME sector in India in general, and the state of Himachal Pradesh in particular, during the last decade. The paper goes into some detail about the current issues that small and medium-sized enterprises (SMEs) face in Himachal Pradesh.

Industrialization in Himachal Pradesh

Agribusiness, horticulture, and related businesses are the most important sources of economic strength in Himachal Pradesh (H.P). It is a well-documented and observed reality that industrialization is taking place throughout the state. After achieving statehood in 1971, it gained speed. Several special incentives or packages were provided to this hilly state in order to counteract topographical disadvantages and stimulate industrial development. These incentives or packages were designed in order to encourage entrepreneurs to invest in the state, thus increasing employment opportunities and boosting the state's economy. Industrial output accounts for around 16 percent of the country's Gross Domestic Product. Having emerged as a popular investment destination, Himachal Pradesh has made significant strides in its efforts to make doing business in the state as easy as possible. Investors have been helped by a number of efforts that emphasise the importance of 'ease of doing business' as a key component. This journey will continue with the goal of promoting openness, improving the efficiency and efficacy of various government regulatory processes, and facilitating access to investors in Himachal Pradesh, among other things. In a variety of industries, including pharmaceuticals, horticulture, agronomy, food and fruit processing, textiles, tourism, light engineering, cement, and hydroelectricity, the state provides ample opportunities for investment. Additional opportunities exist in rapidly growing knowledge-based industries such as biotechnology, electronics, and information technology (I.T.).

The Study's Objectives::

- **To study the difficulties and challenges faced by MSMEs.**
- **To discuss MSMEs in context with different sectors like marketing, finance, technology, etc.**

- **To focus upon the efforts of the government to improve MSME's.**
- **To understand the factors affecting the growth and development of MSMEs and to bring out possible solutions to eliminate or reduce the difficulties.**

The Methodology

The investigation is a first step in the research. Himachal Pradesh's Kullu, Shimla, and Bilaspur districts have provided data and information that has been acquired from the owners of various small size industrial enterprises. Six respondents from the Kullu district, four from the Shimla district, and three from the Bilaspur area were approached by the investigators to elicit information from them. A study of the replies has been conducted to portray the difficulties that small scale industrial entrepreneurs are experiencing. In addition, material on the concept that is available on the internet has been used to help understand the difficulties that have arisen. In the following sections, we examine the pertinent information:

The following are the operational problems facing the MSME sector:

According to the comments of respondents and information acquired from other sources, the issues that the MSME sector is now facing are as follows:

1. Credit is very expensive

Because low-cost funds are not readily available in this sector; the cost of borrowing is high. The research and development (R&D) activities of the innovation-driven units require a continuous flow of cash to be successful. The high transaction costs associated with bank loans, as well as the high-risk perception associated with this industry, contribute to the high cost of capital. The units in this sector are not able to supply collateral securities, which results in a lack of available money.

2. Lower degrees of technological sophistication

Small and medium-sized enterprises (SMEs) in India are characterised by low technology level units, except for a few. The lower degree of technology in this area is a significant disadvantage in the expanding globalised economy. The products from these sectors are therefore not comparable to those from other countries, which is a major reason for their long-term viability and sustainability.

3. The absence of adequate infrastructure facilities.

When basic facilities such as roads, water, and power are lacking, the profitability and productivity of small and medium-sized enterprises (SMEs) are significantly affected. It is necessary to use up-to-date technology that is in sync with global trends to ensure MSMEs' competitiveness, which may be achieved through the availability of qualified personnel and enough infrastructure facilities. The MSMEs are located either in metropolitan regions that are decades old or in rural areas that are in a disorganised situation. There are significant infrastructure deficiencies and reliability issues in many places, posing a significant threat to Innovate.

4. There is a scarcity of qualified personnel.

A competent workforce is required for innovation; while India has a big pool of human resources, there is a scarcity of skilled workers. The industry continues to be plagued by a scarcity of trained labour, which is necessary for a variety of tasks such as manufacturing, marketing, and customer service. Furthermore, there is a lack of a research culture, which has a direct impact on the advancement of technology in business.

5. Storage, product, design, packaging, and display issues are all addressed.

Storage, product design, packaging, and display are all issues that small and medium-sized enterprises (SMEs) must deal with. Because these units do not typically have a marketing organisation, their products do not compare favourably with the high-quality items produced by large-scale enterprises. Selling venues for their products are not readily available, which is a significant limitation on the growth of MSMEs. While the lack of adequate infrastructure facilities creates challenges for selling their products, even if a unit is innovative, effective monetization is still a major concern for them. Effective technology will eliminate the obstacle and remove the roadblocks, allowing businesses to concentrate on their main business of innovation instead of being distracted by other issues.

6. Delays in the settlement process

Because small and medium-sized enterprises (SMEs) have low bargaining power in the market, large-scale buyers typically have substantial settlement lead times when dealing with these units. It results in a lack of funds for their capital expenditure requirements as well as for their performance research and development efforts. We are currently living in a world that is rapidly changing because of technology breakthroughs. Industry4.0 is the term used to describe the fourth industrial revolution, which is brought about by technological improvements. Industry 4.0 is defined by increased digitalization, innovation, interconnection of goods, business models, and value chains, as well as the adoption of artificial intelligence. In addition to data volumes, the internet of things (IoT), computational power, artificial intelligence, simulation, elemental design, advanced robotics, sensor-based technologies and additive manufacturing are all integral parts of Industry 4.0. Cyber-physical systems are also an integral part of Industry 4.0. The digital revolution is transforming the business models of all industrial industries, whether they are large, small, or medium-sized enterprises.

7. Other factors that influence the growth of the MSMEs sector include:

a) MARKETING FOR SMALL BUSINESSES

Over the course of the last five decades, the Micro, Small, and Medium-Sized Enterprises (MSMEs) sector has grown as a highly lively and dynamic segment of the Indian economy. Micro, small, and medium-sized enterprises (MSMEs) not only play an important role in creating large numbers of jobs at a lower capital cost than large corporations, but they also contribute to the industrialization of rural and backward areas, which helps to reduce regional imbalance while ensuring a more equitable distribution of national income and wealth. The rapidly changing regional, national, and global economic environments have presented a slew of opportunities and difficulties to micro, small, and

medium-sized enterprises (MSMEs) in India. While on the one hand, many opportunities have been created for this sector to improve productivity and explore new markets at the national and international levels, on the other hand, it has also imposed an obligation on them to upgrade their competencies to keep up with the competition, as new products are launched at an alarming rate and made available throughout the world in a short period of time. Small and medium-sized enterprises (SMEs) do not have access to the same strategic tools that giant corporations do for their business or market development. Marketing is one of the weakest areas in today's competitive environment, and small and medium-sized enterprises (SMEs) have significant difficulties in this area. It is believed by earlier research scholars that, in practical terms, the management of MSMEs/small-scale companies is built upon two disciplines, namely finance and marketing. As a result, marketing has emerged as the most important area of activity in the MSMEs segment. It is, at the same time, a neglected area in the MSMEs segment in India generally, and in Himachal Pradesh. Many professionals feel that small and medium-sized enterprises (SMEs) should be included in marketing strategy for their future growth, but micro, small, and medium-sized enterprises (MSMEs) are unwilling to take action. There appears to be a lack of faith and trust in marketing planning, which may be attributed to the fact that they are not aware of the importance of marketing planning. When asked why they should have been taught to plan their marketing, they constantly respond that their business is expanding without their assistance. But they are unaware of this, and they must learn about marketing planning, which is fundamentally concerned with the veracity of the demands of the customers. Small and medium-sized enterprises (SMEs) continue to be more concerned with manufacturing than with marketing. They have never conducted a marketing analysis of their items' marketing potential. If this is not the case, the MSMEs sector will have to compete not only with one another, but also with large-scale enterprises. Following the implementation of marketing, the competitive capability of SMEs will significantly improve, which will have a favourable impact on sales in the long run. As a result, if MSMEs are to acquire market share from their competitors and establish a foothold in the world's largest market, the four aspects of the innovative marketing mix, as well as their various dimensions, must be properly controlled.

8 Small Businesses and Finance:

Access to adequate and timely financing has continued to be the most difficult barrier for SMEs, and has hampered their ability to expand their operations. Because of a shortage of cash, the sector is unable to invest in its manufacturing, procure raw materials on time, access new technologies, or learn new skills, which is a significant disadvantage, particularly in the face of global competition. The slowdown and liquidity crunch have exacerbated the problem of non-performing loans (NPAs), prompting Finance Minister Nirmala Sitharaman to declare at the recent ASSOCHAM anniversary celebrations event that restructuring in the MSME sector can be accomplished without the loans being classified as NPAs.

A) SMALL BUSINESSES AND INFORMATION TECHNOLOGY:

Technology is a major concern for small and medium-sized enterprises (SMEs). Efforts must be made in a coordinated manner to inform MSMEs of new discoveries and technology, as well as how they might be usefully exploited by them while taking into consideration local realities, in a language and format that the locals can comprehend and assimilate. Universities, technical institutes, academic

institutions, process and product development centres, tool rooms and training centres, and other similar organisations should be encouraged to associate with and participate actively in local MSMEs clusters, understand and appreciate their technology-related problems and issues, and undertake projects to address those problems and issues. During their projects, students should be encouraged to collaborate with local units and to provide innovative suggestions.

B) SMALL COMPANIES AND HOLDINGS:

MSMEs require a great deal of assistance on a variety of fronts. Common Facility Centers may be established at each MSME cluster to facilitate the extension of other common facilities, such as the maintenance and provision of common facilities, the facilitation of the availability of raw materials, marketing support, and easy movement of goods and services, among other things. These Common Facility Centers can also guide the entities in preserving and protecting their intellectual property rights. Patent assistance centres can assist individuals and organisations in securing patents for innovative technologies, goods, and inventions in a timely and cost-effective manner.

C) SMALL COMPANIES, BRANDING, AND PACKAGING:

Branding and packaging play a significant part in marketing, as they aid in the establishment and survival of a product's identity. The Common Facility Centers should be actively engaged in research and innovation in this area on a constant basis, and they should raise awareness of this among the local units.

D) MSMEs and the Goods and Services Tax (GST):

GST has emerged as the most significant compliance concern facing small and medium-sized enterprises (SMEs). It is past time for the GST concerns and bottlenecks to be addressed and fixed as soon as possible. Then there are the difficulties of labour, research, infrastructure, and other issues that MSMEs must deal with. Some new Labour Law Codes have already been implemented, and others are in the process of being implemented. It is also critical to raise awareness among state and local governments about the dangers of imposing an unreasonable compliance load on these units. Another factor that may help MSMEs become more competitive on the international stage is continual research and development through state-funded organisations.

Governmental efforts are being made in this regard.

The administration appears to be prioritising concerns pertaining to small and medium-sized enterprises (SME) at the moment. To assist small and medium-sized enterprises (SMEs), the government has announced the creation of an e-commerce portal, dubbed "Bharat Craft," which would serve as a direct interface between sellers and customers. The MSME Ministry has launched a scheme of 'second financial assistance' to assist PMEGP and Mudra businesses in expanding or upgrading their operations in order to increase employment possibilities. Here's one solution in particular that I wanted to bring to the attention of the appropriate authorities. Small and medium-sized enterprises (SMEs) are either proprietorships or partnerships. Even in cases where they are registered as corporations, they are believed to be partnerships

in actuality. These organisations often have a small asset base. Banks and other lending institutions may need to adjust their lending policies and practises to reflect the realities of small and medium-sized enterprises (SMEs). For example, instead of asset-based lending, lending may be based on the potential/IPR of the unit, the credit score of the individuals behind the unit, and so forth.

As a result of the collateral-free automatic credit line and the subordinate debt to MSMEs, the government may be able to entice risk-averse banks to resume lending operations because the government will guarantee the principal and interest payments in full. The government's guarantee will relieve pressure on banks and other financial institutions because they will not be required to make provisions in the event that the loan account becomes non-performing. The government also announced the establishment of a 'Fund of Funds' with a capital of Rs 10,000 crores, through which the government will acquire an equity position in MSMEs with strong development prospects and sustainability. Furthermore, the long-term purpose of such an equity injection is to encourage small and medium-sized enterprises (SMEs) to become public on stock exchanges.

All market participants, including end customers, will benefit from the establishment of an online marketplace for SMEs. Product and service prices that are affordable, as well as the narrative of 'Make in India' and national unity that is promoted throughout marketing, would appeal to the cash-strapped consumer. Startups are not specifically included in the MSME concept; however, startups working in the manufacturing and ancillary services sectors, particularly in the medical devices and robotics sectors, may choose to register as MSME. In

addition to the new perks under the Aatma-Nirbhar Bharat Abhiyan, a slew of existing benefits, such as preferential lending to cluster finance, exemptions, tax reductions, and so on, would be made available to such start-ups (ANBA).

Recommendation:

The obstacles experienced by small-scale industrial firms in India are not unique to Himachal Pradesh, and the state does not make an exception in this regard. Furthermore, according to the respondents, in the context of several sectors such as marketing, finance, technology, branding, packaging, and, more recently, GST, the MSMEs are forced to compete and are being dominated despite the many packages of support provided by the government. Consequently, it is clear that the state must enforce the regulations governing the support of SMEs in order to strengthen this sector of critical socio-economic and employability significance. It would aid in the attraction of tourists and the increase in demand. The promotion of MSME products by government organisations and other non-governmental organisations (NGOs) is essential. Furthermore, improved relaxations must be supplied in order to stimulate this industry.

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