

A Study on the Growth, Performance and Challenges of Micro, Small and Medium Enterprises (MSMEs) in Tumakuru District of Karnataka

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Abstract: *Micro, Small and Medium Enterprises (MSMEs) constitute an important component of regional economic development by generating employment, promoting entrepreneurship and supporting industrial and commercial activities. Tumakuru district of Karnataka has emerged as an important industrial and MSME centre, supported by its agricultural base, industrial infrastructure, connectivity and proximity to Bangalore. The present study examines the growth, performance and major challenges faced by MSMEs in Tumakuru district. The study is based mainly on secondary data obtained from government reports, NABARD publications, Census publications, district statistical reports and other official sources. The study examines the contribution of MSMEs to employment and investment and identifies major constraints relating to finance, technology, marketing, skilled labour and infrastructure. The study also suggests measures for improving the competitiveness and sustainability of MSMEs in the district.*

Keywords: MSMEs, Entrepreneurship, Employment, Investment, Industrial Development, Tumakuru District, Commerce.

I. INTRODUCTION

Micro, Small and Medium Enterprises play an important role in India's economic development. They contribute to employment generation, entrepreneurship development, production, regional development and income generation.

At the district level, MSMEs are particularly important because they provide employment opportunities outside agriculture and support local supply chains. Tumakuru district has developed as an important industrial centre of Karnataka. The district administration maintains a District Industries Centre under the Department of Industries and Commerce.

According to Invest Karnataka, Tumakuru's economy includes primary, secondary and tertiary-sector activities, with manufacturing and allied industries forming an important component of its economic structure.

The district has also developed industrial areas and facilities supporting manufacturing and MSME activities. NABARD's latest district-level planning document states that Tumakuru had **28,789 registered MSME units during 2024–25**, employing approximately **166,980 persons**, with investment of about **₹6,885.52 crore**.

Therefore, studying MSME performance in Tumakuru is relevant from the perspectives of commerce, employment, entrepreneurship, investment and regional economic development.

II. STATEMENT OF THE PROBLEM:

Limited access to institutional finance ,High cost of credit ,Shortage of skilled labour ,Marketing difficulties ,Competition from large enterprises ,Limited technological adoption ,Lack of adequate working capital ,Raw-material price fluctuations ,Limited digital marketing capability ,Infrastructure-related constraints

The present study attempts to examine these issues and understand the performance and challenges of MSMEs in Tumakuru district.

III. NEED FOR THE STUDY:

1. MSMEs provide employment opportunities to the local population.
2. They encourage entrepreneurship among educated youth.
3. They contribute to industrialization of the district.
4. They support agriculture through agro-processing and related activities.
5. They contribute to local trade and commerce.
6. They promote balanced regional development.
7. Understanding their problems can help policymakers and financial institutions design appropriate support mechanisms.

IV. OBJECTIVES OF THE STUDY:

1. To examine the growth of MSMEs in Tumakuru district.
2. To analyse the investment and employment generated by MSMEs.
3. To identify the major sectors in which MSMEs operate.
4. To examine the major financial and operational problems faced by MSMEs.
5. To study the marketing and technological challenges of MSMEs.
6. To examine the role of institutional support in MSME development.
7. To suggest measures for improving the performance and sustainability of MSMEs in Tumakuru district.

V. RESEARCH DESIGN

Study Area-The study is confined to **Tumakuru district of Karnataka**.

Tumakuru district includes taluks such as Chikkanayakanahalli, Gubbi, Kunigal, Tiptur, Tumakuru, Turuvekere, Koratagere, Madhugiri, Pavagada and Sira.

Sources of Data

Primary data: Primary data may be collected from MSME entrepreneurs through a structured questionnaire.

Secondary data: Secondary information may be collected from:

NABARD ,Government of Karnataka ,District Administration, Tumakuru ,Department of Industries and Commerce ,Census of India ,Karnataka Economic Survey ,District Statistical Reports ,Government of India MSME publications ,Research journals and books

Sample Size-For a primary survey, the researcher may select: **100** MSME entrepreneurs from Tumakuru district.

Sampling Method-**Convenience sampling / purposive sampling** may be used depending upon accessibility of respondents.

Tools of Analysis-Percentage analysis, Mean, Ranking method, Chi-square test, where appropriate, Tables and diagrams

Table 1: Selected MSME Indicators – Tumakuru District

Indicator	Value
Registered MSME units, 2024–25	28,789
Employment generated	166,980

Indicator	Value
MSME investment	₹6,885.52 crore
Large & medium industries	41
Investment by large & medium industries	₹3,357.58 crore
Employment by large & medium industries	About 7,204

Interpretation: The data indicate that MSMEs form a significant part of the district's industrial ecosystem. The large number of registered units and employment generated demonstrate their importance for employment and entrepreneurship.

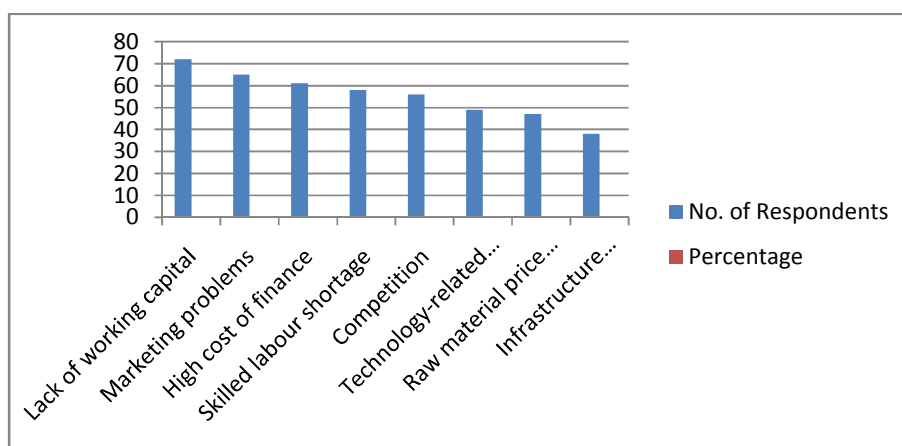
Major Areas of MSME Activity: Food processing ,Horticultural processing ,Textile and garments ,Coconut-related products ,Engineering and manufacturing ,Automobile components Printing and stationery ,Building materials ,Leather products ,other small manufacturing and service activities

Tumakuru's agricultural base also provides opportunities for agro-processing and value addition. Government agricultural data provide district-level crop information, which can support future research on agro-processing enterprises.

Problems Faced by MSMEs:A primary survey can be conducted using the following questionnaire.

Table 2: Major Problems Faced by MSME Entrepreneurs

Problem	No. of Respondents	Percentage
Lack of working capital	72	72%
Marketing problems	65	65%
High cost of finance	61	61%
Skilled labour shortage	58	58%
Competition	56	56%
Technology-related problems	49	49%
Raw material price fluctuations	47	47%
Infrastructure problems	38	38%



Interpretation-The illustrative results indicate that working capital, marketing and finance may constitute important concerns among MSMEs. However, actual conclusions should be based on responses collected from the selected sample.

Sources of Finance: Commercial banks, Regional Rural Banks, Cooperative banks Microfinance institutions, own capital, Friends and relatives, Government-supported credit schemes

The Tumakuru Agricultural Marketing Department also provides mechanisms relating to agricultural marketing and pledge finance for agricultural produce, which is relevant to agro-based enterprises and farmers.

Marketing Problems: Identifying new markets, Branding, Digital marketing, E-commerce adoption, Packaging, Transportation, Maintaining competitive prices, Accessing institutional buyers

Technology Adoption: Production efficiency, Product quality, Inventory management Accounting, Customer communication, Digital payments, Marketing, E-commerce

Small enterprises with limited financial resources may find technological investment difficult. Training and institutional support can therefore play an important role.

Government and Institutional Support: Entrepreneurship development, Credit facilitation Skill development, Industrial infrastructure, Technology support, marketing assistance Government schemes, Training programmes

Role of APMCs in Agricultural Commerce:

Agricultural marketing is particularly relevant to Tumakuru because agriculture provides raw materials for several agro-based commercial activities. The district administration reports **nine APMCs** under the agricultural marketing system, including APMCs at Tumakuru, Tiptur, Gubbi, Sira, Huliya, Pavagada, Madhugiri, Kunigal and Turuvekere.

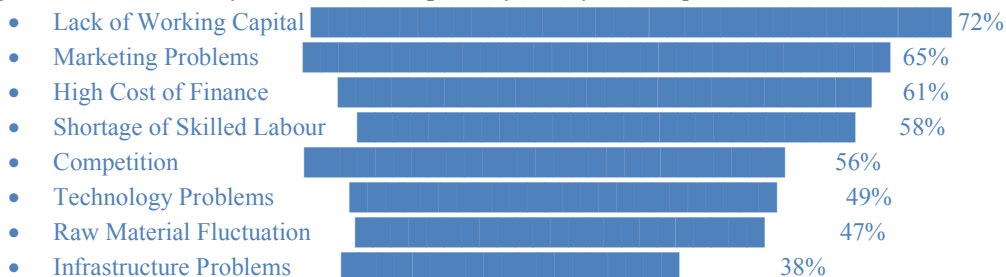
Agriculture → APMC → Processing → Wholesale → Retail → Consumer

Findings of the Study:

Based on the available secondary information and the proposed research framework, the study can examine the following findings:

1. MSMEs represent an important component of Tumakuru's industrial economy.
2. The district has a diversified MSME base.
3. MSMEs provide substantial employment opportunities.
4. Agro-based industries have potential because of the district's agricultural base.
5. Finance and working capital are important areas for investigation.
6. Marketing and technology adoption require greater attention.
7. Skill development can improve enterprise productivity.
8. Institutional support can contribute to entrepreneurship development.
9. Digital marketing provides opportunities for market expansion.
10. Better linkages between agriculture and processing industries can promote value addition.

Major Problems Faced by MSMEs: for the primary survey, we can present the results as a horizontal bar chart:



Suggestions:1. Improve access to institutional finance

Banks and financial institutions should strengthen timely credit facilities for genuine MSME requirements.

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DOI: 10.48175/IJARSCT-38342

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- 2. Promote digital marketing:** Entrepreneurs should be trained in-Social media marketing, E-commerce, Digital payments, Online branding
- 3. Skill development-**Regular training programmes should focus on accounting, digital technology, marketing and entrepreneurship.
- 4. Promote agro-processing-**Tumakuru can encourage more value-added enterprises based on locally available agricultural and horticultural products.
- 5. Technology upgrading-**Small enterprises should be encouraged to adopt modern production and accounting technologies.
- 6. Strengthen market linkages-**MSMEs should be connected with large industries, institutional buyers, e-commerce platforms and government procurement opportunities.
- 7. Entrepreneurship development-**Colleges and universities can conduct entrepreneurship-development programmes for students and aspiring entrepreneurs.

VI. CONCLUSION

MSMEs are an important component of the commercial and industrial development of Tumakuru district. Available district-level evidence indicates a substantial MSME base, significant employment generation and considerable investment.

The future development of MSMEs in Tumakuru depends on improving access to finance, technology, skilled human resources, markets and infrastructure. The district's agricultural and industrial base also provides opportunities for value-added enterprises, particularly in agro-processing and related activities.

A combination of institutional support, entrepreneurial capability, digital adoption and market development can be examined through primary field research to understand how MSMEs can contribute further to the district's economic development.

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