

# MSME in INDIA

Micro, Small and Medium Enterprises

*An Overview...*



Edited By  
Dr Swapna Pillai  
Dr Amrita Sahu

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## The Financing Sources and Challenges of Small and Medium Sized Enterprises in India: A Review

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Jitendra Nimbodiya  
Ph. D. Scholar

Dr. N. K. Totala  
Reader  
IMS, DAVV, Indore.

### Abstract:

Small and Medium-size Enterprises (SMEs) have long been recognized as one of the cornerstones of a country's development. It is, therefore, important to understand what contributes to the success as well as the difficulties they face. Lots of surveys showed that the lack of availability of finance from financial institutions is one of the biggest problems faced by the small and medium businesses. The main focus of this paper is to review the financial challenges faced by the small and medium enterprises in India. Two parts, formal and informal source of financing and their availability and problems underlined, are the theoretical framework of the research. The main objective of the research paper is to review and analyze the financial problems faced by the small and medium enterprises in India. The research revealed that the interest rate on loan, entrepreneur financial knowledge, difficulty in guaranty, long process of sectioning loan and complex documentation are significant to SMEs in India.

**Keywords:** Small and Medium Sized Enterprises, Finance Sources, and Financial Problems.