

Challenges in Accessing Finance and its Impact on Sustainability of Entrepreneurs Running MSME in Auto Clusters in Chennai

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Abstract

The issue of financing for micro, small, and medium-sized firms (MSMEs) has been a matter of concern for several stakeholders, encompassing entrepreneurs, financial institutions, and government entities. The primary aim of this study was to ascertain the diverse obstacles encountered by Micro, Small, and Medium Enterprises (MSMEs) in the process of acquiring financial resources during different phases of their business life cycle. The availability of financial resources significantly influences the advancement of entrepreneurship and the overall economic progress of a nation. It serves as a catalyst for fostering innovative entrepreneurial endeavors. The survival and expansion of micro, small, and medium enterprises (MSMEs) are sustained by the timely availability of financial resources. The objective of this article is to examine the obstacles encountered by micro, small, and medium enterprises (MSMEs) in accessing financial resources, as well as to assess the repercussions of these issues on their overall company performance. This study focuses on examining the accessibility of financial resources and the problems encountered by entrepreneurs in the automobile industry, and how these factors influence the sustainability of micro, small, and medium enterprises (MSMEs) in this sector. A sample of 112 entrepreneurs was selected for the study and this study falls under descriptive type. The instrument used for collecting the response is Questionnaire, Convenience sampling method, a non-probability method is used to select the respondents for the study. Descriptive measures and multiple regression analysis are the statistical tools applied. Reliability of the study was identified as 0.861 (86.1%). SPSS v23 is used to perform the data analysis. It is noted that Subsidies from the government are insufficient for business is the key challenge faced by the entrepreneurs. It is noted that entrepreneur's ability to stay stable in the market as a result of the funding issues seems to be important aspect of financial sustainability. Results confirmed that Accessing Financing of MSME, Challenges in getting financial assistance from Financial Institutions/Banks and Government and Challenges in business perspective are having significant impact on Financial Sustainability.

Keywords: MSME, access to finance, challenges, enterprises, Auto Cluster, Chennai Auto Cluster.

Introduction

In recent years, there has been a growing focus on micro, small, and medium-sized firms (MSMEs) in India due to their significant role in the economy and the nation as a whole. Micro, Small, and Medium Enterprises (MSMEs) hold significant significance in the realm of employment generation. The country boasts a substantial number of 48.8 million

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MSMEs, which collectively contribute to the employment of over 111.4 million individuals. Micro, Small, and Medium Enterprises (MSMEs) operating within the manufacturing sector are responsible for the production of a substantial range of over 6,000 distinct products. Moreover, these enterprises provide a significant contribution to the country's Gross Domestic Product (GDP), accounting for approximately 7.7% of its overall economic output. In a similar vein, micro, small, and medium enterprises (MSMEs) operating within the services sector make a significant contribution of 27.4% to the overall gross domestic product (GDP) of the country. Despite making significant contributions, micro, small, and medium enterprises (MSMEs) in India have numerous hurdles. Frequently, individuals are required to maintain alignment with swiftly evolving technology and confront the potential hazard of technical obsolescence. Additionally, these individuals are confronted with exorbitant credit expenses and typically lack the ability to discern their primary competitive advantages in order to uphold product standards and quality. Micro, Small, and Medium Enterprises (MSMEs) are confronted with the imperative challenge of safeguarding their intellectual property while simultaneously grappling with the scarcity of proficient laborers. In recent research, scholars have underscored the significance of financial resources and their accessibility as primary determinants for fostering the expansion of micro, small, and medium enterprises (MSMEs) inside developing economies. In the Indian context, the financing of micro, small, and medium enterprises (MSMEs) faces significant challenges stemming from two key factors. Firstly, there is a lack of awareness among MSME entrepreneurs regarding available funding schemes. Secondly, the financing landscape for MSMEs is constrained by the limited involvement of various entities such as venture capitalists, nonbanking financial companies (NBFCs), foreign banks, angel investors, and initial public offerings. These factors collectively contribute to the inherent challenges faced in financing MSMEs in India.

The primary issue faced by micro, small, and medium enterprises (MSMEs) in developing nations such as India is to the availability of financial resources. The economic prosperity of developing nations is predicated upon the advancement of Micro, Small, and Medium Enterprises (MSMEs). The micro, small, and medium enterprises (MSME) sector has played a significant role in sustaining the Indian economy throughout the course of the last five decades, as indicated by the MSME Annual Report of 2019. Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in fostering economic progress in both emerging and developed countries, while also representing a substantial portion of global economic expansion, amounting to approximately 80% of the total. According to the Confederation of Indian Industry (CII) in 2019, the Micro, Small, and Medium Enterprises (MSME) sector in India plays a significant role in the country's economy. It provides 6.11% to the manufacturing Gross Domestic Product (GDP), 24.63% to the services GDP, 33.4% to the manufacturing output, and 34% to the overall exports. These contributions span across a varied spectrum of commodities. Additionally, it is stated that the current export of Micro, Small, and Medium Enterprises (MSMEs) accounts for 50% of the total contribution. This percentage has the potential to expand to 75% by 2024, as job opportunities are extended to 15 crore individuals. Currently, Micro, Small, and Medium Enterprises (MSMEs) make up 24% of India's Gross Domestic Product (GDP). It is projected that this contribution will increase to 50%, leading to the expansion of the Indian economy to \$5 trillion by the year 2024. Moreover, the expansion of Micro, Small, and Medium Enterprises (MSMEs) plays a pivotal role in advancing the attainment of both social and economic objectives. The entire addressable demand for external credit in India amounted to INR 41.64 trillion, whilst the total supply of money in the country was INR 13.54 trillion. According to Mronindia (2020), the loan deficit for the Micro, Small, and Medium Enterprises (MSME) sector in 2019 amounted to INR 28.10 trillion. Securing institutional sources of capital for Micro, Small, and Medium Enterprises (MSMEs) in India is a greater challenge. According to Pachouri and Sharma (2016), the prevalence of short-term financing among micro, small, and medium

enterprises (MSMEs) in India can be attributed to two key factors: the reluctance of financial institutions to extend loans to these businesses and the presence of information asymmetry. Small enterprises in India often resort to informal sources of finance as a result of the challenges they face in obtaining money from banking institutions and capital markets. According to the study conducted by Baker et al. (2020), based on the Ease of Doing Business (DB) ranking, India obtained a DB score of 71.0. Developing countries, such as India, often have systemic deficiencies that impede the growth of aspiring entrepreneurs and discourage their involvement in startup ventures. These issues primarily come from limitations in accessing Micro, Small, and Medium Enterprises (MSME) financing. Therefore, the objective of this study is to analyze the difficulties faced by micro, small, and medium enterprises (MSMEs) in obtaining financial resources and assess the subsequent effects on their overall business performance.

The current study holds significance in comprehending the fundamental determinants that impact the accessibility of financial resources and the associated obstacles faced by Micro, Small, and Medium Enterprises (MSMEs). Governments play a crucial role in facilitating and fostering entrepreneurship, thereby enabling micro, small, and medium enterprises (MSMEs) to access loan programs, subsidies, and tax incentives. These measures aim to bolster the ongoing expansion of MSMEs and stimulate the establishment of new start-ups. According to a survey done by the International Finance Corporation (IFC) in 2018, a mere 16% of the overall debt financing for micro, small, and medium enterprises (MSMEs) was sourced from formal funding channels, while the remaining majority was either self-financed or obtained from informal sources. The funding channels for Micro, Small, and Medium Enterprises (MSMEs) can be classified into four distinct categories: in-house sources, market-based financing, bank financing, and alternative sources of financing. The main sources of finance for Micro, Small, and Medium Enterprises (MSMEs) encompass bank loans, non-banking institution loans, microfinance institutions, venture capital, internal funds, equity finance, and informal finance. Micro, Small, and Medium Enterprises (MSMEs) endeavor to expand their operations by using legitimate financial channels such as bank credit and venture capital, while simultaneously minimizing their reliance on informal financing methods. According to the pecking order hypothesis, it is observed that friends and family play a significant role as the main providers of financial support for micro, small, and medium enterprises (MSMEs). This phenomenon might be attributed to the individuals' constrained access to resources and limited income, which prove inadequate in meeting their debt repayment responsibilities.

Review of literature

According to Claessens and Tzioumis (2006), the assessment of larger firms' access to finance can be effectively conducted through the utilization of secondary data and the application of econometric techniques. However, in the case of micro, small, and medium enterprises (MSMEs) where data may be lacking, the survey method is deemed more suitable. Individuals often rely on informal forms of funding, such as borrowing from relatives, family and friends, utilizing personal savings, trade credit, and retained earnings, to fund a significant portion of their investments. According to Sinha (2012), micro, small, and medium enterprises (MSMEs) frequently have challenges in attaining economies of scale due to their limited size. As a result, they struggle to capitalize on market possibilities that necessitate substantial production capacities. Moreover, the limited scale of these entities poses challenges in terms of assimilating crucial services like market research, technological innovation, and market intelligence, so hindering their overall productivity. Nevertheless, the diminutive nature of these entities does not necessarily confer a perpetual disadvantage. Micro, Small, and Medium Enterprises (MSMEs) has inherent characteristics of agility and flexibility, which can be effectively utilized to exploit their unique concepts and opportunities. In his study, Ambrose (2012)

found various obstacles that hinder the provision of efficient financial support to small and medium-sized enterprises (SMEs). These hurdles encompassed the lack of collateralized security as well as the regulatory environment. Furthermore, the obstacles encompassing the dearth of proficient workforce, inadequate infrastructure, and the incapacity to procure finance via the stock market, particularly for micro, little, and medium enterprises (MSMEs) with a net worth below Rs100 million (about \$1.5 million), are noteworthy. A study was undertaken by Beck and Hoseini (2014) to examine the funding of India's informal and formal manufacturing sector. The researchers discovered that there is a positive relationship between financial deepening, namely the expansion of banking services, and the productivity of formal enterprises. However, it was observed that this relationship does not have a significant impact on the productivity of informal financial firms. There exists a necessity to decrease the obstacles to entry for informal enterprises seeking to enter the banking system. Wang (2016) identifies exorbitant borrowing costs as a significant obstacle to securing external capital for small and medium-sized enterprises (SMEs) across 119 developing countries globally. There exist multiple factors contributing to these issues. One of the primary difficulties faced by small and medium enterprises (SMEs) pertains to inadequate record-keeping practices, which subsequently hinders their ability to furnish the necessary substantiation sought by financial institutions in order to evaluate the creditworthiness of loan applications. In a study conducted by Amene (2017), an examination was undertaken to assess the many factors that influence the accessibility of financial resources for microenterprises in Ethiopia. A comprehensive study was undertaken among managers of small and medium-sized enterprises (SMEs) utilizing both structured and unstructured questionnaires. The research revealed that the presence of a company plan, financial statement, and collateral availability are the primary determinants that influence the accessibility of money. Several significant barriers that impede access to finance include lengthy loan processing times, bureaucratic procedures, limited repayment periods for loans, excessive collateral requirements, and exorbitant interest rates. Financial institutions encounter challenges when evaluating the creditworthiness of small and medium-sized enterprises (SMEs) owing to limited documentation, insufficient credit information, and the absence of collateral, resulting in these entities being perceived as both creditworthy and high-risk. Small enterprises sometimes exhibit a tendency to seek loans of smaller magnitudes, thereby leading to the imposition of higher risk premiums and transaction expenses. Banks exhibit reluctance to extend loans due to their inadequate assets, suboptimal capitalization, and elevated default rate (Maiti, 2018). In contrast to publicly traded corporations, small firms lack access to the global capital market. Consequently, their range of financing options is reduced and they face more constraints on credit availability. Consequently, small and medium-sized enterprises (SMEs) necessitate alternative external funding sources to facilitate their expansion endeavors. Small and medium-sized enterprises (SMEs) resort to trade credit as an alternative financing option when their loan applications are rejected by banks. One potential approach is the establishment of supply chain or inter-firm linkages between small and medium-sized enterprises (SMEs) and large businesses. In their study, Do et al. (2019) conducted an examination of the various factors that influence the accessibility of financial resources for small and medium companies (SMEs) within the context of Vietnam. The research conducted a survey of 400 small and medium-sized enterprises (SMEs) and employed exploratory factor analysis (EFA) to analyze the collected data. The results of the regression analysis indicate that several characteristics, namely managerial experience, the owner-managers financial literacy, business strategy, financial management regulations, the owner-managers education, and business size, have a significant impact on the accessibility of finance for small and medium-sized enterprises (SMEs). Zivari et al. (2020) conducted a separate investigation to analyze the external and internal determinants influencing access to financial resources. External factors encompass several elements such as bank concentration, financial performance, debt circumstances (including interest rates, leverage, and payback terms), macroeconomic instability, corruption, as well as location

and knowledge asymmetry. Nevertheless, the internal factors encompass various entrepreneurial characteristics such as age, gender, education, entrepreneurship experience, and network. Additionally, company characteristics such as the company's lifespan, size, type, and assets including property, plant, and equipment are also considered. Furthermore, the financial management practices of the company, including financial information, business plan, capital budgeting, and management of working capital, are vital internal factors to be taken into account. In their study, Kaur, Kaur, and Kanojia (2021) investigated the impact of financial accessibility on innovation at the firm level within the context of India. The study revealed that the provision of capital from state-owned banks or other government organizations has a positive impact on the level of innovative activities within enterprises. The reduction of collateral requirements for financing has a substantial impact on enterprises' creativity. The innovation performance of organizations can be influenced by additional factors such as firm size, ownership structure, and geographic location.

Factors influencing financial access

Enterprises were also requested to provide information on the level of financial accessibility in relation to three specific factors: the closeness of a bank or financial institution to the enterprise's physical location, the convenience of approaching the bank or financial institution, and the simplicity of the process involved in accessing financial resources. The study revealed that the close proximity of a financial institution has a positive impact on the perception of financial accessibility among a significant percentage of businesses in the stages of growth and sustainability. Organizations in these developmental phases are likely to possess urgent financial needs, therefore regarding the accessibility of a financial institution as a notable advantageous aspect. Enterprises in the initial, expansion, and maintenance phases have expressed a positive evaluation of the accessibility of formal financial institutions in terms of their impact on financial inclusion.

Enterprises have emphasized the necessity for collateral-free loans, interest rates that are affordable, and government-provided loan guarantees. Additionally, the participants expressed the necessity for guidance provided by professionals affiliated with the financial institution. Furthermore, they emphasized the importance of a paradigm shift in the way financial institutions perceive micro, small, and medium enterprises (MSMEs), urging them to regard these enterprises as potential clients rather than as obstacles. Several entrepreneurs have stressed the need of instilling confidence in financiers regarding the provision of loans to enterprises that have maintained their operations in a certain location for multiple generations.

Enterprises have expressed a desire for expedited financial assistance and a flexible payback structure.

Enterprises have placed significant emphasis on the importance of acquiring information on micro, small, and medium enterprise (MSME) funding schemes. Furthermore, they have highlighted the necessity for banks and other financial institutions to effectively implement the advantages outlined in these schemes, particularly those that have minimum or no collateral requirements. The significance of establishing a strong relationship with a financial institution in ensuring access was also emphasized. Respondents expressed the belief that prioritizing approved or empaneled suppliers with extensive government supply expertise is essential when utilizing MSME credit packages.

The predominant issue identified by companies was the prevailing interest rate. The participants expressed a perception of having a more favorable relationship with public banks in comparison to private banks, primarily due to the personalized nature of the interactions. There was also apprehension surrounding the duration required to execute

loan requests, leading several firms to opt for gold loans as a means to fulfill their immediate financial needs.

Challenges in accessing MSME finance

Enterprises were requested to provide an account of the obstacles encountered in obtaining financial resources, encompassing steps beyond their present phase. A rating system ranging from 1 to 3 was employed, with 1 indicating a lack of challenge, 2 denoting a reasonable level of difficulty, and 3 representing a demanding task. Percentage figures were derived by dividing the number of enterprises that assessed an issue as challenging by the total number of enterprises that rated at least one issue as challenging at each stage. Enterprises in this stage had significant obstacles when attempting to access funding. These issues mostly revolved around the arduous task of providing collateral or a guarantee, the lengthy processing time for loan applications, limited awareness of available schemes, and the complexities associated with procedural requirements. Enterprises also perceived that the imposition of hefty service costs for loan requests and the complexity associated with fulfilling the necessary documentation posed significant obstacles. Start-up enterprises may encounter difficulties in providing collateral for loans and may also lack awareness of the many financial assistance programs accessible to them. This lack of knowledge may impede their ability to select the most optimal alternative for obtaining financial support. The obstacles faced by firms during this particular period exhibited similarities to those encountered by enterprises in the start-up phase, albeit with a different sequence. The highest ratings were attributed to the challenges associated with providing collateral or a guarantee, as well as the complexities arising from procedural issues. The four challenges identified in this study were lengthy processing time, limited awareness of available schemes, expensive service fees associated with loan processing, and difficulties in completing the necessary documentation. These challenges were found to be equally problematic. Organizations in this phase typically aim to achieve a point of financial equilibrium in relation to their initial investments, while also seeking opportunities for market expansion. Consequently, it is imperative for them to possess adequate working capital in order to fulfill their daily operational requirements. These firms are unlikely to possess the ability to offer security, and would face obstacles due to intricate processes and delays in the distribution of loans. Furthermore, their understanding of existing financial support programs remains deficient.

The primary obstacles encountered by firms during this phase encompassed limited awareness of the many schemes accessible, exorbitant service costs associated with loan processing, limitations in providing collateral or guarantee, elevated interest rates, and difficulties in fulfilling the necessary documentation requirements. In this stage, firms may encounter the need for both working capital and short-term loans. However, a limited understanding of available financing options could impede owners from selecting the most suitable scheme for their enterprise. While business owners may be more likely to pursue formal financial help, the presence of elevated service fees and interest rates could potentially discourage them from doing so. Enterprises in the growth stage may experience significant changes and, as a result, may encounter difficulties in obtaining financial help due to the requirement of providing evidence.

Enterprises in this stage commonly encounter various obstacles when attempting to access finance. These challenges encompass difficulties in providing collateral or guarantees, procedural complexities, limited awareness of available schemes, protracted loan application processing times, exorbitant service fees for processing loan requests, and struggles in fulfilling necessary documentation requirements. A significant proportion of businesses also indicated that high lending rates were a considerable burden. While entrepreneurs at this particular level have expressed concerns regarding procedural obstacles, lengthy processing times, and exorbitant interest rates as hindrances to obtaining financial resources, it is imperative to investigate the impact of insufficient

awareness about existing funding programs and its correlation with other hurdles. The entrepreneurs expressed apprehension on the necessity of providing collateral or security. This observation implies that banks or lending institutions should use a more pragmatic approach when providing loans to micro, small, and medium enterprises (MSMEs) that have previously demonstrated their presence and stability in the market.

In summary, micro, small, and medium enterprises (MSMEs) encounter a multitude of obstacles throughout every phase of their life cycle. Every aspect related to the finance was deemed difficult by at least one organization in both the initial establishment and expansion phases. During the survival stage, firms did not perceive infrastructure, labor, labor law compliance, or enterprise registration as obstacles in obtaining financial resources. Organizations in this phase possess sufficient labor and infrastructure resources. Organizations in the sustaining phase are expected to possess operational current accounts, hence perceiving no significant obstacles in this regard.

Objective of the Study

The objectives of the study are:

- To assess the challenges faced by the entrepreneurs in assessing the finance.
- To ascertain the financial sustainability of the entrepreneurs running MSME.
- To identify the impact of accessing finance and challenges faced on Financial sustainability.

Hypothesis of the study

H₀: There is no significant impact of accessing finance and challenges faced on Financial sustainability

Methodology

This study concentrates on the access of finance and challenges faced by the entrepreneurs and its impact on Sustainability of the entrepreneurs running MSME in Automobile industry. A sample of 112 entrepreneurs was selected for the study and this study falls under descriptive type. The instrument used for collecting the response is Questionnaire, Convenience sampling method, a non-probability method is used to select the respondents for the study. Questionnaire comprises of four sections, first section covers the demographic details of the respondents, whereas the second, third and fourth sections covers the assess to finance, challenges faced by the entrepreneurs and Financial sustainability scales. Descriptive measures and Multiple regression analysis are the statistical tools applied. Reliability of the study was identified as 0.861 (86.1%). SPSS v23 is used to perform the data analysis.

A sample of 112 respondents were selected for the study, 76.2% of them are male and 23.8% of them are female, 37.4% of the respondents are having age less than 40 years, 62.4% of the respondents were married, 32.9% of the respondents possess Graduation as their educational qualification. 21.7% of the respondents are having a total experience of less than 10-15years, 45.1% of the respondent's participation is Sole Proprietorship in the organization.

Table-1 Challenges in getting financial assistance from Financial institutions /Banks and Government

Statement	Mean	SD
Acquiring loans from banking institutions is difficult	3.83	1.062
Financial institutions consider lending to MSMEs is a risky business	3.48	0.965

A lengthy documentation process by financial institutions for lending loan	3.64	1.368
Processing charges followed by financial institutions	3.68	1.024
Inability to pay regular payments has resulted in excessive interest rates at financial institutions	3.32	1.117
The information provided by MSMEs Ministries and Development Organizations regarding funding opportunities is insufficient or out dated	2.71	0.854
Subsidies from the government are insufficient for business	3.89	1.062
Many financial initiatives of the central and state governments are unknown	2.89	1.224
Using government policy to obtain loans from financial firms is not advantageous	2.98	0.965

Source: Primary data

Table-1 depicts the Challenges in getting financial assistance from Financial institutions /Banks and Government of the entrepreneurs running MSME. The mean response for the variable “Acquiring loans from banking institutions is difficult” is 3.83, “Financial institutions consider lending to MSMEs is a risky business” is 3.48, “A lengthy documentation process by financial institutions for lending loan” is 3.64, “Processing charges followed by financial institutions” is 3.68, “Inability to pay regular payments has resulted in excessive interest rates at financial institutions is 3.32, “The information provided by MSMEs Ministries and Development Organizations regarding funding opportunities is insufficient or out dated” is 3.71, “Subsidies from the government are insufficient for business” is 3.89, “Many financial initiatives of the central and state governments are unknown” is 2.89 and “Using government policy to obtain loans from financial firms is not advantageous” is 2.98. It is noted that Subsidies from the government are insufficient for business is the key challenge faced by the entrepreneurs. Also difficulty in acquiring the loan from banks, documentation process by financial institutions for lending loan, processing charges and inability to pay regular payments has resulted in excessive interest rates at financial institutions are the challenges faced by the entrepreneurs moderately. However the entrepreneurs agreed that the financial initiatives of the central and state governments are known to them, using government policy to obtain loans from financial firms is advantageous and the information provided by MSMEs Ministries and Development Organizations regarding funding opportunities is sufficient and up to date.

Table-2 Perception on Financial sustainability

Statement	Mean	SD
Ability to stay stable in the market as a result of the funding issues	3.72	0.968
Adequate funding contributes to the company's expansion	3.26	0.921
The impact of the financial issues on long-term business activity	3.24	1.063
The ability of the firm to be stable over the long term results in the closure of the enterprise	3.69	1.116

Source: Primary data

Table-2 depicts the perception on financial sustainability of the entrepreneurs running MSME. The mean response for the variable “Ability to stay stable in the market as a

result of the funding issues” is 3.72, “Adequate funding contributes to the company's expansion” is 3.26, “The impact of the financial issues on long-term business activity” is 3.24, “The ability of the firm to be stable over the long term results in the closure of the enterprise” is 3.69. It is noted that entrepreneur’s ability to stay stable in the market as a result of the funding issues seems to be important aspect of Financial sustainability. The ability of the firm to be stable over the long term results in the closure of the enterprise, adequate funding contributes to the company's expansion and the impact of the financial issues on long-term business activity are the other aspects that contributes to the financial sustainability of the MSMEs.

This section presents the impact of accessing finance and challenges faced on Financial sustainability. Accessing financing of MSME, Challenges in getting financial assistance from Financial Institutions/Banks and Government and Challenges in business perspective are taken as independent variables and Financial sustainability is taken as dependent variable. Multiple regression analysis is applied to identify the impact of accessing finance and challenges faced on Financial sustainability. Table-3 presents the results of regression analysis.

Null hypothesis H_0 : There is no significant impact of accessing finance and challenges faced on Financial sustainability

Table 3 Impact of accessing finance and challenges faced on Financial sustainability

Independent Variables	R ²	Beta	F-statistics	t-value
(Constant)		1.038		6.217**
Accessing Financing of MSME	0.389	0.384		5.387**
Challenges in getting financial assistance from Financial Institutions/Banks and Government	Adjusted R ²	-0.126	25.715** (p=.000)	3.624**
Challenges in business perspective	0.382	-0.159		4.028**

** Significant at 1% level

It is observed from the Table-3 that the F-statistics 25.715 is significant at 1% level and hence H_0 is getting rejected. The coefficient of determination value of 0.389 explores 38.9% of variability of accessing finance and challenges faced Financial Sustainability of entrepreneurs running MSME in Auto clusters. Accessing Financing of MSME, Challenges in getting financial assistance from Financial Institutions/Banks and Government, and Challenges in business perspective are having significant impact on Financial Sustainability.

Challenges in getting financial assistance from Financial Institutions/Banks and Government, and Challenges in business perspective are having significant negative impact on Financial Sustainability. However Accessing Financing of MSME is having positive significant impact on Financial Sustainability. It is noted that one unit increase in Accessing Financing of MSME improves Financial Sustainability of entrepreneurs running MSME by 0.384 units. Also one unit improvement in Challenges in getting financial assistance from Financial Institutions/Banks and Government, and Challenges in business perspective diminishes Sustainability of entrepreneurs by 0.126 and 0.159 units respectively.

It is concluded that Accessing Financing of MSME, Challenges in getting financial assistance from Financial Institutions/Banks and Government and Challenges in business

perspective are having significant impact on Financial Sustainability. Further Accessing Financing of MSME predicts Financial Sustainability more.

Conclusion

The research discovered that the choice of financing employed by a micro, small, and medium firm (MSME) is contingent upon its specific phase within the business life cycle. The study revealed four distinct stages, including start-up, survival, growth, and sustenance. The primary obstacles commonly encountered by firms throughout the start-up and survival phases in acquiring financial resources include issues related to collateral or guarantee provision, protracted loan processing, and limited awareness of available funding programs. Enterprises at each of these stages had not yet achieved full establishment of their firms, thus lacking the ability to offer collateral or security, or navigate intricate loan procedures. It is noted that entrepreneur's ability to stay stable in the market as a result of the funding issues seems to be important aspect of Financial sustainability. It is concluded that Accessing Financing of MSME, Challenges in getting financial assistance from Financial Institutions/Banks and Government and Challenges in business perspective are having significant impact on Financial Sustainability. Further Accessing Financing of MSME predicts Financial Sustainability more.

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