

# CHAPTER 1

## INTRODUCTION

In the present day set up & rising competition people are turning more & more competitive. Youths are contributing to their level best but few taste the real success. When we speak of success self-employed people take lot of risks in diverse situations in order to see success at every walk of destination. Language of business is changing from all dimensions. Present scenario expects the business to be performed by using modern methods (More access to technology & innovative ideas). On one side we find severe competition persisting in the market & professionals compete with one another along with their core competency, on the other side there are widening inflationary gaps. In such a situation it is very much necessary for entrepreneurs to highly concentrate on the markets as well as to improve their financial position, for which they concentrate on the availability of working capital from diverse sources. This clear focus tells us that there is a perfect match between rising corporate expectations & entrepreneurial requirements which suits to the modern business environment both external & are turning dynamic, coming up with new innovative ideas, using new innovative application oriented technologies, it has become evident that nothing is permanently best in the industry. When other best practises come & practised in the industries old ones become out dated. Everyone tries to put his internal. One of the problems faced by the present day entrepreneurs is the requirement of working capital for their day to day business operations. Due to the rapid rise in costs the need for operating working capital is rising. Net working capital of an enterprise is given by

$$\text{Net working capital} = \text{Net current assets} - \text{Net current Liabilities}$$

Enterprises can increase their working capital over a period of time if its current assets position appreciate periodically from time to time, also there should be drop in the position of current liabilities. Entrepreneurs focus on different sources to make the working capital available on time to carry out its business operations smoothly.

### ABOUT MSME'S

Micro small & medium enterprises are the driving force to our economy. With effect from 2006 a separate act called MSME Act is passed governing all the legal aspects of these emerging enterprises. This act not only focuses the entire legal & regulatory framework but

also continuously updates all the amendments & provisions coming under this act. Presently it is very much strongly felt that MSME'S need an additional push as it strongly contributes to our economic growth. Banks & Financial institutions are coming forward to fund these Micro small & medium enterprises as per the instructions & special provisions created by the custodian of banks. A micro small & medium enterprise operates throughout in our country irrespective of the location & contributes much in the generation of revenue. These enterprises focus deeper in the new business avenues & helps in generating innovative taught which are worthwhile in the success of other allied industries & enterprises.

### **Present opportunities available for MSME'S**

Presently when we look at our economy we witness that our economy is growing at a CAGR of 8%. We find that certain industries do perform well & grow faster & consistently over the years & others experience a slow growth. But it is observed that majority of enterprises come out with efficient results & show commendable performance. Following are the opportunities seen in the growth of emerging MSME'S.

- 1)90% of the MSME'S are unregistered, out of which 80% are proprietorship concerns. This shows that there is a vast untapped potential in the market.
- 2)40% of the employment opportunities are generated by MSME'S in developing economies.
- 3)40% of the export potential exists in emerging enterprises like MSME'S. Hence it fetches huge foreign exchange earnings & cordial relations among the nations.
- 4)40% of GDP Growth in Indian International sector is reflected from upcoming of MSME'S, so a substantial growth is depicted.
- 5) It is a vast pool of Investment hub, providing huge bunch of opportunities for those entrepreneurs who want to venture into new profitable ventures.
- 6)It is a very good market for foreign companies to enter in new business & invest venture capital.

Schemes available for MSME'S in India approved by FICCI: the common schemes approved by the ministry of industries & economic development includes the following

- Credit guarantee fund scheme for MSME'S.
- Credit linked capital subsidy scheme.

- Scheme for registration for barcoding.
- Lean manufacturing competitiveness schemes.
- Scheme for technology & quality up gradation.
- Scheme for international cooperation.
- Scheme for capacity building.

Banks & financial institutions are very liberal to fund these MSME'S as are the backbone of our economy, Major requirement of funds for the operations of these enterprises is due to any one of the following reasons as mentioned below.

- 1) To start a new enterprise of their own.
- 2) To acquire new or existing firm in the market.
- 3) To purchase any business/Industry equipment's.
- 4) To maintain the desired level of safety stock.
- 5) To have vertical growth in the same or similar industries.

The study titled “entrepreneurs preferences towards working capital products with special reference to MSME'S operating at Dakshina Kannada district” is undertaken to address the following objectives which is specifically mentioned as below.

- 1) To study the working capital requirement of different entrepreneurs of the district.
- 2) To study the eligibility factors considered by the banks & financial institutions for funding MSME'S.
- 3) To study the entrepreneurs satisfaction on using these working capital products to their business.
- 4) To find out the entrepreneurs perception on funding of MSME'S.

It is strictly believed that this study undertaken in the district will help in spreading awareness about the present available schemes & the newly developed schemes specially focussed for upbringing the new emerging enterprises. Study also helps further research in the same & similar areas with different approach. Today lot of aspirants are present in the market whose major problem is the initial start-up of the business. Today banks & financial institutions have come up with specially prepared tailor made products catering to all possible needs & requirements of modern dynamic entrepreneurs. These products are provided to all large & small entrepreneurs irrespective of their size of operations & tight collateral requirements to be met to avail these securities.

## CHAPTER 2

### MSME PROFILE IN INDIA

Micro Small & Medium enterprises today are much focussed enterprises by both Banks & Financial Institutions. They cater very much to our economy by utilizing the best use of available resources. Today the way in which business is managed is by using very much of innovative methods, more & more of technology & skilled & efficient manpower. Similarly business today demands heavy investments for which large funds are required for diverse reasons. Keeping this issue in mind Banks & Financial Institutions have different tailor made schemes meant for the development & growth of these enterprises.

Criteria for MSME: An Enterprise can be called as MSME provided it fulfils the following terms.

For Manufacturing concerns: Annual turnover of the entity, should be in the brackets of rupees 25 lakhs to rupees 5crores.

For Service Concerns: Annual turnover should range within the bracket of rupees 25 lakhs to rupees 2 crores.

Key focus areas for MSME'S are the following, for which the due emphasis should be given.

- Expected & Projected turnover of enterprise.
- Expected efficient staff numbers.
- Expected skill levels & core competencies.
- Annual focussed Top line & bottom line growth.
- Debtors & Creditors position of enterprise.
- Valuation of Assets, Liabilities & Collateral.
- Suppliers, Creditors & Major customer's feedback regarding business relations.

**Common MSME'S operating in the market:** Constitution of MSME'S in the market depends on the size of its operations & the people operating & its size of turnover in the business. Presently the following types of entities are observed in the market & are also approved by the ministry of commerce & industries.

These are as follows:

- Individual
- Association of Individuals
- Sole Proprietorship
- Registered Partnership concerns
- Hindu Undivided Families
- Limited Companies
- Any registered Body

The following entities with the respective constitution can change in its type of business any time. This purely depends on internal individual's relationships, Business growth, Increase or decrease in turnover & other related factors.

Common Run businesses coming under the purview of these enterprises include the following

- Small road & transport operators.
- Small & Micro business enterprises.
- Retail trade.
- Professionals & Association of Professionals.
- Self-employed persons
- Other service persons.

Policy of MSME:

Ministry of Commerce & the Government has initiated certain steps to up bring these enterprises as these are aggressive in their respective operations. Today the policy is much & much flexible. Except for prohibited & negative listed industries, major businesses & industries are eligible to receive flexible funding & financial support from banks & financial institutions. Presently though banks & financial institutions are growing liberal they have to check & verify the following facts which are considered essential, as per RBI Guidelines as well as for the safety of the banks from growing NPA'S (Non-performing assets). On the other side it also focuses on reducing the number of default risks.

- Entity should be at least 3 years completed in the business & should be transparent in its registration & other essential details.

- Top line (Sales) as well as Bottom line (Profits) should grow consistently & should show the expected figures. This can be verified by checking its complete audited financials.
- Minimum one year current account statement to be verified & both outward & inward check returns should not exceed the expected standard levels.
- Projected growth of the entity for the next financial year should be clearly produced.
- It should not be in any of the negative listed business or prohibited business for which funding is practically not possible.
- Credit rating should not be less & CIBIL of the entity should be clear, not showing any sign of any type of earlier defaults.
- Balance score card of the firm should at least read 55 points.
- Total outstanding liabilities by tangible net worth should be less than 6.
- At least 3 major customers, Suppliers, Related business parties should give positive feedback regarding entities deal.
- Chartered accountants certified statement on entities present Net worth status to be submitted.

A current funding scheme offered by the banks & financial institutions for MSME'S includes the following

**Term Loan:** A Term Loan is given for a specific period of time usually for a period of one year. There after it is renewed after the resubmission of complete audited financials to the banks & financial institutions supported by CA certified Net worth statement depicting the Asset/Liability position. Normally these types of schemes are preferred by those enterprises who always keep standard safety stocks, also those entities that are in need of long term capital.

**Demand Loan:** Demand loans are given on demand of those entrepreneurs who are desperately in requirement of long term funds. These can be extended in the limits on the request of respective entrepreneurs. These are highly flexible in comparison with term loan.

This scheme is suitable to those entrepreneurs who convert their stock into liquidity in shorter period of time.

**Overdraft &Cash Credit facility:** In these type of scheme entrepreneurs are given a specific prescribed limits, over a particular range where entrepreneurs are in complete liberty

to use the given funds within the par limits for smooth running of their enterprise. This scheme is suitable to all those dynamic entrepreneurs who need sufficient amount of working capital to make purchases as well as to make on time payments to their regular parties in their business. OD is given for a period of one financial year & renewed thereafter.

Cash credit facility works similar to that of OD but differ in only one aspect, here respective entrepreneurs can withdraw cash utmost up to the sanctioned limits. Main intention of this particular scheme is to assist those enterprises in adjusting their temporary deficits in cash balances. It helps in getting rid of cash deficit problems. Temporary OD Facility: when enterprises feel strong deficit in working capital at the time of procurement of resources or making payments to the respective parties on time, there are huge requirements of funds to meet the commitments on time. At this movement firms borrow from Banks & Financial institutions in order to tide over this temporary situation. The rates for borrowings are charged as per Master facility agreement between client & the bank.

**Loan against card receivables (LACR):** This scheme is meant for those enterprises that fall in the category of Retail & Merchant Establishments. The major criteria for applying for this type of scheme are that the firm should have the current account with the same bank. This account will be linked to the EDC (Swiping) Machine. When payments are made by the enterprises client using their cards, Money will be routed by the same bank & records of such transactions can be easily kept. In this type of scheme no other security is required for the bank till the loan is disbursed. The criterion which is required to be fulfilled by the applicant for getting eligible to fit into this scheme is as follows:

- The nature of Business of entity should be of any of the following types,
  - a) Retailing b) Merchant establishments, where dealings takes place through card swipes.
- The entity should be in existence for a minimum period of three years in the same business & with clear & transparent borrowing records.
- At least average minimum business transactions undertaken by the firm through card swiping per month should not be less than 0.5 million.
- Funds should be routed through the same banks current account where the loan is applied for.
- Chartered Accountant of that firm should produce certified stock statement ascertaining the presence of said stock from time to time. Preferably this should reach

the banks/ financial institutions every month. At the end of the year annual audited statements to be submitted with all details required.

### **Present trends observed in MSME'S for its growth & financial support:**

Witnessing the positive sphere of industrial & enterprise growth, Banks under the guidelines of RBI & Ministry of small & medium enterprises emphasised on promoting MSME'S for faster economic growth & development. Following are the trends observed in the current MSME focus.

- To promote the growth of women empowerment women entrepreneurs are given relaxation on interest rate ceilings for availing working capital facility from the Banks. Certain sectors are majorly occupied by the women themselves performing consistently well.
- Special concessions are given for widows & senior citizens who want to venture in their own enterprise.
- Certain training programmes are organized by the initiatives taken by the ministry of Micro, Small & Medium Enterprises to motivate entrepreneurs & to start up their own ventures with innovative ideas.
- Special development programmes with the active involvement with Industry experts & dynamic entrepreneurs helps in setting up of new Micro enterprises. Special training programmes are conducted keeping in mind major objective of Skill enhancement & Capacity building of dynamic entrepreneurs.
- Interaction of experts & resource persons in focussed programmes are organised discussing their success stories in business, also breeding in them major success parameters which are very much essential in modern days, these shall include Branding of enterprises for their due recognition in the market, Competitive Readiness to meet formidable challenges, Growth & Financial discipline.
- Single window clearances are initiated by the banks & reputed financial institutions to have faster processing of loans to MSME'S & processing fees are completely waived off. Rates offered for MSME funding is very attractive & are cheaper than the normal market rates. This reduces borrowing difficulties & defaults in repayments.
- Schemes like bank guarantee & letter of credit are made more flexible by reducing unnecessary clauses & documentation. Tie ups with exchange houses & clearing



houses makes remittances reach faster without delays. This helps in right utilization of working capital of MSME'S who are exporters.

- A committee has been underscored under CII National council on MSME's. It has underscored the need to create an eco-system that encourages so called necessity entrepreneurs, to upgrade their entry into the organised fold.
- As per Inter ministerial committee for accelerating manufacturing of MSME sector, the recommendations suggest that the issues affecting the MSME's particularly the manufacturing segment need to be addressed at enterprise level as the nuances of these denominators tend to vary considerable through the different stages of an enterprises development.
- Panel of experts of Inter-ministerial committee has recommended that the eco system should typically address enterprises at four stages of life cycle,viz. setting up of business, at the stage of operations, Expansion & Exit of business.

## CHAPTER 3

### LITRETURE REVIEW

The following review of literature was undertaken by the investigator in the period of research it was reviewed that from different sources. This has come across broader views of facts with various implications. Following are the details of studied literature.

According to a study conducted it was reviewed that the global economic crisis made whole industry to suffer from higher levels of inflation, this heavily dampened the business on the negative side. Falling rupee sentiment had pushed up raw material cost of both domestic as well as imported material. This had a serious negative impact on the bottom line of emerging & fast growing MSME'S. The government was on its way out to look out as to how to face this & reverse the trend. The objective behind this was to support mediocre & underperforming enterprises gear them up faster. Statistically it was witnessed that in the current & the previous year Rupee had recorded a fall of 20% in comparison with the global base currency. The challenge here is matching between both government front & policy reforms.

Source: CIMSME Report2011.

According to Rojer K.M, in order to achieve stronger and stable bottom line it is very much essential to address the requirements and expectations of present day dynamic entrepreneurs. Despite these enterprises try their level best to give instant on time results and also try to contribute something to the society, it is very essential to set right its basics(financial position of the enterprise). This will help them as a tool to display and advertise their brand.

MSME's need working capital to strengthen its production and manufacturing activities , improve its customer relationships, better networking with business partners, reduce cost and improve profitability and to utilize its entire resource efficiently which will help to increase the enterprises sales turnover. Increase in sales in accordance with asset size and profits will give opportunity for Indian MSME's to tap and unleash its growth potential. Growth of enterprise purely depends on stability of its financial capital and other available funds.

Source: ICICI Bank MSME report

Banks today focus more on top line and bottom line growth of enterprises before they fund them to carry out their business operations. If the audited financials of the concerned enterprises are rising and consistent over the years and if previous track records of the enterprises regarding its repayments of its borrowings are good and without any defaults. Such a firm is eligible for further borrowings for expansion, diversification, takeover of other running business or industries. There are certain industries with negative profiles which cannot be funded by the banks or financial institutions as there is a formidable challenge observed in the recovery process. Banks today fund strictly on complete fulfilment of its collateral valuation norms of borrowers. Many entrepreneurs consider themselves not eligible for bank finance or even from the financial institution as they have no sufficient collateral or no sufficient documents to fulfil the KYC norms of RBI.

Source: RBI report on MSME funding

Ministry of commerce in joint association with govt. of India have started helping enterprises to start their own enterprises. Entrepreneurs training institutes are started with the focus of imparting training to the entrepreneurs. Entrepreneurs can get innovative ideas regarding their business operations. These institutes encourage young and dynamic entrepreneurs to complete their training on time and after the training completion these entrepreneurs are required to register themselves in DIC (District Industries Centre). DIC then schedule the list of entrepreneurs doing different types of businesses and sends the schedule of records to the nationalized banks which are in memorandum of understanding with entrepreneurs training institutes. Entrepreneurs then are eligible for loan from these nationalized banks at subsidised interest rates and with flexible repayment options and flexible repayment terms.

Source: DIC report Bykampady Mangalore D.K

According to senior official of federation of MSME's banks are very much subjective in lending to MSME's and do not maintain records of loan applications, however banks blame MSME's for not keeping their records up to date and clear and transparent and defaulting payments. Allegations from the banks are sometimes baseless and not applicable to all MSME borrowers. It is mandatory for the banks to check out with the various schedules of checklists to confirm the genuineness of the borrower as well as to be on the safer side

even in contingent situations. It is expected that banks should freely lend to MSME's with positive profile at nominal rate of interest.

While denying allegations that banks are not meeting targets credit flow to MSME sector which rose by 9% to 7.12 lakh crores in financial year 2011- 2012 from 6.53 crores in 2010-2011.

Various schemes for which MSME's are eligible

- Credit guarantee fund scheme
- Credit linked capital subsidy scheme
- Scheme for registration for barcoding
- Lean manufacturing competitiveness schemes
- Scheme for technology and quality up gradation
- Scheme of international cooperation
- Scheme of capacity building

Source: FICCI report

Industries and businesses can get affected due to business risks that occur due to slower economic conditions those industries which are financially sound, supported by professional entrepreneurs by their virtue of access to different sources of funds. These industries can survive and grow consistently and make a room for it even in the new markets. Individual enterprises or industries should always remain prepared to put a cup adequate and appropriate action to deal with any types of business risks. Hence it is strongly recommended to keep their basics and fundamentals strong.

According to Gordon E & Natarajan K the first & the foremost step in starting small business is to find a suitable business idea & give a practical shape to that idea, the idea designed should be convincing, sound & feasible one & to give reasonable returns on entrepreneurs investment. Among innumerable business opportunities a right business idea has to be chosen which requires skill, integrity & better foresight from the part of the entrepreneur.

According to Madhurimalal entrepreneurs running a small business venture are also facing capital restrictions, although not for investments in machinery & equipment's. On the contrary funds invested in the fixed assets are accessible & in fact small businesses have a

large unused capacity, the commonly encountered capital constraint is instead to get all important working capital.

According to ShikaSahai-Varios development banks in India have introduced ‘Special Capital’ & ‘Seed Capital’ schemes to provide equity of assistance to new & technically skilled entrepreneurs who lack financial resources of their own. These Banks have been actively involved in Entrepreneurship Development Programmes & in establishing asset of institutions which identify & train professional entrepreneurs.

According to CIMSME Report 2012 MSME’s have to continuously focus on the following to stabilize its positions & to make a strong room for itself. The following factors are highly useful.

- Expanding & exploring local & national level markets.
- Continuous Innovations in the business from time to time.
- Being a customer centred organization throughout.
- Identification of its Unique Selling Propositions.
- Building Leadership at all levels.
- Investing on your people throughout.

From the previous year it is observed that there is a continues fall in Rupee & on the other hand faster appreciation in dollar prices, this has dampened business sentiment & pushed up the cost of raw materials on both domestic as well as on imported materials. This has a negative impact on Bottom – line of MSME sector. CIMSME has tried to find out how the government is gearing up to face this reverse trend. Nearly 20% of the prices of the Rupee have fallen this current year, matching both Government front & policy reforms. It is decided by the Government in its recent policy reforms that the new policy to MSME’s should be designed in such a way so as to provide preferential rates of growth in the economy. Concessions in borrowing rates for large corporate enterprises can be a weapon of mass destruction for micro enterprises if such a schemes do not concentrate equally on Micro & Small Enterprises.

According to Humphreys & McClung it is clear from the undertaken studies that the good number of MSME’s is run by successful women entrepreneurs, particularly the retail & services sectors. Choice of business & Industries depends on Market & the nature of business undergoing the same. Particularly the above industries have streamline potential of growth

& offer attractive returns on investments made both immediately as well as in the long run. In harder times it is also possible to borrow funds that are necessary to operate the industry from outside & carry out the operations. When financial constraints are met on required time frame it is possible to attain competitive advantage in its successive operations.

According to Smith (2009) the most frequent barriers faced by current MSME's operating in the markets of developing economy is, access to the required finance & the sources from which it can be raised, access to the markets required for operations, also the access to the other supportive allied activities & Industries from time to time. These hurdles can be reduced by making government rules & regulations flexible & relaxed from time to time.

## CHAPTER 4

### RESEARCH METHODOLOGY

The study was conducted in Dakshinakannada district of Karnataka to meet the specified objectives. Geography of the study area covers taluks(Sullia,Puttur,Belthangady,Bantwal&Mangalore) running different types of enterprises,these include trading concerns, Manufacturers,Retailers,Service concerns & micro enterprises. Responses are collected by collecting the data from these entrepreneurs,further these data's are analysed & suitable conclusions are drawn.

#### STATEMENT OF THE PROBLEM

The study was focused in-depth to find out the different working capital requirements of entrepreneurs of the district, also special emphasis is laid on the study of entrepreneurs perception & the satisfaction level to the optimum extent.

**Sampling Plan:** Since the majority of the respondents are available in the semi urban & the urban areas of the district & the targeted set of people consists of business class people, the method of sampling used to undertake this study is simple random sampling.

Sampling area chosen to undertake the study is entire five taluks covering all the major entrepreneurs of the district. Size of the sample chosen is five hundred entrepreneurs.

**Data collection plan:** For the purpose of undertaking the study the data is collected from two sources. Primary data is collected from a structurally designed questionnaire, Interview & observations in the market. Secondary source of data is collected from published & unpublished source which includes Books, Journals, Periodicals, Magazines,and Newspapers &Related Websites. Also other related immense materials are referred for data collection. Data collected further is tabulated, encoded, analysed & interpreted by using applicable statistical tools.

**Scope & significance of the study:** The study is undertaken with an intention of covering all the major working capital requirements of working capital products of entrepreneurs running their business. Many a times additional working capital is needed for Expansion ofbusiness,Diversification of their business, Acquire fresh firms, or to kick start a new enterprise with their own innovative ideas. The study covers the suitability of each

working capital products available in the market to the respective entrepreneurs depending on their respective nature of businesses. The prime focus of the study is also to analyse the major working capital product preferences of different entrepreneurs in wider markets of the district. The whole district is divided into Urban, Semi Urban & rural areas depending upon population, market size & potential for business growth. As business trends change from time to time it is important to keep track of present working capital products in the market by upgrading its features. This helps banks & other financial institutions to fund entrepreneurs & address their business working capital needs. In long run relations maintained between entrepreneurs & Banks & Financial institutions can bring in lot of changes in our economy, this is possible since newly developed funding schemes will be very much suitable for micro enterprises & rural operating business. The study can also be a guideline for the future undertaking research. The study undertaken in the district keeps in view the pace of present trends in working capital preferences of self-employed persons & their requirements.

**Limitations of the study:** The study observes the following limitations, however it is tried to minimize the limitations to the maximum possible extent.

- 1) The time available for doing the study was a period of 18 months only. Hence study was conducted for short period only.
- 2) The study is undertaken in Dakshinakannada district only. In the area of radius covering five taluks it was possible to meet selected entrepreneurs as many of them gave did not reveal required information stating personal reasons.
- 3) There may be biases in the responses given by the respondents as certain information is not disclosed, however it is tried to minimize bias responses given by respondents
- 4) Due to professional reasons of respondents it was not possible to meet owners or the concern persons who run the business.
- 5) Certain information was not shared by entrepreneurs as they believed that it is against their business ethics. However the instructions were also given to their staffs clearly not to give any information to the third parties as they suspected confidential data theft due to increased malpractices used by their competitors in the market.
- 6) MSME's with the constitution of limited companies are very much lower in number found in geographical area. Hence there is sample size limitations observed particularly for this type of enterprises.
- 7) The typical schemes offered by banks/ Financial institutions to MSME's are included in the study & other government sponsored schemes are not included in the study.



## CHAPTER 5

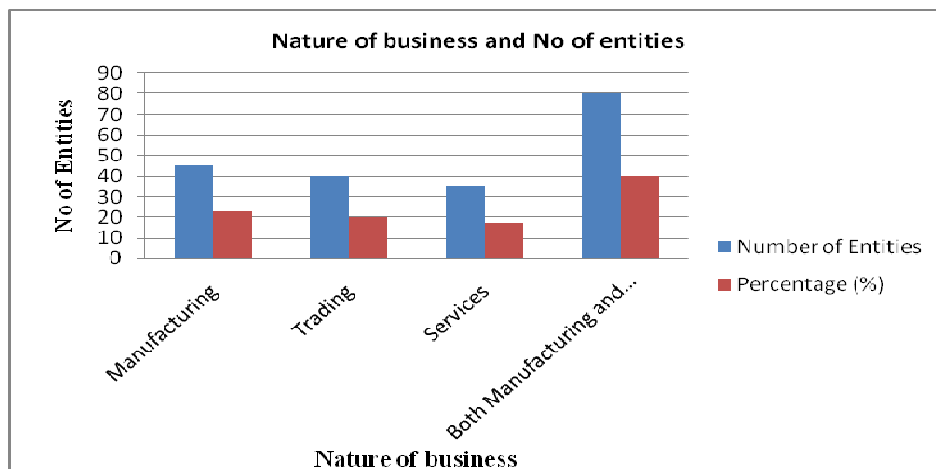
### DATA ANALYSIS

Data is collected from the structured questionnaires' which is given to the entrepreneurs of Dakshina Kannada district covered within the study area. The responses obtained from the respondents are put in the form of tables and charts and it is further analysed & the necessary interpretations are drawn. Data's are also analysed further using applicable statistical tools.

**Table 1:** Nature of business of entrepreneurs

| Nature of Business              | Number of Entities | Percentage (%) |
|---------------------------------|--------------------|----------------|
| Manufacturing                   | 45                 | 22.5           |
| Trading                         | 40                 | 20             |
| Services                        | 35                 | 17.5           |
| Both Manufacturing and Services | 80                 | 40             |
| <b>Total</b>                    | <b>200</b>         | <b>100</b>     |

**Chart 1:** Nature of business of entrepreneurs

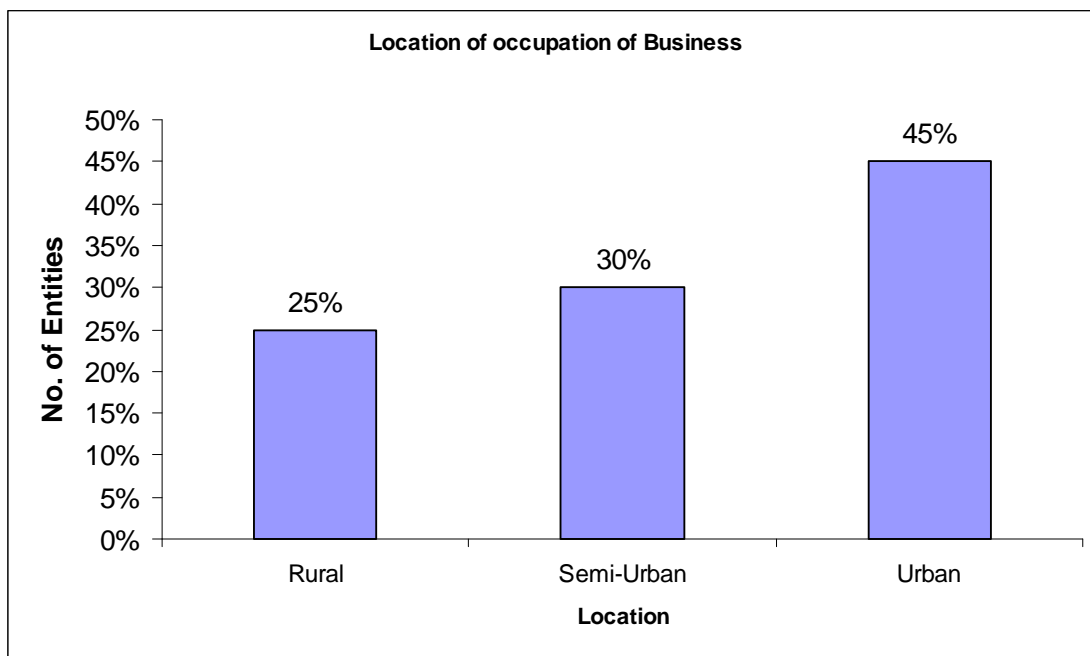


**Interpretation:** From the above table and chart it is clear that major entrepreneurs operating in dakshina Kannada district are in both manufacturing and services business.

**Table 2:** Location of occupation of Business

| <b>Location</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|-----------------|--------------------------------|-----------------------|
| Rural           | 50                             | 25                    |
| Semi-Urban      | 60                             | 30                    |
| Urban           | 90                             | 45                    |
| <b>Total</b>    | <b>200</b>                     | <b>100</b>            |

**Chart 2:**Location of occupation of Business



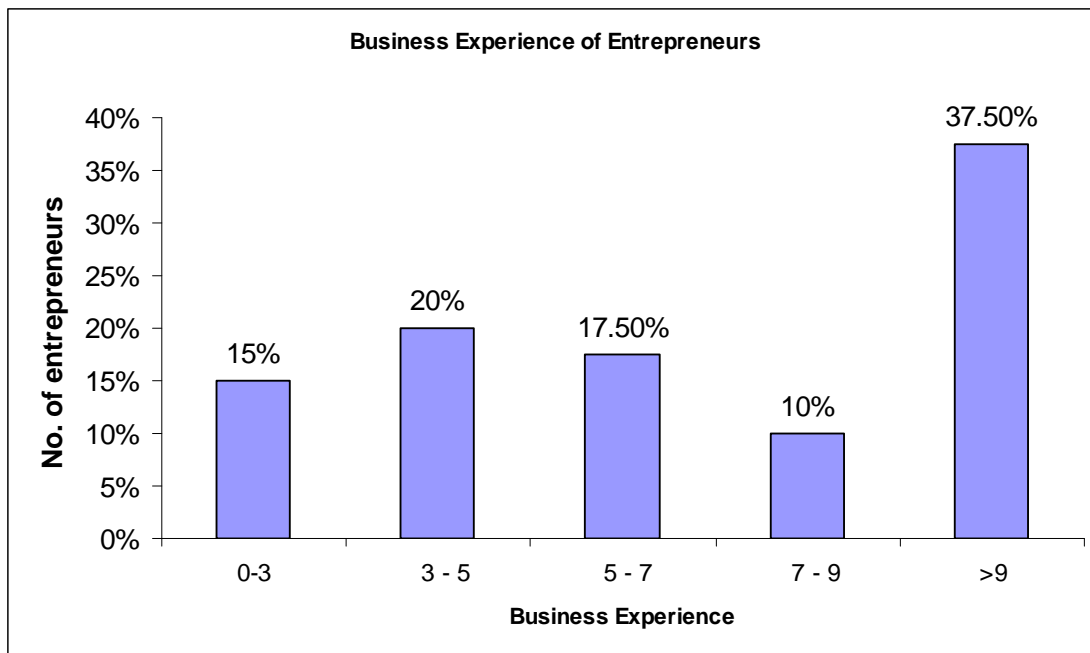
**Interpretation:**

From the above table and chart it is clear that major entrepreneurs operate from urban location of Dakshina Kannada District.

**Table 3:** Business Experience of Entrepreneurs

| <b>Business Experience<br/>(in years)</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|---|--------------------------------|-----------------------|
| 0-3                                       | 30                             | 15                    |
| 3-5                                       | 40                             | 20                    |
| 5-7                                       | 35                             | 17.5                  |
| 7-9                                       | 20                             | 10                    |
| >9  | 75                             | 37.5                  |
| <b>Total</b>                              | <b>200</b>                     | <b>100</b>            |

**Chart 3:** Business Experience of Entrepreneurs (In Years)



**Interpretation:**

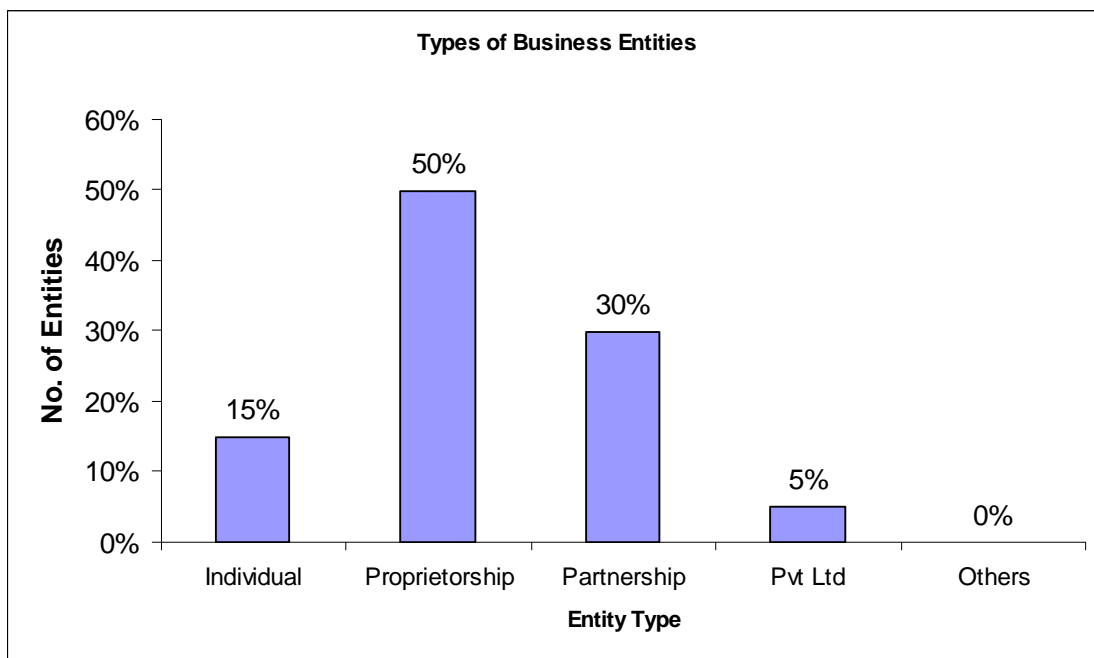
It is found from the above table & graph that, Entrepreneurs with business experience of 5 years & above are more majority in number. Also entrepreneurs with business experience of 4 years are minority in number.

**Table 4:** Types of Business Entities

| <b>Entity Type</b> | <b>Number of Entities</b> | <b>Percentage (%)</b> |
|--------------------|---------------------------|-----------------------|
| Individual         | 30                        | 15                    |
| Proprietorship     | 100                       | 50                    |
| Partnership        | 60                        | 30                    |
| Pvt Ltd            | 10                        | 05                    |
| Others             | 00                        | 00                    |
| <b>Total</b>       | <b>200</b>                | <b>100</b>            |

\*Others refer to any registered body.

**Chart 4:**Types of Business Entities



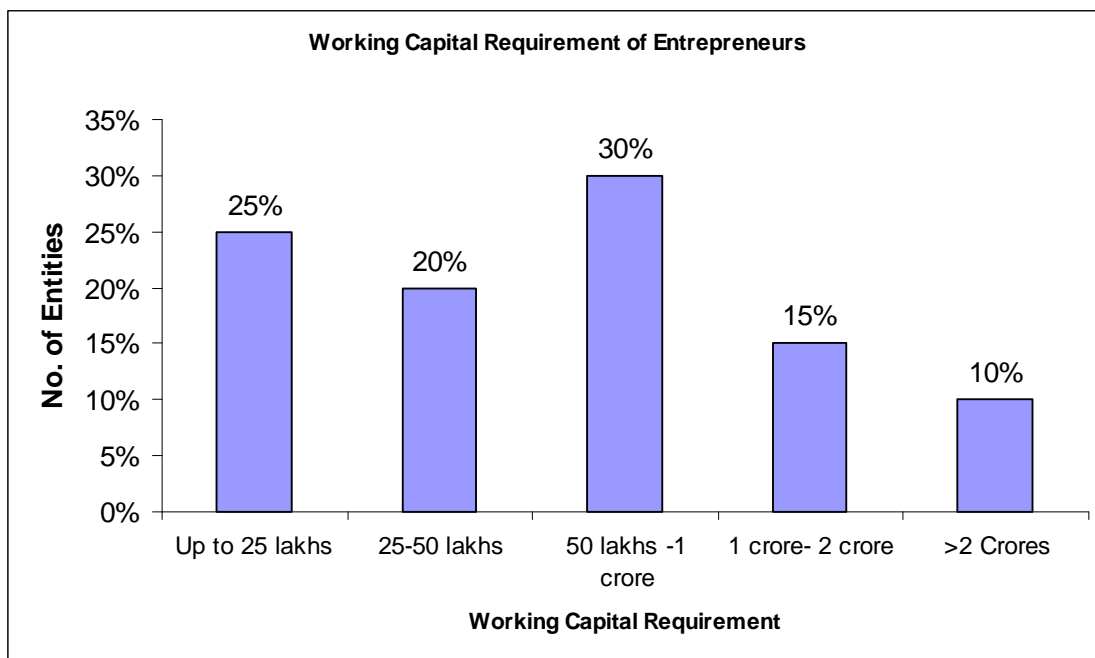
**Interpretation:**

It is found from the study that entrepreneurs running proprietorship concerns are majority in number & an entity belonging to other registered body is not at all found in the study area. Here others refer to any registered entities operating in the study location.

**Table 5:** Working Capital Requirement of Entrepreneurs

| <b>Working (in Rs) Capital requirements</b> | <b>Number of Entities</b> | <b>Percentage (%)</b> |
|---|---------------------------|-----------------------|
| Up to 25 lakhs                              | 50                        | 25                    |
| 25-50 lakhs                                 | 40                        | 20                    |
| 50 lakhs -1 crore                           | 60                        | 30                    |
| 1 crore- 2 crore                            | 30                        | 15                    |
| >2 Crores                                   | 20                        | 10                    |
| <b>Total</b>                                | <b>200</b>                | <b>100</b>            |

**Chart 5:** Working Capital Requirement of Entrepreneurs



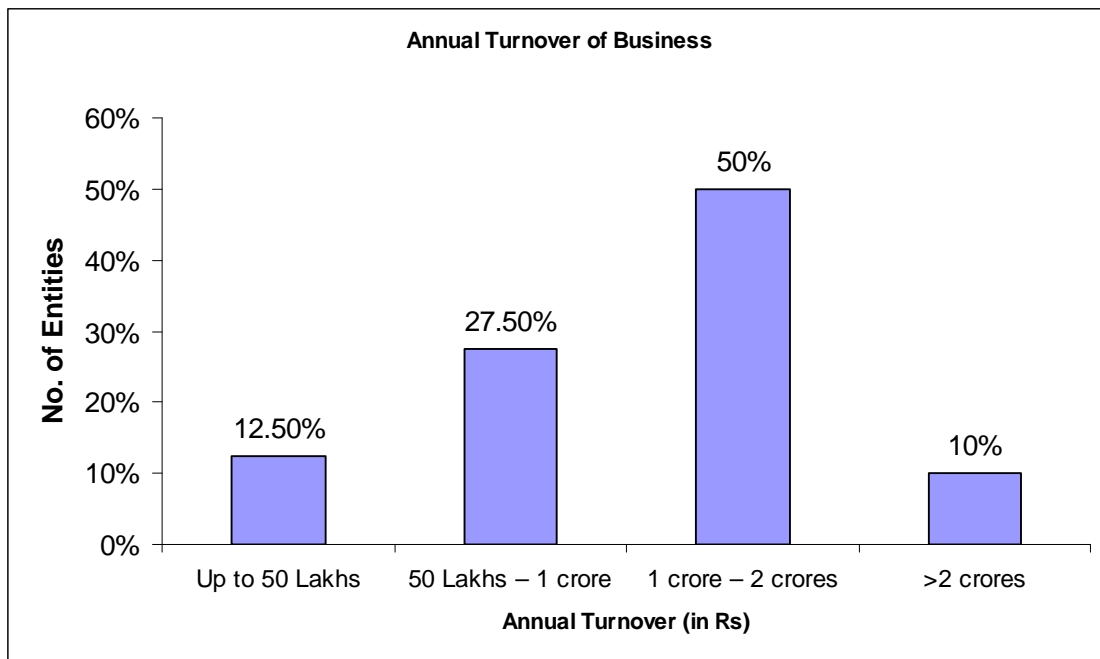
**Interpretation:**

It is found from the study that entrepreneurs with the working capital requirements of Rupees 50 lakhs to 1 crore are found in higher numbers in the selected study area & entrepreneurs with working capital requirements of above 2 crores Rupees are found lesser in study area.

**Table 6:** Annual Turnover of Business

| <b>Annual Turnover (in Rs)</b> | <b>Number of Entities</b> | <b>Percentage (%)</b> |
|--------------------------------|---------------------------|-----------------------|
| Up to 50 Lakhs                 | 25                        | 12.5                  |
| 50 Lakhs – 1 crore             | 55                        | 27.5                  |
| 1 crore – 2 crores             | 100                       | 50                    |
| >2 crores                      | 20                        | 10                    |
| <b>Total</b>                   | <b>200</b>                | <b>100</b>            |

**Chart 6:** Annual Turnover of Business



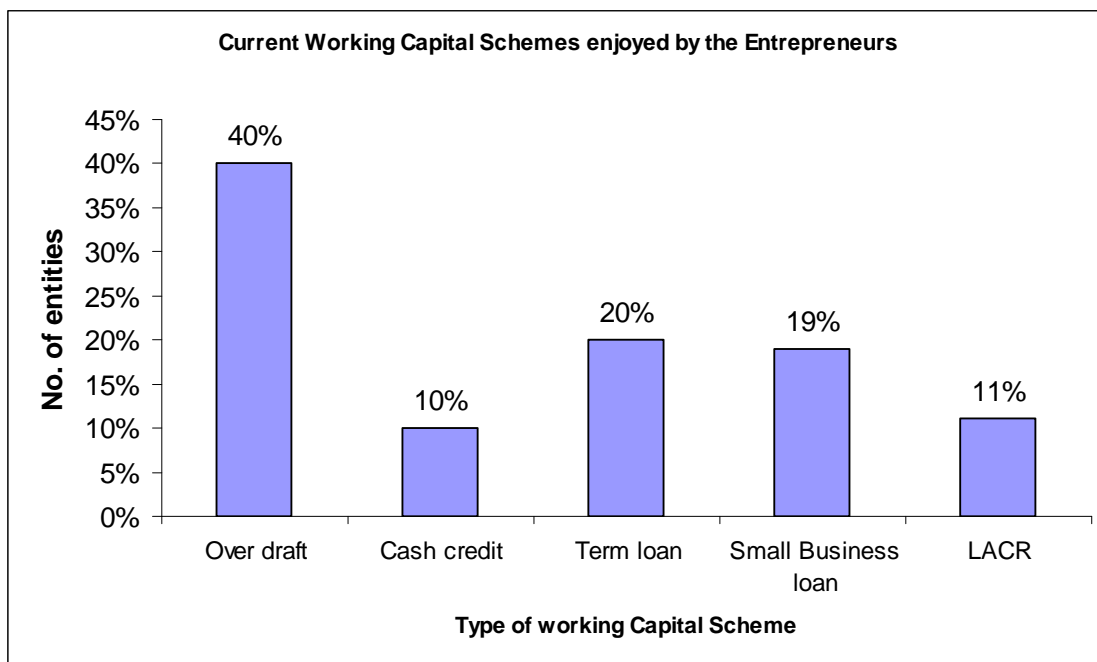
**Interpretation:**

It is found from the study that entities having annual turnover in the range of Rupees 1 crore to 2 crores are found in more number in the study area & entities with the turnover upto 50 lakh rupees are found in less numbers in the study area.

**Table 7:** Current Working Capital Schemes enjoyed by the Entrepreneurs

| Type of working Capital Scheme | Number of Entities | Percentage (%) |
|--------------------------------|--------------------|----------------|
| Over draft                     | 80                 | 40             |
| Cash credit                    | 20                 | 10             |
| Term loan                      | 40                 | 20             |
| Small Business loan            | 38                 | 19             |
| LACR                           | 22                 | 11             |
| <b>Total</b>                   | <b>200</b>         | <b>100</b>     |

**Chart 7:** Current Working Capital Schemes enjoyed by the Entrepreneurs



**Interpretation:**

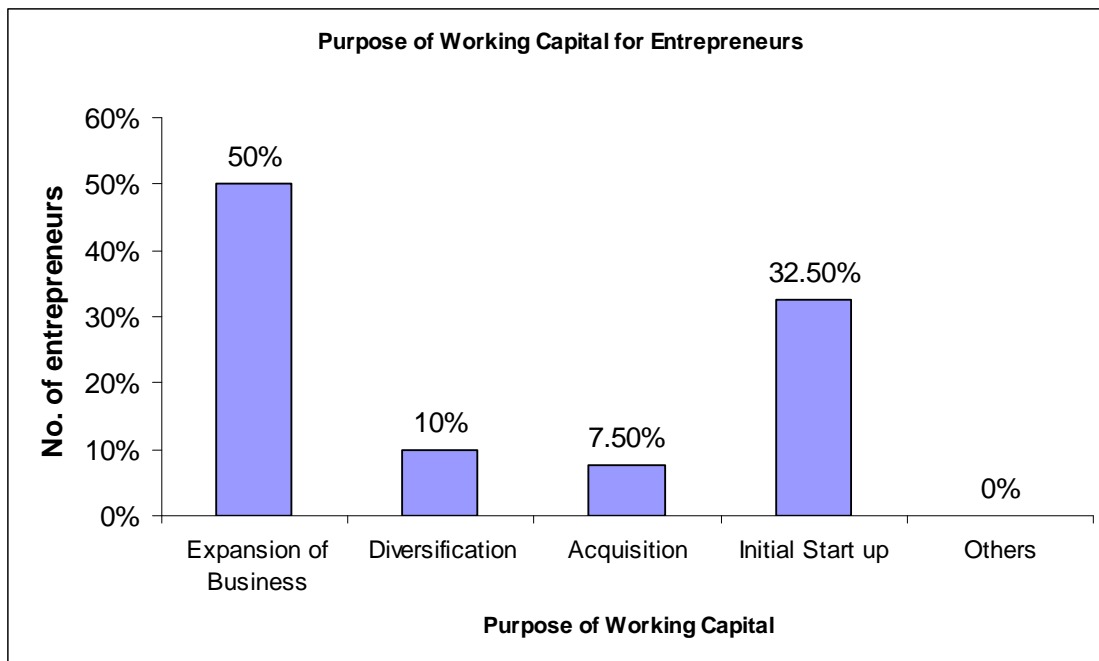
It is found that majority of the entrepreneurs in the study area are enjoying overdraft facilities & very few prefer to go with loan against card receivables scheme.

**Table 8:** Purpose of Working Capital for Entrepreneurs

| <b>Purpose of Working Capital</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|-----------------------------------|--------------------------------|-----------------------|
| Expansion of Business             | 100                            | 50                    |
| Diversification                   | 20                             | 10                    |
| Acquisition                       | 15                             | 7.5                   |
| Initial Start up                  | 65                             | 32.5                  |
| Others                            | 00                             | 00                    |
| <b>Total</b>                      | <b>200</b>                     | <b>100</b>            |

\*others refer to Raw material purchases.

**Chart 8:** Purpose of Working Capital for Entrepreneurs



**Interpretation:**

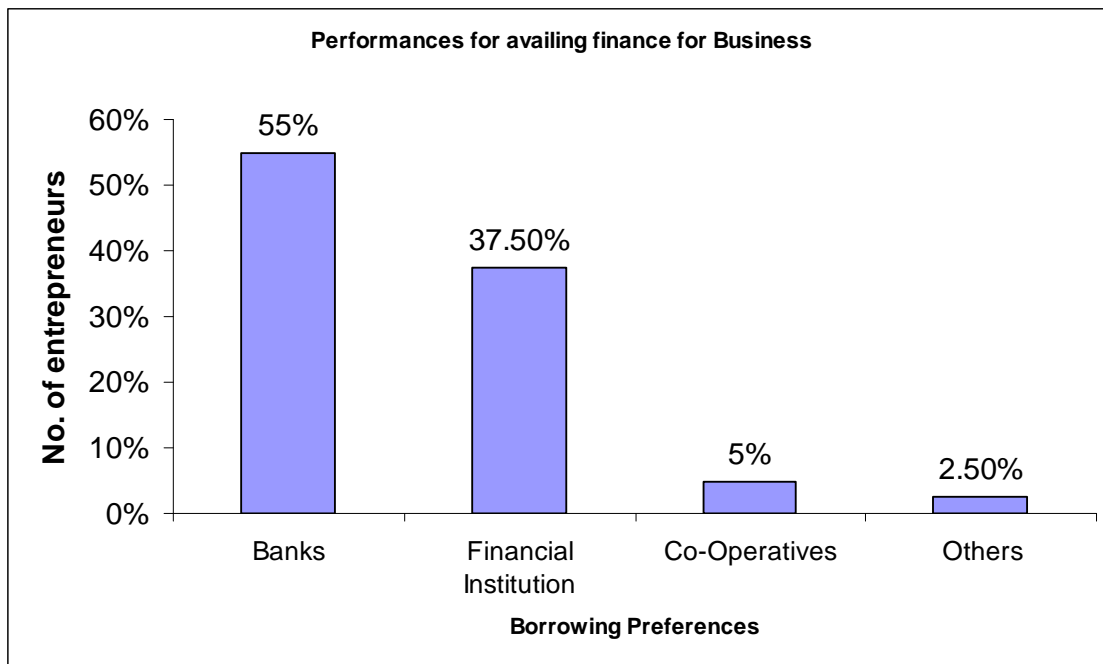
It is found from the study that majority of the entrepreneurs are using their preferred working capital schemes for the expansion of business & no entrepreneur in the region prefers to invest their working capital schemes for purchases of stock.



**Table 9:** Performances for availing finance for Business

| <b>Borrowing Preferences</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|------------------------------|--------------------------------|-----------------------|
| Banks                        | 110                            | 55                    |
| Financial Institution        | 75                             | 37.5                  |
| Co-Operatives                | 10                             | 5                     |
| Others                       | 05                             | 2.5                   |
| <b>Total</b>                 | <b>200</b>                     | <b>100</b>            |

**Chart 9:** Preferences for availing finance for Business



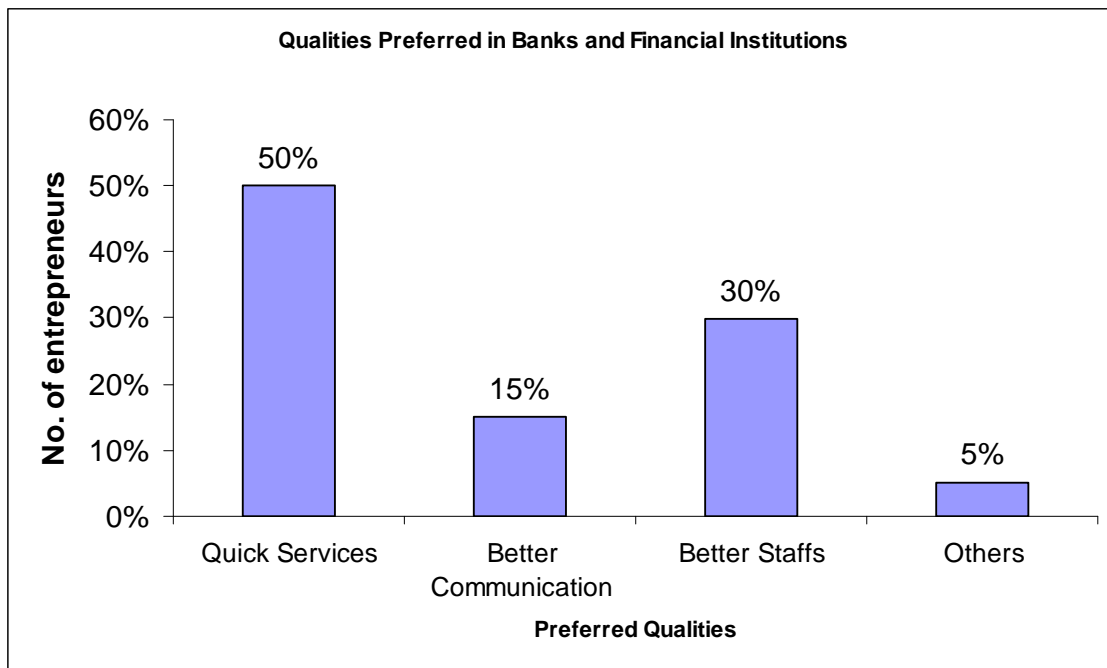
**Interpretation:**

From the above table & bar diagram it is clear that 55% of the entrepreneurs in the district prefer to borrow working capital funds from Banks & 2.5% of the entrepreneurs prefer to have their working capital funds from others (Any third parties which include Money lenders & local financiers etc.)

**Table 10:**Qualities Preferred in Banks and Financial Institutions

| <b>Preferred Qualities</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|----------------------------|--------------------------------|-----------------------|
| Quick Services             | 100                            | 50                    |
| Better Communication       | 30                             | 15                    |
| Better Staffs              | 60                             | 30                    |
| Others                     | 10                             | 5                     |
| <b>Total</b>               | <b>200</b>                     | <b>100</b>            |

**Chart 10:**Qualities Preferred in Banks and Financial Institutions



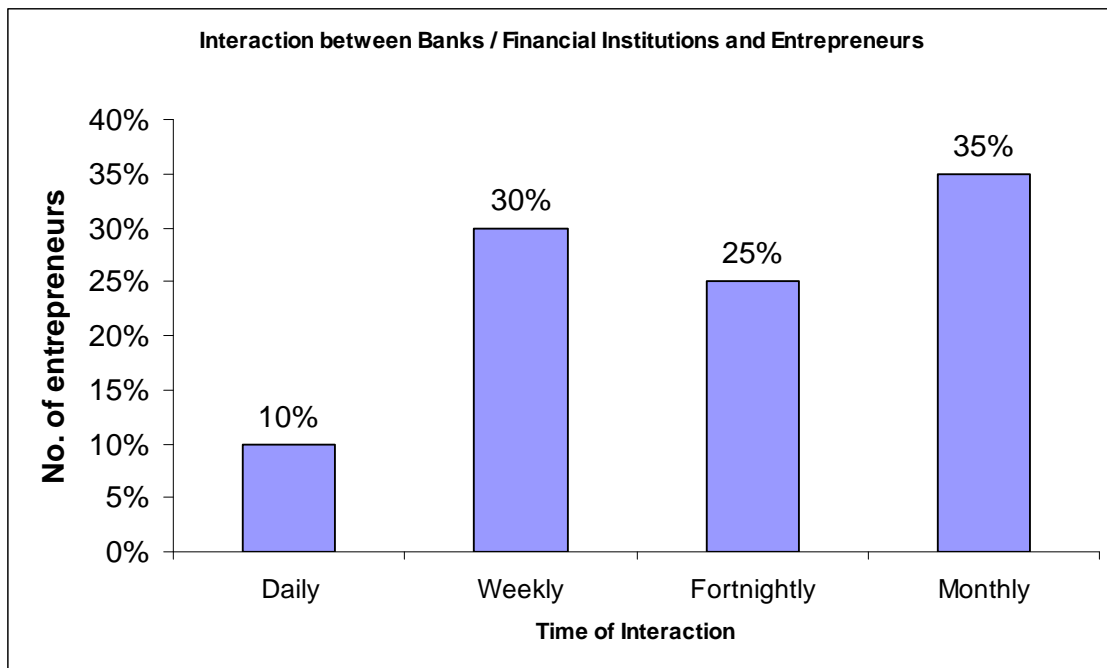
**Interpretation:**

From the above table it is clear that the most of the entrepreneurs in the district prefer quick service (50%) & very few (5%) prefer other qualities (which include smart & timely interactions etc.) from their respective Banks/ Financial Institutions.

**Table 11:** Interaction between Banks / Financial Institutions and Entrepreneurs

| <b>Time of Interaction</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|----------------------------|--------------------------------|-----------------------|
| Daily                      | 20                             | 10                    |
| Weekly                     | 60                             | 30                    |
| Fortnightly                | 50                             | 25                    |
| Monthly                    | 70                             | 35                    |
| <b>Total</b>               | <b>200</b>                     | <b>100</b>            |

**Chart 11:** Interaction between Banks / Financial Institutions and Entrepreneurs



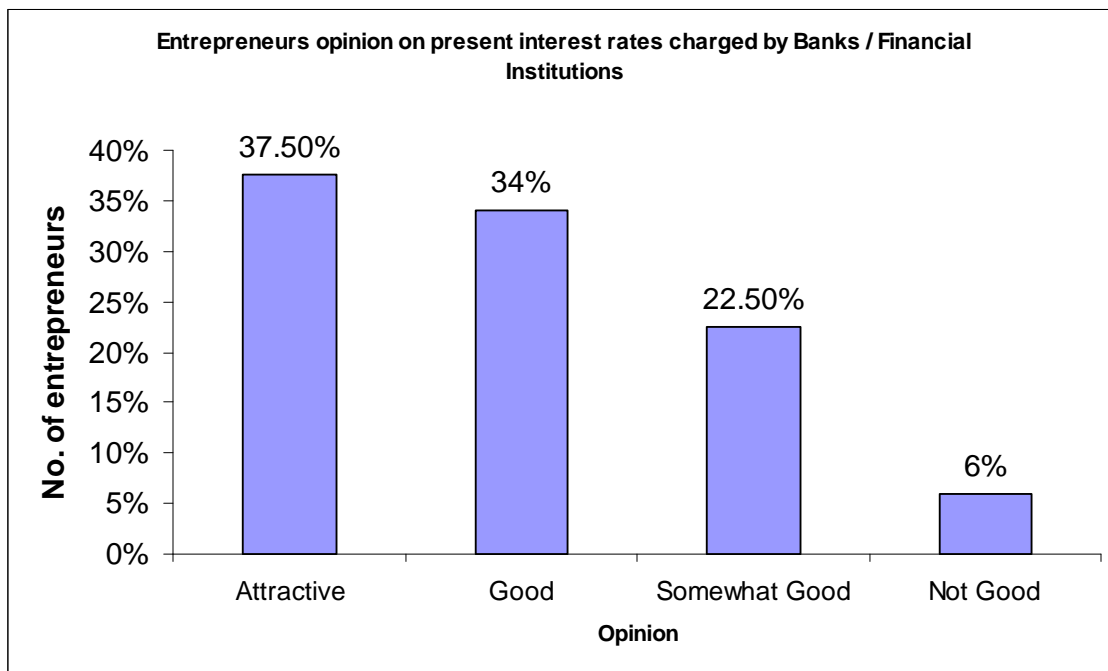
**Interpretation:**

From the above table it is clear that most (35%) of the entrepreneurs prefer monthly interaction from their Banks/Financial Institutions & less number of entrepreneurs prefer their Banks/Financial Institutions (10%) to interact daily.

**Table 12:** Entrepreneurs opinion on present interest rates charged by Banks / Financial Institutions

| Opinion       | Number of Entrepreneurs | Percentage (%) |
|---------------|-------------------------|----------------|
| Attractive    | 75                      | 37.5           |
| Good          | 68                      | 34             |
| Somewhat Good | 45                      | 22.5           |
| Not Good      | 12                      | 06             |
| <b>Total</b>  | <b>200</b>              | <b>100</b>     |

**Chart 12:** Entrepreneurs opinion on present interest rates charged by Banks / Financial Institutions



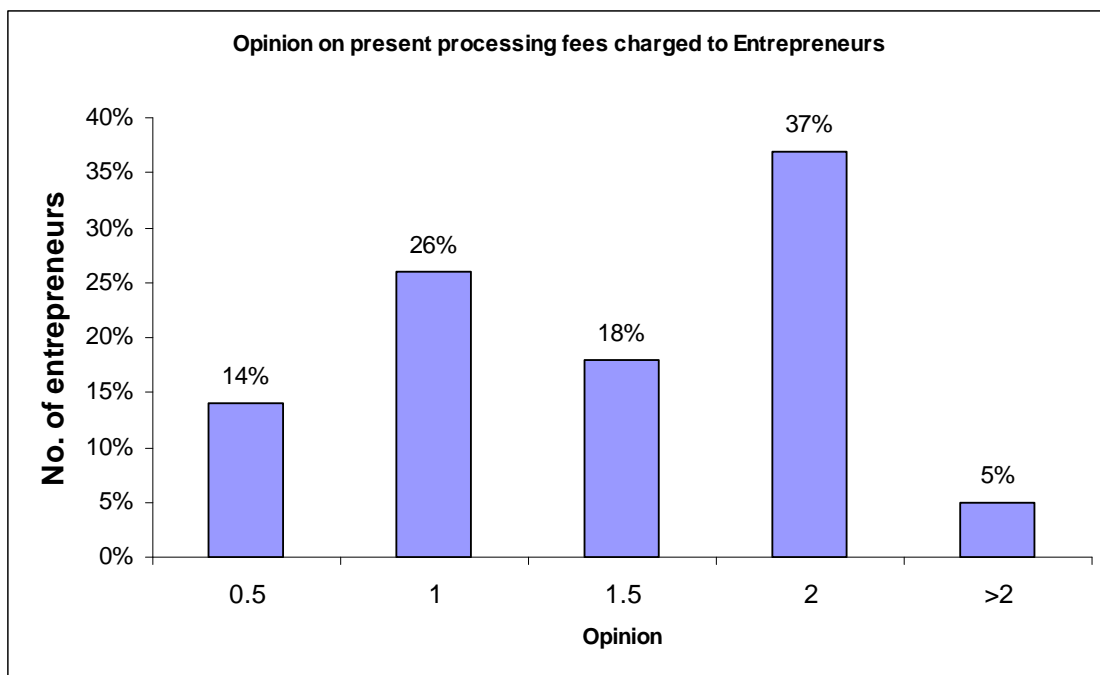
**Interpretation:**

From the above table it is clear that majority (75%) of the entrepreneurs feel that the interest rates charged by their Banks/Financial Institutions is attractive & less entrepreneurs (6%) feel that interest rates charged to them are not good.

**Table 13:** Opinion on present processing fees charged to Entrepreneurs

| Processing fees (in %) | Number of Entrepreneurs | Percentage (%) |
|------------------------|-------------------------|----------------|
| 0.5                    | 28                      | 14             |
| 01                     | 52                      | 26             |
| 1.5                    | 36                      | 18             |
| 02                     | 74                      | 37             |
| >2                     | 10                      | 05             |
| <b>Total</b>           | <b>200</b>              | <b>100</b>     |

**Chart 13:** Opinion on present processing fees charged to Entrepreneurs



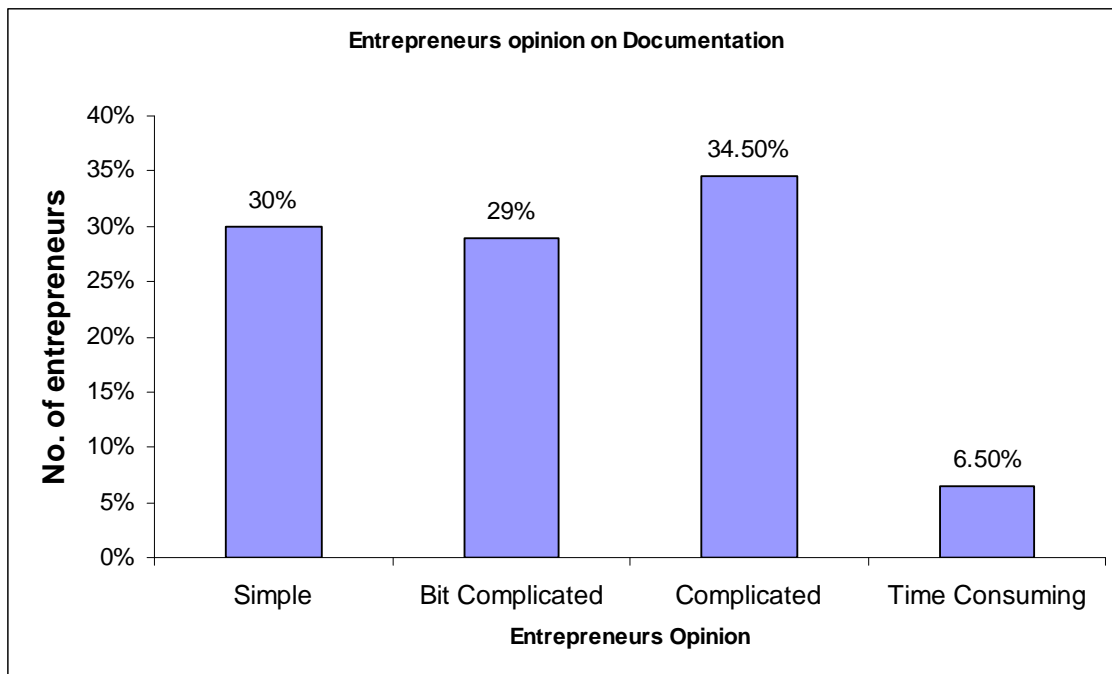
**Interpretation:**

From the above table & bar diagram that major entrepreneurs (74%) say that Banks/Financial institutions charge 2% processing fees to them on the proposed limits of funds & 5% say that they are charged with the processing fees of above 2%.

**Table 14:** Entrepreneurs opinion on Documentation

| <b>Entrepreneurs Opinion</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|------------------------------|--------------------------------|-----------------------|
| Simple                       | 60                             | 30                    |
| Bit Complicated              | 58                             | 29                    |
| Complicated                  | 69                             | 34.5                  |
| Time Consuming               | 13                             | 6.5                   |
| <b>Total</b>                 | <b>200</b>                     | <b>100</b>            |

**Chart 14:**Entrepreneurs opinion on Documentation



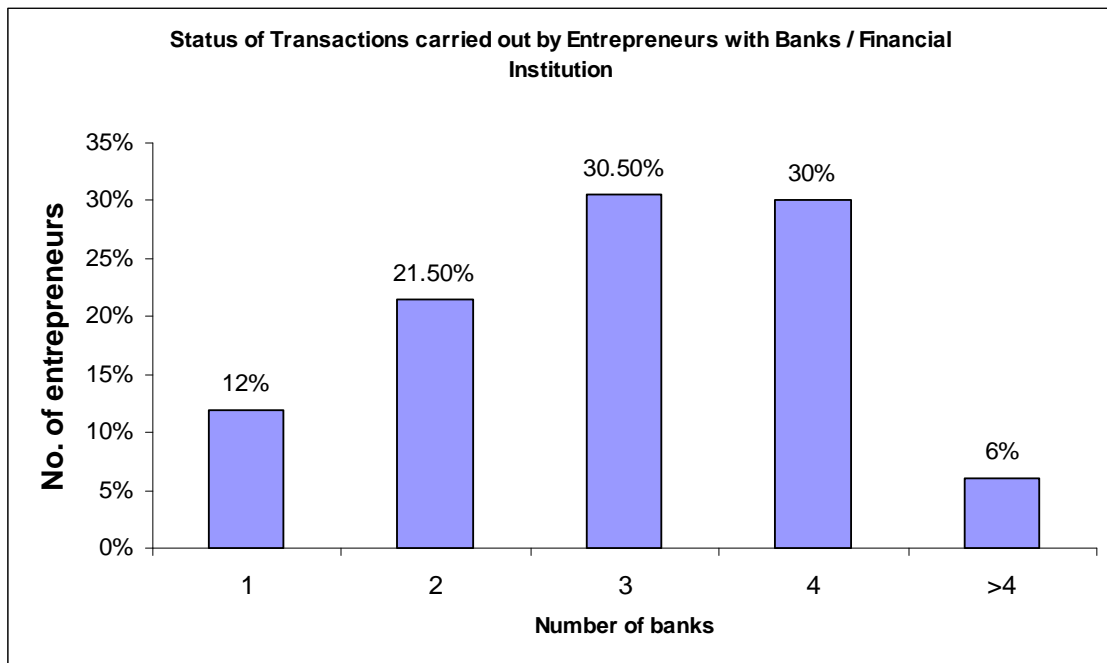
**Interpretation:**

From the above table & bar diagram it is clear that majority of the entrepreneurs say that they feel documentation process involved in sanctioning & disbursement of loan is complicated & a few of them (6.5%) feel that documentation process is time consuming.

**Table 15:** Status of Transactions carried out by Entrepreneurs with Banks / Financial Institution

| Number of banks | Number of Entrepreneurs | Percentage (%) |
|-----------------|-------------------------|----------------|
| 1               | 24                      | 12             |
| 2               | 43                      | 21.5           |
| 3               | 61                      | 30.5           |
| 4               | 60                      | 30             |
| >4              | 12                      | 06             |
| <b>Total</b>    | <b>200</b>              | <b>100</b>     |

**Chart 15:** Status of Transactions carried out by Entrepreneurs with Banks / Financial Institution



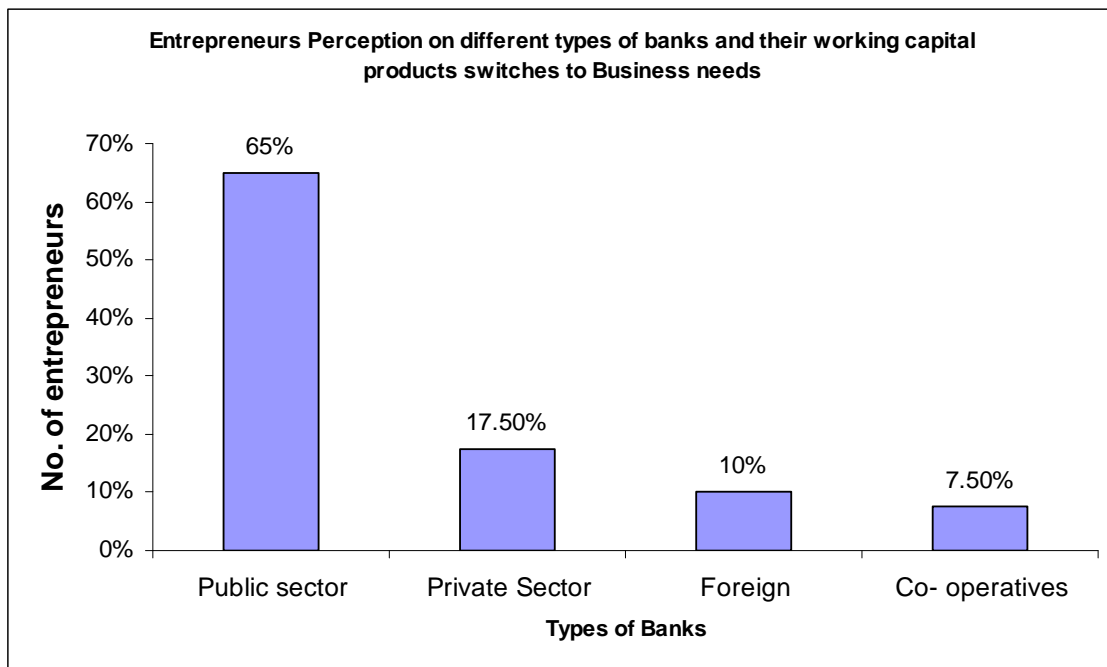
**Interpretation:**

It is clear from the above chart & bar diagram that 30.5% of the entrepreneurs carry out their transactions in more than one (Three) Banks, minority of the entrepreneurs have their transactions with above 4 Banks.

**Table 16:** Entrepreneurs Perception on different types of banks and their working capital products switches to Business needs

| <b>Types of Banks</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|-----------------------|--------------------------------|-----------------------|
| Public sector         | 130                            | 65                    |
| Private Sector        | 35                             | 17.5                  |
| Foreign               | 20                             | 10                    |
| Co- operatives        | 15                             | 7.5                   |
| <b>Total</b>          | <b>200</b>                     | <b>100</b>            |

**Chart 16:** Entrepreneurs Perception on different types of banks and their working capital products switches to Business needs



**Interpretation:**

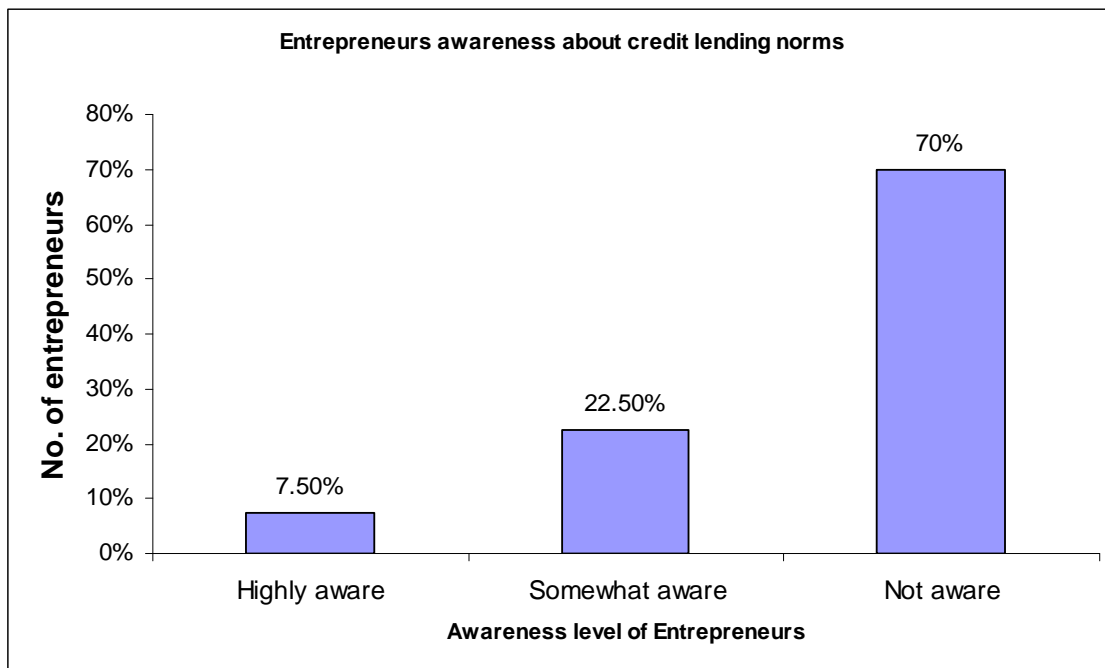
From the above table & graph it is clear that majority of the entrepreneurs in the district have better perception with the working capital products offered by public sector banks.



**Table 17:** Entrepreneurs awareness about credit lending norms

| <b>Awareness level of Entrepreneurs</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|---|--------------------------------|-----------------------|
| Highly aware                            | 15                             | 7.5                   |
| Somewhat aware                          | 45                             | 22.5                  |
| Not aware                               | 140                            | 70                    |
| <b>Total</b>                            | <b>200</b>                     | <b>100</b>            |

**Chart 17:** Entrepreneurs awareness about credit lending norms



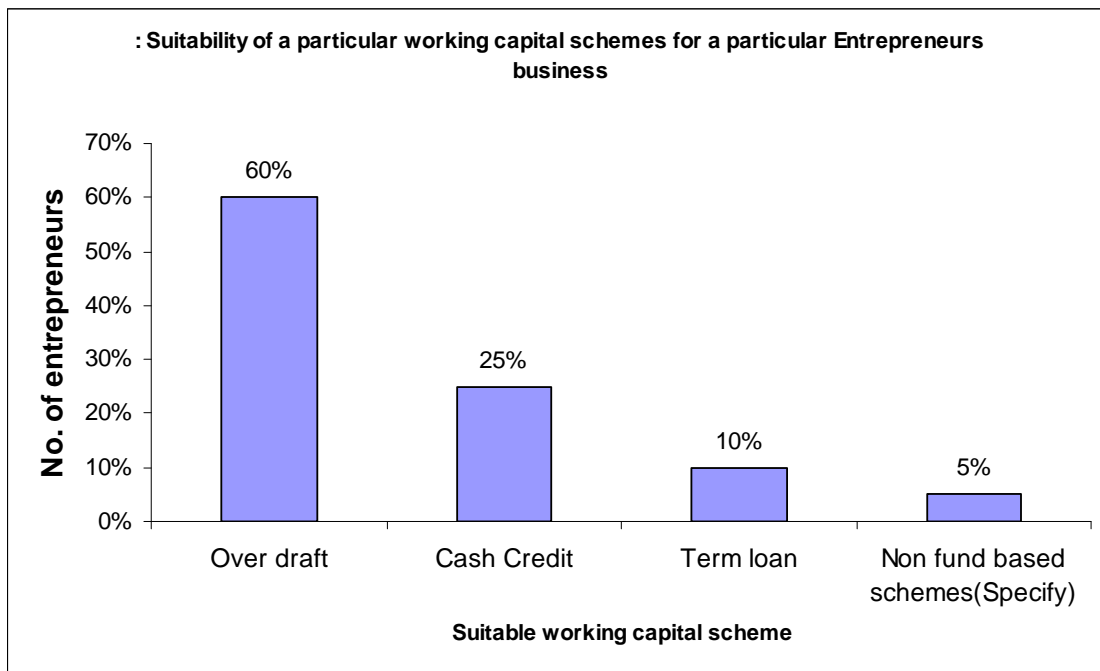
**Interpretation:**

From the above table & bar diagram it is clear that majority of the entrepreneurs operating their enterprises in the district are not aware about Reserve Bank of India's credit lending KYC norms & few of them are highly aware about the same.

**Table 18:** Suitability of a particular working capital schemes for a particular Entrepreneurs business

| <b>Suitable working capital scheme</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|--|--------------------------------|-----------------------|
| Over draft                             | 120                            | 60                    |
| Cash Credit                            | 50                             | 25                    |
| Term loan                              | 20                             | 10                    |
| Non fund based schemes(Specify)        | 10                             | 05                    |
| <b>Total</b>                           | <b>200</b>                     | <b>100</b>            |

**Chart 18:** Suitability of a particular working capital schemes for a particular Entrepreneurs business



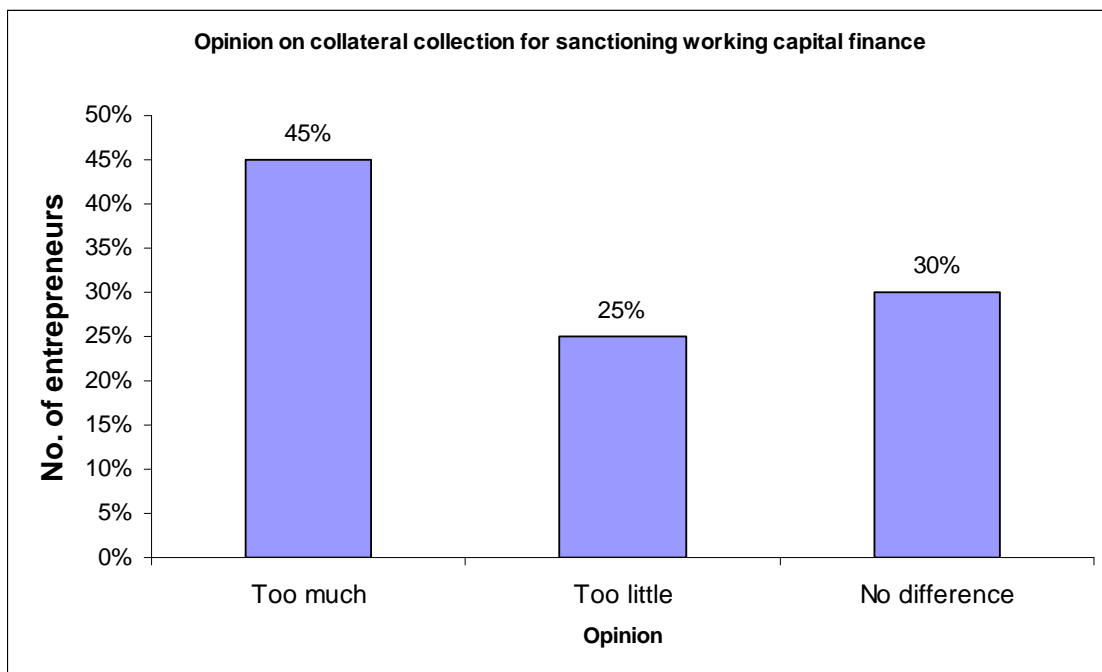
**Interpretation:**

From the above table & bar diagram it can be clearly interpreted that majority of the entrepreneurs feel overdraft facility is the right working capital scheme suitable to their nature of business & few entrepreneurs go with non-fund based working capital schemes.

**Table 19:** Opinion on collateral collection for sanctioning working capital finance

| <b>Opinion</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|----------------|--------------------------------|-----------------------|
| Too much       | 90                             | 45                    |
| Too little     | 50                             | 25                    |
| No difference  | 60                             | 30                    |
| <b>Total</b>   | <b>200</b>                     | <b>100</b>            |

**Chart 19:** Opinion on collateral collection for sanctioning working capital finance



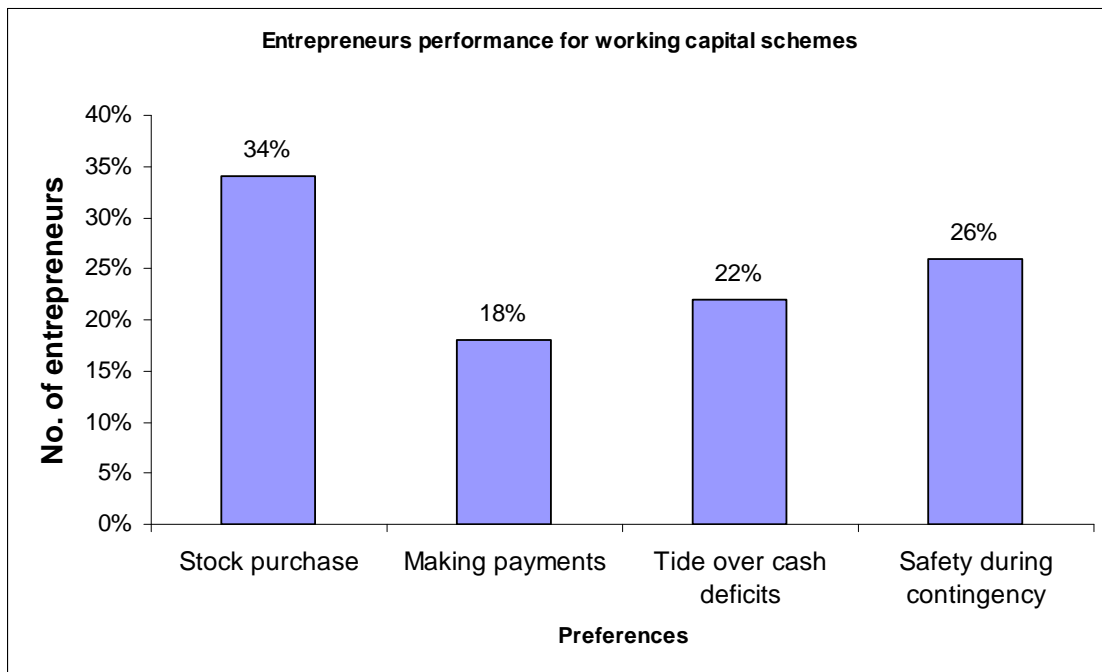
**Interpretation:**

From the above table & bar chart it is clear that majority of the entrepreneurs of the district feel that collateral demanded by their Banks/Financial Institutions is more than what is rightly required, also few of them are of the view that the collateral demanded is comparatively less in comparison with the proposed limits.

**Table 20:** Entrepreneurs performance for working capital schemes

| <b>Preferences</b>        | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|---------------------------|--------------------------------|-----------------------|
| Stock purchase            | 68                             | 34                    |
| Making payments           | 36                             | 18                    |
| Tide over cash deficits   | 44                             | 22                    |
| Safety during contingency | 52                             | 26                    |
| <b>Total</b>              | <b>200</b>                     | <b>100</b>            |

**Chart 20:** Entrepreneurs performance for working capital schemes



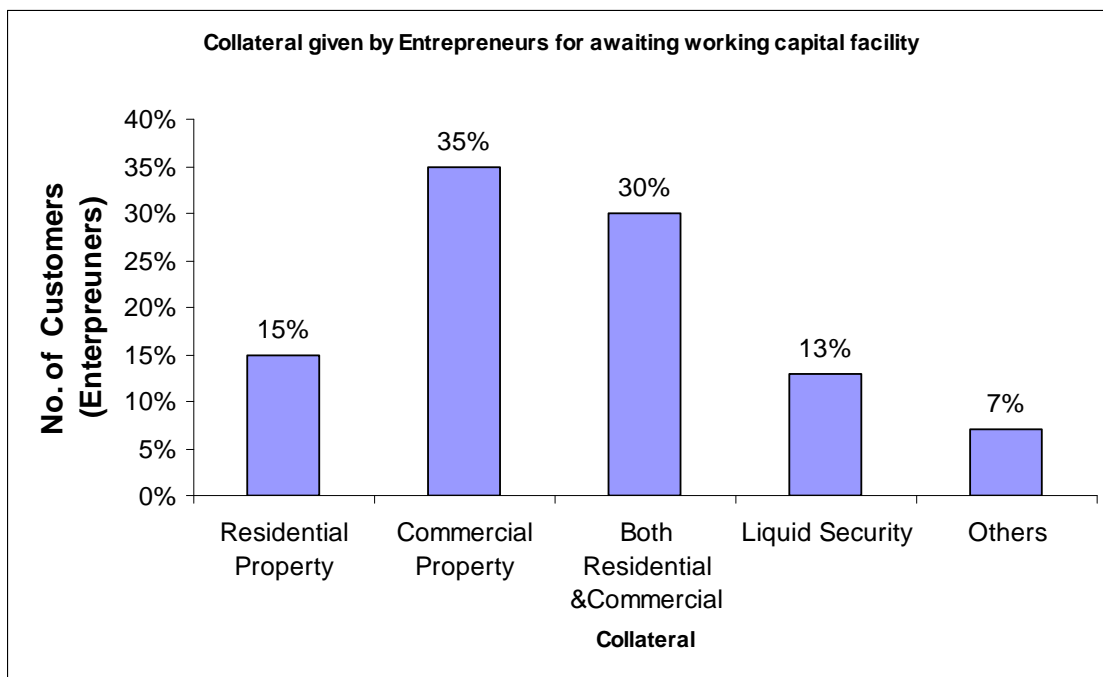
**Interpretation:**

From the above table it is clear that majority of the entrepreneurs utilize their working capital funds for stock purchases & few of them use these available facilities for making payments to their respective parties.

**Table 21:** Collateral given by Entrepreneurs for awaiting working capital facility

| <b>Collateral</b>             | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|-------------------------------|--------------------------------|-----------------------|
| Residential Property          | 30                             | 15                    |
| Commercial Property           | 70                             | 35                    |
| Both Residential & Commercial | 60                             | 30                    |
| Liquid Security               | 26                             | 13                    |
| Others                        | 14                             | 07                    |
| <b>Total</b>                  | <b>200</b>                     | <b>100</b>            |

**Chart 21:** Collateral given by Entrepreneurs for awaiting working capital facility



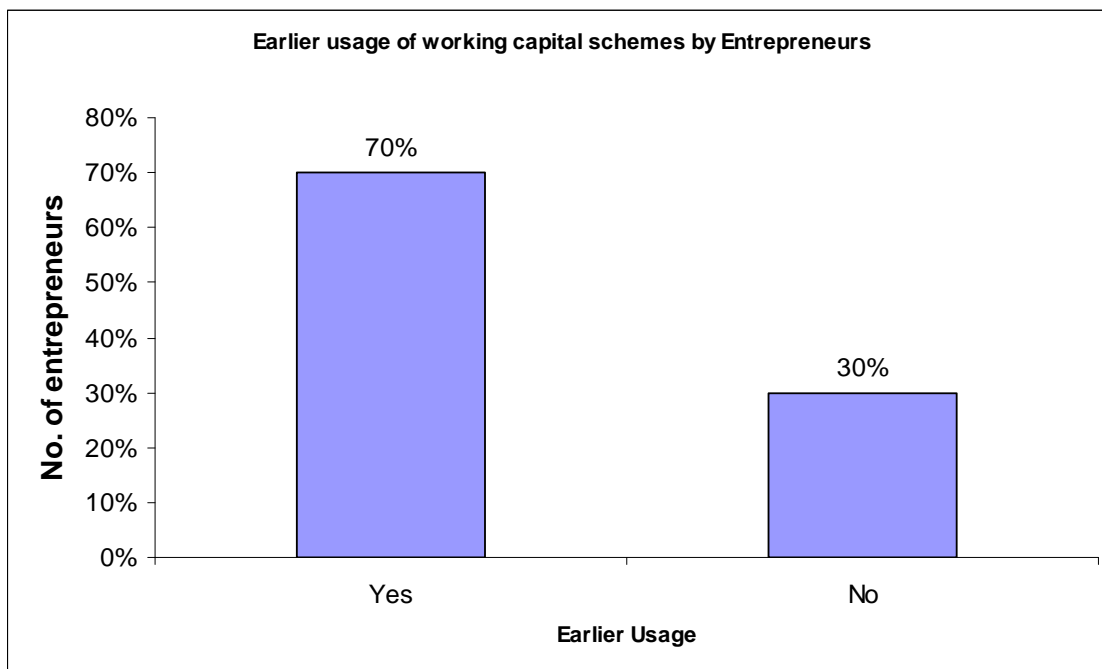
**Interpretation:**

From the above table & bar diagram it is very much clear that most of the entrepreneurs operating from the district have given their Commercial properties as collateral to their respective Banks/ Financial institutions.

**Table 22:** Earlier usage of working capital schemes by Entrepreneurs

| Earlier Usage | Number of Entrepreneurs | Percentage (%) |
|---------------|-------------------------|----------------|
| Yes           | 140                     | 70             |
| No            | 60                      | 30             |
| <b>Total</b>  | <b>200</b>              | <b>100</b>     |

**Chart 22:** Earlier usage of working capital schemes by Entrepreneurs



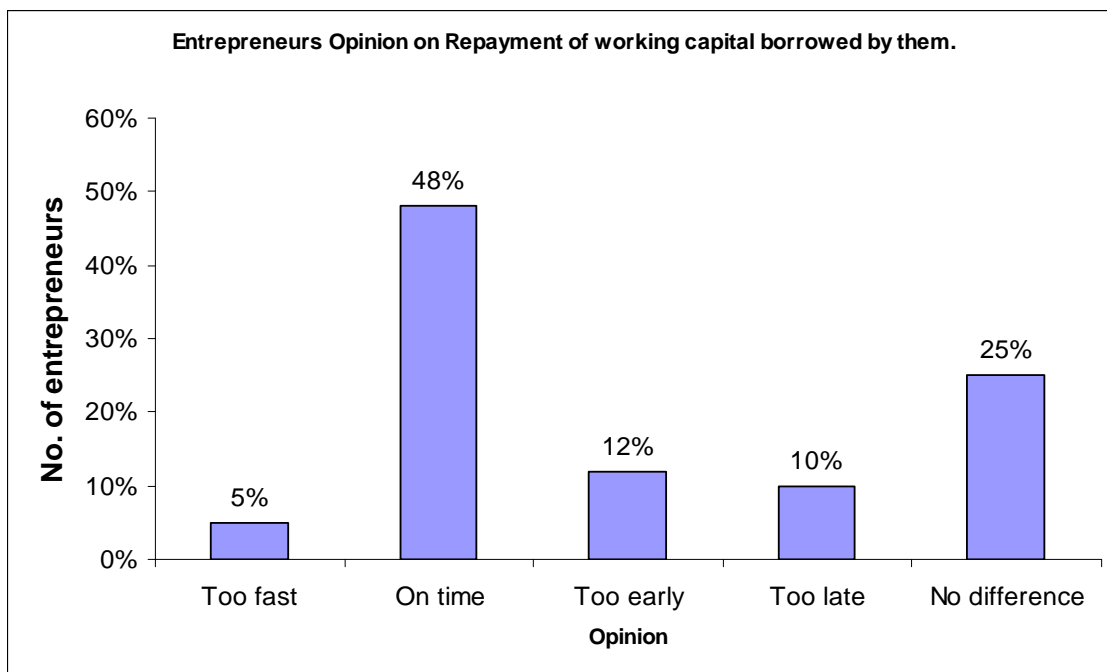
**Interpretation:**

From the above table & chart it is clear that majority of the entrepreneurs operating their businesses in the district were using the available working capital schemes earlier & are the beneficiaries of the same & very few of them will prefer to go for fresh funding from the Banks / Financial Institutions.

**Table 23:** Entrepreneurs Opinion on Repayment of working capital borrowed.

| <b>Opinion</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|----------------|--------------------------------|-----------------------|
| Too fast       | 10                             | 05                    |
| On time        | 96                             | 48                    |
| Too early      | 24                             | 12                    |
| Too late       | 20                             | 10                    |
| No difference  | 50                             | 25                    |
| <b>Total</b>   | <b>200</b>                     | <b>100</b>            |

**Chart 23:** Entrepreneurs Opinion on Repayment of working capital borrowed by them.



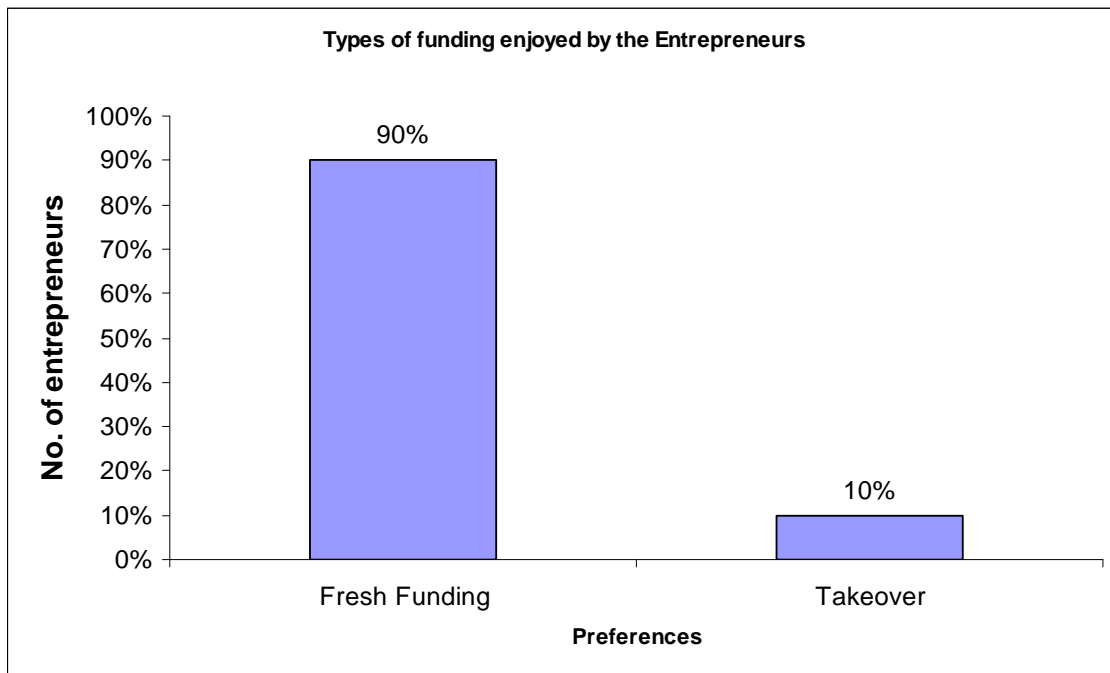
**Interpretation:**

From the above table & chart it is clear that majority of the entrepreneurs operating their business enterprises would make timely repayments & a very few entrepreneurs make their repayments very fast.

**Table 24:** Types of funding enjoyed by the Entrepreneurs

| Preferences   | Number of Entrepreneurs | Percentage (%) |
|---------------|-------------------------|----------------|
| Fresh Funding | 180                     | 90             |
| Takeover      | 20                      | 10             |
| <b>Total</b>  | <b>200</b>              | <b>100</b>     |

**Chart 24:** Types of funding enjoyed by the Entrepreneurs



**Interpretation:**

From the above table & chart it is clear that majority of the entrepreneurs enjoy fresh funding & few of the entrepreneurs are enjoying take over cases (facility shifted from one Bank to other).

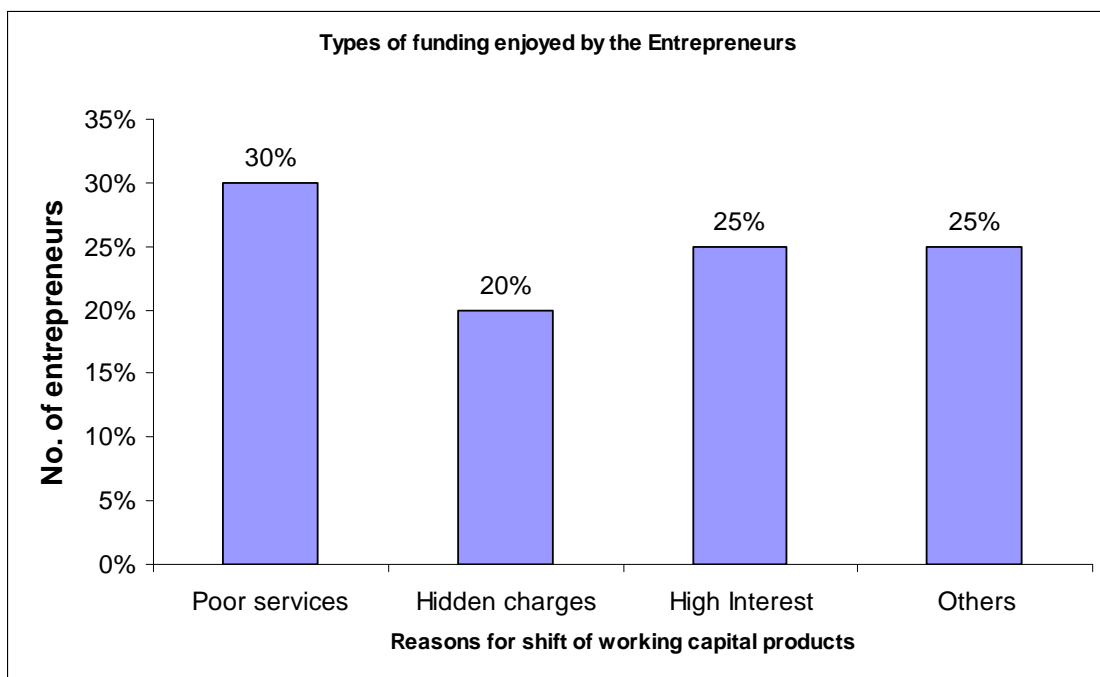


**Table 25:** Reasons for shift of working capital products in takeover schemes

| <b>Reasons for shift of working capital products</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|--|--------------------------------|-----------------------|
| Poor services  | 06                             | 30                    |
| Hidden charges                                       | 04                             | 20                    |
| High Interest  | 05                             | 25                    |
| Others   | 05                             | 25                    |
| <b>Total</b>   | <b>200</b>                     | <b>100</b>            |

\*Others refer to poor staff quality, sanctioning delays etc.

**Chart 25:**Reasons for shift of working capital products in takeover schemes



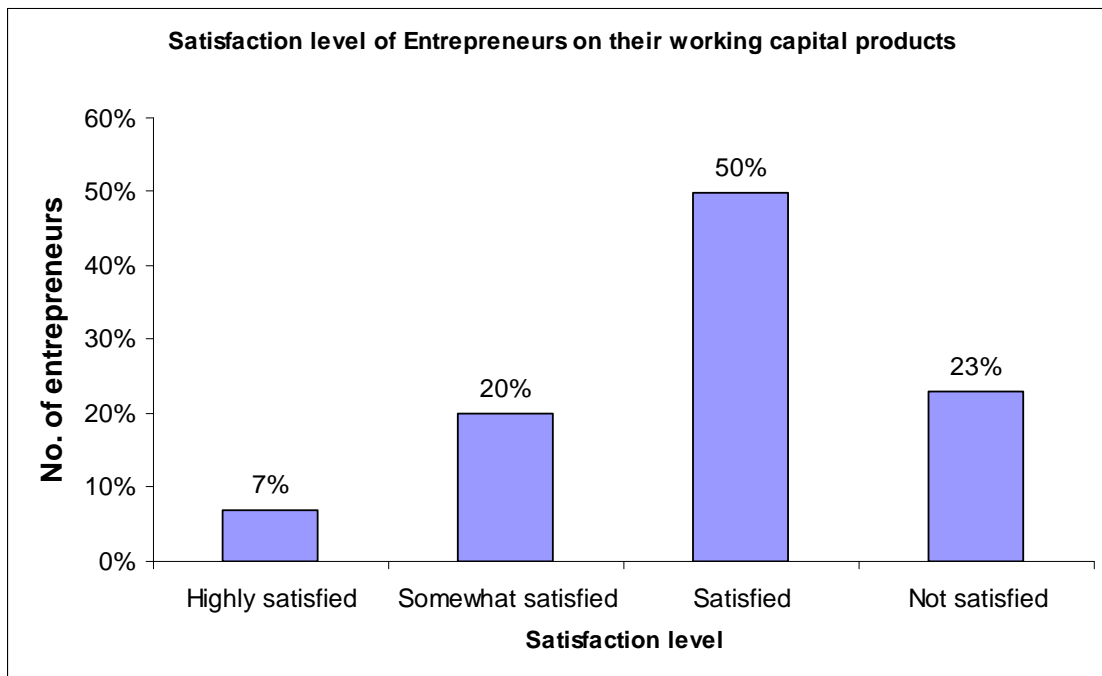
**Interpretation:**

From the above table & chart it is clear that most of the entrepreneurs prefer to shift their working capital products due to Poor Service & few of them say that they shift due to hidden charges.

**Table 26:** Satisfaction level of Entrepreneurs on their working capital products

| Satisfaction level | Number of Entrepreneurs | Percentage (%) |
|--------------------|-------------------------|----------------|
| Highly satisfied   | 14                      | 07             |
| Somewhat satisfied | 40                      | 20             |
| Satisfied          | 100                     | 50             |
| Not satisfied      | 46                      | 23             |
| <b>Total</b>       | <b>200</b>              | <b>100</b>     |

**Chart 26:** Satisfaction level of Entrepreneurs on their working capital products



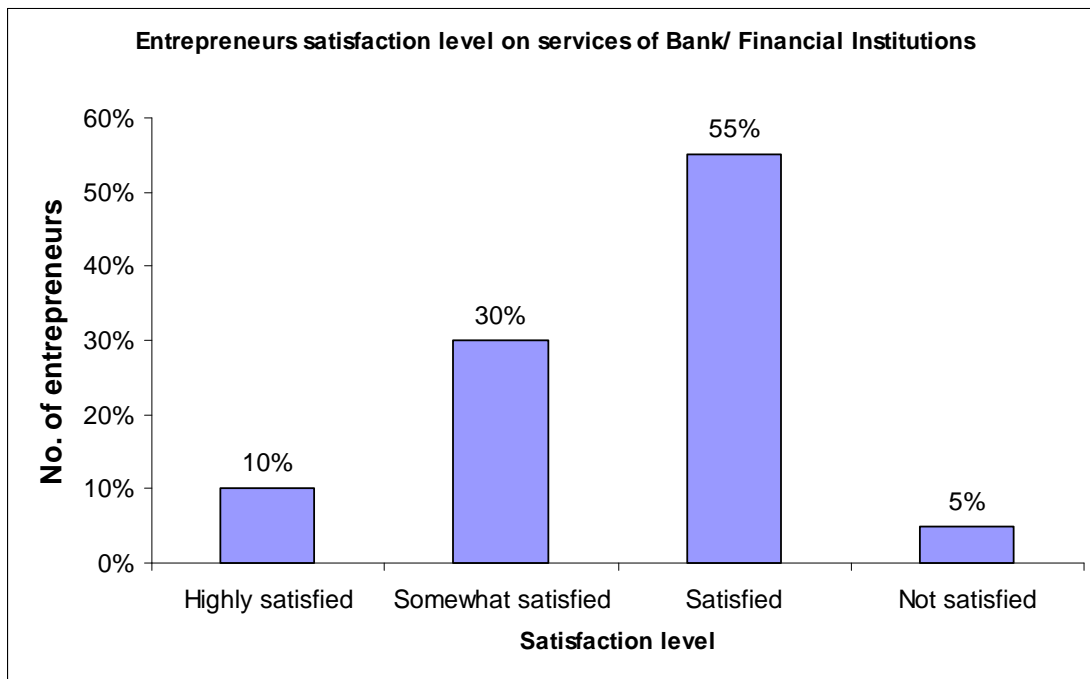
**Interpretation:**

From the above table & chart it is clear that majority of the entrepreneurs are satisfied with their working capital products & few of them are highly satisfied & few of them are not satisfied with their working capital products.

**Table 27:** Entrepreneurs satisfaction level on services of Bank/ Financial Institutions

| Satisfaction level | Number of Entrepreneurs | Percentage (%) |
|--------------------|-------------------------|----------------|
| Highly satisfied   | 20                      | 10             |
| Somewhat satisfied | 60                      | 30             |
| Satisfied          | 110                     | 55             |
| Not satisfied      | 10                      | 05             |
| <b>Total</b>       | <b>200</b>              | <b>100</b>     |

**Chart 27:** Entrepreneurs satisfaction level on services of Bank/ Financial Institutions



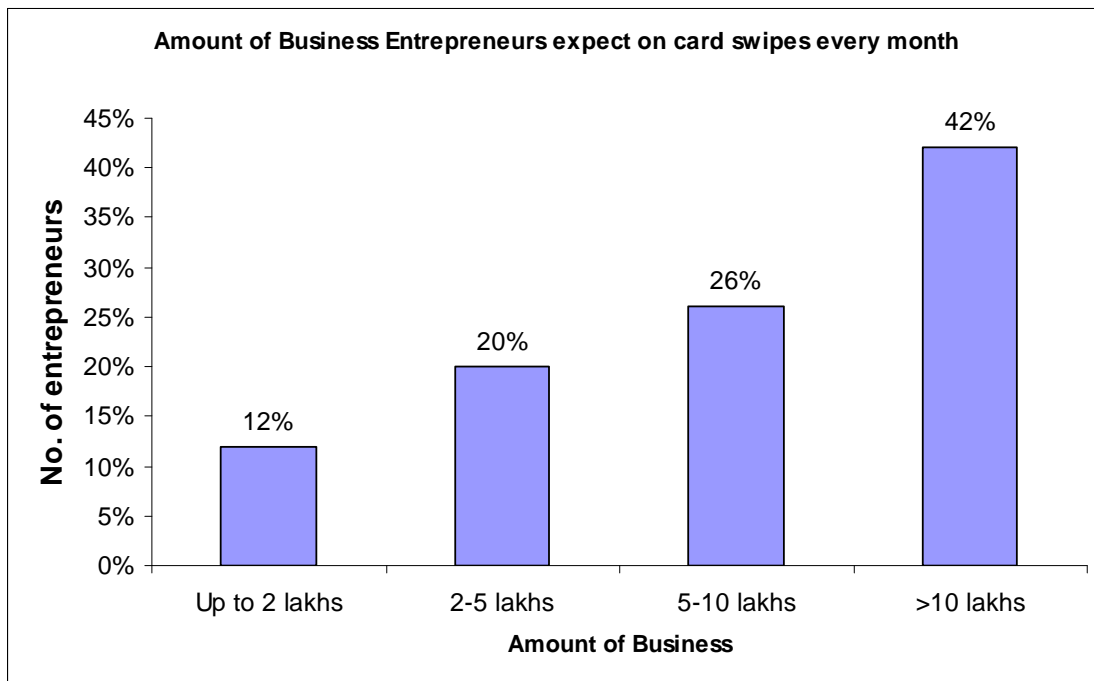
**Interpretation:**

From the above table & chart it is clear that majority of the entrepreneurs are satisfied with the level of services provided by their Banks/ Financial Institutions & few entrepreneurs are not satisfied with the level of services offered by Banks / Financial Institutions.

**Table 28:** Amount of Business Entrepreneurs expect on card swipes every month

| Amount of Business | Number of Entrepreneurs | Percentage (%) |
|--------------------|-------------------------|----------------|
| Up to 2 lakhs      | 12                      | 12             |
| 2-5 lakhs          | 20                      | 20             |
| 5-10 lakhs         | 26                      | 26             |
| >10 lakhs          | 42                      | 42             |
| <b>Total</b>       | <b>200</b>              | <b>100</b>     |

**Chart 28:** Amount of Business Entrepreneurs expect on card swipes every month



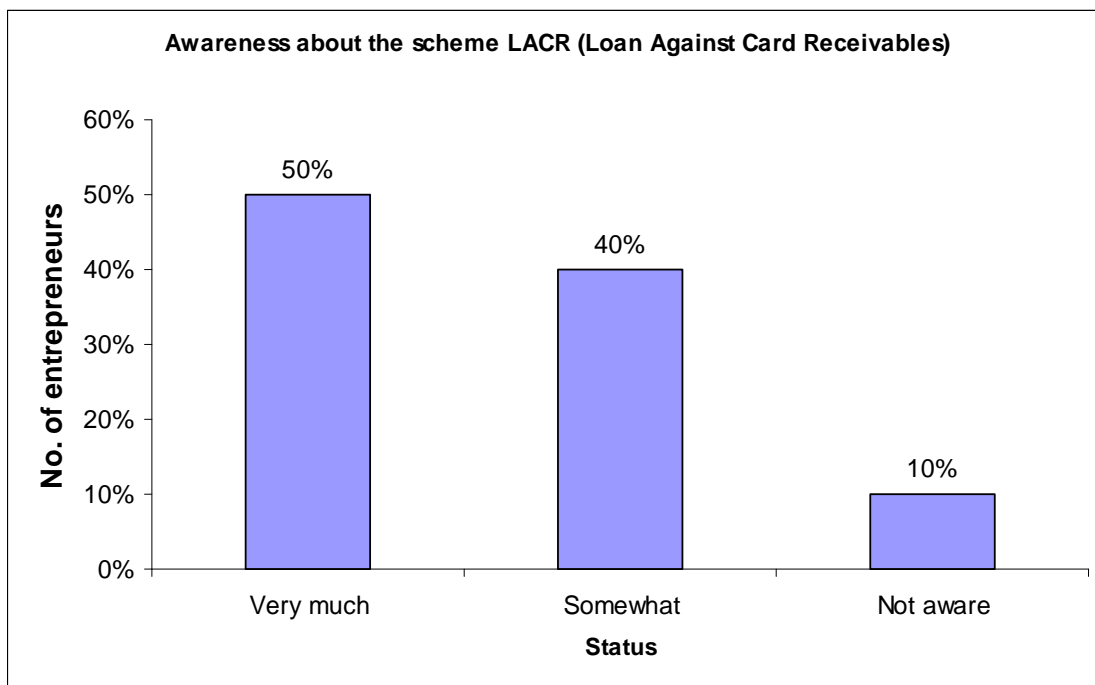
**Interpretation:**

From the above table & chart it is clear that entrepreneurs generating a business of above ten lakhs rupees are more in number & few entrepreneurs are able to generate the business of up to two lakh rupees.

**Table 29:** Awareness about the scheme LACR (Loan Against Card Receivables)

| Status       | Number of Entrepreneurs | Percentage (%) |
|--------------|-------------------------|----------------|
| Very much    | 50                      | 50             |
| Somewhat     | 40                      | 40             |
| Not aware    | 10                      | 10             |
| <b>Total</b> | <b>200</b>              | <b>100</b>     |

**Chart 29:** Awareness about the scheme LACR (Loan Against Card Receivables)



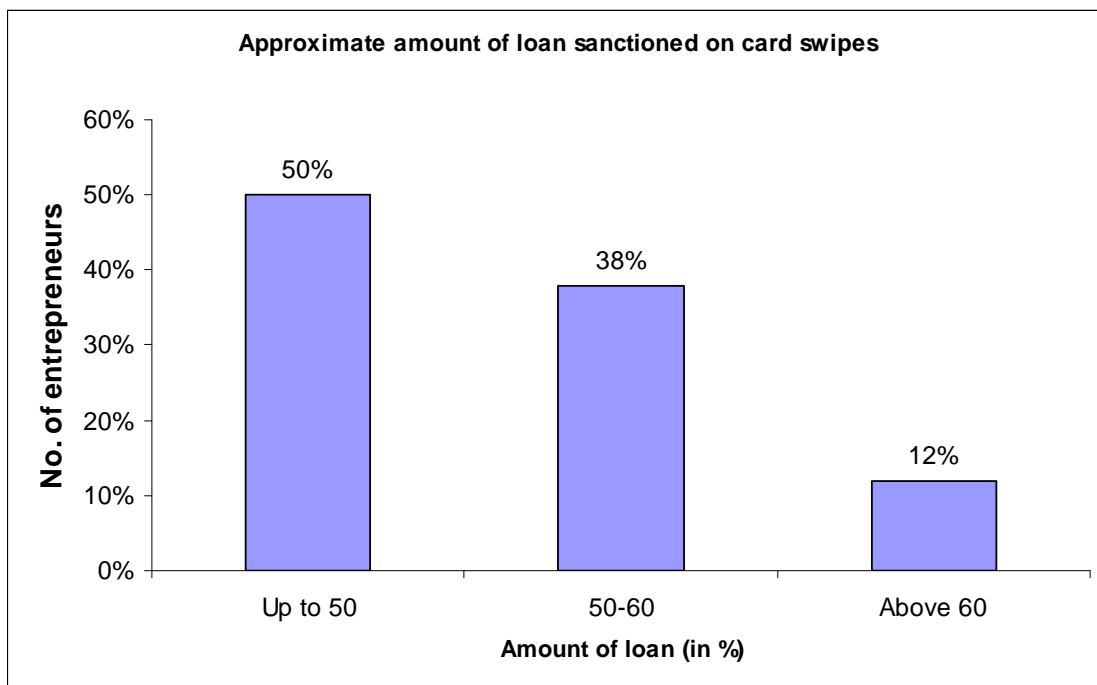
**Interpretation:**

From the above table & chart it is very much clear that majority of the entrepreneurs are aware about the scheme Loan against card receivables & few entrepreneurs of the district are not aware about this scheme.

**Table 30:** Approximate amount of loan sanctioned on card swipes

| <b>Amount of loan (in %)</b> | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|------------------------------|--------------------------------|-----------------------|
| Up to 50                     | 50                             | 50                    |
| 50-60                        | 38                             | 38                    |
| Above 60                     | 12                             | 12                    |
| <b>Total</b>                 | <b>100</b>                     | <b>100</b>            |

**Chart 30:** Approximate amount of loan sanctioned on card swipes



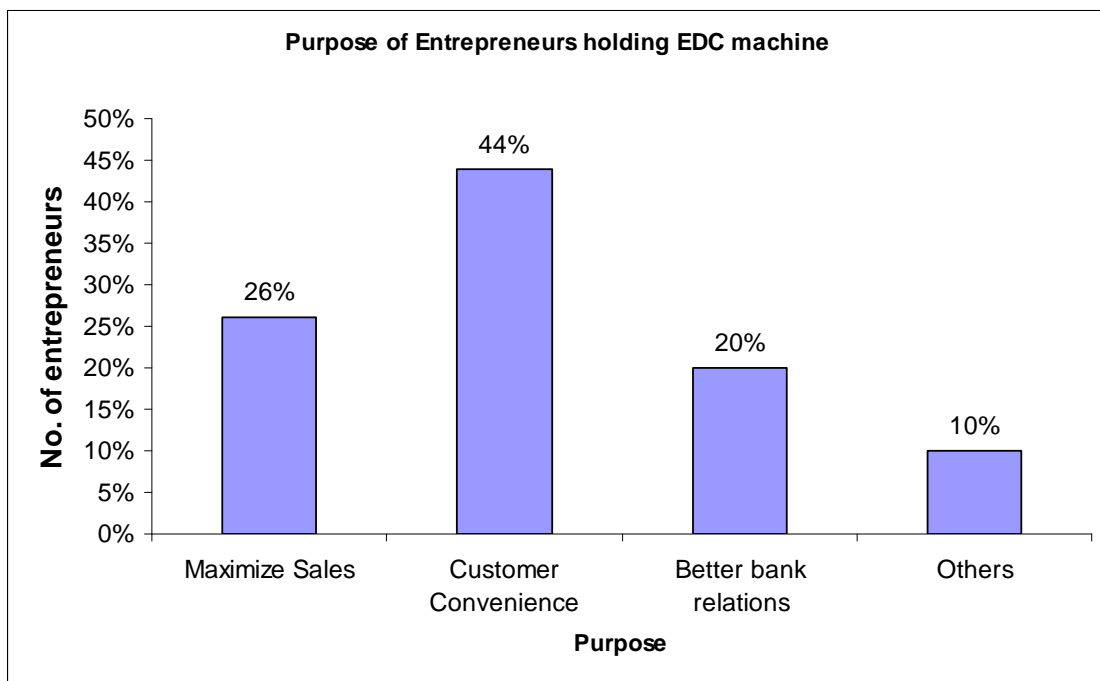
**Interpretation:**

From the above table & chart it is very much clear that amount of loan available to most of the entrepreneurs is 50% of the amount of card swipes every month & few of the entrepreneurs qualify for the loan of above 60%.

**Table 31:** Purpose of Entrepreneurs holding EDC machine

| <b>Purpose</b>        | <b>Number of Entrepreneurs</b> | <b>Percentage (%)</b> |
|-----------------------|--------------------------------|-----------------------|
| Maximize Sales        | 26                             | 26                    |
| Customer Convenience  | 44                             | 44                    |
| Better bank relations | 20                             | 20                    |
| Others                | 10                             | 10                    |
| <b>Total</b>          | <b>100</b>                     | <b>100</b>            |

**Chart 31:** Purpose of Entrepreneurs holding EDC machine



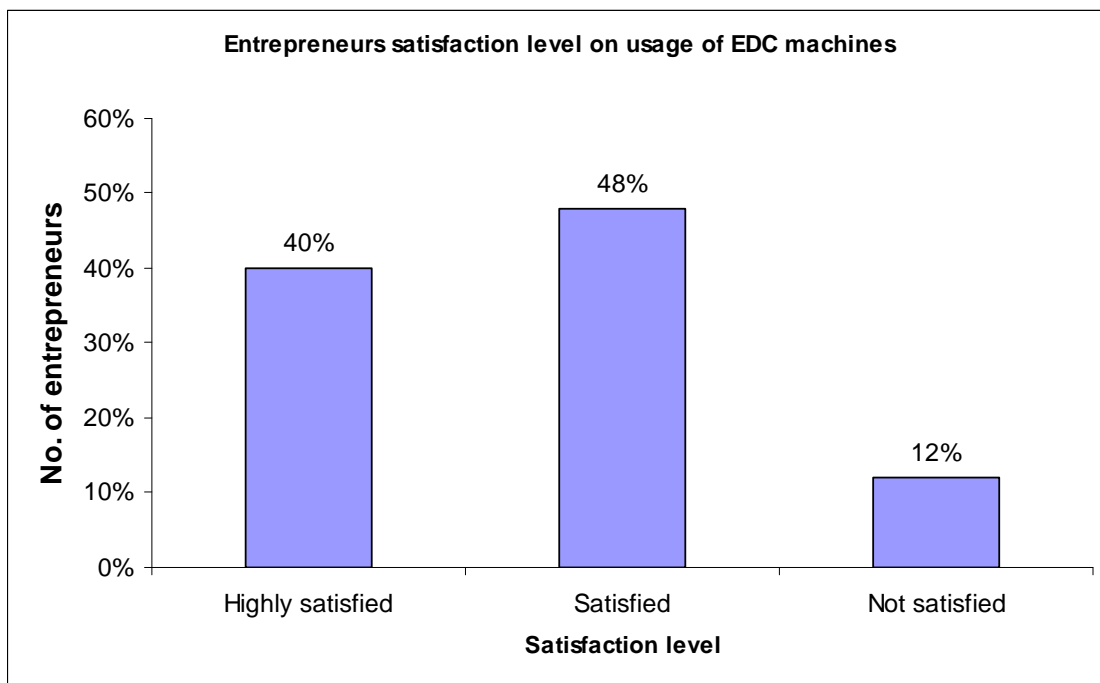
**Interpretation:**

From the above table & chart it is clear that most of the entrepreneurs hold EDC machine for the purpose of customer convenience, as it avoids the risk of carrying large amount of cash.

**Table 32:** Entrepreneurs satisfaction level on usage of EDC machines

| Satisfaction level | Number of Entrepreneurs | Percentage (%) |
|--------------------|-------------------------|----------------|
| Highly satisfied   | 40                      | 40             |
| Satisfied          | 48                      | 48             |
| Not satisfied      | 12                      | 12             |
| <b>Total</b>       | <b>100</b>              | <b>100</b>     |

**Chart 32:** Entrepreneurs satisfaction level on usage of EDC machines



**Interpretation:**

From the above table & chart it is very much clear that majority of the entrepreneurs are satisfied with their usage of EDC machines & few are unsatisfied due to technical reasons.



## $\chi^2$ (Chi-Square) test:

$\chi^2$  (Chi-Square) test is used in the data analysis to study the value of ( $\chi^2$ ) chi-square test is calculated by the formula

$$\chi^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Where 'f<sub>o</sub>' is the observed frequency and 'f<sub>e</sub>' is the expected frequency

Expected frequency is calculated as follows

$$E = \text{Row total} * \text{column total} / \text{Grand total}$$

Hypothesis which is formulated is tested by the decision rule which is as follows:

If  $\chi^2_{(cal)} > \chi^2_{(tab)}$  'H<sub>0</sub>' is rejected and If  $\chi^2_{(cal)} < \chi^2_{(tab)}$  'H<sub>0</sub>' is accepted. Thereby the respective conclusions can be drawn & the findings can be stated in the research.

Tabulated value is found by calculating the degrees of freedom which is given by (r-1) (c-1), where 'r' stands for number of rows and 'c' stands for number of columns.

**Table 33:** Chi – square test to determine the relationship between the working capital requirements and the purpose of raising the same.

H<sub>0</sub>: Purpose of working capital usage is significant of working capital requirements of entrepreneurs

H<sub>1</sub>: Purpose of working capital usage is not significant of working capital requirements of entrepreneurs

| <b>Purpose</b>   | <b>Working capital requirements (Rs in lakhs)</b> | <b>0-10</b> | <b>10-20</b> | <b>20-30</b> | <b>30-40</b> | <b>40-50</b> | <b>Total</b> |
|------------------|---|-------------|--------------|--------------|--------------|--------------|--------------|
| Expansion        |   | 10          | 35           | 15           | 06           | 08           | 74           |
| Initial start up |   | 08          | 10           | 08           | 07           | 09           | 42           |
| Diversification  |   | 08          | 07           | 09           | 05           | 05           | 34           |
| Acquisition      |   | 09          | 11           | 08           | 12           | 10           | 50           |
| <b>Total</b>     |   | <b>35</b>   | <b>63</b>    | <b>40</b>    | <b>30</b>    | <b>32</b>    | <b>200</b>   |

Here  $\chi^2_{(cal)}$  is 19.658 and  $\chi^2_{(tab)}$  is found from the table to be 21.03. Hence 'H<sub>0</sub>' is accepted.

Therefore it is found that the purpose of working capital usage & its requirements are significant of each other.

**Table 34:** Chi – square test to determine the relationship between entrepreneurs requirements and nature of business and working capital requirements.

H<sub>0</sub>: Entrepreneurs requirements of working capital & their nature of business are significant of each other.

H<sub>1</sub>: Entrepreneurs requirements of working capital & their nature of business are not significant of each other.

| <b>Requirements of working capital (Rs in lakhs)</b> | <b>Nature of business</b> | <b>0 – 10</b> | <b>10 - 20</b> | <b>20 - 30</b> | <b>30 - 40</b> | <b>40 - 50</b> | <b>Total</b> |
|--|---------------------------|---------------|----------------|----------------|----------------|----------------|--------------|
| Manufacturing  |                           | 30            | 08             | 09             | 10             | 11             | 68           |
| Services   |                           | 11            | 07             | 10             | 10             | 09             | 47           |
| Manufacturing and services                           |                           | 10            | 08             | 09             | 08             | 12             | 47           |
| Trading concerns                                     |                           | 09            | 06             | 07             | 08             | 08             | 38           |
| <b>Total</b>   |                           | <b>60</b>     | <b>29</b>      | <b>35</b>      | <b>36</b>      | <b>40</b>      | <b>200</b>   |

Here  $\chi^2_{(cal)}$  is 7.050 and  $\chi^2_{(tab)}$  is found from the table to be 21.03. Hence 'H<sub>0</sub>' is accepted.

Therefore it is concluded that the Entrepreneurs nature of business & their requirements of working capital are significant to one another.

**Table 35:** Chi – square test to determine the relationship between type of working capital schemes and nature of business entrepreneurs.

H<sub>0</sub>: Type of working capital schemes available to MSME’s, preferred by entrepreneurs is significant with their nature of business.

H<sub>1</sub>:Type of working capital schemes available to MSME’, preferred by entrepreneurs is not significant with their nature of business.

| Working capital schemes         | Nature of business | Both          |           |                            | Total      |
|---------------------------------|--------------------|---------------|-----------|----------------------------|------------|
|                                 |                    | Manufacturing | Services  | Manufacturing and Services |            |
| Over draft                      |                    | 26            | 17        | 21                         | 75         |
| Cash credit                     |                    | 16            | 07        | 09                         | 42         |
| Term-loan                       |                    | 11            | 09        | 12                         | 39         |
| Small business loans and others |                    | 14            | 11        | 10                         | 44         |
| <b>Total</b>                    |                    | <b>67</b>     | <b>44</b> | <b>52</b>                  | <b>200</b> |

Here  $\chi^2$  (cal) is 8.521 and  $\chi^2$  (tab) is found from the table to be 16.92. Hence ‘H<sub>0</sub>’ is accepted. Hence it is hereby concluded that type of working capital schemes available to MSME’s which is preferred by the entrepreneurs is significant with their nature of business.

**Table 36:** Chi – square test to determine the relationship between working capital schemes and kind of collateral offered by entrepreneurs.

H<sub>0</sub>: Type of collateral offered by entrepreneurs for availing working capital finance and working capital schemes currently enjoyed are significant of each other.

H<sub>1</sub>: Type of collateral offered by entrepreneurs for availing working capital finance and working capital schemes currently enjoyed are not significant of each other.

| <b>Working Capital Schemes</b> | <b>Type of Collateral offered</b> | <b>Residential property</b> | <b>Commercial property</b> | <b>Both residential and commercial property</b> | <b>Total</b> |
|--------------------------------|-----------------------------------|-----------------------------|----------------------------|---|--------------|
| Over draft                     |                                   | 20                          | 24                         | 28  | 72           |
| Cash credit                    |                                   | 09                          | 07                         | 20  | 36           |
| Small business loans           |                                   | 14                          | 09                         | 21  | 44           |
| Others                         |                                   | 11                          | 15                         | 22  | 48           |
| <b>Total</b>                   |                                   | <b>54</b>                   | <b>55</b>                  | <b>91</b>                                       | <b>200</b>   |

Here  $\chi^2$  (cal) is 7.298 and  $\chi^2$  (tab) is found from the table to be 12.59. Hence 'H<sub>0</sub>' is accepted. Hence it is hereby concluded that the type of collateral offered by the entrepreneurs is significant with the type of working capital schemes.

**Table 37:** Chi – square test to determine the relationship between the usage of working capital and satisfaction level of entrepreneurs.

H<sub>0</sub>: Usage of working capital schemes by entrepreneurs and their satisfaction level is independent of each other.

H<sub>1</sub>: Usage of working capital schemes by entrepreneurs and their satisfaction level is not independent of each other.

| <b>Working Capital schemes</b> | <b>Satisfaction Level</b> | <b>Highly satisfied</b> | <b>Satisfied</b> | <b>Somewhat satisfied</b> | <b>Not satisfied</b> | <b>Total</b> |
|--------------------------------|---------------------------|-------------------------|------------------|---------------------------|----------------------|--------------|
| Over draft                     |                           | 36                      | 11               | 23                        | 10                   | 80           |
| Cash credit                    |                           | 13                      | 11               | 15                        | 09                   | 48           |
| Small business loans           |                           | 08                      | 09               | 09                        | 06                   | 32           |
| Others                         |                           | 13                      | 10               | 10                        | 07                   | 40           |
| <b>Total</b>                   |                           | <b>70</b>               | <b>41</b>        | <b>57</b>                 | <b>32</b>            | <b>200</b>   |

Here  $\chi^2$  (cal) is 8.0839 and  $\chi^2$  (tab) is found from the table to be 16.92. Hence 'H<sub>0</sub>' is accepted. Hence it is concluded that level of satisfaction & kinds of working capital schemes enjoyed by the entrepreneurs are significant of each other.

**Table 38:** Chi – square test to determine the relationship between holding purpose of EDC machine and amount of business generated by entrepreneurs.

H<sub>0</sub>: Purpose of holding card swiping machine (EDC) & the amount of business generated is significant.

H<sub>1</sub>: Purpose of holding card swiping machine (EDC) & the amount of business generated is not significant.

| <b>Holding purpose of machine</b> | <b>Business generated (in lakh Rs)</b> | <b>Up to 2</b> | <b>2 – 5</b> | <b>5 – 10</b> | <b>Above 10</b> | <b>Total</b> |
|-----------------------------------|--|----------------|--------------|---------------|-----------------|--------------|
| Maximize sales                    |  | 08             | 07           | 09            | 07              | 31           |
| Shopping convenience              |  | 07             | 07           | 06            | 06              | 26           |
| Both                              |  | 08             | 11           | 12            | 12              | 43           |
| <b>Total</b>                      |  | <b>23</b>      | <b>25</b>    | <b>27</b>     | <b>25</b>       | <b>100</b>   |

Here  $\chi^2$  (cal) is 1.221 and  $\chi^2_{(tab)}$  is found from the table to be 12.59. Hence 'H<sub>0</sub>' is accepted. Hence it is concluded that the purpose of holding EDC machines & the amount of business generated from it is significant of each other.

**Table 39:** Chi – square test to determine the relationship between

H<sub>0</sub>: Business generated through card swipes and working capital preferences are significant of one another.

H<sub>1</sub>: Business generated through card swipes and working capital preferences are not significant of one another.

| <b>Business generated (in lakh Rs)</b> | <b>Working capital scheme preferences</b> | <b>Up to 2</b> | <b>2 - 5</b> | <b>5 - 10</b> | <b>Above 10</b> | <b>Total</b> |
|--|---|----------------|--------------|---------------|-----------------|--------------|
| Over draft                             |   | 06             | 05           | 05            | 11              | 27           |
| Cash credit                            |   | 07             | 08           | 06            | 09              | 30           |
| Small business loans                   |   | 09             | 10           | 11            | 13              | 43           |
| <b>Total</b>                           |   | <b>22</b>      | <b>23</b>    | <b>22</b>     | <b>33</b>       | <b>100</b>   |

Here  $\chi^2$  (cal) is 1.7279 and  $\chi^2_{(tab)}$  is found from the table to be 12.59. Hence 'H<sub>0</sub>' is accepted. Hence it is hereby concluded that the amount of business generated by the entrepreneurs from the card swipes of their swiping (EDC) machines & the kinds of working capital schemes enjoyed by the entrepreneurs are significant of each other.



## Co-relation coefficient using bivariate frequency table

Since the data available in the study is fairly large, it is summarised in the form of two way table. Here for each variable, the values are grouped into various classes, keeping in view the same considerations as in the case of univariate co-relation.

Here co-relation is used to study business experience of entrepreneurs and their working capital requirements for their business operations.

The formula for computing co-relation co-efficient between two variables for the bivariate frequency table is given by

$$R_{uv} = \frac{N \sum f_{uv} - (\sum f_u)(\sum f_v)}{\sqrt{[N \sum f_v^2 - (\sum f_v)^2][N \sum f_u^2 - (\sum f_u)^2]}}$$

Where 'N' is the total frequency and 'u' and 'v' are the variables used in the study. The value of 'R<sub>uv</sub>' lies between -1 and +1.

| Business experience(in years) | Working capital requirements(in lakhs Rs) | Up to 2   | 10 - 20   | 20 - 30   | 30 - 40   | 40 - 50   | Total      |
|-------------------------------|---|-----------|-----------|-----------|-----------|-----------|------------|
| Up to 2                       |   | 07        | 11        | 15        | 10        | 06        | 49         |
| 2 - 4                         |   | 03        | 05        | 06        | 04        | 02        | 20         |
| 4 - 6                         |   | 04        | 03        | 07        | 04        | 03        | 21         |
| 6 - 8                         |   | 10        | 08        | 09        | 14        | 12        | 53         |
| 8 - 10                        |   | 10        | 08        | 12        | 10        | 17        | 57         |
| <b>Total</b>                  |   | <b>34</b> | <b>35</b> | <b>49</b> | <b>42</b> | <b>40</b> | <b>200</b> |

The calculated value of Karl Pearson co-relation co-efficient using bivariate frequency distribution is found to be 0.033, Hence there is very low co-relation between working capital requirements of entrepreneurs and their business experience.

## CHAPTER 6

### FINDINGS AND SUGGESTIONS

- 1) It is found from the study that most of the entrepreneurs are into the business of both manufacturing & services (Table 1).
- 2) It is found from the study that most of the entrepreneurs operate their business from urban location (table 2).
- 3) It is found from the study that most of the entrepreneurs have business experience of more than 9 years, so it is clear that most of the entrepreneurs are experienced in their business (table3).
- 4) It is found from the study that most of the business run in the district by the entrepreneurs is of sole proprietorship type of constitution, the least found entities are private & public limited companies (Table 4).
- 5) It is found from the study that most of the entrepreneurs prefer working capital in the range of 25 -50 lakh rupees for their business operations (Table5).
- 6) It is found from the study that most of the business has their annual turnover of Rupees 1-2 crores for their Business operations (Table 6).
- 7) It is found from the study that most of the working capital schemes enjoyed by the entrepreneurs is Overdraft facility & a very few of them prefer to have cash credit facility for their business (Table 7).
- 8) It is found that most of the entrepreneurs prefer to have working capital for expansion of their business & a very few of them need it to acquire other business/Firm (Table 8).
- 9) It is found from the study that most of the MSME'S run by different entrepreneurs prefer to have the working capital facilities from Banks than from any other sources due to friendly & flexible schemes, less interest rates & for better cordial relationships (Table9).
- 10) It is found from the study that most of the entrepreneurs prefer Quick service & better staff cooperation as the top qualities in their bankers & financial institutions (Table 10).
- 11) It is found from the study that most of the entrepreneurs interact with their banks/ financial institutions once in a month (Table11).

- 12) It is found that most of the entrepreneurs come out with the opinion that present interest rates charged by the banks/Financial institutions are very much attractive & there is no much controversy observed on interest rates (Table12).
- 13) It is found from the study that most of the entrepreneurs come out with the opinion that processing fees charged to them is 2% on the proposed limits amount (Table13).
- 14) It is found from the study that most of the entrepreneurs are with the view that the documentations of banks & financial institutions are complicated & with full of paper works which makes it lengthier, fuzzy & time consuming. This takes more time to sanction & disburse funds (Table 14).
- 15) It is found from the study that most of the entrepreneurs have their transactions done with more than one banks/financial institutions (Table15).
- 16) It is found from the study that most of the entrepreneurs prefer to transact with public sector banks, as their products are customer friendly & highly suitable & flexible to their smooth operations of their business. (Table 16)
- 17) It is found from the study that most of the entrepreneurs are not aware about credit lending norms prescribed by RBI. It is also found that few of them are somewhat aware & a very few of the entrepreneurs are completely aware of credit lending norms (Table17).
- 18) It is found from the study that most of the entrepreneurs think that the right funding scheme suitable to their business is Overdraft facility & only few entrepreneurs who are also in exports of their enterprise manufactured products prefer to have non fund based schemes like Letter of credit, Bank Guarantee etc. (Table18).
- 19) It is found from the study that most of the entrepreneurs feel that collateral demanded by the banks/financial institutions are too much, in comparison with the proposed funding facilities for the business. (Table 19).
- 20) From the study undertaken in the geography of dakshinakannada district , it is found that most of the entrepreneurs use their funding amounts funded by the banks/ financial institutions for the purchases of business stock from time to time & less number of entrepreneurs use their sanctioned funds for making payments to their respective clients/parties.(Table 20).
- 21) From the study undertaken it is clear that most of the entrepreneurs had pledged their commercial property as collateral for borrowing funds from the Banks/ Financial institutions. (Table 21).

- 22) From the study undertaken it is confirmed that most of the entrepreneurs did not use working capital funding facilities earlier from any of the banks/ financial institutions. (Table 22).
- 23) It is found from the study undertaken that most of the entrepreneurs repay the borrowed amount from the banks/financial institutions on time without making much time lags in making repayments. (Table 23).
- 24) From the study it is found that most of the entrepreneurs are using fresh funding & not the Takeover cases from the banks/ financial institutions. (Table 24).
- 25) From the study undertaken it is found that most of the entrepreneurs switch over their working capital products due to Poor Services, Hidden Charges, & higher interest rates. (Table 25)
- 26) It is found from the study that more than half of the surveyed respondents are satisfied with the existing services of their banks/ financial institutions. (Table 26).
- 27) It is found from the study that most of the entrepreneurs are satisfied with the services of the banks/ financial institutions. (Table 27).
- 28) It is found from the study that majority of the entrepreneurs generate the amount of business of above ten lakh rupees per month (Table 28).
- 29) It is found from the study that majority of the entrepreneurs of the district are very much aware about the scheme Loan against card receivables (Table 29).
- 30) It is found from the study that majority of the entrepreneurs are eligible up to the amount of 50% of the actual card swipes per month (Table 30).
- 31) It is found from the study that the major purpose of entrepreneurs holding the EDC (Electronic Data Capture) is that it is convenient for the customers to shop & avoids the risk of carrying cash of large denominations (Table 31).
- 32) It is found from the study that most of the entrepreneurs are satisfied with their usage of EDC Machines (Table 32).
- 33) It is found from the study that the purpose of working capital usage is significant of working capital requirements of entrepreneurs operating their enterprises in the district (Chi square test 1)
- 34) It is found from the study that the nature of business run by the entrepreneurs in the study area is significant of their working capital requirements (Chi square test 2).
- 35) It is found from the study that working capital schemes available to MSME are preferred by the entrepreneurs is significant with their nature of business (Chi square test 3).

- 36) It is found from the study that type of collateral offered by the entrepreneurs for availing working capital finance & the current working capital facility enjoyed is significant of one another (Chi square test 4).
- 37) It is found from the study that the usage of working capital schemes by the entrepreneurs & their satisfaction level is independent of one another (Chi square test 5).
- 38) It is found from the study that the purpose of holding card swiping machine (EDC Machine) & the amount of business generated is significant (Chi square test 6).
- 39) It is found from the study that business generated through card swipes & working capital requirements are significant of one another (Chi square test 7).
- 40) It is found from the study that there is low degree of correlation (0.033) between working capital requirements of the entrepreneurs & their business experience.

## SUGGESTIONS FROM THE RESEARCH

From the research work done in dakshina Kannada district on Entrepreneurs preferences towards working capital products with special reference to MSME's the following suggestions are given & it is worth to implement the same to smoothen the Business relations with entrepreneurs of the district & their creditors (Banks\ Financial institutions), these are as follows:

- Bank should focus on rurally operating MSME's with special attention these are actually untapped market with vast potential for growth. On the other hand entrepreneurs should also focus on the same, as resources required for upgrading the existing business or to start up the new venture can be easily available.
- Banks/Financial institutions should Empower, Educate, & Guide entrepreneurs especially rural entrepreneurs regarding the scope of running & maintaining MSME's & various schemes particularly available for starting the enterprise, upgrade the existing enterprise, & also to take over sick industries. To do this there must be a special officer, trained & qualified & available at the time of need to assist entrepreneurs.
- Interest rate ceilings should be flexible, affordable even to micro entrepreneurs, & easily repayable on time with entrepreneurs convenient mode, government's differential rate of interest made particularly to support entrepreneurs to start new MSME's & also to upgrade existing enterprises is to be made applicable by both Banks/Financial institutions for MSME funding. This will directly motivate entrepreneurs to start up their respective units or expand their operations.
- Separate training centres should be established or if already established, Proper resources, Faculties, & networks should be present. Entrepreneurs should be specifically taught to deal with real life situations like Fire safety, insurance, working capital management etc.
- Additional funding with minimal documentation for new ventures of existing entrepreneurs should be initiated by the Banks/ Financial institutions on priority basis.
- It is suggested by the responses of the respondents that Banks should build better rapport with entrepreneurs & maintain the same. Banks should have professional staffs trained specially on MSME's.

- Banks/Financial institutions should suggest right schemes suitable to the entrepreneurs. This has to be done after studying their Nature of Business, approximate top line & Bottom-line growth, Valuation of collateral offered as security etc.
- It is suggested that Banks/ Financial institutions should provide & focus on special schemes exclusively for Widows, Ex-servicemen, & Women Entrepreneurs. This will promote more self-employment; awareness of the same should be made taking into consideration all possible media's covering all possible prime & remote locations.
- It is Heard from most of the entrepreneurs that Banks/ Financial institutions charge more processing fees, hence processing fees as well as processing time has to be minimized.
- It is also suggested that especially the banks need to spread awareness to retail establishments regarding use of swiping (EDC) Machines. To retail establishments it helps in getting working capital from the banks without providing any substitute collateral, also it helps in maximizing sales & risks of holding cash.
- It is suggested that Banks/Financial institutions have to collect only the essential documents & should not pester entrepreneurs again & again for documents .This will delay the whole process, as well as it can throw off amicable relations.
- It is observed that rural micro entrepreneurs are not aware about innovative financial schemes exclusively provided to them. It is therefore suggested that awareness should be spread very fast & as far as possible by using local languages & simple words.
- It is found from the responses given from the respondents that, recovery norms of banks& Financial Institutions are getting tougher & tougher day by day, Banks send legal notices, outsourced recovery teams, etc. this should be avoided as far as possible & recovery norms should be made more & more flexible.
- It is suggested that entrepreneurs should be communicated & told on the importance & significance of good project plans for starting up profitable ventures in a particular location.
- It is suggested from the entrepreneurs of the study location that sanctioning time & the time taken to disburse the funds to the entrepreneurs in rural & semi urban areas has to be reduced, presently it takes nearly one & half months which is quite a long time for entrepreneurs.

- Entrepreneurs of the district say that lending norms (KYC Norms) to the entrepreneurs should be transparent & openly disclosed to the entrepreneurs by the Banks/ Financial institutions.
- It is found that most of the banks do not fund seed capital to the entrepreneurs specially those who operate their MSME's. This is necessary for them to start up their new venture.
- It is suggested that DUE DILIGENCE should be conducted by known, experienced, & local persons who are knowledgeable.
- Screening process should be made stable & strict, as only deserving entrepreneurs who are completely eligible, & who qualify all the prescribed norms should get the required finance for their ventures.
- Finally it is also suggested from the responses obtained from the entrepreneurs that entrepreneurs who are laymen & less qualified should be clearly told about businesses that fall under negative profile & those businesses operated in negative areas, as these entrepreneurs do not qualify for availing any kinds of working capital finance.
- It is suggested to the Banks/ Financial institutions that they spread more awareness on CREDIT GURANTEE SCHEMES for Industrial MSME's. In this type of schemes collateral free loans are made available to the enterprises up to the amount of fifty lakhs rupees. This also contains limited paperwork & faster processing of documents.
- It is suggested to promote schemes for capacity building of enterprises by strengthening of data base by industrial or enterprise associations.
- It is also suggested that incentive schemes for reimbursement of acquiring quality management services & acquiring ISO Certification should be given to those enterprises which are eligible & deserving.
- It is also suggested that entrepreneurs should be encouraged to participate in Industrial exhibition & trade fairs for registered MSME's with DIC. This will help entrepreneurs in getting wider exposure to the markets & build better contacts in their business.



## **CONCLUDING REMARKS**

MSME's are the pillars to the growth of Indian economy. It is observed that the economy is yet to realize the full potential of these industries and our dynamic entrepreneurs. The domestic as well as global market is enormous, but to tap these markets our entrepreneurs as well as our industries need to be highly competitive. Only with mass production aided with modern technology and with adequate capital reserves and intensive marketing these industries can grow to the optimum extent.

Govt. of India as well as ministry of commerce in collaboration with nationalized banks and financial institutions is trying to encourage and promote entrepreneurs by providing them collateral free loan up to rupees 50 lakhs, and above which a marginal collateral is demanded, also these entrepreneurs are trained in reputed institution and made to register in DIC's(District Industries Centre) which will make them eligible and get qualified for finance at subsidized interest from nationalized banks.

With a clear access to finances, new technology, new management practises and new enterprise wide systems entrepreneurs can see today, the world as their markets, not restricted by any state or national boundaries or being tired down to a one single buyer.

## BIBLIOGRAPHY

- 1) Kothari C R “Research Methodology” (p-p) (26-50) Himalaya publishers New Delhi 2003.
- 2) Srivastava U K et.al “Quantitative techniques for managerial decisions”(p-p) (26-80) New age international (P) ltd, New Delhi 2<sup>nd</sup> edition 2000.
- 3) Sivaramakrishnan M B “Guide to Entrepreneurship” Buzzing stock Publishing house Mumbai 1<sup>st</sup> edition 2010.
- 4) Pail war KeshavVeena “Economic Environment of business”(p-p) (365-372) PHI Learning PVT Ltd, New Delhi 2012, 3<sup>rd</sup> edition.
- 5) Bedi Suresh “Business Environment”(p-p) (404-412) Excel Books New Delhi 5<sup>th</sup> reprint edition 2012.
- 6) Aggarwal Y P “Statistical Methods” (p-p) (186-200) Sterling Publications (p) Ltd New Delhi, Revised edition.
- 7) Janakiram B et.al “Entrepreneurship Development”(p-p) (112-117) excels books New Delhi.
- 8) BahugunaPallavi “Marketing Research” Centrum Press New Delhi 110002 1<sup>st</sup> Edition 2011.
- 9) Gordon E et.al ‘Entrepreneurship development’ (p-p) (89-106) Himalaya publishing house- New Delhi 4<sup>th</sup> revised edition 2012.
- 10) Alan bryman et.al ‘Business research methods’ (p-p) (372-374) Oxford University press 3<sup>rd</sup> edition 2011.

## WEBSITES

[www.msmeworld.com](http://www.msmeworld.com)

[www.capfirst.com](http://www.capfirst.com)

[www.rbi.org](http://www.rbi.org)

[www.ksfc.com](http://www.ksfc.com)

[www.sbi.org](http://www.sbi.org)

## QUESTIONARE

Respected sir / madam

I am working on a Minor Research Project titled “Entrepreneurs preferences towards availability working capital, A study with special reference to Micro Small & Medium Enterprises in Dakshinakannada district of Karnataka State” sponsored by UGC. Kindly spare few minutes to answer the questions given below. Your responses will be kept confidential and is used for academic purpose only.

1) \_\_\_\_\_ Name: \_\_\_\_\_

2) Line of activity/ Nature of business: \_\_\_\_\_

A. Manufacturing                      B. Trading                      C. Both Manufacturing and Trading

D. Services                      E. Others (Specify)

3) Your Business experience (in years):

A. 1 – 3                      B. 3-5                      C. 5-7                      D. 7-9                      E. above 9

4) Mention the constitution of your entity:

A. Sole proprietorship                      B. Partnership                      C. Private Limited                      D. Public Ltd

E. Individual                      F. Others (Specify)

5) Where do you avail finance for your business activity?

A. Banks                      B. Financial Institution                      C. Others (Specify)

6) Which type of bank you are currently dealing with?

A. Public sector    B. Private Sector    C. foreign banks    D. Others

7) Your working capital requirement per annum is (in Rs):

- A. < 5 lakhs    B. 5-10 lakhs    C. 10-20 lakhs    D. 20-25 lakhs    E. >50 lakhs

8) Please mention your annual turnover in your business (in Rs):

- A. < 25 lakhs    B. 25-50 lakhs    C. 50 lakhs-1cr    D. 1-2 cr    E. >2 cr

9) What type of working capital scheme do you enjoy currently for your enterprise?

- A. OD                      B. CC                      C. Turn loan              D. Small business  
E. LC                      G. BG                      H. Other (specify)

10) Please mention the purpose of working capital:

- A. Expansion of business                      B. Diversification                      C. Restructuring  
D. Starting your own enterprise                      E. Acquisition                      F. Others (specify)

11) Which of the following qualities you prefer most in your banker / financial

- A. Quick & Prompt service    B. Communication & Information    C. Attractive Interest Rates  
D. Less Paper Work                      E. Attractive Scheme                      F. Others (specify)

12) How often your bank / financial institution interacts with you?

- A. Daily                      B. Weekly                      C. Fort nightly                      D. Monthly

13) What is your opinion on present interest rates charged to you by your current banker / financier?

- A. Attractive    B. Good                      C. Somewhat good                      D. Not good

14) What is the current processing fee charged for final disbursement of proposed amount (in percent)?

- A. 0.5                      B. 1                      C. 1.5                      D. 2                      E. > 2

15) What is your opinion on bank documentation, which is a must as per RBI norms?

- A. Simple                      B. Bit complicated                      C. Complicated                      D. Time consuming                      E. Others (specify)

16) Presently how many bankers you are transacting with your current business working capital requirements?

- A. 1      B. 2              C. 3              D. 4              E. above 4

17) What type of banks do you think render best working capital product catering to your business needs?

- A. Public Sector              B. Private Sector              C. Foreign              D. New generation

18) Are you aware about credit lending norms prescribed by RBI to the respective banks?

- A. Highly Aware              B. Somewhat aware              C. Not aware

19) What type of scheme of working capital product do you prefer for your enterprise?

- A. OD      B. CC      C. LACR      D. BG      E. LC      F. Term loan      G. others  
(specify)

20) Why do you prefer those schemes?

- A. Payments      B. Purchases      C. Safety (Highly safe)      D. Tide over temporary deficits

21) What is your opinion on collateral (security) taken by your bank for providing you the working capital?

- A. Too much                      B. No difference                      C. Too less

22) What kind of collateral has been given to your bank for availing working capital?

- A. Residential property              B. Commercial property              C. Both Residential & Commercial  
D. Liquid security                      E. others (specify)

23) Have you used any type of working capital product (s) earlier?

- A. Yes                      B. No

24) What is your opinion on interest rates charged by your bank on working capital product used by MSME's?

- A. Too high      B. High      C. Reasonable      D. Less

25) What is your opinion on repayment of working capital products from the view point of your business?

A. Too fast      B. On time      C. Too early      D. Too late

26) What type of funding you are enjoying from your banker?

A. Fresh funding      B. Take over

27) If its takeover situation what may due to shift your working capital to other banks?

A. Poor service      B. Hidden charges      C. High interest rates      D. others (specify)

28) How best you are satisfied with your working capital products?

A. Highly satisfied      B. Satisfied      C. Somewhat satisfied      D. Not satisfied

29) How best you are satisfied with the services your bank / financial institution that offers working capital products to your enterprise?

A. Highly Satisfied      B. Somewhat satisfied      C. Satisfied      D. Not satisfied

## **FOR RETAIL ESTABLISHMENTS**

30) How much amount of business you get on an average on card swiping (in Rs)

A. < 2 lakhs      B. 2-5 lakhs      C. 5-10 lakhs      D. Above 10 lakhs

31) Are you aware about the scheme LACR (Loan against Card Receivables)?

A. Very much                      B. somewhat                      C. not aware

32) Approximately what amount of loan is sanctioned on the basis of card swipes?

A. Up to 50%                      B. 50-60%                      C. Above 60% (specify)

33) What does your bank insist you on submission of CA certified stock statement?

A. Monthly                      B. Quarterly                      C. Semi-annually                      D. Annually

34) What is your major purpose of holding EDC machine?

A. Maximize sales                      B. Customer convenience                      C. Better Relations with clients

D. Others (Specify)

35) How best you are satisfied with the usage of your EDC Machine?

A. Highly Satisfied                      B. Somewhat Satisfied                      C. Not Satisfied.

36) Your Suggestions for Improvement of existing services?