

CHAPTER - VI

ANALYSIS & INTERPRETATION OF SAMPLE SURVEY

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6.1 Introduction -

As started in the first chapter, in order to examine the objectives-number three and four which state particularly to examine whether the scheme has succeeded in creating additional employment opportunity to test sufficiency of finance, utilisation of finance to study additional financial sources, payment of instalments, some measures adopted by bank-ers to examine utilisation of finance and to know the difficulties of borrowers a sample survey is conducted by the researcher. The data were collected by administering interview schedule, the format of which is attached in the appendix.

To make this research work more reliable and a scientific the researcher collected Primary Data by the entrepreneurs and banks. The result of sample survey are described in the following paragraphs.

6.2 Sample Size -

For the purpose of sample survey totally 1727 entrepreneurs' financed during three years, out of which 3% of them i.e. 50 entrepreneur's were selected for the purpose of interview and contacted during the survey.

Even though while choosing the number of units in proportion of the total number case was taken by researcher that at least one entrepreneur is interviewed having each type of unit. Because it was highly impossible to take interview of half entrepreneurs.

There is a logic behind the selection of the entrepreneur for getting the primary data. The logic is this, where one to three units of some kind one entrepreneur is interviewed, where four to six units of same kind two entrepreneurs are interviewed where seven to nine units of same kind three entrepreneurs are interviewed.

As regards to bankers whole i.e. 10 Branch Managers are interview-ed so there is no choice of sampling.

By observing the table and oral discussions with the entrepreneurs and bank staff, the analysis is made by researcher. The responses obtained and observations based on the analysis of these responses are presented in this chapter.

Table No. 6.1

Interpretation and analysis of data shows the industrywise classification of sample units.

<u>Classification</u>	<u>Units</u>	<u>Sample Frequency</u>
Small Industry Units	Steel fabrication	1
	Bakery	1
	Readymade cloth	5
	Paper Cutting machine	1
	Xerox centre	2
	Manufacturing of Sanitary Napkins	1
	Manufacturing of papad and plastic bobbins	2
	Flour Mill	2
	Book binding	1
	Spindle Machine	1
	Chemical Laboratory	1
	Manufacturing of wooden toys	1
	Oil Ghani	1
	Paper Cutting Machine	1
	Embroidary	1
	<u>22</u>	

Service Units	Canteen	1
	Library	1
	Dentist	2
	Auto Rickshaw	1
	Tailoring shop	4
	Hotel	1
	Typewriting job	2
	Dairy	3
	Radio TV Repair	1
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		16
		===
Business units	Cloth shop	3
	Kirana shop	2
	Electric store	2
	Stationary	1
	Cycle shop	1
	General Store	1
	Medical Store	1
	Furniture shop	1
		--
		12
		--
	TOTAL	50
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6,3 Analysis and Interpretation of data -

The analysis and interpretation are made mainly under the heads mentioned below -

1) Preference to unit -

The study of preference to self-employment ventures helps to understand the Banker's trend in granting finance. The data regarding this of the sample bankers is given in Table No. 6.2.

Table No. 6.2

Table shows preference to unit -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Small Industry Units	8	80
Service Units	2	20
Business units	-	-
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	10	100
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(Source - Banker's interview schedule)

The analysis of the above table shows that banker gives preference to entrepreneurs from small industry units and service units.

It is good thing found at the time of interview. All the Bankers reported at the time of interview that they give preference to small industry units because of creation of addition employment opportunities as well as to increase national production.

But the two banker reported at the time of interview that they give preference to service units because of creation of additional social services to the needed persons as well as increase national production.

This information leads to conclusion that small industry units and service units are important from the view point of bankers to increase national production and creation of additional employment opportunities and social services to the needed persons.

II) Basis for sanction of loans -

Proper base for sanction of loan is essential from the view point of the banker. The Table No. 6.3 gives data regarding this of the sample bankers.

Table No. 6.3 - Table shows ranking of Base for sanction of loans -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Productivity	22	36.70
Credit worthiness	15	25.00
Repayment capacity	18	30.00
Any other (Personal skill)	5	8.30
	--	-----
	60	100.00
	=	=====

(Source - Bankers Interview Schedule)

From Table No. 6.3 it is clear that the bankers have tendency to sanction loans on the productivity base. It is good thing for increase in National production. Any other item in the same table shows the personal skill of the entrepreneur.

So it may be concluded that productivity of the unit is taken into consideration by the bankers while sanctioning the loans.

III) Approximate Investments -

It is essential to consider the approximate minimum investment required to start self employment venture into the respondent's area before starting the self employment venture. Therefore it would be useful to study the approximate minimum investment required. The table No. 6.4 gives the data regarding this.

Table No. 6.4

Table shows approximate investments -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Upto Rs. 10,000	2	4
Rs. 10,000 to 20,000	10	20
Rs. 20,000 to 30,000	28	56
Rs. 30,000 to 40,000	7	14
More than Rs. 40,000	3	6
Total	50	100
	==	==

(Source - Entrepreneurs Interview Schedule)

The analysis of the above table shows that separate respondents reported that Rs. 20,000 upto Rs. 30,000 is the approximate minimum investment required to start self employment venture into their area.

This is the minimum investment required to start self-employment venture according to the opinion of entrepreneurs. 6% of sample entrepreneur reported the investment of more than Rs. 40,000/- This is the maximum investment required.

This information leads to conclusion that Rs. 20,000/- to Rs. 30,000/- represents the approximate minimum investment required to start self employment venture into the respondent's area.

iv) Actual Investment Required -

The actual investment required to start self employment venture of the sample entrepreneurs an important thing.

The table No. 6.5 gives the data regarding this.

Table No. 6.5

Table shows actual investment required.

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Upto Rs. 20,000	16	32
Rs. 20,000 to 30,000	30	60
Rs. 30,000 to 40,000	2	4
More than Rs. 40,000	2	4
Total	50	100
	==	====

(Source - Entrepreneurs Interview Schedule)

The analysis of the above table shows that 32% respondents were reported the actual investment required upto Rs. 20,000/- out of 50 entrepreneurs surveyed 60% entrepreneurs reported that Rs. 20,000 to Rs. 30,000 is the actual investment required to start their ventures. It is also clear from the above table that the entrepreneurs with which investment required more than 40,000 are very few in numbers.

It is clear from the above table No. 6.5 that Rs. 20,000/- to Rs. 30,000/- represents actual investment required to start self employment venture of the sample entrepreneurs.

w) Sufficiency of Finance -

The table No. 6.6 gives the data regarding the sufficiency of finance to the sample entrepreneurs.

Table No. 6.6

Table No. 6.6 shows sufficiency of finance -

Particulars	Frequency			Total	Percentage
	Industry unit	Service unit	Business unit		
Lim-it of sanction is sufficient	20 (90.90)	10 (62.50)	7 (58.31)	37	74
Limit of sanction is not sufficient	2 (9.10)	6 (37.50)	5 (41.69)	13	26
Total	22	16	12	50	100

(Source - Entrepreneurs Interview Schedule)

It is clear from the above table that -

- a) 90.90% entrepreneurs from Small Industry units
- b) 62.50% entrepreneurs from service units
- c) 66.67% entrepreneurs from business units

and 74% of the total respondents have stated that the limit of amount sanctioned to the extent of Rs. 30,000/- was sufficient. This formation leads to conclusion that the fund provided under the scheme to the extent of Rs. 30,000/- is sufficient to develop the business.

vi) Utilisation of funds -

To examine proper utilisation of fund, the study of itemwise investment of fund is essential. The data regarding itemwise investment of fund of the sample entrepreneurs is given in Table No. 6.7-

Table No. 6.7

Table shows Utilisation of funds -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Equipments	50	100
Furniture	50	100
Any other (Working capital)	50	100

(Source - Entrepreneurs Interview Schedule)

The analysis of the above table shows that all the entrepreneurs surveyed invest the fund in equipments, furniture and other items. Any other items in the above table shows the fund invested in working capital.

The researcher found at the time of interview that the investment to equipment and working capital were more than the fund invested in furniture.

As the investment in furniture varies from units to units and according to needs of business particularly entrepreneurs in service units have more need of furniture.

Therefore it may be concluded that itemwise investment of fund varies from units to units.

vii) Measures adopted to examine utilisation of funds -

The study of measures adopted by the bankers to examine proper utilisation of funds avoids improper utilisation of funds. The table No. 6.8 gives the data regarding the measures adopted by the banker to examine proper utilisation of funds.

Table No. 6.8

Table shows ranking of measures to examine utilisation of funds -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Visit to institution	24	40.00
Personal contact	17	28.35
Appointing experts	12	20.00
Any other	7	11.65
	<u>60</u>	<u>100.00</u>
	<u>==</u>	<u>=====</u>

(Source - Bankers interview schedule)

It is clear from the above table that the most of the bankers have adopted the measures of visits to institution of the entrepreneurs. About 28.35 and 20.00percent bankers have adopted the measures of appointing experts. In the light of the fact that the measures adopted to examine proper utilisation.

This information leads to conclusion that measures adopted to examine proper utilisation of fund varies as per bankers.

viii) Additional Source of Finance -

The study of additional financial source in addition to the fund provided under the scheme would also help to understand sufficiency of finance. The data regarding this of the sample entrepreneur is given in Table No. 6.9

Table No. 6.9

Table shows addition source of finance -

<u>Partic-ulars</u>	<u>Frequency</u>	<u>Percentage</u>
Yes	24	48
No	26	52
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Total	50	100
	==	===

(Source - Entrepreneurs interview schedule)

Analysis of the above table shows that 52% entrepreneurs have no other source of finance in addition to the funds provided under the self employment scheme. 48% entrepreneurs reported at the time of interview that if need arises the fund raised from friends or relatives to meet short term financial needs.

This information leads to conclusion that the majority of the entrepreneurs try to own the business with the available funds under the Self-employment scheme.

ix) Payment of Instalments -

Irregular payment of instalments create problems of loan recovery. The data regarding payment of instalments of the sample entrepreneurs is given in Table No. 6.10.

Table No. 6.10

Table shows payment of instalments -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Regular	22	44
Irregular	28	56
	==	----
	50	100
	==	====

(Source - Entrepreneurs interview schedule)

It is clear from the above table that majority of entrepreneurs did not pay the instalments regularly. The experience of bankers also shows that entrepreneurs did not pay instalments regularly.

So it is concluded that irregular payment of instalments created a problem of loan recovery.

x) Employment -

A study of labours employed in the self-employment venture of the sample entrepreneurs' help to recognise the **trend** of scheme in creating additional employment opportunities.

The table No. 6.11 gives the data regarding this.

Table No. 6.11

Table shows employment generated -

<u>Particulars</u>	<u>Frequency</u>	<u>Percentage</u>
Nil	6	12
One	29	58
More than one	15	30
	<u>50</u>	<u>100</u>
	<u>==</u>	<u>===</u>

Source - Entrepreneurs' Interview Schedule.

The analysis of the above table shows that 58% entrepreneurs' had employed an additional labour. At the time of interview only 127 entrepreneurs reported that they had not employed any other additional labour. It means that at least they themselves got opportunity of employment. Out of 50 entrepreneurs' surveyed 30% entrepreneurs reported that they employed more than one labour in their units.

This information leads to conclusion that the scheme will succeed in creating additional employment opportunities.

6.4 Problems faced by the Borrowers -

Although it is seen in the earlier part of the dissertation that there is a smooth and efficient operation structure still the borrowers are facing some sorts of problems and difficulties which are discussed in followings.

1. Procedural Delay -

Although the DIC has to dispose off every application within months, the borrower might have to face the evils of price escalation due to increase in cost.

2) Moratorium -

The period allowed by the DICs is for principal and interest also but applicable to some schemes only. The borrowers availing themselves of loan under schemes for which the moratorium is not available for interest, have to suffer.

Secondly, the small borrowers due to lack of experience, can't earn sufficient income and hence they find it difficult to start repayment immediately.

3) Difficulties in obtaining documents -

Most of the entrepreneurs reported at the time procuring various documents from various offices. Entrepreneurs are required to obtain documents from related parties and enclose it with application. It was also found that the number of documents was more. It is very difficult to entrepreneurs to obtain different documents and certificates within the stipulated period from related parties and offices in time.

4) Time consuming Procedure -

Out of the total entrepreneur surveyed most of the entrepreneurs reported at the time of interview that they find difficulties in procuring loan under the self employment scheme. The procedure of preparation of project reports to the granting of actual finance is of time consuming.

5) Repayment of Loans -

Sometimes the borrowers do not get payment of their bills from Government Departments and big industries as per anticipations. Therefore, it become impossible for them to observe strictly the repayment schedule fixed by the DIC.

6) Voluminous forms and documents -

The borrower is required to fill in a number of forms and documents while submitting loan application. The number is so big that illiterate borrowers are confused while filling in those forms and documents.

7) Commitment Charges -

The commitment charges imposed on loan amount sanctioned but not actually availed of by the borrower are burdensome, because non availment of the amount sanctioned happens due to irregular supply of machinery/equipments etc. The borrowers have to pay interest on the amount already availed and in addition they have to pay commitment charges whereas they earn nothing from the project.

8) Working Capital -

The DIC finance only for fixed capital requirements and not for working capital. The borrowers have to wait until the amount of working capital is arranged from some other financial institutions. Therefore the project which is ready for actual production, is withheld, ultimately the borrower has to suffer.

9) Legal sections -

The legal section of the DIC as a policy matter, requires the borrowers to present voluminous legal documents and records. The borrower has to spend much time and money for compiling such documents and records.

10) Rate of Interest -

Since the average income has reduced considerably due to severe competition and increase in costs, the small borrower finds it difficult to pay the average interest rate of 12%.

11) Penal Interest -

Penal interest is charged by the DIC on delayed payment of amount of interest. But the small borrowers, who are basically unable to pay the basic interest, feel it burdensome to pay the penal interest. Because the payment of basic interest is withheld due to non-payment of bills by the enterprises to whom the borrowers supply their products.

12) Margin Money -

The amount of margin money ranges between 6% to 10% in some cases. The borrowers find it difficult to arrange for the margin money.

13) Documents and certificates not demanded at time -

Most of the borrowers come across the difficulty of providing the documents, papers, certificates etc. one after another. In such cases the DIC demands one documents after another.

14) English Formats-

The DIC has the forms and other documents printed in English. The illiterate borrowers and even literate borrowers in some cases may not understand the meaning and substance of these forms.

15) Guarantors -

The DIC requires the guarantors who are invariably income-tax payers and who can provide sufficient security. The small borrowers in some cases cannot fulfil this condition.

16) Delegation of Power -

Several complaints are being received about delays due to insufficient delegation of powers to Branch Managers of certain banks. In the case of smaller banks this may not affect fulfilment of the targets.

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