



A study on the problems encountered by the entrepreneurs in Thoothukudi District

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1. Introduction

An entrepreneur is a man who has the capacity for adjustment and the ability to innovative and make correct judgements about the future. Harbinson portrays and entrepreneur as an economic man and a chief of a faction in the process of economic development. For Schumpeter, an entrepreneur is an innovator who carries out new products or new combinations in the process of economic development. He considers the entrepreneur an integral part of economic growth. Keynes treats him as a decision-maker. According to him, the entrepreneur's function is to fix the amount of employment at the level, which is expected to maximise the excess of proceeds over the factor cost. Baumol confines the term to the manager who controls the entire business operations. According to Kilby Peter, an entrepreneur is a person who deals with finance, marketing, production and personnel management for making the business a success.

Generally, the entrepreneur is considered a functionary and the entrepreneurship his function.

2. Statement of the problem

A significant feature of the Indian economy since independence is the rapid growth of entrepreneurship in the small-scale industrial sector. There is an unlimited scope for the growth of entrepreneurship and with a little initiative and assistance, the idle and underemployed agricultural workers can find permanent employment and earn a comparatively large and stable income. Therefore, the researcher has undertaken the study of the growth of entrepreneurship in the small-scale industrial units. Many small industries started in the beginning have been successful and they have expanded as large industrial units. This spectacular growth is mainly due to the entrepreneurship. An in depth study relating to the entrepreneurship provides the basis for understanding the concept of entrepreneurship and the problems encountered by them.

The growth of an entrepreneur is invariably linked with the problems faced by him. The problems differ from place to place and between one industrial group

and the other. The problems may relate to marketing, finance, raw materials, labour, power, technical and managerial guidance. All these problems ultimately affect the overall performance of a unit or a group of units.

3. Objectives of the study

1. To study the problems encountered by the entrepreneurs in Thoothukudi District.
2. To examine the relationship between the level of growth of entrepreneurs and problems encountered by them and
3. To suggest measures for improving the development of entrepreneurship in the study area based upon the findings of the present study.

4. Sampling Technique

In order to evaluate the performance of entrepreneurs in Thoothukudi district, 300 entrepreneurs were selected by adopting simple random sampling method. The list of name of entrepreneurs registered in District Industries Centre (DIC) as on March 2011 were obtained from DIC in Thoothukudi district.

Collection of Data

The present study is based on primary as well as secondary data. The personal interview method has been adopted to collect primary data. For this, a well designed and a pre-tested interview schedule was prepared to collect the information relating to the study.

The secondary data were collected from published, unpublished reports, handbooks, action plan, pamphlets of Director of Industries and Commerce, Chennai and District Industries Centre, Thoothukudi.

Period of Study

The period of study pertains to the financial year 2011-12. The primary data were collected from the selected entrepreneurs during the six months from October 2011 to March 2012.

5. Hypothesis

1. There is no relationship between the marketing problems and level of growth.
2. There is no relationship between the financial problems and the level of growth.

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6. Analysis of the Study

Major problems encountered by Entrepreneurs

Table No. 1 shows the major problems encountered by the sample entrepreneurs at present for various industry groups.

Table No. 1 - Major Problems Encountered By Entrepreneur at Present

Sl. No.	Particulars	Facing Problem (FP)	Not Facing Problems (NFP)	Total
1.	Marketing	188 (62.67)	122 (37.33)	300 (100.00)
2.	Finance	192 (64.00)	108 (36.00)	300 (100.00)
3.	Raw materials	178 (59.33)	122 (40.67)	300 (100.00)
4.	Labour	134 (44.67)	166 (55.33)	300 (100.00)
5.	Power	206 (68.67)	94 (31.33)	300 (100.00)
6.	Technical and managerial guidance	78 (26.00)	222 (74.00)	300 (100.00)

Source: Primary Data

Note: Figures in brackets are percentage

According to table No. 1 out of 300 units, 62.67 per cent (188) of the industrial units are facing problems of marketing. Out of the 122 entrepreneurs not facing the problem of marketing.

In the case of finance, out of 300 entrepreneurs 192 (64.00 per cent) facing the problem of finance.

In the case of raw materials, out of 300 entrepreneurs 178 (59.33 per cent) are facing the problem of raw materials and remaining 122 (40.67 per cent) are not facing the problems of raw materials.

Out of 300 entrepreneurs, 134 (44.67 per cent) are facing the problem of labour. Whereas 166 entrepreneurs are not facing problems of labour

In the case of power, out of 300 entrepreneurs, 70 of them are facing the problem and remaining 206 entrepreneurs are facing the problem of power in the study area.

As far as the problem of technical and managerial guidance is concerned, 222 entrepreneurs are not facing any such problem. But 26.00 per cent are facing managerial and technical guidance problems.

On the overall analysis, it could be inferred that a majority of the entrepreneurs, more than 60 per cent have faced the problem of marketing, finance, raw materials and power. It is inferred that the least problem was found in technical and managerial guidance.

7. Problems of Marketing

Distribution of number one and number two marketing difficulties of the sample entrepreneurs is shown in table No. 2.

Table No. 2 - Problems of marketing encountered at present

Sl. No.	Problem	Number of Entrepreneurs Facing the Problem of Marketing	
		Number One	Number Two
1.	Competition from Small Units	102	12
2.	Competition from Large Units	34	10
3.	Slackness in Demand	14	11
4.	Other Problems*	38	27
5.	Number of Units not Specifying the Problem	--	128
	Total	188	188

Source: Primary Data

* Include transport bottlenecks and seasonal demand.

From table no. 2 it is found that 188 entrepreneurs specified number one difficulty and 60 entrepreneurs mentioned the second difficulty. For 50 per cent of the entrepreneurs facing the marketing problem, the number one difficulty is completion from small units (102 entrepreneurs). In addition to this, 34 entrepreneurs have to complete with large units. The second number one difficulty is 'other problems' (38 entrepreneurs) such as transport bottlenecks and seasonal demand. The least number one difficulty is slackness in demand (14 entrepreneurs).

Of the 60 entrepreneurs reporting a second difficulty, a majority of them complained of competition. Twelve entrepreneurs complained of competition. Twelve entrepreneurs said that they are facing of competition from small units and 10 entrepreneurs face competition from large units. Slackness in demand and other problems under number two difficulty were faced by 11 entrepreneurs and 27 entrepreneurs respectively. Moreover, the rest, 128 entrepreneurs did not specify the second difficulty.

Therefore, it is clear from the table that nearly 50 per cent of the entrepreneurs have specified that the major problem in marketing was the completion from small units, followed by competition from large units and other problems such as transport bottlenecks and seasonal demand.

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8. Finance

The crucial factor for an enterprise is finance. The entrepreneurs can create finance from own funds and financial institutions. Table 6.6 highlights the problems of finance encountered at present by the entrepreneurs.

Table No.3 - Problems of Finance Encountered at Present

Sl. No.	Problem	Number of Units for whom it is difficult	
		Number One	Number Two
1.	Shortage of Working Capital	61	12
2.	Shortage of Fixed Capital	--	10
3.	High Rate of Interest	28	16
4.	Red-tap in Government Agencies	--	21
5.	Meagre Assistance from Government Agencies	67	34
6.	Other Difficulties*	36	22
7.	Number of Units for Specifying the Difficulties	--	77
	Total	192	192

Source: Primary Data

* Include credit sales and delayed settlement of accounts.

From table no. 3 it is found that 192 entrepreneurs specified number one difficulty and 115 entrepreneurs mentioned the second difficulty. A majority of 67 entrepreneurs mentioned meagre assistance from Government agencies as number one difficulty and 34 entrepreneurs mentioned it as number two difficulty.

It is observed that the second number one difficulty mentioned by 61 entrepreneurs is shortage of working capital and 12 entrepreneurs have mentioned it as number two difficulty, 36 entrepreneurs complained of other difficulties such as credit sales and delayed settlement of accounts as number one difficulty and 22 entrepreneurs mentioned them as number two difficulty. The problem of high rate of interest is a number one problem for 28 entrepreneurs and a number two problem for 16 entrepreneurs. Moreover, it is also observed that the problem of shortage of fixed capital and red-tape in Government agencies are not number one problem instead they have been mentioned as number two problem by 10 entrepreneurs and 21 entrepreneurs respectively.

Thus, it is clear from the table that above 50 percent of entrepreneurs have mentioned the problem of meagre assistance from Government agencies and the shortage of working capital as the major problems of finance encountered at present.

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In order to test the null hypothesis that there is no relationship between the marketing problems and level of growth, Chi-Square test has been applied and the result is given below:

Calculated Value (C.V)	=	14.9841
Table Value at 5 per cent level of Significance	=	12.592
Degree of freedom	=	6
Inferences	=	Not Significant

As the calculated Chi-square value is less than the table value at 5 per cent level significance, the null hypothesis is rejected. Thus it may be concluded that there is a relationship between the marketing problems of the respondents and their growth level of entrepreneurs.

Null hypothesis has been formulated that there is no relationship between financial problems and level of growth and to test this, Chi-Square test has been applied and the result is given below:

Calculated Value (C.V)	=	25.1925
Table Value at 5 per cent level of Significance	=	12.592
Degree of freedom	=	6
Inferences	=	Not Significant

As the calculated Chi-square value is greater than the table value at 5 per cent of significance, the null hypothesis is rejected. It is said that level of growth and financial problems are dependent on attributes. Hence, there is relationship between the level of growth and financial problems of the respondents.

9. Suggestions

1. The State Government should arrange periodical workshops for educated young persons in entrepreneurial functions and they should be motivated and guided effectively.
2. The District Industries Centre (DIC) should make some tie-up arrangements with commercial banks, particularly in rural areas. Such extension activities will encourages the educated young and aspiring persons to emerge as successful entrepreneurs.
3. Very often, the loans recommended by the District Industries Centre (DIC) are not promptly sanctioned by many commercial banks because of their scepticism regarding repayment. The problem of repayment cannot be

A study on the problems encountered by the entrepreneurs in Thoothukudi District treated as shackles for the progressive entrepreneurial efforts. The cure for headache can never be cutting the head. Reforms and retrievals will have to be introduced suitably.

4. Obviously, finance is the life blood of any commercial venture. It is the basic factor as far as entrepreneurs are concerned. Actually, the popular schemes like Prime Minister Rozgar Yojana (PMRY) do not insist on any security for loans given by commercial banks upto Rs. One lakh. But the latter do insist on security fearing default in recovery. This conflicting trend should be solved.

10. Conclusion

The economic development of a country depends upon the proper utilisation of the available employment revenues. Entrepreneurship is the mode of self employment. The main problems which have been faced by the entrepreneur are marketing, finance and raw materials and these problems could be overcome by proper strategy and availing of credit from the nationalised banks, Entrepreneurial Development wings should make arrangements for proper training for the development of entrepreneurs. Quality circles should be arranged at right time intervals to develop the right aptitudes in order to problem their business in a profitable manner. The Government and non-Governmental organisations should give incentives and subsidies in order to encourage and motivate the entrepreneur in the study area.

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