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PROBLEMS OF ENTREPRENEURS IN HYDERABAD KARNATAKA REGION

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a number of traditional cottages, handicrafts, micro Enterprises like handlooms, power looms, silk weavers, Khadi and village Industries etc. Further, the State is endowed with rich natural resources across the State and such resources need to be optimally utilized for the benefit of local people. This has also ensured uniform spread of industries and economic activities throughout the State and has accelerated the pace of development especially in the backward region of Hyderabad- Karnataka.

ABSTRACT

Finance is an important ingredient for any successful organisation. There are many financial institutions which are active in extending the support. The present study indicates the problems encountered by the entrepreneurs while getting the assistance from the Karnataka State Financial Corporation. The study has suggested that the financial corporation has to simplify the process of sanctioning loan. It is further suggested that the officials should be entrepreneur friendly while sharing information.

KEYWORDS: Finance, Assistance,

Loan, Entrepreneur.

1.INTRODUCTION :

Karnataka state is considered as one of the most desired industrial locations for setting industries in the country. Presently it stands at first place for business and investment making it potential for business and most sought place for startup as well. It is composed of large privately owned industries like Steel, Sugar, Textiles, cement etc. In recent times, Karnataka has emerged as the leader in IT, BT and knowledge based industrial sectors, making rapid strides in IT/BT with a strong research and development base. The State has

2.OBJECTIVES OF THE STUDY:

The following are the objectives set for the present study.

- 1.To study the financial assistance obtained by entrepreneurs from KSFC.
- 2.To study the problems of entrepreneurs during availing the assistance from KSFC.
- 3.To offer suggestions based on the findings to mitigate the problems.

3.METHODOLOGY

The following methodology

has been adopted to carry out the present study.

3.1: Sources of Data

The present study includes both primary and secondary data.

The primary data has been collected by administering a well structured questionnaire to the respondents of the Hyderabad Karnataka region.

The secondary data has been collected through KSFC manuals, books, magazines websites and previous database published by the KSFC and the government along with ministry of industry Government of Karnataka etc.

3.2: Area of Study, Sampling and Sample Size.

The study focus on the six districts of the Hyderabad Karnataka region and survey process has been undertaken on the respondents who are running business at various locations and aims at knowing the usage of benefits claimed from the KSFC. Random sampling has been adopted for the present study and the sample size has been 200 respondents across the H.K Region. The details of the sample has been presented in the table No.1.

Table 1: District wise Analysis of Entrepreneurs

Sl. No	Name of the District	Total Number Entrepreneurs Availed Assistance from KSFC *	Number of Respondent**
1	Gulbarga	325	45
2	Yadgir	112	15
3	Raichur	187	20
4	Bidar	502	50
5	Koppal	280	30
6	Bellary	302	40
Total Sample Respondents		1708	200

Source: Annual report of KSFC* & Sample Respondents**

4. LIMITATIONS OF THE STUDY:

The present study has some limitations as outlined below:

- 1.The study is confined only to Hyderabad Karnataka Region and data may not hold good for any other area or location.
2. Understanding the constraints of the entrepreneurs with regards to various issues such as availability of financial resources.
- 3.Time and cost were also major limitations for the study.

5.PROBLEMS OF ENTREPRENEURS.

There are number of problems which have been faced by the entrepreneurs of Hyderabad Karnataka Region. In the present paper some of the problems of Entrepreneurs who availed assistance from KSFC were listed below.

a) Total Financial Assistance Obtained from KSFC

This was to study the sum of financial assistance received by the respondents from KSFC in the due course of starting and operating the enterprise. The sum amount of assistance differs from scheme to scheme.

Table 02: Total Financial Assistance Obtained from KSFC

N=200

Total Financial Assistance Obtained	No. of Respondents	Percentage of Respondent
Up-to 24 Lakhs Rupees	80	40
25-49 Lakhs Rupees	64	32
50-99 Lakhs Rupees	40	20
100 -199 Lakhs Rupees	14	07
200 Lakhs & Above	02	01
Total	200	100

Source: Field survey

Table 02: shows that the total amount is on variation from programme to programme majority i.e. 80 (40 %) respondents availed assistance from KSFC the amount is below 24 lakhs rupees, 64 (32 %) respondents received assistance between Rs.25 lakhs to Rs. 49 lakhs, 40 (20 %) respondents availed Rs.50 lakhs to Rs.99 lakhs, 14 (07 %) respondents Rs.100 lakhs to Rs.199 lakhs and less number i.e. 02 (01 %) respondents availed a financial assistance from KSFC above Rs.200 lakhs.

b) Time Taken to Avail Assistance from KSFC

This was to study the time taken by the KSFC in granting the sanctioned amount to the respective respondents. There should not be much time lag in allocation of fund which hampers the progress of the activity.

Table 03: Time taken to avail Assistance from KSFC

Time Taken	No. of Respondents	Percentage of Respondents
Less than 01 Month	99	49.5
1-6 Months	93	46.5
6-12 Months	02	01
1 year & above	06	03
Total	200	100

Source: Field survey

Analysis of the above shows that, out of the total respondents majority i.e. 99(49.5 %) respondents availed the assistance from KSFC in Less than 01 month, further 93(46.5 %) respondents received the fund in between 01-06 months, a meager number i.e. 06(03 %) respondents availed the assistance from KSFC in a year or more than a year and finally 2(01 %) respondents availed the benefits in between 06-12 months.

c) Sufficiency of the Loan Sanctioned by KSFC

This was to study about the loan amount sanctioned by KSFC is sufficient or not to start-up/running their business activity. This information has helped the researcher to know whether KSFC assistance to entrepreneurs

was helpful and sufficient for them. In case of insufficient loan the respondents have come across hurdles in the start-up venture specially.

Table 04: Sufficiency of the Loan Sanctioned by KSFC

N=200

Loan Sanctioned is Sufficient	No. of Respondents	Percentage of Respondents
Yes	170	85
No.	30	15
Total	200	100

Source: Field survey

The above table describes that the satisfaction of the respondents pertaining to sufficiency funds allocated by the KSFC so that smooth operation of the entrepreneurship activity can be undertaken. Out of the total 200 respondents majority i.e. 170(85 %) respondents expressed that the loan sanctioned by the financial corporation was sufficient however 30(15 %) respondents have opined that they were suffering with inadequate funds for running the business and looking out for other options of the fund rising. KSFC has to take initiative to grant the full loan amount for fostering the business.

d) Assistance Received by Respondents Under Special Scheme

Based on different schemes & categories the corporation has allocated the loan which is distinct from one scheme to other. Subsidies too differed on scheme and amount received as loan. KSFC providing many benefits like subsidies, tax benefits and other benefits, to study that whether they had taken assistance from KSFC under any Schemes. This information helps to know how much Percentage of entrepreneurs received benefits by KSFC under various schemes.

Table 05: Assistance Received by Respondents under Special Scheme

N=200

Response	No. of Respondents	Percentage of Respondents
Yes	47	23.5
No	153	76.5
Total	200	100

Source: Field survey

The analysis of the above table shows that the assistance provided by KSFC under special scheme. Out of the total respondents, majority i.e. 153 (76.5 %) respondents have not taken assistance under special schemes and further 47(23.5 %) respondents have taken assistance under special scheme for running the business.

e) Formalities and Procedures for Sanctioning of the Loan

While seeking loan as an individual or an entrepreneur one has to come across the procedure and policies laid down by the lender. Procedure of documentation and clearance is the major hurdle and obstacle for

the speedy access to avail the assistance. This information will help to know whether the entrepreneurs were facing problems related to documentation.

Table 06: More Formalities and Procedures for Sanction of the Loan

N=200

Response	No. of Respondents	Percentage of Respondents
Yes	156	78
No	44	22
Total	200	100

Source: Field survey

Analysis of the above table 06: shows that whether the KSFC has a complex procedure for allocation of the grants consisting of too many formalities and procedures for sanctioning of the loan, which has killed the time of the respondents and slow movement of file etc has forced them to switch the source of fund raising. Out of the total respondents, majority i.e. 156(78%) respondent revealed that the KSFC has too many formalities and procedures for sanctioning of the loan and further 44(22%) respondents said that KSFC do not have too many formalities and procedures for sanctioning of the loan and states that the process is simplified in availing the assistance.

f) Officials Attitude Towards the Project:

The Project/ Business carried out by entrepreneurs differ from its nature and their operation of the venture. The attitude of KSFC officials was encouraging towards the Project/business of the respondents. This information helps to know the Percentage of entrepreneurs encouraged by KSFC officials.

Table 07: Response of the Officers Towards the Project is Encouraging

N=200

Encouraging	No. of Respondents	Percentage of Respondents
YES	125	62.5
No	75	37.5
Total	200	100

Source: Field survey

Table 07: shows the response of entrepreneurs towards the KSFC officials response towards the project was encouraging and positive and motivates the respondents. Out of the total respondents 125(62.5%) of the respondents said Yes, it was encouraged by KSFC officials and 75(37.5%) of the respondents said no it was not encouraging by the KSFC officers. As the wide ranges of project/business types they are holding different risk and problems based on the areas, culture, socio-economic conditions etc. These factors will in turn influence the attitude of KSFC official while considering the project for sanctioning of loan.

g) Proper Guidance to Entrepreneurs

This has enabled the researcher to study the guidance received by the entrepreneurs from the officials

of the KSFC, while running their Project/ business they were not getting sufficient time to contact the officials within the time.

Table 08: Proper Guidance to the Respondents

N=200

Guidance	No. of Respondents	Percentage of Respondents
Yes	127	63.5
No	73	36.5
Total	200	100

Source: Field survey

Analysis of the above Table 08: Shows that whether KSFC officials offered proper guidance to entrepreneurs in the process of respondents seeking the financial assistance from KSFC. Guidance has enabled them to go for the right way in seeking the funds. Out of the total respondents, majority i.e. 127(63.5 %) respondents were happy with guidance of the officials, while availing the assistance from KSFC. Further 73(36.5 %) respondents have opined that the KSFC has not offered proper guidance.

h)Inordinate Delay in Sanctioning of the Projects / Business Proposals by KSFC Officials

Inordinate delay in clearance of the loan amount by the KSFC has affected adversely during running the project/ business. Generally these types of problems are being faced due to lack of knowledge as well as improper documentation by the entrepreneurs. If the entrepreneur follows the proper procedures and guidelines of KSFC this kind of problems may not occur.

Table 09: Inordinate Delay in Clearance of the Projects by KSFC Officials

N=200

Inordinate delay	No. of Respondents	Percentage of Respondents
Yes	67	33.5
No	133	66.5
Total	200	100

Source: Field survey

Table 09: Shows whether KSFC has delayed in clearance of the project finance or assistance. Out of the total sample selected for the present study, majority i.e. 133(66.5 %) respondents opined that there was no delay in clearance of the assistance. Further 67(33.5 %) of the respondents expressed that there was a delay in the allocating of the fund to the respective entrepreneurs.

6. FINDINGS

The following are some of the important findings of the study

1. Maximum i.e. 80(40%) number of respondents availed assistance from KSFC the sum amount of less than 24

lakhs.

2. A good number of the respondents i.e. 99(49.5%) felt that the process of seeking/ availing assistance took time of one month.

3. A large number of respondents i.e. 170(85%) felt that the loan amount sanctioned by the KSFC was sufficient for running their business.

4. The minimum number of respondents i.e. 47(23.5%) had availed assistance from KSFC under different scheme.

5. Majority i.e. 156(78%) of the respondents felt that the KSFC has been composed of more formalities in granting the loan amount to the beneficiary.

6. A good number of the respondents i.e. 125(62.5%) expressed that the officials of the KSFC have responded well in the process of seeking financial assistance.

7. Large numbers of the respondents i.e. 127(63.5%) were of the opinion that the officials were offering proper guidance on the procedures to be followed to avail the benefits.

8. Majority i.e. 133 (66.5%) of the respondents revealed that there was no inordinate delay in clearance of projects and loan from the KSFC.

7. SUGGESTIONS:

The points to be noted by the KSFC to extend the financial assistance to the entrepreneurs are

1. The KSFC has to make effort of fast delivery of loan at present many respondents termed the time taken was 01 month and more.

2. The KSFC has to grant loans for special purpose which has not been done so far.

3. The KSFC has to come out with simplified process so that entrepreneurs feel it easy to apply and seek support in raising the fund.

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