

An Analysis on Consciousness of Entrepreneurs in Small Scale Industries (SSIs) towards Various Sources of Financing: with Reference to Howrah District of West Bengal

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Abstract :

Small-scale industries (SSIs) are defined as firms with a limited scope of operations. These industries often have limited capital, limited production capabilities, and a focus on a specific geographic area. These companies are also necessary for the economic development of any nation. It does this by encouraging entrepreneurship, industrial diversification, and employment. Starting company owners usually get financing from a variety of sources, such as bank loans for their ventures, government agencies schemes, cash from personal savings, money from friends & family, and innovative sources. Entrepreneurs need to understand the requirements and expectations associated with each of the many financing sources in order to effectively get start-up capital. This paper reflects an analysis on consciousness of entrepreneurs in SSIs towards various sources of financing in Howrah district of West Bengal.

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I Introduction:

Small-scale industries comprise businesses that are just starting up or offering new goods and services in different sectors. They have little to no capital, are labour intensive, and manufacture goods or products with the help of a small workforce. More than 50% of products overseas are shipped from India by small-scale enterprises, and some of these companies are created because of high demand from international vendors.

These industries are known for their small size and do not enjoy many government schemes or initiatives by large-scale sectors. The limited capital and unit sizes are also barriers when it comes to their growth and expansion.

Small Scale Industries (SSIs) are industries that manufacture, produce and render services on a small or micro scale level. In India, several SSIs exist in various fields such as handicrafts, toys, weaving, pickle making, food products, etc. These industries make a one-time investment in machinery, plant, and equipment, but it does not exceed Rs.10 crore and annual turnover does not exceed Rs.50 crore.

The term "small business financing" refers to the methods by which a prospective or current

business owner might get funds to start a new endeavor, acquire an existing one, or fund the continuation of operations. Financing is the process of acquiring the money needed to invest in fixed assets and to run day-to-day activities. This proves that all factories, no matter how big or little, require two types of financing: fixed capital for the acquisition of physical assets (land, buildings, machinery, etc.) and working capital for the payment of operating expenses. There are many sources of funding, but access to finance is essential for any enterprise.

For small-scale businesses to thrive, it's not enough to only have access to developed land, energy, a transportation and communication network, raw materials, and a market; they also need timely, high-quality capital. Financing is an essential need for starting, expanding, and running a business. Actually, the capacity to acquire funds is what enables a business owner to combine human effort, raw materials, equipment, and land to produce goods and services.

Objective of Research:

To study and assess the consciousness of small entrepreneurs towards various sources of financing for small scale industries in Howrah district.

ii Study Area:

The Howrah district is among West Bengal's most densely populated regions. The district is called Howrah after the city that serves as its headquarters. The district spans nearly 1,467 square kilometers in total. The Howrah district is situated between 22°48' and 22°12' North and 88°23' and 87°50' East in terms of latitude and longitude, respectively. The district is naturally bordered on the west and southwest by the Rupnarayan River, and on the east and south-east by the Bhagirathi-Hooghly River. With the exception of the Bally Canal to the northeast and the Damodar River to the west, the northern boundary is an artificial one.

Geologically the district comprises many rock formations. Crystalline metamorphic rocks of Geologically, the district is occupied by Quaternary sediments of Hugli-Bhagirathi River system. The surficial Quaternary deposits constitute two morpho-stratigraphic / lithostratigraphic units. They are in order of decreasing antiquity Panskura formation of Middle to Late Holocene age (Chinsura formation/Katawa formation) and Present-day Hugli formation (Bhagirathi formation). The Panskura formation occupies almost the entire area of the district and is constituted of fluvial and tidal sediments. The sediments of this formation are characterized by an alternation of oxidized to unoxidized fine to very fine sand, silt with dark grey clay and lies in relatively higher elevation than the Hugli formation. The Hugli formation is characterized by the present-day river flood plain of unoxidized and less compact pale-yellow medium to fine sand and reddish-brown silt in the upper reaches of the rivers and pale to dark grey silt and clay in the lower reaches of the rivers.

The district has very consistent weather, including temperature. Midway through November, as temperatures start to drop, the cold season officially begins. The coldest month is January, when the average daily high is 28 °C and the average daily low is 18 °C. The average daily high temperature reaches 39°C and the average daily low temperature drops to 28°C by the end of February, with May being the warmest month overall.

Iii Research Methodology

3.1 Sample Size :

Howrah District was previously the most industrialized area in West Bengal and was at the forefront of the pack. Engineering, casting, steel fabrication, ship building, construction, forging, electric installations, maker of industrial electrical equipment accessories, pressure die casting, and a plethora of other businesses were centered in the district.

The sample of the present study comprises SSI entrepreneurs. 300 entrepreneurs were selected. The six industrial regions of the Howrah district that were surveyed are Baltikuri, Shibpur, Uluberia, Sankrail, Domjur, and Liluah.

Table 3.1 : Selected Industrial areas with Sample Size

Sl.No.	Selected Industrial areas	Selected sample size
1	Baltikuri	50
2	Shibpur	50
3	Uluberia	50
4	Sankrail	50
5	Domjur	50
6	Liluah	50
7	Total	300

Quantitative Research: The collected data were analyzed by statistical methods. For analyzing data through quantitative research, descriptive statistics have been applied as a statistical technique.

Iv Data Analysis

4.1 Profile of the Respondents:

Profiles of sample respondents provide a general understanding of the socioeconomic background of SSI entrepreneurs.

The effectiveness of managerial talents within the framework of SSIs can be better understood by taking into account socioeconomic and demographic variables and aspects.

4.1.1 Gender:

Gender as a demographic characteristic has been the subject of a great deal of research. Compared to females, males demonstrate a lower perception of risk in commercial activities.

Men are more likely than women to have a favourable opinion of commercial activities, and this opinion may be closely related to financial involvement. Table 4.1 illustrate the proportions of male and female participants in the study's sample, respectively.

Table 4.1 : The Gender of the Respondents

Gender	Nos. of Respondents	Percentage
Male	200	67
Female	100	33
Total	300	100

It is evident from Table 4.1 that

1. Out of 300 respondents, 200 males and 100 females served as samples in this study. They fall somewhere about 67% and 33%, correspondingly. The majority respondents are male.
2. Male respondents are higher as compared to female.

Thus Table 4.1 reflects that the majority are male (i.e. 67 percent).

4.1.2 Marital Status:

The marital status of the respondents is crucial, as it indicates whether they are married or unmarried. The essence and manner of decision-making are influenced by this status. Consequently, it is imperative to be aware of the marital status of the sample respondents. Table 4.2 illustrate the marital status of the respondents.

Table 4.2 : Marital status

Marital status	Nos. of Respondents	Percentage
Married	250	83
Single	50	17
Total	300	100

Table 4.2 reflects that

1. Out of 300, 250 (83 %) and 50 (17 %) respondents are married and single respectively.
2. The majority of respondents are married.

4.1.3 Age:

A study of the age distribution of SSIs is essential. Age takes a particularly significant role in relation to efficacy. It has an effect on both “the capacity and sense of accountability”. Consequently, the age range of the participants was divided into four groups: individuals aged 31–40, 41–50, 51–60, and 61 years and above.

The age distribution of the respondents is illustrated in Table 4.3.

Table 4.3 : Age

Age Group (in years)	Nos. of Respondents	Percentage
31-40	50	17
41-50	100	33
51-60	100	33
61 and above	50	17
Total	300	100.00

Table 4.3 reflects that

1. Out of 300 respondents, 50 respondents (17 percent) belong to the age range of 31-40 years, 100 (33 %) respondents are belong to the age range of 41-50 years, 100 (33 %) respondents are in the age group of 51-60, whereas 50 respondents (17 %) are 61 and above age group.
2. The majority of respondents were belonged to the age range of 41-50 years and 51-60 years.

4.1.4 Education:

Individual standing and the development of SSIs are significantly influenced by education. It constitutes a primary determinant for entrepreneurs. In this context, data on respondents' educational backgrounds were gathered.

Table 4.4 illustrate the respondents by educational qualification.

Table 4.4 : Education

Education	Nos. of Respondents	% of Respondents
Up to 12 th	20	7

Graduate	50	16
Post Graduation	150	50
Professional including PG	80	27
Total	300	100

Table 4.4 reflects that

1. Out of 300 respondents, 50 have graduated, accounting for 16%, while 20 have completed their education up to the 12th standard, representing 7%. In contrast, 80 respondents, or 27% of the total, hold other qualifications such as engineering, MBA, postgraduates, diploma engineering, or pharmacy.

2. Postgraduates make up the majority of respondents, followed by graduates with professional qualifications.

It can be deduced that the majority of respondents hold a postgraduate degree.

4.2 Consciousness Of Entrepreneurs On Non-Innovative Sources Of Financing For Ssis:

4.2.1 Sauvkar, Friends, and Relatives as a Funding Source

Table 4.5 Sauvkar, Friends, and Relatives as a Funding Source

Sauvkar, Friends, and Relatives as a Funding Source	Yes responses	
	Nos. Respondents	% of Respondents
1. Sauvkar	240	80
2. Relatives and Friends	260	87
Average	250	84

Table 4.5 reflects that

1. 240 out of 300 people know about Sauvkar as a way to fund SSIs. That's 80% of the total.

2. Among the 300 participants, 260 (or 87% of the total) are aware that SSIs can be funded by friends and relatives.

3. Average out of 300 respondents, 250 (or 84% of the total) are aware that Sauvkar and personal connections can fund small businesses.

Thus, the majority of people are conscious that Sauvkar and close friends & relatives can help

fund for small businesses.

4.2.2 Modern Banking network as a source of financing SSIs:

Commercial banks, including public, private, regional rural, lead, and cooperative banks, play a significant role in providing institutional financing to small-scale enterprises. Table 4.6 shows the respondents' knowledge of how small-scale businesses can access funding from public, private, lead banks and cooperative banking.

Table 4.6 : Consciousness on Modern Banking network as a source of financing SSIs

Modern Banking network as a source of financing SSI	Yes responses	
	Nos. of Respondents	% of Respondents
1. Banking in Public, Private, lead etc.	140	47
2. Banking in Co-operative bank	180	60
Modern Banking (Average)	160	54

So, it's safe to say that 54% of people who took the survey are aware that the banking system may help to fund local businesses. In a survey of 300 respondents, 47% said that they are familiar with public, private, led, etc. banks, while 60% said they know that a cooperative bank may help small businesses get the money they need.

4.2.3 Other financial organizations supplying capital for small businesses:

The goals, purpose, vision, and characteristics of small-scale industries differ from those of large- and medium-scale industries. Many development and finance institutions have emerged to support small-scale companies; these include “NABARD, SIDC, NSIC, SIDBI, IDBI, IFCI”. Consequently, the researcher is interested in finding out how well-known these institutional agencies to small-scale business owners in the Howrah district as a means of securing funding for their enterprises. This is referred to as other financial institutional agencies, and they help small-scale businesses in many ways, including providing funding.

Table 4.7 : Consciousness of other Financial Institutions as a Source of financing SSIs

Other Financial Institutions as a Source of financing SSIs	Yes responses	
	Nos. of Respondents	% of Respondents
West Bengal Financial Corporation (WBFC)	130	43

LIC of India	120	40
'State industrial development corporation' (SIDC)	50	17
'National small industrial corporation' (NSIC)	40	13
'Small industries development bank of India' (SIDBI)	45	15
'Industrial Development Bank of India' (IDBI)	38	13
'Industrial finance corporation of India' (IFCI)	50	17
Average	68	23

The results show that 43% of people are “aware of West Bengal Financial Corporation (WBFC)”, 40% of people are “aware of LIC of India, and 17% of people are aware of SIDC and IFCI, respectively. This information is supported by Table 4.7. Average, 23% are aware about other financial institution as a source of financing SSIs.

4.3 Consciousness Of Entrepreneurs On “Innovative Sources Of Financing For Ssis” :

4.3.1 FACTORING AS AN INNOVATIVE SOURCES OF FINANCING FOR SSIs

The below table examines factoring as an innovative source of financing for SSIs in Howrah district.

Table 4.8 : Factoring as a “source of financing small scale industries”

Types of factoring/ Forms	yes responses	
	Nos. Respondents	% of Respondents
1. Ordinary factoring	141	47
2. Reverse factoring	30	10
3. International factoring	15	5
4. Domestic factoring	90	30
5. Full factoring	50	17
Average	65	22

Table 4.8 reflects that: -

1. Out of a total of 300 participants, 141 individuals (or 47 percent) were acquainted with conventional factoring, 30 individuals (or 10 percent) were familiar with reverse factoring, and 15 individuals (or 5 percent) were knowledgeable with international factoring.

2. Among the 300 individuals surveyed, 90% are acquainted with domestic factoring, whereas 17% are familiar with comprehensive factoring.

3. Among the 300 respondents, 65 individuals, accounting for 22% of the total, possess knowledge regarding various forms of factoring as a means of funding small-scale enterprises. However, a majority of 82.67 percent of the respondents are unaware of any sort of factoring.

4.3.2 CONSCIOUSNESS ON “CREDIT CARD SCHEMES” AS A “SOURCE OF FINANCING FOR SSIs”:

The level of knowledge of the stated “credit card schemes” is shown in Table 4.9 .

Table 4.9 : Consciousness on “Credit Card Schemes” as a “Source of Financing SSIs”

“Credit Card Schemes”	“Yes” Responses	
	Nos. of Respondents	% of Respondents
1. ‘West Bengal Bhabishyat Credit Card Scheme’	35	12
2. ‘Union Bank MSME Credit Card’	45	15
3. ‘Baroda Laghu Udyami Credit Card’	50	17
4. ‘SBI SME Credit Card’	70	23
5. ‘National equity fund scheme’ (NEF)	40	13
6. ‘Technology development and modernisation fund scheme’ (TDME)	55	18
Average	49	16

It can be observed from Table 4.9 that

Out of the 300 respondents, 35 (12%), 45 (15%), 50 (17%), and 70 (23%) are aware of the ‘West Bengal Bhabishyat Credit Card Scheme’, ‘Union Bank MSME Credit Card’, ‘Baroda Laghu Udyami Credit Card’, and ‘SBI SME Credit Card’.

Out of the 300 respondents, 40 (or 13% of the total) acknowledged familiarity with the National Equity Fund (NEF) and 55 (18%) with the Technology Development and Modernization Fund (TDME).

Out of the 300 respondents surveyed, 49 (or 16% of the total) are familiar with the concept of using a credit card scheme to fund small businesses.

V Conclusion:

- Most of them are male.
- Most of them are married.
- Out of 300 respondents, majority of respondents belong to age group 41-60 years.
- Both innovative and non-innovative sources of funding for small-scale industries are known to the respondents.
- Most of them are conscious of Non-innovative sources of Financing.

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