CHAPTER VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

This chapter summarizes the major findings of the analysis and offer few suggestions for improving the organized and unorganized sectors of small business units in Pudhucherry region.

6. Summary of Findings

The main findings of the study are listed below as:

1. Introduction of the study
2. Status of organized sectors
3. Status of unorganized sectors
4. Impact of micro credit on organized and unorganized sectors

6.1 Introduction of the Study

A small business as a business which is actively managed by its owners, operating within the local area and relatively small size. The objective of the study is mainly concerned with the impact of micro credit on organized sector and unorganized sector of small business units.

The study is mainly based on primary data collected from small entrepreneurs in Pudhucherry region through an interview schedule. It is an empirical study based on survey method. The researcher has conducted a survey from 600 respondents from the registered and unregistered small business units in
Pudhucherry region. Out of the 600 respondents, 300 respondents were selected who are availing the micro credit through the government schemes. During the period of 2010-11, 1994 beneficiaries are availing the loan under the various government schemes in Pudhucherry region. Out of which, 15 per cent of the respondents were selected for this sampling. Totally, 300 were rounded up for this study. Among the 300 respondents, 150 respondents are from SHGs who are availing the loans through the scheme of SGSY. Remaining 150 respondents are an individually get the loan from various schemes offered by the Government of Pudhucherry. Another 300 respondents from informal business units of street vendors, hawkers are located in and around of Mahatma Gandhi Road in Pudhucherry.

6.2 Status of Organized Sector

6.2.1 Demographic Profile of Respondents

Among the 300 respondents of organized sectors, 70 per cent are female and rest of the respondents are male. Because of most of the respondents are members of the Self Help Groups in Pudhucherry region. Majority of the respondents belong the middle age group from 31-years to 40-years. Ninety one per cent respondents are married and 78.3 per cent of the entrepreneurs belong to nuclear family.
Out of 300 respondents, 249 respondents (83 per cent) are generating income from business and nearly 46 per cent of the respondents are involving in the retailing business. Majority of the respondents (64 per cent) are having less than 5-years experience in the business filed.

6.2.2 Reasons to Start the Business

Under the organized business units 300 selected respondents are express their opinion, towards the reasons to start the business in the Pudhucherry region. The reasons are classified into four categories i.e, economic reasons, personal and family reasons, social reasons and infrastructural reasons. The classified heads are analyzed with the help of Friedman and Kendall’s W Test.

In the economic reasons, “no other sources of income” is scored (5.67) higher value than other groups.

Among the personal and family reasons, “to get recognition in the family and society” is scored higher (7.04) mean value than other reasons.

Out of the social and cultural reasons, “work in a group” have high level of mean score (6.61) than other reasons.

In the infrastructural reasons, “easily availability of raw materials” score higher (5.54) mean value than other reasons.
6.2.3 Availing Micro Credit

All of 300 respondents are availing loan from organized institution and 128 respondents are availing the loan from both the organized and unorganized institution. Most of the respondents (50 per cent) are getting the loan from their own group like organized institution of SHGs. Out of 128 respondents, 84 respondents, 84 respondents are getting the loan from moneylenders for the emergency periods.

6.2.3.1 Reasons for getting the loan from Unorganized Institution

Out of 128 respondents, 76 respondents (59.38 per cent) of them say agree for easy accessible, 58 respondents (45.32 per cent) of them say strongly agree and agree each for minimum formalities, 72 respondents (56.25 per cent) of them say agree for direct service, 50 respondents (39.07 per cent) of them say strongly agree for spot collection, 58 respondents (45.32 per cent) of them say neither for no holiday’s, 44 respondents (34.38 per cent) of them say neither for without pledging of securities.

6.2.4 Reasons for Availing the Loan

The respondents are availing the loans from organized and unorganized institution for their business units. The main reasons for availing the loans are same to all the respondents.
Out of the 300 respondents, 157 (52.4 per cent) respondents are agree to started up a business for their fulfillment of self employed, Another reason of increase the income was agreed by 260 respondents, Nearly 224 respondents opined that the reason for availing the loan was to meet urgent needs in business, Another important reason for availing the loan is to expand the business. This reason was agreed by 215 respondents. Nearly 150 respondents are agreed the reason for avoiding the loan from moneylenders. But, 128 respondents are not accepted the reason and they are getting the loans from moneylenders. Another reason, is to increased the variety of good for their business. This reason was agreed by 176 respondents. On the other hand 71, respondents are not agreed that reason for their loan. The seventh variable is to utilization for seasonal sales. 170 respondents are not agreed the reasons. But, 65 respondents only agreed and utilized the loan for seasonal sales.

6.2.5 Problems for Availing Bank Loan

The beneficiary were opined that the problems of availing the micro credit loans from the formal institutions. The problems are grouped under the two major title. Eleven variables are come under the personal problems and ten variables are analyzed under the social problems. The problems are listed and ranked at the five point scaling methods.
6.2.5.1 Personal Problems

Out of eleven that the “shorter repayment period” is a major personal problems of the availing loans. The second opinion of the respondents is “Delay in sanctioning of a loan”. Another personal problems are “Higher rate of interest” and “Inconvenient banking hours” is agreed by 52.7 per cent of the respondents. Only 56 per cent respondents are not agreed the another problems of living in non-banking area.

6.2.5.2 Social Problems

Ten variables are included in the social problems. In the social problems, majority of the respondents agreed the banks are poor infrastructural facilities in Pudhucherry region. Another problem of the respondents is “inconvenient of banking hours” was agreed by 52.7 per cent. Bankers politeness is not satisfied to the 39 per cent of the respondents. Lack of awareness of the loan schemes in a bank staff is a least problem in the total respondents of study.

6.3 Status of Unorganized Sector

6.3.1 Demographic Profile of Respondents

The researcher conduct a survey from 300 respondents. They are engaged in the informal business units of street vendor business. Out of 300 respondents, male respondents (51 per cent) are more than the female respondents, 195 respondents belong the middle age group (31 to 40 years), 88 per cent respondents
are married, 38 per cent of the respondents are illiterate and 75.7 per cent of the member belong to nuclear family.

Out of 300 respondents, 151 respondents are belong to employees in private concerns on temporary services.

Among the 300 respondents, 173 respondents are selected the retail units, because of lack of any production and technical knowledge. Among the three classifications, 173 respondents are utilizing the micro credit for relating to retailing business. Most of the (42) respondents are operating petty shop at platform for at their own place.

6.3.2 Reasons to Start the Business

Under the unorganized sector, the selected respondents are opined the reasons to start the business in Pudhucherry Town. The reasons are categorized on the basis of economic position of the respondents, personal and family position, social and cultural activity and availability of infrastructural facilities for their business idea.

In the economic reasons of the respondents, out of eight reasons, “easy availability of loan” (6.55) scored higher mean value than other groups.

Out of ten reasons under the category of personal and family reasons, “feeling of security” (6.51) scored higher mean value than other groups.
Under the social and cultural reasons, “failure of agricultural business (7.10) scored higher mean value than other groups.

In the infrastructural reasons, “market potential” (5.64) scored higher mean value than other groups.

6.3.3 Availing of Loans

The unorganized institutions are providing the loan facilities to the local people higher rate of interest. The respondents are getting the loan from unorganized institution.

Out of 300 respondents, 101 respondents (33.7 per cent) are getting from the both moneylenders and pawnbrokers to start the business. 91 respondents, (30.3 per cent) are getting the loan from moneylenders for the urgent needs of business units, 88 respondents, (29.3 per cent) are getting financial assistance from the pawn brokers with the pledging of securities, and 20 respondents, (6.7 per cent) are the getting the amount from friends and relatives of selected respondents the person they needs.

6.3.4 Benefits or Facilities to get the Loan

Out of 300 respondents, 197 respondents (65.7 per cent) are say agree for easy accessible. Another benefit is minimum formalities is agreed by 195 respondents of them. Direct service is agreed by 170 respondents and 173 respondents are say agree for spot collection of installments. Among the 300
respondents, 93 respondents are say agree for No Holiday’s and 149 respondents are say strongly disagree of the without pledging of securities.

6.3.5 Reasons for availing the loan

Out of the 300 respondents, 138 (46.0 per cent) respondents are agree to started up a business for their fulfillment of self employed. Another reason of increase the income was agreed by 300 (100.0 per cent) respondents. Nearly 255 (85.0 per cent) respondents opined that the reason for availing the loan was to meet urgent needs in business. Another important reason for availing loan is to expand the business. This reason was agreed by 225 (75.0 per cent) respondents. Nearly 242 (80.7 per cent) respondents are not agreed to the reason for availing the loan to utilize the family needs. Another reason, is to increased the variety of good for their business. This reason was agreed by 178 (59.3 per cent), respondents. The seventh variable is to utilization for seasonal sales. 167 (55.7 per cent) respondents are agreed the reasons.

6.3.6 Problems for Availing Bank Loan

The problems for availing the bank loan are analyzed on two ways, i.e, personal and social problems. These problems are listed and ranked at the five point scaling method.

Under the personal problems, out of ten that the “Living non banking area” is a (94.3 per cent) major personal problem of the availing loans. The second
opinion of the respondents is “Lack of banking knowledge”. Another personal problems are “No permanent places” and “Residential at rural areas” is agreed by 76 per cent of the respondents. Only 35 per cent respondents are neutral and 23.7 per cent not agreed the another problems of no identification proof.

Under the social problems, ten variables are analyzed. Majority (94 per cent) of the respondents agreed the requirement of permanent residential places in Pudhucherry region. Another problem of the respondents is “Requirement of personal Guarantee” was agreed by 85.6 per cent. Politeness of bankers is a least problems in the total respondents of the study.

6.4 Impact of Micro Credit

The impact of micro credit on small business units can measured from the factors of growth of the business annual income, status of employment generation, status of savings, consumption pattern, living standard, economic status and social status.

6.4.1 Business Growth

The growth status was classified into four viz slow, medium, fast growth and satisfactory level. Under the organized sectors, 243 respondents opined that slow growth of the business at the pre micro credit period. After availing the micro credit, 128 respondents are get fast growth in their business and 59 respondents are get satisfaction in their business growth at the post micro credit period. Under the
unorganized sectors, 169 respondents are opined that the slow growth of their business at the time of pre micro credit. After getting the loans from unorganized institution, 245 respondents are get medium growth of their business. No other respondents are in the position of satisfactory level, because of higher rate of interest of their loan.

6.4.2 Growth of Annual Income

At the time of pre micro credit periods, 201 respondents from organized sector and 221 respondents from unorganized sector are earned annual income from Rs. 25,001 to Rs. 50,000. After utilizing micro credit, the respondents annual income was increased from Rs. 50,001 to Rs. 75,000 for 162 respondents of organized sector. But, unorganized respondents position was almost the same position, 193 respondents annual income was not changed. Under the organized sectors, 124 respondents earning the annual income of above Rs. 75,000 at the post micro credit period. But, twelve respondents only enjoying the same position under unorganized sectors

6.4.3 Employment Generation

Among the 300 respondents of organized sector, 238 (79.3 per cent) entrepreneurs are employed less than two persons in their own business at pre micro credit period. After availing the micro credit, nearly 234 (78 per cent) entrepreneurs are having 3 to 4 employees in their business. Under the
unorganized sectors, 221 respondents (73.7 per cent) entrepreneurs having less than 2 employees in their business at pre micro credit period. After getting the micro credit, 210 entrepreneurs are having 3 employees for their business. It is concluded that the micro credit has a more impact on employment generation of organized sector than unorganized sectors.

6.4.4 Saving Pattern

The selected respondents are practiced to deposits their money at bank, post office, private institution and other modes. These are analyzed by the statistical tool of T-test. The results are, bank deposits, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of bank deposit than pre micro credit period. Deposit at post office, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of deposit at post office than pre micro credit period. Private institution, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of deposits at private institution than pre micro credit period. Other savings, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of other saving than pre micro credit period.
6.4.5 Consumption Pattern

The consumption pattern of the respondents are helps to identify the standard of living of the entrepreneurs of organized and unorganized sectors. Food consumption, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of food consumption than pre micro credit period. Clothing consumption, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of clothing consumption than pre micro credit period. Religion ceremonies and marriages, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of religion ceremonies and marriages than pre micro credit period. Health consumption, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of health consumption than pre micro credit period. Children’s education consumption, post micro credit scored higher mean value than pre micro credit periods. So, post micro credit periods have higher level of children’s education consumption than pre micro credit period.

6.4.6 Living Standard

The entrepreneurship is helps to improve the standard of living of the people in the society. The micro credit is one of the important tool for promote as
well as expansion of the business. Eleven variables are analyzes under the factor of living standard by the T-test.

Purchase of gold, post micro credit scored higher mean value than pre micro credit periods. Construction of toilets, post micro credit scored higher mean value than pre micro credit periods. Thatched house to tiled, post micro credit scored higher mean value the pre micro credit periods. Material possession, post micro credit scored higher mean value than pre micro credit periods. Increase the monthly income, post micro credit scored higher mean value than pre micro credit periods. Gas, electricity and water tap connection, post micro credit scored higher mean value than pre micro credit periods. Purchase of farm animal, post micro credit scored higher mean value than pre micro credit periods. Food consumption pattern, post micro credit scored higher mean value than pre micro credit periods. Purchase of immovable assets, post micro credit scored higher mean value than pre micro credit periods. Skill development, post micro credit scored higher mean value than pre micro credit periods. Improvement of children’s education, post micro credit scored higher mean value than pre micro credit periods.

6.4.7 Economic Status

Income of the business is a determinate factor for the improvement of the life of the entrepreneurs. The economic status of the selected small business units are analyzed by the T-test.
Promote entrepreneurship, post micro credit scored higher mean value than pre micro credit periods. Helps to increase the income, post micro credit scored higher mean value than pre micro credit periods. Helps to growth of business, post micro credit scored higher mean value than pre micro credit periods. Helps to create employment opportunities, post micro credit scored higher mean value than pre micro credit periods. Helps to improving the economic condition, post micro credit scored higher mean value than pre micro credit periods. Relieved from the clutches moneylenders, post micro credit scored higher mean value than pre micro credit periods. Helps to purchase the assets, post micro credit scored higher mean value than pre micro credit periods. Helps to improve the family income, post micro credit scored higher mean value than pre micro credit periods. Helps to improve the family saving, post micro credit scored higher mean value than pre micro credit periods. Access to credit sources, post micro credit scored higher mean value than pre micro credit periods. Decision making related to money centered, post micro credit scored higher mean value the pre micro credit periods.

6.4.8 Social Status

The social status significant organized and unorganized sectors infer that the post micro credit influence the recognition in family, recognition in community, interaction with outsiders, literacy/education, access to health services, access to sanitation facilities, skill, nutrition awareness, family planning
awareness, health awareness and decision making related to society centered of the entrepreneurs.

Suggestions

The following suggestions are to be recommended to improve the business as well as to overcome the problems for availing the loans from the bank to the entrepreneurs of organized and unorganized sectors.

Recommendations to Organized Sectors

1. To consult with the officers of DIC of Union Territory of Pudhucherry for to identify the loan schemes available to the entrepreneur.

2. Properly utilizing the government schemes to their business.

3. Prompt repayment of loan is possible to enjoy the subsidized given by the government.

4. To give regular counseling to the members of self help groups to avoid the utilization of loan amounts for home expenditure.

5. To inspect and give advice to the irregular payment of loans

6. To conduct the seminar at school or college level regarding the availability of government schemes for entrepreneurs.

7. To conduct the awareness programs about the loan schemes and utilization of incentives for the entrepreneurs.
8. Generally, the Pudhucherry Government has providing tax concession to the newly formed enterprises. But, the small traders have to approach the concern department and avail the concession for their business.

9. The traders are advised to invest all the loans into the planned activities.

10. The realized profit is the part of the money, which is supposed to be used to pay back the loan as well as to buy other necessities without deducting the business.

**Recommendations to Unorganized Sectors**

1. This type of the business units has try to register their business in the District Industrial Centers at Pudhucherry for availing the loan at a cheaper rate of interest as well as subsidized facility.

2. Try to get any identification card from the local body to avoid the unnecessary disturbance in the local officers.

3. Try to open a bank account with their identity card given by the Election Commission and approach to the bank official for get the loan.

4. Try to form an association and approach the local body for get the recognition in the society.

5. Try to avoid nuisance in the public, like Hawkers and street vendors give more noise and threatening to buy the goods.

6. Try to maintain ethics in their business.
Recommendation to Policy Makers.

1. To give any identity card to the unorganized business units.

2. To collect the nominal tax from the street vendors and hawkers.

3. The bank try to give daily loans to the unorganized business units through business correspondent.

4. Try to appoint the business correspondent among the entrepreneurs of small business units.

5. Try to providing micro credit or daily loans at evening hours at bank premises.

6. Try to providing facilities of Holiday free branches for these business units.

7. To provide the daily collection facilities by the selected banks at Mahatma Gandhi Road and Nehru Street in Pudhucherry town.

Conclusion

On the basis of findings of the study, among the 600 respondents from organized and unorganized sectors, majority had prior entrepreneurial experience, business knowledge, motivated teams, and entrepreneurial cultural and climate. The performance of organized business units are better than unorganized sectors. Because of government support and banking assistance. The unorganized business units entrepreneurs need government support in the success of their business as well as enhancement of their living standard.
Scope for Further Research

1. A study on social security for unorganized sector workers

2. Role of street vendors in the life of urban population

3. Problems and prospectus of street vendors
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