ANNEXURE-I

Access to Finance for Micro and Small Metalware Enterprises

1. Respondent Name: 

2. Organisation: 

3. Address 
   - Thanjavur 
   - Swamimalai 

4. Did your business start? 
   - Between one and five years 
   - Between six and ten years 
   - Between 11 and 20 years 
   - Between 21 and 30 years 
   - More than 30 years 

5. What form does this business currently take? Is it a...? 
   - Sole trader 
   - Partnership 
   - Limited Company 

6. Approximately how many employees does your business have? 
   - Less than three 
   - Between three and nine 
   - Between 10 and 19 
   - Between 20 and 50 
   - Between 51 and 100 
   - More than 100 

7. Do you know proper accounting procedures? 
   - Know 
   - Don’t know 

8. Are you maintaining proper accounts of your business? 
   - Yes 
   - No 
   - Don’t know 
   - Refused 

9. Are you a tax payer? 
   - Yes 
   - No 
   - Don’t know 
   - Refused
10. Does your business have a bank account?

Yes ........................ 1
No ................................ 2
Don’t know ......................... 3
Refused ................................ 4

11. What is the nature of your bank account?

Savings Bank A/c ........................ 1
Current A/c .............................. 2

12. How many transactions you normally make in a month?

No Transactions ........................ 0
Between 1 to 5 ............................ 1
Between 6 to 10 ........................... 2
Between 11 to 15 .......................... 3
Between 16 to 20 .......................... 4
More than 20 .............................. 5

13. In that, how many are cheque transactions?

None .......................... 1
Between 1 to 5 ......................... 2
Between 6 to 10 ......................... 3
Between 11 to 15 ....................... 4
More than 15 .......................... 5

14. Coming to your business, how many pieces you typically sell in a year/month?

For Thanjavur:

Between 1 to 100 pieces ......................... 1
Between 101 to 200 ........................... 2
Between 201 to 300 .......................... 3
Between 301 to 400 ......................... 4
More than 400 .............................. 5

For Swamimalai

Between 1 to 10 pieces ......................... 1
Between 11 to 20 ........................... 2
Between 21 to 30 ........................... 3
Between 31 to 40 .......................... 4
More than 40 .............................. 5

For both, if in value

Less than Rs.5,000 .......................... 1
Between Rs.5,001 to 10,000 ............... 2
Between Rs.10,001 to 15,000 .............. 3
Between Rs.15,001 to 20,000 .............. 4
More than Rs.20,000 ...................... 5

15. What are the types of customers you have? (PI .Tick)  

Yes No
Govt. Agencies
Society
Local Market
Private Agencies/ Companies/ persons
Export / International
Others ................................. PL Specify)
16. What is the predominant mode of your & your customers’ payment?

<table>
<thead>
<tr>
<th>Mode</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque</td>
<td>1</td>
</tr>
<tr>
<td>Cash</td>
<td>2</td>
</tr>
<tr>
<td>Both</td>
<td>3</td>
</tr>
</tbody>
</table>

17. Do you accept any advance from your customers?

<table>
<thead>
<tr>
<th>Option</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

18. How much advance you will get?

<table>
<thead>
<tr>
<th>Advance</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>1</td>
</tr>
<tr>
<td>25%</td>
<td>2</td>
</tr>
<tr>
<td>50%</td>
<td>3</td>
</tr>
<tr>
<td>75%</td>
<td>4</td>
</tr>
<tr>
<td>100%</td>
<td>5</td>
</tr>
</tbody>
</table>

19. Accepting the advance from the customers is a

<table>
<thead>
<tr>
<th>Reason</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom</td>
<td>1</td>
</tr>
<tr>
<td>Convenience</td>
<td>2</td>
</tr>
<tr>
<td>Trade practice</td>
<td>3</td>
</tr>
<tr>
<td>For meeting out expenses</td>
<td>4</td>
</tr>
</tbody>
</table>

20. Do you have repeat orders from your customers

<table>
<thead>
<tr>
<th>Option</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
</tr>
<tr>
<td>Refused</td>
<td>4</td>
</tr>
</tbody>
</table>

21. What is the approximate value of your business’s balance sheet?

<table>
<thead>
<tr>
<th>Value Range</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50,000</td>
<td>1</td>
</tr>
<tr>
<td>50,001 to 2,00,000</td>
<td>2</td>
</tr>
<tr>
<td>2,00,001 to 5,00,000</td>
<td>3</td>
</tr>
<tr>
<td>5,00,001 to 15,00,000</td>
<td>4</td>
</tr>
<tr>
<td>15,00,001 to 25,00,000</td>
<td>5</td>
</tr>
<tr>
<td>More than 25 lakhs</td>
<td>6</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7</td>
</tr>
<tr>
<td>Refused</td>
<td>8</td>
</tr>
</tbody>
</table>

22. What was your business’s approximate annual turnover in the last financial year?

<table>
<thead>
<tr>
<th>Turnover Range</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50,000</td>
<td>1</td>
</tr>
<tr>
<td>50,001 to 2,00,000</td>
<td>2</td>
</tr>
<tr>
<td>2,00,001 to 5,00,000</td>
<td>3</td>
</tr>
<tr>
<td>5,00,001 to 15,00,000</td>
<td>4</td>
</tr>
<tr>
<td>15,00,001 to 25,00,000</td>
<td>5</td>
</tr>
<tr>
<td>More than 25 lakhs</td>
<td>6</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7</td>
</tr>
<tr>
<td>Refused</td>
<td>8</td>
</tr>
</tbody>
</table>
23. How did you fund your business: Please Tick Yes No
   Self finance
   ‘ Finance from friends and relatives
   Formal Debt
   Informal debt
   Others (specify) — — — — — ——— — — — —

24. Which source of finance you think is currently most important for your business?.
   Rate the following sources in the scale of 1 to 5. 1 being least important and 5 being most important.
   Income or retained profits 1 2 3 4 5
   Owner(s) capital 1 2 3 4 5
   Customer advance 1 2 3 4 5
   Bank 1 2 3 4 5
   Finance company 1 2 3 4 5
   Trade credit from suppliers 1 2 3 4 5
   Government funding 1 2 3 4 5
   Local financier (informal source) 1 2 3 4 5
   Customer Advance
   Other (specify)........

25. Could you tell me if your business is currently using any of the following types of external finance? PL Tick. Yes No
   Bank loan (Short term)
   Bank loan (Long term)
   Bank overdraft
   Artisan Credit card
   Trade credit from suppliers
   Bill discounting
   Informal Sources
   Other (specify)

26. Rate the following sources on the basis of their importance 1 being least important and 5 being most important.
   Bank loan (Short term) 1 2 3 4 5
   Bank loan (Long term) 1 2 3 4 5
   Bank overdraft 1 2 3 4 5
   Artisan Credit card 1 2 3 4 5
   Trade credit from suppliers 1 2 3 4 5
   Bill discounting 1 2 3 4 5

27. Did you got any loan recently?
   Yes ..................... 1
   No ..................... 2
   Don’t know ..................... 3
   Refused ..................... 4
28. If NO, why?
   Not enough business......................1
   No need for loan...........................2
   Customer advance is enough.............3
   Banks are refusing to give loan.........4
   No response..................................5

29. If yes, Was that loan obtained from
   Your main bank............................1
   Other Bank....................................2
   Finance Company..........................3
   Loan financier (Informal sources).......4
   SHGs.............................................5
   Friends and relatives......................6

30. What was the main purpose the loan was required for?
   Start up........................................1
   Expand capacity.............................2
   Develop new markets/products............3
   Cash flow or working capital..............4
   Increase efficiency..........................5
   Replacement of plant, machinery or equipment...6
   Other (specify) ______

31. What size of loan did your business obtain?
   Less than 10,000............................1
   10,001 to 50,000.............................2
   50,001 to 1,00,000...........................3
   1,00,001 to 3,00,000.........................4
   3,00,001 to 5,00,000.......................5
   5,00,001 to 10,00,000......................6
   10,00,001 +..................................7
   Don’t know....................................8
   Refused......................................9

32. Was the loan required for...?
   Less than 12 months..........................1
   Between one and three years...............2
   More than three years......................3
   Don’t know....................................Y
   Refused........................................4

33. How much was the rate of interest?

34. Again, thinking about your most recent loan, did any formal security (collateral)
    over the loan?
   Yes............................................1
   No.............................................2
   Don’t know.................................3
   Refused......................................4
35. Which of the following forms did the security take?
- Mortgage over land or buildings : 1
- Pledge of personal assets : 2
- Other : 3
- Don’t know : 4
- Refused

36. Has your business ever, even if it was a long time ago, been refused loan finance?
- Yes : 1
- No : 2
- Don’t know : No
- Refused

37. Thinking about the most recent occasion on which your business was refused loan finance, by which of the following was your business refused loan finance?
- Your main bank : 1
- Other bank : 2
- Finance company : 3
- Venture capital company : 4
- Local financier (informal) : 5
- Other (specify)
- Don’t know : No
- Refused

38. Still thinking about that most recent occasion, what size of loan was your business seeking?
- Less than 10,000 : 1
- 10,001 to 50,000 : 2
- 50,001 to 1,00,000 : 3
- 1,00,001 to 3,00,000 : 4
- 3,00,001 to 5,00,000 : 5
- 5,00,001 to 10,00,000 : 6
- Don’t know : 7
- Refused

39. What was the main purpose of the loan?
- Start up : 1
- Expand capacity : 2
- Develop new markets / products : 3
- Cash flow or working capital : 4
- Increase efficiency : 5
- Replacement of plant, machinery or equipment : 6
- Other (specify)
- Don’t know : No
- Refused
40. Was your business refused the loan because of.....? Please Tick

Yes No

Lack of experience
Too risky
Lack of, or inadequate security
Lack of business plan
Lack of management skills
Poor/Insufficient or inadequate finance performance
Reached borrowing limit
No personal contact with the lender
Own contribution is too low
No reasons given
Other (specify)
Don’t know
Refused

41. Was alternative external finance obtained?

Yes....................... 1
No....................... 2
Don’t know....... 3
Refused.............. 

42. Was this finance obtained from....?  

Your main bank......................1  
Other bank.............................2  
Finance company.....................3  
Local financier (informal)...........4  
Other (specify)  
Don’t know............................Y  
Refused............................. 

43. I’m now going to read out some statements. I’d like you to tell me whether you agree or disagree with each one using the following scale:

1 2 3 4 5

Agree strongly, agree, Neither agree nor disagree, Disagree, Disagree strongly.

-1- The ability to give security to a lender is a problem faced by businesses trying to borrow money.
-2- Cash flow is the problem faced by my business
-3- firm size and formal borrowing have positive relationship.
-4- older the firm, more is the likelihood of getting formal credit
-5- There are adequate financial alternatives that are available in the market.

44. What are the factors you think are considered important by a bank in lending. Rate the following factors in a scale of 1 to 5, 1 being least important and 5 being most important.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm status / reputation</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Firm size</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Ability to pledge collateral</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Question</td>
<td>Options</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Demand for borrower’s products</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Network effects</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Loan repayment ratio</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Audited financial statements</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Personal relationship with banker</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

45. Is it easy to get the loan from the bank?

   - Yes ........................................ 1
   - No ........................................ 2
   - Don’t know ................................ 3
   - Refused ....................................

46. If NO, Why are you thinking so... pi. Tick Yes No

   - Long Procedures
   - Will have to make lot of attempts
   - Demanding for collateral
   - Not known personally
   - Others

47. Are you getting any bank assistance on the basis of policy initiative by the government?

   - Yes ....................................... 1
   - No ......................................... 2
   - Don’t know ................................ 3
   - Refused ...................................

48. Were you a member of Society?

   - Yes ....................................... 1
   - No ......................................... 2
   - Don’t know ................................ 3
   - Refused ...................................

49. Were you a member of any SHG?

   - Yes ....................................... 1
   - No ......................................... 2
   - Don’t know ................................ 3
   - Refused ...................................

50. In what capacity you are associated with the SHG?

   - President ................................. 1
   - Secretary ................................ 2
   - Member .................................... 3

51. How your SHG is functioning?

   - Active ................................... 1
   - Not Active ................................ 2
52. If Not Active, why?
   Members are not attending the meetings regularly .......... 1
   Members are not co-operating .................................. 2
   Non-repayment by members .................................... 3
   Proper accounts are not maintained ............................ 4
   Others ............................................................... 5

53. Which of the following age groups does the proprietor fall into?
   18-29 ................................................................. 1
   30-39 ................................................................. 2
   40-49 ................................................................. 3
   50-59 ................................................................. 4
   60 or over ........................................................... 5
   Don’t know .......................................................... Y
   Refused .............................................................. {  

54. Do you have any formal training in business management or any formal qualification relevant to the business activity?
   Yes - training .......................................................... 1
   Yes-qualification .................................................... 2
   Yes-both ............................................................... 3
   Ancestral ............... ............................................. 4
   Don’t know .......................................................... Y
   Refused .............................................................. {  

55. How many partners are there? _______________________
   Don’t know .......................................................... Y
   Refused .............................................................. {  

Thank you very much for your kind co-operation.
Annexure - II
Worker-artisans, SHGs and Entrepreneurship

1. Name:

2. Address: Thanjavur................1, Swamimalai.........................2

3. Age:
   - 18 to 29 ................ 1
   - 30 to 39 ................ 2
   - 40 to 49 ................ 3
   - 50 to 59 ................ 4
   - 60 and above ............. 5

4. Education
   - Primary (class 1 to 5) ............. 1
   - Secondary(class 6 to 10) ............. 2
   - Higher Secondary ......... 3
   - Degree ....................... 4
   - Professional ............... 5
   - ITI ......................... 6

5. Salary (per month in Rs.)
   - Rs.1000-Rs.3000 .......... 1
   - Rs.3001 to Rs.5000 .......... 2
   - Rs. 5001 and above .......... 3

6. Number of Dependents (family members)
   - Less than or equal to four .............. 1
   - Five - six ............... 2
   - Seven- eight .............. 3

7. How long you are working in this industry
   - One to three years ............. 1
   - Three to five years ............. 2
   - Five to ten years ............ 3
   - More than ten years ............ 4
   - Ancestral ..................... 5

8. What is your specialisation:
9. How did you come to this industry?
   - Ancestry ............... 1
   - After Training ............ 2
   - Learned after joining the trade .............. 3

10. Are you a member in the Society?
    - Yes ................... 1
    - No ................... 2

11. Are you a member in any SHG?
    - Yes ................... 1
    - No ................... 2

12. If No, Why?
    - Not interested ............. 1
    - Denied .................... 2
    - Other reasons ............... 3
    - Wife already in another SHG ........... 4
    - SHGs not running properly ........... 5

13. If yes, what is your capacity
    - President .................. 1
    - Secretary ................. 2
    - General Member ............. 3

14. How many members are there in your SHG?
15. How long your SHG is working?
    - Just started .................. 1
    - One to three years ............ 2
    - Three to five years ........... 3
    - More than five years ........... 4

16. Is your SHG useful?
    - Yes ....................... 1
    - No ....................... 2

17. If no, Why?

18. Have you learned anything as a member of SHG? PL Tick Yes No.
    - Learnt about the working of an organisation
    - Learnt about maintaining accounts
    - Learnt about banks
    - Learnt about bank interaction/relationship
    - Others

19. Do you maintain account in the bank?
    - Yes ....................... 1
    - No ....................... 2

20. If yes, for how long?

21. Is this account operating through SHG?
    - Yes ....................... 1
    - No ....................... 2
22. Do you have any idea of starting your own venture?
   Yes ................ 1
   No ................ 2

23. If no, why? Pl. Tick
   Yes No
   Cannot sell as a reason for non-start
   Credit problem as a reason for non-start
   Lack of confidence as a reason for non-start
   Bad state of industry as a reason for non-start
   Family business (no need to start separately)
   Others

24. Did you have any previous experience of owning a business?
   Yes ................ 1
   No ................ 2

25. If yes, what is its status now?, Explain.

26. If you want to start business, when?

27. How much capital you need to start the business?

28. How will you raise the capital needed?
   Raise capital by self .................. 1
   Raise capital though friends ................. 2
   Raise capital through relatives................. 3
   Raise capital through banks....................... 4
   Raise capital through SHGs ....................... 5
   Raise capital through other sources.......... 6

29. Will the SHG experience help you in your venture?
   Yes ................ 1
   No ................ 2

30. Is your SHG active?
   Yes ................ 1
   No ................ 2
   Don’t Know ................ 3

31. If not active, why?

32. How to improve the effectiveness of SHGs?

Thanks for your patience...
1. How much time will you normally take to process an SME loan application?

2. What are the documents you require for opening an SME account
   a) ID cards
   b) Passport
   c) Recommendation letter,
   d) Wage slip
   e) Proof of domicile
   etc.

3. Are you accepting any loan applications from non-branch bank outlets, say, over
   a. Phone
   b. Internet
   c. Correspondent banking

4. Reasons for rejection of SME loan application
   a. Perceived lack of profitability
   b. Lack of acceptable collateral
   c. Inadequate credit history of the firm
   d. Incomplete application
   e. Experience in the trade

5. Amount necessary to open a checking account (S/B, Current a/c), minimum balance?

6. Annual Fee - A/c maintenance
   ATM transaction

7. Fee for SME loan

8. Reasons for making micro and SME loans
   a. Profitability of MSME loans
   b. Changing market conditions and increasing competition in other sectors
      like corporate loans for large/medium enterprises
   • c. Regulations imposed by government
   d. Social objectives / poverty alleviation
9. Disincentives / disadvantages in making MSME loans

   a. High administration costs
   b. Risky borrowers
   c. Interest rate controls
   d. Not interested in micro enterprises
   e. Lack of network / personnel in serving this market
   f. Others

10. Indicate whether you agree the following or not in a scale of 1 to 5, 1 being fully agree and 5 being fully disagree;

   a) Business owner characteristics rather than business characteristics are better predicator of commercial business loan performance
   b) We insist on collateral even if other factors are favorable for a loan disbursal.
   c) Usage of more trade credit will lead to more chances of getting loan
   d) Older the firm, greater the possibility of loan sanctioning
   e) We subject the SME to the same evaluation criteria as that of a large and structured corporation
   f) Lending infrastructures (include information environment, legal, judicial and bankruptcy environment, the social environment, the tax and regulatory environment) have important effects on SME credit availability
   g) The firm and relationship characteristics seems to be more important that loan and lender characteristics

11. Criteria used to evaluate applications

   a. Factors relating to personal characteristics
      i. Creativity and innovation
      ii. Commitment to enterprise
      iii. Involvement in enterprise
   b. Factors relating to management skills
      i. Planning
      ii. Knowledge of competitors
      iii. Mainly market focused
      iv. Quality work enjoys priority
      v. Client service
      vi. Financial understanding
      vii. Financial management
      viii. Knowledge and skill, and use of experts.

12. Reasons for the entrepreneurs not approaching the bank

   a. No need for loan
   b. Cumbersome procedures
   c. Overemphasis on collateral
   d. Loan not easily sanctioned
   e. Length of time involved in the process
13. Usage of bank’s products / services by MSMEs (pi. Rank)
   a. ST loan
   b. LT loan
   c. Bill discounting
   d. Overdraft
   e. Artisan credit card
   f. Factoring / cash management services
   g. Line of credit / letter of credit
   h. Export financing

14. Average loan size

15. Interest rate

16. Purpose of MSME loan (PI. rank)
   a. Start - up
   b. Expansion
   c. New products / new markets
   d. Working capitals
   e. Increase efficiency
   f. Replacement
   g. Others

17. Other factors you are considering
   a. Firm’s reputation
   b. Firm’s size
   c. Demand for the product
   d. Known customer’s / referrals
   e. Capacity to repay the loan
   f. Maintenance of proper accounts