

## A STUDY ON INFRASTRUCTURE AVAILABILITY FOR SMALL SCALE ENTREPRENEURSHIP DEVELOPMENT IN LALKUDI TALUK, TRICHY, TAMILNADU

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**Abstract:** This project is undertaken to “A Study on Infrastructure availability for Small Scale Entrepreneurship Development in Lalkudi Taluk with special reference to Madura Micro Finance Pvt. Ltd.”

The study has conducted by adopting survey method among the Micro Entrepreneurs with the help of questionnaire. The sample size of 97 villages were chosen for the study.

The scope of the study consists of giving solution to fill the gap between requirement and availability resources and infrastructure for Entrepreneurship development in rural places. .

The project work is based on descriptive research; judgmental sampling is used for data collection. Percentage analysis, ANOVA and Chi-square used for data collected through questionnaire.

The study provides some findings that were interrupted from the analysis of the collected data. The suggestion and recommendations were given based on findings of the study which may help the small entrepreneurs for their improvement and future researchers.

**Keywords:** Small Entrepreneur, Infrastructure availability, Microfinance,

### INTRODUCTION TO THE STUDY

Entrepreneurship is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Startup Company); however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intra-preneurship and may include corporate venturing, when large entities spin-off organizations. According to Paul Reynolds, entrepreneurship scholar and creator of the Global Entrepreneurship Monitor, “by the time they reach their retirement years, half of all working men in the United States probably have a period of self-employment of one or more years; one in four may have engaged in self-employment for six

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or more years. Participating in a new business creation is a common activity among U.S. workers over the course of their careers.” And in recent years has been documented by scholars such as David Audretsch to be a major driver of economic growth in both the United States and Western Europe. “As well, entrepreneurship may be defined as the pursuit of opportunity without regard to resources currently controlled.

Microfinance is usually understood to entail the provision of financial services to micro-entrepreneurs and small businesses that lack access to banking and related services due to the high transaction costs associated with serving these client categories. The two main mechanisms for the delivery of financial services to such clients are (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

For some, microfinance is a movement whose object is “a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers.” Many of those who promote microfinance generally believe that such access will help poor people out of poverty. For others, microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses. Rutherford argues that the basic problem poor people as money managers’ face are to gather a ‘usefully large’ amount of money. Building a new home may involve saving and protecting diverse building materials for years until enough are available to proceed with construction. Children’s schooling may be funded by buying chickens and raising them for sale as needed for expenses, uniforms, bribes, etc. Because all the value is accumulated before it is needed, this money management strategy is referred to as ‘saving up’

One of the principal challenges of microfinance is providing small loans at an affordable cost. The global average interest and fee rate is estimated at 37%, with rates reaching as high as 70% in some markets. The reason for the high interest rates is not primarily cost of capital. Indeed, the local microfinance organizations that receive zero-interest loan capital from the online micro lending platform Kivacharge average interest and fee rates of 35.21%. Rather, the main reason for the high cost of microfinance loans is the high transaction cost of traditional microfinance operations relative to loan size.

Microfinance practitioners have long argued that such high interest rates are simply unavoidable, because the cost of making each loan cannot be reduced below a certain level while still allowing the lender to cover costs such as offices and staff salaries. The result is that the traditional approach to microfinance has made only limited progress in resolving the problem it purports to address: that the world’s poorest people pay the world’s highest cost for small business growth capital. The high costs of traditional microfinance loans limit their effectiveness as a poverty-fighting tool. Offering loans at interest and fee rates of 37% mean that borrowers who do not manage to earn at least a 37% rate of return may actually end up poorer as a result of accepting the loans.

Perhaps influenced by traditional Western views about usury, the role of the traditional moneylender has been subject to much criticism, especially in the early stages of modern microfinance. As more poor people gained access to loans from microcredit institutions however, it became apparent that the services of moneylenders continued to be valued. Borrowers were prepared to pay very high interest rates for services like quick loan disbursement, confidentiality and flexible repayment schedules. They did not always see lower interest rates as adequate compensation for the costs of attending meetings, attending training courses to qualify for disbursements or making monthly collateral contributions. They also found it distasteful to be forced to pretend they were borrowing to start a business, when they were often borrowing for other reasons (such as paying for school fees, dealing with health costs or securing the family food supply). The more recent focus on inclusive financial systems (see section below) affords moneylenders more legitimacy, arguing in favour of regulation and efforts to increase competition between them to expand the options available to poor people.

Modern microfinance emerged in the 1970s with a strong orientation towards private-sector solutions. This resulted from evidence that state-owned agricultural development banks in developing countries had been a monumental failure, actually undermining the development goals they were intended to serve (see the compilation edited by Adams, Graham & Von Pischke). Nevertheless, public officials in many countries hold a different view, and continue to intervene in microfinance markets.

### **PROBLEM STATEMENT**

The MFIs in India reported a client base of 22.6 million with an outstanding portfolio of more than \$2 billion. To fulfill the growth projections at play in the microfinance industry, it will continue to rely increasingly on equity versus debt. This need is compounded by the Reserve Bank of India's capital adequacy requirement for the sector which is currently 12% and is set to increase to 15% by April 2010. Lack of entrepreneur's skill will lead of innovation which stops the growth of the nation. The problem statement for this study is to identify the obstacles of the small scale entrepreneurs in the lalkudi.

### **OBJECTIVES OF THE STUDY**

#### **Primary Objective**

To study the infrastructure availability for Small Scale Entrepreneurship Development in Lalkudi Taluk with special reference to Madura Micro Finance Pvt. Ltd.

#### **Secondary Objectives**

- To know about Entrepreneurship Development activities in rural area.
- To find out the infrastructure required for Entrepreneurs in Lalkudi taluk.
- To analysis the problem in providing infrastructure for Entrepreneurs.
- To give suggestions.

### NEED OF THE STUDY

The rural area micro entrepreneurs are facing many problems day by day and most of them are closing their business units. Many of the people in rural area are not interested to become an entrepreneur. The study is to identify the reasons for the entrepreneur's development issues. It helps the entrepreneurs to develop their organizations by improving the required infrastructure and resources in rural area.

### SCOPE OF THE STUDY

This study will result in giving solution to fill the gap between requirement and availability resources and infrastructure for Entrepreneurship development in rural places. This study covers Lalkudi taluk only in Trichy district and opens scope for future researchers in many rural areas in Tamil Nadu and all over India.

### LIMITATION

- Study is restricted to Lalkudi taluk, Trichy district.
- Time is limited to 16 weeks.
- It was assumed that the information given by the respondents is authentic and best of their knowledge.
- Some of the view given was completely views by entrepreneurs as they were in a hurry and were not considered in the data analysis.
- The result of the study is applicable to the survey area only.

### REVIEW OF LITERATURE

- **Low and MacMillan (1988)** - Dealing with the problems of all the definitions available in the literature –from Schumpeter to Gartner– concluded that the problem with these definitions is that though each captures an aspect of entrepreneurship, none captures the whole picture. He adds, then, that it seems likely that the desire of common definitions and clearly defined area of inquiry will remain unfulfilled in the foreseeable future. In the same way as not all opportunities yield profits, not all industries are evenly profitable. If a random entrepreneur started a business in certain industries and not in others, that person would be much more likely to have very rapidly growing private or public company.
- **Casson (1982)** - An entrepreneurial opportunity as those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production. Nevertheless, not all opportunities are entrepreneurial opportunities. The requisite is “the discovery of new means-ends relationships.
- **Venkataraman (2000)** - A General Theory of Entrepreneurship, Shane eliminates the profit requisite: “I define an entrepreneurial opportunity as a situation in which a person can create a new means-ends framework for recombining resources that the entrepreneur believes will yield profits.

- **Shane (2000)** - Who gave one of the most cited definitions, entrepreneurship is concerned with the discovery and exploitation of profitable opportunities. However, it is also necessary to make a distinction between the terms entrepreneurship and entrepreneurship research.
- **Davidsson (2004)** - The competitive behaviors that drive the market process, while the domain of entrepreneurship study is structured around the idea of the emergence of new business ventures.
- **G. Javalgi (2007)** - Information is provided concerning the current situation for SMEs in India and the challenges encountered as they face a business environment that is becoming more competitive. Several factors are identified that must be addressed before the SME can achieve international growth, specifically the utilization of technology. Special attention is given to the gaps in infrastructure that could enable a more efficient use of resources and the impact of entrepreneurship on the economic growth of the SME. Advancements in information technology and improvements in communication infrastructure have resulted in opportunities for SMEs to participate in global markets in both developing and developed countries. Since, governmental reforms in 1991, SMEs in India have been faced with new competitive intensity. Improvements in resource utilization make it possible to sell a variety of products and services from anywhere in the world, around the clock. This paper calls attention to ways in which Indian SMEs can become competitive.
- **Mohammed S. Chowdhury (2007)** - The findings indicated that to the extent that the political stability and rule of laws were enforced, infrastructure facilities were improved, and corruptions were rooted out, education and training were imparted, and financial help was provided, new and energetic entrepreneurs, for the development of SMEs, would emerge in the country. This study implies that a positive environment through encouragement and positive reinforcement of a stable socio-political climate for a sound market economy and specialized schools of entrepreneurs will foster a positive climate for the development of SMEs in Bangladesh. The limitations of the study are that it does not concentrate on a particular company type and does not include a region comprising many cities. Built on theories and researches on entrepreneurship, this paper captures the essence of identification of the constraints facing entrepreneurs and facilitating the identification of implementable strategies and approaches necessary for the promotion and strengthening of entrepreneurship in Bangladesh, thus constituting an aid to the policy makers, researchers, and businesses for improving the various aspects of entrepreneurship in Bangladesh in particular and in developing countries in general. Further research can be undertaken in this direction.
- **V.V.N. Murthy (2009)** - It is found that high price of raw materials, lack of marketing information and marketing of products are major problems faced by the entrepreneurs, followed by competition from small industries and absenteeism of labour. The majority (about 90.3 per cent) of the respondents did not want to make any complaint to government agencies. The findings help to know the problems faced by small-scale entrepreneurs in a developing country such as India and also help the policy makers to solve these problems.

- **Harry Matlay (2012)** - Results show that owner/managers of small family businesses have low levels of EET and hence higher needs. Lack of sufficient funds and low awareness about the availability of training are the most significant challenges for these family firms in accessing financial education and training. Factors such as level of education and training of the owner/manager were found to be major determinants of family firms take up of EET. This research paper makes an empirically rigorous contribution to a relatively under-researched aspect of small family businesses operating in India. The results established that EET is a prerequisite for economic growth in the agricultural sector of the Indian economy.

### RESEARCH METHODOLOGY

Research methodology deals with the research design used and methods used to present the study.

### RESEARCH DESIGN

The study has adopted **descriptive research** design, because this research study is concerned with describing the characteristics of a particular individual. This study is concerned with specific predictions, with narration of facts and characteristics concerning individual.

### SAMPLING DESIGN

#### Population

Size: Unknown

#### Sampling Unit

The respondents of the study are part of population of villages. Especially Panchayath Union Board Clerks are considered.

#### Sample Size

Among the 103 villages a sample of 97 villages was taken for the study. from each villages one respondent was taken for the survey.

### SAMPLING TECHNIQUE

Judgmental Sampling was followed for survey.

### DATA COLLECTION

#### Data Type

##### 1. Primary Data

**Data Collection method:** Questionnaire is used to collect the primary data.

## 2. Secondary Data

**Sources of Secondary Data:** Company file, Newspaper, Journals.

### Statistical Analysis

The methods followed for the analysis and interpretations of data are:

1. Chi-Square Test
2. Percentage Method
3. ANOVA

**1. Chi-Square Test:** Chi-Square is a non-parametric technique, most commonly used by a researcher to test the analysis. The main objective of chi-square is to determine whether significant differences exist among statistical tests used to determine if observed data deviate from those expected under a particular hypothesis. The chi-square test is also referred to as a test of a measure of fit or “goodness of fit” between data and dependency chi-square.

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

**2. Percentage Method:** Percentage refers to a special kind of ratio. It is used to make comparison between two or more series of data. They can be used to compare the relative items, the distribution of two or more series of data, since the percentages reduce everything to a common base and thereby allow meaningful comparisons to be made. Here only one factor is considered.

$$\text{Percentage} = \frac{\text{No of Respondents}}{\text{Total Respondents}} \times 100$$

**3. One way-ANOVA:** To find out the significance of difference between means of two or more samples. Analysis of variance, popularly known as ANOVA is a technique of “partitioning” the total variability observed into different sources, “known” and “unknown”.

In one way-ANOVA the data are classified according to only one criterion, i.e., only one hypothesis can be tested. In the first example given above, effect of the chemical is the criterion to be tested and the hypothesis could be whether there is any significant difference in yield increases due to the three chemicals. In the second example, method of teaching is the criterion and the hypothesis could be whether the novel method of teaching is superior to other methods or not. In two way-ANOVA, two criteria are considered simultaneously, that is, two sets of hypothesis could be tested.

## ANALYSIS AND INFERENCE

### CHI-SQUARE TEST

#### TABLE 1

**Chi-square test on education facilities and business knowledge.**

**Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between education facilities and business knowledge.

**Alternative Hypothesis (H1):** There is significant relationship between education facilities and business knowledge.

**Education Facilities \* Business Knowledge Crosstabulation**

		<i>Business Knowledge</i>			<i>Total</i>	<i>Pearson Chi-Square Value</i>	<i>P value</i>
		<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>			
Education Facilities	Satisfied	24	20	3	47	3.060	0.548
	Neutral	23	19	7	49		
	Dissatisfied	0	1	0	1		
	Total	47	40	10	97		

#### **Inference**

P value  $0.548 > 0.05$  hence  $H_0$  accepted, so there is no significant relationship between education facilities and business knowledge.

**TABLE 2**

#### **Chi-square test on competition and infrastructure**

**Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between competition and infrastructure.

**Alternative Hypothesis (H<sub>1</sub>):** There is significant relationship between competition and infrastructure.

Competition \* Infrastructure Crosstabulation  
Count

		<i>Infrastructure</i>			<i>Total</i>	<i>Pearson Chi-Square Value</i>	<i>P value</i>
		<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>			
Competition	Strongly agree	27	23	0	50	1.701	0.791
	Agree	20	21	1	42		
	Neutral	3	2	0	5		
	Total	50	46	1	97		

#### **Inference**

P value  $0.791 > 0.05$  hence  $H_0$  accepted, so there is no significant relationship between competition and infrastructure.

**TABLE 3**

#### **Chi-square test on bank availability and finance requirement.**



**Null Hypothesis (Ho):** There is no significant relationship between bank availability and finance requirement.

**Alternative Hypothesis (H1):** There is significant relationship between bank availability and finance requirement.

**Bank \* Finance Crosstabulation**

Count		Finance			Total	Pearson Chi-Square Value	P value
		Strongly agree	Agree	Neutral			
Bank	Yes	17	5	1	23	3.328	0.189
	No	55	19	0	74		
	Total	72	24	1	97		

**Inference**

. P value 0.189 > 0.05 hence Ho accepted, so there is no significant relationship between bank availability and finance requirement.

**ANOVA TEST**

**TABLE 4**

**ANOVA test on communication facilities and infrastructure.**

**Null Hypothesis (Ho):** There is no significant relationship between communication facilities and infrastructure.

**Alternative Hypothesis (H1):** There is significant relationship between communication facilities and infrastructure.

Communication

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.832	2	.416	1.402	.251
Within Groups	27.890	94	.297		
Total	28.722	96			

**Inference**

Significant value 0.251 > 0.05 hence Ho accepted, so there is no significant relationship between communication facilities and infrastructure.

**TABLE 5**

**ANOVA test on human resources availability and competition.**

**Null Hypothesis (Ho):** There is no significant relationship between human resources availability and competition.

**Alternative Hypothesis (H1):** There is significant different relationship between human resources availability and competition.

### ANOVA

Human resources

	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	.381	2	.190	.740	.480
Within Groups	24.176	94	.257		
Total	24.557	96			

### Inference

Significant value 0.480 > 0.05 hence Ho accepted, so there is no significant relationship between human resources availability and competition.

### FINDINGS

#### PERCENTAGE METHOD

- Most of the villages not have bank and ATM facilities.
- Newspapers and stationary shop facilities minimum in villages.
- Most of the villages have good communication, post office, recharge facilities and mobile tower.
- Most of the villages mainly doing manufacture of agriculture but agriculture products shops availability are low in villages.
- Most of the village people satisfied transport facilities.
- The general facilities like panchayat office and village officer office function fulfill or highly satisfied the people.
- Most of the villages having hospitals and satisfies village peoples.
- Most of the villages are getting education facilities which help to increase their illiteracy level.
- In villages most of the entrepreneurs mainly facing finance problem.
- In most of villages the entrepreneurs growth is moderate growth.

#### CHI-SQUARE TEST

- There is no significant relationship between education facilities and business knowledge.
- There is no significant relationship between competition and infrastructure.
- Finance requirement and bank availability these two variables are dependent.
- There is no significant relationship between bank availability and growth of entrepreneurs.

- There is no significant relationship between transport availability and growth of entrepreneurs.
- Finance availability and growth of entrepreneurs these two variables are dependent.
- There is no significant relationship between human resources availability and growth of entrepreneurs.

#### **ANOVA TEST**

- There is no significant relationship between communication facilities and infrastructure.
- There is no significant relationship between human resources availability and competition.
- There is no significant relationship between finance and human resources.

#### **SUGGESTIONS**

- The organization can involve in providing rural banking facilities and create the awareness.
- News reading is most important for improving business knowledge. It is suggested that the company can involve in providing library facilities as one of its awareness schemes.
- Most of the village people have mobile, so organization can make networking with mobile number for business development.
- Organization can concentrate in providing finance for agriculture product based business in the Lalkudi Taluk.
- It is suggested to give ideas to entrepreneurs about the cheap and best transportation route.
- Any awareness programme should be conducted through Panchayat office or by village officer.
- The Madura micro finance can create awareness to entrepreneurs about the business knowledge, guidance and giving ideas of how to face competition and how to face the problem in a critical situation.

#### **CONCLUSION**

The study on infrastructure availability for entrepreneurship development in Lalkudi taluk, the study care and special effects have been taken to make the study as specific as possible. The methodology typical proof to show that the study is scientific.

From the study, it is clear the most of villages are not having good infrastructure facilities for small scale entrepreneurship development. This study is also clearly states that the entrepreneur's expecting finance help and human resources availability, good infrastructure and good business knowledge to overcome these problems and competition. The government or private organization offers help for small entrepreneurs in Lalkudi taluk, they are ready to work hard and overcome the problem. The entrepreneurs will develop new business. Entrepreneurs growing percentage will increase the development of villages.

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