

Financial Problems of Entrepreneurs of Cane Industry

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Abstract

The main objective of this study is to investigate the financial problems of entrepreneurs of cane industry. Descriptive research method was adopted for this study using 50 valid questionnaires which were completed by selected entrepreneurs of cane industry. Simple random sampling technique was adopted for the study. Analysis tools such as descriptive statistics and multiple regression analysis were adopted in this study. The analysis found that lack of government support, existence of lengthy procedures to avail loan, delay in sanctioning the loan and highly difficult process to recover money from creditors are affected on cane industry growth. The remaining factor lack of witness shows not affected cane industry growth. The study concluded that the financial institutions should give the support without any partiality to the needy and deserving entrepreneurs of cane industry.

KEYWORDS: Financial Problems, Cane Industry, Descriptive Statistics and Multiple Regression Analysis

Introduction

Entrepreneurs of cane industry get external funds due to absence of tangible security and credit process to avail the loan facility is time-consuming that its delay frequently disappoints the entrepreneurs of cane industry. Lack of finance, high rate of interest and insufficient loan amount are the major problems which cane industry owners is bearing now days especially due to global recession tackled by cane industry owners include low level of purchasing power of rural members, lack of finance to start the business and reduced profits due to competitions, pricing of goods and services for the financial statements are hard to be maintained by lack of guarantees for raising up of loans, difficulty in raised capital through equity, dependence on small money lenders for the loans. They charge discriminating interest rates and enormous rent and property cost. These all problems generate a difficulty in raising money through loans poor people often have insufficient established forms of collateral securities to the offer. They are often excluded from traditional financial market. Financial problem is tackled by all members of cane industry owners. They face the problems at the time of starting as well as during operation of their business enterprises for problems in getting loan and subsidy, insistence of collateral security and margin money necessity, time taken to process loan, tight repayment schedule, poor financial management and maintenance of account. Problem in availing financial assistance, financing the enterprise is another problem tackled by the entrepreneurs of cane industry relies on family finance or at the maximum on partners and friends even among the few who sought financing from external sources. The main purpose of the study is to identify the financial problems of entrepreneurs of cane industry.

Review of Literature

Ghorude (2009) in his article” Micro finance for financial inclusion and sustainable rural development.” The study concluded that the commercial banks must provide a greater relation to self help groups providing them higher amount of bank loan. The non- governmental organization and bank officials as well as should engaged in formulation and growth of self help groups in rural India. The micro finance and self help groups’ movements are there in fancy but are gathering force. More innovations in form of business facilitators and correspondents will need for banks to raise their outreach for banks to ensure financial Inclusions.

Rajendran and Raya (2011) have described that the article analyses the problems and constraints faced by women self help group in Vellore district in Tamil Nadu. The researcher collected responses from 450 women respondents from two blocks in Vellore district in Tamil Nadu. The multistage sampling procedure employed, probability sampling has been applied up to a certain stage. Simple statistical tools were used to analyze percentage analysis, ANOVA. It is concluded that delay in getting loans, marketing of products and non availability of raw materials are the major problems

being in the older Self help groups experienced more problems than the members belonging to the newly formed groups.

Pawan et al. (2011) studied about "problems and prospects of small scale agro based industries: an analysis of Patiala district." There are 176 private sector rice mill units in the surveyed block (Patran) of the district. In the initial stage researcher approached 30 units. The data pertaining to their various problems has been analyzed by using weighted average score method only. The study found that Rice mill industry in Patiala district is in the crisis and facing the various problems regarding lack of financial assistance, improper marketing channel, high degree of breakdown of finished products and non availability of research lab for quality control.

Bhat (1998) has made a study of problems and prospectus of food processing industry in western Karnataka. He has studied 339 food processing units with the objective that the nature and extent of food processing industry, opportunities available to these industries, and future prospectus of processing industries. He has found that majority of food processing units are located in urban areas and their investment range is Rs. 1000000 or less. They have difficulties in production and marketing. Many units are totally unaware of the concession, subsidies, special incentives provided by the government. Power problem is a serious hurdle to these industries. The researcher has suggested that these industries should use proper selection system. There is need of market research activity to study the changing market environment. Traditional technology for production should be upgraded to maintain quality. There is need of centralized food testing laboratory.

Roodagi (2007) has made a study about problems and prospectus of small scale industries in Dharwad district. He has analyzed the growth trend and development parameters of SSI and financial and marketing aspects of SSI. He has found that (i) marketing assistance provided by government is inadequate (ii) there is a trend of rise in amount of investment, volume of production, employment, export. He has suggested that there is a need of appropriate marketing strategy, new entrepreneurial and technical skill, management and commercial know-how. SSI should develop professionalism and vision and there is need of proper training facilities for personnel to achieve higher productivity.

Statement of the Problem

Cane Furniture Industry one of the growing industries in India. It's playing very huge role in the economic stability of the large number of labours. Even though, the entrepreneurs of cane industry who facing many problems financial aspects. There are lack of government support, existence of lengthy procedures to avail loan, lack of witness, delay in sanctioning the loan and highly difficult process to recover money from creditors. Hence, to the study about the cane furniture industry is very important and significant. The researcher will mainly focus on facing financial problem in the entrepreneurs of cane industry.

Research methodology

Research design

To obtain better answer to the research question, a proper research design is to be framed (Cooper & Schindler 2001; Davis & Cosenza 1988). Based on the framed hypotheses of the research both descriptive and inferential statistics were adopted. Exploratory descriptive and casual designs are few research designs. This study is an exploratory type which tries to explore the financial problems of entrepreneurs of cane industry in Thaikkal, Kollidam, Sirkazhi T.K., Nagapatinam district, Tamilnadu.

Objective of the Study

To study the financial problems of entrepreneurs of cane industry

Hypothesis of the Study

There is no influence of financial problems on Growth of Industry towards entrepreneurs of cane industry.

Sampling Technique

Simple random sampling technique was adopted for the study. Srivastava (2008) there is only a less effort need to collect the data. Actually no pre plan of executing is there.

Data Collection

The sample size of the study is 50 in all. The study was conducted Thaikkal, Kollidam, Sirkazhi T.K., Nagapatinam district, Tamilnadu. Questionnaire with 5 point scale is used.

Reliability

For all the items in the questionnaire design the alpha was 0.82. This indicates high reliability of the items in the questionnaire. With these results the consistency, dependability and adoptability are confirmed.

Period of the Study

The study was carried from the Thaikkal, Kollidam, Sirkazhi T.K., Nagapatinam district, Tamilnadu between the periods of Nov 2015 to Dec 2015.

Statistical Tools Used

Analysis tools such as descriptive statistics and regression were adopted in this study.

Descriptive Statistics

Descriptive statistics is adopted for this study. Frequency analysis was performed to get knowledge about the measures of central tendency especially the Mean; with the help of the frequencies percentage analysis was also performed to get another idea about the consumers' distribution. Frequency distribution also leads to scatter study or standard deviation.

Multiple Regressions

Multiple regressions are used to find the influence of independent variables over the dependent variable.

Analysis and Interpretation

Table 1 showing Age of the Entrepreneurs of cane industry

Variable	Category	Frequency	Percent
Age	Up to 30 Years	17	34.0
	31 to 60 Years	23	46.0
	Above 60	10	20.0
	Total	50	100.0

Source: primary data

Most of the entrepreneurs belonging to the age group of 31 to 60 years (N=23) (46%), followed by the entrepreneurs in the age group of up to 30 years (N=17) (34%) and (N=10) (20%) of the entrepreneurs are in the age group of above 60 years category.

Table 2 affect of financial problem on entrepreneurs of cane industry growth in Thaikkal

Model Summary

R	R Square	Adjusted R Square	F	p
0.536	0.288	0.207	3.552	0.009

Source: primary data

Coefficients

SL.NO	Factors	B	SE	Beta	t	p
	Constant	3.330	1.103		3.020	0.004
1	Lack of government support	0.499	0.159	0.420	3.131	0.003
2	Existence of lengthy procedures to avail loan	-0.331	0.141	-0.303	-2.337	0.024
3	Lack of witness	-0.020	0.144	-0.018	-.140	0.889
4	Delay in sanctioning the loan	0.248	0.108	0.302	2.303	0.026
5	Highly difficult process to recover money from creditors	-0.230	0.110	-0.275	-2.085	0.043

Dependent Variable: Growth of cane industry

The regression analysis has been carried a sample of 50 and data considering job cane industry growth as a dependent variable and independent variables such as a lack of government support, existence of lengthy procedures to avail loan, lack of witness, delay in sanctioning the loan and highly difficult process to recover money from creditors. The reaction of the independent variables over cane industry growth has been studied by the regression analysis.

H₀: There is not affect of financial problem on entrepreneurs of cane industry growth in Thaikkal.

H_A: There is an affect of financial problem on entrepreneurs of cane industry growth in Thaikkal.

The F value obtained for the analysis is 3.552 which are significant at one percent level. Hence the assumed regression model may be considered as a good fit. The value of R² is 0.288 and implies that 28.8% of financial problems affect growth of cane industry.

Considering the significant individual regression coefficients, it is seen that the lack of government support shows (Beta – 0.420, t – 3.131, p – 0.003); existence of lengthy procedures to avail loan shows (Beta – -0.303, t – -2.337, p – 0.024); delay in sanctioning the loan shows (Beta – 0.302, t – 2.303, p – 0.026) and highly difficult process to recover money from creditors shows (Beta – 0.275, t – -2.085, p – 0.043). Hence, the p value is less than 0.050 and the null hypothesis is rejected and significant at 5% level.

The factor lack of witness shows (Beta – -0.018, t – -0.140, p – 0.889), hence, the p value is greater than 0.050 and the null hypothesis is accepted and not significance.

The analysis found that lack of government support, existence of lengthy procedures to avail loan, delay in sanctioning the loan and highly difficult process to recover money from creditors are affected on cane industry growth. The remaining factor lack of witness shows not affected cane industry growth.

Findings of the Study

The regression analysis has been carried a sample of 50 and data considering job cane industry growth as a dependent variable and independent variables such as a lack of government support, existence of lengthy procedures to avail loan, lack of witness, delay in sanctioning the loan and highly difficult process to recover money from creditors. The reaction of the independent variables over cane industry growth has been studied by the regression analysis. The F value obtained for the analysis is 3.552 which are significant at one percent level. Hence the assumed regression model may be considered as a good fit. The value of R² is 0.288 and implies that 28.8% of financial problems affect growth of cane industry. The analysis found that lack of government support, existence of lengthy procedures to avail loan, delay in sanctioning the loan and highly difficult process to recover money from creditors are affected on cane industry growth. The remaining factor lack of witness shows not affected cane industry growth.

Recommendations of the Study

- ❖ It is recommended that the financial institutions should give the support without any partiality to the needy and deserving entrepreneurs of cane industry.
- ❖ The Government must evaluate the perspective problems of entrepreneurs of cane industry before initiation any developmental strategy for them.

Conclusion

The main objective of this study is to investigate the financial problems of entrepreneurs of cane industry. Descriptive research method was adopted for this study using 50 valid questionnaires which were completed by selected entrepreneurs of cane industry. Simple random sampling technique was adopted for the study. Analysis tools such as descriptive statistics and multiple regression analysis were adopted in this study. The analysis found that lack of government support, existence of lengthy procedures to avail loan, delay in sanctioning the loan and highly difficult process to recover money from creditors are affected on cane industry growth. The remaining factor lack of witness shows not affected cane industry growth. The study concluded that the financial institutions should give the support without any partiality to the needy and deserving entrepreneurs of cane industry.

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