

A STUDY ON FINANCING OF SMALL SCALE ENTERPRISES BY THE FINANCIAL INSTITUTIONS IN REFERENCE TO DIBRUGARH DISTRICT, ASSAM

*Jasprit Kaur, **Prof. Ajanta Borgohain Rajkonwar

*Research Scholar, Department of Commerce, Dibrugarh University

**Dean, School of Commerce and Management Science; Professor, Department of Commerce; and Director of Centre for Management Studies, Dibrugarh University

ABSTRACT

Every enterprise big or small requires finance to run. The small scale sector is an important segment of our economy and these enterprises also require less finance in comparison to large enterprises. But even this small amount also cannot be ignored, as the owner may not have adequate funds at the time of initial setup of the enterprise or during the life span of the enterprise. The different financial institutions are playing a very important role in the upcoming of these enterprises and there are various government schemes also especially for the small scale enterprises. The paper is empirical in nature and the researcher has highlighted the financing pattern of small scale enterprises by the financial institutions. The objective of the study is to evaluate the financing of small scale enterprises by the financial institutions and to evaluate the financial assistance requirements of the small scale enterprises. The data is collected from both primary and secondary sources. The methodology adopted is convenient sampling and the owners of the enterprises are interviewed using interview schedule. The study is expected to get an answer to various questions regarding financing of small scale enterprises and inspire the entrepreneurs for the establishment of new small scale business units and also enable the expansion of old businesses thus leading to increased productivity, growth and development of the economy.

Keywords: Financing, Small Scale Enterprises, Financial Institutions, Dibrugarh district.

INTRODUCTION

Small scale enterprise is a very important component of the economy development of a country. Over the years this sector has acquired greater importance by playing a significant role in the industrialization and economic development of a country like India. The small enterprise may also be called as the seed bed of entrepreneurship as it is owned and managed by one or more individuals and is started with a less amount of investment using the local resources and the available technology to meet the local demands of the people. The government of India too has given this sector a very important place in the economic planning of the country.

Small scale enterprise is an enterprise that employs a small number of workers and its volume of sales is also low. It is generally privately owned by a sole proprietor or partners in partnership or

a limited company. A small scale enterprise is normally carried on in a limited or local area and the technology adopted is labour intensive with smaller capital investment in comparison to a large enterprise. The legal definition of a small scale enterprise may vary from country to country. In India there were various changes in the definition of a small scale enterprise from time to time and presently it is defined under the MSME Act 2006.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Small Scale Enterprises are classified in two Classes: (a) Manufacturing Enterprises- The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery. (b) Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, [vide S.O. 1642\(E\) dtd.29-09-2006](#) for a small enterprise is as under:

Manufacturing Sector: More than twenty five lakh rupees but does not exceed five crore rupees.

Service Sector: More than ten lakh rupees but does not exceed two crore rupees.¹

REVIEW OF LITERATURE

Savalia, (2006)², in his study on “Role of Small Industries Development Bank in India (SIDBI) in industrial development in Gujarat state (with special reference to small scale industries)” made an attempt to study the role of SIDBI in the development of SSI and examine the position of SSI in Gujarat. The study found that SIDBI has sanctioned the maximum amounts to the service industry and followed by infrastructure industry during the study period of 1999-2000 to 2003-04 and the states receiving maximum amounts are Maharashtra followed by Tamil Nadu and Gujarat, it also found that SIDBI has sanctioned and disburse the maximum assistance to the private sector followed by public sector and trust and the maximum amount was towards the establishment of new projects followed by modernization of the existing projects.

Vora, (2008)³ did a study on “Impact of selected banking system on small scale industries with special reference to Gujarat” selecting only those banks that satisfy the criteria of nationalized banks, to find the impact or finances of selected banking system on small scale industries and found that the bank credit target and the bank credit achievement in Gujarat for a period of five years (2002 to 2007) are highly positive related.

Babajide, (2011)⁴ did a study on ‘effects of microfinancing on Micro and Small Enterprises (MSEs) in Southwest Nigeria, to assess the contributions of microfinancing of the survival of MSEs in Nigeria, analyse the effects of microfinancing an MSE growth and expansion capacity and on the productivity of MSEs operators in Nigeria and examine the effects of non- financial services of microfinance institutions on MSEs business performance in Nigeria. The study found that the survival of micro and small enterprises (MSEs) depend largely on whether the enterprises are able to generate profit from the use of micro funds and easy access to micro credit. It also depends on regular participation of entrepreneurs in microfinance programmes and whether entrepreneurs are able to convert the profits made in a particular year to further investments.

Baby and Vasanthagopal, (2011)⁵ in their study on “Impact of Bank Credit on Agriculturists and MSMEs: An empirical study with reference to Kerala”, tried to asses the impact of credit on the employment , income and asset of the borrowers in the public and private sector banks in Kerala, considering the perception of the borrowers and officials. The study found that there is no significant change in the employment generation, income generation and asset generation of agricultural and MSME borrowers in the post-loan period when compared to the pre-loan period.

RATIONALE OF THE STUDY

The small scale enterprises require finance at the time of initial setup of the enterprise and during the life span of the enterprises too. There are different financial institutions that are playing a very important role in the upcoming of these enterprises and there are various government schemes also especially for the small sector. But there is a question that whether the financial institutions are fulfilling the financial requirements of these enterprises adequately as and when required and also whether these enterprises repay the credit provided to them in time.

So, the present study is conducted to get an answer to all these questions as small sector is an important segment of our economy and unemployment problem can be eradicated only with the development of more and more enterprises.

OBJECTIVES OF THE STUDY

- i. To evaluate the financing of small enterprises by financial institutions.
- ii. To evaluate financial assistance requirements of small enterprises.

RESEARCH QUESTIONS:

1. Whether financing of small enterprises by financial institutions is adequate.
2. Whether financial assistance requirements of small enterprises are sufficient.

SCOPE OF THE STUDY

The present study is limited to the Dibrugarh district of Assam. The study covers the small scale enterprises set up in the Dibrugarh district of Assam. The study is done with the help of an interview schedule interviewing the owners of the enterprises.

The study is done taking 13 enterprises of Dibrugarh district, Assam which are registered from 2007 to 2014.

RESEARCH METHODOLOGY

The research is done taking both primary data and secondary data. The primary data is collected with the help of interview schedule from the small scale enterprises of Dibrugarh district. A sample of 13 enterprises is taken using convenient sampling from the list of 45 enterprises registered under DICC from 2007 to 2014. The study is done from 1st August, 2016 to 15th September, 2016. The secondary data is collected from the various websites on the internet and different books and publications.

The sample taken is shown with the help of the table given below indicating the type of the enterprises (on the basis of products manufactured/ services provided) and the places from where they are taken:

TABLE -1 LIST OF ENTERPRISES ON THE BASIS OF PRODUCTS MANUFACTURED/ SERVICES PROVIDED

| PRODUCTS MANUFACTURED/ SERVICES PROVIDED | NO. OF ENTERPRISES | LOCATION |
|--|--------------------|--|
| Black tea | 7 | Balijan Mazhigaon (Naharkatia), Kachalupather (Tingkhong), Rajgarh, Beheating Industrial Estate |
| Plastic products | 1 | Beheating Industrial Estate |
| Jute bags and other jute products | 1 | Bokel |
| PVC pipe | 1 | Bokel |
| Wheat flour and other products | 1 | Mohanbari Hindugaon (Lahowal) |
| Tank stainless, Trolleys, Fabricated metal products, Bolt | 1 | Lahowal |

| | | |
|--|----|------------------------|
| threading, Mild steel, INGOTS | | |
| Hair dressing and other beauty treatment | 1 | Milan Nagar, Dibrugarh |
| TOTAL | 13 | |

SOURCE: DICC, DIBRUGARH

DATA ANALYSIS AND INTERPRETATION:

The analysis and interpretation of data is done with the help of different tables.

TABLE 2 TENURE OF THE ENTERPRISE:

| TENURE OF THE ENTERPRISE (in years) | NO. OF ENTERPRISES | PERCENTAGE |
|-------------------------------------|--------------------|------------|
| 0-2 | - | - |
| 2-4 | 3 | 23 |
| 4-6 | 3 | 23 |
| 6-8 | 1 | 8 |
| 8-10 | 6 | 46 |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 2 shows that 23 percent of the enterprises are 2-4 years old, 23 percent 4-6 years, 8 percent 6-8 years, and 46 percent are 8-10 years old. This shows that most of the enterprises are more than 8 years old and the businessmen are adequately running the enterprises and are taking the facilities of the financial institutions.

TABLE 3 TYPE OF THE ENTERPRISE:

| OWNERSHIP | NO. OF ENTERPRISES | PERCENTAGE |
|---------------------|--------------------|------------|
| SOLE PROPRIETORSHIP | 4 | 31 |
| PARTNERSHIP | 7 | 54 |
| COMPANY | 2 | 15 |

| | | |
|--------|----|-----|
| OTHERS | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table- 3 shows that 54 percent of the enterprises are partnership firms, 31 percent are sole proprietorship firms, and only 15 percent are in company form of organization. Most of the small scale enterprises are in the partnership form of organization. This shows that the enterprises prefer to start their business with their own support rather than totally depending on government and any financial institution.

TABLE -4 CLASSIFICATION OF OWNERSHIP AS PER GENDER:

| OWNER | NO. OF ENTERPRISES | PERCENTAGE |
|--------|--------------------|------------|
| MALE | 7 | 54 |
| FEMALE | 1 | 8 |
| BOTH | 5 | 38 |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 4 shows that 54 percent of the enterprises are owned by male, 38 percent are owned by both male and female partners and only 8 percent are owned by female. This shows that most of the small scale enterprises are run by male owners and females are the owners of the businesses only in name form and this might be to get some benefits like avoidance of tax, etc.

TABLE -5 EDUCATIONAL BACKGROUNDS OF THE OWNERS:

| QUALIFICATION | NO. OF ENTERPRISES | PERCENTAGE |
|---------------------|--------------------|------------|
| BELOW MATRICULATION | - | - |
| MATRICULATION | - | - |
| HIGHER SECONDARY | 1 | 8 |
| GRADUATION | 9 | 69 |
| POST GRADUATION | 3 | 23 |
| OTHERS | - | - |

| | | |
|-------|----|-----|
| TOTAL | 13 | 100 |
|-------|----|-----|

SOURCE: FIELD SURVEY

From table 5 it is found that 8 percent of the owners of the enterprises are higher secondary passed, 69 percent are graduates, and 25 percent are post graduates. This shows that the owners well educated for starting and running the business and they can easily take the advantage of the benefits provided by the financial institutions and the government.

TABLE -6 MOTIVATIONAL FACTOR OF THE ENTERPRISE:

| MOTIVATING FACTOR | NO. OF ENTERPRISES | |
|------------------------------------|--------------------|-----|
| INDEPENDENTLY STARTED BY THE OWNER | 8 | 62 |
| CAME FROM A FAMILY BUSINESS | 5 | 38 |
| ANY INSTITUTION GAVE THE IDEA | - | - |
| OTHER REASONS | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

It is found from table 6 that 58 percent of the enterprises are independently started by the owners and 42 percent have come from the family business. This shows that people are independently starting their businesses in the new areas and this is a very positive sign towards the development of the economy.

TABLE -7 SOURCES OF BUSINESS FINANCE:

| SOURCES | NO. OF ENTERPRISES | PERCENTAGE |
|------------------------|--------------------|------------|
| OWN FINANCE | - | - |
| BANK | - | - |
| DICC | - | - |
| ANY GOVT INSTITUTION | - | - |
| OWN FINANCE +LOAN FROM | 13 | 100 |

| | | |
|--|----|-----|
| BANK | | |
| OWN FINANCE+LOAN FROM DICC | - | - |
| OWN FINANCE + LOAN FROM GOVT. INSTITUTION | - | - |
| OWN FINANCE+LOAN FROM BANK+LOAN FROM DICC | - | - |
| OWN FINANCE+LOAN FROM BANK++ LOAN FROM GOVT. INSTITUTION | - | - |
| OWN FINANCE+LOAN FROM BANK+LOAN FROM DICC+ LOAN FROM GOVT. INSTITUTION | - | - |
| OTHERS | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 7 shows that 100 percent of the respondents have used their own finance and have taken loan from banks. This shows that financial institutions are playing an important role in fulfilling the credit requirements of the businessmen.

TABLE-8 PURPOSE OF LOAN TAKEN:

| PURPOSE | NO. OF ENTERPRISES | PERCENTAGE |
|-----------------------------------|--------------------|------------|
| STARTING OF THE BUSINESS | 8 | 62 |
| FURTHER EXPANSION OF THE BUSINESS | 2 | 15 |
| BOTH | 3 | 23 |
| OTHER | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 8 shows that 62 percent of the enterprises have take loan for starting the business, 15 percent have taken loan for further expansion of the business, and 23 percent have take loan both for starting the business and further expansion of the business. This shows that financial institutions play a vital role in the starting of the small scale enterprises.

TABLE-9 TYPE OF LOAN TAKEN:

| TYPE | NO. OF ENTERPRISES | PERCENTAGE |
|---|--------------------|------------|
| TERM LOAN (FOR INSTALLATION OF PLANT AND MACHINERY) | 2 | 15 |
| WORKING CAPITAL LOAN (FOR WORKING CAPITAL) | 1 | 8 |
| BOTH | 10 | 77 |
| OTHER | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 9 shows that 15 percent of the enterprises have taken term loan for installation of plant and machinery, 8 percent have taken working capital loan and 77 percent have taken both term loan and working capital loan. This shows that enterprises require finance from financial institutions throughout the year.

TABLE – 10 AMOUNT OF LOAN REQUIRED:

| AMOUNT | NO. OF ENTERPRISES | PERCENTAGE |
|---------------------|--------------------|------------|
| LESS THAN 25 LAKHS | - | - |
| 25 LAKHS – 1CRORE | 4 | 31 |
| 1 CRORE – 2 CRORES | 4 | 31 |
| 2 CRORES – 3 CRORES | - | - |
| 3 CRORES – 4 CRORES | 2 | 15 |
| 4 CRORES – 5 CRORES | 3 | 23 |
| MORE THAN 5 CRORES | - | - |

| | | |
|-------|----|-----|
| TOTAL | 13 | 100 |
|-------|----|-----|

SOURCE: FIELD SURVEY

Table 10 shows that 31 percent of the enterprises required loan from 25 lakhs to 1 crore, 31 percent from 1 crore to 2 crores, 15 percent from 3 crores to 4 crores, and 23 percent from 4 crores to 5 crores. This shows that enterprises require huge financial help from the financial institutions and which is more than 25 lakhs.

TABLE- 11 TIME TAKEN FOR GETTING THE LOAN:

| TIME TAKEN | NO. OF ENTERPRISES | PERCENTAGE |
|--------------------|--------------------|------------|
| LESS THAN 1 MONTH | 3 | 23 |
| 1 MONTH - 6 MONTHS | 6 | 46 |
| 6 MONTHS - 1 YEAR | 4 | 31 |
| MORE THAN 1 YEAR | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 11 shows that 23 percent of the enterprises received the loan within 1 month, 46 percent from 1 month to 6 months, and 31 percent from 6 months to 1 year. This shows that the time required for processing the loan by the financial institutions is a very long period and the entrepreneurs have to wait for 6 months or more for getting the amount.

TABLE 12 RECEIPT OF FULL AMOUNT OF THE AMOUNT OF LOAN APPLIED

| RECEIPT OF FULL AMOUNT OF LOAN APPLIED | NO. OF ENTERPRISES | PERCENTAGE |
|--|--------------------|------------|
| YES | 7 | 54 |
| NO | 6 | 46 |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 12 shows that 54 percent of the respondents received the full amount of loan applied and 46 percent did not receive the full amount of the loan applied. This shows that the financial

institutions are fulfilling the credit needs of the enterprises. The amount of loan which the respondents did not receive was the margin money which the owners have to bear.

TABLE- 13 UTILISATION OF LOAN FOR THE SAME PURPOSE TAKEN FOR:

| UTILISATION | NO. OF ENTERPRISES | PERCENTAGE |
|-------------|--------------------|------------|
| YES | 13 | 100 |
| NO | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table- 13 shows that 100 percent of the respondents utilized the loan for the same purpose they have taken loan for. The financial institutions are paying the amount direct to the vendors of plant and machinery, so there are less chances of diversification of loan.

TABLE - 14 REPAYMENT OF LOAN INSTALLMENTS IN TIME:

| REPAYMENT IN TIME | NO. OF ENTERPRISES | PERCENTAGE |
|-------------------|--------------------|------------|
| YES | 13 | 100 |
| NO | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 14 shows that 100 percent of the respondents repay the loan installments in time. This shows that the enterprises are being adequately run.

TABLE -15 CONVENIENCY OF THE INTEREST CHARGED BY THE INSTITUTION:

| CONVENIENCY | NO. OF ENTERPRISES | PERCENTAGE |
|-------------|--------------------|------------|
| YES | 13 | 100 |
| NO | - | - |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 15 shows that 100 percent of the respondents are convenient with the interest charged on the loans by the banks. The respondents responded that it is as per the RBI guidelines.

TABLE -16 SUBSIDY RECEIVED ON THE LOAN:

| SUBSIDY RECEIVED | NO. OF ENTERPRISES | PERCENTAGE |
|------------------|--------------------|------------|
| YES | 11 | 85 |
| NO | 2 | 15 |
| TOTAL | 13 | 100 |

SOURCE: FIELD SURVEY

Table 16 shows that 85 percent of the enterprises have received subsidy on the loan and 15 percent did not receive the subsidy. This shows that the government is providing adequate subsidies to the small scale enterprises.

TABLE -17 SATISFACTION OF THE SUBSIDY RECEIVED:

| SATISFACTION | NO. OF ENTERPRISES | PERCENTAGE |
|--------------|--------------------|------------|
| YES | 11 | 100 |
| NO | - | - |
| TOTAL | 11 | 100 |

SOURCE: FIELD SURVEY

Table 17 shows that 100 percent of the respondents who have received the subsidy are satisfied with the subsidy received.

TABLE - 18 KNOWLEDGE OF VARIOUS SCHEMES OF THE GOVERNMENT:

| KNOWLEDGE | NO. OF ENTERPRISES | PERCENTAGE |
|-----------|--------------------|------------|
| YES | - | - |
| NO | 13 | 100 |
| TOTAL | 100 | 100 |

SOURCE: FIELD SURVEY

Table 18 shows that 100 percent of the respondents are unaware of the various schemes of the government. This is an indication that the government, financial institutions and other agencies have to work more on the awareness of the people.

TABLE – 19 MARKETING OF PRODUCTS:

| MARKETING OF PRODUCTS | NO. OF ENTERPRISES | PERCENTAGE |
|--------------------------|--------------------|------------|
| LOCAL AREA ONLY | 1 | 8 |
| NEIGHBOURING TOWNS ALSO | 2 | 15 |
| WITHIN THE DISTRICT ONLY | - | - |
| WITHIN THE STATE ONLY | 1 | 8 |
| WITHIN THE REGION ONLY | 2 | 15 |
| OTHER REGIONS ALSO | 7 | 54 |
| ABROAD(EXPORTS) | - | - |
| TOTAL | 13 | 100 |

Table 19 shows that 8 percent of the enterprises are marketing their products within local area only, 15 percent within neighbouring towns also, 8 percent within the state only, 15 percent within the region only, 54 percent in other regions also, and none is marketing the products outside India. This shows that the enterprises are facing marketing challenges nationally and for these they require financial support from the financial institutions for facing the challenges.

TABLE – 20 EMPLOYEES

| EMPLOYEES | NO. OF ENTERPRISES | PERCENTAGE |
|--------------------|--------------------|------------|
| ASSAM ONLY | 5 | 38 |
| OUTSIDE ASSAM ALSO | 8 | 62 |
| TOTAL | 13 | 100 |

Table 20 shows that 38 percent of the enterprises have employees from Assam only, 62 percent of enterprises have from outside Assam also. The enterprises which have employees from outside Assam also have labourers from Assam only and other office staff from outside Assam also. The enterprises also responded that they are having labour problems very much.

TABLE – 21 PERCEPTIONS OF ENTREPRENEURS TOWARDS THE FINANCIAL INSTITUTIONS:

| SL NO. | PERCEPTION OF THE ENTREPRENEURS | AGREE | | DISAGREE | | TOTAL | |
|--------|---|-------|-----|----------|----|-------|-----|
| | | NO. | % | NO. | % | NO. | % |
| 1. | The Financial Institutions are adequately financing the small scale enterprises. | 11 | 85 | 2 | 15 | 13 | 100 |
| 2. | The procedure of obtaining finance from the financial institutions is simple and easy. | 3 | 23 | 10 | 77 | 13 | 100 |
| 3. | The financial institutions provide loans as and when required during the year. | 6 | 46 | 7 | 54 | 13 | 100 |
| 4. | The financial institutions provide adequate time in repaying the loan. | 13 | 100 | - | - | 13 | 100 |
| 5. | The financial institutions provide adequate subsidy for obtaining the loan. | 11 | 85 | 2 | 15 | 13 | 100 |
| 6. | The procedure of getting the subsidy is simple and easy. | 1 | 8 | 12 | 92 | 13 | 100 |
| 7. | The government has laid down adequate schemes for the small scale enterprises. | 11 | 85 | 2 | 15 | 13 | 100 |
| 8. | The security required for taking loan from the financial institutions is of very high amount. | 9 | 69 | 4 | 31 | 13 | 100 |

SOURCE: FIELD SURVEY

From the table 21 it is found that:

- i. 85 percent of the respondents agreed that the Financial Institutions are adequately financing the small scale enterprises.
- ii. 77 percent of the respondents disagreed that the procedure of obtaining finance from the financial institutions is simple and easy.

- iii. 54 percent of the respondents disagreed that the financial institutions provide loans as and when required during the year and 46 percent agreed to that.
- iv. 100 percent of the respondents agreed that the financial institutions provide adequate time in repaying the loan.
- v. 85 percent of the respondents agreed that the financial institutions provide adequate subsidy for obtaining the loan.
- vi. 92 percent of the respondents disagreed that the procedure of getting the subsidy is simple and easy.
- vii. 85 percent of the respondents agreed that the government has laid down adequate schemes for the small scale enterprises.
- viii. 69 percent of the respondents agreed that the security required for taking loan from the financial institutions is of very high amount.

PROBLEMS FACED BY THE ENTERPRISES

- i. There are many Assam bandhs called by the different organizations now and then and this leads to a very heavy lose in the business activities, both financially and practically.
- ii. The process of registration in DICC and the process of taking loans from the financial institutions is very lengthy and time consuming processes.
- iii. Getting skilled laborers is the acute problem of the enterprises and brain drain of skilled labourers.
- iv. The enterprises are facing power problem for which the enterprises have to run machineries using diesel sometimes, and this increases the cost of production.
- v. Instability of raw materials supply and rate.
- vi. Road and Transportation problem.
- vii. Difference in Vat rates in different states in India.
- viii. Uneven Geographical area leads in time consuming and costly transportation.
- ix. Competitors issue.
- x. Payment and credit issue always affects healthy financial position and reduces ROI.

FINDINGS

1. Most of the enterprises are more than 8 years old and the businessmen are adequately running the enterprises and are taking the facilities of the financial institutions.
2. Most of the small scale enterprises are in the partnership form of organization. This shows that the enterprises prefer to start their business with their own support rather than totally depending on government and any financial institution.

3. Most of the small scale enterprises are run by male owners and females are the owners of the businesses only in name form and this might be to get some benefits like avoidance of tax, etc.
4. The owners of the enterprises are well educated for starting and running the business and they can easily take the advantage of the benefits provided by the financial institutions and the government.
5. People are independently starting their businesses in the new areas and this is a very positive sign towards the development of the economy.
6. 100 percent of the respondents have used their own finance and have taken loan from banks. This shows that financial institutions are playing an important role in fulfilling the credit requirements of the businessmen.
7. Most of the enterprises have take loan for starting the business This shows that financial institutions play a vital role in the starting of the small scale enterprises.
8. Most of the enterprises have taken both term loan and working capital loan. This shows that enterprises require finance from financial institutions throughout the year.
9. Most of the enterprises have received subsidy on the loan. This shows that the government is providing adequate subsidies to the small scale enterprises.
10. 100 percent of the respondents who have received the subsidy are satisfied with the subsidy received.
11. 100 percent of the respondents are unaware of the various schemes of the government. This is an indication that the government, financial institutions and other agencies have to work more on the awareness of the people.
12. 100 percent of the respondents are convenient with the interest charged on the loans by the banks. The respondents responded that it is as per the RBI guidelines.
13. 100 percent of the respondents repay the loan installments in time. This shows that the enterprises are being adequately run.
14. More than 50 percent of the respondents received the full amount of loan. This shows that the financial institutions are fulfilling the credit needs of the enterprises. The amount of loan which the respondents did not receive was the margin money which the owners have to bear.
15. Most of the enterprises require huge financial help from the financial institutions and which is more than 25 lakhs.
16. The time required for processing the loan by the financial institutions is a very long period and the entrepreneurs have to wait for 6 months or more for getting the amount.
17. 100 percent of the respondents utilized the loan for the same purpose they have taken loan for. The financial institutions are paying the amount direct to the vendors of plant and machinery, so there is less chances of diversification of loan.
18. The enterprises are facing marketing challenges nationally and for these they require financial support from the financial institutions for facing the challenges.

19. Most of the respondents agreed that the Financial Institutions are adequately financing the small scale enterprises.
20. Most of the respondents disagreed that the procedure of obtaining finance from the financial institutions is simple and easy.
21. Many of the respondents disagreed that the financial institutions provide loans as and when required during the year and a few agreed to that.
22. 100 percent of the respondents agreed that the financial institutions provide adequate time in repaying the loan.
23. Most of the respondents agreed that the financial institutions provide adequate subsidy for obtaining the loan.
24. Most of the respondents disagreed that the procedure of getting the subsidy is simple and easy.
25. Most of the respondents agreed that the government has laid down adequate schemes for the small scale enterprises.
26. Most of the respondents agreed that the security required for taking loan from the financial institutions is of very high amount.

It is found from the analysis and interpretation of the different tables that the financial institutions are playing an important role in the financing of the small scale enterprises. The study has found answers to the research questions. For the research question 1 it is found that the financing of small scale enterprises is adequate (from tables 7, 8,9,11, 15, 16, and 21) and for the research question 2 it is found that the financial assistance requirements of small scale enterprises are sufficiently met by the financial institutions (from tables 12, 10,13 and 21).

SUGGESTIONS

- The documents desired should be reduced at the time of opening the industry, and then more enterprises will try to set up.
- The subsidy should be provided as early as possible. The persons should not have to wait much time for getting the subsidy, and then the enterprises will grow.
- The financial institutions and the DICCC should organize seminars jointly for starting the relevant businesses to cater to the needs of the society and the country.
- The entire process of registration of an enterprise should be made online and the viability of the project should be approved online only, the entrepreneurs need not submit documents unnecessarily again and again.
- The information regarding the registration and other project information should be shared by the DICCC directly to the financial institutions, so the entrepreneurs need not have to submit the same documents again at the time of getting the loan.

CONCLUSION

From the study it can be concluded that the financial institutions are adequately financing the small scale enterprises and the government is also working for the growth of the enterprises with adequate schemes. The entrepreneurs are unaware of the schemes of the government, so the entrepreneurs themselves and the government should work more for the awareness of the entrepreneurs. Although the financial institutions are adequately financing but the process is lengthy which in the competitive era demands to be made as easy as possible. If the entire process of financing and set up of an enterprise is made easier, many new small scale enterprises will be inspired and established in the rural areas leading to the development of the rural areas and the economy.

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