



# PROBLEMS FACED BY MICRO- ENTREPRENEURS IN NARGUND TALUK OF GADAG DISTRICT, KARNATAKA, INDIA

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## ABSTRACT

In India, almost 73% of the population lives in rural areas with agriculture being the major source of their income. The economy of nation mainly depends on living standards of rural folk. A micro entrepreneur utilizes the limited capital in resourceful way to improve the earnings and declining expenditures. The small scale ventures play a considerable responsibility in progress of state.

MSMEs (Micro, Small, Medium, Enterprise) in India encounter many obstacles due to the inadequate funds from banks, inefficient technologies, marketing hurdles (problems) as well as non-availability of suitable human resource. The major aim of the study was to investigate the problems, success and satisfaction of micro-entrepreneurs in Nargund taluk of Gadag district. The respondents opined that the major motive was to earn better revenue. The objectives were to find out the problems faced by the micro entrepreneurs in Nargund taluk of Gadag district; assess the major source of capital of micro enterprise; know the measures taken by entrepreneurs for competition in business. Sample size was 100 micro entrepreneurs in Nargund taluk, purposive random technique was used to select the samples while data was collected using a structured interview schedule.

From the present research it was discovered that, majority of the respondents lived in nuclear families where most of them were cut fruit vendors, chat vendors and fried snacks vendors. It was clear that ease of management of the trade was the prominent reason to opt for the particular business.

**Key words:** Micro entrepreneurs, purchasing power, lack of financial stability, economic development.

## INTRODUCTION:

After over five decades of Independence and Industrialization in our country, still a large part of the population remains under poverty line. Agriculture continues to be the back bone of rural society. Around seventy per cent of holdings held by small and marginal farmers resulted in overcrowding on the agricultural land and diminishing farm produce. This also resulted in migration of farm workers in large numbers to the urban areas. In both the cases the population remained under poverty line. (Sandeep Saxena July-august- 2012)

"National Policy on Street Vendors - 2001" of the Ministry of Urban Development of Poverty Alleviation stated that Mumbai had the largest number of street vendors, and women constituted a large chunk of street vendors. In almost every city, urban vending was not only a source of employment, but provided affordable services to the majority of the urban population.

According to the study by **Dr. R. Kuruppuswam** there were many problems among the micro entrepreneurs. The important problems were financial, marketing, social and psychological problems. The degree of problems varied among the male and female entrepreneurs. The female entrepreneurs' perception of the problems was higher among than the male entrepreneurs. But at the same time, female respondents stated there were more opportunities to micro enterprises. The level of perception on problems was significantly associated with the profile of entrepreneurs especially personality trait. The highly indebted entrepreneurs highly perceived the problems.

## THEORITICAL FRAMEWORK

### OBJECTIVES:

**The main objectives of the study were:**

1. To find out the problems faced by the micro entrepreneurs in Nargund taluk of Gadag district.
2. To assess the major source of capital of micro enterprises.
3. To know the measures taken by the entrepreneurs for competition in business.

### HYPOTHESIS:

- Micro entrepreneurs in Nargund taluk do not face any problems.

## POPULATION AND SAMPLE

- Information was elicited regarding the problems faced by micro –entrepreneurs in Nargund taluk of Gadag district, by using the survey method from 100 micro entrepreneurs in Nargund taluk. An interview schedule consisting of questions, both general information and specific information regarding problems of micro entrepreneurs was prepared and used as tool for data collection.
- A pilot study was conducted on 10 percent of the sample to test the reliability and validity of tool selected for the study and feasibility of the present study. Based on the results of pilot study, necessary modifications were made.
- In order to obtain the required information, the investigator personally contacted the respondents and explained the main objectives of the study so as to enable appropriate answering of the questions. After the interview schedule was filled, data collected

through survey method was tabulated and analyzed using percentage method. Appropriate statistical tests were applied wherever necessary.

## RESULTS AND DISCUSSION:

Socio demographic data revealed that 41 percent of entrepreneurs were in the age group of 36-40 years followed by 36 percent in range of 41-45 years; and 23 percent in the age group of 26-35 years. Regarding gender, 70 percent of respondents were men and 30 percent of the respondents were women. All the respondents were married. Also, it was found that 43 percent of entrepreneurs completed their primary school followed by illiterate (32%) and high school (25%). Most (52%) of respondents were from nuclear families followed by joint families (48%). Regarding family size, majority (60%) of the respondents had between 4-5 family members; followed by 2-3 family members. Most (46%) of the respondents' income range was between Rs.10000 – 20000 followed by those who earned below Rs.< 10000 (39%). With regard to housing, majority (65%) of respondents lived in their own houses followed by living in rented houses.

**TABLE – 1**

### **Classification of Respondents Based on Type of Micro enterprise**

**N=100**

No.	Type of Micro enterprise	Respondents	
		Number	Percent
1	Chat vendors	26	26.0
2	Jalebi vendors	22	22.0
3	Fried snacks vendors	26	26.0
4	Cut fruit vendors	26	26.0
	<b>Total</b>	100	100.0

Table 1 and Fig.1 reveals type of micro enterprises by the respondents. The main types of micro enterprises were mainly chat vendors, fried snacks vendors and cut fruit vendors being 26 percent each. This was followed by jalebi vendors (22%).

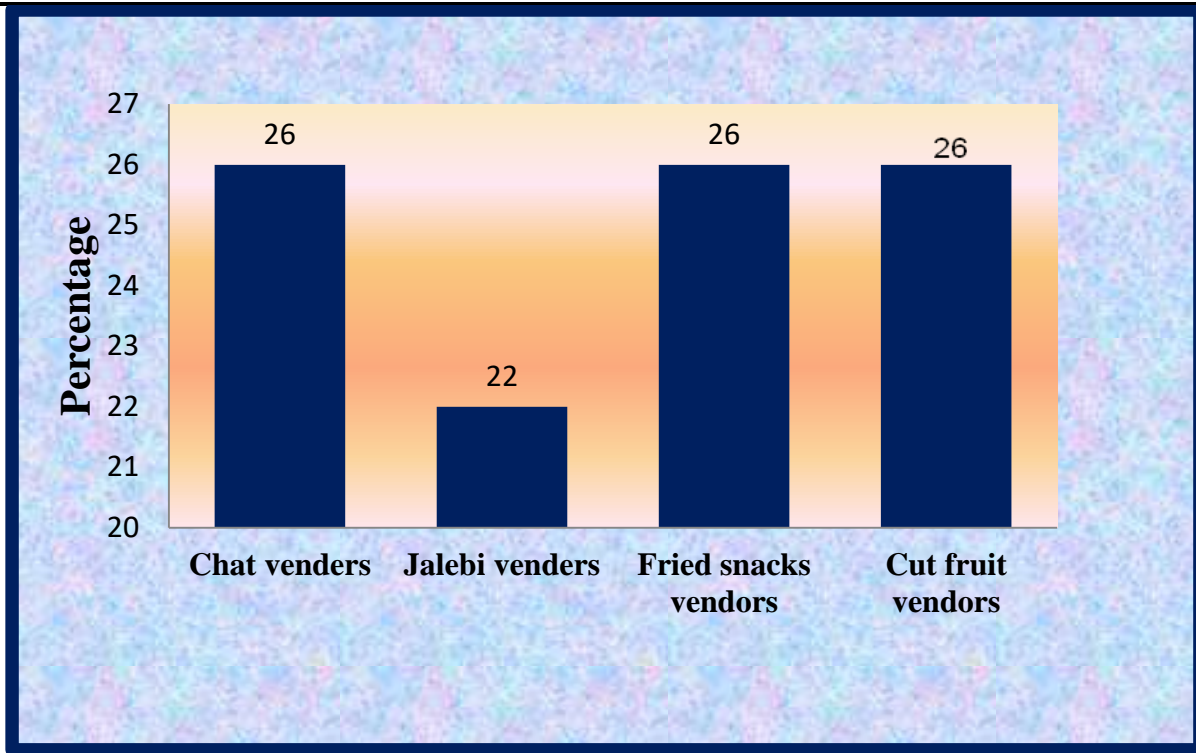


figure no:1 type of micro enterprise

TABLE – 2

### Response on Type of Measures Undertaken for Competition in Business

N=100

No.	Type of measures	Respondents	
		Number	Percent
1	Keeping good quality of products	83	83.0
2	Reasonable price	63	63.0
3	Fulfilling customer's needs	64	64.0
4	Attractive Packing of the product	48	48.0
5	More number of product varieties	37	37.0
6	Hygiene of the product	53	53.0
7	Freshness of the product	57	57.0

Table-2 deals that majority (83%) of respondents kept good quality of products as a measure for competition in business followed by fulfilling the customer needs (64%) and reasonable price (63%). Freshness of the product was stated by 57 percent of the respondents as the measure against competition in the business followed by hygiene of the product (53%), and 48 percent of the respondents using attractive packing followed by selling more number of product varieties (37%).

TABLE – 3

## Frequency of Problems Faced During Microenterprise

N=100

No.	Reasons	Response (%)		Average	Ranking
		Always	Sometimes		
I	Financial	80.0	20.0	90.0	I
II	Marketing	53.0	47.0	76.5	II
III	Infrastructural	11.0	89.0	55.5	VII
IV	Raw materials	28.0	72.0	64.0	IV
V	Management	17.0	83.0	58.5	V
VI	Health	12.0	88.0	56.0	VI
VII	Personal	29.0	71.0	64.5	III

Table-3 shows that frequency of problems faced during business. The first rank was given for financial problem; second rank for marketing ;third rank for personal; fourth rank for raw materials; fifth rank for management; sixth rank and seventh rank for health problem and infrastructural problem respectively.

TABLE – 4

## Response on Domain Wise Difficulties Faced While Selling Products

N=100

No.	Major Domains	Difficulties Response (%)	
		Mean	SD
I	Financial	65.4	25.7
II	Marketing	66.6	23.8
III	Infrastructural	60.6	28.5
IV	Raw materials	67.0	28.8
V	Management	63.2	29.8
VI	Health	60.3	28.4
VII	Personal	63.4	27.3

Table-4 revealed the domain wise difficulties faced by the respondents while selling products. Data analyzed showed standard deviation of 29.8 for management difficulties; followed by 28.8 for raw materials, 28.5 for infrastructural, and 28.4 for health difficulties. Standard deviation of 27.3 was observed for personal difficulties faced by the respondents followed by 25.7 for financial difficulties and 23.8 for marketing difficulties.

Table – 5

## Degree of Risk Faced Since Outset of the Microenterprise

N=100

No.	Risk options	Response (%)		Average	Ranking
		High	Moderate		
1	Customers unavailability	62.0	38.0	87.3	II
2	Improper location	52.0	48.0	84.0	IV
3	Competition	61.0	39.0	87.0	III
4	Expectation of customers	49.0	51.0	83.0	V
5	Unawareness on business	40.0	60.0	80.0	VI
6	Marketing fluctuation	73.0	27.0	91.0	I

Table-10 shows that degree of risk faced since started business. First rank was given for marketing fluctuation since they had started business; second rank for unavailability of customers; third rank for competition; fourth rank for improper location; fifth and sixth rank for expectation of customers and unawareness on business respectively.

TABLE – 6

## Solutions Taken to Solve Entrepreneurial Problems

N=100

No.	Solutions	Respondents	
		N	%
1	Using own experiences and knowledge	70	70.0
2	Through cooperation of family members	62	62.0
3	Through cooperation of friends/Relatives	64	64.0
4	Taking advice of experts in the concerned field	49	49.0
5	Help from government agencies	50	50.0

Table 6 shows that majority (70%) of the respondents had taken solution to solve entrepreneurial problems using own experience and knowledge followed by through cooperation of friends /relatives (64%), and 62 percent of respondents had taken solution to solve problem taken help from government agencies followed by taking advice of experts in the concerned field (49%).

## SUMMARY

The micro-entrepreneurs with their ability to scan, identify and analyze opportunities in the environment transform them into business proposition through creation of major economic entities there by channelizing the resources from less productive to more productive use create wealth (**Prabhat Kumar Ojha may 2016**). This study was conducted to elicit the information and problems faced by micro- entrepreneurs; solutions to solve the problems and reasons for starting the business among the entrepreneurs in Nargund taluk of Gadag district.

### **The results of this study have been summarized as follows:**

Hundred respondents were selected for this study with both men and women. It was found that most of entrepreneurs were in the age group of 36-40 years followed by in range of 41-45 years. Regarding gender, majority of respondents were men. All the respondents were married. Also, it was found that most of entrepreneurs completed their primary school followed by illiterate .

It can be seen that most of respondents were from nuclear families; Regarding family size, majority of the respondents had between 4-5 family members; Most of the respondents' income range was between Rs.10000 – 20000; With regard to housing, majority of respondents lived in their own houses.

The main types of micro enterprises by the respondents were mainly chat vendors, fried snacks vendors. It could be observed that majority of respondents kept good quality of products as a measure for competition in business followed by fulfilling the customer needs: frequency of problems faced during business. The first rank was given for financial problem; second rank for marketing, domain wise difficulties faced by the respondents while selling products. Data analyzed showed standard deviation of 29.8 for management difficulties; followed by 28.8 for raw materials, Considering degree of risk faced since started business, first rank was given for marketing fluctuation since they had started business. It was also seen that majority of the respondents had taken solution to solve entrepreneurial problems using their own experience and knowledge followed by cooperation of friends and relatives.

## CONCLUSION:

### **The major findings of this study:**

- Majority ( the prominent number of sample) of them kept excellent quality of products as a measure for competition in business.
- The main problem of micro entrepreneurs was appearing to be the lack of capital followed by marketing problems.
- Majority of the micro entrepreneurs solved their business obstacles using their self practice and skills.

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