To Analyze the Challenges of Unregistered Start-ups in Satna, M.P

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ABSTRACT

In the recent years we have seen a negative impact of informal sector entrepreneurship though it has offered many significant benefits to the society. This paper advances the rethinking on the matter by evaluating the relationship between registration of a business and its future performance. Until now the assumption has been that unregistered start-ups are linked to weaker firm performance.

Keywords:Entrepreneurship, firm's performance, informal sector, start –ups, unregistered firms.

1.   INTRODUCTION

In today's scenario, unregistered business covers most of the rural market and a substantial part of the urban market. It includes activities carried out by small and family enterprise, partly and wholly with family labour. This business is marked by low incomes, unstable and irregular employment and lack of protection either from legislation or trade unions.The unregistered business mainly uses indigenous technologies. The contributions made by the unregistered business to the national income, is very substantial as compare to that of the registered business. It adds more than 60% to the national income while the contribution of the registered business is almost half of that. The unregistered business develops the Indian economy invisibly. Most of rural and urban people are continuing their family business because of lack of employment opportunities.

2.   OBJECTIVES OF THE STUDY

1.   To analyze the family background of men and women entrepreneurs.

2.   To study their literacy level

3.   To identify their financial assistance

4.   To identify the problems encountered by them in setting up the business

5.   To analyze the encouraging and discouraging factors for becoming successful

3.   RESEARCH METHODOLOGY

Research methodology is a systematic way to solve the research problem. We need to understand the exemptions underlying various techniques and the criteria by which we can decide that certain techniques and

procedures will be applicable to certain problems. In other words, a system of model, procedures and techniques used to find the results of the problem. Hence, the research methodology of the study is as follows:

1.   RESEARCH DESIGN

This research plan will include the descriptive and survey research design to observe and concentrate on the underlying problems of the unregistered start-ups. The descriptive design help us define various facts of different businesses. The survey helped us to look at the problem in a comprehensive way, including all the survey research methods like in-person and telephonic interviews and online questionnaires.

2.   SAMPLE DESIGN

Since the study has been done with the reference to the unregistered start-ups in Satna it is planned to study approximately 100 unregistered businesses of approximately 20 categories. The selected categories that come under is the study are

3.2.1   Vegetable vendors
3.2.2   Potters
3.2.3   Tuition teachers
3.2.4   Beauty parlours
3.2.5   Tailors
3.2.6   Beedi makers
3.2.7   Bangle Vendors
3.2.8   Tiffin Centre
3.2.9   Washer men and women
3.2.10   Betel leaf seller, etc.

3.   DATA COLLECTION

3.3.1 Primary data- The first and primary data has been collected through structured questionnaires
3.3.2 Secondary data–The secondary data which helped us to gather relevant information about the unregistered businesses were journals, local newspapers and internet.

4.   DATA ANALYSIS

The questionnaire helped us to extract the data on following points which has been analysed on the basis of percentage analysis and personal judgement of the situations.

3.4.1   Age of the entrepreneur
a.   Below 18 years

b.   18years to 30years

c.   30years to 40years

d.   40years and above

Interpretation: This question helped us to get the personal information about the age of the self employed men and women. We found 40% men and women in the age group between 18 to 30 years, 30% above the age of 40 years, 25% in the age group of 30 to 40 years and least that is 5% under the age group of below 18 years.

3.4.2   Age of the entrepreneur when he or she started the business

a.   Below 20 years

b.   20 to 30 years

c.   30 to 40 years

d.   40 years and above

Interpretation: This question helped us to know that at what age mostly men and women got involved in business activities. We came to know that 67% of them started their business at the age between 20 to 30 years, 16% between the age of 30 to 40 years, 12% started when they were above at 40 years and 5% started the business activities when they were below 20 years.

3.4.3   Marital status of the entrepreneur

a.   Single

b.   Married

c.   Divorced

d.   Widowhood

Interpretation: Through this question we came to know the marital status of the self employed men and women. We came to know that 51% of them were married, 24% where unmarried, 21% were in widowhood and 4% of them were divorced.

3.4.4   For how long have they been doing the business

a.   Below five years

b.   Between 5 to 10 years

c.   Between 10 to 15 years

d.   15 years and above

Interpretation: This question help us to know the time period they have been into the business. We came to know that 40% of them has been doing the business from less than 5 years, 25% has been doing it from 5 to 10 years, 23% from 10 to 15 years and 12% from more than 15 years.

3.4.5   Monthly income of the entrepreneur

a.   Below Rs.2500

b.   Between Rs.2500 to Rs.5000

c.   Between Rs.5000 to Rs.7500

d.   Rs.7500 and above

Interpretation: Through this question we came to know the monthly income of the people involved in unregistered business and we came to know that 35% of men and women earned less than Rs.2500 per month, 30% on Rs.2500 to Rs.5000 per month, 25% earned between Rs.5000 to Rs.7500 and only 10% of the sample earned more than Rs.7500 per month.

3.4.6   Number of members in the family

a.   Less than four people

b.   Between 4 to 8 people

c.   Between 8 to 12 people

d.   More than 12 people

Interpretation: Through this question we came to know that 50% of the sample size have 4 to 8 members in the family, 26% had 8 to 12 members, 18% had below 4 members and 6% of them had above 12 members in the family.

3.4.7   Educational background of the entrepreneur

a.   Primary education

b.   Secondary education

c.   Diploma in any field

d.   Degree in any field

Interpretation: This question help us to know the literacy level of the self-employed people. We came to know that 40% of them where literate at primary level, 25% of them had some degree, 21% of them were literate at secondary level and 14% of them were diploma holders.

3.4.8   Any training taken before or after the start of business

a.   Training before starting of business

b.   Training after starting of business

c.   No training

Interpretation: Through this question we came to know that 82% of the sample did not take any type of training, only 10% of them had taken up training after the start of the business and 8% has taken training before starting up of the business.

3.4.9   Family background of the entrepreneur

a.   Agriculture

b.   Service

c.   Business

d.   Other

Interpretation: This question helped us to know the family background of the sample and thus we got to know that 50% of the men and women followed their specific family business, 17% had agriculture and services background and 16% have other background.

3.4.10   Support from the family for the business

a.   Not at all

b.   Somewhat

c.   Moderate

d.   Very much

Interpretation: Through this question we came to know that 63% of the entrepreneurs have a lot of support from the family while 29% of them had moderate support and 8% had no support from the family.

3.4.11   Major financial sources to start the business

a.   Loan from banks and financial institutions

b.   Previous savings

c.   Help from family and friends

d.   Not required

Interpretation: This question help us to know major financial sources of the entrepreneurs and we found that 50% of them use their savings, 30% of them got financial support from their family and friends, 15% did not require any type of financial support and 5% of them borrowed loans from banks or financial institutions.

3.4.12   Financial contribution from the business in household expenditure

a.   Not at all

b.   Somewhat

c.   Moderate

d.   Complete

Interpretation: This question led us to know that 34% of the self-employed people contributed moderately to their household expenditures, 29% had complete management of their household expenditures, 23% of them contributed less in household expenditures while 14% of them did not contribute anything for their household expenditures.

3.4.13   Source of motivation for the business

a.   Family needs

b.   Friends advice

c.   Societal needs

d.   Others

Interpretation :Through this question we came to know the motivational factors of the entrepreneurs and we came to know that 57% of them got motivated for the business to satisfy their family needs, 22% of them got motivated from the society and 21% of them has been advised by their friends.

3.4.14   Societal criticism for the business

a.   Not at all

b.   Somewhat

c.   Moderate

d.   Very much

Interpretation: This question helped does to know that how often society criticised the unregistered business people and we came to know that 60% of them are never criticised by the society, 25% of them has to face it sometimes, 10% of them face it moderately and only 5% of the businesses has been highly criticised.

3.4.15   Initial problem faced while starting the business

a.   Financial problems

b.   Family and social obstacles

c.   Lack of experience

d.   No problem

Interpretation: This question helped us to know the types of problems faced by the start-ups initially. We came to know that 40% of the men and women did not face any problem while 34% of them faced financial problems, 18% of them had a lack of family support while 8% of them has to face lack of experience in their business.

3.4.16   Most prominent problem faced due to area of business

a.   Transportation

b.   Customer trust and satisfaction

c.   Time management

d.   Seasonal problems

Interpretation: Through this question we came to know the prominent problems faced by the self employed men and women due to the area in which they have been working and we came to know that 64% of them had to face time management problems and customers trust and satisfaction problems.While the rest have to face transportation and seasonal problem.

3.4.17   Types of conditions that led to start the business

a.   Family problems

b.   Financial problems

c.   Personal ambitions

d.   Others

Interpretation: This question helped us to know those conditions which influenced the respondents to start up their business and we came to know that 40% of them has started the business due to financial problems, 33% of them had family problems and 27% of them had their personal ambitions to take up the business.

3.4.18   Influence of problems on personal life

a.   Strongly agree

b.   Agree

c.   Disagree

d.   Strongly disagree

Interpretation: Through this question we came to know that the problematic conditions influence personal life or not and we came to know that 39% of the population agree that their personal life is affected. Also 24% strongly agree on this while 27% strongly disagree and 10% of them disagree that above problems do not affect their personal life.

3.4.19   Satisfaction with the business

a.   Complete

b.   Moderate

c.   Somewhat

d.   Not at all

Interpretation: Through this question we came to know the satisfaction level of the self-employed people and we came to know that 46% of them are moderately satisfied from their business while 44% of them are completely satisfied. Also 6% are not at all satisfied and 4% are somewhat satisfied.

3.4.20   Information regarding government schemes for start-ups

a.   Yes

b.   No

Interpretation: Through this question we came to know that do the unregistered business owners have any information about the government schemes regarding the start-ups and we came to know that 80% of them did not have any information on it and 20% of them had the information about the government schemes.

5.   FINDINGS

From the above interpretations we have concluded certain findings of the study which are as follows:

3.5.1   Most of the owners of unregistered business are uneducated.

3.5.2   Majority of them have financial problem as the major problem for doing their business.

3.5.3   Also transportation and time management is also an important obstacle in doing the business.

3.5.4   Most of the persons have started their businesses because of financial conditions and family problems and also agree that these conditions affect their personal life.

3.5.6   Majority of them has been into the business to give a good life to their family.

3.5.7   And most of all majorities of them had no information on government schemes for start-ups and have lack of awareness on the various facilities provided by the government.

4.   SUGGESTIONS

1.   Awareness should be created among the lower sections of the society so that they can come to know about the various government facilities and policies for not only registering the business but also taking of benefits provided for this sector.

2.   It is the major responsibility of the upper sections of the society who are into registered and developed businesses and services to help and support and create awareness in the society and hence work for nation's pride.

3.   Special on door training should be given to the female section of the society so that they do not have to travel to learn various aspects of business.

5.   LIMITATIONS OF THE STUDY

The purpose of this section is to specify the factors that may affect the findings of the study. During the research a number of problems were faced, due to which the internal as well as external validity of a research findings may be affected.

1.   Most of the men and women were not educated and hence were not able to understand the questions.

2.   Some family members did not allow us to meet the respondents.

3.   Many respondents especially females did not talk about their problems openly due to family and social pressures.

4.   Some of the self-employed people did not want to provide data and hence could not support our study.

6.   CONCLUSION

Hence we can conclude from the study that majority of the self-employed people with unregistered businesses have lack of awareness on various government policies and facilities for start-ups. Also, there is not so much willingness also to know about it also. This is because most of the respondents where illiterate and overburdened with family and business responsibilities and hence could not manage to spare time to collect information on the government schemes and policies.

We as a responsible citizen of the country have the responsibility of making aware each and everyone around us about the various schemes and policies provided by the government for starting and setting up of businesses. As

the study says that the revenue from these business forms a major part of the national income and hence if supported and channelised can help the nation to do a lot more than this in the international market.

People who have set up small-scale industries after registering their small-scale businesses and taking up the advantages of government schemes and policies have even led to export their products in the international markets and helping the nation and society with the revenue. This also helps a lot more people to join in the businesses and hence helping to solve the problem of unemployment of the rural and backward area. Our small effort of spreading the awareness will also help the effective implementation of each and every scheme that the government is providing and finally helping the firms to improve their performances.

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