



Mass Entrepreneurship in Tamil Nadu Survey Report

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-Team Poornatha



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I- INTRODUCTION AND RESEARCH DESIGN

Background & Objectives of the Study

This report is the result of a first of its kind survey focussed on Mass Entrepreneurship in India, recreating the narrative of entrepreneurship for students – and highlighting Mass Entrepreneurship as a possible career opportunity.

This study broadly looks to understand the Micro and Small Enterprises landscape within the MSME Sector in Tamil Nadu, India.

What are Micro, Small & Medium Enterprises (MSME)?

Definitions of Micro, Small & Medium Enterprises as per the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

1. **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. Manufacturing Enterprise are **defined in terms of investment in Plant & Machinery.**

2. **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) dated 29-09-2006 are as under

<u>Manufacturing Sector</u>	
Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty-five lakh rupees

Small Enterprises	More than twenty-five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
<u>Service Sector</u>	
Enterprises	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees:
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

There is a general consensus that entrepreneurs in the Micro, Small and Medium Enterprises (MSME) sector are underserved in terms of support ecosystem available to them from Governments, Non-Profits and For-Profit Ventures. The support ecosystem refers to the funding aspect, knowledge aspect, the know-how & know-what aspect and technological support aspect. This becomes truer especially for the micro and small entrepreneurs who contribute 29% to the GDP and provide 100 million Jobs.

However, for the purpose of this study we have used the term Mass Entrepreneurs to define the population of entrepreneurs. It was necessary to deviate from the MSME definition for the following reasons:

- The amount invested by small entrepreneurs in their business over the years is not easily measurable and more importantly not comparable especially with that on another enterprise which may be a family business
- The MSME Development (Amendment) Bill proposes classifying MSMEs based on annual turnover rather than current parameters of investment in plant and machinery or equipment.



-
- Needs and challenges of organizations also change based on the number of people they employ

“Mass entrepreneurship” refers to the millions of ordinary local businesses that typically hire five or more people, use local inputs and serve local needs in every community. These range from a beauty salon or a food caterer to a motorbike repair shop or artisan collective.

Criteria for choosing Mass Entrepreneur for the survey:

- Turnover – between Rs. 5 lakhs and Rs. 10 Crore.
- Number of Employees to – Minimum 1 to Maximum 20.
- The Business should be Minimum 1 year old.

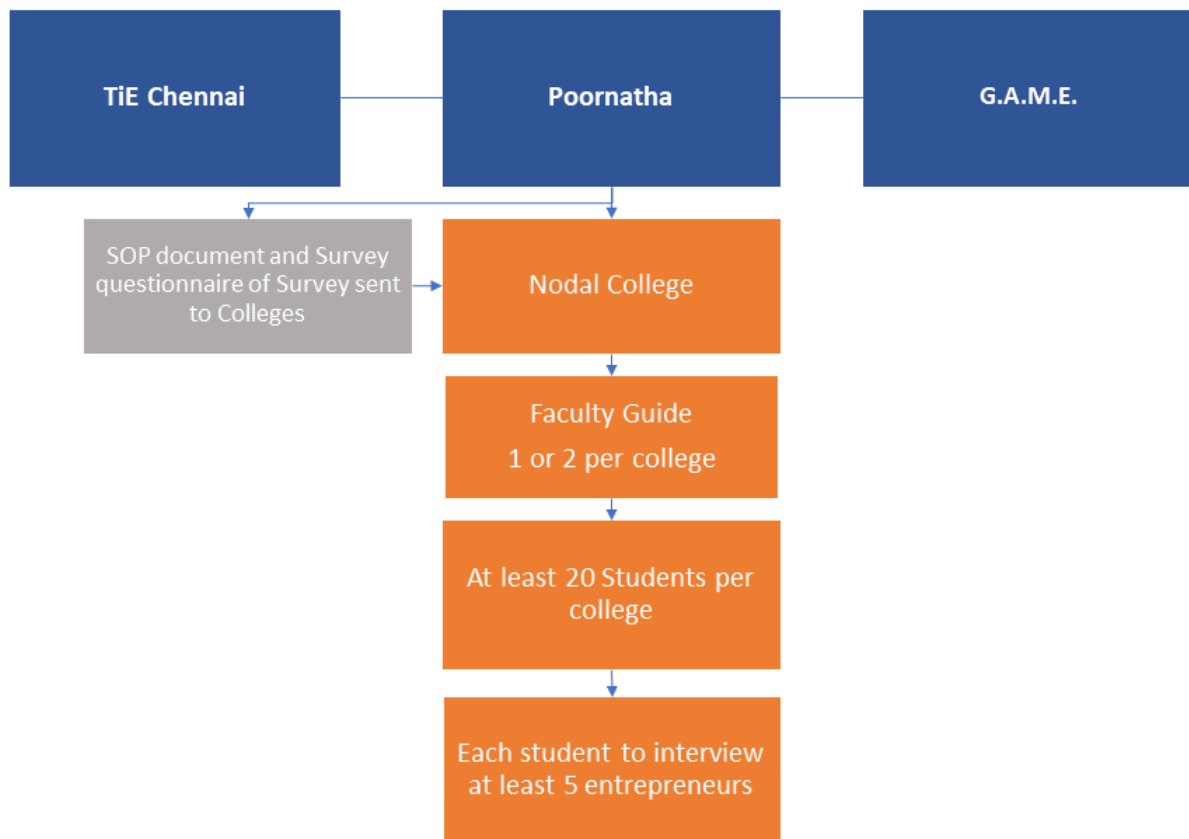
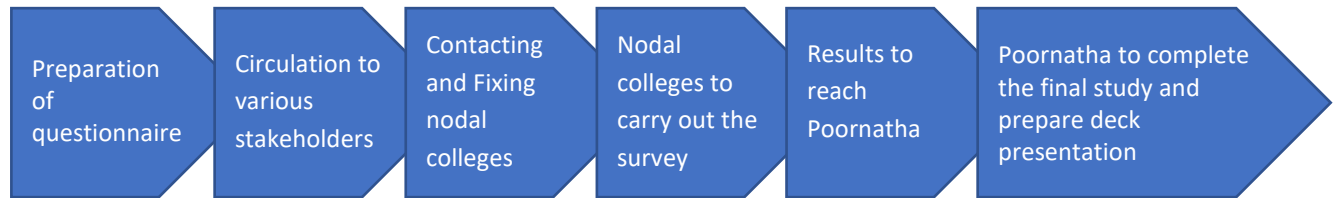
Poornatha in partnership with TiE Chennai, GAME, ICT Academy and EDII-TN undertook a study of Mass Entrepreneurs in the state of Tamil Nadu. This study is a first of its kind and size by a private entity in an attempt to get an in-depth understanding of the working, financial knowledge, challenges and mindsets of Mass entrepreneurs.

Objectives of the Study

The objective of the study other than getting an in-depth understanding is to enable us to create meaningful interventions by developing comprehensive and structured service packages later in the form of domain coaching, capacity building, consulting engagements and research projects., creating job opportunities and student engagements in the larger scheme of things. This would enable their journey as job creators adding value to the economy and thereby nourishing the social fabric too.

The Methodology of the Study

Project flow:



The methodology used for the Survey:

- The survey was conducted by harnessing the power of the student body
- Selected Colleges across Tamil Nadu were approached and a detailed document explaining the objective of the survey, what we expected from them and what is in it for them and their students were sent to them
- We expected each college to send in a minimum of 100 entries

-
- A Faculty Guide was required to be assigned by each of the participating colleges to coordinate the
 - We also shared a detailed SOP document with the College Management which would act as their guide book to the survey. The document covered expectations and clarification for the Faculty Guide and the students separately.
 - The doubts and queries that arose in the course of the survey were clarified by Poornatha's representative through email or over the phone.
 - Students met the Entrepreneurs in person at their business premises by taking a prior appointment from the Entrepreneur
 - The survey was expected to be filled in by the student in the Google Forms link shared to them, based on their interview with the entrepreneur
 - We advised the students to take a printed copy of the survey Questionnaire (PDF document sent separately) with them to ask questions to the entrepreneur and fill the sheets by hand first. And then input the data into google forms after the interview. Students who felt comfortable typing the answer directly in google forms were also allowed to do so
 - Questions with * -asterisk mark were mandatory
 - As proof of actual visit to the premises, we expected the students to take one photo of- Visiting/Business Card of the Entrepreneur (or) the premises with the name board (or) photo of the Entrepreneur and upload it in the space provided at the end of the survey. Students were advised not to force Entrepreneurs to pose for the picture keeping privacy and personal space in mind.
 - The students were notified that the survey will be used to make a detailed report, make useful interventions, and make policy changes, therefore we requested them to take due care in filling the survey.

The work of the students has been given due credit by issuing a certificate from us and recognition in the report and its presentation.

The efforts of the Colleges/Institutions are given recognition by including the name of the College/Institution in this report and recognition at events where the report is to be presented.

Criteria for choosing Mass Entrepreneur for the survey:

- Turnover – between Rs. 5 lakhs and Rs. 10 Crore.
- Number of Employees to – Minimum 1 to Maximum 20.
- The Business should be Minimum 1 year old.

We suggested that the student approaches Entrepreneurs/Businesses or Shops in their area or Entrepreneurs whom they know will be open to help them fill the questionnaire (could be relatives, friends or family).

Structure of the Questionnaire

The Questionnaire which was created as an online form had 46 questions and is divided into 10 sections. It was structured to collect details of demographic details, basic details about the business and the entrepreneurs, Sales / Business Model, Inventory / Purchase, Accounting, Finance, Marketing and Entrepreneurial Environment.

The questionnaire was designed by simplifying complex questions to make them easily understandable and objective.

Limitations and Scope of the Study

While utmost care has been taken to make the survey authentic, as reliable there may be some inherent limitations.

To make sure that the student visits/interviews an entrepreneur, we have made it compulsory to submit the entrepreneur's mobile number and take a photo of Visiting/Business Card of the Entrepreneur (or) the premises with the name board (or) photo of the Entrepreneur. To validate the same, a small sample size was selected at random and Poornatha's representative made calls to the entrepreneurs to thank them for their participation in the survey and check if the student had visited them.

Bias was also removed by not giving a database or list of entrepreneurs and giving the students the freedom to choose entrepreneurs who fall within the predefined criteria. In spite of these efforts, there is a possibility that the Entrepreneur may not open up to a stranger about their real issues out of fear of being judged and considering their personal image.

II-MASS ENTREPRENEURSHIP IN INDIA – AN OVERVIEW

Introduction

This report specifically talks about what Mass Entrepreneurship is and the necessity to deviate from the traditional MSME definition prescribed by the Government. However, to understand the macro-level landscape of the Entrepreneurship in India and Tamil Nadu in specific we fall back on the government's definition of MSME as large scale statistics and data are not available for Mass Entrepreneurs in specific.

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet demands of domestic as well as global markets. An overview of the growth and performance of the MSME Sector in the country is provided in following subheadings.

MSME Landscape in India¹

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet demands of domestic as well as global markets. As per the data available with Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation, the contribution of MSME Sector in country's Gross Value Added (GVA) and Gross Domestic Product (GDP), at current prices from 2011-12 to 2016-17 are as below:

¹ Source: MSME Annual Report 2018-19 <https://msme.gov.in/sites/default/files/Annualrprt.pdf>

Contribution of MSMEs in Country's Economy at Current Price

(Figures in Rs. Crores adjusted for FISIM ³ at current prices)						
Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (in %)
2011-12	2622574	-	8106946	32.35	8736329	30.00
2012-13	3020528	15.17	9202692	32.82	9944013	30.40
2013-14	3389922	12.23	10363153	32.71	11233522	30.20
2014-15	3704956	9.29	11504279	32.21	12467959	29.70
2015-16	4025595	8.65	12566646	32.03	13764037	29.20
2016-17	4405753	9.44	13841591	31.83	15253714	28.90

Source: Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation

Estimated Number of MSMEs in the Country:

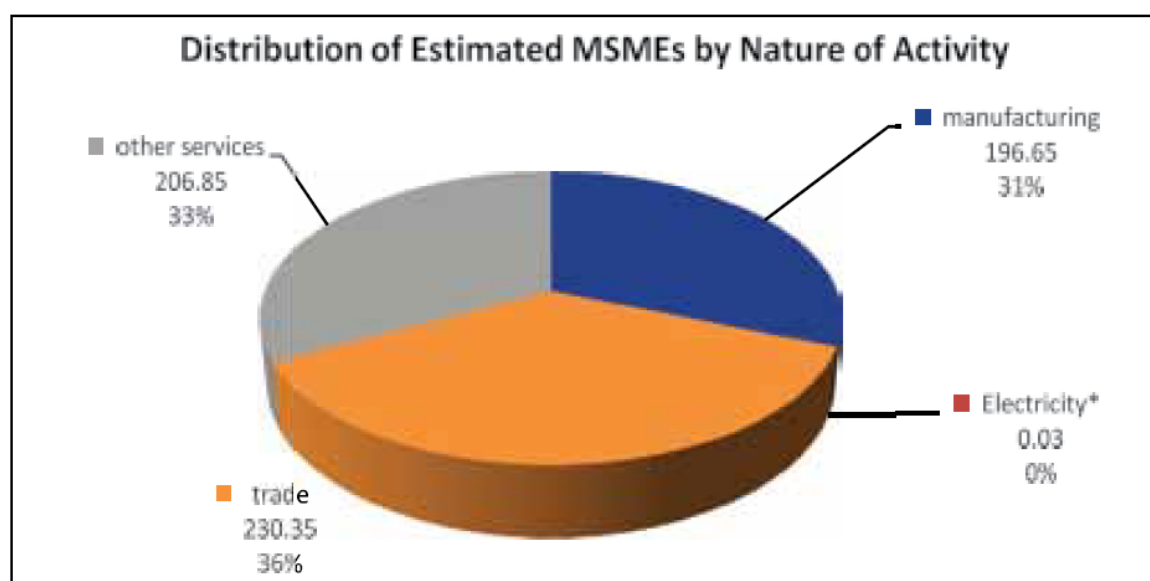
The MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities (196.65 lakh in Manufacturing, 0.03 lakh in Non-captive Electricity Generation and Transmission⁴, 230.35 lakh in Trade and 206.85 lakh in Other Services) excluding those MSMEs registered under (a) Sections 2m (i) and 2m (ii) of the Factories Act, 1948, (b) Companies Act, 1956 and (c) construction activities falling under Section F of National Industrial Classification (NIC) 2008. The Table and Figure below shows the distribution of MSMEs activity-wise.



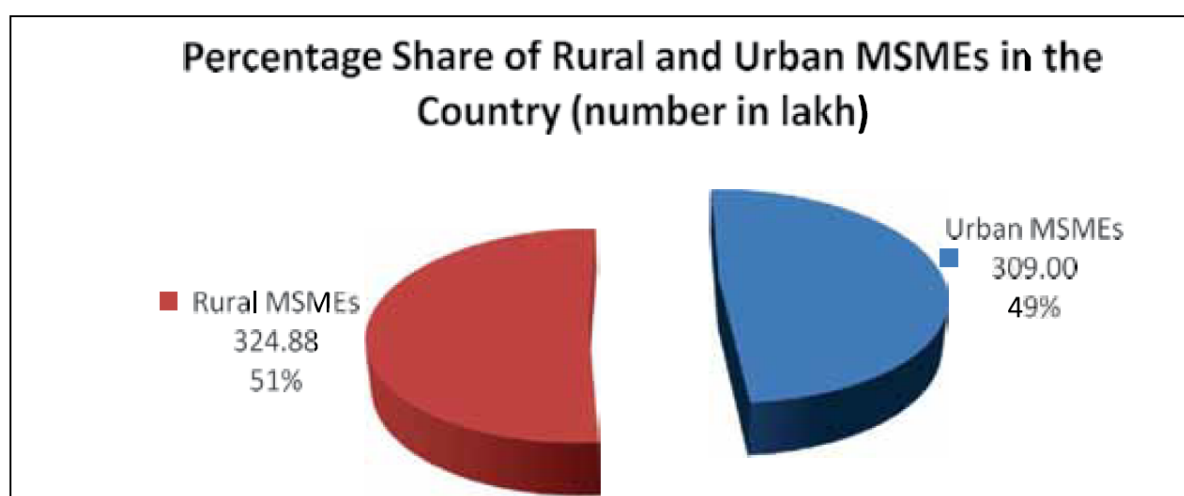
Table: Estimated Number of MSMEs (Activity Wise)

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
(1)	(2)	(3)	(4)	(5)
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
Electricity*	0.03	0.01	0.03	0
All	324.88	309.00	633.88	100

**Non-captive electricity generation and transmission*



It is seen that 31% of MSMEs were found to be engaged in manufacturing activities, while 36% were in Trade and 33% in Other Services. Again, out of 633.88 estimated number of MSMEs, 324.88 lakh MSMEs (51.25%) were in the rural area and 309 lakh MSMEs (48.75%) were in the urban areas as is evident from Figure below:



The Micro sector with 630.52 lakh estimated enterprises accounts for more than 99% of the total estimated number of MSMEs. The Small sector with 3.31 lakh and the Medium sector with 0.05 lakh estimated MSMEs accounts for 0.52 % and 0.01 % of total estimated MSMEs, respectively. Out of 633.88 estimated number of MSMEs, 324.88 lakh MSMEs (51.25%) are in the rural area and 309 lakh MSMEs (48.75%) are in the urban areas. Table and figure below show the distribution of enterprises in rural and urban areas.

Distribution of Enterprises Category Wise

(Numbers in lakh)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

Type of Ownership of Enterprises

Male/ Female Ownership

Out of 633.88 lakh MSMEs, 608.41 lakh (95.98%) MSMEs were proprietary enterprises. There has been an overwhelming predominance of male owners in proprietary MSMEs. Thus, for proprietary MSMEs as a whole, male-owned 79.63% of enterprises as compared to 20.37% owned by females. There was no significant deviation in this pattern in urban and rural areas, although the dominance of male owned enterprises was slightly more pronounced in urban areas as compared to rural areas (81.58% as compared to 77.76%).

**Table: Percentage Distribution of Enterprises in rural and urban areas.
(Male/ Female ownership category wise)**

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100



Table: Percentage distribution of Enterprises by Male/Female Owners

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Further male dominance in ownership has been more pronounced for Small and Medium enterprises with 95% or more enterprises being owned by them, as compared to Micro enterprises where 80% were owned by males.

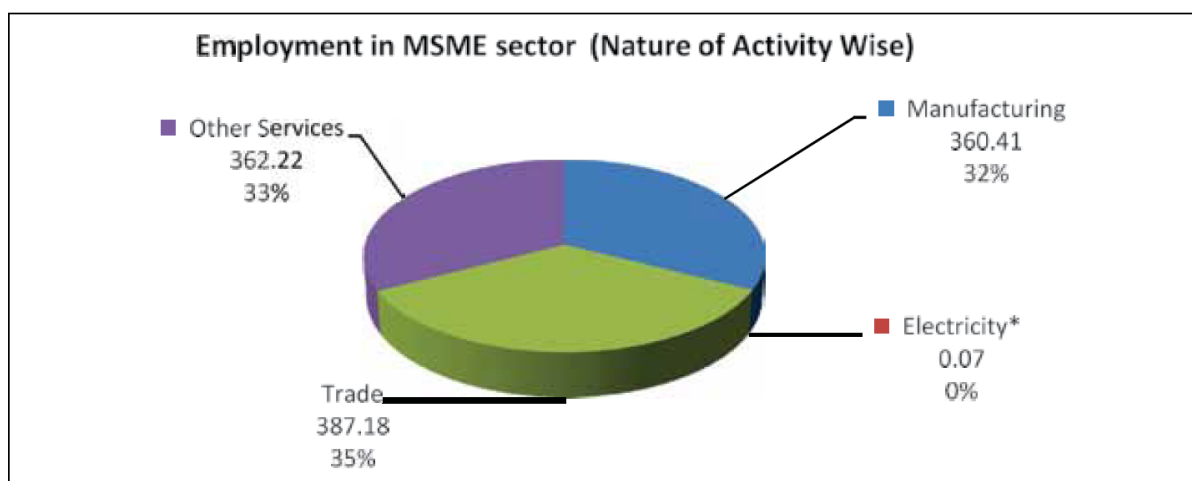
Employment

As per the National Sample Survey (NSS) 73rd round conducted during the period 2015-16, MSME sector has been creating 11.10 crore jobs (360.41 lakh in Manufacturing, 387.18 lakh in Trade and 362.22 lakh in Other Services and 0.07 lakh in Non-captive Electricity Generation and Transmission) in the rural and the urban areas across the country. Table and Figure below shows the distribution of MSMEs activity-wise.

Table: Estimated Employment in MSME Sector (Broad Activity Category Wise)

Broad Activity Category	Employment (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	186.56	173.86	360.41	32
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
Electricity*	0.06	0.02	0.07	0
All	497.78	612.10	1109.89	100

*Non-captive electricity generation and transmission



*Non-captive electricity generation and transmission

The Micro sector with 630.52 lakh estimated enterprises provide employment to 1076.19 lakh persons, which accounts for around 97% of total employment in the sector. The Small sector with 3.31 lakh and the Medium sector with 0.05 lakh estimated MSMEs provide employment to 31.95 lakh (2.88%) and 1.75 lakh (0.16%) persons of total employment in the MSME sector, respectively. Out of 1109.89 lakh employees in the MSME sector, 844.68 (76%) are male employees and remaining 264.92 lakh (24%) are females.

Comparative Analysis between Fourth All India MSME Census (2006-07) and NSS 73rd Round (2015-16)

Comprehensive information on the MSME Sector can be obtained from both Fourth all India MSME Census was held in 2006-07 and the NSS 73rd Round (2015-16). Being held almost 10 years' time gap, a comparison of the two sets of results can capture the growth of the basic parameters of the MSME Sector over a decade.

Growth of MSMEs (Figures in lakhs)

Parameter	NSS 73 rd Round#, 2015-16	Fourth All India Census of MSMEs, 2006-07	Annual Compound Growth Rate (%)
No. of MSMEs (Total)	633.88	361.76	6.43
Manufacturing	196.65	115.00	6.14
Services	437.23	246.76	6.56
Employment (Total)	1109.89	805.24	3.63
Manufacturing	360.42	320.03	1.33
Services	749.47	485.21	4.95

* Service includes Trade, Electricity & Other Services.

MSME Landscape in Tamil Nadu²

There has been a phenomenal growth of MSMEs in Tamil Nadu. MSMEs produce a wide variety of products in almost all sectors. The prominent among them are textile, garments, engineering products, auto ancillaries, leather products, plastics, etc.

Around 17.79 lakh entrepreneurs have filed the EM Acknowledgement Part-II & UAM, providing employment opportunities to about 113.57 lakh persons with a total investment of Rs.1,93,704.90 crore. Consequent to the introduction of the Udyog Aadhaar Memorandum (UAM) by the Ministry of Micro Small & Medium Enterprises of Government of India, Tamil Nadu started the UAM implementation w.e.f 21.1.2016. As on 31.03.2018, a total of 5,26,947 UAMs have been filed in Tamil Nadu, comprising 4,63,836 Micro enterprises, 61,613 Small Enterprises and 1,498 Medium Enterprises.

No of MSME units registered in the last five years

Year	No of MSMEs registered
2013-14	116393
2014-15	143104
2015-16	183792
2016-17	267310
2017-18	1779704

² Source: Govt. of Tamil Nadu, MSME Department - Policy Note Demand No.44, 2018 – 2019
http://www.indcom.tn.gov.in/pdf/msme_e_pn_2018_19.pdf and
MSME Annual Report 2018-19 <https://msme.gov.in/sites/default/files/Annualrprt.pdf>

Trend of growth of MSME in Tamil Nadu

Year	Number of Registered units	Investment (Rs. crore.)	Production (Rs. crore.)	Employment (Numbers)
2007-08	27,209	2,547.14	8,739.95	2,42,855
2008-09	32,049	3,557.89	13,354.86	2,94,255
2009-10	41,799	3,214.22	10,880.01	1,51,743
2010-11	57,902	5,872.37	12,500.86	4,05,233
2011-12	70,758	7,429.59	15,496.00	5,02,381
2012-13	83,348	8,751.54	17,503.08	5,83,436
2013-14	1,16,393	18,939.87	16,832.25	4,94,990
2014-15	1,43,104	24,349.65	59,789.70	6,51,180
2015-16 (up to 21.1.2016)	1,42,136	34,411.90	59,332.19	8,15,315
UAM * (as on 31.3.2016)	41,656	6,218.69	-	2,96,687
2016-17	2,67,310	36,221.78	-	18,97,619
2017-18	2,17,981	25,373.12	-	13,78,544

The estimated number of MSMEs in Tamil Nadu is 49.48 Lakhs, which is 8 % of the national estimate. Tamil Nadu ranks third in the country in terms of number of MSMEs behind Uttar Pradesh and West Bengal.

This is in Comparison to Fourth All India Census of MSME (2006-07) when the estimated number of MSMEs in Tamil Nadu stood at 33.13 Lakhs, which is 9% of the national total.

State/UT	Estimated number of enterprises (Number in lakh)			
	Micro	Small	Medium	MSME
Tamil Nadu	49.27	0.21	0.00	49.48



Employment

Estimated Number of Employees in MSME (NSS 73rd Round)

State/UT	Employment (Number in lakh)		
	Female	Male	Total
Tamil Nadu	32.27	64.45	96.73

Employment Generation in MSME Sector during the XII Plan During the XII Five Year Plan period (2012-2017), a target of 15 lakh direct and indirect employment generation was proposed. The employment generation during the plan period is as follows:

Year	Employment Generation
2012-13	3,38,435
2013-14	3,43,665
2014-15	3,52,152
2015-16	2,32,476
2016-17	6,15,482
2017-18	4,24,887
Total	23,07,097

Credit Flow to Micro, Small and Medium Enterprises (MSME) Sector

The banks in Tamil Nadu have made a total credit disbursement of Rs.64,740.58 crore between April 2017 to December 2017. The share of advances to micro-enterprises up to December 2017 was 46.57%.



III- SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

Stats at a Glance

Total number of Entries:	547
Rejected Entries (not meeting criteria)	92
Entries used for analysis	455
Male	391
Female	64

Key take-aways from the report:

1. Mass enterprises are stable job providers: the average age of businesses surveyed was 13 years with about 50% of them at least 10 years old
2. Among mass enterprises, manufacturing firms are a key opportunity, typically employing more people than the service industry, generating more revenue per employee, and having less informality (e.g. more supply chain credit, higher percentage of second line managers)
3. Minimal digitisation of accounting and poor cash flow management are common and possible barriers to accessing finance
4. Accounting, managing finances & statutory requirements are the areas that majority mass entrepreneurs need support

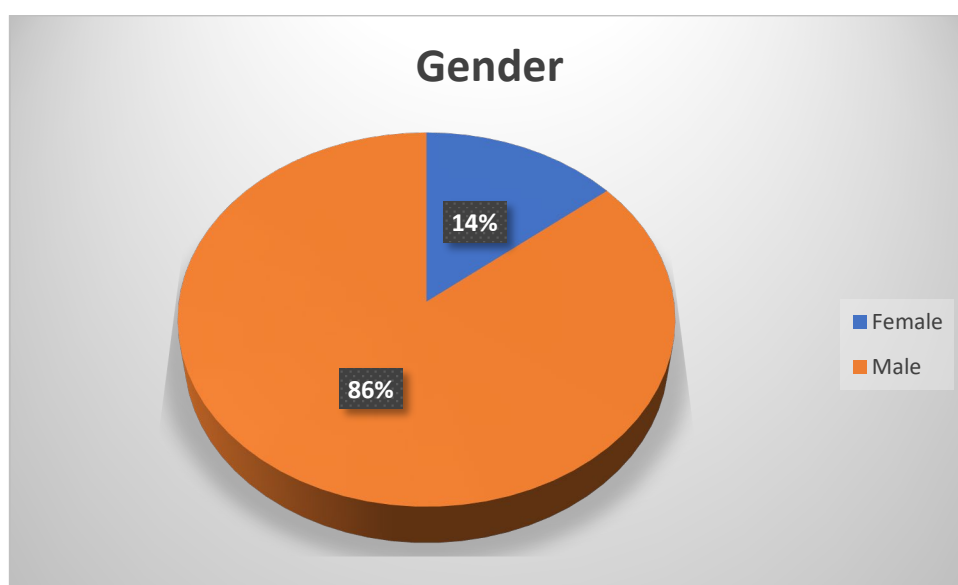
Summary of Findings

Gender Distribution:

According to the Sixth Economic Census released by the Ministry of Statistics and Programme Implementation, women constitute around 14% of the total entrepreneurs.³

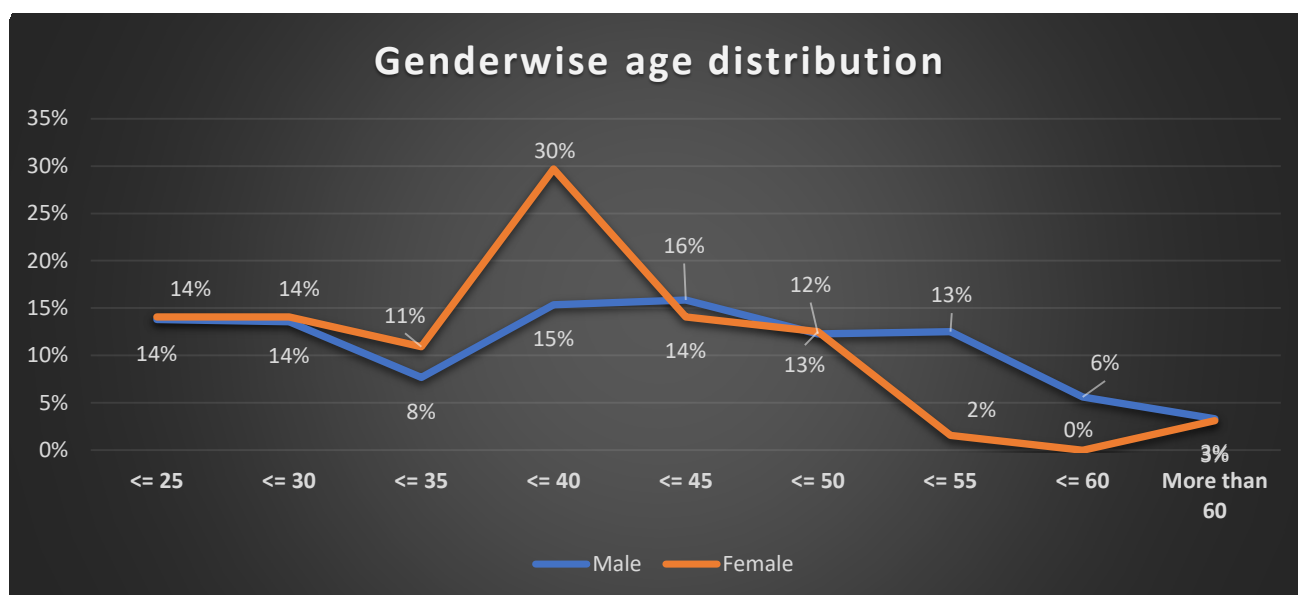
The present study collected the data on gender in the normal course of the survey without any emphasis on women Entrepreneurs. Students were not asked to approach women entrepreneurs in specific. This was done to remove any unconscious bias in the sample. The result is that 14.07% of the entrepreneurs interviewed were women which is very close to the national average of 14%. The data on the percentage of women entrepreneurs based on the urban-rural divide is not available.

Gender	No. of Entries
Male	391
Female	64



³ https://www.business-standard.com/article/news-cm/women-constitute-around-14-of-total-entrepreneurship-in-country-118071600642_1.html

From the chart below it can be inferred that the age of an average male entrepreneur is more evenly distributed than that of female entrepreneur. Most women seem to enter business only after 35 years of age, unlike their male counterparts.



Age of Business:

223 out of the 445 business were in business for more than 10 years. Which is an impressive 49.89%. The average age of business in the survey was 13.06 years.

According to the Bureau of Labor Statistics' Business Employment Dynamics (USA), of the small businesses that opened in March of 2007, only 33% made it to March of 2017.⁴

This also in stark contrast to Indian Start-ups, 90% of which fail within the first 5 years according to an IBM And Oxford Study. While the comparison may seem unfair at first glance, it is important to acknowledge that Mass Entrepreneurs have the potential to propel economic growth and create jobs that is more stable and long-lasting.

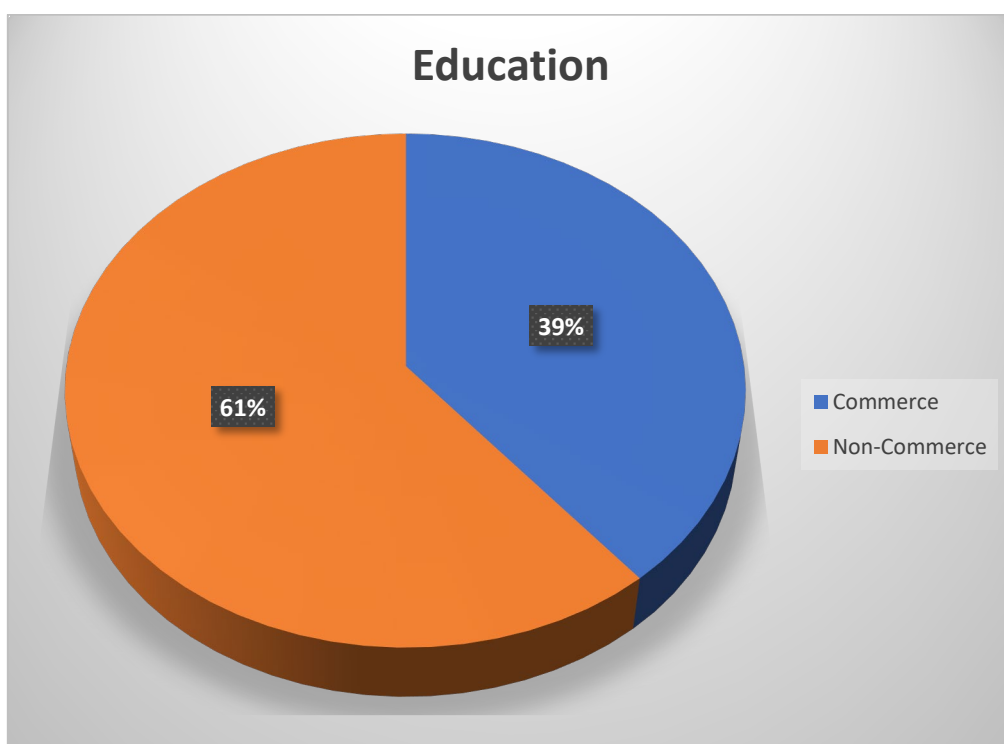
What was also interesting was the difference in the age of the businesses owned by women and men. While the average age of business owned by men was 13.43 years, the average age of business owned by women was 10.81 years. This shows that women have started owning businesses more recently.

⁴ Source: What Percentage of Small Businesses Fail? (And Other Need-to-Know Stats)
<https://www.fundera.com/blog/what-percentage-of-small-businesses-fail>

Education:

The survey found that 175 of the 445 entrepreneurs (39%) had some form of formal education in Business/Commerce at either School or College or Diploma levels. The other 61% which constitute the majority did not have any formal education in commerce or business. This could be due to the social stigma towards higher education in arts and commerce.

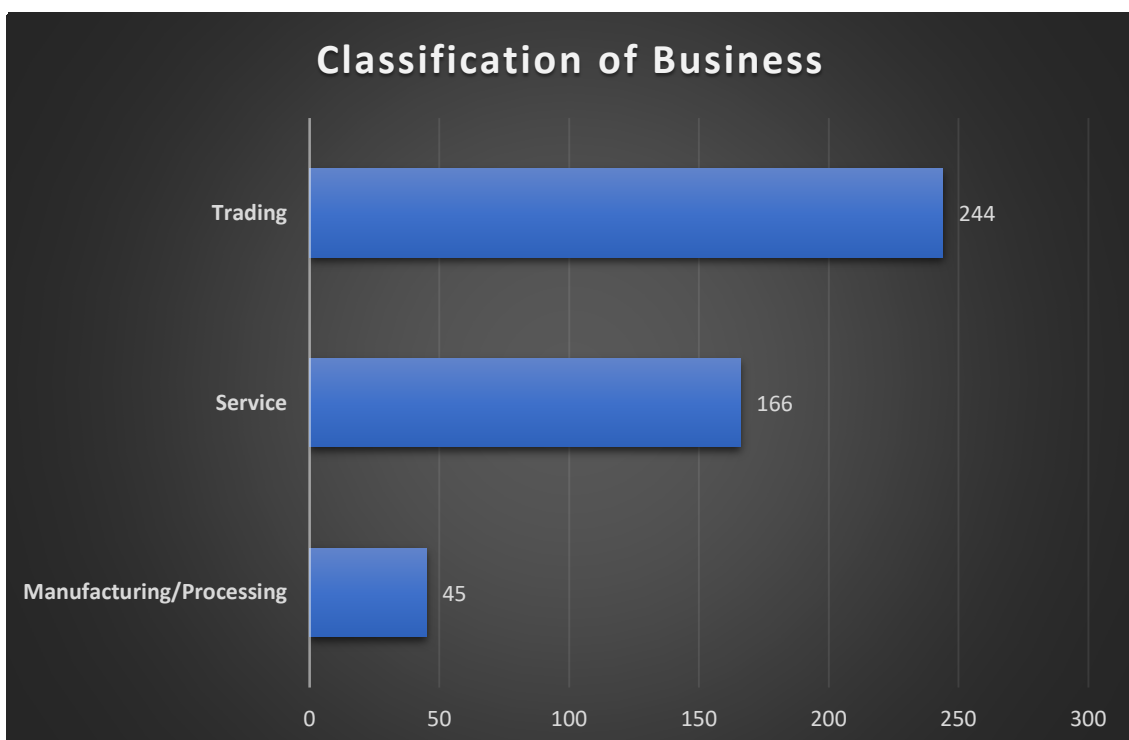
There is an urgent need to make policy interventions to provide specialized courses in Commerce and Entrepreneurship from the school level and revamp of existing syllabuses to match the real-world businesses requirements.



Business Classification

The participating businesses were broadly classified into Manufacturing/processing, Trading and Services. For the purpose of this classification, if a business had both manufacturing and trading component it was classified as a manufacturing business. The number of trading businesses was the highest at 53.63%. What was interesting was the percentage of service businesses which stood at 36.48%. Digging deeper we found most of these businesses were Automobile mechanics, Electronics repair shops and small eateries.

Also, interesting was the number of manufacturing businesses that stood at 9.98%. The huge dip in percentage could be because the students were encouraged to visit businesses near them and most manufacturing units operate away from residential areas.

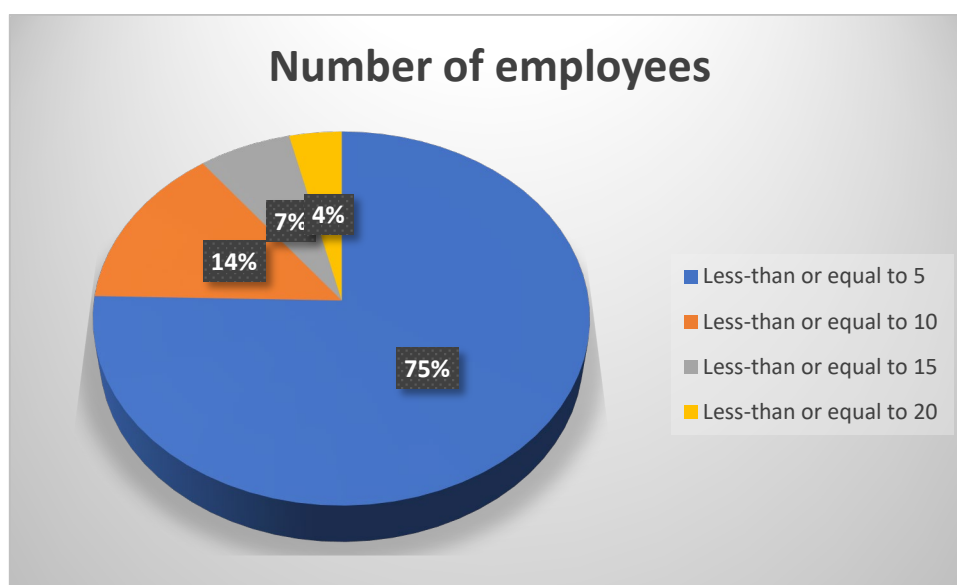


Number of Employees

The total number of persons employed by the participants of the survey stood at 2131. On an average, a mass entrepreneur employed about 5 people.

The actual distribution of Business based on Number of people employed is as shown in the table below:

Number of Employees	Number of Businesses	Percentage
Less-than or equal to 5	343	75%
Less-than or equal to 10	65	14%
Less-than or equal to 15	30	7%
Less-than or equal to 20	17	4%
TOTAL	455	100%

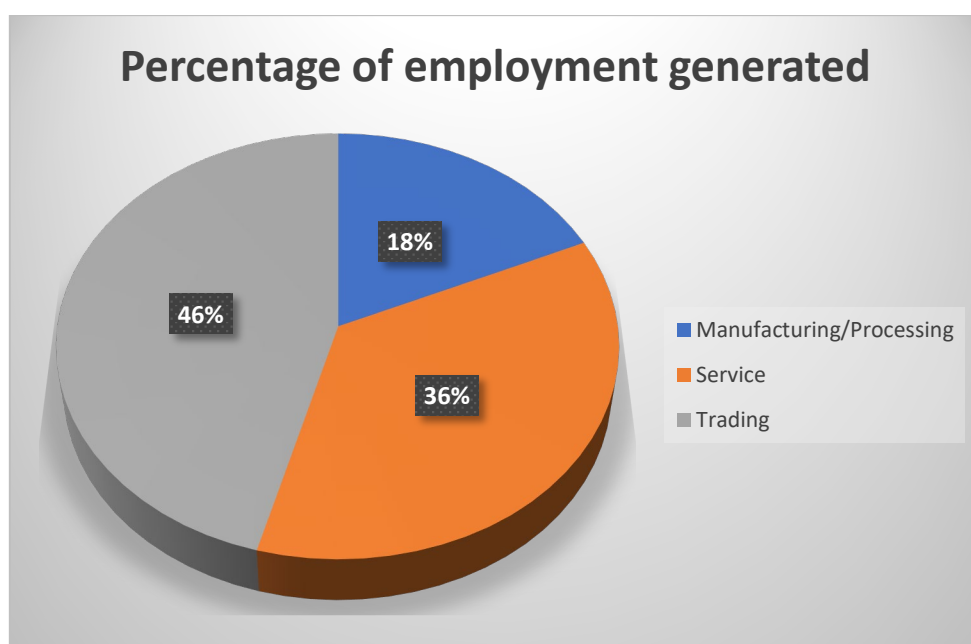


The above data is comparable to the findings of the research paper “India’s Quest for Jobs: A Policy Agenda”, where it is noted that 95.5 per cent of all the enterprises employed just 1–5 workers, 3.1 per cent employed 6–9 workers and just 1.4 per cent employed ten or more workers. It is further stated that “*Enterprises with fewer than ten workers make up nearly 70 per cent of the employment share in India,*”.⁵

⁵ Source: <https://carnegieindia.org/2019/10/03/india-s-quest-for-jobs-policy-agenda-pub-79967>

Though the number of manufacturing businesses is less in number (only 9.89%) their contribution to employment generation is high. On an average, manufacturing businesses employed more the eight employees (8.64) which is nearly double the average number of employees in trading and service businesses, which about 4 persons.

Classification	Total number of employees	Percentage of employees	Average number of employees
Manufacturing/Processing	389	18%	8.64
Service	767	36%	4.62
Trading	975	46%	3.99
Grand Total	2131	100%	Average: 4.68

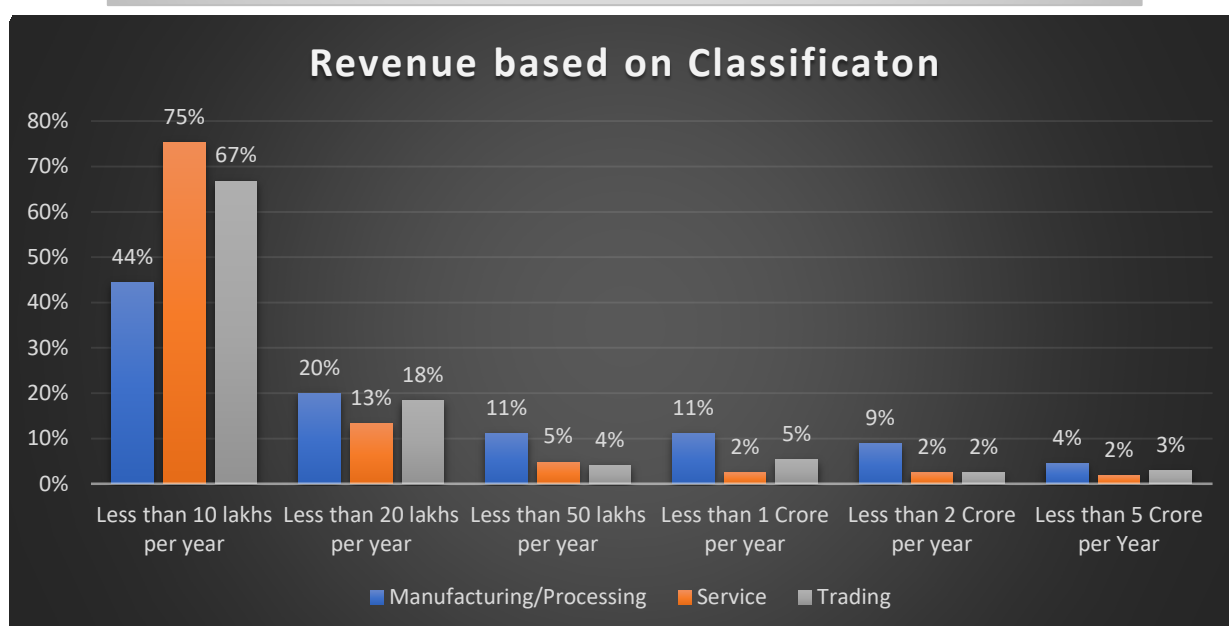
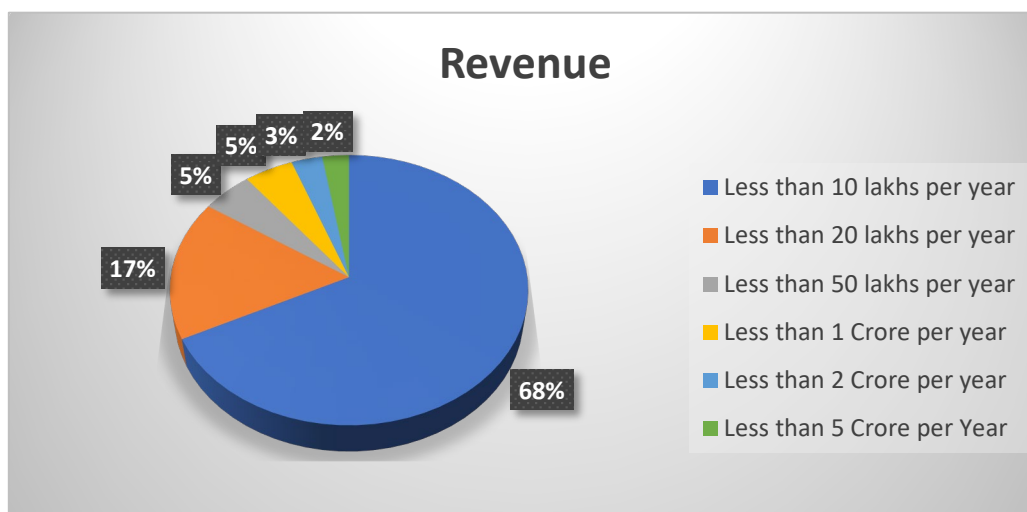


Sales

Revenue

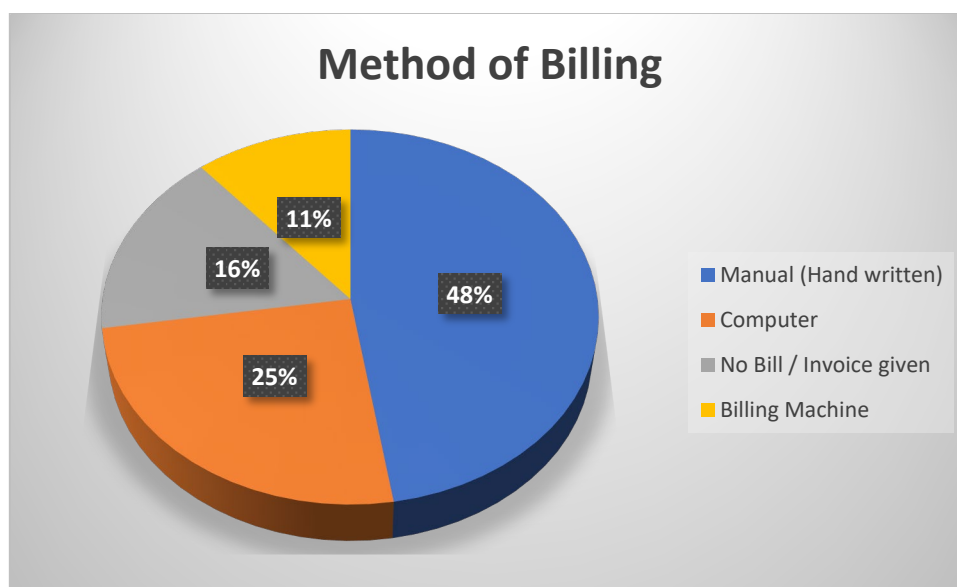
Revenue of the businesses along with number of persons employed has been one of the most important data points collected in the survey. Manufacturing businesses in general have higher revenues in comparison to service and trading businesses.

Turnover	Number of Businesses	Percentage
Less than 10 lakhs per year	308	68%
Less than 20 lakhs per year	76	17%
Less than 50 lakhs per year	23	5%
Less than 1 Crore per year	22	5%
Less than 2 Crore per year	14	3%
Less than 5 Crore per Year	12	3%
TOTAL	455	100%



Billing

75% of the businesses did not use a computer for billing and depend on other forms of billing. While it will not be fair to expect all mass entrepreneurs to use computers for billing, it is important to get them to use some form of electronic billing wherever possible, for better accounting, sales and receivables management.

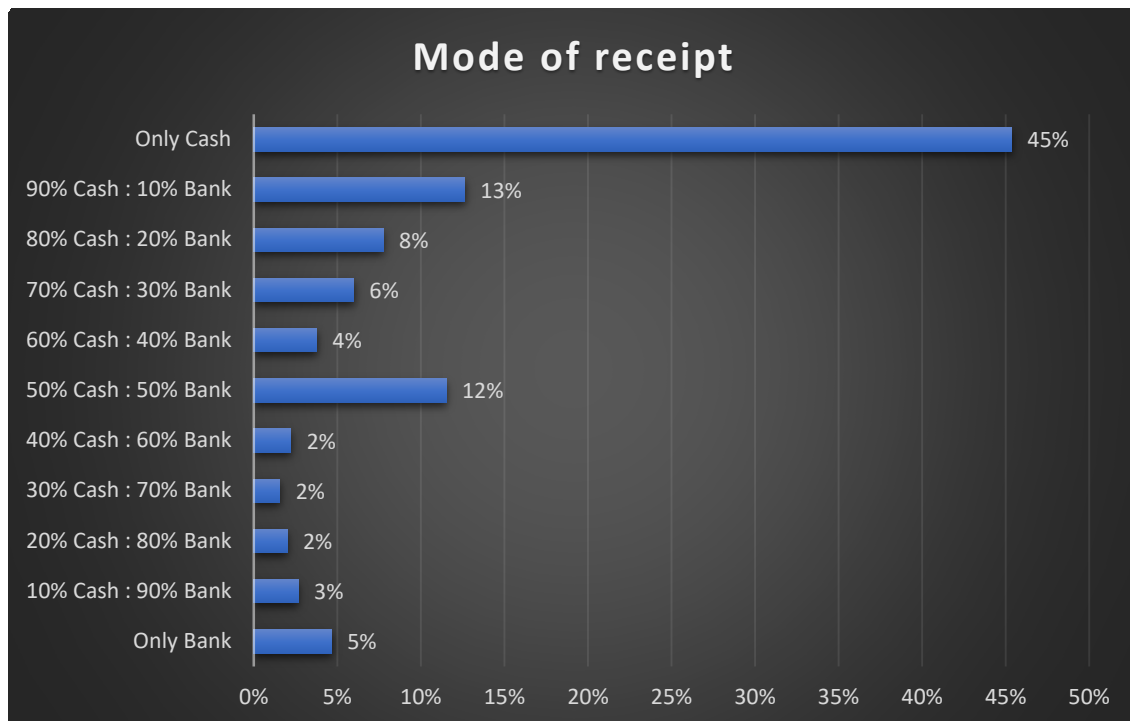


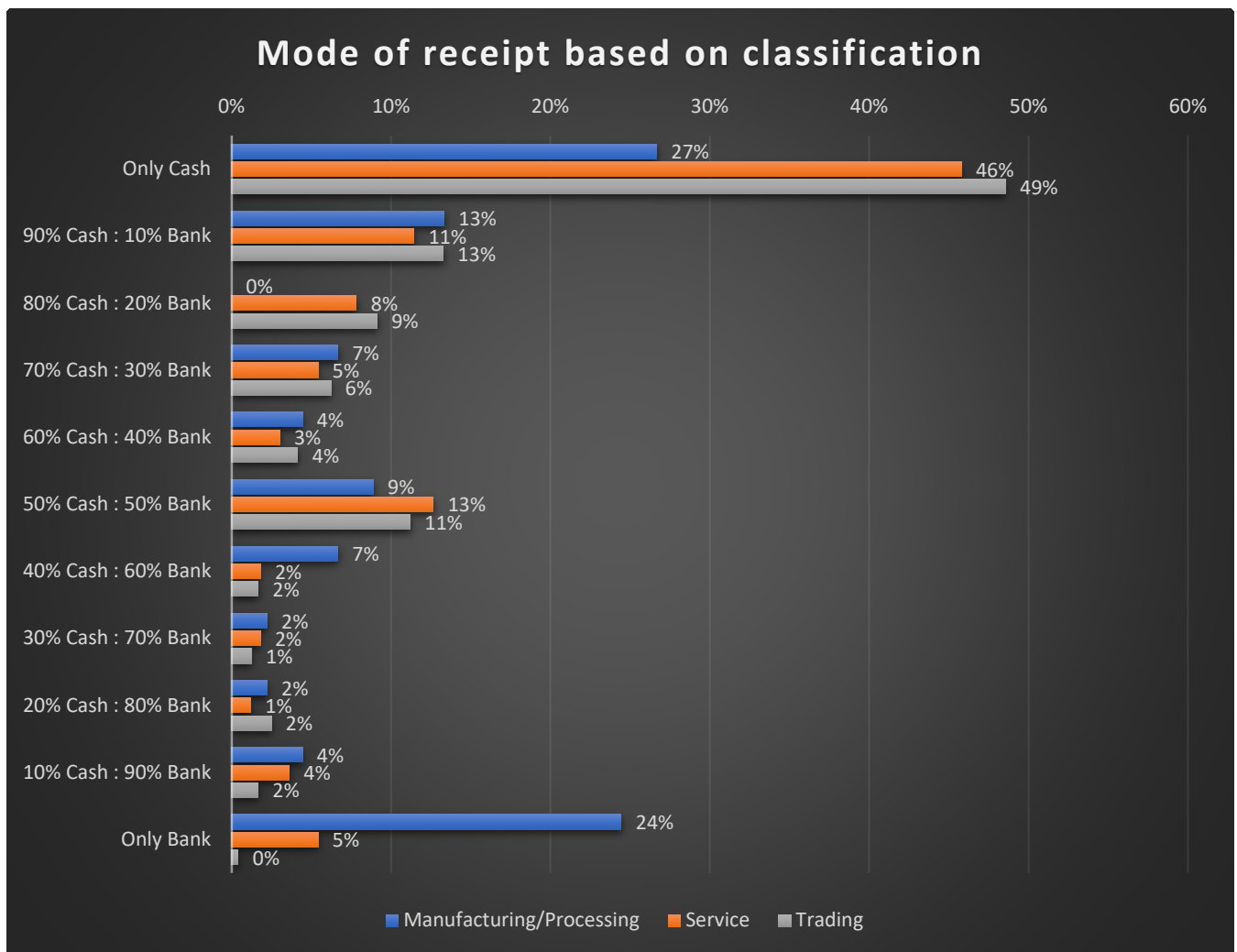
Method of billing	Number of Businesses
Manual (Handwritten)	216
Computer	114
No Bill / Invoice given	74
Billing Machine	51
TOTAL	455

Mode of Receipt

As one would normally expect cash plays a major role in business and the adoption to bank payments is pretty low. 87% of business say they receive 50% or more of their receipts in cash.

Mode of Payment	Percentage
Only Cash	45%
90% Cash : 10% Bank	13%
80% Cash : 20% Bank	8%
70% Cash : 30% Bank	6%
60% Cash : 40% Bank	4%
50% Cash : 50% Bank	12%
40% Cash : 60% Bank	2%
30% Cash : 70% Bank	2%
20% Cash : 80% Bank	2%
10% Cash : 90% Bank	3%
Only Bank	5%
TOTAL	100%





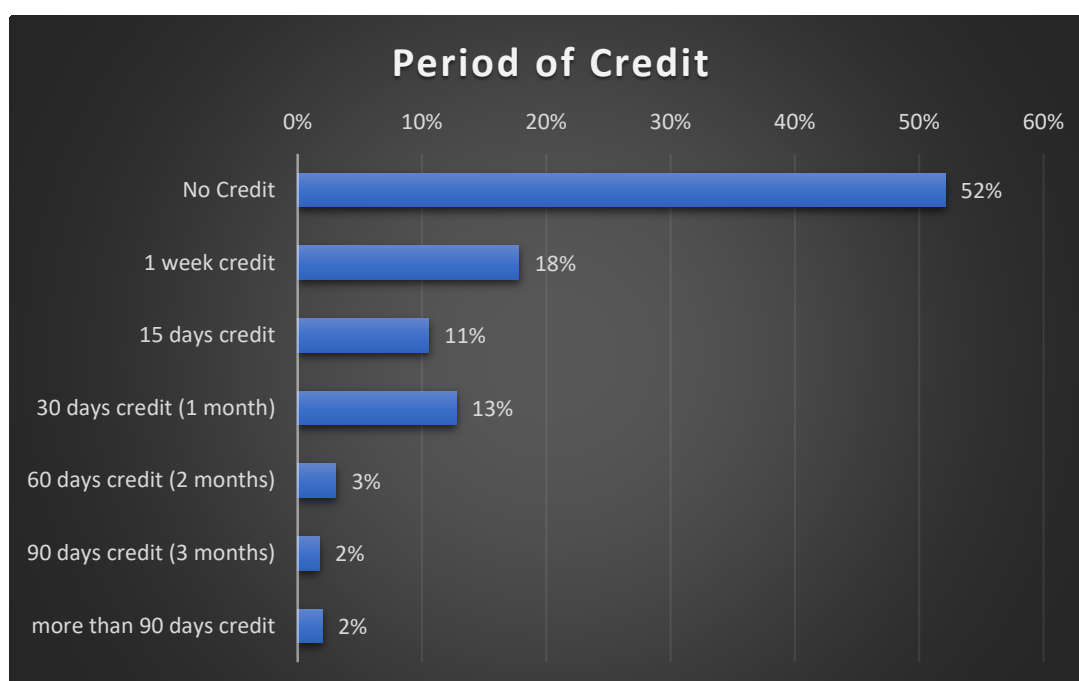
It is an interesting finding the manufacturing businesses have the highest receipts through bank. 24% of manufacturing businesses received payments through banks only. This could be due to higher B2B nature of transactions rather than B2C, further research would be required to establish this assumption.



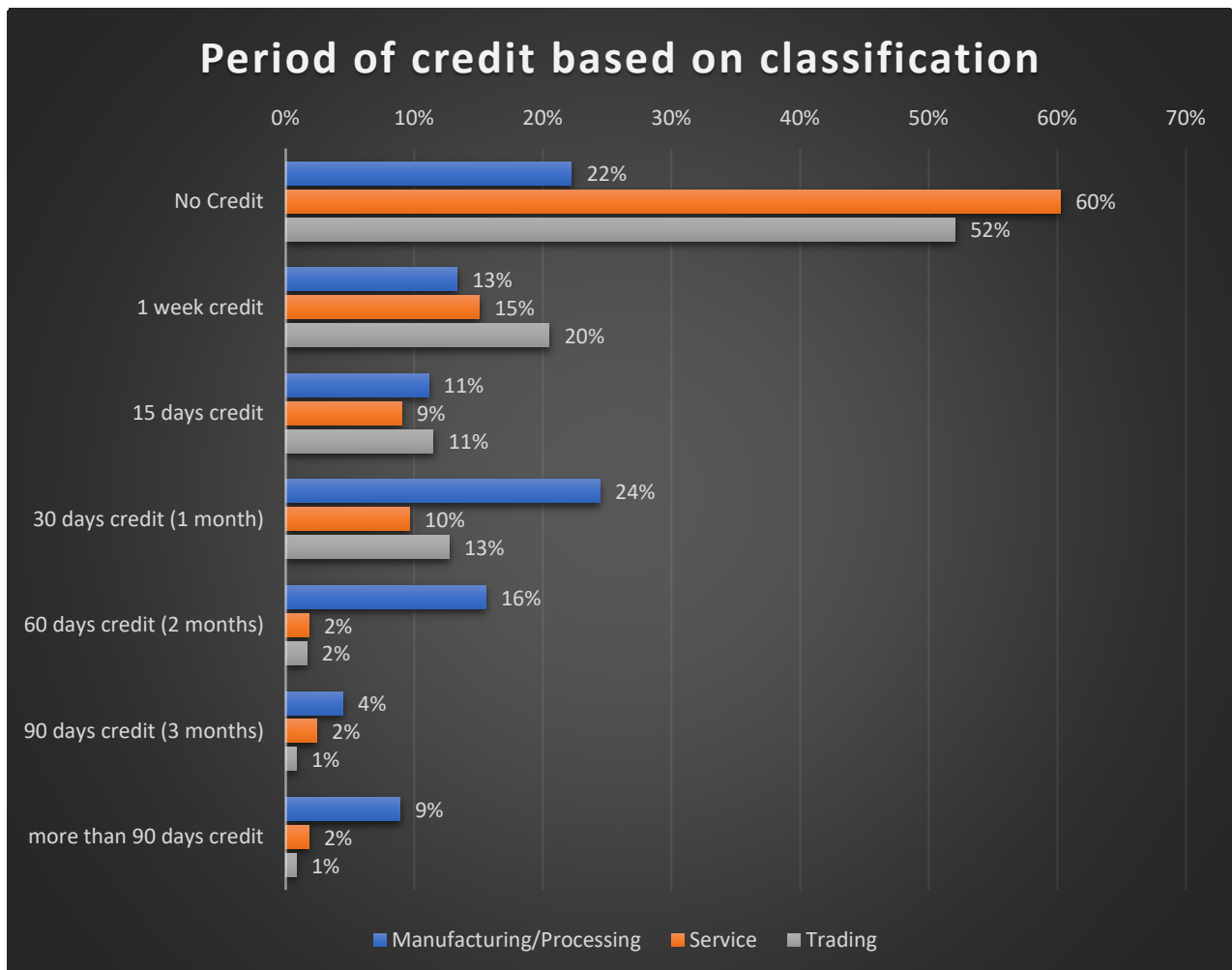
Period of Credit

From the Table and Chart below, it can be seen that the majority (49%) of businesses claim that they do not give any credit. Amongst the ones that do give credit, 41% give credit for less than 30 days credit. While the credit periods seem acceptable, 75% of business do not use computerized billing, which causes concern that these businesses may be facing difficulty in receivables management.

Period of Credit	Number of businesses
No Credit	52%
1 week credit	18%
15 days credit	11%
30 days credit (1 month)	13%
60 days credit (2 months)	3%
90 days credit (3 months)	2%
more than 90 days credit	2%

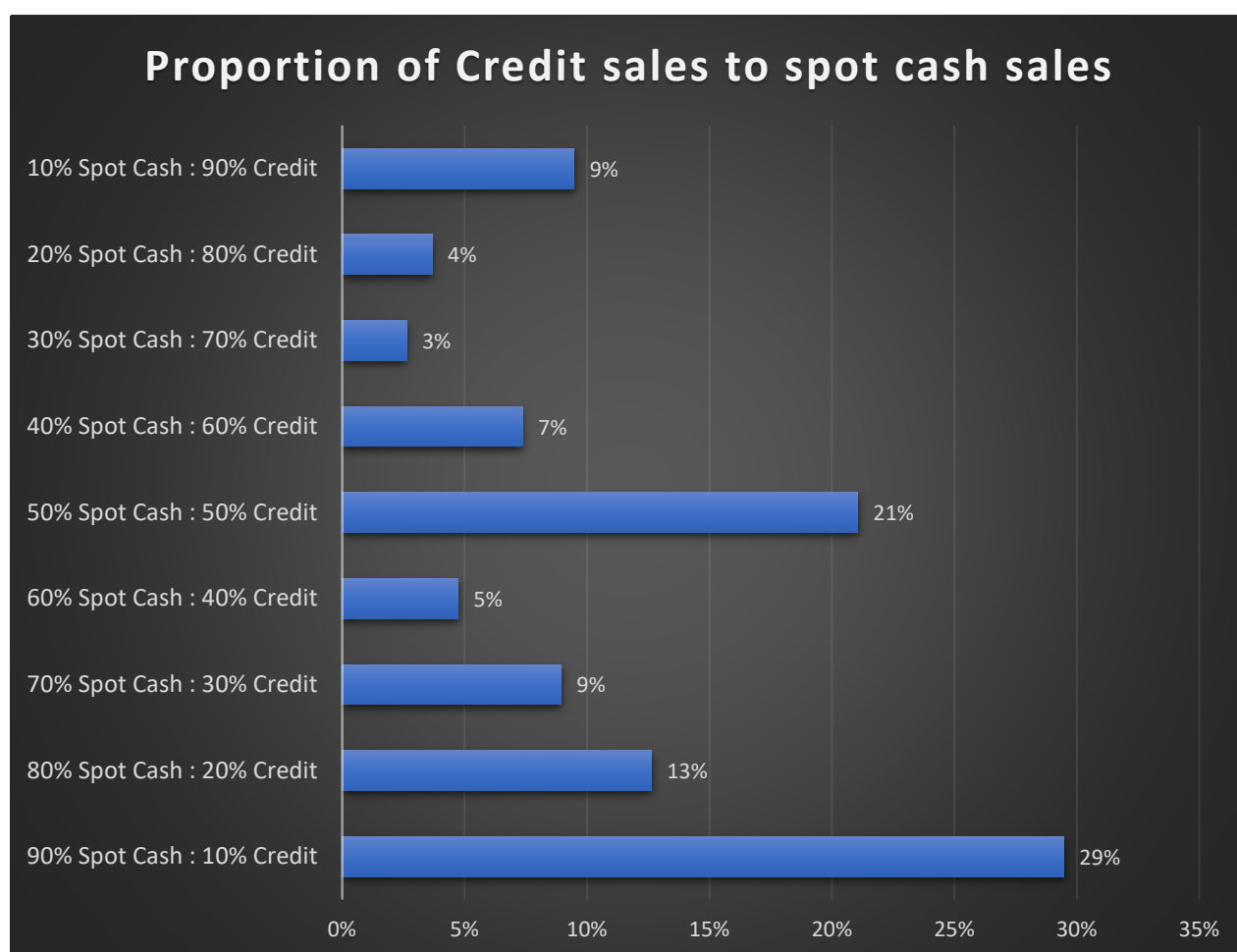


From the chart below it can be seen that 53% of Manufacturing Businesses provide credit for 30 days or more. This is in contrast to 60% of service and 52% trading businesses that do not give credit.

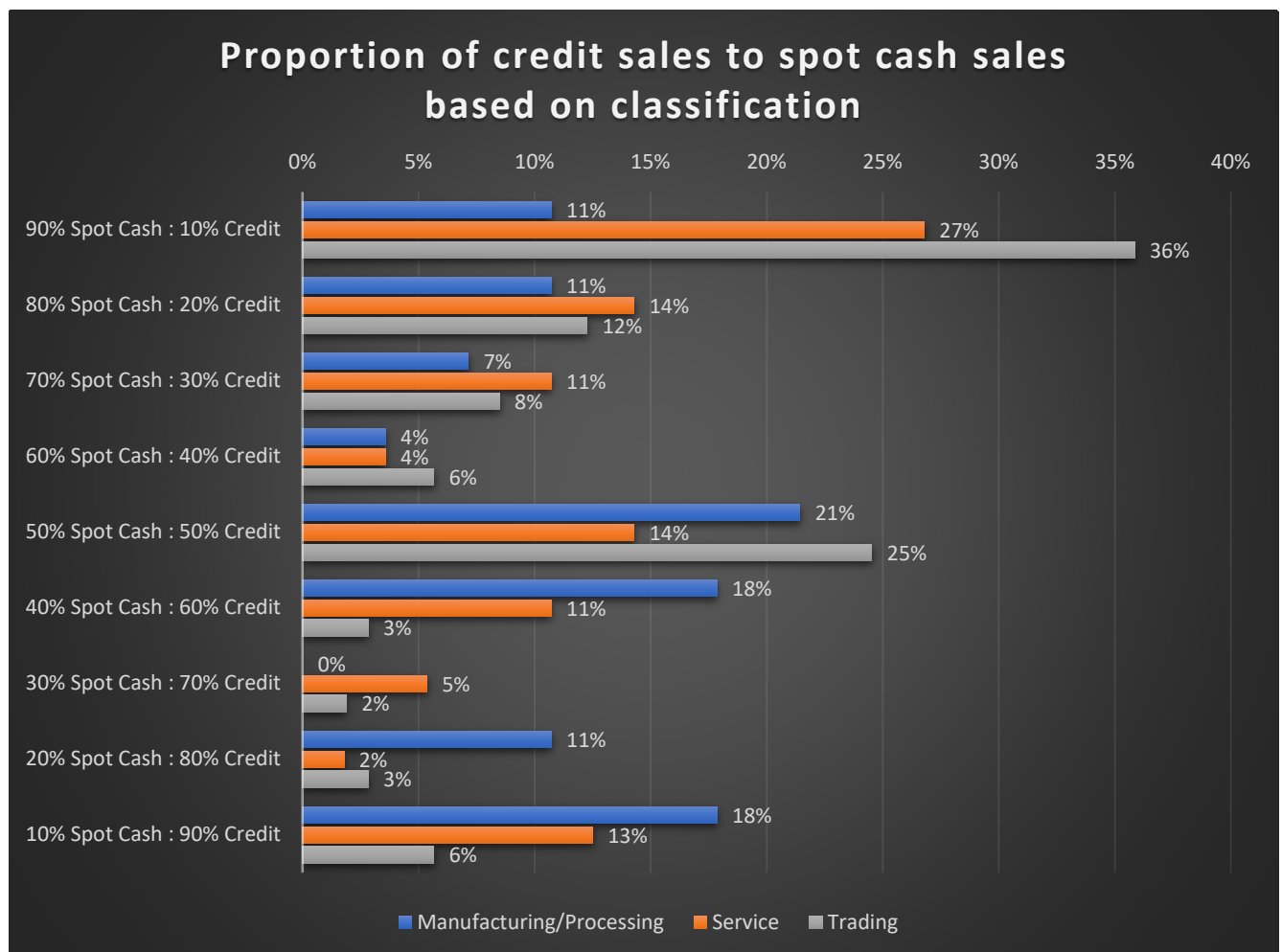


Percentage of Credit Sales to spot payment

The data shows that even amongst businesses that provide credit, the majority still get spot payment for their sales. This could primarily be because most of these businesses serve the end customer and not other businesses though there is a small percentage of B2B businesses. Another major factor could be the lower number of manufacturing businesses that generally tend to have higher credit period and a higher proportion of credit sales.



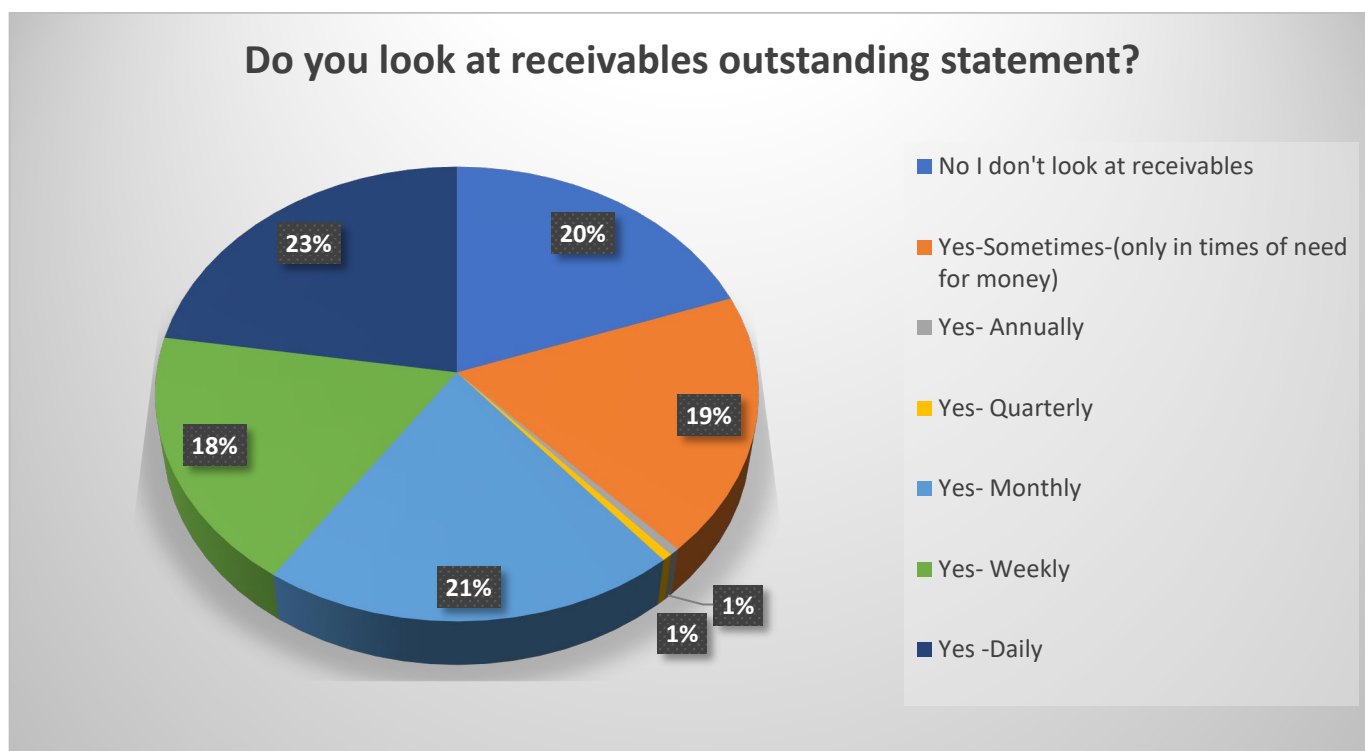
The chart below confirms the interpretation made in the previous paragraph. Service and Trading businesses have a lower proportion of credit sales to cash sales, the opposite is true for manufacturing businesses. This could again be due to higher B2B nature of transactions rather than B2C, further research would be required to establish this assumption.



Receivables outstanding statement

Similar to the credit period the major concern here is the quality of the statement as billing itself is done in less than optimum means. The fact the 20% said they don't look at the statement and 19% said they look at receivables only when in need of money are a real cause for concern irrespective of the other factors.

Do you look at receivables outstanding statement?	Percentage
No, I don't look at receivables	20%
Yes-Sometimes- (only in times of need for money)	19%
Yes- Annually	1%
Yes- Quarterly	1%
Yes- Monthly	21%
Yes- Weekly	18%
Yes -Daily	23%
TOTAL	100%



Purchases and Inventory

Trade credit from your suppliers

The chart below shows the period of credit available to the entrepreneurs from their suppliers. This data by itself is not of much value. However, when the data is compared with the credit sales made by these entrepreneurs there was a clear negative mismatch of credit received and credit given for 126 out of 445 entrepreneurs i.e. 28% of the businesses give longer credit period than they receive. This leads to working capital requirements to manage the mismatch. If the working capital is not managed by these entrepreneurs keeping this in mind it could lead to serious liquidity crisis.

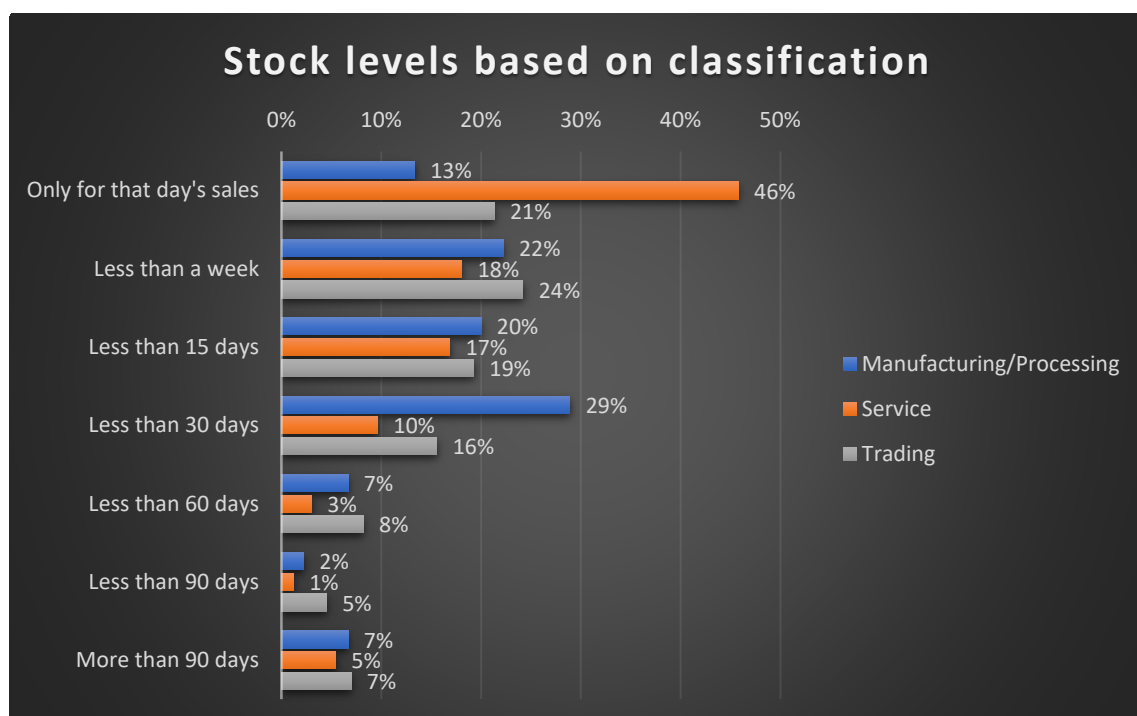
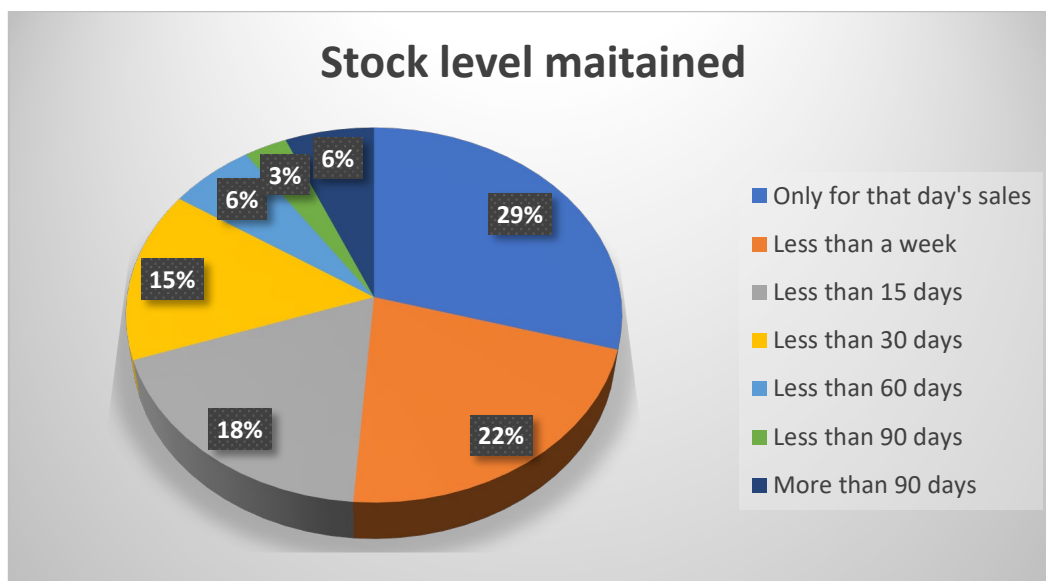




60% of service business did not have credit from suppliers. More manufacturing businesses have supplier credit than trading and service. While 38% of the manufacturing business did not have supplier credit only 22% of the manufacturing business did not give credit. This increase the working capital needs of these businesses.

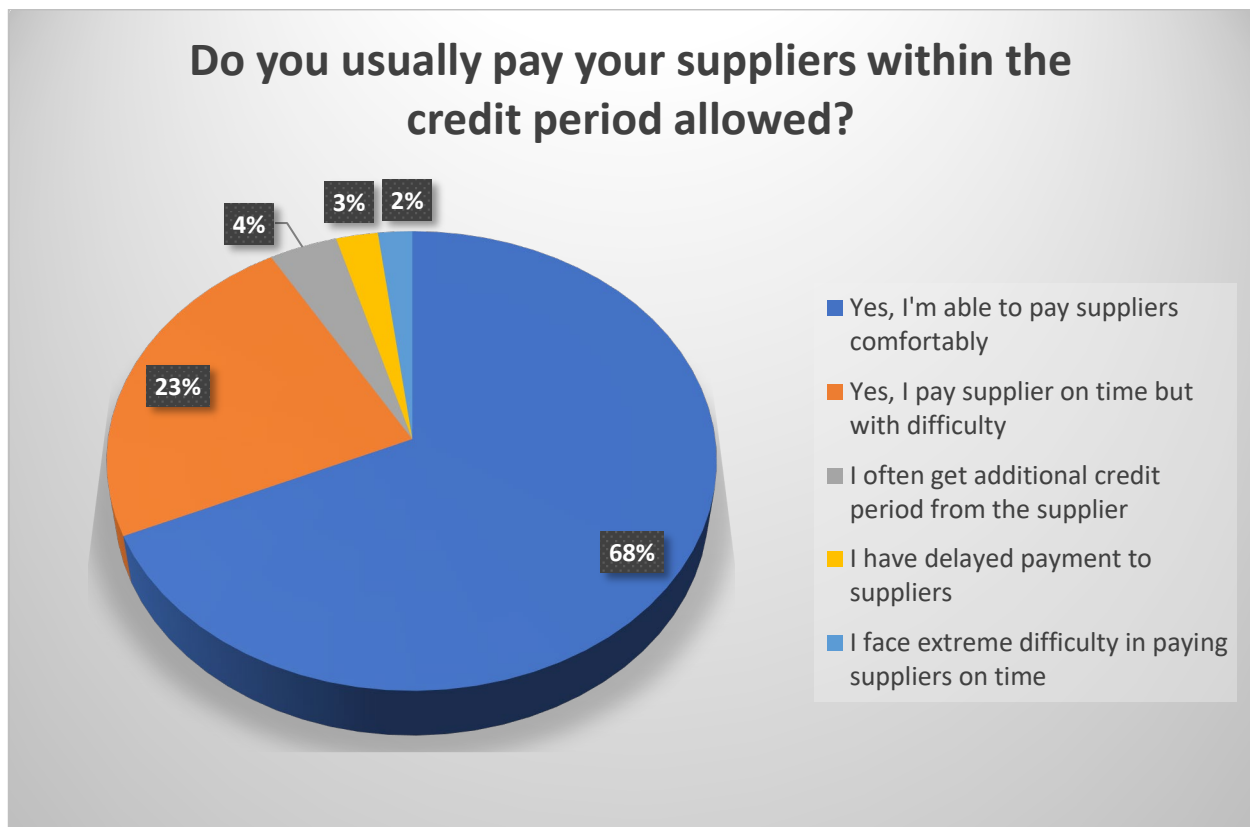
Stock level maintained

51% of the businesses maintain stock for less than a week, this could be because most of these businesses are service businesses like repair shops, small eateries and restaurants. 46% of service-oriented businesses claim to have stock only for that day's sales. Most provisional stores also seem to maintain only one week's worth of stock. 49% of manufacturing businesses maintain more than one week to less than a month's sales as stock. In these cases, the importance of maintaining optimum stock levels based on perishable vs non-perishable goods, expiry dates, stock out cost become important.

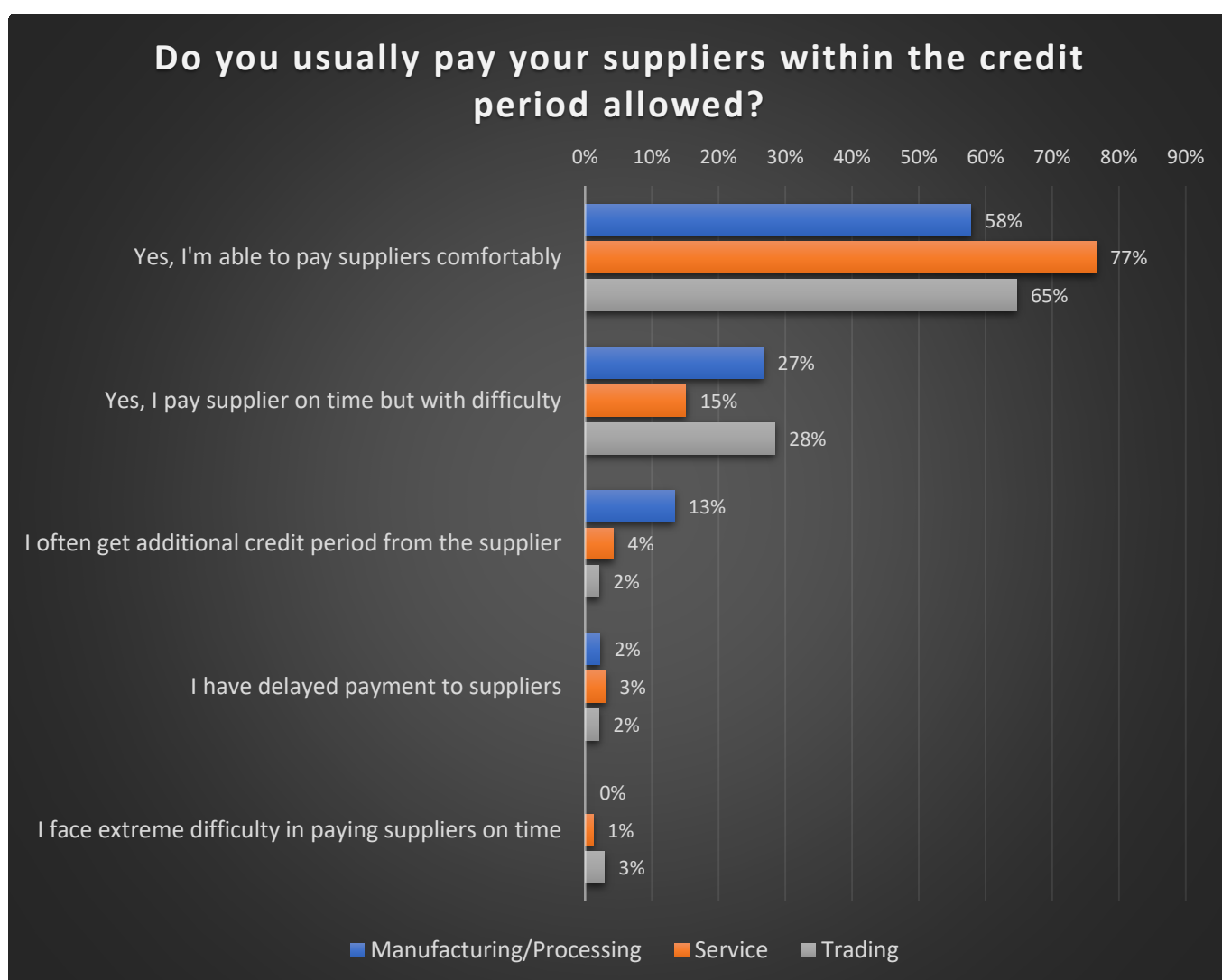


Payment to Trade Creditors:

32% of businesses face varying levels of difficulty in making payments to suppliers on time. Entrepreneurs, in general, may need to understand that the survival depends on liquidity even if the business is otherwise profitable. While the fact that 68% of the business say they are comfortable making payments to suppliers does give a positive outlook of the liquidity situation of the entrepreneurs, we may have to look at it with a bit of scepticism. There is a possibility that the entrepreneur may not have shared the actual situation with the students during the survey out of fear of being judged and considering their personal image. We will be able to get the actual picture in this regard if and only if we have access to their books.



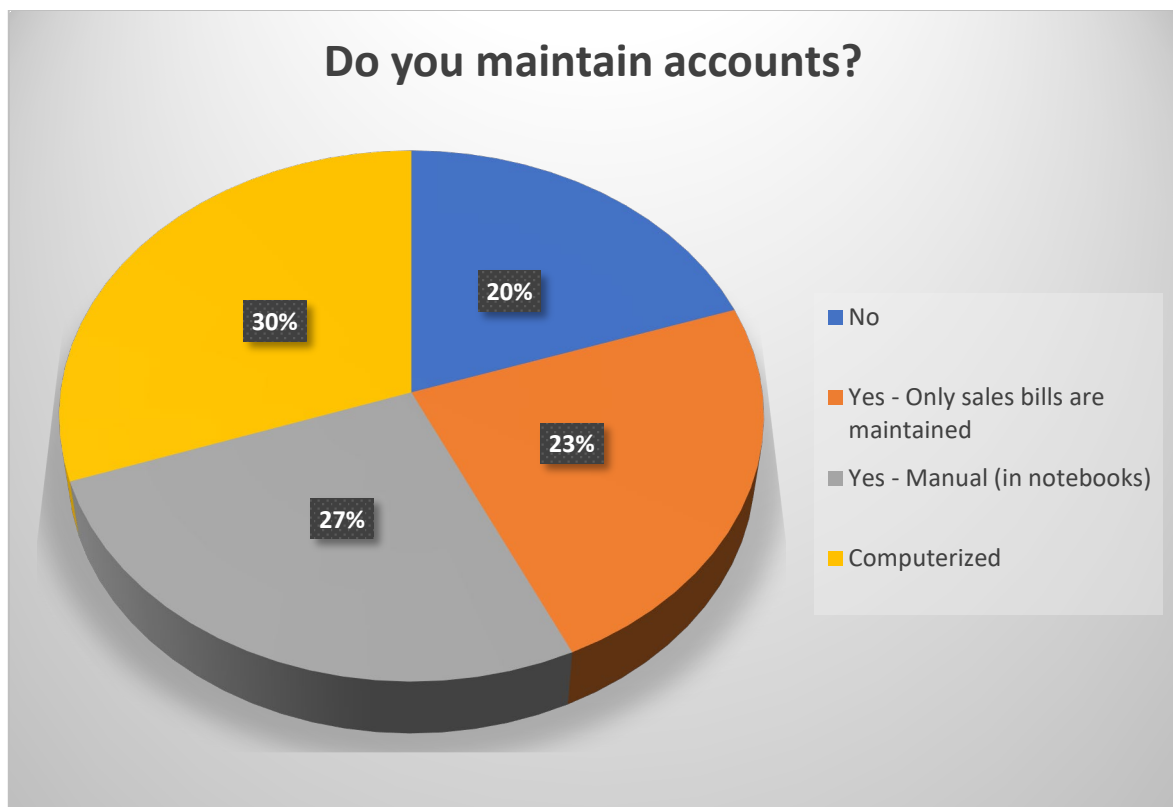
Furthermore, when the data is broken down based on business classification it shows that manufacturers and traders face more difficulty in paying suppliers than service businesses. This could be due to the longer cash cycle in manufacturing and trading compared to service businesses.



Accounting

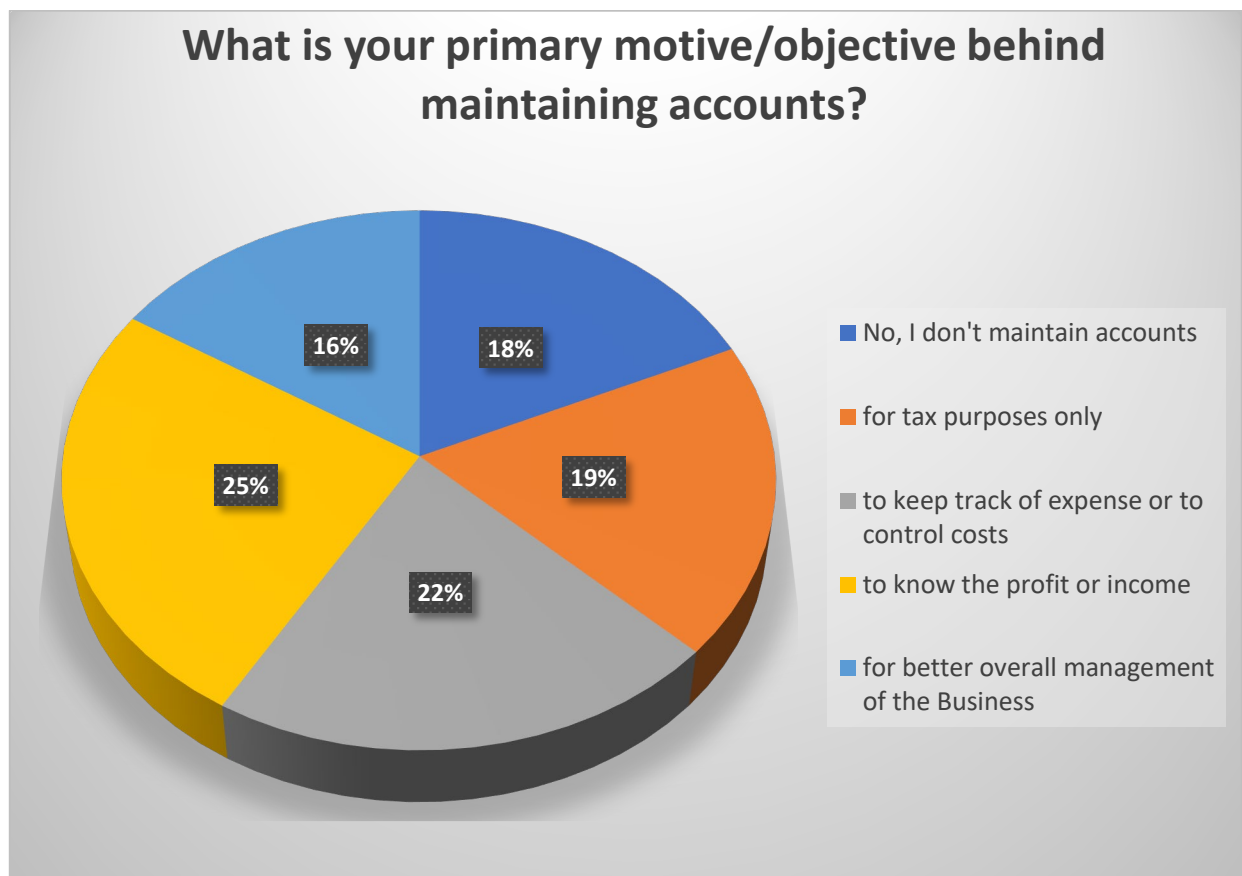
Accounts/Bookkeeping

Only 30% of the mass entrepreneurs maintain accounts in electronic form. For Mass Entrepreneurs, this could be exponentially improved by providing simplified solutions that run on mobile or tablets.



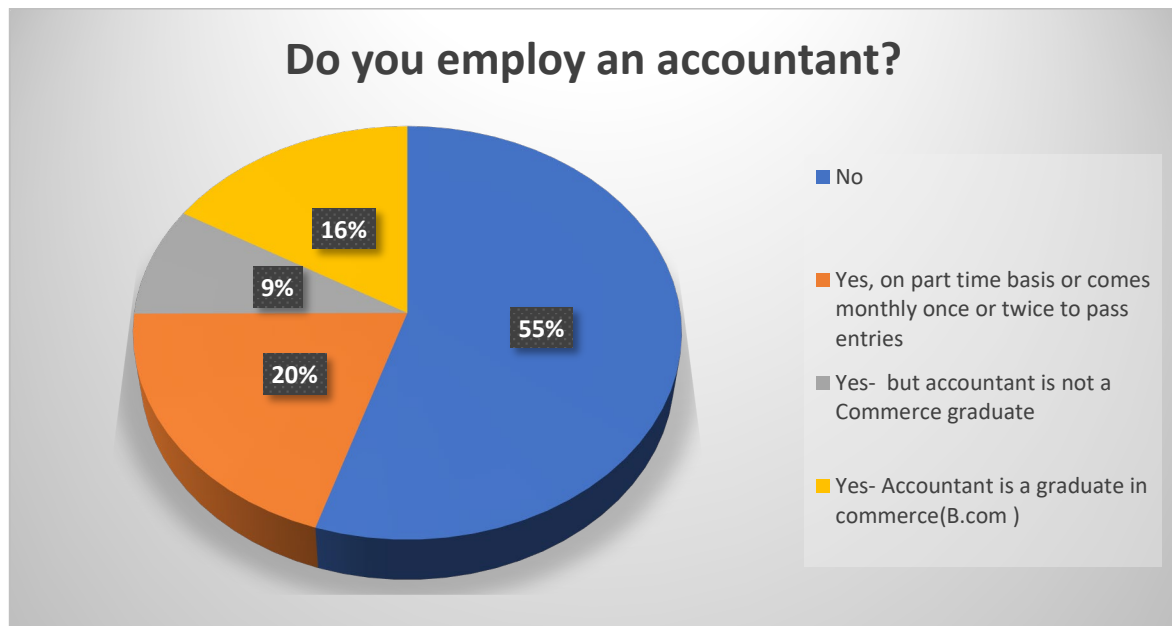
Objective of accounting

Only 18% of the Entrepreneurs maintain accounts for the better overall management of their businesses. 25% maintain it to know their profit/income, 22% to keep track of their expense, 19% do it for tax purposes only and the other 18% do not maintain accounts at all.



Accountant

55% of mass entrepreneurs do not employ an accountant at all. Which is understandable considering the size of these businesses it may not be viable to hire a full-time accountant. Most often the accounting is done by the owner of business themselves.

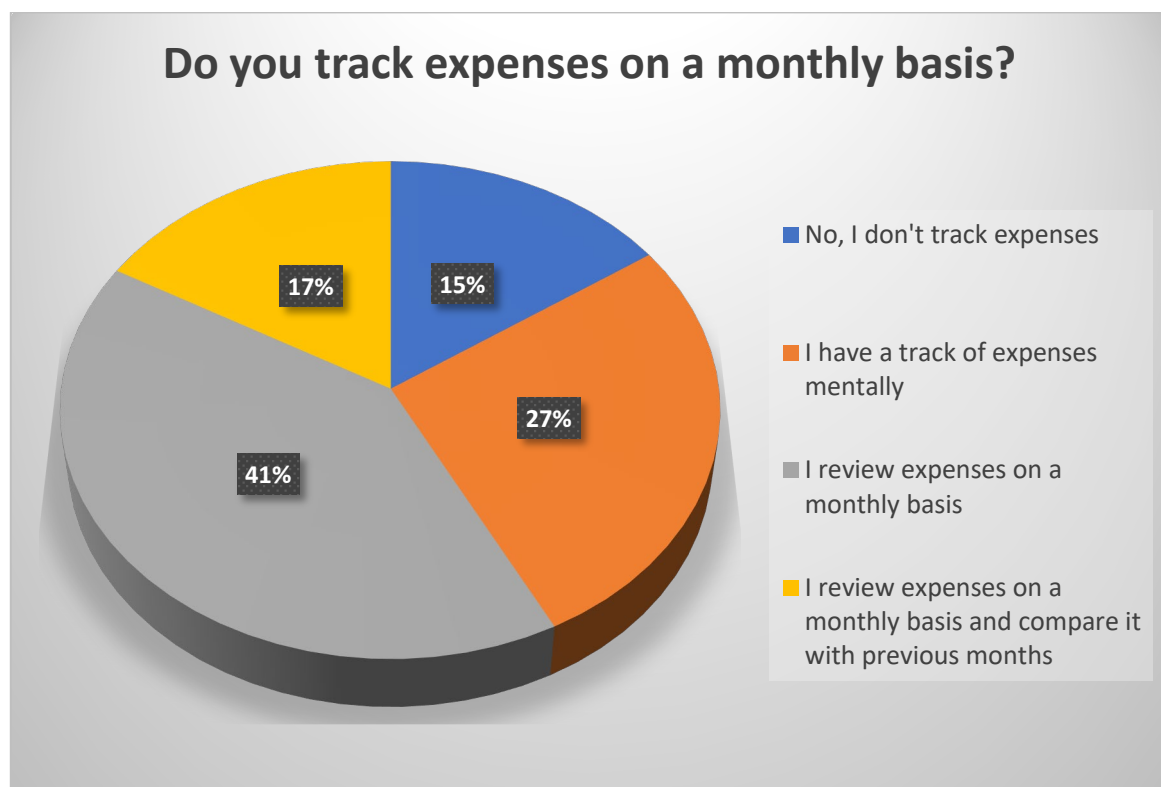


Further analysis of the data of businesses with more than five employees shows the numbers improve by double digits. However, 36% of them still don't employ an accountant even on a part-time basis.



Expense Tracking

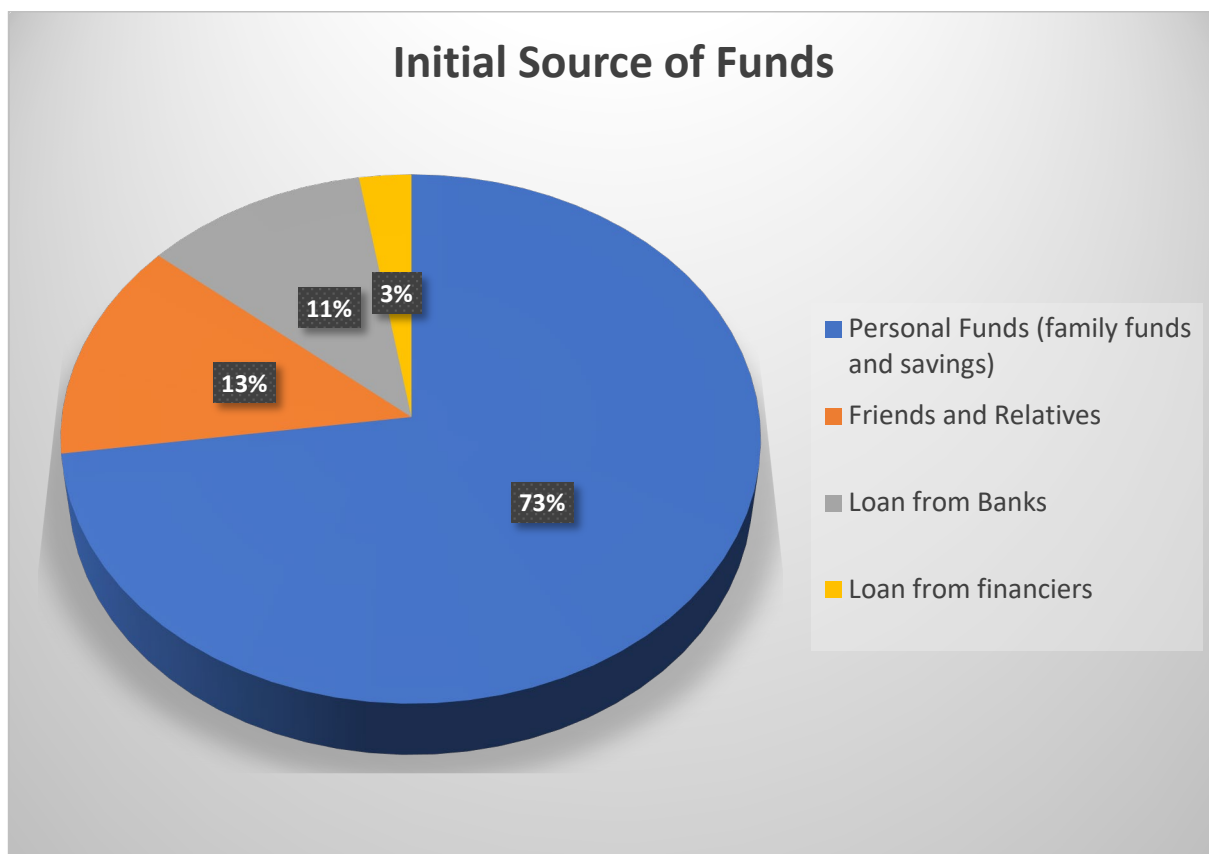
It is a positive sign that a majority (58%) of the entrepreneurs have a track of their expenses on a monthly basis and 17% compare it with previous months expenses too. However, 27% track it mentally only and 15% do not track it at all. It is important to create awareness amongst these entrepreneurs to help them better manage their businesses.



Finance

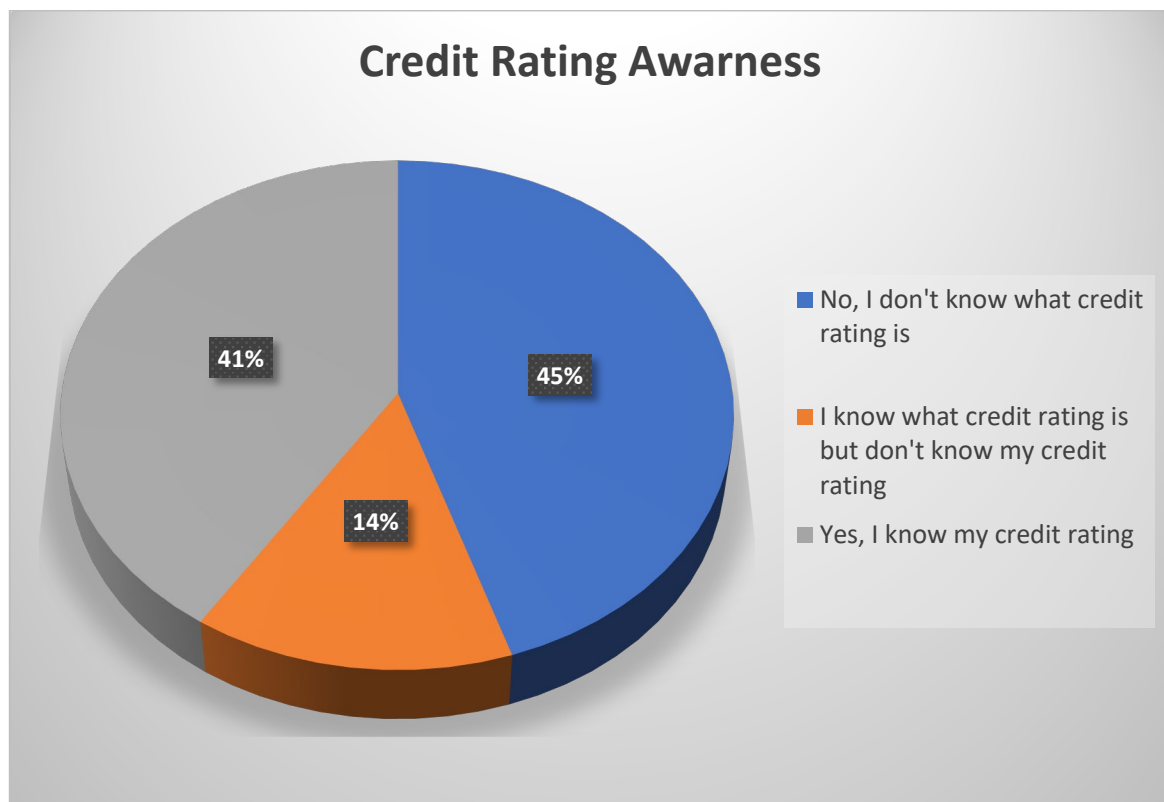
Initial Source of Funds

The data shows that the vast a majority (73%) of mass entrepreneurs started their business using personal source of funds like savings and funds from friends and relatives.



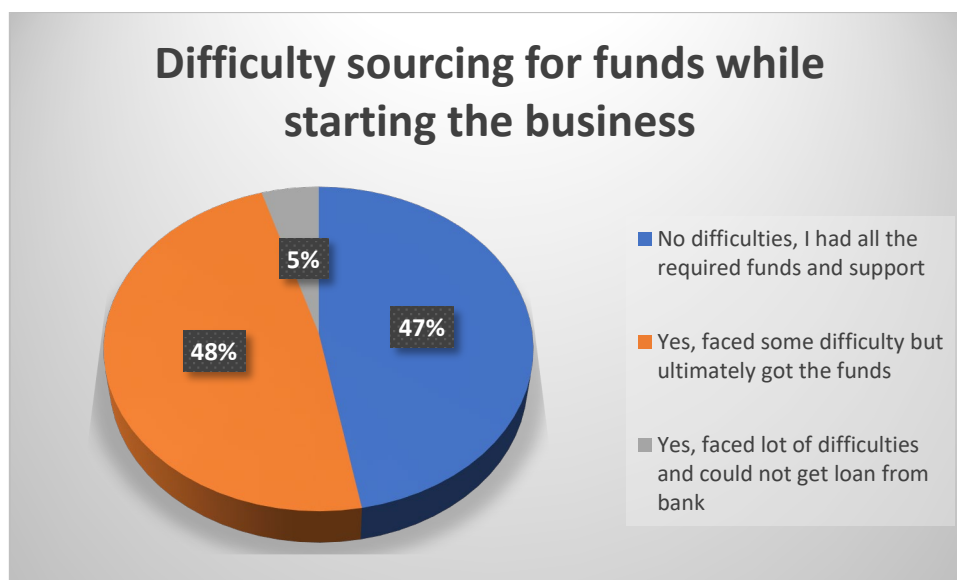
Credit Rating

45% of the respondents are not aware of the concept of credit rating. This is understandable considering the fact that most of the mass entrepreneurs do not have a bank loan. However, it is important to create awareness on credit rating/score so that the entrepreneurs know how to improve their credit rating/score which would make borrowing easier and cheaper in times of need.

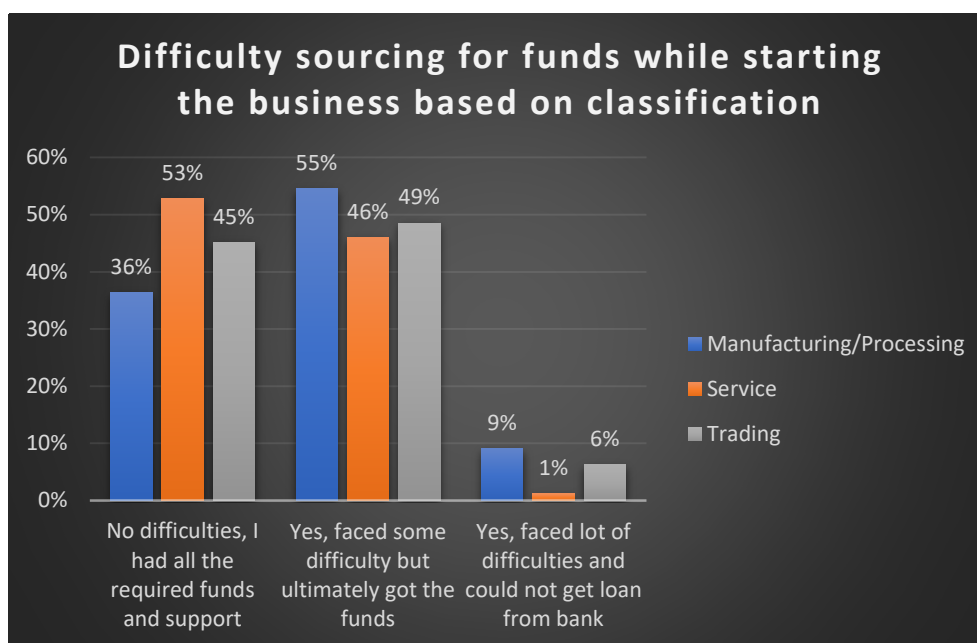


Ease of Initial Funding

Majority of the entrepreneurs (53%) claim they faced difficulty in initial sourcing of funds to start the business but 48% of them ultimately secured them. However, 5% did not get the required funding.

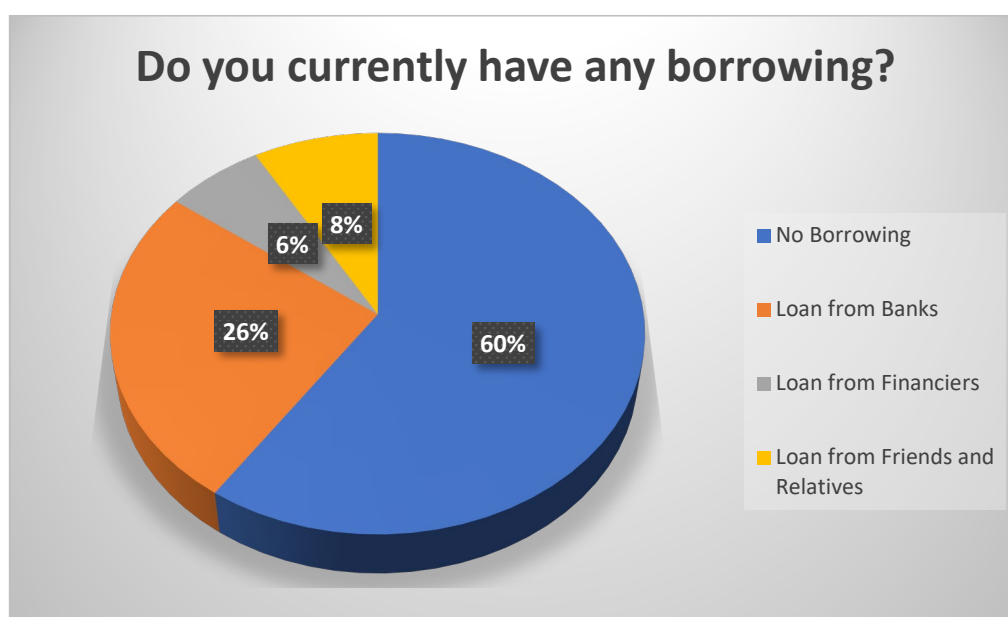


The data shows that manufacturing businesses faced more difficulty than other businesses. The difficulty could be because manufacturing businesses generally require higher initial investments in the form of capital expenditure. It could be a major reason for the lower number of manufacturing businesses also.

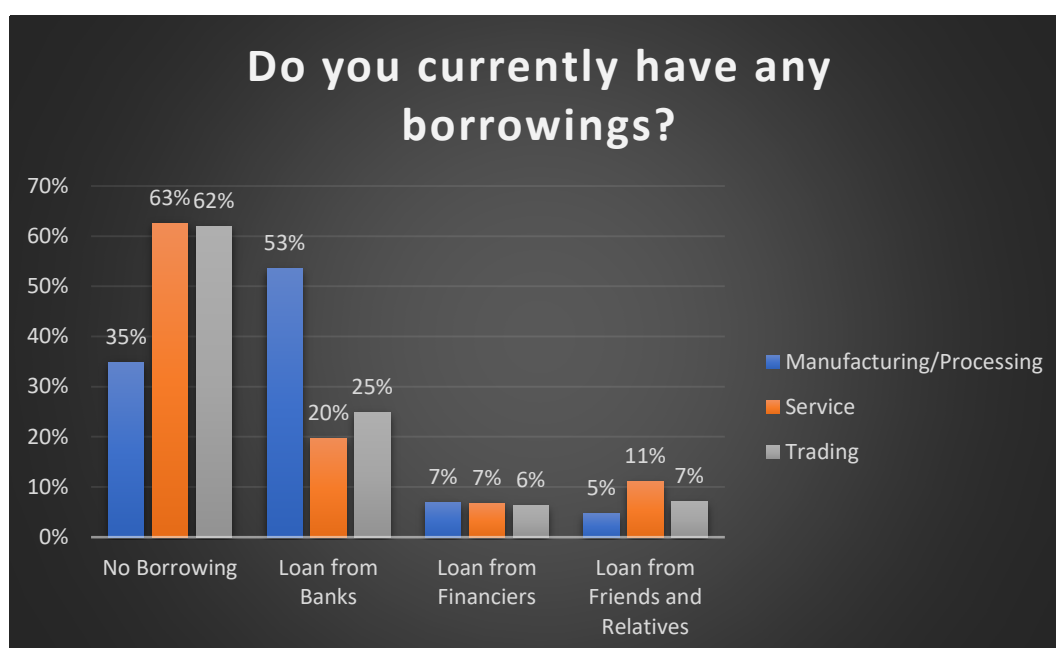


Borrowing

60% of mass entrepreneurs do not have any kind of loan. Only 26% of entrepreneurs have borrowings from banks. Banks need to become more accessible to mass entrepreneurs and the mass entrepreneurs need to be made aware of the concept of leverage to help them grow.

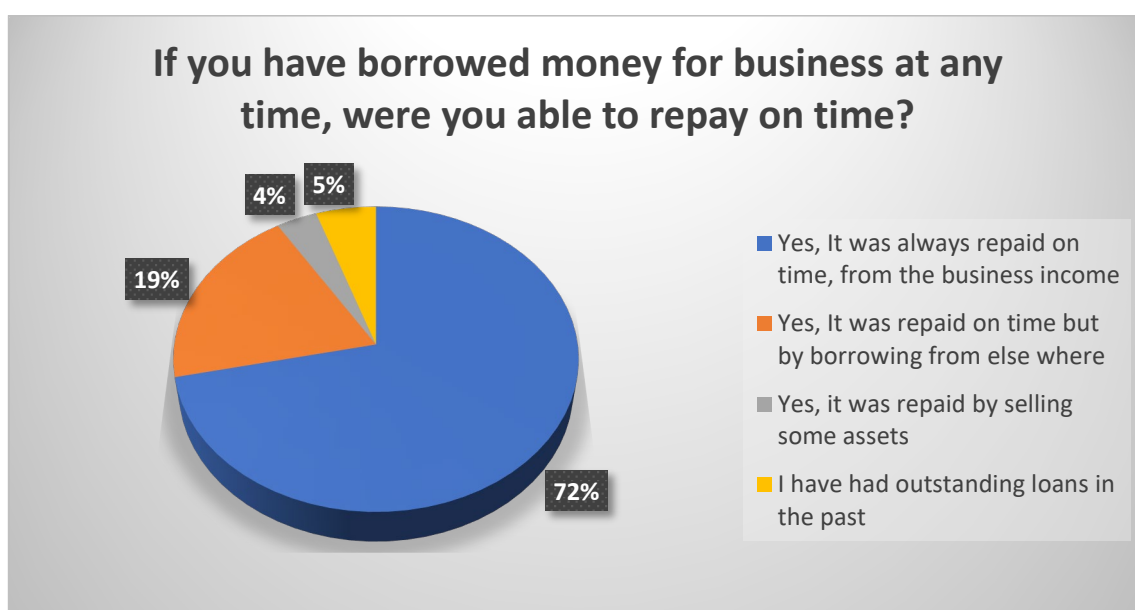


The percentage of borrowers is higher amongst manufacturing business. While 65% of them have borrowings, 53% of them have borrowed from banks.

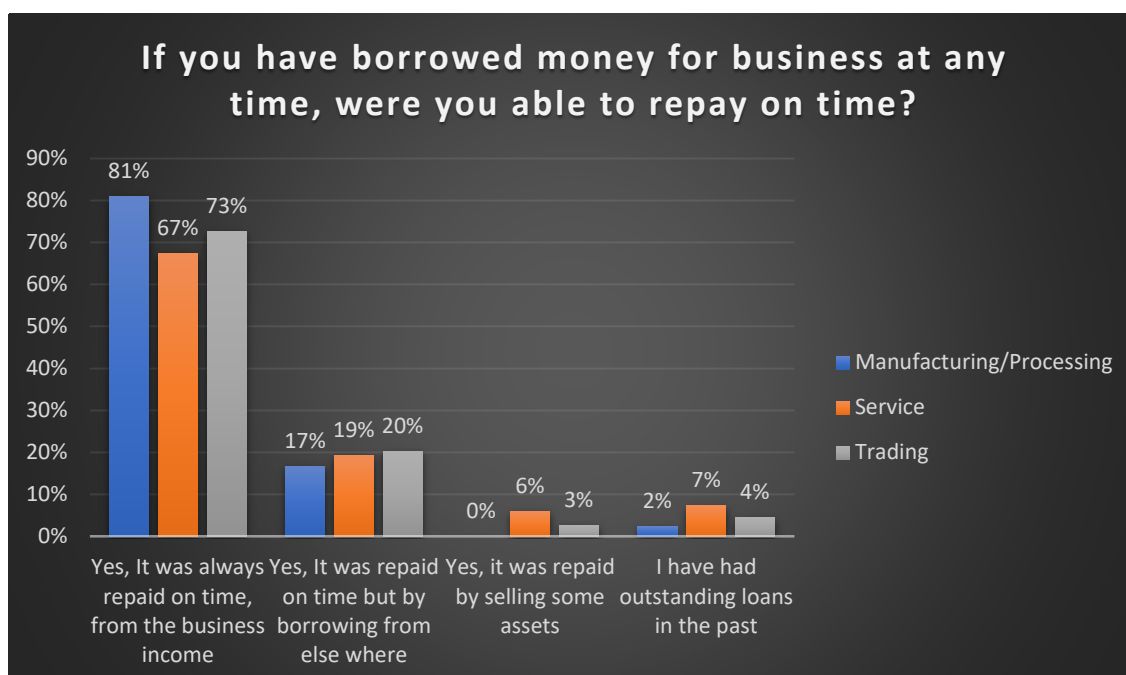


Repayment of Loans

72% of the entrepreneurs have said they have always repaid their borrowings on time. The remaining 28% have faced different degrees of difficulty in repaying the same. However, there is a possibility that the Entrepreneur may not open up to a stranger about their real issues out of fear of being judged and considering their personal image.

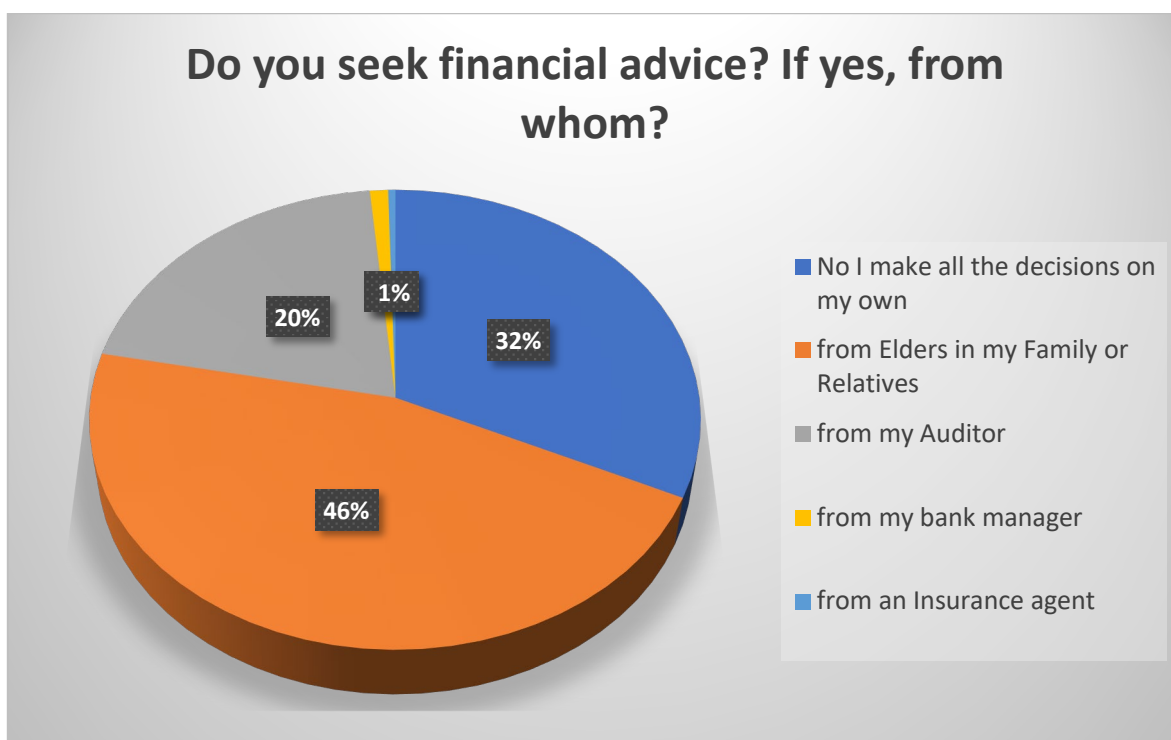


A higher percentage of trading and service businesses seem to have difficulty in repaying loans, which is the opposite of the observation made in *"Payment to Trade Creditors"*



Financial advice

The participants were asked “Do you seek financial advice? If yes, from whom?” to understand how they make financial decisions and if they have access to professional advice. The data shows that the majority of mass entrepreneurs do not have access to professional financial advice. While “others” was also given as an option no one had selected the same for this question. It also reinforces the already common perception that Auditors play an important role as financial advisors.



Marketing

Branding

From the chart below it can be understood that most mass entrepreneurs (69%) have not branded their product or service. It is important to create awareness about the importance of branding and the know-how of it to mass entrepreneurs.



Advertisement

312 of the 455 (64%) participants responded said they have not done any some form of advertisement either in Newspaper or Magazines, Social Media, Local TV channels, Billboards or wall posters.

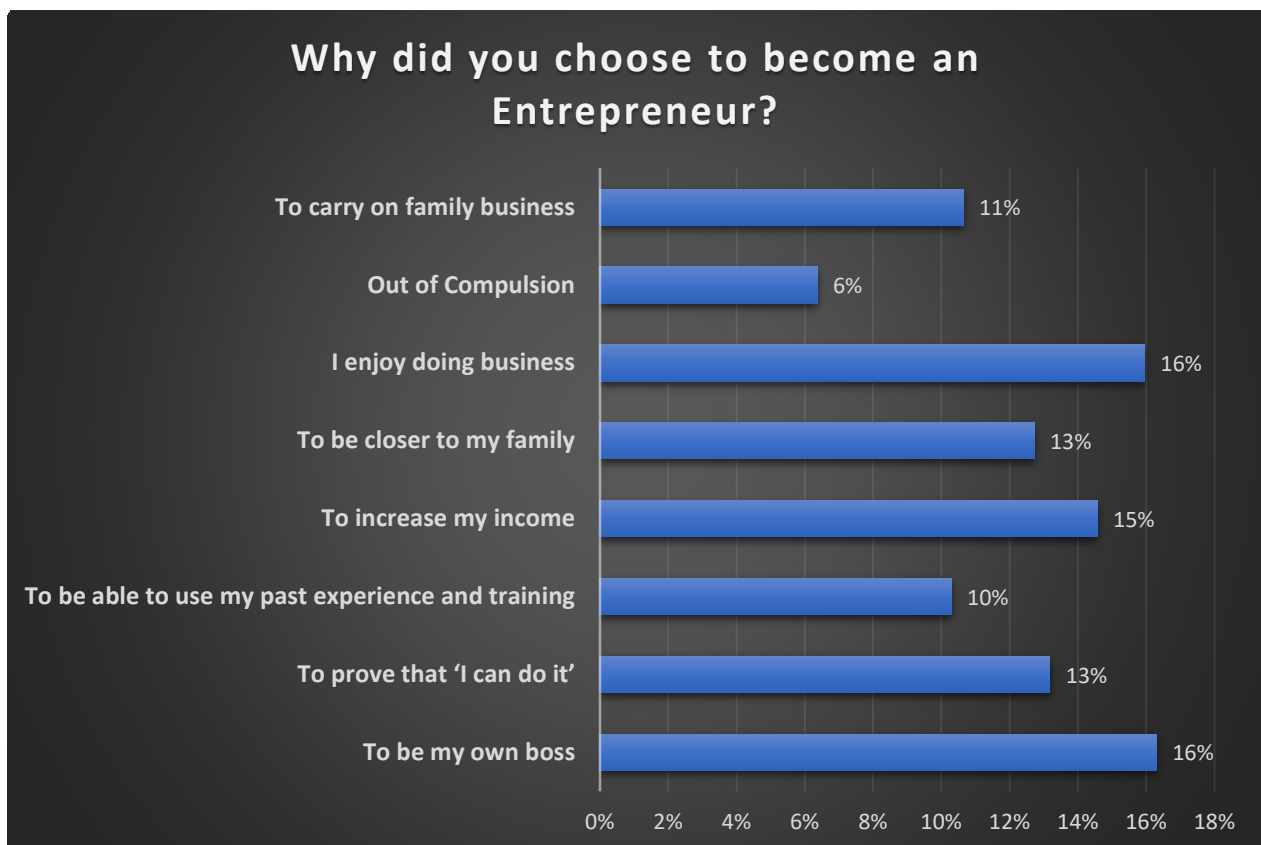
However, 60 out of the 143 (42%) who said they have advertised also said they have either not branded their product or service or only done it somewhat. A lot of support seems to be required in this area to make mass entrepreneurs aware of Dos and Don'ts in advertising and marketing. Only 60 out of 455 (13%) respondents said they have done social media marketing. However, it is not clear if they simply have social media presence or do actual paid advertising. Taking into account the extent of smartphone usage and internet penetration as brought out in this report, it is important to bring awareness about social media marketing to mass entrepreneurs as it is much cheaper and more effective than other means of advertising. 62% of those who advertised used Newspaper or Magazines as their medium for advertising.

Entrepreneurial Environment

Determinants of Entrepreneurship

The Participants of the survey were asked to rate the reasons they became an entrepreneur on a Likert scale of 1 to 5 (1 being the least and 5 being the most relevant reason).

From the following chart, it can be concluded that *“To be my own boss”* and *“I enjoy doing business”* is what drives most entrepreneurs along with *“To increase my income”*. It is heartening to note that money is not the most important or the only factor. If money had been the only or most motivating factor most people will not be able to handle the challenges of entrepreneurship.



Domain Knowledge/Ability

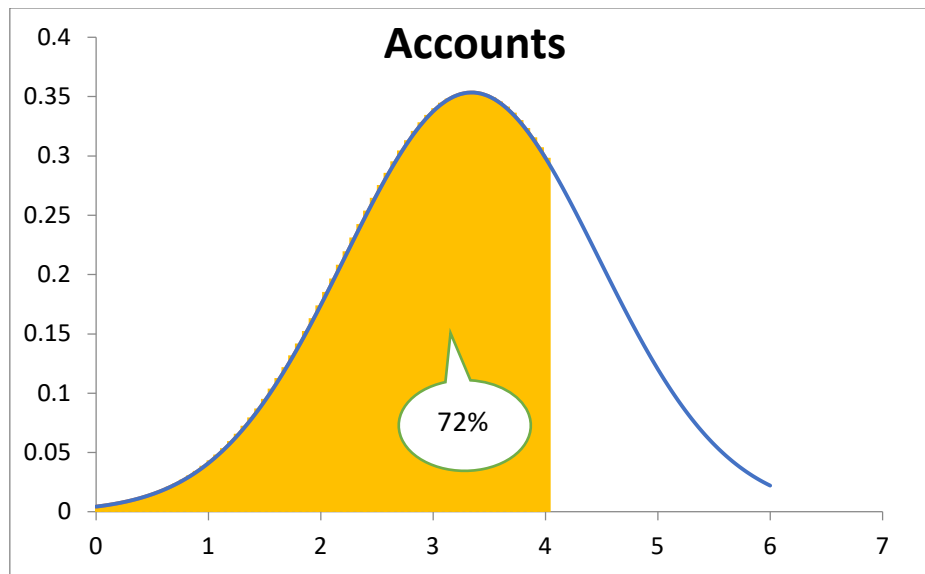
Towards the end of the questionnaire, to understand the self-awareness of the entrepreneurs about their abilities in six broad domains of business namely Business Strategy, Accounts, Sales, People Management, Statutory Requirements and the Use of devices like computer. For this purpose, they were asked to rate their ability on a five-point Likert scale, (where 5 is the highest and 1 is the lowest) 1 denotes -'I need help' and 5 denotes- 'I don't need help'.

An analysis is made of each of these six domains. This would give an indication of what the gaps are and where further strengthening may be needed to ensure the sustainability of the mass entrepreneurial environment.

A normal distribution has been made for each of the factors to understand where the mass entrepreneurs stand in relation to the particular factor in terms of perception. Only the area above 'Level 4' shows an agreement with certainty to the statement made and more than a reasonable understanding of a perceptive factor. Hence, the area below 'Level 4' shows a lack of agreement to the statement made and less than a reasonable understanding of a perceptive factor. The former has been left unshaded in the normal distribution curve while the latter has been shaded and marked as percentages in the graph. Inference follows this interpretation.

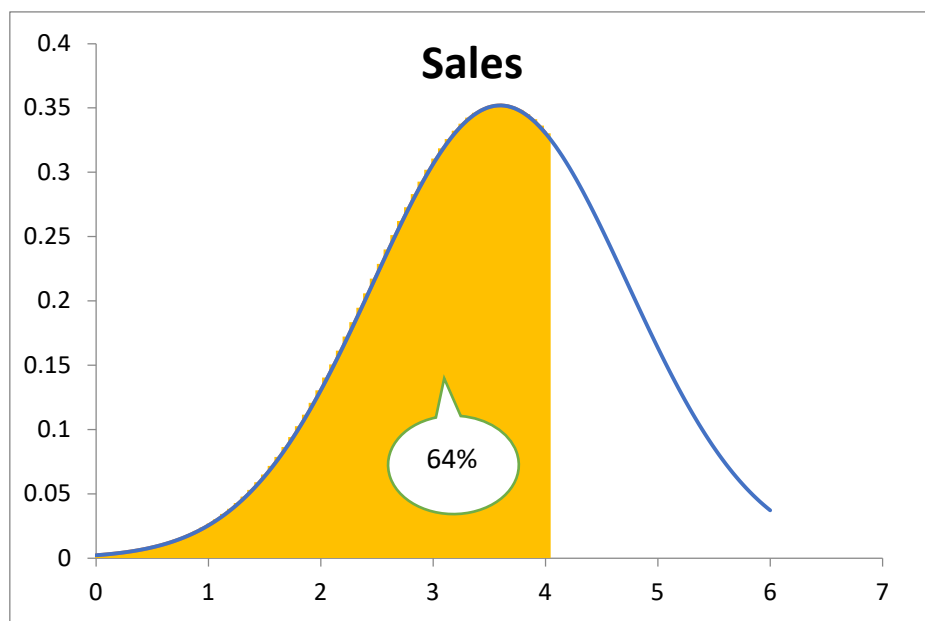
The results of the self-assessment are as follows:

Accounts



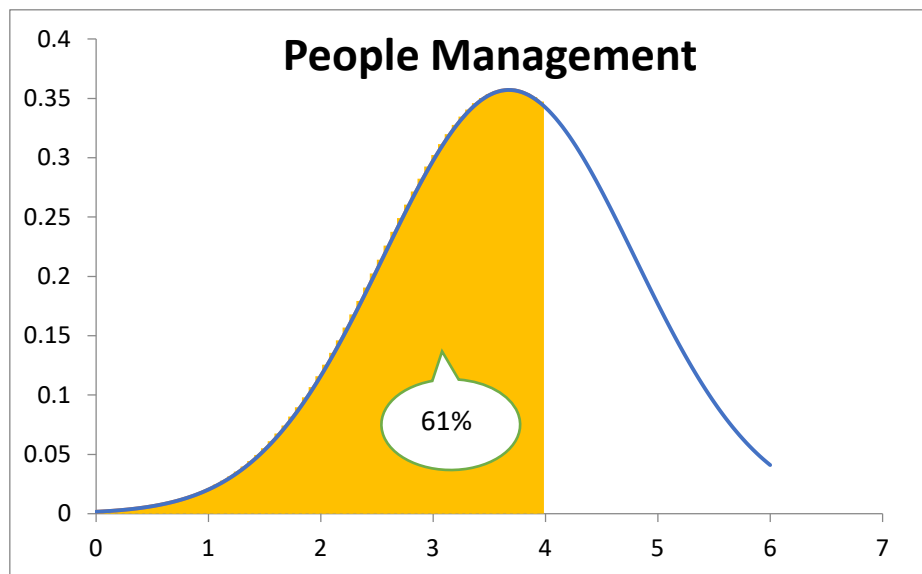
72% of the respondents seem to need support/help in accounts. The mean of the ratings for accounts is 3.34 and the standard deviation is 1.13. The same has been plotted as a Normal Distribution curve above for the better understanding of the distribution.

Sales



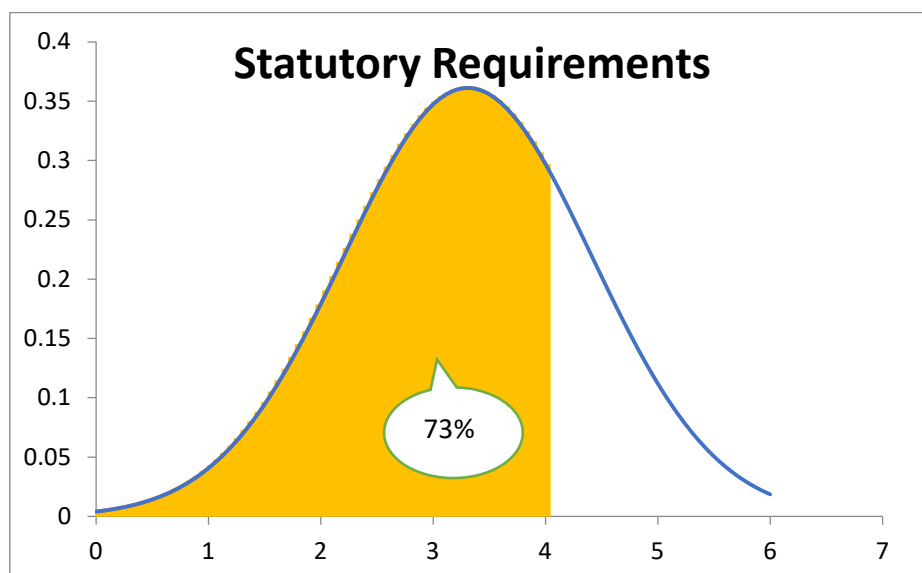
64% of the respondents seem to need help in Sales. The mean of the ratings for sales is 3.6 and the standard deviation is 1.13. The same has been plotted as a Normal Distribution curve above for better understanding of the distribution.

People Management



61% of the respondents seem to need help in People management. The mean of the ratings for people management is 3.68 and the standard deviation is 1.12. The same has been plotted as a Normal Distribution curve above for the better understanding of the distribution.

Statutory Requirements

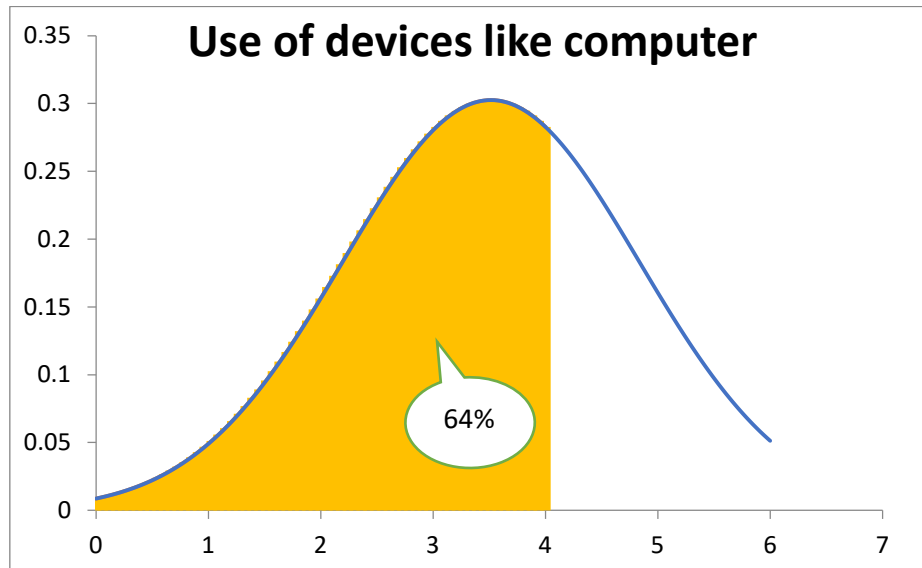


73% of the respondents seem to need help in Statutory compliance requirements. This is in contrast with their answers to other questions. The mean of the ratings for statutory requirements is 3.31 and the standard deviation is 1.1. The same has been

plotted as a Normal Distribution curve above for the better understanding of the distribution. Statutory compliance seems to be the biggest challenge faced by most entrepreneurs. Policy intervention with respect to statutory compliance is required to improve the ease of doing business. We also need to understand what the mass entrepreneurs understand as statutory compliances, whether it is only Income tax or any other aspects, as we have given an omnibus term here.

A single portal that integrates all state and central government departmental registrations into a single workflow application would be the most effective way to ease the conducting of a business. Further, compliance—especially related to payments and reporting requirements—could be made much simpler. Digitizing and automating this workflow should allow reports and required documents to be generated digitally from the data that are collected. A push by the relevant ministries toward improving the ease of doing business across sectors and activities could potentially provide the biggest sustainable boost to business growth and job creation in India.⁶

Use of devices like computers



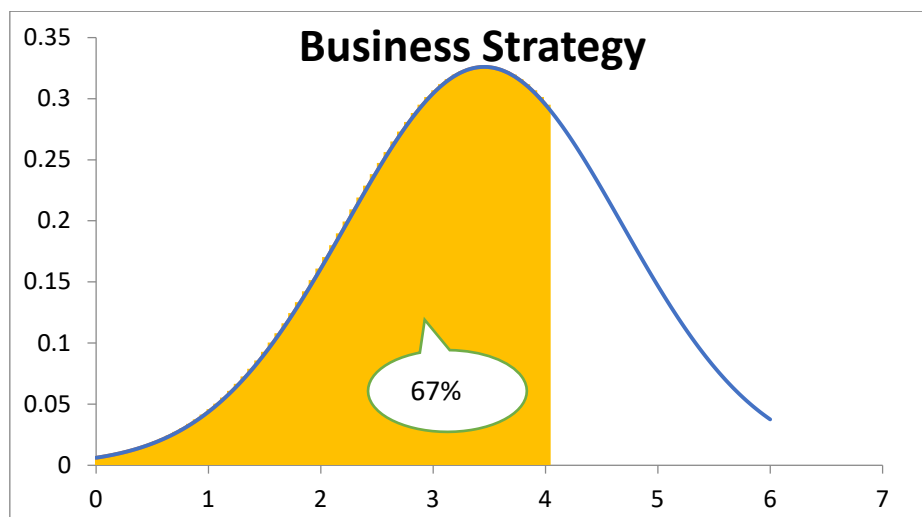
64% of the respondents seem to need support/ help for the use of devices like computers. The mean of the ratings for “*Use of devices like computers*” is 3.52 and the standard deviation is 1.32. The same has been plotted as a Normal Distribution curve

⁶ Source: <https://carnegieindia.org/2019/10/03/india-s-quest-for-jobs-policy-agenda-pub-79967>



above for the better understanding of the distribution. While the mass entrepreneurs' comfort of using technology is not very high it is still very positive and shows us that the power of technology can be harnessed to make meaningful interventions.

Business Strategy

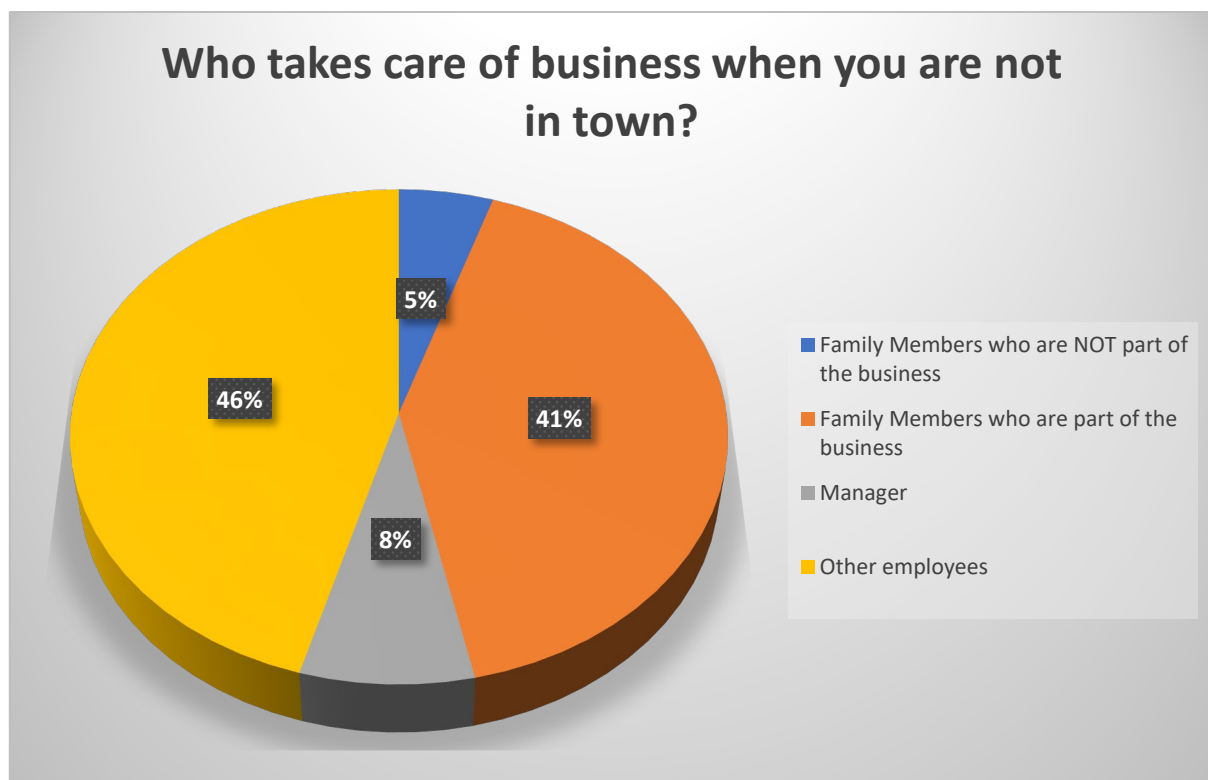


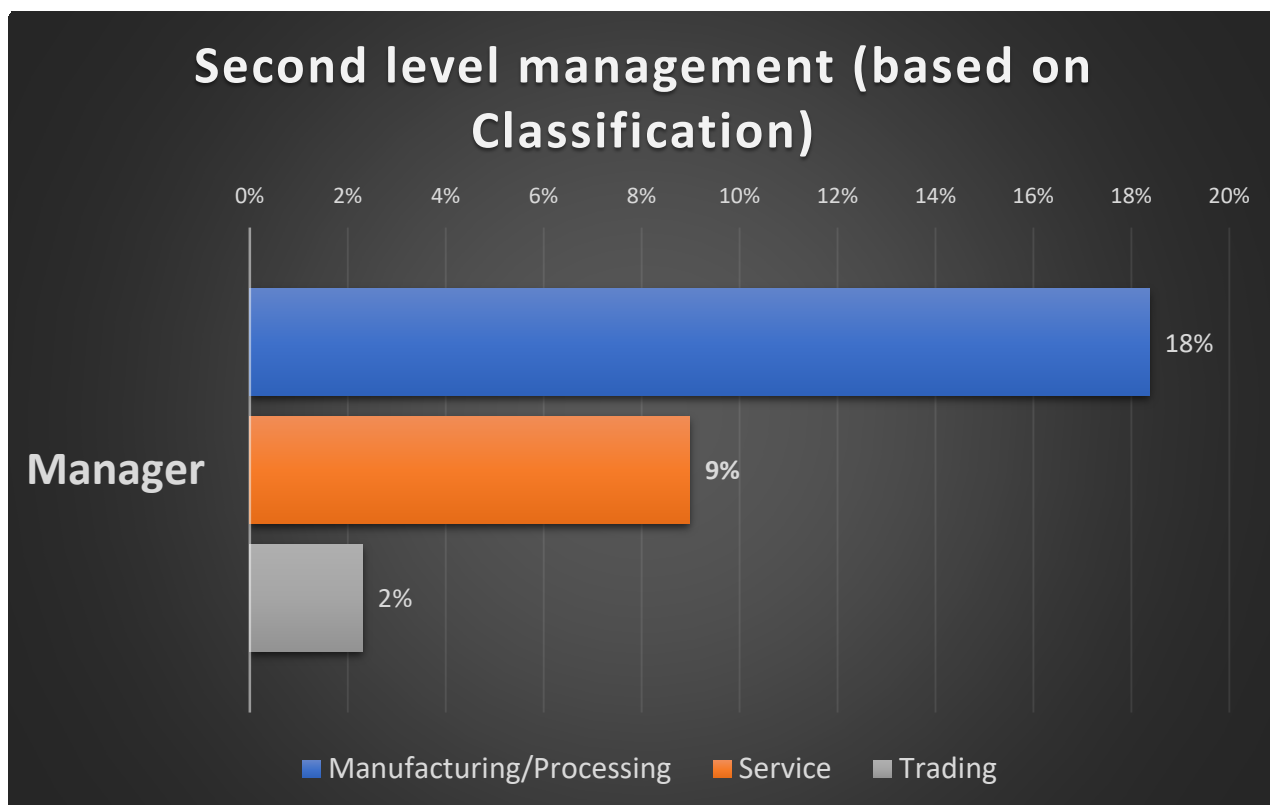
67% of the respondents seem to need help in Business strategy. The mean of the ratings for business strategy is 3.45 and the standard deviation is 1.22. The same has been plotted as a Normal Distribution curve above for the better understanding of the distribution.

Second line of Management

The second line of management is a big challenge in small businesses. To understand this, survey participants were asked to “*Who takes care of business when you are not in town?*”. Four options were given and participants were allowed to choose multiple options. These results show that most of these businesses are heavily depended on their family (41%+5%) and non-management level employees (46%) for support as there aren’t many management level people in most of these businesses.

This could be a crucial factor that could prevent them from growing as the business is more or less depended on the particular individual or their family for day-to-day operations. Development of second line employees could be a major possible intervention.





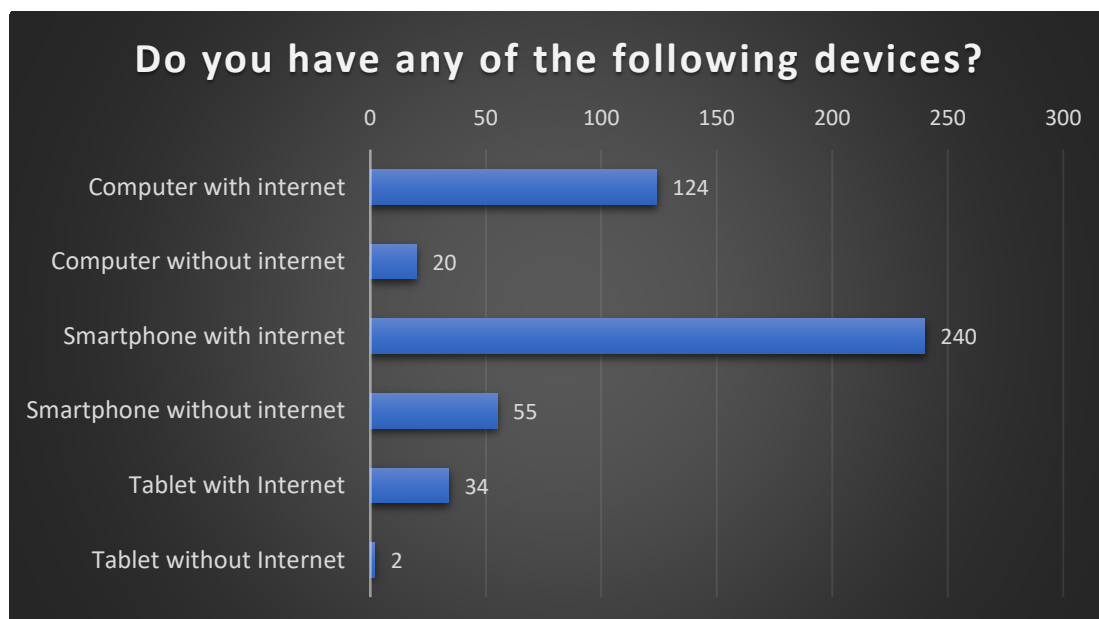
Manufacturing businesses seem to have more second level managers (18% of manufacturing businesses) than service and trading businesses. Trading Businesses have the least second level managers at only 2% of the total trading businesses in the survey.

Use of Technology

Out of the 455 participants of the survey, 363 entrepreneurs had some kind of internet connection either in their mobile phone, computer or tablet (some had multiple connections). 80% internet connectivity amongst mass entrepreneurs is a good number and could potentially be used for interventions in the future. In comparison the national internet penetration rate is 36%⁷. The data collected also shows the type of devices used by the entrepreneurs for which they were allowed to choose multiple answers within 8 options provided to them. The data shows that smartphones are the

⁷ According to Internet and Mobile Association of India (IAMAI)
<https://economictimes.indiatimes.com/tech/internet/india-has-second-highest-number-of-internet-users-after-china-report/articleshow/71311705.cms?from=mdr>

most widely used at 65% compared to the national smartphone penetration rate of 25.3%⁸ and therefore any interventions should be optimized to smartphone users.



Biggest challenge in business

In addition to the very specific objective type questions above the participants were also given an open-ended question to get their unrestricted view on what they felt was the biggest challenge in business today. 183 responses specified competition/competitors as their major challenge. 67 responses mentioned customer satisfaction/retention as their biggest challenge.

From the findings of this survey, it is clear that technology could play a vital role in providing solutions to these challenges due to the large extent of smartphone and internet usage amongst mass entrepreneurs. Creating awareness about social media marketing and training could be a possible way to address both the major challenges mentioned above.

⁸ Top 20 Countries by Smartphone Users 2019 - <https://newzoo.com/insights/rankings/top-countries-by-smartphone-penetration-and-users/>

Suggestions

- Creating awareness about various entrepreneurial resources and knowledge
- Continuous Skill training for entrepreneurs in accounting and finance
- Creating awareness about the power of digital marketing and branding
- Training and support for Branding and Digital Marketing
- Simplified accounting tools that could preferably run on smartphones or tablets
- Ease of doing business by simplification of statutory requirements for mass entrepreneurs
- Provide support to set well-defined goals, translate them into numbers (metrics) to enable follow up and comparison of actual results to previously set goals
- Help create a '*Growth Mindset*' amongst entrepreneurs

Scope for Further Studies

Specific Study of women Entrepreneurs to understand their demographics and unique challenges.

Urban and Rural divide and its effects on different dimensions of Entrepreneurship

The effect of different levels of education on entrepreneurship and the importance of domains specific education

The level of understanding of Mass Entrepreneurs with respect to the difference between Cash and Profit, its importance and how it applies to their business

IV- STUDENTS INVOLVEMENT

Why students were involved?

Today, we are at the beginning of a Fourth Industrial Revolution. Developments in genetics, artificial intelligence, robotics, nanotechnology, 3D printing and biotechnology, to name just a few, are all building on and amplifying one another. This will lay the foundation for a revolution more comprehensive and all-encompassing than anything we have ever seen. Smart systems—homes, factories, farms, grids or cities—will help tackle problems ranging from supply chain management to climate change. The rise of the sharing economy will allow people to monetize everything from their empty house to their car. While the impending change holds great promise, the patterns of consumption, production and employment created by it also pose major challenges requiring proactive adaptation by corporations, governments and individuals⁹.

Technological change affects more than productivity, employment, and income inequality. It also creates opportunities for changes in the nature of work itself. Numerous ethnographic studies have shown how a variety of new technologies have altered the way work is performed, the roles that workers play in a firm's division of labour¹⁰.

The nature of work (employment/jobs) and its role in society are changing in ways like never before and at a speed which was never imagined. Therefore, it is very important and need of the hour that the students of today are ready to take on the jobs of tomorrow. The jobs of tomorrow will certainly be less monotonous and not simply adhering to pre-set standards and SOPs, they will be more knowledge and strategy based. The advent of computers and printers killed the jobs of stenographers and manual copywriters but created jobs for a more skilled workforce. In the age of the internet, machine learning and artificial intelligence the change is much faster and far more drastic. Low skilled jobs will certainly vanish and only higher knowledge and skill-based jobs will be available.

⁹ The Future of Jobs - Preface - http://www3.weforum.org/docs/WEF_Future_of_Jobs.pdf

¹⁰ Changes in the Nature of Work and Its Organization – Introduction <https://www.nap.edu/read/24649/chapter/6>



Also, the skill sets that the students are trained for in colleges and the skills required in an actual work environment have a huge mismatch. As per the Higher Education report by FICCI (Federation of Indian Chambers of Commerce and Industry) and Ernst and Young (EY) 99% of MBAs and 80% of engineering graduates in India are unemployable. Due to the lack of connection between what they are taught in colleges, and the industry requirements.

Equally grim is the IT sector scenario. Out of more than 6 lakh engineers pumped into our economy each year, only a handful (18.43%) are ready to be deployed as Software Engineers in the IT service industry. And the number drops to as low as 3.21% for IT product roles. Nearly 27% of the engineers fail even to pass an interview.¹¹

Also, part of the problem is that students and faculty have minimal to the real-world business beyond their textbooks and case studies. Even the projects done by students are for academic sake with negligible learnings from real businesses. For, many people from other countries the fact that most Indian students haven't held any job or worked for anyone till they are 18 or 21 is unrelatable. These factors together create a lot of difficulty in their employability.

Through this survey, we tried to address some of these issues and hope to address the other bigger issues through more concrete efforts that evolve out of this survey report as interventions in the future.

The survey aimed at giving the student first-hand experience of interacting with an Entrepreneur and also made sure it is someone they know or is in their own surrounding to give them the initial comfort of doing the interview. The Survey Questionnaire was also designed in such a way that it helps the student hold a natural conversation with the entrepreneur beyond just asking questions like in a test. For this purpose, we at Poornatha pooled in our collective knowledge of interactions with entrepreneurs over the years and also had a mock round of interview and redesigned the questionnaire based on the experience to make it more objective than subjective and also to help with the natural flow of the interview as a conversation.

¹¹ <https://www.sandipfoundation.org/99-of-mbas-80-of-engineering-graduates-in-india-are-unemployable/>



Student Testimonials

From this survey, I have learnt the pain of starting and running a business. Some of the entrepreneurs were reluctant for the survey because of their busy schedule while most of them accommodated us. I was **amazed** at their **leadership skills, the knowledge of the economy** and the **wealth of information** they shared about the Chennai **market**. **Finance is a major problem** when it comes to expansion of their business. It was a **wholesome experience** for me, which I enjoyed.

Ranjit Suriya D

II MBA – Business Analytics, VISTAS

The entrepreneurs were very cooperative and were eager to know the purpose of the survey. They asked me to explain the questions in Tamil and tried to give as much information as possible. They understand the **importance of digital technology** but they are in **need of help** in that area. They are **frugal, hard-working** and at the same time well informed and communicative. I see this as a practical learning for me.

Jai Kishan S

II MBA – Logistics & Shipping Management, VISTAS

This **survey gave** me a **snapshot of the entrepreneurial culture** in Chennai as I met the true crowd of Chennai who carried their business amidst all odds. I was able to bond well with them and understood their views of the business. They were quite welcoming and offered me good hospitality, humble and hilarious at times and my overall learning was good.

K. Ramachandran

II MBA – Business Analytics, VISTAS

I found the entire task very interesting and enjoyed talking with entrepreneurs. The people whom I surveyed were friendly and we discussed about business issues, impact of economy and politics on business, gender bias, environmental issues and business ethics. Apart from the survey, we had lengthy informal talks on these issues and this had **inspired me to become an entrepreneur**.

Hanouf Anjum.R

II MBA- Logistics & Supply Chain Management, VISTAS



My experience with the survey was quite a new learning for me. Initially I thought it is just filling the questions. The entrepreneurs I met were very much interested and they asked me the purpose of the survey. They mostly asked for translation of the concept and few of them shared their entrepreneurial story with me, without being asked. They **took pride in their business** and were **happy** that they were **contributing to the society**. I am glad that I was part of this task.

Janani Ganesan,
II MBA- Logistics & Supply Chain Management, VISTAS

On the whole shopkeepers responded patiently for the questions. Based on our observations most of them are self driven and they lack guidance. They keep note of expenses just to track it. Almost most of them in Thirunagar area didn't register for GST and they run their whole business offline without any print ads too. It was a good experience for us when they told us about their business and how they run it, **it was like learning multiple business streams at the same time** giving us good exposure about the local stores.

Deena, Ram Prabha and Karthik
MBA-II, TSM

I is observed that many of the entrepreneurs around the area of Thiruparankundram need more ideas and ways to advertise their shops to the people. Only after entering into the shops and taking a survey we come to know the goods which are sold in the shops so, people are not aware of the shops and they need few better ideas to create awareness for their shops. Secondly, the main learning from the survey is that the skills of entrepreneurship should come from the bottom of the heart to do a business. The degree or our education doesn't matter in this because, many people have ended their studies by school and settled to have small shops and now they are operating their business with 3 outlets in Madurai. These successful people are the role models for today society youngsters to do a business. Many entrepreneurs must also learn to have people management in their organization as employing 20 people and coordinating them is a great task and there shouldn't be any loss or extra expenses to the company because of the workers. Few people lack knowledge of latest development which makes their works heavy and hard day by day in this mechanized world.

- II Year PGDM Student, TSM

I have surveyed 4 mass entrepreneurs, of which 1 newspaper agency is, 1 is contractor-based work, 1 is a cattle dealer, and the last is RRR finance consultancy. The entrepreneur who runs a newspaper agency actually got this idea from his friend. His friend was running a newspaper agency in Madurai where they provide for whole of north Madurai with only 2 types newspaper. He was not able to generate any revenue so he decided to do another job. This entrepreneur takes over his friend's agency and now it is running successfully. To gain knowledge about the process and the business he used to visit his friend's agency. The thing which he made differently is, he concentrated only particular area in Madurai with more types of newspaper.

Learnings: when we start a business, many will have that curiosity to earn, so they just try to push their product to all without knowing the customer who actually need the product. But at first to get sustain in any field we should concentrate on the people. Based on which we should develop the flow. Selling a particular product to a mass group of people is not actually gives profit, but concentrating on one particular group of people with many variants of product will actually makes the business sustain, to have growth and profit. He actually studied the customer to know whether they are satisfied with just two types of newspaper. When he found that they are not satisfied he decided to go with more types.

RRR Finance consultancy, they started the consultancy based on their background knowledge in finance filed by working in Sundaram finance for a greater number of years. "When you have a strong knowledge in any particular area you can actually make that into business".

Second is a cattle food dealer, where they have the same experience as the newspaper agency. They are B2C entrepreneurs where much knowledge about the customer is required then the technical knowledge to be used.

Last is SV ENGINEERING, a contract work. After working in number of companies like ITC, TNPL, SPB, for nearly 12 to 15 years he actually gained core knowledge in the field of works related to erection and fabrication which requires more technical knowledge as it is a B2B business model. He started to work in these companies without any prior knowledge due to "no other go" reason. But now he has developed to run a business separately.

Learnings:

Understanding of business type (B2B or B2C). Finding of core knowledge area and skills are actually required. Problem analysing – Nowadays everyone starts a business in all field, so if we start a new business that may be an existing one, it is important to find



the *gaps* in all the business to design a model (e.g. newspaper agency). Experience in that particular field will actually help to find these *gaps*.

NAVINA S (1811064), MBA II, TSM

I have surveyed 7 mass entrepreneurs out of which 2 are general stores, 2 medical shops, 1 clothing, 1 furniture store, and one organic food products store from Madurai. The general stores, medicals are faced with intense competition that is stopping them from expansion and further investments. There are no USP's for the business. The year on year sales growth is very slow. There is no much knowledge about finance and the use of sophisticated technology. The case is similar for the furniture store as earnings are only decent and they are stuck with no funds for investments to improve product range and displays. Lack of goals and confidence is a reason that has made them stagnate. The income for such entrepreneurs are managed through money rotations with lenders and friends.

The clothing store has 2 small branches in Madurai, it is organized with proper billing systems and funds. The challenge they face is to understand customer preference of style and procurement of quality goods.

The organic store named "Ponni Traditional Foods" was started by 40-year-old Engineer, with a purpose to start his own business to produce and sell traditional Indian products that are healthy and organic. They have a strong social media presence and are shipping across India.

I believe purpose is very important for an entrepreneur. Most small businesses are started out by entrepreneurs of necessity (Who are forced to start as they have no other options). The business I surveyed were typically started by young graduates who want to employ themselves and be their own boss mostly by personal funds or funds from relatives. They are taking risk, but not with a greater vision to grow the business. India definitely needs mass entrepreneurs to tackle unemployment but we also need greater and long-lasting brands to evolve out of it.

**Varun K
MBA-TSM**



Faculty Feedback

Thanks to Poornatha Partnering Entrepreneurs LLP for collaborating with Thiagarajar School of Management in this project. This complete process allowed me to **learn the concept of “Mass Entrepreneurship”** in a larger manner. I appreciate the initiative taken by the group to focus on “Mass Entrepreneurs”. There are lakhs of talented mass entrepreneurs, who **need attention from policymakers**. I believe this kind of survey rankings will bring them to focus; further, this can enhance more economic variables. For me, it was a **great learning experience**, which also added **new interest in my research focus**. Our **students enjoyed** working on this project. Best wishes to the team.

Dr B Janarthanan

Thiagarajar School of Management, Madurai



The mass entrepreneurship survey had served as a **good platform for our students** to understand the currents of entrepreneurship. The unorganised entrepreneurs face a lot of challenges every day and many a times, these issues are unaddressed. I am glad that the survey had taken into hand, most of the issues. The students had been sensitised on the challenges of mass entrepreneurs and took up the task with zeal. It is a part of their **out of the class learning** and we were able to have fruitful results from this. Endeavours like this which **link the Institute with the industry** enrich our learning and we take pride in being part of this.

Dr S Gayathri

Associate Professor, School of Management Studies, VISTAS



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