

A RESEARCH STUDY ON

# Entrepreneurial Challenges for SC Persons in India

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## **EXECUTIVE SUMMARY**

According to the Economic Survey 2006-07, Scheduled Castes constitute 16.23% of the total population of the country (2001 Census) but continue to suffer on account of severe socio-economic deprivation arising out of poor asset base, dependence on wage labour, subsistence level of farming, engagement in scavenging and other unclean jobs and other social evils. The research on SC entrepreneurship is scarce and there are few in-depth studies on this subject. There is an urgent need as well as wide scope for research on SC entrepreneurship in a developing country like India, which is riddled with the unique caste system non-existent anywhere else in the world.

The study intends to provide insight into the entrepreneurial challenges among persons belonging to Scheduled Castes. It intends to study the key variables responsible for the emergence of entrepreneurship (or the lack of it) in this section of the population; the unique circumstances and conditions that SC entrepreneurs confront (different from the ones that other sections of society seldom face); their level of success and the constraints or challenges that such enterprises/ entrepreneurs typically face. The study also examines the impact of Government schemes and initiatives targeted specifically for the benefit of such entrepreneurs.

The study is based on primary and secondary data collected from five states viz. Bihar, Maharashtra, Punjab, West Bengal and Uttar Pradesh. In each of these States five districts were chosen and five blocks were in turn selected from each district. At least 10 respondents from the selected blocks and 10 from the district headquarters were identified. For profiling prospective respondents, data was collected from the District Industries Centre and NSCFDCS. The study is based on a survey of 1551 respondents chosen on the basis of stratified random sampling and convenience sampling techniques.

The study revealed that a typical SC entrepreneur is a young person below 35 years of age –more likely in the age group 25 to 35 years. He is married and is educated up to the high school level or more but has not undergone vocational training. His normal mode of transport is either a bicycle or a two-wheeler.

According to the study, the key characteristics of a typical SC enterprise are that it is a proprietorship concern, not registered with Government. It is normally a young business set up 4 to 5 years ago engaged in providing services. It is invariably a small business whichever the yardstick for measuring its size— the number of employees is less than 3; the initial capital outlay less than Rs. 1 lakh and initial turnover less than Rs. 50,000. In most cases, it has been set up with funds borrowed under Government schemes. While there has been only a marginal improvement in the capital base of these businesses from the time of initial setting up and the present, most of them have shown a positive growth in turnover.

For the sample as a whole, it is noteworthy that only 23.4% of the respondents averred that they chose entrepreneurship by default or for “negative” reasons such as their inability to get a job (8.8%) or absence of choice (14.6%). Predominantly, the choice of entrepreneurship was found to have been made for positive reasons such as availability of good opportunity (13.8%); the perception that running a business is better than a job (12.3%); the desire to be independent (11.8%); the attractiveness of Government schemes and incentives (10.9%); the desire to maintain or grow the traditional, family business (respectively 1.2 & 8.6%); sharing experience with others (8.1%) and putting their training to use (3.7%). Personal prestige was found to be a motivational force for 3.5% of the respondents while 2.6% have been driven into business even for altruistic reasons such as contributing something to society.

The overwhelming majority of SC entrepreneurs (86.40%) believe that they have been successful in their business and only 8.6 % have a perception that their business is a failure. The remaining 5% reported that they have broken even.

Individual achievement seems to have played an important role in contributing to the success of SC entrepreneurs in almost 45% of the cases (personal business acumen, perseverance, knowledge and training). Most of the successful entrepreneurs want to continue in the same line of business in future.

Almost half the respondents (47%) attributed their failure to the intensity of competition. The most significant social factor that explains failure is the lack of social support (27.5%).

The major economic constraints pointed out by SC entrepreneurs are that start-up initiatives are not encouraged and it is difficult to get subsidies from financial institutions. Having limited contacts outside was the major social constraint.

By and large, the attitude of other employees to SC entrepreneurs is helpful, their relations with the work-force are cordial and they do not perceive that they are disadvantaged owing to their caste. But they find it difficult to get help from funding agencies.

As regards the impact of Government schemes, the level of awareness of SC entrepreneurs is very poor. A little below half of them are aware of banking facilities for SCs, about 22% about SC-friendly policies of the Government and less than even 2% about training programmes.

Almost 60% of the respondents are beneficiaries under the National Scheduled Castes Finance and Development Corporation Scheme.

The required policy initiatives that emerge from the study are that awareness about the on-going schemes of the Government (particularly the training component) needs drastic improvement.; the delivery and content of these programmes require effective changes; contact between the SC entrepreneurs and venture capitalists needs to be strengthened so that they can be nurtured and guided initially; access to institutional finance should be made easier and a web-portal should be provided to enable them to exchange information with other entrepreneurs free of cost.

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## **INTRODUCTION**

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### **BACKGROUND**

The Constitution of India guarantees equality of law to all its citizens and this guarantee applies to all aspects of national life-including social and economic. This provision was meant to be a tool especially for the upliftment of those sections of the population that had suffered deprivation for long periods in history owing to the pernicious caste system. One such section is that of Scheduled Castes known variously as 'Harijans' or 'Dalits'. According to the Economic Survey 2006-07, Scheduled Castes constitute 16.23% of the total population of the country (2001 Census) but continue to suffer on account of severe socio-economic deprivation arising out of poor asset base, dependence on wage labour, subsistence level of farming, engagement in scavenging and other unclean jobs and other social evils. This is alarming as the Constitution has been in vogue for more than half a century and several schemes have been launched by the Government from time to time for positive action in the form of socio-economic support to this section. In this scenario, there is a need for focused research and study of different aspects of economic life of this section of the population including their access to economic opportunities both in the form of employment and entrepreneurship.

Although reservation has been provided to the Scheduled Castes in Government jobs, the number of such openings is obviously small compared to their population size. Besides, liberalized economic policies in recent years have strengthened the view that Government or private jobs need to be right-sized and despite that even in future this avenue is not likely to grow substantially.

Under the circumstances, other avenues for employment and livelihood such as entrepreneurship or self-employment assumes importance. These can provide both employment as well as better incomes – opportunities.



Entrepreneurship is particularly important as the so called “Scheduled Castes” have run and managed a number of traditional and cottage industries such as handicrafts, pottery, leather-work for centuries. The skills, know-how and domain of knowledge necessary for this purpose have been passed on from one generation to the next and are available with them even today. Our history is evidence that many small enterprises like fan-making, leather craft and manufacturing of musical instruments were their monopoly. These deserve to be revived with help of the new available technologies to make these neglected enterprises by traditionally skilled persons as successful entrepreneurship ventures. Another factor that contributes to the attractiveness of entrepreneurship in the context of this community is the feeling of self-worth and independence that it generates.

## **INITIATIVES UNDERTAKEN**

Scavengers, Safai Karamcharis and their dependants are the most down trodden section of our society. They have been traditionally performing scavenging and sweeping work for generations, which is normally not performed by other sections of the society. The involvement of a majority of adult population in scavenging and sweeping has given them a negative social image and status and such jobs are termed as their traditional occupation. The negative image of this community and the hazardous and unhealthy working conditions have hampered their acceptability by society at large in acquiring other skills, jobs and even certain types of self-employment. As a result, majority of the youths from this community have not been able to break away from their traditional occupation, which, besides being obnoxious, has limited income-earning potentials, and hence they generally live in abject poverty. Sometimes, because of the hazardous and obnoxious working conditions, many of the adults from this community abuse alcohol and drugs adversely affecting their economic conditions and health.

The evil vices have sucked many families into the vortex of indebtedness and abject poverty enchainning them in a strange cycle of poverty, illiteracy and subsequent marginalization. Due to the difficult conditions of the family, there

are cases where women have been compelled to take up the traditional occupation thereby perpetuating the exploitation of women.

## **National Safai Karamcharis Finance & Development Corporation (NSKFDC)**

National Safai Karamcharis Finance & Development Corporation (herein after referred to as NSKFDC) a Government of India Undertaking under the Ministry of Social Justice & Empowerment,' was incorporated under Section 25 of the Companies Act, 1956, on 24th January 1997 as a 'company not for profit'. It is fully owned by the Government of India and has an authorized share capital of Rs. 200.00 crores. NSKFDC is to act as an apex institution for all round Socio-economic upliftment of the Scavengers Safai Karamcharis and their dependents throughout India.

The main objectives of the organization are:

To promote socio-economic upliftment of Scavengers / Safai Karamcharis and their dependents by way of providing financial assistance at concessional rate of interest for income generating activities and loans to students for pursuing professional and technical education.

To provide technical and professional training, quality control, technology upgradation, and common facility centers for carrying out sanitation works.

To fulfill the envisaged objectives the organization undertakes a variety of functions.

- To promote economic development activities of Safai Karamcharis and their dependents;
- To promote self-employment ventures for the benefit and/or rehabilitation of Safai Karamcharis and their dependents;
- To assist, through the State Scheduled Castes Development Corporation or any other channelising agency designated by the State

- Governments or Union Territory Administrations and subject to the directions given by the Government from time to time, Safai Karamcharis and their dependents, either individually or in groups, by way of grants, subsidy, loans or advances for economically and financially viable-income generating schemes and projects;
- To grant concessional finance to Safai Karamcharis and their dependents, either individually or in groups, in collaboration with the Ministries or Departments of the Government or of any State Government or Union Territory Administration under relevant programmes;
  - To extend loans to students from the community of Safai Karamcharis for pursuing professional or technical education of graduation or higher levels;
  - To assist in the upgradation of technical and entrepreneurial skills of persons belonging to the community of Safai Karamcharis or their dependents for proper and efficient management of production and service units set up by them;
  - To assist self-employed individuals or groups of individuals from the community of Safai Karamcharis including their dependents or units/co-operative set-up by them in procurement of raw materials or other inputs and marketing of finished goods or services;
  - To promote training, quality control, technology upgradation and common facility centres for carrying out sanitation work;
  - To assist State-level organizations, dealing with development of Safai Karamcharis and their dependent, by way of providing financial assistance or equity contribution and in obtaining commercial funding or by way of refinancing;
  - To work as an apex institution for co-ordinating and monitoring the work of all corporations, Boards or agencies set up by State Governments or

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Union Territory Administration for assisting Safai Karamcharis and their dependents for their economic developments;

- To raise grants, loans, advances or other money on deposits or otherwise from National or International institutions, bilateral or multilateral aid-cum development agencies, financial institutions, banks or co-operatives and such other institutions and agencies on such terms as may be considered appropriate and subject to guidelines or directions issued by the Government;
- To help in furthering the policies and programmes of the Government for socio-economic development of Safai Karamcharis and their dependents

NSKFDC has shown all round improvement in its various endeavors during the year 2006-2007 and with the consistent efforts of the management, NSKFDC has disbursed loans of RS.35.80 crores to cover 19434 beneficiaries in 15 States as on 31.12.2006. An overview of the following performance indicators will draw further light on the performance of NSKFDC during this period.

<b>(Rs. in Crores)</b>		
Achievements:	2006-07	2005-2006
Central Share Capital Released (Rs. in crores)	25.00	22.58
Term Loan Sanctioned (Rs. in crores)	81.49	58.00
Term Loan Disbursed (Rs. in crores)	35.80	57.79
Disbursal to share capital released (%)	143%	204%
No. of Beneficiaries covered	19434	37299
No. of States/UTs covered	15	14

Funds management procedure of the Corporation streamlined during last year were strictly observed during the Financial Year 2005-06 to ensure

- (i) maximum outflow to the beneficiaries as the first priority and
- (ii) strict implementation of the guidelines prescribed by the Government on short-term deposits.

The corporation can assist a wide range of income generating activities which are viable. Infrastructure development, which leads directly to income generation, are also considered for financing. Some of the schemes which could be finance by NSKFDC and which are only indicative and not illustrative are:

### **1. Agricultural and Allied Activities**

- i. Agricultural Farming & Marketing
- ii. Bio-gas Plant
- iii. Dairy Farm
- iv. Hatcheries
- v. Horticulture
- vi. Tractor with Trailer
- vii. Bullocks/Camel Cart
- viii. Mushroom Cultivation
- ix. Agricultural item shop (seeds/fertilizers/pesticides etc.)
- x. Prawn Culture
- xi. Pump sets/Bore well
- xii. Fisheries

### **2. Artisans and their Traditional Occupations**

- i. Stone work
- ii. Handicrafts
- iii. Handloom
- iv. Metal work
- v. Leather work
- vi. Wood carving

### **3. Small Business**

- i. Small shops; any kind (stationery/ cloth/ readymade garments/ shoes/ leather items/ pharmacy/ barber/ beauty/ kiranal/ dhabal/ cosmetics/ confectionery/ Steel items/ electrical goods/ hardware/ grocery/ meat.
- ii. Printing Press/DTP
- iii. Public Address System hiring
- iv. Spice Grinding/ Flour mill/ Wet grinder
- v. Service Centre-any kind (Repair of Radio/ TV/ computer/ electrical appliances/ automobiles/ bicycle)
- vi. Internet Dhaba/ Computer Services
- vii. Laundry/ Dry Cleaning Shop
- viii. STD/ISD Booths/ Fax
- ix. Tailoring/ Embroidery work
- x. Tent House
- xi. Videography/ Photo Studio
- xii. Any kind of small mfg. Unit (steel fabrication of doors, window grills, gate, fencing, etc.)

- xiii. Concrete Cement Mixing Unit.
- xiv. Shuttering Unit
- xv. Dental Clinic
- xvi. Courier Services
- xvii. Paying Guest Unit
- xviii. Photostat/ Lamination Unit
- xix. Furniture Shop
- xx. Building Materials Shop
- xxi. Musical band/ electrical decoration hiring

#### **4. Industry**

- i. Brick Manufacturing
- ii. Carpet Manufacturing
- iii. Coir Manufacturing
- iv. Copperwares/ Utensils Manufacturing
- v. Hosiery Units
- vi. Jams/ Pickles/ Squashes Mfg.
- vii. Leather Processing Unit/ Mfg. Unit
- viii. Stone Crusher Unit
- ix. Mineral/ Soda Water Plant

#### **5. Transport Services**

- i. Bullock/ Camel Cart
- ii. Passenger/ Fishing Boats
- iii. Transport Vehicles (Automobiles/ Car Taxi/ Jeep Taxi/ Goods-Small Truck/ Auto/ RTV/ Matador, etc.)
- iv. Travel Agency

#### **6. Sanitation related Activities/ Services**

- i. Pay & Use Toilets
- ii. Garbage Disposal Vehicle
- iii. Vacuum Loader
- iv. Manufacturing of sanitation items (brooms, phenyl, detergent, soap, acid, etc.)
- v. Succession Machine

The achievements during the Financial Year 2005-06 vis-a-vis the last Financial year are given below:

SL. No.	Particulars	Performance (Rs. in Crore)			
		2005-06	2004-05	2003-04	2002-03
1	Cost of projects sanctioned	63.84	92.31	55.78	54.05
2	Fund Disbursed	57.79	43.77	33.98	40.05
3	No. of Beneficiaries	37299	9539	9444	25809

The target group of NSKFDC i.e. Scavengers, Safai Karamcharis and their dependants who have been traditionally performing scavenging and sweeping work for generations.

The mission of NSKFDC is to empower the Safai Karamcharis, Scavengers and their dependents to break away from their traditional occupation, depressed social condition and poverty and leverage them to work their own way up the social and economic ladder, with dignity and pride.

Through education, information and communication, NSKFDC hopes to persuade and convince the safai karamcharis and scavengers to stop and break away from their traditional occupation of scavenging and sweeping and take up alternative and dignified occupations or self-employment activities.

NSKFDC also targets their dependants to dissuade them from taking up the traditional occupation performed by their parents and forefathers in an attempt to break the cycle by providing them opportunities for trainings in any skills, trades and entrepreneurial development and loan facilities at low interest rates to start any economic activities of their choice.

To enable them to break out from the depressed social and economic conditions, the Ministry of Social Justice & Empowerment, Government of India and NSKFDC have been implementing various schemes and programmes.

## **National Scheduled Castes Finance and Development Corporation (NSFDC)**

National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) was set up by the Government of India in February, 1989 as a Government Company under Section 25 (A company not for profit) of the Companies Act., 1956. NSFDC is a fully owned Government of India Undertaking under the Ministry of Social Justice & Empowerment and is managed by a Board of Directors with representation from Central Government, State Scheduled Castes Development Corporations, Financial Institutions and non-official members representing Scheduled Castes.

## **Entrepreneurial Challenges for SC Persons in India- A Research Study**

Consequent upon the orders of the Government of India declaring bifurcation of the erstwhile NSFDC into two separate corporations (one each for SCs & STs), the existing NSFDC is now functioning exclusively for the development of the Scheduled Castes w.e.f. 10.04.2001. The mandate of the organization is providing concessional finance for setting up of self-employment projects and skill-training grants to unemployed SC persons living below Double the Poverty Line.

NSFDC is the apex institution for financing, facilitating and mobilising funds from other sources and promoting the economic development activities of the persons belonging to the Scheduled Castes living below double the poverty line.

*Broad functions of NSFDC are:*

Financing income generating schemes for the SCs through the State Channelising Agencies (SCAs) and other recognized institutions nominated by the respective State /UT Governments.

Providing Micro-Credit Finance to the target group through the SCAs.

Providing grants for skill development programmes through the SCAs.

Providing advisory services to target group and SCAs.

Upgrading the skill levels of the SCAs.

Providing grants to the SCAs for computerization.

An overview of the following performance indicators will draw further light on the performance of NSFDC till February 2007.

1.	No. of Schemes(Sanctioned)	3437
2.	Total Cost (Rs. in Crore)	2308.29
3.	Authorized Share Capital (Rs. in Crore)	1000.00
4.	Paid-up Share Capital (Rs. in Crore)	370.30
5.	Net Disbursement(Rs. in Crore)	1234.80
6.	Beneficiaries on completion of schemes	582631
7.	Recovery (%) of the NSFDC (Cumulative)	89.59%
8.	No. of Programmes :Skill Training Programme for Target Group	875

The authorized share capital of the Corporation was Rs.1000 crores as on 31st March 2006.



## **RELEVANCE OF THE STUDY**

Despite its evident importance for the socio-economic up-liftment of Scheduled Castes, no estimates appear to be available about the number of SC entrepreneurs. It is the general perception that their number is abysmally small. This appears to be the reason why entrepreneurship has not been able to make an appreciable or visible impact on the economic status of the Scheduled Castes. Viewed from a broader perspective, this implies that the entrepreneurial spirit lurking in this community is not being tapped in full measure for the economic growth of the country.

In order to harness their potential and for the sake of their continuous growth and development, it is necessary to formulate appropriate strategies for making them aware, for stimulating them, for extending them support and ultimately, for sustaining their efforts in the right direction. Such a strategy needs to be in congruence with existing field realities and should take cognizance of the problems that the existing entrepreneurs as well as the prospective entrepreneurs may have been facing within the current system. It is for this reason that government bodies, NGOs, social scientists and research agencies need to show interest in issues related to entrepreneurship among the SCs.

The research on SC entrepreneurship is scarce and there are few in-depth studies on this subject. There is an urgent need as well as wide scope for research on SC entrepreneurship in a developing country like India, which is riddled with the unique caste system non-existent anywhere else in the world.

The present research is an effort in this direction with fervent hope and sanguine belief to make positive contributions and bench-mark in the field of research & its implications on SC entrepreneurs. The study could be very handy in formulating policies and plan strategies for the Eleventh Five Year Plan. The relevance of such studies grows manifold in a liberalized economic scenario where opportunities for upward mobility through start-ups and small businesses have grown enormously due to outsourcing and sub-contracting.

## **OBJECTIVES, METHODOLOGY & SCOPE**

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The study intends to provide insight into the entrepreneurial challenges among persons belonging to Scheduled Castes. It intends to study the key variables responsible for the emergence of entrepreneurship (or the lack of it) in this section of the population; the unique circumstances and conditions that SC entrepreneurs confront (different from the ones that other sections of society seldom face); their level of success and the constraints or challenges that such enterprises/ entrepreneurs typically face.

The study also examines the impact of Government schemes and initiatives targeted specifically for the benefit of such entrepreneurs.

### **OBJECTIVES**

In specific terms, the objectives of the study can be enumerated as follows:

To study Key Variables Responsible for non-emergence of entrepreneurship among persons belonging to Scheduled Caste;

To study the Facilitators and Obstructers in relation to the probabilities of success and failure of SC entrepreneurs;

To find the Impact and Consequences of entrepreneurship on their families, the community and the society as a whole;

To make sector-wise analysis of enterprises and to find the areas where SCs can successfully and commonly be successful.

To logically prepare a list of suggestions helpful in formulating plans and policies for the 11th Plan.

## **METHODOLOGY**

The study is largely based on analytical approach. It entails collection of information from secondary and primary sources.

The methodology adopted for the intensive study was such that it could effectively collect the facts to evaluate the entrepreneurial challenges for SC persons in India and assess their impact to successfully achieve the objectives of the study. For this purpose both secondary and primary sources were used.

### **Primary Sources**

In primary data, profile of existing SC entrepreneurs, their businesses, the problems faced by them in commencing and running of the ventures and the success rate of their ventures was collected.

Field interviews in each district by our research team were conducted. Efforts were ensured to locate those SC entrepreneurs who are not covered by the DIC. Detailed interview schedules and one-to-one and face-to-face discussions with these entrepreneurs were conducted to collect information from them. Also Government, Co-operative and private banks were used as a source of information collection.

### **Secondary Sources**

To begin with, for preparation of population framework the research followed two steps:

One, it collected the database of SC entrepreneurs from District Industries Centres (DIC) and

Two, collected information from NSCFDCS as they give subsidies and other concessions.

## Area of Study

The study was taken up in five states across the country. The selection of the states has been made on positive indicators such as population graph, historical and cultural background of the state, its economy and the governance (Annexure).

### **1. Bihar 2. Maharashtra 3. Punjab 4. Uttar Pradesh 5. West Bengal**

The data was collected from five districts from each of the five states. These districts were:

#### **Bihar:**

Madhubani, Muzaffarpur, Patna, East Champaran and Saran

#### **Maharashtra:**

Ahmednagar, Kolhapur, Nashik, Pune and Sindhudurg

#### **Punjab**

Amritsar, Gurdaspur, Jalandhar, Kapurthala and Ludhiana

#### **Uttar Pradesh**

Allahabad, Kanpur, Lucknow, Sultanpur and Varanasi

#### **West Bengal**

Burdwan, Howrah, Kolkata, Medinapur (East) and South 24 Parganas

The research further moved on block-wise study in each selected district. The block of the district headquarter was necessarily included.

<b>State</b>	<b>Districts</b>	<b>Blocks</b>
<b>Bihar</b>	Madhubani	Babu Barahi, Ghoghardiha, Khutauna, Rajnagar, Jhanjharpur, Madhubani Sadar
	Patna	Barh, Dinapur, Phulwarisharif, Mokameh, Patna Sadar, Paliganj
	East Champaran	Chakia, Kalyanpur, Kesariya, Motihari Sadar, Turkaulia, Areraj
	Saran	Dighwara, Ekma, Parsa, Chapra Sadar, Sonpur, Garkha
	Muzaffarpur	Bochaha, Kudhani, Kanti, Minapur, Musahari, Muzaffarpur Sadar

## Entrepreneurial Challenges for SC Persons in India- A Research Study

<b>Maharashtra</b>	Ahmednagar	Parner, Ahmednagar, Pathardi, Rahuri, Shevgaon, Shrirampur
	Kolhapur	Hatkangle, Karbir, Panhel, Radha Nagari, Sahubadi, Kolhapur
	Nashik	Dindori, Malegaon, Niphad, Nashik, Yeola, Sinnar
	Pune	Baramati, Haveli, Maval, Khed, Bhore, Pune
	Sindhudurg	Kankavali, Kudal, Malvan, Savantwadi, Vengurla, Sindhudurg
<b>Punjab</b>	Amritsar	Amritsar City, Majitha, Rayya, Verka, Ajnala, Jandiala
	Gurdaspur	Batala, Dhariwal, Gurdaspur, Sri Hargovindpur, Narot Jaimal Singh, Pathankot
	Jalandhar	Jalandhar East, Jalandhar West, Nakodar, Phillaur, Shahkot, Kartarpur
	Kapurthala	Dhilwan, Kapurthala, Nadala, Phagwara, Sultanpur Lodhi
	Ludhiana	Doraha, Khanna, Ludhiana-I, Ludhiana-II, Dehlon, Jagraon
<b>Uttar Pradesh</b>	Allahabad	Ismailganj, Jhusi, Saidabad, Jhalwa, Karchhana, Allahabad Sadar
	Kanpur	Billore, Ghatampur, Kalyanpur, Kanpur Nagar, Choubepur, Sarsaul
	Lucknow	Bakshi-Ka-Talab, Chinhat, Gosainganj, Kakori, Malihabad, Lucknow Rural
	Sultanpur	Amethi, Bhadar, Dhanpatganj, Sultanpur Sadar, Kadipur, Lambhua, Sukul Bazar
	Varanasi	Arazeeline, Chiraigaon, Kashi Vidyapith, Chhapra, Harahua, Baragaon
<b>West Bengal</b>	Burdwan	Galsi-II, Kalna, Kalna 2, Burdwan Sadar (North), Bhatar, Raina 2
	Howrah	Bagnan-I, Bally Jagachha, Howrah Sadar, Amata-I, Uluberia-II, Shyampur-I
	Kolkata	North, South and Central
	Medinipur (East)	Shohid Matangiri, Tamruk, Bhojpur, Raja Bagan, Govindpur, Medinipur Sadar
	South 24 Parganas	Bhangar-I, Baruipur, Jaynagar-II, Gariah, Diamond Harbour, Kakdwip

## Sampling Technique

Stratified random sampling and convenience sampling methods were used as the sampling technique.

Stratified random sampling was used because every member of the population strata has the equal chance of selection. It is simple to design and interpret and can calculate the estimate of the population and the sampling error (if sampling from the strata is simple random sampling then whole procedure is called stratified random sampling). If data of known precision is wanted for certain subdivisions of the population, then each subdivision or strata can be treated as a population. Administrative convenience may dictate its use, so that each field office can supervise one strata.

Sampling problems may differ markedly within a population (e.g. SC persons in Small Scale Industries and SC persons in Service Industry). Stratification will almost certainly produce a gain in precision in the estimates of the whole population, because a heterogeneous population is split into fairly homogeneous strata.

Convenience sampling was used, because it uses those respondents who are willing to volunteer; thus the information is readily available and a large amount of information could be gathered quickly.

## Sample Size

The envisaged sample size for the study as per the methodology was:

5 Districts from each of the five states were selected. Thus, in all 25 districts were covered.

Five Blocks from each district were further selected, covering 125 blocks.

In addition, the District Head Quarter town was invariably selected i.e. 5 district head quarter towns

Atleast 10 persons from each of the five block in each district randomly selected as respondents

Atleast 10 persons from the District Head Quarter also selected as respondents.

## **Entrepreneurial Challenges for SC Persons in India- A Research Study**

Thus, the total respondents (in entrepreneurial practice) was to be atleast 1500 respondents. The break-up for each state is given below:

	States	Districts	Blocks	No. of resp.	Total	DistH.Q.	No. of resp.	Total	Total resp.
1	2	3	4	5	6 (3x4x5)	7	8	9 (7x8)	10 (6+9)
1	Punjab	5	5	10	<b>250</b>	5	10	<b>50</b>	<b>300</b>
2	Maharashtra	5	5	10	<b>250</b>	5	10	<b>50</b>	<b>300</b>
3	West Bengal	5	5	10	<b>250</b>	5	10	<b>50</b>	<b>300</b>
4	Uttar Pradesh	5	5	10	<b>250</b>	5	10	<b>50</b>	<b>300</b>
5	Bihar	5	5	10	<b>250</b>	5	10	<b>50</b>	<b>300</b>
<b>TOTAL</b>									<b>1500</b>

5 States × 5 Districts × 5 Blocks. 10 persons from each Block and 10 persons from each District Head Quarter shall make the total of 1500 Respondents.

However, the actual number of total respondents was 1551.

## **Tools for data collection**

### **For Primary data**

Interview schedules

Focus Group Discussions

Discussions with DICs, Banks, Collectorates and Commissionarates

### **For Secondary data:**

Scanning Reports, Journals, and Record Books etc.

Corporate establishments helping SC enterprises and NGOs or other civil agencies working for entrepreneurial development of SCs.

## **SCOPE OF THE STUDY**

The study would enable to list sector-wise and investment-wise distribution in business of SCs entrepreneurs

In contextual preparation of an analysis of the business conditions that influence the establishment of new enterprises, with a special focus on SC entrepreneurs,

In creating knowledge bank to form a basis for developing the entrepreneurial policy for persons of SC section,

In formulating support plans & policies aptly needed to enable SCs to take up enterprises,

In throwing light on the present problems faced by them,

In inspiring for the further research into and training and development of entrepreneurship for the persons belonging to SC persons.



## **PROFILE OF THE STUDY AREA**

The study was taken up in five states namely Bihar, Maharashtra, Punjab, Uttar Pradesh and West Bengal. The table below provides Population of SCs in the Selected States. Brief state-wise relevant data, pertaining to SC population, is explained asunder.

### **PUNJAB:**

India's transition from a PL480 dependent country or food importing country to a country not only sufficient in producing food grains but as a food exporter has been spearheaded by Punjab. The state of Green Revolution – Punjab – enjoys the distinction of being one of the most prosperous states of the country. Punjab has the highest proportion of Scheduled Castes or if the Ambedkarian term is used, of Dalits, within its population.

	<b>SCs</b>	<b>Male</b>	<b>Female</b>
Total Population	7,028,723	3,714,350	3,314,373
Total Literacy Rate	41.09%	49.82%	31.03%

### **MAHARASHTRA:**

The state which has its own spiritual dimension, having spawned saints after saint making landmarks like the rebellion against restrictive social norms by Mahatma Jyotiba Phule in the middle of the 19<sup>th</sup> century and political visionaries like Baba Saheb Ambedkar, still faces the challenges of human deprivation. This state enjoys the unique privilege of giving ownership of 1.73 million hectares to 1.49 million tenants.

	<b>SCs</b>	<b>Male</b>	<b>Female</b>
Total Population	9,881,656	5,063,062	4,818,594
Total Literacy Rate	56.46%	70.45%	41.59%

## **WEST BENGAL**

From the northern highlands at the feet of the Himalaya to the tropical forests of Sunderban – West Bengal – is the cultural, commercial and industrial hub of the north-east. The only state having opened 'Shilpa Bandhu' (a single window agency for providing entrepreneurs with all kinds of assistance in setting up and running enterprises). West Bengal demands special consideration for its SC population.

	<b>SCs</b>	<b>Male</b>	<b>Female</b>
Total Population	18,452,555	9,469,659	8,982,896
Total Literacy Rate	42.21%	54.55%	28.87%

## **UTTAR PRADESH**

Uttar Pradesh is the rainbow land where the multi-hued Indian Culture has blossomed from times immemorial. It is blessed with a variety of geographical land and many cultural diversities, Uttar Pradesh, has been the area of activity of historical heroes. Even after the formation of Uttaranchal, Uttar Pradesh is the most thickly populated state of India. Significant are the facts that it has nearly 4 crores of SC persons and enjoys the privilege of being politically governed by a person from SC community twice.

	<b>SCs</b>	<b>Male</b>	<b>Female</b>
Total Population	35,148,377	18,502,838	16,645,539
Total Literacy Rate	26.85%	40.80%	10.69%

## **BIHAR**

Bihar is very poor in terms of roads and power. With the partition of the state and formation of Jharkhand it has lost great mineral reserves. Though the rate of literacy (particularly tertiary – education) is quite high – the problem of unemployment looms large over the state.

	<b>SCs</b>	<b>Male</b>	<b>Female</b>
Total Population	13,048,608	6,784,676	6,263,932
Total Literacy Rate	19.49%	30.64%	7.07%

## **PROFILE OF SC ENTREPRENEURS**

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The study was conducted across five states namely Bihar, Maharashtra, Punjab, Uttar Pradesh, and West Bengal covering five districts in each of the state, thus covering 25 districts. A total of 1551 SC Entrepreneurs were interviewed.

### **DEMOGRAPHIC PROFILE**

Entrepreneurship is normally associated with the young. The demographic profile is not only useful in assessing the extent to which SC entrepreneurs answer this description but also in formulating an appropriate policy response to overcome their challenges.

#### **Age Profile**

The study revealed that SC entrepreneurs are typically young persons with about

- 54% of them lying in the age group of 25 to 35 years.
- Another 32% of the entrepreneurs were below 25 years of age.

Thus, as many as 86% of the entrepreneurs were found to be below 35 years of age.

Of the five States, only Uttar Pradesh was below this average with about 58% of its SC entrepreneurs belonging to the age group below 35 years.

**TABLE 4.1: AGE OF THE RESPONDENTS**

States	In yrs				Total
	18-25	26-35	36-45	46<	
Bihar	34	225	41	9	309
%	11.0	72.8	13.3	2.9	100.0
Maharashtra	73	230	0	7	310
%	23.5	74.2	.0	2.3	100.0
Punjab	166	131	0	12	309
%	53.7	42.4	.0	3.9	100.0
Uttar Pradesh	83	98	67	66	314
%	26.4	31.2	21.3	21.0	100.0
West Bengal	144	154	0	11	309
%	46.6	49.8	.0	3.6	100.0
<b>Total</b>	<b>500</b>	<b>838</b>	<b>108</b>	<b>105</b>	<b>1551</b>
<b>%</b>	<b>32.2</b>	<b>54.0</b>	<b>7.0</b>	<b>6.8</b>	<b>100.0</b>

## Marital Status

As many as 89.90% entrepreneurs are married and therefore have family responsibilities. The rest were unmarried. In Uttar Pradesh and West Bengal, the percentage of married respondents was the same at about 79%.

**TABLE 4.2: MARITAL STATUS OF THE RESPONDENTS**

State	Marital Status			Total
	Unmarried	Married	Widower	
Bihar	18	291	0	309
%	5.8	94.2	.0	100.0
Maharashtra	5	305	0	310
%	1.6	98.4	.0	100.0
Punjab	2	307	0	309
%	.6	99.4	.0	100.0
Uttar Pradesh	66	247	1	314
%	21.0	78.7	.3	100.0
West Bengal	65	244	0	309
%	21.0	79.0	.0	100.0
<b>Total</b>	<b>156</b>	<b>1394</b>	<b>1</b>	<b>1551</b>
<b>%</b>	<b>10.1</b>	<b>89.9</b>	<b>.1</b>	<b>100.0</b>

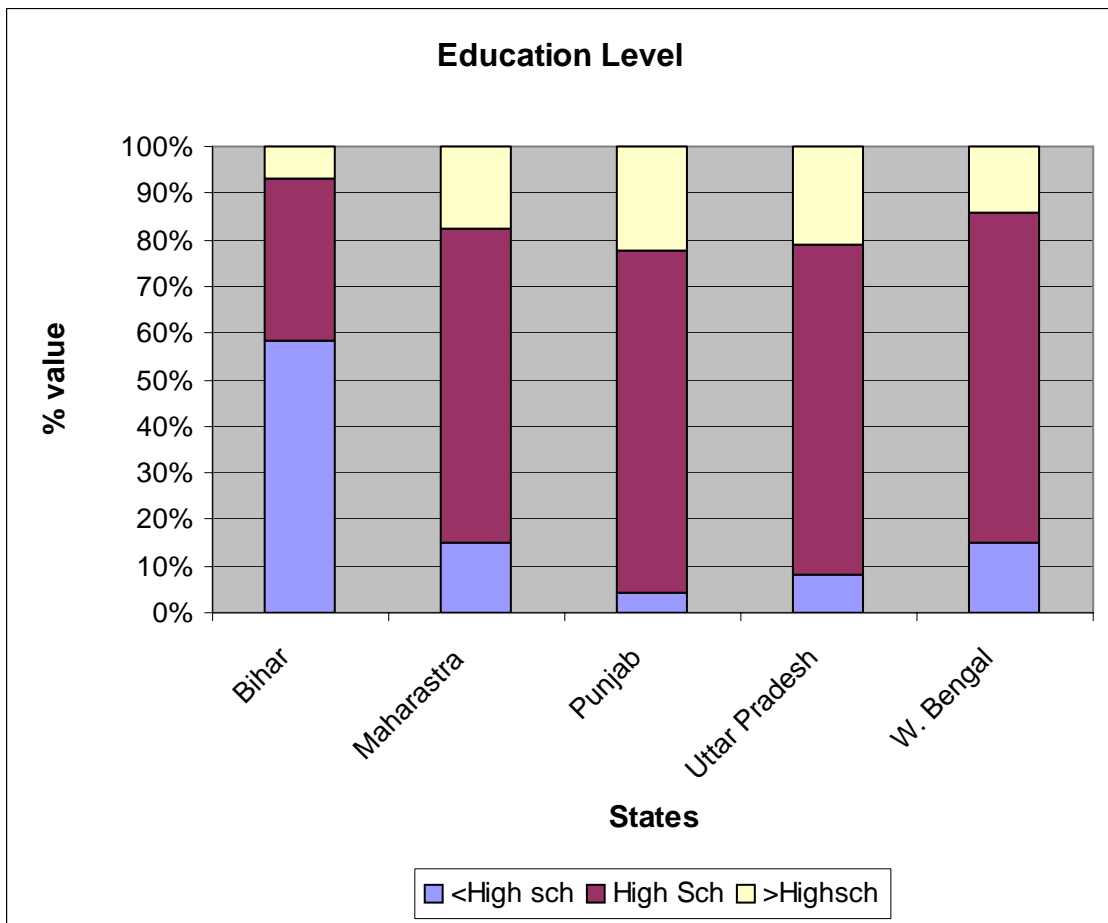
The number of widows/ widowers and divorcees was negligible.

**EDUCATIONAL PROFILE**

### Level of Education

It is apparent that the educational level of the entrepreneur has a direct bearing on his ability to understand, run and manage the business and deal effectively with his suppliers and clients. In all,

- About 80% of the sample is educated up to the High School level or more, with 63.50% entrepreneurs having a High School degree.
- Only 20.10% have studied less than the High School level.
- In Bihar majority of the respondents had not even done High school.



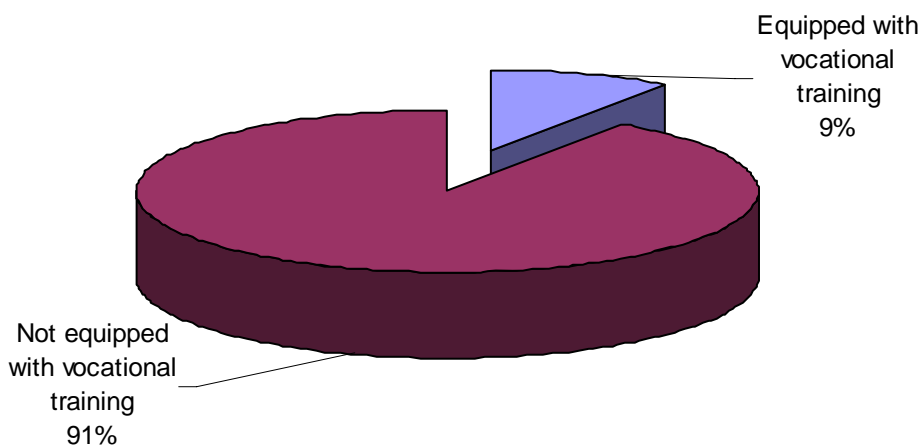
**TABLE 4.3: LEVEL OF EDUCATION**

State	Education			Total
	<High school	High School	>High school	
Bihar	181	107	21	309
%	58.6	34.6	6.8	100.0
Maharashtra	46	210	54	310
%	14.8	67.7	17.4	100.0
Punjab	13	227	69	309
%	4.2	73.5	22.3	100.0
Uttar Pradesh	26	222	66	314
%	8.3	70.7	21.0	100.0
West Bengal	46	219	44	309
%	14.9	70.9	14.2	100.0
<b>Total</b>	<b>312</b>	<b>985</b>	<b>254</b>	<b>1551</b>
<b>%</b>	<b>20.1</b>	<b>63.5</b>	<b>16.4</b>	<b>100.0</b>

## Vocational Education

Vocational education imparts the requisite skills for running a variety of small entrepreneurial businesses and can, therefore, be an important determinant for their success.

**Vocational Training**



- Only 9.40% entrepreneurs were found to be equipped with vocational training.

**TABLE 4.4: VOCATIONAL TRAINING**

State	Vocational Training		Total
	YES	NO	
Bihar	29	280	309
%	9.4	90.6	100.0
Maharastra	21	289	310
%	6.8	93.2	100.0
Punjab	17	292	309
%	5.5	94.5	100.0
Uttar Pradesh	55	259	314
%	17.5	82.5	100.0
W. Bengal	24	285	309
%	7.8	92.2	100.0
<b>Total</b>	<b>146</b>	<b>1405</b>	<b>1551</b>
<b>%</b>	<b>9.4</b>	<b>90.6</b>	<b>100.0</b>

- Uttar Pradesh had the highest percentage of SC entrepreneurs (17.5%) with such training.

## **ECONOMIC PROFILE**

### Ownership of Mode of Transport

The mode of transport used by the entrepreneur is an indicator of his economic status and determines the reach and spread of his business activities.

- The survey revealed that the most commonly used mode of transport among SC entrepreneurs is the bicycle (43.80%).
- This is followed by two-wheelers with 24.8% of the sample using them.

In Punjab (62.5%) and Maharashtra (30.6%), the use of two-wheelers was particularly high. For the sample as a whole, 12.60% entrepreneurs depend on public transport while 18.40% entrepreneurs do not use any mode of transportation. Only a miniscule 0.30% of the entrepreneurs possess a car for their transportation.

**TABLE 4.5: OWNERSHIP OF MODE OF TRANSPORT**

State	Transport					Total
	Two wheeler	Four Wheeler	Pub. Transp.	Cycle	None	
Bihar	4	0	33	148	124	309
%	1.3	.0	10.7	47.9	40.1	100.0
Maharastra	95	1	58	144	12	310
%	30.6	.3	18.7	46.5	3.9	100.0
Punjab	193	0	34	61	21	309
%	62.5	.0	11.0	19.7	6.8	100.0
Uttar Pradesh	40	3	21	201	49	314
%	12.7	1.0	6.7	64.0	15.6	100.0
West Bengal	53	1	49	126	80	309
%	17.2	.3	15.9	40.8	25.9	100.0
<b>Total</b>	<b>385</b>	<b>5</b>	<b>195</b>	<b>680</b>	<b>286</b>	<b>1551</b>
<b>%</b>	<b>24.8</b>	<b>.3</b>	<b>12.6</b>	<b>43.8</b>	<b>18.4</b>	<b>100.0</b>

### **SC ENTREPRENEUR PROFILE: SUMMING UP**

From the foregoing analysis, it is evident that a typical SC entrepreneur is a young person below 35 years of age –more likely in the age group 25 to 35 years. He is married and is educated up to the high school level or more but has not undergone vocational training. His normal mode of transport is either a bicycle or a two-wheeler.



## **PROFILE OF SC ENTERPRISES**

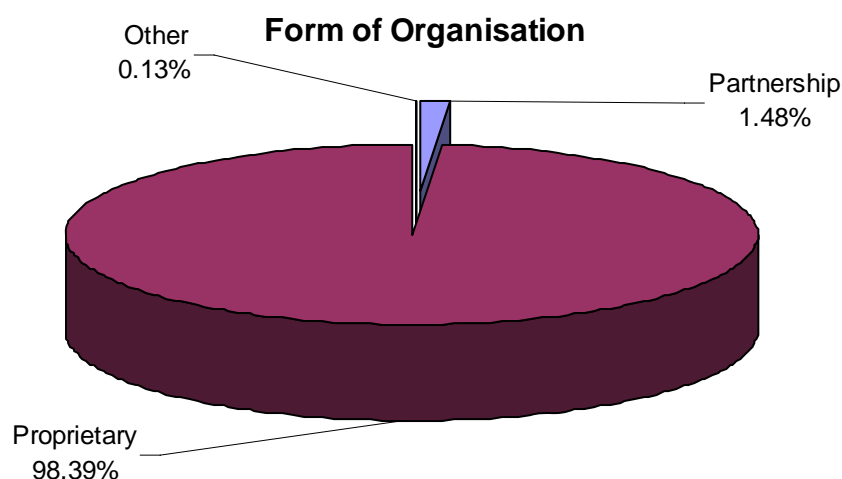
Having examined the profile of entrepreneurs, the study looked into the nature of businesses run by them, their size and turnover.

### **FORM OF ORGANIZATION**

One of the earliest decisions an entrepreneur is required to make, concerns the form of his organization. While this is frequently linked to the nature of business activity undertaken, it also reflects the managerial capability of the entrepreneur. The form of organization can vary in the degree of sophistication and complexity from a single proprietorship to a corporate entity.

- The study revealed that the predominant form amongst such enterprises is the proprietary firm (98.40%).

This indicates that most often such businesses are the culmination of the efforts of a single individual.



Other forms and style like Partnerships or Co-operatives are almost non-existent.

- Only Punjab was found to have about 2% of the respondents opting for partnerships.

**TABLE 5.1: FORM OF ORGANIZATION**

State	Form of Organization			Total
	Partnership	Proprietary	Other	
Bihar	0	308	1	309
%	.0	99.7	.3	100.0
Maharashtra	2	308	0	310
%	.6	99.4	.0	100.0
Punjab	7	301	1	309
%	2.3	97.4	.3	100.0
Uttar Pradesh	3	311	0	314
%	1.0	99.0	.0	100.0
West Bengal	11	298	0	309
%	3.6	96.4	.0	100.0
<b>Total</b>	<b>23</b>	<b>1526</b>	<b>2</b>	<b>1551</b>
<b>%</b>	<b>1.5</b>	<b>98.4</b>	<b>.1</b>	<b>100.0</b>

## **STATUS OF REGISTRATION**

Registration of businesses confers certain advantages in dealing with financial institutions such as banks and government agencies. It also imposes some legal obligations on them under labour laws etc.

- Almost 38% of the surveyed enterprises are registered.
- Conversely, as many as 62% enterprises are not registered.
- Most of the SC enterprises are in the unorganized sector.

The percentage of registered enterprises was found to be the highest in Punjab (85.1%) followed by Maharashtra and West Bengal at approximately 32%.

**TABLE 5.2: REGISTRATION LEVEL**

State	Registration Level		Total
	YES	NO	
Bihar	53	256	309
%	17.2	82.8	100.0
Maharashtra	98	212	310
%	31.6	68.4	100.0
Punjab	263	46	309
%	85.1	14.9	100.0
Uttar Pradesh	78	236	314
%	24.8	75.2	100.0
W. Bengal	98	211	309
%	31.7	68.3	100.0
<b>Total</b>	<b>590</b>	<b>961</b>	<b>1551</b>
<b>%</b>	<b>38.0</b>	<b>62.0</b>	<b>100.0</b>

Bihar had the lowest percentage of SC enterprises that are registered.

### **AGE PROFILE OF ENTERPRISES**

The surveyed enterprises were asked to indicate their year of commencement. This gives some indication about the sustainability or longevity of SC enterprises over a period of time. Like their owners,

- Most of the enterprises (69.5%) were found to be young – having been set up between the year 2001 and 2006.

Of the rest,

- 29.1% have been set up between 1990 and 2000 while
- Only 1.50% commenced prior to 1990.

While economic liberalization after 1990 may have been one of the reasons for this trend, these statistics also indicate that the time-profile of SC enterprises is not very long.

Table below indicates the year of start of the enterprises.

**TABLE 5.3: YEAR OF START**

	Bihar		Maharastra		Punjab		Uttar Pradesh		W. Bengal		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
1967	0	0.00	0	0.00	0	0.00	1	0.32	0	0.00	1	0.06
1977	0	0.00	0	0.00	0	0.00	2	0.64	0	0.00	2	0.13
1980	1	0.32	1	0.32	0	0.00	0	0.00	0	0.00	2	0.13
1982	0	0.00	0	0.00	0	0.00	1	0.32	0	0.00	1	0.06
1985	6	1.94	0	0.00	0	0.00	2	0.64	0	0.00	8	0.52
1986	0	0.00	0	0.00	0	0.00	1	0.32	0	0.00	1	0.06
1987	0	0.00	0	0.00	0	0.00	1	0.32	0	0.00	1	0.06
1988	2	0.65	0	0.00	0	0.00	0	0.00	0	0.00	2	0.13
1989	5	1.62	0	0.00	0	0.00	0	0.00	0	0.00	5	0.32
1990	15	4.85	1	0.32	0	0.00	8	2.55	1	0.32	25	1.61
1991	0	0.00	0	0.00	0	0.00	1	0.32	0	0.00	1	0.06
1992	1	0.32	0	0.00	0	0.00	5	1.59	3	0.97	9	0.58
1993	0	0.00	0	0.00	0	0.00	1	0.32	0	0.00	1	0.06
1994	3	0.97	0	0.00	0	0.00	7	2.23	1	0.32	11	0.71
1995	11	3.56	2	0.65	0	0.00	16	5.10	7	2.27	36	2.32
1996	12	3.88	1	0.32	0	0.00	6	1.91	2	0.65	21	1.35
1997	34	11.00	3	0.97	0	0.00	8	2.55	2	0.65	47	3.03
1998	41	13.27	6	1.94	0	0.00	9	2.87	8	2.59	64	4.13
1999	36	11.65	23	7.42	0	0.00	5	1.59	15	4.85	79	5.09
2000	60	19.42	58	18.71	9	2.91	9	2.87	20	6.47	156	10.06
2001	20	6.47	42	13.55	13	4.21	21	6.69	30	9.71	126	8.12
2002	19	6.15	117	37.74	41	13.27	54	17.20	96	31.07	327	21.08
2003	14	4.53	30	9.68	71	22.98	40	12.74	49	15.86	204	13.15
2004	8	2.59	14	4.52	41	13.27	56	17.83	35	11.33	154	9.93
2005	15	4.85	12	3.87	74	23.95	49	15.61	36	11.65	186	11.99
2006	6	1.94	0	0.00	60	19.42	11	3.50	4	1.29	81	5.22
	309	100.00	310	100.00	309	100.00	314	100.00	309	100.00	1551	100.00

**TYPE OF BUSINESS ACTIVITY**

For identifying the type of business activity, the normal economic classification of manufacturing, trading and services was used.

Being unorganized businesses with a narrow asset base,

- 78.50% of the enterprises are engaged in providing services and
- 12.60% are engaged in manufacturing.
- Only a negligible percentage (0.60%) is involved in trading activities.

The remaining (8.30%) entrepreneurs did not specify their business type.

- In the State of Punjab, the percentage of enterprises in the service sector was lower at 53.4% followed by manufacturing (12%).

**TABLE 5.4: TYPE OF ENTERPRISE**

State	NA	Manufacturing	Service	Trading	Total
Bihar	5	63	240	1	309
%	1.6	20.4	77.7	.3	100.0
Maharashtra	0	50	260	0	310
%	.0	16.1	83.9	.0	100.0
Punjab	107	37	165	0	309
%	34.6	12.0	53.4	.0	100.0
Uttar Pradesh	12	23	273	6	314
%	3.8	7.3	86.9	1.9	100.0
West Bengal	4	23	280	2	309
%	1.3	7.4	90.6	.6	100.0
<b>Total</b>	<b>128</b>	<b>196</b>	<b>1218</b>	<b>9</b>	<b>1551</b>
<b>%</b>	<b>8.3%</b>	<b>12.6%</b>	<b>78.5%</b>	<b>.6%</b>	<b>100.0%</b>

**NATURE OF INDUSTRY**

Of the 13 specified industry categories,

- 5.80% are engaged in dairy business while 5.40% enterprises produce leather goods. Another 1.4% are engaged in piggeries and 1.3% produce agricultural goods.
- The overwhelming percentage (82.66%) was of enterprises engaged in the unspecified category of “any other”.

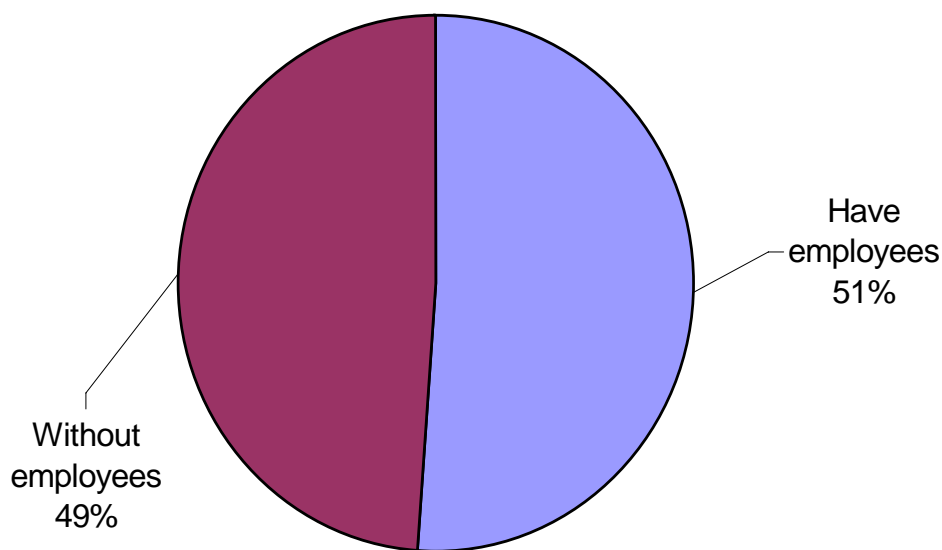
**TABLE 5.5: NATURE OF INDUSTRY**

Nature of Industry	State					Total
	Bihar	Maharashtra	Punjab	Uttar Pradesh	West Bengal	
Leather Goods	13.00	39.00	6.00	10.00	15.00	83.00
%	4.21	12.58	1.94	3.18	4.85	5.35
Bamboo Shoots	1.00	2.00	5.00	0.00	0.00	8.00
%	0.32	0.65	1.62	0.00	0.00	0.52
Agricultural Goods	0.00	0.00	0.00	2.00	16.00	18.00
%	0.00	0.00	0.00	0.64	5.18	1.16
Musical Instruments	0.00	0.00	10.00	0.00	0.00	10.00
%	0.00	0.00	3.24	0.00	0.00	0.64
Handmade Toys	0.00	1.00	0.00	0.00	9.00	10.00
%	0.00	0.32	0.00	0.00	2.91	0.64
Hand Fans	0.00	9.00	0.00	0.00	1.00	10.00
%	0.00	2.90	0.00	0.00	0.32	0.64
Earthen Pots	1.00	1.00	0.00	0.00	0.00	2.00
%	0.32	0.32	0.00	0.00	0.00	0.13
Machine Products	0.00	3.00	0.00	2.00	2.00	7.00
%	0.00	0.97	0.00	0.64	0.65	0.45
Goatary	5.00	1.00	1.00	3.00	0.00	10.00
%	1.62	0.32	0.32	0.96	0.00	0.64
Dairy	43.00	3.00	35.00	4.00	5.00	90.00
%	13.92	0.97	11.33	1.27	1.62	5.80
Piggery	0.00	0.00	0.00	18.00	3.00	21.00
%	0.00	0.00	0.00	5.73	0.97	1.35
Any Other	246.00	251.00	252.00	275.00	258.00	1282.00
%	79.61	80.97	81.55	87.58	83.50	82.66
<b>Total</b>	<b>309.00</b>	<b>310.00</b>	<b>309.00</b>	<b>314.00</b>	<b>309.00</b>	<b>1551.00</b>
<b>%</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**EMPLOYMENT: TOTAL NO OF EMPLOYEES**

The size of an enterprise can be determined in several ways- one of them being the total number of employees or workers. As regards SC enterprises, the study revealed that

- Almost 49% of the enterprises (i.e. 759 in number) are being run by the entrepreneurs themselves and do not have a single employee. In other words, these are very small units or businesses.



Although the rest of the enterprises (51% - 792 units) have employees,

- As many as 47.78% of these (741) have only three employees or less.

In all, 3.40% entrepreneurs have more than three employees and the maximum number of 13 employees was found in only 1 enterprise.

Among the States, Bihar has the maximum percentage of enterprises (74%) run by self-employed persons while Punjab with 11.65% exhibited the least percentage of such enterprises. But the rest of the enterprises in the sample for both these States have no more than 4 employees.

**TABLE 5.6: NO. OF EMPLOYEES**

State	Self Employed	No. of Employees											Total
		1	2	3	4	5	6	7	8	10	12	13	
Bihar	228	60	19	2	0	0	0	0	0	0	0	0	309
%	73.9	19.42	6.15	0.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Maharashtra	161	77	50	14	4	1	0	1	1	1	0	0	310
%	51.4	24.84	16.13	4.52	1.29	0.32	0.00	0.32	0.32	0.32	0.00	0.00	100.00
Punjab	36	195	67	10	1	0	0	0	0	0	0	0	309
%	11.5	63.11	21.68	3.24	0.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Uttar Pradesh	192	72	22	10	8	3	1	0	0	3	3	0	314
%	61.5	22.93	7.01	3.18	2.55	0.96	0.32	0.00	0.00	0.96	0.96	0.00	100.00
West Bengal	142	87	55	5	9	1	0	0	0	10	0	0	309
%	45.5	28.16	17.80	1.62	2.91	0.32	0.00	0.00	0.00	3.24	0.00	0.00	100.00
<b>Total</b>	<b>759</b>	<b>491</b>	<b>213</b>	<b>41</b>	<b>22</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>14</b>	<b>3</b>	<b>0</b>	<b>1551</b>
%	<b>48.94</b>	<b>31.66</b>	<b>13.73</b>	<b>2.64</b>	<b>1.42</b>	<b>0.32</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	<b>0.90</b>	<b>0.19</b>	<b>0.00</b>	<b>100.00</b>



**LEVEL OF SC EMPLOYMENT**

Of the 792 enterprises having employees,

- 735 (93%) were found to have at least one SC employee.

This suggests that there is a fair element of inclusiveness in the running of SC enterprises so that benefits accrue to the community. Part of the reason for this phenomenon may be that the requisite skills for running traditional businesses are available within the community.

**TABLE 5.7: SC EMPLOYEES**

State	No. of SC Employees							Total
	1	2	3	4	5	10	12	
Bihar	59	19	0	0	0	0	0	78
%	8.00	2.60	0.00	0.00	0.00	0.00	0.00	10.60
Maharashtra	69	43	7	1	1	1	0	122
%	9.40	5.90	1.00	0.10	0.10	0.10	0.00	16.60
Punjab	195	67	3	0	0	0	0	265
%	26.50	9.10	0.40	0.00	0.00	0.00	0.00	36.10
Uttar Pradesh	72	22	8	5	2	3	2	114
%	9.80	3.00	1.10	0.70	0.30	0.40	0.30	15.50
West Bengal	87	49	3	7	1	9	0	156
%	11.80	6.70	0.40	1.00	0.10	1.20	0.00	21.20
<b>Total</b>	<b>482</b>	<b>200</b>	<b>21</b>	<b>13</b>	<b>4</b>	<b>13</b>	<b>2</b>	<b>735</b>
%	<b>65.60</b>	<b>27.20</b>	<b>2.90</b>	<b>1.80</b>	<b>0.50</b>	<b>1.80</b>	<b>0.30</b>	<b>100.00</b>

- Of the 735 enterprises having SC employees almost 97% (703) have up to 3 SC employees.

**INITIAL CAPITAL INVESTMENT**

Apart from size in terms of number of employees, the initial capital investment made in the selected enterprises was also examined. This is not only an indicator of the scale of business at the time of commencement but also its financial strength. Overall, the study revealed that

- 95.3% of the sample size was made up of enterprises whose initial capital outlay was less than Rs. 1 lakh. Of these, 47.10% entrepreneurs have initially invested less than Rs. 25,000 in their enterprises.
- There were only 3.90% enterprises having an initial investment between Rs.1 to 2 lakh.

At 98.6%, Punjab had the highest percentage of enterprises with an initial capital outlay of less than Rs. 1 lakh. The rest of the States more or less conformed to the overall trend.

**TABLE 5.8: INITIAL CAPITAL INVESTMENT**

State	NA	<25000	25000- 1 Lakh	1- 2 Lakh	> 5 Lakh	Total
Bihar	1	242	57	9	0	309
%	.3	78.3	18.4	2.9	.0	100.0
Maharashtra	0	146	143	16	5	310
%	.0	47.1	46.1	5.2	1.6	100.0
Punjab	0	21	283	1	4	309
%	.0	6.8	91.6	.3	1.3	100.0
Uttar Pradesh	1	144	153	16	0	314
%	.3	45.9	48.7	5.1	.0	100.0
West Bengal	0	178	112	19	0	309
%	.0	57.6	36.2	6.1	.0	100.0
<b>Total</b>	<b>2</b>	<b>731</b>	<b>748</b>	<b>61</b>	<b>9</b>	<b>1551</b>
%	.1	47.1	48.2	3.9	.6	100.0

**PRESENT CAPITAL INVESTMENT**

Scrutiny of the present capital investment of enterprises was undertaken to assess the extent to which these businesses have been able to grow their net worth from the time of inception. Over a period of time, it is expected that there would be a movement of units/ enterprises towards higher capital investment brackets owing to business growth.

**TABLE 5.9: PRESENT CAPITAL INVESTMENT**

State	Not Responded	<50000	50,000- 2 lakh	2 lakh- 5 Lakh	> 5 Lakh	Total
Bihar	1	246	60	2	0	309
%	.3	79.6	19.4	.6	.0	100.0
Maharashtra	0	134	167	8	1	310
%	.0	43.2	53.9	2.6	.3	100.0
Punjab	0	65	243	0	1	309
%	.0	21.0	78.6	.0	.3	100.0
Uttar Pradesh	1	140	168	5	0	314
%	.3	44.6	53.5	1.6	.0	100.0
West Bengal	0	175	116	17	1	309
%	.0	56.6	37.5	5.5	.3	100.0
<b>Total</b>	<b>2</b>	<b>760</b>	<b>754</b>	<b>32</b>	<b>3</b>	<b>1551</b>
<b>%</b>	<b>.1</b>	<b>49.0</b>	<b>48.6</b>	<b>2.1</b>	<b>.2</b>	<b>100.0</b>

The comparison between the distribution of initial and present capital investment shows that there has been very marginal improvement in the selected enterprises.

- The initial investment was less than Rs.2 lakh for 99.2% enterprises. This percentage has improved to 97.6% of the enterprises for present capital investment. In other words, there are fewer units with a low capital base now than there were at the time of their initial setting up. Approximately about 2% of the enterprises were found to have moved from the below 2 lakh bracket to above 2 lakhs.

Viewed in this manner,

- The sharpest improvement was noticed in the case of West Bengal where 99.9% of the enterprises had an initial capital base of Rs.2 lakh but only 94.1% have a present capital base of the same amount.
- In the case of Punjab, there appears to have been a deterioration with 99.6% of the units appearing in the upto Rs.2 lakh present investment bracket compared to 98.7% by initial investment.

### **INITIAL TURN OVER**

The turnover of a business is an evident and oft-used indicator of its size. An analysis of the initial turnover of the SC enterprises selected for the study shows that

- As many as 68.5% of them had a turnover of less than Rs.50,000 per annum.
- Another 30% enterprises registered a turnover ranging from Rs.50,000 to Rs.2,00,000 per annum.
- The highest initial turnover that was recorded was around Rs. 4 lakh per annum.

As for individual States,

- Bihar had the highest percentage of units (91%) with an initial turnover below Rs.50,000 while
- Maharashtra had the lowest with 41.3%. But Maharashtra also had the highest percentage of units (20%) with turnover ranging from Rs. 75,000 to Rs.2 lakh.

**TABLE 5.10: INITIAL TURN OVER**

<b>Amt in Rs.</b>	<b>Bihar</b>	<b>Maharashtra</b>	<b>Punjab</b>	<b>Uttar Pradesh</b>	<b>W. Bengal</b>	<b>Total</b>
NA	6	0	2	2	0	10
%	1.90	0.00	0.60	0.60	0.00	0.60
Up to 25000	195	21	7	58	59	340
%	63.10	6.80	2.30	18.50	19.10	21.90
25000-50000	87	112	207	190	127	723
%	28.20	36.10	67.00	60.50	41.10	46.60
50000-75000	13	109	65	48	74	309
%	4.20	35.20	21.00	15.30	23.90	19.90
75000-100000	6	37	13	12	29	97
%	1.90	11.90	4.20	3.80	9.40	6.30
1-2lakh	1	26	10	4	19	60
%	0.30	8.40	3.20	1.30	6.10	3.90
2-3lakh	1	4	5	0	1	11
%	0.30	1.30	1.60	0.00	0.30	0.70
3-4lakh	0	1	0	0	0	1
%	0.00	0.30	0.00	0.00	0.00	0.10
<b>Total</b>	<b>309</b>	<b>310</b>	<b>309</b>	<b>314</b>	<b>309</b>	<b>1551</b>
<b>%</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### **PRESENT TURN OVER**

The present turnover of the selected enterprises was examined to assess the volume of growth that they managed to achieve. Generally speaking, there was an upward shift in the turnover of most enterprises. As a result, the percentage of units with a turnover below Rs.50,000 per annum decreased from 68.5% at the time of initial setting up to 31% at the time of the survey.

- As many as 65% of the units reported a present turnover ranging from Rs.50,000 to Rs.2 lakh per annum.

Although Bihar also registered a substantial improvement in its turnover profile with the percentage of units having a turnover below Rs.50,000 per annum reducing from 91% to 68%, this percentage was still the highest among all the States.

**TABLE 5.11: PRESENT TURN OVER**

<b>Amt. in Rs.</b>	<b>Bihar</b>	<b>Maharashtra</b>	<b>Punjab</b>	<b>Uttar Pradesh</b>	<b>W. Bengal</b>	<b>Total</b>
NA	6	0	2	2	0	10
%	1.9	.0	.6	.6	.0	.6
Up to 25000	75	4	5	31	10	125
%	24.3	1.3	1.6	9.9	3.2	8.1
25000-50000	136	15	47	108	51	357
%	44.0	4.8	15.2	34.4	16.5	23.0
50000-75000	53	63	78	93	56	343
%	17.2	20.3	25.2	29.6	18.1	22.1
75000-100000	26	34	97	48	95	300
%	8.4	11.0	31.4	15.3	30.7	19.3
1-2lakh	12	187	72	28	77	376
%	3.9	60.3	23.3	8.9	24.9	24.2
2-3lakh	0	3	7	3	17	30
%	.0	1.0	2.3	1.0	5.5	1.9
3-4lakh	1	2	1	1	3	8
%	.3	.6	.3	.3	1.0	.5
Above 4 lakh	0	2	0	0	0	2
%	.0	.6	.0	.0	.0	.1
<b>Total</b>	<b>309</b>	<b>310</b>	<b>309</b>	<b>314</b>	<b>309</b>	<b>1551</b>
<b>%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The fact that there was an overall growth in the turnover of enterprises is also borne out by a comparison of their present turnover with initial turnover.

As the table underneath shows,

- 94% of the enterprises exhibited a positive growth in turnover with 58% showing a growth of more than 75%.

**TABLE 5.12: PERCENTAGE CHANGE (+ /-) BETWEEN INITIAL AND PRESENT TURNOVER**

Increase/decrease (In %)	Bihar	Maharashtra	Punjab	Uttar Pradesh	W. Bengal	Total
0	11	1	5	2	1	20
%	3.56	0.32	1.62	0.64	0.32	1.29
-70 to -50	1	0	6	11	0	18
%	0.32	0.00	1.94	3.50	0.00	1.16
-25 to -50	1	1	10	27	1	40
%	0.32	0.32	3.24	8.60	0.32	2.58
-1to -25	0	3	5	2	3	13
%	0.00	0.97	1.62	0.64	0.97	0.84
1 to 25	18	19	22	34	3	96
%	5.83	6.13	7.12	10.83	0.97	6.19
25 to 50	69	25	33	78	56	261
%	22.33	8.06	10.68	24.84	18.12	16.83
50 to 75	52	31	21	48	50	202
%	16.83	10.00	6.80	15.29	16.18	13.02
75 to 100	54	138	169	47	74	482
%	17.48	44.52	54.69	14.97	23.95	31.08
More than 100	103	92	38	65	121	419
%	33.33	29.68	12.30	20.70	39.16	27.01
<b>Total</b>	<b>309</b>	<b>310</b>	<b>309</b>	<b>314</b>	<b>309</b>	<b>1551</b>
%	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The maximum percentage of units showing a turnover growth of more than 75% was in Maharashtra (74%), while the minimum was in Uttar Pradesh (34%).

## **SOURCES OF INITIAL FUNDING**

The availability of credit from financial institutions or government agencies ensures that it is cheap and the borrowers are not subjected to usurious rates of interest. Owing to due diligence exercise by such agencies in the appraisal of loan applications, small entrepreneurs are also insulated from high levels of risk.

Although the share of institutional lending in the initial funding of the selected enterprises was found to be a meager 1%,

- Borrowing under Government schemes had the highest share of 39.7%.

However, the dependence of such entrepreneurs on their own funds or loans from friends and relatives was a high 37.50%. Also, almost one-fifth of the surveyed entrepreneurs were dependent on unorganized money lenders for funds.

- Borrowing under Government schemes was the highest in Punjab (almost 86%) and
- Borrowing from institutional agencies was the highest in West Bengal (3.6%).
- Borrowings from friends and relatives and deployment of own funds constituted the largest category in the case of Bihar (66.3%)

Surprisingly, West Bengal also exhibited the highest dependence on moneylenders with almost one-third of the SC enterprises indicating a dependence on that source.



**TABLE 5.13: SOURCES OF INITIAL FUNDING**

<b>State</b>	<b>Own Funding</b>	<b>Borrowing from Friends/ Relatives</b>	<b>Borrowing from Institutional Agencies</b>	<b>Borrowing from Govt. Schemes</b>	<b>Borrowing from Money Lender</b>	<b>Any Other</b>	<b>Total</b>
Bihar	38	136	0	59	76	0	309
%	12.3	44.0	.0	19.1	24.6	.0	100.0
Maharashtra	84	64	0	96	59	7	310
%	27.1	20.6	.0	31.0	19.0	2.3	100.0
Punjab	6	29	3	265	6	0	309
%	1.9	9.4	1.0	85.8	1.9	.0	100.0
Uttar Pradesh	73	82	1	82	72	4	314
%	23.2	26.1	.3	26.1	22.9	1.3	100.0
West Bengal	8	62	11	114	102	12	309
%	2.6	20.1	3.6	36.9	33.0	3.9	100.0
<b>Total</b>	<b>209</b>	<b>373</b>	<b>15</b>	<b>616</b>	<b>315</b>	<b>23</b>	<b>1551</b>
<b>%</b>	<b>13.5</b>	<b>24.0</b>	<b>1.0</b>	<b>39.7</b>	<b>20.3</b>	<b>1.5</b>	<b>100.0</b>

**ENTERPRISE PROFILE: SUMMING UP**

The key characteristics of a typical SC enterprise that emerge from the above analysis are that it is a proprietorship concern, not registered with Government. It is normally a young business set up 4 to 5 years ago engaged in providing services. It is invariably a small business whichever the yardstick for measuring its size— the number of employees is less than 3; the initial capital outlay less than Rs. 1 lakh and initial turnover less than Rs. 50,000. In most cases, it has been set up with funds borrowed under Government schemes. While there has been only a marginal improvement in the capital base of these businesses from the time of initial setting up and the present, most of them have shown a positive growth in turnover.

## **FACTORS GOVERNING CHOICE OF ENTREPRENEURSHIP**

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The study looked into the reasons that induce Scheduled Caste persons to opt for entrepreneurship as a profession over other available choices such as employment. From the point of view of policy making this insight is necessary to make interventions to influence these factors so that entrepreneurship is encouraged amongst this community.

For the sample as a whole, it is noteworthy that only 22.4% of the respondents averred that they chose entrepreneurship by default or for “negative” reasons such as their inability to get a job (8.8%) or absence of choice (14.6%). Predominantly, the choice of entrepreneurship was found to have been made for positive reasons such as availability of good opportunity (13.8%); the perception that running a business is better than a job (12.3%); the desire to be independent (11.8%); the attractiveness of Government schemes and incentives (10.9%); the desire to maintain or grow the traditional, family business (8.6%); sharing experience with others (8.1%) and putting their training to use (3.7%). Personal prestige was found to be a motivational force for 3.5% of the respondents while 2.6% have been driven into business even for altruistic reasons such as contributing something to society.

- At the State level, negative factors seem to have played the most significant role in the case of Bihar where 42.7% of the respondents have chosen entrepreneurship as there was no other choice or because they could not get a job.

These two factors were the least influential in the case of Punjab where only 4.5% cited them.

**TABLE 6.1: REASONS FOR ENTERING INTO ENTERPRISE**

Reasons For Entering	Bihar	Maharashtra	Punjab	Uttar Pradesh	West Bengal	Total
No Choice	122	38	1	41	24	226
%	39.5	12.3	.3	13.1	7.8	14.6
Could not get a Job	10	66	13	1	47	137
%	3.2	21.3	4.2	.3	15.2	8.8
Family in Business	42	18	24	19	31	134
%	13.6	5.8	7.8	6.1	10.0	8.6
Saw good opportunity	11	94	25	33	51	214
%	3.6	30.3	8.1	10.5	16.5	13.8
Business is better than Job	55	17	11	32	76	191
%	17.8	5.5	3.6	10.2	24.6	12.3
For Personal Prestige	9	0	32	13	1	55
%	2.9	.0	10.4	4.1	.3	3.5
For doing something for the Society	0	9	12	6	13	40
%	.0	2.9	3.9	1.9	4.2	2.6
For being independent	42	1	120	5	15	183
%	13.6	.3	38.8	1.6	4.9	11.8
For using my Training	3	30	10	12	2	57
%	1.0	9.7	3.2	3.8	.6	3.7
Tradition	0	1	6	8	4	19
%	.0	.3	1.9	2.5	1.3	1.2
Experience	7	24	9	79	7	126
%	2.3	7.7	2.9	25.2	2.3	8.1
Attracted by Govt. Schemes	8	12	46	65	38	169
%	2.6	3.9	14.9	20.7	12.3	10.9
<b>Total</b>	<b>309</b>	<b>310</b>	<b>309</b>	<b>314</b>	<b>309</b>	<b>1551</b>
%	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

- The attractiveness of Government schemes as a factor inducing choice was the strongest in Uttar Pradesh with almost 21% of the respondents citing it followed by Punjab (15%).

It was the least effective in Bihar where only 3% of the respondents ascribed their choice to it. This may be an indicator of differences in the level of awareness of these schemes among the community in these States.

Entering into enterprise because of 'No Choice' and 'Could not get a Job' is a factor found with 363 persons comprising of 23.4%. It may be taken as not a very healthy sign.

However 214 persons comprising 13.8% believed in entrepreneurship as a platform of good opportunity. It is demonstrative of their vision and confidence.

## **PERFORMANCE OF SC ENTERPRISES**

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We now turn to a performance appraisal of SC enterprises. Previous analysis already indicates that most of these businesses have registered a growth – which is more pronounced when measured in terms of their turnover, but somewhat modest in terms of their capital base. Judged purely on objective criteria such as turnover, therefore, the performance of such enterprises appears to be satisfactory. The aim of the study is primarily to gain an insight into “entrepreneurship” as an activity and understand the challenges that an SC entrepreneur faces including subjective factors. Under the circumstances, to identify success purely with pecuniary performance of the business would be too narrow a view. So the respondents were asked to indicate their own perception of whether their business is successful or not.

### **RATE OF SUCCESS**

The overwhelming majority of SC entrepreneurs (86.40%) believe that they have been successful in their business and

- Only 8.6 % have a perception that their business is a failure.
- The remaining 5% reported that they have broken even.

Among the States,

- The percentage of entrepreneurs who perceived themselves as successful was the least for Uttar Pradesh (69%) and the highest in Maharashtra (97%).
- Correspondingly, the percentage of unsuccessful entrepreneurs was also the highest for Uttar Pradesh (23%) followed by Punjab (12% which also possessed the highest proportion of entrepreneurs at break-even point (13%).

**TABLE 7.1: RATE OF SUCCESS OR FAILURE OF ENTREPRENEURS**

State	Rate of Success and Failure			Total
	Successful	Un Successful	At Break Even Point	
Bihar	294	6	9	309
%	95.1	1.9	2.9	100.0
Maharashtra	303	5	2	310
%	97.7	1.6	.6	100.0
Punjab	234	36	39	309
%	75.7	11.7	12.6	100.0
Uttar Pradesh	216	71	27	314
%	68.8	22.6	8.6	100.0
West Bengal	293	15	1	309
%	94.8	4.9	.3	100.0
<b>Total</b>	<b>1340</b>	<b>133</b>	<b>78</b>	<b>1551</b>
%	<b>86.4</b>	<b>8.6</b>	<b>5.0</b>	<b>100.0</b>

### **FACTORS CONTRIBUTING TO SUCCESS**

The respondents were also asked to indicate the factors that were responsible for making their business successful.

- Almost one-fourth i.e. 24.70% attributed their success to their own business acumen.
- Another 14.8% ascribed their success to their persistence and perseverance and
- 5.3% to knowledge and training.

Thus, individual achievement seems to have played an important role in contributing to the success of SC entrepreneurs in almost 45% of the cases.

**TABLE 7.2: FACTORS CONTRIBUTING TO SUCCESS**

Factor	Bihar	Maharashtra	Punjab	Uttar Pradesh	West Bengal	Total
N.A.	27	47	77	88	26	265
%	8.7	15.2	24.9	28.0	8.4	17.1
Your Own Business Acumen	190	36	24	57	76	383
%	61.5	11.6	7.8	18.2	24.6	24.7
Favourable Environment	3	54	10	5	22	94
%	1.0	17.4	3.2	1.6	7.1	6.1
Government Policies	45	35	58	40	46	224
%	14.6	11.3	18.8	12.7	14.9	14.4
Availability of Financial Support	17	30	80	16	33	176
%	5.5	9.7	25.9	5.1	10.7	11.3
Being part of a Tradition	1	24	38	8	27	98
%	.3	7.7	12.3	2.5	8.7	6.3
Knowledge & Training	1	61	2	11	7	82
%	.3	19.7	.6	3.5	2.3	5.3
Persistence & Perseverance	25	23	20	89	72	229
%	8.1	7.4	6.5	28.3	23.3	14.8
<b>Total</b>	<b>309</b>	<b>310</b>	<b>309</b>	<b>314</b>	<b>309</b>	<b>1551</b>
%	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



## **Entrepreneurial Challenges for SC Persons in India- A Research Study**

By comparison, about 38% respondents named institutional and environmental factors as responsible for their success. Of these,

- 14.40% cited government policies;
- 11.3% -the availability of financial support; and
- 12.4% either a favorable environment or being part of a tradition.

Among the States,

- Bihar reported the highest percentage of respondents (70%) who cited individual achievement as the cause of their success while Punjab had the lowest with 15%.
- Availability of financial support was reported by the largest proportion of the respondents in the case of Punjab (26%).
- The percentage of respondents who ascribed their success to Government support was almost evenly spread out across States with Maharashtra reporting a percentage of 11 and Punjab 19.

### **SUCCESSFUL ENTERPRISES- FUTURE PLANS**

The successful entrepreneurs were questioned about their future business plans. This would once again provide useful inputs about the kind of support they might need in future.

- The majority of such respondents (89%) disclosed that they plan to remain in the same business.

The implication is that they prefer to consolidate their position by growing the existing business.

- The percentage of successful entrepreneurs who would like to diversify their business for the sample as a whole was 4% and
- The remaining 6% averred that they would like to start a new unit.

**TABLE 7.3: FUTURE PLANS OF SUCCESSFUL ENTREPRENEURS**

State	Like to diversify	Remain in same line	Start a new unit	Total
Bihar	9	269	16	294
%	3.1	91.5	5.4	100.00
Maharashtra	5	274	24	303
%	1.6	90.4	7.9	100.00
Punjab	41	172	21	234
%	17.5	73.5	9.0	100.00
Uttar Pradesh	2	201	13	216
%	1.0	93.0	6.0	100.00
West Bengal	0	281	12	293
%	0.00	95.9	4.1	100.00
<b>Total</b>	<b>57</b>	<b>1197</b>	<b>86</b>	<b>1340</b>
<b>%</b>	<b>4.30</b>	<b>89.30</b>	<b>6.40</b>	<b>100.00</b>

The states barring Punjab more or less conformed to the overall pattern.

- In Punjab, only 73.5% of the respondents intend to stay in the same line of business and 17.5% plan to diversify. This suggests that the entrepreneurs in Punjab are empowered by their success and are willing to assume greater amount of risk in future.

## **REASONS FOR FAILURE**

Although the percentage of failures in the sample is small, it is very important to understand the reasons that account for failure because it is here that there is a stronger need for policy interventions. Accordingly, respondents perceiving themselves to be failures were asked about the reasons. These factors fall into two broad categories –economic and social.

- An analysis of responses shows that economic factors had a stronger role to play in failure than social ones.

**TABLE 7.4: REASONS FOR FAILURE**

Reasons	Name of the State					Total
	Bihar	Maharashtra	Punjab	Uttar Pradesh	West Bengal	
Lack of Capital / Finances	2	0	2	5	0	9
%	13.30	0.00	2.80	5.20	0.00	4.30
Lack of access to raw material	0	0	2	12	0	14
%	0.00	0.00	2.80	12.40	0.00	6.80
Social Acceptability	0	0	1	0	0	1
%	0.00	0.00	1.40	0.00	0.00	0.50
Lack of access to Market	0	0	12	6	0	18
%	0.00	0.00	16.70	6.20	0.00	8.70
Lack of Marketing Knowledge	0	0	0	1	0	1
%	0.00	0.00	0.00	1.00	0.00	0.50
Lack of storage/ production space	1	1	0	0	0	2
%	6.70	14.30	0.00	0.00	0.00	1.00
Too much of Competition	8	2	49	30	8	97
%	53.30	28.60	68.10	30.90	50.00	46.90
Lack of Business Training	0	1	0	0	0	1
%	0.00	14.30	0.00	0.00	0.00	0.50
Lack of Infrastructure	0	0	1	3	0	4
%	0.00	0.00	1.40	3.10	0.00	1.90
Non availability of Adequate Power	0	0	0	3	0	3
%	0.00	0.00	0.00	3.10	0.00	1.40
Lack of Social Support	4	3	5	37	8	57
%	26.70	42.90	6.90	38.10	50.00	27.50
<b>Total</b>	<b>15</b>	<b>7</b>	<b>72</b>	<b>97</b>	<b>16</b>	<b>207</b>
<b>%</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Thus,

- Almost half (47%) of the unsuccessful entrepreneurs feel that too much of competition in the market is the main reason for their failure.

The other economic factors having a significant adverse impact on performance were

- Lack of access to the market (9%);
- Lack of access to raw material (7%) and
- Lack of capital or finance (4%).

Lack of marketing knowledge; lack of production/ storage space; poor infrastructure; inadequate power supply and lack of business training were the other economic factors named by the respondents. Together, these account for about 5% of the responses.

- The most significant social factor that explains failure is the lack of social acceptability (27.5%).

Among the States the largest proportion of respondents who identified lack of social acceptability was in West Bengal (50%) followed by Maharashtra (43%). This had the least influence in Punjab (7%). As for economic factors, intensity of competition was particularly strong in Punjab (68%) followed by Bihar (53%).

## **PROBLEMS FACED BY SC ENTREPRENEURS**

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### **CONSTRAINTS**

Regardless of whether they have been successful or not, all respondents were asked to identify the problems or constraints that they typically face as entrepreneurs. Once again, these were divided into two broad categories i.e economic and social.

#### **Economic constraints**

- Among the economic constraints, the maximum no of entrepreneurs (26.20%) reported that Start-up initiatives are not encouraged.
- Another 10.30% have expressed the opinion that getting subsidies from funding institutions is very difficult.
- Non-availability of support price was also named as a problem by 1.4% of the entrepreneurs and
- poverty by about 2.5%. The implications of poverty are obvious in as much as it reduces the availability of capital and the willingness to bear business risks – so critical for entrepreneurship.

Contrary to the overall trend, in Punjab, difficulty in getting subsidies appears to be a far more serious problem (31%) than the lack of encouragement to start-up initiatives (18%). In Uttar Pradesh too only 18% of the respondents named the latter as a problem.

**TABLE 8.1: PROBLEMS IDENTIFIED BY ENTREPRENEURS**

<b>Problems</b>	<b>Bihar</b>	<b>Maharashtra</b>	<b>Punjab</b>	<b>Uttar Pradesh</b>	<b>West Bengal</b>	<b>Total</b>
No Comments	67	11	4	34	11	127
%	21.7	3.5	1.3	10.8	3.6	8.2
Hard to get social acceptance	9	7	51	5	1	73
%	2.9	2.3	16.5	1.6	.3	4.7
Caste & Class Bias	12	34	9	62	61	178
%	3.9	11.0	2.9	19.7	19.7	11.5
There are Double Standards	6	11	40	7	9	73
%	1.9	3.5	12.9	2.2	2.9	4.7
Society Looks Down Upon	9	72	15	17	10	123
%	2.9	23.2	4.9	5.4	3.2	7.9
Difficult getting subsidies	26	21	95	3	15	160
%	8.4	6.8	30.7	1.0	4.9	10.3
Caste Employees try to Dominate	5	10	2	36	4	57
%	1.6	3.2	.6	11.5	1.3	3.7
Officials Harass	7	7	0	8	3	25
%	2.3	2.3	.0	2.5	1.0	1.6
Start-up initiatives are not encouraged	103	93	55	57	98	406
%	33.3	30.0	17.8	18.2	31.7	26.2
Have limited contacts outside	46	42	33	52	96	269
%	14.9	13.5	10.7	16.6	31.1	17.3
Availability of support price	4	0	2	16	0	22
%	1.3	.0	.6	5.1	.0	1.4
Poverty is quite so rampant	15	2	3	17	1	38
%	4.9	.6	1.0	5.4	.3	2.5
<b>Total</b>	<b>309</b>	<b>310</b>	<b>309</b>	<b>314</b>	<b>309</b>	<b>1551</b>
<b>%</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Social constraints

Among the social constraints, having limited contacts outside appears to be an important one (17.30%).

- In Bihar, Maharashtra and West Bengal this was identified as a serious problem by almost one-third of the respondents.
- Caste and class bias is reported in 11.5% cases and is the second most important problem in this category.
- Problems like 'Society looks down upon'. (7.90%) and 'Double standards of the society' (4.70%) are also prominent but is lesser proportion.

It is only in Uttar Pradesh that domination by caste employees has a significant share of 11.5%.

### ATTITUDE OF OTHER EMPLOYEES

Given the perception that SC entrepreneurs are the victims of social bias and prejudices, it is important to gauge the nature and quality of their relationship with their employees who may not always be from their own caste. This aspect was examined in respect of those entrepreneurs alone who have employees.

- The study reveals that in the majority of cases (66.90%) the attitude of other employees towards SC entrepreneurs is helpful.

**TABLE 8.2: ATTITUDE OF OTHER EMPLOYEES**

State	Attitude of Other Employees		Total
	Helpful	Not Helpful	
Bihar	62	19	81
%	76.5	23.5	100.0
Maharashtra	141	8	149
%	94.6	5.4	100.0
Punjab	40	233	273
%	14.7	85.3	100.0
Uttar Pradesh	120	2	122
%	98.4	1.6	100.0
W. Bengal	167	0	167
%	100.0	.0	100.0
<b>Total</b>	<b>530</b>	<b>262</b>	<b>792</b>
<b>%</b>	<b>66.9</b>	<b>33.1</b>	<b>100.0</b>

**RELATIONS WITH THE WORK FORCE**

The relationship of SC entrepreneurs with their employees was also examined. As many as 95.8% of the entrepreneurs characterized their relationship as good while 3.3% felt that it does not matter. In West Bengal, all respondents expressed the view that their relationship was good. This percentage was the least for Punjab (90%).

**TABLE 8.3: RELATIONS WITH THE WORK FORCE**

State	Work Force			Total
	Good	Do not matter	Bad	
Bihar	80	0	1	81
%	98.8	.0	1.2	100.0
Maharastra	147	2	0	149
%	98.7	1.3	.0	100.0
Punjab	246	21	6	273
%	90.1	7.7	2.2	100.0
Uttar Pradesh	119	3	0	122
%	97.5	2.5	.0	100.0
W. Bengal	167	0	0	167
%	100.0	.0	.0	100.0
<b>Total</b>	<b>759</b>	<b>26</b>	<b>7</b>	<b>792</b>
%	<b>95.8</b>	<b>3.3</b>	<b>0.9</b>	<b>100.0</b>

**DISADVANTAGED BEING SC PERSON**

Finally, while examining the social constraints under which SC entrepreneurs operate, they were asked to indicate whether they felt disadvantaged owing to their caste background.

For the sample as a whole,

- 90.30% of the respondents denied that they were disadvantaged because of their caste while 7.5% admitted it.

Uttar Pradesh exhibited a different profile from the rest of the States with only 75% of the respondents denying that they are disadvantaged because of their caste.

- As many as 22% in UP perceive this to be an operative factor.



**TABLE 8.4: ROLE OF CASTE FACTOR**

State	NA	Yes	No	Total
Bihar	3	12	294	309
%	1.0	3.9	95.1	100.0
Maharashtra	3	16	291	310
%	1.0	5.2	93.9	100.0
Punjab	11	8	290	309
%	3.6	2.6	93.9	100.0
Uttar Pradesh	9	69	236	314
%	2.9	22.0	75.2	100.0
West Bengal	9	11	289	309
%	2.9	3.6	93.5	100.0
<b>Total</b>	<b>35</b>	<b>116</b>	<b>1400</b>	<b>1551</b>
<b>%</b>	<b>2.30</b>	<b>7.50</b>	<b>90.30</b>	<b>100.00</b>

### HELP FROM FUNDING AGENCIES

Belonging to an economically vulnerable section of society, SC entrepreneurs are dependent on the support of funding agencies both at the time of initial setting up of business as well as for day-to-day working capital.

The respondents were asked to indicate whether the help of these agencies is available to them.

- More than three-fourth of the respondents (76%) have stated that they do not receive help.

**TABLE 8.5: HELP FROM FUNDING AGENCIES**

State	Help Funding Agencies		Total
	Yes	No	
Bihar	27	32	59
%	45.8	54.2	100.0
Maharashtra	21	75	96
%	21.9	78.1	100.0
Punjab	23	245	268
%	8.6	91.4	100.0
Uttar Pradesh	26	57	83
%	31.3	68.7	100.0
W. Bengal	53	72	125
%	42.4	57.6	100.0
<b>Total</b>	<b>150</b>	<b>481</b>	<b>631</b>
<b>%</b>	<b>23.8</b>	<b>76.2</b>	<b>100.0</b>

## **IMPACT OF GOVERNMENT SCHEMES ON SC ENTREPRENEURSHIP**

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As discussed in Chapter 1 above, there are several schemes in operation to provide economic and financial assistance to Scheduled Caste entrepreneurs. These provide help in a variety of ways ranging from concessional finance; training support and upgradation of skills; procurement of raw materials and marketing of finished goods. No study of SC entrepreneurship can be complete without evaluating the impact of these schemes on the target population.

### **LEVEL OF AWARENESS**

The first critical factor that has an impact on the effectiveness of any scheme is the level of awareness about its existence amongst the target group. The level of awareness about these initiatives was not found to be high.

- A little less than half the respondents (49.20%) are aware about the Banking facility while
- only 21.70% are aware about SC-friendly government policies.
- Awareness about training programmes for SC persons was acknowledged by a miniscule 2% of the respondents.

There were wide variations in the level of awareness across States.

In Punjab 69% of the respondents were aware of SC-friendly policies while in West Bengal 66% were aware of banking facility for dalits.

**TABLE 9.1: LEVEL OF AWARENESS**

State	NA	SC-friendly Govt. Policies	Banking facility for Dalits	Training Programmes for SC Persons	Total
Bihar	109	55	143	2	309
%	35.3	17.8	46.3	.6	100.0
Maharashtra	80	63	164	3	310
%	25.8	20.3	52.9	1.0	100.0
Punjab	26	212	71	0	309
%	8.4	68.6	23.0	.0	100.0
Uttar Pradesh	110	6	182	16	314
%	35.0	1.9	58.0	5.1	100.0
West Bengal	101	1	203	4	309
%	32.7	.3	65.7	1.3	100.0
<b>Total</b>	<b>426</b>	<b>337</b>	<b>763</b>	<b>25</b>	<b>1551</b>
<b>%</b>	<b>27.5</b>	<b>21.7</b>	<b>49.2</b>	<b>1.6</b>	<b>100.0</b>

### **CHOICE OF PROGRAMME OR SCHEME**

The study revealed that ,

- The majority (59.60%) of respondents are availing of the benefit of programmes run by the National Scheduled Castes Finance and Development Corporation programme (NSFDC).
- Only 18.90% entrepreneurs have coverage under the National Safai Karamcharis Finance and Development Corporation (NSKFCD) programme while
- The SCDC has covered only 1.30% of the entrepreneurs.

Among the States Maharashtra had the highest percentage of respondents availing of NSFDC programmes (83.5%).

**TABLE 9.2: CHOICE OF PROGRAMME OR SCHEME**

State	NA	NSFDC	NSKFDC	SCDC	Total
Bihar	47	164	98	0	309
%	15.2	53.1	31.7	.0	100.0
Maharashtra	50	259	0	1	310
%	16.1	83.5	.0	.3	100.0
Punjab	10	170	128	1	309
%	3.2	55.0	41.4	.3	100.0
Uttar Pradesh	158	154	2	0	314
%	50.3	49.0	.6	.0	100.0
West Bengal	49	177	65	18	309
%	15.9	57.3	21.0	5.8	100.0
<b>Total</b>	<b>314</b>	<b>924</b>	<b>293</b>	<b>20</b>	<b>1551</b>
<b>%</b>	<b>20.2</b>	<b>59.6</b>	<b>18.9</b>	<b>1.3</b>	<b>100.0</b>

### **ATTRACTIVENESS OF GOVERNMENT SCHEMES**

When asked to indicate their preference for particular Government Schemes,

- More than half (56.10%) of entrepreneurs did not respond.

This may be either because they were not aware of any of the schemes or because they did not find any of them attractive.

Of the remaining, 28.90% prefer PMGY; 8.20% find NSFDC attractive and 3.8% prefer NSKFDC. SGSY has attracted only 1.80% of entrepreneurs. The popularity of other programmes like Anuvini, DIC, EDP and SCDC is negligible.

**TABLE 9.3: ATTRACTIVENESS OF GOVERNMENT SCHEMES**

State	Name of the Scheme									Total
	N.A.	Anuvini	DIC	EDP	NSFDC	NSKFDC	PMRY	SCDC	SGSY	
Bihar	254	13	0	0	19	8	14	0	1	309
%	82.2	4.2	.0	.0	6.1	2.6	4.5	.0	.3	100.0
Maharashtra	178	0	3	1	1	0	126	1	0	310
%	57.4	.0	1.0	.3	.3	.0	40.6	.3	.0	100.0
Punjab	53	0	0	0	107	51	98	0	0	309
%	17.2	.0	.0	.0	34.6	16.5	31.7	.0	.0	100.0
Uttar Pradesh	228	0	0	0	0	0	86	0	0	314
%	72.6	.0	.0	.0	.0	.0	27.4	.0	.0	100.0
West Bengal	157	0	0	0	0	0	125	0	27	309
%	50.8	.0	.0	.0	.0	.0	40.5	.0	8.7	100.0
<b>Total</b>	<b>870</b>	<b>13</b>	<b>3</b>	<b>1</b>	<b>127</b>	<b>59</b>	<b>449</b>	<b>1</b>	<b>28</b>	<b>1551</b>
<b>%</b>	<b>56.1</b>	<b>.8</b>	<b>.2</b>	<b>.1</b>	<b>8.2</b>	<b>3.8</b>	<b>28.9</b>	<b>.1</b>	<b>1.8</b>	<b>100.0</b>

## CONCLUSION : POLICY RECOMMENDATIONS AND SUGGESTIONS

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The study has provided useful insight into the nature and working of SC entrepreneurship in India. Many of these findings contradict the commonly perceived picture that SC entrepreneurs are weak, lack business acumen and are heavily dependent on Government support for survival. The study reveals that a typical SC entrepreneur is a young person who opts for entrepreneurship out of positive choice rather than being forced into it for want of other employment opportunities. His educational qualifications may not be very high but he is not illiterate either and in any case they are enough to provide him the wherewithal to manage a small business. According to the study what is lacking is *vocational training*. While this may not always be necessary for running a low-skill business, such training would definitely enable the setting up of more skill-oriented businesses that would fetch a better return. Many of the Government schemes already envisage this as an important component. But the study reveals that awareness about these schemes is still abysmally low. Only 2% of the respondents were found to be aware of the training component of these schemes. The first recommendation that emerges is that there is a need for greater emphasis on spreading awareness about the need for such training and improving its availability and delivery to the SC community. Almost half of the entrepreneurs that perceive themselves as unsuccessful named the intensity of competition as one of the relevant factors. This implies that the training programmes should focus not just on providing technical skills in a vocation such as carpentry, dairying or poultry etc. but should also cover the general principles of business management – sourcing of raw materials, managing inventories, choosing appropriate technologies, managing the work-force, managing finances and capital, pricing the finished product or service, marketing the produce etc. It is this knowledge that

## **Entrepreneurial Challenges for SC Persons in India**

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would enable SC entrepreneurs to understand the business and markets and withstand competition. And simpler methodology of such training programmes is better for effective and sustained benefits.

Another significant finding of the study is that the overwhelming majority of SC entrepreneurs perceive themselves as successful and what is encouraging is that almost half of them attribute this success to personal factors such as business acumen and perseverance. This indicates that they have a high level of confidence in themselves coupled with a positive attitude and are not excessively dependent on institutional support for managing their business. At the same time, the performance appraisal of SC enterprises shows that more than 90% of the enterprises have achieved substantial growth in their turnover but not in their capital base. While getting a higher turnover from a more or less stagnant capital base means that their productive efficiency has improved, the expansion of their capital base is necessary for future growth. The study shows that just about 40% of the initial funding comes from Government schemes and institutions and the balance has to be financed by the entrepreneurs from their own sources and private moneylenders. Asked specifically, 76% of the respondents stated that they do not get help from funding agencies. Once again, the existing Government schemes for SC entrepreneurs contain provisions for extending concessional finance to them. There is an urgent need to improve awareness and the actual coverage of these schemes so that the future growth and sustainability of SC enterprises are not affected adversely. There is also a possibility of encouraging the formation of Self-Help Groups and micro-finance cooperatives to improve the easy availability of funds or credit to such entrepreneurs both for initial setting up and for working capital as an alternative to institutional sources such as banks.

The study reveals a very positive note while education level of the SC Entrepreneurs was studied. With background of a huge majority having done High School and a sizeable percentage having been educated even beyond High School – it must be considered that the community does not lack education which is the basic requirement for any enterprise and as such it seems highly desirable

## **Entrepreneurial Challenges for SC Persons in India**

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that the central/state government may create a data bank of the educated persons who can be encouraged to enter into entrepreneurship.

It appears highly desirable that at least the lead banks in each district headquarter open a dedicated counter for attending to the financial needs of SC entrepreneurs. Besides extending on the spot support such endeavour shall inculcate enough confidence and awareness amongst SC entrepreneurs.

The major economic constraint faced by SC entrepreneurs is that start-up initiatives are not encouraged. The Government could consider the setting up of an agency that could bring these entrepreneurs in contact with Venture Capitalists who could aid and advise them about the suitability of their business plans and nurture them in their initial stages of growth.

Having limited contacts outside their limited geographical reach is also one of the factors identified as a reason for failure by some entrepreneurs. With increasing emphasis on e-governance, the Government could consider the creation of a web portal where SC entrepreneurs could exchange information about availability of raw materials, customers and know-how with other entrepreneurs of similar size in an almost cost-less manner. This would have a very favorable impact on their competitiveness and outreach.

### ***Gist of Suggestions***

- Methodology, Frequency and Tenure of Vocational Training should be increased.
- Spreading Knowledge and awareness regarding availability of Vocational Training ought to be much wider.
- Vocational Training ought to be made more practice oriented than Text-oriented focusing on management of:
  - ✓ Sourcing raw materials,
  - ✓ Inventory maintenance,



## **Entrepreneurial Challenges for SC Persons in India**

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- ✓ Choice of appropriate technology,
  - ✓ Work-force relationship,
  - ✓ Finance and capital,
  - ✓ Pricing of products.
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- Banks must take the onus of making sufficiently required funds available to SC Entrepreneurs in terms of working capital. Leading Bank in each District Head Quarter must open a fully dedicated counter for catering SC Entrepreneurs.
  - Government must be instrumental in setting-up of an agency responsible to bring SC Entrepreneurs in contact with venture capitalists for aiding, advising and nurturing their initial stage growth.
  - Government to consider creating of a web portal for SC Entrepreneurs to enable them exchange information on raw materials, customers, know-how and newer technologies.
  - A Data bank should be made of educated SC persons who are unemployed and who can be encouraged to enter into entrepreneurial practices.

**DDD**