

**RESEARCH ARTICLE :**

# Constraints and suggestions offered by entrepreneurs for promoting new entrepreneurs

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**SUMMARY :** The study was conducted in four regions of Tamil Nadu. The respondents were selected based on availability of entrepreneurs using random sampling method. The sample of the study constituted 150 entrepreneurs including 35 entrepreneurs as a member of Business Planning and Development Unit. The data were collected using a pre-tested interview schedule. To add supportive details to the data collected, case study was also taken up. The salient findings of the study are given here under.

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**KEY WORDS :**

Entrepreneurs,  
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## **BACKGROUND AND OBJECTIVES**

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. (Jovanovic and Rosseau, 2005). Entrepreneurship promotes small business in the society. It has an accepted fact that small firms have a crucial role to play in the economic development of the country. Most economists today agree that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies. Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity,

innovation and employment, and it is widely accepted as a key aspect of economic dynamism.

A Business Incubator is a facility designed to assist businesses to become established and sustainable during their start up phase. Typically, they do this by providing-shared premises, business advice, business services, access to investor, market and international networks, mentoring and a full-time, hands-on management team. Business incubators are programs designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. (National

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Business Incubation Association, 2009) Incubators vary in the way they deliver their services, in their organizational structure, and in the types of clients they serve. Successful completion of a business incubation program increases the likelihood that a start-up company will stay in business for the long term. (Raman, 2004) The Network of Indian Agri Business Incubator has established to network all the Agri Business Incubators in India to promote entrepreneurship in the field of agriculture. Tamil Nadu Agricultural University has become the leader in promoting agri-business in the region by starting the Directorate of Agri Business Development in 2007 for consolidating the efforts of the University to prop-up agri-business and provides a single window for interaction and processing the needs of the agro-industry, enterprising farmers and other stakeholders.

As a forerunner among all agricultural universities in the country, TNAU has established Agri Business Incubator (ABI) during August 2009 to develop agripreneurs in the region by providing Business Incubation services. Under the Agri Business Incubator, the Business Planning and Development Unit (BPD) has been established with financial assistance from National Agricultural Innovation Project (NAIP) of the Indian Council of Agricultural Research, New Delhi. Business Planning and Development Unit is a one stop solution for agri-business aspirants; it consolidates efforts of Tamil Nadu Agricultural University to fulfill the demands of Agro-industry, Agripreneurs and other stakeholders.

## **RESOURCES AND METHODS**

The study was focussed on the identification of critical indicators to measure Agri-entrepreneurship and evaluation of Business Planning and Development Unit-TNAU. The BPD-TNAU was established in the Directorate of Agri Business Development with a mission to benefit farmers with new and improved agricultural products or services through technology commercialisation and entrepreneurship development through agribusiness incubation. Three entrepreneurial hubs were established in different places to cover the entire state. The BPD Hubs in different places report their progress to the main BPD unit in Coimbatore. The main unit coordinates all activities of the hubs. The BPD unit have 35 members / incubatees at the time of this study. The scheme is operated for the whole state so the

entire region was selected for the study. "Random sample method" was adopted to select the respondents from the Entrepreneurial Hubs. Totally (BPD-TNAU, Coimbatore-50, Agricultural College & Research Institute, Madurai-35, Tamil Nadu Rice Research Institute, Aduthurai-25 and Oilseeds Research Station, Tindivanam-40) 150 respondents were selected for the study. Data collection was done with the help of pre tested structured interview schedule. Problem was operationally defined as the difficulty faced by entrepreneurs which was obstacle to carry out the activities in business. To study the major constraints of entrepreneurs, a list of seven possible constraints were prepared and the respondents were asked to choose those constraints that were appropriate to their situation. After working out frequencies and percentages, ranking was given accordingly. An attempt was also made to elicit suggestions from the entrepreneurs to overcome the constraints.

## **OBSERVATIONS AND ANALYSIS**

The results obtained from the present study as well as discussions have been summarized under following heads :

### **Constraints encountered by entrepreneurs and suggestions to overcome the constraints :**

The respondents had expressed their constraints which was obstacle to carry out the activities in business. The constraints were ranked and presented in the Table 1.

Table 1 inferred that, out of seven constraints, difficult to get financial assistance was reported by cent per cent of the respondents. All the respondents invariably expressed their constraint to obtain finance for their business. They approached financial institutions like nationalised banks, private banks and other various sources to get funding assistance for their business. But the pre funding process was very complex and only 10 to 20 per cent got funding assistance after finishing all processes. For obtaining government schemes, their first constraint was to know the details of the scheme, secondly the way to approach the officials to get the fund and thirdly much of their time was consumed in the process of obtaining the loan than other productive purposes. The entrepreneurs who would possess strong communication with fellow entrepreneurs, holding

**Table 1 : Constraints to entrepreneurs**

Sr. No.	Constraints	Number	Percentage	Rank
1.	Difficult to get financial assistance	150	100.00	I
2.	Lack of family support	130	86.67	II
3.	Heavy competition in the market	125	83.33	III
4.	Lack of knowledge about business	96	64.00	IV
5.	Lack of guidance from external sources	77	51.33	V
6.	Fear to take risk	53	35.33	VI
7.	Lack of previous experience	26	17.33	VII

membership with related organisations, regular reading habit of newspapers and related magazines have obtained funding assistance from bank or Government schemes.

Most of the respondents (86.67%) reported that lack of family support was the second main problem would affect the business development. At initial stage of business development, there was no possibility for regular income which created insecure circumstances to the family and they indirectly demotivate the entrepreneurs. This would be overcome by the entrepreneurs who have self confidence, stable mind and commitment towards business. The family support would be possible after getting regular or sustainable income from the business.

Heavy competition in the market was the next foremost constraint (83.33%) for the entrepreneurs. The entrepreneurs faced problem to market their product due to globalisation effect which makes all product available at cheaper rate with out quality. Product uniqueness, utility and quality would be the strength for the entrepreneurs to position their product in the market. The entrepreneurs should be always innovative, fond of new information and technologies which was used to improve their existing product.

The fourth important constraint reported by majority (64.00%) of the respondents was lack of knowledge about business. Most of the entrepreneurs started the business without knowing nook and corner of business. But in the expansion stage, there was a forcing demand to know the information related to their business. It created lacuna in the business. To avoid this problem, the entrepreneurs would be well planned and pro-active attitude to manage the business.

Lack of guidance from external sources was the next foremost (51.33%) constraint to the entrepreneurs. The entrepreneurs felt that the external sources like relatives, friends other valuable sources did not support their business. This was because they can't understand the business and also not have positive attitude towards

business. The entrepreneurs should expect and consider guidance from persons who had knowledge about their business.

Fear to take risk in business was reported by 35.33 per cent of the respondents. Sometimes the entrepreneurs delayed to take decision, which leads loss to the firm because of lack of risk taking ability. The entrepreneurs who possessed good leadership skill and risk taking ability succeed in their business than others.

Lack of previous experience was the next foremost problem (17.33%) faced by the entrepreneurs. Most of the entrepreneurs felt that starting business without prior experience would demand more of their time to plan and execution than experienced persons. Attending relevant training and learning the experience of fellow entrepreneurs would help the new entrepreneurs to sustain in the business.

From the foregoing discussion it could be concluded that entrepreneurs encountered more financial, managerial and personal constraints in their business venture.

### Conclusion :

Thus, the above mentioned constraints and suggestions offered by the entrepreneurs were helpful to improve the activity of entrepreneurial hubs and also it would be helpful for the entrepreneurs in their future business endeavours.

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