



**FUNDS AND ASSET MANAGEMENT BY MSMEs IN GUJARAT: AN SURVEY  
ANALYSIS**

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**Abstract**

Fund and Asset Management in small enterprises is very important task for managers. Availability of loans occupies very important place for managing day to day capital. Many a times, companies generally do not either get funds or do not have idea about the government schemes and sources of funds , due to which enterprises face lots of issues and problems .This paper analyses the fund and asset management position of Micro, Medium and Small Enterprises in India. The data has been collected from around 400 companies. The companies has been asked about the loan position and fund position as well as the asset and profitability position in Gujarat.

**Key Words:** Fund, Asset Management

**Introduction**

Access to finance is one of the main problems faced by the MSME sector in India. The MSME Census of 2006-07 showed that almost 87% of relied on their personal sources like friends, families, relative and loans from private lenders, despite they know various other options available to them. The main reason behind this is that it is generally perceived that MSME financing have credit risk involved in it. This occurs due to negligence from MSMEs in case of producing invoice and trade related information on time. And, due to this a higher collateral is demanded from MSMEs for financing which they cannot provide. In order to mitigate this credit risk, higher collateral is sought, which cannot be brought in by many SMEs. Further, due to their small size and local presence, the transaction costs involved in financing them are very high. In order to tackle this issue, SME lending is being treated as priority sector lending. The priority sector lending to SMEs reached INR 9 trillion in FY17 as against INR 8.5 trillion in FY16, registering a growth of 6.5%.

In addition to various efforts by the Ministry of Small and Medium Enterprises, Small Industries Development Bank of India (SIDBI) and the RBI, a World Bank project has been initiated to address the SME financing issue. Approved in 2015, the USD 550 mn World Bank project

supports innovative financial products, frameworks and tools for MSME financing. This is the World Bank's first loan to support start-up debt development and franchising finance to India. The World Bank is working with the SIDBI for providing a credit line of USD 500 mn and supporting SIDBI's efforts in direct and indirect financing. As of March 2017, the MSME project of the World Bank has disbursed USD 265.38 mn to facilitating SME finance.

### **Literature Review**

This paper tries to research whether age is a crucial normal for the connections among determinants and development (*Paulo Maças Nunes, Marco Gonçalves, Zélia Serrasqu, JSTOR, 2013*). The exact proof acquired enables us to presume that: (1) age and size are prohibitive elements of the development of youthful SMEs, however they are not imperative for the development of old SMEs; (2) income and obligation are of more noteworthy relative significance for development in youthful SMEs than for development in old SMEs; (3) R&D power and work efficiency are of more prominent relative significance for development in old SMEs than for development in youthful SMEs; (4) enthusiasm on obligation is of more prominent relative significance for lessened development in youthful SMEs than for reduced development in old SMEs; and (5) R&D force in circumstances of money related shortage is of more noteworthy relative significance for decreased development in youthful SMEs than for reduced development in old SMEs, yet just in setting of cutting edge SMEs.

Study utilized the ongoing budgetary emergency to examine financing imperatives of private SMEs in Belgium (*Veronique Vermoesen, Marc Deloof, Eddy Lavere, JSTOR, 2013*). Study estimate that SMEs with an expansive extent of long-haul obligation developing toward the beginning of the emergency experienced issues to re-establish their advances because of the negative credit supply stun, and subsequently could contribute less. Study locate a significant variety in the development structure of long-haul obligation. Firms which toward the beginning of the emergency had a bigger piece of their long-haul obligation developing inside the following year encountered a fundamentally bigger drop in interests in 2009. This impact is driven by firms which are ex risk bound to be monetarily obliged. Predictable with a causal impact of a credit supply stun to corporate ventures, we discover no impact in "placebo" periods without a negative credit supply shock.

Globalization and domestic monetary advancement have profoundly changed the financial condition for the tasks of SSI in India since 1991 (*Bala Subrahmanya Mungila Hillemane, IESD, 2014*). Expanded imports and FDI inflow in the local market, expanded fares in the worldwide market, enhanced execution of the open segment regardless of reduced space, de-reservation of the huge rundown of things saved for selective SSI producing speak to the major measurements of strategy related advancements. thus, new difficulties just as circumstances have risen for Indian SSI. The execution of SSI has been assessed against this background.

Many developed and developing countries sought after a method for conventional difference in their economies from key (cultivating and related) to discretionary (industrial) and tertiary (services) in dynamic stages (*Report of the Working Group on 'Boosting India's Manufacturing Exports'*). The offer of the collecting section in GDP extended after some time and in the process the part acclimatized people moving from agriculture for better work prospects. In any case, by

virtue of India the enhancement methodology appears to have evaded the second period of money related change (present day division improvement), moving explicitly to advancement in the organization's division. The offer of India's amassing section in her GDP has remained torpid at 15-17 percent. Gathering has not contributed noticeably to taking care of the issue of joblessness and underemployment in the messy fragment.

In the post liberalisation time, the fare division of Indian economy has gained complete ground bringing about business age, accelerating the procedure of monetary improvement, bringing more up to date advances, incorporating Indian economy with worldwide economy when all is said in done and adding to nation outside trade saves specifically (*Export from West Bengal, Working Paper 48, EXIM Bank*). West Bengal is supplied with an unprecedented locational advantage as it isn't just the door to the whole north-eastern district of India, yet in addition can possibly go about as the rotate to the improvement of the eastern conditions of the nation. With rich horticultural land, hearty steel creating ability combined with crude material accessibility, and blasting IT industry, the State can possibly progress toward becoming as the fare centre of the eastern piece of the nation. This Strategy Paper illustrates and distinguishes enterprises which are generally solid in the State and which could be additionally reinforced, while tending to the difficulties. Making a hello their tech based electronic industry is likewise proposed given its overflows regarding positive activity creation, and a hunger for such items both in India and abroad

SMEs have a vital job in Indian assembling segment and have moved toward becoming motor of monetary development in India (*Manjit Kour, SSIJMAR, 2004*). Today, little and medium industry involves a place of key significance in the Indian monetary structure because of its critical commitment as far as yield, fares and work. The little scale industry represents 40% of gross modern esteem expansion and half of all out assembling trades. It is assessed that SMEs represent practically 90% of mechanical units in India and 40% of significant worth expansion in the assembling division. The present paper is an unobtrusive endeavour to comprehend idea of SMEs, their arrangement and essentialness in general development in India

### **Research Methodology**

The Primary and Secondary data has been collected from different sources. The survey of the promoters of Micro, small and Medium enterprises has been done for collecting information related to fund accessibility and asset position of the companies. Research Design is descriptive in nature. The research approach is quantitative. Data has been analyzed using descriptive statistics.

### **Data Analysis**

#### **1. Loan position**

Respondents were asked about the loan of any kind that their firms have obtained in last 3 years. 33.2 percent of the respondents have not availed any loan by firm. 21.1 percent of the respondents have taken smaller than Rs.25 lacs, 27.1 percent of the respondents have taken loan between Rs. 25 lacs- Rs 100 lacs.14.3 percent of the respondents have taken loan over Rs 100 lacs – Rs 500 lacs and 0.8 percent of the respondents have taken over Rs. 1000 lacs of loan.

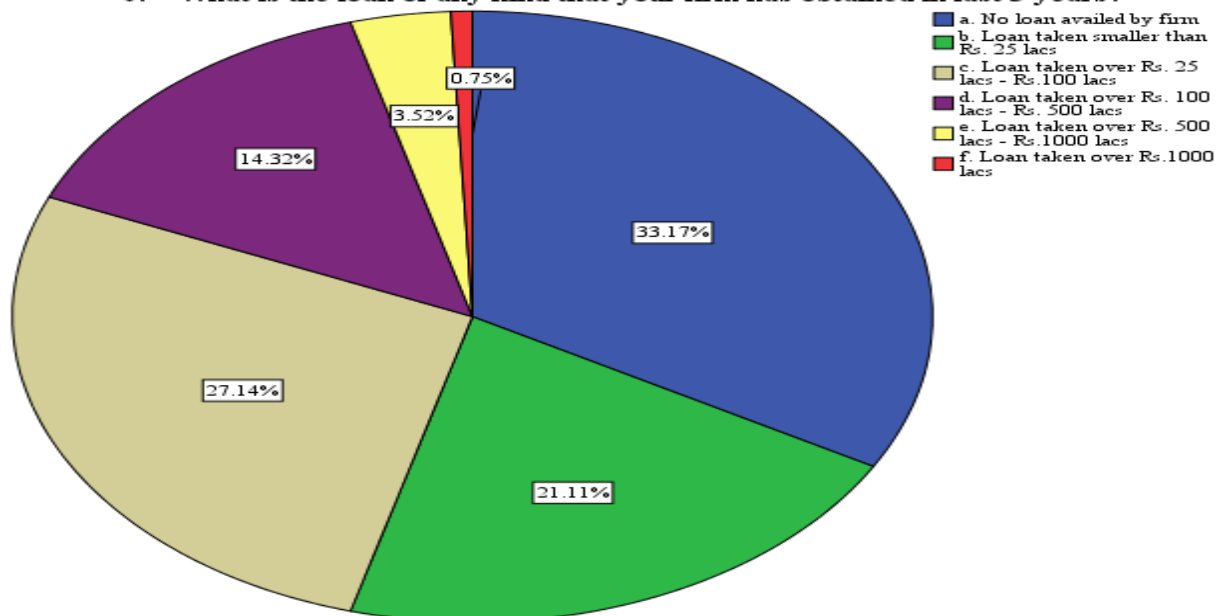
What is the loan of any kind that your firm has obtained in last 3 years?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	a. No loan availed by firm	132	33.2	33.2	33.2
	b. Loan taken smaller than Rs. 25 lacs	84	21.1	21.1	54.3
	c. Loan taken over Rs. 25 lacs - Rs.100 lacs	108	27.1	27.1	81.4
	d. Loan taken over Rs. 100 lacs - Rs. 500 lacs	57	14.3	14.3	95.7
	e. Loan taken over Rs. 500 lacs - Rs.1000 lacs	14	3.5	3.5	99.2
	f. Loan taken over Rs.1000 lacs	3	.8	.8	100.0
	Total	398	100.0	100.0	

## 2. Type of loan

Respondents were asked about type of loan they have taken in the last few years.

6. What is the loan of any kind that your firm has obtained in last 3 years?



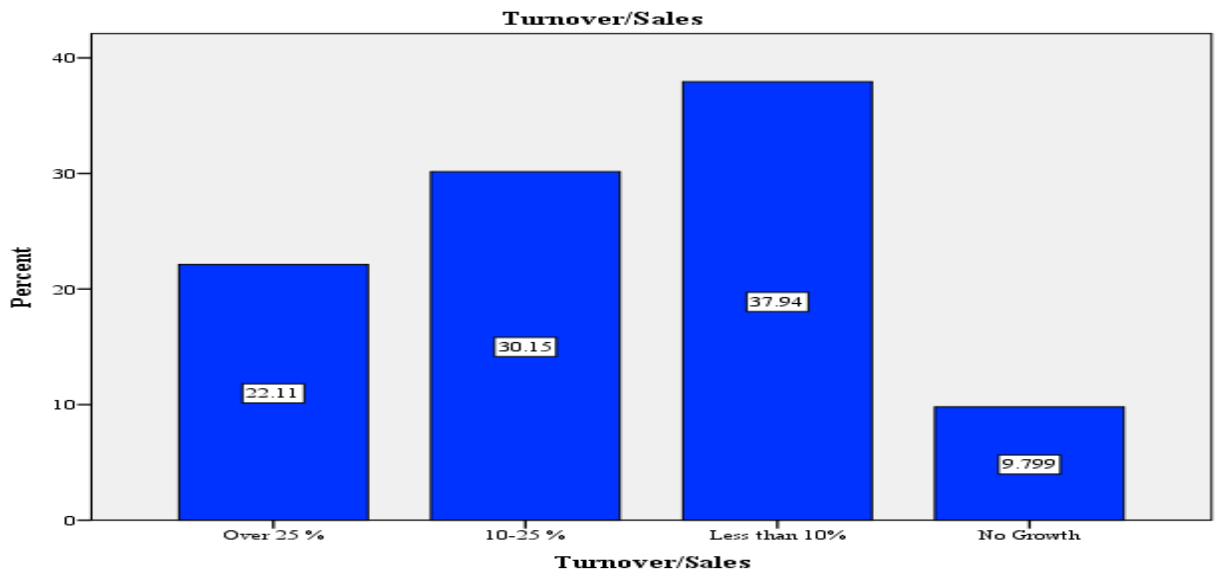
**Types of Loans Obtained by Firm**

The respondents were asked about how much their firm grows on average per year during last 3 years on following parameters.

**3. Turnover/ Sales:** 22.1 percent of the respondents reported over 25 percent of growth, 30.2 percent of the respondents reported 10-25 percent of the growth, 37.9 percent of the respondents reported less than 10 percent of the growth and 9.8 percent of the respondents reported no growth in turnover / sales.

Turnover/Sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Over 25 %	88	22.1	22.1	22.1
	10-25 %	120	30.2	30.2	52.3
	Less than 10%	151	37.9	37.9	90.2
	No Growth	39	9.8	9.8	100.0
	Total	398	100.0	100.0	

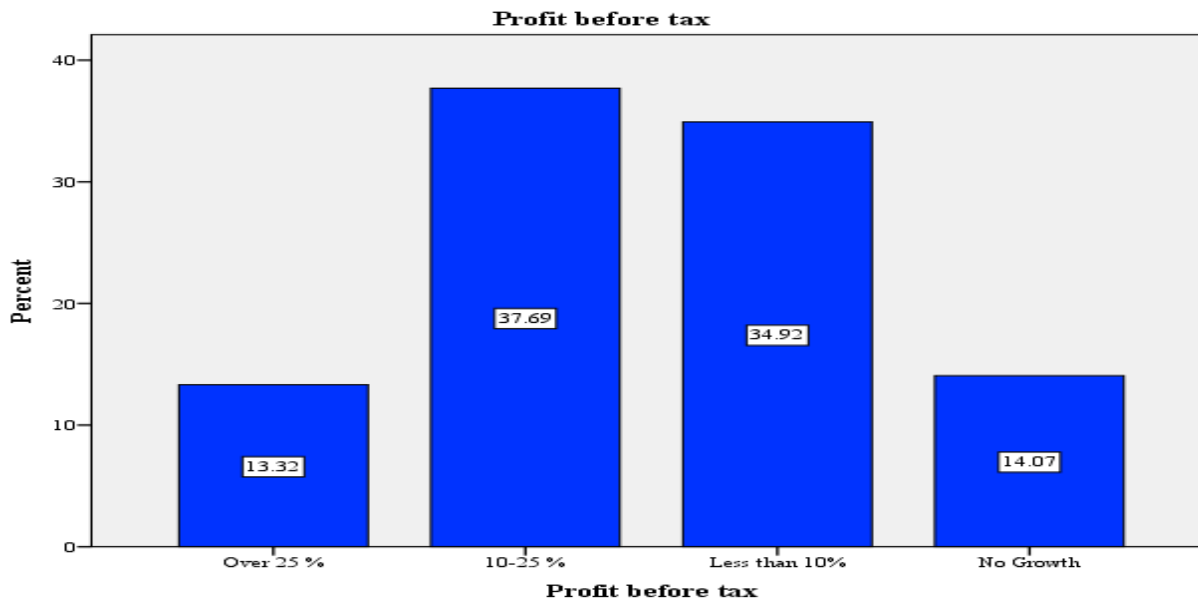


Turnover/Sales

**4.Profit before Tax:** 13.3 percent of the organizations reported over 25 percent of the growth, 37.7 percent of the organizations reported 10-25 percent of the growth, 34.9 percent of the organizations reported less than 10 percent of the growth, 14.1 percent of the organizations reported no growth in profit before tax.

Profit before tax

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Over 25 %	53	13.3	13.3	13.3
	10-25 %	150	37.7	37.7	51.0
	Less than 10%	139	34.9	34.9	85.9
	No Growth	56	14.1	14.1	100.0
	Total	398	100.0	100.0	



Profit before tax

**5. Profit after Tax:** 11.6 percent of the organizations reported over 25 percent of the growth, 30.2 percent of the organizations reported 10-25 percent of the growth, 39.4 percent of the organizations reported less than 10 percent of the growth, 18.8 percent of the organizations reported no growth in profit after tax.

Profit after tax

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	Over 25 %	46	11.6	11.6	11.6
	10-25 %	120	30.2	30.2	41.7
	Less than 10%	157	39.4	39.4	81.2
	No Growth	75	18.8	18.8	100.0
	<b>Total</b>	<b>398</b>	<b>100.0</b>	<b>100.0</b>	

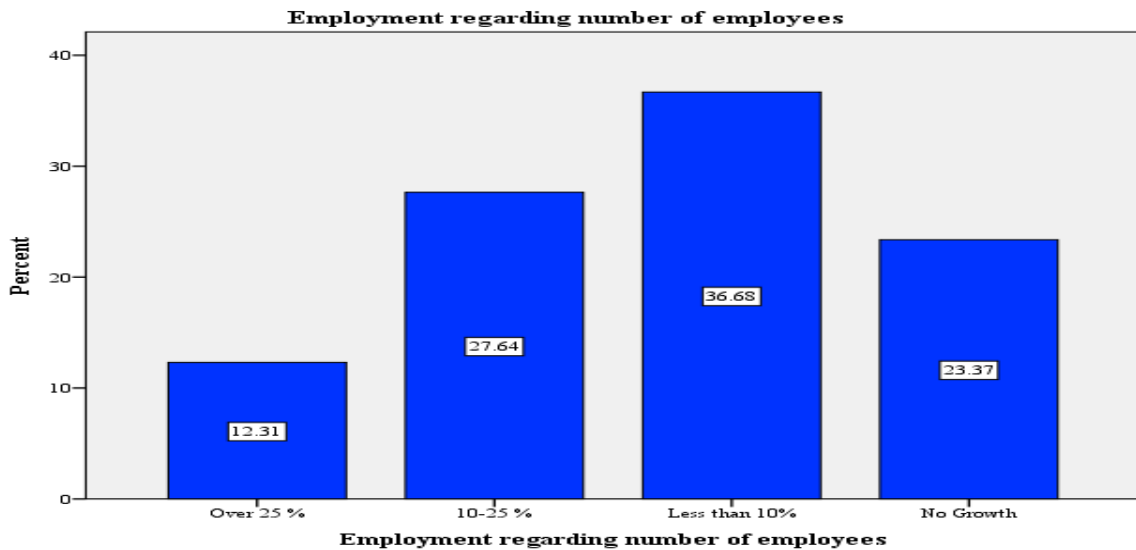


Profit after tax

**6..Employment regarding number of employees :** 12.3 percent of the organizations reported over 25 percent of the growth, 27.6 percent of the organizations reported 10-25 percent of the growth, 36.7 percent of the organizations reported less than 10 percent of the growth, 23.4 percent of the organizations reported no growth in employment regarding number of employees.

Employment regarding number of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Over 25 %</b>	49	12.3	12.3	12.3
	<b>10-25 %</b>	110	27.6	27.6	39.9
	<b>Less than 10%</b>	146	36.7	36.7	76.6
	<b>No Growth</b>	93	23.4	23.4	100.0
	<b>Total</b>	398	100.0	100.0	

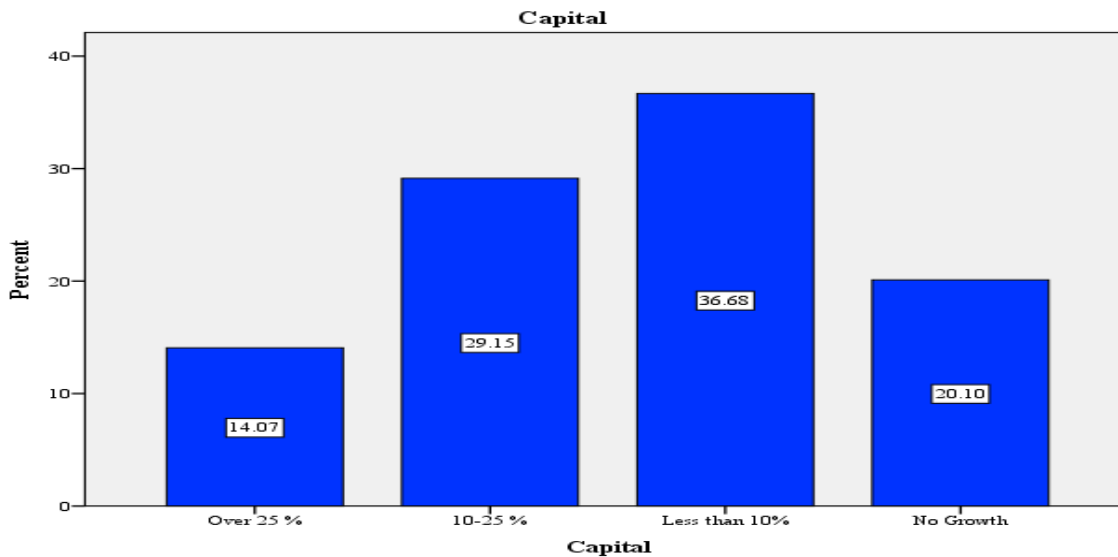


Employment regarding number of employees

**7. Capital:** 14.1 percent of the organizations reported over 25 percent of the growth, 29.1 percent of the organizations reported 10-25 percent of the growth, 36.7 percent of the organizations reported less than 10 percent of the growth, 20.1 percent of the organizations reported no growth in Capital.

Capital

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Over 25 %</b>	56	14.1	14.1	14.1
	<b>10-25 %</b>	116	29.1	29.1	43.2
	<b>Less than 10%</b>	146	36.7	36.7	79.9
	<b>No Growth</b>	80	20.1	20.1	100.0
	<b>Total</b>	398	100.0	100.0	

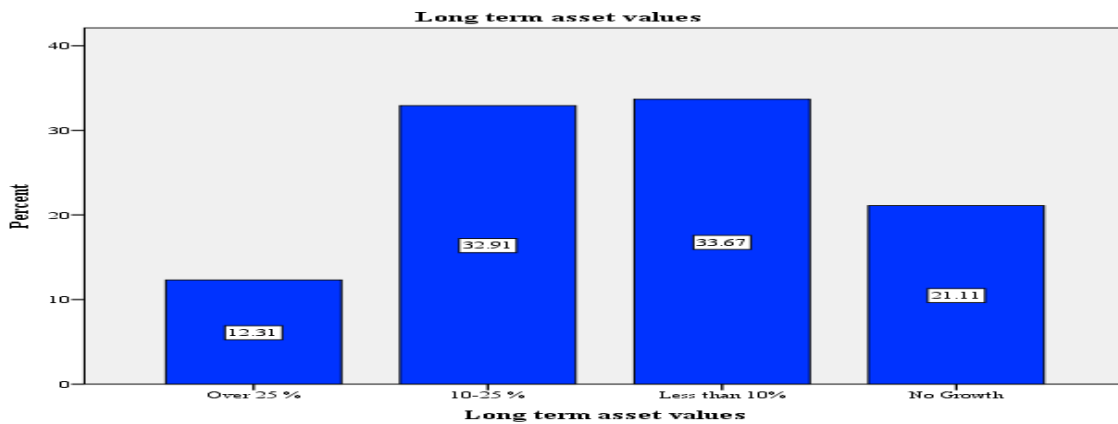


Capital

**8. Long term asset values :** 12.3 percent of the organizations reported over 25 percent of the growth, 32.9 percent of the organizations reported 10-25 percent of the growth, 33.7 percent of the organizations reported less than 10 percent of the growth, 21.1 percent of the organizations reported no growth in long term assets values.

Long term asset values

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Over 25 %	49	12.3	12.3	12.3
	10-25 %	131	32.9	32.9	45.2
	Less than 10%	134	33.7	33.7	78.9
	No Growth	84	21.1	21.1	100.0
	Total	398	100.0	100.0	



Long Term asset values



The respondents were asked to rate the following statements with reference to financing. The descriptive statistics is presented below. The statements are arranged to ascending order of the mean. The statement “ I have Insufficient collateral or guarantee” have highest mean indicating highest agreement among the all statements. The statements “ We don’t have time to wait for loans from banks & need very fast” is having mean of 3.74 and it is second highest among all statements. It can be understood that majority of the respondents require bank loans immediately as they do not want to wait for it. The statement “Bankers do not follow proper rule of financing” is having lowest mean indicating lowest agreement among all statements.

Descriptive Statistics of Long-Term Asset Values

Statements	Minimum	Maximum	Mean	Std. Deviation
<b>I have Insufficient collateral or guarantee</b>	<i>1</i>	<i>5</i>	<i>3.95</i>	<i>1.239</i>
<b>We don’t have time to wait for loans from banks &amp; need very fast</b>	<i>1</i>	<i>5</i>	<i>3.74</i>	<i>1.118</i>
<b>Interest rates or price too high</b>	<i>1</i>	<i>5</i>	<i>3.63</i>	<i>.910</i>
<b>Credit history off firm is encouraging</b>	<i>1</i>	<i>5</i>	<i>3.59</i>	<i>1.082</i>
<b>Banks take long process for allocating finance</b>	<i>1</i>	<i>5</i>	<i>3.57</i>	<i>1.097</i>
<b>Banks are giving enough time to assess person and business activities compared to financials and securities</b>	<i>1</i>	<i>5</i>	<i>3.57</i>	<i>1.055</i>
<b>Regulations for subsidizing bank loans are not available</b>	<i>1</i>	<i>5</i>	<i>3.49</i>	<i>1.011</i>
<b>There is no transparency in banking system</b>	<i>1</i>	<i>5</i>	<i>3.49</i>	<i>1.148</i>
<b>There is no transformation in bankers’ attitude towards rules of financing</b>	<i>1</i>	<i>5</i>	<i>3.48</i>	<i>1.150</i>
<b>The firm has Lower capitalization, high debt equity and loan to assets ratio</b>	<i>1</i>	<i>5</i>	<i>3.47</i>	<i>1.047</i>
<b>I don’t aware about bank schemes launched for SMEs</b>	<i>1</i>	<i>5</i>	<i>3.44</i>	<i>1.203</i>
<b>Bankers do not follow proper rule of financing</b>	<i>1</i>	<i>5</i>	<i>3.44</i>	<i>1.095</i>

### Conclusion

Fund Management and asset 74.6 percent of the respondents have sources of funds as debts .67.3 percent of the organizations are doing new products/ services.64.1 percent of the organizations are applying for finance and out of that 66.1 percent of the respondents have received either full

finance or at least part of it. 28.9 percent of the respondents have rated their business risk as above average, 47.5 percent of the respondents have rated it average. It can be understood that majority of the respondents require bank loans immediately as they do not want to wait for it. Looking into above statistics it can be concluded that banks should pay attention on the issues of creating awareness to the public and lending issues.