

## ***Capital budgeting decision of small entrepreneurs in Haryana***

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### ***Abstract:***

the objective of this research paper is to review and show that how small scale enterprise's investment. This is very important to understand that how the small-scale enterprises take the relevant decision related to the capital budgeting decision. this research paper helps to understand and in this a comprehensive survey that examines in detail various aspects of small enterprises investment practices. this research paper includes primary and secondary data that help us to understand the small enterprises position in Haryana. primary data was obtained from employees of individual firms using questionnaire and interview in the secondary data were obtained from financial reports, govt, data and published data of the same firm. we are observe that in now days Indian small enterprises position is very good but it's not well as compare to the large-scale enterprises. in now days, Indian economy, business environment, inflation, demand, supply, taste and preference, interest rate, competition and unexpected risk is very high so all the enterprise need to take the best decision related to the capital budgeting because a wrong decision is the cause of the business close. In the firm capital budgeting decision is very important for the firm growth. In the market have many options available so we need to select a best option and take the best decision. we need to analysis and after that take the suitable decision about the capital budgeting decision. that is most risky in the small-scale enterprise's because they haven't too much money and they have invested only few projects so they need to invest their limited money and get the maximum output. research paper tells that the link between the society and the enterprises. every firm take the decision according to their business size, money, level of the firm, growth rate, capital structure, and so on. we are finding the data with the help of the interview, questionnaire and companies' secondary data all the result show that all the bigger company use the

IRR technique, while all the small-scale enterprises use NPV. but they have common thing all the enterprise evaluate the future result and what the output they get soon.

Nature of small-scale enterprise's, effect of the company, position of Indian companies, data and reports of the Haryana companies.

***introduction:***

In Haryana all the small-scale enterprise's position is very bad. they haven't money to much and their business risk is too high as compare to the large scall enterprise's. capital investment decision effect the company for long term. all the companies long run survival is possible with the help of take best decision related to the money investment. company want the maximum output under the position of minimum risk. the questionnaire includes all the question that help us to provide the all-sufficient data that help us to understand the company risk and return relation. that decision is relevant for the owner of the company and all the level of the management. they are taking demission together. A mistake in the decision is the cause of the detrimental effect of the financial position. first of all, small scale enterprise is idea generate after that create a blue print and details of the all and evaluate at the last select a best project. financial manager is the responsible of the company's decision related to the capital budgeting. all the finance manager needs to review the opportunities and select the best opportunity. future is uncertain and this is some time gives use benefit and some time. so, we have only review in practical and theoretical solution of the future out comes. in the small-scale enterprises have many employees that gives their review and opinion and after the analysis of the review and option take a suitable decision related to the investment. this research paper is help use related to the 1. capital budgeting decision, 2. how we will remove the risk, 3. what's the techniques use help us to evaluation opportunity, how we are seeing the relationship between present and future cash flow, 4. payback period, inflow and outflow time period of the money. these are the main point of the research paper that are very helpful to evaluate the performance of the small-scale enterprises in Haryana. most of the small-scale enterprises fails fast and their money not get back their project gives most of the loss and this loss is the cause of the business close. in the research paper all the finding of this research is the most important to understand the Haryana enterprises position.

***objective of the research:***

1. review the small-scale enterprises
2. it is very useful to evaluate the position of the Haryana small scale enterprise
3. find out the challenges of the business and how handle their risk.
4. how the small-scale enterprise take decision related to the capital budgeting decision.

***Empirical literature review:***

all the large of the company use the IRR (internal rate of return) and all the small-scale enterprise is using the NPV (net present value). in small scale enterprises see the relationship between investment and the profit. this is effective to see the relationship between present value of investment and present value of future outcomes. but both have common a thing they are check the payback period in this both the types of enterprises see the real amount how many times after get the invested amount. in this we see that all the company get the advantage of the capital budgeting techniques and reduce their risk. their future is evaluation before the doing anything or action. small scale enterprises need to see the all steps very widely and deeply because a wrong decision is very bad impact of the business life that is very High level decision. all the company is full depend on the financial decision and the financial manger responsibilities to take a best decision related to the capital budgeting. payback is also reviewing every company in Haryana because need to pay back all the amount so that is need to see the payback period. company have also pressure to the minimum rate of return earning. they need to pay dividend and also, they earn wealth of the enterprises that is all the depend of the business earning.

***Methodology:***

in this survey us the use the interview and survey method both are very helpful to collect the data. all the small-scale enterprises current position review is possible with the help of the survey. without survey data collect is not possible and not get the accurate data and sufficient data. in this we find the result related to the all-small-scale enterprises and how they use the techniques in the capital budgeting. in this self-developed questionnaire use to collect the data and all the companies give the sufficient data. this survey includes all those questions that help us to

understand the business position easily. most of the information is collected by the primary source. I want to collect the data 28 companies but only 22 companies provide the data. at last, I am using the computer software to analysis the data and presented in easy form and understanding manner. first of all, prepare a questionnaire myself and send to the company after that collect their data, analysis and evaluate the data. finally prepare the data in table form and understanding form. in the survey method i use the 25 question that is sufficient to collect the data of the all company and provide the knowledge of their capital budgeting method and techniques. So, the targeted companies were to have less than 150 workers under their employment.

### ***Result and discussion:***

for the purpose of meeting research objectives, the researcher felt a need to probe into the existing capital budgeting procedures and practices in the small-scale firms.

### ***company information***

after the collection of data of the all-small-scale firm we find the result, it can be seen from table 2 that 25% of the respondents had a turnover of less than 10lakh. next 15.6% of the respondents had a turnover range between 10 - 20 lakh. next 35% of the respondents had a turnover rang between 20 - 30lakh. next 18.5% of the respondents had a turnover rang between 30 - 40 lakh. next 5.9% of the respondents had a turnover more than 40lakh. in the small-scale enterprises are very large turnover they need to retain the employees. they also need to manger their assets and capital for the future growth. table 3. it can be seen that majority of the respondent. 15% of the respondents were mangers, 20% of the respondents were company secretary,18% of the respondents were managing directors,12% of the respondents were accountant and 35% of the respondents include financial managers, supervisors, assistants etc. in the company survey we find that below the 150 employees in the company is not all decisions depend on the owners and higher-level mangers infect, all the persons are take the part in decision making. all are providing the relevant information that help us to provide the information that all employees decision is very important of the business growth. all the company increase their profit and wealth maximization. some points they are follow in their business they are increase their sale, increase the environment wealth, increase their services facilities, increase their firm growth, but all firms have a common

thing all are interest to increase their profit at the end. their main motive is to increase their business and their wealth. a company believe that employees increase the wealth of the firm and its important for every company to join more people in company. but other companies not believe this they think that employment is not affect the business growth because their decision is affecting the business growth. all the companies believe that employees every time comes and out but they don't affect the business growth, when they are taking a best decision so their firm growth is sure.

Table 1 number of employees

<b>No. Of employees</b>	<b>frequency</b>	<b>percentage</b>	<b>Cumulative percentage</b>
<b>1-29</b>	<b>5</b>	<b>33.33</b>	<b>60</b>
<b>30-59</b>	<b>3</b>	<b>20</b>	<b>80</b>
<b>60-89</b>	<b>1</b>	<b>6.66</b>	<b>100</b>
<b>90-119</b>	<b>2</b>	<b>13.34</b>	<b>93.34</b>
<b>120 and more</b>	<b>4</b>	<b>26.67</b>	<b>26.67</b>
<b>total</b>	<b>15</b>	<b>100</b>	<b>100</b>

Table 2 annual turnover of respondents

<b>Annual turnover (in lakh)</b>	<b>No. Of companies</b>	<b>percentage</b>
<b>&gt;10</b>	<b>2</b>	<b>25</b>
<b>10 – 20</b>	<b>3</b>	<b>15.6</b>
<b>20 – 30</b>	<b>5</b>	<b>35</b>
<b>30 - 40</b>	<b>4</b>	<b>18.5</b>
<b>&lt;40</b>	<b>8</b>	<b>5.9</b>
<b>total</b>	<b>22</b>	<b>100</b>

Table 3 position held by respondents

<b>Position held</b>	<b>percentage</b>
<b>manager</b>	<b>15</b>
<b>Company secretary</b>	<b>20</b>
<b>Managing director</b>	<b>18</b>
<b>Accountant</b>	<b>12</b>
<b>Financial manager, assistants, supervisor</b>	<b>35</b>
<b>total</b>	<b>100</b>

*Table 4 Objective of the company*

<i>Objective</i>	<i>Mean score</i>
<i>profitability</i>	<b>4.32</b>
<i>employment</i>	<b>4.05</b>
<i>Sales growth</i>	<b>4.72</b>
<i>Services providing</i>	<b>4.22</b>
<i>value of the firm</i>	<b>4.56</b>

*Table 5 main areas where new investment was made in*

<i>Main areas for new investment</i>	<i>percentage</i>
<i>Replacement of machines</i>	<b>35</b>
<i>New technology development</i>	<b>30</b>
<i>Research areas</i>	<b>25</b>
<i>new products and services</i>	<b>10</b>

all the above data show that all the small-scale enterprises invest their money in the replacement of the machine most off. and technology is changing every time so they need to change their technology to compete with other competitors so that's is important for Every business. after that they are send their most of amount in the research activities for increase their strength. this is very important for every business. at the end their main purpose is increase the qualities of the product and services. all the dada is presented after the survey in Haryana most of the companies increase their level with the help of this strategy. all the small-scale enterprises increase their strength and remove the all type of weaknesses with the work of these specific areas. all the large-scale firms have too much money they investment in many areas but all the small-scale enterprises have only limited money and this limited money help them to increase their level and increase their sales, profit and wealth.

**Summary:**

after the collection of data and analysis is we find that all the small-scale enterprises use the capital budgeting technique

all the 22 companies' data show that the benefits of the capital budgeting. this is very helpful method to increase their wealth. all the business uses this method. most of the small-scale enterprises use the method NPV (net present value) this is

very effect of the small-scale business. in this method they decrease their risk and calculate the future benefits. what the amount they are invest and what the amount they will get the future that compare is possible with the help of the NPV. PI (profitability index) is also very important for the all type of business that very useful to take a suitable decision. payback period is most of the useful for all the small-scale business because they need money and they need to pay the amount to retain the value of the firm. so, they need to recover the amount fast. the method of payback period is show that how many time after we will get our money back. this method not show the benefit but its show the time in which we get money back. this is helpful to remove our risk. small scale business not able to invest in the different area and more project that is increase the risk when they get loss so their firm value decrease and they not able to get their same position back.

### ***conclusion and recommendation:***

all the small-scale companies need to invest their more interest and time. all the person are given their decision and report separately that is helpful to the business. all the small-scale business most of the use NPV method but when they are use IRR and NPV. both methods use at a time to take the best decision. payback period is only telling us the time in which we get our money back this is not good for the profit evaluation and minimum rate of return is also the cost of the firm this method is not good for this also. all the small-scale business is very important to review and govt. give the training of the business all the small scale also important for the society this is helpful to remove the monopoly of the large size business. firm employment cooperation is very important to all the persons in the company when they are not collective work and they don't interest in the business activities so they don't get benefits. all the employees need to fulfill the business objective not only work for their personally objective, when company get the profit so their profit is also increase and they get High salary. employees are the most important aspect and tool to increase the business wealth but all the business owner not understand the value of the employees. need to stopped the turnover and retain the skilled labor and mangers because they are expert in their work and their skill is very beneficial for the small-scale business. they need to invest little amount in different project because when they get loss in one project so possibilities are to

get the high profit in other project and this is very beneficial and help us to decrease our risk.

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