CHAPTER-VIII

SUMMARY, FINDINGS AND CONCLUSION

Small enterprises have been playing a significant role in the development of an economy like India. The small enterprises require a small amount of investment, and adopt labour intensive technology and use the local resources. It established by local people. It promotes balance between rural and urban areas. Gandhiji’s dream of rural industrialization involved a concept of self sufficient village economy. This sector has assumed further importance in the context of globalization that supports decentralized production structures for achieving cost efficiency.

In the year of 2006, an additional focus was laid on this sector. The Government of India announced the new police for small-scale industries and passed the MSMED-Act-2006. This act categorized and renamed to the small-scale industries as a Micro, Small and Medium Enterprises. Total 1786858 enterprises have been registered in India between 2006-07 to 2013-14 out of these enterprises 85.76 percent are Micro enterprises 12.57 percent of the enterprises are Small and only 1.10 percent of the enterprises are Medium size enterprises in India.

The Micro, small and medium enterprise (MSME) sector in India has grown significantly, it contributes to 8% of GDP, and the 26.10 million units, this sector provide employment to 59.46 million peoples, 45% of total industrial production and 40% of total exports come from this sector. This sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items that are being manufactured by the MSMEs in India. It is well known that the MSME sector provides the maximum opportunities for both self-employment and wage employments after agriculture sector. Hence, both central and state government has formulated many programmes for the development of MSMEs in the country.
The focus of the industrial policy in the country is a development of small and medium enterprises. Several promotional agencies have been assisting to the development of MSME sector. Among them SIDBI, IFCI provides the financial assistance to this sector at national and state level. The NSIC provides the marketing and raw-material assistance to the MSME sector in India. Before enactment of the MSMED-Act 2006, the SIDO provided the overall assistance and packages to develop the small-scale industries in India but, after enactment of this act this organization renamed as a MSME-Development Organization and continued the all policy packages which exist in previous organization along with some new packages and programmes to promote the MSME sector in the country.

Some of the state level agencies are also playing a crucial role in development of the MSME sector in Karnataka state. The KSSIDC developed the industrial estates, construct the sheds and allotts the sheds and plots to the small-scale sector in the state and KIADB also provide the basic facilities to the small enterprises like development of the industrial areas provision of water, road and electricity supply to the industrial areas in the state. The KSFC is the financial institution established to meet the financial needs of this sector in the state, this institution opened their branches in every district in the Karnataka state and it is the prime institution in providing the financial assistance along with technical support to the MSME sector in the state.

The DIC and MSME-Development Institutions together provide the overall assistance to develop the small enterprise sector in the state. DIC issues the entrepreneurs memorandum form to establish the new enterprises and collect all those forms from the entrepreneurs, check it and finalizes it under the guidance of the MSME-Development Institution, give identities enterprises for development. The institution provides the overall assistance like that, training, marketing, technical consultancy and guidance and financial assistance through all commercial Banks. The PMEGP programme is implemented through DIC and KVIC. In the state total 137513 units registered up to 2013-14, out of these enterprises 92.63 percent of the units are belonging to the Micro enterprises, 7.10 percent of the enterprises are Small and only 0.21 percent of the enterprises belongs to the Medium
size in the state. There has been significant growth in development of micro enterprise in the state in recent years.

Micro, Small and Medium Enterprises Development Organization came to existence from 2006-07 to promote the small enterprises. This organization supports the small enterprises from the beginning and provides handholding for their sustainability in the rural and as well as urban areas. This institution is established in the Hyderabad Karnataka Region and assists to the small scale sector in the region; its office is located in backward district like Kalaburagi in the region. There are 17722 units registered in the region up to 2013-14, including all five districts of the region. Out of these units 93.04 percent of the units are registered as Micro enterprises, 6.33 percent of the units are Small enterprises and only 0.64 percent of the units registered as a Medium size in the region. The Hyderabad Karnataka Region are very backward region in the state, here the percentage of people depending on agriculture sector is very high. It exceeds 65% but, is experiencing slow growth rate and it provides only seasonal employment to the people in the region. There is insecurity of income and employment and workers live in below poverty line. Hence, the small scale sector that uses the local resources both natural and as well as human resources of the region and provides the large scale employment opportunities with low investment and eradicates the poverty in the region is very significant. Therefore development of small enterprises in the region is most essential.

Today Micro, Small and Medium Enterprises Development Organization is the prime organization in development of the small enterprises in India, before establishment of this organization small enterprises registered very low and constant growth rate of 4.07 percent from 1990-91 to 2005-06 but, after enactment of this organization units growth rate has been increasing from 4.32 percent in 2006-07 to 4.44 percent in 2012-13, investment and employment also increasing under this organizational structure. In Karnataka state this organization helped to increase the investment in small scale sector in the year of 2007-08 it was Rs. 894817 Lakh and it increasing to Rs. 1399514 Lkah in 2011-12 in this sector. Employment creation in this sector up to 2006-07 was only in 4 percent but, after enactment of this organization the employment opportunities have been increasing in 8 percent and 6
percent respectively. This organization implements the several schemes and programmes to promote the MSME sector in the country. To provide the self employment to the peoples of the country it implements the PMEGP scheme and established the 289995 micro enterprises and 2551721 numbers of persons got the employment through this scheme in the country. In the state and also Hyderabad Karnataka region have been benefited from this programme and various entrepreneurship development programmes also introduced by the organization to develop the entrepreneurial skills in the country and as well as in the state and Hyderabad Karnataka Region. Kalaburagi MSME-Development Institute provides the various EDP programmes and 6023 persons benefited from these programmes in the study area like Hyderabad Karnataka Region in the Karnataka state.

**Findings of the study:**

This study has collected various information through questionnaire and pilot survey and found some problems variations and difficulties in promote the small enterprises sector in the region.

- Out of 245 samples units 79.18 percent of the enterprises managed by the male entrepreneurs and only 20.82 percent of the units managed by the female entrepreneurs, it indicates that male are dominant in the region.
- Out of the 245 units 36.3 percent are the illiterates, 6.9 percent are degree holders, 3.3 percent are technical qualified and only 0.8 percent of the entrepreneurs got the engineering qualification in the region.
- In Kalaburagi district out of 117 samples 59 percent of the units belongs to the Hindu community and 36.8 percent are Muslims. In the Raichur district 80.5 percent of the units belong to the Hindu and 18.8 percent are the Muslim enterprises in district out of 128 sample units. In the region majority of the units belongs to the Hindu community, 27.3 percent are managed by the Muslim and remaining 2.4 percent established by the other community peoples in the region out of the 245 sample units.
- In the Raichur district 25 percent of the enterprises are belonging to the SC, 11.7 percent ST, 52.3 percent OBC and 10.9 percent belonging to the others, the maximum units established by the OBC category in the district. Total 245 sample units 154 units are
belongs to the OBC category in the region, 19.2 percent of the units belong to the SC, 10.2 percent of the units belong to the ST and 7.8 percent of the enterprise belongs to the others in the region. In the Kalaburagi district ST and others are very low and they established only 8.5 and 4.3 percent of the enterprises in the district respectively.

- In the nature of the family found that out of 245 samples 75.5 percent of the enterprises practiced the nuclear family and only 24.5 percent of the units belong to the joint family in the region. Raichur district more modernized compare to the Kalaburagi district in the region. In Kalaburagi district only 68.4 percent of the units belong to the nuclear family but, in the Raichur district 82 percent of the enterprises start the nuclear family system.

- Kalaburagi district is better than Raichur district in working members in the family. In Kalaburagi district 13.7 percent of the units have the 5 to 8 adult members in their family and 86.3 percent of the units have less than 4 adult family members in the district, but in the Raichur district only 5.5 percent of the enterprises have 5 to 8 working members in their family and 94.5 percent of the units have less than 4 working members in the family. In the region out of the 245 samples 9.4 percent of the units have 5 to 8 adult members in their family and 90.6 percent of the units have less than 4 working members in the family.

- Out of the 245 sample units 80 percent of the units run by the local entrepreneurs and only 20 percent of the enterprises run by the migrant peoples in the region. Migrant are not a out of the region they are come from the village to city and district within the region.

- The main occupation the kalaburagi district entrepreneurs are depending on agriculture sector about 47.9 percent, 29.1 percent of the respondents practiced the service/repairs means they depending on only business activities and only 9.4 percent of the respondents got the job either in private or in government setor. In the Raichur district maximum numbers of respondents are agriculture workers, 14.8 percent are labours, only 7 percent of the entrepreneurs got job. Whole in the region 48.6 percent of the respondents are agriculturists, 25.3 percent are service/repairs, 11.4 percent are labours, 8.2 percent are got job, 3.7 percent are constructors and only 2.9 percent of the respondents practiced the othe activities in the region.
The subsidiary occupation Out of the 245 sample units 47.3 percent of the respondents are doing the service/repairs, 31 percent are labours, 11 percent of the respondents are agriculturists and only 4.5 percent are got job in private sector in the region. 23.1 percent are labours in the Kalaburagi district and 38.3 percent labours in the Raichur district. 7.7 percent of the respondents are got job in Kalaburagi district and only 1.6 percent are got job in Raichur district.

Out of the 245 sample units 66.5 percent of the entrepreneurs annual income is less than Rs. 1Lakh, 31 percent of the respondents earn the Rs. 1Lakh to Rs. 2Lakh per annum and only 2.4 percent of the units annual income is Rs. 2Lakh to Rs. 5Lakh in the region. In the kalaburagi district 55.6 percent of the respondents annual income is less than Rs. 1 Lakh and 3.4 percent of the units earn the Rs.2Lakh to Rs. 5Lakh per annum and in the Raichur district number of respondents are poor, about 76.6 percent units annual income is less than Rs. 1Lakh and only 1.6 percent units income is Rs.2Lakh to Rs. 5Lakh.

In the Kalaburagi district out of 117 samples 82.9 percent of the entrepreneurs have the owned house and remaining 17.1 percent of the respondents stay in rent house in the district. 89.8 percent of the respondents have their own house and 10.2 percent of the respondents are house lees in Raichur district out of 128 samples and 89.8 percent of the entrepreneurs had their own house in the region and remaining 10.2 percent of the respondents resided in the rent house out of 245 samples in the region.

In the Kalaburagi district 55.6 percent of the respondents have Katcha house, and only 9.4 percent of the entrepreneurs have the pacca house and they are better compare to the other entrepreneurs in the district. 61.7 percent of the entrepreneurs access the Katcha house and 12.5 percent of access the pacca house in the Raichur district. In the accessibility of the house Raichur is better compare to the Kalaburagi district in the region.

Out of 245 samples 71.8 percent of the units are Micro enterprises and only 28.2 percent are Small enterprises in the region. In the Kalaburagi district 43.6 percent of the enterprises have been established in Small sector and 56.4 percent of the enterprise belongs to the Micro sector but, in the Raichur district only 14.1 percent of the units belong to the Small sector and 85.9 percent of the sector established in Micro sector in
the district. It leads to the Raichur district very backward in this sector, because of the Micro enterprises less contributes than the Small sector.

- Out of 245 samples 43.7 percent of units have been established in district level, 20.4 percent of the units exists in Black and Talukas and 35.9 percent of the units established in rural areas in the region. In the Kalaburagi district 32.5 percent of the units established in rural areas and 39.1 percent of the units established in rural areas in the Raichur district.

- Out of 245 samples 72.7 percent of enterprises start self and remaining 27.3 percent of the enterprises are inherited in the region. In the Kalaburagi district 27.4 percent of the units inherited and it followed by 27.3 percent of the units in the Raichur district. 72 percent of the units self started in Kalaburagi and as well as in the Raichur district in the region.

- In the Kalaburagi district 23.9 percent of the enterprises are established in 2008-09 and 76.1 percent of the enterprises established in the year of 2009-10 out of 117 samples. Out of 128 samples 41.4 percent of the units are established in 2008-09 and 58.6 percent of the units came to existence in the year of 2009-10 in the Raichur district. In the region out of 245 samples 33.1 percent of enterprises are established in the year of 2008-09 and 66.9 percent of the enterprises established in the year of 2009-10.

- In the Raichur district out of 128 sample units 90.6 percent are proprietary and only 9.4 percent are partnership units in the district and in the Kalaburagi district out of 117 samples 25.6 percent of the enterprises are established under partnership. In the region 82.9 percent are proprietary and 17.1 percent of the units are starts under partnership.

- In the nature of the operation majority of the enterprises are established under assembling and processing, only few enterprises are manufacturing sector in the region. Out of the 245 sample units only 17.6 percent are manufacturing units, 42.9 percent are assembling and 22 percent are processing units in the region, remaining units are job works, repairing and servicing and others. In the Kalaburagi district manufacturing enterprises are more compare to the Raichur district, only 14.1 percent are manufacturing in Raichur district but, 21.4 percent of the enterprises established in the Kalburagi district in manufacturing sector.
Near about 50 percent of the units invested less than Rs 50000 in the fixed capital of land and building and plant and machineries and only 18.4 percent of the units invested more than Rs 5Lakh in this capital in the region. The working capital includes the raw-material, rent, labour and interest. In these capitals very less number of units like below 15 percent of the units invested more than Rs. 5Lakh and near about 50 percent of the units invested only Rs. 50000 in the region.

Total capital includes the fixed capital and working capital assets of the enterprises. Out of the 245 sample units 55.9 percent of the units invested Rs. 1lakh to Rs. 10Lakh, 10.6 percent of the unit’s investment is below Rs. 1Lakh, 18.8 percent of the units investment is more than Rs 30Lakh in the region. In the Kalaburagi district 29.9 percent of the units total investment is more than Rs. 30 Lkah this same amount invested by only 8.6 percent of the enterprises in the Raichur district, it indicates that the Raichur district is backward in development of small enterprises compare to the Kalaburagi district in the region.

Investment of own capital amount, 26.5 percent of the entrepreneurs invested less than Rs. 1Lakh in the Kalaburagi district and the same amount invested by the 39.1 percent in Raichur district and 33.1 percent of the entrepreneurs in the region. More than Rs. 5Lakh invested by the 42.7 percent of the units in Kalaburagi district, 20.3 percent in Raichur district and 31 percent in the region.

In institutional source of financing Out f 117 samples 3.4 percent of the units borrowed Rs. 1Lakh to Rs. 5Lakh, 44.4 percent of the sample units advancing loan more than Rs.5Lakh and 52.1 percent of the units did not borrowed from the institutional source in the Kalaburagi district. In the Raichur district 2.3 percent of the enterprises borrowed the less than Rs. 1Lakh, 15.6 percent of the units borrowed the more than Rs. 5Lakh and 76.6 percent of the units not borrowed from the institutional source. In the region out of 245 samples only 1.2 percent of the units borrowed less than Rs. 1Lakh, 29.4 percent of the units borrowed the more than Rs. 5 Lakh and 64.9 percent of the units not borrowed from the institutional sources.

In non institutional source of financing Out of 117 samples 16.2 percent of the entrepreneurs borrowed the less than Rs. 1Lakh, 33.3 percent of the units borrowed the more than Rs. 5Lakh and 33.3 percent of the units not borrowed from this source in the Kalaburagi district. In the Raichur district maximum of 32 percent units borrowed less
than Rs. 1Lakh, only 7.8 percent of the entrepreneurs borrowed more than Rs. 5Lakh and 44.5 percent of the units not borrowed from this source in the district. Out of 245 units 24.5 percent of the units got the advances less than Rs. 1Lakh, 16.3 percent of the units got the Rs. 1Lakh to Rs.5Lakh loan from this source, 20 percent of the units borrowed more than Rs. 5Lakh and 39.2 percent of the enterprises not borrowed from this source in the Hyderabad Karnataka Region.

- In employment conditions in the enterprises, Out of the 245 units 34.7 percent of the workers are skilled below 5 members in the unit, 25.3 percent same number of the workers working as semi-skilled, 36.3 percent of the enterprises provides the below workers as a un-skilled workers in the region. Only 5.3 percent of the enterprises provided the employment 6 to 10 skilled workers, 4.1 percent of the units provided employment to the semi-skilled workers and 35.5 percent of the enterprises provided the employment to the un-skilled workers in the region. Only 0.4 percent of the enterprises provided employment to the more than 10 persons of the skilled workers, 0.2 percent of the units to the semi-skilled workers and 10.2 percent of the units to the un-skilled workers in the region.

- Growth of skilled workers in the sample units increased from 2008-09 to 2012-13, only 3.3 percent of the units provided the employment to 5 to 10 members in 2008-09 and it increased to 55.1 percent of the units in 2012-13. 2.5 percent of the enterprises provided the employment to more than 10 members in 2010-11 and it increased to 12.7 percent of the units in 2012-13 in the region. 26.6 percent of the enterprises provided employment to the more than 10 un-skilled labours in 2012-13.

- Only 33.6 percent of the enterprises received Rs. 1Lakh to Rs. 5Lkah financial assistance from MSME-DI in the Raichur district and 23.9 percent of the units received the Rs. 1Lakh to Rs. 5Lakh,2.6 percent of units received the Rs.5Lakh to Rs. 10Lakh and 0.9 percent of the units received the more than Rs. 10Lakh in the Kalaburagi district.

- Out of the 245 samples 6.9 percent of the units produced the Rs1Lakh to Rs. 5 Lakh, 2.9 percent of the food and intoxicants came under this amount of production. 10.7 percent of the wood works produced the Rs 5lakh to Rs. 10 lakh and only 0.8 percent of the rubber and plastics produced this amount of goods in the region. 0.4 percent of the automobile enterprises produced the Rs. 10 Lakh to Rs. 15Lakh, 11.5 percent of the food
and intoxicants produced this much of output in the region. Above Rs. 20 lakh production produced by the electrical and electronics and mechanical engineering in the region.

- Out of 245 units 76.7 percent of the units received the raw-material assistance from the institute and 31.8 percent of the units gave the opinion of satisfaction is good, 42 percent units said the it is moderate and 2.9 percent of the respondents not satisfied. 55.1 percent of the entrepreneurs have received the financial assistance from the MSME-Development Institution Kalaburagi and 44.9 percent of the enterprises not received this assistance. In the 55.1 percent of beneficiated entrepreneurs 26.1 percent of the entrepreneurs said that the financial assistance given by the this institution is good, 24.9 percent of the entrepreneurs opinion is moderate and 5.7 percent of the enterprises not satisfied from this assistance.

- Price of the raw-materials Out of the 245 units 42.4 percent of the enterprises opinion is very high, and 23.3 percent of the entrepreneurs’ opinion is reasonable price. In the Kalaburagi district 56.4 percent of the enterprises told that the price is very high, 29.7 percent unit’s opinion is same in the Raichur district. 16.2 percent enterprises opinion is reasonable price for the raw-materials in the Kalaburagi district and same opinion given by the 29.7 percent of the enterprises in the Raichur district.

- Out of the 245 samples 93.9 percent of the units faced the marketing difficulties in the region. In the Kalaburagi district 92.3 percent faced the marketing difficulties and 95.3 percent of the units faced these difficulties in the Raichur district.

- Opinion of the enterprises about the knowledge of EDP is out of 245 samples 71.4 percent are yes in the region. 68.4 percent of the units knowledged the EDP programme in the Kalaburagi district and 74.2 percent of the units knowledged in the Raichur district.

- 69.2 percent of the units used their capacity in full extent out of 117 units in Kalaburagi district and 82 percent of the units utilize in Raichur district in the region.

- Out of the 50 samples only 32 percent of the females benefited from various training programmes provided by the MSME-DI Kalaburagi in Kalaburagi district and only 14 percent of the female got the training in Raichur district and 23 percent of the females benefited from this training out of the 100 sample trainees in the region.
• Out of 50 samples 36 percent of the SSLC and Graduates got the training in the Kalaburagi district but, 58 percent of the SSLC holders got this training in the Raichur district and only 22 percent of the trainees are graduates in this district in the region.

• OBC category persons more benefited from these training programmes in the region, i.e. out of the 100 samples 44 percent are OBC, 24 percent are SC and 23 percent are STs and only 9 percent are the others in the region.

• Number of respondents are poor in the region i.e. out of the 50 samples 52 percent of the respondents are less than Rs. 1Lakh their annual income in the Kalaburagi district, 56 percent are in Raichur district and 54 percent of the trainees came under this group in the region and only 13 percent of the respondents have Rs. 2Lakh to Rs. 5Lakh their annual income out of the 100 samples in the region.

• Out of the 50 samples 56 percent of the trainees have not their own house in the Raichur district, it is less in the Kalaburagi district and only 32 percent of the respondents are not having their own house.

• In the Kalaburagi district out of the 50 samples 38 percent trainees got the computer hardware training, 34 percent of the respondents got the mobile phone repairing and remaining 28 percent of the trainees benefited from the computer software training in the district. In the Raichur district maximum number of the respondents got the mobile phone repairing i.e. 50 percent and 32 percent of the trainees benefited from the computer software training programme in the district and it is more than the Kalaburagi district in the region. In the region out of 100 samples maximum number of the respondents got the mobile phone repair training.

• Purpose of the taking the training is out of the 50 samples 62 percent of the respondents opinion is free availability and 42 percent got job and 92 percent are got knowledge in the Kalaburagi district. In the Raichur district 32 percent are get knowledge and only 28 percents opinion is get job.

• In the Kalaburagi district 70 percent of the respondents are got the training from MSME-Development institution and only 30 percent are benefited from DIC out of the 50 samples and in the raichur district out of the 50 samples 52 percent got from DIC and 48 percent are benefited from the MSME-DI in the district and 59 percent of the trainees from this institute in the region out of the 100 samples.
• Out of the 50 samples 40 percent of the computer hardware trainees are not satisfied in the Raichur district, 58 percent of the trainees are not satisfied in getting the computer software training in the district. 60 percent of the trainees are not satisfied in training period in the Raichur district but, in the Kalaburagi district more number of trainees satisfied in this regard.

Suggestions:

Micro, small and medium enterprises development organization provided the overall assistance to promote the small enterprises in the region but there are some problems in providing the assistance. Hence, here some suggestions are offered for solving those problems and improve the performance of the small enterprises in the region.

1. The MSME-DO should prepare a package of support and assistance from the level of establishment to the marketing stage for initial two years.
2. The entrepreneurs and trainees suggest that the training period is not adequate given by the MSME-Development Institute therefore, it to be increased up to 6 months with some stipend.
3. Infrastructure facilities like electricity, water and good road is adequate in the industrial areas. Electricity is the basic facility but, some times it provides in only single phase or some time only two phase, it affects the machines hence, provision for three phase of the electricity at least 10 to 12 hour in this areas.
4. The enterprises should maintain proper data and they not provides accurate and realistic information to the researchers, it is main defect and not possible to present real picture of the enterprises in the region. Hence, the organization should take care in this regard.
5. Provision of timely and adequate loans within minimum time period and less documents.
6. Micro, small and medium enterprises development institute Kalaburagi is not a separate institute and have no full power to implement the any schemes in the region. It is a branch office of the MSME-DI Hubli and it need the permission from the Hubli office for implement the schemes are take any immediate actions in the region. The region is industrially very backward and hence, the institute should be given freedom and adequate powers to design and implement the programmes effectively.
7. The registration is not compulsory to the enterprises hence, some the enterprise are well performed but they are not registered under Em part I or II\textsuperscript{nd} registration. Therefore, Compulsory registration for small enterprises and thereby creating authenticated data base on MSMEs in the region.

8. The organization should try to promote stability in Raw-Material prices in the Hyderabad Karnataka Region. Provision of supply of raw material through a separate agency.

9. To solve the marketing problem the units shoule be linked with the government departments.

10. The organization fixed minimum 8\textsuperscript{th} standard of qualification to establish the micro enterprises under PMEGP scheme. Either the minimum qualification shoule be increased or adequate training and skills shoule be provided to the candidates by linking with Modular Employable Scheme

11. There is a need to bring co-ordination among different schemes and agencies working to promote small scale sector.

\textbf{Conclusion:}

Small industries in processing and service sector in HK region could generate a growth potentiis. The Micro, Small and Medium Enterprises Development Organization have been promoting the small enterprises in the region. The organization has provided the integrated assistance to the small enterprises, i.e., financial assistance, marketing, raw-material and various training programmes to promote entrepreneurs in the region. This assistance given by the organization is appreciable as evident from the good performance of small enterprises in the region during the year of 2008-09 to 2012-13. But at the same time there are failures also as many units have closed down due to losses. However, the strengthening of this organization may help to sustain viable growth of these enterprises in the region. In the context of globalsation, decentralized production processes are assuming importance. Therefore, if this potential is tapped in processing and service sector in this region, it may promote faster and inclusive growth.