CHAPTER VII

SUMMARY, CONCLUSIONS

AND SUGGESTIONS
INTRODUCTION

Innovation consists in the purposeful and organised search for changes and in the systematic analysis of the opportunities such changes might offer\(^1\). The entrepreneur always searches for change, responds to it and exploits it as an opportunity\(^2\). Hence innovation and entrepreneurship go together. Importance of development of entrepreneurship has long been recognised by the economists.

Ananatapur is a draught prone area and the scope for agricultural development is limited. The solution

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2. Ibid p. 25
lies in industrial development for which entrepreneurship development is a prerequisite. That is why the need for the study was felt.

Objectives of the study are:

i) To examine the socio-economic background of the entrepreneurs in the district.

ii) To study the reasons for entrepreneurs, in the district, to setup manufacturing units.

iii) To identify the factors which generally discourage the entrepreneurs from taking up industrial entrepreneurial activity.

iv) To find out the problems faced by the entrepreneurs in the district.

v) To study, if possible, whether there is any innovation in the industrial entrepreneurial activity in the district or not.

The study was based on the hypotheses that

i) certain business communities still dominate in the field of entrepreneurship,
ii) many of the entrepreneurs have business or industrial background,
iii) entrepreneurs are educated but not well educated,
iv) many manage the units established by them,
v) monetary and employment related factors are the main reasons for starting the units,
vi) non-availability of enough finances is the most common discouraging factor for starting the industrial unit,
vii) finance is the most important problem area for entrepreneurs and
viii) innovation among the entrepreneurs in the district is at its low ebb.

The study was confined to entrepreneurship in manufacturing sector. The list of manufacturing units, registered with the District Industries Centre, Anantapur, ran up to 1000 (approx). Twenty per cent of the units, working out to be 200, were selected on random basis for the purpose of the study.
For the purpose of collecting primary data a schedule was developed, pretested, finalised and canvassed among the selected entrepreneurs. The data so collected were tabulated. Simple statistical measures like averages, percentages, weighted scores and Karl Pearson Rank Correlation were used in the process of analysis. The conclusions arrived at are given here under.

SOCIO-ECONOMIC BACKGROUND OF THE ENTREPRENEURS :

1) Religious and Communal background :

A study of religious and communal background of the entrepreneurs shows that 85 per cent of the entrepreneurs are Hindus and the remaining 15 per cent of the entrepreneurs belong to Islam religion. Of the Hindus 68.88 per cent belong to Hindu forward castes, 23.46 per cent Backward Castes and 7.66 per cent are S.Cs and S.Ts.
Vysya community is the single forward caste, which forms 20 per cent of the sample. Brahmin, Kamma, Reddy and Balija, the other forward communities together constitute 38 per cent of the sample.

ii) Age of the entrepreneurs at the time of the entry:

More than 75 per cent of entrepreneurs have started their units when their age was between 26 and 45 years, 17.5 per cent of the entrepreneurs have started when they were 25 years old or less and 7 per cent, when they were more than 45 years of age. The mean and median age of the entrepreneur at the time of start of the unit is around 34 years.

Of the entrepreneurs entering industry before reaching 25 years, nearly one-third are Vysyas, 14.6 per cent B.Cs and 11.4 per cent are S.Cs and S.Ts. As many as 90 per cent of the entrepreneurs belonging to Islam religion and 92 per cent of the entrepreneurs belonging to Balija community of Hindu religion have taken up
entrepreneurial activity when they were between 25 and 46 years of age. Hence it can be concluded that a majority of young entrepreneurs do come from traditionally business community. A majority of non-traditional business community entrepreneurs start units when they are between 25 and 45 years of age.

(iii) Product line preferences:

Some people, depending upon tradition prefer certain lines of production. More than 66 per cent of the Muslim entrepreneurs are confined to three industry groups, namely, furniture, food and oil and building materials. About 80 per cent of the B.C entrepreneurs are running food and oil units, plastics and chemical units and furniture units. One-half of the Vysya entrepreneurs are engaged in food products and oil extraction. More than 50 per cent of Balija entrepreneurs have started furniture making and miscellaneous units. Kammas, Reddys, Muslims and B.Cs are fairly distributed. It is noteworthy that 46.2 per
cent of the S.C/S.T entrepreneurs own slab polishing units.

iv) Occupational Background:

More than 50 per cent of the entrepreneurs come from either manufacturing or business background, 29.5 per cent of entrepreneurs have agricultural background, 15.5 per cent of the entrepreneurs were unemployed and mere 4 per cent of them were white collar workmen before starting the units. So it can be said, majority have manufacturing or business background.

Community-wise break up of the occupational background reveals that majority of Vysya, Brahmin, Muslim and B.C entrepreneurs come from manufacturing or business background, a majority of Reddys, Kammas and Balijas come from agricultural background and 61.5 per cent of the present S.C/S.T entrepreneurs were not at all gainfully employed before starting the units. From the analysis given in the earlier chapters it can also
be learned that there is not much relationship between occupational background of the entrepreneurs and their fathers. In the earlier years it seems that many entrepreneurs used to come from manufacturing and business background.

v) Educational Background:

All the entrepreneurs are literates and 33 per cent of them have had education up to secondary school level, 28 per cent of them had stepped into college but not passed through and 39 per cent of the entrepreneurs are either graduates or post-graduates. Only seven per cent of the sample entrepreneurs are technocrats. This shows that very less percentage of the entrepreneurs are technically qualified and many are not well educated.

Some of the fathers of the entrepreneurs are illiterates, many are not even matriculates and very few are matriculates and post matriculates.
vi) Nativity of the entrepreneur:

As many as 83 per cent of entrepreneurs belong to the same place and a few (17 per cent) belong to other districts or states.

vii) Rural/Urban background:

Three-eighths of the entrepreneurs come from rural background, 39.5 per cent of the entrepreneurs come from urban background and 23 per cent of them come from semi-urban background.

vii) Family pattern:

Nearly 67 per cent of the entrepreneurs hail from joint families and 33 per cent from nuclear families.

REASONS FOR STARTING THE UNITS:

On the basis of the analysis given in chapter IV
the reasons for starting the units can be given as under:

i) To make money; to gain independent living; to
fulfil the desire of the self, father or wife; to
gain social prestige and lack of employment are
the reasons, in descending order, given by the
entrepreneurs for starting the industrial units.

ii) To make money, to gain independent living to
fulfil the desire of the self, father or wife are
the most common reasons for entrepreneurs with
school education for starting the units.

iii) Around 65 per cent of the matriculates, but not
graduates, have the aim to make money, to gain
independent living and to gain social prestige as
the reasons for starting the industrial units.

iv) More than 70 per cent of the graduates have
started units for making money and for gaining
social prestige.

v) A majority of the technically qualified persons
(71.43 per cent) have started units to gain
independent living.
Previous income level and reasons for starting the units

vi) Of the entrepreneurs whose income was less than Rs.15000 p.a., 77 per cent have started units with the aim of making money and 66.22 per cent have started to gain independent living and to fulfil the desire of self/father and/or wife.

vii) In the second income group (Rs.15000 – Rs.30000) ‘to make money’ tops the list of reasons followed by ‘to gain social prestige’, ‘to gain independent living’, ‘to fulfil desire of self/father/wife’ and ‘lack of employment’.

viii) In the third income group (Rs.30000 and above) 75 per cent of the entrepreneurs have given the first four reasons – to make money, to gain independent living, to fulfil the desire of self/father/wife, and to gain social prestige.

ix) Correlation in the motives of different age groups is positive. It is maximum (0.675) in case of the first (less than Rs.15000 p.a.) and the second (Rs.15000 – Rs.30000 p.a.) income groups. Hence
it can be said that there is similarity in the motives of the first and second.

**Age of the entrepreneurs and reasons for starting the units**

x) More than 50 per cent of the entrepreneurs of all age groups have given the first four reasons - to make money, to gain independent living, to fulfil the desire of the self/father/wife and to gain social prestige - for starting the units.

xi) Significant positive correlation exists in the motives of the first (below 25 years) and the second (25 - 35 years) age groups, first and fourth (45 and above) age groups and second and fourth age groups.

**Type of ownership and reasons for starting the units**

xii) More than 70 per cent of the owners of the sole proprietorship concerns have started their units 'to make money' and 'to gain independent living'.
xiii) To gain social prestige ranks first in case of partnership concerns and in the case of joint stock companies the reasons to fulfil the desire of the self, father and/or wife ranks first.

xiv) Coefficient of correlation between the motives of the owners of partnership forms and limited companies is positive and the highest.

xv) Coefficient of correlation between the motives of the owners of sole proprietorship concerns and partnership forms is zero.

Type of family and reasons for starting the units

xvi) The reasons - to make money, to gain independent living, to fulfil the desire of self/father/wife and to gain social prestige have been given by majority of entrepreneurs coming both from joint and independent families.

xvii) It can be said that there is much similarity in the reasons given by joint and independent family type of entrepreneurs for starting the units.
Locational background and reasons for starting the units

xviii) More than 50 per cent of the entrepreneurs with rural, urban and semi-urban backgrounds have given first four reasons for starting the units.

xix) Rank correlation between the reasons given by the entrepreneurs with rural, urban and semi-urban backgrounds is positive and significant. It is the highest between rural and semi-urban entrepreneurs.

DISCOURAGING FACTORS FOR STARTING UNITS

The following conclusions can be drawn regarding factors discouraging the starting of units:

1) Shortage of working capital is most common discouraging factor for starting the industrial units by the entrepreneurs. It is followed by 'non-availability of machinery', 'delay in approval of blue prints', 'lack of technical
guidance from government/non-government agencies', 'non-availability of materials', 'non-availability of skilled labour' and 'delay in water connection' in that order.

ii) Irrespective of the level of education many feel that shortage of working capital is the discouraging factor. 50 per cent of the graduates and technically qualified people feel that lack of technical guidance from government and non-government agencies is a discouraging factor. There is very much similarity in the responses of the entrepreneurs with first three levels of education. The responses of the technically qualified people do not significantly correlate with the responses of the other three categories of the entrepreneurs.

iii) A majority of the entrepreneurs with different levels of income feel that shortage of working capital is the discouraging factor. Delay in power supply has been given as discouraging factor by as many as 84.84 per cent of the entrepreneurs.
with an income of more than Rs. 30000 p.a. For non-availability of machinery and delay in getting approvals have been given as discouraging factors by more than 70 per cent of the entrepreneurs belonging to the higher income group. Correlation between the respondents of the three income groups is significant and positive.

iv) Irrespective of age a majority of entrepreneurs feel that shortage of working capital is a discouraging factor. Coefficient of Correlation between opinions expressed by the entrepreneurs belonging to different age groups is positive.

v) Irrespective of age, form of organisation, number of earning members and location, a majority of entrepreneurs feel shortage of working capital as an important discouraging factor. And there is not much difference in the opinions expressed by the different entrepreneurs.
PROBLEMS FACED BY THE ENTREPRENEURS

Problems faced by the entrepreneurs in the district have been enquired into and given in chapter VI. A summary of findings in this regard is given here under:

i) Finance continues to be the problem of many entrepreneurs in the district. Marketing, materials and power are the other problems of the entrepreneurs in the descending order of importance.

ii) Cent per cent of the entrepreneurs selected from Dharmavaram, Penukonda, Kalyandurg and Gooty taluks and more than 90 per cent of the entrepreneurs selected from Tadipatri and Sathya Sai taluks suffer from financial problems.

iii) One hundred per cent of the entrepreneurs selected from Dharmavaram and Kalyandurg have reported marketing and labour problems respectively.

vi) More than 60 per cent of the entrepreneurs
selected from all the taluks have problems relating to finance, marketing, materials and power.

v) Industry-wise categorisation of the units also shows that finance is the most common problem followed by marketing and power.

vi) Analysis on the basis of occupational background of entrepreneurs shows that all the entrepreneurs with service background and more than 80 per cent of the entrepreneurs with agriculture and business background have financial problems.

vii) Majority of the unemployed have problems relating to materials.

viii) More than three-fourths of the entrepreneurs, running the newly started units have problems relating to finance, marketing, materials and power. Similarly more than 80 per cent of the entrepreneurs who have taken over the existing healthy units say that they are facing financial, marketing, power, technology and management problems. And 70 per cent of those who have
ventured to take existing sick units are facing financial and labour problems.

ix) Financial problem is the most important followed by marketing, power, materials, labour and technology and management.

x) Shortage of working capital is the most important and widely felt financial problem. It is followed by shortage of fixed capital, high rate of interest, meagre assistance from the government and non-government agencies.

xi) Competition from other small scale units is the most important marketing problem of the entrepreneurs.

xii) Scarcity and uncertainty are the two major problems as far as power is concerned.

xiii) Scarcity ranks first among the problems relating to raw materials. It is closely followed by high cost. Transport problems and low quality rank third and fourth respectively.

xiv) Among the labour related problems absenteeism and turnover seem to be the most important problems.
followed by training and unionisation.

xv) Low quality and high cost of technical consultancy services provided by the government is the most important problem relating to technology and management.

INNOVATION AMONG THE INDUSTRIAL ENTREPRENEURS IN THE DISTRICT

Setting up of a new unit can be taken as entrepreneurship but not as innovation. No entrepreneur has searched for any change, responded to it and exploited an opportunity which might have arisen out of such change, none of them have introduced any change, invented a new product or service or utility. They have never experienced any unexpected success or failure or happening of an outside event or incongruity leading to innovation. Hence it can be said in no uncertain terms that innovation is totally absent among the industrial entrepreneurs in the district. Entrepreneurship without innovation is not of much use to the society.
Instead, it results in sharing in limited resources, existing markets and cut-throat competition.

TESTING OF HYPOTHESES

1) Vysya community is the single forward caste which forms 20 per cent of the sample. It is traditionally a business community. So it can be said that many entrepreneurs come from traditionally business communities.

Majority (58.33 per cent) of the entrepreneurs who have started units before 1975 are Vysyas. Only one-third of entrepreneurs who have started units between 1976 and 80 belong to that community. The percentage of Vysyas among entrepreneurs, who have accepted entrepreneurial role between 1981 and 1985 still decreased. From this it can be understood that, in the beginning many entrepreneurs used to come from business community but gradually the proportion of the
entrepreneurs coming from that community is decreasing and the proportion of those coming from agricultural communities is increasing over the years.

ii) More than 50 per cent of entrepreneurs have manufacturing and/or business background (table 3.6). Hence the hypothesis that many entrepreneurs have business or industrial background is proved.

iii) All the entrepreneurs are literates and only 39 per cent of them are graduates. Of the 200 only 14 entrepreneurs have had technical education: Of them one is an I.T.I., two are diploma holders and 11 are engineering graduates. So it can be said that though entrepreneurs are educated but not well educated.

iv) Survey results show 64 per cent of the entrepreneurs run the small scale industrial units started by them, 24 per cent of entrepreneurs are running the existing healthy units taken over by them and the remaining 12 per cent of the
entrepreneurs are running the sick units taken over by them (table 6.5). This proves the fourth hypothesis. Starting a new unit and running it is desirable but taking over a sick unit, reviving it and running it requires more courage and conviction hence is more desirable than the other two.

v) Discussion in chapter IV shows that 'to make money' is the most popular reason for the entrepreneurs starting the units. 'To gain independent living' is the next most popular reason for starting the unit. So it can be said that the fifth hypotheses that monetary and employment related factors are the main reasons for starting the units.

vi) Table 5.1 reveals that 71 per cent of the entrepreneurs opine that 'shortage of working capital' is the discouraging factor for starting the unit. The next most popular discouraging factor 'non-availability of machinery', was given by 44 per cent of the entrepreneurs only. This
partially proves the hypothesis that non-availability of enough finances is the most common discouraging factor for starting an industrial unit.

vii) Problems of the entrepreneurs are many but money is the most important problem still (table 6.1).

viii) It has been found in the survey that (cf. chapter II pp.25-26) innovation among the entrepreneurs is at its low ebb.

SUGGESTIONS

On the basis of the analysis, conclusions drawn from the analysis and observation, an attempt is made to give some suggestions, which may contribute to the entrepreneurial environment in the district.

1) Inspite of setting up of a number of financial institutions and promulgation of policies and programmes finance, especially, shortage of working capital continues to be the most common
and important for the entrepreneurs. It is the most widely felt discouraging factor too. It may not mean inadequacy of policies and programmes, institutions and finances with the institutions. Instead it may mean rigidity of rules and regulations, difficulty in complying with complicated procedures and practices, lukewarm and irresponsible attitudes of the officials concerned and defective financial management by the entrepreneurs. As many have not felt the problem of procuring fixed capital it can be understood that the entrepreneurs are not able to perceive the requirement and plan properly the working capital requirements. Entrepreneurs might be using all the resources for procuring fixed capital and may be finding it difficult to secure working capital. Anyhow liberal finances must be made available to the entrepreneurs.

ii) Power is another problem area. It is a state-wide problem. Uninterrupted power supply will boost the industrial economy. Getting power connection
for the unit is not a problem but getting uninterrupted power supply is an impossibility in the district and in the state. Entrepreneurs are disgusted over unplanned power cuts. They want power supply to be uninterrupted and power cuts to be well planned, if unavoidable.

iii) Qualitative technical and managerial consultancy services must be provided by the government and non-government agencies at reasonable rates.

iv) Mean and Median age of the entrepreneurs is 34 at the time of starting the unit. Hence, the entrepreneurial development programmes must be directed towards people less than 34 years old. People belonging to traditionally business community tend to take up entrepreneurial activity relatively at young age. Relatively young people from such communities should become target group of the entrepreneurial development programmes.

v) Setting up more and more special industrial estates and provision of other infrastructural facilities may help in accelerating
entrepreneurial activity among so far socially down trodden and economically backward Schedule caste and Schedule Tribe people.

vi) Young people belonging to traditionally business communities and with industrial and business background should be selected and assisted in setting up of industrial units without showing any prejudice to their social background.

vii) Entrepreneurial development and managerial training programmes should be intensified. Electronic media should be used to reach the larger number of people within a shortest possible time and to have a repetitive value without much cost.

viii) Anantapur is a draught prone, but mineral rich district. Industrial units requiring less quantity of water are suitable to the district. The developmental agencies shall research and find out the industrial units more suitable to the district.

ix) Many entrepreneurs are locals. The facilities
available in the district are not strong enough to attract outside entrepreneurship. Hence by making necessary changes in the curriculum at different levels entrepreneurship must be developed among the people in the district.

Making plans and programmes is easy but implementing them is difficult. Proper implementation requires courage and conviction. Even proper implementation of policies, plans and programmes may not yield desired results. They can only nurture but not breed the entrepreneurial attitude. So the entrepreneurial ideas are to be sown in the minds of the people by creating awareness, developing leadership, and by motivating them.

Opportunity is the best motivating factor for leaders turning into entrepreneurs. By setting up nucleus plans in a backward district like Anantapur the government can create an environment and opportunity for ancilarisation in the district.