CHAPTER VII

SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

The present research study has resulted in identifying some major findings and conclusions on the entrepreneurship development in general and in the study area in particular. A summary of the major findings and conclusions along with a few suggestions have been provided here.

Findings And Conclusions:

1.1 Entrepreneurship activity in India was concentrated in the early days in the hands of mercantile capitalists like Banias of North India, Marwaris of Rajasthan, Lalas of UP and Haryana or their equivalents in other parts of the country. They included Kaysthas from Bengal, Chettiers from Tamil Nadu and Shahas from Gujarat etc.

1.2 Early entrepreneurs like mercantile capitalists had their own set of attitudes in the industry such as quick profit tendency to save on costs for non-immediate gains, speculation on price-rise and extreme conservatism regarding fixed investments. The sixties and seventies experienced shortages around and experienced stifling controls. This led to rent seeking rather than manufacturing abilities producing more profits. A genuine manufacturer who concentrated on high quality manufactures was considered an exception.
1.3 Transition to today's entrepreneurship began during the mid eighties when control was slowly loosened and shortages started reducing. The process gained momentum after 1991. The profile of entrepreneurs too began changing. More and more entrepreneurs today are professionally or technically trained and qualified people. They are far more modern in their outlook. They keep abreast of what is happening in their industry in terms of products, technology, and markets.

1.4 The entrepreneur in the small scale sector is facing the onslaught of brands in the consumer sector. There is also the problem of withdrawal of crutches in the form of preferential treatment by public sector. The impact of globalization is a problem which the government too is worried about. Marketing entrepreneurship is one area where the SSI sector is weak.

1.5 The entrepreneurship in the SSI sector is faced with many challenges in the post liberalization and globalization period. To what extent the entrepreneurial development can convert the challenges into opportunities depends on the ability and management skill of the entrepreneurs.

Research studies and experts opinion point to the fact that there will be great possibility for entrepreneurship activities in the 21st century because of the process of globalization, advancement of science and technology and information boom created by development of information technology.

2.1 The concept of 'entrepreneurs' and entrepreneurship is related to 16th century military history of France, when Frenchmen who organized and led
military expeditions were referred to as 'entrepreneurs'. Around 1700 A.D the term was used for architects and contractors of public works. The term person bearing risks, planning, supervising, organizing and owning. In 1803 John Baptist say separated profits of entrepreneur from profits of capital. Similarly Francis Walker in 1876 also explained his concept of 'entrepreneur'.

2.2 Joseph Schumpeter was the pioneer in the 20th century to describe an entrepreneur as an innovator (1934). Heggen in 1958 too explained the function of an 'entrepreneurs' in terms of making profits through innovation.

2.3 Risk bearing as an important task of an entrepreneur was emphasized by David Mc Clelland in1961. Peter Drucker (1975), Albert shepero (1975), Karl Vesper (1980), Gifford Pinchot (1983), Robert Hisrich (1985) and others made contributions towards the explanation of concept of the entrepreneurship.

2.4 Researchers from a variety of disciplinary background have stressed three basic aspects of entrepreneurship

i. the outcome of entrepreneurial activities

ii. the cause of entrepreneurial activities

iii. the process of entrepreneurship

2.5 Functional aspects of entrepreneur have been described differently by different economic writers. Leibenstein has assigned 4 tasks to an entrepreneur (i) connecting different markets (ii)making up market deficiencies (iii) completing inputs and (iv) Creating economic units to transform inputs. Schumpeter assigns
entrepreneur a single function of ‘innovation’. Economists view entrepreneurial functions as directed towards achieving the materialistic of wealth maximization.

2.6 Psychologists like McClelland have tried to explain the concept of entrepreneur by introducing the concept of ‘n-achievement’ as a psychological motive and implicitly state that people with high n-achievement have a tendency to strive for success.

2.7 Sociologists like Heggen argue that entrepreneurship is not only about conceiving of business idea but also about designing and maintaining the organization for carrying out business.

2.8 Entrepreneurship development is identified with three phases. The first phase relates to the creation of awareness about entrepreneurial opportunities basing on survey. The second phase relates to the implementation of training programme to develop motivation and management. The third phase relates to the infrastructural support of counseling – assisting to establish a new enterprise and to develop existing units.

2.9 Entrepreneurship development has been identified with 6 different schools of thought;

i. Great Personal School
ii. Psychological Characteristic School
iii. Classical School of thought
iv. Management School
v. Leadership School
vi. Intrapreneurial School

2.10 An entrepreneur is associated with the following general characteristics

(i) Administrative ability
(ii) Organization Skills
(iii) Intelligence
(iv) Creativity
(v) Innovation
(vi) Clear Objective
(vii) Business secrecy
(viii) Sound Knowledge
(ix) Emotional stability
(x) Public relations
(xi) Effective Communication
(xii) Technical Knowledge

2.11 Major functions of an entrepreneur are (i) Deciding the project (ii) Risk taking
(iii) Innovation (iv) Raising Finance (v) Planning Production (vi) Managing
Enterprise (vii) Earning profits

2.12 Entrepreneurship is influenced by (i) Individual (ii) Environment (iii) support
system (iv) Socio-cultural factors

2.13 Entrepreneurs are broadly classified according to the types of business use
of professional skill, motivation and growth and stages of development. The
following classification of entrepreneurs is quite comprehensive
i. According to types of business
ii. According to use of technology
iii. According to the motivation
iv. According to the growth
v. According to the stages of development
vi. According to area
vii. According to gender and age
viii. Others or unclassified

2.14 Constraints to entrepreneurs stem from the following factors
i. Unwillingness to devote organizational abilities to business purposes.
ii. Restrictive effect of customs and traditions.
iii. Lack of response to monetary incentives.
iv. Low status of businessman.
v. High risks involved in a new enterprise.
vi. Absence of vertical mobility in the social structure.
vii. Market imperfections which deny potential entrepreneurs the resources they need for organizing new production units and
viii. Arbitrary changes in the administration of laws by the government.

3.1 Small scale industries have a substantial complimentarity with the large industries with ancilliarsation and sub contracting. Entrepreneurship in the small
scale sector has been sustained by the state and central Governments through fiscal incentives and infrastructural support.

3.2 The changing economic scenario in the early nineties in the wake of new economic policy of liberalization and globalization has brought in new dimensions of challenges and opportunities for the small scale industrial sector.

3.3 Empirical studies have proved that small enterprises are breeding ground for entrepreneurs. In the post independence period in India as many as 20-25 million entrepreneurs have established enterprises in this sector.

3.4 Small scale sector is a stepping stone for entrepreneurs to grow from small to big. Developing of small scale industries is one of the most cost effective ways of creating employment, spreading industry, catalyzing research and development and allowing entrepreneurial talent to grow.

3.5 The basic characteristics of small scale industries have high entrepreneurial implications. They are: (1) low capital intensity (2) high labour – capital ratio (3) need lower investment (4) stimulate indigenous entrepreneurship (5) facilitate effective mobilization of resources of capital and skill (6) possess locational flexibility leading to wide dispersal of industries (7) promote more diffused pattern of ownership (8) need relatively smaller market to be economic, (9) promote innovative capabilities.

3.6 (i) An investment of Rs.1 million in a small scale industrial unit normally provides employment for 173 persons while employment for the same number in a large industrial unit requires an investment of 5.31 million.
(ii) capital required per employee in small scale sector is Rs.2018 as against Rs.17753 in large sector.

(iii) The value added per rupee of fixed investment in small scale unit is Rs.0.96 as against 0.41 in large unit.

(iv) Production per unit of investment in small scale unit is estimated to be Rs.5.60 as against Rs.1.80 in large unit.

(v) In India SSI units account for more than 55 percent of production while using only 9 percent of imported raw materials.

3.7 Small business in UK had created between 8,00,000 and 1.1 million new jobs in a period of six years.

Small industry in Japan accounts for 37.2 million employees (81.4 percent of the work force) and 5.61 percent of the total value added in manufacturing and 79 percent of retail sales.

Small industries in China account for 60 percent of its fertilizers, 57 percent of its cement, 28 percent of its pig iron, 13 percent of its crude oil, 67 percent of its agricultural machinery and 34 percent of its electric power.

Korea has reserved 110 products for the small and medium industry.

Indonesia has reserved 12 items for exclusive production in the small sector.

3.8 Ancillarisation has made rapid progress in Japan, USA and UK. The progress of ancillarisation in India is slow.

3.9 The state has followed a triple strategy of promoting the small industrial entrepreneurship viz
(i) state funded infrastructure complexes (Industrial Estates)
(ii) Excise duty exemptions and
(iii) Reservation of products for exclusive manufacture by the small scale industrial units.

3.10 The entrepreneur of a small scale industry has to adopt the right mix in terms of his approach to the four major areas (i) production (ii) personnel (iii) marketing and (v) finance.

3.11 Small scale industries should prepare themselves to face competition without looking up to government for artificial suscitation via subsidies and fiscal concessions. The perpetuation of a protective regime which shields small industrial units from the discipline of a competitive market is incompatible with the rationale of new economic policy.

3.12 The public policy has to overcome the inadequacy in the matter of supporting the small industrial units with the appropriate technical, financial and infrastructural means.

3.13 Economic reforms need not operate as an instrument for the devitalisation of the SSI sector. The small scale units have not only held their own but have been able to register growth rates in output, employment and exports which compare more than favourably with the performance of large and medium scale industries.

3.14 The SSI units should learn to think and act adaptively in the present complex and dynamic global competitive environment.
4.1 Institutional support to the small scale sector in India broadly consists of:

i. Industrial Estates

ii. Advisory Bodies

iii. Corporate Institutions

4.2 Industrial estates have got the economies of scale and economies of agglomeration. Economies of scale are realized by industrial estates by providing infrastructural facilities to small scale entrepreneurs. Industrial estates become a complex of interdependent and interrelated industries of avail of the advantages of agglomoration of external economies.

4.3 The first industrial estate in India was set up in Rajkot in 1955. An estimated 705 industrial estates have been completed of which 210 estates have been set up in rural areas, 179 in semi-urban areas and 316 in urban industrial areas.

4.4 The occupancy rate in rural industrial estates is 81.7 percent compared to 92.9 percent in urban industrial estates.

4.5 Small entrepreneurs have found the rentals too high after the subsidy period of five years was over. Common facilities have not been available in many estates. Maintenance of some existing facilities is poor.

4.6 Small Industries Development Organization provides a comprehensive range of consultancy services and technical managerial, economic and marketing assistance to small scale units. SIDO is the nodal agency which advises the Ministry of Industry in formulating policies and programmes for the development of SSI units.
4.7 National Small Industries Corporation's (NSIC) main function is to supply machinery and equipment to small enterprises on hire purchase basis and to assist the SSI units in procuring government orders for various items.

4.8 Small Scale Industries Board was set up in 1954 to advise the Government of India on the programmes and work of different agencies looking after the development of small scale industries in the country.

4.9 Small Industries Service Institutes are set up at in different centers in the country. They are under the direct supervision of SIDO. These institutes provide assistance to SSI units in technical matters, matters related to entrepreneurship development, conducting of techno-economic survey, development of ancillaries, organizing of seminars, workshop and industry clinics for the benefits of entrepreneurs.

4.10 Small Industry Extension Training Institute was set up in 1962. The Institute conducts courses in industrial management, financial management, and cost accounting etc. for the development of entrepreneurs in SSI sector.

4.11 National Institute For Entrepreneurship and Small Business Development is an apex body established in 1983 for co-ordinating the activities of various institutes/ agencies engaged in entrepreneurship development in small industry and small business. The Institute conducts training programmes for trainers motivators and entrepreneurs, prepares model syllabi for training various- target groups. It undertakes documentation/research and conducts seminars / workshops / conferences etc.
4.12 Khadi and Village Industries Commission (KVIC) is a statutory organization engaged in the task of promoting and developing khadi and village industries with a view to creating employment opportunities in the rural areas. It aims at creating self reliance amongst the people and building up a strong rural community spirit. KVIC strives to promote marketing of Khadi and Village industry products and encourages and promotes research in the technique of production by village industries.

4.13 Small scale industries obtain working capital and term loans from commercial banks, cooperative banks, regional rural banks and state financial corporations. The Banking system provides mainly working capital and State Financial Corporation, mainly investment capital.

4.14 The Small Industries Development Bank of India (SIDBI), the National Bank for Agriculture and Rural Development (NABARD), the Industrial Reconstruction Bank of India (IRBI) provide refinance facilities to banks and financial corporations for financing small scale industrial sector.

4.15 Karnataka Small Industries Corporation (KSSIPDC) takes up the work of construction and maintenance of industrial estates in some selected areas. It helps SSI units in obtaining raw materials.

4.16 Karnataka State Khadi and Village Industries Board helps the rural people to establish cottage industries and promotes rural employment. It also helps SSI units through loans and grants.
4.17 Karnatak State Small Industries Marketing Corporation Ltd is engaged in providing a package of marketing assistance to small scale industries set up in Karnataka. It participates in tenders floated by the government and other organizations on behalf of small scale industrial units. It procures bulk orders and distributes them among the SSI manufactures on their plant capacity. It provides market information and participates in fairs and exhibition on behalf of small scale industrial units. It helps SSIs in identifying products for exports. KSIMC helps SSI units in product development and product improvement etc.

4.18 Karnatak Leather Industries Development Corporation promotes the traditional occupations of scheduled castes and scheduled tribes in manufacturing of shoes and other leather products. It supplies raw materials to them and purchases ready made shoes and sells them through its marketing stalls.

4.19 More than 400 District Industries Centres have been set up to cover almost every district in the country. The funds for the programmes are shared by the State and the Centre. The organized working of the DICs has resulted in a systematic process of industriesation. The DIC has emerged as the focal point for all industrial activities in the district. The wide powers given to DIC has helped to avoid the frequent visits of the small entrepreneurs to the state capital for every small matter.

4.20 State Financial Corporations have accorded a high priority to development of small scale industries. A bulk of their sanctions have gone to this segment of
priority sector. More than 67.3 percent of assistance extended by SFCs have
gone to SSI sector.

The Karnataka State Financial Corporation provides long and medium
term financial assistance to new units in the medium and small scale sector.
Finance is given to existing industrial units for expansion, renovation,
modernization and diversification. KSFC has introduced a number of schemes
for financing of SSI units.

4.21 Incentives to small scale industrial units include concessions, subsidies
and bounties. Subsidy is a single lump sum given by a government to an
entrepreneur to cover the costs. Bounties refer to bonus or financial aid which is
given to industry to help it to compete with other units in the country or in a
foreign market.

4.22 Market assistance for SSI units include price preference and purchase
reservations given by the Government. Under price preference scheme price
given to a product of a small unit may exceed not more than 15 percent over
that of a large unit. However in practice the policy of price preference is not
strictly followed. Purchase reservations are given to products of SSI units to
encourage sales of their products to government agencies. However purchases
by the government agencies from the SSI units are as low as 10 percent of the
requirement compared to 35 percent in USA.

4.23 Production reservations in favour of SSI units cover more than 834 items in
the country. Production reservation on the basis of proven capacity to produce
items at reasonable cost and of quality may be useful in promoting small scale industries and for development of entrepreneurship.

4.24 Entrepreneurship Development has been initiated and organized by more than 1200 organizational at national, state, district and at sub divisional level including EDII, NIESBUD, NISIET, IEDs/CEDs, TCOs, DICs and a number of NGOs for different types of entrepreneurial activities. These ED organizations are conducting short term as well as long term orientation programmes.

4.25 Fiscal incentives to small scale industries include concessions under Income Tax, Excise Duty Sales Tax and Stamp Duty etc.

4.26 Investment subsidy to small scale industries is given by the Karnataka Government. The subsidy in the 'Developing Areas' is 10 percent of the value of the fixed assets subject to a maximum of Rs.5 lakhs.

The subsidy in the 'Backward Areas' is 20 percent of the value of fixed assets subject to a maximum of Rs.12.50 lakhs.

Investment subsidy would also be available to all existing tiny and small scale units undertaking expansion, diversification and modernization without exceeding prescribed monetary ceiling.

4.27 Incentives have motivated the entrepreneurs to set up new ventures in diverse fields. However there are slippages, leaks, misuses in this endeavour. These have to be overcome by monitoring, counseling and by efficient administration.
Institutional infrastructure has been able to mould the entrepreneurs to accelerate the process of the industrial economy. There is a need for a nucleus centre in each industrial pocket/area where the services of infrastructure are provided through that centre. The accent ought to be on institutional innovation and efficiency.

5.1 The study has covered 5 talukas of Gadag district and all the 131 functioning small scale industrial units in the area. Talukawise, Gadag has the highest number of 106 small scale industrial units followed by 11 in Shirhatti, 9 in Ron, 3 in Nargund and 2 in Mundaragi.

5.2 Category-wise, there are maximum number of 57 agro based small scale industrial units in the district followed by 27 service units, 18 textile units, 9 food based units, 9 chemicals, 8 engineering units and 3 others. The predominance of agro based industrial units is in consonance with the rural oriented economy of the district. The spread of transport and other services and the rich cotton growing areas in the district are responsible for a sizeable number of service and textile small scale industrial units in the area covered by the study. It is mainly due to its urban commercial environment and the existence of different infrastructural facilities.

5.3 Maximum number of small scale industrial units covered by the study are in existence for a duration of 6-10 years. Comparatively smaller number of SSI units are in existence for a longer duration of 11 to 15 years, and 16 to 20 years and above.
5.4 Maximum number of 69 SSI units are organized as sole proprietorship firms followed by partnership firms (59), Joint stock companies (2) and cooperative units (1). The predominance of sole proprietorship and partnership firm is mainly due to smaller magnitude of financial involvement in the SSI sector. The entrepreneurs unfamiliarity with the procedural aspects of forming joint stock companies is also a factor for a smaller number of company form of organizations in the SSI sector covered by the study.

5.5 Maximum number of entrepreneurs in the SSI units covered by the study are in the age group of 36-50 years (73) followed by those in the age group of above 50 years (38). The number of entrepreneurs in the age group of 18-25 years is very small (05). Similarly those in the age group of 26 to 35 years are also less in number (15). This age composition of entrepreneurs reveals the fact that there is inadequate zeal and interest on the part of youth to take up entrepreneurship in small scale industrial sector in spite of the fact that varied type of incentives and assistance are made available to SSI units by the government.

5.6 The educational status of the entrepreneurs has revealed that majority of them (56) are degree holders followed by those who have studied up to SSLC(43), PUC(20), Diploma (9) and P.G Degree (03).

More degree holders have taken up to small scale industrial activities in the study area. This indicates the benefit of entering entrepreneurial activities rather than seeking paid employment. The high incidence of unemployment
among the educated youth is one of the factors leading to degree holders entering the field of entrepreneurship. The lure of financial facilities at concessional rates, loan subsidies and other incentives have also been other factors responsible for degree holders and others with higher education entering the SSI sector.

5.7 There are a total number of 59 partnership firms in the 131 small industrial enterprises covered by the study. Maximum number of 28 partnership firms have 0-2 partners, followed by 23 firms with 3-5 partners, 7 firms with 6-10 partners and 1 firm with more than 10 partners.

5.8 There are 1771 employees in the 131 small scale industrial units covered by the study. Of these 693 are unskilled workers, 642 skilled workers, 361 managerial / administrative employees and 75 finance and accounts employees. The SSI units are labour intensive. Hence unskilled workers account for the maximum number of the total workforce. The number of managerial and administrative employees is relatively less due to the fact that the units are either sole proprietorship or partnership firms. The owner entrepreneurs themselves look after the managerial and administrative work.

5.9 The educational status of the employees in the respondent units show that majority of them have primary education (1266) followed by PUC education (157) degree holders (154), employees with secondary education (129), Diploma holders (50) and P G degree holders (15).
Majority of managerial and administrative employees are degree holders. Majority of financial and accounts employees are educated up to PUC. Majority of skilled workers and unskilled workers have only primary education.

5.10 Investment in plant and machinery is in the range of Rs.6-10 lakhs in case of a maximum number of 56 respondents followed by 28 respondent entrepreneurs with Rs.21-30 lakhs, 22 entrepreneurs with Rs.0-5 lakhs and another 22 with Rs.11-20 lakhs of investment in plant and machinery. A small number of 2 respondent entrepreneurs have invested Rs.31-50 lakhs and 1 entrepreneur has made an investment of more than Rs.50 lakhs in plant and machinery.

5.11 Investment in buildings is in the range of Rs.0-5 lakhs in case of maximum number of 88 respondent entrepreneurs followed by 31 respondent entrepreneurs with an investment of Rs.6-10 lakhs, 8 respondent entrepreneurs with Rs.11-20 lakhs and 2 respondent entrepreneurs with more than Rs.50 lakhs. Only one respondent has invested Rs.21-30 lakhs in buildings.

Investment magnitude in major areas like plant and machinery and buildings has been in the range between Rs.5 lakhs and Rs.6-10 lakhs. This moderate level of investment reveals the limited range of operations and limited financial strength of the respondent entrepreneurs.

5.12 Own funds, bank borrowings and KSFC have been the major sources of capital for all the 131 respondent small scale industrial entrepreneurs covered by the study. A smaller number of entrepreneurs have however resorted to
borrowing from the private sources. The inadequacy of bank finances and KSFC loans has led the small scale industrial entrepreneurs to resort to costly borrowings from private sources.

It is relevant to note here that 'own funds' have been the main source of capital for a maximum number of 123 respondent entrepreneurs while 46 of them have also borrowed from banks and 57 of the entrepreneurs have obtained loans from KSFC. It is also revealant to note that all the respondent entrepreneurs have used a combination of sources of capital for financing their investment. Greater supply of funds for the small scale industrial entrepreneurs from financial institutions like banks and KSFC is needed to reduce their dependence on private sources at high interest cost.

5.13 The major sources of working capital for the SSI entrepreneurs covered by the study are 'own funds' and banks. Private loans too have been resorted to by some of the respondent entrepreneurs.

Maximum number of 108 respondent entrepreneurs have been using their own funds for meeting their working capital needs while 31 of them have been borrowing from banks. It is significant to note that 15 respondent entrepreneurs have depended upon private loans for their working capital needs. It is necessary for the banking institutions to provide more loans to SSI entrepreneurs to meet their working capital needs and to reduce their dependence on private loans.
5.14 Maximum number of 113 entrepreneurs in the small scale industries covered by the study have their own factory premises, while 8 entrepreneurs had set up their units in Industrial Estates. Further, 7 entrepreneurs have leased premises and 3 entrepreneurs have hired premises for their units. It is clear that Industrial Estates in the study area have not been able to attract many small scale industrial entrepreneurs to set up their units. Thus the infrastructure provided in the Industrial Estates remains largely unutilized.

5.15 The respondent entrepreneurs are manufacturing different type of products. Hence information about the annual production is related to the value of production at current prices rather than production figures in physical units. The total value of production of the 131 respondent units was at a high level of Rs.995021460 lakhs in 1995-96. It went down steeply to Rs.217118074 lakhs in 1996-97 but rose considerably to Rs.754516403 lakhs in 1997-98. With decline in 1997-98 to Rs.577874030 lakhs in 1998-99 rose steeply to an all time high of Rs.1725074770 in 1990-2000.

5.16 The Small scale industrial entrepreneurs have been selling their products in local markets, and in areas within the district and outside the district. Some entrepreneurs have been selling their products outside the state and in export market too. Maximum number of 98 SSI entrepreneurs are selling their products in local market followed by 77 of them selling in markets outside the district, and 73 of them selling within the district. A smaller number of 56 units sell their
products outside the state and very small number of 10 entrepreneurs sell in export market.

5.17 Product diversification has not made much headway among the respondent entrepreneurs. This is clear from the fact that maximum number of 103 units have not made any addition to their existing product line. However a small number of 28 respondent entrepreneurs assert that they have added new products to their existing line of production. Production diversification involves additional financial burden and also additional marketing arrangements. The financial resources of the small entrepreneurs being limited the respondent entrepreneurs have confined to their existing product mix instead of product diversification.

5.18 It is significant to note that 22 of the respondent entrepreneurs have made additional investment for their product diversification activities. The additional investment made is Rs. 0-5 lakhs by a maximum of 15 entrepreneurs, Rs.2-5 lakhs by 2 entrepreneurs Rs.6-10 lakhs by another 2 entrepreneurs and the additional investment is above Rs.10 lakhs in the case of 3 entrepreneurs.

5.19 Market diversification too has not made much headway among the respondent entrepreneurs. It is significant to note that 91 of the 131 respondent entrepreneurs have not gone in for market diversification while 40 respondent entrepreneurs have resorted to market diversification. Resource constraints and management inadequacies are the main factors hindering the market diversification activities among the respondent SSI entrepreneurs.
5.20 All the SSI units (131) covered by the study are managed by the independent entrepreneurs. None of them is ancillary to any large or medium size industrial units. Ancillarisation has not made much impact on the SSI entrepreneurs in the study area.

5.21 Major factors influencing the choice of enterprise by the respondent entrepreneurs were

1. Advice of family members
2. Advice of friends and relatives
3. Personal decision of the entrepreneur himself
4. Advice of Government officials of DIC, CEDOCK etc
5. Advice of Bank Officials
6. Advice of NGOs.
7. Suggestions of large industrial units needing ancillaries.

The entrepreneurs' own decision was mainly the important factor in the choice of the enterprise as asserted by 108 respondents. Advice of family members led to the choice of the enterprise as asserted by 79 respondents and the suggestion of bank officials was responsible for the choice of the enterprise as suggested by 53 respondents. The advice of friends and relatives and the suggestion of government officials were felt responsible for the choice as indicated by 35 and 26 respondents respectively. The advice of NGOs and the suggestion of large industrial units were responsible for the choice of the enterprise as asserted by 9 and 5 respectively.
It is significant to note that 88 respondent entrepreneurs started their units newly, while 32 entrepreneurs started their units by taking over from the family elders. It is also significant to note that 11 entrepreneurs purchased their units from the previous owners.

Social, cultural and economic factors have influenced the entrepreneurship in the study area. Family experience, natural individual inclination for the enterprise, and the success of other entrepreneurs, training and education in the particular area of enterprise were the social and cultural factors influencing 81, 18, 45 and 34 entrepreneurs respectively in their entrepreneurship. Availability of electricity, water, government subsidy, availability of ready made premises, hire purchase of machinery and equipment and credit facilities were the economic factors which influenced entrepreneurship in the case of others.

The major difficulties encountered by the entrepreneurs in the study area are; (i) obtaining suitably trained workers (ii) obtaining adequate electricity (iii) obtaining of licenses/permission etc (iv) getting adequate credit facilities (v) getting subsidy (vi) obtaining adequate raw materials (vii) getting suitable premises etc.

Maximum number of entrepreneurs have mentioned the difficulty of obtaining suitably trained workers (43) and obtaining adequate electricity (42).

The respondent entrepreneurs have mentioned some major factors that have helped them in overcoming their difficulties. Among them are the (i) self confidence based on knowledge of the business (127), (ii) Self confidence
based on market knowledge (110) (iii) self confidence based on capacity to borrow (103) and self confidence based on help from the family members (101).

Other factors helping the entrepreneurs relating to self confidence were the entrepreneurs 'own funds', observation of other successful organizations, previous work experience, education and training and individual urge to come up in business.

5.26 Need for achievement and task result oriented approach have been important factors in the entrepreneurial ventures as asserted by the maximum number of 129 out of the 131 respondents covered by the study. These approaches reflect upon their entrepreneurial achievements.

5.27 Need for achievement of the entrepreneurs is determined by some factors viz;

i. Economic betterment
ii. Profit possibility perceived in the business.
iii. Determination to achieve result in business
iv. Persistence to achieve results in business
v. Temperament of hard work, desire and energy
vi. Temperament of initiative and perseverance.

5.28 Business risks as perceived by respondent entrepreneurs are;

i. Investment and financial risks
ii. Market uncertainty
iii. Risk of competition from other units
iv. Risk of competition from branded products
v. Risks due to demand fluctuations
vi. Risks due to changes in government policies
vii. Risks arising out of technological development

5.29 The entrepreneurs have managed business risks through the following measures.

i. Augmenting own resources with funds from banks and other sources
ii. Proper study of market trends and forging ahead with confidence
iii. Availing of consultancy from DIC, CEDOK, SISI etc
iv. Availing of purchase preference and price preference policies of Government
v. Working as ancillary to large units
vi. Advertising of products to build image
vii. Market diversification and credit facilities to customers
viii. Use of brand name
ix. Adhering to quality
x. Providing of after sales service
xi. Arranging of display and personal sales
xii. Working hard for customer satisfaction
xiii. Good packaging
xiv. Participation in exhibitions
Leadership is an important quality of a successful entrepreneur. Responses of entrepreneurs covered by the study reveal that a maximum number of 115 do possess leadership quality and other entrepreneurs seek their advice. Further a still larger number of 126 entrepreneurs out of the total of 131 respondent entrepreneurs assert that they develop and implement new ideas. This is an equally important quality of a leader as an entrepreneur.

A large majority of 112 respondent entrepreneurs asserted that they continuously try to improve their strength in the management of their organization and try to overcome their weakness.

Majority of entrepreneurs covered by the study maintain that they organized their time and activities to maintain efficiency. Further still larger number of respondent entrepreneurs confirm that they allow other people to help them to achieve their goals. This reflects upon their open minded approach in seeking other's cooperation in their entrepreneurship.

Majority of respondent entrepreneurs are found to be prepared to realize their mistakes and learn from those mistakes in managing efficiently their organizations.

A large majority of 127 respondent entrepreneurs are result oriented. This is the most important trait in a successful entrepreneur. Ultimate success of an entrepreneur is determined by the extent to which he mobilizes his resources for achieving some results in terms of reaching a well defined production and sales targets and the financial performance with a satisfactory level of profit.
5.35 Majority of the entrepreneurs covered by the study are prepared to take opinion of the entrepreneurs are found to be ready to make changes for a better organization of their enterprise.

5.36 Large majority of 127 of the 131 respondent entrepreneurs believe in delegation of authority and responsibility to their staff. This practice is very useful in maintaining mutual trust and maintenance of good relationship with the employees. 129 entrepreneurs also affirm that they share success with their staff.

5.37 The efficiency of the respondent entrepreneurs is clear from the fact that majority of 125 of the 131 respondents affirm that they have collected hardworking, knowledgeable and honest team of workers. The respondent entrepreneurs (126) also affirm that they have the temperament of cooperative and collective work.

5.38 The entrepreneur respondents (124) are found be possessing quality of originality. This is an important factor determining the success of entrepreneurship.

5.39 The most important characteristic of successful entrepreneurship is innovativeness. This quality is found in majority of 122 entrepreneurs covered by the study. A majority of 98 entrepreneurs have the creative approach to their entrepreneurship.

5.40 A maximum number of 124 respondent entrepreneurs possess flexibility and open mindedness in accepting changes. It is also note worthy that 118
entrepreneurs are resourceful in securing additional funds for their enterprises. They are also found resourceful in securing suitable technology.

5.41 Majority of 129 respondent entrepreneurs have access to information about the sources of raw materials. Another 125 entrepreneurs assert that they are resourceful in obtaining necessary official clearances and an equal number of entrepreneurs affirm that they are resourceful in evolving strategies for selling and buying.

5.42 Versatility in taking good judgment about production, marketing and employees is found with 130 of the 131 entrepreneurs covered by the study.

5.43 A large majority of 127 entrepreneurs covered by the study are found to be knowledgeable about business and matters related to the aspects of the enterprise. An almost equal number (128) of entrepreneurs are found good in obtaining business information.

5.44 Majority of 106 of the 131 respondent entrepreneurs are members of their concerned trade and industry associations. A majority of 115 respondent entrepreneurs affirm their participation in seminars and workshops related to their trade and industry.

5.45 A maximum of 98 entrepreneur respondents are conversant with the policies of the government on SSI sector while a minimum of 33 entrepreneurs are found to be deficient in this regard. Similarly 97 of the 131 respondent entrepreneurs are familiar with the bank policies in relation to small entrepreneurs.
5.46 A successful entrepreneur is expected to plan for the future of his enterprise. A large majority of 129 entrepreneurs assert that they plan the activities of their enterprise for the future. Further 125 entrepreneurs anticipate the likely changes in price, demand and government policies. Planning for future financial requirement is exercised by 121 respondent entrepreneurs.

5.47 Changes in business environment was done by 125 respondent entrepreneurs. Further 128 respondent entrepreneurs formulated remedies for the likely business problems.

5.48 Plans of expansions for the coming five years are considered by all the 131 respondent entrepreneurs in the following areas.

i. Expansion of production

ii. Promotion plans for sales maximization

iii. Product diversification

iv. Market diversification

v. Higher profits

vi. Improvement of product quality.

5.59 A smaller number of 25 respondent entrepreneurs have plans for higher export targets and for adopting brand names. Plans for construction of new factory premises and expansion of the existing building have been considered by 24 entrepreneurs covered by the study. Installing of new machinery is considered by 15 entrepreneurs and plans for acquiring of new vehicles have been made by 35
respondent entrepreneurs. Training of employees and recruiting of technical staff is planned by 41 and 10 entrepreneurs respectively. Introduction of cost saving technology computers etc is planned by 2 entrepreneurs. Business visits to advanced countries for studying production, and marketing aspects is planned by 3 entrepreneurs while launching of advertisement campaign has been planned by 45 entrepreneurs. Enrolment as members of trade and industry associations and plan to form cooperative units has been considered by 50 and 32 entrepreneurs respectively.

All the 131 respondent entrepreneurs have plans to improve their financial base.

Suggestions

The following suggestions have been made for the improvement of the entrepreneurship development in the small scale industrial sector. The suggestions are made on the basis of the present research findings.

1. The form of organization chosen by the entrepreneurs covered by the present study reflects the size and scope of the operations. In the small industry in India in general and in the small industrial units covered by the study in particular the most favoured form of organization is the sole proprietorship. This form of organization reflects the independence and mobility of the entrepreneur operating on his own usually with limited capital. This is precisely the reason that sole proprietors out number partnerships and other forms of organizations. This has important implications because capital shortage among the smaller units is a major stumbling block in the entry and subsequent expansion. Hence it is preferable for the small scale industrial
entrepreneurs to go in for partnership or joint stock company form of organization to
broad base their capital resources.

2. Educational status of entrepreneurs in SSI units covered by the study is largely
non-technical and is of a general nature. This has resulted in lack of professionalism
and low competency among the entrepreneurs. This calls for necessary steps to
courage technically qualified and professionally trained young entrepreneurs to enter
the SSI sector. It is necessary to develop management education and industrial
training. Such education should be viewed as a supplement to development of
entrepreneurship. Industrial training will help in widening the mental horizon towards
practical business.

The development of innovative professional management skills in the faculty of
planning, budgeting, organization, marketing research, research and development and
training will produce a band of dedicated entrepreneurs to man the small scale
industries. Such dedicated entrepreneurs will provide much needed inspiration to the
fence sitters.

3. Indian entrepreneurs in the SSI sector have not evidenced much interest in
improving their efficiency on the lines of the entrepreneurs in developed countries.
They are not modern in their outward looking. Rather they are entrapped in their age
old pattern of organization and management. A very small number of 4-5 SSI
entrepreneurs in the study area have plans to visit developed countries and study the
SSIs there and try to incorporate the management techniques and technological
advancement of the organization, technology and products of innovators from the
developed regions. An entrepreneur need not necessarily be an innovator but can be an imitator and can reorganize his operations on the lines of his counterparts in advanced countries.

4. A comprehensive knowledge of rules, regulations, incentives and procedures is quite essential for a successful entrepreneur in the SSI sector. There is a good deal of ignorance about these incentives and regulations among the SSI entrepreneurs covered by the study such ignorance will deprive these entrepreneurs of obtaining the incentives provided by the government. The cumbersome rules and regulations put a great strain on the management of these units which are by and large proprietary firms. Hence the government agencies, banks and other financial institutions and non-government organizations should provide the necessary information on these aspects to the entrepreneurs so that the entrepreneurs obtain the benefits of incentives and comply with the various procedural aspects stipulated by the Government.

5. Infrastructural facilities involve both economic amenities such as water, power, accommodation, communication and transport and also include service institutions capable of providing financial, managerial, technological and marketing expertise satisfactorily and economically. This involves the provision of supporting and monitoring services to nurture and nourish small industry in its infancy. Various facilities have to be made available to the small entrepreneur by specialized institutions. Many a time such facilities and services are not made available despite a plethora of organizations. Hence the SSI units suffer. The assisting institutions should function in
a coordinated manner such co-ordination and integration of supporting institutions will go a long way in promoting entrepreneurship in the SSI sector.

6. Membership of trade and industry associations has an impact on the performance of the entrepreneurs. The interaction with the fellow entrepreneurs is useful in updating their knowledge and information about their trade, government policies and the developments in their industry at national and international level. However a good number of entrepreneurs have remained outside the membership of such professional bodies denying themselves of the benefits of knowledge and information which would help in improving their overall performance. Hence efforts should be made by the trade and industry bodies to impress upon the entrepreneurs to become members of the associations and try to collectively voice their problems and strive to improve their working.

7. The SSI entrepreneurs should be persuaded to participate in trade exhibitions, trade fairs and make them to learn more about their enterprises more about their entrepreneurial efficiency. Similarly they should be persuaded to participate in seminars and workshops on the issues connected with the problems and policies related to the SSI units. Such participation would widen their mental horizon about their enterprise, trade and industry. They can prove to be better and successful entrepreneurs by participating in such seminars and workshops.

8. Entrepreneurs in the SSI sector should take the challenges of the new economic policies of liberalization and accept them as opportunities for improving their competitive efficiency. There is a great opportunity of ancillarisation in the wake of
liberalization. Many larger units in varied fields of industry have been coming up in the country. The SSI units should try to work as ancillaries and derive the benefits of the large financial resources and modern technology of the large units. Ancillarization has greater scope for the small entrepreneurs in the country.

9. The Industrial Estates have been providing a package of infrastructural facilities to SSI units and have helped many small entrepreneurs to come up. However experience in some of the Industrial Estates shows that the occupancy rate in those Estates is low. The reason advanced by the entrepreneurs is that some of the estates lack basic facilities like water, electricity and roads etc. Hence it is suggested that the State Governments and other bodies like SIDO, NSIC, DIC etc should try to improve the facilities in the Industrial Estates and attract more and more small entrepreneurs to set up their units.

10. Marketing entrepreneurship needs to be promoted in the SSI sector. Manufacturing entrepreneurship has registered rapid growth among the small scale industrialists. But marketing entrepreneurship has been the main bug bear of these SSI units. Hence SSI entrepreneurs should develop marketing entrepreneurship through brand names and advertisements. They should employ effective sales strategy through trained sales personnel. Collective sales arrangements by SSI units would help in keeping down some of the common marketing costs. Product planning, product diversification, market diversification should comprise as major components of developing marketing entrepreneurship. Market forecasting and suitable price
strategies are the other important aspects in development of proper marketing entrepreneurship in the SSI sector.

11. Clusters have to be the centerpiece of the future strategy for promoting small and medium enterprises. Clusters lower transaction costs, help realize informational economies and lower the costs of credit surveillance.

12. Abid Hussain who headed Expert Committee on Small and Medium Enterprises has advocated the delinking of the business related services from administrative ministries. He says a variety of central and state government small industry development agencies providing a gamut of professional services ranging from consulting to quality control have been rendered ineffective by their entropy. These institutions can be revitalized if business related services are delinked from administrative ministries and delivered by independent corporations.

13. Entrepreneurship Development Programme in the country is being promoted by a good number of institutions including banks and other all India financial institutions. The experience in attempting to promote entrepreneurship with training as the main thrust has shown that developing entrepreneurship is essentially a multidisciplinary task. This has to be accomplished through designing a long range plan executed through a well orchestrated institutional support system. The strategy should have the following main components;

i. an effective local agency to initiate and support the potential entrepreneurs till break ever stage.

ii. A well balanced interdisciplinary approach.
iii. A strong and prompt information support

iv. Training as an important input for entrepreneurship development monitoring and evaluation and

v. Institutional financing, counseling and other support infrastructure.

Trained entrepreneurship has been experiencing a vacuum on the conclusion of the EDP programme. The absence of a system for smooth transition from the training system to the escort system characterizes a large number of entrepreneurship development programmes. Thus a post training support and follow up is an important aspect of any EDF. This needs to be continued till the entrepreneurs establish their plants after overcoming initial hurdles. Post training support follow up and monitoring should be the responsibility of a local agency. Training institutions should provide any support needed by the local agency to make the follow up and counseling effective.

14. The SSI enterprises are far behind their counterparts in the developed countries in terms of technology and innovation. The entrepreneurs in the small scale sector should be provided adequate finances for technology upgradation or at least concessional finance for modernization and technology upgradation.

15. The whole effort to promote and develop entrepreneurship primarily consists of three groups of activities viz stimulatory, support and sustenance. All these occur in a cycle and play a complimentary role to each other. The very nature of the task of entrepreneurship development is collaborative. The entrepreneurs need the assistance of many organizations and agencies. Accordingly collaborative efforts should help rapid
development of entrepreneurship in the state and should also help in mobilizing resources in terms of support and personnel.