CHAPTER - V
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**FINDINGS AND SUGGESTIONS**

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As shown under the objectives, the study has been conducted bearing in mind the socio-political and economic factors responsible for the entrepreneurs to establish the village and cottage industries. Besides an attempt has been made to identify the factors which are responsible for the success of the business ventures and also the factors responsible for the failures of the business ventures. Again, though there are numerous entrepreneurial programmes and training imparted to the select entrepreneurs, how far the entrepreneurs took advantage of these programmes was also studied at length. The following are the important findings derived from the study.

The meaning of the term entrepreneur has been changed over a period of time. As such, the word 'entrepreneur' is not applicable to those people who innovate new to the world business or product or service. Those who introduce even a small change in business style would be deemed as entrepreneurs. Thus the proprietors of the village and cottage industries are called as entrepreneurs since it is observed from the study that the select entrepreneurs introduced many changes like automation, mechanisation, organisational changes and mode of selling.
Environmental Factors and Difficulties Encountered

The educational environment has got significant influence on the select respondents. About 36 per cent of the sample respondents has got education from S.S.L.C. to Degree level (Table 2.1). Only 9.5 per cent of the respondents has got no education. It is thus proved that the sample respondents were highly influenced by the educational environment and they observed that education would enable them to approach the officials without any hesitation and they felt that they would be able to forecast the future changes without any ambiguity. It is found from the study that the educated entrepreneurs are engaged in the business ventures like coir fibre, bakery, agarbathy and jewellery industrial units. While probing it was found that these industries manufacture goods with latest machines and equipments and the latest developments are known to the educated entrepreneurs. Thus, it may be concluded that educational environment help entrepreneurs to modernise and introduce the latest technology in the business ventures. Some of the units like pottery, brick works and coconut leaf making are still considered as cottage industries because these units are still operated by the less educated and no educated entrepreneurs.

Age is an important factor responsible for the successful setting up of business ventures. The age has got positive relationship with the improvement of business ventures. 42 per cent of the respondents do business very effectively in the study area since they belong to the age group of 36 - 40 years. The respondents observed that within this age group, they are able to work hard and meet the challenges.
Another reason for the entrepreneurs to enter into business venture during their early period of life is that they established new business ventures under the umbrella of self-employment. Since only the young and educated are encouraged to establish new industries under self-employment, it is concluded that the young age group factor is more favourable for the setting up of new business ventures.

It is found from the study that nearly about 30 per cent of the sample respondents earned on an average the monthly income of Rs. 5835 (Table 2.5).

Majority of the sample respondents (74 per cent) suggested that they have been motivated by self motivation and also the suggestions given by their friends. Again it is found that the entrepreneurs who are self motivated are trained as employees from similar industries before they started to develop their own ventures. The traditional traits is the another factor responsible for the entrepreneurs to develop new business idea of their own. Again, it is found that the entrepreneurs are attracted by the suggestions given by Government officials and the training personnel.

It is observed that 31 per cent of the respondents (Table 2.9) are motivated by their parents because the parents allow the entrepreneurs to take part in the industrial activities since from the childhood.
The entrepreneurs are supported in the form of getting financial assistance, contact with the officials and providing space to start industrial units. The politicians are the major supporters for getting the loan (73 per cent). The social sympathizers help the entrepreneurs while contact the officials for obtaining licences.

About 34 per cent of the respondents approached the bankers directly (Table 2.12). Since the educated entrepreneurs are aware of the sources of finance available and are able to approach the institution, they contacted the officials directly. The entrepreneurs with less education seek the help of politicians and village leaders. It is found from the study that 30 per cent of the entrepreneurs in the study area approached the politicians for getting finance from the banks.

While probing about the capital, the study reveals that 72.5 per cent of the respondents are holding the owned capital ranging between Rs.10000 and 20000. While probing the reason, it is found that the entrepreneurs are given financial assistance for meeting their working capital requirements and are not for the fixed capital requirements. Thus, the entrepreneurs contribute their own capital as fixed and seek the working capital requirements from the financial institutions. The entrepreneurs of first four units have invested on own capital ranging between Rs.40000 and Rs.50000 with the intention to improve the business gradually in the future.
About 48 percent of the respondents (Table 2.16) borrowed the maximum amount ranging between Rs.20000 and Rs.30000. It gives a clear indication that the borrowers with the borrowed amount of more than Rs.50000 have got the ability to face the risks and hope and confidence to repay the borrowed amount from their earning. It shows that the entrepreneurs in the study area are prepared to undertake risks. It is also revealed from the study that the entrepreneurs could not obtain more working capital for want of sufficient amount of security.

The entrepreneurial development of the study area has been highly influenced by economic factors. The economic factors identified are financial assistance, subsidy, easy instalments and the assured rate of return. It is found from the study that 52 per cent of the respondents is attracted to establish industrial units owing to the subsidy offered (Table 2.18). It is therefore concluded that the entrepreneurs are expecting facilities like concessions and subsidy from the Government. It is their opinion that such concessions would enable them to repay their loans without any difficulty. In the study area, the entrepreneurs of brick works and coconut leaf making industrial units availed the maximum subsidy.

The entrepreneurs are highly influenced by the social factors. The social factors include the services offered by voluntary associations and the support extended by the friends and relatives. The politicians play a vital role as far as the study area is concerned. The social sympathizers who are otherwise called voluntary associations supported majority of the entrepreneurs (45 per cent Table 2.20) to set up their industrial units.
An important finding is that though politicians create favourable social environment for the setting up of industrial units and obtain financial assistance from banks, the entrepreneurs hesitate to approach them since the politicians claim extra benefit for their services. In the study area, the entrepreneurs of all industrial units except the pottery and brick work units make use of the services of the social sympathizers.

The political environment is the prime factor responsible for the setting up of industrial units. The politicians of ruling Government help the entrepreneurs in setting up the industrial units. It is found from the study that about 58 per cent of the entrepreneurs developed their leadership quality because of having close association with the political parties. It is found from the study that the entrepreneurs seek the help of politicians for getting licence and permission and not for getting financial assistance. The respondents also suggested that the stable Government would help them to draft long term programmes.

While probing the practical difficulties encountered by the sample respondents, it is found that the shortage of skilled labours is the major problem 60 per cent (Table 2.24) for the entrepreneurs. Apart from this, the entrepreneurs are affected by the frequent power cut (14 per cent) and the shortage of raw materials. Thus it is observed that the shortage of skilled labour affected the production activities of the industrial units. Again it is found that the coir fibre and bakery units are mostly affected due to the shortage of power.
The entrepreneurs face the financial difficulties when they approach finance from the outside sources. The entrepreneurs face financial difficulties in the form of inadequate seed capital, delay in the sanctioning of the loan and the role played by the middlemen in the disbursement of loans. 55 per cent of the respondents (Table 2.26) encounter financial problems in the form of delay in the execution of loans.

The entrepreneurs face personnel difficulties invariably among all type of workers. 50 per cent of the entrepreneurs face problems mostly from the manual labours. While probing, it was found that the manual labours are untrained and they could not understand the expectation of the entrepreneurs. Besides, they cause damage to the products while manufacturing and therefore, the manual labours become a perennial problem for the entrepreneurs.

As far as marketing is concerned, 51 per cent of the entrepreneurs (Table 2.30) encounter the problems due to the role played by the middlemen apart from facing heavy competition (32 per cent). The middlemen try to exploit the profit share of the entrepreneurs while marketing the products. The entrepreneurs also face competition from the multinational corporations for products like jewellery and carpentry.
Impact of Entrepreneurial Development

The entrepreneurs in the study area are classified into trained entrepreneurs (70 per cent) and untrained entrepreneurs (30 per cent). It is therefore proved that the entrepreneurs are aware of the fact that the training would help them to start and run the business successfully. It is also revealed that the entrepreneurs are aware of the training facilities available. However, the entrepreneurs encountered some of the difficulties while undergoing training. About 60 per cent of the entrepreneurs felt that the training period was too lengthy (Table 3.2) and 30 per cent of the entrepreneurs opined that the training authorities gave elementary training and that too mostly theoretical.

The impact of entrepreneurial development in the study area is one of the main objectives of the study. The impact has been studied with the help of economic variables. That is the economic development of the select entrepreneurs before setting up of the industrial units and after the setting up of the industrial units was compared. For this study 19 components were identified for understanding the economic impact. (3.2 Paragraph Number). As far as the spending on food item is concerned, the majority of the beneficiaries spent upto Rs. 40,000 before setting up of their industrial units. After the commencement of business, the percentage was increased to 62.5 and it shows that living standard of the entrepreneurs has been improved.
While looking from the spending on cloths, it is found that 62 per cent of the beneficiaries spent the amount ranging between Rs. 5,000 and Rs. 10,000. After the commencement of the business, this percentage was increased to 71.5 which is a clear indication that the entrepreneurs have got positive impact due to their business ventures.

About 57 per cent of the beneficiaries spent upto Rs. 2500 for the medical expenses before the setting up of business and this was reduced to 36 per cent after the setting up of business. It is understood that after the setting up of the business units, the entrepreneurs’ spending on medicines becomes more.

As far as payment of rent is concerned, 68 per cent of the entrepreneurs paid rent upto Rs. 5000 before the setting up of their business. Their capacity to pay rent was enhanced upto Rs.10000 after the setting up of business which is a clear indication that the rent paying capacity was improved after the setting up of the business units.

As far as education is concerned 59 per cent of the entrepreneurs spent upto Rs.10000 before the setting up of business units. However, the percentage was increased to 65 per cent after setting of the business. The entrepreneurs suggested that education is very vital for their children and they are offered to spend more since they have got more and more income earning capacity after the setting up of the business units.
Regarding marriage expenses, the entrepreneurs do not spend heavily. 68 per cent of the entrepreneurs spent upto Rs.10000. During the post entrepreneurship period, the percentage was reduced to 51 and 40 per cent of the respondents spent upto Rs.20000. It is therefore concluded that the spending capacity of the entrepreneurs has been improved after the setting up of the business.

As far as recreation is concerned, the entrepreneurs spent a small amount of Rs. 5000 on an average (46 per cent, Table 3.9). This percentage was increased upto 67 after the setting up of the business units. The entrepreneurs are of the opinion that though they are able to spend more on recreation, they could not do so, because they are tightly engaged in the business after the setting up of the industrial units.

About 72 per cent of the entrepreneurs spent on electricity the amount ranging from Rs.1000 to Rs.2000 annually. However, after the setting up of the industrial units, there was no remarkable changes identified. While probing, it is found that majority of the entrepreneurs employed manpower instead of machine power for the production.

The entrepreneurs spent upto Rs. 1000 (47 per cent, Table 3.11) for meeting the religious expenditures. The percentage was increased to 50.5 after the setting up of the business. Here also, it is found that the entrepreneurs could not spare time to spend more on religious expenditures after the setting up of the business.
While looking from the bank deposits, the entrepreneurs keep deposits ranging from Rs.5000 to Rs.10000 (57.5 per cent) before setting up of the industrial units. However, this percentage of deposits was increased 60 per cent after the setting up of the business units. There has been no marked change as far as deposit is concerned. The entrepreneurs suggested that they would like to keep minimum deposits in the bank and divert the amount for the business purposes.

Keeping funds with the chit fund companies become the regular feature of the sample entrepreneurs. 50 per cent of the entrepreneurs keep upto Rs.10000 in the chit funds before setting their business units. This percentage was increased up to 65 after the setting up of the business which is a clear indicating that the entrepreneurs like to keep their funds more in the chit funds.

An important finding from the study is that the entrepreneurs did not keep any investment in the form of Government securities before starting business. However, they started investing on Government securities after the setting up of business units (42 per cent, upto Rs.7,500)
The entrepreneurs also started investing on the lands. Only 22 per cent of the entrepreneurs kept their investment on land upto Rs.25000 before the setting up of business. After the setting up of business the percentage was increased to 30. It is therefore proved that the entrepreneurs are economically benefitted after having started their business ventures.

Similarly the entrepreneurs spent on the jewels 12 per cent only before starting business. This was increased to 52 per cent after the setting up of business units which is a clear indication that the economic impact of the entrepreneurs has been well improved.

Apart from the economic impact, the social impact was also studied. Table 3.22 shows that 35 per cent of the entrepreneurs has got friendship circle before the setting up of the business. It was increased upto 65 per cent after the setting up of the business units. This shows that the friendship circle of the entrepreneurs has been widened. Similarly, the entrepreneurs contributed liberally to charity (28 per cent before and 72 per cent after). Similarly the entrepreneurs have become the members of the association (26 per cent before and 74 per cent after). All these improvements become a conclusive proof that the social impact of the entrepreneurs has been highly improved.
Again owing to the setting up of business units the entrepreneurial traits of the sample respondents have also been improved. The entrepreneurs developed the leadership quality, innovative attitude, marketing techniques and managerial ability (Table 3.23).

**Production and Market Activities**

The entrepreneurs mostly produce for others on the basis of the orders received (52 per cent Table 4.1). Only 33 per cent of the respondents manufacture for direct supply to customers. Out of the select eight industries, the agarbathy industrial units mostly engaged in the manufacturing on the basis of orders.

50 per cent of the entrepreneurs obtained raw materials from the local traders. It is inferred that only 50 per cent of the entrepreneurs are able to obtain materials from the local dealers which would not disrupt the continuous flow of production and the remaining 50 per cent shall have to obtain raw materials either on the basis of contract or from outside sources.

The entrepreneurs (62 per cent) adopted the system of temporary employment. The entrepreneurs felt that the labourers voluntarily shift from one unit to the other and hence they could not employ labourers on permanent basis.
It is found that there is an existence of about 2400 labourers in the study area. Of these 20 per cent employed in carpentry, 16 per cent in coir fibre, 13 per cent in brick works and 12 per cent in bakery and jewellery. It is found from the study that the majority of the labourers engaged in carpentry because the carpentry business requires both temporary and permanent workers.

Regarding the recruitment, majority of the entrepreneurs of the industrial units recruit directly. Besides, they employ through recommendations for the permanent posts. With regard to the method of wage payment, the entrepreneurs mostly follow the piece rate system except the carpentry and bakery units which they adopt the time wage system.

Regarding the payment of incentives, the entrepreneurs provide meagre amount of incentives in the form of increment, bonus and ex-gratia. They feel that providing job opportunity to the village people itself is a great opportunity and incentive and therefore in the village and cottage industries, the extra incentives offered by the entrepreneurs are not found very common.
As far as the method of selling is concerned, the entrepreneurs sell through agents, through wholesalers and retailers and also direct to customers. About 35 per cent of the entrepreneurs give advertisement for selling their products. Majority of the entrepreneurs do not give advertisement because they opined that they manufacture on the basis of order only and it does not require publicity and advertisement.

Regarding pricing, the entrepreneurs mostly follow the simple method of cost plus profit pricing (56.8 per cent, Table 4.27). It is because of the fact that the entrepreneurs clearly exhibit the cost of materials, labour and overhead and the percentage of profit for each unit of product.

The entrepreneurs resist competition through various devices such as maintaining quality, stable price policy and early arrival to the market. The stable price is followed by 47 per cent of the respondents. The sales figure showed an increasing trend among all industrial units which itself is a conclusive proof that all the industrial units are able to survive successfully. Further, there is a scope for the setting up of similar industrial units.
The average profit percentage of the select industries are as follows:

1. Coir fibre 58.5
2. Carpentry 63.4
3. Bakery 70.4
4. Agarbathy 68.5
5. Pottery 61.9
6. Brick works 59.3
7. Jewellery 60.6
8. Coconut leaf making 46.1

Of these industrial units, the bakery industry is earning the higher percentage of profit and the coconut leaf making industry is earning the lowest percentage of profit.
SUGGESTIONS

From the foregone analysis, it has been identified that the following suggestions would improve the entrepreneurial development activities and programmes of the village and cottage industries.

1. The environmental factors favouring the prospective entrepreneurs to establish new business ventures are not clearly informed to especially the rural entrepreneurs. Hence, the institutional agencies, commercial banks and Government departments which are engaged in the development of village and cottage industries should come forward to identify the favourable environmental factors found in existence in the rural places and expose the same to the prospective entrepreneurs at frequent intervals.

2. The entrepreneurial traits of the existing entrepreneurs are mostly inherited from the ancestors of the family as far as village and cottage industries are concerned. The existing entrepreneurs are found lacking in the development of innovative skills and would not come forward to develop hitherto unknown business/products. Hence, the existing institutes of entrepreneurial development programmes should conduct training as how best to improve the entrepreneurial traits, so that new entrepreneurs could come forward to accelerate the growth of village and cottage industries.
3. The entrepreneurs encountered difficulties while obtaining licence and permission to set up the village and cottage industries. They have to approach the officials at various places and fulfil all the formalities before obtaining licence. As such no arrangement has been made to set up an institution which is exclusively meant for providing all services to the entrepreneurs of village and cottage industries under one roof. Hence, it is suggested that an entrepreneurial development institute may be established at least one in each district to look after the development of village and cottage industries. These institutions must not only render services but also provide financial and technical assistance to entrepreneurs of village and cottage industries.

4. The products manufactured by the entrepreneurs of village and cottage industries are not of high quality and hence the entrepreneurs could not compete the manufacturers of large scale business operation. Hence, the entrepreneurs of village and cottage industries should be protected from the erstwhile competitions from the large scale manufacturers. The entrepreneurs of village and cottage industries shall be exempted from the taxes altogether so that they can sell at an affordable price to the consumers and thereby resisting competitions.
5. As such no quality control has been exercised for the products of village and cottage industries. Hence the village and cottage industries must obtain the certificate with regard to the quality and standard from the entrepreneurial development institutions as suggested in the paragraph number 3.

6. There is no approved and registered forum for the entrepreneurs of village and cottage industries so as to enable them to approach the Government and fix the price and quality. Hence, arrangement shall be made to establish a forum for the entrepreneurs of village and cottage industries at the district level and any appeal of the entrepreneurs must be made through the forum only so that there is a chance for maintaining uniformity in production, quality, price and distribution.

7. The existing entrepreneurs still employ the traditional technical know-how and hence the products are far below the expected standard and design. The entrepreneurs still have to go a long way to introduce modernisation and automation. The application of computer services is not all found in any of the village and cottage industries in the study area. Hence, the entrepreneurs must be informed about the recent technological changes that are taken place and how best to transfer the technology and adopt the technology to the respective business ventures. The existing institute of entrepreneurial development programmes may undertake this job.
8. The role of women entrepreneurs is found negligible in the study area. Though efforts are made to develop the women entrepreneurs, the developmental programmes yet to reach the prospective women entrepreneurs living in rural places. Hence, the women entrepreneurs must be identified in the villages and they will be given training regarding the setting up of the village and cottage industries and thereby make use of the idle manpower of especially the women community.

9. The infrastructural facilities found existing in the rural places are far below from the satisfactory level. The entrepreneurs could not make use of the modern communication system. The entrepreneurs could not get the regular supply of electricity. They do not have sophisticated production facilities. Selling becomes the perennial problem for these entrepreneurs. To overcome all these difficulties, the private sector industrialists must be allowed and encouraged to develop infrastructural facilities like generation of electricity, development of communication and transport system exclusively meant for the entrepreneurs of village and cottage industries.
Areas for Further Study

1. A study on the women entrepreneurs of village and cottage industries in the select district.

2. A study on the entrepreneurial traits and qualities of the entrepreneurs of village and cottage industries.

3. A study on the impact of entrepreneurial development programmes offered to the entrepreneurs of village and cottage industries.

4. Problems and prospects of the entrepreneurs of village and cottage industries while setting up of new business ventures.

5. A study on the application of modern technology to village and cottage industries.