CHAPTER VI

SUMMARY AND CONCLUSIONS

In this chapter, the findings of the study are summarised and measures are suggested for entrepreneur and government to modify their strategies and/or policies, for the healthy growth of entrepreneurship in the Pondicherry region. The scope for further research is also stated in this chapter.

SUMMARY OF THE THESIS

Entrepreneurship is considered as one of the important determinants of the economic development of a country. The development of entrepreneurship through small scale industries are ideally suited to our socio-economic conditions which constitute a valuable adjunct to our plans for rapid industrialisation. Keeping in view the urgent need of industrialisation, Indian Government laid down its industrial policy, provided infrastructural facilities and incentives to small scale entrepreneurs. As a result of the government efforts, the growth of small industries has in fact, been impressive in terms of number of units, employment and investment.
Though the data on quantitative term is impressive in Pondicherry, the issues like factors determining the emergence of entrepreneurs, the growth, efficiency and development achieved over the period and the variation in achieving performance among entrepreneurs group should be answered in order to understand better the economic process operation in different regions. It is worth examining the above issues in Pondicherry as it has achieved rapid growth in the recent years.

Further, most of the existing studies in this area, have not focused sufficiently on growth, efficiency and development in various managerial fields. Though a few studies have attempted in this direction, they are mostly exploratory in nature and inadequate in employing statistical tools to test significance. To overcome this limitation to some extent and to identify the bottlenecks inhibiting entrepreneurial development, the present study is a maiden attempt, in this direction.

Among different States and Union Territories in India, the Union territory of Pondicherry is one of the industrially backward regions. As the region has been experiencing rapid industrial growth in recent years, it is felt that Union territory of Pondicherry is ideally suited for a study of industrial entrepreneurship.
With a view to making the sample unbiased and fully representative, stratified proportionate random sampling method was adopted based on two important variables namely type of industry and number of persons employed and a sample of 120 units representing various industrial units was chosen for the study.

The data, related to the study, have been collected personally interviewing the entrepreneurs through a detailed questionnaire, containing the background variables of entrepreneurs and their performance in various managerial fields.

To measure the performance of entrepreneurs, 13 various performance indicators were identified. Growth rate of each and every sampling unit has been found out for all the indicators. The ANOVA, Chi-square test, Multiple Classification Analysis, and linear regressions also used to test the significance of the results.

The importance of entrepreneurship, the need for the study, statement of the problem, objectives of the study, hypotheses, methodology, and the explanation of background variables and performance indicators, statistical analysis and limitation of the study were covered in the first chapter.
The second chapter presented the concepts and the review of earlier studies conducted in the area of entrepreneurship development. The gaps in the earlier studies were identified.

The third chapter dealt with the profile of Pondicherry region, industrial economy under French rule, industrial economy on the eve of merger, planning and industrial development, government assistance and facilities, functions of PIPDIC, Growth of small scale industries were discussed, which is the first objective of the study.

The fourth chapter was to answer the second objectives of the study which analyses the factors influencing the emergence of entrepreneurs.

The fifth chapter, dealt with performance of entrepreneurs in various managerial fields such as finance, personnel, production and marketing. In this chapter, an attempt was made to find out the extent of growth, efficiency and development using performance indicators which form the third and fourth objectives of the study.

Summary of Findings

The following is the entrepreneurial profile which emerges from the study of entrepreneurs' background.
1. Majority of the entrepreneurs belong to the age group of 25-40 years and were married at the time of the establishment of their units. A possible explanation for the preponderance of middle-aged entrepreneurs might be owing to the fact that it is difficult for the novice to enter industrial activities and succeed.

2. Most of the entrepreneurs belong to the socially dominant backward castes and it leads to the conclusion that the backward caste is still a potential source of entrepreneurial talent in the Union territory of Pondicherry and the various incentives and facilities provided by the government could not significantly widen the base of entrepreneurship to embrace the other castes in the state.

3. Majority of the entrepreneurs, were from urban area which indicates that the urban up-bringing and urban residence favour the emergence of most of the entrepreneurs. Moreover most of the entrepreneurs were (two-thirds in the present study) migrated from the nearby states. However, entrepreneurs belonging to this union territory constituted about one-third.

4. Majority of the entrepreneurs have had college level education and most of the entrepreneurs have had
previous industrial experience. Entrepreneurs need liberal education because of the fact that various organisational functions can be performed in a better way by a person who is a generalist (non-technical) and not a mere-technical specialist.

5. Most of the entrepreneurs are hailing from families with industrial background. This is because that entrepreneurs orientation is chiefly attributable to the combined experience of both the entrepreneurs and their parents.

6. Interestingly, a large proportion of entrepreneurs supply comes from individuals with low economic status.

7. Entrepreneurs who were motivated either with familiarity of the industry and were expecting of high profits and incentives from the government in choosing the industry at Pondicherry, predominated in the sample.

8. Regarding the background of the units, the most prevalent forms of ownership in the units studied were proprietorship and partnership. It is mainly for two considerations: 1. The ownership form restricted to the entrepreneurs' family alone will assure the smooth running and continuity of their units and 2. Such ownership structure will also help in minimising the tax burden and in maintaining the families.
9. In all categories of units, a maximum number of units are concentrated in the slab of Rs. 3-6 lakhs investment. Labour-wise analysis, reveals that majority of entrepreneurs have employed 10-30 workers.

The analysis of the growth, efficiency and development in various managerial fields and the influence of background variables of entrepreneur on performance indicators leads to the following findings.

1. Capital and its Growth: The total investment committed in the sample units were established at Rs. 680,85,000- which worked out to be Rs. 5,67,370 per unit. Variation in increasing growth rate of capital can be explained by background variables of level of investment and education of entrepreneurs. In achieving overall annual average growth, the entrepreneurs belonging to higher investment groups and entrepreneurs having higher level of education, performed well than the other groups.

2. Capital-Output Ratio and its Growth: Capital output ratio, of small scale industrial units in Pondicherry, reveals that efficiency in utilising capital is less in smallest size of units than others. It is because some industrial units in the higher slab of investment are found to have an assured market for their products and hence they produce more with lower the capital output ratio. In
achieving annual average growth in capital output ratio, background variables found to be insignificant. It indicates background variables not significantly influencing the growth of capital output ratio over the period.

3. Profit and Its Growth. The total profit made by the sample units were established at Rs.1,41,56,000 which worked out to be Rs.1,17,966 per unit. They have registered the annual average growth of profit of 4.07 per cent over the corresponding profit made by them in the first year of their inception. Concerning the background variables of an entrepreneur, the nature of industry, education, and parental occupation have significant impact in achieving growth in profit. In achieving the growth in profit, the performance of an entrepreneur belonging to traditional industry and having lower level of education and not hailing from family with industrial background, performed well than all the other groups.

4. Capital Profit Ratio and Its Growth: Considering the background variables, nature of the industry and parental occupation has significant impact, on achieving the rate of growth in capital profit ratio. In achieving growth in capital profit ratio, entrepreneurs belonging to traditional industry and not having from families with industrial background, performed well than other groups.
5. Mandays and its Growth: The total Mandays employed in the sample units were established at 542616 - which worked out to be 4521 per unit.

Considering the background variables, level of investment and education have significant impact on explaining the relationship in achieving growth in Mandays. The Entrepreneurs belonging to higher level investment group and having higher level education, are ahead in achieving maximum growth in Mandays.

6. Capital-Labour Ratio and its Growth: An important conclusion derived from the analysis of capital labour ratio, is that, in small scale industries the capital employed per Manday is the lowest in the lower slab of investment of both the traditional and modern units. The analysis further revealed that employment potential of small industry is more prominent in the slab of investment of Rs. 12 lakhs and above for traditional and modern units.

Variation in achieving growth of capital labour ratio can be explained to a significant extent by background variables of education. However, in achieving growth in capital labour, nature of industry and level of investment were found to be insignificant. Entrepreneurs belonging to higher level of education, performed well, than their counterparts in other groups.
7. Labour-Output Ratio and its Growth: It is found from the analysis of labour output ratio that productivity of labour is generally lowest in the smaller size of industrial units than in other units.

Variation in growth rate of labour output can be explained to a significant extent by background variables of nature of industry and level of education. The performance of entrepreneurs belonging to modern industry, lower level education without family's' industrial background is higher than their counterparts in other groups in achieving the growth in Labour-output ratio.

8. Production and its Growth. The total average production made by these sample units were established at Rs.18,24,80,000 which worked out to be Rs. 15,20,000 per units. They have registered the annual average growth rate of 4.76 per cent over the corresponding production made by them in the first year of their inception. Considering the background variables, nature of industry, level of investment and experience have significant impact on achieving the growth in production over the period.

9. Capacity Utilisation and Its Growth. It is a heartening fact that about two-third of entrepreneurs put out a capacity utilisation of above 50 per cent and it was reported that the shortage of raw material has created a
serious impact on the variation in growth of small entrepreneurs of Pondicherry. Capacity utilisation can be explained to a significant extent by background variable of education, experience and parental occupation. However, Level of investment and parental occupation, significantly influencing the growth in utilisation of the installed capacity over the period.

10. Product Diversification. Considering the background variables, parental occupation have significant influence on the product diversification. Entrepreneurs possessing industrial family background have excelled and brought many changes in their production line.

11. Development in Marketing Arrangement. In bringing maximum development in marketing arrangement nature of industry, level of investment, education, experience and parental occupation have significant influence in explaining the relationship. Performance of the entrepreneurs belonging to modern units, with higher level investment, having formal education, with experience and hailing from industrial background family was excellent than the others.

12. Development in Place of Marketing: Type of industry, level of investment, education, and parental occupation have significant influence on the development in place of marketing and they are not uniformly distributed in bringing
development. Entrepreneurs belonging to modern industrial unit, with higher level investment group lower level of education and hailing from industrial family background brought more development in place of marketing than the other groups.

13. Sales and Its Growth. The annual average sales made by the sample units were established at Rs.135485000, which worked out to be Rs.11,30,000 per unit. The annual average growth in sales was 5.02 per cent.

Considering the background variables, nature of industry, level of investment and parental occupation have significant impact on explaining the relationship in achieving rate of growth in sales. Entrepreneurs belonging to modern industrial group with higher level investment and inexperienced but hailing from families with industrial background performed well than other categories in achieving maximum growth in sales.

Conclusion

Conclusion arrived at on the basis of depth study of the small scale industrial entrepreneurs of Pondicherry emphasises the facts that nature of industry, investment level, Education, experience and parental occupation significantly influence the growth,
efficiency and development of the entrepreneur in the various managerial fields.

Entrepreneurs belonging to modern industries and Traditional industries differ from each other in achieving growth, efficiency and development. It might be due to the fact that the different pattern of investment, labour employed, and the demand and market for their products of these two category.

In achieving overall performance, entrepreneurs belong to the higher level investment group performed well than the lower level investment. It is due to the good establishment, and they found to have an assured market for their products and they produce more without interruption in demand and supply. It consequently increases the efficiency in utilising the scarce resources.

Entrepreneurs with less experience are not actually so much competent as the experienced one. The experienced entrepreneurs are having established rapport with middlemen and consumers from various area which keeps ready market for their product without much difficulty, it consequently increases the growth, efficiency and development of the entrepreneur.

Entrepreneurs whose parents had industrial experience and business activities were tremendously benefited
by the experiences and contact of their parents. On the other hand, the entrepreneurs whose parents were not experienced in industrial ventures did not get any assistance from their parents. Hence for the healthy growth of entrepreneurship in Pondicherry the promotional agency should pay more attention to uplift the entrepreneurs belong to traditional units, lower level investment group, having less experience and not hailing from the family having industrial background than the other category.

Suggestions

The following suggestions are offered in the light of the findings of the present study summarised above.

1. In order to solve the financial problems the PTPDIC established by the Government is not sufficient to meet financial requirements of the entrepreneurs. Creating ways of lending especially by the non banking financial institutions need to be evolved, the institutions sponsored by the Government should be more prompt in their loan appraisal and disbursements. It is also suggested that commercial banks should evolve a need based policy instead of security-based financing policy to assist small entrepreneurs. Encouragement must be liberally
given to the entrepreneurs to increase their Capital base of their industrial units. Partnership may be encouraged to convert themselves into Private Limited Company and/or Public Limited Company, which will help them to raise their capital.

2. In order to improve the productivity and work efficiency of this small scale industrial units, the recruitment should be done more scientifically with an effective incentive system. Keeping in view the fact that an individual unit is often not capable to impart training to workers, it is suggested that small entrepreneurs should form trade associations and help themselves in establishing the training centres.

3. Generally the products of the small scale units are of poor quality and do not enjoy independent brand image. Besides there is no agency to check their quality. The government should take up this work and set up some agency for this purpose. It will be much feasible if a separate wing is set up in all the Quality Testing Centre exclusively to check the quality of products of small industrial units. To produce a quality product, it is suggested that small entrepreneurs should be encouraged to take up development of prototypes and innovative production techniques of their own in collaboration with the
recognised technical agency. The State Government should provide assistance to small entrepreneurs for this task.

4. Shortage of raw materials has created a serious situation for the small entrepreneurs of Pondicherry. This is one of the main reasons for under-utilisation of installed capacity of the units. There is also a discrimination in the distribution of raw materials between the large and small sectors. Sudden price hike makes the problem further acute. In case of procurement of raw materials, the small scale entrepreneurs have to face the step-motherly treatment because of the large scale industrial based policy of the Government. In case of imported raw materials, the problem is further acute because the import licences are issued mostly to the large units only. In this connection it is suggested that the government should not fix quota of scarce raw materials justifying it as a way of equitable distribution but there should be a complete allotment for them on the basis as is being done for large scale industrial units. Besides, the State Government should set up raw material banks in view of the requirements of the local small entrepreneurs and ensure the supply of raw material to them at
controlled rates. It will also help these entrepreneurs to maintain their prices at competitive level.

5. For being successful in any production endeavour, it is important that innovative methods are adopted for cost reduction, and quality upgradation. Innovation does not necessarily mean the introduction of entirely new products or complete change in production method but it also means a departure from traditional approach with the introduction of innovative methods and scientific management. Entrepreneurs should aim for at least improving or modifying their existing products at par with products of large scale units.

6. To solve marketing problems of the entrepreneurs, it is suggested that the State Government should set up a State Marketing Corporation for marketing the products manufactured by small sectors. Marketing consortia for different types of industries should be organised by the Government. These consortia will render such services, an individual small entrepreneurs generally cannot undertake viz., conducting market research, adopting mass communication media to advertise the products, organising, testing and quality control facilities and selling the products under a common brand name, inter alia.
7. Unfortunately the data for small scale industries which has not registered themselves with the various export promotion councils are not available. Regarding Small Scale Industrial units, statistics about their production, production surplus, product diversification quality, design, packaging, transportation, distribution channels, credit behaviour of foreign buyers causes small units to face greater risk in foreign business, in the absence of well established market information system.

8. Small scale units engaged in similar nature of production can embark upon joint advertisement and promotional strategies at national level and those which are engaged in export can advertise jointly at international level. Scientific advertisement helps an entrepreneur not only to maintain the level of sales but also to increase it, at a lower selling and distribution cost, per unit of sales.

9. Much of the blame for lack of performance of educated persons towards entrepreneurial occupations can be traced to the absence of lessons promoting entrepreneurial volumes (economic adventure) in college text books, to re-orient the values and spirit of our younger generation. The collage education should contain a paper on
entrepreneurial development. They must be made to undertake project work in which they get practically, the practice of industrial units. Such practically oriented course would go a long way, to give them professional competition. It would stimulate zeal and risk-bearing nature of the youth and encourage the talented young man to start an industry on their own and provide employment opportunities to some others while they themselves are profitably employed. This in turn will pave the way for rapid industrialisation particularly in small scale sector. This will solve the problems of unemployment to some extent and will bring a sense of hope to the young entrepreneurs. Conscious efforts must be made to design and include lessons in the college text books, especially to accomplish the above objectives.

10. Since the government job is not easily available in these days, a qualified young-man is tempted to go in for setting up of industry with a little knowledge due to various incentives and subsidies available from the government. Such entrepreneurs can be successful if they are provided adequate support till they get maturity in entrepreneurship. The suggested support may include provision of necessary inputs, especially raw materials and finance at subsidised
rates, uninterrupted supply of power, reduction in excise duty, reduced custom rates for import of capital goods, allowing import of improved technology, assistance in marketing and the like. Further these industrial sector need government assistance in promotion and implementation for an enforceable future as such these industries can’t otherwise compete with the large industry which enjoys many internal and external economies.

11. It would also be worthwhile to have two or three institutes for entrepreneurship-development in each state. Programmes and follow-ups, would help the trainees till they find their heel in their new industrial units. In the context of the crucial role of small industries in our economy, this suggestion should merit the serious consideration of our policy makers.

12. There is also a good case for the setting up of a technical library to guide the entrepreneurs on the various aspects of planning, organising and running of small scale industries, at least as a section of the present District Industries Centre.

13. Lack of scientific management is a serious problem of small scale entrepreneurs turned to be the managers and
therefore knowledge of various management principles and techniques become very essential for them. With the introduction of innovative methods and scientific management under the patronage of the state, the small scale industrial entrepreneurship can be expected to be more successful in future.

Scope for Further Research

In the light of studying the Industrial Entrepreneurship Development, some issues have cropped up at different stages, which the present study could not attempt and hence offer these along with new areas for further research consideration.

1. The research in industrial entrepreneurship development lacks comparable scales for measuring entrepreneurial performance. This lack of a consensus measurement techniques makes it difficult to compare research findings. Thus to make comparisons possible, the researcher made a fervent effort to have a commonly accepted scale of measurement. If future studies also follow the above scale based on its merit, will surely fill the gap of common measurement scale.
2. This study examined only dominant performance indicators from various managerial field. However, some other factors which also influence the performance should also be considered in the future research.

3. In considering future studies in the similar area, industrial unit which have not registered with District Industrial Centre should be given attention.

4. Similar type of studies should be attempted at different places for different categories of industrial unit and in various managerial field separately to bring out definite findings after a broader comparison and detailed analysis.

It is hoped that the findings of the future researchers covering all the above issues could contribute to narrow the gap in understanding if any, identifying the bottlenecks which inhibit entrepreneurial development in small scale industries on a National scenario.