CHAPTER – VII

SUMMARY OF FINDINGS
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Tiruchirappalli is known for its central location in Tamil Nadu having Bharat Heavy Electricals Limited, one of the Navaratnas of Public Sector Undertakings (PSUs) of the country. The power sector industry has always been a major sector contributing to the performance and growth of Indian economy. In this respect, the fabrication segment has become the frontrunner among the sub-sectors of the power sector industry. Several ancillary fabrication units of BHEL situated in Industrial Estates in Tiruchirappalli district have gained notable growth. Over the years, a mushroom growth of entrepreneurs has evolved in this region. The present study attempts to probe the entrepreneurs of these units, their behavioural pattern and structural metamorphosis that have happened in the form of diversification.

The objectives adopted for the study relate i) to find the societal and economic background of the entrepreneurship, ii) to study the perceived entrepreneurial traits of the respondents, iii) to analyse the causes and extent of diversification of the respondent units.
Summary of the findings

- The family size of respondents ranges from below 3 members to 6-8 persons.

- The caste composition of the respondents reveals a wide spectrum in which members belong to different castes.

- Among the different forms of organization, the partnership form was the most preferred type of the respondents.

- One third of the respondents had the privilege of being children of technically qualified parents; there were 43 per cent of respondents choosing this line of enterprise even though their parents had education only below SSLC level.

- The parents of 47 per cent sample entrepreneurs were in fabrication related business; 10 per cent of respondents had parents in unrelated business. There were 43 per cent respondents with no business background attributed to their parents.

- The BHEL norm requiring respondents to hold technical qualification was seen as unique feature in the study area.

- Besides own source of funds, the respondents increasingly depend on funds from the organized banking sector.

- The diversification opportunities and fast changing technological scope had facilitated the respondent units to move to a higher bracket of investment over the years.
• Despite the increase in contract labour in small fabrication units, the units with large turnover increasingly preferred more of permanent labour.

• Among the 18 entrepreneurs who had prior experience in business, a sizeable number of 14 had previous experience in their present fabrication line of business; the remaining four had prior experience in unrelated business.

• In the relationship between form of business organization and type of production activities, sole proprietors restricted their business to general fabrication and pressure parts; the sixteen partnership firms exhibited presence in a diversified combination covering all types of production activities. In the case of six respondents belonging to the company form, three are engaged in windmill production besides general fabrication and one more respondent was exclusively engaged in windmill production.

• The sample entrepreneurs accorded various levels of rating importance to the general entrepreneurial characteristics. While ‘self confidence and self-reliance’ were given top rating by 22 entrepreneurs, the characteristic, which gets second top ranking, was ‘patience and perseverance’; 16 of the entrepreneurs accord the highest rating for it.

• With reference to the respondent rating of factors for starting of ventures, the sample respondents had ranked, ‘to be independent’, the first rank and ‘gaining social status’, the second. ‘Positive perceptions in the field’ was ranked third by the respondents.
• Knowledge updating of the respondent units revealed that association interactions occupied the prime importance; it was given the first rank by the respondents. ‘Attending seminars’ and ‘technical training’ were given the second and third ranks respectively. Attending trade fairs, subscriptions to trade journals and field study were also ranked by the respondents as factors for updating their knowledge.

• On the conception of idea and commencement of enterprise, it was seen that among the respondents 15 belonged to the less than 30 year age group, when they conceived the idea of an enterprise, they realized it immediately or within five years. Of the remaining 15 respondents of above 31 years of age group, while five were able to convert the concept into reality immediately, 5 required 1-5 years; and the remaining required 6-10 years of incubation time.

• The over all picture of analysis clearly shows that the respondents have strong internal locus of control, which is a positive behavioural factor for the growth in business. The sample entrepreneurs increasingly believe in their efforts rather than chance events like luck and external forces. Only a few believe in the factors beyond their own efforts. The existence of this behavioural disposition is a strong facilitator for progress as it is motivated by task orientations.

• With reference to the entrepreneurial behaviour relating to the level of achievement motivation, the respondents gave the prime ranking to performance enhancement, urge to succeed and goal setting in that order.
• The sample units have undertaken job work for BHEL and other clients belonging to power equipment sector. It is noted that 57 per cent sample entrepreneurs were prepared to meet the demand of the other clients as well.

• The level of investment of respondent units varies over a wide range between Rs. 15 to 60 million. Similarly the turnover range was also wide.

• There is an optimistic trend of notable additional annual investments made by the sample entrepreneurs during the last three years, i.e. 2003-2006.

• While there was a general increase in the annual turnover with BHEL (Conversion mode) over the study period, there were six units with no BHEL turnover during 2005-06.

• The annual business with BHEL in which vendors need to use own materials was undertaken by only three of the respondent units.

• There was an increase in the number of respondent units which have undertaken non-BHEL (Conversion) transactions; this resulted in an increase in the value of transactions during the study period.

• The number of respondent units prepared to undertake non-BHEL transactions with own materials has increased from six to nine units during the five years of the study period.

• The entrepreneurs had access to loan facilities extended by many public and private financial institutions for meeting the needs of production and also for other needs.
• The possibility of attaining more than 100 per cent annual growth in business turnover was seen among the respondent units.

• The composition of turnover has undergone notable variations. In 2001-02, the BHEL related turnover (both conversion and own materials) accounted for 78 per cent of the total turnover. The other than BHEL turnover accounted for the remaining 22 per cent. For the year 2005-06, the BHEL related turnover was only 20 per cent of the total turnover. On the other hand, the non-BHEL accounted for 80 per cent. Thus, there has been a total reversal in the turnover.

• Non-availability of skilled manpower, inadequate infrastructure and the government procedures were perceived by the respondents to be the most inhibitive factors in the progress of business.

• The entrepreneurs in the study area have perceived that provision of funds at low rate of interest, training facilities and industry institution interaction as the three priorities accorded for industrial enhancement.

• Among the existing banking facilities available to the respondents, bank guarantee, cash credit, medium term loan and letter of credit were prominent. The other facilities included open-free sanctioned term loan upto Rs.250 lakhs, standby line of credit, invoice financing, project financing and pre and post-shipment credit in rupee/foreign currency.

• The letter of credit mode is a new credit instrument relating to high value orders mostly availed of by respondents manufacturing windmill components.
• In the case of availing financial facilities, there was a wide gap between the actual availability of these facilities and the expectations there on. On bank guarantee, the respondents expected more provision than they have availed themselves of. This trend is seen in the case of cash credit and medium term loan. Among the 24 respondents who availed themselves of bank guarantee, 14 mentioned that they could manage with the existing bank guarantee. Thus, the complacent attitude of a section of respondents was observed.

• More than half of the respondents diversified into either expansion in the same line or took up integral forward and backward business ventures; this denotes the increasing urge for diversification for ensuring self-sufficiency and furthering value addition. The possibility of more attractive return, self-sufficiency of input requirements and scope for value addition derived from forward integration were the reasons. There was one enterprising respondent who had diversified into more than one business beyond the fabrication line.

• Respondents who had expanded into a second fabrication unit or ventured into other integrated business showed more affirmative response to government promotion measures.

• Regarding ISO Certification initiatives, 20 units had acquired certification; four units stated that they had initiated steps and six units had not yet applied for such certification.
Policy Implications

- The promotion of cluster development activities needs to be extended to the SSI and ancillary units of BHEL. This facilitates the entrepreneurs to avail themselves of the latest technologies in welding and fabrication jobs. Providing funds for development of industrial clusters like Ambattur, Tirupur, is the need of the hour.

- The fabrication entities need a lot of space especially for windmill jobs. Therefore, adequate infrastructure with proper roads, street lights and other amenities are to be provided on a war footing.

- Regarding enhancement of professional knowledge and skills, timely and adequate training facilities are to be increased especially for women entrepreneurs in the study area.

- Effective industry-institution interaction needs to be promoted so that academic and industrial bodies jointly accomplish their goals and in the process contribute to the human and industrial development of the nation.

- Government procedures are to be simplified particularly with regard to ESI norms, sales tax formalities and other related government regulations.

- The possibility of setting up of ‘common facility centres’ wherein the fabrication units may avail themselves of benefits at concession rates needs to be explored. For instance, in the case of equipments necessary for fabrication, the movable lifting cranes are now made available for Rs.400 per hour on hire; if it were made available through the common centres, charges could be brought down. Presently many of the Trichy based fabrication units get the required jobs such as permanent
fabrication and windmill equipments such as rolling machine with high capacity, duct end manufacturing press, heat treatment furnaces etc., done in Chennai. Similar facilities on permanent basis are to be developed in Tiruchirappalli.

- The wide spread core banking is to be introduced in almost all the banks in the region which helps the entrepreneurs to speed up their transactions at a reasonably lower cost.

- Most of the units have absolute non-exposure to critical areas like designing, working capital management, costing and marketing since they get designs and other requirements from the clients. This indirectly forbids them from equipping themselves with skills in crucial aspects of business. BHEL now is contributing to substantially in providing the aforementioned jobs. However, in the long run the respondent units need to equip and change themselves in line with the emerging needs of the time.

**Future areas of research**

The focus of the present study relates to the entrepreneurial behaviour and industrial diversification of BHELSIA fabrication units in Tiruchirappalli district. The exercise undertaken opens up new vistas of research not only in the study area but also at a larger level of industrial economy.

i. There are many facilitating public and private agencies contributing to the promotion of entrepreneurial activity in the study area. An indepth study can be undertaken to ascertain their role in entrepreneurial development over the years.
ii. The emerging entrepreneurial scene in India shows varied dimensions. A separate study on the entrepreneurial behaviour taking into consideration the cognitive, heuristic and related aspects and their impact on entrepreneurial performance may be undertaken at specific industrial level or on a wider coverage of industries.

iii. A comparative study of the behaviour and diversification features of industrial fabrication units engaged within and outside industrial estates will provide new insight on the attitude of entrepreneurs and variations in their growth perspectives.

iv. At a time when emphasis has been stressed on entrepreneurial awareness and training to motivate entrants to the entrepreneurial community, there is need to understand the economic dimensions of facilitating and limiting the emergence of new entrepreneurs. In this context, indepth study of the industrial enterprises will provide ample input to the content of entrepreneurial education.

v. Similar studies on the ancillary units of BHEL located in various places in the country will provide policy initiatives for BHEL on its interrelationship with ancillary units around the country.

vi. The study undertaken considers the new fabrication based activity relating to wind mill equipments. An exclusive study can be made on the basis of this emerging wind energy related issues. This will facilitate to understand and make use of the opportunities in the field of energy economics for the country as a whole.
Conclusion

The enhancement and effective utilization of human and other resources in diverse fields is the emerging economic ethos – balanced economic development. In this context, the entrepreneurship development through the promotion of small business is one of the most important goals of any growing economy. In the Indian scenario, the small enterprises sector registered sustained growth in the number of units, volume of production, generation of employment and increased contribution to exports, during the period 2001-’05 (Economic Survey, 2005-06) thus, reiterating their importance.

The small scale industry entrepreneurs of the nation play a vital role in generating production and providing employment. In Tiruchirappalli, the study area, the ancillary industrial units associated with BHEL play an important role in the growth of local economy. In the prevailing atmosphere, the state assistance was insufficient for the pace of industrial growth and there are inadequate institutional agencies to foster entrepreneurial growth in the study area. In this situation, there is a pressing need for a change in the behavioural disposition of the entrepreneurs; they need to accept the existing predicament and initial innovative approach in the conduct of their business. The urge to start an enterprise apart, the acquisition of technical expertise before entering the field, the guidance of the previous generation in business, the intrapreneurial advantages, etc., provide a sound basis for stable growth. The results of the study pertaining to the respondent units provide new insight to the behavioural dimensions of the entrepreneurs. In the units taken for study, there is a newfound optimism and approach for growth. They accord the highest importance to
self-confidence and self-reliance and perseverance as the vital entrepreneurial traits. The commendable significance of internal locus of control on the part of the entrepreneurs is further facilitated by frequent association interactions, attending seminars and training reveal their behavioural modification. Despite the favourable role of the aforementioned dimensions, personalistic traits such as the drive associated with age, sense of contentment, lack of motivation, etc., were limitations. The behaviour of the entrepreneurs on diversification stresses the fact that preference to remain and expand in the related business exhibits their level of maturity and technical competency. The new opportunities for making windmill components, increasing private power sector clients, the scope for forward and backward linkages provide attractive avenues within the rhyme of related business diversifications. The increasing rate of turnover resulting from such related activities is strong evidence in this regard. The aforementioned behavioural and diversification tendencies are seen as a new culture of transition in the metamorphosis of the entrepreneurial community.

It is true that by the turn of the new millennium, the constraints and challenges of small scale industries are many and varied. In this backdrop, the entrepreneurs focused on enhancing their competitiveness especially those in the process of diversification need a cluster based approach and new vistas of increased intra-industry interactions. Modern infrastructural facilities together with expansion of information and communication network will facilitate steel fabrication units to accomplish world-class art of technology making Trichy, the ‘fabrication hub’.