CHAPTER - 2

REVIEW OF LITERATURE

Research literature is rich on different aspects of entrepreneurship. There have been numerous studies relating to the origin of the concepts, theories of entrepreneurship, relationship with industrialization and economic development, environment factors affecting entrepreneurship, problems and prospects of SMEs and other related issues. Regional studies have been undertaken in various countries and in several States of India as well. A brief analysis of the studies conducted in the area of entrepreneurship has been highlighted in nine segments, under the following headings:

2.1. Studies Relating to Entrepreneurship and Economic Development,
2.2. Studies Relating to Business Environment,
2.3. Studies Relating to Financing of Enterprises,
2.4. Studies Relating to Human Resource Management,
2.5. Studies Relating to Operational Problems of Enterprises,
2.6. Studies Relating to Women Entrepreneurship,
2.7. Studies Relating to Cluster Approach,
2.8. Studies Relating to Special Economic Zone, and
2.9. Other Studies.

2.1. Studies Relating to Entrepreneurship and Economic Development

Schumpeter\(^1\) (1967) enunciates that innovation is the essence of entrepreneurship. He discusses entrepreneurship in a broader perspective. He
proposes that entrepreneurial innovation consisted not only in creating/finding new markets, new supply sources and new type of industry organization. He considers economic development as a change brought by entrepreneurs by instituting new combinations of production, i.e., innovation.

According to Kilby² (1971), the entrepreneur performs four major tasks, such as (1) Exchange relationship, (2) Practical administration, (3) Management Control and (4) Technology.

The constituents of each of these four tasks are detailed below:

1. Exchange relationship: a) perceiving opportunities in market, b) Gaining command over scarce resources, c) Purchasing inputs, d) Marketing of products and e) responding to competition.
4. Technology: a) Acquiring and overseeing assembling of the factory, b) Industrial engineering, c) Upgrading process and product quality and d) Introduction of new production techniques and products.

All the above activities involve entrepreneurship in decision-making under conditions of uncertainty.

Prasain³ (2006) examines the requirements of small-scale industries in
Manipur. He is of the opinion that the Government has a decisive role to play in the growth of entrepreneurship: it must develop infrastructure facilities, provide policy support, adopt promotional measures and also help in creating entrepreneur-friendly environment. Infrastructure factors, particularly power and transport, are crucial to the growth of entrepreneurship and industry. Efforts must be made to improve the power position and also to better the condition of the roads and road transport. He suggests that growth centres should be established at various places where entrepreneurs can work freely and fearlessly and also enjoy the common facilities. He also calls for the allocation of sufficient funds in the annual budget for the industrial development. The study concludes with the pertinent observation that State agencies like the Manipur Industrial Development Corporation (MANIDCO), the Directorate of Commerce and Industry, the nationalized banks and more particularly, the self-employment schemes initiated by the Government should be implemented forthwith so that the unemployed educated youths can be induced to undertake entrepreneurship projects.

Kaushik and Bhatnagar (2007) maintain that in the era of globalization and liberalization, entrepreneurship development is gaining more importance. It is the key to economic development and human welfare. It is observed that world economy is becoming very competitive day by day, and that entrepreneurship skills are essential for industrialization and alleviation of poverty. They argue that the difference between the developed and the under-developed economies lies in the contributions made by the entrepreneurs. Industrial development is the indicator of the success of an economy. They aver that India as a developing nation owes a lot of
its growth prospects to entrepreneurs like Tata, Birla, Dalmia, Azim Premji and Dhirubhani Ambani.

Chandran (2007) has analyzed the importance of small-scale industries in Kerala. He appraises that the small-scale industrial sector in Kerala occupies an important position in Indian economy in terms of industrial production, employment generation and exports. It has shown a high rate of growth since independence in spite of severe competition from the larger sectors. The study reveals that the high rate of interest on loans is the major financial hitch faced by the SSI units.

Grover (2008) explains the relationship between empowerment and entrepreneurship. She states that empowerment is a process that supports and assists the people; both men and women realize their identity, capacity, capability, strength and power. In most societies of developing countries, the majority of people work in the unorganized sector. To empower them and to give them a boost in economic development, entrepreneurship is of vital importance. It has been observed that entrepreneurship plays a crucial role in increasing national productivity, in the distribution of economic power, in balancing regional and social development, and in providing avenues for creativity.

Raju and Rao (2008) conducted a study on entrepreneurial motivations among the youth in Godavari district of A.P. Entrepreneurial drive among youth is considered an important factor for the socio-economic development of the community and the country. The researchers identify three dominant streaks of motivation, viz., the eagerness to enhance the income, the desire to be independent and the fervour for fulfilling the ambition of the spouse or parents. Such drives are
observed in more than 50 per cent of the entrepreneurs under the study. The study highlighted that self-confidence and financial support were the other important factors inducing the entrepreneurs.

Philip\(^8\) (2008) has conducted a study on an entrepreneurship model for Kerala. The main objectives of the study were to analyze the impact of managerial competence, production and marketing strategies, on the overall performance of small entrepreneurs in Kerala. He estimated the managerial competence of small entrepreneurs using different variables like the quality of management, customer relations management, accounts management, work scheduling, marketing management, human resource management, financial management and networking. Production strategies are examined on the basis of variables like new product development, new process development, quality maintenance, and the use of the latest technology and proficiency of employees. The marketing strategies are analyzed with the help of variables like technological development, stable product portfolio, development of new products, continuous improvement of existing products, exploring market opportunities, and initiation of new business ideas. Investigating all these variables, the study concludes that the performance of small entrepreneurs relies on managerial competence, production strategy and competitive marketing strategy.

Anbalagan\(^9\) (2008) examines the role of various institutions set up to promote entrepreneurial development. The study mentions that the Bank of Baroda, the Bank of India, Canara Bank, Indian Bank, District Industrial Centres, Technical Consultancy Organization and State Finance Corporations are the leading industrial
supporting institutions in our country. Besides these dominant institutions, the study also mentions the role of the State government. The State government offers a range of incentive measures to the entrepreneurs. They comprise provision of land and developed plots on concessional terms, extending industrial infrastructural facilities, giving subsidy on investment, and granting exemptions on sales tax and stamp duty, supply of water at reduced rates, profering seed capital assistance for setting up of units etc.

*Srivastav and Syngkan*\(^\text{10}\) (2008) examine the need to develop SSIs. They argue that the promotion of SSIs has been recognized as one of the most important and appropriate means of industrialization to develop the rural areas of the North-Eastern States. The study highlights the fact that SSIs play a vital role in contributing significantly to social and economic development objectives such as labour absorption, income distribution, rural development, poverty eradication, and maintenance of regional balance promotion of entrepreneurship.

*Koster and Rai*\(^\text{11}\) (2008) affirm that India has been one of the fastest growing economies in the world with an average growth rate of about 6 per cent since 1990. The small-scale industries, an index of entrepreneurship, remain very important in the development of India. They adduce that Indian economic development is very much based on the service sector growth.

*Sharma and Arya*\(^\text{12}\) (2009) observe that the SMEs contribute almost 40 per cent of the gross industrial value-added in the Indian economy. SMEs provide large employment opportunities for the Indian populace, next only to agriculture. The important opportunities with the SMEs in India are less capital-intensive, extensive
promotion and support by Government; reservation for exclusive manufacture by the small-scale sector, funding finance and subsidies, easy availability of raw material, better manpower, reservation for exclusive purchase by the government, export promotion, increasing export potential for Indian products, creating new jobs etc.

Singh Kamaljit and Dhindsa  

have tried to evaluate the role of SMEs in the employment generation of Punjab. The study shows that Punjab’s industrial scene is mainly dominated by MSMEs working as ancillary units for various parent firms. The government of Punjab has taken various measures for the development of these units for multiple reasons, especially employment generation and promotion of entrepreneurship. The study shows that there is no significant wage difference between small and medium units but significant wage difference is found between micro and small units on the one hand and between micro and medium units on the other.

Mahajan and Kulkarni  

made a comparative study of the performance of the Indian industrial sector in the post-reforms period and the pre-reforms period(1980-81 to 1990-91). The study bears out that there is a marginal decline in operating productivity in Indian industry in the post-reform period. There is also a decline in the average value addition in Indian industry. The study shows an increase in the labour productivity and improvement in capital efficiency. However, employment growth in all sectors declined in the post reforms period compared to the pre-reforms period. Production techniques have become increasingly capital-intensive in the post-period.

Saoudagar  

has conducted a study on the industrial development of
Maharashtra after the economic reforms of 1991. He recalls that the Government of Maharashtra has announced various schemes to develop micro, small and medium scale industries. With a view to promoting rapid industrialization, the government has offered a package of fiscal and other incentives like exemption from sales tax and, octroi, payment of water royalty, award of interest-free long-term loans etc. He appraises that during the post-economic reforms period, Maharashtra performed well on the industrial front. It has been exploiting the benefits of the new economic policy of 1991 and the other economic policies announced in recent years. The study shows that the State occupies an important place in the export map of India.

Manoharan and Selvamorthy\textsuperscript{16} (2010) have made an attempt to evaluate the performance of the SSIIs in India for 9 years (1999--2008). The study shows that 67.86 lakh SSI units in 1990-91 steadily increased to 133.68 lakh in 2007-08, constituting 197 per cent increase. In the case of output, the growth rate has exceeded more than 8 times during the study period. Employment opportunities provided by the SSI is more than 103 per cent. The study also takes into account the growth rate of export from the SSIIs. The export from the SSI sector has registered excellent growth after 2000. It has been appraised that small-scale industries are small in term but play a significant role in the Indian economy.

Vetrivel, Iyyampillai and RadhaKrishnan\textsuperscript{17} (2010) examine the role of SSIIs in Tamil Nadu, in the eradication of poverty. The study shows that the Tamil Nadu Government is supporting the entrepreneurs to start new SSI units by providing financial assistance and training programmes through the industrial Promotional Agencies (IPAs) at State level with a view to generating employment.
opportunities which would result in eradicating poverty.. The study reveals that the industrial field is now looking for people with formal and specific educational qualification and professional expertise.

*Gowda and Shetty*\(^{18}\) (2010) have made some relevant suggestions for strengthening the SMEs in India. They are:

1) Continuation of stimulation packages to MSMEs in India,
2) Public procurement policy to be introduced at the earliest and
3) Setting up an independent body at the national level for the promotion and development of SMEs.

*Karthihaiselvi, Neelamegam and Magesan*\(^{19}\) (2010) have examined the significance of small-scale Industries in India. The study shows that over the last 10 years, the share of SSI exports has increased in most of the sectors. The study also recognizes that India is endowed with adequate natural resources. So it is a conducive time for the growth of small scale-industries. The government must rise to the occasion, by providing loan facilities and proper training to the entrepreneurs.

2.2. Studies Relating to Business Environment

Business is an economic activity which is carried out by an organization to achieve some targets related to production, profit, diversification, technological upgradation, expansion etc. Each business requires some kind of resources for the fulfilment of the targets. The fulfilment of the targets of a business/enterprise depends not only on its resources but also on the business environment. Some studies have been conducted globally and also in India relating to the environmental
factors affecting entrepreneurship development. But very few studies have been conducted in Kerala.

*Manimala*\(^{20}\) (1999) has made an in-depth study on Entrepreneurial policies and strategies, comparing the decision heuristics of pioneering innovative (PI) and ordinary entrepreneurs. He compares the modus operandi of the two types of entrepreneurs and concludes that the PI entrepreneur is the most efficient instrument of economic development. It shall then be of considerable benefit to the economy to identify and selectively promote the PI entrepreneurs. The study reveals that the government and other agencies should re-orient their policies towards protecting the young, rather than the small enterprises.

*Panda & Pradhan*\(^{21}\) (2005) in their book, “Entrepreneurship and Economic Development” refer to the impact of small-scale industries upon the economic development of Gujarat. They assert that entrepreneurship cannot develop in an unfavourable environment. The economic policies of the government and the promotional agencies play an important role in the development and growth of entrepreneurship. The study recalls that the Government of Gujarat has passed an industrial policy during 2000 in order to accelerate the development of the backward areas with the help of the industrial sector. The study concludes that Gujarat is an industrially progressive State because of the favourable business environment existing there.

*Prakash*\(^{22}\) (2005) upholds that business environment refers to all external factors which have a direct or indirect bearing on the activities of business. Such factors are the economic factors, the governmental and legal factors, the
demographic factors, physical factors etc. He affirms that the financial factor is the key component among economic determinants. Hence he stresses the role of development banks which handle the problem of term financing of industry. He emphasizes that the development banks like the Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India (ICICI), the Industrial Development Bank of India (IDBI), the Small Industrial Development Bank of India (SIDBI) and the Industrial Investment Bank of India (IIBI) are playing a decisive role in the industrial development of India.

**Kaippachery** 23 (2005) has conducted a study on the environmental, economic and social sustenance of rural industries in Kannur district of Kerala. Regarding the environmental sustainment of rural industries, the study shows that Kannur district is environmentally steady. But economic sustainment factors like output, labour productivity, market demand, area of marketing, capital adequacy, safety of inputs, rural infrastructure and diversification are much below the sustenance level. The study concludes that the rural small-scale enterprises in Kannur district are environmentally and socially sustainable but economically unsustainable.

**Roxas et al.** 24 (2006) studied the institutional view of the local entrepreneurial climate. According to them, the local entrepreneurial climate is the set of tangible and intangible environmental factors that shape the performance of the MSMEs in a geographically and politically defined area. They are of the opinion that the concept of an environment for productive entrepreneurship is determined by three dimensions: the economic; the political; and the socio-cultural environments.
Cherunilam (2007) has classified the external business environment factors under different sub-headings such as the economic factors, political and Governmental factors, Natural factors, Technological factors and Demographic factors. He also conceives the economic role of the government under four categories, the regulatory role, the planning role, the entrepreneurial role and the promotional role. He remarks that among the different environmental factors, the governmental and political factors play an important role.

Neelamegam (2008) explains the various aspects of business and its environment. He is of the opinion that business is purely based on internal and external environment. The external environment of business consists of micro environment and macro environment. He maintains that business controls its internal environment to some extent, but the external factors are outside the factory and office and hence are not controlled by business.

Levenburg and Schwarz (2008) examines the impact of culture, education and environment upon entrepreneurship in India. Their conclusion is that among the environmental factors, education and entrepreneurial training are highly influential in the entrepreneurial activities of our country.

Mehra and Sahoo (2008) have analyzed the environmental factors which affect the SSI Units in the State of Orissa. The study reveals that the success of entrepreneurship depends on the risk bearing and innovative capabilities of an individual and the supportive environment in terms of capital, raw-materials, machinery, power, transport and communication networks and other essential infrastructures. It has also been observed that the emergence and success of
entrepreneurship depends on social, economic, psychological and cultural factors within the country.

Raman, Aryasri and Nagayya\textsuperscript{29} (2008) have conducted a study on entrepreneurial success and non-financial parameters. The survey was made in four districts of Andhra Pradesh with a sample size of 200 entrepreneurs. The entrepreneurs were assessed on the basis of four entrepreneurial attributes, viz, industry knowledge, street smartness (SS), Tolerance for Ambiguity (TFA) and the impact of personal selling on start-up success (IPSS). The study discloses that none of the four entrepreneurial attributes are positively associated with entrepreneurial success. On the other hand, there is a negative correlation between industrial knowledge and entrepreneurial success.

Agarwal and Upadhay\textsuperscript{30} (2009) have dealt with the attitude of the youth in Varanasi towards entrepreneurship. The study shows that the majority of the youth need a secure, stable and well-job because of the risks associated with entrepreneurship. They point out that entrepreneurship activities can be boosted up if the risks associated with entrepreneurship could be reduced, using proper policy interventions and support from the various stakeholders, including the government, the planning agencies, society and family. The study also discloses the role of the Media, Colleges, Universities and other educational institutions in nurturing the right attitude among the youth.

Kumar, Kaur and Chopra\textsuperscript{31} (2009) have pinpointed the strengths and weaknesses of SMEs in India.
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<td>Lack of management skills</td>
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<td>Employment generation</td>
<td>Absence of marketing skills</td>
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<td>Contribution to economic growth</td>
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<td>Innovations in technology</td>
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Hui \(^{32}\) (2010) has conducted a study on the Entrepreneurial Environment of Shenzhen. He used the Global Entrepreneurship Monitor (GEM) model to evaluate the current status of Entrepreneurial Environment in Shenzhen. His study identifies nine aspects of environmental conditions including financial support, government policies, government programs, education and training, research and development transfer, commercial and professional infrastructure, market openness, access to physical infrastructure and cultural and social norms. He establishes that, as a whole, the entrepreneurial environment of the country is relatively good for entrepreneurial enterprises.

Fereidouni\(^{33}\) (2010) has conducted a study on the impact of business environment on entrepreneurial motivation in Iran. The independent variables in the study are business environment, social status and external conflict. The dependent variable was the motivation to start a business. The study results divulge that business environment and external conflicts have a significant influence on the motivation to start business in Iran.

Mistry\(^{34}\) (2010) states that the major threat to Indian pharmaceutical industry is the transition from process patent to product patent. Another threat identified is
the cut-throat competition from multinationals and also from China. As per the study, the major shortcomings of the Indian pharmaceuticals industry are the low amount spent on basic research and the counterfeit drugs developed by the MNCs.

2.3. Studies Relating to Financing of Enterprises

Finance is considered as the lifeblood of any business. The paramount importance of finance in industry, especially in the SMEs, has been subjected to a lot of research.

Koshy\textsuperscript{35} (1992) has tried to evaluate the role of the KFC and the KSIDC in the industrial development of Kerala. He argues that besides financial support, these institutions should provide information on new technological development and benefits to the industrialists. The Research and Development Wing requires strengthening so as to provide information on modernization, technical up-gradation and the changing needs of the customers. The study suggests that the activities of the Directorate of Industries and Commerce, Government of Kerala, the Commercial banks, the KFC and the KSIDC must be coordinated in such a way that the various bodies function in harmony.

Ganesh\textsuperscript{36} (1993) in his study “The role of SFCs in financing Small scale industries” emphasises that security-oriented approach towards loans should be replaced by purpose oriented gesture. The analysis reveals that the entrepreneurs in the - aided groups are innovative while those in others are merely imitative. The study also points out that in the KFC-aided units, the bulk of the loans have been used for purchasing fixed assets. It is found that most of the beneficiaries of SFCs have not faced any difficulty in securing loans.
Justus\textsuperscript{37} (1996) attempts to evaluate the financial assistance sought by the SSIs in Kerala. He points out that even though several units approached the banks for term loans, they had to face many difficulties in raising them. The study suggests that the financial agencies should expedite the procedures for sanctioning loans and disbursing sufficient funds to the SSIs.

Subhash\textsuperscript{38} (1998) examines the significance of venture capital in the development of industries. He remarks that venture capital is really a potential source of non-conventional finance yielding rich benefits, if properly utilized, and, if misused, it will fall into a decline causing a lot of misery to the country. He winds up his study with the hope that in the near future India could emerge as a leading economic power in the world with the help of venture capital to promote early stage and later stage industries as well as technology-based and non-technology based companies.

Davy\textsuperscript{39} (2004) has assessed the role of financial institutions in the industrialization of Kerala. She observes that the State-sponsored agencies have a positive role in the industrialization of the State. The study proposes that financial institutions like KFC and commercial banks should be more customer-friendly while dealing with entrepreneurs.

Gopakumar\textsuperscript{40} (2005) observe that the financial requirements of the small-scale industries are met by financial institutions operating in the organized and unorganized sectors. The organized sectors include the commercial banks and the specialized financial institutions. The unorganized sectors include money-lenders,
private chitti funds etc. Commercial banks provide short term finance and specialized financial institutions offer term loans.

Anilkumar et al. (2006), in their book, ‘Entrepreneurship Development’ discuss a wide range of issues involved in the development of entrepreneurship. The study mentions the role of various financial institutions established for the development of industries namely, IFCI, ICIC, IDBI, LIC, UTI, SIDBI, NSIC. These institutions are founded with a view to preserving the interest of industries by providing loans, technical assistance, re-discounting of Bills, promotional activities etc.

Khanka (2007) emphasizes that finance is one of the most important prerequisites to start an enterprise. In fact, it is the availability of finance that encourages an entrepreneur to bring together land, labour, machinery, and raw material and combine them to produce goods. In fact, finance is the lubricant that makes the entire process of production move smoothly. Before actually setting up their units, the small entrepreneurs must ensure the availability, source and extent of their finance.

Kumar (2007), in his study on “Institutional Term Lending and the Industrial Development of Kerala” points out that term-lending procedures of the KFC and the KSIDC, based on the views of assisted units, are causing dissatisfaction to the industrial sector in the State. Hence the study suggests that the formalities involved in the loaning procedure should be simplified and the processing fee for sanctioning of term loans should be avoided or minimized.
Rani and Rao\textsuperscript{44} (2008) have examined the recent trends in credit flow to MSMEs from commercial banks and from Small Industries Development Bank of India (SIDBI). They argue that there should be a change in the mindset of banks and financial institutions to strengthen the hands of the SMEs through a liberal approach to SME credit requisitions. An effective monitoring mechanism, creation of credit-rating facilities, adoption of standards to retain quality environmental management and the development of appropriate capital markets, can improve the situation.

Gupta et al.\textsuperscript{45} (2009) examines the role of financial institutions in the growth of SMEs. They observed that the major problem confronting the SME business development is insufficient credit availability. The SMEs often find it difficult to have access to adequate and timely credit on competitive terms. One of the important ways to promote access to new technologies among the SMEs in the developing countries is to provide venture capital.

Dixit\textsuperscript{46} (2009) examines the role of financial institution in India’s industrial development. The study reveals that a large number of SSIs are not fully aware of the schemes of assistance offered by different financial institutions (SIDBI, SFCs and NSIC). The role of such financial institutions in the revival of sick units is unsatisfactory. State-wise distribution of financial assistance by these institutions is not free from vested interests. As per R.B.I guidelines, 60 per cent of SSI credit should go to the tiny sector. But the study shows that it was less than 20 per cent by the end of March 1999.

Goud\textsuperscript{47} (2009) remarks that with the emergence of the WTO in 1995, the SSI sectors have been exposed to the world. Consequently, they are facing challenges of
increased competition, lack of finance, lack of infrastructure, obsolete technology and lack of proper marketing facilities. Globalization has created some far-reaching impacts on the SSI sectors. The author concludes that to ensure the competitiveness of SSI sectors, the SSI sector needs institutional support.

*Wang and Costello*⁴⁸ (2009) conducted a study on the innovations in the SMEs. They note that sufficient financial investment is the foundation of all innovations. Hence they are of the opinion that the government should introduce finance-supporting schemes in order to offset the financial risks that small firms experience during their crucial years of development.

*Nagpal, Saini and Gupta*⁴⁹ (2009) strongly feel that the attention of policymakers should focus on creating a conducive business environment, developing clusters and enhancing credit flows to the SMEs. They stress the importance of SME financing. According to them newer forms of SME financing, like venture capital and leasing must be encouraged. The commercial banks and local government’s funding agencies have to play a major role in venture capital financing.

*Malla*⁵⁰ (2009) has conducted a study on the financing of MSMEs, issues and concerns in India. The study presents many suggestions for the growth of MSMEs in the country, such as the promotion of Credit Guarantee Funds Trust by the Govt. of India and the SIDBI, the furtherance of dedicated credit-rating agencies exclusively for the MSME, liberalization of the FDI norms for small enterprises and the upgrading of venture capital funds dedicated to the MSMEs.

*Ghosal*⁵¹ (2010) has analyzed the role of micro-finance in SMEs money management. The study observes that the SMEs have been facing some
impediments as well as challenges due to the lack of suitable funding institutions that would enable them to initiate innovations, and adapt modern technology both in production and marketing. The study has suggested that the banks have to build partnership with Micro Financial Institutions (MFIs) in India. These institutions could bring in radical changes in SME financing by empowering them to withstand competition.

_Thampy_ (2010) in his research paper, mentions that there is no transparency regarding the financial conditions of the SMEs. Therefore, banks hesitate to give loans to small-scale units. He argues that generally, the ability of the SMEs to absorb risk is lower than that in the large corporate sector. The banker needs to play a key role in monitoring and ensuring the health of the SMEs. When the borrower is an SME, the banker has to understand that the borrower is a partner of the bank, as the business is financed by the bank and the bank should therefore know the pulse of the account.

_Ela Sen_ (2010) has tried to evaluate the role of cost and management accountants in the SME sector. He points out that generally the SMEs are financially weak. Unless the sector learns to manage its limited resources in an efficient way it will be hardly possible for it to cope up with the challenges they face. Hence he stresses that the industry genuinely needs professional advice from cost and management Accountants. They are the appropriate persons equipped with the expertise in planning, monitoring and controlling the cost.

### 2.4. Studies Relating to Human Resource Management

Those at the helm of enterprises will have to deal with many resources to
accomplish their business goals. They have to purchase raw materials and machines, construct buildings and ensure liquidity. Besides these assets, probably the most valuable resources of a firm with which the management is deeply concerned are the human resources of the enterprise. A rich and uninterrupted supply of competent human resources is the most valuable asset of an enterprise which ensures its steady growth and unwavering prosperity. On the crucial importance of human resource management in the growth of enterprises, several studies have been undertaken.

*Sani* (1996) affirmed that trained entrepreneurs have better entrepreneurial vision than the untrained. It was observed that the trained are more ambitious and less frustrated. The study also testified to the fact that the trained entrepreneurs excelled in the dual functions, of production and marketing.

*Chandrasekar and Kaliyamoorthy* (2007) have pointed out that for setting up an industrial enterprise; the essential quality required for an individual is entrepreneurship. This quality can be developed through training. The study demonstrates how training programmes will improve personal traits and enhance the competencies and managerial capabilities of the entrepreneurs, enabling them to initiate, maintain and manage an enterprise/ business successfully. They wind up the study with the observation that for the economic development of the country, proper entrepreneurial culture should be created in the minds of the young generation. To achieve this development, efficient entrepreneurial training programmes are required, which are instrumental in creating a positive impact on the minds of the young generation.

*Chandran* (2007) has surveyed the condition of the life of the workers in
the industrial estates of Kerala. Having made a comprehensive analysis of the various aspects of their life and work, he arrives at the conclusion that the standard of life of the workers in the industrial estates is not at all commendable. However, they seem apparently satisfied. The study shows that many of the employees, particularly factory workers, are unable to make both ends meet because of low wages.

**Laxmana and Ishwara** (2008) conducted a case study to identify the role of Entrepreneurship Development Programs (EDPs) in promoting entrepreneurship at the micro level. The analysis of the data shows that 77.35 per cent of respondents started new units after completing the ED programme. This shows that the EDPs have fulfilled the objective of creating the first generation entrepreneurs.

**Raju and Raghavendra** (2009) define human resource management (HRM) as the process of attracting, developing and maintaining a talented and energetic workforce to support organizational mission, objectives and strategies. They point out that HRM practices in small firms differ from those in large companies. In small firms, functional areas such as finance, marketing and production have precedence over HRM. The study also reveals that the small firms, owing to the lack of time, money and employees to organize HRM practices face greater challenges than anticipated.

**Sharma and Jain** (2009) analyze the problems of human resource management in the SMEs. They hold that the present situation of HRM practices in SMEs is not very rosy. Most of the SMEs follow traditional human resources management practices with little or no emphasis on giving their employees
autonomy in work or on encouraging the development of their multi-dimensional skills. Even today, the mindset of the SME owners is such that they are unwilling to decentralize power. Hence the study stresses the decisive role of human resource development in the SMEs so that they can be overhauled adequately to meet the changing needs of the market.

Kaur and Faisal (2009) wrote a paper underscoring the importance of human resources in the running of SMES in general. Their study shows that 80 percent of the SME owners are lacking in management skills, delegation expertise and team-building talents. The majority of small business enterprises are family-owned and the owners use their own style to run the business. A remarkable finding of the study is that the owners of the SMEs do not understand the importance of using human resource management practices in achieving business results. Even in recruitment of competent and qualified personnel, they prefer their friends and relatives than making a prudent selection based on qualification.

Borbora (2009) recalls that entrepreneurs are not born……..they “become” what they are through the experience of their lives. Entrepreneurial ability can be improved through appropriate management education, and skill development and training. The study maintains that improved skill development invariably leads to better business performance in some SMEs. Therefore, there should be a closer link between skill development agencies and business organizations.

Ghodpdade (2009) remarks that, as the business grows, the ability to retain staff against global competitiveness becomes a key issue. She proceeds to point out that the SMEs have to create up to date value proposition for their employees
individually in order to keep them in the organization, ie, to prevent them from being attracted away by other competitive firms. The study proposes that measures such as market competitive compensation and benefit plan, globally benchmarked learning and development, and culturally diverse environment are some of the ways in which the SMEs can hold on with their employees against global competition.

*Parul and Singh*\(^{63}\) (2009) have examined the need for employee empowerment in the SMES. Employee empowerment is described as giving the employees the responsibility and authority to make decisions on their own without supervisory intervention. Thus, employee empowerment enables the managers to spend more time and attention on important business matters.

*Mathew*\(^{64}\) (2009) made an elaborate study on the new perspectives in human resource development in the SMEs. He maintains that as a growing economy with highly diversified SME sector, India requires innovative solutions to its human resources for entrepreneurship. Unlike other countries, in India, the training modules are decided as per convenience and not as per requirement. The study demands that there should be an integrated policy on capacity building not only for expanding its entrepreneurial base, but also to ensure that such entrepreneurial resources truly reflect the needs of a growing economy.

### 2.5. Studies Relating to Operational Problems of Enterprises

The problems of enterprises, whether in the small-scale sector or medium-scale sector, are almost identical. Realizing the importance of the SMEs in the development of the nation, the Central and State Governments have taken active
steps to promote and foster their growth. These measures have been effective to some extent, but many of the problems of production, distribution, marketing and finance still continue to afflict the SME sector. Hence several studies have been conducted in the areas of the problems and prospects of industries especially in the small-scale sector.

Ambilikumar (1989) observe that in view of the growing population and rising unemployment in the State of Kerala, it is very essential to develop industrial sectors of the State, mainly through the development of small scale industries. An overview of small-scale industries in the State brings to light the fact that the majority of the units do not adopt modern techniques of production mainly owing to financial difficulties. The study also reveals that no unit has conducted market research in the required manner. The researcher suggests that the government should seriously think of exempting the SSI units from sale tax at least for some time, so as to enable them to face the grim competition from larger units.

Venkiteswaram (1990) made an exhaustive study of the small-scale entrepreneurs and their socio-cultural background in Ernakulam and Kannur districts of Kerala. He wants to identify the main reasons for the industrial backwardness of Kerala. They are, according to him, the indifferent attitude of the government, and the lack of infrastructural facilities. The study also affirms that labour militancy and power shortage are the serious hurdles in the industrial field.

Thomas (1991) has conducted a study on the problems and prospects of village industries in Kerala. The analysis shows that working individual units and societies are not able to make full use of their production capacity for want of
sufficient finance. The survey suggests that the Khadi and Village Industries Board (KVIB) should focus attention on strengthening the existing units and should pay more attention to the marketing area.

Abraham\textsuperscript{68} (1998) explores the reasons for industrial sickness in the small-scale industries in Kerala. The investigation shows that the main reason is inefficient management. The other reasons are the failure to identify suitable products, the scarcity of working capital and absence of proper market study. He insists that the government and the financial institutions should have a positive outlook on small scale enterprises.

Balachandran Pillai\textsuperscript{69} (1999) has conducted a study on the problems of printing industries in Kerala. The data analysis explains that raw materials like printing paper, printing ink, chemicals etc. are easily available. However the short life span of the printing types, poor quality ink, the shortage of skilled labour and the high rate of labour turnover hamper the growth of the printing industry.

Premkumar\textsuperscript{70} (2000) attempted to identify the problems faced by the entrepreneurs of Match Industries in Kerala. His findings confirm that the main problems in the industry are the scarcity of credit facilities and the non-availability of softwood. The study demands governmental intervention to set up regional material procurement centres. The responsibility of procurement and transportation of input must be entrusted to this centre.

Abraham\textsuperscript{71} (2001) states that the government should introduce the single window clearance system which would help the entrepreneurs to promote the
industries easily without desperately running to a hierarchy of offices. The study points out that as the rubber-based industries in the State concentrate only on a limited line of production, entrepreneurs should think about the diversification of products.

Job (2002) undertook a study of the problems and prospects of food processing industries in Palakkad district of Kerala. He maintains that for the development of food processing industry, up-gradation of production technology and use of modern marketing techniques are essential. The study demands that the State Govt. should motivate the farmers to involve themselves in the food processing industry.

Georgee (2002) examine the problems and prospects of Readymade Garment industry in Kerala. The problems are: a) Under-utilization of production capacity in the industry, b) labourer absenteeism, and the demand for higher wages and bonus, c) trade union militancy d) meagre involvement of professional designers e) insufficient training facilities f) the absence of modern machines g) working capital shortage due to the reluctance of the financial institutions to provide adequate finance to this industry and h) credit sales and competition from merchants belonging to other States. The main recommendations made in the study are: a) the State government and promotional agencies should start training centres b) minimum wages to different activities must be fixed and c) the government should take steps to promote the setting up of export-oriented garment units in the State.

Anilkumar (2003) examines the problems of hotel industry in Kerala. The
enquiry shows that the growth of hotel industry in Kerala presents a positive trend. The private sector hotels display better performance than those in the public sector. The tourists are not happy with the available facilities of transport, tourists’ information centers, shopping amenities etc.

Abdurahman (2004) observes that the major problems in the Ayurvedic sector are the non-availability of managerial consultancy service, high wages to daily workers, the adulteration of raw materials, the use of outdated technology, and delay in the supply of raw materials. He proposes that relief measures by way of adequate grants and subsidies should be adopted by the State and Central Governments to preserve the Ayurvedic industries.

Zachariah (2004), in his research thesis, attempts to identify the major problems faced by the entrepreneurs in the functional areas of production, marketing and finance, in Kerala. The study reveals that the difficulties in securing infrastructure facilities and the insufficiency of capital are the major problems faced by the entrepreneurs.

Desai (2006) finds that the most conspicuous problems of small-scale industries are the difficulty in obtaining credit from commercial banks, the absence of management expertise, the obstacles in competing with imported products, the difficulty in obtaining industrial land in towns and cities, procedures hedged about with red tape and regulations and so on. He proceeds to suggest that these multi-dimensional problems can be solved by the co-ordinated efforts of the entrepreneurs, promotional agencies and Government.

Noushad (2006) has made a study on the marketing problems of tea
industry in Kerala. Tea industry has been facing problems at the levels of both primary marketing and secondary marketing. The study shows that product differentiation is a useful tool for the packet tea segment because this segment has a variety of products differing in quality, taste, colour etc.

Sreepriya\textsuperscript{79} (2007) examines the technical efficiency of 17 major registered SSIs in Kerala, registered during 2005-2006. An assessment of the overall efficiency of the registered SSI Sector bears out that the majority of industries, relatively efficient, belong to the highly labour-intensive industry groups. Data analysis demonstrates that the transport equipment and parts industry, the media and publishing industry and the wood products industry are found to be highly inefficient in both the organized and the unorganized sectors. The study stresses the need to strengthen the inter-linkages between the small and large enterprises.

Kalyani\textsuperscript{80} (2008) investigated the various problems faced by the small-scale entrepreneurs of Maduri region. The analysis shows that the entrepreneurs in Maduri region faced the problems of the steady availability of raw materials, facilities for storage capacity utilization, finance, labour and adequate infrastructure. Marketing however, was not a serious problem, since most of the production (72 per cent) was based on job order.

Shivaji et al\textsuperscript{81} (2008) conducted a study on Industrial Sickness in the Paper Mills of Karnataka State. He finds that the majority of mills had installed second hand machinery imported from elsewhere and were using unconventional raw materials. As a result, the small paper units found it difficult to operate at a low cost. The main reasons for the sickness were the high cost of investment, low rate of
realization, highly competitive market, continuous cost escalation and the heavy interest levied by financial institutions and banks. Besides, there were the additional problems created by the Government.

Malaviya and Gaur\textsuperscript{82} (2009) conducted a study to identify the major problems faced by the SMEs in India. They presume that the SMEs were facing a lot of problems from internal and external environment. The main internal factors which lead to widespread industrial sickness, according them, are a) Mismanagement, B) Lack of proper accounting and management information system, C) High rate of capital gearing, d) Lack of forecasting, c) wants of RD f) Faulty project planning, g) poor maintenance of plant and machinery, h) penurious collection of bad and doubtful debts, i) skimpy utilization of resources and j) infighting. The external hostile factors are: a) inability to catch up with the advancement in technology, B) Labour- unrest) Delayed payments for government purchases, d) shortage of essential inputs , e) Market recession, f) Power failure, g) unfavorable attitude of banks and other institutes, h) Lack of skilled labour, i) Heavy taxes and j) Increased governmental interference.

Patel and Vadher\textsuperscript{83} (2009) made an exhaustive analysis of the major problems of the SMEs from the perspective of science and technology. The major limitations of the SMEs are a) low capital base, b) concentration of management functions in one/ two persons c) inadequate exposure to international environment d) inability to face the impact of the WTO regime, e) inadequate research and development and, f) the deplorable lack of professionalism. The study suggests the following measures to overcome the above mentioned hazards viz. a) formulation of
appropriate national policies and programmes b) building up of plants to keep abreast of technological advances c) access to knowledge flows and technological databases d) R&D and inter firm linkages e) creation of technology business incubators (TBIs), f) increasing the role of poly techniques and ITIs for rural and small town areas, g) SME cluster development and so on.

*Ponmani. and Lakshmi* (2009) have presented an account of productivity of manufacturing industries in India. The study warns against the abnormal increase in the level of wages which will negatively influence productivity at all levels. Hence they argue that there should be a change in the wage structure pursuing a suitable wage policy. They also point out that to accelerate the growth of the manufacturing sector; a technological up-gradation scheme should be introduced in the various sectors of the industry. The study strongly recommends the introduction of the foreign direct investment (FDI) in manufacturing sector.

*Mirbargkar* (2009) has attempted to identify the root causes of the relative underdevelopment of SMEs in Iran. Analyzing the root causes of the underdevelopment of SMEs, the study points out that until very recently the government’s policies were mainly directed towards large scale enterprises. Economic planners and policy makers looked up on the SMEs as peripheral institutions whose economic contributions were confined to creating low-tech jobs. Further, there was culpable indifference in the academic circles regarding the study of issues related to SME development. Therefore, the study stresses that the Government should concentrate on policy formulation which should create an
enabling environment for business development. It also emphasizes that the private sector should develop and strengthen its capacity to increase competitiveness.

_Soundararaja and Singh_ 86 (2009) evaluate that the management of the SSI units in India is inefficient because the owners have neither appropriate educational qualification nor previous industrial and business experience. Lack of leadership skills, ignorance of the new schemes introduced by the Central and State governments, absence of interest on the part of the employees, diffidence about facing risks, low marketing skills, shortage of finance etc are the other weaknesses faced by the SSIs in India. The study threw light on the major opportunities of the SSIs such as different types of subsidies from governments, support from financial institutions like SIDBI, SFCs, SIDC, IDBI, commercial Banks etc., provision for developed sites for construction of sheds, provision of training facilities, assistance to domestic marketing as well as exports, and so on.

_AI –Samhi and Gowda_ 87 (2009) conducted a study on the development and growth of the private manufacturing sector of Yemen. Their study was based on secondary data. The study shows that the majority of the manufacturing industries produce consumable commodities due to high domestic demand. It has been observed that the main factors adversely affecting the industrial climate are poor government policies, local bureaucracies, red-tape procedures, complicated industrial project evaluation measures and lack of financing and incentives. Relating to the growth of industries, the study establishes that the manufacturing sector has witnessed an increase in the number of companies and total production.

_Vetrivel and Iyyampillai_ 88 (2009) observe that Tamil Nadu is one of the
industrially advanced States. However, the SSIs here are facing several problems. There are problems of marketing due to higher competition, paucity of skilled and unskilled labour force, higher cost of production due to high cost of raw materials and old methods of production, complications caused by government policies like the levy of higher taxes and the exorbitant charges for electricity, shortage of power, scarcity of raw materials, lack of finance, lack of women contributors, dearth of managerial expertise etc. The study strongly recommends some corrective measures for the betterment of the SSIs in Tamil Nadu. They are: (1) The DICs should conduct awareness programmes for the entrepreneurs who are unaware of the incentives, assistance and subsidies provided to the SSI units by the government, (2) Banks should provide loans without collateral securities, (3) Government should create basic infrastructure facilities like road, power, water, transport and communication in the backward areas of the State and should embark on a friendly and favourable industrial policy.

Rayen and Thanaraj\textsuperscript{89} (2010) examined the problems faced by tiny entrepreneurs in Tamil Nadu. Their analysis revealed that there was unutilized capacity in the sector due to tight competition. Other conspicuous problems pertain to the area of marketing and finance. It was found out that 88.8 per cent of the sample, tiny entrepreneurs used the sums borrowed from their wives, and the amount raised from the sales proceeds of agricultural land as the major source of initial capital for starting their enterprises. The high cost of power was another crippling problem.

Ramaji\textsuperscript{90} (2010) remarks that the major quantity of food products in India is
from the unorganized sector. The study emphasizes that Indian food industry should grow competitive to face the global challenges under the WTO’s new trade regime. According to the Ministry of Health, Govt. of India, around 25 to 35 per cent of food products are found adulterated. Hence, it is inevitable that the Industry Associations should make a code of conduct and ensure that their members abide by it.

**Ramanaiah** (2010) pointed out that industrialization has a major role to play in the socio-economic development of the underdeveloped countries. The study attempts to identify the several problems in the industrial sector. The ignorance of the promoters of the manufacturing process, the want of an appropriate conception of the projects, and the absence of foresight in production and selling are but a few of these hazards.

**Poovndhiran** (2010) examines the problems faced by the SSIs in Coimbatore. His findings confirm that the non-availability of credit is the major financial problem (42%), followed by financial planning problems (18%) and the non-availability of subsidies (16%). Absence of an appropriate remuneration system and lack of availability of labour are other problems besides absenteeism and marketing hitches. He insists that for solving marketing problem, efforts should be made to identify the distribution channels, assess the promotional measures and to advertise the products.

**Jayanthi** (2010) has conducted a study on the problems faced by the lock manufacturing industry in Tamil Nadu. There were problems in the area of finance, marketing, raw materials, power and labour. The main recommendations made in the study are: (a) to solve financial constraints, the government may form
liberalized credit policies like lesser formalities in processing loans and advances and the grant of loans at concessional rates etc. (b) the government should set up a State Marketing Association to market their products; (c) raw materials should be provided at subsidized prices through the government agencies; (d) the government may provide concession and exemption in excise and sales tax for the entrepreneurs and (e) the awareness among the entrepreneurs regarding the utilization of services provided by supporting agencies should be enhanced.

Gowda and Shetty\textsuperscript{94} (2010) have conducted a study to identify the major limitations faced by MSMEs in India. They presume that the SMEs were facing a lot of problems such as lack of availability of adequate and timely credit, high cost of credit, limited access to equity capital, higher cost of raw materials, shortage of raw materials and so on. The study makes some valuable suggestions for strengthening the SMEs such as the continuation of stimulation packages to MSMEs, immediate introduction of public procurement policy, the setting up of an independent body at the national level for the promotion of MSMEs, the strengthening of District Industrial Centres, encouraging the concept of business incubators in educational institutions, the simplification of labour laws and the formation of new clusters for MSMEs and so on.

Rajage\textsuperscript{95} (2010) examines the reasons for the sickness in sugar industry at Khanapur district in Maharashtra. It is mentioned that half of the sugar factories were more than 25 years old. The physical condition of many of these sugar factories was poor resulting in high down time and losses of capacity. The main findings of the study are: (1) the average cost of sugar production per tonne was
higher than the average price of sugar; (2) the availability of sugarcane in the operational area of the factories was inadequate; (3) the factories pay exorbitant interest on all loans; (4) lack of irrigation facilities; (5) out of total expenditure about 30 per cent was spent on salaries and wages; (6) the labourers and employees were not given proper training etc. He insists that factories should increase the sugarcane cultivation under their operational areas and the sugarcane farmers should adopt latest techniques in cultivation.

Vijayalakshmi (2010) examines the causes for industrial sickness in India. She has identified some internal and external causes of the industrial sickness. The internal causes are within the control of the management. They are lack of finance, bad production policy, inefficient marketing policies, inappropriate personal management and ineffective corporate management. The external causes are problems related to the availability of workforce, shortage of raw material, shortage of power, fuel and high prices, import and export restrictions, credit restraints, delay in the disbursement of loans and some marketing constraints. She stresses that the government should give top priority to develop SSIs by creating basic infrastructural facilities. The study concludes that to enhance the performance of the SSIs, the government should revamp the existing industrial policies to cover all SSI units and also provide more awareness to the entrepreneurs.

Kumbhar (2010) examines the weaknesses of and threats to the food industry in India. He mentions that a large number of units are operating without any kind of certifications. The analysis reveals that the majority of food processing units have neglected the fact of the environment in which they are operating. It is
also seen that many of the units are in the market with products without a brand name. The higher cost of production, tight competition, poor production management, and shortage of raw materials are other serious problems faced by food industry. The study concludes with the pertinent observation that the food processing industry should adopt HRD practices and training programmes to acquire new management and technical skills to face emerging competitors.

Nagaraja 98 (2011) conducted a study on coir industry in India. He is of the opinion that the liberalization policy of the government is certainly a welcome move and should be continued in the interest of the trade. The study attempts to identify the problems in the coir industrial sectors. Traditional methods of production, inadequacy of raw material, high cost of raw material, emergence of plastic fibre as the close substitute for coir fibre and the high tariff on coir import are but a few of these hazards. The study suggests some corrective measures for the betterment of the industry such as up-gradation of the skill of the workers through training, promotion of research and development, improving the quality of coir yarn and coir products, developing new patterns of design and the like.

Mathad and Shetty 99 (2011) attempt to identify the emerging challenges to the SMEs in India. The major challenges are: (1) Managerial barriers such as the lack of professionalism, eagerness to avoid risks, dearth of management skills, concentration of management functions on one/two persons, inadequate exposure to international environment, poor adaptability to changing trade unions etc (2) Financial barriers like low capital base, inability to face the impact of WTO regime, poor financial situations etc and (3) Technological barriers, under which may be
mentioned the non-availability of technically trained human resources, lack of access to technological information, isolation from technology hubs etc. The study argues that most of the SMEs in developed countries have financial as well as technical capacity to identify technological sources and select alternate technologies that would suit their requirements. Unfortunately; this capacity is absent in most of the Indian SMEs.

Shettar\(^{100}\) (2011) has attempted to identify the reasons for industrial sickness in India. Her study confirms that about 90 small-scale units fall sick every working day. The investigation shows that the main reasons for the industrial sickness are: (1) lack of management expertise, (2) non-preservation of the basic principles of management, (3) under utilization of potential, (4) easy approval of the small-scale units by the State, (5) Dependence on own funds etc. The study suggests some measures to counteract the effects of sickness such as greater professionalism in the management of small-scale units and restructuring the sick units by amalgamation. The study concludes that the survival of sick units depends on their adaptiveness to the changing business environment.

2.6. Studies Relating to Women Entrepreneurship

Women entrepreneurs have been making significant contributions in the development of economy of Western countries, like U.S.A., Canada, Germany, France, Holland, U.K. Sweden etc. But in India, as per the summary results of the fourth All India census on micro, small & medium enterprises for the year 2006-2007, out of a total of 15,52,492 registered MSMEs, only 215036 enterprises were owned by women\(^{101}\). It means that women participation in enterprises was a meager
13.85 per cent. The subject of the importance of women entrepreneurship in Indian economy has engaged the attention and curiosity of several researchers and many studies have been undertaken.

Harinarayana\textsuperscript{102} (1991) conducted a study on the promotion of women entrepreneurship in Andhra Pradesh. The analysis shows that lack of support from the community, marketing problems, wants of proper motivation, ignorance of opportunities and preference for traditional occupations are the main reasons which inhibit the promotion of entrepreneurship among rural women.

Beegam\textsuperscript{103} (1993) identifies the major problems faced by women entrepreneurs in Kerala. The analysis shows that the scarcity of land & building, problems of transportation, lack of credit facilities from suppliers are the serious problems faced by women entrepreneurs. The study demands that the Government and the Directorate should ensure that the incentives and concessions provided to women’s units are really enjoyed by the genuine owners of the units.

Embran\textsuperscript{104} (2003) has analyzed the effects of the socio-economic environment on the promotion of women entrepreneurship in the State. It is found that the majority of women entrepreneurs are from low income families. Most of them have no business tradition and much experience in the field. Many of them started their business on borrowed funds. The study showed that the average entrepreneurship quotient of women entrepreneurs is below 50 which apparently unfold their low level of entrepreneurship and managerial ability. The study also bears out that lack of real entrepreneurial and managerial ability is a significant reason for the poor performance of women entrepreneurs.
Santha\textsuperscript{105} (2007) tries to compare the problems of women entrepreneurs in Kerala and Tamil Nadu. The analysis shows that 86 per cent of the women entrepreneurs in Kerala and 67 per cent in Tamil Nadu are faced with different problems in running the business. Most of the women entrepreneurs in Kerala face financial problems, but in Tamil Nadu, the women entrepreneurs mainly face marketing problems. Further, a few women entrepreneurs in Kerala also face training problems. The study shows that high cost of production is the main production related problem faced by women entrepreneurs in both Kerala and Tamil Nadu.

Padala\textsuperscript{106} (2007) examines the problems of women entrepreneurship in Andhra Pradesh. The main problems faced by women entrepreneurs are those of finance and marketing. Therefore, the study stresses that the Government of Andhra Pradesh and other stakeholders should take necessary steps to remove these obstacles.

Srinivasan and Sreenivasangalu\textsuperscript{107} (2008) analyzed the problems of women entrepreneurs in Chennai. They have identified predicaments like the socio-personal problem, managerial questions, complications in production and marketing, financial issues and the enigmas about government assistance. The most acute among these, is that of finance, followed by those in marketing, production and socio-personal relations. The study envisages certain remedial measures for solving these problems. The Government and financial institutions should draw up and implement special lending polices like waiving of collateral and margin money requirements, quick
processing of loans and liberal repayment schedule, as measures to counteract the financial difficulties faced by women entrepreneurs.

Anilkumar\textsuperscript{108} (2008) conducted a study on the ‘Awareness of supporting agencies among women entrepreneurs in small business’. The analysis reveals that the District Industrial Centres (DICs), The National Small Industries Corporations (NSICs), The State Financial Corporations (SFCs), Small Industries Service Institutes (SISs), Technical Consultancy Organizations (TCOs), the Commercial Banks and the NGOs are the main agencies frequently approached by women entrepreneurs. The study illuminates that it is inevitable to take immediate steps to increase the level of awareness of the various sources of finance available to women entrepreneurs. The analysis bears out that the majority of women entrepreneurs are satisfied with the services of supporting agencies.

Nagesh and Murthy\textsuperscript{109} (2008), in their paper on the effectiveness of women entrepreneurship, point out that women entrepreneurship training programs are generally effective in developing various entrepreneurial skills such as new job awareness, knowledge of marketing skills and other similar accomplishments. The results of the study reveal that the State and Central Government training centres and nodal centres which impart training to the entrepreneurs have been successful in catering to the needs of the majority of the recipients. About one-third of the respondents felt less or no effectiveness of the training program and demanded steps for improvement.

Vasantha Kumari\textsuperscript{110} (2008) has attempted to assess the Economic, Individual, Family and Social environment of women in Kerala through micro
enterprises. She takes into account the monthly income of the family and the value of household assets before and after becoming a member in the SHGs. As per the analysis, there is economic empowerment and individual empowerment among women in Kerala through the SHGs. But, as per data, there is only ‘moderate’ empowerment in respect of social and family variables.

Joshi\textsuperscript{111} (2009) in his study on women entrepreneurship in Sikkim has suggested that the society has a definite role to play in encouraging women entrepreneurs. Society should look upon the women entrepreneurs as social transformers and reformers instead of considering them as mere competitors. The study also suggests that the financial institutions should evolve a need- based system of funding instead of security-based financing policy, to assist and encourage women entrepreneurs.

Appata veetu\textsuperscript{112}(2009) conducted a study on women Empowerment in Kerala through the SHG. The study attempts to analyze the extent to which the members of the SHG gain entrepreneurial competence in the established micro enterprises by comparing the position of members with that of the non- members. The conclusion is that the SHGS could make a positive impact on the social life of rural women, by channelizing the flow of credit and inculcating entrepreneurship skills among them. The study demands an intervention from the appropriate authorities so that the SHG system can achieve a prime position in the society which aims at redressing the problems of rural women.

Thattil and Prasad\textsuperscript{113} (2010) have conducted a study on the impact of organizational factors on the performance of women managers. 20 women managers
from Kerala were interviewed for the study. They classified the organizational factors as internal and external. The internal organizational factors are healthy interpersonal relations, appreciation, recognition for creativity, effective communication, delegation of authority, fair treatment from the superiors, opportunity for career development, congenial working environment and so on. The external factors are the support from husband, support from other family members, family culture, religion and caste, Govt. policies and external compulsions, financial or others. Simple mean and Combined mean have been used as tools for analysis. As per the analysis, the combined mean of 3.91 reveals that the external factors as a whole have a high degree of influence on the performance of women managers.

Patgaonkar\textsuperscript{114} (2010) has pointed out the main difficulties faced by rural women entrepreneurs. The analysis reveals that the shortage of power is probably the most serious problem faced by the entrepreneurs in Maharashtra. Other alarming obstacles are the difficulties in securing long-term finance and the availability of water. The shortage of working capital and inadequate working place are the other serious hitches.

Mishra\textsuperscript{115} (2010) observes that the main barriers faced by women entrepreneurs in India are lack of confidence, lack of working capital, socio-cultural barriers, market-oriented risks, feminine identity, fear of success, sexual harassment of women at work-places and so on. He stresses that if the organization imparts proper training to women entrepreneurs, inspiring them to recognize their sex-role identity and helping them to develop entrepreneurial ability, there would be more women entering the managerial profession and occupying top positions.
Vasanthakumari\textsuperscript{116} (2010 mentions that even if women constitute about half of the total population in our country, they are the victims of social prejudices and discrimination. The study shows that only 5 per cent of the female population in Kerala has taken up entrepreneurship as a career. Their position can be improved only by introducing effective self-employment schemes including micro enterprises. She stresses that entrepreneurs can be moulded and entrepreneurial skills can be developed through proper motivation, creating confidence and organizing need-based training programmes.

Angayarkanni\textsuperscript{117}(2010) states that women entrepreneurs presently comprise about 10 per cent of the total number of entrepreneurs in India. The study examines the different factors which restrain or obstruct women from entering the entrepreneurial field boldly and confidently. Difficulties in obtaining credit, greater fear of failure contrasted with their masculine counterparts, balancing home and work roles, less confidence about leadership, negative self-perceptions, lack of business/management training and experience, want of female role models, low income, business-related barriers and lack of guidance and motivation, dearth of clear mission, deficiency of technical knowledge and lack of confidence are but a few of these hazards.

2.7. Studies Relating to Cluster Approach

The research findings on the developments in the field of the SMEs have recognized the importance of social and inter-organizational linkages of a small firm. These linkages help to provide various types of technical, commercial and legal services. This enables the SMEs to overcome some of their inherent...
disadvantages in the areas of production. This linkage between firms doing similar and related or complementary business appears in the form of the cluster approach. Cluster Development is a new approach in the field of the MSME development. There are more than 350 SME-clusters in India. At present innumerable studies have been undertaken on the cluster approach.

Sarkar\textsuperscript{118} (2009) in his article explains the meaning of cluster and also pinpoints its threats and opportunities. The study points out that the clusters in our country face threats like product obsolescence, lack of market-facilities, pollution etc. The remedies suggested to increase turnover are quality up-gradation, the introduction of new products, increasing exports through targeted marketing etc. It has been appraised that cluster development emerges as a tool for MSME improvement in India.

Sood\textsuperscript{119} (2009) examines the infrastructure advantages of clusters in India. The study discloses that factors like cluster-specific physical infrastructure, facilities for knowledge-transfer, export-related infrastructure are really better sources of competitive advantage than capital or labour which are more mobile. It is also found that the modern schemes are focusing more on clusters. Some of the salient features of these schemes according to the study are the public-private partnership approach to establish infrastructure facilities and limited funding as grant by the Government.

Saxena\textsuperscript{120} (2009) made an analytical study about the marketing challenges & opportunities in the SME clusters. He suggests that there will be internal competition among the firms in the cluster in respect of price and quality of products. The study recommends that the firms should move from a price based
competition to a product-based match. The study also discusses the rivalry among firms in selecting distribution networks and marketing channels. It concludes that a promotional plan for an SME located in a cluster, possesses the challenge of how to position itself among the others. For the promotion of a cluster and its products, the cluster development practitioners need to address themselves to such hazards.

### 2.8. Studies Relating to Special Economic Zone

For the development of the SME sector, yet another new policy has been announced by the Government of India in April 2000, known as the Special Economic Zone policy. Several important studies have been made on this area.

_Bahir_121 (2009) in his article on the SEZs refers to the progress and performance of the SEZs in India. The study reveals that at present there are 341 SEZs approved by the Board of Approval. He goes on to point out that the development of the SEZs faces a large number of problems/challenges. Some of them are 1) The non-availability of land, 2) location insistence near a port, 3) the rehabilitation of the displaced, 4) infrastructure constraints, 5) financial challenges and 6) the non-availability of skilled human resources. He sums up the study stating that the Government of India and the Governments of the different States should adopt a pragmatic and scientific approach while considering the issue of SEZs in India. Appropriate measures ought to be adopted while acquiring land. As far as possible, only barren and single-crop land, after prior consultation with the people concerned, should be used for SEZs.

_Hounappa and Ramakrishna_122 (2009), in their article, assess that the SEZs in India appear to be detrimental to life rather than encouraging to the economy. In
China, the SEZs are under rigorous Government control and hence tend to produce rewarding results. On the other hand, in India, most of the industries established in the SEZs are private sector projects. Obviously, the anticipated benefits do not accrue to the State.

*Muthu and Manickam* (2009) examine the causes for the criticism of SEZ policy in India. The SEZs are created as tax havens in over-regulated economies so that the general taxes do not eat away profits, and manufacturers will have the flexibility to use their entire gamut of resources, i.e., capital, labour, infrastructure and technology, in a much more efficient and effective manner. As per the study the main barrier faced by SEZ developers is the acquisition of agricultural land from land owners. It is mainly due to the overconcentration of SEZs near urban and semi-urban areas. The researchers are of the opinion that if world class infrastructural facilities are available in the rural and backward areas, investors automatically would move to the inland areas of India for establishing SEZs. It will reduce the pressure not only on small States like Goa and Kerala but also on metro cities like Kolkata, Mumbai, Delhi and Chennai.

*Chandrashekhhar* (2009) remarks that India must re-design the SEZ policy to suit her requirements instead of adopting the Chinese model. In India, 52 per cent of the total land is under agriculture and 57 per cent of the workforce relies on farming. In India domestic consumption is a major factor to be recognized unlike in China. The household consumption ratio to GDP is 68 per cent in India compared to 38 per cent in China. The study argues that industry should not be promoted at the cost of agriculture. But it should be complementary to agriculture.
Sharma\textsuperscript{125} (2009) suggests that SEZs will be welcomed by all, if these units are setup in the barren land of backward districts. The study stresses that there should be transparency in the acquisition of land and its appraisal. She also demands that people who are thrown out of their farms following land acquisition must be given employment opportunities in the SEZs or elsewhere.

Gupta., Venkatesh and Reddy\textsuperscript{126} (2010), in their article, mention that the Government of India has simplified the procedure for setting up of SEZ in India and that it follows the system of single window for the establishment of SEZ. This is essential to overcome the red tape, lengthy administrative procedures, rigid labour laws and poor infrastructural facilities. They point out that more than 81 per cent of the total notified SEZs have been setup by the private sector. Hence it is the duty of the State to see that the private investment caters for developing the manufacturing sector with equity.

Behuria\textsuperscript{127} (2010) points out that the SEZs generate demand for complementary services and goods and thus produce an impact on other sectors. For instance, the demand for packing materials, packing industries, banking and related services, supporting services such as hotels, construction and transport industries etc will be benefited.

Patil\textsuperscript{128} (2010) mentions that the major criticisms against the SEZs in India are: 1) the acquisition of fertile land holding from the poor farmers and its transfer to the foreign nationals and 2) the pollution of air and water and the consequent victimization of the people and livestock around the SEZs. She criticizes that SEZs are neglecting public welfare in their urge for increased profit. She also deplores that
the SEZs serve as dumping grounds for the huge amount of industrial and nuclear waste.

2.9. Other Studies

*Mousavizadeh and Rajashekar* (2008), in their article, assess the role of electronic commerce in the advancement of business. For SMEs, E-commerce may prove more advantageous to find new customers and suppliers especially in markets to which they have hitherto had no easy access either internationally or regionally. They also mention that the SMEs have to face some extra challenges while using E-Commerce compared to conditions prevailing in larger firms. For example, the SMEs often find it hard to raise sufficient capital and to deploy efficient staff for the introduction of new technology.

*Gayathri* (2009) examines the challenges to strategies of E-Commerce in the context of the SMEs in India. She suggests that the SME sector should orient its business to tap potential customers on the net. She enumerates the practical challenges which the SMEs are facing while doing business through internet. She is of the opinion that the first and foremost challenge before a small business firm is to create trust in the customers. She winds up her study with the hope that the days are not far off when firms and companies will be jostling for online space. Hence the study recommends that discerning entrepreneurs must start early to reap the benefits.

*Navdeep and Sharma* (2009), in their paper, evaluate that although technology evolved a lot in the past few years, the I.T infrastructure within the SMEs has changed little. This is one of the reasons why the SMEs lag behind larger
organizations. The study proposes that the usage of higher technology demands the application of higher recourses which unfortunately are not available with the SMEs.

*Parab and Jain*\(^{132}\) (2009) emphasize the importance of E. Commerce in the SMEs. They point out that many firms use the internet to communicate with the suppliers and customers only as a channel for maintaining a business relationship. They are of the opinion that the use of web as a distribution channel reduces distribution costs. The products and services can be delivered immediately. The buyers and sellers can have access and contact with each other directly, potentially eliminating some costs and constraints consequent on phone, letter and fax. It is their hope that a developing country can become industrialized and modernized if it extensively applies the I.T to enhance productivity and competitiveness.

*Sundhararaman and Kumar*\(^{133}\) (2010), in a study, bring out that the process of liberalization, while providing tremendous opportunities to the enthusiastic entrepreneurs, has also thrown open new challenges for the Indian Micro and small Enterprises. They consider that in the present globalized economy, not withstanding grim competition, the entrepreneurs are very confident and optimistic that they would come out successful in business, supported by rich experience.

*Sarma and Appaso*\(^{134}\) (2010) examine the impact of liberalization on the industrial labour market of Kolhapur district in Maharashtra. The analysis shows that the new era of liberalization has not made any positive contribution to the various aspects of labour market such as registration of new units, reduction in closures, increase in income, female employment and the like.
Conclusion

The survey of literature comprehensively exposes the different areas pertaining to entrepreneurship in general. The studies cited reveal the meaning and importance of the SSIs/SMEs in the economic development of our country, their problems and prospects, the predicaments of human resource management, the role of financial institutions in the growth of the SMEs, issues raised by the SEZs and their prospects, the clustering of industries and problems of women entrepreneurship. However, very few studies relating to business environmental factors have been undertaken by the researchers. Despite the above studies, no serious attempts have ever been made to make an up-to-date assessment of the varying business environmental factors which influence the functioning of the manufacturing Micro and Small Enterprises (MSEs) in Kerala as understood by the different stakeholders like the Entrepreneurs, Bank Managers, the Industries Extension Officers (I.E.Os) and Members of Local Bodies. An industrial environmental impact assessment, considering the specific context in the State of Kerala, was never attempted. Making an impact assessment with micro and macro environmental factors as applicable to the State of Kerala was found missing. This research gap was conceived and addressed in the present study.
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