

# CHAPTER V

## DEVELOPMENT OF RURAL INDUSTRIES IN RAE BARELI DISTRICT

In order to analyze the growth and development of industries, examining the existing problems in the management of industrial units and present patterns of institutional and non-institutional arrangements for marketing of finished products, a survey of industrial entrepreneurs has been conducted. In this part of the dissertation, an analysis of data pertaining to growth and development of industries, management of raw materials, finances, technology, machine and equipments as well as marketing patterns etc. has been ensured.

Out of total surveyed units, most of the units were from the tiny sector. The proportion of small industrial units in the sample is also found to be significant. Out of total industrial units, most of them were found engaged in manufacturing (30 per cent), distribution (26.43 per cent) and traditional occupation-based activities (14.29 per cent). Most of the tiny industrial units were found engaged in manufacturing and distribution while around 30 per cent medium and large size industries were found doing business in services sector (Table 5.1).

Table 5.1: **Nature of Units**

<b>Nature of Units</b>	<b>Tiny</b>	<b>Small</b>	<b>Medium/Large</b>	<b>Total</b>
Manufacturing	24	11	7	42
	40.00	22.00	23.33	30.00
Distribution	19	9	9	37
	31.67	18.00	30.00	26.43
Horticulture and Allied	2	7	2	11
	3.33	14.00	6.67	7.86
Service	5	4	9	18
	8.33	8.00	30.00	12.86
Handicraft		8		8
		16.00		5.71
Traditional occupation	10	7	3	20
	16.67	14.00	10.00	14.29
Others		4		4
		8.00		2.86
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Most of the respondents i.e. 45.71 per cent reported that they themselves started the industrial units. It was found more pronouncing in case of medium and tiny sector industries. The units established by parents were reported to be significant also. Only 8 per cent industrial units were established by government. It was found slightly higher in case of small industrial units (Table 5.2).

Table 5.2: **Origin of Units**

<b>Origin of the Units</b>	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Self started	27	22	15	64
	45.00	44.00	50.00	45.71
Parental	18	13	10	41
	30.00	26.00	33.33	29.29
Government	5	6		11
	8.33	12.00	0.00	7.86
Other	10	9	5	24
	16.67	18.00	16.67	17.14
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.2A: **Origin of Units**

<b>Origin of the Units</b>	<b>Tiny</b>		<b>Small</b>		<b>Medium</b>		<b>Total</b>
	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	
Self started	27	24.4	22	22.8	15	13.7	64
Parental	18	27.57	13	14.6	10	8.7	41
Government	5	4.7	6	3.9		2.3	11
Other	10	10.2	9	8.5	5	5.1	24
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 4.293$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 6 = 4.29$

Table value of  $\chi^2_{.05}$ , for  $v = 6 = 12.6$

Since calculated value of  $\chi^2_{.05}$  at  $v = 6$  is less than table value hence, difference between theory and observation is not significant.

Nature-wise origin of industrial units is shown in Table 5.3. The self started units were found mainly of nature of handicrafts (62.5 per cent), horticulture and allied activities (45.95 per cent) and services (50 per cent). About 3/4<sup>th</sup> industrial units in the nature of traditional occupation were found established by parents. The government established units were mainly in the nature of handicrafts and horticulture and allied activities.

Table 5.3: Nature-wise Origin of Units

Units	Self started	Parental	Government	Other	Total
Manufacturing	20	7	2	13	42
	47.62	16.67	4.76	30.95	100.00
Distribution	17	11	3	6	37
	45.95	29.73	8.11	16.22	100.00
Horticulture and Allied	6	2	2	1	11
	54.55	18.18	18.18	9.09	100.00
Service	9	6		3	18
	50.00	33.33	0.00	16.67	100.00
Handicraft	5		2	1	8
	62.50	0.00	25.00	12.50	100.00
Traditional occupation	3	15	2		20
	15.00	75.00	10.00	0.00	100.00
Others	4				4
	100.00	0.00	0.00	0.00	100.00
<b>Total</b>	<b>64</b>	<b>41</b>	<b>11</b>	<b>24</b>	<b>140</b>
	<b>45.71</b>	<b>29.29</b>	<b>7.86</b>	<b>17.14</b>	<b>100.00</b>

Source: Field Survey, 2009.

Year-wise origin of units is shown in Table 5.4. The self started units were established mainly during last 5 years. However, the industrial units established by parents were found more than 10 years. The government industrial units were mainly established within a period of 5 years.

Table 5.4: Year-wise Origin of Units

Units	Less than 3 years	3 – 5 years	5 – 10 Years	More than 10 Years	Total
Self started	20	34	10		64
	66.67	56.67	27.03	0.00	45.71
Parental	3	10	18	10	41
	10.00	16.67	48.65	76.92	29.29
Government		8	2	1	11
	0.00	13.33	5.41	7.69	7.86
Others	7	8	7	2	24
	23.33	13.33	18.92	15.38	17.14
<b>Total</b>	<b>30</b>	<b>60</b>	<b>37</b>	<b>13</b>	<b>140</b>

Source: Field Survey, 2009.

Most of the industrial units were established during 3 - 5 years before (42.86 per cent). More than 1/4<sup>th</sup> industrial units were established before 5 – 10 years back. About 2/5<sup>th</sup> medium size industries were established before 10 years

while only 9 per cent industrial units were found established before 10 years. Thus, the industrial development in the district is the recent scenario (Table 5.5).

Table 5.5: Year-wise Establishment of Units

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Less than 3 year	12	10	8	30
	20.00	20.00	26.67	21.43
3 – 5 year	29	25	6	60
	48.33	50.00	20.00	42.86
5 – 10 Year	16	9	12	37
	26.67	18.00	40.00	26.43
More than 10 Year	3	6	4	13
	5.00	12.00	13.33	9.29
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.5A: Year-wise Establishment of Units

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Less than 3 year	12	10	8	30
3 – 5 year	29	25	6	60
5 – 10 Year	16	9	12	37
More than 10 Year	3	6	4	13
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 10.79$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 6 = 10.79$

Table value of  $\chi^2_{.05}$ , for  $v = 6 = 12.6$

Since calculated value of  $\chi^2_{.05}$  at  $v = 6$  is less than table value hence, difference between theory and observation is not significant.

Nature-wise establishment of industrial unit is shown in Table 5.6. Most of the manufacturing industrial units were established in between last 3 – 10 years while 63 per cent industrial units in the sector of handicrafts were found established in between 3 – 5 years back. The older industrial units were mainly in the nature of traditional occupation-based industries and horticulture and allied sector.

Table 5.6: Nature of Unit-wise Year of Establishment

	<b>Less than 3 year</b>	<b>3 – 5 year</b>	<b>5 – 10 year</b>	<b>More than 10 Year</b>	<b>Total</b>
Manufacturing	5	16	17	4	42
	11.90	38.10	40.48	9.52	100.00
Distribution	9	19	6	3	37
	24.32	51.35	16.22	8.11	100.00
Horticulture and Allied	3	5	1	2	11
	27.27	45.45	9.09	18.18	100.00
Service	8	6	4	0	18
	44.44	33.33	22.22	0.00	100.00
Handicraft	2	5	1	0	8
	25.00	62.50	12.50	0.00	100.00
Traditional occupation	3	6	7	4	20
	15.00	30.00	35.00	20.00	100.00
Others	0	3	1	0	4
	0.00	75.00	25.00	0.00	100.00
<b>Total</b>	<b>30</b>	<b>60</b>	<b>37</b>	<b>13</b>	<b>140</b>
	<b>21.43</b>	<b>42.86</b>	<b>26.43</b>	<b>9.29</b>	<b>100.00</b>

Source: Field Survey, 2009.

The industrial entrepreneurs were asked about the motivating factors for establishing the units. Access to family skills, access to raw materials, local demand of products, lack of proper employment and access to government facility are some of the important factors for establishing the units. However, the motivating factors vary depending upon the size of industrial units (Table 5.7).

Table 5.7: Motivating Factors for Establishment of Units

<b>Factors</b>	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Not known	3	4	8	15
	5.00	8.00	26.67	10.71
Access of family skill	21	44	21	86
	35.00	88.00	70.00	61.43
Access to raw material	42	35	8	85
	70.00	70.00	26.67	60.71
Local demand of the product	60	50	12	122
	100.00	100.00	40.00	87.14
Lack of employment	54	45	15	114
	90.00	90.00	50.00	81.43
Traditional occupation	28	24	12	64
	46.67	48.00	40.00	45.71
Access to government facility	21	28	19	68
	35.00	56.00	63.33	48.57
Others	42	40	24	106
	70.00	80.00	80.00	75.71
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The industrial entrepreneurs were further asked that who motivated them to start the industrial units. The majority of them reported that their family members motivated them to start the industrial units (87.14 per cent). The overwhelming majority of respondents also revealed that they were motivated by their friends to start the industrial units. Thus, government as a motivating factor is not found very much significant (Table 5.8).

**Table 5.8: Motivation to Establish Units**

<b>Motivation</b>	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
None	8	6	4	18
	13.33	12.00	13.33	12.86
Government	12	29	12	53
	20.00	58.00	40.00	37.86
Family	47	48	27	122
	78.33	96.00	90.00	87.14
Friends	42	32	21	95
	70.00	64.00	70.00	67.86
Others	27	33	26	86
	45.00	66.00	86.67	61.43
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Capital investment in the industrial units are shown in Table 5.9. Most of the industrial entrepreneurs reported that they invested less than Rs. 50,000 as a capital investment in the industrial units. This was found more pronouncing in case of tiny industrial units (75 per cent) as against small industrial units (12 per cent). Around 22 per cent respondents also revealed that they invested in between Rs.1 lac to 5 lacs as capital investment in the industrial units. Thus, only 11 per cent respondents said that they invested more than Rs.1 million as a capital investment in the industrial units. This was found more significant in case of medium size industries (33.33 per cent).

Table 5.9: Capital Investment in Units

Investment (In Rupees )	Tiny	Small	Medium	Total
Less than 50 000	45	6		51
	75.00	12.00	0.00	36.43
50000 to 100000	10	11	3	24
	16.67	22.00	10.00	17.14
100000 - 500000	5	18	8	31
	8.33	36.00	26.67	22.14
500000 – 1000000		10	9	19
	0.00	20.00	30.00	13.57
More than 1000000		5	10	15
	0.00	10.00	33.33	10.71
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.9A: Capital Investment in Units

Investment (In Rupees )	Tiny		Small		Medium		Total
	O	E	O	E	O	E	
Less than 50 000	45	21.8	6	18.2		10.9	51
50000 to 100000	10	10.2	11	8.5	3	5.1	24
100000 - 500000	5	13.2	18	11.0	8	6.6	31
500000 – 1000000		8.1	10	6.7	9	4.0	19
More than 1000000		6.4	5	5.3	10	3.2	15
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 92.05$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 8 = 92.05$

Table value of  $\chi^2_{.05}$ , for  $v = 8 = 15.5$

Since calculated value of  $\chi^2_{.05}$  at  $v=8$  is greater than table value hence, difference between theory and observation is significant.

Average capital investment in the industrial units is shown in Table 5.10. The initial capital investment is reported to be Rs.9.63 lac which has multiplied upto Rs.25.78 lac at present. The average capital investment has been reported higher in case of medium size industry (Rs.24.57 lac) while it was only Rs.0.56 lac in case of tiny industries. Present capital investment has been reported much higher in case of medium size industries (Rs.68.42 lac) as against tiny industries (Rs.2.48 lac). The analysis simply demonstrates that the capital investment has grown significantly over the period.

Table 5.10: Average Capital Investment in Units

(In Lakh)

	Tiny	Small	Medium	Total
Initial	0.56	3.75	24.57	9.63
Present	2.48	6.45	68.42	25.78

Source: Field Survey, 2009.

Year-wise establishment of units and capital investment is shown in Table 5.11. Those industrial units which were established recently required lesser amount of capital investment as against those industrial units which were established earlier required higher capital investment.

Table 5.11: Year of Establishment-wise Capital Investment

	Less than 3 year	3 – 5 year	5 – 10 year	More than 10 year	Total
Less than 50000	6	22	17	6	51
	20.00	36.67	45.95	46.15	36.43
50000 to 100000	5	13	4	2	24
	16.67	21.67	10.81	15.38	17.14
100000 - 500000	6	12	8	5	31
	20.00	20.00	21.62	38.46	22.14
500000 – 1000000	9	7	3		19
	30.00	11.67	8.11	0.00	13.57
More than 1000000	4	6	5		15
	13.33	10.00	13.51	0.00	10.71
<b>Total</b>	<b>30</b>	<b>60</b>	<b>37</b>	<b>13</b>	<b>140</b>

Source: Field Survey, 2009.

Source of finances for initial investment is shown in Table 5.12. About half of the respondents told that they managed themselves for the initial



investment. Only 14 per cent respondents said that they availed government loan for initial investment in the industry. This was found more pronouncing in case of medium size industries. Contribution of Government subsidy was found significant in tiny and small sector industries as an initial investment.

Table 5.12: Source of Finances for Initial Investment

Source of Finances	Tiny	Small	Medium	Total
Self	29	24	15	68
	48.33	48.00	50.00	48.57
Friends	11	13		24
	18.33	26.00	0.00	17.14
Govt. subsidy	5	3		8
	8.33	6.00	0.00	5.71
Govt. loan	3	4	12	19
	5.00	8.00	40.00	13.57
Bank Loan	12	6	3	21
	20.00	12.00	10.00	15.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.12A: Source of Finances for Initial Investment

Source of Finances	Tiny		Small		Medium		Total
	O	E	O	E	O	E	
Self	29	29.1	24	24.2	15	14.5	68
Friends	11	10.2	13	8.5		5.1	24
Govt. subsidy	5	3.4	3	2.8		1.7	8
Govt. loan	3	8.1	4	6.7	12	4.0	19
Bank Loan	12	9	6	7.5	3	4.5	21
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 32.13$$

Calculated value of  $\chi^2$  .05, for  $v = 8 = 32.13$

Table value of  $\chi^2$  .05, for  $v = 8 = 15.5$

Since calculated value of  $\chi^2$  .05 at  $v=8$  is greater than table value hence, difference between theory and observation is significant.

The respondents were asked whether they received any financial assistance from the government agency after the establishment of the units. Only 2/5<sup>th</sup> respondents revealed that they received financial assistance from government for the development of the industry. It was found more pronouncing in case of medium size industry (60 per cent) and tiny industries (38.33 per

cent). The financial assistance was availed mainly for the purchase of machinery and equipments (76.27 per cent) and raw materials (50.85 per cent) (Table 5.13).

Table 5.13: **Whether You Received Any Financial Assistance From the Govt. Agency After the Establishment**

		<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Yes		23	18	18	59
		38.33	36.00	60.00	42.14
No		37	32	12	81
		61.67	64.00	40.00	57.86
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>
If yes purpose for Govt. assistance	Raw material	12	9	9	30
		52.17	50.00	50.00	50.85
	Machinery & equipment	18	12	15	45
		78.26	66.67	83.33	76.27
	Marketing & sales	11	6	5	22
47.83		33.33	27.78	37.29	
<b>Total</b>		<b>23</b>	<b>18</b>	<b>18</b>	<b>59</b>

Source: Field Survey, 2009.

Nature of unit-wise receiving of financial assistance is shown in Table 5.14. The financial assistance was received for the industrial entrepreneurs dealing in mainly handicrafts (87.50 per cent), distribution (43.24 per cent), manufacturing (38.10 per cent) and traditional occupation-based industrial activities (40 per cent).

Table 5.14: **Nature of Unit-wise Financial Assistance Received**

	<b>Yes</b>	<b>No</b>	<b>Total</b>
Manufacturing	16	26	42
	38.10	61.90	100.00
Distribution	16	21	37
	43.24	56.76	100.00
Horticulture and Allied	4	7	11
	36.36	63.64	100.00
Service	6	12	18
	33.33	66.67	100.00
Handicraft	7	1	8
	87.50	12.50	100.00
Traditional occupation	8	12	20
	40.00	60.00	100.00
Others	2	2	4
	50.00	50.00	100.00
<b>Total</b>	<b>59</b>	<b>81</b>	<b>140</b>
	<b>42.14</b>	<b>57.86</b>	<b>100.00</b>

Source: Field Survey, 2009.

Table 5.14A: Nature of Unit-wise Financial Assistance Received

	Yes		No		Total
	O	E	O	E	
Manufacturing	16	17.7	26	24.3	42
Distribution	16	15.5	21	21.4	37
Horticulture and Allied	4	4.6	7	6.36	11
Service	6	7.5	12	10.4	18
Handicraft	7	3.3	1	4.6	8
Traditional occupation	8	8.4	12	11.5	20
Others	2	1.6	2	2.3	4
<b>Total</b>	<b>59</b>		<b>81</b>		<b>140</b>
	<b>42.14</b>		<b>57.86</b>		<b>100.00</b>

$$\chi^2 = \sum (O-E)^2/E = 8.14$$

Calculated value of  $\chi^2$  .05, for  $\nu = 6 = 8.14$

Table value of  $\chi^2$  .05, for  $\nu = 6 = 12.6$

Since calculated value of  $\chi^2$  .05 at  $\nu=6$  is less than table value hence, difference between theory and observation is not significant.

Nature of unit-wise establishment of industrial units is shown in Table 5.15. Most of the manufacturing units were established by self while 3/4<sup>th</sup> units in the handicraft sector were established with government subsidy. Similarly, around 1/4<sup>th</sup> units in distribution sector were established with the financial support from banks.

Table 5.15: Nature of Unit-wise Establishment of Industrial Units

	Self	Friends	Govt. subsidy	Govt. loan	Bank	Total
Manufacturing	22	5		7	8	42
	52.38	11.90	0.00	16.67	19.05	100.00
Distribution	18	4	1	5	9	37
	48.65	10.81	2.70	13.51	24.32	100.00
Horticulture and Allied	6	3			2	11
	54.55	27.27	0.00	0.00	18.18	100.00
Service	9	6		2	1	18
	50.00	33.33	0.00	11.11	5.56	100.00
Handicraft			6	2		8
	0.00	0.00	75.00	25.00	0.00	100.00
Traditional occupation	10	5	1	3	1	20
	50.00	25.00	5.00	15.00	5.00	100.00
Others	3	1				4
	75.00	25.00	0.00	0.00	0.00	100.00
<b>Total</b>	<b>68</b>	<b>24</b>	<b>8</b>	<b>19</b>	<b>21</b>	<b>140</b>
	<b>48.57</b>	<b>17.14</b>	<b>5.71</b>	<b>13.57</b>	<b>15.00</b>	<b>100.00</b>

Source: Field Survey, 2009.

The respondents were asked whether they received training for the management of industrial units. About 40 per cent entrepreneurs reported that they received training. It was found more pronouncing in case of tiny units and low in case of medium size units (Table 5.16).

Table 5.16: Whether Vocational Training Received

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Yes	31	18	7	56
	51.67	36.00	23.33	40.00
No	29	32	23	84
	48.33	64.00	76.67	60.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.16A: Whether Vocational Training Received

	<b>Tiny</b>		<b>Small</b>		<b>Medium</b>		<b>Total</b>
	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	
Yes	31	24	18	20	7	12	56
No	29	36	32	30	23	18	84
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 7.2$$

Calculated value of  $\chi^2$  .05, for  $v = 2 = 7.2$

Table value of  $\chi^2$  .05, for  $v = 2 = 5.99$

Since calculated value of  $\chi^2$  .05 at  $v=2$  is greater than table value hence, difference between theory and observation is significant.

Respondents were asked whether they tried to avail any financial assistance from any agency. 30 per cent respondents admitted that they tried to avail financial assistance. This was found more pronouncing in small and medium size industrial units (Table 5.17).

Table 5.17: Whether You Tried to Avail Any Financial Assistance from Any Agency

	Tiny	Small	Medium	Total
Yes	13	18	11	42
	21.67	36.00	36.67	30.00
No	47	32	19	98
	78.33	64.00	63.33	70.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.17A: Whether You Tried to Avail Any Financial Assistance From Any Agency

	Tiny		Small		Medium		Total
	O	E	O	E	O	E	
Yes	13	23.1	18	15	11	9	42
No	47	42	32	35	19	21	98
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 6.50$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 2 = 6.50$

Table value of  $\chi^2_{.05}$ , for  $v = 2 = 5.99$

Since calculated value of  $\chi^2_{.05}$  at  $v=2$  is greater than table value hence, difference between theory and observation is significant.

Reasons for not availing financial assistance are shown in Table 5.18. Important reasons for not availing financial assistance were reported to be lack of awareness of the scheme of financial assistance, difficulty in getting assistance and requirement of personal approach.

Table 5.18: Reasons for Not Availing Financial Assistance

Reasons	Tiny	Small	Medium	Total
Lack of awareness of the schemes of financial assistance	35	21	17	73
	74.47	65.63	89.47	74.49
Difficult to get assistance	40	25	9	74
	85.11	78.13	47.37	75.51
Corruption involved in getting assistance	18	19	13	50
	38.30	59.38	68.42	51.02
Requirement of personal approach	38	13	12	63
	80.85	40.63	63.16	64.29
No such scheme was introduced	18	15	8	41
	38.30	46.88	42.11	41.84
Any other	21	10	2	33
	44.68	31.25	10.53	33.67
<b>Total</b>	<b>47</b>	<b>32</b>	<b>19</b>	<b>98</b>

Source: Field Survey, 2009.

Source of machinery and equipments is shown in Table 5.19. Around 40 per cent respondents reported that the machinery and equipments were self manufactured or developed while 30 per cent respondents said that these were locally manufactured. Thus, about 80 per cent respondents from the medium size industrial units reported that machinery and equipments were from outside of the place.

Table 5.19: Source of Machinery and Equipments

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Self manufactured	29	22	4	55
	48.33	44.00	13.33	39.29
Locally manufactured	23	17	2	42
	38.33	34.00	6.67	30.00
Non local manufactured	8	11	24	43
	13.33	22.00	80.00	30.71
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.19A: Source of Machinery and Equipments

	<b>Tiny</b>		<b>Small</b>		<b>Medium</b>		<b>Total</b>
	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	
Self manufactured	29	23.5	22	19.6	4	11.7	55
Locally manufactured	23	18	17	15	2	9	42
Non local manufactured	8	18.4	11	15.3	24	9.2	43
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 44.6$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 4 = 44.6$

Table value of  $\chi^2_{.05}$ , for  $v = 4 = 9.49$

Since calculated value of  $\chi^2_{.05}$  at  $v=4$  is greater than table value hence, difference between theory and observation is significant.

Nature of unit-wise source of machinery is shown in Table 5.20. Machinery and equipments for the units related to horticulture and allied sector and distribution were managed from outside while the entrepreneurs from the units in the sector of manufacturing, handicrafts and traditional occupations developed themselves machinery and equipments.

Table 5.20 : Nature of Unit-wise Source of Machinery

	<b>Self manufactured</b>	<b>Locally manufactured</b>	<b>Non local manufactured</b>	<b>Total</b>
Manufacturing	21	12	9	42
	50.00	28.57	21.43	100.00
Distribution	8	13	16	37
	21.62	35.14	43.24	100.00
Horticulture and Allied	1	2	8	11
	9.09	18.18	72.73	100.00
Service	7	6	5	18
	38.89	33.33	27.78	100.00
Handicraft	5	1	2	8
	62.50	12.50	25.00	100.00
Traditional occupation	10	7	3	20
	50.00	35.00	15.00	100.00
Others	3	1		4
	75.00	25.00	0.00	100.00
<b>Total</b>	<b>55</b>	<b>42</b>	<b>43</b>	<b>140</b>
	<b>39.29</b>	<b>30.00</b>	<b>30.71</b>	<b>100.00</b>

Source: Field Survey, 2009.

The respondents were further asked whether present installed machinery in the unit is adequate to utilize the installed capacity. Most of the respondents were found dissatisfied with the adequacy of the installed machinery to utilize the full potential of the unit. Less than 40 per cent respondents reported that the present installed machinery is adequate for functioning the unit and meeting out the production requirement. Thus, majority of the respondents were found dissatisfied with the adequacy of machinery to ensure efficiency and quality of the product (Table 5.21).

Table 5.21: Whether Presently Installed Machinery in Your Unit is Adequate

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Functioning the unit properly	20	17	13	50
	33.33	34.00	43.33	35.71
Present production requirement	23	18	12	53
	38.33	36.00	40.00	37.86
Increasing productive efficiency of the unit as required	5	6	4	15
	8.33	12.00	13.33	10.71
Maintaining the quality of the product	12	9	1	22
	20.00	18.00	3.33	15.71
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.21A: Whether Presently Installed Machinery in Your Unit is Adequate

	Tiny		Small		Medium		Total
	O	E	O	E	O	E	
Functioning the unit properly	20	21.4	17	17.8	13	10.7	50
Present production requirement	23	22.7	18	18.9	12	11.3	53
Increasing productive efficiency of the unit as required	5	6.4	6	5.3	4	3.2	15
Maintaining the quality of the product	12	9.4	9	7.8	1	4.7	22
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 5.12$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 6 = 5.12$

Table value of  $\chi^2_{.05}$ , for  $v = 6 = 12.6$

Since calculated value of  $\chi^2_{.05}$  at  $v=6$  is less than table value hence, difference between theory and observation is not significant.

The respondents were further asked whether they required modern machinery. About 40 per cent respondents said that they required modern machinery for their industrial units. This was found more pronouncing in case of tiny and small units (Table 5.22).

Table 5.22: Whether Modern Machinery is Required

	Tiny	Small	Medium	Total
Yes	27	21	9	57
	45.00	42.00	30.00	40.71
No	33	29	21	83
	55.00	58.00	70.00	59.29
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.22A: Whether Modern Machinery is Required

	Tiny		Small		Medium		Total
	O	E	O	E	O	E	
Yes	27	24.4	21	20.3	9	12.2	57
No	33	35.5	29	29.6	21	17.7	83
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 1.94$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 2 = 1.94$

Table value of  $\chi^2_{.05}$ , for  $v = 2 = 5.99$



Since calculated value of  $\chi^2_{.05}$  at  $v=2$  is greater than table value hence, difference between theory and observation is significant.

The respondents were asked whether there were any changes in the quality of machines and their availability. The majority of the respondents reported that there is important change in the quality of machines and their availability. They said that such types of machines are being manufactured by outside artisans and mechanics (Table 5.23).

Table 5.23: Whether Changes In the Quality Of Machines And Their Availability

		Tiny	Small	Medium	Total
Yes		39	32	17	88
		65.00	64.00	56.67	62.86
No		21	18	13	52
		35.00	36.00	43.33	37.14
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>
If yes who manufactured	Self	12	5	2	19
		30.77	15.63	11.76	21.59
	Local artisans	21	9	3	33
		53.85	28.13	17.65	37.50
	Non local artisans	6	18	12	36
		15.38	56.25	70.59	40.91
<b>Total</b>		<b>39</b>	<b>32</b>	<b>17</b>	<b>88</b>

Source: Field Survey, 2009.

Distribution of cost of production is shown in Table 5.24. About 47 percent cost of production include the purchase of raw materials. This was found more pronouncing in case of tiny industrial units and small units. The marketing expenses constitute about 15 per cent in cost of production while wages and salary accounted for about 13 per cent. Similarly, transportation accounted for 13 per cent.

Table 5.24: Distribution of Cost of Production

(Percentage)

	Tiny	Small	Medium	Large	Total
Wage and Salary	10	15	15		13.33
Purchase of raw materials	55	50	35		46.67
Marketing expenses	10	15	20		15
Transportation	15	10	15		13.33
Electricity and rent	7	7	10		8
Others	3	3	5		3.67
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>

Source: Field Survey, 2009.

Most of the respondents reported that the demand of products has increased during the recent past. Around 35 per cent respondents reported that the increase has been in between 25 – 50 per cent. A significant number of respondents also reported that the demand of products has been constant (Table 5.25).

Table 5.25: Increase of Demand for Products during Recent Past  
(In Percentage)

	Increase	Decrease	Stagnating	Constant	Total
Upto 25%	80	11	13	25	129
	24.24	18.97	20.00	23.36	23.04
25 - 50%	115	23	20	23	181
	34.85	39.66	30.77	21.50	32.32
50 - 75%	75	14	21	30	140
	22.73	24.14	32.31	28.04	25.00
75 - 100%	60	10	11	29	110
	18.18	17.24	16.92	27.10	19.64

Source: Field Survey, 2008.

Table 5.25A: Increase of Demand for Products during Recent Past  
(In Percentage)

	Increase		Decrease		Stagnating		Constant		Total
	O	E	O	E	O	E	O	E	
Upto 25%	80	76.0	11	13.3	13	14.9	25	24.6	129
25 - 50%	115	106.6	23	18.7	20	21	23	34.5	181
50 - 75%	75	82.5	14	14.5	21	16.2	30	26.7	140
75 - 100%	60	64.8	10	11.3	11	12.7	29	21.0	110

$$\chi^2 = \sum (O-E)^2/E = 12.69$$

Calculated value of  $\chi^2$  .05, for v = 9 = 12.69

Table value of  $\chi^2$  .05, for v = 9 = 16.9

Since calculated value of  $\chi^2$  .05 at v=9 is less than table value hence, difference between theory and observation is not significant.

Extent of changing demand according to destinations is shown in Table 5.26. Around 59 per cent respondents said that the demand is increasing while around 19 per cent respondents reported that the demand is constant. Those who reported that demand is increasing said that the demand is increasing within the village and nearby villages. Those who said that the demand is increased reported that it has been largely in nearby towns and in the local areas.

Table 5.26: **Extent of Changing Demand According to Destinations**  
(In Percentage)

	<b>Increase</b>	<b>Decrease</b>	<b>Stagnating</b>	<b>Constant</b>	<b>Total</b>
Within village	85	14	15	26	140
	60.71	10.00	10.71	18.57	100.00
Nearby village	84	14	12	30	140
	60.00	10.00	8.57	21.43	100.00
Nearby town	80	18	22	20	140
	57.14	12.86	15.71	14.29	100.00
Within state	81	12	16	31	140
	57.86	8.57	11.43	22.14	100.00
<b>Total</b>	<b>330</b>	<b>58</b>	<b>65</b>	<b>107</b>	<b>560</b>
	<b>58.93</b>	<b>10.36</b>	<b>11.61</b>	<b>19.11</b>	<b>100.00</b>

Source: Field Survey, 2009.

Marketing arrangements and sales are shown in Table 5.27. Most of the respondents reported that they sell their products at the workplace and through exhibitions. A large number of entrepreneurs also reported that they had marketing arrangements in the nearby towns for marketing of their finished products. The tiny industrial units are mainly depend on sales through workplace and exhibitions while small industrial units also sell their products through government purchase.

Table 5.27: Marketing Arrangements and Sales

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Work place	60	46	30	136
	100.00	92.00	100.00	97.14
Nearby towns	21	34	26	81
	35.00	68.00	86.67	57.86
Towns / marketing	18	44	14	76
	30.00	88.00	46.67	54.29
Through exhibition	41	29	16	86
	68.33	58.00	53.33	61.43
Govt. purchase		22	5	27
	0.00	44.00	16.67	19.29
Others	32	25	13	70
	53.33	50.00	43.33	50.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The preferred channels of selling are shown in Table 5.28. Contractors, retailers and exhibitions are most preferred channels for the selling of the products. However, the preference of channels for selling of the products vary depending upon the size of the industrial units.

Table 5.28 : Most Preferred Channels of Selling

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Contractors	15	12	24	51
	25.00	24.00	80.00	36.43
Nearby village	33	24	26	83
	55.00	48.00	86.67	59.29
Retailers / local consumers	6	36	30	72
	10.00	72.00	100.00	51.43
Govt. agency	0	2	17	19
	0.00	4.00	56.67	13.57
Exhibition	38	26	5	69
	63.33	52.00	16.67	49.29
Others	41	35	22	98
	68.33	70.00	73.33	70.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Respondents were asked whether they needed additional arrangements for selling products. Around 36 per cent respondents required additional arrangements for selling of products. It was found more pronouncing in case of

medium size units. Thus, the entrepreneurs in tiny sector are not facing difficult problems in selling of their products (Table 5.29).

Table 5.29: **Whether You Need Additional Arrangement for Selling Products**

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Yes	10	21	19	50
	16.67	42.00	63.33	35.71
No	50	29	11	90
	83.33	58.00	36.67	64.29
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

**Table: 5.29A**

**Whether You Need Additional Arrangement  
for Selling Products**

	<b>Tiny</b>		<b>Small</b>		<b>Medium</b>		<b>Total</b>
	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	
Yes	10	21.4	21	17.8	19	10.7	50
No	50	38.5	29	32.14	11	19.2	90
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 20.3$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 2 = 20.3$

Table value of  $\chi^2_{.05}$ , for  $v = 2 = 5.99$

Since calculated value of  $\chi^2_{.05}$  at  $v=2$  is greater than table value hence, difference between theory and observation is significant.

The nature of unit-wise need for additional arrangement for selling of products is shown in Table 5.30. Most of the industrial entrepreneurs dealing in the sector of horticulture and allied sector (81.82 per cent), services (44.44 per cent), handicraft (50 per cent) and traditional occupation (45 per cent) desired for additional arrangements for selling of products.

Table 5.30 : Nature of Unit-wise Need for Additional Arrangement for Selling

	Yes	No	Total
Manufacturing	10	32	42
	23.81	76.19	100.00
Distribution	9	28	37
	24.32	75.68	100.00
Horticulture and Allied	9	2	11
	81.82	18.18	100.00
Service	8	10	18
	44.44	55.56	100.00
Handicraft	4	4	8
	50.00	50.00	100.00
Traditional occupation	9	11	20
	45.00	55.00	100.00
Others	1	3	4
	25.00	75.00	100.00
<b>Total</b>	<b>50</b>	<b>90</b>	<b>140</b>
	<b>35.71</b>	<b>64.29</b>	<b>100.00</b>

Source: Field Survey, 2009.

The respondents were asked regarding their preference of promotional media. Only 28 per cent respondents reported that they are using promotional media for the marketing of their products. It was found more pronouncing in case of medium size units while it was found least in case of tiny units (18.33 per cent). Print media is still found to be the most preferred promotional media while banners, hoardings account for important promotional media. The internet advertising has significant share in promotional media only in medium size units (Table 5.31).

Table 5.31: Preferred Promotional Media

		<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>	
Yes		11	16	12	39	
		18.33	32.00	40.00	27.86	
No		49	34	18	101	
		81.67	68.00	60.00	72.14	
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>	
	Print media	11	16	12	39	
		100.00	100.00	100.00	100.00	
	Broadcast media		5	8	13	
		0.00	31.25	66.67	33.33	
	Internet advertising		2	6	8	
		0.00	12.50	50.00	20.51	
	Banner / hoardings	9	15	10	34	
		81.82	93.75	83.33	87.18	
	Others	5	3	5	13	
		45.45	18.75	41.67	33.33	
	<b>Total</b>		<b>11</b>	<b>16</b>	<b>12</b>	<b>39</b>

Source: Field Survey, 2009.

Capital investment wise preference of promotional media is shown in Table 5.32. Those industrial units which have larger size of investment preferred promotional media for marketing of their products; however, the units of low capital investment do not require promotional media for marketing of the products.

Table 5.32: Capital Investment-wise Preference of Promotional Media

	<b>Less than 50000</b>	<b>50000 - 100000</b>	<b>100000 - 500000</b>	<b>500000 - 1000000</b>	<b>More than 1000000</b>	<b>Total</b>
Yes	1	6	13	11	8	39
	1.96	25.00	41.94	57.89	53.33	27.86
No	50	18	18	8	7	101
	98.04	75.00	58.06	42.11	46.67	72.14
<b>Total</b>	<b>51</b>	<b>24</b>	<b>31</b>	<b>19</b>	<b>15</b>	<b>140</b>

Source: Field Survey, 2009.

About 56 per cent respondents reported that they face problems in marketing of their products. It was found more pronouncing in case of tiny and small units as compared to medium size units (Table 5.33).

Table 5.33: Facing of Marketing Problems

	Tiny	Small	Medium	Large	Total
Yes	39	28	11		78
	65.00	56.00	36.67		55.71
No	21	22	19		62
	35.00	44.00	63.33		44.29
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>		<b>140</b>

Source: Field Survey, 2009.

Table 5.33A : Facing of Marketing Problems

	Tiny		Small		Medium		Large	Total
	O	E	O	E	O	E		
Yes	39	33.4	28	27.8	11	16.7		78
No	21	26.5	22	22.1	19	13.2		62
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>			<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 6.57$$

Calculated value of  $\chi^2$  .05, for  $\nu = 2 = 6.57$

Table value of  $\chi^2$  .05, for  $\nu = 2 = 5.99$

Since calculated value of  $\chi^2$  .05 at  $\nu=2$  is greater than table value hence, difference between theory and observation is significant.

The nature of marketing problems is shown in Table 5.34. Most of entrepreneurs reported that they face marketing problems related to inadequate sale, inadequate prices, competitions among locals, competitions from arrival of outside goods and lacking demands outside rural areas. However, the nature of marketing problems varies depending upon the size of the industrial units.



Table 5.34: Nature of Marketing Problems

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Inadequate in sale	24	18	9	51
	61.54	64.29	81.82	65.38
Inadequate prices	35	22	11	68
	89.74	78.57	100.00	87.18
Competitions among locals	11	25	11	47
	28.21	89.29	100.00	60.26
Lacking demands outside rural area	21	14	9	44
	53.85	50.00	81.82	56.41
Lack of transportation	30	6	5	41
	76.92	21.43	45.45	52.56
Competition from the arrival of outside goods	28	26	11	65
	71.79	92.86	100.00	83.33
Others	20	12	7	39
	51.28	42.86	63.64	50.00
<b>Total</b>	<b>39</b>	<b>28</b>	<b>11</b>	<b>78</b>

Source: Field Survey, 2009.

The respondents were further asked whether they face any competition with the arrival of similar goods from outside. Most of the respondents said that they face competition in terms of price equation, quality equation and also quantity equation with the arrival of similar goods from outside. The competition equation varies depending upon the size of units (Table 5.35).

Table 5.35: Whether Face Any Competition with the Arrival of Similar Goods from Outside

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Price	53	46	30	129
	88.33	92.00	100.00	92.14
Quality	47	30	26	103
	78.33	60.00	86.67	73.57
Quantity	38	34	21	93
	63.33	68.00	70.00	66.43
Others	41	29	24	94
	68.33	58.00	80.00	67.14
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The respondents were further enquired whether they find price quality equation in comparison with their competitors. Around 39 per cent respondents said that price quality equation is almost at par while around 45 per cent respondents said that it is on lower side (Table 5.36).

Table 5.36: **How Do You Find Price-Quality Equation in Comparison with Your Competitor**

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
At par	24	19	11	54
	40.00	38.00	36.67	38.57
On higher side	2	8	13	23
	3.33	16.00	43.33	16.43
On lower side	34	23	6	63
	56.67	46.00	20.00	45.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Table 5.36A: **How Do You Find Price-Quality Equation in Comparison with Your Competitor**

	<b>Tiny</b>		<b>Small</b>		<b>Medium</b>		<b>Total</b>
	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	<b>O</b>	<b>E</b>	
At par	24	23.14	19	19.2	11	11.5	54
On higher side	2	9.8	8	8.2	13	4.9	23
On lower side	34	27	23	22.5	6	13.5	63
<b>Total</b>	<b>60</b>		<b>50</b>		<b>30</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 2.65$$

Calculated value of  $\chi^2_{.05}$ , for  $v = 4 = 2.65$

Table value of  $\chi^2_{.05}$ , for  $v = 4 = 9.49$

Since calculated value of  $\chi^2_{.05}$  at  $v=4$  is less than table value hence, difference between theory and observation is not significant.

The respondents were further enquired who are the sellers of such goods. Most of the respondents reported that they are being sold in the area by the hawkers and local shopkeepers (Table 5.37).

Table 5.37: Sellers of Goods Manufactured by Others

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Local shopkeeper	18	26	28	72
	30.00	52.00	93.33	51.43
Feriwalas from outside	51	43	15	109
	85.00	86.00	50.00	77.86
Selling agencies in bulk sale	0	4	24	28
	0.00	8.00	80.00	20.00
Others	27	30	18	75
	45.00	60.00	60.00	53.57
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The suggestions to solve the existing problems of marketing are shown in Table 5.38. Most of the respondents were of the view that improvement in quality, technology, designing, increasing size of production and organizing exhibitions may resolve the existing marketing problems.

Table 5.38: Suggestions to Solve the Existing Marketing Problems

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Improving technologies	45	33	15	93
	75.00	66.00	50.00	66.43
Improving quality	60	46	26	132
	100.00	92.00	86.67	94.29
Bringing additional designers of the products	31	22	23	76
	51.67	44.00	76.67	54.29
Increasing size of production	40	31	21	92
	66.67	62.00	70.00	65.71
Organizing exhibitions	37	25	11	73
	61.67	50.00	36.67	52.14
Introduction of rebate on sale	10	28	15	53
	16.67	56.00	50.00	37.86
Transport subsidy			4	4
	0.00	0.00	13.33	2.86
Access to transportation	8	9		17
	13.33	18.00	0.00	12.14
Access to govt. purchase	2		1	3
	3.33	0.00	3.33	2.14
Cooperative marketing	16	27	8	51
	26.67	54.00	26.67	36.43
Protection to sale local goods	12	12	4	28
	20.00	24.00	13.33	20.00
Others	30	24	18	72
	50.00	48.00	60.00	51.43
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

Factors effecting demand are shown in Table 5.39. Quality, pricing, credit, advertising effect, availability, packaging and durability are some of the important factors for customer demand for the industrial products. The factors affecting customer demand vary depending upon the size of industrial units.

Table 5.39 : Factors Affecting Customer Demand

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Quality	45	44	27	116
	75.00	88.00	90.00	82.86
Price	56	46	29	131
	93.33	92.00	96.67	93.57
Packaging	38	24	24	86
	63.33	48.00	80.00	61.43
Branding	16	27	25	68
	26.67	54.00	83.33	48.57
Availability	34	30	24	88
	56.67	60.00	80.00	62.86
Choice	21	34	20	75
	35.00	68.00	66.67	53.57
Credit	43	29	27	99
	71.67	58.00	90.00	70.71
Advert effect	27	41	29	97
	45.00	82.00	96.67	69.29
Durability	24	38	24	86
	40.00	76.00	80.00	61.43
Gift/Rebate	16	29	18	63
	26.67	58.00	60.00	45.00
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The respondents were asked whether they face problems in availability of raw materials. Around 28 per cent respondents reported that they face problems in availability of raw materials. This was reported high in case of medium and small size units as compared to tiny industries. The major problems related to raw material availability were found related to long distance, high prices and untimely availability (Table 5.40).

Table 5.40 : Whether You Face Problems in Availability of Raw Material

		<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Yes		11	15	13	39
		18.33	30.00	43.33	27.86
No		49	35	17	101
		81.67	70.00	56.67	72.14
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>
If yes please rank the following (MR.)	Inadequacy in availability	3	8	7	18
		27.27	53.33	53.85	46.15
	Untimely available	9	6	4	19
		81.82	40.00	30.77	48.72
	To cover long distance	10	12	11	33
		90.91	80.00	84.62	84.62
	High prices	8	10	7	25
		72.73	66.67	53.85	64.10
	Decreasing quality	2	4	8	14
		18.18	26.67	61.54	35.90
Others	8	15	12	35	
	72.73	100.00	92.31	89.74	
<b>Total</b>		<b>11</b>	<b>15</b>	<b>13</b>	<b>39</b>

Source: Field Survey, 2009.

In order to resolve these problems, entrepreneurs suggested that introduction of subsidy on the purchase of raw materials, transport subsidy and government supply scheme as well as establishment of raw materials banks may be highly useful (Table 5.41).

Table 5.41: Suggestion to Solve the Problems of Raw Materials Availability

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Establishment of raw material bank	1	3	2	6
	9.09	20.00	15.38	15.38
Govt. supply scheme	2	2	4	8
	18.18	13.33	30.77	20.51
Introduction of subsidy on the purchase of raw material	3	4	2	9
	27.27	26.67	15.38	23.08
Introduction of Transport subsidy	1	3	3	7
	9.09	20.00	23.08	17.95
Others	4	3	2	9
	36.36	20.00	15.38	23.08
<b>Total</b>	<b>11</b>	<b>15</b>	<b>13</b>	<b>39</b>

Source: Field Survey, 2009.

The respondents were asked whether they face problems in operation of their units. Around 30 per cent respondents reported that they face problems in

operation of the units. This was found more pronouncing in case of medium and large industrial units. The problems were mainly related with inadequate finance, high wages, and non-availability of skilled labours (Table 5.42).

Table 5.42: **Do You Face Other Problems in Operation of Units**

		<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Total</b>
Yes		17	11	12	4	44
		28.33	22.00	40.00	57.14	29.93
No		43	39	18	3	103
		71.67	78.00	60.00	42.86	70.07
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>7</b>	<b>147</b>
If yes kind of problem (MR.)	Non availability of skill labour	6	3	8		17
		35.29	27.27	66.67	#DIV/0!	25.76
	High wages	5	4	5		14
		29.41	36.36	41.67	#DIV/0!	21.21
	Interference of govt.	0	1	3		4
		0.00	9.09	25.00	#DIV/0!	6.06
	Inadequate finance	12	9	10		31
70.59		81.82	83.33	#DIV/0!	46.97	
<b>Total</b>		<b>17</b>	<b>11</b>	<b>12</b>		<b>66</b>

Source: Field Survey, 2009.

Problems in the growth of units are shown in Table 5.43. Marketing competition, low capital investment, low economic returns, lack of finance, limited demand of products are some of the important problems in the industrial growth. The problems vary depending upon the size of industrial units. The tiny and small industrial units face more problems related to marketing while limited product demand was recorded high in case of tiny units. Thus, the tiny and small industrial units face more problems in their growth as compared to medium size units.

Table 5.43: Basic Problems in the Growth Of Units

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Lack of finance	36	34	14	84
	60.00	68.00	46.67	12.41
Limited demand of product	24	38	4	66
	40.00	76.00	13.33	9.75
Low investment	48	42	16	106
	80.00	84.00	53.33	15.66
Low return	50	47	8	105
	83.33	94.00	26.67	15.51
Inferior quality of products	7	5	6	18
	11.67	10.00	20.00	2.66
Competition in marketing	60	50	26	136
	100.00	100.00	86.67	20.09
Limited product demand	35	24	17	76
	58.33	48.00	56.67	11.23
Any other	27	35	24	86
	45.00	70.00	80.00	12.70
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>677</b>

Source: Field Survey, 2009.

Structure of employment is shown in Table 5.44. On an average 13 employees were reported per unit and most of the employees were paid workers. The size of employment was reported high in case of medium size units and low in case of tiny units.

Table 5.44: Structure of Employment

(Average No.)

		<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Unpaid worker	Men	3	2	2	2.33
	Women	1	1		1
	Children	1			0.5
	<b>Total</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>3.83</b>
Paid worker	Men	2	5	17	8
	Women		1	2	1.5
	Children				0
	<b>Total</b>	<b>2</b>	<b>6</b>	<b>19</b>	<b>9.5</b>

Source: Field Survey, 2009.

The respondents were asked whether they are planning to expand their units. Around 69 per cent respondents reported that they are planning to expand

their units. They are planning to improve the technology, improving the quality of products, introducing new product designs and diversification in order to expand the industrial units (Table 5.45).

Table 5.45: **Whether You Plan to Expand the Units**

		<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Yes		45	31	21	97
		75.00	62.00	70.00	69.29
No		15	19	9	43
		25.00	38.00	30.00	30.71
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>
If yes how (MR)	Introduction of additional good	43	18	2	63
		95.56	58.06	9.52	15.87
	Improving technology	35	27	15	77
		77.78	87.10	71.43	19.40
	Adding additional machines	25	12	8	45
		55.56	38.71	38.10	11.34
	Improving quality of product	45	26	20	91
		100.00	83.87	95.24	22.92
	Introducing new and additional product designs	24	30	18	72
		53.33	96.77	85.71	18.14
Others	28	9	12	49	
	62.22	29.03	57.14	12.34	
<b>Total</b>		<b>45</b>	<b>31</b>	<b>21</b>	<b>397</b>

Source: Field Survey, 2009.

Origin of unit-wise plan to expand the units is shown in Table 5.46. Those entrepreneurs either self started or having the parental units were found more interested to expand the units as compared to the units established by government.

Table 5.46: **Origin of Unit-wise Plan to Expand the Units**

	<b>Self started</b>	<b>Parental</b>	<b>Government</b>	<b>Others</b>	<b>Total</b>
Yes	48	35	3	11	97
	75.00	85.37	27.27	45.83	69.29
No	16	6	8	13	43
	25.00	14.63	72.73	54.17	30.71
<b>Total</b>	<b>64</b>	<b>41</b>	<b>11</b>	<b>24</b>	<b>140</b>

Source: Field Survey, 2009.



Table 5.46A: Origin of Unit-wise Plan to Expand the Units

	Self started		Parental		Government		Others		Total
	O	E	O	E	O	E	O	E	
Yes	48	44.3	35	28.4	3	7.6	11	16.6	97
No	16	19.6	6	12.5	8	3.3	13	7.3	43
<b>Total</b>	<b>64</b>		<b>41</b>		<b>11</b>		<b>24</b>		<b>140</b>

$$\chi^2 = \sum (O-E)^2/E = 21.7$$

Calculated value of  $\chi^2$  .05, for  $\nu = 3 = 21.7$

Table value of  $\chi^2$  .05, for  $\nu = 3 = 7.81$

Since calculated value of  $\chi^2$  .05 at  $\nu=3$  is less than table value hence, difference between theory and observation is not significant.

Reasons for not planning for expansion of the units are shown in Table 5.47. Most of the respondents reported that due to increasing competition of products, lack of finance, inadequate markets for products and inadequacy of raw materials, they have not planned to expand their industrial units.

Table 5.47: Reasons for Not Planning for Expansion of Units

	Tiny	Small	Medium	Total
Inadequate markets for the products	13	8	3	24
	86.67	42.11	33.33	55.81
Inadequacy of raw materials	8	10	5	23
	53.33	52.63	55.56	53.49
Increasing competition of product	15	19	9	43
	100.00	100.00	100.00	100.00
Lack of finance	13	12	6	31
	86.67	63.16	66.67	72.09
Others	5	6	2	13
	33.33	31.58	22.22	30.23
<b>Total</b>	<b>15</b>	<b>19</b>	<b>9</b>	<b>43</b>

Source: Field Survey, 2009.

The respondents were further asked whether they would be interested to expand the units if they were assisted. Around 47 per cent respondents admitted that if they were assisted, they would expand their units. The required assistance was reported mainly in terms of finance, upgraded technology and securing marketing of the products (Table 5.48).

Table 5.48: Whether You Will Expand the Units if Assistance is Provided

		Tiny	Small	Medium	Total
Yes		28	25	13	66
		46.67	50.00	43.33	47.14
No		32	25	17	74
		53.33	50.00	56.67	52.86
<b>Total</b>		<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>
If yes kind of assistance (MR.)	Finance	24	23	9	56
		85.71	92.00	69.23	40.58
	Technology up gradation	20	16	7	43
		71.43	64.00	53.85	31.16
	Secure marketing or products	16	13	10	39
		57.14	52.00	76.92	28.26
<b>Total</b>		<b>28</b>	<b>25</b>	<b>13</b>	<b>138</b>

Source: Field Survey, 2009.

Suggestions for developing industrial units are shown in Table 5.49. Improving marketing network, technology upgradation, secured access to raw materials, diversification of products, adequate financial arrangements and introduction of modern machineries are some of the important suggestions made by the entrepreneurs for developing their industrial units.

Table 5.49 : Suggestions for Developing Industrial Units

	Tiny	Small	Medium	Total
Introduction of additional goods in production system	16	13	15	47
	26.67	26.00	50.00	33.57
Secured access to raw materials	24	14	24	62
	40.00	28.00	80.00	44.29
Adequate financial arrangements	16	13	15	46
	26.67	26.00	50.00	32.86
Improved marketing network	35	24	25	87
	58.33	48.00	83.33	62.14
Technology up gradation	22	16	28	67
	36.67	32.00	93.33	47.86
Introduction of modern machines	3	23	13	42
	5.00	46.00	43.33	30.00
Improving product design	15	30	17	62
	25.00	60.00	56.67	44.29
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The entrepreneurs were asked regarding their needs for developing their industrial units. Most of the industrial entrepreneurs demanded for marketing support and linkages, upgraded technology, financial support and subsidy, entrepreneurship development and sustained supply of raw materials. The needs and requirements of industrial entrepreneurs vary depending upon the size of industrial units (Table 5.50).

Table 5.50: Needs for Developing Industrial Units

	<b>Tiny</b>	<b>Small</b>	<b>Medium</b>	<b>Total</b>
Training of entrepreneurship	17	25	18	60
	28.33	50.00	60.00	42.86
Financial Support and subsidy	39	24	16	79
	65.00	48.00	53.33	56.43
Marketing support and linkages	43	42	19	104
	71.67	84.00	63.33	74.29
Sustainable supply of raw material	24	11	8	43
	40.00	22.00	26.67	30.71
Govt. statutory prices	16	5	6	27
	26.67	10.00	20.00	19.29
Technology up gradation	35	17	21	73
	58.33	34.00	70.00	52.14
Others	42	23	15	80
	70.00	46.00	50.00	57.14
<b>Total</b>	<b>60</b>	<b>50</b>	<b>30</b>	<b>140</b>

Source: Field Survey, 2009.

The above analysis simply demonstrates that there is enough potential for growth and development of the industrial units, however, proper management of the units could not be ensured due to several managerial problems. Most of the industrial units face marketing problems related to availability of adequate financial investment, improved technology, design and availability of raw materials. Even only a small number of entrepreneurs are found to be interested in promotion of their products despite their limited marketing demand. Again, only a few are found to be interested in marketing research and establishing marketing linkages for proper sale of their products.