CHAPTER 2

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Worldwide the Micro Small and Medium Scale Enterprises (MSMEs) sector is playing a pivotal role in global trade. MSMEs are embarking their presence in almost all economies around the globe, due to rapid pace of innovative technological developments and intensified competition. In India too, MSME’s have started enhancing their productivity levels more than ever before. In this context, the present chapter reviews the literature relating to the study for precise formulation of a problem and developing rationale for the same. The basic objective behind this chapter is to indicate in a general way the direction in which work is done, rather than to give exhaustive review of all the research work done on the problem. The review of various studies done in this chapter provides a broad spectrum about the export potential of MSME’s, their productivity and efficiency analysis which would be helpful to design the appropriate methodology for the present study.

Various empirical studies have been conducted from time to time to examine the different aspects of overall growth pattern and export performance of micro, small and medium scale enterprises in India and in this context, important studies are reviewed below. For this purpose, the chapter has been divided into two sections, Section -I highlight the review
of studies relating to the performance evaluation of micro, small and
medium scale enterprises globally and Section-II focuses on the studies
pertaining to the performance evaluation of the micro, small and medium
scale enterprises in India and pinpoints the rationale of undertaking the
present study.

2.1 STUDIES RELATED WITH THE PERFORMANCE
EVALUATION OF MSMEs GLOBALLY

Zoltan J. (2001) identified that globalization is a dynamic Schumpeterian
evolutionary process on a global scale. The new international environment
has profitable trade and real investment opportunities that were previously
unavailable because of natural and artificial barriers. However, the shift
from the old equilibrium to the new equilibrium relies on entrepreneurial
discovery in an international context – international entrepreneurship.
Internationalization theory starts with the assumption that indigenous firms
usually have advantages over outsiders, unless an outsider posses’
information based capabilities that the indigenous firms do not. Firms are
able to internationalize because of the superiority of their intangibles. While
small firms have a comparative advantage in entrepreneurial discovery, they
have a comparative disadvantage in internationalization. Therefore, large
and small firms are co-dependent agents in the internationalization process
with large firms as global coordinators of capabilities possessed by groups
of large and small firms. This new environment poses interesting questions for Transition economies.

Erdal Akdeve (2013) in his study came to the conclusion that exports play an important role in a country’s economy and in turns its economic growth. However, in order for exports to achieve the expected benefit to the country’s economy, it is essential that firms manufacture exportable products. Therefore, in order to keep entrepreneurship thriving and to increase economic development and international competitiveness, it is important that SMEs export potential should be increased since they make up 99.5% of the Turkish economy.

In general, one of the main problems in exportation is that SMEs consider exporting as an operation that only large scale firms undertake and give insufficient importance to exporting. This approach also herewith brings in other issues, such as lack of knowledge about the international markets, the lack of mechanisms and tools to reduce the entry risks to international markets and a general lack of cooperation between the SMEs. Also, some other well-known factors that affect SME’s export potential in a negative way are the insufficient capital due to the size of SMEs, the shortage of skilled labor and distribution channels, the incompetency in the price setting process and the lack of promotional activities.
Akande Olusola and Yinus Oluwaseun (2013) studied the impact of Information technology on SMEs in Nigeria and identified that SMEs are serving a key role in the economies of both developed and developing countries in terms of turnover, level of employment and serve as a mechanism to fight against poverty. The current wave of Information Technology calls for the attention of SMEs Entrepreneurial, scholars.

E-commerce, is rapidly transforming the way businesses functions are performed, posing new challenges to the Entrepreneurial profession. The influence of Information Technology on SMEs operations for better performance is worthy of exploration in this current move to cashless economy. The researcher found that IT plays an important role in the increase of productivity and economic activities. Generally firms enter into business to make profit and IT not only help in increasing productivity but also quality. IT helps in making the way business operate less complicated, time saving and disclose the new trends of business. It also guides as to how business are suppose to address such change. The study concludes that Information Technology positively impact on the performance of SMEs operation in Nigeria, also the result of hypothesis tested showed that information technology has a significant Impact on performance of SMEs operation and influence the level of economic activities in Nigeria as a whole.
Dr. Charles Akomea-Bonsu and Frank Sampong (2012), identified in their research that the firms use ICT to improve business activity and also the firms output has increased after the adaption of ICT. ICT increases the pace and save time used in production and increase output to meet the demand of customers, since customers nowadays pay attention to quality and this tends to increase the sales of firms that adopt ICT in their business. Although profit is likely to drop slightly due to the cost associated with ICT adaptation, it does not dispute the fact that ICT increase productivity. The study also show that most of the firms are ICT inclined and firms in such industry are expected to always be abreast with the technologies needed to meet demands of customers since this industry always experience the entry of new firms.

M. Krishna Moorthy, Annie Tan, Caroline Choo, Chang Sue Wei, Jonathan Tan Yong Ping and Tan Kah Leong (2012) in their research concluded that the application of IT is found to have a significant positive relationship with increased performance of SMEs in Malaysia. The adoption of IT will assist an organization in storing information as well as communicating with customer, suppliers and business partner who will facilitate business transaction. As a result, it will lead to a better performance in reducing the operating expenses as a whole.
Maximilian Robu (2013) observed that small and medium enterprises (SMEs) are the backbone of an economy, whether we are referring to a random state, or if we are talking globally. These companies represent an essential source of economic growth, dynamism and flexibility in advanced industrialized countries, just like they do in emergent economies and in development. SMEs are the dominant form of business organization, representing roughly 95–99% of all companies. According to the Organization for Economic Cooperation and Development (OECD), SMEs represent more than 95% of enterprises and ensure 60–70% of the jobs almost in all the developing economies.

Harvie C. (2011) in his research discovered that access to funding is the lifeblood of any enterprise, enabling it to grow and to generate more output and employment. There is considerable evidence to support the contention that SMEs, in particular, face a number of obstacles and problems in accessing finance, mainly related to their limited resources and perceived risk by lenders. This is particularly problematic and worrisome for policy makers, given that SMEs and entrepreneurship are widely recognized as being the key sources of dynamism, innovation and flexibility in advanced industrialized, emerging market and developing economies and are major net job creators in these economies. In developing economies, SMEs make a significant contribution to employment and national income. Without access
to finance SMEs are unable to invest, impairing their capacity to: improve productivity; raise competitiveness; promote innovation; generate employment; and contribute to economic growth and development.

**Henry Ongori and Stephen M. Migiro (2010)** observed that Information and Communication technology adoption and assimilation in SMEs is critical to enhance their productivity and competitiveness. In addition, Information and Communication technology usage in SMEs will enhance accessibility into the international markets. Usage of Modern technology is proved to be a great driving force behind the successful SMEs in China. SMEs play a pivotal role in economy and thus needs special attention.

**Nai-Wen Chi, Chin-Yun Wu and Carol Yeh-Yun Lin (2008)** have explored the positive relationship between, small and medium sized enterprises (SMEs) & foreign direct investment (FDI), they concluded that FDI leads to higher SME performance. Also they found that FDI- related trainings have a positive impact on SMEs performance.

**Oyelaran Oyeyinka and Lal (2006)** examined the ways in which small and medium enterprises in developing countries learn to use and enhance their core competencies with new technologies. Three major findings are there from the study. First, there is clear evidence of increasing complexity in the adoption and use of Information and communication technologies (ICTs)
among developing country firms. Second, climbing the technological ladder requires skills up gradation through explicit learning of the new technologies. Third, firm performance is highly associated with learning capabilities, levels of technology and a host of firm-level knowledge, skills and experience. Hence to speed-up the business activities adoption of Information and communication technologies (ICT) is required and for that the training oriented working environment is the first hour need.

Timothy Wilkinson and Lance Eliot Brothers June (2006) conducted a study and found that export promotion agencies contribute positively to SME satisfaction with export performance in United States (US). They investigated the impact of US state-sponsored export promotion activities on the International marketing efforts of small and medium scale enterprises and found that even after controlling the internal firm resources, the use of tradeshows and programs enhance the knowledge and thereby enhance the competitiveness to perform better in global market.

Edit Lukas (2005) discovered that small and medium-sized enterprises (SMEs) are a very heterogeneous group of businesses usually operating in the service, trade, agri-business and manufacturing sectors. They include a wide variety of firms such as village handicraft makers, small machine shops and computer software firms that possess a wide range of sophistication and skills. Some are dynamic, innovative and growth-oriented
while others are satisfied to remain small and perhaps family owned. SMEs usually operate in the formal sector of the economy and employ mainly wage-earning workers. SMEs are often classified by the number of employees and/or by the value of their assets. The size classification varies within regions and across countries relative to the size of the economy and its endowments.

Bénédicte Callan and Jean Guinet (2000) in an international conference concluded that in most countries the present landscape is too fragmented and innovation consultancies are not available to assess the multidimensional problems characteristic of most SMEs. Keeping in mind that those different SMEs will require different policy instruments; one of the major improvements would be policies that target technology-follower SMEs. One option for governments of different economies would be the marriage of the technical centers with economic advisory agencies that specialize in SMEs. Furthermore, although advice should be organized at a decentralized and local level, governments should have a well-functioning central agency that evaluates and offers help to the regional innovation agencies in order to mitigate against variations in quality.

Roy Rothwell and Water Zegweld (1982) have revealed that the SMEs have been and, in general, continue to be technologically innovative. Technology-based new SMEs play an important part in the emergence of a
new technology and in the economic growth of the SMEs, particularly, the young technology – based ones which do make an exceptional contribution to employment creation.

2.2 STUDIES RELATED WITH THE PERFORMANCE EVALUATION OF MSMEs IN INDIA

Amar Shankar and Prakash Singh (2014) in their article published in economic times identified the challenges faced by MSME sector. These challenges include accessing markets -international and domestic, accessing finance, accessing modern technology accessing skilled manpower and deficiencies in Infrastructure etc. which needs to be ruled out for the progress of this sector.

On analyzing this sector's issues and requirements it becomes clear that it requires focused support and a concerted effort from multiple stakeholders. It is in this context that the Government of India established a separate ministry focusing on the needs of MSMEs. By design being a horizontal ministry it requires support and collaborative decision making from other ministries to ensure the competitiveness of the Indian small and medium enterprises can improve.

DC-MSME (2014) Development Center of Micro, Small and Medium Enterprises identified, MSME sector as engine of growth all over the world. Many countries of the world have established a SME Development Agency
as the nodal agency to coordinate and oversee all Government interventions in respect of the development of this sector. In the case of India, Medium establishment has for the first time been defined in terms of separate Act, governing promotion and development of Micro, Small and Medium Enterprises (MSME) i.e. Micro, Small and Medium Enterprises (MSME) development Act, 2006 (which has come into force from 02nd Oct, 2006). The Office of Development Commissioner (Micro, Small and Medium Enterprises) functions as the nodal development Agency under the Ministry of Micro, Small and Medium Enterprises (MSME).Consequent to the increased globalization of the Indian economy, MSMEs are required to face new challenges. Office of the Development Commissioner (MSME) has recognized the changed environment and is currently focusing on providing support in the fields of credit, marketing, technology and infrastructure to MSMEs. Global trends and national developments have accentuated Office of the Development Commissioner (MSME)'s role as a catalyst of growth of MSMEs in the country.

Dr. S. Baskaran (2013) identified that Small and Medium Enterprises play a vital role for the growth of Indian economy by contributing 45% of the industrial output, 40% of exports, 42 million in employment, create one million jobs every year and produces more than 8000 quality products for the Indian and international markets. As a result, MSMEs are today exposed
to greater opportunities for expansion and diversification across the sectors. The Indian market is growing rapidly and Indian industry is making remarkable progress in various Industries like Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile & Garments, Retail, IT, Agro and Service sectors. SMEs are finding increasing opportunities to enhance their business activities in core sectors.

Mausumi Bhattacharyya (2013) in her study found that ‘small is beautiful’. SME rating service commits the small enterprises to beautify them farther in terms of scope of financing, expansion, diversifications and outreach and so on. But the sector severely suffers from information asymmetry, an issue that plagues the systematic growth of this sector. Besides, SMEs are largely unorganized with hardly standardized operational and accounting norms. The sector is characterized by extreme heterogeneity.

Confederation of All India Traders (2013) conducted survey on the Impact of FDI in Retail on Micro, Small and Medium Enterprises of India. The survey found that with the diminishing market space, closure of small retail shops and outlets, the MSME sector will eventually face the dark reality of losing the business. Also it's not just the volume issue, where the MSME will not be able to fit as per the expectation of the mega chains, even the payment terms and cycles will not suit the existing structure. Big retailers look for a larger credit cycle. MSME suppliers due to revenue
crunch and lack of investment opportunities are not in the position to accept and adapt to delayed payments cycles. Delay in payments will have catastrophic impact on the survival of enterprises. Hence despite a rosy picture presented by the government and its advisors, the MSME sector will not be able to reap any benefit by mega retail operated by mega foreign investments.

**Confederation of Indian Industries (2012)** conducted survey on the impact of FDI on SMEs is based on a large sample size of 250 companies covering different categories of SMEs from different regions of the country. The survey confirms that SME Industry is in favor of the government’s decision to allow 51% Foreign Direct Investment (FDI) in multi-brand retail and 100% in single brand retail. On the question how the SME industry consider entry of MNC retailers as a threat or opportunity, majority of respondents (66.7%) see it as an opportunity for their sector while around 21% of respondents perceive it as a threat. About 12.5 percent of respondents are of the opinion that the decision would have little or no impact on their company.

**Puli Subramanyam and B. Ramachandra Reddy (2012)** in their research examined that MSME sector play extremely significant role in Indian economy. MSMEs have the advantages of generating gainful employment with low investment, diversifying the industrial base, reducing regional
disparities through dispersal of industries into rural, semi-urban and backward areas. They employ over 50% of the world's workforce. They have played a crucial role in the development of manufacturing and export sector of China, Sri Lanka, Thailand, Indonesia, Vietnam and Egypt. In India, micro and small enterprises in agriculture, industry and service sector have a key role in equitable distribution of national income, value addition, employment generation, export earnings, regional dispersal of industries, productive utilization of entrepreneurial skill and capital. The Micro and Small Enterprises sector includes diverse type of units ranging from traditional crafts to modern high tech industries and ancillaries that supply components to most modern large-scale industries.

**Jaya Prakash Pradhan and Keshab Das (2012)** advised in their research that apart from improving the key business supporting infrastructure, the state policy makers may better enhance export orientation of SMEs by networking them to Research and Development facilities and providing easier access to information on overseas markets. This is because SMEs are more dependent on foreign technologies for enhancing their exporting rather than in-house Research and Development. Relatively smaller enterprises need greater support as they are disadvantaged by their size.

**Kaarak EDS (2012)** in a market survey identified that, “By not participating in international and export oriented exhibitions, Indian MSME
sector is not exploring their potential and market growth internationally which could help them increase their revenues manifold". Such international and export oriented exhibitions only would assist in expanding opportunities for volume increase in trade leading to more demand for upgrading the capital assets as well increasing their production. The participation in such exhibitions for buyers could help MSME firms to procure bulk orders and get investment assistance through collaborations or technological exchanges in the sector.

**Ishu Garg and Suraj Walia (2012)** confirmed in their research that undoubtedly the MSME sector has enormous potential and is a crucial aspect of the Indian economy. However it is essential on the part of the government to take careful decisions and honest policy implementation to overcome the problems of MSME sector. A technologically vibrant, internationally competitive small and medium industry should be encouraged to emerge, to make a sustainable contribution to national income, employment and exports. It is imperative to take care of MSME sector to enable it to take care of the Indian economy.

**V. Srinivasa Kumar (2012)** identified in his study that in Tamil-Nadu small-scale industries have been playing an important role for development of the state. These small-scale industries not only help to create employment opportunities, but also generate income, investment and savings in the
Further, these industries may also help in developing regional economy, promotion of export potential, promotional of market facilities, development of infra-structural facilities etc. Small-scale industries also help in eradicating poverty, unemployment problems. The opportunities created through SMEs have been helping to provide employment opportunities to rural, urban masses, generating income and raising the levels of living.

Puli Subramanyam and B. Ramachandra Reddy (2012), in their article highlighted sickness in Indian MSMEs, the problem of sickness in industries has become very acute in India. Despite the extraordinary synchronized global slump, small scale industries acted as a prime mover in slipping up industrial growth, enhancing poverty alleviation and bringing about sustainability. Small units are more prone to failure and sickness than the medium and large scale industries. Sickness in industrial units is a gradual process and does not develop suddenly. In the initial states, it gets reflected in the form of defects and mistakes in the unit’s functional areas like production, finance and management. Later it is observed in the form of symptoms like irregular or unsatisfactory turnover in the account, slow and unsatisfactory movement of stocks, decline in production, sales and profitability, frequent violation of terms and conditions and asking for additional grants.
Madhavi A. Lokhande (2011) in her research identified that during the pre-independence era, no emphasis was given to organized industrialization of the country. The historical background of India, the skill and craftsmanship present and the availability of natural resources enabled individual endeavors with low capital investment possible, these endeavors were mostly in the form of micro industries run manually. After independence in 1947, the foremost task for the government was to achieve rapid industrialization of the country within the overall framework of a welfare state. The guiding principles for the welfare state enshrined in the directive principles of state policy in the constitution of India, entrusted upon the states to strive to minimize income inequalities and general disparities and also to promote micro industries in the rural area. Since independence, there has been an all around development of MSME’s in India. The performance and contribution to the growth of industrial economy of India has been quite remarkable. The allocation of funds for the various schemes and programs under the MSME growth plan scheme shows that the government has been serious and therefore aims at a high growth rate. The growth rate of MSME sector is 12 percent per annum in terms of production and it has been faster than that of large scale since 1973.

Khosla B. (2011) identified that there are as many as 14 lakh SME units in India but only 8.5% of them can avail bank loan. It’s not that the rest 91.5%
of the SMEs do not have any financing need. A vast majority of the SMEs in India are denied bank loan for a plethora of reasons. The most crippling of all is that the SMEs do not have credibility in the eye of the bankers. Banks do not feel confident to extend loans to the business units whose track records are not apparently known to them, nor are they easily verifiable by the banks.

Karpak and Topcu (2010) prioritize the measures of success and the antecedents for Turkish SMEs. They find that influence of the entrepreneur turned out to have far less impact on success than some of the external factors such as policies and intensity of competition. Sales were the most significant measure of success in line with the literature on SMEs.

M.H. Bala Subrahmanya (2010) in his research has ascertained the driving factors, dimensions, achievements and outcomes of technological innovations carried out by SMEs in the auto, electronics and machine tool sectors in Bangalore. It has further probed how far the growth rates of innovative SMEs are different from that of non-innovative SMEs. Finally, it has explored and analyzed that innovation contributes to the growth of firms. Innovative SMEs registered higher growth relative to non-innovative SMEs in terms of not only sales turnover but also employment and investment in all the three sectors.
Shaili Vadera and Nimisha Kulshreshtha (2010) identified in their research that the small and medium enterprises today constitute a very important segment of the Indian economy. The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. SMEs sector has emerged as a dynamic and vibrant sector of the economy. Today, it accounts for nearly 35% of the gross value of output in the manufacturing sector and over 40% of the total exports from the country. In terms of value added this sector accounts for about 40% of the value added in the manufacturing sector. The sector's contribution to employment is second highest next to agriculture.

Pallav Das (2010) identified that this sector is a huge generator of employment. It provides employment to 60 million people through 26 million enterprises. The production of Micro, Small and Medium enterprises was Rs. 9,82,919 crore in 2009-10 while it stood at Rs. 8,80,805 crore in the year 2008-09 Thus during 2009-10 MSMEs output registered 11.6% growth. Micro, Small and Medium Enterprises [MSMEs] play a dominant role in the economic and social development of the country. It makes significant contribution to the country’s GDP manufacturing output, export and employment generation. MSMEs contribute 8% of the country Gross Domestic product (GDP) 45% of manufactured output and 40% of Export.
Shambhu Ghatak (2009) in his study highlighted the impact of Information technology or Internet-enabled environment on SMEs; it helps in fast and accurate decision-making by the SMEs due to increased mobility. The critical components before SMEs are speed of services, access to information, empowering employees in terms of skill and delivering highest valued services at competitive cost. SMEs need IT-based solutions in terms of multi-tasking, expanding customer base, raising productivity, controlling cost, working remotely, fast and accurate decision-making and facilitating collaboration. SMEs have various needs to function in an aggregative manner in order to reach out for value addition by keeping in mind the variable cost model. IT usage by the SMEs raises productivity of the sector in particular and the economy in general.

Shamika Ravi (2009) suggest that the government should play a facilitator role and improve access to finance by encouraging more banks and other financial institutions to enter the local market, instead of becoming an active player itself. The researcher also suggest the core competence of the government in certain roles, like creating a facilitating environment such as improved connectivity by roads, railways and airways, improved availability of electricity and water supply.

K.D. Raju (2008) in his research studied the past, present and future of Indian SMEs and concludes that small industry in India has found itself in
an intensely competitive environment since 1991, thanks to globalization, domestic economic liberalization and dilution of sector-specific protective measures. The international and national policy changes have thrown upon new opportunities and markets for the Indian small industry. Concerted effort is needed from the government and small industry to imbibe technological dynamism. Technological up-gradation, in-house technological innovations and promotion of inter-firm linkages need to be encouraged consciously and consistently. Financial infrastructure needs to be broadened and adequate inflow of credit to the sector be ensured taking into consideration the growing investment demand, including the requirements of technological transformation.

Keshab Das (2008) marked that despite an elaborate and dynamic policy framework announced by Government of India, the progress of Indian SMEs continues to be hindered by some of the basic constraints as poor credit availability, low levels of technology (hence, low product quality and limited exportability) and inadequate or no basic infrastructure, both physical and economic very recently. Of the most vital infrastructure bottlenecks, access to adequate, reliable and reasonably priced power remains a challenge for SMEs progress and competitiveness. Further, poor transport network (whether roads, railways or ports) have emerged as important constraints to the development of SMEs in a dynamic fashion.
Bhagaban Das et. al. (2007) described that the importance of SMEs in any economy cannot be overlooked as they form a major chunk in the economic activity of nations. India has nearly three million SMEs, which account for almost 50 per cent of industrial output. However, SMEs which form the backbone of industrial development in India are not export competitive and contribute only about 34 percent of exports. It is this feature of the SMEs that make it an ideal target to realize its potential export competitive.

Drawing from the experiences of countries that have successfully promoted the export competitiveness of SMEs, it has been identified that simplification of procedures, incentives for higher production, preferential treatments to SMEs in the market development fund, linking up SMEs with Transnational Companies or large domestic exporting firms; and formation of clusters and networks in order to reinforce their external competitiveness.

4th All India Census for MSMEs (2006-2007) reports that, of the total working enterprises, proportion of micro, small and medium enterprises were 94.94%, 4.89% and 0.17%, respectively. Data also reveals that 10.49 lakh units (67.10%) were manufacturing enterprises, 2.52 lakh units (16.13%) were repairing and maintenance enterprises and 2.62 lakh units (16.78%) were service enterprises. Proportion of the enterprises operating in rural areas was 45.23%.
Divya Sampath (2006) in her research considered Exporting to be one way of stimulating growth of SMEs; she finds that if SMEs gradually improves the quality standards of manufactured products they can capture more global shares. Boosting the contribution of small and medium enterprises in total exports of India is vital to India’s future economic growth.

Sharma (2003) investigates the determinants of India’s export performance from the perspective of external factors. Export supply is positively related to the domestic relative price of exports while the higher domestic demand reduces export supply. Foreign investment appears to have no significant impact on export performance.

Srinivas K.T. (2003) estimated that there are 30 million enterprises in various industries, employing 69 million people. Together, these account for 45% of the industrial output and 40% of the exports. Although 95% of Micro, Small and Medium Enterprise units are informal in nature, the contribution of the sector to India’s GDP has been growing consistently at 11% per annum, higher than overall GDP growth of 7-8%.

Vasant Desai (1997) reviews the institutional framework for promoting the Small Scale Industries in India. It aims at fostering the small scale sector by solving their problems. It also reviews that the working of the banks and the other financial institutions shows that the total assistance made available in
Kerala for the SSI units was comparatively small. The effectiveness of any incentive package, however well designed it may be, depends on the quality of the system of delivery. The state has a comparable package on record, but the quality of the delivery of the same is perceived by the entrepreneurs to be poor in relation to the units in the other states.

Kamalum Nabi and Ashok Kumar (1992) pointed out the problems behind the backwardness of the industrial development in Orissa. The absence of entrepreneurial skill and the inability of the citizens of the state can be attributed to this peculiar situation. Besides providing sufficient financial assistance and conducting entrepreneurship development programmes, the government should set up some machinery to monitor the potential of the trained entrepreneurs and their interest to become genuine entrepreneurs.

Pareek H.S. (1989) in a book titled, ‘Financing of Small Industries in a Developing Economy’ highlights the problem of small scale industries, with particular reference to the financial aspects and presents an analysis of the capital structure of 181 small scale units in different capital resources belonging to various industrial groups. The study reviews the role of the financial institutions and the state agencies in extending credit to small scale industrial units and pinpoints their attitude of indifference in catering to the needs of the tiny units. Tiny units are actually the seeds to be taken care of.
at their initial stage, but unfortunately they are being ignored by the financial institutions.

Sharma K.L. (1988) in his book ‘Entrepreneurial Performance’ explores the emerging pattern of the growth of the entrepreneurs, their performance and problems. Against the background of the Government assistance in various forms, the entrepreneurs and their problems call for earnest attention, for the healthy and sustained socio-economic growth of the Indian Society. The study was conducted to tackle some theoretical and methodological issues connected with the analysis of the entrepreneurial role of the community and to throw light on some applied aspects of the entrepreneurial growth in the state of Uttar Pradesh. The study reveals the lack of response of the entrepreneurs to the facilities made available by the Government.

Sub-Group on Small Scale Industries (1985) points out that the efforts of the government have not met with the same degree of success in the different parts of the country nor have they removed the basic weakness of the small scale sector.

Babu P. (1983) attempts to find out the sociological factors that contribute to the development of small entrepreneurs. The study shows that the community and the family background contribute a lot to the success of the
prospective entrepreneurs. Formal education has not been a positive factor in entrepreneurship development. Providing infrastructure facilities alone will not promote entrepreneurship. Hence, the association of small scale industries has to play an important role in the identification and the development of the entrepreneurs.

**Ram Vepa (1983)** in his study, discovered that over the last 25 years, a network of institutions and policies has been developed in the country, but not all of them have been successful. Nevertheless, taken in totality, they have provided a well organized framework in which the small and cottage industry have been allowed to grow. A well defined single window system is the need of hour.

**Gaikad V.K. and Tripathi R.N. (1982)** in their study examined that the pre-requisites for successful entrepreneurship are trait of initiative, drive and the habit of hard work. But they did not have sufficient knowledge and awareness about the policy of the Government. The investigators found that the unawareness and the lack of sufficient fund are inhibiting factors in the development of industrial entrepreneurship in rural areas.