Chapter V

ENTREPRENEURSHIP: FUNCTIONS AND PROCESSES

PART - I
commercial banks. How the inefficiency of the government institutions and banks affects the entire industrial venture has also been discussed.

The section on 'Production' deals with the involvement of the entrepreneurs in the production process. The problems they encounter in partnership, management of industries, recruitment of personnel both managerial and labour are also discussed. The role of kinship networks in entrepreneurial activity is explored.

The section 'Marketing' discusses the most important aspect of entrepreneurial venture. Because it is marketing and the profits that ultimately determine the success. We have discussed the protection provided by the government to the entrepreneurs for their marketing, which brings into focus the entrepreneurs' dependence on an unwielding bureaucracy for getting orders and payments. Scarcity of raw materials and mutual competition among units in the same line of production have also been touched upon. Their inability to enter the open market and delayed payments from the government compel some of them to sell their products to some bigger established firms.

SELECTION OF PRODUCT

It is needless to say that entrepreneurship in Cuttack is basically imitative in nature. Not a single product is manufactured
which can be termed as a novel innovative venture apart from the traditional products like filigree works etc.

Selection of the product to be manufactured is a very important part of an industrial venture. Most entrepreneurs decide on a product in keeping with their occupational experience, training, circumstances and in anticipation of demand. Suggestions and guidance do play an important part in the selection of the product. But there is no systematic method adopted by the promotional agencies or by the trainers who undertake the entrepreneurs' development training to guide the entrepreneurs to choose the best possible product. The promotional agencies play a very passive role in the selection of the product. Such suggestions are given without conducting rigorous survey. One of the easy methods adopted is to copy the feasibility report of any enterprising entrepreneur who has applied for a loan on a product which is yet to be manufactured in the state. This is done very much in connivance with at least the subordinate staffs in the promotional agencies. Many entrepreneurs who put in a lot of effort to prepare their project reports feel quite frustrated when the outcome of their effort is robbed by others. This has undermined the trust of the enterprising entrepreneurs on the promotional agencies. Nowadays the general practice is to purposely leave a lot of errors in the project report and give very little specifications as far as machinery concerned and a very sketchy report on the production process is given. An
unconventional product is bound to draw attention unless it involves huge investments and complicated technology. Sooner or later it gets copied however secretive the enterprising entrepreneur is.

The General Manager D.I.C. said that earlier primarily due to inexperience and because of some officials with vested interests, a chaotic condition used to prevail. There used to be an unnecessary crowd of people, just to seal off the officials from the fresh entrepreneurs right from the preliminary stage, especially those who came for very small and tiny projects. This racket of middlemanship had come into existence just to get some projects sanctioned. It was immaterial whether it would be practically feasible or not. The middlemen got their commissions which probably was shared with some officials and the subordinate staff. This had become a regular source of income for some people.

Feasibility reports were available with the panwalas in front of the office. The General Manager said "one cannot rule out the service (whether bad or good is a different matter) rendered by the panwalas in supplying feasibility reports when the D.I.C. does not have any information dissemination cell for the aspiring entrepreneurs." Information, documentation and dissemination are very essential to update the awareness of the aspiring entrepreneurs. Computerised documentation of the information regarding the technical knowhow and marketing of various products is essential to keep up with competition
fixed capital investment is up to 10 lakhs and 2 per cent in respect of units with fixed capital investment up to Rs. 5 lakhs. The normal practice is that when an entrepreneur engages a Consultant he gives him a certain amount of fees to complete the feasibility report. He works with the understanding that when the financial institution releases the money he keeps what he had already paid to the Consultant plus 50 per cent and pays the rest to the Consultant. Thus, the Consultant actually gets 50 per cent of what he is actually supposed to get.

The Consultants have to part with almost half of the service charges in order to get business. Even if they get less amount of profit in preparing each project report they make up by trying to get as many contracts as possible. While they do make good business on the whole, and especially during the boom period of the eighties they made a lot of money they hardly give any consultancy service apart from drafting a project report with the set pattern of cost benefit analysis. Unless and until the entrepreneur does real spade work in collecting the information regarding technology, manufacturing process, raw materials, marketing etc. to make the project report really viable, any such expectation from the so called Consultants will be futile. The best possible method adopted by some enterprising entrepreneurs in such situations is to fix a Consultant primarily to get the project report drafted and get some suggestions but actually do all the spadework by one's own
self and feed the relevant data to the Consultant. Such a method not only enables the entrepreneur to have functional knowledge of the technology, production, marketing and sources of raw materials but also helps him to get the routine work done by the Consultant. Certain routine services like posting a letter etc. are left to the Consultant. To put it in other words, the Consultant's office becomes the entrepreneur's office for a short period before the sanctioning of the loan.

The Consultants have the grievance that no one comes back to them for further consultation after the report is prepared, that is during the implementation period or later. Now, no entrepreneur would like to waste his time and resources unless he finds something worthwhile from the Consultant which would be of help to him.

One more service that some Consultants are believed to be capable of giving is that they have the right kind of contacts with the right people both in the long term loan giving financial institutions like the OSFC and the banks which give the working capital. So, for a person with money, to establish the needful contacts through the Consultants becomes comparatively easier than by one's individual effort. This is believed by many persons who had good background and experience and wanted to set up units but have failed to get their projects sanctioned. Though it is difficult to get categorical statements, the officials point out such deals.
One gathers from discussions with concerned officials, consultants, entrepreneurs, employees in the industrial units, and the general public, that the existence of some kind of nexus is not without truth. It is said that those projects invariably get sanctioned for which adequate influences and resources have been used by the so-called entrepreneur. It is also not possible to rule out the possibilities of the general impression that the pseudo-entrepreneurs in connivance with the Consultants and the officials have run away with the money. As a result not only most of them have become sick but a large number of them have actually closed down with very little real assets in them to be seized and handed over to a real enterprising entrepreneur. Even then those people who fail to get their projects sanctioned are scared to take over sick units or units which have closed down though full assurance is given regarding refinancing them.

Summary

The selection of product is imitative in nature. Decisions regarding product selection is arrived at in keeping with one's occupational experience, training, circumstances and in anticipation of demand. While suggestion and guidance do play an important part there is no systematic method adopted by the promotional agencies to enable the entrepreneurs to choose the best possible product. Entrepreneurs who put in lot of effort to prepare their project
reports were disappointed to find them being copied by others with the connivance of at least the subordinate staff. This undermines the trust of the genuine entrepreneurs, on the sincerity of the promotional agencies, from the very beginning of venturing into industrial activity.

The lack of adequate facility to develop the general awareness of the entrepreneurs regarding product choice, technology, manufacturing process, marketing etc. has led to the involvement of the middlemen who not only benefit from the crisis situation but defeat the very purpose of industrial activity because they are unable to give proper guidance to entrepreneurs, especially those who come for very small and tiny projects, accentuating industrial sickness.

The Consultants play more or less the role of middlemen between the entrepreneurs and the promotional agencies rather than providing the needful service which would be useful for the entrepreneur in the long run. On the face of it the Consultants limit their activities to mere drafting of the project report. But it is also not possible to rule out the possibilities of the general impression that the pseudo-entrepreneurs in connivance with the consultants and the officials have run away with a lot of money. As a result, not only most of industries have become sick but a large number of them have actually closed down with very little real assets in them to be seized and handed over to a real enterprising entrepreneur.
ARRANGING OF FINANCE

All the entrepreneurs interviewed admitted that arranging finance is the vital aspect of an industrial venture. Since the study was restricted to the industrial estates all the units though small scale were comparatively bigger in size. Invariably each and every unit had taken loan from outside agencies.

In order to understand the nature of financial involvement of the entrepreneurs and to what extent they are able to cope up with their requirements, it is essential to know about the capital structure involved in small scale industries.

The capital invested in small scale industries is divided broadly into two parts, fixed capital and working capital.

For a unit to go into production investments are required to be made on the fixed assets like land, building, machinery, equipments, tools, furniture etc. The investments on these heads constitute the fixed capital. Then to run the unit, that is to carry on the production and marketing, money is required for day to day operation, to procure raw materials, pay wages and meet other miscellaneous expenses on heads like stationery, transport, advertisement etc. This part of the capital that is required to run the unit is called the working capital.
The amount of capital required depends on the type and size of the unit. With the small scale industries it is found that a greater proportion of the capital invested constitutes the working capital. In some cases, like chemicals, textiles etc. about 60 percent or even more of the capital is used as working capital. There are some units which require a lesser proportion as working capital like ceramic and mineral based units. But such units are few in number.

Due to a host of problems, entrepreneurs fail to utilise the full capacity of production. The utilisation of the full capacity would further increase the requirements of working capital and thus its proportion to the total capital. The greater proportion of capital as working capital signifies that it is more expensive to run the industry than to set it up.

Another way of looking at the capital, keeping the entrepreneur in mind, is the equity and the borrowed capital. Equity is the amount of capital the entrepreneur has to invest of his own or has to arrange from his family members, close relatives or friends etc. This part of the capital is actually the risk capital for the entrepreneur. If the entrepreneur fails to run the unit and it closes down finally then he is going to lose this capital forever. If he is unable to pay back the borrowed capital his unit will be seized which may not affect him otherwise. The proportion
of the equity to the total capital is not the same for all the entrepreneurs. Relaxations are made in the proportion of the equity to attract some sections of the people into the mainstream of industrial activity. The relaxations favours the technical entrepreneurs in general and especially the women technical entrepreneurs and those technical entrepreneurs belonging to the Scheduled Castes and Scheduled Tribes who come in the category of special class of entrepreneurs. Under the special assistance scheme there are provisions to make available soft loans at one percent rate of interest to make up for the equity in the case of the technical entrepreneurs.

Entrepreneurs try and do entangle relatives and friends to raise the equity. Though in many cases either the relatives or friends or both have helped the entrepreneurs, initially the quantum of money mobilised is generally inadequate. There are basically two reasons for the entrepreneurs' inability to arrange enough money from relatives and friends.

1. Like most of the entrepreneurs, his friends and relatives belong to the middle or lower middle classes. They have very little surplus savings to invest in industrial ventures.

2. Even those who have some savings by the time they retire, are inhibited to invest especially in industrial ventures because of the high mortality rate of the industries. So long
as a sizeable number of people do not really make fruitful gains by investing in industrial ventures and set themselves as examples for others, the culture of investing by the general mass will not pick up. Thus the entrepreneurs find it difficult to arrange money from their own sources and if at all they do it, it is quite meagre.

Especially the ambitious ones and those whose intentions are different, other than actually setting up and running the industries adopt the normal practice of overinvoicing the projects. Even the officers of the financial institutions like Orissa State Financial Corporation are aware of it. Some of the officers feel that if they are strict about it then there will hardly be any entrepreneur coming forward to set up an industry, because in a backward state like Orissa very few people have resources of their own. So generally overinvoicing up to 15 or 20 per cent is not questioned but anything beyond that limit may raise eyebrows. However, there are innumerable cases which have gone much above it. So it is no wonder that so many industries could be set up in such a short time. Obviously it is because the risk capital that the entrepreneurs were supposed to arrange did not pose as a great hurdle for many of the units that were set up. For a person of paltry resources to set up an industry of fairly big size by establishing good rapport with officials and their subordinates is quite common.
The long term loans borrowed as fixed capital is generally sanctioned by the OSFC. It has enough resources at its disposal and has sanctioned loans to innumerable industries. But just sanctioning loans is not enough for a developmental agency. The effectiveness of such sanctions depends on how such loans are sanctioned, to whom they are sanctioned, on what basis they are sanctioned, and the time taken to sanction as well as release the loans. The modus operandi of such sanctions is questioned by many entrepreneurs who find it difficult to get their projects sanctioned by fair means and those who have suffered in many ways to get the projects sanctioned. Most critical are those who at every phase of implementing their projects had to face unnecessary delays in getting the loans released due to bureaucratic snags and unwarranted reasons. The untimely release of loans leads to delays in implementation of the projects and as a result by the time the unit starts its commercial production there is already a heavy interest burden. Quite a few of the units just because of the delay in the implementation of the projects have gone sick. The inefficient management of OSFC, its cumbersome procedures in sanctioning and releasing the loans have proved in many cases to have defeated the very purpose of sanctioning the loans. Inspite of such delays some entrepreneurs have still managed to survive and are running their units with the hope of overcoming their loan burden.
One such entrepreneur, Mr. Abani Kamungo had made his project report and applied for loan to the OSFC in the year 1980. He got it sanctioned by 1981. From the time of sanctioning of the loan to reach the production stage took him six years. At every stage things got delayed because of the concerned officers.

While some entrepreneurs had unpleasant experiences in getting their loans sanctioned and released, some did not consider it much of a problem.

It was more difficult to get the working capital for running the industries than to get long term loans. The working capital to the small scale industries is generally provided by the commercial banks. According to the modern banking system the banks are supposed to be liberal and provide loans for industrial ventures after studying the viability of the projects. One observed the sorry state of many entrepreneurs who have for a long time set up their units but have not been able to get the working capital to run them. Apart from the State Bank of India all other banks according to them are very conservative in their approach in sanctioning working capital. They feel quite insecure to give working capital to the entrepreneurs so they ask for various kinds of security. As most of the entrepreneurs are incapable of providing adequate security like fixed deposits or land holdings or other valuable assets, the sanctioning of their working capital is also held up. If at all some industries have got the working capital immediately after setting up the unit
the amount of loan sanctioned as working capital is far less than what is required even for the unit to break even. The policy of the banks has been to initially give less working capital than what has been asked for and then further increase the amount of working capital by keeping a watch over the performance of the units. Such a conservative method adopted by the banks has in reality put the entrepreneurs in difficulties.

One entrepreneur stated that seventy-five per cent of the industries which have gone sick did so because they were not able to get working capital in time. Very few had the capacity to withstand the inordinate delays and manage to survive. He could do so because he was not married and lived on his father's income. Because of the delay in getting his working capital the interest on his term loan accrued to Rs.3.5 lakhs. Only because he had a low break even point and had very good business from the very first year could he repay much of the interest in the first year of production. He got into the good books of S.B.I. He got Rs. 7.5 lakhs as working capital which rolled for more than five times in a year. That is why he is being given more working capital.

Others were not as fortunate as Mr. Abani Kamungo. For instance, Mr. Kanhai Lal Chandak did not get working capital immediately after his trial production. It took him about three years to get working capital, that too only a fraction of his requirement that is Rs.1.25 lakhs.
With Rs. 1.25 lakhs he started production with a liability of three years. He had no problems in marketing his product as he already had good amount of experience in biscuit marketing; besides, his younger brothers still continued to be in biscuit distribution. So, they lifted all his products.

In due course he realised that his business was declining as he was unable to produce up to the break even point which had gone up higher because of the liability of the past three years. He realised that his working capital was getting consumed as salaries etc. and due to shortage of funds his production was dwindling. He went on writing to the higher ups of the bank. But hardly any concrete step was taken to enhance his working capital. This carried on for two years. He finally decided to close down his unit.

An I.A.S. officer who had held the post of General Manager D.I.C. during the time of conducting the survey agreed that the major reason for industrial sickness is the non-availability of working capital at the right time and in right amount. Undue delay or the reluctance in sanctioning the working capital is primarily because too much responsibility is bestowed on a young officer who is not mature enough to handle such risks. If a young officer is not confident enough of the feasibility of project then the higher officials should take it up, scrutinise it and take up the responsibility of sanctioning it. True, the past experiences of the banks have not been encouraging. That is one of the main reasons why
Chandak is that he gave wrong promises to raise his equity. He took a long time to set up his plant. By the time he got his working capital he had accrued a lot of interest burden. Initially he was given a small amount of working capital. Since he did not keep his transaction going with the bank his working capital limit was not raised. As his unit was underfinanced he could not reach the break even point. So finally when he could not bear the drain any more he had to close down the unit.

The officer pointed out that a unit gets sick even when financed adequately, for instance, when the entrepreneurs use the short term finance for long term purpose or divert funds for personal use. Due to lack of managerial ability, inexperience, many entrepreneurs though quite sincere had misplaced priorities and as a result their units got stuck. The funds diverted may not be much in comparison to the total working capital but it may be a large portion when compared to the actually rolling money. People who are unaware of it are unable to foresee the consequences.

Binod Dashat present doing quite well (himself a student of Mathematics) said, that for the first three years he ran into heavy losses. He admitted that earlier he had no experience of handling so much money. No one was there to guide him regarding financial matters. He was too young then, say about twentyone years, when he started the unit. His father after giving him the initial capital
did not enquire as to how he was going about it. He could not handle the funds properly. His workers took rupees forty to fifty thousand from him without doing any work.

Besides he had all kinds of other losses that an inexperienced businessman was bound to face due to lack of financial acumen.

A senior employee of one of the oldest industrial units in the Cuttack Industrial Estate said that the title of M.D. (Managing Director) of the small scale industries which the entrepreneur attaches to his name is the crux of the problem. Right from beginning even much before earning a single copper as profit, they adopt a lavish life style which eats away much of the fund. The self-styled M.Ds try to imitate the life-style of the M.Ds of established big companies. It becomes the prime goal instead of really concentrating on the productive aspects. There are innumerable instances of unnecessary investments made on things like flight trips, staying in luxury hotels, spending on dresses, feasts, on interior decoration of the so called M.D.'s room fitted with A.C, and for other cosmetic purposes.

A senior bank officer said that one day during the period when they were liberally sanctioning loans, two persons had come to get their working capital sanctioned. One had come in a car and the other on a cycle. Eventually he had sanctioned loans to both of
them. The person who had come on cycle was none other than Dillip Das who is at present perhaps one of the most successful entrepreneurs. Recently one had met him at one of the luxury hotels at the interior decorator’s stall, perhaps finally interested in giving a facelift to his house or his office. But the person who came in a car was more concerned about his lifestyle than his industry. In due course that person had to close down his unit.

Sometimes the entrepreneurs divert the funds from the productive heads to non-productive purposes compelled by the extraneous compulsions enforced by the prevailing culture and financial obligations. When Mr. Bishma Kumar Sahoo first went into commercial production he had intended to inaugurate the factory with the minimum of expenditure, but his father insisted that they go in for a puja on which he had to spend about Rs. 1200.00 which was quite a substantial amount especially during the hard days. As his father’s business closed down, the family started depending entirely on him. Not only the daily expenses of the family were met by the industry but he also had to divert large amount of funds for his two sisters' weddings. He said that, had they been younger, things would have been comfortable. They were already of marriageable age and if he had waited any further he would have not only missed suitable candidates but also would have aggravated a lot of psychological
tensions for the parents who were already old. He also feared the fact that in case he missed the opportunities, the girls might not have ever got married as has happened to many girls when their brothers and parents were not serious to get them married at an early age. Whether dowry is demanded or not from the bridegrooms side, he said that one has to live up to the expectations especially when the fate of the sisters was concerned. It is the parents' inner desire to give their daughters and sons-in-law the best of things. Over the years, his family had developed friendly relationships with a lot of families apart from their relatives. It was important to spend on the feasts as well and invite a lot of people because they had been invited by all these families when they had any special occasion. Like all parents his parents also wanted it and he being the eldest son, it was his duty to see to it that their wishes were fulfilled. Many other instances can be cited where funds had to be diverted from the borrowed capital because of one's commitment to certain values and obligations with the anticipation that money from the profit would be ploughed back.

Besides, there are innumerable cases where entrepreneurs have diverted their funds from the dividends to live up to their values and obligations to their kith and kin instead of ploughing back the same into the industry for further expansion and diversification.
For instance, Mr. Surendra Pati who ventured into setting up a fabrication unit could not plough back his profits into the industry. Besides looking after his own family he had started bearing the responsibility of his wife's family even prior to their wedding because her father had expired. It consisted of her widowed mother, a younger brother who was about 10 years old and a sister. He took the responsibility of their education and got his sister-in-law married after she joined a teaching job. Moreover, being a Brahmin by caste, they have certain customs which are performed for every man when he grows old so that when he dies his soul will rest in peace. For these people have to be fed properly, 'yogyan' has to be performed and donations have to be given to fellow Brahmans and a temple etc. All this obviously incurs a lot of expenditure when done properly. He had to do it for his father. Apart from this, when his father fell ill because of cancer he had to spend quite a lot from his own resources because his father hardly had any savings or property. One can go on and on citing examples of diversion of funds for non-productive purposes.

Mr. Surendra Pati feels that he has been one of the successful entrepreneurs because he had started with a very small amount of borrowed capital from the financial institutions. He mentioned that when he had started his business and was struggling hard, he was very sincere in keeping accounts even though the borrowed capital
amount was far less. With the growth of the business he had to take
loans from the banks in large amounts. But unfortunately he fails to
keep up the transaction with the banks because he feels that
going to the bank, maintaining accounts, depositing and withdrawing
money is nothing but diversion from supervising the production, pro-
curing materials and getting orders and payments. He feels that on
the whole his business is growing, so what is the use to keep
going to the bank. The bank people on the other hand feel that
Mr. Pati is a defaulter so he is not in their good books.

A friend of mine who was the field officer of S.B.I branch for
the Industrial Estate was dealing with Mr. Pati. He said, going by
the bank records Mr. Pati is not sincere about his business and
his industry will definitely be considered a sick unit. Though in
reality it is one of the few units which is actually making a
good amount of profit. As it has already been mentioned the di-
vidends are diverted for non-productive purposes as far as the indu-
stry is concerned. Though Mr. Pati is pretty confident of further
expansion and diversification the bank people are not happy with
his past transactions. Thus they are reluctant to enhance his sanction
even if he pays back what is already due on him as interest.

Another reason for which the entrepreneurs have suffered has been
the lack of proper coordination between the two financial institu-
tions, that which provides the long term loan that is the OSFC and
He had to resign from his job when he applied for long term loan. Now he and his family have been able to survive by doing some job work and repair work. With his limited funds (much of which was used up because of the floods in 1982) he can manage to work with two of his machines. The remaining one are idle. After a lot of running around and writing to almost everyone concerned, even to the Chief Minister he has not been able to get his working capital sanctioned till date. The OSFC officials on sympathetic ground had somehow arranged a working capital of rupees one lakh. After having withdrawn rupees thirty five thousand they did not let him withdraw any more. He was even denied Rs. 3000/- when during Durga Puja he wanted to pay his workers. He said that there must be iron scrap worth Rs. 50,000.00 in the workshop, even then the banks did not consider his requirements.

He says that all his hopes and dreams have been shattered. Now he does not have a job which would have paid him at present at least Rs. 3500/-. He did not sell off his machines and run away as many others have done, because it was against his self respect. He never wanted people to say that he had run away after taking loan from the OSFC. To live up to his image he has kept all the machines intact. Just because of this he could shout at the OSFC people when they had come for money. He said, "if you enter the shed I fill finish you". After that they have never come to
bother him. He says that now his mind does not work. He seems to be forgetting everything.

One of his assistants said that an active mind has been derailed and soon would get defunct. Just for the inordinate delay of the bureaucracy and the indifference of the banks the man who could have produced to meet the needs of the printing presses in Orissa is being shunted. With such officers how will the state develop?

Mr. G.G. Dalibandhu when requested for an interview took me with all seriousness and narrated his woe as if he was telling it to one who could help him out. He felt that writing will help him out of his problem. When I got out of the shed his son gave me a lift on his motor cycle. On the way he asked me whether my writing could in any way put some influence on the concerned officers.

The bank officers are aware of their inefficiency and point out the major reason for the delay in sanctioning working capital that are identified as the following:

1. Lack of adequate appraisal skills.
2. Bureaucratic approach in dealing with proposals.
3. Frequent change of dealing officials due to transfers, promotions etc.
4. Increased volume of work at bank level.

5. Disillusionment growing out of a large number of units becoming sick and fear of personal accountability.

It is said by the bank officers that banks as business organisations are equally concerned about the health of the industrial units they have financed. In order to rectify the inefficiency in the banks, the following steps were stated to have been taken.

1. Adequate number of officers are being posted at SSI intensive branches.

2. These officers are provided with classroom and on the job training within the states and outside.

3. Specialised machinery has been created within the bank to monitor delays at various levels.

4. The banks have started joint appraisal of loan proposals with the Orissa State Financial Corporation.

5. Frequent meetings are held with industries associations/individual borrowers for spotting and redressal of genuine grievances.

6. Sufficient financial powers have been delegated to lower level officers. The banks' intentions are to ensure that at least 75 per cent of the proposals are disposed off at the branch level itself.
In order to have a total picture of the problem it is also equally important that one takes into consideration the following factors identified by the bank officers that aggravate the problem for which directly or indirectly the entrepreneurs are responsible.

i. Lack of follow up:

The general tendency of the promoters during the implementation period is to be preoccupied in getting the long term loan released. They fail to give due importance to follow up and reply to the banker's queries for processing of the working capital proposal. This is bound to delay the sanction.

For instance, "an experienced engineer submitted in 1983, a proposal for manufacture of new generation industrial heating systems. The project was referred to the bank's consultancy cell but the borrower was not available for discussion. The proposal was therefore declined on this ground. The borrower re-submitted the proposal but the same story was repeated. Finally by the time the machines were installed and the borrower started demanding money, the bank officials had decided that he was not serious about the project. Arrangement of guarantors etc. took some more time. The final result was that the unit after becoming ready for production remained idle for a few months".
non-existent, and this raised doubts on the integrity of the promoter. The proposal was rejected on this ground and it required a lot of correspondence and explanation to revive it."

iv. Promoters feeling that the bank was interfering in implementation of the project:

The banks would want all kinds of information to assess the viability of the project. It would also include information on the antecedents of the promoter.

The detailed data that the bankers insist upon may be considered by the entrepreneurs as trying to interfere into personal affairs. The banks have enough facts and figures about the entrepreneur to enter into a long term relationship with him by sanctioning the loan. To make things convenient, recently a check list has been introduced for this purpose which is issued to the applicant for credit along with the loan application.

v. The willingness to accept the adverse credit:

It is sensible to have an objective view of the project proposal and judge it on its merit. The verdict on it made by the bank based on sound reasoning should be accepted by the entrepreneur instead of getting into endless arguments which unnecessarily drag things benefitting neither of the parties. For example, "two
engineers fresh from college wanted to set up a cattle feed plant. The proposal was rejected by the bank several times on the grounds that the project was not economically viable. This was done on the basis of verifiable facts and figures. The entrepreneurs, however, persisted with the scheme and sought assistance of various other agencies to convince the bank. In the process more than two years went by, two years which produced nothing but a lot of bitterness.

It was gathered that those few who are from sound economic backgrounds do not find it difficult to get either the long term loan or the working capital. They do not consider it much of a constraint. It has been observed that those who have had a lot of surplus money invested more than what is required on the fixed assets. One can point out cases where a lot of unaccounted money is pumped in to make elaborate production arrangements and facilities hardly used, with well laid out gardens, playing grounds, guest houses etc. Neither is the loan quantum proportionate to the investment in fixed capital nor is the turnover that appreciable that its dividends have been ploughed back. There is a touch of aristocracy involved in such units. Huge investments are made on get up which should be considered nonproductive as they hardly impress any of their customers as they claim, because the government is their main customer. In such units one finds hardly any activity.
The difficulties faced in arranging money lead to 10 to 20 per cent over invoicing for the project. Now-a-days this is considered a normal practice even by the government institutions. In a backward region like Orissa where the capital is scarce, many industries would not have come up without over invoicing. Entrepreneurs having a good rapport with the authorities manage to establish industries with paltry resources.

The inefficient management of loan giving agencies and the cumbersome procedures in sanctioning loans lead to long delays in implementing of the projects. This leads to the accruing of interests on the industry, further pushing them into liabilities. Thus these delays have defeated the very purpose of sanctioning the loans.

As far as the working capital is concerned, the banks are quite conservative in giving loans as most of the entrepreneurs do not have adequate security. Even if some entrepreneurs manage to get the working capital, the sanctioned amount is inadequate to meet their requirements. In most cases entrepreneurs unable to break even cease their transaction with the bank. Very few entrepreneurs are in a position to sustain themselves in the gestation period which is exceptionally long in Orissa. All this leads to industrial sickness.

Some officials are of the view that the major reason for industrial sickness is the inability of the entrepreneur to manage
consumerist culture providing a range of luxuries to anyone who has the money prove too seductive for the lower middle class entrepreneur who has suddenly come into money. Thus these entrepreneurs start their business not by setting up the factory but by buying motor-bikes, cars and adopting five-star life styles.

The lack of proper coordination between the financial institutions which provide the long term loans and the short term loans lead to many problems.

The bank officials are aware of their inefficiency. They believe that their inefficiency is caused by lack of adequate appraisal skills, frequent transfers of officials, increasing volume of bank work and disillusionment caused by the sickness of a large number of industrial units. The bank officials believe that there are some problems with the entrepreneurs as well. The entrepreneurs are often too preoccupied with the implementation of the project. As such they are not able to follow up their dealings with the bank. The banks are left in the dark about the progress made in the project.

It is found that the people coming from a higher socio-economic background find it easier to get long term or short term loans sanctioned. That of course is a reflection of the skewed social situation in our society. There are also cases of unaccounted money
being pumped into industries. But those industries do not seem to be doing very good business, whereas many entrepreneurs who started on a small scale have built up very successful enterprises in course of time.

PRODUCTION

Many of the entrepreneurs were found to be involved in the direct supervision of the production process. Technically trained entrepreneurs and those who had had experience earlier in the production line were more keen to be personally involved in looking after the production of the unit. It was also gathered that many of the entrepreneurs who had little practical experience regarding the production process before venturing into industry spent much of their time in the initial years of setting up their unit learning all about the production process. Entrepreneurs were of the view that knowledge right from handling of the machines, culturing on the raw materials, knowing and contacting their suppliers, acquiring adequate knowledge regarding maintenance of the machines and equipment to contacting the sources of their spare parts and the maintenance people are essential to run their units properly. They agreed that production is the crucial part of the industry. Time devoted to it never goes waste though they admitted their limitations as they have to give attention to other aspects of the industry as well.
a standard quality for his products.

Another entrepreneur Mr. Bishma Kumar Sahoo said that he has cut down on the general socialising which he used to do before coming into industry. Now he hardly gets any time for it. He has to devote much of his time to his unit, to the extent that more often he has to reside in his unit. He said that more than marketing his product he has concentrated on the production aspects of his industry. It took him about three years to culture on the raw materials to find out their original sources etc. Trying out with various products he has now started manufacturing main switches. He has decided to manufacture main switches because it is a product which takes time to culture on. It is not easy to produce main switches unless one has adequate experience and enough knowledge about all the raw material components required and their sources to get them at a competitive price. He is of the opinion that once he is confident of producing a difficult product, marketing it is comparatively easier than the items which can be easily produced. So he has decided to concentrate on the production side instead of running for marketing of the earlier products. His concentration on production has started paying him dividends of late. He claims to be the only supplier of main switches to the government of Orissa at E.P.M rate contract. He is able to supply at such low rates that no one is able to compete with him. From the waste material he is making many of the components
required for his unit.

Quality consciousness is not merely limited to the technical entrepreneurs. Mr. Abani Kanungo though not a technical entrepreneur gave due importance to it. Right from the beginning of implementation of the project he had installed a particular machine which ensured better quality than most of his competitors. He instructs his workers to be very careful and cautious in maintaining quality. For instance, he told a worker that a beer carton would contain 12 bottles and each bottle costs Rs. 10/- each. Each carton would contain bottles worth Rs. 120.00. If the quality of carton is bad the loss for the beer manufacturer will be Rs. 120.00. So to get repeated orders they have to maintain quality.

Mr. Sarat Sahoo who right now manufactures spices said that when the unit started there were only two people - the machineman and himself. He knows all kinds of work required to run the unit both mechanical as well as electrical. He installed all the machines himself, of course with assistance. If a machine operator is on leave he manages the show.

Recently he has installed an imported machine which enables him to powder the spices at low temperature so that the quality is not affected which normally happens with the indigenous machines because of the heat generated in the process. Moreover, he has installed some new machines for proper packaging of the materials.
produced in his factory.

His unit is among those few where there was always activity whenever one visited his factory be it day time, evening or night. Mr. Sarat Sahoo was generally found inside the production section of his factory. He hardly sat in his office unless there were some customers or people to be attended to.

Another unit which was conspicuous for its activity was Mr. B.C. Mohanty's refractory and ceramic unit. Large numbers of people are engaged. The intensity of activity is obvious from the speed at which the workers keep working. Trucks keep coming and going. Some unload the raw materials and some carry finished goods. Cars carrying officials, executives and factory staff keep zipping in and out. Activity in his factory was not more conspicuous just because it extended on either side of the road. The road had to be crossed often because on one side was the production unit with its furnaces and on the other side was that which included the R & D, maintenance and repairs, storage of raw materials and part of the finished goods.

The intensity of the activity could be felt by the number of times one had to visit the unit to interview the entrepreneur. It may seem unusual but one had to make more than thirty visits (stretching over a period of over three and half months) to be able to catch hold of Mr. Mohanty. Even then one had to interview
him at very odd hours, at late nights. Often one had to wait near his factory premises for long periods observing all that was going on. Whenever he was in the factory he was engaged in the supervision of the production, talking to his clients and officials holding meetings, even with delegates from a foreign country regarding inspection of the quality of their products.

Though Mr. B.C. Mohanty was very cooperative and talked to me about every aspect of the industry, himself, his family etc., he was always interrupted by visitors or by the staff who came with some problem or there were long distance telephone calls which he could not avoid attending to. He used to give me a particular time for interview, but invariably failed to keep up his commitment to talk at length because he had to go out on some work or was interrupted with some problem. On a number of occasions he kept me waiting till late in the night so that he would be free to talk, ensuring me that he would provide me with transport for returning home. But that also did not work. Finally one had to finish the interview with him one day at lunch time. He had to skip his lunch. While Mr. Dina Kusta Mohanty was being interviewed the old man all of a sudden got up and asked me to meet him some other time for further talks, as it was then already time for him to go for rounds to inspect the proceeds of the day's work allotted to the workers. He said that unless he personally checked there would be slackness in work.
In contrast to the excessive personal involvement of the entrepreneurs themselves in the supervision of the production there was also a large number of cases of the so-called entrepreneurs who were basically idlers. Their units were hardly involved in any production activity. They were generally purchasing products from elsewhere and passing it off at higher prices as their own product with their brand names to the government and semi-government organisations. From their style of living it was obvious that they must be making quite a lot of easy money. Being small scale units, they were entitled to certain privileges to supply to the state government. While they took the advantages of such privileges they defeated the very purpose for which these privileges were reserved for them, that is to increase the production base in the state which would have the multiplier effect on development.

If at all there was some production activity in their units, it was just for show to hoodwink the government in case of inspection. Besides, some were compelled to mix their own products with bulk purchases of similar products from elsewhere just to be able to execute bigger orders for which they did not have adequate staff even though they had the plant capacity.

It needs to be mentioned here that there was an entrepreneur, quite an aged person, who had come to industry after being suspended from government service. He was leading an easy life after
In the tiny units the owner manages almost everything himself or at the most has one of his family members or relatives to help him as an assistant. As the size of the unit grows the need for delegation of responsibility increases. The units which are bigger in size are managed with the help of a partner if any, or paid managers or with both partners and paid managers.

It was observed that in many small scale industries in both the industrial estates of Cuttack and Jagatpur partnership exists in both of its forms. There are units in which only one of the partners is actually active and takes all the decisions and responsibilities while others are more or less sleeping partners. There are also units in which the partners not only share the responsibilities amongst themselves but also sit across the table everyday to sort out the programmes and problems of their industry. Some units have started with partnership right from the beginning, others have eventually brought in new partners. It is said that many of the units have survived because of committed partnership while there are others which have failed because of lack of understanding between the partners.

Though proper partnership is considered to be the ideal, especially for the small scale industries, the entrepreneurs are not quite confident to join hands in their ventures. From the experience of those who were and are in partnership it appears that in Orissa
entrepreneur's case because of his army background he was quite out-going. He never felt otherwise to settle a deal with a party over a drink, whereas his partner was quite reluctant to go out on such occasions. There was also no respite from his not going out on such occasions. Not being able to be present in such discussions made him more suspicious about the deals. Finally the partnership had to break up.

Moreover partnership is at stake because most often the immediate individual vested interests of the partners prevails over the interests of the industry.

There is another case in which two entrepreneurs who were engineers got together and started an industry way back in the sixties. In due course they did very good business and ventured into diverse fields and were strikingly successful as long as they were together. The firm earned a lot of reputation and was cited in course of discussions among entrepreneurs and those who matter in industry as one of the successful partnership industrial ventures. Unfortunately the same firm is today in utter chaos and about to close down.

In this unit one partner looked after the production and the other took care of procuring orders and liaisoning. One of them belonged to the state and the other was an outsider. The partner
who belonged to the state shouldered the responsibility of production. The other partner being an outsider and belonging to another community, built a lot of contacts with industrialists all over the country and abroad. Thus he proved to be complementary to the local partner.

It is said that in a small scale unit unless the business expands and the expansion is maintained, one of the partners eventually becomes more important than the other though they may have had started as equals. Perhaps because of the day to day physical presence of the local entrepreneur in the factory coupled with his dominating attitude the employees started giving him more importance. The other partner remained aloof from the day to day affairs and maintained a low profile. Another reason for which the outsider became eventually weak was because of the problems in his family. His wife died in an accident, after his remarriage his grown up children migrated abroad.

This particular unit is in a sorry state of affairs though the partners were doing good business for more than a decade with all their diversifications being successful ventures. The firm today is burdened with liabilities, and unable to pay its employees for months together. Even if it gets orders, because of its past reputation, it is in such a weak financial position that it becomes extremely difficult to execute such orders.
The factors mentioned as being responsible for such a state of affairs ranges from the jealousy of the ladies of the partners to outright siphoning of money, both by the partners and their wives for their exclusive business ventures, the incapability of the partners or the dominating partner to place the right kind of person in the key posts and sustaining them without giving more than due importance to hearsay, in judging the performance of the employees at a superficial level, giving in to sychophancy and tolerating the rampant pilferage by the unscrupulous employees even after they were caught red-handed. The shrewd and unscrupulous employees taking the weakness of the management for granted were capable of ousting the efficient employees and good skilled workers for their ulterior motives and eventually it has led to this situation.

The experience of the entrepreneurs with family members or relatives in the management is mixed. Some seem to be quite satisfied like Mr. Dina Kusta Mohanty. Along with his three sons, he manages the industry with the help of paid managers. He is the main coordinator. There are also other units which are managed by family members as partners where things seem to be working quite well. Dina Kusta Mohanty's son-in-law Mr. Dillip Das, a technical entrepreneur who manufactures transformers had to ask his brother to resign from government lectureship and join his firm as a partner. His brother said that he had joined when the unit started getting more orders as it was difficult for one person to manage everything.
During the time of field work Mr. Dillip Das was under bed rest because he had fractured his spine. He used to give directions from his bed at home while his younger brother went running around all over the country to procure orders, look after the installation and in between taking care of production and labour management. The work of their firm was not much affected.

In contrast there are also cases where the kinship ties did not work well and if at all they worked it was not free from tensions. For example there is a case of two brothers who did not pull on well right from the beginning. The elder brother was not only indifferent to the younger brother but also brought in an engineer friend of his as a partner. The younger brother being disappointed with his brother's attitude started his own unit and struggled to establish it all by himself. All this happened when the father was alive. The parents stayed with the younger son though the elder son was better off. The younger brother is at present doing extremely well. He has been able to establish himself by proving himself in the open market.

Another entrepreneur mention of whom has already been made as a very successful entrepreneur at one time was very critical about all his relatives whom he had trusted and entrusted with responsibilities. He said that far from being sincere with their duties they were more of parasites. He said, "all relatives are cheats,
one cannot grow with their help". Rather they feel envious when
one moves around in a car or goes by plane. They feel that he
and his family indulge in luxuries exploiting them. They do not
realise that it is a necessity in this kind of business. For ins-
tance when within a short notice one has to quote for a tender
at a far off place one has to go by plane. Even for a unit of
this kind, a foreign trip is sometimes essential which may be
interpreted differently by his relatives.

An entrepreneur who raised his brother-in-law right from the age
of 10, when his wife's father expired, apart from shouldering other
responsibilities of her family, seems not quite happy after absorb-
ing his brother-in-law in his unit. He even got his brother-in-law
married and the couple stay with them. But the relationship between
him and his brother-in-law is not free from tensions. One of the
reasons for getting him married was to make him more responsible.
The entrepreneur does not trust his brother-in-law. There are perpe-
tual periods of misunderstanding. He has not been able to ignore his wif
soft corner for her brother. Apart from the sentiments, he is bound
to keep him because he needs a person on whom he can rely to
some extent, especially as he has to go out of station quite
often. His unit has grown to such a size that he is in much
need of a reliable person. To keep growing, he intends to diver-
sify and set up a number of different small scale units. So his
need for reliable persons is all the more.
Though his brother-in-law is not all that reliable, he finds that he still gains by keeping him. He says that if he just leaves this unit to his brother-in-law, he is sure of getting work, Rs. 15 to 20 lakhs per annum. After giving him all the privileges he still can expect some profit. Besides, his brother-in-law does a lot of household work. Moreover he saves rupees 20 to 30 every day on transport because of him. Instead of hiring rickshaws (which is very expensive these days) all the family members are dropped by him at their respective places of work, school and college with his motor cycle.

In another case, the father-in-law who was already an established entrepreneur was joined by his son-in-law who gave up his coveted job. The father-in-law and the son-in-law could not pull along well for long. It is said that the father-in-law tried to exploit the son-in-law. The son-in-law opted out and struggled to establish himself. His brother has joined him and they are at present doing very well and referred to as successful entrepreneurs in the industrial sphere of Cuttack.

In the small scale industries there is very limited scope to adopt systematic planning and adhere to strategies. The management process is essentially adaptive in nature. Like the medium and large scale industries they cannot afford to adopt a predictive management process which involves setting objectives, formulating
policies drawing up of strategies to realise the set objectives. While the larger firms make heavy investments in terms of capital and human resources to anticipate the demand and control the market to achieve its targets, the small scale units struggle to survive by adapting to the fluctuating market forces.

The small scale units with their need to adopt an adaptive process of management perhaps have to depend on primary relationships like close friendships or kinship ties for their management functions. Besides the adaptive nature of management does not permit professionalism to a great extent. Most of the managerial staff recruited have very little experience. They often learn their job according to the exigencies without much prior practical training. Moreover, the scope for specialisation is limited. Due to shortage of managerial staff it is imperative for one to handle others' jobs to ensure that work does not get held up in case someone is absent. The managerial jobs are plural in nature to a greater degree in the small scale sector than in the medium and large scale industries.

Some of the entrepreneurs whose units are already established complained that there was a dearth of good managerial personnel. They said that the bigger firms are always in a privileged position to attract educated, experienced and dynamic people. It is not possible for the small scale industries to give the kind of
remuneration and facilities the big companies give. Moreover, they do not have the firmly established reputation to ensure such people's further prospects.

These days, those who take up managerial or technical jobs in the small scale industries are those who do not make it elsewhere. Even if they start working, they leave once they get better offers.

Earlier, in the sixties and till the early seventies, the government pay scales were far below that of the private sector (even the small scale sector), so people used to leave the government jobs and join the small scale industries. But now since the government pay scales have gone up, the job security and after retirement benefits have checked the flow of brighter people to these industries. It was gathered that, at least these days, one joins these industries after having failed to manage a job in the government or established private concerns or joins it as a stop gap or as a springboard to gather some experience. So naturally there is outflow of experienced managerial personnel leaving the small scale units with a perpetually fragile managerial set up.

Though the career prospects for bright people may be limited in the small scale industries there are good places for those who are interested to rough it out and gather all round practical experience before venturing to set up one's own unit. Many of the entrepreneurs in the two industrial estates were found to have had
been employees in some of the units in the estates. One of them is Gouri Shankar Das who is considered to be one of the few successful industrialists. There are others like Surendra Kumar Pati, Shakti Chatterjee, and Chandramani Ojha who belong to the same category.

Moreover, especially for the managers there are good grounds to be ensured of the freedom to be innovative in adapting to the business environment. Since the strength of the managerial staff is less and the units have to struggle to survive there is little scope for long drawn lobbying politics. Though the entrepreneur or owner takes all the vital decisions the managerial staff's views have to be taken into consideration because in the adaptive process of management the results of the management's decisions are immediate. There is very little scope for the whims and fancies of either the entrepreneur or the managerial personnel if the unit has to be ensured of its survival and earn profits. The management has to work virtually according to the day to day demands with limited time and resources at their disposal. It was observed that, generally people who are average or below average in academic performance join these jobs without any experience and learn the job while working in the firm.

Those who stick to such jobs may not be satisfied in terms of remuneration, payments on time and career prospects but are able to get the benefits of being near one's home, to be with one's
elderly parents, and look after their children's education properly without having to be transferred from place to place as in the government services.

Moreover, the remuneration and facilities were not all that less in comparison to the bigger firms in those small scale units which were till recently doing well. One found people employed in the senior managerial posts who have their own cars to commute to and fro between the factory and residence, with telephones at their residences etc.

It was also gathered that retired government officials or middle-aged persons who join the small scale industries giving up their job due to various reasons are found to be utter misfits. Their expectations are normally high while they are incapable of giving much returns apart from their contacts which also prove to be ineffective.

The non-availability of skilled workers is a problem which is felt invariably by almost all the entrepreneurs except some of the fabrication units who are into simple fabrications as there are a number of fabrication units already existing for quite some time.

Very few entrepreneurs are in a position to send their local workers for training while most of them get skilled people from
elsewhere (especially from Calcutta) at least during the initial years of production.

Mr. Abani Kanungo had initially recruited workers from Bengal as skilled people for cardboard manufacturing were not available in and around Cuttack. They are still working with him as they do not want to go back. Now his raw local workers have learnt the job. So for executing larger orders he did not recruit more labour from Bengal.

Regarding labour relations Mr. Kanungo said, "the relationship between the owner and the labour is like Bapa and Pua (father and son). Even if you do not eat you have to provide for them and see to their interest, though you may punish them for their wrong doings as you punish your children. Without looking after their interest you cannot ensure their loyalty and sincerity." He has never had labour problems. Besides, he is very confident about his labour to execute any amount of orders, maintaining the quality. He said that his workers without any grievance put in as many hours as required when there is pressure of work.

Such positive views regarding the relationship with the labour is not voiced by most of the entrepreneurs. Though Mr. Pratap Gorabadu like Mr. Abani Kanungo has been able to train the raw local labour into skilled workers and has been able to maintain
a certain standard of the quality of his products, he admits of having failed utterly in raising the productivity of his employees. Once they had come up with a demand to increase their salaries. He gave them a proposal to work on percentage basis, which would have enabled them to earn double the money if they worked a bit harder. They did not accept the proposal instead preferred a hike in their salaries though it was much less compared to what could be earned had they accepted his proposal. Like some others, he is of the opinion that the productivity of workers at Calcutta, Bombay and other industrially developed places is far higher than that of Orissa. He mentioned that he has tried in many ways to motivate the workers to increase their productivity but very little has been achieved in this regard.

According to Dr. R.K. Sathpathy, out of his twenty years experience in the manufacturing of wood works, the productivity of the present day labour is much less than that of the labourers who used to work in earlier times. "Now they charge more but work less."

Mrs. Jyotsna Das said that theirs is a small unit consisting of six to seven workers, so it is not very difficult to manage them. But they create problems quite often. "Even if you pay them more their productivity is lacking. Absenteeism and lethargy are usually observed among the workers. Even after paying the workers food
expenses and overtime, when there is more work to be done, they keep grumbling." They intend to go in for expansion. They would be installing automatic plants for greater precision and less dependence on labour.

Mr. Surendra Pati said that since they do not get payments in time after executing the orders it is difficult to give payment to the workers on the due date. As a result they work according to their own sweet will. The incapability to give regular and timely payments leads to less motivation, indiscipline and absenteeism among the workers which in consequence adversely affects their productivity.

Binod Dash cautions that in dealing with the workers one has to be very careful. One has to forget one's anger. They can create a lot of havoc. For instance they can deliberately disturb the process of production which may lead to a lot of rejections and wastage of raw materials, labour and power, which in consequence is a loss to the firm. "Even one cannot shout at the chowkidar. If you shout at him one day, he will tell the visitors to the factory that the owner is not present. The visitor may be a customer, a potential customer or an important person."

Mr. Ashok Patnaik is of the view that the entrepreneur is like a team leader. He depends on many people to fulfil his task. His immediate dependence on people is to a far greater degree than in
the other professions. In the professions normally the immediate
and direct dependence is less so the performance depends more or
less on the individual's calibre. The performance of a legal pra-
ctitioner, doctor or a musician depends more on himself. But a
captain of a football team finds himself totally useless if the
players do not cooperate with him. The entrepreneur's job is
worse than a team captain's because his performance depends on too
many people. Good and disciplined workers matter a great deal in
an entrepreneur's performance.

Mr. Patnaik has realised over the years that the labourers in
Orissa are very indisciplined and lethargic. "They are often on
leave. They are supposed to work for eight hours but the effecti-
ve working time is much less. Though labour is cheap out here,
the productivity is far less than people working in Calcutta or
elsewhere where industrialisation is more developed. The urge for
working is somewhat lacking." He has even experienced that incenti-
ves of more money and facilities do not always work. "They feel that
it is their right to get money whether they work or not. Even
one ensures all the stipulated benefits it is extremely difficult
to make them work."

Mr. Patnaik also said, "one cannot do away with them because it
takes time to train a person to one's system of operations. There
is a dearth of skilled people around. Besides it is not sensible
According to the entrepreneurs, the local workers seem to be more problematic than those who come from elsewhere. Absenteeism, lethargy and excessive demands are found more with local workers. Those who come from elsewhere are normally more disciplined and responsible to their duties. It was observed that those who were fairly successful have recruited labour both skilled and unskilled who come as a group from distant places. Many of the entrepreneurs seem to be happy with the tribals. They feel that the tribal people can be trusted to ensure productivity and also otherwise. Mr. Sarat Sahoo claims that all his employees started fresh in his unit in their careers. The supervisors as well as the labourers are from the adivasi (tribal) community. They are very loyal to him. He is confident that they will never leave him.

Minor repairs and maintenance are done by engaging local technicians. Competent people are generally not available in the town. It is even difficult to get a good electrician. For any major repair work one has to run to Calcutta or Bombay.

To meet other requirements people are found to be coming from Calcutta. For instance, the designing of labels, brochures, etc. mostly essential for consumer based products like pharmaceuticals, spices etc. are done by a commercial artist who comes from Calcutta every Saturday to take orders and deliver the prepared goods. He is quite well known in the industrial circles and respected for his behaviour, work and commitment.
Power problem is invariably acute at least for three months of the year. It was gathered that the staff of the Orissa State Electricity Board are generally indifferent regarding their responsibilities. It is said unless one pays and pesters them one cannot get any work done. Mr. Binod Dash added that in the industrial estates the electricity lines are not separate for each and every unit. If any of the units has a power problem which happens most often with the fabrication units, the electricity people will come and disconnect at the source of the lines. All the units on that line will have no power just for one unit till the repair work is completed and the connection restored. He complained that in a processing unit like his, one not only incurs losses due to idling of machines and labour but also due to wastage of raw materials as they become useless when the machines stop and restart in between before the whole process is completed. With the frequent tripping of electricity there is a lot of rejection which renders great loss.

Summary

Industrial production is a crucial component of the entrepreneurial activity and to a very large extent the product determines the profit earned by the entrepreneur. This problem can be handled at two levels.
1. The entrepreneur's direct and conscious effort to produce better products.

2. His relationship with all those who are involved in the enterprise.

Most of the entrepreneurs supervised the production work themselves. However, they had to learn to delegate various responsibilities to their partners and subordinates. Otherwise, they tend to get bogged down in one aspect of production and productivity declines. For being a successful entrepreneur technical knowledge helps but that does not necessarily mean success. Even those people who began with very little skill but learnt about the production process in course of time have managed to do well.

Those entrepreneurs who consciously tried to improve the quality of products have managed to do well. This is because they have been able to enter the open market and free themselves from the clutch of the purchasing officers. Locating high quality and cheap raw materials and its efficient use in terms of recycling the waste material, were crucial for high productivity. Machines of a good quality also made a difference in the nature of the product.

Many entrepreneurs began their enterprise in partnership. However, most of the partnerships did not seem to work well. Lack of professionalism led to lack of clarity in the division of work
among the partners. This created jealousy, suspicion, and rift among partners. However in some cases where the partners were able to define their areas of activity the enterprise was exceedingly successful.

In most of the cases the entrepreneurs seem to recruit their family members in the managerial cadre. The response of the entrepreneurs to this situation was mixed. In some cases the relatives managed to cooperate with each other and in other cases there were tensions. However, these tensions rarely led to a breakdown in relations. This structure of relationship by and large hampers high productivity. Generally the entrepreneurs had a tendency to rely more on the kinsmen even though they did not live up to their expectations entirely.

The managerial jobs though monetarily not all that satisfactory, definitely proved to be alternatives especially for those who did not want to move out from the town for various reasons. Retired government officials or middle-aged persons who join the small scale industries are found to be utter misfits. Their expectations are normally high while they are incapable of giving much returns from their contacts which also prove to be ineffective.

The non-availability of skilled workers is a problem which was felt invariably by almost all the entrepreneurs except those having fabrication units. Very few entrepreneurs are in a position to send
their local workers for training while most of them brought skilled people from elsewhere at least during the initial years of production.

The dependence of the entrepreneurs on primary relationships like close friendship or kinship for running the industries is because of the need for an adaptive nature of management. Besides, the adaptive nature of management does not permit professionalism to a great extent. Most of the managerial staff are recruited with very little experience as the entrepreneurs of the small scale industries find it difficult to attract experienced managerial personnel.

They often learn their job according to the exigencies without much prior practical training. Due to shortage of management staff it is imperative for one to handle others' jobs to ensure that the work does not get held up in case someone is absent. Thus the managerial jobs are plural in nature. Though the career prospects seem to be limited in the small scale industries, they provide good grounds to gather all round practical experience to prepare oneself for venturing into running one's own industry.

Most of the entrepreneurs seemed to be quite unhappy with their labour. They complained that there was no direct proportional relationship between remuneration and productivity. Absenteeism and lethargy are usually observed amongst the workers. Some entrepreneurs are scared of being tough with labour lest they may be
harassed in many ways which may end up in losses. Some stated that without disciplined and cooperative workers the entrepreneurs can do very little. To have control over the workers the entrepreneurs are reluctant to make them permanent employees while some of them give them all other benefits of a permanent employee. Whenever it is possible, entrepreneurs try to get their work done on contract basis to avoid labour troubles. The local workers are more troublesome than those who come from elsewhere. Those coming from elsewhere especially the tribals are normally more disciplined and responsible to their duties.

For the repair and maintenance of the machines the entrepreneurs cannot depend totally on the local people. To meet their various requirements they have to depend on people at Calcutta.

MARKETING

The entrepreneurs of small scale industries of Cuttack find the ultimate in industrial venture, that is marketing the most difficult part. With inadequate resources and substandard quality of their products, they find it extremely difficult to compete with products of the established large and medium scale industries. Moreover, the situation is aggravated by the severe competition between the small scale units producing the same product. The resource limitation along with the problem of procuring raw materials at regular pace
and at a fixed price compels the entrepreneurs to adopt more adaptive management than a predictive management. Production in most of the units surveyed is basically on the basis of orders to be executed than in anticipation of demand. If at all some units combine the two, the proportion of production in anticipation of demand is far less. As a consequence marketing in the small scale industries of Cuttack boils down to merely selling or making things according to orders than strategic marketing practiced by established firms which is an integrated effort.

In both the industrial estates of Cuttack it was found that entrepreneurs of most of the existing functioning units depend for their marketing more or less directly or indirectly on the government purchase. The government on its part has made some arrangements to render protection to the small scale units from the severe competition they have to face otherwise. One of the important steps taken in this regard was the creation of the Directorate of Export Promotion and Marketing which grants registration to small scale units, especially those capable of producing quality products. According to the Industrial Policy of Orissa 1980, the registered units were enlisted as reliable local small scale industries to be given prior consideration and preference in the purchase of the store items of government and semi-government organisations. Besides, these enlisted small scale industries were also
supposed to be in the mailing list of tender notices issued by the D.G.S & D. Depending on the suitability of units and the necessity, rate contract agreements were concluded with such units. According to laid out instructions by the government, the government and semi-government organisations were supposed to purchase all their required items from the units covered under the rate contract prices fixed as per the rate contract.

In spite of the above provisions and instructions by the government the entrepreneurs of the small scale industries registered with the E.P.M. and also the rate contract holders are far from satisfied. Some were of the view that it was completely an eyewash by the government. Those able to keep a good rapport with the concerned officials managed to supply to the government and semi-government organisations. Those who were not able to live up to their expectations even if they were registered with E.P.M. and were rate contract holders, were not allowed to supply on one pretext or the other. The easy method adopted by the officials is to purposely cancel the order by finding faults with the quality or release the order at such short notices that the entrepreneur does not find enough time to execute the order. Especially when the entrepreneurs are always under financial strain and the banks are not cooperative to meet the exigencies the entrepreneurs have no other option but to give up the offer.
Then the officials allot it to outside parties who are normally the big traders generally belonging to the Marwari community.

In the Industrial Policy of Orissa 1986 it is stated that "during the initial phase of industrialisation, in order to protect the nascent SSI units from outside competition, rate contract arrangement was made by which government departments and state controlled agencies purchased their requirement of rate contract items without inviting tenders. Now that the state has made substantial progress in industrialisation, a time has come to reconsider the usefulness of the rate contract arrangement in the present shape which tends to become counter productive. Perpetuation of a secured and sheltered market would not provide the incentive to SSI units to improve the quality of their products, their overall competitiveness and explore outside markets. In the context of the national policy of liberalising the economy and enhancing competitiveness of industrial products in the internal market, there is a need for revising the policy of rate contract and taking measures which would be more conducive to the improvement of quality and competitiveness."

As far as the policy resolutions are concerned very few entrepreneurs disagree on them. Their complaint is that mere circulars and policy resolutions are not enough unless they are seriously abided by the concerned officials and strict vigilance is kept over their functioning, the entire purpose will not only be defeated but the enthusiasm to produce quality products will be dampened. Entrepreneurs tend to give in to easy methods of making money by supplying goods from Calcutta or elsewhere with their brand names. The only effort they have to make is to manage to keep the officials in good humour. The entrepreneurs who are serious about production feel quite frustrated with such practice. For those not covered under the rate contract "the policy of the State Government is to ensure that Government Departments and state controlled agencies purchase their requirement from manufacturers inside the state. Under this policy products of the small scale units set up inside the state enjoy a facility for preferential purchase with a price preference of 15 per cent. Small scale industrial units having ISI certification for their products will be eligible to get a further price preference of three per cent."  

2. Ibid. p. 13.
One of the entrepreneurs stated that the orders on rate contract basis are unrealistic. The cost of production to maintain quality is also more than the stipulated rate. As a result people from Andhra Pradesh are able to execute orders within the limitations because of the low cost of production. Some of those who have been able to genuinely supply their own products like Bishma Kumar Sahoo (I have visited his shop floor in the factory and observed some boys and girls busy making main switches) are of the opinion that especially in things like electrical equipment one needs to have a thorough knowledge of the sources of raw materials to procure them at a cheaper rate. Besides, many of the components which are bought at high prices can be made from the scrap in the factory. Instead of running after the market, he says that he has concentrated on production and his sole aim was to produce quality products at cheaper price. He claims to be the only supplier to a department of the government of Orissa on E.P.M. rate contract. He said that he has been able to supply at such low rates that no one else has been able to compete. Even traders find it difficult to compete with him. From his waste products he has been making many of the components required for his unit.

The entrepreneurs are of the opinion that Orissa has started producing sophisticated equipment and machinery of high grade and quality. They are of the view that the existing D.G.S & D office
is nothing more than an inspecting office. It should be upgraded so that the entrepreneurs of Orissa can fully participate in the D.G.S & D purchases. The D.G.S & D purchase from the state is hardly 0.02 per cent of the national purchase. The general feeling is that the entrepreneurs of the state are disadvantaged in comparison to those who are located near decision making headquarters.

It is gathered from the entrepreneurs that mere high level contacts are not enough for marketing one's products to the government departments. Sometimes they may prove to be counterproductive. For instance Binod Dash said that the worst problem he faced was in marketing. It was extremely difficult for him to procure orders from government agencies. As mentioned earlier, he belongs to a family consisting of many high level bureaucrats. Most of them would not go out of their way to help him in getting orders to be free from charges of partiality or nepotism. Moreover when he went to those officers who were their family friends or relatives of his friends they never helped him. When he quoted for an order they would never outrightly say no to him. Invariably till the last moment they gave him hope only to disappoint in the final decision. He found out that those people whom all through his life he considered honest officials, who were his family friends, were corrupt. He did not have the guts to offer them money as they were too close to him. Besides, when many of the
unknown officials came to know his family background they were scared of coming to terms with him. Often he felt quite frustrated. He was used to an orderly life. Soon his life became quite disorderly. He started returning home late in the night. His parents started getting worried. They said that it did not mean that if one had to do business one had to get so disorderly. They asked him to forget his worries regarding business once he entered the house. They did not want to see him with a long face. His marketing problem was solved gradually only after he decided to go to distant places to procure orders where people did not know him or his background. He purposely tried to keep his family background a secret and tried to meet all the demands of the officials so it was not difficult for him to get orders. He says that in the industrial line one has to forget all morals and have no anger. One has to satisfy everyone as far as possible to get things done.

Mr. Chandra Mani Ojha who has a fabrication unit points out that procuring orders is very difficult especially for a person like him who has very little contacts and in the open market the competition is too much. To procure orders they not only have to give bribes to the concerned officials but also the way they give it should be proper so that the officers don't feel hurt and there is no scope to fall into trouble. Without giving money it is almost impossible to get orders.
Sometimes the government officials look to their convenience, as a result the entrepreneurs suffer. Mr. and Mrs. Das said that Orissa Transport Company to which they were supplying, was not interested in giving them orders on the grounds that just for one item they would not like to give orders to a separate firm. They prefer to give orders of different items to one party so that the job becomes easier for them. Because of the problem, Mr. and Mrs. Das started making carbon brush for electric motors to cater to the needs of private companies like Hira Cement etc.

In their line of trade their raw material suppliers are also their competitors. Because, almost every raw material supplier has an additional unit of carbon brush. The raw material suppliers do not have to pay excise duty on their raw material, whereas these people have to pay excise duty of 21 per cent on their raw materials. They find the government to be quite indifferent to their problems.

The entrepreneurs having pharmaceutical SSI units have got together to form an association called the UPMA (Utkal Pharmaceutical Manufacturers Association). Apart from looking into the various problems in the manufacturing activities of the pharmaceutical industry, the association acts as a pressure group to assert its marketing interests. One of its main objectives is to see that not a single order on items that can be produced by the existing pharmaceutical
agencies under their control receiving goods from SSI units shall pay 90 per cent of the value of goods within 7 days from the date of receipt and the remaining 10 per cent within 60 days. Directorate of EPM and Nodal committees at the District and State level will closely monitor prompt payment to SSI and defaulting agencies/officers will be strictly dealt with."

To implement such instructions not only calls for high integrity of the officials and their subordinates but also efficient management of the concerned organisations and the availability of finance. In all these three aspects not much can said in favour of the state government and semi-government organisations. Slackness in any of the three which is quite probable in the prevailing circumstances result in long delays.

Entrepreneurs state that it would be just suicidal on their part to complain against any official or their subordinates for the delay in payments. If they do, then they should forget getting a single order in future from not only that particular organisation but all others because they would become blacklisted. Besides, there is no use of complaining because it will be further delayed and various reasons can be put forth for the delay.

One entrepreneur stated that he wondered how more and more SSI units were sanctioned to manufacture the same product when the existing units were unable to procure enough orders and there was

so much delay in paying them. He felt that it was purposely
done to keep the genuine entrepreneurs in a disadvantaged position
though multiplicity of units may be justified to bring in competi-
tion to ensure quality. He said that it would be easier for them
to dictate terms when the purchase orders are less and there are
innumerable units to supply them. Besides, if an entrepreneur does
not get enough orders he would not be in a position to make
enough profit to plough back the same to improve the quality and
with the limited production the cost factor was bound to be high.

There are instances when government sponsored organisations which
were created to enable the growth of small scale industries have
posed themselves as competitors because of the vested interests of
a few individuals. Mr. Sibendu Mishra who owns the East Coast and
Chemicals is quite critical of the government in implementing its
policies on poultry development. Under the Indian poultry development
programme the Government of Orissa taking the subsidies of the far-
mers created OPOLPED as an apex body to cater to the needs and int-
rests of the societies attached to it which consist of farmers.
Mr. Mishra said that the function of OPOLPED was no more rendering
the needful service to the various societies attached to it. It has
become a profit making organisation by itself and competitor
of not only the small farmers whose interest it was
supposed to look after but also for the SSI units who
to supply to the government organisations for various reasons and are not capable and confident enough to launch their products in the open market have tried to tie up with some of the bigger companies who are already into the market since long.

Mr. Gorabadu who had a very bad experience with the government decided to depend on a lesser evil, the established firms like Bajaj. They have signed a contract for supplying certain items. He says that they do not get a big profit margin but there are constant orders and payments in time. Having an assured market they are able to concentrate on the quality.

He boasted that they, the Bajaj people, themselves say that PAC (Power and Control, his company's name) is their best buy back manufacturer. Though they produce very good quality choke and certain other accessories for Bajaj, as a matter of policy they do not compete in the open market.

Not many of the entrepreneurs are able to get into tie up arrangements with established companies because of the product they manufacture and because they are unable to come to terms, which are mutually adequately benefiting. Many of them are of the view that the cream of the profit is appropriated by the big companies and since they depend totally on them they become more or less like salaried employees and have to work according to their dictates.
With those who seem to be successful the trend is to gradually come into the open market while having one foot in the protected market like government purchases or contract agreement with a bigger company.

Some like Mr. Gorabadu, though they have a contract agreement with Bajaj for supplying certain items have started marketing certain electrical fittings on their own brand name (PAC) though still on a very small scale.

Those who were able to produce products qualitywise at par with established firms, have adequate resources and there was comparatively greater demand easily get into the open market. Mr. Abani Kanungo and Mr. P.C. Samal who are cardboard manufacturers do not find marketing much of a problem. They deliberately avoid supplying the government organisations. As far as the payments were concerned they said that the government organisations were the worst, the corporations were better and the private parties were the best.

Government < Corporations < Private Parties

Even those who cater to the open market were worried about the multiplicity of units. One coal briquette manufacturer said that too many persons were allowed to manufacture coal briquettes. People with just Rs. 2500.00 loan have been allowed to manufacture briquettes. With small capital no one could possibly run a unit for
long. In order to survive against all odds they undercut prices causing a lot of problems for those who have struggled long to establish themselves. If the government does not restrict the number of briquette manufacturers then the briquette industry in Orissa is going to face the fate as that of West Bengal where briquette manufacturing was supposed to have started and at present only a few units survive.

Problems faced in procuring the raw materials have posed a major hurdle for many entrepreneurs to venture into the open market. Multiplicity of units all over the country has created a situation of scarcity of raw materials. Besides, the small units are in a disadvantageous position in comparison to the established bigger industries as they are not in a position to hoard enough materials whenever it is available. Generally the small entrepreneurs do not buy their raw materials directly from the producing unit. They normally have to buy from appointed dealers who being the middlemen exploit the situation to their advantage as much as possible during periods of scarcity. Besides, most of the dealers are based in places like Bombay, Calcutta and Madras so the entrepreneurs of Cuttack have to have a fairly large stock of raw materials than their counterparts in the developed places where dealers are there at their doorsteps.
It appeared that the association was dominated by a few and it catered to their interests. Moreover there are certain practical difficulties for the association to sort out each and every problem that its members face everyday. The leaders were of the opinion that even association leaders have to look after their own industries wherein they also come across these problems and they themselves sort them out. It is not possible for the leaders to sort out each and every problem that all the entrepreneurs encounter daily. What the association can fight is on common problems faced by the entrepreneurs, not on stray individual cases. The association is not that strong or organized to fight for each and every issue that may crop up with any of its members. Besides, the association members quite reluctantly agreed to discuss the matter in one of their meetings because they doubted the genuinity of the case. Perhaps in the past some entrepreneurs have played similar kinds of mischief and blamed the officials, but were later found to be the culprits.

The OSIC has not been able to fulfil its main function to supply raw materials both scarce and non-scarce for which there exists a large demand from the SSI units and are subject to price fluctuations. Entrepreneurs are of the view that supply of raw materials to small units at reasonable prices nearer to the place of their operation should be taken up by the government as a priority to ensure industrial development.
Some entrepreneurs stated that the cost of raw materials being high for most of the SSI units at Cuttack, the entrepreneurs find it extremely difficult to produce finished products at competitive prices while keeping the quality standards intact. This is one of the two major hurdles for them to establish themselves in the open market. With the growing awareness of the public, the quality consciousness is bound to be high. Reputed firms having already established their position in the open market, the SSI units producing consumer goods have to not only struggle hard but also be innovative to find a room for themselves. An entrepreneur who produces pharmaceutical products stated that he was bound to depend on the government purchase because the cost of raw materials and the non-availability of sales personnel for the kind of money he can afford to pay them does not enable him to establish himself in the open market.

Mr. Ajay Das who produces paints and has been a major supplier to the government over the last three decades has not been able to establish his firm in the open market. They feel that the realisation of sales for some reason or the other has failed. The customers who have used their paints are of the opinion that the quality of paints has been awfully bad. They being the only paint producers for quite some time catering to almost all the requirements of the government have perhaps been very complacent.
the spices at low temperature. Besides, he gave due importance to proper packaging and get up to make his products at par with those of the established firms. He has adopted various means of advertisement to campaign for his products. He is one entrepreneur in the whole of both the industrial estates who was bubbling with enthusiasm and pretty confident of himself to catch up with the all India market. Now after having been successful he finds that getting finance both long term and short term is not much of a problem for him.

Another problem that the entrepreneurs of Cuttack are unable to cope with is the credit facility that is expected from them when they try to venture into the open market by the agents or middlemen. The proprietors of a marketing organisation stated that, in the beginning, at least, no agent will accept goods without credit however superior the quality may be. Only after he finds that the product generates its own demand will the agents be interested in investing their own money on it. The entrepreneur is bound to give credit which in normal circumstances ranges from 1½ to 2 months inspite of all the incentives. This cuts into already low profit margin because of the high cost of raw materials. Thus the need for working capital is all the more relevant for the SSI units in Cuttack and for that matter all the units in Orissa. The plight of the entrepreneur is severe in such a situation of high credit
expectation when the banks are not cooperative enough to provide unlimited working capital. Underfinancing of working capital to the SSI units especially when the credit expectations are excessive is bound to halt the production for some time due to want of funds, which results in irregular supply of finished products to the agents. The agents at times do not deliberately pay back even though they have already sold the products. They utilise the money for stocking products of established firms which sell easily and for which they do not get any credit facility. It is interesting to note that the money allotted to the small industries as working capital is in reality actually being utilised as working capital for the established large industries. A SSI unit under working capital constraints is unable to meet both, the credit expectations and maintain a regular supply of its products or either of them till it creates a demand for itself in the market. Depending upon the product and the management, this period varies. This is the most crucial period for a SSI unit. Any problem created by the bankers, raw material suppliers or the agents is bound to cause sickness to the unit which most often is the case as very few entrepreneurs have their own sources or are in a position to arrange resources from other sources to make up for the inconvenience created by the uncooperative banks.

For those products which require less working capital and for which there is excessive demand, the probability of being successful
is more, provided the unit is managed properly. For instance, Mr. P.C. Samal and his brothers-in-law who produce cardboards for which there was a very good demand when they started, stated that initially they had problems in marketing their products but gradually business picked up. They have tried their best to sincerely pay off all the dues of the financial institutions, even the principals. They have deliberately restricted their working capital from the bank to about Rs. 2.5 lakhs even when they were having a turnover of about Rs. 51 lakhs. They said that they could further reduce the borrowed working capital from the bank by enjoying credit facility from the raw material suppliers and advance from some of the customers, though they still have a lot of outstanding dues to be paid back to them from some of their customers. When that money came, they would be definitely in a position to reduce the borrowed working capital. Unfortunately no other entrepreneur was confident to run an unit of this kind with such low working capital.

Mr. Abani Kanungo is Mr. P.C. Samal's competitor. He probably had much lower turnover than Mr. P.C. Samal. He was enjoying a working capital of 7.5 lakhs from S.B.I. While giving credit to Mr. Samal and his brother-in-law, it should not be forgotten that Mr. Abani Kanungo did not hail from business background. Mr. Samal's brother-in-law's family was already in business before venturing into the
industry. Perhaps that made it possible for them to depend on the bank less than their competitor or for that matter other entrepreneurs who did not hail from business backgrounds.

Summary

The entrepreneurs of small scale industries of Cuttack find marketing, the ultimate in industrial venture, as the most difficult part. With inadequate resources and products of substandard quality they find it extremely difficult to compete with the established medium and large industries. Moreover, the situation is aggravated by the severe competition between the small scale units manufacturing the same product. Marketing for the small scale industries of Cuttack boils down to merely selling or making things according to orders. Strategic marketing which requires an integrated effort seems to be lacking.

Entrepreneurs of most of the existing units depend for their marketing more or less directly or indirectly on the government purchase. The entrepreneurs appear far from satisfied with the government's provisions and arrangements to render protection to the small scale units from the severe competition they have to face otherwise. A good rapport with the concerned officials and 'living up to their expectations' enable the entrepreneurs to procure regular orders from the government and semi-government organisations.
The entrepreneurs feel that mere circulars and policy resolutions are not enough unless they are seriously abided by the concerned officials and a strict vigil is kept over the official functioning. Lack of it would dampen the enthusiasm to produce quality products. Under the prevailing circumstances, entrepreneurs tend to give in to easy methods of making money by supplying goods from Calcutta or elsewhere with their brand names by keeping the officials in good humour. The entrepreneurs who are serious about production feel quite frustrated with such practices.

It was gathered from the experience of the entrepreneurs that high level contacts are not enough for selling one's products to the government departments. Sometimes they may prove to be counter productive. To procure orders the concerned officials should not only benefit, the entrepreneurs are also expected to maintain secrecy.

To ensure a fair distribution of orders the entrepreneurs having pharmaceutical SSI units have got together to form an association called UPMA (Utkal Pharmaceutical Manufacturers Association). The Association acts as a pressure group to assert its marketing interests apart from looking into various problems related to manufacturing activities of pharmaceutical industries.
After execution of orders the entrepreneurs normally have to wait for a long period to get their payments. Lack of funds, inefficiency and dishonesty of the government personnel in charge of payments have much to do with the release of money. The entrepreneurs feel that it would be suicidal to protest on an individual basis. Multiplicity of small scale industries in similar line of production has put the entrepreneurs in a more disadvantageous position. Entrepreneurs feel that any protest would debar them from procuring further orders as there are many in the line to grab them. Moreover, the multiplicity of units have not only checked the growth of the existing units but also resulted in industrial sickness in many cases as it is difficult to get into the open market. There are instances of government sponsored organisations posing themselves as competitors for the small scale units.

Discontent with the government purchase policy and the inability to launch their products in the open market have forced some entrepreneurs to sell their products to the big companies that have established goodwill in the market and have a wide marketing network all over the country. Such arrangements are not always possible as they may not be mutually beneficial. The trend is to gradually come into the open market while having one foot in the protected market like the government purchase or contract agreement with a bigger company.
Even those who cater to the open market are worried about the multiplicity of the units. Multiplicity of units all over the country has created a situation of scarcity of raw materials. Problems faced in procuring the raw materials at cheaper prices have posed a major hurdle for many entrepreneurs to venture into the open market. The role of the OSIC which is supposed to supply the raw materials at fair prices is far from satisfactory. Another hurdle that comes in the way of the entrepreneurs in getting into the open market is the high credit facility that is expected from them by the middlemen or the agents.

A small scale unit working under capital constraints is unable to meet both the credit expectations and maintain a regular supply of its products or either of them till the product creates a demand for itself in the market. Depending on the product and the management, this period varies. This is most crucial for an entrepreneur. Any problem created by the bankers, raw material suppliers or the agents is bound to cause sickness to the units which most often is the case. For those units for which the requirement of working capital is less, and there is excessive demand for the products, the probability of being successful is more, provided they are managed properly.

Generous lending of money and buy back arrangements by the government has not strengthened the industrial culture of Cuttack as