CHAPTER - VII
SUMMARY AND FINDINGS

This chapter summarises the study as a whole. The major findings of the evaluative analysis of the Manager! Model of small and cottage industries during the period 1994-95 to 1998-99 in Dindigul district and findings to the cross section analysis of the impact of the programme in eradication poverty among the weaker sections and also presented. A few suggestions are offered for the future guidance on the basis of the findings of the study.

7.1 Summary

The main objective of Management Models in small and cottage industries programme is to evolve on operationally integrated strategy which aims at providing employment and income generating assets to the vulnerable sections of the society and for increasing productivity of these assets and finally to increase the level of income of this section of the rural population. It is a beneficiary oriented Programme, aimed at raising the level of living of the poorer Sections of the society and helping them in the progress of
crossing the poverty line. The Management Models are in operation for the last twenty years. The approach adopted for a frontal attack on rural poverty, consisted of providing of assets to the identified poorest of the poor families through a combination of subsidy and credit which while having a long term effect on increasing productivity would also enable an immediate rise in consumption levels so as to bring the family above poverty line.

Even though a large number of families were assisted with different programmes, various types of approaches for the development and Management of self employment in small and cottage industries have emerged, among them four broad systems (models) could be identified as

(i) Independent Enterprise Model,
(ii) Co-operative Model
(iii) Federated Enterprise Model and
(iv) Contract job Model

The findings of these studies also show the controversial result in the implementation and impact of the programmes on the weaker sections the present study attempts to analyze Relative importance of the four management models for employment in small and cottage industries in Tamil Nadu.
The specific objectives of the present study are:

To assess the relative performance of the select management models adopted in small scale and cottage industries. To compare the magnitude and dimensions to employment generations made by the industries under the different management models. To identify the factors responsible for the differential performance in the select small scale and cottage industrial units under different management models. To review the problems experienced by the small scale and cottage industrial units. To suggest appropriate strategies of management to improve their performance.

The present study has been designed to use primary data and also secondary data for analysing the performance data for analysing the performance of small scale and cottage industries. This study will also be focused on the performance of the small scale and cottage industries with performance to the four promenade management models.

In this study, the characterisation of the performance Analysis of small scale and cottage industries will be confined only for the period of 5 years from 1.4 1994 to 31.3.1999. This preference period of the study relates to the financial year from -.4.1994 to 31.3.1999.
Primary data have been collected by direct field survey in selected concentrated sample areas, secondary data have been obtained by indirect survey that is from the record of District Rural Development Agency (DRDA) office, Khadi and Village Industries Board (KVTB), Khadi and Village Industries Commission (KVTC), Handloom Society, Ministry of Handloom and Textiles, Statistical Office and Various journals, reports etc.,

Dindigul district has been selected as a study area because the small scale and cottage industries are booming for the past 10 years. However, only a few areas, blocks, unions have been successfully generating employment and related benefits in different parts of Dindigul. That is the concentrated sample areas are randomly distributed in and around Dindigul District.

Further another reasons for selecting Dindigul district is very obvious that Dindigul district economy is mostly relying upon small and cottage industries in and around Dindigul.
The study area has been designed on the basis of the concentrated areas. There blocks have been identified as a concentrated because of the existive of large number of small and cottage industries namely (i) Dindigul, (ii) Athoor (iii) Nilakkottai.

Since the 30 per cent sample size has been selected with reference to the four management models for the year 1998-99. Then a sample of 92 entrepreneurs have only been identified from the total population in the same year.

A total of 92 sample entrepreneurs consisting of 47 ISB beneficiaries, 5 Handloom Co-operative Societies, 10 KVIB units and 30 individual weavers were interviewed with the pre-tested questionnaire. The present study is an interdisciplinary exercise employing tools of analysis available in the disciplines of economics and management. Besides, statistical tools like average, percentages, Multiple Linear Regression have been used in order to gauge the performance of the management models under study. Wherever pertinent graphical representation like bar and pie charts have also been employed for highlighting the conditions of the activities.
7.2 FINDINGS:

It is inferred from the analysis that the average rate of output varies from 1.79 to 1.96 in all the four management models in small and cottage industries. The average credit rate has been around 10 percent. The average profit rate has been nearly 20 percent in independent enterprise, federated enterprise and contract job model in small and cottage industries and 14 percent in cooperative model. It is also found that approximately 15 to 20 percent of net profit has been reinvested in all the four management models in small and cottage industries. However, on the average, rate of output and profit rate have been the highest in independent and federated enterprise model in small and cottage industries. The average proportion of net profit reinvested has been the highest in contract job model in small and cottage industries. On the average the three indicators namely rate of output, profit rate and proportion of net profit reinvested have the least values in cooperative model.
Entrepreneur's education, particularly technical and professional education has helped to increase the rate of output, profit rate and proportion of net profit reinvested in independent enterprise model in small and cottage industries. Compensation ratio has also boosted entrepreneurial performance. Non institutional credit support has affected entrepreneurial performance negatively in that model.

Previous experience is found out to be an important determinant of entrepreneurial performance in cooperative model. It is also inferred from the analysis that in contract job model, entrepreneur's education and previous experience contribute positively to entrepreneurial performance. Entrepreneurial behaviour contributes positively to profit rate and proportion of net profit reinvested in the management models on small and cottage industries.

Of the 92 entrepreneurs, 43 (46.74 percent) are technically qualified, 53 (57.61 percent) have previous experience in the realted fields and 37 (40.22 percent) are trained. An management model wise distribution of the
entrepreneurs by their previous experience in the relevant fields shows that cooperative model has the highest percentage (60.00 percent) of previously experienced entrepreneurs. The percentage of entrepreneurs who had undergone training has been almost the same (nearly 40.00 percent) in all the four management models.

Of the 92 entrepreneurs, 67 (72.83 percent) had hailed from business communities and 24 (26.09 percent) had migrated from other districts or states. An management model-wise distribution indicates that the percentage of entrepreneurs who had hailed from business communities has been the highest in cooperative model and the percentage of emigrants has been the highest in cooperative model.

In all the four management models nearly 31.52 percent of the sample units had daily employment of less than 5 persons. 32.61 percent of the total sample units have invested capital (both fixed and working) ranging from Rs. 10 to 20 lakhs. Nearly 65.22 percent of the total sample units had produced output worth ranging from Rs.1 lakh to 10 lakhs. Around 11.96 percent of the sample units of independent enterprise and contract job model have earned a net profit of more than 5 lakhs.
7.3. Suggestions

In the light of the results obtained, certain suggestions emerge which may be of practical use from the policy perspective.

1. Management models survey must be conducted in each industry every year in order to identify the eligible beneficiaries of the programme and to allocate the funds according to the felt needs of the entrepreneurship.

2. The process of creating awareness among the rural poor have to be started by organizing special village camps for them. The participating beneficiaries should be allowed to speak out and narrate their problems and put their suggestions so that loopholes in schemes may be plugged and betterment can be ensured.

3. A separate department should be established to coordinate and supervise the activities of the various departments involved in the implementation of the programme. There is no easy solution to the problem of poor co-ordination between the bank officials, veterinary departments, Block officials and District Rural Development Agency Officials.
4. In order to create effective coordination among the impelling agencies, blocks, and panchayat and bank officials in the preparation of the annual block plans would be involved and it may solve the problems in the implementation of the programme.

5. Provision of additional staff in block level and avoiding the policy of transferring technical staff frequently may bring about better results in the implementation the programme.

6. The procedure for recovery of loan should be according to the potential earning capacity of the beneficiaries. A direct link between the borrower and the bank should be established so that the banks are able to keep in contract with the beneficiaries, if necessary to ensure recovery. Often recovery proves was hindered by political climate created by the vested interest which give a wrong impression that the loan need not be repaid.

7. The involvement of politicians in the selections of the eligible beneficiaries may be avoided. The Panchayat Raj Institution or the Gramsabha under the New Panchayat Raj System in Tamil Nadu may be involved in selection of the beneficiaries and the nature of assistance under this programme to the people living below the poverty line.
8. The veterinary department should also take preventive measures and provide constant and regular guidance, timely in seminarian, etc., for this purpose, Mobile Veterinary units are suggested for villages to reach out to the beneficiaries residence. This may be provided under infrastructure funds.

9. To overcome the problem of irregular and inadequate supply of raw materials, the Government may provide the raw materials to the village industries benefited under ISB Schemes.

10. The Khadi and Village Industries Commission (KVIC) must take necessary steps to market the product of village industries benefited under this scheme.

11. Government officials must take necessary action to disburse the subsidy promptly.

12. As suggested by Government of India a bond/pronote should be got filled up the beneficiary the guard against misutilisation of subsidy or misappropriation of the asset.
17. Fancy and exhibition should be conducted periviously so as to enable the small-scale industries to market their products through these means. Government may arrange for commercial advertisement at confessional rates. Efforts should be made to organize small industries common sanctions. This will help to follow a common program relating to advertisement.

18. Full time employment can also be generated in organized sector. If the agricultural based processing units are started in rural areas. Government may set up processing units in the village itself there by save both producing farmer and provide employment to surplus labor from the farm sector. The migration to urban sectors may be reduced. For energy the agriculture wastes, bigot's biomes and solar energy may be used. Through the cost may be higher in the initial period in the long run. It is sustainable. Inter relationship with the Agents, whole sellers and retailers, because the finished goods too easily to marketed through customers.