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PROBLEM AREAS & THEIR SUGGESTIONS

INTRODUCTION:

Uttar Pradesh (Kanpur & Agra) has the oldest & largest leather goods industry in the country. This industry has been acquiring a new significance since the liberalisation of industrial policies & thrust on export of leather goods to earn maximum foreign exchange in the recent times. Leather goods are also required to meet the essential needs of the population of the state & country. Moreover, there is a very promising & large potential for export of such items from Uttar Pradesh, and because of this fact, leather goods industry has been identified by the Govt. as the core sector for exports.

Almost in all the sectors including leather goods, a remarkable modernisation has taken place in the different states of the country as compared to international standards. The leather goods industry of U.P. is really languishing in its traditional & underdeveloped form. In fact it is suffering from the diseases like wastage, inefficiency & narrowness in production, low quality, absence of diversification and machanisation, lack of training & development facilities for the workers, officers, executives end managers, traditional management techniques, financial constraints and marketing problems. Moreover, there are a number of problems which are faced in the fields of industrial relations and general management.

Therefore, in the present chapter, an attempt is made to highlight different types of problems that are faced by the
entrepreneurs of leather goods in Uttar Pradesh. In the second part of this chapter, the suggestions are also given so that a clear cut policy may be formulated by the state to facilitate the life and career of the entrepreneurs in this Industry in U.P.

All these problems which were observed during the period of collection of data and conducting interviews of entrepreneurs in both the cities of Kanpur & Agra, can be categorised into various heads. These categories include.

Managerial problems can further be classified into the following sub-categories.

A. **Production and Marketing Problems:**

Marketing problems are those which are faced by entrepreneurs in connection with the marketing and selling of the leather goods in the market to purchaser and customer. A look at India's share in the world trade of leather goods would prove that it is dismally low at 2.7%, what this figure suggests is that inspite of the fact that we have the largest live stock population, enjoy cheapest labour force, many types of incentives are provided by the govt. and all out efforts are undertaken by the exporters, even then we have not been able to make sizable dent in the world market. What are the causes which actually lie in such a low share, requires an analysis of the different aspects of the marketing problems faced by entrepreneurs in this Industry of the U.P.

(i) **Identification of the market:** Selection of an appropriate market is the most important and difficult task. When an entrepreneur initially considers marketing its product to the
world, it finds world markets to be "foreign" in several senses, these are located in the outside world where different languages, customs, traditions, values and currencies are prevalent. Moreover, all these are unknown to the management of the firm. Therefore, lack of knowledge of the outside markets is the first barrier to be overcome for the speedy entrepreneurship development in leather goods Industry of Uttar Pradesh because marketing decisions can not be made intelligently without knowing the environment and parameters that bear on them.

Marketing research which is part of Marketing intelligence is a very useful tool and helps in identification of the proper markets, but unfortunately the use of this tool in the concerned industry is very limited.

(ii) Marketing Intelligence: In the fast changing market environment the need for appropriate information is growing. Successful marketing strategy requires information about the size of the target markets, buyers' needs in relation to product, performance requirements, the buying process followed in each marketing segment and the extent of the competition. Distances and differences in cultures, climatic conditions and socio-economic condition etc., are the reasons due to which marketing information is of immense significance.

However, most of the leather goods entrepreneurs in U.P. have not been able to develop advance marketing information system. The leather goods Industry of U.P. is characterised by a large percentage of small entrepreneurs who operate at a very small margin. Hence, their resources are limited. As a result, they do not have adequate expertise & specialisation. Major handicaps
include lack of information about the products needed by society,
lack of knowledge about frequent changes in design, styles,
colours, product mix and other related know-how.

(iii) Marketing Research: It aims at systematic gathering,
recording and analysis of data related with marketing problems. It
consists of specific studies required to develop, implement &
evaluate marketing strategies. Answers are sought to problems such
as: the potential market for a product; the present and potential
customers, the best appeal to the market, the services of the
market, exporters international marketing programmes

determination of weak areas in the programmes (and a number of
other problems concerning consumer preferences and attitudes).

The importance of marketing research for leather goods industry
increases because of the different needs of customers in
different zones. For example in the tropical climates, customers’
needs will be quite different from those of cold climate
countries.

In order to meet the requirements of the customers, adequate
attention is to be given to product development and quality
control aspect of leather business. Beside having an attractive
design, the product should be able to fulfill its functional
role. Moreover, entrepreneurs should develop their own research
units so as to meet the challenge of cut throat competition.

(iv) Low Quality of the Product: The quality of the product is
the most important factor for the success or failure of a
business. During investigation it is observed that most of the
consumers have complaints about low quality of the leather goods.
Moreover, the actual supply of goods is not as per samples and
specifications resulting into dissatisfaction and disappointment on the part of customers. (Low quality of the leather goods could be attributed to the following factors.)

a. Lack of Modernisation: Although modernisation is taking place gradually in the leather goods industry of U.P., Yet it has not gained momentum and still inmost of the units, the process of production is manual. The slow pace of modernisation is there on account of low productivity and lack of quality control. In a fiercely competitive world, India's place can only be ensured if her productivity increase substantially i.e. in line with that of its competitors all over the globe. This an be done with the introduction of new technology & continued upgradation of production techniques.

b. Low Quality of Raw Material: Majority of entrepreneurs and managers complain that by & large the raw material which is used for the production of leather goods is of poor quality. This seems true as the Indian hides and skins to some extent have been found to carry a number of ante-mortem and post-mortem defects. Animal husbandry practices are poor, animals are not vaccinated, care is not taken to avoid stretches caused by shrubs/fences and there is inadequate protection against sun blisters, lice & ticks etc. Further careasses are dragged to the places of disposal and poor flying and curing practices are adopted. All these results into poor quality of hides and skins which in turn is responsible for poor quality of leather goods industry as a whole.

c. Absence of Quality Control Measures: During the investigation it was observed the quality control measures and standardisation procedure are scarcely practiced in the production of leather.
and leather goods. Hence the leather and leather goods produced in India are of inferior quality as compared to international standards. Moreover, majority of the leather goods produced in India come from small scale & cottage sector which are not able to afford adequate quality control measures. In order to compete the world market, the standardisation and quality control measures are sine qua none.

(v) **Raw Material Scarcity:** During the course of study it has been observed that despite the abundant supply of the indigenous hides and skin it is estimated that in the 8th plan period, India will face an acute shortage of raw hides & skins of all the types. According to one estimate, there will be a deficit of about 200 million square feet of hides & skins of different types by the end of 1995. The following table shows the actual picture.

<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td>Hides</td>
<td>781</td>
<td>989</td>
<td>896</td>
<td>763</td>
</tr>
<tr>
<td>Goat</td>
<td>461</td>
<td>563</td>
<td>437</td>
<td>508</td>
</tr>
<tr>
<td>Sheep</td>
<td>203</td>
<td>251</td>
<td>175</td>
<td>189</td>
</tr>
<tr>
<td>Total</td>
<td>1145</td>
<td>1803</td>
<td>1375</td>
<td>1593</td>
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**Source:** Potential of Indian leather Industry. A study conducted by A.F. Ferguson & Co. Madras 1981, pp. 47.

As is evident from the table given earlier that in the 1st year of the 8th five year plan the availability of the domestic finished leather would be around 1375 million square feet while the requirement of finished leather is roughly 1445 million square feet. In the last year of the 8th five year plan, the available supply of the domestic finished leather is likely to be around
1600 million square feet while the requirement is in the range of 1800 million square feet leaving deficit of about 200 million square feet.

(VI). **Lack of attractive, safe & durable packaging:** During the course of study it has been observed that packaging of leather goods in U.P. is largely neglected. The producer of such goods in India accord low priority to packaging. Packaging is not only important but it is essential for enhancing the shelf-value of the leather products. If we are to sell the qualitative product, it is expected that the quality of packaging would be of higher standard. With the advent of the self service stores and super markets, the package of the product has to perform the function of a silent salesman in addition to its traditional function of protecting the product. In the absence of the salesmen in the shops to promote the product, the package must be able to capture the fancy of buyers. Moreover, the package must have an strong eye appeal. Thus, the product package has an important promotional function. In fact, it establishes meaningful communication with the consumers. Since consumer preferences and attitudes differ widely in different markets, it is extremely important to know the special attributes of each target market to design the package of the product accordingly.

(VII). **Brand Image:** During the course of present research it has been found that the leather goods industry of U.P. suffers from an adverse brand image in a big way. Moreover "Made in India" when read by the consumer, does have a down market. There is a tendency to treat the leather goods manufactured in U.P. as fit for catering to the demand of lower segment of market.
Accordingly the leather goods made in U.P. do not get the price which they deserve.

In order to increase the export of footwear in particular and other leather goods in general, there is a need to formulate strategies to change and improve its brand image in the global market. We must separate ourselves from the cut throat bottom price market sector and show to the world market that we are no more confined for catering to the lower segment of the market. Moreover, we are producing the quality leather goods at lower prices and cost.

(VIII). Irrational Pricing Policies: As a matter of fact, among all the areas of executive decisions, pricing is perhaps the most critical and difficult. Critical because the firm's attainment of its profit goal is intimately related to its pricing decisions and difficult because it depends on a complex web of cost, competitive and demand factors.

The task becomes even more complex in the international marketing. Majority of the entrepreneurs in leather goods industry use cost plus method in determining the export price. This method is based on the full cost approach. Here the firm adds up all its costs incurred in manufacturing, administrative, research and development overheads plus freight plus custom charges plus distribution charges and profit allowances. The net effect of this approach is a final price. This method gives birth to some problems, which are as follows:-

1. This method completely ignores demand and competitive conditions in the foreign target markets.
2. Under this method cost calculation is based on a predetermined
level of activity. It tends to disregard the fact that cost do not act like as output increases or decreases. 3. In practice, this approach is totally irrelevant, moreover, it ignores the demand and competitive conditions. Whereas when we analyse the international market in leather goods, we find that this industry is highly competitive.

4. Under this method cost calculation is based on a pre determined level of activity. But in leather goods Industry it is not practically possible to do so because price of raw materials is determined by the availability of hides and skins in the world market which ultimately determines the price of leather products.

(IX). Higher Cost of Inputs: Most of the entrepreneurs complain that the cost of various inputs used for leather goods production is increasing day by day. The cost of raw material, labour cost and chemicals cost has gone up very high in recent years. Beside this, the cost of different plants, machines and their parts and components which are imported from different American and European countries, has gone up, too high which small and marginal entrepreneurs can not afford.

(X). Unremunerative Prices: It was observed by the researcher during the course of study that entrepreneurs strongly feel that their products are unable to fetch the prices which they deserve. This is due to the fact that our exporters depend on some principal buyers who import the leather goods from India on their own terms and conditions, and market these in their own countries under their own brand names. As a result, unremunerative prices are given for the leather goods items produced in Uttar Pradesh.)
(XI). **Adverse Impact of Devaluation**: Although in the normal and ordinary course of functioning of business, devaluation is resorted to increase the volume of export but it is not so in case of leather goods Industry of U.P. Because as a result of the devaluation, the machines, plants and their components which are required to be imported, become more costlier as more Indian rupees are to be paid for the purchases of the same amount of the foreign exchange. Moreover, the cost of the raw materials imported from foreign countries also goes up as a result of devaluation of Indian Rupees.

(XII). **Channels of distribution**: Selection of a given channel of distribution is a very difficult issue, it is further complicated when an entrepreneurs plan to market their leather goods in the international market. It is worth mentioning here that the best channel of the distribution may prove ineffective and non-commercial if it fails to provide the place utility and time utility which is expected by customer.

It is important to remember that the best product in the market may prove to be a commercial disaster if the channels of distribution selected are incapable of providing the utility of place and the utility of time which the local consumer expects. The expectation of the consumer is ultimately the criterion of effectiveness and therefore failure to satisfy the consumer means a poor marketing effort.

(XIII). **Air Cargo backlog**: Air cargo backlog has been a very severe problem for the entrepreneurs in leather goods Industry of U.P. Inadequate air cargo facilities badly affect exports from this sector. The leather goods exporters are unable to move their
export consignments speedily at right time. The leather goods are highly fashionable items and in highly advanced countries of the Europe and America, fashion changes rapidly which increases too the value of the time. Non schedule delivery of the leather goods increases the probability of loosing the market share.

(XIV). Lack of advertising: In the leather goods market, advertising is the key factor. Apart from advanced technology, the reasons of the success of industrial countries in the leather market is the effective advertising and publicity. Unfortunately, the entrepreneurs in leather goods Industry in U.P. are not using this tool to the fullest extent to pursue the buyers to purchase their products. Since there is cutthroat competition as far as leather goods Industry are concerned and if the entrepreneurs want to make some breakthrough, they must use advertising very effectively & judiciously.

(XV). Lack of effective communication system: Quick and effective communication system has almost become inevitable for the successful marketing. The entrepreneurs must be able to make use of domestic market as well as in the world market. But unluckily very few entrepreneurs use such equipments because leather goods units are confined to the small scale and cottage sector. Moreover, the availability of modern communication system is lacking, hence very few entrepreneurs afford such a system.

(XVI). Inability to employ the Marketing Professionals:

During the course of the study it has been observed that the entrepreneurs in leather goods Industry in U.P. are either unable or do not employ the marketing professionals either because of one reason or the other. Since most of the units are of
localised nature and confined to small scale and cottage sector hence they are not in a position to employ the persons who have marketing experience and expertise in the field because of financial constraints as they operate at a very small margin. Moreover, the entrepreneurs do not possess adequate and up-to-date marketing information. They mainly depend upon the middlemen for selling their leather goods which is not advantageous as substantial part of profit is shared by them.

(XVII). Lacking of Awareness among entrepreneurs: Realising the fact that small and marginal entrepreneurs have week competitive strength to withstand competition. Hence, Government had taken various steps. These steps are as follows.

1. Reservation of 404 Items to be purchased exclusively from small units.

2. Provision of price preference of 10%, in addition to 5% price preference by the U.P. state Govt. on the goods produced by small scale sector.

3. Free marketing consultancy and training facility to entrepreneurs through D.I.C and K.V.I.B etc.

But unfortunately, most of the entrepreneurs don’t know about such facilities either because of one reason or the other and therefore, the question of availing such facilities does not arise.

(XVIII). Power Problem: Shortage of power supply is another big problem for leather goods entrepreneurs. For the last one decade, the power situation in the state has gone from bad to worse and dozens of units in this sector are facing hardship for their survival which is resulting in mass lay-off and retrenchment of
workforce. In many cases power supply vary from 4 hours to 6 hours. The diesel generating sets installed at a high costs are also lying idle because of inadequacy and high price of diesel oil. The Quality of the power supply is also not upto the mark as there are many voltage fluctuations, load sheddings and frequent trippings. All these problems cause acute interruption in production.

The entrepreneurs expressed strong resentment against unprecedented misadministration of U.P.S.E.B. They describe its policies as anti-industry and anti-entrepreneurship. The Board levies maximum electric charges on the basis of horse power capacity of the machines installed despite its own failure to make regular and adequate power supply to the units.

In the recent past, it has become the practice of the Board to supply power during night which resulted an unrest on the part of workers who are unwilling to work at nights as a number of them come from long distances to work in cities and are reluctant to take risk of going back. This has further resulted in the deterioration in respect to utilisation of installed capacity of the units. The entrepreneurs also find themselves unable to adhere to their supply schedules in time due to power problem.

As per director of Industries, U.P. the state is suffering a loss of about Rs. 500 crores per fortnight in industrial production due to acute power shortage. The entrepreneurs are found reluctant in investing their capital in the industry. The power situation in the state is not likely to improve because of low generation capacity of the hydel plants. However, a ray of hope is being observed by entrepreneur on the
(XXI). More Supply of Inputs Instead of More Subsidies:
During the course of study the researcher observed that some of the entrepreneurs are excessively depending upon the government help instead of standing on their own feet. Though the basic rationale behind the provision of various subsidies and facilities is to strengthen the position of small entrepreneurs as compared to larger organisation, but it should be clearly understood that the entrepreneurs are to run and develop by their own initiative. The govt. may provide subsidies, facilities and protection but it can not make the business run. Besides, subsidies and incentives can not be given for an unlimited period of time. It is observed that entrepreneurs are facing acute shortage of raw materials, finance and electricity. It is therefore suggested that the steps should be taken to increase the supply of other required inputs and to replenish resources rather than to provide the subsidies.

(XX). Multiplicity of concessions and subsidies:

Now a days, large number of concessions and subsidies are made available in the state for the promotion of leather goods industry. Naturally, it becomes difficult to administer a whole range of concessions and subsidies with vastly varying contents and operational system. Apart from this, it is observed that there is a considerable lack of information of the part of field staff of various corporations and the entrepreneurs themselves who have
to avail these facilities. Moreover, due to different implementing agencies of different subsidies and concessions, it is almost impossible to form package of assistance for the convenience & fuller benefits of the entrepreneurs of leather goods industry of U.P.

According to our investigation many of the incentives, subsidies and concessions are such that remains only on paper without being passed on to the entrepreneurs. In view of this, it is suggested that there is a need for taking the drastic steps to revise these existing subsidies and concessions. In place of providing such a large number of incentives and their administration by various agencies, only one subsidy aimed at, should be given and the verification of production could be done from sales tax records or from purchase records of raw materials or from the power consumed as in the use of production subsidy, govt. would have the problem of administering it. This task of administration of production subsidy could be assigned to field officers.

The proposed production subsidy will definitely provide relief to the entrepreneurs of leather goods Industry of Uttar Pradesh.

(XXI). Low Productivity: The leather goods Industry of U.P. is also characterised by low productivity as compare to International standards, the main cause are lack of modernisation, operational defects, Lack of skilled and trained manpower, negligence, carelessness, power failure and bad working conditions. Modernisation and trained manpower both are essential for speedy
growth of leather goods Industry of U.P.

(XXII). Under Utilisation of Production Capacity:

Most of the units of this Industry are facing this problem in U.P. Important reasons are inadequate finance for working capital, lack of qualitative raw material, absence of mechanisation, frequent break down, power failure, negligence, carelessness, untrained and semitrained workers etc.

Under utilisation of production capacity leads to sickness of the units which ultimately and adversely affects the profitability of the leather industry of U.P.

SUGGESTIONS

Following are some of the suggestions to overcome the problems which are faced by entrepreneurs in leather goods Industry of Uttar Pradesh in the field of marketing.

1. Uttar Pradesh government must set up a state level marketing corporation for the purpose of marketing the leather goods manufactured by the entrepreneurs. The establishment of such a type of the corporation will not only help in increasing the profit of entrepreneurs and removing their marketing bottle necks but will be of a very vital importance to consumers and customers in the sense that they will then get the goods at cheaper rates due to elimination of the middlemen's profit.

2. During the course of the study it was observed that mass communication media do not seem to be popular among the entrepreneurs of leather goods Industry of U.P. for the purpose of the advertisement. Not only this, the entrepreneurs under study have selected the media of the advertisement in a very unscientific, unsystematic and haphazard way. The cutthroat
Competition from the big business houses backed by the larger advertisement budget has created a climate and atmosphere which can not easily be faced even by very efficient and effective small level entrepreneurs. The above mentioned state level marketing corporation can take up the job of selecting and suggesting the different media for advertisement after taken into account the nature, type and quality of the product, degree of the market competition and effect of the media on sales etc.

3. Directorate of Industries of Uttar Pradesh state and small industries service institutes should jointly take an initiative to establish some sort of marketing consortium for leather goods Industries. All the small, marginal and cottage units should join its membership and consortium may sell all the goods under a specific brand name given by it.

It may be constituted either in the form of a company or a society and should have the support of the central & U.P. state Govt. The constitution of the consortium should be drafted in such a way so that its membership is confined only to small scale & cottage level leather goods entrepreneurs. Moreover, its services should also be made available only to members, the consortium may perform the following functions.

I. Establishment and organisation of channels of distribution.

II. Undertaking and organising the marketing research and sales promotion projects in the domestic as well as world markets.

III. Participating in the different trade fairs and exhibitions of national and international importance.

IV. Establishment of common facilities for the purpose of testing
and quality control.

V. Providing after sales facilities on behalf of the ember entrepreneurs and units.

VI. Making available a brand-name of trade mark to the products of member units.

VII. Establishing, organising and promoting other facilities such as product-development etc for the benefits of the member units.

4. the Government of Uttar Pradesh should provide due recognition and financial assistance to some educational institutions and bodies which can undertake market research, other sales promotion schemes on behalf of the small entrepreneurs at a nominal charges and rates.

Moreover, the promotional agencies such as D.I.Cs, S.I.D.O.S. and U.P.S.Cs etc. should come forward to avail the services of experienced and trained management consultant and professionals so as to reap fully the installed capacity of small and marginal entrepreneurs units and increase their productivity and profitability ultimately.

5. There should also be a provision of recurring annual subsidy on turnover instead of present capital subsidity for the purpose of augmenting production and proper distribution through marketing agencies. Such a proposed subsidy will benefit the entrepreneurs of leather goods Industry and the Govt. both. The entrepreneurs who are forced to purchases raw material from open market at high cost, will be benefitted substantially through this subsidy. Moreover, govt. will also get more revenue in the form of sales tax, income tax & other taxes as entrepreneurs will be bound to disclosed the real figures of turnover to avail such sort of
6. In order to overcome the power problem faced by entrepreneurs following steps should be taken.

(i) The state govt. i.e. the Govt. of U.P. should ensure an uninterrupted power supply for at least 16 hours per day during the normal working and functioning of industries.

(ii) Instead of providing generator sets subsidy to small and marginal entrepreneurs, the state govt. should establish a high power - generator - set in main industrial areas and industrial estates of the state.

(iii) The Government of U.P. should direct the U.P.S.E.B. to levy electric charges on the actual consumption of the power and the present policy of levying minimum electric charges on horse power basis from small units should be discontinued.

7. As far as shortage of raw material is concerned, following are some of the points to be taken into consideration for improving the overall position and overcoming the given problems of raw material.

i) The proper care should be taken as far as the distribution of skins, hides and other needed input is concerned. Moreover, a long term policy should be laid down in tune with the development plans. The govt. of U.P. should come forward with the view of taking certain steps in increasing the share of the state in the allotment of raw materials including hides and skins.

ii) During the course of investigation it was observed by the researcher that presently raw material to small & marginal entrepreneurs is allocated only to the extent of 15% of its total requirement on the single shift basis. The only net quota of raw
material should be enhanced to cope with the demand and the raw material including skins and hides be allocated on the three shifts basis as is in case of big organisation.

iii) Big business organisation producing raw material should be prevented through enactment of such laws from producing the items reserved for small enterprises.

iv) The govt. organisations like S.T.C., M.M.T.C. S.A.I.L. and coal authority of India Ltd. etc. should be incoureged by U.P. govt. to established their own stock yards in the state.

v) No sales Tax should be imposed on the skins and hides used for production of leather goods in the state.

vi) The U.P.S.I.C. should come forward to weed out the dummy units and evolve a need based policy regarding allotment of skins and hides to small and marginal entrepreneurs.

vii) As observed that "partial control" which is the main reason of harassment of entrepreneurs should either be completely abolished or there should be total control. A midway policy, as entrepreneurs allege, is nothing but a source of corruption. They further allege that in India, planning is somehow understood as control and regulations and not the creation of economic activities.

B. FINANCIAL PROBLEMS: During the course of study it has been observed by the researcher that the entrepreneurs of leather goods Industry in U.P. have been facing acute financial problems. The financial needs of an entrepreneurs can be classified broadly into two categories.

a. Long term or fixed capital Needs.)
b. Short term or working capital needs.

Basically, long term financial needs (fixed capital) are ordinarily met from the own resources of entrepreneurs and long terms loans provided by the U.P.F.C. and U.P.S.I.C. etc. Most of the entrepreneurs replied that they are aware about loan facilities made available by the central and state govt. through different financial institutions to them, however, they reported that the following types of problems are faced by them either directly or indirectly in getting the loans sanctioned from these agencies.

1. Complicated and Tiring Procedure: During the course of study and investigation it was observed by the researcher that the entrepreneurs are very much dissatisfied and disappointed with the functioning of financial institutions like U.P.F.C., U.P.S.I.C., and other ancillary agencies meant for the promotion and development of entrepreneurship in leather goods Industry in U.P. They complain and alleged that an entrepreneurs motivated by different govt. facilities and incentives soon looses his enthusiasm and zeal when he observes and comes in touch with the real working & functioning of these agencies. After preparing the feasibility and project report when he approaches the agencies, he faces the problem due to cumbersome, harassing and dilatory procedure at various stages i.e. allotment of land and its registration, completion of legal formalities, disbursement of loans and advances, sanction of power and its connection, registration with Distt. Industries Centre and sales tax deptt., excise license, allotment of raw material quota, sanction of long term as well as working capital loans and its disbursement.
All the above mentioned delays operate one after another in a sequence, e.g. the application for term loan can not be moved till margin money loans are obtained; margin money loans are not provided till land is allotted & registered, legal formalities can not be completed till the sanction advice of loan is received from the financial institutions and the unit has procured dozens of certificates required by the financial institutions and so on.

The entrepreneurs were somewhat reluctant to disclose to the researcher during the course of study, however, after much persuasion and assurance that all these informations are purely and totally meant for academic purpose, they disclosed that some of the above stated delays are procedural while most of them are deliberate, where corruption plays a major and vital role. The file for any sort of formality is not made to move unless and until the palms of the concerned officer and clerks are not greased properly. Moreover, all the concerned officials are provided with dozens of chicken and packs of wine bottles. As is revealed by majority of the entrepreneurs that promotional stage is completed in not less than 8 to 10 months and many more time in the cases where the entrepreneurs are somewhat less educationally qualified. During the investigation, it was observed by the researcher that when a project gets delayed, the scope for cost or the cost involved increases and the funds meant for the industry get decreased either because of his personal withdrawals during the period or owing to pre-operative expenditure made in completing the above stated formalities.

2. **Tough and Harsh Recovery of Loans**: According to the agreement reached between entrepreneurs and financial institutions, the
first installment of advances is to be repaid back after the expiry of the first year since its disbursement. In fact, this period is very inadequate because of the reason that normally a unit does not start yielding profit within this short period of time. Hence, withdrawal of funds meant for repayment of loans to the financial agencies become a major problem to them.

The recovery procedure of different financial institutions came under critical attack by the entrepreneurs and respondents. These institutions are empowered to realise loans like land revenue which is nothing short of torture and harassment to the entrepreneurs. The intention of the govt. behind providing this power must have been to stop the unscrupulous units from devouring the public money. But unfortunately even scrupulous, effective, efficient, and running units are not spared by the lending institutions & because of this drawback the very purpose of financial help is thus defeated. In most of the cases because of terms of agreement, the small and marginal units have no legal remedy to escape from such a harsh recovery procedure.

Some entrepreneurs in the field of leather goods Industry in U.P. are of the view that the loan recovery procedure adopted by the lending institutions is not only repressive but arbitrary, unfair and unjust. When such stringent methods of the debt recovery are rightly or wrongly adopted, industrial growth and economic development gets an unprecedented setback. It is disclosed that soft loans provided by such institutions are not only far from being soft but become, in due course, dangerous instruments for hampering the economic growth and industrial development initiated by struggling, developing and ambitious entrepreneurs in
3. Difficulties in Getting Loans from Banks: Most of the problems faced by entrepreneurs are in the case of working capital. The needs for working capital are met by the Banks of different types in the U.P. During the course of investigation it has been observed by the researcher that the entrepreneurs need relatively more amount of working capital since late eighties. Because of inflation causing spurt in the prices of raw materials, increase in the prices of parts and components of plants and machines, increase in the establishment expenses and larger amount of bad debts etc. In all the industries in general and leather goods Industry U.P. in particular, most of the entrepreneurs had plans to expand and diversify their production but it could not be materialised because acute shortage of working capitals. The entrepreneurs allege that commercial banks are still pursuing the traditional approach while financing the small units. Instead of visualising the viability and profitability of the units, the Banks pay unnecessary importance to the amount and quality of security offered against the loans.

4. Higher Rates of Interest and Other Charges: Although about 20 banks have been nationalised and the banking authorities have been instructed to give a privileged treatment to the priority sector even than all the hopes of the entrepreneurs have been belied. During the course of investigation the researcher observed that the banking system as a whole suffers from many malpractices.

    The entrepreneurs allege that banks charge the interest on the loans provided to them at par with other general loans which varies from 16 to 20 percent. These types of high interest rates
are proving to be very costly & burdensome for many of the small and marginal entrepreneurs causing an unnecessary financial load resulting into hampering the pace of entrepreneurship development and economic growth.

The entrepreneurs also complain that besides charging high rate of interest on the loans sanctioned to them, banks also debit their account by different sort of other charges such as godown keeping charges, incidental charges and guarantee fees, etc. Banks charge the guarantee fee on entrepreneurs despite the clear instructions of R.B.I. not to charge the same on small & marginal units.

5. Delay in Payments: The entrepreneurs allege that different parents units and other govt. and semi government departments unnecessarily delay in the payments to small and marginal units resulting into extraordinary financial burden on them. Moreover, such a problem further cause the scarcity of working capital. Although, the problem of payment of bills in respect of supplies of small units, particularly production ancillary items, has been examined from time to time by different committees constituted under the direct guidance of state and central government even though no suitable arrangement has so far been worked out to ensure speedy settlement of their claims.

In the early eighties R.B.I. also intervened to solve this problem. It had asked all the commercial banks to seek separate statements from the big entrepreneurs regarding their dues to small units exceeding the period of 120 days. The objectives was to monitor the payments delays by big companies and take steps in order to avoid the small units being deprived of their working
funds for unduly long period.

The small and marginal units disclosed that the time limit of 120 days is not reasonable. Ordinarily, a small entrepreneur sells his goods on 20 to 40 days credit. But large units utilises the credit for 100 to 125 days. The position of payments is in no case better regarding the supplied to the govt. and semi govt. department. The entrepreneurs are of the view that the state govt. should make it obligatory on big units and the govt. deptts. to make the payments of small units within a period of one month failing which they should be made to pay the extra interest at double the bank rates.

6. Poor and Small Capital Base: Small capital base is an important problem of the leather goods. Industry's entrepreneurs. Central and state govt. have formulated such sort of policies that an entrepreneurs with only 10 percent capital from his own resources can launch and start his project and rest 90 percent of capital may be provided either by central or state govt's financial agencies. Consequently, the rates of equity to total debts in most of the small units varies form 1:4 to as low as 1:9 In many cases, even these figures are misleading as the entrepreneurs bring their capital in the form of interest bearing deposits from friends and relatives and show them as their own capital. Small capital base is very closely linked with the sickness in the small scale industry and is often both the cause & effect of it. Because of poor equity base, the units have to bear the crippling burden of too much of debt and the entrepreneurs begging to worry before the unit starts earning profit and many a times even much before the organisation starts functioning. Consequently, a
number of units never reach to a profitable level in spite of the fact that the unit is viable and sound otherwise.

Sometime the poor and small capital base or inadequate stake of the entrepreneurs act as a disincentive. Entrepreneur is not very much worried about the viability and profitability of the concern. During red period, instead of making efforts to overcome the difficulties the entrepreneurs tries to withdraw his stake by resorting to different malpractices like manipulating the accounts & selling of the assets etc.

Insufficiency of own capital adversely affect the working of an enterprise in two ways. Firstly, it increases the interest burden. In many cases the interest on borrowings is found to be considerably higher than the average profit margin. A unit having poor equity/capital base has to resort to large borrowings often from the market at a high rate of interest which results in further increasing of the overheads. This raise the break even point i.e. the level of operations at which it will generate profit becomes substantially higher than before.

Secondly, the poor and small equity base reduces the additional borrowing capacity of the industry. During the course of investigation it was observed by the researcher that the bank norms regarding debt-equity ration and margin requirements comes in the way of getting the urgently needed credit limits. Ultimately, they have to borrow the loans from the indigenous banks i.e. Sahukars and Lalas at a very higher interest rates.

7. Problems because of Withdrawals of case compensatory Support(C.C.S.): During the course of investigation, majority of the leather goods entrepreneurs allege that withdrawals of cash
compensatory support (C.C.S.) has created a serious situation for them. Most of the entrepreneurs operate on a very small margin because of very heavy competition in the domestic and world market. Some time they enter into contract below cost. The profit is only earned due to various incentives e.g. C.C.S. and D.D.B. etc. made available by the govt. of U.P. and India. Moreover, a substantial part of the expenditure is itself met by these incentives.

**SUGGESTIONS:**

1. A national level financial corporation should be brought into existence by the govt. of India and govt. of Uttar Pradesh with the exclusive aim of providing capital loans to the entrepreneurs of the leather goods industry.

2. The Govt. of Uttar Pradesh should create an equity fund to provide equity loans to the leather goods producing small units through the Distt. Industrial Centres. The modalities of administering assistance from this fund be evolved on the following lines.

   i) Assuming the debt equity ration 3:1 as reasonably satisfactory, any shortfall in the proprietary funds to this extent should be given an equity loan.

   ii) The maximum ceiling for equity loan may be fixed in such a way that after taking into consideration the nature and size of the organisation, major benefits go to the small and marginal entrepreneurs of leather goods Industry of U.P.

   iii) If the entrepreneurs do not adhere to the financial discipline, the facility should be withdrawn by converting it into interest-bearing credit.

3. The D.I.Cs. of the U.P. should be
empowered to sanction need based equity loans to the entrepreneurs. 4. The Banking system should evolve a need based financing policy in place of security based policy so that entrepreneurs (small & marginal) are helped.

5. At the time of granting the loans, the due emphasis should be paid on economic viability of the organisation and character of the entrepreneur instead of amount of security offered against the loans.

6. The Banking sector and other financial agencies including indigenous and local Lalas/Sahukars should liberalize the terms and conditions for granting loans to the entrepreneurs. Though, the industrial credit carries certain fiscal and banking restrictions, but there is a need to cut short the undue procedural requirements so as to avoid all delays and problems of leather goods Industry's entrepreneur in obtaining the bank finances.

7. During the course of investigation it was observed by the researcher himself after the entrepreneurs disclosed that the functioning and working of guarantee system appears not to be as effective as it could be because of the fact that small and marginal entrepreneurs with weak security have little chances of obtaining credit from any sources whether government or institutional. The better, effective & efficient functioning of the guarantee system for small and marginal entrepreneurs is very essential. Hence, it is suggested that the scheme should be made more effective and organisation take the benefits of the scheme.

8. It is suggested that the cash compensatory support which has recently been withdrawn should be released so that small and
marginal entrepreneurs of the leather goods industry in U.P. are benefitted.

9. It has been observed that the banks as well as different other financial institutions e.g. U.P.F.C\(^S\), U.P.S.I.C., U.P.S.I.D.C., I.F.C.I., I.D.B.I. and I.C.I.C.I. etc. charge high rate of interest on the loans and advances provided to the entrepreneurs hence central and state government both, should come forward to instruct and direct these above mentioned agencies to charge lower rate of interest from small and marginal entrepreneurs i.e. at par with other international financial agencies in developed countries.

10. In order to overcome the corruption prevalent in industrial life, the central and state government both should increase the salaries and emoluments of officers and clerical staff so as to put them at par with the officers of other developing economics of the world. If still some officers resort bribes then the concerned govt. should not hesitate in initiating an action against, to separate and dismiss them from the govt. jobs and revives.

11. As far as the delay in payments by different govt. deptts. in lieu of the leather goods supply to them by small and marginal entrepreneurs is concerned, the central as well as state govt. both, should formulate a policy and chalk out a clear cut plan regarding payments. A provision should be made in the concerned policy and plan regarding payments of supply with in 30 to 45 days failing which the govt. should charge that deptt. with high rate of interest on the money due on them and recover it in the way in which land revenue is recovered i.e. with the help of the
C. PERSONNEL PROBLEMS:

Besides marketing, finance and production, leather goods industry of Uttar Pradesh also faces many problems in the field of personnel and Industrial relations. All these problems are of wide field. Some of the personal problems are discussed below.

i). Labour Problems: During the course of investigation researcher observed that the entrepreneurs are facing various labour problems in their units and organisations. Entrepreneurs are not acquainted with the latest techniques of recruitment, selection, development, utilisation, training and evaluation of the retained workers in their factories and organisation. The labour welfare facilities in the units are found to be inadequate. The system to train the workforce is lacking though it is one of the most important function to be looked after by the entrepreneurs. Whatever training they get, it is through "on the job working" in the units, through guidance by senior workers. The financial weakness generally does not permit small entrepreneurs to arrange for training of their workers. Although, there is another problems also as far as training is concerned. In some of the studied cases, labour turnover is caused as a result of training as the workers leave the unit or demand more money from their employers only because they are more efficient and effective after getting the training imparted to them by & through present employer.

Entrepreneurs of all the industries in general and leather goods industry in particular have got the tendency to avoids even the genuine demands of their labour force unless and until
some external pressure by union leaders through strikes; gheraos and dharnas is built on them. Such sort of style of dealing with the labour problems should immediately be dropped. The entrepreneurs themselves should develop a forewarning system and timely decisions should be taken in order to avoid the avoidable losses of man days. Participation of works in the management is found conspicuous by its absence.

ii) Lack of technically qualified Personnel: Hitherto production used to take place in small scale and cottage units largely which were managed by artisans. The use of machines and plants has been peripheral with the emergence of modern sector. There is a growing need for technically qualified persons like production managers, supervisor, shop-floor workers, machine operators, machine maintenance staff, designer, pattern makers, laboratory analysts, chemists and other administrative staff. Among these, the availability of skilled workers for cutting, pattern making and sewing line supervisors and designers is very limited. This is emerging as a major bottleneck in the speedy growth of leather sector.

Although, there are some institutions in the country to provide training to the staff but unfortunately these are inadequate, both in terms of intake as well as in terms of quality. Shortage of skilled workers is one of the major factor responsible for low quality of leather goods, low labour productivity, under utilisation of production capacity and wastage etc.

In order to meet the demand of domestic and world market during the 8th five year plan, additional capacity will be
required in almost all the areas of leather goods based on the estimates of additional capacity requirements. The industry’s need for additional personnel up to 1994-95 has been worked out which is given as follow.

**Additional Manpower Requirements During Eight Five Year Plan**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Category of Personnel</th>
<th>Numbers Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Production Manager</td>
<td>1,77</td>
</tr>
<tr>
<td>02</td>
<td>Supervisors</td>
<td>12,031</td>
</tr>
<tr>
<td>03</td>
<td>Machine Operator</td>
<td>19,700</td>
</tr>
<tr>
<td>04</td>
<td>Maintenance Personnel</td>
<td>5,582</td>
</tr>
<tr>
<td>05</td>
<td>Designer/Pattern Makers</td>
<td>3,636</td>
</tr>
<tr>
<td>06</td>
<td>Laboratory Personnel</td>
<td>129</td>
</tr>
<tr>
<td>07</td>
<td>Manual Workers</td>
<td>1,26,800</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1,69,655</strong></td>
</tr>
</tbody>
</table>


iii) Poor Working Conditions: During the course of investigation and on the spot survey carried out by the researcher himself, it has been observed that the working conditions under which workers work during day and night shifts, are extremely poor and unhygienic which result into dissatisfaction and disappointment. This dissatisfaction and disappointment on the part of workers bring down their morale effecting adversely their working capacity and capability. Because of poor working conditions, workers feel deprived of their constitutional right ensuring every one to live at neat and clean places either within the or out of the premises
of the organisation. Due to bad and poor working conditions, the health of the workers is effected badly resulting into poor and low performance on their part.

iv) Absence of Participative Management Practices: As per the reports of the entrepreneurs and workers both, it is observed by the researcher that the practice of workers participation in management is missing which also dissatisfy and disappoint workers that they are treated in the organisation like mere plants and machines which have no emotions, feelings, likes and dislikes etc. Participative management is a modern management practice and has got its origin in American and European advanced and industrially developed countries. Through this practice, workers participate in the decision making process which is the exclusive function of management. Moreover, workers get not only their salaries and wages but are also entitled for a handsome share in the profit earned by the organisation.

v) Absence of collective Bargaining: As a matter of fact, collective bargaining is a process of settling the industrial disputes through peaceful means and negotiations.

In case of the collective bargaining, the representatives of management as well as the representatives of workers sit together on a negotiating table to overcome their problems and disputes. By this method neither the mendsays are lost nor the work is suffered. The leather goods industry of U.P. is characterised by small scale and cottage units spreaded all over the tow cities of Kanpur and Agra and hence there is a little scope for collective bargaining practices.

vi) Limited implementation of provisions of various statutory
Acts: Last but not the least, the factories Act 1948 was passed in the parliament with the view of making workers and labourer pass a good and standard life besides improving their living conditions. In this Act, various provisions were made to facilitate and make safe the industrial life of the workers. But unfortunately, the entrepreneurs of leather goods industry in U.P. to a substantial extent have not been implementing the provisions of the factories Act 1948. As was disclosed by the workers during investigation. Only the provisions of factories Act 1948 are not implemented but their are wide verities of statutory Acts which either in one way or the other are required to be followed and their legal provisions concerning workers and industrial life are binding. These Acts beside factories Act 1948, are Industrial Disputes Act 1947, Workers compensation Act 1923, Employees Estate Insurance Act 1948, Employees Provident fund Act 1952. The payment of Bonus Act 1965, the payment of wages Act 1936, the minimum wages Act 1948, The trade union Act 1926, the Industrial employment Act 1946, (standing order). The Gratuity Act 1972, Apprentices Act 1961, Collection of Statistics Act 1953, Matenity Benefit Act 1961 and Employment Exchanges (Compulsory Notification of vacancies) Act 1959 etc. None of the above Acts’ provisions are being executed by the entrepreneurs of leather goods industry of U.P..

SUGGESTIONS:

1. One of the most important suggestion regarding workers that their method and mode of recruitment and selection should be modified. Researcher observed that all the leather goods producing organisations are still recruiting the labours according
to traditional methods i.e. appointment of labour on the recommendation of the others without knowing the actual ability and interest of workers. However, some time entrepreneurs conduct the interviews but for nothing.

2. The Researcher observed that neither there is a clearcut policy for the promotion of the workers nor any incentive system is prevalent in the industry. An effective and modern incentive system should be formulated in the small units by the entrepreneurs which may be proved helpful in increasing the efficiency of the capable workers.

3. As was disclosed by the workers during their interview that welfare facilities which are not provided by the entrepreneurs should be made available to the workforce so as to get their efficiency, effectiveness and capability increased in order to cope with the demands of the markets and leather goods industry of U.P.

4. Labourers and supervisors should be provided some amenities like free medical, education, training and housing to the whole family of worker.

5. The entrepreneurs should be made to realise that training is inevitable for enhancing the efficiency and effectiveness of workers at work by developing skills relevant to their work. They should, therefore, take necessary steps to impart training to labourers to increase their productivity. For this, it is suggested that small entrepreneurs should come forward to form trade associations in accordance with their production fields. e.g. trade association of footwear manufacturers, trade association of garments manufacturers and trade association of other leather
goods producer, such types of trade associations, besides imparting training to workers, will help in settling different other problems of entrepreneurs. These sorts of trade associations of manufacturers and producer might perform and execute those functions which an individual organisations unable to undertake. For instance, training to the workers, conducting marketing research, collective publicity and advertisement, demand for better credit and finance etc. A well organised and managed trade association will prove to be of greater help to the small and marginal entrepreneurs in leather goods industry of U.P.

6. For creating employment opportunities and give a boost to labour intensive units/organisations, the facility of providing interest free loan to the entrepreneurs should be made available.

7. Leather goods industries entrepreneurs' in U.P. are not in a position to afford for the employment of clerical and managerial staff. The compliance of rules and regulations of different statutory Acts require entrepreneurs to maintain the records, filling up and submission of various prescribed statements and in many cases personal attendance in govt. office. A small and marginal entrepreneurs, who has to look after many activities regarding the production as well as marketing of his finished products, often finds it very difficult to spare time for complying with the provisions of the different statutory Acts. Therefore, it is suggested that all the small units should be exempted from the provisions of these Acts. In place of it, some simplified procedure should be evolved which may ensure the interests of the employees on the one hand and may entail lesser formalities on the part of the entrepreneurs on the other.
8. Most of the small and marginal entrepreneurs face many difficulties in the field of management. Majority of them is transformed into the managers and executives because of some reasons and hence the knowledge of different management principles and techniques is inevitable for them. Management training is very effective tool to develop the needed entrepreneurial skill/vigour and capability to meet new challenges in the industrial field. Not only small and marginal entrepreneurs but the govt. officials of different institutions and agencies engaged in the promotion of entrepreneurship should also be trained in various management fields such as operation/production, human resource, accounting and marketing etc. Therefore, the training programme should be conducted at the following three different levels.

1. Training and development program for entrepreneurs:

2. Training and development program for govt. officials:

3. Training and development for managers and executives:

1. Training and Development for the Entrepreneurs:

During the course of investigation it was observed by the researcher that despite of the different entrepreneurship development programme launched by the small scale industries services institutes and Uttar Pradesh Industrial consultants Ltd. etc. the managerial and entrepreneurial know how is not yet developed among entrepreneurs because of non-commitment of concerned personnel towards the programs and courses. It is also reported and alleged that place and time of the courses was not properly propagated and advertised among entrepreneurs. The entrepreneurs disclosed that these programme were conducted only
with the view of completing the records files of govt. orders and have fully failed to meet the objective for which these were organised. These programmes and courses were also lacking practical approach to entrepreneurs' problems. Officials giving training to entrepreneurs themselves are not exposed to various practical aspects of the problems faced by the entrepreneurs in industrial life.

Therefore, it is suggested that fully trained officials should be engaged in the training programmes and instead of conducting these on haphazard and lukewarm style, the govt. in consultation with established business houses should evolve an effective system to organise these courses in a systematic, rational and regular manner. In fact, some private experienced consultants having expertise knowledge in various managerial areas should also be engaged in the courses and programmes so that the entrepreneurs may be benefited by the first hand knowledge and experience of these specialists.

2. Training Programmes for the Govt. Officials:

These programmes should be conducted by the banks, corporations and industrial deptts. with a view of providing training to their officials who deal with the small and marginal entrepreneurs of leather goods industry in U.P. Moreover, the programmes should be designed in such a way so as to acquaint the concerned officials about all that a small entrepreneurs is required to do before he establishes his unit. The programmes and courses should stress on the subject like project planning and project evaluation etc.

3. Training Programmes for Managers and Executives:
After going through the details furnished by entrepreneurs and workers during interview, the researcher observed that although most of the works in the fields like production, finance, marketing and human resources, the entrepreneurs themselves undertake. If some managers and executives in the above mentioned areas are employed because of the largeness of the business, they should be trained and developed so as to meet the new challenges of the day. The courses and programmes for training and development of the managers and executives should be designed in consultation with the experienced and first hand informed private management consultants and experts etc.

9. The banking system should come foreword and assume a new role of imparting management education besides providing finance to small and marginal entrepreneurs. The commercial banks may help small entrepreneurs in the following ways.

i) Preparation of counseling material dealing with basic requirements of managing the small units. This should be made available to entrepreneurs at the time the loans are provided to them.

ii) Conducting periodical programmes to train and educate the entrepreneurs who have taken loans from the banks.

iii) Establishing consultancy cells for small and marginal entrepreneurs. Some reasonable fee may also be charged from the beneficiaries for such services.

**NON MANAGERIAL PROBLEMS**

In addition to the above mentioned managerial problems, there are some non managerial problems also which the leather goods Industry of Uttar pradesh is facing for the last many years and no
solution is forwarded by the government or otherwise. The nonmanagerial problems which the researcher, during his course of investigation in Kanpur and Agra has observed are listed below.

A. GENERAL PROBLEMS

1. Prepondrence of small units

The leather goods industry of Uttar Pradesh is still largely confined to the household, cottage & small scale units. A considerable part of the demand for leather goods is met by this small scale sector which account for about 66% of the total production. These small units suffer from various constraints specially in the field of production, marketing, financial & management. These units are perpetually in the hands of wholesalers and other middlemen who swallow a large chunk of profit leaving the entrepreneurs at the lower level as far as fruits earned by them are concerned.

2. Excise duty: The small scale and cottage sector in the area of leather goods industry in Uttar Pradesh complain that it is charged with the same rate of excise duty as the large scale, big units entrepreneurs. In fact it is not justified.

3. Sales tax on footwear raw hides/skins & other products:

Leather Board manufacturing is a waste utilization industry which recycles the waste leather material for the purpose of making & producing cheap leather footwear. Since leather board is clubbed under the heading "Leather Material" & charged 11% sales tax by the state government. This is a waste utilisation industry and hence needs encouragement by paying lesser sales tax on its products i.e. equivalent to other ordinary leather. Moreover, the practice of levying/charging the sales tax on the hides & skins on
the one hand & the product manufactured/made of it on the other, should be immediately abolished.

4. Mandi samiti fee: The Government of Uttar Pradesh under the "Uttar Pradesh Krishi Utpaden Mandi Adhiniyam" charges mandi samiti fee on hides, skins and also on other finished leather products. This is done because the leather is classified as agricultural produce under the mandi samiti Act. The entrepreneurs and tanneries have been representing that finished leather is not an agricultural produce. Leather council and other informal forums are also of the view that finished leather is not an agricultural produce for taxation purposes. Moreover, no state in India other than Uttar Pradesh charges/levies mandi samiti fee on the finished leather. Therefore, the entrepreneurs of this state are at a losing end as compare to the leather producer of other states. Mandi samiti fee is also charged on raw hides and skins resulting into multiplicity of taxes causing innumerable losses to the entrepreneurship in Uttar Pradesh.

5. Inadequate help by public corporations:

Although a number of central as well as state level corporations/organisations are being set to look into problems of leather goods entrepreneurs even then a large chunk of the manufacturing units still remain outside their reach. Neither managerial non technical assistance is provided to these small scale & cottage sector units.

B SPECIFIC PROBLEMS

1. Absence of unionism: The researcher during this investigation in the leather goods units in Kanpur and Agra, Uttar Pradesh, observed that the Unionism is not favoured by the entrepreneurs.
It is found neither among manufacturers nor other dealers in the industry e.g. wholesalers and retailers etc. Therefore, the entrepreneurs cannot fight with the state/central government and other discouraging and neglecting agencies.

2. **Heavy dependence on import:** The entrepreneurs of the leather goods industry of Uttar Pradesh depend heavily on the imported plants, machines and other equipments to manufacture the leather goods, footwear and other leather products. The producers also depend to a larger extent on the foreign countries for designing the footwear catalogues and other needed items for the purpose.

3. **Inadequate transportations facilities:** Transportation plays a very important and significant role in every sphere of the human activity. It is an important mean for the industrial and economic development of a country. Moreover, the leather goods industry is largely confined to household, cottage and small scale sector in Uttar Pradesh. Therefore, it further increases the role of transportation as the raw hides and skins are required to be transported from the place of their production/tanneries to the place of their final finishing and leather goods manufacturing.

4. **Inadequate water supply and other sanitation facilities:** During the survey and interviews of the entrepreneurs, majority of the concerned people disclosed that the water supply as well as the sanitation facilities in both the cities of (Kanpur and Agra) Uttar Pradesh are inadequate and insufficient even to meet the need of the common men & what to talk about the industries requirement.

5. **Neglecting attitude of government and other people's representatives:** Entrepreneur of Kanpur and Agra's leather goods
industry complain that the attitude of the central as well as state government has been very neglecting and indifferent towards this particular industry, though it has been earning a handsome amount of foreign exchange by exporting different products. Moreover, it employs hundreds of thousands of people besides a sole source of income to the masses in the twin cities.

The people's representatives such as member of parliament and state legislative assemblies have been very indifferent and negligent as far as the availability of infrastructure facilities for the effective and speedy development of Kanpur and Agra is concerned. Moreover, the Kanpur and Agra both have not yet been recognised by the government as the leather cities of Uttar Pradesh which is discouraging the entrepreneurs and entrepreneurism.

REFERENCES