CHAPTER VII

CONCLUSION

Any research study serves its purpose well, if its findings help to improve the economic well being of the society. A research, whether in the domain of science & Technology or Social Science can be judged for its contribution to the society only by the way its findings influence the society in exploiting unutilized resources, finding better and alternative use of resources and optimizing the use of available resources. If a research does not touch upon these aspects either directly or indirectly, such a study will only remain of academic interest without much use to the society. This study serves the purpose of putting the available resources into optimum use very well.

The economic progress of a society depends upon how efficiently the society produces goods and services. After all, man does not and can not create resource. He can only identify the resources available in the nature and exploit them for his betterment. In a country like India with a huge population and a vast reserve of natural resources, entrepreneurship holds the key for economic prosperity of the country. And entrepreneurship can succeed only through shrewd and prudent entrepreneurs. Entrepreneurial skills of the people of the country need to groomed and canalized in the right direction for making the best use of available resources. Mere passion for becoming entrepreneurs alone will not help. No doubt, the passion to become entrepreneurs is vital. It is the basis for converting an ordinary person into an entrepreneur. But, the would-be entrepreneur needs to know the pitfalls – needs to know how to go about with his investments so that his entrepreneurial efforts do not get wasted. And for this, the entrepreneur should know the key factors and key causes under each factor that influence the performance of entrepreneurial units. Once the entrepreneur is exposed to these aspects, he will be better equipped to handle his projects and avoid/overcome problem areas successfully.

In a country like India, which has got enormous human resource that remain underutilized, Tiny and small scale industrial units offer huge growth prospects since these units can be started with minimum investment, with the locally available technology, and using the local man-power. At the same time they offer a comparatively
higher employment for the investment made as compared to medium and large-scale industries. A higher employment to investment ratio is a boon for providing employment opportunity to the millions of unemployed and under-employed people of the country. Hence, the economic liberation of India lies in the success of Tiny and Small Scale industrial units, apart from agriculture. This study focus this specific aspect of identifying the factors and causes that influence the failure of entrepreneurial units in Tiny and SSI sector significantly and hence is of great relevance for the country of India, especially in the present scenario of economic recession that sweeps through the world.

State Financial Corporations (SFCs) are the state level financial institutions in India, operating as regional development banks, playing a crucial role in the development of Tiny, Small and Medium enterprises in the states concerned in tandem with national priorities. Including TIIC, there are 18 SFCs in India. The objectives of setting up of SFCs by the Government of India were to finance and promote Tiny, Small and Medium enterprises, to achieve balanced regional growth, to catalyse investment, to generate employment and to widen the ownership base of industry. SFCs have so far fulfilled their objectives well, despite stiff challenges. Since all the SFCs in India operate almost on similar lines and are faced with similar problems, the results of this study that has been done for TIIC financed projects will also be of use to all other SFCs.

It is imperative that SFCs in India should function on profitable lines so that they can continue to serve their objectives well. A strong India can evolve only out of faster and healthier growth of industry and agriculture, the two prongs of economic development. SFCs can play a lead role in bringing about a strong industrial base for the economy to grow. This can be possible only if the advances that SFCs lend to entrepreneurs do not go bad. A loan lent that becomes a Non-performing asset signals the weakness in the entire fabric of industrial development since its effects are multidimensional. The financial institution loses its money in the first instance; the entrepreneur loses his capital apart from his morale and motivation; the failure of the entrepreneurial venture sends fear signals to the minds of prospective entrepreneurs; the employees loose their jobs; industrial assets created lie dormant. The cure to all such ills lie in planning carefully, choosing the correct project, carrying out scrupulous
pre-investment study, studying the Market well, choosing the right quantum of loan, keeping the interest burden within affordable limits, choosing the right plant & machinery, maintaining the right quality of products and above all managing the chosen project well.

It is the sincere wish of the researcher that the results of this study should serve the ambitions of budding entrepreneurs and reorient financial institutions in their approach to project financing to ensure failure-free industrial environment.