CHAPTER - 7

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION
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CONTENTS

➤ Introduction
➤ Supporting Institutions
➤ Major Findings of the study
➤ Suggestions
➤ Conclusion
Introduction

In a developing country like India, SSI plays a vital role and hence holds a prominent place in the five-year plans. In conformity with the plans, SSIs have been given the privilege of priority sectors of the economy and have received active encouragement from government, banks, and financial institutions.

Supporting Institutions

The Ministry of Small-Scale Industries is the administrative Ministry in the Government of India for all matters relating to small-scale and village industries. It designs and implements policies and programmes through its field organizations and attached offices for promotion and growth of small industries. The Department of Small-Scale Industries and Agro and Rural Industries were created in 1991, in the Ministry of Industry to exclusively formulate the policy framework for promoting and developing small-scale industries in the country. The Department initiates appropriate policy measures, programmes, and schemes for the promotion of SSIs. The policy measures include the setting up of a network of institutions to render assistance and to provide a comprehensive range of services and common facilities for SSIs. The range of services cover consultancy in techno-economic and managerial aspects, training, testing facilities, and marketing assistance through the agencies created for the specified functions. These activities are supported by a host of other Central/State government departments, promotional agencies, autonomous institutions, non-government organizations, and so on, which provide support to SSIs in different ways. The department monitors the
progress and evaluates the performance of the sector at the Central level.

The implementation of policies and various programmes/schemes for providing infrastructure and support services to small enterprises is undertaken through Small Industries Development Organization (SIDO), Khadi and Village Industries Commission (KVIC) and Coir Board, National Small Industries Corporation (NSIC) and three training institutes—National Institute of Small Industry Extension Training (NISIET), Hyderabad [now named as National Institute of Micro, Small and Medium Enterprises], National Institute for Entrepreneurship (NIE), Guwahati, and National Institute for Entrepreneurship and Small Business Development (NIESBD), New Delhi.

To give due importance to the small-scale sector, a strong institutional network has been evolved for the promotion of small industries in the country. The institutional network can broadly be classified as shown below:

A. Central Level Institutions
B. State Level Institutions
C. Other Agencies

The Non-financial Institutions were set-up with the objective of promoting and developing the entrepreneurship. But how far these are successful in attaining the above objective? How have the entrepreneurs in the study area discharged their entrepreneurial role, i.e., performance? What are the factors motivating the entrepreneurs in the study area? What is the impact of education and family background on entrepreneurial role? What are the problems the entrepreneurs are confronted
with? What are the lacunae in the functioning of these institutions? These are some of the questions to which this study tries to find some answers. An attempt is made in the following pages to provide suitable answers to these vital questions.

Major Findings of the Study

The major findings of the study are presented in the following points:

1. Industrialization depends upon several factors like growth of agricultural output, exploitation of natural resources, rapid capital formation, effective utilization of work force, creation of infrastructural facilities, and assistance through institutional framework.

2. A careful analysis of the literature relating to institutional support studies reveals that they have either concentrated on Central Government promoted institutions or sometimes, they are related to all the institutions providing assistance to a particular category of people like technical persons, SCs / STs, etc.

3. The process of entrepreneurship development came into vogue due to the shortage of the entrepreneurs in developing countries. In India, up to sixties the government policy relating to entrepreneurship development was directed towards provision of financial assistance, financial incentives like tax concessions, subsidies, concessional finance, preference in government purchase, and creation of infrastructural facilities. It was only in the seventies that the Indian Government realized that merely providing the fiscal and financial incentives was not adequate for promoting new
entrepreneurs. Therefore, the government adopted the policy of developing entrepreneurs through Entrepreneurship Development Programmes.

4. The fruits of the industrialization are not available to all the regions of the country. The status of people in some areas of India is an illustration of a paradox. At the policy level they are equal. The five year plans and industrial policy resolutions passed since independence have given added thrust to the entrepreneurship development. But such parts of India even now lack adequate number of entrepreneurs.

5. The Karnataka state has experienced an imbalanced distribution and growth of industries in the post-independent era. A large number of big and medium sized industries were concentrated in and around Bangalore, Tumkur, Mysore, Kolar, and Mandya. At the same time, north Karnataka experienced continued negligence, and, for many a year, 'Bidar' district in the north part of the state was declared as 'No Industry District'.

6. Entrepreneurship is an important avenue through which the country can achieve a decentralized industrial structure. It will also help to alleviate many economic and social problems like widespread unemployment, growing terrorism, growth of anti-national elements, non-utilization of existing natural resources, lopsided regional development and poverty. Therefore, development of entrepreneurship has received special attention of the policy makers.

7. Industrial estates are a means of promoting small scale industries and they are especially a device for expanding, strengthening, and locating small scale industries to
bring about the rapid, balanced, and decentralized industrialization in the country. So, industrial estates play an important role in the development of small-scale industries and entrepreneurship in India.

8. In a developing country like India, SSI plays a vital role and hence holds a prominent place in the five-year plans. In conformity with the plans, SSIs have been given the privilege of priority sectors of the economy and have received active encouragement from government, banks, and financial institutions.

9. The Ministry of Small-Scale Industries is the administrative Ministry in the Government of India for all matters relating to small-scale and village industries. It designs and implements policies and programmes through its field organisations and attached offices for promotion and growth of small industries.

10. The policy measures include the setting up of a network of institutions to render assistance and to provide a comprehensive range of services and common facilities for SSIs. The range of services cover consultancy in techno-economic and managerial aspects, training, testing facilities, and marketing assistance through the agencies created for the specified functions. A host of other Central/State government departments, promotional agencies, autonomous institutions, non-government organizations, supports these activities and so on, which provide support to SSIs in different ways.

11. Both Financial and Non-financial institutions are established in the country to promote and develop the
entrepreneurship. Non-financial institutions makeup a big branch in the institutional set-up in Karnataka State.

12. In order to give due importance to the small-scale sector, a strong institutional network has been evolved for the promotion of small industries in the country. The institutional network is broadly classified into 3 categories viz., Central Level Institutions, State Level Institutions, and Other Agencies.

13. The Central level Institutions/Agencies supporting small business enterprises in India are: Small Scale Industries (SSI) Board, Khadi and Village Industries Commission (KVIC), Small Industries Development Organization (SIDO), National Small Industries Corporation Ltd. (NSIC), The National Science and Technology Entrepreneurship Development Board (NSTEDB): National Productivity Council (NPC), National Institute of Small Industry Extension and Training (NISIET), Nations Institute for Entrepreneurship and Small Business Development (NIESBUD), Indian Institute of Entrepreneurship (IIE), Entrepreneurship Development Institute of India (EDI), etc.

14. The various State level Institutions/Agencies supporting small business enterprises in India are Directorate of Industries (DI), District Industries Centres (DICs), State Financial Corporations (SFCs), State Industrial Development/Investment Corporations (SIDCs/SIICs), State Small Industrial Development Corporation (SSIDCs), KIADB (Karnataka Industrial Area Development Broad), KSWDC (Karnataka State Women Development Corporation), TECSOK (Technical Consultancy Services Organization of
Karnataka), CEDOK (Center for Entrepreneurship Development of Karnataka), LIDKAR (Karnataka Leather Industries Development Corporation Limited), KCTU (Karnataka Center for Technology Up-gradation), etc.

15. The promotion and development of entrepreneurship by these Non-financial institutions take the form of conducting EDPs, EAPs, PRC, and PMC holders' meeting; successful entrepreneurs meet, enabling them to get financial assistance through various financial institutions. They also give special thrust to special category entrepreneurs, give importance to the development of local entrepreneurship, and guidance is provided to women entrepreneurs through separate cells, and grievances of the entrepreneurs are met through public grievances cell.

16. A study into the details of the enterprises owned by the surveyed entrepreneurs reveals the following:

a. Out of 202 enterprises covered by the study, sole traders (47.52%) and partnership concerns (46.53%) are on equal footing, whereas 12 were joint stock companies (5.94%). And majority of the enterprises was of own trade (88.12%) and only a few (11.88%) were ancillary units.

b. The initial investment of 84 enterprises (41.58%) was between Rs. 25 to 60 lakhs, 72 units (35.64%) were above Rs. 60 lakhs, 40 units (19.80%) were between Rs. 11 and 25 lakhs, and only 6 units (2.97%) were between Rs. 3 and 10 lakhs. And none of the surveyed units had an initial investment below Rs. 3 lakhs.

c. The main source of their investment was commercial banks and 148 enterprises (73.27%) agreed for it. In addition to it, 34 (16.83%) of them had invested their own money. 12 (5.94%), 4 (1.98%), 2 (.0.99%) and 2 (.0.99%)
had arranged for money from co-operative societies, family members, friends, and partners respectively.

17. An enquiry into the socio-economic background of entrepreneurs reveals the following:

a. Out of 202 entrepreneurs, 75 were in the age group of 30 to 40, 59 were in the age group of 41 to 50, and 27 were below 35, and 41 entrepreneurs were in the age group of above 50. These figures show that 27 entrepreneurs are young blood (below 30) and 75 are experienced middle-aged group (31 to 40). This shows the extent of attractiveness of industrialization programme in the State, since 102 out of 202 are less than 40 years of age.

b. Sex-wise distribution of entrepreneurs shows a division of 184 (male) and 18 (female) entrepreneurs out of 202.

c. Out of 202 entrepreneurs, 145 (71.78%) were graduates and 50 (24.75%) had technical education and only 7 of them were matriculates or less than that.

d. Out of the total, 77 units are owned by neglected class of the society viz., SC/ST, OBC, and Minority. This shows the entry of significant number of entrepreneurs from these categories. However, the dominance of general category entrepreneurs is not ignorable i.e., 100. Apart from these, 20 units belonged to women.

e. 165 entrepreneurs out of 202, constituting 81.65 per cent hailed from trade or industrial background, 20 entrepreneurs constituting 9.90 per cent are from agricultural background. These figures show that a big number of entrepreneurs are from trade background.

f. When enquired about the training, it could be noticed that the division was almost 50-50. 103 entrepreneurs constituting 50.99 per cent had undergone training and rest did not.
18. Category and Sex-Wise distribution of entrepreneurs shows that women own 18 units constituting only 8.91 per cent of total units surveyed. Among them, 11 units are owned by women belonging to general category, 3 units by women belonging to SC category, and 2 units each are owned by ST and Minority. These figures show that the women belonging to general category are even today dominating the women industrial arena.

19. The study reveals that the educational background of entrepreneurs depends much on category of entrepreneurs. Out of 61.88 per cent of total general category entrepreneurs and 16.34 per cent out of 50 entrepreneurs had the technical education; 44.06 per cent out of 145 entrepreneurs had the collegiate education; and 1.48 per cent out of 5 entrepreneurs had the matriculation education. These figures show that the large majority of technical graduates belonging to general category are performing entrepreneurial activities in industrial estates. While the respective share of SC/ST entrepreneurs in the level of primary education is 0.49 per cent, matriculation education is also 0.49 per cent. Collegiate education is 4.46 per cent and technical education is 1.98 per cent. The majority of BCM entrepreneurs (19 out of 20 entrepreneurs) had the higher-level education including technical education and only a few lesser education entrepreneurs are also operating in the industrial units in estates. The share of minority entrepreneurs in the level of primary education is 0.49 per cent, no entrepreneurs with education up to matriculation, and 17.33 per cent and 2.97 per cent in collegiate and technical education respectively. These figures show that
these categories of entrepreneurs are more concentrated in lesser education level. The study observed that the level of education influences the category of entrepreneurs to which they belong. Thus, it can be concluded that the industrialization programmes are more attractive irrespective of level of education and category of entrepreneurs.

20. A study into factor(s) motivating entrepreneurs shows that 66 out of 202 entrepreneurs were having a strong desire to achieve something in life. The assistance provided by the non-financial institutions has motivated 88 entrepreneurs, 23 of them had the need to be independent, 15 of them got motivated by the EDPs and EAPs conducted by the non-financial institutions, and only 3 and 7 of them had said that social prestige and success of others motivated them respectively.

21. A study into the impact of category, education, and family background on the performance of the entrepreneurs revealed the following:

a) The performance of the entrepreneurs across the category line revealed that the entrepreneurs belonging to general category have a broad-based ownership, early chasers/adopters or early entrants to the entrepreneurial field in the case study area, exhibited better qualities of entrepreneurship by owning units with heavy investment, by showing better performance in sales turn over, by undertaking various schemes of development and number of changes in their units. In the latter two areas, the BCM category entrepreneurs also performed well. The entrepreneurs belonging to minority and general category have a lion's share in statewide and national market due to fluency in language and imbibed entrepreneurial skill.
b) The educational background of the entrepreneurs had significantly influenced the type of ownership, sector, marketing area, schemes of development, and number of changes. The tendency to widen the scope of ownership is exhibited by technically qualified entrepreneurs. The entrepreneurs from primary, matriculation level, and collegiate level education background restricted their ownership in one's own family in large number, since it assures smooth running. The study also revealed that higher education is not influencing the profitability of the entrepreneurs. The other factors such as imbibed entrepreneurial skill, area chosen for entrepreneurial activity, market conditions, etc., are influencing the profitability of entrepreneurs. Of the surveyed entrepreneurs, Collegiate were 145 (71.78), Technical / Diploma / Engineering holders are 50 (24.75), Matriculates numbering 5 (2.47) and 2 (1.00) were upto primary education.

c) The performance of the entrepreneurs across the family background revealed that the entrepreneurs from trade or industrial background excelled the race in many respects or areas followed by the entrepreneurs from service or employment background and agricultural background. In brief, the former had a broad-based ownership, enjoying a lion's share in the statewide and national market, owning units with higher investment both initially, and, at the latest year under study, showed a good performance in sales turnover, return on investment, and depended less on profit to meet the financial requirements of the business. However, the entrepreneurs from service or employment background replaced the entrepreneurs from trade or industrial background in undertaking various schemes of development and by making a number of changes. This
shows the innovative character of the entrepreneurs from service or employment background.

22. A study into the impact of education, category, and family background of entrepreneurs on the capacity utilization rate revealed the following:

a. Capacity utilization rate is more in case of highly educated entrepreneurs. To be more specific, 99 out of 145 collegiates constituting 68.28 per cent to total have not under-utilized the capacity and this rate is 62 per cent in case of technical graduates. 3 out of 5 and 2 entrepreneurs with matriculation and primary education background respectively had under-utilized the capacity. This shows the better performance of entrepreneurs with higher education background in terms of capacity utilization.

b. When category is considered, capacity under utilization rate is more in case of women entrepreneurs since 9 out of 20 (45%) entrepreneurs under-utilized the capacity. This percentage is 35 (7 out of 20), in case of minority entrepreneurs, 26.20 (11 out of 42) in case of OBC entrepreneurs, 23 per cent in case of general category entrepreneurs. Thus general category entrepreneurs have exhibited better qualities of entrepreneurship by utilizing the capacity to the fuller extent (comparitively).

c. 131 out of 160 entrepreneurs from trade background have utilized the capacity fully. This rate is 75 per cent in case of entrepreneurs from service background and a very poor 45 per cent in case of entrepreneurs from agriculture background. Thus, the entrepreneurs from trade background are performing well in terms of capacity utilization.
23. The NFIs are working for the cause of entrepreneurship development. Availing of services from these institutions is depending on the need of service, knowledge about the services etc. A study into the extent of dependence of entrepreneurs and the impact of education, category and family background revealed the following:

a. The dependence rate is more in case of entrepreneurs from primary and matriculation education background (100 per cent), followed by collegiates (77.93 per cent) and technical graduates (66 per cent).

b. A good number of general category entrepreneurs (83 out of 100) have availed one or the other form of service from NFIs followed by OBC entrepreneurs (76.19 per cent), SC/ST entrepreneurs (13.33 per cent) and women and minority entrepreneurs (70 per cent each).

c. Entrepreneurs from trade background have availed the services of NFIs to a significant extent (142 out of 165), followed by service background (13 out of 16 constituting 81.25 per cent) and agriculture background (16 out of 20 constituting 80 per cent).

d. More than 70 per cent of entrepreneurs surveyed have relied on one or the other form of assistance from NFIs under study. This shows the role of NFIs in assisting the entrepreneurs in the study area.

24. Entrepreneurs under study are facing several problems. Around 59.90 per cent of the entrepreneurs opined that they are facing the problem of marketing, 38.12 per cent entrepreneurs had financial problems and 30.20 per cent of the entrepreneurs under study reported that they had problems of complying with the various rules and regulations of the government. Some of the entrepreneurs
(32.67 per cent) experiencing labour problems complained of the difficulty of small units in hiring skilled labour. Small units cannot afford to hire skilled labour and the unskilled workers usually leave for better-paid jobs, after obtaining some experience, forcing the small entrepreneurs to hire unskilled workers again, only to have the process repeat itself. Thus 25 per cent of the entrepreneurs are facing the problem of high labour turnover.

Around 28.22 per cent of the entrepreneurs faced problems due to lack of adequate power. Entrepreneurs complained that disruption in power supply often led to idleness of manpower and machines. Only 12.87 per cent of the entrepreneurs reported that their units faced scarcity of raw materials and 5.94 per cent entrepreneurs have encountered the problems of transportation. According to some entrepreneurs, the transportation problems arise due to the smallness in the scale of operation. The other problems experienced by 16.34 per cent entrepreneurs are difficulty in obtaining technical know-how for their units, maintenance of quality, etc. Forty-two entrepreneurs are not facing any problem at all.

25. To study the extent of utilization of services and facilities offered by the Non-financial institutions, 26 institutions were chosen. In the course of survey, 24 unique questions were posed to the entrepreneurs. It can be noted that some of the services offered and facilities extended by these institutions were common despite the fact that the offering institution is different. The survey analysis revealed the following:
a. It is observed that all the entrepreneurs surveyed have utilized one or the other services of **DICs**. Amongst them 104 entrepreneurs (51.48%) have availed the consultancy and extension services, 31 entrepreneurs (15.35%) have availed the services of marketing, 26 entrepreneurs (12.87%) have availed the service of arrangement of credit facilities; 18 entrepreneurs (8.91%) have availed the service of quality inputs; provision of raw materials service has been utilized by 16 entrepreneurs (7.92%); and only 7 entrepreneurs has availed the service of supply of machinery and equipment. Thus 67 entrepreneurs have availed the services in tangible form and the rest in intangible form.

b. Almost all the entrepreneurs surveyed have made optimum utilization of services provided by the **SIDCs**. Amongst them, 128 entrepreneurs (63.37%) have availed the roads, power, water supply, drainage and other amenities; 62 entrepreneurs (30.69%) have sought term loans from financial institutions; 119 entrepreneurs (58.91%) have availed the services of factory sheds; 112 number of entrepreneurs (55.44%) have availed industrial infrastructural facilities; 93 entrepreneurs (46.03%) have availed the service of subscription to equity and promotional service; 77 entrepreneurs (38.11%) have utilized the service of development of land and only 2 entrepreneurs (0.99%) have not availed the services of SIDCs.

c. Various services provided by the **SSIDCs** have been fully utilized by the entrepreneurs. Amongst them, 102 (50.50%) entrepreneurs have availed the service of procurement and distribution of scarce raw materials which is very essential for the production of quality goods; 98 (48.51%) entrepreneurs have utilized the service of extending seed capital assistance on behalf of
State Government, 45 (22.28%) entrepreneurs have utilized the production unit's management services; assistance for marketing of products service have been utilized by 39 (19.30%) entrepreneurs; 23 (11.38%) entrepreneurs have utilized the service of allied infrastructure facilities and their maintenance; and 12 (5.95%) entrepreneurs have utilized supply of machinery on hire purchase basis.

d. **TCOs**' services have been utilized by the entrepreneurs to their maximum level. Amongst the surveyed 202 entrepreneurs, 91 (45.04%) entrepreneurs have utilized the service of conducting entrepreneurship development programme and skills up-gradation programmes, and 86 (42.27%) entrepreneurs have utilized the service of preparing project profiles and feasibility studies because of lack of knowledge and illiteracy. 77 (38.11%) entrepreneurs have utilized the management consultancy services especially for diagnostic study of sick units and their rehabilitation programmes, 56 (27.72%) and 55 (27.22%) entrepreneurs have utilized the service of undertaking market research and surveys for specific products and industrial potential surveys respectively, 34 (16.83%) entrepreneurs have utilized the service of undertaking export consultancy for export oriented projects based on modern technology, and 24 (11.89%) entrepreneurs have utilized the service of identifying of potential entrepreneurs and provision of technical and management assistance. Energy audit related services are availed by only 2 entrepreneurs.

e. The existence and survival of various entrepreneurs is because of the services rendered by the **KIADB**. 168 (83.17%) entrepreneurs have approached the institution for sanctioning of lands and sheds, 153 each (75.74%) entrepreneurs have utilized facilities of roads, drainage,
water-supply, amenities such as banks, post offices, fire stations, police outposts, ESI dispensaries and provision of common effluent treatment plants; and 11 entrepreneurs have not availed any service.

f. In respect of **NGOs**, 67 (33.16%) entrepreneurs have availed the marketing support because the marketing of the products/services is very essential and more expensive; 45 (22.27%) entrepreneurs have availed the services of subcontract exchange, 37 (18.31%) entrepreneurs have availed the services of counseling-cum-testing facilities for raw materials, components, and products; 14 (6.93%) entrepreneurs have availed the services of legal advice; and a large number, to be specific, 32 (15.84%) entrepreneurs have not availed the services of NGOs because of lack of awareness about the services rendered by the NGOs.

g. In case of **EPCs**, 166 (82.17%) entrepreneurs have availed the services of circulation of trade enquiries, tender notices among members; 149 (73.76%) entrepreneurs have utilized the services of EPCs at their maximum level; 46 (22.77%) have availed the services of information regarding export-import policies and procedures; 33 (16.33%) and 32 (15.84%) entrepreneurs have availed the services of developing vendor relations and customs and excise duty rules respectively; and 55 (27.22%) entrepreneurs have not availed the services for one or another reason of barriers to enter into the export market.

h. Number of escort services are provided by the **KUM** and the same have been utilized by entrepreneurs for one or other reasons. 189 (93.56%) have utilized the service of publicity and propaganda programmes; 43 (21.28%) entrepreneurs have attended the investors’ meet; 38
(18.81%) entrepreneurs have utilized the services of road shows; and 21 (10.39%) entrepreneurs have attended the Excon/Pravasi Bharathiya Divas.

i. 14 (6.93%) entrepreneurs each have availed the services of construction of living cum work sheds, common facility centres, and extending marketing assistance respectively; 13 (6.43%) entrepreneurs have availed the services of distribution of wayside cabins; and 12 (5.94) have utilized the training programmes of LIDKAR.

j. GTTC offers various courses to entrepreneurs. 6 (2.98%) entrepreneurs have taken the short-term courses on software; 5 (2.47%) entrepreneurs have availed the training on diploma in Electronics and Telecommunications; and 3 (1.48%) entrepreneurs have diploma in tool and die making. 185 entrepreneurs constituting 91.59 per cent to total have not undergone any training.

k. 7 (3.46%) entrepreneurs availed assistance from STEP to venture into business, 5 (2.48%) entrepreneurs have availed assistance for up-gradation of skills; and 187 (92.57%) have not availed assistance from STEP to venture into business because of lack of knowledge about the assistance provided.

l. Out of 202 entrepreneurs, 58 (28.71%) entrepreneurs have availed assistance from RUDSETI to venture into business, 46 (22.77%) entrepreneurs have availed training and guidance to set-up their units; and 98 (48.52%) have not availed assistance from RUDSETI because of lack of knowledge about the assistance provided.

m. KVIB ensures the development of cottage industries and helps in their growth. Amongst the entrepreneurs surveyed, 123 (60.89%) entrepreneurs have utilized the
Khadi Development (Rebate & Incentives) scheme; 112 (55.45%) entrepreneurs have utilized the margin money scheme; 99 (49.00%) entrepreneurs have participated in awareness programmes; 76 (37.62%) entrepreneurs have participated in district exhibitions; 62 (30.69%) entrepreneurs have availed interest subsidy scheme; 43 (21.29%) entrepreneurs have been aided by Prime Minister employment generation programme; 24 (11.88%) entrepreneurs have availed the services of product development, design intervention, and packaging; and 51 (25.25%) entrepreneurs have not availed any service because of lack of information about the availability of various supporting institutions which are established for this purpose.

n. In case of KSCDCL, out of 202 entrepreneurs, 112 (55.45%) entrepreneurs have utilized the power sanction; 98 (48.51%) entrepreneurs have availed land / shed allotted; 78 (38.61%) entrepreneurs have attended the SWA meetings; and 16 (7.92%) entrepreneurs have attended 'Kala Vaibhava'- District Industrial Exhibition.

o. The services rendered by the KSCCFL are not up to the mark since only 8 (3.96%) entrepreneurs have availed the services for developing and selling of coir products and 194 (96.04%) entrepreneurs have not availed any services. Because the services are restricted to only coir industries and at the same time it has not introduced any new schemes or services.

p. With regard to RGIST, 29 entrepreneurs have undergone technical related training. Amongst them, 22 (10.89%) entrepreneurs have undergone the Technical and Management Training which is very much essential especially for the SSIs, and only 4 (1.98%) entrepreneurs have undergone various Diploma, Degree and PG Courses
in Engineering. And 173 (85.64%) entrepreneurs are unaware of this because this institution is working only in one district.

q. ATIs provide training in trades like general engineering, carpentry, leather, and bronze. 14 (6.93%) entrepreneurs have undergone training in general engineering, 11 (5.45%) entrepreneurs have undergone training in carpentry, 8 entrepreneurs have undergone training in leather and 3 in bronze. 166 entrepreneurs constituting 82.18% to total £ire unaware of this institution because this institution is offering courses in only one district.

r. In respect of VITC, only 4 (1.98%) entrepreneurs have utilized market development assistance (MDA) scheme, 3 entrepreneurs each have undergone export training programmes in association with the local DIC/ Chamber of Commerce, export management training porgrammes and participated in Kalavybhava Exhibitions, and 2 each in seminars and interaction meets. It shows lack of popularity. And 183 (90.58%) entrepreneurs have not availed any service because they are unaware of this institution.

s. With regard to KCTU, out of 202 entrepreneurs, 2 each (0.49%) entrepreneurs have availed the assistance for registration of intellectual property rights, guidance for diversification, modernization, and expansion and participated in the seminar on application and opportunities in Nano Technology for SMEs. And 194 (96.04%) entrepreneurs have not availed any services because entrepreneurs have hailed from trade/business background where they have followed the footsteps of their ancestors and are afraid of introducing new technology.
t. The surveyed entrepreneurs have undergone various kinds of programmes arranged by CEDOK. Out of 202 entrepreneurs, 122 (80.40%) entrepreneurs have undergone PMRY EDPs, 44 (21.82%) entrepreneurs have undergone faculty development programme; 34 (16.83%) entrepreneurs each have participated in EDPs for SHG members and entrepreneurship awareness programmes on cluster development respectively; and 21 (10.40%) entrepreneurs have participated in EDPs for food processing activities. It shows that almost all the entrepreneurs (except 5) surveyed have availed one or another services provided by the CEDOK.

u. While utilizing the services of TECSOK, Out of 202 entrepreneurs, 92 (45.55%) entrepreneurs have availed the service of preparation of project feasibility reports, appraisals, profiles, and monitoring of establishment of industrial units; 89 (44.05%) entrepreneurs have undergone skill development / EDPs; 54 (26.73%) entrepreneurs have availed the service of co-ordination in preparing proposals for cluster development initiatives; 43 (21.29%) entrepreneurs have availed the service of guidance, counseling, and motivation services; and 33 (16.33%) entrepreneurs have availed the service of consultancy camps. However, 41 (20.30%) entrepreneurs have not availed any service.

v. In case of AWAKE, out of 20 women entrepreneurs surveyed, 20 each (9.90%) entrepreneurs have participated in EAP and motivation towards the income generation programme; 19 (9.40%) entrepreneurs have availed the service of designer bag-making; 18 (8.91%) entrepreneurs have availed the service of Networking Meet – Garments; and 16 (7.92%) entrepreneurs have participated in awareness programme on packaging industry. Finger countable number of entrepreneurs has
participated in awareness relating to IT business, early childhood care, and beautician course.

w. Similarly in case of **KSWDC**, out of 20 women entrepreneurs surveyed, all the entrepreneurs have utilized the Urban Stree Shakti Scheme; 19 (9.40%) entrepreneurs have utilized the Udyogini Scheme for gaining self-reliance through self-employment, 18 (8.91%) entrepreneurs have utilized marketing assistance scheme for organizing exhibitions; 7 women have undergone skill-oriented training; and 4 have participated in product development workshops.

x. A large majority of entrepreneurs, to be specific, 165 (81.68%) entrepreneurs have availed a common service facility for its members; 121 (59.90%) entrepreneurs have availed the professional, technical, and management consultation services; 53 (26.23%) entrepreneurs have availed the service of organized studies of survey and research projects; and 47 (23.26%) entrepreneurs have participated in national and international exhibitions and trade fairs through **KASSIA**. 17 entrepreneurs have not availed any service.

y. **KSHDC** promotes traditional entrepreneurs. Out of 70 handicraft related entrepreneurs, 12 (5.94%) entrepreneurs have undergone technical development training for wood carving artisans; 11 (5.45%) entrepreneurs have undergone mirror embroidery artisans training under KVY scheme; 9 (4.45%) entrepreneurs have undergone training in design and technical development workshops; and 21 (10.39%) entrepreneurs have not availed any service because the number of traditional entrepreneurs are very less.

z. **KILT** is concerned with promoting the leather industries. Amongst the entrepreneurs surveyed, 32 (15.84%)
entrepreneurs have gained placement assistance; 22 (10.89%) entrepreneurs have undergone in plant training and industry orientation; 20 (9.90%) entrepreneurs have availed the service of common facilities and infrastructure for industries in leather sector; 11 (5.45%) entrepreneurs have availed quality control and material testing facilities; 9 (4.45%) entrepreneurs have availed assistance in computer aided design (CAD); and 8 (3.96%) entrepreneurs have availed the service of developing manpower and skills in leather technology.

As mentioned earlier, the NFIs performing in the state are offering variety of services to the entrepreneurs. But what is lacking is that they do not make wide publicity of their services. Some entrepreneurs who have been surveyed have explicitly expressed that either they are not at all aware of the institution or the services are venture specific. In the light of the above observations made in the study, certain suggestions have been offered in the following paragraphs to make the institutional support system more effective and entrepreneur-friendly.

SUGGESTIONS

Entrepreneurs play a very significant role in the social and economic advancement of any nation. In the process of entrepreneurship development, the government is keen on providing necessary infrastructure and other facilities to the entrepreneurs by establishing both Financial and Non-financial Institutions. However, mere establishment does not suffice and ensure the overall development of entrepreneurs. Based on the first hand information, observation, and various secondary data reports, a few suggestions have been offered.
1. Mere establishment of or increase in the number of institutions for assistance or launching of newer and newer schemes do not by itself assure the development of entrepreneurship. An integral functional approach on the part of institutions serving in the state for the cause of entrepreneurship development is even more important. Providing stimulatory, supportive, and sustaining services should be the part of this integral functional approach. The stimulatory activities refer broadly to identification of potential entrepreneurs, development of entrepreneurial qualities and provision of infrastructure. Supportive activities refer to the kind of assistance which would help entrepreneurs to start viable enterprises. These include arrangements for finance and consultancy services for management of enterprises. Sustaining activities relate to those which would make a unit efficient and viable on continuing basis, such as assistance for modernization, expansion and diversification. In fact, these three constitute an entrepreneurial development cycle, in which any imbalance in the approach is likely to make the entire programme in fructuous. Thus, it is suggested to adopt an integral functional approach mentioned above.

2. The NFIs mainly assist those entrepreneurs who approach them by themselves. Such a wait and see approach may prove to be wrong approach when entrepreneurs are unaware of the existence of and activities of these NFIs. The NFIs too have to take initiative in identifying entrepreneurs in the society and then try to help in promoting them. After identifying the entrepreneurs, an intensive training shall be
given on organizational techniques, accounting, relevant laws, marketing management, etc. In other words, skill formation should be an important part of such training. Before venturing into the project, it may be insisted that the prospective entrepreneurs should satisfactorily complete a training programme which will at least expose them to the required knowledge and skills.

3. In the process of skill development, the NFIs are conducting Entrepreneurship Development Programmes. Based on the study, it is suggested that there is a need to strengthen the various components of EDPs. The EDPs can be organized more effectively with the help of academicians and successful entrepreneurs. The strengths and weaknesses of the entrepreneurs can be assessed by conducting a written test before selecting the candidates. The target group for EDPs must include students of Commerce, Management, and Arts faculty apart from technical students. Because education and area of interest are not always correlated. By conducting the EDPs to these group, the NFIs can encash the imbibed talents of the students.

4. The entrepreneurs have to conform to, more particularly the SSIs, a number of regulatory obligations. It is noted that rigid and complicated procedures of many institutions have deterred entrepreneurs in many ways. The entrepreneurial approach and the bureaucratic approach are two contrasting approaches in the sense that the first one is characterized by 'doing things' in a different way and the other is characterized by 'doing things' in a routine way. It generally results in a built-in-conflict which generates certain difficulty to produce
the desired results, i.e., entrepreneurship development. Therefore, a team of experts consisting of psychologists, economists and management experts on a continual basis should help the NFIs. This team is expected to evaluate not only economic feasibility of the proposed project but also the entrepreneur himself. This is necessary as competent entrepreneurial skill alone makes a project successful. This type of arrangement would eliminate the bureaucratic element in the decision making process and would extend facilities only to worthy and eliminate/reduce the chances of sickness.

In addition to annoying bureaucratic attitude and red-tape of the officials, some units also fail to comply with the various formalities required to be completed. For this they blame the government and quasi-governmental authorities. The gaps left by the entrepreneurs in preparing the case for establishing their units are mainly due to their ignorance about the procedures involved. A prior knowledge on the part of the entrepreneurs in this matter would definitely hasten the promotion stage. Therefore, the NFIs have to advise the entrepreneurs in complying with the procedure and formalities to be completed. Alternatively, there must be co-ordination among all the institutions/agencies, which are required to provide various services to entrepreneurs.

5. Regionally well-balanced growth has all along been one of the principal objectives of the planned economic development of this country. NFIs are put in charge of such development. But it has been found out by this study that the NFIs have not fully succeeded in achieving the set target on this issue. It is
observed that the southern part of the state is enjoying all the decision-making issues and especially, Bangalore district continues to bag the highest of it. Moreover, majority of the districts of north Karnataka are being neglected. In this background, it is suggested that the Karnataka state government should come forward to create head offices in other districts of the state including northern part to look into the development of entrepreneurship in north Karnataka. There is an acute need of establishing 'Technical Advice and Guidance Cell' at important places (say, Hubli, Belgaum, and Gulbarga) in the north Karnataka region. Special developmental campaigns should also be conducted to educate the entrepreneurs.

6. Lack of infrastructural facilities is retarding the development of entrepreneurship. NFIAs, therefore, sincerely try and actually develop industrial sheds, road, drainage, post office, bank, telephone, telex facilities, etc., in industrial estates.

7. The support structure for marketing is necessary if the entrepreneurship programme is to succeed. State level NFIAs and agencies will have to assume the responsibility and help specialized small institutions to market the goods. Various government departments should purchase their requirements (certain percentage) from SSI units. This can be achieved through legislation.

8. Finally, the entrepreneurship development cannot be achieved unless the education system and policies of government are directed towards it. A change in the educational curriculum is necessary to create entrepreneurial awareness. The branches of education, particularly commerce
and management, should invariably include a component of entrepreneurship in their syllabi. More and more job-oriented courses should be introduced both at the +2 stage and graduation and post-graduation level. This would go a long way in motivating the youths of the country to turn to entrepreneurship.

**Address to Research Questions**

The study started with 6 research questions. All the questions are successfully addressed through the study.

The first question is addressed by looking into the dependence of entrepreneurs on the Non-financial institutions while availing various services.

By analyzing the performance of entrepreneurs in terms of investment, turnover, changes introduced over the years, the second question is addressed.

The motivational study identifying the factors motivating the entrepreneurs in the study area addressed the third question.

By analyzing the performance across caste, education and family background, the fourth question is properly addressed.

By analyzing the problems encountered by entrepreneurs, the fifth question is addressed.

The last research question is addressed by observing the responses of entrepreneurs, particularly the unawareness about Non-financial institutions and their assistance.
Conclusion

The present study was undertaken with an objective of studying the role played by Karnataka State promoted Non-financial institutions in Entrepreneurship Development. Further, the study also intended to make a detailed study of various schemes of institutions and the extent of utilization of such services by the entrepreneurs.

The study had started with 5 hypotheses. The first hypothesis that ‘Karnataka State witnesses a lop-sided development of entrepreneurship’ is proved by the fact that a large number of industrial units are located in and around Bangalore even after independence. And Bidar was declared as ‘No Industry District’ for many years. Even the High Power Committee on Redressal of Regional Imbalances in Karnataka (December, 2000) headed by Dr. D.M. Nanjundappa identified and reported the industrial backwardness of North Karnataka.

That the location of all the Head Offices (except CEDOK at Dharwad) of NFIs in southern part of Karnataka proves the second hypothesis that south Karnataka continues to enjoy the position of a decision-making center of Non-financial institutions.

The desire to achieve something in life and assistance of NFIs have encouraged the entrepreneurs is proved by the fact that out of 202 entrepreneurs, 66 (32.67%) have told that they had a strong desire to achieve something in life and 88 (43.56%) entrepreneurs have told that assistance provided by the Non-financial institutions have motivated them. Further, a look into
the number of entrepreneurs who have availed and not availed the services of all the institutions in total revealed that out of 6,188 services provided, 5547 services have been availed and 641 services have not been availed in toto.

The fourth hypothesis that category, education and family background and dependence on NFIs have their impact on the entrepreneurial performance is proved by the fact that the dependence rate is more in case of entrepreneurs from primary and matriculation education background (100 per cent), followed by collegiates (77.93 per cent) and technical graduates (66 per cent). Moreover, a good number of general category entrepreneurs (83 out of 100) have availed one or the other form of service from NFIs followed by OBC entrepreneurs (76.19 per cent), SC/ST entrepreneurs (13.33 per cent) and women and minority entrepreneurs (70 per cent each). Further, the entrepreneurs from trade background have availed the services of NFIs to a significant extent (142 out of 165), followed by service background (13 out of 16 constituting 81.25 per cent) and agriculture background (16 out of 20 constituting 80 per cent). Dependence on NFIs for assistance to make changes in their units too has shown that out of 59 entrepreneurs 49 entrepreneurs constituting 83.05 per cent to total who added new product/service depended on NFIs assistance. Out of 69 entrepreneurs who improved the existing product/service, 52 have availed the services of NFIs. Out of 82 entrepreneurs who modernized their units, 58 entrepreneurs have availed the help of NFIs. Out of 67 entrepreneurs who expanded their units, 51 have relied on NFIs. Out of 79 entrepreneurs who installed modern machinery, 67 have sought the assistance of NFIs. Out
of 61 entrepreneurs who established a second unit, 43 entrepreneurs received the assistance from NFIs. Thus more than 70 per cent of entrepreneurs surveyed have relied on one or the other form of assistance from NFIs under study. This shows the role of NFIs in assisting the entrepreneurs in the study area.

The last hypothesis that women entrepreneurs are playing dormant role in their units is also proved when the category and sex-wise distribution of entrepreneurs in industrial estates of Karnataka is analyzed. Out of the total units surveyed, women own 18 units constituting only 8.91 per cent. Among them, 11 units are owned by women belonging to general category, 3 units by women belonging to SC category, and 2 units each are owned by ST and Minority. These figures show that the women belonging to general category are even today dominating the women industrial arena. Further, the findings of the study endorse the hypothesis as women play a surrogate role in their units. Out of 18 units, only 7 units are practically managed by them and the rest depend on male members to discharge their entrepreneurial responsibilities.

The study has successfully evaluated the role of Non-financial institutions in the development of entrepreneurship in Karnataka. They are playing a significant role in providing assistance for entrepreneurs in the state and marching towards occupying the place of pride in the entrepreneurial or industrial map of the country. What is really needed is the commitment of the institutions to identify with the socialistic philosophy of the state, reflecting the needs and urges of the people, particularly in small sector. Of course, while playing their role the institutions
are suffering from a few handicaps and loopholes. The suggestions made on the basis of the findings, if implemented in good faith, would go a long way in strengthening the entrepreneurial base in the state of Karnataka.

**Directions for Further Research**

The concept of entrepreneurship in modern world is of much importance and greatly recognized for the eradication of unemployment and achieving economic development of the country. Establishment of promotional institutions was an effective move towards the development of entrepreneurship. These institutions play an effective and pivotal role in the development of entrepreneurship. They offer varied assistance ranging from project identification to ultimate selling of the product. Hence, their effective functioning is not only important but also the need of the day. Consequently, many Research Institutions and people have made attempts to study the purpose and functioning of the Institutions in order to measure the effective performance of the same. However, there are prominent research gaps, which need to be plugged through further research. The major directions for further research are given below:

1. Similar services providing institutions are to be grouped and they are to be studies in depth.

2. Separate studies are to be undertaken by classifying the institutions into tangible and intangible services providing institutions.

3. As the present study is restricted to the units located in industrial estates of the state, further study can be extended to the units, which are located outside the
industrial estates too. (It can be noted that the units located in industrial estates enjoy common benefits).

4. Institution-wise in depth study is the need of the hour. Such a study would be more meaningful and the suggestions based on such studies would strengthen the individual institution.