CHAPTER 8

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

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The KSFC is set up with the objective of promoting and developing the entrepreneurship. How far the KSFC is successful in attaining the above objective, how the entrepreneurs in the study area have discharged their entrepreneurial role i.e., performance, what are the factors motivating the entrepreneurs in the study area, the impact of caste, education and family background an entrepreneurial role, how the resources are allocated by KSFC among the different districts, sectors and purpose for which the allocation is made, what are the problems the entrepreneurs are confronted with, what are the lacunae in its functioning - 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 theses vital questions selecting Shimoga district as a case study area.

SUMMARY OF FINDINGS

The major findings of the study are as below.

1. In the pre-independence era, India has witnessed the slow growth and absence of broad based entrepreneurship. The factors such as caste system, colonial rule, joint family system, cultural traditions, educational system and the like were responsible for this situation.

2. In the post-independence era, India has been a witness to the emergence of large industrial houses, expansion and diversification of those industrial houses existing before independence, the emergence of state as an entrepreneur through the
creation of the public sector on the industrial map of the country and also the entrance of multinational corporations on the industrial scene.

3. The process of entrepreneurship development come into vogue due to the shortage of the entrepreneurs in developing countries. In India, upto 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, the Indian government has realised that merely providing the fiscal and financial incentives was not adequate for promoting new entrepreneurs. Therefore, adopted the policy of developing entrepreneurs through Entrepreneurship Development Programmes.

4. The fruits of the industrialisation 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 Karnataka part of the state was declared as 'No Industry District'.
6. Entrepreneurship is an important avenue through which the country can achieve a decentralised industrial structure. It will also help to alleviate many economic and social problems like wide-spread unemployment, growing terrorism, growth of anti national elements, non-utilisation of existing natural resources, lopsided regional development and poverty. Therefore, development of entrepreneurship has received special attention of the policy makers.

7. Today, a network of institutions exist in the country to develop the entrepreneurship. The Karnataka State Financial Corporation is an integral part of this network functioning in the state of Karnataka. The entrepreneurship development is the main motto of the corporation.

8. The promotion and development of entrepreneurship by KSFC take the form of conducting EDPs, EAPs, PRC and PMC holders meeting, successful entrepreneurs meet, providing financial assistance to entrepreneurs through a versatile range of schemes, in some cases, on a concessional basis. It also gives special thrust to special category entrepreneurs, gives importance to the development of local entrepreneurship and guidance is be provided to women entrepreneurs through separate cells and grievances of the entrepreneurs are met through public grievances cell. However, it played its commercial role effectively (indirect approach) than the promotional role (direct approach).

9. The Karnataka State is having abundant supply of resources for entrepreneurship development.
10. A study of the income distribution of the case study area i.e., Shimoga District vis-a-vis that of the Karnataka State indicates that the district is predominantly influenced by agriculture i.e., agrarian in nature.

11. The Shimoga district is endowed with rich natural resources, favourable climate and infrastructural facilities. The study into the distribution of industries indicate that the industrial development is somewhat lopsided with the concentration of industries mainly in Shimoga, Bhadravati and Sagar Taluks.

12. A large majority of the entrepreneurs surveyed, 81.79 per cent, were married while only 7.14 per cent were unmarried. The largest group of the entrepreneurs comprising of 33.22 per cent of the total were in the age group of 31-40 years, followed by 27.86 per cent in the age group of 41-50 years. 15 per cent were less than 30 years of age and 12.85 per cent of the entrepreneurs were over 50 years of age.

13. The educational background study revealed that 37.86 per cent of the total entrepreneurs surveyed had obtained collegiate education, 30.36 per cent were matriculates, 17.86 per cent had primary education and 13.92 per cent were technically qualified.

14. Significant number of entrepreneurs hailed from general category (47.14 per cent) and majority of the entrepreneurs surveyed (52.86 per cent) belong to special category viz., SC/ST, women, minority and BCM.

15. The family background of the entrepreneurs revealed that 50 per cent were from trade or industrial background, 27.15 per cent from service or employment background and only 22.85 per cent were from agricultural background.
16. Majority of the entrepreneurs under survey were motivated to turn to entrepreneurship due to need for independence, desire to get gainfully occupied and desire to achieve something i.e., own internal drives and ambitions. They were neither motivated by the efforts of KSFC nor by the success of other entrepreneurs or social prestige factor.

17. A majority of the entrepreneurs surveyed are engaged in the SSI Sector (71.43 per cent), owning sole proprietary form of organisation (74.64 per cent). The rest are in the transport and other sector (28.57 per cent) and opting partnership and company form of organisation (25.36 per cent).

18. A majority of the entrepreneurs (58.57 per cent) are in the local market followed by state-wide market (27.50 per cent) and national market (12.50 per cent).

19. The size of the entrepreneurs’ units is said to be small since 55.71 per cent of the units were of less than Rs. 3 lakhs initial investment and a majority of the units had either less than 5 employees (58.57 per cent) or no employees (18.57 per cent) initially. However, the investment range and employees number have increased in the latest year under study.

20. A majority of the units were in the sales turnover range of less than Rs. 5 lakhs initially (204 units). But significant number of units (83 units) have crossed this range at the latest year under study. These figures show the size-wise and operation-wise growth of the entrepreneurs.

21. A larger majority of the entrepreneurs had established the units on their own with the financial assistance of KSFC. Thus, though KSFC's finance was not a motivating factor it was felt definitely a facilitating factor.
22. The different types of changes made by the entrepreneurs after floating the unit shows the innovating character of the entrepreneurs in the study area.

23. A larger number of entrepreneurs are in the profit percentage range of 6-10 per cent (109 out of 280 entrepreneurs) and re-investing less than 20 per cent to their business (66 out of 120 entrepreneurs).

24. 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 share in state-wide and national market due to fluency in language and imbibed entrepreneurial skill. The concentration of 54.54 per cent of SC/ST entrepreneurs and 33.33 per cent of minority entrepreneurs in the transport sector which required less technical skill, talent and expertise when compared with the SSI sector and practical control of a large majority of units in the name of the women by the male counterparts show the impact of category or social background on the emergence of entrepreneurs and on the entrepreneurial performance in the study area.
b) The education 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. Similarly, a large majority of technically qualified entrepreneurs 87.17 per cent, chosen the SSI sector as it is suitable to their education background. The technical, collegiate level and matriculation level education holders are having a lion share in the state-wide and national market, while a large majority of entrepreneurs with primary education, 72 per cent, are concentrated in local market. However, profit and education relationship study indicated that technical education, matriculation level and collegiate level education background and profit shows a high degree of negative correlation. But the profit and primary education background shows a moderate degree of negative correlation. Thus, it can be inferred that education background is nothing to do with the profit earning capacity of one. 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.

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. To brief, the former
had a broad based ownership, enjoying lion share in the state-wide 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 number of changes. This shows the innovative character of the entrepreneurs from service or employment background. The re-investment of profit into business by 59.64 per cent of entrepreneurs from service or employment background will prove the above inference drawn.

25. The entrepreneurs under study faced marketing problems, financial (particularly working capital) problems, labour problems, rigid government rules including the rigid and complicated procedures of KSFC, lack of adequate power, scarcity of raw materials, transportation problem and such other problems. The development of entrepreneurship, more particularly, in industrial estates is retarded due to the lack of infrastructural facilities such as roads, drainage, post office, separate banking facility, water supply, security, canteen, recreation facility and the like.

26. The KSFC has made a significant financial contribution to the development of entrepreneurship in the state of Karnataka. It is evident from the following.

a) The corporation was able to reach the target in terms of number of sanctions and amount sanctioned in most of the years under study.
b) The major portion of the assistance of the corporation has gone to new entrepreneurs. But the expansion/modernisation/diversification of the units owned by entrepreneurs and rehabilitation of sick units are also figured more and more in the latter years under study.

c) The SSI sector had enjoyed lion share in the KSFC's total sanctions during the period under study. But sanctions made to other sector in large quantity and transport sector in large number in the latter years under study shows the diversification of corporation's funds towards these sectors and the role played in assisting the service entrepreneurs.

d) The corporation has succeeded in its goal of developing local entrepreneurship by sanctioning 95.76 per cent of the total amount sanctioned during the 8 years under study to 99.40 per cent of the total number of entrepreneurs assisted.

e) There is an upward tendency in the corporation's sanctions (with little variations) to the special category entrepreneurs, viz., SC/ST, minority and women.

f) The special lending of KSFC shows the introduction of new and innovative schemes to cater to the needs of the entrepreneurs.

g) The socio-economic contribution made by the corporation by assisting new and new entrepreneurs, generating more and more employment opportunities, the value of the output generated and investment catalysed by such projects is really appreciable.

However, the performance of the corporation at the state level is not free from lacunae. Few such identified areas are as below.
a) The total sanctions made by the corporation is declined from 14,819 cases in 1995-96 to 13,053 in 1996-97. Again it has reduced by 46.60 per cent in terms of number (from 13,053 in 1996-97 to 6,970 in 1997-98) and by 32.85 per cent in terms of amount (from Rs. 85,984.32 lakhs in 1996-97 to Rs. 57,736.47 lakhs in 1997-98) in 1997-98 as against the relevant previous year. This is a serious issue which requires attention of KSFC.

b) Though growth rate achieved in sanctions and disbursements in the first seven years under study is satisfactory, a wide gap in corporation’s sanctions and disbursements (ranging from 12.35 per cent in 1992-93 to 27.65 per cent in 1991-92) shows the lapse percentage in the financial assistance. Similarly the difference in gross and effective sanctions shows the lapse percentage in corporation’s assistance.

c) The district-wise analysis of sanctions revealed that a few highly developed areas continued to bag the resources of KSFC and backward districts, more particularly a large part of North Karnataka, which require more attention are being neglected. This situation will aggravate the position of regional imbalance instead of reducing them. It is also noted that the corporation appears to have given little thought to the allocation of funds among different districts/areas of the state.

27. A study into the commercial role of KSFC in Shimoga district reveals the following.

a) The sanctions made by the branch office of KSFC at Shimoga and head office shows a mixed trend during the period under study. In total, the district failed to get its legitimate share in the total sanctions made at the state level. The
difference between the share of the district in total amount of sanctions and share in the total population of the state followed by placing of the district next after to the 3 districts of North Karnataka (among deficiency facer districts) will support the above inference drawn.

b) Huge gap in the achievement percentage in terms of number of sanctions and amount sanctioned during the first three years under study shows the sanctioning of small sized loans to large number of borrowers by the corporation.

c) The corporation was not able to reach the target in terms of amount of sanctions in 5 out of 8 years under study.

d) The analysis of taluk-wise assistance reveals that the corporation has failed to achieve the balanced growth of the district and concentration of its financial efforts in certain pockets of the district. Further, the region-wise analysis reveals that malnad region taluks failed to get their legitimate share in the corporation's assistance.

e) Sanctioning of a large sum of money to the SSI sector and to a significant number of entrepreneurs in the transport sector shows the role played by the corporation in the development of industrial entrepreneurship and figuring of service entrepreneurship also in its portfolio.

f) Category cum sector-wise analysis reveals that the special category entrepreneurs have dominated the transport sector and more than 1/3 of the other sector. Their share in the SSI sector, which requires more technical knowledge and skill when compared with transport sector, is less than the share enjoyed by the entrepreneurs belonging to general category.
g) The activity-wise analysis reveals that the corporation has played a major role in attracting more number of service entrepreneurs than the industrial entrepreneurs.

h) The concentration of a large majority of KSFC assisted entrepreneurs, 83.07 per cent, in the proprietary form of organisation shows the narrow ownership base followed by small size of the units.

i) The analysis of size-wise sanctions reveals that a large number of sanctions (86.73 per cent) are of less than Rs. 5 lakhs thus the size of the majority of the units is used to be small.

28. A study into the commercial functions of lending finance to entrepreneurs in the case study area revealed the following.

a) A large majority of entrepreneurs, 85.36 per cent, were dependent on more than one source to meet the initial capital requirements. Also, 81.07 per cent of the sample size have borrowed term loan from KSFC to meet the initial capital requirements besides borrowing from other sources. This shows the inadequacy of the capital provided by the corporation to the entrepreneurs. But it is a sound lending policy of any organisation. Getting of 100 per cent term loan by 52 entrepreneurs in the study area shows the practice of over estimating the project cost and virtual scrapping of the corporation's lending provisions.

b) The working capital policy of the corporation is faulty one, since it has either failed to meet the working capital requirements of the entrepreneurs or failed to provide adequate working capital. This urged the entrepreneurs to depend on multiple agencies to meet their working capital requirements. This has
also affected the activity of the entrepreneurs as 36 entrepreneurs have limited their activity due to non-availability of working capital or insufficient working capital.

c) As regards the attitude of the corporation in granting loan, a big number of entrepreneurs had complaints against the delay in sanctions, non-availability of working capital or availability of insufficient working capital. Rigid and complicated procedures followed by the corporation is the most common reason assigned by the respondents for delay in sanctioning the loan. Significantly, the entrepreneurs did not face discrimination from KSFC in obtaining finance due to caste reasons, absence of political banking, illiteracy or due to their rural background.

d) Though, a large majority of entrepreneurs have approached the KSFC on their own, their seems to be interference of middlemen to some extent.

e) The follow-up measures of KSFC on lending the money is weak. Also, visiting the units with the purpose of recovery only had cultivated negative attitude among the borrowers.

f) An evaluation of the terms of lending revealed that a majority of entrepreneurs had no complaints against the time taken to sanction loans, the period allowed for repayment of loans, minimum contribution to be made by the promoter/s and insistence of collateral security. However, almost half of the respondents felt that interest rates were high and a large majority have felt that the formalities of obtaining loans were rigid and complicated and recovery procedure is very strict. The services of the corporation in the latter two areas are strongly commented /criticised /blamed/attacked by the respondents in the study area. Despite this, 42.14 per cent of the
entrepreneurs rated the service of KSFC as "good". But this number is outweighed by those rated the service of KSFC "average".

g) A large number of entrepreneurs had identified various lacunae in the services and identified the areas which offer scope for the improvement in the present services of KSFC.

29. The closure of large number of VISHWA units, fraud in sanctioning and disbursing the loan, receipt of repayment notice by those who had not obtained the loan really, the mediators role, false promise of the mediators (based on field survey information), improper marketing arrangement, selecting of large number of illiterate rural women as beneficiaries of the scheme and absence of transparency in the implementation of the scheme shows the virtual flop of the VISHWA Scheme.

30. It was found that the coverage of the Entrepreneurship Development Programmes is not adequate as a majority of the entrepreneurs under study have established units without the benefit of such programmes. Again the influence of the Entrepreneurship Development Programmes on the entrepreneurs who had attended such programmes was not encouraging as evidenced by the following findings.

a) The study into the EDP as a motivating factor on the entrepreneurs indicated that the entrepreneurs who attended Entrepreneurship Development Programmes already have an intention to establish units due to the internal ambition of their own. The ranking assigned by the participants of such programmes indicates that EDP was ranked last with only 48 points.
b) A study into the usefulness of different components of EDP indicated that a large majority of the entrepreneurs rate the various components of EDP as "not useful".

c) The follow-up of EDP activities by KSFC is very poor, since only 35 out of 100 EDP participants did receive such follow-up after attending the EDP. Even a large majority of availers of follow-up, rate the various components of EDP follow-up as "not useful".

d) The EDP participants and loan borrowers ratio shows the poor output of such programmes.

e) Though the EDP entrepreneurs are enjoying lion share in the state-wide and national market than the non-EDP entrepreneurs, it is the imbibed entrepreneurial skill that motivated them to lead the race not the EDP, the study reveals.

The above findings indicated the ineffectiveness of EDPs in promoting the entrepreneurship in the participants.

SUGGESTIONS

The emergence of entrepreneurs has far reaching implications for the social and economic advancement of any nation. The process of entrepreneurship development should not merely stop by lending the money by the development agencies including KSFC. There should be a total commitment by KSFC and other agencies involved in the task of entrepreneurship development. The role played by KSFC offers a scope for giving a few suggestions, as it is going to play a major role in the development of entrepreneurship in the coming years. Considering the above, a few suggestions based on secondary data, field survey findings and observation are given below.
1. Mere the 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 modernisation, 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 infructuous. The KSFC, the study revealed, has placed emphasis on providing finance (commercial role) but not assigning needed priority to promotional role or direct approach to entrepreneurship development. Thus it is suggested to adopt an integral functional approach mentioned above. The same is presented in particular in the ensuing pages also.

2. The KSFC mainly assists those prospective entrepreneurs who approach them by themselves. Such a wait and see approach may prove to be wrong approach that too during the days of liberalisation. Now some banks have started to volunteer to provide loans by searching needy entrepreneurs. The corporation too has to identify the prospective entrepreneurs in the society and then try to help in
financing and promoting them. After identifying the prospective entrepreneurs an intensive training shall be given on organisational techniques, accounting, relevant laws, marketing management etc. In other words skill formation should be an important part of such training. Before financing the project it may be insisted that the prospective entrepreneurs complete satisfactorily a training programme which will at least expose them to the required knowledge and skills.

As a part of this skill formation, the corporation is 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 organised more effectively with the help of academicians and successful entrepreneurs. The strengths and weaknesses of the prospective entrepreneurs can be assessed by conducting a written test before selecting a candidate. The target group for EDPs should not only be technical students as the corporation is doing now, but also the students of Commerce, Management and Arts faculty. Because there may be no relationship between education and area of interest. By conducting the EDPs to these group, the corporation can encash the imbibed talents of the students.

As a part of identification and helping exercise, the corporation can introduce the schemes like village adoption scheme as in Commercial Banks.

3. The entrepreneurs have to conform to, more particularly the SSIs, a number of regulatory obligations. It is noted that rigid and complicated procedures of KSFC deterred entrepreneurs in many ways. The entrepreneurial approach and the bureaucratic approach are two contrasting approaches in the sense that the first one is characterised by 'doing things' in a different way and the other is
characterised 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, the corporation should be helped by a team of experts consisting of psychologists, economists and management experts. This team is expected to evaluate not only economic feasibility of the proposed project but also to evaluate the entrepreneur himself. This is necessary as competent entrepreneurial skill alone make a project successful. This type of arrangement would eliminate the bureaucratic element in the decision making process, 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 will blame the government and quasi-governmental authorities. The gaps left by the entrepreneurs in preparing the case for establishing their units is 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 KSFC /DIC should open a cell to advise the prospective entrepreneurs on the procedure and formalities to be completed and the proper agency to be approached. Of course, the technical, planning and legal departments of KSFC are doing this job. But the entrepreneurs felt that they will not give the list of documents to be given at once. Thus, the practice of giving the required documents list at once should be started with much sincerity.
Alternatively, there must be a co-ordination among all the agencies / departments which are required to provide various services to entrepreneurs. The entrepreneurs before getting the loan have to face more difficulties in getting the necessary documents from taluk office, DIC, KSSIDC, KIADB, KPTCL/KEB etc., as the case may be due to bureaucratic style of functioning, corruption and other causes prevailing in these offices. Hence a system under which the KSFC should send the list of documents needed to the concerned departments on behalf of the loan applicants in turn they should send it directly to the KSFC. The responsibility to complete this work may be fixed on each employee through legislation. Also, the time limit for sanctioning and disbursing the loan on the employees of KSFC should be fixed.

4. In view of the problems being faced by the villagers (particularly agriculturists) in giving security at the corporation expected places, the corporation should accept the agriculture land as security for loan. This may help in the development of rural entrepreneurship.

5. Besides fixing the promoter’s minimum contribution on the basis of location of units, type of project and category of the entrepreneurs, the financial background of the loan applicant shall also be considered. Because the poverty is not the experience of people belonging to a particular area or community. Poor persons of upper caste and poor people in non-backward areas (poverty in the midst of plenty) can be seen in this country. This will certainly help in reducing the possibilities of getting the benefit of schemes and programmes of government by what we call creamy-layer category of the society emerged in the post-independent period.
6. KSFC is not running for earning profit, like commercial banks. As its main motto is development of entrepreneurship, the rate of interest on loans should be less than or at least equal to that of commercial banks.

7. Recovery procedure shall be modified. While invoking section 29 of the SFCs Act / taking stringent action against the defaulter, the real cause for default and his intention shall be studied.

8. Public grievance cell may be set up at the branch level.

9. It is not sufficient to merely lend term loan to those entrepreneurs who approach them for finance. Working capital is as important as term loan, hence the corporation should provide more and more working capital so as to avoid the simultaneous dependence of entrepreneurs on KSFC and bank or to relieve them from the clutches of private financial institutions / money lenders, where / to whom they have to pay more interest. The attitude of KSFC should be to see that no project worth financing suffers for want of finance.

The KSFC should ensure that working capital needs have been adequately estimated at the time of preparation of project report. A small entrepreneur because of lack of business experience generally underestimates working capital requirements of the unit. Thus, the need based financing of working capital should be the approach instead of reliance on security oriented financing. Various ratios like net sales to inventory, net sales to working capital, debtors turnover (average collection period) and current ratio should be made use of in determining working capital need of the units.
10. Regionally well balanced growth, has all along been one of the principal objectives of the planned economic development of this country. Many institutions like KSFC is put in charge of such development. But it has been established by this study that the corporation has not succeeded in achieving the assigned target on this issue. It is observed that Bangalore district continue to bag the resources of KSFC, while the majority of the districts of North Karnataka being neglected. In this background, it is suggested that the Karnataka State Government should come forward to create ‘an apex body’ subordinate to KSFC to look into the development of entrepreneurship in North Karnataka. The units coming up in these areas may be exempted or discounted from application processing fee, commitment charges and the entrepreneurs must be given longer repayment periods. The corporation should also establish ‘Technical Advise 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 prospective entrepreneurs.

11. Financial incentives may be an attractive instrument for inducing entrepreneurs, but lack of infrastructural facilities retarding the development of entrepreneurship. Development agencies, therefore, sincerely try and actually develop industrial sheds, road, drainage, post office, bank, telephone, telex facilities etc., in industrial estates. Special attention for the development of infrastructural facilities outside the industrial estates should also be given.

12. The support structure for marketing is necessary if the entrepreneurship programme is to succeed. KSFC can think of acting as catalyst between the small scale industrial units and the consumers and help in marketing the products of
assisted units. However, KSFC alone is a helpless spectator. State level agencies like KHDC, KVIC, KSIMC or district level co-operative societies will have to assume the responsibility and help specialised small institutions to market the goods. Various government departments should purchase their requirements (certain percentage) from SSI units. This can be achieved through a legislation.

13. 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 commence 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.

CONCLUSION

The present study was undertaken with an objective of studying the role of Karnataka State Financial Corporation in promoting and developing entrepreneurship in Karnataka State with special reference to Shimoga District. It has been achieved with the study of various facets of entrepreneurship in the case study area, financial assistance provided in the state and case study area and promotional activities undertaken, more particularly Entrepreneurship Development Programmes in Shimoga District.

The study had started with 9 hypotheses.
The first hypothesis that it is the ambition factor rather than compulsion and encouragement factor that motivated the entrepreneurs in the study area has been proved, as the study reveals that, need for independence, desire to get gainfully occupied and desire to achieve something in life has driven most of the entrepreneurs to threshold of entrepreneurship. Any other factor which has ranked third in motivating the entrepreneurs is the combination of both ambition, compulsion and encouragement factor. But the first three motivating factors mentioned above are outweighing the last factor i.e., any other in Table 5.5. Moreover the encouragement factors such as KSFC finance, EDP/EAP and success of others have very poorly motivated the entrepreneurs in the study area. Therefore, it can be inferred that ambition factor has motivated the entrepreneurs in large number in the study area.

The hypothesis that the coverage of EDP is not adequate and ineffective has also been proved by the study. It is noted that a large majority of entrepreneurs had set-up their projects without EDP training and even the EDP participants rated the different components of EDP as "not useful" in great number, follow-up of EDP as weak, components of follow-up of EDP also as "not useful". EDP, as a motivating factor in becoming an entrepreneur, has motivated only 12 entrepreneurs among them 5 have ranked it as first, 4 have ranked it as second, 2 have ranked it as third and only one entrepreneur assigned fifth or last rank to the EDP/EAP factor.

The third hypothesis concentrated on the type of entrepreneurs attracted by the corporation in terms of number is also proved. The study into the sector-wise sanctions made by the corporation and more particularly activity-wise sanctions made by the corporation in the study area reveals that the corporation has played a major role in attracting more number of service entrepreneurs than industrial entrepreneurs.
The fourth hypothesis that entrepreneurs have opted for or preferred small sized units has been proved by the number of entrepreneurs concentrated in the units with lesser investment range and lesser turnover range initially, running the units with either no employees or finger countable employees and by borrowing lesser amount of financial assistance (i.e., small sized loans) by a large number of entrepreneurs in the study area.

The fact that over 95.76 percent of the total assistance provided by the corporation during the period under study went to 99.40 percent of the total number of assisted entrepreneurs in the state who are the local entrepreneurs proves the hypothesis that the corporation has played a major role in the development of local entrepreneurship.

The findings of the study endorse the hypothesis that women entrepreneurs play only a surrogate role in their units. It is noted that out of the 37 units owned by women entrepreneurs, only 12 units are managed and practically controlled by women and the remaining 25 units are only in the name of the women, but actually managed and controlled by the male counter parts i.e., husband, father and other male members of the family. This shows the women entrepreneurs’ higher dependence on male members of the family in discharging their entrepreneurial responsibilities.

The study into the financial role of KSFC revealed that the corporation has provided financial assistance for variety of activities. It would be too harsh to dismiss the efforts of KSFC in this direction. But there seems to be lack of commitment in achieving the balanced growth of the state as well as in the case study area. The study finds that Bangalore district at the state level and non-malnad region in general and
Shimoga taluk in particular in the case study area received more and more assistance of KSFC. At the same time a large majority districts of North Karnataka and even case study area have failed to get their legitimate share in the corporation’s sanctions. These figures fully endorse the hypothesis that the corporation failed to achieve balanced growth of the state as well as of the case study area.

As regards the hypothesis regarding the impact of the category, education and family background on the entrepreneurial performance, the study finds that the entrepreneurs from general category excelled the race by showing better performance in investment, sales turnover, broad based market, by early chasing the entrepreneurial field and by having broad based ownership. Though they ranked second in undertaking various schemes of development and in the state-wide market share, their performance in the other fronts will certainly outweigh the performance of the entrepreneurs belonging to other category. Similarly the entrepreneurs from trade or industrial background led the race in many respects than the entrepreneurs from other two backgrounds. The impact of higher education i.e., technical and collegiate level education in undertaking different types of changes, schemes of development, in having broad based ownership, enjoying state-wide market also favours the high degree of positive correlation between the entrepreneurial performance and education background.

Though the entrepreneurs from non-general category, other than trade or industrial background and entrepreneurs with lower education show their entrepreneurial performance in a few areas, the land mark in this front has been made by the entrepreneurs belonging to general category, entrepreneurs with higher level of
education and entrepreneurs from trade or industrial background. Thus, the above hypothesis can be endorsed by this study.

Closure of majority of units assisted under VISHWA scheme, absence of transparency in the implementation of the scheme, stopping the assistance under this scheme by KSFC and opinions of entrepreneurs surveyed and official views prove the last hypothesis that the VISHWA scheme fails to generate the entrepreneurs.

In recent years combined efforts of government and developmental banks more particularly the KSFC are on to develop the entrepreneurship so as to eliminate the poverty, backwardness, unemployment problem etc., being faced by the country and also to use the locally available resources.

The study has successfully evaluated the financial and non-financial role of Karnataka State Financial Corporation in the development of entrepreneurship. It has done yeoman service for the development of entrepreneurship in the state as well as in the case study area and steered in to occupy a place of pride in the entrepreneurial or industrial map of the country. What is really needed is the commitment of the corporation to identify itself with the socialistic philosophy of the state, reflecting the needs and urges of the people, particularly in small sector. Of course, the working of the corporation suffers 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 which includes Shimoga District, the case study area.

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