Chapter-6
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The stress of Indian planners on developing small manufacturing units for generating employment and industrial growth is in consonance with the goals of a socialistic pattern of society. In order to obtain significant results in this direction, the Government of Andhra Pradesh has been carrying on various financial, training, extension and market promotion programmes to gear up and accelerate the pace of overall growth of small industries. These efforts appear to have yielded positive results. The percentage of increase in registered units in Chittoor district has been by 150 percent from 302 units in 1981, the number of units in Chittoor has grown to 1366 in 1998. This has, by any means, been an appreciable achievement. One of the most important questions, however, remains and that is, how far and in what forms the various programmes emunciated by the Government have helpful for people in their attempts at entering into manufacturing activities. It is difficult to make a positive proposition on this question, for, a vast multitude of factors operate effectively in the emergence of the units and the process of their growth. Factors like social background of entrepreneurs, their aptitude and family background, the government's ever-changing industrial policies and ever-dynamic and fluid industrial situation in which the entrepreneurs have to operate, exert significant effects on the process of entrepreneurial growth.

The government policies clearly indicate that an entrepreneur has to invest about 25% of the total capital and that he is eligible to get loans worth 75% of the security, he pledges. People without business background would ostensibly find it difficult to avail of these facilities. The credit guarantee scheme of the R.B.I., would not prove to be an effective help to those who cannot arrange for the required security and guarantee.
The present study has amply demonstrated that entrepreneurs avail of government’s assistance and facilities only after they have set up their industrial units. Technical know-how and raising of funds are some of the entrepreneurial areas in which they have sought government’s assistance. Help in terms of technical advice and guidance has been negligible. In all, not more than 8 percent of entrepreneurs sought technical assistance. The bulk of these 8 percent (i.e. 75%) availed of assistance in terms of technical advice from S.I.S.I., which indicates in efficiency on the part of the technical experts. Perhaps professional technicians and kin group members have been considered more effective and competent. This, however, is a hunch which requires empirical data for support.

Those who have entered the industrial arena have done so for their own satisfaction: they have also been overwhelmed by the belief that entrepreneurial activity would lead them towards prosperity. These two beliefs have led them setup small industries. Choice for a particular industry has been circumscribed by the perception of the entrepreneur about the availability of the good market as well as the experience of the kin and family members of working in a similar type of industry. These two factors, which tend to negate the role of government’s endeavor in the direction of attracting people towards entrepreneurial activity have been predominant. Perception of market and experience of family members in similar industries and informal, personalized attributes of assistance circumscribe the choice of entrepreneurs for the one or the other industry. These two factors be little the role of formal agencies in entrepreneurial development.
Entrepreneurial activity is not a smooth sailing and the present study clearly demonstrates the various problems and bottle-necks which entrepreneurs have to contend with. The facilities of tooled rooms, repair shops, quality control etc., are poor or do not exist at all in and around the industrial estates. These factors do not enable entrepreneurs to improve the quality of their products. Owing to paucity of resources, they are unable to develop such things individually at their work place.

The present investigation has amply revealed that the government departments do not encourage small entrepreneur through government purchase, notwithstanding stores purchase rules, which contemplates preferential treatment to small industries in government purchases. Rules and formalities perhaps impede small entrepreneurs in marketing their products to government organization. A powerful marketing organization is, therefore, a prerequisite for small industries. Small industries have a limited production capacity. If small industries pool their capacities together, they may offer better competition in the market. Besides, establishment and creation of 'Trade Centers' may also boost up the sale of products of small industries.

The present investigation has clearly demonstrated that non-availability of quality raw materials at reasonable prices has been a deterrent to the growth of entrepreneurial activity. Although the adhoc system of allotment of quota and preferential treatment to large industries have been a serious problem. Further, the procedural wrangles in procuring various licenses, including import for raw materials, interferes with the production flow. The policy of the government of restricting imports in the non-priority industries and its insistence upon the use of indigenous materials by industrial units hinders the production.
The difficulty in the availability of scarce raw materials is precipitated by such entrepreneurs who operate under the garb and hence are fake units. Some unscrupulous entrepreneurs obtain quota of scarce raw materials, sell them to the fake agencies at a premium, who again sell them to the needy industrial units at exorbitant prices. In the absence of raw materials, the industrial units either dispense with their production schedule or else they try to procure the same through the black market.

The problem of raw materials can be somewhat removed, if a single development agency, which could process all raw materials aid to industry, is created. Along with this, local depots should also be open up to stock the scarce and imported raw materials. The buffer stock thus preserved would be adequate to keep the production going. To assure smooth and meaningful functioning of the local depots, entrepreneurs should be trained in the modern methods of inventory control, lack of which would tend to portray inflated or deflated demands. Besides these two methods, one other method that needs mention is the introduction of curbs on such unscrupulous entrepreneurs who dispose of their quotas for easy gains. In order to obliterate the practice, some punitive measures become imperative.

A serious handicap which inhibit prospective entrants is related with the multiplicity of agencies in the field of small scale industries. The five year plans and the different Industrial Policy Resolutions have contemplated for the formation of various aid agencies which aim at providing long and short term financial aid, help in procuring raw materials and equipments, arrange training facilities, assist in the export effort and secure viable market. However the patterns of aid are cumbersome, difficult and beyond the reach of an entrepreneur of ordinary means. Inauguration of different agencies of varied nature is therefore a source of confusion to the emerging entrepreneurs.
Complicated, time-taking and none-too-easy procedures for obtaining loans, raw materials, preferential treatment in government purchases and other assistance and consequent delays in the actual grant of these assistance exert a distressing impact upon emerging entrepreneurs. The present investigation has clearly buttressed this contention. There seems to be an obvious need for a simplified aid pattern. The case for setting up a development agency with overall responsibility of looking into the problems of small entrepreneurs seems to be the crying need of the hour.

On the basis of analytical study and investigation, several measures are required to be taken up for further improvement and development of small scale industries. Important among them includes creation of a single development agency at the state level to assist and guide the small enterprises in regard to their registration, raw materials, equipment, etc.

Another important step in this direction would be the establishment of local depots to prepare ready stock of scarce raw materials. This would help the small industries in getting adequate quantity of quality raw materials locally. Besides this, it is also required that frequent checks be made on the stocks of quota-holders. This would help eliminate fake manufacturing units.

In order that small units could grow satisfactorily, the criteria for sanctioning loans to small industries need to be liberalized. Capital should be advanced against semi-finished and finished goods also besides fixed assets. The procedure for the grant of loan need to be made easy and less complicated so that sanction of loan does not take a long time.

Establishment of trade center and regional testing laboratory for quality control is also essential for the smooth growth of small industries. The small industries should not be subjected to multipoint taxation which would protect them form unequal competition.
In view of various bottlenecks that entrepreneurs have to contend with, it is therefore, imperative that small industries should be given preferential treatment in the early stage of its establishment. In order to protect the small scale industries from industrial mortality and sickness, it is advisable to segregate the market between large and small sectors. For example, small items of consumer goods and domestic consumption may be earmarked for small units.

Setting up of industrial units requires the attention and workmanship of an entrepreneur on different fronts. Beginning from making arrangement of land, registration of units with the competent authority, construction of factory sheds, registration with the power and water boards, income, sales and other taxes are some of the activities that have to be completed even before commissioning of the units. It is, therefore, necessary to create a separate wing in the government department which would look into these aspects at one point of time.

The technological and training infrastructures should be continuously studied and strengthened to provide a strong base for entrepreneurs and, at the same time, dovetail the need of local industries with the institutional facilities.

The state government's special incentives for industries should be formulated, reviewed and revised continuously and above all, implemented and administered more efficiently and with much promptness than is usual. The concept of incentives should be based on a correct analysis of real handicaps prevailing against rapid industrialization of the State and the needs of small scale industrial entrepreneurs.

Grant of working capital for new entrepreneurship projects requires a developmental approach, especially during their nascent stage when these projects are likely to run into a
variety of problems. It might be useful if at the time of financing of projects, a decision is also taken to elect a commercial bank for the working capital financing.

The Directorate of Technical Development in the Department of Industries should be reorganized and developed into an apex organization on technical facilities for industrialists to discharge effectively the following objectives:

Identify project and arrange to prepare feasibility/project reports and sell the project ideas to small-scale entrepreneurs; counsel the entrepreneurs in the selection of projects and facilities available for setting up industries in the States; formulate research and development programme for the development of new products and new processes for the growth of small scale industries and provide aid to SSI units in solving their technical problems; carry out market surveys of industrial commodities for identification of gaps in production capacity and demand in the State and prepare and consumption based industrial blue-print for the guidance of new entrepreneurs, with these ends in view, the Directorate should develop a full fledged Market Research Wing.

RECOMMENDATIONS

In order to make the government incentive and supporting measures effective to the entrepreneurs, the entrepreneur's awareness to the existence of such measures should be developed. In doing so, the man media of publicity like local newspapers, T.V., radio, cinema slider etc., can be pressed into service. The leaflets published by many promotional agencies in this direction are mostly in English and reach very few entrepreneurs. It is observed that the leaflets contain only a brief introduction of each programme / scheme of incentive and support. They are, in most cases, silent about the procedure to be followed by the entrepreneur in obtaining such benefits. As a result, an entrepreneur who is not even aware of the existence of
such an agency hardly gets the information. Therefore, it is recommended that the leaflet introducing a scheme of government incentive/support etc., should contain the details relating to the procedures to be followed in availing of such facilities and should be in the regional languages.

For smooth flow of information to the grassroots levels, an "information's grid" has to be established with Small Enterprises National Documentation Center (SENO) and Small Industries Development Organization (SIDO) as the models in the system.

Small Industries Service Institutes (SISIs), District Industries Centers (DICs), directories of industries National Small Industries Corporation (NSIC) research and development organizations, financial institutions has to be a two-way process. The information and data generated at the District state and national level institutions should flow into Small Enterprises National Documentation Center. Similarly the information and data from Small Industries Development Organization and its network should flow into Small Enterprises National Documentation Center to be processed, organized and disseminated.

Small Enterprises National Documentation Center will also provide uniform practices for sorting and handling information, which would facilitate in easy exchange of information and data among participating units in the grid.
The promotional, developmental and extension agencies in the small scale and rural sectors are the primary contact points for the entrepreneurs and these agencies should have well organized cells for disseminating received from the information system.

The mass communication media are not geared to the communication of information in an effective manner. Taking into account language, social and cultural aspects and accessibility to rural areas, the system needs strengthening.

Computerization of information and establishing the network connecting all the instructs in the system is perhaps the solution for easy flow of information which ultimately fulfills the objectives of making available the right information to these user groups.