Chapter – VII

Summary of Findings and Suggestions
CHAPTER VII
SUMMARY OF FINDINGS AND SUGGESTIONS

This chapter presents the summary of findings of the research study discussed in the previous chapters. Based on the findings of both secondary and primary information, further analysis is made to provide policy suggestions to overcome the problems faced by the MSMEs and MSME institutions. With the help of the study results further scope for research in this field is identified.

7.0 Introduction

The MSMEs and MSME institutions depend on each other. The governments have introduced number of schemes and institutions for the development of MSMEs. However, expected results are yet to be achieved. The support services of MSMEs through a host of institutional mechanism are far from satisfaction. It is not to be mistaken that the institutions are not supporting MSMEs at all, but there could be better results if there is better service delivery mechanism. The development of MSMEs, in terms of employment, asset creation and competitiveness in the national and international markets, to significant extent is determined by the efficiency of the institution’s functioning and networking.

7.1 Design of Chapter

This chapter presents the summary of findings and suggestions. Based on the survey results the summary of findings is presented in three sections. The Section I present the major findings on secondary data and primary data. Section II presents the results of testing of hypotheses. Section III presents the policy suggestions.

7.2 Section I

Summary of the Findings

The foregoing discussion in previous chapters presented the data and their analysis. The questionnaires were prepared keeping in view the objectives of the current study. Taking in to account the analysis of the data and the questions of the
research study, it is essential to establish the relationship of objectives, hypotheses and the outcome, before making policy suggestions.

The examination of the Institutional Networking and the Development of MSMEs in Karnataka through literature review, survey and analysis indicate that, access to reliable business information and service delivery are the major constraint faced by both MSMEs and MSME institutions.

Findings on Secondary Data

The secondary data show that, 28365 MSMEs are registered since inception of DIC Mysore i.e. the study region. Similarly, 4361 MSMEs registered during in the study period 2008-13 in the district and 1808 MSMEs registered in Mysore taluka i.e. the study area. Survey was undertaken with 108 MSMEs consisting manufacturing and services enterprises as per the MSMEs Act 2006. Analysis of data show lesser participation of Women, SC and ST category. Hence, such entrepreneurs need more encouragement for active participation in development of MSME.

Findings on Primary Data

Findings on MSME Institution’s Responses

Mysore has array of institutions, for the purpose of survey 40 institutions were considered and selected for the study which included financial, technological, government, training, associations and NGOs.

The survey data analysis indicate that the institutions are engaged in providing specialized mandated information and services only but the MSMEs require customized packaged and One-Stop-Shop services. The institutes rank the MSMEs services requirement in the following order of priority, marketing, financial, training, technology and other service. Institutions show that they primarily offer advisory services followed by policy assistance, technology offers, financial services and other general services. From the survey results it is understood that hardly any institution can provide end-to-end or complete solutions. The large number of institutes restore to dissemination of information and link MSMEs to other institutions through MSME support service center. The institutes indicate that, normally MSMEs access individual institutes directly to avail information and services. The MSMEs come
across institutions during exhibitions or through reference from other departments and websites etc.

The survey revealed that 44 percent of institutions provide the services for price and 72 percent of MSMEs agree to avail services by paying fees. Further, it is indicated that the institutes communicate in local language. Institutes rank the problem of the MSMEs in following order, reaching institutions, time spent on searching information, non coordination among institutions, lack of support from institutions and absence of entrepreneurship in education. The MSME institutions create awareness campaign through various digital, prints and other media. It is found that 56 percent of institutes engage professionals for providing services to MSMEs. The institutions cannot be present in all places as desired by the MSMEs due to various constraints. Further institutions lack resources to offer employment generation programmes, or to provide training to unemployed persons. Institutions indicate that each institution seek support of other institutions to provide information and services to MSMEs, in general they approach DIC.

The institutions providing services to MSMEs have human resources constraints and the staffs engaged in offering services to MSMEs also look after the administrative, financial, protocols, inspection and other official works. Though 96 percent of the institutions agree for networking of institutions, 60 percent of the institutions are not sure about current status of networking and 68 percent institutions rated the networking as not effective.

It is found that, the capacity building programmes of institutions are not satisfactory and contributing to the inadequate services to MSMEs. The institutes recognize the importance of networking of institutions and believe that networking of institution reduces the transactional cost and enhance the ease of doing business. 60 percent of the institutes feel that there is need for better inter institutional coordination and admit that increased number of institutions result in duplication of services. The institutes are interested in further developing their services with Government support.
Findings on MSME’s Responses

Persons in age group 30-50 take calculated risk in establishing MSME possessing graduation or other qualifications and MSMEs development is dominated by first generation entrepreneurs preferring manufacturing activity. More number of micro enterprises are registered compared to small and medium enterprises and they play significant role in providing employment. However, the Small and Medium enterprise provide more employment per enterprise. It is difficult for MSMEs to get complete information and services from single source and it is found that still MSMEs prefer to approach Government institutions. MSMEs generally depend on own sources rather than formal source of information and main problem associated are, MSMEs do not know where to ask information, non availability tailor made information, procedure is cumbersome, non cooperative response of bureaucrats, poor quality of information, higher cost, longer time lines etc.

The data indicates that, MSMEs prefer local language for communication, local institutions and One-Stop-Shop however, the awareness about the local institutions is very less among MSMEs. 70 percent of MSMEs not satisfied with the services being delivered by institutions, therefore MSMEs find it difficult to utilize the Government schemes, skilled human resources, knowledge on value chain analysis and diagnostic tools for incipient sickness. The study shows that, the MSMEs know little about the dedicated websites and MSMEs hardly get the services delivered by these websites. Micro enterprises prefer separate policy to realize the policy benefits and MSMEs needs information, services on import substitute products. MSMEs expect the District Industries Center (DIC) to provide enhanced quality services and suggest for restructuring the DIC as the services of other institutions are not easily accessible. Further, MSMEs opined that, entrepreneurship curriculum to be included in the education system. MSMEs are not tech savvy therefore they require training on usage of ICT for business and management purpose. MSMEs not satisfied with the location and the follow up services of institutions. MSMEs indicate that due to lack of institutional networking they are unable to take advantage of networking.

It was indicated by the MSMEs that, they collect information through the publicly available general channels like TV, Radio, news papers, magazines etc, and use similar mode, exhibitions for promoting their products. MSMEs find that there is
need for enhancing quality of information and services of institution by dedicated trained persons with increased funding.

7.3 Findings on the Main Research Theme

The main intention of the research study was to find current status of the Institutional Networking and Development of MSMEs in Karnataka and bridge the gap with possible solution.

MSMEs and MSME institution pertaining to the Mysore taluka, the study area are chosen carefully for survey. Out of 180 MSMEs 102 MSMEs found working and 100 MSMEs provided response to the survey therefore the response rate considered as 98 percent Out of 40 working institutes 25 institutes provided response therefore the response rate considered as 62.5 percent respectively. Mysore was considered as study area as it is one of the industrialized talukas in Karnataka State. The data collected considered being sufficient and representing the Mysore district.

The literature review, theoretical and empirical foundation presented in Chapter II, Policy interventions and growth of MSMEs presented in Chapter III, Policy environment and performance of MSMEs presented in Chapter IV, Institutional environment of MSMEs and their networking presented in Chapter V and Results are presented in Chapter VI. The study provides sound basis for understanding the gaps and problems of MSMEs as also the problems of MSME institutions in Institutional Networking and Development of MSMEs.

The present study identified the constraints of MSMEs and MSME institutions in Institutional Networking and Development of MSMEs in the study area. The study, particularly deals with major research questions and the findings are presented below.

- **Why institutional approach is important for understanding development of MSMEs**
- The data analysis indicate that, despite of good educational background, matured entrepreneurs and of range of institutions present in the study area, it is found that various problems are associated with MSMEs to make use of institutional services. The results of survey suggest solutions through information and institutional approach.
✓ Despite of several institutional measures why MSMEs have not been able
to flourish?
✓ Because of non availability of complete package of services under One-stop-
Shop, MSMEs do not know where to seek information and services. Non
availability of tailor made information, cumbersome procedures, non
cooperative bureaucratic attitude, poor quality of information, time consumed
in accessing, lack of awareness about institutions, weak service delivery
mechanism, low utilization of ICT, various resource constrains with
institutions like human resource, financial resource, capacity building, and
institutional networking are also hindering the development of MSMEs.

✓ How institutional networking promotes MSMEs development under
globalization
✓ To compete under globalization, MSMEs must possess critical information to
achieve the world standard in producing and delivering goods and services.
MSMEs need relevant information and services from the MSME institutions.
However, institutes are providing information and services to MSMEs on
standalone basis making MSMEs to approach individual institutions
separately. Due to this, MSMEs spend more time, money, added efforts and
encounter duplication of services, confusion and undergo unnecessary
procedures and other transactional costs. By networking of institutions all such
transactional cost may be eliminated there by promoting MSME development.

✓ To what extent institutional networking reduces transaction cost and
benefit the firms
✓ Though in the present research study it was not mandated to quantify or
estimate the transaction costs, the study clearly indicate the necessity for
institutional networking and the benefits of it. The Ministry of Commerce and
Industries Government of India, through study on Single Window Mechanism
for Export of Industries reported that by providing 21 integrated services
through single window, approximately Rs 2100 crore transactional cost being
reduced and if complete services are offered it would reduce Rs 6500 crore
transactional cost. This shows the power of institutional networking.
What is the perception of the MSMEs in Mysore taluka with regard to institutional environment prevails in the region?

In spite of array of institutions working in Mysore for the benefit and development of MSMEs, the result of survey indicates that MSMEs are not satisfied with the information and services provided by institutions. MSMEs point out that institutions are not reachable and enough effort is not made by the institutions in disseminating the information and providing services. They further indicated lack of coordination among the service providers and institutional networking.

How critical is the problem of information for MSMEs?

Awareness and access to information is foremost important subject in development of MSMEs. The study shows that this fact is accepted by both the MSMEs and MSME institutes. As discussed in previous sections, lack of information contributes to less efficient use of valuable resource of MSMEs. Information about the six thematic areas identified by the Prime Ministers Task Force (PMTF) including other areas like, Credit, Marketing, Labour, Rehabilitation, Exit policy, Infrastructure, Technology, Skill development, Raw material, Training, Policies have direct bearing on the development of MSMEs. Hence, dissemination of information is very critical with regard to MSMEs.

7.4 Realization of the Study Objectives

The Chapter I provides background of the study, research problem for networking of institutions, conceptual understanding, objectives and hypotheses, scope and importance of the current study, research methodology, data processing use of statistical tools and limitation of study. The secondary data was collected from the District Industries Center Mysore about the MSMEs and researcher separated the list of working MSME and institutes in Mysore after discussing with DIC officials. The primary data was collected from the MSMEs and MSME institutions from the survey. In Chapter II, the literature review is presented along with the theoretical and empirical foundation for the study. Further the chapter provides the gap in the earlier studies and scope for current study in the context of the importance of MSMEs.
Chapter IV discusses the Karnataka’s initiatives to bring out the industrial policies in regular intervals depending on the goals of economic developments and need for employment generation. This chapter throws light on Karnataka MSME (SSI) development through various industrial policies right from 1969 till 2009 and new policy 2014-19.

Therefore, chapter I, II, and IV provide sufficient background to understand industrial policies, scope for institutional mechanisms to support MSMEs. The policy support is provided incentives and concessions through institutions. Institutions provided services to MSMEs in the form of infrastructure, employment generation programmes, trade promotion, human resources development, artisan development initiatives, and technology upgradation, entrepreneurship development and consultancy services. Therefore the first objective of the study is an examining of MSME policy of Karnataka is achieved.

The chapter IV presents the trends in the growth of MSMEs in the Karnataka. The secondary data provide the sound background for understanding the trends in growth of MSMEs in Karnataka. The statistical information on development of MSMEs, investment and employment indicate the growth trend. The data shows that, there is increase in registration of MSMEs, though registration is not compulsory. The cumulative registered MSMEs stood at 3890 during 1969-70 and as per the annual report of Department of Industries and Commerce 2013-14 cumulative registered MSMEs were 484479. Therefore the second objective i.e. to study the trends in the growth of MSMEs in Karnataka is achieved.

In Chapter V, the institutional framework available for the developing MSMEs has been discussed. Global, National, State level and public and private major institutions have been identified for the purpose of the study. The institutions provide wide range information and services to MSMEs, technologies, training, export, trade promotion, finance, infrastructure, research and development, rural industrialization, regulatory etc. The framework shows that institutions operate on standalone basis therefore the MSMEs incur unnecessary transactional cost as MSMEs need to approach each and every institute for services.

In Chapter VI data analysis of survey present the facts about the institutional support to MSMEs. The data analysis in section II shows that each individual MSME
require services in a complete package and it is difficult for the MSMEs to reach out different institutions. The survey result indicates that MSMEs are not fully aware of the existence of the institutions further, MSMEs do not know exactly where to seek information and services. **Therefore, the third objective of the study to analyses the status of institutional frame work and its role in promoting MSMEs is achieved.**

Institutions present in Karnataka and study region is presented in Chapter V and the functions of institutions are discussed. The results of survey of MSME institutions and MSMEs in chapter VI indicate that there is great degree of scope for improvement in delivery of services and institutions need for capacity building. The chapter shows that, MSME institutions agree to expand their services to different client based on demand to suit their specific requirements but institutions have resource constraints for capacity building. Governments need to provide additional funds, human resources, technical information, special cell etc, for their capacity building. The survey shows that, there is lack of coordination between MSME support institutions and each institution is offering their services on standalone basis and even in some cases services are duplicated. The MSMEs also provided the similar response about the services of institutions and in fact MSMEs require service under One-Stop-Shop (OSS) and the analysis indicates that there is need for capacity building of MSME institutions. **Therefore, the fourth objective of the study to examine the need for capacity building of institutions is achieved.**

Chapter V discusses the institutional networking and the response of the MSMEs shows that institutional services are not satisfactory. The problems identified by MSMEs associated with institutions are institutions do not provide end to end services or customized services and lack in providing promotional and awareness programmes. The institutions have weak service delivery mechanism and have various resource constrains like human resource, financial resource, capacity building, and institutional networking. **Therefore, fifth objective of the study namely, to study the networking of institutions in the study region is achieved.**

Chapter VI provides the detailed analysis of response of MSMEs in the study region concerning the institutional support and their networking. As many as 43 questions were asked in the questionnaire, and the response was tabulated and
interpreted therefore, sixth objective of the study to examine critically the response of MSMEs in the study area concerning the institutional support and their network is achieved.

7.5 Hypotheses Testing

In the following section an attempt is made to test the hypotheses of the study. The development of MSMEs basically depends on the Industrial policies and the encouragement from the government. The policy intervention by Government of India and the growth of MSMEs is presented in Chapter III. Policy measure discussed in section I and growth of MSMEs discussed under section II. The policies Government of Karnataka discussed in the chapter IV. The Government of Karnataka industrial policies encouraged development of (SSI) MSMEs and polices played significant role in development of MSMEs over the years. The data on MSMEs in Karnataka is provided under section II of chapter IV. The growth of MSMEs in India and Karnataka are the result of pro development industrial policies and analysis indicates that there has been positive trend in growth of MSMEs. This was tested using Chi test and the results are as follows.

Testing of Hypotheses:

In the following section an attempt has made to test the hypotheses of the study.

Testing of Hypotheses:

In the following section an attempt has made to test the hypotheses of the study.
**Hypothesis 1:**

H₀: Policy interventions have not made positive impact on growth of MSMEs in Karnataka.

H₁: Policy interventions have made positive impact on growth of MSMEs in Karnataka.

**Comparison of MSMEs Performance between Pre-MSMED act and during the Period of MSMED act Intervention**

(Absolute Average Value)

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Period</th>
<th>N</th>
<th>Mean</th>
<th>Std. Error Mean</th>
<th>F-Value</th>
<th>Sig</th>
<th>t-Value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSMEs</td>
<td>Pre-MSMES Act Period</td>
<td>7</td>
<td>13481</td>
<td>867.49905</td>
<td>3.909</td>
<td>0.071</td>
<td>3.388***</td>
<td>0.005</td>
</tr>
<tr>
<td>MSMEs</td>
<td>MSMEs Act Period</td>
<td>7</td>
<td>19644</td>
<td>1598.87369</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CON INVST</td>
<td>Pre-MSMES Act Period</td>
<td>7</td>
<td>40549</td>
<td>4480.78238</td>
<td>2.688</td>
<td>0.127</td>
<td>4.817***</td>
<td>0.000</td>
</tr>
<tr>
<td>MSMEs Act Period</td>
<td></td>
<td>7</td>
<td>88793</td>
<td>8957.79381</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMP</td>
<td>Pre-MSMES Act Period</td>
<td>7</td>
<td>62685</td>
<td>4669.48571</td>
<td>2.714</td>
<td>0.125</td>
<td>6.516***</td>
<td>0.000</td>
</tr>
<tr>
<td>EMP</td>
<td>MSMEs Act Period</td>
<td>7</td>
<td>128881</td>
<td>9021.91251</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Economic Survey of Karnataka for various years.

Note: ***Significant at one percent level

The above table presents comparative growth of MSMEs during pre-MSMED act and during the period of MSMED act intervention in terms of average number of MSMEs registered and average investment (in constant value) made in MSMEs, and average employment generated in MSMEs. It has been found from the F-test that equal variance assumed for number of MSMEs registered, investment in MSMEs and also for employment.
The average number of MSMEs registered during pre-MSMED act period was 13481 and it was 19644 during the period of MSMED act intervention. It has been found from the t-test that the difference between the periods is statistically significant. Therefore, null hypothesis is rejected and alternative hypothesis is accepted for number of MSMEs registered. Accordingly more number of MSMEs registered during the period of MSMED act intervention.

The average investment (in constant value) in MSMEs during pre-MSMED act period was 40549 lakh rupees and it was 88793 lakh rupees during the period of MSMED act intervention. It has been found from the t-test that the difference between the periods is statistically significant. Therefore, null hypothesis is rejected and alternative hypothesis is accepted for investment in MSMEs. Accordingly more investment has been made in MSMEs during the period of MSMED act intervention.

The average employment generated in MSMEs during pre-MSMED act period was 62685 and it was 128881 during the period of MSMED act intervention. It has been found from the t-test that the difference between the periods is statistically significant. Therefore, null hypothesis is rejected and alternative hypothesis is accepted for employment generated in MSMEs. Accordingly more employments have been generated in MSMEs during the period of MSMED act intervention.

Therefore, policy interventions have made positive impact on growth of MSMEs in Karnataka.
Hypothesis 2:

H$_0$: There is no significant difference between Government and non-Government institutions about poor networking of Institutions.

H$_1$: There is significant difference between Government and non-Government institutions about poor networking of Institutions.

**Association between Institutions and Opinion on Better Networking**

(Frequency and Percentage)

<table>
<thead>
<tr>
<th>Better Networking</th>
<th>Institutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Govt Institution</td>
<td>Non-Govt Institution</td>
</tr>
<tr>
<td>Agree</td>
<td>Count</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>% within inst</td>
<td>20.0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>Count</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>% within inst</td>
<td>66.7%</td>
</tr>
<tr>
<td>disagree</td>
<td>Count</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>% within inst</td>
<td>13.3%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>% within inst</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Chi-Square Value: 1.111

Df: 2

Sig: 0.574

Source: Field Survey Data

The above table presents information about association between institutions and opinion on better networking. It has been found out from the cross tabulation that eighty percent of respondents were neutral and disagree with better networking of institutions. Only twenty percent of the respondents have agreed with better networking. Hence, relatively more number of institutions have disagreed with better networking of institutions. At the same time, it has been identified from the chi-square test that there is no association between institutions and opinion at five percent level and no significant difference is found between Government and non-Government institutions. Therefore, null hypothesis cannot be rejected. Accordingly, there is no significant difference between Government and non-Government institutions about poor networking of Institutions.
Hypothesis 3:

H₀: Non-Government institutions do not have positive opinion on time saving by networking of institutions when compared to Government institutions.

H₁: Compared to Government institutions, non-Government institutions have positive opinion on time saving by networking of institutions.

### Association between Institutions and Save Time with Better Networking

(Frequency and Percentage)

<table>
<thead>
<tr>
<th>Save Time</th>
<th>Inst</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Govt Institution</td>
</tr>
<tr>
<td>Yes</td>
<td>6</td>
</tr>
<tr>
<td>% within inst</td>
<td>40.0%</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
</tr>
<tr>
<td>% within inst</td>
<td>60.0%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
</tr>
<tr>
<td>% within inst</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Chi-Square Value: 3.896**

Df: 1

0.048

Source: Field Survey Data

Note: **Significant at five percent level

The above table presents information about association between institutions and opinion on time saving by networking of institutions. It has been found from the cross tabulation that fifty six percent of respondents have opined that networking of institutions will reduce the time. Forty four percent of the respondents have opined that networking of institutions will not reduce the time. Hence, relatively more number of institutions have opined that better networking of institutions will reduce time. At the same time, it has been identified from the chi-square test that there is association between institutions and opinion at five percent level and significant difference is found between Government and non-Government institutions. Therefore, null hypothesis rejected and alternative hypothesis is accepted. Accordingly, compared to Government institutions, non-Government institutions have more positive opinion on time saving by networking of institutions.
Hypothesis 4:

H₀: With regard to the availability of information, there is no significant difference between manufacturing and service MSMEs.

H₁: With regard to the availability of information, there is significant difference between manufacturing and service MSMEs.

**Association between Nature of MSMEs and Satisfaction on Information**

(Frequency and Percentage)

<table>
<thead>
<tr>
<th>Satisfaction by Information</th>
<th>Nature</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacturing</td>
<td>Service</td>
</tr>
<tr>
<td>Highly Satisfied</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>% within nature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>% within nature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16.4%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Neutral</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>% within nature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11.5%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>% within nature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.7%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Highly Dissatisfied</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>% within nature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>32.8%</td>
<td>46.2%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>% within nature</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Chi-Square Value: 9.821**

Sig: 0.048

Df: 4

Source: Field Survey Data

Note: **Significant at five percent level

The above table presents information about association between nature of MSMEs i.e. manufacturing and service with regard to satisfaction about availability of information. It has been found out from the cross tabulation that sixty three percent of the respondents were dissatisfied and highly dissatisfied. About twenty seven percent of the respondents were satisfied and highly satisfied. Hence, relatively more number of MSMEs were dissatisfied with the information available to them in single institution. At the same time, it has been identified from the chi-square test that there is association between nature of MSME units and satisfaction of MSMEs about availability of information at five percent level and dissatisfaction was more for service units compared to manufacturing units. Therefore, null hypothesis is rejected
and alternative hypothesis is accepted. Accordingly, there is significant difference between manufacturing and service enterprises with regard to satisfaction on availability of information.

**Hypothesis 5:**

\( H_0 \): Compared to manufacturing sector MSMEs, service sector MSMEs are not highly dissatisfied with individual institution’s service delivery.

\( H_1 \): Compared to manufacturing sector MSMEs, service sector MSMEs are highly dissatisfied with individual institution’s service delivery.

### Association between Nature of MSMEs and Satisfaction about Individual Institution’s Service Delivery

*(Frequency and Percentage)*

<table>
<thead>
<tr>
<th>Nature</th>
<th>Count (Manufacturing)</th>
<th>Count (Service)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Satisfied</td>
<td>11</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>% within nature</td>
<td>18.0%</td>
<td>7.7%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>15</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>% within nature</td>
<td>24.6%</td>
<td>2.6%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>10</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>% within nature</td>
<td>16.4%</td>
<td>15.4%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>11</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>% within nature</td>
<td>18.0%</td>
<td>15.4%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Highly Dissatisfied</td>
<td>14</td>
<td>23</td>
<td>37</td>
</tr>
<tr>
<td>% within nature</td>
<td>23.0%</td>
<td>59.0%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
<td>39</td>
<td>100</td>
</tr>
<tr>
<td>% within nature</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Chi-Square Value:** 17.488***

**Sig:** 0.002

**Df:** 4

Source: Field Survey Data

Note: ***Significant at one percent level

The above table presents information about association between nature of MSME units and satisfaction about individual institution’s service delivery. It has been found out from the cross tabulation, that fifty four percent of respondents were dissatisfied and highly dissatisfied. About thirty percent of the respondents were satisfied and highly satisfied. Hence, relatively more number of MSMEs were dissatisfied about the services delivered by individual institutions. At the same time, it has been identified from the chi-square test that, there is association between nature of MSME units and satisfaction of MSMEs about delivery of services by individual
institutions at five percent level and dissatisfaction was more for service units compared to manufacturing units. Therefore, null hypothesis is rejected and alternative hypothesis is accepted. Accordingly, compared to manufacturing sector MSMEs, service sector MSMEs are highly dissatisfied with individual institution’s service delivery.

**Hypothesis 6:**

H₀: There is no difference in opinion that networking of institutions will lead to better delivery of required services to MSMEs.

H₁: There is difference in opinion that networking of institutions will lead to better delivery of required services to MSMEs.

**Association between Nature of MSMEs and Opinion on Networking for Service Delivery**

(Frequency and Percentage)

<table>
<thead>
<tr>
<th>Networking</th>
<th>Nature Manufacturing</th>
<th>Nature Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>Count 30</td>
<td>13</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>% within nature 49.2%</td>
<td>33.3%</td>
<td>43.0%</td>
</tr>
<tr>
<td>Agree</td>
<td>Count 19</td>
<td>18</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>% within nature 31.1%</td>
<td>46.2%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>Count 5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>% within nature 8.2%</td>
<td>0.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Disagree</td>
<td>Count 3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>% within nature 4.9%</td>
<td>7.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>Count 4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>% within nature 6.6%</td>
<td>12.8%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count 61</td>
<td>39</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>% within nature 100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Chi-Square Value: 7.376
Sig: 0.117
Df: 4

Source: Field Survey Data

The above table presents information about association between nature of MSME units and opinion on networking for service delivery. The cross tabulation reveals that eighty percent of respondents have agreed and strongly agreed that networking will deliver required services to MSMEs. About fifteen percent of the respondents have disagreed and strongly disagreed. Hence, relatively more number of
MSMEs have agreed that the networking will deliver the required services to MSMEs. At the same time, it has been identified from the chi-square test that there is no association between nature of MSME units and opinion on networking for better delivery of required services to MSMEs, at five percent level and no significant difference is found between manufacturing sector and service sector units. Therefore, null hypothesis cannot be rejected. Accordingly, irrespective of nature of MSMEs, there is a need for networking of institutions for better delivery of required services.

Based on the review of literature, analysis of information needs, services required by the MSMEs and existing support institutions it is concluded that there is gap in understanding and delivering the required services to MSMEs to large extent causing hindrance to development of MSMEs. The survey indicates that there is general absence of coordinated effort by institutions to provide information and services.

Due to the lack of co-ordination among the institutions, the very purpose of establishing the institutions is defeated. The staffs providing information and services in different institutions deliver the services without bothering the needs and results. The role played by the inefficient, non specialized consultants demoralize the MSMEs to some extent in finding proper services though MSMEs spend money to seek the information, guidance, escort services, facilities etc.

7.6 Section III

Suggestions

The current study is intended to understand Institutional Networking and Development of MSMEs in Karnataka. The study is focused on Mysore taluka to achieve the objectives and test the hypotheses. In the following section, based on the study, suggestions are made with regard to both MSME institutions and MSMEs for improving the current status of supply and demand of information and services.

Suggestions based on primary data - Institutions

It is suggested that, all the existing institutions are to be networked. The institutions are to be trained under one networking programme which will build personal rapport and confidence among the persons of various institutions. This
platform can be used to share, update and address the procedural hurdles. The ICT can be used to network different MSME related institutions and stakeholders.

It is suggested that, formal institutional support services are made more visible and accessible easily by the MSMEs through various media and resource allocation to institutions by the Governments.

Capacity building of persons to be introduced to examine and identify the information needs and services on regular basis and deliver the tailor made packaged services to MSMEs.

It is suggested that awareness programme to be conducted for each institution on the key information like Credit, Marketing, Labor, Exit policy, Infrastructure, Technology, Skill development, Raw material, Training, Policies etc. and service available with other institutions.

Institutions need to exchange information among them on regular basis and business model can be developed for offering quality information and services.

It is suggested that, institutions can coordinate and network with grass root level institutions to extend their services to all geographical areas.

It is suggested that, an evaluation of all MSMEs related programmes being implemented through different institutions to be carried out to eliminate duplication and redundant schemes.

It is suggested that, DIC services to be used by strengthening and with effective restructuring. Further, DIC can be made as nodal agency for networking of institutions, deliver services as One-Stop-Shop, offer various service eliminating unnecessary procedures and bureaucratic hurdles to reduce transactional costs.

Government can empower institutions through common agenda for expanding the scope of services to mitigate the problems of MSMEs. The institutions need to enhance the usage of ICT and various MSMEs services to be integrated, the critical information to be standardized and updated on regular basis to deliver the services online through dedicated website.
It is suggested that, mechanism to be developed for providing services to service sector MSMEs.

**Suggestions Based on Primary Data - MSMEs**

It is suggested that, Service MSMEs required to network with institutions and need to access the related policies of Central and State Government policies on regular basis and plan to make use of the facilities accordingly.

It is suggested that, MSMEs need to approach institutions to use the existing institutional mechanism on regular basis. MSMEs or the associations can make use of various media channels to update their knowledge and the mark the schedule of the programmes in beginning of the calendar year.

It is suggested that, MSMEs to move the Government for of separate policy for micro enterprises, since their attributes and problems are different from the small, medium and large enterprises and the information needs to be provided in local languages.

It is suggested that, MSMEs need to make use of Information Communication Technology (ICT) enabling the MSMEs to use information, apply to all business practices and communicate with related institutions, customers, markets and explore the global opportunities.

It is suggested to include entrepreneurship development course in the education to produce new generation entrepreneurs supported by the institutions preferably DIC as European countries are getting good results in this endeavor. The study conducted by European Union on Effects and impact of entrepreneurship programmes in higher education Brussels, March 2012 indicate the positive result on society and economy.

MSMEs have to identify the business opportunities through the programmes of different institutions. They need to take help of formal institutions. MSMEs have to meticulously plan for using the human resources developed by the institutions.

It is suggested that, MSMEs to practice value chain analysis and use tools, techniques for identifying the sickness and take appropriate steps for sustainable development.
It is suggested that, MSMEs need to understand the limitations of the institutions, therefore MSMEs need to use the available institutional mechanism at grass root level to reach the State and national level institutions.

MSMEs have to inform the Government about the bottlenecks in the accessing the schemes, difficult and redundant procedures and possible solutions within the frame work of acts and rules. They can also indicate the transaction cost involved in accessing the institutions and the scheme to enable Government to mitigate the problems through networking of institutions.

**Suggestions Based on Field Experience**

The industrial facilitation act 2002 has to be made more effective in institutional networking. The dissemination of information and delivery mechanism to be strengthened in each institution,

To encourage development of entrepreneurship and MSMEs, cost effective information and training material are to be provided through website, newspapers, television, CD, DVDs and mobile phones etc.

All entrepreneurship development programmes of various departments to be brought under one department. This would avoid misuse, duplication of schemes enabling easy monitoring, evaluation, regulating etc.

Permissions, clearance required from various departments for MSME may be revisited. Self certification, declaration are to be considered wherever permissible and deemed approved mechanism to be provided in case concerned approvals are not provided within time frame.

MSME institutions working towards industrialization need to be entrepreneur friendly, possess knowledge about various documentation, fees, industrial policies and related other acts and rules, market trend, technology availability, credit availability, skill development, sector specific training etc. Therefore, duties, responsibility and accountability of persons in the MSME support institutions are to be clearly defined.

The following additional information and services are to be provided by MSME institutions, opportunities in the region, the local business procedures, tax, business regulations, Cost-of-business models, employment legislation, immigration
requirements, business networking opportunities, introductions to business contacts and service providers, lawyers, accountants, human resource specialists, consultants, designers, interior specialists and real estate agents availability, assistance for property identification, visa applications, relocation advice, business licenses, trademark registration, intellectual property and trade regulations. Further investment opportunities to be increased by providing marketing services during launch and expansion, advice on living and working in the region, including housing, healthcare, schooling and social networking, and advice to support the growth of business.

The Government should introduce Village level web based services, use of mass media, integrate MSMEs in to large enterprise value chain, encourage large industries to provide Business Development Services (BDS) in their Corporate Social Responsibility (CSR) activity.

The institutional capacity building programmes such as, project performance management system, gender equality programmes, labor market information system, career guidance and job placement services, skill standard testing and certification centers, industry institutions partnership and staff development should be introduced.

MSMEs development policies are to be linked to macro economic development sectors of national importance like Power, Transport, Ports, Telecom, Housing, Highways, Financial sector, Road, Health, and Education. Further, MSME policies should also include the globally important issues like Human Rights, Labour Rights, Environment, Anti-Corruption, Partnership for Development with the help of United Nations Global Compact (UNGC) Network. International MSME support institutions like United Nations Industrial Development Organization (UNIDO), Further department to develop entrepreneurship training course with help of International Labor Organization (ILO) programmes like Start and Improve Your Business (SIYB), Know about Business (KAB) and Expand Your Business(EYB), WEDGE, SEED etc and assistance may be sought in designing One-Stop-Shop.

Create Think Tank or research cell exclusively for keeping on working for better operational guidelines, adoption of new technologies, roping in new institutes in the network, building proposals for pilot projects, drafting new schemes, study the effect of schemes of other department , monitor and take corrective measures of MSME policies based on national , global macroeconomic issues, review and carry
out impact assessment of existing programmes, popularizing best practices, address the procedural problems, develop and creating database with help of institutes for development of MSMEs.

Department of Industries and commerce can formulate entrepreneurship policy, skill development policy for industries, policy for farm productivity and Non-farm activities, productivity policy, import substitution policy, MSME Tool Kit, diagnostic tools for enterprises to detect incipient sickness.

The MSME information must be provided taking into account the need assessment, design of business information services, and implementation of business information services and impact assessment of business information services.

AREAS FOR further RESEARCH

- Research on the need of information and services by MSMEs
- Use and impact of ICT on MSMEs
- Advantage of entrepreneurship education
- Impact assessment of networking of institutions
- Poverty alleviation through MSME promotion
- Technology exhibitions for rural industrialization
- Role and performance of DIC post MSME Act 2006

7.7 CONCLUSION

MSMEs play major role in Indian economy. The development of MSMEs depends on the policy support by the Government. Realizing the importance of MSMEs the MSME Act 2006 was introduced by the Government of India. Through the policies, institutional mechanism is provided for supporting the development of MSMEs. The study’s focus was to understand Institutional Networking and the Development of MSMEs in Karnataka by analyzing the policy support, growth trends, institutional framework, capacity and their networking to provide services for the development of MSME in Mysore taluka, the study area. It is expected that institutions provide services as desired by the MSMEs as it is the purpose behind the establishment of institutions.
The study has achieved its objectives and indicates the need for networking of institutions for development of MSME. The present study’s findings show that, in India MSMEs produce over 6000 products contributes to 8 percent to India’s GDP and contributes 40 percent to exports. The MSME sector generate large scale employment using local resources, skills, small capital, thereby making contribution to local economy and eradicates poverty and this argument is true globally. The Government of India and Government of Karnataka MSME policies made lasting impact on development of MSMEs. The MSME institutions are the outcome of the recommendation of several committees and policies. The primary data reveal that institutional mechanism as well as their networking is necessary for the development of MSMEs. The policy intervention and networking have positive impact on MSME development and reduce the transactional costs.