CHAPTER - II

REVIEW OF LITERATURE

In this chapter an attempt to made overall growth of SSI units in India, Tamil Nadu and Perambalur district. The data needed were collected from the records of the Directorate of Industries and Commerce, Government of Tamil Nadu, Evaluation of applied research department. District Industrial Centre, Development commissioner of Small Scale Industry, Ministry of Industry and Commerce. Ministry of Agro and Rural Industries, Lead Bank Reports, in addition to SIDBI Annual Report, Annual Survey of Industries, and various publications from Government of India. Tamil Nadu and District Level Reports have also been consulted to prepare this report.

The word Entrepreneur appeared in the French language long before when there was no general concept of entrepreneurial function. In the early part of 16th century, men engaged in leading military expeditions were referred to as entrepreneurs. Form this usage; it was easy to move to applying to entrepreneur to other types of adventures. After 1700, the French to government road, bridge, and harbor and fortification contractors and somewhat later to architects Houselights had frequently applied the term entrepreneur. In the mid 18th Century a French writer Bernard F.Belidor, defined "entrepreneurship consists in buying labour and materials at uncertain prices and selling the resultant product at a contracted prices" (Hoselitz, 1951). Entrepreneurship, as a concept entered into the economic literature mainly through the writings of Richard
Cantillon who was the first to use the term entrepreneur. Richard Cantillon (1775) explained that the essence of the function of the entrepreneur is to bear uncertainty. Later, in the 18th century; physiocrafts termed the agricultural cultivators as entrepreneurs.

By the end of the 18th century, French economists had given special meaning to entrepreneurship with differences arising largely from the characteristics of the sector of the economy that chiefly attracted their attention. Those economists interested in government saw the entrepreneur as a contractor, the specialist on agriculture as a farmer and the proponents of industry as a risk taking capitalist. (David L. Sills, 1968)

Rama Mohan Rao in his book namely “Employment Potential of Manufacturing Industries” he says, the development of any country depends upon growth of industries, that is why it is industrialize or perish this is more appropriate to the developing countries particularly in India as the economic development can’t be achieved without growth of industries. Better utilization of four factors is pre condition for economic development. The internal and external economics are greater in industrial sector than in other sectors in a country like India where there is a scarce of capital, need for the development of SSI is absolutely essential for not only making the country an industrialized one, but also in reducing the problem of unemployment regional disparities and economic backwardness.

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The planning Commission gives this report in the II five year plan states that The industrial policy resolution 1956\textsuperscript{11} “They provide large scale employment, offering method of ensuring a more equitable distribution of national income and they facilitates an effective mobilization of resources of capital and skill which might otherwise remain un utilized some of the problems that unplanned urbanization tends to create will be avoided by establishment of SSI in all over the country”.

Steban J \textsuperscript{12}1951 in his book namely “Principles and Practice of Commerce” he says there are many hindrances to the transfer of goods from producer to ultimate customers. Commerce is defined as “the sum of total those process which are encaged in the removal of the hindrances of persons (trade), place (transport and insurance), and time (warehousing) in the exchange (banking) of commodities.”

Kuchal C \textsuperscript{13}1996 in his book “Corporate Finance Principles and Problems” has stated that Finance is “usually divided into categories according to the type of entity or organization served the major classification of this nature is “two fold, public finance and business finance. The former is normally concerned with the income and expenditure of the enterprises; hence the public finance deals with finance of the government.

\textsuperscript{11} Planning commission’s report, II five year plan, p.47.
\textsuperscript{12} Steban S 1951 ‘Principles an practice of Commerce’, Sir Isaac pitman and Sons Ltd, London, p. 95
\textsuperscript{13} Kutchal S.C 1966 “Corporate Finance Principles and Problems, Chaithanya Publising House, Allahabad P1.
Howard B P\textsuperscript{14} et.al in his book “Introduction to Business Finance” states that business finance involves “An analysis of the various means of securing money for private business enterprises and the administration of the money by individuals, voluntary associations, and corporations”

Jordan \textsuperscript{15}DF 1940, in his book namely “The Financing of Enterprises”, he state that thus financing of business enterprise known as “business finance serve as an essential, financing agency in the primary economic function of production, exchange, consumption, and distribution”

Howard\textsuperscript{16} et.al 1953in his book namely “Introduction to Business Finance”, he says Finance is referring to “Those activities involved in seeing that an individual or organization has to cash with which to play its bills promptly. The encyclopedia Britannica attempts to convey the ideas as follows The concept of finance somewhat broadened by defining finance as that administrative area or set of administrative functions in an organization. Which have to do with the management of the flow of cash so that the organization will have the means to carryout its objective as satisfactory as possible and at the same time meets its obligation as they became due?

\textsuperscript{14} B.B Howard et.al 1953 introduction to business finance , Mc Graw Hill Book company Ltd. Newyark, p.3.
\textsuperscript{15} D.F Jordan 1940, the financing of enterprises, Rinehart company Ltd. Newyark, Page No. 248.
\textsuperscript{16} B.B Howard et.al., 1953 introduction to business finance, Mc Graw Hill Book Company Ltd. Newyark, p.79.
Camero D\textsuperscript{17} ET. al. 1967 in his book “Banking in the early stages of industrialization”, he states that ‘Finance is the lubricant of the process of economic growth’.

Awad M H\textsuperscript{18} 1971 in his article namely “The supply of risk bearers in the under developed countries” he says that When finance becomes available, industrial development is initiated and new investment opportunities arise. This newly developed access to funds on reasonable terms induces or encourages entrepreneurs to expand their horizon of conceivable opportunities. Not simply access to funds, but the entire financial milieu and the rationalism it implies triggers create entrepreneurial responses. It provides business man with risk-reducing and risk-shifting devices than poorer ones

M. Banerjee, M\textsuperscript{19} 1964 in his book namely “Business organization,” he says Business requires finance for many purposes First a large sum of money has to be spent on investigating the soundness of a business scheme before it is taken up for implementation. In case of manufacturing organization, a factory building has to be erected and installed before production can be undertaken. Money is needed for purchase of raw material, semi raw materials and miscellaneous stores and to pay workers and finally the procurement of

\textsuperscript{17} Camero D ET. al. 1967  Banking in the early stages of industrialization, oxford university press, New York, p.2.
\textsuperscript{18} Awad M H1971 the supply of risk beareRs in the under developed countries p.467
\textsuperscript{19} Banerjee M , 1964 Business organization, Asia publishing house Mumbai p 59.
money for some expenditure like selling and distribution, payment to the staff members, preparation of documents etc…

Kathiresan S 20 1994 in his book namely “Marketing”, he states that. Long-term finance is needed for the purpose to purchase of asset like... Land and building machinery and other fixtures, which can be used for the long periods, these assets are also called fixed or block capital because their value is dissipated slowly and they cannot be readily converted in to cash.

Dimand W 21 1957 in his book namely “Development banks” he says that, The supply of finance has to be canalized through specialized financial institutions that act as pump primers rather than simply conduits for the factors of production like land, labour, capital and organization. In addition, draw more and more people from different lifestyles in to the vortex of the industry.

Martin Robert 22 1940 in his book namely “Capital in Economic Principle and problems” he says that Capital for various purposes is usually of different origins. Two primary sources of capital are the savings of the individual and undistributed profit of business enterprises.

F.A.Ryan 23 states his article on “How to start small-scale industry”. Gives the following guidelines were given to new entrepreneurs. One who wants to start an industry they should follow these steps in their mind, as you

20 S.Kathiresan 1994 Marketing, Bhavani publishing house, Chennai.p 93
21 W.Dimand 1957 Development banks, the John Hopkins press, Baltimore, p.4
22 Robert Martin 1940 Capital in economic principle and problems Richard &co Publishers, p.3
23 F.A Ryan, Director RTC Chennai in his article name HOW TO START SSI? To Logue Udyog Samachar July-Sep.2004, p.81.
are an entrepreneurs. Firstly, where the raw materials are availability and technique, and cheap labour are ready in market. Secondly, he must do a quick market survey with an eye to location. Thirdly clearance certificate from concerned authority that is electricity, water board etc. Fourthly preparing documents to set out fixed capital, working capital, raw material, personnel, gross profit, net profit, percentage of returns on total investment. And fifth to construct the building and to procure and install the machines, The sixth one the working capital and layout and The seventh one is arrangement for personnel requirements and registration with tax department this is very important document for selling activities. The entrepreneurs will also have to turn his mind to these formalities regarding income tax and labour legislations.

David Gass (2006) an entrepreneur with multiple business all offering product, services, and support of small business owners. He has recently named to the “Raising star of las Vegas” as an up and coming entrepreneurs who has made an impact of the city from the efforts in his business and its environment. We learn from various ideas in the field of experts.

The annual report shows to small business peoples. The small business loan with no mortgage and no security required. The loan is provided in the form of over draft, Letter on credit, or Bank guarantee up to maximum of Rs. 25 lakh, faster sanction and flexible repayment schedule in part payment, pre payment.

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24 David Gass founder of the Small Business Consulting.Com
Morarji Desai says that, “It is the village and villagers who must feel the glow of change for the better. What is more we must reverse the process of villagers coming to cities in search of labour and employment. Instead, it is the town-folk who must go to the village for an open life combining it with service to the people and making their contribution to economic development to build-up and prosperity of rural areas and through it that of the country.” The government affirms the right to work and it will refashion economic programmes and priorities in order to maximize employment. Gandhiji’s concept of Antyodya was not merely a moral precept but an economic and social imperative. Household and small industry can generate wealth and economics of our country. It leads productivity and employment through technology, wage and consumption. The big city, the big science, and the big machine have their place. However, they can’t claim a perspective right to preference and dominance.

K.C Kaushik, Small industries promotion officer write his article namely “50 years of small scale industry in India, the SSI has played a vital role in shaping the destiny of the nation since independence. It had emerged as a highly vibrant and dynamic sector of Indian economy. The sector accounts for about 95 percent of industrial units, contribute about 40 percent value added manufacturing sector and 33 percent of national exports. Through over 28 lakh

26 Our Prime Minister Write on his article to LAGHU UDYOG SAMACHAR Vol.1 No.10 May 1977.  
27 Kouchik K C Small Industries Promotion Officer wrote his article namely “50 Years of SSI in India published in Laghu Udyog Samachar, July–Sep. 2004.
units spread over the nation. This sector now provides employment to 160 lakh people, 28 lakh entrepreneurs along with 132 lakh employees are to the destiny makers of the country. This sector now produces over 7500 items.

Jayakodi M.\textsuperscript{28} in her thesis namely “A study on the growth of SSI in Trichy” noted that the growth of small scale industrial units has been identified growth index method in her research. Under this method, overall factors to determine following seven components in fixed assets, current assets, Capacity of utilization, Line of the product, Number of days worked, Number of customers, Number of persons employed.

Gupta and Ambegeokar\textsuperscript{29} in his book namely “Changing Structure of Industrial Finance in India” he observed that the use of funds from banks by the private corporate sector had exceeded its inventory formation. Gupta has argued that a small portion to such finance should have gone to meet fixed investment. Further, he found the growth rate of physical assets to direct relate to security issues than bank credit. Hence, he argued that the fast growing firms relied heavily on security issues than the use of bank credit. Ambegeokar found that the rate of rise in bank credit exceeded that of inventory, sales and output. Further he observed that its dependence on banks for working capital had increased, accompanied by a decline in reliance on other financial institutions.

Shetty S L  

in his article namely “Development of Commercial Bank and other Institutional Credit” he assessed the dimensional changes in credit deployment during the first five years of nationalization in relation to changes in output and prices. The rationale for his analysis was the fact that, in any accepted model of demand for money, one common variable is the gross national product or some other variant of it in real terms. Consequently, the hypothesized that credit for any sector or industry over a period has to have some relationship with its performance in real terms, particularly output.

He observed that a declining the credit extended by banks to industries since nationalization though it was higher than other sectors. The share of manufacturing sector in bank credit is higher than its share in Net Domestic Product (NDP) he concludes that increase in bank credit has overfed far in excess for increase in output during the years 1968/69 to 1973/74.

Shetty S L  says in his article “Performance of Commercial Banks since Nationalization” observed that, the share of medium and large industry in total bank credit had declined due to priority sector lending, that growth in bank credit had always been disproportionate to growth of their physical output, especially in industries like cotton textiles. His observation particularly for the years 1975-76 and 1976-77 revealed: In line with these observations, he suggested policies to scrutinize credit claims vigorously and relate credit to the

30 S.L Shetty 1976 Development of commercial bank and other institutional credit, Economic and political weekly vol XI 1975, pp. 696-705.
31 S.L Shetty 1978 performance of commercial banks since nationalization, Economical and political review weekly Vol XII 31 32 &34 august, pp.1407-1451.
genuine production requirements so that funds are not tied up with these large borrowers.

Rao K S R\textsuperscript{32} in his article namely “Demand for Commercial Bank Credit” carried out an econometric exercise on the determinants of demand for bank credit of some selected industries for the period between 1970-71 and 1984-85. He observed that output of these industries was the most important factor in determining its demand for bank credit whereas, interest rate of banks and relative rate of interest of other sources of borrowing played only a secondary role. Price of output was also found to have affected the demand for credit significantly. The relative interest rate variable was significant with respect to industries like textiles, engineering and total manufacturing, while it was not significant for industries like sugar and other food products and chemicals.

Divatia and Shankar\textsuperscript{33} in their paper namely “Capital Formation and Financing in Private Sector” in their paper discussed the role of internal and external sources of funds and their components in financing capital formation of the private and corporate sector. The study was based on the RBI company finance studies relating to medium and large public and private limited companies and covered the period 1961-76. They also discussed the trends and

\textsuperscript{32} K.S.R.Rao 1988 Demand for commercial bank credit 1970-85 m.phil report. CDS thiruvanandapuram.
\textsuperscript{33} Divatia VV and Shankar 1979 capital formation and financing in private corporate sector 1961-1976 the journal of income and wealth April. 118-152.
patterns of financing for four individual industries, viz, cotton textiles, jute, sugar and cement.

Adve S$^{34}$ had some interesting findings in his article "Financial Practices in Indian Corporate Sector." based on the RBI company finance data. He underlined the rising dependence on borrowed capital in relation to the total capital employed in the Indian corporate sector. Trade credit pointed out to be important sources of capital when the bank credit was squeezed. Making an industrial analysis, the author concluded that the industries with large profit margins and those with large depreciation and development rebate reserves had a relatively lower order of overall indebtedness and many of them had lower order bank borrowings in relation to overall indebtedness. Industries with high profit margin such as silk and rayon textiles, aluminum, basic industrial chemicals and medicine and pharmaceutical preparations had lower proportion of borrowed funds as compared to the average of the medium and large public Ltd. companies.

Gupta L.S$^{35}$ in his book namely, “Changing Structure of Industrial finance in India” he says that form the extensive study viewed that the growth of institutional finance emerged in India was due to structural change for industrial financing system with wide change of socio-political situations in India. He attempted to measure overall impact of financial institutions on

$^{34}$Adve S[1980]‘financial practices in India corporate sector inter-group and inter-size differences,'Economic and political review weekly feb.23
capital formation in the organised private sector as also the locatives efficiency of financial system. He observed that during the first plan financial assistance rendered by special institutions represented only 4.1 percent of gross fixed investment in private industry, which rose to 7.9 percent in the second plan and further to 18.1 Percent in the third plan period. He also found that commercial banks remained the most important single agency for financing the private corporate industry and LIC was the single largest purchaser of industrial securities and the underwriter of new issues of large and established companies.

Joshi M.S \[36\] in his book namely “Financial Intermediaries in India” he examined that the role financial intermediaries in providing finance to large-scale industries in the private sector. After analyzing the contribution of each important intermediary towards industrial development in India, he estimated that these intermediaries have participated with 17 percent of investment in various industries against 39 percent in share capital of public Ltd. companies.

Oommen M.A \[37\] in his article namely “Rise and Growth of Banks in Kerala” he says that historically reviewed the expansion of commercial banking in the Travancore-Cochin region prior to the period of planning. He noted some of the salient features of banking in Kerala: their community or sectarian origin and ownership, the rural areas bias, over extension of credit

and predominance of small accounts. He noted the presence of a special concentration of banking in Tiruvalla and Trichur.

The Kerala Planning Board\textsuperscript{38} (1982) made an effort to understand the performance of commercial banks in Kerala after nationalization. This study was confined only to a quantitative assessing of the performance of nationalized banks and looked at the mobilization of deposits trend in credit expansion and the sectoral distribution of bank advances. Even though the number of bank offices in the state is more than that of other states, some districts like Malappuram and Idukki lacked banking infrastructure. Ernakulam was found to be the best – banked district in the state followed closely by Trivandrum. It accounted for 22 percent of the deposits and 30 percent of the credit disbursed in the state. Idukki, Malapuram and Palghat were was behind.

Sunanda’s\textsuperscript{39} in the study of institutional agricultural credit in Kerala highlights the inter district disparity. She reviews the socio-economic background for the origin and growth of banks in Kerala (performance of commercial banks and co-operatives only) and concentrates on the agricultural credit disbursed by them. In credit per hectare, Ernakulam and Trichur stood highest while Palghat ranked the lowest. Regional disparity of agricultural credit from commercial banks decreased between 1974/75 and 1985/86 while that of co-operatives increased. She has used Principal Component Analysis to

\textsuperscript{38} The Keral Planning Board (1982)
\textsuperscript{39} Sunanda S [1991] “Institutional Credit for Agriculture in kerala-A Disaggregated Analysis”.
explain the variation. Three sets of variables are used for explaining the variation of credit per hectare from commercial banks and co-operatives viz., Banking variables, Asset variables and Productivity variables.

**Shri. Mammen Mappilai K.C** ⁴⁰ says that in his article namely “Reminiscence” throws some light on the banking developments that took place in Kerala prior to independence and the role played by the Christian community in developing the banking system in the state. It also contains the history of the National Qulin Bank, which was the premier bank at that time and explains the reasons for its failure.

**Shri. Seshadri’s A.K** ⁴¹ says that in his article namely "A Swadeshi Bank from South India" he gives an account of the banking crisis that occurred in the state in 1930 due to the failure of the Bank, that in 1960 consequent upon the liquidation of the Central Bank, Palai.

**Karkal G** ⁴² in his book namely “Un Organized Money Market in India” he brings out some of the problems of indigenous banking in India in the present context economic development. He attempts a scientific definition of the term 'agencies' and points out how the earlier definitions were defective. Karkal’s book estimates the magnitude of capital involved in the unorganized market through the help of data regarding 'Hundi' sales. With the help of available data, the study points out the nature of the interest rate n the various

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⁴⁰ Manan pillai K.C 1959 Reminiscence, Malayala manorama publishing co. kpttayam kerala.  
⁴¹ Seshadri A.k 1982 A swadeshi bank from south India, Indian bank Chennai. 13(A) Indian banking association 1987 A banking profile Mumbai.  
⁴² Karkal G1967 Un organized Money market in India, Lalvani publishing house, Mumbai.
rural – urban regions. It indicates the trend of and effect of the contact between the two markets viz. the organized money market and unorganized financial sector. Again, the study discusses the methods of strengthening the 'Agencies'. Here it pleads for the recognition of the 'hundi' as a liquid asset – at least in the case of trusted indigenous bankers, thereby giving an impetus to the unorganized sector to encourage the bill business.

B.A. Praksh\textsuperscript{43} in his article namely “Private Financing Firms” he provides an interesting account of the functioning of private financing firms in Kerala. The study based on a survey of the private financing firms in Trichur town seeks to examine the factors, which contributed to the emergence of these institutions, the method of their functioning and their importance as a parallel banking system. However, he is silent on questions such as types of borrowers, total amount of uncounted money generated by the private financing firms, safety of depositors' money and so on.

Rajasekhar D\textsuperscript{44} he says in his paper title “Private Financing Firms in Karnataka” he says his paper is based on a survey of 8 private financing firms in Bellary town in Karnataka tries to probe the factors responsible for the growth of private financing firms. It also documents and analyses the functioning of private financing firms and critically examines the type of

\textsuperscript{43}Prakash B.A 1984 private financing firms, Economic political weekly Vol XIX Dec .15
\textsuperscript{44}Rajasekar D 1988 private financing firms in Karnataka, A boom for tax dodgeRs, working paper No.228. CDS Thiruvananthapuram .
borrowers, the use pattern of the borrowings and tries to estimate the black money generated by the private financing firms.

**David Isaac** 45 “Introduces Property Finance”, bringing together the professional disciplines related to finance and property investment and development. The book establishes the basic concept of finance examines the applications of these concepts in practice and gives an overview of the market, its history and position as of 1993.

**Malic T.H** 46 in his article namely ‘Recent Development in Financing Policy in Pakistan” argues that even though new private finance companies have been set up a few lower-income households, quality for loans because the eligibility criteria require proof of five years full employment, Imposing a start-up fee equivalent to three months salary and taxes to approximately 25 percent of the loan value.

**William Baumol** 47 in his article namely “Entrepreneurship in Economic Theory” he states that the concept of entrepreneur became insignificant in the neo-classical school of economics. Entrepreneurial activity is analogous to a fixed endowment because it sets a limit to the efficient size of the firm. The static and passive role of the entrepreneur in the neo-classical theory reflects the theory's emphasis on perfect information, which trivializes

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management and decision-making and on perfect markets, which do coordination necessary and leave nothing for the entrepreneur

**Alfred Marshall A (1961)**⁴⁸ in his book namely “Principles of Economics”, he states that entrepreneur, as a superintendent was both a merchant and organizer of production. As a merchant and organizer, entrepreneur must forecast the broad movements of production and consumption and discern where there is an opportunity for supplying a new commodity that will meet a real want or improve the plan of producing an old commodity. Again, in order to obtain these, the superintendent must be able to judge cautiously and undertake risks boldly.

The European view of entrepreneurship found echoed in the unit’s states, which then emerged as that most powerful industrial nation. Three eminent economists⁴⁹ highlighted the concept such as Francis Walker (1840-1897), Fredrick Hawley and John Bates Clark (1847-1930).

**Fredrick Hawley's**⁵⁰ in his paper namely “Entrepreneurial Organization as a factor in economic Development” views that on entrepreneurship are included in his risk theory of profit. Hawley looked at the entrepreneur as a great dynamic force of the capitalist system. He considered risk and uncertainty to be as more essential element in industrial transition. Frank knight culminated into a full-blown theory of risk, uncertainty and profit in 1921. According to

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⁴⁹ Concept of entrepreneurial - Francis Walker.
⁵⁰ Fredick 1956 entrepreneurial organization as a factor in economic development Quartile journal of economics Vol LXX No.3 august.
him, the function of a manager does not include entrepreneurship, but a manager becomes an entrepreneur when his performance requires exercise of judgment involving uncertainty.

**Schumpeter J.A (1961)** in his book namely “Theory of Economic Development’ he says that the entrepreneur is the prime mover in economic development and his function is to innovate or carry out new combination which is called "enterprise" and the individuals who carry them out is called "entrepreneurs”. There are five types of innovations as identified by him are: The introduction of new goods, the opening of a new market, new source of supply of raw materials and the creation of a new type of industrial organization. Entrepreneur is not an inventor but one who decides to allocate resources to the exploitation of the invention; nor he is a risk bearer; risk bearing is the function of the capitalist who lends funds to the entrepreneurs. Essentially, therefore, Schumpeter’s entrepreneur has a managerial or decision-making role. In his concept of innovation, provide a wide enough scope to incorporate itself the elements of risk-taking, superintendence and coordination which most of his predecessors had not emphasized.

**John Maynard Keynes (1964)**, says that "Entrepreneur is an equity owner who is chiefly responsible for making investment-decisions and as an

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active factor of production, he must face uncertainty in his ability to forecast effective demand”.

**Gobakumar K,** 53 1955 in his article namely “The entrepreneur in economic thought” he says that Schumpeterian synthesis even today is criticized by others. One of his most notable contemporary critics was Casio who questioned the applicability of Schumpeterian constructs to advanced industrial economics. She suggests that with growing accent on Research and Development (R & D) activities in large business corporations, “innovation” has ceased to be the distinguishing feature of the entrepreneurship. "If invention and innovation are a part of business output". He points out "Schumpeter's emphasis on innovation as a disturbing occurrence to which adjustments must be made and must be revised. The Post Schumpeterian corpus of literature may be divided into two based themes. The Harvard Tradition and the Neo-Austrian School The Harvard School basically centers on the ideas generated at the Research Centre in entrepreneurial History in Harvard University founded by Arthur H.Cole in 1948.

Cole's entrepreneur has two notable features: They are (I) He is a productive agent who utilizes other productive factors for the creation of goods. (ii) He makes decision under uncertainty. His concept of entrepreneurship, however, is less heroic than that of this more illustrious colleague. As per Cole's idea, entrepreneurship is the purposeful activity or integrated sequence

of decisions of an individual or a group of individuals undertaken to initiate, organize or aggrades a profit-oriented business unit for the production or distribution of economy goods of services.

Leon Walras (1965)\(^{54}\) in his book namely “Elements of Pure Economics” explains that an entrepreneur is a person (natural or corporate) who buys raw materials from other entrepreneur then leases land from land owners on payment of rent. Hires the personal faculties of workers on payment of wages borrows capital from capitalists on payment of interest charges and finally, having applied certain productive services to the raw materials, sells the resulting product on his own accounts

Leibenstein (1968)\(^{55}\) in his article in the title “Entrepreneurship and Economic Development” he has explained that the entrepreneur as a gap-filler and input completed was probably the prime mover of the capacity creation.

Soltow (1968)\(^{56}\) in his book “Entrepreneurship and Economic Development” he has explained that the social and cultural elements have influenced the character of an entrepreneurship.

Higgins (1971),\(^{57}\) entrepreneurship is the function of seeing investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour, and arranging for the supply

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\(^{54}\) Leon walras 1965 Elements of pure economics (translated by William jafee) Unwin publication, London.

\(^{55}\) Libenstein Harvey 1968 Entrepreneurship and development American economic review Vol LIII, No.2 may.

\(^{56}\) Soltow 1968 Entrepreneurship and economic development, the free press new yark.

\(^{57}\) Higgins E.E 1971 Entrepreneurship and economic development, the free press new yark.
of raw materials and selecting top managers for the day-to-day operation of the enterprises.

Aharoni (1977) defined that the managers who were willing to take risks, had the knowledge and ability to organize and maintain various needed inputs, and had the capacity to make basic decisions, might be called entrepreneurs.

Pearce W. David (1989) defines, entrepreneurship as the fourth factor of production after land, labour and capital, which organises production and undertakes the risk of an enterprise. Further, he held that in joint stock companies, the risk bearing is undertaken by the shareholders; in small business, usually by the manager-proprietor.

Harvey (1982) in his book title “Mastering Economics” says that for the production to take place, Resources must be brought together and set to work and who ever undertakes this takes is often described ad "entrepreneur".

Pande and Mithani (1990) in their book namely “Dictionary of Economics” have defined entrepreneur as an individual who assembles and organises factors of production to undertake a venture with a view to make profit. The individual may supply one or more of the three factors of

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58 Harvey 1982 Mastering economics by Mcmillon press London third edition
production (Natural Resources, Labour and Capital) himself, or hire or buy any or all factors in the expectation of future profits.

**Peter Drucker (1991)** in his book “Innovation and Entrepreneurship Practice and Principles” says that entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge in practices is largely defined by the ends, i.e. by the practice”.

**World Bank Development Report** (1991) observes that entrepreneurial ability has been characterized as a combination of moderate risk taking, individual responsibility, and long-range planning and organizational ability. Among the significant theoretical approaches to explain the emergence, determinants and performance of entrepreneur, the following are worth noting Schumpeter's Innovation Theory.

**David McClelland's** Achievement motivation, Weber's Protestant ethic, Cochran's cultural values, role expectations and social sanctions, Yale Brozen's technological change, Hoselitz's leadership and managerial skill and Frederick Harbison's entrepreneurial organization.

**Joseph A. Schumpeter (1961)** in his book namely “Theory of Economic Development” says that the entrepreneur is the prime mover in

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64 McClelland, David C 1961 the achieving society, Van Mastered company, New York.
economic development and his function is to innovate or carry out a new combination, which is called “enterprise”, and the individuals who carry them out is called as "entrepreneurs".

Thomas Cochran's (1971) in his book “The Entrepreneurs in Economic Change”; emphasizes the cultural values, role expectations and social sanctions as the key elements that determine the supply of entrepreneurs. In his theory on the process of economic development, entrepreneurs are not seen as being deviant or super normal individuals but rather as representing model personality of the society. This model personality is molded by prevailing child-rearing practices and schooling common to a given culture. Again, he explained that his performance of a businessperson is influenced by three factors viz., his own attitude toward his occupation, the role expectations held by the sanctioning groups and the operational requirements of the job.

Yale Brozen's (1954) in his book namely “Economic Development Principles and Patterns” explains that the use of technological advance is raising productivity and income, which requires a supply of innovating entrepreneurs checked or goaded by a free market. Supply of innovating entrepreneurs is necessary for efficient technological change. It is necessary for efficient use of additional resources.

Hoselitz (1956) in his book “Sociological Aspects of Economic Growth” he regarded the significance of managerial skill and leadership as important facts of entrepreneurship. He stated that the moneylenders and traders could not be considered the chief work force pool, out of which industrial entrepreneurs may be recruited. Apparently, a strong motivation to make profits is not enough. A person who is to become an industrial entrepreneur must have additional personality traits to those resulting from a drive to a mass wealth. The small trader or moneylender can operate with a few and often without any assistant. Whereas an industrial entrepreneur typically must hire a group of men whose labour, he must organize and direct. In addition motivated by the expectations of profit, he must also have some managerial abilities and more important that he must have the ability to lead. Small industrial entrepreneur is not so much ventures some, nor his motivation to make profits leads other men in a common undertaking and his inclination introduces innovation; and the overwhelming bulk of these innovations are of a technological nature requiring the direct and immediate participation of the entrepreneurs.

He asserts that there exist not only industrial entrepreneurs but also financial and commercial entrepreneur. He has usually tied up in his plan for a long time than either a trader or a banker, he depends upon the smooth

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68 Hoselitz 1956 Sociological aspects of economic growth – Amerind publishing co. New Delhi.
functioning of a market to sell his output, and his property is exposed to a series of dangers, destruction by fire or other accidents.

Frederick Harbison (1956) His article published namely Quartile Journal of Economics in title “Entrepreneurial Organizations as a factor in Economic Development” he advocates that any well-rounded analysis of economic development should include some appraisal of the role of entrepreneurship. The entrepreneur is an essence of an organization, which comprises all the people, required performing entrepreneurial functions. Entrepreneurship should be treated as a resource, which has both qualitative attributes and quantitative dimensions.

It should be possible to make some empirical studies of such entrepreneurial resources as they are related to other factors of production. In this angle, Frederick Harbison has suggested the functions of the modern entrepreneurial organization, as follows: The undertaking of managing of risk and the handling of disturbance economic uncertainty; Planning and innovation; co-ordination and exercise control over all resources; and routine supervisory function. Entrepreneur is not an innovator but an organization builder and who must be able to harness the new ideas coming from subordinates and the technical skills of different innovators to the rest of the organization. Such persons are not always mean for the ideas or men who try for new combinations of resources but they may simply be good leaders and

Harbison, Frederic 1956 Entrepreneurial organizations as a factor in economic development-Quartile journal of economics Vol. Lax No.3 august.
excellent administrators. Entrepreneurship is a powerful tool for economic development of country like India. Since Independence, small-scale Entrepreneurship programme has contributed significantly to the economic growth. Initially, it was assumed that incentives in the form of physical, capital and infrastructure would be sufficient to attract entrepreneurs to set up their own business class.

This problem underscored the need to create new generation of entrepreneurs who would be able to take advantage of the development opportunities provided. This need creation of entrepreneurs from non-conventional sources gained further impetus with the developed through proper training.

An entrepreneur is an individual who carries out actions which result in innovations or who introduces new production or distribution functions, who like to take reasonable risk, and who has high degree of achievement motivation. He is capable of organizing resources to overcome challenging ventures out of which he desires a certain level of satisfaction. Entrepreneurship is the ability to perceive an opportunity, the foresight to see some scope for its exploration, the courage to undertake the taste and initiative and daring to take risk.
Richard Canctillon,\(^70\) says that An entrepreneur is an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling them at certain prices in future". An Entrepreneur is one who combines the land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market, he pays interest on capital rent on land and wages to labourers and what remains is his profit. Entrepreneurs have innovative thinking for production. He utilizes inventions and discoveries in order to make new combinations.

J.B.Say \(^71\) expanded Cantillon's ideas and conceptualized the entrepreneur as an organizer of business firm, central to its distributive and production functions. An entrepreneur is an economic agent who unites all means of production, the labour force, capital, land of the other and who finds in the value of the products which results from their employment. The reconstitution of the entire capital that utilizes and the value of the wages, the interest and the rent which he pays as well as profit belonging to himself.

Joseph A Schumpeter \(^72\) "The Entrepreneur is an advanced economy is an individual who introduces something new in the economy a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like. "Entrepreneurs have to reform

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\(^{71}\) Classical economist idea from idbi

or revolutionize the pattern of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity the term 'Entrepreneur' in the modern sense came into usage in the late 18th century with the advent of the Industrial Revolution in England.

During this period, entrepreneurs demonstrated an innovative spirit. They developed inventions and made an appreciable amount of discoveries in a variety of productive occupations. Arthur Dewing conceptualized the functions of the entrepreneur as one that promotes ideas into business. Vans view the entrepreneur as a person who has the takes of determining the kind of business to be operated.

Weber's (1968)\textsuperscript{73} \textbf{in his book namely “The Protestant Ethic and Spirit of Capitalism’} his theory explains the religious belief as the main factor of entrepreneurship. The key to competitive success for Weber’s entrepreneur is his innovation through going for rationalization of his enterprise. In Weberian system, the entrepreneurial energies are generated by religious belief. The main factor contributing to the development of entrepreneurship is "Protestant Ethic" which emerged from the religious belief system of "Calvinistic Puntanism". Of course, this conception has not appeared only under capitalistic conditions. On the contrary, ethical maxims on the part of the individuals, entrepreneurs or labourers in modern capitalistic enterprise, is a condition of the further existence of present day capitalism. He found a positive relationship

\textsuperscript{73} Weber, Max 1968 The protestant ethic and sprit of capitalism Urwin university press London.
between the protestant ethic and industrial capitalism. The form of organization was in every respect capitalistic, the entrepreneur's activity was of a purely business character, the use of capital turned over in business was indispensable.

Finally, the objective aspect of the economic process and the bookkeeping was rational. However, it was traditionalistic business, if one considers the spirit, which animated entrepreneur, the traditional manner of life, the traditional rate of profit, the traditional amount of work, the traditional manner of regulating the relationship with labour and the essentially traditional circle of customers and the manner of attracting new ones.

Thangamuthu C and Manimekalai N 1991 title of thesis name A studies on Entrepreneurship Through Industrial Estate and Outside Industrial Estate they pointed out Weber did not explore systematically the question of the future of capitalism. He pointed out at least two possibilities. One the development of a socialist bureaucracy, the other rise of new capitalistic leaders.

Sharma (1980) in this context criticized that the belief system of Hinduism, Buddhism and Islam does not encourage entrepreneurship. In this sociological approach, the religious belief is considered as the major source of stimulation of entrepreneurship. However, there are cases in India and in other parts of the world where the entrepreneurs without any religious belief came up

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74 Thangamuthu C., and Manimegalai N. 1991 A studies on entrepreneurship through industrial estate and outside industrial estate thesis submitted to Bharathidasan University.
successfully. Therefore, Weber's theory may be applicable to the Protestant community and cannot be generalized to all religions in all places.

Stonier and Hague (1978\textsuperscript{75}), in their book namely “Economic Theory” says that Uncertainty about revenues and costs influence businesspersons in deciding the levels of their prices, outputs and marketing activities. The entrepreneur can never be certain what he will earn from producing goods until after he has decided to produce them. He is never certain whether he will earn a profit or incur a loss. The modern theory of profit regards true entrepreneur's contribution to the process of production as that of bearing non-insurable risks and uncertainties. Every entrepreneur faces many risks besides the most important risk that he may lose money because of his mismanagement about present and future.

Harvey (1977)\textsuperscript{76} emphasized that the demand can never be completely certain. It is a volatile factor among the people. People have freedom of choice, and their tastes may change. Many of the factors affecting demand fluctuate even over a relatively short period. Things are similar on the supply side. Techniques do not stand still. New methods discovered by a rival may mean that, by the time a firm's product comes into the market, it is under sold by a cheaper or better substitute.

\textsuperscript{75} Stonier and Hague 1972 Economic theory logman group ltd. London.
\textsuperscript{76} Harvey 1977 Modern Economics published by Macmillan press London.
Thomas Cochran's (1971) in his book “The Entrepreneur and Economic Change” he says that this theory emphasis the cultural values, role expectations and social sanctions as the key elements that determine the supply of entrepreneurs. In his theory on the process of economic development, entrepreneurs are not seen as being deviant or super normal individuals but rather as representing model personality of the society. This model personality is molded by prevailing child-rearing practices and schooling common to a given culture. Again, he explained that the performance of a businessperson is influenced by three factors viz., his own attitude towards his occupation, the role expectations held by the sanctioning groups and the operational requirements of the job. The determinants for the first two factors are the society's values. Changes overtime in such variables like population, technology and institutional drift will impinge on the role structure by creating new operational needs.

Bhattacharya (1984) in his book “Entrepreneurial Development- An alternative Behaviour Model” he visualizes the Behavioral pattern of an entrepreneur. Entrepreneur must posses the drive of self-actualization and urge for achievement. The need for achievement forecast to create something new i.e. a new product, a new order, a newer way of doing things and a newer standard for him and the society. He is a visionary by himself and creates his

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own standards and also never satisfies with the present and always looks a head for more challenging jobs. The above behavioral patterns of these high achievers were empirically tested in the following manner.

**Moulick et. al (1978)** in their study topic “Rural Entrepreneurship, Motivation and Constraints” —, they studied the entrepreneurial performance in Anand Talk of Gujarat and found that the majority of the entrepreneurs seem to be self-initiated and very few of them inherited their business. Ancestral relationship, assumed some importance in case of manufacturing and processing sectors. Immediate parental relationship assumed greatest significance in case of those in trader/service sector. It was also revealed that as high as 72 to 82 percent of entrepreneurs preferred to take business decisions by them.

Again, their investigation revealed that the investment in fixed capital was usually higher in manufacturing as compared to processing and trade/service sectors. Business performance was measurable through growth in fixed capital and gross turnover of the businesses. Significant negative correlation were found between growth in fixed capital on the one hand initial fixed capital, and number of years to attain growth on the other. They suggested that not only the growth rates of firms established recently were higher than firm but also factors other than initial fixed capital played dominant role in determining business performance.

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Padmini Swaminathan (1994)\textsuperscript{80} in her article named where Entrepreneurs are. she reveals in Tamil Nadu, she found that as compared to Maharashtra and Gujarat, private investment forth coming in Tamil Nadu was lower.

Subramanian and Mohanan Pillai (1994)\textsuperscript{81} in their title Liberalization of Small Sale Industry; Need for New Growth Strategy in Kerala, they found that the growth performance of small industry in Kerala was poor as compared with all India and neighboring states (Tamil Nadu and Karnataka). In particular, the average size of units and factory productivity (both capital productivity and labour productivity) were lower with result that their contribution to income generation was low in Kerala. By all major criteria, the relative growth performance of small industry in Kerala remained poor.

Martha de Melo (1995)\textsuperscript{82} in their article named “The Pioneers for profit St. Petersburg Entrepreneurs in service” they found that the most significant correlation among the five inter correlated performance indicators are between expansion plans on the one hand and current profits. All performance indicators were significantly correlated with the composite grade, and most of their correlation was quite strong, suggesting that the composite grade remained at the same level in 1993 as in 1992, the inclusion of dynamic performance

\textsuperscript{80} Padmani Saminathan 1994 Where are the entrepreneurs? What reveal for Tamil Nadu? - Economic political weekly may 28.
\textsuperscript{82} Martha de Melo Gur Ofer and Olga Sandler 1995 The pioneers for profit St. Petersburg Entrepreneurs in service The world Bank economic review Vol. 9 No.3.
indicators such as growth in profits, sales, and employment meant that the same rating is a sign of continuous improvement.

Arun Kumar (1996) in his article name “Modern Small Scale Industry in Karnataka: Growth and Structure” found that the share of the units working under sole proprietorship was 85 percent, and partnership firms were 11.8 percent of the units. The employment per unit in the partnership firms was the lowest, i.e., persons whereas it was the highest, i.e., 34 persons per unit in the case of limited companies. The total value of fixed assets was 50 percent, and the share of partnership concerns was 28.5 percent. In terms of output, 36 percent was contributed by the limited companies, and the share of partnership concerns was 33.27 percent. Further, he found that nearly 98 percent of the proprietary industrial units have an investment less than Rs.5 lakh. In terms of output and employment, within the sole proprietary concerns, the units with lower capital investment (less than Rs.5 lakh) were predominant. In terms of performance, in limited companies and partnership concerns, performance better than single proprietorships thanks to economies of scale.

Gupta and Rathi (1996) in their article namely “Small Scale Industry in Gujarat Structure, Conduct and Performance” studied about structure, conduct, and performance of small-scale chemical firms in Gujarat and

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83 Arun Kumar 1996 Modern small industry in Karnataka: Growth and structure Economic and political weekly.
concluded that the middle aged firms (around 25-29 years) were ideal to maximize turnover, value addition, capacity utilization and capital productivity, and also to minimize the capital–labour ratio. In contrast, relatively younger firms (around three year’s age) in general had attained maximum values for labour productivity. Further, they have also fond that the partnerships form of organization, in general has performed better than others have in terms of value addition, capacity utilization, capita productivity and low capita intensity. In contrast, the private limited firms have outperformed others in respect of turnover and labour productivity. Ownership of firms on general, performed poorly on most of the fronts.

**Patvardhan (1995)** in his book namely “The Entrepreneurial Performance and Overview”. studies on the evolution and performance of five business families who hailed from Maharashtra, Dahanukar, Apade and Dankdekar of Bombay, Sathe and Parkhe who run their business in Pune. They started their career over six decades ago and achieved notable success in the 1950s. He found that none of them had previous business background, and they lacked technical competence in their respective line of manufacturing, but they acquired the requisite skills largely due to their entrepreneurial abilities, practical bent of mind, hard work and progressive outlook. Most of them had single product line and were relatively less capital intensive. All of them had

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85 Patvarthen V.S 1995 The entrepreneurial performance and overview popular prakasam publications Mumbai.
mainly oriented forward domestic product. Most of them relied heavily on their own funds and scrupulously avoided bank borrowing.

Vinod vyasulu and Arun Kumar\textsuperscript{86} 1997 in their article namely “Industrialization in Orissa Trends and Structure” studied the trends and structure of industrialization in Orissa. They took four major indicators viz., number of factories, value added, number of employees and fixed capital invested. They found that all the four indicators have increased towards a growth. Even though, the number of factories and number of employees grew at the same rate (around 3 percent per year), the fixed capital and value added witnessed a higher growth at 8.61 percent and 19.22 percent respectively. The chemical industry group and its products and non-metallic products grew at a higher rate than the other industries.

Yukihiko Kiyokawa\textsuperscript{87} (1984) in his article namely “Entrepreneurship and Innovations in Japan” reveals that the success of Japanese textile entrepreneur activities had a much stronger connection with the government.

Bedabati Mohanty (1986)\textsuperscript{88} in his book “Economics of Small Scale Industry” studies small scale industrial entrepreneurs in Cuttack district of Orissa and found that 43.6 percent of the total funds invested in small scale industries which came from unorganized including the funds invested by the

\textsuperscript{86} Vinod Vyasulu and Arun kumar A.v 1997 Industrialization in orissa; Trends and structure Economic and political weekly May 31.

\textsuperscript{87} Yukihiko Kiyokawa 1984 Entrepreneurship and innovations in Japan: An implications of experience and Technological development in text tile Industry. The developing economics Vol. XXII No 2 June.

\textsuperscript{88} Mohanty Bedapati 1986 Economics of SSI Ashish Publishing house New Delhi.
owners themselves and 56.4 percent was raised from organized agencies sponsored by government.

Sushand Kumar Mallick 1993 in his article name “The Small Scale Industry in Orissa” found that the small-scale industrial entrepreneurs were offered incentives and facilities by the government, which resulted in increased output and reduced unemployment.

Awasthi et. al. (1996) in her article topic is “The New Economic Policy on SSI and Tiny Business” selected three states Guajarat, Karnataka and Orissa for collecting data with relating to the impact of New Economic Policy on small and tiny enterprises. They found that relaxation in investment ceiling limit have contributed to the growth of these small and tiny enterprises in terms of technology up gradation.

Vepa (1997) in his article namely “ Small can be beautiful : Recommendations of SSI”, he found that more number of small and tiny sector units were supported by government policies and engaged in service activities which contributed to job creation and a new designation of small scale enterprises.

89 Susantha kumar Mallic 1993 The SSI in Orissa , A Prfile SEDME sep. Vol. XX(3)
90 Aswasthi 1996 The new economic policy on SSI and Tinny business Article.
91 Vepa K.Ram 1997 Small can be beautiful: Recommendations of SSI Economic and political weekly July 5.
Ramesh (1998) in his article namely “Role of Incentives to Industrial Development of Andra Pradesh” he proved that the incentives and subsidies have a positive effect on the growth of industries in the industrially backward district of Mahabubnagar District in Andhra Pradesh. It played an important role in local regional development in terms of production linkages and employment generation. Notwithstanding the government policies for entrepreneurship development programme, some empirical studies have suggested that the tiny and small-scale entrepreneurs have been facing various special problems in availing government support that go against entrepreneurship success.

Taub and Doris (1989) they said in their book namely “Entrepreneurship in SSI” that the problem areas of small industrialists were the accumulation of capital raw materials, selection of trained labourers and creation of market for their products.

Dias (1990) in his book namely “Developing Rural Entrepreneurship” found that nearly 90 percent of the Srilanka rural enterprises faced the problem of lack of capital or lack of access to institutional finance and credit. A major obstacle in borrowing money from commercial banks or other financial institutions was the lack of collateral and the lack of good accounting systems.

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93 RichardP Taup and Doris L Taub 1989 Entrepreneurship in SSI, Monokar publications New Delhi
94 Dias S 1990 Developing rural entrepreneurship; Intermediate publications New Delhi
Ramachandran (1990) in his book namely “The Dynamics of Location and Incentives in Backward areas” studies U.K. Japan and Indian enterprises and concluded that the entrepreneurs especially in India faced constant obstacles related to infrastructure, marketing and long-term support schemes.

Reddy (1998) in his paper namely “Role of Entrepreneurship in context of Post Liberalization in India” studies small and tiny sector entrepreneurs in Prakasam District of Andhra Pradesh and found that the most important single factor responsible for the prevalence of huge idle capacity among the small industries was the lack of demand. Nearly 70 percent of the units have mentioned the lack of demand as the main reason for idle capacity and other important difficulties were to get raw material and shortage of finance.

Hein Streefkerk (1997) in his article topic was “Gujarati Entrepreneurship Historical Continuity against Changing Perspectives” he says that small industrial entrepreneurs in South Gujarat and found that within many of the small scale industrialists, long-term entrepreneurship was uncertain as the overall economic structure encouraged rather than prevented diverse investments and the spreading of risks.

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96 Reddy 1998 Role of Entrepreneurship in context of Post-Liberalization in India ; Present trends and future expectations , National seminar on current trends in entrepreneurship research, conducted by EDI, Ahmedabad.
97 Streefkerk, Hein 1997 Gujarathi Entrepreneurship Historical continuity against changing perspectives Economic and political weekly Vol. XXXII No.8 Feb. 22.
Amiya Kumar Bagchi (1992)\textsuperscript{98} in his book topic was “European and Indian Entrepreneurship in India “ says that most of the Indian industries have faced difficulties in raising capital for their enterprises as the capital market was extremely imperfect in small industrialists in particular.

Sinha and Singh (1993)\textsuperscript{99} in their book as titled “Industrial Development in India” they studied the concentration of industries found more in number in Calcutta metropolitan area comprising Calcutta and Howrah and attributed it to non-availability of infrastructural facilities, lack of proximity to the financial institutions readily available manpower and the colonial / historical factors.

Bala Subramanya (1995)\textsuperscript{100} in his book namely Reservation Policy of Small Scale Industry” observes that the small-scale industrial entrepreneurs had faced many problems for running their units particularly, raw materials, finance and marketing. Small-scale units did not get adequate quantities of raw materials and quality. Because of their retail purchase, they have to pay higher price for raw materials. In cases of finance, small-scale units did not have much dealing with commercial banks and were often forced into borrowing at higher interest rates than the bigger firms did. Coming to marketing problems the small units had to learn the ways to scan the environment quickly and accurately though it was not easy one.

\textsuperscript{98} Bagchi Amiya Kumar 1992 European and Indian entrepreneurship in India 1900-1930 edited by Rai K Ramjet Entrepreneurship and Industry in India Oxford University press Mumbay.

\textsuperscript{99} Sinha N P and Singh M B 1993 Industrial Development in India Rawat publications New Delhi.

\textsuperscript{100} Bala subramaniya M H 1995 Reservation policy of SSI
Jacobsson and Alam (1995)\textsuperscript{101} studied on a comparison of the Korean and Indian engineering industries. They have highly concentrated with the liberalization programme the Korean government liberalized imports and the State intervention was mainly focused on the technological policy, helping firms to transform from an inward looking industry to an outward oriented one. As export capability increased more, and more the Korean firms could substitute in-house technology in place of foreign technological collaborations. This made Korean firms highly competitive in the international market. The Korean industrialization model was built upon the assumption that firms should begin to export fairly soon, even though an initial inward looking development behind protective barriers was also a part of the model. The Indian model induced a view of the opportunity see, which simply did not include major export efforts. Thus, when trade liberalization was introduced the appropriate conditions necessary for industrial growth were missed in India.

Bala (1993)\textsuperscript{102} in his article “Reservation Policy of SSI” observes rightly that the insistence on collateral security in the form on registered mortgage by the financial institutions was not only causing delay but also was considered as a money-lender approach rather than a development banker's. Hence there was also a need to inculcate an extension approach among operational level office of all assistance agencies. Orientation programmes, 

\textsuperscript{101} Jacobson and G Alam 1995 Liberalization and Industrial development in third world; A comparison of Indian and south Korean engineering industries, A Journal of Entrepreneurship 4.2.

\textsuperscript{102} Bala 1993 Reservation policy for SSI in his Article published in Economic and political weekly
extension motivation programmes were essential for such officers to maintain cordial relationship with the entrepreneurs.

**Robert Chia**\(^{103}\) 1996 in his book “Teaching Paradigm in Management Education” pleads for adopting a deliberate educational strategy which changes the thought process so as to encourage and stimulate the entrepreneurial imagination. This requires a mega shift in intellectual priorities from teaching to analytical problem solving skills. However, that was not possible unless academics themselves actively engage in the practice of intellectual entrepreneurship.

**Sunil Mani (1996)**\(^{104}\) in his article “Liberalization in Kerala Industrial Sector” summarizes three major problems which affected the entrepreneurial activities in Kerala such as (a) the psychological fear created by militant trade unions (b) the high cost of land acquisition; and (c) the worsening power situation.

**Bhattacharya (1998)**\(^{105}\) in his book “Russia Evaluation from Marx to Market” he found that the banks were not interested in giving the long-term credit for risky productive activities. The bulk of entrepreneurs did not even apply for loans to banks, loan charges were high, and it was dangerous for the entrepreneurs to take long-term credits. No serious effort has been made by the

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\(^{103}\) Robert Chia 1996 Teaching Paradigm shifting in Management education ; University Business schools and entrepreneurial imagination , journal of management studies 33.4 July.

\(^{104}\) Sunil mani 1996 Economic liberalization in Kerala industrial sector ; An assessing of Investment Opportunities , Economic and political review August 24-31.

\(^{105}\) Bhattacharia 1998 Russia Evaluation from Marx to Market; The emergence of small business, National seminar in EDI, Ahmedabad.
government to promote small enterprise in the manufacturing sector. There is a poor legal framework to support small business. The institutional bottlenecks are having adverse impact on small enterprises.

Mathew (1998) in his paper entitled was “Towards an alternative Methodology for Identifying Entrepreneurial Potential in Regional Setting” he conducted a study on micro level enterprises at Kalady villages in Kerala and it has revealed that the first generation entrepreneurs failed to get appropriate support from the banking system.

Tarun (1986) in his book “SSI and India’s Economic Development : Problems, Programs and Policies” says that most of the cottage and SSI industries follow old and outdated methods in production. They did not have adequate financial resources. The poor artisans were unable to get good and suitable raw materials, due to their ignorance and lack of money for bulk purchases. Being highly indebted to village money landless (Saucers) the artisans had to sell their finished products very often to Mahajar (financier) dealers and have to pay them high rates of interest. There is no proper marketing organisation to sell the products of these industries. Moreover, the cottage and small-scale industries had to face competition from imported goods and from large-scale units.

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106 Mathew 1998 towards an alternative methodology for identifying entrepreneurial potential in regional setting. National seminar in EDI, Ahemedabhad
107 Tarun 1986 SSI s and India’s economic development; problems and programs and policies, deep and deep publications New Delhi.
Berna\textsuperscript{108} (1979) in their book namely “Industrial Entrepreneurship in Madras Estate” found their studies industrial entrepreneurs in the Madras State. He selected 52 sample entrepreneurs from different communities, of which 80 percent of them belonged to the socially forward community’s viz., Naidu, Brahmin and Chettiyar.

Sharma and Harnek Singh\textsuperscript{109} (1980) in their book namely “Entrepreneurship Growth and Development programs in Northern India” have indicated that a business family background was more important than a business caste background to facilitate the entry of entrepreneurs into manufacturing activities.

Oommen's (1981)\textsuperscript{110}in his article “Mobility of SSI” that study reveals that among the small scale industrial entrepreneurs in Karnataka and Tamil Nadu, majority of the sample entrepreneurs were Hindus. Christians kept the second position and traditionally business community of Muslims was almost negligible.

Gangadhara Rao (1986)\textsuperscript{111} in his book “Entrepreneurship and Growth of Enterprise in Industrial Estates” points out that the communal background was a predominant factor in entrepreneurship development. In this study, he found that a significant number of entrepreneurs hailed from the socially

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\textsuperscript{108} Berna and James 1979 Industrial entrepreneurship in Madras Estates Asia pshiuuse New Delhi.
\textsuperscript{109} Sharma K L and Singh Harnek 1980 Entrepreneurship growth and development programmes in Northern India, Abhinav publication New Delhi.
\textsuperscript{110} Oomen M A 1981 Mobility of small scale entrepreneurs, A Kerala experience Indian Journal of Industrial relations July 1 Vol. 17 No. 1.
forward communities such as Vaisyas, Kammas and Brahmins and only a few from the backward communities.

**Little et. al. (1987)** in his book “Small Manufacturing Enterprises” found that caste played an important role in two types of manufacturing units, namely power looms and shoes.

**Narashima Murthy 1989** in his book “Entrepreneurship in Small Towns” he has stated that majority of the entrepreneurs were belonged to the Hindu religion. Muslim and Jain religion entrepreneurs’ involved in entrepreneurial activity seem to be very low at Anakapalle and Guidavadain Andra Pradesh. Christians have chosen teaching and service jobs and have not undertaken entrepreneurial activity in the area.

**Thangamuthu and Manimekalai (1989)** in their paper presented the topic on “New Entrepreneurs in Engineering Industry in an Ancillary Industrial Estate” they have concluded that the majority of the entrepreneurs in industrial estates and outside industrial estates belonged to the Hindu religion, and Muslim and Christian religions covered meager percentages in Tiruchirappalli District of Tamil Nadu. The main reason for the domination of Hindu entrepreneurs is due to Hindu concentration in the region.

113 Narasimma Moorthy BE V.V 1989 Entrepreneurship in small towns, Mittal publications New Delhi.
114 Thangamuthu C and Manimegalai N 1989 New entreperneuers in engineering industry in an ancillary industry estate- Profile SEDME March Vol. XVI.
Akbar (1990)\textsuperscript{115} in his book namely “Entrepreneurship in Indian Muslims” found that the majority of the small-scale entrepreneurs belong to the Muslim in Moradabad District of Andhra Pradesh. The share of non-Muslim entrepreneurs in the District was found to be about seven percent only.

Thangamuthu and Iyyampillai\textsuperscript{116} (1991) in their case study conducted in two backward districts of Tamil Nadu found that the majority of the entrepreneurs belonged to the backward class and a few from forward class and none from the scheduled case and schedule tribes.

Sharma (1994)\textsuperscript{117} has studies that small-scale entrepreneurial structure in Kumaun District of Uttar Pradesh State. From his study, he found that the majority of the small-scale industrial entrepreneurs' fathers were business Sin and a few of them belonged to the farming, white collared workers, professionals and servicing personnel.

Carol Upadhya\textsuperscript{118} (1997) has selected 50 small-scale entrepreneurs in Coastal Andhra Pradesh. He found that the majority of the entrepreneurs came from land owning and agricultural families. Of the 50 sample entrepreneurs, majority of them belong to the Kammas. Kammas caste was perceived as dominant business community in term of numbers and economic muscle, not only in Visage but also in the state as a whole.

\textsuperscript{115} Akbar M 1990 Entrepreneurship and Indian Muslims, Manak publication (p) Ltd, Delhi.
\textsuperscript{116} Tanga muthu C and Iyyam pillai S 1991 Industrial Promotional Agencies and Entrepreneurship Development submitted to ICSSR.
\textsuperscript{117} Sharma M K 1994 Location of industries, Deep and Deep Publication New Delhi.
\textsuperscript{118} Carol Upadhya 1997 Culture, Classes and Entrepreneurship; A case study of costal AP in India, Saga publication New Delhi.
Manimekalai (1998)\(^{119}\) studies relative performance of industrial estate entrepreneurs and outside industrial entrepreneurs and tried to ascertain the factors responsible for differential entrepreneurial performance. Her study revealed that out of nice communities, the dominant community was cellular under both groups. As for the performance of entrepreneurs, the traditionally dominant communities such as Brahmin, Chettiyar, Mudaliar and cellular have performed generally better than new communities such as Nadir, Vanier. Among the IE group of entrepreneurs, the following pattern of performance among different communities was observed. Muslim entrepreneurs ranked first in the capacity utilization followed by the entrepreneurs belonged to Brahmin and Mudaliar castes. In terms of profit, dominating group was Mudaliar followed by Chettyar and Brahmin entrepreneurs. Almost similar trend was observed in OIE group, except the performance by Vellalar entrepreneurs in capacity utilisation. The educational profile and the mean value of investment, however, did not indicate any consistent better performance by any caste group of entrepreneurs under IE group as well as under OIE group.

David Haridiman (1987)\(^{120}\) surveyed among the Marwardis of the Shekhavati region of Northern Rajasthan. Says that in recent years the traditional Marawari business efficiency has declined so also their business contribution.

\(^{119}\) Manimegalai N 1998 Entrepreneurship and Development in Industrial Estates, National seminar in EDI Ahemedabad.

\(^{120}\) David Haridiman 1987 In price of Marwaris economic and political weekly Vol. XXII No. 7 Feb.14.
Ashok Kumar (1998) studied the footwear enterprise of Samagars in Jenabhavi, a village with a multi-caste composition in Athani Block of Belgam District of North Karnataka. says that nearly 40 percent of the entrepreneurs belonged to the scheduled caste particularly, Samagars, in the study area. This is a usual feature.

Johnson Sundararaj (1998) studied the caste-wise distribution of rice mill entrepreneurs in Madurai District of Tamil Nadu, says that nearly 75 percent of the rice mill entrepreneurs belonged to the Nadar Community in the study area. Nadar being the pioneers of the mill business, had been passing

Ajit Knanitkar (1994) has studied entrepreneurs and micro enterprises in rural area. He has selected 86 entrepreneurs who belonged to 22 villages from seven states of India. Rajasthan in West India, Uttarpradesh and Bihar in North India, West Bengal in East India. Madhya Pradesh from the Central India, says that the 88 percent of entrepreneurs doing the business were without family business background. 48 percent of their parents belonged to the farming group, and a small group of 11 percent reported that their parents were agricultural labourers at the time that they entered into business. Among them, 90 percent of the entrepreneurs were first generation entrepreneurs with a clear

121 Ashok Kumar E N 1998 Dalits enterprises at the cross roads – some field experience in Karnataka, National seminar conducted by EDI Ahemadabad.
122 Johnson Sunderaj 1998 Entrepreneurship in Rice Milling –A Case study, National seminar by EDI Ahemadabad.
shift in occupation. Some entrepreneurs reported that their parents were rural artisans such as carpenters, barbers and blacksmiths.

**Mishra (1990)**\(^{124}\) in his study topic was “Entrepreneur’s Setting and Performance” says that the entrepreneurs had mobilized support from development agencies, friends and relatives apart from bringing their own family savings to start the units.

**Subba Rao and Sundaram (1993)**\(^{125}\) have revealed that the most of the entrepreneurs were motivated by self-achievement at Anakapalle and Gudivada District of Andhra Pradesh. The importance of family members and friends were ranked second and third at both the places. The role of government as the prime motivator of entrepreneurship was insignificant.

**Steban J**\(^{126}\) in his book “Principles and Practice of Commerce” found that many hindrances to the transfer of goods from producer to ultimate customers. Commerce is defined as “the sum of total those process which are engaged in the removal of the hindrances of persons (trade), place (transport and insurance), and time (warehousing) in the exchange (banking) of commodities.”

\(^{124}\)Mishra D.N 1990 Entrepreneur’s setting and Performance – A Profile , Chugh Publication, Ahmedabad.

\(^{125}\)Subba Rao P and Sundaram M 1993 Entrepreneurial Development Programme Series Kanishka Publication New Delhi.

Kuchhal S.C \textsuperscript{127} 1966 in his book “Corporate Finance Principles and Problems” says that Finance is “usually divided into categories according to the type of entity or organization served.”

Tyagi B.P\textsuperscript{128} 1984 in his book “Public Finance” says that the major classification of this nature is “two fold, public finance and business finance. The former is normally concerned with the income and expenditure of the enterprises; hence the public finance deals with finance of the government.”

Howard\textsuperscript{129} B.B 1953 in his book “Introduction to Business Finance” says that Business finance involves “An analysis of the various means of securing money for private business enterprises and the administration of the money by individuals, voluntary associations, and corporations”

Jordan \textsuperscript{130} D.F 1940 in his book “Financing of Enterprises” says that financing of business enterprise known as “business finance serve as an essential, facilitating agency in the primary economic function of production, exchange, consumption, and distribution”

Haward B.B\textsuperscript{131} in his book namely “Introduction to Business finance” says that the concept of finance somewhat broadened by defining finance as that administrative area or set of administrative functions in an organization,

\begin{itemize}
\item [\textsuperscript{127}] Kuchhal S.C 1966, corporate finance principles and problems, Chaithanya publishing house, Allahabad. p 1
\item [\textsuperscript{128}] B.P Tyagi 1984 , Public finance, J.P.Nath publications, U.P. p 1
\item [\textsuperscript{129}] B.B Howard et.al 1953 introduction to business finance, Mc Graw Hill Book company Ltd. Newyark p 3
\item [\textsuperscript{130}] D.F Jordan 1940, the financing of enterprises, Rinechart company Ltd. Newyark, p 248
\item [\textsuperscript{131}] B.B Howard et.al 1953 introduction to business finance, Mc Graw Hill Book Company Ltd. Newyark p 79.
\end{itemize}
which have to do with the management of the flow of cash so that the organization will have the means to carry out its objective as satisfactory as possible and at the same time meets its obligation as they became due. Finance is the lubricant of the process of economic growth.

**Award M.H.**\(^{132}\) 1971 in his book “The supply of Risk Bearers in Under Developed Countries” says that when finance becomes available, industrial development is initiated and new investment opportunities arise. This newly developed access to funds on reasonable terms induces or encourages entrepreneurs to expand their horizon of conceivable opportunities, not simply access to funds, but the entire financial milieu and the rationalism. It implies triggers create entrepreneurial responses. It provides businessperson with risk-reducing and risk-shifting devices than poorer ones.

**Banerjee M.**\(^{133}\) 1964 “Business Organisation” points out Business requires finance for many purposes. First a large sum of money has to be spent on investigating the soundness of a business scheme before it is taken up for implementation. In case of manufacturing organization a factory building has to be erected and installed before production can be undertaken. Money is needed for purchase of raw material, semi raw materials and miscellaneous stores and to pay workers and finally the procurement of money for some expenditure like selling and distribution, payment to the staff members, preparation of documents etc…

\(^{132}\) M.H.Awad 1971 the supply of risk bearers in the under developed countries p.467.

\(^{133}\) M.Banerjee, 1964 Business organization, Asia publishing house Mumbai p 59.
Kathiresan S 1341994 in his book “Marketing” he says that Long term finance is needed for the purpose to purchase of asset like... Land and building machinery and other fixtures, which can be used for the long periods, these assets are also called fixed or block capital because their value is dissipated slowly and they cannot be readily converted in to cash The supply of finance has to be canalized through specialized financial institutions that act as pump primers rather than simply conduits for the factors of production like land, labour, capital and organization. And draw more and more people from different walks of life in to the vortex of the industry

The Annual Report from IDBI 135 shows small business peoples that small business loan with no mortgage and no security are required. The loan is provided in the form of over draft, Letter on credit, or Bank guarantee up to maximum of Rs .. 25 lakh , faster sanction and flexible repayment schedule in part payment, pre payment .

Ajit Knanitkar (1994)136 has studied entrepreneur’s small and micro enterprises in rural area. He has selected 86 entrepreneurs who belonged to 22 villages from seven states of India. Rejasthan in West India, Uttarpradesh and Bihar in North India, West Bengal in East India . Madhya Pradesh from the Central India .

136 Knanitkar Ajith 1994 A Study on Entrepreneurs and Micro Enterprise in India.
Additional information

1. The National Resource Centre for Cluster Development (NRCD) of National Institute for Micro, Small & Medium Enterprises (formerly known as NISIET) under the Ministry of Micro, Small & Medium Enterprises has organised this two-day national workshop on MSME Cluster Development on 28-29 January 2008 in New Delhi. The objective of the workshop is to bring together various organisations/institutions concerned with cluster development so as to synergise the efforts and add further momentum to cluster development in the country. For this purpose, policy makers, planners, implementers and field experts are being invited to share their experiences and to evolve new strategies for development of MSMEs through cluster development.

The themes selected for discussion are a) Policy Implications for Cluster Development b) Clusters: Employment Generation and Poverty Reduction c) Business Development Services d) Investment Promotion and Technology Transfer e) Cluster Financing and Development f) Infrastructure Development and Common Facilities g) Cluster Development Implementation Strategy and h) Future Directions.

2. The Minister for Micro, Small & Medium Enterprises, Shri Mahabir Prasad has set 31st March 2008 as the deadline for implementing various schemes under the Khadi & Village Industries Commission (KVIC). Presiding over the Second Meeting of National Khadi & Village Industries Board (NKVIB) in New Delhi on 16.1.08. Shri Prasad said that the Government was making special attempts for the development of khadi sector in the 11th Plan as compared to the 10th Plan. He said, “Workshed for Spinners, Enhancing the Productivity and Marketing in a holistic and planned manner for selected 200 institutions in which we are including 50 institutions that are managed by persons belonging to Scheduled Castes and Scheduled Tribes, to institute a nursing fund to support around 200 institutions which have become financially weak and modernisation of around 30 Sales Outlets are some examples.”

3. This information was given by Shri Mahabir Prasad, Minister for Micro, Small & Medium Enterprises (MSME) while chairing the Third Meeting of the National Board of Micro, Small & Medium Enterprises in New Delhi on 13th December 2007. The Minister said Secretary, MSME had written to more than 40 MSME organisations to let the Government know about at least 100 such sick units, which became sick primarily because of credit related problems. The main agenda of the third meeting was ‘Marketing Efforts of National Small Industries Corporation’ (NSIC). Outlining the performance of NSIC, the Minister said, during the last three years NSIC took certain steps to help the micro & small entrepreneurs in a big way. For this, a
number of new schemes were launched like distribution of steel, copper etc. providing financial assistance in collaboration with banks, providing export credit insurance with the help of ECGC, helping new entrepreneurs through incubators, implementing Performance and Credit Rating Scheme, signing of MoUs with small scale entrepreneurs’ organisations etc. As a result of which NSIC made profit in the last two years. Shri Prasad further informed that NSIC gave dividend to the Government during 2006-07.

4. **President Smt. Pratibha Devisingh Patil**, has urged the Government and Khadi and Village Industries Commission (KVIC) to pay special attention to see that artisans can get finance easily and through the nearest banks. The requirements of the needy to get proper benefits through loans and grants should also be kept in mind. The President was inaugurating the concluding session of KVIC’s Golden Jubilee Celebration function in New Delhi on 19.11.07. She said, the Khadi and village industries while retaining the intrinsic beauty of their products, will survive in the long run, if they take into account the changes occurring in the world in terms of market, technology and customer preferences. Blending khadi with other fibres such as silk, wool etc. will give it a new image and open further market. Khadi could also be given a new look, where necessary, so as to attract the younger generation. There is now a growing preference for natural products and khadi has an inherent advantage, in that it is eco-friendly and can be marketed as such.
There is also a need for paying attention to standardization of khadi and village industries products.

Stating that there is a need to set up more employment generation units especially for women the President said, one of the main objectives of promotion of khadi and village industries is to create employment opportunities in rural areas and urban slums for improving the quality of life.

5. The Finance Minister Shri P. Chidambaram, who was the Guest of Honour urged in his speech to set aside a small amount of the budget of every Indian to buy at least a khadi product every month to help not only the poor artisans but also to contribute to the employment generation as well. He also released two Commemorative coins of Rs. 5 and Rs. 50.

6. The Union Micro, Small and Medium Enterprises Minister Shri Mahabir Prasad said in his speech that the total value of production in KVI sector amounted to Rs. 14,029 crore in 2006-07 and KVIC has helped to generate an estimated additional employment opportunity to 88.92 lakh persons so far. He however said that looking to the mass unemployment scenario, much more efforts have to be taken to double the employment opportunities in the XIth Five Year Plan and we have to gear ourselves for accepting this challenge.

7. Shri Prasad said, KVIC plays an integrative role in the development of a holistic approach – to the areas of human and economic development in the rural sector. He said, keeping in view its social objectives KVIC has embarked upon convergence programme with various professional agencies
like IIT, NID, NIFT, IIP etc. Recalling the mission undertaken by Mahatma Gandhi, Shri Prasad said, “Let us take the mission of Pandit Nehru, Indira Gandhi and Sonia Gandhi to every household of our country”. He also urged the people to emulate Khadi in true spirit. Shri Prasad released “Commemorative Postal Inland Letters and Post Cards” at the function.

8. Union Minister of State for Labour & Employment (Independent Charge) Shri Oscar Fernandes and Chairman, Department Related Parliamentary Standing Committee on Industry, Shri Santosh Bagrodia presented Awards to 34 persons in various categories – Best Spinners, Best Weavers, Best Bankers, Best REGP Units and Science & Technology Innovators.

9. South Africa has evinced keen interest in enhancing cooperation in the Micro, Small and Medium Enterprises (MSME) Sector. A South African delegation led by Deputy Minister of Trade & Industry H.E Ms. Eizabeht Thabethe called on Shri Mahabir Prasad, Union Minister for MSME in New Delhi on 14.11.07. Ms. Eizabeht Thabethe said that her country look forward to draw inspiration from the specialized and focused endeavour of India in the MSME sector. Ms. Eizabeht Thabethe recalled fondly the contribution of Mahatma Gandhi towards South Africa and said, “Gandhiji came to our country as a lawyer and went back as a great leader.” Earlier, welcoming the South African Minister Shri Mahabir Prasad said, India share a common history, culture and economy with South Africa and unemployment scenario in
both the countries are somewhat similar. India will be too glad to offer help to South Africa in the MSME sector. Both the countries could explore the possibilities of identifying the specific areas of cooperation, Shri Prasad added. Shri Prasad invited the South African delegation to visit the pavilions under the Ministry of MSME at the India International Trade Fair, 2007.

The Union Minister of Micro, Small & Medium Enterprises Shri Mahabir Prasad has said that among the several policy initiatives that India has undertaken in the last decade of the last century, Cluster Development appears to be an attractive and efficacious one. “After a certain amount of experimentation on the degree and type of intervention that government could undertake or encourage, we veered towards certain successful models”, the Minister said. Shri Prasad was speaking at the Asia-Europe Ministerial Meeting (ASEM) on Small & Medium Enterprises in Beijing on 31 October, 2007.

10. Shri Prasad said the model of Cluster Development that “we have undertaken entails a whole range of schemes, which means that those Ministries, Departments or Agencies that are well versed in a particular subject will be assisting those SME clusters that operate in their domain.” Giving specific examples he said clusters of handmade textiles would be looked after by the specialized agency meant for such textile enterprises; clusters of food units would be serviced by the Ministry of Food Processing Industries and so on. In all, the government identified more than 3000 SME clusters of artisan-
specific, village and small enterprises in India and took up 1150 such clusters for intervention and improvement, he added. Shri Prasad also informed that India had undertaken a programme for ‘Twinning’ of Indian SME clusters with similar SME clusters in Italy. India also had a record of disseminating technology amongst certain developing countries in Africa and Asia and this new programme of cluster development could be included by in such efforts.

11. **Shri Prasad** said that the credit policy helped in linking the Indian MSMEs with almost 55000 bank branches and has given loan (outstanding) of over US$ 55 billion. In 2006-07, advances to MSMEs from the public sector banks in India have registered a record growth of over 27 per cent. He further informed that the number of SMEs in India is estimated to be around 13 million while the estimated employment provided by this sector is over 31 million. The export from the SME sector is estimated at US $ 50 billion in 2005-06. Further, the SME sector accounts for about 45 per cent of the manufacturing output and over 40 per cent of the national exports of the country. Accounting for more than 95% of all enterprises in most of Asia-Europe Meeting (ASEM) countries, SMEs act as a main driving force of technological innovation, expanding employment and boosting economic growth. ASEM members pay great attention to SMEs development. In the Hanoi Declaration on closer ASEM Economic Partnership adopted at Fifth ASEM Summit, ASEM members have strong political will to promote SMEs cooperation under the ASEM framework. Against this background, China
hosted the ASEM SMEs Ministerial Meeting, which aims at deepening dialogue among governmental agencies of ASEM members in charge of SMEs, discussing policies and measures for better adapting to globalisation, creating sound SMEs social service policy and supporting system, improving SMEs capacity of innovation and competitiveness, enhancing cooperation among SMEs in ASEM members, strengthening regional cooperation of industrial clusters, and expanding mutual investment areas.

12. Government had taken a number of steps to boost the MSME sector in recent months, including the enactment of the Micro, Small & Medium Enterprises Development Act, 2006. Explaining the provisions of the Act, Dr. Chandrapal said it aims at facilitating the promotion and development of small and medium enterprises in a competitive way. It seeks to empower the Central Government to notify programmes, guidelines or instructions for facilitating the promotion and growth of small and medium enterprises. One of its primary objectives is to make provisions for ensuring timely and smooth flow of credit to small and medium enterprises, especially the unemployed youth of our country.