SUMMARY AND CONCLUSIONS
CHAPTER – VII

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Industrialization accelerates economic development through structural transformation. Economic development implies significant changes in the sectoral composition of income and employment. And, by definition, industrialization involves fundamental changes in the structure of an economy both in terms of output and occupational pattern of workforce. Development of industries in the backward regions is a strong tool to reduce regional disparities. Industrial development would create an impact on income levels and pull the region out of its backwardness and promote regionally balanced development. Five decades after Indian independence, industrialization has changed the structure and growth pattern of the economy. Both public and private sectors have expanded considerably and a comfortable heavy and basic industry base has been created along with the expansion of small-scale sector.

Small-scale industries have played a strategic and significant role in promoting rapid industrial growth and hence faster economic development by providing greater employment opportunities, bringing about reduction in regional imbalance and removal of economic backwardness of rural and under developed segments of the country. Small-scale industries are recognized as instruments of social transformation. Small-scale sector has emerged as pivotal and vibrant sector of the Indian economy contributing 35 percent of gross value of output in the
manufacturing, 80 per cent in total industrial employment and 40 per cent in total exports from the country. As many as 31.21 lakhs small scale industrial units in 1998-99 produced goods worth Rs.5,38,357 crores and provided employment to about 171.58 lakhs workers and earned foreign exchange to the tune of Rs.49,481 crores.

However, small-scale industries have had their share of problems from time to time. Many of the problems like lack of infrastructure, finance, marketing, inequitable allocation of scarce raw materials, low technical skill and managerial ability, shortage of power still continue to affect the small-scale sector. The small-scale industries are plagued by a number of problems which often force these units to close down. Not only this, a large number of small-scale units is sick. As at the end of March 1998 about 2.20 lakh small-scale industrial units with outstanding bank credit of Rs.3843 crores were sick.

Some of the problems faced by small scale industries leading them to sickness are beyond the control of small-scale industries, for instance, raw material and power supply. Usually, these problems vary from one industrial group to another or from one entrepreneur to another in the same industrial group. The main problems generally faced can be classified into five main groups, namely, (1) Finance, (2) Production/Raw material/Power, (3) Marketing, (4) Transport and (5) Problem with performance.

The various problems of the SSIs need to be identified and critically analysed before actually suggesting any measures to develop these SSIs. Thus a
systematic study to analyse the problems encountered by different categories of units was needed and thus undertaken in Bijapur district with a thinking that this study would help the government devise or improve policies on incentives and concessions to SSIs. The specific objectives of the study are as follows.

1. To assess the role of the SSI units in economic development of India;

2. To study the profile of SSI units in Karnataka State in terms of number of units, employment and investment;

3. To ascertain the financial needs and the source of finances of the small-scale industrial units and to identify their major financial problems in the study area;

4. To study the production performance and production problems of SSI units;

5. To analyse and identify the marketing problems of SSI units; and

6. To suggest the policy measures for improving the performance of SSI units.

The field study supports the hypotheses set out for this study, which are as follows:

1. High rate of interest and inconvenient number of instalments are the major problems in obtaining working capital for SSI units, which has in turn affected the production of SSI units.

2. Shortage of raw materials and power have caused decline in growth of production of SSI units.
3. Price competition among the SSI units and imports of substitutes have caused sickness and closure of SSI units.

The universe of the study constitutes all the small-scale industrial units in Bijapur district. To estimate the actual size of the sample universe, a general list of small-scale industry units along with their addresses was prepared by collecting data from the available material from the District Industries Centre (DIC), Bijapur. Keeping the scope of the present study in mind, the small-scale industry units were stratified into six well defined categories, namely, Food Products Units, Mineral Products Units, General Engineering Products Units, Rubber and Plastic Products Units, Metal Products Units and Printing Products Units.

This categorization is based on the one made by the Khadi and Village Industries Commission. It was adopted with slight modifications to suit the needs of the study. The primary data was collected from 97 SSI units. The 97 respondents constitute the sample for providing the data.

The main source of the data used in the present research are two: (i) Primary data and (ii) Secondary data. In the present study, the primary data was collected with the help of a structured, closed ended interview schedule from the sample units. The secondary data relating to the various parameters like number of units, employment, investment in Bijapur district, Karnataka State and India was obtained from authoritative sources, such as, Development Commissioner, Small-scale Industries, New Delhi, Directorate of Industries and Commerce, Government of Karnataka, District industries centre (DIC) Bijapur. Besides, information was
also obtained from published articles in professional journals, plan documents and published theses. The data were analysed using simple tabular method with percentages, ratios, etc. to provide meaningful results.

A detailed study of the problems and prospects of the SSI units in the Bijapur district has led to the following major findings and conclusions:

1. **The SSI units in the Bijapur district are mainly sole proprietorship and partnership firms.** Of total 97 SSI units, 85 units (i.e. 87.62 per cent) are on proprietorship and 12 units (12.38 per cent) are partnership, basis. Co-operative and company forms of organisations are conspicuous by their absence in the study units.

2. **Average investment in plant and machinery in the units is of a small size.** It ranges between Rs.5 lakhs to 10 lakhs and 11 lakhs to 20 lakhs. Of total 97 units, 46 units are of 5 to 10 lakhs and 43 units are of 11 to 20 lakhs. While 7 units are of 21 lakhs to 40 lakhs. Remaining only one unit of General Engineering is of high range, which has an investment of Rs.41 lakhs to 50 lakhs. This suggested that high range investment in existing SSI units, in Bijapur district is very less and much of the investment is in low range. Such small size of investments limits the production capacity of the units and the units fail to realise scale economies.
3. 94 SSI units out of 97 existing units have made out right purchase of their plant and machinery and smaller number of three of them have resorted to hire purchase/lease methods.

4. K.S.F.C. is the chief source of finance, to each category of the units, in the district. 82 of totally 97 existing units are funded by K.S.F.C. 11 units are funded by commercial banks. Private moneylenders and own funds are the source of only 4 units. These 4 units are present in food and metal products categories. This indicates scarcity of own funds in the district.

5. SSI units in Bijapur district are aware of loan subsidy and other incentives schemes given by the government and all of them have obtained these facilities given by the D.I.C. and K.S.F.C.

6. Maximum number of units in each category, except mineral products units, has borrowed the loan as medium term finance, from K.S.F.C. and bank. But large number of units in the mineral products category has borrowed the loan, as long-term finance. Thus, medium term finance has a key role in promoting the SSI Sector in Bijapur district than the long-term or short-term finance.

7. Being large in their number, majority of the food and mineral products categories units (26 and 24 respectively) face the problem of delay in obtaining incentives, given by the government, due to lack of proper and in time information from the government
agencies. Remaining units of these categories and majority units of other categories do not face this problem.

8. The SSI units, in four categories namely food, Mineral, engineering and metal products, mention “high interest cost” and “inconvenient number of instalments” as their major problem in obtaining their loan finance. Other problems like rigid repayment condition, inadequate amount of loan etc., are mentioned only by food products units. Thus high rate of interest cost and inconvenient number of instalments are the major problems of the four categories units, but it is more crucial problem in food product category, as more than 50 per cent of its units face this problem. Thus mainly the food products units are threatened by finance problems.

9. The SSI units covered by the study did not experience shortage of working capital. Majority of the units depend on banks and finance companies for their working capital requirements in addition to their own funds.

10. More than 50 per cent of the SSI units mention high rate of interest of banks, and finance corporations. Except rubber and plastic category inconvenient repayment conditions, bank policies, stringent credit as the major problems in obtaining working capital in each category units in study area.

11. All categories of units, except the food category, in the study area, have continuous production operations in their units. But majority of
the units of food category have seasonal production operations, as those category units are based on agricultural inputs.

12. A small number of 39 out of 97 units have opined that production is declining. About half of the units of food and general engineering opine that production is declining. They cite shortage of raw materials, severe competition and power cuts, as main reasons for the fall in production. Units of all categories including food and engineering, also cite that decline in demand labour problems, transport difficulty and shortage of power are the other reasons for decline in production.

13. Procurement of raw materials is done locally by 48 units and also from outside city by 63 units. While 3 of these units obtained raw materials from outside the state also. More number of mineral product units have local source, while more number of other category units have outside the city sources. Only the general engineering category units (3 units out of 9) their raw material mainly from outside state.

14. Wholesaler and producer are the major channels, while retailer, manufacturer and others are the minor channels for purchasing the raw material in all category units. But only in printing category units, retailer remains to be a main channel.

15. More than half of the units of all categories (except printing) experience difficulties in obtaining the raw materials. For most and
major difficulty that affects more number of units (28 units) is quality variation in raw material and higher rate. Than follows the transportation and higher cost problem. Office problem with permission of mines department is found only in mineral product category.

16. K.E.B. is the main Source of supply of electricity to the SSI units covered by the study. Only 29 out of 97 (i.e., 29.89 per cent) units have set their own diesel generating sets to augment the power supply.

17. Most of the units in each category (63 out of 97 units, i.e., 64.94 per cent) suffer loss because of the regular shortage and inadequate supply of power.

18. Capacity utilisation in all units is 84.25 per cent on an average. It is high in mineral products and low in food products. But, it is significant to note that share of food products units is maximum in total number of units in the district.

19. Under utilisation of capacity, in the units of the district are found only in food product (52.50 per cent capacity utilisation) and general engineering (1 out of 9) units (50.85 per cent capacity utilisation).

Half of the food product units (21 out of 41 units) opine that this condition is a constraint to large number of food product units in the district.
20. A large number of SSI units follow pricing based on cost plus profit (81 out of 97 units, i.e., 83.50 per cent) and based on agreement with buyers (8 out of 97 units, i.e., 8.24 per cent). Only 3 units out of 97 units (i.e., 3.09 per cent) fixed their prices based on competitors price and based on orders.

21. Majority of the units (53 out of 97 units, i.e., 54.63 per cent) in the study area, sell their products outside the city mainly, than locally (25 out of 97 units, i.e., 25.77 per cent). Most of the mineral units sell outside the state mainly. Their outside state market is greater than their local market, when compared with other categories.

22. Major buyers of food products are wholesalers and retailers. Mineral product buyers are consumers and wholesalers. General engineering product buyers are government and consumers. Printing, rubber and plastic product buyers are consumers. And metal product buyers are wholesalers. Among very small number of buyers are manufacturer, private industries and others.

23. Majority of all category units (83 out of 97 units, i.e., 85.56 per cent) have adequate storage facilities having their own buildings. Only one rental building has found in food product units. Few units (13 out of 97 units, i.e., 13.40 per cent) do not have the storage facilities, for the reasons like order wise production/supply variation in market rate, non-purchasable goods/manufacturing goods, undertaken job work and servicing.
24. Majority of the units in district, experience the fall in their sales, due to major internal and external factors such as increase in cost of production, irregular power supply, poor marketing, improper production, competition, reduction in demand, entry of new sales, availability of new substitutes and government policies.

25. Majority of the each category units sell their products on credit basis, with more than 19 per cent credit sale in their total sale.

26. SSI units of native district are the main competitors, to the study areas units. Next major competitors are outside district units. There are no competitors from outside state units. Big and local units are the competitors only to the food and mineral products units. Thus food and mineral product units have to compete with all above said competitors. Also, it is significant to note that major competitors to the study area SSI units are those study area SSI units themselves.

27. Price competition and credit sales by competitors are found to be major areas of competition in SSI units of the district. Quality of product and advertisement are the other areas of competition. But quality to be a major area of competition in mineral products units.

28. Price competition from other units is the major usual marketing problem in each category units in the study area. Other problems are improper distribution channels, inadequate transport facilities and lack of storage facilities. But these problems are found only in food, mineral and general engineering units.
29. Majority of SSI units opine that their products do not need advertisement and publicity because they are satisfied with present sales.

30. Majority of each category of units in study area experience loss of sales due to tax burden. 4 to 6 per cent loss in total sales is experienced by large number of units and all category units.

31. Government has some sales controlling measures on SSIs products such as price control, quality control and inspection, control on raw material supply and licensing and other regulations. These measures are found only in mineral (1 unit) and general engineering (3 units) in the study area.

32. Lorry is commonly only used as a mode of transportation, in all categories units in the district. Among other modes of transportation are tractors, tempo and others. A small number of units cited the use of tempo. General engineering and metal product units use above mentioned all modes of transportation.

33. All category units equally depend on own vehicles (39 out of 97 units, i.e., 40.20 per cent) and hired vehicles (58 out of 97 units, i.e., 59.80 per cent) for transportation. Although dependency on hired vehicles is slightly more. Vehicles often are hired on trip basis.
34. Higher transport cost is the main difficulty during transportation. Large number of units cited that they did not experience any loss of market/orders due to inadequate transport.

35. About half of the food product units found to be in sick condition, due to problem in marketing. The percentage of sickness in the sick units is more than 50 per cent. Thus, 21 units of food product category, out of its 41 units, are closed in 1997, due to sickness. Likewise, only 1 unit of mineral products, out of its total 39 units, and only one unit of general engineering products, out of its total 9 units, are in sick condition. The percentage of sickness of the mineral product unit is less than 20 per cent. But, still it is not closed. The sickness of the sick unit of general engineering is more than 50 per cent. This unit is closed in 1998. From the above information, it can be concluded that only the food product units are in very bad condition, due to problem of extent of marketing or other. Compared to these units, units of other categories are in good condition, although they suffer problems like marketing and others. Totally 22.68 per cent of the total 97 units of the study area remain to be closed, due to sickness.

36. Majority of each category units recruited their workers mainly through personal contact and than through advertisement. Small proportion of workers is recruited through training institutes. General
engineering and metal products units recruited their workers through all above-mentioned means.

37. Workers at the studied SSI units have not affiliated to any labour union. Units did not provide any training to their workers. It is significant to note that there have been no labour strikes in these units.

38. The management personnel of the study units, are educated. Their education level ranges from 7th to P.G. 7th to degree level personnel are present in all category units. But, P.G. level personnel are present only in mineral product units.

39. A large number of management personnel of the SSI units are in the age group of 36 to 40 years. The management personnel of age group 20 to 25 years are less in their number.

40. The business experiences of the management personnel range between 5 to 15 years and above. Most of the management personnel are with 6 to 10 years experience.

41. The management personnel of a majority of food, mineral, rubber and plastic, metal and printing units (82 out of 97 units, i.e., 84.53 per cent) do not have any training in management. But all management personnel in the general engineering units (9 units) have been trained in management. Food (2 units), mineral (2 units)
and metal category units (2 units) also, have trained management personnel, but in very few numbers.

42. All food product units face problems with their performance. Marketing, power and raw material are the other major problems. Some of food product units also face the problems like capital and transport with their performance. 18 out of total 39 units of mineral products, face the same problems with their performance that are faced by food product units, together with other problem of labour. There also, raw material and marketing are major problems. 7 of 9 total units of general engineering category face the problems of power, raw material, transport and labour, with their performance. Of them, power and raw material are major problems. Rubber and plastic category unit face the problem of raw material, transport, marketing and power. All 4 units of metal products face the problems of power, raw material and capital, power being the major problem. 1 of total 3 printing units face the only problem of marketing. Raw material and power are the common problems with performance of all category units. Less number of units in mineral and printing category face the problems with their performance, compared to other category units, in the study area.

43. Majority of SSI units opine that favourable government policies for product of units are the most favourable aspect for the bright prospects of the SSI units. A good number of all category units opine
that incentive scheme are also favourable aspect. Good demand for the product is also being only of such aspects, it is cited by food, mineral and general engineering categories. Food mineral and general engineering categories cite above mentioned all these aspects, for bright prospects of the SSI units, in the study area.

44. Except rubber and plastic category units, units of all other categories have purpose adopted to increase their production, in future. Majority of metal, mineral, general engineering and printing units have such purposes, but few (i.e. less them half of their total number) of food category units have such purposes, compared to other category units. Units of above said all categories have a purpose to increase their production, mainly in the range of 5 to 10 per cent of their total production. It is significant to note that food product and rubber and plastic categories units have negative attitude towards purpose adoption to increase their production in future.

45. Almost all units of all categories (92 out of 97 units, i.e., 94.84 per cent) have no interest to bring any modifications in their products, in future. Only 5 units out of total 97 units (i.e., 5.16 per cent) in study area, interest to bring modifications like design changes in product and change of machinery and building.

46. Majority of all category units require financial help from banks for marketing the product in their future. Food, mineral and general engineering units need marketing finance for more number of
activities like, credit sale, insurance, storage cost, salary payment to salesmen, agents commission, advertisement and others. Majority of units in all categories need marketing finance in future mainly for credit sale and insurance.

47. Except units of food, rubber and plastic categories, majority of all other categories units have satisfaction with present availed of financial and marketing and other facilities to overcome sickness caused by marketing problem in their future. Only 13 of total 41 units of food category are satisfied with present facilities, to overcome marketing, in their future.

48. All categories’ units opine that domestic market as it is presently, is more remunerative in future also. But interest of mineral product units is turned towards export market, as 14 units of mineral products (out of total 39 units) opine that export market is more remunerative, in their future. Only one unit of food products has interest towards export market in the study area.

49. Majority of food, mineral and general engineering units and all units of printing of one that choosing new market, understanding with competitors and improving the product quality, are the important measures for solving the marketing problems in the SSIs future, in the study area. While some general engineering units, majority of metal products units and rubber and plastic unit, opine that variation in product design, change in packaging and advertisement are the
important measures. Food and general engineering categories units consider most of the above-mentioned measures, as important to solve the marketing problems in SSIs future.

50. Majority of all categories units and half of the mineral products units opine that present government policies towards industry in future are unfavourable. Respondents opined that present policies are inadequate to solve the SSIs problems.

51. All category units in the study area consider about 15 policies of government (mentioned in table VI. 10) as unfavourable steps taken towards the SSI units. Of them major steps are high rate of interest to loan, rigid procedures (policies), officially information problem and bribe, higher selling tax, more security for loan, more K.E.B. bill cancellation of subsidy on raw material and rigid repayment condition.

52. SSI units in the study area except a large number of assistance programmes from government for smooth running and development of the units in future. Majority of units expect low rate of interest to the loan finance, subsidy on raw material, K.E.B. bill exemption and reforms in K.E.B, regular power supply, abolition of chain system of tax and moderate tax should be 4 per cent and training and seminar centres for SSIs entrepreneurs in each taluks.

53. The respondent SSI units have made some suggestions for improving the future prospects of their units. They relate in order of preference
RECOMMENDATIONS AND SUGGESTIONS FOR IMPROVEMENT

Following recommendations are made to ensure efficient internal management of SSI units and to solve some of the genuine problems confronting the small-scale entrepreneurs from Bijapur district. If these recommendations are implemented, it is hoped, the growth of small-scale sector will get a boost. The suggestions are based on the findings of the study covering the 97 SSI units in the Bijapur district.

1. SSI units are being controlled by a number of acts and laws, which consumes a lot of time of entrepreneurs distracting their attention from important activities of the entrepreneurs time in production and marketing. Government official procedures should be simplified, to reduce unnecessary interferences of bureaucratic controls.

2. Official information regarding government incentives, schemes and programmes should reach the entrepreneurs, without delay at proper time and as quick as possible. A large number of entrepreneurs’ complaint is about bribe in the government offices. It should be eradicated and official strictness should be maintained.
3. Security to the institutional finance and interest rate should be moderate. Banks and financial institutions should follow a liberal credit policy to meet the working capital requirements of SSI units.

4. The entrepreneurs had to undergo a plethora of complex set of procedures and formalities which delay the sanction and disbursement of assistance as most of the industrial units are one man’s show. If the entrepreneurs devote more time in claiming assistance, their other crucial areas will suffer, which will ultimately affect their production, sales and repaying capacity. Therefore, the procedure to avail subsidy and other incentives should be made simple and financial institutions be given the responsibility to claim the capital investment subsidy on behalf of the entrepreneurs as KSFC is doing at present. Sanction and disbursement of incentives, particularly investment subsidy should be a time bound programme.

5. Subsidy for finance should be moderate, so that new entrepreneurs are encouraged to establish SSI units in rural and backward areas.

6. Government should not encourage the establishment of a large number of industries of same kind of products, in the same region. This will increase the severity of competition between the same category units, which will become a reason for sickness in units of these products. Balanced industrial development can be achieved only if government consciously encourages the establishment and development of large number industries, but of different kinds of
products units in the same region. This will reduce regional imbalance in the industrial development, consequently promoting the overall development of backward regions.

7. Government should set-up training and seminar centres for SSIs entrepreneurs in each taluka. The centres will help the existing units to increase their awareness about production, management and marketing. This will enable the entrepreneurs to get more profit, and by this, this profit will plough back in the unit. It will increase the investment in backward regions. Also industrial fair, exhibitions, festivals etc., should be organised at taluka levels, to create awareness about industries. This will help the new entrepreneurs to know and enter into the industries sector.

8. Entrepreneurs of the SSI units, in the study area showed very less interest in modification of their products. But success of SSI units in marketing their products, is dependent on product planning, product design and product development. So SSI units in the study area should modify their products to meet the consumers demand, so that product can compete effectively, with competitors of production. Use of modern techniques of production, can also reduce the cost of production and can bring improvement in the productivity.

9. Manufacturing sector needs uninterrupted power supply. Production schedules in the study area are greatly disturbed, because of shortage of power. Therefore state government should step up its investment
in power generation or allow private companies to produce and
distribute the power uninterruptedly in cheaper rate.

10. SSI units are facing a big problem of scarcity of raw materials, in the
district. This problem is bigger especially in food products units, due
to inadequate supply of raw materials. Because of high transport
costs, SSIs cannot get the raw materials from outside district.
Therefore, the district K.S.S.I.D.C. should see that undue delay is
avoided in allotting the source raw materials. Also government
should continue to give the subsidy on raw materials, which has
cancelled in 1992-93. Kerosene supply should be quota wise, to
mineral products units, in the study area. There is too much
corruption in market yard, due to competition between the
entrepreneurs, while purchasing the raw material, for food products.
This corruption should be eradicated.

11. One of the beginning problems faced by SSI entrepreneurs is
availability of sheds in industrial estates. Government should
construct better and cheaper industrial sheds for small entrepreneurs
to help avoid heavy initial investment in the construction of the sheds
and make project cost effective. Government was providing land
through K.I.A.D.B. for unit establishment in the industrial estate, at a
cost of Rs.0.25. Now, that cost being increased to Rs.2.40 lakhs; this
high cost should be reduced.
12. SSI units in the study area should employ more number of trained salesmen; so that marketing of the products will become more effective and efficient. Proper marketing, parking and scientific grading and assembling of the products should be given due attention. Entrepreneurs in the study area have less knowledge about importance of advertisement and less interest in advertising their products. But, effective advertisement help promoting the sales of products. So, they should give their attention towards advertisement also.

13. SSIs, registered with directorate of industries, are eligible to avail of a price preference, on their products, supplied to the government and semi-government organisation. SSIs in the study area have good opinion about government purchase and payment. Thus, it will become more convenient to SSIs. If government purchasing and selling agencies are there at taluk levels.

14. Imported goods compete with SSIs products in domestic market. Government should bring a control on import policies like edible oil and rice. Also it should bring rate fixation policy for SSIs products, in domestic market. It will promote the sales of SSIs units in domestic market.

15. There should be a central marketing corporation, set up by government of India for distributing unbranded products of SSIs. K.S.S.I.D.C. should extend “brand” name system for marketing the
products of more number of SSIs, and conduct extensive publicity campaigns for popularising the brand names.

16. Credit sales lock up the working capital. Hence such sales products should be resorted to only on a selective basis to want of competition or to dispose of accumulated stocks.

17. Quality marketing centres should be set-up at each industrial estate/centre to provide facilities for technical guidelines, finishing and testing for the manufacturers to help the standardise their goods.

18. Present sales tax being high, it should be reduced to a moderate rate of 4 per cent. Chain system of sales tax should be abolished. Presently sales tax has five-year exemption. It should be reduced to 3 years. Because, sales tax exemption of longer duration (also many of other facilities) given to the SSIs should have certain limits. Because researcher feels that unlimited incentives are misused by the entrepreneurs many times, making the entrepreneurs to loose their seriousness, about other factors that cause sickness of their units.

19. All sample units have availed sales tax exemption offered by the government of Karnataka. This sales tax exemption artificially makes the product cheaper to the extent of sales tax. This will help the new unit temporarily to market its product but this not a measure of making the product competitive. Once sale tax exemption is withdrawn, the unit will land in marketing difficulties if it has not stabilised its marketing conditions during the sales tax exemption.
period. Therefore, instead of giving sales tax exemption, the government can provide interest free sales tax development loan for a specified period. This will help the entrepreneurs to retain the benefit and the State government may have to forego the revenue for the time being.

20. Thus there is a need to channelise the assistance programmes to the backward areas, where induced industrial development contributes for the mobility from primary to secondary sector. There is also an urgent need to ensure the reach of facilities to the downtrodden sections (in terms of both social and economic) of the population, so that entrepreneurship will emerge from low profile.