RESEARCH DESIGN AND METHODOLOGY
CHAPTER NO. 1

RESEARCH DESIGN AND METHODOLOGY

1.0 INTRODUCTION

An Agriculture is the backbone of Indian economy. Near about 70 percent of the population of India depend upon agriculture. Though the whole economy of the nation depends upon agriculture, the improved technologies are not utilized in the agriculture for cultivation and all other activities. Farming activities are depending upon the natural resource i.e. each farmer depends upon the rain, the natural resources of a country are of primary importance for economic development. Now agriculture has enhanced the remunerative occupation. The outmoded and tenure system, traditional technology, poor agriculture and infrastructure are the strong barriers in the process of agricultural development. Institutional and technological changes were introduced to create the favorable conditions for the development of agriculture. They primarily are initiated for improvement of crop production and productivity. Crop production and productivity and cropping intensity have increased, during the planning period. In the era of liberalization, privatization and globalization, Indian agriculture has much protection to get the advantages of globalization with the help of modern technologies in production and marketing of agriculture produce. The India can become a superpower in the world in respect of agriculture production. But the Indian agriculture has many problems which can be grouped in the functional areas of management such as production, personal, finance and marketing etc.

For the development of backward areas it was said that if we want industrialization vis-à-vis economic development, it can be achieved only through exploitation of the local resources by the local entrepreneurs. Rural areas are mainly dominated by the agriculture sector and the majority of the population are dependent on agriculture and allied activities for their livelihood. Therefore, to develop rural areas, as agriculture technology development has been nearly saturated, rural industrialization appears to be a pragmatic solution. In this context, the role of rural entrepreneurs assumes greater importance.

If we want to apply modern technology in the agriculture sector, we require modern equipments and implements. In the rural areas these equipments and implements are prepared by the engineering units. For the overall development of rural area the SSI
entrepreneurs are playing very dominant role. In the rural area the main engineering units which support overall development are such as – fabrication work, domestic appliances, still furniture and agriculture implements and equipments etc.

Definitions of the Word Entrepreneur, Entrepreneurship and small scale industries are as follows:

Entrepreneur: The word entrepreneur in English originated from the French word ‘entreprendre’ meaning ‘to undertake’. The Lexicon Webster Dictionary (1971) explains the term entrepreneur is applicable to ‘one who organizes, manages and assumes the risks of a business or enterprise’. The Oxford English Dictionary (1978) describes entrepreneur as ‘one who undertakes, a manager, controller, champion’. The Encyclopedia Britannica (1979) elucidates that entrepreneur is an individual responsible for operation of a business, including choice of a product, mobilization of necessary capital, decisions on product prices and quantities, employment of labour and expansion or reduction of the productive facilities. The word entrepreneur, states the BBC English Dictionary (1993), refers to ‘a’ person who sets up business.’

In the opinion of Irish economist Richard Cantillon (1680 – 1734), entrepreneur is someone who takes the risks of running an enterprise by paying certain price for securing and using resources for a product and reselling it at an uncertain price. According to Adam Smith (1723 – 1790), the famous Scottish Moral Philosopher and classical economist of the 18th century, entrepreneur is an individual who can visualize the market needs for goods and services and exploit that opportunity by starting an enterprises or business for profit. Economist R. T. Ely says in his work entitled ‘Political Economy,” We have obliged to resort to the French language for a word to designate the person who organizes and direct the productive factors, and we call such a one as an Entrepreneur.”

F. Livingston, an economic analyst, writes in his ‘Trade Cycle’ (1922) that “In modern times the entrepreneur assumes many forms. It may be a private businessman, a partnership, a Joint Stock Company a co-operative society, a municipality or a similar body”. The term entrepreneur, in Livingston’s view, should be applicable to an individual or a group of individuals whether engaged in any business for profit or not. In the English Translation of “The Theory of Economic Development” (1934) authored by eminent economist Joseph Schumpeter (1883 – 1950), an entrepreneur is characterized as “an innovator playing the role of a dynamic businessman adding material growth to economic development.” In the words of author David Holt, “The term entrepreneur may be
properly applied to those who incubate new ideas, start enterprises based on those ideas and provide added value to society based on their independent initiative.”

Obviously, a comprehensive and unanimously acceptable definition of the word entrepreneur is yet to be adapted. In spite of that, nowadays this much too familiar term entrepreneur has become a synonym for another English word enterpriser, which simply means one who undertakes an enterprise. However, combining some of the salient characteristics or traits, it may be said that the term entrepreneur specifies precisely a dynamic individual who has creative talents, takes initiative assembles necessary resources, risks own money and fortune, undertakes a new venture, introduces in the market something new and useful and who is eventually rewarded with profit or loss.

“Entrepreneur” is a person who creates an enterprise. The process of creation is called as “Entrepreneurship”. The word “entrepreneur” has been taken from French, where it was originally meant to designate an organizer of musical and other entertainment.

The word “entrepreneur” is derived from the French verb entreprendre, which means to undertake. This refers to those who “undertook” the risk of new enterprises. In the earlier part of 16th century, the French men who organized and led military expeditions were referred to as entrepreneurs. French tradition regarded an entrepreneur as a person translating a profitable idea into a productive activity. During the year 1700, the architects and contractors of public works were called entrepreneurs. Quensnay recognized a rich farmer as an entrepreneur who manages and makes his business profitable by his intelligence and wealth.

In economics and commerce, an entrepreneur is an economic leader who possesses the ability to recognize opportunities for the successful introduction of new commodities, new techniques and new sources of supply, and to assemble to necessary plant and equipment, management and labour force, and organize them into a running concern. Whatever the economic and political setup of a country, entrepreneurship is essential for economic development.

Entrepreneurship:- The concept of entrepreneurship is an age – old phenomenon that relates to the vision of an entrepreneur as well as its implementation by him. Entrepreneurship is a creative and innovative response to the environment. It is also the process of setting up a new venture by the entrepreneur. Entrepreneurship is a composite skill that is a mixture of many
qualities and traits such as imagination risk taking, ability to harness factors of production i.e, land, labour, technology and various intangible factors.

Entrepreneurship was a common topic in economic essays for much of the 18th and the 19th centuries. People having different interest in a number of ways have defined the concept.

- Economic focus on “what happens when entrepreneur act”
- Psychologists and sociologists are interested in why they act.
- Management experts focus on how the entrepreneurs act, the characteristics of entrepreneurial managers and the manner in which entrepreneurs achieve their goals.

The word entrepreneur was first used in the writing of French economist, Richard Cantillon. He described an entrepreneur as a person who pays a certain price for a product to resell it at an uncertain price thereby making decision about obtaining and using resources while assuming, “the risk of enterprise.” As per Cantillon, entrepreneur’s function is to combine factors of production into a producing organism. Entrepreneurs consciously make decisions about resource allocation. Smart entrepreneurs always look for the best opportunity of using resources for high commercial gain.

**Small Scale Industries:** The interpretation of small business varies across countries and continents, what precisely should be the universally acceptable comprehensive definition of small business is a matter of debate. Different countries identify small business by different rules, principles, and standards. Regardless of these rules, principles and standards. The expression of small business is widely applicable to private trading, commercial or industrial enterprises characterized by small investment, assets, operation, output, sales, number of employees and scope. In simple words, small business generally refers to private enterprises managed on a small scale. These include manufacturing and processing units, workshops, distribution houses, wholesale or retail stores, advertising agencies, professional and personal service firms, construction and interior decoration firms, tailoring shops, hotels and restaurants, and many more of diverse description that are owned and run independently by private individuals.

In India small business is categorized primarily into such broad groups as cottage industry, tiny, ancillary, export oriented units, rural industry (village industry) women
entrepreneurs, small scale business, small scale service and small scale industrial units etc.

 Definitions of Micro, Small and Medium Enterprises Development (MSMED Act, 2006)

### Manufacturing Sector

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Investment in plant and machinery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Does not exceed twenty five lakh Rupees.</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>More than twenty five lakh rupees but does not exceed five crore rupees.</td>
</tr>
<tr>
<td>Medium Enterprises</td>
<td>More than five crore rupees but does not exceed ten crore rupees.</td>
</tr>
</tbody>
</table>

### Service Sector

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Investment in equipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Does not exceed ten lakh rupees.</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>More than ten lakh rupees but does not exceed two crore rupees.</td>
</tr>
</tbody>
</table>
1.1 ENGINEERING SSI UNITS IN RURAL AREAS OF PUNE DISTRICT

**Introduction:** The present study is related with Entrepreneurship especially with “A study of Entrepreneurship Development in SSI Engineering units in the rural area of Pune District (established from 2001 to 2006). Pune District which is one of the leading district in the state of Maharashtra. The main taluka’s in this District are Baramti, Bhor, Daund, Indapur, Junnar, Khed, Purandar, Shirur, Haveli and Mulshi etc.

Pune District is famous for the production of small scale entrepreneurs in Maharashtra. As such the small productions are marketed in Pune City and other district in nearly market. Pune city and rural part of Pune district are important market places for small entrepreneurs and producers in all over Maharashtra.

Small entrepreneurs situation, position and problems of their business is the main focus of the study. Several important aspects of entrepreneurs like location, climate, feature, infrastructure, cultivation, historical background, rainfall, agriculture scene, production, problems and Engineering units situation in Pune districts are broadly mentioned here to provide the necessary background. The location of Pune district is situated in the western part of Maharashtra state. It is bounded on the north by Thane District on the east by the Ahmednagar District, on the south by Satara District, on the west by Raigad District.

If we want to apply modern technology in the agriculture sector, we require modern equipments and implements. In the rural areas these equipments and implements are prepared by the engineering units. For the overall development of rural area the SSI entrepreneurs are playing very dominant role. In the rural area the main engineering units which support overall development are such as – fabrication work, domestic appliances, still furniture, agriculture implements and equipments etc.

1.2 RURAL DEVELOPMENT-DEFINITION:

- **According to International Bank for Reconstruction and Development (IBRD):** "Rural development is a strategy designed to improve the economic and social life of a specific group of people the rural poor. The group includes small andmarginal farmers, tenants and landless labourers."

- **According to UN Report,** “Rural development has come into international usage to connote the process by which the efforts of people themselves are united to those of governmental authorities to improve the economic, social and cultural
conditions in the life of the nation and to relate them to contribute fully to national.”

- **In the words of Robert Chambers**, “Rural development is a strategy to enable a specific group of people, poor rural women and men to gain for themselves and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of rural development. The group include small-scale farmers, tenants and landless.”

- **The famous sociologist James H Crops** has defined “Rural development as a process through collective efforts, aimed at improving the well being and self-realisation of people living outside the urbanised area. He further contends that the ultimate target of rural development is people and not infrastructure and according to him one of the objectives of rural development should be to widen people's range of choice.”

1.3 **OBJECTIVES OF THE STUDY :-**

The following objectives have been identified for the purpose of carrying out the research work.

1) To understand the scope, nature and background of Entrepreneurship Development in rural area of Pune District.

2) To study the situation of Entrepreneurship Development in the rural area of Pune District, Maharashtra and India.

3) To Study the problems of Entrepreneurship Development in the engineering units in rural area of Pune District.

4) To study the Entrepreneurship opportunities in 21st century in rural part of India.

5) To study the agencies supporting for Entrepreneurship Development.

6) To suggest some remedies for solving the problems of Entrepreneurship Development in SSI Engineering units.
1.4 **HYPOTHESIS OF THE STUDY:**

1) The Pune District is the best area in respect of Entrepreneurship Development in engineering units in Maharashtra, but the rural area of Pune District has not been successful in entrepreneurship development.

2) Entrepreneurship Development in rural area can reduce the problem of unemployment.

3) In the rural area of Pune District there is a scope for the development of SSI Engineering Units.

1.5 **RESEARCH METHODOLOGY:**

Data will be basically divided into two parts:

1.5.1 **Collection Of Primary Data:**

For collecting the primary data researcher decided to visit personally to a small scale engineering industrial units in rural parts of Pune District.

For collecting the primary data the pre–tested questionnaire for entrepreneurs was used. The researcher decided to observe the industrial units and also decided to discuss in details with the entrepreneurs in SSI engineering units for getting primary data. The primary data was collected through the following ways –

1) **Meetings**

The researcher had attended annual general meetings of various organisations of SSI units, associations of entrepreneurs, Entrepreneurs Development organisations, Entrepreneurs awareness programmes institute, Exhibition of small scale units, Exhibition of DIC centres and some of the Programmes of Organizations of Pune District, in which various problems of SSI Engineering units were discussed at great length and observed the proceeding of meetings.

2) **Discussions and Interviews :**

The detailed discussions were done with persons, owners, entrepreneurs, professionals and managers which were directly and indirectly related with District Industries Centres of Pune District. Various Entrepreneurs, Chief Officers, EDP Centre Officers, MCED Centres, Industrial Engineering Units, Financial Institutions, EDP Organisations, Government and Non Government related units etc., were visited. For all of the persons interview technique was adopted and open ended questions were asked to gather the information required.
The researcher has personally interacted with the owners, directors, managers, entrepreneurs, officers and authority person and SSI Engineering unit holders in this sector. For this purpose the authorities of DIC and other agencies, institutes and experts in the field of co-operation were consulted.

The researcher observed the office record of entrepreneurship units, institutes and to get the additional information which was not covered by the questionnaire.

3) **Office Records:**

Office record was basically divided into two parts:

i) **Office Record : General Information** -


ii) **EDP Centres and Institutes:**

Office record of EDP Centres and Institute was taken into account i.e. DIC (District Industries Centre) Pune, YCB(Yashwantrao Chavan Bhawan) Zilla Parishad Pune, NABARD(National Bank for Agriculture and Rural Development) Office Pune, Pune Municipal Corporation, MITCON(Maharashtra Industrial and Technical Consultancy Services Ltd.) Pune, Kasturba Agakhan Palace Pune, MCED(Maharashtra Centre for Entrepreneurship Development Centre.) Pune and Aurangabad Maha-Bank SETI(Self Employment Training Institutes) Pune, Jan Shikshan Sanstha Kothrud Pune, Teachers Training Institute Chinchwad Pune, Chamunda Training Institute Pune, Vision Plus Foundation Institution Pune, Shiv-Udhog Sena Institute Pune, Baroda Self-Employment Development Institute Pune, MCCIA(Mahratta Chamber of Commerce Industries and Agriculture) Centre Pune, RUDSETI (Rural Development and Self Employment Training Institute) – Talegaon – Pune, Handmade Paper Institute Pune, Bharatiya Yuva Shakti Trust
4) **Questionnaire:**
To get primary data we have prepared one questionnaire set for entrepreneurs, for the purpose of collecting the primary data which contains sixty nine questions. A pilot study was conducted to pre-test the validity of the questionnaire. With the help of pre-tested questionnaire the primary data was collected.

This questionnaire contained information regarding name, address, main product, age, religion, qualification, form of organisation, annual income, type of unit, working capital, loan limit, interest rate, benefit received, nature of market, channels of distribution, labour problem of organisation, source of finance, number of employees, nature of technology, general problems of the units and services rendered by the entrepreneurs to its customers. It also contains working and functioning problems of the entrepreneurs etc.

5) **Sample Size:**
According to the official record of District Industries Centre and Mahratta Chamber of Commerce, Industries and Agriculture centre of Pune district, 9500 total units were recorded from 1985 to 2006 which were established in rural and urban part of Pune District, including the small, medium and large scale units.

The researcher has actually studied the small scale units which were established from the year 2001 to 2006. According to the record of Mahratta Chamber of Commerce Industries and Agriculture pune, the total number of units established in the period from 2001 to 2006 were 2830, in the selected talukas of rural area of Pune District. The total number of talukas selected were 10. So the researcher specifically studied micro and small units i.e. 2763 units. The researcher decided to select 10 percent sample size it comes 276 units. At first the stratified sampling technique was used to select 276 units, as per the table given below.
1.1. **Selected sample units for the study registered from 2001 to 2006**

**Table No.1**

<table>
<thead>
<tr>
<th>Sr no.</th>
<th>Name of Taluka</th>
<th>No.of units registered from 2001 to 2006</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Junnar</td>
<td>30</td>
<td>03</td>
</tr>
<tr>
<td>2.</td>
<td>Khed</td>
<td>807</td>
<td>80</td>
</tr>
<tr>
<td>3.</td>
<td>Mulshi</td>
<td>269</td>
<td>27</td>
</tr>
<tr>
<td>4.</td>
<td>Haveli</td>
<td>478</td>
<td>48</td>
</tr>
<tr>
<td>5.</td>
<td>Bhor</td>
<td>269</td>
<td>27</td>
</tr>
<tr>
<td>6.</td>
<td>Purandar</td>
<td>48</td>
<td>05</td>
</tr>
<tr>
<td>7.</td>
<td>Shirur</td>
<td>478</td>
<td>48</td>
</tr>
<tr>
<td>8.</td>
<td>Daund</td>
<td>30</td>
<td>03</td>
</tr>
<tr>
<td>9.</td>
<td>Baramati</td>
<td>114</td>
<td>11</td>
</tr>
<tr>
<td>10.</td>
<td>Indapur</td>
<td>240</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2763</td>
<td>276</td>
</tr>
</tbody>
</table>

**Source:** - Mahratta chamber of Commerce, Industries and Agriculture profile and Analysis of Pune Manufacturing Industries Book Feb -2008.

After defining the sample number of units the sample random sampling was used to selected actual units in various talukas.

The researcher visited to the entrepreneurs personally, and attended annual general meetings of various industries and rotary clubs i.e. Pune, Pimpri –Chinchwad, Chakan, Jejuri, Junnar, Shirur, Indapur, Saswad, Maval, Mulshi, Kurkumbh and Rajgurunagar etc., with the help of the visits and the discussion with all these entrepreneurs the primary data was collected.

In order to test the hypothesis and to fulfill the objectives of the study, the data has been collected from primary and secondary sources.
1.5.2 **Collection of Secondary Data:**

The secondary data was collected through the following ways:

i) **Published material in various periodicals:**

The information collected involves basic and theoretical background regarding SSI units, engineering units, entrepreneurship development, Indian agriculture producers, agro-based industries and agriculture allied business in Maharashtra, Pune District and the detailed study of entrepreneurship development programme centre, problems in the various sectors etc. The theoretical information have been obtained from published materials such as – various financial and industrial books, research journals, bulletin, magazines annual reports, statistical statements, directory of industries, etc.

Journals at state, national and international level, research papers, conference papers, commerce education and management, industry and management, information technology and various articles in news papers such as – Business Standard, Economic Times etc, Periodicals like – marketing information and various business sectors etc., were referred.

**For the purpose of collecting secondary data the libraries of the following institutions were visited:**

1) Gokhale Institute of Politics and Economics, Pune.
2) Mahatta Chamber of Commerce, Industries and Agriculture, Pune.
3) Bank of Maharashtra, Lokmangal, Shivajinagar, Pune.
4) Jaykar Library, University of Pune.
5) Brihan Maharashtra College of Commerce, Pune.
6) Maharashtra Centre for Entrepreneurship Development, Pune (MCED).
7) Maharashtra Industrial of Technical Consultancy Services, Ltd, Pune.
8) Mahatama Phule College, Pimpri.
9) Arts and Commerce College, Chakan.
10) Indrayani Mahavidyalaya, Talegaon Dabhade, Pune.
11) Vaikunth Mehta National Institute of Co-operative Management, Pune.
12) Maharashtra Centre for Entrepreneurship Development, Aurangabad.
13) Army Institute of Technology College of Engineering Dighi, Pune.
14) Dr. D.Y. Patil College of Engineering, Pimpri, Pune.
15) Engineering Kelgaon College Alandi, Devachi, Pune.
16) Shivajinagar Engineering College, Pune.
ii) **INTERNET SURFING:-**

For the purpose of collecting the secondary data information on Entrepreneurship Development in SSI Engineering units in the rural area of Pune District various websites were referred on internet. The required data was gathered by downloading the information.

1.6 **PERIOD OF RESEARCH STUDY:-**

In the secondary data the trend of growth of small scale industries and institutional finance were analyzed by considering time series data from 2001 to 2006. The financial performance of the sample units were analyzed from financial statements of the units for a period of five years from 2001 to 2006.

However, in a few cases dictated by the non availability of comparable data, the period chosen covered only the recent years. The primary data from SSI Engineering units was collected which were established in period of 2001 to 2006.

1.7 **SCOPE OF THE STUDY:** The research study comes under the “Business Practice” Board of studies in the commerce discipline. The topical scope of the study was entrepreneurship development in small scale engineering units. The researcher studied the opportunities available for entrepreneurship development in SSI Engineering units in the rural area of Pune District.

The geographical scope of the study was Pune District of Maharashtra state. The period of research study was from 2001 to 2006.

1.8 **LIMITATION OF THE STUDY:-**

1) The Present study is limited to the problems of Entrepreneurship Development in the SSI Engineering units in the rural area of Pune District established from 2001 to 2006.

2) The study is related only to the rural area of Pune District hence generalization of the findings were limited mostly to this area.

3) The researcher has studied entrepreneurship development programmes in Pune District, limited to rural area.

4) Sample surveys are mainly depend upon responses given by the respondents.
1.9 SCHEME OF THE STUDY:-

1) RESEARCH DESIGN AND METHODOLOGY:-

This chapter deals with the detailed information of the research design, research methodology adopted and collection of the primary and secondary data and required study materials. The chapter also contains the hypothesis objectives, collection of primary and secondary data, limitations of the study, sample size etc.

2) THEORETICAL BACKGROUND:-

This chapter involves a study of the SSI definitions and concepts of entrepreneurs, engineering definitions characteristics of entrepreneurs, functions, importance, types of entrepreneurs, problems of entrepreneurs, entrepreneurship aspects, social responsibilities of entrepreneurs, small scale industry – an overview, MSMED Act, 2006, importance of small scale industry, problems of small scale industries, impact of liberalisation, privatisation on small & medium enterprises, industry, basic requirement for starting of small scale industrial units, Maharashtra Industrial Development Corporation. The scheme of Maharashtra Government Enterpreneurship Development in the rural area, Institutional support to entrepreneurs etc.

3) REVIEW OF PAST LITERATURE:-

Third chapter, relates to the SSI Development in India, contains three sections – section 1, deals with review of thirty six articles published in different research journals. Section II, deals with the study of ten reference books related to the subject and section III deals with the study related to five, Ph. D. Theses submitted to University of Pune, regarding entrepreneurship and small scale industries.

4) LEGISLATIONS REGARDING ENTREPRENEURSHIP:-

The fourth chapter includes information in brief about twelve labour acts and other laws applicable to small scale industries.

5) ENTREPRENEURSHIP DEVELOPMENT IN INDIA:-

This chapter highlights the industrial development in India, strategy for development of entrepreneurship in 21st century, scope of rural entrepreneurship in India, development of villages and cottage Industries and latest entrepreneurship style etc.
6) **PROFILE OF PUNE DISTRICT:**

This chapter has been divided into two parts. At first, general profile of Pune District has been given and then the information of eighteen entrepreneurship development programme institutes have been explained and MIDC classification of Pune District, Growth in total number of units in Pune District and Pune District category wise small, medium and large units from 1985 to 2006 and in the Indian Scenario.

7) **ANALYSIS AND INTERPRETATION OF DATA:**

The empirical findings of the survey have been presented regarding the reality of entrepreneurship development in rural area of Pune District. The primary data has been analyzed with the help of tabulation and the graphical presentation.

8) **CONCLUSIONS AND SUGGESTIONS:**

In this chapter the researcher has tried to give some logical conclusions with the help of analysis and interpretation of primary data. Some constructive suggestions are also given to solve the existing issues in entrepreneurship development in Pune District and fulfilment of objectives, Testing of hypothesis and area for further research etc.