CHAPTER - II

REVIEW OF LITERATURE

Various macro as well as micro level studies small scale industries and their impact on economic development in India have been conducted by different social scientists and economists. Their main findings have been discussed in this chapter and it also presents bird’s eye view of the study.

In recent past a few studies have been carried on entrepreneurship from the Sociological, Economic and psychological perspectives. Some are examined and presented below.

**Seenivasagalu (2000)** examines the importance of the socio economic background of the potential entrepreneurs in determining the success and sustainability of the venture. The author further reveals that SMEs seem to prefer many other reasons such as to fulfill ambitions become part success stories or role models, so that they can enjoy some authority independent and dynamic. But for some it could be an alternative for unemployment or just an accidental event of self-indulgence.

**Bill Bolton (2001)** points out that the success of SMEs depends on the EVR congruence model. The blending of the three forces namely Environment, the personal values and the available resources will give rise to selection of a successful enterprise.

**Mali (2001)** has focused on the steps undertaken by government for promoting entrepreneurship in India. Further gives a detailed note on the various training organizations and institutions which develop and provide support to entrepreneurs. Institutions such as training institutes, small development corporations, marketing organizations, consultancy organizations and banks and
financial institutions have a vital role in the development of entrepreneurship in the region.

The Global Entrepreneurship Monitor (www.gemconsortium.org 2002)\(^4\) study established that levels of entrepreneurship vary sharply across major countries and account for significant differences in economic growth by applying parametric relationship test of Karl Pearson’s Coefficient of Correlation. A thirty-seven country study carried out in 2002, found that the highest level of entrepreneurial activity within these countries is ten times greater than the lowest level. Thailand ranks first with an Entrepreneurial Activity Index (EAI) of 18.9 %; while Japan ranks the lowest with an EAI of 1.8 %. India occupies the second slot on overall EAI rankings with an EAI of 17.88%.

Randall G. Holcombe (2004)\(^5\) describes in his study how theories of entrepreneurship can be completely incorporated into a model of the competitive process. According to him entrepreneurship is the engine of economic progress, for firms to survive in competitive markets. Product differentiation is one of the competitive strategies that produce economic progress. He concludes that in a competitive process, firms continually improve their production processes and the characteristics of their output, in order to remain competitive, and this process results in continual economic progress.

Kalyan Singh (2001)\(^6\) emphasized that “empty hands will surely lead to empty pockets and empty pockets will lead to empty homes” stressing the need to find an alternative model for development that will come in the form of micro finances for the poor to survive to save and to thrive in and through the economic activities and states that developing micro finance for the rural SMEs is the need of the hour.
Biplab Moitra (2001) narrates the success story of SMEs entrepreneurs in islands of Sunderbans of West Bengal. The author states that the story of rural development with SMEs participation has brought about rural and urban equilibrium.

Michael H. Morris, John W. Altman and Leyland F. Pitt (2005) studied a sample of twenty-one Lebanon entrepreneurs of businesses founded within the recent five years. Entrepreneurs were first asked to estimate the amount of changes that had been made by them in each of the seven areas i.e. product or service offered, target customer profile, distribution method, facility or space requirements, marketing approach, personnel resources and financial requirements. They found that Mean and Standard Deviation value for the highest degree of adaptation was in respect of product and services, personnel requirements, marketing and facility requirements respectively.

Keith D Brothers and George Nakos (2005) studied the relevance of transaction mode choice of a sample of two hundred and seven Dutch and Greek SMEs having business interest in Central and Eastern Europe. They found that transaction cost theory could successfully explain the SMEs entry mode choice and concluded that SMEs using transaction costs were able to predict their mode choices and performed better than SMEs using other entry mode choices. The Logistic Regression Analysis found that transaction costs variables to be significantly related to the entry mode choice. The study showed that Dutch firms preferred more of non-equity investment, as compared to Greek firms. They conclude that the managers, for making international business decisions, could use entry mode choice as an effective tool kit.

Lissa John Irimpar (2001) analyses the role of the micro financial institutions in the development of the poor in India. The author in the article evaluates the development of micro enterprises financed by micro financial organizations and the benefits arising to the SHGs through the bank linkages.
Finally the author states ’that the moment arranging for funds is not the key issue in SMEs .

Leo Paul Dana (2001)\textsuperscript{11} views entrepreneurship as creator of wealth and as a process to solve unemployment problems. According to the author Entrepreneurs contribute to industrialization as well as to economic growth; they improve living standards and tax revenues from their enterprises contribute to a nation’s treasury. The author also provides a survey of education and training of entrepreneurs in different contexts across Asia

William R. Pendergast (2006)\textsuperscript{12} through a literature review describes the early stage of entrepreneurial experience arising from opportunity, uncertainty, lack of structure, resource scarcity and fluid or dynamic quality. According to the study, certain beliefs, attitudes and behaviours are functional within the context of the entrepreneurial processes. He concludes that the traits form a cluster in which the ability to deal with uncertainty and a sense of personal efficacy leads to an attenuated perception of risk and a pro-active disposition.

Sibylle Heibrunn (2007)\textsuperscript{13} studied fifty-six Israel Small and Medium enterprises, to delineate the type of assistance needed by the entrepreneurs; to explore which factor will influence the type of assistance needed; and to investigate the actual impact of the assistance on the entrepreneurs. Business needs of entrepreneurs were ranked in respect of their Mean and Standard Deviation values, and identified that entrepreneurs need more assistance concerning external factors and less assistance concerning the running of the business itself. The study reveals that level of future intentions of the entrepreneurs influence the amount of assistance required from the Business Development Programme. He concludes that Business Development Programmes must fit the needs of the entrepreneurs and the development potential of the business.
Rahul Celly (2002)\textsuperscript{14} describes the motivating factors like Desire, ambition and power which directs entrepreneurs to climb the ladder of success and concludes that entrepreneurs must set and go by the values which builds confidence, provides peace of mind, and enhances energy and enthusiasm during trials and tribulations.

Hareram Hajra (2002)\textsuperscript{15} notes the role of venture capital funds in India to encourage industrialization through entrepreneurship development by providing start up finance or seed capital to the new ventures having expertise and special acumen in the management and other technical areas.

Padma (2002)\textsuperscript{16} lays down six important resources essential for running the venture

- Evaluating strengths and weaknesses.
- Being Committed.
- Having desire, drive, determination and discipline.
- Believing in own product/venture and working hard to make our own people believe in it too.
- Creating a business plan (after the prerequisite market research)
- Having a great backup to get advice and encouragement needed to keep going.

Richard Bolen (2007)\textsuperscript{17} examined twenty Small and Medium Enterprises’ Directors and Partners in the South West of England on the need for leadership development. By applying the mean and standard deviation the study highlights that to survive entrepreneurs should embrace change within their organization, maintain a committed and motivated workforce, combine elements of both leadership and management in their role, choose an ideal location, quick and prompt information gathering, exploit external support and legislation. Rapid changes and increased competition are making it increasingly necessary to
develop a strategic approach and plan for effective succession in the organization. The study concludes that important skills such as delegation, time management and strategic thinking and training, should be delivered through an informal, flexible approach for success of an enterprise.

Vipin Gupta, Neelu Rohmetra, Dinesh Sharma (2002)\textsuperscript{18} by ascertaining managerial data from Jammu, constructs and provides a sound characterization of the relationship between contextual conditions and the opportunities for the entrepreneurial strategy.

Susan Johnson and Thalia Kidde (2002)\textsuperscript{19} has proposed a new concept relating to the poor, the ‘need for patient capital’. Subsidies may continue for long as a social imperative response to the local concerns: NGOs should continue to play a strategic role in their development. The more important concern according to the authors is to increase the availability of resources for SMEs.

Gaikward V. R. and Tripathi R.N. (1970)\textsuperscript{20} studied the small entrepreneurs of Tanuku region of West Godavari District in Andhra Pradesh. It is an attempt to bring out the pre-requisites for successful entrepreneurship. According to them, bold, dashing and pragmatic personality, managerial competence, high motivation, dominant socio-economic power enjoyed by the family and contacts at higher social and Governmental level lead to entrepreneurship development.

Oamen M.A. (1972)\textsuperscript{21} examined the emerging pattern of entrepreneurship in small-scale sector of Kerala. His study focussed attention on origin and growth of firms in light engineering industry and impact of government programmes on entrepreneurship. The study of forty-five units revealed that single largest group of entrepreneurs consisted of engineers and technicians and most of them were Muslims by the Weighted Average Mean.
Bhatia B.S. (1974)\textsuperscript{22} investigated the situation of fifty manufacturing firms having less than fifty workers functioning in Punjab. He studied the socio-economic background of entrepreneurs, their attitudes towards industry, the way in which they have made the transition to industry and the problems encountered by them by establishing a parametric relationship by applying Karl Pearson’s Coefficient of Correlation. He did not find any relationship between the growth of the firms and the socio-economic background of the entrepreneurs. However, he notes that the firms that continuously expanded had gradual growth and were started with a relatively favourable capital base and merchants established most of them. The entrepreneurs showed the tendency to diversify instead of expanding after a particular point since they lacked vital information about wider markets.

William Heinecue (2003)\textsuperscript{23} offers general rules for entrepreneurs and business managers. General guidelines are given as to what to do and what not to do in starting and sustaining a venture and especially while facing a crisis.

Aruna Kaulgud (2003)\textsuperscript{24} tries to identify business opportunities, to propose a training module, and suggests possible ways of market development. Various kinds of SMEs who go into roaring success are those with the following important aspects “Desire, Discipline, Determination, Dedication, Devolution-all leading to Dignity” of being an entrepreneur and states that the present challenge is whether these traits can be imbibed or imparted through training programmes.

Prime Minister (Atal Bihari Vajpayee)\textsuperscript{25} in his speech at the Asian Summit said that Change in India is visible not only in a high-visibility sector like IT-enabled services. Entrepreneurship, employment and self-employment are also growing in India’s rural and semi-urban economy.

Stephanak and Prien (1950)\textsuperscript{26} depicted to raise capital from many small-scale units than for a few large ones, because, the small scale industries may involve
those who have little savings and may satisfy their instinct of creativity. Lewis (1954)² concluded that development works might be done by human labour with very little capital. Surplus labour may be used to make even capital goods without using any scarce factor. The industrial Policy Resolutions of 1948 and 1956 highlighted the importance of small scale sector in the generation of an additional employment opportunities with lower capital investment.³ Raj (1956)⁴ revealed that the value added per employee in the large sector is no doubt around double that in the small sector has been around six to seven times higher than the organized sector.

According to Dhar and Lydall (1961)²⁷ the small scale sector, with its labour intensive technique would not only preserve scarce capital resources for being utilized more rewardingly in the sector of basic industries but also channels the purposeful productive used of the abundant labour resources of the region of the region often this argument is over simplified. Staly(1962)²⁸ emphasized that the economic development process implies a shift in the manpower from primary sector to some other sectors of the economy. Ramakrishna (1962)²⁹ pointed out the need for improving the availability of finance for the small-scale sector. In the long run, the Mahalanobis (1963)³⁰ strategy visualized a process of transformation of small and household enterprises into ‘high efficiency and low cost mechanized units of production’. Medhora (1965)³¹ revealed that the more presence of personalities having high achievement motive are not enough to initiate the industrial activity but the political system in that region must also be conclusive to economic growth. According to Rao (1965)³² there is a substantial shift of the managerial function with regard to the small unit for the entrepreneur to some outside bodies. The report of the Panel (1965)³³ emphasized that small-scale industrial units provide employment opportunities for a large number of people and tap sources of capital especially contributed to the country’s capital formation and industrial growth.
Jain (1971) observed that financial agencies have developed a preference of investing their funds in the medium and large scale and the bigger ones among the small-scale units. Benjamin et al (1971) emphasized that one of the main aspect of the practice of rural industrialization through group action is the development of relatively large-scale industries on a region basis.

According to Vepa (1971), small-scale industries in India are distinct from traditional and village industries. Small-scale industries are generally modern small firms employing modern techniques to produce modern products. According to Mayur (1971), due to vast changes in the political sphere and rapid industrial growth, there were the following three major efforts in the Indian scene: (i) few entrepreneurs belonging to particularly social strata dominated the industrial centers, (ii) industrial growth was restricted in a few industrial centers, and (iii) only the industry which met the result of war grew fast and in the case of others, the growth rate was restricted. Vepa (1971) revealed that India has undertaken since the mid fifties an extensive programme of small industry development whose full impact is yet to be felt, in magnitude. According to Pathak (1972), these problems are really traceable to the fundamental weakness stemming from limited understanding of some of the elementary concepts of costing. According to Habib (1972) it is only small-scale sector through which economic prosperity may reach the remote sections of the society. He concluded that small-scale industries play an important role in the economic development by providing numerous chances of income and improving the standard of living of the masses.

Shirkov (1973) emphasized the need for the development of small scale, village and cottage industries, which was realized by the government from the very beginning. Verma (1973) concluded that the origin of the small industry movement in India was traced to the industrial policy resolution of the government. Koppardekkhar (1974) observed that printing press industry is
considered lower compared to the units in the engineering and chemical industries.

**Bankimchandra V. Vaidya** (2003)\(^{44}\) notes that entrepreneurs can be trained to start his or her industrial unit or a business or as a service provider in different fields if proper inputs in the form of training are given.

**Pulak Mishra & Ramakanta Prusty** (2003)\(^{45}\) emphasizes on the steps taken by the government and the planning commission to examine the employment and unemployment situation in the country and suggest strategies for generating employment.

According to **Balakrishnan** (1974)\(^{46}\), during the second Five Year Plan, significance of the small-scale sector was emphasized in order to ensure that consumer goods sector does not draw up on scarce resources of the society, which were needed for fast expansion of the heavy industry sectors. **Tinbergen** (1974)\(^{47}\) felt that in a country like India the strategy of industrialization should lay emphasis on labour-intensive industries, which will create maximum employment and will also maximize income.

**Bheemappa** (2003)\(^{48}\) traces the role of entrepreneurship in the variety of fields of social endeavor-business, industry, Agriculture, Education, and social work. Certain qualities of entrepreneurs which according to him can be inculcated by training and motivation are described in detail in this article.

**Sandesera** (1980)\(^{49}\) emphasized that there was no relationship between age of entrepreneur and the utilization of incentives scheme. The district industry center oriented programme was started from 1\(^{st}\) May, 1978. **Jha** (1980)\(^{50}\) in a country where capital is scarce and manpower is going to waste, the plea or relying much more on labour-intensive techniques of production than one those which necessitate heavy capital outlays is entirely sound. He, therefore, advised...
proper appreciation of the role of the technology for improving the productive of labour, which he considered to be as important as the provision of new jobs.

**Rao (1980)** made a case study of 36 firms in the large scale sector and 114 firms in the small scale sector from Uttar Pradesh and found that large scale firms are about 4 times more capital intensive than the small scale units. He found that the choice of appropriate technology offers only ‘managerial opportunities’ for increasing employment and the main choice variables are the product mix and the scale of operations. **Rele (1980)** revealed that small-scale industries are not only a better job creator but they also promote technical innovation. **Tulsi** concluded that the scheme with it defective feature of providing benefit to all small scale industrial units unequally which shows it as improper method of providing incentives, the reason being since different small scale industries were subject to different incidence of excise duty, those which bear high rate of excise duty would enjoy the larger benefits and those which carry the excise duty at quite a small rate should receive smaller benefits.

**Sarveshwar Rao V. and Nafzinger E.W. (1975)** conducted a study of entrepreneurs operating in Vishakapatnam to find out the factors determining the supply and success of Industrial Entrepreneurship. By applying the Chi-square test they found that socio-cultural features of the traditional Indian society were no longer standing in the way of development of modern entrepreneurship. This study underlined the importance of education, training and work experience for successful development of modern entrepreneurship

**Saras D Sarasvathy (2004)** attempts to see if there are some common elements that different entrepreneurs share and if there is a unique way the entrepreneurs think. The difference between “effectual” reasoning which is mostly used by the entrepreneurs and “casual” reasoning which is more often used in business by professional managers are highlighted in this article.
Paul Schumann & Donna Prestwood (2004) argues the need to focus on efforts to produce effective and efficient innovations and presents a new approach to target these innovation efforts. Market driven innovation methodology as a means to approach the organizations opportunities and threats are proposed in detail in this paper.

Papola (1980) emphasized that the using available traditional skills and requiring little capital, they provide suitable employment to the rural households without involving any migration. Sandesara (1980) attempted to assess the impact of one of the incentives to small industry. The incentive selected for the purpose was long-term financial assistance to small industrial units. Following three criteria were adopted in selecting this incentive. (i) That the incentive should be capable of producing an enduring impact on the units; (ii) that the number of units which have availed of the inventiveness a region should be sufficiently large, and (iii) that the list of such units should be available or compilable from the relevant record a without excessive efforts.

Patnaik (1990) revealed that the small-scale industries sector occupies a strategic position of unique importance in the Indian economy. Singh (1990) found that traditional industries such as the leather group alone recorded a significant rise, in term of employment and production in non-traditional goods have shown an upward trend.

Kaveri (1990) concluded that small industrial sector has acquired greater importance in Indian economy. In term of employment generation, this sector is next only to agriculture and accounts for about one fourth of the total exports of the country. The importance of small industry in the Indian economy was recognized at the beginning of the plan period itself. Various policy measures were taken over the years to promote employment and investment in this sector. The various agencies set up by the government and the financial institution have
been rendered consultancy services mainly technical consultancy to the small scale industry.\textsuperscript{62}

According to \textbf{Subbaraman (1991)} \textsuperscript{63} job generating capacity of village industries cannot be over emphasized. Unemployment breed poverty and it can be eradicated by spreading the network of village industries in every nook and corner of the country. Goyal \textsuperscript{64} revealed that there have been a variety of new trends in Indian Corporate Sector, in general, and the small-scale sector in particular. Rao(1991)\textsuperscript{65} revealed that industrial estates and industrial areas in less developed and least developed regions put up superior social performance compared to those in a developed region.

\textbf{Heggade Odeyar D. (1981)}\textsuperscript{66} has suggested that entrepreneurship of SMEs could be developed through encouraging self-employment and by organizing SMEs co-operatives. He recommended that educational system should be modified to create increasingly diversified skills among SMEs and that a separate policy should be formulated for promoting entrepreneurship among SMEs.

\textbf{Deshpande M.U. (1982)}\textsuperscript{67} in his study on entrepreneurial development in Marathwads, has observed that backwardness of the Marathwada region is mainly due to lack of prospective entrepreneurs in the region. According to him the policies of the government, the upper strata of society, social and political leadership, occupational background, family aspirations, and general infrastructure, are important factors that contribute to the development of entrepreneurship. His study also indicates that the emergence of entrepreneurship is not merely a psychological or socio-psychological phenomena but it is also conditioned by the political milieu and the administrative system and the commitment to economic development.
Rao (2001) found that the development of modern small-scale industry as an instrument for industrialization, employment creation, widening the entrepreneurial base and dispersal in rural and backward area. Focussing on multiple objective through to some extent inevitable in the type of socio-economic dualistic structure that obtain in India, would seen to create problems particularly in optimising the use of scarce resources at the field level.

Small-scale industries programme was initiated by the Government of India following the recommendation of an international planning team assembled with the aid of the Ford Foundation in 1953. The necessitates a reassessment of the small industries policy in its entirety.

Battachary S.K.(1975) independently observed that National Bank for Agricultural and rural Development (NABARD) has been providing aSMEstance not only for the development of agriculture but also for the development of rural industry. The bank has, of late, reviewed the rationale for the development of rural industry. Its coverage and scope, planned strategies, priorities and thrust areas for development.

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Randall G Holcombe (2004)\textsuperscript{73} presents a description of the competitive process that is based on entrepreneurship and that produces economic progress. In this article the author describes how theories of entrepreneurship can be completely incorporated into a model of the competitive process to show that entrepreneurship is the engine of economic progress, to show that entrepreneurship is necessary for firms to survive in competitive markets and to show that product differentiation is one of the competitive strategies that produce economic progress. The result is a competitive process where firms continually improve their production processes and the characteristics of their output in order to remain competitive, and this process results in continual economic progress.

Sen (1975)\textsuperscript{74} concluded that to some extent the small farmers are able to reduce the inequality in income arising through unequal distribution of land but with the emergence of capital based technology the advantage of productivity per acre has shifted in favour of big farmers, which are responsible for generating inequality in household incomes from agriculture.

Vuasulu (2000)\textsuperscript{75} Small scale and cottage industries have an important role in India’s industrial development. It has been estimated that they contribute about fifty per cent of gross value of output originating in the manufacturing sector. These industries are established, inter alia to create immediate and permanent employment on a large scale at relatively small costs to ensure equitable distribution of the national income to effect decentralization of the industries by creating industrial estate and to raise the standard of the people.

Tiwari (1992)\textsuperscript{76} revealed that industrialization is a highly complex and important phenomenon. The concept has helped in making choice of the important factors that determine the process. Pace and pattern of industrialization in evaluating various measures which can be made use of the assessing and analyzing the interregional pattern of industrialization of appropriate place in the dissertation.
According to Kochhar (1993) the import (of capital goods, of which machinery and transport equipment are a major segment) serves twin purpose while it serves the immediate need of augmenting the indigenous capacity to produce consumer goods which may otherwise face a shortfall, it also leads to technological upgradation in the long run.

The Management Development Institute (1983) in its study on the assessment of institutional SME stance in the states of Uttar Pradesh, Punjab and Himachal Pradesh, found that the facility of institutional finance had a nominal impact in Himachal Pradesh, but was quite significant in Uttar Pradesh. The study team also found that about 98% of the entrepreneurs did not receive any training in Punjab and yet most of them were successful mainly due to the natural entrepreneurial skill of the Punjabi community. But in Uttar Pradesh and Himachal Pradesh there seemed to be greater need for expanding training programmes to generate entrepreneurial motivation.

Gudi Savithri M.(1984) has listed out the type of assistance provided by the Karnataka state Social Welfare Board for SMEs. She has recommended the establishment of a marketing advisory centre for SMEs that would provide information regarding marketing trends; consultancy services and also organize trade fairs to market their products. She has also called for the establishment of a separate industrial estate/ complex for SMEs which would include servicing centers, training facilities, testing facilities for quality control, research and development support and marketing and counselling centre.

E Van Auken and Lynn Neeley (2004) examines the relationship between pre-launch planning and the acquisition of start-up for a sample of 78 small firms. Specially, the study investigates the relationship between planning and the size of initial capitalization, percentage of start-up equity in initial capital structure, Use of boot strap financing and Difficulty of raising start-up capital.
The results show that the firms that perform pre-launch planning and begun with a smaller initial capitalization use lower levels of equity and higher amounts of bootstrap financing and perceive a greater difficulty of raising initial capital.

**Gary Knight (2004)**\(^8\)\(^1\) investigates the impact of entrepreneurial orientation on the performance of small and medium sized firms in the globalized context while competing with the multinational companies. The author constructs a hypothetical model and tests the hypothesis with a Markey survey of small and medium firms from industries such as electronics, textiles and apparel related products which have been affected more by the forces of globalization than some other industries. The author with the results suggest the importance, managers give to the tactical maneuvers, while responding to changes in the environment under globalization. At the operating level, managers use various tactics to maintain and enhance their performance. Innovation arising from technology acquisition helps the firms to compete more effectively with the competitors in a turbulent environment and produce goods that satisfy specific needs of the customers in foreign market and finally have suggested that firms that are responding to globalization by modifying their marketing strategies perform better than firms that don’t.

**Giinter Faltin (2004)**\(^8\)\(^2\) presents techniques and examples of generating entrepreneurial ideas. The goal is to show that in the present age, which is marked by rising levels of education, growing consumer sophistication and increasing opportunities for comparing vines, ideas that are developed in harmony with society’s values have good and growing chances for success in the marketplace.

**Hadimani R.N. (1985)**\(^8\)\(^3\) conducted a survey of two hundred traditionally trading entrepreneurs belonging to the weaving and non-weaving castes, in the handloom industry of Mahantapur. His study indicates that castes’ attachment to the caste occupation was strong, but interestingly it promoted entrepreneurship
in the case of the trading caste and hindered it in the case of the weaving caste. He is of the view that, this dual role of caste in entrepreneurship is mainly due to the presence or lack of several social, economic, political, educational and human resource factors.

Singh P.N. (1986)\textsuperscript{84} study was based on some cases of successful entrepreneurs’ aim at identifying factors for success and for developing entrepreneurship for economic growth in a country. He examines the social values related to entrepreneurship, impact of entrepreneurship in economic development, government efforts to encourage entrepreneurs, factors influencing entrepreneurship, and suggests a model for entrepreneurial development.

Sarngadharan (1994)\textsuperscript{85} emphasized that the reasons for underutilization of production capacity indicated that competition from large-scale firms and similar type of small-scale units in the local area ranks the most important reasons for underutilization of capacity of small-scale industries of Trivandrum District. Lack of demand for the product and shortage of finance can also be considered as crucial problems faced by the small-scale industries in the district. Kulkarni (1994) \textsuperscript{86} raised various controversial issues such as ownership and control, subsidiary, control management control and brand name etc., relating to small-scale industries.

Das Gupta (1994)\textsuperscript{87} emphasized that management of the resources available within an organization is the best and the cheapest way of arranging resources. In this regard, SSI units should pursue with the suppliers for extending their terms of payment which helps. Such arrangement should be made ahead of the time when the additional credit will be needed. Similarly, customers can often be persuaded to finance a large order, ensure part payment with the order as also through progressive payment as the job proceeds. A better inventory management ultimately leading to just ‘In time” system of management of
inventory would release substantial amount of funds to the SSI units for utilization in higher yielding avenues.

Fifty one Entrepreneurs of the Krishna and Guntur districts were studied by Lakshmana Rao V. (1986) with a view to find out how far programmes and policies of the government fostered industrial entrepreneurship. He was of the view that the government schemes did certainly give a boost to entrepreneurship in Andhra Pradesh.

Gupta M.C. (1987) recently studied entrepreneurial performance of sixty small entrepreneurs, taking twenty each from Kanpur, Allahabad and Gorakhpur in Uttar Pradesh. In his study he deals in detail with the essential qualities and functions of entrepreneurs, policy framework and support systems to develop entrepreneurship in the small sector. He makes recommendations for framing policies in future and outlines the role of the government in developing entrepreneurship in the small Industry Sector.

Lynne Butel and Alison Watkins (2004) presents Ant Colony Optimization (ACO) techniques as an appropriate means of modeling the patterns of entrepreneurial activity. This activity is defined by the authors as the search for opportunities for value creation and exploitation in a changing environment. The paper addresses the key questions of what entrepreneurs actually do that distinguish them from other successful managers. In addition it considers how one might distinguish between an entrepreneurial organization and an equally successful but less entrepreneurial one. The paper proposes that the methods used by students of real ant colonies, where detailed study of entrepreneurial activity in the field informs the research is the most appropriate means of researching the behavior of entrepreneurs. And finally the author concludes that it is impossible to study the individual entrepreneur in isolation from the community and environment in which he or she operates.
Jayabal & Nagarajan (2004) explains how an entrepreneur can reduce his project cost by applying a systematic zero-based approach to project formulation. This not only reduces the initial investment considerably but also improves the financial viability of the project and specially focuses on investment in land and building, plant and machinery, choice of electrical installations etc.

**Mobilization of Resources**

In the vast territory of India there are certain areas, particularly the rural areas, which possess enormous untapped resources in the form of hoarded capital and underutilized human skills. Moreover, the rural areas possess considerable potential for market channels of raw material as well as finished products. The establishment of small enterprises in the rural areas and small towns by the first generation entrepreneurs through resources mobilization their own is an achievement of the promotional policies. As such the development of small units builds a stronger middle class and taps capital investment from family saving this was examined in a study conducted by Hashim and others in Vadodara and Kheda districts of Gujarat. It was observed that from the total number of units covered under the sample survey, nearly 83 percent units in Baroda and 68 percent units in Kheda were started by their present owner.

Tuteja (2002) studied on the origin and growth of firms in the developing countries concluded that the firms always started their activities at small-scale with low amount of capital drawn from the saving of the entrepreneurs and their friends or relatives as neither the credit system nor the government programmes appeared to have plays a significant role.

Bhanushali S.G. (1987) has made a study of one hundred and twenty-five light engineering industries of Kolhapur in the Maharashtra State, with particular reference to the economic, social, educational and occupational backgrounds of the entrepreneurs. He has also examined the organizational set-up, personnel,
production, finance, marketing and entrepreneurial creation on the basis of which the development of entrepreneurs’ personality is charted. He concludes that persons from the minority or marginal groups trained in the art of engineering and having long contact with engineering industry have better capabilities to achieve success.

**Sharadadevi K. (1989)**[^95] maintained that the active encouragement of Government and emergence of different official and non-official agencies at Central and State levels coupled with new schemes, departments and institutions have greatly facilitated the emergence of SMEs. She recommended that efforts should be directed towards encouraging SMEs in rural areas.

### Distribution of Economic Power

Small enterprises are important in diffusing the concentration of economic power of large firms and the resultant benefits are shared by the large number of entrepreneurs. As the SMEs are less capital intensive, they encourage first generation entrepreneurs having limited resources. In 1965, the monopolies inquiry commission had stated that small business concerns are a good training ground for business talent and managerial skill[^96]. As the small enterprises are either partnership or proprietary concerns where the owners or their relatives also work along with other labour forces, the relation between the employer and employee are more harmonious in the smaller enterprises compared to the large firms.

**Dhrupad Mathur (2004)**[^97] stresses on the need for an e-application like Technical and Entrepreneurial Research Information System (TERIS), which enables interaction among academic, industries and various agencies related to researchers for sustainable entrepreneurship development. The functional details of the model are also discussed by the author in this article.

[^95]: "Sharadadevi K., 1989, "[95]
[^96]: "Dhrupad Mathur, 2004, "[97]
Sarah Dinga-Nyoh (2005)\textsuperscript{98} examines the place of SMEs in an economy, but cautions that their contributions to the economy depend on the application of human rights concepts and the varying levels of economic development of different countries.

Arundhati Chattopadhyay (2005)\textsuperscript{99} notes that Economic empowerment is a sine qua non for elevating the status of SMEs in our society. And finally states that one possible approach towards achieving this end could be through entrepreneurship development.

Khanka S.S. (1990)\textsuperscript{100} studied fifty Small Scale entrepreneurs in a notified background region of the Kumaun division of Uttar Pradesh regarding the emergence, performance and problems of Entrepreneurship. A guiding assumption of this study is that true display of the entrepreneurial role and attributes can be well seen only in the case of Small Scale entrepreneurs. The study brings under its purview entrepreneurial setting, entry into entrepreneurship, financing of entrepreneurship, entrepreneurial performance and their problems. Khanka lays stress on the policy implications to provide liberal incentives and concessions to the Entrepreneurs to encourage, promote and strengthen the Small Scale units in backward areas.

Ajay Lakhanpal (1990)\textsuperscript{101} examined the performance of the network of institutions in entrepreneurial development in Himachal Pradesh. He categorized the institutions into three broad groups, namely, financing institution, promotional institution and training institution. He studied fifty-eight enterprises in Solan district to evaluate the influence of infrastructures on entrepreneurship. He stressed the need to make certain adjustments in the institutional framework and recommended the creation of a State Level Single Window Industrial Support System (SWISS).
Decentralization of Industry

The small enterprises play a key role in the regional dispersal of industries. While larger firms have the tendency to concentrate around the metropolitan cities or bigger towns, the small enterprises can be easily encouraged in the rural areas and small towns having adequate infrastructural facilities. Staley and Morse\textsuperscript{102} had recommended the implementation of dispersal programmes in phased manner which involve: (a) selection of intermediate size cities and town to be developed into industrial growth points, (b) integrated development of small, medium and large scale industries at these growth points and (c) promoting linkages from these growth points downward to the villages by sub-contracting certain kinds of work from factories in the towns to workshops and households in the villages while the upward linkages with the major cities would be in the form of supply of larger amounts and new variety of farm products to the growing urban areas. They suggested that the growth of industry would increase the demand for agricultural and manufactured products and hence diversify the commercial activities in the region.

The SSI units set up near the centers of raw materials availability and/or developed markets often enjoy locational advantages and therefore, save the transport cost considerably. Availability of cheaper labour locally further brings down the cost of production and enables of SSI units to have distinctive advantage over the units located away from the hinterland. Many agro-industries and mining activities are of this type.\textsuperscript{103}

A study of SSI in Baroda and Kheda districts of Gujarat by Hashim et.al. (1985) revealed that the concentration of SSI in and around Baroda city was largely influenced by the locations of large scale industries while Kehda district the SSI units were mostly agro-based and evenly dispersed. On the basis of technology adoption and type of activities he highlighted the importance of SSI as an instrument of decentralization and diffusion of ownership and
entrepreneurial skills rather than as a source of employment generation. Hashim classified SSI into three categories viz. (i) traditional arts and crafts (ii) traditional consumer goods and (iii) modern SSI. His study suggested that the third category of SSI has more spatial linkages and market channels, which indicate their high growth potential.\textsuperscript{104}

\textbf{Narendra S., Bisht and Pamila K. Sharma (1991)}\textsuperscript{105} have studied the entrepreneurial planning and setting by surveying one hundred and fifty Entrepreneurs of the Faridabad district in Haryana. Their study entails a wide spectrum of a carefully planned investigative entrepreneurial dimension involving entrepreneurial setting and some empirical evidences. The investigators find that in the modern setting the caste factor is not as important as the family factor, and that the inter-generational/intra-generational influences are the dominant factors deciding the course of entrepreneurial history and its repetitive nature. An important finding of the study is that majority of the entrepreneurs surveyed have hardly any business or traditional background.

\textbf{Gangadhara V. and Reddy K. (1991)}\textsuperscript{106} evaluated the SMEs scheme of Andhra Pradesh State Financial Corporation. The study revealed significant gap between the loans sanctioned and disbursed in terms of number as well as amount. Nearly 5\% of the amount sanctioned was not disbursed by the end of 1988-89 accounting year. Also, there was a slight decline in the number of entrepreneurs financed in the said year as compared to the previous year; whereas the amount of loan sanctioned increased substantially

\textbf{The Global Entrepreneurship Monitor (www.gemconsortium.org 2001)}\textsuperscript{107} surveys in twenty-nine participating countries uncovered one key dimension of entrepreneurial activity that is relevant to the Indian situation. A parametric relationship established by using Karl Pearson’s Coefficient of correlation found out that large differences existed in the prevailing rates for opportunity entrepreneurship and necessity entrepreneurship in developed and developing

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countries. India’s Total Entrepreneurial Activity (TEA) index of 11.2 % placed it at ninth from the top. However, when the TEA index is sub-divided into indices for opportunity and necessity entrepreneurship, a more disturbing picture emerges. On opportunity-based entrepreneurship, India’s 3.7% prevalent rate places it fifth from the bottom, while its necessity-based entrepreneurship level of 7.5 % is the highest among all the twenty-nine countries on this parameter.

Aravazhi Irissappane D. (2004) studied eighty-five small-scale entrepreneurs situated in the Industrial Estates in and around Pondicherry now renamed as Puducherry, regarding the impact of Information technology on entrepreneurship management. The stress areas taken for the study were project management, working capital management, inventory management, production and operation management, marketing management, human resource management and total quality management. By applying Percentage, Weighted score and Average Analysis he concluded that information technology would minimize the stress elements which will pave way for the success of small-scale industries.

Political Arguments
The State is mainly concerned about the welfare of general public. Due to vested interest of gaining political power, the political parties support the promotion of industries in the rural and backward areas. Small enterprises are locally owned and controlled and they strengthen rather than destroy the extended family and other social systems and cultural tradition that are perceived as valuable in their own right as well as symbol of national identity. Support to local industry was the main strength of ‘Swadeshi Movement’ of Mahatama Gandhi.

Vijay Chandok (2005) aimed at proving that business need a broad range of banking services of which loans is just one of them. They have customised and bundled a range of transaction banking services, trade finance services bringing
in convenience and speed for the modern globalized SMEs besides bring them competitive lending products. Knowing a customer’s business is the first step in building relevant product offering. They have put in place a cluster specific focus to cater to SMEs across India and have classified them under various industry sectors like garments, auto, pharma etc. The cluster based enables us to understand their needs better and thus manage risk and offer customized products in SMEs space. It needs to pay taxes, comply with the laws of land, hire and retain the best employees, attract capital etc. With an endeavour of wanting their clients to succeed, they go one step further than just providing credit. They plan to strike alliance with HR, IT legal travel consultants that would help their SMEs clients grow to the next level.

**William R Sandberg, Richard Robinson and John A Pearce II, (2005)** refers that many entrepreneurs and small company owners/managers feel the need for strategic planning. According to the authors some form of a business plan, or company description and financial projection, are essential in establishing a line of credit, getting a loan, or attracting an investor. The authors from their experience have elucidated this very important concept.

**Sunil Gupta (2005)** tries to explore the presence of self-serving attribution bias and actor-observer bias. Analysis is carried by questioning the entrepreneurs about the various factors affecting the success or failures of their business.

**Kamalakannan (2005)** gives a detailed analysis of the role of financial institutions, commercial banks and non government organizations engaged in financing and promoting entrepreneurship among SMEs.

**Hasah Suroor (2005)** brings out the survey, published by the Geneva based world economic forum. It shows that full economic and political empowerment remains a distant dream for millions of SMEs. Of the 58 countries surveyed only a handful of European nations seem to have made real progress in lowering the
glass ceiling. The report says that no country has yet managed to eliminate the gender gap. Sweden, Norway, Iceland, Denmark, Finland, Britain, Germany, New Zealand, Australia are some of the female-friendly countries. America does not even figure in the top 10 SMEs–friendly countries. India is placed only in the 53rd position above Pakistan, Korea, and Jordan, Turkey and Egypt, embarrassingly behind economically less developed countries such as Bangladesh and a host of Latin America and African nations, which has done much better in narrowing the gender gap. The survey reflected recognition by the international business community that SMEs states are an area of critical importance for development.

According to the authors A. Raghurama and N. Hala Naik March (2004) marketing problem is not an independent one, it is related issue and it is a complex problem of marketing finance, Marketing Infrastructure like forward and backward linkages, product decision, pricing decision, promotion policy, selection of distribution channel problems. To tackle this, it requires collective efforts on the part of the entrepreneurs of the units, Government, Policy makers and Promotional agencies involved in the promotion and concluded that small scale industries must survive and grow for which marketing is of vital importance. But small scale industries are faced with marketing problems. Marketing problem is not an independent one, it is a related issue and it is a complex problem of marketing, finance, marketing infrastructure like forward and backward linkages, product decision, pricing decision, promotion policy, selection of distribution channel problems and the like. Therefore, to tackle this it requires collective efforts on the part of the entrepreneurs of the units, Government, Policy makers, Promotional agencies involved in the promotion of small scale units, Customers and the financial institutions providing finance. It requires a well-devised future marketing strategy to overcome this problem. The problem of marketing of small scale units in future can be tackled if all engaged
in the process realize their responsibility and put forth concerted efforts with commitment, dedication and real will to solve the problem.

**Vasanth Desai (2005)** in his study on the role of Entrepreneurship Development Programmes in accelerating industrialization suggested that the agencies involved in the task should work with determination, zeal and a sense of dedication and commitment. He also recommended the redesigning of the education system to identify the area of entrepreneurship and to motivate young people to start their own ventures. In his study on the entrepreneurs in selected countries, he recommended the concerned Governments to take industrial promotional measures to create what is usually called the industrial climate.

**Devi S. and Thangamuthu C. (www.sagepublication.com 2006)** in their study visualize an emerging paradigm shift in the concept of entrepreneurship in consonance with the different challenges/opportunities of globalization and liberalization. An eclectic paradigm, psychic pressure of potential competition (contestable market) at the global level, the issues in getting rid of path dependency particularly of the backlog of license/control regime, the aspects of getting to play strategically with big competitors such as Multi-national Corporations (MNCs) (through collaborations) and, above all, the market character meshed up in the institutional parameters that condition entrepreneurial efficiency were some of the constituent elements that need to be incorporated in the newer concept of entrepreneurship.

**Nair K.R.G. and Anu Pandey (2006)** examined some of the social economic and attitudinal factors in the field of manufacturing industry in Kerala State which they believed to spur people to launch entrepreneurial ventures by using Chi-square test and Yuleb Coefficient. The results do not indicate the business acumen run in families. Religious community to which one belonged did not have any impact. They found that more economically better off a family, the greater the chances of its embarking on entrepreneurial ventures and succeeding
in them. Maturity in terms of age favoured success in entrepreneurial ventures. Both technical education/training and work experiences in a similar or related field favourably affect entrepreneurship. The Schumpeterian view that entrepreneurs are innovative in their attitudes is substantiated.

Ashes Bhattacharyya (2005)\textsuperscript{119} states that excellence, skill, knowledge, thinking with a positive attitude and outlook of the individual are the order of the day. To cope with the existing deficiencies in our present pattern of education, revolutionary transformation is required in the system to produce the quantity of skilled manpower, the nation needs.

Pradip Sinha & Sadhu Ramakrishna (2005)\textsuperscript{120} narrates the amazing entrepreneurial journey of the legendary Oprah Winfrey. The author brings to the fore a number of important lessons for all those who aspire to become entrepreneurs.

Chinnadurai (2005)\textsuperscript{121} quotes the role of SMEs in economic development and says that there is a need to strengthen and streamline the role of SMEs in the development of various sectors by harnessing their power towards nation building and to attain accelerated economic growth.

According to T. Rajendra Prasad 2004\textsuperscript{122} the study the working of the small scale industries in various division of Karnataka with respect to parameters like number of units working, amount of investment and employment generation in terms of their growth, quantum of capital invested and employment generation and to analyze the industrial concentration in each division and concluded that small enterprises occupy a crucial position in the Indian economy not only because they contribute to GDP, income, exports and employment but they also imply self/group initiative, self-employment and small livelihoods and small business. And it is important to create and ensure space and more opportunities
for such a sector because in today’s world creating and ensuring space for small enterprises is not that easy but needs to be done on a war footing given the vulnerability of small enterprises and economic pressures and uncertainties under which they are performing.

According to M.H.Bala Subrahmanya , (2004) This paper studies the impact of globalization and domestic economic reforms on small industry. Small industry has suffered in terms of growth of units, employment, output and export. But the policy changes have also thrown open new opportunities and markets for the sector. To avail of these, the focus must be turned to technology development and strengthening of financial infrastructure in order to make Indian small industry internationally competitive and contribute to national income and employment and concluded that Concerted efforts is needed from the government and small industry to imbibe technological dynamism. Technological upgradation and in-house technological innovations and promotion of inter-firm linkages need to be encouraged consciously and consistently. Financial infrastructure needs to be broadened and adequate inflow of credit to the sector be ensured taking into consideration the growing investment demand A technologically vibrant, internationally competitive small industry should be encouraged to emerge, to make a sustainable contribution to National income, employment and export. It is essential to take care of the sector to enable it to take care of the economy.

According Yulo Nikaiho – (2004) to the author in the 1950’s, the focus of policy-making for SSI was on protection. With the onset of liberalization in 1991, SSI was recognized as a growth engine of the economy and the government urged to make the attendant policy changes. Section II of the paper measures the technical efficiency of SSI by using a stochastic production frontier model. Section III analyses the impact of firm size and individual agglomeration on the measured technical efficiency in order to arrive at policy implications for
SSI sector and concluded that this study his examined the technical efficiency of two-digit industry-groups belonging to SSI and the relationship between the measured technical efficiency and firm size and location. The stochastic frontier approach used in this study is useful in an analysis of production units. However, this is ideal with more disaggregated data as at the firm level. Finally, it will make interesting future research to find out how economic liberalization has affected the technical efficiency of SSI or the inter-industry variation in technical efficiency.

**Sahay A. and Rai S.K. (2006)** studied thirty samples from each of the cities of Varanasi and Lucknow, to identify and analyse the socio-economic characteristics of the entrepreneurs in Cyber café business by establishing a parametric relationship by using Karl Pearson’s Coefficient of Correlation. The study highlights that professionally qualified entrepreneurs in Lucknow were higher when compared to Varanasi. Entrepreneurs from Lucknow started their business at much younger age in comparison to entrepreneurs of Varanasi. Government service constituted half of the parental occupation of the entrepreneurs, followed by business, agriculture and private service. Maximum cyber entrepreneurs belong to Hindu religion. Entrepreneurship is spread over various communities and unemployment was the major motivating factor that forced highly educated youth for entering into business. Majority of the entrepreneurs had visualized bright or very bright future for their business which encourages the positive thinking moulds and conditions the mind and body in positive direction. The aspiration of these entrepreneurs depicts their orientation and inclination towards better performance in future.

**Naveen Nicolas E. (2006)** in his descriptive study, brings out that creating customers is the main purpose of SMEs and marketing is the means to achieving it. He highlights that web based marketing has the power to expand any product or service of any SSI beyond the local market and gives them a competitive advantage in the global market. His study concludes that web based marketing
gives the business a new strategy to conduct market research, product planning, promotion, marketing mix, pricing and so on. Finally he states that web based marketing allows SMEs to get closer to customer through Customer Relationship Management.

Muruganathan G. and Kaliya Moorthy S. (2007)\textsuperscript{127} in their descriptive study discovered the following sources for business idea generation, namely careful observation of the market, studying prospective consumer needs, tracking attitudes, desires and aspiration of customers, hiring consultants, success story of a friend or relative, demand for certain products, chances of producing a substitute for imported article, visit to trade fairs and exhibitions, study of project profiles and industrial potential survey, meeting with Government agencies, better equipped / a formal Research and Development and so on. According to them ideas and innovations keep a company healthy and prosperous; it satisfies the basic human drive to create and at the same time, moves human kind forward.

According to the author Sukanta Kumar Sahoo (2004)\textsuperscript{128} small scale industries has acquired pre-eminent position in the economic structure of the country and helps the economic development and removal of disparities. It is the symbol of our economy and reflects production by masses rather than mass production. As of today this sector has 34 lakhs units, which is 95\% of industrial units in the country and producing over 7500 different items. The sector contributes about 40\% of the value added in the manufacturing. 34\% of the export, gainful employment to 177 lakh persons and 7\% to the GDP. The average rate of growth of production is estimated at 7.7\% and employment is about 3.7\% per annum during the Ninth Plan and the target for the Tenth Plan has been kept at 12\% and 8\% (GDP). The sector blossoms into an epitome of excellence and harbinger of a new egalitarian society. The SSI sector has proved its mettle even in the changed liberalized economic environment of the country. The gradual and impending applications of WTO Regulations and removal of Quantitative
Restrictions have added to its woes. With decline in agricultural employment and virtual stagnation in the organized manufacturing sector, employment in this sector has emerged as the only ray of hope and concluded that the small scale sector is the symbol of that facet of our economy which reflects production by masses rather than mass production. With decline in agricultural employment and virtual stagnation in the organized manufacturing sector, employment in SSI sector has emerged as the only ray of hope.

Paula Kantor (2005)\textsuperscript{129} investigates the determinants of a two-dimensional concept of micro enterprise success for SMEs in Ahmedabad, India, by analyzing data from a 1998 study of home-based garment producers.

Anjan Raichaudhuri (2005)\textsuperscript{130} has examined entrepreneurship education in the Indian context based on over a hundred interviews with Indian management graduates. The author has explored their entrepreneurial inclinations and studied their perceptions of educational support in entrepreneurship development.

Bindu Shridhar (2005)\textsuperscript{131} addresses about SMEs. The author says that SMEs presently comprise about 10\% of the total number of entrepreneurs in India, with the percentage growing every year. If the prevailing trends continue, it is likely that in another five years, SMEs will comprise 20\% of the entrepreneurial force. With corporate eager to associate and work with SMEs-owned businesses, and a host of banks and non-governmental organizations keen to help them get going, there has rarely been a better time for SMEs with zeal and creativity to start their own business. The author concludes by saying that marketing our self and taking credit for achievements is very essential for thriving business.

According to the author, Ms. Valsamma Antony (2003)\textsuperscript{132} Rehabilitation of a sick unit refers to taking suitable measures and steps to bring an ailing unit back to health. It relates to the process of implementation of tailor-made schemes and programmes in the unit and its close monitoring with a view to putting it back on
its rails. It is essential to measure the gravity of sickness before designing the nursing scheme or even before selecting the unit for rehabilitation. In order to gauge the extent of sickness, a simple tool in the form of an index number may be computed based on the key elements of performance of a unit-capacity utilization, sales, gross profit and net profit.

According to the study T.Rajendra Prasad and K.K.Seethamma (2003)\textsuperscript{133} the small scale industry has made a significant contribution to the economy by increasing its share in exports, generation of employment opportunities, dispersal of industrial activities, reducing concentration of economic power and so on. And concluded that the working of the small-scale sector in Karnataka is progressively generating employment opportunities, and contributing positively top economic growth in this regard government must safeguard this sector form sickness as well as from unfair competition from large-scale units.

According to the authors N.I.Mulla, and B.C.Bannur (2002)\textsuperscript{134} study, It is apparent fact that industrial sickness is a nation-wide incidence and hence it was found essential to study the causes and consequences of this incidence. It is concluded that the industrial economy of India ranking one of the top ten amongst the industrialized countries in the world is facing one of the severe problems of sickness in the large and small-scale industrial sectors since the sixties. An industrial unit is also considered prone to sickness if there exists a potential of long term insolvency as reflected in the persistent financial deterioration of the unit over several years in the past and expectation of worsening trend in future unless drastic measures are undertaken.

Loan financing has been the predominant method among most of the small-scale industrial units against used of own funds. Hence, any shortage of credit facility is likely to upset the working of these small units whose resources are very much limited and activities are mostly dependent on credit facilities of
the banks. And concluded that the industrial sickness among small scale industrial units poses a serious problem to the country as the sector contributes to a great extent in the economic development major role is to be played by the units themselves, government, banks and financial institutions in providing essential support to the sick units in order to bring them to front floor.

**Anurag Mishra and Akbar (2005)** addresses about the gap and explores medium size enterprises from a knowledge based perspective. Further the author performs a detailed case analysis of three such firms from samples and develops a few empirically testable propositions, filling a major gap in existing literature on knowledge management.

**Chhikara (2005)** identifies different types of entrepreneurs and analyses the features of successful entrepreneurs by comparing the review of literature with regard to traits of entrepreneurs. The author lays down ten top axioms for successful business leaders and highlights the need for entrepreneurship development in economic development.

According to the **Kalyan J.Shah, ( 2002)** study integration of trade and environmental concerns in developing economics has emerged as one of the most crucial issues in moving towards an era of sustainable development. Integrating the potentially conflicting issues requires specific mechanisms and concrete initiatives from governments and global industry organizations. Merely finding the technological solutions does not ensure that the existing contamination hazards will be totally removed, nor does it eliminate the continuing environmental degradation. With this in mind, our Government should devise proactive policies both at the national as well as the State level for attaining a harmonious balance between trade liberalization on the one hand and environmental resource management policies on the other.
According to Janina Gomes,(2001)\textsuperscript{138} the study faced with the phenomenon of globalization and internationalization, a major role clusters can play in India through networking is to become sub-contractor for clusters overseas. In order to do this, quality standards and technological upgradation are of the utmost importance. By networking with clusters overseas, these clusters will not merely find ready markets abroad, but they will also become leaner and better able to handle markets and competition. This is the route through which Italian clusters survived and prospered and it can well become the route through which Indian clusters can ensure their continuing viability.

Shanmukha Rao Padala (2007)\textsuperscript{139} conducted a study of one hundred and thirty Self Help Group (SHG) members in Srikakulam District, Andhra Pradesh. According to him majority them selected dairy business or sheep rearing or both because of the demand for the products or easy availability of raw material or hereditary occupation. By using Average and Percentage analysis they found that SMEs were prompt in paying back their loans, deciding on their own or among the group. He concludes that there was a sea change in the life style of SMEs after becoming members of Self help group, since monthly income has increased and savings have increased.

Suresh K. Chandha, Ramanjit Kaur Johal and Keshav Malhotra (2007)\textsuperscript{140} studied the knowledge management model of twenty-one SMEs of the Pharmaceutical sector in and around Chandigarh. Using Gamma Co-efficient of Correlation they found that there was significant correlation between SMEs and the knowledge management system i.e. training and development for employees, proper management system, knowledge about markets and products, innovation, utilization of knowledge for value creation, creating customer intimacy, sharing, storing and learning and so on. They concluded that knowledge management is sharing and transmitting the knowledge that the firm already owns and that leadership of the entrepreneurs is the most important ingredient for the success of knowledge management.
According to the authors, Shaikh Muzaffar and Ahmad Umar Khan (2001) in respect of SMEs, the contribution factors go beyond markets and factors of production. The sickness of financing banks, public sector industrial units to which some SMEs ancillaries/OEMS have also contributed to sickness among small units. The lack of strategic interventions by SSI management at the appropriate time on account of inadequate expertise and resources rather than other extremities further compound problems despite the existence of elaborate procedures. 1. Absolutely enviable units should not be financed and encouraged 2. Defaulting small units should be punished as per the law to discourage further increase in such type of units.

Vaisamma Antony (2006) puts light on SMEs. In this article the author says that empowering SMEs socio-economically through increased awareness of their rights and duties as well as access to resources is a decisive step towards greater security for them. And finally concludes that SMEs are in for a new deal today as they are the focus of economic development. All possible steps are to be taken to strengthen them to achieve their economic, social, cultural and political growth and welfare.

According to the author S.V.Raju (2001) one of the consequences of globalization will be opening the floodgates for better quality goods into the country. The small-scale industrial units, already weak in marketing function even in the domestic market, are incapable of withstanding onslaught of these foreign goods. It is a distant dream that the SSI units will be able to expand their foreign markets, as reciprocal opportunity will be available to them by our economy getting integrated to the world economy. Enhancing the investment level can bring in many medium scale units within the purview of small-scale sector. This may cause an unhealthy scramble for the limited facilities offered by the government including provision of raw material on concessional rates, allotment of sheds and market and technical support offered to the SSI units.
This may result in too many chasing too few facilities and concessions available and in the race some small units may fall by the way side and become sick.

Future prospects of **small-scale industries**\(^\text{144}\): Irrespective of the degree of support extended by the government and irrespective of the amount of effort put in by small industries and their association, India is going to experience the emergence of the small industry sector, which is qualitatively superior, technologically vibrant and internationally competitive, in the next 5-10 years because the “inefficient one” are likely to vanish gradually. The objective of the policy-makers as well as small industry associations should be to enable the sector to be vibrant and competitive without a considerable reduction in its size and thereby enable it to make a sustainable contribution to national income, output and exports.

According to the study **Difficulties in marketing the products** have always been a major problem for the small manufacturers. Government agencies have often failed in providing a SMEstance since officials have little understanding of market intricacies. A network of testing and certification facilities need to be put in place for the use of small-scale industries, especially for those who wish to enter the export market. Specialized facilities often require expensive and sophisticated instruments.

According to the author **P.M.Mathew (2000)**\(^\text{145}\) the laws that exist often ignore the social framework within which a small entrepreneur must operate. **Delayed Payment Act** was passed by the parliament after repeated representations by small entrepreneurs and their associations. But the individual entrepreneurs are reluctant to make use of the provisions of the act for fear that customers pressed for payment may not place fresh orders. Today, there are several laws applicable to SMEs. However, the entrepreneurs simply do not know the laws and their provisions. The inspector, who is often motivated, then assumes the role of the judiciary, interpreting the law in his own ways.
Tamil Nadu Studies

Berna J.J. (1960) conducted an in-depth study of fifty-two Medium-scale manufacturing units engaged in light engineering production in and around Madras and Coimbatore cities. His study purports to review the occupational and socio-economic background of a group of entrepreneurs, their origin, the way in which they became entrepreneurs, and the hardships they faced in the establishment and development of their enterprises. This study reveals that 85% of enterprises established as Small-scale units were developed over the years into Medium-scale units. He observes that many entrepreneurs have been identifying production activities and shifting it into new lines of activity, but their performance in technological development has not been impressive. Dr. Berna feels that if a certain package of help in techniques of production process and management could be provided to the entrepreneurs, their performance could be considerably improved.

Amuthalakshmi P. and Kamalanabhan T.J. (2006) studied three hundred Below the Poverty Line Community SMEs in Chennai. SMEs entrepreneurs using Discriminant Analysis and Partial Correlation Co-efficient found that there was a significant difference between large entrepreneurs and SMEs with regard to value towards independence, value towards respect for work, achievement motivation, internal locus of control, initiative and risk-taking. They also found that there is significant difference between the two classes with regard to amenities and facilities in their family environment, expenditure pattern and cohesiveness. Significant difference between the two classes was found with regard to market facilities and skill training. They conclude that SMEs were better compared to large entrepreneurs.

Nalini Govindarajulu (2006) studied two small business owners in Chennai metropolitan city in South India. Her case study results show small businesses have the capabilities to compete successfully in demand chain because of their flexibility, customer focus, co-operation and co-ordination. This finding is
contrary to anecdotal evidence that SMEs are often unable to compete successfully in the supply chain because of large firms. Though SMEs often face many hurdles, the two firms studied provide a clear demonstration that some of the capabilities of SMEs (eg. informal relationship and closeness to customers) cannot be easily duplicated by large firms. The information and advice given by SMEs is indispensable to the growth of entire demand chain. These aspects of SMEs point out their importance in contributing to the sales and growth of economy.

According to the author F.M.Basheer Ahmed (2000) study sickness in general cannot be studied in isolation, as it is the outcome of a number of factors. Careful identification of causes would enable institutions associated with rehabilitation of sick units of evolve medical measures and formulate revival strategies and nursing package and concluded that the entrepreneurs involved in SSI lack skill, foresight and master craftsmanship to create an awareness before seeking to locate the real cause of failure.

A wise entrepreneur will call the consultant to analysis the situation and recommend a course of action that will bring the company on the road to recovery. The entrepreneur who is the key input of economic growth should realize that the best teacher is his own experience to face the bitter experience for the rescue and revival of sick units.

Murugesan V. and Sankaran A. (2006) studied one hundred and fifty-three Micro, Small, Medium and Large-scale units in Pudukkottai. By applying the total Significant Test of Mean they found that there is no significant difference between the performance level of technically qualified and non-technically qualified entrepreneurs. They state that the performance profile of the secondary-level school educated entrepreneurs seemed to be fairly better in almost all the categories in respect of Micro, Small, Medium and Large scale industries. Thus they conclude that more than the type of education, experience
and other promotional factors play a vital role in nurturing the entrepreneurship qualities and performance.

**Shanthi Nachiappan and Santhi N (2007)**\(^{151}\) studied the performance of fifty SMEs micro-technopreneurs in Chennai who borrowed loans for their SMEs. By using Chi-square and SWOT (Strength, Weaknesses, Opportunities and Threat) Analysis they illustrated that married middle-aged people who had economic and family problems started business working in SMEs. They also found that their business is doing well while the middle aged SMEs felt that their business records average profits. They have also stated that their strengths were self-motivation, determination, hard work and self-confidence while their weaknesses were health hazards, finance and family problems. Finally they conclude that a good vision coupled with technology would improve their efficiency.

**Bhavani’s study (1980)**\(^{152}\) is an improvement over the previous studies in the sense that the basic data source for her study is the census of SSI units, conducted by the Development Commissioner of Small Scale Industries (DCSSI) in 1973-74, which has a wider coverage than CMI/ASI does. A comparison between the census sector 16 of the ASI, the sample sector 17 of the ASI and the CSSI revealed that the capital productivity of SSI units is lower than that of large scale units suggesting efficiency differences in line with the findings of Dhar Lydall-Sandesara.

**Goldar (1985)**\(^{153}\), in his study, estimates a frontier production function (of Cobb-Douglas form) using firm level data from CSSI for the small scale Washing Soap industry to obtain measures of technical efficiency. Measures of partial and total factor productivity and an analysis of technical efficiency reveal that tiny units are inefficient compared to relatively bigger units within the small scale Washing Soap industry. The positive relationship between unit size and
efficiency, and high capital intensity of relatively larger units suggest a trade off between output gain and employment loss.

William R Pendergast (2006)\textsuperscript{154} adopts a Neo-Darwinian perspective that the entrepreneurial process includes distinctive features which “select” individuals with certain characteristics for participation and success. According to the author these individuals are attracted to entrepreneurial situations and their compatible traits enable them to navigate the challenges of entrepreneurial contexts. In this paper the author identifies the traits of entrepreneurs through a literature review. In examining these traits the author concludes that certain beliefs, attitudes and behaviors are functional within the context of the entrepreneurial process.

Thomas S Lyons (2006)\textsuperscript{155} explores entrepreneurial communities from the rural standpoint versus the current urban perspective. He further investigates whether the urban model can be replicated in a rural setting.

Anna L Paulson and Robert M Townsend (2006)\textsuperscript{156} illustrates the impact of inefficient financial markets on the entry and functioning of small entrepreneurs. The author carries a comparative study between small business ventures of US and Thailand and finds interesting statistics across initial investments patterns and employment generation.

Little et al (1987)\textsuperscript{157} discover very little regularity in the patterns of partial and total factor productivity and in their relationship with firm size in five SMEs when size is measured either by number of workers employed, or by the value of fixed assets. An analysis of technical efficiency, based on a three factor translog production function, reveals that there are wide variation in total factor productivity. Within each of the five industries, variation in technical inefficiency (measured by the difference between actual and predicted output) is substantial and there is no systematic relationship between employment size and technical efficiency. Only in Machine Tools industry, technical efficiency is
correlated with firm size. As for the sources of variation in technical efficiency, four variables: the average experience of the labour force, the age of the capital stock, the experience of the labour force, the age of the capital stock, the experience of the entrepreneur and the level of capacity utilization, are found to be significant in one or more industries.

Goldar (1988)\textsuperscript{158} uses a total factor productivity index based on the Cobb-Douglas production function, to assess relative efficiency of 37 three-digit industries of the NIC18. The data for this study are drawn from the statistical reports of a sample survey of SSI units undertaken by Reserve Bank of India (RBI), with 1976-77 as the reference year. Data on large-scale industries are drawn from census sector results of the ASI for 1976-77. It is observed that in almost all industries labour productivity in small-scale units is less than that in large-scale units. On the other hand, capital productivity in small units is higher in 22 industries when gross invested capital is used and in fifteen industries when net invested capital is used as a measure of capital input. The relative efficiency index which is a weighted average of partial productivity indexes, is less than unity for 34 out of 37 industries suggesting that the SMEs are relatively less efficient than large scale units. The study observes that economics of scale (as captured by relative size) and better management (as captured by the ratio of closing stock to consumption of raw materials) are significant sources of efficiency for large units. Similarly higher relative efficiency can also be attributed to mechanized technologies.

Satyabir Bhattacharyya (2006)\textsuperscript{159} specifies the definition of entrepreneurship and the need for innovation. The role of entrepreneurial management in the business is illustrated in this paper by the author with some case studies.

Kaveree Banzai (2006)\textsuperscript{160} conveys that today’s SMEs are balancing work and home effectively. The old equation that working mothers = neglected homes
have been rewritten. The author points out the survey conducted by global market research company during 2006 across seven cities which finds that 50% of the working SMEs do not have guilt about not being with children 80% felt that SMEs are more capable of multi-tasking than men and 45% said their leisure is to spare time with their children. She also says that SMEs work not only for financial purpose but also to get recognition in the society. The author through this research finding says that SMEs are successfully proving their multi tasking.

George Deikun (2006)\(^{161}\) states that a vibrant private sector particularly small and medium enterprises play a significant role in a country’s economic growth. This is as true for the US as it is for India. The emergence of SMEs entrepreneurs and their significant contribution to the economy is now visible in India and the benefit can be seen. Families are healthier and better fed and their income and savings go up.

Jeyakumar M. and Swami Kanna D. (2007)\(^{162}\) examined the use of bootstrap financing methods among a sample of thirty-two textile based small- scale units at Madurai using Multi-nominal Logit Regression Analysis. The study revealed that out of twenty-eight bootstrap financing only twelve had been used by the entrepreneurs in Madurai. Out of thirty-two units only nineteen units used bootstrap financing. The findings of the study led to the conclusion that delay in payment to suppliers and buying used equipments were the most frequent methods followed to fill up the gap in financial requirement of the entrepreneurial activity. They further state that most of the entrepreneurs speed up invoicing and defer tax payments to meet the challenges of under capitalization. They conclude that bootstrapping is mostly used by technically qualified entrepreneurs and entrepreneurs who hail from business background and who inherit business.
Prema Basargekar (2007), in her descriptive study gives the present scenario of SMEs in India and the various challenges, which they are facing in the changing global scenario. In her study she states that, in India, SMEs own only 10% of the enterprises and they prefer trading or servicing units rather than manufacturing. She then focusses on marketing challenges faced by SMEs and various strategies used by them and related measures to overcome the challenges.

RESEARCH STUDIES ON THE PROBLEMS OF SMES

With more and more SMEs taking activities the world over, identifying the constraints and limitations which prevent SMEs from starting and succeeding in their own businesses is an important aspect of development research. Many researches are carried on the problems and issues of SMEs entrepreneurs and various suggestions are also provided by the researchers to overcome these obstacles. Some articles, journals and researches are reviewed under this head.

Dhameja (2002) carried out the study to identify entrepreneurial performance and problems of SMEs in business in North-Western India. In all 175 SMEs who had established their enterprises during the time frame of 1982 to 1996 and were employing 5 or more in their respective enterprises were interviewed personally. The author was astonished to see the spectacular performances of some SMEs. Equally interesting was to find out some of the peculiar problems faced by SMEs, which need to be addressed by the powers that are in the right earnest.

Maria Minniti (2003) presents an overview of vital issues related to female entrepreneurship and offers the following observations:

- Despite the rapid growth of SMEs in professional and managerial jobs, the gender gap in entrepreneurship remains significant.
- In low income countries, population growth and female illiteracy are
- Associated with higher levels of entrepreneurial activity
- SMEs use smaller amounts of start-up capital, smaller proportion of equities, and more bank loans
- Finally, the distribution of female employment across sectors and the Participation of SMEs in managerial positions are also correlated to the level of female entrepreneurship, although their effects differ.

**Rajesh Nair (2003)** denotes entrepreneurship as an emotional Pursuit. Drawing on his own experiences and of those closely associated with start-ups, the author offers a framework that reflects on how a company can be started- the various stages, the key problems in each stage, and suggestions for sailing smoothly through them.

**Vasumathi, Govindarajalu, Anuratha and Amudha (2003)** identifies the impact of the three dimensions of Entrepreneurial Role Stress (Achievement-Need related stress, power-Need related stress and Affiliation-Need related stress) suffered by a sample of 50 entrepreneurs in the state of Tamil Nadu. In The study the authors also investigates the stress reduction strategies adopted by the respondents of the study.

**Khanka (2003)** explains business ethics and focuses on the challenges to be faced and the rewards that can be aimed.

**Sumangala Naik (2003)** compares the small scale manufacturing units run by in India with the business owned by SMEs in other countries and identifies the problems and constrains faced by SMEs entrepreneurs in our country. The author also states that more opportunities exist in small and medium scale industries and proper marketing strategy for such products should be planned and implemented, which will give scope for SMEs entrepreneurs.

During 2002-2003 about 2000 of the 5000 SMEs undergoing training could not make a start due to the lack of finance. Even those SMEs who started business could not sustain their trade without loans. Studies have also established that
about 90% of the trainees started individual ventures rather than group activities that banks were willing to finance. If a turnaround is desired still training, entrepreneurial orientation/development and achievement motivation, credit linkages and market support—all these need a revamp. The authorities should identify groups of SMEs who are thirsting to start businesses and train them randomly with promises or stipends. The programmed duration should be extended; it should be more vociferous and include technical education. Thus more than finance, training is required to impart skills necessary for success. (2003) \(^{170}\)

**International Studies**

**Gavin Cassar** (www.babsonedu 2004)\(^{171}\) investigated the relationship among the career reasons of young start up entrepreneurs of California and the growth preferences and intended scale of ventures undertaken using data from Panel Study of Entrepreneurial Dynamics (PSED). Totally thirty thousand entrepreneurs were surveyed and by applying Spearman’s Correlation the following noteworthy results were found. The results of the study show that the motivation factors like self-realization, financial success and innovation are all significantly related to intended future sales. The study has also shown that motivation factors are high in entrepreneurs who intend to have larger sales in future than entrepreneurs who intend to have ventures of lower size. Finally he concludes that entrepreneurs who value independence are more likely to undertake ventures with lower levels of intended employment and also importance of motivation factors for higher intended scale ventures is present in both male and females although it is more strongly observed in SMEs.

**National Studies**

**Birendra Narain Singh** (1964)\(^{172}\) conducted a study of twenty-five firms of small size operating in the light engineering industry in Agra. He examined the socio-economic background of these entrepreneurs and the factors which
induced them to become entrepreneurs by applying parametric relationship namely Karl Pearson’s Coefficient of Correlation. He found that Agarwal community and merchant groups dominated engineering industry and profit motive is the main force that induced the entrepreneurs towards entrepreneurship. He also found that there was no relationship among the traditional business and the present manufacturing activity. None of the firms had borrowed funds from the financial agencies, private as well as public or received Government aid for their initial financing.

Chopra K.C. (1974)\textsuperscript{173} in his study has added the motivational concept in entrepreneurial development. He felt that one of the most essential pre-requisites for the entrepreneurial development among non-traditional businessmen is the identification of “man”. He was of the view that motivational training helps in changing the response of an individual, so that he may react with confidence to the existing economic situation. He further felt that an entrepreneur-oriented education at the grass roots level is a must to motivate the prospective entrepreneurs.

Sharma R.A. (1980)\textsuperscript{174} evaluated the performance of three hundred and sixteen joint stock companies incorporated after April 1947 in Northern India. In the familiar spheres the entrepreneurship was dispersed among various communities and in other spheres it was thinly spread among socially well-known communities. Factor Analysis revealed that the factors affecting entrepreneurship in the case of new and small entrepreneurial classes were a strong desire to do something independently in life, technical knowledge and / or manufacturing experience, financial assistance from institutional sources, business experience in the same or related lines and accommodation in industrial estates. He concludes that financial and developmental institutions have made a significant contribution to the growth of new entrepreneurs.
Mohsin Aziz (2004)\textsuperscript{175} investigates the intensity of organizational role stress among SMEs informational technology professionals in the Indian private sector. The author uses Organizational role stress scale on a sample of 264 to explore the level of role stress. Resource inadequacy has emerged as the most potent role stressor, followed by role overload and personal inadequacy. In the research the author finds differences in the level of stress between married and unmarried employees on several role stressors. And finally a state that level of education does not emerge as a significant differentiator of stressors.

Rajesham, & Raghava (2004)\textsuperscript{176} examines the challenges of SMEs highlighting their significance in the economy in the process of globalization and identifying their problems and prospects thereof. The authors in this article also present the scenario of corporate SMEs at national and state level.

Sadhak H. (1980)\textsuperscript{177} found that entrepreneurs in Northern India have emerged from different socio-economic backgrounds. He found that entrepreneurs who were formerly traders had better access to financial resources and were less dependent on institutional finance than technocrat/professional entrepreneurs. Entrepreneurs under study were self-motivated rather than motivated by development and training programmes of institutions. However, financial institutions played a very crucial role in inducing the potential entrepreneurs. The availability of concession in finance and various incentives significantly influenced the location decision of the units, particularly in the backward areas.

Aparna Sahay (2004)\textsuperscript{178} observes the Gender Disparity in India through SMEs census and other reports. The author draws our attention to the real situations of SMEs in violence, unequal wages, illiteracy and a host of other issues-declining sex ratio, rates of maternal mortality and infant mortality and states the fundamentals of SSI’s autonomy.
Jayabal & Nagarajan (2004)\textsuperscript{179} examines the reasons for entrepreneur’s failures in the business. The author has made an attempt to look at the cause of such failures and states in general that the entrepreneurs fail when they start a venture with inadequate capital. The author concludes by saying that entrepreneurs should start their ventures after studying their financial capacity carefully.

Mishra and Bisht (1989)\textsuperscript{180} had studied hundred entrepreneurs in Nainital district of Uttar Pradesh. They found that entrepreneurs have emerged mainly from the traditional enterprising communities/trade background. However, entrepreneurs from service background have also made sizable inroads into the entrepreneurial field. Availability of funds from the family members and friends is the most important motivational factor that induced the entrepreneurs to take up the entrepreneurial venture. The entrepreneurs felt that not only procedural lacuna existed in the process of establishing units, but also malafide intention took a heavy toll of upcoming entrepreneurial instincts.

Anil Kumar (2004)\textsuperscript{181} examines the barriers faced by SMEs while managing their business. The analysis of data in this article is based on a sample of 120 SMEs. Analysis of data highlights that overwhelming proportion of SMEs faced the problem of acquiring latest technical know-how and provision of quality of products to the customers.

Devika Paul (2005)\textsuperscript{182} examines the Indian planning process and finds a major paradigm shift on SSI’s problems. The author concludes that the success of the planning process would be finally judged when full gender equality is achieved.

David Jawahar, Usha Nandhini, and Shivachandran (2005)\textsuperscript{183} delves into the reasons for adoption of a tailor-made model to suit the Indian context. Also the reasons for failures of various government schemes in contrast to the vast success of the SMEs linkage model adopted by various organizations have
been analyzed. Real life cases depicting the transformation in the lives of SMEs have been demonstrated. Suggestions regarding the future directions to be followed to achieve this transformation at a better pace have been touched upon by the authors.

**Tapan Kumar Panda and Subhamaya Panda (2005)**\(^{184}\), identified and analyzed entrepreneurial performance as an outcome of entrepreneurial seriousness by taking the Mean and Standard Deviation scores of dimensions of seriousness. The authors argue that entrepreneurial seriousness is a strong antecedent to entrepreneurial performance and success of a venture. From the entire sample of fifty-eight small business firms, in Orissa the authors found a majority of 66% of entrepreneurs to be really serious. The authors conclude that entrepreneurial seriousness determines a behavioural pattern among entrepreneurs that leads to the success of small businesses directly or indirectly.

**Anitha H.S. (2005)**\(^{185}\) surveyed one hundred and twenty entrepreneurs in Karnataka State. They were asked to rank the different factors which motivated them to become entrepreneurs in their order of importance. The factors that influenced entrepreneurs in the study area were ranked as per Rank Correlation Coefficient as follows: the need for independence drove most entrepreneurs to entrepreneurship, the desire to get gainfully occupied, the desire to achieve something in life, to get social prestige, success of others and any other (i.e. unemployment problem, initiative taken by father, friends, husband/wife, dissatisfaction in previous jobs held, opportunities available, interested in becoming an entrepreneur, availability of raw material and so on) and Entrepreneurship Development Programmes.

**Bharti kollan & Indira J Parikh (2005)**\(^{186}\) focuses in this article on the Problems of SMEs entrepreneurs. The author notes the status of SMEs and the problems faced by them when they venture out to carve their own niche in the competitive world of business environment.
Nerys Fuller-love (2006)\textsuperscript{187} reviews the literature concerning management development in small firms. In this paper, the author looks at some of the barriers to management development including the attitude and characteristics of the entrepreneur and also looks at learning models that may be appropriate for small firms.

David A. Garvin and Lynne C. Levesque (2006)\textsuperscript{188} describes the management issues faced by companies that pursue new-business creation, as well as the usual problematic responses. The authors explore a number of the most critical balancing acts the companies must perform, the choices they entail and the risks corporations face when they fail to get the balance right.

Hephzibah V. (2006)\textsuperscript{189} examined the degree of motivation and entrepreneurial success among the Scheduled Caste/Scheduled Tribe and Backward Caste Community entrepreneurs engaged in Micro and Small enterprises in Hyderabad and Secunderabad. Gamma Test of Significance in his study revealed the following: majority of entrepreneurs of the age group of 50-60 years had high entrepreneurial core, social core, and economic core and were successful. First generation entrepreneurs had high individual core and entrepreneurial core and low in work core and social core and were either successful or more successful. Gender wise, men had high individual and entrepreneurial core and were either successful or most successful. SMEs were high in economic core and were more successful. Scheduled Caste/Scheduled Tribe had high individual core, economic core and work core, whereas Backward Community entrepreneurs were high in entrepreneurial core and majority of both the communities rated them as more successful or successful.

Tapati Dasgupta, Atanu K. Roy and Chattopadhyay (2006)\textsuperscript{190} unfolds the tale of struggle and strife witnessed by the tribal SMEs in a rural set-up of South West Midnapore, West Bengal to give a realistic tune to the role of SMEs in a stringent manner. The message the authors provide in this paper is that a
micro experiment of rural entrepreneurship can be a macro experiment in the years ahead.

Monika Prakash and Nimit Chowdhary (2007) studied the entrepreneurial motives amongst one hundred and seventy-three Northern Indian, Small and Medium size enterprises, young start-ups entrepreneurs, whose entrepreneurship were up to five years old. The Factor Analysis of the study points out that autonomy and freedom dominates the motives for self-employment which is tied to a socio-psychological need for recognition and esteem. This is reinforced by a desire not to be boosted by anyone else but self. Family tradition and aspirations described by family business are important considerations for getting motivated. Second generation entrepreneurs are forced to carry forward the family business and are nominally under compulsion and perceived inability to do anything else other than the family business. Concern for family and friends is also a driving force towards entrepreneurship.

GROWTH PERCEPTION STUDIES OF SMEs

According to Christensen, Madsen and Peterson (1989) “entrepreneurship is the recognition, evaluation and pursuit of opportunity in diverse contexts”. It is expressed in observable behaviour such as founding an organization or leading a project within an organization to pursue an opportunity. Environment factors are the main key in fostering entrepreneurship and include culture, networks, and access to capital, mobility and Government policies.

Augusta C Yrle, Sandra J Hartman and Augusta R Yrle-Fyou (2005) states that the prospect of business failure is of significant concern to the entrepreneur. A number of findings suggest that many new businesses end in failures. There has been speculation about how and which factors are related to business failures, little systematic work has been done to tease apart the various factors which potentially impact business failures. The authors examines the
long-run as well as the short-run impact of the determinants of business failures and suggests that many business ventures end in failures because of “outside” economic factors rather than problems specific to the managers

PROSPECTS OF SMES

For any successful organization, dynamic and effective leadership is required. Articles and researches pertaining to the Leadership skills of leaders, managers, CEOs and executives are reviewed and presented under this head.

Fulmer, Robert M; Goldsmith, Marshall (2000) highlights the significance of developing executive talent in a company’s bid to remain competitive. The article emphasizes various issues like Alignment of leadership development with corporate strategy, focusing of leadership skills on core issues; Emphasis on the importance of human resources and business experience; awareness of internal and external factors.

Singh & Karunes (2000) summaries analytically the various thoughts on leadership which will serve as guidelines to practicing managers to evolve their own strategy and style to tackle the emerging situations the industries of tomorrow are likely to pose.

Celia Rocks (2001) states ten ways to builds one’s leadership skills. The author also discusses the other essential qualities like including eagerly, embracing responsibility, cultivating cheerfulness, always being honest, practicing the art of persuasion and being courageous.

Benjamin Palmer, Melissa Walls, Zena Burgess& Con Stough (2001) explores the relationship between emotional intelligence and effective leadership. According to the authors Emotional intelligence is correlated with several components of transformational leadership suggesting it may be an important component of effective leadership.
Vesa Puhakka (2007) located two hundred and thirteen firms established in 1998 in Finland, in the regions of Jyväskylä, Oulu and Vaasa in the sectors of metal industry and information and communication technology to examine how opportunity discovery strategies of entrepreneurs affect performance of the ventures established. Vesa found that growth of a new venture was affected positively only by proactive searching. Knowledge acquisition and competitive scanning are mostly concerned with analyzing and understanding the present business situation, which does not create growth. The study results suggest that newness is created by knowing well the competitive arena and gaps in it, by pro-acting the most possible and interesting future possibilities and by collectively interpreting the information and enacting the most promising business opportunities by using Chi-square and Goodness-of-Fit-Index.

Foote, David (2001) focuses on the factors which make chief executive officers successful leaders and also looks into the facts how mentors and coaches affect the leadership skills of CEOs. The author further talks about the advantages to the organization by creating and improving the leadership skills of employees.

Naidu Ashok (2002) traces the Leadership skills and traits of personality of a leader. The author states Integrity, Enthusiasm, Warmth, Calmness, Dynamism, Self-confidence, Decision-making, Perseverance, Knowledge, Determination, Democratic Attitude, Humility, Action as some of the essential leadership qualities of effective leaders.

Reeti Kulshrestha (2003) made a study on the five types of followers (loyalists, inert followers, fence sitters, skeptics, sulkers) of a leader.

Narasimha Murthy (1989) conducted a study to evaluate the growth of enterprises in Anakapalle and Gudivada, which are two small towns of coastal Andhra Pradesh. On the basis of the Entrepreneurial activities like farming,
trading, manufacturing, processing and so on, he sought to identify the socio-economic origins to ascertain entrepreneurial process and promises to analyse occupational and geographical mobility through generations and to highlight their problems. Murthy holds the view that the Indian society is witnessing a slow and gradual but sure transformation and the seeds of entrepreneurship are sprouting even in the hither to entrepreneurship social segments. He finds that the process of entrepreneurship has certainly accelerated

**Viju Mathew and Friday O Okpara (2007)** studied the problems of forty-seven Micro, Small and Medium Enterprises (MSMEs) in Ethiopia by Percentage Analysis. The problems faced by entrepreneurs in their study, were inadequate assistance from the government, insufficient educational background, functional management problems in all functional areas, lack of skilled human resources, technology obsolescence, irregular supply of raw material, lack of supply channel for finished goods, unorganized nature of operation and other infrastructural deficiencies. They suggested entrepreneurship development with the right type of education system, public-private relationship in the establishment of business enterprises, financial institutions to channel funds to entrepreneurial ventures, especially MSMEs, attract foreign investment and attract Ethiopians to return and invest in the country.

**Thomas Hellman (2007)** focusses his descriptive study on the difficulty of generating interest among potential resource providers. In his study he highlights that entrepreneur’s challenge is to convince two complementary resource providers to commit their resources to a new venture. Before committing their resources, one of them needs to perform a costly evaluation. The entrepreneur has a problem with getting sufficient attention because each provider has an incentive to wait and free ride on the others’ evaluation. For some parameters the entrepreneur solicits both partners with equal intensity (“knocking on every door”), for others the entrepreneur always solicits the same partner (“pestering”). For many but not all parameter ranges the process of
assembling resources takes too much time relative to what is socially efficient. He concludes stating that entrepreneurs have to find suitable partners

**Dhruv Trivedy (2003)** emphasizes that leadership has many facets. According to the author leadership can be constructed as a process chain, with interlinked stages such as: Learn Evaluate, Assimilate, Demonstrate, Empathize, Recognize, Sharpen, Heighten, Innovate, and Perform.

**Raj Kumar & Shatarupa Chaki (2003)** traced a leadership model that reflects the expected competencies of a leader in line with the business strategy and the desired culture. In conclusion the author states that given the increasing need for leaders, organizations are required to put in place a leadership model that reflects the expected competencies of a leader in line with the business strategy and the desired culture.

**Kark, Ronit: Boas Shamir, and Gilad Chen (2003)** attempts to explain why transformational leadership can result in two seemingly contradictory outcomes: followers’ dependence and empowerment. The researchers proposed a relationship model. The results revealed that personal identification mediates the relationship between transformational leadership and dependence, whereas social identification mediates the relationship between transformational leadership and empowerment.

**Pathak H. N. (1972)** studied twelve units from Ludhiana industrial estates enjoying almost identical overhead facilities and engaged in different lines of manufacture. He studied their problems at inception, operational and expansion/diversification stage and delineated the requirements of entrepreneurial/managerial abilities at different stages. He found that factors like contacts, education, finance, favourable and timely policies of the Government and quick adaptability by the enterprises are responsible for all-round growth of entrepreneurial activities.
Pillai G. (1989)\textsuperscript{209} has maintained that the emergence of SMEs in Kerala State facilitated by the financial and marketing aSMEstance provided by the State Government and also by the training provided by the training centers. The loans, grants and subsidies provided by the Nationalized Banks, State Financial Corporations, Kerala State Handloom Development Board and District Industries Centre helped the small business community from getting out of the clutches of money-lenders and enabled SMEs to get securely established in their businesses. According to him, the problems encountered by SMEs include inadequate financial resources and insufficient working capital, arrangements for marketing, shortage of raw materials and other inputs, heavy competition and high cost of production.

Rajendra kumar (2004)\textsuperscript{210} discusses about the myths of leadership and the essential qualities required for good leaders. Finally the author concludes that Leaders have to lead from the front and set an example which according to the author is the most powerful instrument of leadership.

Rawal & Anoop K.Saxena (2004)\textsuperscript{211} notes the importance of leadership as a tool that can prove all effects of a big success or a grand failure. The author puts light on the cases of Doyens of corporate world like Dhirubhai Ambani, Madhura Chatrapathy, and Subrata Roy Sahara and talks about their leadership qualities.

Bose(2004)\textsuperscript{212} analyses the various ethical business issues, solutions and notes that reflection of the character and personality as an important feature for a successful business leader. The author concludes that the successful business leader creates a happy and prosperous business atmosphere and insists upon open, free, and honest communications up and down the office of the organizational structure.
Shiralashetti A.S. and Hugar S.S. (2007) studied the problems and prospects of two hundred and twenty SMEs in the State of Karnataka from different angles through Percentage Analysis. The study highlights that shortage of capital, unhealthy competition, difficulties in transporting the products to the consumers point, insufficient information, pricing of their products, lack of training facilities in the respective areas, playing too many roles and dominance from the male members of the family, incompetence in use of resources, less interest to extend and diversify the business, low literacy and lack of savings and investment portfolio were some of the major constraints faced by SMEs.

Babu, Jayabal & Kaiyamoorthy (2004) sketches the qualities of leadership on the part of CEOs of India and compares with the traits identified by the Anderson Consultancy Group (for global CEOs).

Panigrahi & Casmir Raj (2004) states that a leader has to have multifarious qualities like vision, Communication, Empathy, Sensitivity, Boldness etc. According to the authors these are the qualities needed for a leader at all times and in all places. But in the highly volatile time as of now, it is necessary to put the ear to the earth and listen /see even the slight rumbling.

C W Von Bergen and Barlow Soper (2005) gives a Brief note on leadership and provides suggestions for entrepreneurs to successfully employ the leadership skill in their organizations.

Allan R Cohen (2005) argues that making organizations more entrepreneurial, innovative, responsive and opportunity-seeking is no longer just an option but a necessity. To do so, leadership from the top and willingness to create the system that encourages people at all levels to take initiative, is required. This includes vision, rewards, structure and finding. It also takes leadership skills from every individual initiating and leading change to make a difference whether or not the organization encourages it. Influence is a core skill
for accomplishing this. Finally the author states that determining what others care about and trading that for is what is needed to achieve change.

Kamaraj S. (2006)\textsuperscript{218} surveyed one hundred and twenty rural SMEs in Thanjavur district to study their problems. He stated that majority of them were doing dairy farming business. By using Percentage Analysis he found that SMEs were exposed to certain problems during the initial and current operations. Some of the problems highlighted by them were inadequate credit, poor technology, stiff competition, gender bias, gender differences and exploitation of society and the middlemen based on the weakness of SMEs. He concluded that SMEs were not aware of the Central and State government schemes and hence Government should give more attention for the promotion of business conducted by SMEs.

Latha G. and Panchanatham N. (2007)\textsuperscript{219} surveyed thirty-five respondents in Thiruvannamalai on entrepreneurial stress by applying the Average of the Total Scores. Their findings state that as the monthly income increases, stress score also increase; younger entrepreneurs were relaxed, while the older entrepreneurs were always tensed, female entrepreneurs had lower stress score than male counterparts, agriculturists had minimum stress score and service providers had maximum. They conclude that sources of stress like lack of planning skills, time management skills, stiff competition and owning their own business increases stress. One of the important characteristics and skills for entrepreneurs in the survival stage is to work under stress.

Colonel VRK Prasad (2006)\textsuperscript{220} narrates the traits of managerial leader; the author also compares the characteristics of managers and leaders in the 21st century.

Bindu Shridhar (2006)\textsuperscript{221} states that determination and foresight to become a successful entrepreneur is an important trait to be a successful entrepreneur. According to the author the entrepreneurs view problems as opportunities for
improvement and sources of new ideas. The author states that traditional employment track is on decline and entrepreneurship is fast becoming a catching trend. Running own business is a creative, flexible and challenging way to become own boss and chart own future.

Uvaneshwaran S.M., Manaivanann L. and Devasenathpathi T. (2007) studied forty-two leather enterprises in Erode District of Tamil Nadu to identify the main problems faced by leather entrepreneurs in the areas of production, processing, marketing, finance and personnel by using Henry Garret ranking method. The main problems of leather industries as highlighted in the study were inadequate funds to construct water effluent treatment plant, high cost of machines, delay in payment and expectation of better quality at cheaper price by customers, fluctuation of currency value and agent interference in export trade, frequent unauthorized absence and demanding of high compensation for fatal accidents by employees and lethargic attitude of bank officials and want of unnecessary and more documentation to issue loan for working capital by banks. The study also suggests some measures to overcome the problems like need for Government policy measures, liberal financial assistances, formation of cluster, training of employees, better infrastructure facilities, formation of Co-operatives and Leather Entrepreneurs Association.

From the review of literature reported above, it appears that some studies have focussed on factors affecting the SMEs development. Some of them have studied the impact of Government Programmes and role of financial and other institutions and Entrepreneurship Development Programmes in the Entrepreneurship Development and offered their own suggestions. Some researchers have endeavoured to bring out the ranking of motivating factors for entrepreneurship development, while others have highlighted how entrepreneurs and the society perceive growth. Some studies have also thrown light on problems faced by entrepreneurs and have suggested measures to overcome such constraints.
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92. It was observed that from the total number of units covered under the sample survey, nearly 83 percent units in Baroda and 68 percent units in Kheda were started by their present owner.

93. Caracteristics and contribution of SMEs by Shri S.K. Tuteja (Januaray – March 2002).


96. In 1965, the monopolies inquiry commission had stated that small business concerns are a good training ground for business talent and managerial skill.


102. Staley and moore, modern small industries for developing countries, Mcgraw Hill, Tokyo, 1965.

103. The SSI units set up near the centers of raw materials availability and/or developed markets often enjoy locational advantages and therefore, save the transport cost considerably.


109. Support to local industry was the main strength of ‘Swadeshi Movement’ of Mahatama Gandhi.


115. Marketing Problems of Small scale units in Dakshina Kannada by A.Raghurama – reader in commerce, Mangalore University, Mangalagangothri and N.Hala Naik – Department of Commerce, MGM college Udupi, published in southern economist March 1 - 2004


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