CHAPTER-VII

SUGGESTIONS AND RECOMMENDATIONS
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After critically studying the entrepreneurship in S.S.I. units of Belgaum district, it would be appropriate here to offer some useful suggestions. This would be helpful in overcoming the problems faced by the enterprises. These suggestions, if implemented, it is hoped, would strengthen and promote the small-scale enterprises as well as foster entrepreneurship in Belgaum district.

7.1. Over 60 percent of the entrepreneurs had annual income of more than rupees 60,000 and only 2.4 percent of the respondents had annual income of less than rupees 20,000 at the time of entering the industry. This shows that only rich people are establishing the industries in Belgaum district. Hence, it is suggested that Government and financial institutions should encourage the poor people by providing financial and non-financial assistance. It helps the poor people also to undertake the industrial activities in Belgaum District.

7.2. Majority of the respondents started their units after reaching the age of 31 years. So, entrepreneurial development authorities should keep in mind this factor while selecting the people for Entrepreneurship Development Programmes, because at this age, people generally have
innovate spirit, foresight, determination to succeed, positive thinking, patience and ability to take risk etc., Hence, it is recommended that industrial development authorities select for Entrepreneurship Development Programmes young people and provide them financial assistance as well as managerial training. It helps them in establishing and running their units on scientific lines.

7.3. 56 units are proprietorship concerns, 49 are partnership and 20 are private ltd., concerns, it shows that majority of the respondents have chosen proprietorship and partnership form of business. Proprietorship and partnership forms of business have certain limitation such as limited capital, limited managerial ability, non-availability of economy for large scale operations, lack of continuity of existence, unlimited liability, differences of opinion and disputes, that may arise etc. All this may disturb the smooth working of the business. In view of this it is recommended that entrepreneurs should choose the private ltd., form of business organisation, because it helps the entrepreneurs to expand the business and manage the enterprises efficiently.

7.4. More than 68 percent of the respondents have urban-background. Only 15 respondents constituting 15.2 percent of the sample belong to rural areas. It clearly shows that rural people are not undertaking industrial
activities in Belgaum district. Hence, it is recommended that, Government should establish industrial developmental institutions in rural areas to encourage the rural people also to take an industrial activities. This also enables the Government to disperse industrial activity and reduce migration of rural people to urban areas in search of jobs.

7.5. More number of entrepreneurs had established their units during 1986-90. The reason is that in 1980s the Government of Karnataka announced an industrial policy, wherein it decided to provide liberal incentives like financial assistance at concessional interest rates, construction and allotment of industrial sheds, sales tax concessions etc. Hence, it is suggested that Government may continue the same policy and in addition, more incentives, may also be provided to the existing units to help them expand industries and diversify and also to foster entrepreneurship, so vital for the industrial development.

7.6. 115 respondents are male out of 125 and only 10 respondents are female constituting only 8 percent. It shows that in Belgaum district male entrepreneurs have dominated the industrial activities. Hence, it is recommended that Government and non Government organisations should encourage women by providing entrepreneurial education,
training, financial assistance at the time of establishing and running the industries, and besides these, women entrepreneurs may also be given more concessions in sales tax, exciseduty, octroi, muncipal tax, turnover tax etc.,

7.7. Only four caste groups are spread amongst all the industrial lines in Belgaum district i.e., Brahmin, Lingayat, Maratha and Marwadi. Hence, it is recommended that Government should encourage the people belonging to the Schedule Castes, Schedule Tribe and backward class of Belgaum district by providing valuable guidance to them through Entrepreneurship Development Programmes and encourage them to enter other industrial activities also.

7.8. Over 33 percent of the technically qualified entrepreneurs have not selected industries in Belgaum district according to their educational qualifications. Hence, it is recommended that industrial development authorities should train the technically qualified entrepreneurs according to their educational qualifications and give them opportunities to open industries in their desired fields by providing valuable guidance in connection with determination of price, quality consciousness, modern techniques of production etc. It helps the technically qualified entrepreneurs to show their talents in the field in which they are trained.
7.9. Idle fund is the prominent compelling reason for the entrepreneurs to undertake the industrial activity. This is not a sound economic criterion, because the success of an industrial activity depends on a number of factors such as affluent natural resources, good infrastructure, availability of skilled labour, availability of adequate finance, wide market, advanced technology, Government Policies in favour of entrepreneurs, talents, skill and ambitions of the entrepreneurs. Hence, it is suggested that, while deciding to become an entrepreneur the prospective entrepreneur should be guided by sound economic criteria.

7.10. More than 29 percent of the respondents were motivated by the advice of their family members and friends. This is not enough to become a successful entrepreneur. In addition to encouragement from friends and family members, sincere hard work and dedication are also required for the entrepreneur to run the units profitably. Hence, it is suggested to the respondents that they should try to be dedicated work hard and sincerely and focus their attention always on the opportunities in the market.

7.11. Majority of the agro-based industries obtained raw materials from within the district, which means that Belgaum district is suitable for agrobased industries. Hence, it is suggested that agrobased industries should be
established in this district, because, they help to fully utilise the agricultural resources.

7.12. The percentage growth in sales from the initial year to latest year was highest in the enterprises owned by Marwadi entrepreneurs, hence it is suggested that entrepreneurs, belonging to schedule caste, Maratha, Lingayat and Other castes should also attempt to increase their sales through improving the quality of products, increasing the capacity utilisation, fixing the reasonable price for their product, incorporating advanced technology, diversifying product lines, making effective advertisement and finding new market for their products.

7.13. There is a negligible increase in the size of the work force from the initial year to the latest year of all enterprises. This is not a good sign of progress of small – scale industries, as this sector is popular for generation of more employment opportunities. Hence, it is suggested that entrepreneurs should increase the employment opportunities as it helps to reduce the problem of unemployment. This can be done, by following labour intensive manufacturing methods.

7.14. The percentage growth in the capacity utilisation from the initial year to the latest year is highest in building material industries. This may be
because of the Government's concessions like exemption of interest on housing loan up to Rs.1,50,000 from Income Tax and rebate on repayment of principle loan up to Rs.20,000. Hence it is recommended that, Government may give more concessions like these, so that industrial activity is boosted in Belgaum district.

7.15. There is a decline in the degree of capacity utilisation in case of other industries. Hence, it is recommended that owners of the other industries, should diversify the product line, increase the efficiency of workers, fixed the competitive price, adopt latest technology, improve the quality of the products, extend the sales from the local market to the state, interstate and out of the country markets.

7.16. Only 16.8 percentage of the respondents increased their production more than four times, from the initial year to the latest year. It clearly shows that 83.2 percent of entrepreneurs could not increase their production more than four times. Hence, it is suggested that, these entrepreneurs should improve the quality of the product, purchase the good quality raw materials, increase the production capacity by utilising effectively men, machine, materials, incorporate the modern techniques of production and reduce the costs.
7.17. Majority of the respondents face financial problems in Belgaum district. Therefore the Government should take proper care and provide loan and subsidy at the right time. Moreover entrepreneurs need liberal financial policy like not insisting on collateral and margin money, quick processing of loan application, liberal repayment schedule and modification of repayment schedules in deserving cases.

7.18. Shortage of power is a threat to the very existence of the industry in the manufacturing sector in Belgaum district. Because of the power shortage, production schedules are disturbed and there always remains an idle capacity which leads to industrial sickness. Hence, it is suggested that the State Government increase investment in power generation or allow private companies to produce and distribute power. So that small-scale industries get enough power uninterruptedly.

7.19. More than 40 percent (78 out of 194) of the respondents face the problem of lack of general management skills and experience. Therefore, it is necessary for Entrepreneurship Development Programmes to give a particular attention to management training programmes, so that small entrepreneurs get the knowledge of the techniques of managing their units successfully.
7.20. The performance of entrepreneurs is not satisfactory in Belgaum district with regard to sales, production, return on capital employed and the size of employment. Hence, it is suggested that the Government should encourage the industry associations and other relevant training institutions to organise training programmes in the performance improvement of small-scale industries.

7.21. The infrastructure facilities available at present for the development of small-scale industries in Belgaum district are inadequate. As a result, their self reliance has been impaired. Only the Government and its allied agencies can remedy the situation by giving extensive help. It would be most helpful if all the agencies dispensing infrastructure facilities were brought at one place.

7.22. It is found that in Belgaum district the majority of respondents belong to the upper castes and dominate the small-scale sector at present. Caste is an inescapable and very influential factor of the socio-economic life of the district. Therefore, it is both desirable and necessary that the entire industry is spread or distributed among the different caste groups, so as to break the monopoly of some castes and to reduce the imbalance in income generation among them. To achieve this, concessions as well as incentives have to be given to down-trodden entrepreneurs.
7.23. Majority of the entrepreneurs faced raw material problem in Belgaum district. So, Karnataka State Small Industry Development Corporation which is a channelising agency of scarce raw materials should streamline its functioning and see that undue delay is avoided in allotting the scarce raw material.

**General Recommendations:**

7.24. Government should provide more and more information to the entrepreneurs of Belgaum district, on various aspects such as selection of product, marketability of the product, alternative product profile and design of the product.

7.25. Most of the products produced by small-scale Industry units suffer from inferior quality. This is the main reason why they are not able to survive in the market “A qualify enforcement agency must be set-up to guide, facilitate and monitor the quality of the Small Scale Industry products in Belgaum district.”

7.26. The financial institutions should investigate and identify in advance the probable areas in the district, where industries could be set-up depending upon the resources available and their nature. They could also educate the entrepreneurs by providing them reliable information and advice in
the selection of industry, location, design of the product to be manufactured and alternative product profiles. As they have the means they should conduct systematic market surveys and provide information to the entrepreneurs about the market feasibility of the product they contemplate to produce.

7.27. At the time of personal discussion held with the respondents, majority of them felt that most of the Entrepreneurship Development Organisations did not provide adequate instructional material to programme participants. Hence, it is recommended that as a part of pre-programme preparation Entrepreneurship Development Organisations should prepare adequate and useful course material, which could be given to trainees during Entrepreneurship Development Programmes.

7.28. Entrepreneurial development institutions faced the problem of identification of right type of adequate number of persons for Entrepreneurship Development Programmes. Hence, it is suggested that, Entrepreneurship Development Organisations should develop and validate entrepreneurs identification tools which could really help them in identifying people for Entrepreneurship Development Programmes, with latent entrepreneurial traits.
7.29. Entrepreneurial orientation, updating of knowledge relating to entrepreneurship promotion on continuous basis and development of skills and capabilities in identifying latent entrepreneurial traits amongst EDP aspirants are extremely important for successful entrepreneurs trainers. Training and retraining of entrepreneurs and trainer motivators are therefore, required to be taken – up for sustaining entrepreneurship development. Immediate need is to train the trainers in entrepreneurs identification process.

7.30. Proper training must be imparted to technocrats and first generation entrepreneurs to acquaint them with the intricacies of financial planning, marketing techniques etc.,

7.31. The attitude of the bankers should be positive and helpful. The organisational structure of the lending institutions must be re-examined from the point of view of taking faster credit decisions. The perception of the branch inspectors should be re-oriented, so as to make them understand the intricacies of lending to small units.

7.32. The Small Industry Development Bank of India should set-up a Technology Development and Modernisation Fund to provide assistance to small-scale industries to encourage units to modernise production.
facilities and adopt improved technology in order to strengthen their export capabilities.

7.33. A provision for advance credit may be made on presentation of the purchase order or banks may direct payment to the seller of the raw material on behalf of the small entrepreneurs.

The above specific and general suggestions, would help to improve the efficiency, performance, and success of the small-scale units in the study area. They may be found to be relevant to other industrially backward districts of the state as well as to the nation. The suggestions are made in good faith and if they receive the attention of policy framers as well as the entrepreneurs, not only the S.S.I. sector but also the entrepreneurship in Belgaum district will grow.