



“A STUDY ON INSTITUTIONAL SUPPORT SERVICES FOR SMALL ENTRPRENEURS IN TUMKUR DISTRICT”

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Abstract:

“A Good Entrepreneur is one who is capable of inspiring confidence in people and has the ability to motivate them to work with him in fulfilling the economic goals set by him”. Every country tries to achieve maximum economic development. The economic development of country to a large extent depends on human resources. But human resources alone will not produce economic development, there must be dynamic entrepreneurs. A country may be rich in natural resources but it lacks entrepreneurship it may not be able to utilize the resources and it may lag behind in economic development. This is true of many developing countries - many developing countries have realized the importance of entrepreneurs and earnest attempts are now being made to motivate industrial entrepreneurs. For reading the developments and scale and scope of operation of entrepreneurs, particularly in small-scale industries, have brought to fore the importance of provision of administrative and institutional assistance at various levels i.e. financial assistance, marketing, technical, entrepreneurial training, infrastructural and government assistance.

Key words: Support services to small entrepreneurs.

INTRODUCTION:

“A Good Entrepreneur is one who is capable of inspiring confidence in people and has the ability to motivate them to work with him in fulfilling the economic goals set by him”.

IMPORTANCE OF ENTREPRENEUR IN ECONOMIC DEVELOPMENT:

Every country tries to achieve maximum economic development. The economic development of country to a large extent depends on human resources. But human resources alone will not produce economic development, there must be dynamic entrepreneurs. A country may be rich in natural resources but it lacks entrepreneurship it may not be able to utilize the resources and it may lag behind in economic development. This is true of many developing countries - many developing countries have realized the importance of entrepreneurs and earnest attempts are now being made to motivate industrial entrepreneurs.

Entrepreneurs are action oriented, highly motivated individuals who take risks to achieve goals. An Entrepreneur is one who looks for opportunities, identifies opportunities, and seizes opportunities mainly for economic gain. Economic development of a country depends primarily on its Entrepreneurs. Entrepreneurs seizing opportunities set-up business undertakings and industries, thereby make economic transformation. They are therefore, aptly called agents of change. But their actions, people have a better standard of living, get improved products and comforts and the wide disparity in income levels is gradually reduced. Besides, an economically advances country will have more power and a confident self-image.

MEANING OF ENTREPRENEUR:

The word "Entrepreneur" is derived from the French verb "Entreprendre". It means, "to undertake". In the early 16th century, the French men who organized and led military expeditions were referred to as "Entrepreneurs". Entrepreneur is often associated with a person who starts his own, new and small business.

DEFINITIONS OF ENTREPRENEUR:

Adam smith defines Entrepreneur as "A person who only provides capital without taking active part in the leading role in enterprise".

CLASSIFICATION OF ENTREPRENEURS:

According to the basis of business entrepreneurs may be classified as follows:

- Business Entrepreneur
- Trading Entrepreneur
- Industrial Entrepreneurs
- Corporate Entrepreneur:
- Agricultural Entrepreneur:

STATEMENT OF THE PROBLEM:

The small-scale sector occupies a vital importance in the Indian economy and has made notable studies in volume and range of products manufactured, employment generated and in the value of exports. The government has also taken up a number of policies, programmes for development of small-scale industries.

This study aims at identifying the various institutions providing various support services to small-scale industries in Tukur district. This study includes;

- a) The various support services offered by the various institutions.
- b) The awareness, preferences of entrepreneurs about support services

OBJECTIVES OF THE STUDY:

1. To study the growth and development of small entrepreneurs in Tumkur district.

2. To identify the support services offered by different agencies and institutions in Tumkur district.
3. To measure the level of satisfaction among entrepreneurs about the institutional assistance.
4. To analyze the data collected and offer suitable suggestions for the findings

NEED FOR PRESENT STUDY:

The foregoing review of literature suggests that the studies on support services for small-scale industries are very few and more over these studies are mostly macro in nature covering entire country or confined to few industries or areas. In a vast country like India, with varied sources base and socio-economic conditions, there is a need for a greater number of area specific studies to understand the effectiveness of support services to small-scale units of a particular region. The present study relates to support services for small-scale industries in Tumkur district is an attempt in this direction.

SCOPE OF THE STUDY:

The study mainly concentrates on institutional support to small entrepreneurs in Tumkur district. For our study Tumkur district is selected and consulted the institutions which are engaged in the activity of promoting the small entrepreneurs.

METHODOLOGY:

The primary data were collected through the survey of sample small-scale units. For this purpose, personal interview techniques have been adopted.

The major services of secondary data include reports, records and publication of various institutions like RBI, SIDO, DIC, KSFC, KSSIDC and KIADB other related agencies besides census of all small-scale industries.

LIMITATIONS OF THE STUDY:

- Responses from only selected and limited units are taken into consideration for analysis of data.
- The results, suggestions and conclusions are limited to the extent of information collected from the supporting agencies and entrepreneurs.

INSTITUTIONAL SUPPORT SERVICES TO SMALL ENTREPRENEURS:

The important support services offered by the various institutions to small entrepreneurs in Tumkur District are listed below:

I. Financial Assistance: -Finance is regarded as the lifeblood of a business enterprise. It is a key input of production, distribution and development. Over the years financial institutions are playing a key role in providing finance and counseling to the entrepreneurs to start new ventures as well as modernize diversify and even rehabilitate sick units.

The following are the institutions offering financial assistance to small entrepreneurs.

1. State Financial Corporations, (SFCs)
2. Industrial Development Bank of India (IDBI)
3. Industrial Finance Corporation of India (IFCI)
4. Industrial Credit and Investment Corporation of India (ICICI)
5. Industrial Reconstruction Bank of India (IRBI)
6. Commercial Banks
7. Life Insurance Corporation

8. Unit Trust of India
9. Small Industries Development Bank of India
10. Mutual Funds

Major functions of these provide term loans for the acquisition of land, building, plant and machinery for new establishments and expansion and purchase of raw materials.

II. Marketing Assistance: -

Marketing occupies an important place in the management of SSI. It is a key factor in determining the success of an industrial concern.

The institutions help in marketing in Tumkur district are as follows:

- 1) AMARA scheme of KSFC: The assistance under this scheme is provided for undertaking various market related activities such as
 - ❖ Market research
 - ❖ Preparation of strategic marketing plan
 - ❖ Advertising, branding, broadcasting, catalogues preparation, production of audio-visual aids, etc.
 - ❖ Participation in trade fairs and exhibition, undertaking sales promotion tours, etc.
 - ❖ Re-innovation of existing show rooms/construction of show rooms for marketing of product.
 - ❖ Training of personal marketing skills
- 2) Marketing service offered by SIDO: The small industrial development organization provided marketing assistance to SSI units by providing promoting acclimatization marketing intelligence and information establishing trade centers, encouraging small entrepreneurs to participate in the purchase programmes of the central and state government setting up, sub-contracting exchanges, organizing exhibitions, seminars and training programs in marketing and publishing information booklets, etc.
- 3) National Small Industries Corporation (NSIC):
 - Marketing of small industries products within the country
 - Export of small industries products and developing export worthiness of SSI units.
 - Enlisting competent units and facilitating their participation in Government stores purchase programmes.

III. Technical up-gradation: -

In competitive and constantly changing market conditions, the production of quality products at a minimum cost depends solely on the availability of technical know-how which is essential for the healthy growth of the small-scale industry.

Technical consultancy service organization of Karnataka (TECSOK):

Tecsok is a registered society, promoted by Government of Karnataka in association with other State Level Financial/Developmental institution in 1976. The objective of promoting Tecsok was mainly to provide reliable consultancy service at reasonable cost to entrepreneurs, who want to setup tiny, small and medium scale industries in Karnataka. The consultancy service provided by Tecsok to entrepreneur extends from identification of project ideas to protect implementation at a nominal cost. Tecsok over the years of its existence has developed necessary enterprise to provide consultancy services in various fields. Presently Tecsok has a team of professionals in various

disciplines viz., chemical, food, electrical, electronics, mechanical, drugs and pharmaceuticals, metallurgy, textiles, energy conservation and audit, pollution control and environment, marketing and information science.

IV. Infra-structural facilities: -

To facilitate location of industries in rural/backward areas and to promote stronger linkages between agriculture and industry a new scheme of integrated infra-structural development (including technological back up services) for small-scale industries would be implemented with the active participation of state governments and financial institutions. A beginning in this direction will be made this year itself. The following institution can provide an infra-structural facility to entrepreneurs.

1. Karnataka Industrial Area Development Board (KIADB)

KIADB provides developed land for industrial use with facilities like roads, banks, post offices, water and sewage disposal system, common facility services, etc. developed plots from quarter acre and above can be made available to entrepreneurs for setting up industries.

2. Karnataka State Small Industries Corporation Ltd. (KSSIDC)

KSSIDC provides built in shed for the establishment of small-scale and tiny industries of different dimensions to suit the varied needs of the entrepreneurs. These sheds are available for outright purchase or on hire purchase scheme. For persons belonging to SC and ST, a subsidy of 40% on the cost of plots/sheds allotted as per government directives is available. The industrial areas/estates/sheds are provided with electricity and water mains.

V. Assistance in Entrepreneur Development: -

All individual or entrepreneurs have need for training new recruits, need induction in to the rationale and objective of their jobs. Besides being trained in specific skills and routines. New professional staff may need to undergo additionally programmes of training to enable them to improve their professional qualifications.

1. Entrepreneurship Development Institute of India (EDII):

EDII is an autonomous body situated in Ahmedabad leading financial institutions in India and Government of Gujarat jointly sponsored this institution. Its main objectives are to augment the supply of trained entrepreneurs, to promote micro enterprises at the rural level, to include the spirit of entrepreneurship amongst youth. It conducts training programmes on entrepreneurship education, micro finance and micro enterprise development. EDII designs training programmes through innovative training techniques and updated information. It also conducts trainers meet and Chief Executives meet to facilitate sharing of information and experience.

2. National Institute of Small Industries Extension and Training (NISIET):

NISIET trains entrepreneurs, managers and various functionaries of the government through its training programmes. They also undertake research and consultancy activities for small-scale industries. After its revamp, NISIET would be appear to be moving into the areas of policy support and consulting services. The training profile of the institute reflects more international programmes for the LDC's and the trainee profile, more officials of support institutions than the SSIs.

3. National Institute for Entrepreneurship and Small business Development (NIESBUD):

This apex body co-ordinates and oversees the activities of various agencies engaged in entrepreneurship development. These activities include conducting training programmes, preparing model syllabi for training programmes, conducting seminars and developing teaching aids.

4. The National Entrepreneurship Development Board (NEDB):

NEDB is the apex body for entrepreneurship development in the country. Its devices and recommends to the Government schemes for promotion of Entrepreneurship for encouraging self-employment in small-scale industries and small business. The board also recommends suitable facilities and for entrepreneurship training.

VI. Government Assistance: -

The Ministry of small-scale Industries, Government of India has been playing a major role in development of small-scale industries. The Ministry of Small-scale Industries and Agro and Rural Industries (SSI & ARI) was created on 14th October, 1999 as a Ministry for formulation of policy, promotion, development and protection of small-scale industries in India.

Entrepreneurs in India are offered a number of incentives with their strategic contributions to economic development. The assistance and incentive which are available from Government.

- ❖ Investment Subsidy
- ❖ Sales Tax subsidy
- ❖ Sales Tax concession for thrust sector industries
- ❖ Special concessions for export-oriented industries including 100% EOU:

DATA ANALYSIS:

1) Entrepreneurial-wise classification of sample units.

Table No 1: Entrepreneurial-wise classification of sample units

Sl. No.	Type of Industry	No. of units	% of total
1.	Plastic Industry	5	20
2.	Cement Industry	4	16
3.	Electronics and Electricals	3	12
4.	Automobile Industries	3	12
5.	Confectionary shops	2	8
6.	Bricks and Tiles	1	4
7.	Hotel Industries	2	8
8.	Granite Industries	1	4
9.	Furniture Industries	2	8
10.	Paper and Printing	2	8
Total		25	100

The table no 1. presents, industry-wise classification of small-scale industrial units, taking into considerations their end products or services. 5 units (20%) included in this study belong to plastic industry, 4 units (16%) belong to Cement industries, 3 units (12%) belongs to Electronics and Electricals, 3 units (12%) belongs to Automobile industries, 2 units (8%) belong to confectionary shops, 1 units (4%) belong to Bricks and Tiles, 2 units (8%)

belong to Hotel Industries, 1 units (4%) belongs to Granite Industries, 2 units (8%) belong to Furniture industries and 2 units (8%) relating to the Paper and Printing industries.

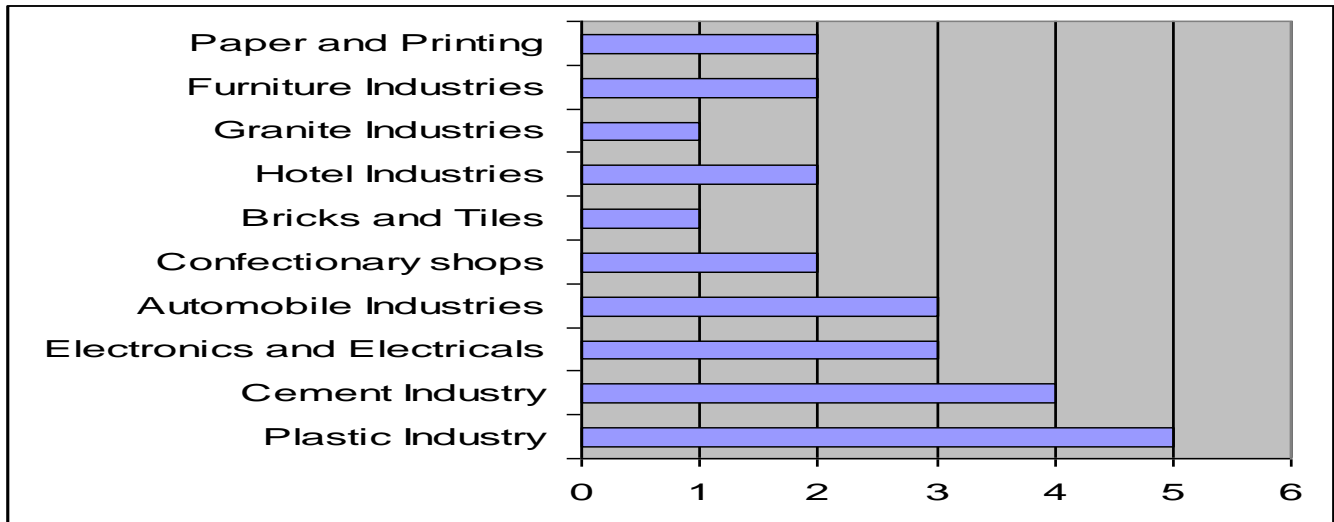


Chart No. 1 – Industrial wise classification of sample units

2) Ownership pattern of the sample units

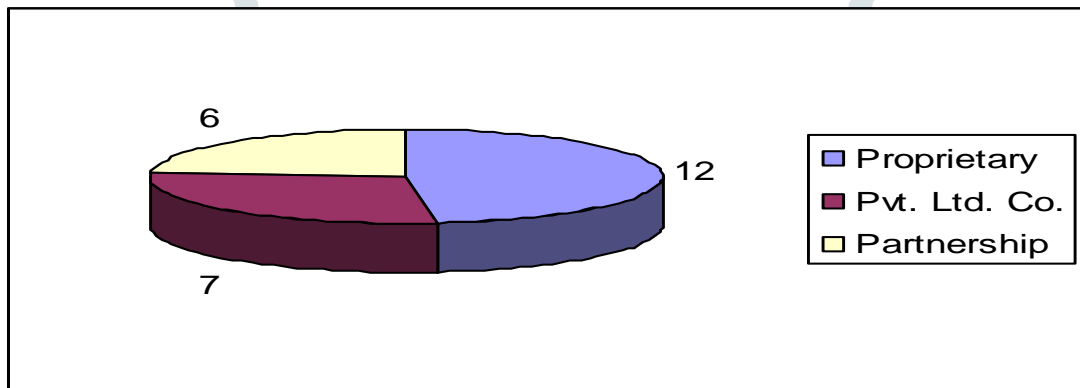


Chart No 2. shows that ownership pattern of selected small-scale units

Chart No 2. shows that ownership pattern of selected small-scale units in Tumkur district and the forms of organizations of the selected units which are dominated by proprietary concerns, followed by Private Limited Companies and partnership concerns. It is learnt clearly from the above table, that out of 25 sample units, 12 units (48%) are proprietary concerns, 7 units (28%) belong to private companies and remaining 6 units (24%) belong to partnership concerns.

3) Level of satisfaction regarding Finance, Marketing, Business Expansion, infra-structure facilities and technical upgradation

Table No 2: Entrepreneurial-wise classification of sample units

Sl. No.	Level of satisfaction	Highly Satisfied	Satisfied	Not satisfied	Total
1.	Financial services	09	13	03	25
2.	Marketing services	03	08	14	25
3.	Technical up-gradation	04	06	15	25
4.	Business Expansion	08	10	07	25
5.	Infra-structure facilities	07	10	08	25

Financial services: From the above table 2 it is found that 9 sample units (36%) are highly satisfied about the financial support, 13 sample units (52%) are satisfied moderately and only 3 sample units (12%) are not satisfied.

Marketing services: From the above Table 2 it is observed that major portion of the sample units about 14 units (56%) have not satisfied about the marketing support and 8 sample (32%) are satisfied moderately and only 3 sample units (12%) are highly satisfied about institutional marketing support, hence there is a need to develop the governments marketing support to SSI's up to the mark.

Technical up-gradation: From the above Table 2 it can be seen that 15 sample units (60%) are not satisfied about the technical up-gradation. 6 respondents (24%) are moderately satisfied and only 4 respondents (16%) are highly satisfied in this regard.

Business Expansion: From the table 2 it is found that 40% of the simple universe comprising 10 respondents are satisfied by the services like finance, training, etc. of various institutions about business expansion. 7 sample units (28%) have not been satisfied and only 32% of the sample universe consisting of 8 units have highly been satisfied.

Infra-structure facilities: It can be seen from the table 2 that 17 sample units (68%) have been satisfied and got good infra-structural facilities from the government institutions. Out of that 7 sample units (28%) have highly been satisfied and 10 units (40%) have been moderately satisfied. Only 8 sample units (32%) have not been satisfied about the infra-structural facilities. In the field work it is clearly found that the power is one of the main problems faced by the SSIs.

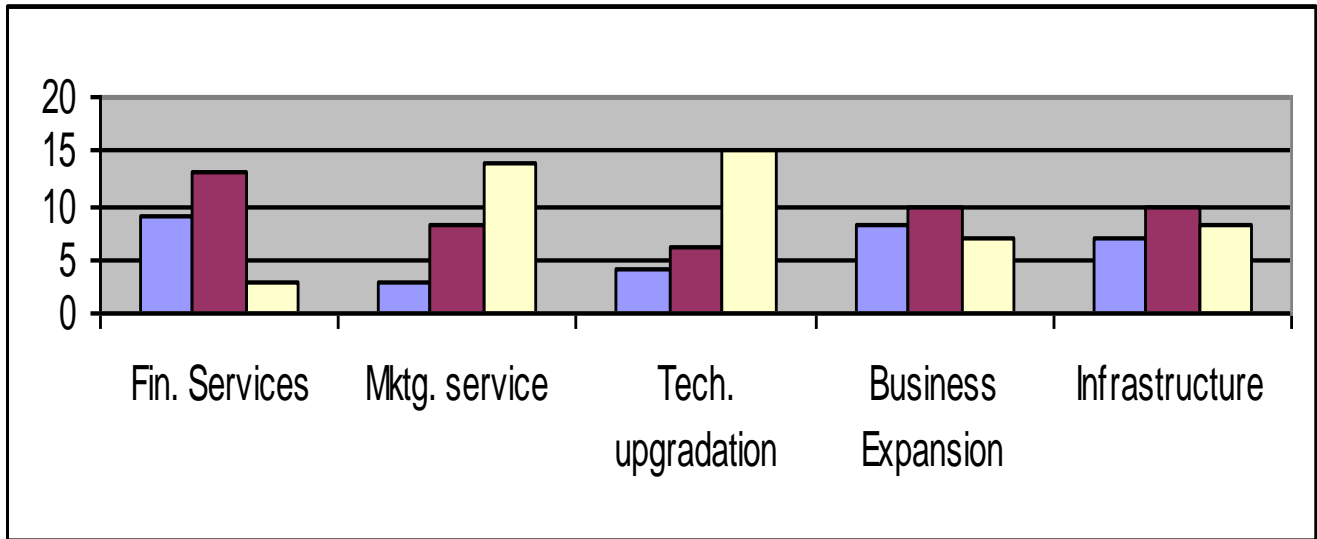


Chart No. 3 Level of satisfaction towards various supports.

Findings: -

- a) In the survey it is observed that many of the respondents out of the sample units have been influenced by their friends, relatives to establish their industries and then it is followed by government, institutional support and other agencies.
- b) It is found from the survey that the financial institutions have taken more than one month to sanction the loans or assistance to the SSI units. It indicates that there are many formalities which may involve in the sanction of loan.
- c) Majority of the respondents have stated that the rate of interest is reasonable.
- d) The most of the small entrepreneurs expressed that, they are not aware of the Government marketing assistance. Hence, the Government marketing assistance comprising 15 respondents (60%) and only 10 respondents (40%) are known the Government Marketing assistance.
- e) The major constraints/difficulties faced by sample units in marketing of products may be summarized into competition, lack of demand, distribution and all of them.
- f) Most of the respondents are not utilizing the support of technical up-gradation up to mark.
- g) The availability of raw materials at higher prices and at low quality are the problems of materials faced by the industrialists.
- h) Uncertainty in power supply, scarcity of water, fuel, gas, etc. are the great constraints to the small entrepreneurs.
- i) Many respondents view is that, allotment of sheds/plots by the institution are at the high costs and it also requires a lengthy procedure, there is also a delay in allotment.

Suggestions: -

- a) It is suggested that, the financial institutions have to minimize too many formalities in sanctioning of loans.
- b) It is better to reduce the rate of interest which is offered by the financial institutions on loans to develop the SSI units up to the mark.

- c) Majority of the respondents are not made known of the Government marketing assistance. Hence, the institutions or the Government has to improve the promotional activities like conducting exhibitions, trade fairs, etc. to make aware of the marketing support to small entrepreneurial units.
- d) SSI units are dis-advantageous in regard to technical know-how, mainly because of poor development and extension of research and development in this sector there is immediate consideration in rendering effective tool room assistance and design assistance. So that they may benefit from modern technology and improve their productivity.
- e) There should be sound and separate institutional arrangement for rehabilitation of sick units.
- f) Development of entrepreneurship among the locals, in particular, in industrial backward areas and among weaker section of the society including women, needs to be strengthened.
- g) While industrial projects with small investments are under implementation in different locations, upgradation of industrial infrastructure in these locations has not received the desired attention. Improvement of Transport-Communication links, water and power supply, effluent treatment, disposal, development of Human Resources are the areas which need focused attention.

CONCLUSION: -

Whether small industry or large problems always exist. Some face problems as if they are challenges because that is the road to advancement. The problems of entrepreneurs are multi-national. These can be solved by the coordinated, efforts of entrepreneurs coordinating functioning of promotional agencies and governmental assistance without red tape or bureaucratic delays. The entrepreneur has to be educated; and he should have a proper training in acquiring the necessary skill in running and Enterprise. In fact, the entrepreneur is the king pin of the industrial spectrum.

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