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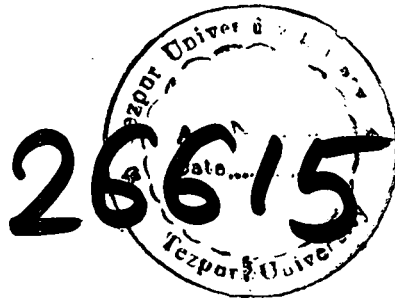
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**MANAGEMENT OF SMALL ENTERPRISES**  
**A CASE STUDY IN SONITPUR DISTRICT OF ASSAM**

**A THESIS SUBMITTED TO TEZPUR UNIVERSITY IN PARTIAL FULFILLMENT OF  
THE REQUIRMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY**

**By**

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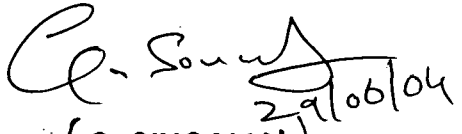
### **Declaration**

I here by declare that the thesis entitled "Management of Small Enterprises- A case Study in Sonitpur District of Assam" submitted by me to the Department of Business Administration, Tezpur University, is my own and it has not been submitted to any other university for the award of any research degree or published previously.

**BALIN HAZARIKA**

### **Certificate**

Certified that this is a bona fide research work done by Mr. Balin Hazarika, Lecturer in Commerce, Kaliabor College, Nagoan Assam, under my supervision and guidance.

  
(G. SINGAIAH)



## Preface

After opening up the force of globalization, India has faced rigorous competition from other countries. If any country is to survive under globalization force, its economy should have world class quality and competitive price for its products. Thus, a transition from an era of protection to an era of globalization has posed threats and challenge more especially for the small enterprises. The importance of small enterprise in Indian economy is recognized by the central planning of India after experimenting for modernization and industrialization. Small scale enterprise has emerged in spite of its travails over five decades, as a highly vibrant and dynamic sector of the Indian economy. Now, its account for nearly 95 percent of the total industrial units, 45 percent of the value added in manufacturing and about 40 percent of exports and provided employment to nearly 186 lakhs persons in contrast to employment of about 80 lakhs generated by the large industry. In addition, SSEs sector is also significant in Indian economy by its various advantages such as it supplies large number of manufacturing goods, the promotion of capital formation, the development of indigenous entrepreneurial talents and skill, the reduction of regional economic imbalance, the decentralization and dispersal of manufacturing activities from metropolitan to rural areas.

It is not surprising; therefore, that government of India emphasized more promotions to this sector in different policies for its robust development. In today's fiercely competitive global environments, it is essential for every organization to generate the highest level of customer satisfaction with its best quality. To attain these objectives, it has become necessary for SSEs at each level from macro to micro such as district level to look for innovative that produce maximum efficiency within their operation.

It is observed that most of the small scale enterprises in the district of the present study are handicapped on account of shortage of raw-material, paucity of capital and credit, inadequate technical knowledge, non availability of infrastructure, lack of promotional measures of products, and absence of trained and managerial skills. It is against this backdrop, the present study intends analyse their management systems and identify their strengths and weaknesses for improving their management pattern and thus, enable them to meet the threats posed by globalization and convert the same into opportunities for sustained development of SSE in the district. Most of the small scale enterprises have incurred losses due to their poor management system. So, effective measures are recommended that entrepreneurs can take right management techniques so as to manage their units efficiently right from its inception.

This study is mainly based on primary data collected from small enterprises locate at different places of the district. As well as secondary data is collected from the published sources like magazines, journals and reports, etc.

The study consists of seven chapters. 1st Chapter is introduction of the study with review of the earlier study on the subject, 2nd chapter discussed the study area profile as a potential for management of small enterprises, need for the study, objective and methodology of the study, 3<sup>rd</sup> chapter is divided into three parts, part-(i)Evaluation of industrial policy, part (ii)Analysis of different development institutions at the central, regional and state level, part (iii) Development of SSEs in international, national, regional and state level. 4th Chapter is attempting to analyse the entrepreneurial behaviour process in the district. Chapter 5th is devoted to production and financial system in the district. 6<sup>th</sup> Chapter concentrated upon the management of marketing and human resources policy, strategy and practices. The summery of the findings and suggestion of the study are presented in the last seventh chapter.

## **Acknowledgement**

This study has been made possible because of the needed help and support that I have received from various sources. There is a long list of persons to whom I am obliged for their help. When I intend to acknowledge their support and service, the first name that comes to my mind is Dr. G. Singaih, Reader, Department of Business Administration, Tezpur University, for his scholarly guidance that made this challenging task quite easy. Discussions with him always rewarding. I am profoundly indebted to him.

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Lastly, it is difficult to talk about this thesis without thinking my family members, especially Mrs. Paritjoyti Hazarika, M.A. for her unstrained support and encouragement in all possible ways without which I would not have been able to do my academic work.

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## **ABBREVIATION**

Sl. No.

1. A.D : anno Domini
2. AFC : Assam Financial Corporation
3. ASIDC : Assam Small Industry Development Corporation
4. CFTIC : Central Footwear Training Institutes
5. DIC : District Industries Centre
6. DI : Directorate of Industries
7. EDP : Entrepreneurship Development Program
8. EPCs : Export Promotion Councils
9. EDII : Entrepreneurship Development Institute of India
10. HRM : Human Resource Management
11. HUDCO : Housing and Urban Development Corporation
12. IIE : Indian Institute of Entrepreneurship
13. K.M : kilo meter
14. KVIC : Khadi and Village Industries Commission
15. NER : North Eastern Region
16. NEC : North Eastern Council
17. NEITCO : North Eastern Institute of Technical Consultancy Cooperation
18. NABARD : National Bank for Agriculture and Rural Development
19. NIESUUD : National Institute for Entrepreneurship and Small Business  
Development
20. NISIET : National institute for small industry extension and training
21. NSIC : National Small Industries Corporation
22. PPDC : Product cum Process Development Centers

- 23. RBI : Reserve Bank of India
- 24. RTC : Regional Testing Centers
- 25. RRBs : Regional Rural Banks
- 26. SSEs : Small Scale Enterprises
- 27. SSBE : Small Scale service and Business Enterprise
- 27. SWOT : Strength, Weakness, Opportunity, and Threat
- 28. SSI : Small scale industry
- 29. SISI : Small Industry Service Institute
- 30. SMEs : Small and Medium Enterprises
- 31. Sq. KMS : Square kilometers
- 32. SIDBI : Small Industries Development Bank of India
- 33. SIDO : Small Industries Development Organisation
- 34. SSIDCs : State Small Industries Development Corporation
- 35. SFCs : State Financial Corporation
- 36. TCOs : Technical Consultancy Organisation
- 37. USA : United States of America
- 38. UK : United Kingdom
- 39. UCo BANK: United Commercial Bank
- 40. WTO : World Trade Organisation

# ***CHAPTER – 1***

## ***INTRODUCTION***

There is a growing worldwide appreciation of fact that small scale enterprises play a catalytic role in the development process of global economies. For instance, in Japan 53 percent of the industrial population still gain livelihood from small undertakings that employ less than five workers. In U.S.A., small business makes up 92.5 percent of the USA business establishments employing 45 percent of the total industrial labour force and handles 34 percent of the volume of business.

The specific role of small enterprises in the Indian economy was recognized in the first Industrial policy Resolution of 1948 itself which stated that cottage and small scale industries were better suited for utilisation of local resources to achievement higher growth. This sector has emerged over five decades as a highly vibrant and dynamic sector of the Indian economy is well indicated by its 95 percent share in the total industrial units in the country, 40 percent of production in the manufacturing sector, 80 percent of industrial employment, about 35 percent of national export and an estimated employment to the order of 186 lakhs person during 2001-2002.<sup>1</sup>

Following are a few inspiring and guiding forces for the sustenance and growth of SSEs in our economy:

Mahatma Gandhi viewed: "If I can convert the country to my point of view, the social order of the future will be based predominantly on the charkha and all it implies. It will include everything that promotes the well-being of the villagers, I do visualize electricity, ship building, iron works, machine making and the like existing side by side with village handicrafts".<sup>2</sup>

In the words of former Indian prime-minister Mrs. Indira Gandhi, the small Sector is advocated "... three reasons, to gain control of the Economy, to promote critical development in terms of social gains of strategic value rather than primarily on

consideration of profit, and to provide employment and commercial surpluses with which to finance further economic development to backward areas".<sup>3</sup>

P.C. Mahalanobis stated: "In view of the meagerness of capital resources there is no possibility, in the short run for creating much employment through the factory industries. Now consider the household or cottage industries. They require very little capital. With any given investment, employment possibilities would be ten or fifteen or even twenty times greater in comparison with corresponding factory industries."<sup>4</sup>

The Karve committee in 1955 stated: "The principle of self-employment is that at least as important to a successful democracy as that of self-government." The statement is based on the assumption that small enterprises are labour intensive and thus create more employment per unit of capital employed.<sup>5</sup>

Smt. Vasundra, Raje former Minister of State for small scale industries and Agro-Rural industry stated that the SSI sector has proved itself to be resilient enough to withstand and the challenges posed by liberalization of the 1990 that it will once again prove its metal in the 21<sup>st</sup> century as globalization becomes a part of life.<sup>6</sup>

Former U.S. presidents Jimmy Carter and Gerald Ford emphasized that small business had created sixty percent of new jobs in U.S.A. The Bolton Committee 1971 and the Wilson Committee 1979 stated that the small business in U.K. had higher profitability than the large business.<sup>7</sup>

#### **Importance of SSE in Indian Economy:**

The small-scale enterprise is capable of generating high degree of employment with low capital investment. During the seven year period from 1991 to 1998, it has created almost 42 lakhs of new jobs whereas the entire organised industry including Government was able to create 14.3 lakhs jobs only i.e., a ratio of 3:1 in employment generation between small and large industries.<sup>8</sup> That small enterprises are labour

intensive is evident by the fact that average small scale unit requires about Rs. 25,000 per unit of per employment, whereas the large scale unit needs Rs. 3 lakhs for providing employment to one person.<sup>9</sup>

Unregulated growth of large scale industry results in concentration of economic power in a few hands and gross inequalities in the distribution of income and wealth in the country. Since many SSEs use local resources, they are decentralized geographically. Regional dispersal of industries is imperative to achieve balanced regional development. Thus, SSEs bring about greater equality of income and distribution.

Some of the problems that unplanned urbanization causes could be overcome by establishing small centers of industrial productions all over the country. Even Small Scale Enterprises help in tapping latent resources like, entrepreneurial skills and hoarded wealth especially in rural and semi-urban areas.<sup>10</sup>

Small-scale enterprises help in reducing the pressure on the countries' balance of payments in two ways. First, they do not require import of sophisticated machinery or raw material. They are now producing electronic medical equipment, drug etc., which were imported earlier. Secondly, SSEs earn valuable foreign exchange through exports. Now, SSEs account 35 percent of the total exports of the country.<sup>11</sup>

Apart from that SSEs also serve as supplementary and complementary to large scale industries in the form of ancillary units.

The Indian industrial Sector has been consistently outperforming large industry on crucial parameters such as growth in production and growth in employment. During 1991-92 to 2001-02, SSEs growth rate is significantly higher than overall industrial growth rate. It may be understood from the table-1.1.

Table 1.1 Growth of SSE Sector in terms of Overall Industrial Sector

Year	SSI Sector	Overall Industrial Sector
1991-1992	3.1	0.6
1992-1993	5.6	2.3
1993-1994	7.1	6
1994-1995	10.1	9.4
1995-1996	11.41	12.1
1996-1997	11.32	5.6
1997-1998	8.43	6.7
1998-1999	7.7	4.1
1999-2000	8.16	6.5
2000-2001	8.23	4.9
2001-2002	5.95	0

Source: Laghu Udyog Samachar, development Commissioner(SSI),  
Ministry of SSI and A& RI Government of India.

#### **Definition of small scale enterprises:**

The definition of SSEs has undergone changes from time to time over the period.

The same is presented in table 1.2. The first definition of SSE was adopted by SSE Board in 1950. In this definition both investment and employment criteria were taken in to consideration to define SSE. Accordingly, a unit employing less than 50 persons in case of using power and less than 100persons without the use of power and with capital assets not exceeding Rs. 5 lakhs was considered as Small Scale Enterprise.<sup>12</sup>

In 1960's the employment criteria was abolished and only the investment criteria was adopted.

Table 1.2 Investment Ceiling during the Period 1950-99

Year	Investment Limit	Additional Condition	Ancillary units	Small service Enterprise & tiny units
1950	Up to Rs. 5 Lakhs to fixed assets.	Less than 50/100 person	---	---
1960	Up to Rs. 5.00 Lakhs in fixed assets.	No condition	Rs. 1 lacks	---
1966	Up to Rs. 7.5 Lakhs in plant & machinery.	No condition	Rs. 10 lacks	---
1975	Up to Rs. 10 lakhs in plant machinery	No condition	Rs. 15 lakhs	---
1980	Up to Rs. 20 lakhs in plant & machinery	No condition	Rs. 25 lakhs	Rs. 2 lakhs
1985	Up to Rs. 35 lakhs in plant & machinery	No condition	Rs. 45 lakhs	Rs. 2 lakhs
1991	Up to Rs. 60 lakhs plant & machinery	No condition	Rs. 75 lakhs	Rs. 5 lakhs
1997	Up to Rs. 300 lakhs in plant & machinery	No condition	Rs. 300 lakhs	Rs. 25 lakhs
1999	Up to Rs. 100 lakhs in plant and machinery.	No condition	Rs. 100 lakhs	Rs. 25 lakhs

Source: Compiled with SSI in India the growth sector for the Millenium, P-11,12 & Southern Economist-2002

There were changes in the definition of SSE several times in regard to investment ceiling. The definition of SSE has undergone changes over the years in terms of investment limit in the following manner:-

Present Definition of SSE (w.e.f 24.12.1999) is based on criteria of investment in fixed assets in plant & machinery whether held ownership terms or on lease or by hire purchase does not exceed Rupees One Crore.<sup>13</sup>

Ancillary industry, which engages or is proposed to be engaged in the manufacturing or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of service and undertaking supplies or proposed to be supplier or render service not more than fifty percent of its production or service and whose investment



in fixed assets in plant & machinery whether held on ownership term or lease or on higher purchase, does not exceed rupees one crore. The concept of ancillary unit was introduced for the first time in 1960 with investment plant & machinery of 1lakh. Ancillary industries are those SSI units in which investment in plant & machinery are within the limit as changed from time to time. The investment in the ancillary units in 1966 was 10 lakhs in 1975, 15 lakhs in 1980, 25 lakhs in 1985, 45 lakhs in 1991 investment was 75 lakhs and 3 crores in 1997 and was reduced to 1 crore in 1998.<sup>14</sup> Tiny Enterprise is one with an investment in plant and machinery up to Rs. 25 lakhs irrespective of location. The Tiny concept was adopted in the industrial policy resolution 1977 with investment in machinery and equipment upto Rs. 1 lakhs and situated in small towns and villages with a population of less than 50,000.

Small Scale Service and business enterprise (SSSBE) with investment in fixed assets, excluding land and building up to Rs. 10 lakh, irrespective of location. It is also recognized as SSE considering its employment potential in the Industrial policy 1991. Women Enterprises are those where one or more women entrepreneurs have not less than 51 percent financial holding.

#### **Classification of Small Scale Industries:**

**Traditional Industries:** Khadi and village, Handlooms, Handicraft, Coir fiber, Sericulture industries.

**Modern Industry:** Small Scale industrial undertaking, Power loom, Export oriented, Ancillaries, tiny enterprise, Small Scale Service and business enterprises, Women Enterprises.<sup>15</sup>

Modern SSEs produce wide range of goods from comparatively simple items to sophisticated products. The traditional small enterprises are highly labour intensive and use traditional technology, while the modern small enterprise makes use of

highly sophisticated machineries and equipment. For instance, during 1979-80 traditional small enterprises accounted for only 13 percent of the total output but their share in total employment was 56 percent. One special characteristic of traditional enterprise is that they cannot provide full time employment to workers. They can provide only part time or seasonal employment to agriculture labourers and artisans.<sup>16</sup>

### **Meaning of Small Enterprise and Its Scope:**

In most of the countries of the World, the definition of small enterprise varies from one country to another. The criterion for defining small enterprise is related to the size of employment. For instance, in U.S.A., small business is one which has employment of less than 500 people. In U.K, it is 20 skilled workers, in Germany less than 300 workers, and in some countries both employment and investment are taken in to account. In Japan, the investment should not exceed 100 million, employment not more than 300 employees. In Korea, investment limit is 2 lakhs dollar and employment being 200 people.<sup>17</sup>

The word "Small Scale Industry" is defined in various ways from time to time for administrative purposes. However, the word "Small Scale industry", small enterprise, small unit, small undertakings are synonymous. These different terms are used by different authors to mean almost the same.

In India, small industry refers to manufacturing activity. Recently, it has also come to include, to a limited extent, servicing activities such as repair and maintenance shop and few community services. It does not include wholesale and retail trading as is done in Japan and U.K.

Table 1.3 Scope of Small Industry in Selected Countries

Country	Terminology	Scope
Japan	Small Enterprise	Manufacturing, mining, services, trading (Wholesale and retail)
Korea	Small Enterprise	Manufacturing, mining, constructions, commerce
U.S.A / Canada	Small Business	Manufacturing, service, trading
U.K.	Small Firms	Manufacturing, commerce, (Both retail and wholesale), mining, transport
Indonesia	Small Industry	Manufacturing, service
India	Small Scale Industry	Manufacturing, repair and maintenance

---

Source : Small scale industries and entrepreneurship, Vasant Desai, Himalaya publishing house – 1999

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As is clear from the table 1.3 that the scope of small industry in India is rather narrow as compared to others countries like Japan, U.K. and U.S.A.

### Entrepreneurship:

“Entrepreneurship” is often used interchangeable with “Entrepreneurs” but conceptually they are different, just like two sides of the same coin. Entrepreneurship is a process of action an entrepreneur (person) who undertakes to establish his enterprise. Thus, Entrepreneurship is a cycle of action to further the interest of the entrepreneurs. Entrepreneur is a person who is responsible for setting up a business. In fact, entrepreneur is the one who has initiative, skill for innovation and who looks for high achievements.

The term “Entrepreneur” is defined in various ways. Yet, no consensus has been arrived at on the precise skills and abilities that make a person a successful entrepreneur.

The word "Entrepreneur" is derived from the French word "Entrependre". It means, "to undertake". In the early 16<sup>th</sup> century, the Frenchmen who organised and led military expedition were referred to as "Entrepreneur". Around 1700 A.D. the term was used for architects and contractors of public works. The term "Entrepreneur" was applied to business initially by French economist Cantillon in the 18<sup>th</sup> century, to designate the dealer who purchased the means of production for combining into marketable products. Another Frenchman J.B.Say expanded Cantillon's idea and conceptualised the entrepreneur as an organiser of business firm, central to its distribution and production function. The Entrepreneur may be defined as one who detects and evaluates a new situation in his environment and direct the making of such adjustment in the economic system as felt necessary.<sup>18</sup>

It is observed that the basic problem in managing the small scale enterprise is lack of imagination, creativity and risk taking of its entrepreneurs for further growth and development. The first generation entrepreneurs have comparative advantage such as, more reliable and dependable and continuous labour force but they suffer from creativity and risk taking. The next generation of young entrepreneurs has acquired these qualities of imagination and risk taking but manifest very poor core competence of our traditional SSE like reliable, dependable labour force which could be useful for success. In both the cases, either they suffer from one thing or other. That is why entrepreneurs of either generation strive to contribute significant progress as in case of many emerging nations like Japan, China, and Korea etc. The degree of dependency on various supporting qualities keeps on continuing from first generation to next generation. In the process the qualities and traits of entrepreneurs also vary from generation to generation and some traits may be hidden and some may replace in the next generation.

Following are the entrepreneurial traits identified by various authors based on their research studies for successful entrepreneur.

According to S.S. Khanka,<sup>19</sup> successful entrepreneurial traits are: enterprising, risk bearer, ambitious, high achievement, creative thinker, hard worker, good organizer, good and prompt decision maker, and strong commitment. According to Vasant Desai<sup>20</sup>: initiative, good judgment, intelligent, leadership, quality, self confidence, energy, attitude, creativeness, fairness, honesty, and emotional stability. According to Professor David C. McClelland<sup>21</sup>: initiative, opportunity, persistence, information seeker, self confidence, assertiveness, persuasion, efficient orientation, quality, planning, problem solving, influence strategy, employee welfare are as a entrepreneurial traits.

### **Meaning of Management:**

The word "Manage" comes from the French word "Manage". The dictionary meaning of the word "manage" is to conduct, to control or to administer. It means act of guiding or controlling the affairs of an industry to achieve given aim or purposes.

The term management has been used by different authors in different sense. In the words of Harold Koontz, "Management is the process of designing and maintaining an environment in which individual working together in groups, efficiently accomplish selected aims".<sup>22</sup> Lawrence Apply says "Management is getting things done through the efforts of other people"<sup>23</sup>. Frederick Taylor states "Management is the act of knowing what you want to do and then seeing to it is done in the best and cheapest way"<sup>24</sup>. Oliver Seldom has defined, "Management is the proper function in industry concerned in the execution of policy within the limits set up by administration and employment of the organization for the particular objective set before it"<sup>25</sup>. According

to Peter Drucker "Management is an organ, organs can be described and defined through their functions"<sup>26</sup>.

### **Meaning of Culture:**

Culture is viewed as the sum total of values beliefs and pattern of social behavior in a given society. It is a vital pillar of social and economic transformations. There are various definitions of culture. A very popular definition is that of Edward Taylor: "Culture or civilization is that complex whole which includes knowledge, belief, art, morals, law, customs and other capabilities and habits acquired by member of society."<sup>27</sup> Clyde Kluckhohn has defined culture very simple as "the total life-way of a people"<sup>28</sup>. Webster says that culture is the integral pattern of human behavior that include thought, speech and action and depends on man's capacity for learning and transmitting knowledge to succeeding generation.<sup>29</sup> Accordingly to Basant Desai; Culture represents the manner in which members of a group (Whether it is Society or a business group) regulate their behavior in order to be in harmony, with each other and with other groups in the society. Like-wise, nations, business firms also have their distinctive culture. It is a sum total of the norms, beliefs and values that regulate the behavior of individuals and groups within an organizational culture, when a new employee enter the business, he picks up these special viewpoints and ways of operating.

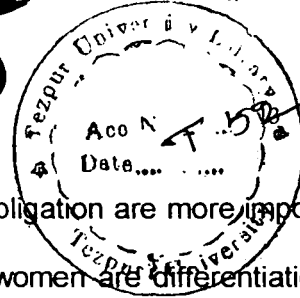
The cultural values and norms heavily influence the way of people's behavior, how they work together and how they pursue the goals of the organization. Almost all successful firms have changed their culture, in most cases such changes are based on retaining and developing what is good in existing culture and adding to it new elements that will stimulate progress. Total rejection of existing culture in turn can be

devastating. Therefore, it will need skill of entrepreneurs to identify what is good while recognizing what is to be rejected or modified. Plan of management and culture each contribute to the success of any organisation. Brilliant management brings great business success and strong culture gives strength to the organization. In the absence of one, the other is useless.

**Dimensions of culture:** The following are the variables used to study management effectiveness.

(i) **Locus of control:** If nature is seen as powerful and dominating and individuals as helpless, a fatalistic orientation may result, taking the nature for granted. The opposite orientation of scientism may result from the belief that man can manipulate and change nature resulting concept of locus of control. (ii) **Risk avoidance:** The environment may be seen as structured and unchanging, resulting in a sense of satisfaction. People may like to enjoy ambiguity. This dimension called uncertainty avoidance. If members of organization feel uncomfortable with ambiguity, their risk taking capacity is low and avoid ambiguity, risk taking capacity is high. (iii) **Time orientation:** The culture may differ in their orientation to time, past oriented culture think and indulge in what happened in the past and, are oblivious of the present demands and future possibility. Present orientation called temporalness here, is reflected in the importance given by member of a culture to the present. They get involved in the immediate task. However, they may not ensure the endurance and continuity the task. (iv). **Individualism vs. collectivism:** Individualism stands for a preference for a loosely knit social framework in society, wherein individuals are to take care of themselves and their immediate families only. Its opposite, "collectivism" stands for a preference for a tightly knit social framework. In a collectivism culture

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maintain relationship and fulfilling personal communal obligation are more important than completing task. (v) **Sex difference:** If man and women are differentiated by sex by their activities, we call it sexist orientation. In contrast, if there is less differentiation of sex roles called "feminism". In such society both the categories of qualities attributed to men and women are valued and integrated, we called Androgyny. In Androgynous culture interpersonal trust is highly valued. (vi) **Power distance:** people in high power distance society accept a hierarchical order in which everybody has a place in society. People in low power distance people strive for power equalisation. In such societies, manual work has valued low and consider persons in lower strata of the society or organization.

#### **Managing Small Scale Enterprises:**

Management of a small scale industry is very complex due to the fact that entrepreneurs of small enterprises perform substantially all functions at all levels- executive, administrative, production, marketing, finance and also supervise all the works. In a large industry various executives perform different functions. But in the management of small scale industry, entrepreneurs have to think about plan as well as its implementation and his efforts will be required at all levels of development of the enterprise. Most of the small entrepreneurs consider themselves as producers or artisans; devote most of their time in the factory. They have no time to do thinking for various functional areas of management i.e. production, marketing, finance and human resources. If management of small scale enterprise is to become more significant and self supporting, the entrepreneurs must efficiently manage all the major aspects of the enterprise rather than acting as artisan or producer. They must be all round businessmen.



In small-scale enterprises, entrepreneurs' belief and behavior is an important quality, when the entrepreneur of a firm consistently demonstrates a commitment to the goals of the organization, he/she can encourage others to appreciate the same value and one can build a good culture based on a strong commitment to produce high quality goods and services for their customers' satisfaction.

**Production Management:**

Production management is one of the most important functions of small scale Enterprise. Production means conversion of raw materials into semi finished and finished goods. Every entrepreneur should strive to ensure maximum production in the best manner at the lowest cost and generate maximum profit. Production occupies a unique position in the management process of small scale enterprise. Except few, most of the manufacturing units of SSE have been using traditional methods of production techniques. For instance, canes, silk, brick industries are using traditional methods of techniques for their products in the Sonitpur district of Assam, resulting in high cost of production with low quality. So, the price of products could not be borne by the common customer. Hence, they are compelled to sell their product either to big industries or to depend on outside customer at cheaper price. On the other hand, most of the enterprises produce goods and store them without investigating their customer requirement. Even though small scale enterprises have lot of opportunities to investigate their customer requirement because of their close relationship, it will depend upon entrepreneurs' intellectual process of careful thinking when to produce any goods as per customers' requirements. One of the major problems of small scale enterprise is that of low productivity in the district. In fact, productivity could be increased by planning and budgeting. In this regard

production manager should perform a unique function where raw materials are converted into finished goods efficiently and economically. Efficiency is measured by the minimum cost. The entire process of production should be regulated, monitored and controlled by the management. If the management is able to increase capacity utilization of machine and productivity of labour, the result is higher production at low cost.

### **Financial Management:**

Finance is the key input of production, distribution and development and it is a pre-requisite for accelerating the process of industrial development. In Small scale enterprise, finance may come from two sources i.e., owner's contribution and borrowing. The former is known as "Own capital" and later is a "Credit". Capital is required to acquire fixed assets and credit is required for working funds.

In the Indian context, lack of capital and low saving are the two most stumbling blocks for a small scale enterprises. So, financial management should be given attention to ensure fair return on investment and generate surplus and reserves for growth and expansion. It should also to plan and control the utilization of fund so as to ensure the maximum efficiency of operation and maintain proper relationship with suppliers, financiers, workers with co-ordination of the various departments through appropriate measures to ensure optimum use of financial resources.

It is surprising to see that most of the entrepreneurs of small-scale enterprise have no proper accounting and financial planning for present and future in the District. Most of them spend their fund for domestic purposes like ceremonies, festivals etc. So, the accounting is not properly maintained and as a result, they can not review their progress and growth in terms of profit and loss and there is no option for re-

investment. The financial problems are interrelated with one another; therefore one problem gives birth to other problems.

**Marketing Management:**

Marketing occupies an important place in the management of small scale enterprises. It is a key factor in determining the success or failure of an industrial unit. Traditionally, marketing focussed on "those efforts which effect transfer in ownership of goods and care for their physical distribution. But now, marketing management of small scale enterprises must safeguard the consumer interest and strive to provide them quality goods at reasonable price. Competition has shifted the marketing philosophy from what marketers want to sell to what their customers want to buy. Marketing involves four basic inputs product, pricing, promotions and distribution system. These four are the core and must be integrated to achieve maximum consumer satisfaction and optimum profit.

The best method of marketing strategy of SSE is to determine which segments of the market would be in the position to serve. Market consists of buyers who differ in one or more respects. They differ in wants, buying tastes, attitude, response etc. In this context marketing research is a valuable tool to plan, measure and evaluate marketing effort so that the marketing management can offer right product, right package, right price, right promotion, right physical distribution and right marketing strategies at right time.

But in India, small scale industries generally suffer from many elements concerning marketing aspects like lack of brand name, lack of proper market, customer segment, lack of research and investigation, lack of standardization and quality improvement, inconsistent quality and thus, lack of reliability.

The production is successful only if the products are profitably sold in the market. Small scale enterprises have better position to identify the customers' behavior regarding their tastes, wants, choice due to close relation, but it is found that except few manufacturing units (furniture, biscuits, and fabrication) most of the enterprises fail to identify the customer's behavior. They follow only traditional approach of marketing without giving importance to packaging, designing, and quality improvements, etc.

### **Human Resource Management:**

Employees are the important resource of the organisation. In the emerging economy, small scale unit can raise their physical resource with the better utilization of its employees as human capital. Now employees of SSE have become very crucial asset which can play an important role in the growth and development of SSEs.

Regarding the human resource management in SSEs, most of the human resources required is planned to be met from within the family. If at all some external sources are needed, they are procured temporarily from very known and reliable sources. In case of recruitment and selection of employees, mostly people known and adaptable to all kind of situations, including financial and non financial are preferred or as a general rule family members are involved as employees. The orientation towards the acquiring of skills is quite informal and the job training is followed continuously like relationship between friends and master and servant. The method of motivation and direction is based on family and brotherhood basis rather than professional orientation. Employees are made to develop their sense of belonging and concern for the organization mostly by understanding and meeting the job, and personal and

enterprises in Sonitpur, no specific steps towards motivating the labour force is evident. It is the responsibility of the management of SSE to improve the condition of the workers for creating a congenial atmosphere through training, allowance, promotion, service securities etc. But it is found that lot of small scale enterprises have engaged migratory labour in their enterprises, which rules out these factors and thus affects labour efficiency.

### **Impact of Globalisation on SSEs:**

India started its process of integration with the global economy in July 1991. The government has pursued for reaching economic and structural reforms in all sectors of economic policy. The thrust of these measures has been to make the Indian Economy internationally competitive.

The new environment for SSI consists of changes emerging from the ongoing process of economic reforms conforming to the WTO agreement and to the fast changing economic, technological and information environment. In the process, the liberalized policy has posed certain threats and provided opportunities to the small scale sector. The threats are in the form of increased competition from multinational companies in terms of comparative cost advantage, reduced protection due to lowering of tariff and market determined rate of interest, quality standard. On the other hand opportunities have come in the form of access to better technology, availability of various raw material and component, besides the impetus to quality, efficiency and opportunity to restructure and diversify business because, every industry must exercise to identify factors affecting its international competitiveness in terms of cost as well as quality.

In the North-Eastern Region, the major handicaps faced by the SSEs are lack of basic infrastructure like power, communication, finance etc. All these affect their productive efficiency and lead to lower capacity utilization. So, there is fear of the impact of liberalization, globalization and agreement in the minds of small entrepreneurs. However, SSEs in the region would survive if they are able to improve their quality and reduce the cost of production.

### **SWOT Analysis:**

“S” stands for strength, “W” for weakness, “O” for opportunity, “T” for threats. SWOT matrix is a conceptual frame work for a systematic analysis that facilitates matching the external threat and opportunities with internal weaknesses and strengths of the organization. “S” stands for strength, “W” for weakness, “O” for opportunity, “T” for threats. Individual organisation and government agencies take into consideration always their strengths and opportunities but do not give attention to the weaknesses and threats. In the era of competition, these organisations must identify the strengths, weaknesses, opportunities and threats and make appropriate strategy and take necessary action for the development of the enterprises. The strategies are based on the strengths, opportunities, threats and weaknesses. So, the SWOT matrix is useful to analyse all dimension of an organisation and make a strategic plan. The ST strategy is based on the organisation’s strength to deal with threat. The aim is to maximise the strength (through new technology marketing workforce and minimising the threats which is new product introduced by its competitor. The WO strategies attempt to minimise the weaknesses and maximise the opportunities with the help of necessary competence (such as technology and skilled person etc.). So,

every enterprise should analyse all dimensions and make better strategies and interventions for development of their enterprises.

### **REVIEW OF EARLIER STUDIES:**

So far, a number of studies in this area of research have been conducted by researchers, academicians, Government of India, Government of Assam and Non government agencies. In this chapter, an attempt is being made to review the earlier studies on this subject at international, national, regional and state levels.

D.A Nyange and N.S.Y Mdoe in their study on “Dairy Industry in Tanzania and the Prospect for Small Scale Milk Producers” (1994) observed that due to liberalisation of market, prices of milk products over the past years had increased. According to them, the market share of small holder farmers, especially those depend in urban markets is likely to diminish due to large quantities and high qualities produced by urban medium and large farmers. They recommend that small-holder can still compete in the market by increasing the quality and quantity of milk. For that, small holders should produce through better feeding of their cattle and handling of milk in more hygienical manner and formation of cooperative for increased milk volume which would increase their competitiveness.<sup>30</sup>

Per Christiansen in his paper “Case Studies of Small-scale Forest Based Processing Enterprises in Latin America” (1982) observed that in Latin America producers’ organizations are often establishing small-scale wood-based enterprises. These organizations promote common interest and give technical and economic assistance to members as well as serve as a forum to solve joint problems and support the progress of their industries. But due to limited resources in funds as well as in technical and administrative know-how to play an important role in the development;

these organizations have failed to access proper development of members' industries. He suggests that producers' organization should become the main forum for addressing common issues, such as production strategies, marketing (including price fixing), delivery and storage of manufactured products, negotiation of credit and organizing technical and administrative assistance to the members. He has also advised that association should employ a specialist to carry out the activities and decentralized administrative operating close to the members' industry in order to be efficient and close contracts with the producers and its personal should be trained up by an external agency.<sup>31</sup>

Nidal Rahid Sabri in his study "The Role of Finance in Small Scale Development in Palestine" (1998) revealed that the Palestinian manufacturing sector works on about forty percent of its normal capacity. The study concluded that there are significant differences among the scales of industries concerning financial and operational performance measures. He also observed that small scale industry has the advantages in some of the performance measures while the large and medium scale has the advantage of other performance measures.<sup>32</sup>

Naruemol Bunjongit, Xavier Oudin in their paper "Small scale industries and institution framework in Thailand" (1992) stated that in Thailand the small scale industries are ill-integrated in the economic development process through subcontracting and their growth is not hindered by institutional constraints. Moreover, even though small entrepreneurs complain about the attitude of official inspectors but they often accept the reasons for regulation. Furthermore, they mentioned that majority were willing to pay more taxes for improvement or extension of public utilities which is not matched by other developing countries. They also mentioned that government only enforces regulation for protecting customers and



workers in certain sectors (hygiene) but does not very strictly enforces other regulation (taxation and minimum wages).<sup>33</sup>

In the paper "Food Processing in Indonesia, The Development of Small-Scale Industries" (1995) made by Damardjati Bogor Research institute for food crops agency stated that the main constraints in the development of small scale food industries are related to lack of capital and skills level of technology, marketing and lack of facilities particular in marketing is a major problems in the food processing in Indonesia.<sup>34</sup>

J.S. Varsheruya (1975) examined 120 small-scale units with aggregate borrowing in excess of Rs. 2 lakhs. He found that 100 units were in the unsatisfactory group and nearly 20 were in the success group. He observed that most of the units were marked by lack of management expertise and lack of adoption of sound business principles in running the Enterprise.<sup>35</sup>

A.K. Sharma had made an empirical study in 1976 "Management Problems of Small Scale Enterprise in Assam" wherein he stated that sixty percent of surviving units were not managing their finance properly. According to him, finance was the main problem of the sample units. He suggested that availability of bank finance would solve the problems of small scale enterprises in Assam.<sup>36</sup>

Ramesh P. Sinha in his study on "Some Problems of Small Scale Industries" (1979) observed that government programs were not able to make an entrepreneurial environment in Bihar due to political interference in regard to the selection of entrepreneurs. In his view, dominance of industrialists and the upper caste should be abolished. Besides, he observed that the government purchase schemes were not encouraging. He recommends the setting up of a "Development Consortia" and creation of a trade center to boost the sales of SSI products.<sup>37</sup>

N.B. Dey in his study (1980) on "Small Scale Industries in Cachar District – Their Problems, Prospects and Growth" observed that sixty five percent of SSI units were suffering from raw material problems. Another aspect he mentioned is that most of the entrepreneurs do not attend any regular courses on management. He recommends that all the development organizations involved for development of small scale industries should rightly come forward to ensure speedy utilization of fund for true purpose.<sup>38</sup>

H.K. Baruah made an empirical study in (1980) on "Prospects and Problems of Small Scale Industries in Lakhimpur District of Assam" He observed that finance was the main problem of the small scale industries in the district. He viewed that central government financial incentive could improve the existing problems of small scale industries in the district.<sup>39</sup>

T. Subbi Reddy in his study (1981) on "Impact of Incentive on Small Scale Industries" observed that nearly half of the entrepreneurs were not aware of the various schemes of the government. He emphasized the wide publicity is necessary through various advertisement media like news paper, radio and cinema about the schemes. He suggested that subsidy must be simple.<sup>40</sup>

Manohar U. Deshpande in his emperical study (1982) on "Entrepreneurship of Small Scale Industries" opined that government's active involvement with the economic aspiration of the Marathwada region naturally would have increased if the region has a good political and social leadership. He also viewed that development agency should be helped by the team of industrialist psychologists, economists and management experts so that it could decrease bureaucratic approach and extended entrepreneurial environment.<sup>41</sup>

P.C. Goswami in his paper (1985) "A Role on Development of Small Scale Industries in N.E region." emphasized that rigorous efforts has necessary to develop and expand small scale and cottage industries. According to him, if it is not done now then unemployment will lead to poverty. He recommended that more pragmatic approaches and remedial measures need to be used to utilize the SSE development programs in the region.<sup>42</sup>

Prabin Baishya in his study (1986) on "The Role of Small Scale and Cottage Industries in Kamrup District" revealed that cottage industries were gradually under developed due to the lack of innovation in technology. On the other hand small scale industries were developing in the district. He opined that cottage and small scale industries can provide more employment opportunities in the state.<sup>43</sup>

H.C Sarmah in his paper (1987) on "Industrial Development in North-East India : A Review of Development of Small Scale Sector," observed that pace of industrialization in the region is very slow. The main bottlenecks in the industrial development of the region relates to transport, labour marketing and entrepreneurship. According to him finance was not a problem. The problem was the lack of credit worthy proposal for bank finance. He also observed that there was no concentrated effort for industrialization based on locally available resources and appropriate technology to ensure income and employment. He suggested entrepreneurs should be encouraged to come for resource based industries and NEC should take initiative in developing appropriate model for industrialization in the region.<sup>44</sup>

Dr. P.C Goswami in his paper (1987) on "A Note on Development of Small Scale Industries in North East India" advocates that development and expansion of secondary sector must be related to agricultural and allied activities. According to

him it is necessary to evaluate the performance of the existing SSI units and also to analyse the potentiality of expansion of market for the goods produced by these units. For solving the marketing problem he feels the need for a separate marketing organization. Further, there should be one apex level institution in each state for coordinating the activities of the various institutions involved for the development of SSEs. Such organization may have different wings like marketing, technology, training, finance and credit, advertisement and publicity etc.<sup>45</sup>

Vinod Tewari, Joseph Philip, Amar Nath Pandey in their paper (1990) on "Small Scale Industry – success and failure" observed that success and failure of any business unit must depend upon entrepreneurs' initiative, attitude and operation skill etc. They suggest that an entrepreneur who is setting up his unit for the first time shouldn't go for a large investment in the beginning itself. Instead, he should plan for gradual growth. According to them, small size of investment in the beginning would facilitate greater flexibility for the desired change and diversification of the product range in future. They also suggest that while appraising the project report of SSI entrepreneur, financial agencies should make sure the commercial viability of the proposed product.<sup>46</sup>

B.K. Sharma in his study (1990) on "Role of Industrial Estate in the Promotion of Small Industries Undertaking in Assam" observed that industrial estate can play an important role in the process of industrialization in the state, particularly in the promotion of the small scale industries. He emphasized better utilisation of industrial estate in the region for development of SSI.<sup>47</sup>

Mrs. Rani Mudiari Deka in her study (1992) on "A Study on Institutional Finance relating to Small Scale Industries in Assam" found that SSI units in Assam accounted for less than one percent of the total SSI units of the country, whereas

nearly five percent of sick units of the country were in Assam. She also observed that entrepreneurs were unaware of the various aspects of the industrial development process. She suggested that they must be aware about the activities of financial institution and government policies, marketing prospects etc.<sup>48</sup>

S.K. Bansal in his study (1992) "Financial Problems of Small Scale Industries" identified the financial problems of small scale industries in Punjab. He advocated that identification of the problems of SSE can help the timely corrective measures to prevent them from becoming sick. As a measure of checking health of a unit, he suggested few mechanism i.e Net worth to fixed assets, Net sales to inventory, net sales to gross working capital, Net sales to total assets etc. With the help of the device, the financial institution should ensure before sanctioning of loan about the future prospects of the produce and service.<sup>49</sup>

Sujata Das in her study (1993) found that institutional finance played a vital role in the process of industrial development in Assam. She has also observed that subsequent to the withdrawal of the central capital investment subsidy scheme, its replacement, the state capital investment subsidy has not been properly implemented. She suggested that the quantum of financial assistance provided by the financial institutions should proportionately increase at par with other advance region.<sup>50</sup>

Inderjeet Dagar in his study (1993) on "Personal Problems and Its Management in SSI" revealed that management of human resource is important factor for the development of SSE. He recommended that if the SSIs have to survive and grow, the attention has to be given to the systematic and scientific management of human resources and the solution of personal problems and it should establish and use proper methods and techniques for proper utilisation of its personal. He suggested

that employees should be properly, fairly and equitably compensated and provided with proper welfare services.<sup>51</sup>

Vivek Deolanker in his study (1993) on "Management of Small Scale Industries in Marathwada region of Aurangabad District" felt that there was need to prepare special concessional facilities along with other privileges for small scale industries in a backward region. He suggested that the primary sector should bring in commercialization with the help of small scale industries. It would be developing the necessary trading skills and entrepreneurial culture. He mentioned that with the growth of such skills and culture a market oriented economy would be ushered in.<sup>52</sup>

Borasha, Das Hazarika in her study (1995) on "Role of Promotional Organization in Marketing of SSI product in Kamrup District" observed that the efforts of the central and state level marketing promotional agencies are not satisfactory. She viewed that all existing assistance schemes available with the promotional organizations should be brought to the notice of existing as well as prospective entrepreneurs at the counseling stage of the registration process.<sup>53</sup>

T. Venkateswar Rao in his study (1995) on "A Development of Small Scale Industries, Role of DIC" revealed that after the establishment of DIC, the performance of Andhra Pradesh is relatively better than that of the all India performance. But an inter-region performance is not satisfactory. He suggested that efforts should be made by the DIC to concentrate on the development of backward regions and if necessary more funds should be allocated, and DIC personnel should function with great vigour and zeal.<sup>54</sup>

P. Borthakur in his study (1997) on "The Impact of Incentives on the Growth of SSI in Assam, with particular reference to the Sibsagar District" observed that finance was the most important problem faced by the most of the units. He viewed that

capital investment subsidy could play a positive role in small industries development in the state and its re-introduction may help in accelerating the process of industrialization in Assam.<sup>55</sup>

Atanu Baruah in his paper (1998) on "Role of IIE in the Development of Entrepreneurship in the North Eastern State" stated that educated youth in the region prefer "White Collared Jobs" rather entrepreneurship as a career. He has also stated that entrepreneur still ignored the service sector, which was a major industry in other parts of the country and people of the region were also ignorant about activities of IIE. His view in this regard is that IIE should advertise its activities in the local media and its presence felt through participation in the major social gathering etc, would arise interest in the minds of the people and awareness towards entrepreneurship.<sup>56</sup>

E. Sudhakar Reddy in his paper (1998) on "Financing Micro Enterprise" cited the examples of international experience such as BRA's micro credit, Bank Rakyat Indonesia and Grameen Bank of Bangladesh and suggested that India would have to launch a separate program to finance micro-enterprise to cover the entire unorganised sector. In order to cover this vast area, banking institutions need to reformulate lending methods/procedure so as to make micro-entrepreneurs/enterprises more productive and to generate more employment. For that, he has also suggested that banking services should be available near to the entrepreneur/enterprise. If necessary the banker should go to the borrower. Accounting system should allow bank branches to be assessed as profit centre and reward staff according to their performance.<sup>57</sup>

Anil Kumar Borah in his paper (1999) on "A Study of Small Enterprise and Its Role in the Economic Development of Assam" observed that the local entrepreneurs were

comparatively less exposed to newly developed technology and improved methods of production processes. He recommended that the promotional organisations of the state may set up certain newly developed low cost pilot project for the local entrepreneurs and arrange more programs on marketing aspects i.e marketing techniques, pricing strategy, packaging, and quality of product. He suggested that local university; engineering college and others institutions may help local units by guiding and testing their products.<sup>58</sup>

C.N. Sivanand and B.E.V.V.N. Murthy in their study (1999) on "Marketing Orientation of Small Scale Industries" in Chhittor district of Andhra Pradesh revealed that the small scale industries in spite of the competition and hardships they have been experiencing during the past few years, they have not embraced any marketing philosophy. For that, they felt that there is a need for a strong association with marketing department and agencies.<sup>59</sup>

Sunil Saikia in his paper (1999) "Marketing of SSI products in North Eastern Region" observed that the local units in the north eastern region was not in a position to secure the services of reputed wholesalers /stockiest/retailers effectively due to lack of knowledge on offering commission, discount, credit facilities, etc. According to him, other boosting factors never realised by the entrepreneurs of N.E. region are new design, new packaging, labeling etc. He advocated the role of government emporia or agencies, because these marketing organizations have their own sales outlets/showrooms. If these organizations sell and display the local products, it will not only increase the volume of sales but also generate publicity.<sup>60</sup>

S.B. Srivastav in his paper (1999) "Entrepreneurship Development Programme in the N.E Region – Role of NSIC" felt that the entrepreneurship and enterprise building programme i.e. undertaken by the NSIC was not enough. There is a need to



improve tools and equipment and to take up the programme of up gradation of technology in the regions. He advocates that the entrepreneurs in the N.E Region may be exposed to the industrial culture outside the region. The study tours outside the region and implant training go a long way in creating awareness. The additional expenditure involved may be borne by the sponsoring institute and the state government. He also advocated that a panel of expert of EDPs in N.E Region may be drawn giving the field of their specialization. The services of such experts could be utilized in the EDPs programme by the concerned institutions.<sup>61</sup>

G.K. Dutta in his paper (1999) on "Entrepreneurship Development among Educated Unemployed Youth in Industrially Backward Areas - A SSI's experience" indicated that small entrepreneurs' main hurdle was of inadequate marketing channel as their production is of small quantity. Though ASIDC has taken up job of marketing of SSI products, the number of items was very meager. According to him, it should include more SSI items for marketing.<sup>62</sup>

Jien Brau in his paper (2002) on "Do Banks Price Owner – Manager Agency Cost? An examination of small business Borrowing". Before giving financial assistance banks should inquire capital costing because it directly tests the economic significance of the unit. He suggested that manager of the unit should maintain a good relationship with the bank's office which builds firms value and trust.<sup>63</sup>

Gautam Dutta in his paper (2000) on "Development of Entrepreneurship in North-East through Training Interventions" observed that about ninety five percent of the trainees could set up micro enterprise after attending training programme of EDP. He felt NEC (North Eastern Council) organised training would be successful to great extent in developing knowledge of SSI creating awareness about management

venture, i.e. project selection and report preparation. He opined that other supporting organizations should render full-fledged co-operation to the entrepreneurs.<sup>64</sup>

S.S. Khanka in his paper (2000) "Entrepreneurial Development" felt that Manipur holds good promises for entrepreneurship development particularly of women entrepreneurship development. He observed that women could better manage the weaving industries. According to him, several organizations and institutions have sprung up in recent years to promote and develop handicraft and handloom industries in the state. Yet, lots of rooms still remain to revitalize SSEs. He opined that creating awareness about the various marketing assistance among the entrepreneurs in Manipur could develop the SSE Sector.<sup>65</sup>

M.V.S kaveri in his paper (2000) on "Financing of Small Scale Industries" observed that small scale industries had bright future provided they remain economically viable. In this context, he suggested that up gradation of technology, management practices and product mix are the need of the small scale industry as an emerging economy.<sup>66</sup>

A.C. Borah in his paper (2000) on "Entrepreneurship Development in N.E. Region- some Shortcomings and Suggestions," he gave a picture of opportunities to develop handicraft artisan with the help of local resources. He emphasised on training program for motivation of local entrepreneurs. According to him, a lecture should be arranged in training programs for psychological up-liftmen of the entrepreneurs. This knowledge will help them in implementation of their venture.<sup>67</sup>

D. Nagayya and P.B Appa Rao in their paper (2000) on "Perspective of Entrepreneurship Education and Training" emphasized EDP programs for the development of SSEs. According to them, it is not enough to think of promoting an enterprise growth and overcoming the problems faced from time to time are equally

important. They viewed that EDP should be a integral part of school education at plus two level and in various professional, vocational courses. Relevant curriculum need to be finalized. The present EDP programs should be extended from six to eight weeks duration.<sup>68</sup>

Nayan Barua and Momita Bora in their study (2000) on "Entrepreneurship Development in the N.E Region- An Overview" observed that one of the main problems of entrepreneurship is the delay. For that, they mentioned that the sanctioning of loan, provide accommodation facilities and marketing facilities are not done at the appropriate time, which led to delay in the process. They recommended that organizations and institutions should collaborate their efforts so that delay can be avoided and entrepreneurs can implement their scheme within a reasonable time and period.<sup>69</sup>

G.P Prasain in his study (2000) on "Entrepreneurship among the Scheduled Tribes of Manipur :- A case study of Churachandpur District" opined that mere incentive and concessions can not help the speedy growth of our economy. In order to run industrial enterprise on efficient line, he suggested that proper training, motivation and wide exposure are important elements for the development of entrepreneurship. For that, he recommended suitable education and training programs. He also suggested that all the agencies, various departments of government and DIC should work together to solve the problems faced by the scheduled tribes in the region.<sup>70</sup>

Suni George J. in his paper (2000) "Small Scale Industries and Economic Liberation; A micro view" observed that the policy of protection with privileges for SSI have induced this sector remain small, to become more inefficient with poor product quality. According to him, if the Indian SSI wants to survive in the competitive period, they must have efficient management, strong marketing strategy and adherence to

strong quality control mechanisms. He viewed that the government should provide infrastructure at reasonable cost and must liberally allow import of raw-material to attract foreign investors who can set up units at comparatively lower cost production in India.<sup>71</sup>

K. Eresi in his paper (2001) on "Personel Practices in Small Scale Industries of Banglore City" has mentioned that the unit hired specialists in finance, production, and marketing but not on human resource management practices. He recommended units may hire a consultant on a permanent part time basis which will boost a unit in all aspects of development.<sup>72</sup>

D.D Mali in his paper (2001) on "SMES in the North East: Challenge and Opportunities" observed that N.E region has the potential for development of SME sector. This region needs more entrepreneurs for exploiting the emerging entrepreneurial opportunities and contributing to the growth of small and medium enterprises. According to him, though state government, North Eastern Council (NEC) and all India financial institutions started taking keen interest in the promotion of entrepreneurship in the region but the change is slow. He suggested that monitoring system may be considered for supporting new entrepreneurs for launching and running their enterprises. He also suggested that entrepreneurship education should be part of academic curriculum.<sup>73</sup>

J.S. Juneja in his paper (2001) on "Alliance and Partnership: Tool for SME Development in North-East" emphasized that development of small enterprises in the north-east could best be done with the support of enterprise in other parts of the country. He viewed that the overall mindset of the North-East entrepreneurs needs a change. According to him, there is a need to instill confidence in them. In this regards, he suggest alliance and partnership approach.<sup>74</sup>

Hameed Abdul K. in his study (2002) on "An Evaluation of DIC Programme in Karla" revealed that the growth rates of SSI sector have declined after the establishment of the DIC. In other words, the ambitious DIC programme of the Government did not yield the expected results in Kerela state. Because of that, DIC have been ineffective due to administrative overload. According to him, DIC are now more regulatory than promotional. He recommended that functioning of DIC must be made more promotional. Therefore, it is time to evaluate the rôle; working and effectiveness of DICs in promoting the growth of SSI sector and take remedial measure.<sup>75</sup>

N.I. Mulla and B.C Bannur in their studies (2002) on "Industrial Sickness in SSI's – An Emperical study" found that 50 percent of the sick small scale units were located in the industrial estates of Hubi Dharwad city where all the facilities are made available. They suggested that the sole proprietorship and partnership type of organizations must be discouraged and Joint Stock Company should be encouraged by the government because of their wider financial base. According to them, it will reduce dependence on other sources like money lenders, friends etc. The government banks and financial institutions should provide essential support to the sick units.<sup>76</sup>

Khurshd A. Bhat in his study (2000) "Industrial Sickness in Modern Small Scale Industries in Jammu and Kashmir" found that industrial sickness in modern SSIs was caused by the failure of various organizations operating in the environment of SSIs inadequacy of role performance of various service and financial formalities i.e. financial institutions, government policy, absence of entrepreneurs' skills. He recommended that any action aiming at the rejuvenation of industries in the first place should improve and expand the role performance of different promotion

agencies. Urgency is also there to create right attitudes and attain total commitment.<sup>77</sup>

From the above mentioned literature on SSEs at national and international, it may be concluded that the weakness is the result of lack of modern managerial approach of small scale Enterprises. It is also understand that the problems of management of SSEs in India are different from countries like Latin America, Tanzania and Thailand. In India management of SSEs are sufferings due to meager finance, lack of marketing expertise, low quality goods, un- skilled labour etc. But countries mentioned above are suffering due to raw materials, human resources, high quality and quantity of goods for capturing market. So, the present study attempts to find out ways for application of modern management principles and techniques on small enterprises for better management and development of the SSEs in the district.

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## ***CHAPTER – 2***

### ***STUDY AREA PROFILE: POTENTIAL FOR MANAGEMENT OF SMALL ENTERPRISES***

An attempt is made to carry out a case study in Sonitpur district of Assam on management of small enterprises. Brief descriptions of background of the district, its profile are presented in this chapter.

The name “Sonitpur” as well as Tezpur literary means “the city of Blood”. It reminds of the romantic legend of Usha and Aniruddha. The legend revolves around Banasura, the Great Asura King of ancient Tezpur, his beautiful daughter Usha and her friend Chitrlekha. The prince sees a handsome prince in her dreams and falls in love with him. Chitrlekha, a talented artist, not only painted his portrait from Usha’s description but recognized him to be the Aniruddha, the grandson of Lord Krishna and ruler of Dwarka. Using her magical powers, Chitrlekha spirited Aniruddha away to the princess boudoir where the two married each other according to Gandharva rites, without the knowledge of the king. When Banasura learnt of the clandestine romance, he imprisoned Aniruddha, which led to the arrival of Lord Krishna to rescue his grandson. A fierce battle followed and the entire city was drenched in human blood, hence the name Sonitpur or Tezpur or the city of blood, had come in to existence.

#### **Geographical Location:**

Sonitpur District of Assam (India) is spread over an area of 5235.2 sq Kms. The three Sub-Divisions of the District are namely Tezpur, Biswanath Chariali and Gahpur. The District was carved out of the old district of Darrang in 1983. In terms of area it is second largest District of Assam after Karbi Anglong District. The District is located between latitude range 26° 30 North to 27° 01 North and longitudes 92°16 East to 93° East. It is bound on the North by Arunachal Pradesh and Bhutan, on the South by the river Brahmaputra, on the east by the District of North Lakhimpur and

on the West by the District of Darrang and Kamrup. The District occupies six percent of the total area of the State.

#### **Climatic and Rainfall:**

The climate of the District is characterised by a high degree of humidity and plenty of seasonal rainfall. The monsoon sets in June and ends in October. The rainfall is heavy during May to September. The winter season starts from the end of November when both the day and night temperatures start falling. Autumn is experienced during October and November. The Summer Season in the district is very hot and the average temperature is maximum 35.6° C and minimum 29.0° C respectively. The winter season in the district is not so cold and average minimum temperature is around 8° C usually in the month of January. Spring is cool and pleasant, occupying in the month of late March and April. Of course during these months, flash and thunderstorms are at times caused by cyclonic winds, known in local parlance as "Bordoicila". The study area enjoys humid climate and humidity throughout the year.

#### **Mineral Resources:**

There is no mineral production in the district except for a small inferior quality of coal which is known to exist in the northern boundary of the district. The geographical survey of India attempted to locate mineral deposits in the district but so far no major mineral deposits of economic importance have been reported. Some clay deposits suitable for making bricks are found in the district. The test reports indicated that these deposits are suitable for manufacture of pottery. Scope for development of

mineral-based industries in the district is very limited based on availability of local mineral resources.

### **Rivers Systems:**

The principal rivers of the District are the Brahmaputra and Bharali. The Brahmaputra flows along the Southern boundary of the District. The other important river is Bharali, which rises in the Kameng District of Arunachal Pradesh and enters the District North of Bhalukpong. Its principal tributaries are the upper Khari, Bordikorai, the upper and lower Sonai and the Dhansiri. All the rivers of the District flow southwards from the Northern hills towards the river Brahmaputra. There are number of river Islands in Brahmaputra River, known as chars in local parlance. They are generally Sandy. Some chars are large enough and fit for habitation and cultivation.

Water bodies are in abundance in the District. The rivers, lakes and ponds are found dotting every part of the district. The major lakes are – Rowmari, Dighali, Borsola, Rangapani and Dhandi. These water bodies along with the rivers and rivulets provide a lot of vistas for fishing in the district. Tourists can also do angling for pleasure, especially over the Bharali River at Bhalukpong.

The central and southern portion of the main plain is dotted with hills and hillocks, especially near the Brahmaputra River. Important hills include the Agnigrah and the Bhamoraguri. This region has trees and tea- plantations and paddy fields. The northern portion is made up of forest reserves and sparsely populated forest villages. The region abounds in bio-diversity with evergreen and deciduous trees of several types. There is a National Park (Nameri), a few wildlife sanctuaries (Sonai-Rupai & Bor-Dikorai) and a number of reserve forests. (Charidour, Balipara reserve



forest). In the extreme north of the region Bhalukpung, Sijushash, Pabhoi, etc are hills and hillocks marking the starting of the Himalaya foothills.

### **Human Resources:**

As per the 2001 census, the population of the District is 16,77,874 which ranks third after Kamrup and Nagaon District of which rural population accounts 15,55,389 (92.70%) and urban 1,22,485 (7.30%) of the total population. The density of population is 315 people per sq km. The sex ratio is 942 for every 1000 males. It is slightly higher the State ratio 993. The scheduled caste population is 5.69 percent and scheduled tribe population 10.71 percent of the total population against the State average 7.40 percent and 12.83 percent respectively.

### **Literacy:**

The literacy rate in the district is 852,201 which are 50.79 percent of total population. Out of this 57.20 percent is male and 43.98 percent Female. Rural and urban literacy rate is 36.39 percent and 70.52 percent respectively accordingly 2001 population census.

### **Occupational Distribution:**

Table 2.1 Occupational Distribution

Sl.No.	Occupation	No. of Workers	Percentage
1	Small and marginal farmer	2,39,071	51.50
2	Agricultural labourers	58,403	12.60
3	Livestock and forestry workers	93,428	20.13
4	Household/cottage industry	2,611	0.56
5	Other worker	70,602	15.21
<b>Total</b>		<b>464,115</b>	<b>100.00</b>

Source: UCO bank, Lead bank office, Annual credit plan 2000-01, Tezpur

The total strength of the working population in the district is 4, 64.115 persons. This is 28 percent of the total population. Agriculture alone accounted for 64 percent of the total workforce. Secondary sector and manufacturing activities engaged only 14.80 percent of the total workforce; it can be seen in the table 2.1. This reveals the industrial backwardness of District. The occupational distribution indicates that most of the population is agriculture based. Traditional dependence on agriculture is one of the reasons for lack of Enterprenurships among the educated youth. They are mostly white collared job minded. Absence of major industries in the district is also partly responsible for lack of consciousness.

**Demographic Pattern:** The majority people inhabiting the District are Assamese. They are among the original inhabitants of the place and the typical culture of the places grew with them. Regarding religion, a majority of them follow Hindu Religion and a significant portion of them are also Muslims. A few of them are also adherents of Sikhism, Christianity and Buddhism. Prominent castes among the Assamese include Brahmins, Kalitas, Baishya, Koch, Ahoms, Yogis, the scheduled castes etc.

The **Nepali** Community is fairly dominant in the central and Southern part of the District, especially in the Biswanath Chariali and Gohpur Sub-Divisions. They speak Nepali, a language of the Indo-Aryan family. Of course, they use Assamese as a lingua- Franca. While a majority of them follow Hindu religion a significant portion of them especially the tribes are Buddhists.

The **Bengali** Community came from undivided Bengal, as officials and clerks of the British administration and the Tea Industry, and they stayed back later. They speak Bengali, of course they use Assamese as language as a lingue-franca. They follow the Hindu religion.

The **Adivaasi** (tea tribes) people were brought by the British from chotanagpur area and Orissa to serve as labourers in the Tea Gardens. In course of time, they assimilated themselves in the greater Assamese Society while retaining their basic culture traits. They have adopted Assamese as their language but have retained the language of their forefathers. They follow the Hindu and Christian religions.

The district has a considerable **Muslim** population. Majority of Muslims have immigrated from East-Bengal (Present Bangladesh). They fill up a large portion of riverine areas. Over the years they have adopted the Assamese language.

**Tribes:** The Mising people live in a scattered manner in the Northern part of the Naduar and Biswanath Chariali. They generally speak Mising language but a lot of them speak the Assamese language as lingua franca.

The **Bodo** dominated areas include the Northern part of Dhekiajuli, Charidour, Nadour, Helem and Gahpur circles. They generally speak the Bodo language belonging to the Sino-Tibetan family. But the Assamese language is the lingua franca for them. Majority of them follow Hindu religion. Other major tribes of the Rabhas, Mechs, Adis, Apatanis, Lumas etc. Their population is sparse and mainly confined to the foot hills of the Himalayas and Arunachal Pradesh.

### **Unemployment:**

Sonitpur District being a new District and considering the population of the District and number of educated youths, the District is in dearth of employment potentiality. No Industry and factory is available except some Tea Estates in the District. Owing to ban on recruitment during last few years under Central and State Governments, there is a tremendous unemployment problem in the District. As per the live register

of the employment Exchange, there were 53,051 job seekers in the district (as on 31. 12.02).

Table 2.2 Job Seekers in Sonitpur District (as on 31-10-02)

Categories	Tezpur	Biswanath Chariali	Total	Percentage of Total
Matric/HSLC	17,495	12,294	29,789	33.47
PU/HSSLC	13,068	10,320	23,388	26.47
Graduate(Arts/Science/Commerce)	4,652	2,535	7,187	8.31
Others(including undermatric and illiterate)	13,290	9,875	23,165	26.22
Professional, Tech, and related workers	693	118	811	0.91
Clerical and related workers	153	7	160	0.18
Production related workers, Transport and labour	3,627	117	3,744	4.23
Service worker	-	2	2	0.03

Source: District Employment Exchange, Tezpur

This is shown in the table-2.2. The table reveals that a bulk portion of the total job seekers are fairly educated. They have immense potential for starting small enterprises. The semi-skilled and un-skilled unemployed youth can be absorbed starting small units of finished goods, packaging material etc. as a sources of employment.

### **Economic Background:-**

**Agriculture:** Sonitpur district is basically an agrarian economy. Approximately 80 percent of the population depends on agriculture allied (primary sector) activities for their livelihood. Rain fed cultivation of single paddy crop still continues in most areas of the District. The soil of the District is highly fertile because the District is basically a river basin. But in some areas, the soil is found to be partly acidic. The river valley soil is suitable for crops like paddy, wheat, mustered oil, jute, sugarcane, potato, etc. Irrigation facilities are limited and seasonal base in nature. Rice is the staple food for the whole District and paddy is the main crop.

Generally the sowing seasons are June/July and December/January. Among the cash crop, potato and mustered are grown abundantly in the District. Thus more than 70 percent of the grass cropped area is being utilized for paddy cultivation. The table 2.3 shows the area and production of some of the agricultural crops in the District during 2001-02. The table 2.3 reveals that there is ample scope for the development of small enterprises on the basis of various agricultural product, such as paddy, jute, sugarcane, tea, pulses, mustard etc.

Table 2.3 Area and Production of Different Crops

Name of the Crop	Area (Hect.)	Production (MT)
<b>General Crops</b>		
Autumn Paddy	34,908	42239
Winter Paddy	1,24,248	198796
Summer Paddy	11,071	13838
Wheat	3,415	3722
Maize	1,101	665
<b>Pulse Crops</b>		
Green Gram	608	1201
Black Gram	1,430	1313
Peas	2,455	610
Lentil	735	312
Arahar	380	179
Gram	228	14386
<b>Oil seed Crops</b>		
Mustard	25,600	14386
Nizer	150	675
Ninseed	580	278
Cartor	47	21
Seas mum	878	552
<b>Firre Crops</b>		
Jute	2,239	37615
Cotton	33	825
Masala	315	3685
<b>Other</b>		
Sugarcane	1,597	37615
Potato	6,365	56778
<b>Spice</b>		
Chilies	729	433
Ginger	815	
Turmeric	850	637
Onion	425	1476
Garlic	310	

Source: District - Agriculture Office, Tezpur. M.T. (metric Tonnes)

Due to insufficient amount of production of these raw-materials, the developments of small enterprises are not making grounds. Although in limited amount, some industries like biscuits and rice mills etc., are established in the district. There is ample scope of SSE like edible oil packaging, rice packaging, tea packaging etc. The Government in the first place needs to improve the agricultural infrastructure in the district and then to take necessary steps to facilitate establishments of industrial base on agriculture.

**Table 2.4 Land Holding Areas**

<b>Pattern of Land</b>	<b>Area in Hect.</b>
Gross cropped area	245061
Net cropped area	165874
Fallow land	5080
Land not available for cultivation	186214
Net immigrated area	22723

Source: District Agriculture Office, Tezpur

From the table 2.4, it can be seen that the most of the total Geographical area is under agriculture. The total working force in agriculture and allied activities is nearly 75 percent of the total work force of the District. Apart from the barren and non-cultivable land, a good area could still turn help increasing the available area per agricultural worker. The barren lands can be suitably developed to cultivate non conventional crops like Citronella, patchouli etc, which presently have a huge national and international market for their aromatic oils. Medicinal plants are another area where the land can be utilized. Many SSEs can be started using these crops.

**Horticulture:** The District topography is climatically suitable for the developments of horticulture. Major fruits grown in the District include Pineapple, Banana, Orange,

Lime, Papaya, Mangoes and other miscellaneous fruits. During last few years the farmers are also well acquainted with many crops like Broccoli, Capsicum etc. The District is rich in horticultural crops like, Pineapple, Banana, Orange, Mangoes, etc. But, it is noticed that there are a few units for processing in to Jam, Jelly, and Pickles and few spice grinding units at present in the district but it is not satisfactory as per requirement growth of SSEs. There is tremendous scope for developing Supari and local coconut can be used in manufacturing chair crops, mattress, brush etc.

The District is lacking the storage and preservation facilities and as a result good numbers of fruits and vegetable get perished every year. But it is fortunate for local entrepreneurs that one storage and preservation centre has been set up in the private sector. Orchid nursery and small tea nursery can be set up in the district. For that, Government should take necessary effective steps for infrastructure development for local entrepreneurs. Banks should come forward in a big way to finance in the sector. The area and production important horticultural crop are presented in the table 2.5.

Table 2.5 Area and Production in Different Horticulture as on 31-03-03.

Name of the Horticulture Crop	Area in Hecter	Production in MT	Average Yield MT
<b>A. Fruits</b>			
Banana	2000	38.8	19
Pineapple	535	8025	15
Orange	130	1300	10
Lime & Lemon	475	1650	6
Papaya	370	4810	13
Guava	220	3018	13
Litchi	505	2048	4
<b>B. Fruits (Nut crops)</b>			
Aeronaut	4430	3322	0.75
Coconut	1325	8944	7
<b>C. Spice</b>			
Black pepper	125	200	1
Ginger	1450	8700	6
Turmeric	550	4124	7
Coriander	1035	2070	7
Chilies	690	4140	8
Garlic	136	629	5
Onion	300	1365	3
<b>D. RabiVegetable</b>			
Potato	6100	54910	9
Tomato	2736	40040	15
Brinjal	2200	33600	18
Cabbage	4731	10965	15
Curly flower	2321	23210	10
<b>E. Kharif Vegetable</b>			
Bhendi	663	9950	15
Ridge gourd	1330	13500	10
Cucumber	495	2490	4
Pumpkin	72	720	10
Bitter gourd	392	3920	10
Pointed gourd	570	3060	5

Note: MT- Metric Tonnes

Source: District Agriculture Office, Tezpur

**Sericulture:**

Sericulture is the most important cottage industry not only of the district but also of the State of Assam. Extensively practiced during the agriculture off season as a subsidiary occupation, it occupies an important place in the rural economy of the district. Sonitpur has tremendous scope for developing sericulture activities in the district. There is ample scope for sericulture production in the District. For that



Government should ensure adequate marketing facilities for sericulture products specially Handloom and handicraft sectors like Muga, Eri products etc. Muga, Riha, Eri chadar, etc. are of some of the best specimen of handloom units. The "Golden Thread" Muga is very popular even outside countries like America, Britain etc. Although this sector is a boon for economic development of the region, due to lack of organized marketing and production network, this area is lagging far behind. With little effort in this line from Government side, Sericulture can make great strides with income percolating especially to women entrepreneurs.

1. No of Sericulture villages	378.00
2. No of families engaged in sericulture	
(i) Eri	4984.00
(ii) Muga	282.00
(iii) Mulberry	1724.00
3. Yield of cocoons	
(i) Eri cut Cocoons (in, 000kg)	21.80
(ii) Muga (in lakhs)	9.53
(iii) Mulberry reeling cocoons (in 000kg)	12.90
4. Production of silk yarn	
(i) Muga raw silk (000kg)	0.19
(ii) Mulberry raw silk	1.14
5. No. of spinning charkha (nos.)	12.00
6. Sericulture forms and Grainges	
(i) Eri seed grainages total area (in hect.)	8.60
(ii) Area under plantation (in hect)	6.40
(iii) Eri concentration centers (in hectores)	64.73
(iv) No. of netting units Mulberry	4096.00
(v) Quantity of cocoons ruled (Mulberry in Kg.)	2.00
(vi) Quantity of raw silk produced units. (Mulberry in Kg.)	616.05
(vii) Quantity of Raw –silk produced units (Mulberry in kg)	37.84

Source: <http://WWW.sonitpur.nic.in>

**Tea garden:**

The most important feature of the economy of Sonitpur district is the existence of large number of tea gardens. There are all together 73 tea gardens. The area covered under these tea gardens is approximately 2, 81,660 bighas. Moanabri near Biswanath Chariali is Assam's largest tea garden with an area of 1096 hectares with annual tea production of 26,32,670 kgs in year 2000. Borgang tea estate is the second largest with 1018 hectares of a total production 16, 89,941 kgs.

**Tourism:** Sonitpur District is located on North Bank of Brahmaputra. It is bounded by Arunachal Pradesh and North Lakhimpur District in the East and Darrang District in West. Tezpur, the head Quarter of Sonitpur District is located on way to Bomdila, Tawang and Itanagar of Arunachal Pradesh and very near to the World famous Kaziranga National Park. Rajiv Gandhi Wild Life Sanctuary at Orang in Darrang district and Nameri sanctuary within Sonitpur District. Tezpur is a historic town having a number of archeological relics. Tezpur has a number of beautiful hillocks and ponds, Bhalukpong. Eco-Camp in Namery Sanctuary, Biswanath Ghat and Singri Temple are important tourist attractions. Development of tourism in the district will provide employment to most of the unemployed youth. The sector has immense growth potentiality in the district because of following reason. (a) District is well connected to the rest of the country (b) It is on route to Bomdila, Tawang, and Itanagar which are beautiful tourist places in the country and (c) It is close to world famous Kaziranga park.

**Fishery:** Pisciculture has an important role to play for upliftment of Socio-economic conditions of the rural masses. There are 20 numbers of Bheel fisheries and 5 nos.

of registered river fisheries in the District. There are 7183 of private fisheries (tank, pond in the District). As it is known people in the district are fond of fish and they catch fish for their domestic needs. Basically fishing in the district is traditional rather than commercial, as ninety percent of fish products are imported from others state. Fishing industry has great scope for development due to its local demand. River Brahmaputra and different its ponds and bheels offer huge scope of development of fishery industry in the district.

**Livestock:** The last live stock census conducted in the year 1998 revealed the total population of livestock and poultry in the district was 762884. Livestock plays an important part in the socio-economic life of the people but unfortunately the livestock product is very poor. Though dairy farming is not popular in the district even its demand is increasing day by day. There is some private livestock and poultry farming in the district. These are in Biswanath Charali, Sootea, Jamugory and Tezpur but this sector is still not developed as per requirement although it has scope to be developed in to a full fledged and vibrant income generating activity.

#### **Transport and Communication:**

Tezpur the head quarter of Sonitpur District is very well connected by Roads, Air and rail and it is very easily accessible. There are two routes from Guwahati to Tezpur.

National Highway No. 52 (Via Baihata Chariali, Mangaldoi, Kharupetia, Dolgaon, Rowta and Dhekiajuli) Distance: 181 Kms

National Highway No 37 (Via Jorhat, Jagiroad, Raha, Nagaon up to Kaliabor Tinial) and 37 A (From Koliabor Tiniali via Kolia Bhomora bridge).Distance: 198 Kms.

Table 2.6 Roads and Communication

Sl. No.	To	Distance(Roadways in KM)
1	Bandardowa	181
2	Barpeta	248
3	Bongaigaon	318
4	Coach Bihar	1178
5	Dhemaji	288
6	Dhuburi	399
7	Dibrugarh	302
8	Guwahati	181(Via Mangaldoi) 198(Via Nagaon)
9	Jorhat	167
10	Mangaldoi	106
11	Nagaon	69
12	Nalbari	180
13	Shillong	277
14	Siliguri	521

Source: National Information Centre, Sonitpur District.

From the table 2.6. It can be seen that the district is well connected by road communication in different areas of the state. The bridge over Brahmaputra at Bhumoragari is well connected with the Nowgoan district and has greatly improved the road communication system. This bridge has a tremendous impact on the socio-economic life of the people in the district as a new channel of trade and industry. But the link roads for rural area are in poor condition. If the government develops these roads, agricultural products can be easily reached to urban areas for marketing.

Tezpur is connected by meter gauge line to Rangia Junction via Rangapara junction. A civilian Airport has recently been inaugurated in Tezpur. It is situated at Salanibari around 8 K.M. from the city centre on the road Balipara where regular flight from Kolkata, Tezpur.

#### **Banking Facilities:**

Banking Institution is one of the important physical infrastructures for development of industries. The Banking facilities available to the District of Sonitpur need a lot of

improvement. UCO Bank is the Lead Bank of the District and main branch is situated on the main road in Tezpur.

Table: 2.7 Different Banking Institutions in Sonitpur District (as on 30-06-2001)

Bank	No. of Branch	Total Deposit	Total Advance	Credit Deposit	Priority Sector Advance	% of P/S advance Over total Advance
Pragjyotish Gaonlian Bank	31	752625	265479	35	192067	72
State Bank Of India	13	NA	NA	NA	NA	-
UCO Bank	12	802720	235609	29	120771	51
Central Bank of India	8	344982	116383	33	64753	55
Apex Bank of India	7	323588	47465	14	30897	65
Allahbad Bank	5	117895	25450	21	12312	48
Punjab National Bank	3	106584	20593	19	9212	44
United Bank of India	2	185257	67533	36	37361	55
Indian Overseas Bank	2	161179	20544	12	11427	55
Bank of Boroda	1	11686	6142	52	5073	82
Federal Bank Ltd.	1	183673	41103	22	12603	30
Vijaya Bank	1	173226	31346	18	15558	49
Indian Bank	1	NA	NA	NA	NA	NA
A.F.C.	1	NA	NA	NA	NA	NA
Primary Co-Operative Agri & Rural Dev. Bank	1	NA	NA	NA	NA	NA
Assam Co. Operative Agri & Rural Dev. Bank	1	NA	NA	NA	NA	NA

NA : Not Available

Source: National Information Center, Sonitpur, District

The table 2.7 reveals that the total deposit of the operating banks in the district was 31.63 crores whereas the total credit was 8.77 crores approximately as on 30-06-01. The per capita bank credit was in Rs.9645 and deposit was in Rs.34763. The quantum of credit advance is far too short of requirement to accelerate the growth of small scale enterprises. To step up industrial growth in SSEs sector involvement of financial institution is crucial.

**Industry :-** With a view to providing infrastructure facilities to the entrepreneurs to start industries, the scheme of industrial Estate/Area/Commercial Estate were

launched under the industrial policy of Government of India. There is one Industrial Estate, five industrial areas and two commercial estates in the district.

**Table : 2.8 Industrial Estates/ Area and Commercial Estates as on 31-03-03**

<b>Name of I/E,I/A,C/E</b>	<b>No. of Shed</b>	<b>Open Space Bigah</b>
Industrial Area, Dolabari	4 (2700 Sq. Ft.)	27(3600 Sq. Ft.)
Industrial Estate, Dhekiajuli	35	27(388800 Sq. Ft.)
Industrial Area, Dhekiajuli	Nil	20(288800 Sq. Ft.)
Industrial Area, Gotlong	Nil	7(10800 Sq.Ft.)
Industrial Area, Kundrabari	3	30
Commercial Estate, Sootea	4	NA
Industrial Area, Biswanath Chariali	5	12
Commercial Estate, Biswanath Chariali	5	1

Note: I/E:Industrial Estate, I/A: Industrial Area, C/E: Commercial Estate

Sources: district industries centre, Sonitpur district

The table 2.8 explains number of sheds constructed, allotment, open space, etc. Majority of these industrial estates, growth centre etc. are located in areas where communication is a huge problem and also these centers are far from commercial activities which reduce their utility for the purpose it was meant.

There are all together 1932 registered units in the District and were engaging directly employing 6016 persons and thus make good contribution to the economy. The type of SSI units are like Saw Mill, Rice Mill, Flour Mill, Oil Mill, Soap Factory, Ice Factory, Engineering, Printing Press, Stone Crushers, Hume Pipe, Bricks, Biscuits Factories, T & I (Trade and Industries Pvt. Ltd. , Tezpur) are major Industry of Sonitpur District. Assam Cotton Mill, Chariduar is a big textile Company.

Table 2.9. Present Position of SSE s in Sonitpur District

Profile	Divisions-wise				Total
	Tezpur	Biswanath Chariali	Dhekiajuli	Gohpur	
<b>Type of Industry</b>					
Forest	158 (12.4)	39 (11.64)	45 (17.12)	14 (20.29)	256 (13.26)
Agro Based	190 (14.91)	50 (14.93)	42 (16.54)	9 (13.04)	291 (15.06)
Handloom Based	95 (7.46)	80 (23.89)	29 (11.41)	10 (14.5)	214 (11.98)
Food Processing	53 (4.16)	12 (3.58)	12 (4.72)	2 (2.9)	79 (4.09)
Chemical Based	4 (0.31)	....	....	....	4 (0.2)
LeatherBased	3 (0.24)	....	....	....	3 (0.16)
Animal Based	8 (0.63)	2 (0.6)	....	1 (1.44)	11 (0.62)
Repairing Base	95 (7.46)	44 (13.79)	30 (11.81)	5 (7.24)	174 (9)
Others	668 (52.43)	108 (32.24)	86 (33.86)	28 (40.58)	890 (46.11)
<b>Others</b>					
Rural	997 (78.26)	254 (75.82)	145 (57.82)	29 (42.02)	1425 (73.76)
Urban	277 (21.73)	81 (24.18)	108 (42.92)	40 (57.97)	507 (26.24)
<b>Ownership Pattern</b>					
Male	1016 (79.75)	184 (54.92)	198 (77.95)	48 (69.56)	1446 (74.84)
Female	285 (20.25)	151 (45.07)	56 (22.05)	21 (30.44)	486 (25)
<b>Ownership by Social Organisation</b>					
SC	69 (5.4)	29 (8.66)	12 (4.72)	4 (5.8)	114 (5.9)
ST	72 (5)	49 (14.63)	28 (11.04)	8 (11.59)	157 (8.12)
OBC	103 (8.08)	27 (8.06)	19 (97.48)	11 (15.94)	160 (8.28)
Others	1030 (80.85)	230 (68.66)	195 (76.77)	46 (66.67)	1501 (77.69)
<b>Organisational Pattern</b>					
Proprietorship	1220 (95.76)	332 (99.1)	243 (95.67)	67 (97.1)	1862 (96.68)
Partnership	43 (3.38)	2 (0.6)	11 (4.33)	2 (2.9)	58 (9)
Company	11 (0.86)	1 (0.8)	....	....	12 (1.66)
Co-operative Society	....	....	....	....	....

Note: Figures in the brackets indicate the percentage rate over the previous year  
Source : District Industries Centre, Sonitpur District

From table 2.9 it can be understood that SSEs of the Sonitpur District is dominated by other industries (stone crusher, printing press, breaks industry etc.) accounting for 46.11 percent of the total SSEs followed by 15 percent Agro-base, 13.26 percent by forest base, 11.98 percent by handlooms, 9 percent by repairing base and a insignificant portion (5.07%) accounted for food processing, chemical, leather and animal base industries.

The rural urban distribution of SSEs reveals that 73.76 percent of units of Sonitpur district are located in rural area and an insignificant area under urban. It also shows that Tezpur accounted for higher percentage of SSEs in rural areas followed by Biswanath Chariali, Dhekiajuli and Gohpur.

The table also reveals that 25.15 percent of the SSE units of the district are promoted by women entrepreneurs. It is seen from the table that the contribution of women Enterprises in the district in Biswanath Chariali followed by Gohpur, Dhekiajuli and Tezpur.

Another feature of SSEs in the district is the participation of SC, ST, and OBC Entrepreneurs. Their share in SSE sector of the district is 22.30 percent as shown in the table.

The table shows the type of organization of SSE. It is seen from the table that 96.98 percent of the units are in proprietorship form. Only 3 percent of the units are in partnership form. The share of company in the district is insignificant.

#### **Growth of Employment in Sonitpur District:**

Growth of employment of SSE in the District can be seen from the table 2.10. The table reveals that number of employment provided by SSI units of the District, during the period from 1998 to 2001 is 6016 person, which is the highest number of 2718



persons are in Tezpur followed by 1377 persons in Biswanath Chariali, 1356 persons in Dhekiajuli and 625 persons in Gohpur.

Table 2.10 Trend of Employment in SSE sector in Sonitpur District(1993-2001)

Profile	Number of Employment				Total
	Tezpur	Biswanath Chariali	Dhekiajuli	Gohpur	
1993	397	251	241	135	1024
1994	478 (88.41)	470 (87.25)	373 (35.39)	265 (96.29)	1856 (81.56)
1995	1040 (39.03)	609 (29.27)	510 (36.75)	377 (42.26)	2535 (36.64)
1996	1297 (25.71)	756 (24.13)	665 (30.39)	495 (31.3)	3213 (26.7)
1997	1554 (19.81)	892 (17.99)	803 (20.75)	535 (8)	3784 (17.77)
1998	1855 (19.36)	892 (19.99)	953 (19.68)	534 (0)	4346 (14.85)
1999	2156 (16.22)	10030 (12.44)	77 (13.01)	595 (11.21)	4946 (13.81)
2000	2569 (19.15)	1118 (11.47)	217 (13.01)	625 (5.04)	5668 (14.78)
2001	2719 (5.58)	1257 (12.43)	356 (11.42)	625 (0)	6082 (7.3)
Total	2718 (100)	1377 (100)	1356 (100)	625 (100)	6016 (100)

Note: Figures in the brackets indicate the percentage rate over the previous year  
Source: District Industries Centers, Sonitpur District

### Sonitpur District as a backward Area in Assam

Considering the imbalance in regional development, government of India appointed in 1968 two working groups one is B.E. Pande, as the chairman and another one N.N Wachoo as the chairman to identify industrially backward area. So that, special incentives may be offered for industrial development in those areasto reduce regional imbalance. The Pande working committee took into account per capita income, per capita consumption of electricity, road and railway and number of factory workers

are, to ascertain the backwardness of a region. The committee also suggested certain criteria for identifying backward district. Based on the criteria, Assam was identified as backward state.

To review the working of various incentives to find out a suitable strategy, commission of India was set up another committee known as Sivaraman committee in 1981. The committee suggested in its reports that the concessional finance and subsidy has been a motivating factor for entrepreneurs to set up their unit in backward areas. The committee also suggested the following criteria for selecting the backward area i.e., tribal area, hill area, drought prone area, hot and cold area, flood affected area and coastal areas. In considering with the recommendation of the committee, government of India has re-categorised backward areas in to three categories viz, A, B and C. According to graded scale, incentives are given to them and now all the district of Assam was classified "A" category backward district consisting of "No Industry District and special Regions District". The Sonitpur district was declared "A" category special region district in terms of the criteria.

**Need for the Study:** In consideration the vital role play by SSEs in the national economy, several research studies have been carried out to study the various aspects of SSEs in different parts of the country. However, there is still dearth of systematic and holistic studies of SSEs especially in remote and far-flung areas in the country. Limited, no doubt, is the development of SSEs in these areas, but much more limited is the availability of data on whatsoever SSEs are there. Whatever data is available is scanty and scattered and far from systematic. As such, existing knowledge about SSEs in these areas remains far from satisfactory and adequate. Sonitpur district in Assam (India) which is also notified as "A" category backward

district represents one such special case where no study so far has carried out in a holistic view to study and understand the managerial aspects of SSEs in the era of LPG (liberalisation, privatisation and globalization). The present study proposes to make a modest attempt to fill in the same gap. In the present study SSEs include small-scale industry, tiny units and small scale service and business enterprises.

**Objective of the Study:** The specific objectives set for the study are to:

1. Overview the evolution and development of Government policies and institutional framework created for facilitating better management of SSEs.
2. Study the role and influence of entrepreneurial competence on the management of small enterprises from societal cultural perspective.
3. Assess the performance of small enterprises in different functional areas such as production, finance, marketing and human resources management.
4. Make a SOWT analysis of SSEs to assess their performance.
5. Suggest pragmatic intervention strategies, approaches and models to be implemented for better management of Small Enterprise.

**Methodology:**

Based on the nature of the objectives, research methodology is designed accordingly. For that, both secondary and primary data have been collected. Secondary data have been collected from the research papers, government bulletins, publication and newspapers etc. Primary data have been collected by using both case and observation methods. As part of case method, personal interview schedules were designed considering various variables like cultural attributes, entrepreneurial traits, various aspects of functional areas like production,

finance, marketing, human resource management and its problems and prospects. Entrepreneurs' traits were identified through practical experience of successful entrepreneurs and they were measured by using five point scale based on their performance.

Structured and unstructured interviews were conducted for collection of data. Numbers of respondents were selected based on stratified and convenience sampling methods. Total number of entrepreneur respondents were one hundred ninety two i.e., ten percent of total 1993 units. Out of them, ninety nine were involved in manufacturing, fifty five were in servicing and thirty eight were in Agro and allied industries. Enterprises as part of studying entrepreneurial competence, entrepreneur respondents of various small scale enterprises selected for the study and out of the total respondents, eighty eight were having agriculture family background, followed by business (forty nine) and service (fifty five).

The above data were further supplemented by observations made by managers of District industry center and researchers working in this field. The collected data were tabulated and analyzed by using various statistical tools like mean, co-relation, chi-square test, percentages, pie-diagram, Bar-diagram etc, for better analysis and presentation of data.

#### **Limitation of the study:**

During the time of primary data collection, it was noticed that suspicious and hesitation marked the entrepreneurs but once they were convinced that the information would be maintain confidential and used only for research purpose. Another problem is lack of proper maintenance of record and files in the officials

concerned. As a result, the researcher had to undergo a lot of labour for collection of information from the respective officers.

### **Presentation of the Study:**

The research work is presented seven chapters, first chapter introduces the topic and definitions and scope of small enterprises related concept and discusses the earlier studies carried out in this area.

Second chapter contains study area profile as a potential for management of small scale enterprises, need for study, objectives of the study, methodology, limitation and chapterisation. Third chapter is divided into three parts (i) Evaluate of Government industrial Policy. (ii) Analysis of different development institutions at the Central, Regional and State level.(iii). Development of SSEs in international, national, regional and state level. Chapter fourth attempts to analyse the entrepreneurial behaviour process in the district. Fifth chapter evaluates organisation practices in the production and financial management in the district. Sixth chapter examines management practices in marketing and human resources.

Seventh chapter summarizes findings and suggestions of the study are presented

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## **CHAPTER – 3**

# **INDUSTRIAL POLICY & INSTITUTIONAL FRAME WORK *Vis-à-vis* SMALL SCALE ENTERPRISES DEVELOPMENT.**

During the pre-British period, India was an industrially advanced country with its textile, calicoes and metal wares etc. compared to other advanced countries like England, Germany etc. With the advent of British rules and the trade policy of England, all these industries faced the verge of extinction. Historically, though the government started taking active role for the development of SSEs during the Second World War, its importance was fully recognised after the conference on "Industrial Development" held in Delhi in 1947. The conference stressed the need of organized development in the field of SSEs. For this purpose, a cottage industries board was set up in 1947 itself. This was split up to in the following three Boards during the first five year plan viz, All India Handloom Board, All India Handicraft Board and All India Khadi and Village Industries Board. In addition, three more Boards were set up. These were the Small Scale Industries Board, Coir Board and Central Silk Board. Thus, there were a total of six Boards covering the entire field of small scale industries. In addition to them, four regional Small Industries Service Institutes with a number of branches were also set up to provide technical assistance to the small scale industries<sup>1</sup>. Industrial policy has aimed at the simultaneous development of all the segments of small industries and over the years, it is promoted through various incentives in order to fulfill socio-economic objectives i.e., financial, fiscal and infrastructure measures targeting at achieving the growth of the sector. Recognizing the important role of small scale industries in the national economy, the government of India has passed industrial policies and created institutional framework from time to time. Hence, it seems pertinent to see the impact of the industrial policy and institutional framework on development of small scale industries over the period. This chapter is, therefore, devoted to study



the same. For the sake of convenience, the entire chapter is subsumed into three sections, viz. (i) Industrial policy, (ii) Institutional framework, and (iii) Development of small scale industries.

The industrial policy relating to SSEs has undergone a sea change, particularly in the sphere of its objective and focus, is evident from the changing provisions of industrial policy over the years.

#### **(I) Industrial Policy: -**

The **industrial policy resolution of 1948** stated that Cottage and small-scale industries have a very important role in the national economy, offering the opportunities for individual, village or co-operative enterprise, and means of rehabilitation for displaced persons<sup>2</sup>.

**Industrial policy resolution of 1956** approach towards small scale industries was similar to that of the IPR of 1948. It helped the initiation of measures to improve the competitive strength of the small scale enterprises while recognizing the role of SSE in providing employment opportunities, mobilising local skills and capital resources and integration with the large industries. Thrust was given on the creation of facilities such as, industrial estates and rural community workshops etc.<sup>3</sup>

**The Industrial policy statement of 1977** stressed on the wider dispersal of cottage and small industries into rural and small towns. It leads to the expansion of reserved items for exclusive production by the SSI sector. The concept of "tiny" sector was introduced within SSEs giving special consideration and extended help by way of provision for margin money incentives. The concept of District Industries Center

(DIC) was also proposed so that in each district, a single agency could meet all the requirements of village and small industries under one roof.<sup>4</sup>

**The industrial policy statement of 1980** focused on integrated industrial development and suggested setting up of nucleus plant in these districts which were identified as industrially backward with the exception that these would help the spatial dispersal of small ancillary units and the existing network of SSE units would grow faster.<sup>5</sup>

**The Industrial policy of 1990**, introduced important measures like raising the investment ceiling in plant and machinery for SSEs, exports and tiny oriented units provide central subsidiary exclusively for the SSEs sectors in rural and urban areas. Assisting women enterprise with an objectives of widening the Entrepreneurial base.<sup>6</sup>

**The Industrial policy of 1991** announced new Policy measures for small, tiny and village enterprise with the objective of imparting a vitality and growth impetus to the sector. These measures were announced subsequent to the policy of delicensing, decontrol, deregulation, overall liberalization and structural reform of the economy in general and industrial trade policy in particular that were initiated in July 1991.

"Small scale and ancillary undertaking were exempted from licensing for all articles of manufacturing which were not covered the reserved list and those kept under compulsory licensing. The investment ceiling for tiny enterprise was raised to Rs.5 lakh and location condition withdrawn. Industry related service and business enterprise (service sector) with and investment ceiling as those of tiny enterprises

irrespective of location were recognized as SSE. Further, equity participation by other industrial undertaking was permitted up to a limit of 24 percent of share holding in SSE sector to encourage modernization and technological upgradation. A new scheme of integrated infrastructure development for SSEs was provided for technological inputs for better productivity with the participation of State government and financial institutions.”<sup>7</sup>

### **Important Policy Measures during 1992-2002:**

After declaration of the 1991 industrial policy several initiatives and procedural simplification have been undertaken by the government to support the SSI sector and enhance its competitive strength. These measures are in different areas like infrastructural support, easier availability of credit, lower rates of duty, technological upgradation, quality standard, export incentive and employment generation etc. These incentives are explained in brief below:-

A scheme of integrated infrastructure development was launched to strengthen infrastructure facilities with 50 percent of plots reserved for rural areas and 50 percent being earmarked for tiny sector. For north east, projected cost shared by government of India with the SIDBI is in the ratio 4:1 whereas for other states the ratio is 2:3.<sup>8</sup>

A credit linked capital subsidy scheme was introduced for technology upgradation in 2000, wherein 12 percent capital subsidy would be admissible on loans advanced to SSI by the scheduled commercial Banks and composite loans scheme was raised from 10 lakhs to Rs. 25 lakhs and SIDBI was advised to direct 60 percent of its refinance to tiny units in 1999–2000.

A credit guarantee scheme was launched to provide for adequate security to Bank and improving flow of investment and credit up to Rs. 25 lakhs particularly for export oriented and tiny units from September 2000.

A credit insurance scheme was launched for providing security to Banks and increase the flow of credit to SSI sector (budget 1999– 2000).<sup>9</sup>

Collateral security is a bottleneck in the flow of Bank credit to very small units. For that the RBI has issued instruction to dispense with the collateral requirement for up to Rs. 15 lakhs for the tiny sectors and this dispensation was extended subsequently to all SSE units in 2002. Now Bank can disburse loan up to Rs. 15 lakhs without taking collateral security.

Sixty percent of credit to SSI sector reserved for tiny sector and village and cottage industry and treat it's as priority sector lending. Steps were made to accelerate the programme to ensure credit. To provide credit facilities to SSI sector, every district was served by at least one SSE specialized bank branch in 2000-2001.

The eligibility limit for availing the SSEs excise duty exemption scheme was raised to Rs. 1 crore in 2000 and allowed to pay excise duty on a monthly basis and industrial units in NE Region were exempted for ten years starting from August 1999. Besides, excise duty exemption was withdrawn on tobacco and pan masala.

A national renewal fund was set up in 1992 to protect workers affected by technological up gradation and modernisation. The interest on delayed payment to small and ancillary industrial act 1993 was published to reduce the delayed payment problems of SSE sector.

Quality certification scheme was launched to improve the quality of SSI product and provide Rs.75, 000 to each small scale enterprise for obtaining ISO– 9000

certification till the end of 10<sup>th</sup> plan and one time capital grant of 50 percent would be given on reimbursement basis to such SSE units.

From the Reservation of product list of 836 items for exclusive manufacturing product, 15 items were removed from the list in 1993. 24 items were de-reserved due to recommendation of Abid Hussain committee in 1997-98. Another 14 items were de-reserved in 2000-2002. In the recent budget (2003-2004) another 75 items were removed from the reserved list. This was done with the expectation to help the sector by technology up gradation, competition, improve quality and increase exports.

The Prime Minister Rozgar Yojna was launched for unemployed youth and provide 15 percent subsidy subject to ceiling of Rs-75,000 for project up to Rs.1 Lakh.

Relaxation was provided for the N.E Region and no need to collateral security for up to Rs. 2 Lakhs.<sup>10</sup> Besides, enhance the family incomes limit to Rs 40,000 p.a.

A new scheme Market Development Assistance was launched exclusively for the SSE sector under cluster development program during 2001-2002. NSIC was advised to earmark 40 percent assistance to tiny units in respect of supply of machinery on hire purchase basis and forty percent industrial plots for allotment to the tiny units since 1998.<sup>11</sup>

A credit insurance scheme was launched for providing security to Banks and increase the flow of credit to SSI sector (budget 1999– 2000).<sup>10</sup>

Entrepreneurship Development institutes was set up in some of the states in 1995. For that a Entrepreneurship Development institute was set up in Guwahati, Assam for improving the Entrepreneurial base for NE Region.<sup>12</sup>

A national programme for rural industrialization has announced a mission to set up 100 rural clusters every year to give a boost to rural industrialization.

### **Plant outlay for Small Scale Enterprises:**

The first five year plan drew distinction between village and modern small scale industries and underlined the need for such industries from the employment potentiality point of view. Besides, provisions for industrial estate was recommended and during the first five year plan actual expenditure for the purpose was Rs. 42 cores whereas plan outlay was Rs. 5.20 corers.<sup>13</sup> In the second five year plan industrial estates were extended and about 60 industrial estates were set up for providing factory accommodation and expenditure amount rose to Rs. 187 corers. This sector, however received Rs. 56 corers plan outlay.<sup>14</sup> Third five year plan brought another dimension which is improvement in the technique that is actual expenditure on SSE sector in the third plan was Rs. 241 corers and plan outlay was received 113.06 corers.<sup>15</sup> The fourth five year plan aimed to ensure accelerate growth of these industries in co-ordination with agricultural production and development of large scale industries. This sector received Rs.96.19 corers of total plan outlay<sup>16</sup>. The fifth five year plan emphasized to continue policy measures for protection and initiatives. The sector expenditure amounted to Rs. 1,345 corers which was Rs. 221.75 corers of total plan outlay<sup>17</sup>. Total outlay for the sector for the sixth year plan was 616.10<sup>18</sup>. The outlay for the small scale industries was kept at Rs.1120.00 corers in seventh five year plan actual expenditure amounted Rs. 3,249 corers<sup>19</sup>. The outlay for small scale enterprise in the eighth plan was kept at Rs. 2862.10 corers. The actual expenditure on these industries during the plan period amounted Rs. 7266 cores<sup>20</sup>.

To increase the flow of credit government has started setting up special bank branches exclusively for providing credit for SSEs to improve technology of SSEs in

the ninth plan. SIDBI has already set up a technology development and modernization fund with a corpus of Rs. 200 corers under the scheme of integrated infrastructure. The total outlay for the ninth plan was 3319.42.<sup>21</sup>

The plan outlays for SSI sector over various five year plans are given in table-3.1. From the table, it is observed that the percentage share of outlay on SSI sector, out of the total plan outlay, it was highest 1.16 and 1.58 percent of the total plan outlay in 2<sup>nd</sup> and third year plan respectively and thereafter it has gradually declined till the ninth plan. It is also observed that the plan outlay over previous year has increased from 2<sup>nd</sup> five year plan while it has decreased abnormally in fourth five year plan - 14.92 percent and again ninth plan to 16.0 percent

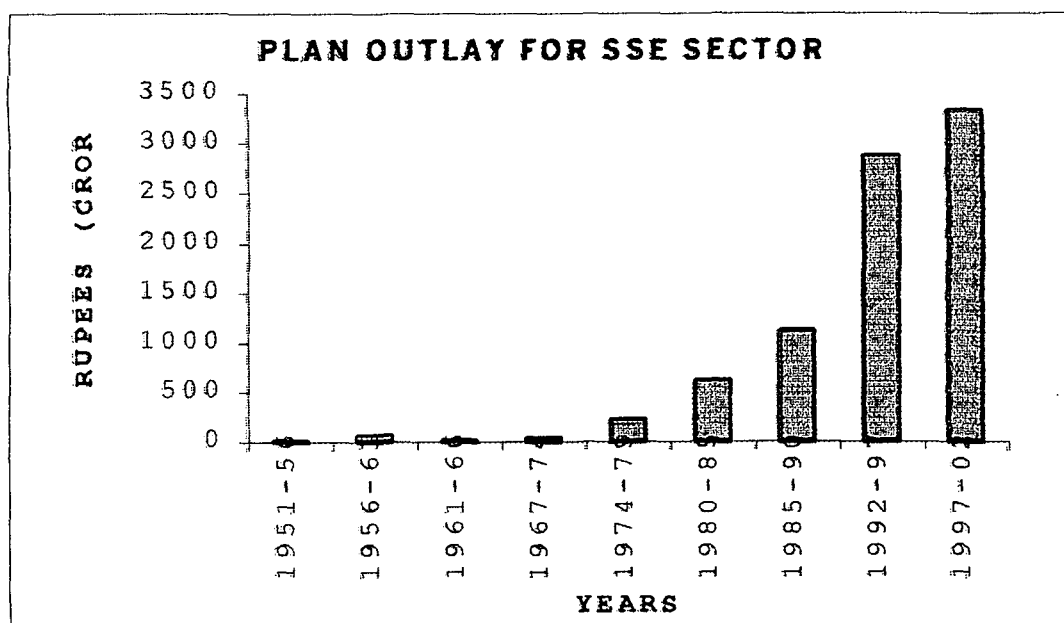
Table 3.1 Share of SSE Sector in Plan Outlay (Rs. Corers)

Five year plan	Period	Total Outlay	SSE Outlay	Percent of SSEs
First year plan	1951-56	2069.00	5.20	0.25
Second year plan	1956-61	4800.00	56.00 (97.70)	1.16
Third year plan	1961-66	7500.00	113.00 (101.70)	1.58
Fourth year plan	1967-74	15902.16	96.19 (-14.92)	0.60
Fifth year plan	1974-79	38853.00	221.75 (130.50)	0.57
Sixth year plan	1980-85	97500.00	616.10 (177.20)	0.63
Seventh year plan	1985-90	180000.00	1120.00 (81.70)	0.62
Eighth year plan	1992-97	434100.00	2862.10 (155.50)	0.65
Ninth year plan	1997-02	859200.00	3319.42 (16.00)	0.38

Note:- Brackets indicate percent over the previous plan

Sources :- Laghu Udyog Samachar, Development Commission (SSI)  
Minstry of SSI, Government of India.2002

Figure – 3.1



### Industrial Policy of Assam:

After liberalization initiated by the central government, the Assam government has initiated some reforms for promoting foreign investment, the development and management of industrial estate, restructuring of DIC and removing artificial barriers within state.

The first Industrial policy of Government of Assam was declared in 1969. The Industrial policy of 1969 laid down guidelines in respect of financial incentives, provision for infrastructure and marketing facilities, subsidies on power tariff and extension of financial assistance and tax concession. The Industrial policy of Assam 1982 aimed to provide incentives to the SSEs sector. For this purpose, an approval agency would study the feasibility of the project, special capital investment subsidy to new and existing units undertaking, exemption diversification in non-declared backward district in N.C hills, Sibsagar, Dibrugarh, exemption from sales tax on purchase of raw-materials and finished products for five years. Industrial policy of Assam 1986, aimed to encourage growth and promotion of all industries based on local resources, local demand. Besides, some of the special features were to



become eligible for the benefits under the state incentives scheme, hundred percent employments of local people in SSE sector, introduce single window facilities through “Udyog Sahayak”. It created DICs at each district and Directorate of Industries at state level for development of SSEs sector. It also initiated some incentives like subsidy, allotment of factory sheds, manpower development etc.<sup>22</sup>

**Industrial policy of Assam 1991** focussed to ensure balanced regional development through rapid promotion of Khadi and village artisan, tiny, small and ancillary industries throughout the state on the basis of techno-economic potential surveys. In order to create a suitable environment, effective steps were initiated for the development of basic infrastructure facilities and local skill and entrepreneurship through intensive publicity, motivation and training programs at district, sub-division and block level among traditional artisans and others. It has provision for special attention to less developed district. Besides few salient features of Industrial policy of 1991 were sales tax exemptions for first seven years, power subsidy up to Rs. 30 lakh per units per year for five years, interest subsidy subject to ceiling Rs. 10 lakhs, state capital subsidy, and manpower development subsidy etc.<sup>23</sup>

The basic thrust of **Industrial policy 1997** was to create necessary conditions for maximum utilization of local raw-material and human resources and to offer competitive advantage for all kinds of investor. Advantage offered by the state and Central Government are reaped by every one time and it also paid special attention on development of local skill and entrepreneurial abilities, development of woman entrepreneurs, maximum employment opportunities for local people, giving special emphasis to less developed areas and hill Districts, revival of sick units, development of village and Small Scale Service and Business Enterprises (SSSEBs).<sup>24</sup>

To boost the industrial scenario and to encourage the entrepreneurs, the Government of Assam has provided the following priorities to facilitate setting up of industries:-

**Infrastructure:** Considering the shortage of developed land in Assam for industrial purpose, the Assam Industrial Development Corporation (AIDC) has been allotted Government land at a number of places. It is proposed to set up three growth Center within next five years and all three growth centers are constructed in the sonitpur district with total outlay Rs.30 crores.<sup>25</sup> As per the proposal, three growth centers in the Sonitpur district are under construction. Regarding power provision the policy observed that the total power availabilities is around 315 MW which is in less than the demand of 375-400 MW, but the off –peak demand around 270 M.W. Hence, there is surplus power during three off-peak. The next Industrial policy also includes provision for the development of transport system of the state. Focus will be given on conversion of meter gauge railway line to broad gauge.

With the help of central Government, State Government has taken measures for up gradation of existing broad gauge railway line up to Guwahati from single to double tracks. It may be expected that entrepreneurs will not face any problem in regards to getting finance for their projects. For this purpose, Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFC), and Small Industrial Development Bank of India (SIDBI) were set up. Recently the Government of India has set up the North Eastern Development Finance Co-operation Ltd (NEDFI). There are more than twelve hundred Bank branches in the state. There are 23 districts Industries Centers (DICs) in the state. Each DIC will have Udyog Sahayak cell to guide the entrepreneurs in regard to setting up unit, selection of the project and arrangement of finance etc. There are also woman cell in each DIC to give

attention to women entrepreneurs. The Government of Assam has taken all possible steps for getting financial and technological assistance from Govt. of India for implementation of various schemes. For women entrepreneurs as well as generation of employment among the women, the government has given preference to them in allotting industrial sheds, developed plots in Industrial Area/Estate/ Growth Center to the extent of thirty percent.

**New Package of Incentives:** The following are the various incentives offered under the "1997 incentive scheme".

**Power Subsidy:**

Connected Load	Amount of Subsidy	Ceiling on Subsidy (Per Unit Per Year)
Up to 1 M.W.	50%	Rs. 5 Lakhs
1 MW to 5 M.W	30%	Rs. 15 Lakhs
Above 5 M.W	20%	Rs. 30 Lakhs

The above subsidy has been available for a period of five years from the date of commercial production.

**Interest subsidy:** Five percent interest subsidy shall be provided to the units with an investment up to Rs. 60 lakh on working capital for the loan obtained from the bank. This benefit shall be available for organization from the date of commercial production and the maximum benefit shall be Rs. 3 lakhs per year.

**Capital Investment subsidy:** A special subsidy @ 30percent of the capital investment on building and plant & machinery subject to a ceiling of Rs. 10 lakh will be provided to the industries.

**Subsidy on generating set:** The subsidy on the generating set including non-conventional energy generating sets will be given @ 50 percent of the cost of the generator subject to ceiling of Rs. 10 lakh per Industrial unit.

**Sales tax exemption:** All Industries including existing industries going for extension, diversification and modernization will be granted sales tax exemption for sale of finished products and purchase of raw-materials. For new SSIs, tiny and SSSBEs exemption will be for seven years to the maximum of 150 percent on fixed capital investment. Again unit undergoing expansion and modernization, exemption will be for 7 years subject to maximum of 100 percent of additional fixed investment.

**Special incentive for woman entrepreneurs:** (i) Additional state capital investment subsidy of Rs. 5 percent subject to investment subsidy of Rs. 5 lakh where woman contribute more than 50 percent of the workforce in the industry. (ii) Additional 2 percent interest subsidy on working capital for a period of three years from the date of going into commercial production subject to ceiling of Rs. 1 lakh per annum. (iii) Built up factory sheds will be allotted to the women subsidized @ 70 percent.

#### **Appraisal of small Industrial policy:**

The policy statement after describing the small sector as “a dynamic and vibrant sector of the economy during eighties, lays down as the objective for the nineties, to impart more viability and growth impetus so that it can contribute its might fully to the economy in regards to growth of output, employment, and exports”.<sup>26</sup> For this purpose, instead of protection, the new policy intend to deregulate, de-licensing and de-reservation so as to remove all restraint on its growth potential. The new policy's

aim is competition" and not "reservation" but the new policy does not ensure a better economic environment in which the small and tiny sector will be able to stand up to its growth potential. It is understood after observing the policies that the new policy aim at competition and de-reservations but it does not overlook the serious problem of sick units in small sector. According to the economic survey (1993-94), there were 2.46 lakhs sick units in the small sector with outstanding bank credit of Rs. 3,100 corers. The question arises its possibility to prevent this large scale sick units. For this purpose, Dutta and Sundaram expressed that small entrepreneurs are required to give proper training in the management of enterprises. They had also suggested that Government should give more attention for prevention of small sick units. Merely providing fund without developing a congenial environment will not serve the objectives of the policy. Secondly, the policy statement regarding the provision of equity to be held by another under taking up to 24 percent in a small unit. Also the other undertaking may be small or large, Indian or foreign. Ram K. Vepa former Development Commissioner, small scale industries in this regard expressed his view that even now, it is contended that a number of small units are controlled by the large units with their nominees as benami owners, it is feared that through the new provision, this will be legalised.<sup>27</sup> Indian Council of small Industries (ICSI) and Indian Federation of Tiny enterprise (IFIE) call this opening up of the sector a backdoor entry of large industrial houses with their great financial clout into the field earlier reserved and it is likely to deal a severe blow to the SSI investor. Basant Desai states that the new policy opens the floodgate for large industries and foreign companies minimizing the normal growth of entrepreneurship at the grass root level. He suggests, its success depends to a great degree on the quality of the

downstream action as well as development at entrepreneurship and innovative management must be the guiding principle of the new policy.<sup>28</sup>

Thirdly, it is observed that the policy has completely stopped the concessional finance for the SSI sector. The priority sector status is also likely to be withdrawn.

Fourthly, the new policy has done away with the locational criterion of tiny and service sector enterprises. So, such enterprises can grow now anywhere in the country. The consequence of the new policy in this direction may lead to great concentration of industrial units in urban areas.

On the other hand, J.C Sandesera appreciated the new policy on the basis of four measures. According to him, the measures undertaken in the new policy were based on a proper understanding of the problems of SSE sector and well directed to integrate the handicaps faced by this sector. In this context, Sandesera the following measures which, in his view, were really path-breaking; **(a)** Changes in the definition of tiny units **(b)** separate package for the promotion of tiny units. **(c)** Providing for equity participation by other industrial unit in the small scale units not exceeding 24 percent of total shareholding. **(d)** Introduction of new legal form of organization of business known as restricted or limited partnership. P.K. Dhar stated that raising the eligibility limit of investment on National Equity fund and single window schemes were major steps for SSI units.

**(ii) Institutional framework- At National level:** For giving focus on the development of SSEs and village industries, the department of small scale industries and Agro & Rural industries (SSI & ARI) was created in 1990. The department initiated appropriate policy measures, programs and schemes for promotion of SSEs which include the setting up of a network of institution at the field level to render

assistance and service for SSE. The following are the various institutions servicing agencies for development of SSEs and their role for the development of SSEs is discuss here.

**Small Scale Industries Board:** The small scale Industries Board was first constituted in 1954 to facilitate and co-ordinate the inter-institutional linkages and to render advice to the Government on policy matters and other related issues concerning the promotion and development of the small scale sector.

**Small Industries Development Organization (SIDO):** Small Industries Development Organization is an attached office of the department of SSI andARI. It functions through a network of 28 Small Industries Service Institutes(SISI) and its 30 branches, 4 regional testing centres, 7 field testing centres, 10 tool rooms, 2 central footwear training institutes,6product cum-process development center and 3 training institutes.

**Small Industries Service Institutes (SISI):** There are 28 small Industries Service Industries Service institutes and 30 branch SISIs operational throughout the country and their respective performances overseen by the office of the DC (SSI).

**Product cum Process Development Center (PPDC):** There are six PPDCS that have been established and providing services to SSI sector in different regions for specific purpose.

**Regional Testing Center (RTC):** The regional testing centers at Chennai, New Delhi and Kolkata have been useful in spreading quality awareness amongst industrial units through the systematic testing and by rendering technical consultancy services.

**National small Industries Corporation (NISC):** The NISC is a public sector undertaking set up by the Government of India to promote and foster the growth of the small scale industry in the country. It ensures that tiny units derive benefits from the various schemes, 40 percent of assistance has been earmarked for tiny units since 1999.

**Khadi and Village Industries (KVIC):** The KVIC is a statutory organization in 1957 under an act of the parliament. It assists in the promotion and development of Khadi and village industries. Its objectives are rural industrialization, promotion of self-reliance, employment and building up of a strong rural community base, creation of self development, employment opportunities in rural areas and transfer of technology.

**Coir Board:** It is an autonomous body established by the government of India under the coir industry act. 1953 for the overall development of the coir board industry. These activities pursued by the Board are undertaking scientific, technological and economic research and development activities, policy formulation to promote exports and domestic sale, preventing unfair competition among product and exports, marketing of coir products in India and abroad.



**National Productivity Council (NPC):** The NPC is an autonomous institution set up under the societies Registration act. Functioning under overall supervision of the Ministry of Industry. Central footwear training centers later renamed as (CFTIs) have been established since 1990 to support SSI units in the leather and footwear.

**Institutional framework- At Regional level:**

NEITCO is the only consultancy Organisation in the N.E Region. It was incorporated in July, 1973 and provides consultancy assistance and service to small and medium enterprises.

**North Eastern Industrial Consultancy Ltd (NECON):** North Eastern Industrial Consultancy Ltd. was set up in June 1987. The major activity of NECON is preparation of project Reports and feasibility studies and organisation of EDPs.

**North Eastern Handicraft and Handlooms Development (NEHDC):** It was set up in 1977 with it's headquarter at Shillong. The primary objectives of the corporation are to develop handicraft and handlooms for economic development to: provide financial, technical and other assistance to craft, prepare traditional designs and for their suitable adoption, provide raw-materials to artisans, provide infrastructure assistance and training pragramme.

**North Eastern Regional Agricultural Marketing Corporation (NERAMAC):**

North eastern Regional Agricultural marketing Corporation was set up in 1980. The main objectives of the corporation are to provide effective marketing for the

Horticultural produce of the region, setting up of necessary stores and area housing and processing facilities.

**Institutional framework- At State level:**

**Directorate of Industries:** Every State has a department of industries which is headed either by a commissioner or by a Secretary of industry. The Directorate of industries performs almost similar function in all the States. These functions are to grant loans to both technical and mechanical entrepreneurs, grant subsidy, arranging supply of raw materials, promote marketing assistance, organizing training schemes, providing Industrial Assistance.

**Assam Small Industries Development Corporation (ASIDC):** The ASIDC was established in 1969 with the objectives to promote and develop small industries in Assam. It has five divisions, two Zonal Offices and five branches Office. The corporation operates a number of schemes which are as follows: - Infrastructural facilities, seed money operation, raw materials assistance, SC/ ST development scheme, marketing assistance Scheme.

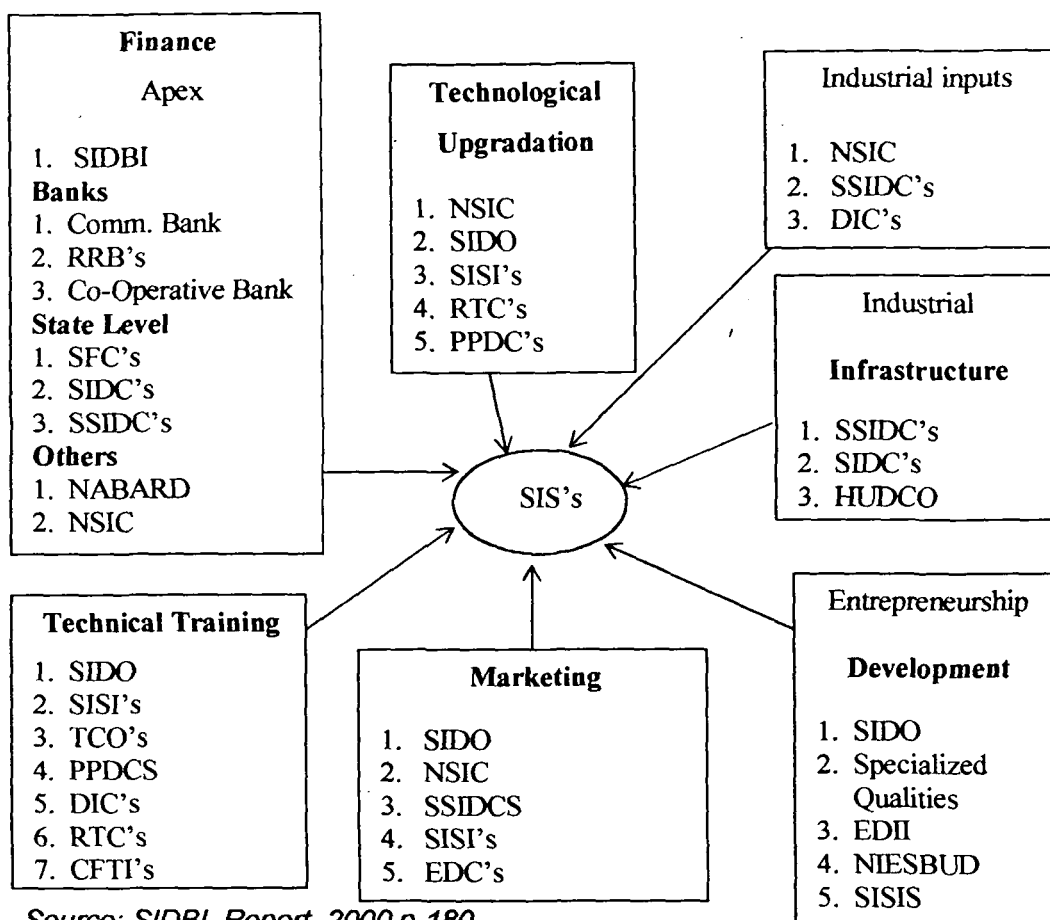
**Assam Industrial Development Corporation (AIDC):** The AIDC was set up on 21<sup>st</sup> August, 1965. Though the main concern of AIDC is the medium scale industries, yet it has taken a number of steps which are likely to benefit the SSI entrepreneurs. It has already identified a number of projects which may be taken up by SSI entrepreneurs and identified a group of projects. These steps will not help only in the development of SSI sector, but also in the over all development of the State.

**District Industries Center (DIC):** All the District level, District Industries Center (DIC) was started from May 1978, as nodal agency for the development of VSI sector. The DIC is supposed to provide all support services needed by the VSI sector. The DIC is supposed to provide all support Services needed by the VSI entrepreneurs under a single roof. There are about 400 DICs in the country.

It may be seen from following the chart that different organizations and institutions are involved to provide service for promotion and development of Small scale industry in central level and regional level and state level. The role of various institutions set up specialty to promote the growth of small scale industry is quite unique. These are set for specific purpose i.e, Finance, marketing, technical up gradation training, infrastructure and entrepreneurship development.

Regarding role of finance SIDBI activities include refinance of term loan and discounting and rediscounting of bills arising out of sale of machinery equipment by manufacture. It also provide term loan and equipment finance for SSI sector. Since inception, SIDBIs sanctions aggregated to Rs. 26,348 corers, while disbursement amounted to Rs. 19,610.80 corers. As at the end of March 1997, credit provided by banks to small scale units it treated as credit to 'priority sector'. Outstanding advance to SSI by public sector Bank at the end of March, 2001 amounted to Rs. 48,445. At the state level, state financial corporation, state small industries Development Corporation provided financial assistance in terms of working capital and term loans. Besides, there are other institutions NABARD and NSIC which provide long term credit to SSI sector for their promotion.

### Institutional Network for SSEs Development



Source: SIDBI, Report, 2000 p-180

Regarding technical training SIDO has been providing consultancy services and training in various disciplines to help improving the competitive strength of the Small enterprises. Over the country near about 2 lakh units and entrepreneurs have been guided by SIDO. There are 42 workshops attached to SISI all over the country. TCOs are undertaking consultancy service to individual entrepreneurs, Government department, various state level developments organisation, financial institutions in their promotional tasks. Their services encompass areas of project consultancy, management, market

and project consultancy, identifying industrial potential through area studies / survey, preparing project profiles, feasibility reports, providing them with technical and management assistance, etc. The other organizations are product cum process development center, DIC, Regional testing central footwear training center are rendering technical training support service to SSI sector.

The main problem of small Industries is poor quality of products which lose their competitive strength due to inferior technology. For that purpose, NISC provides the sector with modern machine on hire purchase basis since inception. SIDO have also offers a comprehensive of technical service to the small scale sector to improve technical proceses, selection of modern machine processes etc. There are other institutions, viz, SISI, RTC, and PPDC which have been rendering technological upgradation service.

The SSI sector generally experiences lack of resources for sales promotion and advertising. NSIC registered SSEs under a single point registration scheme which helps in securing orders for the supply of various items. SIDO has set up 4 regional testing centers that provide testing facilities to SSI units as per BIS standard. It also operates a scheme to reimburse the cost of acquiring ISO 9000 quality certificate up to 75 percent subject to a maximum of Rs. 75,000. SSIDCs also provide marketing and sales promotion assistance to SSI units by marketing their products in domestic and international market.

The small unit, because it is small, always fall shorts of industrial inputs. Regarding that National small scale Industries Corporation (NISC), State small industries Development Corporation (SSIDCS) and Directorate of Industries (DI) are supplying machine on hire purchase basis, scarce raw-material, marketing inputs Industrial area etc, to the SSI sector.

Entrepreneurship Development Programs (EDPs) have been designed to identify persons with entrepreneurial abilities and to train them to set up new small industries. SIDO through its field offices has been imparting training to entrepreneurs belonging to different target groups such as (i) Educated unemployed (ii) women (iii) Weaker section (iv) Rural artisans (v) Physically handicapped (vi) students (vii) Defense personnel (viii) Entrepreneurs under self employment scheme etc. Entrepreneurship Development programs have attracted the educated unemployed youth to set up their own enterprises under the PMRY. To meet the demand, EDIS have been set up in different states. The entrepreneurship Development institute of India (EDII) has been spearheading an fully implemented national and international training programs, workshops for the youth community. The training programs are informal micro credit delivery systems, management program for NGO, etc. National Institute for entrepreneurship and small business Development (NIESBUD) has set up in 1983 with the objective of entrepreneurship development. NIESBUD conducts training programs for trainees and entrepreneurs, etc. Besides these, the Indian Institute of entrepreneurship has been set up at Guwahati to strengthen entrepreneurial environment in north-east region and setting up entrepreneurial development institute in different states for the same purpose.

#### **Credit Flow to SSEs Sector:**

From the data given in the table 3.2, it may be seen that the outstanding bank credit to SSEs by public sector, private sector and foreign banks in India at end of March 2001 is total Rs. 60,319 crores as compared to Rs. 46,041 crores at end of March 1993. It is also revealed that while the flow of credit to SSEs sector has increased in absolute term over the years. The credit to SSEs as share of net bank credit has

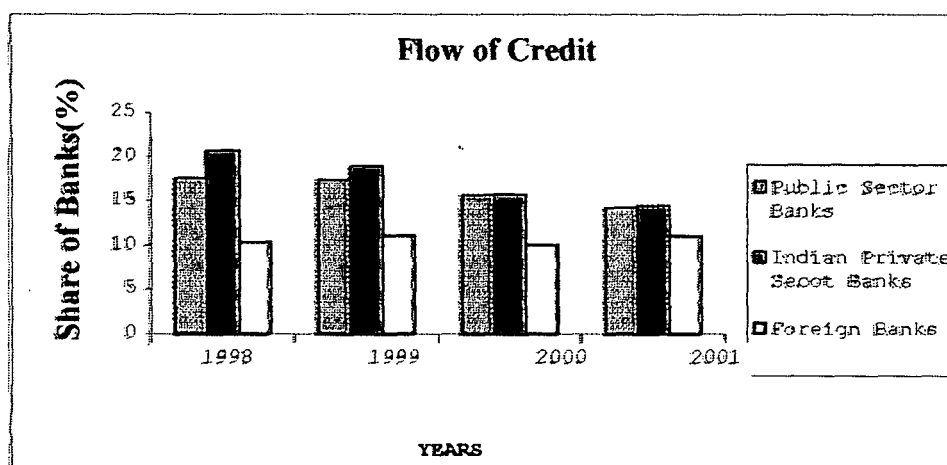
come down from 17.3 percent to 14.0 percent during the period mentioned below. It is also revealed that the share of credit trend in case of foreign banks has been increased compared to Indian Public and private sectors banks credit in referred period during the above mentioned period.

**Table 3.2 Credit Flow for the SSI Sector (Outstanding as on 31st March' 2002)**  
(Rs. Crore)

Banks	1998		1999		2000		2001	
	Amt.	Percent	Amt.	Percent	Amt.	Percent	Amt.	Percent
Public Sector Banks	38,109	17.5	42,674	17.3	45,788	15.6	48,445	14.2
Indian Private Sector Banks	5,848	20.6	6,451	18.9	7,313	15.7	8,158	14.4
Foreign Banks	2,084	10.3	2,460	11.0	2,871	10.0	3,716	11.0
<b>Total</b>	<b>46,041</b>	<b>17.3</b>	<b>51,585</b>	<b>17.0</b>	<b>55,972</b>	<b>15.2</b>	<b>60,319</b>	<b>14.0</b>

Source:-Laghu Udyog Samachar, Development Commissioner (SSI), Govt. of India, 2002/April-Sept.

**Figure - 3.2**



### III Development of Small Scale Sector:

**International level:** Status of SMEs in Asian countries is discussed in the table.3.3. As regards percentage of SMEs to total number of units, these sectors of industries occupied the greater majority of the total units in various countries like Japan (99%), Taiwan (97%), Singapore (97%), India (95%), Malaysia (92%), and Korea (90%).

Table 3.3 Status of SMEs in Asian Countries

Country	SMEs in total units of (%)	Output (%)	Employ ment (%)	Export (%)
Japan	99	52	72	13
Taiwan	97	81	79	48
Singapore	97	32	58	16
Korea	90	33	51	40
Malaysia	92	13	17	15
India	95	40	45	35

Source : Laghu Udyog Samachar, Development commissioner (SSI)  
Ministry of SSI and A & RI, Government of India January -  
March, 2001, p-5

Regarding the share of SMEs to total out put of the industrial economy in various Asian countries as follows: - Taiwan 81 percent, Japan 52 percent, India 40 percent, Korea 33 percent, Singapore 32 percent and Malaysia 13 percent only. It is understood that SMEs are able to provide employment to the majority of the people in Asian countries. The percentage of employment offered by this category of units as follows: - Taiwan 79 percent, Japan 72 percent, Singapore 58 percent, Korea 51 percent, India 45 percent and Malaysia 17 percent only. It is learnt from the table that these sector also contributes significant share in the total export as follows:- Taiwan 48 percent, Korea 40 percent, India 35 percent, Singapore 16 percent,



Malaysia 15 percent and Japan 13 percent. From the above analysis it may be concluded that SMEs sector has been playing a significant role in the process of industrial development by way of good number of units, big amount of production, providing employment and export significance percent of products.

**National level:** From the table-3.4. It is clear that the number of units, employment and value of production and export had been increased but the pace of growth was not encouraging.

Table 3.4 Growth Of SSEs - At National Level

Year	No of Units (In lakhs)	Output (at Current Price)	Employment (In Lakhs.)	Export (at Current Price ) (Rs. Crores)
1991-1992	20.82 (6.9)	178,699 (15.0)	129.80 (3.6)	13,883 (43.7)
1992-1993	22.46 (7.9)	2,09,300 (17.1)	134.06 (3.3)	17,785 (28.1)
1993-1994	23.81 (6.0)	2,41,648 (15.5)	13.38 (4.0)	25,307 (42.3)
1994-1995	25.71 (8.0)	2,93,990 (21.7)	146.56 (5.2)	29,068 (14.9)
1995-1996	27.24 (6.0)	3,56,213 (21.2)	152.61 (4.1)	36,470 (25.5)
1996-1997	28.57 (4.9)	4,12,636 (15.8)	160.00 (4.8)	39,249 (7.6)
1997-1998	30.14 (5.5)	4,65,171 (12.7)	167.20 (4.5)	43,946 (12.0)
1998-1999	31.21 (3.6)	5,27,515 (13.4)	171.58 (2.6)	48,970 (11.5)
1999-2000	32.25 (3.3)	5,72,887 (9.7)	178.50 (4.0)	53,975 (10.2)
2000-2001	33.70 (5.0)	6,45,496 (12.7)	185.60 (4.0)	N.A
2001-2002	34.64 (2.80)	477,870 (-0.26)	192.23 (3.60)	N.A

Note : Figures in brackets give the percentage of increase over previous year; N.A: Not Available.

Sources : Compiled with Dhar P.K, Indian Economy its Growing Dimension, Kalyani publishing P-430. and Laghu Udyog Samachar, Development Commission (SSI), Ministry of SSI and ARI, Government of India.2002.

In case of number of units, there was decreasing trend from 6.0 percent in 1995-96 to 2.80 percent in 2001-02. The other parameters like production and employment generation shows similar trends. The output decreased from 21.2 percent in 1995-96 to a low of -0.26 percent in 2001-02. The decrease in 2001-02 shows a drastic decrease over previous year. The export is also decreased from 25.5 percent in 1995-96 to 10.2 percent in 1999-2000. In case of employment generation trend it was almost consistent with some exceptions.

Table 3.5. discussed the status of SSEs various state of India. Relating to percentage of SSE units in various states, it is noticed that number of units are distributed unevenly in all the state. Relatively more number of units is located in state like Uttar Pradesh (11.92%), Bihar (9.70%), and Madhya Pradesh (9.52%). These sector has also provide more employment in state like Maharastra (10.40%), Uttar Pradesh (9.78%), and Delhi (7.80%) whereas lowest number of employment in state like Daman & Diu (0.16%) and Andaman & Nicobar (0.03%). As regards fixed investment, highest amount was invested state like Maharastra Rs.226, 016 million, Uttar Pradesh Rs.34880 million, Punjab Rs.34, 050 million whereas lowest investments like Lakshwadeep Rs.9 million, Andaman & Nicobar Rs.79 million, Tripura Rs.145 million only. As regards employment per units highest number people engaged in each SSEs in state like daman & diu (16.70), Dadar & Nagar Haveli (13.40) and lowest number in state like Bihar (1.60) and Madhya Pradesh (2.40). Regarding investment per unit, highest investment in state likes Chandigarh Rs.2786 million and Dadar & Nagar Haveli Rs. 1758 million. The status of SSE in Assam in terms of above mentioned parameter, it is not very impressive compared to out side the state whereas Assam it is high among North Eastern state.

Table 3.5 Status of SSE - State wise During 1998-99

State UTIs (i)	No. of units (000) (ii)	Employment (000) (iii)	Fixed invest (Rs.million) (iv)	Employment per units (nos.) (v)	Investment per unit (Rs. 000) (vi)
Andhara Pradesh	132.79 (4.42)	873.21 (5.81)	16,935	6.30	127
Aruhachal Pradesh	6.60 (0.15)	20.66 (0.14)	7,406	5.00	101
Assam	29.83 (0.99)	146.22 (0.97)	14,821	4.90	497
Bihar	291.17 (9.70)	473.63 (3.15)	8,105	1.60	61
Delhi	13.22 (4.33)	1171.96 (7.80)	26,040	9.00	200
Goa	5.76 (0.19)	39.43 (0.26)	2,191	6.80	380
Gujrat	156.73 (5.22)	862.93 (5.74)	55,119	5.50	352
Harayana	89.50 (2.98)	504.14 (3.35)	15,182	5.60	170
Himachal Prdesh	27.25 (0.90)	114.49 (0.76)	5,643	4.20	207
Jamu & Kashmir	26.10 (0.87)	113.22 (0.75)	N.A	4.30	N.A
Karnataka	208.58 (6.95)	1017.20 (6.76)	38,512	4.90	185
Kerala	177.38 (5.90)	819.28 (5.45)	26,303	4.60	148
Madhya Pradesh	286.43 (9.52)	675.87 (4.50)	13,509	2.40	47
Maharastra	234.94 (7.82)	1562.60 (10.40)	226,016	6.70	962
Manipur	6.09 (0.20)	30.28 (0.20)	375	5.00	62

(contd.)

(i)	(ii)	(iii)	(iv)	(v)	(vi)
Meghalaya	3.27 (0.10)	18.59 (0.12)	247	5.70	75
Mizoram	3.90 (0.12)	23.56 (0.15)	580	6.00	149
Nagaland	0.78 (0.02)	3.90 (0.025)	N.A	5.00	62
Orissa	32.44 (1.08)	214.07 (1.42)	8,702	6.60	268
Punjab	197.34 (6.57)	854.00 (5.68)	34,050	4.30	173
Rajasthan	94.26 (3.13)	402.87 (2.68)	24,390	4.30	259
Pondicherry	4.28 (0.14)	34.74 (0.23)	2,257	8.10	527
Sikkim	0.30 (0.09)	2.90 (0.019)	165	9.70	542
Tripura	2.01 (0.06)	9.11 (0.06)	145	4.50	72
Uttar Pradesh	357.96 (11.92)	1469.18 (9.78)	34,880	4.10	97
West Bengal	167.13 (5.56)	614.64 (4.10)	N.A	3.70	N.A
Andaman & Nicobar Island	1.05 (0.03)	4.51 (0.03)	79	4.00	75
Chandigarh	2.96 (0.09)	28.30 (0.19)	8,247	9.60	2,786
Dadar & Nagar Haveli	0.04 (0.02)	11.65 (0.08)	1,530	13.40	1,758
Daman & Diu	1.46 (0.04)	24.38 (0.16)	N.A	16.70	N.A
Lakshwadeep	0.12 (0.00)	0.52 (0.00)	9	4.20	75

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NA : Not available

Source : SIDBI Report SSI Sector - 2000n P. 36,

**North East level:****Table 3.6 Growth of Registered Number of SSIs in NorthEast**

State	1995-96	1996-97	1997-98	1998-99	1999-2000
Assam	18637 (49.34)	20035 (7.5) (56.00)	21514 (7.38) (55.45)	23132(7.52) (54.11)	23637(E)(2.18) (53.47)
Manipur	5034 (P) (13.32)	5188 (E)(2.47) (14.63)	5578 (7.00) (14.38)	5829 (E) (4.50) (13.63)	6000 (E) (2.93) (13.57)
Meghalaya	1977 (5.23)	2079 (5.16) (5.86)	2229 (7.21) (5.74)	2514 (12.79) (5.88)	2621 (E) (4.26) (5.92)
Mizoram	2880 (7.62)	3466 (0.35) (9.78)	3677 (6.09) (9.48)	4028(9.55) (9.42)	4333 (E) (7.55) (9.80)
Nagaland	731 (193)	749 (2.46) (2.11)	779 (4.00) (2.00)	813 (4.36) (1.90)	9.82 (20.79) (2.22)
Arunachal Pradesh	1200 (E) (3.18)	2280(90) (6.43)	3358(47.28) (8.66)	4478(33.35) (10.47)	4520 (E) (0.94) (10.22)
Tripura	7311 (E) (19.36)	1657 (77.33) (4.68)	1697 (E) (2.41) (4.28)	1947 (E) (4.75) (4.56)	2114 (E) (8.58) (4.78)

E - Estimate, P - provisional

Note - SSI (SIDO) Units as on 2000 and figure in the brackets refer percentage of total and over previous year.

Sources - SSI in India growth sector for the Millennium.

The table-3.6 clearly shows the growth of SSE in Assam as compared to other North-East state. The Table shows that Assam has got the highest number of industries registered with SIDO (53.47%) followed by Manipur (13.57%), Arunachal Pradesh (10.22%), Mizoram (9.80%), Meghalaya (5.92%) and Tripura (4.72%) respectively. The growth trend of SSE has been decrease in the entire NE region which is exceptional in case of Nagaland. It is also observed that the decreasing growth trend has almost consistent in NE state except Arunachal and Tripura..

**State level- Assam:** The table 3.7 shows the growth of SSEs in Assam in terms of number of units, employment, production and investment. Although, there is an

overall growth, the pace of growth in terms of number of units, employment, production and investment shows a decreasing trend with some exceptions. The pace of increase in number of units decrease from 14.21 percent in 1991-92 to 6.25 percent in 2001-2002 with exception of 92-93. In case of production, the growth is uneven from 92-93. The fixed investment shows a inconsistent trend with a increase of 83.39 percent in 1993-94 and drastic a all time low of 1.22 percent in 2001-02. In case of growth of employment also, though the number of employment is increasing but the trend of increase is not much encouraging. The growth falls from 19.92 percent in 1991-92 to 2.41 percent in the year 2001-02

**Table 3.7 Growth of Small Scale Enterprises in Assam as on - 2002**

<b>Year</b>	<b>No. of units</b>	<b>Nos. of Employment</b>	<b>Production in Lakhs</b>	<b>Fixed Investment (Rs. In Lakhs)</b>
1991-1992	19,151 (14.21)	74,429 (19.92)	40,101 -	25,923 (9.23)
1992-1993	22,025 (15.00)	88,576 (10.00)	47,231 (17.51)	28,316 (9.23)
1993-1994	24,585 (11.65)	100,404 (13.35)	50,611 (7.16)	52,101 (83.39)
1994-1995	26,888 (9.37)	1,10,319 (9.88)	57,984 (14.56)	55,400 (6.33)
1995-1996	29,617 (10.14)	1,20,568 (9.29)	64,020 (10.40)	57,968 (4.43)
1996-1997	32,084 (8.20)	1,31,049 (8.08)	73,350 (14.57)	60,022 (3.34)
1997-1998	34,241 (6.50)	1,41,636 (8.08)	81,752 (11.45)	75,045 (25.02)
1998-1999	36,465 (6.90)	1,50,957 (6.58)	89,265 (9.19)	87,397 (16.46)
1999-2000	38,286 (5.00)	1,58,064 (4.71)	1,09,460 (22.62)	91,335 (4.51)
2000-2001	40,402 (4.99)	1,68,324 (6.49)	1,47,021 (34.31)	96,627 (5.80)
2001-2002	42,930 (6.25)	1,72,483 (2.41)	1,49,475 (1.70)	97,804 (1.22)

Note : Both SIDO and Non-SIDO units as on 31<sup>st</sup> March of the respective year and figure in brackets refer percentage over previous year

Sources: Directorate of Industries, Assam

District wise status of SSEs in Assam is presented in table.3.8. relating to the number of units relatively more number were located district like Kamrup (29.58%), Dibrugarh (10.46%) and Nagaon (6.65%) whereas less number of units were located in district like Hilakandi (0.78%), North cachar (1.16%) and Golaghat (1.31%).more employment is provided in district Kamrup (26.62%), Dibrugarh (9.15%) and Nagaon (5.94%) and low employment was provided district like North Cachar (0.94%), Bongaigaon (1.24%) and Golaghat (1.46%). As regard total fixed investment in SSEs, highest investment was made in district like Nagaon (6.63%), Jorhat (4.32%) and Tinsukia (4.30%). It is understood that average number of employment were more in North Cachar (13.2), Hailakandi(9.9) whereas very low in Cachar (2.1) only. Relating to fixed investment per unit, it was more in Karimgange (11.2) and Karbi Anglong (8.5) whereas very low in Dibrugarh (1), North Lakhimpur (1.1). in case of Sonitpur district, it is moderate in terms of the above mentioned variable accept in average fixed investment.

Table 3.8 Status of SSEs in Assam- District wise During 2001-02

District (i)	No. of Units (ii)	Status of Employment t (iii)	Fixed Investment (Rs.-in lakhs) (iv)	Employment per Unit (v)	Fixed investment per units (vi)
Kokrajhar	740 (1.72)	3375 (1.96)	2330 (2.38)	4.5	3.1
Dhubri	999 (2.32)	4836 (2.80)	3389 (3.48)	4.8	3.3
Goalpara	1367 (3.18)	3602 (2.08)	2523 (12.58)	2.6	1.8
Bogaigaon	685 (1.6)	2148 (1.24)	1193 (1.22)	3.1	3.1
Barpeta	1282 (2.99)	6775 (3.93)	2696 (2.75)	5.2	2.1
Kamrup	12,701 (29.58)	45,909 (26.62)	25881 (2.65)	3.6	2 (Contd.)

(i)	(ii)	(iii)	(iv)	(v)	(vi)
Nalbari	1568 (3.65)	6842 (3.97)	316 (0.34)	4.3	2
Darrang	1405 (3.27)	9736 (3.64)	3532 (3.61)	6.9	2.5
Morigaon	295 (0.68)	928 (0.53)	861 (0.88)	3.1	3.6
Nagaon	2856 (6.65)	10,242 (5.94)	6487 (6.63)	3.5	3.5
Sonitpur	2293 (-5.34)	7962 (4.61)	2733 (2.80)	3.4	1.1
N.Lakhimpur	2170 (5.05)	8837 (5.12)	2609 (2.66)	4	1.2
Dhemaji	601 (1.4)	2887 (1.67)	2352 (2.40)	4.7	3.9
Tinsukia	1283 (2.98)	6418 (3.72)	4208 (4.30)	5	3.2
Dibrugarh	4493 (10.46)	15,793 (9.15)	4828 (2.40)	3.5	1
Sibsagar	2609 (6.08)	918 (5.32)	3616 (3.70)	3.5	1.3
Jorhat	1529 (3.56)	9832 (5.70)	4223 (4.32)	6.4	2.7
Golaghat	563 (1.31)	2533 (1.46)	2137 (2.18)	4.4	4.6
Karbi Anglong	270 (0.62)	1967 (1.47)	2298 (2.35)	7.2	8.5
N.C. Hills	501 (1.16)	1631 (0.94)	2499 (2.56)	13.2	4
Cachar	1745 (4.07)	3720 (2.15)	3774 (3.86)	2.1	2.1
Karimganj	674 (1.5)	4023 (2.33)	7217 (7.38)	6.2	11.2
Hilakandi	334 (0.78)	3307 (1.92)	3201 (3.27)	9.9	9.5
<b>Total</b>	<b>42,930</b> <b>(100)</b>	<b>1,72,483</b> <b>(100)</b>	<b>97,804</b>		

Note: Figures in the brackets refer percentage to total.

Source: Directorate of Industries, Government of Assam.

For promoting small scale enterprises, the central and state governments have been providing incentives and facilities through various schemes. Besides, various institutions have also been created at national, regional, state and district level to promote and develop of SSEs. In spite of various initiatives, management of SSEs in



the country has been far behind compared to countries like Japan, Taiwan in terms of units, output and employment generation. On the otherhand, the impressive growth of SSE units is noticed. But the trend in increase was relatively slow in case of number of units and exports from 1995. The state industrial policies did not have exclusive tailor made SSEs policies. It has been implementing mostly central government industrial policies. The recent industrial policy aimed at use of local material and revival of sick units. The policy had given priorities to the infrastructure development, land conservation, power, finance, etc. relating to the growth in SSEs in NE region, Assam has contributed highest number of units followed by Manipur. In case of Assam, though the growth trend is increasing but the pace of growth shows decreasing trend with some exceptions. The district level analysis revealed the highest number of units in Kamrup followed by Dibrugarh. In case of Sonitpur district, the number of units indicated poor performance compared to Assam as a whole.

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## ***CHAPTER -4***

### ***ENTREPRENEURIAL BEHAVIOUR PROCESS.***

In the forgoing chapter, the management and growth of SSEs development in Sonitpur district were analysed on the basis of published and recorded data. Small industry development and entrepreneurial development are interrelated. Developments of small enterprises basically depend upon the entrepreneur behaviour process. In this chapter, an attempt is made to analyse the entrepreneurs profile, socio-economic background, motivational forces for starting unit, family behavior, entrepreneurial competency, and entrepreneur professional behavior from societal culture based on the field survey.

Profile of the entrepreneur respondents such as their age, social status, sex, marital status, educational background, family occupation, past occupation, family background, family structure and community origin are explained in table 4.1.

As regards age of the respondents, a majority (72.40%) of them belonged to age group of 20-40 years. The remaining (27.61%) were above 40 years. Family back ground wise analysis also reveals more or less with the general trend. As a whole, it is understood that a majority belong to young and middle age groups.

Regarding social status of the respondents, a majority (57.81%) were from general category, nearly one fourth (23.96%) of them was from other backward class followed by schedule caste (13.54%) and an insignificant (3.13%) were from Schedule tribes.

On the whole, a greater majority of the respondents were from general and O.B.C. categories.

As regards to sex of the respondents in general as well as their respective category-wise, a larger segment of them were male entrepreneurs. Only around twenty percent of them were female respondents. Family back ground wise analysis also

reveals more or less with general trend. As whole, majority of them were male entrepreneurs.

Table 4.1 Profile of Entrepreneur Respondents

Profile	<u>Entrepreneur Respondents -Family background wise</u>							
	Agriculture		Business		Service		Total	
	No.	%	No.	%	No.	%	No.	%
<b>Age</b>								
20-30	22	25.00	15	31.51	10	18.18	47	24.48
31-40	47	53.40	17	34.70	28	50.90	92	47.92
41-50	15	17.05	9	18.30	9	16.36	33	17.19
50 & above	4	4.55	8	16.31	8	14.55	20	10.42
<b>Social Status</b>								
Gen	52	59.09	39	67.35	26	47.27	111	57.81
OBC	21	23.86	10	20.40	15	27.28	46	23.96
SC	11	12.50	6	12.25	10	18.18	27	14.06
ST	4	4.55	0	0.00	4	7.27	8	4.17
<b>Sex</b>								
Male	71	80.68	38	77.55	45	81.81	154	80.2
Female	17	19.32	11	22.45	10	18.19	38	19.8
<b>Marital Status</b>								
Married	70	79.55	39	79.60	42	76.36	151	78.64
Unmarried	18	20.45	10	20.40	13	23.64	41	21.36
<b>Educational background</b>								
Up to IX	26	29.54	16	32.65	11	20.00	53	27.6
Metric & Intermediate	35	39.78	15	30.62	23	41.82	73	38.02
Degree	27	49.08	18	36.73	16	29.90	61	31.78
Post Graduate	0	0.00	0	0.00	5	9.90	5	2.6
<b>Past Occupation</b>								
No Occupation	64	72.73	30	61.22	29	52.73	23	64.06
Business	15	17.04	12	24.49	14	25.45	41	21.35
Agriculture	6	6.89	3	6.12	6	10.91	15	7.81
Service	3	3.41	4	8.17	6	10.91	13	6.78
<b>Family Occupation</b>								
Agriculture	45	53.45	20	40.81	23	41.82	88	45.84
Service	23	23.13	15	30.61	17	30.90	55	28.64
Business	20	22.72	14	28.58	15	27.28	49	15.52
<b>Family Structure</b>								
Joint Family	72	81.82	47	95.92	43	78.18	162	84.38
Nuclear Family	16	18.18	2	4.08	12	21.82	30	15.62
<b>Community Origin</b>								
Assamese	69	78.40	33	67.35	41	74.54	143	74.48
Non Assamese	19	21.60	16	32.65	14	25.46	49	25.52

Source: Field Survey

Pertaining to marital status of the respondents, a greater number (78.64%) of the respondents were married. As regards educational background of the respondents

all were literate and educated. More than one third (38.02%) of them were either matriculate or intermediate passed. Nearly one third (31.78%) of them were graduates of different disciplines (B.Com, B.Sc., BA, and B.E.), 28.65% percent of them studied up to class IX standard. Only a very small portion (1.04%) studied postgraduate on Economics and History. Regarding previous occupation, a majority (64.06%) of them were without any fixed occupation. It is because they were busy either studying or remained unemployed. 21.35 percent of them were doing business, 7.81 percent were involved in Agriculture and 6.78 percent had carried out service activities like government, industrial Job etc. Industry family back ground wise analysis reflects more or less the same trends. As a whole, all of them were fairly educated.

Family back ground wise analysis also reflects similar trends with insignificant differences.

As a whole, many of them were without any fixed occupation prior to the inception of the existing enterprise.

Relating to the background of family occupation, 45.84 percent of them had come from Agriculture followed by service 28.65 percent and business (25.52%).

Family back ground wise analysis reflects the same trend as above with negligible differences.

As a whole, all the respondents hailed from different families' background such as agriculture, service and business.

As regards the family structure of the respondents, a greater majority (84.38%) belonged to joint families. It is relatively less in case of service category respondents.

Regarding community origin of the respondents, more than two third (74.48%) of them were Assamese. In case of Agriculture segments, a greater majority (78.40%) of them was Assamese and nearly 22 percents each were belonged to non-Assamese communities like Bihari, Bengali, and Punjabi etc.

Table 4.2 Entrepreneurship Development - Driving Forces

Driving Forces	Entrepreneurs Respondent – Family Background Wise							
	Agriculture		Business		Service		Total	
	No.	%	No.	%	No.	%	NO.	%
<b>A. Motivational Forces for Starting Enterprise</b>								
Family	63	71.59	40	81.63	27	49.09	130	67.71
Friends	3	3.41	2	4.08	2	3.63	7	3.65
Govt. Scheme	13	14.77	4	8.16	13	23.64	30	15.63
Potential Demand	33	37.5	20	40.82	22	40	75	39.06
Employment	42	47.73	15	30.61	25	45.45	82	42.71
Own Choice	18	20.45	11	22.45	19	34.55	48	25
<b>B. Managing Enterprise - Family Behaviour</b>								
Encourage for future	53	53.44	38	77.55	41	74.55	132	68.75
Supporting all aspects	58	58.59	32	65.31	33	60	123	64.06
Help in domestic work	49	49.49	26	53.06	28	50.91	103	53.65
Respect	30	30.3	17	34.69	22	40	69	35.94
<b>C. Training Programmes Attended</b>								
Self Development	65	73.86	35	71.43	40	72.73	140	72.92
Managerial	5	5.68	4	8.16	5	9.09	14	7.29
Technical Training	18	20.45	10	20.41	10	18.18	38	19.79

Note: Respondents Gave Multiple Answers

Source: Field Survey

The table 4.2 explains various forces either directly or indirectly helping to strengthen entrepreneurial development. Regarding driving forces behind starting enterprise, 67.71 percent of them were forced by family, followed by 42.71 percent employment, 39.06 percent by demand, 25 percent own choice, 15.63 percent by government scheme and only 3.65 percent were motivated by friends.

Even though industry wise segment analysis shows that all were similar with insignificant differences. In case of business, most of the respondents were motivated by the family.



As a whole, simple majority of the entrepreneur respondents were motivated to start enterprises by family encouragement.

As regards the family behavior after starting the enterprise, 68.75 percent of the respondents were encouraged by family for future business. 64.06 percent said that they were supported in all respect, 53.65 percent said that family was helping in helping in domestic work and 35.94 percent got respect by family.

Even industry family back ground wise analysis shows more or less similar trend, but in case of business back ground, family support was relatively more.

Family behavior is a major force in managing enterprise. So, family behavior could be helpful in managing the enterprise positively. For instance, few entrepreneur respondents were reported that without their family involvement, it was not possible to manage their enterprise.

As a whole, many of the entrepreneur respondents were having family supports right from the beginning.

As regards, the training program attended by the entrepreneur respondents, 72.92 percent of them were not attending any course training program. 19.79 percent of them were attending technical training programs. While only 7.29 percent of them were attending management programs.

Name of the training institutes reported by the enterprise respondents were District industry center (DIC), Industrial training institute (ITI), Small industry and service institute (SISI) and Indian institute of entrepreneurs (IIE).etc.

Industry family back ground wise analysis reveals that more or less all was similar with insignificant difference in the process of organizing programs.

About seven percent entrepreneur respondents were attending managerial training in the district which reflects unhealthy sign of importance and impact of modern

management. Besides, none of them has undergone any full time regular course of management. Most of them reported that the existing training programs were not adequate to their enterprise.

As a whole, majority of the respondents were gaining knowledge by their own experience.

Table 4.3 Measuring Level of Entrepreneurial Attributes

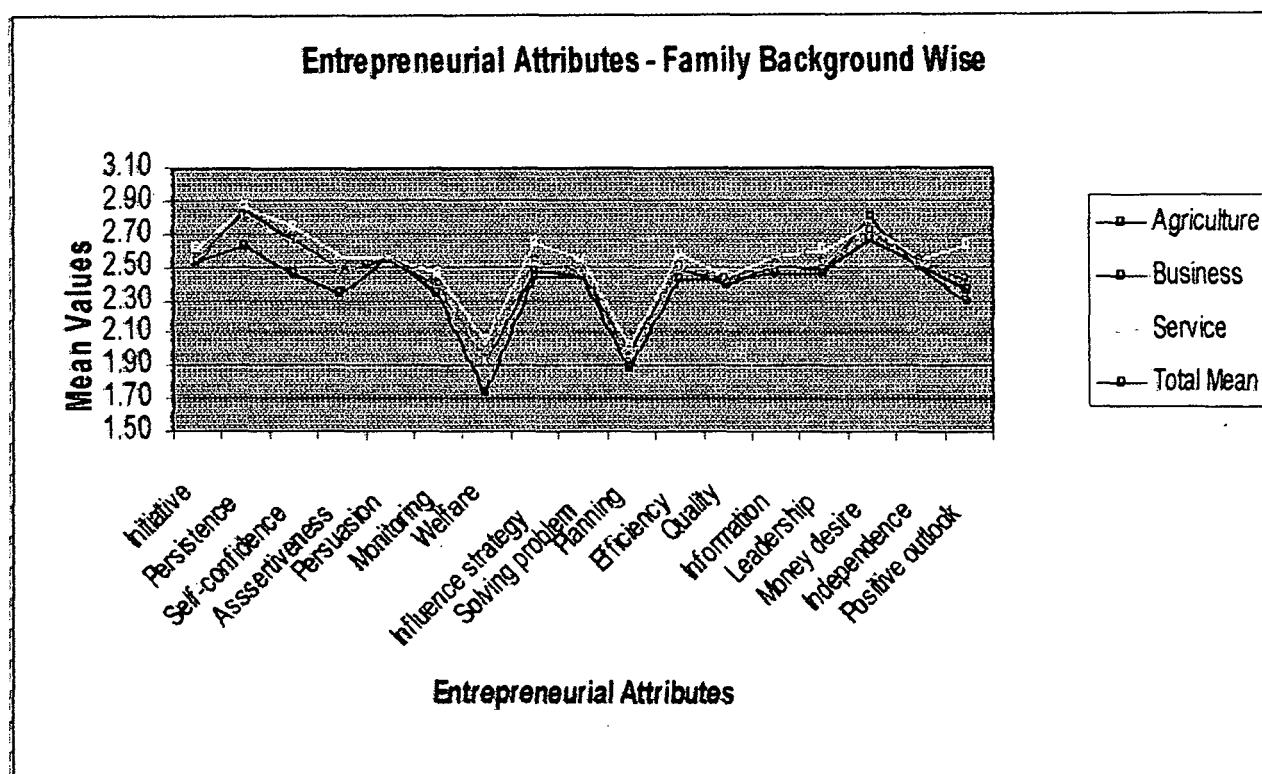
Attributes	<b>Entrepreneur Respondents - Family Background</b>							
	<b>Agriculture</b>		<b>Business</b>		<b>Service</b>		<b>Total</b>	
	<b>Mean</b>	<b>SD</b>	<b>Mean</b>	<b>SD</b>	<b>Mean</b>	<b>SD</b>	<b>Mean</b>	<b>SD</b>
Initiative	2.52	0.79	2.52	0.82	2.61	0.69	2.55	0.77
Persistence	2.85	0.99	2.63	1.00	2.86	0.83	2.81	0.94
Self-confidence	2.67	0.94	2.46	1.03	2.75	0.82	2.64	0.93
Assertiveness	2.48	0.82	2.35	0.83	2.56	0.67	2.47	0.78
Persuasion	2.55	0.77	2.56	0.84	2.56	0.72	2.56	0.77
Monitoring	2.39	0.90	2.35	0.91	2.46	0.79	2.40	0.86
Welfare	1.94	0.76	1.73	0.76	2.06	0.72	1.93	0.75
Influence strategy	2.48	0.81	2.44	0.87	2.64	0.68	2.52	0.79
Solving problem	2.44	0.86	2.44	0.84	2.54	0.77	2.47	0.83
Planning	1.99	0.89	1.88	0.89	2.03	0.69	1.97	0.83
Efficiency	2.49	0.74	2.42	0.89	2.58	0.74	2.50	0.80
Quality	2.40	0.80	2.42	0.76	2.44	0.70	2.42	0.76
Information	2.51	0.81	2.46	0.84	2.56	0.70	2.51	0.78
Leadership	2.48	0.81	2.46	0.82	2.59	0.72	2.51	0.78
Money desire	2.66	0.76	2.79	0.79	2.75	0.75	2.72	0.76
Independence	2.51	0.79	2.50	0.82	2.54	0.75	2.52	0.78
Positive outlook	2.36	0.96	2.29	0.96	2.63	0.82	2.43	0.92

Source: Primary Data

Table 4.3. Explains the level of entrepreneurs' competency from different attributes perspective. It is understood that all entrepreneur respondents were identified as moderate and low mean. The moderate mean is measured for the attributes like persistence (2.81), money desire (2.72), self confidence (2.64), initiative (2.55), persuasion (2.56), influence strategy (2.52) independence (2.52), information (2.51), leadership (2.51). whereas low mean are noticed in case of the attributes such as efficiency (2.50), assertiveness (2.47), problem solving (2.47), positive outlook (2.43), quality (2.42), monitoring (2.40), planning (1.97), welfare (1.93). It is also understood

that the degree of variation among the entrepreneur respondents towards each attributes is similar to great extent. This is because the standard deviation is each attributes is consistent.

**Figure -4.1**



Even though overall analysis about each attribute is measured either moderate or low, category wise analysis that is family background wise respondents reveals deviation in each attribute. For example, in case of attributes measured as moderate mean like self-confidence, influence strategy, efficiency, information, leadership were noticed low among business and agriculture background respondents. Similarly, the mean of attributes noticed as low is also found variation among the level of entrepreneurial competency. For example, respondents with service background were having moderate level of competency in case of assertiveness (2.56) and solving problems (2.56). The degree of variation among perception of the

respondents to each variable is noticeably low except in case self confidence. As a whole, it may be concluded that the entrepreneurial competence among majority of respondents is moderate.

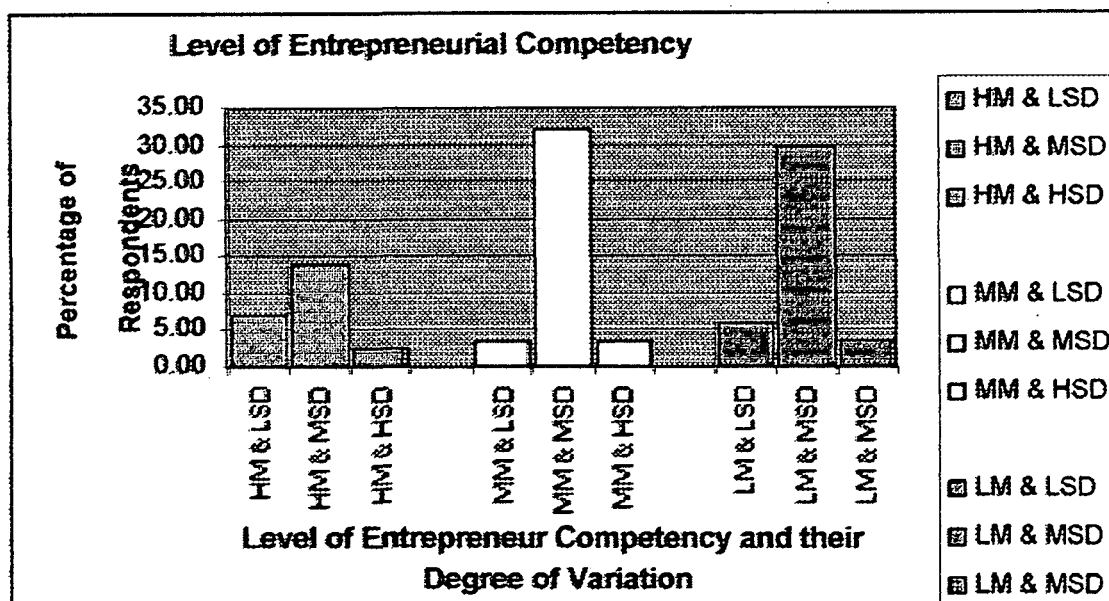
The table 4.4 highlights the number of individual entrepreneur respondents having different levels of entrepreneurial competence. It is understood that majority (45.83%) of the respondents were having moderate level of competence followed by low level of competence (34.89%). It is noticed that less than one fifth (19.27%) of them were only identified as highly competent entrepreneur respondents. Respondents' category-wise analysis reveals very little variation. In case respondents with service background, a simple majority (59.89%) of them were having moderate level of competency, whereas, (47.99%) and (42.85%) respondents with agriculture and business background having moderate level of competence.

**Table 4.4 Measuring Level of Entrepreneurial Attributes individual Entrepreneur wise**

Level of Competence	<b>Entrepreneur Respondents - Family Background Wise</b>							
	<b>Agriculture</b>		<b>Business</b>		<b>Service</b>		<b>Total</b>	
	No	%	No	%	No	%	No	%
HM & LSD	6	6.81	2	4.08	1	1.81	9	4.69
HM & MSD	12	13.63	6	12.24	5	9.09	23	11.98
HM & HSD	2	2.27	2	4.08	1	1.81	5	2.60
MM & LSD	3	3.40	1	2.04	4	7.27	8	4.17
MM & MSD	28	31.81	17	34.69	27	49.09	72	37.50
MM & HSD	3	3.40	3	6.12	2	3.63	8	4.16
LM & LSD	5	5.68	2	4.08	2	3.69	9	4.69
LM & MSD	26	29.54	13	26.53	12	21.81	51	26.56
LM & HSD	3	3.40	3	6.12	1	1.81	7	3.64
TOTAL	88	100	49	100	55	100	192	100

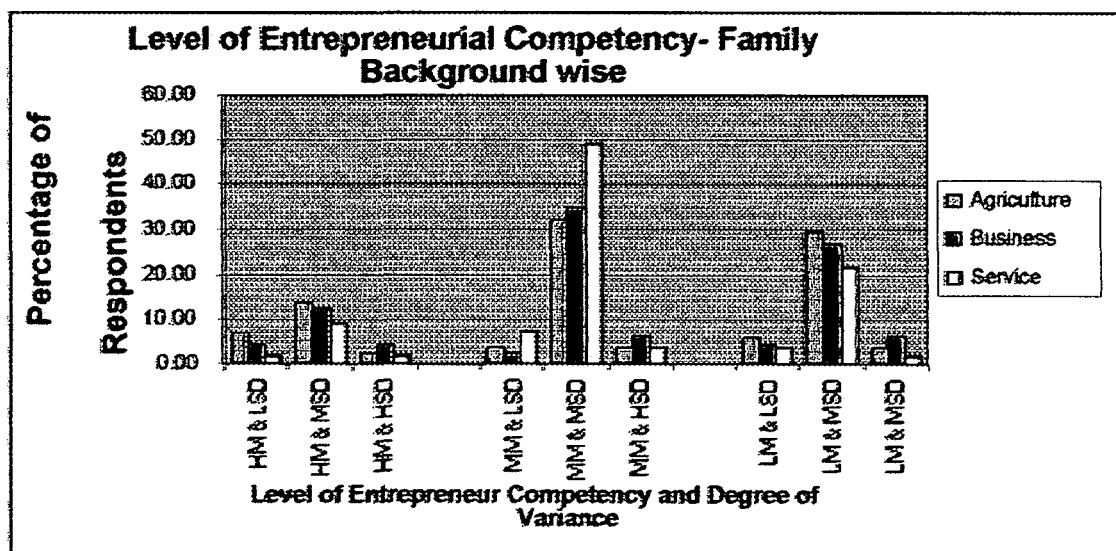
Source: Primary Data

Figure – 4.2



Note: High Mean: - 3-5      High standard deviation:- .7– 1  
 Moderate mean:-2-3      Medium standard deviation:- .4-.7  
 Low Mean: 1-2      Low standard deviation: - .0- .4

Figure – 4.3



It is also learnt that nearly one fifth of the respondents with agriculture and business background were having high level of entrepreneurial competency. On the whole,

majority of the respondents were having moderate level of entrepreneurial competency.

Table 4.5 Entrepreneur Professional Behaviour From Cultural Perspective

Cultural Variables	Entrepreneurs Rspndent - Family Background Wise							
	Agriculture		Bussiness		Service		Total	
	No.	%	No.	%	No.	%	No.	%
<b>Locus of control</b>								
<b>External</b>								
High	78	88.64	42	85.71	50	90.91	170	88.54
Moderate	10	11.36	7	14.29	5	9.09	22	11.46
<b>Internal</b>								
Moderate	50	56.82	31	63.27	35	63.64	116	60.42
Low	38	43.18	18	36.73	20	36.36	76	39.58
<b>Risk Avoidance</b>								
High	14	15.91	3	6.12	13	23.64	30	15.63
Moderate	52	59.09	36	73.47	23	41.82	111	57.81
Low	22	25.00	10	20.41	19	34.55	51	26.56
<b>Time Orientation</b>								
Past	0	0.00	0	0.00	5	9.09	5	2.60
Present	35	39.77	20	40.82	20	36.36	75	39.06
Future	25	28.41	17	34.69	15	27.27	57	29.69
Past Present	0	0.00	0	0.00	3	5.45	3	1.56
Present Future	28	31.82	12	24.49	12	21.82	52	27.08
<b>Orientation To collectiveness</b>								
Individualism	80	90.91	40	81.63	47	85.45	167	86.98
Collectivism	8	9.09	9	18.37	8	14.55	25	13.02
Nutral	0	0.00	0	0.00	0	0.00	0	0.00
<b>Sex Difference</b>								
M > W	15	17.05	5	10.20	6	10.91	26	13.54
M = W	73	82.95	44	89.80	49	89.09	166	86.46
M < W	0	0.00	0	0.00	0	0.00	0	0.00
<b>Power Distance</b>								
High	9	10.23	2	4.08	0	0.00	11	5.73
Moderate	73	82.95	43	87.76	48	87.27	164	85.42
Low	6	6.82	4	8.16	7	12.73	17	8.85

Source: Primary Data

Entrepreneurs' professional behaviour from their societal cultural perspective is discussed in the table.4.5. Entrepreneur behaviour may be dominated either external or internal locus of control or both. It is understood that external locus of control was high (88.54%) and moderate (11.46%) whereas in case of internal locus of control it

was moderate (60.42%) and low (39.58%). Even the category-wise of analysis reflects similar behaviour as overall respondents' behaviour. It is understood that the locus of control was dominated mostly by external one rather internal one.

As regards risk avoidance of the respondents, it is understood that neither it was high nor low but it was moderate (57.81%) whereas it is low (26%) and only high as (15.63%).

Family background- wise analysis is more or less reveals same respondents outlook with agriculture and business background. Whereas respondents with service background it was less in case of moderate risk avoidance than total average and relatively majority one fourth (23.64%) were able to take high risk.

Regarding time orientation of the respondents, more than one third (39.06%) were present oriented followed by future oriented (29.69%) and present and future oriented (27.08%) and an insignificant percent (2.60%) as past oriented. Even category wise reflects similar trend in case of respondents with agriculture and service background. Whereas in case of business background relatively more of them had future oriented behaviour.

The respondents' orientation towards collectiveness at their family and work, both in general and category wise analysis reveals, a greater majority (86.98%) of them were oriented towards the spirit of collectivism. It is interesting to note that greater majorities (86.46%) of the respondents were having progressive thoughts towards gender equality at work, it is similar in case of overall and category wise perception of the respondents. Only very few expressed that men were superior to women.

In case of power distance, it was moderate from the experience of the greater majority (85.42%) of the respondents. This kind of behaviour reflects the feature of eqtalirian society. It may be concluded that entrepreneur characterized by high

external locus of control, moderate risk avoidance, present oriented, collectivism outlook, gender equality and moderate power distance.

Table 4.6 Strengths and Weaknesses of Entrepreneurs – Cultural Perspective

Details	Entrepreneur Respondents - Family Background							
	Agriculture		Business		Service		Total	
	No.	%	No.	%	No.	%	No.	%
<b>Strengths</b>								
Dependable Employee	41	46.59	25	51.02	34	61.82	100	52.08
Respect for other	25	28.41	17	34.69	14	25.45	56	29.18
Co-operation	40	45.45	19	38.78	14	25.45	73	38.02
Inspiration for hard work	15	17.05	13	26.53	13	23.64	41	21.35
Appreciating other's Effort	28	31.82	10	20.41	21	38.18	59	30.73
Respect by Entrepreneur	18	20.45	11	22.45	8	14.55	37	19.27
Goodwill for better product	28	31.82	15	30.61	8	14.55	51	26.56
Ritual, Customs, Tradition	4	4.55	5	10.2	3	5.45	12	6.25
No Response	19	21.59	8	16.33	9	16.36	36	18.75
<b>Weaknesses</b>								
Lack of Co-operation among employee	13	14.77	3	6.12	9	16.36	25	13.02
Lack of knowledge on Business	45	51.14	13	26.53	26	47.27	84	43.75
Lack of Risk bearing capacity	42	47.73	9	18.37	21	38.18	72	37.5
Fear of failure	41	46.59	8	16.33	19	34.55	68	35.42
Lack of self confidence	33	37.5	6	12.24	14	25.45	53	27.6
Lack of hardwork	15	17.05	3	6.12	10	18.18	28	14.58
Others	12	13.64	17	34.69	11	20	40	20.83
No Response	15	17.05	10	20.41	10	18.18	35	18.23

Note: Respondents gave multiple answers

Business strengths and weaknesses experienced in managing their units from functional and dysfunctional features of societal culture as perceived by entrepreneur respondents are discussed in table 4.6. As regards strengths, respondents expressed as follows: dependable work force (52.08%), co-operation (38.02%), appreciating others efforts (30.73%), respect for others (29.17%), good will of product (26.56%), inspiration for hard work (21.35%), respect by other business men (19.27%) and 6.25 percent were influenced by rituals customs and traditions and 18.75 percent did not express their opinion in this regard. whereas weaknesses were: lack of business knowledge (43.75%), lack of risk bearing



capacity (37.50%), fear of failure (35.42%), lack of self confidence (27.60%) and 14.58 percent were lack of hard work and 18.23 percent did not give their opinion. Similarly views were expressed category wise respondents with insignificant variation. From the above analysis it may be understood that the business strengths and weaknesses are influenced by societal culture in some respect.

**Table 4.7 Opportunities & Threats Experienced by the Respondents - External Environment Perspective**

Opportunities & Threats	Entrepreneurs Respondent - Family Background							
	Agriculture		Business		Service		Total	
	No.	%	No.	%	No.	%	No.	%
<b>A. Opportunities</b>								
Demand	27	30.68	17	34.69	12	21.82	56	29.17
Raw Material	30	34.09	13	26.53	10	18.18	53	27.60
Locational Advantage	7	7.95	10	20.41	15	27.27	32	16.67
Cheap labour	10	11.36	5	10.20	10	18.18	25	13.02
No Response	14	15.91	4	8.16	8	14.55	26	13.54
<b>B. Threats</b>								
Competition	74	84.09	43	87.76	52	94.55	169	88.02
Local People	8	9.09	3	6.12	3	5.45	14	7.29
Raw material	27	30.68	6	12.24	11	20.00	44	22.92
Non available Credit	28	31.82	18	36.73	22	40.00	68	35.42
Electricity	8	9.09	3	6.12	6	10.91	17	8.85
Skilled labour	8	9.09	1	2.04	2	3.64	11	5.73
Any Other	5	5.68	2	4.08	3	5.45	10	5.21
<b>C. Measures Initiated</b>								
Improved Qlt. Of Product	42	47.73	26	53.06	22	40.00	90	46.88
Diversity Area & Business	13	14.77	4	8.16	9	16.36	26	13.54
User Batter Technology	21	23.86	14	28.57	13	23.64	48	25.00
No Measures	12	13.64	5	10.20	11	20.00	28	14.58

Note :- Unit has offered more than one reason

Source: Primary Data

In the light of the change of external business environment, the opportunities and threats that were experienced and perceived by the entrepreneur respondents are discussed in the table 4.7. More than one fourth of the respondents expressed opportunities like demand (29.17%) and raw-material (27.60%) whereas less than

one fifth (16.60%) of them opined that locational advantage and cheap labour (13.02%) were the opportunities for business growth.

It is interesting to note that a greater majority (88.02%) felt that competition was a big threat for their business prosperity whereas non availability of credit by 35.42 percent and raw-material by 22.92 percent were considered as inhabiting factors. In order to capitalized opportunities and minimize threats in their respective business, some of the respondents were taking measures like improving quality of product (46.88%) and using better technology (25.00%). It is noticed that a few of them neither had any idea of opportunities and threats resulted in the global Indian economy nor initiating any measures to improve their business further.

On the whole, it may be viewed that a reasonable number of them were conscious of the impact of dynamics in business environment and responding accordingly.

#### **Application of chi-square test ( $\chi^2$ ):**

Chi-square test is used to know whether two or more attributes are independent or not and whether opinions expressed by two or more sample of respondents who are drawn from the same population are homogeneous or not. (Similar or not). In order to test the hypothesis, chi-square test was conducted using S.P.S.S (statistical package for social science).

#### **Testing Hypothesis that Social Status of Entrepreneur is not related to Type of**

**Unit:** The result is summarized in the table 4.8.

Table: 4.8

Pearson Chi-square	Value	df	Asymp. Sig(2 sladed)
	2.718	4	0.608

It is seen from the table that asymptotic significance is greater than the desired significance level that is 0.05. So, hypothesis can not be rejected. Therefore, it can be concluded that social status and type of unit is not related to each other at a significance level.

#### **Testing Hypothesis that Family Background is not related Type of Unit:**

The result is given in the table 4.9.

Table: 4.9

Pearson Chi-square	Value	df	Asymp. Sig(2 sladed)
	6.38	4	0.172

It is understood from the table that asymptotic significance is greater than the significance level 0.05. Hence, hypothesis can not be rejected. So, it can be state that entrepreneurs family background and type of unit are not associated each other at a significance level 0.05.

#### **Testing Hypothesis that Technique used in Production is not associated with Type of Unit:**

The result is given in the table 4.10.

Table: 4.10

Pearson Chi-square	Value	df	Asymp. Sig(2 sladed)
	0.165	2	0.921

The asymptotic value  $\chi^2$  (0.921) is very much greater than the significance level (0.05). Hence, hypothesis can be accepted. It can be said that technique of production is not play a significance role to select the type of unit.

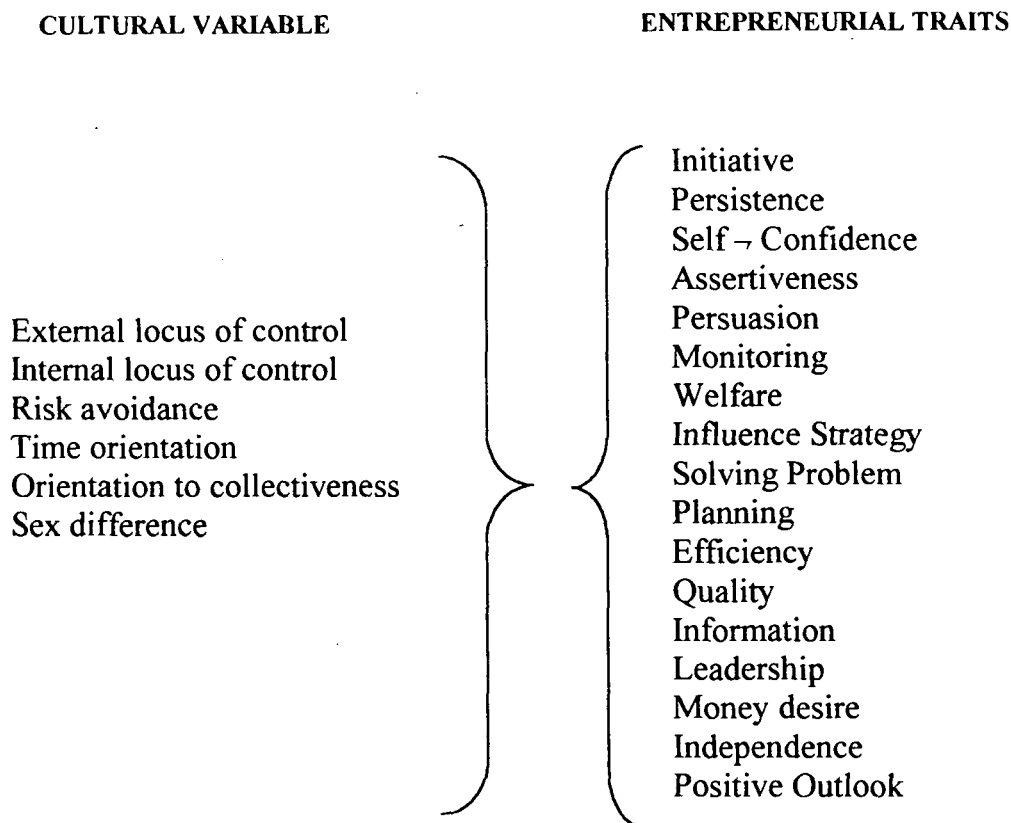
**Testing Hypothesis that Production Process and Type of Unit are not associated:** The result is given in the table 4.11.

Table: 4.11

Pearson Chi-square	Value	df	Asymp. Sig(2 sladed)
	11.76	4	0.019

It is observed that calculated asymptotic value is lower than the significance level 0.05. So, the hypothesis can be rejected. It can be stated that selection of production process is influence by type of unit.

### Interface between societal culture and entrepreneurial behaviour:



In case of individual wise entrepreneurial competency, it was found that out of one hundred ninety two respondents, one fifth of them are high competency, nearly fifty percent were moderate and nearly thirty percent of them were found very low competency. From cultural angle, it can be explained that various cultural variables influence entrepreneurial professional behaviour. This is owing to the fact that majority of them believed in external locus of control. It was observed that most the entrepreneurs in the district is influenced by some external forces such as government incentives and some religious statements. In case of government incentives, most of them believed that their success and failure depend upon the government help. For instance, in regard to particular statements from religious text

like “Borgeet” by Sankerdeva are sometimes discouraging effect for entrepreneurial development in the region. The statement “Athira Dhana Jana Jivana Jouvana Athira Ahin Sansara” implies meaningless of worth and prosperity.<sup>1</sup> It is implicit that these are detrimental force for development of entrepreneurship in the district but few entrepreneur respondents believed that its success and failure depend upon their own efforts. They expressed that although they were having lots of obstruction in their business but they overcame these hurdles owing to their high business competency.

The entrepreneurs of the district were generally risk avoiding in nature although a few exceptions were there. The risk avoiding nature can be attributed to the following: (i) the backbone of Assam economy is agrarian in nature. The people work for production of the required materials for household consumption only and do not produce in excess. This may be due fact that people were more inclined to utilize spare time in ritual and cultural activities than in production. Hence, risk for more production and commercialization of goods was meaningless for them.<sup>2</sup> (ii) Risk taking ability of entrepreneur is a trait for development after many ups and down of experiences gathered from many generations of business activities. In Assam entrepreneurship in real sense emerged after 90's, though the idea was conceived in 1973. Hence, risk taking ability of the entrepreneurs in the district is relatively low. It was interesting to note that the migratory entrepreneurs from Rajasthan and Gujarat took more risk in comparison to indigenous Assamese entrepreneur which may be concluded that the migratory nature of entrepreneurs have more risk taking ability.<sup>3</sup> due to less migratory nature, most of the Assamese entrepreneurs prefer to start their units near to their residence which reduce their risk taking capacity in the business. (iii) Majority of the entrepreneurs in the district were entrepreneur by

chance and not by choice owing to lack of government jobs. If they get chance, they will opt for government jobs due to their less attachment with business.<sup>4</sup>

It is also observed that most of the entrepreneur respondents in the district were present oriented nature which reflected temperedness of the entrepreneurs. The desired immediate returns from their business without much effort do not ensure the endurance and continuity of the unit operation. It was imperative for any entrepreneur to go for market research and study of market demand which was lacking in the district. This result is in lack of innovation in the district. They just try to imitate some successful nearby entrepreneurs without investigation of the market and create unhealthy competition and resulting closure their business within very short period. But it was noticed that few entrepreneurs were past and future oriented in nature, they were managing their units with strong links with past and future and managing their units very strongly right from the beginning and always looking for future demand of the products and customers satisfaction. On the other hand government policy was also responsible for discouraging entrepreneurship development by creating political opportunities which was liberally encouraged by government in form of soft loan without securities and monitoring. This created a culture of easy money tendency of the younger generation and led to discouraging trend to take entrepreneurship as a career.

Most of the entrepreneur in the district believed in collectivism which reflects entrepreneurs were very much associated with their family than the business task. So, most of them had to devote their time with family purposes such as festival, ceremony, rituals, etc. and suffering losses in the business. This was one of the reasons for the less entrepreneur professional behaviour in the district. But, a few

entrepreneur respondents believed that individualism which reflects strong obligation towards their business activities and became all round business man.

In case of gender equality, most of the entrepreneurs thought that men are equal with women. So, there were number of women entrepreneurs also were efficiently managing their units. For instance, one women entrepreneur expressed that for increased demand of product, she mixed design on the products after visiting several cloth of products in the country. Now, she has, good market out side the state such as Delhi, Bombay. Instance of women entrepreneurs selling products is also available from the district. Regarding power distance, Assamese society was neither much closed nor away to encourage business activities. The status of the business man in the society was regarded as a low compared to prestigious white collar job. Even in case of marriage system, a business man fare badly in society, business is thought to be adopting dishonest means to earn profit. This is one of the detrimental aspects of discouraging trend in the entrepreneurship development in the region.



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## ***CHAPTER – 5***

### ***PRODUCTION AND FINANCIAL MANAGEMENT PRACTICES***

In this chapter, an attempt is made to analyze the enterprise profile i.e. the inception period, occupational area, ownership, and technology used and proposed to assess various aspects of production and financial management practiced in the sample of units of the study. The aspects covered are plant capacity utilization and reasons for under utilisation, sources of raw material and availability of raw material for SSEs. Regarding, financial management, investment in plant and machinery and working capital, sources of finance from organized and un-organised market and percentage of profit have been examined in this chapter.

Table 5.1 Profile of Small Enterprise Respondents

Profile	Organisational Respondants - Industry Wise						Total	
	Manufacturing		Servicing		Agro & Allied			
	No.	%	No.	%	No.	%	No.	%
<b>A. Inception Period:</b>								
1960-70	2	2.02	6	10.91	2	94.36	10	5.21
1971-80	3	3.03	5	9.09	3	7.89	11	5.73
1981-90	32	32.32	19	34.55	11	28.95	62	32.29
1991-2000	62	62.63	25	45.45	22	57.89	109	56.77
<b>B. Nature of Location:</b>								
Rural	76	76.77	29	52.73	33	86.84	138	71.88
Urban	23	23.23	26	47.27	5	13.16	54	28.13
<b>C. Nature of Ownership:</b>								
Proprietorship	96	96.97	52	94.55	36	94.74	184	95.83
Partnership	2	2.02	3	5.45	1	2.63	6	3.13
Company	0	0.00	0	0.00	1	2.63	1	0.52
Co-operative	1	1.01	0	0.00	0	0.00	1	0.52
<b>D. Nature of Technology Used:</b>								
Automatic	0	0.00	0	0.00	1	2.63	1	0.52
Semi-automatic	74	74.75	48	87.27	23	60.53	145	75.52
Manual	25	25.25	7	12.73	14	36.84	46	23.96

Source: Primary Data

Table 5.1 depicts profile of the small enterprise respondents such as their inception period, nature of location, nature of ownership and nature of technology used.

As regards the inception period of the enterprise respondents, a simple majority (56.77%) of them initiated their business operation during 1991 to 1999 followed by 32.29 percent were during 1981-90, 5.73 percent were during 1971-80 and an insignificant percent (5.21%) were during 1960-70.

Industry- wise analysis also reveals more or less the similar trends. In case of service segment only 45.44 percent of them started the enterprises during 1991-99 periods. Owing to the reforms in the Government policy for small enterprises, most of them were established after 1980.

Regarding the nature of locational area of organisational respondents, nearly three fourth (71.88%) were established in rural area due to inadequate infrastructural facilities like poor communication, poor Electricity and poor market coverage, etc. Only 28.13 percent of them were located in urban areas.

Industry category wise analysis reflects the same trends as the general in case of manufacturing and Agro & Allied segments whereas in case of service units with more or less equal number of them were located in rural and urban areas.

It is learnt that most of the units were located in rural areas owing to their less migratory character. It is also understood that manufacturing and Agro & Allied units are located in rural area due to close proximity of raw-material, involvement of family members, cost effectiveness, durable products and others. In case of service units relatively equal number are located in rural and urban areas due to perishable nature of services offered to customers. As a whole, most of them were located in rural area.

Relating to the nature of the ownership of enterprise respondents, a greater majority (95.83%) of them were having proprietorship business. Whereas 3.13 percent of them were characterised by partnership and the remaining were found as private Ltd. Company.

Reasons for starting proprietorship units were less investment, family management, easy decision making, etc. As a whole, most of the units were having proprietorship business.

Turning to the nature of technology used by the enterprise respondents, around three fourth (75.52%) of them were following semi-automatic technology, whereas 23.96 percent of them were using labour intensive technology. Only one enterprise respondent (0.52%) was using automatic technology.

Industry wise analysis reveals the similar trend in case of manufacturing. Whereas in case of service, 87.27 percent were following semi-automatic technology and 60.58 percent agro & allied units were using labour intensive technology.

Enterprises like Bricks, Stone, Printing, Fabrication, Handicrafts, Cane and wood Furniture, weaving were using labour intensive technology. On the whole, many of enterprise respondents were using semi automatic technology.

Table 5.2 Enterprise Plant Capacity Management

Details	Manufacturing		Services		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
<b>Plant Capacity Utilisation:(%)</b>								
Upto 25	17	17.17	19	34.55	10	16.32	46	23.96
26-50	55	55.66	18	32.73	21	55.26	94	48.96
51-75	26	26.26	17	30.91	7	18.42	50	26.04
76-100	1	1.01	1	1.82	0	0	2	1.04
<b>Reason for Plant Capacity under Utilisation</b>								
1+2+3+4	14	14.14	11	20.00	8	21.05	33	17.19
2+3+4+5	17	17.17	8	14.55	5	13.16	30	15.63
1+3+5+6	17	17.17	7	12.73	3	7.89	27	14.06
1+4+5+6	18	18.18	18	32.73	9	23.68	45	23.44
2+3+6	13	13.13	3	5.45	6	15.79	22	11.46
1+6	9	9.09	5	9.09	4	10.53	18	9.38
5+6	11	11.11	3	5.45	3	7.89	17	8.85
<b>Methods used for Maintance Quality Standerd</b>								
Own standerd	11	11.11	12	21.82	16	42.11	39	20.31
As per Customer Requirements	11	11.11	13	23.64	6	15.79	30	15.63
Both	75	75.76	28	50.91	15	39.47	118	61.46
Agmark	2	2.02	2	3.64	1	2.63	5	2.60

Note: Units Respondents offered more than one reason for plant capacity under utilisation

Sources: primary data: Reasons 1. Low demand 2. Lack of raw material  
3.Lack of finance 4. power failure 5. lack of skilled worker 6. any others.

Figure-5.1

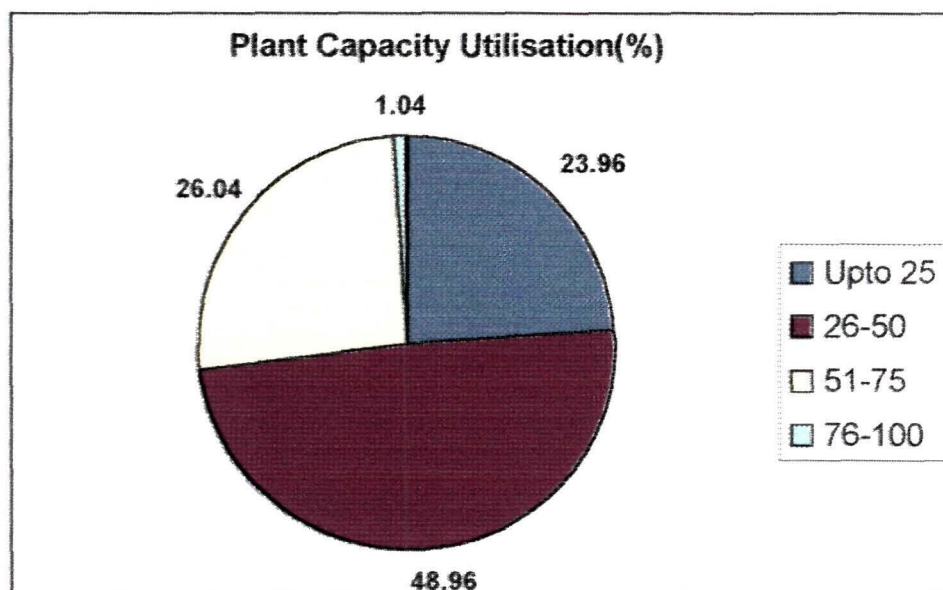


Figure- 5.2

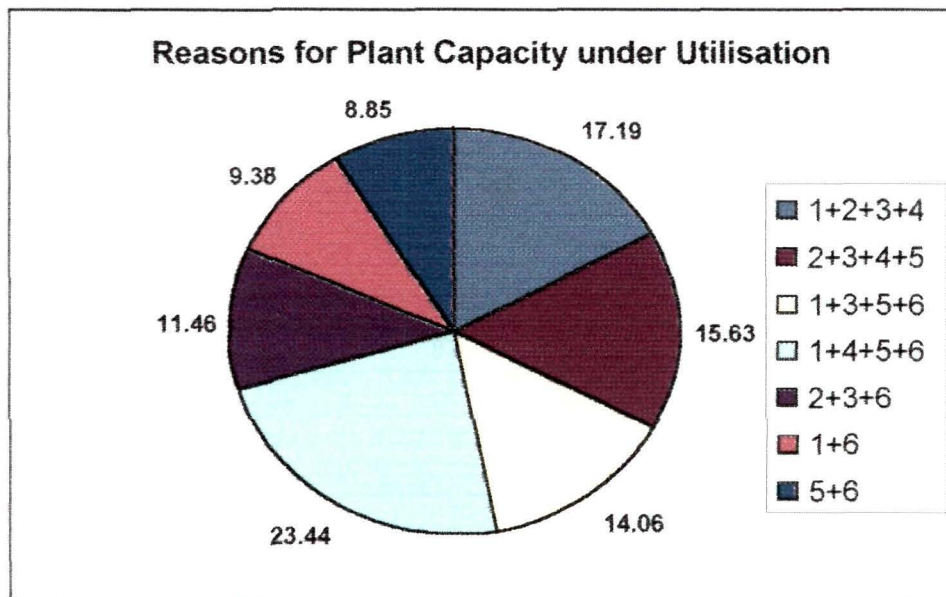
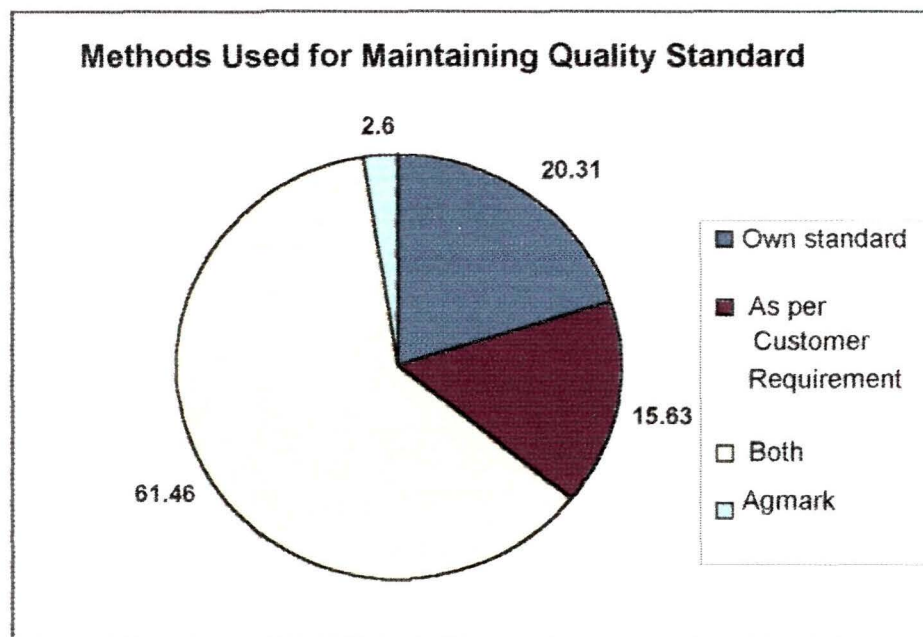


Figure-5.3



Various aspects of enterprise plant capacity management are discussed in table 5.2. As regards plant capacity utilization except two respondents all other enterprise respondents had under utilized their plant capacity below 75 percent. Nearly half

(48.96%) of them were utilizing 26 to 50 percent of their plant capacity followed by 26.04 percent and 23.96 percent of them were using plant to the extent of capacity of 51 to 75 percent and up to 25 percent respectively.

Even category-wise enterprise respondents reveal the same trend in case of manufacturing and Agro & Allied segments with insignificant difference. Whereas in case of Service segment respondents were more or less equally utilizing their plant capacity among below 25 percent, 26 to 50 percent and 50 to 75 percent.

The reasons that were responsible for under utilization of plant capacity were in case of 23.44 percent of the respondents 1+4+5+6 were reasons. Whereas, in case 17.19 percent of them 1+2+3+4 reasons, in case 15.63 percent 2+3+4+5 reasons, in case 9.38 percent 1+6 and 8.85 percent of them were 5+6 reasons responsible for under utilization of capacity.

Category wise analysis reveals more or less similar trends. As a whole, all the above mentioned reasons were inhibiting the total plant capacity utilisation.

Relating to methods used for maintaining quality standards, 61.46 percent of them were following their own standards and customers requirements whereas nearly one fourth (20.31%) of them were following their own standards followed by customer requirement (15.63%). Only 2.6 percent of them were following standard fixed by Agmark Agency. Industry wise analysis reveals similar trends with moderate deviation in case of manufacturing and service segments, whereas Agro & Allied segment units were following their own standard (42.11%), followed by both own standards and customer requirements (39.47%). Whereas Xerox machine, poultry firm, etc were able to maintain as per the set standards in their system. In case of Cane,



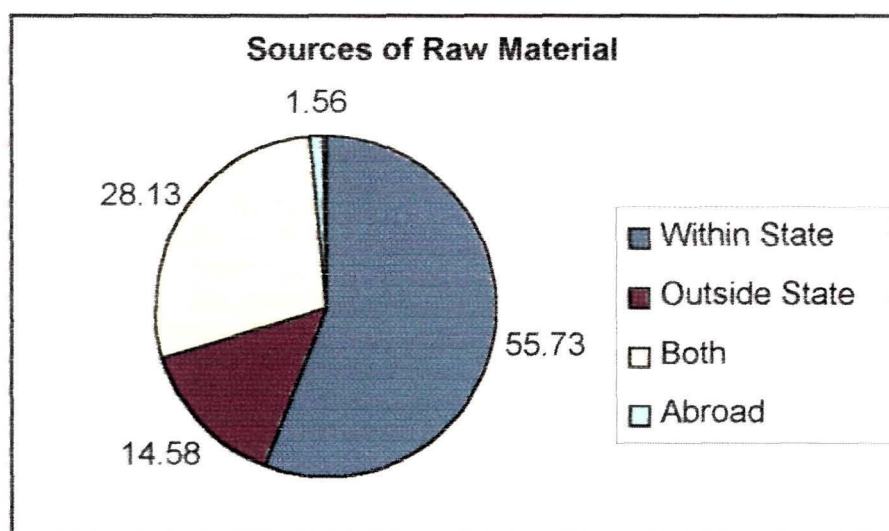
Furniture, Rice mill, Fabrication, engineering and repairing Industries, quality of product was maintained as per specifications given by the consumers.

**Table 5.3 Sources and Availability of Raw Material**

Sources and Status	<u>Organisational Respondants - Industry Wise</u>						Total	
	Manufacturing		Servicing		Agro & Allied			
	No.	%	No.	%	No.	%	No.	%
<b>A. Sources of raw material:</b>								
Within the State	43	43.43	34	61.82	30	78.95	107	55.73
Outside the State	10	10.10	10	18.18	8	21.05	28	14.58
Both	45	45.45	9	16.36	0	0.00	54	28.13
Abroad	1	1.01	2	3.64	0	0.00	3	1.56
<b>B. Availability of Raw Material:</b>								
Adequate	66	66.67	44	80.00	15	39.47	125	65.10
Inadequate	33	33.33	11	20.00	23	60.53	67	34.90

Source: Primary Data

**Figure – 5.4**



In table 5.3 Sources and availability of raw materials used by the enterprise respondents are discussed. In case of procurement of raw-materials, a simple majority (55.73%) of them were acquiring from local sources followed by 28.13 percent (within and outside the state), 14.58 percent procured the materials from outside the state whereas 1.56 percent of the respondents were importing from other countries.

Industry wise analysis reveals that manufacturing units with relatively equal number were procuring raw-material both from within the state as well as within and outside the state. On the other hand, majority of the respondents of service and agro & allied enterprises were procuring materials from within the state. Many units like Cane, wooden furniture Industry did not get appropriate quantity of raw-material at reasonable price owing to the fact that huge quantity of such raw-material are sent outside the state. It is learnt that mostly professional middlemen retained all the stock and sold it they liked. Hence, though the raw materials are locally available, yet the local entrepreneurs are bound to collect them from outside the state at a higher price.

As a whole, it is noticed that raw-materials are procured from within and outside the state.

Regarding availability of raw materials, a greater number of respondents (65.10%) expressed that the availability of raw-materials as adequate. Whereas around one third (34.90%) of them stated that availability of raw material was inadequate.

Manufacturing and service enterprise respondents expressed similar opinion as above. Whereas majority (39.47%) of Agro & Allied respondents were not able to get adequate quantity of raw materials. It is noticed that cane furniture, wood furniture, spice, oil mill, and large number of artisan-oriented entrepreneurs were practically in

position to procure local raw-materials. On the whole, availability of raw material was not a serious problem.

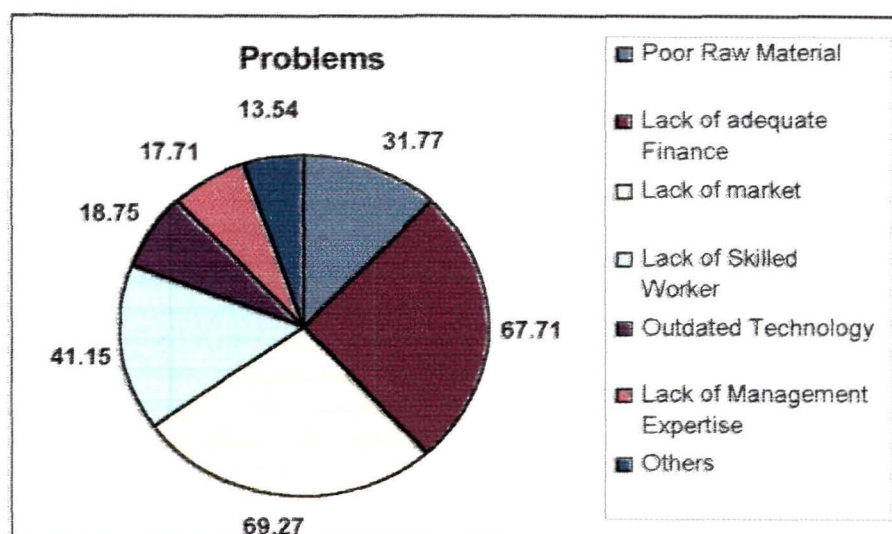
Table 5.4 Production Management-Problems & Measures

Problems & Measures	Organisational Respondants - Industry Wise							
	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
<b>A. Problems :</b>								
Poor Raw Material	34	34.34	7	12.73	20	52.63	61	31.77
Lack of adequate Finance	71	71.72	36	65.45	23	60.53	130	67.71
Lack of market	76	76.77	31	56.36	26	68.42	133	69.27
Lack of Skilled Worker	54	54.55	20	36.36	5	13.16	79	41.15
Outdated Technology	19	19.19	17	30.91	0	0.00	36	18.75
Lack of Management expertise	10	10.10	7	12.73	1	2.63	34	17.71
Others	18	18.18	6	10.91	2	5.26	26	13.54
<b>B. Measures</b>								
Personal Approach to Sellers	13	13.13	3	5.45	12	31.58	28	14.58
R/M brought From outside State	10	10.10	3	5.45	8	21.05	21	10.94
Approach to Bank for Additional loan	9	9.09	5	9.09	2	5.26	16	8.33
Attending Training Programmes	13	13.13	7	12.73	1	2.63	21	10.94
New Machinery	8	8.08	6	10.91	2	5.26	16	8.33
Packaging	6	6.06	1	1.82	0	0.00	7	3.65
No Initiative	40	40.40	30	54.55	13	34.21	83	43.23

Note: Organisational respondents gave multiple answers

Sources: primary data

Figure-5.5



Problems encountered and measures initiated to solve such problems in the process of producing goods and rendering services are presented in table 5.4.

On the scenario of production management, the respondents revealed problems of varied nature like lack of market (69.27%), lack of adequate finance (67.71%), lack of skilled worker (41.15%), poor raw-materials (31.77%), outdated technology(16.75%), lack of management expertise (9.37%) and other problems such as electricity, communication etc.

Even industry category wise analysis reveals the similar trends with insignificant differences. Cane, wood, furniture, weaving, spice, poultry, biscuits industries were facing problems concerning raw-material, skilled worker, etc. In case of printing press, fabrication, bricks, and engineering industries, the problems faced were associated with thing like finance, market, outdated technology, etc. As a whole, majority of enterprises were experiencing several problems.

Regarding measures initiated to overcome the problems of production management, procurement good quality of raw-material (10.94%), mobilization of finance from bank (8.33%), personal selling (14.58%), conducting and sending employee for training program (10.94%) up-dating technology (8.33%), packaging (3.65%) and 43.23 percent of the respondents could not take any initiatives to overcome the problems.

Similar trends were observed among various industry segment respondents. In the context of observation of measures undertaken for production management, it was found as an instance that one biscuit unit brought a machine from West Germany for both generation of by-product as for market coverage with the help of attractive packaging. Another example cites the case of spice entrepreneur who sold his

finished product door to door in various places of the district; he also approached the bank for additional financial resource.

The amount of capital that was invested in various enterprise respondents are explained in table 5.5. Investment in plant & machinery and working capital are explained hereunder.

As regards Investment in plant and machinery, 43.75 percent of organizational respondents invested up to Rs. 50,000, 15.63 percent from Rs.50,000 to Rs.1 Lakhs, 13.54 percent from Rs.2 lakhs to Rs. 5 Lakhs 8.38 percent Rs.5 Lakhs to Rs.10 Lakhs and 3.12 percent invested above Rs-10 Lakhs.

Table 5.5 Amount of Capital Investment by Enterprise respondents

<u>Organisational Respondants - Industry Wise</u>								
Amount (Rs. 000)	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
<b>A. Investment in Plant &amp; Machinery</b>								
0-50	45	45.45	24	43.64	15	39.47	84	43.75
50-100	16	16.16	8	14.55	6	15.79	30	15.63
100-200	15	15.15	6	10.91	9	23.68	30	15.63
200-500	15	15.15	7	12.73	4	10.53	26	13.54
500-1000	7	7.07	6	10.91	3	7.89	16	8.33
1000-2500	1	1.01	2	3.64	1	2.63	4	2.08
2500 & above	0	0.00	2	3.64	0	0.00	2	1.04
<b>B. Investment in working capital</b>								
0-50	27	27.27	23	41.82	16	42.11	66	34.38
50-100	30	30.30	12	21.82	7	18.42	49	25.52
100-200	21	21.21	7	12.73	6	15.79	34	17.71
200-500	16	16.16	8	14.55	5	13.16	29	15.10
500-1000	3	3.03	4	7.27	3	7.89	10	5.21
1000 & above	2	2.02	1	1.82	1	2.63	4	2.08

Source: primary data

Even industry wise analysis shows the same trend with negligible deviation. It was observed that cane, wood furniture, artisan-oriented, rice mill, spice, poultry firm, cattle feeds, tailoring industry invested less capital in plant & machinery. Whereas in

case of biscuits, bricks, sawmill, engineering, fabrication and bakery, etc. were invested high capital in plant and machinery. One biscuit entrepreneur invested capital on plant machinery amounting to Rs.2.80 Lakh during the period when the ceiling for capital investment in plant and machinery was Rs.3 cores.

As a whole a simple majority of the respondents invested capital in plant & machinery up to Rs. 50.000. However, as per recent revised definition, there are 98.95 percent of industries coming under tiny units' have their invested capital in plant & machinery limits up to Rs. 25 Lakhs and 88.54 percent of the industries who come under small scale services business oriented enterprise (S.S.S.B.E) their invested capital up to Rs.5lakhs.

Regarding investment in working capital, 34.38 percent of organasational respondents invested below Rs. 50.000 followed 25.52 percent from Rs. 50.000 to Rs 1 Lakh , 17.71 percent from Rs.1 Lakh to 2 Lakhs, 15.10 percent from Rs.2 Lakhs to 5 Lakhs, 5.21 percent Rs. 5 Lakhs to Rs10 Lakhs and 2.08 percent invested above Rs.10 Lakhs.

It is learnt that working capital investment changed from industry to industry due to varying operating cost and size of business. For instance, working capital investment in printing press and fabrication units were reportedly about two times higher than the leather, rice mill, tailoring, Xerox and other industries. Working capital is required for the purpose of purchasing raw-material wages, inventory policy, etc.

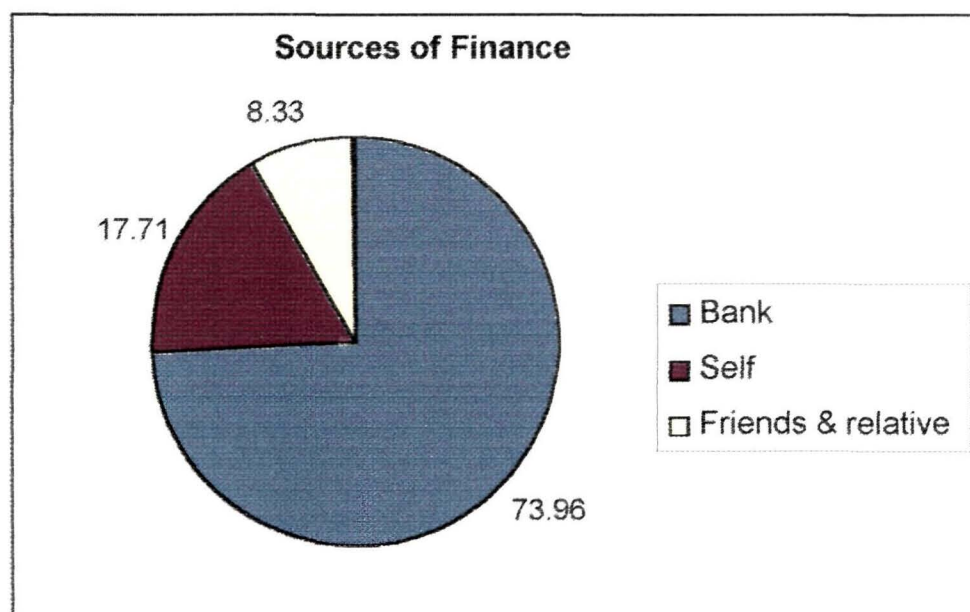
As a whole, majority of units' respondents invested working capital was up to Rs. 2 lakhs.

Table 5.6 Sources of Finance for Managing Small Enterprises

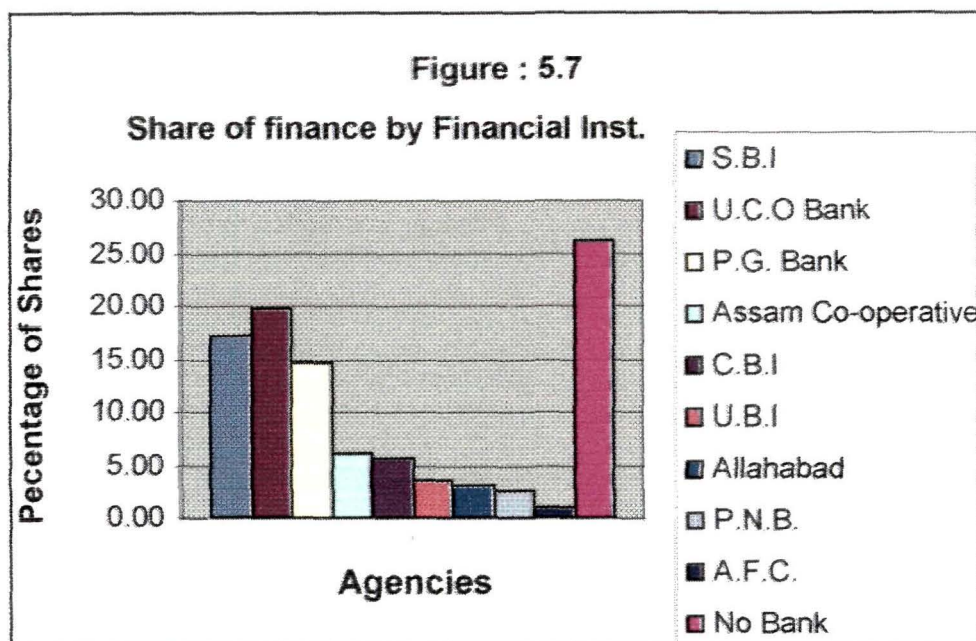
Sources	<u>Organisational Respondants - Industry Wise</u>						Total	
	Manufacturing		Servicing		Agro & Allied			
	No.	%	No.	%	No.	%	No.	%
<b>A. Sources of Finance:</b>								
Bank	82	82.83	35	92.11	25	65.79	142	73.96
Self	12	12.12	17	44.74	5	13.16	34	17.71
Friends & Relatives	5	5.05	3	7.89	8	21.05	16	8.33
<b>B. Name of Agency:</b>								
S.B.I	20	20.20	7	18.42	6	15.79	33	17.19
U.C.O Bank	21	21.21	10	26.32	7	18.42	38	19.79
P.G. Bank	16	16.16	6	15.79	6	15.79	28	14.58
Assam Co-operative	7	7.07	3	7.89	2	5.26	12	6.25
C.B.I	7	7.07	3	7.89	1	2.63	11	5.73
U.B.I	4	4.04	2	5.26	1	2.63	7	3.65
Allahabad	2	2.02	2	5.26	2	5.26	6	3.13
P.N.B.	3	3.03	2	5.26	0	0.00	5	2.60
A.F.C.	2	2.02	0	0.00	0	0.00	2	1.04
No Bank	17	17.17	20	52.63	13	34.21	50	26.04

Source: Primary Data

Figure-5.6







Sources of finance and name of agency are explained in table 5.6. As regards sources of finance nearly three fourth (74.48%) of the respondents were procuring finance from the bank sources followed by self finance (17.71%) and friend & relatives (8.33%).

Industry wise analysis also reflects similar trends.

It is understood that about 142 respondents were taking financial assistance from various Banks like Eco Bank (19.79%), SBI (17.19%), Pragjyotish Gaonlia Bank (14.58%), Assam Co-Operative Bank (6.25%), Central Bank of India.(5.73%), United Bank of India (3.65%), Allahbad Bank (3.13%).Punjab National Bank. (2.60%), Assam financial corporation (1.04%) and recurring 50 organizational respondents did not take any loan from bank.

In general industry wise respondents were taking assistance more or less from various banks. As a whole, Eco. Banks, S.B.I, Pragjyotish Gaonlia bank, Assam co-operative bank were assisting finance to a large number of enterprise respondents.



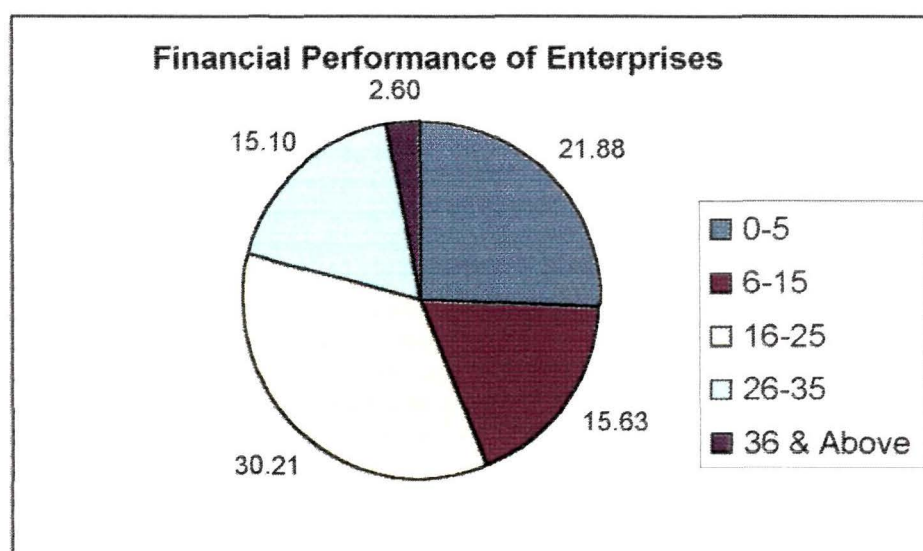
Financial performance of enterprise respondents during 1997- 1998 to 2000- 2001 is discussed in table 5.7. The respondents furnished the average percentage of profit gained on the sales during above mentioned period. As understood from the discussion with the organizational respondents, all the units had been making profit. Nearly one third (30.21%) of them were making profit ranging from 16 to 25 percent per annum followed by 21.88 percent with a profit below to 5 percent, 15.63 percent (5 to 15 percent), 15.10 percent (25 to 35) and 2.60 percent with a profit above 35 percent.

**Table 5.7 Financial Performance of Enterprises During 1997 to 2001**

Profit in Percentage	Organisational Respondants - Industry Wise							
	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
0-5	15	15.15	15	27.27	12	31.58	42	21.88
6-15	28	28.28	18	32.73	12	31.58	30	15.63
16-25	35	35.35	15	27.27	8	21.05	58	30.21
26-35	17	17.17	7	12.73	5	13.16	29	15.10
36 & Above	4	4.04	0	0.00	1	2.63	5	2.60

Source: Primary Data

**Figure-5.8**



Even though industry wise analysis reflects relatively similar trends with moderate deviation, manufacturing unit respondents were making more percentage of profits than agro & allied and service unit responding. It is learnt that handloom, bricks, furniture, ice making industries are seasonal business hence, during peak seasons, they were making lucrative income. As a whole, most of the units were making reasonable rate of profit.

Problems faced and measures initiated to overcome such problems in the process of managing financial resources are discussed in table 5.8. As regards the problems of achieving financial support, a majority of them were facing the following problems 26.04 percent (4+5+6 problems), 17.71 percent (2+3+5 problems), 13.54 percent (1+2+4 problems), and 9.90 percent (1+4+5 problems). A small number of them (6.77%) did not share any problems.

Table 5.8 Financial Management - Problems and Measures

Problems and Measures	Organisational Respondants - Industry Wise							
	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
<b>Problems in Procuring of Finance</b>								
1+2+4	15	15.15	7	12.73	4	10.53	26	13.54
1+4+5	20	20.20	7	12.73	2	5.26	29	15.10
2+4+5	18	18.18	4	7.27	12	31.58	34	17.71
4+5+6	29	29.29	14	25.45	7	18.42	50	26.04
No respond	17	17.17	3	5.45	0	0.00	20	10.42
<b>Problems in Managing Financial Resources:</b>								
Lack of Knowledge on F/M	21	21.21	11	20.00	7	18.42	39	20.31
Lack of Proper Accounting	16	16.16	12	21.82	10	26.32	38	19.79
Both	47	47.47	19	34.55	12	31.58	78	40.63
No Response	15	15.15	13	23.64	9	23.68	37	19.27
<b>Measures in Fiancial Management</b>								
Cash Sales	20	20.20	12	21.82	7	18.42	39	20.31
Reduce unnecessary cost	29	29.29	21	38.18	8	21.05	58	30.21
Maintaining Proper Accounting	15	15.00	11	20.00	5	13.16	31	16.15
No Response	35	35.00	11	20.00	18	47.37	64	33.33

Note :- Unit has offered more than one reason,

Source: Primary Data

Reasons: 1. Delay 2. Documentation 3. Bribe 4. Security 5. Margin money 6. Any Other

Even industry wise analysis reveals similar trends with moderate change.

It is also expressed by some of the enterprise respondents that they are harassed by the concerning officials who call for various documents regarding security and margin money. Such demands from the officials after fall beyond the reach of the said respondents. However, there are few unit respondents to this exception who manage to overcome such problems.

As a whole majority of the organizational respondents were facing problems in obtaining finance.

The problems faced in managing finance include; lack of knowledge on financial management and proper accounting (40.63%), lack of knowledge on financial management (20.31%), and lack of proper accounting (19.79%). Nearly one fifth (19.27%) of them did not mention any problems in this regard. Industry wise also reflects similar trends with insignificant differences.

It is observed that due to lack of knowledge of financial management, many of them go on making expenditure lavishly without proper budgeting. For instance, most of them, especially those who have borrowed funds but refused to disclose the fact of diversification of funds for domestic purposes. Most of the entrepreneurs did not know their cost of production and suffering losses due to not maintaining proper accounting. So, the accounting data cannot be utilized for management purposes, if it keeps the entrepreneurs in dark regarding financial requirement either in the present or in future.

As a whole majority were facing problems like lack of professional expertise in the field.

Relating to measures initiated for better management of financial resources, the following measures were initiated for reducing the cost (30.21%), cash sales

(20.31%) and maintaining proper accounting (16.15%). one third(19.27%) of the respondents did not express any measures initiated.

As a whole, many of them were attempting to overcome problems by initiating some measures in the right direction.

#### **Correlation between Enterprise Profit and Capacity Utilisation:**

The co-efficient of correlation between profit and capacity utilization is as  $r=.0651$ . The very low positive relationship indicates that increase percentage of capacity utilization will lead to increase percentage of profit of an enterprise. It can be concluded that profit can play a positive role to influence capacity utilization.

#### **Correlation between Plant and Machinery and Working Capital:**

A moderate relationship can be seen between plant and machinery and working capital as  $r=0.582$ . The relationship implies that increase in investment in plant and machinery will increase on working capital. It can be stated that the greater size of investment in plant and machinery will lead the investment in working capital.

#### **Correlation between Working Capital and Profit:**

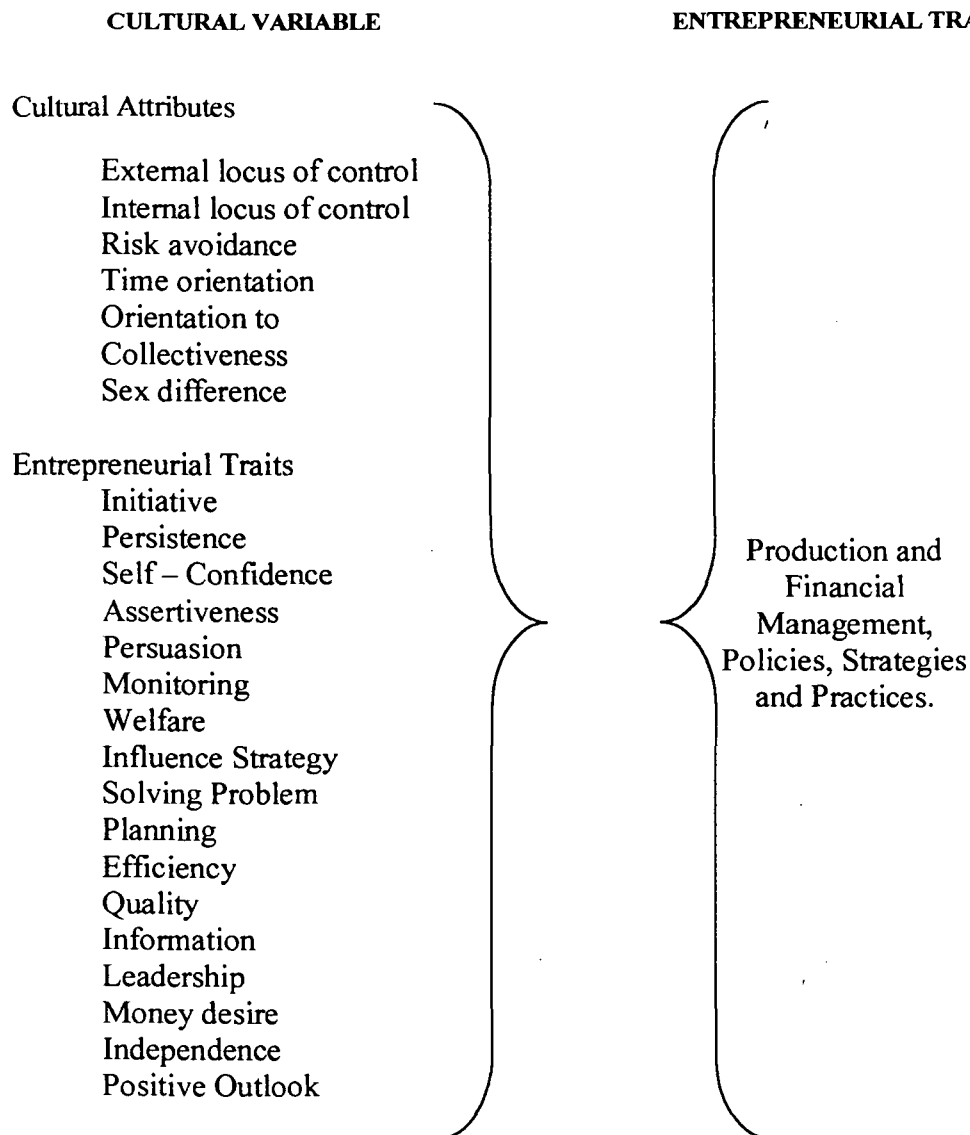
The co-efficient of correlation between working capital and profit as  $r=0.038$ . The weak positive sign indicates that increase a little percentage of profit emphasized increase the little percentage of investment in working capital. It can be concluded that investment on working capital is influence profit of an enterprise.

#### **Correlation between Age of the Enterprise and Profit:**

A weak positive relationship observed between age of the enterprise and profit as  $r=0.112$ . The positive sign implies that the age factor and profit are moving in same

direction. Age of the enterprise is emphasized the profit. It can be concluded that increase the age of an enterprise is influence the percentage of profit.

### **Impact of societal culture on production and financial management:**



As regards plant capacity utilization, it was under utilized due to low demand, low quality power, lack of expertise, inferior machine. The process of production depends upon; location, layout, optimum size, planning and product mix but it has

been found in field investigation that local entrepreneurs were not considering these factors before set up their units. Most of them setting up their business near their residence without investigation sources of raw-material, skilled worker and adequate market. Even they were not conscious about quality and design of product. They believed that without government help it is not possible for them to progress. It is also observed that entrepreneurs always ask government help without considering their competency toward business task but few manufacturing units such as biscuit, brick, furniture enterprises were giving sincere efforts regarding this factors without compromising it problem. Even one biscuit enterprise has brought a machine from Germany for bio-product and took training about biscuit manufacturing in Germany although he was just matriculate. It is understood that most of the entrepreneurs were procuring finance initially from own sources. But own capital is limited in most of the cases. Due to sole proprietorship in majority of SSEs in the district. It is also noticed that lack of proper accounting and financial budget in SSEs, entrepreneurs are kept in darkness about their progress. Mostly they prepare financial plan which is occasionally submitted to financial institutions to get credit. It does not serve the purpose of entrepreneurs and ultimately fails to represent the real financial picture of the unit. Many of them go on making expenditure lavishly for domestic purposes, viz. festival, ceremony, ritual, etc. due to collectivist nature. Moreover, due to incompetent professional behaviour, it is also observed that most of the entrepreneurs were not conscious about savings ultimately they must go to another for borrowing. But few entrepreneurs found that they were very much competent about financial planning due to individualistic outlook. One service unit expressed that financial institutions have been always encouraging to give financial assistance as and when it is needed.

## **CHAPTER – 6**

### **MARKETING AND HUMAN RESOURCES Management POLICIES, STRATEGIES AND PRACTICES.**

After analysing various aspects of the production and financial management in the previous chapter, an attempt is made to examine the various aspects of marketing and human resource management practices in 192 sample SSE units selected for this purpose in this chapter. As regards the marketing management, i.e., different segments of target customers, methods of fixing prices, promotion of products, marketing channels, and problems and measures and relating to human resource management, category wise employees and their relations, recruitment, employees' work behavior, employee compensation package and their development problems and measures have been presented below. Profile of the market and target customer is explained in the table 6.1. As regards area of market, a majority (64.06%) of them were concentrating their marketing activities in both rural and urban areas followed by rural market (25%) and urban market (10.94%).

Even among various industry segments the similar policies and strategies were followed.

It is noticed that many of the units like rice mill, cane and wood furniture, cattle feed, brick industry have concentrated their market in rural and urban areas. But engineering and welding are concentrating exclusively on urban areas.

As a whole, majority of them were concentrating marketing activities in rural and urban areas.

Relating to scope of market areas, a greater majority (82.81%) were concentrating their marketing activities in the state followed by outside the state (16.15%) and abroad (1.04%).

Two units, one furniture and another handloom units were supplying their products to foreign countries. In statistical terms though the percentage is very negligible, it has



reveal the same trend. In case of service segment units, a majority was focusing on children, adult and aged customers. As a whole, all respondents concentrate on more than one segment of customers.

Regarding customers by their sex, majority (60.94%) of them were aiming marketing at both male and female for marketing their products followed by male (26.04%) and female (11.98%) respectively.

In case of manufacturing and service units, the trends were similar. Whereas, Agro & Allied segment was not aiming their marketing at female customers. There are some units which were concentrating marketing their product on both male and female. Such units are like biscuits, bakery, cane and wooden furniture. As a whole, male and female customers were targeted by majority of the respondents' enterprises.

Pertaining to the customers by their economic status, more than half of the respondents (51.56%) were marketing their products for both poor and middle class customers followed by poor, middle and rich customers (25%) and middle and rich (23.44%).

Even segment wise analysis reflects the same trend with insignificant differences. It is observed that cane and wood furniture, bricks are used by middle and rich class of people and on the other hand biscuits, bakery and rice mill products were used by poor, middle and rich people.

As regard to process identifying and understanding customer needs, a majority (54.60%) of them were able to understand through personal experiences followed by personal research (30.21 percent) and 15.10 percent were not initiating any steps to understand the changing needs of the target customers.

It is noticed that most of the entrepreneurs were identifying their customer needs through the method of personal experiences based on their previous business activities. However, there are also a few respondents who were applying their personal research for identifying customers' needs.

As a whole, many of them were trying to understand needs by using some specific means.

**Table 6.2 Methods and Means Used for Marketing of Products and Services**

Methods and means	<b>Organisational Respondants - Industry Wise</b>							
	<b>Manufacturing</b>		<b>Servicing</b>		<b>Agro &amp; Allied</b>		<b>Total</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
<b>Method used for fixing price:</b>								
Cost Plus	77	77.78	40	72.73	33	86.84	150	78.13
Skimming	6	6.06	8	14.55	1	2.63	15	7.81
Both	16	16.16	7	12.73	4	10.53	27	14.06
<b>Means used for promoting products</b>								
Advertisement	6	6.06	3	5.45	3	7.89	12	6.25
Publicity	13	13.13	12	21.82	5	13.16	30	15.63
Personal Selling	55	55.56	30	54.55	22	57.89	107	55.73
Publicity and personal selling	25	25.25	10	18.18	8	21.05	43	22.40
<b>Marketing channels used</b>								
Individual	64	64.65	40	72.73	24	63.16	128	66.67
Wholesale	15	15.15	5	9.09	14	36.84	34	17.71
Large industries	20	20.20	10	18.18	0	0.00	30	15.63

Source: Primary Data

Table 6.2 explains methods and means used for marketing of products and services. Regarding methods used for fixing prices for products and services, more than two third (78.11%) of them were following cost plus pricing followed by both cost plus and skimming (14.06%) and skimming price (7.81%) only.

Segment wise analysis reflects more or less similar trends. Generally handloom & textile, tailoring industries were reportedly using skimming pricing methods. As a

whole, cost plus pricing methods were used by many of the respondents in fixation of the prices.

Relating to means used for promoting products, a simple majority (55.73%) of them were using personal selling followed by publicity and personal selling by 22.40 percent, publicity by 15.63 percent and advertisement by 6.25 percent.

Industry wise analysis shows similar results. It is noticed that biscuits, bakery, oil mill were promoting their products by advertisement through news paper and local theatres. Handlooms, fabrication, cane and wood furniture were promoting their products through publicity like exhibition, calendar, slides in local theatre, etc. Some of them were promoting through showroom and door to door approach by the salesmanship. As a whole, majority of the respondents were using some means for promoting products through salesmanship.

As regard to channels of marketing, a simple majority (66.67%) of the enterprise respondents were using the private individuals followed by 17.71 percent of the units depending on wholesale purchaser, 15.62 percent were supplying to the large industries.

In case of manufacturing and service segments, trends were more or less similar, whereas Agro & allied units were not taking any positioning or response to their large industry group buyers. It is observed that majority of the units sell their finished products directly to customer without the help of any middle men. A few manufacturing and service units were supplying their finished products to large industries, particularly to the local tea gardens. As a whole, majority of the respondents were using their marketing directly to the consumers without the help of middleman.

Table 6.3 Marketing Management - Problems and Measures

Problems & Measures	Organisational Respondants - Industry Wise							
	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
<b>Problems</b>								
Low demand	60	60.61	27	49.09	17	44.74	104	54.17
Less marketing expertise	53	53.54	29	52.73	11	28.95	93	48.44
Less innovation	62	62.63	9	16.36	16	42.11	87	45.31
Limited market	47	47.47	12	21.82	25	65.79	84	43.75
Inadequate promotion	65	65.66	29	52.73	29	76.32	123	64.06
Competition	73	73.74	15	27.27	31	81.58	119	61.98
No response	9	9.09	6	10.91	5	13.16	20	10.42
<b>Measures</b>								
Packaging	15	15.15	8	14.55	10	26.32	33	17.19
Commission	13	13.13	6	10.91	8	21.05	27	14.06
Personal sale	23	23.23	18	32.73	8	21.05	49	25.52
Discount	6	6.06	4	7.27	2	5.26	12	6.25
Exhibition	4	4.04	0	0.00	1	2.63	5	2.60
No response	38	38.38	19	34.55	9	23.68	66	34.38

Note : Organisational respondents gave multiple answers

Source: Primary Data

Table 6.3 discusses problems faced in and measures initiated to overcome such problems in the process of marketing products and services.

As regards problems that were experienced by the respondents' enterprise are as follows. A simple majority (64.10%) of enterprise respondents were facing the problem like inadequate promotion followed by competition with big industries (62%), low demand (54.20%), less marketing expertise (48.44%), lack of innovation (45.31%), and 43.80 percent were limited market. It is noticed that a few were not facing any problem regarding marketing.

Even industry wise analysis reveals more or less similar trends with moderate change. It is observed during the survey that most of the entrepreneurs had dearth of time and lack of expertise in the field, it is because most of them devote their energy within the four walls of their industries. For instance, many of the handloom

and textile units particularly, women entrepreneurs do not know how to sell and where to sell their products. Though the entrepreneurs were facing lots of problems like promotion, competition, demand but they could not meet such problems due to poor financial background.

As a whole, more or less all the enterprise respondents were suffering more than one problem.

Relating to measures initiated to overcome such problems for managing marketing practices, the following measures were initiated to reduce the problems of marketing. 25.42 percent of the enterprise respondents were selling their products through personal efforts followed by 17.19 percent taking care about packaging of products, 14.06 percent giving commission on sales, 6.25 percent offering discount and only 2.60 percent go by the exhibitions which were organised by various government agency.

Again segments wise analysis reflects same trend with insignificance differences but in case of service segment, unit did not adopted any measures regarding exhibition. It is learnt that one third (34.38%) of the above respondents did not take any measures regarding marketing. One manufacturing entrepreneur reported that he had personal contract with various public and government institutions for selling his product and offered them discount on sales. Few handlooms entrepreneurs displayed their products in exhibitions for sales which were organized by some government departments.

As a whole, more than one third of the respondents did not take any initiative to solve the problem in the process of marketing.

Profile of the employees working for enterprise respondents are discussed in table 6.4.

Regarding the number of managers employed by the enterprise respondents, a greater majority (93.75%) of them engaging only one manager and only 3.65 percent of them required two or more managers. Even category wise analysis reveals the same trend.

**Table 6.4 Human Resource Management-Profile of the Employees**

Profile	<b>Organisational Respondent - Industry Wise</b>							
	<b>Manufacturing</b>		<b>Servicing</b>		<b>Agro &amp; Allied</b>		<b>Total</b>	
	No.	%	No.	%	No.	%	No.	%
<b>A. Categorywise</b>								
<b>Managers</b>								
1	94	94.95	50	90.91	36	94.74	180	93.75
2 & Above	3	3.03	2	3.64	2	5.26	7	3.65
Nil	2	2.02	3	5.45	0	0.00	5	2.60
<b>Supervisors</b>								
1	27	27.27	10	18.18	10	26.32	47	24.48
2 & Above	0	0.00	3	5.45	1	2.63	4	2.08
Nil	72	72.73	42	76.36	27	71.05	141	73.44
<b>Skilled Workers</b>								
1-3	47	47.47	29	52.73	32	84.21	108	56.25
4-5	26	26.26	13	23.64	3	7.89	42	21.88
6-7	12	12.12	5	9.09	1	2.63	18	9.38
8-9	10	10.10	4	7.27	1	2.63	15	7.81
Above 9	4	4.04	4	7.27	1	2.63	9	4.69
<b>Unskilled Workers</b>								
1-3	36	36.36	9	16.36	7	18.42	52	27.08
4-5	10	10.10	4	7.27	1	2.63	15	7.81
6-7	1	1.01	0	0.00	1	2.63	2	1.04
8-9	1	1.01	2	3.64	0	0.00	3	1.56
Above 9	10	10.10	2	3.64	1	2.63	13	6.77
Nil	41	41.41	38	69.09	28	73.68	107	55.73
<b>B. Employees-Relation Wise</b>								
Family members	10	10.10	15	27.27	5	13.16	30	15.63
Outsider	68	68.69	34	61.82	27	71.05	129	67.19
Both	21	21.21	6	10.91	6	15.79	33	17.19

Source: Primary Data

As a whole, most of them were having one manager to look after the whole management of the enterprises.

Regarding number of supervisors, only 24.48 percent of the enterprise respondents were having one supervisor followed by 2.08 percent were having two or three supervisor.

It is noticed that nearly three fourth (73.44%) of them were not employing any supervisors. Similar trends were noticed even among various respondents of industry segments. It is also observed that most of the manufacturing units like biscuit, brick, and engineering industries have two or more supervisors to supervise all activities of manufacturing. As a whole, very few units were having supervisors and majority of them did not have any supervisors.

As regards to skilled workers, a simple majority (56.25%) were employing 1 to 3 skilled workers, followed by 4 to 5 (21.88%), 6 to 7 (9.38%), 8 to 9 (7.81%) and above 9 (4.69%). Even industry wise analysis is similar trend in case of manufacturing and service segment. Whereas agro and allied segment respondents, 84.21 percent were engaging only 1 to 3 skilled workers. As a whole, majority of the enterprise respondents were engaging 1 to 5 numbers of skilled workers.

As regards the number of unskilled workers employed by the respondents, 27.08 percent were engaging 1 to 3 number unskilled workers followed by 7.81 percent were engaging 4 to 5 number. 1.04 percent were engaging 6 to 7 number, 1.56 percent employed 8 to 9 number and 6.77 percent employed above 9 workers. It is noticed that a simple majority (55.73%) of them were not engaging any unskilled workers.

In case of category wise analysis, a greater number of Agro and Allied (73.68%) of them were not engaging any unskilled workers. On the whole, less than two fourth of them were engaging unskilled workers.

As regards employee relations with their respective enterprises, simple majorities (67.19%) of them were engaging outsiders followed by 17.19 percent engaged both family members and outsiders and 15.63 percent were engaging only family members as workers. Even industry wise analysis shows similar trend with insignificant differences.

It is learnt that most of the enterprises were managing their business enterprise with the help of their family members. A Few units reported that without the help of outsider, they were able to manage their enterprises better. As a whole, majority of the enterprise respondents were managing their units by engaging outsiders as employees.

**Table 6.5 Employee Recruitment Criteria and Process**

Recruitment Criteria	Organisational Respondants - Industry Wise							
	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
Formal and merit	38	38.38	17	30.91	15	39.47	70	36.46
Informal and relation	9	9.09	7	12.73	3	7.89	19	9.90
Informal & Merit	52	52.53	31	56.36	20	52.63	103	53.65

Source: Primary Data

Recruitment process and its criteria in selection of employees are explained in table 6.5. It is noticed that a simple majority (53.65%) of them were recruiting people by giving importance to the merit of the candidate through informal process whereas 36.46 percent of them recruited employees through formal process by giving importance to the merit of the candidates. And insignificant numbers (9.30%) of them were recruiting their relatives through informal process.

Category wise industries show similar trends with insignificant differences.



It is learnt that there were some units like biscuit, engineering & service; furniture units recruited their employees in formal basis. Most of them were recruited their employees by giving importance on merit than the relations. As a whole, it is understood that merit of the employee is considered in their recruitment process.

**Table 6.6 Employee Work Behaviour-Perceived by the Enterprise Respondents**

Cultural Variables	Organisational Respondent - Industry Wise							
	Manufacturing		Servicing		Agro & Allied		Total	
	No.	%	No.	%	No.	%	No.	%
<b>External Locus of Control</b>								
High	88	88.89	52	94.55	30	78.95	170	88.54
Moderate	11	11.11	3	5.45	8	21.05	22	11.46
<b>Internal Locus of Control</b>								
Moderate	60	60.61	35	63.64	27	71.05	122	63.54
Low	39	39.39	20	36.36	11	28.95	70	36.46
<b>Risk Avoidance</b>								
High	72	72.73	35	63.64	33	86.84	140	72.92
Moderate	27	27.27	20	36.36	5	13.16	52	27.08
<b>Time Orientation</b>								
Past	30	30.30	21	38.18	20	52.63	71	36.98
Present	25	25.25	19	34.55	15	39.47	59	30.73
Future	25	25.25	15	27.27	0	0.00	40	20.83
Past Present	9	9.09	0	0.00	0	0.00	9	4.69
<b>Orientation to Collectiveness</b>								
Individualism	35	35.35	10	18.18	9	23.68	54	28.13
Collectivism	64	64.65	45	81.82	29	76.32	138	71.88
<b>Sex Difference</b>								
M > W	25	25.25	5	9.09	29	76.32	59	30.73
M = W	74	74.75	50	90.91	9	23.68	133	69.27
<b>Power Distance</b>								
High	11	11.11	8	14.55	32	84.21	51	26.56
Moderate	88	88.89	47	85.45	5	13.16	140	72.92
Low	0	0	0	0.00	1	2.63	1	0.52

Source: Primary Data

Table 6.6 shows the employee work behavior from their cultural prospective. The experiences and observations of the enterprise respondents are mentioned hereunder:

Various cultural variables like external and internal locus of control, risk avoidance, time orientation, and orientation of collectiveness, sex difference and power distance were used for understanding employee behaviour.

As regards external locus of control in general and industry category wise, a greater majority (88.54%) of them perceived that their employees were having high external locus of control followed by 11.46 percent of them moderate external locus of control. Regarding internal locus of control both in general and industry wise analysis reveals that a majority of them expressed that their employees internal locus of control were moderate (63.54%) followed by (36.46%) of them found it was low. On the whole, it is observed that majority of the employees external locus of control was high.

As regards risk avoidance of employees, both in general and industry segment wise analysis reveals that risk avoidance was high (72.92%) in majority of the cases and moderate (27.08%) in few cases. As a whole majority of them expressed that their employees were not taking more risk. Regarding time orientation, it is understood that more than one third (36.98%) of the enterprise respondents expressed that their employees were past oriented while 30.73 percent were present orientated, 20.83 percent were future oriented and 4.69 percent were past and present oriented.

Though manufacturing and service segment respondents had similar opinion in this regard, in case of Agro & Allied segment respondents, it is found that their employees were past oriented (52.63%) and 39.47 percent were present oriented.

As a whole, it is learnt that the employees of various enterprise units were past, present and future oriented in their thoughts and actions.

As regards orientation of collectiveness, both in general and category wise analysis reflect that employees of various enterprise units were believing in following the spirit

of collectiveness (71.88%) and individualism (28.13%). As a whole, majority of the employees were showing collectivist outlook. Relating to the employees' outlook towards gender equality 69.27 percent of the respondents expressed that their employees believed in gender equality followed by 30.73 percent gender in equality i.e. man is superior to woman.

Enterprise respondents belonging to the Agro & allied segment felt that their employees believed that men were superior to women. Whereas greater majority (69.27%) of the service segments felt that their employees believed in gender equality. Regarding power distance, less than two third (72.92%) of the respondents expressed that their employees were neither too much free with the management nor too rigid. Whereas 26.8 percent shared that their employees kept away from the management in all respects. Only one of the respondents said that their employees were generally close to the management in decision making process. In case of Agro & allied segment respondents viewed that the power distance of the employees was very high compared to other segments' opinions. As a whole it is understood that power distance is neither high nor low but moderate.

Table 6.7 discusses the compensation package that is offered to various categories of employees like managers, supervisors, skilled workers and unskilled workers. Besides, methods used for fixation of compensation for employees are also explained.

As far as managers salaries are concerned, a greater majority (93.75%) of respondents did not mention the amount of salaries that was paid to their managers. In case of six number of enterprises above Rs.3000 was paid followed by Rs. 2000 to Rs. 3000 (1.04%), Rs.1000 to Rs 2000 (1.56%) and below Rs. 500 (0.52%) per month.

As a whole, majority of organizational respondents did not express the amount of salaries that were paid to their managers.

Table 6.7 Employees - Range of Compensation Packages

Compensation per Month	<b>Organisational Respondent - Industry Wise</b>							
	<b>Manufacturing</b>		<b>Servicing</b>		<b>Agro &amp; Allied</b>		<b>Total</b>	
	No.	%	No.	%	No.	%	No.	%
<b>A. Categorywise</b>								
<b>Manager</b>								
Below 500	1	1.01	0	0.00	0	0.00	1	0.52
1000-2000	0	0.00	0	0.00	3	7.89	3	1.56
2000-3000	1	1.01	1	1.82	0	0.00	2	1.04
3000 & Above	0	0.00	5	9.09	1	2.63	6	3.13
No Response	97	97.98	49	89.09	34	89.47	180	93.75
<b>Supervisor</b>								
500-1000	3	3.03	0	0.00	0	0.00	3	1.56
1000-2000	10	10.10	5	9.09	2	5.26	17	8.85
2000-3000	8	8.08	3	5.45	2	5.26	13	6.77
3000 & Above	0	0.00	1	1.82	1	2.63	2	1.04
No Response	78	78.79	46	83.64	33	86.84	157	81.77
<b>Skilled Workers</b>								
Below 500	12	12.12	13	23.64	3	7.89	28	14.58
500-1000	31	31.31	8	14.55	14	36.84	53	27.60
1000-2000	28	28.28	13	23.64	12	31.58	53	27.60
2000-3000	8	8.08	7	12.73	2	5.26	17	8.85
3000 & Above	4	4.04	4	7.27	1	2.63	9	4.69
Contractual	7	7.07	3	5.45	2	5.26	12	6.25
No Response	9	9.09	7	12.73	4	10.53	20	10.42
<b>Unskilled Workers</b>								
Below 500	20	20.20	6	10.91	7	18.42	33	17.19
500-1000	15	15.15	9	16.36	6	15.79	30	15.63
1000-2000	15	15.15	4	7.27	1	2.63	20	10.42
2000 & above	1	1.01	2	3.64	1	2.63	4	2.08
Contractual	18	18.18	10	18.18	4	10.53	32	16.67
No Response	30	30.30	24	43.64	19	50.00	73	38.02
<b>B. Methods used for fixation of compensation</b>								
Affordable	24	24.24	5	9.09	4	10.53	33	17.19
Skill Base	17	17.17	40	72.73	30	78.95	87	45.31
No Response	5	5.05	10	18.18	4	10.53	19	9.90

Source: Primary Data

Regarding remuneration to supervisor, a majority (81.77%) of the respondents did not give details about the salaries. 8.85 percent of them were paying Rs 1000 to Rs 2000 followed by 6.77 percent paying Rs. 2000 to Rs. 3000, 1.56 percent paying Rs

500 to Rs. 1000 and 1.04 percent above Rs 3000 per month. As a whole, many of the respondents did not give remuneration details of their supervisors.

Regarding payment to skilled workers 27.60 percent of each number of respondents were paying Rs-500 to Rs-1000 and Rs, 1000 to Rs. 2000 respectively. 14.58 percent were paying below Rs 500 followed by 8.85 percent paying Rs-2000 to Rs-3000 and 4.69 percent above Rs-3000 per month. It is noticed that 6.25 percent of them were employing contractual skilled workers' who were paid piece rate remuneration. 10.42 percent did not give any information regarding salaries of skilled workers.

As regards to the salary of unskilled worker 17.19 percent of the respondents were paying below Rs 500 followed by 15.63 percent paying Rs 500 to Rs 1000, 10.42 percent offering Rs 1000 to Rs 2000, and 2.08 percent paying Rs.2000. 16.67 percent informed that they were engaging contractual labours as and when it was necessary and paid them remuneration as per to the situation. 38.02 percent said that they were engaging some of the relatives and family members and payment was highly inconsistent. More or less industry segment wise analysis reveals the similar trends with moderate variation. As a whole, many of the enterprise respondents were paying below Rs 2000 per month.

As regards to methods used for fixation of salaries for various categories of employees are concerned, 45.31 percent expressed that employees' salaries were based on their skill. 17.19 percent said that their employees were paid as per the affordability of the organization. 9.90 percent did not mention the methods they used in this regard.

As a whole, most of the respondents were using the same methods in fixation of the salaries for their employees.



The table 6.9 explains various problems and measures initiated to overcome the problems. The problems that were expressed by the respondents from their employees were absenteeism during the work period (32.29%) and frequent turnover (27.60%), laziness for work (26.55%) while 13.54 percent of the respondents did not mention any problems. Even industry wise analysis reveals more or less similar trends with regards to different problems.

Many of the brick, furniture units, engineering and fabrication of entrepreneur respondents reported that employees of the units were not regular in their duty. Besides, a few workers used to shift from one unit to another. Few entrepreneur respondents said that because of the climatic & geographical condition and traditional culture of a particular community, the workers were lazy in their work. As a whole, all the enterprise respondents were facing more or less problems from their employees.

Regarding measures initiated to overcome the problems, 51.04 percent of them were giving their employees training program followed by 22.92 percent through empowerment, 14.58 percent were giving training and empowering their employees. Even in case of industry wise analysis it reveals similar trends except in case of service segment where the H.R.D was focusing on training program.

It is noticed that few enterprise respondents said that their employees were expert regarding managing enterprise in absence of their managers. Training was given by seniors to juniors.

As a whole, a simple majority of the respondents were trained by their own units.

Regarding human resource development, 65.10 percent of them were developing their employees through enterprises followed by 14.58 percent through self

development and housing while only 8.33 percent were providing housing to their employees.

Industry wise analysis shows similar trends except in case of the manufacturing units, where a simple majorities 71.72 percent were paying to employee for self-development. It is observed that except few enterprises, all were paying extra money for self development. Few enterprises like engineering, brick, printing press, biscuit and bakery were providing housing facilities to their employees. As a whole, many of them were focusing either of the facilities of human resource development.

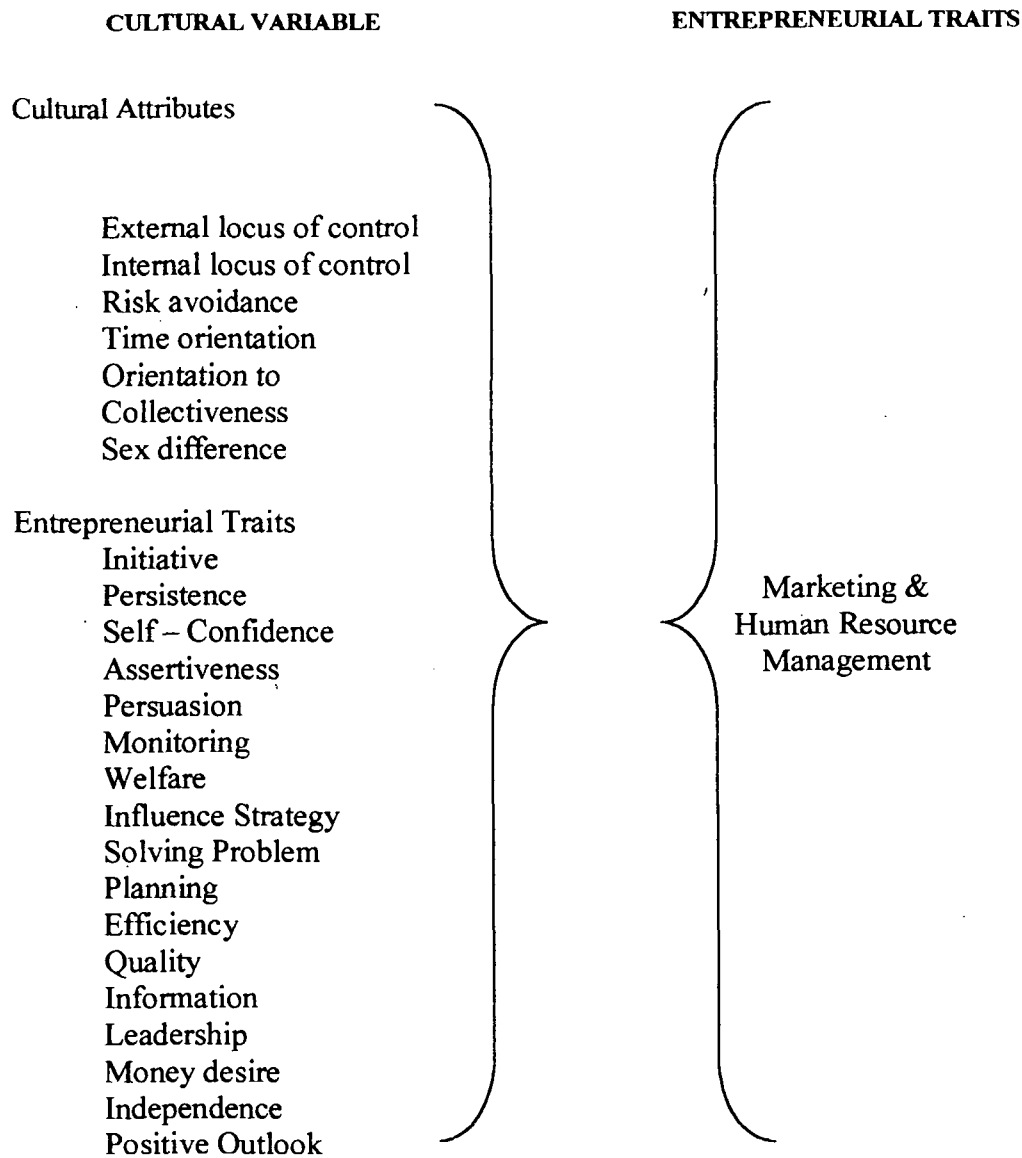
Regarding financial incentives for human resource development, 39.58 percent of them were paying additional payment as an incentive followed by 25.52 percent of them provide bonus. One third (43.90%) of them did not provide any financial incentive for human resource development. Industry wise analysis shows similar trend with insignificant difference.

It is learnt that many of the enterprise respondents provided bonus to the worker (bricks, biscuits, printing press in terms of money or kinds like cloth, rice), etc.

As a whole, except few, all were providing financial incentives either additional payment or bonus.



### Interface between societal culture and marketing and human resource:



It is revealed that most of the entrepreneurs in the district were first generation entrepreneurs. As first generation entrepreneurs they do not know how to sell and where to sell their products. So, it is observed that most of the entrepreneurs were lagging behind in marketing front due to their incompetent nature. It is noticed that most of them had dearth of time and lack of expertise in the marketing field because most of them devote their energy within the factory and consider themselves as an

artisan or producer only instead of seller. As a businessman, he/she is not only being responsible for production and finance but also for marketing strategy. He cannot transfer marketing responsibility to some one.. But few entrepreneurs such as biscuit, furniture, repairing units were very much competent about market research and promoting their products in market very sincerely. One manufacturing unit states that he has frequent visit to different market in the country for inquiring about biscuit quality and taste of the customers.

### **SWOT ANALYSIS:**

The following are the strengths, weaknesses, opportunities and threats identified based on the analysis of data presented in the preceding chapters.

#### **District Profile: -**

*Strengths:* existence of large number of tea gardens, huge labour force, more agricultural land and natural tourism places, well Connected by national highway..

*Weaknesses:* Lack of natural resources like mineral and forest, more dependency on agriculture, non existence of medium and big industry for development of ancillary units, Inadequate amount of Agricultural production, Lack of skilled worker, poor communication system in rural areas.

*Opportunities:* More number of job seekers can be utilised in industrial activities, bulk labour forces, scope for tourism, fishery, piggery, poultry and dairy units, financial institutions may be capitalization for further development of SSEs.

*Threats:* Non existence of medium and large industries may create unemployment problems and as a result insurgency may be increased in the district.

#### **Industrial Policy:**

*Strength:* Special incentive package created for development of industrially backward state like Assam for encouraging SSEs .

*Weaknesses:* Wide gaps between objectives and achievement due to bureaucracy attitude, lack of tailor made policy in the state, greater emphasis on industrialization in to urban areas rather in rural areas due to withdrawal locational criteria and declining protection.

*Opportunities:* Wide institutional network support systems, market driven policy.

*Threats:* liberal policy for entry of foreign companies in SSE sector and increased equity participation by big industries with SSEs may encourage monopoly over SSEs.

#### **Entrepreneurial Behaviour:**

*Strengths:* Moderate entrepreneurial traits such as: Self-confidence, persuasion, strategy, efficiency, information, money desire, moderate power distance.

*Weaknesses:* Most of them were having : lack of initiative for business, limited exposure to training programs, entrepreneurs in the district present oriented nature, collectivist outlook, lack of requisite amount of business knowledge, less risk bearing capacity, high dependency on government schemes. poor entrepreneurial traits such as assertiveness, monitoring, welfare, problem solving, planning, quality, positive outlook and others.

*Opportunities:* spirit of gender equalities, more unemployed youth may be absorbed in industrial activities as an entrepreneur and workers.

*Threats:* Entrepreneurs from outside the state may be replacing indigenous entrepreneurs; immigration may increase due to less competition from indigenous entrepreneurs.

**Production Management:**

*Strengths:* Availability of adequate amount of specific raw-materials, sustainability of indigenous methods and technology, Cheap labour forces.

*Weaknesses:* High cost of production, lack of skilled worker, outdated technology, poor selection of business location, high price of raw-materials brought from outside the state, lack of managerial skill.

*Opportunities:* Increased demand of local products, scope for increased technological knowledge.

*Threats:* Shortage of electricity power, shortage of specific raw-materials, decreased demand of local products due to inferior quality.

**Financial Management:**

*Strengths:* Reduction of taxes and subsidy for industrially backward state, good number of financial institutions, low investment oriented units, availability of adequate amount of finance at very low interest rate.

*Weaknesses:* Lack of financial expertise, Improper accounting, development on non performing assets, tendency to become rich within short period, poor business

background, high security, margin money and documentation insisted by financial institutions.

*Opportunities:* Good number of financial institutions, low rate of interest rate.

**Marketing Management:**

*Strengths:* Good demand in local and global markets, personal selling as effective tools for convincing customers.

*Weaknesses:* Lack of adequate promotional measures, lack of customer orientation, high credit system, lack of marketing skills, Inferior quality.

*Opportunities:* Emergence of global markets, potential demand from various segment, scope for use of new designs.

*Threats:* Import of products from other state may reduce demand of indigenous products, .

**Human Resource Management:**

*Strengths:* Availability of cheap labour force.

*Weaknesses:* lack of skilled labour, unsatisfactory compensation package, migratory nature of labour force, laziness, high rate of absenteeism, and turnover.

*Opportunities:* Cheap labour force can be utilised for of industrial activities.

*Threats:* Immigration may replace the local labour force.

## ***CHAPTER - 7***

### ***FINDINGS AND SUGGESTIONS***

The Small scale enterprise sector plays an important role in the industrially developing country like India. The special significance of the sector is that it provides employment to a large number of people and helps in inducing the entrepreneurial base in the country. Besides, SSE sector has been become as an important instrument for development of backward regions. In considering the above significance role of the SSE sector, both the central and state government have taken keen interest in its growth with the number of policy measures for the promotion of SSEs. In this last chapter of the thesis, the major findings flouring from the study are recapitulated in consonance with the objectives of the study. Suggestions are also made how to improve the management of SSEs in Sonitpur district of Assam, in particular, and in the backward areas of country, in general. The summery and suggestions are presented under broad heads as follows:

**Study area profile:** The Sonitpur district of Assam is chracterised by agrian economy. Approximately, eighty percent of the population depends on agriculture. It is revealed that the district has inadequate natural resources and man made assets for industrilisation. It is also relies more on outside sources for resources like raw-materials, skilled labours, etc for management of SSEs. Besides, there is lack of big industry in the district except few tea gardens. Another aspect is also observed that the district is chracterised by subsistence occupational pattern and restricted consumption norms. Hence, neither the local supply of resources nor any demand forces operate effectively to take risk to promote industrialisation. Hence, entrepreneurial activities are very less in the regions.



The government of India re-categorised the backward areas of the country in 1983. According to level of development the graded scale of incentives, Sonitpur district of Assam is categorized as "A" category backward district and eligible for central investment subsidy schemes.

Another aspect is noticed that there are lacks of infrastructure facilities like communication and credit. It is observed that the quantum of per capita bank credit was far too short of requirement to accelerate the growth of SSEs. The per capita bank credit of Rs. 9645 and deposit of Rs.34763 were evidence of the fact. From the field survey, it has been observed that the industrial estate, area and growth centre are located mostly in the area where communication is a big problem and those institutions are far from commercial activities which reduce their utility for the purpose it was established.

There is ample scope for the development of agricultural, horticulture, and sericulture based SSEs in the district. But due to insufficient amount of production of these raw-materials, the development of small scale enterprises are not developed as per requirement of the district. Besides, it is also noticed that there is tremendous scope for development of fishery, livestock, and tourism industries but this type of industry is still not developed although it has great scope to be developed into a full-fledged and vibrant income generating activity.

As regards the development of SSE in Sonitpur district, the number of units indicated poor performance in terms of growth rate of 5.35 percent as compared to 6.25 percent of Assam as a whole.

**Industrial policy:** Industrial policy since Independence aimed at developing SSEs along with large industries in a parallel manner. The policies were well conceived

documents but the major problems were in its implementation which resulted in slow growth of SSEs than expectation. The central government industrial policy since independence aimed at protection and offering incentives to SSEs up to 1990. From 1991, the industrial policy shifted its focus from protection to competition, technological improvement and de-regulation. Although the earlier policy statements since 1948 laid stress on the importance of cottage and small industries, the industrial policy 1956 emphasized role of government towards SSEs, the 1977 policy statement introduced the concept of DIC (district industries centers) for providing support of small industry in one roof. The policy statement from 1977 to 1990 stresses more in raising investment ceiling and reservation for small sector. In the recent days, industrial policy aimed at ensuring adequate credit flow, development of infrastructure, increasing competition for quality improvement by the de-reservation and technology upgradation.

Through the industrial policy 1991, government has taken two strategies for development of small scale enterprises. First, it is aimed at increasing competition and quality improvement by de-reservation and second, it ensures credit flow through different schemes such as national equity fund scheme for removing credit bottlenecks, single window credit scheme for procedural simplification for procuring credit, credit insurance scheme for security of re-payment, credit guarantee scheme for collateral security and PMRY scheme specially for micro enterprises, etc. for promotion of SSE development. These measures reflected in increased credit flow to the SSEs which increased from Rs.40, 041 crores in 1998 to Rs.60, 139 crores to 2001, offered by financial institutions. But the total credit flow for SSE development from financial institutions has decreased from 17.3 percent in 1998 to 14.0 percent in 2001. In spite of various initiatives, it is noticed that SSE management was lagging

far behind when compared with the countries like Japan and Taiwan in terms of number of units, output and employment generation. The credit flow reflected at national level increasing trend of number of SSE units from 20.82 lakhs in 1991-92 to 34.46 lakhs in 2001-02 i.e, an increased of about 40 percent . The impact of credit flow also touched the total production value of these units which rose from Rs.178, 699 crores in 1991-92 to Rs.690,522 crores i.e, 62.60 percent increase during 2001-02 and exports increased from Rs. 13,833 crores 'to 53,975 crores (74.30) during 1991-92 to 1999-02 but the trend of increase was relatively slow from 1995-96 onward in case of growth of units and exports mainly due to competition ushered by the industrial policy, 1991.

The state industrial policy did not have exclusive tailor made SSE policies. The first industrial policy of Assam emphasised diversification of industries in backward areas, special stress on utilisation of local resources based on local demand. Besides, it created DIC centers and udyog sahayak. The industrial policy 1991 primarily highlighted the development of khadi and village industries with facilities like infrastructure and vigorous awareness programs. The 1997 policy aimed at use of local materials and creation of employment, encouraging women entrepreneurs and revival of sick units. The policy has given priorities to the infrastructure development, land conservation, power, finance and strengthening of DICs.

As regards the growth of SSEs in North-East India, Assam has contributed highest number of units, followed by Manipur. In case of Assam, the various parameters of industrial development show increasing trend with some exceptions. The district level analysis reveals the highest number of units in Kamrup district, followed by Dibrugarh district. It is noticed that the policies are beautiful documentation of

idealism rather than pragmatism and resulted wide gaps between the objectives and achievements in each industrial policy to promote industrialisation.

**Entrepreneurs Profile and their behaviour:-**

Profile of the respondents: Like else where in india, the entrepreneurs profile of the district is chracterstic by features like young (73%), belonging to general category of population (64%), males (80%), greater number married, moderatly educated, unemployed (65%), agricultural background and local natives.

The study used x2 test to draw majore conclusions on socio-economic background of the entrepreneurs and type of enterprise. The analysis revealed that between each of ; social status, family background, technique of production and production process. There is association or, in other words, it can be said that type of unit is not influence by above socio-economic chracterstic. In case of production process, there is association or, in other words, it can be inferred that selection of production process is influence by type of unit.

**Entrepreneurial behaviour:** The major driving forces of entrepreneur respondents for starting enterprises were encouragement in the form of financial support, psychological and moral support from families and potential demand for products in the market. Regarding entrepreneurial competency of the respondents in general, it was found very moderate in case of initiative, persistence, self-confidence, persuasion, strategy, efficiency, information, leadership, desire for money and independence whereas, it was very low in case of assertiveness, monitoring, problém solving, quality, welfare and planning. As regards individual entrepreneur respondents' competency from holistic perspective, it is learnt that nearly one fifth of them were found to be high in competency, nearly fifty percent were moderate and

nearly thirty percent of them were found very low. It is understood that societal culture has great impact in molding entrepreneurial traits for variation among their performance. This is owing to the fact that majority of the respondents believed in external locus of control and a few believed in internal locus of control. The culture of Assamese society did not encourage risk taking capacity hence; majority of them avoided risk which could be attributed to collectivism nature rooted in the society. Most of their behavior was not conditioned by future orientation. So, they wanted easy income and refuse to take hard work i.e, a road map to success. Most of them were more involved with family affairs than running their business. The status of the business man in the society was considered very low in comparison with prestigious jobs. Dependable workforce was playing a key role either for success or failure of entrepreneurs. Lack of knowledge and risk bearing capacity was the major weaknesses of the respondents. Increased demand and availability of raw-materials were considered as opportunities for development of existing enterprises. Most of the respondents perceived competition as threat for them. They were taking measures for improving quality of the products and services. The measures were not adequate and need to be improved.

#### **Small enterprise performance:**

**Enterprise Profile :-** The majority (56.77 %) of the enterprises started business operation during 1991-99 while 32.29 percent started during the period 1981-90. Nearly seventy one percent of them established their units in rural areas and 28.13 percent were located in urban areas. The ownership pattern of enterprise is highly skewed in favour of sole proprietorship (96%) whereas a insignificant (3.13 %) of them were of partnership and the rest were found as private company Ltd and co-

operative. Another aspects is noted that around three fourth of them were using semi-automatic technology, whereas (3.96 %) were using labour intensive technology.

**Production Management:-** As regards plant capacity utilisation, except two respondents all others had utilised their plant capacity below 75 percent. The reasons for under-utilisation were low demand for finished goods, erratic supply of power, non-availability of requisite expertise, inferior machine which were seldom up-gradated. Regarding the quality of the products, majority of the respondents preferred to setting up their own standard besides giving importance to customer preferences. The knowledge of quality was negligibles among most of them. Majority of the respondents were using locally available raw-materials and very few entrepreneurs were procuring these materials from outside the state. The raw-materials in huge quantity were sent outside the states resulting in scarcity of the same at home state. Lack of adequate finance, poor raw-materials, low quality, bad design were identified as the problems of production. To overcome these problems in production management, the entrepreneurs were preferred to meet the buyers personally. Loans from banks were preferred for overcoming lack of finance. Quality improvement and packaging were rarely introduced by the entrepreneurs and it is evident that only one unit was using imported machine from Germany. Most of them were set-up their business unit nearness to their residence due to less migratory chracter and present oriented cultural millieu.

**Financial Management:-** Majority of the respondents invested their capital in plant & machinery which was high in lower investment slab because of that entrepreneurs

on his own fund will not be position to offer sufficient security to get a loan from the bank. Another aspect was that majority invested very low in working capital compared to plant and machinery. Low working capital not only affected their profitability but also raised habits for further credit which added more debt for the units. Majority of the units procured funds from financial institution and indigenous bank. But, the share of latter in total borrowing was quite high. The reason being the latter involves relatively less formalities, though the rate of interest charged is much higher than that of the former. United Commercial Bank, State Bank of India, Pragjyoti Gaonlia Bank were dominant players in granting credit to the SSEs in the district. Majority of the borrowers faced the problems like delay, excessive documentation, bribe, security, margin money and so on. Pertaining to problem of managing financial resources, majority of them were lacking professional expertise, incurring expenditure lavishly without proper budgeting and not maintaining proper accounts may be the possible reasons for the problem of finance. Submitting improper financial statement to the financial institutions for getting credit was found to be a common practice followed by most of the units under the study.

The study also **used co-efficient of correlation (r)** to know the degree of relationship between profit and capacity utilisation, working capital, and age of the enterprise. It is found that profit can play a positive role in case of capacity utilisation, investment in working capital, enhance age of the enterprise. In case of relationship between plant and machinery and working capital, it is found that increase in investment on plant and machinery will lead more investment in working capital.

**Marketing Management:-** Majority of the respondents sold their products within the state. It is surprising to note that two units supplied their products to foreign market. Though number is poor but it has some significance to encourage entrepreneurs of this regions. Majority were identifying customers' needs and preferences through personal experience which failed to identify the actual needs of customers. Majority of the respondents were fixing their product price on cost plus and a few on skimming pricing. There were great differences between product pricing of SSEs and big industries. Communication, unskilled labour, shortage of fund seem to be the reasons for high cost of production in case of SSEs. As regards product promotion, majority were following the methods of personal selling and majority of them sold their products directly. A significant portion was also selling to wholesale and large industries. The pricing change has been done mostly by the intermediaries. Inadequate promotion, low demand and lack of marketing expertise were the major marketing problems of SSEs.

**Human Resource mangement :-** Like elsewhereelse, most of the SSEs were family run business where the owner played multiple roles as manager, supervisor and employee. Most of the people working in these organisations were family members only. This was found particularly advantageous in terms of cost reduction and reliability. However, this seemed to be a stumbling block in introducing innovation and diversification in SSEs. Due to the small nature of the enterprise in all respects, the compensation package of the employees engaged was low among worker to supervisor level. This resulted in high absenteeism and high turnover among workers of the enterprises. The Employee performance appraisal was done generally by the top boss, i.e, the entrepreneur based on their personal relationship.



Training and development and empowerment were quite negligible in practice. The incentives and other facilities extended to motivate employees were based on personal relationship between the employee and the owner.

**Suggestion :**

**A. Rationalisation of industrial policy of SSEs:**

- The declining protection under new policy led to positive effect in case of growth in industrially advanced state and negative effect in industrially backward states. The government policy should give selective protection in backward district like Sonitpur as an industrially backward region in case of micro level marketing strategies. If the tea packaging is taken as an instance, a quota for the market of package tea for Sonitpur district will definitely boost such SSEs in the district. The raw material for this is easily available in the district.
- The government needs to focus more on setting up of Agro- based industries using the resources based on primary sector (agriculture) at Sonitpur district and big industries to support ancillary SSE units which will, in turn, boost SSEs in this backward district.
- The government should simplify the official formalities through organising training programmes where the procedure of motivational training, selection and loan disbursement should be completed under a single roof.
- The subsidising policy of the government needs to be rationalised on the basis of some criteria like project viability, entrepreneurs' experience and capacity instead of getting subsidy on receiving credit.
- The industrial estates should be utilized for the true purpose it is developed instead of other activities which is a common occurrence in Assam. To quote,

the industrial estate of Dhekiajuli in Sonitpur district is presently utilized by the armed forces.

#### **B. New Entrepreneurial mind set of SSE:**

- The religious and cultural institutions like the “Namghar” can be used to increase entrepreneurship awareness conducting motivational and training programmes. Major festivals such as Bihus, Tithis, etc, can be used as good platforms to develop the cognition of local entrepreneurs based on cultural ethos and values.
- The partnership business and self help groups should be emphasised due to its employment capacity. On the other hand, financial institution will get more security regarding repayment of loan
- A trained psychologist in every motivational program can be used to increase the confidence of local entrepreneurs.
- The strengths and weaknesses need to be identified from time to time by forming an association. It can be done by periodic review by similar SSEs among themselves.
- EDP need to be re-oriented based on successful entrepreneurs from inside and outside the state for development of self- confidence.
- Entrepreneurs should use competition as a booster for improvement instead considering it as a threat for quality improvement.

#### **C. Measures to improvement of SSEs performance:**

##### *Production Management:*

- The enterprise should be set up based on locally available raw-materials.

- The Government can open collective depot for locally available raw-materials for supplying the same to the local entrepreneurs at affordable prices.
- Another notable setback in SSE development in Sonitpur district is the lack of co-ordination among its different development agencies of SSEs. For instance, the ASEB does not have any record for future demand of electricity for potential SSEs in the district. If the DICs and the ASEB have co-ordination, such problems can be overcome. The government should have policies to achieve similar co-ordination and cooperation among different agencies. The agencies can have joint meetings with their representatives atleast every six month to discuss the problems of SSEs in the district.

#### *Financial Management:-*

- The financial agencies need to ensure adequate credit flow for both plant and machinery and working capital and the credit should be disbursed in one installment. The monitoring mechanisms of the financial agencies need to be strengthened for assessing credit utilization.
- To guide SSEs, a special cell should be made available in all the financial agencies which entrepreneur can be approach at any time to discuss their financial problems.
- The partnership business and self help groups should be emphasised due to its employment capacity. On the other hand, financial institution will get more security regarding repayment of loan
- Regarding securities, (margin money, documentation), banks should be flexible in case of potential entrepreneurs and they should be educated about

the concept of securities. In the same way, entrepreneurs should also be educated about the different financial schemes of the banks.

*Marketing Management:*

- The micro enterprises are not sound to go for big promotional strategies. Joint venture promotional strategy is effective for local SSEs of similar product.
- The preferential purchase scheme of the governments for boosting SSEs needs to active role.
- To enhance the viability of SSEs, the industrial growth centers can be built in urban areas and it will boost the SSEs in several ways such as it will market their products, it will increase the publicity of the products and reduce the un-viable marketing channel.
- Association of related SSEs for pricing of finished products will reduce competition. It will remove the middle men which decrease the price of the product.

*Human resource Management:*

- The family run businesses with a traditional background are sustainable in the region and such enterprises should be identified and suitable manpower need to be trained for modernization.
- Requisite amount of involvement of all strata of employees in decision making should be encouraged to enhance the attachment of employees to the organisation.
- The compensation and incentive package should be planned by unit before hand and it should also be a policy matter for an organisation. It will reduce

migratory character of workers and enhance attachment of the employees and increase productivity.

- The government can enact legislation of compulsory training programs for all levels of workers working in SSEs for renewal of license.

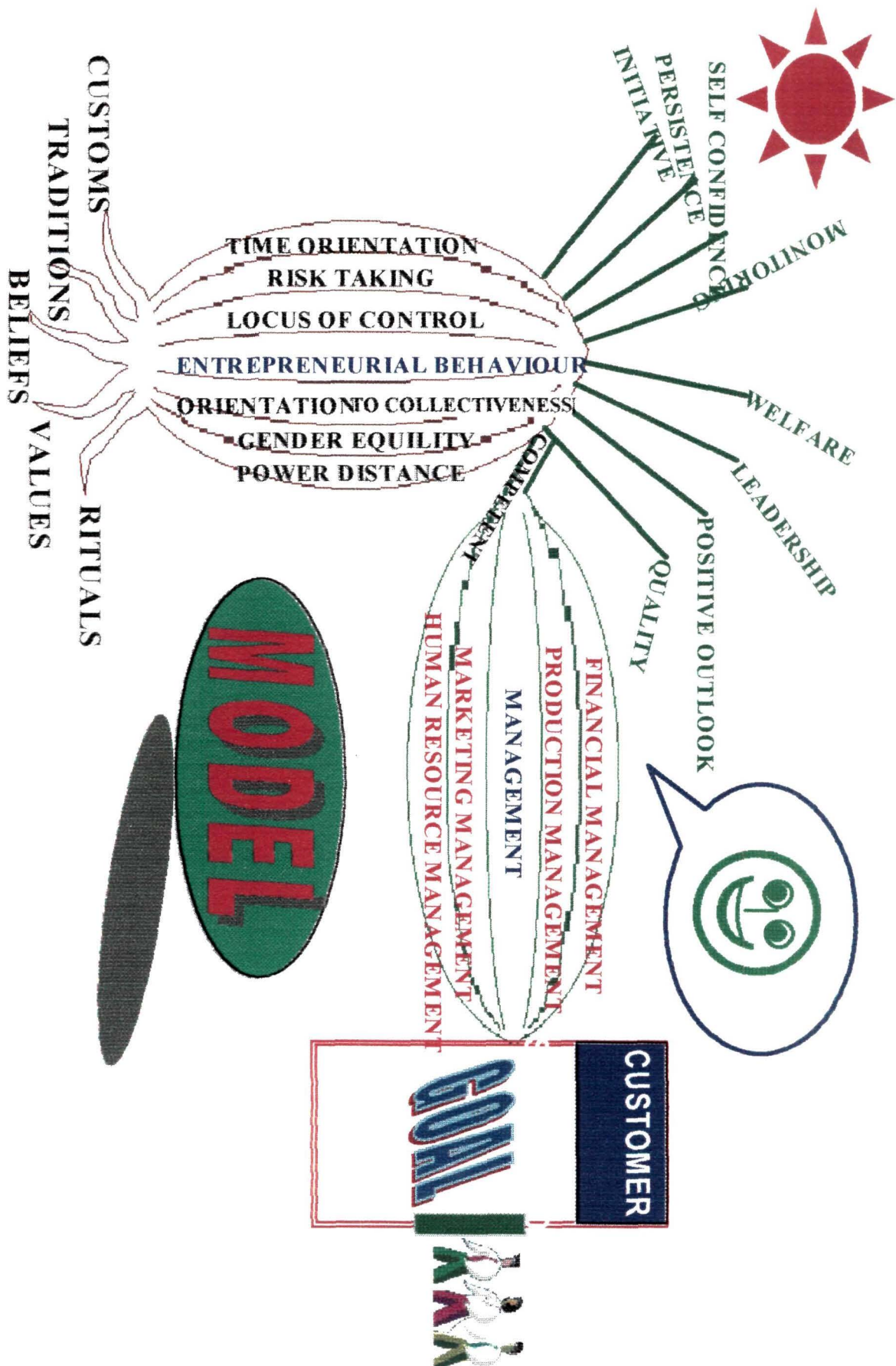
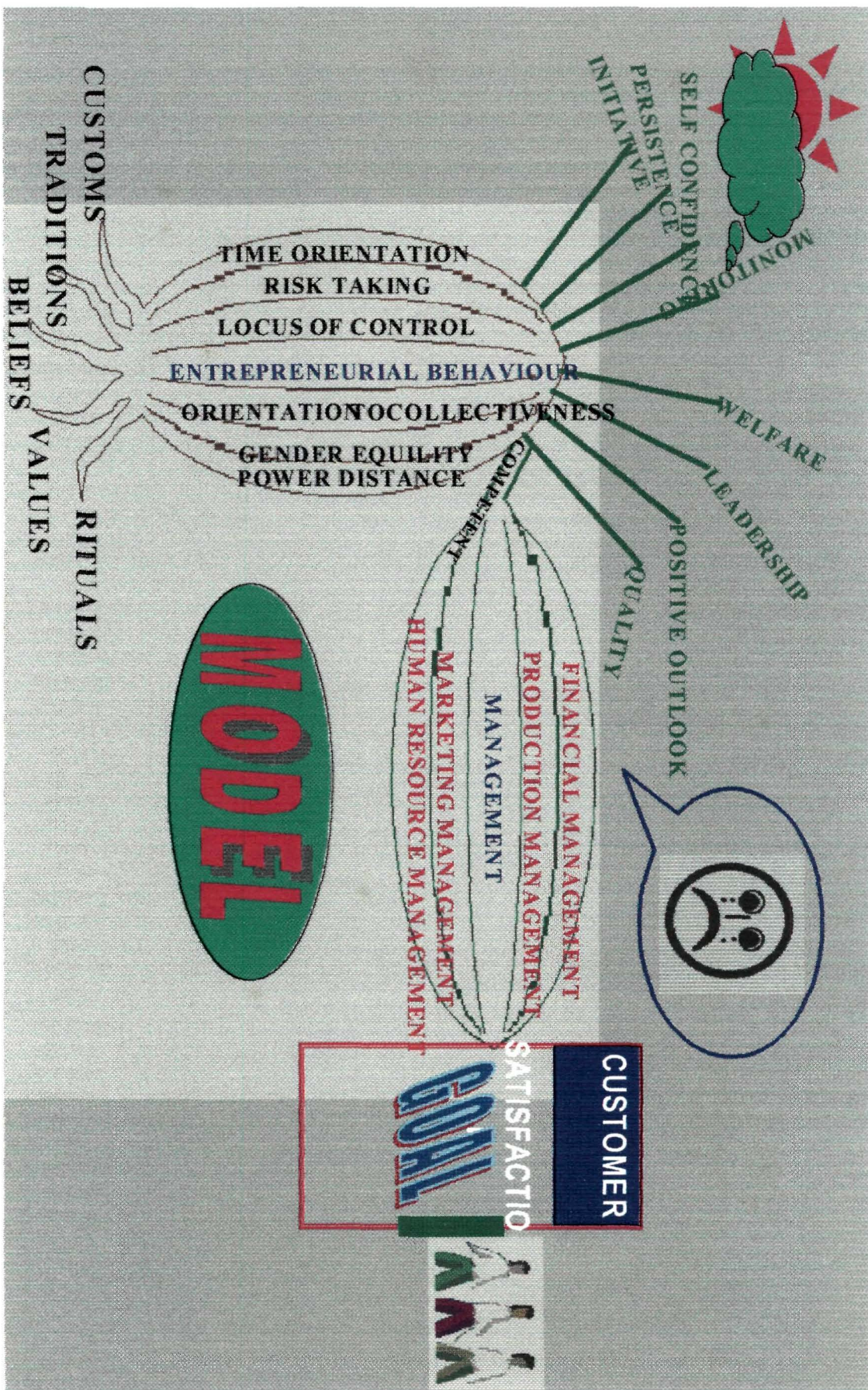


Figure-7.1A Model on Management of Cultural Driven Enterprise Process



Figure – 7.2 A Model on Management of Cultural Driven Enterprise Process



### **Explanation of Model :**

Models one and two highlight the relationship among cultural elements and attributes, entrepreneurial traits, organisational functional performance processes and customer satisfaction. As explained in the chapter four, five and six, societal cultural elements like customs, traditions, beliefs, values and rituals etc, plays a significant role in the process of entrepreneurs cognitive development towards cultural attributes like locus of control, risk taking capacity, time orientation, individualism, collectivism, gender equality and power distance, etc. The entrepreneurial attitude influenced by the cultural attributes moulds the level and strength of entrepreneurial traits. Ultimately, the nature and degree of entrepreneurial traits that influence the organisational functional performance like production, finance, marketing and human resources management. The customers' satisfaction and loyalty is greatly influenced by the orientation of enterprise management processes. The relationship that is explained above among various variables is prevalent among the entrepreneur respondents studied for the purpose. Based on the observations and findings of the study, it is understood that entrepreneurs who are oriented based on the positive relationship explained above by various institutions timely, they are able to win the hearts of customers by way of developing customers' satisfaction and loyalty towards their respective enterprises. In model one, it is explains that entrepreneurs who are oriented as explained above are able to increase and sustain the level of customers'



satisfaction and loyalty whereas model two explained entrepreneurs who are not re-oriented as explained above could not attract good number of potential customers. In model one, sun symbol reflects the timely orientation and action and the other symbol reflects the behaviour of entrepreneurs. In model one the timely orientation and action prompts entrepreneurs to be more customers oriented whereas model two where sun is clouded and entrepreneurs became very unhappy by losing customers and profit.

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**MANAGEMENT SMALL ENTERPRISES**  
**A CASE STUDY IN SONITPUR DISTRICT OF ASSAM.**

**Personal Interview Schedule**

**Organization Profile:**

1. Name of the Enterprise and address :
2. Year of Establishment :
3. Area of unit situated : Urban / Semi-urban / Rural.
4. Status of organization : Proprietorship/ Partnership/ Joint family /  
Co-operative / Other.
5. Natural Business activity : Manufacturing / Services / Agriculture/ Others.
6. Type of production Processing : Automatic / Semi – Auto / Manual.
7. Total Capital investment
  - a) Plant & Machinery :
  - b) Working Capital :
  - c) Any other :

**Production Management – Its Practices:**

1. a) Plant production capacity : Per day / Month / Annual (Rs.):
  - b) Capacity Utilisation in Percentage : Up to 25 / 25-50 / 50-75 / 75 -100
2. If capacity is under utilised, reason for it : Low Demand/ Lack Raw Materials/  
Finance/ Power failure/ Lack of skill  
Worker / Any other.
3. Type of technology used and its advertisement : Updated/ out dated.
4. Techniques and Methods used for maintaining  
Quality standard the out put : Own standard/ As per customer  
requirement/BIS/Agmark/others.
5. Problems involved in production process : Raw material/finance/market/skilled  
Labour/ machinery/ transport/  
management / technology/ any other.
6. Measures initiated for solving the problems :
7. a) Type of Raw materials required :
  - b) Sources of Raw materials : Local / Other state/ Abroad.

- c) Availability of Raw materials : Adequate/ Inadequate / highly Adequate.
- d) Facilitating agencies for procurement of Raw materials : DI/ASIDC/DIC/Any other.
- e) In case of raw material is supplied by agency Quality of product and service : Excellent/ Good/ Satisfactory/Inferior
- f) In case, if agencies have not supplied Raw - material give reasons. :

**Financial management: Its practices:**

- 1 (a) Plant capital outlay : Initial / second / Third  
Year  
Amount in Rs.
- (b) Sources of finance : Amount (in Rs.)  
Bank :  
Personal:  
Friends and relative:  
Any other:
- ( c) Type of agency :
2. Problems faced in getting loan and incentives:  
Government : Delay/documentation/Bribe/collateral security; margin money/ any other  
Personal : High Interest rate/ Short repayment/ Any others.
3. Enterprise profit or loss for the last five years: 1995-96. 96-97, 97-98, 98-99, 99-2000  
Profit :  
Loss :
4. (a) Repayment of loan Regular / Irregular  
(b) If irregular, Reasons for Loss/ Diverting fund/ inadequate Income/ Any other.
5. Problems involved in managing financial resources: Lack of knowledge on financial management/ lack of proper accounting/ diverting fund for unproductive purpose/ any other.

6. Steps initiated for managing problems positively:

**Marketing Management- its practices:**

- 1(a) Market place : Urban / Rural  
Within State/outside State/ Abroad
- (b) Target customers : Children/ Adult/ Aged.  
Male / Female  
Poor / Middle/ Rich.
- ( c) Identification of customer changing needs : By experience/ Government sources/  
Personal research/ any other.
2. a) Methods used for fixing prices : Cost plus/ Skimming/  
any other
- b) Annual sales for the last five years :1995-96, 96-97, 97-98, 98-99, 99-2000
3. Problems involved in marketing process :
- Distribution :
- Price fixing :
- Promotion :
- Identification of customer  
Needs :
4. (a) Methods used for promoting products and  
services : Advertisements / sales promotion/  
Publicity/ Personal selling
- (b) Investment made on promotion of products  
for the last five years : 1995-96/96-97/97-98/ 98-99/99-2000
- Amount in Rs. :
5. (a) Marketing channels : Direct/ Indirect/ Both
- (b) Specify the channels :
- (c ) In case, Government agencies are involved in  
marketing the product, rate their quality of service : Excellent/ Good/ Satisfactory/  
Poor
- (d) If, Government agencies are not involved in  
marketing process, reasons for : Lack of awareness/ poor service/  
redtapism and favoritism/ any others

6. Measures initiated for solving problems :

**Human resource management: Its practices:**

1. Number of employees- Category- wise : Manager/ Supervisors/ Skilled/ Un-skilled  
Relation wise : Family member/outside rs.
- 2 (a) Nature of recruitment and selection : Formal/ Informal/ Merit/ Relation  
(b) Required number of employee existed : Surplus/ Shortage/ Adequate.
3. Cultural dimensions of employees work behaviour
  - a) Locus of control  
External : High/ Moderate/ Low  
Internal : High/ Moderate/ Low
  - b) Risk avoidance : High/ Moderate/ Low
  - c) Time orientation : Past/ Present/ Future.
  - d) Orientation to collectivist :
  - e) Orientation to sex difference : M>W, M=W, M<W
  - f) Power distance : High/ Moderate/ Low
4. What are positive and negative attributes that are observed among your employees' behaviour : Positive Negative.
- 5.(a) Measures initiated for HRD : Training programmes/ Job redesign  
Empowerment/ welfare / any other  
(b) Give details for HRD measures : Self development / Housing /  
Entertainment / any other
6. (a) Motivational techniques used : Monetary / Non -monitory / both  
(b) Give details of motivational techniques :
7. (a) Compensation package for employees : Managerial / Supervisor / Skilled /  
Category wise Un- skilled/ contractual  
(b) Methods used for wages and salaries : Demand & Supply / Affordable /  
Skill base / Any others
- 8.(a) Methods used for evaluation of employees : Self- appraisal / appraisal boss any  
Performance other  
(b) Use of feedback for employee development :

9. (a) Problems faced from employees : Individual/ group  
 (b) Measures initiated to create congenial atmosphere :

**Entrepreneur -swot analysis:**

1. (a) What forces have motivated you to initiate for  
 Pursuing this business venture : Family / friends/ govt. schemes /  
 Potential demand / any other / own  
 Interest / did not get govt. job
- (b) What are the changes you have observe  
 from your family behavior after starting  
 Your enterprise : Encouragement for further business /  
 supporting all aspect of business /  
 Help in domestic work/ Respect by  
 family / Any other ( Specify ).
- (c ) Exposure to professional training programme : Self -development / Managerial /  
 technical
- (d) Impact of such training programme : Positive / Negative

2. Please specify a few of achievements and : Achievement Failure  
 failures in personal as well as professional life

Personal :

Professional :

3. Cultural dimensions of your professional behavior:

- (a) locus of control

External : High / Moderate / Low  
 Internal : High / Moderate / Low

- |                                    |  |
|------------------------------------|--|
| (b) Risk avoidance                 | : High / Moderate / Low                  |
| (c) Time orientation               | : Past / Present / Future                |
| (d) Orientation to collectivist    | : Individualism / collectivism / Neutral |
| (c) Orientation to sex differences | : M>W , M=W , M< W                       |
| (f) Power distance                 | : High / Moderate / Low                  |

4. Entrepreneurial competencies - Impact on achievements and failures ( Mention in detail How each of the following attribute has influence on achievements and failure )

- |                               |                                      |
|-------------------------------|--------------------------------------|
| (a) Initiate                  | : High / Moderate / low / negligible |
| (b) Persistence               | : High / Moderate / low / negligible |
| (c) Self confidence           | : High / Moderate / low / negligible |
| (d) Assertiveness             | : High / Moderate / low / negligible |
| (e) Persuasion                | : High / Moderate / low / negligible |
| (f) Monitoring                | : High / Moderate / low / negligible |
| (g) Welfare                   | : High / Moderate / low / negligible |
| (h) Use of influence strategy | : High / Moderate / low / negligible |
| (i) Problem solving           | : High / Moderate / low / negligible |
| (j) Systematic Planning       | : High / Moderate / low / negligible |
| (k) Efficiency orientation    | : High / Moderate / low / negligible |
| (l) High quality of work      | : High / Moderate / low / negligible |
| (m) Information seeking       | : High / Moderate / low / negligible |
| (n) Leadership                | : High / Moderate / low / negligible |
| (o) Desire for money          | : High / Moderate / low / negligible |
| (p) Independence              | : High / Moderate / low / negligible |
| (q) Positive outlook          | : High / Moderate / low / negligible |

5. What opportunities that could be exploited which Confidence to run present enterprises are resulted out of changing business environment successfully?

- (a) To set up another enterprise
- (b) To expand existing enterprise
- (c) To get recognition

(d) Any others ( No Comments )

6. What threats that you are experiencing or

Foreseeing from various quarters:

: Competition/ Local people / insurgency  
/Natural calamities /Reduce protection  
/RawMaterial / Electricity department /  
Cheep money credit / any other.

7. What measures are initiated to exploit the  
Opportunities and converting threats into  
the opportunities

(i) Improvement of quality of the  
product  
(ii) Diversity area and business  
(iii) Information use of better  
technology  
(iv) Exporting

8. What cultural strength the playing a important  
role in a managing your Enterprise

: (a) Confidence of Employee /  
increase respect each other / co-  
operation / inspiration for hare work /  
value for worth / any others.  
(b) Recognized by others/ Respect by  
society / Good will among customers/  
Any other.  
(c) Ritual , customs, tradition.

9. Impact of cultures weakness important role  
In managing of Enterprise

:  
( i ) Lack of cooperation from family  
(ii) Lack of in- depth knowledge of  
business  
(iii) Lack of Risk bearing capacity  
(iv) poor of failure  
(v) Under Estimation of self  
(vi) Lack of hard work

**Entrepreneur - Socio - Economic profile :**

**Name of Entrenent :**

**Age :**

**Nature place :**

**Social status :**

**Marital Status :**

**Educational background :**

**Previous occupation :**

**Family background :**

**Family structure :**