

A Study On Socio- Economic Background Of Entrepreneurs In Small Scale Industries

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INTRODUCTION

The small scale industrial (SSI) sector has been considered as a powerful instrument for achieving “Accelerated Industrial Growth” and creating “Productive Employment Opportunities” in an economy. This sector also plays two important roles as producers of consumer goods and absorbers of surplus labour, thereby addressing the agents that help in mitigating regional imbalances, facilitate mobilization of local resources and skills, which might have otherwise remained unutilized. In recent years, the SSI sector has emerged as a dynamic and vibrant sector of the Indian economy, displaying its phenomenal growth in the varied fields of production, employment and dispersed development, in general and exports in particular.

OBJECTIVE OF THE STUDY

This study is carried out to analyse the socio-economic background and status of entrepreneurs in small scale industries in West Godavari District of Andhra Pradesh.

METHODOLOGY

The present study is based on both primary and secondary data. Primary data has been collected by conducting a survey among 135 sample entrepreneurs in small scale industrial units in West Godavari District. While collecting data, the researcher visited District Industries Center (DIC) of West Godavari District in Andhra Pradesh. Secondary data has been collected from books, journals, periodicals, annual reports of SIDO, NISSET, Hyderabad and District Industries Centre, West Godavari.

SAMPLING PLAN

A sample of 135 small scale industrial units was selected among 1345 registered units with district industries center. In the selection of the sample units, a two stage stratified simple random sampling technique was adopted. In the first step, the industries were grouped under 9 categories on the basis of nature of the product. In the second step, 10% of the units were selected from the universe (1345). While selecting the sample units, the Industrial undertakings engaged in manufacturing with investment of more than ₹ 25 lakhs and less than ₹ 5 crores are classified as small scale enterprises.

PERIOD OF THE STUDY

The primary data for this study has been collected from sample entrepreneurs in West Godavari District during the period from March 2008 to September 2008.

GENDER

With the passage of time and with increase in literacy level, women entrepreneurs are also establishing industries besides male entrepreneurs.

Table 1 shows that out of 135 entrepreneurs, 10 entrepreneurs representing 7.41 per cent happened to be women entrepreneurs. As per 1991 census, only 4.5 per cent of the total self employed entrepreneurs in the country were women. In this connection, it may be stated that the rate of women entrepreneurship in West Godavari district is relatively higher than the national average.

In the following Table 2, the researcher classified the male and female on the basis of the industry established. The industry wise classification of entrepreneurs on the basis of gender shows that women entrepreneurs established firms

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in only five categories out of nine categories of industry classification. It is evident from the Table 2 that women entrepreneurs have shown interest to establish agro based industries, as four out of 10 women entrepreneurs representing 40 per cent in total women entrepreneurs established agro based industries, followed by two chemical products and two textile products.

Table 1: Gender Of The Entrepreneurs

Gender	No. Of Entrepreneurs	Percentage To Total
Male	125	92.59
Female	10	7.41
Total	135	100.00

Table 2: Industry Wise Classification Of Entrepreneurs On The Basis Of Gender

Type Of Industry	Male	Female	Total
Chemical & chemical Products	7	2	9
Percentage To Total	(5.19)	(1.48)	(6.67)
Building Material	15	0	15
Percentage To Total	(11.11)	(0)	(11.11)
Rubber & Plastic Products	5	1	6
Percentage To Total	(3.7)	(0.74)	(4.44)
Food & Food Processing	35	1	36
Percentage To Total	(25.93)	(0.74)	(26.67)
Engineering	10	0	10
Percentage To Total	(7.41)	(0)	(7.41)
Metallic Products	12	0	12
Percentage To Total	(8.89)	(0)	(8.89)
Agro Based Products	26	4	30
Percentage To Total	(19.26)	(2.96)	(22.22)
Textile Products	9	2	11
Percentage To Total	(6.67)	(1.48)	(8.15)
Paper & Wood Products	6	0	6
Percentage To Total	(4.44)	(0)	(4.44)
Total	125	10	135
Percentage To Total	(92.59)	(7.41)	(100.00)

In the male entrepreneur's category, 35 entrepreneurs (representing 28 per cent) out of 125 male entrepreneurs established food and food processing industries followed by 26 agro based industries (20.8 per cent of male entrepreneurs). In total, male entrepreneurs were higher in food and food processing units, whereas female entrepreneurs were higher in agro based industries.

AGE

Age of the entrepreneurs has its influence on the entrepreneur's ability, involvement in the profession, dedication towards the profession, decision making capacity of the entrepreneur and thereby, on the overall performance of the enterprise. In this context, an attempt is made to identify the age of entrepreneur at the time of the survey. An entrepreneur that crossed 20 years of age is taken as 21 years old and is correspondingly shown in the age group of 21-30 years and the same is followed in other age groups also.

Table 3 depicts that 51 entrepreneurs out of 135 entrepreneurs representing 37.78 per cent were in the age group of 41-50 years. Nearly 35 per cent of entrepreneurs i.e. 47 were below the age of 40 years. There were only 6 entrepreneurs

(4.44) that were above 61 years. It is evident that 86.67 per cent of entrepreneurs were in the age group of 31-60 years. It is evident from the table that majority of the entrepreneurs are in the age group of 31-50 years of age.

Table 3: Age Of The Entrepreneurs

Age(years)	No. Of Entrepreneurs	Percentage To Total
<20	0	0.00
21-30	12	8.89
31-40	35	25.93
41-50	51	37.78
51-60	31	22.96
>61	6	4.44
Total	135	100.00

SOCIAL CLASS

Entrepreneurs belong to different communities such as Vysya, Kshatriya, Kapu, and the like. Table 4 reveals the classification of sample entrepreneurs on the basis of their community.

Table 4: Social Class

Social Class	No. Of Entrepreneurs	Percentage To Total
Brahmin	6	4.44
Vysya	25	18.52
Kshatriya	22	16.30
Kaapu	29	21.48
Kamma	15	11.11
Reddy	8	5.93
B.C.	23	17.04
S.C.	2	1.48
S.T.	0	0.00
Others(Muslims)	5	3.70
Total	135	100.00

Table 4 gives a clear idea about the social class of the entrepreneurs. The highest number of entrepreneurs hail from Kaapu class in West Godavari district. 21.48 per cent (29 out of 135 are from Kaapu community) and are followed by 25 (representing 18.52 per cent) from the Vysya community. The third place was occupied by Backward Class entrepreneurs with 23 enterprises representing 17.04 per cent of the total 135 respondents and the fourth place was occupied by Kshatriyas with 22 organisations representing 16.30 per cent of total 135 entrepreneurs. 30 entrepreneurs out of the total 135 entrepreneurs representing 22 per cent are from reserved categories and other 105 respondents representing 78 per cent are from forward castes. It is evident from the above table that in West Godavari, reserved category of entrepreneurs are also participating in economic development of the district.

EDUCATION

Entrepreneurship is not the exclusive privilege of the educated. There are successful entrepreneurs who are not well educated. Entrepreneurs in small scale industries are not required, who have any specific educational qualification. Hence, their educational qualifications differ.

Table 5 explains the educational level of entrepreneurs. Six entrepreneurs representing 4.44 per cent of total respondents are illiterates and 47.41 per cent entrepreneurs had minimum formal education up to S.S.C. 40.00 per cent (54 entrepreneurs) are having graduation as their minimum qualification. 13 per cent of the entrepreneurs have professional education and technical education.

Table 5: Educational Level Of The Entrepreneurs

Education	No. Of Entrepreneurs	Percentage To Total
Illiterate	6	4.44
Up To SSC	64	47.41
Graduate	39	28.89
Post Graduate	9	6.67
Professional	6	4.44
Technical	11	8.15
Total	135	100.00

LOCATION OF THE UNITS

For industrial development, the Government takes initiation to form industrial areas and industrial estates by providing the required amenities to the entrepreneurs. Industrial estates and industrial areas are developed with all infrastructural facilities required for establishment of industries.

Table 6: Location Of The Unit

Location Of The Unit	No. Of Enterprises	Percentage To Total
In The Industrial Estate	31	22.96
In An Industrial Area	32	23.70
In Some Other Approved Place	72	53.33
Total	135	100.00

Table 6 analyses the location of the units. Nearly 46 per cent of the units are established in industrial estates and industrial areas and the remaining 54 per cent are established in some other approved areas.

LINE OF ACTIVITY

Line of activity in this study is classified into five categories as manufacturing, processing, assembling, trading, and services. Manufacturing units include all types of industries in the study. Other than paper and paper products, remaining all other types of industries are included in the processing sector. Trading includes only food and food processing industries. Some of the engineering units include services and assembling units. The Service sector includes not only engineering units but also agro based industries. The researcher has made an attempt to explain the relation between line of activity and type of industry and the same is presented in the following Table No 7.

Table 7: Line Of Business Activity

Line Of Business Activity	No. Of Enterprises	Percentage To Total
Manufacturing	89	65.93
Processing	30	22.22
Trading	9	6.67
Services	5	3.70
Assembling	2	1.48
Total	135	100.00

Table 7 explains that 65.93 per cent of total 135 enterprises were established in manufacturing sector, whereas only 22.22 per cent (30 units out of 135 firms) were established in the processing sector. Nearly 35 per cent of the total 135 units i.e. 46 units were non-manufacturing units.

FORM OF THE ORGANIZATION

Entrepreneurs who have self sufficiency in all aspects may be interested in establishing sole proprietary firms and

some entrepreneurs start partnership firms or joint stock companies to motivate some other entrepreneurs to develop the business. So, the researcher made a study of the type of firms started by entrepreneurs.

Table 8: Form Of Organization

Form Of Organisation	No. Of Enterprises	Percentage To Total
Sole Proprietary	75	56.00
Partner Ship Firm	52	38.00
Joint Stock Company	8	6.00
Total	135	100.00

It is observed from Table 8 that 56 percent of the total entrepreneurs are functioning as sole proprietary firms and 38 per cent are functioning as partnership firms. Enterprises functioning as Joint Stock Company amount to 6 per cent. This has been due to the fact that starting of joint stock companies require a lot of legal formalities unlike sole trader organizations.

GENERATION OF THE UNITS

A business may be started either afresh or by acquiring an existing one. It is interesting to know how entrepreneurs started their business. Table 9 reveals the classification of enterprises on the basis of mode of starting.

Table 9: Generation Of The Units

Generation Of The Units	No. Of Entrepreneurs	Percentage To Total
Inherited	18	13.35
First Venture	105	77.78
Acquired From Others	12	8.87
Total	135	100.00

It is inferred from Table 9 that 77.78 per cent of enterprises were started afresh and those units inherited from family amount to 13.35 per cent. Enterprises acquired from others amount to 8.87 per cent. Majority of the enterprises (105 units) run by entrepreneurs in West Godavari District are newly started.

FINDINGS

- ✿ Women entrepreneurs are less than 10 per cent of the total entrepreneurs.
- ✿ Nearly one-thirds of the entrepreneurs in West Godavari District are below 40 years of age.
- ✿ Only 22 per cent entrepreneurs are representing the reserved categories.
- ✿ Majority of the entrepreneurs have studied only up to the school level.
- ✿ Nearly one-fourths of the enterprises are located within the Industrial estate.
- ✿ More than three-fourth of the enterprises are manufacturing and processing units.
- ✿ More than half of the enterprises belong to sole-proprietary firms.
- ✿ A majority of the enterprises run by the entrepreneurs are newly generated. This shows that a lot of initiation was there among the entrepreneurs.

SUGGESTIONS

- ✿ More attention should be focused on unemployed graduates.
- ✿ Since the number of entrepreneurs from scheduled caste, scheduled tribe and backward class communities is very low, awareness is to be created among the scheduled caste and scheduled tribe people by providing special incentives to start a business.
- ✿ Entrepreneurs should be encouraged to start their enterprises as joint stock companies rather than as sole trade and partnership firms to avail the advantages of large scale operation.
- ✿ The government and other promotional agencies should take greater interest in marketing the products produced by small scale units.

✿Entrepreneurs must keep themselves updated by regularly attending training programmes, organized by SIDO (Small Industries Development Organisation) and NISSET (National Institute for Small Industry Extension Training).

CONCLUSION

✿There should be a curriculum change along with proper carrier guidance in educational institutions, which will shape the students to become capable entrepreneurs in future.

✿The Government may appoint a special taskforce consisting of technically and professionally qualified people for continuous monitoring of the performance of small scale units.

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