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PROBLEMS OF ENTREPRENEURS IN NORTH-KARNATAKA REGION: A STUDY ON SMALL SCALE INDUSTRIES

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ABSTRACT:

The presence of small scale industries is essence to developing as well as developed countries. In India small scale industry refers to manufacturing activity. The present study describes the problems of entrepreneurs in small scale industry sector. Researcher mainly focused on problems related to raw materials, electricity, transportation, water and industrial labours. It is purely based on primary data. Required data collected from the 152 sample entrepreneurs of North-Karnataka Region through semi-structured interview schedule. Data analyzed with appropriate statistical tools like Average, Percentage, and Garret ranking method etc. The major findings of the study are seasonal based 41.3 percent industries are unable to get raw materials in local area Because of low agriculture yield, changing the cropping pattern. Unable to handle work responsibility and absenteeism are the major reasons for dissatisfaction of the industry entrepreneurs.

KEYWORDS: *Small Scale Industries, Raw material, Electricity, Transport, Water and Labours.*

I. INTRODUCTION

Small scale industries contribution is extensively important to socio-economic development. Problems of small scale industries can be divided into two groups, such as internal problems and external problems. The internal problems affecting on organization, production, distribution channel to customer, management, entrepreneurial aspects, skills and training. External problems are beyond the control of entrepreneur. These will affect by government policy, economic fluctuations and availability of basic infrastructures. This study mainly focused on problems related to raw materials, electricity, transportation, water and industrial labours.

II. OBJECTIVE OF THE STUDY:

- To identify the various problems of small scale industry entrepreneurs.
- To find out the reasons for dissatisfaction of entrepreneurs about labours.

III. RESEARCH HYPOTHESES:

H_o: Seasonal small scale industries are not facing the problem of raw materials.
H_A: Seasonal small scale industries are facing the problem of raw materials.
H_o: Absenteeism is not the main reason for dissatisfaction of entrepreneurs in SSIs.
H_A: Absenteeism is the main reason for dissatisfaction of entrepreneurs in SSIs.

IV. RESEARCH METHODOLOGY:

The study is based on primary data. Sample size has been selected based on the proportionate stratified random sampling technique. The required data collected from 152 sample entrepreneurs from four districts of North-Karnataka Region. Sample covered the textile and food processing industry entrepreneurs. Data analyzed through using the appropriate statistical tools like Average, Percentage and Garret ranking method etc.

V. REVIEW OF LITERATURE

Ganeshkar (2014) analysed and compares the performance of small scale industries in Belgaum (Bombay Karnataka Region) and Gulbarga (Hyderabad Karnataka Region) study area. Food processing and Garments textile industries were taken for the research work. Kaur (2017) purpose of this study is to identify the major problems faced by the women entrepreneurs. This paper tried to find out various internal, external, motivating and de-motivating factors of women entrepreneurship. The sample size was 120 women entrepreneurs in the study area Kharar, Mohali, Punjab State. Researcher used 'CONVENIENT' sampling method. The results are analysed by using the percentiles as tool for analysis. Koster and Rai (2008) tried to link between economic development and entrepreneurship. This article used GEM-Model 2006 as a reference and addresses the link between small industries development and economic growth in India. Obaji and Olugu (2014) covered the innovativeness, start-up motive, integrating entrepreneurship practices with economic development, with government policy intervening. This study was adopted the behavioral definition of Schumpeter. Vibhuti (2004) analysed the influence of infrastructural facilities on north Karnataka industrial estates. The study found that the number of plots developed in the NK region has shown an increasing trend. This study done on the bases of macro level and mainly analyzed the availability of infrastructure facilities and the problems of SSI units in the sample estates.

VI. RESULTS AND DISCUSSION

Problem of basic infrastructure is one of the major problems to the small scale industries. The study covers the two different nature of activity. One is agro & food processing and another one is garments & textile industry. These two major clusters are facing the various problems as follows.

6.1. Raw Material

Raw materials are very important component to fulfill productive activities. Price of the commodity will decide the based on price of the required raw materials. If entrepreneur got raw materials with cheap rate in the local area, automatically price of the final good will be less. It will help to earn more profit to the industry.

Table 1: District Wise Raw Materials Availability in Local Area

Name of District		Raw Materials		Total
		Available	Not available	
BALLARY	Count	3	5	8
	% within District	37.5%	62.5%	100.0%
HAVERI	Count	9	1	10
	% within District	90.0%	10.0%	100.0%
RAICHUR	Count	46	22	68
	% within District	67.6%	32.4%	100.0%
VIJAYAPUR	Count	39	27	66
	% within District	59.1%	40.9%	100.0%
Total	**Count**	**97**	**55**	**152**
	% within District	**63.8%**	**36.2%**	**100.0%**

Source: Field Survey

Availability of raw materials is differ from one place to another place. In the table 1 shows the district wise raw materials availability in local area. 62.5 percent of Ballary entrepreneurs are facing the raw materials problem. Among the Ballary entrepreneurs, only 37.5 percent are getting raw materials in the local area. Remaining 62.5 percent of Ballary entrepreneurs are importing from outside the state like UP, MP and Gujarat because of cheap cost raw materials and attachment of their origin place. Haveri (90 percent) and Raichur (67.6 percent) districts entrepreneurs were getting raw materials in local. In the study area of North Karnataka, maximum (63.8 percent) numbers of entrepreneurs are getting raw materials in the local area. 36.2 percent of total entrepreneurs are not getting raw materials in local.

Majority of the small scale industries were belongs to agro & garment industries. Therefore these activities have been chosen. In the marketing economy, availability of raw material is also differ from different nature of activities. Figure 1 categorizes the activity wise raw materials availability.

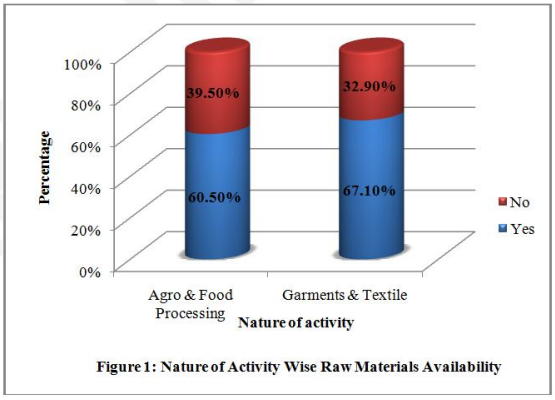


Figure 1: Nature of Activity Wise Raw Materials Availability

Source: Field Survey

In the study area, 67.10 percent of garment & textile small scale industry entrepreneurs were getting raw materials in local. These were benefitted from less transportation cost. It will influence on price of their final commodity. Agro & food processing industries (39.5 percent) and garment & textile (32.9 percent) small scale industries are facing the problem of local availability of raw materials. These entrepreneurs are depending on other state of region for raw materials. Sometime it will be hurdle to

productive activities. High cost of raw materials will lead to high price of commodity as well as less profit.

Requirement based casual small scale industries and perennial small scale industries are getting adequate raw materials in local area. But seasonal based 41.3 percent industries are unable to get raw materials in local area (Table 2). Because of low agriculture yield, changing the cropping pattern and season (less duration) based profit etc.

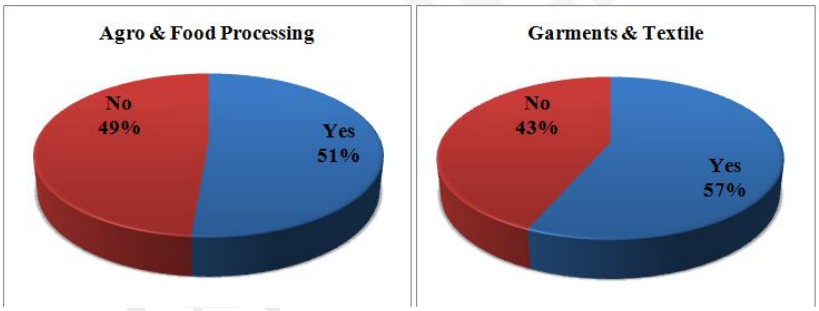
Table 2: Raw Materials Availability in Different Nature of Operation

(% within Nature of Operation)

Nature of Operation	Raw Materials availability		Total
	Available	Not available	
Perennial	65.7%	34.3%	100.0%
Seasonal	58.7%	41.3%	100.0%
Casual (Require)	100.0%	0%	100.0%
Total	**63.8%**	**36.2%**	**100.0%**

Source: Field Survey

If raw materials available/ getting from outside the destination area, entrepreneurs will face the problem of time punctuality or delay in service. Required raw materials will not reach within the estimated time, even paid in advance.



Source: Field Survey

Figure 2: Nature of Activity Wise Raw Materials Scarcity in the Study Area

Garment and textile industries are facing more problem of raw material scarcity as per collected data from entrepreneurs of the study area. 57 percent of garment & textile industries and 51 percent of agro & food processing industries are not reaching production target because of the raw materials scarcity. This was found through figure 2. This explains the nature of activity wise small scale industry's entrepreneur's response about scarcity of raw materials.

6.2. Electricity

Electricity is the basic & very essential to do productive activities through modern equipments. Commercial based electricity is mandatory for business group as per government. In this kind of electricity will charged high rate per unit by the facilitator. 98 percent of SSIs were facilitated by commercial connection of electricity. Only two percent of the SSIs are using non-commercial electricity. Among these two are in Raichur and one small scale industry found in Haveri district. Remaining all of the industries are using commercial type of electricity.

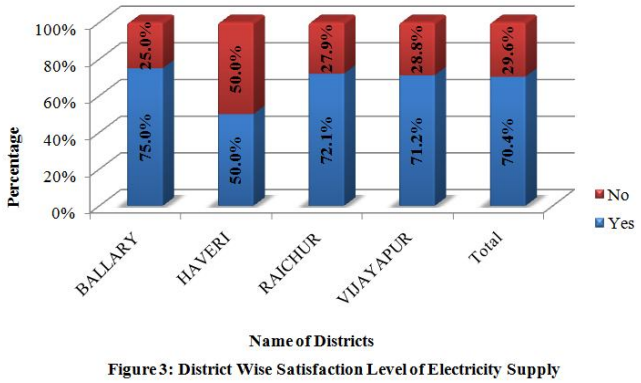


Figure 3: District Wise Satisfaction Level of Electricity Supply

Source: Field Survey

Government should provide the requirement electrical facility to the favour of entrepreneur's development. Figure 3 exhibits the district wise entrepreneur's satisfaction towards present providing electricity facility. Power supply authority should try to provide the electricity with the competitive cum concessional unit rate for the development of small scale industries in this study area. Even though, entrepreneurs are not satisfied as much. 29.6 percent of the total entrepreneurs are not satisfied with the present providing power supply. These measures will generate output in the long term. In future these SSIs will contribute to economic development of the particular region.

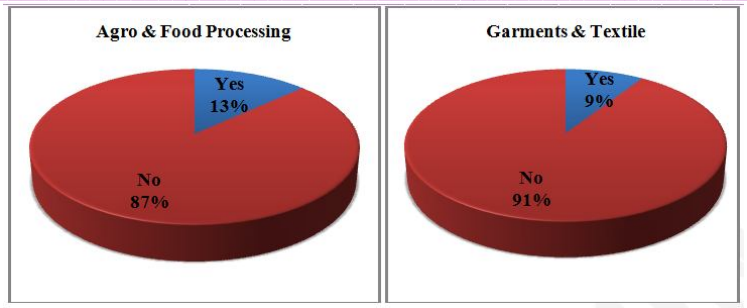
Awareness and utilization of solar energy is very less in the study area. Only 11.2 percent of entrepreneurs are using solar energy. Remaining 88.8 percent of small scale industries are not using solar energy. These figures are constructed in the table 3.

Table 3: Present Status of Solar Energy Utilization in the Study Area

Name of District		Utilization of Solar Energy		Total
		Using	Not using	
BALLARY	Count	1	7	8
	% within District	12.5%	87.5%	100.0%
HAVERI	Count	1	9	10
	% within District	10.0%	90.0%	100.0%
RAICHUR	Count	6	62	68
	% within District	8.8%	91.2%	100.0%
VIJAYAPUR	Count	9	57	66
	% within District	13.6%	86.4%	100.0%
Total	**Count**	**17**	**135**	**152**
	% within District	**11.2%**	**88.8%**	**100.0%**

Source: Field Survey

Very less importance had given to solar energy in the study area. Ballary, Raichur and Vijayapur districts are drought area as well as hot climate districts in the Karnataka state. DIC's should prepare plan with collaboration of state or central government and offer the solar machinery to the entrepreneurs.



Source: Field Survey

Figure 4: Nature of Activity Wise Response about Usage of Solar Energy

Figure 6.7 shows the nature of activity wise response about usage of solar energy. As per figure results, 87 percent of agro industries and 91 percent of textile industries are not using the solar energy.

Seasonal and casual small scale industries are not using solar energy, because of high investment and less requirements. Even in perennial industries are also not given more importance to solar energy. Only 12.4 percent of perennial small scale industries were installed solar energy. These perennial industries try to adopt solar energy equipment with the financial support from government. 43.9 percent of agro industries and 58 percent textile industries were not willingness to installation the solar machinery due to high cost.

6.3. Transportation

Transportation is one of the very important basic infrastructures for the economic development. Transportation plays a vital role in productive activities of small scale industries. Well developed transportation facility is essential to industrial area for supply the raw materials and finished goods.

Table 4: Different Kinds of Transport Facilities Using For Productive Activity

Kinds of Transportatior	Frequency	Percent	Cumulative Percent
Truck/ trolleys	99	65.1	65.1
Tractor	14	9.2	74.3
Mini truck	39	25.7	100.0
Total	**152**	**100.0**	

Source: Field Survey

Table 4 reflects the different kinds of transport facilities are using in the SSI productive activities by entrepreneurs. 65.1 percent of the small scale industries are using truck/ trolleys for transporting goods from one place to another. 25.7 percent of the SSIs are facilitated by mini truck and only 9.2 percent of the total industries are using tractor facility. Most of the entrepreneurs depends on rent based vehicles for transportation and meet day today activities.

Various kind of transportation vehicles are using by different nature of activities. Mainly transportation vehicles are recognized as truck / trolleys, tractor and mini trucks. Figure 5 tries to gather the information about small scale industry's entrepreneur's preference to transportation facility in their nature of activities.

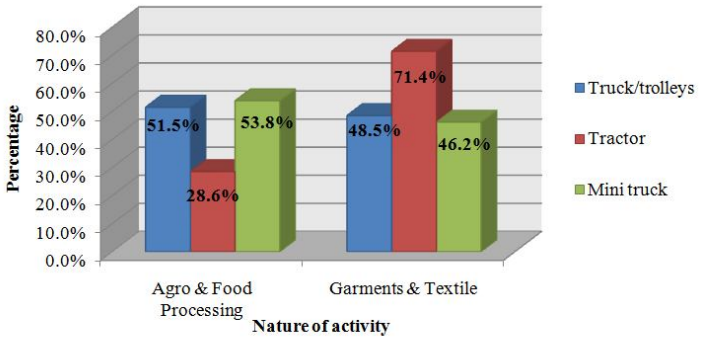
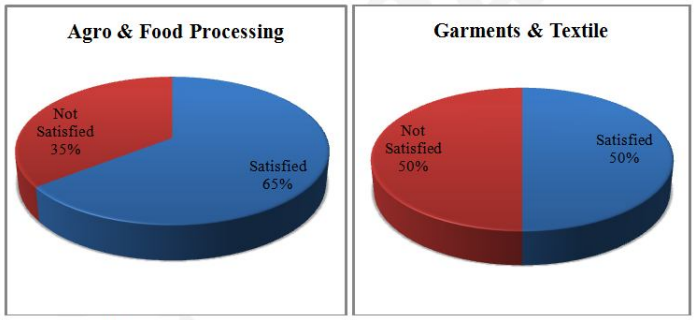


Figure 5: Nature of Activity Wise Entrepreneurs Preference to Transportation Facility

Source: Field Survey

Truck /trolleys and mini trucks are using by both of the activities, such as agro industries and textile industries. But tractors are using very less (28.6 Percent) in agro & food processing industries. At the same time 71.4 percent of garment & textile small scale industry entrepreneurs are using tractor for their daily activities in their units.

In the study area 53 percent of the Vijayapur entrepreneurs were not satisfied with the transport facility in industrial area. 36.8 percent of Raichur entrepreneurs are also not satisfied because of transportation sector backwardness.



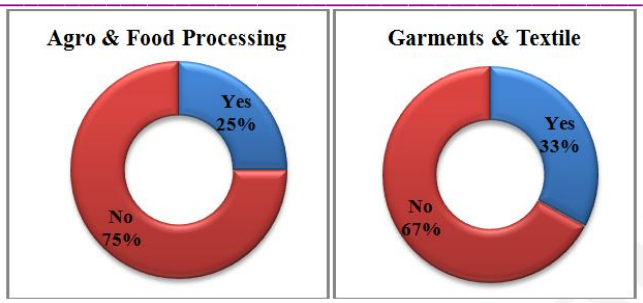
Source: Field Survey

Figure 6: Satisfied Entrepreneurs with the Available Transport Facility

Satisfied sample entrepreneurs were classified among different nature of activities in the figure 6. In the study area, 50 percent of garment & textile industry respondents were not satisfied. More (65 percent) number of satisfied entrepreneurs found in agro & food processing industries.

6.4. Water

Total 75 percent of Ballary entrepreneurs, 68.2 percent of Vijayapur entrepreneurs and 50 percent of Haveri entrepreneurs are also not getting sufficient water. Only 28.9 percent of SSIs were benefitted by adequate water, but they are not highly dependent on water for producing goods.



Source: Field Survey

Figure 7: Entrepreneur's Response about Water Sufficiency

Figure 7 covers the entrepreneurs' response about water sufficiency. 75 percent of agro & food processing industries are not getting sufficient water. These required the more water to prepare consumable goods. 67 percent of the garment & textile industries are also not getting adequate water in the study area.

Sources of water can be divided into different parts, such as Corporation / water board, Industrial estate authorities, Bore well, Tanker and other sources. Table 5 shows the proportion of dependency on different sources of water to firm activities. In the study area 42.1 percent of the entrepreneurs are getting water through tanker. Per tanker water will be paid 250 by the entrepreneurs. 40.1 percent of SSIs are facilitated water by the Industrial Estate Authorities. This is benefitted to the entrepreneurs, because of acceptable rate will be charged by Industrial Estate Authorities. Tanker and IEA water sources were covered 82.2 percent of the total proportion. Remaining 8.6 percent bore well, 7.2 percent corporation/ water board and only two percent other sources were found in the study area. Industrial Estate Authority has to take initiative to extend their service providing area and help to small scale industry's entrepreneurs through supplying water based on cost-benefit perception.

Table 5: Different Sources of Water to Firm Activities

Source of water	Frequency	Percent	Cumulative Percen
Corporation / Water Board	11	7.2	7.2
Industrial Estate Authorities	61	40.1	47.4
Bore wells	13	8.6	55.9
Tanker	64	42.1	98.0
Other	3	2.0	100.0
Total	**152**	**100.0**	

Source: Field Survey

District wise sources of water reflect in the figure 8. Name of districts mentioned on the OX axis and percentage mentioned on the OY axis. 70 percent of Haveri district entrepreneurs were only benefitted from industrial estate authority. Remaining districts were not benefited as much.

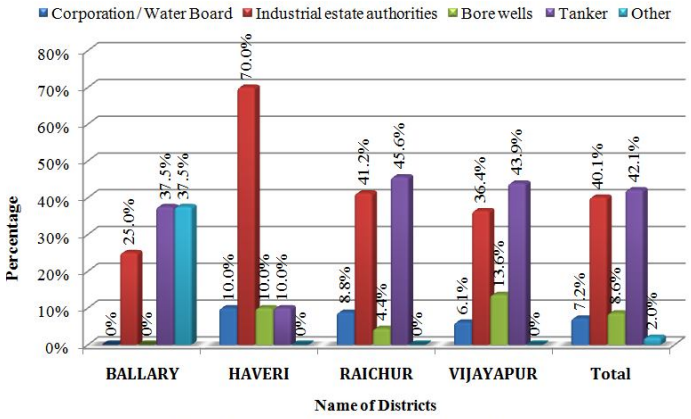


Figure 8: Source of Water to Firm in The Study Area

Source: Field Survey

Ballary district entrepreneurs are facing the water related problem. In that district SSI entrepreneurs are spending approximately thirty thousand per month to meet the water requirement for productive activities dependency on water from tanker sources is common in all the district of the study area.

Highest 62.5 percent of SSI entrepreneurs were installed the water recycling unit in the Ballary district. Because they know the value of water and they are also facing the severe problem of water. Researched didn't found even single entrepreneur with installed water recycling units in Raichur and Haveri districts. In future DIC should plan to conduct training cum awareness program to SSI entrepreneurs to increase the users of water recycling units.

6.5. Industrial Labours

Present work of labour is satisfaction to the 73 percent of the total entrepreneurs. Remaining 27 percent of entrepreneurs are unsatisfied with the present work of labour. Satisfaction is the psychological aspect. This is influenced by various factors.

Table 6: Entrepreneurs' Satisfaction with the Present Work of Labours

	Frequency	Percent	Cumulative Percent
Satisfied	111	73.0	73.0
Unsatisfied	41	27.0	100.0
Total	152	100.0	

Source: Field Survey

In the table 7 reveals the important factors which may negatively affect on satisfaction of the entrepreneurs. Those factors are mentioned as Inefficient labours, Lack of skills, Unable to handle the work responsibility, Absenteeism and other.

Table 7: Factors Affecting on Entrepreneurs' Dissatisfaction with the Present Work of Labours

Factors		Ranks				
		1st	2nd	3rd	4th	5th
F1	Inefficient labours	6	14	11	8	1
F2	Lack of skills	4	3	15	18	0
F3	Unable to handle work responsibility	17	9	6	8	0
F4	Absenteeism	13	14	8	5	0
F5	Other	1	0	0	1	38

Source: Field Survey

In the following table 8 calculated the Garret value for five ranks. The Garret values are taken from Garret conversion table. It is based on percent position value. Used the equation 100 $(R_{ij} - 0.5) / N_j$ Where R_{ij} is indicates rank and N_j is indicates total number of factors. According to Garret value multiplies with respective ranks.

Table 8: Calculated Garret Value for Five Ranks

Rank	100 $(R_{ij} - 0.5) / N_j$	Percent Position Value	Garret Value
1	100 (1 – 0.5) / 5	10	75
2	100 (2 – 0.5) / 5	30	60
3	100 (3 – 0.5) / 5	50	50
4	100 (4 – 0.5) / 5	70	40
5	100 (5 – 0.5) / 5	90	25

Source: Computed based on Garret conversion table

Total value of entrepreneur's response and average scores are calculated in the table 9. Finally ranks given sequence. Garret ranking method results identified the major affecting factor of entrepreneur's dissatisfaction. The major reasons are: unable to handle work responsibility and absenteeism.

Table 9: Garret Ranking Method to Find Major Affecting Factors on Entrepreneurs' Dissatisfaction about Labours

Factors	1*75	2*60	3*50	4*40	5*25	Total	Average Score	Rank
F1	450	840	550	320	25	2185	21.85	3
F2	300	180	750	720	0	1950	19.5	4
F3	1275	540	300	320	0	2435	24.35	1
F4	975	840	400	200	0	2415	24.15	2
F5	75	0	0	40	950	1065	10.65	5

Source: Computed based on Garret ranking method

Average score of third factor is 24.35 and fourth factor is 24.15. Therefore unable to handle work responsibility and absenteeism are the major reasons for dissatisfaction of the industry entrepreneurs. The study suggests that practical education is essential to younger generation to handle the responsible works. Ethics and morality should increase in labours to avoid absenteeism practices.

VII. SUMMARY AND CONCLUSION

Raw materials related 62.5 percent of Ballary entrepreneurs are importing from outside the state like UP, MP and Gujarat because of cheap cost raw materials and attachment of their origin place.

Government should concern about the price of raw materials. Concerned authorities should promote the entrepreneurs to purchase raw materials in local with government benefits. Agro & food processing industries (39.5 percent) and garment & textile (32.9 percent) small scale industries are facing the problem of local availability of raw materials. High cost of raw materials will lead to high price of commodity as well as less profit. Seasonal based 41.3 percent industries are unable to get raw materials in local area Because of low agriculture yield, changing the cropping pattern and season (less duration) based profit etc. Hence, first null hypothesis is rejected and alternative hypothesis is accepted. Because seasonal small scale industries are also facing the problem of raw materials.

In the study area 29.6 percent of the total entrepreneurs are not satisfied with the present providing power supply. 88.8 percent of small scale industries are not using solar energy. 43.9 percent of agro industries and 58 percent textile industries were not willingness to installation the solar machinery due to high cost. DIC's should prepare plan with collaboration of state or central government and offer the solar machinery to the entrepreneurs. In the study area 53 percent of the Vijayapur entrepreneurs were not satisfied with the transport facility in industrial area. Industrial authority try to develop the basic facilities like road, public transport etc. Total 75 percent of Ballary entrepreneurs, 68.2 percent of Vijayapur entrepreneurs and 50 percent of Haveri entrepreneurs are also not getting sufficient water. Only 28.9 percent of SSIs were benefitted by adequate water Industrial Estate Authority has to take initiative to extend their service providing area and help to small scale industry's entrepreneurs through supplying water based on cost-benefit perception. Unable to handle work responsibility and absenteeism are the major reasons for dissatisfaction of the industry entrepreneurs. This is found through Garret ranking method. So, the second null hypothesis is rejected and accepted the alternative hypothesis with the result of absenteeism is the main reason for dissatisfaction of entrepreneurs in SSIs.

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