

Growth of Small Scale Entrepreneurship: A Case Study of Nellore District

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ABSTRACT

It is widely recognized that availability of entrepreneurial talent is one of the key variables in economic growth of a nation. The history of the economic development of all societies developed or under developed, bears evidence to the fact that the entrepreneurs had made a significant contribution in this respect. Entrepreneurship is that capacity in an individual to innovate. It involves a whole range of aptitudes like capacity to bear risks, to forecast prospects of enterprise, confidence, and competence in meeting unforeseen and adverse situations. As entrepreneur promotes a new venture, raises the where withal for it, assembles various factors of production and sets the business going. Hence economic development depends much upon entrepreneurship. In the light of above, the present study attempts to study the growth factors which contributed for the development of small scale entrepreneurship. The coastal district of Nellore in Andhra Pradesh state of India has been selected as the geographical area of the study. Out of 653 Units in the final sample frame, a 30 percent of the population was considered to determine the sample size. The sample units were selected randomly resulting in a sample size of 196 units. The data were collected through a structured questionnaire and informal interview.

Keywords: Entrepreneurship, Economic Development, trade, organization, sample, business, capital and institution.

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Any remaining errors or omissions rest solely with the author(s) of this paper.

'What accounts for the rise in civilization is not the external resources such as markets, minerals or factories but the entrepreneurial spirit which exploits the resources---a spirit found most often among businessmen'

—D.C McClelland

A country may possess abundant and inexhaustible natural and physical resources, necessary machinery and capital equipments, but unless there are people who combine these resources in right proportions, set the task and see to its accomplishment, the nation can not make rapid strides towards economic and social advancement. Precisely, these are the functions of an entrepreneur.

Entrepreneur is the central figure of economic activity and propeller of development under free enterprise. They are persons who initiate, organize, manage and control the affairs of a business unit that combine the factors of production to supply goods and services, whether the business pertains to agriculture, industry, trade or profession. As such, the development or under-development is the reflection of the development or under-development of entrepreneurship in the society. Entrepreneurial skill, therefore, is to be regarded as the most precious natural possession. 'Choking off the supply of the entrepreneurial fuel means ultimately the decline of culture'.

ENTREPRENEURSHIP – A CONCEPTUAL DISCUSSION

The concept of 'entrepreneur' and the 'entrepreneurship' have gone through various stages before they came to signify the content being put into them now. Various thinkers have defined the term in a variety of ways. In order to understand the phenomenon of entrepreneurship as whole, it is worthwhile to analyse these definitions and views independently.

The word 'entrepreneur' is derived from the French verb 'entreprendre', means 'to undertake'. The word entrepreneur has been in use since the sixteenth century. Kilby has linked the entrepreneur with a rather large and very important animal called 'Heffalump' hunted by many individuals and have variously described him, but wide disagreements still exist among them on his particularities¹. The French men who organized and led military expeditions were referred to as 'entrepreneurs' (1962).

In the 18th century, the old Oxford Dictionary of 1897 defined entrepreneur simply as 'the director or manager of public musical institution, i.e., one who 'gets up' entertainments, especially musical performance' (1975). The dictionary in its supplement of 1933 modified its definition and recognized that the word has a place in business; it defines entrepreneur as one who undertakes an enterprise (1975), especially a contractor acting as an intermediary between capital and labour. Undertaking an enterprise is entrepreneurship, and one who undertakes it is one who combines capital and labour for the purpose of production is an entrepreneur.

In economic theories, the concept of entrepreneur has been coined in terms of functions. Richard Cantillon, an Irishman living in France, was the first person to introduce the term 'entrepreneur', in the early 18th Century. He defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future (1971). Cantillon emphasized the function of 'risk-taking' and 'uncertainly bearing'. He illustrates the concept by giving examples of farmers, manufacturers and traders. The risk and uncertainty is inherent in these activities. Since Cantillon has stressed one aspect of the concept, he could not enjoy economic popularity for a long time.

Say, Mill (1975) and Marshall (1961) emphasized the role of entrepreneur as an organizer and recognized the entrepreneur as the central figure in a business enterprise, however according to the critics, they failed to see full significance of the role of an entrepreneur of which combining factors of production is only one aspect.

Schumpeter further distinguished between invention and innovation. An inventor discover a new method and new materials, and an innovator utilizes inventions and discoveries in order to make new combinations and thus produces newer and better goods which yield him profit and satisfaction. The inventor produces ideas and the entrepreneur implements them. He considered innovation as creative response to a situation.

The above definitions specified by different thinkers, stress only selected aspects of entrepreneurship. In modern times, an attempt is made to generate a comprehensive definition which tries to highlight all facets and aspects of entrepreneurial activity. These multidimensional aspects may be stated as follows to frame synthesized concept of entrepreneur. In an enterprise, land, labour and capital are separately owned respectively by landowners, labours and financiers and are divorced from one another. An entrepreneur is an organizer, his organizing ability brings them together in proper proportions at reasonable rates and harnesses them to work in production, attempts to produce a socially valuable product, so as to yield the best returns. As an organizer, he also guarantees the specific sums to the landowners, labours and financiers in return for assignments made to them. An entrepreneur bears the risk which is inherent in any business activity. An entrepreneur starts the enterprise, organizes it, supervises it and engineers long-run plan of the enterprise. He is a specially motivated and talented person, who implements new ideas, visualizes opportunities for introducing new products, techniques, and production process, new form of organization, discovers new market and new source of supply of raw materials. That is how, he innovates, and in this way he takes upon himself the entire responsibility of the enterprise.

Marbinson's entrepreneur is not an innovator but an organization builder who must be able to harness the new ideas of different innovators to the rest of the organization (1956).

In modern context, the term 'entrepreneur' has been used in a broader perspective. According to Vasant Desai (2004) the entrepreneur brings in overall

change through innovation for the maximum social good. Further, India which itself is an underdeveloped country aims at decentralized industrial structure to mitigate the regional imbalances in levels of economic development, small scale entrepreneurship in such industrial structure plays an important role to achieve balanced regional development (1994).

Lastly, the establishment of Entrepreneurship Development Institute, various developmental policies and alike by the Indian Government during the last five decades bear a good testimony to her strong realization about the premium role of entrepreneurship played in economic development.

In the light of above, the present study attempts to study the growth factors which contributed for the development of small scale entrepreneurship. The coastal district of Nellore in Andhra Pradesh state in India has been selected as the geographical area of the study.

SAMPLING FRAME AND SAMPLE SIZE

As on 31-3-2004, Nellore district had a total number of 20978 small scale enterprises according to the data furnished by the District Industries Centre, Nellore district. Large number of them were tiny industries and small service-based enterprises, having much lower capital investment of Rs. 1,00,000 and less. These were mainly self-employment oriented enterprises having entrepreneurs working themselves or along with less than about five employees. Such units did not essentially constitute the target population for the study, as their life span was very limited. Such units were catering to the market needs and customers mostly belonging to the locality or the villages or nearby towns.

In order to meet the objectives, the present study designed a sample frame work based on the following broad criteria.

- The small scale enterprises located in four Industrial Estates in Nellore (Andhra Pradesh Industrial Estate, Wood Complex, Auto nagar phase I, Auto nagar phase II), Industrial Estate, Gudur; Industrial Estate, Kavali; Industrial Developing Area, Pannemgedu; Integrated Industries Development Centre, Tada and Industrial Developing Area, Venkatachalam developed by state development agencies such as Andhra Pradesh Industrial Infrastructural Corporation (APIIC) and District Industries Centre (DIC) are considered for target population.
- The units having capital investment (initial) of Rs. 1, 00,000 and above are considered.
- The manufacturing units are only selected for the study.
- The units which were started before 2001 and working currently are considered.
- Sick and closed units are excluded, because of difficulty in obtaining relevant data.

Out of 653 Units in the final sample frame, a 30 percent of the population was considered to determine the sample size. The sample units were selected randomly resulting in a sample size of 196 units. The data were collected through a structured questionnaire and informal interview.

The selected respondents mostly belonged to the manufacturing industries like automobile spare parts, metallurgical industries, chemicals, pharmaceuticals, engineering and electrical etc., It is important to recognize that these categories of manufacturing industries are the predominant type of small scale enterprises in the district.

SCOPE AND LIMITATIONS OF THE STUDY

The limitations of this study are as follows.

- The study has included the industries in industrial estates only, certain traditional industries located outside the industrial estate such as fisheries, aquaculture, beedi manufacture (a tobacco based industry), small cashew processing units, tile manufacturing units, ice and cold storage plants etc., were excluded.
- Most of the entrepreneurs were not interested to disclose the financial data.

In the present paper, growth is measured in terms of the increased employment, fixed assets, investment, production, profits, sales etc. In order to understand the growth of the entrepreneurship taken up by the respondents, several questions were included in the interview schedule pertaining to some basic characteristics of the enterprises being run by the entrepreneurs. The information obtained has been presented in this section.

ANALYSIS

Year of establishment of Business

The Figure 1 shows the distribution of respondents on the basis of the year of establishment of their business. It is quite apparent from the distribution that a majority of the entrepreneurs (about 45.91 percent) have established their enterprise between 1990 and 1995. Out of 196 enterprises only 27 started their business before 1990, however their number by almost tripled (90) within the span of five years (1990–1995). Later during 1995 -2000, another 79 enterprises (40.30 percent) were established. This is definitely a noticeable change in the district of Nellore, a sign of growth of entrepreneurship.

During the post-liberalisation period, the small enterprises have grown phenomenally, indicating the conduciveness of the environment created by the government for the growth of entrepreneurship in Nellore district.

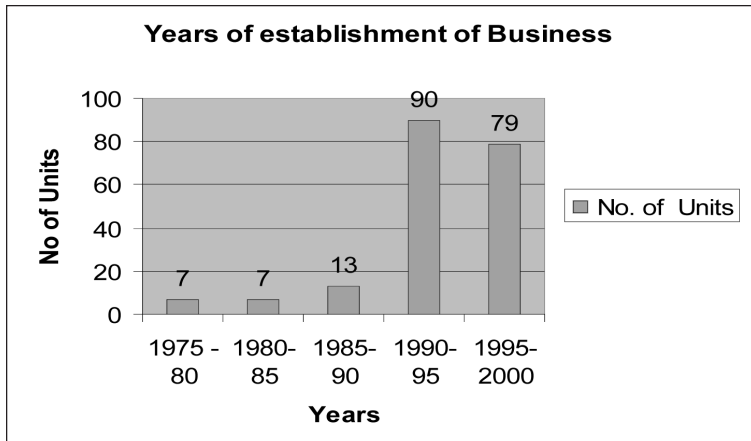


Figure 1

Investment in Enterprise

Availability of finance is an important prerequisite for establishing any entrepreneurial activity. Initially every entrepreneur should have finance of his/her own, out of the total cost of the project. Initial capital refers to venture or risk capital required for the establishment of a unit. From Table 2, it is evident that 31.8 percent of the units (62 out of 196) had an investment of less than 2 lakhs rupees. Another 22.9 percent of the units (45 out of 196) had an initial investment between Rs. 3 lakh and Rs. 2 lakhs. 17.3 percent of the units (34 out of 196) had an initial investment between Rs. 5 lakh and Rs. 6 lakhs. The rest of the units (55 out of 196) were started with an investment of Rs. 7 lakhs and above. Of them, only 13 units had an initial investment of Rs. 11 lakhs and above. The Table gives the frequency distribution of investment at the end of initial and latest years. Relative frequencies (percentages) and the percentages changes between initial and latest years are also shown alongside. It would be seen from the Table that number of units with an investment more than 7 lakhs as increased from 55 units to 91 units where as number of units with an investment less than 6 lakhs as decreased from 141 to 85 units.

It would be inferred from the above Table the units with less investment had graduated to large investment in the later year. It could be seen from the above Table that the enterprises under study have registered growth in their investment over the years.

Table 2 Comparison of investment between the initial and latest years

Investment (Rs in lakhs)	No. of Units		Percentages		Change (%)
	Initial year	Latest year	Initial year	Latest year	
1-2	62	45	31.8	22.9	-27.98
3-4	45	32	22.9	16.4	-28.38
5-6	34	28	17.3	14.3	-17.34
7-8	22	30	11.2	15.4	37.5
9-10	20	34	10.2	17.3	69.6
11 & above	13	27	6.6	13.7	107.57
Total	196	196	100.0	100.0	

Source: Field Survey

Loan Taken for Initial Investment

The Government of India and Reserve Bank of India have been instrumental in devising a multi-agency system for credit flow to small scale industries sector. The distinctive feature of the multi-agency set up is that the financial institutions have been extending term loans and banks are catering to the working capital requirements of the small scale enterprises. Of late, the distinction between the banks and financial institutions is gradually getting blurred and their roles are overlapping.

At the apex level, Small Industries Development Bank of India provides refinance to state level institutions such as State Financial Corporations (SFCs) and State Industrial Development Corporations (SIDCs), besides extending direct assistance to the Small Scale enterprises. At the state level, State Financial Corporations provide assistance to small and medium industries in their respective areas of operation.

Availability of finance is an important prerequisite for establishing any entrepreneurial activity. Initially every entrepreneur has to avail some finance of his / her own or loan from outside for the establishment of a unit. It is evident from the Table 3a that 151 respondents (77%) have taken loans for initial investment. The calculated value of Z-test (10.71) is found to be higher than the Table value (2.58) at 0.01 percent level. This indicates that there is significant difference between these variables. It may be concluded that one third of entrepreneurs did not take any loan because of high rate of interest, delay in getting loan sanction, corruptions etc.

The next question in this regard is to ascertain the sources of loan. The responses have been presented in the Table 3b. Entrepreneurs usually raise loans from more than one source. The loan for plant and equipment, land and building is raised from financial institutions. Entrepreneurs approach the commercial banks for their working capital requirements. Entrepreneurs also raise quick loans from friends and relatives and money lenders. Since, getting the loan from financial institutions and commercial banks is time-consuming.

The Table 3b shows that a very large proportion (about 80 percent) of the respondents have taken initially from financial institutions. On the other hand, 40 percent have acquired the loan from money lenders initially. Thus, it is clear that, by and large, a substantial proportion of the respondents have taken initial source of loan from financial institutions and commercial banks.

Table 3a Information about whether loan has been taken for initial investment

Response	No of entrepreneurs	Percentage
Yes	151	77
No	45	23
Total	196	100

Note: The calculated value of Z-test =10.71

Table value of Z-test at 0.01 percent level=2.58

Source: Field Survey

Table 3b Initial source of loan

Initial source of finance	No. of units	Percentage
Financial Institutions	120	80
Relatives /Friends	90	59
Commercial Banks	80	53
Money lenders	60	40

Multiple responses were allowed (*n=151)

Source: Field Survey

Repayment of Loan

Having borrowed money from the financial institutions and commercial banks, entrepreneurs have to maintain its credit worthiness by repaying the loan with interest. If the entrepreneurs' credit worthiness is low, it becomes highly difficult to raise the loan. Hence, it was also important to examine the repayment of loan by the entrepreneurs, was asked in this regard. A look at the Table 4 mentioned responses clearly shows that majority of (about 72.8 percent) the entrepreneurs have never defaulted in making repayment of the loan. About 19.8 percent of the respondents have occasionally defaulted in making repayment of their loan installments. However only 7.4 percent have defaulted in making repayment. The information leads to the conclusion that, the respondents repay their loan very regularly. The above information summarily explodes the myths relating to the non-credit-worthiness of small scale industry borrowers.

To be seen from Reserve Bank of India Report of India, the net bank credit flow to small scale sector has increased in absolute terms however its percent to

Table 4 Repayment of loan

Response	No. of entrepreneurs	Percentage
Never defaulted	110	72.8
Some times defaulted	30	19.8
Usually defaulted	11	7.4
Total	151	100.0

* 45 respondents have not borrowed any loan. (Table 5.4.3a infra)

Source: Field Survey

total net bank credit is fluctuating from 15 to 16 percent during 1991 to 2000. It is clearly indicated that the largest of credit is going to the large scale industry.

Government Subsidies or Incentives

The Government of India and Government of Andhra Pradesh have been offering different types of incentives to small scale enterprises. The government has initially reserved 837 items for the small scale industries and these units produce over 7,500 commodities. The small enterprises were exempted from payment of EMD (Earning Monetary Deposit), Cost of Tender Schedules and 15% concessions in the rate purchase. It also offers backward area subsidies of 20% to the small enterprises located in backward area. Both the Centre and State Government offer a host of tax incentives like deferred tax payment, tax holidays etc. An attempt is made to analyze the awareness of entrepreneurs about subsidies and incentives provided by the government.

The government has granted various subsidies or incentives for fostering small scale entrepreneurship in the state. Attempt is made to analyze as to how many entrepreneurs were attracted to start their enterprises because of subsidies or incentives. The Table 5 sets out information concerning grant of subsidies or incentives. Of the total 196 entrepreneurs, 102 entrepreneurs (52 percent) are aware of subsidies or incentives available for their industry. Further, it may be concluded that the 94 entrepreneurs (48 percent) are not aware of the government subsidies

Table 5 Government Subsidies or Incentives

Responses	No of Entrepreneur	Percentage
Yes	102	52
No	94	48
Total	196	100

Note: The calculated value of Z-test =0.81

Table value of Z-test at 0.05 percent level=1.96

Source: Field Survey

and incentives, concessions and other facilities made available to their industry. The calculated value of Z-test (0.81) is found to be much lesser than the Table value (1.96) at 0.05 percent level. It indicates that there is no significant difference between proportions of opinions.

The government has to create awareness among the prospective entrepreneurs about various incentives and schemes that are offered to the small scale industries sector. Since about half of the entrepreneurs were not aware of the various schemes and incentives even after 57 years of independence.

Employment

The Table 6 shows that more than one-half (58.26 percent) of the units employed less than 10 persons as at the end of initial year. Only 5.1 percent of the units (10 out of 196) employed more than 20. There is an marginal increase in the number of employees from the initial year to the latest year. The percentage of units employing more than 20 increased from 5.1 percent to 13.4 percent where as the percentage of units employing less than 10 decreased from 58.2 percent to 47.9 percent. The increase in the number of employees may be taken as an indicator of growth. The growth in the employment between the initial and the latest years suggests that the small scale units have grown fairly by providing more employment.

Table 6 Comparison of distribution of employment between the initial and latest years

No of employees	No of units		Percentages		Change (%)
	Initial year	Latest year	Initial year	Latest year	
Below 10	114	94	58.2	47.9	-17.69
11-20	72	76	36.7	38.7	5.44
21 & above	10	26	5.1	13.4	162.74
Total	196	196	100.0	100.0	

Source: Field Survey

Training to Employees

The entrepreneurs were asked whether they provided any general training to their employees. 67.9 percent have not provided any training to their employees. Remaining 32.1 percent provided training to their employees (Table-7). The Z-test, revealed a computed value of (7.07) which is higher than the Table value (2.58) at 0.01 percent level. It indicates that there is a significant difference between proportions of opinion on providing of training to employees. It leads to the conclusion, that the entrepreneurs of small scale enterprises were not able to

give importance to training programmes. The employees after receiving training migrate to the medium and large industries in search of new opportunities to grow.

Table 7 Information about providing of training to employees

Provided	No. of entrepreneurs	Percentage
Yes	63	32.1
No	133	67.9
Total	196	100.0

Note: The calculated value of Z-test =7.07

Table value of Z-test at 0.0 percent level=2.58

Source: Field Survey

Profits

In the economic theory, the behaviour of a firm is analyzed in terms of profit. The underlying logic is of profit efficiency. Profit is considered as the most appropriate resource of a firm's performance. The precise meaning of the profit is nuclear. Does it mean short-term or long-term profit? Does it refer to profit before tax or after tax? Since most of the entrepreneurs do not maintain their books of accounts. The accounts are maintained by their auditors. The entrepreneurs were reluctant to the part with the information about the qualitative of profit. The question related to profit is only qualitative to find out the number of years taken to make profit.

Profit is one of the conditioning factors for assessing the performance of the small enterprise. Every enterprise irrespective of its size, has to earn a reasonable profit, to service its borrowings and a return for own investment. It could be seen that in Nellore district, majority of enterprises surveyed were proprietary and partnership concerns. Profit is required for reinvestment for the growth of expansion of business. The small units have many advantages because of their size. In other words, because of their scale of operation, their gestation period may be low and break even earlier which in turn helps in facilitating an early return on investments i.e., profits. As a matter of fact, it is important to mention here that a longer gestation period for a small unit may be disadvantages such as escalation of price of plant and machinery, burden of interest on loan capital, declining sales due to late entry of the product and so on and so forth.

From the Table-8, it was found that 92 units (46.9 percent) started earning profit with in the first year, 77 units (39.3 percent) during second year and 30 units (10.2 percent) during the third year. 5 units (2.6 percent) made profit during the fourth year and two during the fifth year. Probing into the reasons for a longer gestation period revealed the following.

The factors for delay are the

- Procedural delay in sanctioning loan, faulty project report, delay in providing electricity connection and quota for raw materials etc.,
- Some entrepreneurs lost enthusiasm during the period of promotion due to changed circumstances and hurdles which appeared during the process. They further opined that what was being propagated by the promotional organizations for the encouragement of potential entrepreneurs to start industry was not carried on by them further in a spirited manner.

Despite several hurdles in the process of establishing a unit, quite a large number of units (46.9 percent), however started earning profits during the first year of commencement. Very few cases in our study took more than 4 years to start to earn profits.

Table 8 Time taken to earn profits

Period	No of units	Percentage
With in one Year	92	46.9
With in two Year	77	39.3
With in three Year	20	10.2
With in four Year	5	2.6
With in five Year	2	1.0
Total	196	100.0

Source: Field Survey

Growth in Profits

Ascertainment of profits in informal sectors is an uphill task for obvious reasons. The problems are more in the Indian context where the incidence of taxes is very much on the high side compared to the other countries. Concealment of the incomes and evasion of taxes are rampant in India. Incomes are concealed for non tax reasons also. Educational opportunities are offered free of cost or at concessional rate to the wards of those with meagre incomes, generally people making a living in the informal sector deliberately suppress their incomes to take advantage of such free ships or concessions. More than any thing else, Indians in general have lot of aversion to reveal their profit figures. This aversion is caused by fear and suspicion in their mind.

The question related to the absolute figures of the profit is avoided since entrepreneurs are not at all interested in revealing the quantum of profit. The accounts are mostly maintained by their auditors. In the light of the above, the

qualitative questions were proposed to ascertain the information about profitability of the enterprises. The trend in profits from enterprise is depicted in the Table 9 which shows 76 percent reported that there is no change in profits during the last three years. Further, about 16.3 percent reported decline in profits and only 8.7 percent registered an increase in profits. This information leads to the conclusion that by and large, three fourth of the entrepreneurs are running their enterprises with constant profits.

Table 9 Trend in profits

Trend	No. of Entrepreneurs	Percentage
No Change	149	76.0
Decrease	30	16.3
Increase	17	8.7
Total	196	100.0

Source: Field Survey

Reinvestment of Profits

Having ascertained the growth in the profits, an attempt is made to find out the percentage of entrepreneurs who reinvested their profits for the growth and expansion of their enterprise.

It is evident from the Table 10 that only about 49 percent of the entrepreneurs have reinvested their profits in the firm and remaining 51 percent did not reinvest their profits in the firm. The computed value of Z-test (0.40) is lesser than the Table value (1.96) at 0.05 percent level which supports the statement.

The respondents were also asked about the reasons for not reinvesting their profits in the firm. It was an open ended question and the respondents were in the process of diversifying into another business, investing in share market and diverting the money into unproductive assets like house-construction.

Table 10 Reinvestment of profits in the enterprise

Reinvestment	No. of Entrepreneurs	Percentage
Yes	96	49.0
No	100	51.0
Total	196	100.0

Note: The calculated value of Z-test =0.40

Table value of Z-test at 0.05 percent level=1.96

Source: Field Survey

Table 11 Trend in sales

Trend	No. of entrepreneurs	Percentage
No change	151	77.0
Decrease	28	14.3
Increase	17	8.7
Total	196	100.0

Source: Field survey

Sales

The profitability of the firm depends upon its sales. Since, sales are an important growth indicator of an enterprise. Growth in the sales is an appropriate indicator of performance. It is considered very interesting and important to know about sales of the enterprise. Sales is a key function in any enterprise as it is responsible for making marketing decisions, like sales budgeting, quotas and territories. It is very clear from the Table-11 that about 77 percent of the entrepreneurs reported constant sales during the last three years. 14.3 percent of entrepreneurs experienced decrease in sales and only 8.7 percent reported an increase in sales. It would be inferred from the above Table, the small enterprises have remained stagnant by and large since insignificant number of enterprises registered increase in profits and sales.

Advertising

The practice of advertising dates back to ancient times when town criers walked the streets of ancient Athens announcing upcoming sales of goods, thus serving as the forerunners of radio advertisements. Advertising plays a very important role today. It is a powerful promotional tool used by businesses and non-business organizations for informing, persuading and reminding their targeted audiences. Advertising in the printed electronic media is quite expensive. Small scale enterprises cannot afford to advertise their product in the electronic media. The Table-12 shows that 63.3 percent of the entrepreneurs did not advertise their products. Only 36.7 percent of entrepreneurs advertised their products. The calculated value of Z-test (5.251) is found to be higher than the table value (2.58) at 0.01 percent level. It indicates that there is significant difference between proportions of opinion on advertising of products.

Thus, it is seen that entrepreneurs, by and large, inspite of stagnant sales, did not go for advertising. This may be because of higher promotional cost of the advertising in electronic and print media.

Table 12 Entrepreneur's response regarding advertising of products

Response	No. of entrepreneurs	Percentage
Yes	72	36.7
No	124	63.3
Total	196	100.0

Note: The calculated value of Z-test =5.251

Table value of Z-test at 0.01 percent level=2.58

Source: Field Survey

Media of advertising

Such of those respondents who advertised their products were asked to elaborate in the media chosen for advertising. A perusal of the Table 13 indicates that, 52.77 percent of the entrepreneurs have advertised in newspapers, 29.16 percent of the respondents used pamphlets and remaining 18.07 percent in television through the local cable network. It is clear that majority of the entrepreneurs have advertised their products in less costly local cable network.

Table 13 Media of advertising

Type	No. of Entrepreneurs	Percentage
Newspapers	38	52.77
Pamphlets	21	29.16
Television	13	18.07
Radio	-	-
Total	72	100.0

Source: Field survey

CONCLUSION AND SUGGESTIONS

To conclude, it may be said that entrepreneurship development is *sine qua non* for our country to achieve the basic objectives of economic planning. The study reveals that during the post-liberalisation period, the small enterprises have grown phenomenally, indicating the conduciveness of the environment created by the government for the growth of entrepreneurship. The entrepreneurs are investing more money on entrepreneurship and it result in units with less investment had graduated to large investment in the later year. The entrepreneurs of Nellore district also utilized the government schemes for the initial investment for starting their enterprises and the majority of them (about 72.8 percent) have never defaulted in making repayment of the loan.

The increase in the number of employees may be taken as an indicator of growth of the entrepreneurship in Nellore district. The growth in the employment between the initial and the latest years suggests that the small scale units have grown fairly by providing more employment. The entrepreneurs of small scale enterprises were not able to give importance to training programmes because of a fear that employees after receiving training migrate to the medium and large industries in search of new opportunities to grow. The Government, State Financial Corporations, Technical Consultancy Organization, Small Industries Development Bank of India and Industry Associations should provide a technical and management skills and training to the entrepreneurs on the theme 'how to retain the employees in the organization'.

As per the findings of the study, most of small scale enterprises have constant sales and profits from last three years. It was advisable to the District Industries Centre and other financial institutions should provide training, seminars, workshops and conferences for 3 to 5 days in which all government officials, expert persons and entrepreneurs come together to offer suggestions to solve their problems directly by face to face contact.

The District Industries Centre, Department of Industries and Commerce, local industry associations and banks play an important role in solving the problems of small enterprises by developing local advisory boards, to deliberate on problems, complaints and improvements of small enterprises and finally advise or recommend or decide the remedial measures expeditiously. Advertising plays a very important role today and it is a powerful promotional tool used by businesses and non-business organizations for informing, persuading and reminding their targeted audiences. The entrepreneurs are advised to go for suitable advertising media to advertise their products. At last, healthy growth of entrepreneurship is an asset and a crucial factor in the economic development of a developing country like India. Keeping this in view a much more stimulating environment must be created for the speedier dispersal of entrepreneurship.

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