



A SMALL, MEDIUM & LARGE SCALE ENTREPRENEURSHIP DEVELOPMENT SITUATION IN RURAL AREA OF PUNE DISTRICT

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ABSTRACT :

An Agriculture is the backbone of Indian economy. Near about 70 percent of the population of India depend upon agriculture. Though the whole economy of the nation depends upon agriculture, the improved technologies are not utilized in the agriculture for cultivation and all other activities. Farming activities are depending upon the natural resource i.e. each farmer depends upon the rain, the natural resources of a country are of primary importance for economic development. Now agriculture has enhanced the remunerative occupation. The outmoded and tenure system, traditional technology, poor agriculture and infrastructure are the strong barriers in the process of agricultural development. Institutional and technological changes were introduced to create the favorable conditions for the development of agriculture. They primarily are initiated for improvement of crop production and productivity. Crop production and productivity and cropping intensity have increased, during the planning period. In the era of liberalization, privatization and globalization, Indian agriculture has much protection to get the advantages of globalization with the help of modern technologies in production and marketing of agriculture produce. The India can become a superpower in the world in respect of agriculture production. But the Indian agriculture has many problems which can be grouped in the functional areas of management such as production, personal, finance and marketing etc.

Key Words: Micro, Small & Medium size entrepreneurship

INTRODUCTION :-

The present study is related with Entrepreneurship especially with “**A Small, Medium & Large Scale Entrepreneurship Development Situation in Rural Area of Pune District**”. Pune District which is one of the leading district in the state of Maharashtra. The main taluka’s in this District are Baramti, Bhore, Daund, Indapur, Junnar, Khed, Purandar, Shirur, Haveli and Mulshi etc. Pune District is famous for the production of small scale entrepreneurs in Maharashtra. As such the small productions are marketed in Pune City and other district in nearby market. Pune city and rural part of Pune district are important market places for small entrepreneurs and producers in all over Maharashtra.

Small entrepreneurs situation, position and problems of their business is the main focus of the study. The location of Pune district is situated in the western part of Maharashtra state. It is bounded on the north by Thane District on the east by the Ahmednagar District, on the south by Satara District, on the west by Raigad District.

OBJECTIVES OF THE STUDY :-

- 1) To study the Scope , Nature & Background of Entrepreneurship Development in rural area.
- 2) To study the situation of Challenges, Opportunities of SME’s in rural area.
- 3) To Study the problems of Small , Medium & Large Scale Entrepreneurship Development in rural Area.
- 4) To study the role of SMEs development in rural area of Maharashtra.

RESEARCH METHODOLOGY :

The present paper is based on secondary source of data. The secondary data is also collected from various reference books, national international research journals, Magazine annual reports, reports of SSI & MSME units in Government ,News paper & websites which are related to SMEs.

NATURE OF SMEs DEVELOPMENT:

a) High Growth Enterprises

These include SMEs in sector like textiles and garments, leather products, auto components, drugs and pharmaceuticals, food processing, information technology (IT) hardware and electronics, paper, chemicals and petrochemicals, telecom equipment etc.

One of the major constraints in growth of such enterprises is access to equality capital. Presently, there is almost negligible flow of equity capital into this sector despite the fact that

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overall such capital inflow has witnessed significant increase in the recent years. There is, therefore, a need to promote inflow of equity capital into this sector by providing suitable incentives to SMEs-focused angel/venture capital funds as well as by setting up of SME's Exchanges/Platforms. Technology is another aspect that is critical for the growth of SMEs. Given their scale of operations, it is not only difficult for them to invest in research and development activities but even to acquire modern and latest technologies available in the market due to high costs. There is a need to make massive efforts for dissemination of information on the latest/modern technologies among the SME's and supporting them for undertaking technology up gradation, acquisition and innovation. In addition, the Government also needs to encourage R&D in the engineering/technical institutions through suitable tax incentives and setting up of Business Incubators.

b) Enterprises Operating under Sub-contracting

Promotion of sub-contracting has been one of the important ingredients of the policy envisaged for the development of MSEs in the country. However, in view of the dependent relationship of such enterprises with the large enterprise, they also face several problems. Some of the major problems include the following:

1. Delays in payments.
2. In case of rejection, the small firms end up with practically no option but to dispose off their products.
3. Linkages such as financial and supply of raw material are seldom provided by the buyer enterprises.
4. Buyer enterprises are not bothered to ensure that such enterprises operate with minimum working conditions or comply with various regulations related to their working.

While the Micro, Small and Medium Enterprises Development Act, 2006 provides for more rigorous provisions to counter the problems of delayed payments to the MSEs, the sense of insecurity of contract prevents them from taking legal action for recovery of dues.

c) Unorganized Sector Enterprises

No discussion on SMEs can be complete without a full treatment of the unorganized sector in which enterprises are typically established through own funds obtained through non-institutions sources. They lack managerial bandwidth, do not have established channels for marketing and are centered around a single traditional technology. The workers in the informal economy are clearly the overwhelming proportion of the workforce and most of these suffer from various forms of insecurities and vulnerabilities. It follows that policies have to focus on improving their conditions.

THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN ECONOMIC DEVELOPMENT :

The role of SMEs in developing countries including Nigeria has been established. Such industries contribute immensely to economic development of a country in the following areas: a) Capacity Building: SMEs provide a platform for training of indigenous entrepreneurs, which drives the wealth creation process at all levels. It has even been established that SMEs is a nursery of entrepreneurship where individual creativity and innovation are the driving force. Therefore, they may be as the university where vast majority of entrepreneur receives training. b) Employment Generation: SMEs have the capacity to generate employment as their mode of operations is more labour intensive. Their labour intensive nature is much higher than that of large enterprises. It has also been observed that more jobs per unit of investment capital and per unit energy consumed are created worldwide by SMEs than large scale enterprises (Venkatarman, 1984). They have therefore helped in solving the problem of unemployment in many countries. c) Promoting Growth: In like manner, SMEs by its nature are such that they are involved in primary and secondary economic activities that depend heavily on locally sourced materials. As such they achieve high value added operations which is a key role in the growth and development of any economy. d) Industrial Dispersal : SMEs could easily be located in rural areas because they can survive on rudimentary industrial infrastructure consequently they serve as major facilitators for industrial dispersal and rural development and thus have the capacity to stem rural-urban conjuration. e) Backward and Forward Linkages: Most SMEs output serves as intermediate or semi-processed goods of large scale firms. By this, they generate mutual industrial linkages between local producers of raw materials and large industrial concerns. f) Technological/Industrial Development: SMEs have short-term gestation period and high potentials for quick yield on investment. They provide promising alternatives for countries that desire the fast option of industrial development. This is possible in most cases because the technology in use is less complex and can be handled and manipulated by the entrepreneurs. g) Technological Acquisition: Small-scale industries provide opportunities for the development of local skills and technology acquisition through adaptation. The “Aba made good syndrome” a concept adopted by the part of Nigeria is a clear manifestation of such technological acquisition and this gives impetus to rapid development in the economy (Odubanjo, 2000). h) Poverty Alleviation: SMEs play a vital role in reducing poverty and inequality among citizenry. This is not unconnected to the affordable and relatively low capital requirement for its establishment. It also engages both skilled and unskilled

workforce thereby creating a means of livelihood. This is an important role in any economic development process.

RECENT CHALLENGES FOR THE SMALL & MEDIUM ENTREPRENEURS:

Inadequate access and marketing platform:

SMEs in India have been subjected to weak marketing linkages. Due to factors like insufficient government support, lack of adequate marketing facilities, the path for the marketing and sale of SME of product will continue to be a challenging one in future.

Lack of access to new technology:

Although technology has advanced in the recent years, thank to the proliferation of mobile phone and internet, the continuance of low technology use by SMEs has resulted in low productivity. This has rendered them uncompetitive in the ever-widening market.

Lack of required credit :

The most significant constraint to the growth of SMEs in our country relates to inadequate capital and credit facilities. In the coming year also, SMEs are bound to face the situation of complex collaterals by the banks, cumbersome sanction procedures, delay in disbursement and high rate of interest on the SME loan. Difficulty in obtaining an easy and timely credit is crucial factor hampering the SME growth.

Cumbersome regulatory practices:

The regulatory practices such as construction permits, resolving insolvency, collateral securities, and taxation etc. will continue to be the constraining factors for many SMEs in the current year.

SMALL, MEDIUM ENTERPRISES OPPORTUNITIES:

Leveraging the e-commerce trend:

SMEs now can make their presence in the on line world by going digital. For many years, the SME sector was struggling with the intense competition, but going digital can give them the required edge.

Adoption of technology

Since social media mobile phone, cloud technology is the talk of the town now, SMEs can take help of these platform embedding the social and cloud platform will open up vast opportunities for revenue growth & operational efficiency.

Taking advantages of government schemes:

SMES need to receive benefits of government initiatives such as Make in India Startup India Skill India. These schemes introduced by the government are aimed to promote an entrepreneurial culture to grow the current SME status.

Abundance of fintech firms:

With the number of fintech firms and lenders on rise, SMEs will have the opportunity to get accessible and affordable financing options.

SMEs always had to worry about the gap in their cash flows while taking the SME loan from the traditional lender. But now, they will be able to focus on their business entirely as enhanced speed, transparency, and quick SME loan facilities are about to increase significantly.

PROBLEMS OF ENTREPRENEURS : -

The Entrepreneurs face number of problems in promotion of units during production, marketing, distribution, procurement of raw material and availing the incentives offered by the State Government. The problems of Entrepreneurs may be divided in to three groups Internal, External and General Problems etc.

INTERNAL PROBLEMS OF ENTREPRENEURS:

The internal problems of entrepreneurs are choice of an idea, feeble structure, faulty planning, poor project implementation, poor management, poor production, poor quality, marketing, financial crunch, labour problems, capacity utilisation, lack of vertical and horizontal integration, inadequate training in skills, poor and loose organization, lack of strategies, lack of vision, inadequate connections, lack of motivation.

EXTERNAL PROBLEMS OF ENTREPRENEURS : -

The external problems of entrepreneurs are location, power, water, post office, communication, capital, marketing, taxation , raw material, industrial and financial regulations, inspections, technology, government policy, administrative hurdles, rampant corruption, lack of direction, competitive of volatile environment etc.⁸

GENERAL PROBLEMS:-

- 1) Inadequate technical support to the Entrepreneurs in respect of product identification and machinery installation from SISI. The difficulty has been in breakdowns, up gradation of technology and R and D quality control.
- 2) Non-availability of suitably updated handbooks about the various industries in small industries service institutes (SISI)

- 3) The hire purchase scheme of providing assistance to SSI helped only the larger entrepreneurs in the small scale sector, leaving smaller units financially deprived.
- 4) Delays in provision of infrastructural facilities like sheds, water, raw material, etc.
- 5) Delay in payment of Bills creating liquidity problem for SSI units.
- 6) Low recovery of bank funds because of difficulties in identifying genuine Entrepreneurs.
- 7) Lack of co-ordination between banks and state financial corporations and other agencies in assisting SSI units

SUGGESTIONS :

- 1) Various specific and non-specific training programmes should also conducted at various level especially at district level, so as to promote entrepreneurship development programme.
- 2) There is a tendency to expand and diversity the small-scale sector instead of going out of it. Financial institutions should provide loans liberally and on priority basis for establishing new units in the SSI sectors.
- 3) Lack of infrastructural facilities is one of serious problem faced by the entrepreneurs in the estates. The infrastructural facilities such as post office, banks, watch and ward canteen, recreation center, industrial housing, formation of roads, avenue plantation, drainage system, water and power supply, influent treatment facility, hospitals, schools, colleges, entrepreneurship development centers, training center etc. These facilities were stated to be substandard. The maintenance of the estates was also said to be very poor. Therefore these need to be improved to a great extent.
- 4) The government should arrange uninterrupted supply of raw materials to the rural entrepreneurs at concessional rate.
- 5) The government should also carefully study the project viability of sick unit and select for rehabilitation. And open export cell in remote areas.

CONCLISION :

Current year is going to be a year of progressive changes in the SME sector based on the trends mentioned above. With a significant rise in technology and innovation. A business friendly atmosphere for the SMEs will become a reality.

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