

Problem of Entrepreneurs in Bihar



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ABSTRACT

In spite of the infrastructure available for the recourse based and demand based industries in the state of Bihar proper development of the industrial units have not taken place because of the certain inherent constraints in this chapter a brief description of the problem encountered by the industrial entrepreneur and their impact of entrepreneurship development have been discussed.

Keywords : Entrepreneurs, Infrastructure, Project Planning

1. PROBLEMS IN NUTSHELL

In spite of the availability of infrastructure facilities the working of most of the industries units in the state have been found unsatisfactory and their capacity utilization rather low. There are various reason for the present poor state of affair of the units, the most important of thumbing lack of finance non variability of raw materials, lack of skilled worker insufficient supply of power inefficiency in management, lack of testing and marketing facilities, Consequently the employees working in these units always find themselves under the shadow of displacement because their fate age linked up with the fate of the industrial unit in which they working once the unit succumbs of the problem the employees find themselves on the road.

(1) IMPORTANT PROJECT PLANING

Improper project planning is one of the reasons for subsequent failure of SSI units. Project planning involves identification of suitable project with regard to its market, only a few factors influencing the viability of the project. The market prospect does not appear to have been studies properly while planning many of the existing units. This has been given to selection of proper technology, plant and machinery. Future, order to keep the project cost low substandard machinery has been purchase in certain cases which has resulted in frequent machine break and the subsequent losses production for the units rendering their working uneconomical.

2. DELAY IN MOBILISING RESOURCES

At the initial stage of setting up of an unit the entrepreneur get confronted with a number of problem due to their inorganic of the general procedural aspects involved in setting up the industrial and the lack of co-ordination among various agencies responsible for industries development.

The delays involved in mobilizing recourse generally result in over run of project coast and on implementation the units face shortage of working funds.

(1) IMPROPER PROJECT PLANNING :-

Improper project planning is one of the reasons for subsequent failure of SSI units. Project planning involves identification of suitable project with regard to its market, technical feasibility and financial viability. In many cases it has been found that the projects have been selected on narrow consideration of only a few factors influencing the viability of the project.

This has put many units in competition in the market and such units generally fail because they are not strong enough otherwise top, to face competition. In some cases ,at the project formulation stage no careful through appear to have been given to selection of proper technology , plant and machinery .further , order to keep the project cost low substandard machinery has been purchased in certain cases which has resulted in frequent machine break down and the subsequent losses production for the units rendering their working uneconomical.

2. DELAY IN MOBILISING RESOURCES:

At the initial stage of setting up of an unit, the entrepreneur get confronted with a number of problems due to their inorganic ignorance of the general procedural aspect involved in setting up the industrial and the lack of co-ordination among various agencies responsible for industrial development.

The delay involved in mobilizing resources generally result in over run of project coast and on implementation the unit fact shortage of working funds. If the promoter are unable to arrange for additional working funds the fate of such units can well be imagined.

3. FINANCIAL CONSTRAINTS :

Finance is the life blood of industry small, medium and large. If industries are to survive and run smoothly availability of adequate and timely finance is a must. The flow of financial foe the industries and trade in our country in not only cumbersome but vexatious and torturous and in bihar which is industrially a backward State , it is lamentable and pitiable.

Due to the lack of adequate fund the SSI units are not able to invest on activities like design and product development, diversification of product lines, advertising and sales promotion, etc Delay in sanction and disbursement of working capital and general inability of the units to units in difficult position. in many cases even the tern loan sanctioned to industries also fall short of actual requirement due to underestimation of costs, increases in prices, delay in project are implemented, the entrepreneur exhaust even the margin money of working capital and have to face shortage of

funds while starting production. Commercial banks, after being nationalized in 1969 and financial institution (S F C . R R B) set up for the purpose were expected to fill this gap but in reality they appear to be moot observer and are contributing very little to solve this problem. In short they are still a “fair wither friend”. So far internal source of finance (private source) is concerned , the fiscal conduction of the country is such (high rate of interest and disproportionate taxation) that not only new entrepreneurs get discouraged from making investment but even those who are already they are trying to get out of it. It is in practical analysis that even with a gross profit ranging between 30 to 40 % on the capital investment, nothing is left with an honest entrepreneur compared to what he would earn by way of interest keeping him completely free at the same time.

4. CONSULTANCY SERVICES:-

Bihar, being an industrially backward state, lacks industrial orientation and functional skill required for running industries enterprises on the part of the entrepreneurs and owner of the industrial units. They require consultancy organization having expertise different managerial problems, on request advise the existing industrialists to get proper orientation in managing industries enterprise and prospective enterers to get sufficient background knowledge before they step into them in trouble which result in the failure of industrial units , short fall in production non fulfillment of supply contract and increasing the number of sick and dead units.

MANAGEMENT PROBLEM:

We have mentioned in earlier that small entrepreneurs in underdeveloped region are in true sense perform all the function of marshaling enterers. In other words they are promoters, organization, manager, operator and seller of the goods produced.

The problem of management has become more complex they days in week of various legislation relating to control and labor relation. as mentioned earlier the entrepreneurs have narrated their defaulting regarding submission of reports and statement they have to deal with 18 different agencies of the government and submit statement in long preformed almost all the entrepreneurs understudy have complained that it was not physically possible for them comply with all the report hence sometimes they neglected it or some of them fill up preformed at random.

ACCOUNTING SYSTEM:

94% of the entrepreneurs reported that they kart formal books of account for their enterprise, based on double entry system but 6% don't feel to maintain, as they have too small size of enterprises of turning shops majority of the entrepreneurs who have taken financial assistance from the state or from the financial institution have to maintain proper book of account 70% of the enterprises have to submit sales tax return. 40% of the entrepreneurs are income-tax assessed .On enquiry, we have come across that only 28% units maintained properly the production charts and the rest submit it on rough calculation.

COSTING:

Costing which is must for manufacturing unit is not properly done . only 8% units have properly maintained costing system generally ancillary units troy big industries . Costing is more necessary for price-fixation. On investigation 54% entrepreneurs.

CONCLUSION

The problem relating to management is more concerned with maintaining the books of accounts, statement and report and production chart to be supplied to different of work to be done by entrepreneurs as well as technicalities of keeping formal statement create complex problem for small entrepreneurs . it is suggested that the requirements of different statement and reports should be minimized one to be prepared in a co-ordinate way with the assistance of the government agencies.

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