

## A STUDY ON PROBLEMS AND PROSPECTS OF SMALL SCALE INDUSTRIES IN COIMBATORE DISTRICT

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### **Abstract**

*The small-scale industry acts as a thrust in the economic development of any country. It kindles private ownership and entrepreneurial development. Private sector and entrepreneurial development are some of the pre-requisites for economic transformation. Therefore the small scale industry can transform the country economically. India has not been an exception and the industry has played a significant role over the years. This paper deals with assessment of potentials, measurement of prospects and identification of problems of the SSI units working in Coimbatore. The paper is based on the survey of 200 SSI units situated in Coimbatore.*

**Keywords:** *Small Scale Industries, Problems, Prospects.*

### **INTRODUCTION**

Lack of capital, excessive dependence of agriculture and abundant supply of manpower are the characteristic features of many developing countries in Asia. Happily these economies have been realizing that agriculture is which cannot meet their local requirements and therefore, that the pressure on land could be substantially reduced through the development of small scale industries. Small scale is the most suitable type of the developing countries. The role of industries is also one of the characteristics and has different types of units functioning in the fold of an economy. Therefore, the present study through some light on their problems.

### **OBJECTIVES**

1. To examine the growth and working of the small scale industries.
2. To assess the organizational aspects of small-scale industries in Coimbatore District.
3. To analyze the performance of the small-scale units in the sample with various development – criteria.
4. To identify the problems faced and the prospects of small-scale industrial units in Coimbatore District.
5. To investigate the reasons for the problems in the small-scale sector and to suggest suitable measures to get over them.

### **RESEARCH METHODOLOGY**

Survey method was adopted for this study. It is intended to study on Problems and Prospects of Small Scale Industries in Coimbatore District. The methodology of the study includes Area of study, Sources of data, Sample size and Statistical tools used and other related aspects.

#### **RESEARCH PLAN**

- Target population and universe : Coimbatore district.
- Sampling unit : Small Scale Industries (SIDCO).
- Sampling method: Simple Random Sampling.
- Sample size : 200.

### **CONCEPT OF SMALL SCALE INDUSTRIES**

The concept of 'small scale industry' is not only new to India but also practicing in the age old traditional systems in the ancient period. The definition of small scale industries are changing its central idea and have been shaped in the planning period. Since then it was maintained till the year 2006. These units have been merged with "Micro, small and Medium Enterprises" (MSME). The act clearly divided into two categories of industries; one is enterprises engaged in the manufacturing or production of goods pertaining to any industry, also another is, in the case of enterprises engaged in providing or rendering of services.

The MSMEs of manufacturing enterprises have been classified into micro, small and medium enterprises based on the amount of investment in plant and machinery as follows:

**Manufacturing Enterprises – Investment in Plant and Machinery**

Description	Amount
Micro Enterprises	Up to Rs 25 Lakhs
Small Enterprises	Above Rs. 25 Lakhs & Up to Rs. 5 Crores
Medium Enterprises	Above Rs. 5 Crores & Up to Rs.10 Crores

The MSMEs of service enterprises have been classified into micro, small and medium enterprises based on the amount of investment in equipments as follows:

**Service Enterprises- Investment in Equipments**

Description	Amount
Micro Enterprises	Up to Rs 10Lakhs
Small Enterprises	Above Rs10 Lakhs & Up to Rs. 2 Crores
Medium Enterprises	Above Rs2 Crores & Up to Rs 5 Crores

**ANALYSIS OF PROSPECTS AND PROBLEMS OF SSIs**

Table – 1,Nature of ownership

S.No	Nature of ownership	Number of respondents	Percentage
1	A. Sole proprietorship	115	57
2	B. Partnership	49	25
3	C. Private limited company	36	18
Total		200	100

Source: primary data  
 Result

It is concluding that most of the respondents are sole proprietorship.

Table – 2,Types of product produced

S.no	Types of product produced	Number of respondents	Percentage
1	Capital goods	77	39
2	Consumer goods	102	51
3	Luxury goods	21	10
Total		200	100

Source: primary data

Result

It is clear that, more than one half of the respondents producing consumer goods.

Table – 3, Scope/ need for modernization in their unit

S.no	Yes / No	Number of respondents	Percentage
1	Yes	177	88
2	No	23	12
Total		200	100

Source: primary data  
 Result

It is observed that majority of the respondents are willing to modernize their unit.

**Table – 4,FINANCIAL PROBLEM**

Financial Problem	Rank							
	1	2	3	4	5	6	Average	Rank
Shortage of working capital	44	54	44	17	29	12	2.861878	2
Shortage of income for fixed assets	39	51	57	42	4	7	2.696133	1
Hostile attitude of government agencies	31	40	26	51	34	18	3.071823	3
Inadequate assistance from commercial banks	30	11	27	47	47	38	3.375691	4
Inadequate assistance from financial institutions	43	40	38	28	39	12	3.928177	5
Any other (specify)	13	4	8	15	47	113	5.066298	6

Result:

From the above table it is understood that the SSI units face various financial problems they gave first rank to the problem of 'Shortage of working capital'. It is followed by other problems faced by them. It is found that they gave last rank to 'other problems'.

**Table – 5,MARKETING PROBLEMS**

Marketing Problems	Rank								
	1	2	3	4	5	6	7	Average	Rank
Competition from large scale units	10	15	20	24	66	57	8	2.538889	1
Competition from small scale units	11	17	4	4	15	45	104	3.477778	3
Slackness in demand	48	55	17	27	37	16	0	2.916667	2
Price control	14	28	67	42	32	13	4	3.594444	4
Transport problems	12	14	12	35	24	44	59	4.65	5
Competition with established brand	33	37	27	44	22	22	15	5.127778	6
Others specify	72	34	53	24	4	3	10	5.694444	7

Result:

From the above table it is understood that the SSI units they face various kinds of marketing problems. They gave first rank to the problem of 'Competition from large scale units'. It is followed by other problems faced by them. It is found that they gave last rank to 'other marketing problems'.

**Table – 6, LABOUR PROBLEMS**

Labour Problems	Rank								
	1	2	3	4	5	6	7	Average	Rank
Absenteeism High/ Low	19	32	24	72	30	19	4	3.378947	3
Low Turn Over High/ Low	32	13	14	4	34	28	75	3.321053	1
High wages over rates Time/ Piece/ Both	33	24	22	32	48	26	15	3.342105	2
Work stoppages frequent/ Occasionally/ Not at all	36	43	34	25	45	13	4	3.668421	4
Training cost High/ Low	48	33	41	28	10	23	17	3.805263	5
Unionization Yes/No	25	47	55	25	17	24	7	4.794737	6
Others (specify)	7	8	10	14	16	67	78	5.689474	7

Result:

From the above table it is understood that SSI units facing various kinds of labour problems. They gave first rank to the problem of 'Low labour Turn Over'. It is followed by other problems faced by them. It is found that they gave last rank to 'other labour problems'.

**Table – 7, PROBLEMS ASSOCIATED WITH RAW MATERIALS**

Raw material Problems	Rank								
	1	2	3	4	5	6	7	Average	Rank
High price	59	66	24	18	17	12	4	2.631016	1
Scarcity	10	13	26	23	42	51	35	3.240642	2
Transport	42	36	22	50	19	18	13	3.470588	4
Low quality	11	12	24	22	51	39	41	3.352941	3
Imported raw materials	6	13	4	8	30	64	75	4.780749	5
Quota insufficient	41	45	27	22	27	13	25	4.818182	6
Any other (specify)	31	15	73	57	14	3	7	5.673797	7

Result:

From the above table it is understood that SSI units facing various kinds of raw material problems. They gave first rank to the

problem of 'high price'. It is followed by other problems faced by them. It is found that they gave last rank to 'other material related problems'.

Table - 8  
 PROBLEMS OF TECHNOLOGY AND MANAGEMENT

Problems of Technology and Management	Rank						
	1	2	3	4	5	Average	Rank
Non-availability of skilled workman	42	57	50	42	9	2.590426	1
Non-availability of professional managers	15	18	12	37	118	2.611702	2
In effective consultancy service provided by government agencies	33	56	53	34	24	2.824468	3
In access to new technology	56	28	33	51	32	2.845745	4
Others	54	41	52	36	17	4.12766	5

Result:

From the above table it is understood that SSI units facing various kinds of technology and management problems. They gave first rank to the problem of 'Non-availability of skilled workman'. It is followed by other problems faced by them. It is found that they gave last rank to 'other technology and management problems'.

#### PROBLEMS OF SSIs

- ✓ Marketing Problems
- ✓ Labour Problems
- ✓ Production Problems
- ✓ Financial Problems
- ✓ Sources of Finance
- ✓ Borrowing Capital
- ✓ Financing Small Scale Units
- ✓ Total Capital of Small Scale Units
- ✓ Problems of Sample Units
- ✓ Technology and Management related problems
- ✓ Role of Power Cut
- ✓ Plant and Machinery
- ✓ Industrial Accommodation
- ✓ Improvement in Techniques
- ✓ Future plan for Expansion
- ✓ Development Designs

#### CONCLUSION

Financial assistance is the most important criteria for the development of any industry. It is concluded that, for easy availability of finance, the activities of Central and State Government agencies must be co-ordinate in a fruitful manner by establishing a District level agency which should have a direct contact with the small scale industrial units and the Governmental agencies at large. Technological obsolescence is high in sample units. To improve marketability there is a need to induct an appropriate technology.

Marketing has been identified as an important problem area affecting the growth of the small scale units. The competitive attributes are beyond the reach of the small scale industrial units. Hence it is concluded that a proper organisation is essential

in any form of business to overcome the difficulties in the field of marketing. The small scale industrial association can collectively provide vestibule training to the work force of small scale industrial units. The new employee of the units should be trained 'on the job' itself.

There is a lot of potential for rural small-scale entrepreneurs, which needs to be tapped for the economic growth of our country. Guidance on design and technology should be provided. Appropriate products can be identified and produced in rural areas by motivating the rural small-scale entrepreneurs to undertake their production, sell their products at remunerative prices, get reasonable income and lead a decent living.

In a nutshell, the growth of the small scale industries can be assured by providing adequate and timely finance upgrading the technological base by connecting all the DIC, TIIC, SIDCO under separate network and also providing marketing support to the units in the study area.

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