



A STUDY ON PROBLEMS OF SMALL SCALE INDUSTRIES IN ERODE DISTRICT

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Abstract

The small scale industries play a very important role in the development of economy as well as of nation. The economic development of country is directly connected with the growth of industries because industries are the back bone of our nation. There are certain problems which are very common to all small scale industries. If these problems are solved by taking an effective steps or effort these challenges this sectors can it as a developing engine. There is certain measure to remove the difficulties of small scale industries government have a effective measure to remove the problem faced by industries.

KEYWORDS: small scale industries, problems, and suggestion.

INTRODUCTION

The problems of the current small scale business sector in India, has frequently been the subject of discussions in many places and occasions. Detailed schemes have commenced for promotion of small scale industries. These schemes foster and support the small scale units fall in the commercial, financial and technical area of enterprise growth. Today, India functions as the principal and oldest programme makes for the development of small industry in any budding nation. Despite the fact that the growth of this sector has been admirable, the present vulnerabilities of supporting and maintaining this sector on a continuing standpoint has also multiplied. The twists and turns in bureaucratic policy concerning the small scale sector while setting the field for this study and noteworthy growth, have also been the reason for condemnation; principally describing to specific programmes that were introduced but which certainly and not actually take-off.

REVIEW OF LITERATURE

Sailatha & Shruthi (2017) have evaluated the problems and challenges faced by small hotel business due to demonetization. Demonetization was planned against corruption, black money, counterfeit notes and terrorism and it endangered the use of cash transaction and reduced the volume of business in all sectors. Findings

showed that demonetization had sizable negative effect on the livelihood of the small scale business because it faced lot of difficulties due to the restriction on exchanging notes in the bank and so demonization had negative impact on the small scale units.

Vaijayanti (2009) investigated the problems faced by the small scale sector. This study stressed that the small scale sector in India had become a development machine for the economy, substantially contributing to increase in the gross domestic product, employment and exports. Small scale industries have continued to augment its contribution in economic growth of India and this sector contributed nearly half of share of the value added in manufacturing sector and amounting to one-third in exports of the nation. Findings of the study indicated that market structure, logistic, communication, socio-psychological influence, managerial, and economic factors were the significant problems in this sector. Small scale sectors faced lack of skilled labour, use of conservative production methods, lack of specialized administration, and so on. It concluded that funding agencies and government support to reduce its problems.

OBJECTIVE

- 1) To analyze the problems of small scale industries.
- 2) To remove the difficulties faced by small scale industries
- 3) To know the effective steps to solve the problems of SSI industries.

RESEARCH METHODOLOGY:

- ✓ The primary data relating to the opinion of the respondents regarding various aspects of small scale units were collected with the help of interview schedule .
- ✓ The researcher has initiated the research work with the sample in order to pre – test the questionnaire and to validate the data.

STATISTICAL TOOLS

1. Descriptive statistical analysis has been used to identify the role of economic development in SSI.
2. To study the role of economic development of SSI t-test and ANOVA has been applied..

ANALYSIS AND INTERPRETATION

SSI do not enjoy much of the advantages enjoyed by large scale enterprises because of their nature and size. Though they have made significant contribution to economic development, they have not realized their full potential. They face many problems in their functioning and many small scale industries are sick.

| PROBLEMS OF SSI | N | MIN | MAX | MEAN | S.D |
|-------------------------------|-----|------|------|--------|--------|
| Lack of production planning | 300 | 1.00 | 5.00 | 3.1833 | 0.4587 |
| Scarcity of materials | 300 | 1.00 | 5.00 | 2.6533 | 0.8339 |
| Non-availability of funds | 300 | 1.00 | 5.00 | 3.4900 | 0.7649 |
| High rate of interest | 300 | 1.00 | 5.00 | 3.0500 | 0.6650 |
| Delay in sanctioning of loans | 300 | 1.00 | 5.00 | 3.0167 | 0.6865 |

| | | | | | |
|--|-----|------|------|--------|--------|
| Lack of skilled labour | 300 | 1.00 | 5.00 | 3.1200 | 0.8414 |
| Logistics problems | 300 | 1.00 | 5.00 | 3.2267 | 0.8432 |
| Lesser managerial expertise | 300 | 1.00 | 5.00 | 3.1300 | 0.7970 |
| Lack of specialized training for running of business | 300 | 1.00 | 5.00 | 3.1100 | 0.8041 |
| Lack of owned capital | 300 | 1.00 | 5.00 | 3.4000 | 0.7762 |
| Lower market base | 300 | 1.00 | 5.00 | 3.1067 | 0.8271 |
| Lack of information technology management | 300 | 1.00 | 5.00 | 3.3433 | 0.7074 |
| Export complications | 300 | 1.00 | 5.00 | 3.0500 | 0.8888 |
| Government policies and intervention | 300 | 1.00 | 5.00 | 3.1333 | 0.6299 |

Source: Computed

It seems from the table, that the ratings given by the respondents vary between a minimum of 1 and maximum of 5. The highest mean rating is 3.4900 for the item non-availability of funds which falls closer to “agreed level”. The lowest mean ratings 2.6533 for the item lengthy processing period which falls close to “neutral” on average 4. That is the level of agreement regarding problems of SSI fall between “neutral” & “agree”.

Analysis of Variance (ANOVA) and t-test has a Statistical method used to test differences between two or more means

Ho: There is no significant difference between the problems of SSI and the industrial variables.

ANOVA OR T-TEST - PROBLEMS OF SSI AND INDUSTRIAL VARIABLES

| Variables | Groups | Mean | S.D | No | F value | T value | Table value | Sig |
|---------------------------------|---------------------|-------|------|-----|---------|---------|-------------|-----|
| Nature of business activity | Production | 44.02 | 2.29 | 121 | 5.603 | - | 4.677 | ** |
| | Processing | 43.73 | 2.58 | 154 | | | | |
| | Job work | 45.72 | 5.00 | 25 | | | | |
| Age of SSI unit | Less than 4 years | 46.61 | 5.16 | 28 | 9.711 | - | 3.848 | ** |
| | 5 yrs – 8 yrs | 43.74 | 2.44 | 164 | | | | |
| | 9 yrs – 12 yrs | 43.71 | 2.09 | 98 | | | | |
| | More than 12 years | 44.10 | 1.37 | 10 | | | | |
| Nature of your organization | Proprietorship | 44.25 | 3.07 | 113 | 0.638 | - | 3.026 | NS |
| | Partnership | 43.87 | 2.64 | 167 | | | | |
| | Company | 43.90 | 2.47 | 20 | | | | |
| Capital invested | 25 Lakhs – 50 Lakhs | 43.54 | 1.69 | 106 | 21.703 | - | 3.848 | ** |
| | 50 Lakhs – 75 Lakhs | 43.56 | 1.86 | 133 | | | | |
| | 75 Lakhs – 1 Crore | 44.77 | 3.65 | 43 | | | | |
| | Above 1 crore | 48.39 | 5.91 | 18 | | | | |
| Location of Industry / Business | Urban | 43.62 | 2.28 | 198 | 6.118 | - | 4.677 | ** |
| | Semi – Urban | 44.69 | 3.24 | 80 | | | | |
| | Rural | 45.09 | 4.31 | 22 | | | | |
| Form of | Founder | 43.93 | 2.70 | 284 | - | 2.108 | 1.968 | * |

| | | | | | | | | |
|-----------------------|---------------------|-------|------|-----|-------|-------|-------|----|
| organization | Heir | 45.44 | 3.98 | 16 | | | | |
| Ownership of premises | Own | 43.98 | 2.76 | 167 | - | 0.217 | 1.968 | NS |
| | Rented | 44.05 | 2.85 | 133 | | | | |
| Annual turnover | Less than 5 lakhs | 44.06 | 3.08 | 145 | 0.605 | - | 2.635 | NS |
| | 5 lakhs – 10 lakhs | 43.86 | 2.21 | 112 | | | | |
| | 10 lakhs – 15 lakhs | 44.57 | 3.39 | 30 | | | | |
| | 15 lakhs – 20 lakhs | 43.62 | 2.60 | 13 | | | | |
| Annual profit | Less than 2 lakhs | 44.02 | 2.96 | 172 | 0.231 | - | 3.026 | NS |
| | 2 lakhs – 5 lakhs | 43.95 | 2.46 | 117 | | | | |
| | More than 5 lakhs | 44.55 | 3.53 | 11 | | | | |
| Total | | 44.01 | 2.79 | 300 | | | | |

Source : Computed; NS – No Significance, *-Significance at 5% level, **-Significance at 1% level

In case of relationship with problems of SSI there has been the high F-value 5.603 than the table value 4.617 at 1% level of significance. This shows that the problems of SSI score differed significantly among the nature of business activities. Hence the hypothesis is rejected.

The F-value is 9.711 and which has been higher than the table value of 3.848 at 1% level of significance. This shows that the mean problems of SSI score differed significantly among the age of SSI units. Hence the hypothesis is rejected.

There has no significant difference between the nature of organisation and mean problem of SSI score. The F-value 0.638 has been lower than the table value 3.026 and hence the null hypothesis is accepted.

The calculated F-value is 21.703 and which has been higher than the table value of 3.848 at 1% level of significance. This shows that the problems of SSI score differed significantly among the capital invested. Hence the hypothesis is rejected.

In case of relationship with terms of problems of SSI there has been the high F-value of significance. This shows that the problems score differed significantly among the terms of location of industry. Hence the hypothesis is rejected.

T-test was conducted to find whether the mean score differed significantly between the form of organisation. The calculated t-value is 2.108 which is higher than the table value of 1.968 at 5% level of significance. This shows that the problems of SSI score differed significantly among the type of organisation. Hence the hypothesis is rejected.

The t-test showed the mean score of ownership of premises. The calculated t-value is 0.217 which is less than the table value of 1.968. Hence the hypothesis is accepted.

In order to found the annual turnover and problems score the calculated F-value 0.605 is less than the table value 2.635. This shows that the problems score do not differ significantly among the annual turnover. Hence the hypothesis is accepted.

The F-value of 0.231 has been confirmed that the acceptance of null hypothesis that the type of industry profile as independent variables has not influenced the problems of SSI as a dependent factor.

RESULTS AND RECOMMENDATIONS

The highest mean rating is 3.4900 for the item non-availability of funds which falls closer to “agreed level”. The lowest mean ratings 2.6533 for the item lengthy processing period which falls close to “neutral” on average 4. That is the level of agreement regarding problems of SSI fall between “neutral” & “agree”.

PROBLEMS OF SSI FACTORS – ANOVA

| PERSONAL VARIABLE | SIGNIFICANCE |
|--------------------------------|--------------|
| Nature of business activity | ** |
| Age of SSI unit | ** |
| Nature of your organisation | NS |
| Capital invested | ** |
| Location of industry/ Business | ** |
| Annual turnover | NS |
| Annual profit | NS |

Summary of ANOVA

There has no significant difference between the nature of organisation, annual turnover and annual profit. The problems of SSI factors are significantly differed with nature of business activity, Age of SSI units, Capital invested and Location of industry at 1% level.

Problems of SSI factors – T-Test

| PERSONAL VARIABLE | SIGNIFICANCE |
|-----------------------|--------------|
| Form of organisation | * |
| Ownership of premises | NS |

Summary of T-Test

There is a significant difference between the Form of organisation at 5% level. Problems of SSI factors in non-significant with ownership of premises.

CONCLUSION

The small scale industries have been playing a very important role in the growth and development of the Indian economy in the term of employment or in many other sectors. In spite of having huge potentialities the small scale industries are still not progressing satisfactorily because these industries are facing many problems and various weaknesses. If the governments have taken remedial measures to improve the barriers and take an action to utilize huge development potential available in the nation and them SSI sectors runs in a path of progress and they will prove them as a one of the most dynamic sectors in the world of economy.

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