



Problems and Opinions of Chittoor District's Small-Scale Industries: A Study

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Abstract

This study examines the issues and perspectives surrounding small-scale industries (SSIs) in Chittoor District, Andhra Pradesh, with a focus on identifying the challenges faced by these industries and the impact they have on the local economy. Small-scale industries play a crucial role in rural and regional development, providing employment opportunities and contributing to the economic stability of the region. However, despite their importance, SSIs in Chittoor face several hurdles, including limited access to finance, outdated technology, inadequate infrastructure, and issues with skilled labour. Through a combination of primary data collected from industry stakeholders such as owners, employees, and government officials, along with secondary data from reports and previous studies, this research identifies key challenges affecting the growth and sustainability of SSIs in the district. The study also explores the local government's role in supporting small industries, including policies related to subsidies, training, and infrastructure development. In addition to addressing these challenges, the research highlights potential solutions and strategies for improving the competitiveness and efficiency of SSIs. The findings provide insights into the practical implications of policies aimed at strengthening small industries, thereby contributing to regional economic growth and job creation. This Article reviews the problems and prospects of small-scale industries in Chittoor district of Andhra Pradesh

Keywords: Small-scale Industries, issues, and opportunities.

I. Introduction

Every country's economy depends heavily on its small-scale industries (SSIs). Countries adamantly maintain that effective policies pertaining to small-scale companies are the only way to achieve rapid industrialization. India is a prominent, highly developed nation with big, medium, and small industrial production facilities in nearly every industry. India's economy has expanded quickly in the small industrial sector since gaining independence in 1947. Given that it accounts for 40% of the country's industrial output, 80% of industrial employment, and roughly 35% of exports, Most of the small scale industries are using single machinery, skills and technology. But, in present era these industries are converting from traditional technology to modern technology. By using modern technology increase in income is possible, better utilization of sources can be done. These enterprises are increasing day by day because different banks as public sector banks, private sector banks, foreign banks provides credit to micro and small enterprises for growing their business. The main reason is that they create a lot of jobs. Compared to major enterprises, they require only shorter gestation periods and have a relatively larger employment potential per unit of capital used. Additionally, they make it easier to effectively mobilize capital, resources, and expertise that could otherwise go unused or misused. The backbone of the Indian economy today is made up of small businesses.

The majority of small-scale industries are set up as partnerships or proprietary. The majority of small businesses only use one piece of equipment, one set of skills, and one piece of technology. However, many businesses are switching to modern technology from old technology in the present day. Modern technology makes it feasible to improve income and make better use of available resources. These businesses are rising daily as a result of many institutions, including public, private, and foreign banks, lending money to micro and small businesses so they can expand.

II. Objectives

1. To describe and highlight the difficulties and issues facing Chittoor District's small-scale industries.
2. To offer a planning approach to address the issues facing Chittoor District's small-scale industries

III. Methodology

Chittoor, Ananthapur, Kadapa, and Kurnool are the four districts that make up the Rayalaseema region. One district, Chittoor, was chosen at random for the study out of these four districts. Using stratified random sampling, 195 small-scale industrial units (46 percent of the total of 8275 small-scale industrial units) involved in manufacturing in the Chittoor area were selected based on the different categories. The Chittoor district's three revenue divisions namely Chittoor, Tirupati and Madanapalli revenue divisions are selected to these sample small-scale industrial facilities.

IV. Results and Discussion

The details of small-scale industries, their growth, employees, problems and prospects are presented below.

V. Growth of small-scale industries in Chittoor District

The growth of small-scale industries in Chittoor District during 2018-2023 is furnished in the

table 1: growth of micro small and medium enterprises in chittoor district

Sl.No.	Category	2018-19	2019-20	2020-21	2021-22	2022-23
1	Agro Based Industries	588	995	1128	1565	695
2	Forest Based Industries	273	225	273	283	22
3	Textile Based Industries	120	625	795	1005	1243
4	Engineering based Industries	695	1295	1459	1802	568
5	Chemical Based Industries	416	437	485	523	95
6	Others	1469	1768	1995	2731	5652
	Total	3561	5345	6135	7909	8275

Source: District Industry Center, Chittoor-2023.

Table 1 shows growth of MSMEs in Chittoor district. The total numbers of units are 3561 in 2018-19 increased to 8275 in 2022-23. The agro based units which were 588 in 2018-19, increased to 1565 units in 2021-22, textile-based units were 120 units in number are also increased to 1243 in the year 2022-23. The year –wise number of employees of small scale in Chittoor District during 2018-2023 is presented in the Table 2.

table 2 year –wise number of employees of micro small and medium enterprises in chittoor district during 2018-2023

Sl.No.	Year	Number of Units	Number of Employees	Total Number of Employees	Number of Units
			Males	Females	
1	2018-19	3561	36685	13594	50279
2	2019-20	5345	45858	13924	59782
3	2020-21	6135	52071	17450	69521
4	2021-22	7909	74453	30601	105054
5	2022-23	8275	64763	39287	104050

Source: District Industry Centre, Chittoor - 2023

Table 2 shows year –wise number of employees of Micro Small and Medium Enterprises. The total numbers of employees were 502779 in 2018-19 increased to 104050 in 2022-23. The male employees' number is 36685 in 2018- 19, increased to 64763 in 2022-23. The female employees' number also increased from 13594 in 2018-19 to 39287 in 2022-23.

VI. Problems of Small- Scale Industries in Chittoor District

Actual problems faced by small scale industries in Chittoor district are, Raw materials, money, labor, technology, competition, transportation, taxes, packaging, power supply, marketing, water issues, and location are the main issues that have been noted. The general overview of the many kinds of issues that the sample units have encountered is provided in Table 3, and a thorough analysis of each issue is provided in the section that follows.

table 3 major problems faced by sample industrial units in chittoor district

Category	Raw Material	Skilled Labour	Marketing	Financial	Infra structure	Transportation	Power	Location	Overtime	Total
Agro based	19%	9%	12%	14%	11%	13%	9%	7%	6%	100
Forest based	15%	11%	25%	20%	2%	17%	3%	4%	3%	100

Textile based	28%	14%	5%	5%	5%	2%	11%	17%	13%	100
Mineral based	20%	14%	18%	20%	5%	5%	2%	10%	6%	100
Engineering based	21%	18%	21%	21%	6%	4%	2%	5%	2%	100
Animal based	15%	9%	25%	22%	7%	3%	2%	7%	10%	100
Leather and plastic based	8%	19%	15%	3%	25%	3%	1%	23%	3%	100
Other industry	17%	16%	15%	24%	9%	3%	1%	10%	5%	100

Source: Field Survey

Note: Figure in parentheses indicates percentages to the total number of units.

According to studies on industrial units in Chittoor district, major problems faced by sample units include: shortage of raw materials, lack of skilled labor, intense market competition, inadequate access to finance, poor infrastructure, inconsistent power supply, difficulties in marketing, and transportation issues;

Agriculture-Based Industry

19 respondents (19%) each are dealing with raw material and packing issues, seven respondents (9%) are dealing with competition issues, 14 respondents (14%) are dealing with finance, transportation, and marketing issues, 12 respondents (12%) are dealing with transportation issues, and 13 respondents (13%) are dealing with labour, water, and location issues. Above all else, the agro-based business faces significant challenges with raw materials and packaging.

Forest Based Industry

(11%) have issues with Skilled labour and power in this industry, (17%) have issues with competition, transportation, technology, and packing, and one respondent (15%) has issues with raw materials, labor, finance, marketing, water, and location. Generally speaking, the biggest issues facing the forest sector are power and taxation.

Textile Based Industry

28 respondents (28%) is dealing with issues related to raw materials, finance, taxes, transportation, water, and location, are dealing with issues related to power and marketing. The two main issues facing the sector are marketing and power.

Mineral based industry

(20%) in the mineral-based industry are dealing with raw material issues, (12%) are dealing with skilled labour (18%) are dealing with marketing and location issues, and (5%) is dealing with taxation and marketing issues. Two of the industry's biggest issues are transportation and finance.

Engineering based industry

(21%) each cited raw materials, transportation, technology, and marketing as the main issues facing the engineering sector. Additionally, (18%) skilled labour each have issues with financing, packing water, and location, and 21 respondents (21%) each have labour and marketing issues. The majority of responders struggle with marketing, transportation technologies, and raw materials.

Animal based industry

(15%) are dealing with financial, marketing, and location issues in the animal-based business. Similarly, (25%) is dealing with issues related to labour Marketing, Finance, taxes, packing, and water finance. The two biggest issues facing the sector are marketing and location.

Leather and plastic based industry

(25%) the biggest issues facing the leather and plastics industries are technology and location. The issues of raw materials, finances, taxes, transportation, power, and packing also The two biggest issues facing the leather and plastics industries are location and technology.

Other industry

(17%) each have issues with location and raw materials, 24% have finance problems power 1% labour and water issues, each have issues with finance, competition, taxes, technology, power, and packing in other industries.

VII. perspectives of small-scale industries

The Indian small business sector is now more competitive internationally as a result of market reforms and economic liberalization. To solve the issue of illness that small-scale enterprises face, it is imperative that their competitiveness and viability be increased. Support for the SSI sector must place more of an emphasis on "promotional policies" as opposed to "protectionism." "Small businesses should update their technology and implement contemporary marketing strategies to meet the challenges posed by both home and international markets. The small-scale units would have to choose that technology from the range of options that would produce the best, most economical, and highest-quality results. The government should take the necessary actions to inform and raise awareness among SSI producers about contemporary management techniques in order to make the Indian industry globally competitive.

The government can provide preference to small businesses with superior performance records when allocating limited raw materials, provide market support, and offer specific rebates and discounts. To gain a healthy portion of the export market, small-scale enterprises should be required to implement quality control procedures. Since partial actions don't fundamentally alter the operating environment of small-scale industries, they can't have a major effect on their performance. The government should provide a thorough policy framework to address all concerns pertaining to small-scale industries in order to ensure that these sectors contribute sustainably to the nation's income, employment, and exports.

Policymakers need to recognize the value of small businesses and give them the tools they need to compete in both home and foreign markets, especially from Chinese competitors. The Budget's Preferential Lending Policy for small businesses is yet to be implemented. India is poised to become a manufacturing powerhouse, but only an inclusive strategy can open the door to rapid and long-term expansion. These industries must carry out market research and look for partnerships with potential customers to boost product sales in order to improve the quality of their offerings. Small-scale businesses have occasionally experienced financial losses as a result of multiple payments, product shortages, and subpar output. Small-scale businesses have occasionally experienced financial losses as a result of multiple payments, product shortages, and subpar output. A recurring problem in small-scale enterprises is inventory planning. Small businesses frequently have plenty of some raw materials on hand, but production has been slowed down by a lack of other items. In many businesses, materials management is therefore a firefighting effort.

For small businesses to operate effectively, well-documented systems and procedures must be implemented. Instead of using physical inspection to run their business, these industries should rely on information. Many business owners believe they are aware of every development within their companies. Information systems are the only way to effectively monitor and control productivity. Indian small business owners continue to confront a number of challenges, many of which stem from the negative policies that are now in place. India's electric power is more costly and less dependable than that of its rival countries.

Until a standard goods-and-service tax is put into place, Indian SSI entrepreneurs will continue to be burdened with taxes and import levies that hinder production and the cascading effect of indirect taxes. Strict labor regulations still discourage business owners from employing people. The proposed designation of Special Economic Zones, which promises a less regulatory burden, might help to alleviate some of these issues. Instead of giving up ownership over these very units just to receive tax benefits, SSI entrepreneurs should embrace the tax regime.

Selecting clients is essential to every company's success. A provider can easily demonstrate his business credentials and build a mutually beneficial connection with satisfied clients. In addition to being methodical, entrepreneurs should make sure that department heads have a thorough understanding of their roles, can keep the unit running well, and can handle common issues. The strategy must shift from focusing on broadly targeted subsidies to fostering an environment that supports them. By giving these units access to higher-quality, more affordable infrastructure, information, credit, and support services, as well as enhancing their ability to effectively govern their own collectives, a cluster strategy can assist boost viability. The government spends a significant portion of its income on subsidies.

Therefore, the subsidy policy needs to be properly reviewed, taking into account elements like the necessity, desirability, and viability of continuing such subsidies. The Economic Survey 2006–7 asserted that subsidies were no longer viable and that users of products and services should be made clear that they would be responsible for paying for utilities such as power, drinking water, hospital care, and higher education. In order to provide the social and physical infrastructure required for accelerated expansion, the state had already increased public spending in areas like roads, power, water supply, primary education, and primary health. Schemes for the creation of mini-tool rooms, design clinics, marketing assistance, awareness-raising regarding Intellectual Property Rights (IPR) requirements and tools, adoption of lean manufacturing practices, increased use of IT tools, etc., should be developed on a Public-Private Partnership (PPP) basis in order to increase the

competitiveness of these businesses. A successful tactic for promoting their goods in both domestic and foreign markets is brand building.

Currently, small businesses are required to pay at least 11% of their bank loans. The industry does not have easy or affordable access to finance because of high-risk variables. The primary cause of small-scale units' illness is the absence of timely credit. The government must follow the Japanese model, which offers small and medium-sized businesses loans at a rate of 2%, in order to safeguard these units. The prime lending rate (PLR), which is accessible to large corporations, must be at least 1% higher than the cost of credit for small businesses.

VIII. Conclusion

Over the past 50 years, India's small-scale industry sector has significantly contributed to the development of a robust and stable national economy. Small-scale businesses have a crucial role in reducing unemployment, promoting the expansion of the industrial sector, and guaranteeing the economy's overall growth. For small businesses to operate effectively, well-documented systems and procedures must be implemented. Instead of using physical inspection to run their business, these industries should rely on information. The government should provide a thorough policy framework to address all concerns pertaining to small-scale industries in order to ensure that these sectors contribute sustainably to the nation's income, employment, and exports. Legislators need to recognize the value of small businesses and give them the tools they need to compete. Small-scale industries need to adopt well-documented systems and procedures for efficient functioning. These industries should manage their affairs based on information rather than physical inspection. In order to make sustainable contribution from small-scale industries to the national income, employment and exports; the government should formulate a comprehensive policy framework to deal with all issues concerning small-scale industries. Policy-makers must appreciate the importance of small-scale industries and empower them to face competition.

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