A Study On Problems And Prospects Of Small Scale Industries In Namakkal District

[1]Mr.K.Balakrishnan, [2]Dr. T. Asothai,

[1]Ph D Research Scholar, (Part Time), PG And Research Department Of Commerce,
Govt Arts College,(Autonomous), Salem-636007, balakrishnancomk@gmail.com
[2]Assistant Professor, Department of Commerce, Govt Arts & Science College for Women, Pulaikulam, Coimbatore—641045, tasothaiphd@gmail.com

ABSTRACT:

The small- scale industries feat as an upturn in the economic development of our country. Private ownership and entrepreneurial development are some of the essential for economic transformation. Namakkal district has not been an exception and the enterprises has role a important action over the years. In Namakkal district have SSI generate production at low capital, lack of raw materials, local skills, financial problems, marketing problems, maintaining balanced growth and protecting the migration of labour from rural to urban segment. The growth of SSI's grips the key role to resolve the problems of poverty and unemployment. The key success of small scale enterprises at present there are few problems faced by the entrepreneurs. This paper deals with on problems and prospects of small scale industries in Namakkal District.
Keywords: SSI, economic, enterprises, problems, prospects.

I.INTRODUCTION OF THE STUDY

The small scale industries originate production at minimum capital cost, mostly use endemic raw materials, utilise local ability, large the entrepreneurial base, facilitate balanced regional growth and safety migration of labour to the slicker areas. The SSI's which play a important role in the Indian economy in terms of employment and growth has reported a high rate of growth even though of stark competition from the large scale industries. The small scale industries now produce more than 6500 products. it has surfaced as a major supplier of mass consumption items like textiles, metal products ,hotel, garments, automobile products , paper products, leather products etc., amidst the cosmopolitan items mention may be made of automobile spares, electronic motors and pesticide formulations etc. The major contribution of small scale industries in savings the exact foreign exchange through production of a large number of import allied items has been equally important.

As per the MSME annual report (2022-2023) the faster growth of employment . Similarly during the year 2022, the employment increased in SSI's 11,645,727 (small) .The growth of SSI's has improved a lot due to the support of government policies. The government support has been in the form of interest rate subsidies, credit linked subsidy, credit guarantee and tax incentives. In view of the importance of SSI's, the government has given this sector a significant place in the framework of Indian economic planning for economical as well as many reasons.

II. NEW MSME DEFINITION (2020)

Investment will no longer characterize MSMEs. On 13th may, Wednesday, the centre officially revised the MSME definition

In October 2019, union minister Nitin Gadkari had said that the revised definition of micro, small and medium enterprises may grant a unified description for all things related to taxation, investment and more. The changed definition was to be implemented via an amendment that would further refine the business scenario for Indian enterprises. The union cabinet had approved the amendment to change the criteria to classify MSMEs from "investment in plant and machinery" to "annual turnover". On 13th may 2020, finance minister Nirmala Sitharaman added the additional principle of turnover along with the investment.

REVISED MSME CLASSIFICATION

CLASSIFICATION	MICRO		SMALL		MEDIUM	
	Investment	Turnover	Investment	Turnover	Investment	Turnover
Manufacturing & services	Less than Rs 1 Crore	Less than Rs 5 Crore	Less than Rs 10 Crore	Less than Rs 50 Crore	Less than Rs 20 Crore	Less than Rs 100 Crore

III. IMPORTANCE OF THE STUDY

Small scale Industrial Sector is an important segment of Indian economy. It generates employment opportunity next to agriculture field. SSI's are the major planks of economic development strategy of Namakkal district. At present, SSI's cover a position of strategic importance inn Namakkal district's economic structure due to its significant contribution in terms of output, exports and employment. To visualise the future prospects of SSI units in Namakkal taluk, a study has been made to enquire the steps need to be taken to strengthen SSIs to ensure its sustainable contribution to the economy of Namakkal district. This study would bring about the facts of SSI units in the study region. This helps the policy makers to design the suitable schemes and the packages for the rapid development of SSI units at macro level. This research work also provides various suggestions for the problems faced by small scale industrial units and to improve the prospects of these units in the study area.

IV.STATEMENT OF THE PROBLEM

Namakkal taluk has more SSI units compared to other taluks in Namakkal district. In many respects like production, employment and export, the SSI units in Namakkal taluk perform well.So any estimate towards the development of SSI units would improve its prospects in future. This study analyses the prospects and problems of SSI units in Namakkal taluk where some of the SSI units are flourished a lot and some of them are potential because of the major hamper like dearth of finance, infrastructural bottlenecks and scarcity of skilled labourers. In order to wipe our there problems, the fructuous initiatives have to be taken to strengthen SSI units for the future prospects in the study area. So, the researcher in interested to take up the research work on problems and prospects of SSI units in Namakkal taluk, Namakkal district of Tamil Nadu state.

V.OBJECTIVES OF THE STUDY

➢ To analyse various types of the small scale industries in Namakkal District.
➢ To examine various factors influencing the small scale industries in selected area.
➢ To study the problems faced by each small scale industries in the study area.
➢ To suggest policy measures to enhance the future prospects of SSI's in Namakkal District.

VI. RESEARCH METHODOLOGY

Namakkal district is one of the industrially advanced districts in Tamil Nadu and it is divided into eight taluks likely Namakkal, Rasipuram, Tiruchengode, Paramathi velur, Kollihills, Sendamangalam, Komarapalayam and Mohanur. Among these taluks, Namakkal taluk in considered as an industrially advanced taluk in Namakkal District. In order to get to know the details of SSI specifically, the study did follow the details of Inspector if Factories. There were 684 SSI units registered at Inspector of factories in Namakkal district level. From which, the majority of 197 units are form Namakkal taluk itself. The study on problems and prospects of SSIs in Namakkal taluk,Namakkal District, has made use of both primary and secondary data. The sample taken for this study is 50 respondents. Data was collected from 50 small scale Industries entrepreneurs of Namakkal District.

VII. REVIEW OF LITERATURE

Jyothi and Ambily (2015) on , "A Study of the Growth in Small Scale Industries through Strategic Leadership Skills: An Analytical Approach" analyzed the growth of SSIs in every zone of South India. Employment opportunities created by SSIs have been examined in this study. After having examined the relationship between growth of small scale entrepreneurs and strategic leadership, it was concluded that strategic leadership has not made any influence on the growth of small scale entrepreneurs. However, confidence has been built among the entrepreneurs by the strategic leadership skills.
Surya Kumar M and Venkatesh R (2018) on "Small Scale and Cottage Industries – A Study on Problems and Employment Prospects in Rural Area, Tamil Nadu" examined the problems faced by the small scale and cottage industries

in the rural areas of Tamil Nadu. The employment opportunities generated by the small scale and cottage industries have also been investigated by the authors. They have found that the equitable distribution of earnings, balanced regional enterprise development have been facilitating the growth of small scale industries. The major problem faced by the small scale industries is the competition from the large scale industries. The authors have suggested that the Government has to support the small scale industries through tax exemption and subsidies.

Pratima Bais (2019) on, "Study of Workers in Small Scale Industries", viewed the socio economic conditions of the workers of small scale industries, analyzed and maximum number of the workers belonged to the age group of 21 to 25 years while OBC community respondents constituted the greatest proportion of the sample respondents. The researcher has also observed that low pay was the major reason for work dissatisfaction. According to the researcher, complete success could have been achieved on account of social security measures taken by these units.

Priya Gupta and Anil Kumar (2020) ,"Impact of Digitalization on Small-Scale Industries: A Review of Adoption Patterns" Digitalization has the potential to transform small-scale industries by improving efficiency, reducing costs, and enhancing competitiveness. However, barriers such as digital literacy and infrastructure constraints need to be addressed for widespread adoption.

Anuj Verma and Neha Singh (2021),"Supply Chain Resilience in Small-Scale Industries: Challenges and Strategies**"** Building supply chain resilience is critical for small-scale industries to mitigate disruptions from natural disasters, pandemics, and geopolitical risks. Strategies such as diversification, collaboration, and digitalization enhance resilience.
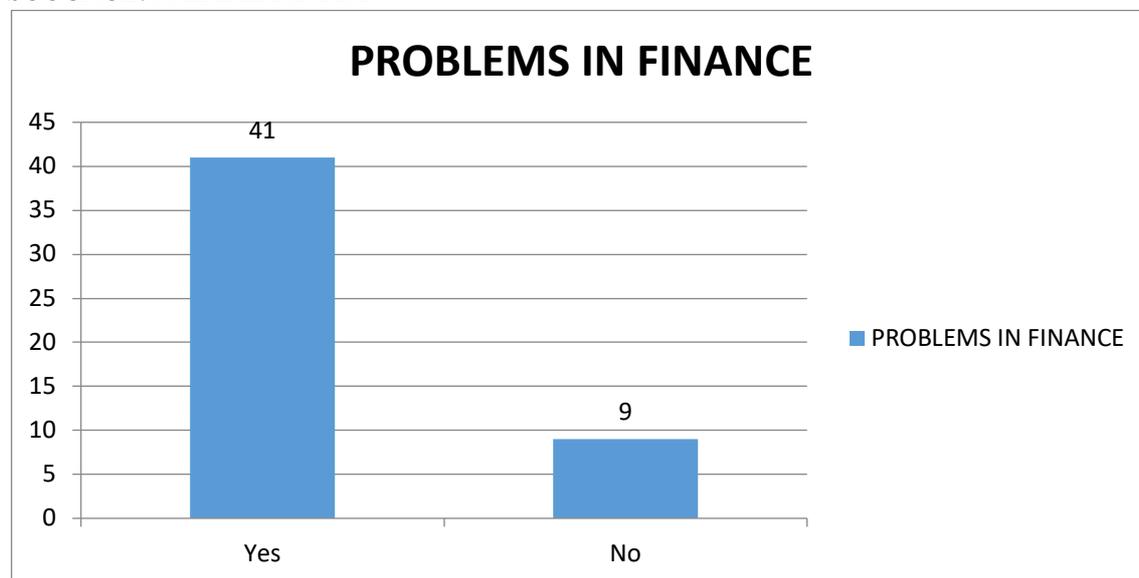
Jennifer White and Christopher Green(2022), "Sustainability Reporting Practices in Small-Scale Industries: A Review of Disclosure Trends" Sustainability reporting is gaining significance among small-scale industries as stakeholders demand more transparency and accountability. However, challenges such as limited resources and expertise hinder widespread adoption.

VIII.ANALYSIS AND INTERPRETATION
1. PROBLEMS FACED BY SSI's IN FINANCE

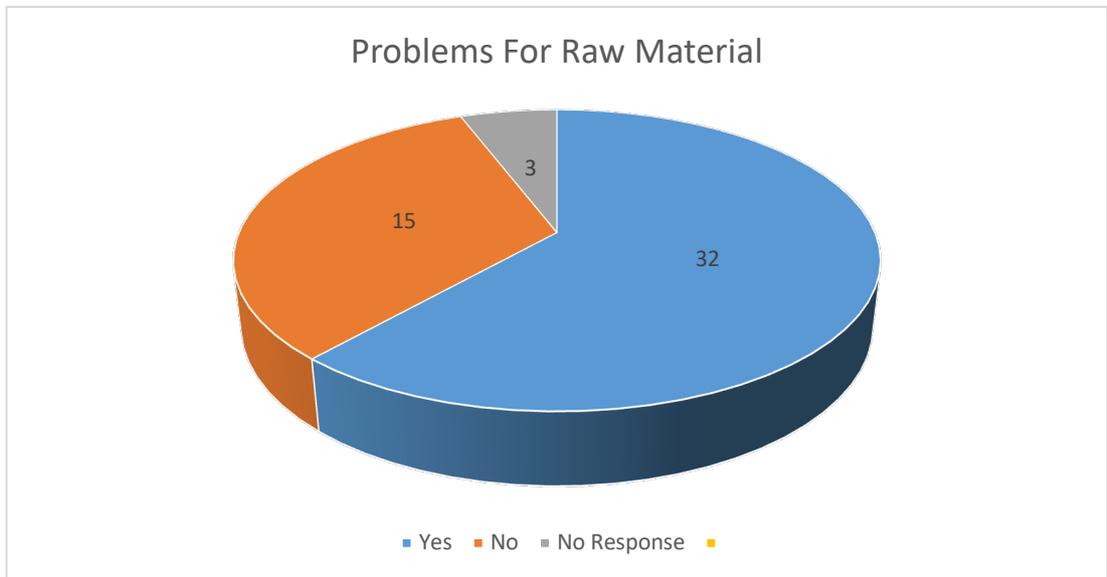| S NO	PARTICULARS	RESPONDENTS
1	Yes	41
2	No	9
Total		50

SOUCRCE: PRIMARY DATA

INTERPRETATION:

    41 respondents has suffer in financial problems faced by small scale industries and 9 respondents their not face any risk factor in finance. The above table and chart shows that, if the entrepreneurs how they want get financial support from the financial institutions and bank credit are not aware about it. This point noticed by the government taken as necessary support by the entrepreneurs in small scale industry.

2.PROBLEMS FACED BY SSI's IN RAW MATERIAL

S NO	PARTICULARS	RESPONDENTS
1	Yes	32
2	No	15
3	No Response	3
Total		50

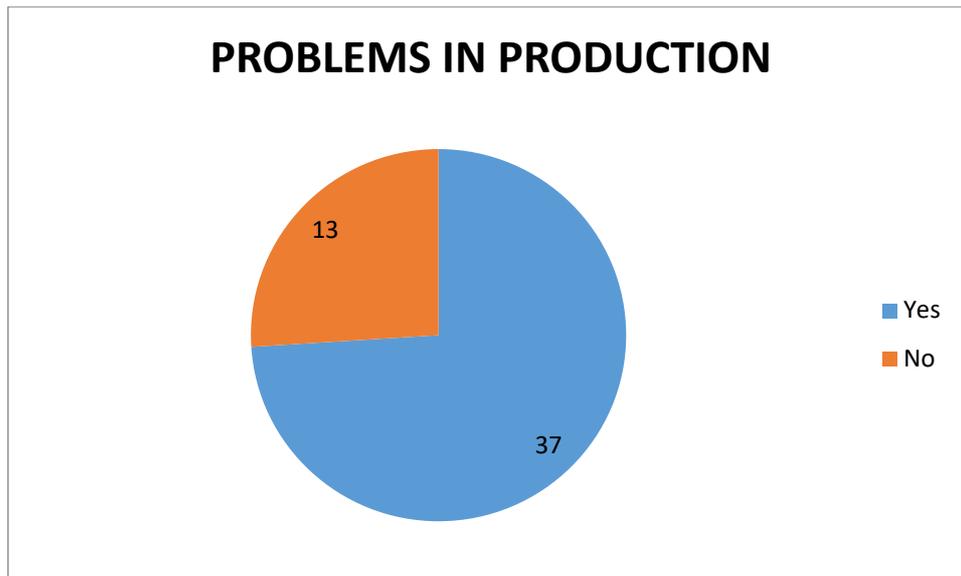**SOUCRCE: PRIMARY DATA**

INTERPRETATION:

　　　　15 of the respondents said that they did not face problems in getting raw material and 32 of them said that they face problems in this respect. 3 respondents are not aware of subsidy schemes given by the Government and though some of them are aware they have no knowledge of how to utilize them.

　　The quantity, quality and regularity of the supply of raw material aredissatisfactory. These are no quantity discount, since they are purchased in small quantities and hence charged higher prices by traders. They also experience difficulty in procuring semi-manufactured material. Due to financial problems these enterprises are unable to secure raw material in bulk in a competitive market.

3. PROBLEMS FACED BY SSI's IN PRODUCTION

S NO	PARTICULARS	RESPONDENTS
1	Yes	37
2	No	13
Total		50

SOUCRCE: PRIMARY DATA

PROBLEMS IN PRODUCTION

INTERPRETATION:

From the above table it is understood that 17 out of 50 respondents do not face any problem relating to production. Only 37 of them disclosed that they face problems relating to production. Though majority of them said that they do not face any problem, but based on the other tables relating to power, material etc. it can be said that most of the respondents face problem in production, because problem of power, material etc. will ultimately effect the production. Hence it shows that the respondents were not correct in responding to this question.

4. PROBLEMS FACED BY SSI's IN MARKETING

S NO	PARTICULARS	RESPONDENTS
1	Yes	32
2	No	18
Total		50

SOUCRCE: PRIMARY   DATA
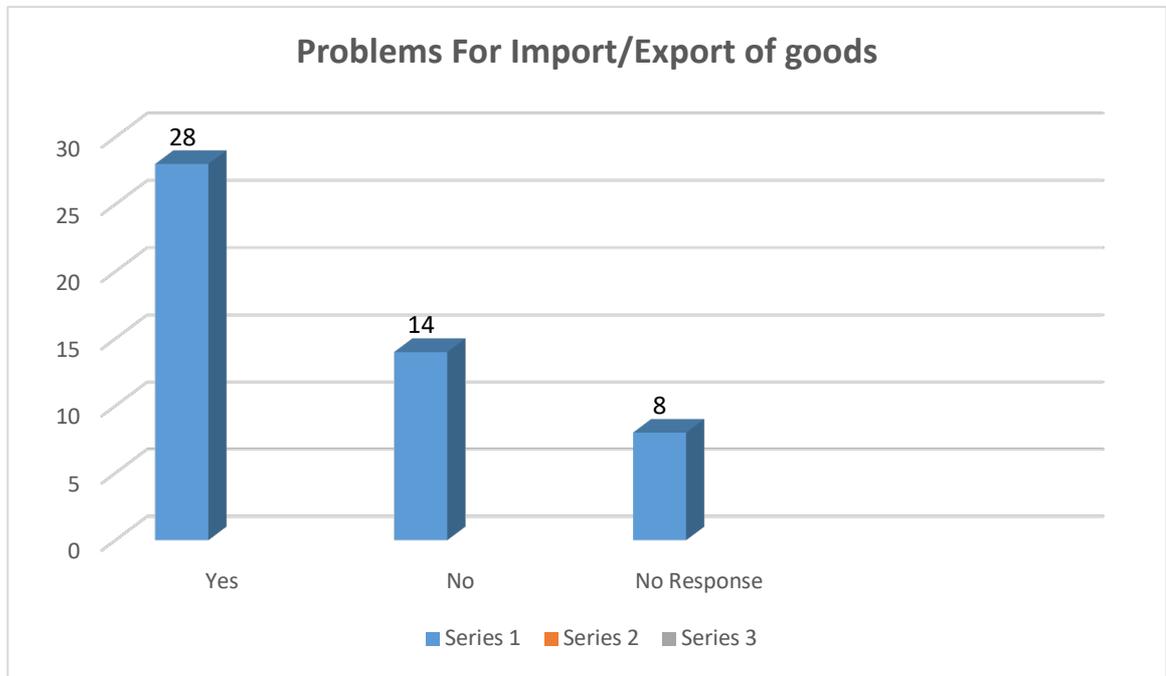

INTERPRETATION:

Out of 50 respondents 32 said that they faced problems in marketing and only 18 of them said that there were no problems. These small enterprises have to face the heavy competitions from large scale units in marketing their products. These enterprises do not use latest technology. so the goods produced my them cannot satisfy the model tastes. Hence the potential demand for the goods remain under developed. Due to finance constraints and production small in size, it is not a possible for them to market the products. They depend and rely at the mercy of middle men.

5. PROBLEMS FACED BY SSI's IN EXPORT AND IMPORT OF GOODS

S NO	PARTICULARS	RESPONDENTS
1	Yes	28
2	No	14
3	No Response	8
Total		50

SOUCRCE: PRIMARY DATA

INTERPRETATION:

14 of the respondents do not face problem relating to import/export of goods. Only 28 of them said that they face problem regarding this issue and 8 of them did not give any response. The Reason of non-response is that these units are tiny units where the owner is not aware of import/export of goods. They business is restricted to local area itself.

IX. SUGGESTIONS & RECOMMENDATIONS

➢ The banks and financial institutions should provide both capital and term loans without delay to the SSI's.
➢ The government should be take necessary effort made by the frequency supply of raw materials.
➢ The government can uphold the SSI units through providing continuous production and power supply to enhance their performance and anticipation in the study area.
➢ Marketing problems is the major obstacles fir SSI's entrepreneurs. Majority of them are concentrated their marketing activities within the namakkal district. Hence, there is a competition among entrepreneurs. This can be overcome through the support of government.
➢ The government should make arrangement for getting foreign orders for these SSI's units in the study area.

X. CONCLUSION

The main purpose of data collection was to study how the entrepreneurs managed the small scale industry enterprises in Namakkal district. What are the various problems faced by these enterprises. It also showed how the role of SSI helped in economic restructuring and development of India. Further, the data collected revealed that overall globalised business environment of India has been average favourable for the growth of small scale industries. The major problems of small scale industries in Namakkal district are raw material, finance incapability, production obsolesces, marketing problems, import & export problems etc to boost up the small scale industries sector so that it can take deserved place in the growth mechanism of Indian economy.

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