CHAPTER - I

1.1 INTRODUCTION

The prominence of small-scale sector emanates from two basic premises of economic development policies viz., the ‘balanced’ development and ‘sustainable’ growth of the economy that calls for certain level of diversification. In an economy with a predominant primary sector and agriculture depending on the monsoon, such a diversification has to be in the direction of industrial sector in general and small-scale sector in particular. Although agriculture is the backbone of our economy as it provides sustenance to our huge population, other areas of productive employment are also necessary to be developed. In spite of the fact that millions of people depend on agriculture, this sector may not be able to absorb all and there is widespread disguised unemployment. In view of this, there is a need to diversify economic activities and shift the disguised unemployed from agriculture to other sectors where they can be productively employed. Small-scale sector is one such sector that is labour intensive and hence provides scope to absorb unemployed labour.

The Nurksean proposal of transforming the surplus labour from agriculture to the allied activities like the development of infrastructure by employing them in less technical jobs find its relevance here. Due to the lack of technical training, agrarian labour force cannot be employed in capital-intensive industries. Hence providing employment and encouraging them to seek their own jobs become a crucial concern for a country like ours. As Fredrick List comments “a country devoted to mere raw agriculture, resembles dullness of mind, awkwardness of body, customs, methods and processes for want of culture. This condition of things can change entirely by establishing a manufacturing power and the mental, moral and physical stagnation of the people is broken and prosperity and liberty prevail”. The Manufacturing sector,
which has a multiple chain of forward and backward linkages complements the vast agrarian system in raising production and employment in both the sectors.

Modern small-scale industries in India were almost non-existent prior to the Second World War. It was during the war period that a number of small-scale industries were established to relieve pressures (like poverty, unemployment, depression, trade deficit etc.,) and to counteract inflationary trends in the economy and also the post war desire to become economically independent. After independence, organized efforts were made for the development of small-scale industries on the basis of the report submitted by a team of Ford Foundation experts. In view of the need to step up production and counter inflationary tendencies, it was essential to announce an industrial policy, which would create conditions of economic security. Hence, Industrial Policy Resolutions were framed in the years 1956, 1977, 1980, and 1991.

Industrialization in India since independence has been predominantly based on the development of large-scale industries. The policy of the government during the early planning era was to develop import substituting heavy industries as the ‘Key Stone’ with traditional small-scale industries as an ‘adjunct’ to meet day to day demands. Gandhiji was one among the earliest advocates of small scale industry. But the focus of Gandhiji was on the expansion of traditional and rural manufacturing and not on the creation of a modern ‘small’, urban factory sector. It was Prof. Mahalanobis, who set the pattern of the second five-year plan that conceived small-scale sector as a supplier of consumer goods to support workers in the large-scale sector of heavy industry.

Industrial development becomes incomplete without the development of small-scale industries, since this sector provides opportunity to the abundant manpower and unexploited resources. Accordingly, in the process of reshaping and developing the Indian economy into prominence, importance of the small-scale sector can be gauged by the account given by SIDBI. According to SIDBI, there are 19 lakh small - scale units
in the country employing 438 lakh persons, whereas just 45 lakh persons are engaged in the large and medium scale industries.

1.2 SIGNIFICANCE OF THE SMALL ENTERPRISES

Small-scale industries have an important place in the economic life of a developing country like India. Even in most industrially advanced countries like the USA, Germany and Japan, these industries occupy a significant position in their respective economies. In France, about 90 per cent of the industrial establishments employ less than 100 workers each and again even of these more than 50 per cent employ less than 60 workers each. In Japan, the industrial hub of eastern world, over 80 per cent of establishments employ an average of less than 30 workers. Even in the USA small business makes up 92 per cent of the total business establishments. These industries account for 54 per cent of workers and 34 per cent of business volume. In England, 19 per cent of the total output is from the small-scale sector. (Desai Vasant 2002)

The importance and need of small-scale industries are all the more great in a developing economy like India, where 56 percent of the population depends on agriculture for their sustenance, which is overwhelmingly seasonal in its operational pattern and causes large scale underemployment. The best way to deal with this is to provide rural employment through the development of small-scale industries, so that seasonal unemployment and underemployment could be minimized. The largest segment of the farming community belongs to the small and marginal farmers, whose small farm size does not utilize their productive potential fully. This has largely contributed to the low standard of living among rural population. Small-scale industries, if properly organized and developed, will provide profitable employment for the agriculturists during the period of their enforced idleness and this will also make a vital contribution in maintaining their standard of living.
It has also been said that when work cannot be provided through agriculture and migration to urban areas to be discouraged, the only alternative is to seek avenues of employment by way of encouraging and promoting village and small scale industries on a viable basis. The Government of India in its strategy for growth has recognized the importance of these industries. Till the end of the fifth plan, these industries were largely looked upon as suppliers of wage goods. As such, these were accorded a less important role in the heavy industry based strategy of development adopted since the Second Plan. Their position in national economy was further upgraded when it was realized that these industries could help in solving the problems of poverty, unemployment and acute shortage of basic necessities as also in promoting exports.

Industrial Policy Resolution 1956 states: “the small-scale and cottage industries provide immediate large-scale employment: they offer a method of ensuring a more equitable distribution of the National Income and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems that unplanned urbanization tends to create will be avoided by these establishments of small centers of industrial production all over the country.”

The promotion of small-scale industry has been widely recommended as one of the most appropriate means of developing industry in over populated backward countries. Japan is usually held up as the great example of what can be done in this model. Hence, for a backward region endowed with a typical pattern of factor endowment, adoption of labour intensive techniques involving low capital cost can increase employment opportunities, reduce regional imbalances and check migration to urban areas. Small-scale industries no doubt play all the roles ascribed to it in a developing country, but there is something more to it. In a less developed economy due to lack of capital and technology, it may be unable to establish big enterprises. By developing satellites of small industries and inter-linking them, we can to a great extent, make them fulfill the functions ascribed to large industries.
Hence, there is no denying the fact that small-scale industries play a vital role in activating the resources of the backward areas. There is therefore an urgent need for fostering the growth of small industries which supplement the income of the farmers, which is important in an over populated agricultural economy with disguised unemployment. The fact reveals that small-scale industry in India accounted for more than 40 per cent of the country’s exports and this reflects the significant position they occupy in the economy of the country. The value of production in small and medium enterprises was of the order of Rs. 1,43,170 crore by employing 438 lakh of people. Small industries manufacture a wide spectrum of consumer and industrial products. There are more than 7500 small-scale industrial units that have contributed substantially to industrial production. They have contributed about 45 per cent of the country’s industrial production.

1.3 STATEMENT OF THE PROBLEM

Small and Medium Enterprises (SMEs) have emerged as an engine of growth in several developed and developing economies of the world. In India also they have emerged as a vibrant and dynamic component of Indian economy by virtue of their significant contribution to GDP, industrial production and exports. However, the most important contribution of this sector is towards employment generation, which is second only to agriculture.

The experience of recent years shows that while employment in agriculture sector has been declining, large industries are also experiencing jobless growth. In such a situation, the main responsibility for job creation rests with unorganized sector including small and medium enterprises and the service sector. Considering its potential and ability, the SMEs sector has been assigned a target of 12 per cent annual growth and additional employment of 4.4, million persons. However, some of the recent developments, consequent to trade liberalization and World Trade Organization rounds of trade negotiations, the emerging scenario seems to be fluid. Policies like new
energy tariffs, interest rates, reduction in customs duties may have adverse effects on small enterprises. There is fear that preferential treatment given to small industries as regards to infrastructure, technology and skill development might be withdrawn due to the demand of the big industries for level playing fields.

No one can deny that Small and Medium Enterprises (SMEs) are the driving force behind economic development all over the world. SMEs are widely credited with generating the highest rates of revenue and employment growth in virtually all economies. The major thrust of all economic policies being pursued in India today is to eliminate poverty, generate adequate employment opportunities and to ensure the utilization of physical and human resources to the best of their potential. Given the scope of generating tremendous employment opportunities, nurturing entrepreneurial capacities and adding to the National Product, the SMEs continue to be the most important economic proposition for a labour surplus economy like India since it promotes growth with equity. Its rate of employment creation is amongst the fastest and it is able to provide employment across the length and the breadth of the country.

The growing importance of this sector is due to its inherent advantage of flexibility and innovativeness. According to Abid Hussain Committee (Expert Committee on Small Enterprises 1997), there are several reasons why one wishes Small Sector Enterprises (SSEs) to develop. First, they are relatively labour intensive and this has implications for equity. Second, they are flexible. Third, they contribute potentially to decentralization. Fourth, they promote entrepreneurship. But desiring the SSEs development is one thing and introducing sector-specific programmes to help them flourish is another. Sector specific programmes need to be introduce only if market imperfections prevent SSEs from developing.

Since market imperfections exist in credit, capital and labour market, leading to non-optimal size of small-scale enterprises, there is need for hand holding and specially tailored policies and programmes for the development of this sector. In India, the SSI sector has acquired a prominent place in the socio-economic development of the
country during the last 58 years, particularly since the beginning of the planning era. Currently, this sector constitutes 95 per cent of the industrial units and contributes 40 per cent of industrial output and 35 per cent of national exports. According to the latest statistics available from the Third Census of Small-scale Industries (2001-02), there are over 10.5 million SSI units in India, which employ approximately 25.0 million people. In other words, the sector has emerged as the storehouse of 10.5 million entrepreneurs in the country.

This achievement has been possible due to the consistent and sustained policy support from the government including policy of reservation, fixation of investment ceiling to protect the SSI sector, priority lending, fiscal support and marketing support. The economic reforms started in 1991 in India further strengthened the commitments and have provided the opportunity for this sector to grow big. The share of exports from SSI in relation to total national exports increased from 2.1 per cent in 1984-85 to 35 per cent in 1997-98. In absolute terms, the exports have increased from Rs. 11,744 crore to Rs. 44,442 crore in 1997-98 and further to Rs. 86,013 crore in 2002-03.

However, with the removal of quantitative restrictions and lowering down of import duties, the sector is now exposed to increased competition both globally and domestically. The hitherto protection of the SSI sector by way of reservations and various preferential supports have been removed to a greater extent. More than 160 items, which were reserved for the SSI sector, have been de-reserved. Many of the de-reserved items such as readymade garments, leather goods and rice milling are those which have been playing important role in terms of production, employment and exports. Some de-reserved items are those, which have vast potential in terms of exports such as toys, auto components and packaging materials.

In this context, the present study would be a really useful one to explore the post reform developments. Globalization has made it possible for multinationals to market their consumer products without trade restrictions. Consumer access to such products has
made small industry production vulnerable. New brands and relatively competitive prices seem to be changing consumer preferences towards global brands. In such a scenario, improving quality and competitiveness is of great importance. New initiatives in the institutional and technological field may enable the small scale sector to withstand competition and perhaps forge ahead. The proposed study is an attempt to see how the emerging small scale units are coping with the situation.

1.4 REVIEW OF LITERATURE

The discussion in the previous section reveals the importance, role, need and the place of small-scale sector. It plays a vital role in the modern industrial world without which industrial development cannot take place which is a pre-requisite for economic development of any developing nation. In this context, a good number of studies have been carried out by various authors with respect to the development of small-scale sectors in both developed and developing economy. The magnitude and the extent of studies differ. Some studies attempted on its growth and development at micro and macro levels but most of the studies focused on the causes for the sickness of the sector. Some other studies examined the role of institutional finance in promoting the small sector. Thus a plethora of literature is available on small-scale industry. The review of literature attempts to bring out some of the issues discussed in major published works and discourses on the subject. This section would review the available literature on small-scale industries in the following sequence:

1. Studies relating to the importance of small-scale industries and their advantages over the large-scale industries.
2. Studies concerned with growth and development of small-scale industries through the various promotional policies of the state.
3. Studies relating to institutional support to small industries and finance to small-scale sector and
4. Studies related to the causes and incidence of sickness of small-scale industry.
Hoseltz’s (1968) study dealt mainly with the factors like employment, investment, power required etc. differentiating between large-scale industries and small-scale industries. Further, by analyzing the formal structure of Indian planning process, his study emphasized the need for giving greater importance to the small-scale industries in the Five-Year Plans. Sree Ramulu (2004) stressed the Industrial Policy Resolution (1948) and the priority accorded to the small-scale industries in the various policy resolutions. Soundararaja & P. Singh (2009), Basu (1957), Dhar and Lydall (1961) and Inoue (1992) also analyzed the various measures undertaken by the government for the promotion of small scale industries.

Sandesara (1978) analyses the industrial policies of the government and the measures taken by the government to protect and promote small-scale industries from 1948 Industrial Policy Resolution to 1977 Industrial Policy statement. The author also briefly analyzed the investments made during the plan periods (up to Fifth Five-Year Plan).

Studies that dealt with finance to small-scale industries are very few. Some of the studies are mentioned here. Desai (2002) dealt with the sources of finance for small-scale industries and defined the assessee and the requirement of working capital for small-scale industries. He also made a cursory glance on the Commercial Banks finance to small-scale industries. Further, Desai traced the history of commercial banks’ finance to this sector from 1956 when State Bank of India introduced the Pilot Project Scheme. Desai also dealt in detail the security approach to banks and the terms and conditions of the banks to provide finance.

Ramakrishna (1962) explained in his study the capital and credit needs of the small-scale sector by keeping the number of people employed on the basis and analysed the role played by State Bank of India in financing small-scale industries. Perhaps the effort of Ramakrishna was one of the pioneering attempts to assess the capital requirement of small-scale industries. This study was entirely devoted itself on the financial problems
faced by the small-scale industries. Sundar K. (2002) dealt only with the role of Small Industries Development Bank of India in financing small-scale industries.

Upadhyaya (1980) highlighted the financial spectrum for the industrial sector as a whole. This study gave information on the sources of finance for both the large and the medium sectors as well as the small-scale industries. Pareek (1978) illustrated the need for finance for small-scale industries, problem of finance and the present institutional network to provide finance. The study was devoted mostly towards the operations of commercial banks and their schemes to provide finance to small-scale industries.

The incidence of sickness of small-scale industries has assumed serious dimensions in recent years; the problem of sickness has received the attention of not only the academicians but also the policy makers. Many studies have been undertaken to study the extent and causes of sickness and formulate suitable strategic remedies. In India a number of studies have been carried out to predict sickness in both small-scale and non small-scale industrial units by employing different parameters. These studies identified problems that have led to sicknesses and suggested measures for their rehabilitation.

Majumdar and Nag (1978) found that the most important of these sicknesses were lack of adequate finance, marketing constraints, raw material difficulties and defective management. Srivatsave S. S and R. A Yadav (1986) made an attempt to study the spectrum of industrial sickness. Neelam Jain (2004) observed that companies with inadequate equity base and little reserve strength to survive were prone to sickness. Large number of units were sick with little score for improvement in near future. Most of the above studies attempted to predict industrial sicknesses and suggested measures for sickness in corporate enterprises, which were of generally large scale type. As regards to sickness in small-scale industry only a few noteworthy studies were available and they are Kaveri V.S (1986), Reddy K.C. (1990) and Bidani and Mitra (1980).

T L N Swamy (2003) in his study, “Economic Reforms and Small-scale Industries in India” revealed that although the small-scale units have exhibited a low trend interms
of growth of output, employment, number of units and export during the post reforms period as compared to the pre-reforms period, their efficiency has gone up since they have registered an increase in terms of labour productivity, output per unit and exports per unit during the post reform period. Moreover, labour input has been efficiently utilized in these industries particularly during the post reforms period since its contribution to the growth of output has increased.

Ramjaneyulu (2003) in his work “An Impact of Structural Adjustment Programme” on the policies of small-scale industries in India stressed the need to promote small enterprises. The main remarks of his presentation were to facilitate industries in rural backward areas and to promote stronger linkages between agriculture and industry. A new scheme of Integrated Infrastructural Development for small-scale industries should be implemented with the active participation of financial institutions. He also stressed the need for various policy reforms to boost these enterprises in the economy.

T.A Bhavani (2002) in her work “Small-scale Units in the Era of Globalization” examined various issues related to Small enterprises. More particularly an empirical analysis was carried out with respect to the factors influencing technological change in auto components, electronics and garments industry and examined the major causes and consequences of technological change and its impact on these enterprises.

Anbumani (2005) based on the SIDBI Report of 2003 revealed that the small scale industries happened to be a significant component of the industrial sector, and therefore government has initiated several schemes and projects for the development of these industries in the era of globalization which cover technology, finance, marketing etc.

The Indian Economic Survey (2000) has supported the continued reforms in industry, trade and financial sectors, which helped industry to improve its efficiency productivity and international competitiveness. The survey also revealed that recent liberalization would encourage further industrial investments, output and employment. Gupta (1999)
attempted to study the employment picture of the country due to the impact of economic reform measures. According to him, when compared with other developing countries, the performance of our small industrial sector is better.

Ravindra H. Dholakia, Deepak Kapur (2001) pointed out that during the year 1991-1992, India undertook widespread policy measures to revive her economy. They conducted a study on the performance of 557 private sector companies to evaluate their performance during the post reform period. It was found that the exporting companies, on the whole were found to be performing much better than the non-exporting ones. Rajesh Raj S.N. and Malathy Durai Swamy (2004) analysed the employment, investment and growth in real value added in the unorganized manufacturing sector across 13 major states. The study revealed that the real value added by the unorganized Sector increased.

S. Vaidehi et al (2003) explained that the government has given crucial importance to the S.S.I sector in the post liberalized era in the form of institutional support to fund modernization and technology upgradation, infrastructural support and adequate working capital finance from the banking sector. Vilasini G. Patkar (2005) examined the technological input and innovative marketing endeavours and found that they have brought about good prospects to the village and small scale industries by improvement in the quality of goods and services after 1990-91.

Balu V(2001) examined the existing policies and programmes concerned with the development of small enterprises. It was observed that S.S.I sector has to be made highly competitive to face the challenges of liberalization and globalisation and also there should be no restriction on SSIs to grow. Vasudeva and Neela Mukherjee (2001) also analyzed the measures undertaken by the government for the promotion of S.S.I sector. Baker Moosa (1980) pointed out that the small scale industries are the engines of growth in any economy. He stressed that in a labour abundant economy like Kerala, small Industries have come to occupy a significant position for the development of the Economy.
Mathew P.M (2005) emphasized that the contribution of small and medium Enterprises (SMEs) to the economy is essential for local development. Small scale sectors are providers of employment and contributors to export development. It is thus necessary to address the need for reforms in the existing policies and design new policies for SMEs development in the post reform period in all states, particularly Kerala.

Prasanna K (2002) stated that the process of globalization has not only introduced new dynamism but also opened up new opportunities, as well as various challenges in Kerala economy. Due to liberalization, the small industries have to compete not only with the internal market but also the enterprises of the foreign countries.

Subramanian K K (2006) pointed out that for simultaneous development of Kerala economy modern technology intensive industries are needed because they are more productive in nature than others. The present composition of manufacturing industries in Kerala is highly unfavourable in the sense that a larger share is accounted by industries having lower potential to generate technological progress and industries producing products having lower income elasticity. As regards to the industrial growth in Kerala, there are a few noteworthy studies of the same author Subramanian K K and Abdul Azeez (2000), Subramanian K K and Mohan pillai (1986).

There are many more studies that are listed in the bibliography, most of which are carried out either at the national level or at the regional level and they generally focused on the problems faced by the small-scale sector.

1.5 RESEARCH GAPS

Though a number of studies are available on the small-scale industries in general and the promotional activities undertaken by the government and by various departmental agencies in particular, they mostly cover a period of industrial policy in which many small industries were exclusively reserved for SSI Units. Opening up of the economy, trade liberalization, and new economic policies after 1991 have structurally altered the
The challenges faced by the SSI units and their scope for development are different in the post liberalization period. There are many gaps in the needed research studies.

The 1991 new economic policies announced by the government postulate a complimentary role for small industries. Substantial incentives are given for value addition. Those export industries, which exported intermediates and raw material are given subsidies and duty concessions to manufacture final goods. Many multinational companies, which have setup their assembly lines like automobiles have contracts with SSI units for their accessories. On the other side, thousands of small units are reported to have closed down because their products can no longer compete with international brands. For survival, SSI units are required to innovate, relocate and restructure. How they are coping with the emerging situations is a topic of interesting study. So, theoretical and empirical studies in this field are highly desirable.

Furthermore, the response to opening of the economy has been different at organizational and regional levels. Whereas, large industries which are greatly tied up to international markets responded fast to globalization, small industries were fearful of being annihilated. Kerala with its more stringent labour laws and militant trade unionism, viewed trade liberalization with great amount of skepticism. Karnataka state which developed a better infrastructure for industrialization in the post independent period is said to have responded more positively and to new ventures such as small enterprises in IT, Electronics, Machine Tools, and various ancillaries of large industries. It was felt desirable by the author that the proposed study be made an in-depth analysis of small industries in Kerala in the post reform period and compare its progress with those of Karnataka, where a large number of professionals from Kerala are currently working.
1.6 OBJECTIVES OF THE STUDY

The following are the major objectives of the present study:

1. To review the development of industrialization in the country
2. To assess the performance of small enterprises in Kerala
3. To make a comparative attempt on the small-scale enterprises of Kerala state with its counterpart Karnataka economy in the post reform period
4. To identify the strategic growth potentials of small enterprises and the constraints in the context of their business.
5. To offer strategic policy options to overcome the difficulties faced by the small enterprises.

1.7 SCOPE OF THE STUDY

Small-scale industries occupy a prominent place in the industrial economy of the world. Its contribution in terms of number of units, employment and industrial production is quite impressive both in the developed and the developing countries. India is one of the few developing countries that have consistently supported small-scale industries and has protected them from unequal competition of large industries by implementing a number of discriminatory measures so that the sector can thrive and prosper. The contribution of small-scale industry to the national economy has been well recognized by the various industrial policies of the country from time to time.

Although Kerala is industrially a backward state, the small-scale industries have always found a place of prominence in the industrial economy of the state due to its low investment and high potential for employment generation. The growth momentum of this sector in recent years has been phenomenal as evidenced by statistics. Over the past five decades, the Government policies have been there to protect the interests of the small-scale industries and facilitate its rapid development. The state government, on the direction of the central government, pursued its policies, initiated various support
measures from time to time, which include policy of reservation, revision of investment ceilings, modernization, technological upgradation, marketing assistance, fiscal and financial assistance. The state agencies such as DICs, SFCs, SIDCs, SSIDCs and SIDBI have played a prominent role in promoting and strengthening the financial ability of the small sector.

The present study tries to focus on the emphasis of small industries development in the Kerala economy through policy formulations of the state, and implementation of such polices through various agencies and their impact on SSI development. Opening up of the economy has thrown new challenges and the study proposes to focus on how the stake-holders are addressing issues like entrepreneurial skill enhancement, and institutional and technological support for various small industry ventures. Kerala, which has traditionally exported handicrafts, coir products, processed marine and food products have immense scope to enlarge its market for exports in IT, Jewells, apparels, electronics and a variety of cash crop oriented value added products. There are many success stories where imaginative entrepreneurs have made innovative initiatives and reaping the benefits of expanding internal and global markets. The study will cover certain case studies to illustrate how efficiency becomes a key factor in small industries development.

1.8 METHODOLOGY

For secondary data, the author depends on published materials of Research Institutes and Government Departments. For collecting primary data the researcher adopted questionnaire cum interview method with small enterprise entrepreneurs and the thrust of the enquiry is on finance, volume of employment, production aspects, marketing and export potentials and problems of the enterprises. The data were processed and compiled through the statistical methods like simple percentages, student’s t test, growth rate, correlation and regression methods. The samples were taken from a few districts of Kerala and Karnataka with special emphasis on their performance in the
post reform period. The sample enterprises include in the study are the Electrical and Electronics products, Metal industries, Building materials, Rubber products, Printing and Binding, Jewellery and Gold, Handicrafts, Garments, Agro-Processing, Catering, Bakery, Mineral Water, Marine Products and Ayurvedic Medicines. A sample of 90 small enterprises from the study districts of Kerala and Karnataka were randomly selected and the sample entrepreneurs were administered with a pre-tested questionnaire cum interview schedule. Besides these, two successful units were selected for further case studies from each state. Districts from each state are purposively selected on the basis of diversified small industrial expansion and proximity. Hence, a total of 45 small enterprises plus 2 case studies each in Kerala and Karnataka have been undertaken to evaluate the various aspects of small enterprises in the pre and the post reform period.

1.9 LIMITATIONS

Although an effort has been made to enquire into the performance of small enterprises of Kerala economy, the study has certain constraints. During the pre-reform period, small industrial products were sheltered by customs duties, which later on were gradually eliminated. The Government of Kerala has responded to this problem by providing incentives and putting in place quality control and enhancement. For export promotion, trade fairs, and diversification of products are being undertaken. Such initiatives seem to be bearing fruits, but proper evaluation with a time series data may need more time scale. Secondly new products and firms are entering the field and each has its own market share and performance story. Some existing firms have lost their market and hence had to quit or relocate. This is a period of flux for small enterprises and those who capture the dynamics of the world market may emerge as successful. The study makes an attempt to illustrate these dynamics in selected case studies.

Lastly, the policy of the state differs from state to state. As a result we cannot expect the performance of Karnataka to be identical with that of Kerala. Karnataka is well
established and had a relatively better road to develop small enterprises, whereas in Kerala, it had its own limitations like inadequacy of infrastructure, absence of linkage effect with large industries, absence of entrepreneurial initiatives, and too much emphasis on human resources and its export to overseas markets. However, exposure to international opportunities, emergence of new class of technocrats and entrepreneurs who are inclined to take risk seems to be altering the landscape of the state. The study also is an attempt to capture this metamorphosis.

1.10 CHAPTERISATION

Chapter-I INTRODUCTION

The introductory chapter deals with significance of small enterprises, statement of the problem, review of literature and research gaps. In addition, it also focuses on objectives and scope of the study and its limitations.

Chapter-II PLANNED DEVELOPMENT OF INDUSTRIALIZATION

This chapter explains industrialization in two sections. Section one deals with industrial development of the entire nation during various plan periods. Section two examines planned development of industrialization in the state economy.

Chapter-III CRITICAL ANALYSIS OF SMALL ENTERPRISES - AN INDIAN PERSPECTIVE

This chapter discusses three important aspects. In the first place, it tries to examine the small enterprises in the changing business environment. Secondly; it evaluates the performance with respect to production, number of units, employment, investment and export. Lastly it attempts to assess the development of small enterprises in the pre and post reforms period.
Chapter-IV ANALYTICAL STUDY ON DEVELOPMENT OF SMALL INDUSTRIES IN KERALA

This chapter has two sections. Section one deals with industrial background of Kerala with special reference to the performance of the Public Sector Undertakings, manufacturing and related variables. Section two is devoted to focus the performance of small enterprises in pre and post reform periods.

Chapter-V A CRITIQUE OF DEVELOPMENT OF SMALL ENTERPRISES IN KERALA AND KARNATAKA- A SURVEY ANALYSIS

This chapter deals with the small industries development with reference to investment, employment and number of units, operative results and major problems faced by this sector. This has been done to arrive at the pre and post reform development of small enterprises in Kerala and Karnataka. This chapter has been brought out with the help of All India Survey on Small enterprises conducted during 2001.

Chapter-VI EFFICACY OF SMALL ENTERPRISES IN KERALA AND KARNATAKA

This is the analytical chapter of the thesis based on a survey conducted with the help of the questionnaire with the small-scale industries entrepreneurs both in Kerala and Karnataka. This has been done particularly to assess the performance of small enterprises in the post reform period as well as to compare the Kerala enterprises with its counterpart Karnataka enterprises. The chapter also highlights the case studies of two successful companies in each State.

Chapter-VII SUMMARY, FINDINGS AND CONCLUSION

This chapter summarizes the entire findings of the study. Besides this, it also highlights the major inferences and recommends a few suggestions that would be more appropriate to improve the performance of the enterprises.
REFERENCES

CHAPTER 1


