CHAPTER - I
INTRODUCTION

Small and medium enterprises have been receiving impetus in the development strategy of the Government of India. The Nehruvian Philosophy of industrialization has given importance and realized the importance of small and medium enterprises for the national development. The under developed and developing countries are generally dominated by agrarian economy and characterized by underemployment and rising unemployment. The industrialization in these economies is expected to serve dual purpose of creating avenues for the absorption of excess labour and diversification of occupation. SMEs must extend the necessary support and compliment the beneficial effects of Industrialization. The SMEs makes more efficient use of capital and labour for developing economy. They are able to produce a unit of output with lesser cost of production. Generally SMEs units are labour intensive and require smaller amounts of capital. In the capital scarce and labour surplus economy like India both aspects i.e. more output and more employment are equally important and in this context Small and medium enterprises become very significant.

The SMEs makes more efficient use of capital and labour for developing economy and they are able to produce a unit of output with lesser capital but more labour than the larger units. In the capital scarce and labour surplus economy like India both aspects i.e. more output and more employment are equally important.

The recent enunciation of the long awaited new policy for small and medium industries by the prime minister at the National Conference on small and medium industries in New Delhi has been widely welcomed by the industry. The small entrepreneurs nurture a genuine fear that the market-oriented reforms
have not only adversely affected their interests, but are a threat to their very existence. The recession in the economy since 1996 seemed to confirm their worst fears. The recent announcement has therefore, raised considerable hopes that the new policy will bring some relief and help them cope with the intensely competitive environment created by the twin policies.

Small and medium enterprises enjoys certain inherent strength such as lower over head costs, flexibility in production, informality in labour relations, exploitation of local resources an skills, capacity to execute small orders and to offer customized services.

Small and medium industry in India needs to upgrade technologies on a continuous basis to remain competitive. Adopting information technology to increase productive and leveraging their advantage of flexible operating systems. There are very effective software packages available in the country for manufacturing units, which can eliminate waste, compress production cycles, and improve the quality of the products. If they are expensive and beyond the reach of individual small and medium units, the packages can be purchased by groups of units and used jointly on a time share basis, paying hourly fees.

The promotion of small and medium industries has been widely recommended as one of the most appropriate means of developing industry in overpopulated backward countries. Japan is usually held up as the great example of what can be done in this way and now, even communist China is said to be following a similar path, at least in the rural areas. In no country, however has the doctrine of small industry received such strong official support as in India. There are a number of reasons for this. The most important is the legacy of Gandhian teaching. In addition, the very distribution of existing small industry in India, the great pressure of population, and the shortage of capital have all tended to direct attention towards the small scale sector as a possible
means of increasing output and employment in Indian industry for at least the next few decades.

**History and Development of Indian Manufacturing Industry:**

Regarding the genesis and early history of Indian manufacturing industry, Nabagopal Das aptly commented “Historically, industrial development was initiated in India as a many countries of the West by a few businessmen who were able and willing to take risks, start new ventures and mobilize the necessary resources, financial as well as otherwise. They did not belong to any particular group or caste. They were just men of vision who combined with their idealism a shrewd sense of business acumen”

The pioneer effort in this regard was made by C.N. Devan in Bombay when he developed the first cotton mill in 1854. Subsequently new mills were opened up all over India. Regarding development of other sectors, successful attempts were made by Dwarka Nath Tagore in Colliery and J.R. Tata, R.N. Mookherjee, L.R. Kirloskar Chettiars of Madras in manufacturing industries.

Up to the Second World War (1939)-1945), progress of industrialization in India was significant. The basic industries like textile, jute, iron & steel, cement, paper, lather, light chemicals made considerable progress. Gradually, manufacturing industry consolidated its position in the Indian economy.

The history of manufacturing in post-independence era is the history of unprecedented industrial growth. Though there was massive growth in indigenous industry, the quicker pace of industrialization in other developed countries put India’s position in industry lower down. Form the 10th position among the industrialized nations, it mover down to 20 position.
**Definition of Small and medium industries**

One of the major issues encountered by the policy-makers until the Second Five Year Plan was to define the term “small” because the application of this term varied from one industry to another. The identification of small units for the purpose of assistance under various program necessitated clear-cut definition. Hence, various alternatives were suggested which included size of investment, size of employment, turnover, sources of energy, nature of activity etc.

As per the definition, “the SME unit is a unit having overall investment of Rs.5 lakh and employing less than 50 persons when not using power.” In various years the government has given various norms for the definition of SMEs, especially the definition was revised during the years 1958 to 1991, based on investment limits. After globalization of economy in 1991 several changes are incorporated in the definition of SMEs to include different categories like export oriented SME units and small size business enterprises.

**Government and SMEs**

The State and central government policies are indispensable for the growth of SMEs. These policies are framed in different contexts of shape of Indian economy The Common Minimum Program (CMP) announced by the United Progressive Alliance (UPA) Government on 27th May 2004 has observed as under:

“In the past few years, the most employment intensive segment of the small scale industry has suffered extensively”.

The rate of growth in the SMEs sector has declined for 11 per cent during 1991-94 to 7 percent thereafter. Similarly, the flow of credit to SMEs as percentage of Net Bank Credit has also declined from 17 per cent in 1997-98 to less than 11 per cent in September 2003. The third Census of small and medium
industries (2001-02) has revealed that the employment intensity of the SME sector units has declined from 6.3 persons per units in 1987 – 88 to 4.5 persons in 2001-02. Along with these developments, the globalization and emergence of WTO (World Trade Organization) have also brought the SME sector face to face with new challenges in the form of increased competition. These trends compel one to think whether the SME sector can achieve the targets of a 12 per cent annual growth and creation of 4.4 million additional jobs during the 10th plan period.

In order to protect the interest of SME units and facilitate their development, the Government in pursuance of its policies, have initiated a number of support measures from time to time which include policy of reservation, revision of investment ceilings, modernization, technology upgradation, marketing assistance etc. The emerging economic scenario in the changed liberalized and competitive economic environment has necessitated structural and fundamental changes in the policy framework put into place for the development of this vital sector of the economy. Accordingly, there has been a shift in focus from “Protection” to “Promotion”. In the post-reform period, a number of steps including partial desreservation, change in investment limits, facilitating foreign participation, establishment of growth centers, export promotion, marketing assistance and incentives for quality improvement, etc. have been taken by the Government for strengthening of this sector.

Development trend of small and medium industries

The legacy of the present policy framework for development of small and medium industries enterprises in India derives from a conscious attempt to reconstruct and re-conceptualize pre-colonial and pre-capitalistic mode of production in the fabric of modern manufacturing activities.
On the other hand this approach was a political necessity to rehabilitate millions of distressed rural craftsmen, who could not survive the onslaught of the forces of colonial economic imperialism; on the other hand such compulsions forced the planners to make an attempt to evolve a development strategy to integrate this segment of the country in the overall ambit of successive Five Year Plans in India.

**Need and importance of the study**

Ever since the formation of the National Planning Committee on Rural and Village Industries in 1938 the SMEs are conceived as the catalyst of industrial dispersal in the country. The industrial policies announced by the Central and State governments, have been providing various incentives for accelerating the growth of SMEs sector 3. The performance of SMEs was focused mainly at national level while the issues related to size, growth, structure and productivity have received inadequate attention at the state level. The process of restructuring Indian economy through liberalization and decontrols has put the small enterprises at a critical juncture of intricacies concerning their future. Therefore, for any change in policy related to small industries there is a need for elaborate studies on the growth and performance of SMEs.

**Role of SMEs for in the Indian economy**

After Independence, the foremost task for the government was to achieve rapid industrialization of the country within the overall framework of a welfare state. The plan objective of economic growth with social justice was kept in view in the overall strategy of industrial development. Large, medium and small industrial units have been assigned a mutually complementary role with a view to facilitate an integrated and harmonious growth of industrial sector as a whole.

National accounts statistics classify manufacturing income into income from registered and unregistered units. Income contributed by enterprises
governed by the Indian Factories Act 1948 (i.e. those units which employ on any
day of the year 10 or more workers while using power and 20 or more workers
with completely manual process of production) is the income from registered
units. Unregistered manufacturing income is the income originating from the
establishment other than registered factories. The categorization of large scale
and small and medium enterprises by labeling the registered manufacturing as
the large scale and the unregistered manufacturing as the SMEs is not correct
because the registered manufacturing also includes the SMEs registered under
the Factories Act.

Industrial Policies of the Government of India and the respective State
Governments have been encouraging the small enterprises so as to fulfill the
objectives of decentralization of industries, employment generation and
entrepreneurial development. Opinion of the planners involved in the Fourth
Five Year plan favoured the development of SMEs sector because they argued
that the capital-intensive modern technology would not absorb the rising job
seekers. However, in the absence of adequate data, exclusively on the SMEs
sector, it was difficult to make realistic assessment of the performance of SMEs.

It is clear from the inception of development programs, the revival of
various stagnant village and cottage industries were given a prominent place in
the country’s economic agenda. The guiding principles were enshrined in the
Directive Principles of State Policy in the Constitution of India, which enjoined
upon the state to strive to minimize income inequalities and regional disparities,
and promote cottage industries in the rural areas. Because of the historical
background and the constitutional mandate, the Government of India, while
framing the industrial policy, accorded special status and importance to the
“Small and medium enterprises”.

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Present position of SMEs

Liberalization has exposed Indian SMEs to unequal competition with its counterparts in the industrially advance countries. The challenges cannot be effectively met unless domestic economic policy focuses on removal of constraints, which limit the competitive strength of India industry and of the economy as the whole. The emerge of multilateral trade regime, WTO conditionality have added urgency to the task of enhancing competitiveness. It is essential to remove the constraints, which limit the competitive strength of Indian industry. It is not only the question of India coping with the WTO regime but for greater issue of how Indian can leverage the benefits of large access to global market.

Promotion and development of SMEs is primarily and the responsibility of the State Government. The support and facilities offered by the state government include land, developed plots and sheds on concessional terms, infrastructure facilities, investment subsidy in selected areas at varying rates, seed capital for setting up new units, financial assistance for preparation of project reports, assistance in purchase and marketing subsidy for technical know-how, testing of products in approved test houses and modernization, subsidy in power and generating sets, water at concessional terms, interest subsidy, exemption/deferment on sales tax, stamp duty, etc., Monitoring cells/committees for rehabilitation of sick units also exist at the state level.

The State level inter-institutional committees, which exist under the Chairmanship of State Secretary Industries, have been playing important role in the rehabilitation of sick SMEs units. State Level bankers Committee also plays an important role in assessing and coordinating the credit needs of the state including those for the small enterprises.

A major problem faced by the Indian SMEs sector is the challenge of globalization resulting into increased competition both internally and
internationally. The fast changes brought out by global trade and new marketing strategy over the past few years has necessitated bringing about structural changes affecting the micro, small and medium enterprises throughout the world.

The developing countries need to evolve new policies to suit the requirements of several changes in the field of industry, and trade, besides entrepreneurs adjusting to the new environment. The distinction between domestic and international market is getting blurred. The day is not far off when there will be only one market throughout the world. The market condition will be based on non-discrimination and same criterion for domestic and global market.

The process of globalization has come to exit over the last few years due to rapid technological advantages, speedy and short cycle of products, mergers, splits and decline in the fortune of some of the established companies, productivity sluggishness and rise of service economy. The demographic changes occurring due to movement of more talented and skilled people to prosperous countries and resulting race/ethnic conflicts are also to be taken note of. Further, due to the audio-visual impact by electronic media, expectations of people in all countries have risen beyond the capabilities of meeting them. Masses are demanding better quality products at affordable prices and on the industrial side, new concepts of bench marketing, chain marketing and better corporate governance have emerged.

**Problems faced by SMEs**

Small and medium industries are facing so many problems in their stride of development\(^5\). In certain cases, is found that they are not able to compete the large-scale industries in the aspects like marketing, manufacturing, power, labour and raw materials. The globalization of the economy is also indirectly affecting the competency of small and medium industries. It has been recorded in a span of five years after 1991 SMEs growth was blurred due to heavy
competition in the global market. Besides these both straight and central government are employing collective efforts and strategies for the development of the SMEs in order to balance unemployment problems.

As per the Special Group Report, the major problems faced by the SMEs sector relate to: a) Credit, b) Infrastructure, c) Technology, d) Skill Development and e) Marketing. The indicators of autonomous growth in recent times have been stifled due to impact of WTO agreement affecting India, like removal of Quantitative Restrictions (QRs), dumping of certain goods/items, power related inadequacies and credit related insufficiencies, etc. The employment generated through induced measures can serve as a useful supplement to the autonomous measures. Direct employment should not be viewed in isolation. It has both forward and backward linkages and generates large-scale employment in the service sector. In addition, the role of fast emerging information biotechnology sectors should not be ignored. In many ways, they are catalysts to employment generation. India possesses distinct advantages in this sector. India’s success can be attributed to a combination of factors such as resource endowment, availability of cheap skilled labour. Favorable government policies, etc. Further, there are a few industries like food processing and lather where India enjoys comparable advantages in the form of vast resources endowment and where only about 25% of the existing respective potential has been exploited so far.

**Growth of SMEs**

Growth is nothing but change in attitude. Small and Medium Enterprises (SMEs) sector in India have been undergoing this attitudinal change profoundly. The present existence of SMEs has undergone several changes in past and would change in future as well. The process of change has been catalyzed in recent years due to macroeconomic transformation taking place both domestically and globally. In the present era of borderless and market oriented economy, the two big global economic forces which are competing for world attention are (a) the emergence of a ‘new economy’ underpinned by information and communication
technologies and (b) growing instability and uncertainty linked to globalisation. With the emergence of WTO a new trade environment has been emerging. With the removal of Quantitative Restriction (QRs) on import of 715 items w.e.f 1st April 2001 and those done earlier, a large number of items are now under Open General License (OGL). There has also been reduction in import duties in recent years.

These have emerged as challenges before the SMEs sector since these warrant that the SMEs sector must be more competitive and efficient. There are changes in the type of products and services demanded, in the quality of products and services and change in fashion and tastes. There has also been change in the mode of production and technology. The continuous changes in SMEs sectors made them to possess an advantage of flexibility and innovativeness.

The harbingers of this change are the 115.22 lakhs Small and medium enterprises and industry related enterprises, (as the number as revealed by the All India Census of SMEs 2003-04) entrepreneurs coming from the equal number of units in the country. A large number of them are first generation entrepreneurs and quite a significant number is accounted by technocrats, skilled manpower, scientists and MBAs, who are ready to change the work culture and work environment in the context of the emerging requirements on account of liberalisation and globalisation.

Changes Witnessed in Recent Years:

The Small scale sector is silently making a move from the zone of protection to promotion through active involvement of institutions and the non-governmental organization. There was a time when any talk of de-reservation was greeted with protest. Now in 2004, a situation has come in which nobody talks about increasing the list of reserved items for exclusive manufacturing in the small and medium sector. In fact, the stakeholders are themselves
advocating and recommending the items which are to be de-reserved or the items in whose case the investment ceiling should be enhanced. It is on their suggestions that during last three to four years, more than 150 items have been de-reserved. Quite a large number of them are significant in terms of their number, contribution to production, employment and export, viz. readymade garments, leather goods, leather shoes, toys, rice milling, dal milling, ice creams, packaging materials and auto components. Similarly, it is based on their suggestions that the investment ceiling in plant and machinery for the SMEs sector has been raised from Rs.1 crore to Rs.5 crore in respect of group of items belonging to knitwear, hand tools, stationery items and pharmaceuticals.

The history of funding of the small and medium enterprises for the last 50 years reveals that the sector has mostly been relying on self finance and debt finance through banking system. The young and technically qualified entrepreneurs are now moving to new areas of financing particularly, lease finance and venture capital financing. The time is not far off to find the Indian small and medium enterprises getting linked with capital market and equity financing in India. This would emerge as strong support to SMEs in finance assistance. While banks are moving from their traditional and developmental role to commercial operation as per the requirement of market led economy, many new instruments of innovative financing in the form of lease finance, venture capital, equity finance are emerging.

At the same time a realization has dawned that an economy to be able to reap the maximum advantage of globalization must nor and should not ignore the vast mass of population living blow the poverty line or those who are poor. For them in most of the countries ‘Micro Credit has emerged as a powerful tool of removal of poverty and women empowerment.

Changes in the structure of small enterprise and in the product lines are also visible. There is evidence that quite a significant section of the small
enterprises in India have made a shift from the domain of exclusive manufacturing to that of industry related services. This has no doubt been facilitated also by the inclusion of Small and medium services and Business enterprise (SSSBE) within the SMEs sector provided the fixed investment does not exceed Rs.10 lakh. According to Third All India Census of SMEs the service sector which accounted for 3% of registered SMEs in 1987-88 have moved up to 34 per cent in 2001-02. In case of unregistered small enterprises its share was as high as 64 per cent. The sector which produces about eight thousand items and a product range is as diversified as paper clip on one hand to components of the spacecraft on the other. The Tool Rooms under the Ministry of SMEs have assisted in the development of tool design of several components of the spacecrafts. One can clearly see that the sector is silently making a move from traditional line of production to modern line of production. They are ready to upgrade the technology and modernize the production process. In fact, many of the items have got recently included in the SMEs basket did not exist 10 years ago.

A significant change is recently witnessed in the field of quality of job creation in the SMEs sector. The focus is shifting from ‘number of labour force employed’ to ‘quality of labour force employed’ i.e. whether the existing and new labour force joining the small enterprises have contributed to the improvement in productivity. The quality of labour is measured through productivity and this in turn is the function of twin forces of (a) Skill development and (b) Technology upgradation. The Tenth Five Year Plan talks not only in terms of addition of over 10 million jobs through the small enterprises in the country but also at achieving an annual rate of growth of 12 per cent as against annual growth of 8 per cent in GDP. Hence clearly the emphasis is on improving the quality of labour.
It can be noticed that the training programmes which used to be mostly of general nature earlier have now changed to product specific training in the field of cosmetics, herbal medicines, processing of agro based items, biotech items etc. The training programmes are moving to the realm of specialization with specific product related training on packaging, IPR and W.T.O conditionalities.

SMEs sector has made remarkable progress inspite of strategic assaults on their markets by the expanding large-scale sector. This was probably possible due to the promotional policies adopted by the central as well as state governments.

India started its process of integration with the global economy in July 1991. The Government has pursued far reaching economic and structural reforms in all sectors of economic policy. The thrust of these measures has so far been to integrate the Indian economy with the global economy and enable them to be competitive. The liberalization policy has posed certain challenges as well as opportunities to the small and medium sector. The challenges are in the form of increased competition arising out of reduced protection due to removal of restrictions on import and lowering of tariffs.

Opportunities have come in the form of access to better technology, availability of a variety of raw materials and components, impetus to quality, efficiency and opportunity to restructure and to diversify. Challenges and opportunities due to globalization come together. One should also be in readiness to get the least out of opportunities.

A redeeming feature of the growth pattern of the SMEs sector in the last decade is that it has generally recorded higher growth rates as compared to the overall industry or manufacturing sector. This leads to a positive conclusion. The liberalization process has not changed the historical trend of the SMEs sector maintaining a higher rate of growth over the overall industrial sector.
The down swing in the rate of growth of SMEs sector during the last two years as against the targeted growth is attributed mainly to the general recession in the industry and economy.

The industrial growth has picked up the year 2000. However, as there is delay of about six months in the availability of SMEs data, the corresponding impact of the recent industrial growth on SMEs sector is not yet known. It would be safe to say that the small and medium sector has not been at the receiving end of the economic reforms process.

**Statement of the problem**

The small and medium industrial sector, which plays a pivotal role in the Indian economy in terms of employment and growth, has recorded a high rate of growth since independence in spite of stiff competition from the large sector and not so encouraging support from the Government. Now it is facing so many problems from the Government and other sources, so this study thoroughly analysis the performance of small and medium industries and its impediments for growth.

**Future prospects of small and medium industries:**

Irrespective of the degree of support extended by the government and irrespective of the amount of effort put in by small industries and their association, India is going to experience the emergence of the small industry sector, which is qualitatively superior, technologically vibrant and internationally competitive, in the next 5-10 years because the “inefficient one” are likely to vanish gradually. The objective of the policy-makers as well as small industry associations should be to enable the sector to be vibrant and competitive without a considerable reduction in its size and thereby enable it to make a sustainable contribution to national income, output and exports.
Objectives of the study

1. To study the growth of small and medium industries in India.

2. To assess the contribution of small and medium enterprises in vital areas, namely, gross domestic product, Employment generation and Regional Development in the development profile of Indian Economy.

3. To understand the pattern of growth and performance of small and medium industries in Chennai and Tiruvallur District.

4. To identify the problems of Indian small and medium enterprises and examine the management strategies.

5. To analyze the policies of the State and Central Government to promote Indian Small and medium enterprises.

Hypotheses

In order to achieve a sharp pinning down of the research problems and objectives, the following hypotheses are structured.

- Small and medium enterprises are more suitable for developing countries like India.

- The performance of the Small and medium enterprises has been highly impressive.

- Small and medium enterprises suffer mostly from marketing problems than others namely financial, administrative, power, labour etc.

- Government policies are not Small and medium enterprises friendly.
Research Methodology

Pilot study and Pre-testing

A preliminary investigation is undertaken by contacting 50 owners of small and medium industries. Rational and random sampling method is applied. The purpose of the pilot study is to test the quality of the items in the questionnaire and to confirm the feasibility of the study. The normal distribution and Hotelling’s t-test in cronbach alpha method is used to identify the quality of each item of the questionnaire in 5 – point scale and the following results are obtained.

Cronbach co-efficient and Hotelling’s T-square value.

<table>
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<th>Q.No</th>
<th>Statements</th>
<th>No of Items</th>
<th>Cronbach alpha</th>
<th>Hotelling T-sqre</th>
<th>Sig</th>
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<tr>
<td>II</td>
<td>16 to 29</td>
<td>14</td>
<td>0.783</td>
<td>75.317</td>
<td>0.000</td>
</tr>
<tr>
<td>III</td>
<td>30 to 38</td>
<td>09</td>
<td>0.929</td>
<td>42.867</td>
<td>0.000</td>
</tr>
<tr>
<td>IV</td>
<td>39 to 47</td>
<td>09</td>
<td>0.571</td>
<td>66.850</td>
<td>0.000</td>
</tr>
<tr>
<td>V</td>
<td>48 to 55</td>
<td>08</td>
<td>0.662</td>
<td>40.430</td>
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<tr>
<td>VI</td>
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From the above table it is ascertained that the items in part II to part VIII of the questionnaire are highly reliable and the samples satisfy the normal distribution rationally. So the items in the questionnaire can be used further in the study.

Main Study

The data is collected for the study by means of a well-framed questionnaire, which consists of three parts. The first part of the questionnaire is framed to obtain the general information and company profile of small and
medium industries. Second part deals with characteristics of SMEs. Third part is designed on the problems of small and medium industries, especially the problems of finance, raw material, power, and marketing and policies of government. The questionnaire with covering letter is handed over personally to each and every respondent and they are requested to return the fill-in questionnaire after 15 days. When the researcher visits them, the respondents took a period 15 days to 2 months to return the questionnaire.

**Sample size**

The sample chosen for the study covers the SMEs units in Guindy and Ambathur industrial estates in Chennai and Tiruvalore district respectively. Totally 497 owners of small and medium enterprises are selected on proportionate random sampling method – 247 and 250 from Guindy and Ambathur industrial estate. Out of the sample, 456 questionnaires are returned in a completed form. And out them 402 are found usable. Hence, the exact sample of the study is 402.

**Data analysis**

The sources of data are primary as well as secondary. The data collected from the proprietors of SMEs survey constitute primary and information gathered through books, journals, magazines, reports, dailies consists of secondary data. The data collected from both the sources are scrutinized, edited and tabulated. The data are analysed using SPSS (statistical package for social sciences) computer packages. Factor analysis is applied to find out the major factors of problems of SMEs.

K-means cluster analysis is exploited to classify the SMEs units based on their perception of factors of problems faced by them. The parametric one-sample and paired t-test is brought the bare on the problem of determining the weightage of the factors obtained through factor analysis. The multiple general
linear model and regression are used to find the impact of independent variables on the dependent variables of the study. The percentage analysis and diagrammatic representations are also used to establish the contribution of the data in the study.

**Scope and limitation of the study**

The study covers the SMEs units of all types in Guindy and Ambathur industrial estate in Chennai and Tiruvalore district respectively. The SME units in the above mentioned premises are approached without discrimination regarding their company profile, income and product produced. The scope of the study has been limited to certain important aspects and problems of SMEs. This study does not cover the complete and exhaustive views of state and central government about SMEs. Since, this study covers small and medium industries in two districts, it cannot be generalized to whole Tamil nadu and India.

**Chapter arrangement**

The **first chapter** deals with the brief introduction about role of SMEs in the Indian economy, present place and position, its growth and contribution of SMEs to the society. Besides these introductory parts this chapter also comprises objectives of the study and methodology.

The **second chapter** sketches the brief review of literature relevant to the present study. Studies on characteristics, problems and Government policies of small and medium industries are included in this chapter.

The **third chapter** highlights small and medium industries in Chennai and Tiruvalur district. It also elaborates the varieties of mall scale industries and their existence in the midst of various problems.
The **fourth chapter** deals with the performance of small and medium industries and their contribution in the development of Indian economy. This chapter also includes a complete profile of performance of Small and medium industries based on the products.

The **fifth chapter** presents the problems of small and medium industries on various aspects namely finance, raw material, power, marketing and some general problems.

The **sixth chapter** provides the result of development of small and medium industries due to Government policies.

The **seventh and final chapter** summarizes the findings along with suggestions to increase the growth of small and medium industries.
References:


4. How can Indian SSEs meet the challenges of globalization by Dr. S.K. Jain (April – September 2001)
