CHAPTER – VI
SUMMARY OF FINDINGS AND SUGGESTIONS

6.1 INTRODUCTION

Industrialization has a major role to play in the economic development of the underdeveloped countries. The gap in per capita incomes between the developed and underdeveloped countries is largely reflected in the disparity in the structure of their economies; the former are largely industrial economies, while in the latter production is confirmed predominantly in agriculture.

The pattern of ‘growth through trade’ in primary commodities was, however, realized in the nineteenth century when industrialization was closely linked with international trade because – a) countries previously isolated by high transport costs as well as other barriers came to specialize, and b) economic development through trade was diffused in outlying areas because the pattern of advance in the rising industrial countries happened to be such as to cause a rapidly growing industrial demand for crude products of the soils which those areas were well-fitted to supply. This traditional pattern of growth through trade is out of place now. As rising levels of per capita consumption have gradually transformed the composition of demand for goods and services and as technological changes have resulted in the more economic use of new materials or the creation of synthetic substitutes, the growth of import demand of the advanced countries for most primary products has lost the momentum of the earlier period and, currently, it lags behind the growth in their domestic incomes and output.
The volume of exports from the underdeveloped countries expanded at a rate of 3.6 percent per annum while the exports from the developed countries rose at the rate of 6.2 percent. This export lag is accompanied by deterioration in their terms of trade. Thus in view of unfavourable trends in world trade of primary commodities, industrialization is the only effective answer to the problem of under-developed countries. They can no longer depend upon trade for development, they have to activise dynamic elements within their economies.

The industrial sector which possesses a relatively high marginal propensity to save and invest contributes significantly to the eventual achievement of a self-sustaining economy with continued high levels of investment and rapid rate of increase in income and industrial employment. Besides, the process of industrialization is associated with the development of mechanical knowledge, attitudes and skills of industrial work, with experience of industrial management and with other attributes of a modern society which in turn, are beneficial to the growth of productivity in agriculture, trade, distribution and other related sectors of the economy. As a consequence of these factors, any successful transfer of labour from agriculture to industry contributes to economic development.

The small-scale 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. This is evidenced by the number of registered units which went up from 16,000 units in 1950 to 36,000 units in 1961 and to 33.7 lakh units in 2000-01. This number has been jumped to 428.77 units during
the year 2010-11. During the last two decades alone, the small-scale sector has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, microwave components, electro-medical equipment, T.V. sets, etc.

The Government has been following a policy of reservation of items for exclusive development in the small-scale sector. At the tune of the 1972 Census of Small-Scale Industries Units, there were 177 items in the reserved list. By 1983, the reserved list included 837 items for exclusive production in the small-scale sector. These units produce over 8,000 commodities. Census 2001-02 reported that 97.2 percent of the registered SSI units were proprietary, only 1.3 percent were partnership and 0.5 percent were private companies and just 0.1 percent were co-operative. In other words, the dominant type in the ownership pattern is proprietary with a small fraction operating in partnerships.¹ This influenced the researcher to carry out an investigation on small-scale industries. Hence, “A Study on the Development of Small Scale Industries in Madurai District” has been attempted for current research work.

This chapter provides the summary of the study, major findings, suggestions, and scope for further research. The first section provides the summary of the study and the second section gives the summary of findings based on earlier chapters of the study. The third section presents the suggestions and the fourth section mentions the scope for further research.

6.2 SUMMARY OF THE STUDY

The study has been presented in seven chapters. The first chapter deals with the introduction and design of the study. It presents the statement of the problem, review of literature, significance and scope, objectives of the study, operational definition of concepts, hypotheses, geographical area, period of the study, sampling design, methodology for collection of data, framework of analysis, limitations, and scheme of the report. The main objectives of the study are:

1. To study the overall views of small scale industries.
2. To analyze the growth of small scale industrial units in India and Tamil Nadu in general and Madurai District in particular.
3. To analyze the profile of entrepreneurs of small scale industrial units in Madurai District.
4. To test the factors influencing the development of SSI units in Madurai District.
5. To measure the opinion of entrepreneurs towards financial assistance provided to the SSI units by the financial institutions.
6. To offer suggestions for the further development of small scale industrial units in Madurai District.

The overall views of small-scale industries have been discussed in the second chapter. It presents information relating to national, state and district level. The third chapter analyzes the growth of small scale industries. This chapter covers a growth in term of number of SSI units, particulars relating to employment and investment. The growth of Small Scale Industrial unit has been analyzed by using compound growth
rate and trend analysis. The fourth chapter gives the profile of entrepreneurs of small scale industrial units in Madurai District. This chapter was analyzed based on the survey collected from 200 samples.

The chapter five measures the opinion of entrepreneurs on the financial institutions assisting SSI units and the final chapter provides the summary of findings and suggestions.

The Industrial Policy Resolutions of 1948, 1956, 1977 and 1980 have emphasized the following aspects:

- To bring about rapid economic development of the country by accelerating the growth of industries and industrialization of the country;
- To provide increasing opportunities for gainful employment and skill formation of various types required for modernizing society;
- To help to achieve the goal of the socialistic pattern of society as accepted by the Indian Parliament in December 1954;
- To bring about the expansion of the public sector as a dominant sector of the Indian economy;
- To bring about development of basic and heavy industries with a view to reduce dependence of the country on foreign countries in the case of essential and vital goods and services such as defence production and various metals, heavy chemicals, heavy and light engineering goods and the like to make the country self-reliant in all such matters;
• To give encouragement to small-scale, cottage and village or rural industries and handicrafts and also to co-operative industrial sector of the Indian economy;

• To take steps to promote exports of industrial goods so that India can have its due share in world export trade;

• To bring about reduction in regional disparities especially, by establishing public sector industries in economically backward regions of the country and also promoting industries in backward regions of the country; and

• To bring about the development of modern industrial culture by establishing scientific, technical and professional institutions of education, as all such skills are essential and basic to modern type industrialization.

The main thrust of the 1948 Industrial Policy was to lay the foundation of a mixed economy in which both private and public enterprises would march hand in hand to accelerate the pace of industrial development. The policy reiterated the right of the state to acquire industrial undertaking in public interest but it also reserved an appropriate sphere for the private sector.

The Industrial Policy Resolution of 1956 set out some of the principles of Nehru’s philosophy, through it retained sufficient ambivalence to placate the uncommitted elements. As Rangnekar rightly put it, 'private sector investment zoomed in the wake of public sector expansion'. This policy resulted in the rapid expansion of the public sector in basic heavy industries such as coal, oil, fertilizers, chemical engineering and the like.
Export Performance of SSI:

SSI sector plays a major role in India's present export performance. About 45 to 50 per cent of the Indian exports is contributed by SSI sector. Direct exports from the SSI Sector account for nearly 35 per cent of total exports. Besides direct exports, it is estimated that small-scale industrial units contribute around 15 per cent to exports indirectly. This takes place through merchant exporters, trading houses and export houses. They may also be in the form of export orders from large units of the production of parts and components for use for finished exportable goods. It would surprise many to know that non-traditional products account for more than 95 per cent of the SSI exports. The export destination has been identified for 16 SSI products.

Export Destination Countries of SSI Products

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Product Group</th>
<th>Main Destination (Countries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Readymade garments</td>
<td>USA, Europe, Canada, West Asia, North Africa</td>
</tr>
<tr>
<td>2.</td>
<td>Plastic items</td>
<td>UAE, China, Italy, Saudi Arabia, Oman</td>
</tr>
<tr>
<td>3.</td>
<td>Marine products</td>
<td>Japan, USA, European Union, China, South-East Asia</td>
</tr>
<tr>
<td>4.</td>
<td>Sports goods</td>
<td>UK, USA, Australia, Germany, South Africa</td>
</tr>
<tr>
<td>5.</td>
<td>Spices</td>
<td>East Asia, European Union, North African Zone and American Zone</td>
</tr>
<tr>
<td>6.</td>
<td>Cashew items</td>
<td>USA, Netherlands UK, Japan and UAE</td>
</tr>
<tr>
<td></td>
<td>Items Description</td>
<td>Destinations</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>7</td>
<td>Shellac items</td>
<td>Indonesia, Germany, Arab Republic Emirates, USA and Italy</td>
</tr>
<tr>
<td>8</td>
<td>Shellac items</td>
<td>AE, UK, Turkey, USA and Italy</td>
</tr>
<tr>
<td>9</td>
<td>Leather and Leather items</td>
<td>Germany, UK, Italy, USA and France</td>
</tr>
<tr>
<td>10</td>
<td>Engineering and electronic items</td>
<td>USA, Europe, Japan, Hong Kong, UAE, Germany, Belgium and France</td>
</tr>
<tr>
<td>11</td>
<td>Basic chemicals and cosmetic</td>
<td>USA, Japan, Saudi Arab, China, Singapore and Netherlands</td>
</tr>
<tr>
<td>12</td>
<td>Chemical and Allied products</td>
<td>Japan, Belgaum, Italy, France, Bangladesh, USA and UK</td>
</tr>
<tr>
<td>13</td>
<td>Wool and woolen (Madeups), knitted garments, etc.</td>
<td>Europe, Japan, Bangladesh</td>
</tr>
<tr>
<td>14</td>
<td>Processed food items</td>
<td>USA, Europe, Japan</td>
</tr>
<tr>
<td>15</td>
<td>Electronic items and computer software</td>
<td>USA, Hong Kong, UAE, UK, Germany and Japan</td>
</tr>
<tr>
<td>16</td>
<td>Tobacco and tobacco items</td>
<td>East Europe</td>
</tr>
</tbody>
</table>

**Online Registration and Issue of Provisional SSI Registration Certificate through Browsing Centres:**

The scheme of issue of online provisional SSI registration certificate was inaugurated on 12th September 2002. Any new entrepreneur desirous of setting up a SSI unit can get a provisional SSI registration certificate through any of the 262 approved browsing centres at a nominal service charge of Rs.50 per certificate. This
simplified procedure facilitates the new entrepreneurs to get provisional SSI certificates at their will and convenience.

The following are the approved browsing centres in Madurai district for online registration and issue of provisional SSI registration certificate.


2) Alpha Net Internet Café, 178A, I Floor, North Veli Street, Madurai-1.

3) Priya Consultancy Services, 91, Navalar Nagar, Bye-pass Road, Madurai-10.

4) Business Information Centre, MADITSSIA Hall, Dr.Ambedkar Road, Madurai-20.


6) Usilai Net Browsing Centre, 7-3-321, II Floor, Peraiyur Road, Usilampatti, Madurai District.

The number of units registered in Madurai district for the period 2007-08 to 2011-12.
### Number of Units Registered in Madurai District

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of units got provisional certificate</td>
<td>2200</td>
<td>964</td>
<td>894</td>
<td>877</td>
<td>231</td>
</tr>
<tr>
<td>Number of units got provisional certificate through browsing centre</td>
<td>-</td>
<td>205</td>
<td>369</td>
<td>542</td>
<td>687</td>
</tr>
<tr>
<td>Number of units got permanent certificate</td>
<td>2219</td>
<td>2209</td>
<td>2371</td>
<td>2157</td>
<td>2313</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4419</strong></td>
<td><strong>3378</strong></td>
<td><strong>3634</strong></td>
<td><strong>3576</strong></td>
<td><strong>3231</strong></td>
</tr>
</tbody>
</table>

**Existing Industrial Scenario:**

In Madurai District, industrial development is at a slow pace and there are vast disparities between different areas and taluks in terms of industrial growth. The block-wise data of existing SSI units and large-medium size industries (LMI) units in Madurai district during 2011-12.
Block-wise Data on Existing SSI Units and LMI Units in Madurai District

<table>
<thead>
<tr>
<th>Name of the Block</th>
<th>No. of SSI units</th>
<th>No. of LMI units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kottampatti</td>
<td>122</td>
<td>-</td>
</tr>
<tr>
<td>Sedapatti</td>
<td>174</td>
<td>-</td>
</tr>
<tr>
<td>Alanganallur</td>
<td>189</td>
<td>1</td>
</tr>
<tr>
<td>Chellampatti</td>
<td>183</td>
<td>1</td>
</tr>
<tr>
<td>Kallikudi</td>
<td>179</td>
<td>-</td>
</tr>
<tr>
<td>Madurai East</td>
<td>641</td>
<td>-</td>
</tr>
<tr>
<td>T.Kallupatti</td>
<td>526</td>
<td>2</td>
</tr>
<tr>
<td>Usilampatti</td>
<td>416</td>
<td>-</td>
</tr>
<tr>
<td>Vadipatti</td>
<td>509</td>
<td>2</td>
</tr>
<tr>
<td>Madurai West</td>
<td>718</td>
<td>6</td>
</tr>
<tr>
<td>Melur</td>
<td>249</td>
<td>5</td>
</tr>
<tr>
<td>Tirumangalam</td>
<td>656</td>
<td>5</td>
</tr>
<tr>
<td>Tirupparankundram</td>
<td>2043</td>
<td>5</td>
</tr>
<tr>
<td>Madurai Corporation</td>
<td>12864</td>
<td>7</td>
</tr>
<tr>
<td>Melur Municipality</td>
<td>126</td>
<td>-</td>
</tr>
<tr>
<td>Usilampatti Municipality</td>
<td>287</td>
<td>-</td>
</tr>
<tr>
<td>Tirumangalam Municipality</td>
<td>412</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20294</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>
Industrial Estates:

The most appropriate technique for fostering rapid, balanced and decentralized development of SSI is setting up of the industrial estates. In Madurai District, five industrial estates are functioning. In formation relating to name of the industrial estate, the total extent of land and the number of the work sheds available as on 31st March 2012.

<table>
<thead>
<tr>
<th>Name of the Industrial Estate</th>
<th>Total extent of land (in acres)</th>
<th>No. of work sheds</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDCO Industrial Estate, K.Pudur.</td>
<td>56</td>
<td>74</td>
</tr>
<tr>
<td>SIDCO Industrial Estate, Kappalur</td>
<td>136</td>
<td>148</td>
</tr>
<tr>
<td>Hosiery Industrial Estate, Uranganpatti</td>
<td>69</td>
<td>147</td>
</tr>
<tr>
<td>Electrical and Electronic Industrial Estate, Kappalur</td>
<td>35</td>
<td>105</td>
</tr>
<tr>
<td>Automobile Co-operative Industrial Estate, Kappalur</td>
<td>24</td>
<td>201</td>
</tr>
</tbody>
</table>

A Hosiery Industrial Estate was formulated specially for cluster-based activity of hosiery. Since no response was received from such type of entrepreneurs and most of the existing entrepreneurs have changed their place of location, it has been converted as a common estate. It has been proposed to utilize the vacant sheds of 40 by inviting the new entrepreneurs especially from women entrepreneurs.

Electrical and Electronic Industrial Estate is owned by the Department of Industry and Commerce exclusively for promoting electrical and electronic industries. Automobile Co-operative Industrial Estate is a co-operative industrial estate under
the control of the Department of Industry and Commerce. Owners of automobile service centres have formed this estate and become members. It has been proposed to establish an exclusive industrial estate for women in Madurai. The required land has also been identified at Maruthankulam Kanmoi and the alienation work is under process.

**Government Schemes for Small-Scale Industries:**

Small Industry Cluster Development Programme was established for promoting technology upgradation in clusters for a group of small-scale units of one industry. Various schemes are detailed below.

a) Scheme for Capacity Building for strengthening of database and advocacy by industry/enterprise associations, as envisaged in the promotional package for small enterprises.

b) Credit Linked Capital Subsidy Scheme for Technology Upgradation aims at facilitating technology upgradation by providing 15 per cent upfront capital subsidy with effect from the 29th September, 2005 to small enterprises, including tiny, khadi, village and coir industrial units, on institutional finance availed of by them for induction of well established and improved technologies in the specified sub-sectors/products approved under the scheme. The revised ceiling on loan amount for availing the benefit under this scheme is Rs.100 lakhs.

c) Credit Guarantee Scheme grants collateral free loan up to a limit of Rs. 25 lakhs for individual small enterprises.

d) ISO 9000 / ISO 14001 Certification Reimbursement Scheme grants reimbursement of expenses for acquiring Quality Management System
(QMS) ISO 9000 certification / Environment Management System (EMS)
ISO 14001 certification to the extent of 75 per cent or Rs.75,000
whichever is lower for individual small, ancillary, tiny and small-scale
service business enterprises.

e) Participation in the International Exhibitions/Fairs Scheme for registered
small and micro manufacturing enterprises with DIC.

f) Scheme for reimbursement of fees to adopt bar-coding aims at recognising
the importance of bar-coding and avail financial assistance through the
Office of Development Commissioner.

g) Purchase and Price Preference Policy is administered through the Single
Point Registration Scheme of NSIC. Under this, 358 items are reserved
for exclusive purchase from small and micro enterprises by Central
Government. Other facilities include tender documents free of cost,
exemption from earnest money and security deposit and 15 per cent price
preference in Central Government purchases for individual, small and
micro enterprises.

h) Integrated Infrastructure Development Scheme grants assistance up to 40
per cent or Rs.2.00 crores, whichever is less, for setting up industrial
estates for small and micro units.

i) Mini Tool Room Scheme grants assistance up to 90 per cent or Rs.9.00
crores, whichever is less, for setting up new mini tool rooms. For
upgradation of existing tool rooms, assistance is 75 per cent or Rs.7.5
crores for State Governments.
j) Testing Centres Scheme grants assistance up to a 50 per cent or Rs.50 lakhs, whichever is less, for setting up testing centres for industrial associations.

k) Sub-Contracting Exchanges Scheme gives one time grant for procurement of hardware and thereafter matching grant on tapering basis at 50 per cent, 30 per cent and 10 per cent of running expenses, not exceeding Rs.1.25 lakhs, Rs.0.75 lakhs and Rs.0.25 lakhs respectively during the initial three years, subject to a ceiling of Rs.1.57 lakhs per exchange for industrial associations.

l) SSI MDA Scheme offers funding upto 90 per cent in respect of to and fro air fare for participation by small and micro entrepreneurs in overseas fairs/trade delegations. The scheme also provide for funding for producing publicity material (upto 25 per cent of costs), sector specific studies (up to Rs.2 lakhs) and for contesting anti-dumping cases (50 per cent up to Rs.1 lakh) for individual small and micro enterprises and industrial associations.

m) Assistance to Entrepreneurship Development Institutes for strengthening training infrastructure in EDIs, assistance up to 50 per cent or Rs.50 lakhs whichever is less for State Governments.

n) Programmes and Schemes of the Ministry of Small-scale Industries are Scheme for International Co-operation, Scheme of Surveys, Studies and Policy Research, Entrepreneurship Development Institution Scheme, Prime Minister’s Rozgar Yojana (PMRY), Scheme of fund for Regeneration of Traditional Industries (SFURTI), Rural Employment
Generation Programme (REGP), Product Development, Design Invention and Packaging (PRODIP), Khadi Kairgar Janashree Bima Yojana for Khadi Artisans and Interest Subsidy Eligibility Certification (ISEC).

6.3 SUMMARY OF FINDINGS

The following are the major findings of this study.

6.3.1 Findings Based on Growth of Small Scale Industries:

- There were 105.21 lakh small scale industrial units in India during the year 2001-02 which rose to 447.73 lakh units in 2011-12.
- The compound growth rate for small scale industry units in India during the period under study was 15.58 per cent.
- The number of persons employed in the small scale industrial units in India which stood at 249.33 lakhs in 2001-02 had steadily increased to 1012.59 lakhs in 2011-12.
- The compound growth rate for the number of persons employed in the small scale industrial units in India during the period under study amounted to 15.04 per cent.
- The amount of investment in the small scale industrial units in India which stood at Rs.1,54,349 crores in 2001-02 had steadily increased to Rs.11,76,939 crores in 2011-12.
- The compound growth rate for the amount of investment in the small scale industrial units in India during the period under study amounted to 22.53 per cent.
• The number of SSI units in Tamil Nadu which stood at 2,32,524 units in 2001-02 had steadily increased to 7,27,382 units in 2011-12 resulting in 212.82 percent increase.

• The compound growth rate for the small scale industrial units in Tamil Nadu during the period under study amounted to 12.08 per cent.

• The number of persons employed in the small scale industrial units in Tamil Nadu which stood at 12,80,512 in 2001-02 had steadily increased to 49,93,674 in 2011-12 resulting in a 289.98 percent increase.

• The compound growth rate for the number of persons employed in the small scale industrial units in Tamil Nadu during the period under study amounted to 14.58 per cent.

• The amount of investment in the SSI units in Tamil Nadu which stood at Rs.6,15,855 lakhs in 2001-02 had steadily increased to Rs.19,87,389 lakhs in 2011-12 resulting in more than three-fold increase.

• The compound growth rate for the amount of investment in the small scale industrial units in Tamil Nadu during the period under study amounted to 12.43 per cent.

• In Tamil Nadu, Madurai District is one of the important industrially developing districts, where a large number of small scale industries are found. There is 50 per cent increase in the number of SSI units in Madurai District during the year 2011-12 when compared to 2001-02.

• The compound growth rate for the small scale industries in Madurai district during the study period under study amounted to 4.45 percent.
The number of persons employed in the small scale industrial units in Madurai District which stood at 1,01,502 in 2001-02 had steadily increased to 1,47,864 in 2011-12 resulting in a 45.67 per cent increase.

The compound growth rate for the number of persons employed in the small scale industrial units in Madurai District during the period under study amounted to 3.83 per cent.

The amount of investment in the SSI units in Madurai District which stood at Rs.53,269 lakhs in 2001-02 had steadily increased to Rs.89,147 lakhs in 2011-12 resulting in 67.35 per cent increase.

The compound growth rate for the amount of investment in the small scale industrial units in Madurai District during the period under study amounted to 5.28 per cent.

It is observed from the study that the compound growth rates of India were the highest with regard to the number of SSI units, employment generation and the amount of investment in SSIs when compared to Tamil Nadu State level and the Madurai District level. But the compound growth rate for the amount of investment in the SSI units in Madurai District was higher than that of other compound growth rates viz. number of SSI units and employment generation.

According to the trend analysis, in the year 2020-21, there would be 868.10 lakh SSI units in India. It would provide employment to 1932.41 lakh persons based on similar calculations. The amount of investment in the SSI units in India in the year 2020-21 is expected to be Rs.23.76.519 crores.
The forecast of number of SSI units in Tamil Nadu in the year 2020-21 is expected to be 11,58,115 units; the employment generation can be projected at 88,88,292 persons, and the amount of investment to be made during the year 2020-21 would be Rs.32,62,950 lakhs.

The number of SSI units functioning in Madurai district in the year 2020-21 can be predicted as 28,469 units and the employment would be generated to the extent of 1,87,901 persons. The amount predicted for investment in SSI units during the year 2020-21 would be Rs.1,18,551 lakhs.

6.3.2 Findings Based on Profile of Entrepreneurs:

In order to study the growth of small scale industrial units in Madurai District, survey was conducted amount 200 sample units. The survey was done at the rate of 25 sample units from each of the eight important industries in Madurai District. The findings are listed below:

- Nearly four-fifth of the entrepreneurs in the small scale industrial units Madurai District was men.
- About 63 percent of the entrepreneurs are below 40 years of age and those above 40 years are 37 percent.
- It is observed that that four-fifth of the respondents was married.
- The study indicates that 80 percent of the entrepreneurs have up to 3 members.
- Regarding previous experience, around 49 percent of the respondents have industrial experience before starting the small scale industrial units.
• One-third of the respondents of Madurai District had studied only ‘up to SSLC’.

• It is inferred from that that around 29 percent of the sample units are located in rural areas and 50 percent are located in semi-urban areas.

• The study indicates that about 40 percent of the units are located in SIDCO industrial estates and 45 percent in SIPCOT Industrial Complex.

• The major reasons for starting small scale industrial units in Madurai District are availability of cheap labour which accounts for 30 percent.

• Regarding permanent registration, nearly 85 percent of the Small Scale Industrial Unit functioning in Madurai District with permanent registration.

• In Madurai District, the small scale industrial units functioning as sole trading organization amounted to 56 percent.

• It is found from the study that 77 percent of the small scale industrial units in Madurai District are manufacturing concerns.

• Around 70 percent of the manufacturing units produce consumer products in Madurai District.

• It is observed that 61 percent of the SSI units have been in existence for more than 10 years.
6.3.3 Findings Based on Opinion of Entrepreneurs on Financial Institutions Assisting SSI Units:

The null hypotheses were framed for analyzing the opinion of entrepreneurs on the financial institutions providing loans to the SSIs in Madurai District. The results of analyses are presented below:

1) There was no significant difference between the gender of the respondents and the opinion on the financial institutions providing assistance to the SSI units.

2) There was no significant difference between the age of the respondents and the opinion on the financial institutions providing assistance to the SSI units.

3) There was significant difference between the marital status of the respondents and the opinion on the financial institutions providing assistance to the SSI units.

4) There was no significant difference between the educational qualifications of the respondents and the opinion on the financial institutions providing assistance to the SSI units.

5) There was significant difference between the previous occupations of the respondents and the opinion on the financial institutions providing assistance to the SSI units.

6) There was no significant difference among the opinion levels of respondents who had SSI units in rural, semi-urban or urban areas.

7) There was no significant difference among the opinion levels of respondents who had SSIs in different types of organizations.

8) There was no significant difference between the opinion levels of respondents of manufacturing units and service units.
9) There was significant difference among the opinion levels of respondents with varying years of existence of their SSIs.

In addition to the above, an attempt has also been made to identify the factors which influencing the entrepreneurs towards financial institutions assisting SSI units. For this, 12 statements relating to entrepreneurs attitude have been selected so as to identify the significant and important dimensions with the help of factor analytical technique.

It is observed that the Bartlett’s test was significant with $P = 0.000$, being less than 0.05 and the sampling adequacy measured using the Kaiser-Mayer Olkin (KMO) of 0.65674 was taken as acceptable. Thus the factor analysis was considered an appropriate technique for analyzing the data. The result of factor analysis reveals that the 12 statements extracted into five factors. These five factors, viz. repayment of loan, formalities, reasonable charges, minimum time, and adequate loan have been identified as in influencing the opinion of entrepreneurs on the financial institutions assisting SSI units in Madurai district.

6.4 SUGGESTIONS

For further development of SSI units in Madurai District, the following suggestions were offered:

1. The annual growth rate with regard to number of units, employment generation, and the amount of investments for Madurai District seems to be in single digits. Steps like encouraging the unemployed youth who are registered with employment exchange should be motivated to start small scale units and make the growth to double digit figures.
2. In order to encourage women to become entrepreneurs, awareness camp should be conducted in school and colleges for attracting more number of female entrepreneurs.

3. Since most of the entrepreneurs have studied only up to SSLC level, the Association of Small Scale Industries should open a cell for helping them to comply with the formalities and procedures required in setting up small scale industrial units.

4. Entrepreneurs in rural areas accounts for only 29 per cent in the study. For improving this percentage, steps like entrepreneurial awareness camps in rural areas may be frequently conducted.

5. Wide publicity should be given by the District Industries Centre regarding the provision of incentives, assistance and subsidies offered by them and as well as by the State and Central Governments.

6. Free entrepreneurial development programmes should be organized by the financial institution, commercial banks and research centres at frequent intervals for motivating and encouraging the small scale entrepreneurs and make them compulsory for the registered small scale entrepreneurs.

7. The only factor, i.e. ‘borrowed capital’ which has mostly influenced in the development of small scale industries in Madurai District. So, the financial institutions should the existing as well as new entrepreneurs by providing more funds for improvement of the small scale units.
8. The commercial banks providing financial assistance to SSI units should take into consideration economic viability of units rather than the value of the security provided.

9. In order to development small scale industrial units, government should give top priority for infrastructural facilities like power, road, transport, and water facilities in the backward areas of the district.

10. Entrepreneurs should be encouraged to start their enterprises as joint stock companies rather than as sole trade and partnership concerns.

11. Co-ordination is the need of the hour. It is suggested that the authorities in government and financial institutions should provide proper co-ordination for the growth and development of SSI Units.

6.5 SCOPE FOR FURTHER RESEARCH

The following areas are considered as most important in carrying out further research. Those who want to investigate on SSI units may choose any one of the areas mentioned below either at State level or District level for future research.

1. The Role of Financial Institutions in the Growth and Development of Small Scale units.


3. The Role of District Industries Centres in the Development of Small Scale Units.
4. Awareness and Attitude of Entrepreneurs towards Entrepreneurial Development Programmes.