INTRODUCTION

Industrialisation has become an integral part of the development endeavours of developing countries. Such countries, which in general are agrarian, capital-scarce and labour-abundant, can ill-afford the establishment of large scale industries in their struggle for attaining economic progress. This being so, Small Scale Industries occupy a significant position in the economic programs of such countries.1

All over the world public policy is increasingly directed towards the promotion of small scale industrial units, since they form an integral part of any economy even of the most developed ones.2 They account for a major share of manufacturing establishment and a significant share in employment in almost all countries. In developing countries, where capital and entrepreneurship are the two most important scarce resources retarding Industrialisation, small scale enterprise is all the more important since it accounts for a much higher proportion in employment and industrial output. During the last one and a half decades the growth of Small Scale Sector has been one of the most encouraging features of the industrial development of our country.3

Small Scale sector is an essential part of a healthy economy. It often provides the industrial leaders of the future, improves the competitive edge of the economy by maximising the range of choice available through market provisions and challenges the dominance of existing industrial units, thereby forcing them to

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innovate. Small enterprises have been the chief source of new jobs in many countries. It is not an exaggeration to say that the overall health of the economy depends to a large extent on the health of Small Scale Sector. The Small Scale Sector in the developing countries is largely led by ‘market pool’ rather than ‘technology push’. This has resulted in technological backwardness and incompetitiveness in small industry.\

The Small Scale Sector in India presents a wide spectrum consisting of tiny, cottage and village industries on the one hand and the modern industries on the other. It embraces manufacturing and services sector in repairs and maintenance, shops and community services. Recently, however, services activities such as laundry, photo-copying, repair shops and poultry have been added. However, there is a marked reluctance to enlarge the scope of the definition to include trading activities, whole sale and retail.

In India, ever since the days of Gandhiji, the small industry movement has been largely regarded as a vehicle for uplifting the weaker sections of the population. India is one among the developing countries of the third world in which promotion of SSIs has received much attention in the strategy for economic development since independence.

The role of SSIs in economic development has been of increasing interest to researchers, national policy makers and international developmental agencies for the past four decades. According to them this sector can be as efficient as the large

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6. Hari Kumar V. & Sasikumar K., Opcit.
sector, and it can remain competitive and should therefore be encouraged and supported. This positive attitude towards the Small Scale Sector has also come about because of the realisation of the need for intermediate or 'appropriate' technology as advocated by Schumacher (1974) and others in the context of growing concern with problems of unemployment and income distribution.

There have been very lively arguments supporting as well as questioning the claims of Small Scale Industry especially, during the formulation of the second five year plan. While Mahalanobis (1955), Raj (1956) and others emphasised the role of SSIs, Vakil and Brahmananda (1956), Nurkse (1957), Rudra (1956) and others questioned their approach.

Another authority Schumacher advocated for having more and more small scale operations with the following words. "While many theoreticians are still engaging themselves in the idealogy of large size, with practical people in the actual world there is a tremendous longing and striving to profit, from the convenience, humanity and manageability of smallness". I have no doubt that it is possible to give a new direction to technological development, a direction that shall lead it back to the real needs of man. Man is small and therefore, "Small is Beautiful". It is worth mentioning here the remark made by International labour organisation (ILO) that by mid fifties strong arguments were being advanced infavour of small enterprises, which were expected to play a major development role in the decades to follow.

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The invaluable contribution made by the sector can also be substantiated by the fact that the World Assembly of Small and Medium Enterprises confirmed through empirical studies carried out by the countries throughout the world, that the contribution of small and medium manufacturing service and business enterprises is significantly greater than that of large enterprises in respect of new innovations, productive employment including self employment and optimum utilisation of latent resources of each country. Continuing endeavours are being made in all countries to forge close linkage, backward as well as forward, of small enterprises with large enterprises at home as well as abroad.\textsuperscript{12} The Small Scale Sector has played a key role in economic development in a relatively big way. While small enterprises account for 75 percent to 85 percent of the total enterprises in the developed countries, the share of Small Sector is more than 90 percent in the developing countries.

The Small Scale Sector occupies an important position in the industrial economy of the country because of its advantages of low investment, high potential for employment generation and wider dispersal of industries in rural and semi-urban areas. This sector also offers a method of ensuring a more equitable distribution of national income and facilitates effective mobilisation of resources of capital and skill, which might otherwise remain unutilised. It further stimulates the growth of industrial entrepreneurs, promotes and diffuses the pattern of ownership and location. The small scale enterprises play a vital role in the overall economic development of the country where millions of people are unemployed or underemployed. Most of the entrepreneurs are capable of making only small investments, and there are also constraints in acquiring sophisticated machinery and modern technology. These industries are considered as investment

\textsuperscript{12} World Assembly in \textit{Small & Medium Enterprises}, Non Governmental Organisation, Enjoying Consultative Status with Economic, Social Council of USA.
opportunities for promotion of rapid industrial growth. Moreover, they provide
greater employment opportunities, bridge regional disparities and ameliorate
economic backwardness of the rural and under developed segments in the
country.\textsuperscript{13}

However, at this stage it is of prime importance to give adequate empirical
evidences to redefine the significant role of Small Scale Sector in the Socio-
economic development of our country.

**SMALL SCALE INDUSTRIES - INDIAN CONTEXT:**
The importance and significance of the small scale industries in our economy is
evident from the fact that the Small Scale Industries have the capacity to create
immediate and permanent employment on a large scale at relatively small capital
cost i.e., they are labour - intensive and capital sparing.

**Empirical Evidence:**
Evidence from study made by Shetty found that both the capital output ratio and
the capital labour ratio were favourable to SSIs.\textsuperscript{14} Mehta who measured the size in
terms of fixed assets as against the employment criterion used by Sandesara,
revealed that small units have smaller capital - labour ratio and higher value added
per unit of investment than medium and large units.\textsuperscript{15} In a recent study on
employment potential and productivity in the Small Scale sector, Gupta and Goyal

\textsuperscript{13} Kulkami P. R., General Manager – Low Credit Off – take in Small Scale Industry Sector,

\textsuperscript{14} Shetty M.C., *Small Scale and House Hold Industries in a Developing Economy* - A study of

\textsuperscript{15} Mehta B.V., "Size and Capital Intensity in Indian Industry", *Bulletin of the Oxford University,
Institute of Economics & Statistics*, 31 (3), August (Annual Survey of Industry data, ASI),
1969, PP- 189 - 204.
also confirm that SSI units have higher labour intensity and lower capital intensity.\textsuperscript{16}

Another distinctive feature of this sector is that it has the capacity to meet the demand for consumer goods and simple capital goods. It is clearly evident from the fact that the government at one time looked upon the Small Scale Sector to provide a substantial part of the consumer and simple capital goods. Subsequently, the official policies were followed relating to common production programme for the benefit of the Small Scale Industries sector including provision of raw materials and other measures.

The SSIs also have the capacity to widen the entrepreneurial base and mobilise latent resources. An important justification for the promotional measures of small scale entrepreneurship is the tremendous diffusion effect it is expected to have. Small\textsuperscript{17} firms in most developing countries must be encouraged because they form a seed bed for entrepreneurship. There are also evidences in the study carried out by Berna\textsuperscript{18} (1990) that many of the medium and large scale firms originated as small firms. Small enterprise is also said to mobilise the scattered savings in to industry. This is demonstrated by pointing out that many of the small scale units are financed by the owners themselves or by borrowings from friends and relatives.\textsuperscript{19}

\begin{thebibliography}{99}
\end{thebibliography}
SSI's capacity to ensure more equitable distribution of national income and wealth is justified by the argument that the development of a large number of small enterprises in place of a few large ones will reduce the tendency towards concentration of economic power. Another argument made in this connection is that the existence of a large number of independent self-employed persons is a guarantee of the maintenance of democratic institutions.\textsuperscript{20}

The potentiality of SSIs to bring about balanced industrial development in different region can be substantiated by the fact that SSIs can be more easily decentralised than large ones. Anderson and Leiserson who attempted to assess the magnitude and growth of rural non-farm employment in fifteen selected developing countries including India found that most of the rural non-farm employment is in small scale and highly dispersed enterprises.\textsuperscript{21} Further, the importance and significance of SSIs can also be realised through the flexibility which small firms have in making quick adjustments to changes in the demand and buyer's wants and their generally shorter gestation period.\textsuperscript{22}

Similarly, loss or risk due to mistaken decisions is also lesser in small firms than the large ones.\textsuperscript{23} So also the high transport costs, poor infrastructure and the highly specialised or individualised nature of the market or the absence of standardisation in the raw materials to be used are found to offer natural


advantages to the small firm and the 'niche market' for 'differentiated products' can only be served by the SSIs.\textsuperscript{24}

Further, in the wake of the recent economic liberalisation taking place in India, the relevance of flexible specialisation and production by the Small Scale Sector using state-of-the-art technology is bound to be appreciated sooner than later.

**Performance of SSIs:**
Presently, the relative importance of the SSIs in the national economy can be gauged from the fact that as at the end of 1999-2000 the total number of SSI units exceeded 32.25 lakhs, the level of production achieved was of the order of Rs. 5,78,470 crore at 2000 price; goods worth Rs. 53,975 (estimated) crore were exported, and the level of employment was 178.5 lakhs which is next only to agriculture.\textsuperscript{25} It contributes around 56 percent of the manufactured products and 35.8 percent of the exports of the country. During the Ninth Plan period production at 1997-98 prices is targeted to increase to Rs. 9,18,968 crore by the end of the year 2001-2002.\textsuperscript{26}

**CONCEPT AND DEFINITION OF SSIs:**
The concept and scope of small scale units are different in different countries. Indian small scale sector includes only manufacturing and service sector in repairs and maintenance activities. An American study on small firm's definition\textsuperscript{24}


\textsuperscript{26} Economic survey, 1999-2000, Ministry of Finance, Economic Division, Govt. of India, P – 127.
conducted in 1955 identified more than 50 different statistical definitions in 75 countries.\(^\text{27}\)

Formal definition of small enterprises has exhibited a wide range. The definition that has come to be most widely accepted is that based on the number of employees. Small enterprises include those units employing persons ranging between 1 and 49. The number of persons engaged is the only dimension by which the variable of number of persons engaged normally correlates highly with other parameters such as value of output, capitalisation, installed capacity and energy consumption.

A World Bank study (1978), defined small enterprises as those with an investment in fixed assets up to $2,50,000. In India, the aggregate value of tangible asset, especially plant and machinery is used as a criterion of size. The definition based on asset size is difficult to handle when the practice of asset leasing is correlated with firm size or when comparisons are made during periods of inflation. However, in this study the concept of small enterprise is understood in relation with investment in plant and machinery inspite of its short comings, unauthenticity and logic.\(^\text{28}\) Bolton in his report described a small firm in economic term as “a small firm is one that has a relatively small share of its market, managed by its owners, independent in the sense that does not form part of a larger enterprise”.\(^\text{29}\)

The concept of SSIs has undergone periodic changes. The definition of SSIs has been undergoing change from time to time since 1954. There is no unanimity in the definition of small scale industries and varies from country to country. Even


in India, the definition has moved exclusively from capital-cum-employment to capital. Yet, there exist four types of SSIs. Viz. modern small scale industry, cottage industry, village industries and ancillary. Besides there are hand looms, power looms and handicrafts. A distinction is also made between agro-industries and technology oriented units.

The maiden working definition of small scale Industrial unit adopted by the SSIs Board in 1954-55 was, “A unit employing less than 50 persons with the use of power per shift and with capital assets not exceeding Rs. 5 lakhs”.

In 1960 this definition was modified barring employment criterion and defined, “SSIs were those industrial units with a capital investment in land and buildings and plant and equipment of not more than Rs. 5 lakhs irrespective of number of persons employed. This definition was again modified by changing the criterion ‘Capital Assets’ to ‘Plant and Machinery’. On 31st October, 1966 Ministry of Industry, Government of India gave its modified definition as “SSIs would include all industrial units with a capital investment in plant and machinery of not more than Rs. 7.5 lakhs irrespective of number of persons employed. This ceiling on investment in plant and machinery was raised from Rs. 7.5 lakhs to Rs. 10 lakhs in 1974, other conditions remaining the same by SSIs board.

Subsequently, the Industrial Policy Resolution enunciated by Government of India in 1990 raised the ceiling limit on investment in plant and machinery from Rs. 10 lakhs to Rs. 20 lakhs, other conditions remaining the same. Again the Industrial Policy Resolution of 1990 raised the investment ceiling in plant and machinery to Rs. 60 lakhs.

Further, following the recommendations of the expert committee on small scale enterprises (1995), the investment limit was raised to Rs. 300 lakhs with 50

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percent export obligation which is far higher than the previous limit of Rs. 60 lakhs. At this stage, some apprehensions were expressed that this might mean entry of large units into Small Scale Sector and thus, infusion competition, which the Small Scale Sector might not be in a position to face and sustain. Considering this viewpoint Government of India through its formal notification (2000) lowered the investment limit to SSIs from Rs. 300 lakhs to Rs. 100 lakhs.

However, with an idea to give the travels of definition of SSIs, the evolution of investment limits for SSIs since 1950 till date is presented in the following table.

**TABLE – 1.1**

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Limit</th>
<th>Additional Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>Up to Rs. 5 lakhs in fixed assets</td>
<td>Less than 50 persons with power or 100 persons without power</td>
</tr>
<tr>
<td>1960</td>
<td>Up to Rs. 5 Lakhs in fixed assets</td>
<td>No condition</td>
</tr>
<tr>
<td>1966</td>
<td>Up to Rs. 7.5 lakhs in plant &amp; machinery</td>
<td>No condition</td>
</tr>
<tr>
<td>1975</td>
<td>Up to Rs.10 lakhs in plant &amp; machinery</td>
<td>No condition</td>
</tr>
<tr>
<td>1980</td>
<td>Up to Rs. 20 lakhs in plant &amp; machinery</td>
<td>No condition</td>
</tr>
<tr>
<td>1985</td>
<td>Up to Rs. 35 lakhs in plant &amp; machinery</td>
<td>No condition</td>
</tr>
<tr>
<td>1991</td>
<td>Up to Rs. 60 lakhs in plant &amp; machinery, Rs. 75 lakhs in the case of Ancillary industrial undertakings</td>
<td>No condition</td>
</tr>
<tr>
<td>1997</td>
<td>Rs. 300 lakhs</td>
<td>50% export obligation</td>
</tr>
<tr>
<td>2000</td>
<td>Up to Rs. 100 lakhs</td>
<td>No condition</td>
</tr>
</tbody>
</table>

Source:
1. Indian Bankers Association Feb. 2000
2. Recent Industrial Development - A review, Southern Economist, Aug. 15, 1994, P - 25
Following the changing economic scene on the line of liberalisation and globalisation, the need for a change in the definition of Small Scale Sector has been felt quite some time. A number of small scale units whose turnover is repeatedly running in to several crore of rupees have been taking advantage of concession available to this sector. Further, more than one unit is run by the same owner. It appears to be unscientific in the present situation that definition is confined only to investment in plant and machinery. Therefore, it is imperative that there is an urgent need for linking the definition of SSIs units to the turnover of the unit. Besides, there is a necessity to give a legal status to the concept of small scale sector industry as has been done in other developed countries.

Thus, the concept of Small Scale Sector has undergone changes from time to time keeping in view the changes in the value of assets like plant and machinery. In order to promote SSIs on sound lines, the changes in the concept of definition of SSIs have been made which also facilitated the growth of small scale industries in India.

DEVELOPMENT OF SMALL SCALE INDUSTRIES DURING PLANS:
India like other developing nations soon after attaining her political independence, launched Five Year Plans in 1951 as a measure for attaining economic development. A new era of development of SSIs had emerged under which planned efforts were being made for their rapid development in the context of an all round economic development. Considering the important role the small scale industries play, in the successive five year plans, planners and government have assigned a significant place for SSIs in the economic development of the country.
An idea about total outlays for the development of SSIs during the plan periods may be had from the following table 1.2.

**TABLE – 1.2**

**OUTLAYS FOR THE DEVELOPMENT OF SSIs DURING THE PLAN PERIODS**

(Rs. in Crore)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Plan</th>
<th>Plan period</th>
<th>Total outlay</th>
<th>SSIs including Industrial estates</th>
<th>% of SSIs to total plan outlay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>First plan</td>
<td>1951-56</td>
<td>1960</td>
<td>5.20</td>
<td>0.26</td>
</tr>
<tr>
<td>2</td>
<td>Second plan</td>
<td>1956-61</td>
<td>4672</td>
<td>67.60</td>
<td>1.44</td>
</tr>
<tr>
<td>3</td>
<td>Third plan</td>
<td>1961-66</td>
<td>8577</td>
<td>135.21</td>
<td>1.57</td>
</tr>
<tr>
<td>4</td>
<td>Annual plans</td>
<td>1966-69</td>
<td>6625</td>
<td>61.06</td>
<td>0.92</td>
</tr>
<tr>
<td>5</td>
<td>Fourth plan</td>
<td>1969-74</td>
<td>15777</td>
<td>111.92</td>
<td>0.70</td>
</tr>
<tr>
<td>6</td>
<td>Fifth plan</td>
<td>1974-79</td>
<td>39426</td>
<td>221.74</td>
<td>0.56</td>
</tr>
<tr>
<td>7</td>
<td>Annual plan</td>
<td>1979-80</td>
<td>N.A</td>
<td>104.81</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Sixth plan</td>
<td>1980-85</td>
<td>97500</td>
<td>616.10</td>
<td>0.63</td>
</tr>
<tr>
<td>9</td>
<td>Seventh plan</td>
<td>1985-90</td>
<td>180,000</td>
<td>1120.51</td>
<td>0.62</td>
</tr>
<tr>
<td>10</td>
<td>Annual plan</td>
<td>1990-91</td>
<td>N.A</td>
<td>392.13</td>
<td>NA</td>
</tr>
<tr>
<td>11</td>
<td>Annual plan</td>
<td>1991-92</td>
<td>N.A</td>
<td>482.86</td>
<td>NA</td>
</tr>
<tr>
<td>12</td>
<td>Eighth plan</td>
<td>1992-97</td>
<td>3,61,000</td>
<td>2862.14</td>
<td>0.79</td>
</tr>
<tr>
<td>13</td>
<td>Ninth plan</td>
<td>1997-2002</td>
<td>21,90,000</td>
<td>5650.00</td>
<td>0.25</td>
</tr>
</tbody>
</table>

Sources:

1. Statistical outline of India, 1986-87
2. The Seventh Five Year Plan 1985 - 90, Plan document VII, P - 104.
3. Eighth Five Year Plan (92-97).

Note: (1) This table excludes outlay for industrial estates

(2) N.A. - Figures not available
The increasing importance given by the planners and the government for the promotion and development of SSIs during the successive Five Year Plans is clearly apparent from the above Table 1.2. It may be observed that the outlay in the second five year plan was Rs. 67.60 crore as against the total allocation of 5.2 crore in the first plan, thereby a significant increase in the allocation of resources can be observed. This is an indication of the keen interest taken by the government to develop the SSIs in the country. Similarly, the outlay during the third plan was Rs. 131.21 crore (excluding Industrial estate), an amount more than double of what was earmarked during the second plan. There was a reduction in outlay during fourth plan, when the outlay was only Rs. 111.92 crore. But outlay for SSIs stepped up substantially to Rs. 221.74 crore during the fifth plan. Sixth plan had a substantial outlay of Rs. 616.10 crore. In seventh plan a record sum of Rs. 1120.51 crore was allocated for the promotion and development of SSIs. During eighth and ninth plan a significant allocation was made to the tune of Rs. 2,862.14 crore and 5,650 crore respectively.

The growth and development of SSIs during plans in the last five decades, can be summed up in three distinct phases as;\(^{31}\)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>1947 - 1977 : Period of conceptualization</td>
</tr>
<tr>
<td>Phase II</td>
<td>1977 - 1990 : Period of development</td>
</tr>
<tr>
<td>Phase III</td>
<td>1990 - 1999 : Period of Consolidation</td>
</tr>
</tbody>
</table>

In the I phase, foundation for development of SSI was laid specially through the second policy statement (1956). Some protective measures were also conceptualised during this phase. The gains conceptualised during the I phase were expanded by the policy statement of 1977.

During the II phase several organisational supports were provided to help this sector achieve a very high growth rate. The III phase, which commenced in 1991 with 'Economic Reforms', is also termed as a phase of consolidation, as during this period several challenges emerged out of liberalisation, privatisation and globalisation. The competition became fierce and the protection afforded to the sector so far drastically was reduced through delicensing, reduction in excise and customs duty and rates. It is during this phase the sector emerged successfully in the face of severe competition and it also succeeded in recording a higher rate of growth than the large industries.

Thus, in the planning era, the SSI sector has emerged as a vibrant and dynamic sector of the Indian economy. Yet, a vast potential remains to be tapped. Also, there is a lot of scope for improvement in productivity, efficiency and competitiveness.

STATEMENT OF THE PROBLEM:
A number of industrialists and academicians have expressed their concern on the problems of Small Scale Units. Basically, these SSI units are confronted with problems in the functional areas namely, management, production, finance and marketing. Over the years, these problems have undergone a significant change in their magnitude and dimension. The greatest problem which these units face for some years now is in the area of marketing. The marketing problems have become a perennial problems for SSIs. Marketing is becoming increasingly scientific and technical leading to specialisation and professionalism. Changes have taken place in quality and magnitude in processes, practices, designs and patterns. Small industries enable to cope with these changes. The present

marketing techniques are not just selling and distribution. They involve a number of complex activities beginning with the assessment of the needs of customers, organising production to meet the demand, pricing and publicity & advertising culminating in the sale of product at a profit and this calls for a suitable marketing strategy.\textsuperscript{33}

The study on Marketing Problems and Prospects of Small Scale Industries has assumed a greater importance in the present context due to number of factors. They are, the competition from large units is fast increasing and becoming more and more intensified. Many small scale units find it difficult to compete with the large manufacturers who are far better equipped with modern methods of marketing specially in the field of publicity and advertising; inter-unit competition within the small scale sector itself; with the production of a varied variety of products both by the small and large scale units, market for many products is fast changing from seller to buyers market, consumers are becoming more and more sophisticated requiring life style marketing. There is greater insistence on quality and service. Effective marketing has therefore, become a vital necessity for small scale industries to meet the new challenges in the market especially in the light of liberalisation, privatisation and globalisation.\textsuperscript{34} Further, there is a shift from manufacturing to service sector. There would be more consumer orientation, globalisation of brands, trend of green marketing and thrust to rural market. In the light of these new marketing trends, the study of marketing problems of SSIs is of core importance.

\textsuperscript{33} Tambi M.L. Marketing Strategy for SSIs, \textit{Marketing in India}, Cases and Reading - Edited by Neelamegham, 1979, P-16.

Report on Industrial Potentiality Survey of SSIs in the study area revealed that these units are faced with marketing problems that are associated with the product and market for the products. The main marketing problems according to survey report were: lack of adequate supply of raw materials, lack of sufficient demand, keen competition from large companies as well as Small Scale units, lack of marketing finance, absence of own sales outlets, poor branding & packaging, poor quality of products and after sales service and inadequate sales promotion measures.\(^{35}\) In view of these constraints, there is an urgent need for making the Small Scale Sector to fit into global market and compatible as per World Trade Organisation (WTO). It is against this backdrop, the study of marketing problems and prospects of SSIs assumes prime importance.

Further, these two districts namely Dakshina Kannada and Udupi are endowed with rich natural and agro-based resources which make for industrial development. But these districts have remained essentially industrially backward without any worth mentioning industrial development and as such they are listed among the industrially backward districts. It is pertinent to mention here that there has not been so far any in-depth study made on the marketing problems in Dakshina Kannada and Udupi districts. Hence to bridge this information gap the present study is undertaken. Thus, the present inquiry is a modest but earnest attempt in that direction and it hopes to remedy, albeit, in a humble measure, the lacuna identified. It differs from the earlier studies on marketing problems of Small Scale Sector units in terms of its objectives, nature, scope, coverage and period of study.

\(^{35}\) Industrial Potentiality Survey by SISI, Bangalore, 1999-2000.
problems of SSIs and concluded that persons trained in the art of engineering were successful.

Khanka\textsuperscript{48} studied 50 Small Scale Enterprises in a notified backward region of the Kumann division of Uttar Pradesh, regarding their performance, problems and suggested for the stress on the policy implication to provide liberal incentives and concessions to the entrepreneurs to strengthen the SSIs in backward areas. Economic Research\textsuperscript{49} of SSIs development is one of the earliest studies in this area. The study included the technical advice, consultation for improved method of production, economic guidance and information to help small industries in marketing management, training, financing and industrial estates. The value of the study lies in the incorporation of the need for the right type of economic research in to SSIs.

One of the earliest proponents of Cottage and SSIs, R.V. Rao\textsuperscript{50} makes a vigorous appeal to adopt SSIs for industrialization in India. Laxman T.K.\textsuperscript{51} makes a bold statement while presenting various issues and problems, like marketing, finance, capacity utilization, raw materials supply and equipment obsolescence through 15 case studies.

A study by NCAER makes bold attempt at delineating problems such as marketing, finance and inadequacy of raw materials, poor quality of work, low

utilisation of resources and installed capacity of engineering industries in Karnataka for the first time.\footnote{National Council of Applied Economic Research (NCAER), \textit{Small Scale Industries of Mysore}, New Delhi, Karnataka State, 1963.}

Vasant Desai\footnote{Vasant Desai, \textit{Management of Small Scale Industries}, S. Chand \& Co. Ltd., Ramnagar, Himalaya Publishing House, Bombay, 1979.} (1989) critically examines the problems and prospects of SSIs in India. He highlights that SSIs are facing a lot of problems relating to marketing arrangements, provision of adequate credit and modernisation. He suggests to overcome these hurdles with the co-ordinated efforts of all concerned, the Government, financial institutions and small entrepreneur.

A study on entrepreneurship in Small Scale sector by Narendra Kumar with reference to Chittur district of Andhra Pradesh reveals that majority of Small Scale units are facing marketing problems in addition to finance, labour and competition.\footnote{Narendra Kumar, \textit{Entrepreneurship in Small Scale sector}, Venkateswar University, Tirupati, Andhra Pradesh, Discovery Publishing House, New Delhi - 2.}

N. Rajavel in an analytical study of manufacturing industry in Andaman and Nicobar Islands pointed out that Small Scale units are facing wide ranging operational problems relating to marketing, finance, raw materials, etc.\footnote{Rajavel Blair N., Andaman Nicobar Island, Doctoral Dissertation Titled Manufacturing Industry in ANI, \textit{SEDME}, Sept. 1996.}

A survey conducted by confederation of Indian Industry (CII) high lighted the various factors hampering the Small Scale Sector in achieving its full potential. The survey identified domestic competition, inadequate demand, lack of credit as major problems confronted by SSIs in India.\footnote{Confederation of Indian Industry (CII) Survey, Small Scale Sector for more Reform, \textit{Non-Governmental Organisation}, October 1996, P-29.}
Another study conducted by K.S. Suresh Kumar and G. Ganesh concluded that lack of effective marketing backup is an important problem responsible for the slack in the success and growth of industrial process in Kerala State. Insufficiency of organised marketing channel, imperfect knowledge of market condition, poor quality control measures, lack of after sales service are major impediments that SSIs are facing in marketing their products.\(^5\)

M. Bandyopadhyay\(^5\) concluded that major problems confronting small firms in developing countries are competition in the changing market, low production and technological obsolescence.

T. Subby Reddy and L.V. Reddy,\(^5\) in their case studies stated that marketing problems arise out of inadequate and improper assessment of demand, poor quality products and absence of a clear marketing strategy.

A survey conducted by C.N. Sivananda, BE., & VVN Murthy in Chittur district of Andhra Pradesh revealed that the SSIs, inspite of the competitive hardship they have been experiencing during the past several years, have not embraced marketing philosophy.\(^6\)

Report of the study team of State Bank of India 1975 conducted to know the unsatisfactory condition in the working of Small Scale units revealed that


recession in the market, competition, wrong distribution policy, units dependence on a few buyers were main problems faced by small scale units.\textsuperscript{61}

Patel V.G.\textsuperscript{62} found in his study carried out in Gujarat that small scale units were facing problems and poor marketing and inadequate markets were the main causes for sickness. Survey report on sick units in Vidharba (Nagpur) revealed that 90 percent of the SS units suffered from marketing problems.\textsuperscript{63}

First All India Census, 1972 and Second All India Census of SSIs, 1987-88 reveal that 42,375 units and 43,451 (14.4 percent) units have been closed up to 1980 and 1988 respectively due to marketing problems.\textsuperscript{64} The Balachandran Committee probed in to the problems of scarcity of raw materials for small scale industries. The committee headed by Prof. A.M. Khusro looked into the wider policy issues and problems of lending to village and small industries.

The empirical studies carried out at national and state level to high light the problems faced by SSIs found that SSIs to a large extent are in doldrums. These studies also pointed out that majority of small industrial units are prone to sickness and are bankrupt mainly due to the problems of finance and marketing. The studies of Nisar Ahmed,\textsuperscript{65} Siyaram,\textsuperscript{66} Anil Kumar Sharma,\textsuperscript{67} Arun Kumar Gangele,\textsuperscript{68}

\begin{itemize}
\item \textsuperscript{61} Report of the Study Team, State Bank of India, 1975.
\item \textsuperscript{62} Patel V.G., Entrepreneurial and Economic Profile of Small Scale Units, Gujarat, 1975.
\item \textsuperscript{63} Survey Report, Sick units in Vidharbha in Small Scale Sector, published by the Industries Association, Nagpur, 1976.
\item \textsuperscript{64} First & Second All India Census of Registered SSIs, D.C, (SSI), Ministry of Industry, New Delhi, 1992.
\item \textsuperscript{65} Nisar Ahmed, Problems & Prospects of Small Scale and Cottage Industry in Kashmir, (Thesis submitted to Aligarh University 1976).
\item \textsuperscript{66} Siyaram, Problems & Prospects of SSIs in Uttar Pradesh, (Thesis submitted to Lucknow University, 1973).
\item \textsuperscript{67} Anil Kumar Sharma, Management Problems of SSIs in Assam, (Thesis submitted to Guhati University 1977).
\item \textsuperscript{68} Arun Kumar Gangele, State Aid to Small Sector & Cottage Industries in Madhya Pradesh, (Thesis submitted to Saugar University, 1974).
\end{itemize}
Jagamohanlal S, Dau Dayal Sharma, Sudhir Bhave, Rastogi are worth mentioning in this regard.

The studies carried out by Christopher, Rama Krishnan, Sharma K.L, Singh and Shivaram revealed that the main problems of the small entrepreneurs were shortage of capital, scarcity of raw materials and marketing. Udaya Bhaskar Reddy I pointed out that SSIs have been faced with problems like use of out dated methods of production, competition from large companies and uncertainty of assured market.

The study undertaken by S.C. Davan pin points that problem of product identification and clarity of marketing objectives can help effective market planning for SSIs.

An empirical study conducted by Kapoor T.N., Bidhi Chand and S.K. Kapoor seeks to identify the marketing problems of SSIs in Chandigarh and SAS Nagar.

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70 Dau Dayal Sharma; Problems & Prospects of SSIs in Rajasthan, (Thesis submitted to Agra University 1978).

71 Sudhir Bhave, Marketing Organisation - Policies and Procedures of Small Scale Units with Special Reference to Units in the Pune region, (Thesis submitted to Pune University, 1977).


73 Christopher K.J., Socio-Psychological Factors Influencing the Adoption of the Innovation of Starting of Small Industry Unit, (NISIET, 1974).

74 Ramakrishnan P; New Entrepreneurship in SSIs in Delhi, (Economic & Scientific Research Foundation 1975). New Delhi.

75 Sharma KL, Singh & Siyaram H., Entrepreneurial Growth and Development Programme, in Northern India, (New Delhi; Abhinov publication, 1980).


(Mohali) in Punjab State. This study has pointed out a number of marketing problems such as scarcity of raw materials, non-availability of adequate market information as the major problems of SSIs. Other problems were price fixation, quality control, promotion, distribution and storage. They suggested introducing raw materials quota, quality centres and more purchase by government agencies.

A case study carried out by Amarnath Bandarala has revealed that fruit canning units are faced with severe problems of packaging, branding, pricing and sales promotion and accordingly suggested that there is a strong case for setting up a canner's federation in the area to solve these problems.\(^7\) Tanulingam and K. Natarajan\(^8\) concluded in their study that incentives of the government have been quite successful in yielding the desired results in small and tiny sector. A field survey conducted by Bhagawati Prasad and K. Eresh\(^9\) revealed that SSIs have been suffering from a number of marketing problems such as poor quality control, poor quality of raw materials, uneconomic pricing, poor advertising, packaging and branding and suggested for a consortium approach to solve such problems.

The survey of small scale units in Kerala state conducted by V. Ambili Kumar\(^10\) stated that inadequate and timely supply of raw materials was a major problem faced by the units and suggested raising the government quota of allotment of raw materials and co-operative venture in procurement.


Marketing and Business Association (MBA) pointed out that India lacks enough market information for the post harvesting processing of vegetables, fruits, lacks cold storage and freeze drying system.  

Surveys and studies carried out by several agencies like Indian Institute of Foreign Trade, Processed Food Export promotion council, Trade development Authority have revealed big export prospects for the Food processing industry. SIDO has suggested the co-operative marketing federation for selling SSIs products.

A regional study conducted by P.D Mayee concluded that small scale ceramic units in Gujarat were suffering from market uncertainties, inadequacy of working capital and power shortage which rendered the units sick.

A study on mortality of Small Scale Units in South India conducted by Majumdar and Nag disclosed that lack of adequate finance, marketing constraints, poor preparation of project, difficulty in procuring raw materials were the reasons responsible for mortality among small units.

An empirical study conducted by Kailash Prasad Meena revealed that industrial sickness is caused due to scarcity of qualitive raw materials and lack of technical expertise.

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84 Mayee P. D., 'Sickness in Small Sector, Ceramic Units', Laghu Udyog Samachar, April, 1991.
Another study conducted by Naidu and Padmavathi\textsuperscript{87} in Chittur district of Andhra Pradesh reveals that sickness in Small Scale Sector is due to the marketing problems and lack of timely and adequate finance.

A survey conducted by RBI in 1975 revealed that Small Scale Units are suffering from lack of experience, technical in-competence and decline in demand for their products.\textsuperscript{88}

The study conducted by Varshney committee constituted by SBI (1975) revealed that the small units were faced with the problems like weak equity base, lack of financial management and competition among themselves.\textsuperscript{89}

A national level diagnostic survey conducted during 1982-83, by the development commissioner, SSIs disclosed that Rubber & plastics, Chemicals, metallic and non-metallic industries became sick due to problems like scarce raw materials, shortage of working capital, lack of demand for the products and labour problems.\textsuperscript{90}

Jyothi Rani\textsuperscript{91} pointed out in her study (1985) that short supply of raw materials, difficulties in marketing the products were the main problems faced by Small Scale Units resulting in their sickness.


\textsuperscript{90} Report on Diagnostic Survey of SSIs, Office of D.C. (SSI), Nirman Bhavan, New Delhi, 1982-83.

Another empirical study conducted by Mithilesh Kumar Mishra and Anup K. Karan\(^2\) revealed that scarcity of raw materials, competition are the main reasons for sickness.

Thus, this review of literature does not claim to be exhaustive and comprehensive. Even so, an attempt is made to put the issues and problems and their review by different authors at different times in an historical perspective. The object of the review of literature is to understand and appreciate the studies so far done in the areas of SSIs. The review brings out the fact that the literature on various aspects of SSIs is limited and does not cover various important aspects so necessary for understanding the issues and problems faced by SSIs. The gap is greater in Indian context.

Further, the studies in the sphere of SSIs surveyed hitherto appear to have focussed attention on general aspects at the macro level without covering any specific functional problem encountered by SSIs in the industrially backward districts of the nations. It is in this context the present study on marketing problems and prospects of SSIs in the study area may be viewed.

**OBJECTIVES OF THE STUDY:**
The present study on marketing problems and prospects of small scale sector.- A study in Dakshina Kannada district purports to cover the following objectives;

1. *To analyse the socio-economic background of the entrepreneurs and its impact on the operation of the small scale units.*

2. *To examine the marketing problems faced by small scale units in Dakshina Kannada and Udupi districts.*

3. To identify and analyse the causes for the marketing problems.

4. To examine the various dimensions of marketing problems faced by small scale units and also to know their impact on the units.

5. To understand the marketing prospects for the units in small scale sector based on the empirical evidences.

6. To suggest suitable measures to overcome these problems.

HYPOTHESIS:
This study is based on the pre-supposition that “Marketing is the major problem faced by the entrepreneurs of small scale units that has affected the performance of the units and it is also one of the reasons for sickness and closure of the units in the area”.

In order to test the hypothesis “Marketing is the major problem faced by the small scale units and to draw the inference”, the present study is carried out.

To substantiate the main hypothesis “Marketing is the major problem faced by the entrepreneurs of the small scale units, the following sub-hypotheses have been put in to test in the present study.

i) Majority of the sample small scale units are owned and managed by sole proprietors which has adversely affected the performance of the small scale units.

ii) Marketing problem is mainly due to local coverage of market by the sample small units.
iii) Lack of technological up-gradation and quality control device among majority of the sample units have contributed to marketing problems faced by them.

iv) Stiff competition from large companies which has reduced the market share of the sample units, the growing number of units manufacturing similar products in a particular locality and stiff competition among these units has led to marketing problems faced by the sample units.

v) The poor practice of advertising, branding and packaging, lack of well established channels of distribution and poor sales promotion measures practised by the sample units have reduced the market share of their products and this has resulted in serious marketing problems faced by sample units.

vi) Lack of marketing finance of the sample units and their inability to advertise in dynamic media which have wide coverage, has resulted in poor marketing performance of the sample units.

SCOPE OF THE STUDY:
The research topic, at the time of registration was entitled “Marketing problems and prospects of Small Scale Sector – A Study in Dakshina Kannada”. The research study was taken up in the undivided Dakshina Kannada district. However, on 27th August 1997, the district of Dakshina Kannada was divided into two viz., Dakshina Kannada district and Udupi district for administrative convenience. Consequently, it has become essential to make the study in Dakshina Kannada and Udupi districts. A study of the research problem in all its dimensions covering the entire geographical area is highly impossible. Therefore, for carrying out a micro and detailed study of the marketing problems faced by small scale units, Dakshina Kannada and Udupi districts of the Karnataka state have been selected as the
locale of the study. These districts have been recognised as industrially backward districts of Karnataka State. Further, the researcher hailing from the study area has found it convenient to conduct the case study of the small scale units existing in these districts.

SSIs in the study area, are facing a number of marketing problems such as inadequate supply of raw materials required by units in the category of chemicals like paraffin, wax, titanium dioxide. SSI units are unable to purchase these raw materials in bulk quantities from medium and large scale industries. Cashew units are suffering from shortage of raw cashew which is imported from African countries. Absence of sufficient cold storage facility is another problem faced by food processing units. It is reported that lack of orders from public sector units specially in the context of dearth of infrastructural programme have badly hit the fabrication units which are finding it difficult to survive. It is also reported that there is fear of competition from multinational companies with all their financial strength. Advertisement could invade the organised market segment which has been hither to occupied by the small scale sector. This is more pronounced in the manufacturing food based items, textiles, automobiles, leather units in the study area. Therefore, in view of these problems relating to marketing, the present study assumes much significance.

Besides, the study becomes more relevant in the light of favourable factors existing in the study area for the growth of small scale units. Raw materials are locally available for coconut, cashew and oil mills. Fish being major resource from back water culture, offers potential for the growth of fish and sea food canning units. The area has got immense potential for development of tourism since it is blessed with long stretch of beautiful Sandy beach, river joining and ever green forest. Further, there is scope for floriculture, wood and boat repair works units since major mineral and forest resources are source of raw materials for them.
The study area is endowed with adequate potential resources such as well knit transport and communication facilities, high literacy level, fish and sea related resources, all season port and large banking network and humid climate which create immense scope for starting small scale units. Therefore, in the light of the above potential resources available, the proposed study assumes a greater significance and becomes more relevant. It may not be out of place to point out that the whole world has been shrunk in to a village type economy, thanks to the well developed communication network presented by information technology, faster modes of transport and ushering in of Laissez-faire economy resulting from the adoption of globalisation and liberalisation policies. Hence, this also calls for a meaningful inquiry in to the present problems and carries its own merits.

Again, by and large, small units continue to be production oriented rather than market oriented. A great many units in small scale sector have never been able to realise their market potential for their products. Still more units have not yet established a sound distribution system, a good forecasting method and an effective method of performance appraisal to motivate their sales force. Therefore, strengthening marketing as an essential link to remove the bottlenecks becomes the most important task. Further, all is not rosy with SSI units in the study area as they are confronted with various marketing problems ranging from sources of raw materials to finished goods in the market.

A recent survey (1999-2000) conducted by Small Industries Service Institute (SISI) strengthens further the scope of the present study. The study revealed that marketing is the main problem faced by many units in the study area, many small units producing similar products have come into existence without assessing properly their demand potential, units are found competing with one
### EXHIBIT-1

Sample Design
Districtwise, Talukwise and Categorywise Spread of Sample Units in Dakshina Kannada and Udupi Districts

<table>
<thead>
<tr>
<th>District</th>
<th>Total No. of units in the District</th>
<th>Udupi District</th>
<th>Total No. of units in both the districts</th>
<th>No. of closed units (5% of the total 15,274)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DAKSHINA KANNADA DISTRICT</strong></td>
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<tr>
<td>Taluks</td>
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<tr>
<td>Bantwal</td>
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<tr>
<td>Belegundy</td>
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<tr>
<td>Mangalore</td>
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<td><strong>UDUPI DISTRICT</strong></td>
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</table>


Note: Fraction of a unit is adjusted while calculating the sample of 5 percent.
another and the liberalisation policy (1991) has led to recession in small scale sector.  

The present study also assumes greater significance due to change in the life style and occupational pattern of the people of the districts which is contributing towards fast increasing demand for different types of products of latest technology to be produced by the small scale units. Thus, it is against this back drop and perspective, the investigator with keen interest in studying the marketing problems, has made an earnest attempt to examine the marketing problems and prospects of small scale units in the study area.

METHODOLOGY AND SAMPLE DESIGN:

The study area comprises of two districts of Coastal Karnataka viz. Dakshina Kannada and Udupi districts. There are totally 15,274 registered small scale units in both the districts as per the ‘Directory of Industry’. Of these units, 9,642 units in Dakshina Kannada district and 5,632 units in Udupi district area, belong to 14 categories. A detailed study of all the 15,274 units is a herculean task for an individual researcher. Therefore, to keep the study within manageable but yet reliable limits, the convenience basis was adopted and a sample of 5 percent (764) of the total number of the units is taken for study. While selecting the sample of 5 percent, talukwise, locationwise and categorywise representation was given on an equal basis in order to ensure proper and effective study of the subject. The Exhibit I presents the sample design of the study.

Keeping in view the objectives and hypothesis, the methodology followed in the present study is the analysis of the marketing problems and their remedial

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measures. Therefore, it is an explanatory - cum - diagnostic study of the subject. Percentages, Tables, Diagrams, Ranking, Scaling, Graphs, Chi-square Test and Large Sample Tests have been used wherever needed and possible in the analysis, interpretation and presentation of the subject.

In the analysis part, an attempt has been made to study the marketing problems of Small Scale Sector units in D.K. and Udupi districts. For the purpose of this study, a sample of 764 registered units in both the districts have been selected on a random basis which constitutes, 5 percent each of all the 14 categories as per Industrial Directory of District Industries Centres. Entrepreneurs of these 764 sample units have been interviewed on the basis of pre-designed questionnaire. While selecting the sample units proper care has been taken to give equal representation to all categories of small scale units existing in each taluk of both the districts. “Science begins with observation and must ultimately return to observation for its final validation”. Therefore, primary data was collected through observation cum personal interview with the help of questionnaire. The questionnaire is also used to elicit the specific marketing problems.

The investigator has travelled through the length and breadth of both the districts in locating the units for the purpose of collecting information. During the course of study 264 units have been found closed. As far as closed units are concerned, the units which are found in the list of district industries centre as an 31st March 1999 and remained closed for one year or more than one year for different reasons have been considered as ‘closed units’. Further, half a dozen of units refused to give information stating that the information required involves lot of trade secrecy.

Further, various government officers were contacted through a pre-designed questionnaire and relevant information was collected. The views of district administrators, executives and knowledgeable personalities were liberally
discussed and information incorporated. Information were also collected from various promotional agencies which illuminated the basic problems confronting the small scale units of the districts. Office bearers of different industrial associations guiding the destiny of its entrepreneurs expressed the impending bottlenecks confronted by them.

Besides, secondary data has been collected from various sources and incorporated wherever necessary to substantiate the primary data. The relevant information from institutions facilitating the functional operation of SSIs both at centre and state level were collected. The important institutions are SIDO, Development Commissioner (SSI), Nirman Bhavan New Delhi, NSIC, IDBI, SIDBI, Bombay and Mangalore, NISIET, KSSIDC, Bangalore, Indian Institute of Statistics and IIM and KSIMC in Bangalore. The data was also collected from Karnataka State Directorate of Commerce and Industry, research wing of SISI, Economic and Research section of Canara Bank Bangalore and other SISI information centres situated in Karnataka State. Further information from KASSIA, KCCI and various associations catering to the information needs of SSIs at state and district levels are collected.

As complete information is not available in respect of 264 closed units, the available information of these units were included in the tables. However, a brief discussion on these closed units is given in the appendices. The locale of the study has been confined to two coastal districts of Karnataka State. These are leading and fast developing among 28 districts of the state. The districts have been endowed with resources and potentialities for economic development. A detailed information and the profile of the districts has been provided in a separate chapter. So far as collection and presentation of data is concerned, the study has 1998-99 as the cut off year.
LIMITATIONS OF THE STUDY:
No study of a research problem in all its dimensions is free from limitations. Therefore, study of its kind is subject to its own limitations. At this stage, it is appropriate to mention the limitations from which this study suffers. The present study is confined only to the registered small scale units located in D.K and Udupi districts since there is no conclusive evidence and data with regard to exact number of unregistered units and their area of operation. One of the major constraints for this study was non-availability of updated data pertaining to small scale units with the concerned government agencies on a uniform basis. Thus, the study does not reflect the views of the unregistered units and suffer from lack of uniformity in the presentation of data.

Statistical data on small scale units are disproportionately inadequate in India because of overlapping definition for regulatory and assistance programmes, changing coverage, exclusion of self-employed enterprises and no reporting of closures and mortalities. Data relating to performance and growth trend, agencies and institutions engaged in the promotion and development of small scale sector furnished by various agencies both Governmental and Non Governmental Organisations (NGOs) suffer from lack of uniformity in the presentation of data and also non-availability of data on a continuous basis. Data is available on a continuous basis only from 1994-95 and even then there is no uniformity in the period of presentation of data.

Apart from this, some of the entrepreneurs were not co-operative and they refused to give information blatantly stating that it involves lot of trade secrecy. The units are spread in nooks and corner of 635 villages of 5 taluks of D.K district and 3 taluks of Udupi district which made it a difficult task to approach them to obtain empirical evidences. Though majority of the units are located in rural and remote areas, maximum effort has been put forth by the investigator to ensure
proper and systematic study of the problems. Inspite of this, certain amount of errors are bound to creep in to the study. Many entrepreneurs were reluctant to provide information on the sensitive issues like sales, profits and marketing strategies. Under such circumstances the investigator had to resort to indirect method of gathering information on such issues. In certain cases entrepreneurs were not available in the unit. Instead of the owners some one in their place was appointed who had no knowledge about the working of the unit. Under such circumstances information supplied by them may not be true. Lack of updating the data and non-availability of recent data is also one of the limitations.

Again, as the study is confined to the registered sample units in the districts, it may not fairly represent the problems of small scale units in the state since their problems differ from region to region. Inspite of these limitations an earnest attempt has been made to arrive at a fairly objective representative conclusion by analysing the data intelligently and tactfully.

LAYOUT OF THE REPORT:
The present treatise on Marketing Problems and Prospects of Small Scale Sector has been classified in to six chapters.

'Chapter I' which is 'an introductory chapter' deals with the aspects like economic and social importance of SSIs in a developing economy like India, concept and definition of small scale industries and development of small scale industries under plans. It also deals with the technical aspects such as statement of the problems, review of existing literature, aspects of research methodology adopted like objectives of the study, scope of the study, hypothesis tested, sample frame and limitations of the study.

Chapter II deals with the profile of Dakshina Kannada and Udupi districts and includes a mention of geographical location, climatic conditions, resources,
agencies to promote SSIs in the study area and a brief mention of SSIs in the districts.

The III Chapter, an exclusive chapter, provides a detailed conceptual framework on marketing problems of small scale units like shortage of raw materials and labour, stiff competition and poor credit recoveries. This chapter also deals with poor marketing mix practised by small scale units.

Chapter IV presents a background information on socio-economic status of the sample units and is mainly based on information collected from the field study. This chapter has been broadly classified into three divisions namely, 'background information of the sample units', 'pre-operational' information and operational information of the sample units.

Again, background information of the small scale units has been subdivided into two parts namely, profile of sample units and profile of sample Entrepreneurs. The profile of sample units deals with the pattern and organisation of the sample units like, location, reasons for selecting the locality, sources of idea of starting the unit and age of starting the sample units. Second part includes, a discussion on socio-economic profile of entrepreneurs which throws light on age, sex, religion, caste, literacy level, previous experience and financial background of entrepreneurs.

Pre-operational information about the sample units include the information relating to the units before the actual commencement of their operation such as selection of the product, preparation of project report, institutions providing finance, geographical coverage of the unit, size of the capital employed, acquisition of fixed assets and other assets and sources of finance for such acquisition.
Operational information about the sample units enlightens on aspects like production, finance and organisation and management. Production aspect covers output of the unit, local market sales, exports, closing stock, profit and loss position of the unit, sources of raw materials and problems of their procurement, nature of products, capacity installed and utilised and reasons for not utilising the full capacity etc. Financial aspect covers sources of marketing finance and problems of finance in marketing the products. Organisation and management aspect covers person managing the business, imparting of training to personnel, type of management and relationship.

Chapter V analyses the marketing prospects of sample units mainly based on the field study and interviews conducted with government officials and the office bearers of associations. This chapter analyses problems associated with the product and marketing of such product. The problems that are associated with the product include lack of market information, poor product planning and development, wrong selection of product, poor quality of raw materials, lack of standardisation and quality control, Unscientific pricing policy followed by the sample units, Problems of feedback, competition, poor branding of product, lack of demand and poor packing of product etc.

The analysis on problems associated with the market includes, inadequate channels of distribution, competition from large companies and from other similar small scale units, lack of advertising support, Selling problem, lack of specific advertising models, inadequate sales promotion incentives, problems of storage and transportation.

Chapter VI presents a brief summary of the findings, suggestions and conclusions.