CHAPTER VI

SUGGESTIONS AND RECOMMENDATIONS
6.1. THE STATUS OF CFC FOR HANDMADE MATCH UNITS IN VIRUDHUNAGAR DISTRICT:

The Ministry of MSME, Government of India and the Department of MSME, Government of Tamil Nadu supported the formation of Common Facility Centre (CFC) for the hand-made match units in Virudhunagar District under the Cluster Development Scheme during the year 2011. As many as 71 units have become the members of the CFCs located in three places i.e. Virudhunagar, Sattur and Srivilliputhur in the same district.

The following were the objectives of the CFCs:

1. To support the sustainability and the growth of MSMEs by addressing common issues such as improvement of technology, upgrading the skills and quality, Providing Market access and capital to the units.

2. To build the capacity of the MSMEs for common supportive action through formation of SHGs, consortia and upgradation of associations.

3. To create/uprade infrastructural facilities to the new or existing industrial areas / cluster of MSMEs.

4. To set up CFC for testing, training centres, complementary production, process, etc.
Most of the objectives have been broadly met by the formation of CFCs amongst the 71 units. Still there is a large scope for improvement. The researcher has attempted to provide suggestions and recommendations for the improved performance of this cluster.

6.2. DEMOGRAPHIC PROFILE OF THE UNIT HOLDERS:

• Majority of the unit holders are above 45 years. The Government may be approached for liberal schemes for infrastructure and financial assistance to attract more young entrepreneurs to join the cluster scheme.

• Majority of unit holders have studied only upto higher secondary level. They may be provided more intensive technical and commercial training to become aware of the latest technology, market trends, government support, etc. They may be provided special training to use IT enabled services.

• The number of new entrants in the match units under the handmade sector is insignificant. This sector can generate a large volume of employment to the rural people. The Indian niche market as well as the export market for handmade matches is growing significantly. Hence, new match units may be encouraged by disseminating information about the market scope, government subsidy component, single window clearance system, liberal financial assistance, etc.
6.3. **FINANCIAL ASPECTS – ECONOMY OF SCALE:**

Most of the unit holders have not made significant levels of profit due to frequent escalation of raw material prices and stagnant selling prices. Many of the units have attained only the break-even point. Again this was due to the existence of Common Facility Centre (CFC) for providing processing facility as well as providing raw material at a cheaper cost to the member units. The unit holders may be trained on the economy of scale to minimize the cost of production.

6.4. **INFRASTRUCTURE ASPECTS:**

The establishment of common facility centre (CFC) has facilitated semi mechanization in the processing work. This has led to substantial reduction of man power for the member units. This is another significant advantage due to CFC for cost reduction.

6.5. **QUALITY ASPECTS ANALYSIS**

As the unit holders are dealing with explosive raw materials. The unit holders should get the mandatory license under the ARMS act. However, only 41% of the unit holders have the mandatory license. Hence, all the unit holders may be educated to get the ARMS act mandatory license.

6.6. **ENVIRONMENTAL ASPECTS:**

Air pollution is a major problem in the case of match units. Hence, the new units may be advised to establish in the outskirts of the village or town limits to avoid air pollution to the public.
6.7. **MARKETING ASPECTS:**

*Common Brand Name for the units under CFC:* Majority of the units are manufacturing their match products for established brands. This outsourcing reduces the margin available to the unit holders. They may be encouraged to promote a common brand name for the units under the CFC.

*Distribution through PDS:* The unit holders have too many intermediaries and the distribution cost is increasing at an alarming rate. To reduce the supply chain, they may jointly approach the government for marketing the match units through the Public Distribution System (PDS).

6.8. **EXPORT – IMPORT ASPECTS:**

92 per cent of the units are not engaged in export activity. But there is a demand for this product globally. Hence, under the common brand name developed by the CFC, by increasing volume of production, the export may be done under the name and banner of the CFC. This will facilitate the individual member units to increase their production, quality and also the sales volume.

99% of the units are not engaged in any import activity. However, raw materials may be imported in bulk quantity through containers to avail price advantage. The raw material may be distributed to member units by the CFC with a marginal profit. It will facilitate the member units, to reduce the cost of production and in turn will raise the profitability.
6.9. **LINKAGE WITH AGENCIES:**

Linkage with government agencies, other associations, funding institutions except bank are not satisfactory. NSIC provides significant level of marketing assistance to its registered units. But NSIC requires huge volume of products which cannot be met by the individual units. The CFC may register with NSIC as a single supplier by developing a common brand.

Similarly the units can jointly approach the Government agencies for bulk sales. For example, Ministry of Defense requires match box in huge volume. The scope for selling match boxes through Tamil Nadu Civil Supply Corporation and similar agencies in other states are also high. In this context, the member units may approach the CFC to form the common brand and register with agencies like NSIC, DGS&D and others for marketing.

6.10. **RECOMMENDATIONS TO THE GOVERNMENT:**

The state government and central government may conduct awareness programmes for the match unit holders to know about the availability of global business opportunities, modern technology, decorative fancy match production, etc. for increasing their marketing.

Government may direct the nationalized banks for liberal funding to the match units both for the term loan and working capital assistance in a hassle free manner.
Government may take effective steps to utilize the government machinery to purchase the match boxes from the CFCs and may distribute or sell to the public through the Public Distribution System (PDS).

6.11. SCOPE FOR FUTURE RESEARCH

- Virudhunagar District Match Industry Clusters under the hand-made sector have been the focus of the present study. There are other match industry clusters in other districts of Tamil Nadu. A comparative study of these clusters may be taken up.

- Virudhungar District has a cluster of industrial units in different sectors such as Printing, Textiles, Chemicals, Dal mills, Readymade garments, Rice mills, Plastic components, Paper cups, Book Binding, Fire-works, Tin containers, Corrugated boxes, etc. Several research studies may be conducted for each of these sectors to form Common Facility Centres (CFC).

- A research study may be conducted on the comparative performance of the manufacturing units coming under the CFC and other manufacturing units (Non members of the CFC).

- A comparative research study may be conducted amongst the match clusters functioning in the different districts of Tamil Nadu i.e. Virudhunagar, Tuticorin and Vellore Districts.

**********