Chapter 2

RESEARCH METHODOLOGY AND
REVIEW OF LITERATURE
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2.1 INTRODUCTION

The small scale industries play a vital role in the growth of the country. Small scale industries contribute almost 40% of the gross industrial value added in the Indian economy. By less capital intensive and high labour absorption nature, small scale industries sector has made significant contribution to employment generation and also rural industrialisation. The government introduced various schemes and incentives for the promotion of small scale industries. Constant support to small scale industrial sector by the government in the terms of infrastructure development, fiscal and monetary policies have helped to emerge as dynamic and vibrant sector of Indian economy. Over the last five decades, government policies and schemes have been to protect the interest of the small scale industries and facilitate its rapid development from time to time. Since the time of independence small scale industries received special privileges in the Indian economic system. The successive Indian government encouraged small scale industries to transfer the economic power the grass root levels, to generate employment, to have balanced regional growth and to check concentration of wealth. Small scale sector has performed well and enabled the country to achieve a wide measure of industrial growth and diversification.

Under the Industrial policy Statement of 1977, the focal point of the development for small scale industries was shifted from big cities and state capitals to district headquarters. In each district one agency to deal with the requirements of small scale industries. This agency is called District Industries Centre. The District Industries Centre programme was launched on 1st of May 1978 with a view to provide an integrated administrative framework at the district level which would look at the problems of industrialisation in the district in a composite manner. The realisation of the need to make district as a focal point of industrial planning and development crystallised in the establishment of District Industries centres. The objective behind the establishment if District industries Centre is to weave all the government functionaries in a single institutional framework so that district centres can act as a focal point for the entire industrial growth of the district. The district industries
centres were proposed to be setup at district head quarters to provide all the services and support required by the small scale industries under single roof. The district industries centres are considered as institutional innovation to assist small industrial units at three important stages, i.e. Pre-investment, investment and post investment stages. They are also considered as a single window of clearance for industrial units.

District Industries Centres established under the control of respective state directorates of industries. These centres provide all types of services and support for developing small scale industrial sector. They issue registration certificates, conduct feasibility study, allot quota for scarce raw materials, recommend proposals to financial institutions for sanctions, render other assistance under a single roof. District industries Centres are expected to prepare action plan for the development of small scale industries in district and establish inter agency development linkages.

2.2 Statement of problem:

The DIC is very important for the growth of small scale industry in rural and urban area. The small-scale sector has become base for many economic activities in India, by virtue of its special features like its low capital intensity and labour-intensive nature. The small-scale sector has a major role to play in developing nations, which suffer from slow capital formation and over population. Realizing the potential of the small-scale sector, the District industrial Centres took several efforts for the promotion and smooth functioning of this sector. Besides these, the Government has carefully planned the development of the small-scale industrial sector in the country. It has earmarked millions of rupees for their development during the plan periods. Nevertheless, to the dissatisfaction of many, including DIC and government agencies, the sector has not been working well owing to various problems both at the promotional and operating stages. In this backdrop, the present study has been taken up to identify the problem areas in this sector and to suggest appropriate measures to resolve the problems. To carry out the study on sound lines, it was hypothesized that the role of District Industrial Centre is very effective for the development of small scale industry. Small-scale sector is suffering from several problems in production, marketing and management. Most of the entrepreneurs in Nasik District have related with the DIC office. Hence, to know the role of DIC for the development of the small entrepreneurs, the researcher has selected the topic "The Role of District Industries
2.3 Relevance of the study:

The present study aims at analysing the role of DIC in the development of small scale industries in Nasik District.

Prior to the establishment of DIC, there was no agency exclusively to look after the development of industry except the district industries office with some supporting staff. However in 1962 the Government introduced the Rural Industries Programme (RIP) and Rural Artisan Programme (RAP) in order to bring about the industrial development in rural and backward areas in a phased manner. The various agencies operating at district level were not in a position to provide enough assistance to existing as well as potential entrepreneurs in establishing industrial units. This is due to absence of necessary expertise with district industrial promotion officers and lack of enough authority. As a consequence small entrepreneurs were subject to lot of hardship and delay in conceiving and executing their industrial projects. This led to realisation of the need for establishing an agency exclusively for assisting and promoting industries at the district level. The Small Industrial Extension Training Institute, Hyderabad advised the government of India during the 6th plan period to establish a strong developmental agency for industrial promotion at the district level so that the problems of small scale industries could be tackled and solved under single roof. Following the SIET report, the government of India in the Industrial policy statement of 25th December 1977, announced the establishment of DICs. The DIC is expected to provide all the services and facilities to entrepreneurs under single roof for setting up small industries.

The existing framework of policy support were evolved essentially in the environment of 1950 and 1960s and then continued with appropriate changes based on requirement of the time. The main plank of development strategy of SSI in India is built around a system of institutional support mechanism and structure of incentives. Small scale industries have been recognised as engines of economic growth worldwide SSI generates the highest employment per capita investment. They also go a long way in checking rural urban migration by providing villagers and people living in isolated areas with sustainable source of employment.
The purpose of this study is to find out the role of DIC in Nasik District regarding the development of SSI and to analyse the growth of small scale sector in Nasik District, its competitiveness, challenges and problems and to suggest policy measures to strengthen them so as to be competitive in the global environment.

The present programme for the development of SSIs in India is based on certain objectives. They are:

a) To speed up rural industrialisation
b) To create additional employment for rural poor
c) To establish wider entrepreneurial base through appropriate training
d) To improve the level of production and earnings

The setting up of the DICs in each district is one of the important steps to achieve these objectives. The present study of the role of DIC has been undertaken with the intention of examining whether it is functioning properly in the context of the above said objectives.

2.4 Objectives of the study:

An attempt has been made by the researcher to study the basic postulates of development of small scale industries in Indian general and in Nasik District in particular.

The main objectives of research are given below:

a. To study the organizational structure and working of DIC
b. To ascertain the role of small scale industries in the rural development in India, Maharashtra and Nasik District.
c. To evaluate the impact of globalisation on development of small scale industries
d. To study the role of District Industries Centre in the development of small scale industries in Nasik District.
e. To examine and analyse the performance of DIC in terms of the assistance to small scale industries in Nasik District.
f. To study provision of government facilities and institutional credit facilities for the beneficiaries of DIC, Nasik
g. To pin point the problems of SSI units under DIC, Nasik as on date.
2.5 Statements of Hypotheses:

The main hypotheses of the study are:

1. Inter-taluka disparities in the industrial development have not been removed even after a long period of establishment of DIC in Nasik District.
2. DIC has played a significant role in the development of SSI units in Nasik District.
3. In spite of various types of assistance provided by DIC, the problems of small scale industries have not been resolved satisfactorily.

2.6 Methodology and sources of data collection:

The main objective of this study is to evaluate the role of DIC in development of small-scale industries in Nasik District.

For the purpose of this research, primary and secondary data has collected and interpreted.

Primary data:

Primary data is collected from the following techniques of data collection:
1. Questionnaire – A set of questionnaire is prepared to collect detailed information from the owner or manager of SSI units from Nasik District.
2. Field Visits – In addition to the above techniques of data collection, field visits are also arranged to know the actual functioning and services provided by DIC Nasik
3. Interviews – Personal interviews and meetings have been conducted with the DIC, MIDC, MCED, SIDBI, Bank of Maharashtra officials, experts of the field.

Secondary data:

Secondary data is collected from Annual administrative reports, Industrial Status Reports, and other operational statistics of DIC Nasik. The data relating to industrial development of India, Maharashtra and Nasik District has collected from various official publications like Annual survey of industries, economic survey of Maharashtra, Handbooks of Basic statistics of Maharashtra state, Industrial and commercial directory of Nashik, small industries development organisation annual report, review reports of all India DIC’s conference. In addition to this, socio-economic reviews and district statistical abstract, district gazetteers, lead bank survey.
of Nasik District made helpful in analysing the district profile. Formal discussions was held with General -Manager and Project managers of Nasik District.

II) Sample Design:

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Name of Taluka</th>
<th>Total number of Industries</th>
<th>Total SSI</th>
<th>5% Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nashik</td>
<td>2346(57.66)</td>
<td>1346(59.04)</td>
<td>70</td>
</tr>
<tr>
<td>2</td>
<td>Sinnar</td>
<td>1048(25.76)</td>
<td>524(22.98)</td>
<td>27</td>
</tr>
<tr>
<td>3</td>
<td>Igatpuri</td>
<td>174(4.28)</td>
<td>105(4.61)</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Dindori</td>
<td>41(1.01)</td>
<td>25(1.1)</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Malgaon</td>
<td>168(4.13)</td>
<td>108(4.74)</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Niphad</td>
<td>241(5.92)</td>
<td>141(6.18)</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Kalwaan</td>
<td>51(1.25)</td>
<td>31(1.36)</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4069(100)</strong></td>
<td><strong>2280(100)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DIC office Nasik (Administrative Report 2010)

Figures in brackets indicate percentage. Total sample units percentage indicates the total number of units.

Table no.1 indicates the sample size of SSI units for the purpose of research study. There are 2280 small scale units are working in Nasik District. The population size is huge to study. So 120 small scale units are selected randomly from seven taluks of Nasik District. The actual 5 percentage of total number of small scale industries gives the fraction number of SSI for some taluka. For the convenience the whole number is considered. The 5 percent sample size consist 120 units which is approximately 5 percent of total population.

It may be seen from table no. 2.1 that the 120 SSI units out of 2280 SSI units from Nasik District (Seven taluks out of fifteen talukas) are selected for the study. The seven taluks named Nasik, Sinnar, Igatpuri, Dindori, Malegaon, Niphad and Kalwan which have small scale industries. These small scales are registered with district Industry Centre, Nasik. Rest of the taluka of Nasik District have no industrial estate. This sample size is 5% of total SSI units selected from seven talukas of Nasik District.
2.7 Statistical techniques:

The analysis of the data has made with reference to the research problem, the objectives of the study and statements of hypothesis are tested for analysis and interpretation of data. The researcher has used statistical tools such as percentage, simple average, graphs and diagrams. To understand the opinions of respondents weighted average score method is used.

2.8 Limitation of the study

a. The researcher relies on the primary sources those are available at the time of inquiries.

b. Some of the respondents to the questionnaire may be limit to understand the objective of the study and may not respond honestly.

c. These responses may lead to marginal statistical error. However due care will be taken to keep the degree of error within limit.

d. Much efforts are taken to get proper information with hard work and loyal toward study. But the study area is much wide by geographically. So Time and cost is the other limitation of the study.

2.10 Chapter Scheme of the Study:

The study is divided into seven chapters as detailed below.

Chapter 1 - SSI Development in India.

Chapter 2 - Research Methodology and literature review

Chapter 3 - Profile of Nasik district

Chapter 4 - The Emergence of District Industries Centre.

Chapter 5 - Supporting agencies for the development of SSI

Chapter 6 - Analysis and Interpretation of data

Chapter 7 - Summary, Findings, Suggestions and Conclusion

2.10 Review of literature:

Survey of Literature is based on various articles published in the leading journals unpublished dissertations, thesis submitted to some Indian Universities, papers presented at Seminars and newspaper reports. Many economists pointed out that the small scale industries have remarkable place in economic development of the
country. Numerous researchers and authors have worked on the small scale industries and district industrial centre. Various macro as well as micro level studies on small scale industries and district industrial centre and their impact on economic development in India have been conducted by different social scientists and economists. Their main findings have been discussed in this chapter and it also presents bird’s eye view of the study. The data needed were collected from the records of the Directorate of Industries and Commerce, Government of Maharashtra, Evaluation of applied research department. District Industrial Centre, Development commissioner of Small Scale Industry, Ministry of Industry and Commerce. Ministry of Agro and Rural Industries, Lead Bank Reports, in addition to SIDBI Annual Report, Annual Survey of Industries, and various publications from Government of India. Maharashtra and District Level Reports have also been consulted to prepare this report.

The word Entrepreneur appeared in the French language long before when there was no general concept of entrepreneurial function. In the early part of 16th century, men engaged in leading military expeditions were referred to as entrepreneurs. From this usage; it was easy to move to applying to entrepreneur to other types of adventures. After 1700, the French to government road, bridge, and harbor and fortification contractors and somewhat later to architects Houselights had frequently applied the term entrepreneur. In the mid 18th Century a French writer Bernard F. Belidor, defined "entrepreneurship consists in buying labour and materials at uncertain prices and selling the resultant product at contracted prices". Entrepreneurship, as a concept entered into the economic literature mainly through the writings of Richard Cantillon who was the first to use the term entrepreneur. Richard Cantillon (1775) explained that the essence of the function of the entrepreneur is to bear uncertainty. Later, in the 18th century; physiocrats termed the agricultural cultivators as entrepreneurs.

By the end of the 18th century, French economists had given special meaning to entrepreneurship with differences arising largely from the characteristics of the sector of the economy that chiefly attracted their attention. Those economists interested in government saw the entrepreneur as a contractor, the specialist on agriculture as a farmer and the proponents of industry as a risk taking capitalist.
Review of Literature:

In recent past a few studies have been carried on DIC and small scale industry from the Sociological, Economic and psychological perspectives. Some are examined and presented below.

1. Dr D.R Gadgil, submitted his thesis entitled “the Industrial Revolution of India in recent times”(1860-1939) for the degree of Masters of Letters of Cambridge University. It was published in 1924; he concluded that the cottage and small-scale industries were playing a catalytic role in the development of rural areas.4

2. Shri B.Venkatappiah said “There is need for building up integrated institutional structure which would provide effectively not only the financial but also the other services rendered by idigenous money lenders. The mere elimination of money lenders would not serve the purpose of enhancing the supply of credits to SSIs”5

3. Shri B.N.Mehta suggesting the scope for modification of the existing laws to facilitate expenditure grant of loans to SSI said that, “The difficulty most actually felt by SSI relates to the supply of adequate, timely and cheap finance. It is proposed for the purpose of further discussion to deal briefly with existing state of law contributing to such difficulty by modification of existing law. Mainly Impediments in the way of term lending to small industries arise in respect of the limited types of security available and of the enforcement of such security. Such security consists of land and building, plant and machinery and goods.6

4. G. Balkrishanan submitted his PhD thesis in 1959 entitled “Financial experience of small companies in India in 1950-1951”. He concluded that silk woollen and cotton ginning units had very favourable financial outputs. These units were able to earn reasonably good profits, paid deviance and ploughed back a part of profits.7

5. P.N.Dhar and Lydall (1961) have stated the promotion of SSI have been widely recommended as one of the most appropriate means of developing industry in overpopulated backward countries. The wide spread distribution of existing small scale industry in India, the great pressure of population and the shortage of capital have all tended to direct attention towards small scale sector as a possible means of increasing output and employment in industry at least for the next few decades.8

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6. **Ramakrishna (1962)** said that the problem of finance in SSIs is a part of the larger problem of providing external aids which are lacking in this sector. Mere finance in the shape of capital and credit is off on avail. It must go along with efficient production and good materials, superior quality and sound marketing. This would imply the need for scientific, technical and administrative assistance besides financial.\(^9\)

7. **Shetty (1963)** pointed out that effectiveness of credit system has been limited by the rigidity of conventional methods and approach. The recognition of this problem has led the government to adopt various majors designed to liberalise the rules and conditions governing the grant of loans for the development of small industries.\(^10\)

8. **Dr N.G.Bapat** submitted his PhD thesis in 1968 entitled, “Economic development of Ahmadnagar district” he concluded that handloom industry is one of the traditional and leading industries of Ahmednagar District.\(^11\)

9. **Dr. Sharad Koperdekar** submitted PhD thesis in 1973 entitled “Small scale industries-a study in investment and output aspect” he has stated that in an under developed country, promotion of employment and capital-labour ratio are important factors. He has studied the relationship between capital invested and the employment provided to the workers. He concluded that employment potential is more in the printing press industry and in the miscellaneous industries, because these industries required less capital per employee than the engineering industry and chemical industry.\(^12\)

10. **Ram K.Vepa (1979)** expressed the view that the basic approach of DICs is not to disrupt the existing occupational patterns at the rural level but to help those who are already engaged in traditional occupations, improve upon them to provide livelihood for themselves and be of greater service to the community. According to him the ultimate success of the programme depends upon the human factor on two counts i.e. on the personnel who will man the centres and on entrepreneurs that will be able to attract and stimulate.\(^13\)

11. **Dr Upadhyay ,N (1979)** reviewed the progress achieved by DICs in Rajasthan and came to conclusion that with greater coordination among the various functionaries the DICs shall be able to play a still more effective role towards
building a sound industrial network based on local resources, skill and entrepreneurship.  

12. **Homi J. Talyar Khan (1979)** observed that the overall working of DICs, especially the working of the managers of economic investigation and raw material. He concludes that DICs are playing a very important role in the promotion and development of small-scale industries and creating a new class of entrepreneurs among the rural and urban people.  

13. **R.V. Rao (1979)** said “Finance is no doubt one of the several problems facing small industries. Bank credit if available has been confined to the top group. Most of the commercial banks do not consider proposals from a majority of units as their capital base is not adequate. The need for setting up industrial bank which will pay individual attention for small industries, need an immediate examination. It may be mentioned that the existing agencies including commercial banks has not been able to adequately meet the needs of the SSIs”.  

14. **Reddy T.S and Reddy P.N (1980)** examined the day to day functioning of DIC confined to Anantapur district in Andhra Pradesh for the year 1978-79 they concluded that proper selection of personnel for DIC work and also imparting necessary training to them is essential to improve DIC functioning.  

15. **Sahney M (1980)** while analysing the implications of the government policy to establish DICs suggests that the DICs should be autonomous devoid of any bureaucratic controls and they should be manned with people dedicated to the cause of the segment to be served and acceptable to them.  

16. **Mukherjee Neela and Mukherjee Amitava (1980)** attempted to analyse the efficiency of small scale industries with reference to the place of SSIs in Indian economy. Further an attempt was made to study the inter industry comparisons in the small scale sector for measuring and comparing efficiency output/fix capital, value added/worker. It was concluded that SSIs indicate more capital productivity and labour.  

17. **Ram Narain and Dr N.R Bhojwani (1980)** observed DIC as an excellent scheme of providing one window services to the cottage and small scale industries. It represents as imaginative extension of the administrative frame work into the areas of industrial administration.
18. Chavla R.B (1982) gives some positive remarks regarding the role of DICs. According to him, the DIC concept is basically to bring administrative apparatus to the people at the grass root level. He further says that DICs as an instrument of industrial growth not only help to coordinate the activities of different agencies but also enhance the range and scope of operatives on their part. Thus continuance of the DIC scheme may greatly benefit to the entrepreneurs.

19. Vasant Desai (1983) observed that in his book entitled “Organisation and Management of Small-scale industries” vital role played by the DICs in the development of small-scale and cottage industries in rural India. He also pointed out their importance in generating employment opportunities for the educated unemployed. His observation throws light on their hierarchical, bureaucratic and undue departmentalised character.

20. Prasad P and Dwarakanath (1985) made an attempt to examine the achievements of DICs in Andhra Pradesh during 1980 to 1985 in terms of SSI units commissioned, employment provided, credit deployed, artisans assisted and trained and concluded that the DICs accelerated the pace of industrialisation in rural areas and promoted the development of village and small industries considerably.

21. Harinarayan Rao (1986) examines the role of DICs in promotion of entrepreneurship and rural industrialisation in Anantapur district. He came to the conclusion that effective coordination and cooperation was lacking among the developmental agencies and organisations connected with the implementation of the Gramodaya scheme.

22. Jarun (1986) made a brief survey of the state-wise distribution of small scale units in 1975. The results of the study were that the number of industries registered with the directorate of industries had increased considerably. The small-scale sector has achieved an impressive rate of growth during the decade 1966-75.

23. Lakshman Rao, V and Ratnum C (1986) examined the objective action programmes and performance of DICs in context of rural industrialisation, based on secondary data in Vizag district. They have concluded that though DIC programme in principle is an excellent tool for rural industrialisation and for
ensuring decentralised sectoral growth the DIC in Vizag is yet to make significant dent on problem which is of large magnitude.26

24. **M.C.Gupta (1987)** says that small industries has been characterised as the seed bed of an economic system, a vital place of new products, new technologies and new entrepreneurial talent. But numerous studies have shown that small industries immensely suffer due to inadequate finance. Without proper financing, there can be no efficient planning of small industry nor purchase of material, nor production, nor marketing, nor any fair profit.27

25. **According to K.C.Reddy (1988)** the problem of small industries together forms a vast complex where the parts regarding the material production, quality control, finance and marketing etc. cannot be solved separately. The credit and financial problems have to be tackled as part of the whole programme, if they are to be solved. For without proper finance, there will be no effective planning, nor purchasing of material, nor any fair profit, the latter in its turn forming the foundation of finance itself.28

26. **Gupta and Shamlal (1990)** evolved a developmental strategy based on primary data collected from 6 villages of Bani and Lohai-Malhar of district of Kathua. The study suggested planned dispersal of local raw materials based small and cottage industries and support of agri-allied activities.29

27. **Poojary (1996)** in his paper attempt to analyse the policies and promotional programmes of the central and state governments. The quantitative aspect of the development of small sector was studied with secondary data, published annually by the DICs of Karnataka. The study period covered was from 1982-1993. He concluded that the performance of small scale industries in the employment creation was very positive. He found that inter-district spread of small-scale industries was uneven and lop-sided.30

28. **Peter (1996)** appraised the performance of small scale industries by drawing a sample of 543 SSIs established under 14 DICs located at different district and 10 supporting institutions namely SICOP, SIDCO, Commissioner of industries, RBI, SFC, SISI, ITCO, NSIC and SIDBI. The study attributed prevalence of sickness among SSI units to lack of co-ordination between DIC and other supporting institutions. The other factors identified were inadequate technical
support to the entrepreneurs, delay in the provision of infrastructural facilities, delays in payment of bills, low recovery of bank funds, innumerable laws etc.  

29. Mensah J.V. (2002), compared the business performance of 175 SSI with support from promotional institutions and those without support, using output-labour ratio, output-capital ratio, capital-labour ratio, jobs created, capacity utilisation, profit-capital investment ratio and price-cost margin variables. He suggested reorientation of the enterprises towards business practices, strengthening collaborative framework between promoters and supporting institutions and minimising financial, manpower, and logistical constrains through government policy measures.  

30. Kumar and Mishra (2002) studied the efficiency trend in the Indian small-scale industry for the period 1973-74 to 1994-95, using alternative techniques of deterministic frontier production function. The study concluded that the efficiency of this sector had been improving since 1985-86 and reached its full potential in 1991-92 through 1994-95. Thus providing some tentative evidence of economic reforms being effective to some extent due to capital intensity, Capital utilisation and labour productivity.  

31. Murthy and Misra (2002) conferred the dimension of industrial sickness in India based on secondary information furnished by reserve bank of India. The paper appraised the increasing role of banks and financial agencies namely RBI, SBI, and SICA in combating the menace of industrial sickness.  

32. Mallick and Rath (2002) analysed the impact of institutional support to 150 small women entrepreneurs from Blassore, Kuttaack, Bhubaneshshwar, Ganjam, Sambalpur and Rourkela district of Orissa. The study found that the special entrepreneurship development programmes for women such as reliance scheme, Mahila Udyam Nidhi scheme, Mahila Vikas Nidhi Scheme, assistance to association scheme an interest subsidy IFCI scheme are insufficient unless financial support from Orissa OSFC and SIDBI is provided.  

33. Gupta Sanjiv (2003) has forecasted that fixed capital investment and production in SSI sector would experience significant growth from 2008 to 2019-20 but the number of units and employment are expected to observe meagre growth indicating low absorption of labour force in this sector. In the light of forecast for
low employment, it is imperative that the state government should take concreted economic policy initiatives to strengthen industrial base in Punjab.\textsuperscript{36}

34. Ganeshmurthy and Manickam (2003) attempt a study on the growth of Small-scale industries during liberalisation. They concluded that the growth of small scale industries in India was noteworthy since liberalisation in spite of the various problems like credit constraints low level of technology limited opportunities and low accessibility to business services, low entry barriers, managerial blinkers and shortage of raw materials.\textsuperscript{37}

35. Supriya and Shrinath (2003) administered a list of 71 qualities adding success and 52 qualities hampering success grouped under 5 heads on 100 small scale entrepreneurs in Tamil nadu for generalising qualities entrepreneurs should posses for the successful running of their business . The finding identified managerial and personal causes for small business success or failure and impelled for need to restore leadership ,trust, integrity , ethics, sense of self worth etc. at present being sandwiched between multiple layers of society.\textsuperscript{38}

i. A research paper “Small industry and globalisation”, is published by M.H. BalaSubrahmanya in May 2004. In this paper he concluded that technological upgradation and in house technological innovations and promotion of inter-firm linkages need to be encouraged consciously and consistently. Small industry should be allowed to come up with only in designated industrial areas for better monitoring and periodic surveys through DICs should enable policy corrections from time to time.

36. Sahoo (2004) focused his study on the role of small scale manufacturing industries in India. His study was based on data from Laghu Udyog samachar from 1973-74 to 2001-02 and used growth study. The study concluded that the economic growth becomes really meaningful only when people participate extensively in the production process, the real challenge of growth is to provide full employment.\textsuperscript{39}

37. Subramaniam(2004) analysed technology and technical process in small scale electrical machinery and industry based on secondary data at four digit classification during preand post liberalisation period. He collected data from DIC, Coimbatore upto Dec 31\textsuperscript{st} 2003 .He concluded that the technical progress
had increased indicating the technological capability of the firms in the post liberalisation period. 40

38. Ayana Nair (2004) attempt to study production function and technical efficiency in small scale machinery and machine tools industry during pre(1980-90) and post (1991-2003) liberalisation period. Data pertaining to study was collected from DIC Coimbatore. She concluded that the Liberalisation policies failed to bring about significant changes in the technical efficiency of the reference industry during the post liberalisation period. 41

39. Narayana (2004) attempted to analyse the impact of growth, sickness and closure on production and employment in the small scale industries of Karnataka. He found that the patterns of growth of SSI considerably declined during the study period. There have been interdistrict disparities in the state and the largest number of closures was in the post reforms period. 42

40. Cummins, Gilmore and Carson (2004) attempted to identify the core competencies involved in SME marketing, Management decision making and how they change and develop in SMEs overtime. The study was empirical, based on a qualitative methodology comprising of in depth interviews the owner managers of the small firms. They identified the core competencies as knowledge, experience, communication, judgement and networking as fundamental to small firm decision making. 43

41. Sum, Kow, Chen (2004) developed taxonomy of operation strategies based on cost, quality, delivery and flexibility among high performing small enterprises organised in 3 strategic clusters namely efficient innovators, differentiators and allrounders in Singapore. Analysis showed significant differences in the operational posture, financial performance and the kinds of improvement programmes under taken by above mentioned clusters. Efficient innovators excelled in innovation related priorities as well as in cost. Differentiators competed on quality, flexibility and delivery but at the expense of high cost. Allrounders rely on marketing rather than operations for competitive advantage. Efficient innovators the best overall financial performance. 44

42. Sardana (2004) made a strong plea for formulating a business plan to exploit the strengths and opportunities and transform weaknesses and treats to advantages for ensuring the survival and longevity of small scale enterprises. The study
identified decision making and controls, operational efficiency, response to change, relationship management and low cost as strength and lack of financial controls, inadequacy in business management, power imbalance, absence of specialisation, absence of business strategy, lack of quality, lack of clustering, and lack of technological superiority as weaknesses which can be overcome through proper exploitation of opportunities such as exploding market, customised products/services, seeking alliances with global units, outsourcing and changing business environment and there by preparing to encounter threats posed by the external environmental sources namely globalisation impaling to produce low cost, better quality and high tech new products.45

43. Jones, Knotts and Udell (2004), investigated the effect of product related factors such as business risks, demand and market acceptance on failure of 1700 American small business. The result of regression and discriminant analysis authenticating t-test findings identified selling price, technology transfer and commercialisation stage as the significant predictors providing on shelf status to the products of SSI units. The paper observed that failed SSIs were more likely to face problems of price strategy, easy imitation of technology and non existence of characteristics attracting market readiness.46

44. Kaippacharya (2005) analysed the impact of economic reforms using structure schedule on the 82 rural small scale enterprises located in Kannur district of Kerala. The results found negligible impact of the reforms on employment, earning capacity and availability of raw materials where as output, productivity, market access, diversification, safety of labour and capital were found to be more vulnerable to unsustainability. To support economically unsustainable RSSEs, the study suggested development of rural financial markets, trade fares, advertisement, displays etc. to improve marketing of rural industrial products, cost reduction, improvement in the quality of products and dissemination of market information to customers.47

45. Annapoorani (2005) analysed the impact of economic reforms on the productivity performance of small scale industries in India. She concluded that in the post reform period there had been an increasing trend in partial factor productivity and total factor productivity.48
46. Tagoe, Nyarko and Anuwa-Amarh (2005), examined the impact of financial sector liberalisation by reviewing documents and interviewing people from a bank, a non bank financial institutions and the national board for small scale industries on electric mechanical, printing and manufacturing firms in Ghana. Lack of access to formal credit attributed to differential risk perceptions of financial institutions, weak SME-investors relations and persistent government borrowing leading to credit crunch for small enterprises. The paper, however recommended improved information management, improved investor relation schemes, reduced government borrowings, establishment of credit guarantee schemes and diversification of bank portfolio as possible strategies to overcome credit constraints. 49

47. A Research paper “Strategies to strengthen credit flow to SMES” is published by Dr V.S.Kaveri in 2005. In this paper she remarks that the SSI sector deserves liberal institutional credit due to its unique contribution in terms of creation of employment, foreign exchange earnings, reduction in regional disparities etc. But in reality, such supply of institutional credit is too meagre and often delayed. 50

48. The work on “Role of DIC in rural industrialisation; a case study of Chitradurga district” of the Karnataka state, covering a period of 1995-96 to 1999-2000 was made by R. Hiremani Naik. The study evaluates the impact of DIC in promoting rural industrialisation in Chitradurga district, he concluded that the taluka wise concentration of employment in the district indicates that the urban industrialisation is moving ahead and DICs are neglecting rural industrialisation and employment. 51

49. Keshab Das (2007) has noticed that with an impressive history of small firms development policy in post independence India SMEs dominate the industrial scenario through their contribution to generation of employment and income and also tackling the problems of regional disparities. Despite an elaborate and dynamic policy framework the progress of SMEs is hindered by some basic constraints as poor credit availability, low level of technology and inadequate infrastructure. 52

50. Vidya Suresh (2007) studied the importance of SSIs in the economy and impact of economic reforms on growth patterns and productivity performance of SSIs.
However he has pointed out that SSIs are faced with numerous problems which make them uncompetitive.  

51. **Garg R.K and Jain Sumit (2008)** said that Indian small scale industry is witnessing a very difficult time in global market after liberalisation and globalisation of economy. As a result competition among small scale manufacturer is become stiff. Escalating material prices and reducing profit margin have contributed for small scale manufacturer. There is need of change felt to adopt cost cutting technology, upgradation and supportive system to add to the competitiveness.  

52. **Loveesh Bhandari and Sumita Kale (2008)** stated "With liberalisation ,the priority sector lending to small borrowers has taken a back seat. Yet manufacturing activities need to be expanded to ensure a sustainable high growth path. Growth of bank credit to industry if one way to measure how far this need is being fulfilled. Given the rise of consumerism , in the last decade in the country, it is increasingly difficult for banks to show preference to industrial needs resulting in falling proportion of credit to industry in total credit".  

53. **Gautam Rajkumar and Raghbir Singh (2009)** stated that in the liberalised era, the SSI sector is facing competition from domestic as well as foreign companies. Its position is not very encouraging. It is necessary for the government to provide infrastructure and incentives for the survival growth of small scale industries.  

A research paper “Small-scale food processing industries”- a case analysis is published by R.Nandagopal and P.Chinnaiyan in June 2004 . In this paper he suggests that the globalisation create serious challenges for Indian small scale industries.  

A research paper “Strategies to strengthen credit flow to SMEs” is published by Dr V.S. Kaveri in 2005. In this paper she remarks that the SSI sector deserves liberal institutional credit due to its unique contribution in terms of creation of employment, foreign exchange earnings, and reduction in regional disparities.
Conclusion:

In this chapter research methodology of the study is discussed. The objectives, hypothesis of the study, sample size, limitation of the study is discussed.

From the review of literature reported above, it appears that some studies have focused on Role of DIC for the development of small scale industry, factors affecting the SSI development. Some of them have studied the impact of Government policy, programmes and role of financial and other institutions and Entrepreneurship Development Programmes in the Entrepreneurship Development. Suggestions were offered. Some researchers have endeavored to bring out the ranking of motivating factors for entrepreneurship development, while others have highlighted how entrepreneurs and the society perceive growth. Some studies have also thrown light on problems faced by entrepreneurs and have suggested measures to overcome such constraints.

Many economists pointed out that the small-scale industries have remarkable place in the economic development of the country. Numerous researchers and authors have worked on small-scale industries and functions of DIC.
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9. Ramakrishna K.T “Finance of SSI in India” Bombay 1962 page 10
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53. Vidya Suresh (2007) “Competitiveness of small scale industries in India”