CHAPTER VI

SUMMARY OF THE FINDINGS, SUGGESTIONS AND CONCLUSION
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The role of small scale industries is important as they act as an effective instrument for creating employment opportunities within a limited range of capital requirement. It has been realized in all the developed and developing countries that the SSI directly help largely the weaker sections of the society to develop their economic conditions. Small scale industries are the backbone of industrial development of our country.

In view of this, the government of India has rightly recognized small scale industries as the engine of growth in the present millennium. For sustainable higher growth of the small scale industrial sector, top priority should be given to financial support. State and Central government should facilitate the growth of small scale industry mainly through creating conducive environment for producing and marketing of products and services of small scale sectors.

Central and State Governments have reviewed the support system to small enterprises from time to time and provided infrastructure to this sector. The commercial banks have extended good help in developing SSI sector in the country. The Banking Commission in its report considered existences of institutions who offered services like promotion of industrial and service projects, investment management and financial advisory services within the country and for exports. The commission pointed out that there is necessity of institutions that offer services to small entrepreneurs in project formulation, preparation of project reports, techno
economic studies and giving advice on technology, management, quality and finance issues. In last two decades the commercial banks on their own or with the help of other agencies have taken up the job of advising small, prospective entrepreneurs about project report preparation, evaluation, planning and executing of projects. Most of public sector and private sector banks have opened merchant banking divisions for this purpose. Few of the banks term the department as entrepreneurial clinic cum guidance centers. Central and State Government institutions help in development and initial hand holding functions for the SSI entrepreneurs. Up-gradation and use of these specialized institutions to changing needs is equally important.

Moreover the Government announces various monetary and fiscal measures in all the budget proposals for its growth and development in the country. Apart from economic aspects, the social value of small scale industrial sectors given the most significant role in attainment of self reliance, a reduction in disparities of income, provide employment to a large number of people, remove regional disparities and facilitate mobilization of local resources in the country.

This chapter provides the detailed findings of the study with implications for SSI activities, prospects and problems in Chennai City. The findings pertaining to SSIs at All India, Tamil Nadu and Chennai level are presented crisply. Taking into account all these aspects, a study was conducted to find out the problems of SSI units in the industrial estates with special reference to Chennai City. It also concludes the findings of the
study and provides suitable suggestions for the development of SSI activities.

**Small Scale Industries in India, Tamil Nadu and Chennai City**

The small-scale industry (SSI) continues to remain an important sector of the economy with noteworthy contribution to GDP, industrial production, employment generation and exports. As per the Census of Registered and Unregistered units half for the year 2008-09, there were 115.22 lakh SSI units in the country out of which 15.54 lakh were registered working units and 99.68 lakh unregistered units. It is found that during 2008-09, the number of SSI units has increased to 115.22 lakh from 110.10 lakh in the previous year registering a growth of 4.7 percent. It is interesting to note that in the year 2011-12, the number of SSI units has been increased to 163.02 lakhs with 15.64 lakhs registered and 147.38 lakhs unregistered units.

The investment in SSI in India has declined to Rs.14684.5 million in 2000-01 and Rs.22915.36 million in the year 2011-12. The growth rate of investment increased from 4.90 percent in 2000-01 to 5.16 percent in 2002-03, but the year 2007-08 shows the negative growth of investment in India. During the year 2008-09, the investment in SSIs in India was 2.852 millions and its growth rate of investment has shown a positive trend from previous year from -4.95 to 3.09. But it is interesting to note that the rate of investment rose to 6.61 in 2011-12 and 3.254 millions was invested in SSIs in India.
The value of production at current prices by the SSI units also increased by 11.6 percent in particular it is increased from Rs.348059 crore from Rs.311993 crore during 2008-09 and accounted for about 40 percent of the gross value of the output in the manufacturing sector. The sector is estimated to have grown at the rate of 7.5 percent at constant prices over the previous year. But in 2011-12, the production at current prices rose to Rs.790804 crores and the production at constant prices rose to 273660 crores and accounted for 9.2 percent.

The export growth of SSI sector is increased from 31.5 to 34.4 percentages from 1996-2009. The correlation analysis is applied on the variables all India export and SSIs contribution. The Karl Pearson’s coefficient of correlation is r=0.999 and it shows that the contribution of SSI production to export performance is highly significant in the years from 1996-2009.

The average rate of growth of production SSI sector is estimated at 7.7 percent and the average growth in employment was about 3.7 percent per annum during the Ninth Plan respectively. During first two years of the Tenth Plan, the average growth remained almost the same lent over 2 percent higher than growth in overall industrial sector. This gives an employment elasticity of about 0.5 for the SSI sector. The target of employment generation in the SSI sector by the terminal year of the Ninth Five Year Plan was 185 lakhs persons in 2006-07, giving an additional of 25 lakhs persons from the base year i.e. 2001-02. This is much higher than the target of additional employment fixed for the Ninth Five Year Plan.
The employment opportunities through small scale industries increase significantly. It is observed that the increase ranges from 3.4 percent to 4.9 percent. Employment is estimated to have increased to 273.97 lakhs persons in 2008-09 from 261.38 lakhs persons in the year 2007-2008. In the year 2010-11, the number of persons employed in SSI in India is 303.31 lakhs but in 2010-11 it were only 294.21 lakhs and this shows a growth rate of 4.5 to 4.8 percent in the year 2010-11 to 2011-12.

The growth of SSIs in India is increasing significantly in every year except the decline in the year 2000-01. In the span of 10 years from 1999-2009 the growth rate increased from 10 percent to 12.45 percent. The contribution to GDP was 5.68 percent and it is increased significantly to 6.75 percent significantly in the year 2009.

Growth rate of production was 12.32 percent, Rs.450242 lakhs was exported from small scale industry and its growth rate of exports stood at 20.75 percent. But in the year 2009-10, the growth rate of production reduced to 10.32 percent and the rate of exports declined to 11.36 percent and Rs.238752 was exported through small scale industry.

The labour productivity was Rs.74.37 thousand in the year 1999-00 which has increased continuously up to the year 2005-06 as Rs.142.04 thousands. Average output per employee in small scale industry in India has been declined to 79.32 thousands in 2006-07 and 94.28 thousands in the year 2009-10. The growth rate of labour productivity was -66.29 percent in 1990-91 which shows the negative growth of labour
productivity in India. But in the year 2001-02 the growth rate has been increased as 46.15 per cent, further it has declined to 4.60 per cent in the year 2009-10.

It is interesting to note that the R Square value is 0.955, this represents that 95.5 percent of the growth in the production of Small Scale Industries is accounted for by the variation in the rate of growth of investment, volume of units involved in the process of production, employment in the form of workers involved in the production.

The State has recorded an annual growth rate of 10.69 percent in number of registered units. 13.10 percent in investment deployed, 16.34 percent in output and 9.38 percent in employment. The State accounts for 12.6 percent of registered SSI units in the country, 12.1 percent of output and 15.7 percent of employment during 2007-08. The Table below shows the comparison of some of the parameters between Tamil Nadu and the country as a whole. The total number of registered SSI units in the State has increased from 4.49 lakhs in 2007-08 to 4.75 lakhs in 2008-09 thus recording a growth of 5.7 percent. It is interesting to note that there is a tremendous increase in the registration of SSI in Tamil Nadu, in the year 2010-11, the number of registered units was 6.89 lakhs but it rose to 7.60 lakhs in 2011-12.

The investment made in the sector increased from Rs.12569.34 crores in 2007-08 to 13291.50 crores in 2008-09 resulting in a growth of 5.7 percent. Consequently the output from SSI units has also increased from Rs.89781 crores in 2007-08 to Rs.94939.80 crores in
2008-09 registering a growth of 5.75 percent. In 2011-12, 39438 crores were invested in SSI units in Tamil Nadu.

The employment provided by this sector has increased from 31.42 lakhs in 2007-08 to 34.18 in 2008-09 with a growth of 8.78 per cent. It is interesting to note that in the year 2010-11, 47.98 lakhs were provided employment but it rose to 51.97 lakhs during the year 2011-12. The continuous increase in the employment potential of SSI is also noticed in the span of 13 years from 1999 to 2012.

The production of SSI units in Tamil Nadu is increased by 76.44 percent in ten years. In the year 2003-04 a maximum increase of 16.69 percent in production was noticed. From the table it is clear that the production of SSIs in Tamil Nadu shows a continuous increase from the year 1999-00 to 2011-12. It is interesting to note that in the year 2000-01, the production of SSI was 30541.01 crores but in 2011-12, the production rose to 166951.19 crores.

During 1999-2009 the export performance of SSIs shows an increase of 55.95 percent, especially the export was increased from Rs.149872 lakhs in 1999-2000 to Rs. 256487 lakhs in 2008-09. This shows that the SSI sectors in Tamil Nadu are highly successful in export performance. The maximum of 12.22 percent increase in the export performance was noticed in the year 2001-02 and a minimum of 1.07 percent was observed in the year 2000-02. The average percentage of increase in the production of SSI sectors in Tamil Nadu is 5.56 percent.
The export in SSIs in Tamil Nadu during the year 2011-12 was 27135 lakhs but it was only 257122 lakhs in 2009-10.

The assistance provided by the bank 2000-2001, 4408.8 crors and disbursement 3838.5 crores. In the year 2004-2005 8,699.3 crores was sanctioned and 4,385.3 crores was disbursement. But the year 2007 - 2008, 10, 996.8 crore was sanctioned and 6729.2 crores was disbursed. There has been a continuous increase in the assistance provided by SIDBI to the small-scale sector. It can be seen from the table that over a period of five years sanctions have grown by 95 percentage and disbursements by 85 percent.

Financial assistance sanctioned by SIDBI increased by about 4 times in 2000-01 as compared to 2000-01 and disbursements has increased by about 3 times in 2003-04 as compared to 2000-01. In the year 2003-04, Rs.10260 was the loan sanctioned but Rs.6960 amount of loan amount was disbursed and in the year 2000-01, it was Rs.2410 amount of loan was sanctioned and Rs.1840 amount of loan was disbursed.

State Financial Corporations to small scale sector during the year was Rs.1750.90 but the total disbursements by SFC were Rs.2782.70. In the year 2009-10, the total disbursements was Rs.2005.06 and the disbursements to SSI by SFCs was 1427.94, that is nearly three quarter (71.2 percent) of the financial assistance was disbursed by SFC to the small scale industrial sectors.
The assistance provided by commercial banks to SSI sector has increased from Rs.29485 crores in the year 1995-96 to Rs.67634 crores in the year 2004-05. The increase is more than double time. The percentage share to SSI has increased in the beginning years. But it has decreased in the later years. This may be due to the fact that assistance to other sectors may be more than the SSI sector.

FTCs in the year 2002-03 the number of jobs completed was 8004. It has increased to 15150 jobs in the 2004-05 and 10590 jobs upto November 2005. The number of tests performed has increased from 34508 in 2002-03 to 57269 in 2004-05 and 37424 up to November, 2005.

The Institute organises training courses of duration ranging from one month to two years. During 2003-04 the institute trained 386 candidates. During 2004-05 up to December, 2004 it has conducted 11 such programmes and 470 candidates participated. For the remaining period of three months ending March 2005 it has estimated to conduct 7 more programmes and 250 candidates are expected to participate.

As on 1991 there were only 16326 permanently registered small-scale units in Chennai district, which was grown to 49568 as on 2012. It is found from the source of information of government that major concentration of the industry is found clustered in and around Mambalam-Guindy area. Guindy industrial estate is containing a maximum of 23.6 percent followed by Port-Thondairper Taluk with 10411 units accounting for 23.1 percent. Other Taluks share is less than 20 percent. A minimum percentage of 9.01 SSI units exist in Saidapet Taluk. Similarly in land and
buildings of SSI units the maximum of 21.26 percent is found in Guindy industrial estate followed by Port-Tondiarpet (20.82 percent), Perambur-Purasaiwakkam (17.72 percent). The share of other Taluks both in number of units and investment generation is less than 20 percent.

It is inferred that the number of registered micro manufacturing units is 11185, the number of registered micro service units is 16967, and the number of units registered in small manufacturing and small service units is 2288 and 5730 respectively.

The SSI total number of 9733 units that exist in the district as on 2011-12, 1652 units are there in chemicals and chemical products and 1411 units in non-metallic products but in textiles, it stood only 79 units. Large number of persons was employed in leather and leather related products, chemical products, and in machinery and equipments related SSIs.

It is inferred that 994 workers were employed in leather goods in making boots and shoe, 588 persons were employed in tailoring industry and there was 594 and 196 units respectively in the year 2013. In candle sticks manufacturing industry, the total number of units was 246 and 492 persons were employed in the same industry.

It is ascertained that the production of sambrani dominates the Handicrafts industries in Chennai district with a percentage worked out to 19.19 percent. The minimum concentration of handicrafts industries are on potteries and plastic wire chairs with a percentage 12.79 per cent. The
maximum number of 18.75 percent workers is found in sambarani production and minimum amount of 12.53 percent employment is generated in the production of plastic wire chairs.

The investment made in SSI sector of Chennai city increased from 7589.62 to 39510.89 in 2007-2008 resulting in a good growth in 6 years. In the year 2011-12, the total investments made in small scale industries in Chennai City was Rs.41567.35 lakhs and it was just Rs.27228.21 lakhs in the year 2010-11.

The employment potential is the SSI sector of Chennai city increased from 15104 in 2002-2003 to 31278 in 2007-2008 and shows a positive growth in the span of 6 years, the maximum employment potential was noticed in the year 2007-2008. This table reveals the employment opportunities of SSIs in Chennai City show an increasing trend from 2006 to 2008, and it is interesting to note that in the year 2011-12, total number of units in small scale industries is 18106 and 53906 persons were employed in this sectors,

The production of the SSI sector of Chennai city shows an increasing trend in the span of 6 years. The production of SSI units in Chennai city increased from 8652.85 lakhs to 215443.15 lakhs during the years 2002-2008. It is clear from the table, during 2011-12, 34323 lakhs has been produced in 18106 units of small scale industries. This shows the production through SSI industries in Chennai city is significantly increasing.
During the year 2004-05, the exports made in SSI units in Chennai City was Rs.10510.88 lakhs but it reduced to 19774.90 lakhs. It is interesting to note that the total amount of exports from this sector in Chennai City stood at Rs.21573.30 lakhs during the year 2011-12. This is due to various role played by both the central and state governments in promoting the growth and export activities of small scale industries.

During 2003-04, the IDBI sanctioned assistance worth Rs.1511 crores to the SSIs out of the total sanction of Rs.4580.60 crores. It means that about one-third of total industrial assistance was given to SSI sector alone.

It is interesting to note that the R Square value is 0.942, this represents that 94.2 percent of the growth in the performance of Small Scale Industries is accounted for by the variation in the rate of exports made by SSIs, rate of growth of investment in SSIs, volume of units involved in the process of production, employment in the form of workers involved in the production of SSIs.

**SUGGESTIONS**

1. Success of an enterprise irrespective of the scale of operation depends mainly upon the competitive nature of its products, managerial efficiency and process technology. For the adoption of improved technology the government and financial institutions need to play a dynamic role by providing technical guidance and timely
credit to SSIs considering limited resources of the small entrepreneurs.

2. Although certain level of protection is necessary for the healthy growth of the SSI sector, the protection beyond some reasonable limit like pricing and marketing of the products would do more harm than good to the overall efficiency and productivity of the sector. Infrastructure development is vital for the development of the small enterprises. As the industry has made remarkable growth in the regions having adequate infrastructural facilities rather than cash subsidies will prove more productive.

3. The technological innovations are generally labour saving which pose a real danger by depriving employment to a large number of persons. Economic wisdom demands employment opportunities in the absence of which man cannot survive and the wisdom lies in the women entrepreneurship because of its labour intensive characteristics. The technological progress should have trickle down effect by creating additional job opportunities in the related activities. However, the irony is that much of the success in technological progress has not benefited the humanity even in the developed countries, which are now facing the problem of increasing unemployment as they have failed to manage the technological progress.

4. The proposed National equity fund for the upgradation of technology and improvement of skills among women entrepreneurs must be
effectively utilized. The SSIs avail various benefits provided by the center and state government for the promotion of small scale industries should be asked to provide information periodically to the respective directors to identify the pattern of their growth.

5. The government should take initiatives to increase the number of SSIs by inculcating the ideas of entrepreneurship in schools and colleges by introducing a new academic curriculum. Proper technical education should be given to women in particular.

6. Effective steps should be taken by the government to create entrepreneurial opportunities among men and women, and steps should be taken to develop their knowledge and skill and to raise their level of motivation for SSI development.

7. As self-employment breeds entrepreneurship, Government should undertake more and more self-employment programmes and proper training should be given to bathe rural and urban people. Free training facilities should be provided in all fields of enterprises.

8. SSIs should be made aware of various credit facilities, financial incentives and subsidies.

9. Government should take steps to develop markets in rural and semi-urban areas so that SSIs can sell their products easily in the nearest markets. More and more fairs and exhibitions should be arranged for SSI products.
10. It is indispensable to give adequate and timely credit being a key factor in catalyzing entrepreneurship, it is highly essential to involve bank managers/ SSI specialists from banks at the pre-training, training and post-training phases of entrepreneurship development programmes.

Conclusion

Industrial sector in India stretches from the highly organized sector compromising of large and medium and some modern small scale industries to some unorganized sector consisting of traditional industries like village and small industries. While the performance traditional segment of village small industries has been unsatisfactory in terms of production and productivity. Its modern segment is gaining importance because it serves as the training ground for entrepreneurs.

Emphasis on the development of SSI in India has emanated from the belief that the small units serve a multiplicity of objectives such as decentralization of industry, generation of employment, mobilization of resources, distribution of economic power and rural development. The role of small scale industries is an effective instrument for creating employment opportunities with in limited range of capital requirement. It has been realized in all the developed and developing countries that the SSIs directly helps the needy and poor to develop their economic back round.

SSIs undertake risk and they are engrossed to do things in different ways adapting newest techniques and use strategies to lessen their
expenditure. SSIs react positively to all challenges and struggle hard to accomplish goals. Decision makers have realized that innovation and analyzing the threats and opportunities available in the market is the essential factor for the success of an organization.

Small Scale Industrial sector has stimulated economic activity of a far reaching magnitude and created a sense of confidence among large number of entrepreneurs about their vitality and viability. It is emerging as a self reliant sector and does nor depends on subsidies for its existence. The small scale industrial sector has been recognized as an effective instrument in the development of backward and rural areas. Apart from economic aspects, the social value of small industries sector justified its being given the most significant role in attaining the main objectives such as removal of poverty, attainment of self-reliance, a reduction in disparities in income, wealth and consumption standards and regional imbalances etc. Small scale industries generate a large number of employments.