CHAPTER-I
INTRODUCTION AND RESEARCH DESIGN

1.1 INTRODUCTION

Worldwide, micro, small and medium enterprises (MSMEs) have been accepted as the engine of economic growth in promoting equitable development. MSMEs constitute over 90 per cent of total enterprises in most of the economies and are credited with generating the highest rates of employment growth. They account for a major share of industrial production and exports. In India too, the MSMEs play a pivotal role in the overall industrial economy of the country. MSMEs in India account for more than 80 per cent of the total number of industrial enterprises and produce over 8000 value-added products. It is estimated that in terms of value, the sector accounts for 45 per cent of the manufacturing output and 40 per cent of the total export of the country and employs over 6 crore people.

Further, in recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. As per available statistics, this sector employs an estimated 6 crore persons spread over 2.6 crore enterprises and the labour intensity in the MSME sector is estimated to be almost 4 times higher than the large enterprises.

The Micro, Small and Medium Enterprises sector have acquired a prominent place in the growth of the Indian economy. The role of micro, small and medium enterprises in the economic and social development of the country are well established. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation.
This sector contributes 8 per cent of the country’s GDP, 45 per cent of the manufactured output and 40 per cent of its exports. The MSMEs provide employment to about 60 million persons through 26 million enterprises. The labour to capital ratio in MSMEs and the overall growth in the MSME sector is much higher than in the large industries. The geographic distribution of the MSMEs is also more even. Thus, MSMEs are important for the national objectives of growth with equity and inclusion.

The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. While one end of the MSME spectrum contains highly innovative and high growth enterprises, more than 94 per cent of MSMEs are unregistered, with a large number established in the informal or unorganized sector. Besides the growth potential of the sector and its critical role in the manufacturing and value chains, the heterogeneity and the unorganized nature of the Indian MSMEs are important aspects that need to be included in policy making and programme implementation.

1.2 HISTORICAL CONTEXT

India has traditionally always had a very vibrant and competitive small scale sector. Even after the dawn of industrialization, British producers of textiles found hand made Indian textiles such a threat that they lobbied hard to have its import banned, succeeding in the late eighteenth century. After independence, Indian planners and policy-makers felt that protection was essential to the development of a strong, indigenous economy. The Indian state played an integral role in the industrial and economic development of the country resulting in a dominant public sector and heavily regulated private sector. Public policy,
immediate post independence, ensured this through the reservation of certain industries in the public sector and also controlling and regulating the private sector, so as to channel investment into desired areas. India also followed a policy of ‘import substitution.’ This was followed by putting strong emphasis on indigenous production, and discouraging imports through import licensing, stiff quantitative restrictions and high tariff rates. Thus the first four decades after independence saw the development of a highly protected economy.

Owing to the feeling that the small scale sector was an important tool in employment generation, value creation and poverty alleviation, small scale units were given further protection. Small scale units were given the reservation of over 800 products’ exclusive production in the small-scale sector, reservation of some of the products produced in the sector for purchase preference by government agencies, supply of scarce materials, input price concessions like lower interest rates and numerous fiscal measures such as excise duty exemptions and other tax concessions.

In 2006 a new bill was passed, ‘The Micro, Small and Medium Enterprises Development Act, 2006. Formation of MSME in India is governed by MSMED Act 2006. The registration under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is for aiding the promotion, development and improving the competitiveness of Micro, Small and Medium enterprises. Registration of a firm under the Act is a means to avail the benefits available to MSMEs like easy finance availability from Banks, preference in acquiring Government tenders, stamp duty and octroi benefits, concession in electricity bills, timely receipt of payments from the buyers or debtors, reimbursement of ISO Certification expenses and so on.
All sectors and classes of enterprises, whether Trading, Hindu undivided family, Service or Manufacturing, Co-operative society, Partnership firm, Proprietorship, Association of persons, Company or Undertaking, can apply for the registration and get qualified for the benefits provided under the Act. The Act also envisages the setting up of a National Board for Micro, Small and Medium Enterprises which are supposed to “examine the factors affecting the promotion and development of these enterprises and review the policies and programs of the Central Government in regard to the facilitating the promotion and development and enhancing the competitiveness of such enterprises.”

This Board is also to make recommendations to the government on the matter of the development of such enterprises and how to overcome their problems. Post 1990 has seen a gradual opening up of the sector due to the policy of liberalization with some of the products being de-reserved and increasing competition from within India and abroad as well. However a large number of the products remain reserved, making this a sector which is still highly regulated.

1.3 CONCEPT OF MSMEs

MSME can be defined from the aspect of the number of people employed and amount of investment in plant and machinery. From the viewpoint of a number, micro enterprise is defined as an enterprise, which employs fewer than 10 persons, small enterprise is defined as an enterprise, which employs fewer than 50 persons and medium-sized enterprise is defined as an enterprise, which employs fewer than 250 persons.

From the viewpoint of investment in plant and machinery and equipment the Micro, Small and Medium Enterprises Development Act, 2006 are defined
Micro, Small & Medium Enterprises. The Act classified Micro, Small and Medium Enterprises (MSME) into two classes:

(a) **Manufacturing Enterprises**: The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation) Act, 1951. The Manufacturing Enterprise is defined in terms of investment in Plant Machinery.

**Micro Enterprises**: Does not exceed twenty five lakh rupees  
**Small Enterprises**: More than twenty five lakh rupees but does not exceed five crore rupees  
**Medium Enterprises**: More than five crore rupees but does not exceed ten crore rupees

(b) **Service Enterprises**: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

**Micro Enterprises**: Does not exceed ten lakh rupees:  
**Small Enterprises**: More than ten lakh rupees but does not exceed two crore rupees  
**Medium Enterprises**: More than two crore rupees but does not exceed five core rupees

### 1.4 ROLE OF MSMEs IN INDIAN ECONOMY

In a developing country like India, the role and importance of Micro, Small and Medium Enterprises is very significant towards poverty eradication, employment generation, rural development and creating regional balance in promotion and growth of various development activities.

The Micro, Small and Medium Enterprises have been playing an important role in the growth process of the Indian economy since independence.
in spite of stiff competition from the large sector and not very encouraging support from the government. The following are some of the important role played by Micro, Small and Medium Enterprises in India.

1.4.1 Employment generation:

The basic problem that is confronting the Indian economy is increasing pressure of population on the land and the need to create massive employment opportunities. This problem is solved to a larger extent by Micro, Small and Medium Enterprises because Micro, Small and Medium Enterprises are labor intensive in character. They generate huge number of employment opportunities. Employment generation by this sector has shown a phenomenal growth. It is a powerful tool of job creation.

1.4.2 Mobilisation of resources and entrepreneurial skill:

Micro, Small and Medium Enterprises can mobilize a good amount of savings and entrepreneurial skill from rural and semi-urban areas remain untouched from the clutches of large industries and put them into productive use by investing in Micro, Small and Medium Enterprises. Small entrepreneurs also improve social welfare of a country by harnessing dormant, previously overlooked talent. Thus, a huge amount of latent resources are being mobilized by the Micro, Small and Medium Enterprises for the development of the economy.

1.4.3 Equitable distribution of income:

Small entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive. Thus Micro, Small and Medium Enterprises ensure equitable distribution of income and wealth in the Indian society which is
largely characterized by mere concentration of income and wealth in the organized section keeping unorganized sector undeveloped. This is mainly due to the fact that Micro, Small and Medium Enterprises are widespread as compared to large industries and are having large employment potential.

1.4.4 Regional dispersal of industries:

There has been a massive concentration of industries in a few large cities of different states of the Indian union. People migrate from rural and semi urban areas to these highly developed countries in search of employment and sometimes to earn a better living which ultimately leads to many evil consequences of over-crowding, pollution, creation of slums, etc. This problem of Indian economy is better solved by Micro, Small and Medium Enterprises which utilize local resources and brings about the dispersion of industries in the various parts of the country thus promotes balanced regional development.

1.4.5 Provides opportunities for development of technology:

Micro, Small and Medium Enterprises have tremendous capacity to generate or absorb innovations. They provide ample opportunities for the development of technology and technology in return, creates an environment conducive to the development of small units. The entrepreneurs of small units play a strategic role in commercialising new inventions and products. It also facilitates the transfer of technology from one to the other. As a result, the economy reaps the benefit of improved technology.

1.4.6 Indigenisation

Micro, Small and Medium Enterprises make better use of indigenous organizational and management capabilities by drawing on a pool of entrepreneurial talent that is limited in the early stages of economic development.
They provide productive outlets for the enterprising independent people. They also provide a seedbed for entrepreneurial talent and a testing round for new ventures.

1.4.7 Promotes exports

Micro, Small and Medium Enterprises have registered a phenomenal growth in export over the years. The value of exports of products of small-scale industries has increased significantly. This contributes about 40 per cent India's total export. Thus they help in increasing the country's foreign exchange reserves thereby reduces the pressure on the country's balance of payment.

1.4.8 Supports the growth of large industries

The Micro, Small and Medium Enterprises play an important role in assisting bigger industries and projects so that the planned activity of development work is timely attended. They support the growth of large industries by providing, components, accessories and semi finished goods required by them. In fact, small industries can breath vitality in the life of large industries.

1.4.9 Better industrial relations

Better industrial relations between the employer and employees helps in increasing the efficiency of employees and reducing the frequency of industrial disputes. The loss of production and man-days are comparatively less in Micro, Small and Medium Enterprises. There is hardly any strikes and lock out in these industries due to good employee-employer relationship. Of course, increase in the number of units, production, employment and exports of Micro, Small and Medium Enterprises over the years are considered essential for the economic growth and development of the country.
1.5 PERFORMANCE OF MSMEs IN GLOBALISATION ERA

Globalization has stretched the social, political and economic activities of countries beyond political frontiers, regions and continents. This has resulted in a rapid flow of investments, trade, finance and migration. Micro, Small and Medium Enterprises were deeply affected by a globalization of the markets; Globalization has rapidly gained momentum as a result of certain factors. They are: Rapid technological advances in accessing and disseminating information have resulted in a reduction of costs and complexities of going global. The world markets are now open to new products and services, and the Micro, Small and Medium Enterprises which were earlier limited by cost considerations are open to export opportunities.

The protective tariff and non tariff barriers, which separated domestic markets from international markets, are slowly coming down. This has given Micro, Small and Medium Enterprises an option to either operate in the protective domestic environment or accept the challenge of facing competition in the international arena. The Micro, Small and Medium Enterprises segment has its strength and weaknesses and therefore created a niche for itself by its unique positioning in terms of offering value added services and being flexible and yet cost effective. Being a small setup, the decision making process is quicker and services and product offered are more customizable. The entrepreneur is ideally the sole decision maker or at the most a small group of people who reach a consensus relatively easily. The committee approach is avoided and the lag time between getting an offer on business opportunities and grabbing the offer is kept at a minimum. When it comes to the question of improving the competitive strength of their Micro, Small and Medium Enterprises sector, the developing
countries, despite realizing the need and urgency to do so, are constrained to extend the required kind of support to them because of their own limitations, some of which could be grouped as under:

- Financial limitations.
- Lack of necessary infrastructure.
- Lack of know-how the expertise.
- Lack of expertise to forge cooperation among MSMEs of different countries.
- Problems related to transition such as the rigid mind set, resistance to change both at administrative and enterprise levels.

**1.6 CHALLENGES OF MSMEs**

The Micro, Small and Medium Enterprises have to depend heavily on the open market for scarce raw materials. The prices of such raw materials are more than the controlled prices. The larger part of the raw is taken away by the large industries. So small scale industries have to struggle hard for obtaining the raw material. This may be attributed to a government’s faulty distribution policy of raw materials. All the other incentives, which are provided by the government would have only a marginal impact unless these are accompanied by a regular and uninterrupted supply of raw materials.

Another important challenge before Micro, Small and Medium Enterprises sector is of finance. The small producers require capital for various business activities. But assets are negligible and they cannot furnish sufficient security, they cannot obtain the capital from banks. Most of the Micro, Small and Medium Enterprises have commonly relied on dealers for the advance payment. They depend upon dealers while buying raw materials and marketing their
products. Many advantages of large scale production are absent in the case of Micro, Small and Medium Enterprises. Hence they cannot cope up with the unequal contest”. Though the government is providing finance through various schemes, such provisions are not adequate. Though public sector banks and cooperative banks offer credit supply to Micro, Small and Medium Enterprises on soft conditions, small producers remain unaffected for the security reasons.

The Micro, Small and Medium Enterprises’ many productive activities are being constrained by inadequate physical infrastructure. Power is a severe constraint. Small firms cannot afford captive generation, since it is out of their financial reach. They cannot get regular and sufficient power supply from the state electricity board. Transportation and communication also put constraints on the activities of Micro, Small and Medium Enterprises.

Marketing is one of the basic problems faced by Micro, Small and Medium Enterprises. They have no special marketing arrangement. So their products compare unfavorably with the quality of the products of large scale industries. Micro, Small and Medium Enterprises sector lag behind in the competition. The small units do not have adequate ‘staying capacity’ due to shortage of financial resources. The problem of sickness is another important issue before the Micro, Small and Medium Enterprises.

The globalization process has adversely affected the Micro, Small and Medium Enterprises. The new industrial policy was marked by considerable deregulation and delicensing. The industrial sector opened to both internal and external competitions. The government lowered the tariff level. It also removed quantitative restrictions. Due to policy of globalization, Micro, Small and Medium Enterprises are threatened by cheaper and better quality goods.
1.7 ISSUES FACING THE MSMEs IN INDIA

The major issues faced by the Micro, Small and Medium Enterprises in India are explained in the following pages.

1.7.1 Lack of Institutional Credit

For smaller enterprises access to timely and cheap finance is possibly the biggest problem. Traditionally Micro, Small and Medium Enterprises have been seen as risky investments for banks as they did not record very high growth rates. Added to this, the sector’s informal business practices and poor information flow have ensured that banks have stayed away.

1.7.2 Marketing

One of the most difficult challenges that Micro, Small and Medium Enterprises face is marketing their products effectively. These units often lack the economies of scale required to undertake large marketing initiatives. This is one area which has also been neglected by the sector due to the disincentives to grow that exist in the system of reservations and protection. However the rising pressure to the reserve products and increasing imports of these products mean that the sector will now be forced to look at the matter of marketing more seriously if they wish to survive.

1.7.3 Labor standards and pollution

The small sector has an abysmal record when it comes to labor standards and following environment and pollution norms. Though the Micro, Small and Medium Enterprises has been protected for nearly five decades now, it has not meant a protection of those whose livelihoods depend on it. Small sector workers have neither benefited economically nor have they gained a political platform for articulating their demands. Blatant violations of labor norms are a well known
feature of the small sector. Much has been said about the small sector’s potential for creating employment; yet the state has imposed few norms and conditions on the creation of safe and healthy working environments in the small and tiny units.

In fact, time and again, the small sector has got away with gross negligence of worker safety on the plea that creating better conditions of work would involve investments which the units are not capable of making. A combination of structural, administrative and political factors has combined to ensure that there has been no sustained articulation of labor demands of this sector. While the small entrepreneur has been provided protection, the state has quite callously denied the provision of similar protection to small industry workers.

Small units are today very major polluters. Small sector units are major pollutants partly because of the old and obsolete technologies they use, but mostly due to the general lack of concern for these aspects. These units are very often able to get away with their infringements of the law, as they are small and therefore do not attract attention, and also using the fact that they are small as an excuse for not being able to improve conditions.

1.8 ROLE OF MICRO ENTERPRISES IN RURAL INDIA

Traditionally, rural households in developing countries have been viewed as exclusively engaged in agriculture. There is an increasing evidence that rural households can have highly varied and multiple sources of income and that, rural households can and do participate in a wide range of non-agricultural activities such as wage employment and self-employment in commerce, manufacturing and services, along with the traditional rural activities of farming and agricultural labor. This can be largely attributed to the policy initiatives taken by the
Government of India, to encourage and promote the setting up of agro-based rural industries.

The emphasis on micro enterprises has always been an integral part of India’s industrial strategy, more so, after the second Five Year Plan. Micro enterprises play an important role in providing employment opportunities in the rural areas, especially for the traditional artisans and the weaker sections of society. Development of micro enterprises can also prevent the migration of rural population to urban areas in search of employment.

Micro enterprises are significant as producers of consumer goods and absorbers of surplus labour, thereby addressing the problems of poverty and unemployment. These enterprises contribute amply to other socioeconomic aspects, such as a reduction in income inequalities, dispersed development of industries and linkage with other sectors of the economy. In fact, promotion of micro enterprises and rural industrialization has been considered by the Government of India as a powerful instrument for realizing the twin objectives of ‘accelerated industrial growth and creating additional productive employment potential in rural and backward areas.’ However, the potential of micro enterprises is often not realized fully, because of several problems related to size.

1.9 MSMEs IN TAMIL NADU

The MSME sector has a major contribution to the economy of Tamil Nadu. Tamil Nadu has 8.44 Lakh registered MSMEs as on 28.2.2013. This sector contributes about 10 per cent to the GDP, provides employment to about 58.83 Lakh persons and accounts for a total investment of Rs. 48,189 Crores. MSMEs in Tamil Nadu produce over 8000 varieties of products including engineering
products, electrical, electronics, chemicals, plastics, steel, cement, paper, matches, textiles, hosiery and ready-made garments.

As per the 4th All India Census of MSMEs (2006-07) Tamil Nadu Accounts for 14.95 per cent of the total working enterprises in the country. 15.24 per cent of these enterprises are micro enterprises, which is the highest in the country. 9.60 per cent of them are small enterprises, which is the 3rd highest in the country. Further 9.21 per cent are medium enterprises, which is the 2nd highest in the country. MSMEs in Tamil Nadu provides the largest number of employment in the country (15.32 per cent).

1.10 STATEMENT OF THE PROBLEM

Among the micro, small and medium enterprises, micro enterprises are an important segment of the Indian economy. The sector enjoys the pride of being second largest employer in the country and offers a wide spectrum of products for consumers. The sector serves as a Greenfield for the nurturing of entrepreneurial talent enabling the micro enterprises to graduate into small, medium and large scale over a period of a time. The liberalized policy of the Government of India has posed certain challenges and provided opportunities to the micro enterprises. The challenges are in the form of increased competition; reduce protection due to lowering of tariffs, withdrawal of subsidies and incentives and market determined rate of interest. The new environment for micro enterprises consists of the changes emerging from the ongoing process of economic reforms and to the fast changing economic, technological and information environment in India.

The micro enterprises are one of the most vibrant and sensitive sectors in Indian economy. The significance of micro enterprises is attributable to its capacity of employment generation, low capital and technology requirement, use
of traditional or inherited skill, use of local resources and mobilization of resources. The micro enterprise occupies a significant role in the total manufacturing sector of the Tamilnadu. Tamilnadu has been in the forefront, with a proactive policy to stimulate the growth of this sector.

The importance of micro, medium and small scale enterprises can be seen by the fact that it accounts for 95 per cent of industrial units, 40 per cent of output in the manufacturing sector and 30 per cent of exports. At present there are about 5.57 lakhs of registered micro and small enterprises in Tamilnadu with a total investment of Rs. 19,36,406 lakhs which have provided employment to nearly 40 lakhs persons.

The micro enterprises were deeply affected by liberalization and globalization of the markets. Development of micro enterprises is the most important for developing the rural economy, value creation, alleviating poverty and generating employment in the rural area. At this backdrop, the study of the production and marketing of micro enterprise products is quite important for formulating sound policies for the future. Hence, the present study aims to analyze the production and marketing of micro enterprise products in the Tiruvarur district of Tamilnadu.

1.11 SCOPE OF THE STUDY

The study is restricted to Tiruvarur District of Tamilnadu. It is also restricted to the units which are registered with DIC, Tiruvarur district only. It is also confined to the food product industries which are having existence for five years and more than five years. This study will be helpful to draw up a further policy for developing micro enterprises and will act as a secondary data for further research.
1.12 RESEARCH GAP

A study of the production and marketing of the micro enterprise products has been ignored by researchers in the Indian context. This study fills the research gap. Hence, an attempt has been made by the researcher to study the production and marketing of micro enterprise products in the study area.

1.13 OBJECTIVES

The main objectives of the study are;

1. To study the growth and development of Micro, Small and Medium Enterprises in India
2. To analyze the production and marketing of micro enterprise products in the study area
3. To examine retailers opinion about micro enterprise products in the study area
4. To study customer satisfaction with micro enterprise products in the study area
5. To offer viable suggestions for the development of micro enterprises in the study area

1.14 HYPOTHESIS

The following hypotheses were formulated keeping the content and coverage of the framed objectives. The formulated hypotheses are tested by employing appropriate statistical tools.

1. There is no significant difference between the amount of credit and productivity of the micro enterprises.
2. There is no significant difference between demographic variables of the micro enterprise proprietors and their sales.
3. There is no significant difference between demographic variables of the retailers and procurement of food products from micro enterprises.

4. Irrespective of nature of retail outlets all the retailers perceive the same level of satisfaction with quality, price, packaging, taste and brand image of food products of micro enterprises.

5. There is no significant difference in the mean scores obtained from the respondents for customer satisfaction.

6. The customer satisfaction factors such as Product Features, Quality, Price, Packaging, Services, Brand, and Promotions are positively related to overall customer satisfaction.

7. There is no significant difference between demographic variables of the customers and their level of satisfaction with micro enterprise products.

1.15 METHODOLOGY

The study analyzes the production and marketing of micro enterprise products in Tiruvarur district of Tamilnadu. Survey method has been used to collect the required data for the research.

1.15.1 The Study Region

The study was conducted in Tiruvarur district of Tamilnadu. Tiruvarur district is one of the 32 districts in the Tamilnadu state of India. The district occupies an area of 2161 km². It lies between Nagapattinam district on the east and Thanjavur district on the west, and is bounded by the Palk Strait on the south. The district headquarters is Tiruvarur town. The district has a population of 1,268,094 as of 2011. It is 79.71 per cent rural population and 20.29 per cent urbanized. It has a literacy of 76.90 per cent, slightly higher than the state average. The economy of the district is basically agrarian and about 75 per cent of the
work force is depending on agriculture. Due to existence of a vast rural population, a large number of micro enterprises particularly food product units doing their business in the district to cater the need of the people in the district. Hence, this district is purposefully selected by the researcher to analyze the production and marketing of micro enterprise products.

1.15.2 Data collection

Data have been collected from both primary and secondary sources. The primary data have been collected with the help of a questionnaire. The researcher personally visited all the micro enterprises and collected information from micro enterprises in Tiruvarur district.

The secondary data were collected from the reports of Tamil Nadu Small Industries Development Corporation Limited, Tamilnadu Industrial Development Corporation and the information available from District Industries Centre, Tiruvarur District were used. For literature, various books, journals, research reports, magazines, manuals and newsletter reports on micro, medium and small scale industry.

1.15.3 Sample Size

The district has been divided into 2 Revenue Divisions and 7 taluks, 4 Municipalities, 10 Blocks, 7 Town Panchayats and 430 Village Panchayats. There are 4389 registered micro, small and medium enterprises are functioning in the district.

The industries include Manufacture of Food Products and Beverages and Packaged water, Ready-made garments and embroidery, Wood/wooden based furniture, Paper products, Furniture and Engineering units. The micro enterprises which are producing food product industry is purposively selected for the study.
There are 322 registered food product units functioning for more than five years in the district, fourteen units from each taluk were selected as a sample by random sampling technique (drawing lots). Thus 98 units were selected for the study, which constitute 30 percent of the total units.

Since the number of consumers and retailers in each Taluk is large, the consumers and retailers could not be selected on a proportional basis. Therefore, 30 consumers and 30 retailers from each taluk were drawn on the basis of non-probability purposive sampling method. Therefore, the total sample size is 98 micro enterprises, 210 retailers and 210 consumers.

1.15.4 Construction of Tools

The interview schedules have been structured by the researcher himself. For identifying the variables to be used in the schedules, the researcher conducted a trial interview with 10 micro entrepreneurs, 10 retailers and 10 consumers. A rough draft of the schedules was prepared and was circulated among fellow researchers for critical evaluation. The draft was then revised in the light of their comments. The revised schedules thus prepared were given to 15 micro entrepreneurs, 15 retailers and 15 consumers for a pre test. Their suggestions were incorporated and the final draft is prepared.

1.15.5 Statistical Techniques

The statistical tests used in the study include, Simple Percentage, Mean, and Standard Deviation, t-test, ANOVA test, Chi-square test, Correlation matrix and Garrett Ranking Technique. SPSS (Statistical Package for Social Sciences) version 16.0 was used to compute and analyze the data.

1.16 PERIOD OF THE STUDY

The period of study pertains to 5 years from 2008-09 to 2012-13.
1.17 LIMITATION OF THE STUDY

The study has some limitations need to be acknowledged and addressed regarding the present study.

1. The study is limited to food products manufactured by the micro enterprises only, thus, its findings cannot be generalized to other products and other enterprises.

2. The study was carried out in Tiruvarur district of Tamilnadu. Thus, its finding cannot be generalized to other area due to geographical variation and customers’ preferences.

3. The study is purely based on the manufacturers, retailers and customer’s opinion. The researcher felt that they might express a biased opinion, which may limit the validity of the study.

4. Respondents’ opinion may change from time to time and the responses are subject to variation depending upon the situation and the attitude of the respondents at the time of the survey.

5. As a convenience sample was used, the results of the study are only representative of those who participated in this research study. This imposes limitations on the generalization of the results of the study.

6. This research focuses on the scope of the food products micro enterprises. Consequently, it may be difficult to transfer the findings to other products of the micro enterprises.
1.18 SCHEME OF THE REPORT

The present study has been classified into seven chapters. The First Chapter presents the introduction and design of the study. It includes a statement of the problem, objectives of the study, hypothesis, methodology, construction of tools, sample design, the geographical coverage of the study, the period of the study, limitations of the study and scheme of the report.

The second chapter deals with the review of earlier studies in the area of micro, small and medium enterprises.

The third chapter highlights the growth and development of Micro, Small and Medium Enterprises in India.

The fourth chapter relates the production and marketing of micro enterprises in the study area, Tiruvarur District of Tamilnadu.

The fifth chapter is pertained to the opinion of the retailers about micro enterprises in the study area.

The sixth chapter analyses the customers’ satisfaction with micro enterprise products in the study area.

The last and final chapter presents the summary of findings and suggestions based on the study and it also includes the conclusion of the study.