CHAPTER I

INTRODUCTION AND DESIGN OF STUDY

1.1 Introduction

India has made considerable economic progress since its Independence. Most noticeable are the expansion and diversification of production both in industry and agriculture. New technologies were introduced in many industries. Industrial investment took place in a large variety of new industries. Modern management techniques were introduced. Entirely new classes of entrepreneurs have come up with the support system from the Government, and a large number of new industrial centres have developed in almost all parts of the country. Over the years, the Government has built the infrastructure required by the industry and made massive investments to provide the much-needed facilities of power, communications, roads etc. A good number of institutions were promoted to help entrepreneurship development, provide finance for industry and to facilitate development of a variety of skills required by the industry as well as agriculture. The Government also followed a policy of encouraging indigenous industries and provides them all facilities and encouragement.
Growth in the industrial sector was buoyant during the current financial year 2010-11. The manufacturing sector, in particular, showed a remarkable robustness, growing at rates of 12.6 percent and 9.9 percent respectively, during these two quarters. Thereafter industrial output growth has begun to moderate. This compares with global trends as global manufacturing continued to rebound post crisis till the first half of 2010 and has thereafter moderated. India’s post recovery industrial output growth has been largely driven by a few sectors such as the automotive sector along with a revival in cotton textiles, leather, food products, and metal products. Some sectors have shown extreme month-on-month output volatility. The impact of favourable monsoon on the domestic-demand-driven industrial sector has not been widespread. On the consumer non-durable segment, in particular, it has not been discernible so far but is expected to be visible in the fourth quarter of this fiscal year. The role of MSMEs in the economic and social development of the country is widely acknowledged. They are nurseries for entrepreneurship, often driven by individual creativity and innovation, and make significant contributions to the country’s GDP, manufacturing output, exports, and employment generation. MSMEs contribute 8 per cent of the country’s GDP, 45 per cent of manufactured output, and 40 per cent of exports. The labour-capital ratio in MSMEs is much higher than in larger industries. Moreover, MSMEs are better dispersed. In view of these factors, MSMEs are important for achieving the national objective of growth with equity and inclusion. Industrial credit to micro and small enterprises (MSEs), including service-sector, grew at a higher rate of 21.5 per cent in November 2010 compared to 19.3 per cent during the corresponding period of the
previous year. Further, industrial credit to MSEs in the manufacturing sector grew at 16.9 per cent during November 2010 as compared to 19 per cent during November 2009.

The report of the Task Force on Micro, Small and Medium Enterprises, 2010, provides a roadmap for the development and promotion of MSMEs. The detailed recommendations cover six major thematic areas, namely credit, marketing, labour, rehabilitation and exit policy, infrastructure, technology and skill development, and taxation as also special measures for the north-eastern region and Jammu and Kashmir. The implementation of these recommendations is being monitored periodically by the Steering Group constituted under the chairmanship of Principal Secretary to the Prime Minister. Further, a Council on Micro, Small and Medium Enterprises under the chairmanship of the Prime Minister has been set up to lay down broad policy guidelines and review the development of the MSME sector.

The National Manufacturing Competitiveness Programme (NMCP) is the nodal programme of the Government of India for developing global competitiveness among Indian MSMEs through improvement in their processes, designs, and technology and market access. With the balance three schemes operationalized this year, all its ten components are now under implementation. These ten components include Building Awareness on Intellectual Property Rights for MSMEs, Scheme for providing Support for Entrepreneurial and Managerial Development of SMEs through Incubators, Enabling the Manufacturing Sector to be Competitive through Quality Management Standards and Quality Technology Tools (QMS/ QTT), Mini Tool
Rooms under PPP mode, Marketing Assistance Support to MSEs (Bar Code), Lean Manufacturing Competitiveness Programme for MSMEs, Promotion of Information & Communication Tools (ICT) in the Indian MSME Sector; Design Clinics Scheme for MSMEs, Marketing Assistance and Technology Upgradation Scheme for MSMEs, and Technology Quality Upgradation Support to MSMEs.

In line with the overall target set by the Prime Minister’s National Council on Skill Development, the Ministry of MSME has taken up skill development as a high priority area. The agencies under the Ministry will conduct skill development programmes for about 4.16 lakh trainees during 2010-11. Further, the Ministry aims to train 4.78 lakh trainees in the year 2011-12 through its various programmes for the development of self-employment opportunities as well as wage employment opportunities in the country.

The Government has adopted the cluster approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of MSEs and their collectives in the country. The guidelines of the MSE Cluster Development Programme have been comprehensively modified to provide higher support to the MSEs. During 2010-11, 12 new clusters were taken up for diagnostic study, 11 new clusters for soft interventions, and 6 clusters approved for setting up of common facility centres (CFCs). With this, a total of 471 clusters spread over 28 States and seven UTs have so far been taken up for diagnostic study, soft interventions, and setting up of CFCs and efforts are under way to cover more and more clusters from all the States/UTs.

Under the Credit Guarantee Fund Scheme for Micro and Small Enterprises, over 1.5 lakh MSE proposals for an amount of 7568 crore have been
approved for extending loans without collateral/third party guarantee during the year thereby registering a growth of over 150 per cent in terms of number of proposals and over 200 per cent in terms of credit amount over the corresponding period of last year. Cumulatively, about 4.50 lakh MSE proposals for loans of 18,946 crore have been approved under the scheme up to November 2010. Under the Credit Linked Capital Subsidy Scheme, 15 per cent capital subsidy is provided upfront on loans subject to a maximum of 15 lakh, for technology upgradation through adoption of well established and improved technologies approved under the Scheme. The ambit of the Scheme was recently enlarged to include 201 new technologies, including 179 in the pharmaceutical sector. During the year 2010 1963 MSEs have been assisted and subsidy amounting to 117.3 crore has been sanctioned.

Under the Prime Minister’s Employment Generation Programme (PMEGP) launched in August 2008, over 2.65 lakh applications have been received up to November 2010, of which 1.13 lakh have been selected by the District Level Task Force concerned for assistance. Financial assistance for 30,881 projects has been sanctioned by banks and loans were disbursed in 23,059 cases which will give employment to about 2.31 lakh persons. It is expected that 6 lakh additional employment opportunities will be generated in 2010-11. A flexible growth stimulating and artisan centric scheme named Market Development Assistance (MDA) to promote production and sales of khadi and polyvastra has been introduced from 2010-11. The scheme provides for assistance up to 20 per cent of the value of production to be shared among artisans, producing institutions, and selling institutions in the ratio 25:30:45.
The Government has tied up financial aid from the Asian Development Bank (ADB) amounting to US$150 million over a period of three years for implementing a comprehensive Khadi Reform Programme worked out in consultation with the ADB and Khadi and Village Industries Commission (KVIC). Under this reform package, it is proposed to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment for artisans, and artisans’ welfare and to enable the KVIC to stand on its own with gradually decreasing dependence on Government grants. Initially, the programme will be initiated in 300 khadi institutions keeping the needs of regional balance, geographical spread, and inclusion of backward areas in view. The first tranche fund of 96 crore has already been released to the KVIC for implementation of the programme.

Micro, small and medium enterprises (MSMEs), including khadi and village/rural enterprises constitute an important segment of Indian economy in terms of their contribution to country’s industrial production, exports, employment and creation of an entrepreneurial base. The Government of India established the Ministry of Small Scale Industries and Agro & Rural Industries (SSI&ARI) in October, 1999 as the nodal Ministry for formulation of policies and Central sector programmes/schemes, their implementation and related coordination and for supplementing the efforts of the States/Union Territories for promotion and development of these industries in the country. The Ministry of SSI&ARI was bifurcated into two separate Ministries, namely, Ministry of Small Scale Industries and Ministry of Agro and Rural Industries in September, 2001.
1.1.1 History of Small Scale Industries

Traditionally India has always had a very vibrant and competitive small scale sector. Even after the dawn of industrialization, British producers of textiles found handmade 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, immediately post independence, ensured this through the reservation of certain industries for 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. The government has also been very muddled in its definitions of the
word ‘small-scale’ itself. In 1997 the definition stood at a unit with investment in plant and machinery of Rs. 60 lakhs or less. This was raised to Rs. 3 crore, so as to encourage small units to expand and grow and upgrade their technology. In 2000 however the government lowered the limit to Rs. 1 crore, ostensibly because dilution of the small industry category as a result of setting the investment ceiling too high works against the genuinely small units which really need the government's support. In 2006 a new bill was passed, ‘The Micro, Small and Medium Enterprises Development Act,’ which defines the enterprises as the following, “a small enterprise, where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees.” The act also envisages the setting up of a National Board for Micro, Small and Medium Enterprises which is supposed to “examine the factors affecting the promotion and development of these enterprises and review the policies and programmes 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.

Subsequent to enactment of “Micro, Small and Medium Enterprises Development Act (MSMED) 2006” by the Parliament, the Hon’ble President under Notification dated 9th May 2007 has amended the Government
of India (Allocation of Business) Rules, 1961. Pursuant to this amendment, Ministry of Agro and Rural Industries and Ministry of Small Scale Industries were merged into a single Ministry, namely, “Ministry of Micro, Small and Medium Enterprises.” The Second Schedule of the Government of India (Allocation of Business) Rules, 1961, indicates the business allocated to the Ministry of Micro, Small and Medium Enterprises although, the primary responsibility for promotion and development of MSMEs lies with the State Governments. However, the Government of India in recognition of potential of these enterprises both in terms of creation of wealth and employment as well as the need for country-wide unified framework of policies and measures for their promotion and development has always taken active interest in supplementing the efforts of State Governments through various policies and schemes. The role of the Ministry of Micro, Small and Medium Enterprises is mainly to assist the States in their efforts to promote growth and development of MSMEs, for enhancing their competitiveness in an increasingly market-led economy and for enabling them in generating additional employment opportunities. Besides, the Ministry also attempts to address common concerns of these enterprises and undertakes policy advocacy on behalf of the sector on issues critically affecting their sustenance and growth. The specific schemes / programmes undertaken by the Ministry and its organisations seek to facilitate / provide one or more of the following:

- adequate flow of credit from financial institutions/banks;
- support for technology upgradation and modernisation;
- integrated infrastructural facilities;
• modern testing facilities and quality certification;
• access to modern management practices, entrepreneurship development and skill upgradation through appropriate training facilities;
• support for product development, design intervention and packaging;
• welfare of artisans and workers;
• assistance for better access to domestic and export markets; and
• Cluster-based measures to promote capacity-building and empowerment of the units and their collectives, in addition to all or some of the above-mentioned supports.

The micro, small and medium enterprises (MSME) sector contributes significantly to the manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of the total exports of the country. The sector is estimated to employ about 59 million persons in over 26 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. It is well known that the MSME sector provide the maximum opportunities for both self-employment and jobs after agriculture sector. Recognizing the contribution and potential of the sector, the definitions and coverage of the MSE sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006
which recognized the concept of “enterprise” to include both manufacturing and services sector besides, defining the medium enterprises.

1.2 Statement of the Problem

Non-farm sector activities is one of the options available to sustain the economic development of the district and enhance the livelihood of the people. The abundant natural resources in the district can facilitate development of the secondary sector. With the focused attention given by Government of India in the policy announcement made in respect of Small and Medium Enterprise (SME) sector, which envisages doubling the quantum of bank loans in five years, the non farm sector would be strengthened. Planning for and lending to NFS is essential for ensuring integrated development of the district.

The availability of land for non-agricultural purposes is limited, which is one of the factors hampering the industrial development. The Kanniyakumari District occupies just 1.2 percent of the total geographical area of the state and density of population is the highest in the state at 995 per sq km as against the state average of 478. In terms of literacy the district stands first.

As per 2001 census, the urban workers form 64 percent. The agricultural labourers constitute more than 4 times the cultivators. Marginal workers constitute 17 percent of the workforce. The registered unemployed workers are as high as 2.13 lakh. Of the nine blocks in the district, Agastheeswaram, Rajakkamanagalam blocks and the Colachel Municipality have been categorized as industrially backward areas.

The district Industries Centre had identified 238 agro processing industries suitable for Kanniyakumari District. The district with a coast line of 72
kms has ample potential for fish processing. In the district, presently there are seven private fish processing units handling around 25 tonnes per month. The district offers good scope for rubber industries as well as for handicrafts and cottage industries. Apart from activities based on coconut and rubber, temple jewellery, lace embroidery, terracotta, carved furniture, shell items, banana fibre, palm leaf products, art – metal, granite stone carving, brick making and honey processing are largely practiced in the district. The district is known for minerals like illemenite, monazite, zircon, rutile and garnet. About 72 mining/quarrying units and Government of India owned company Indian Rare Earth Ltd are functioning in the district. All the nine blocks in the district are involved in small scale industrial activities. The district lags behind in industrial entrepreneurship despite high literacy rate, large number of educated youth, wide network of roads and railways, telecommunication facilities, adequate number of bank branches and abundant natural resources, primarily due to high labour cost, cost of land and migration of labour to the nearby State Kerala.

Agro and food processing industry has a significant role in increasing value addition to agriculture and horticulture produce, diversification and commercialization of agriculture, reduction in wastage of horticulture produce, generating new employment and enhancing export earnings. Post harvest technology and management plays a crucial role in value addition to agriculture. The agro processing industry sector includes sectors like grain processing, fruits and vegetable products, milk products, meat and dairy products and the like. As per 2008-09 report, 519 medium and small scale industries were registered in the district and have given employment opportunities to 7253
persons. Though the district is blessed with so many natural resources and agricultural products, the district has yet competent enough to compete in the export markets for one or other reasons. Hence, this study is an attempt to analyze the performance of Small Scale Industries in Kanniyakumari District.

1.3 Review of Literature

1. Berna (2001), in his study entitled, “Entrepreneurship in Madras State” highlighted the main characteristics found in the entrepreneurs such as capital, experience of business, technical knowledge and family background. These factors alone promote the growth of entrepreneurship.  

2. Ramakrishna K.T. (2001), in his study entitled, “Finance for Small Scale Industries in India” has described the nature of problems of finance with regard to small scale industries in India and the role played by the government, State Financial Corporations and Banks in financing the small scale units. His study highlighted the methods of financing followed by several countries in North and South America, Asia and Europe.

3. Retnakar Gedans (2001), in his study entitled, “Economic reforms and industrial production” has described the problems faced by the industrial sector during economic reforms such as industrial unrest, political disturbances, elections in different states, downward revision of demand estimates and curtailment of plan outlays.

4. Malcolm S. Adiseshiah (2001), in his study entitled, “Foreign Investment and Liberalization” emphasized that the country needs more investment both for domestic and foreign. While domestic investment responds to the needs of the
economy, the foreign investment begins to increase, efforts should be made to encourages this trend.\(^4\)

5. **Resia Beegam and Sarnagadharam (2001)**, in their study entitled, “Female Entrepreneurship in Kerala” revealed that though the entry of women in the entrepreneurship field is a recent phenomenon, they have been attracting the attention of policy makers and Government departments by their excellent performance.\(^5\)

6. **Mahesh Prasad (2002)**, in his study entitled, „Industrial Development“ , has established that as a result of sound policies pursued over the years, tremendous development has taken place in Indian Industry, which stands today on a sound footing. However, there are certain infrastructure weaknesses which need to be tackled to ensure further growth\(^6\).

7. **Pon Murgan (2002)**, in his study entitled, “Industrial Estates in Tirunelveli Region –An empirical study of their impact on the growth of small scale industrial units,” analyzed the impact of industrial estates on small scale industrial units located in Kanniyakumari district. The study identified the various factors which influences the growth of small scale industrial units in industrial estates in Kanniyakumari District. They are scientific sales management, budgeted production, availability of institutional finance, availability of working capital, availability of water at confessional rate, undisturbed working environment, ploughing back of profits and availability of investment subsidy, nearness to raw materials and utilization of installed capacity.\(^7\)
8. Varinder Kumar (2002), in his study entitled, as “Marketing practices in Small Scale Industries – A Study of Engineering Industry of Punjab”, has studied the importance of product, pricing, promotion and distribution aspects of marketing. He emphasizes the effect of marketing environment on small scale industries with difficulty in performing their marketing functions even with the government Assistance.8

9. Saxena (2002), in his study entitled, “Behavioral Pattern of Market place participants-A regional analysis of Rajasthan”, underlines that the growth of marketing systems is a result of historic economic factor and it is very much related with the growth of civilization, more specifically with the growth economic development, growth of population and urbanization. He also emphasized that the behaviour of market participants in each System of marketing has its own importance and suggested a strategy for the development of a more efficient marketing system.9

10. Sarma (2003), in his study examines industrial financing by national level financial institutions. The study also discussed the role of state financial institutions in financing industries of Bihar. Among other things, researcher suggested that financial institutions should also act as a guide, philosopher and promoter of industries and recommends the setting up of a Small Industries Bank.10

11. Rajendra Prasad and Seethamma (2003) had their study entitled, “Perspectives of SSI & Employment Generation in Karnataka”. They narrated that the small scale industry has made a significant contribution to the economy by increasing its share in exports, generation of employment opportunities. The
working of the small scale sector in Karnataka is progressively generating employment opportunities and contributing positively to economic growth, in this regard government must safeguard this sector from sickness as well as from unfair competition from large scale units. To conclude, we may say that the working of the small scale sector in Karnataka is progressively generating employment opportunities and contributing positively to economic growth.¹¹

12. Subbiaiah and Nananeergakrishnan (2003) in their study entitled, “Financing SSIs by Commercial Banks: A Case Study”, have analysed the financing of the small scale industries by commercial banks operating in Virunagar District under the lead Bank. The term ‘Commercial bank’ at the District level refers to all branches of public and private sector commercial banks operating in Virudhunagar District. The results of Friedman’s test indicates that there is no significant difference in the performance of commercial banks of different classifications operating in Virudhunagar District in lending to small scale industries (under the lead bank scheme) during the period under study.¹²

13. Valsamma Antony (2003) in her article, “Rehabilitation of Sick SSI Units – A Few Guidelines “has expressed that it is essential to measure the gravity of sickness before designing the nursing scheme or even before selecting the unit for rehabilitation. In order to gauge the extent of sickness a simple tool in the form of an index number may be computed based on the key elements of performance of a unit-capacity utilisation sales gross profit and net profit. The technocrats and engineers who run SSI units should be given proper training and insight into financial management and marketing techniques. The delay in
commencing the nursing should be averted as the units would sink deep into sickness with the passage of time and it would be difficult to put them back on their rails. The nursing scheme implemented should ensure availability of adequate funds for operation as the financial flexibility would go a long way in curing a sick unit.  

14. Parekh (2004), in his thesis, review the role of financial institutions and state agencies in extending credit to small scale units and pin points their attitude of indifference in catering to the needs of the tiny units. He was of the view that financial distributions have to attain their lending policies in consonance with the need of the small sector in general and the smaller among the small scale units in particular.  

15. Neelam Jain (2004) in his study entitled “Small Scale Industries in the News Millennium” said that Small Scale Industry today constitute a very important segment of the Indian Economy. Creation of employment opportunities is a matter of great relevance to India where employment and unemployment are rampant on a massive scale. Added to this is the shortage of capital. The inability of large scale sector to provide employment, is now to go for the maintenance of existence of small-scale and cottage industries. The only way out, now is to go not for the maintenance of existence of small scale and cottage industries only but also to develop this sector which requires less capital and provided the much needed support in employment level.  

said that rural industries play pivotal role in generating employment opportunities as well as reducing regional disparities in India. The khadi and village industries have to be promoted in all possible ways if at all the Government is really committed to reduce poverty unemployment and migration of rural poor to urban areas. The khadi and village industries board at Pondicherry is doing yeoman services in this respect. Nevertheless, employment generation and wages paid to workers are found to be inadequate. Especially the wages paid to the workers are not attractive even when compared to agricultural labourers.\(^\text{16}\)

17. Joselin (2004) in his article entitled, “Impact of Globalisation on Small Scale Industries in India” have concluded that the performance of SSIs were good. It had great influence in the national development. Year by year more and more companies were started and Registered under SSI sector, similarly the number of unregistered companies also increased. Small-scale Industries produced large number Manufactured in cottage and village industries at small scale level. SSIs helped the export trade is a broad way. Various small scale products like silk, handlooms, and chemical were exported. Due to the globalisation SSI sector was affected to some extent and some companies became sick due to poor quality, high cost and wrong selection of place, proper transport facilities should be provided to improve the SSI sector. SSI gives more employment opportunities to skilled semi skilled and unskilled labourers to a great extent. After globalization SSI’s were greatly affected and consequently the employment opportunities were affected considerably. In general SSI’s are a “vital part” for the nation’s development particularly for the developing countries like India.\(^\text{17}\)
18. Mathew (2004), in his article “Small and Medium Enterprises, Role Calls for Relook” had the opinion that Technology upgradation and enhanced credit are two major imperatives for the SME sector to face the demands of globalization. A cursory look at the institutional structures and policy instruments developed by countries like the U.S., the U.K, Germany Netherland and even developing countries like Bangladesh, indicate that a lot more needs to be done in order to make the SSI sector an engine of growth and a source of employment for millions in India. Finance still continues to be a major constraint. Low cost credit and affordable credit are major imperatives, they are closely linked to the credit problem. The challenges in the international market need to have their immediate corrective response at home through a more congenial policy regime.  

19. Reserve Bank of India report (2005) of the proceedings of the seminar on financing of small scale industry organized by the Reserve Bank of India identifies some of the factors responsible for borrowers shying away from commercial banks instead approaching the money lenders. The main findings of the seminar is that besides providing finance, banks should also helps small scale industry in procuring raw materials and marketing their output.  

20. Ramakrishna (2005), in his study analysis the financial assistance provided by the State in the shape of direct credit order the state aid to Industries Act, non-technical assistance in the form of external aids and credit from State Financial Corporation, State Bank of India and other commercial banks.  

21. Inderjit Singh and Gupta (2005) in a study covering small artisans in Kashmir, Inherit Singh and try to find out the role played by commercial banks in
Financing small industries, the responsiveness of their enterprises to bank finance in the state in particular and the county in general. They conclude that commercial banks have not been able to induce small artisans and small factories to benefit from bank finance.\textsuperscript{21}

\textbf{22. Shafali Nagpal and Ashvine Kumar Sharma (2005)} in their study, “Village Industry Prosperity through Growth Strategies”, have opined that over the years, village industry has been on the decline. However there has been growth in production and employment but still it is under underdeveloped. This industry has scope for tremendous growth, but it has been facing lot of problems for a long time. Due to globalization village industry is facing stiff competition and make it survive at global there is need to define strategy for its growth. The article highlights on the growth strategy for village industry.\textsuperscript{22}

\textbf{23. Jabarullahan and Rajeswari (2005)} in their study entitled, “Performance of Khadi and Village industries in India”, stated that Khadi and Village industries have a predominant role in the development of Indian Economy. The employment generated by village industries in India which was 28.83 lakh of employees in 1988-89, gradually increased to 43.38 lakh of employees in 1996 – 97. The highest employment generation of village industries was 46.88lakh of employees in 1999-2000. Khadi and village industries in India have made a commendable performance in terms of production, sales and earnings during the plan period from 1953 to 2000.\textsuperscript{23}

\textbf{24. Mathew (2005)} in his article, “Small Industry – Waiting for a new deal” shows that a review of the small and medium enterprises sector of India gives
some alarm signals. The experience from globalization and economic liberalization indicates the need for a new policy approach to the development of SMEs in a regional setting. The reality needs to be addressed in terms of endowing individuals, firms and territories with factors that will allow them to place their skills, products or services in the global market place and to compete with others. The traditional top down policies will not help in such a new approach. Innovative bottom up development policies are needed. In India panchayat raj legislation means something crucial in the area of local governance. But local economic administration is still an area where a lot more can and should be done. The cornerstone of such initiatives is likely to be small and medium enterprises which offer enormous opportunities.  

25. **Sikidar (2006)** analyses the contribution of Assam financial Corporations in the order of the region and also evaluate its performance, policies, procedure and practices.  

26. **Mohankumar (2006)** examines the role played by commercial banks in general and more particularly by state scale industries in Thiruvananthapuram district. He finds that State Bank of Travancore has failed to reach its budgets because of lack of co-operation between the different Government and financial agencies.  

27. **Jain (2006)**, in his study, examines the role of state financial corporation in industrial finance in India with particular reference to the Uttar Pradesh financial corporations. He opined that State Financial Corporation should pay greater attention forwards the financing of tiny units and also in the modernization and rehabilitation of small units.
28. Anu Lathwal (2006) in his study entitled “SSI in Haryana: Problems and Prospects” states that there is a need to provide sustenance through suitable measures to strengthen SSIs for converting the challenges into opportunities with decline in agricultural, employment and virtual stagnation in the organized manufacturing sector, employment in SSI sector does not prepared for the news challenges. There is a need to provide sustenance through suitable measures to strengthen SSIs for converting the challenges in to opportunities with decline in agriculture employment and virtual stagnation in the organized manufacturing sector, employment in SSIs sector has emerged as the only ray of hope. So a long term planning and perspective for growth of and structural changes in the small scale sector are essential.  

29. Mathew (2006), in his article entitled “Promise of the New Package” expressed that the broad manifestations of the new paradigm are a change from local/national investments to collaboration strategic alliances outsourcing and a world market. In the SME sector India has enormous potential for developing this market. While the potential remains the same initiatives exploring such potential and developing it in a crucial market segment have not taken place to a significant extent. The way ahead is yet to be properly understood and acted upon. 

30. Basu (2007) discusses the role and problems of small scale industries. Emphasizing their importance in the economic programme of the nations, he deals at length with their financial problems and the functions of the state financial corporation helping them.
31. **Balakrishnan (2007)**, in his work analyses the financial experience of public limited joint stock companies in India during 1950-52 in certain manufacturing industries in which small industries predominate.  

32. **Mohammed Sayeed (2007)**, in a study focusing on the financial problems of small scale and cottage industries in Uttar Pradesh recommends the introduction of participation loan scheme by the state Government and setting up of small business investment companies.  

33. **Subir Mehra (2007)** in his article, “SME Financing, Widening options in Access “, have narrated that Small and Medium enterprises are a major contributors to the GDP of the country and an even larger contributor to exports and employment. Their role gets magnified in a country like India where they are the catalysts of growth with a significant contribution to the manufacturing sector. A cluster based approach for the development of this sector has been actively promoted by the Government. It revolves around the identification of clusters for focused development and review of the risk profile of these clusters by professional credit rating agencies. The growing presence of multinational banks in this sector has led to healthy competition in this space. SMEs are increasingly banking with multiple institutions and exploring the innovative banking solutions being offered by the various banks. The increasing pressure on margins in corporate business has further highlighted for banks the potential of SME financing.  

34. **Shetty (2008)**, in his study by covering a selected sample of household manufacturing units in small towns and villages of Maharashtra reveals that lack
of capital resources, mainly working capital, posses the biggest constraint on their efficiency.\textsuperscript{34}

\textbf{35. Narayanan (2008)}, in this study, discusses the financial problems faced by industries in general and recommends the setting up of an industrial developments and the state level for mitigating problems.\textsuperscript{35}

\textbf{36. Ghanshyam Panda (2008)}, in his study covers the problem of raising working capital. The utilization of bank credit by small industries and their industries in backward areas and priority sectors, forms a special part of the study.\textsuperscript{36}

\textbf{37. Kalchetty Eresi (2008)}, in the study done by throws light on the various source of long term and short term finance and the problems faced by the units is raising such funds. He also enquires into policies procedures and practices of small units in managing their finance.\textsuperscript{37}

\textbf{38. Gayathri (2009)} in her article “E-commerce for SMEs in India: Some Challenges & Strategies “ Indian e-commerce is at a nascent stage but set to grow leaps and bounds in the years to come. This article tries to look into the challenges that SME’s face and the possible strategies to implement e-commerce in their organizations, another attention requiring area is prompt fulfillment of orders taking into consideration the implication of legal and tax issues when international borders are involved. Small businesses which have become the engine of economic growth in India should strive to overcome all challenges to tap potential customers on the net. Years are not far for all companies to be competing for online space. It would be wise for companies to start early to reap
the benefits. Even if not directly online presence in many cases will and retail sales of organizations.\textsuperscript{38}

\textbf{39. Mathew (2009)} has stressed in his article, “The SME Sector, A Golden Change in the Waiting“ The term recession is largely abstract to the laymen; and naturally to the SME as well, as they constitute the base of the country’s economic structure. The SMEs in India are significantly involved in agro related activities, and rural services and crafts, which have a strong relation with the agricultural sector, the phenomenon of contraction of economic activity and consequent job losses, is still an emerging phenomenon. There was the accelerating inflation which particularly hit food and other items of essential consumption and recently exacerbated by the increase in petrol prices. The SME sector in India has an unusual resilience as compared to its counterparts elsewhere in the world. It will therefore be unjustified to conclude that this sector will not be able to withstand the crisis. However an important point to be noted is that both the cause and consequence of the present crisis in the SME sector is not consequence of the present crisis in the U.S. and Europe. Distortions in public policy are plenty in India, which really harm the interests of the sector.\textsuperscript{39}

\textbf{40. Rajendran (2010)} in his article in the Survey of Indian Industry, “More active government Support vital“ stated that unless attractive incentives coupled with handholding provided by competent agencies are available industrialization will remain a dream. In Tamil Nadu, there are about six lakh registered micro and small scale units providing employment to about 40 lakh persons. The share of this sector in the state’s industrial activity is said to be substantial comprising 95 percent of all industrial units in the state and contributing up to 40 percent of
the manufactured products. The sector’s share in exports is 35 percent. As the State government is targeting to add 30,000 new units in the sector annually less than 40 percent of the total units are said to be either reported sick or suffer from incipient sickness. In respect of new units the consultancy agency will motivate the allottees to go for any activity of their choice preferably on a cluster mode by entering any of the potential sectors for sustainability.40

41. Buvaneswaraan and Karthikeyan (2010) in their article, “Agro Industries in the Global Trade Scenario” Small Scale industries play a vital role in the development of our national economy. The built in characteristics of small scale industries are relatively small size of initial capital requirement entrepreneurship and employment generation potential etc. The chamber of commerce and Association may arrange special seminars, conferences and symposia about Global Trade. More than 72 percent of people in India are engaging in agriculture activities. Operational performance of agro industries in Indian could by consisted to be satisfactory sources after implementation of new economic policy in particularly Global trade scenario. The external factors of these industries implicit their performance. In future the Government and the agro population must modify their position in the global thought.41

Kanniyakumari District

42. Siddharthan (1980), in his study entitled, ‘Entrepreneurship of Small Scale Industries – a study in Kanniyakumari District’, proved that community and economic background alone would determine the growth of entrepreneurship in Kanniyakumari District42.
43. **Selwyn Thampiraj (1995)**, in his study entitled, “A study of Sickness among Industrial Cooperatives in Kanniyakumari District” revealed that all industrial cooperatives in Kanniyakumari District are considered to be sick according to the views of Reserve Bank of India, but some of the industrial cooperatives are making profit.\(^{43}\)

44. **Thiruvaranganathan (1998)**, in his study entitled, ‘Industrial Backwardness in Kanniyakumari District’ identified the reasons for the industrial backwardness of the district\(^{35}\). His major findings are production and marketing problems of Small Scale Industries in the district.\(^{44}\)

45. **Jezer Jebanesan, Thomas Franco and Edwin S. Alexander (2007)**, in their compilation on the industrial development of Kanniyakumari District stressed that the home-coming NRIs who return with sizable savings, exposure and technical knowledge, should be entrepreneurially motivated to invest their knowledge, experience and expertise in useful industrial ventures\(^{45}\).

46. **Jezer Jebanesan (2007)** in his article entitled, “Causes for the Industrial Backwardness of Kanniyakumari District” narrated that the Entrepreneurship was always wanting and it is worth studying as to why Kanniyakumari district has always been lacking and lagging in entrepreneurship. Being a coastal district fisher folk constitute a sizable population of the district, even the successful fishnet industry in Kanniyakumari district does not owe its success to the fish folk community. On the other extreme end at the reserve forest related hill tracts and mountainous regions where the rubber cultivation dominates the other related industries and rubber related forward linkages did not get established. Commerce which has already put edible mushrooms in shop-shelves, capsule unique
mushroom derivatives for direct marketing popularized rare herbs as cosmetics and medicines, successfully sold even remote hilly sites as health resorts and holiday homes should be naturally and logically allowed to work the constructive miracles through the right entrepreneurship and sincere marketing.\textsuperscript{46}

47. \textbf{Arul Raj (2007)} in his article, “Religious Factors and Industrial Development in Kanniyakumari District” an attempt to create an egalitarian society in the erstwhile South Travancore region through universal education of the downtrodden was essentially part and parcel of the values enshrined in Christian Scriptures. And it found an echo in this district in the emergence of a new sect within Hinduism, Ayya Vazhi which was basically a protest movement from the within. A fruitful combination of the religious fervour to bring the Good News to the poor and social matrix of oppression-liberation played out among shudra castes of this district gave rise to the emergence of a new generation of people who were more attuned to produce ‘services’ rather than ‘good. A fall out of the religious endeavour to transform the shudras of this district in to a white collar people may have been a lack of interest in industrial oriented considerations.\textsuperscript{47}

48. \textbf{Johnson Raj S (2007)} in his article, “Contribution of NGOs to the Industrial Development in Kanniyakumari District “ said that the Kanniyakumari District historically known for its high human development indices a vibrant civil society and NGO movement has its uniqueness on different fields. The contribution of NGOs with regard to skill development has also taken a formal approach by establishing technical institutions like ITIs community colleges and conducting short and medium term skill development course like tailoring typing and computer use which enable harnessing of human potentials for better
industrialization of the district. There are also many examples of small production units being established by different NGOs with varying degree of success. It is obvious to note that the NGOs have played a dynamic role in facilitating industrial development in Kanniyakumari District. Unfortunately their contribution are not properly documented and adequately published or popularized. However, it can be definitely said that the potential of the NGOs is large and with the changing trends there is every hope that the NGOs will contribute more effectively to the industrial development in Kanniyakumari district.\textsuperscript{48}

**Research Gap**

The review of earlier studies consists of the performance of Small Scale industries in various parts of the Nation like Orissa, Kerala, Haryana, Uttar Pradesh, Assam, Maharashtra and so on which brought out the pitfalls and benefits of the industries. Those studies mainly concentrated on the financial background of the entrepreneurs, capital adequacy the credit facilities available, investment patterns, availability of infrastructure and the like core factors of business. Further, the studies has concentrated on the marketing aspects of product promotion, marketing strategies, training aspects and has brought to light the role of various banks in granting credit facilities to this sector. The sickness and rehabilitation of Small Scale units is the main concern in many of the studies dealt with. How far the SSI units are beneficial to the rural development and its role in the globalised economy have also studied. The studies have highlighted that the backbone of the sector is finance and the finance still continues to be a major constraint for many of the units. The industries suffer due to globalization
in facing stiff competition. It is appreciated very well that the contribution of SSIs in providing employment opportunities to many. The impact of technological innovations and E-commerce has also been studied by a few. The cluster approach introduced is the country has its own advantages in the globalised era of industrialization. The policy revision also paved the way for the better performance of the sector in many aspects. The share of SSIs in the export has to be improved to meet the growing competition. As India is an agrarian country, Operational performance of agro industries can be concentrated. As far as the Kanniyakumari District is concerned, the studies have concluded that the determination of the Entrepreneurship of Small Scale Industries is based on the community and economic background. The sickness of Small Scale Industries is mainly due to production and marketing problems. The role of Non Governmental Organizations in the formation and nurturing of skill development of Small Scale Industries has been located and appreciated. The present study concerned with the performance of Small Scale Industries in general by analyzing the overall performance of the sector in the Indian Economy and its contribution to the industrial development of the state and to the district covering many aspects like constraints of production, marketing, credit facilities, repayment performance and so on which bridge the gap of earlier studies in locating the economic stability of the small scale entrepreneurs of the district.

1.4 Objectives of the study

- To highlight the contribution of Micro, Small and Medium Enterprises in the National and State Economy
• To explore the financial possibilities of Micro, Small and Medium Enterprises

• To study the infrastructural possibilities of industrial units in Kanniyakumari district

• To analyze the problems and prospects of small scale entrepreneurs in the district

• To find the factors influencing the earning capacity of the small scale entrepreneurs

• To offer suggestions on the basis of study

1.5 Hypotheses of the Study

1. There is no significant difference between the Problems of Marketing and the Problems of Production

2. There is no significant difference between the Problems of Marketing and Problems of Purchasing Raw Materials

3. There is no significant difference between the Problems of Marketing and Problems of Purchasing Raw Materials

4. There is no significant difference between the Problems of Production and the motivators of starting the industry

5. There is no significant difference between the Problems of Marketing and the Motivators of starting the Industry

6. There is no significant difference between the Problems of purchasing Raw Materials and the Motivators of starting the Industry
7. There is no significant difference between the Preference of Small Scale Industries and Expectations of Small Scale Entrepreneurs

1.6 Scope of the Study

The study relates to the problems and prospects of Small Scale industries in Kanniyakumari District covers the entire district. A well prepared Interview Schedule has been administered among the farmers who involved in small scale industries. Both primary and secondary data have been collected and used for the purpose of the study. Out of the nine blocks in the district, only four blocks namely Agastheeswaram, Thiruvattar, Thuckalay and Munchirai blocks have been selected for study wherein many of the small scale industries are situated in the district.

1.7 Conceptual Definitions

1.7.1 Manufacturing Enterprises- The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries The Manufacturing Enterprise is defined in terms of investment in Plant & Machinery.

1.7.2 Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

1.7.3. Manufacturing Enterprises

(i) Micro Manufacturing Enterprises: The investment in plant and machinery does not exceed Rs.25 lakhs (Rupees twenty five lakhs only).

(ii) Small Manufacturing Enterprises: The investment in plant and machinery is more than twenty five lakh rupees but does not exceed rupees 5 crores (Rupees five crores only).
(iii) **Medium Manufacturing Enterprises:** The investment in plant and machinery is more than rupees 5 crores but not exceeding Rs.10 crores.

1.7.4. **Service Enterprises**

(i) **Micro Service Enterprises:** The investment in equipment does not exceed rupees 10 lakhs.

(ii) **Small Service Industries:** The investment in equipment is more than 10 (Ten lakh rupees) but does not exceed rupees 2 crores.

(iii) **Medium Service Enterprises:** The investment in equipment is more than rupees 2 crores but does not exceed rupees 5 crores.

1.7.5. **Rural Area:** It means the area comprised in any village, and includes the area comprised in any town, the population of which does not exceed twenty thousand or such other figure.

1.7.6. **Village Industries:** the term “village industries” has been redefined in amended KVIC, Act, 1956 as “any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of artisan or worker does not exceed Rs. One lakh (Rs. One lakh and fifty thousand in case of village industry located in a hilly area) or such other sum as may, by notification in the Official Gazette, be specified from time to time by the Central Government”.

1.7.7. **Industry:** An industry is a department or branch of craft, art and business or manufacturer of similar product or services. Normally industries convert raw materials into finished product.

1.7.8. **Trade:** Trade is buying and selling of goods and services. It occurs as and when people need and want things that are produced by others.
1.7.9. **Business:** Business includes activities of all commercial or trading of goods and services. These activities range small shops owned by one person to huge organizations owned by shareholders.

1.7.10. **Capital:** Capital is the sum contributed by its owner or funds raised from other sources. It is an inclusive term embracing plants, machineries, tools inventory and the financial resources for conducting business.

1.7.11. **Working Capital:** Working capital is the life blood and nerve centre of a business. No business can be run successfully without adequate amount of working capital. It is the interaction between current assets and current liabilities. It is the amount of capital necessary to run a business.

1.7.12. **Sick Unit:** The sick industrial company is a company which has at the end of any financial year accumulated losses equal to or excluding its entire net worth and has also suffered cash losses in that financial year and in the financial year immediately preceding it.

1.8 Methodology

The study is empirical in nature, which includes both primary source and secondary source. For collecting primary data, one well chalked out Interview Schedule was being prepared and administered among 150 sample respondents. For the purpose of the study, the major industrial units namely Food processing, Agro Processing, Hosiery and Garments, Wood and Furniture, and Repairing and servicing were chosen as there is wider scope for these industries in the district. The sample group consists of 37 members from Agro processing units, 42 from Food processing 43 from Hosiery and Garments units, 12 from Wood and Furniture units, and 15 from Repairing and servicing units. The
researcher has used Proportionate Random Sampling method for the purpose of the collection and analysis of data.

Table 1.1
Sample Design

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Units</th>
<th>Percentage</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Processing</td>
<td>270</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>Agro Processing</td>
<td>238</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td>Hosiery and Garments</td>
<td>272</td>
<td>29</td>
<td>43</td>
</tr>
<tr>
<td>Wood Industries</td>
<td>78</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Repairing and servicing</td>
<td>95</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>953</strong></td>
<td><strong>100</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

Food Processing units consists of producing jaggery, coconut based items, bakery products, masala powders, banana products, sweets, palmyra products, pickle making, fruit processing, edible oil and the like, Agro Processing consist of rice and flour mill, coconut oil extraction, tamarind products, flower based products, coir, banana powder, palm products and so on. Hosiery and Garments consist of tailoring and textiles units, Wood Industries consist of wood and furniture and Repairing and servicing units consist of repairing and servicing of vehicles and electrical and electronics items.

1.9 Framework of Analysis

For interpreting the development of Small Scale Industries in terms of production, productivity and export potentiality, trend analysis, Trend percentages and exponential growth rates were used. The supportive hypotheses were framed to locate the influencing factors on the income generation out of Small Scale Industries and have been tested through Yule’s coefficient of
association. The major problems and suggestions are given weights and then ranked and have been interpreted with the help of Garrett ranking. To find out the significance of the chosen indices, Kruskal – Wallis and Man-Whitney tests were used. Apart from these, Pictures, graphs and charts were used wherever necessary.

1.9.1 Factor Analysis

Factor analysis is a general term for several specific computational techniques. It begins with the construction of a new set of variables based on the relationships in the correlation matrix. The most frequently used approach is principal component analysis. This method transforms a set of variables into a new set of composite variables or principal components that are not correlated to each other. These linear combinations of variables called factors account for the variance in the data as a whole. The main objective here is to reduce the variables into manageable number of factors which facilitate easy interpretation.

1.9.2 Weighted Average Method

This is developed after developing Likert-type scales. Likert scales are developed by utilising the item analysis approach wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. It consists of a number of statements which express either a favourable or unfavourable attitude towards the given object to which the respondent is asked to react. Each response is given a numerical score to record and then weights are being imposed according to the importance of the problem. The scores are then multiplied by the weights to arrive at the weighted average ranks.
1.9.3 Garrett Ranking

It is often desirable to translate orders of merit into units of amount or scores. This may be done by means of tables. Formula is used to transmute ranking into scores. This is highly useful in the case of those attributes which are not easily measured by ordinary methods, but for which individuals may be arranged in order of merit. The formula used to transmute ranking into score is

\[
\text{Per cent position} = \frac{100(R_{ij} - 0.5/N_j)}{N_j} \quad \text{where } R_{ij} = \text{Rank given to } j\text{th for } j\text{th individual and } N_j = \text{Number of factors ranked by } j\text{th individual}
\]

By referring to the table formulated by Garrett the percentage position estimated was converted into scores. Then, for each factor the scores of various respondents were added and divided by the number of respondents to arrive at the mean score, the mean score thus obtained for each factor was arranged in descending order. The factor with highest mean scores was given first rank, followed by second, third and so on.

1.9.4 Correlation Analysis

Correlation analysis helps us in determining the degree of relationship between two or more variables. It contributes to the understanding of common behaviour, aids in locating the critically important variables on which others depend, may reveal the researcher the connection by which disturbances spread and suggest one the paths through which stabilising forces may become
effective. In this study, correlation technique is used to study the relationship between inter related variables for the chosen variables.

\[ r = \frac{\sum xy}{\sqrt{x^2 \times y^2}} \]

Further, to know the structural difference for the progress and performance of agriculture credit in the district, correlation significance analysis is used by the following formula.

\[ t = \frac{r}{\sqrt{1-r^2} \sqrt{n-2}} \]

1.9.5 ‘t’ Test

In determining whether the mean of a sample drawn from a normal population deviates significantly from a stated value of the population, the t test can be applied. This is used when the sample size is less than 30, the population standard deviation is not known, and the population is normal. This test can be further analysed through intervals either at 5 per cent or 1 per cent.

1.9.6 Trend Analysis

The easiest way to evaluate the performance of a firm is to compare its present ratios with the past ratio. When financial ratios over a period of time are compared, it is known as the trend analysis. It gives an indication of the direction of change and reflects whether the firms’ financial performance has improved, deteriorated or remained constant over time. Here trend analysis is used to measure the performance and progressing condition of area, production,
and yield of Spices, and to evaluate the Export Performance of various Spices under study.

\[ \text{Trendpercent} = \frac{\text{Currentyear}}{\text{Baseyear}} \times 100 \]

1.9.7 Man Whitney Test

This test helps us to determine whether two samples have come from identical populations. If it is true that the samples have come from the same population it is reasonable to assume that the means of the ranks assigned to the values of the two samples are more or less the same. In calculating $U$ test, treat all observations in a combined fashion and rank them from smallest to highest. In the study the researcher has used this tool to find the significant difference between the problems in cultivation and the problems in marketing of agriculture products.

\[ |Z| = \frac{U - n_1n_2/2}{\sqrt{n_1n_2(n_1 + n_2)/12}} \]

Where

\[ U = n_1n_2 + \frac{n_1(n_1 + 1)}{2} - R_i \]

1.9.8 Yule’s Coefficient of Association

The most popular method of studying association is the Yule’s Coefficient because here not only one can determine the nature of association as to whether the attributes are positively associated, negatively associated or independent, but also the degree or extent to which the two attributes are associated. The Yule’s Coefficient is denoted by the symbol $Q$ and is obtained by applying the following formula.

\[ Q = \frac{(AB)(\alpha\beta) - (A\beta)(\alpha B)}{(AB)(\alpha\beta) + (A\beta)(\alpha B)} \]
The value of this coefficient lies between + or – 1. When the value of Q is +1 there is perfect positive association between the attributes. When Q is -1, there is perfect negative association between the attributes and when the value of Q is zero, the two attributes are independent. The coefficient of association can be used to compare the intensity of association between two attributes with the intensity of association between two other attributes.

1.9.9 ANOVA

In statistics, analysis of variance (ANOVA) is a collection of statistical models, and their associated procedures, in which the observed variance in a particular variable is partitioned into components attributable to different sources of variation. One way ANOVA is used to test for differences among two or more independent groups. Analysis of variance enables one to analyze the total variation of the data into components which may be attributed to various sources or causes of variation. The variation of the individual observations within the samples from the own sample individual sample means, measures the influence of the chance forces which cause the individual observations to vary from one another. The variation between the samples means reflects not only the effect of these same chance forces, but also the effect of the forces if any, which cause the various sample means to differ from one another. In this study this test is used to rank the significance of the expectations of small scale entrepreneurs.

1.10 Period of Study

The study period ranges from 2000 to 2010 consisting of 11 years, which varies as per the availability of the data for secondary sources. The primary
data have been collected during May to November 2010 by Interview Technique.

1.11 Limitations of the Study

1. The study has concentrated only the sample respondents who are running business on a small scale basis. Hence, the problems faced by the large scale sector are purposefully omitted.

2. For want of time and resources, some inherent problems like other financial burdens, family burden leading to low income generation and over debt burdens are purposefully omitted.

3. Only a limited number of respondents were interviewed and so the results cannot be generalized.

1.12 Chapter Scheme

- The first chapter deals with the Introduction of the study which covers the introduction, statement of the problem, review of literature, scope of the study, objectives of the study, methodology, tools of analysis, limitations of the study and chapter scheme.

- The second chapter examines the contribution of Small Scale Industries in the Indian Economy.

- The third chapter projects the District Profile and the scope for Small Scale Industries in Kanniyakumari District.

- The fourth chapter analyses the problems and prospects of Small Scale Industries in the district and has located the factors influencing the earning capacity of small scale entrepreneurs.

- The fifth chapter is the summary of the findings which gives conclusion and draws valid suggestions on the basis of the study.
References


9. Dr. Saxena H.M (2002), “*Behavioural Pattern of Market – Place Participants - A Regional Analysis of Rajasthan*” – A project report approved and financially supported by Indian Council of Social Science Research, New Delhi.


