CHAPTER - I

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1.1. INTRODUCTION

Small scale industry is a “gold mine” which can bring the benefits of modern technology and economic production and can emerge as an important social factor to tackle the problems of unemployment, underemployment, regional disparities and economic backwardness.¹

Micro, small and medium enterprises contribute significantly to social and economic development with the objectives such as labour absorption, income distribution, rural development, poverty eradication, regional balance and promotion of entrepreneurship. In fact they play an important role in the process of country's industrial development. Particularly in developing countries small labour intensive industries have been favoured basically to create employment opportunities in an economy with abundant unskilled labour. In addition to a low capital requirement, given an appropriate market environment, it is believed to stimulate the growth of numerous indigenous industries with wide regional dispersal. This helps to promote balanced growth and ensure more equitable income, distributional as well as diversification of the industrial structure, which often leads to increased utilization of national resource. Industrialization has become a necessity and as virtually synonymous with civilization small scale industries play an important role in productive activities of development as well as developing countries.²

Small and medium industries are those industries whose capital is supplied by the proprietor or through means like partnership or from financing agencies setup for this purpose etc. Those industries generally employ olden methods of production, engage
labour on wage, and produce for expanded market. Their work pattern is on temporary basis. Such industries can be managed with little resources and in terms of returns provide much better results. The three parameters of MSME generally applied by most countries, single or in combination are: (i) capital investment in plant and machinery; (ii) number of workers employed; (iii) volume of production. So, it is very important on the part of the government to create awareness in society about the small and medium industries.

For this purpose only, the Indian government gives more importance to develop the small and medium scale industries functioning in rural or village area. The government has realized that rural industries alone can bring about better changes in employment, income and progress of the nation.

1.2. MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA

The policies of liberalization, globalization and privatization brought out fundamental changes in the business environment in which industries operate. The Government continues to provide protection to the small scale sector through the policy of reserving items for exclusive manufacture in the small-scale sector. The Small-Scale Industry has emerged as a dynamic and vibrant sector of the Indian economy in recent years, displaying phenomenal growth in the field of production, employment and dispersed development in general and exports in particular.

The socio-economic policies adopted by India since the industries development and regulation Act, 1951 have laid stress on MSMEs as a means to improve the country’s economic conditions. Micro, small and medium enterprises have registered a remarkable growth in 1980-81 from 8.74 lakh units to an estimated 298.08 lakh units in 2009-10. The most recent change was in the year 2006 wherein the service sector was introduced through Micro, Small and Medium Enterprises Development Act, 2006. Micro, small and medium enterprises are credited with generating the highest rates of employment growth which account for a major share of industrial production and exports.
The micro, small and medium sector has emerged as dynamic and vibrant sector of the Indian economy in recent years, displaying extraordinary growth in the field of production, employment and dispersed development in general and exports in particular. Consequently, the government of India had been encouraging and supporting the promotion of small-scale industries through deliberate policies such as protection from large-scale industries, capital subsidies, differential tax treatments, reservation and so on. In India, the industry has shown creditable progress in terms of output, employment, export etc, during the last decade. The progress has been hampered as the industry faces various problems related to production, marketing, finance and personnel.

The Micro, small and medium enterprises play a vital role in the economic development of the country. This sector contributes 45% of the industrial production, 40% of Exports and it forms part of about 95% of the total industrial units in the country. There are nearly 6.89 lakh registered MSMEs in Tamil Nadu as on 31.3.2011 providing employment to 47.97 lakh persons with a total investment of about Rs.32008.00 crores. Further, this sector is a major employment provider next only to Agriculture. In other words, the development of the economy alone can take care of unemployment.

1.3. LOCK MANUFACTURING INDUSTRIES IN INDIA

Lock manufacturing industries in India are small and medium industries functioning in rural or village area. Most of the private lock manufacturing industries functioning in India, Aligarh and Dindigul are the rural lock manufacturing clusters in past 100 years. The above two rural lock manufacturing industry established with small size of investment and provides job opportunity to rural folk. Even though the production technique is obsolescent, the product has the customer preference. So, it is very essential to protect the traditional lock manufacturing industries.

1.4. LOCK MANUFACTURING UNITS IN DINDIGUL DISTRICT
Lock manufacturing industrial units in Dindigul district are small scale industry with a small size of investment, offering greater employment potential. Such industry is in existence for the past 53 years. The return on investment in such industries is higher. Lock manufacturing industry is one of the most important traditional cottage industries in India. The Dindigul locks are in great demand because of their special attributes like quality, re-processing facility, key facility and attractiveness. The motto of the lock manufacturing units in the cluster is “our customers are trustful and thieves are fearful”. All the locks made in the district are handmade and each lock is unique in its design and system. The kinds of locks are mango lock, trick lock, excise lock, export lock, almirah locks, drawer locks and so on. Padlocks and portable locks are used to protect against theft, vandalism, sabotage, espionage, unauthorized use and harm. Twin keys or three keys for single lock and locks with multi-locking system are unique features of such industries. Even government department, temples, hospitals and godowns are using Dindigul locks specially designed for such purpose.

In early years, more than five thousand units were functioning in the district. But due to various reasons like high level of physical work, financial constraints, lack of skilled labour, inadequate selling knowledge etc, the number of units are diminishing gradually over the years. In 2012, only 978 units spread over the district. The lock manufacturing industry is fully based on technical skills and knowledge of the workers in and around Dindigul district. If the specialized knowledge and skills are not transmitted to the next generation, the lock manufacturing industry will slowly disappear in future years. Hence, necessary steps have to be taken by the government to sustain the industry. All the Lock manufacturing units are not under proper regulation by District Industries Center. So, due to their ignorance they fail to avail themselves of the various benefits and subsidies provided by the DIC due to such units.
In Dindigul lock manufacturers use simple machineries for their production field instead of modern machineries. They face the problem of procuring raw material in a reasonable price. They are affected by the scarcity of capital because they have weak credit sources. They get loan for their sufficient financial assistance. In this aspect, they are delayed in sanction of loan and they have to pay to high interest rate. The manufacturing skills must be modernized in such a way to make the new generation as the artisan’s children who would involve themselves in the lock manufacturing occupation. But, now due to less remuneration and low interest in smith-work, an increasing number of youngsters opt for various other industries and are leaving their traditional business. In the globalization period, there is tight competition in the market. They are not aware of the modern promotional activities.

The lock units are supposed to modernize the production measures to attract the new entrants. Providing financial assistance without overlapping procedures helps people to continue in these industrial units. It is high time to attract the new entrants into the lock manufacturing units to survive in the market. Lock manufacturing units may utilize the new marketing strategy to meet the customer’s expectation.

1.5. NEED AND IMPORTANCE OF THE STUDY

In our Indian economy, the small scale sector, which covers a wide spectrum of industries, occupies an important place. It has undoubtedly grown into one of the most vital sectors of our economy. The lock manufacturing industrial units come under the micro, small and medium enterprises in Dindigul district. The lock manufacturing industry not only provides immediate employment to rural folk but also acts as a tool for ensuring a more equitable distribution of income as well as an effective vehicle for mobilization of resources including capital and entrepreneurship, which would otherwise remain unutilized. The lock manufacturing units can easily be established because it needs minimum amount of investment. The Dindigul lock manufacturing units produce a unique product which is
incomparable to other locks. Dindigul locks have the high level of brand image to attract the customers. Dindigul is very famous for locks. So, it is called ‘lock city’. One among the many reasons for underdevelopment of the industrial units is the no formalization. The units are not controlled by proper rules and regulations. The diminishing number of units creates an urge to identify the problems and solve them to keep the lock manufacturing units function properly in Dindigul district.

1.6. STATEMENT OF THE PROBLEM

The present study attempts to throw light on the various problems of the lock manufacturing units in Dindigul District. The study may also help the manufacturers to solve the problems to prosper in future. The study may also lead to focus the future prospects in the field of lock manufacturing units in Dindigul District. These industries have to cross many hurdles to reach steady prosperity. One of the major hurdles faced by lock manufacturing units is non-availability of new entrants. The reasons behind doing the research are as follows,

The lock manufacturing industrial units found themselves at a loose end in competition with large scale industries with their large organization. The resources of the present difficulties and availability of raw material at competitive prices appear to be major problems faced by them.

Lock manufacturing units suffer from inadequate work space, power, lighting and ventilation, absence of sanitary and safety measures etc. These shortcomings tend to make the new entrant hesitate to enter this field and this factor adversely affects the rate of production.

The shortage of finance affects the ability of the lock manufacturing units severely. All the difficulties including shortage of raw material, power, transport or marketing faced by an entrepreneur ultimately turns out to be the problem of finance.
Marketing is one of the major stumbling blocks for lock manufacturing units. The Dindigul lock manufacturers are not involved in the promotional activities. But they had the high level of brand image. Based on brand image, they have to use their new marketing potential. It is necessary to introduce new techniques in marketing.

The lock manufacturers have suffered from lack of entrepreneurial ability to develop initiative and undertake risks in the unexplored regions of the industrial field.

Accordingly, the present study is an attempt to analyze the problems in the functional area of the industries in Dindigul lock manufacturing units and provide suitable suggestions and recommendations to improve them.

1.7. OBJECTIVES

The objectives of the study are listed below:

1. To analyse the socio-economic profile of the Dindigul lock manufacturers and the structure of the unit.

2. To study the overall performance of lock manufacturing units in Dindigul district.

3. To ascertain the functional area problems faced by the lock manufacturing units.

4. To examine the future prospects for lock manufacturing units.

5. To offer concrete recommendations for strengthening the lock manufacturing units.

1.8. SCOPE OF THE STUDY

Small and medium industries functioning in the rural or village area are the local resources for providing job opportunity. In the post globalisation period, the rural industries are affected by heavy competition. So, it is necessary to rehabilitate the rural industries by
analysing their problems for improving their status in the national level. Since, it is a difficult task to include all the rural industries for the study; this research pertains to lock manufacturing units functioning in Dindigul District only and the thesis takes into consideration an important aspects of functional area problems and prospects of lock manufacturing units in Dindigul district. The study aims at identifying and analysing the factors responsible for successful survival of the units by providing recommendations for their better performance.

This study confines itself to the problems and prospects of lock manufacturing industrial units in Dindigul district. The study period was 2010-2013.

1.9. RESEARCH METHODOLOGY

The following is the methodology followed by the researcher to carry out this research.

1.9.1. Research Design

Research design is the conceived plan and structure of investigation to obtain answer to the research questions. The problem under research is to describe certain characteristics such as applications, dependency, acceptability and advantages of the subject matter under consideration. The researcher has brought out the existing nature of these characteristics of the subject matter with respect to the study organization with the help of detailed analysis of the collected data. Hence the research design that has been adopted for this research is ‘Descriptive’ analysis.

1.9.2. Descriptive Research

The major purpose of descriptive research is description of the state of affairs as it exists at present. The researcher has no control over the variables but only reports as to what has happened or what is happening. Descriptive research will facilitate the researcher to obtain accurate and complete information regarding a concept or a situation or a
The methods of research utilized in descriptive research are survey methods. Descriptive research studies are concerned with describing the characteristics of a particular individual or of a group. Descriptive studies are those concerned with specific predictions, narration of facts and characteristics concerning individual, group or situation. The objective of study will revolve around who, what, when, where and how of a topic.5

1.9.3. Pilot Study

Before entering into the research work, a pilot study was conducted to find the feasibility and the relevance of the present study. For the purpose, the researcher chooses 50 lock manufacturers to the various parts of Dindigul District for accessing the significance and validity of carrying out the research work. As per the favourable results from the pilot study, the present research was conducted.

1.9.4. Data Collection

In the present study both primary and secondary data have been used. The secondary data have been collected from the reports, magazines, newspapers, text books and websites. Further, the researcher has gathered information from international and national journals in the field of management including business magazines, business dailies, referred text books in small scale industries and academic studies conducted in the related areas for the purpose to build up a strong conceptual background including the review of literature for the study.

Primary data have been collected from the lock manufacturing units functioning in the Dindigul District.

1.9.5. Methods of Data collection

For the descriptive type of researches, the best – suited research approach is survey method. From a sample, data is collected and the different magnitudes are measured with
respect to the whole population\textsuperscript{7}. The researcher has used structured questionnaire for the purpose of collecting primary data from the Dindigul lock manufacturing units.

1.9.6. Design of the Interview Schedule

The schedule has been designed for collecting the data from the lock manufacturers in Dindigul District with the objective of (i) knowing the firm related details (ii) demographic detail and (iii) functional aspects variables. The schedule is divided into six parts as questions related to unit profile, questions related to the functional area problems and future prospects. The schedule totally consists of forty eight questions. The model of the schedule is given in the annexure.

1.9.7. Pre-testing of the Interview Schedule

In order to test the validity of the schedule designed, a pre-test survey has been carried out mainly to see, (i) Whether the respondents have understood all the questions in the schedule and (ii) Whether any particular question is unanswerable to the respondents. Pre-testing of the schedule implies that it is tried out on a 50 respondents and the reaction to the schedule is observed. It helps us in deciding whether any changes in the schedule content or the wording of questions are called for. For pre-testing the schedule totally six units were surveyed. It was understood from the pre-test survey that the respondents had difficulty in answering to few questions because of exhaustive invigilation of the lock manufacturing units. So, the researcher sought help to redesign the questions based on the convenience of the respondents. Moreover while carrying out the pre-test survey the researcher could get some relevant questions and also get some inputs to strengthen the rating scale used in the questionnaire from the response of the respondents. Later all questions were inserted in the appropriate places of schedule.

Detailed discussions with the Academicians and Experts were held to determine the content validity, which was found to be good.
1.9.8. Sampling Design

Sampling design includes the sampling unit, sample population, sample size and the sampling method employed for identifying the potential respondents.

1.9.8.1. Sampling unit

As discussed in the scope of study, all the lock manufacturing units which are functioning in Dindigul district during the study period 2010-2013 are considered the sampling unit of the study.

1.9.8.2. Sample population and size

The population taken into consideration for the purpose of this study is from the lock manufacturing units, functioning in the Dindigul district. So, the researcher collected the list of lock manufacturing industries registered with the Dindigul lock manufacturers association. The total number of registered lock manufacturing units was 978 in 2012. One can say that the sample must be an optimum size that it should be neither excessively large nor small. Technically, the sample size should be large enough to give a confidence interval of desired width and as such the size of the sample is to be chosen by ‘Raosoft sample size calculation’. In order to extract the most feasible results through the study, a sample size of 276 has been taken for the study.

1.9.8.3. Sampling method used

The sampling method adopted in this survey was simple random sampling. Here each member of the population had a known and equal chance of being selected. The data were collected from different parts of Dindigul District. In the survey, samples were chosen randomly in equal proportion.

1.9.9. Hypothesis of the study
The following research hypotheses are framed on the basis of the objectives set for the study:

1. There is no significant association between the Pattern of ownership and influencing factor of starting up the unit.

2. There is no significant association between the Educational qualification and influencing factor of starting up the unit.

3. There is no significant association between the Capital invested and influencing factor of starting up the unit.

4. There is no significant association between the pattern of ownership and mode of acquisition of the unit.

5. There is no significant association between the pattern of ownership and number of locks manufactured by unit.

6. There is no significant association between the number of locks manufactured and time duration.

7. There is no significant association between the pattern of ownership and mode for purchase.

8. There is no significant agreement between the respondents regarding the ranking of the problem of getting raw material for production.

9. There is no significant relationship between the amount of capital invested and manual production.

10. There is no significant relationship between the pattern of ownership and machinery production.

11. There is no significant agreement between the respondents regarding the ranking of the factors affecting continuous production.
12. There is no significant connection between the mode of production and production problem.

13. There is no significant association between the working capital requirement and monthly revenue.

14. There is no significant association between the investment and sources.

15. There is no significant agreement between the respondents regarding the ranking of the purpose for obtained financial assistance.

16. There is no significant agreement between the respondents regarding the ranking of the factors for getting financial assistance from financial institution.

17. There is no significant association between the problems in financial wing and pattern of ownership.

18. There is no significant association between number of labours engaged in units and pattern of ownership.

19. There is no significant association between the pattern of ownership and sources for recruiting the workers.

20. There is no significant association between the mode of acquisition of business and criteria for selecting the workers.

21. There is no significant association between the absenteeism factors and selection criteria.

22. There is no significant agreement between the respondents regarding the ranking of the non-availability of human resource factors based on mode of production.

23. There is no significant agreement between the labourer problems and financial position of the unit.
24. There is no significant agreement between the labour turnover and sources of recruiting the workers.

25. There is no significant association between the educational qualification and marketing their product.

26. There is no significant agreement between the respondents regarding the ranking of the distributional factors and marketing channels.

27. There is no significant agreement between the respondents regarding the ranking of the customers and pattern of ownership.

28. There is no significant agreement between the respondents regarding the ranking of the reason for brand image and market specification.

29. There is no significant agreement between the respondents in difference for accepting the competitors.

30. There is no significant association between the number of locks manufactured and knowing of competitor’s activities.

31. There is no significant association between the pattern of ownership and affecting sales.

32. There is no significant agreement between the respondents regarding analysis needed assistance with pattern of ownership.

33. There is no significant association between the mode of production and needed assistance in Production wing.

34. There is no significant association between the financial position and needed assistance in financial sector.

35. There is no significant association between the sources of recruitment and renovation of artisan skill.
36. There is no significant association between pattern of ownership and government assistance.

37. There is no significant association between mode of acquisition and entrepreneurial need.

38. There is no significant association between mode of production and pulling factors of new entrants.

1.9.10. Framework of Analysis

1.9.10.1 Analysis of Data

The data collected through the questionnaire were classified and analyzed through various statistical tools. Data analysis proves to establish the relationship and the influence of one variable on the other variables. Efforts have also been made to prove the hypotheses framed to solve the research problem.

1.9.10.2 Analytical Tools

The researcher has applied certain statistical tools to analyze the primary data collected from the respondents. Tools such as Frequency Distribution, Bar Charts, Pie Charts and Cross Tabulations are used to classify and show the data distribution among the various criteria. Also statistical tools like Chi-square Tests, Friedman’s Test, Kendall’s Coefficient of concordance, one way ANOVA, Kruskal Wallis Test, Mann-Whitney U Test and Friedman Two way ANOVA were used to analyze the data and bring out the significant relationship between the variables. Computerized Statistical Packages like SPSS and MS Excel were found to be of immense help for better analysis and more accurate results.

a. Cross tabulations
Cross tabulations are used for research studies with variables composed of category data, to inspect the relationship between and among those variables. Cross tabulation is a technique for comparing two classification variables. It uses tables having rows and columns that correspond to the levels or values of each category of variables.

b. Chi-square Test

A number of tests are available to determine the relationship between two cross tabulated variables is significant. One of the popular tests is Chi-square. An advantage of chi-square test is that it is appropriate for almost any kind of data. Testing of hypotheses has been taken up with the help of Chi-square test. Chi-square test is based on the chi-square distribution. As a parametric test it is used for comparing a sample variance to a theoretical population variance.

c. ANOVA

Analysis of variance, or ANOVA, is a method of testing the null hypothesis that several group means are equal in the population, by comparing the sample variance estimated from the group means to that estimated within the groups.

i. One way ANOVA

This particular design is used when there is only one categorical independent variable and one dependent variable. Each category of an independent variable is called a level. In this type of design we randomly allocate the various sampling elements to the different levels of the independent variable and measure the resulting dependent variable.

d. Kendall’s coefficient of Concordance (Kendall’s W)
This test is a nonparametric test of the hypothesis that tests several related samples from the same population which measures the agreement of raters. Each case is a judge or rater and each variable is an item or person being judged. For each variable, the sum of ranks is computed. Kendall’s W ranges between 0 (no agreement) and 1 (Complete agreement)\textsuperscript{12}.

e. Friedman Test

Friedman Test is used to test the null hypothesis that k related variables come from the same population. For each case, the k variables are ranked from 1 to k. The test statistic is based on these ranks\textsuperscript{13}.

f. Frequency Distribution

Frequency distribution refers to the data classified on the basis of some variables. The term variable refers to the characteristic that varies in amount or magnitude. In a frequency distribution a variable may be either continuous or discrete\textsuperscript{14}.

g. Kruskal Wallis Test

It is used for analysing the rating scale data between the groups of independent samples from the same population.

h. Mann-Whitney U Test

For independently drawn samples across the two population they happen to be uncorrelated data (Sample size are not same), Mann Whitney test is used to test the means. The hypothesis testing for Mann Whitney is done similar to the Chi-square test.

i. Friedman Two ways ANOVA

Friedman two ways ANOVA is a useful test when it is desirable to know if differences exist between three or more samples and data. Friedman test may be an
appropriate alternative statistical aid when looking at multiple analysis and possible interaction.\textsuperscript{15}

1.10. LIMITATIONS OF THE STUDY

Like other social research, this research also has the following inherent limitations:

1. This study is restricted to the lock manufacturing units in Dindigul District only; hence the study findings could entirely be applicable to Dindigul only. It might not be generalized to the other regions and other traditional industries.

2. Since the area of research is of a new orientation, the availability of literature for lock manufacturing units is limited, with which the researcher has tried to bring out her focus on the research problem.

1.11. OUTLINE OF THE THESIS

The study report has been organized into nine chapters.

The research thesis has been prepared keeping in mind the standards followed at various institutions. The Thesis is adequately divided into different chapters, based on the subject matter discussed under each chapter. Each chapter in the thesis gives a vivid analysis of the topic in such a manner that the research objectives are clearly explained and established. The outline of the thesis is as follows:

Chapter –I  : Introduction to the Study

Chapter –II  : Lock manufacturing industrial units in Dindigul District- A Profile

Chapter –III  : Review of Literature

Chapter –IV  : Lock manufacturing industrial units respondents-A profile
Chapter – I of the thesis is the Introductory Chapter about the Research undertaken. The chapter begins with a brief introduction on the research topic. The needs for the research and the research problem have been explained. Thirdly, the chapter gives an overview about the Objectives framed for this research study. The Scope of the research explains the application area of the research. The Limitations faced during the study are also listed down. The chapter ends with the Outline description of the Thesis.

Chapter – II is devoted forming the foundation for the research study with explanations about the research area. The researcher has made efforts to explain the research area, lock manufacturing industrial units in Dindigul district, as it has been described by lock manufacturers in the field. Various government and non-governmental agencies involved in lock manufacturing industrial units have been covered under the theoretical background of the topic.

Chapter – III explores the ideas and thoughts framed in the past to review the Literature relating to the research problem. Studies carried out in the fields related to the
research topic facilitated clarity of perception and easy identification of relevant methods of research. The study of related research work focussed on published works, research articles and report of various agencies.

Chapter – IV speaks about the demographic and firmographic profile of the respondents of the research work. The respondents are the lock manufacturers of Dindigul district. The chapter begins with the demographic details about the respondents. The profile of the respondents gives an in depth view about the form of organisation, mode of acquisition, investment, monthly revenue, working duration and reason to start the unit. The part analyses the sample to distribute based on various characteristics and brings out a clear view on the profile of the sample responses that have been included for the research study.

Chapter - V discusses the production aspects of the research study. The chapter describes the various aspects of production problems that are clearly analysed with proper statistical tools. The chapter analyses purchasing raw material, mode of production, manual production, machinery production, continuous production affecting factors with applied proper statistical tools.

Chapter – VI analyses the financial aspects of the research study. The chapter explains the various aspects of financial problems such as working capital, funding sources, capital invested, reasons for obtaining financial assistance and factors affecting financial wing.

Chapter – VII remarks on human resource aspects of the research study. The chapter analyses a number of labours engaged in the unit, sources of recruitment, selection criteria, absenteeism, non-availability factor, labourer turnover and labourer problems. It focuses on the human resource aspects of the study area.

Chapter – VIII has been earmarked to understand marketing and future prospects about the study area. The analysis in this part is carried out to explain the marketing related
aspects of the study area such as marketing methods, distributional factors, brand image, geographic coverage, competition, sales affecting factors and the future prospects in the lock manufacturing industrial units.

Chapter - IX gives the summary of the research study findings and the recommendations provided to the lock manufacturing industrial units. Based on the Analysis and interpretation in the previous chapters, the Summary of Findings is listed down to clearly show the results of the various analyses. This chapter has included a part on the Discussions and future Research, to guide the future researchers. Recommendations and Suggestions are listed down in the chapter of the thesis, which has been provided to the lock manufacturing industrial units for consideration and practice.

References


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