CHAPTER -III

REVIEW OF LITERATURE
A thorough review and survey of related literature forms an important part of research. It deals with the critical examination of various published works, research articles and report of published agencies related to the present study. Knowledge of related research enables the researcher to define the frontiers of his fields.

Many authors have highlighted the problems of small scale industries from different angles. Yet, only a few research studies have been made to arrive at concrete conclusion. A review of earlier studies on small scale industries and lock making industries has been made in this chapter, so that a deeper insight into the subject is obtained. An analysis of studies already made on problems relevant to the current topic, which were referred by the researcher is presented in the following manner.

3.1 Research Review Related to Production Area:

According to the Village and Small scale Industries Committee Report (1955)\(^1\) popularly known as Karve Committee Report, since a substantial number of employed and underemployed belong to the village and small industries group, setting up of small scale and village industries will provide employment to them in occupations in which they have been traditionally trained and for which they posses equipments. The committee realizes the necessity of introducing better techniques in the village industry, so that they can keep pace with the progressively expanding economy and do not become unsuitable tomorrow.

Narayan J.P., (1962)\(^2\) depicted rural industrialization would have to be based on two factors: (a) Local resources, both human and material, (b) and local needs. ‘Local’ does not mean a single village: it might mean a village, a group of villages, a block or a district – depending on the nature of the industry and the technology used. There are to be
no pre-conceived limitations or inhibitions of a doctrinaire or sentimental type in regard to such matters as the use of power and technology.

Pande (1983) explained a few causes that are attributed to the slow growth of small scale industries in hilly areas. The small scale industrial units in the village area and suburban localities suffer from a considerable degree of technological obsolescence, inadequacy of raw materials, dearth of marketing channels, unawareness of market situation in urban centres, poor credit facilities and the shortage of skilled labour and power supplies.

Purushotham.P (1990) considered Dindigul, a small town in Tamilnadu, has been known for its locks for nearly a century. Many agricultural workers turned to lock making as an alternative source of income. The processes involved are crude and labour intensive, and are based on the recycling of industrial scrap. The lock industry is predominantly an informal activity on the cottage industry level, with each lock assembly unit employing 10-15 workers many of whom commute from surrounding villages. However, the market for those lock is shrinking, due to competition from other parts of India. The international lock industry is also changing to lighter, more durable materials, and advanced technology.

Balan (1996) mentioned that some of the case studies relating to the state public sector unit already rehabilitated with positive results have revealed that (1) non utilization of capacity (2) single product without flexibility (3) lack of accountability and reporting system (4) low morale of employees and (5) poor marketing and financial systems are the common causes of sickness in industries.

Malga Weker (1997) has found the lack of infrastructure as a general problem. The industrial estate alone cannot overcome the vocational disadvantages. The infrastructure facilities are either very weak or non-existent in rural areas. In urban areas with necessary industrial climate and infrastructure facilities, the growth of industries is relatively faster. The scarcity of indigenous raw materials has been a serious bottleneck. Scarce raw
materials supplied through quotas are not sufficient to meet the demands of the units. There is a delay in the disbursement of the loans due to the existence of procedural delays and instances of tangible securities.

Bhagavathi committee (1997)\textsuperscript{7} opposed fast introduction of mechanization designed to replace human labour but at the same time recommends introduction of sophisticated technology in certain selected areas. The committee recommends reduction to the maximum extent possible in the installed capacity in various industries in order to generate employment in the industrial field. The committee virtually favors creation of employment at any cost without going into economics of the scheme.

Bepin Behari, (1997)\textsuperscript{8} examined the problems, possibilities and perspectives of rural industrialization and discussed the crises in Indian villages and the need for the new strategy of rural industrialization and the provision of fuller employment in rural and small scale industries and technologies. He traced out agricultural development as encouragement to village and small scale industries and general awareness for incorporating appropriate technologies as principal sources of impetus to the programme of technological transformation in rural India. Further he reviewed various measures undertaken by the Government towards rural industrialization, local industrial growth, and agro-based industries, and mini-rural cement plants, utilization of annual waste and harnessing of natural power.

Mali (1998)\textsuperscript{9} in his study has observed that small and medium enterprises (SMEs) and micro enterprises have to face increasing competition in the present scenario of globalization, they have to specifically improve themselves in the fields of management, marketing, product diversification, infrastructural development, technological upgradation. Moreover, new, small and medium enterprises may have to move from slow growth area to the high growth area and they have to form strategic alliance with entrepreneurs of
neighbouring countries. Data bank on industries to guide the prospective entrepreneurs including investors from abroad is also needed.

Khanka (1998)\textsuperscript{10} in his study observed that the development of Small scale industries in Assam is at low level because of inadequate infrastructural facilities, problems of finance, marketing and insurgency. Therefore, for industrial development, Government should provide infrastructural facilities like transport, communication, power, energy etc. Moreover, state level techno economic survey should be carried out to explore possibilities for developing specific industries successfully. Local people should be motivated to promote entrepreneurial spirit in the region. Government should take strong initiatives to curb insurgency in the region to make congenial climate for industrialization.

M.R.Narayana (2004)\textsuperscript{11} has focused his paper an analysis of quality and cost of infrastructure facilities and business environment and their impact on competitiveness of India’s small scale industries. Infrastructure facilities include transport, market information, credit, power, water, telecom, technology upgradation and quality certification. Quality of business environment is indicated by duration of delay in obtaining Governments permissions and clearances.

Raju.K. (2009)\textsuperscript{12} has revealed Dindigul locks were famous for their traditional design, safety and quality raw materials. Twin keys or three keys for single lock and locks with multi-locking system were some specialties. Even government departments, temples and godowns have been using Dindigul locks. He found that several locking units have been functioning as cottage industries solely depending on commission agents to market their products. Profit margin for small lock manufactures dipped sharply owing to poor procurement price for finished products and the increase in raw material costs.

Raja Alias Pranmalai, Thirumal Azhagan & Varadaraj .A (2010)\textsuperscript{13} analyzed the reasons for inability of SME’s to identify their technology. Their needs are poor financial situations; desire to avoid risk, poor adaptability to changing trade trends, non-availability
of technically trained human resources and lack of access to technological information. For these reasons, they suggest formulation of policies, building up technological capacity knowledge flows and technology database and R&D and inter firm linkages.

Bulsara and Bhatt (2010)\textsuperscript{14} studied the factors responsible for industrial sickness. The objective of the study was to analyze the factors responsible for industrial sickness in nearby Surat area. The factors responsible for sickness are high cost of production, poor quality control, transport bottlenecks, increase in cost due to delay in implementation of project, changes in technology, lack of trained skilled labor or technically competent personnel.

Parveen Farooquie and M. Nasir Khan (2010)\textsuperscript{15} revealed achieving uninterrupted production, increasing profitability and productivity, protection against stock-outs, and improving customer service levels have been the major benefits of holding inventory. Maintaining inventory levels beyond a certain limit is, however, an undesirable phenomenon. While practitioners and researchers are aiming at minimum possible cost of inventory, many small business owners in India still fail to appreciate fully the true costs of carrying inventory. The investigations revealed that Aligarh lock manufacturing units, by-and-large, are either unaware of even the fundamental techniques of inventory management or do not practise them.

Arkupal Acharya (2011)\textsuperscript{16} explained that Indian economy is characterized by inadequate infrastructure which is a major problem for small units to grow. Most of the small units and industrial estates found in towns and cities are having one or more problems like lack of power supply, water and drainage problem, poor roads, raw materials and marketing problem. Thus absence of adequate infrastructure adversely affects the quality, quantity and production schedule of the enterprises which ultimately results in under-utilization of capacity.
A.A.Mulimani, M.s. Belgaum et al (2012)\textsuperscript{17} found their study machines which are established are very old, hence it is difficult to expect more production and ultimately production declines with age old machines, unless they are replaced. The small scale industrialists should be aware of the modern skills and technologies and adopt the same. The vast technological change has brought some changes in the enhancement of the different forms of SSI units. Skilled and traditional labour force is not available in the study region.

Rajkumar Gautham, Raghbir Singh (2012)\textsuperscript{18} identified the reasons of SSI problems as lack of infrastructural and operational facilities in comparison with large, medium and foreign companies. Small units are not using latest machinery to manufacture quality product with latest design as per international standards. He suggests that government of India must focus on policies for infrastructure development such as power, road, railways and modern technology up gradation for the growth and survival of the small scale sector.

Dindigul collectorate News (2012)\textsuperscript{19} has revealed new technologies which will enhance quality and production. Over 200 lock industries in Aligarh have shifted to pin cylindrical locks. Lock manufacturers in the country should not be divided into north and the south. They should work together for product development and marketing strategies as single industry to face stiff competition from China. Already Indian lock industry had been lagging behind 20 years compared to foreign countries.

Dr.S.Kaliyamoorthy & Ms.S.Parithi (2012)\textsuperscript{20} in their study explained that small-scale units are striving hard to employ modern machineries and equipment in their process of production in order to compete with large industries. Most of the small units employ outdated and traditional technology and equipment. Lack of appropriate technology and equipment create a major stumbling block for the growth of small-scale industries. Unsatisfactory performance of certain machines results in low production due to lack of routine and preventive maintenance leading to frequent breakdown. The most of the
MSMEs follow obsolescence of the manufacturing process. They have found production from MSME sector has been increasing over the years but the protection to this sector has not indicated very impressive results. They suggested manufacturing capabilities should be developed to a level where products are competitive across global markets in terms of price, quality, technology, delivery of services.

3.2 Review of literature related to Finance Area:

A.K. Sen (1957) had propounded the surplus maximization criteria advocating the capital intensive techniques. Choice of technology depends on the nature of the economy whether developed or developing. According to him, a high wage rate will dictate a capital intensive technique, but a low wage rate, such as may be operative in the less developed countries will mean that a relatively labour intensive technique will maximize the surplus for further investment.

Hoselitz (1968) depicted mainly the factors differentiating between large scale industries and SSIs like employment, investment or power required. Further, by analyzing the formal structure of Indian planning process, his study emphasizes the need for greater importance for SSIs in the five year plans.

A study of UNIDO (1969) based on evidence from a number of developing countries, indicates that small enterprises with a lower level of investment per worker tend to achieve a higher productivity of capital than do the larger, more capital intensive enterprises.

Small Industries Extension Training (1972) has observed that the growth in the number of units and the expansion of capital intensity alone may not create the necessary impetus to the growth unless considerable productivity changes have also been effected through further capacity utilization. Most of the units utilizing full capacity have been either big export oriented industries or local need based activities. The reason for this under
utilization is mostly insufficient demand and inadequate financial resources for working capital.

Kalu (1986) in his study on sources of finance to meet the needs of small enterprises mentioned personal savings, contribution from friends and relations, credit financing from neighborhood stores, sale of family property, credits from banks and small-scale industrial loans from government etc. to meet the needs of small businesses.

Nayak Committee (1992) set up by the Reserve Bank of India examined the adequacy of institutional credit to the Small Scale Industrial sector and the related aspects. The Committee found that banks have insufficiently served the working capital needs of the sector particularly that of cottage and tiny enterprises. Moreover, there is a need for the setting up of specialized bank branches for small scale industries, the absence of which has led to serious bottlenecks. Further, the system of providing term loan and working capital by two kinds of institutions, viz. Banks and State Financial Corporation’s (SFCs) have given rise to a host of problems of co-ordination among them.

Rudramurthy.D.G., (1994) analyzed that majority of the SSI concerns are not happy with the procedures followed by the financial institutions as the small scale industrialists broadly agree with the major policies of the financial institutions. He found problems faced while obtaining loan by the entrepreneurs are classified as too many formalities and procedures, reception of the officers towards the project not encouraging, no proper guidance, inordinate delay in clearance of loan proposals. He suggested in view of the globalization of trade, it has become essential for SSI units to have access to technology for manufacture of variety of products of acceptable quality at competitive prices.

According to Aruna Devi (1995) industrial developments is a pre condition for the economic development of an underdeveloped region. She is of the opinion that industrial development in general and development of small scale and cottage industries in particular
are bound to play an active role in connection with the economic development of an underdeveloped state, like Manipur.

Andhra Pradesh Industrial Technical consultancy organization and Kerala Industrial Technical consultancy organization (1997)\textsuperscript{29} have conducted a study of various problems faced by the industries in three states viz. Kerala, Karnataka and Andhra Pradesh. This study revealed that the serious problem faced by the units was the inadequate working capital. 69 percent of units in Kerala, 44 percent of units in Karnataka and 52 percent of units in Andhra Pradesh are facing the working capital problem. The next serious problem is marketing as 30 percent of the units in Kerala felt it. Another setback, non availability of raw materials has affected the productivity of several units in all the states, especially in industry groups such as metal-products in Kerala, chemicals, rubber and plastics and metal products in Andhra Pradesh. It is observed that the delay in getting timely finance also hampers the productivity of the units and this leads to high cost of production.

Abid Hussain Committee Report (1997)\textsuperscript{30} has examined and suggested institutional arrangements, policies and programmes for meeting long term and short term requirements of the small scale industries. The Committee found that the reservation policy of specific products for exclusive manufacture by small scale industries had not served much purpose as most industrialization had occurred in items not reserved for small scale industries. Moreover, it had resulted in low efficiency and productivity and restricted the expansion and export potential of important industries like light engineering, food processing, textiles and others. Credit to small scale industrial sector had become more and more expensive especially after interest rate deregulation. Institutions and regulatory policies responsible for technical assistance, human resources development, industrial standardization etc. are expected to play a provocative role in halting technological obsolescence particularly among tiny units which did not prove so effective.
Rajula Devi (1998) found in her studies the following serious deficiencies. (i) Some part of the assistance was provided to relatively larger amongst small scale industries. (ii) Assistance was delivered to towns which were excluded from the preview of the scheme and (iii) Rural artisans did not receive adequate credit.

Rethnam N.V. (1998) opined that infrastructure development for industrialization in the rural areas and investment in basic services designed to realize the full potential of human resources in the rural areas should receive a high priority.

Rajendran (1999) made a study to examine the various kinds of assistance given to small scale industries with the prime objective of identifying institutional assistance for the development of small scale industries and the problems faced by these industries in Tiruchirapalli district of Kerala. He concluded that the greatest problem faced by the small entrepreneurs was non availability of adequate financial assistance. Moreover, the small enterprises also face problems relating to the acquisition of raw material, marketing of products and technological and administrative problems. There were complicated procedures in availing loans from financial institutions and there is no coordination between the promotional institutions and government agencies.

Ramesha (1999) examined the trends in credit supplied to small-scale industries by Scheduled commercial Banks (SSBs) and the State Financial Corporation’s (SFCs) and their interstate disparities. The study found that commercial banks continue to play a dominant role in financing small scale industrial sector. However, the growth rate of bank credit has been low as compared to the growth rate of production in the SSI sector. Therefore, he concluded that the banking sector has failed to meet the increasing credit requirements of the SSI sector.

Ramakrishna K.T. (2001) 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.

Indian Institute of Entrepreneurship, Guwahati (2001)\(^{36}\) has conducted a study on the performance of small scale industries in Greater Guwahati area. The study revealed that large number of SSI units (30 percent) in the study area did not avail any financial assistance from banks or any other financial institutions. State Bank of India (SBI) is the major money lender to the small scale industrial sector followed by the United Bank of India (UBI), Assam Financial Corporation (AFC) etc. All other financial institutions played more or less the same role i.e. providing loan to only 1 percent to 3 percent of units.

Pon Murgan R. (2002)\(^{37}\) analyzed the impact of industrial estates on small scale industrial units located in Kanyakumari district. The study identified the various factors which influence the growth of small scale industrial units in industrial estates in Kanyakumari District. They involved scientific sales management, budgeted production, availability of institutional finance, availability of working capital, availability of water at concessional rate, undisturbed working environment, ploughing back of profits availability of investment subsidy, nearness to raw materials and utilization of installed capacity.

M.L. Sarma (2003)\(^{38}\) examined 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.

H.S. Parekh (2004)\(^{39}\) reviewed 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.
A report of the proceedings of the seminar on financing of small scale industry organized by the Reserve Bank of India (2005) has identified some of the factors responsible for borrowers shying away from commercial banks instead approaching the money lenders. The main findings of the seminar was that besides providing finance, banks should also help small scale industry in procuring raw materials and marketing their output.

K.T. Ramakrishna (2005) in his study analysed 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.

In a study covering small artisans in Kashmir, Inderjit Singh and N.S. Gupta (2005) tried 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 country in general. They concluded that commercial banks have not been able to induce small artisans and small factories to benefit from bank finance.

S.M.Chockalingam and J.Sundara raj (2006) explained that the SSI sector is a major contributor to the country’s industrial economy. The objectives were to access the adequacy of commercial banks finance to small scale industrial sector and to offer suggestions for the smooth flow of commercial bank credit to the SSI sector. An adequate credit flow to SSI sector from commercial banks may result in making the country a strong industrialized nation.

3.3 Researches related to Human Resource Area:

For the first time, J.M. Keynes (1936) focused his attention on the forces that determine employment policy followed in industrialization. He propounded the theory that entrepreneurs will offer the amount of employment which maximizes their output and profit. Here he stressed the productivity of labour as the determining factor of the level of employment. There is a positive relationship among productivity of labour, output and
employment. According to Keynes “employment can only increase pari-pasu with an increase in investment”.

W.A. Lewis (1954)\textsuperscript{45} advocated the application of labour intensive techniques of production to have a steady and smooth economic growth. He opined that many important works could be done by human labour with very little capital. Efficient labour could be used to make even capital goods without using any scarce factors. In this sense, small scale and cottage industry should be developed and promoted especially in an economy where capital is scarce. He recommended the use of capital intensive techniques only when they are necessary.

Leibenstein and Galenson (1955)\textsuperscript{46} took an opposite stand and tried to show that labour intensive techniques might generate immediate output but little surplus since the wage bill would be large. Economic development preceded investment but the use of labour intensive techniques leaves little surplus for investment. Hence, according to them, use of capital intensive techniques in the process of production will increase the re-investible surplus by minimizing the wage bill.

Dhar and Lydall (1961)\textsuperscript{47} made their study on the data collected from Census of Indian Manufacturers, 1956 and the study prepared by the Perspective Planning Division of the Planning Commission in respect of capital, labour and output relations in various industries. They concluded that the issue of choice between large and small industries for the purpose of an employment-oriented industrialization strategy is largely irrelevant, and it should aim at making the best use of scarce resources, instead of aiming at creating employment for the sake of employment.

Professor Gunnar Myrdal (1968)\textsuperscript{48} recommended the adoption of a strategy based on predominantly labour-intensive techniques in less developed countries on the ground that “the large volume of unutilized labour possessed by these countries has a productive potential, capable of creating capital and increasing production”.
Ruddar Datt and Sundaram (1979) strongly advocated the small scale and household enterprises as an important component of an employment-oriented strategy of industrialization. They found that employment-output ratio is the lowest in the small scale sector while that employment generation capacity is eight times higher than that of large sectors.

Prasad (1983) found that the small scale industrial sector is an integral part of not only the industrial sector, but also of the country’s economic structure as a whole. If small scale industries are properly developed, they can provide a large volume of employment, can raise income and standard of living of the people in lower income group and can bring about more prosperity and balanced economic development. Small scale industrial sector has vast potential in terms of creating employment and output, promotion of export, expansion of base for indigenous entrepreneurship and dispersal of industries and entrepreneurship skills in both rural as well as backward areas.

Liedholm & Mead (1992) in their studies opine that the growth of small enterprises was measured using number of workers employed. They noted that the number of small enterprise was increasing annually with a birth rate of about 20% per year. They did note that the death rate was also high. They found that the majority of the small enterprises did not grow at all. While many reasons have been identified for lack of growth of small enterprises, the key reason included lack of finance, poor managerial skills, lack of market information, an appropriate technology, poor pricing method and lack of enough government support. Although, it is true that these reasons contribute greatly to the poor performance but it has also been suggested that the major reason for lack of growth has been lack of an entrepreneurial and modern leadership culture within the small enterprise.

K.M. Rostagi (1997) reported the unique case of growing unemployment and poverty amidst plenty. He was in favour of only small and village industries which make optimum use of indigenous resources and techniques. According to him, there were
hundreds of items which could be produced in rural and in small scale industrial units more economically than in a large sector.

Baharul Islam Laskar (2000)\textsuperscript{53} illustrated in the early years, the making of lock in Aligarh was a village industry and locks or components of locks were made by the artisan in his home, with the help of his family labour. Many families who found it difficult to support themselves only by agriculture started making locks. All credit facilities were abandoned. As demand increased, new factories and firms were established during the 1940s.

Girish Sethi, Prosanto pal (2002)\textsuperscript{54} explained that the SSI clusters in India were spread throughout the length and breadth of the country. There was no definite figure available on the number and size of the clusters. However, some of the estimates point out the existence of around clusters, most of which are located in rural areas. These rural based clusters are artisan based units that have grown in size with the passage of time. They use very simple manufacturing processes or techniques and the products are manufactured by local artisans. The skill is transferred from one generation to another without any upgradation in the methodology of manufacture or improvement in product quality. They suggested environmentally sound technological solutions that are appropriate for that SSI segment.

Funda, K. K. (2003)\textsuperscript{55} considered that small and cottage 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 use power driven machines and also employ modern methods of production, engage labour on wage, produce for expanded market. Their work pattern is on permanent basis. Such industries can be managed with little resources and in terms of returns provide much better results.

Sudan, F. K. (2005)\textsuperscript{56} described the challenges in Micro and Small Scale Enterprises Development and policy issues by raising different questions related to Micro and Small
Enterprises. He explained the meaning, advantages, problems and policy options of MSE sector and concluded that all the policies which are opted by Government on investment are efforts to form a dynamic MSE sector and a diversified economy providing expanded employment opportunities to absorb all new labour force and offer exciting career opportunities.

Anand.S and Murugaiah.V. (2006)\textsuperscript{57} found small scale industries facilitated the tapping of resources for productive purposes with minimum amount of capital invested, which in turn help to strengthen the industrial structure of a nation. SSIs existed in India for a long time in various sectors and contributed significantly in bringing down regional imbalance, generating employment opportunities, output and exports, fostering entrepreneurship; in accelerating economic development. IT occupied a position of prominence in India and contributes over 50% of the industrial production in terms of value-addition. This sector played a key role in the industrialization process of liberalization, privatization and globalization which has opened up new opportunities and challenges for this sector.

Rahman, M. (2006)\textsuperscript{58} has strongly advocated that Cottage and small-scale industrial sector plays a dominant role in the economic development of both developed and developing countries. In developing countries cottage and small-scale industries are especially important in context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi urban areas.

Ulrich Schoof (2006)\textsuperscript{59} found that young people should possess some basic requirements like skills and knowledge for becoming owner of a micro or small enterprise, which could be an alternative for a young person who has an entrepreneurial mindset. For a successful start-up, awareness about entrepreneurship as a career option and the enabling environment for enterprise creation play an important role. He also studied the major influence on youth entrepreneurship like socio-cultural attitude towards youth
entrepreneurship education, start-up financing, administrative and regulatory framework and business assistance and support. There are national or regional variations when it comes to evaluate the most important barriers and subsequent interventions within these five fields though the five key influencing factors are common to all countries.

Owolabi Yusav Lawal & chumkwuma (2007) explained need for adequate motivation, suitable working environment, compensation and efficient communication between employers and employees which are important to promoting excellent organization performance. Studies on motivation and leadership role amongst employees are well rural centers in developing countries. The evaluation was done through the use of questionnaires with questions tailored towards determining: the relationship between leadership and organizational performance, pattern of leadership and the extent it has affected organizational performance, the factors responsible for worker’s low relations and productivity in three selected small scale industries. It was necessary that leadership recognizes the needs of workers, employ appropriate motivational tool such as promotion of staff based on merit and skills, provide suitable working environment and provide an appropriate leadership style that will encourage free flow of information among employer, superior officers and other employees.

Vidya Suresh, P. Shashidhar (2007) analyzed SSI as a labour intensive sector; they offer a higher productivity of capital than capital-intensive enterprises due to low investment per worker. The SSI today constitutes a very important dispersal of industries, rural development and the importance of small industries and their role in the economy and the impact of economic reforms on growing pattern and productivity performance of small industries. It is often suggested that small firms are more labour intensive and therefore should be encouraged as a way of generating employment. It has been estimated that a lakh rupees of investment in fixed assets in the SSI generates employment for four persons.
Report of Prime Minister’s task force on MSME, (2010)\textsuperscript{62} explained in the present global environment, the MSMEs have to be competitive to survive and thrive. To ensure competitiveness of the MSMEs, it is essential that the availability of infrastructure technology and skilled manpower are in tune with the large pool of human resources, the industry continues to face deficit in manpower with the right skill set for specific areas like manufacturing, service, marketing etc. The Human resource problem is further exacerbated by the low retention rate.

Vijayabharathy & P.Subbalakshmi (2011)\textsuperscript{63} said that the small scale industries play a vital role in the growth of the country. IT contributed almost 40% of the gross industrial value added in the Indian economy. By less capital intensive and high labor absorption nature, SSI sector has made significant contribution to employment generation and also rural industrialization. Under the changing economic scenario, SSI has to face number of diverse problems like vast population, large scale unemployment and underemployment and scarcity of capital resources. The successive Indian government encouraged small scale industries to transfer the economic power to the gross root levels, to generate employment to have balanced regional growth and to check concentration of wealth. Hence, by less capital intensive and high labour absorption nature SSI sector has made significant contribution to employment generation and also rural industrialization.

Prof.Shrimant. M.Birajdar (2011)\textsuperscript{64} strongly advocated that the small scale sector has a high potential for employment. He opined that inefficient human factor is one of the major problems of small scale industries. Owing to the illiteracy, ignorance and the out of date methods of the cottage workers there is inefficient factor. He suggested Govt., should be rural artisan and handicrafts need to be support to grow into a small scale industry to grab the global market opportunities.

Venkata Ramanaiah.M. (2011)\textsuperscript{65} described that small scale industries have been playing a momentous role in overall economic development of a country like India where
millions of people were unemployed or underemployed. Poverty and unemployment were two of the burning problems of the country to-day. This sector solved these problems through providing immediate large-scale employment, with lower investment. SSI sector comprises 95 percent of the total industrial units in the country, accounting for 40 percent of the total industrial production, 34 percent of national exports and 250 lakh persons of industrial employment. He concluded due to the LPG, the importance of the government is shifted from labor intensive industries to capital intensive industries.

Dr. Ravi .N.Kadam, (2012) explained that the contribution of small industries to the balanced regional development of India is remarkable and he concluded the small scale industries generate large industries in terms of per unit of capital invested and SSI units help to government try to meet the employment needs of growing unemployed force and contribute to the nation by sustained growth.

The Hindu, (2012) Mango Locks of Dindigul Losing Patronage underlines that modernization and infusion of new technologies will help for expansion and growth. But modernization has signalled slow death of manual lock making sills and ultimately the traditional lock industry and status symbol of Dindigul District and suggested to formation of lock making cluster will protect the industry from extinction.

3.4 Review of literature related to Marketing Area:

Philip Kotler (1982) illustrated that zero level channel or direct marketing channel involves the manufacturer selling his products directly to the consumer. A one-stage channel involved a retailer who distributes to the consumer after having purchased the items from the producer. In a two stage channel, wholesalers job involves distributing to the retailers, who take-up the sell to consumers. A three level channel structure included a Jobber who performs between the wholesaler and the retailer. Multi-stage channel structures are also observed, but with less frequency.
Desai (1983)\textsuperscript{69} stated that rapid industrialization in India depends on the growth of small scale industries. Most of the small scale industries are operating under certain handicaps like shortage of raw materials, low levels of technical knowledge and counseling, poor infrastructure, inadequate capital and credit facilities, improper distribution system, lack of facilities for market analysis, research and development. They are also weak in marketing their products beyond their localities especially in international markets.

Day (1994)\textsuperscript{70} considered “Marketing capability” as the capability of an enterprise to utilize its knowledge, technology and resource to satisfy the needs of market or its customers. The success of an enterprise comes from the value it creates for its target customers by developing proper products and marketing methods. An enterprise needs to gather market information, improve marketing technologies, upgrade marketing skills and enhance management capabilities to increase its abilities to adapt new challenges from markets. Day thought that the capability of an enterprise has close relationship with its organizational processes and organizational capabilities most frequently used in aspects of new product development and service contribution.

East.R. (1997)\textsuperscript{71} illustrated that if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions. A study conducted by Levesque and McDougall confirmed and reinforced the idea that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend and relative. This would in turn lead to an increase in the rate of switching over to other brands by customer.

Rao (1997)\textsuperscript{72} concluded that potters faced difficulties in procurement of inputs and marketing their products. Still there was an improvement in the economic conditions of the members as there was awareness generated on the importance of thrift and savings. They
were also free from debt and maintained reasonable living standards without depending on any outside agencies.

People T.S. (1997) showed that though the companies are attaining marketing expertise in short time yet marketing planning techniques are still not sophisticated. Small Scale Industry are also playing stellar role in the economic development of the country but the problems in performing the marketing functions are the major hurdles in their development. So there is a greater need to examine the marketing practices of this sector, since it has its own limitations in adopting the modern marketing concept.

Ramani and Srinivasan (1997) quoted in State Bank of India Report which identified that financial management, lack of planned and organized approach are the major causes of failure. However in his study of 20 units, he found management failure as the single largest contributing factor. He also found problems with governmental procedures and consequent delays contributing to the malaise. However these and other studies also referred to the problem and importance of marketing function on the need for planning and organizing for marketing.

Susan.F and David.G. (1999) explained whether the buyer is satisfied after purchase depends on the offer’s performance in relation to the buyer’s expectations. In general, satisfaction is a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to his or her expectations. If the performance falls short of expectations then the customer is dissatisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

C.Mathavi, C.Samuthara Rajkumar and M.Syed zafar (2002) suggested that there is wide scope for handmade products and to explore the international market I.T can be used. It is suggested that government should create a website for such products at free of cost to get the benefits of direct sales and earn foreign exchange.
Varinder Kumar (2002)\textsuperscript{77} 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.

Saxena H.M.(2002)\textsuperscript{78} underlined 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.

H.S. Rohitha Rosairo and Tamotsu Kawamura (2004)\textsuperscript{79} found the main factors of coir industry contributing to the crisis are unfavorable trade policies, trade barriers, human resource problems, poor trade behavior, export barriers, poor product marketing strategy, the high cost of production, poor industry regulation, and threats from the global marketing environment. Recommendations for the development of the industry include policy changes, improved working conditions, trade strategies, product diversification, mechanization, quality assurance, market development, strengthening of market position, and regional cooperation.

L.Rathakrishnan (2010)\textsuperscript{80} explained that the lock industry is a traditional cottage industry in India. Aligarh and Dindigul are famous for lock industry hub in India. The invasion of machinery, competition from large firms, emergence of registered limited liability company with access to the necessary capital, liberalization of the economy consequently allowing cheap lock manufactured by china to Indian market related in the closure of many lock units in India. He suggests modernization, mechanization, financial accessibility and innovation are the pre-requisite for the survival of lock and safe industry in the 21\textsuperscript{st} century.
DR.S.N.Jha, Dr.N.K.Agarwal (2010)\textsuperscript{81} said that every small-scale unit has tough competition in the market; the other units producing the same products are their rivals and the foreign goods are the main competing products etc. The problems of marketing are presented on the line of marketing planning. Thus, problems relating to situation analysis, marketing objectives, selection of target market, product policies and practices, pricing policies and practices, distribution policies and practices and promotion policies and practices as also the problems relating to implementation and control have been presented. Finally, he concluded, it is evident that SSI sector faces difficulties at every stage of their activities, whether it is buying materials for production, organising production, selling products in the market, they are put to a number of difficulties.

National Manufacturing Competitiveness Programme (2010)\textsuperscript{82} opined that with Globalization and changes in communication technologies, new challenges and opportunities have arisen for MSMEs. Due to lack of information, scarcity of resources and unorganized ways of selling / marketing, MSME sector often faces problems in exploring new markets and retaining existing ones. Such asymmetries in information, not aware of the new market where they may sell their products and buyer also having lack of knowledge about the products manufactured by MSMEs result in severe impediments to the growth and survival of MSMEs in a highly competitive environment.

Dr.S.Kaliyamoorthy and Ms.S.Parithi (2012)\textsuperscript{83} underlined that Dindigul lock manufacturing industry has the high level of brand image. Dindigul is also known as ‘lock city’. There is no need for advertisement, displays and exhibitions. Without promotional activities, they marketed their products efficiently. They are involved in direct marketing. Customers have ordered based on their specifications. The workers have produced based on customer’s expectations. Sometimes they sold their products to the agents who ordered bulky. Plenty of locks available in the market, people gives first preference for quality and select the Dindigul locks. It shows the prestigious image.
Rabindra Kumar Swain & Dr. Maheshwar Sahu (2012) discussed developing a strategy based on the particular demands of a specific market, whether local, regional, or international which then determines which services are necessary to assist producers in meeting that demand. He also explained the marketing facilities as available in urban areas or semi-urban areas should be provided to the entrepreneurs in rural areas to improve their annual turnover.

Pandiya D.K., Brajesh Kumar et al., (2012) illustrated in marketing, trust can be defined as the “willingness to be vulnerable”. That, is the customer, at some level, has to be willing to offer the brand an opportunity to influence his/her behavior. This willingness to be vulnerable can be called ‘customer’s trust’. Trust makes the customer “willingness to be vulnerable” to what the brand promises. Brand awareness is the customer’s ability to identify the brand under different conditions, as reflected by their brand recognition or recall performance. Brand image is the perceptions and beliefs held by customers, as reflected in the association held in the customers’ memory.

Ashok Kumar Panigrahi (2012) portrayed marketing is the big problem area for small entrepreneurs. The survival of small entrepreneurs very much depends on sound marketing techniques. One of the most important tools in hands of small entrepreneurs for promoting their sales is low prices coupled with credit to buyers, which give rise to number of problems at later stage. The concept of marketing is not known to the majority of small entrepreneurs. For majority, in marketing there are many ad-hoc initiatives taken by the government, to promote marketing of products/services of small units but no concrete action plan has been chalked out or target made.

Dr. S. Kaliyamoorthy and S. Parithi opined that hand made locks have an international reputation. Dindigul locks had the high level of brand image. Dindigul lock manufacturing industry does not involve the promotional activities. The units are fall in small scale industry. So, they are not spent amount for promotional activities. But, they
have high marketing potential for the product. Finally, he concluded Indian traditional brands are facing a serious challenge to survive and companies are forced to redesign their marketing strategies for effective marketing and penetration in markets. But Dindigul lock manufacturing units have high level of marketing feasibility. Dindigul locks have the high level of brand image and it creates wide level of market coverage.

Supremacy of this Research:

Next to Aligarh, Dindigul is perhaps the most important small-scale lock manufacturing centre in India. Lock manufacturing industry has been in existence here for over a century. Dindigul lock manufacturing units are one of the traditional manufacturing units in the District.

In olden days, more than 5000 units were spread over the District. But now only 504 units are spread over the District. It has been providing job to over 3000 families in Dindigul. Dindigul lock has the high level of brand image but the number of units is declining.

In the research field, there are no research works seen on the four functional areas of lock manufacturing industries. Some of the research studies dealt with any one of the functional areas. This type of research does not cover the problems and prospects of the lock manufacturing unit.

Thus, the supremacy of this research is to explore the problems of lock manufacturing industry to analyse the four functional areas. In this way, the researcher has taken up a fresh study so as to lay the foundation for the research of prospects of lock manufacturing industry in Dindigul District.

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