CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

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1.1. INTRODUCTION

Industrialisation, in Marxist literature, lays emphasis on establishing and developing the means of production in a narrow sense and signifies the completion of the industrial revolution and transfer of economy to industrial method of production in the broad sense. Industrialisation begins with the setting up of heavy industries and when an adequate industrial potential has been attained, the entire economy is transferred to the industrial method of production.

Industrialisation not only influences the growth of national output and income but also the natural life and the social, political and cultural pattern of a country. The role of small-scale sector, in the development of Indian economy, was recognised by our national leaders only after attaining her Independence. The leaders laid a solid foundation for its accelerated development through active policy support and creation of an institutional framework.

It was recognised by the Government of India that small industries were particularly suited for better utilisation of local resources to achieve self-sufficiency in respect of certain types of essential consumer goods. In order to help SSIs, some protection needed to be
provided by reserving certain spheres of productive activities in small industries.²

The importance of SSIs as an effective instrument for creating employment opportunities within a limited range of capital requirements has been realised by all the developed and developing countries in the world. A shift in priority by giving greater emphasis on SSIs becomes a natural and logical corollary, as heavy industries alone are not capable of generating substantial employment potential for the country. The list of benefits of SSIs is comprehensive in nature in developing indigenous entrepreneurship and the said benefits contribute to the growth of active middle class in addition to generating employment potential with a limited range of fixed capital. It also facilitates effective mobilisation of resources of capital and skills. SSIs help in developing industrial dispersal with their greater locational flexibility. It serves as a check on migration of youth from rural areas to large cities and provides avenues of work in close proximity to the place of residence.

In addition, the very wide distribute of existing SSIs in India, the greater pressure of population and the shortage of capital tend to direct attention on the small-scale sector as a possible means of increasing the output and employment in SSIs for atleast the next few decades.
The development of SSIs depends on the size of the market, which, in turn, depends partly on the efficiency of the distribution system and partly on the efficiency of the market.

The small-scale industrial sector has emerged over four decades as a highly vibrant and dynamic sector of the Indian economy. This sector accounts for about ninety five percent of the industrial units and contributes more than forty five percent of value addition to manufacturing sector and about thirty five percent of exports. More than 31 lakhs of units are spread over the country, producing over 7500 items. The units have added nearly 46.3 lakhs more jobs between 1990 and 1998. There has been an additional employment for about 5.2 lakhs of persons, growing at a less than one percent per annum. SSIs taken together account for about fifty percent of total industrial production and the contribution of the industries falling under the purview of SSIs development organisation is about thirty three percent. Japan is usually taken as an example to show how best an economy can be developed through the SSI sector.\(^3\)

SSIs not only play a crucial role in providing large-scale employment at low capital cost, but also help in industrialisation of rural and backward areas, thereby minimising regional imbalances, assuring
more equitable distribution of national income and wealth. SSIs also supplement and compliment large and medium scale units as ancillary units.

The basic policy support of the SSI sector has its roots in the Industrial Policy Resolution 1977, and lays emphasis on reservation of items. The list of products to be exclusively manufactured by SSIs began with 47 items, which was gradually extended to many products. At present there are 812 items reserved for SSIs.\(^4\)

The other policy support extended by the Government includes excise exemption, credit under priority sector, marketing support through reservation of items for products from SSIs for government purchases, providing infrastructure facilities like sheds, plots in industrial estates, technological support, new management techniques, training and entrepreneurship development programmes.

There were about 20 lakhs of SSI units in 1990-91 producing goods worth Rs.1,55,340 crores including goods worth Rs. 9661 crores for exports and this provided employment to about 125 lakhs of persons. The achievement of the SSI sector in 1999-2000 was the establishment of 32.25 lakhs of SSIs units, which produced goods worth of Rs. 578299
crores, including exports worth Rs.53995 crores and providing employment to 177.30 lakhs of persons.²

Though the SSI sector has shown substantial progress, its major problems such as inadequate credit flow from banks and financial institutions, insufficient infrastructure facilities, sub-standard products, use of obsolete technology, outdated plant and machinery and equipments and inefficient management techniques are still inhibiting the sector. In addition to these, this sector has to face the following challenges: competition from opening up of economy to globalisation, need for increasing exports and meeting the commitments of the World Trade Organisation. The policy support provided so far has acted as a catalyst in promoting this sector. However the Planning Commission felt an urgent need to review the policy measures so as to make this sector more growth-oriented and enable it to withstand the pressure from global competition.

India's vision of emerging as an economic power in the twenty first century can be realised only through the promotion and development of small and medium enterprises.
Liberalisation and globalisation are the order of the day. Market forces will determine the system and manner of production. The allocation of resources within the sector must be governed by the criteria of efficiency, productivity and competitiveness. SSIs operated in India will have to move from a regime of protective environment to a competitive environment. SSIs feel apprehensive about globalisation and the impact of the agreements with the WTO.

The concept of market is changing very fast. The term, “domestic market”, is gradually vanishing. The term, “international market”, also may become irrelevant soon. Finally, there will be only one market, that is global market. Therefore the small-scale industries in India must be competitive enough to withstand the crisis for stabilising the trade within and outside the country. The products are to be sold increasingly with brand names and hence the future of SSIs must focus on promoting brand names. The tendency of selling the product with a brand name is increasing.

The growth experience of the Asian Tigers (Hongkong, Singapore, Korea and Tiwan) has, to some extent, encouraged the SSIs in India to go for export orientation. But what is more important is the
perception of the small enterprises and their employment role as an instruction for an easier management of the social system.

The Meera Seth Committee, appointed in 1995 to review the impact of the Government of India’s policy on Handloom, reported how the handloom industry in India fared during 10 years after implementation of the textile policy. But the committee has failed to provide a credible account or analysis for impact of policy.  

The Abid Hussian Committee, appointed in 1995 to suggest measures to improve the growth of SSIs, recommended a raise in the investment limit of small and tiny enterprises. The committee has recommended scrapping the policy of reservation. The report of the Abid Hussian Committee touched upon an array of concepts and debates in areas such as small profit centres, protection versus promotion, level-playing ground, cluster based strategy of development and lead role of SSIs.

The Vijayaraghavan Committee was appointed on 28 August, 1995 to revise the reservation list and it deleted 91 items from the reservation list and 56 items were recommended as additions to the list.
The Department Related Parliamentary Standing Committee on Industry headed by Asok Mitra, economist and former finance minister of West Bengal, came out with a diametrically opposite stand on policies and strategies being followed by the Indian Government. This Committee emphasised the importance of the poverty-eradication role of the SSIs in the country. According to the committee, any substantial improvement in the state of SSIs would also mean a significant reduction in the level of poverty. The committee pointed out that not even 3.3 percent of the union budget was spared for the SSIs sector. While the Government's negligence towards infringement of the law relating to SSIs was highlighted by the report, it also said that the multinational companies and the Indian corporate sector had staged a backdoor entry into the SSI sector in a big way. The committee also pointed out that the SSI sector was not receiving adequate attention from the Government. The report pinpointed the need for an active protectionist role by the Government. 

Small-scale industrial units are playing a 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 great need for examining the marketing practices of this
sector since it has its own limitations in adopting the modern marketing concept.

1.2. STATEMENT OF THE PROBLEM

SSIs contribute to a balanced distribution of income and wealth and employment generation at an advantageous cost-effective-ratio to a larger extent. SSIs assume importance in a country like India where the capital stock is small and a large population has to be employed. SSIs can pay greater attention to the details of their working which can result in higher efficiency. They satisfy the customer's tastes and preferences more effectively than large-scale industries. But these industries have to cross many hurdles. One of the major hurdles faced by SSIs is the marketing of their products.

The problems can be presented in a variety of forms:

a) Most of SSIs depend on large-scale industries for their requirements of raw materials. In the absence of a proper channel for the flow of materials, the cost of raw materials becomes high and they have to depend on middlemen who take away the cream of their profit margin.
b) Most of the SSIs in India carry on their production with outdated and obsolete plants and implements and the method of productions is also antiquated. This results in the poor quality of the product.

c) Marketing their products is the biggest problem faced by SSIs. The products of SSIs do not get fair prices owing to the operation of middlemen and the competition from large scale units which offer better products at lower prices. They face the problems of high cost of transport and improper channels of distribution. The promotional activities and advertising tools are almost non-existent. SSIs cannot afford the services of professional sales management. They fail to pay attention to pricing of their products, which ultimately affects the very existence of the units. The prices are often based on competition and trade discount and quantity discount liberally provided by the marketers. The failure to have the effective selling outlets also influences marketing. The buyers' behaviour, promotional tools used and assured and timely supply are the important aspects of marketing where the small scale industrial products score low. Again branding, packing and advertising do not assume any special importance in their
case. Very often these units are unable to maintain the quality and uniformity of the products. Pre-sale and post-sale services and standardisation are essential in marketing. Most of the small entrepreneurs believe in direct sales. But wider market and small unit purchase make direct buyer-seller relationship difficult and uneconomical. There is also reported a very low level of technical development in this field. The inefficiency of the entrepreneur, lack of managerial skill and poor support from the government also influence the marketing of SSI products.

d) The crux of the problem relates to finance. Small scale producers are poor and have little to offer as security for raising finance. Very often they depend on money lenders for finance and at times they have to make 'distress sales.'

e) Though India promotes SSIs in a big way, the incidence of sickness is very high. One of the major causes for industrial sickness springs from the inability of the industries in India to market their products effectively.

In the light of these developments, a study regarding the marketing performance of SSIs has become desirable. Accordingly the
present study is an attempt to investigate the marketing performance of the SSIs in Kanyakumari District.

1.3. REVIEW OF PREVIOUS STUDY

This dissertation is an experimental study based on the data collected from the small-scale industrial units situated in Kanyakumari district. Studies have also been undertaken on various programmes and incentives given to small-scale industrial units, promotional activities undertaken by the District Industries Centre, the problems associated with the implementation of the promotion of Institutions and the problems faced by the entrepreneurs of SSIs.

The Committee appointed by the Planning Commission of India in 1956 to study the performance of the village and small-scale industrial units has in its report stressed that the setting up of small-scale industrial units will provide employment to the people in the rural areas. Dr. Wu. Jageh (1968), in his study entitled, 'Capital Intensity and Economic Growth Under Developed Countries', pointed out that both the capital-output-ratio and wage-capital ratio show an inverse
relationship with capital intensity. He recommended the setting up of SSIs in countries having large unemployment.¹¹

✓ The UNIDO’S study (1969), on ‘SSI in Latin America’ indicated that the small enterprises with low-level of investment per worker tended to achieve a higher productivity of capital.¹²

✓ Dr. Neelamegham (1970), opined in his study that the main reasons for non-proliferation of modern marketing concept in India were excessive dependence on agriculture and excessive demand in relation to the supply of products.¹³

✓ Small Industries Extension Training (1972), in its study, ‘National Small Industries Corporation on Hire-Purchase Scheme’, 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 utilisation. Most of the units utilising full capacity have been either big export oriented industries or local need based activities. The reasons for this under utilisation are mostly insufficient demand and inadequate financial resources for working capital.¹⁴
Malga Wekar (1973), in his study entitled, ‘Problems of Small Industry in Andhra Pradesh’, has found the lack of infrastructure as a general problem. The Industrial Estate alone cannot overcome the locational disadvantages. The infrastructure facilities of SSIs are either weak or non-existent in rural areas. In urban areas with necessary industrial climate and infrastructure facilities, the growth of industries is relatively faster. 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 much delay in the disbursement of the loans because of the existence of cumbersome procedure and instances of tangible securities.

The development of small industry also depends on the size of the market, which, in turn, depends partly on the efficiency of the distribution of machinery. It is observed that there is a time lag between sales and realisation of sale proceeds and this affects production. This study also finds that the incentives provided by the State and the Central Governments are not within the reach of all the entrepreneurs in rural areas.¹⁰

The Bhagavathi Committee, 1973, in its study, ‘Report on Unemployment’, opposed fast introduction of mechanisation designed
to replace human labour but at the same time recommended introduction of sophisticated technology in certain selected areas. The committee also recommended reduction to the maximum extent possible in the installed capacity of various industries in order to generate employment in the industrial field. The committee virtually favoured creation of employment at any cost without going into economies of the scheme.  

Ramani quoted the State Bank of India Report of 1975 which pointed out that financial management, lack of planned and organised approach were the major causes of failure. However, in his study of 20 units, he found management failure as the single largest contributing factor. He also blamed the governmental procedures and consequent delays contributing to the malaise. However these and other studies also referred to the problem and importance of marketing function and the need for planning and organising for marketing.  

Bepin Behari (1976), in his study entitled, ‘Rural Industrialisation in India’ examined the problems, possibilities and perspectives of rural industrialisation and discussed the crises in Indian villages and the need for a new strategy for rural industrialisation and the provision of fuller employment in rural and small scale industrial units and technologies.
He analysed the agricultural development of the village and small-scale industries and created awareness for incorporating appropriate technologies as principal sources of impetus to the programme of technological transformation in rural India. Further he reviewed the various measures undertaken by the Government towards rural industrialisation, local industrial growth, agro based industries, mini-rural cement plants, utilisation of annual waste and harnessing of natural power.  

People T.S. (1974), in his study entitled, 'A Spatial Diversification of Manufacturing Industries in Uttar Pradesh', furnished evidence to show that continued spatial concentration had indicated a decline in the share of factory employment in five most industrial districts from 57 percent in 1960 to 55 percent in 1975 and also in 10 industrially least developed areas from 1.10 percent to 0.56 percent. He concluded that there was a need for a small degree of dispersal of manufacturing activity in backward areas with some degree of industrialisation.  

People T.S. (1974) has also shown that the companies are attaining marketing expertise in a short time, yet marketing techniques are still not sophisticated. SSIs are also playing a 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.\textsuperscript{20}

Andhra Pradesh Industrial Technical Consultancy Organisation and Kerala Industrial Technical Consultancy Organisation (1980) conducted a study of the various problems faced by the industries in three states viz. Kerala, Karnataka and Andhra Pradesh. The 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 of Karnataka and 52 percent of units in Andhra Pradesh were facing the working capital deficiency. The next serious problem was marketing felt by 30 percent of the units in Kerala. Another setback, non-availability of raw materials, also affected the productivity of several units in all the states, especially the 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 hampered the productivity of the units and this led to a high cost of production.\textsuperscript{21}

\textsuperscript{19} Mathur Gautam (1980), in his study entitled, ‘True Employment and Non-Employment,’ opined that the appropriate techniques in the
consumption goods sector would be of a low degree of mechanisation creating incidentally a lot of employment per units of investment of scarce capital.\textsuperscript{22}

(A.C. Minocha (1980), in his study entitled, 'Industrial Development in Madhya Pradesh Regional Structure and Strategy for Employment Oriented Industrialisation', has suggested that the strategy of employment oriented industrialisation should aim at the development of SSIs in rural areas.\textsuperscript{23})

(K.M. Rostagi, in his study entitled, 'Employment Generation through Small Scale Village and Cottage Industries - a case study in Madhya Pradesh', has reported a unique case of growing unemployment and poverty amidst plenty. He is in favour of only small scale and village industries which make optimum use of indigenous resources and techniques. According to him, there are hundreds of items which can be produced in rural and in small scale industrial units more economically than in a large sector.\textsuperscript{24})

Siddharthan, G. (1980), in his study entitled, 'Entrepreneurship of Small Scale Industries - a study in Kanyakumari District', proved that
community and economic background alone would determine the
growth of entrepreneurship in Kanyakumari District.  

Sarma, R.K. (1982), in his study entitled, 'Industrial Development of Andhra Pradesh – a regional study', has observed that the backward districts of the state have improved their relative positions in terms of units of employment and capital. Majority of the small units are confronted with the problems of raw materials and finance.  

Paul Half man (1982), in ‘Economic Times’, stated that the key to industrialisation of the country did not lie in building factories but in building markets.  

Sekhar, A. (1983), in his working paper No: 620 that appeared in World Bank Report entitled, ‘Uday, Industrial Location Policy–Indian Experience’, observed that the location policies were successful in narrowing the disparities of industrial location in different states. The value-added and employment were more equally distributed among the states during 1960 and 1975 as measured by the Theils in equality and the Harschman Hirfindhal's indices. He also examined intra regional distribution of industry by comparing the degree of concentration of industrial employment in 1961 and 1971 by grouping cities by size and
arrived at the conclusion that, for India as a whole, the degree of concentrations of employment in household industry had declined substantially between 1961 and 1971. However the non-household industry maintained its level of concentration during the period.  

Rajula Devi (1984), in her study entitled, 'Industrialisation holds Key to Rural development', found the following serious deficiencies:

(i) Some part of the assistance was provided to relatively larger amongst small-scale units. (ii) Assistance was delivered to towns which were excluded from the preview of the scheme and (iii) Rural artisans did not receive adequate credit.  

Banujam, K.V. (1984), in his study entitled, 'Poverty Alleviation through Rural Industrialisation', suggested that appropriate technology should be developed to promote the rural small industries.  

Rethnam,N.V. (1984), in his study entitled, 'Rural Industrialisation and IRDP', opined that infrastructural development for industrialisation in the rural areas and investment in basic services designed to realise
the full potential of human resources in the rural areas should receive a high priority.31

Rethnam N.V. also viewed that more than 50 percent of the income of the Indian consumers was spent on food while 10 percent of the grains were lost to rodents and spoilage due to the lack of storage and distribution system. He also argued that it would eventually lead to lowering the cost, thereby freeing more discretionary income for the pursuits like education, hygiene and more leisure. Thus marketing was a device not only to nourish the ultimate consumer efficiently and effectively but also to serve the social goals of the society in the wider perspective.32

He also quoted Charles Collidge who says that ‘Development of Marketing’ is a social discipline, having those tools and concepts which integrate the business with the society’s purpose and human values.33

Gholam Ali (1987), in his study entitled, ‘Help makes Small Scale Industries Viable’, revealed that big and small industries had their share in the development of a nation and the prosperity of its masses. A balance must be struck in the development of these industries. The
thrust on the development of SSI through successive Five Year Plans and Govt. policies and programmes had helped this sector.34

Mecrory (1987), in his study entitled, ‘Latent Industrial Potential’, suggested policies for improving the utilisation of resources in the small Industrial sector.35

The Indian Institute of Management (1988), in its study entitled, ‘Evaluation of DIC Programmes in Andhra Pradesh’, observed that the General Manager, DIC, as secretary to the single window committee, was expected to hasten up the processing of entrepreneurial cases and thus helped the minimisation of delay. The single window committee recommended speedier action, and the DIC had no powers to hasten up and clean up such delayed cases. Several entrepreneurs in every DIC have been annoyed to find their cases long pending with developmental agencies and local bodies due to the indifferent attitude and lack of empathetic understanding of entrepreneurial problems. With regard to the activities like term loan assistance, working capital assistance, capital subsidy, land and factory shed, many entrepreneurs seemed to have received the requisite help from District Industries Centre (DIC). In these activities, DICs have powers, which are mostly recommendatory in nature. The study has tried to point out certain
deficiencies of various schemes provided by DICs but they have not evaluated the performance of DIC at a regional level.36

Singh Nagendra (1988), in his study entitled, ‘Type of Entrepreneurship’, focused on the growth of indigenous entrepreneurship after independence in the country as a whole. The contribution of both public and private sectors, including large scale and small scale enterprises for economic development, was discussed and evaluated.37

Himachalam, D. in his study entitled, ‘Entrepreneurship Development in Small Scale Sector’, says that entrepreneurship development and small-scale industrial development are the obverse and reverse of the same coin. The government and financial institutions have done a lot in this area through entrepreneurship development programmes (EDP). But they have still failed to attract the class of people for whom these programmes are meant. Therefore he puts forth a few suggestions: (i) The entrepreneurs should be provided with more and more information on various aspects. (ii) There should be suitable organisational arrangements for disseminating information about appropriate technology to the proposed entrepreneurs (iii) Entrepreneurs should be provided with full assistance not only in
preparing project reports but also in meeting financial requirements (iv) directory of industrial technical and management experts should be prepared and (v) Intensive efforts should be made to impart more technical training to the entrepreneur trainees.38

He also mentioned in his study that the growth rates had been considerably lowered for the intermediate goods and consumer non durables, while the consumer goods sector, particularly electric and electronic appliances, havd forged ahead reflecting the new high style consumption patterns getting entrenched in richer sections of the society. Such an uneven development would have been avoided, had the needs and wants of the large impoverished class been cared for.39

Berna (1991), 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 promoted the growth of entrepreneurship.40

Ramakrishna, K.T. (1991), in his study entitled, 'Finance for Small Scale Industries in India', has referred to the nature of problems of finance with regard to small scale industries in India and the role played
by the Government, the State Financial Corporations and the Commercial 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.\textsuperscript{41}

Varinder Kumar (1991), in his study entitled, 'Marketing Practices in Small Scale Industries—A study of engineering industry of Punjab', has stressed the importance of product, pricing, promotion and distribution aspects of marketing. He emphasised the effect of marketing environment on small-scale industries.\textsuperscript{42}

Saxena, H.M. (1993), in his study entitled, 'Behavioural Pattern of Market Place Participants—A regional analysis of Rajasthan', underlined that the growth of marketing systems was a result of historic economic factors and it was very much related to the growth of civilisation, more specifically to the economic development, population and urbanisation. He also emphasised that the behaviour of market participants in each system of marketing had its own importance and also the problems of marketing based on market place participants behaviour and suggested a strategy for the development of a more efficient marketing system.\textsuperscript{43}
Retnakar Gedans (1994), in his study entitled, 'Economic Reforms and Industrial Production', has identified 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.

Malcolm S. Adiseshiah (1994), in his study entitled, 'Foreign Investment and Liberalisation', has emphasised that the country needs more investment, both domestic and foreign. While domestic investment responds to the needs of the economy, the foreign investment begins to increase. Efforts should be made to encourage this trend.

Resia Beegam, S. and Sarnagadharam, K. (1994), in their study entitled, 'Female Entrepreneurship in Kerala', revealed that though the entry of women in the entrepreneurship field was a recent phenomenon, they have been attracting the attention of policy makers and Government departments by their excellent performance.

Selwyn Thampiraj, K. (1995), in his study entitled, 'A Study of Sickness among Industrial Cooperatives in Kanayakumari District', revealed that all industrial cooperatives in Kanyakumari district were
considered to be sick according to the views of Reserve Bank of India. But some of the industrial cooperatives were making profit.\textsuperscript{47}

Mahesh Prasad (1997), 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 infrastructural weakness which need to be tackled to ensure further growth.\textsuperscript{48}

Pon Murugan, R. (1997), in his study entitled, 'Industrial Estates in Tirunelveli Region—A empirical study of their impact on the growth of small-scale industrial units', analysed the impact of industrial estates on small-scale industrial units located in Kanyakumari district. The study identified the various factors which influenced the growth of small-scale industrial units in industrial estates in Kanyakumari district. The factors were scientific sales management, budgeted production, availability of institutional finance, supply of water at concessional rate, undisturbed working environment, ploughing back of profits, utilisation of investment subsidy, nearness to raw materials and utilisation of installed capacity.\textsuperscript{49}
1.4. SCOPE OF THE STUDY

The small-scale industrial sector has recorded significant growth and impressive performance. This study aims at identifying and analysing the factors responsible for successful survival by better marketing of their products and also helping the Government in formulating small-scale industrial policy to revive the sick units by promoting better marketing performance.

1.5. OBJECTIVES OF THE STUDY

The basic objectives of the study are:

i) To explore the problems of marketing of small-scale industrial products.

ii) To assess how a sickness among small-scale industries is due to failure in the marketing of their products.

iii) To assess the impact of sales promotion and advertising in the marketing of small-scale industrial products.
iv) To bring out the need for proper support from the Government and also to make the functioning of the small-scale industrial units effective.

v) To assess how far professional sales management is employed by small-scale industrial units.

vi) To suggest measures for solving the problems and help the survival of the small-scale industrial units.

1.6. HYPOTHESES

The following hypotheses have been formulated to find out the relationship between the attitude towards the marketing factors responsible for sickness of small-scale industrial units and the social factors.

1. There is no relationship between the socio-economic group of the entrepreneurs and their attitude towards the marketing factors responsible for sickness.
2. There is no relationship between the marital status of the entrepreneurs and their attitude towards the marketing factors responsible for sickness.

3. There is no relationship between the age group of the entrepreneurs and their attitude towards the marketing factors responsible for sickness.

4. There is no relationship between the educational background of the entrepreneurs and their attitude towards the marketing factors responsible for sickness.

5. There is no relationship between the experience of the entrepreneurs and their attitude towards marketing factors responsible for sickness.

6. There is no relationship between the occupation of the entrepreneurs and their attitude towards the marketing factors responsible for sickness.

7. There is no relationship between the functioning age of the units and the attitude of the entrepreneurs towards the marketing factors responsible for sickness.
8. There is no relationship between the type of units and the attitude of the entrepreneurs towards the marketing factors responsible for sickness.

9. There is no relationship between the generation of the entrepreneurs and their attitude towards the marketing factors responsible for sickness.

10. There is no relationship between the form of organisation and the attitude of the entrepreneurs towards the marketing factors responsible for sickness.

1.7. OPERATIONAL DEFINITION OF CONCEPTS

1.7.1. SSI

SSI means small-scale industry, which is an industrial undertaking with the investment not exceeding Rs.100 lakhs in plant and machinery. In case of ancillary industries the investment ceiling on plant and machinery is also Rs.100 lakhs.

1.7.2. Tiny Industry

Tiny Industry is an industrial undertaking with investment limit in plant and machinery of Rs. 25 lakhs irrespective of the location of the unit.
1.7.3 Small Scale Industrial Products

All the goods bought for industry and business use are industrial goods. Products of small-scale industry refer to the products manufactured by small-scale industries which are listed in the small-scale sector vide government notification of April 26, 1976. It includes:

(i) food and allied industries
(ii) textile products including hosiery
(iii) art silk and man-made fibre hosiery
(iv) wood and wood products
(v) paper products
(vi) leather and leather products including footwear
(vii) rubber products
(viii) plastic products
(ix) injection moulding thermo plastic products
(x) chemicals and chemical products, laboratory chemicals and reagents
(xi) water soluble wood preservative based on copper chrome
(xii) arsenic boric compounds, basic dyes
(xiii) azo-dyes acid dyes—napthols—reactive dyes
(xiv) fast colour bases
(xv) natural essential oils
(xvi) organic chemicals drugs and drug intermediaries
(xvii) other chemical and chemical products
(xviii) glass and ceramics
(xix) roofing files
(xx) flooring tiles
(XX) ceramic table wares and allied items in stone ware semi vitresus ware and earthen wares
(XXI) mechanical engineering excluding transport equipments
(XXII) electrical machines, appliances and apparatus including electronics
(XXIV) electronic appliances
(XXV) electronic equipments and components
(XXVI) transport equipments, boat and
truck body building (xxvii) auto parts components and ancillaries and garage equipments (xxviii) bicycle parts, tricycles and perambulators (xxix) miscellaneous transport equipments (xxx) mathematical and survey equipments (xxxi) sports goods (xxxii) stationery items (xxxiii) clocks and watches (xxxiv) others.

1.7.4. Industry

An industry is a department or branch of craft, art and business or manufacturer of similar product or service. Normally industries convert raw materials into finished products.

1.7.5. 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.

1.7.6. Business

Business includes activities of all commercial or trading of goods and services. These activities range from small shops owned by one person to huge organisations owned by shareholders.
1.7.7. Capital

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

1.7.8. Working Capital

Working capital is the interaction between current assets and current liabilities. It is the amount of capital necessary to run a business.

1.7.9. Seed Capital

Seed Capital refers to the fund contributed by the owner or financial institution for the purchase of machineries and equipments at the initial period.

1.7.10. Socio-Economic Group

Socio-economic group refers to the community of the entrepreneurs such as schedule cost and schedule tribes, most backward class, other backward class and other community.
1.7.11 Experience of Entrepreneurs

Experience of the entrepreneurs means the experience gained by the entrepreneurs in the same industry or with other industry.

1.7.12 Occupational background

Occupational background implies the family background of the entrepreneurs as to agriculture, industrial, business or trade and government or non-government service.

1.7.13 Functioning Age of SSIs

The functioning age of SSI refers to the number of years SSIs are functioning or working.

1.7.14 Type of SSIs

The type of SSIs refers to capital intensive or labour intensive nature of SSIs.

1.8. METHODOLOGY

This study is empirical in nature. The empirical data has been collected, for analysing marketing performance of small-scale industries,
by conducting a survey by using an Interview Schedule (Vide Appendix – A). The secondary data are used to analyse the growth, performance of exports and the like of Small Scale Industries at all India level as well as at state level. They were collected from, books, journals, reports and published and unpublished documents of District Industries Centre, Tamilnadu Industrial Investment Corporation, Indian Overseas Bank, State Bank of India, Department of Statistics-Government of Tamil Nadu, Ministry of Small Scale Industries and Agro and Rural Industries, Government of India, New Delhi, Planning Commission Government of India, New Delhi, Development Commission Small Scale Industries, Ministry of Industries New Delhi, Commissioner and Director of Industries and Commerce, Chennai and National Social Science Documentation Centre, New Delhi.

1.9. CONSTRUCTION OF TOOLS

This study is based on primary as well as secondary data. The primary data are collected mainly for evaluating the marketing performance of the Small Scale Industries in Kanyakumari District. The interview schedule has been structured by the researcher himself (Vide Appendix-A). For identifying the variables to be used in
the interview schedule, the researcher conducted a trial interview with 10 Small Scale Industrial entrepreneurs. A rough draft of the interview schedule was prepared and was circulated among fellow researchers for their critical evaluation. The draft was then revised in the light of their comments. The revised interview schedule thus prepared was given to 15 Small Scale Industrial entrepreneurs for a pre-test. Their suggestions are incorporated and the final draft is prepared.

1.10. SAMPLING DESIGN

The survey was conducted as the basis of sampling method. For developing a sample design, the researcher collected the list of Small Scale Industrial units registered with District Industries Centre Nagercoil, Kanyakumari District of Tamilnadu. Of the total 1000 Small Scale Industrial units registered with District Industries Centre, 250 samples were selected by using lottery method of simple random sampling.

1.11. GEOGRAPHICAL COVERAGE

The present study covers all the four taluks of Kanyakumari district, viz, Vilavancode, Kalkulam, Thovalai and Agasteeswaram.
1.12. PERIOD OF STUDY

The period of study pertains to 10 years from 1991 to 2001.

1.13. FIELD WORK AND COLLECTION OF DATA

The researcher has himself carried out the field work for this study. The work was conducted during the period from March 2001 to September 2001. The researcher used the interview schedule (Vide Appendix –A) for the collection of data from SSIs. The filled up schedules were checked and edited. The omissions and commissions in the schedule were rectified on the spot.

1.14. DATA PROCESSING

After the completion of data collection, filled-up-interview schedules were edited properly to make them ready for coding. The master table was prepared to incorporate all the information available in the interview schedule. The data were transcribed on transcription cards with the help of master table. The classification tables were prepared with the help of transcription cards for further analysis and
interpretations. The processing of data was done through computer technology.

1.15. FRAME WORK OF ANALYSIS

The various mathematical and statistical tools are used for analysing the data for the study.

To measure the difference in the growth performance, Compound Growth Rate has been applied for each industrial unit. To test the consistency of growth performance, the Coefficient of Variation for each component for each industrial unit has been used.

To know the overall effect of marketing factors on sales, the correlation between sales and the independent variables production expenses, administrative expenses, advertisement expenses and sales commission, the Linear Multiple Regression Analysis has been used.

To analyse the factors responsible for marketing performance and the problems faced by the small-scale entrepreneurs, the Factor Analysis has been applied.
To rank the factors which have more influence on marketing performance, the Garrett's Ranking principles have been applied.

The Analysis of Variance test (ANOVA) has been applied to study the relationship between the level of attitude of entrepreneurs and their social variables, responsible for sickness of small scale industrial units.

1.16. LIMITATIONS OF THE STUDY

The present study is based on the reliability of the available primary data. The sample unit is selected from the population having multidimensional features of a large group. The small-scale industries functioning for less than 5 years of experience are not selected for the study. Since the industries involved in the production of cashew nut, brass metal, rubber, ice plant, hollow bricks, bluemetals, coconut fibre, masala powder, shell products plastics, plywood and fish net are assumed to be surviving and facing marketing problems, the samples are selected at random out of these selected industries. Another factor, which influences the marketing performance, is consumer behaviour, which is not taken into account for the study. The statistics available
does not include many unregistered SSIs and records several other non-existent units.

1.17. SCHEME OF REPORT

The report of this study is organised into seven chapters.

The first chapter presents the introduction and design of the study. It includes statement of the problem, review of the previous study, its scope, objectives, hypothesis, operational definition of concepts, methodology, construction of 400ls, sample design, geographical coverage of the study, period of study, fieldwork and collection of data, data processing, framework of analysis, limitations of the study and scheme of report.

The second chapter deals with the concept of small-scale industry and economic settings of the study area, Kanyakumari District.

The third chapter highlights the marketing performance of small-scale industrial units and their marketing weaknesses at national and state level.
The fourth chapter relates to the marketing performance of small-scale industrial units in the study area, Kanyakumari District. It also measures the impact of marketing performance and reasons for the poor marketing performance.

The fifth chapter pertains to the factors responsible for marketing performance and their problems. It also measures and ranks the factors responsible for the poor marketing performance.

The sixth chapter deals with the influence exerted by the marketing performance on the small-scale industrial sickness. It shows the attitude scale, level of attitude of the entrepreneurs and the factors responsible for small-scale industrial sickness.

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