CHAPTER I

INTRODUCTION

The Small Scale Industrial Sector, now placed under the Micro, Small and Medium Enterprises Act (MSMEs Act), has been accepted as the engine of economic growth and for promoting equitable development. In India, the MSMEs play a pivotal role in the overall industrial economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports.

Planned economic development in India has brought about a substantial increase in the national income. The country has made progress in various directions. But it has failed to solve the problem of poverty. The unemployment, disguised unemployment and underemployment are the basic causes of mass poverty in India. Thus, poverty can be attacked only by providing gainful employment to the masses. In fact, generation of gainful employment opportunities has been a common objective of Five Year Development Plans. Underemployment of our agrarian economy was considered to be the basic melody. Poverty, unemployment and other economic problems were considered to be the symptoms. Underdevelopment was planned to be remedied through rapid industrialisation. The stress was on the development of basic and heavy industries. Such a strategy could not create employment opportunities on the scale required under conditions of rapid growth in labour force. Large scale industries have failed to solve the problems of unemployment. A large proportion of idle man power is concentrated in the rural areas. The heart of the unemployment problems in India, thus, lies in its rural sector.

Economic Development demands industrialisation. Balanced regional development, an important component of industrialisation calls for rural industrialisation.
Economic development of a country is directly dependent upon, to a greater extent, the level of industrial growth. The expansion of industrial sector leads to a greater utilisation of natural resources, production of goods and services, creation of employment opportunities and improvement in the general standard of living. India has been striving to develop the country’s industrial base ever since independence. It has framed various policies aimed at development of industries in the public and private sectors. Special emphasis has been laid on small scale industries. Small scale industries play a key role in our planned development with its advantages of low investment, high potential for employment generation, diversification of the industrial base and dispersal of industries to rural and semi urban areas. The small scale sector has been appropriately given a strategic position in our planned economy towards the fulfilment of the socio economic objectives particularly in achieving equitable growth. The promotion of small scale industries has been widely treated as the most appropriate means of developing industry in over populated developing countries.

MSMEs have been recognised as engine of economic growth. In India, MSMEs are the second largest source of employment after agriculture. The major advantage of the sector is its employment potential at low cost. The MSMEs constitute over 90 per cent of the total enterprises and are accredited with generating the highest rates of employment growth and accounts for a major share of industrial production and exports.

With the enactment of the MSMED Act, 2006, which came into force on the 2nd October 2006, the system of SSI registration has been done away with and the new system of filing entrepreneurs memorandum (EM) has been introduced. Micro, small and medium enterprises (MSME) sector plays a pivotal role in terms of economic growth and employment generation. This sector attributes a lot towards domestic needs and export marketing by producing varieties of products ranging from traditional to high tech. Though the volume of production of MSME sector is very large, the quality of production, diversification of products, energy consumption, environmental effects have always been a concern.
The challenges of the MSME sector has increased manifold as the global downturn in the business cycle threatened domestic growth and employment, the proactive role of the state government have helped the sector to achieve a fairly high growth in the sector.

MSME Sector in Kerala plays a pivotal role in terms of economic growth and employment generation. This Sector contributes a lot towards domestic needs and export marketing by producing varieties of products ranging from traditional to high tech. Though the volume of production of MSME sector is very large, the quality of products, diversification of products, energy consumption, environmental effects have always been a concern. A substantial improvements will be needed in technology, such as mechanization, organisation and information and the revamping of policy measures to encourage the growth of small units through collective efforts, ending their isolated mode of operation and become globally competitive. So a study is needed for looking into the possible ways of improving the competitive strength and commercial viability of small scale units in the changing context.

REVIEW OF LITERATURE

Of the states in India, Kerala is lagging behind in attaining the higher lends of Industrialization. As far as this state is concerned, there is less scope for large scale Industries, but there is ample scope for small scale industries which is made clear from various studies conducted by the researchers. The significant studies made in respect of small scale industries in Kerala is described in the foregoing paragraphs:

Ommen M.A (1967) made an attempt to examine and evaluate the role of small industry development programmes in lending a helping hand in India’s economic growth. The study concluded that the development programmes for the small scale industry had, by and large, failed to fulfill their objectives. This was especially true in the utilization of local resources, creation of employment and dispersal of Industrial growth.
Babu.P (1978) attempted to find out the sociological factors that contributed to the development of small entrepreneurs. The study observed that for achieving success in the governments programmes for the entrepreneurs development, it was necessary to ensure that only person with an aptitude for business were allowed to avail the facilities provided by the Government. Academic qualification, such general, technical and professional education had not been a positive factor in entrepreneurial development. The association of small Industrialists had to play a major role in both identification of potential entrepreneurs and their development.

Moosa.A.Baker (1974) studied the major Small Industries in Kerala with special reference to their economic characteristics. The typical economic characteristics of SSIs provide the valid ground for the support of these units even in industrially backward district in Kerala. The study observes that these industries need special consideration in terms of capital intensity. They were useful for determining the role of SSIs in the economic development of Kerala when these industries were identified in terms of their economic characteristics rather than in terms of their size.

Mohan Kumar (1984) in his study of the Role of commercial Banks in Financing SSIs in Thiruvananthapuram District with special reference to SBT, tried to find out the role played by commercial banks in financing SSIs. It was a case study of the state Bank of Travancore in financing SSIs in this District. The study concluded that SBT had failed to reach its targets because of the lack of co-operators between the different governmental organisation and these banks.

Radhakrishna Pillai (1988) in his study as ‘Financing of SSIs in Kerala- A case study on pharmaceutical Industry, attempted to examine the problems of financing of small industry in Kerala. For getting a better focus on the problems, the case of pharmaceutical industry in Kerala was taken into consideration. The study also examined the sources of finance and performance of the units financed by various financial institutions. The study concluded that the significant features of the pattern of financing was the predominance of non- institutional sources in meeting the financial needs of small scale Industries among the institutional sources,
commercial banks were in the forefront and the role of co-operatives in lending of small industries sector has been negligible in Kerala.

The Government of Kerala (1988) conducted a survey for identifying the resources for the likely sickness of SSI units revealed that finance is the major problem area in contributing sickness in small scale sector of Kerala. They suggested for a need based and practical oriented approach on the part of the financing agencies in providing adequate and timely finance for solving this issue.

Ambili Kumar (1989) in his study on working capital of small scale industries in Kerala -with reference to Thiruvananthapuram District, mentioned that sole trader form of business was the most popular among the SSI units taken as sample, a vast majority of these units provided employees to less than 10 workers, working capital is generally more important than from fixed capital, the working capital is not sufficient, a sizeable portion of the funds invested in SSIs was contributed by the industrialists themselves, there was wide variation between one category of industry and another in respect of products. This study analysed the financial structure of various categories of small scale industrial units located only in Thiruvananthapuram District by analyzing the method of marketing management effectiveness as working capital positions.

Abraham.V.A (1991) in his study on Industrial sickness – A study on the reasons and causes for Industrial sickness among the small scale industries in Kerala reported that the success or failure of any small enterprises depends mainly an entrepreneurs, support system and the environment. He structured that the success or failure is determined mostly by the human element involved in industrial enterprise.

Xaviour. V.M (1992) discussed the socio-educational related factors influencing the success and failure of the entrepreneurs in his study on ‘Entrepreneurship in SSIs in Trichur town and its environs’. The study identified successful and unsuccessful entrepreneurs and behavioral factors influencing the success or failure of entrepreneurs. The study concluded that entrepreneurial development was essential not only to solve the problem of economic development
but also to solve the problem of unemployment, concentration of economic power and diversion of profit from traditional avenues of investment. Most of the promotional activities were directed around the financial and physical facilities with the expectation that would be automatic flow of entrepreneurs.

In 1992 the Development Commissioner, (SSIs) Govt. of Kerala, conducted a survey of SSI units registered in the Directorate of industries in the state Union territories. The main object of the survey was to update the frame of working units and to assess the present level of contribution made by registered small scale units in terms of employment, investment and production. The study revealed that the reason for closure of business with the financial problem (38 percent), marketing problem (15 percent), availability of raw materials (6 percent) and all contributions (14 percent) and the rest closed as account of other reasons other than those said above.

Venugopal.S (1993) observed that Government agencies set up for promoting village and cottage industries are inactive and their performance is below the level of expectations. He argues that the survival of village and cottage industries depends on their activity to become competitive. Their efforts should be reduce cost and improve quality through technology upgradation.

In a study conducted by Begum Resia in 1993 on the problem of Women Entrepreneurs in Kerala found that shortage of working capital and high rate of interest charged by banks were two major problem of women entrepreneurs. Shortage of long term capital power, scarcity of raw materials and under utilization of production capacity are the other major limitations of women entrepreneurs in Kerala. Only a negligible portion of the products of women enterprises are used for export. The study suggested for operating these units on modern lines.

Ganesh.C (1993) in this study on the Role of State Financial Corporation in Financing Small Industries and to assess its operational performance after financial assistance was sought. The study revealed that a considerable variation in the operational as well as the financial performance of the small scale Industries after...
availing and utilization the financial assistance provided by the Kerala State Financial Corporation.

Venkiteswaran (1993) conducted a study on 136 small scale Industrial Units in Ernakulam and Cannore Districts of Kerala. It attempted to analyze the major problems faced by the entrepreneur in running their units. Shortage of raw materials was the main problem in both the Districts. The other problems were shortage of working capital, competition from similar units, labour problems, power shortage and lack of demand.

James Manalel (1994) conducted an integrated study on various programmes of assistance available to the SSI units in Kerala. The study revealed that the growth rate of SSIs in Kerala was higher than in more developed states. But the role played by the incentive packages generally had not been adequate in meeting their objectives.

Thomas.T.Thomas (1994) states that there is a need for extensive education of Small Scale Industrial Unit promoters in general management and more specifically in the fundamentals of the marketing management.

Harikumar.V (1994) examined the sickness in Small Scale Industries in Kerala. The researcher examined the magnitude and the causes of sickness. The socio economic profile of the entrepreneurs of the SSI units and its relatives with the success or failure of the human was also studied. The study reported that industrial sickness was spreading in the century at an alarming rate both in terms of the number of units and the amount of bank over dues. Compared with other sectors the incidence of sickness was significantly higher in SSI sector. The study also revealed that working Capital was one of the major problems of SSI sector. This problem of the sick units did not mainly stem from the shortage of supply of assistance for the commercial banks but from the delay in realizing it and from the manufacturing of the units.
Subramanian K.K. and Mohanan Pillai.P (1994) in their study examined the growth, structural changes, current status and problems of small industry. A detailed profile of the Kerala small scale Industry was also given. The study concluded that the major strategic question in Kerala was how to induce organizational forms, whereby small firms could overcome the limitations imposed by industrial structure, tiny size and technological backwardness. For inducing organizational behaviour, the study suggested that government would have to play a market friendly role towards SSI units. This would ensure co-operation between organization and would lead to the growth of employment, output and export by the modern small scale industry in Kerala.

Rao (1995) reported that the potential for investment related to technology requisition and transfer in small scale and medium sector has assumed considerable significance in their interest to face the challenges of liberation and globalization of markets.

Shiny Philip (1995) in her study on Growth and Development of Coir Industry in Kerala, analysed the present status of the industry in terms of production, employment and marketing. The role of coir Co –operatives in the development of the industry in the state was also studied.

An important study on the traditional industries of Kerala came from Raghavan. The study focused on the crisis of traditional Industries and its impact on the performance of the co-operations in traditional industries. Though the traditional Industries like handloom, coir and beedi have been organized into one umbrella, the performance of these industries showed a deteriorating trend in terms of employment operations and financial viability.

The International perspective planning Team (1995) which made an extensive study on Indian small scale Industries, was of the opinion that Government efforts for the promotion of this sector were largely scattered and dealt with only isolated segment of the problem.
A study of some trend in small scale industries was attempted by Joseph (1996) focusing as a case study of diamond Industry in Kerala. The study frame the relocation process to be carried out by deglamorising tendencies in the industry. The study of Resource for the growth of the Industry in places like Trissur in Kerala found favourable locational advantages, linkages with industrial cities like Coimbatore, linkage between diamond Industry and gold jewellery Industry etc to be the reason facilitating its growth. The study found certain new trends like worker turned entrepreneur emerging in the Industry.

The study on Financial Management of SSls in Kerala by Justin.J (1996) found that the loan amount sanctioned by the financial Institutions were not sufficient. So the entrepreneurs were forced to approach their friends, relatives and moneylenders due to insufficiency of long term loan from financial agencies. Some entrepreneurs resorted to the curtailment of their projects due to shortage of funds. Although there are many financial institutions in the state which provide long term loans to the SSls, funds are neither easily available nor available in sufficient quantities. The SSls require short term funds, only from commercial banks, and therefore these banks are the sole source of short term fund for SSls. SSls have to face a number of difficulties, in raising short term funds. The SSls do not follow systematic procedures in managing their inventory and cash. There are wide variations in profitability among the SSls, Some have negative and some positive. The SSls have a poor liquidity position.

Mohan.P (1997) in his study on “Marketing Problems of Small Entrepreneurs with Special reference to food processing industry in Kerala”, analyzed the marketing problems of small enterprises of food processing industry in Kerala. The researcher examined the working of the units, problems faced by SSI units, pricing methods, promotional aspects and distribution aspects. The study concluded that the small enterprises in the food processing Industries in the state were having a number of grave marketing issues like poor capacity utilization, small investment in plant and machinery and working capital, slow growth rate in sales and
profit. It clearly indicates that the small enterprises in the food processing industry are faced with some chronic problems.

Salim (1998)\textsuperscript{26}, in his study on “Marketing Orientation of Small Firms”, proves that, in most categories of industries there is more number of high performing units followed by moderate performing units. High performing units have more market orientation than low performing Units. There is a strong positive correlation between market orientation and business performance.

Dutey (1999)\textsuperscript{27} in his study titled practice manual to Small Scale Industries explained the importance of small scale Industries, clubbing of clearances of SSI on an overview of income tax, central sales taxes, finance and management of SSI units.

Vasandhara Raje (2000)\textsuperscript{28} states that credit is an essential input of the working of small scale industries. Any delay or inadequate supply of credit is detrimental to the growth of the SSI units. Therefore, timely and adequate availability of credit is of crucial importance for setting up and for expanding the existing SSI units.

Moli Koshy and Mary Joseph (2000)\textsuperscript{29} in their study on “Women Entrepreneurship in Small Scale Industrial Units”, reported that there was a considerable increase in the number of women entrepreneurs due to various support measures extended by Governmental and non- governmental agencies and the changing attitude towards woman entrepreneurship. However, woman entrepreneurship register low level in backward districts of Wynad, Kannur and Kasargod, so they suggest that specific programmes may be implemented in these areas to increase the level of entrepreneurship.

Suni George (2000)\textsuperscript{30} in his study on “Small Scale Industries and Economic Liberalisation”, observed that the policy of protection with privileges for SSIs induced this sector to remain small, and to become more inefficient with poor product quality. It is not protection but competition that should be the rule of the day.
Romijn (2001)\textsuperscript{31} analyzed the approaches towards technology support for small scale manufacturing enterprises in developing countries since the early 1970s. According to him, early programmes tended to suffer from a number of weaknesses, stemming for limited conceptualization of technology and an inadequate understanding of the role of small scale sector in Industrial development more broadly. Linking producers to new markets is an important precondition. Facilitating access to information, especially through interactions with other parties, is another aspect.

Batra (2002)\textsuperscript{32} highlighted the emerging issue of entrepreneurship development and management of small scale industry. The researcher stated that in a developing economy, small scale industries play a very significant role in economic development of the country. These industries mostly represent a stage in economic transition for traditional to modern technology. The study pointed out the need for the development of entrepreneurship in small scale sector to provide gainful employment, equitable distribution of national income, mobilization of local resources and for balanced regional development.

The Industrial Policy of Kerala (2003)\textsuperscript{33} endeavored to free the global competition by suitable upgradation of technology, cost reduction techniques and sound management. For it, the department of Industries and commerce is to be re-engineered into a competent and professional support agency for the SSI sector. The intensive industrialization program will be used to improve the documentation, technical knowledge and management facilities with increased emphasis in technology upgradation for small scale industry, and dissemination of information using digital technology and networking. SIDCO will be molded into an efficient, professional agency for marketing of SSI products with common branding and publicity as well as for other self sustainable lines of business.

Lissy.S (2003)\textsuperscript{34} made a study about the Child Labour in the SSI units of Thiruvananthapuram District. Her study revealed that poverty is the first reason for engaging in jobs at an early age. The researcher has observed that in the rural areas
children are considered God gifted and parents also hold the opinion that God has given them children and as such, he will provide them with food. The study concluded that children are forced to engage in jobs for earning more income to the family.

Reji (2004)\textsuperscript{35} made a study relating to small scale industrial sector in Kerala. He observed that the rate of growth of SSI units in Kerala shows declining trend. The average annual growth rate during the study period was 11.86 percent. The districtwise analysis indicate that more number of units could be seen in Ernakulam District. The study conducted that small scale Industry in India and in Kerala are not able to sustain their growth rate in the post liberalization era unless adequate steps are taken for its development and growth.

Mathew.P.M (2004)\textsuperscript{36} in his article entitled Small Industry and Globalization–design and Growth strategies- highlighted that the vibrancy and dynamism of the small industry sector, anticipated under an era of deregulation and de-reservation, remains largely unrealized. While India will be negotiating on a number of issues that will effect small industries at WTO forums, a lot of home work is yet to be done. According to him the country needs strong SME policy which is closely linked to its international commitments.

Balasubramanya M.H (2004)\textsuperscript{37} in his article entitled Small Industry and Globalization Implications, Performance and Prospects- studied the impact of globalization and domestic reform on small industry. Small industry has suffered in terms of growth units, employment, output and exports. But, the policy changes have also opened new opportunities and markets for the section. To avail of it, the focus must be turned to technology development and strengthening of financial infrastructure in order to make various small industry internationally competitive and contribute to national income, employment and exports.

Gopakumar.B (2005)\textsuperscript{38} in his study, on the Role of Institutional Finance on the Development of SSls in Kerala, observed that SSls in India have been shown a significant progress in respect of number of units, production employment generation
and export. The Kerala economy also witnessed the same progress. The socio economic factors such as educational qualification of the entrepreneurs, previous experience of the entrepreneurs, heritage of the entrepreneurs and financial background of the entrepreneurs play a vital role in the running of SSI units in a successful manner.

Madanan. K (2006)\(^{39}\) discussed the impact of subsidies towards the growth of SSIs in Kerala. He found that all stakeholders of SSI sector consider SSI as a critical one as it is one of the biggest employment providers in the state. The study concluded that the withdrawal of subsidies was intricately related to ensuring infrastructure, opportunity, amicable climate and other forms of support for SSIS. He suggests that current administration of subsidies can be improved through reducing procedural delays, adopting single window mechanism and simplification of procedures.

Rathood.C.B. (2007)\(^{40}\), described the importance of small scale industrial sector, and also the contribution of Indian small scale Entrepreneurs in world economy. This study concluded that both opportunities and challenges were raised as the impact of globalization on Indian Industry as a whole and the small scale sector in particular. This study found that a major portion of our exports would have to gear up to the new era of boundaryless economy. The study has suggested that there is need for simplified legal and regulatory frame work, good governance, stuffiest and accessible finance, suitable infrastructure.

K. Valsala chandran (2007)\(^{41}\), in his study ‘Entrepreneurship in SSI’s’, examined the various factors of Entrepreneurship in SSI sector. The study concluded that there was continuous growth in SSI sector till 2000-2001, after that a decline in the overall growth is felt. The finding of the study also reveal that the entrepreneurs in Kerala have been facing a number of social, economic, managerial, technological and marketing problems in their units.
From the review of the various studies made in the past, it is clear that the study on SSI units and its impacts on globalization, and the present study is an endeavour to cover this lacuna.

**Background of the Study**

Small industry has suffered in terms of growth of units, employment, output and exports. But the policy changes have also thrown open new opportunities and markets for the sector. To avail of these, the focus must be tuned to technology development and of strengthening of financial infrastructure in order to make small scale industry/MSME sector internationally competitive and contribute to national income and employment. On account of the global recession, where several large industries are on the verge of collapse, the role of MSMEs assume significance. In order to bridge the rich poor divide, it is necessary to promote the MSMEs with suitable policy initiatives. For that matter it requires to have an evaluation on the present status of Small Scale/MSME Sector in Kerala to see whether this sector has reached the level expected upon.

**Importance of the Study**

The MSME sector employs 59.7 million persons spread over 26.1 million enterprises, in terms of value of manufacturing output, it accounts for about 45 per cent of the total export of the country.

The MSME constitute over 90 per cent of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. There are more than 6000 products, ranging from traditional to high-tech items, which are being manufactured by the Indian MSMEs. This sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost.
Economic development of a nation or a state is directly related to the level of industrial growth. The expansion of industrial sector leads to a greater utilisation of natural resources, production of goods and services, creation of employment opportunities and improvement in the general standard of living. Small scale industries play a key role in our planned development with its advantages of low investment, high potential for employment generation, diversification of the industrial base and dispersal of industries to rural and semi urban area. The development of small scale industries is being given to the following objectives:

1. To provide additional employment opportunities
2. To mobilise resources of capital and skill from various parts of the country.
3. To provide a more equitable distribution of National Income
4. To provide a helping hand to large industries and facilitate them in their work

Operational Definition

With the enactment of the MSMED Act, 2006, which came into force on the 2nd October 2006, the earlier concept of Industries has been changed to ‘Enterprises’.

As per the provision of the said Act where the investment in Plant and Machinery does not exceed Rs 25 lakh are categorised as Micro Enterprises engaged in Manufacture (Rs 10 lakhs in the case of Service), where investment in Plant and Machinery exceed Rs 25 lakhs but does not exceed Rs 5 crores as small Industries engaged in Manufacture (Exceed Rs 2 crores but does not exceed Rs 5 crores in the case of service).

Where the investment in Plant and Machinery exceeds Rs 5 crores but does not exceed Rs 10 crore as Medium Enterprise engaged in Manufacture (exceed Rs 2 crores but does not exceed Rs 5 crores in the case of service).
Statement of the Problem

Kerala is a region where the employment problem is most crucial and the development of small scale industry occupies importance for solving the unemployment problem and for achieving economic growth.

Small scale industry sector has been a very important contributor to the economy of India in general and Kerala economy in particular. It being the nursery for the entrepreneurship, future of the economy also, to a large extent, hinges on the growth of small Scale Industrial Sector.

This sector has recorded a high growth rate since 1947 despite stiff competition from the large scale sector. The rapid growth of the small scale industries has a great relevance in our economic policies. These industries are set up locally to cater to the requirements of local people.

Small scale sector not only provides immediate employment on a large scale but also acts as a tool for ensuring a more equitable distribution of income as well as an effective vehicle for mobilisation of resources including capitalized entrepreneurship.

Globalisation has made it imperative for the small scale industries to be competitive in order to face challenges set by large multinational companies. It has to adopt cutting edge technologies and international managerial practices in order to survive in the market. Small scale sector needs to be vitalized for competitiveness and sustainable growth under new world trade rules and faster technological changes. In this present globalised era, it is imperative to examine the trend, growth, problems and the impact of globalisation on Small Scale /MSME Sector, hence the present study.
Objectives of the Study

The following are the objectives of the study:

1. To examine the performance of SSI /MSME sector during the pre and post globalization era in respect of:-
   
a) Number of registered units
b) Employment
c) Production
d) Investment and
e) Export

2. To compare the performance of SSI/MSME sector between pre and post globalisation era in respect of :-
   
a) Number of registered units
b) Employment
c) Production
d) Investment and
e) Export

3. To See the behavioural impact on the SSI/MSME Sector in Kerala during pre and post globalization.

4. To suggest a predictor equation model for SSI/MSME sector in Kerala during pre and post globalization.
Hypothesis of the Study

The study formulated the following hypothesis:

1. There is no significant variation in the number of units, employment, production, Export and investment of the SSI/MSME Sector in Kerala during the pre and post globalisation periods.

2. There is no significant behavioural impact in the SSI /MSME sector during the pre globalization period.

3. There is no significant behavioural impact in the SSI /MSME sector on account of globalisation

Scope of the Study

The present study is confined to the Small Scale/MSME Sector which is included under the MSMED Act. It also includes the evaluation of the trend and growth in number of registered units, employment, production, investment and export and the impact of globalisation on Small Scale / MSME Sector in Kerala.

METHODOLOGY

Collection of Data

Data for the present study have been collected from both Primary and Secondary sources.

Secondary Data

The present study mainly considers the secondary data for the analysis of the Trend and growth in Number of units, Employment, Production, Exports and Investment for Forty years from 1970-71 to 2009-2010.

The Secondary data were collected from various publications of RBI, National Planning Commission, State Planning Board, Kerala, Directorate of
Industries and Commerce, Kerala, Department of Economics and Statistics, Small Industries Service Institute, Books, Reports, Journals, Periodicals, Published and unpublished research reports and Working papers.

Primary Data

The study also made use of the primary data for analyzing the impact of globalisation on SSI/MSME Sector in Kerala. It was collected through a properly designed interview schedule.

The pilot study was initially carried out in Kollam District by selecting 50 sample units. Necessary changes and modifications were effected in the interview schedule in the light of the pilot study. Data gathered from observation were also used for analysis and interpretation.

Sample Design

Purposive Sampling method is used for the selection of units for the study.

Region wise identification

The entire state of Kerala is divided into three regions based on concentration of SSI/MSME units. They are Southern Region which comprises of Four districts such as Thiruvananthapuram, Kollam Pathanamthitta, and Alapuzha. Central region which include Kottayam, Idukki, Ernakulam, Trissur and Palaghat and the Northern region including the districts viz, Malappuram, Kozhikode, Wynad, Kasaragode and Kannur.

Selection of Sample Districts

From the three regions, one district from each region is selected for the study. They are Kollam from Southern Region, Ernakulam from Central Region and Kozhikode from Norther Region. All these three districts from three regions are selected based on the concentration of SSI/MSME units.
Selection of Sample Units

Purposive sampling technique is used for the selection of sample units for the study because it is seen that all the units did not commence their operation prior to 1970-71 for considering 20 years prior and 20 years after globalization. So, only a purposive sampling –multi stage wise server the purpose in this regard. A survey was conducted and identified 575 units in total in which 195 units were from Kollam, 205 units were from Ernakulam and 175 were from Kozhikode district.

STRUCTURE OF SAMPLE UNITS

Multistage purposive Sampling

1\textsuperscript{st} Stage

Selection of Region

- Southern
- Central
- Northern

2\textsuperscript{nd} Stage

Selection of Districts

- Kollam
- Ernakulam
- Kozhikode

3\textsuperscript{rd} Stage

Selection of Units

- 195
- 205
- 175

Total: 575
Variables Identified and Used for the Study

a. Main Variables (performance variable)

There are Five main variables identified for knowing the trend and growth of the SSI/MSME Sector. They are:

1. Number of registered units
2. Employment,
3. Production,
4. Investment; and
5. Export

b. Other Variables

In addition to the said variables there are other variables identified for knowing the behavioral impact on account of globalization. It falls under two broad heads viz. Personal Profile and five major variables for studying the impact of globalization during the pre and post globalization periods.

i. Personal Profile; For assessing the socio economic and personal attitudes 10 variables are identified

ii) Five main Variables: For studying the impact of globalization on SSI/MSME Sector during the pre and post globalization periods includes the following:

a. General Factors (15 sub variables)
b. Economic Factors (15 sub variables)
c. Social Factors (15 sub variables)
d. Motivational Factors (15 sub variables)
e. Cultural Factors (9 sub variables)
Period of Study

The study covers a period of 40 years for knowing the trend in the growth of number of registered units, employment, production, investment and exports in the SSI/MSME Sector in Kerala. This forty years period is 20 years from 1970-71 to 1989-90 periods considered for studying the pre globalisation and the next 20 years from 1990-91 to 2009-10 for studying the post globalisation effects. The impact of Globalisation is looked into by collecting data from the respondent units which were made during 2009-10.

Tools Used for Data Collection

Collection of data relating to globalisation and its impact on units is studied by means of an Interview Schedule specifically developed for this purpose. The variables are finally set after conducting a pilot study on 50 units in Kollam District.

Tools Used for Analysis of Data

The Tools used for analysis and interpretation of data include compound growth rate for knowing the growth, simple percentages for knowing the trend, charts for knowing the trend, correlation and regression analysis.

Limitations of the Study

The trend and growth of the Small Scale/MSME Sector were analysed by taking 20 years and 1990 is taken as the mid year in which Liberalisation and globalisation took place.

The present study suffers from the inherent limitation of more dependence on primary data such as possibility of bias in responses. Moreover most of the units did not maintain proper records of their activities and as a result difficulties were experienced in collecting the primary data. In the absence of the recorded facts, the required data were gathered from the entrepreneurs and managers of the sample units after discussion. Therefore the reliability of the data depends, to a very great extent
of the information supplied by them. There was no other alternative available for counter checking the data supplied by them. However utmost care was taken to counter-verify the responses through observation to make the result of the study fruitful, scientific, rational and logical.

CHAPTERISATION SCHEME

The following are the schemes in which the present study, report is arranged. They are

Chapter - I Introduction: In this chapter the methodology used for the study and a review on the past studies made are included.

Chapter - II SSI/MSME Sector in India and Kerala - An Overview: This Chapter deals with an Overview of SSIs in the World, Rural Industries including Small Scale Industries (SSI) / Micro, Small and Medium Enterprises (MSME) in India and Kerala and the impact of Globalisation on the MSME Sector in India and Kerala are made.

Chapter - III Theoretical Frame work for Analysis

Chapter–IV- Analysis of performance of SSI/MSME sector in the pre and post globalization periods. (Trends in Registered Units, Employment, Production, Investment and Export in Kerala in the Pre and Post Globalisation periods.

Chapter -V - An Analysis on the behavioural impact of Globalisation on the SSI/MSME Sector in Kerala.

Chapter -VI - Summary of findings, Conclusions and Suggestions.
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