

PROBLEMS FACED BY SMALL SCALE INDUSTRIES IN KERALA WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT.

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ABSTRACT

An Entrepreneur is a business leader who organizes and operates the business and also takes the financial risk involved in it. He is also the person who undertakes the task of bringing together various resources and manages them to achieve desired goals. Objectives of the study, to study the marketing problems faced by the small scale industries select sample respondents in study area. Methodology of the study, a research design is a logical and systematic plan prepared for directing a research study. It specifies the objectives of the study, the methodology and techniques to be adopted for achieving the objectives. Primary as well as secondary data have been collected for this study. Here, study was conducted to find out the feasibility of the research work. The pilot study was conducted for a period of three months with 150 respondents in the district considered for the study. Garrett ranking techniques was used in this study. Convenience sampling method has adopted in this study. Secondary data have been collected through websites, journals, books, magazines etc. Interview schedule have been prepared for conducting survey for the present study. Suggested this study, It is well known that small scale industries are mostly sole traders or partnership and professional marketing is often not practiced in such units. Conclude this study, the reason primarily is a shift and pent-up demand in the sentiments of the general business industry. Also, the country is currently under inflation, where the price of certain commodities has increased. Furthermore, the third pandemic wave had a negligible impact on India's overall demand for products and services As far as the MSME credit is concerned, many researchers conducted a study

Keywords: Marketing problems, Incompetent management, Poor capacity utilization

1.1. Introduction

An Entrepreneur is a business leader who organizes and operates the business and also takes the financial risk involved in it. He is also the person who undertakes the task of bringing together various resources and manages them to achieve desired goals. Entrepreneurship plays a prime role in industrial development. India is considered as a land of Entrepreneurs and should have a strategic position in Indian economy. In India 45% of the total industrial production is from MSME units, 30% of the country exports and employed 96 million persons through 26 million units which spreads throughout the country. Small Scale Industries do not enjoy much of the advantages enjoyed by large scale enterprises because of their nature and size. Though they have made significant contribution to economic development, they have not realized their full potential. They face many problems in their functioning and many Small Scale Industries are sick. The government had reserved certain items for exclusive production by Small Scale Industries. Large scale enterprises were not allowed to produce the items which were reserved for the SSI sector. With the opening up of the economy and following the principles of liberalization and globalization, many items have been successively De-reserved. Therefore

Small Scale Industries have to now counter the twin forces of competition from Indian large scale enterprises as well as foreign competitors.

Problems faced by Small Scale Industries

The following are the problems faced by Small Scale Industries:

Poor capacity utilization

In many of the Small Scale Industries, the capacity utilization is not even 50% of the installed capacity. Nearly half of the machinery remains idle. Capital is unnecessarily locked up and idle machinery also occupies space and needs to be serviced resulting in increased costs.

Incompetent management

Many Small Scale Industries are run in an incompetent manner by poorly qualified entrepreneurs without much skill or experience. Very little thought has gone into matters such as demand, production level and techniques, financial availability, plant location, future prospects etc. According to one official study, the major reason for SSI sickness is deficiency in project Management i.e., inexperience of promoters in the basic processes of production, cash flow etc

Inadequate Finance

Many Small Scale Industries face the problem of scarcity of funds. They are not able to access the domestic capital market to raise resources. They are also not able to tap foreign markets by issuing ADR's (American Depository Receipts) GDR's (Global Depository Receipts) etc because of their small capital base. Banks and financial institutions require various procedures and formalities to be completed. Even after a long delay, the funds allocated are inadequate.

Bank credit to the small scale sector as a percentage of total credit has been declining. It fell from 16% in 1999 to 12.5% in 2002. Small Scale Industries are not able to get funds immediately for their needs. They have to depend on private money lenders who charge high interest. Finance, as a whole, both long and short term, accounts for as large as 43% of the sector's sickness.

Raw material shortages

Raw materials are not available at the required quantity and quality. Since demand for raw materials is more than the supply, the prices of raw materials are quite high which pushes up the cost. Scarcity of raw materials results in idle capacity, low production, inability to meet demand and loss of customers.

Lack of marketing support

Small Scale Industries lack market knowledge with regard to competitors, consumer preferences, market trends. Since their production volume is small and cannot meet demand for large quantities their market is very restricted. Now with the process of liberalization and globalization they are facing competition from local industries as well as foreign competitors who sell better quality products at lower prices. For e.g. heavily subsidized but better quality imports from China has made most of the Indian SSI units producing toys, electronic goods, machine tools, chemicals, locks and paper etc., unviable.

Problem of working capital

Many Small Scale Industries face the problem of inadequate working capital. Due to lack of market knowledge their production exceeds demand, and capital gets locked in unsold stock. They do not have enough funds to meet operational expenses and run the business.

Problems in Export

They lack knowledge about the export procedures, demand patterns, product preferences, international currency rates and foreign buyer behavior. Small Scale Industries are not able to penetrate foreign markets because of their poor quality and lack of cost competitiveness. In countries like Taiwan, Japan etc. products produced by Small Scale Industries are exported to many foreign countries. But in India not much thought and focus has gone into improving the export competitiveness of Small Scale Industries.

Lack of technology up-gradation

Many Small Scale Industries still use primitive, outdated technology leading to poor quality and low productivity. They do not have adequate funds, skills or resources to engage in research and development to develop new technologies. Acquiring technology from other firms is costly. Therefore Small Scale Industries are left with no choice but to continue with their old techniques.

Multiplicity of labor laws

One of the merits of Small Scale Industries are that they are labor intensive and can provide employment to a large number of people. But the multiplicity of labor laws, need to maintain several records (PF, ESI, Muster Rolls etc), fines and penalties for minor violations etc place Small Scale Industries at a great disadvantage.

Inability to meet environmental standards

The government lays down strict environmental standards and Courts have ordered closure of polluting industries. Small Scale Industries which are already facing shortage of funds to carry out their business are not able to spend huge sums on erecting chimneys, setting up effluent treatment plants etc.

Delayed payments

Small Scale Industries buy raw materials on cash but due to the intense competition have to sell their products on credit. Buying on cash and selling on credit itself places a great strain on finances. The greater problem is payments are delayed, sometimes even by 6 months to one year. It is not only the private sector but even government departments are equally guilty. Delayed payments severely impact the survival of many Small Scale Industries.

Poor industrial relations

Many Small Scale Industries are not able to match the pay and benefits offered by large enterprises, because their revenues and profitability are low and also uncertain. This leads to labor problems. Employees fight for higher wages and benefits which the SSI is not able to provide. This may lead to strikes, resulting in damage to property in case of violence by employees, production losses etc.

Strain on government finances

Marketing of products manufactured by Small Scale Industries is a problem area. The government has to provide high subsidies to promote sales of products produced by Khadi and Village Industries. This places a great strain on government finances.

Concentration of industrial units

There is high concentration of small scale industrial units in a few states. Of the estimated 1.37 million registered units as on 2020-21, nearly 35% were located in three states. Uttar Pradesh, Tamil Nadu, Gujarat, Maharashtra etc., alone account for 35% of Small Scale Industries. Due to concentration, there is high competition among them to procure raw materials and other industrial inputs. This leads to high costs and scarcity of raw materials and other inputs affecting their production and increasing costs.

Inadequate dispersal

One of the objectives of the government in promoting Small Scale Industries was to increase industrial development and employment opportunities throughout the country. Since nearly 60% of the Small Scale Industries are concentrated in few states, the objective of balanced regional development and promotion of backward areas has not been achieved. Further majority of Small Scale Industries are located in urban areas and the aim of industrial development in rural areas has also been defeated.

Widespread sickness

Sickness among Small Scale Industries is widespread. Sickness is not detected in the initial stages and large amount of funds are locked in them. Due to this new entrepreneurs are not able to get loans, workers in the sick units lose their jobs and industrial and economic development is affected.

Lack of awareness

The government has set up many organizations to support and provide assistance to Small Scale Industries. But, many of the entrepreneurs running Small Scale Industries are not aware of the various support services.

Government interference

Small Scale Industries have to maintain a number of records and there are endless government inspections. A lot of time, money and effort is wasted in complying with various inspections and records verification. This prevents Small Scale Industries from fully concentrating on their business activities.

I.2. REVIEW OF LITERATURE

Soundarpandian, (1999) suggested that for entrepreneurship development in India, there was a greater need to emphasize on research relating to process and enhancement of entrepreneurship. The problems of women entrepreneur are listed as, Stiff competition from male entrepreneurs, High price of raw materials required, Financial constraints, Managerial constraints, Technical difficulties, Low ability to bear risks, Low level of favourable family

background, Lack of entrepreneurial initiative.

Vatharkar (2012) examined the problems faced by women entrepreneurs in Pune district at various levels in their journey as entrepreneurs and also found the factors motivating these women to become entrepreneur. The study found that women entrepreneurs face lots of problems at start-up as well as operating stage like, role conflict, lack of motivation, lack of finance, maintaining balance between work and family life, discriminating treatment, understanding government rules and regulations, etc. Further, it is noted that these women entrepreneurs are both “willing” as well as “forced” entrepreneurs. For some of them, factor motivating to start their own enterprise is to support family financially, while for some of them it is the urge to be economically independent

1.3. STATEMENT OF THE PROBLEM

The small and medium industrial sector, which plays a pivotal role in the Indian economy in terms of employment and growth, has recorded a high rate of growth since independence in spite of stiff competition from the large sector and not so-encouraging support from the Government. Now it is facing so many problems from the Government and other sources, so this study thoroughly analysis the performance of small and medium industries and its impediments for growth. Various problems associated with marketing of food products Small Scale Sector enterprises. For this purpose the researcher has taken this study.

1.4. OBJECTIVES OF THE STUDY

1. To study the marketing problems faced by the small scale enterprises select sample respondents in study area.
2. To offer suitable suggestions to avoid marketing problems in small scale enterprises in study area.

1.5. RESEARCH METHODOLOGY

A research design is a logical and systematic plan prepared for directing a research study. It specifies the objectives of the study, the methodology and techniques to be adopted for achieving the objectives. Primary as well as secondary data have been collected for this study. The study was conducted for a period of three months with 150 respondents in this district considered for the study. Garrett ranking techniques was used in this study. Convenience sampling method has adopted in this study. Secondary data have been collected through websites, journals, books, magazines etc. Interview schedule have been prepared for conducting survey for the present study.

MARKETING PROBLEMS FACED BY SMALL SCALL INDUSTRIES

S.no.	Problems	Total score	Mean score	Rank
1	Poor capacity utilization	4802	32.01	1
2	Incompetent management	4515	30.10	2
3	Inadequate Finance	4510	30.07	3
4	Raw material shortages	3853	25.69	4
5	Lack of marketing support	3836	25.57	5
6	Problem of working capital	3827	25.51	6

7	Problems in Export	3652	24.35	7
8	Lack of technology up-gradation	3436	22.91	8
9	Multiplicity of labor laws	3050	20.33	9
10	Inability to meet environmental standards	2814	18.76	10
11	Delayed payments	2340	15.60	11
12	Poor industrial relations	2210	14.73	12
13	Strain on government finances	2165	14.43	13
14	Concentration of industrial units	1987	13.25	14
15	Inadequate dispersal	1854	12.36	15
16	Wide spread sickness	1798	11.99	16
17	Lack of awareness	1685	11.23	17
18	Government interference	1566	10.44	18

Source: Primary Data.

Table reveals the marketing problems faced by small enterprises. "Poor capacity utilization" was ranked first by the selected sample respondents with the total score of 4802 and mean score of 32.01. "Incompetent management" was ranked second with the total score of 4515 and mean score of 30.10. "Inadequate Finance" and "Raw material shortages" occupied third and fourth position with the total score of 4510 and 3853 and mean score of 30.07 and 25.69 respectively. "Lack of marketing support" was ranked fifth with the total score of 3836 and mean score of 25.57. "Lack of marketing support" occupied sixth position with the total score of 3827 and mean score of 25.51. "Problems in Export" occupied seventh and "Lack of technology up-gradation" eighth position with the total score of 3652 and 3436 and mean score of 24.35 and 22.91 respectively. "Position with the total score of 1533 and mean score of 30.66. "Government interference" occupied last position with the total score of 1566 and mean score of 10.44. It is evident that most of the respondents faced marketing problem of Poor capacity utilization.

1.6. SUGGESTIONS OF THE STUDY

1. It is well known that small scale industries are mostly sole traders or partnership and professional marketing is often not practiced in such units.
2. Small scale food industries have also realised the need for scientific marketing methods and have therefore organised their own marketing networks on local or regional or state have a national network and a chain of distributors and retailers.
3. Some of the large marketing organisations have also been helpful in undertaking the field of the products of small scale food industries mostly in the field of marketing activities.
4. Small scale food products industries in learning marketing techniques from their large scale partners.
5. A view is often expressed that marketing is purely an entrepreneurial function and the government should only provide necessary training and other facilities with the financing institutions providing necessary financial help in initiating market surveys and other allied marketing activities.

1.7. CONCLUSION OF THE STUDY

For small scale part units, innovation is likewise a region of test. Insufficient regard for innovation and technology up- radiation has gone about as prevention in transit of modernization of SSI's factors. A large portion of the units are as

yet continuing with old innovation. The present hindrances for innovative up- gradation are: There is little inspiration among small scale units or business visionaries to make in-house investigate advancement cells. Hopeful ventures regularly don't focus on including dimensions of correspondence through quicker innovative development. Subsidizing establishments frequently neglect to give credit support to mechanical development. Reluctance to change product offerings or acquire changes item measurement with the assistance of specialized help and quicker mechanical development to take care of changing business sector demand. There is at present, no viable component for assisting the little scale segment with forecasting mechanical change which is imperative for managing the utilization of profitable assets like the crude materials, labor and innovative applications. Notwithstanding these issues, other issues might be delayed payment. by the huge scale units to SSIs, issue of crude material i.e. deficient sporadic supply of crude material, absence of sorted out market channels, disorderly nature of activities, flawed information of market tasks, issue of sickness, lacking information base for the small scale part, weight of nearby expenses, rivalry from substantial scale enterprises, non-availability of modest power and so forth. In this way, these are a portion of the issues, which specifically influence the development, and advancement of SSIs.

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