

## **Role of Small-Sclae Industries in Kanniyakumari District**

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### **ABSTRACT**

*The small scale industrial sector is the second largest sector, which uses human resources next only to that of the agricultural sector in our country. It plays a pivotal role in the Indian economy in terms of its contribution to the country's industrial production employment and the entrepreneurial base. The growth of the small scale sector has also improved the production of non-durable consumer goods of mass consumption and its yields period of the gestation period is faster than the traditional industrial sector. The share of the small scale industrial units in Tamil Nadu state compared to that of the whole of India, in terms of increase in the number of units has taken place. In the recent years Kanniyakumari District is one of the industrially growing district in Tamil Nadu. The growth of small scale industries have been encouraged in the developed as well as in the backward areas in the districts. Many programmes have been launched in order to alleviate poverty and to promote self employment through the District Industries Centre. Hence the present study analysis the entrepreneurial performance towards the small scale industry in the Kanniyakumari District.*

*Keywords: small scale, industry, entrepreneur, employment, investment and enterprise.*

### **INTRODUCTION**

The small scale industrial sector is the second largest sector, which uses human resources next only to that of the agricultural sector in our country. The small scale industries acts as a emergence for the development of the entrepreneurial skills, which in its turn progress the economic development of the country. It plays a pivotal role in the Indian economy in terms of its contribution to the country's industrial production, exports, employment and the entrepreneurial base. The rapid growth of the small scale industries has a great relevant in our national economic policies. The growth of the small scale sector has also improved the proved of non-durable consumer goods of mass consumption and its yielding period or the gestation period is faster than in the traditional industrial sector, creating better investment incentives. These industrial units are dispersed all over the country and are generally set up to satisfy the local demand for goods, which may later cater to the overall economic and global needs.

The industries in India which are organize on a small scale and produce goods with the help of small level of raw materials and machines, labour and power are the small scale industries in India. Essentially small scale industries comprise of small enterprises who manufactured goods and services. Basically, the enterprises fall under the guidelines set by the Government of India.

### **OBJECTIVES OF THE STUDY**

The present study is set to analyse the following objectives,

1. To analyse the entrepreneurial performance towards the small scale industries in the Kanniyakumari District.
2. To findout the problems faced by the small scale entrepreneurs in Kanniyakumari District.

### **METHODOLOGY OF THE STUDY**

The methodology of the present study, which includes sample design, sources of data collection, period of the study, tools of analysis and concepts use for the study that had been adopted.

**Sample design**

A simple random sample method was used and selected respondents SSI units. A 10 per cent sample was sought to be covered through the personal interview method in the study area. A sample of 180 units was decided upon, which was nearly 1800 functioning SSI units registered with the DIC in Kanniyakumari District as on 30.12.2015.

**Growth of Small-Scale Industries in Tamil Nadu**

The small scale sector which is relatively labour intensive and has short gestation period, plays a vital role in the process, in achieving national objectives like increasing production, creating employment, reducing regional disparities and increasing equality of income distribution. In India, the emphasis on the small scale industry has grown with the introduction of each five year plan. A large number of innovative fiscal incentives and concessions and other supporting facilities are being provided to small entrepreneurs for strengthening the economic base, lending there by to more intensive industrialization.

**Table-1: Shares of the Small Scale Industries of Tamil Nadu compared to the whole of India from 2000-2001 to 2011-2015**

Year	Number of SSI units (No. of thousands)		Percentage share of SSI units in Tamil Nadu
	India	Tamil Nadu	
2000-2001	9715	388	4.0
2001-2002	10110	420	4.2
2002-2003	10521	462	4.4
2003-2004	11010	485	4.4
2004-2005	11395	501	4.4
2005-2006	11859	511	4.3
2006-2007	12340	539	4.4
2007-2008	12844	578	4.5
2008-2009	13368	610	4.6
2009-2010	13946	693	4.9
2010-2011	14761	749	5.0
2011-2012	15021	785	5.2
2012-2013	15320	801	5.2
2013-2014	15944	879	5.5
2014-2015	16435	940	5.7

Source: Tamil Nadu Economic Appraisal, various issues.

Table 1 discloses the number and share of the SSI units in Tamil Nadu State compared to that of the whole of India. The above analysis of the data depicts that both in all over India and in Tamil Nadu state the same pattern of growth in terms of the increase in the number of units has taken place. At the all India level, the units have increased from 9,715 thousands in the year 2000-2001 to 16,435 thousands in the year 2014-2015. The percentage share of the number of units in Tamil Nadu had increased contentiously and steadily from 4.0 per cent in 2000-2001 to 5.7 per cent in 2014-2015. This is not a surprising trend since Tamil Nadu is one of the leading industrial states in India.

**SMALL SCALE INDUSTRIES IN KANNIYAKUMARI DISTRICT**

Kanniyakumari district is one the industrially growing districts in Tamil Nadu. In the recent years which is believed to be a heaven for small scale industries in order to solve the problems of unemployment and to achieve an equitable growth the small scale industries have been encouraged in the developed as well as in the backward areas in the districts. Many programmes have been launched in order to alleviate poverty and to promote self employment through the District Industries Centre (DIC). Hence, the present study entitled "Small Scale Entrepreneurs in Kanniyakumari District" has been undertaken to analyse the trend and growth of the small scale entrepreneurs, their socio-economic conditions and problems faced by them have been identified and analysed in this study.

**Table-2: Small Scale Industries in Kanniyakumari District**

Sl. No	Classification / Category of product	No. of units registered
1	Manufacturing of food products and beverages	159
2	Manufacturing of history and garments textiles	160
3	Manufacturing of wood, products of wood	101
4	Manufacturing of paper and paper products	21
5	Publishing printing and reproduction of recorded media	13
6	Manufacturing of chemical and chemical products	24
7	Manufacturing of rubber and plastic products	21
8	Manufacturing of other non-metallic mineral products	34
9	Manufacturing of fabricated metal products except machinery and equipment	107
10	Manufacturing of machinery and equipment N.E.C	19
11	Manufacturing of medical, precision and optical instruments	6
12	Manufacturing of motor vehicles, trailers	9
13	Manufacturing of other transport equipments	13
14	Misc. manufacturing of industry	100
15	Recycling	149
16	Collection, purification	6
17	Maintenance and repair of personal and household goods	77
18	Supporting and auxiliary activities	6
19	Post and telecommunication	13
20	Renting and transport equipments other machinery and equipments	71
21	Other business activates	90
22	Health and social works	27
23	Recreational cultural and sporting activities	28
24	Other service activities	161
	<b>Total</b>	<b>1800</b>

Source: Kanniyakumari District Statistical Hand Book 2015.

**Performance of Small Scale Industries**

**A. Financial position of enterprises**

The analysis of the profitability atmosphere of the business enterprises reveals that actually 60 per cent of the units i.e, 110 units are profitable units, while 39 per cent i.e., 70 units are less profitable units. The profitable units did not even highlight their profit or loss account, flow fund and cash flow statements rather they simply states whether they earn profit or not in general and they are very much reluctant to state the amount of profit.

**Table-3: Financial Position of Enterprises**

Sl. No	Profit / loss	No. of enterprises	Percentage
1	Profitable units	110	61
2	Less profitable units	70	39
	<b>Total</b>	<b>180</b>	<b>100</b>
	<b>Percentage</b>	<b>100</b>	

Source: Primary data.

**B. Reasons for less profit enterprises**

The analysis regarding reasons for less profit reveals that 42 per cent of the entrepreneur faced the problem of high production cost is responsible for less profit.

**Table-4: Reasons for less profit**

Sl. No	Reasons	No. of enterprises	Percentage
1	Shortage of working capital	15	21
2	Heavy competition	10	14
3	High product cost	30	42
4	Marketing problem	15	21
	<b>Total</b>	<b>70</b>	<b>100</b>

Source: Primary data.

**C. Benefits getting from Small Scale Industries**

Inadequate income to meet the day to day requirements of life had motivated the entrepreneurs to start their own enterprises to enable them to some additional income. Training received from DIC had also encouraged them to start their own business ventures. The entrepreneurs getting various benefit from their business enterprises are presented in Table .

**Table-5: Benefits from Business Enterprises**

Sl. No		Agree	Disagree	Total
1	To become self-employed	150	30	180 (100)
2	To earn money	180	0	180 (100)
3	To carry on the family business	15	165	180 (100)
4	Improvement of standard of living	160	20	180 (100)
5	Social status	105	75	180 (100)
	Total	610	290	900
	Percentage	<b>68</b>	<b>32</b>	<b>100</b>

Source: Primary data.

**D. Problems of Small Scale Entrepreneurs**

The study analysis of entrepreneurs on the basis of the nature of procurement problems. It shows that about 70 per cent of entrepreneurs fail due to financial problem in acquiring raw materials. Such problems were faced by the entrepreneurs for social barriers, lack of confidence, heavy competition, and lack of managerial skills.

**Table-6: Problems of Entrepreneurs**

Sl. No	Particulars	Agree	Disagree	Total
1	Social barriers	75 (42)	25 (58)	180 (100)
2	Financial problem	180 (100)	-	180 (100)
3	Marketing problem	145(81)	35 (19)	180 (100)
4	Shortage of raw material	150 (83)	30 (17)	180 (100)
5	Low mobility	140(78)	48 (22)	180 (100)
6	Lack of confidence	90 (50)	90 (50)	180 (100)
7	Lack of managerial skills	80 (44)	100 (56)	180 (100)
8	Heavy competition	150 (83)	30 (17)	180 (100)
	Total	1010	430	1440
	Percentage	70	30	100

Source: Primary data.

**FINDINGS AND SUGGESTIONS**

On the basis of the forgoing analysis and findings of the study highlighted with suitable suggestions.

- The problem of shortage of working capital should be solved effectively with the special arrangement of the government.
- If the units encounter problems of finance, marketing, raw materials, management of the government must extend them all possible facilities.

- Entrepreneurs should be given proper training in all the crucial areas, which is vital for industrial prosperity.
- Educational institutions offer training programmes, which will help to inculcate the entrepreneurial skill among the youth of government technical institutions, non-governmental organization and other agencies engaged in entrepreneurship development activities in rural areas.
- The promotion of small scale industries has to be done with entrepreneurial response and capability. Therefore, identifying appropriate and effective entrepreneurial talent occupies a significant place in any programme related to the development of small-scale industries.
- The financial institutions should provide more working capital assistance for small scale units which is generated more employment opportunities to the unemployed youth.
- Government should improve the basic infrastructure necessary for the growth and development of entrepreneurship.

## **CONCLUSION**

Thus, the present study concluded that new generation of small entrepreneurs should take experience about the entrepreneurial environment with a practical and theoretical understanding of entrepreneurship. The training on marketing and information technologies would determine the success of the small industrial units through the government organizations. Small entrepreneurs who organize and manage any business activity in spite of limited support and encouragement accept a very challenging role by balancing the personal role to meet the goal and to become economically independent and socially feasible for the betterment of the country.

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