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A STUDY ON THE PERFORMANCE AND EVALUATION OF SMALL SCALE INDUSTRIES IN SIVAGANGAI DISTRICT: AN ENTREPRENEURIAL PERSPECTIVE

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Abstract

The captains of our economy are more than aware of the importance of the small-scale industries (SSIs) in terms of employment potential, productivity, utilization of indigenous resources, balanced regional development, etc. The small-scale sector is important not only for its contribution to GDP but also for its performance in exports and in generating employment. Small scale industries have emerged as a vibrant and dynamic sector that contributes around 40 per cent of the total industrial production and over 34 per cent of the national exports to the Indian economy. At present the small scale industries sector is providing employment to over 40 million people. It occupies a place of strategic importance in Indian economy in view of its considerable contribution to employment, production and exports. However, since 1991, small-scale industries in India find themselves in an intensely competitive environment due to globalization, domestic economic liberalization and dilution of sector specific protective measures. This paper analyses its growth performance in terms of units, employment, output and exports. The paper concludes with policy recommendations to ensure the sustenance and competitive growth of small-scale industries in India.

***Key words**: Small-scale industries, growth performance, social sector. GDP*

Introduction

Small-scale industries (SSIs) play a very vital role in the economy of each and every nation. Nations firmly believe that rapid industrialization is possible only through a successful policy relating to small-scale industries. A leading, industrially advanced developing country, India has large, medium and small industrial units of production in almost all branches of the industry. Since the time of the independence in 1947, the Indian economy has grown rapidly in the small industry sector. The small industry sector is considered to have a major role in the Indian economy due to its 40 percent share in the national industrial output along with an 80 percent share in industrial employment and nearly 35 percent share in exports. The reasons are that they provide large-scale employment. They have comparatively higher employment potential per unit of capital employed and they need only shorter gestation periods in comparison with large industries. They also facilitate effective mobilization of resources and capital and skill, which might otherwise remain unutilized and exploited.

Small-Scale Industries and Economic Development of India

Employment Generation

The basic problem that the Indian economy is confronting is increasing pressure of population on the land and the need to create massive employment opportunities. This problem is solved to a large extent by SSIs because SSIs are labour-intensive in nature. They generate large number of employment opportunities. Employment generation by this sector has shown a phenomenal growth. It is a powerful tool of job creation.

Mobilisation of Resources and Entrepreneurial Skill

SSIs can mobilize a good amount of savings and entrepreneurial skill from rural and semi-urban areas which remain untouched from the clutches of large industries and put them into productive use by investing in small-scale units. Small entrepreneurs also improve social welfare of a country by harnessing dormant, previously overlooked talent. Thus, a huge amount of latent resources is being mobilized by the small-scale sector for the development of the economy.

Equitable Distribution of Income

The SSIs ensure equitable distribution of income and wealth in the Indian society which is largely characterized by more concentration of income and wealth in the organized sector keeping unorganized sector undeveloped. This is mainly due to the fact that small industries are widespread as compared to large industries and have large employment potential.

Regional Dispersal of Industries

There has been massive concentration of industries in a few large cities of different states of India. People migrate from rural and semi-urban areas to these highly developed centers in search of employment and sometimes to earn a better living which ultimately leads to many evil consequences like overcrowding, pollution, creation of slums, etc. This problem of Indian economy is better solved by SSIs which utilize local resources and bring about dispersion of industries in various parts of the country thereby promoting balanced regional development.

Promotion of Exports

SSIs have registered a phenomenal growth in export over the years. The value of exports of products of SSIs has increased from ` 6979.7 million in 2000-01 to ` 28,384.7 million in 2011-12. Thus they help in increasing the country's foreign exchange reserves thereby reducing the pressure on country's balance of payments.

Table 1: Production, Employment and Exports of SSIs in India

Year	Production (in millions)	Employment (in millions)	Exports in millions)	Growth rate of production	Growth rate of exports
2000-01	1844,010	24.09	6979.	7 8.23	28.78
2001-02	2,822,700	24.93	7124	4 2.07	2.07
2002-03	3,067,710	26.02	8601.3	3 8.68	20.73
2003-04	3,363,440	27.14	9764.4	9.64	13.52
2004-05	3,729,380	28.26	12,441.7	10.38	27.42
2005-06	4,188,840	29.49	15,024.2	12.32	20.75
2006-07	4,716,630	31.26	18,253.8	12.59	21.49
2007-08	5,329,790	32.23	20,201.7	12.99	10.67
2008-09	5,942,950	33.44	21,438.7	11.50	6.12
2009-10	6,556,110	35.24	23,875.2	10.32	11.36
2010-11	7,233,190	37.85	25,683.4	10.33	7.57
2011-12	8,045,130	40.96	28,384.7	11.22	10.52

Source: Reserve Bank of India, Annual Reports from 2001 to 2012.

The Table 1 reveals that the SSI production in India was 1,844,010 million in the year 2000-01 which has increased continuously up to the year 2011-12 as 8,045,130 million. The employment in SSIs in India has been declined to 24.09 million in 2000-01 and 40.96 million in the year 2011-12. The value of exports of products of SSIs has increased from ` 6979.7 million in 2000-01 to ` 28,384.7 million in 2011-12. The growth rate of production was increased from 8.23 per cent in 2000- 01 to 11.22 in 2011-2012, except in the year 2001-02 which shows the positive growth of production in India. Industrial sickness is an accepted phenomenon in the process of growth and development of any industrialized economy. But the condition should not be allowed to persist beyond a particular limit, or else the economy will suffer. The productive resources wasted, production dipped and employees thrown out of jobs, the industrial sickness would cause agony not only to the financial institutions but also to the economic and social systems as well.

Statement of the Problem

Small scale industrial sector is an important segment of Indian economy. It generates employment opportunity next to agriculture sector. India is divided into 36 states including union territories among which some of the states such as Uttra Pradesh, West Bengal, Gujarat and Tamil Nadu are industrially advanced and retaining the dominant position in India. Tamil Nadu is the third largest economy in India, but it stands second position in number of industrial units, number of workers employed in factories and retaining the third position in terms of industrial output. At present, the state of Tamil Nadu was divided into 32 districts. Chennai, Coimbatore, Tiruchirappalli, Kanchipuram, Salem, Thriuvallur, Vellore and Tuticorin are the main districts of industrial and commercial activities. From which Sivagangai is an industrially and economically backward district in Tamil Nadu. Some of the SSIs in Sivagangai district are flourished a lot and some of them

are not showing good performance. So, the researcher is interested to take up the research work on growth, trends problems and prospects of SSIs in Sivagangai district of Tamil Nadu.

Objectives of the Study

The study has the following specific objectives:

- To study the growth and performance of Small Scale industries in Sivagangai district.
- To examine the role and functions of the supporting institutions in the growth of entrepreneurs in SSI Sectors.
- To critically examine the performance of entrepreneurs in small enterprises in the study area.
- To study and measure the level of growth of SSI units in the study area.
- To examine the factors influencing the growth and development of entrepreneurs in SSI units in Sivagangai district
- To identify the problems hindering the growth of SSI in the study area
- To offer strategic policy options to overcome the difficulties faced by the small enterprises

Methodology

a) Selection of the study area

Since the DIC, Sivagangai is a coordinating agency linking the potential entrepreneurship with financial agencies, the various Central and State Boards and with marketing agencies the DIC is the lynch-pin of small scale industrial development in initiating promoting the growth of entrepreneurship of the district.

b) Method of data collection

This study fully depends upon both primary and secondary data. Primary data were collected from manufacturers through well structured interview schedule. The Secondary data have been collected from published and unpublished reports, handbooks, action plan, pamphlets of Director of Industries and Commerce, Chennai, District Industries Centre, Sivagangai and Panchayat Block Offices concerned .In addition, text books, journals, magazines, News papers, Government Gazettes, Reports of the Government and internet etc., have also been used.

c) Sampling technique

The researcher has selected five groups of Industries such as food-products, engineering, chemicals, timber and other manufacturing Units in Sivagangai District. A frame consisting of manufacturing small scale units in all as 31.03.2010 registered with District Industries Centre, Sivagangai was prepared for selecting sample units of study. Of these, a sample of (15%) manufacturing units was selected on the basis of proportionate random sampling method. The balance representation of each category of the five manufacturing groups and the possibility of obtaining the required information were the

main criteria for selecting a unit as a part of the sample. The following table shows the mode of sampling and distribution of units.

Table 2: Sampling Design of the Study

S. No.	Industry Group	Number of Units in Sivagangai District as on 31.03.2010			Sample	
		SSI Units	Manufacturing Units	% to total	Manufacturing Units	% to total
1.	Food Products	2500	610	30.80	90	30
2.	Engineering	1300	534	26.96	80	27
3.	Chemicals	550	251	12.67	40	13
4.	Timber	582	245	12.37	40	13
5.	Other manufacturing Units	420	340	17.17	50	17
Total		**5352**	**1980**	**100.00**	**300**	**100**

Source: DIC, Sivagangai.

Period of the Study

This study was confined to Five years from 2007-2008 to 2011-2012.

Tools Applied

The researcher has availed the statistical tools such as correlation, percentage, average, bar diagram and pie diagram for the scientific analysis of the study.

- The correlation is used to gauge the intricate relationship between investment and employment in the SSI units.
- To study the factors influencing the growth of Small Scale Industry in Sivagangai District Garrett's Ranking Technique was used.
- The Least Square Method of Correlation is employed to forecast the export trend of the Small Scale industry
- ANOVA, Chi- Square test was used to measure the variables
- To identify the determinants of financial position of the sample units, log Multiple Linear Regression model was estimated using the method of least square.

Limitations

- The study does not cover the unregistered SSI units mainly because they are difficult to locate.
- Most of the entrepreneurs were reluctant to provide authentic information of their sales and profit and so it was necessary to resort the indirect method for gathering accurate and correct information.
- The researcher found wider variation in the data and information collected from the sample units and data collected from the official sources.

- This study considered only five small scale industries such as Food products, engineering products. Chemical. Timber and manufacturing units. As there are many other sectors to be studied for complete sector wise analysis, but due to time constraints only five SSI units were taken.

Growth of Entrepreneurship in SSI Units

For measuring the growth of entrepreneurship in Sivagangai district in the light of the analysis of the data collected from the sample survey, the following ten components have been identified as the criteria for growth.

- Investment in Fixed Capital.
- Investment in Working Capital.
- Consumption of raw-materials.
- Production capacity utilization.
- Value of production.
- Value of Sales.
- Profits earned.
- Subsidies and Incentives enjoyed.
- Employment Generation and
- Diversification of products and product lines.

It should be borne in mind that each of the ten components act and interact to give in isolation. The factors act and interact to give a cumulative thrust to the growth or otherwise of the units and consequently of entrepreneurship. In the succeeding Pages, each component of growth mentioned above has been analyzed in detail, and from the results obtained through such analysis, an attempt, it made to determine whether there has been real growth in entrepreneurship in the selected SSI sector in the study area and if there has been consistency or fluctuation in the growth.

Investment in Fixed Capital

Fixed capital refers to the investment in the establishment of basic infrastructure facilities needed by an industrial unit like the work plot, work shed, machinery, fixtures and furniture and transport equipment if any. Depending on the nature of the unit, the requirements may differ with regard to all or any of these basic infrastructure facilities. Consequently the quantum of investment put in by the SSI units with regard to the type of infrastructural facilities may vary.

Since diverse kinds of SSI units were found in the study area, the researcher focused on the dominant group of SSI units, which fell into four categories. The not so dominant ones were put together into the fifth category under the caption “Other Manufacturing Units”.

Table 3

S. No	Industry Group	No. of Units	Percentage
1.	Food Products	53	30
2.	Engineering	53	30
3.	Chemicals	18	10
4.	Timber	18	10
5.	Other Manufacturing Units	36	20
Total		178	178

The details relating to average fixed capital are presented below.

Table 4: Average Investment in Fixed Capital in the Sample Units from 2007-08 to 2011-12

(Rs. in Lakhs)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	10.59	11.52	4.92	4.26	5.94	37.23
2008-09	12.06 (13.88)	13.08 (13.54)	5.1 (3.65)	4.5 (5.63)	6.09 (2.53)	40.83 (9.67)
2009-10	13.8 (14.43)	14.94 (14.22)	5.55 (8.82)	4.86 (13.75)	6.9 (13.30)	46.05 (12.78)
2010-11	16.02 (16.09)	17.4 (16.47)	6.66 (20.00)	5.73 (17.90)	7.92 (14.78)	53.73 (16.68)
2011-12	18.6 (16.10)	20.82 (19.66)	7.65 (14.86)	6.9 (20.42)	9.12 (15.15)	63.09 (17.42)
Overall Annual Growth in Percentage	**15.13**	**16.15**	**11.10**	**12.39**	**10.71**	**13.89**

Note: Figures in the parentheses indicate percentage of growth, with every previous year taken as the base.

The above table 4 shows that the average investment value in fixed assets by the sample food product units has increased from Rs. 10.59 lakhs in 2007-08 to Rs. 18.6 lakhs in 2011-12 registering an annual growth rate of 15.13%. in the engineering units the average investment value in fixed assets has increased from Rs. 11.52 lakhs to Rs. 20.82 lakhs and the rate of annual growth works out to 16.15%. The chemical units had an average value of fixed capital of Rs. 4.92 lakhs in 2007-08 which rose to Rs. 7.65 lakhs in 2011-12. The annual growth rate is 11.10%. The timber units also expanded in terms of fixed assets value during the study period from Rs. 4.26 lakhs to Rs. 6.9 lakhs, showing an annual growth rate of 12.39%. The fixed assets value of other manufacturing units had increased from Rs.5.94 lakhs to Rs. 9.12 lakhs and the annual growth rate registered is 10.71%. The overall annual growth rate works out to 13.89% for all the units taken together for the period from 2007-08 to 2011-12.

It is observed from the study the study that the maximum growth of average investment in fixed assets is found in the engineering units. It is followed by food products, Timber, Chemical and other manufacturing units. This shows that the growth has been significant in the sectors like Engineering and Food products.

Investment in Working Capital

Working capital with adequate liquid assets, thus, is a sine-qua-non for the smooth functioning of a unit and stronger the working capital position in a unit, the sounder is its foundation and operation.

Table 5: Average Working Capital in the Sample Units from 2007-08 to 2011-12

(Rs. in Lakhs)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	5.16	6.78	4.71	2.55	8.37	27.57
2008-09	5.85 (13.37)	7.65 (12.83)	5.34 (13.38)	2.85 (11.76)	8.64 (3.23)	30.33 (10.01)
2009-10	6.72 (14.87)	9.18 (20.00)	6.18 (15.73)	3.18 (11.58)	9.09 (5.21)	34.35 (13.25)
2010-11	7.89 (17.41)	11.01 (19.93)	7.2 (16.50)	3.63 (14.15)	9.84 (8.25)	39.57 (15.20)
2011-12	9.42 (19.39)	13.59 (23.43)	8.49 (17.92)	4.17 (14.88)	10.92 (10.98)	46.59 (17.74)
Overall Annual Growth in Percentage	**16.51**	**20.40**	**16.05**	**12.71**	**6.09**	**13.08**

The above table 5 reveals that the average amount of working capital in the food product units has increased from Rs. 5.16 lakhs in 2007-08 to Rs. 9.42 lakhs in 2011-12, showing the annual growth rate of 16.51%. In the engineering units, the average amount of working capital has risen from Rs. 6.78 lakhs to Rs. 13.59 lakhs, indicating an annual growth rate of 20.40%. In the chemical units, the annual growth rate of average working capital value is found to be 16.05%. The working capital value increased from Rs. 4.17 lakhs to Rs. 8.49 lakhs within a period of five years. The timber units too, have recorded an annual growth rate of 12.71% and the average amount of working capital increased from Rs. 2.55 lakhs to Rs. 1.39 lakhs. In the other manufacturing units, the average amount of working capital rose to Rs. 10.92 lakhs from Rs. 8.37 lakhs and the annual growth rate works out to 6.09%. The overall annual growth rate is found to be 13.80% for all the units during the study period.

It is found that the highest growth rate with regard to average working capital is shown by the engineering units followed by food products, chemicals, timber and other manufacturing units presenting a pattern similar to that of the growth of fixed capital.

Consumption of Raw-materials

In the following Table, the details regarding the average value of raw-materials use by the sample units during the period under review are given.

Table 6 reveals that the value of raw materials consumes by the food products units rose from Rs. 7.68 lakhs in 2007-08 to Rs. 12.09 lakhs in 2011-12. The annual growth rate works out to 11.48%. The value of raw materials consumed by the engineering units has increased to Rs. 21.15 lakhs from Rs. 13.20 lakhs registering an annual growth rate of 12.05 %. The Chemical units have shown an increase from Rs. 3.21 lakhs to Rs. 4.56 lakhs and the annual growth rate works out of 8.41%. In the case of timber units, the increase was from Rs. 4.62 lakhs to Rs. 6.96 lakhs. The rate of annual growth stood at 10.13%. The average value of raw materials consumed by the other manufacturing units increased from Rs. 4.83. lakhs to Rs. 7.14 lakhs. The rate of annual growth is estimated at 9.57%. The annual growth rate among all the units worked out to 11.01%.

Table 6: Average Value of Raw-Materials Consumed by the Sample Units from 2007-08 to 2011-12

(Rs. in Lakhs)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	7.68	13.20	3.12	4.62	4.83	33.54
2008-09	8.04 (4.69)	14.31 (8.41)	3.45 (7.48)	4.95 (7.14)	5.16 (6.83)	35.91 (7.07)
2009-10	9.03 (12.31)	16.08 (12.36)	3.72 (7.83)	5.43 (9.70)	5.7 (10.46)	39.96 (11.28)
2010-11	10.47 (15.95)	18.12 (12.69)	4.05 (8.87)	6.09 (12.15)	6.3 (10.53)	45.03 (12.69)
2011-12	12.09 (15.47)	21.15 (16.72)	4.56 (12.59	6.96 (14.29)	7.14 (13.33)	51.9 (15.26)
Overall Annual Growth in Percentage	**11.48**	**12.05**	**8.41**	**10.13**	**9.57**	**11.01**

It has been observed from the study that the maximum growth in raw-material consumption is found in the engineering units followed by food products, timber, other manufacturing and chemical units.

Table 7: Statistical Calculation: Raw Material Consumed in the Sample Units

	Food products	Engineering	Chemical	Timber	Other	Total
mean	9.46	16.57	3.79	5.61	5.82	41.27
σ	1.82	3.16	.53	.94	.92	7.37
CV	19.24	19.07	13.98	16.75	15.81	17.86

The above table 7 shows that the mean value in fixed capital by the food product units is Rs. 9.46 lakhs, the standard deviation is Rs. 1.82 lakhs and coefficient of variation is 19.24 percent. In the case of fixed capital in Engineering for the mean value is Rs. 16.57 lakhs, the standard deviation is Rs. 3.16 and coefficient of variation is 19.07 percent. The mean value in chemical industry units is Rs. 3.79, the standard deviation is Rs. 0.53 lakhs and coefficient of variation is 13.98 percent. The mean value timber product unit is Rs.5.61 lakhs, the standard deviation is Rs.0 .94 lakhs and coefficient of variation is 16.75 percent. In the case of other industrial units the mean value is Rs. 5.82 lakhs, the standard deviation is Rs. 0.92 lakhs and coefficient of variation is 15.81 percent. The mean value in five sample industry is Rs. 41.27 lakhs, the standard deviation is Rs. 7.37 lakhs and coefficient of variation is 17.86 percent.

Production Capacity Utilization

The figures and details in respect of the average production capacity utilization are stated in the following Table.

Table 8: Average Production Capacity in the Sample Units from 2007-08 to 2011-12 (Growth in Percentage)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	28	30	22	23	25	128
2008-09	30 (7.14)	31 (3.33)	24 (9.09)	25 (8.70)	27 (8.00)	137 (7.03)
2009-10	33 (10.00)	35 (12.90)	27 (12.05)	28 (12.10)	30 (11.11)	153 (11.68)
2010-11	338 (15.15)	41 (17.14)	31 (14.81)	32 (14.28)	35 (16.67)	177 (15.68)
2011-12	46 (21.05)	50 (21.95)	36 (16.13)	37 (15.63)	42 (20.00)	211 (19.21)
Overall Annual Growth in Percentage	**12.86**	**13.33**	**12.72**	**12.17**	**13.60**	**12.97**

Table 8 reveals that the average rate of production capacity utilization in the food products units has registered an increase from 28% in 2007-08 to 46% in 2011-12. The rate of average annual growth is 12.86%. The engineering units showed an increase in the average production capacity utilization rate from 30% to 50%. The rate of annual growth worked out to 13.33%. In chemical units, the production capacity utilization rate shot up from 22% to 36% and the rate of annual growth was 12.72%. The average production capacity utilization rate in the other manufacturing units rose to 42% from 25% over a period of five years resulting in an annual growth rate of 13.60%. The annual growth rate registered was 12.79% for all the units during the study period.

It is noted from the study that the maximum growth of average production capacity utilization was achieved by the other manufacturing units followed by engineering, food products, Chemical and timber units.

Value of Production

As the nature of production of the units differs, the growth of the unit can be assessed not only by the quantity of production through the years but also by the increase in the cash value of the goods produced. If through successive years of production a unit reveals a steadfast growth in quantity/value of products that unit may be considered to be on the line of growth and hence it can be taken as a measure of growth in entrepreneurship.

Table 9: Average Value of Production in the Sample Units from 2007-08 to 2011-12

(Rs. in Lakhs)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	9.84	13.65	4.2	9.33	8.13	45.33
2008-09	10.8 (9.75)	17.16 (3.74)	4.59 (9.28)	10.23 (9.65)	9.03 (8.66)	51.81 (14.30)
2009-10	11.88 (10.00)	19.29 (12.41)	5.16 (12.41)	11.52 (12.60)	10.05 (11.30)	57.9 (11.75)
2010-11	13.59 (14.14)	22.11 (14.62)	5.91 (14.53)	13.2 (14.58)	11.76 (17.01)	66.54 (14.92)
2011-12	16.23 (19.69)	25.5 (15.33)	6.9 (16.75)	15.27 (15.68)	14.13 (20.15)	78.03 (17.27)
Overall Annual Growth in Percentage	**12.98**	**17.36**	**12.86**	**12.73**	**14.01**	**14.43**

The above table 9 presented below gives the detailed account of the value of average production of the sample units from 2007-08 to 2011-12. It may be observed that the value of average production in the food products industry shows an increase from Rs. 9.84 lakhs to Rs. 16.23 lakhs over the period under review. The annual growth rate is 12.98%. But in the case of the engineering units, the rate of annual growth of production is found to be 17.36% in absolute figures an increase from Rs. 13.65 lakhs to Rs. 25.5 lakhs. With regard to average value of production, the rate of annual growth of chemical units stood at 12.86% with an overall increase in average value of production from Rs. 4.20 lakhs to Rs. 6.90 lacks. The timber units recorded an increase in average value of production from Rs. 9.33 lacks to Rs. 15.27 lacks. The increase in the rate of annual growth was 12.73%. A notable increase in the rate of annual growth of production is registered in the other manufacturing unit's to 14.01%. The average value of production in that sector

increased from Rs.8.31 lacks in 2007-08 to Rs. 14.13 lacks in 2011-12. The overall annual growth rate in all the industries put together was 14.43%.

It is clear from the above analysis that the maximum rate of annual growth of average value of production is shown by engineering units followed by other manufacturing units, food products, Chemical and timber units.

Value of Sales

The data regarding the average value of sales of the sample units are presented in the ensuing Table.

Table 10: Average Value of Turnover in the Sample Units from 2007-08 to 2011-12

(Rs. in Lakhs)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	12.03	12.96	4.68	11.01	9.09	49.77
2008-09	12.87 (6.98)	13.35 (3.01)	5.07 (8.33)	12.06 (9.54)	9.75 (7.26)	53.1 (6.69)
2009-10	13.86 (7.69)	15.00 (12.36)	5.64 (11.24)	13.53 (12.19)	10.74 (10.15)	58.77 (10.68)
2010-11	15.75 (13.63)	17.16 (14.40)	6.39 (13.29)	15.33 (13.30)	12.27 (14.25)	66.9 (13.83)
2011-12	18.63 (18.29)	19.71 (14.86)	7.05 (10.33)	17.46 (13.89)	14.4 (17.35)	77.25 (15.47)
Overall Annual Growth in Percentage	**10.97**	**10.42**	**10.13**	**11.72**	**11.68**	**11.04**

The above table 10 shows the average value of sales affected by the sample units in the study area. It shows that the average value of sales in the food products industry rose from Rs. 12.03 lakhs to Rs. 18.63 lakhs during the study period. The rate of annual growth of sales stood at 10.97%. The average turnover made by the engineering units recorded an increase from Rs. 12.96 lakhs to Rs. 19.71 lakhs. The over-all rate of growth was 10.42%. The value of average sales made by the chemical units ranges from Rs. 4.68 lakhs to Rs. 7.05 lakhs and the rate of annual growth works out to 10.13%. The timber units showed an increase in average turnover from Rs. 11.01 lakhs to 17.46 lakhs. This revealed a 11.72% rate of annual growth. The average value of sales effected by other manufacturing units was Rs.9.09 lakhs in 2007-08. It rose to Rs.14.4 lakhs in 2011-12. The annual growth rate registered by all the units in the sample stood at 11.04%.

It is clear from the analysis that the highest value of average turnover is found in the timber units. It is followed by other manufacturing units, food products, engineering and chemical units.

Profits Earned

The following table gives the average profits earned by the sampled units through the years from 2007-08 to 2011-12.

Table 11: Average Profit Earned in the Sample Units from 2007-08 to 2011-12

(Rs. in Lakhs)

Year	Group of Industries					Total
	Food products	Engineering	Chemical	Timber	Other manufacturing Units	
2007-08	0.90	1.26	0.60	0.57	0.48	3.81
2008-09	0.96 (6.67)	1.32 (4.76)	0.66 (10.00)	0.63 (10.53)	0.51 (6.25)	4.08 (7.09)
2009-10	1.05 (9.38)	1.5 (13.64)	0.72 (9.09)	0.72 (14.29)	0.57 (11.76)	4.56 (11.76)
2010-11	1.2 (14.28)	1.71 (14.00)	0.84 (12.00)	0.81 (12.50)	0.66 (15.79)	5.22 (14.47)
2011-12	1.44 (20.00)	1.98 (15.79)	0.93 (10.71)	0.93 (14.81)	0.75 (13.64)	6.03 (15.52)
Overall Annual Growth in Percentage	**12.00**	**11.43**	**11.00**	**12.63**	**11.25**	**11.65**

Table 11 reveals that the average profits earned by the food products industry has increased from Rs.0.90 lakhs to Rs.1.44 lakhs during the period from 2007-08 to 2011-12. The annual growth rate is found to be 12.00. The average profits of the engineering units rose from 1.26 lakhs to Rs.1.98 lakhs. It has resulted in a rate of annual growth of 11.43. The chemical units recorded a rate of annual growth of 11.00. The value of average profits earned was Rs.0.60 lakhs in 2007-08 and Rs.0.93 lakhs in 2011-12. The value of average profits earned in the timber units increased from Rs.0.57 lakhs and Rs.0.93 lakhs during the study period. The rate of annual growth recorded was 12.63. In the other manufacturing units, the average profits earned increased from Rs.0.48 lakhs to Rs.0.75 lakhs. The annual growth rate was 11.25. The overall annual growth rate for all groups of industries worked out to 11.65.

Findings and Suggestions of the Study

Major Findings

- The result reveals that the mean value in fixed capital by the Engineering unit is Rs.15.55 lakhs, the standard deviation is Rs.3.67 and coefficient of variation is 23.60 percent.
- It is found that the mean value in chemical industry units is Rs.5.97, the standard deviation is Rs.1.15 lakhs and coefficient of variation is 19.26 percent. The mean

value timber product units are Rs.5.25 lakhs, the standard deviation is Rs. 1.07 lakhs and coefficient of variation is 20.38 percent.

- It is found that the distribution of samples in terms of social groups indicates that a majority of the entrepreneurs come from the backward classes. Out of the 300 respondents covered in the study, 120 (40 percentage) are from Backward class, 108 (36 percentage) belong to most Backward class and 72 (18%) to Scheduled Castes/scheduled Tribes.
- Regarding the age-wise distribution of entrepreneurs in the sample SSI units was also surveyed, of the 300 entrepreneurs contacted, a majority of them that is 32 percent belonged to the age group of 35-45 years, 25 percent were from the age group ranging between 25-35 years 22 percent were below 25 years of age and the remaining 21% were above 45 years of age. This indicates the fact that the majority of the entrepreneurs belong to the new generation.
- It is observed that the entrepreneurs covered in the study are generally well educated. Out of the 300 respondents 102 (34 percent) have school-level education, 72 (24 percent) have college/University-level education, 60 (20 percent) entrepreneurs have no formal education and the remaining 66 (22 percent) entrepreneurs are technically and professionally qualified. An attempt has been made to know the views of respondents regarding their formal education and its impact on the entrepreneurial role.
- It is concluded that the out of the 300 sample units selected for the study 201 (67 percent) units were members of their respective trade associations and the remaining 99 (33 percent) units were not members of the trade associations.
- It was found that 54 (30 percent) entrepreneurs stated that the subsidies and incentives were very effective. 50 (28 percent) entrepreneurs said that it was not so effective. 41 (23 percent) entrepreneurs were satisfied that it was somewhat effective and 35(19 percent) entrepreneurs had no opinion to offer.
- It is found that 90 (30 percent) units have utilization capacity of 25-50 percent. 69 (23%) units show a utilized capacity of less than 25%. 66 (22%) units have shown a utilized capacity of 50-75%. 48 (16%) units have a utilized capacity that is in between 75-99%. For the remaining 27 (9%) units there is no utilized production capacity. Utilized capacity leads to fall in profit, wastage of resources found locked up in assets and in the long run results in the sickness of the units.
- It is found out from the analysis that there is a severe competition in the market, while 27% considered the competition is just keen 20% thought that there is little competition and to the rest 19%, felt there was no competition at all.
- It is inferred that competition is the major factor in the market for the entrepreneurs. The first two columns put together show that 61% of the

entrepreneurs feel that they face stiff competition in marketing their products. The percentage of those who feel no competition is almost negligible.

- It is found that 40% of the labour force is made up of unskilled labour; 30% was composed of skilled labour; 20% consisted of other kinds of labour and the remaining 10% was made up of managerial staff. Though the number of unskilled labourers employed is seen as the highest, the next high percentage is that of the skilled work force.
- It is found that 51 (17%) units were started motivated by facilities offered by the Government. 45 (15%) units chose the location due to proximity to market; 42 (14%) units were started considering the transport and communication facilities; 39 (13%) units chose the place considering the availability of skilled labour, 36 (12%) units were located because of the availability of infrastructure facilities; 33 (11%) units stated 'own land' factor as the most important consideration for establishing the units; 30 (10%) units were established because of the availability of raw-material; and 24 (8%) units chose their present location due to other reasons. Easy access to Government agencies was the main consideration with entrepreneurs while choosing the location of the units.
- The survey reveals that 102 (34%) entrepreneurs had plans for expansion while 78 (26%) stated that they had no plans for expansion. 66 (22%) entrepreneurs had plans for modernization of the units and 54 (18%) entrepreneurs had plans for diversification. The statistics shows that the majority of the entrepreneurs have developmental plans. This shows that there has been a planned growth in this sector.
- It is observed that 30% of the units have determined the price of the produce based on the cost of production. 27% of the units tended to fix the price based both on cost and demand, 26% of the units fix the price based on the demand for the product in the market. Only 17% of the units determine the price of the product on the basis of other factors like competitive market etc. It is inferred that the cost of production is the major criterion in fixing the price of a product.

Suggestions

Based on the findings and the personal observation of the researcher, the following suggestions and requirements are recommended for the growth of SSIs in Sivagangai District.

- The government must ensure fiscal, monetary and other incentives to promote the small enterprise activities.
- The financial institutions can also come up with various other schemes for generating assistance to entrepreneurial activities by considering the available security for sanctioning of loans in time.

- The present study reveals that the majority of the SSI entrepreneurs did not avail any kind of Government subsidies and incentives due to lack of awareness and knowledge in approaching the Government officials in fulfilling their procedural requirements. Hence, the entrepreneurs can be given education through the Government officials in this regard.
- The women participation in SSI engineering units is very poor. Hence, the Government must shoulder the responsibility in imparting special entrepreneurial programmes that educate the women entrepreneurs more potential. This leads to the start of new SSI units by women in the study area.
- Marketing problem is one of the major obstacles for SSI entrepreneurs. Majority of them are concentrated their marketing activities within the district. Hence, there is a stiff competition among entrepreneurs. This can be overcome through the support of Government.
- In the study, it is clearly shown that there would not be any entrepreneurs from SC and ST community at the time of data collection. Under the aegis of the Government, vocational education and financial assistance can be given to these people. This leads to make these people more effective and successful in their business.
- It is suggested that DIC, through conducting training programmes at different places like in universities, colleges particularly in management institutes, engineering colleges, and polytechnics on a regular basis along with the regular courses in the form of "Add-on Course" could encourage more number of persons to take up self-employment under the scheme
- Sick Unit Rehabilitation Scheme may be introduced

Conclusion

This study on small scale industries have identified many of their problems scientifically and have provided suggestions. There is a broad scope for further research and continuous improvement on the existing emerging problems of small scale industry manufacturers. An organization comes into existence only because of the efforts put in by a person, who would be prepared to shoulder the responsibility of taking the enterprise with him. For that, the person must have special quality that is known as 'Entrepreneurship'.

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