Everant Journals/AFMJ

Research Article

Account and Financial Management Journal ISSN: 2456-3374
Impact Factor: 4.614

Performance of the Small Scale Industrial (SSI) Units in Kanchipuram - A Study

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ARTICLE INFO

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ABSTRACT

Small scale industries play an important role in the developing economics like India. Apart from providing employment they help in reducing regional disparities and in improving the standard in lower investment. The most important need of many Developing countries of the world today is rapid SSI for achieving the objectives of their economic and social progress and for raising the living standards of the people. SSI process of growth and as such is originally linked both to the socio and economic Past and to parallel processes of social and economic development. The important of SSI is an effective means for solving the problems of economic and social Progress in developing countries. Small - Scale industry has been in the limelight of Discussion in India and has occupied an important place in the economy since pre-independence. The preference of Small Scale Industries in India is not planned or designed there is a growing tendency of Small Scale Industries units in India. Many studies have been undertaken on the performance of SSI units in different part of India. So for no such study was taken in Kanchipuram Town. An attempt is made to study performance of Small Scale Units in Kanchipuram Town.

KEYWORDS: ***performance of Small scale industrials units, segmentation of small scale industrials, Influence of demographics on industrials.***

Introduction

Small scale industries play an important role in the developing economics like India. Apart from providing employment they help in reducing regional disparities and in improving the standard in lower investment. The most important need of many Developing countries of the world today is rapid SSI for achieving the objectives of their economic and social progress and for raising the living standards of the people. SSI process of growth and as such is originally linked both to the socio and economic Past and to parallel processes of social and economic development. The important of SSI is an effective means for solving the problems of economic and social Progress in developing countries. Small - Scale industry has been in the limelight of Discussion in India and has occupied an important place in the economy since pre-independence.

The Government of India has been appreciative role of small industry having this in view various policies. Provisions procedures, schemes and programs have been initiated from time to time compared to pre independence era. Today It accounts for above 50% of industrial production in the country and more than 80%

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at the employment in the industrial sector. The preference of Small Scale Industries in India is not planned or designed there is a growing tendency of Small Scale Industries units in India. They are Successful in one region failed in some other region. Many studies have been undertaken on the performance of SSI units in different part of India. So for no such study was under taken in the study are of kanchipuram. An attempt is made to study performance of Small Scale Units in kanchipuram city.

Statement of the Problem

The Small Scale industries has high lab our intensity and potential to solve The problem of poverty in developing countries like India is to promote Small Scale Industries. It can play a vital role in Income Distribution economic, Self-Dependence and economic uplifting. Industrial estate were first promoted in India with the single objective of developing Small Scale and Medium Scale Industries to creates employment and increase output Taking into account the changing needs, the objectives was also modified subsequently.

Accordingly promotion of Small Scale Industries; decentralizing them to rural and backward areas, Providing Infrastructures facilities and creating favorable Industrial climate form the objectives at present. As a first step to fulfilling These objectives, a programmed of Industrial Estates in India was initiated in Dec'1995, with the establishment of Bhatnagar Industrial Estate at Rakot in Gujarat. In a country like India with varied resources base and socio-economic Conditions, macro level studies may not elucidate on the problems of all regions. Thus more micro level studies for each region are necessary for understanding The prospectus and problems of SSI units in different regions of our country.

The present study is limited to kanchipuram Town. The problems of Selected SSI Units to evaluate the performance of the small-scale industries sector to analyze Its growth and efficiency, to find the means of reviving it and to assess the Effectiveness of measures designed for the promotion of industries. Small industries depends upon a number of factors like the provision of raw materials, cheap power, technical advice, organized marketing of the product and, where necessary, safe guards again intensive competition by large scale manufacturers as well as on the education of the workers by the use of the best available technologies – here are present all the elements of a development program which continue to be valid even today.

In relation to some of the urgent problems that needed immediate attention, the small scale industries were recognized as offering some distinct advantages such as immediate prospect of large scale employment, mobilization of local resources of capital and skills, more quotable distribution of The national income, etc. It also emphasized the aim of the state policy as to ensure that the decentralized sector quires sufficient vitality to be self-supporting and its development is integrated with that of the large Industries. It was, therefore suggested that the government should concentrate on measures designed to remove the basic handicaps of small scale industries such as the lack of suitable working accommodation and the inadequacy of tooling, repairs and maintenance facilities, etc. It was also laid down the technique of production of village and small scale industries should be constantly improved and modernized.

Objectives of the Study

The present analyze the performance of the small scale industrial units in kanchipuram.

The specific objectives of the study are:

- To assess the socio - economic status of small-scale entrepreneurs in the study area of kanchipuram.

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- To evaluate the performance of units is the basis of profit.
- To assess and analyze the trends in capacity utilization of the selected SSI units.

Hypothesis of study

H1: There is no relationship between the performance and Profitability growth of Small Scale Industries

H2: Output per employee of Industries Indicators there is no relations the Performance of Small Scale Industries units and the output of SSIs.

Research Methodology

For this purpose, the performance of 40 SSI's (Small Scale Industries) has been evaluated by selecting four parameters. After identifying the best performing units, a comparative study has been made between the successful and unsuccessful units. Based on this empirical study, conclusions have been drawn about the size of a unit in terms of output, investment, sales, employment and other features. A relationship is also established between the age of the unit and the performance of the unit. The performance of SSI units have been valuating by performance index. This index is computed based on the indices the major indicators of performance including rate of return, rate of profit, production, capacity utilization, lab, etc., in addition to management, infrastructure facilities and other Relevant factors.

Sampling Design

Kanchipuram city is purposively selected for this study because of consideration of proximity and familiarity. It is located in kanchipuram District of Tamilnadu. There were 400 Small Scale Industrial Units in Kanchipuram city in 2009 - 2010 which were registered with District industrial Center [DIC], Kanchipuram. Sample units are selected by using stratified proportionate random sampling techniques 10% of the units in each category with a minimum of 1unit are selected for the purpose of the study is confined to 40 units in total.

Data collection

The data needed were collected from both primary, secondary data sources and official data were collected from the DIC, Kanchipuram in Government of Tamil Nadu, and Authorities of SIPCOT, SIDCO. The secondary data were collected from research papers, Magazines and different websites. Primary data were collected from SSI Units in the district by administrating a structured questionnaire through personal interviews with Entrepreneurs of the industrial units.

Statistical Tools

The data collected form primary and secondary sources is subjected to statistical treatment for clear analysis and interpretation. In this study, both Methods of "descriptive and "Inferential analysis" were used. The descriptive analysis was used to describe the Characteristics of the Samples being studied through tables, charts, maps, graph and diagrams. The test used in the Inferential analysis method is as it follows;

(1) Arithmetic Mean (Frequency Analysis)
(2) Weighted Average

Limitation of the Study

- ✓ The research work is confined to the study of performance and evaluation of SSI in kanchipuram.
- ✓ The research work regarding the performance of SSI is purely based on the survey of the respondents from kanchipuram.
- ✓ The findings may remain biased in nature as per the values, ethics and competencies of the respondents.
- ✓ Owing financial constraints and time limit the study has been restricted in kanchipuram city.

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- ✓ The period of the study is also restricted to only one year because of the non co-operation of owners / managers of the sample units in giving required data for the study.

Review of Literature

There have been a lot of studies that has been undertaken on entrepreneurship and small-scale industries. The major studies focus on the argument over the issue of efficiency in the small-scale industries vis-à-vis large-scale industries.

Dhar and Lydall (1961) in their study have found out that the small scale industries are generating less amount of employment vis-à-vis large scale industry. These small-scale industries in the modern times have become more capital intensive rather than labour intensive.

Ramsingha K Asher (1987) showed that the value added by a rupee worth of fixed investment in small factories is at least three times as large as that for a large factory. This has also been supported by a recent study by SIDBI and NCAER. Some of the studies have been undertaken on the factors that are proving a hindrance to growth of these small enterprises promoted by various entrepreneurs.

Clacy and Lakhmakker (1994) in their study have found out that the small-scale industry freedom to choose gets effected in response to the fierce competition. Technology deployed by small-scale units has been static in spite of the availability of improved technologies on the Indian market. The likely reasons for this are lack of operational and investment capabilities, unwillingness to invest, lack of capabilities to engage in technology search, improvements etc. Investment in ICT has a negative impact on labour productivity and a positive impact on general market expansion.

Sebastian Morris, Rakesh Basant (2006) in their study found out that small firms bear a very heavy burden in dealing with government. There is a need to come out of the inspector raj syndrome to simplify the umpteen laws and regulation ranging from Labour Compensation Act to the Unionization Act, which needs to be merged. Many specific macroeconomic policy-induced distortions work against the small-scale sector such as tariff inversion, conservative monetary policy, non-aggressiveness of exchange rates, tight credit , perverse incentives in banks, erroneous Sickness Data, underdeveloped venture capital incentive, reservation etc.

Additionally, Khalil (2004) reported on his paper "The role of SSI in decreasing the poverty and unemployment rate in Jordan", that the SSI has a minor effect on the poverty and unemployment especially in the rural areas. While, Krabiliah (2002) in his paper "Relation between the no. of SSI and the unemployment rate in south Jordan", that the no. of SSI in south Jordan is limited compared to other districts. Therefore, the SSI in the south has a minor effect on the unemployment rate. Ironically, Almeyda (1996) reports that commercial banks role in SSI finance is significant even when compared to large and developed non-governmental organizations.

The SSI clusters in India are spread throughout the length and breadth of the country. There is no definite figure available on the number and size of these clusters. However, some of the estimates point out the existence of around 2000 clusters, most of which are located in the rural areas. These rural based clusters are artisan-based units that have grown in size with the passage of time. They use very simple manufacturing processes or techniques and the products are manufactured by the local artisans.

The skill is transferred from one generation to another without any up-gradation in the methodology of manufacture or improvement in product quality. Some of the examples of products produced in such clusters are textile handicrafts, woodcarving, stone carving, metal ware etc. A perusal of the nature of products in these clusters points out that these clusters are not

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very energy intensive (Gulati, M.1997). In addition to these rural artisan-based clusters, there are an estimated 140 clusters that exist predominantly in urban settings and have at least 100 registered units. The size and number of units in these clusters varies significantly from one cluster to another. Some of them are so big that they produce upto 70 to 80% of the total volume of that particular product produced in the country.

For example, Ludhiana in the state of Punjab produces 95% of India's woolen hosiery, 85% of sewing machine parts, 60 % of bicycles and its parts and accounts for over half of Punjab's exports. Similarly, Tiruppur, which lies in the middle of TamilNadu's cotton belt in southern India is a home to thousands of small-scale firms involved in spinning, weaving and dying of cotton garments. It accounts for up to 60% of cotton knitwear exports from the country (Albu, M. 1997). Amongst the energy intensive small-scale clusters, a typical example is of the glass-manufacturing cluster in Firozabad, which is around 250 km from New Delhi.

Successful late industrialization experiences with sustained high rates of growth are typically accompanied with high rates of agricultural growth which relaxes the wage goods as well as the home market constraint. Successful agricultural transformations, in turn are accompanied with land reforms (Alam, 1977). As this industrial transformation continues small firms are either completely modern and/or are in typically thick inter-firm linkages among themselves and with large firms; or when non-modern (i.e. using craft technologies) would have had large terms of trade shift in their favour (Morris 2001). Moreover, the pursuit of export led growth (simultaneous pursuit of export promotion and import substitution along with macroeconomic policies conducive to the pursuit of high growth also contributed to high growth rates.

Performance Analysis of Selected Small Scale Industries (SSI) in Kanchipuram

The analysis in this chapter is based on primary data collected from 40 samples SSI units in the study area of kanchipuram city of Tamil Nadu.

Overall performance

The performance of the Industrial Estates has been assessed by applying the techniques of performance index is computed based on the indices of the major indicators of performance including rate of return rate of profit, production, capacity utilization, labour employed, management, infrastructure facilities and other relevant factor. In addition the type of technology used (traditional, outdated, modernized, foreign) the type of labour employed (skilled, technical, non-technical, unskilled) were also taken into account to determine the performance trends viz., low trend high trend, mixed trend.

Rates of performance have been converted into indices based on the overall performance assigning due weights the aggregated average of the indices of six major indicates was taken as the index for the respective group of industry ,estate units and outside the estate units. The performance index showing the value above 100 indicates higher performance efficiency and below100 indicates lowest efficiency or poor performance.

A performance equal to 100 shows the average performance efficiency. In the industrial enterprises if the rate of return and the rate of profit are high (i.e. if the indices are 100 and above) and the value of the other indicators such as capacity utilized, production, labour productivity and capital productivity are also high ,then the overall performance. If this performance is a supported by a high rate of modern technology along with high rate of skilled and technical labour, then it established a high trend direct relationship. If the rate of

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return and rate of profit are low or negative then the overall performance index would be less than 100 which indicates inefficient or poor performance. I this performance is supported by a high rate of traditional (out dated) technology along with high rate of unskilled labour then it establishes a low trend direct relationship.

However, there are possibilities of a mixed trend relationship prevailing, where the indices of the indicators vary in their value and the technology adapted mismatches with the labour (for example, high rate of technology with high rate of unskilled labour and vice versa). That means, those units that show a mixed trend relationship may have efficient performance or inefficient performance as the indices of the indicators do not show a single trend of high value or low value. Such a trend is a mix of performance efficiency and inefficiency. A mixed trend performance may result from the influence of other variables such as inventory held, wage payment, fixed capital per job, intensity of capital, background of the entrepreneur and such other factors.

Period, Industry - wise Performance of Estates Units

The performance index of the industrial estates industry groups was based on Engineering, Fertilizer, Chemical, leather, Food, Textiles, Paper, Misc.,

Physical, Financial, Productivity Performance

In order to evaluate the performance of SSI units in Physical, Financial, Productivity aspect four parameters were considered. They are:

(i) Out Put per Employee
(ii) Capacity Utilization
(iii) Return on Investment
(iv) Net Profit Ratio

In order to evaluate the performance, arithmetic mean was calculated for each parameter mentioned above those industrial units which were have figures greater than the average were categorized as above average units and these with figures less than the average as below average Industrial Units.

Analysis and Interpretation

Educational Qualification of the Respondents

Edu. Qualification	Frequency	Percentage
Primary	5	12.5
Secondary	5	12.5
Degree	5	12.5
Post Graduate	7	17.5
Technical training	7	17.5
Business Training	5	12.5
None	6	15
Total	**40**	**100**

The above Table gives an analysis of the educational qualification of the Respondents. Out of 40 Respondents 12.5% of the Respondents are primary education, 12.5% of the Respondents are Secondary Education, 12.5 % of the Respondents are Degree, 17.5% of the Respondents are Post graduates, 17.5 % of the respondents are Technical trainings, 12.5 % of the respondents are Business trainings and 15% of the respondents are none the above qualification.

Nature of Unit

Nature	Frequency	Percentage
Independent	15	37.5
Ancillary	25	62.5
Total	**40**	**100**

From the above table it was founded that 37.5% of the Respondents belongs to the nature of units is an independent and 62.5% of the Respondents belongs to the nature of units is an ancillary.

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Category of SSI Units

Category	Frequency	Percentage
Engineering	11	28.5
Leather	5	12.5
Chemical	5	12.5
Agro	3	7.5
Electrical	3	7.5
Food	3	7.5
Textile	1	2.5
Others	9	22.5
Total	**40**	**100**

From the above table, it was found that 28.5% of the Respondents belongs to the categories of their units is like Engineering, 12.5% of the Respondents belongs to the categories of their units is like Lather, 12.5% of the Respondents belongs to the categories of their units is like Chemical, 7.5% of the Respondents belongs to the categories of their units is like Agro, 7.5% of the Respondents belongs to the categories of their units is like Electrical, 7.5% of the Respondents belongs to the categories of their units is like Food, 2.5% of the Respondents belongs to the categories of their units is like Textiles and 22.5% of the Respondents belongs to the categories of their units is like other categories.

Problems faced at the time to Setting up of the SSI Units

Problems	Frequency	Percentage
Project ideas	5	12.5
Preparation of project	0	0
Choice of machinery	4	10
Securing capital and loans	9	22.5
Power connections	5	12.5
Incentives & concessions	5	12.5
Precutting license permits, Quotas	5	12.5
Registration with the Govt. Department/Agencies	4	10
Location of Raw material and Requirements	3	7.5
Others	0	0
Total	**40**	**100**

From the above table, it was found that 12.5 % of the Respondents are facing the main problems is project ideas, 10 % of the Respondents are facing the main problems is Choice of machinery, 22.5 % of the Respondents are facing the main problems is Securing capitals and loans, 12.5 % of the Respondents are facing the main problems is Power Connections, 12.5 % of the Respondents are facing the main problems is incentives and concession, 12.5 % of the Respondents are facing the main problems is Precutting license permits, Quotas, 10 % of the Respondents are facing the main problems is Registration with the Govt. Department/Agencies and 7.5 % of the respondents are facing the main problems is Location of Raw material and Requirements.

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Causes for Under-Capacity and Utilization

Factors	Frequency	Percentage
Lack of demand	8	20
Non-availability of raw material	5	12.5
Non-availability of labour	10	25
Lack of adequate finance	5	12.5
Shortage of power	10	25
Others	2	5
Total	**40**	**100**

From the above table, it was found that 20% of the Respondents state the Lack of demand is the causes for the under capacity utilization, 12.5 % of the Respondents state the Non availability of Raw material is the causes for the under capacity utilization, 25% of the Respondents state the Non availability of labour is the causes for the under capacity utilization, 12.5% of the Respondents state the Lack of Inadequate finance is the causes for the under capacity utilization, 25% of the Respondents state the Shortage of power is the causes for the under capacity utilization and 5 % of the Respondents state other causes for the under capacity utilization.

Distribution Channels of SSI Units

Channels	Frequency	Percentage
On quotation	11	27.5
Direct contact	11	27.5
Through dealers	10	25
Through commission Agent	3	7.5
Others	5	12.5
Total	**40**	**100**

From the above table, it was found that 27.5% of the Respondents are using the channels of distribution of the SSI units is On Quotation, 27.5% of the Respondents are using the channels of distribution of the SSI units is Direct contact, 25% of the Respondents are using the channels of distribution of the SSI units is Through Delars, 7.5% of the Respondents are using the channels of distribution of the SSI units is Through Commission Agent and 2.5% of the Respondents are using the channels of distribution of the SSI units is other channels are used.

Technology Used in SSI Units

Technology	Frequency	Percentage
Traditional	10	25
Mechanical	16	40
Modernized	11	27.5
Foreign	3	7.5
others	0	0
Total	**40**	**100**

From the above table, it was found that 25 % of the Respondents are using the Traditional Technology, 40 % of the Respondents are using the Medical Technology, 27.5 % of the Respondents are using the Modernized Technology and 7.5% of the Respondents are using the Foreign Technology.

Output of the SSI units mainly increased by the employees

Outputs	Frequency	Percentage
Skilled	15	37.5
Un skilled	10	25
Technical	10	25
Non-Technical	5	12.5
Others	0	0
Total	**40**	**100**

From the above table, it was found that 37.5% of the industries the output of the SSI units mainly

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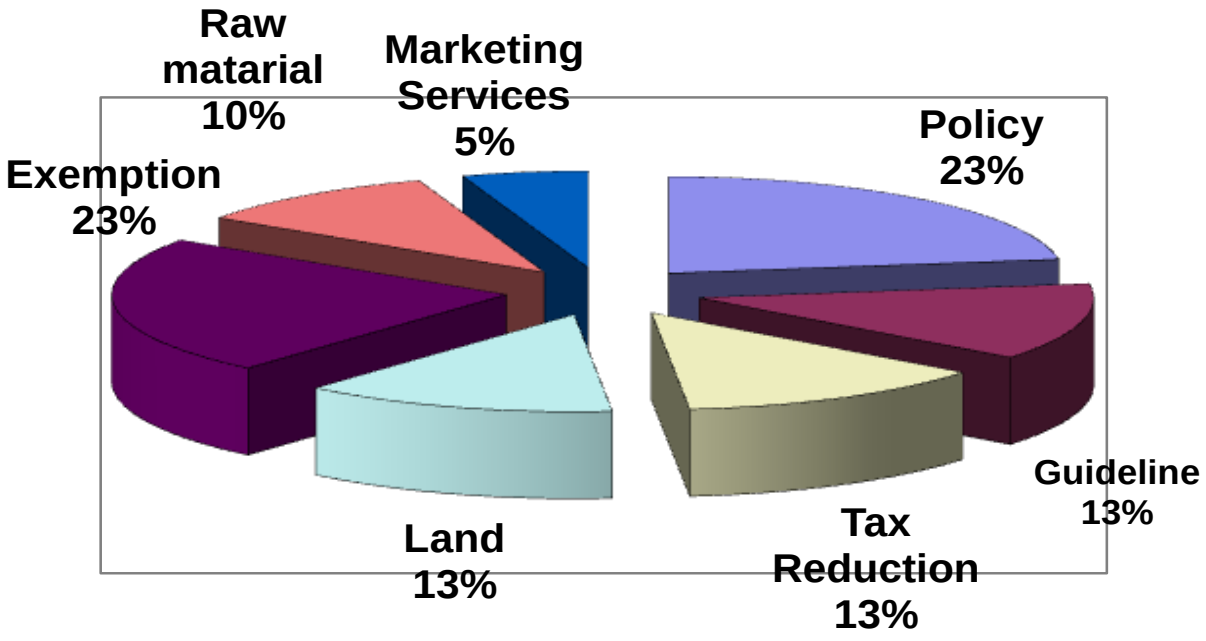
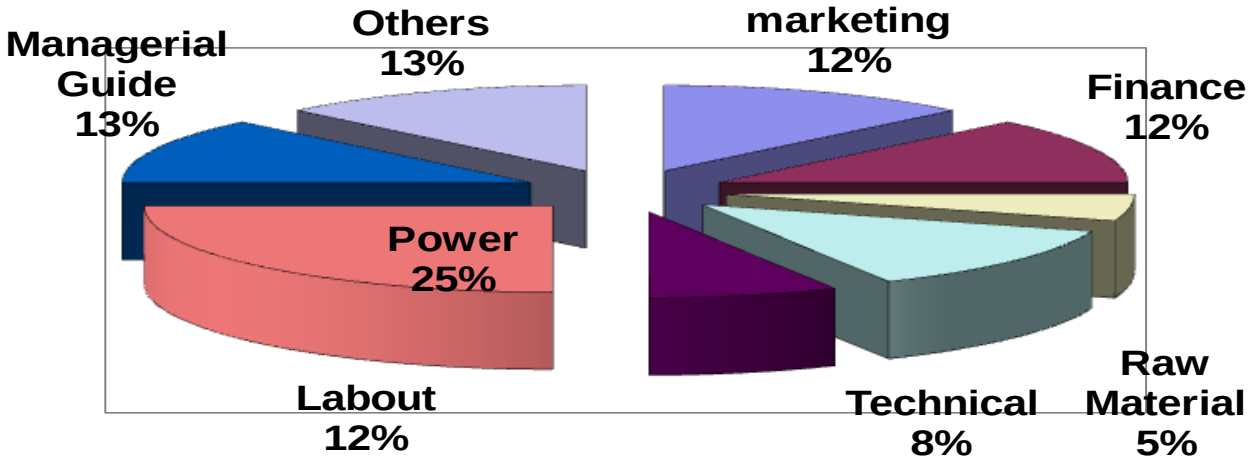
increased by the employees of Skilled, 25 % of the industries the output of the SSI units mainly increased by the employees of Un Skilled, 25 % of the industries the output of the SSI units mainly increased by the employees of Technical and 12.5% of the industries the output of the SSI units mainly increased by the employees of Non-technical.

Expectation from the govt. to improve the performance of SSI units



Problems faced by SSI units



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Performance of SSI units can be identified through

Identification	Frequency	Percentage
Output per employee	5	12.5
Capacity utilization	7	17.5
Sales turn over	15	37.5
Return of investment	8	20
Net profit ratio	5	12.5
Total	**40**	**100**

From the above table, it was found that 12.5 % of the performance of SSI units can be identified through Output per employees, 17.5 % of the performance of SSI units can be identified through Capacity utilization, 37.5 % of the performance of SSI units can be identified through sales turnover, 20 % of the performance of SSI units can be identified through Return on Investment and 12.5 % of the performance of SSI units can be identified through the net profit Ratio.

Factors contributing to the best performance of an SSI

Factors	Frequency	Percentage
Knowledge of the local knowledge	10	25
Patience	10	25
Good management of staff	8	20
Labour welfare	5	12.5
Infrastructure facilities	7	17.5
Total	**40**	**100**

From the above table, it was found that 25 % of the SSI the factors contributing to the best performance is knowledge of the local knowledge, 25 % of the SSI the factors contributing to the best performance is Patience, 20 % of the SSI the factors contributing to the best performance is Good management of staff, 12.5 % of the SSI the factors contributing to the best performance is Labour Welfare and 17.5 % of the SSI the factors contributing to the best performance is Infrastructure Facilities.

Best performance among SSI units

Nature of the Activity	Frequency	Percentage
Manufacturing	10	25
Job works	17	42.5
Marketing	3	7.5
Repairing / service	5	12.5
Trading	4	10
Assembling	1	2.5
Total	**40**	**100**

From the above table, it was found that 25 % of the Respondents are state their opinion about the best performance of the nature of business activity is Manufacturing, 42.5 % of the Respondents are state their opinion about the best performance of the nature of business activity is Job works, 7.5 % of the Respondents are state their opinion about the best performance of the nature of business activity is Marketing, 12.5 % of the Respondents are state their opinion about the best performance of the nature of business activity is Repairing/ Services, 10 % of the Respondents are state their opinion about the best performance of the nature of business activity is Trading and 2.5 % of the Respondents are state their opinion about the best performance of the nature of business activity is Assembling.

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Weighted Average:

Uses of Technology	10	16	11	3	-
Output of SSI	15	10	10	5	-
Performance of SSI	5	7	15	8	5
Success of SSI	5	12	8	5	10

Uses of Technology = (10X1)+(16X2)+(11X3)+(3X4)/40 = 2.17
Output of SSI = (15X1)+(10X2)+(10X3)+(5X4)/40 = 2.12
Performance of SSI = (5X1)+(7X2)+(15X3)+(8X4)+(5X5)/40 = 3.02
Success of SSI = (5X1)+(12X2)+(8X3)+(5X4)+(10X5)/40 = 3.07

Weighted Average Rank's

Factors	Ranks
Uses of Technology	II
Output of SSI	I
Performance of SSI	III
Success of SSI	IV

Findings from the study

The following are the major findings of the study

- Out of 40 Respondents 17.5% of the Respondents are Post graduates, 17.5 % of the respondents are Technical trainings, 12.5 % of the respondents are well Business trained and majority of them are sole proprietorship (40%)
- 28.5% of the Respondents are belongs to the categories of their units is like Engineering, and 35 % of the Respondents are schemes prepared by Banks followed 22.5 % of the Respondents schemes prepared by Self and majority of them (37.5%) belongs to family business.
- Most of the sample respondents are 32.5 % approaching Development banks for financial assistance and followed by 25 % of the Respondents are sources their owns funds for starting units. Even though, greater number of SSI unit owners are facing the main problems is securing capitals and loans.
- Majority of the sample units facing that Lack of demand is the causes for the under capacity utilization, Non availability of Raw material, Non availability of labour, Inadequate finance and Shortage of power.
- 27.5% of the SSI units are using the channels of distribution of their products on Quotation, 27.5% are Direct contact, 25% of them selling their products through Dealers, and very least of them 7.5% using Commission Agent for distribution. Almost 37.5% of the industries the output of the SSI units mainly increased by the skilled man power.
- Expectation form the SSI units, 22 % of the are expecting form the Govt. to improve plans and Policy, 12.5% of them are expecting rules and Guidelines, 12.5 % and 22.5% are expecting Tax Reduction and exemption respectively. Followed by 10% and 5% are expecting fair distributions of raw material and improve the marketing services respectively.
- Problems faced by SSI units in the study area, 12.5 % SSI units facing Marketing problems, 12.5 % are issues relating to Finance, 5 % of them are problems with Raw material, and 12.5 % of the Respondents are facing Labour problems, 7.5 % are Technical challanges, 25 % of them are facing the Power problems.
- Based on performance of SSI units are identified, 12.5 % are based on output per employees, 17.5 % of them identified through Capacity utilization, and 37.5 % of the of SSI units can be identified through sales turnover, 20 % of them based on Investment and 12.5 % of the performance of SSI units can be identified through the net profit Ratio.

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- Based on the performance of SSI units in the study area, 42.5 % of the units are under taking Job work activity, followed by 25 % are manufacturing business and 12.5 % of them are business activity is Repairing/ Services are well performing in the study area of kanchipuram.

Suggestions

- This analytical study of comparison reveals that the industrial estates have been developed without proper planning. This has resulted in the concentration of industries in urban areas rather than dispersing the in rural and backward areas.
- The target oriented construction and allotment of sheds has contributed not only to the construction of substandard shed but also for the entry of inefficient entrepreneurs into the industrial estates.
- Such an estate should be linked to an industrial area developed on economic criteria. Instead of general purpose estates/areas, ancillary or functional pattern should be followed to establish vertical linkage.
- Agro based industries should be encouraged to establish backward and forward linkage between agriculture and industry. It is necessary to persuade some of the large scale industries to settle down in industrial areas of semi-urban centers to establish proper linkage with small industries.
- It is observed the idle capacity is germane to industrial estates. Therefore, it is suggested that the entrepreneurs should be educated properly as to the advantage of working to full capacity with modernization, in addition to providing them with regular and uninterrupted power supply.
- Providing common facilities center and technical knowledge for the benefit of the entrepreneurs should be made an inbuilt package of developing industrial estates / areas.
- Instead of subsidy, an interest free loan should be made available for five years for those industries which settle down in the industrial areas developed in semi-urban locations on economic criteria.
- The Government has to insistent compulsory registration of all types of SSI enterprise with DIC, because the decline trend is mainly due to non - registration of enterprises with DIC. This decline trend is in registered enterprise only.
- In approving schemes of Industrial units the Government and Financial Institutions are to be liberal. This doesn't mean that they should encourage non-feasible units. Only feasible units are to be promoted.
- Infrastructure facilities adequate for the promotion of SSI units in Industrial estate attract the new entrepreneurs and provide all facilities required.
- The Government has to intensity the training, subsidies, incentives and arrangement of credit to poor sections of the society, to start tiny, village and small Industrial units for their economic, social and cultural development.

Conclusion

Small Scale industries play an important role in the developing Economies like India .Apart from providing employment they help in reducing regional disparities and in improving the living standards of the lower strata of population. The Government of India has been appreciative of role of small industry. Keeping this in view various polices, provisions, procedures, schemes and Programmes have been initial form time to

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time. The small industry sector has come of age in India. From modest beginning 50 years ago, today it accounts for above 50% of the Industrial production in the country and more than 80% of the employment in the Industrial sector. As such, it forms an integral and vital part of the National Economy and providing the necessary pace for economic development. The performance of small scale industry in India is not has planned or designed. There is a growing tendency of Small Scale Industrial units becoming sick .The reasons may be numerous. There is an inter-regional variation in the performance of small scale industrial units in India. They are successful in one region and failed in some other regions.

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