# CHALLENGES OF SMALL SCALL INDUSTRIES IN COIMBATORE DISTRICT

**N.Vijayalakshmi,** Ph.D. Research Scholar, Department of Commerce, NGM College, Pollachi – 642001.

**Dr. P.Archanaa,** Assistant Professor, PG Department of Commerce CA, NGM College, Pollachi – 642001.

## ABSTRACT

Small scale industries (SSI) are those industries in which manufacturing, providing services, productions are done on a small scale or micro scale. Small scale industries play an important role in social and economic development of India. Essentially small scale industries comprise of small enterprises who manufacture goods or services with the help of relatively smaller machines and a few workers and employees. Todays, small scale industries face more issues in successful process of business performance. Hence, this study aimed to analyse the challenges of SSI in Coimbatore district. This study adopted research design is descriptive method. Both primary and secondary sources have been utilized in this study. A structured questionnaire has been administered by the researchers and distributed among target population to collect socio-economic profile and the challenges of SSI. The researchers had used 5 points Likert's scaling technique for converting the challenges of respondents into quantitative methods and the secondary data were collected from published article, books, journals, internet sources, etc. were collected. This study has set the sample size of 125 SSI's through random sampling method. The collected data are entered and tabulated into MS-Excel software and analyzed by using the statistical techniques like percentage analysis, mean score, standard deviation and ANOVA through SPSS 22.0 software. This study justified from analysis that the high level of challenges of SSI are faced by the respondents who belong to upto 30 years of age group, female, proprietors, upto 10 as size of employment and upto 5 years of business experience.

**Keyword:**    Small Scale Industries, SSI, entrepreneur, perception, challenges, manufacturing and economy growth.

## 1.    INTRODUCTION

India is predominantly an agricultural country followed by small scale industries have been also developed. Small Scale Industries (SSI) are the backbone of industrial structure as they provide a variety of non-traditional and low technology products. SSIs are referred to as those industries in which the process of manufacturing, production and servicing are done on a small scale. The investment on such industries is one time and these investments are mostly done on plant and machinery, the total investment on such industries do not exceed 1 crore. In small scale industries, the manufacturing of goods and rendering of services are done with the help of smaller machines and very limited manpower. SSIs are also engaged in the processing, preserving, manufacturing & servicing activities and play a vital role in balanced and sustainable economic growth. Thus, a proper development of small scale industries is essential for the healthy growth of economy.

Small Scale Industrial sector plays a dominant role in the economic development of both developed and developing countries. In developing countries, small scale industries are especially important in context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi urban areas. They provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate effective mobilization of resources of capital and skill which might otherwise remain unutilized. The small scale industries also play an important role in removing regional disparities. The industrial development in a backward area can only be achieved by the rapid development and promotion of small scale industries. India's small manufacturing is fairly advanced but modernization, diversification and expansion would continue to have competitive edge internationally. Under the

changing of economic scenario and competitive edge the business can compete on cost, quality and products at domestic and international level only if ideal investment in technology production process, R&D and marketing are made.

## 2.    REVIEW OF LITERATURE

In view of Vivekanand Pandey (2013) indicated that most of the small scale industries belong to individual proprietorship form of organization and the owners came with personal egos and ideas, proprietarily attitudes and ineffective delegation. Also, there was a lack of expertise, professionalism and planning and the dealings are informal and there was no logical reasoning, proper career plan and strong motivation. In many cases, business ideas and exposures were not up-to-date and adequate, rules and regulations are not complied, product and market knowledge are not up to the mark and business remains confined to the local level. The author Kulbhushan Meghe (2020) revealed that small businesses were lacked in the collateral security to get finance for their business as banks required collateral security among industrial investors. Also, businesses were unable to get a good quality raw material for their production and lack of storage facility the production. In addition, this study noted that the challenges like manager might lack managerial skills, skilled labour and marketing, etc. The result of Anshu Taunk and Abhimanyu Kumar (2013) stated that the greatest challenge before SSI was to globally change itself whereas it couldn't survive because of high tariff barriers or non-tariff barriers like import licensing. They were facing competition in the domestic as well as international market from multiple sources. In present scenario, Indian SSI had various challenges such as poor infrastructure, technically and financially weak and unable to look at their right destination.

According to Mythili and Rachel Nancy Philip (2019) noticed that SSI had emerged as a dynamic and vibrant sector of the economy. At the national level, this sector had performed extremely well and enabled country to attain industrial amplification and diversification to increase in employment and production but the major challenges faced by SSI were industrial sickness, nonavailability of concessional loans, technological up gradation, delayed payments which were dearly seen through the reduction of their overall performance. In case of Sharath and Yogish (2020) pointed out that the basic difficulties of Micro, Small and Medium Enterprises (MSMEs) incorporated issues namely Helpless Elite Work Practices (HPWP), Obstructions in trade direction, Insufficient Capital, convoluted social control exercises, Inappropriate information taking care of ,Ill-advised Strategy structure, advancing associated issues, Failure to isolate business and family or individual accounts, incredibly deficient credit stream, Non-presentation to best administration rehearses in creating, showcasing, circulation and vilification , Need access of bundling advances and Absence of good HR and so on. The study from Dhanalakshmi (2009) noted that finance was a major obstacle in the growth of micro, small and medium enterprises also in fact many other factors slowing down growth arise due to lack of finance. Also, technological up gradation became a problem only because firms lack enough capital to install new machines, skilled labour can be hired and retained by giving them higher wages etc. while other problems that ailed most of the enterprises was Marketing.

## 3.    STATEMENT OF THE PROBLEM

Small scale industries are those industries in which manufacturing, providing services, productions are done on a small scale or micro scale. In India, Small Scale Industries are very essential to development of Indian economy, whereas it has scope area to develop or monitor with proper way by framing of many policies which are formed by government to promote the small scale industries. Although, small scale industries are facing many challenges to grow in various dimensions such as lack of finance, lack of skilled labour, supply of raw material and marketing, transport issues, lack of infrastructure, and most important challenge is lack of implementation of technology. So, there is an urge to explore the challenges of SSIs for making more employment and economic development of India.

## 4. OBJECTIVES OF THE STUDY

- To measure the socio-economic profile of the selected respondents in Coimbatore District.
- To examine the challenges of SSI in the study area.

## 5. HYPOTHESIS OF THE STUDY

- There is no significant difference in mean challenges of SSI with regard to age of the respondents.
- There is no significant difference in mean challenges of SSI with regard to gender of the respondents.
- There is no significant difference in mean challenges of SSI with regard to nature of organization of the respondents.
- There is no significant difference in mean challenges of SSI with regard to size of employment of the respondents.
- There is no significant difference in mean challenges of SSI with regard to business experience of the respondents.

## 6. RESEARCH METHODS

This study has followed research design is descriptive method. The authors utilized both primary and secondary data sources. This study has target population as entrepreneurs of Coimbatore district. A structured questionnaire has been administered among them to collect their socio-economic profile and challenges of SSI. The study instrument has approached 5 points Likert's scaling technique for understanding the challenges of SSI and the secondary data were collected from published article, books, journals, internet sources, etc. This study has identified 125 SSI's through random sampling method. The sample data are entered into MS-Excel software and analyzed with the help of statistical tools like percentage analysis, mean score, standard deviation and ANOVA through SPSS 22.0 software.

## 7. RESULT AND DISCUSSION

### 7.1 Socio-Economic Profile of the respondents

The information of socio-economic profile and challenges of SSI among the selected respondents are furnished in the below table.

**Table 1: Socio-Economic Profile and Challenges of SSI**

| No. | Variables Name | Number of Respondents | % | Mean | SD |
|---|---|---|---|---|---|
| 1 | **Age** | | | | |
| | • Upto 30 Years | 15 | 12.0 | 4.00 | 0.44 |
| | • 31 - 40 Years | 34 | 27.2 | 3.69 | 0.40 |
| | • 41 - 50 Years | 49 | 39.2 | 3.74 | 0.55 |
| | • Above 50 Years | 27 | 21.6 | 3.83 | 0.60 |
| | **Total** | **125** | **100.0** | | |
| 2 | **Gender** | | | | |
| | • Male | 94 | 75.2 | 3.75 | 0.53 |
| | • Female | 31 | 24.8 | 3.86 | 0.49 |
| | **Total** | **125** | **100.0** | | |
| 3 | **Nature of Organization** | | | | |
| | • Proprietorship | 19 | 15.2 | 4.12 | 0.51 |
| | • Partnership | 25 | 20.0 | 3.73 | 0.39 |
| | • Public Limited Company | 29 | 23.2 | 3.60 | 0.48 |
| | • Private Limited Company | 39 | 31.2 | 3.69 | 0.51 |
| | • Others | 13 | 10.4 | 4.03 | 0.58 |

| No. | Variables Name | Number of Respondents | % | Mean | SD |
|---|---|---|---|---|---|
| | Total | 125 | 100.0 | | |
| 4 | Size of Employment | | | | |
| | • Upto 10 | 20 | 16.0 | 4.09 | 0.49 |
| | • 11 to 20 | 39 | 31.2 | 3.72 | 0.60 |
| | • 21 to 30 | 53 | 42.4 | 3.77 | 0.38 |
| | • Above 30 | 13 | 10.4 | 3.48 | 0.59 |
| | Total | 125 | 100.0 | | |
| 5 | Business Experience | | | | |
| | • Upto 5 years | 29 | 23.2 | 3.97 | 0.43 |
| | • 6-10 years | 36 | 28.8 | 3.59 | 0.52 |
| | • 11-15 years | 45 | 36.0 | 3.90 | 0.51 |
| | • 16-20 years | 15 | 12.0 | 3.72 | 0.58 |
| | Total | 125 | 100.0 | | |

- The above table observes that 12.0% of the respondents are belong to upto 30 years of age group, 27.2% of the respondents are came into age category of 31-40 years, 39.2% of the respondents are 41-50 years aged group and 21.6% of the respondents are belong to age category of above 50 years.
- The analysis asserts that 75.2% of the respondents are male and 24.8% of the respondents are female.
- The analysis indicates that 15.2% of the respondents are belong to proprietorship, 20.0% of the respondents are doing business with partnership, 23.2% of the respondents are undertaking public limited company, 31.2% of the respondents as private limited company and 10.4% of the respondents are belong to other nature of organization.
- The analysis shows that 16.0% of the selected industries have upto 10 employees, 31.2% of the industries have 11 to 20 employees, 42.4% of the industries have 21 to 30 employees and 10.4% of the industries belong to above 30 employees.
- The analysis evinces that 23.2% of the respondents have upto 5 years of business experience, 28.8% of the respondents belong to 6-10 years of experience, 36.0% of the respondents as 11-15 years and 12.0% of the respondents have 16-20 years of experience in their business.

### 7.2    Challenges of SSI

The following table discusses that the challenges of SSI among the selected respondents in Coimbatore District. For this study, the researcher has developed eight statements related the challenges of small-scale industries.

**Table 2: Challenges of SSI**

| S. No | Factors | Mean Score | SD |
|---|---|---|---|
| 1 | Financial support and investment promotion | 4.06 | 0.90 |
| 2 | Transport issues | 3.82 | 0.94 |
| 3 | Raw material and marketing promotion | 3.64 | 0.97 |
| 4 | Implementation of Technology Development | 3.72 | 1.01 |
| 5 | Skilled Manpower | 3.98 | 0.89 |
| 6 | Testing and Research & Development Activities | 3.56 | 1.31 |
| 7 | Infrastructure development | 3.55 | 1.14 |
| 8 | Consultancy and counselling services | 3.88 | 1.08 |

The Cronbach Alpha value for the statements of challenges of SSI is 0.842. This study clears that the reliability of the challenges of SSI is good and fit for analysis. It is illustrated that most of the respondents rated as 'financial support and investment promotion' with the mean score and standard

deviation of 4.06 and 0.90 respectively followed by 'skilled manpower' with the mean score and standard deviation of 3.98 and 0.89 respectively.

## TESTING OF HYPOTHESIS (ANOVA)
**7.3    Relationship between Socio-economic Profile and Challenges of SSI**
        This section has examined that the relationship between the socio-economic profile and challenges of SSI among selected respondents in Coimbatore district. In order to analyse the relationship between selected independent variables and challenges of SSI, a hypothesis has been framed and tested by applying ANOVA.

**Age and Challenges of SSI**
$H_0$ :    There is no significant difference in mean challenges of SSI with regard to age of the respondents.

**Table 3: Age and Challenges of SSI**

|  | Sum of Squares | Df | Mean Square | F | 'p' value |
|---|---|---|---|---|---|
| Between Groups | 1.141 | 3 | 0.380 | 1.440 | 0.234[NS] |
| Within Groups | 31.949 | 121 | 0.264 | | |
| Total | 33.090 | 124 | | | |

**Note :** NS – Not Significant
        From the analysis, it is mentioned that the 'p' value is greater than 0.05 then the null hypothesis is accepted. Therefore, there is no significant difference in mean challenges of SSI with regard to age of the respondents.

**Gender and Challenges of SSI**
$H_0$ :    There is no significant difference in mean challenges of SSI with regard to gender of the respondents.

**Table 4: Gender and Challenges of SSI**

|  | Sum of Squares | Df | Mean Square | F | 'p' value |
|---|---|---|---|---|---|
| Between Groups | 0.270 | 1 | 0.270 | 1.010 | 0.317[NS] |
| Within Groups | 32.820 | 123 | 0.267 | | |
| Total | 33.090 | 124 | | | |

**Note :** NS – Not Significant
        From the analysis, it is showed that the 'p' value is greater than 0.05 consequently the null hypothesis is accepted. Hence, there is no significant difference in mean challenges of SSI with regard to gender of the respondents.

**Nature of Organization and Challenges of SSI**
$H_0$ :    There is no significant difference in mean challenges of SSI with regard to nature of organization of the respondents.

**Table 5: Nature of Organization and Challenges of SSI**

|  | Sum of Squares | Df | Mean Square | F | 'p' value |
|---|---|---|---|---|---|
| Between Groups | 4.292 | 4 | 1.073 | 4.471 | 0.002* |
| Within Groups | 28.798 | 120 | .240 | | |
| Total | 33.090 | 124 | | | |

**Note :** * – Significant at 1% level
        From the analysis, it is evaluated that the 'p' value is lesser than 0.05 accordingly the null hypothesis is rejected. Therefore, there is a significant difference in mean challenges of SSI with regard to nature of organization of the respondents.

**Size of Employment and Challenges of SSI**
        $H_0$ :        There is no significant difference in mean challenges of SSI with regard to size of employment of the respondents.

### Table 6: Size of Employment and Challenges of SSI

|  | Sum of Squares | Df | Mean Square | F | 'p' value |
|---|---|---|---|---|---|
| Between Groups | 3.178 | 3 | 1.059 | 4.285 | 0.007* |
| Within Groups | 29.912 | 121 | 0.247 |  |  |
| Total | 33.090 | 124 |  |  |  |

**Note :** * - Significant at 1% level

From the analysis, it is indicated that the 'p' value is lesser than 0.05 so the null hypothesis is rejected. Hence, there is a significant difference in mean challenges of SSI with regard to size of employment of the respondents.

### Business Experience and Challenges of SSI

$H_0$ : There is no significant difference in mean challenges of SSI with regard to business experience of the respondents.

### Table 7: Business Experience and Challenges of SSI

|  | Sum of Squares | DF | Mean Square | F | 'p' value |
|---|---|---|---|---|---|
| Between Groups | 2.524 | 3 | 0.841 | 3.331 | 0.022** |
| Within Groups | 30.566 | 121 | 0.253 |  |  |
| Total | 33.090 | 124 |  |  |  |

**Note :** ** – Significant at 5% level

From the analysis, it is indicated that the 'p' value is lesser than 0.05 subsequently the null hypothesis is rejected. So, there is a significant difference in mean challenges of SSI with regard to business experience of the respondents.

## 8. FINDINGS

- It is mentioned from the analysis that most of the respondents are belong to age group of 41-50 years. This study mentioned that the respondents who belong to upto 30 years of age group are having maximum level of challenges of SSI.
- It is noticed from the analysis that most of the respondents are male. This study determined that the female respondents are having maximum level of challenges of SSI.
- It is displayed from the analysis that most of the respondents are undertaking private limited company. This study confirmed that the proprietors are having maximum level of challenges of SSI.
- It is found from the analysis that most of selected SSI have 21 to 30 employees. This study pointed out that the respondents belong upto 10 employees in their business are having maximum level of challenges of SSI.
- It is proved from the analysis that most of the respondents are having 11-15 years of experience in their business. This study explored that the respondents belong to upto 5 years of business experience are having maximum level of challenges of SSI.
- It is examined from the mean score analysis that most of the respondents rated as 'financial support and investment promotion' and 'skilled manpower' with the mean score of 4.06 and 3.98 respectively.
- From the ANOVA, it is found that there is no significant difference in mean challenges of SSI with regard to age of the respondents.
- The ANOVA observed there is no significant difference in mean challenges of SSI with regard to gender of the respondents.
- The 'F' test assumed that there is a significant difference in mean challenges of SSI with regard to nature of organization of the respondents.
- From the 'F' test, it is pointed out that there is a significant difference in mean challenges of SSI with regard to size of employment of the respondents.
- The ANOVA confirmed that there is a significant difference in mean challenges of SSI with regard to business experience of the respondents.

## 9. SUGGESTIONS

- This study observed that the respondents who belong to upto 30 years of age group are having maximum level of challenges of SSI. Hence, the government should introduce new attractive schemes with incentives to attract the potential talent of the young entrepreneurs and to promote industrialization in the state.

- It is pointed out from the study that female respondents are having maximum level challenges of SSI because they may not be getting awareness about the latest advancement of business process. So, female respondents should come forward to utilize the advantage of the plenty of webinars and trainings available online and many domain or business experts were spreading free support.

- This study noticed that the proprietors are having maximum level of challenges of SSI since they only can arrange investment for machines, materials and processes with organizational and management planning. So, the government should provide loan facilities and incentives to the entrepreneurs of SSI for the promotion and institutional infrastructure which will helpful mainly for proprietors for addressing their challenges.

- The entrepreneurs should think about new products, make new strategies and work on new business models through technological advancement to accelerate the process of SSIs.

## 10. CONCLUSION

This study gives out that the challenges of SSI in Coimbatore District. Small Scale Industries has emerged as a dynamic and vibrant sector of the economy and extremely well on employments, GDP and industrial growth. This study confirmed that there is a significant difference in mean challenges of SSI with regard to nature of organization, size of employment and business experience of the respondents. It is pointed out from the study that most of the respondents face challenges as financial support and investment promotion. Hence, government and all the financial institutions should provide financial support and motivate them through giving adequate loans to the Small-Scale Industries in Coimbatore.

## 11. REFERENCES

- Anshu Taunk, & Abhimanyu Kumar, (2013). Fear and Challenges Faced by Small Scale Industries of India in the World of Globalisation. *Global Journal of Human Social Science Interdisciplinary, 13*(3/1.0), 45-48.

- Dhanalakshmi, S.N. (2009). Performance and Challenges facing Small Scale Industry in India. *Singaporean Journal Scientific Research, 2*(2), 104-109.

- Gupta, S.L. (2007). *Marketing Research.* 1st Edition, New Delhi: Excel Books.

- https://byjus.com/commerce/small-scale-industries/#:~:text=1.Paper%20Bags%20industries,5.School%20stationeries

- Kothari C.R. (2016). *Research Methodology: Methods & Techniques.* 3rd Edition, New Age International (P) Limited, Publishers, New Delhi.

- Kulbhushan Meghe, (2020). Challenges and Opportunities of Small Businesses in India after Pandemic. *International Journal of Creative Research Thoughts, 8*(8), 3751-3755.

- Mythili, S., & Rachel Nancy Philip, (2019). A Study on Challenges of Small Scale Industries in Erode District. *International Journal of Business and Management Invention (IJBMI), 08*(08), 22-26.

- Rajendra Nargundkar, (2019). *Marketing Research - Text and Cases.* 4th Edition, McGraw hill Education (India) Private Limited, Chennai.

- Sharath, A.M., & Yogish, S.N. (2020). Micro, Small and Medium Enterprises in India: problems and Challenges. *International Research Journal on Advanced Science Hub, 02*(09S), 85-89.

- Vivekanand Pandey, (2013). Trends, opportunities & challenges in small scale and cottage industries in Uttar Pradesh. *Asian Journal of Technology & Management Research, 03*(02), 1-15.

- www.toppr.com/guides/business-environment/scales-of-business/small-scale-industries/