



## **DEVELOPMENT OF SMALL SCALE INDUSTRIES (A COMPARATIVE STUDY ON PROBLEMS OF SSIS IN UTTARANDHRA REGION ANDHRA PRADESH)**

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### **Abstract:**

Small scale industries are important because it helps in increasing employment and economic development of India. It improves the growth of the country by increasing urban and rural growth. Role of Small and medium scale enterprises are to help the government in increasing infrastructures and manufacturing industries, reducing issues like pollution, slums, poverty, and many development acts. Small scale manufacturing industries and cottage industries play a very important role in the economic development of India. If any amount of capital is invested in small scale industries it will help in reducing unemployment in India and increasing self-employment. The industry is a sector in which the production of goods is a segment of the economy. In this regard the research article focused on Problems of SSIs in Uttarandhra Region of Andhra Pradesh State and let us learn more about the importance of Small scale industries and how SSI helps in developing the country.

**Key Words:** Small Scale Industries, Economic Development, Manufacturing.

### **Introduction:**

The small-scale sector is the hub of many economic activities in a developing country like India. The role played by this sector in the economic activity of advanced industrialized countries is no less. The socio-economic transformation of India cannot be achieved without paying adequate attention to the development of this labour intensive and capital sparing sector. The small-scale sector has emerged as a dynamic and vibrant sector of Indian economy. Today, it accounts for nearly 35% of the gross value of output in the manufacturing sector and over 40% of the total exports from the country. In terms of value added this sector accounts for about 40% in the manufacturing sector next to agriculture, this sector's contribution to employment is magnificent. It is an excellent sector in the country's economy.

### **Growth of Small Scale Industry in India:**

In a developing economy like India small-scale industry constitutes the backbone of its economic structure. Its development creates last employment opportunities for the people, effects decentralisation of industries by the creation of industrial estates and makes possible a redistribution of economic power and income. However, the advent of modern large scale mechanised industry, the imposition of restrictions on Indian trade by the British rulers and deteriorating socio-economic conditions lead to the decline of small-scale industry. But, within the provisions of the nation's policy of economic development after the attainment of independence, it has staged a grand recovery and is now on the path of progress towards great expansion.

### **Review of Literature:**

T. J. Kamalanabhan (2018) in their study "Evaluation of Entrepreneurial Risk-Taking using Magnitude of Loss Scale" attempts to distinguish entrepreneurs on their risk taking propensity. Data on two measures of risk-taking propensity were collected from entrepreneurs and non-entrepreneurs. While the groups did not differ significantly on risk-taking propensity as measured by the Choice Dilemma Questionnaire, entrepreneurs and non-entrepreneurs differed significantly on the Magnitude of Loss Questionnaire. Similarly, entrepreneurial aspirants differed significantly from the non-entrepreneurial group. These results highlight the significance of loss, an important aspect in risk-taking. Which is often ignored in entrepreneurial and managerial studies? The risk in business ventures which has been the main stumbling block for many is not the low probability of success but the high stakes involved in entrepreneurship.

K. R. G. Nair (2017), in his study "Characteristics of Entrepreneurs: An Empirical Analysis" examines the socio-economic and attitudinal characteristics of entrepreneurs on the basis of primary acumen runs in families nor is there evidence that religion has an impact on entrepreneurship. The economic status of the family, age, technical education, training and work experience in a similar or related field seem to favour entrepreneurship. In comparison to the rest of the population, entrepreneurs tend to be more innovative in their attitude, but do not seem to have greater faith in the internal locus of control.

Vijay Vayas (2016) outlined the essence of the strategies for the survival and growth of new ventures. According to him the productivity, profit and growth of an enterprise are closely linked to its ability to innovate successfully. The accelerating technological change, however, has made innovation increasingly difficult for the small business. Notwithstanding confrontations with mature business [sic] a large number of ordinary entrepreneurs are losing in this battle of the unequals. The very spirit of entrepreneurship embodied in ever sprouting small enterprise is endangered by this trend. To counter it, a strategy of imitation facilitated entry and subsequent consolidation through incremental innovation should be targeted at the lower part of the value chain.

**Statement of the Problem:**

The allocations made in Five Year Plans, the policy measures taken in industrial statements and setting up of various national level and state level institutions show the interest of the government in supporting the development of Small Scale sectors in spite of various measures taken by the government, the Small Scale units in the country have been suffering due to various problems with various reasons. In the light of this background the present study has been taken up to identify the problem area of this sector and thereby to suggest appropriate measures in order to resolve the problems faced by them. To carry out the study on smooth and sound lines it is hypothesized that the Small Scale units are suffering from several problems like production, marketing, labour, financial and managerial etc. To test the validity of hypothesis the Small Scale industrial units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts of Andhra Pradesh state selected for the study.

**Significance of the Study:**

The study has great significance in the absence of similar study pertaining to problems of small scale industrial unit in the study districts and their comparison. Further these three districts have three different statuses in industrial development. *Visakhapatnam* district is said to be an industrially forward district when compared to *Srikakulam* district which is said to be industrial backward district. The *Vizianagaram* district lies between these two districts, a comparative study of such districts is no doubt a meaningful one. Therefore, the importance of the present study need not be over emphasised. In the light of the fact, different problems are centred in this sector and that this study aims at the resolving of various problems of this sector. So far, many have organised several studies on several aspects of Small Scale sectors with reference to India. There has been little attention paid on the problems.

**Objectives of the Study:**

- To examine the working performance of sample units in the study in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts of Uttarandra Region.
- To ascertain and analyse various problems faced by the sample units of the study.
- To make a comparative analysis as the problems of different sample units of these three district and
- To suggest suitable measures based on the findings in the problem areas.

**Methodology of the Study:**

The study is empirical in nature and it is based on the data personally collected with the help of an elaborate schedule. The researcher visited all the sample units personally and collected data from entrepreneurs of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts. This really helped the researcher in exploring the required data from the respondents. To obtain qualitative data the researcher used to have discussions with sample respondents wherever necessary. The researcher went through the published material in the field of Small Scale sector reasonably well before him finalising the problem of the study.

**Sample Selection:**

For any smooth and sound sample survey accurate and representative sample selection is essential. As far as the study districts are concerned a systematic record relating to Small Scale industrial units are not available. As registration of Small Scale units is only optional it is found that some of the units operating in these districts are functioning without registration. No information is obtained regarding total number of such units and their locations. A study has, therefore, being confined to those small units which are registered through the district industry centres of these three districts which maintain registers for Small Scale units and tiny units.

For smooth conduct and accurate sample survey the less numbered textile units and service based miscellaneous units are excluded from the study. Sample units of each category at random are taken for study. For the purpose of the study a Small Scale unit is defined as a unit in which investment on machinery and equipment installed does not exceed irrespective of the inputs on buildings, working capital and number of workers employed in the unit. Following this procedure 44 Small Scale units from *Srikakulam* and *Vizianagaram* districts each and 100 units from *Visakhapatnam* district are selected from all the strata taken together. The researcher identified 8, 6 and 22 sick units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts respectively. The Small Scale units of these three districts are categorised on the basis of items of production.

Table 1: Sample Size of Different Categories of Small Scale Units

S.No	Category of Units	Srikakulam District	Vizianagaram District	Visakhapatnam District
1	Agro based	230 (23)	304 (30)	178 (18)

2	Forest based	83 (8)	26 (3)	224 (22)
3	Chemical based	19 (2)	24 (2)	132 (13)
4	Mineral and Building Material Based	68 (7)	40 (4)	220 (22)
5	Engineering and Allied Based	39 (4)	50 (5)	240 (25)
6	Textile based	5* (-)	13* (-)	42* (-)
7	Miscellaneous	20* (-)	27*(-)	80* (-)
	Total	<b>464 (44)</b>	<b>484 (44)</b>	<b>1116 (100)</b>

‘\*’ Textile and miscellaneous units are excluded from the sample.

Figures in brackets are sample size.

#### Comparative Analysis of Problems of SSIs in Uttarandhra Region:

The main objective of this study is to make a detailed comparative analysis of various problems of sample units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts. Further each problem where consisting different aspects, they are also dealt with in detail. To make a comparative structure of different problems faced by small scale units in these three districts. Analyzing the problems of small scale unit’s district wise without comparative analysis may not be ful-fledged. Besides that researcher viewed that this comparative analysis is useful to draw a meaningful inferences and conclusion.

The different problems faced by sample units are taken in an order of comparative analysis of three district. A particular problem of small scale industrial units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts is taken and analysed inserting the information in one table. For an easy understanding distribution of different categories of sample units *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts is taken and analysed inserting the information in one table. Before going to the problems, the total no. of nits and number of sample united selected for different categories of units in these three districts are portrayed in table 1 for a brief and comparative outlook.

From the table it is clear the *Srikakulam* district occupies first place consisting 1116 small scale industrial units as on 31<sup>st</sup> March 2018. The number of units in *Vizianagaram* and *Visakhapatnam* districts are 484 and 464 respectively. This shows that *Srikakulam* District consist of more than double the number of units in *Visakhapatnam* and *Vizianagaram* districts. 25 units in *Srikakulam* district, 40 units in *Vizianagaram* district and 118 units in *Visakhapatnam* district are excluded from the study relating to textile and other miscellaneous category units. 439 units of *Srikakulam* district, 444 units of *Vizianagaram* district, and 998 units of *Visakhapatnam* district are taken as universe for the random sampling. Out of 439 units in *Srikakulam* district and 444 units of *Vizianagaram* district, 44 units each were taken as sample units. In *Visakhapatnam* district 100 units were taken as sample out of 998 units.

Table 2: No. of Units and Sample Units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* Districts as on 31.03.2018

Category of Units	Srikakulam District		Vizianagaram District		Visakhapatnam District	
	Total	Sample	Total	Sample	Total	Sample
	Units	Units	Units	Units	Units	Units
Agro Based	230	23	304	30	178	18
	-49.57	-52.27	-62.81	-68.19	-15.96	-18
Forest Based	83	8	26	3	224	22
	-17.9	-18.18	-5.37	-6.81	-20.07	-22
Chemical Based	19	2	24	2	132	1.3
	-4.1	-4.54	-4.96	-4.54	-11.83	-13
Mineral & Building Material Based	68	7	40	4	220	22
	(14..65)	-15.91	-8.26	-9.1	-19.71	-22
Engineering & Allied Based	39	4	50	5	244	25
	-8.4	-9.1	-10.33	-11.36	-21.86	-25
Textile Based	5	-	13	-	40	-
	-1.07	-	-2.69	-	-3.58	-
Miscellaneous Based	20	-	27	-	78	-
	-4.31	-	-5.58	-	-6.99	-
<b>Total</b>	<b>464</b>	<b>44</b>	<b>484</b>	<b>44</b>	<b>1116</b>	<b>100</b>

Note: Figures are in brackets indicate the percentage to the total

A deeper analysis shows that 23 Agro based sample units of *Srikakulam* district consists of 52.27 per cent of the total sample unit of the districts. In *Vizianagaram* District the number of Agro abased sample units

are 30 and their percentage in total sample units is 68.9 per cent. But in case of *Srikakulam* district there are only 18 Agro based sample units consisting of 18 per cent in total sample units.

In *Visakhapatnam* district Forest based and Mineral and Building material based sample units are 8 (18.18 per cent) and 4(15.91 per cent) respectively occupy 2 and 3 places in the sample units of the district. In *Vizianagaram* district 5 engineering and Allied based units and 4 Mineral and Building material units occupy 2<sup>nd</sup> and 3<sup>rd</sup> places respectively.

In *Srikakulam* district there are 25 Engineering and Allied based units, and 22 each mineral and Building material and Forest based units occupying two and three places respectively.

On the whole it can be said that Agro based units in *Vizianagaram* district and *Visakhapatnam* district, Engineering and Allied based units in *Srikakulam* district occupy first place with higher percentage. The forest and mineral and Building material based units in *Srikakulam* district, Engineering and Allied and Mineral and Building material based units are 22 per cent each whereas the Agro based units and Chemical based units are less than 20 per cent in the total percentage of the sample units.

Because of vast agricultural land, agricultural products, and rice mills, dal mills, four mills, jute mills etc. The no. of Agro based units in *Srikakulam* and *Vizianagaram* district are more when compared to *Srikakulam* District. Because of large number of Engineering and Allied based units in *Srikakulam* district they occupied ¼ of the sample units.

**Production Problems:**

Nearly 36 units out of 44 in *Srikakulam* district, 38 units out of 44 in *Vizianagaram* district and 78 out of 100 units in *Visakhapatnam* district are in healthy condition but facing different problems. The production problem i.e. First problem of sample units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts are inserted in table 6.2 for comparative analysis.

Table 3: Production Problems of Sample Units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* District

District	Total No of Healthy Units	Units With Raw - Material Problems	Units With Shortage of Power	Units With Machinery Problems	Without Problems
Srikakulam	36	4	13	7	12
		-11.11	-36.12	-19.44	-33.33
Vizianagaram	38	10	13	4	11
		-26.31	-34.21	-10.53	-28.95
Visakhapatnam	78	20	25	16	9
		-25.65	-32.05	-20.51	-11.54

For an easy understanding production problems of sample units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts is shown in the shape of bar graph given in the next page.

It can be observed from the table that as high as 26.31 per cent of sample units in *Srikakulam* district are suffering from the problem of raw – material followed by *Vizianagaram* district with 25.65 per cent. In *Srikakulam* district only 4 units i.e.11.11 per cent of sample units are facing the raw – material problem. Around 35 per cent of small scale units in these *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts are suffering from shortage of power. Around 20 per cent of units in *Srikakulam* and *Visakhapatnam* districts are facing machinery troubles. This percentage is only 10.53 per cent in case of *Vizianagaram* district. 33.33 per cent units of *Srikakulam* district are facing machinery troubles. This percentage is only 10.53 per cent in case of *Vizianagaram* district. 33.33 per cent units of *Srikakulam* district, 28.95 per cent units of *Vizianagaram* district and 11.54 per cent units of *Srikakulam* district, 28.95 per cent units of *Vizianagaram* district and 11.54 per cent units of *Visakhapatnam* district are seemed to be free from production problems. A detailed analysis relating to raw – material problem, shortage of power, and machinery troubles can be seen in the following tables.

Table 4 shows shortage of raw material faced by different categories of units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts. Two Forest based units, one unit each of Chemical , Mineral and Building material based units of *Vizianagaram* district, six Agro based units, two Forest based units and one unit each of Chemical and Mineral and Building material based units of *Visakhapatnam* district are reported that they are facing shortage of raw – material. As high as 20 units in *Visakhapatnam* district i.e. 25.65 per cent, 10 units in *Vizianagaram* district i.e., 26.31 per cent and 4 units of *Srikakulam* district i.e., 11.11 per cent are facing this problem.

The agro based units in *Vizianagaram* and *Visakhapatnam* districts are facing the raw – material problem i.e. Non – availability of quality raw- materials. Nine Forest based units of *Visakhapatnam* district, two units each of *Srikakulam* and *Vizianagaram* district under Mineral and Building material based category and three units in *Visakhapatnam* district of this category are facing the shortage of raw – material. On the whole 10 units of *Visakhapatnam* district i.e. 25.65 per cent of the total units are facing shortage of raw – material. The

units of *Srikakulam* and *Vizianagaram* district through facing the problem of raw – material these verify when compared to *Visakhapatnam* district is less.

Table 4: Units facing shortage of Raw - material in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* district

Category of units	Srikakulam District		Vizianagaram District		Visakhapatnam District	
	Total Units	Sample Units	Total Units	Sample Units	Total Units	Sample Units
Agro based	19	-	26	6 -60	14	8 -33.33
Forest Based	6	2 -50	3	2 (20.0)	17	9 -37.5
Chemical Based	2	1 -25	2	1 910.0)	11	4 -16.7
Mineral & Building Material Based	6	1 -25	3	1 -10	16	3 -12.5
Engineering & Allied Based	3	-	4	-	20	-
<b>Total</b>	<b>36</b>	<b>4 -11.11</b>	<b>38</b>	<b>10 -26.31</b>	<b>78</b>	<b>24 -30.76</b>

Note: Figure are in brackets indicate the percentage to the total

**Shortage of Power:**

Like finance, now a day's power supply can also be said as the life blood of any industry unit. Nearly 1/3<sup>rd</sup> of small scale industrial units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts are suffering from power shortage. The following table gives a picture showing this problem relating to three districts with different categories of industrial units.

The table.5 shows that 36.11 per cent of small scale units of *Srikakulam* district, 34.21 per cent units of *Vizianagaram* district and 32.05 per cent of units in *Visakhapatnam* district have reported that due to shortage of power and interruptions in power supply badly affected their production. In these three districts the Agro based units seemed to be hit severely by this problem. 46.15 per cent of *Srikakulam* district, 61.53 per cent of *Vizianagaram* district and 24 per cent of *Visakhapatnam* district Agro based units faced the problem of power shortage. With 23.07 per cent of the Forest based units in *Srikakulam* district reported the power shortage for their units. The Mineral and Building material based units each consisting 15.9 per cent of *Srikakulam* and *Vizianagaram* district have experienced the problem of shortage of power. 32 per cent of the engineering and Allied based units and 20 per cent of Forest based units in *Visakhapatnam* district have also experienced the same problem.

Table 5: Units Facing Shortage of Power in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* Districts

Category of units	Srikakulam District		Vizianagaram District		Visakhapatnam District	
	Total Units	Sample Units	Total Units	Sample Units	Total Units	Sample Units
Agro based	19	6 -46.15	26	8 -61.53	14	6 -24
Forest Based	6	3 -23.07	3	1 -7.69	17	5 -20
Chemical based	2	-	2	-	11 -8	2
Mineral & Building Material Based	6	2 -15.39	3	2 -15.39	16	4 -16
Engineering & Allied Based	3	2 -15.39	4	2 -15.39	20	8 -32
<b>Total</b>	<b>36</b>	<b>13 -36.11</b>	<b>38</b>	<b>13 -34.21</b>	<b>78</b>	<b>25 -32.05</b>

Notes: Figures in brackets indicate the percentages to the total.

From the above analysis nearly 50 per cent of the small scale units that to Agro based units have faced shortage of power in *Srikakulam* district. Similar the case with *Vizianagaram* district where 61.53 per cent Agro based units have experienced the problem. But in case of *Visakhapatnam* district the 32 per cent of engineering

and Allied units have suffered heavily due to shortage of power and then comes Agro, and Forest based units facing the problem. The researcher observed that the overall power shortage in the state mainly during the summer season effected many of the small scale industries units in these three districts.

**Marketing Problems:**

Establishing an industrial unit and producing good quality product in only one aspect, marketing the product attracting the customer is another and important aspect. Thus marketing now a days occupies prominent place in the life of an industrial unit. Most of the industrial units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* district have been facing problems in marketing their products. Lack of demand consisting of competition, seasonal fluctuations and poor quality and government policy are the aspects affecting in marketing the products. Table.6 shows the marketing problems faced by sample units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts.

It can be understood from the table.6 that 47.22 per cent i.e. 17 units of *Srikakulam* district, 4.10 per cent i.e., 16 units of *Vizianagaram* district of selling their products in the market due to competition from among small units and from large units, seasonal fluctuation and poor quality. 8 units of *Srikakulam* district i.e. 47.05 per cent, nine units of *Vizianagaram* district i.e. 56.25 per cent and 34 units of *Visakhapatnam* district i.e. 53.97 per cent are facing competition in selling their products in the market. Three Units i.e. 17.64 per cent of *Srikakulam* district, Three units i.e. 18.75 per cent of *Vizianagaram* district and Seven units i.e. 11.11 per cent of *Visakhapatnam* district have unable to sell their products to seasonal fluctuations. Six units i.e. 35.29 per cent of *Srikakulam* district 4 units i.e. 25 per cent of *Vizianagaram* district and 22 units i.e. 34.92 per cent of *Srikakulam* district failed to market their products because of their poor quality products.

The often changing State and Central Government policies have also affected 13 units i.e. 36 per cent in *Srikakulam* district, 12 units i.e. 31.59 per cent of *Vizianagaram* district and 5 units i.e. 6.41 of *Visakhapatnam* district. On a whole 30 units out of 36 units i.e. 83.37 per cent, 28 units out of 38 units i.e. 73.69 per cent of *Vizianagaram* district and 68 units out of 78 units i.e. 73.69 per cent of *Vizianagaram* district and 68 units out of 78 units i.e. 87.18 per cent in *Visakhapatnam* district have been facing marketing problems.

Table 6: Marketing Problem of Sample Units of Srikakulam, Vizianagaram and Visakhapatnam Districts

District	Total no. of Units	Competition	Seasonal fluctuation	Poor quality	Total	Govt. Policy	With out problem
Srikakulam	36	3	3	6	17	13	6
		-17.64	-17.64	-35.29	-47.22	-36.11	-16.66
Vizianagaram	38	9	3	4	16	12	10
		-56.25	-18.75	-25	-42.1	-31.59	-26.31
Visakhapatnam	78	7	22	34	63	5	12
		-11.11	-34.92	-3.97	-80.77	-6.41	-12.82

Note: Figures in brackets indicate the percentage to the total.

The remaining 6 units of *Srikakulam* district and 10 units of each in *Vizianagaram* and *Visakhapatnam* district have reported that have no marketing problems. From the table it can be said that most of the units in *Visakhapatnam* district followed by *Srikakulam* district and majority of the units in *Vizianagaram* district are facing problems in marketing their products.

**Competition:**

For an in – depth analysis and comparative study separate tables are formed for every aspect leading to marketing problem. Table.7 shows units that are facing competition in these three districts. Out of 8 units (22.22 per cent) facing competition in marketing the products in *Srikakulam* district, out of which 4 belong to Mineral and Building material based category and 2 each belong to Agro and Chemical based units. 9 units i.e., 23.68 per cent facing competition in *Vizianagaram* district 5 units belong to Agro based category, 2 units belong to Engineering and Allied category and one unit each from Chemical and Mineral and Building material category. Out of 34 units i.e. 43.58 per cent facing competition 9 units each belong to Forest based and Engineering and Allied based category , 6 units each from Agro and Mineral and Building material based category and 4 units from Chemical based category.

Mineral and Building material based units of *Srikakulam* district, Agro based units of *Vizianagaram* district and Forest and engineering and Allied based units of *Visakhapatnam* district are facing more competition when compared to other categories of units in their respective districts. Nearly 50 per cent of the sample units in *Srikakulam* district and nearly 25 per cent of sample units in *Visakhapatnam* and *Vizianagaram* districts are facing competition in marketing in their products.

Table 7: Units Facing Competition in Srikakulam, Vizianagaram and Visakhapatnam Districts

Category of Units	Srikakulam District		Vizianagaram District		Visakhapatnam District	
	Total Units	Sample Units	Total Units	Sample Units	Total Units	Sample Units
Agro Based	19	2	26	5	14	6
		-25		-55.55		-17.64
Forest Based	6	-	3	-	17	9
						-26.47
Chemical Based	2	2	2	1	11	4
		-25		-11.11		-11.76
Mineral & Building Material Based	6	4	3	1	16	6
		-50		-11.11		917.64
Engineering & Allied Based	3	-	4	2	20	9
				-22.23		-26.47
Total	36	8	38	9	78	34
		-22.22		-23.68		-43.58

Note: Figures in brackets indicate the percentage to the total

**Problem of Strikes:**

The small scale industrial units suffer heavily with the workers who go on strike for longer period. The particulars of problems faced by small scale industrial units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts due to strikes of workers are shown in table.8.

Fortunately only two units i.e., 5.56 per cent of Mineral and Building material based category of *Srikakulam* district have experienced the problem of strike. But in case of *Vizianagaram* and *Visakhapatnam* district it is different. 12 units i.e., 31.58 per cent of *Vizianagaram* district and 21 units i.e., 26.92 per cent of *Visakhapatnam* district have experienced the problem created by the workers through strikes. Out of 12 units in *Vizianagaram* district nine belong to Agro based category, two belong to Mineral and Building material based category and one belongs to Engineering and Allied based category,. In *Visakhapatnam* district out of 21 units three are from Agro based category, two are from Forest based, Chemical based and four each from chemical and engineering and Allied based category and eight are from Mineral and Building material category.

Table 8: Units Facing Problems Rose out of Strikes in Srikakulam, Vizianagaram and Visakhapatnam Districts

Category of Units	Srikakulam district		Vizianagaram district		Visakhapatnam district	
	Sample Units	Problem Units	Sample Units	Problem Units	Sample Units	Problem Units
Agro Based	19	-	26	9	14	3
				-75		-14.29
Forest Based	6	-	3	-	17	2
Chemical Based	2	-	2	-	11	4
Mineral & Building Material Based	6	2	3	2	16	8
		100		-16.67		-38.1
Engineering & Allied Based	3	-	4	1	20	4
						-8.33
Total	36	2	38	12	78	21
		-5.56		-31.58		-26.92

Note: Figures in brackets indicate the percentages to the total.

On the whole it can be said nearly 1/3<sup>rd</sup> of small scale industrial units in *Vizianagaram* and *Visakhapatnam* districts have experienced the labour strikes. This problem is negligible in *Srikakulam* district. The labour strikes are more in the Mineral and Building material based units of *Visakhapatnam* district and Agro based units in *Vizianagaram* district when compared to other categories of units.

### **Financial Problems:**

Any problem of a small scale unit whether it is production problem, labour problem or marketing problem finally turnover to be a problem of finance. That is why the financial problems faced by small scale industrial units occupy prominent place in a study like this. In the following pages the financial problems of sample units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts are comparatively analysed. The study shows the brief outlook of sample unit financial problems in these three districts.

From the analysis a point to be noted is that all the small scale units in these three districts have not approached the financial agencies like Commercial Banks, Andhra Pradesh State Finance Corporation, SIDBI, friends and relatives, money lender for financial help. 28 units out of 36 in *Srikakulam* district, 26 out of 38 units in *Vizianagaram* districts and 59 out of 78 units in *Visakhapatnam* district have approached different financial agencies for assistance. Because of self-sufficiency, lack of information and lack of interest the remaining units have not approached the agencies. Four units of *Srikakulam* district, eight units of *Vizianagaram* district and six units of *Visakhapatnam* district are found to be free from any problem while dealing with the financial agencies.

The industrial units have faced the problem of securities, delay in sanction, insufficient finance, high rate of interest and cumbersome procedure while dealing with the financial agencies. Six units i.e., 21.42 per cent of *Srikakulam* district, 9 i.e., 31.61 per cent units of *Vizianagaram* district and 14 i.e., 23.72 per cent units of *Visakhapatnam* district have experienced the problem of securing while getting as assistance from financial agency particularly the Commercial Banks.

Eight units i.e., 28.57 per cent of *Srikakulam* district, four units i.e., 15.38 per cent of *Vizianagaram* district and 19 units, i.e., 32.20 per cent of *Visakhapatnam* district have experienced the problem of delay in sanctioning financial assistance from financial from Andhra Pradesh State Finance Corporation, Commercial Banks and SIDBI.

### **Major Findings:**

The major findings of the study are as follows:

- The state Andhra Pradesh ranks fourth in industrial investment in the country. There are also a good number of small industry promoting agencies functioning in the state. They have made a mark in the development of the state industrially.
- The state government of Andhra Pradesh is offering attractive incentives to the enthusiastic small entrepreneurs in establishing and running the units.
- In *Srikakulam* district 15 units (41.66%) out of 36 healthy units have more than Rs.75 lakhs investment category.
- Around 8% of the sample units in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts are said to be affected by seasonal fluctuations.
- On the whole nearly 30% of the units in *Visakhapatnam* district are facing the quality problems followed by *Srikakulam* and *Vizianagaram* district with 16.66% and 10.52% respectively.
- Shortage of labour, labour turnover, absenteeism and strikes cause labour problems in small units of *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts.
- 10 Units from *Srikakulam* district, 6 units from *Vizianagaram* districts and 38 units from *Visakhapatnam* district have experienced more than one problem relating to labour.
- The percentage of labour turnover in these 3 districts ranges between 15% to 21%.
- Except Chemical based units all the units in these three districts have the problem of absenteeism.
- Out of the total capital of sick units 45.56% and 55.81% were blocked only in Agro based units of *Srikakulam* and *Vizianagaram* districts respectively.
- The main reason for sickness in *Srikakulam*, *Vizianagaram* and *Visakhapatnam* districts are financial problems followed by marketing, labour and production problems.

### **Suggestions:**

- Both the Central and State Governments should give wide publicity so as to reach the information to all the small entrepreneurs about policies, incentives, schemes, programmes, etc., relating to small scale units.
- The small industry promoting agencies should take care of the well-being of small enterprises and they should initiate such measures which would result in the further promotion and smooth functioning of small scale industrial units.
- The reorientation programmes, workshops and seminars should be organized at district level to provide latest information, and training to the small entrepreneurs on small scale industries.
- The government may think of giving concessions to small entrepreneurs in regard to license fees, land conversion fees, electrical line fixation charges, etc.
- The Government should take proper and speed steps to revive the viable units which have fallen sick.

- The Commercial Banks and financial agencies may establish more small scale industrial specialized branches at least one in every regional headquarters either independently or in association with SIDBI to cater the financial needs of small entrepreneurs.
- The banks may follow liberal procedures in regard to security while sanctioning loans to small scale industrial units.
- The banks and financial agencies must provide timely, needy and sufficient finance to the small entrepreneurs.
- The banks and financial agencies must reduce the delay in sanction and disbursement of loan amounts to small scale industrial units.
- The small entrepreneurs should develop a proper business plan before starting a unit.
- The entrepreneurs should take proper training through the government agencies before starting a unit, this enables the entrepreneurs to protect their units from sickness.
- Severe penalties may be levied on entrepreneurs found misusing the funds or otherwise seeking financial assistance by underhand means, preventive measures should be taken to provide a check on the malpractices of small units.

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