

An Empirical Study on the Problems and Growth Prospects of Small-Scale Industries in Tumakur District

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Abstract: *Small scale enterprise is an integral part of the Indian industrial sector. The SSI's generate production at low capital cost, mostly use indigenous raw materials, utilize local skills, widen the entrepreneurial base, facilitate balanced regional growth and prevent the migration of labour to the metropolitan areas. Lack of capital, excessive dependence of agriculture and abundant supply of manpower are the characteristic features of many developing countries in Asia. India face several problems such as lack of availability of adequate and timely credit, high cost of credit, lack of collateral requirements, limited access to equity capital, problems in supply to government departments and agencies, procurement of raw materials at a competitive price, issues of storage, designing, packaging and product display, lack of access to global markets. "Industrialization is a process of economic development where an increasing proportion of home resources is mobilized to establish a technologically up to date and diversified economic structure. This economy is characterized by dynamical processing industry producing means of production and consumer goods suitable for making the fast development of the total national economy. Before independence the pattern of industrial development in India was marked by a heavy concentration of industries in a few regions. Even after independence, when industrialization was accepted as a means of economic development, industrial investment started to flow towards the existing cities with industrial infrastructure while backward regions of the country continued to lie behind. The traditional nature of this process is reflected in the diversities of these industries. Some small-scale units employ simple skills and mechanism while many other units use modern and sophisticated technology. Small scale industries can be started with lower investment and provide employment opportunities to people. Small scale industries are relatively suitable for smaller markets because these markets need customized products in smaller quantity. They play an important role in employment creation, resource utilization and income generation and helping to promote changes in a gradual and phased manner. They have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons.*

Keywords: Industrialization, economy, employment, development, capital, production.

I. INTRODUCTION

Small scale enterprise is an integral part of the Indian industrial sector. It (SSIs) generate production at low capital cost, mostly use indigenous raw materials, utilize local skills, widen the entrepreneurial base, facilitate balanced regional growth and prevent the migration of labour to the metropolitan areas, Small scale industries can be started with lower investment and provide employment opportunities to people. Small scale industries are relatively suitable for smaller markets because these markets need customized products in smaller quantity. The SSIs which play a vital role in the Indian economy in terms of employment and growth has recorded a very high rate of growth in spite of stiff competition from the large-scale industries. The small-scale sector now produces more than 8000 products. India face several problems such as lack of availability of adequate and timely credit, high cost of credit, lack of collateral requirements, limited access to equity capital, problems in supply to government departments and agencies, procurement of raw materials at a competitive price, issues of storage, designing, packaging and product display, lack



of access to global markets, inadequate infrastructure facilities like power, water and roads, low technology and lack of access to modern technology, problems of skilled labour for manufacturing, services and marketing, multiplicity of labour laws and complicated procedures, absence of a suitable mechanism. Industrialization accelerates economic development through structural transformation. Economic development implies significant changes in the sectoral composition of income and employment. And by definition industrialization involves fundamental changes in the structure of an economy both in terms of output and occupational pattern of work force. Small scale Industries motivate growth of Industrial entrepreneurship and promote a softer pattern of ownership and location. Small scale industries generate supplementary income and extra savings which help in capital formation in the economy. Small scale industries make possible shift of manufacturing activity from congested cities to rural and semi-urban areas in regional development.

II. STATEMENT OF THE PROBLEM

The condition of small-scale industries is not so well particularly, one out of every six unit is found to be unhealthy or sick. Chronic shortage of power, raw material constraints working capital hassles owing to in-consistent bank leading, management failures and other problems have been experienced by small scale units. include inadequate working capital, difficulties in sourcing raw materials, low capacity utilization, stiff competition from larger companies, lack of management strategy, poor educational background of operator, and huge financial problems while the external problems include; policy inconsistencies, multiple taxation, harsh requirements and trade groups. In spite of provision of several incentives and concessions by the government for promotion of SSI, the growth of SS industrial units tumkur district is not so satisfactory, and the district is considered as industrially backward. This kind of study will help the government to provide incentives and concessions, because, based on the nature and extent of problems faced by the SSIs, the nature and extent of incentives and concessions offered by the Government.

III. OBJECTIVES

- To study the various types of the Small-Scale Industrial units in tumkur district.
- To examine the growth and performance small scale industries.
- To analyse the problems of small-scale industries
- To analyse the performance of different Small-Scale Industrial units in terms of growth rate of number of units, investment, employment, production and export in tumkur district.
- To study the problems faced by each Small-Scale Industrial unit in the study region.
- To suggest appropriate policy measures to enhance the future prospects of SSI units in the study area.

IV. RESEARCH METHODOLOGY:

For the study titled “An Empirical Study on the Problems and Growth Prospects of Small-Scale Industries in Tumakuru District”, the following methodology may be adopted.

Research Design:

The study follows a **descriptive and empirical research design**. It describes the problems faced by small-scale industrial units and analyses their prospects for future growth.

Study Area: The study is confined to **Tumakuru District, Karnataka**, covering selected small-scale industrial units operating in the district.

Sources of Data: The study uses both **primary and secondary data**.

- **Primary Data:** Collected directly from owners/managers of selected small-scale industrial units through a structured questionnaire and personal interviews.
- **Secondary Data:** Collected from government reports, books, research journals, publications, websites and reports relating to small-scale industries and MSMEs.



Sampling Method: A convenience/random sampling method may be used to select small-scale industrial units from different parts of Tumakuru District.

Sample Size: For the proposed analysis, a sample of **100 small-scale industrial units** is considered.

Important: If you actually surveyed a different number of units, replace 100 with your actual sample size before submitting the paper for publication.

V. TOOLS FOR DATA COLLECTION

A structured questionnaire is used to collect information regarding: Nature of the business Sources of finance ,Availability of raw materials ,Labour and skill availability ,Marketing problems ,Technology adoption ,Government support ,Problems faced by entrepreneurs Future growth prospects The collected data are analysed using: Frequency ,Percentage analysis ,Tables ,Bar diagrams Pie charts ,Ranking analysis, where appropriate

The percentage is calculated using: Percentage = (Number of Respondents / Total Respondents) × 100

Scope of the Study-The study focuses on the **problems, operational challenges and growth prospects of small-scale industries in Tumakuru District**. It particularly examines financial, marketing, technological, labour and administrative issues.

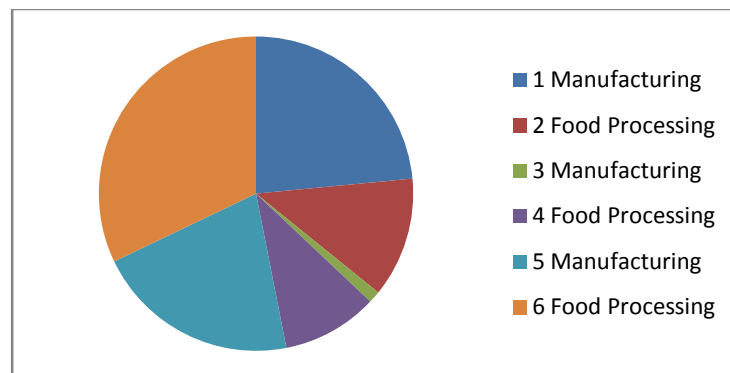
VI. LIMITATIONS OF THE STUDY:

- The study is limited to selected industrial units in Tumakuru District.
- The findings depend on the responses provided by respondents.
- The sample size may not represent every small-scale industrial unit in the district.
- Time and resource constraints may limit the geographical coverage.
- Some respondents may be reluctant to disclose financial and operational information.

Data analysis and interpretation: For the purpose of the study, responses from **100 small-scale industrial units** in Tumakuru District are considered. The data are presented through tables, percentage analysis, and diagrams.

Table 1: Classification of Respondents by Type of Industry

Sl. No.	Type of Industry	No. of Units	Percentage
1	Manufacturing	38	38%
2	Food Processing	20	20%
3	Engineering	15	15%
4	Textile & Garments	12	12%
5	Other Industries	15	15%



Interpretation: The table shows that **38%** of the surveyed units are manufacturing industries, followed by food-processing industries at **20%**. Engineering industries account for 15%, while textile and garment units constitute 12%. This indicates that manufacturing activities form a significant

Table 2: Major Problems Faced by Small-Scale Industries

1 Lack of Finance	28 28%
2 Marketing Problems	22 22%
3 High Cost of Raw Materials	18 18%

Interpretation-The analysis indicates that **lack of finance is the major problem**, reported by 28% of respondents. Marketing problems account for 22%, while 18% face difficulties because of the high cost of raw materials. Shortage of skilled labour is reported by 14% of respondents. Technological constraints and government procedures account for 10% and 8%, respectively.

Figure 2: Problems Faced by Small-Scale Industries

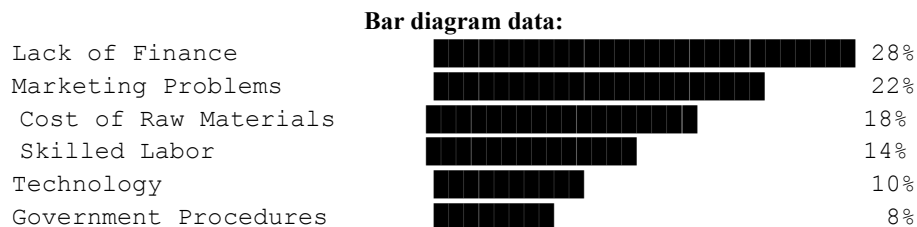


Table 3: Sources of Finance

Sl. No.	Source of Finance	No. of Units	Percentage
1	Commercial Banks	40	40%
2	Own Funds	25	25%
3	Government Financial Schemes	15	15%
4	Cooperative Banks	10	10%
5	Other Sources	10	10%
Total		100	100%

Interpretation-The table reveals that **40% of the industrial units depend mainly on commercial banks** for finance. About 25% depend on their own funds, while 15% make use of government financial schemes. Cooperative banks and other sources account for 10% each. The findings indicate that institutional finance plays an important role in the functioning of small-scale industries.

Table 4: Marketing Problems

Sl. No.	Marketing Problem	No. of Units	Percentage
1	Lack of Market Information	24	24%
2	High Competition	26	26%
3	Lack of Branding	18	18%
4	Limited Distribution Network	17	17%
5	Online Marketing Difficulties	15	15%
Total		100	100%



Interpretation-The findings show that **high competition is the most significant marketing problem**, accounting for 26%. Lack of market information represents 24%, followed by lack of branding at 18%. Limited distribution networks and online marketing difficulties account for 17% and 15%, respectively.

Table 5: Availability of Skilled Labour

Response	No. of Units	Percentage
Easily Available	20	20%
Moderately Available	45	45%
Difficult to Obtain	35	35%
Total	100	100%

Interpretation-The study reveals that only **20%** of respondents find skilled labour easily available. About **45%** report moderate availability, while **35%** experience difficulty in obtaining skilled workers. This suggests that skill development and vocational training could be important areas for the growth of small-scale industries.

Table 6: Adoption of Modern Technology

Level of Technology Adoption	No. of Units	Percentage
High	20	20%
Moderate	50	50%
Low	30	30%
Total	100	100%

Interpretation-Half of the surveyed units have a **moderate level of technology adoption**. Only 20% report a high level of adoption, while 30% have low adoption. The results indicate the need for technological modernization, particularly among smaller units.

Table 7: Growth Prospects of Small-Scale Industries

Growth Prospect	No. of Respondents	Percentage
Expansion of Production	25	25%
New Product Development	20	20%
Digital/Online Market Expansion	22	22%
Export Opportunities	15	15%
Government Support	18	18%
Total	100	100%

Interpretation-The respondents identify **expansion of production (25%)** as the major growth prospect. Digital and online market expansion accounts for 22%, while new product development represents 20%. Government support and export opportunities account for 18% and 15%, respectively. This indicates that diversification, digital marketing, and production expansion may provide opportunities for future growth.

Table 8: Overall Growth Expectation

Growth Expectation	No. of Units	Percentage
Highly Positive	18	18%
Positive	47	47%
Neutral	25	25%
Negative	10	10%
Total	100	100%



Interpretation-The table indicates that **65% of respondents have positive or highly positive expectations regarding the future growth of their businesses**. Twenty-five percent have a neutral view, while 10% express negative expectations.

Table 9: Satisfaction with Government Support

Level of Satisfaction	No. of Respondents	Percentage
Highly Satisfied	10	10%
Satisfied	35	35%
Neutral	25	25%
Dissatisfied	20	20%
Highly Dissatisfied	10	10%
Total	100	100%

Interpretation-The analysis shows that **45% of respondents are satisfied or highly satisfied** with government support. However, 30% are dissatisfied or highly dissatisfied, indicating scope for improving awareness, accessibility, and implementation of support measures.

Table 10: Major Measures Suggested for Industrial Development

Suggested Measure	No. of Respondents	Percentage
Easy Availability of Finance	30	30%
Marketing Support	22	22%
Skill Development	18	18%
Technology Up gradation	15	15%
Infrastructure Development	10	10%
Simplification of Procedures	5	5%
Total	100	100%

Interpretation-The respondents give highest importance to **easy availability of finance (30%)**, followed by marketing support (22%) and skill development (18%). Technology up gradation accounts for 15%. The findings suggest that financial and marketing assistance are important requirements for strengthening small-scale industries.

VII. CONCLUSION

From the above discussion it can be seen that the project is technically feasible and economically viable on the financing pattern. Since most of the enterprises complained about non-availability of labour (though this problem is not covered) Government need to look into this matter. It has to amend the labour laws which are contemporary and relevant to the present globalized scenario. Simple and clear policies and acts are to be made so that these enterprises can understand them and utilize as well as implement them in the business for compliance and secure benefits. There are many government schemes but from the study it was observed that most of these enterprises are not aware and do not understand how they can benefit out of them.

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