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RESEARCH ARTICLE

SMALL SCALE INDUSTRIES COMMON CAUSES OF SICKNESS AND PROBABLE REMEDIES

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ABSTRACT

It is well known fact that Small Scale Sector is influential in Socio Economic Growth of India, through it is influencing in lesser percentage, definitely playing its part in uniform wealth distribution among the Indian Public in Specific among the Skilled, semi skilled and unskilled labor working in the sector. If we observe the present sinerio in the performance of the SSI sector, it is well known fact that sickness of SSI units in the articles, papers, Studies, etc., it is observed that more emphasize was given in finding the reasons for sickness. As for as finding the solutions or suggestions, it has been discussed in only a consolidated manner rather than in point wise.

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INTRODUCTION

Most common reasons / causes of sickness in industrial units as specified in the Reserve Bank of India report are

- (a) **Lack of Finance:** Poor utilization of assets, inefficient working capital management absence of costing and pricing, absence of planning and budgeting, inappropriate utilization or diversion of funds and weak equity base.
- (b) **Bad Production policies:** Wrong selection of Site related to production, inappropriate plant and machinery, bad maintenance of plant and Machinery, etc.,
- (c) **Marketing and Sickness:** Wrong demand & forecasting, selection of in appropriate product mix, absence of product planning, wrong market research methods and bad sales promotions.
- (d) **Inappropriate personnel Management:** Bad wages and salary administration, bad labor relations, lack of behavioral approach causes dissatisfaction among labor.
- (e) **Ineffective corporate Management:** Improper planning, lack of integrity in Managers, Lack of coordination & control.
- (f) **Personnel Problem:** Shortage of skilled labor.
- (g) **Marketing Constraints:** The second biggest cause for the sickness is related to marking. The sickness arrives due to liberal licensing policies, restrain of purchase by bulk purchasers, changes in global marketing scenario, excessive tax policies by govt. and market recession.
- (h) **Production Constraints:** This arises due to shortage

of raw material, shortage of power, fuel and high prices, import-export restrictions.

- (i) **Finance Limitations:** This arises due to credit restrains policy, delay in disbursement of loan by Govt. unfavourable investments, fear of nationalization.

Reasons: Most of the above causes are due to lack of knowledge in finance, personnel and other Management skills and Technical Skills on part of the proprietor / owner / top Management / key person administering the unit. Some are due to the Govt. policies.

OBJECTIVES

Observations

- Most of the persons running the small scale industries are experts in one or two fields at the most. To run a Major or Multi National units, there will be professionals in finance, personnel, marketing, production, research and development, etc., But for a small scale unit it is not so. To run even a SSI unit, you need to have required knowledge in all the relevant fields. It is not possible to employ these experts or establish the infrastructure and to maintain due to financial constraint.
- Trainings: The SSI entrepreneurs/key managers should get the expertise in the fields said above required extent through periodical trainings in EDP Trainings conducted either by Institutes or by Govt. Department. The present EDP awareness programmes for SSI entrepreneurs are conducted only once with a limited curriculum covering only

limited topics that too to the newly applied Entrepreneurs before commencing the unit.

- Need change in Training Curriculum
- Need of Training in more than one phase
- Utilization of different Government Institutional Infrastructure: Instead of conducting simple EDP Training by District Industries Centre with the help of an agency like APITCO, APPC etc., existing Government Institutional Infrastructure like industrial Training Institutes, Business schools in the universities etc., to be utilized.

DISCUSSION

Problem wise Suggested remedies: So far we have discussed about causes of sickness in SSI Industries and observations made in the present existing training systems. Now we discuss about the most possible solutions with the help of inter linkage of Government institutions and infrastructure available. To find specific solutions, we need to categorize the causes in to subject wise and then discuss about remedies.

Category 1 Financial Causes of sickness: (a) Lack of Finance: Poor utilization of assets, inefficient working capital management absence of costing and pricing, absence of planning and budgeting, inappropriate utilization or diversion of funds and weak equity base.

Solution: Department of Finance Experts / scholars in the universities may be involved in Training the entrepreneurs in the above topics. The department of finance may pose some of the unsolved problems that are not found readymade solution to the research scholars in advanced science of finance, which may be relevant to the latest dynamic developments in the field of finance, which provides an important link between the research in developing field of Finance with the field of SSI sector in Ground Reality.

Category 2 Financial Causes of sickness in Management: (c) Marketing and Sickness (all the causes), (d) Inappropriate personnel Management, (e) Ineffective corporate management

Solution: Need Change in Curriculum: The topics to be covered in existing EDP Trainings need to be modified to all the relevant field i.e. Finance, personnel Management, Marketing Management, etc. may be to a level at which the trainee could able to analyses, resolve the practical problems araised in running a SSI unit. With live examples of successfully resolved cases.

Need of Training in more than one phase: As discussed above. EDP Trainings are given only once to an entrepreneur that too only before starting the unit. Unless the unit is started and run for a period of time, entrepreneurs /key persons will not have proper psychological status in understanding the problems of sickness. Hence there is every need to conduct Trainings to the entrepreneur / key persons even after commencement of the units in phased manner.

Involving SSI fresh & established entrepreneurs in Management Institutions seminars, Group Discussions, etc. through their associations may find solutions to overcome the problems.

Category 3 Technical causes of (b) Bad Production policies:

Suggestion:

(i) Wrong selection of site: There are certain points like availability of prime raw materials, infrastructure availability (Logistics, Power, Water, etc.,) Distance of Market to the production centre etc. are to be taken into consideration while finalizing the site. The topic is related to production Management. Most of the fresh entrepreneurs are not well-versed with the topic. Most of the entrepreneurs mostly select the site in the local areas irrespective of the suitability. Hence during the first phase EDP Training it self they should be enlightened in this subject by the experts in the subject and also by the successful entrepreneurs.

(ii) In appropriate plant and Machinery: Finalisation of appropriate plant and Machinery should be on product wise if not each entrepreneur wise. This subject should also be a part in the first phase EDP training not only for fresh, but also for the units running in to sickness at least for reducing the damage happened so far.

(iii) Lack of quality control: Basic quality control techniques may be taught to the entrepreneurs (fresh & existing) and may be guided to establish their quality control centre in their units with minimal cost. For high quality precession processes, the SSI Associations may be motivated either to establish quality control centre region wise with equal contributions or the association may enter an agreement with the established (Government or private) quality control centers on behalf of its members.

The quality control plays a crucial role in SSI unit products when in competition with the major Industrial products.

(iv) Research and Development: Research and Development plays an important role in keeping your product in competition with the competitor in the Market with improved quality with economical cost, there by improves companies life.

Problem: Cost of Establishment of R&D wing is a costly affair and almost it is not practically, economically viable in small and micro Industries.

Solution: The Research Laboratories existing in the universities or Government sector labs or private sector labs may be given tie-up with the SMS Enterprises either individually or through their associations for product improvement, process improvement etc.,

This enables the SMS enterprises the R & D facility at economical cost and the Research Students in the universities will be provided with number of opportunities in selecting their field of research with wide range of research subjects instead of routine in once.

As in the case of Information technology services are provided to SM Enterprises by cloud computing Service providers like IBM, SISCO, AT&T Microsoft, Sales force, etc.,

External Causes:

(f) Personnel Constraint: Availability of required skilled labor.

Solution: Small and Medium Enterprise's Association to gather the trade wise skilled labor requirement and forwarding it to the District Employment Office and Government & Private I T I' s every year in turn Government to give specific instructions to the District Employment Office to coordinate the ITI trainings as per the Demand note submit by the SME' s Association.

(g) Marketing Constraints

(h) Production

(i) Finance Constrains

Problems like marketing recession, Charges in global marketing scenario can not be influenced, problems like liberalize licensing polices, excessive tax policies by Government may be liberalized and more relaxation may be given in tax policies i.e. best of facilities provided to S E Z's and Multinational companies may be extended to SME's.

SME' s should be allocated with certain percentage of land and Infrastructure in the SEZ's and any multinational company establishing in India should be instructed given preference to local SME' s for their ancillary product making.

Conclusion

As Small Scale Industrial Sector plays an important role in country's economy, employment generation, equidistribution of income etc., the Government should provide the needed coordination between the existing Government & non Governmental establishments with the Indian Small Scale Industry and its association directly or indirectly revamping the existing Industrial Policies. After all it is the second biggest sector after Agriculture in India that is providing employment.

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