

Chapter II

A REVIEW OF SOME STUDIES ON SMALL SCALE INDUSTRY

2.1 Introduction

The environmental conditions with rapidly advancing technology, changes in consumer habits and tastes, and the increase in competition have made marketing an important function for managing business organisations today. The modern concept of marketing is customer oriented backed by integrated marketing aimed at generating customer satisfaction. To meet the organisational goals of optimising the profits, proper analysis of the market, preparing of sound plans, implementation of a dynamic marketing strategy, and control over all marketing operations have become necessary.

In the present chapter a few studies on small scale industries are briefly described. This is followed by an account of the marketing and other problems in Makarpura Industrial estate. At the end, the chapter makes out a case for a study on the marketing practices of small scale industrial units.

2.2 Surveys/studies on small scale units

a) Survey conducted by FICCI¹

The sample size in this survey comprised of 204 small scale units involving a total of 404 products or product groups. The respondents were from the different parts of the country in the following composition,

- 37 respondents (18.14%) were from the northern region,
- 51 respondents (25%) were from the Southern region,
- 54 respondents (26.47%) were from the eastern region,
- and
- 62 respondents (30.39%) were from the western region.

The investment pattern of the respondents* were thus:

- 43 units (21.08%) had investment upto Rs. 2 lakhs,
- 67 units (32.84%) had investment of above Rs. 2 lakhs and below Rs. 10 lakhs,
- 61 units (29.9%) had their investment level above Rs. 10 lakhs.

Findings

(1) The survey revealed that,

- 74% of small scale units are facing a moderate to large degree of marketing problems in all products they manufacture,

* The total of 43, 67 and 61 (units) does not add to the total sample size of 204. The reference from where this survey material was collected does not account for this discrepancy.

- 11% face problems in atleast one or more of their products,
 - and only 15% of the units do not have any problems related to marketing.
- (ii) The survey brought to light the fact that marketing problems afflict both professional and non-professional entrepreneurs. While 82% of professional entrepreneurs were facing marketing problems, 90% of non-professional entrepreneurs were also facing marketing problems.
- (iii) It was found that the extent of marketing problem was higher, namely 53% for those products that were directly marketed by small scale units, and lesser in the case pf products sold through marketing agencies or as ancillary products, i.e., 30%.
- (iv) The survey revealed that more than 70% of the small units are facing marketing problems due to :
- their inability to sell at planned or expected levels,
 - delayed payment of bills, and
 - their inability to expand sales etc.
- (v) Another major problem faced by 60% of respondents is the inadequate availability of finance.
- (vi) It was found that 57% of the respondents were unable to offer competitive credit terms.

- (vii) 51% of units suffered marketing problems due to competition from other small scale units.
- (viii) Other major findings include the following :
- 44% of respondent units lacked adequate marketing organisation/manpower;
 - 40% of units were unable to sell to a larger market in terms of geographical area;
 - 39% of units lacked inadequate leadership network; and
 - 34% of units were unable to adequately promote the product brand name or the firm's image.

b) Technology in the Small Sector

This study on Technology in the small sector was undertaken by Jaganathan² on 103 SSI units at convenience sampling basis from the eastern region of India. The method of survey involved indepth formal interviews with no structured questionnaire. Also, in the sample only engineering units were chosen. Further, this study concentrated on the technical aspects found in small industry.

Findings

- (i) Most of the small units are entrepreneur oriented. In 90% of units the skill and knowledge of the entrepreneur acted as the basic driving force in the units.

- (ii) The entrepreneurs operated at low cost basis. No special purpose machines were installed. Hence, investment levels were low.
- (iii) Most of the small units were labour/skill oriented. The technology was essentially labour oriented because of the general purpose machines which were used in production.
- (iv) Small units were slow in their operations. This was the case for want of specialised machines.

The author goes on to say that due to the above characteristics in technology the small units follow a life cycle along the following lines.

With entrepreneur oriented technology, the unit may pick up well in the initial stages if the product has a good demand. The product goes through a development time of anywhere between 15 months to 3 years depending on the type of industry. The establishment of the product, its quality and reliability at minimum cost takes another 2 to 3 years in the second stage. After this, the unit reaches its maturity level. With the technology brought by the promoter, the unit may

continue at the same level of saturation for may be 3 to 4 years. And if the technology is not improved upon at this stage, then, the unit has a chance of facing a decline due to its lack of competitiveness.

c) Management in Small Enterprises

Management in Small Enterprises is yet another study undertaken by Battacharya³ and his colleagues with special focus on engineering industry in the eastern part of India.

Findings

The survey brought to light the following factors:

- (i) There is a general tendency among the small entrepreneurs to rush for orders. The small man was more keen to secure voluminous orders rather than find such orders that would give him greater return on investment and profitability. This is to say that the entrepreneurs were generally apprehensive that their machines and labour would be idle and lead to under-utilization of production capacity.
- (ii) The small enterprise lacked market orientation. Bulk of the orders or contracts were secured by personal influence contrary to the production facilities available in the unit.

- (iii) Unscientific methods of production were the inherent feature of small industries as observed in the survey.
- (iv) It was found that although some of the units were in possession of advanced machineries, the cost of production was very high due to small batch size and wrong application.
- (v) Yet another major feature of small industry brought to light by the survey is the general trend of utilising worn out and depleted machines.

d) Survey on small scale units in Andhra Pradesh ⁴

A survey of 201 small scale units was undertaken by Arvind I Korba in the state of Andhra Pradesh. He reports his findings regarding the several marketing problems of the small entrepreneurs thus:

- (i) Of the 201 small units 21.9% reported they never had any marketing failure in any of their products while 78.1% admitted of marketing failure of their products.
- (ii) Of the 201 units, 103 were engineering units and of these 82.5% reported marketing failure of their products.

- (iii) Of the remaining 98 units which were non-engineering units, 73.5% reported product failure.
- (iv) 54% of the respondents indicated 'lack of customer interest' as being the cause for their product failure.
- (v) About 25% of respondents reported that competition from cheaper/superior products was the reason for their market failure.
- (vi) 20% of respondents reported faults or deficiencies in their own products as being the cause for their product failure.

All the reasons stated above are very revealing of the reality that exists in small industries and all of them are connected and have to do with marketing practices.

e) Survey on SSI Units in Gujarat⁵

A study on the problems of small scale entrepreneurs was undertaken by H N Pathak, in 1973. His sample consisted of 200 SSI units, drawn out of 15 of the 19 districts in the State of Gujarat. These units were restricted to 5 major industrial groups, namely, Textiles, Chemicals, Metal based, Machinery

manufacturing and Miscellaneous. The number of units falling in each of these industry group classifications are :

- Textiles - 34 units (17%)
- Metal based - 53 units (26.5%)
- Chemicals - 24 units (12%)
- Machinery - 62 units (31%)
- Miscellaneous - 27 units (13.5%)

Findings

1. The problems faced by the entrepreneurs during the first two years of operation (i.e. after the gestation period) have been brought out by Pathak under 6 main problem areas,

- Technical problems were reported by 42 units (21.00%),
- Labour problems were reported by 36 units (18.0%),
- Managerial problems were reported by 10 units (5%),
- Financial problems were reported by 81 units (40.5%),
- Raw material problems were reported by 87 units (43.5%),
- Marketing problems were reported by 58 units (29.0%).

2. Disregarding the period of operation of the unit, the major problems encountered by the small

entrepreneurs and as indicated by the entrepreneurs themselves are :

- as many as 134 units (67%) indicated as having problems in raw material procurement;
- 103 units (51.5%) indicate problems in the sphere of finance,
- 69 units (34.5%) face labour problems,
- 36 units (18%) face marketing difficulties,
- 69 units (34.5%) find competition very severe,
- 37 units (18.5%) face problems regarding pricing.

The survey conducted by FICCI brings out the various types of marketing problems faced by the small units all over the country. Jaganathan draws out the level of technology in engineering units, and, this throws light on why the costs of manufacture in small units are high. This level of technology can also give rise to poor quality of output which will ultimately cause marketing problems. Battacharya also refers to the general trend of utilising worn out and depleted machines, besides pointing out the lack of market orientation of the small enterprise. Korba's survey reflects the intensity of the marketing problems faced by small scale units. Pathak's survey also indicates the presence of marketing problems. Thus these surveys indicate that 'Marketing' is one of the major problems for the small scale units, (whatever be the causes for market failure).

From these surveys, the discussion moves on to the findings of the GIDC surveys on Makarpura Industrial Estate.

2.3 Makarpura Industrial Estate - GIDC Survey

The Gujarat Industrial Development Corporation had conducted surveys on the functioning units housed within its industrial estates during the year 1981 - '82 and 1982 - '83. Apart from collecting information on investment, output, employment, etc., information on the intensity of marketing problems, and under-utilization of installed production capacity in the different estates were collected. Although a similar survey was conducted in 1986 - '87, at the time of writing this thesis, the results of this survey were not yet available in published form. Hence, the figures for 1986 - '87 were compiled from the official records maintained at GIDC's head office.

a) Marketing Problems in Makarpura Industrial Estate

The information on the extent of the marketing problems in Makarpura industrial estate is brought out by the relevant tables :

- Table II - 1 gives the extent of the marketing problem in Makarpura industrial estate vis-a-vis percentage of the problem in all GIDC estates put together for the years, 1981-'82, 1982 - '83 and 1986 - '87;

- Table II - 2 portrays the extent of the marketing problem in the different industry groups of industries, in Makarpura industrial estate, for the year 1986 - '87.

Looking at Table II - 1 it is found that in the year 1981-'82, 24.6% of the small units located at Makarpura Industrial Estate were facing marketing problems. As against this the intensity of marketing problem among small units of all GIDC estates put together is only 19.38%. This means to say that more units in Makarpura Industrial Estate are facing marketing problems as compared to other small units in GIDC estates.

The year 1982 - '83 presents a deteriorated picture of the marketing problem in small units in GIDC estates. In Makarpura Industrial Estate as many as 30.10% of small units were facing marketing problems. The percentage of units facing marketing problem in all GIDC Industrial Estates put together rose to 28.54% from 19.38% in 1981- '82 (i.e., an increase of 9.16%). There is a difference of only 1.56% between the marketing problem percentages of Makarpura Industrial Estate and GIDC Estates. This difference may be considered to be marginal only. Thus it may be stated that the same percentage of small units in each of the GIDC Industrial Estates were facing marketing problem in the year

1982 - '83. This increase in the extent of marketing problems indicates a general trend in the region. This may be accounted for by factors such as changes in market environment, problems in raw material procurement, lack of working capital or any other.

Referring to Table II - 1, it is found that the percentage of units in Makarpura Industrial Estate facing marketing problems had declined to 18.12% in the year 1986 - '87, from 24.6% in 1981 - '82 and 30.10% in 1982 - '83. This goes to say that nearly 12% of small industrial units in Makarpura Industrial Estate have come out of their marketing difficulties by the year 1986 - '87. This is a positive indication of the better functioning of small industrial units in Makarpura Industrial Estate. The reasons that may be attributed to this improved situation could be easy access to raw materials at low costs, improved market situation, sufficient working capital, product penetration of market or any other.

Unfortunately the extent of marketing problems faced by small industrial units in GIDC Industrial Estates had not been measured by the GIDC headquarters. Therefore, it is not possible to indicate whether this improved situation in marketing sphere of industrial units of Makarpura Estate is peculiar to Makarpura Industrial Estate or whether there has been a general improvement in marketing in the various GIDC Industrial Estates.

Table II - 1 : Extent of the Marketing problem in
GIDC Industrial Estate at Makarpura

Particulars	Makarpura Industrial Estate	All GIDC estates put together
<u>1981 - '82</u>		
1. Sample size (numbers)	187	1935
2. Units facing marketing problem (in numbers)	46	375
3. Percentage of units facing marketing problem to total sample size	24.6%	19.38%
<u>1982 - '83</u>		
1. Sample size (numbers)	721*	8381
2. Units facing marketing problem (in numbers)	217	2392
3. Percentage of units facing marketing problem to total sample size.	30.10%	28.54%
<u>1986 - '87</u>		
1. Sample size (numbers)	414	N.A.
2. Units facing marketing problem (in numbers)	75	N.A.
3. Percentage of units facing marketing problem to total sample size.	18.12%	N.A.

* Census Survey.

Source : GIDC Annual Report 1981 - '82.
GIDC Annual Report 1982 - '83.
GIDC Official Records.

Table II - 2 : Extent of the Marketing Problem in GIDC Industrial Estate at Makarpura for the year 1986 - '87 (Industry-wise)

Sr. No.	Industry group	Sample Size	Units facing Marketing Problem	Col. 3 as % of Col. 2
		(Nos)	(Nos)	
1		2	3	4
1.	Basic Metal and Alloys	38	7	18.42
2.	Chemicals	16	2	12.50
3.	Electrical Industries including Electronics	40	8	20.00
4.	Food and food products, agriculture implements, agro-based industries	8	3	37.50
5.	Furniture & fixtures, packaging	20	5	25.00
6.	Fish and fish products	1	0	0.00
7.	Non-metallic marbles and construction marble	3	0	0.00
8.	Paper & paper products including printing & publication	11	3	27.27
9.	Pharmaceuticals	8	2	25.00
10.	Plastics (including glass and ceramics)	40	16	40.00
11.	Rubber & Rubber products including leather products	8	1	12.50
12.	Textile Industry & Textile industry fabrication	24	4	16.67
13.	Engineering & job work engineers & mechanical	179	21	12.29
14.	Miscellaneous	18	2	11.11
		414	75	

Note : Industrial group classification as classified by GIDC.

Source : GIDC Official Records.

Table II - 3 : Extent of Under-utilization of Installed
production capacity in Makarpura
Industrial Estate

Particulars	Makarpura Industrial Estate	All GIDC estates put together
<u>1981 - '82</u>		
1. Sample size (numbers)	187	1935
2. Units facing under-utilization of existing production capacity (Nos)	108	1172
3. Percentage of units facing under-utilization problem to total sample size.	57.75%	60.57%
<u>1982 - '83</u>		
1. Sample size (numbers)	721*	8381
2. Units facing under-utilization of existing production capacity (Nos)	383	4324
3. Percentage of units facing under-utilization problem to total sample size.	53.12%	51.59%
<u>1986 - '87</u>		
1. Sample size (numbers)	414	N.A.
2. Units facing under-utilization of existing production capacity (Nos)	139	N.A.
3. Percentage of units facing under-utilization problem to total sample size.	33.57%	N.A.

* Census Survey.

Source : GIDC Annual Report 1981-'82.

GIDC Annual Report 1982-'83.

GIDC Official Records.

Table II - 1 described the extent of the marketing problem in Makarpura Industrial Estate vis-a-vis all GIDC estates put together (for the years 1981-82, 1982-'83 and 1986-'87). Table II - 2 gives industry-wise break up for the units facing marketing problem in Makarpura Industrial Estate for the year 1986-'87. The industry group-wise break up for GIDC Estates (combined) was not available for the year 1986-'87.

b) Marketing Problems in the Different Industry Groups

As has already been stated earlier, 18.12% of units located in Makarpura Industrial Estate are facing problems in marketing. In order to identify in which of the industry groups the problems in marketing are more severe, the percentages presented in Column 4 of Table II - 2 are presented below in descending order.

Sr. No.	Industry-Group	Percentage of Marketing Problems
1.	Plastics (including glass and ceramics)	40.00
2.	Food and food products, agricultural implements & agro-based industries	37.50
3.	Paper and paper products including printing and publication	27.27
4.	Furniture and fixtures, packaging	25.00
5.	Pharmaceuticals	25.00

contd...

6.	Electrical industries including electronics	...	20.00
7.	Basic Metals & Alloys industries	...	18.42
8.	Textile Industry & Textile Industry fabrication	...	16.67
9.	Rubber & Rubber products including Leather products	...	12.50
10.	Chemicals	...	12.50
11.	Engineering & job work engineers & mechanical	...	12.29
12.	Miscellaneous	...	11.11
13.	Fish & fish products	...	0.00
14.	Non-metallic marbles & construction marbles.	...	0.00

If 20% and above may be considered to represent greater intensity of marketing problems, then it may be said that 6 out of 14 industry group classifications come under this category. The largest percentage i.e. 40% is found in the industry group "Plastics (including glass & ceramics)" followed by 37.50% in "Food and food products, agricultural implements and agro-based industries". 27.27% of units involved in the manufacture of "Paper and paper products including printing and publication" face problems in marketing. In the 2 groups, namely, "Furniture & fixtures, packaging" and "Pharmaceuticals" the extent of marketing problem is 25%. Of the units involved in the manufacture

of "Electrical goods including electronics", 20% of them have marketing problems.

The industry group classifications "Basic Metals & Alloys Industries" and "Textile Industry & Textile Industry fabrication", face marketing problem to the extent of 18.42% and 16.67% respectively. 12.5% of units involved in the manufacture of "Rubber & Rubber Products including leather products" and "Chemicals" are facing marketing difficulties. Units (i.e. 12.29%) included in the manufacture of "Engineering goods & Mechanical Items" have the least marketing problems.

Units belonging to 2 groups of industrial classification that have not indicated any problems in marketing are "Fish and Fish Products" and "Non-metallic marbles and construction marbles".

In the foregoing paragraphs the extent of marketing problems in the different industry groups has been identified and the term 'marketing problems' repeated after every sentence. Therefore, at this juncture it is necessary to clarify what is meant when the term "marketing problems" is used.

Marketing problems are numerous and it is not possible to mention every type of problem/situation. Hence some of

them are spelt out here, in order to give an idea, as to what is meant when the term 'marketing problems' is used,

- the small scale unit may face difficulties in selling one or all of its products;
- the small unit may not be able to push its products in the market because of low-grade quality problems;
- There may be severe price competition and the cost of producing a particular product may be very high for a particular small unit. Therefore it faces marketing problems;
- Small entrepreneurs unable to offer competitive credit terms may suffer from marketing problems;
- A small unit may face lesser problems if they sell through marketing agencies;
- Marketing problems may be due to lack of marketing organisation/manpower;
- Products may fail in the market as they may not conform to the customers wants and desires;
- A unit may face marketing problems due to competition from cheaper/superior product;
- Lack of working capital can give rise to marketing problems.

The list can be more comprehensive, but for the sake of preciseness, all these problems have been clubbed

under the following 5 heads, namely,

- (i) Product - marketing problems which may arise due to deficiencies in the quality of the product; wrong product choice; not in conformity with customers wants, etc.
- (ii) Price - the cost of production may be high because of which the product is not price competitive; the price may not match the market segment; etc.
- (iii) Distribution/Channel - a lengthy channel can give rise to marketing problems because of the increase in selling costs; the transportation cost may be high, because of which the product is unable to compete in the market, etc.
- (iv) Promotion - Deficient or inadequate trade practices can give rise to marketing problems; inability of the small entrepreneur to spend more on promotion may limit the sales of a small unit to low levels only, etc.
- (v) Competition - Competition from other small units or large companies can create marketing problems for the small entrepreneur; competition from new products can create

marketing problems; price competition can cause marketing problems; competitors' promotion strategies may give rise to marketing problems, etc.

The discussion on this aspect may be concluded here by saying that except in 2 industry groups (refer Table II-2), small units in all other groups indicated the presence of marketing problems.

C) Under-Utilization of Installed Production Capacity in Makarpura Industrial Estate

Under-utilization of installed production capacity in small scale units may be due to various reasons, some of which may be :

- want of raw materials,
- constraints due to Governmental regulations,
- problems in marketing,
- problems in finance,
- want of working capital,
- increased costs due to obsolete or worn out machinery, etc.

Whatever may be the reasons, it is found that small units in Makarpura Industrial Estate have idle production capacity. Table II - 3 brings out the situation that exists in Makarpura Industrial Estate as compared to all GIDC Industrial estates put together.

In the year 1981-'82, as many as 57.75% of units located in Makarpura Industrial Estate had idle production capacity, while the situation in GIDC estates was not much better, rather, it was 2.82% more (i.e. 60.57%).

In the year 1982-'83, the situation improved only marginally. The percentage of units having idle production capacity in Makarpura Industrial estate was to the extent of 53.12% and in GIDC estates to the extent of 51.59%.

Nevertheless, the situation in in Makarpura industrial estate improved by the year 1986-'87, and under-utilization of installed production capacity came down to 33.57%. This collaborates with a fall in marketing problems, (from 30.10% to 18.12%) of small units in Makarpura industrial estate for the year 1986 - '87. However, one cannot say with confidence that the improved marketing situation has brought a larger utilization of production capacity.

All the surveys discussed above invariably bring out the lack of market orientation and marketing problems of the small entrepreneurs. This, therefore, leads us to a discussion on a case for a study on the marketing practices of small scale industrial units.

2.4 Case for a study on the Marketing Practices of Small Scale Industrial Units

'Economic gain' is one of the foremost reasons put forth by entrepreneurs for starting a small scale enterprise. This was established by a survey conducted on small entrepreneurs in the Hyderabad region.⁶ 'To be independent' was yet another important reason why small scale units are set up.⁷ Whatever may be the reason for putting up a small scale unit, the entrepreneur has to handle different kinds of functions in operating the unit. Thus being competent in management is very essential to the success of the small enterprise. In a survey conducted in U.S.A., it was found that 41% of small business failures were due to incompetence.⁸

More than 90% of the failures in small business are due to bad management of the enterprise. Macfarlane states that most of these failures are within 18 specific problems which he denotes as 'management traps'.⁹ He lists out these avoidable traps under three main heads. Firstly, Poor financial planning can lead to incompetence. This would include,

- inadequate records,
- cumulative losses,
- neglected tax payments,

- expansion beyond resources, and
- excessive fixed costs.

The second set of management traps arises due to 'poor co-ordination between manufacturing and selling'. This would include aspects such as,

- lack of product development,
- lack of diversification,
- lack of data on own customers,
- contracted entire output to single buyer,
- lack of market research, and,
- continued policies of bankrupt predecessor, etc.

Thirdly, 'poor other general administration' can lead to bad management. This would include,

- family problems,
- lack of administrative co-ordination
- one person management,
- lack of technical knowledge,
- absentee management, and,
- internal conflict.

The second set of management traps outlined above are to do with marketing. With reference to the Indian situation, Neelmegham¹⁰ points out, that although the small sector may have many achievements to its credit, it faces many problems especially in marketing and distribution of products.

Ram K Vepa¹¹ states that the pronounced weakness of the small sector lies in marketing of products. Elsewhere he points out that one of the major problems met with by the small scale industries is the lack of marketing support in a meaningful manner to the small scale units.¹²

Speaking on the marketing management in Small units, Vijay Jain states,

While most of the large units have already professionalised the marketing function in their operations, a majority of small units are still to be benefited from the use of a professional marketing approach. Most of the items manufactured by the small units are such that they do not pose any great difficulties in production; however, marketing of these remains a perennial problem for the entrepreneur.¹³

Neelmegham¹⁴ identifies competition as being a major cause for marketing problems assuming greater importance. Competition from large units is increasing fast and becoming more intensified. Also the growing number of small units spread over the different parts of the country have introduced the element of inter-unit competition within the small sector itself. Further, the market for many products is changing

from sellers market to buyers market. The consumers are becoming more and more sophisticated, and there is great insistence on quality and service.

Small units by and large are production oriented and not market oriented. Many small industrial units,

- have not measured market potential for their products,
- have not established a sound distribution system,
- have no good forecasting method, (demand),
- have no method of appraising sales force,
- have poor quality, (output),
- lack good finish and lack consistency in standards, and,
- need to improve after sales service.¹⁵

The preceding paragraph indicates that small entrepreneurs are very poor in the performance of the various marketing practices. Now whether the picture in small scale industry is really so needs to be investigated.

The existing literature on small scale sector does not give adequate supporting evidence of the same by way of findings of surveys. In fact some amount of work has been done on the entrepreneur and entrepreneurship, but little has been done on marketing.

Perhaps the reason why small sector has not been researched upon as extensively as the large sector is due to the nature of the small sector itself.

The Small Industries Development Organisation's in-house data collected from the SSI units registered with the States Directorates of Industries (SDI) suffer from grossly incomplete coverage, since the registration of the units for assistance is voluntary.

Comprehensive data on the registered sector are collected by the Annual Survey of Industries under the provision of "collection of Statistics Act", where,

- Factories employing 50 or more workers when working with power, and 100 or more workers when working without power are covered on census basis every year;
- the rest are covered on a sample basis, (i.e. over a period of two years, data would be collected from every factory in the sample sector).

According to Ramachandran the 'bench-mark data' for the small sector, through the 29th round (1973-74) of the National Sample Survey organisation is even now the starting point.¹⁶

The Report on Census of Small Scale Industrial Units,¹⁷ indicates that the census survey (1973-'74) was restricted to units registered with the Directorate of Industries. This survey collected data on employment, capital, outstanding loans, capacity, production, consumption of fuels, exports etc. The objectives of the survey as outlined in the report do not include any aspects on marketing.

The Reserve Bank of India undertook a survey of small scale industrial units in 1977.¹⁸ The sample consisted of only assisted units in the small scale industrial sector. The report of this survey highlights certain financial ratio such as, liquidity ratios, capital efficiency, profitability, etc. There is no information on marketing problems of small scale industries.

The data on small industry available with SIDO were insufficient for administrative/development purposes. Hence, the SIDO had decided to take up repeat sample cum census survey of small scale units within its purview. The survey planned for 1978- '79 was taken up only in 1983-'84. Only a few aspects such as sales, supplies were added to the 1974 census proforma, for collection of data in the survey.¹⁹

Thus it is found that no major surveys have been undertaken on the marketing aspects of small scale industries. Individuals/

organisations have undertaken to study the problems of the small scale units in their own limited way.

Having looked into the importance of marketing in economic development (Chapter I), as also the importance of small scale industries in developing countries such as India, it seems worthwhile to undertake a systematic investigation into the various marketing practices adopted by the small scale units. However, this can be done in a limited manner with respect to a specific area. So far as this study is concerned, it undertakes this investigation with reference to the Makarpura Industrial Estate.

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