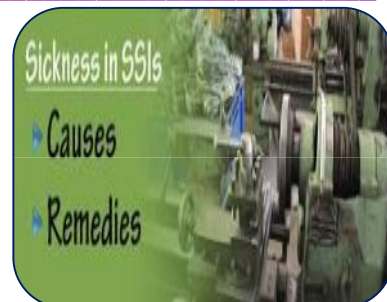




CAUSES FOR SICKNESS OF SMALL INDUSTRIES: A STUDY IN HUBLI-DHARWAD INDUSTRIAL AREA

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Abstract:

The proposed examination depends on the point by point contextual analysis of the underlying drivers for disorder of little scale ventures in major modern domains of Hubli-Dharwad in Karnataka State and recommended solutions for defeat them. Information was gathered through meetings of proprietors/business people of little scale ventures in major mechanical homes of Hubli-Dharwad and reports and information's of Directorate of enterprises and MSME. This examination uncovers that 22.78 percent of units fell debilitated as a result of absence of good administration, 17.78 percent for Shortage of working Capital, 15.56 percent for Marketing Problems, 13.33 percent as a result of inability to distinguish Feasible Business Opportunity, 10.56 percent for Inventory issues, and Lack of Entrepreneur Skills and Training (8.89%), Inadequate Infrastructural offices (6.67%), Non accessibility of Skilled workers (3.33%), Rigid legitimate Procedures (1.11%) and so on added to the infection of little scale enterprises by and large. Along these lines an endeavor is being made in this paper to dissect the foundations for affliction of SSI. Key Words: SSI, Sickness, Entrepreneurs, Labor, Inventory

INTRODUCTION:

Little scale industry segment has been perceived as the lively motor of financial development around the world. The foundations for affliction of SSI's contrast starting with one industry then onto the next business. The careful or genuine underlying driver has not been recognized and no restorative measures are assumed the premise of causes.

In India the populace is developing at the rate of 1.2 percent (2018) and there is presence of destitution broadly as a result of financial vacillations. In this regard Government and Non-Government organizations are actualizing programs with the fundamental point and goal of reacting better to the necessities of poor people, through making pay and business openings. In addition to the fact that SSI's generate the most elevated work per capita speculation, they additionally go far in checking country urban movement by giving locals and individuals living in confined zones with an economical wellspring of business. SSI's regularly go about as auxiliary enterprises for the vast scale ventures giving them crude materials, essential segments and in reverse linkages.

Essentially SSI's are work concentrated and can likewise support with low capital venture. It offers modest method for making work and supporting works in country regions. In this way SSI area will in the end lead to making business and neediness decrease.

SSI Definition:

Meaning of Small Scale Industries in India has experienced a few changes since 1950. In 1975, 1980, 1985 SSI was reclassified based on speculation limit on plant and apparatus upto Rs.10 lakhs, Rs.20 lakhs and Rs.35 lakhs separately. In 1990 this speculation limit went upto Rs.3 crores however later diminished to Rs.1 crores (K.Ashwathappa, 2008).

With the death of Micro, Small and Medium Enterprises Development (MSMED) Act in June 2006, different segments of this SSI segment have been given an obvious definition. A SSI (Manufacturing endeavor) is one where interest in plant and hardware ought not surpass Rs.5 crores and must not be under Rs.25 lakhs. Therefore the meaning of little scale enterprises in India has experienced changes since Independence.

Definition of Sick SSI Unit

As indicated by RBI a SSI unit ought to be considered 'Wiped out' if (a) Any of the borrowal records of the unit stays blemished for over a half year for example foremost or enthusiasm, in regard of any of its borrowal accounts has stayed past due for a period surpassing one year. The necessity of late period surpassing one year will stay unaltered regardless of whether the present time frame for arrangement of a record as inadequate, is diminished at the appointed time; or

b) there is weakening in the total assets because of amassed misfortunes to the degree of 50 percent of its total assets amid the past bookkeeping year; and

c) the unit has been in business generation for somewhere around two years. This would empower banks to make a move at a beginning period for restoration of the units. The above definition might be received to report the information for the half year, while to formulate nursing program, banks ought to pass by the above definition with quick impact.

Review of Literature:

Numerous investigations have uncovered the underlying driver for disorder of little scale enterprises (SSI's). These examinations uncovered certain major and essential reasons for ailment of SSI's.

N. Rangacharya (1996), Bibek Debroy (2002), in their examinations uncovered about "Adapting to Globalization.." and indicated that Indian Businessmen are face new difficulties in this globalization period, as we are seeing the passage of remote brands into the nation which represent a noteworthy test to the comparable Indian items. By virtue of their forceful advertising procedure not constantly supported up by predominant item quality. They exploited the broadly held Indian conviction that anything remote is better than the home developed assortment. Distinctive divisions in India have unavoidably attributed every one of their travails to globalization and the WTO. Anupam Dasgupta (2005), Dr.Adyaprasad Panday (2007) referenced that Indian little scale enterprises ought to be achieved mindfulness the requirement for and significance of advancing accreditation for correspondence condition and so on which is useful for worldwide promoting of items. What's more, presumed

that, in the monetary changes and globalization period, SSI's must be focused for their survival and development, else they will die bringing about gigantic misuse of rare assets, joblessness and impede the procedure of industrialization. Be that as it may, the investigation of Krishna A Goyal (2006), called "Effect of Globalization on Developing Countries-with exceptional reference to India" saw that globalization in India favorably affected the general development of the economy including SSI.

Consequently based on above survey, the fundamental goal of the present examination is to comprehend the reasons for affliction of little scale ventures in the investigation zone.

Study Method

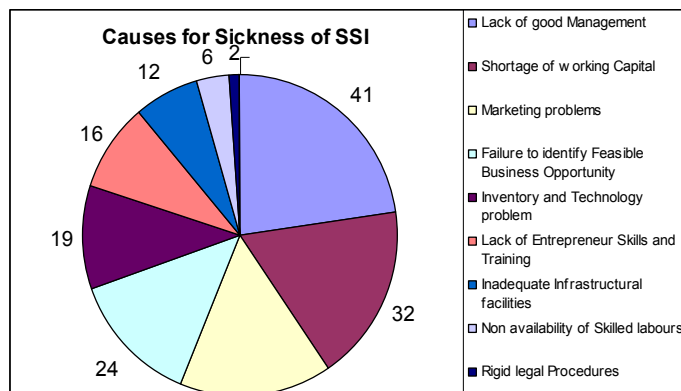
The present investigation depends on essential information and optional information. Essential information is gathered from real little scale ventures situated in mechanical homes of Hubli-Dharwad city of Karnataka state. Hubli-Dharwad city in North Karnataka is chosen for the present examination since North Karnataka is considered as less created contrasted with south Karnataka as announced by "Powerful Committee on Regional Imbalance and Redressal in Karnataka" (2002). The chose city which is a substantial area place having wide modern base in North Karnataka.

We have chosen 180 little scale industry tests from Hubli-Dharwad city as a contextual analysis. The organized timetables were utilized to gather the applicable information from the business people. This investigation depends on distinct, quantitative and subjective techniques. The examination is focused on the different causes (Variables) and the important inquiries were solicited from the proprietors from little scale ventures.

A significant issue which is hampering little scale area is its infection. Numerous little units have fallen debilitated because of one issue or the other. The present research consider uncovers that the because of Lack of good Management 22.78%, Shortage of working Capital (17.78%), Marketing issues (15.56%), Failure to recognize Feasible Business Opportunity(13.33%), Inventory and Technology issues (10.56%), Lack of Entrepreneur Skills and Training(8.89%), Inadequate Infrastructural facilities(6.67%), Non accessibility of Skilled works (3.33%) and Rigid legitimate Procedures (1.11%) are fundamental and significant foundations for the infection of SSI's.

Analysis of Findings and discussion:

I) Causes For Sickness Of Small Scale Industries



Source: Field survey

Some total full scale monetary practices' of the nation, for example, development in Gross National Product, accessibility of credit, volume of cash supply, capital market movement or dimension of speculation and value level vacillations, likewise have vital bearing on mechanical infection in the nation.

SSI Sickness emerges because of a few causes or inner and outside disarranges which are pointed as pursues:

- 1. Lack of good Management:** An administrative capacity is portrayed by arranging, sorting out, driving and controlling SSI. As in SSI Sector diverse kinds of the board we are worried about like, pre-foundation the executives, generation the executives, working capita the board, showcasing and deals the executives and so forth. Along these lines the extent of term 'the board' is extremely wide. Most of business people are ignorant about the information of administrative or the board field. Along these lines, they were playing out the non-administrative errands. Plainly, the sound information of administrations is a key to progress. Along these lines absence of good administration is one of the imperative foundations for disorder of SSI's. As 22.78% of business visionaries in the investigation territory uncovered the equivalent.
- 2. Shortage of working Capital:** The Owners or business visionaries of SSI in the investigation region uncovered that working capital is the existence blood and operational hub of a business. No business can be run effectively without sufficient measure of working capital. Deficiency of money influences the capacity of the little units severely. 17.78% of the respondents in the investigation region uncovered that absence of working capital is one of the essential foundations for the infection of SSI.
- 3. Marketing problems:** Since 1991 New Economic Reforms, Marketing is one of the major hindrances for little scale ventures. Globalization which prompted unhindered commerce rehearses between nations expanded promoting rivalry. 15.56% of the business visionaries in the investigation territory uncover that SSI's disorder is because of showcasing issues. Advertising issue emerge because of insufficient money, low dimension of innovation, absence of institutionalization, poor planning, absence of value control, absence of accuracy, poor dealing influence, are the essential attributes SSI in the investigation territory are encompassed with. Along these lines, because of numerous such issues SSI's are not in a situation to rival remote items or products which are having great quality and furthermore making cost competition. 28(15.56%) respondents recommended that advertising issue in this globalization time are likewise causing for SSI infection.
- 4. Failure to identify Feasible Business Opportunity:** Another imperative reason for disorder of SSI as found from this investigation is the factor of inability to distinguish attainable Business Opportunity which is beginning stage or starting phase of the task for setting-up SSI unit. 24 (13.33 percent) mechanical respondents uncovered to distinguish the privilege and achievability business or industry openings that can be set-up the a specific area. By birth numerous ventures fall wiped out because of inability to distinguish attainable business opportunity in setting and running SSI unit. Inappropriate determining or disappointment in recognizing attainable business opportunity will seriously influence SSI's and may prompt their ailment. Along these lines because of absence of mindfulness about the necessities of venture arranging, and absence of mindfulness about possibility examine before setting up little industry is one of the fundamental reason for disappointment or ailment of the little businesses in the underlying stage as it were.
- 5. Inventory and Technological problem:** In this globalization period innovation assumes an essential job in the development and advancement of a mechanical unit. 19 (10.56 percent) of the absolute respondents

referenced that it is because of absence of productive stock and innovation there emerges infection in SSI's. The respondents in the investigation territory uncovered that because of absence of capital it is preposterous to expect to adjust new innovation. Whereas certain businesses which are having Out-Dated innovation will endure in such a worldwide situation. Little mechanical units can't endure and confront the worldwide challenge with straightforward work escalated advances and can't keep pace with evolving circumstance; they would be kept up their upper hands.

6. **Lack of Entrepreneur Skills and Training:** Entrepreneurship advancement is a crucial measure for the improvement of little scale businesses. The legislature and budgetary foundations and non-government associations have completed a great deal around there through Entrepreneurship Development Programs (EDP). In any case, they have still neglected to pull in the class of individuals for whom these projects are implied. Accordingly, the business visionaries ought to be given increasingly more data on different parts of EDP and Entrepreneurs ought to be furnished with full help in getting ready undertaking reports as well as in meeting money related prerequisites. Furthermore, there is noteworthy requirement for concentrated endeavors to give progressively specialized preparing to the business visionary students. 16 (8.89 percent) of the all out respondents have proposed this is likewise as a critical reason for SSI ailment.
7. **Inadequate Infrastructural facilities:** Lack of foundation offices as a general issue is either exceptionally powerless or nonexistent. In urban zones with important mechanical atmosphere and framework offices, the development of businesses is generally quicker than in provincial zones. 12 (6.67 percent) of the respondents in the examination territory uncovered that absence of essential infrastructural offices is one of the reasons for SSI infection.

The shortage of indigenous crude materials has been a genuine bottleneck. Rare crude materials provided through portions are not adequate to fulfill the needs of the units. There is a deferral in the dispensing of the credits because of the presence of procedural postponements and occurrences of unmistakable securities. Absences of transport, power, mechanical areas, water office and so on are noteworthy issues prompting SSI affliction.

8. **Non availability of skilled labours:** Non accessibility of gifted works: 6 (3.33 percent) of the respondents in the examination region uncovered this as a fundamental reason, challenge and issue before SSI. The examination in the investigation region uncovered that non accessibility or lack of gifted works which is a typical element of little enterprises. Likewise because of low wages, work turnover is high, particularly in the urban territories. The more talented specialists regularly participate in bigger businesses looking for better pay and work security. Along these lines, SSIs are in this way need to rely upon shabby easygoing laborers or less qualified and less gifted staff and accordingly their profitability is poor. Along these lines non accessibility of talented works is one of the foundations for little industry disorder.
9. **Rigid legal Procedures:** The present investigation delighted that unbending lawful methods is one of the essential reason for SSI ailment. Legitimate enlistments or techniques like, PRC, PMT, Registration under Factory Acts, authorization from Pollution Control Board, GST enrollment and so forth to be satisfied by the SSI proprietors. Numerous multiple times, a few ventures which are as of now settled may not fit in the lawful structure or they might not have satisfied the legitimate and procedural angles which are essential for their reality. Absence of learning and mindfulness about legitimate angles a few times turns as an obstacle for SSI causing their affliction. 29 (1.11 percent) of the respondents uncovered this as a reason for SSI infection in the investigation territory.

The essential legitimate prerequisites and procedural viewpoints to be satisfied amid and after the foundation of SSI's by the proprietors are unbending and furthermore there exists procedural postpones which causes disorder of SSI's.

II) Basic Legal and Procedural Registrations:

Some basic and legal registrations from different departments are essential to run the industry and business properly and efficiently. The primary registrations and permission should be derived like PRC (Provisional Registration Certificate) and PMT (Permanent Registration Certificate) from District Industry Center, GST numbers from Income Tax Department, Registration under Factory Act and permission from Pollution Control Board (PCB) etc are required, which are helpful for SSI units to carry on their business functions efficiently. Thus legal and procedural aspects need to be fulfilled otherwise the industry may face many legal problems and would stuck in its functioning at any time. The following table shows the percentage of SSI units which have fulfilled some of the different basic legal and procedural aspects.

	No. of Units Registered	% of Units Registered	Units Not Registered	% of Units Not Registered
PRC (Memorandum I)	121	67.22	59	32.77
PMT (Memorandum II)	102	56.67	78	43.33
GST	89	49.44	91	50.55
Pollution Control Board(PCB)	44	24.44	136	75.55
Registration Under Factory Act	23	12.78	157	87.22

Source: Field Survey

It is discovered that out of 180 SSI units in the examination region, PRC is should have been taken while beginning each SSI unit. In any case, just 67.22% of SSI units have taken PRC (Provisional Registration Certificate) from DIC where as 32.77% of SSI units have not taken it. In the wake of setting up SSI, PMT (Memorandum II/Permanent Registration Certificate) will be issued and SSI must get it to satisfy their further legitimate prerequisites and to get diverse advantages. In study zone we found that just around 56.67% of SSI units have taken PMT structure DIC and the staying 43.33% have not taken. What's more, again if there should be an occurrence of enrollment for GST which are huge from the purpose of IT division, just 49.44% of SSI were enlisted. What's more, if there should arise an occurrence of enrollment from Pollution Control Board (PCB) and Registration under Factory Act, just 24.44% and 12.78% of the units were enlisted separately.

Presently the inquiry emerges why numerous SSI units have not satisfied diverse enrollment strategies?

The discourse with the respondents uncovered that because of absence of mindfulness about the systems of enlistments and furthermore because of carelessness SSI units have not satisfied fundamental enrollment methods. Enrollment under Factory Act which is must for SSI units if there are in excess of 10 works. Despite the fact that there are in excess of 10 works the SSI proprietors are not prepared to experience Factory Act enlistment, as they feel the techniques as bulky and costly. Along these lines it is the because of absence of mindfulness and learning about the need to satisfy the lawful and procedural necessities may turn into the obstacle in the method for SSI units and may cause for infection.

Suggestions:

There is have to advance proprietors or business visionaries of SSI and train them in all regards of advancing their pioneering abilities and skills which make them ready to deal with their SSI unit or business proficiently. It is conceivable by executing compelling and effective Entrepreneurship Development Programmes (EDP). And furthermore there is requirement for Government to take essential measure and casing the needful arrangements and projects in regard of giving fundamental infrastructural offices and money related help to SSI. Therefore both Governmental and Non-Governmental offices need to make strides in advancing SSI and put down break to various reasons for affliction.

Indian assembling abilities ought to be created to a dimension where Indian items are focused crosswise over worldwide markets as far as value, quality, innovation, conveyance of administrations. To achieve this, Indian firms ought to be empowered to get to the cutting edge innovation from over the globe, home-developed innovative work advancement should be energized and energy for assembling should be made while foundation, open administrations and utilities ought to be improved and made progressively capable to help fabricating development. Government, industry, look into foundations and academicians ought to be encouraged and urged to work in coordinated effort to improve industry capacities. Besides, firms ought to have the capacity to acquire reserves effectively and modestly, and be upheld to put resources into creating technology. 100 percent FDI ought to be permitted in all aside from a couple of key areas.

Conclusion:

At long last with the above investigation we can presume that there is critical need to beat the above talked about inner and outside issues looked by SSI units. In such manner Government should endeavor to encourage it with needful plans and strategies as recommended previously. What's more, even NGO's likewise need to hold submits this respect.

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