ABSTRACT

Small scale industries play a very important role in the development of economy, mainly in developing countries like India. If population of India is taken into consideration it can be said that this sector has a wide scope in India also in Jamnagar city as a brass part units. If small scale industrial sector is developed other economy related problems can be dissolved automatically. But these have to face so many problems while competing with other large scale industries. If these problems are solved or efforts are taken to promote these challenges this sector can prove itself as a developing engine.

Keywords: Small Scale and Medium Scale Enterprises, entrepreneurs, Brass Industry

INTRODUCTION

SMEs are officially defined and exclusively identified for promotion in the manufacturing sector of most national economies. The most important justification for the exclusive promotion of SMEs is their potential for employment intensity. Small scale industry is assumed to play an important role in creation of employment, promotion of experts and alleviation of poverty along with industrialization. In general, a SME generates more jobs per unit of capital investment than a large enterprise. A SME has many other benefits: it can be started with relatively less capital; it facilitates nurturing of entrepreneurship, which could emerge from within; it can be used as an instrument for alleviating regional disparities in development etc. Further, a SME is flexible in production, has the potential to be a training ground for managerial skills, promotes individual initiatives, and encourages rich personal relations. Also in the brass parts industry is primarily an intermediate industry supplying a wide variety of brass parts and components to almost all the engineering industries ranging from electrical/ electronics industry to automobile industry. It’s phenomenal growth could also be a scribed to the growth and diversification of other engineering related sectors of the industry. The brass parts industry has a heavy concentration in Jamnagar city.

OBJECTIVE

The main objectives of the present study are:

1. To examine the growth rate and performance small scale industries.
2. To check the problems of Small Scale Industry in Jamnagar city in context of Brass Part units.
The present study has based on secondary data. The secondary data is collected from the website of the Ministry of Small and Medium Enterprises, the government of India and other publish material.

CONCEPT OF SMALL SCALE INDUSTRIES

The concept of ‘small scale industry’ is not only new to India but also practicing in the age old traditional systems in the ancient period. The definition of small scale industries are changing its central idea and have been shaped in the planning period. Since then it was maintained till the year 2006. These units have been merged with “Micro, small and Medium Enterprises” (MSME). The act clearly dived into two categories of industries; one is enterprises engaged in the manufacturing of production of goods pertaining to any industry, also another is, in the case of enterprises engaged in providing or rendering of services. In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two classes:

1. Manufacturing Enterprises: He enterprises engaged in the manufacture of production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise is defined in terms of investment in Plant & Machinery.

2. Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in Equipment. The limit for investment in Plant & Machinery / Equipment for manufacturing / services enterprises, as notified, vide S.O. 1642(E) dt. 29-09-2006 are as under:

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<thead>
<tr>
<th>Enterprises</th>
<th>Investment in Plant &amp; Machinery</th>
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<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Does not exceed 25 lakh rupees</td>
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<tr>
<td>Small Enterprises</td>
<td>More than 25 lakh rupees but does not exceed 5 crore rupees</td>
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<td>Medium Enterprises</td>
<td>More than 5 crore rupees but does not exceed 10 crore rupees</td>
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<tr>
<th>Enterprises</th>
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<tr>
<td>Micro Enterprises</td>
<td>Does not exceed 10 lakh rupees</td>
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<tr>
<td>Small Enterprises</td>
<td>More than 10 lakh rupees but does not exceed 2 crore rupees</td>
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<tr>
<td>Medium Enterprises</td>
<td>More than 2 crore rupees but does not exceed 5 crore rupees</td>
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ANALYSIS OF PROSPECTS AND PROBLEMS OF MSMES

It is clear from table 1 that the total numbers of Small Scale industries have increased from 361.76 lakhs in 2006-07 to 510.57 lakhs in 2014-15. These have grown around 1.5 times in a span of eight years. Here we can seen that the compared to year 2006-07 total working enterprises are increased.

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<tr>
<td>Total working enterprise (in lakh)</td>
<td>361.76</td>
<td>377.36</td>
<td>393.7</td>
<td>410.8</td>
<td>428.73</td>
<td>447.64</td>
<td>467.54</td>
<td>488.46</td>
<td>510.57</td>
</tr>
</tbody>
</table>

(source: annual report 2015-16 by MSME )
Interpretation

The above table indicates progress of small scale enterprises. The major registration in year 2013-14 is 89. Minimum registration is 16 in year 2006-07. It means the most of the registered units in small scale enterprises in year 2013-14 and minimum registered units in year 2006-07.

PROBLEMS OF SMALL SCALE INDUSTRY IN JAMNAGAR

Despite of recommendable contribution to the nation's economy, the SSI sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate, which become a handicap for more competitive in the National and International Markets. Small-scale industries in India could not progress satisfactorily due to various problems that they are confronted with while running enterprises. In spite of having huge potentialities, the major problems, small industries face are given below.

1. **Industry does not have skilled manpower:** The success of a small enterprise revolves around the entrepreneur and its employees, provided the employees are skilled and efficient. Because of inefficient human factor and unskilled manpower create innumerable problems for the survival of small industries. Non-availability of adequate skilled manpower in the rural sector poses problem to small-scale industries.

2. **Inadequate credit assistance:** The small scale industries are neither in a position to go to the public to mobilize resources nor able to convince the financing agencies about their strength. This sector genuinely needs low cost funds not only to reduce the cost of production to be viable but also to compete with the large industries as well as upcoming MNCs.

3. **Irregular supply of raw material:** Small units face severe problems in procuring the raw materials whether they use locally available raw materials or imported raw materials. The problems arise due to faulty and irregular supply of raw materials. Non-availability of sufficient quantity of raw materials, sometimes poor quality of raw materials, increased cost of raw materials, foreign exchange crisis and above all lack of knowledge of entrepreneurs regarding government policy are other few hindrances for small-scale sector.

4. **Absence of organised marketing:** One major problem of small-scale industries is marketing. These units often do not possess any marketing organization and consequently their products compare unfavorably with the quality of the products of large-scale industries. Therefore they suffer from a competitive disadvantage vis-a-vis large-scale units. In the absence of organised marketing, their products compare unfavourably with the quality of the product of large-scale units. They also fail to get adequate information.
about consumer’s choice, taste and preferences of the type of product. The above problems
do not allow them to stay in the market.

5. **Lack of machinery and equipment**: Small-scale units are striving hard to employ
modern machineries and equipment in their process of production in order to compete
with large industries. Most of the small units employ outdated and traditional technology
and equipment. Lack of appropriate technology and equipment create a major stumbling
block for the growth of small-scale industries.

6. **Absence of adequate infrastructure**: Indian economy is characterized by inadequate
infrastructure which is a major problem for small units to grow. Most of the small units
and industrial estates found in towns and cities are having one or more problems like lack
of power supply, water and drainage problem, poor roads, raw materials and marketing
problem. Thus absence of adequate infrastructure adversely affects the quality, quantity
and production schedule of the enterprises which ultimately results in under-utilization of
capacity.

7. **Competition from large-scale units and imported articles**: Small-scale units find it very
difficult to compete with the product of large-scale units and imported articles which are
comparatively very cheap and of better quality than small unit product.

8. **Competition from large-scale units**: Small manufacturers are facing stiff competition
from all type of industries in the present era. The small entrepreneurs have to compete
with large and medium size organizations in terms of product, price, distribution and
promotional aspects especially the units from textiles industry. It has been found that units
relating to leather and leather products considered ‘competitive pricing’ and textiles
considered ‘low cost of product’ as the main competitive advantages, but there is urgent
need to expand the list of competitive advantages to become highly competitive in the
market

9. **Other problems**: Besides the above problems, small-scale units have been of constrained
by a number of other problems also. They include poor project planning, managerial
inadequacies, old and orthodox designs, high degree of obsolescence, transportation
problems, lack of power, and lack of adequate warehousing, lack of information. Due to
all these problems the development of small-scale industries could not reach a prestigious
stage.

**FINDINGS**

1. Industries in Punjab do not have the infrastructure to train youth.
2. The Industries rely on migrant labors from Jamnagar, Rajkot, etc
3. Small scale industries are neither in a position to go to the public to mobilize resources
   nor able to convince the financing agencies about their strength.
4. The state depends on raw material resources located at distant places in other states.
5. The industries in Punjab use obsolete tools and machinery.
6. There is Expensive and inadequate power supply.
7. The small entrepreneurs have to compete with large and medium size organizations in
terms of product, price, distribution and promotional aspects especially
8. The units from textiles industry.
9. Industry in the Jamnagar is using the very old and obsolete technology.

**SUGGESTIONS**
1. A good infrastructure should be developed, so that the unskilled youth can get proper training.

2. If the state has its own labor supply, then the problem of labor migration can be solved.

3. There should be availability of credit in surplus. A strong goodwill of the company should be created so that, the company does not face any problem in raising finances.

4. The state should have its own raw material, so that no cost is incurred on getting the raw material from the different places.

5. The machinery and equipment’s which are used for production should be of the latest technology.

6. Adequate amount of power supply should be ensured so that the production does not suffer.

7. Innovation should be a part of production in terms of product, price, distribution and promotional activities. Customers are always attracted by something new.

8. Latest technology should be used for production so that we are at par with other nations.

9. The production capacity of the plant should be utilized up to the maximum extent possible.

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