

A Critical Study of Problems Faced by Small and Medium Industrial Units Kolhapur District

Shrikant V. Bacche

Mahavir Mahavidyalaya, Kolhapur

Abstract

Small and medium scale industry plays an important role in the development of entrepreneurship and self-employments. An underdeveloped country can make use of the small scale industrial sector to speed up its process of industrial and economic development. This study explores the different problems faced by the small scale industries in Kolhapur district by analyzing primary and secondary data through a self-structured questionnaire and secondary data is collected from their booklet and profiles. The present study explains the various problems faced by various small scale industries in Kolhapur district.

Keywords:- industry, entrepreneur, problems, recommendations, remedies.

Introduction

In a developing country like India small and medium scale industry plays a multinational role. But it is observed that every year a good number of small scale units are established but many of them become sick very soon and so are closed down. Small enterprises face a large number of varieties of problems, some of which are internal like defective and inefficient management. Unrealistic business policy, incorrect decisions, defective management, lack of proper planning, inadequate capital old machinery etc. some of the external problems faced by small enterprises are like market competition, government policies, inadequate supply of raw material, power shortage, change in consumption pattern of customers etc.

Data and Methodology

The study is exploratory in nature and undertaken to explore the problems faced by the small scale industry in Kolhapur district. The sample of the study comprises 350 respondents from Kolhapur MIDC. Convenience sampling method was used to select the respondents.

Data Collection

Primary data for the study was collected through a self-structured questionnaire. The questionnaire consisted of 26 close-ended items based on 5-points Likert Scale.

Problems Faced By Small Scale Industries

1. **RAW MATERIAL INADEQUACY**
Many small units cannot obtain quality raw material at cheap price. This happens due to their limited capital, they cannot form backward integration with the major suppliers if raw materials, the market variations affect the quality, cost and regularity of their raw material supply.
2. **SHORTAGE OF CAPITAL**
Most of the small enterprises are either proprietary concerns or partnership firms. Naturally their ownership capital has limitations. So many small entrepreneurs depend on private moneylenders and financiers which exploit and squeeze them mercilessly.
3. **MARKETING PROBLEMS**
Present markets are global markets. Previously, especially before the economic reforms, some products were reserved for small scale industries. Small enterprises, normally, do not conduct market research, lack the knowledge of modern marketing techniques, are weak on the points of product-quality and competitive pricing and possess the short-sightedness. The result is market failure.
4. **COMPETITION WITH LARGE INDUSTRY:**
The large industries have plentiful resources and greater competitive strength. The small enterprises cannot compete with them successfully. Their capability is weakened down due to lack of infrastructural facilities, limited resources, lack of support from government agencies, lack of latest technology and managerial skill, exploitation by market intermediaries, by big companies etc.

5. LABOUR PROBLEMS:

Most of the small enterprises employ unskilled and semi-skilled workers on daily wages. This creates the problem of low labour productivity, higher absenteeism and poor job commitment. The wages are low due to financial limitations. This makes the workers dissatisfied and increases the labour attrition and labour turnover.

6. OLD AND OBSOLETE PRODUCTION TECHNOLOGY

Majority of the small enterprises use old and indigenously developed production techniques. They are ignorant about modern technology. They cannot afford it and they do not have resources to make their own research on development of technology. Many small entrepreneurs look to their occupation as a mean for livelihood and survival. They do not have high ambitions of progress.

7. POWER SHORTAGE AND IRREGULAR SUPPLY

Higher cost of power acquisition, load-shedding, frequent power cuts, irregular supply of power, voltage fluctuations and rising power charges badly affect the productivity, flow of work and output regularity of small enterprises.

8. INEFFICIENT MANAGEMENT:

Small enterprises usually are managed by their owners. The absence of the professional management cause several problems and leaves in management and administration. The owners do not possess the complete knowledge of the modern competitive like planning, organising, communicating, co-ordinating and controlling remain neglected and unattended.

9. GOVERNMENT MACHINERY

The role of government is an important factor which decides the fate of small scale industry. If the government machinery is helpful, supportive, sympathetic and responsive to the needs of the small scale industry, then small entrepreneurs get an encouragement. But if there are too many rules and regulations, rigid laws and orders, restrictive sanctions, nonresponsive then a negative industrial atmosphere develops in which small entrepreneurs feel helpless.

10. OTHER PROBLEMS:

They relate to underutilisations of plant capacity, recovery problems, inadequate institutional support lack of infrastructure and industrial climate. A good number of small enterprises cannot use their full capacity due to less demand for their products. If they increase their

production with full capacity they will have to face the problems like overstocking, surplus workers, higher taxes and transport system.

Conclusion

It is concluded that every year a good number of small scale units are established but many of them become sick very soon and so they are closed down. It has been seen in cities like Kolhapur small enterprises face a large number of variety of problems, some of which are internal and some are external. Internal problems arise due to the defective and inefficient management, unrealistic business policy, incorrect decisions, defective management, lack of proper planning, inadequate capital, old and obsolete machinery and technology, higher cost of production, poor quality of product and strenuous type of industrial relations are some of the factors create problems in small scale industries. Inadequate supply of raw material, power shortage, market competition, government policies, changes in customer pattern etc. Researcher concluded that if these problems are not solved at early stage these problems will create adverse effect of success of business and drag the unit towards sickness.

References

1. Dr. A.K.Gavai (November 2008), "Fundamental of Entrepreneurship" by Phadake prakashan.
2. Nafees Asif Khan (1990), "Entrepreneurship and Business Management" by Ahish publication House.
3. Dr. N.K.Jain(1988), "Marketing Management of Small Scale Industries" by Pratiksha Publications.
4. Dr. Aruna kaulgad(2003) "Entrepreneurship management" by Thomson Asia Private limited.