

PROBLEMS AND PROSPECTS OF SMALL SCALE INDUSTRIAL UNITS (A CASE STUDY OF EXPORTING AND NON – EXPORTING UNITS IN HARYANA)

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ABSTRACT

All over the world, the unorganized manufacturing sector is known as Small and Medium Enterprises (SMEs) while in India this is known as SSI defined in terms of investment in plant and machinery. During last 50 years, the limit of investment has changed from Rs. 5 lacs in the sixties to Rs. 100 lacs in 1999. Within the SSI sector, two sub segments have been created. : one for Tiny Units having investment in plant and machinery up to Rs. 25 lacs and the other for industry Related Service and Business Enterprise (SS and BE) sector defined as having investment in fixed assets excluding land and building not exceeding Rs. 10 lacs. The SP Gupta Study Group on Small Enterprises (1999), in its interim report, has recommended that the time is ripe to move from ‘Industry’ to ‘Enterprise’ and also to include Medium Enterprises within the SSI sector. This is essential in order to bring Indian SSI sector at par with the global Small Medium Enterprises (SMEs) sector.

INTRODUCTION

DEFINING SMALL SCALE INDUSTRIES & ROLE OF GOVT. AS A FACILITATOR

The definition of Small Scale Industries varies from one country to another. In most of the countries of the world, the criterion for defining a small enterprise is related to the size of employment. For instance, in the USA, small business is one which has employment of less than 500 people. In the U.K., it is less than 20 skilled workers, in Sweden and Italy less than 50 and 500 people respectively. In some countries both employment and investment are taken into account. In Japan, the investment in industrial undertaking should not exceed 100 million Yen employing not more than 300 employees. In South Korea, investment limit is 2 lacs dollars and employment being 200 people. The definition of SSI in India has changed from time to time. It is currently defined in terms of investment Ceilings on the original value of Installed plant and machinery is Rs. 1 crore at present.

Table 1 is showing the changes in investment limit in different years.

TABLE – 1

EVOLUTION OF INVESTMENT LIMITS FOR SMALL SCALE INDUSTRIES

Year	Investment limits	Additional conditions
1950	Up to Rs. 0.5 Million in Fixed Assets	Less than 50/100 persons with or without power
1960	Up to Rs. 0.5 Million in Fixed Assets	No condition
1966	Up to Rs. 0.5 Million in Fixed Assets	No condition
1975	Up to Rs. 1 Million in Plant and Machinery	No condition
1980	Up to Rs. 2 Million in Plant and Machinery	No condition
1985	Up to Rs. 3.5 Million in Plant and Machinery	No condition
1991	Up to Rs. 6 Million in Plant and Machinery	No condition
1997	Up to Rs. 30 Million in Plant and Machinery	No condition
1999 to onward	Up to Rs. 10 Million in Plant and Machinery	No condition

Source: Udyog Yug (July 2004 issue)

TABLE – 2

INVESTMENT CEILING FOR SMALL SCALE INDUSTRIES (1999)

Type of Industry	Investment Limit	Remarks
Small Scale Industry	Rs. 10 Million	Historical cost of P and M
Ancillary	Rs. 10 Million	At least 50% of its output should go to other Industrial undertaking
Export oriented	Rs. 10 Million	Obligation to export 30% of productions
Tiny enterprise	Rs.2.5 Million	No location limit
Service and Business	Rs. 6.5 Million	No location limit

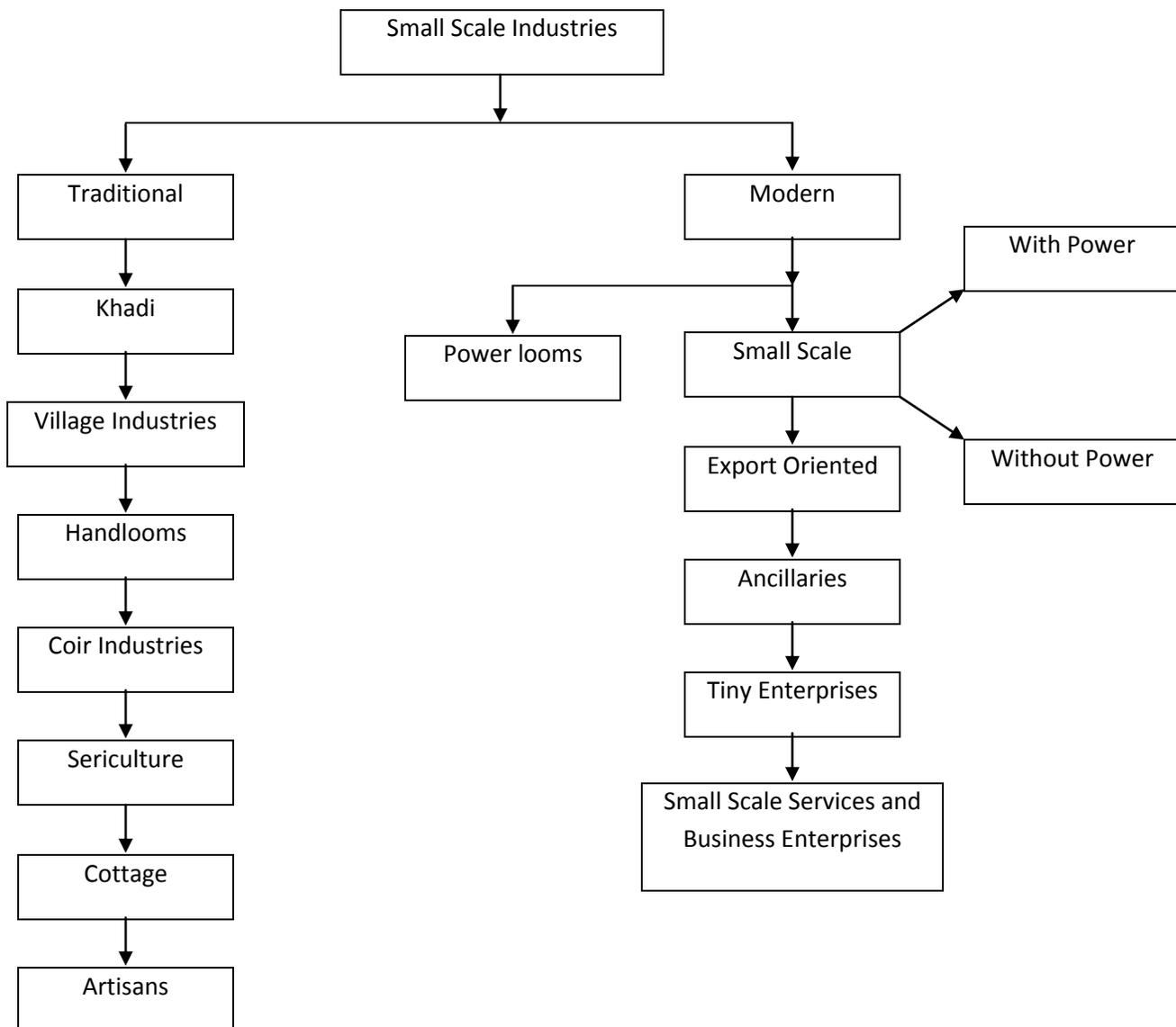
Enterprise		
Women enterprise	Rs. 10 Million	51% equity holding by women

Source: Udyog Yug (July 2004 issue)

The Government has also enhanced the investment ceiling in respect of group of products falling under the category Hand Tools and Hosiery to Rs. 5 cores, similar enhancements may be accorded to several other high tech export thrust items.

Classification of Small Scale Industries in India

The SSIs in India are broadly classified into two types: Traditional industries and Modern industries. Both the types of SSIs are prevalent in India. Under traditional industries basically Khadi village industries, handlooms, Sericulture etc. are included while modern SSI industries include small scale, export oriented ancillaries and small scale service and business enterprise.



ROLE OF GOVERNMENT

Small enterprises assume special position in India because of their role as creators of large scale employment opportunities apart from contributing significantly to industrial production, exports and regional dispersal. In the next 9-10 years, there may not be drastic changes in the structure of SSIs but some changes may be expected in the composition of the SSI sector in India. In the changed environment only the efficient, viable and competitive SSI units will survive. The contribution of this sector which is currently 40percent of industrial production and 35percent of exports, will further improve. The SSI sector currently provides employment to 192 lacs persons. According to Working Group on 10th Plan on SSIs, 44.1 lacs additional employment opportunities would be provided by the end of 10th Plan. This has also been accepted by Dr. S.P. Gupta Special Group Report (May 2002) on Targeting 10 Million jobs per year during 10th Five Year Plan. At present our share in the world trade is only 0.67percent, which is very low by any standards. This will have to be improved to 1.5percent in the next 10 years. The target by the end of 10th Plan is to raise share to 1percent. The SSI sector is expected to be contributing significantly to our national exports; may be to the tune of 50percent. For this, the sector will need certain support so that it is able to overcome the handicaps due to inaccessibility to economies of scale and the use of somewhat obsolete technology, inadequate and delayed supply of credit, poor infrastructure etc. Though the policy of reservation in the present form may not exist but the sector will need some support which will help it to attain a level playing ground. The Comprehensive Policy Package announced by the Prime Minister on 30th August 2000 may be able to improve the situation with regard to the availability of credit and infrastructure and in technology up gradation. The role of the Government will also undergo changes from one of the protector to facilitator. In fact, during the last ten years i.e. after the introduction of economic reforms, one can discern a change in the role of the Government. In the developing countries, where the infrastructural facilities for development are inadequate and entrepreneurial activities are limited, the promotional role of government assumes the special significance. The State will have to assume direct responsibility to build up and strengthen the necessary developmental guidance on promoting technologies through Tool Rooms, Process cum Product Development Centers, Testing Centers etc. The role of the Government in ensuring a level playing field to SSIs will continue and hence fiscal, monetary and other incentives will continue.

The present study is an attempt in that direction with the main purpose to locate the problems and practices prevalent in these industries. It is a study of problems and prospects of exporting and non-exporting small scale industries. So, it will also helpful to boost the export of country.

REVIEW OF LITERATURE

The review of existing literature is not customary rather an essential part of research work. It also facilitates the comparison between the earlier findings and findings of present study. Here is the brief review of some studies on the subject.

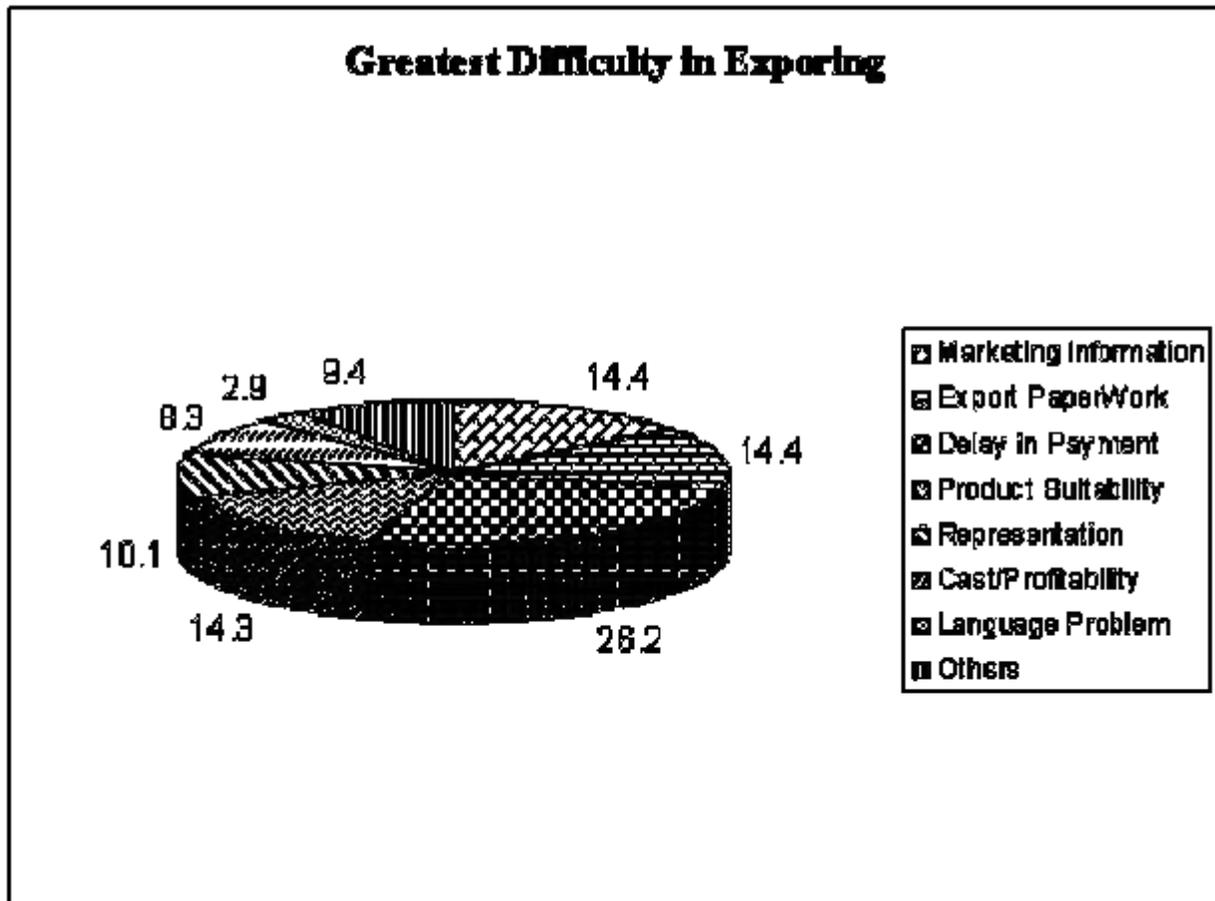
Mattew, et.al (1998) delineated in his article, "Research and Development – Recent Trends" that India should deliver high quality products by use of indigenous advanced technologies. Industries should upgrade its present facilities and products to international standard.

Collaborating with MNCs can help in developing research and development. In formulations, emphasis should be placed in the production of drug delivery system. Research and development can also be used to develop other system of medicine.

Tony Tu-Lai Yu (1998) examined the role of entrepreneurship in the economic development of Hong-Kong. It argues that dynamics of Hong Kong's economy are attributed largely to adaptive entrepreneurs who are alert to the opportunities, maintain high degree flexibility in their production and respond rapidly to change. Hong Kong entrepreneurs have shifted their production activities from one product to another, from one industry to another, from higher cost to lower cost regions, from tradition fishing and agriculture to manufacturing and then finance and other services. Their efforts have brought about structural transformation in the economy.

J. Stamely and Michael (1998) In International Marketing under the chapter "Exporting not just for small business show the problems for small exporter and found that

- A relatively large domestic market and lack of exposure to other cultures, making the selection of markets and identification to customers abroad difficult.
- The lack of management time and general resource.
- Controlling the foreign operation, channel, policy and physical distribution.
- Reaching the foreign markets.
- Language problem.
- Different safety and quality standard. We can show these problems diagrammatically in this way.



Neelamegam and Inigo (1999) in their study on “Managing small industries with strong equity” found that small scale industries, serving as ancillaries to major industrial groups offer vast scope for venture capital in India. Major industrial units to keep up upgraded quality standards. Small industries may find it hard to switch over to new technology so frequently and in that event they may lose a major client and may ultimately collapse. Venture capitalists can be the best substitutes in many of these areas and they can save the firm from the crisis by providing not only equity but also managerial expertise. It may be hard to do so it will require special efforts by the Government to promote the venture capital in small scale units.

B.D. Jehra (2000) in his paper, “Export orientation for small and medium enterprises”, discussed the importance of small scale sector in the economy, over the last five decades. The paper also highlights the export orientation for small and medium enterprises in India. The study revealed that India as a member of WTO is bound by its regulations. This poses a number of opportunities e.g. with gradual quantitative restriction on imports and a progress reduction in import duties, the Indigenous manufacturers will have to compete with imports even in domestic market. On the other hand, this would open up many new markets for exports where the country can develop competitive advantage.

Sukhpal Singh (2001) in his article on “employment, Efficiency and Entrepreneurship in small industry: A study of the baking industry in Punjab” examines some aspects of small industry in context of the secondary food processing consumer industry and the baking industry in Punjab. The small industries are today, viewed as inefficient, highly capital intensive and outdated in terms of production, technology and consequently products. The small scale baking industry also exhibits low productivity. This industry, as such, is efficient compared to large scale sectors of the industry. This article looks at the emergence, growth, structure and unregistered sector. It also attempts to assess the present and potential role of these units in the development of local economy and tries to draw a policy framework for the development of small scale sector.

The present study is step further to develop sufficient insight leading to formation of appropriate institutional arrangement to strength economic viability of small scale industrial units in Haryana and else where in country This study will provide essential guidelines to planners, policy makers, administrators and exporters. This will also assist to entrepreneurs to be cautious in planning, erecting and managing their units. It also forces the SSI entrepreneurs to enter in world wide business, so as to avoid common pitfalls resulting dreaded industrial sickness.

OBJECTIVES OF THE STUDY

The proposed study is primarily aimed at bringing out the problems and prospects of small scale units. Specifically, the objectives are stated as under:-

- To examine the policies and practices relating to small scale industrial units.
- To find out the differences between problems and prospects of exporting and non-exporting units followed by them.
- To identify the gaps in those practices which have failed to receive acceptance; and
- To specify the problems in the existing practices of exporting and non exporting units.

RESEARCH METHODOLOGY

The present study has adopted descriptive research design. It has taken into account the survey and analysis of data of a cross section of sampling frame. Multi stage random sampling method has been used in the study to select sample units. First of all, on the basis of district and number of small scale units in Haryana, State divided into two zones- low industrial develop zone and high industrial develop Zone. Under low industrial develop zone- Kaithal, Kurukshetra, Karnal, Jind and Panchkula are considered. While Faridabad, Gurgaon, Ambala, Yamuna Nagar and Panipat are taken as a representative of high industrial develop zone on the basis of random sampling. At first stage 5 District from each Zone were selected randomly. At the second stage sample of 240 non-exporting units and 60 exporting units were randomly selected. However, 50 units were closed among 2003 to 2005. So, fresh selection had to make from the respective categories to make for the deficiency.

SAMPLE UNITS: A PROFILE

The study shall bring out some of the important characteristics of sample units and their problems. These characteristics relate to the form of organization, size of employment and exporting status of exporting and non- exporting units. In addition to this, some allied information which is derived from the study will also be considered

FORM OF ORGANIZATION

Small scale industrial units carry their business in different form of organization. The popular forms of organization are- Sole- Proprietorship, Partnership, Joint Stock Company in SSIs. Table3.2 gives the classification of sample units of various exporting and non –exporting units in this regard.

TABLE-3

FORM OF ORGANIZATION

Particulars	Exporting units		Non-Exporting units	
	Frequency	%age	Frequency	%age
Sole Proprietors	23	38.33	125	52.08
Partnership	34	56.67	90	37.50
Joint Stock Company	03	5.00	25	10.42
Total	60	100.00	240	100.00

Source- Questionnaire

Table3 shows the frequency and percentage distribution of sample units in regard to form of organization. The responses indicate that in exporting units, partnership is much popular with 56.67percent while in non-exporting, sole proprietorship with 52.08percent is at first place. In other words, it can be said that maximum non exporting SSI units are in the form of sole proprietorship. On the other hand, joint stock Company with lowest percentage (i.e.5percent in exporting and 10.4percent in non-exporting units) is less popular form of organization.

SIZE OF EMPLOYMENT

The classification of sample units according to the size of employment yields some important results. Under it workers are divided in class interval of –less than 20, between 20 to40, between 40to60 and more than 60.Rsponses in this regard is presented in table4.

TABLE-4
SIZE OF EMPLOYMENT

Particulars	Exporting		Non-Exporting	
	Frequency	%age	Frequency	%age
Less than 20	37	61.67	100	41.67
20 to 40	10	16.66	80	33.33
40 to 60	06	10.00	40	16.67
More than 60	07	11.67	20	8.33
Total	60	100.00	240	100.00

Source- Questionnaire

Table 4 brings out that about 61.67percentunits employ less than 20 workers while 16.67percent provides employment to 20to40 workers in sample exporting units. On., the other hand , non exporting units ,41.67percent of units are providing employment to less than 20,33.33percentunits to are providing employment 20 to 40 workers In addition to this,10 out of 60(16.67percent) in exporting units and 80 out of 240(33.33percent)are providing employment to more than 60 workers. So, it can be observed that as well as the business size and activities expand then man (labour) is replaced by machinery. The units which are providing employment to more than 60 workers are only 11.67percent and8.33percentin exporting and non-exporting SSI units respectively.

EXPORTING STATUS

Under exporting units, exporters, on the basis activity done may of two types-(1) merchant exporter (2) manufacturer exporter. Merchant exporter deals with exchange of goods produced by others. But, on other side manufacturer exporters are who manufactured those products which are sold in international market by others. One more categories are there which deals with both manufacturer and merchant exporter. Response of sample units is presented in Table5.

TABLE- 5
EXPORTING STATUS

Particulars	Frequency	%age
Merchant Exporters	8	13.33
Manufacturer Exporter	7	11.67
Both(1)&(2)	45	75.00
Total	60	100

Source- Questionnaire

Responses obtained in this regard indicate that maximum (75percent) SSI exporting units doing both activities for their product that means manufacturing and merchandising is done by same entrepreneurs. In addition to this, percentage of manufacturer exporters are 11.67 percent and merchant exporters are only 13.33 percent according to response.

ALLIED INFORMATIONS ABOUT SSIs

Here, the study shall bring out the General information in respect of those aspects which have not been covered under 4 P's but have special impact on the development of SSIs. These relate to problems faced by SSIs, objectives in terms of priorities, factors considered in selecting market and sources of information utilized.

PROBLEMS FACED BY SSIs- The SSIs have to face a large number of problems, including lack of finance (Funds), technological lag, managerial inefficiency etc. The table 6 summarizes the mean scores awarded by the sample to some of the problems faced by SSI

TABLE – 6
PROBLEMS FACED BY SMALL SCALE INDUSTRIES

Particulars	Exporting Units			Non-Exporting Units			t value	df	Sig. (2-tailed)
	NO	Mean	Standard Deviation	NO	Mean	Standard Deviation			
Lack of Finance	60	1.6333	.93820	240	2.3500	.93871	-5.290	298	.000
Quality of products	60	1.2667	.44595	240	1.1083	.31145	3.205	298	.001

Lack of efficient executive	60	1.8333	.99433	240	1.4500	.83691	3.051	298	.002
Technology up gradation	60	2.2167	.90370	240	2.0917	.94622	.923	298	.357
Protection of domestic trade from foreign countries	60	1.3500	.51503	240	1.6917	.87068	-2.913	298	.004
Terms of payment	60	2.0000	.00000(a)	240	2.0000	.00000(a)			
High cost of production	60	1.5667	.49972	240	1.4792	.50061	1.211	298	.227
Regulation of export market	60	1.0667	.36204	0(b)					
Export-import procedure and regulation in India	60	1.4167	.76561	0(b)					

a t cannot be computed because the standard deviations of both groups are 0.

b t cannot be computed because at least one of the groups is empty.

Source- Questionnaire

It is found that the nature of problems faced by exporting units and non-exporting units is largely different as shown by significant t-values for most of the item statements. In case of exporting units, the major problems are faced in technological up gradation, negotiation on terms of payment and marketing inefficiency. The output of the exporting units has to be sold in the overseas market and they have to match with the international standards. Therefore, the exporting units have to adopt latest technology. In India, there seems to be a lack of awareness among the managers on technological up gradational and such related issues. So, these emerge as major impediments of the SSI engaged in export. The terms of payments in export entail long

operating cycle, extending even up to 6 months. This increases the working capital requirements and also the profitability of these units. On the other hand, non-exporting units have to face finance problems technological lag and problems regarding terms of payment. Finance problem is a major problem which is faced by non-exporting units according to sample response while technological up gradation is also required because Indian domestic SSIs have to face severe competition from large industries as well as MNCs. Due to liberalization and Globalization MNCs are coming rapidly in Indian market. Indian SSI industries can only sustain by matching their product with these MNCs on quality and cost basis. So, technological up gradation is also required by non-exporting units. The third major problem faced by non-exporting units is terms of payment. Credit sales are the major part of total sales of Indian Small scale industries.

So, this also increases the requirement of working capital. So, in brief it can be said that problem related to technological lag and terms of payment are the major problems equally faced by exporting and non-exporting units in addition to other problems.

TABLE – 7

OBJECTIVES IN TERMS OF PRIORITIES

Particulars	Exporting Units			Non-Exporting Units			t value	df	Sig. (2-tailed)
	No.	Mean	Standard Deviation	No.	Mean	Standard Deviation			
Sales growth	60	1.1500	.36008	240	1.3167	.73163	-1.712	298	.088
To maintain existing market share	60	1.7333	.44595	240	1.3417	.67217	4.281	298	.000
Higher market share	60	1.8500	.36008	240	2.8621	.44111	-11.533	298	.000
Targeted return	60	1.8500	.36008	240	1.1034	.30993	9.575	298	.000

Source- Questionnaire

The table 7 shows the objectives of the concern (in terms of priorities). It is found Scores awarded by the sample to the main objectives of concern priority wise. The main objectives of a concern may be sales growth, maintain existing share in market, higher market share and targeted return. Table 7 summaries the means that there is significant difference in practices of objectives determination both by exporting and non-exporting units of exporting units except sales growth as shown by t-values. In case of exporting units-higher market share and targeted return are highly preferred because exporting units want to capture or enter in more and more markets instead of earning profit. While non-exporting units are also considered higher market

share as a prime objective to create a share in market is much more required for long term gain. After then, these units considered the objective of achieving existing market share and sales growth.

FACTORS CONSIDERED IN SELECTING MARKET

Selection of market for their product is a crucial decision. Various factors such as socio cultural factors, market potential, per capita income, life style of consumer, extent of competition, political stability etc. effect the selection of a market. To enter in a particular market these factors are kept in mind to flourish.

TABLE – 8

FACTORS CONSIDERED IN SELECTING MARKET

Particulars	Exporting Units			Non-Exporting Units			t value	df	Sig. (2-tailed)
	No.	Mean	Standard Deviation	No.	Mean	Standard Deviation			
Socio Cultural	60	1.9000	1.0033	240	1.1125	.32959	10.194	298	.000
Market potential	60	1.7000	.46212	240	1.9000	.30063	-4.090	298	.000
Per capita income	60	1.1333	.34280	240	1.7792	.41568	-11.122	298	.000
Life style of f consumer	60	1.9000	.75240	240	1.7792	.41568	1.672	298	.096
Political stability	60	1.8000	.98806	240	2.3833	.66827	-5.442	298	.000
Any other (specify)	60	2.5000	.87333	240	2.1250	.64116	3.747	298	.000
Extent of competition	60	2.1167	.32373	240	1.2750	.44745	13.694	298	.000

Source- Questionnaire

Sample-responses indicate that extent of competition is most considerable factor to select a market. At second place both socio-cultural factor and life style of the consumer are considered by exporting units. Political Stability is also a determining factor for selection of a market. But on the other hand, non exporting units considered political stability as a prime factor to enter in a

market. Market potential and per capita income are then treated subsequently. On the whole, it can be said, that there is a significant difference in factors consideration by the manufacturers before enter in a new market between exporting and non-exporting SSI units.

SOURCES OF INFORMATION UTILIZED

Various sources are utilized for information by SSI units for updating the concern and also for taking effective decisions. The sources of information are business tours, market survey, published report/journals, dealers/agent, research organization agency (ies) and export promotion council etc. By utilizing these sources the concern is capable to get latest information about market. Table 9 is presenting the view of SSIs in this regard.

TABLE – 9

SOURCES OF INFORMATION UTILIZED

Particulars	Exporting Units			Non-Exporting Units			t value	df	Sig. (2-tailed)
	No.	Mean	Standard Deviation	No.	Mean	Standard Deviation			
Business tours	60	1.0167	.12910	240	1.8208	.92681	-6.696	298	.000
Market Surveys	60	1.9833	.12910	240	1.5833	.49404	6.212	298	.000
Published reports/ Journals etc.	60	2.2667	.44595	240	1.2458	.45046	15.732	298	.000
Dealers/agents	60	1.3667	.51967	240	1.1208	.33918	4.461	298	.096
Research organization agencies	60	2.1500	.36008	240	1.9000	.99707	1.909	298	.057
Export promotion councils/ commodity	60	2.0000	.00000	0(a)					

Source- Questionnaire

Sample responses regarding utilizing these sources of information indicate that exporting units are more frequently using information provided by published report/journals; research organization agencies export promotion council/commodity and market survey. While on the other hand, non-exporting units are utilizing sources of information such as information provided

by research organization/agencies are utilized to large extent. In addition to this, business tours and market surveys are other sources which are taken into consideration frequently. It is brought out on the basis of t-values that there is significant difference in practices of utilizing the different sources of information both by exporting non-exporting units.

MAIN FINDINGS

Here we shall put together some of the important points emerging from analysis undertaken in the preceding chapters. Although the findings are based on data collected from sample units located in Haryana, but these highly represent the small scale units as a whole. For location and other considerations, Haryana is in fact the most ideal State for a study of this kind.

It has been found that sole proprietorship is the most dominant form of ownership/organization in exporting and non-exporting small scale units. But, in non-exporting SSI sector it is more prevalent. At second place partnership form of organization is popular. In the exporting and non-exporting both have their maximum units in this form of organization. While, joint stock companies is less popular forms of organization in both exporting and non-exporting units. Maximum exporting units are in partnership form.

Majority of units (65percent) belonging to non-exporting are young (six to ten years) in age. In general a positive relationship is seen between age of the firm and their asset size. While exporting units, on the other hand, consists of a large proportion of units which are older (more than 10 years in age) as compared to non-exporting units.

On an average, each unit offers employment to 19 persons. The capital invested per person indicates the units with less investment offer a relatively greater employment potential than that of employment offered by higher investment units, because machinery replace the human being. So, more investment decreases the opportunity of employment.

Here, two types of small scale exporter, merchant exporter and manufacturer exporter are taken into consideration. Responses show that maximum (75%) small scale industrial exporting units doing both activities (i.e. merchandising and manufacturing) for their product. In addition to this, percentage of manufacture exporter is 11.67 per cent and merchant exporter is 13.33 per cent in small scale exporting units.

Interpretation of Problems faced by SSI units show that Finance problem is largely faced by non-exporting units while exporting units have to face the problems like executive inefficiency, technological lag, problems relating to export etc. In addition to this, terms of payment is also a major problem which is equally faced by both exporting and non-exporting units.

It has been further, observed that the SSI units are carrying their business to fulfill the various objectives. The observation of these objectives in term of priorities indicates that there are various objectives such as sales growth, maintain existing share in market, higher market share and targeted return. It is observed that exporting units highly preferred higher market share

and then targeted return. While non-exporting units consequently prefer higher market share and then maintain existing market share and sales growth.

Selection of market is a crucial decision. Various things are kept in mind to select a potential market for their products. It is found out that extent of competition is the most determining factor to select a potential market both by exporting and non-exporting units. After that socio-cultural factors and life style of the consumer taken into consideration by exporting units. On the other hand, non-exporting units considered political stability, market potential and per-capita income subsequently while selecting a market.

It is revealed that for collecting information, various sources are utilized by SSI units. It is found out that exporting units are more frequently using information provided by published reports journals, research organization agencies and export promotion council. On the other hand, non-exporting units are utilizing information provided by research organization agencies, business tours and market surveys in descending order

RECOMMENDATIONS

On the basis of the findings, it can be concluded that Haryana's SSI are at developing stage in regard of marketing activities. This is specifically true that marketing activities are pushing force for expansion of any concern existing in a economy. Due to various incentives and benefits, SSIs concerns are coming into existence rapidly. But, the problem is related to sustainability of these concerns.

The study reveals the basic marketing problems related to exporting and non-exporting units. It is a well known fact that marketing mix is the combination of 4 p's i.e. product, price, promotion and physical production. On basis of above variables it can be said that marketing activities start with origin of a product and continues after sale of product in shape of post sale services etc. Recommendations are given on the basis of conclusion derived from findings:-

- The total installed production capacity in small scale industrial sector in Haryana in averagely underutilized. In most of the cases studied intensively, the capacity utilization was below 60percent, if full utilization of capacity is made then concerns are capable to reduce the cost and capable to increase employment and production.
- It is also abundantly clear from the present study that the marketing aspects have been largely neglected and concerted efforts for stimulating demand have not been made either by SSI units or state level agencies. Considering the fact that poverty alleviation programme and other development activities of the state would make the large masses of the country, mainly in rural areas, conscious of better living standards and this would ultimately create huge demand for the consumer goods for mass consumption, the promotion and development of small scale industries holds a key of prosperity and higher living standard in rural Haryana.
- There should be a Central All India Marketing Federation with its branches in the State to assign major responsibility for marketing of products of such small scale industrial units,

which willingly to become its members. This can be done on the pattern of Khadi Gramodyog Commission which has been rendering commendable services to the Khadi Industries in the country.

- The average entrepreneur in SSI sector is apparently to sell whatever is produced by him. The marketing approach of evolving what is required in the market is missing. It needs to emphasize that the consumers today expect more value to their expenditure. A properly conceived and speedily implemented marketing support programme for this sector, therefore the need of hour is to introduce the scientific marketing method to improve the productivity and to reduce the unit cost.
- Lack of efficient executive is also felt. So, the thrust areas like marketing and salesmanship besides general entrepreneurship training should be emphasized in the schools and college programme.
- Poor quality of products, lack of standardization, branding and packaging are some serious product deficiencies. It is worthwhile to encourage some good SSI units to establish their own laboratories by subsidizing a part of initial capital outlay say about 50percentas a subsidy by government. In product development process, the advice of technical experts and market survey should also be taken into consideration.

To conclude, the ultimate objective of prosperity and happiness of the people can be achieved only through expansion of economic activities, on a massive scale in Tiny, small and large sectors on the basis of the rationality of their complementarity. Therefore, need of the hour is strong and flourish small scale sector. Indian economy will become capable to fulfill needs of the huge population as well as to provide sound base for industrial progress only with the help of strong small scale sector. For strong small scale sector, there is need of promotive measures rather than protective measure.

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