



INDUSTRIAL BACKWARDNESS IN TIRUNELVELI DISTRICT

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ABSTRACT

Industrialisation has been recognised as one of the important factors for the economic development of the country. For starting an industry, an entrepreneur needs facilities like land, labour, raw-materials, capital, power, machinery, transport and communication, and marketing facilities. Even though these facilities are available in plenty the entrepreneurs of Tirunelveli district hesitate to start industries in Tirunelveli district. The present study aims at identifying the problems relating to production, marketing and government factors affecting the industrial development of Tirunelveli district and finding ways and means to eradicate the industrial backwardness. This study is mainly exploratory in nature and covers the entire district. This study, mainly exploratory in nature, is based on survey method. Primary data were collected from the field directly, that is, from industrial entrepreneurs with the help of an interview schedule. Secondary data were collected from books, reports, journals and unpublished documents from District Industries Centre (D.I.C.), Tamilnadu Industrial Investment Corporation, Department of Statistics, Govt. of Tamilnadu, Indian Overseas Bank (I.O.B.) the lead Bank of Tirunelveli district. A number of discussions were also held with knowledgeable persons in the field of industry, agriculture and business. It is concluded that lack of government support to make the timely availability of raw materials, frequent failure of power supply, high absenteeism and labour turnover are the other impediments at the production front. Similarly inadequate and untimely financial assistance to small scale industries', poor working capital management of the units and absence of specialized services in consultancy and training are found to be the other constraints faced by them.



KEYWORDS : Industrial Backwardness, Industrial Development, Small Scale Industries.

INTRODUCTION

India is a vast country with huge natural and human resources. The Central Government since independence has made systematic efforts to develop the backward areas. The Wancho Committee was appointed to identify industrially backward regions, states, districts and taluks. Based on the recommendations of this committee, the Government of India took organised efforts to develop backward areas by offering various incentives, concessions and support. In spite of the best efforts, India still has industrially backward areas. This state of affairs is due to the failure of the people to avail themselves of various concessions and incentives.

STATEMENT OF THE PROBLEM

Industrialisation has been recognised as one of the important factors for the economic development of the country. For starting an industry, an entrepreneur needs facilities like land, labour, raw-materials, capital, power, machinery, transport and communication, and marketing facilities. Even though these facilities are available in plenty the entrepreneurs of Tirunelveli district hesitate to start industries in Tirunelveli district. Consequently the available raw-materials are transported to far-off places to start industrial units, keeping Tirunelveli district as industrially backward. For a long time Tamilnadu occupied third place in the industrial map of India, thanks to the entrepreneurial zeal of the people of the state. Even though Tamilnadu is not endowed with minerals and ores it could achieve industrial development mainly due to its entrepreneurship. A few family entrepreneurs like the Chettairs of Chettinadu, Kamma Naidus of Coimbatore, Rajus of Rajapalayam, Nadars of Sivakasi and Gounders of Coimbatore, Tiruppur and Erode have been providing entrepreneurial base in Tamilnadu. Today, due to the advancement in technical education a new class of technocrats has been developed and they could successfully diversify the industrial development of the state. But Tirunelveli district which does not have institutions imparting high-level technology remains industrially backward. The people want to be employed in government and private sector enterprises. In the absence of educational and training institutions the labour force remains semi-skilled and unskilled and the transformation of such semi-skilled and unskilled labour into skilled force is a herculean task. Moreover, the students who come out of Arts and Science colleges are interested in getting Government jobs and they never bother to enter industrial establishments. Hence it is difficult to get skilled labour to operate industrial establishments. The industrial estates started by the Government of Tamilnadu in Tirunelveli district do not have the required number of industrial units. In these industrial estates very few sheds are available and the available sheds are being used for the manufacture of a few selected products. These industrial estates are not acting as seed-bed of entrepreneurship. The spread effect of these industrial estates in starting new industrial units outside the industrial estate is not very encouraging. The encouragement for Entrepreneurial Development Programmes (E.D.P) by the Public Sector Banks and District Industries Centre (D.I.C) is not forthcoming due to the lethargy of prospective entrepreneurs of the district. Even though the Banks and D.I.O do have EDPs, the people do not avail themselves of these facilities.

SCOPE OF THE STUDY

The present study aims at identifying the problems relating to production, marketing and government factors affecting the industrial development of Tirunelveli district and finding ways and means to eradicate the industrial backwardness. This study is mainly exploratory in nature and covers the entire district.

OBJECTIVES OF THE STUDY

- To identify the problems relating to production factors affecting the industrial development of Tirunelveli district.
- To find out the problems relating to marketing factors affecting the industrial development of Tirunelveli district.

METHODOLOGY

This study, mainly exploratory in nature, is based on survey method. Primary data were collected from the field directly, that is, from industrial entrepreneurs with the help of an interview schedule. Secondary data were collected from books, reports, journals and unpublished documents from District Industries Centre (D.I.C.), Tamil Nadu Industrial Investment Corporation, Department of Statistics, Govt. of Tamil Nadu, Indian Overseas Bank (I.O.B.) the lead Bank of Tirunelveli district. A number of discussions were also held with knowledgeable persons in the field of industry, agriculture and business.

Sampling Design

The list of small scale units has been obtained from the General Manager, District Industries Centre, Tirunelveli. From the list of small scale units, 10% have been selected by applying random numbers. Thus 311 small scale industrial units have been included in the study.

Limitations of the Study

The industrial backwardness of the district in terms of certain economic variables could not be measured due to non availability of data. The district development authority did not maintain any data relating to the per capita income of people, employment, volume of production, inflow and outflow of materials, the volume of business transacted and the like. Hence with a view to studying industrial backwardness a list of small units representing the industrial scenario has been selected for an in-depth study. These sample units represent the state of affairs of the district.

ANALYSIS AND INTERPRETATION

Problems relating to Production

Production is the process of application of intelligence and labour. The researcher has identified the following problems relating to production: (a) Lack of skilled labour, (b) Power supply, (c) Technical know-how, (d) Non-availability of quality raw material and (e) Inadequate working capital. The aim of this analysis is to identify the foremost problem related to the production. Table-1 shows the various problems relating to production with their mean score and rank.

Table 1: PROBLEMS RELATING TO PRODUCTION

S.No.	Factors	1	2	3	4	5	Total
1	Technical Know-how	52	65	86	56	52	311
2	Power supply	150	84	52	18	7	311
3	Inadequate working capital	8	34	71	63	135	311
4	Non-availability of quality raw material	67	74	63	31	76	311
5	Lack of skilled labour	34	54	39	142	42	311
	Garrett Table value	97	78	17	52	32	

Source: Primary data

Table 2: RANKING OF PROBLEMS RELATING TO PRODUCTION

S.No.	Factors	1	2	3	4	5	Garrett score	Average	Garrett Rank
1	Technical Know-how	3887	3887	4276	2228	1328	15606	50.18	3
2	Power supply	11273	5053	3110	726	162	20324	65.35	1
3	Inadequate working capital	583	2021	4276	2540	3369	12789	41.12	5
4	Non-availability of quality raw material	5053	4431	3809	1244	1879	16416	52.75	2
5	Lack of skilled labour	2526	3265	2332	5701	388	14212	45.69	4

Source: Primary data

Table-2 reveals that power supply has the highest mean score of 65.35 and it stands first among the various problems relating to production of goods. Non-availability of quality raw material with the mean score of 52.79 and technical know-how with the mean score of 50.19 hold the second and the third ranks respectively. Inadequacy of working capital with the mean score of 41.13 holds fifth rank.

PROBLEMS RELATING TO MARKETING

The marketing of finished goods is one of the most important problems faced by the small scale industries. The researcher has identified the following problems relating to marketing: a) Heavy competition b) Existence of alternative c) Forced sales d) Lack of Prompt payment and e) Lack of Storage, Transport facilities. The aim of the analysis is to identify the foremost problem related with the marketing. Table-3 shows the various problems relating to marketing with their mean score and rank.

Table 3: Problems Relating To Marketing

S.No.	Factors	1	2	3	4	5	Total
1	Heavy Competition	53	88	66	60	44	311
2	Lack of Prompt payment	74	63	57	61	56	311
3	Forced sales	41	56	83	79	52	311
4	Lack of storage and Transport facilities	63	39	66	27	116	311
5	Existence of alternative	79	65	39	84	44	311
	Garrett Table value	97	78	17	52	32	

Source: Primary data

Table 4: Ranking of Problems Relating To Marketing

S.No.	Factors	1	2	3	4	5	Garrett score	Average	Garrett Rank
1	Heavy Competition	3985	5261	3304	2384	1101	16035	51.55	3
2	Lack of Prompt payment	5540	3810	3421	2436	1393	16600	53.37	2
3	Forced sales	3110	3343	4976	3162	1296	15887	51.08	4
4	Lack of storage and Transport facilities	4762	2332	3965	1088	2883	15030	48.33	5
5	Existence of alternative	5928	3888	2332	3369	1101	16618	53.44	1

Source: Primary data

Table-4 shows that existence of alternative for their products have the highest mean score of 53.44 and it ranks first among the various problems. Lack of prompt payment with the mean score of 53.58 and heavy competition with the mean score of 51.65 holds the second and the third ranks respectively. Lack of storage and transport facilities with the means score of 48.33 holds the fifth rank.

PROBLEMS RELATING TO GOVERNMENT

The development of the small scale industries in India has been the main focus of industrial policy since independence though the trust of concern changed with the priorities of each five years plan. The Industrial Policy resolution framed ever since 1948, set out the guidelines for the country's industrial development with different degrees of emphasis on the main objectives. The priority employment

generation required the development of widely dispersed, mass consumption goods produced and labour intensive small (manufacturing) enterprises.

The researcher has identified the following problems relating to government: a) Trading policy b) Incentives and subsidy c) Labour Law d) Power tariff and e) Lengthy legal formalities. The aim of this analysis is to identify the foremost problem related with the government. Table-5 shows the various problems relating to government with their mean score and rank.

Table 5: Problems Relating To Government

S.No.	Factors	1	2	3	4	5	Total
1	Trading Policy	47	63	39	71	91	311
2	Incentives and subsidy	63	67	75	40	66	311
3	Labour law	106	40	58	79	28	311
4	Power tariff	75	80	65	50	41	311
5	Lengthy Legal Formalities	19	60	74	70	88	311
	Garrett Table value	97	78	17	52	32	

Source: Primary data

Table 6: Ranking of Problems Relating To Government

S.No.	Factors	1	2	3	4	5	Garrett score	Average	Garrett Rank
1	Trading Policy	3498	3810	1943	2850	2268	14369	46.20	5
2	Incentives and subsidy	4762	4043	4509	1607	1620	16541	53.18	3
3	Labour law	7969	2410	3499	3162	680	17720	56.98	1
4	Power tariff	5637	4820	3887	2021	1004	17369	55.85	2
5	Lengthy Legal Formalities	1457	3576	4432	2799	2203	14467	46.52	4

Source: Primary data

It is observed that labour law has the highest mean score of 56.98 and it ranks first among the various problems associated with the government. Power tariff with the mean score of 55.85 and incentives and subsidies with the mean score of 53.19 hold the second and the third ranks respectively. A Lengthy legal formality with the mean score of 46.52 holds the fourth rank and trading policy with the mean size of 46.21 holds the fifth rank.

SUGGESTIONS

- 1) At the time of repayment of loan by the industrial units, the lending financial institutions should adopt a flexible approach in deciding the date of recovery of loan dues from the borrowers. Small scale units involving capital investment require a long period for generating funds to repay the loan amount, whereas small scale units not involving much investment in plant and machinery could start repayment at any time. By taking into account the nature of small scale units the lending institutions should adopt a flexible approach in collecting dues.
- 2) In order to ensure a free flow of credit to the SSI units, commercial banks should set up specialized branches exclusively for catering to the needs of the SSI sector in all the important industrial centers of the state. In other places, the commercial banks should set up separate cells in all the important

branches for attending to the problems of SSI units. A more flexible credit policy has to be followed by financial institutions in such a way that the small units do not suffer from paucity of funds.

- 3) In order to overcome the problem of inadequate supply of raw materials i.e., raw hides and skins, necessary steps should be taken to increase and improve the agriculture, population of animals, growth rate of different animal type, recovery of carcasses and the production of raw hides and skins.
- 4) Various government agencies must be geared to render effective service including preparing flexible reports, providing financial and credit facilities, arranging supply of scarce items, obtaining bulk order from parent industries, arranging quality control and inspection of items, ensuring adherence to delivery schedules by manufacturers of small scale units and making timely payments for goods supplied to parent institution.
- 5) The SSI should employ the latest techniques in production and skilled labourers so as to improve the quality of the product and finally to avoid the problems of production and marketing. They should always initiate such measures which would protect the well being of the workers so as to avoid labour troubles.

CONCLUSION

It is concluded that lack of government support to make the timely availability of raw materials, frequent failure of power supply, high absenteeism and labour turnover are the other impediments at the production front. Similarly inadequate and untimely financial assistance to small scale industries', poor working capital management of the units and absence of specialized services in consultancy and training are found to be the other constraints faced by them. In this study the researcher has attempted to conceptualise the industrial backwardness of the district and identify the problems of small scale industries entrepreneurs regarding production and marketing.

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