VOLUME-7, ISSUE-4, APRIL-2018 • PRINT ISSN No 2277 - 8160

Original Research Paper

Economics

MARKETING PROBLEMS OF SMALL SCALE INDUSTRIES IN GADAG DISTRICT OF KARNATAKA

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ABSTRACT Small-scale industry is assumed to play an important role in creation of employment, promotion of exports, mobilization of capital and entrepreneurial skill and alleviation of poverty along with industrialization. It is considered as a vehicle for employment generation and industrial dispersion because of its labour intensive nature and adaptability to local raw material and backward locations. Keeping this in mind, the government of India has given it an important place while enacting the various industrial policy resolutions. The policies have been formulated for industries (SSI) from time to time by both central and state governments to promote industrialization along with a regional balanced growth. The tiny and small scale industrial sector has been facing serious crisis both on production and marketing fronts. The traditional weaknesses of tiny and SSIs are technological inferiority, shortage of power and raw material, lack of marketing survey, constraints of capital and credit and apart from managerial inadequacies have been accentuated by the aggressive competition in the domestic market. Practically one out of every six units is either sick or unhealthy. Hence, the article is focused on various aspects of marketing of tiny and Small Scale Industries products and the responses of the selected tiny and Small Scale Industries Units have been presented on various aspects of marketing.

KEYWORDS : SSI, Tiny, Marketing, Sales.

Introduction:
The major area of concern for the tiny and Small Scale Industries units in general is the problem of markets and marketing inadequacies considerable advances are made by tiny and Small Scale Industries units in their production area through improvement in production technique and quality. The tiny and Small Scale Industries have been confronted with the marketing inadequacies. A successful marketing programmes depends on a scientifically conducted marketing survey which provides a good insight into the demand, for the products competitors marketing strategies etc. Hence, the article is focused on various aspects of marketing of tiny and Small Scale Industries products and the responses of the selected tiny and Small Scale Industries Units have been presented on various aspects of marketing.

Objectives of the Study:
1. To analyze and identify the marketing problems of tiny and SSI units in study area.
2. To suggest suitable policy measures for improving the marketing problems of tiny and SSI units

Methodology and Sampling Design:
The study is concentrate on tiny and small scale industries units which has been registered in District Industrial Centre in Gadag District. There are about 2,976 tiny and small scale industries in the Gadag District. The Gadag District consist of 5 taluka's namely Gadag, Ron, Shirahatti, Nargund and Mundargi. Whole Gadag District was chosen for the study purpose. The present study has been carried out in Gadag District as to know the factors contributing for less industrially development in the district compared to other district.

Selection of the tiny and SSI units: In Gadag District there are 15 category of tiny and small scale industries are working out of 9 categories of tiny and small-scale industrial units have taken for intensively study purpose. Because these 9 category of tiny and SSI units are more growing as compare to other category of tiny and small scale industrial units in the whole district.

Selection of the Respondents: The total numbers of 200 respondents in the Gadag district have been selected for an in-depth study. Proportionate stratified sampling method was used for selection of the sample respondent in present study.

Data Collection: For present study, the necessary data and information have been collected from both primary and secondary sources.

Primary Data: Primary data were collected from the sample tiny and small scale industrial units by means of structured schedules directly administrated to the respondent. The data was also collected through participant observation, interview and discussion in the respondents.

Secondary Data: The secondary data collected from deferent sources like; the Directorate of Industry and Commerce, Government of Karnataka, District Industrial Centre of Gadag District. Besides information obtained from, published Articles, Gazetteer, Census Reports, Department of Statistics Gadag, and other published materials.

Tools and Techniques of Data Analysis: Simple statistical tools have been used for analysis of the data, ratio, percentages, and whenever necessary charts are also used to employ the study.

Marketing Problems of Small scale Industries in Gadag District:
The field survey covering the selected 200 tiny and SSI units has revealed that majority of 126 respondents tiny and SSI units (63 per cent) did not conduct market survey before starting their production. However a good number of 74 respondents (37 per cent) affirmed to have conducted market survey before starting production.

Adequacy of Market for the Products of Tiny and SSI Units:
Responses of the tiny and SSI units covered by the study largely affirm the existing adequacy of markets for their products large majority of 129 respondents (64.50 per cent) indicated that they had adequate market for their products. However, a substantial number of 71 respondents (35.50 per cent) mentioned that they did not have adequate market for their products.

Sales Destinations of Tiny and SSI Products/ Production, Sales and Value of Tiny/SSI units:
There is a greater degree of concentration of sales at local market of the Tiny and SSI units Majority of 89 Tiny and SSI respondent units have indicated that they sell their products locally. A small number of units (9) sell within the state followed by those selling in the city (5) and those selling outside the state (2). A large number of 95

respondents units sell in more than one market like city and in local markets.

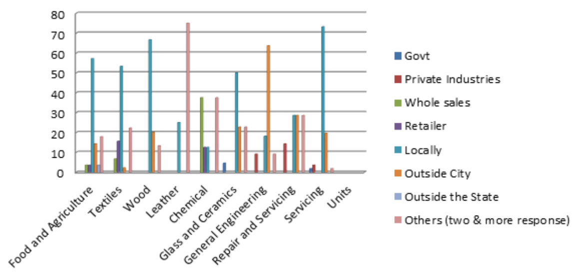
Table-1: Sales Destinations of Tiny and SSI

Sl. No.	Name of Units	Locally	City	Within the State	Out Side State	Locally & City
1	Food and Agriculture	53.57	10.71	--	3.57	32.14
2	Textiles	55.56	4.44	2.22	--	37.78
3	Wood	46.67	--	13.33	--	40.00
4	Leather	25.00	--	--	--	75.00
5	Chemical	12.50	--	12.50	12.50	62.50
6	Glass and Ceramics	9.09	--	9.09	--	81.82
7	General Engineering	9.09	--	--	--	90.91
8	Repair and Servicing	14.29	--	28.57	--	57.14
9	Servicing Units	62.50	--	1.79	--	35.71
	Total	44.50	2.50	4.50	1.00	47.50

Source: Field Survey
Note: Figure in parentheses is percentages of total

Buyers of the Tiny and SSI Products:
Local buyers constituted the largest segment (109) constituting 54.50 per cent of the total. Buyers outside the city (33) constituted only 16.50 per cent of the total. A very small number of 9 SSI units sold their products to retailers; 7 units sold to whole salers, 4 units to private industries, 2 units sold their products to government agencies. A good number of 35 tiny and SSI respondent units sold more than one type of buyers. The following figure provides the details.

Figure-1 Buyers of Tiny and SSI Products



Sales Targets and Sales Achievement:
Large majority of 190 respondent tiny and SSI units (95 per cent) have indicated that they did not achieve their sales targets. A very small number of 10 tiny and SSI units (5 per cent) could achieve sales targets set as per their projections.

Reasons for not achieving sales Targets:
Low demand for their products was the main reason for large number of 142 respondents (74.74 per cent). They argued that drought conditions were also responsible for the low demand for their products. Power shortage (9 units) marketing difficulties (8) raw material shortage (11), labour problems (6) and inadequate finance (3) were other reasons for failure to achieve the sales targets. All these problems ultimately result in reduced out put and low sales.

Credit/Cash Sales of Tiny and SSI products:
A combination of cash and credit sales has been practiced by majority of respondent tiny and SSI units. A substantial numbers of 76 tiny and SSI units (38 per cent), Sold their products on cash only while a very small number of 2 SSI units sold their products on credit Maximum of 122 tiny and SSI study units (61 per cent) sold their products on cash and credit basis.

Proportion of Credit Sales to Total Sale of Tiny and SSI Units:
Majority of 58 respondent tiny and SSI units (46.77 per cent) indicated that credit sales accounted for 41 to 60 per cent of the total sales followed by 46 respondents (37.10 per cent) indicating credit sales of 21 to 40 per cent of the total sales. A lesser number of 13 respondents (10.48 per cent) mentioned that credit sales constituted less than 20 per cent of the total sales. However a small number of 7 respondents indicated credit sales were more than 61 per cent of the total sales.

Fall in Sales Due to Sales Methods of Tiny and SSI Units:
It is found from field survey that majority of 178 respondents (89 per cent) did not subscribe to the view that there was no decline in sales due to their method of sales. However lesser number of 22 respondents (11 per cent) did express the view that sales declined due to their method of selling their products.

Reasons for the fall in Sales of Tiny and SSI Units:
The major reason advanced by majority of 13 respondents constituting 59.09 per cent of the 22 respondents maintained that lack of timely repayment of payment for the sales has led to decline in overall sales. The responses are indicated by units relating to food and agriculture (2), textile (5), wood based units (4) and chemicals (2), Lack of market information is another reason in this context as indicated by 6 respondents (27.27 per cent).

Internal Factors leading to fall of Tiny and SSI Units:
There is a large amount of agreement among the large majority of 195 respondents (97.50 per cent) regarding the existence of internal factors leading to fall in sales of tiny and SSI products.

The details study indicate that poor marketing has led to fall in sales as indicated by majority of 112 (57.44 per cent) respondent tiny and SSI units. Irregular supply and increase in cost of production has resulted in decline in sales according to 9 and 8 respondent tiny and SSI units respectively. Poor quality of production and improper has led to decline in sales according 2 and 1 respondent tiny and SSI units respectively Unspecified reasons led to decline in sales of SSI products according to a substantial number of tiny and SSI respondent units.

External Factors Causing Fall in Sales of Tiny and SSI Products:
All the 200 respondent tiny and SSI units have affirmed that same external factors have caused fall in sales of tiny and SSI products. Large number of 164 SSI respondent units could not specify single external factor for the fall in sales of their products. However 21 tiny and SSI respondent units (10.50 per cent) indicated that entry of new sellers was the reason for fall in sales. Competition and reduction in demand caused fall in sales of tiny and SSI products according to 6 and 5 tiny and SSI respondents respectively. Availability of new substitute and government policy have caused fall in sales of tiny and SSI products according to 1 and 3 respondents respectively.

Overcoming the Problem of Falling Sales Due to Competition:
Maximum number of 175 respondent tiny and SSI units (87.50 per cent) indicated that they would like to avail of new substitute in place of the present costly inputs and there by push up sales. Obtaining raw materials at cheap rates, pushing sales according to area demand and supply and through price variation were considered as the ways and various to overcome the problem of falling sales according to 10, 9 and 6 respondent tiny and SSI units respectively.

Marketing Problems of Tiny and SSI Units:
Inadequate and ineffective advertising has been a major marketing problem of tiny and SSI units according to 22 respondents (11.00 per cent). Absence of using brand name has been another marketing problem according to 11 respondent tiny and SSI units (5.63 per

cent) Improper distribution channel and lack of storage facilities have been other marketing problems according to 6 respondent units each inadequate salesman as another marketing problem according to 2 respandent (1.01 per cent) Large numbers of 153 respondent units (76.50 per cent) have indicated other unspecified marketing problems. The following table provides the details

Table-2: Marketing Problem of Tiny and SSI Units

Sl. No.	Name of the Units	Advertising	Improper Distribution Channel	Inadequate Salesman	Lack of Storage Facilities	Absence of Brand Name	Other (Specify)
1	Food and Agriculture	14.29	--	--	3.57	14.29	67.86
2	Textiles	8.89	--	2.22	2.22	--	86.67
3	Wood	6.67	6.67	--	--	13.33	73.33
4	Leather	25.00	--	--	--	--	75.00
5	Chemical	12.50	--	--	--	12.50	75.00
6	Glass and Ceramics	4.55	9.09	--	4.55	9.09	72.73
7	General Engineering	--	--	--	18.18	--	81.82
8	Repair and Servicing	28.57	--	--	--	28.57	42.86
9	Servicing Units	12.50	5.36	1.79	1.79	--	78.57
Total		**11.00**	**3.00**	**1.00**	**3.00**	**5.50**	**76.50**

Source: Field Survey

Note: Figure in parentheses is percentages of total

Area of Competition Faced by Tiny/SSI Units:

Price competition affecting the SSI/Tiny units in marketing their products is indicated by large majority of 102 respondents (51 per cent). Credit facilities by competitors and better quality of rivals as the areas of competition have been indicated by 7 and 1 respondents respectively. A large number of 90 respondents referred to 'other' unspecified areas of competition.

Storing of Tiny and SSI Products:

Products need storing before they are marketed. Hence storage is an important marketing function. Adequate storage facilities need to be ensured so that the finished goods could be sold at a suitable price in the near future responses indicate that maximum number of 189 SSI/Tiny units (94.50 per cent) indicated that they stored their products before sales. However 11 units did not store their products. Further queries revealed that majority of 185 units stored their products in their own building while 3 units stored in hire building and one unit in other premises.

Advertisement and Publicity for Tiny/SSI Products:

Advertisement and publicity have a direct bearing on the sales performances of the business units. However many of the SSI/Tiny units do not go in for advertisement as it involves lot of expenditure which these units with limited resources cannot afford. Responses indicate that 199 tiny and SSI respondent units (99.5 per cent) did not resort to advertise their products and did not involve in publicity.

Loss of Sales Due to Tax Burden:

The incidence of tax burden is felt by a very small number of 12 SSI/Tiny units covered by the study. However large majority of 188 respondent units (94 per cent) did not indicate any tax burden and hence they did not suffer any loss of sales. Loss of sales due to tax burden ranged from Rs.1000/- or less to maximum of Rs.10,001 and above for the 12 respondents mentioned above. Loss of sales of Rs. 1000 or less was experience by 6 units (50 per cent) followed 1 unit with loss of Rs.1001 to Rs.10,000 for 1 unit and loss of Rs. 10,001 or above incase of 5 units.

Awareness about the Marketing Incentives Given by the Government:

Awareness about the marketing incentives given by the Government to small scale and tiny units is confirmed by majority of 143 respondent units (71.50 per cent). However user numbers of 57 respondent units were found unaware of the incentives given by the Government. This calls for making efforts by the Government and the industries associations to build up awareness of the same and take advantage of such incentives.

Major Findings:

1 Cost plus profit has been the basis for pricing the products for majority of 85 respondent units. Competitions prices have influenced the pricing of the products in case of 29 units while 7 units followed an adhoc policy of pricing. Pricing is based on an agreement with the buyers according to 5 respondents while demand and supply has influenced 1 respondent unit. Significantly 73 units have followed different methods of pricing suiting to their interest.

2 Local buyers are the main stay of the sales of Tiny/SSI units very few retailers' wholesalers' private industries and government agencies bought the products of the respondents.

3 The proportion of credit sales to total sales was 41 per cent 60 per cent in case of majority of Tiny/SSI respondent units (58). A lesser incidence on credit sales to total sales was 21 to 40 per cent according to a lesser number of respondents (46). A still lesser number of 13 respondents had credit sales to total sales of less than 20 per cent. A very high proportion of credit sales to total sales of more than 61 per cent were reported by a small number of 7 respondents.

4 Sales method of the Tiny/SSI units has resulted in fall in the sales according to a small number of 22 respondent Tiny/SSI units. However large majority of 178 respondents did not subscribe to this view.

5 Among the external factors causing fall in sales majority of respondents have refer to poor marketing (112). Irregular supply and increase in cost of production have caused fall in sales according to a few respondents poor quality of production too has caused fall in sales according to a very small number of units.

6 Units in the similar line of production have been competitors according to majority 132 Tiny/SSI units (66 per cent) while large units and units outside the state have been competitors for 1 respondent unit each. Competition from 'other' factors is indicated by 66 units (33 per cent).

Suggestions:

- Marketing management is not developed well by these Tiny/SSI units. They lack properly trained salesmen and their production are not branded in most of the cases further most of the units do not advertise their products. Hence most of the products of these units have been confined to local markets only. There is need for a concerted programme of proper advertising and use of brand names to place their products in a wider market. Cooperative efforts by a group of tiny/SSI units could be useful in greater sales at lower costs.
- Tiny/Small scale industrial units should reorient their outlook and adhere to competitive efficiency in terms of cost effective use of resources, marketing skills, customer orientation, and technological competence. The perpetuation of protective regime which shields industrial units from the discipline market is obviously incompatible with the rationale of new economic policy.

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