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**REPORT OF THE SURVEY ON
SMALL SCALE INDUSTRIAL UNITS RUN BY
SCHEDULED CASTE AND SCHEDULED TRIBE
ENTREPRENEURS**

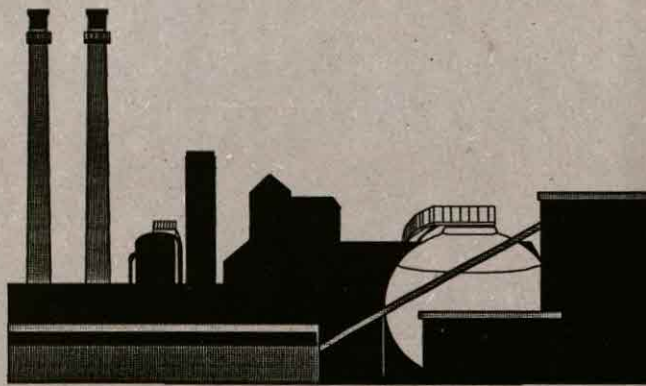


**Department of Economics and Statistics
Government of Kerala**

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ENTREPRENEURS**



**Department of Economics and Statistics
Government of Kerala**



Preface

Many schemes are implemented by Government for the upliftment of the weaker sections especially Scheduled castes and Scheduled Tribes. As part of this various kinds of assistance was provided by Government to Scheduled Castes and Scheduled Tribes for setting up Small Scale Industrial units. An attempt was made by the Department of Economics & Statistics to assess the performance of the Industrial Units run by Scheduled Caste and Scheduled Tribe entrepreneurs. This report presents the findings in a nutshell.

This report was prepared by Sri.C.Appukkuttan Pillai, Joint Director, assisted by Smt.T.Bhavana, Research Officer. The data entry and processing was done by Sri.G.Manikantan Pillai, LD. Compiler and the Desk Top Publishing works by Sri.S.Anirudhan, U.D.Compiler and M.A.Nandasoonu, L.D. Compiler of the Computer Division of the Department.

I hope this publication will be useful to policy makers, planners and administrators.

Dr.M.Kuttappan

Director

Department of Economics & Statistics

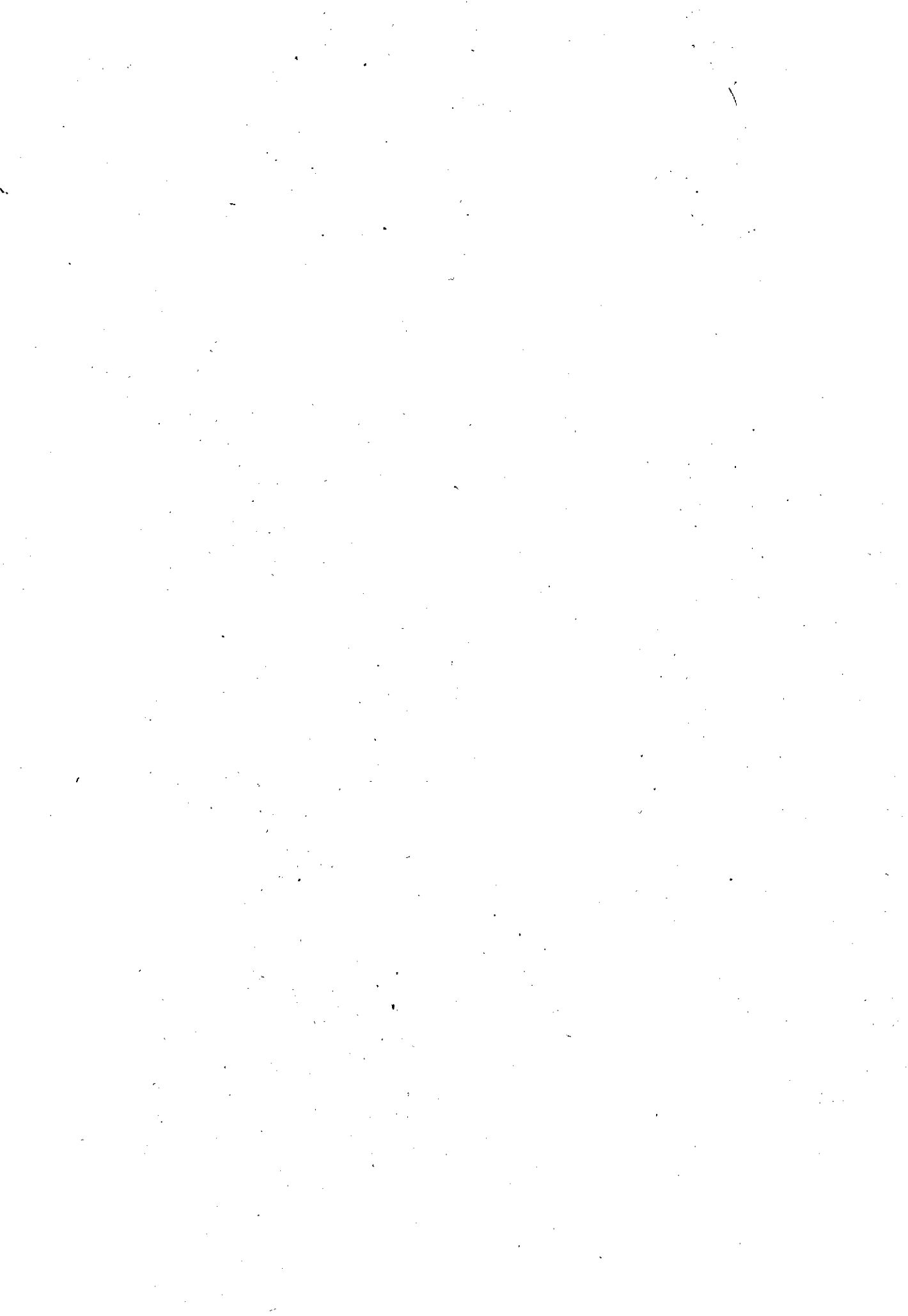
Thiruvananthapuram

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**REPORT OF THE SURVEY ON
SMALL SCALE INDUSTRIAL UNITS RUN BY
SCHEDULED CASTE AND SCHEDULED TRIBE ENTREPRENEURS**

Introduction

National as well as State development policies give importance to uplifting Scheduled Caste and Scheduled Tribe population, who occupy 11% of the total population of Kerala. These people belong to the lowest stratum of the society, mainly because that they are mostly engaged in low paying and seasonal occupations such as agricultural operations, casual works, collection of forest produce etc. Successive measures to bring them to the mainstream of society have not yielded results commensurate with the efforts or the need of the target groups.

At present many agencies are working either together or separately to raise the standard of living of people of this stratum. In order to improve the status of Scheduled Caste(SC) and Scheduled Tribe(ST) population and to bring them on par with the rest of the society, more employment opportunities have to be created for them in the non-agricultural sector. While in the service sector some representation of the SC and ST population can be found because of the job reservation policy, their representation is negligible in the manufacturing sector. In order to secure them the benefits of industrialisation, the Government of India and State Government have implemented several schemes under the Special Component Plan and Tribal Subplan.

In Kerala Government budgets about 12% of the outlay is set apart for development schemes to improve the quality of the life of SC/ST population. The Industries Department implements various schemes like Self-employment Scheme, Development Schemes and Margin Money Scheme to generate employment opportunities. In all these schemes preference is given to Scheduled Caste and Scheduled Tribes. There were 94581 Small Scale Industrial Units (SSI Units) ie. with investment of Rs. 60 lakhs or less in Plant and Machinery, in the State as on 31st March 1993 of which 3204 were run by SC and ST entrepreneurs. But it is noted that a number of units started by the SC/ST entrepreneurs are either closed down or become sick sooner or later.

One can point out many reasons for the relatively low efficiency of these units. Shortage of working capital is a major inhibiting factor. The Nationalisation of Banks had, as one of its objectives amelioration of conditions like this by providing credit facilities to the industrial units. However, in Kerala the Credit Deposit Ratio has been relatively low compared to other states for the last several years. The lending agencies in the organised sector have not meted out any development approach to the SSI units in the State. The case of SC/ST units is no exception to this.

II.. Objective of the Survey

The survey aimed at obtaining data for assessing the performance of the industrial units run by entrepreneurs belonging to the Scheduled Castes and Scheduled Tribes with respect to their contribution to the economic upliftment of these communities and to the economy in general.

III. Design of the Survey

The list of district - wise registered SSI units and Industrial Co-operative Societies run by SC/ST entrepreneurs was the frame for the Survey. The list were obtained from the District Industries Centres (DIC). There were 2804 registered enterprises run by SC entrepreneurs and 251 run by ST entrepreneurs. In addition to this , there were 149 Industrial Co-operative Societies run by SC/ST entrepreneurs. The total number of units in the frame was 3204. From these units 10% , subject to a minimum of 25 from each district , were selected by systematic random sampling for detailed study. On the above basis the Survey covered 405 units consisting of 357 SC units and 48 ST units.

IV. Fieldwork and Supervision.

The field work was conducted by the Investigators of the Department of Economics & Statistics. The district level officers supervised the fieldwork. The data were processed in the Computer Division of the Department.

V. Highlights of the Survey Results

1. The survey covered 405 units consisting of 357 SC units and 48 ST units. About 75% of the units run by SC entrepreneurs were manufacturing enterprises and the balance 25% covered assembling, marketing and service activities. In the case of ST units, the corresponding percentages were 63 % and 37.% respectively (Table 1) .

2. The units covered for the survey were classified according to the type of ownership such as proprietorship, co-operatives and others. The survey reveals that out of the 405 units 338 (83%) were proprietorship units and 59 (15%) were co-operatives. 8 units (2%) belonged to other categories of which 5 are partnership units and 3 charitable societies (Table 2).
3. 88% of the units covered were located in the rural areas (Community development blocks) and only 12% in the urban areas (Municipalities and corporations). Kollam district had more units in the rural sector while Kannur district had the lowest number of units in the rural area. (Table 3) .
4. 16 (4%)entrepreneurs , 14 SC and 2 ST , were illiterate. About 66% of the entrepreneurs were literate but below SSLC, 24% had SSLC qualification . 2% passed the pre-degree, 2% were graduates and only 2% possessed any technical qualification. Among the SC entrepreneurs 65% were literate but below SSLC , 24% were having SSLC , 2% were having degree and above and 2% had technical qualification. In the case of ST entrepreneurs while 71% were literate but below SSLC, 25% were having SSLC, none had above SSLC or technical qualification. Thus only 66% of the entrepreneurs had qualification below SSLC .Low technical qualification might have been one of the reasons that prompted them to start enterprises as it is not possible to get government job or job in the organised sector with this qualification in the State where even the highly educated youth find it difficult to get employment. (Table 4) .
5. About 75% of the entrepreneurs were in the age group 21-40 , 23% were in the age of 41-60 and 2% belonged to the age group 61 and above. (Table 5) .
6. 62% of the enterprises were owned by male entrepreneurs and 38% were owned by female entrepreneurs. While there is sharp difference between male and female entrepreneurs of SC category (63% and 37% respectively) the difference was less in the case of ST entrepreneurs (54% and 46%). One of the reasons for this much participation of female entrepreneurs is that there are various schemes for them with relatively higher rates of subsidy. Some of the schemes like cane works, candle making, collection of forest produces and handicrafts etc. are found to be easily manageable by ladies.
7. Category wise classification of units reveals that 93% of the units were manufacturing Industries, 2% were ancillary units and 5% were service units . The main activities of most of the units were

manufacturing of grill, furniture, garment making, oil mills, food processing, rubber band making, brick making etc.(See table 7)

8. Table 8 shows that 87% of the units had perennial operation while 13% had only seasonal operations.
9. 83 units (20.49%) did not work even a single day during the 365 days preceding the date of survey. 188 units(46.42%) worked for more than 180 days. 88 units (21.73%) worked for more than 3 months but below 6 months.
10. Only 52% of the units worked more than 8 hours a day during working days while about 26% worked below 5 hours a day. The functioning of the units depends on the availability of raw materials, working capital, electricity, fuel and market (Table 10).
11. Table.11 reveals that 65% of the units did not use any power for their operation which shows that majority of them are engaged in traditional handicrafts based on manpower. Only 16% used electricity for their operation while 9% used firewood and about 3% used shells and husks as the sources of energy.
12. It is noted that 92% of the SSI units marketed their products within the district itself and 6% had markets outside the district but within the State. Only 2% units exported their products. This shows that most of the units are catering only to the local needs. (Table 12) .
13. While there were 215 units (53%) with investment below Rs. 10,000/-, 50 units (12%) had investment of more than Rs.one lakh. The survey reveals that over onehalf of the units are tiny units with low investment (less than Rs. 10,000/-) in fixed assets , indicating that these units were more labour -intensive than capital-intensive. One aspect of this situation is that once the entrepreneurs feel that the activity is not profitable they are able to make easy exit as they have not much to loose by way of investment. (Table 13) †
14. The classification of units according to type of financial assistance received.is given in Table 14.. 131units (32%) availed loans and 107 units (26%) received grant . 89 units (22%) received subsidy.
15. Table 15 shows that 281 SC units out of the total 357 reported production.in the year 1991-92. This comes to about 79% of the total number of the units. As many as 121 units or about 34% had value of production below Rs.10,000/- . Only 16% of the units had production value above Rs.50,000/-.

In the case of Scheduled Tribes, out of the total 48 units 41 (85%) reported production. As much as 54% had value of production below Rs.10,000/-. Only about 16% had value of production above Rs.50,000/-. The data is indicative of the tiny nature and smallness of the industrial units run by Scheduled Caste and Scheduled Tribe entrepreneurs. (Table 15).

16. Classification of units according to the size of employment is presented in Table 16. Employment here refers to regular employment. Units which provided employment to one person only was about 55% of the total. 79% of the units had employment of 3 or less than 3 persons. Only 6% provided employment to more than 10 persons. The total employment provided by these units was 1337 and the average employment per unit was 3.3. Data are also presented on the number of employees belonging to SC /ST as well as female group.
17. Table 17 gives the number of units reported to make profits during 1991-92. The number of units run profitably by SC and ST are 158 and 15 respectively. Thus majority of the units are either not working or are under loss.

In addition to assessing the overall employment level as described in para 16, attempt was also made to find the extent of employment in the units making profits, separately. In these cases the average employment per unit comes to 4.07 which is higher than the general average for all the units viz. 3.3. For profitable units of SC alone the employment per unit comes to 3.85. For profitable units of ST alone the employment per unit comes to 6.47.

18. The data are not amenable to make firm conclusion about the influence of the various characteristics of the units in regard to the viability of the units or capability to contribute to employment. One major problem with the units is the relatively low capacity utilisation. If the units could step up capacity utilisation, their value of production and employment generation could be improved. It may also contribute to their profitability and viability. However, the experience of the entrepreneurs as reported shows (Table 18) that about 49% of the units did not utilise the full capacity for various reasons. The major bottlenecks for the smooth functioning of the units as reported by the entrepreneurs were marketing problems and inadequacy of credit facilities. It is seen that most of the units face more than one problem for under utilization. Marketing problems were reported by about 51% of the entrepreneurs. 50% of the entrepreneurs reported inadequacy of credit facilities as the reason for non

utilisation of full installed capacity. Shortage of raw materials was reported by 27%. Over 11% had managerial problems and about 10% reported lack of technical know-how, entrepreneurship and factors like natural calamity and accidents, as the reasons for non utilisation of installed capacity. About 28% of the entrepreneurs stated that they were intending to close down their units since they could not run them profitably.

VI. Conclusion

An evaluation of the relative performance of the units by using the concept of *profitability* or any other conventional criteria is rather difficult with the available data. Therefore an attempt is made to provide data that will enable an evaluation of the operation of these units from the social and economical angles. These relate to the value of production contributed by the units, the employment generated and other performance indicators. The data obtained in this Survey reinforce the familiar impression about the industrial units run by the entrepreneurs belonging to the Scheduled Castes and Scheduled Tribes. Firstly, the positive social benefits these units generate are to be recognised. Addition to the total production by these units cannot be ignored. Secondly, they provide employment - direct as well as indirect to large number of people.

However, the survival of the units is a big problem due to the low profitability due to their un economic working. In this context it appears that, by and large, it is not some of the characteristics such as age, sex etc. of the entrepreneurs or such features as activity type, management type, etc. that render the units less profitable. The reasons are to be searched for in the realm of management efficiency right from the beginning. Being new to entrepreneurial functions many of the SC/ST entrepreneurs need close guidance at all stages. This points to the need for close follow up measures and monitoring of the working of the units by the financing agencies. Without that even the financial assistance provided may turn out to be counterproductive.

* * *

Table 1

Classification of Units According to Type of Activity

District	Manufacturing			Assembling			Marketing			Service			Others		
	SC	ST	Total	SC	ST	Total	SC	ST	Total	SC	ST	Total	SC	ST	Total
I	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Thiruvananthapuram	16	2	18	0	0	0	0	0	0	5	1	6	1	0	1
Kollam	53	1	54	0	0	0	2	0	2	0	0	0	0	0	0
Pathanamthitta	14	0	14	2	0	2	0	1	1	0	1	1	11	4	15
Alappuzha	18	5	23	0	0	0	0	0	0	2	0	2	0	0	0
Kottayam	11	1	12	0	1	1	4	0	4	5	0	5	0	0	0
Idukki	7	4	11	0	2	2	6	2	8	2	0	2	2	0	2
Ernakulam	18	1	19	0	0	0	1	0	1	4	0	4	6	0	6
Thrissur	25	1	26	0	0	0	1	0	1	1	0	1	8	0	8
Palakkad	19	1	20	2	0	2	0	0	0	3	0	3	1	0	1
Kozhikkode	24	2	26	0	0	0	0	0	0	1	0	1	0	0	0
Malappuram	24	0	24	0	0	0	0	0	0	1	0	1	0	0	0
Wynad	8	6	14	1	0	1	0	0	0	6	4	10	0	0	0
Kannur	11	0	11	2	0	2	2	1	3	8	1	9	0	0	0
Kasargod	18	6	24	0	0	0	1	0	1	0	0	0	0	0	0
Total	266	30	296	7	3	10	17	4	21	38	7	45	29	4	33

Table 2

Classification of Units According to Type of Ownership

District	Proprietorship			Co-Operative			Others		
	SC	ST	Total	SC	ST	Total	SC	ST	Total
I	2	3	4	5	6	7	8	9	10
Thiruvananthapuram	16	2	18	5	1	6	1	0	1
Kollam	51	1	52	4	0	4	0	0	0
Pathanamthitta	27	5	32	0	1	1	0	0	0
Alappuzha	19	5	24	1	0	1	0	0	0
Kottayam	12	1	13	6	1	7	2	0	2
Idukki	8	3	11	8	5	13	1	0	1
Ernakulam	28	1	29	1	0	1	0	0	0
Thrissur	34	1	35	1	0	1	0	0	0
Palakkad	20	0	20	3	1	4	2	0	2
Kozhikkode	23	0	23	2	2	4	0	0	0
Malappuram	25	0	25	0	0	0	0	0	0
Wynad	13	8	21	1	2	3	1	0	1
Kannur	14	1	15	9	1	10	0	0	0
Kasargod	14	6	20	4	0	4	1	0	1
Total	304	34	338	45	14	59	8	0	8

Table 3
Classification of Units According to Location

District	Location		
	Rural	Urban	Total
1	2	3	4
Thiruvananthapuram	18	7	25
Kollam	53	3	56
Pathanamthitta	33	0	33
Alappuzha	20	5	25
Kottayam	21	1	22
Idukki	24	1	25
Eranakulam	27	3	30
Thrissur	31	5	36
Palakkad	24	2	26
Malappuram	26	1	27
Kozhikkode	21	4	25
Wayanad	24	1	25
Kannur	12	13	25
Kasargod	24	1	25
Total	358	47	405
Percentage	88.4	11.6	100

Table 4
Classification of Entrepreneurs According to Qualification

Qualification	S.C	%	ST	%	Total	%
1	2	3	4	5	6	7
Illiterate	14	3.92	2	4.17	16	3.95
No edn. but literate	2	0.56	0	0	2	0.49
below SSLC	232	64.99	34	70.83	266	65.68
SSLC	85	23.81	12	25	97	23.95
PDC	10	2.80	0	0	10	2.47
Degree & above	7	1.96	0	0	7	1.73
Technical	7	1.96	0	0	7	1.73
Total	357	100.00	48	100.00	405	100.00

Table 5
Distribution of Entrepreneurs According to
Age group

Age Group	S.C	%	ST	%	Total	%
1	2	3	4	5	6	7
21-30	130	36.41	21	43.75	151	37.28
31-40	140	39.22	11	22.92	151	37.28
41-50	65	18.21	10	20.83	75	18.52
51-60	15	4.20	6	12.50	21	5.19
61&above	7	1.96	0	0.00	7	1.73
Total	357	100.00	48	100.00	405	100.00

Table 6
Distribution of Entrepreneurs According to Sex

District	SC		ST		Total	
	No.	%	No.	%	No.	%
1	2	3	4	5	6	7
Female	132	36.97	22	45.83	154	38.02
Male	225	63.03	26	54.17	251	61.98
Total	357	100.00	48	100.00	405	100.00

Table 7
Classification of Units According to Industrial Category

District	Small Scale Industries			Ancillary			Small Scale Service Units		
	SC	ST	Total	SC	ST	Total	SC	ST	Total
1	2	3	4	5	6	7	8	9	10
Thiruvananthapuram	20	3	23	1		1	1		1
Kollam	55	1	56	0		0	0		0
Pathanamthitta	26	6	32	1		1	0		0
Alappuzha	19	5	24	0		0	1		1
Kottayam	17	2	19	0		0	3		3
Idukki	15	6	21	1	2	3	1		1
Ernakulam	26	1	27	2		2	1		1
Thrissur	34	1	35	0		0	1		1
Palakkad	25	1	26	0		0	0		0
Kozhikkode	24	2	26	1		1	0		0
Malappuram	21	0	21	0		0	4		4
Wynad	15	10	25	0		0	0		0
Kannur	16	1	17	1		1	6	1	7
Kasargod	19	6	25	0		0	0		0
Total	332	45	377	7	2	9	18	1	19

Table 8

Classification of Units According to Nature of Operation

District	Perennial			Seasonal		
	SC	ST	Total	SC	ST	Total
I	2	3	4	5	6	7
Thiruvananthapuram	15	2	17	7	1	8
Kollam	53	1	54	2	0	2
Pathanamthitta	19	5	24	8	1	9
Alappuzha	19	5	24	1	1	1
Kottayam	15	1	16	5	1	6
Idukki	13	7	20	4	0	5
Ernakulam	24	1	25	5	0	5
Thrissur	29	1	30	6	0	6
Palakkad	18	1	19	7	0	7
Kozhikkode	24	2	26	1	0	1
Malappuram	25	0	25	0	0	0
Wynad	15	10	25	0	0	0
Kannur	21	2	23	2	0	2
Kasargod	18	6	24	1	0	1
Total	308	44	352	49	4	53
Percentage	86.27	91.67	86.91	13.73	8.33	13.09

Table 9

Classification of Units According to No. of Days Worked

No. of days	SC	%	ST	%	Total	%
I	2	3	4	5	6	7
Not worked	76	21.29	7	14.58	83	20.49
1-30	7	1.96	6	12.50	13	3.21
31-60	14	3.92	1	2.08	15	3.70
61-90	15	4.20	3	6.25	18	4.44
91-180	77	21.57	11	22.92	88	21.73
181-365	168	47.06	20	41.67	188	46.42
Total	357	100.00	48	100.00	405	100.00

Table 10

Classification of Units According to hours Worked per day

No.of Hours	S.C	%	S.T	%	Total	%
1	2	3	4	5	6	7
Less than 5	91	25.49	16	33.33	107	26.42
5	15	4.20	3	6.25	18	4.44
6	42	11.76	3	6.25	45	11.11
7	22	6.16	3	6.25	25	6.17
8&above	187	52.38	23	47.92	210	51.85
Total	357	100.00	48	100.00	405	100.00

Table 11

Classification of Units According to Source of Energy

Source of Energy	S.C	%	S.T	%	Total	%
1	2	3	4	5	6	7
Without Power	233	65.27	32	66.67	265	65.43
Kerosine	4	1.12	0	0.00	4	0.99
Petrole	3	0.84	0	0.00	3	0.74
Diesel	3	0.84	2	4.17	5	1.23
Coal	0	0.00	0	0.00	0	0.00
L.P.G	0	0.00	0	0.00	0	0.00
Firewood	33	9.24	5	10.42	38	9.38
Water	2	0.56	1	2.08	3	0.74
Solar energy	2	0.56	0	0.00	2	0.49
Chercoal	5	1.40	0	0.00	5	1.23
Shell&Husks	11	3.08	0	0.00	11	2.72
Electricity	57	15.97	6	12.50	63	15.56
Others	4	1.12	2	4.17	6	1.48
Total	357	100.00	48	100.00	405	100.00

Table 12

Classification of Units According to Market

Place of Market	S.C	%	S.T	%	Total	%
1	2	3	4	5	6	7
Foreign Market	3	0.84	1	2.08	4	0.99
Outside state	2	0.56	0	0.00	2	0.49
Within state	20	5.60	5	10.42	25	6.17
Within district	332	93.83	42	89.58	374	92.34

Table 13

Classification of Units According to Investment in Fixed Assets

	Below Rs. 5001			5001-10000			10001-25000			25001-50000			50001-1 lakh			Above 1 lakh		
	S.C	S.T	Total	S.C	S.T	Total	S.C	S.T	Total	S.C	S.T	Total	S.C	S.T	Total	S.C	S.T	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
No. of units	152	15	167	41	7	48	56	4	60	45	11	56	19	5	24	44	6	50
%	42.6	31.3	41.2	11.5	14.6	11.9	15.7	8.33	14.8	12.6	22.9	13.8	5.32	10.4	5.93	12.3	12.5	12.4

Table 14

Classification of Units According to type of Financial Assistance Received

SC/ST	Loan No.	Percentage to Total Units	Grant No	Percentage to Total Units	Subsidy No	Percentage to Total Units
1	2	3	4	5	6	7
SC	121	33.89	87	24.37	82	22.97
ST	10	20.83	20	41.67	7	14.58
Total	131	32.35	107	26.42	89	21.98

Table 15
Classification of Units According
to Value of Production during 1991-92

Produ.value(Rs)	S.C		S.T	
	No.	Percentage to Total Units	No.	Percentage to Total Units
1	2	3	4	5
Below 10000	121	33.89	26	54.17
10000-25000	56	15.69	6	12.5
25000-50000	47	13.17	1	2.08
50000-75000	17	4.76	0	0
75000-100000	11	3.08	3	6.25
100000 & above	29	8.12	5	10.42
Total	281	78.71	41	85.42

Table 16
Classification of Units According to size of Employment

Size of employment	No.of units						Employment				
	S.C	%	S.T	%	Total	%	S.C	S.T	Others	Total	Woman
1	2	3	4	5	6	7	8	9	10	11	12
1	186	52.1	35	72.92	221	54.57	188	30	3	221	50
2	69	19.33	3	6.25	72	17.78	108	25	11	144	43
3	26	7.28	2	4.17	28	6.91	54	11	19	84	28
4	19	5.32	0	0	19	4.69	52	10	14	76	31
5--7	29	8.12	0	0	29	7.16	117	6	41	164	59
8--10	8	2.24	3	6.25	11	2.72	66	20	14	100	30
Above 10	20	5.6	5	10.42	25	6.17	351	148	49	548	250
Total	357	99.99	48	100	405	100	936	250	151	1337	491

Table 17

Classification of Units According to Profit and Employment

Type of Unit	No. of Units			Employment		
	SC	ST	Total	SC	ST	Total
1	2	3	4	5	6	7
Manufacturing	122	9	131	531	43	574
Assembling	3	1	4	6	1	7
Marketing	8	2	10	24	50	74
Service	26	2	28	59	2	61
Others	5	1	6	12	1	13
Total	164	15	179	632	97	729

Table 18

Extent of Capacity Utilization reasons thereof, Intention for Closure Etc,

Sl No.	Remarks	No. of Units	Percentage Total
1	2	3	4
	No. Units which does not utilise the full installed capacity	198	48.89
	Reason for shortage of utilisation	54	27.27
i.	Shortage of raw materials including electricity	100	50.51
ii.	Inadequacy of credit facilities	101	51.01
iii.	Marketing problem (including competition from organised sector)	22	11.11
iv.	Managerial Problem (including labour problem)	20	10.10
v.	Lack of technical know-how	19	9.60
vi.	Lack of entrepreneurship	19	9.60
	No. of firms intending to close the units	56	28.28



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