



A STUDY ON ISSUES AND CHALLENGES IN SMALL SCALE PUMP MANUFACTURERS IN COIMBATORE, TAMILNADU

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Abstract:

The SSI is an important pillar of Indian economy as it contributes greatly to growth of Indian economy. The Coimbatore city has more than 2000 registered and 10000 unregistered Small Scale industries functioning in and around Coimbatore, employing more than one lakh workers. An attempt has been made to study the issues and challenges in small scale pump manufacturers in Coimbatore. It is found that the Pump manufacturers are faced many Challenges on Various aspects. Study reveals that their market is very seasonal and followed by Low margin due to high cost of production, Lack of managerial skill and technology up gradation etc.,

Key Words: SSI, Pump Industry, Employment Opportunity.

Introduction:

The SSI is an important pillar of Indian economy as it contributes greatly to growth of Indian economy with a vast network of around 30 million units, creating employment of about 70 million, manufacturing more than 6000 products, contributing about 45% manufacturing output and about 40% of exports, directly and indirectly. The Motor & Pumps industry in India grew at a compounded annual rate of about 5% from 1985-1986 to 1995-1996 due to the importance given by the Government to the agriculture sector, and because of increased industrial and construction activities, spawned by liberalization. The Motor & Pumps sector is exclusively reserved for manufacturing in the SSI sector. About 1 lac people are directly employed in this industry in India. The Indian motor and pumps industry is exporting mainly to third world countries like Africa, Sri Lanka, Bangladesh, Dubai & South Eastern Asia, and very less to the developed countries like USA and Europe. The estimated turnover of the Indian pump industry is around rupees 4000 crore. For the past few years the Motors and Pumps industry has been passing through a severe recession. The major problems faced by the industry are: Threat of entry of foreign competitors who will be selling products at cheaper rates; the excise duty, sales tax and high interest charges that have placed the domestic industry in a disadvantage position.

Need for the Study:

The Coimbatore city is popularly called as the "Manchester of South India" as it has more than 2000 registered and 10000 unregistered Small Scale industries functioning in and around Coimbatore, employing more than one lakh workers. They account for 25% of the total number of units in Tamil Nadu. In Coimbatore there are 1100 Small scale pump industries that cater to the needs of agricultural people and create more employment for skilled and unskilled employees. Thus it is very important to understand the Challenges and issues faced by Small Scale Pump Manufacturers to Motivate and Uplift the particular Industry in order to meet the international standard.

Review of Literature:

Ms. G. Jayanthi and Dr. R. Amudha (2013) made a study on "internationalization from SME perspective with reference to pump and motor manufacturing industry of Coimbatore district" and their study indicates that the initial export markets chosen by the company are closely situated both culturally and geographically. Most of the companies are exporting their products to Indian Subcontinents and well established companies are exporting their products to other major countries. A direct Export mode is preferred by the vast majority of the SMEs, because it is rather inexpensive operational mode that does not require any substantial commitments. In addition, based on the study, the important factors in internationalizing seem to be the management's interest in international activities as well as gaining knowledge about foreign markets as important factors. More studies are needed in order to discover the nature and extent of connection between import and export activities.

R. Rajasekaran and M. Esther Krupa (2011) in their research study on "Global marketing- a study with reference to motor pumps in Coimbatore city, India" and their study is focused on the potential of the industry and the researchers gained insight into the working of the pump industry from the market perspective and sales of these pumps are made either by manufacturers directly and through its dedicated dealer network. For the agriculture and domestic segment, small pumps are typically sold through a distributor network. Here, the lowest price is the single most important factor influencing purchaser decision. Each unit in the pumps & motor

product line has developed its own marketing channel. There are no common marketing channels available for the cluster. Few medium scales are also exporting their products to other countries. These marketing channels had been developed over a period by the respective units. Others are supplying through agents who are selling through dealers. Some agents come to Coimbatore to place orders and take the product on their own. These traders develop a severe price competition among the manufacturers.

Michel Cartiller (2009) attempted a study on the "role of small-scale industries in economic development with reference to irrigation pump set industry in Coimbatore" he had analyzed the growth of small-scale pumps industry in Coimbatore, its present importance and economic structure with reference to number of units, electrical service connections, employment, capital and output. Secondly, he focused on marketing of pumps. Finally, he attempted to measure its role and impact on agricultural development and he is interpreted from his study that the pump sets helped the farmers to reduce the cost with increased intensity of irrigation.

Ramathilagam (2008) studied the "economic aspect of small engineering units in Coimbatore city" with the objective of assessing their contribution to the promotion of other industries and economic development of the region. Electrical Motors, Textile spares were taken for the study. The study focused extensively on the economic characteristics of small engineering firms in Coimbatore.

Devakumar (2007) made a study on "customer satisfaction rendered through the quality of service by the dealers, sub-dealers and retailers of the mini pump purchasers in Coimbatore city" and he found that the commitment by the sellers, quick after-sales service, extended warranty terms and attitude of the sales personnel play a significant role in rendering customer satisfaction.

Objectives:

Primary objective of the study is to identify the Issues and challenges of small scale pump manufacturers in Coimbatore so as to evolve effective remedial measures to overcome the hurdles.

- ✓ The specific objectives include,
- ✓ To identify the major challenges faced by the pump manufactures.
- ✓ To analyse the risks faced by pump manufactures.
- ✓ To identify the government policies and programmes offered in-order to motivate pump exporters.

Research Methodology:

The Data used for this study is primary in nature. Data has been collected from small scale pump manufacturers of Coimbatore district by adopting simple random sampling method. In this study population is finite hence 250 respondents were chosen randomly from the total population of 1100 by adopting simple random sample method. Simple percentage, chi-Square, Weighted average method, Rating scale has been used to analyze the issues and challenges faced by pump manufacturers.

Limitations of the Study:

- ✓ The research is confined only to Coimbatore in Tamilnadu. So it may not be generalized.
- ✓ The statistical method used to analyse the data have their own limitation.
- ✓ All the limitation of primary data are applicable to this study

Analysis and Interpretation:

Challenges Faced by Respondents:

The table shows the Challenges faced by pump Manufacturers. Orders are very seasonal is the major challenge for manufacturers. the mean score 7.27, followed by high cost involved in manufacturing due to raw material cost with the mean score of 6.93. The majority of the respondents stated that, orders are seasonal is the major challenge faced by manufacturer with the highest mean score of 7.27

Challenges	SA	A	NO	DA	SDA	Total	Mean Rank	Rank
Lack of sufficient fund	132	82	14	18	4	250	6.64	7
	52.8	32.8	5.6	7.2	1.6	100		
Delayed payment from customer	121	71	41	10	7	250	6.24	8
	48.4	28.4	16.4	4	2.8	100		
Stiff competition in domestic and international market	137	75	18	17	3	250	6.66	6
	54.8	30	7.2	6.8	1.2	100		
High cost in availing loan	136	75	14	21	4	250	6.84	5
	54.40	30.00	5.60	8.40	1.60	100		
Too much intervention of middlemen in export	115	68	42	14	11	250	5.78	11
	46	27.2	16.8	5.6	4.4	100		
Lack in upgrade technology	129	79	25	17	0	250	6.87	4
	51.60	31.40	10.00	7.00	0.00	100		
Orders are very seasonal	151	76	11	7	5	250	7.27	1
	60.4	30.4	4.4	2.80	2	100		

Low margin due to high cost of production	147	71	18	7	7	250	6.93	2
	59	28.40	7.00	2.80	2.80	100		
Unwarranted rejections from tie-up concerns	151	46	28	22	3	250	6.91	3
						100		
High tariff rates	112	82	35	15	6	250	6.11	9
	44.8	32.8	14	6	2.4	100		
Frequent changes in government policies	112	95	25	11	7	250	6.06	10
	44.8	38	10	4.4	2.8	100		
Lack of managerial skill	99	76	40	22	13	250	5.69	12
	39.6	30.4	16	8.8	5.2	100		

Export Risks Faced:

The table shows the risks faced by exporters. Out of 250 respondents most of the respondents stated that credit risk is the major risk faced by pump manufacturers.

Export Risks	1st	2nd	3rd	4th	5th	Grand Total	Rank
Commercial Kind of Risks	30 (6*5)	24 (6*4)	27 (9*3)	26 (13*2)	46 (46*1)	153	5
Government Policy	60 (12*5)	36 (9*4)	87 (29*3)	46 (23*2)	7 (7*1)	236	3
Exchange Rate	55 (11*5)	24 (6*4)	66 (22*3)	48 (24*2)	17 (17*1)	210	4
Credit Risk	210 (42*5)	84 (21*4)	24 (8*3)	18 (9*2)	0 (0*1)	336	1
Legal Risk	100 (20*5)	160 (40*4)	36 (12*3)	12 (6*2)	2 (2*1)	310	2

Government Policies and Programmes:

This table clearly shows the government policies and programmes to promote the particular sector. establish growth centers and industrial estates by the government is highly satisfied with the mean score of 4.4 and ranked as 1.

S.No	Policies Programmes	Opinion					Grand Total	Mean Score	Rank
		HS	S	NSND	DS	HDS			
1	Liberal credit for exporters	280	276	225	62	19	862	3.44	6
2	Lower central excise duties for outputs	610	400	48	26	0	1084	4.3	2
3	Establish growth centers and industrial estates	750	352	48	12	0	1117	4.4	1
4	Entrepreneurial Development programmes.	360	336	150	50	19	915	3.66	4
5	Frequent arrangements of trade fairs of exhibition.	295	276	225	56	19	871	3.48	5
6	Liberal subsidiaries and grants of concessions.	530	352	102	44	0	1028	4.1	3
7	Low rate of interest for loan	125	124	168	118	78	613	2.45	8
8	Reduction in tariffs	140	276	123	88	69	696	2.7	7

Conclusions:

Today, in the era of competitive and dynamic market, it has become very difficult to survive for a small scale industry. This research would help to the Relevant Bodies like MSME, DIC, COINDIA, SIEMA, IPMA, CODISSIA and government Officials and policy makers in India to understand the various Challenges and problems of Pump manufacturers and their Export potential at Global level and need for technology up gradation etc.,

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