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Marketing Planning & Organization Structure in Small Scale Industries in India: A Case Study of Varanasi District

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Abstract:

The small scale industries (SSI) play a significant role in the economic development of the country by stimulating generating employment opportunities, Entrepreneurial skills, and contributing to export. In India, the industry has shown creditable progress in terms of employment, output, export etc. during the last decade. The progress has been entrapped because the industry faces a lot of problems like finance production, marketing, and personnel. In the present study, an endeavour has been made to determine the strategy being pursued for formulating marketing plans and pattern of their organisation structure by the entrepreneurs of small scale industries located in Varanasi district. The present study also examines the marketing problems of small-scale industries working in the district of Varanasi. The study opines that the marketing problems has arisen mainly due to cut throat competition from other industries, adoption of cost oriented pricing, lack of advertisement, non branded products etc. Due to The (COVID-19) global pandemic a lot of changes in marketing, advertising, and media spends, pressing businesses to thinking about current and future marketing and advertising to maintain a regular income. Whereas brands currently seek to strike the true tone during a global emergency, the future market alteration, increased demand and competition for creative and best marketing practices.

Keywords: Marketing planning, Organisational structures, SSI

INTRODUCTION:

Marketing Play main role in the economic development of a country. It acts as a multiplier of development. It mobilises latent economic energy, contributes to the rapid development of entrepreneurs and managers, and finally, makes possible economic integration and fuller utilization of whatever assets and productive capacity an economy already possesses. It also determines firm's commercial ability to prosper in a competitive environment, contributes to the development of a flourishing industrial society, revolutionises the life of people both as human beings and as

consumers and converts the limited human needs into unlimited wants and further to actual demand. In particular, the tempo of industrialization banks greatly on the advancement of marketing tools and techniques. The pace of the development of small scale industries also hinges on the soundness of marketing practices and policies. The techniques of marketing support in diversifying and widening the market by providing information, creating awareness, and impelling to action. The role played by the small scale industry in the economic activity of advanced industrialised countries is significant. Both developed and developing nations pull off that the SSI is a useful source for growth, for the creation of more employment opportunities on a wide scale in the shortest possible time. The SSI is a crucial contributor to the Indian economy. Based on official figures from the Ministry of MSME, 2008, this sector contributes 8% of National GDP, comprises 50% of India's total manufactured exports, 45% of India's total industrial employment and 95% of all industrial units. Despite numerous policy measures during the past four decades, Small scale units of India have mostly tiny, technologically weak and lacking in competitive strength. In spite of lack of competitive strength, SSI units in India could survive due to geographical market segmentation, policy protection, and product innovation.

SSI IN INDIA:

The definition of micro, small and medium enterprises is as under which The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Existing MSME Classification			
Criteria: Investment in Plant and Machinery			
Classification	Micro	Small	Medium
Manufacturing Enterprises	Investment <Rs. 25 lakh	Investment <Rs. 5 crore	Investment <Rs. 10 crore
Service Enterprises	Investment <Rs. 10 lakh	Investment <Rs. 2 crore	Investment <Rs. 5 crore

Above criteria were valid up to 30th June 2020. New criteria for classification of Micro, Small and Medium Enterprises – GAZETTE NOTIFICATION – 26th June, 2020 .The Government has always been in favour of providing benefits to Micro, Small and Medium Enterprises (MSMEs). There are many benefits of MSME registration in India, which can be only availed if the business had registered itself as an MSME/SSI under MSME Act. It is important to note that since last 14 years, the industry was waiting for definition change in MSME for quite a long time. As there was

fear among MSME that if they grow in terms of number, they might lose the title of being MSME and lose benefits of Government provided for MSME. Therefore, it was great news for everyone when a revision in MSME definition was announced in the Aatmanirbhar Bharat Package on 13th May, 2020. MSME will no longer have to worry that growing in number might make them ineligible to avail MSME benefits. The Government, in the Ministry of Micro, Small and Medium Enterprises has issued a notification number S.O.1702 (E), dated the 1st June, 2020, to make the change the MSME definition in accordance with Aatmanirbhar Bharat Package on 13th May, 2020. New definition and criterion have been notified and has come into effect from 1st July, 2020. As per said notification number S.O.1702 (E), dated the 1st June, 2020, the definition of Micro manufacturing and services units was increased to Rs. 1 Crore of investment and Rs. 5 Crore of turnover. The limit of small unit was increased to Rs. 10 Crore of investment and Rs 50 Crore of turnover. Similarly, the limit of medium unit was increased to Rs. 50 Crore of investment and Rs. 250 Crore of turnover. Earlier, MSMEs are classified in two categories, such as manufacturing and service enterprises. Now it has been removed both will be the same.

NEED OF THE STUDY:

The business environment has changed rapidly over the last two decades. Actually any country economic development mainly depends upon the establishment of industries. SSI sector comprises 95 per cent of the total industrial units in the country but the COVID-19 pandemic has led to an intense loss on human life worldwide and presents unprecedented challenges in SSI in Varanasi. It can be observe disruptive impact on both demand and supply side elements.

SCOPE OF THE STUDY:

The present study confined to SSI units in the Varanasi district.

The sample of the study consists of:

- Manufacturing and service units
- Having less than 80 SSI units

The present study focused on marketing planning, organisational structure of SSI.

OBJECTIVE OF THE STUDY:

The present research endeavour was mastermind with the following objectives.

- To examine the growth and working of small scale industries (SSI) in Varanasi
 - To analyze the strategy undertaken while formulating marketing plans & setting Organizational structure of small scale industries by the entrepreneurs ,
1. To offer suitable suggestions for removing the lacunas in their functioning.

HYPOTHESIS OF THE STUDY:

2. Marketing plan & strategy set by small entrepreneurs are unable to meet harsh competition of

the market.

3. Organisational structure set by small entrepreneurs is not so satisfactory for achieving its goals.
4. There is no change in the marketing position of SSI during last decade.
5. Government' financial assistance has no impact on working of SSI.
6. SSI has many obstacles regarding marketing strategies.

RESEARCH METHODOLOGY:

The study examines overall performance of the Marketing Planning & Organization structure of Small Scale Industries in Varanasi District of India in terms of Physical, financial, organizational structure and marketing planning.

Duration of the Study:

The present study covers the period of 12 years from 2005-06 to 2020-21, as adequate information and data is available for this period.

Sample Size:

There are 7033 registered SSI units which come under 16 prominent small scale industries located in Varanasi district. At the beginning of the study, a sample of 80 units belonging to the different categories has been taken to be study.

Sources of Data

The study is based on the primary data gathered through a well structured questionnaire. The primary data has supplemented with the secondary data tapped from DIC records, government statistical information, published and unpublished reports, news paper articles and from trade association etc. The facilities of central government publication and various journals with relevant information has utilised in fruitful way Websites of the various industries mainly websites of RBI played the key role, to collecting such types of data.

Tools & Technique of the study:

The data has been collected carefully and suitably classified, tabulated, analyzed and interpreted with the help of using appropriate statistical tools.

LIMITATION OF THE STUDY:

- The study conducted is limited in scope covers 80 units of small scale industries only.
- The geographical area of research covers only Varanasi district.
- Only 12 years data has been used to accomplish research.

SSI IN VARANASI:

Kashi or Banaras or Varanasi is one of the oldest cities among the world. It is full of art of

silk weaving which manifests itself in precious Banarasi Silk Sarees and Silk brocades which are welcome as collector's items across the world to Whenever we study the SSI to focusing to Varanasi district find that during 1984-85 total numbers of registered units were 7 which increased year wise and reached 681 during 2013-14. In the same manner during 1984-85 investment in SSI were 0.98crore and provided employment to 85 entrepreneurs which increased 63.88 crore and 4961entrepreneurs respectively during 2013-14.

If we study in details of existing micro & small enterprises and artisans units in the district Varanasi we may classified them as Paper & Paper products, Soda water, Ready-made garments & embroidery, Cotton textile, Wood/wooden based furniture, Engineering units, Leather based, Chemical/Chemical based; Rubber, Plastic & Petro based ,Mineral based , Jute & jute based, Metal based , ,Electrical machinery and transport equipment , and repairing and servicing etc.The total number of these classified units are 7033 and invested Rs.697.58 crore in SSI of Varanasi and provided employment to 37527 entrepreneurs from 1984-85 to 2013-14.

The main SSI are as follows:

S. No	Small scale Industries	Number of Units	Investments (Crore Rs.)	Employment
1	Agro based	237	23.30	906
2	Soda water			
3	Cotton textile	715	71.01	3151
4	Woollen, silk & artificial thread based clothes	1163	110.60	4926
5	Jute and jute based	75	3.50	390
6	Ready-made garments and embroidery	720	78.335	4601
7	Wood/wooden based furniture	585	51.06	3526
8	Paper and paper products	90	29.40	581
9	Leather based	55	15.30	206
10	Chemical/ Chemical based	580	38.30	3031
11	Rubber, Plastic and Petro based	90	28.55	861
12	Mineral based	360	23.20	2101

Source: Indian Institute of Managements Lucknow(2019),"District development plan,pp 23

The main LSI are the following-

S. No.	Large Scale Industries
1	M/s Bharat Heavy Electricals Limited, Tarna, Varanasi
2	M/s Gyan Mandal Mudralaya, Kabirchaura, Varanasi
3	M/s Diesel Locomotive Works, Varanasi
4	M/s Hindustan Lever Ltd, Shivdaspur, Varanasi
5	M/s Bhargav Bhusan Press, Trilochan Mahadev, Varanasi
6	M/s Bholanath Industries Ltd., G.T. Road, Kachchawan, Varanasi
7	M/s Shree Agro Oils Pvt. Ltd., Agro Park, Karkhiwan, Varanasi
8	M/s A to Z Waste Management,(Daffee)Varanasi

Source: Indian Institute of Managements Lucknow (2019), "District development plan, pp23

Gross District Domestic Product (GDP) ,(Varanasi base year 2011-12) (Constant Prices) (in Crore Rs.)

S No	Economic Activity	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	2	3	4	5	6	Projected GDDP				
A	PRIMARY	1461.21 {14.10 %}	1425.54 {11.60 %}	1574.83 {11.47 %}	1924.76 {12.66 %}	2118.85 {10.78 %}	2332.51 {11.87 %}	2637.69 {11.50 %}	2826.64 {12.65 %}	3111.68 {13.92}
B	SECONDA RY	2752.69 {26.56 %}	3222.37 {26.22 %}	3383.41 {24.64 %}	3793.83 {24.94 %}	4176.39 {24.15 %}	4597.54 {23.39 %}	5199.07 {22.60 %}	5571.50 {24.93 %}	6133.33 {27.44 %}
C	TERTIARY	6150.16 {59.34 %}	7641.29 {62.18 %}	8775.31 {63.90 %}	9490.29 {62.40 %}	10447.2 8 {60.42 %}	11500.7 7 {58.50 %}	13005.5 1 {56.70 %}	13937.1 5 {62.36 %}	15342.5 5 {68.15 %}
D	GROSS DISTRICT VALUE ADDED (At Basic Prices)	10364.0 6	12289.2 0 {18%}	13733.5 4 {11%}	15208.8 8 {10%}	17291.0 0 {13.69 %}	19658.1 8 {13.69 %}	22939.1 8 {13.69 %}	25409.1 2 {13.69 %}	29649.9 6 {16.69 %}

- * Row D represents the percent growth compared to previous year
- *Figures in bracket shows percentage of different sectors to gross district value added (at base price).
- Source: Indian Institute of Managements Lucknow (2019), "District development plan, pp 27

MARKETING PLANNING& ORGANIZATIONAL STRUCTURE OF SMALL SCALE INDUSTRIES:

The marketing plan is used as a framework for planning, structuring and budgeting marketing projects, so that data can be quickly gather and analyse on customers, target group , sales territories , and competitive activity using integrated analytical function. Since all are aware about the role of marketing plans and so is the case of entrepreneurs who are engaged in the small scale industries in Varanasi district. During the course of survey, The researcher has observed that the small scale industry follow conventional marketing plan, and hence less required training and understanding to devise effective ones .Moreover, none of the small scale industries units operating in Varanasi have a well written statement and carry out their activities taking into consideration certain factors like market condition, nature of demand, degree of competition, analysing their own strengths and weckness, availability and price of raw material etc. while deciding about the quality of products, its price ,the type of consumers who may purchase the products and the market where their product would be offered for sale. Apart from that, the entrepreneur engaged in the SSI rely more on short term marketing plans instead of depending upon long ones. Being small sized units here the entrepreneur easily adjust their production and marketing activities as compared to the medium size business entrepreneurs , like those in case of handlooms units , banarasi saree units, wood units zaree units which practice a flexible marketing plan and added advantage with medium enterprises.

CONCLUSION:

The above analysis shows that the SSI situated in Varanasi have been facing huge marketing problems. The greatest problem which these units face some years now is in the area of marketing plans which is not up to the mark. It encompasses a host of problems in assessing environmental situation, in establishing marketing objectives, in formulating product policies and practices, in designing pricing policies and strategies, in evolving effective distribution system and in developing persuasive promotional policies and programmes. Besides, whatever marketing strategy planning is evolved, it is not also implemented and controlled in an effective manner. It appears that the small-scale industries located in Varanasi are weak and inefficient not only in formulating marketing planning but also weak in the implementation and control of such a plan. It is thus obvious that the entrepreneurs running the small scale industries lack at least the expertise in the area of general management and the total quality management. Efficient and Effective management need leadership and administrative skills in planning, organising, staffing, directing and controlling the whole business operations.

Due to limited finance and inability to hire professional managerial personnel, it is tuff in the execution of various functions of management. The more number of SSI units are in sole

proprietorship organisations .It is very tuff to take fast decisions in all respects and implementing these decisions fastly because the sole proprietor is not a production oriented engineer as well as sales oriented merchant. He has no time to care other functions. Although, the more number of sole proprietors have low level of education and lacuna in managerial skill. They also do not have the qualities like business morality motivation, and sense of commitment. Therefore, the SSI units faces problem from dearth of efficient management and poor managerial skill .Thus, it is clear that SSI sector faces difficulties at all stage of their function, either it is buying materials for production, organising production, or selling products in the market. No surprise than that their products are small in quantity and unfair in quality. So, more targeted efforts, mainly in the area of marketing, are required on the part of the Entrepreneurs, Financial agencies ,Government, Promotional agencies so that the growth rate of small scale industries sector can be run faster further.

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