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PERFORMANCE, PROBLEMS AND PROSPECTS OF DALL MILLS IN KALABURAGI DISTRICT OF KARNATAKA STATE IN INDIA

Dr. Panduranga V*

Abstract

MSMEs (Micro Small and Medium Enterprises) are the engines of growth in emerging economies. Their contribution to employment, GDP and exports is vital. The scenario is the same in India. The majority of the industries in India are small and medium enterprises. There are many agro-based enterprises. The present study attempts to analyse the performance of Dall Mills operating in Kalaburagi (erstwhile Gulbarga) district; explore their problems, and find prospects for them. Kalaburagi district is known as the Tur Bowl of Karnataka, which is an agrarian state. Pulses are the major chunk of the crop. About 474 Dall Mills are operating in the district. The industry is seasonal in nature. Its performance is not satisfactory. These mills are facing various challenges and there are lots of prospects for the growth.

Key words: MSMEs, Dall, Performance.

Introduction

MSMEs are playing a vital role in the economic development of emerging economies. Indian MSMEs are making a considerable contribution to the GDP, exports and employment. Increasing service rendering MSMEs is a latest phenomenon in India. The sectors in which a considerable number of MSMEs operate in India are: textiles, ancillaries, food processing, fast moving consumer goods, stone mining, stone polishing, brick making, block making, repairs, advertising, hotels, restaurants and the like. The performance of MSMEs in India is not satisfactory. They are facing diverse problems. Important among them are lack of adequate finance, challenging market, inefficient manpower, expensive technology, uneven supply of raw materials, power shortage, and infrastructural issues. Various institutions set up by the Government of India, various state governments, industry associations, chambers etc. are striving their level best to promote the MSMEs by supporting them to face the emerging challenges.

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Assistant Professor of Commerce, Central University of Karnataka, Kadaganchi-585311, India.
Email: pvpatti@gmail.com

The Government has given tax incentives for MSMEs. Nowadays banks are lending to the MSME sector on a priority basis. There is a lot of potential for the growth the growth of MSMEs in India. This study focuses on the preference and problems of MSMEs in Kalaburgi (erstwhile Gulbarga) District.

Review of Literature

A brief review of relevant literature is dealt with in this section.

M.Rajesh and G.Vinayagamurthy (2013)[1] describe the significance and contributions of Small and Medium Enterprises in India, based on the secondary data sourced from the annual reports of Ministry of MSME. The role of SMEs in the industrial sector is growing rapidly and they have become a thrust area for future growth. The Indian market is growing and the Indian industry is making progress invarious industries like manufacturing, food processing, textile and garments, retail, precision engineering, information technology, pharmaceuticals, agro and service sectors. The SMEs are still hampered by the problems of finance, marketing and low quality. Taking into account the enormous potential of the small sector, the entrepreneurs and the policymakersmust act collectively to facilitate growth in this sector.

Asghar Afshar ahanshahi et al. (2011)[2] analyse the relationship between Government policy towards MSMEs and the growth of MSMEs of India. The Government of India since 1951 has encouraged and supported the SMEs through various policy initiatives. Since 2005, the Government of India has identified 3,000 SME clusters of artisan-specific, village and small enterprises in the country and has taken up 1,150 such clusters for intervention and improvement. Governments must adopt more horizontal structures for developing and implementing an integrated policy approach. The mix of policy options will depend on a number of factors, including the prevailing attitudes of the population towards entrepreneurship, the structure of the labour force, the size and role of Government, the prevalence of existing level of entrepreneurial activity and the existing MSMEs.

Sanjeev Kumar Srivastaw and Basudeb Sadhukhan (2013)[3] examine the role of MSMEs in the economic development of India as well as in the generation of employment. The annual growth rate in terms of economic development for MSMEs is around 5%. The

MSME sector in India is heterogeneous not only in terms production of goods and services, but also in terms of governance. Its products range from local handicrafts to high-tech industrial goods. Approximately 80.5% of MSMEs are managed by proprietary concerns and 16.8% units are functioning as partnership and private limited companies. The value addition by this sector to the manufacturing sector is around 40%. MSMEs not only play a crucial role in providing wider employment opportunities at comparatively lower capital cost but also help in industrialization of rural and backward areas, reducing regional imbalances and equitable distribution of income and wealth.

Nalla Bala Kalyan Kumar and Gugloth Sardar (2011)[4] highlight the role of MSMEs in the growth of economy. The performance analysis and sickness of Indian MSMEs during 1992-93 to 2008-09 forms the crux of the study. It is found that employment in MSMEs has shown an increasing trend. There is a continuous growth trend in production, export, and investments. Analysis of sickness of MSMEs is done. Various measures taken by the government and other institutional setup have been dealt with in detail.

Anish Sahapathi and Parul Khanna, (2011)[5] conducted an empirical research on SMEs in Gurgaon and Faridabad Districts of Haryana state .Twelve major SMEs sectors are identified, such as food processing, textile, sports goods, computer software etc. Haryana is manufacturing the largest number of mixer grinders and gas stoves in the country. It is exporting leather products, automobiles and tractors. The Gurgaon city has emerged as an IT hub. Apart from IT there are lots of automobile, steel, plywood and paper industries. Haryana is a hub for automobile industry in India. The SMEs in Faridabad are tyres, switch gears, power looms, durables etc. It is suggested to the government to tackle the issues of dumping.

M Krishna Murthy et al, (2012)[6] investigates the factors affecting the performance of SMEs in the manufacturing sector in Malaysia. He identified the factors affecting entrepreneurship namely, effective entrepreneurship, appropriate human resource management, use of marketing information and application of IT. Of these factors the use of marketing information has the strongest relationship in the performance of SME. Application of IT also is *found* to have a significant positive relationship with the

performance of SMEs. It is suggested that SMEs should react proactively in the application of the latest technologies and programmes. Additionally, the use of integrated marketing information and appropriate human resource might also have a consequential impact on SMEs' growth possibilities.

Objectives of the Study

1. To analyse the performance of Dall Mills in Kalaburagi District;
2. To find out the problems of Dall Mills in Kalaburagi District, and
3. To explore the prospects for Dall Mills in Kalaburagi District.

Data and Methodology

- **Type of Research:** Descriptive and exploratory
- **Data sources:** Primary and secondary. Primary data have been collected by administering a questionnaire survey of Dall mills in the year 2014.
- **Study population:** Dall mills located in Kalaburagi District.
- **Sampling frame:** List of Dall mills registered with DIC, Kalaburagi
- **Sampling method:** Snowball sampling
- **Sample size:** 91

Brief Profile of the Kalaburagi District

Kalaburagi(erstwhile Gulbarga) district is located in the south north east of Karnataka. The district headquarters are at Kalaburagi. The district has spread across 7 taluks, viz., Afzalpur, Aland, Chincholi, Chittapur, Kalaburgi, Jewargi, and Sedam. The distinct is predominantly agrarian, with a few industries. Gulbarga is known as the 'Tur Bowl of the Karnataka State' and has major concentration on cultivation of other kinds of pulses (Refer Table 1 for pulses cultivated in the district). Sugarcane and cotton are the other commercial crops in the district. Kalaburagi is one of the industrially backward districts of the state. There are 3 industrial areas and 3 industrial estates. There is a proposal to set up a Textile park.

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Table 1.Pulses Grown in Kalaburagi District at a Glance

Particulars	Tur	Bengal Gram	Black Gram	Green Gram	Total
Area under cultivation of pulses in the year 2013-14 (in Hectares)	3,69,536	1,53,027	40,904	35,950	5,99,417
Production of pulses in the year 2011-12 (in tonnes)	1,80,222	1,17,846	11,455	7,013	3,16,536
Yield in the year 2011-12 (Kgs. per Hectare)	512	743	399	337	-----
Seeds distributed in the year 2013-14 (in Quintals)	792	5506	319	166	6,783

Source: Compiled from the 'Kalaburagi District Statistics at a Glance'for the year 2013-14

The data presented in table 1 indicates that the Tur and Begal Gram are the major pulses under cultivation. Hence there is a lot of scope for dall milling.

Dall Mills in Kalaburagi District

Dall Mills are the major chunk of small industries in the Kalaburagi district. It is an agro based industry and seasonal in nature. These mills are processing Tur, Bengal Gram, Black Gram and Green Gram. Inputs are procured within the district and the output is sold throughout India.There are 474 Dall Mills in the district. Taluk-wise distribution of Dall Mills is presented in Table 2.

Table 2. Number of Dall Mills in Kalaburagi District

Taluka	Number of Dall Mills	Percent to total
Kalaburagi (Gulbarga)	432	91.14
Chittapur	26	5.49
Aland	6	1.27
Sedam	4	0.84
Afzalpur	4	0.84
Jewargi	2	0.42
Chincholi	Nil	Nil
	474	100

Source: Compiled from the Statistics of District Industries Centre, Kalaburgi, as on August 2014

The number of Dall Mills working in Kalaburagi district by taluka is presented in Table 2. More than 90 per cent of the Dall Mills are concentrated in Gulbarga Taluk. There is scope for setting up mills in other parts of the district.

Investment and Age of the Sample Units

Investment and Age of the firm play an important role in its performance. The sample units' age by investment in Plant and Machinery is given in Table 3. This Classification of MSMEs is as per the MSME Development Act, 2006. The classification of manufacturing units is as under:

1. Micro: Investment in Plant & Machinery Less than Rs. 25 lakh
2. Small: Investment in Plant & Machinery between Rs. 25 lakh and 5 crore
3. Medium: Investment in Plant & Machinery between Rs. 5 crore and 10 crore.

Table 3.Age of the Sample Dall Mills by Investment in Plant & Machinery

			Investment in Plant & Machinery*		Total
			Micro	Small	
Age of the Firm	Lest thru 5 years	Frequency	9	30	39
		Row percent	23.1%	76.9%	100.0%
		Column percent	45.0%	42.3%	42.9%
		Percent to total	9.9%	33.0%	42.9%
	6 - 10 years	Frequency	9	31	40
		Row percent	22.5%	77.5%	100.0%
		Column percent	45.0%	43.7%	44.0%
		Percent to total	9.9%	34.1%	44.0%
	11-15 years	Frequency	1	8	9
		Row percent	11.1%	88.9%	100.0%
		Column percent	5.0%	11.3%	9.9%
		Percent to total	1.1%	8.8%	9.9%
	Highest thru 15 years	Frequency	1	2	3
		Row percent	33.3%	66.7%	100.0%
		Column percent	5.0%	2.8%	3.3%
		Percent to total	1.1%	2.2%	3.3%
Total		Frequency	20	71	91
		Row percent	22.0%	78.0%	100.0%
		Column percent	100.0%	100.0%	100.0%
		Percent to total	22.0%	78.0%	100.0%

*Classification of MSMEs as per MSME Development Act, 2006.

The data presented in the above table indicates that there are only Micro and Small Dall mills in Gulbarga district. About 87 per cent of the firms are less than 10 years old; and of the small firms, 86 per cent of are less than 10 years old. It indicates that a lot of new firms

have invested more than rupees 25 lakhs in Plant & Machinery (i.e., Small firms). These firms are big in size and have installed automated machinery.

Production of Sample Mills

Production is one of the important factors to analyse the performance. All the firms are producing Tur Dall, Bengal Gram Dall, Black Gram Dall and Green Gram Dall. Production data of the sample mills is given in Tables 4 and 5.

Table 4. Descriptive Statistics of Production in Sample Units (Production in tonnes)

Production		N	Mean	Std. Deviation
2009-10	Micro		396.92	405.57335
	Small		394.24	447.84247
	Total		394.77	436.82811
2010-11	Micro		375.31	406.79015
	Small		451.77	510.74447
	Total		436.08	489.75189
2011-12	Micro		584.37	935.48717
	Small		503.71	632.36077
	Total		519.85	697.21655
2012-13	Micro		412.63	412.79659
	Small		478.27	556.92321
	Total		464.10	527.65508
2013-14	Micro		610.50	855.59751
	Small		532.66	643.00320
	Total		549.76	690.77377

It can be inferred from the above table that the production of micro firms is greater than of the small firms. All these micro firms are relatively old, and they have good market for their product. The small firms are relatively new in the industry and their production is increasing year by year. The standard deviation analysis indicates a greater deviation of production from mean production.

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Table 5. One-way ANOVA Results of Production in Sample Units

		Sum of Squ:	df	Mean Square	F	Sig.
Production 2009-10	Between Groups	74.857	1	74.857	.000	.984
	Within Groups	12403146.734	64	193799.168		
	Total	12403221.591	65			
Production 2010-11	Between Groups	74354.096	1	74354.096	.307	.581
	Within Groups	18394628.276	76	242034.583		
	Total	18468982.372	77			
Production 2011-12	Between Groups	83269.513	1	83269.513	.169	.682
	Within Groups	38319492.688	78	491275.547		
	Total	38402762.200	79			
Production 2012-13	Between Groups	64195.890	1	64195.890	.229	.634
	Within Groups	24158334.189	86	280910.863		
	Total	24222530.080	87			
Production 2013-14	Between Groups	94543.267	1	94543.267	.196	.659
	Within Groups	42850612.887	89	481467.561		
	Total	42945156.154	90			

The results of one way ANOVA to test the effect of Investment in Plant & Machinery on production level in five years of duration from 2009 to 2014. The results indicate there is a no significant effect of investment in Plant & Machinery on production level in all the five years of duration at 5 % level of significance.

Sales

Sales is a key variable to measure the performance of any business unit. Sales of the sample Dall Mills are given below.

Table 6.Descriptive Statistics of Sales in Lakhs Rupees

Year	Size	N	Mean	Std. Deviation
2009-10	Micro	13	250.5385	272.18426
	Small	53	210.7358	234.54647
	Total	66	218.5758	240.70972
2010-11	Micro	16	243.7500	275.69899
	Small	62	257.9032	285.31028
	Total	78	255.0000	281.65135
2011-12	Micro	16	259.5000	272.56559
	Small	64	284.5938	322.96934
	Total	80	279.5750	312.07593
2012-13	Micro	19	305.6316	311.47948
	Small	69	332.4203	384.75013
	Total	88	326.6364	368.64559
2013-14	Micro	20	347.2500	330.81890
	Small	71	357.2535	405.19638
	Total	91	355.0549	388.35595

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It can be inferred from table that the sales of micro firms are more than of the small firms. All these micro firms are relatively old, and they have a good market share. Small firms are relatively new in the industry and their sales is increasing year by year.

Table 7. One-way ANOVA Results for Sales of Micro and Small Enterprises

		Sum of Squares	df	Mean Square	F	Sig.
2009-10	Between Groups	16538.589	1	16538.589	.282	.597
	Within Groups	3749637.533	64	58588.086		
	Total	3766176.121	65			
2010-11	Between Groups	2547.581	1	2547.581	.032	.859
	Within Groups	6105668.419	76	80337.742		
	Total	6108216.000	77			
2011-12	Between Groups	8060.113	1	8060.113	.082	.776
	Within Groups	7685859.438	78	98536.659		
	Total	7693919.550	79			
2012-13	Between Groups	10691.131	1	10691.131	.078	.781
	Within Groups	11812571.233	86	137355.479		
	Total	11823262.364	87			
2013-14	Between Groups	1561.539	1	1561.539	.010	.920
	Within Groups	13572269.187	89	152497.407		
	Total	13573830.725	90			

Machinery on sales in the five years of duration from 2009 to 2014. The results indicate there is no significant effect of investment in Plant & Machinery on sales in all the five years of duration at 5 % level of significance.

Profit Margin

Business entities operate with an intention of making profit. The comparison of gross margin at present and three years ago of select units is portrayed in Table 8.

Table 8.Descriptive statistics for Gross Margin Three Years Ago and at Present

		Mean	N		Std. Deviation
Pair 1	Gross Margin Three Years Ago	6.15		91	4.568
	Gross Margin at Present	3.62		91	3.572

It can be inferred from the paired sample statistics shown in Table 8 that the gross margin has gone down by 41 per cent in the three years. It is due to increasing competition in the industry.

Problems of Dall Mills

Each and every industry suffers from some problems. The important problems that the sample units are facing are presented in Table 9 – 11.

Table 9. Problems associated with Production

N = 91

Nature of problem	Frequency	Per cent
Power shortage	86	94.5
Weather conditions	74	81.3
Fluctuating supply of tur	72	79.1

The major production issue of Dall Mills in the Gulbarga district is power shortage. Weather conditions and fluctuating supply of tur are beyond the control of mills and the government.

Table 10. Manpower Issues

N = 91

Nature of problem	Frequency	Per cent
High labour turnover	90	98.9
Increasing labour cost	89	97.8
Shortage of labour	79	86.8
Low efficiency	33	36.3

Marketing is a tough task, but it is a must for the survival of any business. The data portrayed in Table 11 shows that competition is very high in the industry. Fluctuating prices is a key concern for Dall Mills.

SWOT Analysis

SWOT analysis gives a glimpse of the industry, which is quite useful for strategic decision making. An effort has been made in the study to elicit the strengths, weaknesses, opportunities and threats of sample units, and their responses are tabulated in Table 12.

Table 12. SWOT Analysis

Strengths	Frequency	%	Weaknesses	Frequency	%
High quality Dall	82	90.1	Absolute technology	27	29.7
Brand image	75	82.4	Small size	20	22.0
Meeting delivery schedule	28	30.8			
Skilled labour	8	8.8			
Opportunities	**Frequency**	**%**	**Thetas**	**Frequency**	**%**
Increasing demand	76	83.5	Increasing Competition	74	81.3
Scope for diversification	17	18.7	Government policies	46	50.5
Export Potential	19	20.9			

Suggestions

- Pulses are cultivated throughout the district. But more than 90 per cent of the Dall Mills are located in the Kalaburagi Taluk. There is a lot of scope to set up Dall mills in other taluk headquarters of the district.
- Majority of the Dall Mills are not branding their products. It is advised to brand their products and sell their output under a brand name.
- There is huge scope for retail sales in the local market. Majority of the Dall Mills are selling the Dall in 50kg bags. Only two Dall mills are selling the Dall in packets of 5 kgs, 10 kgs, and 25 kgs. under their brand name. There is a lot of scope to increase the sales by concentrating on retail market.
- Small industries are finding it very difficult to get efficient administrative staff. In the case of Dall industries it is quiet true, as this is a seasonal industry. Some of the IT companies have developed Mini ERP targeting SMEs at affordable price. The Dall industries in the district can get the benefit of these products to aid their management with less manpower.
- Nowadays there is a lot of demand for organic food products. Awareness should be created among the farmers to cultivate pulses under organic farming. Organic farming is profitable.

Conclusion

Gulbarga District is known as "Tur Bowl of the Karnataka State". A lot of area is under cultivation of pulses. Dall mills constitute a major chunk of micro and small industries in the district. Majority of the Dall Mills are concentrated in the Kalaburagi district. Newly established mills have set up automated machinery. Power shortage, scarcity of manpower and increasing competition are the major problems for the Dall Mills. There is a huge potential for the growth of these mills. They are expecting government support in terms of concessions, reliable supply of power at a reasonable price and the like.

End Notes

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