

## **MARKET SURVEY & OPPORTUNITY IDENTIFICATION :-**

Any unit in which the total investment on the m/c's, plants and equipment does not exceed Rs. One crore whether held on ownership Basis or by higher purchase basis will be qualified for the small scale industrial unit

### **Characteristics of small scale industries:-**

#### **1. Highly personalized character :-**

In SSI the owner himself is generally the manager, therefore these industries are generally managed in personalized manner. The owner has first hand knowledge of whatever is going on the business .he activity participates in all the aspect of Business decisions making

#### **2. Labour intensive :-**

SSI are generally labour intensive where the group of people are involved to fulfill a particular task

#### **3. Local resources :-**

SSI Uses a local resources and have a simple organization

### **Steps for starting SSI:-**

#### **+ Selection of products :-**

Selection of product is the most important decision before setting SSI. This decision must be then after taking into a count personal choice of entrepreneur ,financial resources, managerial skills, technical feasibility market demand for this product must be analyzed before taking the final decision. Guidance or a support in this regard May be sought or find from the different authorities like SISI of a NSIC etc the following steps are helpful in the product identification

- i) Conduct Market survey and study the product in regard of their demand in the Market
- ii) Study the similar product in the market that can be probable competitor, analyze them in respect of their cost, quality and utility
- iii) Find whether the product can be exported
- iv) Experience in the line should be considered
- v) Possibility of demand increase in future also be considered

#### **+ Preparation of project report :-**

In this report entrepreneur has to give the details about the product, plant and machinery, lost of production, sale, profits and the economic physibility of the product

#### **+ Location of the industry :-**

One can purchase land or through the state industry development CO-operation who construct development industrial plots for the SSI

An entrepreneur should consider these factor before choosing the location of his enterprise

- a) Nearness to the source of raw material
- b) Nearness to the Market
- c) Availability of land at cheap rates
- d) Availability of skilled labour
- e) Lost of labour in the asia
- f) Availability of transport and communication facilities

g) Availability of power, water waste disposal and other essential service climate and environmental factor

**+ Registration of industry with the suitable authorities :-**

Registration of SSI is done in two stages -1. Provisional 2. Permanent

A Provisional registration is done before the unit is setup and the permanent registration is issued when the unit goes into production

**+ Arranging Finance :-**

After the selection of industry, product and project. The next step for entrepreneur is to decide amount of investment required in the project it depends upon nature of technology and the size of project

**+ Obtaining power and water collection :-**

An entrepreneur has to arrange these before setting a small scale unit these are available on the priority basis to the small entrepreneur one has to contact electricity board or munciple co-operation or a local bodies for this purpose

**+ Arranging machinery and equipment :-**

NSIC and the other state small industry CO-operation helps In equiring the machinery and equipment on the higher purchase basis

**+ Arranging the raw material :-**

Without Raw material no production can begin SSIR sometimes based on local available raw material and local skills .there are some import policy with supply the raw material to the small scale unit in a short time

**+ Recruitment of staff :-**

Recruitment and training of skilled and unskilled worker where ever necessary should be considered

**+ Starting the production :-**

A schedule of production should be drawn according to demand and order or product in hand

**+ Quality control and testing :-**

Point should be considered because the success of failure of the product depend it's quality. Therefore material should be produced according to the specification and standard of national laboratories and testing centre

**+ Marketing the product :-**

Marketing is the activity to providing the link between customer and labour this activities involve flow of information for customer to producer so this relationship entirely depend upon accuracy and marketing

**+ Export of promotion opportunity :-** To expand the business outside the geographical boundaries. It is better to explore and export promotion opportunity of the market

**# Procedure For Registration For SSI :-**

Registration OF SSI is optional and not compulsory however the registration with DIC helps in getting the assistance from the govt. To the registration of small scale unit is done in 2 Stage

1. Provisional registration

2. Permanent

1) Both provisional and permanent are got done by applying on application form of SSI available with DIC. The provisional registration is temporary type of registration Given initially the period of 2 year and can be renewed Maximum twice for the next each year

One can apply for provisional Registration even when he is planning to setup the unit. The application for the extension should be made with in time otherwise registration will be canceled

The application for the registration of small scale unit should be submitted to the general manager of DIC allowing with following document :-

i) Application in the prescribed form fully filled and signed by owner or the partners

ii) The passport size of photograph of the owner or the partners

iii) ID proof of owner or the partner

iv) Photocopy of partnership deal is required if the industry is partnership based

This registration helps the enterpreneur in following ways :-

- An enterpreneur can apply for financial assistance in SFC, from the commercial bank

- Apply for industrial plot in the industrial area masked by district authorities

- Apply of power and water connection

- Apply of sale tax number
- To apply to NSIC for purchasing the m/c and equipment
- Apply to munciple co-operation and the outer local authorities for permission to construct the Shell to establish a unit
- Any other export or Import license for the goods and raw material

## **2) Provisional registration :-**

When the entrepreneur has taken all the step to establish the unit that is factory building is ready, power connection is obtained and the licenses from munciple co-operation is obtain one can apply for permanent registration

Application for the permanent registration along with following document must be submitted to the general manager of DIC

1. Rent reciept or NOC from landlord or the photocopy of house tax service in name of small scale unit
2. Documentary proof of power installation or the proof of power bill
3. Photocopy of Business issued by muncipal co-operation
4. Documentary proof of plant and machinery are In working condition
5. If few copies of purchase and sale bill
6. Photocopy of purchase of raw material
7. Photocopy of partnership deal
8. Photocopy of approved scheme and the project scheme

## **# Condition of Registration :-**

- Unit remains closed continuously for more then one year
- Unit has mis utilized the raw material allocated to it
- The unit fails or avoids to give the full and true information acquired by registering authority from time to time

## **# List of items reserved for exclusive manufacture in SSI:-**

- \* man-made fibers
- \* Chemical
- \* Die stuff
- \* Electrical
- \* Thermoplastic product
- \* Leather and products
- \* Paper product
- \* Rubber products
- \* Wood products
- \* Organic chemical and products

## **# Accessment of demand and supply in the potential area of growth (sales forecasting):-**

Entrepreneur is required to know the demand of product likely to be manufactured. He must know the estimate of sale of the industry in the future all the manufacturing unit are based on sales forecast. The forecast

helps the management in determining as to how much will be the turn over, how much to manufacture and what shall be the requirement of men, m/c and at equipment

#### **# Importance of assessment of demand and supply :-**

- It helps to determine production volume considering availability of facilities like equipment, capital, man power
- it helps in taking decisions about plant expansion and changes in the production schedule
- It facilitates in deciding the extend of advertising
- sale forecast helps in preparing production and purchasing schedule

#### **# Factor for sales forecasting :-**

##### **+ Competition :-**

To process demand is the main factor to know about the existing and new competitor. Quality of their products and sales of their products

##### **+ Changes of technology :-**

With the advancement of technology new products are coming in market the liking of customers are changing with advancement of technology so this factor must be considered

##### **+ Govt. Policy :-**

Depending upon govt. Policies and rules the sale is product affected demand of product also depends upon the factor wheather the govt. Is buyer of that production

##### **+ Factor related to concern itself :-**

These factor are related to change In price due to change in expenditure methods used for forecasting the demand

##### **@ Method used for forecasting the demand:-**

##### **+ Customers views:-**

This is the most direct method for making for casting for short time in which customers are asked but they are thinking to buy a product in future. In this method every thing depends upon customers view

##### **+ Sales man opinion :-**

The forecasting depends on sales man estimation for their respective area. As the salesman are closest to customers. They can estimate more properly about the customer reaction about the product and their future requirement

##### **+ Projection in post :-**

In this method some Data are collected from past and on the basis of this data sales of future prediction

#### **# Understanding the opportunity of the business :-**

The entrepreneur has to collect necessary resources to convert the opportunity into a successful project. An entrepreneur is expected to be an expert in searching and analysing Business opportunity

When some one starts a new business activity he needs guidelines on the various points. He has to contact various person and collect a lot of information. He has to meet entrepreneur in different lines of Business to know their project and activities. Entrepreneur has to ensure two thing:-

- i) There must be good demand for the product he is going to design he should analyse the gap between the demand supply of production
- ii) There must be good return on the investment the rate of return must be higher in comparison to the alternative

If the rate of return on the investment is not attractive. The entrepreneur should not go ahead to explore the opportunity even if there is good scope of products. The return should be good so that entrepreneur will be able to recover entire part of the product

#### **# Concentration in product selection :-**

- \* Product is such that for which there is already more demand then the existing supply in the Market
  - \* The product is such that which can succesfully complete with existing similar product in the Market due to it's improve design
  - \* Product should satisfied a presently unserved need.
- Following factor must be considered in product selection

##### **- Present Market :-**

The size of presently available market is a main factor In the product selection estimates of the number of customers and their expected capacity to consume gives the sales estimates of the product

##### **- Cost :-**

Cost of production and distribution must permit and acceptable profit when the product is priced competatively

##### **- Risk:-**

The possible risks are the technological risk, competition, market stability, quality and reliability risks toward the product the risks should be analysed

##### **- Availability of main production factor:-**

Production factors such as raw material, water, fuel should be examine to ensure there solubility

#### **# Data collecting for setting a SSI :-**

During the starting stage of the project planning a new enterpreneur needs a lot of information on the various aspects of a proposed projects

The data to be collected for setting a new business activity May be classified into following ways :-

##### **i) Raw material data :-**

- Name of the major suppliers of the raw material
- Material to be imported
- Prices and availability of raw material
- Is there any alternative raw material which can be used

**ii) Machinery and equipment data :-**

- who are the manufactures or supplies of the machinery needed for project
- what are the specification in different branch of machineries available in the market
- Wheather the spare parts of machinery are easily available
- What is the normal maintaince and repair cost
- Wheather special type of transport and handling will be required

**iii) Market data :-**

collect the Data from the existing manufactures or the competitor of the proposed products regards the following aspects

- a) range of data
- b) Prices of the product
- c) their plan for expansion
- \* Collect the following data from the suppliers from the proposed product
  - a) Existing suppliers of the proposed product
  - b) their terms of Business and comession
  - c) Are they dealing in the other product also
  - d) Market area and the annual turn over of the suppliers
- iii) Collect the following data regarding the consumer :-
  - a) what are the present sources of supply
  - b) Weather the customer is satisfied with the present product
  - c) What are the preference of customers in case of your product.

**iv) Financial data :-**

- a) approximate financial requirements of the proposed unit
- b) Effective or current rate of interest on the loan and and the capital offered by the different financial institutions

**v) Personal data :-**

- a) Total man power needed for proposed unit
- b) Category wise requirements of the man power and their qualifications and skills required
- c) What are the current wages and salary rate

**Vi) General data :-**

- a) Is there a possibility of getting a shed all rent in the industrial rate. What are the current rates in industrial rates
- b) Possibility of getting an industrial plot in the area identified for the project and the cost of same
- c) Electric power supply position in the area identified for the proposed project