

CHAPTER - VI

FUNCTIONING OF THE UNIT

1. INTRODUCTION

The present chapter deals with type of industries, registration of the units, age of the entrepreneurs when he started the enterprise, reasons for entering in industry, factors for selecting small scale unit, factors for encouragement of entrepreneurship, assistance of Governmental agencies and banks, difficulties at the time of establishment, type of industry, production, ownership of the unit, production supervision, utilization of installed capacity, profit/loss of the unit, success from the point of production and investment, type of industry and turnover, investment and yearly turnover, difficulties at present and future plans, etc.

2. REGISTRATION OF THE UNITS

The unit under the study were registered to the 'District Industries Centre' with first unit as 11/13 - 02384/PMT/SSI/3-1-1981, to the 102nd unit as 11/13-02485/PMT/SSI/30-12-81. Thus all the units covered under the study were registered in 1981. The year 1981 was selected so as see the proper functioning of the units and whether these have been successful in their production and profit under the investment.

3. AGE AT THE TIME OF STARTING OF ENTERPRISE

The question was asked the entrepreneurs regarding age when they started the enterprise. The details of data shows that 7 (16.27 %) entrepreneurs started their units in the age group of 20 to 25 and 18 (41.87 %) entrepreneurs started their units at the age group of 26 to 30. Thus the majority of entrepreneurs have started their units while they were in the age group of 20 to 30. The remaining 18 (41.87 %) entrepreneurs started their units while they were in the age group of 31 to 50.

4. REASONS FOR ENTERING INDUSTRY

The question was asked to the entrepreneurs about what were the factors responsible for entering into the industry. The details in this connection are presented in Table 6.1.

The Table 6.1 indicates that, the large proportion of the entrepreneurs 19 (44.19 %) have entered into industry as their family was in industry or some individuals from their family were in industry and they consider industry as superior. Apart from these some entrepreneurs have reported the above mentioned reasons and also that they expected profits from the industry. The remaining reasons shows the motive of entrepreneurs in starting their units.

5. FACTORS FOR SELECTING SMALL SCALE UNITS

The entrepreneurs have started their small scale units in Kolhapur district. There are various factors for selecting small scale units. The details in this connection are presented in Table 6.2.

TABLE 6.1

REASONS FOR ENTERING INDUSTRY

Reasons for entering industry	No. & Percentage of the entrepreneurs
Family/Individual in industry	6 (13.95 %)
Poor prospect for trade	2 (4.65 %)
Industry superior	4 (9.30 %)
Government Policy	1 (2.32 %)
Family/Individual in industry + Industry Superior	13 (30.23 %)
Family/Individual in industry + Expected Profit	1 (2.32 %)
Family/Individual in industry + Accidental	1 (2.32 %)
Expected Profit + Industry Superior	3 (6.97 %)
Family/Individual in industry + Government Policy	1 (2.32 %)
Family/Individual ⁱⁿ industry + Expected Profit + Industry Superior	9 (20.94 %)
Expected Profit + Industry Superior + Government Policy	1 (2.32 %)
Industry Superior + Others	1 (2.32 %)
Total :	43 (99.95 %)

TABLE 6.2

FACTORS FOR SELECTING SMALL SCALE UNIT

Factors for selecting small scale units	No. & Percentage of the entrepreneurs
Government encouragement	3 (6.97 %)
Availability of Capital	2 (4.65 %)
Availability of market for production	17 (39.55 %)
Government encouragement + Availability of Capital	5 (6.97 %)
Government encouragement + Availability of market for production	6 (13.95 %)
Limited risk + Availability of capital	2 (4.65 %)
Easy to start + Availability of market for Production	3 (6.97 %)
Availability of capital and market for production	7 (16.27 %)
Total	43 (99.98 %)

The table shows that, the availability of market for production from the small scale unit, is the dominant factor for the selecting small scale unit. The government encouragement, availability of capital and limited risk are the other factors which have been pointed out by the entrepreneurs for the selecting small scale unit.

6. FACTORS FOR ENCOURAGEMENT OF ENTREPRENEURSHIP

The question was asked, what were the factors which

encourage the entrepreneurs to establish industrial units.

The details in this connection are presented in Table 6.3.

TABLE 6.3

FACTORS FOR ENCOURAGEMENT OF ENTREPRENEURSHIP

Factors for encouragement of entrepreneurship		No. & Percentage of the entrepreneurs
Social	...	1 (2.32 %)
Financial	...	5 (11.63 %)
Psychological	...	32 (74.42 %)
Financial + Psychological	...	2 (4.65 %)
Financial + Political	...	2 (4.65 %)
Psychological + Political	...	1 (2.32 %)
Total	...	43 (99.99 %)

The data shows, that in the case of majority of entrepreneurs, psychological factor has been mainly responsible for encouraging the entrepreneurs who establish their industrial units. Apart from this, the financial factor was also responsible for encouraging the entrepreneurs to establish their units. Few entrepreneurs have indicated social and political factor in this regard.

7. ASSISTANCE OF GOVERNMENTAL AGENCIES AND BANKS

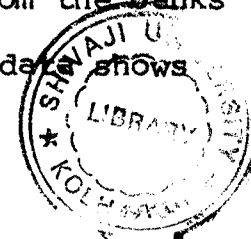
The financial assistance is needed to the establish small scale industrial units. The question was asked regarding the financial assistance and details on this aspect are presented in Table 6.4.

TABLE 6.4

ASSISTANCE OF GOVERNMENT AGENCIES AND BANKS

Assistance of government agencies and banks	No. & Percentage of the entrepreneurs
No Assistance	8 (18.61 %)
Government Institution	4 (9.30 %)
State Bank of India	15 (34.88 %)
Bank of Maharashtra	1 (2.32 %)
Bank of Baroda	1 (2.32 %)
Dena Bank	3 (6.97 %)
Maratha Co-operative Bank	1 (2.32 %)
The Ichalkaranji Co-operative Bank	1 (2.32 %)
Janata Sahakari Bank	4 (9.30 %)
Nutan Nagari Sahakari Bank	1 (2.32 %)
Government Institution + Banks	4 (9.30 %)
Total	43 (99.96 %)

The table indicates that, the larger proportion of entrepreneurs have received financial assistance from the banks and particularly from the State Bank of India. The data shows



that, nationalized banks, co-operative banks and Government Institutions have assisted the entrepreneurs to establish their units in Kolhapur District.

Apart from financial assistance, the educational institutions like I.T.I. have assisted to the entrepreneurs for the functioning of the units. The entrepreneurs of these units employed the students who have completed their I.T.I. courses under the Apprentice Scheme.

8. DIFFICULTIES AT THE TIME OF UNIT ESTABLISHMENT

The data were collected on the basis of difficulties at the time of unit establishment. The details are presented in Table 6.5.

The Table 6.5 indicates that, the most of the entrepreneurs difficulties were financial, financial + workers, financial + location, financial + raw material, raw material and others. The important feature of table is that, no entrepreneur had difficulties of management and marketing. In the same way only one entrepreneur out of 43 had no difficulties at the time of establishment of unit.

Thus generally, every entrepreneurs have faced more difficulties when they established their units.

9. TYPE OF INDUSTRY

The majority of entrepreneurs 30 (69.76 %) had engineering industries. Some entrepreneurs 4 (9.30 %) had the chemical and other industries 2 (4.65 %) entrepreneurs had

TABLE 6.5

DIFFICULTIES AT THE TIME OF ESTABLISHMENT

Difficulties at the time of establishment		No. & Percentage of entrepreneurs
No Difficulties	..	1 (2.32 %)
Financial	..	11 (25.59 %)
Location	..	2 (4.65 %)
Raw Material	..	4 (9.30 %)
Planning	..	1 (2.32 %)
Workers	..	2 (4.65 %)
Financial + Location	..	4 (9.30 %)
Financial + Raw Material	..	4 (9.30 %)
Financial + Workers	..	6 (13.95 %)
Location + Raw Materials	..	1 (2.32 %)
Location + Marketing	..	1 (2.32 %)
Location + Management	..	1 (2.32 %)
Location + Workers	..	1 (2.32 %)
Raw Materials + Workers	..	2 (4.65 %)
Marketing + Workers	..	1 (2.32 %)
Financial + Raw Materials + Workers		1 (2.32 %)
Total	..	43 (99.95 %)

the wooden and printing industries and only one had the plastic industry.

When the data were analyzed on the basis of caste and type of industry, it showed that, in case of Hindu-Maratha, Brahman, Sutar, Lingayat, Dhangar, Sali, Kosti, Bhangl, Muslim-Sunni, Jain- Chaturth all the entrepreneurs had engineering industries. Hindu-Patel had the wooden industry and Hindu-Shimpi, Muslim-Siya, Jain-Gujurathi had the chemical industries. In case of some entrepreneurs from Hindu-Maratha, Kachhiloham, Jain-Pancham castes, they had the engineering, plastic, chemical, printing and other industries also.

Most of entrepreneurs previous occupation was employment in industry. In Kolhapur district there is a background for production of crushers, agricultural implements, oil engines, etc. Thus people worked in these types of units and therefore there were more number of engineering units.

10. PRODUCTION

The information was collected regarding the entrepreneurs production, what was the type of production ? The data on this aspect are presented in the Table 6.6.

The Table 6.6 indicates that, the higher proportion of entrepreneurs were producing new production. It also shows that, the some entrepreneurs productions were new and improved production. Some entrepreneurs were having imitational production. There were some entrepreneurs who had only improvement production.

TABLE 6.6

PRODUCTION IN UNITS

Production	No. & Percentage of entrepreneurs
New	18 (41.86 %)
Imitation	6 (13.95 %)
Improvement	3 (6.97 %)
New + Imitation	4 (9.30 %)
New + Improvement	12 (27.90 %)
Total	43 (99.98 %)

Thus the entrepreneurs in Kolhapur District were mainly having new and new + improvement productions.

11. OWNERSHIP OF THE UNIT

The question was asked to the entrepreneurs regarding the ownership of the units. The data shows that, majority of the units 30 (69.76 %) were of proprietary nature. In the remaining units, 7 (16.27 %) entrepreneurs had partners from their own family whereas 6 (13.95 %) entrepreneurs had partners from outside the family. Thus the trend is to have the proprietary industrial units in Kolhapur District.

12. PRODUCTION SUPERVISION

The data about production supervision indicates that, the majority of entrepreneurs 27 (62.79 %) themselves were

were doing this work. It also indicates that, some of entrepreneurs were having a production supervision by themselves and family members 7 (16.27 %). In case of some entrepreneurs 4 (9.30 %) production supervision was by hired manager and family members also. Few entrepreneurs 2 (4.65 %) were having production supervision by themselves and hired manager. As most of the units were small scale, the entrepreneurs were able to supervise production themselves or by their family members.

13. UTILIZATION OF INSTALLED CAPACITY

The data was collected on the basis of utilization of installed capacity. The details are presented in the Table 6.7.

TABLE 6.7

UTILIZATION OF INSTALLED CAPACITY

Capacity Utilization in Percentage	No. & Percentage of Entrepreneurs
Upto 25 %	1 (2.32 %)
26 % to 50 %	4 (9.30 %)
51 % to 75 %	15 (34.88 %)
76 % to 100 %	23 (53.48 %)
Total	43 (99.98 %)

The data indicates that, majority of the units were having capacity utilization of 76 to 100 percent. Again 1/3 of the units had capacity utilization of 51 to 75 percent. Only 5 units had less than 50 percent utilization of their installed capacity.

The data shows that, the capacity utilization was having better proportion in the industries covered under the study. Most of the units were well established and therefore, utilization of installed capacity was good.

14. PROFIT/LOSS OF THE UNIT

The question was asked to the entrepreneurs whether their unit was in profit or in loss. The details shows that, the majority of the units 41 (95.35 %) were earning profits whereas the remaining 2 (4.65 %) units were having loss.

15. SUCCESS FROM POINT OF VIEW PRODUCTION

The data indicates that, nearly one half of entrepreneurs 21 (48.83 %) were having success from the point of view production. Some entrepreneurs 9 (20.93 %) reported very successful from the point of view production. Besides these, in case of some entrepreneurs 6 (13.95 %) had partial success and some 7 (16.27 %) had no success from the point of view production.

16. SUCCESS FROM POINT OF VIEW INVESTMENT

The data shows that, the majority of entrepreneurs 23 (53.48 %) had success from the point of view investment. In case of some entrepreneurs 9 (20.93 %), it was a very successful from point of view investment. Besides these, in case of some entrepreneurs 5 (11.62 %), it was partial success and some had 6 (13.95 %) no success from the point of view investment.

17. TYPE OF INDUSTRY AND TURNOVER

The information was collected on the basis of type of industry and its yearly turnover. The data on this aspect are presented in the Table 6.8.

TABLE 6.8

TYPE OF INDUSTRY AND TURNOVER

Type of Industry	Upto Rs.2 Lakhs	Rs.2.1 Lakhs to Rs.4 Lakhs	Rs.4.1 Lakhs and above	Total
Engineering	19 (63.33 %)	2 (6.66 %)	9 (29.98 %)	30
Plastic	1 (100 %)	-	-	1
Wooden	-	-	2 (100 %)	2
Chemical	4 (100 %)	-	-	4
Printing	2 (100 %)	-	-	2
Others	-	2 (50 %)	2 (50 %)	4
Total	26 (60.45 %)	4 (9.30 %)	13 (30.22 %)	43

The table indicates that, majority of entrepreneurs were having turnover upto Rs.2 Lakhs. It also indicates that, some of the entrepreneurs were having turnover of more than Rs.4 Lakhs and only few entrepreneurs were having turnover of Rs.2 lakhs to Rs.4 lakhs. Further, when the data were analyzed on the basis of type of industry and turnover, it showed that, in case of engineering, plastic, chemical, and printing industries have turnover upto Rs.2 lakhs. The wooden industries have turnover of above Rs.4 lakhs. Besides these, in case of

engineering and other industries, were having the turnover of Rs.2 lakhs to 4 lakhs and above.

18. INVESTMENT AND YEARLY TURNOVER

The success of industrial units measured by the investment and its yearly turnover. The relation between the investment and yearly turnover is presented in the Table 6.9.

TABLE 6.9

INVESTMENT AND YEARLY TURNOVER

Investment	:Upto :Rs.2 lakhs :	:2.1 lakhs: :to Rs.4 :lakhs	:Rs.4.1 : lakhs & : above	: Total
Upto Rs. 50,000	6 (100 %)	-	-	6
Rs.51,000 to Rs.1 lakh	8 (88.88 %)	1 (11.11 %)	-	9
Rs.1.1 lakhs to Rs.2 lakhs	9 (69.39 %)	3	1 (7.69 %)	13
Rs.2.1 lakhs to Rs.3 lakhs	2 (50 %)	-	2 (50 %)	4
Rs.3.1 lakhs to Rs.4 lakhs	1 (50 %)	-	1 (50 %)	2
Rs.4.1 lakhs to Rs.5 lakhs	-	-	6 (100 %)	6
Rs.5.1 lakhs to Rs.6 lakhs	-	-	3 (100 %)	3
Total	26 (60.45 %)	4 (9.30 %)	13 (30.20 %)	43

The data indicates that, majority of entrepreneurs were having yearly turnover upto Rs.2 lakhs. It also indicates that,

in case of some entrepreneurs were having yearly turnover of Rs.4 lakhs and above. Besides these, some entrepreneurs were having yearly turnover of Rs.2.1 lakhs to Rs.4 lakhs.

The data indicates that, the industrial units, having investment upto Rs.4 lakhs had turnover of the same range. The units having investment of more than Rs.4 lakhs had turnover of the same range except four units having less investment but more turnover.

19. DIFFICULTIES AT PRESENT

The data were collected on the basis of difficulties faced at present to the entrepreneurs. The data on this aspect are presented in the Table 6.10.

TABLE 6.10
DIFFICULTIES AT PRESENT

Difficulties at present	No. & Percentage of the entrepreneurs
No difficulties	18 (41.87 %)
Financial	2 (4.65 %)
Location	1 (2.32 %)
Raw materials	3 (6.97 %)
Workers	6 (13.95 %)
Others	5 (11.63 %)
Financial + Raw materials	3 (6.97 %)
Financial + marketing	3 (6.97 %)
Financial + Workers	1 (2.32 %)
Raw materials + Workers	1 (2.32 %)
Total	43 (99.97 %)

The table shows that, nearly half of the entrepreneurs had no difficulties at present. It also shows that, some entrepreneurs were facing the difficulties of workers and other difficulties (octroi, income tax). Some of the entrepreneurs were facing the difficulties of raw materials, financial + marketing. It was revealed that, no entrepreneur was facing difficult of marketing and exices.

Once the units were established and started functioning in good capacity, then entrepreneurs have not faced difficulties. Thus, it can be said that, the entrepreneurs faces more problems at the time of the establishment of units than in the running of the unit.

20. FUTURE PLANS

The data indicates that, majority of the entrepreneurs 22 (51.16 %) have not thought about the developmental future plans. In the case of some entrepreneurs 12 (27.90 %) have thought of developing new production in their units, while some entrepreneurs 5 (11.62 %) wanted to make improvement in their units and only one entrepreneurs 1 (2.32 %), future plan was modernization of the unit. The remaining three entrepreneurs have not indicated their future plans.