

**C H A P T E R - 4**

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**ANALYSIS AND INTERPRETATION**

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C H A P T E R - 4.

ANALYSIS AND INTERPRETATION

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## CHAPTER - 4

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### ANALYSIS AND INTERPRETATION

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The information collected through administration of the questionnaire to the entrepreneurs of plastic units in Kolhapur and nearby area is analysed in this chapter.

The plastic industry in Kolhapur is in Fancy Stage. The use of plastic goods is increasing in our everyday life as well as in other industries. The plastic has started substituting natural resources like, wood, jute, metal and like, which are limited and non-renewable.

The plastic units in Kolhapur produce electrical decorative items such as plastic holders and covers of the bulb. They also produce various industrial items which substitute for the metal. Some units also produce polyethylene bags which are used in various sizes in packing our everyday life commodities.

#### 4.1 SOURCES OF IDEAS AND TYPES OF PROCESSES

The total number of respondents who have answered the questionnaire is 30, consisting of 21 respondents of

TABLE 4.1 TYPES OF PROCESSES & SOURCE OF IDEA

SOURCE OF IDEA	TYPES OF PROCESSES												GRAND TOTAL	
	Injection Moulding				Blow Moulding				Tubing					
	Hard Moulding	Semi Automatic	Fully Automatic	TOTAL	Hard Moulding	Semi Automatic	Fully Automatic	TOTAL	Hard Moulding	Semi Automatic	Fully Automatic	TOTAL		
a) Through Magazine	1	-	-	1	-	-	-	-	-	1	-	-	1	2
b) Through Experience as a worker of plastic Unit	8	-	-	8	-	1	-	1	-	-	-	-	-	9
c) Through observation of other units.	4	4	-	8	-	-	-	-	-	-	-	2	2	10
d) Guidance given by a friend	3	-	-	3	-	-	-	-	-	-	-	1	1	4
e) Through Market Survey	-	-	1	1	-	2	-	2	-	-	-	-	-	3
f) Any other	-	-	-	-	-	-	-	-	-	-	-	2	2	2
<b>TOTAL</b>	<b>16</b>	<b>4</b>	<b>1</b>	<b>21</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>30</b>

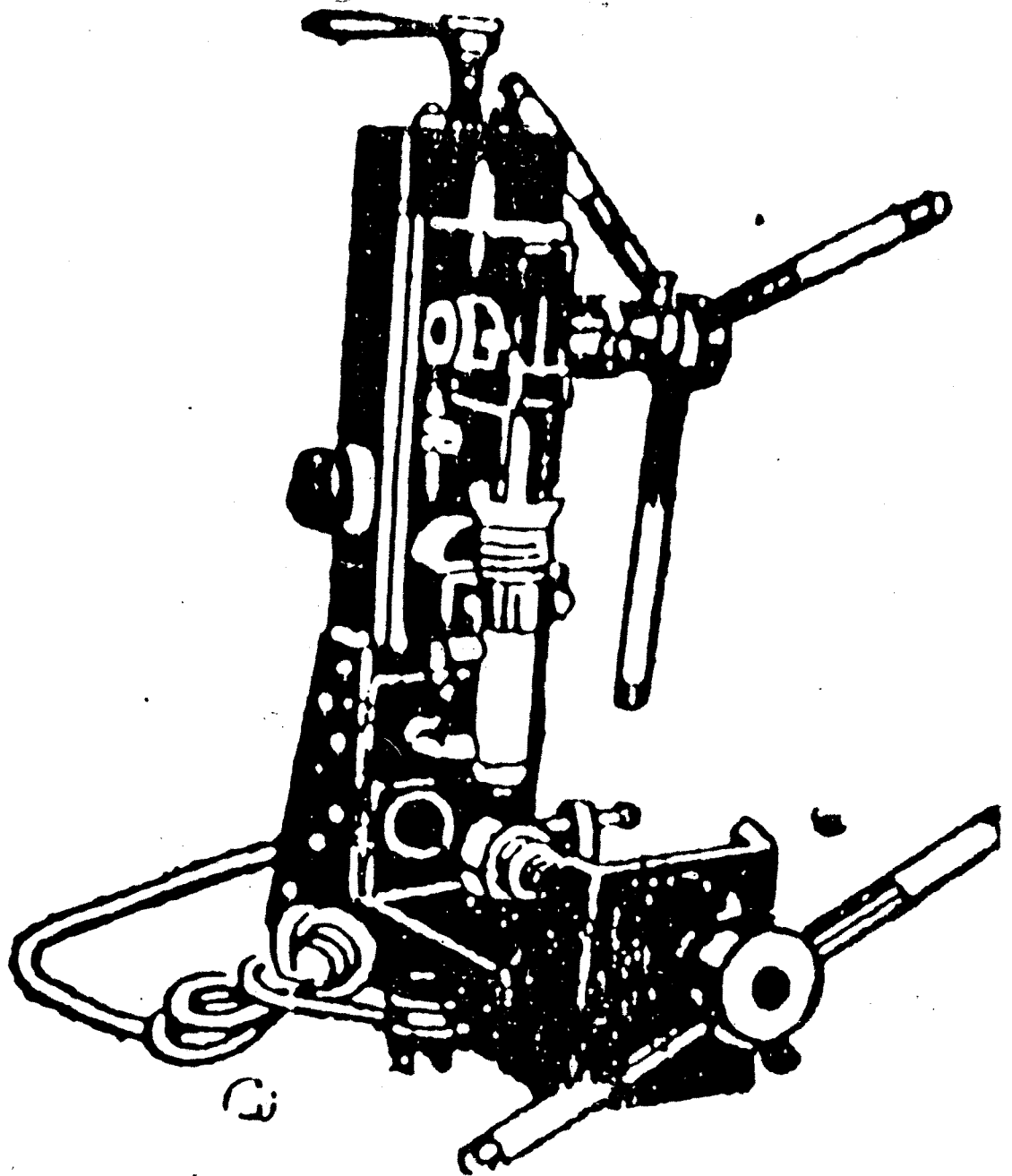
Injection moulding which consists 16 hand mouldings, 4 semi-automatic and 1 fully-automatic.

In Blow moulding, all the three respondents have semi-automatic blow moulding machine. In Tubing, there are 6 respondents comprising of one semi-automatic and five fully automatic. A few plastic machines which are used by the respondents are depicted in pamphlets.

Among the respondents of plastic units, there are 6 sources of ideas to start their units. Majority of the respondents (10), have got the idea through observation of other similar units. There are 9 respondents who have got the idea to start their units after having worked as a worker in other plastic units. Whereas, 4 respondents were guided by their friends to start the unit. Through market survey only three respondents got the idea and 2 respondents got the idea through magazine. There are 2 respondents who got the idea through other means.

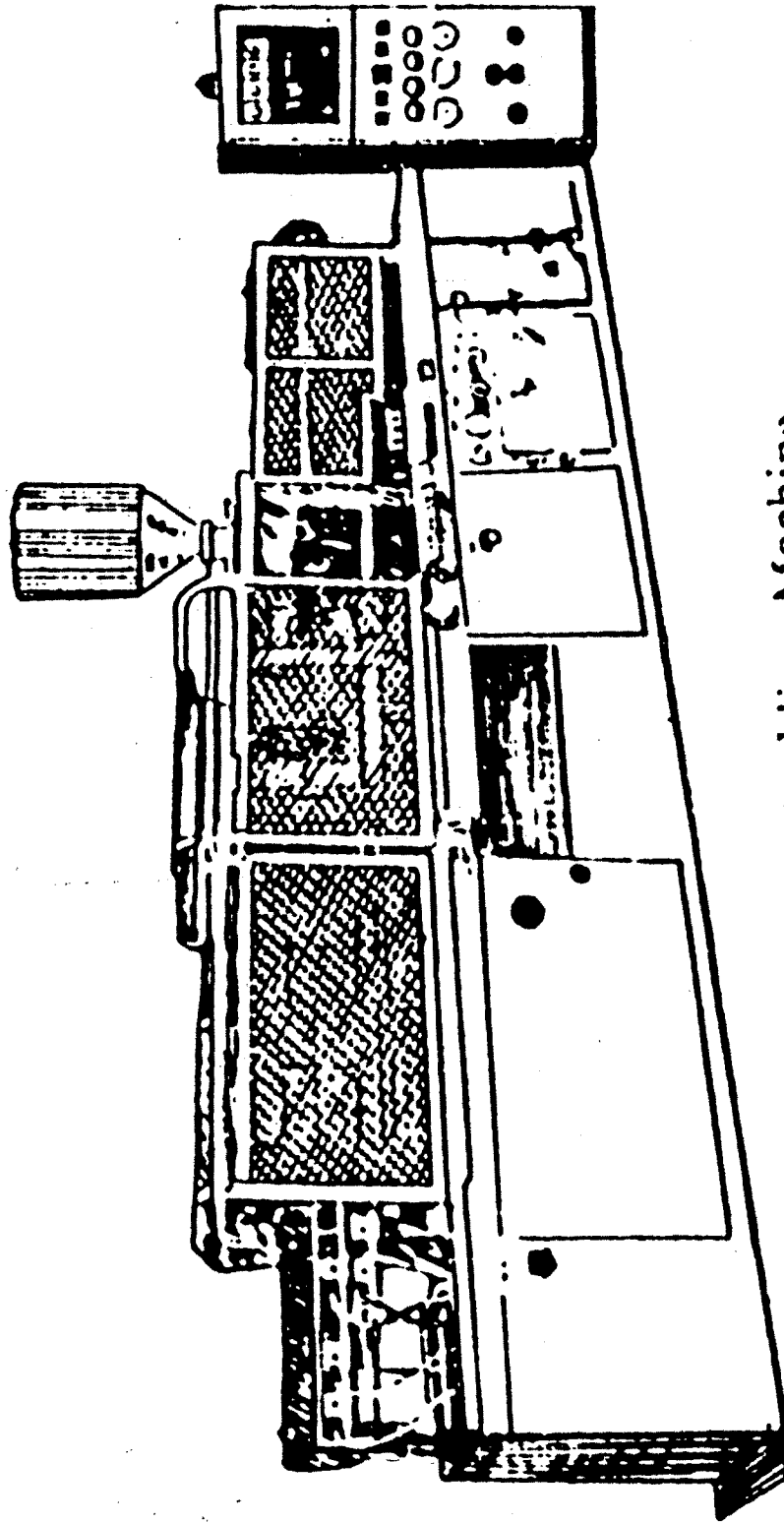
From the TABLE 2.1, it seems that majority of the respondents are in the category of process based on injection moulding. This is because in injection moulding process, hand moulding is famous and easy to operate. To purchase the hand moulding machine they are required to pay not more than Rs.10,000. This type of machine can be operated at residential places. Because

# tion Moulding Machines [ Hand Moulding ]



Injection Moulding Machine

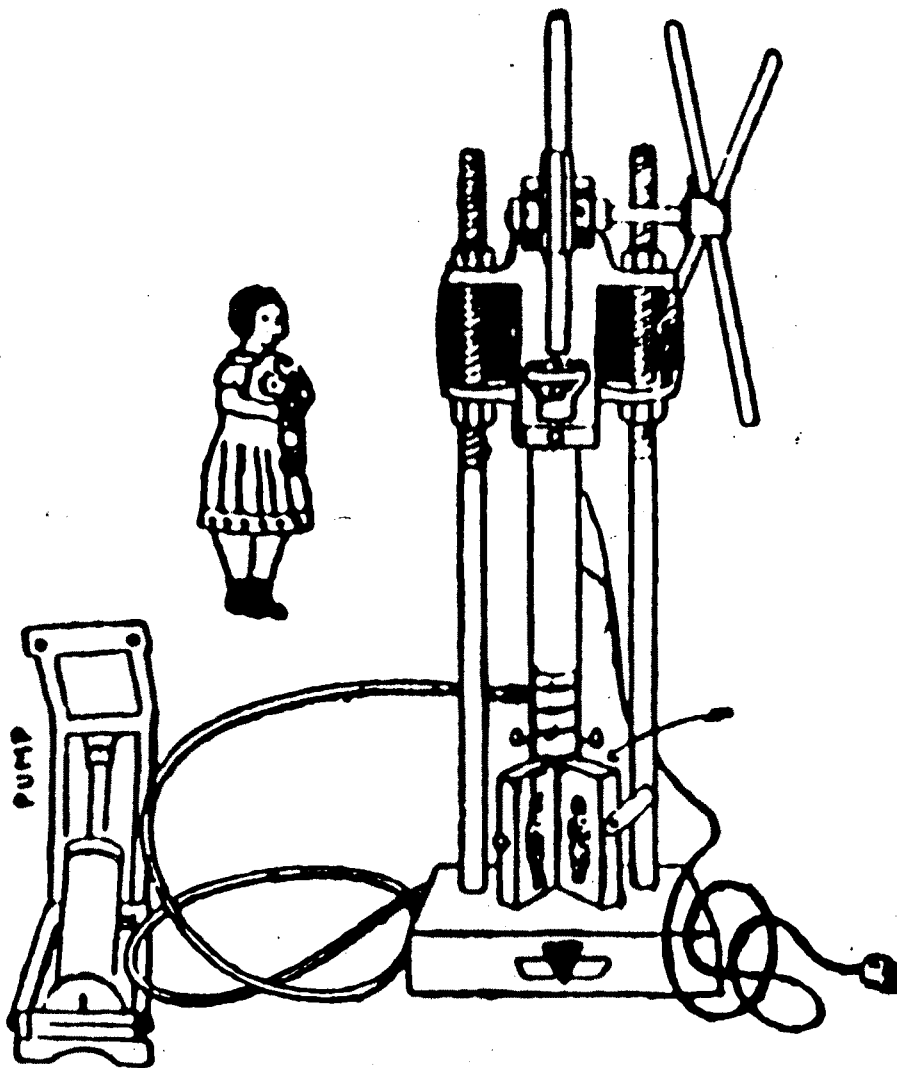
2. Automatic Injection Moulding Machine



Automatic Moulding Machine

## Blow Moulding Machine (Hand-operated)

An illustration of hand-operated blow moulding is given below :—



Blow Moulding Machine (Hand-operated)



of lack of sufficient capital and technical knowledge only a few respondents have purchased the semi-automatic and fully-automatic machines of injection moulding type.

On the other hand, due to lack of proper information about the market, only three respondents seemed to have purchased blow moulding machines.

In contrast to injection moulding and blow moulding process machines, tubing process machines require lot of capital to the extent of Rs.6 lacs or more.

Hence only those who had sufficient capital or proper sources of finance, purchased the tubing process machines. In all there are six entrepreneurs who own tubing process machine manufacturing polyethylene bags.

#### 4.2 EDUCATION OF RESPONDENTS

The education profile of the respondents in TABLE 4.2 reveals that majority respondents have no technical education. Furthermore it is observed from the TABLE 4.2 that only 10 respondents have technical education in addition to formal education.



**TABLE 4.2 : EDUCATION OF RESPONDENTS**

Education	No. of respondents
Only Formal	20
Only Technical	-
Both Formal & Technical	10
<b>Total</b>	<b>30</b>

As such technical education is not required to handle the hand moulding machine. But for semi-automatic and fully automatic machines technical education is essential. In Kolhapur there are fourteen machines from the category of semi-automatic and fully-automatic; where as sixteen machines are from the category of hand moulding. Which do not require technical education.

The formal education consists of these respondents who have passed seventh standard and S.S.C. examination in addition to graduation.

#### **4.3 EXPERIENCE OF RESPONDENTS**

The experience of respondents as workers and owner is represented in TABLE 4.3. As is obvious from the experience classification, the majority respondents have no experience as worker. Out of the total eleven worker-cum-entrepreneurs, four have 1 year experience,

One respondent has 2 years experience, three respondents have 3 years experience, two respondents have 5 years experience and one has 7 years experience as a worker before starting their venture.

TABLE 4.3 EXPERIENCE OF RESPONDENTS AS WORKER AND OWNER

Experience in years	Experience of respondents as	
	Worker	Owner
1	4	6
2	1	2
3	3	1
4	-	3
5	2	2
6	-	3
7	1	2
8	-	1
9	-	-
1000 & above	-	9
<b>TOTAL</b>	<b>11</b>	<b>29</b>

On the other hand, most of the respondents have started their unit without having any hands-on experience.

The TABLE 4.3 shows that nine respondents have as

large as 10 years and more experience, six respondents have only one year experience, three respondents have 3 years experience and 6 years experience respectively, two respondents have each 2 years, 5 years and 7 years experience and one each with 1 year and 8 years experience as an owner, of the plastic units.

#### **4.4 LICENCING PROBLEM AND CO-OPERATION OF COMMERCIAL BANKS**

The plastic processing units have to get licence from Kolhapur Municipal Corporation. The TABLE 4.4 reveals that 20 respondents have not faced any problems, while getting required licence from the corporation before starting their units. Out of which 11 respondents have further got co-operation from commercial banks and other financial institutions for financing of the units. Only, 9 respondents who had no problem in getting a licence, did not get any co-operation from commercial banks and other financial institutions.

TABLE 4.4 further shows that 10 respondents faced the licencing problem. Out of there 5 respondents got the co-operation from commercial banks and other financial institutions. Whereas, remaining 5 respondents did not get any co-operation from commercial banks and other financial instititons.

TABLE 4.4 LICENCING PROBLEM AND CO-OPERATION OF  
COMMERCIAL BANKS

Co-operation of Commercial Banks & other Financial Institutions	Licencing Problem		Total
	Yes	No	
Yes	5	9	16
No	5	9	14
<b>TOTAL</b>	<b>10</b>	<b>20</b>	<b>30</b>

During interviews entrepreneurs revealed that those units which are semi-automatic or fully-automatic have to procure licence from Kolhapur Municipal Corporation. It was further revealed that the corporation does not give licence to those unit holders if they intend to start in the residential area due to pollution problem. On the other hand, those units which are situated in industrial estate do not face any problem in getting licence from the competing authorities.

The researcher noticed that many of the entrepreneurs are unaware that they can get any fiancne, both for long term as well as for meeting working capital, from banks or any other financial institutions. They do not know the formalities and procedure for getting any financial assistance.

#### 4.5 SOURCES OF FINANCE

It was intended to understand various sources of finance adopted by the respondents; the resources of finance of the entrepreneurs underpresent study are represneted in TABLE 4.5. The source of finance is one of the important determinants in setting the unit. It is observed that 10 entrepreneurs installed their unit with their own fund, whereas, other 10 got the finance from other various sources. Only 5 entrepreneurs got finance from commercial banks, 2 entrepreneurs got finance from DIC and commercial banks and one each from co-operative bank, friends, and relative to install their unit.

TABLE 4.5 SOURCES OF FINANCE

Sources of Finance	No. of Entrepreneurs	Total
a) Commercial Banks	5	5
b) Co-operative Banks	1	1
c) DIC & Commercial Banks	2	2
d) Own	10	10
e) Friend	1	1
f) Relatives	1	1
g) Others	10	10
<b>TOTAL</b>	<b>30</b>	<b>30</b>

The study showed that majority of the entrepreneurs did not know the necessary documents and formalities required to be completed by them and submitted to the banks. Those entrepreneurs who had sufficient own finance; they started their units immediately. For injection moulding which requires hand moulding machines less amount of capital is needed to start the unit. So most of the hand moulding entrepreneurs have started their units with their own finance.

On the other hand for blow moulding and tubing processes semi-automatic or fully-automatic machines are required large amount of capital.

#### 4.6 FIXED INVESTMENT

Table 4.6 shows the range of investment in fixed assets according to the type of processing by the entrepreneurs. It is noted that eight respondents have invested in plant & machinery to more than Rs.3,00,000. Out of these, six have fully automatic tubing processing machines, and one each has semi-automatic and fully automatic injection moulding machines.

**TABLE 4.6 RANGE OF INVESTMENT IN FIXED CAPITAL**

FIXED INVESTMENT (Rs)	NO OF ENTREPRENEURS ACCORDING TO TYPES OF PROCESSES											
	Injection Moulding				Blow Moulding				Tubing			
	Hard Moulding	Semi Automatic	Fully Automatic	TOTAL	Hard Moulding	Semi Automatic	Fully Automatic	TOTAL	Semi Automatic	Fully Automatic	TOTAL	GRAND TOTAL
Upto Rs. 5,000	2	-	-	2	-	-	-	-	-	-	-	2
Rs. 5,001 to Rs. 10,000	4	-	-	4	-	-	-	-	-	-	-	4
Rs. 10,001 to Rs. 25,000	6	-	-	6	-	-	-	-	-	-	-	6
Rs. 25,001 to Rs. 50,000	2	-	-	2	-	-	-	-	-	-	-	2
Rs. 50,001 to Rs. 1,00,000	1	1	-	2	-	3	-	3	-	-	-	5
Rs. 1,00,001 to Rs. 2,00,000	1	2	-	3	-	-	-	-	-	-	-	3
Rs. 2,00,001 to Rs. 3,00,000	-	-	-	-	-	-	-	-	-	-	-	-
Rs. 3,00,001 & Onwards	-	1	1	2	-	-	-	-	-	6	-	8
<b>TOTAL</b>	<b>16</b>	<b>4</b>	<b>1</b>	<b>21</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>30</b>



On the other hand, six entrepreneurs have invested just less than Rs.10,000 in purchase of less costly injection hand moulding machine. There are six respondents who have also purchased injection hand moulding machines either having more capacity or more than one machine worth upto Rs.25,000. There are four respondents who have put more than Rs.25,000 investment in hand moulding machine, two with the investment in the range of Rs.25,001 to 50,000 and one each in Rs.50,001 to Rs.1,00,000 and Rs.1,00,001 to Rs.2,00,000.

There are four respondents who have invested in semi-automatic injection moulding, one with Rs.50,001 to Rs.1,00,000, two with Rs.1,00,001 to Rs.2,00,000 and one with more than Rs.3,00,000.

Surprisingly it is noticed that only three entrepreneurs have purchased semi-automatic blow moulding machine costing Rs.50,000 to Rs.1,00,000.

#### **4.7 SUBSIDY & INSTALLATION TIME**

Tiny and small scale industries get subsidy in one or the other form TABLE 4.7 shows the number of respondents who have installed their units with subsidy and without subsidy.

TABLE 4.7 SUBSIDY AND INSTALLATION TIME

Time duration	No. of respondents		
	With Subsidy	Without Subsidy	Total
Less than 6 months	6	19	25
6 months to 12 months	2	2	4
More than 12 months	-	1	1
<b>TOTAL</b>	<b>8</b>	<b>22</b>	<b>30</b>

The above table shows that 22 respondents did not get the subsidy whereas, only 8 respondents have got 25 per cent subsidy from District Industrial Centre. The table further shows that majority respondents (25) had taken less than 6 months to install their units. Whereas 4 respondents had installed their unit in less than one year and 1 respondent had taken more than 12 months to install the unit.

The hand moulding machines of all categories of processes namely injection, blow and tubing do not require more time to install. But semi-automatic and fully-automatic machines of all the categories of process require more time to install. However, it should be borne in mind that the time for installation not only depends on the type of process but also on the availability of finance.

**TABLE 4.8 LEVEL OF SATISFACTION ABOUT THE  
INFRASTRUCTURAL FACILITIES FROM  
GOVT./MIDC**

Level of satisfaction	No. of respondents	Percentage
a) Highly satisfied	-	-
b) Satisfied	6	20
c) Neither satisfied nor dissatisfied	5	16.66
d) Dissatisfied	8	26.67
e) Highly dissatisfied	11	36.67
<b>TOTAL</b>	<b>30</b>	<b>100</b>

**4.8 LEVEL OF SATISFACTION ABOUT THE INFRASTRUCTURAL FACILITIES FROM GOVT./MIDC**

Indian Government or State Government encourages industrialisation by giving infrastructural facilities to the prospective entrepreneurs. TABLE 4.8 illustrates the level of satisfaction of the respondents as regards the infrastructural facilities given by the Government.

It is observed from the table that majority of the respondents are not satisfied with the Govt. facilities. It is noticed that 36.67 per cent respondents are highly dissatisfied and 26.67 per cent

are dissatisfied. On the other hand, 20 per cent of the respondents surveyed are satisfied with the facilities. Surprisingly, 16.66 per cent respondents were indecisive.

The facilities include land for the unit at a concessional rate in industrial estate, water, electricity, transportation and other communication facilities. On probing into the reasons of dissatisfaction, it was observed that those who were intending to start their units within city boundaries were neither given permission nor given any facilities by the Municipal Corporation. On the other hand, those who were satisfied were provided with the required infrastructural facilities in the industrial estates situated in the outskirts of the city.

#### 4.9 SOURCES OF WORKING CAPITAL

Working capital is a nervous system of any industry. It involves money required for purchase of raw material, storage of raw material, conversion of raw materials into finished products, storage of finished products and credit sales in addition to production, administration and distribution overheads.

It is noticed from TABLE 4.9 that the working capital needs for the plastic processing units in Kolhapur range from as low as Rs.5,000 to as high as Rs.3,00,000 and more. This is mainly due to various reasons such as the unit holders have more than one processing machines, others have semi-automatic and fully-automatic machines with high production rates and most importantly high raw material prices. The situation is made worse by the creditors of these units. They do not pay these plastic processing units in time, since it is a buyers market which is characterised by tough cut-throat competition.

Out of the thirty plastic process units in the present study, nine require more than 50 thousand working capital. This is mainly due to the reason that these units have fully automatic tubing machines.

TABLE 4.9 SOURCES OF WORKING CAPITAL

WORKING CAPITAL IN Rs.	SOURCE OF WORKING CAPITAL									
	Commercial & Banks	Co-operative Banks	Private Loan	Friends	Advances from the Wholesalers	Others	Self Finance	No of Respondents		
Upto Rs.5,000	1	1	-	2	-	-	-	4		
Rs.5,001 to Rs.10,000	2	-	2	1	3	1	-	9		
Rs.10,001 to Rs.25,000	1	1	5	3	1	-	1	10		
Rs.25,001 to Rs.50,000	-	-	-	-	-	1	1	3		
Rs.50,001 to Rs.1,00,000	1	-	-	1	-	1	2	2		
Rs.1,00,001 to Rs.2,00,000	4	-	1	2	-	-	-	1		
Rs.2,00,001 to Rs.3,00,000	-	-	-	-	-	-	-	-		
Rs.3,00,001 & Onwards	-	1	-	-	-	-	-	1		
<b>TOTAL</b>	<b>9*</b>	<b>3*</b>	<b>8*</b>	<b>9*</b>	<b>4*</b>	<b>3*</b>	<b>4*</b>	<b>30</b>		

\* Multiple mention

TABLE 4.9 further gives various sources of working capital adopted by the plastic processing entrepreneurs from Kolhapur city. These include commercial banks, co-operative banks, private loans, friends and advances from the wholesalers. These respondents use more than one source for financing their working capital needs.

Nine respondents get working capital from commercial banks, three from co-operative banks, eight from private loan, nine from their friends, four from advances from the wholesalers and three from miscellaneous sources. Surprisingly, four respondents claimed to finance the working capital needs by themselves.

The table reveals that there are four respondents whose working capital requirement is upto Rs.5,000, nine respondents with Rs.5,000 to Rs.10,000 and ten respondents with working capital need of Rs.10,000 to Rs.25,000. The working capital need for rest seven entrepreneurs are however high. There are three entrepreneurs requiring working capital in the range of Rs.25,000 to Rs.50,000, two with Rs.50,001 to Rs.1,00,000 and one each between Rs.1,00,000 to Rs.2,00,000 and more than Rs.3,00,000. The higher need of working capital for these units is mainly attributed to the fully-automatic machines they possess, whose production rates are higher.

**TABLE 4.10 SOURCES OF RAW MATERIAL PURCHASES AND  
AVAILABILITY OF CREDIT FACILITY**

Source of Raw-material purchases	No. of respondents		Total
	Getting credit facility	Not Getting credit facility	
a) Only Bombay- Pune Market	2	10	12 (40)
b) Only Kolhapur- Sangli Market	2	10	12 (40)
c) Other Unit Holders	-	-	-
d) Bombay-Pune, Kolhapur-Sangli & From Other Unit Holders	1	5	6 (20)
<b>TOTAL</b>	<b>5</b>	<b>25</b>	<b>30</b>
	(16.66)	(83.34)	(100)

\* Figures in parenthesis indicate percentage to the total.

**4.10 SOURCES OF RAW MATERIAL PURCHASES & AVAILABILITY OF CREDIT FACILITY**

The above table shows different sources of raw material purchases. It is observed that 40 per cent respondents purchased raw material only from Bombay-Pune market, another 40 per cent respondents purchased raw material from Kolhapur-Sangli market and remaining 20 per cent purchased from multi-sources i.e. Bombay-Pune, Kolhapur-Sangli and from other unit holders.



The TABLE 4.10 further indicates that, 16.66 per cent respondents are getting credit facility from the suppliers of raw-materials but 83.34 per cent respondents are not getting credit facility from their suppliers of raw-materials.

From the discussion with the respondents it was observed that those respondents who produce goods from virgin (standard) raw-materials, purchased raw-material from Bombay-Pune market. This is because standard raw-material is not available in Kolhapur-Sangli or local market. Those respondents who produced goods from second's (sub-standard) raw-material, purchased raw-material at Kolhapur or Sangli local market. The second's quality raw-material is available at reasonable rates in the local market. Only few respondents purchased raw-material from all the sources depending on the type of orders they get. Sometimes few respondents purchased raw-material from the other unit holders at higher rate in case of emergency.

In the present study, we found that most of the respondents are not getting credit facility from their suppliers of raw-materials. There is a policy of all suppliers of raw-materials to sell their raw-material only on cash, because there is always shortage of

raw-materials. In India, the production of various plastic raw-materials is not enough to meet the demand of plastic industry.

TABLE 4.11 **OPINION OF RESPONDENTS REGARDING RAW MATERIAL PRICES**

Raw-material prices	No. of Entrepreneurs	Percentage
Low	-	-
Medium	4	13.33
Proper	9	30.00
High	17	56.67
<b>TOTAL</b>	<b>30</b>	<b>100</b>

**4.11 OPINION OF RESPONDENTS REGARDING RAW MATERIAL PRICES**

The above TABLE 4.11 indicates, the opinion of respondents regarding the raw-material prices. There are 56.67 per cent respondents who opined that the present raw-material prices are very high; whereas 30 per cent of the respondents are of the opinion that the raw-material prices are proper. Only 13.33 per cent respondents said that the present raw-material prices are medium, but nobody supports that the prices of

raw-material are low.

It was commented that major portion of the cost of finished product is covered by the cost of raw-material. Hence there is low margin of profit for there tiny and small scale industrial units. It is not possible to increase the prices of product, because there is a tough competition from the producers of Bombay and Pune.

#### **4.12 REASONS FOR HIGHER RAW MATERIAL PRICES**

It is intended to understand as to why the prices of raw materials are high. TABLE 4.12 gives various reasons attributed to high prices of raw material by the entrepreneurs. These include exploitation by agent, high transportation cost, anti-dumping duty & import restrictions and monopoly of IPCL. Some respondents have attributed more than one reasons for high raw material prices.

TABLE 4.12 REASONS FOR HIGHER RAW-MATERIAL  
PRICES

Reasons	No. of Entrepreneurs
a) Exploitation by agent	5
b) High transport cost	1
c) Anti-dumping duty & restrictions on import of raw materials	2
d) Monopoly of IPCL	2
e) Exploitation by agent & high transport cost	-
f) Reasons a) & b) above	4
g) More than two reasons of above	4

TABLE 4.13 UNDER UTILIZATION OF CAPACITY

Under utilisation of capacity (%)	No. of respondents
0 - 10	-
10 - 20	2
20 - 30	6
30 - 40	3
40 - 50	11
50 - 60	4
60 & above	4
<b>TOTAL</b>	<b>30</b>

#### 4.13 UNDER UTILIZATION OF CAPACITY

TABLE 4.13 represents the extent of under utilization of existing production capacity of the entrepreneurs. This capacity has been measured on a single shift basis since all the units in the sample survey are run on a single shift basis only. We observed that out of the 30 units selected in the sample survey, 8 units have been under utilizing their installed capacity to more than 50 per cent.

Whereas, 9 respondents are keeping their installed capacity under utilised to the extent of 40 to 50 per cent. In addition, there are 3 and 6 units which remain idle to the extent of 30 to 40 percent and 20 to 30 per cent respectively. It should be noted that only two respondents, out of the total 30, who have been utilising the installed capacity to maximum extent of 80 to 90 per cent.

#### 4.14 REASONS FOR UNDERLIZATION OF CAPACITY

It is noticed from TABLE 4.14 that there are different reasons for under utilization of capacity in all the plastic units which are selected for the present study. According to 20 owners of plastic units, the shortage of demand is the main reason for under

TABLE 4.14 REASONS FOR UNDER UTILIZATION OF  
CAPACITY

Reasons for under utilization of capacity	No. of respondents *
a) Shortage of raw-material	5
b) Shortage of power supply	10
c) Labour absentism	18
d) Shortage of demand for the product	20
e) Shortage of working capital	13
f) Any Other	3

\* Multiple Mention

utilization of the capacity. Other 18 respondents are of the view of labour absentism is important reason for under utilization of capacity. Whereas, 13 respondents feel that because of shortage of working capital they cannot run their units to their full installed capacity.

In case of 10 respondents shortage of power supply or break in power supply is the reason for under utilization of capacity. Only 5 respondents are of the opinion of that due to shortage of proper raw-material they cannot run their units to full capacity. It should be noted that there are many respondents who have given more than two reasons which are responsible for the under utilization of installed capacity of the unit.

On the basis of the sample survey, it is noticed that almost all the units are facing the problem of shortage of demand for the finished product. This problem mainly affects the production. If at all the production is to be continued with full capacity the another problem of working capital crops up. Most of the working capital can be blocked-up in production and finished products especially when demand is not met.

Labour absentism is another main reason for the under utilization of capacity. Because of hard-work on hand moulding of injection moulding machines there is a considerable labour absentism. Workers are not ready to work continuously on these machines. In addition, proper wages are not given to these workers because the respondents are unable to give more wages to workers because of low profit margin.

#### 4.15 TYPES OF LABOURERS

TABLE 4.15 indicates the types of labourers with the number of labourers in various plastic units. There are four types of labourers namely family labourers, contracts labourers, permanent labourers and temporary labourers. There are twenty units which employ 2 workers each. Out of which 10 units employ family workers, 6 units employ contract labourers, and four

units employ temporary workers.

TABLE 4.15 TYPES OF LABOURERS

No of	Family	Contract	Permanent	Temporary	Total
Labourers.	Labourers	Labourers	Labourers	Labourers	
1.	7	1	-	-	8
2.	10	5	-	4	20
3.	1	3	-	1	5
4.	-	1	1	2	4
5.	-	1	-	1	2
6.	-	-	-	1	1
7.	-	-	-	-	-
8.	-	-	-	-	-
9.	-	-	-	1	1
10. & above	-	2	-	1	3
<b>TOTAL</b>	<b>18</b>	<b>14</b>	<b>1</b>	<b>11</b>	<b>44*</b>

\* Multiple Mention

There are 8 units which have only one labourer. Out of there, seven employ family labourer and one contract labourer. The table further shows that there are 18 units which employ family labourers, 14 units employ contract workers, one unit has a permanent workers and 11 units get work from temporary workers.



It is noticed that most of these tiny and small scale entrepreneurs get their work through their family members only. There is only one unit employing a permanent worker, whereas, many units only have temporary workers. It should be noted that temporary workers not only remain absent for the nature of hard work they do and less wages but also change the job depending on the wages elsewhere.

The researcher has noticed that in tubing process units employ temporary workers to a greater extent. Whereas, the hand moulding process owners rely only on family members. Those workers who work on contract basis carry work either on piece rate or hourly basis.

#### 4.16 CAUSES OF LABOUR SUPPLY

Labour supply is one of the most important problem for plastic manufacturers in Kolhapur. TABLE 4.16 depicts various reasons for the labour problems of these units. The reasons include low wages, existence of contract system, unhealthy working conditions of toxic fumes & gases, insecurity in service, lack of labour welfare schemes, lack of motivation and incentive schemes.

TABLE 4.16 CAUSES OF LABOUR SUPPLY PROBLEM

Causes	No. of Respondents
a) Low wage rates	14
b) Contract system	7
c) Unhealthy working conditions	2
d) Insecurity	9
e) Lack of labour welfare schemes	1
f) Lack of motivation & incentive systems	3
g) Other	8
<b>TOTAL</b>	<b>44*</b>

\* Multiple Mention

Fourteen entrepreneurs said that low wage rate is the major cause of labour problem. This is because they can not afford to pay more due to low profit margin. Seven respondents have stated that they have implemented contract piece rate system mainly due to inefficient and unexperienced workers they witnessed in past.

Nine entrepreneurs attributed the large labour turnover in their units to insecurity of job of workers.

Whereas, only few respondents feel that lack of motivation & incentives, absence of suitable welfare facilities and unhealthy working conditions like abnoxious fumes and gases may be some of the reasons for switching of workforce from their units.

**TABLE 4.17 PRODUCTION STOPPAGE DUE TO LABOUR  
ABSENTISM**

Production stoppage (%)	No. of units	Percentage
a) NIL	4	13.33
b) Less than 5	2	6.67
c) 5 - 10	8	26.67
d) 10 - 25	13	43.33
e) 25 - 50	2	6.67
f) More than 50	1	3.33
<b>Total</b>	<b>30</b>	<b>100</b>

**4.17 PRODUCTION STOPPAGE DUE TO LABOUR ABSENTEEISM**

Since most of the units were having labour problem, it was felt to understand problem; it was felt to understand the extent of production stoppage resulting out of this reason. TABLE 4.17 shows that there are four units where there are four units where there is no production



stoppage due to labour absentecism or turnover. Whereas, two respondents admitted that labour problems disrupts production to less than 5 per cent and in seven units it was between 5 to 10 percent.

On the other hand, thirteen respondents claimed that their units remain closed due to paucity of labour to 10 to 25 per cent. There are two units where this problem is significant to the extent of 25 to 50 per cent and one unit has more than 50 per cent production stoppage.

TABLE 4.18 OPINION REGARDING WAGE RATES

Level of wage rates	No. of respondents	percentage
a) Low wage rates	14	46.67
b) Proper wage rates	16	53.33
c) High wage rates	-	-
Total	30	100

**4.18** OPINION OF RESPONDENTS REGARDING WAGE RATES

TABLE 4.18 shows the opinion of plastic unit holders about the wage rates paid in their units. It is noticed from the above table that, 16 plastic unit holders (53.33 per cent) are of the opinion that wages

which are given to the workers are proper. If the workers work hard with their skill, they can be paid wages as per their work.

According to 14 plastic unit holders (46.67 per cent) wage rates are not proper. Because of low wage rates there is a problem of labour supply. Workers are not getting sufficient wages which are required to satisfy their needs.

It is observed from the sample survey that wages are not proper or sufficient which are given to the workers. The primary needs of the workers cannot be fulfilled from the wages they get. But plastic unit holders are also unable to give proper wages to workers because of various reasons. In the market there is a cut-throat competition for sales which results in low margin of profit. The raw-material prices are also high as compared to Bombay-Pune market. There is lack of demand as well.

**TABLE 4.19 LEVEL OF SATISFACTION ABOUT SALES  
TURNOVER**

Level of satisfaction	No. of respondents	Percentage
a) Highly satisfied	1	3.32
b) Satisfied		30
c) Neither satisfied nor dissatisfied		26.67
d) Dissatisfied		23.34
e) Highly dissatisfied		16.67
<b>TOTAL</b>	<b>30</b>	<b>100</b>

**4.19 LEVEL OF SATISFACTION OF THE RESPONDENTS ABOUT  
SALES TURNOVER**

TABLE 4.19 indicates the level of satisfaction of the respondents about their sales. There are 9 respondents (30 per cent) who are satisfied about their sales, whereas 8 respondents (26.67 per cent) are neither satisfied nor dissatisfied about their sales. The table further shows that 7 respondents (23.34 per cent) are totally dissatisfied and 5 respondents (16.67 per cent) are highly dissatisfied about their sales. There is only 1 respondent (3.32 per cent) who is highly satisfied about his sales.

We observed that marketing is a weak point of all the respondents of plastic units. There is tough

competition in the market about the sales. Majority plastic articles are brought from Bombay & Pune, because their rates are comparatively low than local production. In Bombay & Pune there are big units who produce thousands of varieties of plastic goods in large quantities. They have big and modern plants which are produced thousands of quality articles. Those units are getting raw-material at reasonable rates because of large volume of purchases and have low transportation cost. Those units are technically advanced and getting all the benefits of economies of scale. Bombay is a national and international market. There is no lack of demand. Products are marketed by separate marketing agencies. So the plastic units from Bombay & Pune are selling their products at low-margin of profit.

It is very difficult task for the local kolhapur plastic units to sell their products at low-margin of profit. Because their production technique is neither advanced, nor production is done on the large-scale. They are not getting raw-material at reasonable rates in the local market; transport cost is also high. Because of all these reasons local plastic units are unable to sell their products in competitive rates. There are limitations on their sales. Because of various above mentioned reasons. This observation indicates that majority respondents are not satisfied about their sales.

#### 4.20 SELLING AND DISTRIBUTION POLICIES OF ENTREPRENEURS

The data represented in TABLE 4.20 indicates the number of respondents who are making credit sales and making both cash and credit sales through direct contact, middlemen, wholesalers and through retailers. The table further shows that respondents are selling their products in various areas of marketing.

From the previous table it is observed that 9 respondents are making only credit sales, are making credit sales through direct contact to the ultimate consumer, 1 respondent is making credit sales through middlemen who works as a commission agent, whereas, 2 respondents make credit sales through wholesalers only.

Majority (2) of the respondents are making cash sales as well as credit sales. Out of there 5 respondents are making their sales through direct contact, 13 respondents through wholesalers, 1 respondent through middlemen and 2 respondents through middlemen and 2 respondents through retailers.

It is not possible for all the respondents to sell their product directly to ultimate consumer through opening their retail shops on cash only. Those who have sufficient capital only sell their products through direct



TABLE 4.20 SELLING & DISTRIBUTION POLICIES

Area of Marketing	NO. OF ENTREPRENEURS										Grand Total
	Making Credit Sales					Making Cash & Credit Sales					
	Direct Contact men	Middle men	whole Salers	Retailers	Total	Direct Contact men	Whole Salers	Retailers	Total		
1. Kolhapur City	2	1	1	-	4	2	1	-	3	7 (23.33)	
2. Kolhapur District	1	-	-	-	1	1	4	1	6	7 (23.33)	
3. Maharashtra State	1	-	1	-	2	22	4	1	8	10 (33.33)	
4. Other States	1	-	-	-	1	-	1	-	1	2 (6.67)	
5. Marketing at all places	1	-	-	-	1	-	3	-	3	4 (13.34)	
<b>TOTAL</b>	6	1	2	-	9	5	13	2	21	30 (100)	

Figures in parentheses indicate percentage to the total.

contact through their own retail shops. All these are from tubing process category who produce polyethylene bags which are used for packing.

The wholesalers and middlemen are getting more profits than the respondents. They are purchasing the products on credit from the respondents. They are not investing their own capital for purchasers. After selling the products they make payments to the respondents.

The above table further shows marketing territories adopted by the respondents. There are 7 respondents who are selling their products through various medias in Kolhapur city only, out of which 4 make credit sales and 3 make cash and credit sales and 3 make cash and credit sales. They are mainly from the category of hand moulding machines. Majority of the respondents who are selling in city only, do not know about the outside markets. They are operating their own machines. They are totally unknown about the outside market position and the rates of the products.

Another 7 respondents (23.33 per cent) are selling their products through various medias in Kolhapur city as well as in Kolhapur district also. They sell their products in Ichalkaranji, Jaysingpur, Gadhinglaj, Kagal,

Kurundwad and at other major places in the district. There are 10 respondents (33.33 per cent) who are selling their products throughout the state of Maharashtra. They are selling in Sangli, Miraj, Satara districts and Bombay.

Those who are producing electrical decorative items, sell their products mostly at Bombay market. There is a vast demand for electrical decorative items in Bombay market. They are getting sufficient profit but transportation charges for bringing raw material from Bombay and selling finished products at Bombay reduce the margin of profit.

There are 2 respondents (6.67 per cent) who are selling their products only at Belgaum, Hubli and Goa. They are selling decorative electrical items at above places whereas, other 3 respondents (13.34 per cent) market their products at all the places according to the demand for the product, mostly through wholesalers from respective areas.

On the basis of our study we observed that there is not a single respondent who sells his product on cash only. It means majority of the respondents are selling products on cash as well as on credit through various medias at different places.

TABLE 4.21 PERIOD OF CREDIT ALLOWED TO DEBTORS

Period	No. of respondents	Percentage
a) One month	21	70
b) One month to three months	9	30
c) Three months to six months	-	-
<b>TOTAL</b>	<b>30</b>	<b>100</b>

**4.21 PERIOD OF CREDIT ALLOWED TO DEBTORS**

It is noticed from TABLE 4.21 that all the respondents are making credit sales and credit & cash sales i.e. mixed sales. It means every respondent is selling some proportion of sales on credit. It is inherent part of any business to allowed credit facility to debtors from one month to three months.

The above table shows that 70 per cent respondents are allowing credit facility to debtors upto one month, whereas, 30 per cent respondents are allowing credit facility upto three months. It is not possible to increase the sales without credit facility. It is observed that there is a tough competition in the market there is lack of proper demand also. Therefore, to boost the sales it is essential to allow the credit facility to customers upto 3 months.

**TABLE 4.22 PROPORTION OF CASH SALES TO TOTAL SALES**

Proportion of cash sales (%)	No. of entrepreneurs
0 - 5	-
5 - 10	-
10 - 15	-
15 - 20	1
20 - 25	2
25 - 30	4
30 - 35	4
35 - 40	-
40 - 45	1
45 and above	9
<b>TOTAL</b>	<b>21</b>

**4.22 PROPORTION OF CASH SALES TO CREDIT SALES**

TABLE 4.22 throws light on the proportion of cash sales to total sales with the number of respondents. There are 21 respondents who are making cash sales as well as credit sales of which 9 respondents are making cash sales more than 45 per cent of their total sales. Other 8 respondents are making cash sales in the range of 25 per cent to 35 per cent of their turnover. Only two respondents are in the range of 20 per cent to 25 per cent and one each from 15 per cent to 20 per cent and 40 per

cent to 45 per cent respectively.

Thus, as it obvious majority of the respondents are making cash sales less to than 35 per cent of their total sales. It means the proportion of cash sales to total sales is less. Only 9 respondents are getting the benefit of cash sales more than 45 per cent to total sales. All the respondents are allowing credit facility to customers to increase sales. Therefore, most of the working capital is blocked with the debtors.

**TABLE 4.23 PROMPTNESS OF PAYMENT FROM DEBTORS**

Promptness of payment	No. of entrepreneurs
a) Before time	-
b) On time	16
c) Normal delay	20
d) Delay more than one month	08
e) Delay more than three months	02
Total	* 46

\* Multiple mention.

**4.23 PROMPTNESS OF PAYMENT FROM DEBTORS**

TABLE 4.23 indicates the promptness of payment from debtors, There are 20 respondents who claim that the

payment from debtors is not received in prescribed credit time. There is always delay from all the debtors to the extent of extent of 7 days to 30 days, i.e. normal delay. Whereas, 16 respondents are of the opinion that payment is received in prescribed time from some selected debtors. According to 8 respondents there is delay in the payment for more than one month from some debtors, and 2 respondents experienced that from few debtors there is a delay of more than three months for the payment.

It can be observed from the present study that majority respondents are not getting payment from their debtors in prescribed time. There is always normal delay for the payment. But some debtors are making payments in time. Other few debtors are not reliable for the payment.

They are disturbing the working capital requirement of the respondent. Hence, it is necessary to allow credit facility to those debtors who are prompt in making payments.

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