

## CHAPTER-I

### THE DESIGN OF THE STUDY AND METHODOLOGY.

#### 1.1 INTRODUCTION :

India has so far completed six five years plans, three annual plans, two Rolling plans and started with Seventh Plan in 1985. The Thirty five years of planning have resulted in some quantitative achievements in several spheres of the Indian economy. We are one of the largest grain producer country in the world. Merely 70 percent of our population is engaged directly or indirectly in Agriculture Sector, But agriculture alone cannot be regarded as the solution to the problem of economic development.

India is primarily rural country with twin problems of under development and inequalities of all kinds - Spatial, Sectoral and Sectional. This has resulted into problems of poverty and surplus population.

There is a need to provide gainful employment to this surplus manpower and the choice falls on Small Scale Sector.

The problems of poverty and unemployment are related problems. Unemployment problem in the urban areas is due to exodus of unemployed persons from rural areas to urban areas.

In the process of economic development the industrial

development is also important. In fact experience of many developed countries showed that in the process of economic development the share of agriculture sector in national income falls substantially to 10% and share of industry and service sector increases rapidly. Thus we substantiate the contention of Simon Kuznets<sup>1</sup> in his Seminal work "Economic Growth of Nations".

Simon Kuznets have impressive empirical evidence to establish a negative correlation between (a) the level of national income and the share of agriculture in national product and (b) also between the level of national income and the share of labour force in agriculture. He stated that as we move from countries with the lowest per capita incomes, the average share of agriculture in national product rises steadily and the lower the product per capita, the larger the share of agricultural sector in the labour force. This means that a country has a heavy dependence on the agriculture sector.

In this process there is shift of rural population to other sectors namely industry and services. But according to the world Development Report, 1981; 71 percent of Indias' Labour force is still engaged in agriculture and significantly enough there has been very little change in this percentage since 1960. The removal of excessive dependence of labour force on agriculture reduced in Japan. But India's performance in this regards has been dismal in the last thirty five years.

After independence, it was decided to follow a more planned policy for rapid industrialisation. In the first plan period, India showed a very low profile of industries. The number of factory units in India rose from 50,095 in 1961 to 96,503 in 1980-81 (for details See table 2.6).

But the major share of industrial development went to the State of Maharashtra. Though the State of Maharashtra has been in the Vanguard in the industrial development of the country, industrial activity has remained concentrated mainly in Greater Bombay. Greater Bombay accounts for 88 percent of the joint stock companies, 23 percent of the total registered factories, 24 percent of the total factory employment in Maharashtra. Per capita income of the Bombay is two and a half times that of the rest of the Maharashtra.<sup>2</sup>

1980  
in a  
to a  
to a  
to a

These findings lead to a grim conclusion that the development was uneven and the benefits of growth were not equitably shared by all the districts in the State and Talukas, villages in the respective districts.

The progress of Small Scale Industries (SSI) is vital in a country's economy. The Government is committed to a rapid and balanced industrialisation of the country through the spread of SSI all over the country wherever it is feasible.

The S.S.I. has made significant contribution to the

development of the Indian economy which has been summarised below -

1. SSI has provided larger employment opportunities in rural areas at a relatively low cost.
2. It has helped in raising incomes and standards of living of a large number of rural entrepreneurs.
3. SSI has facilitated the mobilization of resources of capital and skills which may otherwise have been remain unutilized in rural areas.
4. SSI units have removed regional disparities through encouraging development of villages and
5. SSIs have made a significant contribution to exports as it accounts for 50 percent of our exports.

It can be said that SSIs occupy an important position in the Indian economy.

#### 1.2 THE PROBLEM :

The significance of S.S.I. in Indian economy has been described. An attempt will be made to study the working of DIC in Pune District. Number of strategies and measures were adopted to promote and develop S.S.I. elsewhere. The present study has been undertaken to know the extent to which DIC has achieved the objectives for which it was set up in 1978.

Since establishment of DIC, Government has adopted quite liberal and encouraging policy towards the growth of S.S.I. As a result SSI units have been increasing in large numbers continuously in India, Maharashtra and also in Pune District.

Thus the S.S.I. sector has to play a distinct and unique role to play in the industrial Development of our country. The Government is keen on the smooth development of this Sector and has bent upon providing various facilities for the promotion of this sector. The District Industries Centre is to act as a promotional agency for the same. This study makes an attempt to evaluate the role of this promotional agency with reference to SSI in Purandar Taluka in Pune District.

In India the number of S.S.I. units increased from 11.58 lakhs in 1983-84 to 12.75 lakhs in 1984-85 thereby showing an increase of 10.1 percent.

In Maharashtra State the number of SSI units increased from 99615 in 1983-84 to 1,12,744 in 1984-85. This shows the growth of 13 percent.

But SSI Units are concentrated in a few pockets leading to regional imbalances. (Discussed in detailed in Chapter-II).

Taking into consideration regional imbalances in the growth of industries and particularly in the case of Small Scale Industries (SSI). Since 1978, District Industries Centre (DIC)

has been vested with responsibility of developing the SSI units in rural areas. This has been one of the important objectives of the D.I.C.

This study at semi-aggregate level to evaluate the performance of D.I.C. Poona with specific reference to Purandar Taluka will bring out some significant aspects regarding the functioning of D.I.C. in general. As the scheme of DIC is in operation from 1978, this is an opportune time to have its proper review on the basis of some empirical study. This will enable us to identify the difficulties in the functioning of the DIC and to see whether it needs some structural changes.

### 1.3 OBJECTIVES OF THE STUDY :

Keeping these considerations in mind the study was initiated with the following objectives.

1. To examine the organisational arrangement according to the actual need of the district.
2. To examine the working of DIC in providing employment opportunities to educated unemployment.
3. To ascertain the extent of motivation and training of the entrepreneurs to settle in self employed ventures by way of installing and expanding S.S.I.

4. To ascertain the provisions of facilities being provided to beneficiaries by the DIC in the form of infrastructure such as raw materials marketing facilities etc.

5. To study the growth of S.S.I. in Poona district with reference Maharashtra.

6. To find out the problem of S.S.I. in Pune District in general and particularly in Purandar Taluka.

7. To identify the problems experienced by the DIC in implementing the programme.

8. To assess the impact of the working of DIC in selected areas .

9. To ascertain the extent of involvement of DIC authorities in formulation and implementation of industrial development blue print/Action plan.

10. In the light of the findings of the study to suggest a suitable policy for the promotion of S.S.I. units in the plan of District industrialisation.

The conclusions and the suggestions based on this would provide certain views in respect of the DIC Programme namely development of linkages, delegation of powers, staffing pattern etc. for future planning and implementation of the various schemes in the Pune District.

#### 1.4 HYPOTHESES :

To meet the objectives of the study following hypotheses need to be tested or verified.

1. DIC Programme could not contribute much to the regional balance and decentralisation in rural areas in the district of Pune.

2. There is lack of effective linkages among State Government and Central Government departments, Financial agencies, technical institutions and others which restricts the development of SSI in rural area particularly.

3. Training facilities obtained by SSI from DIC increased since working of DIC in Pune District.

4. DIC Programme could not contribute much to remove educated unemployment in Pune district.

5. The DIC has a special responsibility in offering services and help for the promotion of the SSI. This needs qualitative improvement in the Services offered by DIC as well as restructuring of the pattern of DIC.

#### 1.5 DEFINITIONS :

For the analyse and discuss this study needs following concepts. -



A) S.S.I. :

The definition of SSI in this study is the accepted official one i.e. units with a fixed capital investment in plant and machinery not exceeding Rs.35 lakhs (ancillary units Rs.45 lakhs) irrespective of the number of persons employed. These definitions the legal definition as accepted in industrial policy resolution. These definition is the premise for sanctioning concessional finance and other facilities.<sup>3</sup>

B) D.I.C. :

A DIC is an institution at the district level which provides all the services and facilities to SSI under one roof. So that they may set up SSI.

For this purpose suitable powers have been delegated by several departments of the State Government to the D.I.C. So that an entrepreneur may get from one agency all the assistance he needs.<sup>4</sup>

1.6 METHODOLOGY :

To fulfil the objective of the present study, both secondary and primary data were collected.

1.6.1 Secondary Data : Secondary data relating to this study were collected from various official publications like census Handbook, Statistical Handbook by the State planning

to know each  
institute in  
particular

Institute. The current information have been obtained from the Udyog Samachar, Economic Times, Lagu Udyoga & Financial Express.

Various reference books, periodicals and other concerning publications have been referred too.

The background of the DIC have been obtained from the Action Plan and Annual Administration Report of DIC, Pune since 1978-79 to 1986-87, Annual Plan and Credit Plan of the lead Bank (Bank of Maharashtra). In addition various Report of Industry Planning have been used.

#### 1.6.2 PRIMARY DATA :

This study is an empirical research based on the Survey Method. First hand data collected from the field directly.

Information has also been from the officials, entrepreneurs, expert groups, social organisations and other Government agencies involved in different development schemes at district and Tahashil level, with the help of discussion.

Data relating to small entrepreneurs have been collected through personal interviews for this purpose one schedule was prepared in English but in course field work they were translated into Marathi.

The questions used in the schedule were basically of two types - fixed answer questions and opinionative questions. The scores on fixed answer questions have been presented in tabular form and answers to our opinionative questions, after categorization have been presented with explanation in Chapter No. **IV**.

Besides this a number of discussions have been held with General Manager, Director of WMDC, Joint Director of Industry Department, Representative of Maratha Chambers of Commerce & Industry; representative of D.A.C. and others. The informal discussion with the officers of the DIC were informative and helped researcher to understand various issues about New Pattern of DIC Programme.

### 1.6.3 GEOGRAPHICAL COVERAGE : PUNE DISTRICT -

The Pune District is the most industrially advanced districts of Maharashtra next to Bombay. In spite of its industrially advanced state this district has shown wide regional variations - i.e. talukawise. This uneven growth of the district is attributable to the policy variable. There have very systematic efforts towards the development of metropolitan region while the rural areas have been neglected in this regard. In the present study an attempt has been made to identify the factors involved in these regional variations.

The Pune DIC enjoys a unique position in the industrial

development activity of the District. It has been assigned with the dual role of controlling the unwanted growth of Metropolitan region (i.e. negative role) and providing adequate incentives for industrially backward areas to the District (i.e. positive role). This study also attempts to evaluate this dual role specifically assigned to it.

Thus the Government of Maharashtra has been operating a twin policy on the one hand, to restrict industrial growth in Bombay Metropolitan Region (BMR) and Pune Metropolitan Region (PMR), and on the other hand to promote industrial development in areas outside the PMR and BMR.

#### 1.6.4 PURANDAR TAHASHIL :

After selection of the district, the question before us was to select a Tahashil for the study. It was decided to conduct the study in one selected Tahshil of Pune District.

PUNE District consists of 14 Tahashils. Out of them, Pune city Haveli, some part of Maval, Mulshi, Khed has been considered industrially developed area. Purandar, Junnar, Shirur Ambegaon, Indapur, Velhe, Bhor are considered backward area.

The DIC Pune decided that there is no necessity to prepare action plan for Pune Metropolitan Region. The area which covered some part of Haveli, Mulshi, Maval, Khed has been in the process of development since the last two decades.<sup>5</sup>

The classification as applied in package scheme of incentives of 1983 has been regarded as the base for sampling. The package Incentive Scheme 'D' category is called for backward Tahashil. There are seven Tahashils identified under D category and Purandar is one of them. Hence the selection of Purandar Tahashil for sample survey.

#### 1.6.5 Permanant S.S.I. Unit :

Once Purandar Taluka has been selecting for the purpose of Sample Survey. It was decided to keep unregistered and provisionally registered units, away from our analysis. The first reason was no systematic records were available for the purpose of Sampling.

Another significant reason is that only these permanently registered units get various facilities like electricity, water scarce raw material and accommodation from financial institutions on priority basis. So far the benefits of this scheme were made available to SSI permanant registered units. Provisionally registered and unregistered units could not get such facility.

The permanent registered SSI units availed by inward section by the researcher himself. While collecting information about SSI Units a lot of inconvenience was faced by the researcher. Fortunately we prepare a list of SSI permanent registered units in Purandar Taluka by October, 1986.

The number of permanently registered units during the period of 1979 to 1986 is 18. Out of them three units non-responded units. The reason for non-respons are as following :

- A) One units refused to give information,
- B) Remaining two Establishment not found due to incomplete address.

So it amounts to hundred percent selection of Sample. The SSI units which have got existence from 1978-79 have been taken into account. It may be noted that it co-incidence with the period of the establishment of DIC, Pune. The period of evaluation of DIC is from 1978-79 to 1985-86. There is eight years.

#### 1.6.6 Classification of SSI :

The selection was actually made basis on functional classification adopted by DIC.

The industries are divided into following categories as Agrobased, Engineering based, Chemical & Allied, Textile based, Forest based, Paper & Printing Press and Miscellaneous industry.

The industries covered along with the No.of units in each stratum which from the total population of survey are shown in Table No.1.1.

Table No.1.1

| Sr. No. | Category of Industry   | No. of Units | Units surveyed |
|---------|------------------------|--------------|----------------|
| 1.      | Agro based             | 1            | 1              |
| 2.      | Forest based           | 2            | 2              |
| 3.      | Engineering            | 5            | 4              |
| 4.      | Chemical               | 2            | 2              |
| 5.      | Paper & Printing Press | 2            | 2              |
| 6.      | Textile                | 2            | 2              |
| 7.      | Others                 | 4            | 2              |
| Total   |                        | 18           | 15             |

(These are the units an existence as on 3.2.1986).

#### 1.6.7 FIELD WORK AND COLLECTION OF DATA :

Field work for this study was carried on by the researcher himself. It was conducted during the period from October 1986 to March, 1987. After collecting the information through the interview schedule, have been checked and edited. The omission and Commissions have been rectified by revisits to the SSI Units. Since the field work was conducted in co-operation with entrepreneurs were not ready to co-operative. It was realy a hard time for the researcher to interview these units.

#### 1.6.8 SCOPE AND LIMITATIONS :

The study suffers from various limitations as following :

The conclusion best on the micro study can be safely generalised with reference to working of DIC Mechanization.

This being a case study of Purandar Taluka, no inter-tahashil comparision, no inter-industry comparision made in this analysis. This is the major limitation of the study. The performance of the DIC Pune has been highlighted with the Special reference to Purandar Tahashil against the background of industrial development of Pune Metropolitan Region of Pune District.

This micro level study of evaluation of DIC Programme has brought out certain deficiencies in the working of the programme. Based on the empirical findings our objective was also to suggest some future strategy in regard to organisational requirements. We hope that the suggestion provided at the micro level may have the scope of generation at the macro level.

#### 1.6.9 SCHEME OF PRESENTATION :

The Chapter, Scheme of the present study is as follows :  
The report has been analysed and presented in 7 Chapters.

The First Chapter discusses the design of study and methodology. It coveres introduction, Statement of the Problem,



objectives of the study, hypothesis, operational definition of concepts, methodology, geographical coverage, field work, collection of data and scheme of the report.

In Appendix of Chapter No.1, presents the review of previous studies and scope of the study.

The Second Chapter give a brief review of development of S.S.I. in plan period also present a brief review of industrial development of Maharashtra State and Pune district, with reference to regional imbalance and nature of industry.

In the third Chapter, deals with the profile of Pune district particularly in natural resources, human resources, physical (infrastructure) resources, financial resources and social resources.

The Fourth Chapter discuss the organisational set-up and working of the D.I.C.

The Fifth Chapter discuss the problems of SSI and role played by DIC.

The Chapter Sixth presents the Summary of findings.

The Chapter Seventh presents the suggestions.

For the sake of time and convenient, we used Abbreviations in this study.

REFERENCES

- 1) Kuznets, Simon, 1956. Quantitative Aspects of the Economic Growth of Nations; Vol.V, No.1. October. Oxford and IBH Publishing Co., Bombay, 1965.
- 2) Dr.Sakhalkar,S.B.; Maharashtra : Regional imbalance Persist, Commerce Annual, 1980. P.275.
- 3) ..... Udyog Sadhana. Directorate of Industries, Bombay-400 004. P.9.
- 4) Dr.Vasant Desai - 'Problems and Prospect of Small Scale Industries in India. Himalaya Publishing House, Bombay-4. P.110.
- 5) DIC, Pune Action Plan, P.2.

year

year

REVIEW OF PREVIOUS STUDIES :

This empirical research is the first of its kind and the present attempt to analyse the working of D.I.C. with special reference to S.S.I. in Purandar Taluka in Pune District. There are some studies on various aspect of S.S.I. Although they do not have any direct bearing on the subject of research, the Methodology and findings of these work have been quite useful.

The study titled "Industrial Entrepreneurship in S.S.I. of Orrisa" by Dr. Raj Prafulla K.<sup>1</sup> has highlighted the characteristics of the entrepreneurs of backward, more backward and forward district in Orrisa and the factors that have encouraged S.S.I.

The study undertaken by Dr. Sharad Kopardekar D.<sup>2</sup> has made a study on S.S.I. in Poona with reference to investment and output aspects only. The study does not enquire into the organisational requirement of S.S.I.

This study has highlighted the factors affecting their growth, productivity and also suggests measures to improve their growth and productivity.

Well known Economist Ram K. Vepa<sup>3</sup>, in his finest treatise "Small Industry, The challenge of the Eighties" have presented a brilliant analysis of the importance of S.S.I. in rural area.

For the rural industrialisation, the Centre's decision to set up D.I.C. is indeed a step in the right direction. He remarks that D.I.C. have been playing a very important role in the development and promotion of S.S.I. and village industries in rural and urban area of various districts.

He appraise the D.I.C. programme has good progress in developing S.S.I. and village industries, generating opportunities for educated unemployed. After a general review of the progress of the DICs, the author gives an identify the various problems faced by DICs their working, their financial pattern, delegation of power. In lastly he concludes that the achieving better success the DIC must consider District manpower planning. The DIC Programme have much scope in the following areas such as availability of raw materials in adequate quality and at right time, to set up a rural marketing centre for each Tahashil, to provide adequate finance in right time and to built up linkages with other government agencies both at the State and Central levels.

Sudharshan Lal<sup>4</sup> in his article made some suggestions on working of D.I.C. For the successful implementation of DIC there should be provide all the services and support to SSI under a single roof. Secondly Management and Organisational set up of the D.I.C. should sound and lastly the entrepreneur should be given training so that they themself develop S.S.Unit. These are the most useful suggestion for D.I.C. Programme.

Satya Sundaram<sup>5</sup>, published a research paper (1978). He remarks that DICs is the real remedy for mounting unemployment, increasing poverty and widening disparities in development. While in regional imbalance country D.I.Cs role is meaningful to take industrialisation to the rural areas with help of Growth Centres.

Dr.Vasant Desai<sup>6</sup> in his book entitled "Problems and prospects of S.S.I. in India", deals with the present problems and prospects of S.S.I. Firstly, the books deals with the varied problems, affecting the S.S.I. and then it covers measure taken by Government agencies such as MSFC, MSSIDC, DIC etc.

The main thrust of this treatise deals with DIC programme, which provides necessary guidelines and assistance to the rural entrepreneurs. But, lastly he criticized some aspects of DIC particularly delegation of power, financial power, weak linkages with other organisation or agencies; political interference etc.

He concludes that, however, no programme of development of S.S.I. can be successful unless there is a sound structure and proper management of D.I.C.

In one research paper<sup>7</sup>, the researcher has been focussed attention on role of S.S.I. in the process of industrialisation.

This study was designed to bring out the role of S.S.I. in the over all process of industrialisation. Researcher made comparison between two district between industrially developed and industrially backward.

In another study, some aspects of the industrialisation of India and then role played by DIC for industrialisation of Ahmednagar District has been discussed.<sup>8</sup> But the researcher did not present a critical analysis of DIC specially delegation of power, linkages with other organisation, working method, rules and procedures.

From the above reviews of the previous literature, one finds that the working of DIC with reference to SSI in rural areas has not been studied so far. This has encouraged the researcher to undertake the study entitled "A critical study of working of DIC with special reference to SSI in Purandar Taluka in Pune District."

REFERENCES

- 1) Dr.Raj Prafulla K., Industrial Entrepreneurship in S.S.I. Of Orrisa. Unpublished research report, Orrisa University. *Why the original work not referred to? (p. 20/11)*
- 2) Dr.Kopardekar, S.D. SSI Poona; G.Y.Rane Prakashan, 1974.
- 3) Ram K.Vepa, Small Industry, the challenge of the Eighties. Vikas Publishing House, New Delhi-110 002.
- 4) Sudharshan Lal, 'Task before District Industries Centres', December 22, 1979; Vol.139, P.1193.
- 5) I.Satya Sundaram, 'How District Industries Centres can promote industrial growth capital'. November 16, 1978. P.1552.
- 6) Dr.Vasant Desai, 'Problems and Prospects of Small Scale Industries in India', Himalaya Publishing House, Bombay-400 004.
- 7) Dr.V.S.Patwardhan, 'Role of SSI in the process of industrialisation in Pune and Aurangabad District of Maharashtra, Gokhale Institute of Economics & Politics, Pune, 1985.
- 8) Mr.Khurud,B.S. 'The Role of District Industries Centre in the Industrial Development of Ahmednagar District'. Unpublished M.Phil.Dissertation, Marathwada University, Aurangabad, 1985.