

CHAPTER - V :

" FINDINGS AND SUGGESTIONS "

1. General Information
2. Capital Structure.
3. Raw Materials.
4. Production.
5. Marketing.
6. Employment.

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FINDINGS AND SUGGESTIONS

The Industrial Policy Resolution of 1948 specially defined the importance of small scale industries when it stated that "Cottage and small scale industries have a very important role in the national economy, offering as they do scope for individual, village or cooperative enterprises and means for rehabilitation of displaced persons. These industries are particularly suited for the better utilisation of local resources and for the achievement of local self sufficiency in respect of consumer goods."

As the small scale industries serve local market, problems faced by them may drastically vary from region to region. As such the study of small scale units has to be undertaken on regional basis.

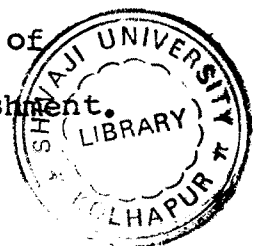
The present study has attempted a critical appraisal of the working and problems of small scale weaving industries in Hunagund Taluka.

The findings and suggestions of the study are classified on the basis of questionnaire namely, General information, capital structure, raw materials, production, marketing and employment.

GENERAL INFORMATION :

The study noted that the sole proprietorship form of business enterprise is the most common type of establishment.

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In the units surveyed the sole proprietorship type of establishment accounted for 52.2 percent of the total (120 units out of 230 units surveyed). The partnership and cooperative units accounted for 21.7 percent and 25.1 percent respectively. Therefore, the small scale industries serve as best source of self employment. The very fact that the sole proprietorship form of establishment is common. The self employment in favour of small scale industries holds true here. It is clear that partnership and cooperative societies are not the popular types of establishments. The cooperative and partnership should be encouraged to establish more and more small scale weaving units.

The study revealed that 26.1 percent (60 of the 230 units surveyed) were established after 1980. This data indicates that the weaving units increased rapidly after 1980. In Hunagund Taluka even today 91.3 percent of the units are traditional small scale industries. They have not developed on the lines of more modern industries. The rate of industrialisation has been increasing every decade after 1950 in Karnataka state. Which is a welcome sign.

More efforts should be made to increase the pace of industrialisation. This is possible only by establishing large scale weaving units which help the establishment of more power looms.

The majority of the establishments are independent establishments from the point of view of the nature of work of these establishments.

Majority of the sample units were run by the manpower accounting for 93.5 percent of the units, and a few of them used power in the production process and the nature of power in the latter is electricity. Only power looms were suffering from shortage of electricity. Therefore, arrangements should be made to increase the supply of electricity with the supply being regular and adequate to power the looms.

The majority of units were not registered as they have employed only one person. In addition, they have not become members of the cooperative societies. Those units which have not registered should be encouraged to do so by making them aware of the advantages, particularly the long term ones, of registering with the body concerned. The non registration possibly reflects the apprehension on the part of the small scale units with respect to certain official obligations and of possible entanglement with the enforcement bodies. Increasing registrations will enable the cooperatives to become more viable financially. In the process the registered units will enjoy fair prices for their products.

It was found that the majority of the sample units, the working conditions was normal in the working days. They have

worked only eight hours per day. It is good for the health conditions of the workers for long hours of work can adversely affect their health.

An interesting fact about the number of days <sup>worked</sup> during the last year of the survey revealed that each unit on an average worked for 265 days (72.6 percent). They have not worked for the remaining days during that year. The reason for their non working is due to weekly holidays festival holidays, marriage ceremony and other social causes.

It can be concluded that the majority of units established independently, have no question of conflict between the owners and the workers.

The small scale weaving units in Hunagund Taluka can form their own cooperative society through which they can secure adequate and regular supply of raw materials. As has been seen, the disposal of finished products has, to a very large extent, been 'tied' to their possible disadvantage. An association of units through a cooperative ( or cooperatives), should enable them to maintain their individual identity as well as to become less dependent on others with respect to the procurement of raw material inputs, as also with their disposal.

Almost all units are working with no shifts. The powerlooms also work eight hours in a day. Thus, capital is not fully utilised. An improvement in production habits can increase capital utilisation.

CAPITAL STRUCTURE :

Almost all the small scale weaving units in Hunagund Taluka are very small units having investment capital of between Rs.500 and Rs. 1000. The powerlooms have capital investment of Rs.4000.

It can be suggested that the establishment of small weaving units on cooperative basis increases both efficiency as well as production. In the present study one of the sample units surveyed was 'Shri. Shakhambhari Weavers Cooperative producers society Ltd, Sulibhavi. This society is found to have been managed quite successfully. Thus, efforts should be made to encourage in establishing more and more cooperative societies.

The small scale units should take the benefits liberally given by the Government and preferential policy of the banks to increase investment capital.

The investment in working capital on an average seems to be very low. Which adversely affects the efficiency and production of small scale weaving units.

About 73.9 percent (170 units) of the financial assets are contributed to by the owners, 17.4 percent or 40 units have the financial assets contributed to by the partners. The remaining 8.7 percent or 20 units are financed by the banks. It is heartening to note that industries (weaving units) are free from the clutches of money lenders. Government and banks are playing a very important role in developing small scale weaving units.

The important difficulties faced in securing loans for working capital are cumbersome procedures, asking of lot of information, complicated form of loan application, lengthy delays and procedures etc. Because of these reasons the small scale units do not normally borrow from the banks, even if they are in need of finance. So they are, at times not in a position to meet the working capital needs.

Following suggestions can be made for sanctioning the loans by the banks.

1. Production process should be seen and not the assets while sanctioning the loans, as the assets like looms cost hardly Rs. 500.
2. The application forms to be used should be simple and to be easily understood.

3. Loan application should be scrutinised expeditiously and loans sanctioned soon after.
4. Procedure should be time saving and not time consuming.
5. Commercial banks should, commercial approach and follow pro-entrepreneurial approach.

RAW MATERIALS :

Important raw materials used by the small scale weaving units are cotton yarn ( plain and coloured), Silk yarn ( plain and coloured), Chamaka, Bamber etc. The total value of these raw materials used by all the 230 weaving units in the year 1984-85, was worth Rs. 17,45,000.

Hunagund Taluka is developed in weaving industry. Local traders know their customers well and give them raw materials on credit basis. Local entrepreneurs purchase raw materials locally, and to some extent they purchase from distant markets like Bangalore and Bombay.

The small scale weaving industries in Hunagund Taluka are not import intensive industries. These units use local raw materials only. Rapid development of such weaving units will help in earning foreign exchange reserves, which are necessary for the protection of domestic industries.

Majority of the units purchase raw materials directly from producers. Some of the Units purchase the raw materials even



from middlemen and cooperative societies. As the small weaving units have not formed their own cooperative society, they have to purchase raw materials from producers and middlemen by paying higher prices. So they have to form cooperative societies, so that they will get raw materials at reasonable prices.

Important difficulties faced in securing raw materials are frequent shortages, irregular supply frequent raising of prices; whereas prices of finished products cannot be raised easily. Especially in times of rainy season, it is very difficult to procure the required raw materials. This hence affects efficiency of the working of the units, part of the non availability of raw materials, particularly in the rainy season is lack of adequate transport facilities.

An important in this sphere could enable the units to be assured of raw material supply in adequate quantity and at the right time. Since this factor is an extraneous, the authorities should be petitioned through a suitable method, to do the needful.

Further, certain Government departments may be entrusted to supply raw materials to weavers at cheap rates through the controlled shops.

PRODUCTION :

Sarees, both plain and with designs are produced by almost the whole sample size. Some of the units produce silk pegota and

blouse pieces (Khana). The total value of the output produced during the year 1984-85 was worth Rs. 20,32,680. Which gave an average of Rs. 8837.75 per unit. The total value of output produced during the year 1985-86 is worth Rs. 22,80,000. This is fairly good compared to the previous year. The output has increased because of introduction of new technology, change in designs of sarees (fashion), and efficiency of the workers. Therefore, production process can be improved and also new types of products can be produced.

There has been fairly good increase in the value of production since 1980-81. The growth rate of the value of production has ascillated between 4.94 percent and 12.16 percent. The above figures indicate that a consistent growth rate, year by year, has been achieved.

The suggestion that emerges here is that efforts should be made to remove bottlenecks in productive process with the provision of adequate supply of raw materials for widen market for the products.

Majority of the units are working below capacity. The reasons for working below capacity are irregular supply of raw materials, power shortages especially during the summer, irratic and inadequate supply of raw materials in the rainy season, festivals religious causes, limited scope for the work etc.

Now the Ilkal sarees are famous not only in Karnataka but also through out the country. In order to increase the appeal for the product over a still wider area quality of the product should meet the requirements of this wider market. In order that the producers become more quality conscious a number of workers may be sent out for training in the necessary fields. Since the small scale enterprises are not always in a position to carry out this important requirement, the Government, in consultation with appropriate bodies and organisation, should help either, setting up such facilities locally or arrange for such facilities elsewhere in the country e.g. Sejam (Tamil Nadu) and Bangalore ( Karnataka). Such training may have other wind-falls in introduction of modern designs and technology.

MARKETING :

The majority of the units supply their goods either directly to purchasers or dealers who advance raw materials. Thus, the major share of the profit goes to the middlemen. The goods purchased by the cooperative societies might help the weavers in getting reasonable prices for their goods.

All the units are local oriented units. None of them manufactures for the export market.

The Government should make weaving industry export oriented industries by giving more incentives. As far as possible weaving units in Ilkal, Sulibhavi, Amingad and Kantagi should be encouraged to produce goods for export market as well, wherever possible by forming cooperative societies. The industry has already been saving foreign exchange by depending locally on available raw materials.

The prominent difficulties faced by the weaving units in marketing their products are among others, keen competition for their products limited market and shortage of working capital.

To counter some of these difficulties, the units may seek to go in for specialisation in a few selected production lines, which will help in reducing competition and also help in increasing the specialisation and hence the efficiency of production. The government should give priority to small scale weaving units while purchasing sarees, silk pegota and blouse pieces.

Transportation of raw materials and finished products if undertaken jointly through cooperative societies, specially by service cooperatives, may help in reducing the problem of transportation faced by these units at present.

EMPLOYMENT :

The majority of the family workers from the major portion of the work force employed in the small scale weaving units.

Each worker works for eight hours a day. It is also observed that the rewards that they get are low. Therefore, there is no progress in the standard of living of the workers.

Almost unskilled workers are employed in these units. Though experience within a short time even unskilled workers in small scale units become skilled workers.

Most of the workers do not have training in weaving industries. They acquire the knowledge only after joining these units on on-the-job training basis.

The better training facilities should be made available in the field of textile and in Handloom Technology Institute at Selam in Tamil Nadu, Handloom Designing centre at Bangalore in Karnataka State. The entrepreneurs as well as the workers should come forward to obtain these training facilities. It naturally increases worker efficiency. If the workers are sent for training the production will be affected. The cost of training may be shared by the sponsoring unit, the local government and the state government and others.

TO SUM UP :

The small scale industries have played a very important role in the economic development of Hunagund region. Use of the raw materials which are available locally or near by the town helps in saving the transport charges. Selling their products locally helps in meeting the demands of the local customers. These units work with less investment and provide greater employment opportunities to the local weavers. Availability of cheap labour and more incentives from the government are the two important factors, which can attract more industrialists from other places to open new units in other parts of Hunagund Taluka.

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