

CHAPTER - V

FINDINGS AND SUGGESTIONS:

This chapter deals with the conclusions from the survey.

1. It would be seen from the data presented in the report that out of 60 units surveyed, not a single unit is organised on a co-operative basis. The data shows that, the types of business organisations of the small scale engineering units in Kolhapur are such as Individual partnership, Partnership from the same family, proprietary ship, public limited company and private limited company.

It has been often stated that, co-operation has spread rapidly in various economic activities of Kolhapur however

our survey enables us to conclude that none of the units over by the sample was having co-operative organisation. The large number of craftsmen and labourers who have got having potentialities but in lack of capital meet the advantages of co-operative movement. Hence, it may be suggested that such young and skilled labours can form an ' Industrial co-operative Institution' and they can secure the employment and enjoys a better standard of living.

2. It was noticed that, 56.66 percent units could not earn even 10 percent profit. It is true that there has been a common tendency on the part of small scale industrialist to underestimate their profitability while reporting. However, if we take in to consideration their financial difficulties, there seems to be a large element of truth in their lower profitability. The profitability of these units could increase if,

(a) Crucial and necessary raw material is made available in adequate measures and at controlled rate- The majority of the units complain<sup>i</sup>ts about high level of excise duty that they were compile to pay which reduce their profitability. So there is a need to study this aspect in details and attempt should be made for the reduction of burden of excise duty on small scale industrialist.

(b) During the ~~sm~~ survey it was ~~observed~~ that the small scale industrialist were not much aware about the aspect of marketing management none of them seems <sup>to be</sup> ~~of~~ have thought of

marketing research, nor were they able to take the advantage of scanty marketing intelligence. There is a need to conduct special programmes by the management institutions like Chhatrapati Shahu Central Institute of Business Education & Research for training the small scale industrialist in the field Marketing management especially market research.

(c)  $\frac{1}{10}$ th of the units surveyed for the present study were in a position to appoint a professional managers to look after various activities of their units. The rest 90 percent of the units are characterised by self management which is traditional in nature.

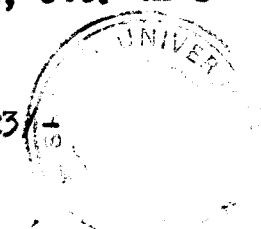
Taking into consideration the fact that the modernage is characterised by tough competition and rapid development of technology and fast changing pattarn of consumers ~~is~~ at large, There is need for train<sup>ing</sup> the owner managers in the field of modern management. Wherever possible, an attempt should be made by them to appoint a professional managers who will be in a position to visualise the likely changes that are taking place in the environment and plan his production ~~is~~ schedule in such a way that it will not only meet the current require-ments and increase the profitability of the units but also will help the small units to become medium units and better on large units. The small units need not feel satisfied with the slogan that small is beautiful. In practise small units should have ambitions to become <sup>large</sup> ~~large~~ and stronger unit.

(d) The survey has shown that about 1/3 units were the ancillaries units while rest of the units work independently. In this context it may be suggested that the independent units should have a close relationship with the ~~large~~ scale units. It is true that they should not depend completely on large scale units but at the same time it may be argued that the small scale units being small will find it difficult to develop ~~rapidely~~ rapidly .

Their close contact with the large scale units will help them not only financially but also technologically. In ~~this~~ this context both i.e. small scale and large scale units should come together and exchange their views and take the help of each other. So that both can develop rapidly. The Kolhapur Engineering Association and the Kolhapur Chamber of Commerce should take a lead and bring on the common platform, largescale and small scale units. The mutual exchange between these two will not only help to themselves but also will benefit the nation as a whole.

3. During the survey the industrialist were asked about the utilisation of capacity of their plant, It would be seen from the report that out of respondent 53 units, 32 units were expressed their views, that they cannot use the full capacity of their plant because of the shortage of raw material.

12 units out of 32 reported that, Iron and steel, Brass and Copper strips, Circle, sheets , Rods, Tubes, etc. this



type of raw material is very scarce. 16 units out of 32 stated that, the above raw material supplied to them is very much less in terms of quantity than their total requirements. 4 industrialist argued that the Diatool steel, Special Steel, Copper and Bronzeignots, were exteremely scarce and were not available at controlled rates.

For solution of the above problem,mit may be suggested that, there should be a control on black marketing of scarce raw material. As well as the co-operative measures can be adopted by the small scale engineering industrialist for solving the problem of scarcity of raw material. The leading institution in the Kolhapur i.e. Kolhapur engineering Association can successfully tackle the problem of shortage of raw material. The Association can discuss the problem with Regional Raw material Advisory committee as well as with Government authorities.

4. It was noticed that the important difficulty of small scale engineering units in Kolhapur was the shortage of electricity or power. During the field survey industrialist reported that they cannot use the full capacity of their plant due to the irregular supply of electricity and shortage of power. Industrialist:argued that recently,~~due to~~ the ' Load shading ~~pi~~ policy of Maharashtra State Electricity Board ' creass the disturbances in the electricity supply and hence, there arise ~~on~~ difficulty in running the unit.

Here we may suggest that the Maharashtra state Electricity

Board should issue the large power licences to the small scale engineering units, as well as they should set up a big capacity generator and special transformer for industrial area which can help for solving the problem of short supply of ~~par~~ power.

5. During the survey the Interviewees were asked about the difficulties or the obstacles for getting their loan requirements. 75 percent units investigated argued about the ' complicated nature of the information required from the borrowers ' and ' Delay in the sanctioning loan ' by the various banks and Government agencies.

So we may conclude that, the nationalised banks, commercial banks, and various Government financial agencies should adopt much more liberal policy of extending loans and they should reformer the bank loan ~~policy~~ sanctioning ~~pi~~ policy in favour of the small scale engineering industrialist.

6. In the case of the 10 units (16.7 percent) out of total surveyed units, it was found that, they were not in ~~a~~ ~~posi~~ position to receive sales proceeds on time. Because the customers including Government departments also don't make payments immediately after the goods are delivered. It was also pointed out by small scale engineering industrialist that large scale industrial units were in a better position to offer credit facilities to their customers where as small industrial units could not ~~also~~ do so. This badly affected the total sale

of the small scale engineering units.

In respect about 60 percent of the small scale engineering units surveyed, the delay in payment extended beyond three months, and in 40 percent of the cases it was six months or more. Many affected small scale engineering units faced a considerable financial shortage because of the delay in getting payment. In ~~the~~ this situation they could not postpone their commitments such as wage payments. For raw material purchases, credit was not generally available from suppliers. In fact, some raw material suppliers insisted on advance cash payments before supply were <sup>released</sup> realised. <sup>These</sup> ~~There~~ experience advocated by the small scale engineering industrialists of Kolhapur.

It may be suggested that the Government and private traders should take in to consideration the difficulty and financial position of the small scale engineering units. Government<sup>n</sup> departments i.e. the customers of small scale engineering industries should be prompt about the payment.

7. Small scale engineering units in Kolhapur were observed to be suffering from various disadvantages merely on account of their smallness.

(a) It was observed that most of the small scale engineering industrial units did not possess their own equipment to test quality and suitability of various raw material and components purchased by them for use in their industries. It must be agreed that small scale engineering

units would not find it economical to purchase a quality testing machinery for the exclusive use of the unit.

So, it may be suggested that common testing facility centre could be setup by the group of small scale engineering industrialist, in the industrial area. or Kolhapur engineering Association can develop the testing facilities for small scale engineering units.

(b) It was observed in the small scale engineering units that, bad maintainance of machinery was a common fault with a large number of small scale engineering units. For solving this difficulty, it may be suggested that 'Joint Repairing Service Units' and 'Maintainance servicing units' should be form on a co-operative basis. Similarly Co-operative principles could be used for research on various products of members.

(c) As many as 50 percent of small scale engineering units were found to be confronted with diverse difficulties in raising the necessary capital. As suggested above if a co-operative effort is made such an endeavour may partly solve difficulties in raising sufficient capital for meeting the long term and short term requirements specially of those tiny units.

8. It was noticed that only 3 units were exporting their products to various countries i.e. cylone, nepal, Germany, Canada, Saudi Arebia, Iraq, Dubai, U.K., U.S.A. and France. The exporting units are, The new star Engineering Coporation, Raj Yantralaya, and Bajaj Engineering Works,



But it was observed that, these and other small scale engineering units had difficulty for exporting their components and spareparts. For example, inadequate knowlwdge of the way in which goods could be sent in the world market. Lack of facilities for quality control. Absence of attractive packing. Ignorance of the needs of buyers in different countries. and lack of adquate and good quality on raw material.

In this connection Honible Mr. Radheshyam ( Director of Small Scale Industrial Extension Service Centre, Kolhapur) was stated that, the Government is undertaking various measures for the above problems. But the local institutions also should guide to the exporting small scale engineering units, Kolhapur Engineering Association, Shirolu Manufacturing Association Kolhapur, Kolhapur Chamber of Commerce and ~~Kin~~ Kolhapur Productivity Council, these Associations can successfully take the problems of exporting units.

9. It was found that even though there are trade union activities in the industrial atmosphere of Kolhapur there is no sharp rivalry amongst them, so as to create violence and disturb the industrial peace. So it must be noted that, strikes and lockouts were rare phenomena at Kolhapur. In short the general labour atmospher is peaceful because of the good relations between the worker and the management , Which also leads to a high standard of production.

10. The recent ~~p~~ policies as declleared by the Government

and Reserve Bank of India, also signify a bright future for the small scale sector. The very fast expansion of the large scale industrial sector would be creating opportunities especially for the growth of small scale engineering industries. It is therefore said that the small scale sector is bound to expand rapidly in the near future.

New Kolhapur ~~ngi~~ region offers a ~~xxxx~~ considerable scope for the establishment of various small scale engineering industries. The State Directorates of industries, in consultation with the Kolhapur engineering association and Shiroli manufacturing association should formulate a special programme to identify potential entrepreneurs and render all possible assistance and guidance to ~~the~~ them. So that they may setup various types of small scale engineering units, in developing Kolhapur region.

There is a need of development of electronic plant. Hence the leading Association should encourage industrialist for the establishment of an electronic plant.

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