

CHAPTER VII

SUMMERY, CONCLUSIONS AND SUGGESTIONS

7.1 SUMMERY

7.2 CONCLUSIONS

7.3 SUGGESTIONS

by automobile industries, pump industries, agriculture industries are supplied by foundries.

7.1.6 With this background, the present study attempts to identify the grass root aspects of finance, investment of foundry industries in Palus and surrounding area. These industries provide number of employment opportunities.

7.1.7 The contribution of present study is particularly to the financial aspect of foundry industries in Palus surrounding area.

7.1.8 This research is structured to study the financial strengths, weaknesses opportunities and threats of foundry industries. The research project entitled.

7.1.9 “ A financial SWOT Analysis of Small Scale Industries in Palus Surrounding Area.

7.1.10 The present study is proposed with the following objectives,.

- i) to study Role and Importance of foundry industries in development of area.
- ii) To study growth and development of foundry industries in Palus.
- iii) To analyze the financial strong points of foundry industries.
- iv) To predict the financial opportunities for foundry industries.
- v) To evaluate the various financial problems faced by foundry industries.
- vi) To perceive the financial threats in the foundry industries.
- vii) To suggest appropriate measures to overcome the weakness or problems faced by the foundry industries.

7.1.11 In order to study foundries researcher selected Palus area. Reasons for selection of this location are researcher known the

foundry industry. Hardly there is any product, today which does not have one or more cast components.

The growth and development of foundry industries in Palus area was slow before 1995 but after that they established and developed at faster rate. The main reason are there are big customer of these foundries that are Kirloskar Brothers Ltd. and Ebara Pumps Ltd. There are total 15 foundries established till 2007 in Palus MIDC area and also in Dr. Patangrao Kadam Industrial Estate Co-operative Socceity Ltd., Palus.

There are 4 types of foundries that are Proprietorship (5 foundries) Partnership (7 foundries) private ltd. (2 foundries) and co-operative (1 foundry) all the foundries registered with DIC Sangli except one co-operative foundry, which was registered with DIC Satara.

7.1.16 The Third Chapter attempted to highlight the strong financial position of foundry industries. It comes initially the meaning of financial SWOT Analysis, SWOT Analysis means, Analysis of financial strengths, Weaknesses opportunities and threats of foundries. The strengths and weaknesses raised in the internal environment of foundry where as opportunities and threats raised in the external environment of foundries.

Foundries mainly invested the owned and borrowed capital to start its activities. Borrowed capital was raised through banks and financial institutions. All types of foundries invested the owned and borrowed capital as per the requirement.

Basic foundries require working and fixed capital. Working capital required to conducting day to day activities of foundries.

The need of working capital satisfied through the short form loan in the form of cash credit of banks. All the foundries had sufficient working capital hence first point of financial strength regarding working capital is completed. Researcher takes another aspect to analyze the financial strengths is proportion of turnover to investment..

7.1.17 In Fourth Chapter, attempt was made to analyze the financial opportunities available to foundry industries. In this research first takes the purpose to start the foundries which helps to analyze the as per the founders what are the importance of foundries. After this research showed that there were number of ways available to raise the required working capital which is the important aspect of foundries. After this researcher shows the financial incentives given by DIC, central & State Govt. which helped the foundries for their development. Researcher also shown that role of banks which helps the foundries in satisfying their financial needs. After that researcher tries to discover the demand for foundry product. In this point research found that the demand for foundries is very high so the future of foundries very high because the foundries are basic industries. All large scale industries such as pump, automobile, agricultural, jet industries depend on foundries for their important component.

7.1.18 The Fifth Chapter attempted to analyze the financial weaknesses faced by foundries in Palus area. In this firstly researcher gave the meaning of financial weaknesses. To analyze the financial weaknesses researcher took three criteria

7.2 CONCLUSIONS :-

7.2.1 In Palus surrounding area total 137 SSI out of which there are 15 foundry industries. All these 15 foundries are engaged in making casting.

7.2.2 In these foundries, researcher found only four types of organization namely proprietorship, partnership, private Ltd. And co- operative. And except one all foundries registered with DIC Sangli. That one foundry registered with DIC Satara because that time Sangli as a separate district was not established.

7.2.3 It is observed that all industries invested owned and borrowed capital to conduct industrial activities. The working capital and fixed capital are the important parts of the foundries. All foundries have sufficient working as well as fixed capital.

7.2.4 The average turnover to investment proportion of almost all foundries was positive. In 2002-2003, 2003-2004 it was negative because hike in prices of raw material, labour strike etc.

7.2.5 It was observed that most of all foundries started foundries because foundry industry has good business prospects and good profits in this business.

7.2.6 Since 1997 almost all foundries satisfying their working capital need from banks.

7.2.7 It is observed that DIC also plays an important role in providing financial opportunities to foundries by providing number of financial incentives such as margin money scheme,

seed capital scheme, exemption in sales tax Banks also plays an important role. The main bank which provides all types of loan is Palus co-operative Bank Ltd. Palus, Almost all foundries takes short term and medium term loan from this bank.

- 7.2.8** It is observed that the future for foundries is very bright because it is replied by foundries that demand for foundry product is very high and hence future is also bright.
- 7.2.9** Other reasons for bright future are foundry industry is basic industry, which supply necessary cashing to all large scale industries. It is also observed in study that Indian foundries have opportunity to supply their costing to foreign countries because in most of foreign countries the production of costing is restricted by that government.
- 7.2.10** In this study researcher applied three criteria to discover the financial weaknesses of foundries that are cash losses for successive two years, irregular clearance of working capital advances for longer period, and under utilization of capacity.
- 7.2.11** It is observed that out of 15 foundries only one foundry in financially weak condition, which faces cash losses since 1998-1999. it is also observed that this industry also fails to clear working capital advance.
- 7.2.12** In some years foundries faces cash losses or not able to clear the working capital the reasons are shortage of raw material etc.
- 7.2.13** Other weaknesses observed that they are not maintain or using proper accounting techniques, unaware of schemes of DIC , not hired skilled labours.

7.2.14 The financial threats observed by researcher are problem of borrowing. There are number of problems of borrowing araised which creates threats to foundries. That are insufficient amount of loan untimely availability of loan because procedure of getting loan is very lengthy and it also observe that bank. Charges higher rate of interest on loan. Most of the foundries get the loan at rare of interest ranges between 13 to 14 % p. a.

7.2.15 Other threats observed by researcher were problem of getting raw material within the region. Almost all foundries purchase the raw material out of the Maharashtra.

7.2.16 Foundries have to pay heavy taxes on octroi, VAT, regular income tax etc.

7.2.17 It also observed that, there is problem of labour, labours are unskilled and tendency of absenteeism is more in labours.

7.2.18 The problem of competition is also ever increasing out of 15 foundries 12 foundries facing the problems of competition.

7.3 SUGGESTIONS :-

After the through study of 15 foundries researcher suggested some measures for sustained growth of foundry industries in Palus area.

7.3.1 The registration procedure in small units should be simple and easy. It should avoid delay in issuing the certificate of registration.

7.3.2 The octroi, on almost all products should be abolished, as well as the custom duties must be minimized as an incentive to the exports and imports.

- 7.3.3** The Govt. should bring the new financial policy and rules and regulations in providing initial capital by the various banks and financial institutions.
- 7.3.4** The subsidy sanctioned by the Govt. be made available to the units within a short span of period.
- 7.3.5** The Govt. should make the provision of adequate supply of raw material at a reasonable rate, timely to foundries.
- 7.3.6** For sound and healthy development of foundries the basic requisite factor is adequate infrastructure facilities. Therefore infrastructure facilities should be strengthened to attract industries. Telecommunication infrastructure will have to be improved.
- 7.3.7** To increase the efficiency and productivity the skill and training becomes indispensable. Therefore extensive skill development facilities for workers must be arranged by foundries.
- 7.3.8** There should be good rapport between promoters, banks, financial institutions, govt. agencies etc.
- 7.3.9** Rehabilitation package should be analyzed quickly and implemented speedily by the banks and financial institutions.
- 7.3.10** To overcome the problem of sickness of foundries the govt. should pay more attention towards these foundries through the various rehabilitation and amalgamation scheme.
- 7.3.11** In the period of recession all foundries must create networking with each other which helps them to support each other by way of creating market to each other.

- 7.3.12** It is also suggested by researcher that, in the period of recession founders should maintain or increase the quality of their casting by which they can reduce the rejection of casting.
- 7.3.13** It will helpful to them to maintain the demand. If they success in maintaining the quality then 50% decrease in the order will not much affect the profit of the foundry.