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CHAPTER - ONE
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PRELUDE

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CHAPTER - ONE

P R E L U D E :

In Kolhapur City, the majority of industrial units are Small Scale Units and a few medium sized units. Interest in the working and problems of these units especially in regard to efficiency, productivity, utilisation of the productive resources inspired to choose the subject for dissertation. Again 1982-83 was declared as the Silver Jubilee Year of Productivity Movement in India. Under the guidance of Dr. P.S. Rao, President of Kolhapur Productivity Council, this study was undertaken. He pointed out the attention towards the Review appeared in 'The Economic Times 18.9.83' regarding the Survey conducted by 'Nasik Industries and Manufacturers' Association (N I M A). He advised to select and study some industrial units in Kolhapur on these lines.

The survey was conducted by NIMA in October and November 1982. It sent a questionnaire to assess the existing capacity utilisation of units and to gather the information regarding -

1. Utilisation of power with regard to connected load and sanctioned load.

2. The machinery installed.
3. The expertise available with the units and its technical competence.
4. Availability of spare capacity for further development and
5. The problems faced in infrastructure, tax matter, employment, finance and market.

Nasik has some 500 industrial units -
20 large scale units, 30 medium sized and 235 Small
Scale Units etc. The findings of the survey were -

1. few industries had any planning in their production. They were guided by demand in hand and the supply position at the counter.
2. data regarding idle capacity was not received.
3. data regarding installation of machinery and their capacity was not clear.
4. from the data available the category-wise list of S.S.I. units was prepared.
5. units were not aware of the concept of 'Capacity Utilisation' or 'Idle capacity', costs involved in the process of production or in the organisation of productivity.

A few studies were also conducted by eminent research scholars regarding capacity utilisation in Public Sector undertaking. Shri. B.L. Mathur has conducted a study and presented the problems in the way of capacity utilisation in Public Sector Steel Plants (Bhilai, Durgapur and Rourkela). In his opinion, the under utilisation of capacity is due to a large variety of factors, such as low labour productivity, non-availability of high quality raw materials, bad industrial relation and certain other administrative and technical factors. He stated that "there should now be a drive towards optimal utilisation of capacity through increased productivity, modernisation and technological improvements."

This inspired to probe into the problems of foundry units in Kolhapur City where the problem of capacity utilisation is very acute and calls for introspection and retrospection.

A. The Objective of the Study :

The main objective of the study is to know and analyse the capacity utilisation and productivity problems faced by the foundry units in Kolhapur. These foundries are always in crisis due one or more factors at any time during the year. These units,

most of them, are in small scale group of industries owned by individual proprietors or family partnerships. Though the units are running their productive activity, their working and performance are much below the capacity available and no due attention is given for increasing the productivity. Hence an attempt is made to study certain problems regarding capacity utilisation and productivity in selected foundry industrial units in Kolhapur City.

B. Methodology and Limitations of Study :

(a) Methodology adopted :

The study is based on available past data and information of the foundry units in Kolhapur. To name the Method used is to mention it as Empirical Method. But the name should not limit the study. It is the combination of interview, questionnaire and observation method. Data is collected from various available sources. It is analysed and conclusions are arrived at. For subjective type of data, prevailing business conditions are taken into account. The businessmen, contacted in person gave frank opinions regarding current problems, based on

their own past experience and judgement of foundry industry, for number of years, who always cautiously look ahead for the "Shape of things to Come."

The foundry units in Shivaji Udyamnagar, Y.P. Pawar Nagar, Jawaharnagar, Vikramnagar and M.M.I.D.C.- Shiroli are of Kolhapur City are Selected for the study. There are about 100 foundry units. About 80 units are studied and data in respect of about 50 units is undertaken for study. Units selected are of different capacities on the basis of machinery installed for melting/casting/number of workers. More detailed information and data was available for 28 units which is analysed, studied and conclusions are drawn.

(b) Sources and Collection of data :

The data is collected from the following sources :-

- i) Books, Journals etc. from the libraries of colleges, Shivaji University, Kolhapur, Kolhapur Productivity Council etc.
- ii) Visits to foundries for observation of various problems, machinery installed, layout of factory, working conditions etc.



- iii) Interviews with the owners/officers in charge of the units for assessing the capacity and other problems relating to their units and noting the answers in the questionnaire form.
- iv) Visiting the persons associated with foundry industry and collecting information regarding the various problems of Kolhapur Foundry Units.
- v) Collection of statistical data from District Industries Office, Kolhapur, Kolhapur Chamber of Commerce and Industries, Kolhapur, Engineering Association, Office of the Inspector of Factories etc.

(c) Limitations of Study :

There were number of problems to be faced while collecting the data. Most of the units are owned by individual proprietors. It was a very difficult task to convince them regarding the utility of such type of study. Although assurance was given that secrecy will be maintained, it was very hard for them to trust. However, certain difficulties are mentioned as under :-

- i) Most of the owners were unwilling to answer all questions and supply the detailed information on various items.

- ii) They were unwilling to waste their valuable time for the sake of such type of dissertation work, which the students prepare from the point of view of their examination work. They argue that such study has no practical utility for them.
- iii) Most of the small-units had not kept detailed, systematic and proper record of their business activities. Past records were not properly maintained and preserved.
- iv) The Govt. officers require information on various matters and they supply the data as per their office requirements. They were reluctant to show the real position to the observer.
- v) The data from Govt. offices was not easily available. Assurance and good relations were necessary to tap the sources. Most upto-date figures were not available due to administrative difficulties in their office practices.
- vi) Data regarding manhours lost, accidents, number of daily wage workers, piece-rate workers, casual workers, number of orders received, manhours lost due to strike and absenteeism, spare and idle capacity, increase in productivity etc. was not maintained by most of the small



units and even the large ones. The cost of maintaining such data is more and could not be borne by small units. Even they do not require such type of data in detail for ~~that~~ their daily routine work. Some of the owners of the foundries are illiterate too.

vii) To maintain the secrecy of their working the names of the units are mentioned only in the list given in chapter four.
