CHAPTER 12:
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12. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

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12. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The research is carried out to outline the status of the small scale agro-processing industry in the Ahmednagar district. Ahmednagar is the largest district in the state of Maharashtra in terms of geographical area and has fourteen tehsils. The district is predominantly rural in nature and its industrial development is lead by agro-processing industry. A study of small scale agro-processing industry in the Ahmednagar district is carried out to understand its marketing and financial performance and problems. The findings and conclusions are given below along with the recommendations.

12.1. FINDINGS:
The findings of the research related to the small scale agro-processing industry in the Ahmednagar district are as follows.

12.1.1. Findings related to Demographic Profile:
The demographic profile of the small scale agro-processing industry in the Ahmednagar district in the year 2007-08 is as follows.

12.1.1.1. Size and Share:
- The total enterprises in the Ahmednagar district are 4554.
- The size of the small scale sector is 4408. The small scale sector dominates in total enterprises with a share of 96.79%.
- The size of manufacturing enterprises in the small scale sector is 3040. The manufacturing enterprises dominate in the small scale sector with a share of 68.97%.
- The size of the small scale agro-processing industry is 702. The agro-processing industry holds a dominating position in the small scale sector with a largest share of 15.93%.
- The agro-processing industry holds a dominating position in the manufacturing small scale sector with a largest share of 23.09%.
- The size of the total agro-processing industry is 732. The share of the small scale agro-processing industry in it is 95.90%.
12.1.1.2. Composition:

- There is a regional imbalance in the composition of the industry in the district.
- The Ahmednagar tehsil dominates with highest share (32.19%) whereas Jamkhed tehsil has the lowest share (1.71%) in the regional composition of the industry.
- The share of four tehsils namely Ahmednagar, Sangamner, Shrirampur and Parner is 60.11% and remaining 10 tehsils have a share of 39.89% in the industry.
- The share of the food sector (54.70%) is higher than that of the non-food sector (45.30%) in the industry.
- The composition of the industry is not even across product categories.
- The ‘Wood and Wood Products’ category dominates with highest share (24.22%) whereas ‘Tobacco related Products’ and ‘Essence Sticks’ categories has the lowest share (1.85%).
- The share of five product categories namely ‘Wood and Wood Products’, ‘Milk and Milk Products’, ‘Paper and Paper Products’, ‘Bakery Products’ and ‘Textiles’ categories is 63.53% and ten other categories is 36.47%.

12.1.1.3. Growth:

- The number of enterprises in small scale sector has grown from 82 in year 1970 to 4408 in 2008. The number of enterprises in small scale agro-processing industry has grown from 21 in year 1970 to 702 in 2008.
- The annual growth rate of the agro-processing industry was high than that of small scale sector in the time period 1970-80; low in the time periods 1980-90 and 1990-2000; at par in the time period 2000-08.
- The share of the agro-processing industry in the small scale sector was 25.61% in 1970, then touched the peak in 1980 (29.41%) and thereafter continuously dropped to become 15.93% in 2008.
- The number of enterprises in small scale sector has grown from 3210 in year 2003 to 4408 in 2008. The number of enterprises in small scale agro-processing industry has grown from 559 in year 2003 to 702 in year 2008.
- The annual growth rate of the agro-processing industry is low than that of small scale sector in this time period except in the year 2006-07 when it is slightly higher.
- Overall, the average annual growth rate of the agro-processing industry is low (5.12%) than that of small scale sector (7.46%) in this time period.
• The share of the agro-processing industry in the small scale sector is also reduced slightly from 17.31% to 15.93% during this time period.

• The average annual growth rate of the industry in ten tehsils namely – Rahuri, Shrirampur, Rahata, Sangamner, Pathardi, Shevgaon, Parner, Shrigonda, Karjat and Newasa is higher than the industry average and therefore their share in the industry has increased. The average annual growth rate of industry in three tehsils namely – Shevgaon (15.00%), Karjat (12.50%) and Parner (10.00) is very high.

• The average annual growth rate of food sector (7.83%) is higher than that of non food sector (2.47%). There is a sectoral shift in the industry from non food to food sector from 2003-04. The share of food sector has increased from 49.37% to 54.70% and the share of non food sector dropped from 50.73% to 45.30%.

• The average annual growth rate of the eight product categories namely – ‘Processing of Fruits and Vegetables’, ‘Milk and Milk Products’, ‘Grain Mill Products’, ‘Animal Feed’, ‘Bakery Products’, ‘Spices’, ‘Other Food Products’ and ‘Ayurvedic Products’ is higher than the industry average. The share of these categories in the industry has increased. The average annual growth rate of the three product categories namely – ‘Animal Feed’ (12.38%), ‘Milk and Milk Products’ (11.35%) and ‘Spices’ (11.11) is very high.

12.1.1.4. Other Characteristics:

• The share of the rural (50.67%) and urban enterprises (49.33%) in the industry is almost the same.

• It is found that 17.78% enterprises are located in industrial area. Quite a significant proportion of enterprises are established in the residence (27.11%) of the owner and are cottage enterprises. 55.11% of the enterprises are located in other areas.

• The share of old enterprises (78.22%) is more as compared to the share of new enterprises (21.78%) in the industry.

• The micro enterprises dominate in the industry with a share of 81.33% and the share of small scale enterprises is 18.67%.

• Proprietorship (66.67%) is the mostly used ownership form in the industry followed by partnership (18.22%), private limited (9.33%) and co-operative (5.78%).

• The organizational quality (ISO) certified enterprises (1.78%) in the industry are less. The enterprises from food sector have taken ISO certification.
12.1.1.5. Profile of Entrepreneurs:

- Most of the enterprises (90.22%) are owned by first generation entrepreneurs.
- The share of women enterprises in the industry is 13.78%. The share of women enterprises is more in food sector than in non food sector. It is observed that more than one third (35.48%) of the women enterprises are managed by their male relatives especially spouse, brother, father etc.
- Most of the entrepreneurs (82.22%) are middle age entrepreneurs (age group 41-60 years). It is observed that most of the entrepreneurs have established the enterprise at the young age age of 21-40 years.
- Most of the (82.22%) entrepreneurs are Hindus. 8.00% entrepreneurs are Muslims. 7.11% entrepreneurs are Jain and 2.67% are Sikhs.
- Most of the entrepreneurs (72.44%) are from general category.
- All the entrepreneurs are literate. Most of the entrepreneurs (55.56%) are graduates. 6.22% entrepreneurs are diploma holders and 38.23% are less educated (<=12th).
- It is observed that only 9.33% of the entrepreneurs have technical qualification.
- Only 13.78% entrepreneurs have attended entrepreneurship development training.
- Most of the entrepreneurs (75.11%) have work experience.
- Half of the entrepreneurs (50.67%) have agricultural background. Most of the entrepreneurs of the rural enterprises have agricultural background.
- 41.33% entrepreneurs have been motivated to start an enterprise to earn more money. 30.67% entrepreneurs have been motivated to do independent job. 19.11% entrepreneurs are motivated by family/relatives/friends. 8.89% entrepreneurs are motivated to serve social interest.

12.1.2. Findings related to Role and Impact of Government Organizations:
The role and the impact of the Government Organizations on the Small Scale Agro-Processing Industry in Ahmednagar district is as follows.

12.1.2.1. Role of the Government Organizations:

- Small scale sector is considered as the engine for socio-economic growth. Agro-Processing industry can play a pivotal role in Indian economy as it can act as catalyst for agricultural, rural and economic development. Therefore, both the Central and State Government provides support for the promotion and development of the small scale sector especially agro-processing enterprises.
The role of the Government includes, formulation of enterprise promotion policy, allocation of budget for the policy, making infrastructural arrangement for industry promotion, implementation of policy with the help of state line departments, monitoring of policy, evaluation of policy, amendments in the policy.

The Government has supported the development of the agro-processing industry right from independence. Earlier the support was given by the Government in the name of ‘Village and Cottage Industries’.

The promotion measures taken by the Government in the development of the small scale agro-processing industry are – priority area status, permission of FDI, de-licensing, tax rebate, reduction in excise and customs duty, enactment of laws, establishment of food parks.

The Central Government has set up various ministries for the support of the Small Scale Sector especially Agro-Processing Industry. The major ones are - Ministry of Micro, Small and Medium Enterprises, Ministry of Commerce and Ministry of Food Processing Industries.

Government provides assistance through its network of organizations to the small scale agro-processing enterprises in various functional areas like Marketing, Finance, Machinery, Raw Material, Infrastructure, Training, Research and Consultancy.

The small scale agro-processing enterprises can get support from forty six Government organizations. Further, Government has also set up network of organizations for the export assistance.

12.1.2.2. Impact of the Government Organisations:

There is less awareness and knowledge amongst the entrepreneurs about the government promotional organizations and the schemes.

It is found that 124 (55.11%) enterprises have made application for assistance to the Government. But all of them have not been sanctioned the assistance. Out of 124 enterprises 111 enterprises (89.52%) have been sanctioned the assistance.

Overall 111 (49.33% out of 225) enterprises have received government assistance.

Amongst 111 enterprises which received government assistance 66.67% enterprises have received it from only one government organization, whereas 33.33% enterprises have received it from multiple government organizations.
Amongst 111 enterprises which received government assistance, 60.36% enterprises received financial assistance. 36.04% enterprises received industrial plot. 27.93% enterprises received training and 4.50% received marketing assistance.

Out of 111 enterprises which received government assistance, 35.14% enterprises have received it from District Industries Centre (DIC). 16.22% of enterprises have received it from Khadi Village Industries Board (KVIB). 10.81% of enterprises have received it from Maharashtra State Financial Corporation (MSFC). 16.22% of enterprises have received it from Maharashtra Centre for Entrepreneurship Development (MCED). 23.42% of enterprises have received it from Maharashtra Industrial Development Corporation (MIDC). 12.61% of enterprises have received it from Co-operative Industrial Estate. 18.92% of enterprises have received it from other organizations like MPKV, MITCON, Coir Board, Silk Board etc.

12.1.3. Findings related to Marketing and Financial Practices:

The marketing and financial practices used by the working enterprises of the small scale agro-processing industry in the Ahmednagar district are as follows.

12.1.3.1. Marketing Practices:

12.1.3.1.1. Product related Practices:

- Food sector enterprises manufacture more variety of products than non food sector. Amongst the product categories five categories namely ‘Processing of Fruits and Vegetables’, ‘Milk and Milk Products’, Bakery Products’, ‘Other Food Products’ and ‘Ayurvedic Products’ manufacture more variety of products.
- Most of the enterprises (69.74%) manufacture standard products. Food sector has standard products whereas non food sector has mostly customized products.
- Most of the enterprises (65.13%) manufacture perishable products. All the products of food sector are perishable. Most of the products of non food sector are durable.
- Only 5 (3.29%) enterprises have taken quality certification – Agmark. The enterprises from food sector have gone for product quality certification.
- It is found that 42.76% enterprises have developed brand for products. The proportion of such enterprises in food sector (62.64%) is more than that in the non food sector (13.11%). Amongst such enterprises most of the enterprises (84.62%)
use single brand strategy. Almost half of the enterprises (47.69%) have not registered the brand.

- It is found that 48.03% enterprises sell packaged products. The proportion of such enterprises in food sector (70.33%) is more than that in non food sector (14.75%). Most of the enterprises do not pay much attention towards packaging as the quality and aesthetics is not good. 34.25% management is not aware of the packaging law.

12.1.3.1.2. Price related Practices:

- Most of the enterprises (62.13%) use ‘Going Rate Pricing Method’ followed by ‘Cost plus Pricing Method’ (32.24%) and ‘Government Controlled Price’ (2.63%).
- The enterprises consider multiple factors for deciding price. The ‘Competitor’s Price’ is the most important factor followed by ‘Cost’ and other factors.
- It is found that 49.34% enterprises use ‘Uniform Pricing Strategy’ and rest 50.66% enterprises follow ‘Differentiated Pricing Strategy’. ‘Uniform Pricing Strategy’ is more pronounced in food sector whereas ‘Differentiated Pricing Strategy’ is more pronounced in non food sector.
- Amongst the enterprises which sell directly to customers, most of those (80.73%) offer credit. Amongst these enterprises 69.32% follow ‘Flexible Credit Policy’.

12.1.3.1.3. Promotion related Practices:

- It is found that 21.05% enterprises use only one promotional tool whereas 78.95% enterprises use multiple promotional tools for promotion of products.
- The usage of ‘Personal Selling’ (100.00%) as promotional tool is the highest followed by ‘Sales Promotion’ (59.21%) and ‘Direct Marketing’ (52.63%). The usage of ‘Advertising’ (15.13%) and ‘Publicity’ (5.92%) as promotional tools is less.
- Amongst the enterprises which use ‘Advertising’ the usage of ‘Print’ (100.00%) media type is highest followed by ‘Outdoor’ (73.91%) and ‘Electronic’ (39.13%) media type.
- Amongst the enterprises which use ‘Sales Promotion’ the usage of ‘Trade Promotional Tools’ (61.11%) is highest followed by ‘Consumer Promotional Tools’ (51.11%) and ‘Sales and Business Promotion Tools’ (48.89%).
- Amongst the enterprises which use ‘Publicity’ the usage of ‘Events’ (100.00%) is highest followed by ‘News’ (88.89%) and ‘Other Tools’ (66.67%).
Amongst the enterprises which use ‘Direct Marketing’ the usage of ‘Telephone’ (100.00%) is highest followed by ‘Internet’ (30.00%) and ‘Mail’ (26.25%).

Only 3.95% enterprises have developed their ‘Website’ and 33.55% enterprises have created their ‘E-Mail’ address indicating low usage of internet in the industry.

It is found that 22.37% enterprises do not have Sales Executive. 55.92% enterprises have one sales executive. 21.71% enterprises have two or more sales executives.

The average number of sales executives in the industry is less (1.27). The average number of sales executives in food sector is more than non food sector.

12.1.3.1.4. Place (Distribution) related Practices:

- It is found that most of the enterprises (66.45%) use one type of distribution channel whereas 33.55% enterprises use multiple distribution channels.
- The usage of ‘Zero Level’ (71.71) distribution channel is the highest followed by ‘One Level’ (50.66) and ‘Two Level’ (17.76%) channel.
- Only 38.16% enterprises have ‘Retail Outlet’. These enterprises are mostly from two product categories namely ‘Bakery Products’ and ‘Wood and Wood Products’.
- All the enterprises provide credit to channel partners and most of those (70.11%) follow ‘Flexible Credit Policy’.
- Most of the enterprises (75%) have separate warehouse for storage of finished products. But amongst these only 6.14% have field warehouse.
- It is found that all the enterprises use ‘Road’ as the means of transportation. Only 26.32% enterprises own the transportation vehicles. 27.63% enterprises use vehicles owned by owner. 46.05% enterprises use contract vehicles for transportation.

12.1.3.1.5. Market related Practices:

- The enterprises sell products to multiple types of customers. Most of the enterprises (73.68%) sell products to ‘Consumers’. 40.13% enterprises sell to ‘Processing Enterprises’. Amongst such enterprises most of those (54.10%) are ancillary enterprises. 41.45% enterprises sell to ‘Other Organizations’.
- It is found that 37.50% enterprises sell their products within respective ‘Tehsil’. 15.13% enterprises sell the products in the ‘Ahmednagar District’. 43.42% enterprises sell in the ‘Maharashtra State’ and only 3.95% sell across the ‘Nation’.
- The management of 28.39% enterprises feels that they face local competition; 30.26% enterprises feel that they face regional competition; 37.50% enterprises
feels that they face national competition and 3.95% enterprises feels that they face foreign competition.

12.1.3.1.6. Exports related Practices:
- Only 2 (1.32%) enterprises have done exports so far.
- Out of the two enterprises, one enterprise is from ‘Spices’ category and another from ‘Textiles’ category. These enterprises have used indirect export entry strategy and exported products to Gulf countries.
- These two enterprises have not done any export during the study period.

12.1.3.1.7. Marketing Information related Practices:
- It is found that the enterprises gather marketing information from multiple sources. Customer is the major source followed by channel partners and other sources.
- It is found that only 19.74% enterprises have conducted marketing research so far.

12.1.3.1.8. Marketing Planning related Practices:
- It is found that less number of enterprises (41.45%) set marketing objectives.
- It is found that very less number of enterprises (14.47%) make marketing plan.

12.1.3.1.9. Marketing Responsibility related Practices:
- It is found that in case of 80.92% enterprises management is responsible for the marketing whereas in case of other enterprises marketing is handled by staff.

12.1.3.2. Financial Practices:
12.1.3.2.1. Sources of Finance related Practices:
- The enterprises have used multiple sources of finance for establishment.
- Along with own funds the entrepreneurs have used one or more sources of finance. 57.24% enterprises have raised finance from commercial banks. 53.29% enterprises have taken help from friends and relatives. 20.39% enterprises have taken funds from private money lenders. 13.16% enterprises have taken help from government organizations. 42.76% enterprises have used other sources.
- The share in initial investment in the industry of commercial banks (54.93%) is highest followed by own funds (30.79%), government organizations (8.67%), other sources (4.44%), friends and relatives (0.97%) and private money lenders (0.20%).
12.1.3.2.2. Borrowing Practices:

- It is observed that 65.13% enterprises have taken loan from institutional lenders.
- Amongst the enterprises which have taken loan from institutional lenders, 48.48% enterprises have taken it from co-operative banks, 39.39% enterprises from nationalized banks, 12.12% enterprises from government organizations like MSFC.
- Amongst the enterprises which have taken institutional loan, most of the enterprises (69.70%) have taken it for a term of 3-5 years. 25.25% enterprises have taken loan for more than 5 years. Only 5.05% enterprises have taken institutional loan for 1-3 years.
- It is found that 51.32% enterprises have taken institutional loan after establishment.
- Overall, it is found that 80.26% enterprises have taken institutional loan at least once.
- Amongst the enterprises which have taken institutional loan at least once 40.16% enterprises have outstanding till 31st March 2008.

12.1.3.2.3. Banking Practices:

- It is found that 96.71% enterprises have bank account. But it is seen that some of them use bank account in the name of the owner.
- Most of the enterprises have account with co-operative bank (61.90%) followed by nationalized bank (36.05%) and private bank (2.05%).
- Most of the enterprises (82.99%) have current a/c and rests (17.01%) have saving a/c.
- Most of the enterprises (72.11%) avail cash credit facility.

12.1.3.2.4. Book Keeping and Accountancy related Practices:

- It is found that most of the enterprises (80.26%) maintain books of accounts.
- Amongst the enterprises which maintain books of account, most of the enterprises (87.70%) use mercantile system whereas the rest 12.30% use cash system.
- Amongst the enterprises which maintain books of account, most of those (57.38%) have kept accountant for its maintenance. 29.51% enterprises have outsourced it to a firm. The management of 13.11% enterprises maintain books of account themselves.
- It is found that 86.18% enterprises use absorption costing technique to estimate the cost whereas the rest 13.82% use job costing.
12.1.3.2.5. Tax Awareness amongst Management:
• It is found that all the entrepreneurs are aware of income tax. 80.92% entrepreneurs are aware of excise duty. 69.08% and 68.42% entrepreneurs are aware of value added tax and professional tax respectively.

12.1.3.2.6. Financial Planning related Practices:
• It is found that only 23.03% enterprises use budgetary control. Most of these are small scale enterprises and Pvt. Ltd. or co-operative type of organizations.

12.1.3.3.Other Managerial Practices:(51,515),(956,998)
12.1.3.3.1. Manufacturing related Practices:
• It is found that the entrepreneurs consider multiple factors for deciding plant location. The factors considered in their decreasing level of importance are infrastructural facilities, availability of raw material, nearness to residence, nearness to market, availability of government facilities and residence.
• It is found that the mean level of technology in the industry is medium (1.97). The mean level of technology in food sector (2.09) is higher than that of non food sector (1.79). The product categories namely ‘Paper and Paper Products’, ‘Milk and Milk Products’, ‘Textiles’, ‘Grain Mill Products’, ‘Animal Feed’ and ‘Vegetable Oil’ use comparatively higher level of technology.
• It is found that most of the enterprises (90.13%) operate on perennial basis. 6.58% enterprises operate on seasonal basis and 3.29% enterprises operate on casual basis.

12.1.3.3.2. Raw Material related Practices:
• It is found that most of the enterprises (60.53%) purchase raw material within the Ahmednagar district. 23.68% enterprises purchase raw material within Maharashtra state and 15.79% enterprises purchase it from within country. Most of the enterprises which purchase raw material within state or country are from non food sector.

12.1.3.3.3. Human Resources related Practices:
• It is found that only 24.34% enterprises have fixed organizational structure.
• It is found that 52.63% enterprises have 10 or less employees. 25.00% enterprises have 11-20 and 22.37% enterprises have more than 20 employees.
• The mean size of employment per enterprise is 16.
• The mean size of employment in food sector is higher than that of non food sector.
• The share food sector (64.14%) is higher than that of non food sector (35.86%) in the employment of the industry. The share ‘Milk and Milk Products’ and ‘Textiles’ categories in employment of the industry are quite high.
• The share of women employment in the industry is 26.55%. The share of women employment in the food sector (27.66%) is higher than that in the non food sector (24.56%).
• It is found that 72.78% employees are working in manufacturing function. 8.13% employees are working in marketing and 6.91% employees are working in finance function. 12.18% employees are working in other functional areas.

12.1.4. Findings related to Marketing Performance:
The marketing performance of the small scale agro-processing industry in the Ahmednagar district on the basis of the sales growth rate of the working enterprises during the financial year 2003-04 to 2007-08 is as follows. The mean and standard deviation of the sales (2007-08) is calculated to understand the nature of sales.

12.1.4.1. Performance of the Industry:
• The average annual sales growth rate of the industry is 11.36% indicating the satisfactory marketing performance of the industry.
• The sales of the industry have grown continuously but at uneven rate during the period. The annual sales growth rate was highest in the year 2005-06 (12.21%) and lowest in the year 2007-08 (5.88%).
• It is found that 16.45% enterprises have negative average annual sales growth rate. 53.29% enterprises have a low average annual sales growth rate (0-10%), 14.47% enterprises have medium average annual sales growth rate (10 to 15%) and 15.89% enterprises have a high average annual sales growth rate.
• The mean sales of the industry (Rs. 2.43 Crores) is high.
• There is a greater variability in the sales of the industry as the standard deviation (Rs. 6.25 Crores) is high.
• The sales of 43.42% enterprises is less than equal to Rs. 25 lacs in year 2007-08. The sales of 28.95% enterprises is in the range of Rs. 25 lace to Rs. 1 Crore. The sales of 25.63% enterprises is above Rs. 1 Crore.
12.1.4.2. Business Sector wise Performance:

- The average annual sales growth rate of the non food sector (28.69%) is higher than that of the food sector (9.82%) during the time period.
- The sales of both the business sectors have grown continuously but at uneven rate during the period.
- The mean sales of the food sector is higher (Rs. 3.54 Crores) than that of the non food sector (Rs. 0.76 Crores).
- The mean sales of the food sector without ‘Milk and Milk Products’ category is Rs. 0.59 Crores and that of the non food sector without ‘Textiles’ category is Rs. 0.39 Crores highlighting the dominance of these two categories in the respective sectors.
- The high standard deviation in the sales of the food sector (Rs. 7.82 Crores) indicates the greater variability than that of the non food sector (Rs. 1.45 Crores).
- Even though the share of the food sector in the industry has dropped from 91.88% in year 2002-03 to 87.39% in year 2007-08, it is still dominating in the sales of the industry and holds rank 1. The share of the non food sector in the sales of the industry has increased from 8.12% in 2002-03 to 12.61% in year 2007-08.

12.1.4.3. Product Category wise Performance:

- The sales of the three product categories namely ‘Textiles’ (87.13%), ‘Animal Feed’ (51.80%) and ‘Processing of Fruits and Vegetables’ (33.15%) have grown at a high average annual growth rate.
- The sales of the five product categories namely ‘Grain Mill Products’ (19.95%), ‘Paper and Paper Products’ (14.73%), ‘Spices’ (11.79%), ‘Bakery Products’ (11.42%) and ‘Milk and Milk Products’ (10.04%) have grown at a moderate average annual growth rate.
- The sales of the six product categories namely ‘Other Food Products’ (8.99%), ‘Ayurvedic Products’ (5.24%), ‘Wood and Wood Products’ (4.73%), ‘Tobacco related Products’ (3.11%), ‘Vegetable Oil’ (2.73%) and ‘Essence Stick’ (1.42%) have grown at comparatively low average annual growth rate.
- The sales of the ‘Confectionary’ category have shown negative average annual growth rate (-4.87%).
- Overall, except ‘Confectionary’ product category sales of other 14 product categories has increased continuously but at an uneven rate during the period.
• The mean sales of the two product categories namely, ‘Milk and Milk Products’ and ‘Textiles’ is very high; the mean sales of three product categories namely, ‘Tobacco related Products’, ‘Vegetable Oil’ and ‘Paper and Paper Products’ is high; the mean sales of three product categories namely, ‘Spices’, ‘Grain Mill Products’ and ‘Animal Feed’ is moderate; the mean sales of four product categories namely, ‘Wood and Wood Products’, ‘Processing of Fruits and Vegetables’, ‘Bakery Products’ and ‘Other Food Products’ is low; the mean sales of three product categories namely, ‘Confectionary’, ‘Ayurvedic Products’ and ‘Essence Stick’ is very low.

• The standard deviation of the eight product categories namely ‘Milk and Milk Products’, ‘Tobacco related Products’, ‘Textiles’, ‘Vegetable Oil’, ‘Spices’, ‘Paper and Paper Products’, ‘Animal Feed’ and ‘Wood and Wood Products’ is high indicating greater variability within these product categories as compared to other product categories.

• The ‘Milk and Milk Products’ category in the industry dominates in the sales of the industry with the highest share (77.59%) followed by ‘Textiles’ (7.00%) whereas the share of ‘Essence Sticks’ (0.03%) is the lowest in the year 2007-08.


12.1.4.4. Tehsil wise Performance:

• The sales of the four tehsils have grown at a high growth rate namely Shevgaon, Rahata, Sangamner and Kopargaon.

• The sales of the two tehsils have grown at a moderate growth rate namely Ahmednagar and Newasa..

• The sales of the seven tehsils have grown at comparatively low growth rate namely Rahuri, Shirirampur, Akole, Pathardi, Parner, Shrigonda and Karjat.

• The sales of one tehsil have grown at very low growth rate namely Jamkhed.
Overall, sales of all 14 tehsils have increased continuously but at an uneven rate during the period.

The mean sales of the Karjat tehsil is very high. The mean sales of three tehsils namely, Shrigonda, Rahata and Rahuri is high. The mean sales of four tehsils namely, Shevgaon, Parner, Shrirampur and Kopargaon is moderate. The mean sales of three tehsils namely, Newasa, Sangamner and Ahmednagar is low. The mean sales of three tehsils namely, Pathardi, Akole and Jamkhed is very low.

The standard deviation in four tehsils namely, Karjat, Rahuri, Shrigonda and Rahata is very high indicating greater variability in the sales of the enterprises within these tehsils. The standard deviation in seven tehsils namely, Parner, Shrirampur, Kopargaon, Shevgaon, Newasa, Sangamner and Ahmednagar is moderate indicating moderate variability in the sales of the enterprises within these tehsils. The standard deviation in three tehsils namely, Pathardi, Akole and Jamkhed is low indicating lesser variability in the sales of the enterprises within these tehsils.

The share of Shrigonda tehsil is highest followed by Rahuri, Parner, Ahmednagar and Rahata whereas the share of Jamkhed tehsil is the lowest in the sales of the industry in the financial year 2007-08.

The four tehsils namely, Rahuri, Rahata, Sangamner and Shevgaon improved their ranking in the sales of the industry; the rankings of the five tehsils namely Shrirampur, Parner, Karjat, Newasa and Kopargaon in the sales of the industry has dropped and the five tehsils namely Ahmednagar, Akole, Shrigonda, Pathardi and Jamkhed maintained their ranking in the sales of the industry during the period.

12.1.4.5. Area wise Performance:

The sales of enterprises of both the areas in the industry have grown continuously but at uneven rate during the period.

The average annual sales growth rate of the urban area enterprises (12.08%) was slightly higher than that of the rural area enterprises (11.21%).

The mean sales of the rural area enterprises is higher (Rs. 3.90 Crores) than that of the urban area enterprises (Rs. 0.87 Crores).

The high standard deviation in the sales of the rural area (Rs. 8.30 Crores) indicates greater variability than that of the urban area enterprises (Rs. 1.87 Crores).

Even though the share of rural area enterprises has dropped marginally from 82.93% in year 2002-03 to 82.54% in year 2007-08, it still dominates in the sales of
the industry. The share of urban area enterprises has increased slightly from 17.07% in 2002-03 to 17.46% in year 2007-08.

12.1.4.6. Scale of Operation wise Performance:
- The sales of enterprises of both the scales in the industry have grown continuously but at uneven rate during the period.
- The average annual sales growth rate of the micro scale enterprises (15.37%) in the industry was higher than that of the small scale enterprises (10.88%).
- The mean sales of the small scale enterprises is very high (Rs. 8.79 Crores) than that of the micro scale enterprises (Rs. 0.38 Crores).
- The high standard deviation in the sales of small scale enterprises (Rs. 10.38 Crores) indicates the greater variability than that of micro scale enterprises (Rs. 0.68 Crores).
- Even though the share of the small scale enterprises has dropped marginally from 89.50% in year 2002-03 to 88.16% in year 2007-08, it still dominates in the sales of the industry. The share of micro scale enterprises has increased slightly from 10.50% in 2002-03 to 11.84% in year 2007-08.

12.1.4.7. Form of Organization wise Performance:
- Except, co-operative enterprises sales of enterprises of other forms of organizations have increased continuously but at uneven rate during the period.
- The sales of the partnership enterprises (32.96%) of the industry have grown at a high growth rate. The sales of the proprietorship (9.11%) and private limited enterprises (10.73%) have grown at a moderate growth rate. The sales of the co-operative enterprises (-0.24%) have shown negative growth rate during the period.
- The mean sales of the private limited enterprises (Rs. 11.59 Crores) of the industry is very high. The mean sales of the co-operative enterprises (Rs. 9.37 Crores) is also high. The mean sales of the partnership enterprises (Rs. 2.96 Crores) is moderate. The mean sales of the proprietorship enterprises (Rs. 0.21 Crores) is very low.
- The standard deviation of sales of the private limited enterprises (Rs. 12.26 Crores) is very high indicating greater variability in the sales. The standard deviation of sales of the co-operative enterprises (Rs. 10.51 Crores) and partnership enterprises (Rs. 4.89 Crores) are also high indicating more variability in the sales. The standard
deviation of sales of the proprietorship enterprises (Rs. 0.23 Crores) is very low indicating lesser degree of variability in sales.

- Even though the share of the private limited enterprises has dropped marginally from 54.54% in year 2002-03 to 53.45% in the year 2007-08, it still holds majority share in the sales of the industry hence holds its Rank 1 position. The share of the partnership enterprises has increased from 15.19% in year 2002-03 to 25.66% in year 2007-08 improving its rank from 3 to 2. The share of the co-operative enterprises has dropped from 24.18% in year 2002-03 to 15.24% in year 2007-08, resulting in decreasing its rank from 2 to 3. The share of proprietorship enterprises has dropped marginally from 6.09% in year 2002-03 to 5.65% in the year 2007-08, hence holding lowest rank.

12.1.4.8. Ownership wise Performance:
- The sales of enterprises owned by men and women in the industry have grown continuously but at uneven rate during the period.
- The average annual sales growth rate of the women enterprises (16.52%) was higher than that of the enterprises owned by men (11.33%).
- The mean sales of the enterprises owned by men is very high (Rs. 2.76 Crores) than that of the women enterprises (Rs. 0.11 Crores).
- The high standard deviation in sales of enterprises owned by men (Rs. 6.62 Crores) indicates the greater variability than that of women enterprises (Rs. 0.13 Crores).
- Even though the share of the enterprises owned by men has dropped marginally from 99.50% in year 2002-03 to 99.41% in year 2007-08, it is highly dominating in the sales of the industry. The share of the women enterprises in the sales of the industry has increased slightly from 0.50% in 2002-03 to 0.59% in year 2007-08.

12.1.4.9. Relationship between Number of Sales Executives and Sales:
- There is a strong positive correlation (r = 0.79) between ‘Number of Sales Executives’ and ‘Sales’ of the enterprises.

12.1.5. Findings related to Financial Performance:
The financial performance of the small scale agro-processing industry in the Ahmednagar district on the basis of the ratio analysis of the working enterprises during the financial year 2003-04 to 2007-08 is as follows.
12.1.5.1. Liquidity Position:

- The current ratio (1.49) and quick ratio (0.90) of the industry are lower than the respective standards (2.00 and 1.00 respectively), but are higher than the practical standards recommended by bankers (1.33 and 0.66 respectively). Therefore, liquidity position of the industry is satisfactory.
- The liquidity position of both the business sectors is satisfactory.
- The liquidity position of the food sector is better than that of the non food sector.
- The liquidity position of all the product categories is satisfactory.
- The trend analysis shows improvement in the liquidity position of the industry.
- The trend analysis shows improvement in the liquidity position of both the business sectors of the industry.
- The trend analysis shows fluctuations in the liquidity position of most of the product categories.

12.1.5.2. Long Term Solvency Position:

- The leverage ratios of the industry are satisfactory as the average debt equity ratio (0.70) is very less than standard (2.00) and the average interest coverage ratio (10.16) is very high than (1.00). Therefore, the long term solvency position of the industry is satisfactory.
- The industry is relying more on the owner’s funds than debt funds and its capacity to pay the interest on loan is more. The industry is not taking much benefit of the financial leverage.
• The long term solvency position of both the business sectors is satisfactory.
• The long term solvency position of the non food sector is better than the food sector.
• The long term solvency position of all the product categories is satisfactory.
• The trend analysis shows fluctuations in the long term solvency position of the industry, business sectors and most of the product categories.
• The trend analysis shows improvement in the long term solvency position of the industry.
• The trend analysis shows improvement in the long term solvency position of the food sector and slight weakening in the long term solvency position of the non food sector.
• The trend analysis shows no change in the long term solvency position of the three product categories namely – ‘Confectionary’, ‘Tobacco related Products’ and ‘Ayurvedic Products’.
• The trend analysis of the average debt equity ratio of the four product categories namely – ‘Processing of Fruits and Vegetables’, ‘Bakery Products’, ‘Spices’ and ‘Wood and Wood Products’- shows improvement in their long term solvency position.
• The trend analysis of the average interest coverage ratio of the three product categories namely – ‘Vegetable Oil’, ‘Textiles’ and ‘Paper and Paper Products’ - shows weakening in the long term solvency position.

12.1.5.3. Profitability Position:
• The profitability ratios of the industry are satisfactory as the average gross profit ratio (18.86%), average operating profit ratio (7.99%) are moderate and average return on investment ratio (31.80) is high.
• The profitability ratios indicate the fact that the production and operating efficiency of the industry is moderate. Further the average return on investment ratio is high indicating good overall performance. Therefore, the overall profitability position of the industry is satisfactory.
• The profitability position of both the business sectors is satisfactory.
• The profitability position of the non food sector is better than the food sector.
• The profitability position of all the product categories is satisfactory.
• The trend analysis shows a fluctuating trend in the profitability position of the industry, business sectors and product categories because of the fluctuations in the operating cost especially direct operating cost.
• The trend analysis shows a decline in the profitability position of the industry and both the business sectors and most of the product categories due to increase in the operating expenses, especially direct operating expenses.
12.1.5.4. Efficiency Position:

- The efficiency ratios of the industry are satisfactory as the average capital turnover ratio is high (6.82), average inventory holding period is moderate (49.68) and average debtors’ collection period is moderate (50.45).
- The efficiency ratios indicate the fact that the efficiency of capital utilization is high, efficiency of inventory management and efficiency of trade credit management of the industry is moderate. Since the average capital turnover ratio of the industry is high, the overall efficiency of the industry is satisfactory.
- The efficiency position of both the business sectors is satisfactory.
- The efficiency position of the food sector is better than that of the non food sector.
- The efficiency position of all the product categories is satisfactory.
- The trend analysis shows fluctuating trend in the efficiency position of the industry, business sectors and most of the product categories.
- The trend analysis of the industry shows improvement in the capital utilization efficiency; decreasing trend in the efficiency of inventory management and trade credit management.
- The trend analysis of the business sectors shows improvement in the capital utilization efficiency; decreasing trend in the efficiency of inventory management and trade credit management.
- The trend analysis of the product categories shows improvement in the capital utilization efficiency of seven product categories namely - ‘Processing of Fruits and

- The efficiency of inventory management of all the product categories except ‘Processing of Fruits and Vegetables’ and ‘Grain Mill Products’ has decreased. The efficiency of trade credit management of all the product categories of the industry has decreased.

12.1.5.5. Overall Financial Performance:

- The overall financial performance of the industry, both the business sectors and all the product categories is satisfactory for the time period.

12.1.6. Findings related to Managerial Problems:

The problems of the small scale agro-processing industry in Ahmednagar district are divided into two categories viz. starting and current problems and are as follows.

12.1.6.1. Starting Problems:

The problems which are faced by an entrepreneur in the beginning/establishment of an enterprise are called as ‘Starting Problems’.

- It is found that a very high number of enterprises (89.78%) faced starting problems.
- The starting problems faced by the industry are divided into three categories viz. marketing problems, financial problems and other problems.
- The marketing starting problems are - Poor Product Quality, Poor Packaging, Wrong Pricing, Poor Promotion, Poor Distribution, Wrong Sales Forecasting, Lack of Marketing Information, Lack of Marketing Knowledge and Intense Competition.
- The other starting problems are - Problem of License and Registration, Infrastructural Problems, Problem of Government Assistance, Manufacturing Problems, Problem of Raw Material, Problem of Human Resource and others.
• The Problems of Long Term Finance are – Delay, Administrative Procedures and Documentation, Margin Money Requirements, Insistence on Collaterals, Inadequate Size of Loans, High Interest Rate, Attitude of Staff and Tight Repayment Schedule.

• The Problems of Working Capital Management are - Wrong Estimation of Working Capital Requirement in Project Planning, Poor Inventory Management, Poor Creditors Management and Poor Debtors Management.

• The Problems of Registration and Licensing are - unawareness on the part of the entrepreneurs; non-availability of suitably updated handbooks about the licensing and registration procedures in regional language i.e. Marathi; delays, red tapeism, attitude of government staff and unfair practices in obtaining the license and registration.

• The Infrastructural Problems are related to land, power and water connection.

• The Problem of Government Assistance are - less awareness and knowledge amongst the management, unavailability of suitably updated handbooks especially in regional language – Marathi, about the government organizations and schemes.

• Amongst the enterprises which have been sanctioned any government assistance, 73.87% enterprises have faced problems. The problems related to training are - poor content, ineffective training method and operational problem. The problems related to finance are – delay, tedious administrative procedures and documentation, problem of attitude of government staff and unfair practices. The problems related to industrial plot are – delay, tedious administrative procedures and documentation, problem of attitude of government staff, unfair practices and infrastructural problems.

• The Manufacturing Problems are - Lack of Technical Knowledge, Problem in Setting up of Plant and Machinery, Low Productivity, Low Capacity Utilization, Poor Quality Control and High Cost of Manufacturing.

• The Problems of Raw Material are - Poor Quality of Raw Materials, Unavailability of Raw Materials and High and Fluctuating Cost of Raw Materials.

• The Problems of Human Resource are - Problem of getting Right People, Problem of getting People in Right Numbers and High Cost of Human Resource.

• The problems in case of the women entrepreneurs are lack of support of the family, male dominated society and less risk taking ability.

• It is found in case of the industry that six problems - ‘Problem of Long Term Finance’, ‘Poor Working Capital Management’, ‘Poor Promotion’, ‘Poor Cost


12.1.6.2. **Current Problems:**

The problems which are faced by an enterprise presently are ‘Current Problems’.

- The current problems faced by the industry are divided into three categories viz. marketing problems, financial problems and other problems.
- The marketing current problems are - Problems of Product, Problems of Pricing, Problems of Promotion, Problems of Distribution, Problems of Market Coverage, Problem of Marketing Information, Problem of Marketing Planning and Intense Competition.
- The other current problems are - Manufacturing Problems, Problems of Raw Material, Problems of Human Resource, Infrastructural Problems and Others.
- The ‘Problems of Product’ are - Lack of Quality Certification, Lack of Focus on Product Development, Moderate Level of Branding and Packaging.
- The ‘Problems of Pricing’ are - Problem of Price Fixation and Problem of Flexible Price Policy.
- The ‘Problems of Promotion’ are - Low Usage of Promotional Tools, Low Level of Sales Force and Low Usage of Internet in Promotion.
- The ‘Problems of Distribution’ are - Problem of Designing and Managing of Distribution Channel, Problem of Warehousing, Problem of Inventory Management and Problem of Transportation.
- The ‘Problems of Market Coverage’ are - Restricted Market Coverage and Lack of Focus on Exports.
- The ‘Problems of Long Term Finance’ are - Delay, Administrative Procedures and Documentation, High Interest Rate.
- The ‘Problems of Working Capital Management’ are - Problem of Inventory Management, Problem of Debtors and Problem of Creditors Management.
- The ‘Problems of Cost Control’ are - Problem of cost estimation and Cost fluctuations.
- The ‘Problems of Accounting Practices’ are - non maintenance of books of accounts, use of cash system for maintaining accounts and use of personal bank a/c by few enterprises.
- Some of the entrepreneurs also showed concern over heavy taxes.
• The ‘Manufacturing Problems’ are - Low Level of Technical Knowledge, Low Capacity Utilization, Poor Quality Control and High Cost of Manufacturing.
• The ‘Problems of Raw Material’ are - Poor Quality of Raw Materials, Problem of Availability of Raw Materials and High and Fluctuating Cost of Raw Materials.
• The ‘Problems of Human Resources’ are - Problem of getting Right People in Right Numbers, High Cost of Manpower and High Employee Turnover.
• The ‘Infrastructural Problems’ are problems related to industrial plot and power.
• The ‘Others’ are problems related to political interference, management problem.

12.1.7. Findings related to Sickness:
The extent of sickness in the small scale agro-processing industry in Ahmednagar district and the causes behind the same are as follows.

12.1.7.1. Extent of Sickness:
• It is found that the extent of incipient sickness/sickness in the industry is 8.44%.
• It is found that the extent of incipient sickness/sickness in the food sector (8.94%) is slightly higher than that of the non food sector (7.84%).
• The extent of incipient sickness/sickness across product categories varies.
• The extent of incipient sickness/sickness in the ‘Essence Stick’ category is highest.
• The extent of incipient sickness/sickness in the co-operative form (38.46%) of enterprises is very high compared to enterprises of other forms of the organization.

12.1.7.2. Causes behind the Sickness:
• The causes behind the sickness are the problems faced by the industry and are divided into three categories viz. marketing, financial and other problems.
- The marketing problems behind sickness are - Intense Competition, Change in Customer Buying Behaviour, Lack of Focus on Product Development, Poor Promotion.
- The financial problems behind the sickness are - Poor Working Capital Management, Poor Cost Control and Lack of Financial Planning.
- The other problems behind the sickness are - Problem of Raw Material, Problem of Human Resource, Infrastructural Problem and Management Problem.

12.1.8. Findings related to Closure:
The extent of closure in the small scale agro-processing industry in Ahmednagar district and the causes behind the same are as follows.

12.1.8.1. Extent of Closure:
- The extent of closure in the small scale agro-processing industry (32.44%) in Ahmednagar district is less than that in the small scale sector (38.50%).
- The extent of closure in the food sector (26.02%) is less than that in the non food sector (40.20%).
- The closure is observed but in varying degrees in all the product categories.
- The extent of closure in the ‘Confectionary’ product category is highest and ‘Processing of Fruits and Vegetables’ category is lowest in the industry.
- The extent of closure in the industry across tehsils in the district varies.
- The extent of closure in the industry in ‘Akole’ tehsil is highest and in ‘Rahata’ tehsil is lowest in Ahmednagar district.
• The extent of closure in the rural area enterprises (31.58%) is slightly less than that in the urban area enterprises (33.33%).
• The extent of closure in the enterprises with co-operative ownership form (53.85%) is very high. The extent of closure in the enterprises with proprietorship ownership form (35.33%) is moderate and that in the enterprises with partnership (21.95%) and private limited (19.05%) ownership forms is less.
• The extent of closure in the women enterprises (38.71%) is higher than that in the enterprises owned by men (31.44%).
• The mean survival period of the closed enterprises in the industry is 8 (7.82) years.

12.1.8.2. Causes behind the Closure:
• The causes behind the closure are the problems faced by the industry and are divided into three categories viz. marketing, financial and other problems.
• The marketing problems behind the closure are - Poor Product Quality, Poor Promotion, Poor Distribution and Intense Competition.
• The financial problems behind the closure are - Problem of Long Term Finance, Poor Working Capital Management, Poor Cost Control and Financial Indiscipline.
• The other problems behind the closure are - Manufacturing Problems, Problem of Raw Material, Problem of Human Resource, Infrastructural Problem, Management Problem.
• In case of the food sector of the industry that five problems – ‘Poor Promotion’, ‘Poor Working Capital Management’, ‘Poor Cost Control’, ‘Poor Product Quality’ and ‘Intense Competition’ are considered as the problems with ‘High Intensity’. Four problems – ‘Manufacturing Problems’, ‘Problem of Long Term Finance’, ‘Infrastructural Problems’ and ‘Poor Distribution’ are considered as the problems with ‘Medium Intensity’. Five problems – ‘Problem of Raw Material’, ‘Problem of
Human Resource’, ‘Financial Indiscipline’, ‘Management Problem’ and ‘Others’ are considered as the problems with ‘Low Intensity’.


12.1.9. Findings based on Hypothesis Testing and Overall Performance:
The results of hypothesis testing and the overall performance of the small scale agro-processing industry in Ahmednagar district is as follows.

12.1.9.1. Results of Hypotheses Testing:
The result of the testing of seven hypotheses is as follows.

12.1.9.1.1. The marketing performance of the Small Scale Agro-Processing Industry in the Ahmednagar district is satisfactory.
The hypothesis is tested using the parametric one sample z-test for mean. The test used is left tailed test at 5% significance level. The hypothesis is accepted.

12.1.9.1.2. The food sector dominates in the sales of the Small Scale Agro-Processing Industry in the Ahmednagar district.
The hypothesis is tested using the parametric two sample z-test for proportion. The test used is right tailed test at 5% significance level. The hypothesis is accepted.

12.1.9.1.3. There are significant differences in the mean annual sales of the product categories of the Small Scale Agro-Processing Industry in the Ahmednagar district.
The hypothesis is tested using the parametric F-test for checking the difference between means. The test used at 5% significance level. The hypothesis is accepted.
12.1.9.1.4. **The proportion of closure in the Small Scale Agro-Processing Industry is less than that in the Small Scale Sector in the Ahmednagar district.**

The hypothesis is tested using the parametric one sample z-test for proportion. The test used is left tailed test at 5% significance level. The hypothesis is accepted.

12.1.9.1.5. **The proportion of closure in the women enterprises is more than that in the enterprises owned by men in the Small Scale Agro-Processing Industry in the Ahmednagar district.**

The hypothesis is tested using the parametric two sample z-test for proportion. The test used is right tailed test at 5% significance level. The hypothesis is rejected. That means, the proportion of closure in the women enterprises is same as that in the enterprises owned by men in the Small Scale Agro-Processing Industry in the Ahmednagar district.

12.1.9.1.6. **The proportion of closure in the food sector is less than that in the non food sector of the Small Scale Agro-Processing Industry in the Ahmednagar district.**

The hypothesis is tested using the parametric two sample z-test for proportion. The test used is left tailed test at 5% significance level. The hypothesis is accepted.

12.1.9.1.7. **The assistance provided by government organizations has been effective in checking the extent of closure in the Small Scale Agro-Processing Industry in the Ahmednagar district.**

The hypothesis is tested using the non parametric Chi-Square ($\chi^2$) test. The test used at 5% significance level. The hypothesis is accepted.

12.1.9.2. **Outcome of Overall Performance:**

- It is found that the overall performance of the small scale agro-processing industry in the four tehsils in the Ahmednagar district namely – Ahmednagar, Sangamner, Rahata and Shevgaon is High i.e. above average; the overall performance of industry in the six tehsils namely – Rahuri, Parner, Shrigonda, Shrirampur, Newasa and Kopargaon is Medium i.e. average and the overall performance of industry in the four tehsils namely – Pathardi, Karjat, Akole and Jamkhed is Low i.e. below average.

- It is found that the overall performance of the food sector of the small scale agro-processing industry in the Ahmednagar district is better than that of the non food sector.
It is found that the overall performance of the two product categories of the small scale agro-processing industry in the Ahmednagar district namely – ‘Milk and Milk Products’ and ‘Processing of fruits and Vegetables’ is High i.e. above average; the overall performance of the nine product categories namely – ‘Bakery Products’, ‘Textiles’, ‘Animal Feed’, ‘Wood and Wood Products’, ‘Spices’, ‘Grain Mill Products’, ‘Other Food Products’, ‘Paper and Paper Products’ and ‘Ayurvedic Products’ is Medium i.e. average and the overall performance of the four product categories namely – ‘Vegetable Oil’, ‘Confectionary’, ‘Tobacco related Products’ and ‘Essence Sticks’ is Low i.e. below average.

12.1.10. Findings related to Prospects:
The prospects of small scale agro-processing industry in Ahmednagar district are as follows.

12.1.10.1. Growth Drivers of the Industry in India:
- The growth drivers for the industry are - Rising Income, Large Share of Expenditure, Rapid Urbanization, Nuclear Families and Working Women, Changing Lifestyle, Growth in Organized Retail, Huge Supply Advantage and Government Initiatives.

12.1.10.2. Prospects of the Industry in Ahmednagar District:
- The prospects of the small scale agro-processing industry in Ahmednagar district are good.
- The prospects of the food sector are better than that of the non food sector.
- The three product categories namely - ‘Wood and Wood Products’, ‘Essence Stick’ and ‘Confectionary’ have ‘Low Prospects’.
10.1.10.3. SWOT for the Small Scale Agro-Processing Industry in Ahmednagar District:

- The strengths of the industry are - Availability of all the major raw materials, Social acceptability as important area and support from the Government, Glorious tradition and experience of agro-processing, Availability of the factors of production and facilities like industrial plots, finance and insurance, manpower, transportation, communication etc.

- The weaknesses of the industry are - Lack of focus on product development, Low level of quality consciousness, Moderate branding and packaging of products, Low usage of promotional tools, High requirement of working capital, Medium level of technology, Weak forward and backward linkages.

- The opportunities for the industry are - Spatial nearness to all the major markets like Pune, Mumbai, Aurangabad, Nasik, Growing domestic market, Tremendous export opportunities.

- The threats for the industry are - Competition from global players, Loss of trained manpower to other industries and other professions due to better working conditions prevailing there may lead to shortage of manpower, Fluctuations and the rising cost of raw materials may affect the profitability, Competition from medium and large scale enterprises.

12.2. CONCLUSIONS:

‘Agro-Processing Industry’ is part of ‘Agro-Industry’ which in turn is part of ‘Agri-Business’. The agro-processing industry refers to the subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. The term agriculture includes agricultural farm, livestock, fisheries and forestry. Similarly, processing may refer to primary processing only or it may include secondary and tertiary processing as well. The processing is done on raw material for conservation, handling and value addition to make them usable as food, feed, fiber, fuel or industrial raw materials.

Agro-processing industry, with its strong forward and backward linkages, has manifold contribution to agricultural and economic development. Agro-processing industry has a symbiotic links with agriculture, rural and economic development.
Ahmednagar is located centrally and is the ‘Largest District’ in the State of Maharashtra. It is predominantly rural in nature and its industrial development is lead by the agro-processing industry.

The small scale agro-processing industry has 702 enterprises and dominates in the small scale sector in the Ahmednagar district with the largest share. The growth rate of the industry is low as compared to small scale sector. The Government has set-up network of organizations for the support of the industry but the awareness of these organizations and their schemes amongst the entrepreneurs is less. By looking at the managerial practices of the industry it is observed that the entrepreneurs lack knowledge, pro-activeness and professionalism in the management.

The marketing performance of the industry is satisfactory. The mean sales of the industry is high but there exist greater variability in the sales of the industry. The food sector dominates in the sales of the industry. ‘Milk and Milk Products’ category dominates in the sales of the industry with largest share followed by ‘Textiles’ category. There are significant differences in the mean annual sales of the product categories of the industry.

The financial performance of the industry is satisfactory as its liquidity, long term solvency, profitability and efficiency positions are satisfactory. The liquidity and efficiency position of the food sector is better than that of the non food sector whereas the long term solvency and profitability position of the non food sector is better than that of the food sector. The liquidity and long term solvency position of the industry has improved over a period of time. The profitability of the industry has declined over a period of time. The capital utilization efficiency of the industry has improved whereas efficiency of inventory management and trade credit management has declined.

The industry faces starting problems and is currently suffering from some marketing, financial and other problems. The marketing current problems are related to - Product, Pricing, Promotion, Distribution, Market Coverage, Marketing Information, Marketing Planning and Intense Competition. The financial current problems are related to Long Term Finance, Working Capital Management, Cost Control, Accounting Practices, Taxes and Financial Planning. The other current problems are related to Manufacturing,
Raw Material, Human Resource, Infrastructure and Others. The industry has low extent of sickness and closure than small scale sector. The extent of closure in the food sector is lower than that in the non food sector. There are marketing, financial and other problems behind the sickness and closure in the industry. The Government organizations are playing an important role as the assistance provided by them has been effective in checking the extent of closure in the industry.

The overall performance of the small scale agro-processing industry in the four tehsils namely – Ahmednagar, Sangamner, Rahata and Shevgaon is High i.e. above average; the overall performance of industry in the six tehsils namely – Rahuri, Parner, Shrigonda, Shrirampur, Newasa and Kopargaon is Medium i.e. average and the overall performance of industry in the four tehsils namely – Pathardi, Karjat, Akole and Jamkhed is Low i.e. below average. The overall performance of the food sector is better than that of the non food sector. The overall performance of the two product categories of the small scale agro-processing industry namely – ‘Milk and Milk Products’ and ‘Processing of fruits and Vegetables’ is High i.e. above average; the overall performance of the nine product categories namely – ‘Bakery Products’, ‘Textiles’, ‘Animal Feed’, ‘Wood and Wood Products’, ‘Spices’, ‘Grain Mill Products’, ‘Other Food Products’, ‘Paper and Paper Products’ and ‘Ayurvedic Products’ is Medium i.e. average and the overall performance of the four product categories namely – Vegetable Oil’, ‘Confectionary’, ‘Tobacco related Products’ and ‘Essence Sticks’ is Low i.e. below average.

Ahmednagar district offers favourable factor conditions for the growth of the industry. Therefore, the prospects of the small scale agro-processing industry in the Ahmednagar district are good. The food sector has better prospects than non food sector. The prospects of product categories namely ‘Textiles’, ‘Milk and Milk Products’, ‘Bakery Products’, ‘Processing of Fruits and Vegetables’ and ‘Other Food Products’ are very good.
12.3. RECOMMENDATIONS:

The recommendations are as follows.

12.3.1. To the Existing Entrepreneurs of the Small Scale Agro-Processing Enterprises:

1) The enterprises should go for organizational quality certifications like ISO certification to bring standardization in the processes and improve reputation.

2) The enterprises should focus on product development activities and should increase length, breadth and depth of their product mix. The enterprises should launch new and value add products especially in the product categories like Milk and Milk Products, Spices, Other Food Products, Fiber Processing, Ayurvedic Products.

3) The enterprises should focus on product quality and need to go for product quality certifications like ‘Agmark’ in order to increase its quality and customer acceptability.

4) The enterprises should improve the quality and aesthetics of the packaging in order to attract the customer.

5) The enterprises should develop, register and build brand so as to improve the image of the product.

6) The enterprises should have fix pricing policy towards intermediatories and customers.

7) The enterprises should take review of the price at appropriate frequency in order to fix the price.

8) The enterprises should define and fix the credit policy for the intermediatories and the customers.

9) The enterprises should set up follow-up system for better credit management.

10) The enterprises should focus on promotion for creating awareness amongst customers.

11) The enterprises should use combination of multiple promotional tools for influencing the mind and heart of customers.

12) The enterprises should use new media’s for promotion like – Internet to expand their reach.

13) The enterprises should focus and build strong sales team so as to increase sales.

14) The enterprises should make proactive efforts to reach intermediatories and customers and promote the products.
15) The enterprises should participate in exhibitions to reach out to customers.
16) The enterprises should properly design the distribution channel especially the trade relation mix with them.
17) The enterprises should manage the distribution channel effectively.
18) The enterprises should expand the distribution channel to penetrate the market.
19) The enterprises should use scientific warehousing for the storage of the product.
20) The enterprises should use sales forecasting and manage the inventory.
21) The enterprises should use cost effective transportation means.
22) The enterprises should enter into tie-ups with the organized retail stores to improve their distribution.
23) The enterprises should expand the market coverage and reach out to bigger markets.
24) The enterprises should develop strong forward linkage with next stage processors.
25) The enterprises should develop better relationships with customers using relationship marketing.
26) The enterprises should explore the export opportunities.
27) The enterprises should collect, store, analyse and utilize marketing information on regular basis. The enterprises should conduct marketing research to know the market.
28) The enterprises should design marketing plan and implement it efficiently.
29) The enterprises need to tap multiple and specialized sources for cheaper finance.
30) The enterprises should maintain the books of accounts.
31) The enterprises should use mercantile system for maintaining books of accounts.
32) The enterprises should improve banking practices.
33) The enterprises should use appropriate method and techniques of the costing to estimate the cost properly.
34) The enterprises should focus on cost management and control to increase profitability.
35) The enterprises should improve the working capital management.
36) The enterprises should improve the inventory management and the trade credit management efficiency.
37) The enterprises should acquire knowledge about the taxation and regulatory measures by way of training.
38) The enterprises should use budgetary control for financial planning.
39) The entrepreneurs should acquire technical knowledge so as to improve product quality.
40) The enterprises should upgrade technology so as to improve the efficiency and quality of production. The enterprises should use appropriate quality testing procedure and equipments to ensure the quality checks.
41) The enterprises should design the organizational structure.
42) The enterprises should use proper human management techniques to acquire, train, motivate and retain the employees.
43) The enterprises should acquire managerial training to improve management practices.
44) The enterprises should tap cost effective sources for raw materials. The contract farming is one such way of getting assured raw material at cheaper cost.
45) The enterprises should collect information about the Government assistance and utilize it effectively in getting the assistance.

12.3.2. To the Prospective Entrepreneurs:

The tehsil wise business opportunities in the small scale agro-processing industry in the Ahmednagar district are suggested for prospective entrepreneurs on the basis of the availability of the raw material and shown in Table 12.1.

Table 12.1: Tehsil wise Business Opportunity in the Small Scale Agro-Processing Industry in the Ahmednagar District

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Tehsil</th>
<th>Raw Material</th>
<th>Business Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ahmednagar</td>
<td>Milk</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Vegetables</td>
<td>Vegetables Processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Onion</td>
<td>Dehydration, Pest, Flex</td>
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<td>Chikku</td>
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<td>Grapes</td>
<td>Juice</td>
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<tr>
<td></td>
<td></td>
<td>Guava</td>
<td>Jam, Jelly, Marmalade, Natural Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pomogranite</td>
<td>Anardana, Squash, Jam, Syrup</td>
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<td>Sr. No.</td>
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<td>Raw Material</td>
<td>Business Opportunity</td>
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<td>Grapes</td>
<td>Juice</td>
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<td></td>
<td>Guava</td>
<td>Jam, Jelly, Marmalade, Natural Drinks</td>
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<td>Tomato</td>
<td>Sauce, Powder, Flex</td>
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<td>Oil Mill</td>
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<td></td>
<td></td>
<td>Dal</td>
<td>Dal Mill</td>
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<td>Wood and Wood Products</td>
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</table>
12.3.3. To the Government:

1) The Government should promote and develop small scale agro-processing industry especially in rural areas and in tehsils like Akole, Karjat, Jamkhed and Pathardi.

2) The Government should provide industrial area in those tehsils where it is not available especially in Shevgaon, Karjat, Shrigonda, Rahata tehsils so as to develop industrial development in these tehsils. Further the proposed MIDC industrial areas in the tehsils like Newasa, Jamkhed, Pathardi, Akole and Kopargaon need to be acquired and the plots should be made available to the entrepreneurs as early as possible.

3) The Government should expand the existing industrial areas especially in Ahmednagar, Shrirampur, Sangamner, Kopargaon tehsils so as to provide industrial plots especially of smaller sizes to more number of the existing and new enterprises.

4) The Government should make improvement in the Zoning System.

5) The Government should set up a food park for the development of the food sector.

6) The Government should ensure continuous, uninterrupted supply of electricity that too at appropriate load especially in Rahuri, Shrirampur, Rahata and Newasa to enterprises for the smooth manufacturing activity.

7) The Government Should implement captive power plant scheme to improve power scenario in the district.

8) The Government should improve the quality and connectivity of road and rail transport so as to improve distribution efficiency.

9) The Government should provide airport facility in the district as to improve distribution efficiency.

10) The Government should ensure adequate warehousing facility especially in the rural areas.

11) The Government should promote consciousness amongst the entrepreneurs about quality.

12) The Government should conduct training programmes for existing entrepreneurs rather than focusing on the prospective entrepreneurs.

13) The Government should promote and develop small scale agro-processing industry especially in product categories like – ‘Processing of Fruits and Vegetables’, ‘Milk and Milk Products’, ‘Bakery Products’, ‘Other Food Products’ and ‘Textiles’ as these categories have better prospects.
14) The Government should implement ‘Single Window System’ for speedy registration and licensing.
15) The Government should improve the Information System so as to maintain the updated database about industries.
16) The Government should create awareness amongst the entrepreneurs about the various support organizations and their schemes.
17) The Government should provide updated handbooks about the Government organizations and their schemes especially in the regional language – Marathi.
18) The Government should address taxation and the regulatory issues and bring uniformity and fairness in VAT for the development of the industry.
19) The Government should focus its attention on the assistance for survival and sustenance of the enterprises after establishment. In this connection, a tie-up with professional management education institutes can be undertaken for training and consultancy. Further, management students can be involved in supporting existing enterprises.
20) The Government should encourage cluster development in the small scale agro-processing industry in the district especially ‘Milk and Milk Products’.
21) The Government should promote terminal market for the benefit of the industry.
22) The Government should organize buyer-seller meet regularly to support the industry in marketing.

Agro-processing industry can function as catalytic agent in the predominantly rural Ahmednagar district to bring about take-off in agriculture and ultimately in economy as a whole. If agro-processing is developed and nurtured with support system then Small Scale Agro-Processing Industry in the district has potential to do to rural area what IT has done to urban area in India.