It gives me great pleasure to submit to the University of Poona my Thesis on "Problems of Small Scale Industries, with special reference to selected units in Pune Metropolitan Area" for award of the Ph.D. degree in Commerce.

Industrial sickness and recovery of advances from units which fell sick first began to attract the attention of the Government as well as banks after the nationalisation of banks in 1969. Prior to that, banks generally avoided getting involved in sick companies. The moment there was a default in payment of interest or repayment of a term loan, bankers charged interest at penal rates and initiated legal proceedings for recovery of their overdues. But after nationalisation revival of sick units became one of many social objectives of the banking system.

During the past few years, the incidence of sickness among small scale industrial units in the country has been on the rise and as at the end of December 1984 there were 92,015 sick SSI units in which about Rs.879 crores of commercial banks' funds were locked up. Although a variety of generalised factors have been identified as contributing to the indifferent performance of industrial units, it is
felt that in generalising it is likely that one may miss some of the root causes of failure. I therefore made an attempt to find out the real causes of failure. The objective was to study problems of SSI units and suggest some remedial measures by which there will be reduction in failure/sickness of industrial units.

I have divided the thesis into eleven chapters. In the first chapter, after mentioning the importance of small scale sector, I have given the purpose and objectives of my study. In chapter Nos. II to V, a historical review has been taken in respect of (i) development of present definition of small scale industry, (ii) the industrial policy of Government of India in respect of SSI, (iii) recommendations of several study groups/committees and (iv) various concessions/incentives available to SSI units.

In Chapter No. VI details of research methodology and field work done are given. The procedure followed regarding selection of sample units is also mentioned in the same chapter. Chapter VII contains 'General Information' about the units surveyed such as type of establishment, age of units, capacity utilisation, capital output ratios etc. Chapter VIII deals with various problems faced by the small entrepreneurs and an attempt has been made to suggest remedies for solving these problems. The next chapter contains six case studies of SSI units, explaining the various causes of sickness.
In the penultimate chapter a review has been taken of different causes of sickness based on published material and findings of my own survey. An attempt has been made to suggest certain remedial measures for avoidance of sickness. The last chapter contains summary, main findings and conclusions. Ten tables have been incorporated in the chapters. Besides 31 statistical tables have been given in the Annexure A. I have also prepared a check list (given in Annexure 8) which should be useful for small entrepreneurs in avoiding sickness.

I hope that my findings and suggestions will be useful not only to the lending agencies and the Government for taking policy decisions in respect of the small scale sector, but also to the small scale industrialists themselves in avoiding the incidence of sickness by taking due precautions as suggested by me.

I am most grateful to my guide Prof. G.B. Kulkarni for all the guidance and encouragement given to me. This study would not have been completed without the precious guidance and valuable suggestions received by me from the frequent discussions I had with him. I am highly obliged to him and offer him my grateful thanks for all that he has done for me.
I am also thankful to the small scale industrialists who extended to me their cooperation in giving information about their units, as also to the Mahratta Chamber of Commerce and Industries as well as the District Industries Centre Pune. I am also thankful to the Bank of Maharashtra for permitting me to undertake this research study and helping me in other ways.

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