ABSTRACT

The Khadi and Village Industries provides large scale employment opportunities to the unemployed rural population in India and thereby improve the rural economy. Among the KVIs, NEO-soap industry occupies predominant position in the programmes of KVIC both in volume of production and generating employment.

The diagnosis of the Management aspects of production, sales, employment and financial performance of NEO-soap industrial units will help to formulate appropriate strategies for proper planning and expansion of these activities which will benefit the rural poor.

The study entitled "Management of Non-Edible Oil Soap Industrial Units - A Performance Analysis" was taken up with the following objectives:

1. To evaluate the progress in production and sales in respect of NEO-soap industrial units;
2. to assess the financial performance and its trends; and
3. to examine the employment potentiality provided by these units.

The study covers ten NEO-soap industrial units functioning under various KVI Institutions in Dindigul and Madurai Districts of Tamil Nadu.

The production and sales trend of the NEO-soap industrial units shown fluctuations during the period under study. The net value added by manufacture (NVAM) of these institutions also recorded fluctuating trend.

Hence, these industrial units should adopt diversification of products and also follow better management practices. Rawmaterial banks must be organised in each region under the financial assistance of KVIC for supplying of scarce and seasonal rawmaterials to these industrial units at reasonable prices during off-season and to maintain quality of the inputs.

The ratio analysis revealed that the short-term financial position of NEO-soap industrial units under study is comfortable because of the timely financial assistance from KVIC.

The fundflow analysis revealed that working capital loan from KVIC
and other short-term finances constituted major sources of funds and funds from operations had little contributions towards sources of funds.

The industrial units largely depend upon KVIC for financial assistance both long-term and short-term funds. These industrial units could not generate their own funds due to meagre profitability in these operations due to competition.

Analysis of profitability of these NEO-soap industrial units have shown meagre profitability because of higher overhead expenditures, adoption of low-productive and labour intensive technologies.

The analysis of employment revealed that these industrial units could provide large scale employment oppoilunities to mral people with very low per capita investment.

Major policy recommendations of the study :

1. The NEO-soap unit should introduce upgraded technology to improve quality and also to increase production. Inorder to improve fuel efficiency gasifier units based on biomass fuel sources may be introduced. This effort will economise the fuel cost and improve the profitability.
2. The KVIC should release working capital in time to effect seasonal purchase of rawmateriats.
3. KVIC should also establish of rawmaterial bank for seasonal procurement of rawmaterials and supply to these soap units throughout the year at reasonable price.
4. A minimum wage-rate policy should be adopted in order to motivate the workers and also improve their morale.
5 Periodical training programmes may be conducted to workers and employees to enable them to acquire the latest technologies adopted by NEO-soap industry.

b. KVIC should support these soap units to undertake research and development activities.

These policy measures will definitely help to increase production and sale of NEO-soap industrial units which will ultimately help to improve their overall performance.