INTRODUCTION

Importance of Small Industry

The socio-economic significance of the small scale industries in relation to the economic development of the country has been more fully realised in the post independence period. The small units are owned by small men with small resources, however, it has grown as big as any other important sector of our economy. Small markets are to be served, large industry has got to be supplemented due to scarce capital resources, migration of people is to be avoided, consumer goods are to be supplied to all parts of the country, in order to secure an equitable distribution of national income etc. These are the objectives stipulated in the constitution of India, 1950. By appointing various Bodies, Corporations etc. the Government has made efforts to see that the small industry is properly aided to come up fast. To overcome the difficulties even some products have been reserved for this sector.

Problem of Small Scale Industry

Inspite of all the help provided to this sector by the Government, individual problems of each manufacturer to get a better share of markets and to improve profits/observed to have remained unsolved. Skilled entrepreneurs were there, financial assistance was there, machinery was provided, products reserved, but inspite of all these aids, the units
continued to trail around the environment of volatile, changing markets. Not much attention was paid to the question whether the unit going into production had at all really assessed as to whether the market needed what it intended to produce and whether there was a real need in the markets for what it produced. It is the old concept of marketing which keeps marketing at the end of the whole process. This concept was described as arrange finance, produce products and then sell them. Now those days are gone. The market has become the buyer's market and the needs of the consumer have become the base of selecting the product itself. Those units which did not keep pace with this concept failed and had to close down their shops. This forms the basis of the present study.

Basis for this study

"Consumer is the king" is the principle of the new marketing concept. Thus, all the efforts of the small sector should be concentrated to make their product acceptable to the consumer, having selected the product by properly examining the need of the market. It was, therefore, thought necessary to examine (1) the efforts made by the small sector to determine its potential (market research), (2) whether the products formally impressed upon the minds of buyers (sales promotion), (3) whether the industry had to call and persuade buyers personally (personal selling) and (4) whether any agreements have been drawn up and arrangements made for shipping the goods (pricing, negotiation and physical distribution).
Objectives of the study

The objectives of the study are:

(1) to examine the forms of organisation, period of existence in relation to the base year (1971) and the capital investments made in order to know their constitution (Chapter 6).

(2) to examine whether they take care initially to examine the markets before selecting their products, and the type of study conducted by them (Chapter 6).

(3) to examine whether any separate section is created to take care of marketing function or the owner himself is carrying out the search for markets. If an independent section existed, what was its constitution and whether it was adequate (Chapter 7).

(4) to examine the personnel policies while recruiting men for this section (Chapter 8).

(5) to find out as to how expenses are incurred on marketing function. Are they planned in advance or just are met as per the necessities. What is their share of marketing expenses to their sales. This would indicate the efforts made to expand markets (Chapter 9).

(6) to examine their channels for distribution of products. Whether it is a personal selling or do they employ inbetween agencies. To examine these agencies and considerations given while selecting them. Is their help taken to build marketing intelligence etc. (Chapter 10).
(7) to examine the policies and methodology for pricing. Whether pricing was used as a tool for promoting the product (Chapter 11).

(8) to examine the efforts made to promote their products and whether they are their adequateness. If not, what are the blocks (Chapter 12).

METHODOLOGY

LIBRARY READING

(A) Information on Small Industry

Number of books (which appear in the "readings" at the end of the thesis) provided information and statistics. Mainly, the Industries Commissioner, Small Scale Industry, New Delhi, who helped in providing up-to-date statistics up to the year 1971, covering all aspects of small industry. Our thanks to him for his favour. The statistics relating to Maharashtra and the districts so far as small industry was concerned, was taken from a book published by Maharashtra Economic Development Council. For understanding the real crux of the problem, the book "Marketing and Management Problems" published by Federation of Association of Small Scale Industries in India, 1971, was mainly referred. Our thanks also to the Industries Directorate, Poona for supplying needful statistics. Thanks to Shri Salunke, Managing Director, Accurate Engineering Company, Poona for offering guidance from time to time, and also to Mahratta Chamber of Commerce, Poona, who extended their library facilities, their publications on Poona Industry etc.
(B) Library reading was made exclusively for about six months in the beginning. The advantage taken was that of (1) Vaikunth Mehta National Institute of Cooperative Management, Poona and (2) Gokhale Institute of Economics, Poona which was the literature available on small industry. A lot of literature was published on small industry, its general aspects, its financial problems, its production problems, etc. but, there is hardly any literature that has been published or even studied in deep on the marketing function which is taken for consideration as the basis for this study.

FIELD STUDY

(A) Sample Selection

In all six groups of small industries from Poona region were selected on purposive basis which were engaged in manufacturing. These groups were 1) Engineering, 2) Electricals and Electronics, 3) Chemicals, 4) Paper Products, 5) Minerals and Metals and 6) Miscellaneous Group. A questionnaire was circulated to all these 402 units. Accordingly, 81 units responded (20% of 402 total units).

(B) Questionnaire

The questionnaire was prepared by keeping in mind the two major aspects that - (1) it should have been small enough to be attempted in a short time but at the same time exhaustive to cover all the possible aspects of this study, (2) it should have been simple to
attempt with straight questions. As far as possible, standard answers were provided only for tick marking the boxes. This not only saved time for the owners of the units, while replying but also gave proper guide-lines to answer them. Most invaluable help was extended by Shri Deo, Manager, Marketing, Kirloskar Consultants, Poona and Dr. V. M. Dandekar, Director, Gokhale Institute while preparing this questionnaire. Dr. Dandekar even gave an introduction to the questionnaire with a small appeal, pointing out the importance of this study to the industrialists. Our thanks to both of them.

(C) Collecting Information

The questionnaire was forwarded to all 402 units from the selected group of industries in the region. It was circulated by mail, enclosing a cover therein giving them idea and the purpose of the study. Accordingly, 81 units only responded which formed 20% sample of 402 total units. This was followed by personal visits with pre-appointments to these responding units. Various aspects were personally discussed, to understand their problems and also to supplement and substantiate the information received. Second visit was also made wherever necessity was felt to know more. Tables were prepared based upon the information collected from answers to questionnaire which were represented in the thesis.