Chapter – VII

Observations and Suggestions of the Study

VII.1 Observations of the study

VII.2 Suggestions of the Study
CHAPTER – VII

Observations and Suggestions of the Study

VII.1 Observations of the study:
Field notes and observation of the research and also the suggestions in regard to organizational requirements of village and small scale industries, in Osmanabad district, and state of Maharashtra in general are given in this last chapter, after analyzing the primary and secondary data such as:

- The MSMEs constitute over 90 percent of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the MSMEs play a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 39 percent of the manufacturing output and around 33 percent of the total export of the country. Further, in recent years the;

- The MSMEs sector employs an estimated 31 million persons spread over 12.8 million enterprises and the labour intensiveness in the MSE sector is estimated to be almost 4 times higher than the large enterprises.

- NSIC organized 963 Marketing Promotion events including participation / organization / co-sponsoring of exhibitions, buyer-sellers meets and marketing campaigns as compared to 874 events in the previous year 2009-10.

- KVIC is entrusted with planning, promotion, organization and implementation of programs for the development of khadi and village industries in the rural areas in coordination with other agencies. Its functions consist of providing financial assistance, building up of resource raw materials and implements for supply to units/entrepreneurs, creation of common service facilities of processing semi-finished goods, marketing of KVI products, and organization of training for artisans/entrepreneurs, promotion of research in the production techniques and equipments and to ensure quality control.

- The production of Khadi and Village Industries was 6923.26 crore in 2000-2001 which has become 14028.71 crore in 2006-2007.

- During the year 2010-2011, 250 Coir Units were registered and 136 Units were renewed through various Offices of the Board.
The growth rate of coir production export is 2.67 times during 10 years. It can be concluded that the growth rate is favorable.

In the year 1998-99 percentage of loan disbursement by SIDBI is 70.78 crore which increased to 93.34 crore in 2007-08. This increase is 22.56%. This thing is motivating for small industries.

From table IV.5.1 the growth rate of SSI sector was recorded as 9.19 per cent in 1997-98 to 10.2%, whereas it records 6.7 per cent in 1997-98 to 10 per cent in 2007-08.

From table - IV.5.2 it is evident the growth rate of value of production has not been consistent throughout the study period and decreased substantially after reforms. But the value of production was increased during 2007 - 2008 was ₹ 292282 crore and the growth rate was 11.90 percentage.

Table - IV.5.3 reveals that the small scale industrial sector plays a major role in India’s exports performance. The exports performance of small scale industrial goods during 1998 - 1999 was ₹ 48979 crore and the growth rate was 10.2 percent.

The table IV.5.4 indicates that the total number of employment in India during 1998 -1999 was ₹ 220.6 lakh and production per employee is 71 percent.

During 2007 - 2008, employee increase by 398.9 lakh with 95 percentages of growth rates.

From the table IV.6.2.1 it can be concluded that the performance of KVIC board under this scheme is not satisfactory to expand the village industries and to make available employment opportunities.

Table No. IV.6.2.2 showed the growth rate of production, sales and generation of employment under Artisans Employment Guarantee Scheme is increased during the study period 1998-99 to 2007-08. It can be concluded that the progress under this scheme is satisfactory.

Total 269360 village industry units were working under CBC scheme of KVIB at state level.

The growth in production of various village industries products is decreased to 2.37 percent during 2003-04 to 2007-08. The sales growth rate is increased in 2005-06 and 2007-08. The Employment generated under this scheme also increased from 9.80 percent in 2004-05 to 28.33 percent in 2007-08. It can be concluded that the rate of growth of physical progress under consortium bank finance (CBC) at state level is not satisfactory as the growth rate is decreased in terms of production, whereas the employment generated growth rate is satisfactory.
Maharashtra Small Scale Industries Development Corporation Limited’s (MSSIDC) marketing assistance to Small Scale Industries (SSI Units) for the year 2005-06 was ₹ 95.5 crore (i.e. ₹ 955 million), which has increased to ₹ 176.97 crore (i.e. ₹ 1769 million) in the year 2007-08 and is maintained at ₹ 175.25 crore (i.e. ₹ 1752 million) in the year 2008-2009.

The Osmanabad district is industrially backward district of Maharashtra. There are four M.I.D.C.s located in Osmanabad, Kalamb, Bhoom and Omerga.

As per the latest available data, there were 3318 provisional and 936 permanent Small Scale Industrial units registered in the district (during the study period provisional are 1792 and permanent are 353).

The employments generated under these permanent units are 6034.

NABARD in its Potential Linked Plan (PLP) has made financial projection under other priority sector as have been made for 7356.45 lakh against ₹ 4981.71 for previous year.

The District Industry center is playing very important role to assist and promote village and small scale industries in the district in coordination with MITCON and MCED, KVIB.

Table - VI.2.2.1 clearly depicts the growth of provisional registration of small scale units during last three years was increased as compare to the previous year except 1998-99 and 1999-2000. It can be concluded that in the recent years the small scale units are increasing in the district.

The table VI.2.1.1 & VI.2.2.1 revealed that the total units of small scale industries in the district decreased to 38 in 2007-08 from 65 in 1998-99. It is seen from the above table that majority of small scale units are in the district place i.e. Osmanabad taluka, followed by Omerga, Tuljapur and Kalamb. It can be concluded that the 50 percent of area of district is not covered by small scale industries as it is known as industrially backward. So there is need to more concentrate on the development of these deprived and industrially backward parts of district.

Table - VI.2.4.1 revealed that the value of production of small scale industries in the Osmanabad district increased from ₹ 1108.58 in 1998-99 to ₹ 2529.46 in 2007-08. It was decreased ₹ 380.50 in 2003-04 and ₹ 843.32 in 2005-06.
• The rate of investment in small scale industries in the district is increased from 35.52 percent in 2004-05 to 47.07 percent in 2007-08. It can be concluded that the DIC is making efforts in promote small scale industries in the district.

• The working capital of small scale industries of Osmanabad district as has increased during 2003 to 2007. But it decreased in 2007-08 to 8.12 percent.

• The growth rate of employment in small scale industries of Osmanabad district has been decreasing throughout the study period except the year 2003-04 and 2005 to 2007.

• The performance of DIC schemes for village and small scale industries revealed in table VI.2.8.1 that the loan sanctioned to the village and small scale industry beneficiaries by DIC Osmanabad. Under seed money scheme during 1998-99 to 2007-08. The table reveals that the amount of seed money received ₹ 2267.70 per beneficiaries in 1998-99 which increased by 25 times to ₹ 51960 per beneficiary in 2007-08.

• The margin money sanctioned by DIC Osmanabad to village and small industries in Osmanabad district increased from 17663.68 in 1998-99 to ₹ 33500 in 2007-08. But the number of beneficiaries decreased from 19 in 1998-99 to only 04 in 2007-08. It can be concluded that the benefit of margin money scheme is invited to few entrepreneurs only.

• The analysis of the table No. VI.2.9.1 revealed that the number of trained entrepreneurs is increased five times during the study period; whereas the number of beneficiaries of seed money and margin money is decreased by 8 times and 5 times respectively under the Osmanabad district DIC Entrepreneurs Training Programme through MCED / MITCON. It means training programme of DIC in Osmanabad district is not properly converted into promotion of village and small scale industries in the Osmanabad district.

• The performance of KVIB in the district is analyzed in tables VI.2.11. It revealed that there is no any growth in the Village and Small Scale Industry under this scheme.
The board has sanctioned ₹ 109000 to 129 beneficiaries in 1998-99 which become ₹ 510000 to only 51 beneficiaries. The number of beneficiaries and amount of financial assistance by KVIB in 2002-03 i.e. to ₹ 1508500 to 195 beneficiaries.

It is seen from the above table that the KVIB disbursed bank loan worth ₹ 21486232 to 169 beneficiaries.

The Margin Money under Rural Employment Guarantee Programme of KVIB Osmanabad is given in to 169 beneficiaries worth 7325249 during 2000-2001 to 2007-2008 in Osmanabad district.

The KVIB disbursed ₹ 3184524 bank loan under Consortium Bank Finance Scheme to 97 beneficiaries during 1998-2001 of which ₹ 17,13,412 as a capital loan and ₹ 1471112 as a working capital. The board also disbursed margin money under consortium bank finance scheme in Osmanabad district during 1998-2001 is shown in the following table. The board disbursed margin money worth ₹ 11, 37,210 to 97 beneficiaries of the district during 1998-2001.

The growth of sales of village industries units under KVIB in the Osmanabad district was 438.87 lakh in 1998-99 which became 831.83 lakh in 2007-08. The growth rate of sales registered highest in 2006-07 and 2003-04 and lowest in the year 2000-01 of the study period in Osmanabad District.

The Village industries from Osmanabad district generated employment under KVIB in Osmanabad district in the year 1998-99 were 858 which became 996 in 2007-08. The average number of employment generated during the study period is -1.58 i.e. two per unit. So, it can be concluded that the employment generated by each village industries in the district is two during the study period 1998-99 to 2007-08, there is need to make awareness and training programmes along with the financial support to village industries in the district by KVIB.

The production value of units of village industries under KVIB in the Osmanabad district was ₹ 332.73 lakh in 1998-99 which became 744.45 in 2007-08. The growth rate was 21.37 percent in 1999-2000 which reduced in the year 2001-02, 2002-03 and 2004-05 of the study period. But it increased up to 61.16 percent in 2006-07 and again decreased in the succeeding year. There is no consistency in the term of
production of village industries in the district under KVIB scheme. The units under the scheme are also reduced. The reason of growth rate decreased of sales.

**Primary Data Analysis:**

- Only 6.25 percent respondents have raised their capital through Govt. scheme. It can be concluded that only 6.25 percent respondents got the financial assistance through Govt. scheme in the district.

- Total 57.5 percent respondent entrepreneurs opined that the present status of VSSI in the district is good; whereas 25 percent respondent opined the status is very good and only 17.5 percent respondent opined that the status of VSSI in the district is not good at all. It can be concluded that the present status and position of VSSI in the Osmanabad district is good.

- Majority of the respondents have opined thus that they are aware of DIC and KVIB. But 50 percent of the respondents don’t know and not taken any benefits from MCED and MITCON, whereas 95 percent respondents have opined that don’t know the other organizations for village and small scale industries in the district.

- The respondents also opined that the DIC is the best organization that working for the development of village and small scale industries in the district followed by KVIB. It can be concluded that inspire of various scheme, organizations arrangement by Govt. and other organizations for development of VSSI in the district, till they are not reach all part of district or grass root level.

- 32.5 percent respondents have opined that they have not got any training from the organizations. Out of the total respondents 26.25 percent responded trained by MCED, 18.75 percent by MITCON and 22.5 percent by other agencies. It can be concluded that near about 32.50 percent of the respondents are not taken benefits of training to VSSI in the district.

- 72.5 percent of the responders are opined that the organizational arrangements and facilities of Govt. organization are not providing assistance to development of the Village and SSI infrastructure in Osmanabad District.
98.75 percent responders opined that they have not got supply of raw material in the form of goods, service or skills by government arrangement and facilities to VSSI in the district.

Continuous supply of electricity is essential factor to any village, small, medium or large scale industries. The disrupted electricity supply affects on the production process of the units. 92.5 percent respondents are opined that there is lack of continuous power supply of electricity, only 7.5 percent respondent opined that they have proper electricity for their units.

61.25 percent responders said that the roads and transport facilities are not good. Whereas only 38.75 percent respondents agreed that the road and transport facilities are in good condition.

90 percent of the VSSI’s are running with the help of workers and 17.5 percent by individual or own, where only 3.75 percent by family.

The majority of the respondents have opined that they get above ₹ 20,000 pm in their units, whereas 32.5 percent respondents agreed that they get ₹ 10000-20000 pm in their VSSI units.

The majority of the respondents i.e. 81.25 percent are opined they can expand their unit in near future. It can be concluded that there is wide scope to develop VSSI in the Osmanabad district.

The 86.15 percent respondents are opined that there source of fund for expansions in future is loan from banks.

Majority of respondents agreed that they sell their finished goods through retail market, whereas 47.5 percent respondents sell their finished goods through wholesale market. It can be concluded that the retail market is a major source for the finished goods of VSSI in Osmanabad district.

Data Analysis of Administrative Officers

As per the respondents opinion 80 percent respondents agreed that the existing position of VSSI in Osmanabad district is good, only 10 percent respondent are opined that the existing position of VSSI in Osmanabad district is not good at all.
Thus it can be concluded that the overall position of village and small scale industries in Osmanabad district is satisfactory.

- The 70 percent respondents agreed that there is bright future for VSSI and 25 percent respondents are agreed that there is very bright future to VSSI in the district. So far as industrially backward district concern the government schemes, effort of MIDC and other organization arrangements will enhance the VSSI in Osmanabad district.

- The DIC is a best unit out of organizational arrangement to VSSI in Osmanabad district. Majority of official respondents opined that DIC is working effectively to support and develop VSSI in Osmanabad district.

- The 80 percent officials are opined that the training centers of organizational set up are well-equipped and useful to VSSI in the Osmanabad district. It can be concluded that the organizational set up for training and other facilities to VSSI is satisfactory.

- The training given by organizational arrangement in Osmanabad district to VSSI is enough and helps to enhance the skill of entrepreneurs.

- 100 percent official respondents agreed that the entrepreneurs from below poverty line give priority to enroll for training schemes by organizational arrangement to VSSI in Osmanabad district.

- All the official respondents are agreed that they are motivating the rural people / entrepreneurs to join the training programmes organized by various organizational set up in the district. They also motivate and guide them to start their own business or venture.

- The government has provided infrastructural facilities to VSSI in Osmanabad district. The 90 percent official respondents have opined that governments provide infrastructural facilities to VSSI in Osmanabad district to start business.

- Fifty percent official respondents agreed that the raw material is being provided to the VSSI in the Osmanabad district, whereas, 50 percent are opined that they do not make available any raw material to VSSI in Osmanabad district. It can be concluded that the organizational arrangement is not assist in the form of raw material to VSSI.

- The 90 percent official respondents opined that they help the entrepreneurs to get loan to VSSI in Osmanabad district.
Presently, 65% official respondents noticed that there are difficulties in getting loan to VSSI in the district, whereas 35 percent official respondents opined that there are no difficulties to get loan.

All the official respondents feel that the DRDA and DIC has maintained perfect coordination in developing village and small scale industries in Osmanabad district.

The 100 percent official’s respondents opined that there was problem of gap of development which obstructs the coordination between DRDA and DIC. Some units of VSSI are working in good condition whereas, some units have stop their activities and also closed.

85 percent respondent opined that the organizational arrangement for development of VSSI takes remedial action and also conduct innovative activities not only National level but also district level like backward district of Osmanabad.

Only 15 percent official respondents opined that there are no future plans to develop VSSI in the district.

The Government, organizational arrangement as well as beneficiaries are both responsible aspects to develop village and small scale industries, 85 percent official respondents agreed with this statement whereas, 15 percent respondent not at all. But they also mentioned that there are few limitations to establish new units. They opined that there is need to create and start the various units of VSSI in the district.

**Opinion Questionnaire:**

The maximum respondent from village industry replied only loan facility is provided by bank. But the banks do not co-operate and make unnecessary delay in sanctioning the loans.

In reply to query as to in what manner the government agencies help the entrepreneurs in developing infrastructure for industries. They said that only in MIDC area e.g. Osmanabad, Omerga, Kalamb, Bhoom this facility available some extend.

In reply the respondent list the various difficulties, some of them are as follows-

1. Delay in sanctioning the loan.
2. Loan is not sanctioned easily.
3. Banks demand fixed deposit.
4. They sanction inadequate loan. As per requirement loan not sanctioned.
5. Banks charged different fees.
6. Rate of interest is more / Excess.
7. They demand more mortgage and determine valuation of mortgage is less.

- All eight talukas of Osmanabad district included in D+ zone. The financial concessions being given to entrepreneurs are as follows:
  1. 15% subsidy for general in urban area cases and in rural area 25% subsidy.
  2. In case of scheduled caste and scheduled tribe, other backward class, minority, women, Ex-serviceman, handicap for this special category in urban area 25% and rural area 35%.
  3. Raw material was made available by MSSIDC for some years but now steel and coal for Brick industry is available.
  4. Interest free loan as against the sales tax period.
  5. Rebate in the electricity bill.
  6. No power cut in MIDC area.
  7. Octroi exemption for 5 years.

- The state government has also taken steps to develop village and small scale industries in the Osmanabad district and has developed some industrial areas as follows.
  1. Osmanabad MIDC
  2. Omerga MIDC
  3. Kalamb MIDC
  4. Bhoom MIDC

DIC, KVIB, MCED, MITCON, I.T.I’s impart training to entrepreneurs by organizing training programmes from time to time. Entrepreneurial development programmes are also organized by MCED. Sponsored programme by DIC and KVIB are also organized.
VII.2 Suggestions of the Study

On the basis of the secondary data analysis and conclusions drawn in this study, the researcher has made some useful suggestions for future development such as:

- There is need of awareness among the youth about industrialization which will help to economic development of the rural area.

- The various government and other agencies may give the know-how of the industry concerned. What they do that first they decide to start the industry and then move from person to person or institution to institution to acquire know-how of the trade. This kills too much time and sometimes, in lack of proper know-how, the entrepreneur’s gets. There are no such government institutions easily available to provide them know-how.

- The installation of a big or small industry consultancy services play a vital role. At least they provide valuable suggestions to the entrepreneurs as how to start, how to manage and what type of machinery would be required for such industry.

- In the state of Maharashtra there are some Research Institutions, who are doing very good researches in the field of small-scale and village industries but they have no linkages facilities. In other words it can be said that their expertise, experience and research outcomes are not utilized for the purposes of development and expansion of small-scale industries. In this connection suggestion is such research institutions should be linked up with the DIC and Industry Department, Government of Maharashtra so as to make use of their valuable services to the help entrepreneurs entering into village and small-scale industries.

- The small scale industries are important sources of employment in many developing nations, often employing a sizable share of the labor force. However it is often suggested that small firms are more labor intensive, and therefore should be encouraged as a way of generating employment. It has been estimated that every lakh rupees of invested in fixed assets in the SSI generates employment for persons.

- The efficient working of DIC in Osmanabad district will promote and assist village and small scale industries and entrepreneurs in Osmanabad district. So the DIC Osmanabad concentrate on quality and continuous running village and small scale
industries instead of quantitative growth. But they are not lying to counsel and help the sick units in the district.

- The margin money scheme should benefit to the number of beneficiaries as it is limited to number of beneficiaries or the benefit of margin money scheme is invited to few entrepreneurs only.

- In spite of various schemes, organizations arrangement by Govt. and other organizations for development of Village and Small Scale Industries in the district, still they are not reached all part of district or grass root level. So there is need to reach at grass root level.

- As per know that development of any venture or business (whether it may be small or big) is depend upon the infrastructural development. So the organizational arrangement and facilities may give priorities to develop the infrastructure of village and small scale industries in Osmanabad district.

- It can be concluded that the rural India is enriched with natural resources, for using this resources we can develop village and small scale industry to the rural area. But there is need to provide the assistance and facilities to get raw material to VSSI in the district.

- The Government, organizational arrangement as well as beneficiaries are both responsible aspects to develop village and small scale industries. There is need to create and start the various units of VSSI in the district.

- If Financial Facilities are to be improved:
  1. Some simple and quick method be adopted to provide for loan and credit facility.
  2. Low rate of interest.
  3. Sufficient loan is provided.
  4. As per government work order (in some cases) loan must be sanction.
  5. After assessing financial position and entrepreneurs efficiency banks sanction loan as early as possible.
  6. Government organizations follows-up for sanctioning loan of entrepreneurs.
7. Bankers provide easily loan with less interest especially for village industries.
8. Bankers give loan to new entrepreneurs.

- Suggestions in regard to the development of village and small scale industries
  1. Easy and quick system be adopted to provide loan and credit facility.
  2. Subsidy and infrastructural facilities to the rural entrepreneurs, particularly to those who intend to install village industries as well as SSI.
  3. Infrastructure is to be provided in MIDC area and also rural area.
  4. Supply of raw material in reasonable rate for VSSI in district.
  5. Made available electric supply without load shedding.
  6. Training must be given for available skilled workers.
  7. DIC sanction loan and facility quickly.
  8. Take feed-back at Banks for sanction of loan of entrepreneurs.
  9. One window system adopt for the help of VSSI in Osmanabad district.
  10. After considering need of industry, project report, performance of industry bankers sanctioned loan immediately sufficient amount also.
  11. The proper transportation facility.
  12. Proper information in regard to different schemes of the central government is supplied to rural entrepreneurs as such guidelines and objectives of such schemes may be supplied to rural entrepreneurs immediately.
  13. They are in need of connectivity of rail facilities from Solapur to Omerga to Hyderabad and Osmanabad to Latur, Latur to Nanded. It will help to attract the companies in the district.
  14. Raw material depot should be set up in the Osmanabad and in the rural areas by MSSIDC. So, that the entrepreneurs can get sufficient raw materials also in reasonable rate.
  15. The organizations arrangements expand up to taluka level and village level for minimize the delay and helpful for rural entrepreneurs of VSSI.
16. Apart from present organizational pattern, new organizations of the village level, taluka level and district level are created for benefiting assistance to installing new units and modernizing the existing one.

17. Marketing organizations should be immediately created and they should be strengthened under MSSIDC.

- The Government is making all efforts to provide infrastructural facilities, raw materials, financial assistance including loan and subsidy also the low cost plots to the entrepreneurs in MIDC area, Apart from this, certain other facilities like package assistance, relief in octroi, interest free loan, power subsidy is also provided.

- For providing infrastructural facilities to entrepreneur, Deputy Director (KVIB) created one post of supervisor at Panchayat Samiti level and DIC appoint in charge Industry Inspector for every Taluka, and has also made provisions for easy loan for entrepreneur and village Ariticians.

- In village 25% central subsidy has been provided and they have also been exempted from Octroi Except this certain other facilities are also provided to the upcoming and enthusiastic entrepreneurs.

- Mineral based industry, oil industry, tiny and cottage industry, rural arts and crafts and some modern industry like, chemicals, electronics, automobile parts, plastic industry, plastic and cement pipe industry have good potentiality in rural area of the district.