Chapter – I
Research Design

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Chapter – I
Research Design

I.1. Introduction:
Village and Small scale industries in India have achieved a phenomenal growth in number of units, its employment, production and export. Therefore, the government in all the years has been taking a number of steps for the promotion of these industries. Rural industries are usually those industries, which are engaged in manufacturing, processing, preservation and servicing in village and small towns involving utilization of locally available natural resource and for human skills and small amount of capital. The various organization and facilities were constituted for the development of Village and small scale industries in India. Khadi and Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization under the aegis of the Ministry of Micro, Small and Medium Enterprises (MSME), engaged in promoting and developing khadi and village industries for providing employment opportunities in the rural areas, thereby, strengthening the rural economy.

The village and small industries also play important role in the development of our rural and village economy. The Indian policy makers laid considerable emphasis on the decentralized sector comprising of cottage and village and small scale industries. The village and small industries in India consists broadly of:
1 Traditional cottage and household industries
2 Small scale industries -The major industries which come under village and small industries are
   A – Handloom- (which includes cotton weaving, silk weaving and wool weaving
   B – Khadi - (which includes wool spinning and weaving and decentralized cotton and khadi
   C- Village industries- (which includes hand pounding of rice, ghani, leather footware and tanning Gur and Khandasari, cottage match work, candle and others )
   D – Handicrafts, Sericulture, Coir etc.
The cottage and household industries are generally artisan based and located in rural and semiurban areas. A large number of these industries do not use power operated appliances and equipment for production relatively lower level of investment and technology are used by these industries. They usually provide part time employment.

In India the importance of village and small industries is considered essential from the very beginning. The industrial policy resolution, 1948 provided a significant place of small sector in the national policy. The policy measures taken by the government for village and small scale sector may be categorized in two parts, i.e. promotional measures and institutional support. The government accords high priority to the developments of the small and village industries sector. A number of promotional measures have been taken to accelerate the development of this sector like regenerations of industry, purchase assistance, concessions, financial assistance, subsidies for backward areas etc.

Small Industrial Development Organization (SIDO), Small Industries Board, National Small Industries corporation (NSIC), development and training centers etc. are the various organizations at national level and Directorate of Industries, small industries development corporations, state financial corporations, district industries centers etc. are the state level dealing with the promotion and development of village and small scale industries. The village and small industries in Osmanabad district can be classified as:

1) Traditional Agricultural industries
2) Traditional Forest industries
3) Traditional Mining industries
4) Small scale industries

1.2 Significance of the study:
The Government is giving priority to industrialization as panacea for under development and poverty. The most primitive are now keenly interested in rapid enlargement of manufacturing industry. It is in rapid industrialization in which they place a major hope of
finding a solution to their problems of poverty, insecurity and over population and ending their newly realized backwardness in the modern world.

The thrust on development of Village and small scale enterprises emerged as a crucial element of the post-independent for rapid economic development. The Village and small scale industries have been recognized as one of the most appropriate means of developing the industrial economy of backward countries. It facilitates tapping of resources which otherwise would remain unused. These resources included entrepreneurship, capital, labour and raw materials. They can mobilize rural savings which may otherwise remain idle or may be spent on luxuries channeled into non-productive ventures. Small scale industries create employment opportunities at a relatively low capital cost. They contribute significantly to the strengthening of the industrial structure and served as seed beds of entrepreneurship. The establishment of Village and small scale industry made of possible to reverse the current trend of the migration of the people from rural to urban areas. Village and Small scale industry provided more employment with less capital requirements compared to large scale sector.

Since independence, our national leaders recognized the role of small scale industry in the development of the economy and laid a solid foundation for its accelerated development through active policy support and creation of an institutional frame work. The Industrial Policy Resolutions of the Government of India from 1948 to 1991 visualized integrated growth of both large and small scale sector. These Industrial Policy resolutions stated that the Government of India would stress the role of cottage and village industries in the development of national economy.

The policy further envisaged that the decentralized sector should acquire sufficient vitality to be self supporting and its development be integrated with that of large scale industry. The industrialization can be the best means of achieving the higher growth rate and raising the living standard of the people. It provides work for growing population to raise the
standard of living by increasing the per capita net national income and often to improve the balance of payment position.

India is often described as an underdeveloped country which implies that the resources, human and material of the country have not been properly harnessed with the result that the people have to live in poverty. The emphasis has to be laid on Village and small scale industry to absorb the surplus man power. Village and Small scale industry leads to the creation of employment opportunities on a dispersed basis not only on large cities and towns but also in small towns or Talika’s like Osmanabad district as a industrial backward district.

I.3 Review of literature
The researcher has taken review of work done in the past by different researchers in the field of small and village industries in India and organizational arrangement. The researcher has reviewed 69 authors’ research work for the purpose of understand the subject and to identify the research gap. The detailed of the review of literature part is presented separately in Chapter II.

I.4 Statement of Problem
Osmanabad district is industrially backward district of Maharashtra. There are four MIDC’s like Osmanabad, Kalamb, Bhoom and Omerga. Out of these, Osmanabad is in existing and others are in progress. There are total 886 Village and Small Scale Industries in the Osmanabad district as on 31st March 2008. The employment generated there under is 6084 in permanent units and much more expected to be generated in the SSI units previously registered. The district has 06 regulated markets covering 692 villages. Thus, the village and small scale industries are informal, unorganized, decentralized, traditional household, self owned and local resource based and labour intensive.

Since the village and small scale industries are artisan based and backward, the need to develop these industries was felt from the first five year plan and an extensive programes
for village industries was prepared. A common production programme was also drawn for a number of small and cottage industries. The objectives of the rural industrialization were spelt out clearly in the second five year plan. The same policy had been pursued in the successive plans. All the projects and programmes on rural industries were merged and District Industries Center’s (DICs) were formed to provide all the support service under one roof. So far considering the requirement of financial assistance to the rural sector was considered, the RBI has issued guidelines that minimum 40 per cent of the total advances should be granted to priority sector at lower rate of interest. The priority sector comprises agriculture, small scale village industries etc. All the scheduled Banks including cooperatives were directed to meet the target of RBI.

In this context, there is need to know the organizational arrangement and facilities made available to the development of village and Small Scale Industries in India in general and in Osmanabad district in particular. In this view, the study has conducted for the partial fulfillment of the requirement for the Award of the Degree of Doctor of Philosophy in Commerce in the subject entitled “Review of Organizational Arrangement and Facilities Available for the Development of Village and Small Scale Industries” – A Case Study of Osmanabad District

I.5 Objectives of the Study:

The main objectives of the study are as follows:

1. To review the organizational arrangement for the development of village and small scale industries in India.
2. To study the performance of MSME, KVIC, KVIB, SIDBI, DIC
3. To examine the facilities and provisions being provided to village and small scale industries by the government agencies.
4. To highlight the problems faced by the village and small scale industries in Osmanabad district by using a sample survey.
I.6 Hypothesis of Study:
The following hypotheses were postulated and testing

\( H_0 \) Effective organizational arrangement helps to develop the village and small scale Industries.

\( H_1 \) Facilities made available to village and small scale industries help in overcoming the barriers of rural industrialization.

I.7 Methodology of Study:
Four stages stratified sampling method is used in this study:

First stage - In view of the objectives mentioned above it was decided to conduct the study in the state of Maharashtra. We had our reasons to select the state of Maharashtra for the present study. It was made known to us that the state government of Maharashtra, Department of Industries, had taken special care for the development of village and small scale industries and DIC’S were specially instructed to implement the scheme effectively and efficiently.

Second stage - After selection of the state the question before us was to select a District for the study. After considering so many things, it was decided that the study be conduct in the Osmanabad District of Maharashtra. Osmanabad District is a part of Marathwada region. Marathwada region has been declared by the state government as backward area, as one of the industrially backward districts, of Marathwada and of the state. Taking all these facts in to account finally the study was carried out the Osmanabad district.

Third stage - In order to have idea and views of unit holders, sampling technique was used. All Eight taluka’s of the district namely; Osmanabad, Tuljapur, Omerga, Lohara, Washi, Paranda, Bhoom, and Kalamb, were selected for the surveys.

Fourth stage – Random sampling method was used while selecting the sample beneficiary unit and officials for the collection of primary data of the study. There are total 886 village
and Small Scale Industries in the Osmanabad district as on 31st March 2008. Out of these 533 are village industries and 353 are Small Scale Industries in the district. Out of total 886 villages and small scale industries; the researcher has randomly selected 80 village and small scale industries i.e. 9.02 per cent sample units. Of which 48 are village industries and 32 are small scale industries. While selecting the sample, representation was given to all eight taluka’s of the district and its unit.

The district has organizational arrangement for the development of Village and small scale industries like DIC, KVIB, MITCON, MCED, MIDC and Lead Bank SBI. There are 89 officials of whom the researcher randomly selected 20 officials from DIC, KVIB, MITCON, MCED, MIDC and Lead Bank SBI of Osmanabad district as a sample of the study.

The sampling details is given in the following table

| Table – I.7.1 |

A) Sampling details of the Study

<table>
<thead>
<tr>
<th>Taluka’s</th>
<th>Total Major beneficiary Unit and Sample number</th>
<th>Total No. of Sample Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Industries</td>
<td>SSI</td>
<td>Total Village Industries &amp; SSI</td>
</tr>
<tr>
<td>Osmanabad</td>
<td>213</td>
<td>164</td>
</tr>
<tr>
<td>Tuljapur</td>
<td>84</td>
<td>47</td>
</tr>
<tr>
<td>Omerga</td>
<td>80</td>
<td>50</td>
</tr>
<tr>
<td>Lohara</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Washi</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Bhoom</td>
<td>16</td>
<td>09</td>
</tr>
<tr>
<td>Paranda</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>Kalamb</td>
<td>72</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>533</td>
<td>353</td>
</tr>
</tbody>
</table>
Sources of the Data
Two different schedules one for beneficiary units and another for officials were prepared in English but in course of interview they were translated into Marathi. In the both the schedules 25 to 30 questions are inserted in the questionnaire. With the active and sincere cooperation of officials of DIC, Osmanabad the researcher completed field work in time.

Secondary data have also been collected from officials, entrepreneurs, expert groups, social organization and other agencies involved with different rural development schemes at district, taluka and village level with the help of structured and guided interview schedules.

B) Tools and Techniques of the Study:
The Data will be analyzed by using simple statistical tools and techniques such as Averages, Percentage, Ratio, Growth rate, Trends etc.

I.8 Limitations of the Study:
- Due to time & energy constraints and also the zeal to cover an in-depth analysis, study is limited to the 80 Village and small scale industries in the Osmanabad district and also 20 govt. officials.
- The period of the study is also limited to ten years i.e. 1998-99 to 2007-08.

I.9 Chapter Scheme of the Study
The entire work of the study was coached in to seven chapters. The issues analyzed in this chapter.

Chapter – I Research Design:
This chapter has discussed the parameters of the study in theoretical and problematic framework. It also includes the objectives and methodology of the study.

Chapter –II Review of Literature:
Before studying the research work, the various authors work has been reviewed by the researcher in related to the small and village industries and organizational arrangement and facilities available to them in India and Maharashtra in general and in Osmanabad in Particular. Nearly 69 authors work has been reviewed by the researcher in this chapter.
Chapter –III Conceptual Framework:
The concept of village and Small scale industries and its policies are explained in this chapter.

Chapter –IV Organizational Arrangement for Village and Small Scale Industry
This chapter has given existing organizational arrangement in relation to the development of Village and Small scale Industries in India, Maharashtra and Osmanabad district too.

Chapter –V Facilities Available to Village and Small Scale Industries.
The facilities like concessions, subsidies, trainings, marketing and other supports provided to entrepreneurs by the center and state Government District Organizations has analyzed in this chapter

Chapter – VI Data Analysis and testing of Hypothesis
Chapter six is, on the empirical aspect and narrated the opinion expressed by the 100 sample respondents of beneficiary units and officials of Osmanabad District.
The hypotheses formulated in this study have examined. A careful and detailed test of these hypotheses has been conducted in this research study. It will be appropriate to recapitulate the hypotheses assumed in this study, at the outset and then state how far these hypotheses have been proved or disproved.

Chapter – VII Observations and Suggestions of the study:
The observations made in this study and fruitful suggestions are given in the last seventh chapter of the study
References:

2. Ranjeet Kumar (2005), Research Methodology - A step by step guide for beginners, Sage Publication Ltd.