CHAPTER— II

NATURE, SCOPE, OBJECTIVES AND RESEARCH METHODOLOGY OF THE STUDY
CHAPTER - II

NATURE, SCOPE, OBJECTIVES AND RESEARCH METHODOLOGY OF THE STUDY

In Chapter No.1 while explaining the Marathwada as a backward region, an emphasis is given therein on the backwardness of the region and lack of proper management of small-scale industries. In this Chapter an endeavour is made to portray the various aspects of the study. The selected units for the actual survey work in a backward region of Marathwada was undertaken to investigate into the extent of progress and problems of small sector in Marathwada. However, it would be worth while to study the small-scale industries in developed, developing and backward districts of Marathwada i.e. Aurangabad, Nanded and Osmanabad in general at the first instance and selected small-scale industries in particular. Small scale sector in Marathwada, a part of erst-while Hyderabad State historically underdeveloped during reign of Nizam of Hyderabad and continued even in post-independence period. The backwardness of small-scale industries go with the backwardness of the region on one hand and management problems of the industries on
the other.

The preamble of the study is to make the assess-
ment of the management of the small-scale industries in
a backward region. The purpose behind is that a study
of this nature of Marathwada Region would be useful to
give an actual insight in the problems associated with
the emergence of small-scale industries. This would also
help in either revision of the existing policy or formu-
late a new specific policy for the development of
small sectors in backward regions of the country. Because
all the backward regions in the country are with more or
less marked common problems. The study, therefore, may
prove to be highly interesting to the planners, admini-
strators, policy-makers and implementers in facilitating
the formulation and implementation of programmes for
promotion and development of small-scale industries not
only in this region but also in any underdeveloped parts
of the country. This study would also be instrumental
in framing the policy to arrest the pervasive trend of
sickness of small units. The study is of heuristic value
and specially significant to generate fresh thinking on
the impact of general backwardness of the region on the
small sector. As such, in nutshell, the study would
enable entrepreneurs to take the necessary measures for
setting up small scale industrial units that would be
healthy right from their inception by way of not allowing any scope for their sickness even to the great extent subsequently.

2.1 **SCOPE OF THE STUDY**

Having taken a due note of number of restraints in the form of efforts, resources and time the study is confined mainly to two areas of the industries engaged in manufacturing and processing activities/operations of Engineering Industry, Printing Press Industry and Leather and other Industries. The Study is restricted to the small-scale industries in Aurangabad, Nanded and Osmanabad the backward region, i.e. Marathwada consisting of seven districts of Maharashtra State.

It was considered desirable to study intensively a limited number of sample small-scale industries of which products/services are by and large manufactured/made available all over the country, which face Government policy, managerial skills, finance, marketing and sickness problems, due to competition from small-scale industries, intersected and also from organised large industries and causes which lead to sickness among small-scale industries in a backward region.
2.2 **OBJECTIVES OF THE STUDY**:

In the context of the above, the following may be said to be the principal objectives of the study:

i) **To review the Government Policy towards small-scale industries and to assess specially the impact of state and Central Governments various incentives like subsidies for setting up of new industries and development of existing ones in a backward region of Marathwada.**

ii) **To understand the motivation to the entrepreneur in starting their small-scale industries in a backward region. Similarly, to ascertain management pattern of small-scale industries in Marathwada and to suggest remedial measures for improvement therein.**

iii) **To examine the managerial aspects of small-scale industries in a backward region and to highlight the role of skills - entrepreneurial, managerial, technical etc. in their process of growth and modernisation. If necessary to suggest the measures needed for their effective roles.**
iv) To evaluate financial management issues facing to small scale industries in this region and to suggest a line of action for overcoming them.

v) To analyse the marketing management practices of the small-scale industries and to study their problems and to recommend for suitable measures.

vi) To elicit an information about the nature and extent of sickness of small-scale industries and to suggest the ways and means for their revival/rehabilitation/or otherwise.

vii) To study the incidental or collateral and pertinent issues that could not be accommodated in either of the above objectives.

2.3 RESEARCH METHODOLOGY OF THE STUDY:

To attain the above objectives and for getting first hand knowledge of representative small-scale industries, preliminary discussions were held with the representatives/industrialists/proprietors/partners/managers of small-scale industries and also with organizations, offices and institutions connected with small industry development and promotion in Marathwada region.
In order to achieve the objectives stated above as a part of methodology a field survey of different small-scale industries in a backward region (Marathwada) was conducted. The survey encompassed the both the types of data viz., primary data from the questionnaire was canvassed among all the sample units. The secondary was collected from the official statistics published and unpublished sources (Table Nos.1 and 2).

The Deputy Director of Industries office of Aurangabad 'Master files position of small-scale industries' and 'records of small scale industrial units' which are registered with the district industries Centre office of Aurangabad, Nanded and Osmanabad districts upto December 1982. This registration records are utilised as the basis for the survey.

For the purpose of this study, the industries selected for the present investigation (Table No.2) belong to fourteen types broadly categorised into three groups under Engineering Industry, Printing Press Industry and Leather and Other Industries (Table No.3). Same, similar and matching units are put into these categories for the sake of simplicity and convenience their study. The
### Table - 1

**NUMBER OF SMALL-SCALE INDUSTRIES IN A BACKWARD REGION - MARATHWADA (YEAR 31st DECEMBER, 1982)**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the district</th>
<th>Permanent SSI Units</th>
<th>Provisional SSI Units</th>
<th>Total units in a backward region</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Aurangabad*</td>
<td>876 (31.28)</td>
<td>2017 (33.45)</td>
<td>2895 (32.76)</td>
</tr>
<tr>
<td>2.</td>
<td>Beed</td>
<td>368 (13.11)</td>
<td>1372 (22.75)</td>
<td>1740 (19.69)</td>
</tr>
<tr>
<td>3.</td>
<td>Nanded</td>
<td>373 (13.29)</td>
<td>1363 (22.60)</td>
<td>1736 (19.65)</td>
</tr>
<tr>
<td>4.</td>
<td>Osmanabad@</td>
<td>599 (21.33)</td>
<td>1008 (16.72)</td>
<td>1607 (18.18)</td>
</tr>
<tr>
<td>5.</td>
<td>Parbhani</td>
<td>599 (20.99)</td>
<td>270 (4.48)</td>
<td>859 (9.72)</td>
</tr>
</tbody>
</table>

**Total:**

<table>
<thead>
<tr>
<th>Permanent SSI Units</th>
<th>Provisional SSI Units</th>
<th>Total units in a backward region</th>
</tr>
</thead>
<tbody>
<tr>
<td>2807 (100)</td>
<td>6030 (100)</td>
<td>8837 (100)</td>
</tr>
</tbody>
</table>

**Source:** Joint Director of Industries Office, Master files, position of small-scale registration, Joint Director of Industries office, Aurangabad.

**Notes:** *Jalna district is included in Aurangabad district because of its creation in 1982.*

*Latur district is included in Osmanabad district as the former is created in 1983.*
### TABLE 2.2

**Categorywise and Districtwise Number of Small-scale Industries in a Backward Region (As on 31st December, 1982)**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Category of the Industry</th>
<th>Aurangabad District</th>
<th>Beed District</th>
<th>Nanded District</th>
<th>Osmanabad District</th>
<th>Parbhani District</th>
<th>Total No. of Units in a backward region</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Engineering Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a)</td>
<td>Foundry fabrication &amp; general workshop</td>
<td>110</td>
<td>17</td>
<td>63</td>
<td>24</td>
<td>28</td>
<td>242</td>
</tr>
<tr>
<td>b)</td>
<td>Steel &amp; Wooden furniture</td>
<td>40</td>
<td>21</td>
<td>45</td>
<td>23</td>
<td>34</td>
<td>203</td>
</tr>
<tr>
<td>c)</td>
<td>Tin products</td>
<td>30</td>
<td>8</td>
<td>28</td>
<td>13</td>
<td>24</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td></td>
<td>220</td>
<td>46</td>
<td>136</td>
<td>60</td>
<td>86</td>
<td>540</td>
</tr>
<tr>
<td>2.</td>
<td>Printing Press Industry</td>
<td>60</td>
<td>16</td>
<td>48</td>
<td>30</td>
<td>32</td>
<td>186</td>
</tr>
<tr>
<td>3.</td>
<td>Leather &amp; Other Industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a)</td>
<td>Leather, Leather products</td>
<td>73</td>
<td>10</td>
<td>60</td>
<td>12</td>
<td>22</td>
<td>182</td>
</tr>
<tr>
<td>b)</td>
<td>Plastic products</td>
<td>33</td>
<td>5</td>
<td>21</td>
<td>2</td>
<td>10</td>
<td>71</td>
</tr>
<tr>
<td>c)</td>
<td>Weaving sari (Bar and Detergent Powder)</td>
<td>20</td>
<td>6</td>
<td>16</td>
<td>3</td>
<td>11</td>
<td>56</td>
</tr>
<tr>
<td>d)</td>
<td>Bakers &amp; Confectionary</td>
<td>43</td>
<td>9</td>
<td>32</td>
<td>10</td>
<td>14</td>
<td>112</td>
</tr>
<tr>
<td>e)</td>
<td>Others</td>
<td>201</td>
<td>23</td>
<td>155</td>
<td>35</td>
<td>52</td>
<td>466</td>
</tr>
<tr>
<td></td>
<td>(i) Electrical goods</td>
<td>160</td>
<td>32</td>
<td>294</td>
<td>67</td>
<td>109</td>
<td>597</td>
</tr>
<tr>
<td></td>
<td>(ii) Paper &amp; Paper products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Oil &amp; Dal Mills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iv) Other Unclassified Units</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Industries</td>
<td>663</td>
<td>114</td>
<td>469</td>
<td>192</td>
<td>227</td>
<td>1621</td>
</tr>
</tbody>
</table>

**Sources:**
1) Joint Director of Industries office, Master Files Position of Small-scale Industries Registration upto 1992, Joint Director of Industries office, Aurangabad.
2) District Industries Centres of the respective districts, small-scale industries Registration Records upto 1992.
<table>
<thead>
<tr>
<th>Sr. Category of the</th>
<th>Auranagabad District</th>
<th>Wardha District</th>
<th>Ganganapur District</th>
<th>Sample small-scale industries in a backward region sample selected 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sr. No. Industry</td>
<td>Functioning Units</td>
<td>Sample selected</td>
<td>Total Sample Units</td>
<td>Functioning Units</td>
</tr>
<tr>
<td>1. Engineering</td>
<td>150</td>
<td>101</td>
<td>42</td>
<td>293</td>
</tr>
<tr>
<td>Industry</td>
<td>23</td>
<td>15</td>
<td>6</td>
<td>44</td>
</tr>
<tr>
<td>2. Printing</td>
<td>44</td>
<td>36</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Press industry</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>3. Leather and</td>
<td>250</td>
<td>197</td>
<td>40</td>
<td>487</td>
</tr>
<tr>
<td>other industries</td>
<td>37</td>
<td>30</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>Total Industries</td>
<td>444</td>
<td>334</td>
<td>102</td>
<td>880</td>
</tr>
</tbody>
</table>

Source: 1) District Industries Centres of respective districts, small-scale industries registration records upto 1982.
selected industries are manufacturing units foundies, fabrication and general workshops, furniture, tin-products, printing presses, leather and leather products, footwear, plastic fabrications, washing soaps, bakeries, and confectionaries, electrical goods, paper and paper-products, packing material, photography, dal mills, and other unclassified products (Table No. 2). The selected units are a cross section of small-scale industries that have clustered in and around the Aurangabad, Nanded and Osmanabad districts. A fifteen per cent (132 functioning sample small-scale units and 60 sick sample small-scale units (lottery system)) from three selected districts and product line were taken. This method of selection of samples has been followed and throughout and to the extent possible.

The survey is mainly based on the information included in the questionnaire designed specifically for the purpose. Moreover, the discussion/personal interview with the entrepreneurs, officials, and non-officials and other experts in the field has been an additional source of information. The secondary data for the study was drawn from books/articles in journals/reports/dissertations published and unpublished. In addition to the above
the various reports published by the Government and quasi
government agencies/independent research organisations
were the sources of information. The data of 132 functioning/health units are analysed in Chapter No. 3 to 6 and the
data of 60 sick units have been presented in Chapter No. 7.
Thus the 192 sample units study is confined to the needs
in functioning/healthy and sick in small-scale industries
in a backward region of Marathwada. It should be
recommended that the data for the fourteen different
types of industries have a most consistent and widest
coverage. It should be noted further that analysis in
this study is made in terms of inter and intra industries
difference in three districts of a (Marathwada) backward
region, only to find out if there exist any factor that
would largely explain such difference. Aurangabad, Nanded
and Osmanabad these three districts are developed, develop-
ing and backward in a backward region of Marathwada.

2.4 DATA COLLECTION:

The work of collection of relevant data was started
in September 1981 and actual field work was started in the
month of August 1984 and field work concluded in February
1985. Each of the questionnaires was filled in by the
industrialists. All the questionnaires were filled in
scrutinised carefully and the discrepancies, if any, were corrected after discussion with the Industrialists. As such with a few modifications, the field work was over by the end of February 1985.

The primary data were collected as per the questionnaire. The long spread period of the actual field work was due to number restraints in collecting the data. A general feeling of suspicion and hesitation was noticed during the interview. But once they were convinced that the information would be maintained strictly confidential and used only for educational/research purpose, then the Industrialists supplied the information without any reservation. However, the draft of the project has been presented in such a fashion that the individual identity would not be visible.

2.5 DATA INTERPRETATION:

The research tools applied are simple count tables, correlation tables and other statistical methods. Besides, charts, and diagrams are included to emphasis and highlight growth of small-scale industries. For the sake of tabulation, the year-wise data are presented and analysed both industrial group-wise and unit-wise. As far as the period for data/information of the study is concerned
efforts have been intensified to make it updated to current situation. As such the reference are made upto 1983-84 i.e. the latest one.

2.6 REPORT WRITING:

This study consists of eight Chapters. Chapter-I is divided into two parts. Part One deals with the criteria for identification of backward region and in the wake these Marathwada economy. Part Two lays the light on the introduction of the Management of Small-Scale Industries in Marathwada Region. Nature, scope, objectives and research methodology of the study are presented in Chapter-II. Chapter-III traces the evolution of the Government policy (with due emphasis on present its applications), towards the development of small-scale industries in backward regions. Further it is examined the impact of these incentives like subsidy, concessional finance to the development of units in backward regions and limitations in the strategy followed so far and offers suggestions for realisation the basic objectives of backward region development within the broad contours of national economic planning.

Chapter-IV attempts to analyse the managerial aspects of small-scale industries in a backward region.
Chapter-V is devoted to financial management of small-scale industries in backward region. Chapter-VI concentrates upon the management of marketing of small-scale industries in a backward region. Chapter-VII gives a comprehensive account of sickness of small-scale units. The data of 132 working units are analysed in Chapter No. III to VI and the data of 60 sick units have been presented in Chapter-VII. Thus 192 sample small units have been presented in proper order. The summary of the findings and the recommendations of the study are presented in the last Chapter No. VIII.