

Summary of the Finding

Title of the research project

“Challenges of Small Scale Industries”

A Case Study of Kopargaon Taluka in Ahmednagar District.

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Introduction :

Small Scale Enterprises (SSE) constitute an important and crucial segment of the industry sector. This sector accounts for 40 % of value added in the manufacturing sector and contributes nearly 35 % of the total direct exports. Small scale enterprises play economic, social and political role in employment creation, resources utilization and income generation. During last two decades attempts has been made to promote SSE as part of the national development plans. India has been among the first few developing countries to design a significant role of SSE to play from the first five year plans. Small Scale Enterprise are generally more labour – intensive than larger organizations. SSE include small but relatively modern manufacturing industry. Organized non manufacturing activity such as construction, transportation and trading and traditional or informal activity.

Significance of the Study

The proposed study “Challenges to Small Scale Industries” is important from the point of view of small scale industrialist in Kopargaon taluka as well as other small scale industries established in Ahmednagar district. Industrialist will know the different challenges in the age of globalization and cut throat competition from other industrialist. Small scale industrial development is the important for the development of country. Small scale industrialist will have to accept different challenges for the survival of their

business. Small Scale industry should produce best quality product with lowest cost to satisfy the modern customers need.

Best quality product will be exported and country will get foreign currency. Development of small scale industry at taluka place will solve the unemployment problem of rural area. Through proper planning, management, motivation, continuous improvement will lead to increase small scale industry in rural area. The study is also helpful to state and central government in giving better incentives to small scale industries in rural area.

Scope and area covered :

For the proposed study Kopargaon taluka in Ahmednagar is selected for study only. Only some small scale units in Kopargaon co-operative Industrial Estate will be studied in detail. Challenges and different problems of small scale industries in Kopargaon will be studied in detail through discussion and personal interview.

1.1 Objectives of the Present Study :

The present study has the following objectives –

1. To study the development of small scale industries in Kopargaon taluka and challenges before small scale industries.
2. To know the different problems of small scale industry.
3. To study the role of co-operative industrial estate in the development of small scale industry.
4. To study the challenges of small scale industry such as increasing cost of production, quality production, competition, labour problem, export oriented production etc.
5. To study the role of small scale industry in the development of Kopargaon Taluka.
6. To know the different schemes of state and central government to small scale industry.
7. To know the causes of sick units in Kopargaon Taluka.

8. To make suggestions.

Hypothesis :

1. Small scale industries in Kopargaon Taluka facing challenges of increasing production cost and quality of production.
2. Raising fiancé at the initial state is one of the big challenge to small scale industry.

Present study divided in to six chapters:-

Chapter No.	Name of the Chapter
1	Introduction
2	Small Scale and Tiny Units in Kopargaon Co-operative Industrial Estate
3	Challenges in Small Scale Industries
4	Government Scheme and Small Scale Industries
5	Analysis of Data
6	Conclusion & Suggestions

Primary Sources

Primary data will be collected through discussion and interviews with small Industrialist, managers, office staff and labour from small scale industries. Interview also arranged with district industrial centre, experts of industry, officers of Nationalized and Co-operative banks, Government officers, customers, suppliers of raw materials. Presidents and managers of co-operative Industrial Estate. Out of 200 small scale industries in Kopargaon industrial estate only 40 small scale industries are selected on sample basis for the study purpose data is collected tabulated and analysis of data is made.

On the line of requirement of the study for different types of questionnaire will be prepared. The questionnaire will be prepared by personnel discussions with some other respondents. The questionnaire will be translated into Marathi and typed copies will be distributed and data will be collected on sample basis for analysis.

Questionnaire No.1 will be issued to selected small scale industrialist in Kopargaon Co-operative Industrial Estate Ltd.

Questionnaire No. 2 will be sent to the officers of the banks of Nationalized banks, and co-operative banks.

Questionnaire No.3 will be used for customer expectations from small scale industrialist. Questionnaire No4 will be sent to the District Industrial Centre of Ahmednagar.

Secondary Sources:

For the proposed study data will be collected from the annual reports of small scale industry. Annual reports of co-operative industrial estates, report of state and central government, books, journals, periodicals, project report, thesis and websites. Personal visit given to the different offices and organization ..

Limitations of the study :

The proposed study covers only the Kopargaon taluka of Ahmednagar district. Some small scale units will be selected on random sample basis. The conclusion and suggestions will be made on the basis of data provided by small scale industry and respondent. Some challenges of small scale industry will be studied in detail.

Conclusions and suggestions are drawn with the help of data provided by small scale industrialist. In the course of present study required data is not given by some small scale industrialist and officers of nationalized banks.

Though there are certain limitations of the project, but this project work will provide a guidelines to the new entering small scale industrialist.

Findings of the study:-

Small scale industrial development has assumed great significance. It is a key of economic development regional growth and large scale employment generation is the basic features of small scale industries. Small scale industries are the seeds of industrial development. Increased in per capital income, higher standard of living, increased saving revenue to the government and balanced regional development is possible due to only healthy development of small scale industries.

1. Kopargaon co-operative industrial estate is established in 1961 on co-operative sector. The entrepreneurs established 64 small scale industries in different phases. 35 entrepreneurs established their small scale units in scheme no.1
2. The Kopargaon co-operative industrial estate provide plots / shades and infrastructure to the new small scale industrialist on reasonable rates.
3. Industrial estate provides roads, warehousing facilities, water and other required facilities to the small scale industrialist.
4. In Kopargaon co-operative industrial estate 65 small scale and tiny units are established and in phase No.2 129 units are established.
5. Power shortage is the basic problem in reduction of production. It affects on the profitability of the organizations.
6. The industries are facing the problem of shortage of raw material being increase in petrol and diesel price the transportation cost of raw material is higher and it is result into higher cost of production and lower profit.
7. Small scale units and tiny units in Kopargaon Co-operative industrial estate faces a problem of competition from other industry.
8. Though registration is not statutory obligation it is not legally compulsory but a registered units gets more benefit compared to unregistered units.

9. Permanent registration is the life time registration. It gives more benefits to the small scale industrialist.
10. Maraths, Brahamin, Marvadi, Gujrathi, Muslim community peoples established their business in Kopargaon co-operative industrial estate.
11. Majority of small scale units and tiny sector unit holders are in first generation. They are not having any business background and managerial knowledge.
12. In Kopargaon taluka small scale industry unit holders not having professional education. Majority of them up to the matriculate education.
13. Small scale industries in Kopargaon having a challenges of marketing. Some time they are unable to market their product for fair prices.
14. Skilled, semi skilled and unskilled workers gets their employment in rural area due to the establishment of small and tiny units in Kopargaon taluka.
15. Small scale units gets 35 % subsidy from state government more units should established to take the advantages of subsidy.
16. Industries having a challenge to replace old machinery and install new advance machinery in production but it involves heavy investment and it is the beyond control of small scale industries.
17. Few small scale industries are exporting their products in other country and they have also awarded ISO and ISI certificate.
18. Small scale industries having a challenges of economic viability, technical feasibility, implementation, production management and marketing management.
19. Support institutions plays a vital role for the development of small scale industries.
20. DIC giving helping hand to small scale industries they undertake the rehabilitation of seek units and also providing marketing assistance.
21. In Kopargaon taluka 55 percent small industries are run by industrialist whose age is up to 35 years. There are 7.50% industrialist having age more than 46 year and above.
22. Thirty five percent small scale industrialist are up to matric education. Only 5 % industrialist having education of engineering i.e. professional education.

23. Regarding investment 60 % small scale industrialist invested up to 8 lakhs Rs. Capital in the business. Only two industrialist i.e. 5 % invested capital more than 50 lakhs.
24. Majority of the units are established on proprietorship. The percentage of private limited company is only 15 %.
25. Fifty percent small scale industrialists are marketing their product at local level. Only 10 percent industries exporting their product of this taluka.
26. Product quality is more important in marketing 50 % industrialist responded quality of the product plays vital role in marketing the product.
27. To raise the finance in cheaper rate is the basic challenge to small scale industry. Small scale industrialist taking the finance from various sources.
28. Higher transportation cost is major problem of small scale industries. 45 % responded replied that transportation cost of raw material and finished product is heavy.
29. Research and development is essential in small scale industry. 80 % respondent replied that their should be research and development in the existing product.
30. Increase in small scale industry in rural area is beneficial for the balanced regional development of the country.
31. Most of the small scale industries product are purchased by co-operative sugar industry. The Kopargaon co-operative industrial estate provides suitable plots on lease basis to the small scale entrepreneurs.
32. Kopargaon co-operative industrial estate provides basic infrastructure to the members such as plots, water supply, roads, drainage facilities warehousing and constructing service to the small scale industrialist at reasonable rate.
33. There are many challenges to small scale industry such as quality productions qualitative production in low cost, marketing problem, financial and technical problems.
34. Women entrepreneurs accepting many challenges in their small scale business and running the business successfully in the taluka.

Last but not least though there are many challenges to small scale industries and also many problems of development of small scale and tiny units in Kopargaon taluka but

these units helping to the Kopargaon taluka in Economical development and generation of employment. Instead of searching employment after education many youths started

Suggestions :

1. There is need to establish more small scale units and tiny units for getting employment to the rural people.
2. For continuous production and sufficient production electricity supply is essential. The MSEB should give regular supply to the small scale industry.
3. Small scale units having higher cost of transportation of raw material. Industry should try to use local raw material for avoiding transportation cost of raw material.
4. For getting more benefits small scale unit holders should have register their units with proper authority.
5. Small scale and tiny sectors unit holders should have to acquire professional and managerial education for smooth running of business.
6. Existing subsidy is given only 35 % the demand of small scale industrialist is that there should be increase in subsidy up to 45%.
7. Small scale industry will have to face the challenges in globalization. They will have to reduce their cost of production and improvement in quality.
8. In Kopargaon taluka the percentage of rural areas industrialist is 30 % and urban areas percentage is 28 %.
9. The rural areas percentage in small scale industries is 30 %. It is essential to increase rural industrialist from villages in Kopargaon Taluka.
10. There should be more private limited company. There are only 06 private limited company in the area of Kopargaon industrial estate.
11. There is a challenge to small scale industries to acquire more national and international share in marketing their product.

12. Government should provide adequate finance to small scale industries in cheaper rate.
13. Cost of transportation of raw material and finished product should be reduced.
14. Small scale industries should reduce their cost of production by implementing new production techniques.
15. Small scale industries having challenges, i.e. computerization in production activity and new techniques in existing machinery.
16. Kopargaon co-operative industrial estate acquired the land from government the land is divided into suitable plots but there is absence of industrial infrastructure. The industrial estate should have to increase infrastructure facilities to the new small scale unit holders.
17. District industry centre should have to arrange more training programme for the new small scale industry holders in the Kopargaon taluka.

Major Suggestions :

Following are the major suggestions made by small scale industrialist of Kopargaon :

1. The licensing procedure for small scale industry should be simple.
2. Central government should give relief of excise duty and on vat.
3. Environmental norms should be simplified.
4. The rates of the industrial plots and sheds should be reduced to motivate the new young rural small scale industrialist.
5. Sufficient water should be provided by industrial estate to small scale units.
6. The office of the Kopargaon co-operative industrial, estate should provide required guidance to the small scale unit holders.
7. Small scale industry not getting subsidy in time. Subsidy should be given in time by the government.
8. The management of Kopargaon co-operative industrial estate should have to motivate the rural youth to start their small scale units in the area of industrial estate.
9. There is a need to establish more small scale units in the Kopargaon for increasing employment opportunity in the rural area.

10. There is a wide scope for agricultural entrepreneurs to start their business related to agricultural activity. Agricultural entrepreneurs are not ready to bear the risk of business. They will have to change their attitude.
11. Different types of units are established in the industrial estate of Kopargaon taluka but there is a shortage of new agricultural instrument industry in Kopargaon. More industry relate to agricultural instrument production should be established.
12. Women entrepreneurs in the taluka should have to give more guidance and motivation to start the new small scale business.
13. Women entrepreneurs will have to accept many challenges in the business.
14. Small scale industries and tiny units are not getting required loans from banks and from other financial institutions.
15. The demand of small scale and tiny units is that for the survival of small scale industries in the rural area the interest free loans should be given by the central and state government for minimum five years.