



## THE PERFORMANCE OF SMALL SCALE INDUSTRIES: A CASE STUDY OF OSMANABAD DISTRICT

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### Abstract:

*Small Scale Industry is one of the major components of our economic development which provides more employment opportunities particularly to the rural people, export potentials and acts as ancillary units for the large scale industry. Small Scale Industry is the blood stream of the Indian economy. They feed the large industries and they cannot survive without small units, which are the major source of innovation in Indian Industry. But these units are facing certain problems such as finance, marketing, non-availability of raw material, low productivity etc.*

*In this study we have analyzed the growth and trend in production, working capital and employment in small scale industries during the year 1998-99 to 2007-08. Thus this paper highlighted the performance of the Small Scale Industries in the Osmanabad district. It is concluded that the performance of the Small Scale Industries in the Osmanabad district is a good. If they got the effective services and facilities from the Government and Institutions, they can perform very well in future. They may increase in production, employment and income.*

### KEYWORDS:

Small Scale Industry, Investment, Working Capital, Employment .

### 1.INTRODUCTION:

In India the importance of small scale 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 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 scale 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.

### 2.DEFINITION OF SMALL SCALE INDUSTRY:

Small scale service sector enterprises (Micro, Small and Medium Enterprises) is defined as an enterprises engaged in producing or rendering of services of which investment in plant and machinery does not exceed Rs.5crore. – (Micro, Small & Medium Enterprises Development (MSMED) Act, 2006).

**3.STATEMENT OF THE PROBLEM:**

Osmanabad district is a industrially backward district in Marathawada region of Maharashtra. This study is relevant, particularly, when the Government is very keen on the promotion and development of this capital sparing and labour intensive sector. It has already been mentioned that a big role is played by the public and private agencies for the promotion and smooth functioning of small scale industries. Yet, this sector is not performing up to the expectations of many as it has been suffering from several problems. In this study the researcher wants to find out the problems of small scale industries and resolving them in Osmanabad District.

**4.OBJECTIVES:**

- 1.To study the performance of Small scale Industries in Osmanabad District.
- 2.To examine the facilities and provisions being provided to village and small scale industries by the government agencies.

**5.RESEARCH METHODOLOGY:**

The present study is based on primary and secondary data. The primary data is collected by investigator with the help of well-constructed questionnaire from the selected respondents. The respondents selected form out of 886 villages and 553 village industries and 353 Small Scale Industries. 32 respondents are selected by sample method from small scale industries of Osmanabad district from 8 talukas.

**6.SMALL SCALE INDUSTRIES IN THE OSMANABAD DISTRICT:**

The Osmanabad district is industrially backward in Marathawada region of Maharashtra. There are four M.I.D.C.s declared i.e. Osmanabad, Kalamb, Bhoom and Omerga. Out of these Osmanabad M.I. D. C. is in existence and others are in progress. There are 32 large and medium scale industries namely Sugar Factories - (8), Spinning Mills-(4), Chemicals-(12), Textiles-(4), one each of Basic Dyes and Poultry, and 3 others. 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 employment generated there are 6034 in permanent units and much more expected to be generated in the SS1 units provisionally registered. The district has 6 regulated markets covering 692 villages.

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

**Table – 6.1**

**Growth rate of Permanent Registered Units in Osmanabad District  
During 1998-99 to 2007-08**

Year	No. of Units Registered	Growth
1998 – 1999	65	--
1999 – 2000	45	– 30.76
2000 – 2001	33	– 26.66
2001 – 2002	32	– 3.03
2002 – 2003	21	– 34.37
2003 – 2004	28	33.33
2004 – 2005	20	– 28.57
2005 – 2006	26	30
2006 – 2007	45	73.07
2007 – 2008	38	– 15.55
	<b>353</b>	

*(Source: DIC Osmanabad)*

The above table clearly depicts the growth of registration of small scale units during last three years was increased as compared 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.

#### 7.PROVISIONAL REGISTERED UNITS IN DISTRICT:

Growth rate of Provisional Registered Units in Osmanabad District during the study period 1998-99 to 2007-08 has studied. Then we see that, the provisional registration of Small Scale Industrial Units in the Osmanabad district in 1998-99 was 44. They are increased year by year, the highest increase in the year 2006-07 by 402 industries. During the study period the total provisional registration reached at 1792. It is seen that the provisional registration of SSI units increased during last five years (2003-04 – to 2007-08) of study period.

**Table – 7.1**

#### **Growth in Production Value of Small Scale Industries in District**

During the period 1998-99 to 2007-08 ( (RS in lakh)

Year	Production Value	Growth %
1998 – 1999	1108.58	--
1999 – 2000	980.55	– 11.54
2000 – 2001	853.66	– 12.94
2001 – 2002	365.49	– 57.18
2002 – 2003	642.65	20.61
2003 – 2004	380.50	– 40.79
2004 – 2005	2160.92	467.91
2005 – 2006	843.32	– 60.97
2006 – 2007	1542.49	82.90
2007 – 2008	2529.46	63.98

*(Source: DIC Osmanabad)*

It is seen from the table No. 7.1 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 to 365.49 in 2001-2002 and Rs 380.50 in 2003-2004.

#### 8.INVESTMENT OF SMALL SCALE INDUSTRIES IN DISTRICT: -

The investment in Small Scale Industries is shown that what is the position and performance of Small Scale Industries in that particular area. The rate of investment in small scale industries in the Osmanabad district is increased from 35.52 percent in 2004-05 to 47.07 percent in 2007-08. The Investment in small scale industries was 765.42 Lakh Rs in the year 1998-99, it is increased and it is 869.34 Lakh in the year 2007-08. There are seen some up and downs in it. It can be concluded that the DIC is making efforts to promote small scale industries in the district. During the study period the investment in small scale industries is decreased in four years after that it shows the increasing trends.

#### 9.WORKING CAPITAL OF SMALL SCALE INDUSTRIES IN DISTRICT:

The working capital is the sign of smooth running of the operation of the business. The following table shows the working capital of small scale industry in Osmanabad district during study period.

**Table – 9.1**  
**Growth in Working Capital of Small Scale Industries in Osmanabad District**  
**During 1998-99 to 2007-08 ( in Lakh)**

Year	Working Capital	Growth %
1998 – 1999	191.97	--
1999 – 2000	156.36	– 18.54
2000 – 2001	110.90	– 29.07
2001 – 2002	93.00	– 16.14
2002 – 2003	83.58	– 10.12
2003 – 2004	93.65	12.04
2004 – 2005	116.75	24.66
2005 – 2006	204.00	74.73
2006 – 2007	340.16	66.74
2007 – 2008	367.79	8.12

*(Source: DIC Osmanabad)*

The above table clearly indicates that the working capital of small scale industries of Osmanabad district has increased during 2003 to 2007. But it decreased in 2007-08 to 8.12 percent.

#### 10.EMPLOYMENTS IN SMALLSCALE INDUSTRIES:

The growth of employment of small scale industries in Osmanabad district is decreased during the study period 1998-99 to 2007-08. The employment of the small scale industries in the district was 554 persons in 1998-99. But there are shown continues decrease in it. There are some up and downs are seen. In the study period in six years the growth rate in employment is decreased due to the slowdown in the world markets effect.

#### 11.AVERAGE EMPLOYEE PER UNIT:

Above analysis reveals that the employments in the small scale industries decreased but at that time the units no's also shown that trend. So you may what is the average employment per unit in the Osmanabad district. It is shown in the following table.

**Table - 11.1**  
**Average Employee per Unit:**

Year	Employment	÷ Units	= Average Employee Per unit in Year
1998 – 1999	554	65	8.52
1999 – 2000	414	45	9.2
2000 – 2001	400	33	12.12
2001 – 2002	291	32	9.09
2002 – 2003	220	21	10.47
2003 – 2004	222	28	7.92
2004 – 2005	193	20	9.65
2005 – 2006	282	26	10.84
2006 – 2007	531	45	11.8
2007 – 2008	524	38	13.78
<b>Total</b>	<b>3631</b>	<b>353</b>	<b>10.28</b>

*(Source: DIC Osmanabad)*

The above table shows the employment in the small scale units in the district. The small scale units created 554 jobs in the year 1998-99; which became 414 in 1999-2000, 400 in 2000-01. The number of jobs during 2001-02 to 2004-05 was decreased, but again there was growing trends since 2006-07. The table also shows that the average employment is 10 in the SSI units in the district.

1. The acknowledgment of the beneficiaries of Small Scale Industries in Osmanabad district:

For this study the researcher has collected the primary data through the well-constructed questionnaire from the 32 sample beneficiaries. From this collected data following results are seen.

1. The majority of the respondents have raised capital by owned and loaned fund. The respondents have not taken any loan from the relatives / friends or money lenders.

2. The present position or status of village and small scale industries in the district 57.5 percent respondents entrepreneurs opined that the present status of VSSI in the district is good, whereas 25 percent respondents opined the status is very good and only 17.5 percent respondents opined that the status of VSSI in the district is not good to all.

3. The 72.5 percent of the respondents are opined that the organizational arrangements and facilities of Govt. organization are not providing assistance to development of the VSSI infrastructure in Osmanabad District.

4. Regarding supply of raw material to VSSI in the district 98.75 percent respondents opined that they have not got supply of raw material in form of goods, service or skills by government arrangement and facilities to VSSI in the district.

5. The majority of respondents opined that they have got loan facilities to their enterprises. Only 25 percent respondents have opined that they have not got any loan or credit facilities.

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

#### CONCLUSION:

The performance of the Small Scale Industries in the Osmanabad district is a good. But they have facing some problems. If they got the effective services and facilities from the Government and Institutions, they can perform very well in future. They may increase in production, employment and income.

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