A

THESIS SUBMITTED TO

TILAK MAHARASHTRA VIDYAPEETH, PUNE

For the **Degree of Vidyavachaspati** (Ph.D.)

(Doctor of Philosophy)

in the

A Study of
The Role of Entrepreneurs towards Turnaround of Select Sick Small Scale Industries in Ahmednagar MIDC For a Period of 2007-2012

Under the

Faculty of Management

by

Deepali Hanamantrao Patil

Under the guidance of

Dr. Madhavi S. Kulkarni

July 2014

CERTIFICATE

This is to certify that the thesis entitled **"A Study of the role of entrepreneurs towards turnaround of select sick small scale industries in Ahmednagar MIDC for the period of 2007-2012"** which is being submitted herewith for the award of the Degree of Philosophy (Ph.D.) in Management Department of Tilak Maharashtra Vidyapeeth, Pune is the result of original research work completed by **Deepali Hanamantrao Patil** under my supervision and guidance. To the best of my knowledge and belief the work incorporated in this thesis has not formed the basis for the award of any Degree or similar title of this or any other University or examining body upon her.

Dr. Madhavi S. Kulkarni
Research Guide

Place:

Date:

DECLARATION

I hereby declare that the thesis entitled "**A Study of the Role of Entrepreneur towards Turnaround of Select Sick Small Scale Industries in Ahmednagar MIDC for the Period of 2007-2012"** completed and written by me has not previously formed the basis for the award of any Degree or other similar title upon me of this or any other Vidyapeeth or examining body.

Deepali Hanamantrao Patil
Research Student

Place:

Date:

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Deepali Hanamantrao Patil

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ABBREVIATIONS

AMCBL	:	Ahmednagar Merchant Cooperative Bank Limited
BOM	:	Bank of Maharashtra
CBI	:	Central Bank of India
C.C.	:	Cash Credit
CFC	:	Common Facility Centre
DBOD	:	Department of Banking Operations and Development
DIC	:	District Industries Centre
EDP	:	Entrepreneurship Development Program
FDI	:	Foreign Direct Investment
FIs	:	Financial Institutions
GDP	:	Growth Domestic Product
GOI	:	Government of India
H.P.	:	Horse Power
ICICI	:	Industrial Credit and Investment Corporation of India.
IDBI	:	Industrial Development Bank of India
IFCI	:	Industrial Finance Corporation of India
LLP	:	Limited Liability Partnership
MCCIA	:	Maratha Chamber of Commerce Industries and Agriculture
MIDC	:	Maharashtra Industrial Development Co-operation
MSMED	:	Micro, Small and Medium Enterprises Development
NABARD	:	National Bank for Agriculture and Rural Development
NBFC	:	Non-banking Financial Corporation

NCAER	:	National Council of Applied Economic Research
NPA	:	Non-performing Asset
NSSIC	:	National Small Scale Industries Corporation
OD	:	Overdraft facility
OTS	:	One Time Settlement
RBI	:	Reserve Bank of India
SBI	:	State Bank of India
SFC	:	State Financial Corporation
SIDBI	:	Small Industries Development Bank of India
SIDC	:	State Industrial Development Corporation
SIDO	:	Small Industries Development Organization
SLIIC	:	State Level Inter Institutional Committees
SME	:	Small and Medium Enterprise
SPSS	:	Statistical Package for Social Sciences
SSI	:	Small Scale Industries
SSMUs	:	Small Scale Manufacturing Units.
SSBL	:	Shahar Sahakari Bank Limited
WC	:	Working Capital

CHAPTER-1

INTRODUCTION AND DESIGN OF THE STUDY

1.1INRODUCTION

The small scale industries play an important role in the development and industrialization of any developing country. They provide large scale employment and form the strength of large and medium industries. The small scale industry helps in fulfillment of the objective of the balanced regional development because it can be easily started in any part of the country with less capital investment. Small scale manufacturing units have a major role in employment creation, resource utilization and income generation and are helpful to promote changes in a gradual and changed manner. The small scale industries in India have particularly emerged as a vibrant and dynamic segment helping the nation in economic development and stability. It has been recognized as one of the most appropriate means for developing the industrial economy of backward regions.These small scale units form the backbone of medium and large enterprise by supplying spares, processed raw material and required support keeping huge inventory to fulfill the needs of these companies. This helps in achieving the objectives like Just in Time, zero inventory, agile production system of medium and large scale enterprises.

The present study is taken by researcher to study the role of entrepreneurs towards turnaround of select sick small scale industries in Ahmednagar MIDC for the period of 2007-12. Ahmednagar city is located at around 120 km distance from Pune, Aurangabad at 120 km, Nashik at 200 km, and Solapur at 220 km. Ahmednagar MIDC has been established almost 40 years ago. In spite being situated in the center of all these developed cities and this long period of establishment, the city is not developed in terms of employment and economic stability is not achieved as it should have been.

The researcher is trying to find the reasons for the under-development of small scale manufacturing units and other factors responsible for the same. There are approximately 739 manufacturing units operating in AhmednagarMIDC. But many of them are not preforming as required and to know the reasons researcher has done in-depth study on few sample units, researcher started finding out internal and external reasons for the sickness of these units. The review on various literatures existing on the topic was also conducted. In spite of rigorous study, researcher could not find any published literature on the role of entrepreneurs towards turnaround of sick units.

This inspired researcher to select the topic "***A study of the role of entrepreneurs towards turnaround of select sick small scale industries in Ahmednagar MIDC for a period of 2007-2012***". After thorough literature survey, researcher prepared a pilot questionnaire, analyzed it and then refined it after discussing the primary results with a pool of experts from industries and academics as well.

This study was done with an intention to study the role of entrepreneurs towards turnaround of sick units, to know the magnitude of sickness, various factors responsible for the sickness, impact of sickness on productivity and growth, to suggest possible remedies and policy measures to restructure the sick units in terms of industrial revivalism and enhancing productivity.

To motivate entrepreneurs for turnaround exercise, it will be a good idea to bring to their notice of those units which were sick at one time but due to hard work and the right approach of entrepreneurs, banks and financial institutions, the same were successfully rehabilitated. Against this backdrop, it makes sense for companies to understand the reasons for their decline, in their performances, and find ways to avoid a potential bankruptcy situation. The issue is to know the reasons for sickness and role entrepreneur plays in the successful turnaround of ailing small scale manufacturing units. Can entrepreneur's rolebe an important role in nurturing these units back to their original glory? This research studied the role of the entrepreneurs in order to turn their sick units to one of the profit earning organization. The study was limited to the small scale manufacturing units in Ahmednagar MIDC, engaged in manufacturing activities. The study aims at analyzing the various factors responsible for sickness in Ahmednagar MIDC and suggesting possible remedial measures which help them to revive, no other management aspects will be considered.

The survey was conducted in small scale manufacturing units which were selected randomly. For sample population, the researcher collected the list of manufacturing units from MIDC and MCCIA office, Ahmednagar. Out of approximately 739 manufacturing units operating in Ahmednagar MIDC, 139 units were selected as sample using random sampling technique. The data was also collected from 6 banks out of total 16 banks at Ahmednagar. The findings of the study are based on primary and secondary data. The primary data has been collected through responses received from the entrepreneurs of small scale manufacturing units and Managers of

nationalized and cooperative banks. Information regarding government orders, rules, schemes to support small scale manufacturing units and sick units, through relevant official literature survey was carried out in various libraries, published survey reports, newspapers, magazines, trade journals which were published weekly, fortnightly or monthly was also referred and its outcome was considered while giving recommendations.

This research will help the entrepreneurs of small scale industriesto know the reasons for sickness and factors contributing industrial sickness and the ways of turnaround by studying the turnaround stories of small scale industriesof Ahmednagar MIDC. The research has also highlighted the skills required by the entrepreneur for turnaround of sick units and the role of government in making the sick unit stand on their feet to compete with the medium and large scale industries.

The cases in said research will prove to be examples for all other small scale industries in the Ahmednagar MIDC as well as other industrial areas of different states. It will also provide the guidelines for different governmental and financial organizations to curtail the sickness on time.

1.2 SMALL SCALE INDUSTRIES

In a developing country like India, the role and importance of small scale industries is very significant for eradication of poverty, generation of employment, rural development and creating regional balance in promotion and growth of various development activities. This clearly shows the importance of small-scale industries in the economic development of the country.

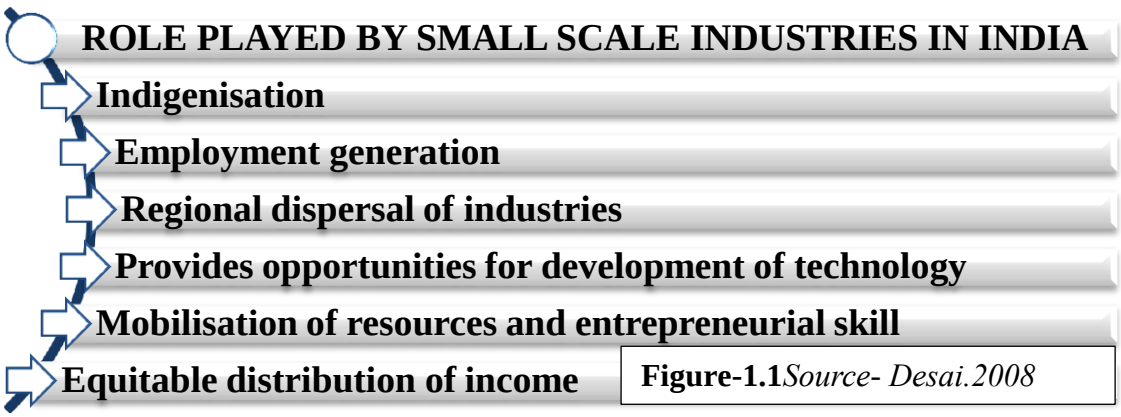

Figure-1.1*Source- Desai.2008*

The small-scale manufacturing units have been playing an important role in the growth process of Indian economy since independence in spite of stiff competition from the large sector and not very encouraging support from the government.Small scale industriesare generally more labour intensive than larger organisations and have now emerged as a dynamic and vibrant sector for the Indian economy in recent years. Small-scale industry is defined in terms of investment limits on the original value of the installed plant and machinery whereas earlier the definition was based on employment.

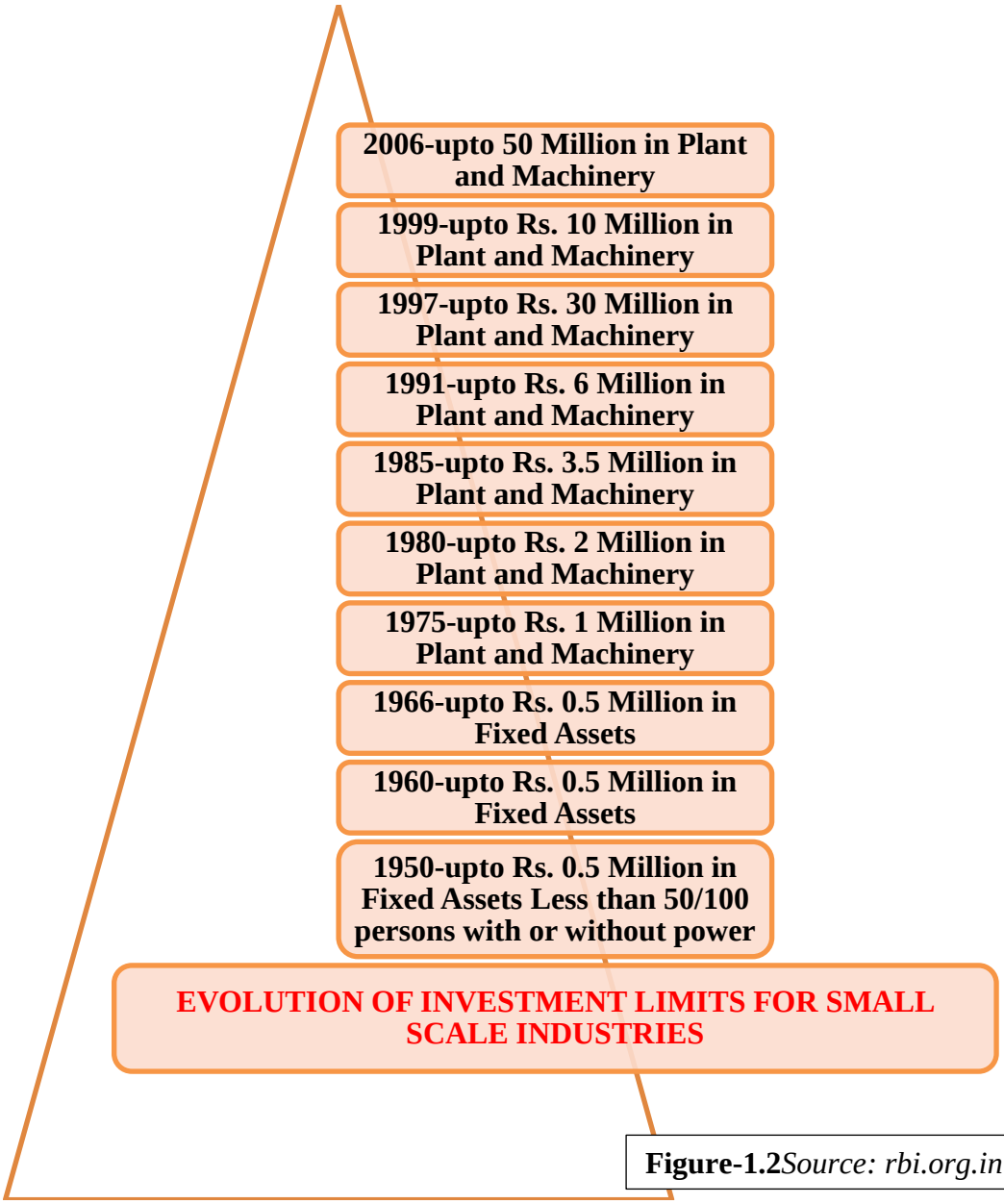

Figure-1.2*Source: rbi.org.in*

1.3 CONCEPT OF INDUSTRIAL SICKNESS

Industrial sickness is an old phenomenon and is not restricted to India. Industrial

sickness creates gradual adverse implications for the national economy of a country in the long run. The rapid growth and magnitude of industrial sickness is a puzzling issue not only for present time but also for all time to come. The failure of a unit is an event which brings a lot of frustration to entrepreneurs, managers and to their families. Industrial sickness has perhaps not come up overnight. But it is widely spread in all sectors of industrial economy across the India. In the previous study on industrial sickness, it has been found the problem related to the scarcity of indigenous raw materials has been a serious problem. Scarce raw materials are not sufficient to meet the demands of the units. The disbursement of the loans is delayed due to the long and tedious procedures. It is observed that there is a time lag between sales and realization of revenue and this affected production of the enterprise. The development of small scale industry depends on the size and nature of the market. This in turn depends partly on the efficiency of the distribution of products. This research also finds that the incentives provided by the government are not within the reach of all the entrepreneurs in areas like Ahmednagar.

In a report of State Bank of India, Ramani quotes that lack of planned and organized approach, financial management are the major cause of failure of small units. However in his study of various units, he finds poor management as the single largest contributing factor. He also found consequent delays contributing to the problems with governmental procedures and norms. It has also emphasized on the areas of marketing problems and importance of marketing functions which needs to be planned and organized.

This study showed that the serious problems faced by these units are industrial sickness due to the insufficient and inadequate finance and working capital. Another serious problem is the poor marketing, non-availability of raw materials which has affected the productivity of several units in Ahmednagar, especially in industry groups such as casting, fabrication, molding, chemicals, rubber and plastics. It is also observed that the productivity has hampered due to delay in getting timely supply of raw material which affected the productivity.

A unit earning reasonable return on capital employed and retains profit after reasonable depreciation may be called as healthy unit. However, the term not healthy i.e. sickness is vague since it indicates different meanings for different units.

According to RBI circular (16th January 2002), a small scale unit should be considered '**Sick**' if

*a) Any of the borrowal accounts of the unit remains substandard (NPA) for more than six months i.e. principal or interest, in respect of any of its borrowal accounts has remained overdue for a period exceeding one year. The requirement of overdue period exceeding one year will remain unchanged even if the present period for classification of an account as sub-standard, is reduced in due course;**or***

*b) there is erosion in the net worth due to accumulated cash losses to the extent of 50 per cent of its net worth during the previous accounting year;**and***

c) the unit has been in commercial production for at least two years.

As defined in the MSMED Act 2006, the period of six months has been reduced to three months.

The above definition has revised in RBI circular (1st November 2012) to

*a) Any of the borrowal account of the enterprise remains NPA for three mont hs or more; **or***

b) There is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous accounting year.

The stipulation that the unit should have been in commercial production for at least two years has been removed.

Several internal and external factors have put considerable pressure on the performance of small scale manufacturing units, which has resulted into sickness of many units. The increasing trends of sickness in small scale manufacturing units had made researcher to think of reasons of sickness and remedy to crib the same. Causes of industrial sickness were divided into two categories and minute details of each can be listed as below

EXTERNAL CAUSES	INTERNAL CAUSES
Improper credit facilities	Improper utilization of funds
Delay in advancing of funds	Inappropriate financial structure
Unfavorable investment climate	Improper layout
Shortage of inputs	Inappropriate plant machinery
Import restrictions on essential inputs	Lack of research

Liberal licensing of projects	Inadequate maintenance
Change in international marketing scene	Lack of quality control
Excessive taxation policy of government	Poor utilization of assets
Market recession	Inefficient working capital management
Non-availability of skilled manpower	Lack of proper costing and pricing
Wage disparity in similar industry	Absence of financial planning
Labour unrest in the area	Inaccurate demand forecasting

Table-1.1*Source- Desai. 2008*

a. Environmental and structural factors beyond the control of the industry, which can be called as external causes.

b. Factors related to the functioning of a given unit well within the control of the unit itself, which can be termed as the internal causes. The internal causes arise due to internal disorders of the four functional areas of an industrial unit which are finance, production, marketing and personnel.

Further RBI has also mentioned about viable units for which rehabilitation package may be implemented.

A unit may be regarded as potentially viable if it would be in a position, after implementing a relief package spread over a period not exceeding five years from the commencement of the package from banks, financial institutions, Government (Central / State) and other concerned agencies, as may be necessary, to continue to service its repayment obligations as agreed upon including those forming part of the package, without the help of the concessions after the aforesaid period. The repayment period for restructured (past) debts should not exceed seven years from the date of implementation of the package. Viability of a unit identified as sick, shouldbe decided quickly and made known to the unit and others concerned at the earliest. The rehabilitation package should be fully implemented within six months from the date the unit is declared as 'potentially viable' / 'viable'. While identifying andimplementing the rehabilitation package, banks/FIs are advised to do 'holding operation' for a period of six months. This will allow small-scale units to draw fundsfrom the cash credit account at least to the extent of their deposit of sale proceeds during the period of such 'holding operation'.

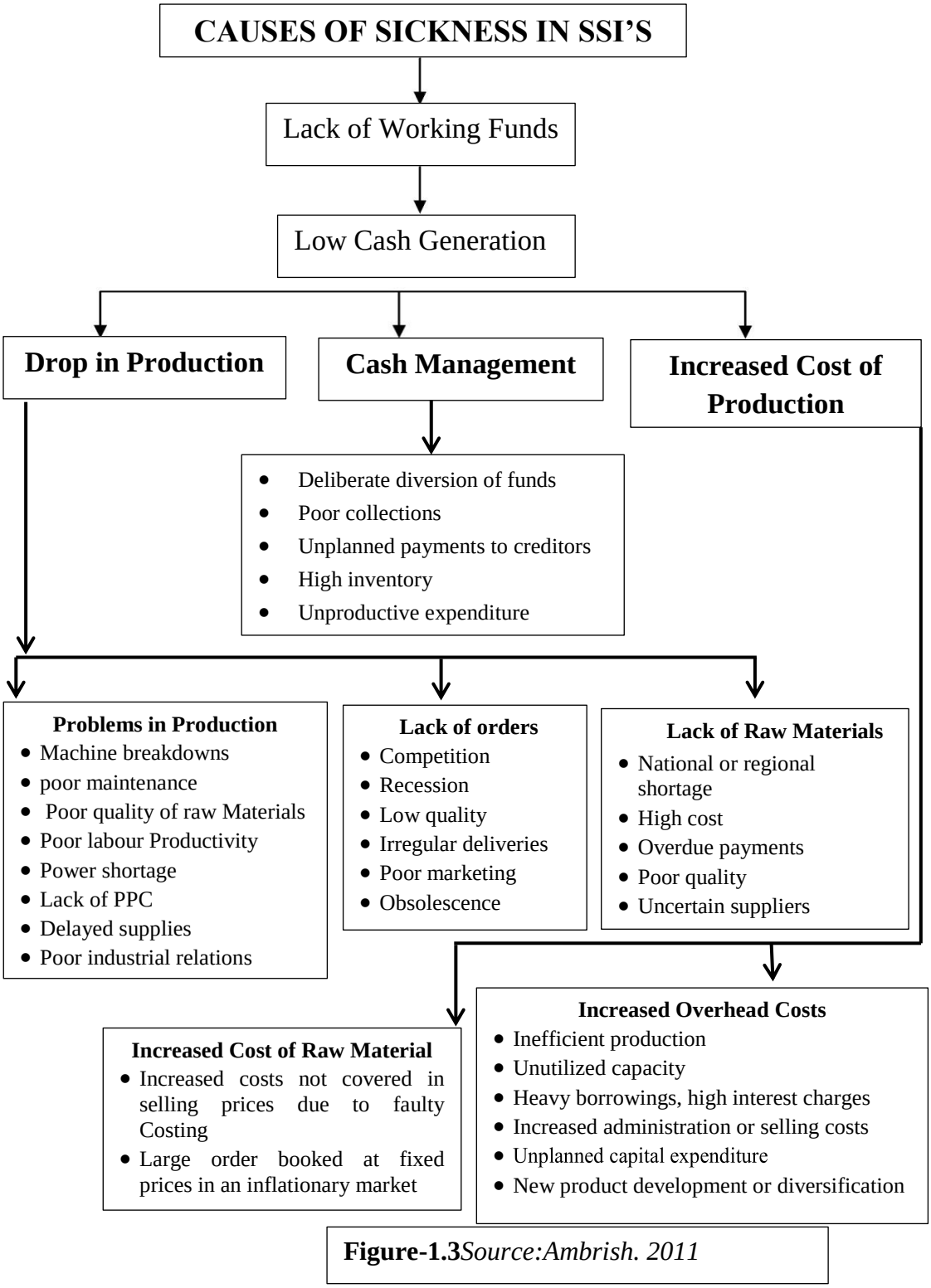

Figure-1.3*Source:Ambrish. 2011*

Potentially viable sick SSI units are eligible for relief and concessions which can be extended by banks/financial institutions.

1.4STATEMENT OF THE PROBLEM

Small scale industriesare important for the growth of nation but this sector is not performing and maintaining up to the mark and failing to fulfill the expectations as it has been suffering from many difficulties.

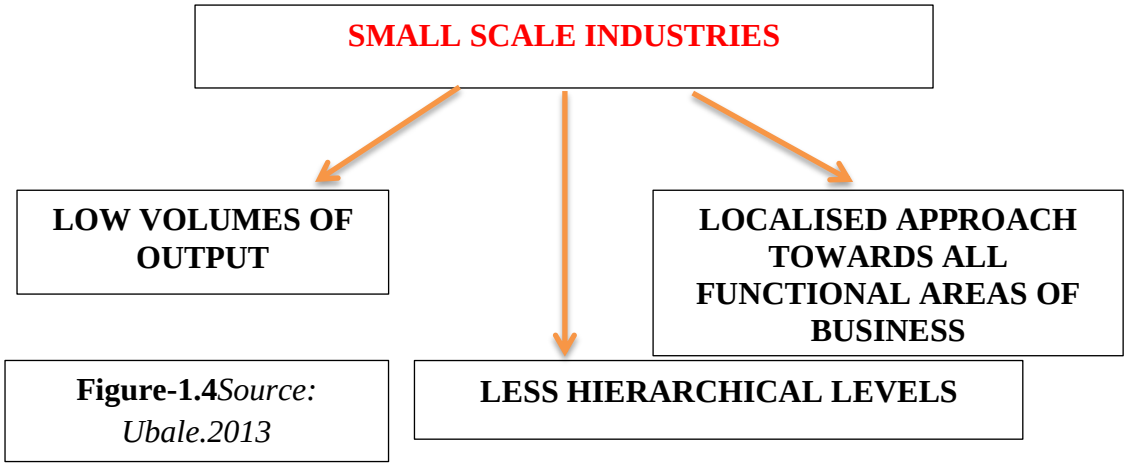

Figure-1.4*Source: Ubale.2013*

Small scale industries have low volumes of output, less hierarchical levels as compared to medium and large units still small scale industries have localized approach instead of concentrating on important functional areas these units think of day to day activities, making them weak in achieving long term goals and objectives. In many cases the units is not performing well because of lack of knowledge, mismanagement and lack of experience. Further, the research studies the role of entrepreneurs towards turnaround of sick small scale industries in Ahmednagar MIDC. It helps the entrepreneurs to formulate certain strategies in the light of changing scenario to resolve the problems of small scale industries. The study may also lead to further research in the field of small scale manufacturing sectors of other areas.

1.5REVIEW OF PREVIOUS STUDIES

This study is an exploratory study based on the data collected from small scale industries of Ahmednagar MIDC. Some studies have been undertaken on various programs like *incentives to small scale industries*, *promotional activities undertaken by District Industries Centers*, *problems associated with the implementation of the schemes* and *problems faced by the entrepreneurs*.

Employment can be generated by setting new small scale industries as stated in the report by Government of India, Planning Commission, and the committee on the

Village and Small Scale Industries. Dr. Wu. Jageh, in his study entitled, "*Capital intensity and Economic Growth under developed countries*" stressed on the need for more small scale industries in the countries where unemployment is more. Dr. Neelamegham mentions that more dependence on agriculture and wide gap between supply and demand requires concentration on small scale units.

Small Industries Extension Training, in its study entitled, "*National Small Scale Industries Corporation on Hire purchase scheme*" has noticed that the most of the units are not utilizing the total capacity because of lack of demand within the nation. "Problems of small Industry in Andhra Pradesh" study by MalgaWeker, pointed that lack of infrastructure is the cause of poor performance of small scale units in rural area but scene is reverted in urban area where development is faster because of favourable industrial climate. Ramani quotes in State Bank of India Report that lack of planning and organized approach, poor financial management are the major cause of failure. However in his study he pointed poor management as the single largest contributing factor. He also found delays contributing to the problems with governmental procedures and norms. It has also emphasized on the areas of marketing problems and importance of marketing functions which needs to be planned and organized. Kerala Industrial Technical consultancy organization and Andhra Pradesh Industrial Technical consultancy organization conducted a study of the various problems faced by the small scale industries in three states namely Kerala, Karnataka and Andhra Pradesh. This study showed that the serious problems faced by these units are industrial sickness due to the insufficient and inadequate finance and working capital. Another serious problem faced by these units is marketing of the product. Non-availability of raw materials has affected the productivity of several units in Ahmednagar, especially in industry groups such as casting, fabrication, molding, chemicals, rubber and plastics. It is also observed that the productivity has hampered due to delay in getting timely supply of raw material which affected the productivity.

Singh Nagendra, in his article entitled, "*Type ofEntrepreneurship*" has focused the growth of indigenous entrepreneurship after independence in the country. Himachalam D., in his study entitled, "*Entrepreneurship Development in Small Scale Sector*" revealed that the government and financial institutions have helped a lot in this area through Entrepreneurship Development Programs (EDP). But they lacked to

attract the class of people for whom these programs are meant. He has given suggestions like total assistance should be provided to Entrepreneurs not only in preparing project reports but also in meeting financial requirements, more and more information should be provided to these units on various aspects of EDP and technical training should be given to the entrepreneurs.

After thorough literature review it could be concluded that the topic, "***A study of the role of entrepreneurs towards turnaround of select sick small scale industries in Ahmednagar MIDC for a period of 2007-2012***" is unique and researcher has thought out of box while choosing the area.

1.6SCOPE AND LIMITATIONS OF THE STUDY

Every research has limitations and researcher has to define the scope of the study considering the limitations. The scope and limitations of the study are briefly stated below. This research aims at studying the role of entrepreneurs towards turnaround of sick small scale manufacturing units. The research sample selected for this is drawn from industrial area of Ahmednagar MIDC.

1. Research is restricted to small-scale manufacturing units in Ahmednagar MIDC area.
2. The researcher has randomly selected 150 small-scale manufacturing units and 6 banks of Ahmednagar city providing financial assistance to these units, which include only nationalized and cooperative banks, as a sample.
3. The study aims at analyzing the various factors responsible for sickness in small-scale manufacturing units of Ahmednagar MIDC and suggesting possible remedial measures which help them to revive, no other management aspects will be considered.
4. The findings of the study are based on primary and secondary data. The primary data has been collected through questionnaire, interviews of the entrepreneurs of small scale manufacturing units and Managers of nationalized and cooperative banks and participative–non participative observations of working of units under study.
5. The study is limited to small-scale manufacturing units engaged in manufacturing activities of Ahmednagar MIDC, since it was observed by the researcher under

pilot study that the majority of the sickness percentage belongs to manufacturing units due to various reasons.

1.7OBJECTIVES OF THE STUDY

1. To study the magnitude of sickness in small scale manufacturing units of Ahmednagar MIDC.
2. To analyze the various factors responsible for the sickness in small scale manufacturing units of Ahmednagar MIDC.
3. To analyze the view, perceptions of bankers and entrepreneurs of small scale manufacturing sick units regarding reasons for their sickness including non-performing assets (NPAs) and also to get views regarding proper rehabilitation plan for sick SSI units;
4. To estimate the number of probable sick small scale manufacturing units and suggest possible remedial measures that may help them to revive.
5. Finally to suggest policy measures for restructuring the sick small scale manufacturing units in terms of industrial revivalism and enhancing productivity and also to suggest strategy to arrest the reversing trends, i.e. sickness in terms of low productivity and financial loss.
6. To study the role of entrepreneurs towards turnaround of sick small scale manufacturing units in Ahmednagar MIDC.

1.8 HYPOTHESES

1. Industrial sickness is result of both external causes (exogenous factors) and internal causes (endogenous factors).
2. Small scale industrial units are prone to sickness for the want of entrepreneurial skill-set required to compete with large industries as well as multinational companies.
3. With the help of some preventive or curative strategies these units can be turn around.

1.9METHODOLOGY

The survey was conducted on the basis of random sampling method. Further for developing sample design, the researcher collected the list of industries working in

Ahmednagar MIDC. Of the total 739 small scale industries registered with Ahmednagar MIDC, a sample of 150 small scale manufacturing units were selected randomly. The data was also collected through questionnaire from 6 banks out of 16 banks operating in Ahmednagar for the period under consideration. The findings of the study are based on primary and secondary data. The primary data has been collected through responses received from the entrepreneurs of small scale manufacturing units and Managers of nationalized and cooperative banks. Information regarding government orders, rules, schemes to support small scale manufacturing units and sick units, through relevant official literature survey was collected from various libraries, published survey reports, newspapers, magazines, trade journals which were published weekly, fortnightly or monthly. The collected data is analysed with the help of statistical package for social sciences (SPSS) and will be presented with the help of tables, charts, graphs, bar charts, pie charts or pictograph. Lastly, the impartial results are drawn after through study of data and proper conclusions and recommendations are given.

1.10 CONSTRUCTION OF TOOLS

This study is based on primary as well as secondary data. The primary data were used to study the role of entrepreneurs towards turnaround of select sick small scale industries in Ahmednagar MIDC for the period of 2007-2012.

The interview schedule has been structured by the researcher himself. For identifying the variables to be used in the interview schedule, the researcher conducted a trial interview with the 30 entrepreneurs of small scale manufacturing units. A rough draft of the interview schedule was prepared and was circulated among fellow researchers for critical evaluation. The draft was then revised in the light of their comments. The revised interview schedule preparedwas given to 18 entrepreneurs of small scale manufacturing units for a pretest. The suggestions were incorporated and the final draft is prepared.

1.11 SCHEME OF REPORT

The present study has been classified into seven chapters.

- The **first Chapter** presents the introduction and design of the study. It includes statement of the problem, review of the previous studies, objectives of the study, scope and limitations of the study operational definition of concepts, methodology,

construction of tools, sample design, geographical coverage of the study, period of the study, field work and collection of data, data processing, frame work of analysis, and scheme of the report.

- The **second chapter** deals with the analyses of the literature review of national and international publications on small scale units, sick units, turn around and small enterprises.
- The **third chapter** deals with the research methodology of the study with detailed methodology used for the research. The chapter is well designed to explain all the details required by any research thesis.
- The **fourth chapter** relates the data analysis and interpretation of data collected with the help of tables and graphs. Appropriate use of statistical tools is applied looking at the limitations of the data collection from small scale manufacturing units.
- The **fifth chapter** pertains to conclusion and findings which is based on the data collected, observations made, interviews conducted and discussions carried during the research.
- The **sixth chapter**includes recommendations and suggestions made by the researcher, which is important achievement as a thesis. The researcher has tried to contribute valuable and applicable recommendations for small scale manufacturing units and is of great importance because of unique area of research.
- The **seventh chapter** includes bibliography with APA style of referencing. The detailed references were given at the end of every chapter still researcher has given a combined list of all the references.

1.12 OPERATIONAL DEFINITION OF CONCEPTS

- **Business:** Business includes activities of all commercial or trading of goods and services. These activities range small shops owned by one person to huge organizations owned by shareholders.
- **Industry:** An industry is a department or branch of craft, art and business or manufacturer of similar product or services. Normally industries convert raw materials into finished product.
- **Capital:** Capital is the sum contributed by its owner or funds raised from other sources. It is an inclusive term embracing plants, machineries, tools inventory and the financial resources for conducting business.

- **Cash credit**: An account with a bank by which a person, having given security for repayment, draws at pleasure upon the bank to the extent of an amount agreed upon, also called as bank credit and cash account.
- **Credit facility:** Corporate revolving credit facilities are typically used to provide liquidity for a company's day-to-day operations. A type of loan made in a business or corporate finance context. Specific types of credit facilities are: revolving credit, term loans, committed facilities, letters of credit and most retail credit accounts.
- **Debt recast:** A feature in some types of mortgages where the remaining scheduled principal andinterest payments are recalculated based on a new amortization schedule. Some mortgages may allow for a recast in order to help a financially distressed borrower, in which case the interest rate might be reduced and/or the remaining term of the mortgage extended. Most often, a recast is associated with a negative amortization mortgage which must recast at some point so that the mortgage will be paid off by the end of its scheduled term.
- **Letter of credit:** A letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase. A written commitment to pay, by a buyer's or importer's bank (called the issuing bank) to the seller's or exporter's bank (called the accepting bank, negotiating bank, or paying bank)
- **Limited Liability Partnership (LLP):** LLP **i**s a partnership in which some or all partners (depending on the jurisdiction) have limited liabilities. It therefore exhibits elements of partnerships and corporations. In an LLP, one partner is not responsible or liable for another partner's misconduct or negligence.
- **Partnership:** A type of business organization in which two or more individuals' pool money, skills and other resources, and share profit and loss in accordance with terms of the partnership agreement. In the absence of such agreement, a partnership is assumed to exit where the participants in an enterprise agree to share the associated risks and rewards proportionately.
- **Private Limited:** Private Limited is a fully owned company by group of promoters. All shares of the company are held with promoters and their relatives. In Private Limited Companies, the minimum number of shareholders is two and maximum is 50 excluding the past and the present employees who hold shares and the

shares are not freely transferable.

- **Proprietorship:** A sole proprietorship, also known as the sole trader or simply a proprietorship, is a type of business entity that is owned and run by one individual and in which there is no legal distinction between the owner and the business.
- **Moratorium:** A period of time in which there is a suspension of a specific activity until future events warrant a removal of the suspension or issues regarding the activity have been resolved. For example, if a company is going through rough times it might have a moratorium on advertising spending. In other words, to cut costs, it won't spend any money on advertising.
- **NPA:** NPA is a classification used by financial institutions that refer to loans that are in risk of default. Once the borrower has failed to make interest or principle payments for 90 days the loan is considered to be a non-performing asset. Non-performing assets are problematic for financial institutions since they depend on interest payments for income. Troublesome pressure from the economy can lead to a sharp increase in non-performing loans and often results in massive write-downs.
- **Occupational background:** Occupational background implies the family background of the entrepreneurs as to agriculture, industry, business or trade, government or non-government service.
- **Organizational transition:** It designed to help managers successfully implement reorganization, downsizing, culture shift, technological change, acquisition or merger, or other significant change.
- **Overdraft facility:**An overdraft facility is a formal arrangement with a bank that allows an account holder to draw on funds in excess of the amount on deposit. The idea behind overdraft facility agreements is that sometimes one needs a bit more money than is available on deposit to deal with various expenses.
- **Project loan/Project Finance:** this is a short-term loan to finance day-to-day operations of a business. It is normally a loan for a comparably small amount, and is not used for long-term investment purposes. Rather, it funds immediate needs, such as payroll and accounts payable.
- **Rehabilitation scheme:** Rehabilitation is the process of restoring and regaining strength and function of an industry.
- **Seed Capital**: Seed capital refers to the fund contributed by the owner or financial institutions for the purchase of machineries and equipment for the initial period. The first funding usually comes from the business owner(s) and perhaps

friends and family.

- **Tax rebate/Tax holidays:** A tax holiday is a temporary reduction or elimination of a tax. Programs may be referred to as tax abatements, tax subsidies, tax holidays, or tax reduction programs. Governments usually create tax holidays as incentives for business investment. Tax holidays have been granted by governments at national, sub-national, and local levels, and have included income, property, sales, VAT, and other taxes. Some tax holidays are extra-statutory concessions, where governing bodies grant reduction in tax not necessarily authorized within the law.
- **Term Loan:** A term loan is a monetary loan that is repaid in regular payments over a set period of time. Term loans usually last between one and ten years, but may last as long as 30 years in some cases. A term loan usually involves an unfixed interest rate that will add additional balance to be repaid. For example many banks have term-loan programs that can offer small businesses the cash they need to operate from month to month. Often a small business will use the cash from a term loan to purchase fixed assets such as equipment used in its production process.
- **Trade:** Trade is buying and selling of goods and services. It occurs as and when people need and want things that are produced by others.
- **Turnaround:** The financial recovery of a company that has been performing poorly for an extended time. In order to affect a turnaround, a company must acknowledge and identify its problems, consider changes in management and develop and implement a problem-solving strategy. In some cases, the best strategy may be to cut losses by liquidating the company rather than trying to turn it around.
- **Working Capital:**Working capital is the loan whose purpose is to finance everyday operations of a company. Working capital is the life blood and nerve center of a business. No business can be run successfully without adequate amount of working capital. It is the interaction between current assets and current liabilities. It is the amount of capital necessary to run a business.

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CHAPTER-2

LITERATURE REVIEW

2.1 INTRODUCTION

This literature survey has taken out the information from some of the literature available on the subject of revival of sick small scale industries. It does not claim to be complete nor does it take a position towards the opinions expressed in these articles. This chapter focuses on the concept and definition of small scale industry and the role of small scale industry in the Indian economic scenario, Maharashtra and particularly Ahmednagar MIDC.In addition to this, it has also been focused on the concept and definition of sickness given by different institutions, rehabilitation of sick units and concept of turnaround as well.This chapter has been prepared on the basis of secondary data collected from the Small Industries Development Organization (SIDO), New Delhi, the Ministry of small Scale Industries and Agro and Rural Industries, Government of India, New Delhi, the Planning Commission-Government of India, the District Industries Centre, Ahmednagar. In addition, the reports, books and magazines published by individuals and institutions of Government of India and Maharashtra have been used.

2.2 SMALL SCALE INDUSTRY

Small scale manufacturing units contribute significantly which forms the strength to the industrial structure and serve as a backbone of entrepreneurship. These units not only provide employment at a low cost but also supply the raw materials to the medium and large scale enterprise. They help medium and large enterprise to maintain Just in Time by making them available the raw material as and when the need arises.The establishment of small scale industries makes people to migrate from rural to urban areas.As compared to large scale sector, small scale sector provide more employment with less capital requirements.

Even though small scale industries are important for economic growth of any country but growth of these units are neglected and very less effort are shown towards its development and stability.

The Government of India has realized the importance of small scale industries and is paying the due importance towards it. It has adopted the positive measures to thrash the forces of stagnant activities. To perform this wide task, a well-designedand most suited policy of economic development has been established. This enhances the social

welfare due to accelerating the growth process of economic development. Now a day, most of the developing countries are following the industrialization, which is a process of growth and as such is organically linked both to the social and economic post and to the parallel process of social and economic development.(UnitedNations, 1998)

With the end of the Second World War, the developing countries now are giving preference to industrialization as a solution for poverty and under development. These countries are now interested in the development of manufacturing industry. With the development of manufacturing industries, these countries place a major hope to find a remedy to their problems of poverty, insecurity and over population. This will get them to the world of modern era. (Gunnar M., 1997)

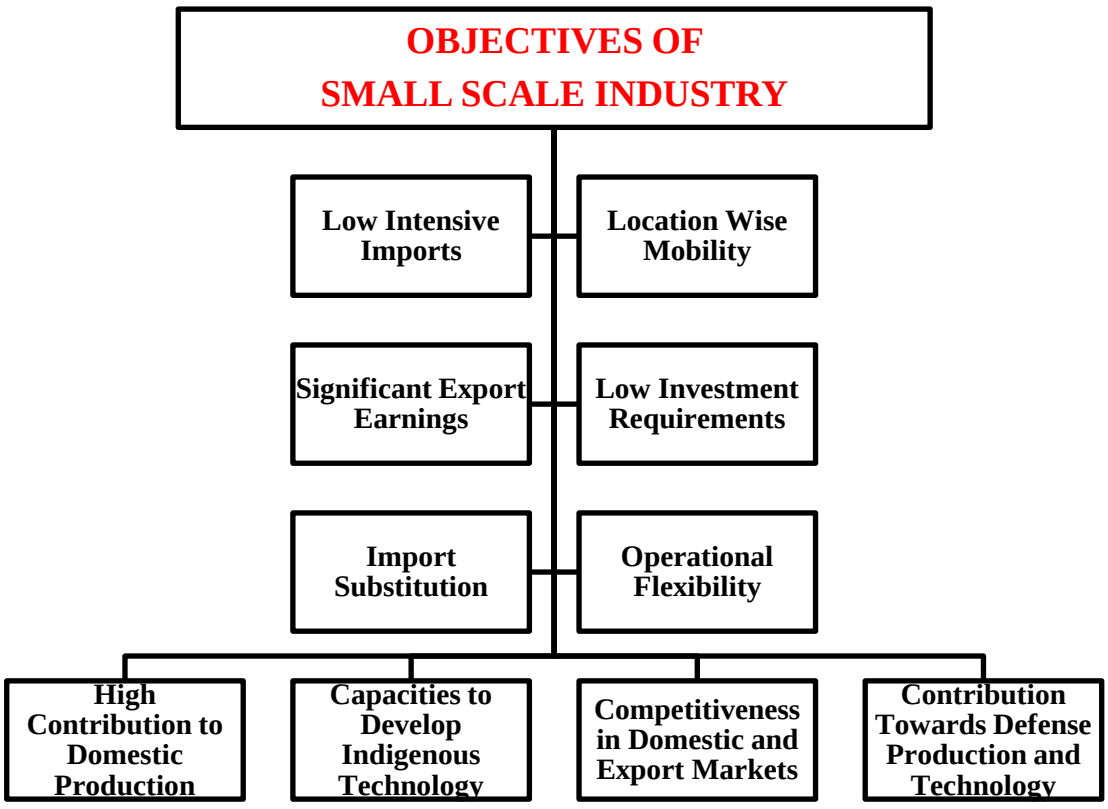

Figure-2.1

For the development of any country, it is very essential to develop the industrial area. With the development of industries, it brings employment along with it. To develop the industrial economy, small scale manufacturing units have been given the due importance.It taps the untapped resources which otherwise would have been remained

unused. These resources include raw materials, entrepreneurial talent, capital and labor. The rural resources could be tapped which may otherwise remain stagnant.

The Industrial Policy Resolutions of the Government of India from 1948 to 1991 envisaged an integrated growth of medium, large and small scale industrial sector. After Second World War, our national leaders identified the role of small scale industries in the development of the national economy and implemented a concrete base for its increased development through an active policy support and creation of an institutional design work. These Industrial Policy resolutions stated that the Government of India would emphasize the role of cottage and village industries towards development of national economy. The policy further visualized that the decentralized sector should acquire sufficient vitality to be self-supporting and its development is integrated with that of large scale industry.

Developing small scale industry is the best means to raise the standard of living of the society. It provides employment for growing population at a low capital. This helps in increasing the per capita income, net national income and also to improve the balance of payment position. (Desai, V., 2008)

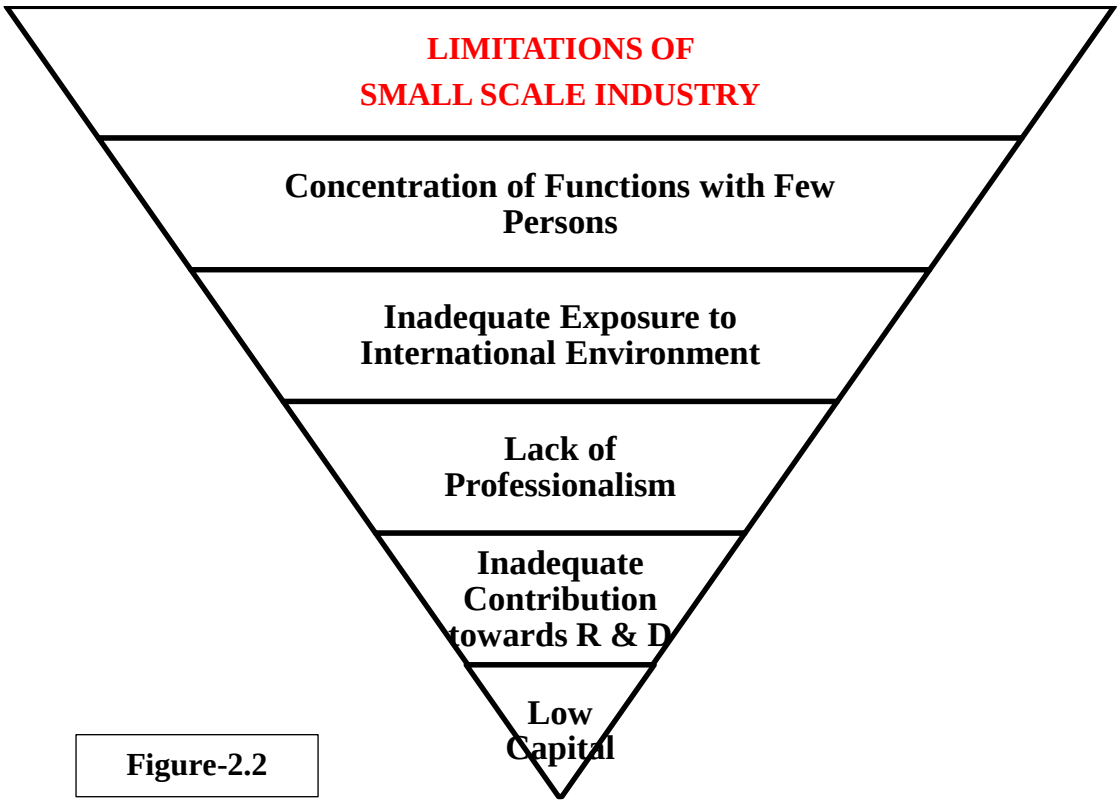

Figure-2.2

The human capital, material and resources of the country are underutilized. Therefore, India is regarded as an under developed country. Due to underutilization of resources, it results in poverty. More emphasis should be given to small scale industry to utilize the surplus man power. Small scale industries provide employment to the people not only in large cities but also in small towns.(Desai, V., 2008)

2.3DEFINITION OF SMALL SCALE INDUSTRY

The definition of small scale industry is different in different countries and may mean vague in the definition.

In China it varies with the products and was less quantified. These industries are made and designed to mobilize local skills, raw materials, local finance and local market.(Desai, V., 2006)

As per the definition of United Nation's Report (1958) on the development of the manufacturing industry in Egypt, Turkey and Israel, "all manufacturing establishments employing less than 10 persons of small scale industries"

According to Indonesia, the definition of small scale industry says that there is no difference between small scale enterprise and cottage industries. Cottage industries group contribute more than 90 percentages of the enterprises in this small scale sector. In Indonesia, small scale industries arethe combination of the traditional and modern industries which is characterized by the World Bank.(Desai, V., 2006)

There is no official definition of small scale industry in Sweden, Norway, German and Denmark. Small scale units are the units which employs up to 300 workers. However such units as employ 10 to 100 workers are taken to be small scale industrial units.(Desai, V., 2006)

The definition of small scale industries given by Iran is the units whose investment in land and buildings must not exceed 25 percentage of the total capital.With 100 percent Iranian ownership and management whose assets do not exceed 5 million trials and whose products are not artistic in nature.(Desai, V., 2006)

According to Japan, the definition of small industry is the capital investment is relatively small and the scale of management, although the basis for classifications

cannot be generalized and differs from industry to industry. The small scale enterprise includeshairdressing establishment, retail shops, laundry shopsand shopping districts beauty saloons.(Desai, V., 2006)

The capital investment of small scale industries in Italy is not more than 1500 million lire and employs not more than five hundred workers.

The term small and medium industry in Korea is defined as, "any unit in manufacturing with more than five and less than two hundred employees or with total assets of less than 500 million won and in mining with more than five and less than three hundred employees or with total assets of less than 50 million won".(Desai, V., 2006)

Netherland has no definition of small scale industry which generally employs tento one hundred workers.(Desai, V., 2006)

At Philippines, the Institute of Small Scale Industries defines the small industry as "A manufacturing or industrial service enterprise in which the manager performs as a varied range of tasks involved in guidance and leadership without the help of specialized staff officer but he is not actively engaged in production".(Desai, V., 2006)

In Sudan, most industries in this category are workshops, perfumeries, small oil mills,tanneries and ice factories. Small industries are defined as "Those industries which employs less than thirty full time workers".(Desai, V., 2006)

The definition of small industry at Taiwan is the manufacturing and processing sector of any business employing less than one hundred persons or with assets worth NT $ 5 million.(Desai, V., 2006)

According to Turkey industrial estates, all the industries having a connected load of less than 10 H.P. and employing less than ten workers are considered as small industry.(Desai, V., 2006)

The definition of small scale industries given by United Kingdom- small units employ less than five hundredwhich is not a norm universal applicability. There is no difference between small and large industries.(Desai, V., 2006)

The United States of America has given the definition of manufacturing firm as fewer than 500 employees or if it is certified as small by the small Business Administration for purposes fewer than 250 employees depending on the size and the standard set for different industries. If a manufacturing firm is not dominant in its field of operations, it is officially a small business for government procurement purposes.(Desai, V., 2006)

The concept and definition of small scale industry in India, has a wide range of activities and its definition changes from time to time. The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 according to which the definition of micro, small and medium enterprises is as under:
Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:
(i) A *micro enterprise* is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;
(ii) A *small enterprise* is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and
In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification. (RBI, 2013)

After Second World War the development of small scale industries were wide and a positive atmosphere has created after quit India movement for khadi which was symbol of trust.All India Cottage Industries Board and six other specific Boards, was set up during first Five Year plan period. The second Five Year plan and the Mahalanobis Model which provide it's the identical under pinning came out with a clear statement on the respective roles of small and large industry in the policy and strategy of development is the country. The vital need of a modern sector of small industry provide mass consumption of goods and to contribute to the intersectional linkages, was indisputably underlined by the second Five Year plan. Under a democratic system of government with a wide variety of problems, economic, political and social, the legacy of democratic planning offered an inherent strength to the Indian economic system by facilitating economic activities with diverging organizational forms. (Mathew, 1970)

The major phase of small enterprise development in the country was seen inmid 1980's. Here the focus on project based approaches and increasing of the limits of the small scale sector. In 1991, liberalization regime formally inaugurated which brought forward a new policy for small scale and tiny industries with significant, focus on reducing protectiveness, applicable to this sector. Since then sickness in small scale industries saw steep rise and spread like uncontrollable disease.

2.4 ROLE OF SMALL SCALE INDUSTRY IN THE INDIAN ECONOMIC SCENARIO

India has traditionally always competitive and very vibrant small scale industries. During pre-economic liberalization period a wide variety of concessions, incentives and institutional facilities were given for the development of small scale industries.(GOI Annual Report, 2000-2001) Under the regime of economic liberalization, the focus was shifted from "protection to competitive promotion".

Small scale industries plays important role by being labor intensive, helped to increase the volume of employment, particularly in rural areas, approximately 2 crore persons were engaged in these industries. They accounted for 6% of GDP, 95 % of all industrial units, and 34 % of total exports. Around 39 lakhs Small Scale Industries in India has emerged versatile producing over 8000 products, from traditional handicrafts to high end technical instruments. (GOI Annual Report, 2000-2001)

In developed economies, about 60 % of GDP is generated by small enterprises, i.e., enterprises with a maximum of 50 employees. The reason being large number of small enterprises guarantees a high degree of competition, and variety of economic activities that require millions of enterprises to be reasonable competitive and efficient. (FFYP, 1951)

Performance of SSI

Year	Total Working Enterprise (In Lakh)	Employment (In Lakh)	Market Value of Fixed Assets (In Crore)	Gross Output (In Crore)
2002-03	109.49	260.21	162317	314850
2003-04	113.95	271.42	170219	364547
2004-05	118.59	282.57	178699	429796
2005-06	123.42	294.91	188113	497842
2006-07	361.76†	805.23†	868543.79*	1351383.45*

2007-08#	377.37	842.23	917437.46	1435179.26
2008-09#	393.7	881.14	971407.49	1524234.83
2009-10#	410.82	922.19	1029331.46	1619355.53
2010-11#	428.77	965.69	1094893.42	1721553.42
2011-12#	447.73	1012.59	1176939.36	1834332.05

†Including activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transportsand storage & warehousing (except cold storage) for which data were extracted Economic Census 2005, CentralStatistics Office, M/o SPI.

***** *Estimated on the basis of per enterprises value obtained from sample survey of unregistered sector foractivities wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage &warehousing(except cold storage) which were excluded from Fourth All India Census of MSME, unregistered sector*

 # Projected

Table-2.1 *Source-Annual report 2012-13, MSME GOI*

In real terms, the Small scale industries recorded a growth rate of 8.1% in 2011-12 and 5.6 %in 1992-93. By the year 2025, if not controlled, this sector will grow even more rapidly.(SFYP, 1956)The contribution of SSI in India to national development was merging as compared to the contribution of SSI in other countries of the world.(TFYP, 1960)India's SSI shared 95 % of all establishments, 40 % of output, 45 % of employment and 35 % of exports. But Taiwan ranked first with a share of 97 % of establishments, 81 % of output, 7 % of employment, 48 % of exports followed by Japan contributing highly with 99 % establishments, 52 % of output, 72 % of employment and 13 %of exports.(FFYP, 1970)

2.5 SMALL SCALE MANUFACTURING UNITS IN INDIA

With the subsequent industrial policy and advent of planned economy from 1951 and followed by Government of India, both the Government and planners allocated a special role for small scale manufacturing units in the Indian economy. Due protection was agreed to this sector, particularly from 1951 to 1991, till the nation adopted a policy of globalization and liberalization. The products which were reserved for small scale manufacturing units for a long time are decreasing due to change in industrial policies and climate. (Tanvar, 2008)

The small scale manufacturing units have made significant contribution towards technological development, prosperity and exports. Small scale manufacturing units have been established in almost all-major sectors in the Indian industry such as,

engineering, electrical, food processing, chemicals & pharmaceuticals, electronics, computer software, textiles and garments, electro-medical equipment, leather and leather goods, meat products, bio-engineering, agricultural inputs, sports goods, plastics products, etc.

Small scale manufacturing units always emphasized sensible use of foreign exchange for import of inputs and capital goods; employment generation; labour intensive mode of production; discouraging monopolistic practices of production and marketing; non concentration of diffusion of economic power in the hands of few (as in the case of big units), and finally effective contribution to foreign exchange earning of the nation with low import-intensive operations. It was also combined with the policy of de-concentration of industrial activities in few geographical centers. (Ubale, 2012)

2.6SMALL SCALE MANUFACTURING UNITS IN MAHARASHTRA

Maharashtra state has been in the forefront of industrialization since its inception in May 1960, (and even earlier as a part of 'Bombay State'). Through a network of District Industries Centre's (DICs), it offers maximum guidance and assistance to small scale manufacturing units. The state has always followed progressive industrial policies and industry-friendly measures. The quality of products of small scale manufacturing units from Maharashtra is high because some of them have acquired technology from abroad and adequate budget is provided for R & D operations. Many units are promoted by techno-entrepreneurs. Many small scale manufacturing units promoted by local entrepreneurs as also by NRIs and foreigners have come up in Maharashtra covering a broad spectrum of industrial activity. In view of the objective of the study, it was considered necessary to undertake a survey of small scale manufacturing units covering the sectors like Food Processing, Pharmaceutical, Engineering, Electrical and Chemical. (Ubale, 2012)

It can be seen from the reports of Micro Small Medium Enterprises that 8.46 percent enterprises are present in Maharashtra contributing to 8.69 percent of employment in India.

STATE-WISE DISTRIBUTION OF ESTIMATED NUMBER OF ENTERPRISES ANDEMPLOYMENT OF MSME SECTOR								
	Number of Enterprises (lakh)				Employment(lakh)			
		Unregistered Sector				Unregistered Sector		
State	Registered Sector	Sample	EC 2005*	Total	Registered Sector	Sample	EC 2005*	Total
Maharashtra	0.87	14.45	15.31	30.63	10.89	24.72	34.43	70.04
All India	15.64	198.74	147.38	361.76	93.09	408.84	303.31	805.24
**For activities under wholesale/retail trade, legal, education & social services, hotel & restaurants, transports andstorage & warehousing (except cold storage) excluded from the Sample Survey of Fourth All India Census ofMSME Unregistered Sector, data were extracted from Economic Census 2005 (EC, 2005), conducted by CentralStatistics office of Ministry of Statistics &Programme Implementation.*								
Table-2.2 *Source-Annual report 2012-13, MSME GOI*								

2.7 SMALL SCALE MANUFACTURING UNITS IN AHMEDNAGAR MIDC

Ahmednagar Industrial area was established by MIDC in the year 1972. The MIDC area is known for its well developed and quality infrastructural facilities such as roads, street lights and water supply. Many renowned brands are operating from this area. MIDC had acquired 591 hectares of land for the area. Recently, MIDC opened a software park for the IT industry and also constructed an IT Tower here. Besides, MIDC has also developed a residential zone for the employees and owners of the companies.

MIDC are established with a view of achieving the following objectives

- To achieve balanced industrial development of Ahmednagar with an emphasis on developing parts and underdeveloped parts of the firms.
- Infrastructural development in setting up firms at various locations in MIDC.
- Facilitate entrepreneurs in setting up firms at various locations in MIDC.
- Rapid and orderly establishment and growth of firms in the entire area to achieve balanced industrialization.

Following are the activities efficiently carried out by MIDC:

- Coordinating with other infrastructure providers for electricity, telecom, connectivity, etc.
- Planning and developing industrial parks, providing basic infrastructure such as roads, drainage systems, power and water in the industrial parks.
- Planning, implementing and managing water supply schemes.
- Developing industrial areas through acquisition of appropriate land.

- Providing residential areas for housing industrial workers.
- Establishing effluent collection and disposal systems for chemical zones.
- Establishing common facility centres by providing banks, post offices, telecom facilities, police stations, fire stations, medical facilities, canteens, etc.

The Ahmednagar MIDC has been declared as an agent of the State Government for carrying out the activities within the framework of the MIDC Act and the MIDC Rules. These activities can be divided under following three broad categories

1. Acquisition & disposal of land: The industrial area land belongs to the Government of Maharashtra under Chapter VI of the MIDC Act. 1961 and assigned to the Corporation for further disposal. Likewise, wherever land is available and possible, the Government land is also allotted to the Corporation as an industrial area. The Government pays for the compensation for the private land from its own fund. The Corporation in turn plans the area and disposes the land in suitable plots by leasing out for 95 years.

For this purpose the Corporation recovers the premium lease money at different rates for different industrial areas. Also the Corporation constructs built-up accommodations like Sheds and Flatted units and sale them out to the prospective industrialists together with the land there under on lease basis. As on 31.3.2002 the Corporation has planned 673.72 (Hectares) of land against which 591.02 Hectares of land has already come in possession of the Corporation.

2. Provision of infrastructure facilities*:* In terms of the provision of the MIDC Act, 1961 and the relationship prescribed by the government in that regard, the corporation is required to provide infrastructure facilities like roads, streetlight, drainage, water supply schemes and buildings for common facilities like post & telegraphs, canteen, bank, and telephone etc. The corporation meets the expenditure on such works (facilities) generally from the premium lease money received by it from the allottees.

The relationship further prescribes that the industrial area, after it is fully developed, should be returned back to the Government/handed over to such agency or authority as the State Government may directs, after striking out the account of the industrial area concerned. The surplus/deficit generated out of such operations is to be made good to or recovered from the state government as the case may be. As the

development of an industrial area is a long process and instant objective, the government has prescribed certain scale of interim annual payments which are termed as on account advance payment to government.

In this connection it may stated that the powers to fix the rates of premium for land for different industrial areas rest with the corporation. Since it is the aim of the government and the corporation to achieve a balanced development of the entire State with special emphasis on the development of backward regions of the state, the Corporation follows a policy of cross subsidization rate structure on A B C D zones pattern, in that the rates of land premium in developed and semi developed parts of the State are higher compared to the rates in developing and backward regions.

3. Providing of services: The Corporation provides the following services to the units in its industrial areas:-

a) *Assured Water Supply*:From among the various services provided by the Corporation, an assured pure water supply can be regarded as a unique specialty of the MIDC. The investment on the water supply scheme (Head works) made by MIDC as on 31st March, 2002 is over Rs.5 crores with installed capacity of water supply of 25 MLD. For the purpose of regulating the water supply operations of the Corporation the Government of Maharashtra has prescribed a legal and financial relationship between the Government and the Corporation.

b) *Maintenance of Industrial Areas*: This is a municipal function requiring the Corporation to maintain the Roads, Street lights, Fire stations (in few areas) during the transitory period up to handing over of the industrial area either to Government or other agency as the Government may decide. The MIDC Act, vide Section 56, provides for the exits policy after the purpose of industrial development as contemplated in the Act is fulfilled.

However, this has seldom become possible in the absence of a substitute agency to take over the responsibility, except in few cases like that of Marol, Wagale Estate, PimpriChinchwad etc. where the Corporation could hand over only the roads and street lights to local Municipal Corporations. In other areas, the Corporation carries on this function as a committed obligation. For this purpose the Corporation recovers service charges to defray the expenditure on such services.

c) *Drainage (effluent disposal) and CETP Schemes*: The Corporation has effluent disposal (drainage) schemes only in selected Industrial areas having chemical industries. Such schemes are designed to collect and discharge the treated effluent only. In such areas the Corporation recovers drainage cess to defray the expenditure on maintenance and to partially recover the capital cost. Also with a view to arrest pollution, the Corporation has started the operations like Hazardious waste Management and common effluent plants on Joint venture basis with the help of local industries associations.

d) *Other Services*: Theses include providing and maintaining Common Facility Centers like P&T, Banks etc. Though the Corporation does not levy any specific cess for the purpose, the C. F. C. building is subject to rentals. Such rental together with other miscellaneous income from the area covers the maintenance cost of such CFCs.

The policy decisions taken by Ahmednagar MIDC certainly changed the social economic scenario of the city as its activities spread in the interior. The important policy decision of setting up "independent filtered /potable water supply system of adequate capacity" as essential infrastructure for industrial development was the most intelligent step taken by Ahmednagar MIDC right in the beginning. It stabilized the population base near the industrial areas. The strategically wise decision taken simultaneously to provide water supply to nearby domestic population from the capabilities created by Ahmednagar MIDC of their own water supply system resulted in a phenomenal urban growth in the nearby small towns and villages. (Ubale, 2012)

2.8 ANCILLARY INDUSTRIAL UNDERTAKING

An undertaking is said to be ancillary when the requirements are to be complied as- An industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and the undertaking supplies or renders or proposes to supply or render not less than 50 per cent of its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and machinery whether held on ownership terms or on lease or on hire-purchase, does not exceed Rs 10 million.(RBI, 2013)

2.9TINY ENTERPRISES

Investment limit in plant and machinery in respect of tiny enterprises is Rs 2.5 million irrespective of location of the unit.

A small scale industrial unit/ industry related service or business enterprise, managed by one or more women entrepreneurs in proprietary concerns, or in which she/they individually or jointly have a share capital of not less than 51% as Partners/ Shareholders/ Directors of Private Limits Company/ Members of Cooperative society.(RBI, 2013)

2.10 DEFINITION OF INDUSTRIAL SICKNESS BY DIFFERENT INSTITUTIONS

Industrial Sickness means different things to different people. An enterprise is sick if it cannot earn a reasonable return on its capital. Lending institutions regard an enterprise as sick when recovery of their dues seems uncertain. (Ambrish, 2011)

According to the Reserve Bank of India: (RBI 1988)

i) A unit may be considered sick, if it has incurred cash losses for one year and in the judgment of bank, it is likely to continue to incur cash losses for the current year as well as the following year.

ii) The unit has an imbalance in its financial structure such as current ratio is less then 1:1 and worsening debt equity ratio that is the ratio of the total outside liabilities to the net worth and

iii) When the cumulative losses exceed capital and reserves. Thus, the emphasis is the RBI's definition of sickness is on profitability, liquidity and solvency represented by cash profit or loss, net working capital and net worth respectively.

When all the three parameters show positive figure, the unit's financial viability will be sound, when one of the parameters show negative figure, the unit could be regarded as tending towards sickness where two of the three parameters show negative figure. It would be a case of incipient sickness, where all the three parameters show negative figures, the unit may be termed as sick.

According to ICICI, the Sick Industry is one whose financial viability is threatened by adverse factors present and continuing. The Adverse factors might relate to

management, market, fiscal burden, labor relation or any other. When the impact of these factors reaches a point where a company begins to incur cash losses or there is erosion if their fund then there is a threat to its financial viability. (Ambrish, 2011)

A small scale unit is sick when its accounts with banks are irregular continuously for six to nine months. The erosion of capital takes place at a rate more than 10% per year. There is continuous default in payment to the creditors and the unit has remained closed for the previous six months.

According to the State Bank of India study in 1975, Sick unit is one which fails to generate internal simply on a continuous basis and depends for the survivals upon a frequent infusion of external funds.

According to National Institute of Bank Management "Sick units are those, where the operations result in continuous losses affecting in the borrowing potential almost permanently. The Small Industries Development Organization defines a unit as sick if the capacity utilization is less than 25 percent of the installed capacity.

According to "The National Council of Applied economic Research" The Industrial Sickness defined in terms of financial viability consisting of three independent elements of equal emphasis and weights namely profitability, liquidity and solvency.

According to "Sick Industrial Companies Act, 1985 (Government of India, 1985), It defines sickness on the basis of continuous losses and completes erosion of the equity base of the unit. An Industrial Company (being a company registered for not less than seven years) which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth and also has suffered cash losses in such financial year and the financial year immediately preceding such financial year. (Ambrish, 2011)

Cash loss is defined as loss computed without providing for depreciation and net worth as the sum total of paid up capital and free reserves as well as the reserves created out of profits and share premium amount but does not include reserves created out of revaluation of assets, right back of depreciation provisions and amalgamations.

The Act also calls a company incipiently sick if it has eroded 50% or more its net worth during any of the preceding five financial years.

A unit earning reasonable return on capital employed and retains profit after reasonable depreciation may be called as healthy unit. However, the term not healthy i.e. sickness is vague since it indicates different meanings for different units. According to RBI circular (16th January 2002), a small scale unit should be considered '**Sick**' if

*a) Any of the borrowal accounts of the unit remains substandard (NPA) for more than six months i.e. principal or interest, in respect of any of its borrowal accounts has remained overdue for a period exceeding one year. The requirement of overdue period exceeding one year will remain unchanged even if the present period for classification of an account as sub-standard, is reduced in due course;**or***

*b) There is erosion in the net worth due to accumulated cash losses to the extent of 50 per cent of its net worth during the previous accounting year;**and***

c) The unit has been in commercial production for at least two years.

As defined in the MSMED Act 2006, the period of six months has been reduced to three months.

Present definition of Sickness

The above definition has revised in RBI circular (1st November 2012) to

*a) Any of the borrowal account of the enterprise remains NPA for three months or more; **or***

b) *There is erosion in the net worth due to accumulated losses to the extent of 50% of its net wort during the previous accounting year.*

The stipulation that the unit should have been in commercial production for atleast two years has been removed.

Small scale industries that have gone sick have a bad effect on nation's economy. There will be under utilization of resources which could have been use by other units. Unemployment, lack of trust by investors and discouraging environment for entrepreneurs are after effects of sickness in small scale industries. Most important impact of the situation is profitability of banks and financial institutions gets affected since they don't get back theirfunds invested in projects that have gone sick. Nor do they earn interest on their invested funds.Since their funds get blocked in sick units banks/financial institutions could not recycle theirfunds with the result that even a

good project cannot be funded by them.Therefore, prevention of sickness and rehabilitating sick projects assume greater importance. The fund blockage can be observed in the table-2.3.

POSITION OF SICK SSI UNITS FINANCED BY SCHEDULED COMMERCIAL BANKS

Year(end-March)	Units	AmountOutstanding (Amount in Rs. Billion)
1991	221472	27.92
1992	245575	31.01
1993	238176	34.43
1994	256452	36.80
1995	268815	35.47
1996	262376	37.22
1997	235032	36.09
1998	221536	38.57
1999	306221	43.13
2000	304235	46.08
2001	249630	45.06
2002	177336	48.19
2003	167980	57.06
2004	138811	52.85
2005	138041	53.80
2006	126824	49.81
2007	114132	52.67
2008#	85187	30.82
2009	103996	36.19
2010	77723	52.33
2011	90141	52.11
2012	85591	67.90
2013	249903*	127.99

***Note** : 1. 1987 and 1988 data relate to end-June.*
2. 1989 data relate to end-September.
3. SSI stands for Small Scale Industry.
4. O/S stands for Outstanding.
5. # : The data for the period up to 2007 is of Small Scale Industries (SSI). Subsequent to 2007, data with reference to Micro and SmallEnterprises (MSEs) are being compiled.
6. Data for 2013 are provisional.
*7. ***** : The definition of sickness was revised with effect from November 01, 2012. For details refer the Notes on Tables.*

Table-2.3*Source- www.rbi.org.in*

2.11VIABILITY OF SICK SSI UNITS

A sick unit may be considered potentially viable, if it would be in a position, after

implementing a relief package spread over a period not exceeding five years from the commencement of the package from banks, financial institutions, Government (Central/State) and other concerned agencies, as may be necessary, to continue to service its repayment obligations as agreed upon including those forming part of the package, without the help of the concessions after the aforesaid period. The repayment period of restructured (past) debts should not exceed seven years from the date of implementation of the package. In case of tiny decentralized sector units, the period of relief/concessions and repayment period of restructured debts will be two years and three years respectively. Based on the norms specified above, it is for the banks/financial institutions to decide whether a sick SSI unit is potentially viable or not. The viability study of the unit should be carried out and decision on rehabilitation or otherwise should be taken expeditiously on receipt of complete information on all relevant aspects from the management of the unit. It is of utmost importance to take measures to ensure that sickness is arrested at the incipient stage itself. The rehabilitation package should be fully implemented within six months from the date the unit is declared as 'potentially viable' / 'viable'. While identifying and implementing the rehabilitation package, banks/ financial institutions are advised to do ‘holding operation' for a period of six months. This will allow small-scale units to draw funds from the cash credit account at least to the extent of their deposit of sale proceeds during the period of such ‘holding operation'.

The management of the units should be advised about their primary responsibility to inform the banks if they face problems which could lead to sickness and also to restore the units to normal health. The branch officials who are familiar with the day-to-day operations in the borrower accounts should also identify the early warning signals by making visits to the units and initiate corrective steps promptly. RBI circular (1st November 2012)

2.12 REHABILITATION OF SICK SSI UNITS

It is of utmost importance to take measures to ensure that sickness is arrested at the incipient stage itself. The branch officials should keep a close watch on the operations in the account and take adequate measures to achieve this objective. The managements of the units financed should be advised about their primary responsibility to inform the banks if they face problems which could lead to sickness

and to restore the units to normal health. The organizational arrangements at branch level should also be fully geared for early detection of sickness and prompt remedial action. Banks/Financial Institutions will have to identify the units showing symptoms of sickness by effective monitoring and provide additional finance, if warranted, so as to bring back the units to a healthy track. If the project is found viable, it should be attempted to rehabilitate the sick unit. Every rehabilitation scheme involves certain relief and concessions. As per the recommendations the Kohli Committee, appointed by the RBI, certain guidelines are available on relief and concessions. Accordingly, relief/concessions are not to be given as a matter of routine in all cases. It is for the banks/financial institutions to decide on the nature and extent of concessions necessary/warranted within these parameters, depending upon the merits of each case. Further, in order to speed up the process of preparation and implementation of packages, the banks have been given freedom for extension of relief/concessions beyond the parameters in cases where it is absolutely necessary.RBI circular. (1st November 2012)

2.13 ROLE OF ENTREPRENEUR IN SMALL SCALE INDUSTRIES

In the literature on entrepreneurship, there is a broad consensus among policy makers, researchers and practitioners that a fundamental cause of difficulties experienced by many states are lack of technical entrepreneurship. It is particularly evident in that there are many barriers faced by entrepreneurs which are bedrock of any economy. A number of models perceived to be relevant in national and international context have not been effective in Ahmednagar MIDCdue to lack of a concentrated efforts, equitable approach to industrial development and socio-economic transformation. This has necessitated the need for this study to examine the role of Entrepreneurs towards turnaround of sick small scale industries.

In spite of critical gap in development process in small scale manufacturing units, researchers and scholars around the world have long identified the role of entrepreneurs and entrepreneurship in the economic development of nations. It is the entrepreneurs who generate the critical momentum an economy requires for economic growth by breaking new grounds in human endeavour as a result of the vital

characteristics. Organizations are undergoing a change. Technologies, products and economies are constantly changing. The pace and nature of change in today's dynamic market requires new types of organizations and a new type of leadership. It is observed that increasing risk, decreasing ability to forecast, industry boundaries, and a managerial mind-set that demands for increasing knowledge by the entrepreneur. Therefore, for today's leaders, entrepreneurs and managers to survive, they must reinvent their growth strategies to survive.

The function of entrepreneurship and the role of entrepreneur is a constant point of debate among scholars, researchers and practitioners. Issues abound regarding whether leaders and entrepreneurs are "born" or "made". Recent studies have examined the behaviors of entrepreneur who lends his/her vision, leadership style and strategy to the very essence or the core of the business. The entrepreneurial leader handles sudden change. He/she understands that the conditions of a dynamic market require them to move beyond incremental improvements to entrepreneurial change. (Lloyd&Solomon,1988)

Therefore, to summarize the study for this research, one of the main factors influencing a small-scale manufacturing unit's creation and subsequent performance is the effective role of an entrepreneur who interacts with human capital, particularly education (technical and management), and other salient events in the environment to influence decisions concerning new venture creation, performance, growth and development.

2.14 RBI COMMITTEES ON SICK UNITS

2.14.1 Hasib Committee

Till February 1987, the rehabilitation of sick SSI units found potentially viable was governed by the same guidelines issued for rehabilitation of large and medium scale units. Although sickness in large, medium and small industrial units exhibits many common features, any approach to sickness in the SSI sector has to consider with the relative weakness of such units to withstand difficulties as also the distinction between the small scale units and tiny sector units and also between tiny sector units and units in the decentralized sector comprising artisans and village and cottage industries units. With this background, the need for separate guidelines in regard to

rehabilitation of sick units in the SSI sector with specific reference to definition of sick SSI unit, viability norms, incipient sickness as also reliefs and concessions from banks/financial institutions for implementation of rehabilitation package in the case of potentially viable units was examined by a Committee, constituted by Reserve Bank of India in 1986 under the Chairmanship of Shri A Hasib, the Executive Director of the Bank. Based on the recommendations of this Committee, RBI issued detailed guidelines in 1987 for rehabilitation of sick SSI Units. These guidelines relating to definition of sick units, nature of reliefs and concession, etc. underwent certain changes on the basis of recommendations made by High Level Committees namelyNayak Committee and Kapur Committee appointed by Government of India and Reserve Bank of India respectively.

State Level Inter Institutional Committees (SLIICs) chaired by the Secretary, Industry of the concerned State Government were constituted by RBI in the late 1970s in all the States. It provides a forum for adequate interface between the State Government officials and State level institutions on the one side and the term lending institutions and banks on the other. Despite the efforts of this forum, which also includes representation from SSI Associations to coordinate rehabilitation process, the performance was not up to the expectations.

2.14.2 The Kohli Working Group, 2002

Of the total sick units identified, only 6.10 per cent were found potentially viable. This became a major area of concern which called for a re-look at the present guidelines on sick SSI units. It is under these circumstances that the meeting of the Group of Ministers held on August 16, 2000 had inter alia decided that RBI should draw up revised detailed, transparent and non-discretionary guidelines for the rehabilitation of current sick and potentially viable SSI units. Accordingly, the RBI set up a Working Group in 2002 under the Chairmanship of ShriS.S.Kohli, Chairman, and Indian Banks' Association to review the existing guidelines in regard to rehabilitation of sick units in the small scale industrial sector and to recommend the revision of guidelines making them transparent and non-discretionary. Observations/ recommendations of the working group include the following;

i)Several internal and external factors affect the performance of the SSI, resulting in a number of them becoming sick. Of late, the incidence of sickness in the SSI sector is

showing an increasing trend and a large number of SSI units, identified as sick, and was also not found potentially viable.

ii) Viability norms are decided on the basis of time taken to repay the structured debt and ability to function without the help of concessions after that period.

iii) A unit may be regarded as potentially viable if it would be imposition, after implementing a relief package spread over a period not exceeding five years from the commencement of the package from banks, financial institutions, Government (Central/State) and other concerned agencies, as may be necessary, to continue to service its repayment obligations as agreed upon including those forming part of the package, without the help of the concessions after the aforesaid period. The repayment period for restructured (past) debts should not exceed seven years from the date of implementation of the package. In the case of tiny/decentralized sector units, the period of relief/concessions and repayment period of restructured debts should not exceed five and seven years respectively.

iv) Viability of a unit identified as sick, should be decided quickly and made known to the unit and others concerned at the earliest. The rehabilitation package should be fully implemented within six months from the date the unit is declared as 'potentially viable'/'viable'. While identifying and implementing the rehabilitation package, banks/financial institutions are advised to do 'holding operation' for a period of six months.This will allow small-scale units to draw funds from the cash credit period of such 'holding operation'.

The following are broad parameters for grant of relief and concessions for revival of potentially viable sick SSI units:

BROAD PARAMETERS FOR GRANT OF RELIEF AND CONCESSIONS	
Interest on Working Capital	1.5% below the prevailing fixed / prime lending rate, wherever applicable
Funded Interest Term Loan	No interest may be charged on funded interest and repayment of such funded interest should be made within a period not exceeding three years from the date of commencement of implementation of the rehabilitation programme.
Working Capital Term Loan	1.5% to 3% below the prevailing fixed / prime lending rate, wherever applicable
Term Loan	Concessions to be given not more than 2% (not more than 3 percent in the case of tiny/decentralized sector.)

Contingency Loan Assistance	upto 15 per cent of the estimated cost of rehabilitation
Table-2.4 *Source- www.rbi.org.in*	

The banks have been given freedom for extension of relief / concessions even beyond the parameters, in cases where it is considered absolutely necessary.

2.14.3 Internal Group to Strengthen Credit Flow to SME Sector, Appointed by the RBI, 2005

As part of the RBI initiative to strengthen credit flow to the SME sector, an internal group was set-up which also looked into rehabilitation of sick units. The major observations/recommendations on rehabilitation of sick units include the following:

i) All the accounts of sick units may be restructured on the lines of proposed debt restructuring mechanism for SME sector;

ii) Extant guidelines on definition of a sick SSI unit may continue. All other instructions relating to viability and parameters for relief and concessions to be provided to sick SSI, as prescribed by Reserve Bank may be withdrawn and banks may be given freedom to lay down their own guidelines with the approval of the Board of Directors. While formulating their guidelines, banks may consider the indicative guidelines suggested by the Working Group on Rehabilitation of Sick SSI Units (Chairman : Shri S.S. Kohli)

iii) As per the extant guidelines, a unit is considered as sick when any of the borrower accounts of the unit remains sub-standard for more than six months. The banks may consider restructuring of units having financial problems even if the account has remained sub-standard for six months or less.

iv) It is expected that the policies formulated by banks in respect of (ii) and (iii) above will be more liberal than the existing policies.

v) Every attempt may be made by banks to implement the rehabilitation package in respect of the accounts of sick units at the earliest. In any case, it may not exceed a period of 3 months from the date of bank deciding to reconstruct the accounts or date of receipt of request to that effect from the borrowing unit concerned.

2.14.4 The State Level Inter-Institutional Committee (SLIIC)

This mechanism was initially set up in 1979 at all Regional Offices of RBI. Taking into consideration various suggestions received from certain State Governments and Ministry of SSI, Government of India, Dept. of Banking Operations and Development

(DBOD), RBI had issued detailed guidelines on March 26, 1981 on the constitution of SLIIC. As per above guidelines, the Secretary (Industries) of the concerned state government would be the Chairman of the Committee and Director, SISI, representatives of SFC, SIDC, IDBI and 3-4 banks with majority presence as members. Reserve Bank is the convener. The major function of the forum was to monitor / review cases of rehabilitation of sick SSI units. It also provides a useful forum for interaction between state government officials and state level institutions on one hand, and term lending institutions and banks on the other. A sub-committee of SLIIC has also been set up wherein the borrowers and concerned banks discussed the issues of rehabilitation.

Since the empowered committee to be constituted with the Regional Director of Reserve Bank as the Chairman, will also look into co-ordination issues between different agencies and banks, and in the light of above facts and committee's recommendations relating to restructuring the accounts of sick SSI/ME, the future role of SLIIC may be reviewed.

2.14.5The Dr. K. C. Chakrabarty group, April 2008

The major suggestions given by the committee were, banks may consider recovery of principal on the basis of tagging of sales, starting from thequarter of commencement of repayment. However, tagging should not be more than thecash margins of the unit.

In order to make the process of settlement of debt through OTS speedier and to provideresources to such intending borrowers, RBI may consider allowing scaling down of debtburden to sustainable levels. Further, in order to incentivise lenders to fund the OTS andadditional requirement of funds, the new lenders may be allowed to convert a part of thedebt into equity.As an incentive for proper restructuring package at the time of rehabilitation, necessarysupport for business restructuring, modernisation, expansion, diversification andtechnological upgradation as may be felt necessary by the lenders may also beencouraged. Support of schemes like Credit Linked Capital Subsidy Scheme in case ofunits in other (than rural) areas, KVIC Margin Money Scheme (for units in rural areas) maybe extended for rehabilitation packages also.In terms of extant RBI guidelines, an account gets downgraded if initial moratorium oninterest payment is extended as a part of restructuring. These guidelines need to bewaived especially for MSMEs.

2.15 SCHEMES OF FINANCIAL ASSISTANCE TO SICK UNITS

In the succeeding paragraphs, schemes of various institutions have been discussed:

2.15.1 Soft Loan Schemes of Modernization of SIDBI

This scheme was introduced in 1977 for providing assistance to all the industries to undertake modernization/renovation/replacement of equipment. Assistance under this scheme is available to industrial units for financing modernization aimed at,

- Up gradation of technology and product
- Export Orientation
- Import Substitution
- Improvement in material handling, capacity utilization.
- Anti-pollution measures
- Conservation of raw materials and other inputs.

Industrial concerns in operation for at least 10 years are eligible. Plant and equipment to be replaced must have been operation for 10 years. This condition is relaxed for industries where rate of obsolescence is quicker. Export oriented industries are accorded higher priorities. The interest is at concession rate.

2.15.2 Textile Modernization Scheme of IDBI

Textile Modernization Fund provides financial assistance at concession rate and also attends to some special problems of weak but viable units. This scheme is in operation with effect from1st August 1986. Under this scheme, two types of loans are provided at a concession rate of interest.

- Modernization Loans
- Promoter's contribution is minimum 20% of the cost of scheme.
- Special Loans are granted to weak but viable units towards part of promoter's contribution. Amount of loan is decided on case to case basis depending upon expected cash accruals.

2.15.3 Sugar Development Fund of IDBI

The Central Government enacted SDF act in 1982 for rehabilitation and modernization of the sugar industry. Sugar undertakings producing sugar by means of vacuum process and with the mechanical power are eligible for loan for SDF to meet the short fall in their promoter's contribution. The interest is charged at a concession rate.

2.15.4 Jute Modernization Fund of IFCI

IFCI operates this scheme and sanctions either modernization loan or special loan to jute mills on concession basis. Repayment period is between 2 and 7 years.

2.15.5 Technical Development Fund of IDBI

The Government has launched TDF for providing foreign exchange to promote full utilization of capacity, enhance the export potential, aid modernization and help technological up gradation. TDF scheme of IDBI is designed to provide assistance in Indian currency by way of direct loans to existing industrial units which obtain import license. Rate of interest under this scheme is lower than normal rate of interest.

2.15.6 Bills Rediscounting Scheme

This scheme was introduced in April 1965. Under this scheme, entrepreneurs can avail of the deferred payment facility from supplier of equipment, plant and machinery etc. These are available with financial institutions.

2.15.7 Suppliers' Line of Credit of ICICI Bank

This scheme is operated by ICICI Bank and is similar to the Bills Rediscounting Scheme. In this scheme, the payments are directly released by ICICI to the supplier against duly accepted/guaranteed bills by the purchaser banks. The scheme is meant for indigenous manufacturers of sale of equipment. Period of credit facility is 5 to 7 years. Rate of interest is 15% for 5 year facility and 15.5% for 7 year facility.

Equipment Finance Scheme of IDBI

This scheme provides rupee and foreign currency loans to industrial concerns for purchases of capital goods. Rate of interest depends upon the interest rate applicable to foreign currency fund utilized by IDBI Ltd. for granting assistance under the scheme.

2.16 CONCEPT OF TURNAROUND

Turnaround also called as revival is the financial recovery of a company that has been performing poorly for an extended time. In order to affect a turnaround, a company must acknowledge and identify its problems, consider changes in management and develop and implement a problem-solving strategy. In some cases, the best strategy may be to cut losses by liquidating the company rather than trying to turn it around. The figure-2.3 gives elements in a turnaround strategy which should be included in a turnaround strategy implemented by the organization.

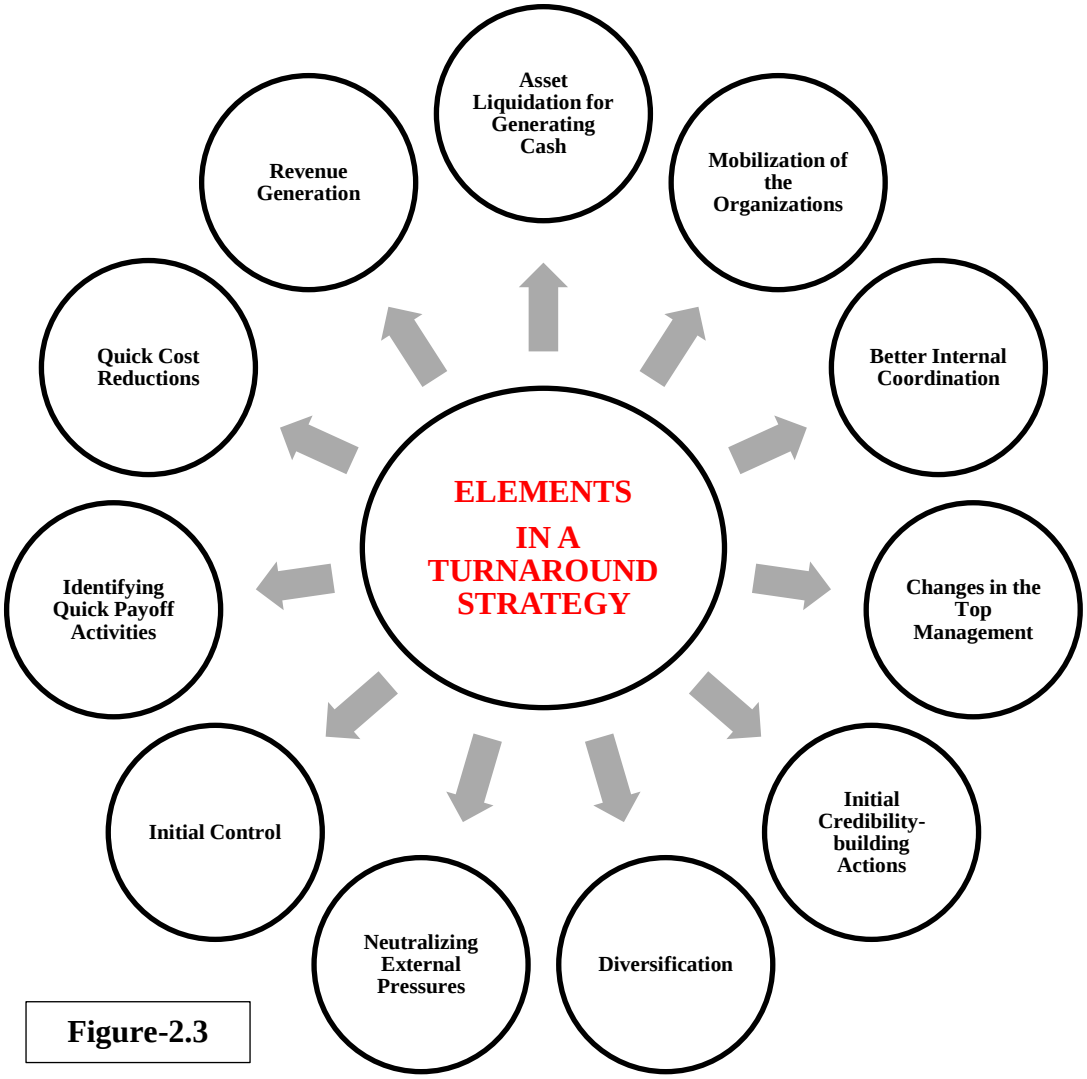

Figure-2.3

There are three ways in which turnarounds can be handled:

- The existing chief executive and management team handles the entire turnaround strategy with the expert opinion of a consultant. This method could be used if the chief executive has a reasonable amount of credibility left with the banks and financial institutions. This type of turnaround is rarely attempted.
- In another situation, the existing team withdraws temporarily and expert is employed to do the job. This person is usually deputed by the banks and financial institutions and after the job is over, reverts to the original position.
- The last difficult method involves the replacement of the existing team, merging the sick organization with a healthy one.

For turnaround strategies to be successful, it is imperative to focus on the short-term financing needs as well as on strategic issues. For the turnaround to be successful,

following action plan should be taken into consideration:

1. Analysis of product, market, production processes, competition, and market segment positioning.
2. Clear thinking about the market place and production logic
3. Implementation of plans by target setting, feedback, and remedial action plan.

Researcher has referred vast literature available on internet, libraries, books, journals, conference proceedings & theses and highlighted important findings in the above topic. It can be inferred that none of the topics referred so far, has covered the issue of a role of entrepreneur in sick small scale manufacturing units. Thus it is concluded that researcher has selected this novel topic for his research.

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CHAPTER-3

RESEARCH METHODOLOGY

3.1 Introduction

3.2 Sampling design

3.3 Geographical coverage

3.4 Period of study

3.5 Collection of data

3.6 Primary data

3.7 Secondary data

3.8 Processing of data

3.9 Statistical methods used to test hypotheses

3.1 INTRODUCTION

India is considered as an under developed country. India's vast resources are either unutilized or underutilized. Most of the human resource is unutilized. The capital is scarce and per capita income is low. Many companies at India are still continuing with the obsolete technology and traditional system of production. Because of the scarcity of resources and insufficient output, the basic requirements of people are not fulfilled. The only remedy to this is the development of industries which will lead to the development of nation. These resources should be effectively utilized. Strength to the medium and large industries comes from the small scale industries. India can capitalize on its strength if these small units are nurtured properly. The small scale industries can be started with the low capital. These units can be operated at the remote rural areas of the country.

Small scale industries form the life blood of medium and large scale enterprise. Many of the small scale industries still run their business in the traditional form. Therefore, wide importance is given by the planners and economists to overview these units.

The concept of small scale industry has changed from time to time. Before Independence, the definition of small scale industry was meant to denote the village and the urban cottage industry. This group included a variety of industries ranging from manufacturing of locks, Iron safes, marble jigs, carpets, baskets, hand-loom cloth and the like. At that time, the term "cottage and small scale industries" was used in combination to large scale industries, which were established under the British patronage. Small scale industries were indigenous with a historical background of ages. These industries had received encouragement and support during the freedom movement. The nationalists considered it to be their patriotic duty to develop them. The cottage and small scale industries found a prominent place in the economic program envisaged by the Indian National Congress.

The researcher has attempted to study the reasons and magnitude of the sickness, probable number of sick units and strategies to its turnaround of small scale manufacturing units in Ahmednagar MIDC.

Research is searching for the facts. It is an original contribution and advancement of existing stock of knowledge. With the help of study, analysis, observation, comparison and experiment facts can be identified. In short, the search for knowledge through objective and systematic method of finding solution to a problem is research.

Research methodology is a way to systematically solve the research problem. It is a science of understanding how research is done scientifically. Various steps are adopted by researcher in studying research problem using the logic.

The research aims to study and analyze the various factors responsible for the sickness. The management of small scale manufacturing units faces many problems in managing the unit in regard to its production, marketing, finance, HR, employees, profit, repayment, etc.

Researcher feels that small scale manufacturing units can improve profitability by implementing right strategies. Researcher's interest is to estimate the number of probable sick SSMU's and suggest possible remedial measures that may help them to revive. The role of entrepreneur in turnaround of sick small scale industries is also important aspect of this study for the researcher.

3.2 SAMPING DESIGN

The survey was conducted on the basis of random sampling method. For developing sample design, the researcher conducted survey from 139 units out of approximately 739 manufacturing units operating in Ahmednagar MIDC, using random sampling technique. The data was also collected from 6 banks out of total 16 banks at Ahmednagar.

3.3 GEOGRAPHICAL COVERAGE

The present study covers randomly selected small scale manufacturing units of Ahmednagar MIDC.

3.4 PERIOD OF STUDY

The period of study pertains to five years from 2007 to 2012.

3.5 COLLECTION OF DATA

There were two questionnaires prepared for the collection of data. One questionnaire was prepared for the banks of Ahmednagar city and other for the entrepreneurs of small scale manufacturing units. For the study, only small scale manufacturing units were focused. The sample consists of 139 small-scale manufacturing units from MIDC area of Ahmednagar city which were selected by random sampling from the list of manufacturing units operating in Ahmednagar MIDC. 139 respondents responded positively and filled the questionnaire related to information on Small

Scale Manufacturing Units. Through the analysis of these questionnaires, researcher could reach to the reasons of sickness, magnitude of sickness, exact number of sick units from the sample. This helped to understand the role of entrepreneurs towards turnaround of these units and to suggest various turnaround strategies. During data collection researcher had come across 11 small scale manufacturing units of which some of them were not in existence practically, as also few of them were closed either by themselves or by their banks, few units were non-operational due to various reasons like nonpayment of electricity bills, labour strike etc. The data was also collected from the banks. The sample consists of 6 banks of Ahmednagar city out of total 16 banks inclusive of co-operative and nationalised banks. These banks were selected by random sampling method.

3.6 PRIMARY DATA

In order to understand the facts and figures, researcher prepared a pilot questionnaire. The questionnaire was given to 20 entrepreneurs of small scale manufacturing units and was asked to choose the most appropriate choice for the questions asked in the questionnaire. Based on the pilot survey and the comments from the respondents about the questionnaire, a normal distribution curve was observed. After detailed analysis and repeated discussions with the experts and guide, the defects in the questionnaire were removed and gaps were covered to include all the aspects of sick units stated in objective and the data expected in the research. After a prominent refinement of the questionnaire, it was distributed to the respondents of the chosen sample.

In addition to the information through questionnaire, interviews of all the respondents were also conducted through interview guide. Interview is the most effective and direct way of collecting the data. It is the form of oral-verbal stimuli and response. The employees working in these units were also interviewed to get the opinions related to the satisfaction, motivation, cooperation from the top management, organizational climate, marketing policies, human resource practices, financial activities, relationship of the entrepreneur with the workers etc. Researcher collected the minute details of all the aspects of the research topic at the time of the interview. Personal interview helps in expressing the views and opinions of these employees truly and frankly. Personal interviews of the cooperative and nationalized bank

managers were also conducted for gathering more correct and confidential information of small scale manufacturing units.

In the present study, researcher used various types of observation like – *participative and non-participative observations*. The information was also collected regarding the facilities received by small-scale manufacturing units in lieu of manufacturing and marketing the product. Other knowledgeable professional groups and experts, trade associations, specialized agencies such as consultants etc. were also contacted for internal sources such as records, reports, register etc. With the help of all these types of observations, the researcher collected the information for its validation and objectivity.

3.7 SECONDARY DATA

Information related to the sick and small scale units was collected from various books available in different libraries. Relevant official literature survey was carried out in various libraries, newspapers, magazine, published survey reports, trade journals which were published weekly, fortnightly or monthly and the same were considered during recommendations. Various sites were surfed for the government rules and the schemes to support small scale manufacturing units and sick units.

3.8 PROCESSING OF DATA

The main objective of the present research was to study the role of entrepreneurs towards turnaround of sick small scale manufacturing units in Ahmednagar city. Thus, collected data was processed with the help of computer and is presented in the tables, charts, graphs, bar charts, pie charts. For the analysis of data, standard statistical tools were used. Finally inferences, conclusions and suggestions were drawn which are placed in the appropriate places in the respective chapters. Findings are presented in the fourth chapter. Bibliography has been given at the end.

3.9 STATISTICAL METHODS USED TO TEST HYPOTHESES

To understand the magnitude of sickness and role of entrepreneur in turnaround of sick small scale units t-test, chi square and F-test were used. Measure of central tendency, correlation analysis and dispersion was used to compare data and conclusions were drawn.

***

CHAPTER-4

ANALYSIS AND INTERPRETATION OF DATA

4.1 INTRODUCTION

Data collection is an important part of the present research which has helped the researcher in reaching to the useful conclusions. Primary data was collected by questionnaire especially designed for Bank managers and Entrepreneurs. Analysis of the collected data is done after proper coding of the collected data uploaded using SPSS software. The resulting analysis is presented in the form of tables, bar charts and pie charts for easy interpretation.

4.2 TABULATION AND GRAPHIC REPRESENTATION

Data representation in the form of tables and graphs has made the task of researcher easy. Researcher has represented the data in the same sequence in which the questions were asked. Data from bank questionnaire is represented first followed by entrepreneur questionnaire. Detailed analysis has presented a clear picture of the present situation of Ahmednagar MIDC.

4.2.1 BANK QUESTIONNAIRE

To understand reasons of sickness in the manufacturing units of Ahmednagar MIDC, a questionnaire was prepared to collect the data from the nationalized and cooperatives bank of Ahmednagar. These banks are funding to the small scale manufacturing units operating in MIDC area of Ahmednagar. After collection of the data from six banks through well designed structured questionnaire, it is processed and analyzed in accordance with the outline laid for the purpose at the time of developing the research plan. This is essential for the research and to ensure it, the researcher has all relevant data for making comparisons and analysis.

The term analysis refers to certain measures in which the researcher is interested to get the pattern of relationship that exists in the data collected. In the process of analysis, relationships or differences supporting or conflicting with hypothesis is subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusions. Various processing operations were used to represent the raw data in a proper manner. Those are editing, coding, classification and tabulation. The important statistical measures that are used to summarize the research data are the measures of central tendency, measures of dispersion, chi square test, t-test and z-test. Data is interpreted using statistical package for social sciences.

SECTION-I

4.2.1.1 GENERAL INFORMATION

- ***Advances and loans offered by the banks***

To understand the demand for different types of loans offered to the manufacturing units, the above question was asked.

Loans offered by the banks

Types of loans	Frequency (Bank)	Percent of Cases
Term loan	6	100.0%
WC loan	6	100.0%
Project loan	5	83.3%
Subsidy loan	4	66.7%
Seed capital	4	66.7%

Table- 4.1

It can be observed that all the banks offer term loan and working capital loan but approximately 67 percent banks offers project, subsidy and seed capital.

- ***Number of units financed by the bank/branch***

To know the number of unit financed by each bank, dependency of units on banks for funds and the proportion of small scale manufacturing units out of total units financed.

Manufacturing units financed by bank

No. of unit Financed	Frequency (Bank)	Percent	Cumulative Percent
<50	1	16.7	16.7
50-150	3	50.0	66.7
150-250	1	16.7	83.3
>250	1	16.7	100.0
Total	**6**	**100.0**	

Table- 4.2

Six banks were interviewed for the sake of data collection regarding sick units. These six banks have offered loans to almost 739 manufacturing units which include all types of units (Large, medium and small).

The detailed analysis about small scale manufacturing units is carried out to understand the disbursement of loans to weak units, sick units, closed units and NPA

units to understand the modus operandi by banks to recover outstanding amount from the units which is as follows:

Weak Units			
No. of unit Financed	**Frequency (Bank)**	**Percent**	**Cumulative Percent**
0-10	2	33.3	33.3
10-20	1	16.7	50.0
20-30	1	16.7	66.7
30-40	2	33.3	100.0
Total	**6**	**100.0**	

Table- 4.3

Sick Units			
No. of unit Financed	**Frequency (Bank)**	**Percent**	**Cumulative Percent**
0-10	4	66.7	66.7
10-20	2	33.3	100.0
Total	**6**	**100.0**	

Table- 4.4

Closed units			
No. of unit Financed	**Frequency (Bank)**	**Percent**	**Cumulative Percent**
0-10	5	83.3	83.3
10-20	1	16.7	100.0
Total	**6**	**100.0**	

Table- 4.5

NPA Units			
No. of unit Financed	**Frequency (Bank)**	**Percent**	**Cumulative Percent**
0-10	3	50.0	50.0
10-20	2	33.3	83.3
30-40	1	16.7	100.0
Total	**6**	**100.0**	

Table- 4.6

It is observed that these banks have extended loans to 102 weak units, 37 sick units, 59 closed units and 21 NPA units. Out of total units to whom loans are provided

47 percent are week units, 17 percent are sick units, 27 percent units are closed and 10 percent are NPA units.

- ***Probable causes for the Industrial Sickness/Weakness/Failure***

This question brings into light the probable causes of Industrial Sickness because of which the problems are faced by the entrepreneurs of small scale industry in the study area. It is rightly said that the prevention is better than cure. If an entrepreneur understands the crux of the problem which leads the unit towards sickness, sickness in industries could be avoided. This helps the entrepreneur to take the right steps/actions/remedies at the right time and a unit would always be healthy.

Probable Causes of Industrial Sickness

Causes of Sickness	Frequency (Bank)	Percent of Cases
Poor top management	6	100.0%
Poor project management	3	50.0%
Economic slow down	3	50.0%
Lack of orders	4	66.7%
Machinery breakdown	1	16.7%
Others	2	33.4%

Table- 4.7

The major probable cause of industrial sickness at Ahmednagar MIDC is *poor top management* and all the banks have supported this cause. Only 50 percent banks say the causes of industrial sickness are *poor project management* and *economic slowdown*, 68 percent of the banks responded that *lack of orders* is causing sickness in industries where as only one bank say *machinery breakdown* causes sickness. Two banks suggested other cause of sickness to be *misuse of fund* and *credit sales* by the units.

From the above data, we can observe that the **internal factors** as well as **external factors** are responsible for the industrial sickness at Ahmednagar MIDC. These internal factors are poor top management, Poor project management, Machinery breakdown, misuse of funds and sales on credit and the external factors include economic slowdown and lack of orders. External factors are beyond the control of these units but through proper care and right guidance, internal factors could be

controlled in the small scale manufacturing units. This can be done by giving proper training and guidance to the entrepreneur regarding the unit management, appropriate use of the fund etc. Right measures like attending training sessions, professional courses and seek guidance by MCCIA and DIC should be made mandatory to entrepreneur of these units.

- ***Turnaround of sick unit in last 5 years***

Researcher is keen to know whether the bank has noticed any turn around in the last five years so as to make these revived units as an ideal case which would inspire other units to run the business. It would also help to understand the efforts placed by turn around units to improve its performance and the measures taken by these units from sick to profit making. It has been observed that 50% banks have noticed turnaround of few units.

- ***Monitoring of term loans by the banks***

Monitoring of the loan is an essential function of the bank and it is a continuous process. If it is done continuously and religiously, it will facilitate for the banks to get the repayment of loan. Monitoring of units by the bank helps to trace the defaulters and diversion of sanctioned funds in the area other than mentioned in the application.
It has been observed that all the banks under study monitor term loan to avoid misuse of funds and also to check whether the funds are properly utilized for the development of a unit.

- ***Methods to monitor the end uses of credit by banks***

Researcher is keen to know the effective method of monitoring of these units so as to formulate the guidelines which will help other banks.

Method of monitoring term loan

Method of checking	Frequency (Bank)	Percent of cases
Maintain a regular/surprise visit	6	100.0%
Have a periodic check of the loan repayment	3	50.0%

Table- 4.8

It is observed that all the banks have suggested **regular/surprise visits** and **check the books of accounts of the funded units**. An authorized person from the bank visits

these units once a week or fortnight. 50 percent of the banks have suggested making a periodic check of the loan repayment. The periodicity may vary from bank to bank.

- ***Concessions and relief declared by RBI or Central government/ State government given to the borrower unit***

Concession or subsidy is given to a special type of unit mentioned in the RBI's circular. Many a times Central/State government also declares special schemes for sick units. During data analysis, it is observed that the nationalized banks (SBI, BOM) implements schemes/relief rather than cooperative banks, where the RBI has a control over nationalized banks is more.

SECTION-II

4.2.1.2 REHABILITATION PACKAGE

- ***Rehabilitation package implemented by the bank***

There are different ways in which the rehabilitation package can be applied to the units acquiring the loans like *waiving of penal interest rate, funding of unpaid interest on cash credit and term loan, rephasement of overdue installments of term loan, low interest rates, assessing working capital on need basis and relaxing terms and conditions such as low or nil margin longer moratorium.*

Rehabilitation package applied by the banks

Types of package	Frequency (Bank)	Percent of Cases
Rephasement of overdue installments of term loan	5	83.3%
Assessing working capital on need basis	1	16.7%

Table- 4.9

It is observed that only two types of packages are implemented by the banks amongst all mentioned above. Five out of six banks implements *rephasement of overdue installments of term loan* because of sickness many units are unable to repay installments. One bank is applying package of *assessing working capital on need basis* because units are unable to manage fund for day to day expenses.

- ***Level of involvement/co-operation from the unit owner***

In order to create more awareness about the utilization of funds in a competitive world, banks or other government organization should provide training to the unit holders. Unit owners' involvement and cooperation is important for the development

of the organization. Here, the cooperation and involvement by the unit owner is only 50 percent which can be one of the reasons of industrial sickness. These units lack in the knowledge about proper allocation of funds, its appropriate utilization. In addition, they also are not aware about different training programs which are conducted by the banks in association with different agencies.

- ***Credit facilities provided by the bank***

With the help of credit facility, the unit gets a relief to repay the loan at its convenience. In turn, banks get the total repayment of loan offered to the unit. Credit facility helps the entrepreneurs to make financially more stable.

Credit facility provided by banks

Facilities	Frequency (Bank)	Percent of Cases
Overdraft facility	4	66.7%
Cash credit	5	83.3%
Working capital loan	6	100.0%
Term loans	6	100.0%
Letter of credit	5	83.3%

Table- 4.10

It is observed that the working capital loan and term loan are more popular credit facility among all the banks as credit facilities are typically used to provide liquidity for a company's day-to-day operations. These are the short term loans which become convenient to repay for the unit owners as compared to the other type loans.

- ***Suggestions by the bank to the unit owner towards the progress of unit after implementation of rehabilitation***

Suggestions by the bank to the unit owner

Suggestions	Frequency (Bank)	Percent of Cases
Knowledge	1	16.7
Proper usage of funds for unit only	3	50.0
Government must expedite license procedure	1	16.7
Units should take bank assistance	1	16.7

Table- 4.11

It is observed that majority of the banks have suggested that the funds should be properly used for the right thing at the right time rather than diversion of funds.

SECTION-III

4.2.1.3 IMPLEMENTATION OF REHABILITATION

- ***Time taken to work out the rehabilitation scheme from the date of application for rehabilitation assistance***

Researcher wants to know the duration of implementation package because the tedious procedure and the official formalities with prolonged time may affect the further performance of sick units.

Time taken by the bank for approval of rehabilitation package

Time Period	Frequency (Bank)	Percent of cases
2-3 months	4	66.7
1-2 months	1	16.7
Table- 4.12		

During the discussion with the bank representatives, researcher noticed that the time required to approve rehabilitation scheme is approximately 2-3 months. It becomes difficult for the sick/weak units to deal with a prolonged time. Banks should make all the necessary efforts to approve the rehabilitation package at the earliest.

- ***Time taken by bank for implementation of rehabilitation package after its approval***

Researcher is interested in knowing the time taken for the implementation of rehabilitation package by the bank. The prolonged time may lead to the frustration among the entrepreneurs. It is a tough time for the entrepreneurs when the unit becomes sick. Hence, there should be a proper support and cooperation by the bank to the unit owner by making the tedious procedure easy and quick.

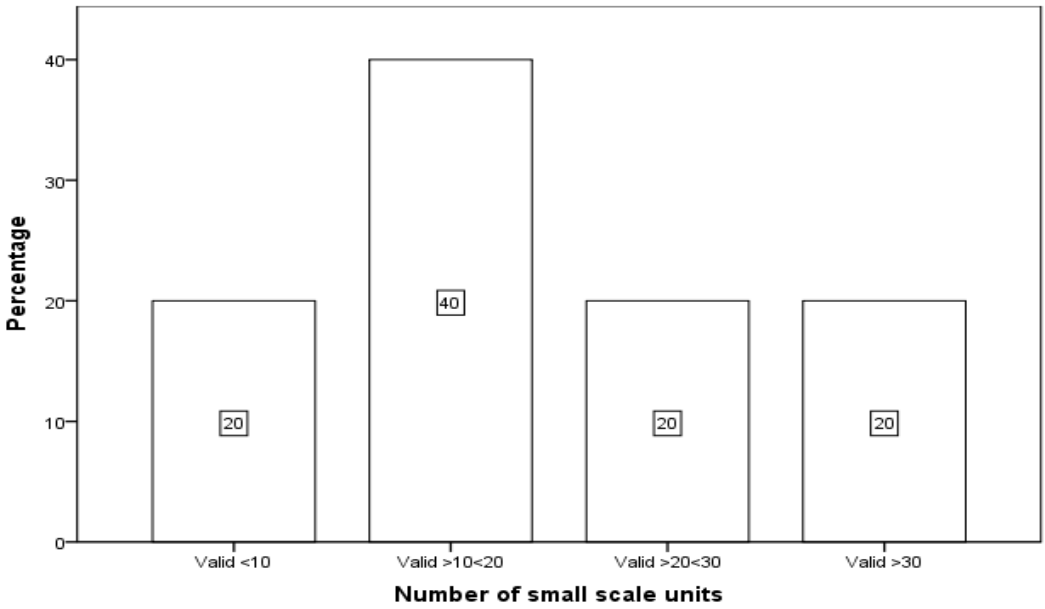
Time taken by bank for implementation of rehabilitation package

Time Period	Frequency (Bank)	Percent of cases
Less than 1 month	1	16.7
2-3 months	3	50.0
More than 3 months	1	16.7
Table- 4.13		

It has been observed that 50 percent of the Banks say the time taken for the implementation of the rehabilitation package is 2-3 months which is quite a more. Banks should make all the possible efforts for implementation of rehabilitation package at the earliest after its approval.

- **Number of cases of rehabilitation approved by your bank in the last 5 years**

Figure-4.1



40 percent banks have approved rehabilitation packages to 10 to 20 units.

- ***Units improved the performance after implementation of rehabilitation scheme keeping in view the main causes of sickness***

Improvement in the performance after implementation of rehabilitation scheme		
Particulars	**Frequency (Bank)**	**Percent**
Yes	5	83.3
No	1	16.7
Total	**6**	**100.0**

Table- 4.14

Approximately 83 percent of the banks have said that the performance of small scale manufacturing units has been improved after the implementation of rehabilitation scheme. As per bank managers response the main reason for the improvement of a

unit is proper guidance, efficient management of the unit and appropriate utilization of funds.

- ***If yes, how many cases?***

The details of each bank is given below from which it can be clearly observed that the number of units improved their performance after the implementation of rehabilitation package

Number of units improved						
Banks	**CBI**	**AMCBL**	**Andhra Bank**	**SBI MIDC**	**SBI Main**	**SSBL**
No. of units improved	6	8	2	3	1	-

Table- 4.15

Number of cases of improvement after rehabilitation package

Number of units	Frequency (Bank)	Percent	Cumulative Percent
Less than & = 2	2	40.0	40.0
Greater than 2 to 4	1	20.0	60.0
Greater than 4 to 6	1	20.0	80.0
Greater than 6	1	20.0	100.0
Total	**5**	**100.0**	

Table- 4.16

The Ahmednagar Merchant Co-operative Bank Ltd. has highest number of improved cases because they visit the units regularly and monitor the functioning of the units by suggesting them the possible solution.

- ***Main factors responsible for such improvement***

When asked to the banks the reason for improvements in the small scale manufacturing units, majority of them favoured personal **guidance** about day to day functioning of the business which is most effective factor followed by **routine check** of the accounts of the units to control deviation of funds for other uses.

Factor responsible for improvement

Factors	Frequency (Bank)	Percent of Cases
Routine check	4	80.0%
Personal Guidance	5	100.0%
Financial assistance	2	40.0%
Organizations' involvement	1	20.0%
Finance knowledge	2	40.0%

Table- 4.17

Cause of sickness Vs Factors responsible for improvement(Cross tabulation)

Cause of sickness	Factors responsible for improvement					Total
	Routine check	Guidance	Financial assistance	Organisations involvement	Finance knowledge	
Poor top management	4	5	2	1	2	**5**
Poor project management	3	3	1	1	1	**3**
Slow down	1	2	1	0	1	**2**
Lack of orders	3	4	2	0	1	**4**
Others	1	1	0	1	1	**1**
Total	**4**	**5**	**2**	**1**	**2**	**5**

Table- 4.18

From cross tabulation we can easily observe that guidance to top management about proper project management, methods to increase orders is more useful followed by routine check of the units.

- ***Whether units are able to repay their dues as per the approved rehabilitation scheme as a result of satisfactory profit generation***

Repayment of loan amount by units

Response	Frequency (Bank)	Percentage
Yes	5	83.3
No	1	16.7
Total	**6**	**100.0**

Table- 4.19

Majority of the banks that is approximately 83 percent have accepted that small scale manufacturing units were able to pay their dues because of the approved rehabilitation scheme.

- ***If yes, how many cases?***

Number of units repaying loan amount

No. of units	Frequency (Bank)	Percent	Cumulative Percent
Less than & = 4	4	80.0	80.0
More than 4	1	20.0	100.0
Total	**5**	**100.0**	

Table- 4.20

Almost 80 percent banks said that number of units are less than or equal to 4 those who were able to repay their dues as per the approved rehabilitation scheme as a result of satisfactory profit generation and 20 percent responded that this figure is more than 4.

- **If no, what are the reasons?**

Reason for non-repayment of loan

Reasons	Frequency (Bank)	Percent of cases
Payments held up	4	66.67
Any other		
a) Misuse of funds	2	33.33
b) Negligence by units	1	16.67

Table- 4.21

There are few units which were unable to repay the loans mostly because of **credit sales** and few units could not repay because of **misuse of funds** and **negligence** on the part of owners in managing the day to day works.

- ***Bank provide any other assistance to the units in overcoming problems arising in the implementation of the project***

Other assistance by bank

Response	Frequency (Bank)	Percent	Cumulative Percent
No	1	16.7	16.7
Yes	5	83.3	100.0
Total	**6**	**100.0**	

Table- 4.22

When asked about other assistance extended to the small scale manufacturing units to overcome the problems related to implementation of the project, 83 percent banks says yes they do.

- ***If yes, please mention***

Assistance by bank

Response	Frequency (Bank)	Percent
Training	5	83.3
None	1	16.7
Total	**6**	**100.0**

Table- 4.23

These banks arrange training for these units with association of MCCIA and DIC.

- ***Units proposed diversification with the additional financial assistance from bank***

Units proposed diversification

Response	Frequency (Bank)	Percent
No	2	33.3
Yes	4	66.7
Total	6	100.0

Table- 4.24

67 percent banks say that small scale manufacturing units have proposed for additional financial assistance to diversify from present business.

- **If yes, how many such proposals have been sanctioned by your bank in last 5 years?**

Number of proposals sanctioned by bank in last 5 years

No. of units	Frequency (Bank)	Percent
<10	1	25.0
>10<20	2	50.0
>20<30	1	25.0
Total	**4**	**100**

Table- 4.25

Total 53 units have been sanctioned with funds for diversification out of which two banks have sanctioned units between 10 to 20 units that is approximately 50 percent.

SECTION-IV

4.2.1.4 CAUSES OF NPA

- **Causes of NPAs in small scale industries**

Non-performing assets are problematic for financial institutions since they depend on interest for income.

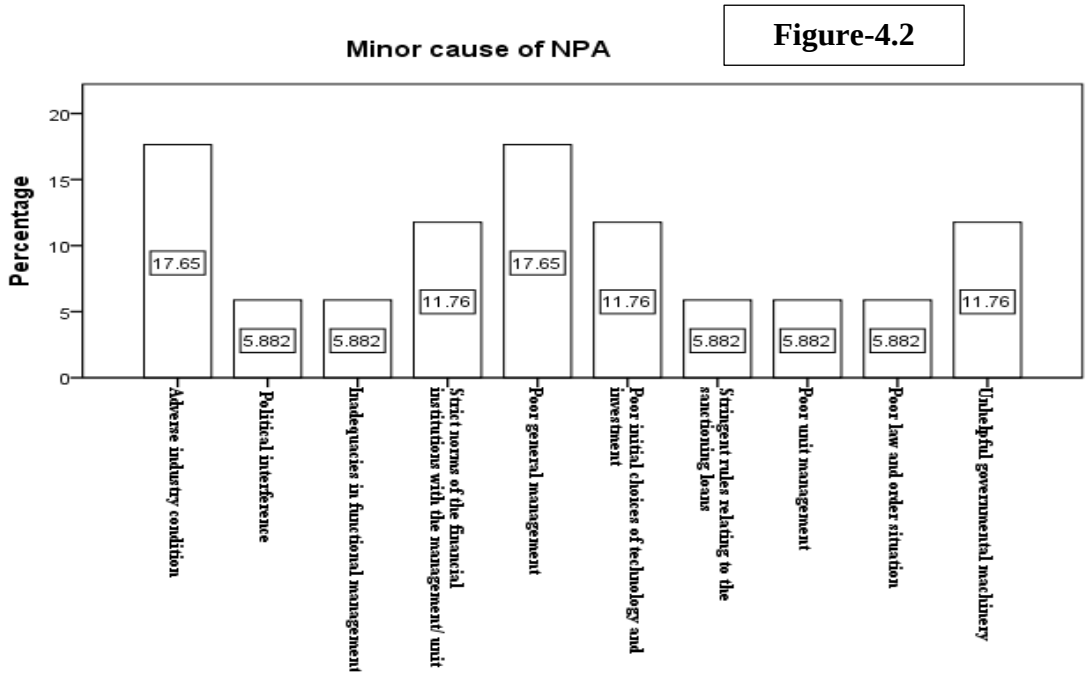
Minor cause of NPA

Causes	Frequency (Bank)	Percent of Cases
Adverse industry condition	3	50.0%
Political interference	1	16.7%
Inadequacies in functional management	1	16.7%
Strict norms of the financial institutions with the mgmt/ unit	2	33.3%
Poor general management	3	50.0%
Poor initial choices of technology and investment	2	33.3%
Stringent rules relating to the sanctioning loans	1	16.7%
Poor plant management	1	16.7%
Poor law and order situation	1	16.7%
Unhelpful governmental machinery	2	33.3%

Table- 4.26

Adverse industry condition and **poor general management** are two most contributory factors for minor causes of units getting NPA.

Figure-4.2



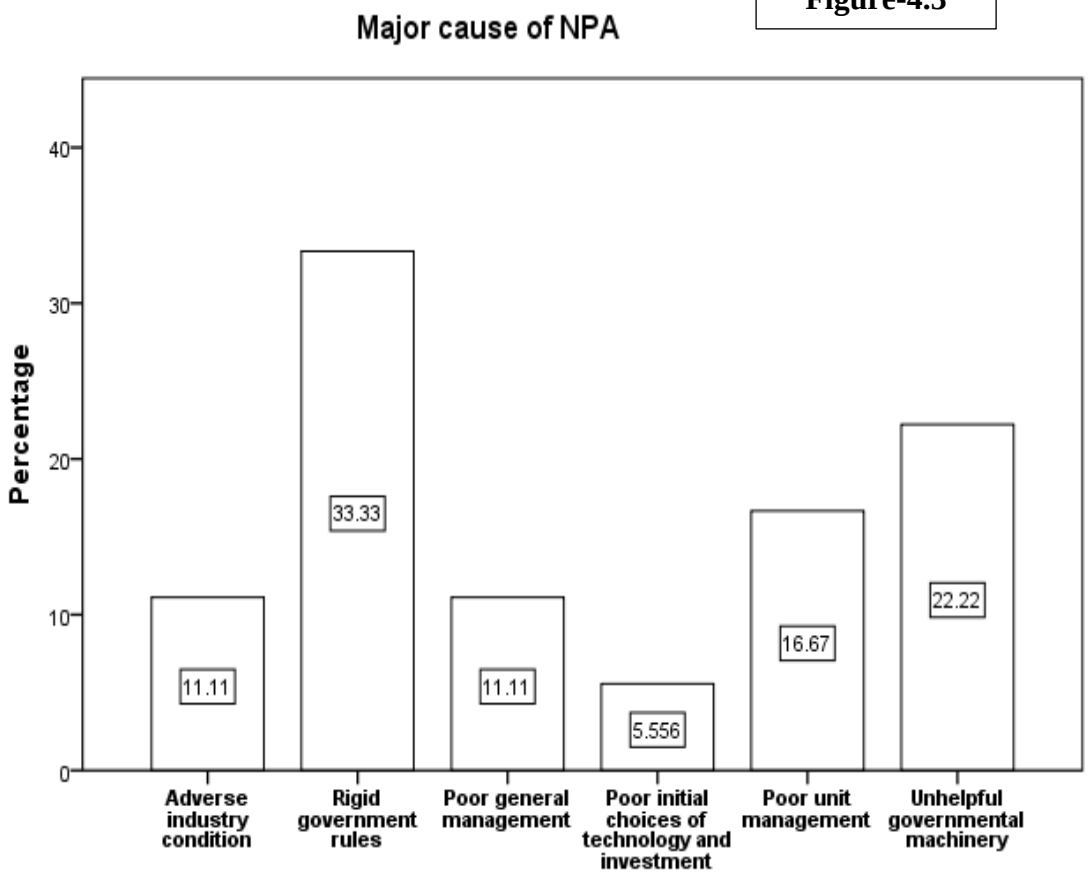
Major cause of NPA

Causes	Frequency (Bank)	Percent of Cases
Adverse industry condition	2	33.3%
Rigid government rules	6	100.0%
Poor general management	2	33.3%
Poor initial choices of technology and investment	1	16.7%
Poor plant management	3	50.0%
Unhelpful governmental machinery	4	66.7%

Table- 4.27

Under major factors **rigid government rules** contribute to the highest that is 33.3% units getting NPA, which is followed by **non-cooperative government machinery**.

Figure-4.3



- **Suggestions for the progress of units after rehabilitation**

Researcher is keen to know what bank would like to suggest the small scale manufacturing units for the progress after rehabilitation

Suggestions for progress of the units after rehabilitation

Suggestion	Frequency	Percent
No credit sales	3	50.0
Funds should be properly used	3	50.0
Total	**6**	**100.0**

Table- 4.28

50 percent of the bank suggests that small scale units should not extend **credit sales facility** to their customers and rest 50 percent suggests that the **fund borrowed from banks should be properly** used and the profits should be reinvested in the business.

4.2.2 ENTREPRENEUR QUESTIONNAIRE

To collect the detailed information regarding small scale manufacturing units, a questionnaire was prepared for entrepreneurs keeping the objectives in mind. Following is the data analysis of the responses collected from 139 entrepreneurs of small scale manufacturing units from Ahmednagar MIDC

4.2.2.1 GENERAL INFORMATION

- ***Ownership of establishment***

Ownership of establishment		
Ownership	**Frequency**	**Percentage**
Proprietorship	122	87.8
Partnership	10	7.2
Private Limited	7	5.0
Total	**139**	**100.0**

Table- 4.29

The data regarding the ownership details shows 88 percent manufacturing units are sole proprietors, 7 percent are partnership firms and 5 percent are private limited. The above analysis shows that a major portion of the sample is proprietary that is 88 percent and 7 percent are partnership which entails that these units have to face all the disadvantages of sole proprietorship.

- ***Nature of manufacturing/product/trading/service***

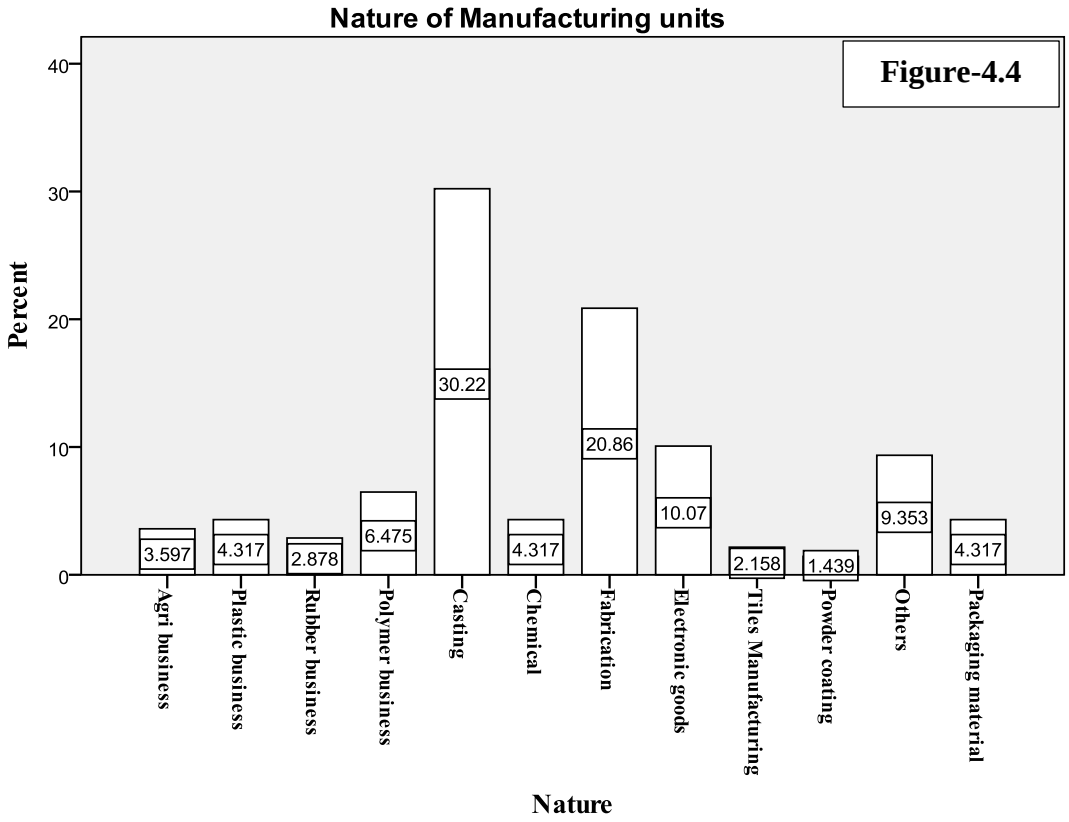
Researcher has divided the selected sample into different product categories to know the nature of product of these units, categories-wise which will help in analyzing the data in a better manner.

Nature of Manufacturing unit

Particulars	Frequency	Percentage
Agro based business	5	3.6
Plastic business	6	4.3
Rubber business	4	2.9
Polymer business	9	6.5
Casting	42	30.2
Chemical	6	4.3
Fabrication	29	20.9
Electronic goods	14	10.1
Tiles Manufacturing	3	2.2
Powder coating	2	1.4

Others	13	9.4
Packaging material	6	4.3
Total	**139**	**100.0**

Table- 4.30



All the units are engaged in manufacturing activities. From the above data, it is clear that the sample consists of multiple business activities. Out of the total sample size of 139 units, 30 percent of the entrepreneurs are involved in casting business, 20 percent are in fabrication. Other industries in which units are engaged include electronic goods, plastic business, packaging material, chemical, agro-based business, rubber business, tiles manufacturing, powder coating etc.

- ***What motivated you to start the business?***

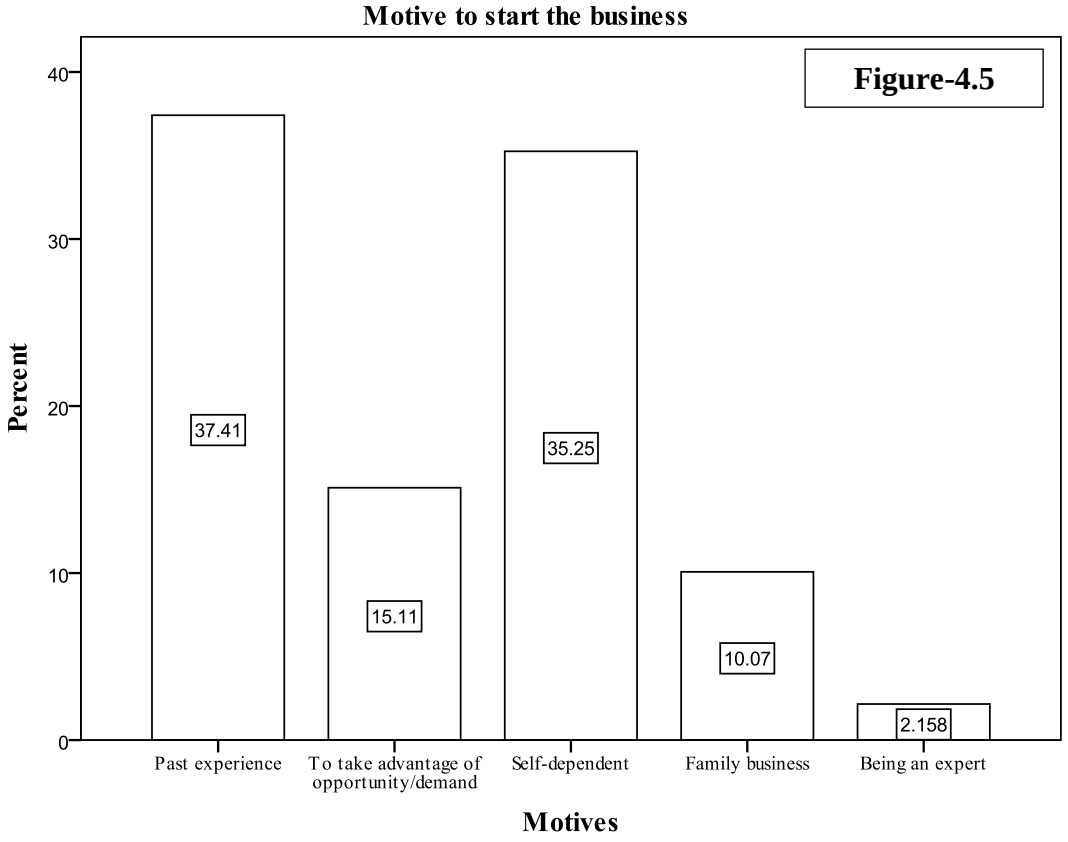
The researcher wants to know, what motivated the entrepreneur to start the business, whether to take advantage of an opportunity, past experience or is it because entrepreneur wanted to be self-dependent. Inspiration to start the business would certainly be one of the reasons to run the business good or bad. After an analysis, researcher can decide whether entrepreneur has started business just for the sake of

earning profits or he is experienced in the field and justifying his position of being the owner.

Motivation to start the business

Particulars	Frequency	Percentage
Past experience	52	37.4
To take advantage of opportunity / demand	21	15.1
Self-dependent	49	35.3
Family business	14	10.1
Being an expert	3	2.2
Total	**139**	**100.0**

Table- 4.31



It can be observed that 37 percent have the past experience, 35 percent have started the business to be self-dependent, 15 percent started venture to take an advantage of the opportunity/demand, 10 percent are having their businesses inherited from their parents that is family business whereas only 2 percent entrepreneurs feel that they have an expertise skills that is why started the venture.

Only 10 percent are into the family business. Rest others have started with an

intention either due to past experience or to take advantage of the opportunity. From the above data, it is clear that most of the industrialists were new to the industrial set up. Such entrepreneurs don't know which business will be more profitable, how to plan for the fixed and working capital, how to allocate these resources in a best possible way and how to manage for the day to day operational problems.

The above analysis shows that, 38 percent units were having past experience of industries. This shows that along with their first generation entry into the market, many of the unit holders lack the industry related experience.

- ***Annual turnover***

Annual turnover help the researcher to know the size of the firm and to understand the business complexity.

Annual turnover of units in lakhs

Classes	Frequency	Percentage
0-10	1	.7
10-20	16	11.5
20-30	41	29.5
30-70	40	28.8
70-100	23	16.5
100+	18	12.9
Total	139	100.0

Table- 4.32

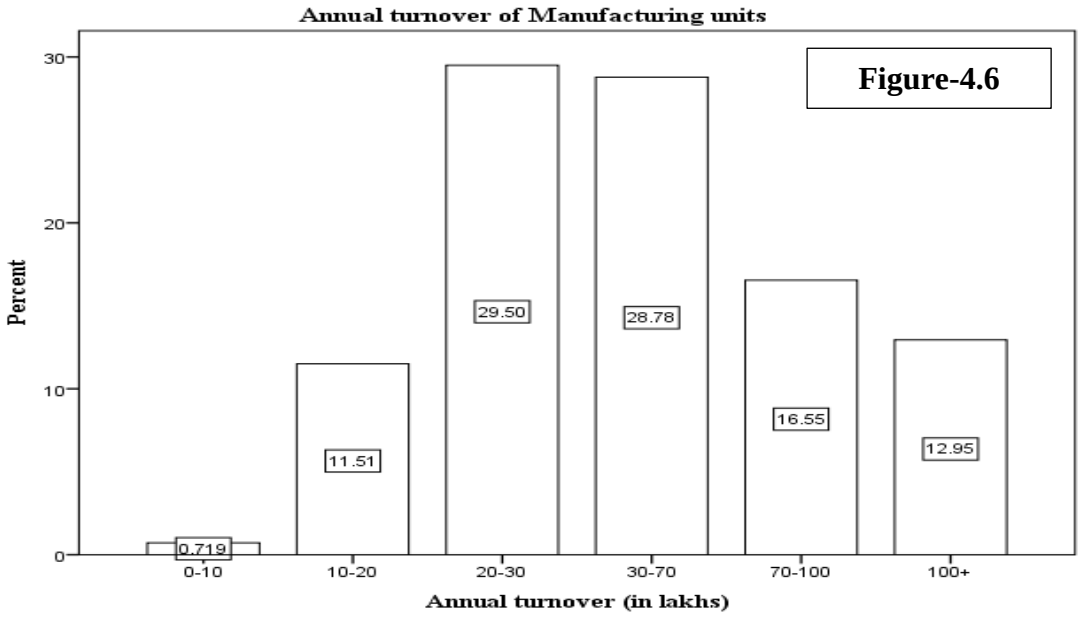


Figure-4.6

Almost 30 percent of the units fall in the turnover between 20 to 30 lakhs, approximately 29 percent have a turnover in between 30 to 70 lakhs. Very few units that are approximately 13 percent have the turnover of 100 lakhs.

- ***Whether functioning as an ancillary unit of large enterprise(s)?***

Ancillary unit of large enterprise(s)

Response	Frequency	Percentage
No	80	57.6
Yes	59	42.4
Total	**139**	**100.0**

Table- 4.33

From the above data, it is observed that approximately 58 percent units are not working for large enterprise(s) and only 42 percent are functioning as an ancillary unit of a large enterprise(s).

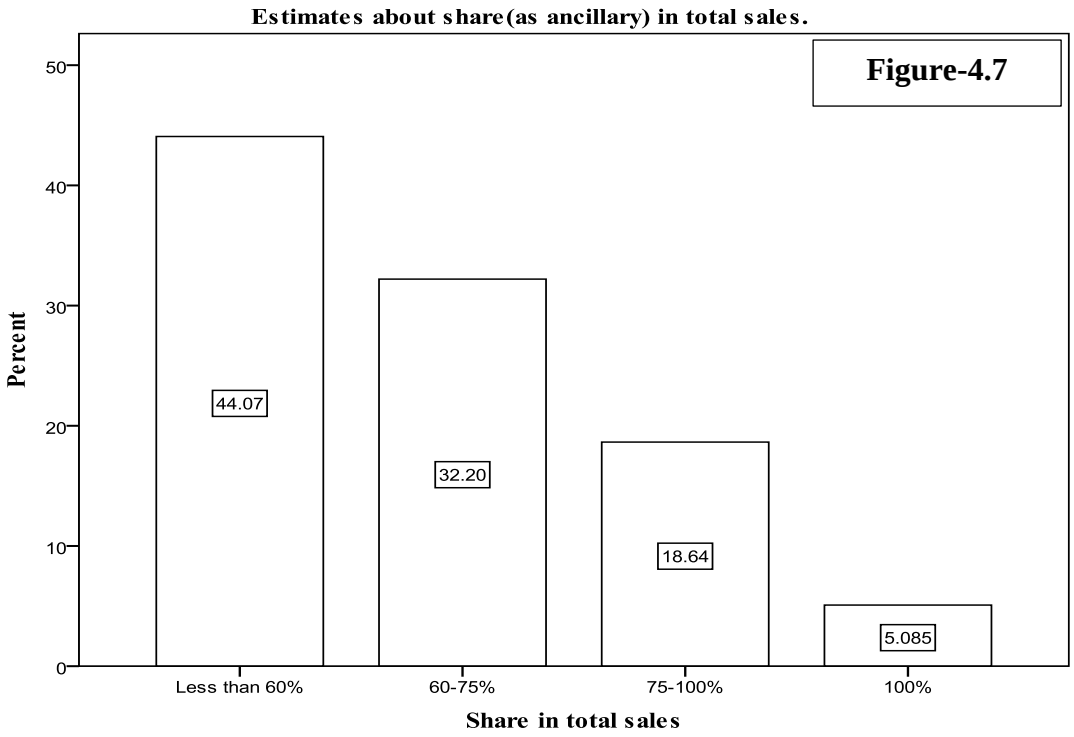
- ***If yes, indicate estimates about its share in total sales***

Estimates about ancillary share in total sales

Share	Frequency	Percentage
100%	3	5.1
75-100%	11	18.6
60-75%	19	32.2
Less than 60%	26	44.7
Total	**59**	**100.0**

Table- 4.34

From the above data, it can be observed that 45 percent of total 42 percent of the units are working as an ancillary with less than 60 percent share, 32 percent of the units have between 60 to 75 percent share and approximately 19 percent have a share of 75 to 100 percent. Only 5 percent of 42 percent units are working for medium and large scale companies.



➢ ***Educational qualification of an Entrepreneur***

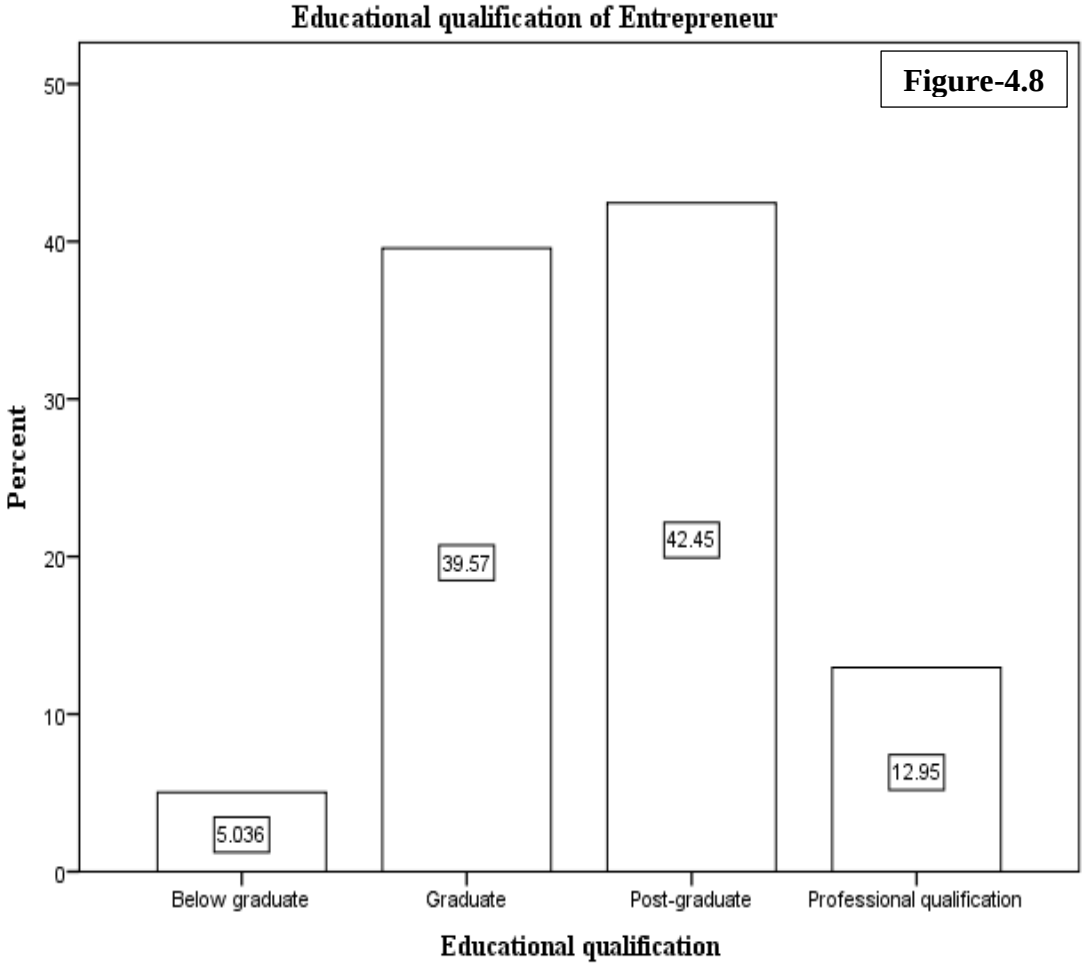
Decision making will be effective if an entrepreneur is highly educated and holding professional qualification which is required to take the strategic decisions of the business. A good education will help the entrepreneur to take such decisions in business.

Educational qualification of Entrepreneur

Qualification	Frequency	Percentage
Below graduate	7	5.0
Graduate	55	39.6
Post-graduate	59	42.4
Professional qualification	18	12.9
Total	**139**	**100.0**

Table- 4.35

From the above table, it is seen that majority of the entrepreneurs have the sound qualification that is 42 percent are post-graduates, 40 percent are graduates. Very few entrepreneurs that is 13 percent have acquired professional qualification. Thus, the overall qualification of entrepreneurs is fairly good.



➢ ***Attended entrepreneurial training programme***

Training imparts specific skills and knowledge required to run the business. Researcher wants to know the number of entrepreneurs undergone the training programme.

Entrepreneurial training programme

Attended	Frequency	Percentage
No	109	78.4
Yes	30	21.6
Total	**139**	**100.0**

Table- 4.36

Though there is a good network in the country to impart training to entrepreneurs, only approximately 21 percent entrepreneurs have undergone Entrepreneur Development Programme (EDP) which is organized by the institutes set up by government.

➢ ***Type of technology used by manufacturing units***

Researcher wants to know the type of technology used by the units which is one of the causes for industrial sickness.

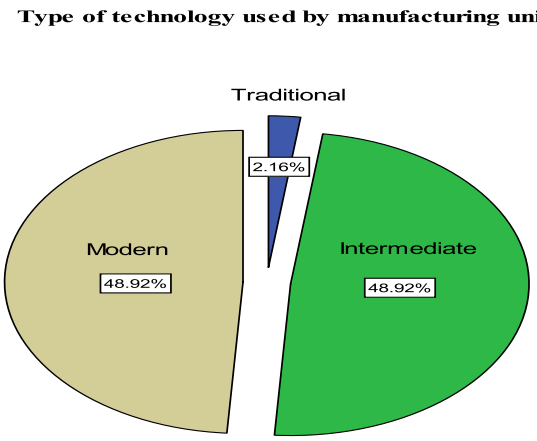


Figure-4.9

It is observed from the above data that the type of technology used by these entrepreneurs is fairly good that is they are using both modern and intermediate technology. 48 percent respondents use modern technology and intermediate technology respectively. Only 2 percent are using traditional technology. That means, entrepreneurs are using satisfactory technology with the required automation. This is a minor cause of sickness from the technology point of view at Ahmednagar MIDC.

➢ ***Entrepreneur's satisfaction with the existing infrastructural facilities and auxiliary services***

Researcher asks this question with an intention to know the infrastructural facility available for the units of Ahmednagar MIDC, as infrastructural lacuna can be one of the reasons for sickness of unit.

Satisfied with infrastructure

Infrastructure	Frequency	Percent of Cases
Electricity/Power	73	53.3%
Roads	136	99.3%
Transportation	119	86.9%
Communication	118	86.1%
Water	111	81.0%

Table- 4.37

From the above table, it is observed that the infrastructural facilities are quite satisfactory. 99 percent of the units are satisfied with the roads as roads are well developed; 86 percent are satisfied with transportation as there is a good mode of transportation and so as water, communication and electricity/power. Entrepreneurs are satisfied with the infrastructure facilities at Ahmednagar MIDC.

- ***Infrastructure owned by manufacturing units***

Researcher is trying to understand the ownership of infrastructure which helps the entrepreneur to continue the smooth functioning of all activities.

Most of the infrastructure is owned by the entrepreneurs like telephone, fax/e-mail, electricity and power, storage and warehousing, furniture etc. except for genset and transportation vehicle. Infrastructural lacuna is the minor cause of sickness at Ahmednagar MIDC. It is seen that only 9 percent of the respondents have their own transportation facility, rest of the units hire transportation services. Transportation delays can affect the performance of the units and may increase the damages in transit leading to losses.

Owned infrastructure

Infrastructure	Frequency	Percent of Cases
Telephone	139	100.0%
Fax/e-mail	137	98.6%
Storage and warehousing	131	94.2%
Transportation vehicle	13	9.4%
Adequate furniture	130	93.5%
Cooling facility	22	15.8%
Electricity and power	136	97.8%
Genset	31	22.3%

Table- 4.38

- ***Difficulties faced by units in running the business smoothly***

Researcher is keen to know the difficulties in functional areas faced by an entrepreneur while running the business smoothly.

Difficult area for manufacturing units

Area of Difficulty	Frequency	Percent of Cases
Production	35	27.1%
R & D	6	4.7%
Marketing	57	44.2%
HR	48	37.2%
Finance	85	65.9%
Other	8	6.2%

Table- 4.39

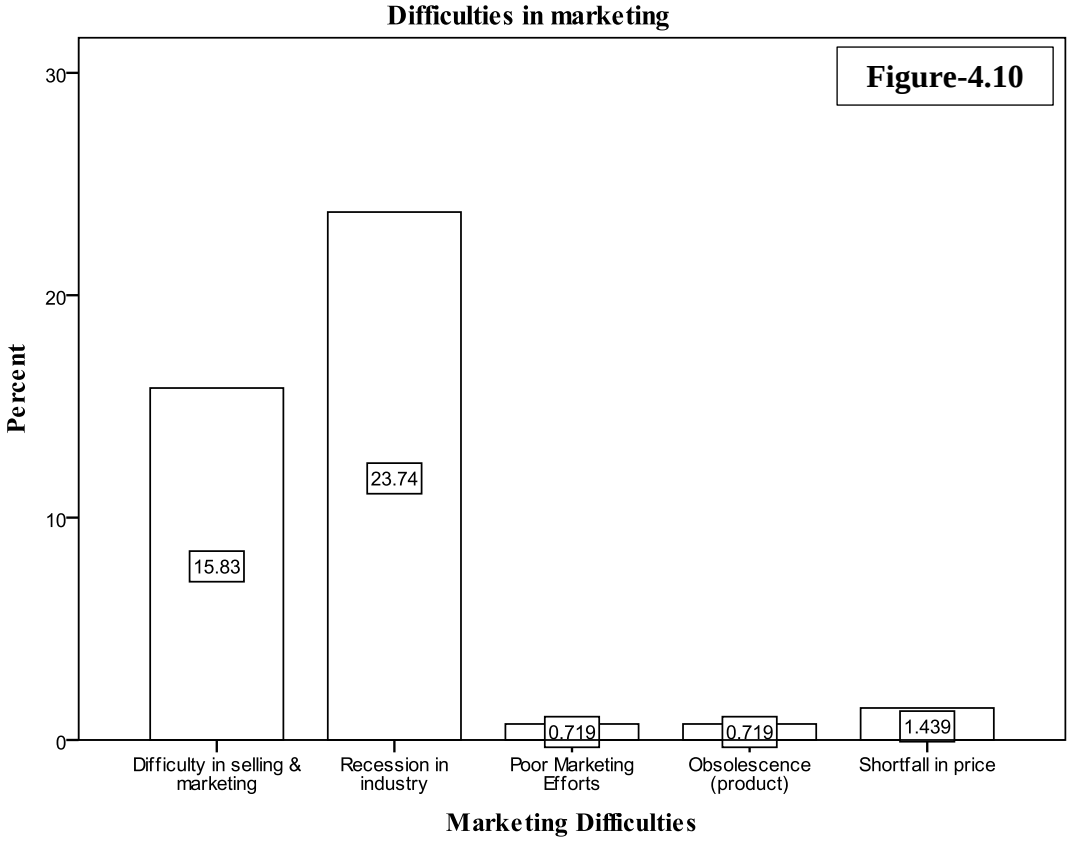
From the above data, it is observed that 66 percent of the units are facing problems related to finance followed by the problems in marketing that is 44 percent, 37 percent have the problems related to Human Resources, and 27 percent have a problem of production. This analysis shows that the entrepreneurs have the problems in the functional areas of business especially in finance and marketing. Proper training and guidance may help these units to overcome the difficulties.

- **If yes, what are your common difficulties?**

Difficulties in marketing

Particulars	Frequency	Percentage
No	**80**	**57.6**
Difficulty in selling & marketing	22	15.8
Recession in industry	33	23.7
Poor Marketing Efforts	1	.7
Obsolescence (product)	1	.7
Shortfall in price	2	1.4
Total	**139**	**100.0**

Table- 4.40

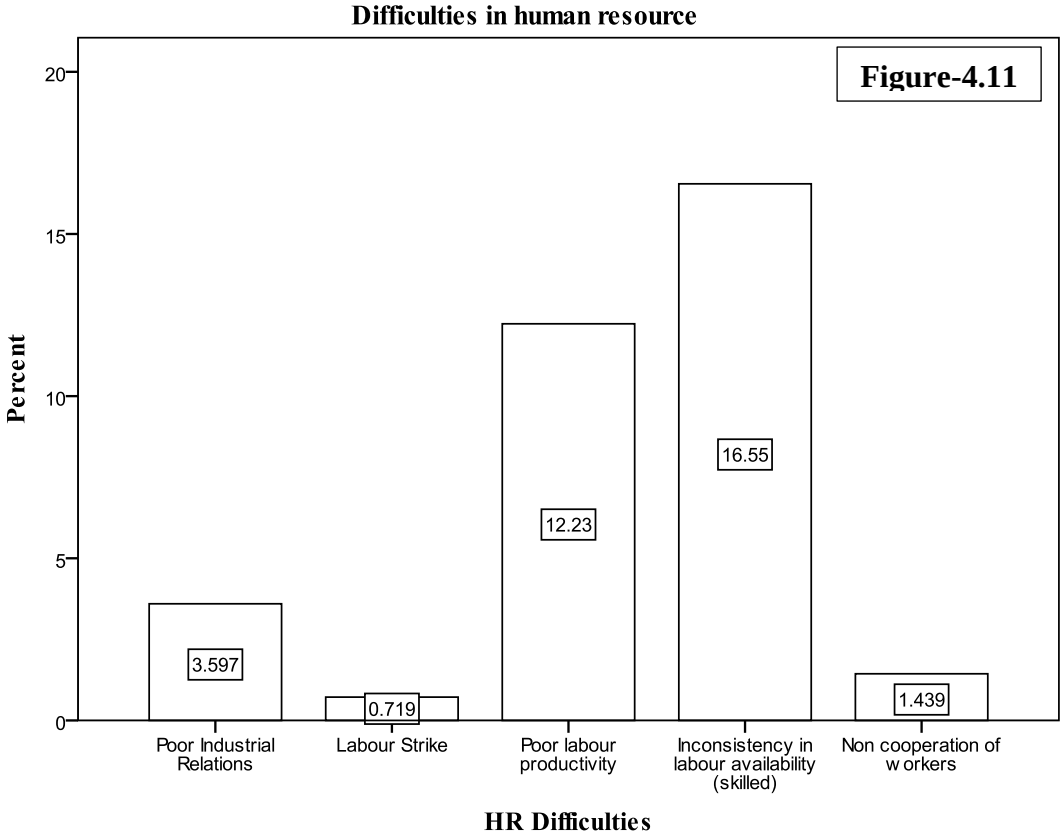


Out of total 44 percent entrepreneurs facing difficulties in marketing, 24 percent say they have the difficulty due to *recession in the industry* and 16 percent have a *difficulty in selling and marketing*. It is interpreted from the observation that due to lower demand for the product because of the recession in industry, most of the units are facing problems in running the business which is resulting in hurdles in selling and marketing of the product.

Difficulties in human resource

Particulars	Frequency	Percentage
No	**91**	**65.5**
Poor Industrial Relations	5	3.6
Labour Strike	1	.7
Poor labour productivity	17	12.2
Inconsistency in labour availability (skilled)	23	16.5
Non-cooperation of workers	2	1.4
Total	**139**	**100.0**

Table- 4.41

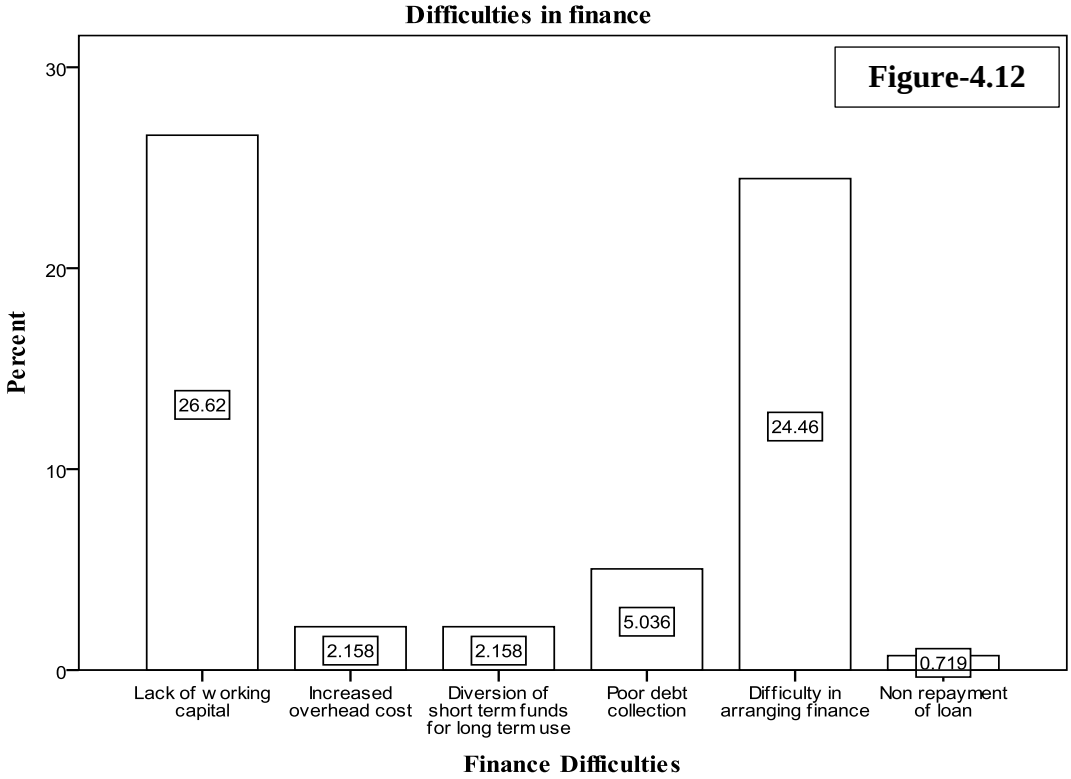


Out of 37 percent entrepreneurs facing problems in Human Resources, it is observed that 17 percent have the problems in *availability of skilled labours/inconsistency in labour* and 12 percent have reported to be *poor labour productivity*. Unskilled labours leads to poor labour productivity and can be taken care by training to the labours and motivation.

Difficulties in finance

Particular	Frequency	Percentage
No	**54**	**38.8**
Lack of working capital	37	26.6
Increased overhead cost	3	2.2
Diversion of short term funds for long term use	3	2.2
Poor debt collection	7	5.0
Difficulty in arranging finance	34	24.5
Non repayment of loan	1	.7
Total	**139**	**100.0**

Table- 4.42

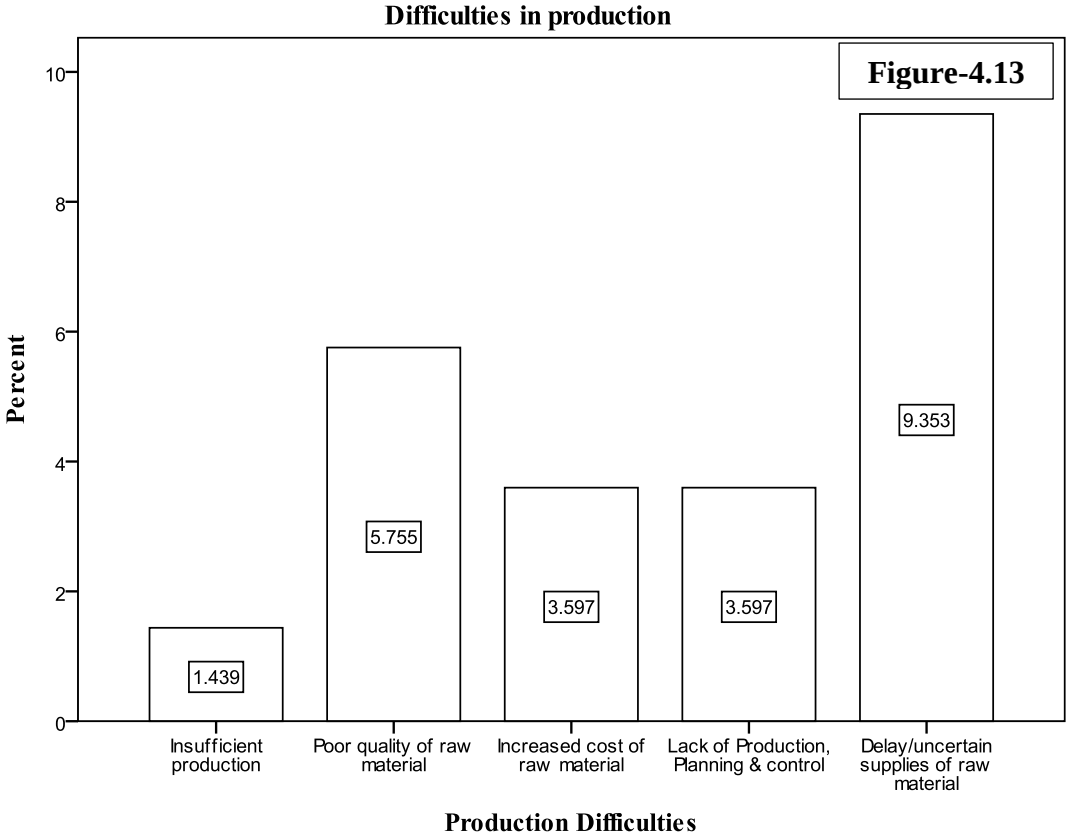


Out of 66 percent entrepreneurs facing problems related to finance, 27 percent of the difficulties is due to *lack of working capital*, 24 percent have the difficulty in *arranging the funds*. Working capital and the fund availability for other purposes of the business are the life blood for the unit owners without which it is difficult to run the business smoothly. Every business should have adequate working capital to run its business operation. It should have neither redundant nor excess working capital nor shortage of working capital. The reason for shortage of working capital is payment of higher interest, delay in payment by creditors and the like.

Difficulties in production

Particular	Frequency	Percentage
No	**106**	**76.3**
Insufficient production	2	1.4
Poor quality of raw material	8	5.8
Increased cost of raw material	5	3.6
Lack of Production, Planning & control	5	3.6
Delay/uncertain supplies of raw material	13	9.4
Total	**139**	**100.0**

Table- 4.43

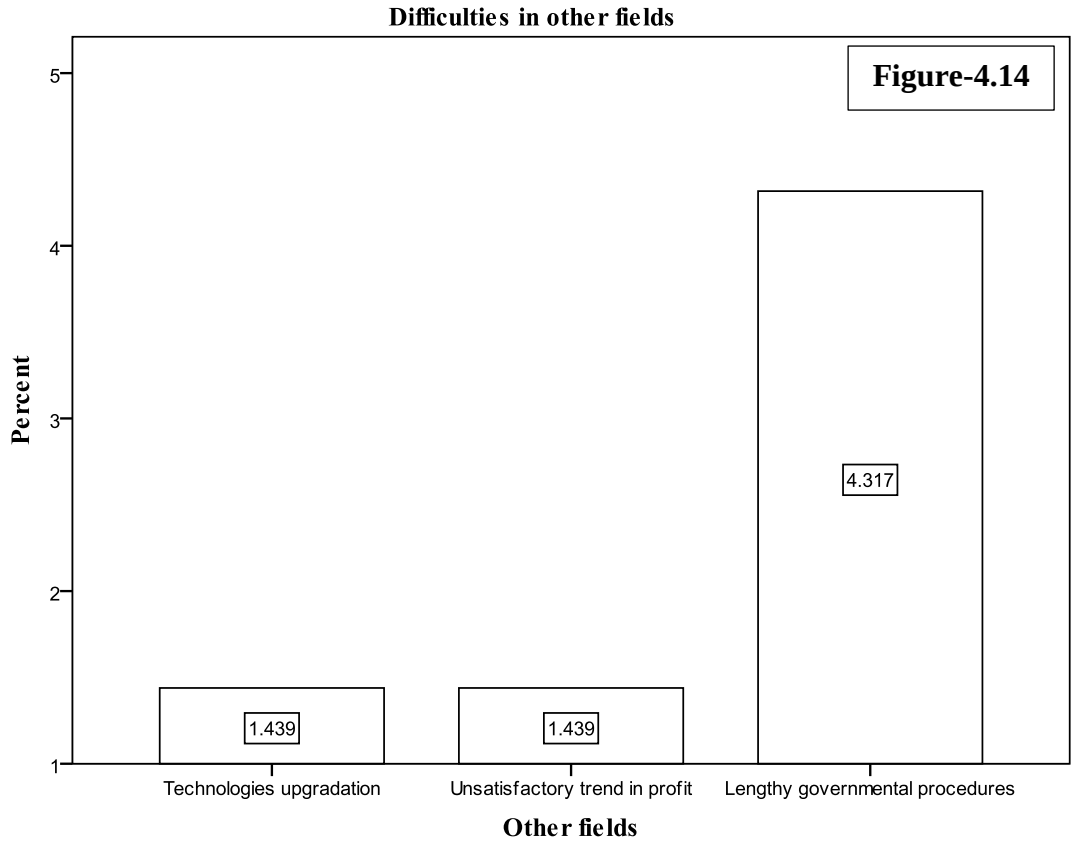


Out of 27 percent entrepreneurs facing problems in production area, approximately 10 percent have the problems due to *delayed/uncertain supplies of raw material* and *6 percent* have the problems related to quality of raw material that is poor quality of raw material. A problem in production also adds to the reasons of sickness.

Difficulties in other field

Particular	Frequency	Percentage
No	129	92.8
Technologies upgradation	2	1.4
Unsatisfactory trend in profit	2	1.4
Lengthy governmental procedures	6	4.3
Total	**139**	**100.0**

Table- 4.44



Among 8 percent entrepreneurs facing other problems, 6 percent of the entrepreneurs have problems like *lengthy government procedures,*2 percent of the entrepreneurs have *technological up-gradation* problem and 2 percent *have unsatisfactory trend in profit*.

- ***Difficulty faced in day to day operations by the manufacturing unit***

Researcher is interested in knowing the difficulty in running the business in day to day operations of the unit.

Difficulty in day to day operations

Response	Frequency	Percentage
No	5	3.6
Yes	134	96.4
Total	**139**	**100.0**

Table- 4.45

It is observed that 96.4 percent of the respondents have difficulty in day to day operations. These difficulties could be the cause of industrial sickness or some of the units are on the verge of getting sick.

- **When did the unit start experiencing the problem?**

Period of difficulty

Period	Frequency	Percent of Cases
During the inception of the unit (0-2 years)	88	65.2%
In the mid stage of the unit (2-4years)	85	63.0%
In the later stages (4years onwards)	49	**36.3%**

Table- 4.46

It is observed from the above table that 65 percent of the entrepreneurs had the teething trouble that is they had the problem during the inception of the unit, followed by mid stage that is 63 percent of the units and 36 percent had the problem even in the later stages of the establishment of the unit. That means problems are at all the stages of the units and they are unable to come out of the problems throughout their life. That means 36 percent got into the verge of sickness or already become sick.

- ***Type of solution did the unit arrive at***

Researcher wants to know the solution units arrived at to overcome the problem/hurdles in the business.

Solutions for problems in functional areas

Solutions	Frequency	Percent of Cases
Improvement in HR	46	34.3%
Extra funds	**94**	**70.1%**
New market	28	20.9%
Training	24	17.9%

Table- 4.47

Majority of the entrepreneurs that is 70 percent have taken *extra funds* from banks or other sources which is not the ultimate solution to overcome the problem. They are pouring in more money to maintain their unit. This is one of the reasons of sickness. Approximately 34 percent have improved in HR practices and 21 percent have tapped

the new market, approximately 18 percent of the entrepreneurs had undergone training programme.

- **Has the unit become sick?**

Researcher wants to know the magnitude of the sickness in Ahmednagar MIDC.

Unit become sick

Response	Frequency	Percentage
No	35	25.2
Yes	**104**	**74.8**
Total	**139**	**100.0**

Table- 4.48

Magnitude of the sickness amongst the small scale manufacturing units is approximately 75 percent in Ahmednagar MIDC. It can be seen from the analysis that majority of the units have become sick.

- **In what regards did it become sick**

Sickness among small scale units is a serious issue and researcher is interested in knowing the problematic functional areas of businesses so that causes for sickness can be understood in detail.

Area of sickness

Area	**Frequency**	**Percent of Cases**
Production	25	24.0%
Marketing	33	31.7%
HR	28	26.9%
Finance	63	60.6%
Others	4	3.8%

Table- 4.49

It is clear from the above table that the majority of the units have become sick in finance that is 67 percent, Marketing approximately 32 percent, HR 27 percent followed by Production which is 24 percent. Finance is the major cause of sickness. If these entrepreneurs are treated with the right remedy or if the proper guidance is given for the proper usage of the funds, the sickness in the units could be minimized.

- ***What according to you were the main causes/reasons towards sickness of the unit?***

Researcher wants to know the exact reason for the sickness of the unit.

Causes of sickness

Causes	Frequency	Percent of Cases
Lack of Finance	67	64.4%
Bad Production Policies	23	22.1%
Marketing	35	33.7%
Inappropriate Personnel Management	21	20.2%
Ineffective Corporate Management	2	1.9%
Other	4	3.8%

Table- 4.50

It can be seen that approximately 65 percent of the entrepreneur say the main cause of sickness is *lack of finance*, approximately 34 percent feel *Marketing* is the reason for sickness, 22 percent say *bad production policies*, 20 percent of the entrepreneurs feel sickness is due to *inappropriate personnel*, approximately 4 percent feel it is due to other reasons in the unit and only 2 percent were reported to be *ineffective corporate management*. From the above analysis, it is clear that lack of finance is the major cause of sickness.

- ***Revival strategies that your unit has adopted in last 5 years***

Revival strategy adopted by these sick units would help to overcome the problems faced by other manufacturing units.

Revival strategies

Strategies	Frequency	Percent of Cases
Diversification	14	16.5%
Professional guidance	28	32.9%
To bring in additional funds from friends/ relatives/venture capitalists	67	78.8%
Introduction of improved technology	15	17.6%
Motivating the employees	26	30.6%
improve the quality of product	6	7.1%
Improved supply of raw material	9	10.6%

Table- 4.51

Approximately 79 percent of the entrepreneurs have taken *additional funds from friends/relatives/venture capitalists* to revive the unit, nearly 33 percent of the unit owners say that they have taken *professional guidance* to run the business smoothly and around 31 percent of entrepreneurs feel that the main reason towards revival of sick unit is *motivating the employees* who contributed to the increased productivity or growth, around 18 percent of the units have introduced *improved technology*, approximately 17 percent of the units have taken the decision of diversification and only 7 percent have *improved quality of raw material.*

Moreover it is also observed that 86 units (83 percent) could revive implementing above mentioned strategies out of total 104 sick units.

SECTION –II

4.2.2.2 FINANCE RELATED

- ***Did you face any problem in raising funds while setting up the unit?***

Finance is defined as the provision of money at the time when it is required. The various sources of raising long term funds include issues of shares, debentures, ploughing back of profits and loans from financial institutions and the like. The short-term requirements of funds can be met from commercial banks, trade credit, installment credit, advances, factoring or receivable credit, deferred incomes and commercial paper and the like. Following table reveals problems in raising funds by the small scale industries in Ahmednagar MIDC.

Problem in raising funds while setting up the unit

Response	Frequency	Percentage
No	4	2.9
Yes	135	97.1
Total	**139**	**100.0**

Table- 4.52

97 percent of the units have faced the problem in raising funds while setting up the unit. To establish a business, a unit has to undergo lot of hurdles in arranging funds, to purchase equipments and machinery, acquiring the land etc. To maintain all this, an entrepreneur needs to have sufficient funds. Fund raising during the establishment of business is a challenging task for an entrepreneur.

- ***Do you have institutional arrangement of raw materials supply?***

Maintaining the raw material supply at the right time with the right quantity and quality is certainly an important factor for the smooth flow of production.

Institutional arrangement of raw materials supply

Response	Frequency	Percentage
No	22	15.8
Yes	117	84.2
Total	**139**	**100.0**

Table- 4.53

84 percent of the respondents have arranged raw material from the various institutions.

- ***What is the source of raw material supply?***

Raw material source is an important part in the entire production process which ensures the smooth functioning of the production activity.

Source of raw material

Sources	Frequency	Percent of Cases
Co-operative	17	14.5%
Middlemen	64	54.7%
Stockist/Distributor/Dealer	41	35.0%
Others	1	.9%

Table- 4.54

Approximately 55 percent of the units have arranged raw material from middlemen, 35 percent of the units from stockist/distributor/dealer and approximately 15 percent from the co-operative.

- ***Financing of establishment***

Researcher is keen to know the financing of the establishment which is the life blood of the unit.

Source of finance

Sources	Frequency	Percent of Cases
Own investment	128	92.1%
Borrowed from friends/relatives etc.	129	92.8%

Table- 4.55

From the above table, it is clear that 92 percent of the entrepreneurs have financed the unit from his own investment and approximately 93 percent of the cases have borrowed it from friends/relatives etc. The above observation indicates that an entrepreneur has to depend on both types of sources of finance to run a unit.

- ***Have you taken the loan?***

Researcher is interested in knowing the financial strength of the entrepreneur.

Borrowed loan

Response	Frequency	Percentage
Yes	139	100.0

Table- 4.56

All the entrepreneurs have taken the loan to run the business activity.

- ***If yes, from whom did you take the loan?***

Sources for loan

Sources	Frequency	Percent of Cases
Banking institution	126	90.6%
Non-Banking Financial Institutions (NBFC)	14	10.1%
Private lenders	6	4.3%
Friend/Relatives/Family	15	10.8%

Table- 4.57

Majority of the respondents that is 91 percent have taken loan from banking institutions, approximately 11 percent of the respondents have taken it from friends and relatives.

- ***If taken from the bank, Indicate the name of the bank/financial institution from which financial assistance has been obtained***

Researcher is keen to know the financial assistance obtained by an entrepreneur for the unit.

Name of bank for financial assistance

Name	Frequency	Percent of Cases
Nationalised Bank/Non-commercial bank (eg. NABARD, SIDBI etc)	56	40.3%
Co-operative bank	105	75.5%
Private sector bank	18	12.9%
State financial corp.	1	.7%
Other	1	.7%

Table- 4.58

Approximately 76 percent of the respondents have taken financial assistance from co-operative bank; nearly 40 percent of the respondents have taken loan from Nationalized/Non-commercial bank. Most of the entrepreneurs have obtained the financial assistance from cooperative bank followed by the nationalized bank, reason being rules and regulations for loan disbursement flexible in cooperative banks.

- ***How do you get your finance from the financial institution?***

Mode of receiving payment from banks gives idea about modus operands of these banks.

Mode of receiving finance

Mode	Frequency	Percent of Cases
Credit C.C./O.D. facility	123	88.5%
Banker's cheque	72	51.8%

Table- 4.59

Approximately 89 percent of the respondents get their finance from financial institutions through OD facility/credit facility and 52 percent get their finance through a banker's cheque.

- ***Did you face any hurdles in running the business?***

Any hurdle arising in the business would result in the industrial sickness. Researcher is keen in knowing the hurdles faced by the entrepreneurs in running the business.

Hurdles in running the business

Response	Frequency	Percentage
No	5	3.6
Yes	134	96.4
Total	139	100.0

Table- 4.60

Nearly 96 percent of the respondents faced hurdles in running the business.

- ***What hurdle did you face?***

44 percent of the entrepreneurs of small scale manufacturing units *lack in marketing of the product*, nearly 37 percent of the units have the hurdles related to *unwanted interruption of external agencies*; approximately 36 percent of the respondents have the *labour problem and interruption of external agency*. The labour problem may be due to *absenteeism, negligence of duty, labour turn over, disobedience, union activities and strikes.*

Hurdles in business

Hurdles	Frequency	Percent of Cases
Perpetual loss	34	25.4%
Lack of marketing of the product	**59**	**44.0%**
Labour problem	**48**	**35.8%**
Unwanted interruption of external agencies	49	36.6%
Any other	15	11.2%

Table- 4.61

As discussed earlier, the marketing problem is due to the recession in industry. Labour problem arises due to non-cooperation of workers, strikes, poor performance etc.

- ***Do you repay entirely from your business operations***

Loan repayment is an important factor which is directly related to industrial sickness. This question will help the researcher to understand the dearth of cash.

Repayment entirely from business operations

Response	Frequency	Percentage
No	79	56.8
Yes	60	43.2
Total	**139**	**100.0**

Table- 4.62

Approximately 57 percent of the respondents do not repay entirely from the business operation. 43 percent maintain the unit from the business. This means there is a dearth of cash which is leading the units to the sickness.

- ***If no, what are the sources of getting the fund for repayment?***

Repaying the loan has been important factors which influence the entrepreneurs for sickness of small scale industries.

Sources for fund for repayment

Particulars	Frequency	Percent of Cases
Family/friends/relatives	29	36.7%
Private lenders	26	32.9%
By taking loan from other banks	38	48.1%

Table- 4.63

48 percent of the respondents manage the fund by taking loan from other bank, nearly 37 percent arrange fund from friends/family/relatives and approximately 33 percent take it from private lenders. The repayment of loan by the entrepreneurs of small scale manufacturing units has been identified as one of the factors, which influence the entrepreneurs for sickness of small scale industries.

- **Whether in last 5 years, have you had any diversification in the business?**

Diversification is an important process of turnaround of sick small scale manufacturing units. Researcher wants to know whether the unit has revived through the diversification process.

Diversification in the business

Response	Frequency	Percentage
No	125	89.92
Yes	14	10.08
Total	**139**	**100.0**

Table- 4.64

14 units that are 10 percent of the units are diversified in the last five years. There is a positive move towards turnaround of the sick units.

- ***If yes, have you approached bank for additional financial assistance?***

Approached bank for additional financial assistance

Response	Frequency	Percentage
Yes	14	10.08

Table- 4.65

Approximately 10 percent of the entrepreneurs have approached bank for additional financial assistance. These units approached banks with the intention to revive from sick to profit making units.

- ***Did you receive concession/subsidies from the government departments (Central, State and Local institutions) under sick unit rehabilitation scheme?***

Concessions/subsidies are given to the sick units in order to rehabilitate the units from sick to profit making one.

Received concession/subsidies from the government departments under sick unit rehabilitation scheme

Response	Frequency	Percentage
No	20	14.4
Yes	**119**	**85.6**
Total	139	100.0

Table- 4.66

Approximately 86 percent of the entrepreneurs have received concession from the government departments and nearly 14 percent of the units have not received concessions. Receiving concession depends upon viability of units for its revival.

- **If yes, please state the nature of concessions/subsidies received by you in respect of statutory dues etc.**

There are various ways of rehabilitating the units sanctioned by the government. Researcher is keen to know the type of concession the unit has received.

Nature of concession received

Nature	Frequency	Percent of Cases
Interest rate concession	54	45.4%
Reduced promoter's contribution	27	22.7%
Longer period for loan repayment	56	47.1%
Debt recast	4	3.4%
Tax rebate/Tax holidays	4	3.4%
Other	4	3.4%

Table- 4.67

The small scale industries have the privilege to receive the subsidies provided by the Government. The type of subsidy available to the entrepreneurs of the small scale industries are financial subsidy, power subsidy, sales tax subsidy and the subsidies

available to the backward area in the industrial sector. Above table shows the information about the extent of subsidy received by small scale industries in the study area.

It is evident from the table that out of 139 small scale industries in the study area 47 percent of the units received longer period of loan repayment, nearly 45 percent have received the concession in the form of interest rate concession, approximately 23 percent of the units have received a concession in the form of reduced promoter's contribution and tax holidays etc.

- ***Have you been satisfied with the concession?***

Researcher is interested to know the entrepreneurs satisfaction towards concession received.

Satisfied with the concession

Response	Frequency	Percentage
No	48	34.5
Yes	91	65.5
Total	139	100.0

Table- 4.68

66 percent of the respondents were satisfied with the concessions received/subsidies received by the unit in respect of statutory dues etc. concession is one of the rehabilitation scheme which helps the small scale manufacturing units to revive from a sick unit to profit making unit.

- **If no, what suggestions would you like to offer?**

Suggestions in case of dissatisfaction

Suggestions	Frequency	Percentage
Fast process	22	45.8
Additional concession	10	20.8
Lower interest rate	13	27.1
other	3	6.3
Total	48	100.0

Table- 4.69

From the above table, it can be observed that 46 percent of the respondents feel that there should be a fast process in sanctioning of the concession procedure, 27 percent

feel that there should be lower interest rates and nearly 26 percent say that there should be an additional concession.

- ***Have you received any guidance from the bank in availing of such concessions?***

A proper guidance is very much required for the availability of the concession.

Received guidance availing concessions

Response	Frequency	Percent
No	25	18.0
Yes	114	82.0
Total	139	100.0

Table- 4.70

82 percent of the respondents have received guidance from the bank in availing of concession.

SECTION-III

4.2.2.3 MARKETING RELATED

- **Where do you sell your product?**

  To make the effective sales of the product, there needs to be a target market which will help the unit to make its marketing efforts successful.

Area of product sale

Area	Frequency	Percent of Cases
Rural	45	32.4%
Urban	129	92.8%
Town	98	70.5%
Other states	38	27.3%
Global	1	.7%

Table- 4.71

Approximately 92 percent of respondents say they sell their products in Urban, nearly 71 percent of the respondents sell their product in town, 32 percent in Rural and 27 percent say that they sell their product in other states.

- ***What mode of payment do you accept?***

Right mode of payment helps the entrepreneurs in increasing the sales of the product.

Payment mode accepted

Response	Frequency	Percentage
Cash	1	.7
Both	138	99.3
Total	**139**	**100.0**

Table- 4.72

From the above table, it can be observed that 99 percent of the unit owners sell through both that is cash and credit. Credit selling helps the entrepreneur to increase the sales.

- ***How do you promote your product***

Appropriate promotional activity helps maximum sales of the product and to build the brand.

Product promotion medium

Medium	Frequency	Percent of Cases
Middlemen	97	69.8%
Vendor	52	37.4%
Suppliers	84	60.4%
Newspaper	7	5.0%
Local channels	6	4.3%

Table- 4.73

The above table shows that majority of the promotion that is approximately 70 percent is done through middlemen, nearly 60 percent of the units sell through the suppliers, and 37 percent said through vendors. They have not focused on any other method of promotion. They have given very less importance to promotional activities through newspaper; local channel etc. according to most of the entrepreneurs, promotion of industrial goods is done through middlemen, vendors and suppliers. They hardly spend anything for the promotion because of lack of sufficient finance to use effective promotional method.

- ***Do you conduct market research?***

Market research is done to forecast the demand for the product. It helps in understanding the future requirement of the product to be manufactured.

Conduct market research

Response	Frequency	Percentage
No	67	48.2
Yes	72	51.8
Total	139	100.0

Table- 4.74

Approximately 52 percent of the entrepreneurs conduct market research, 48 percent do not conduct market research. From the above analysis, it is seen that there is limited emphasis given for the market research by the entrepreneurs.

- ***If yes, how often?***

Conducting the market survey at the right time helps the entrepreneurs to forecast the accurate demand for the product.

Frequency of market research

Interval	Frequency	Percentage
Yearly	16	22.2
Half yearly	13	18.1
Quarterly	16	22.2
Monthly	20	27.8
Fortnightly	1	1.4
Weekly	6	8.3
Total	72	100.0

Table- 4.75

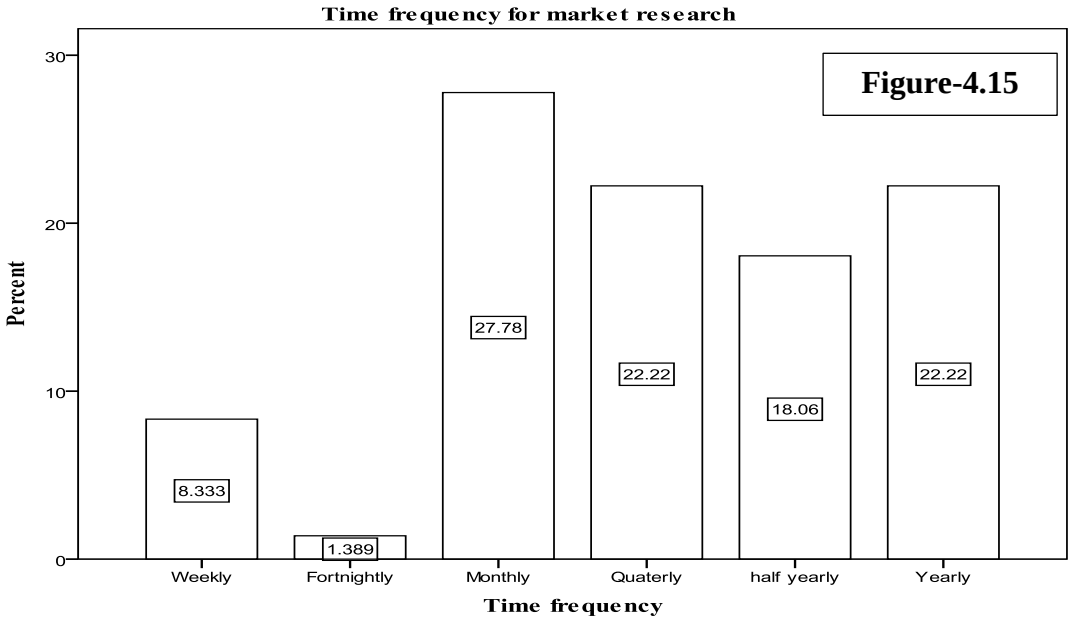


Figure-4.15

48 percent of respondents said they don't conduct market research. Out of the remaining 52 percent, nearly 28 percent conduct market research once a month, 22 percent conduct it quarterly and half yearly respectively. From the above analysis, it is clear that the entrepreneurs should focus on the market research which is one of the important activities in the production process.

- ***Rank following factors as per the preference while buying raw material***

Researcher wants to know how an entrepreneur prioritizes the things while buying raw material, the factor which affects the production etc.

Ranks for price

Preference	Frequency	Percentage
Most often	80	57.6
2	41	29.5
3	12	8.6
4	5	3.6
5	1	.7
Total	**139**	**57.6**

Table- 4.76

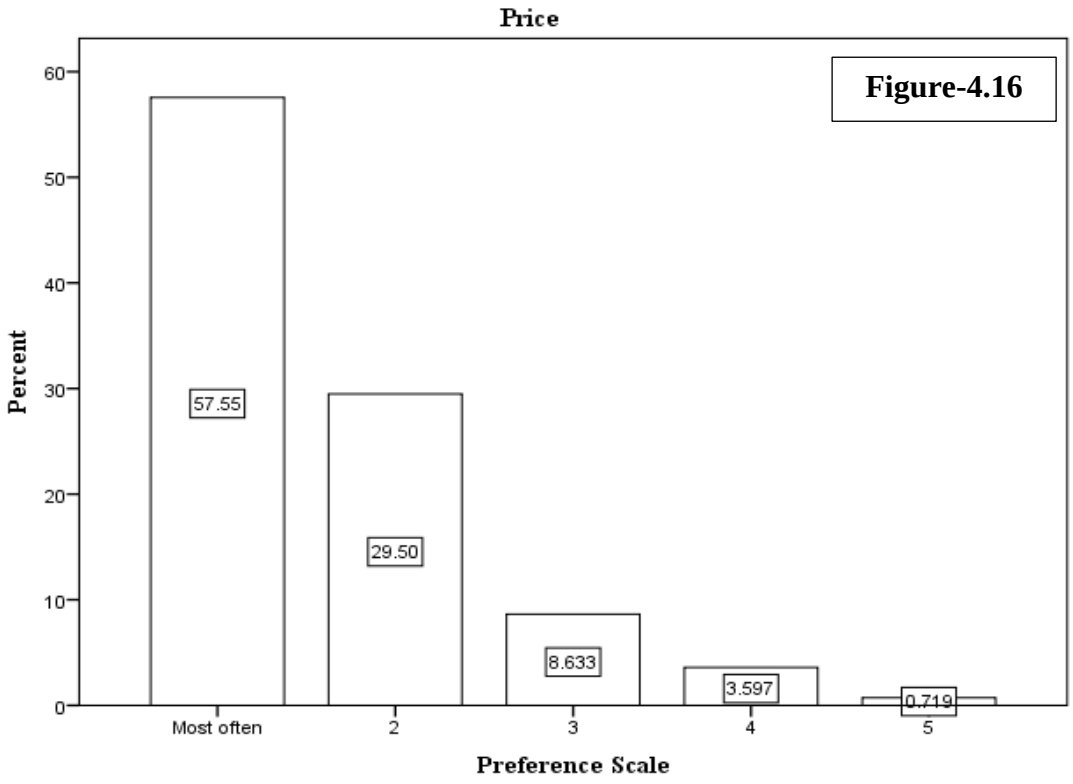


Figure-4.16

Ranks for quality of product

Preference	Frequency	Percentage
Most often	19	13.7
2	12	8.6
3	34	24.5
4	43	30.9
5	11	7.9
6	11	7.9
7	8	5.8
8	1	.7
Total	**139**	**100.0**

Table- 4.77

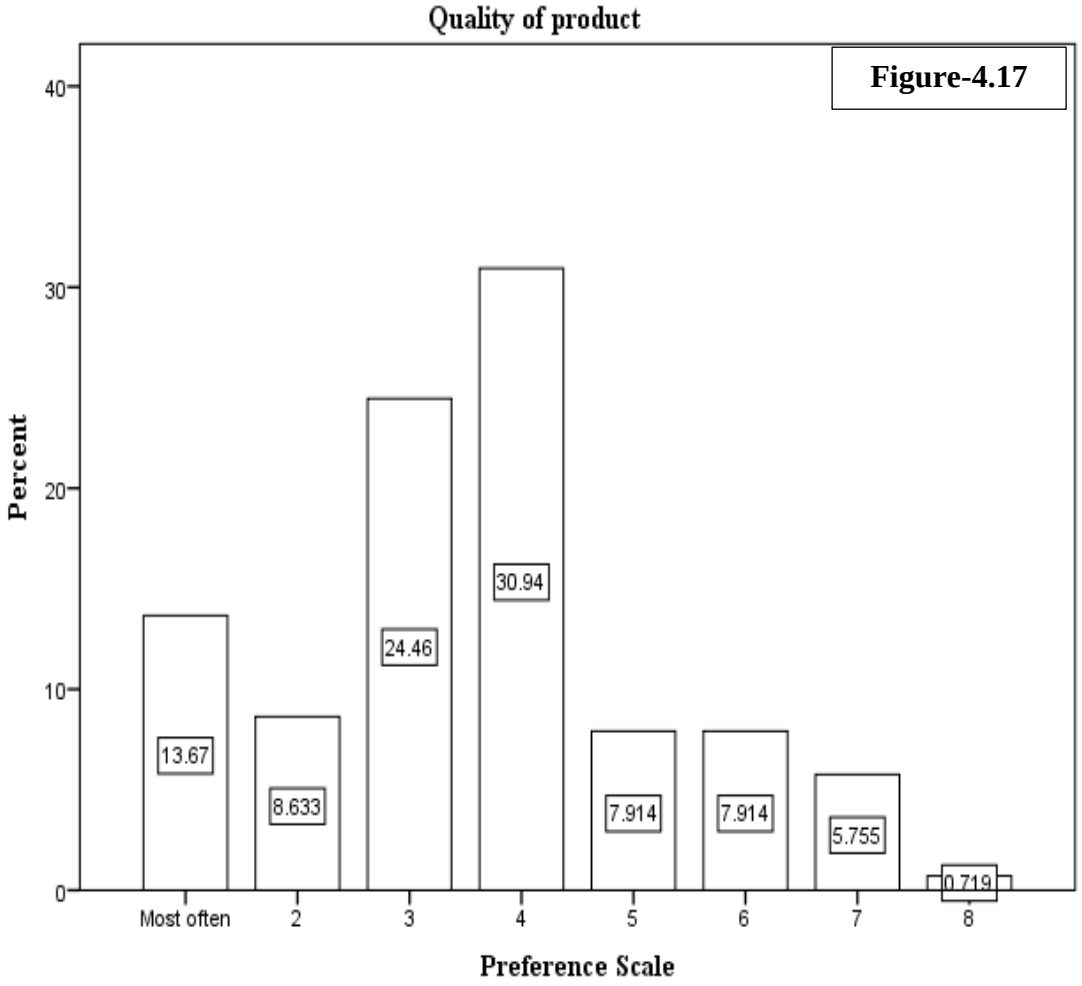


Figure-4.17

Ranks for branding

Preference	Frequency	Percentage
4	8	5.8
5	46	33.1
6	3	2.2
7	3	2.2
8	16	11.5
9	61	43.9
10	2	1.4
Total	**139**	**100.0**

Table- 4.78

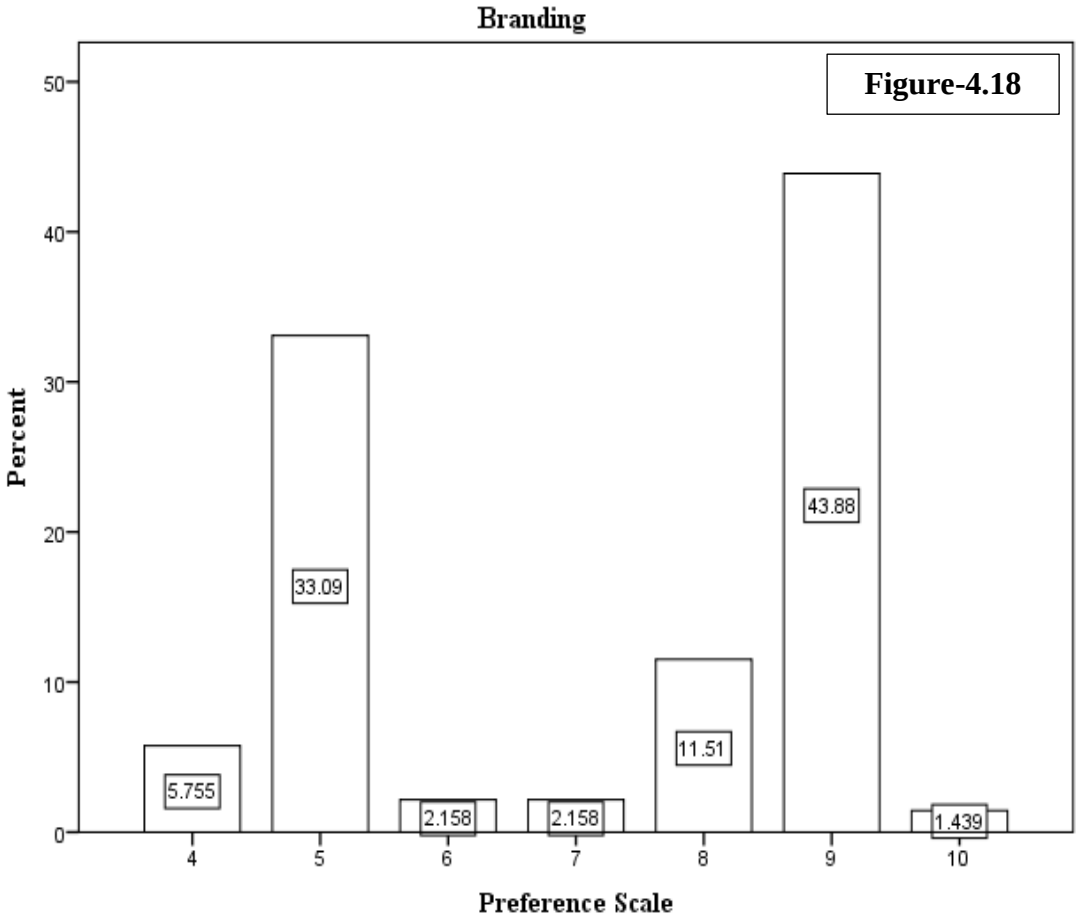
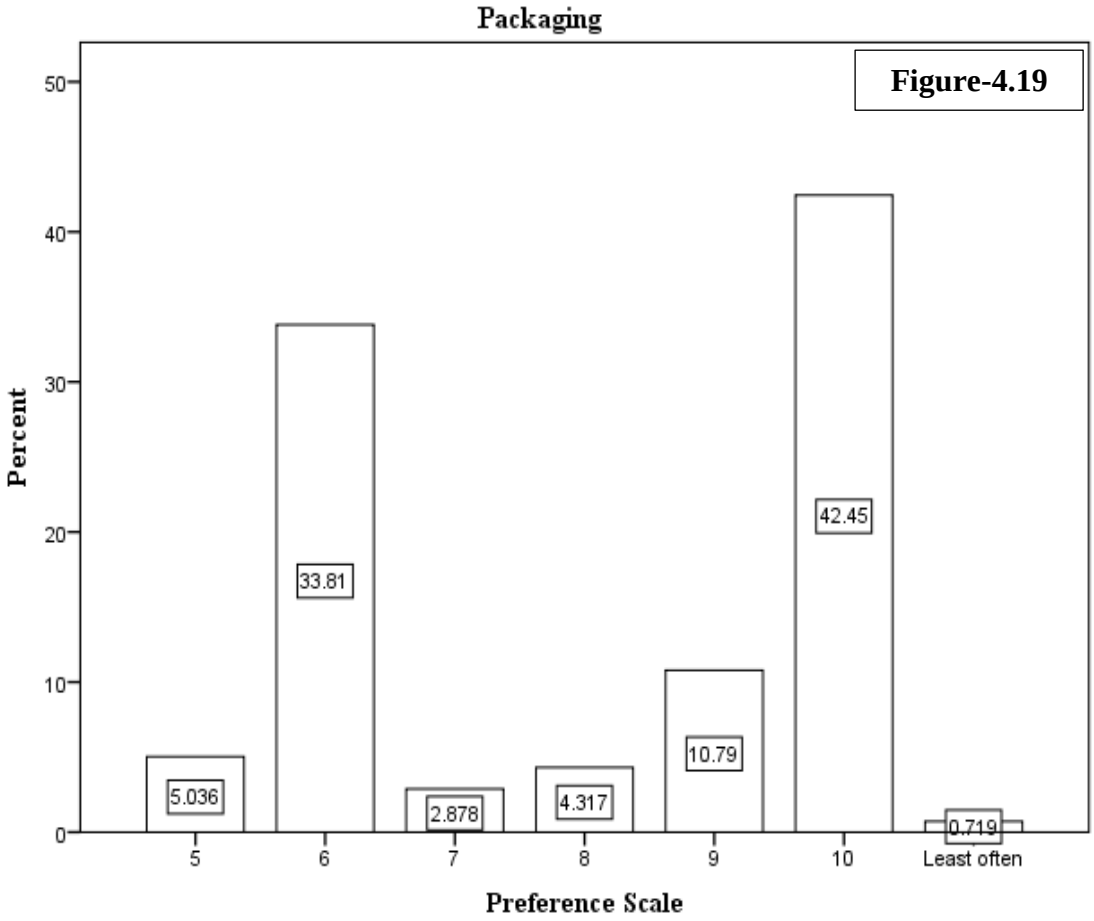


Figure-4.18

Ranks for packaging

Preference	Frequency	Percentage
5	7	5.0
6	47	33.8
7	4	2.9
8	6	4.3
9	15	10.8
10	59	42.4
Least often	1	.7
Total	**139**	**100.0**

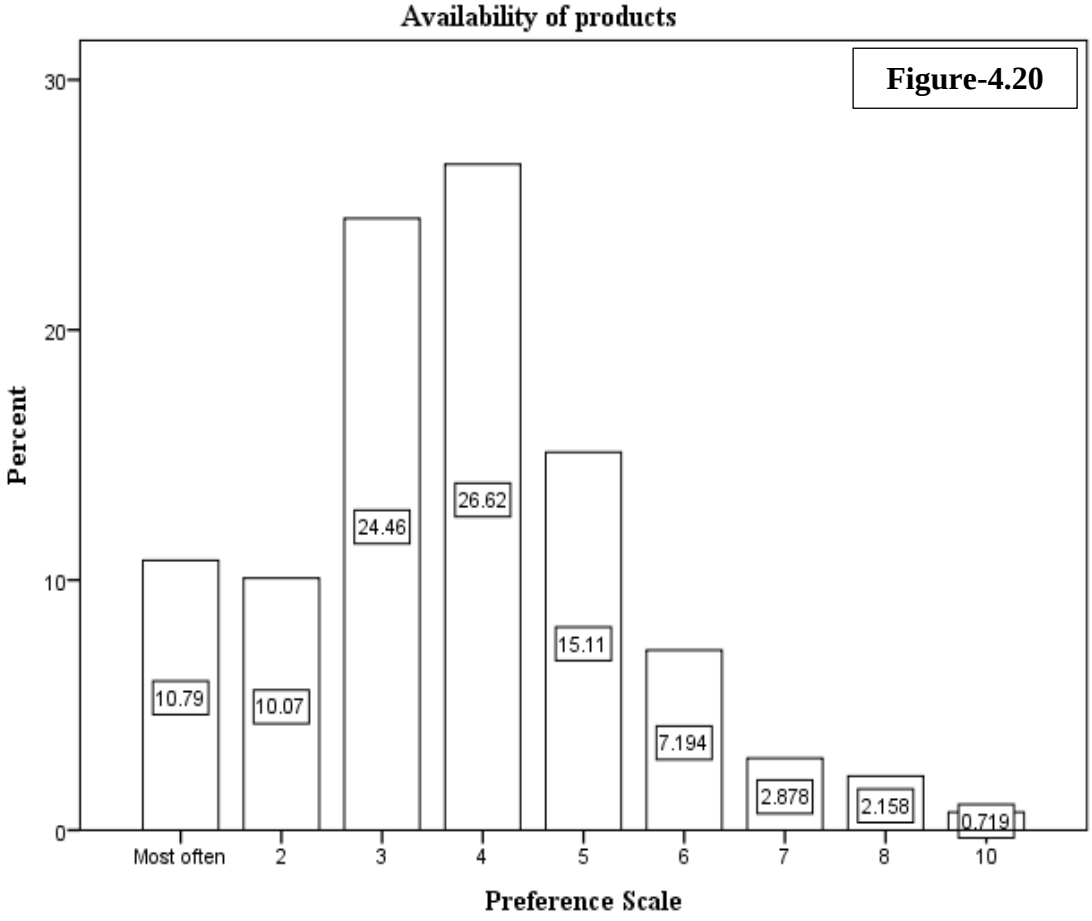
Table- 4.79



Ranks for availability of products

Preference	Frequency	Percentage
Most often	15	10.8
2	14	10.1
3	34	24.5
4	37	26.6
5	21	15.1
6	10	7.2
7	4	2.9
8	3	2.2
10	1	.7
Total	**139**	**100.0**

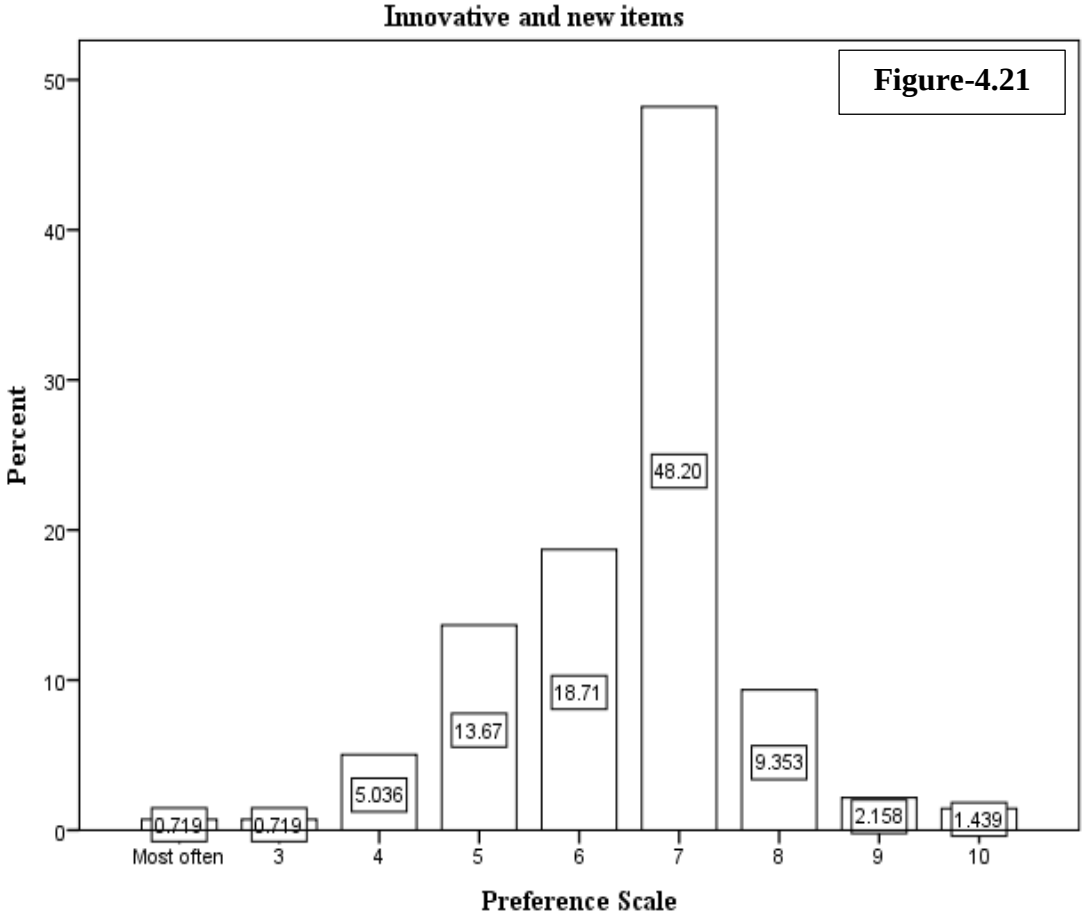
Table- 4.80



Ranks for innovative and new items

Preference	Frequency	Percentage
Most often	1	.7
3	1	.7
4	7	5.0
5	19	13.7
6	26	18.7
7	67	48.2
8	13	9.4
9	3	2.2
10	2	1.4
Total	**139**	**100.0**

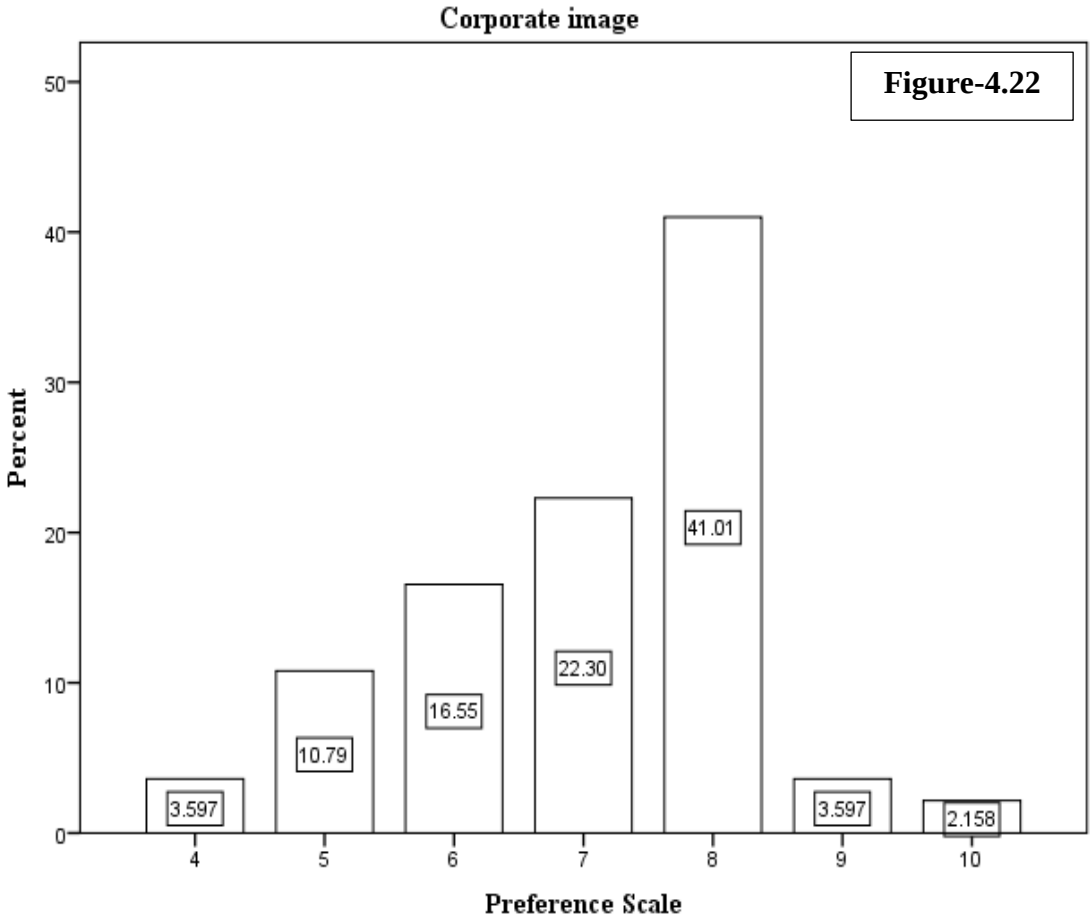
Table- 4.81



Ranks for corporate image

Preference	Frequency	Percentage
4	5	3.6
5	15	10.8
6	23	16.5
7	31	22.3
8	57	41.0
9	5	3.6
10	3	2.2
Total	**139**	**100.0**

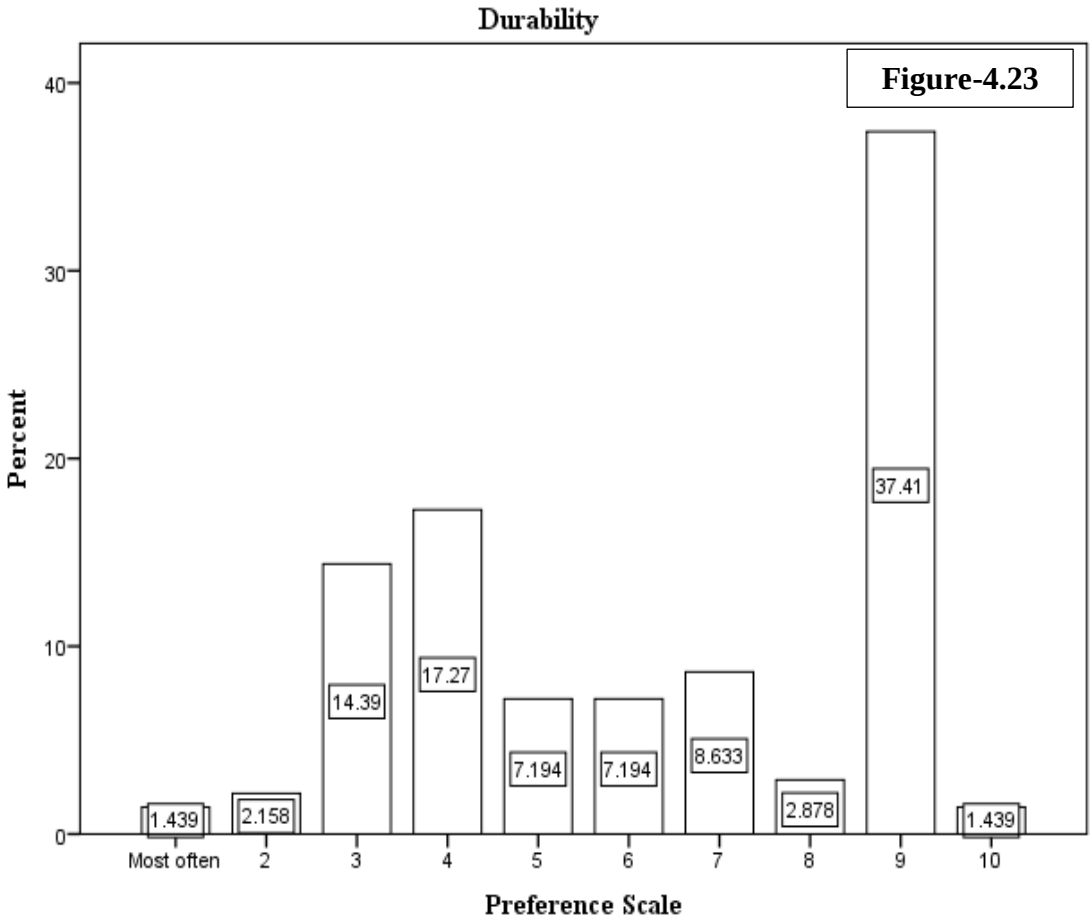
Table- 4.82



Ranks for durability

Preference	Frequency	Percentage
Most often	2	1.4
2	3	2.2
3	20	14.4
4	24	17.3
5	10	7.2
6	10	7.2
7	12	8.6
8	4	2.9
9	52	37.4
10	2	1.4
Total	**139**	**100.0**

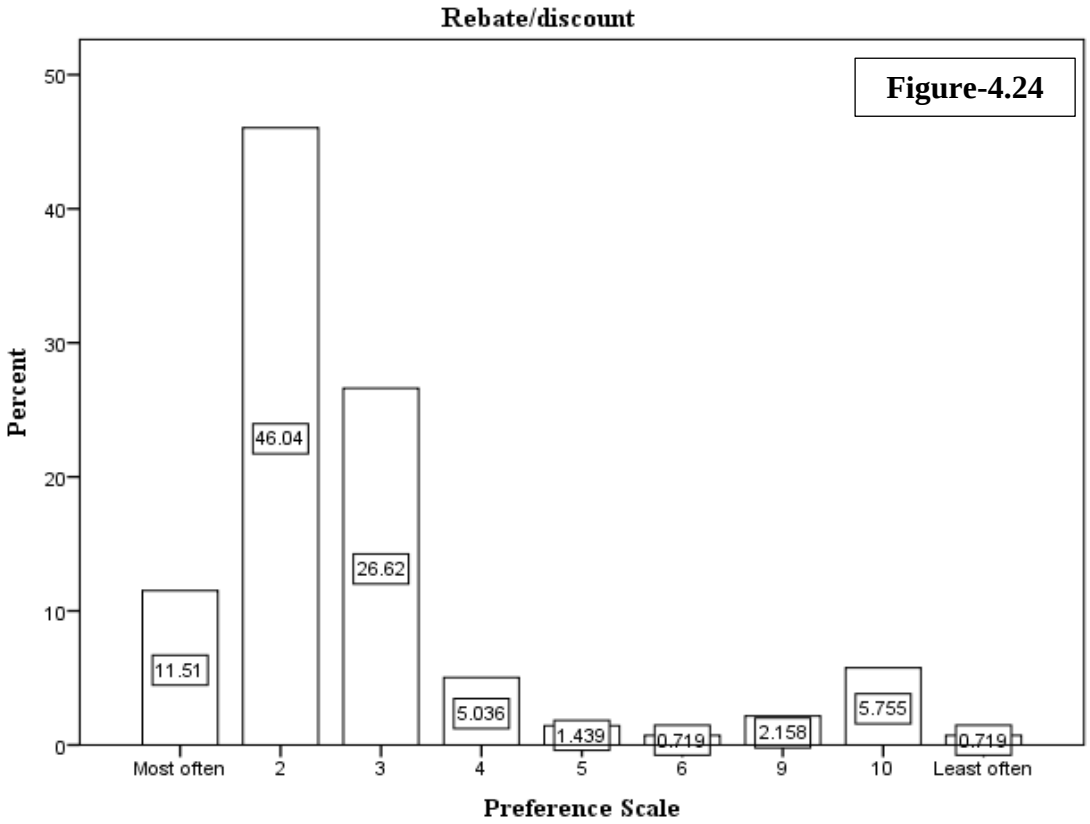
Table- 4.83



Ranks for rebate/discount

Preference	Frequency	Percentage
Most often	16	11.5
2	64	46.0
3	37	26.6
4	7	5.0
5	2	1.4
6	1	.7
9	3	2.2
10	8	5.8
Least often	1	.7
Total	**139**	**100.0**

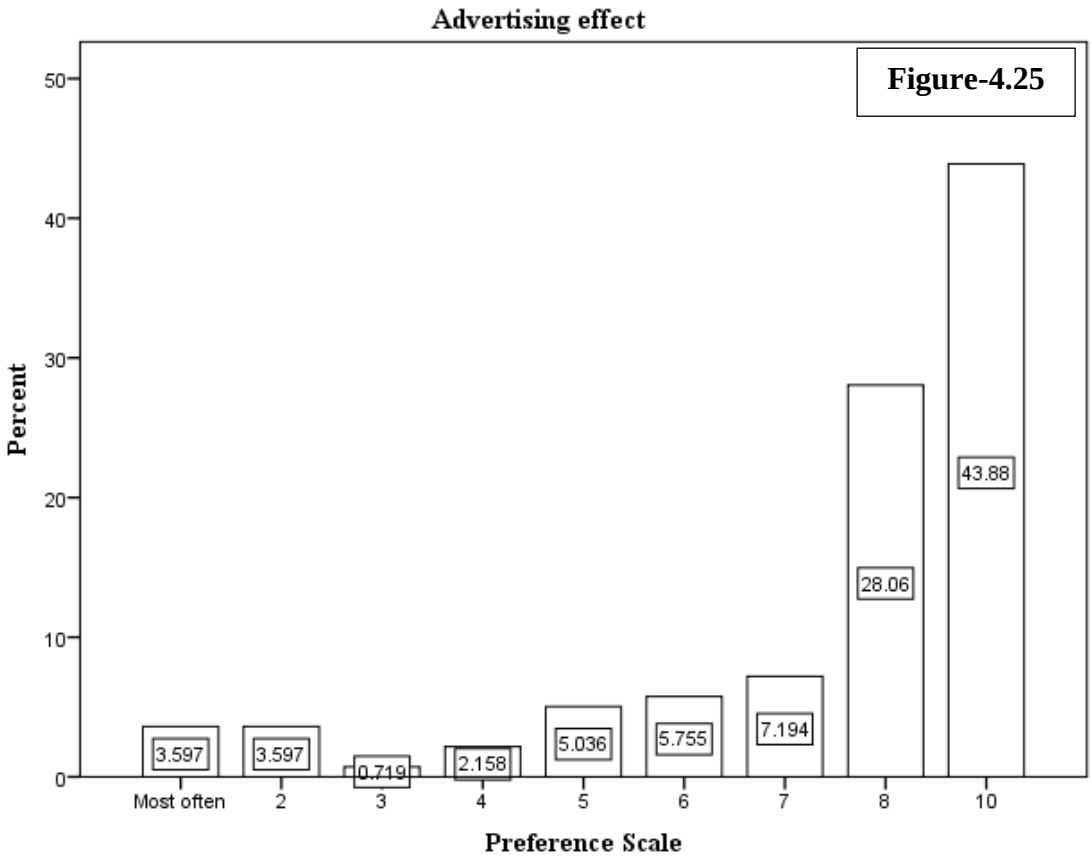
Table- 4.84



Ranks for advertising effect

Preference	Frequency	Percentage
Most often	5	3.6
2	5	3.6
3	1	.7
4	3	2.2
5	7	5.0
6	8	5.8
7	10	7.2
8	39	28.1
10	61	43.9
Total	**139**	**100.0**

Table- 4.85



Factors as per the preference while buying raw material

Factors	Rank as per preference
Quality of product	3rd or 4th
Price	1st or 2nd
Branding	9th
Packaging	10th
Availability of products	3rd or 4th
Innovative and new items	7th
Corporate image	8th
Durability	9th
Rebate/discount	2nd
Advertising effect	10th
Other	11th
Table- 4.86	

The above analysis shows that the majority of the entrepreneurs have given preference to price and rebate/discount that is they are either on first or second position. They are compromising on the quality of the product. This might be the cause for production problem. There has been very less emphasis given on the product innovation which is an important area to sustain in the competition. Product durability and advertising also lacks its position in Ahmednagar MIDC. Least preference is given to the packaging and branding of the product.

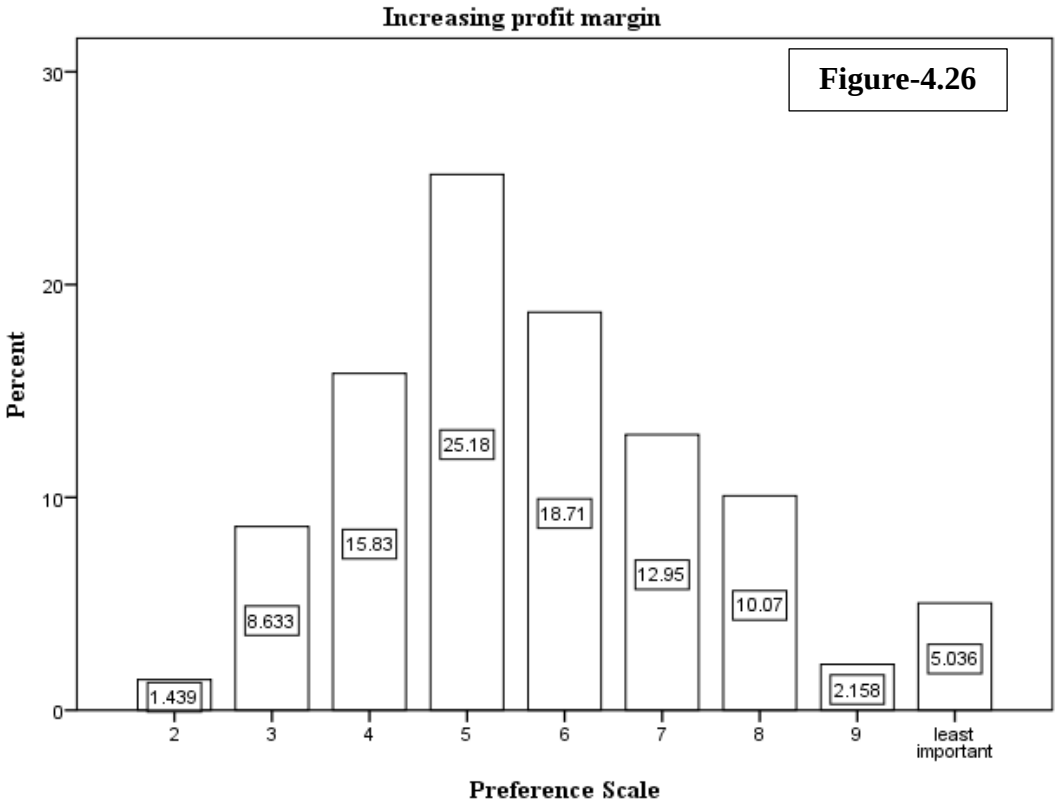
- ***Rank the following factors that are responsible for improving marketing of products***

Marketing of the product is very important for maximizing the sales and to penetrate the product deeper into the market.

Ranks for increasing profit margin

Preference	Frequency	Percentage
2	2	1.4
3	12	8.6
4	22	15.8
5	35	25.2
6	26	18.7
7	18	12.9
8	14	10.1
9	3	2.2
least important	7	5.0
Total	**139**	**100.0**

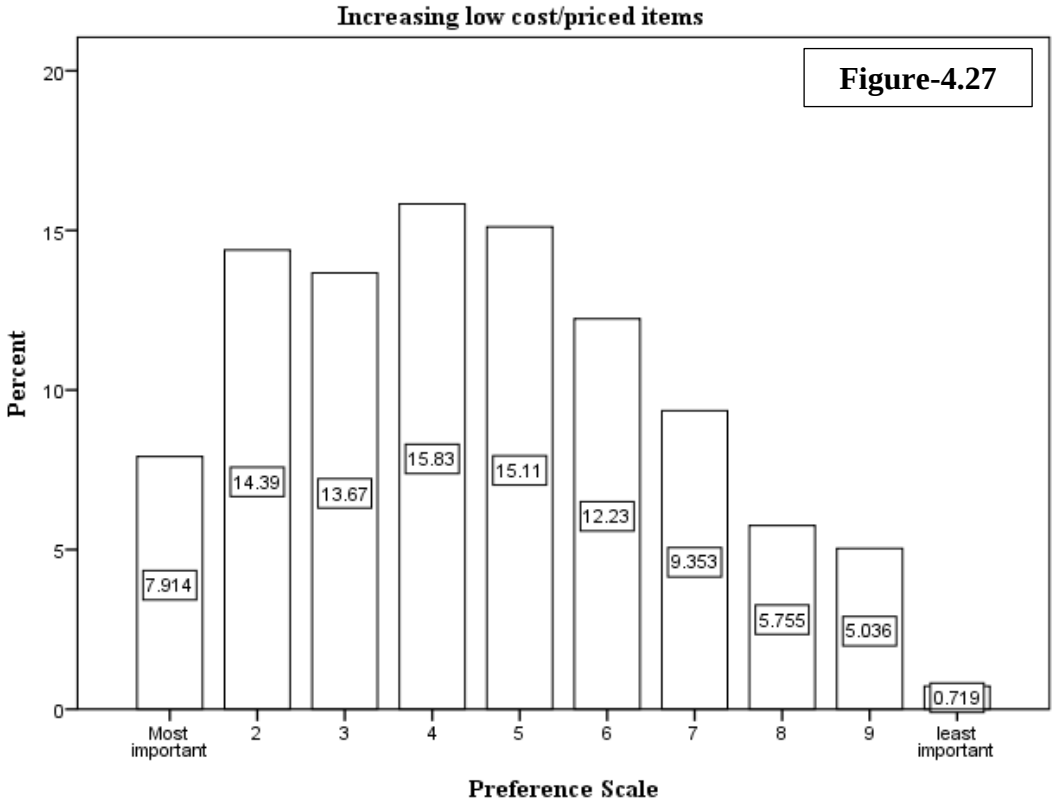
Table- 4.87



Ranks for branding increasing low cost/priced items

Preference	Frequency	Percentage
Most important	11	7.9
2	20	14.4
3	19	13.7
4	22	15.8
5	21	15.1
6	17	12.2
7	13	9.4
8	8	5.8
9	7	5.0
least important	1	.7
Total	**139**	**100.0**

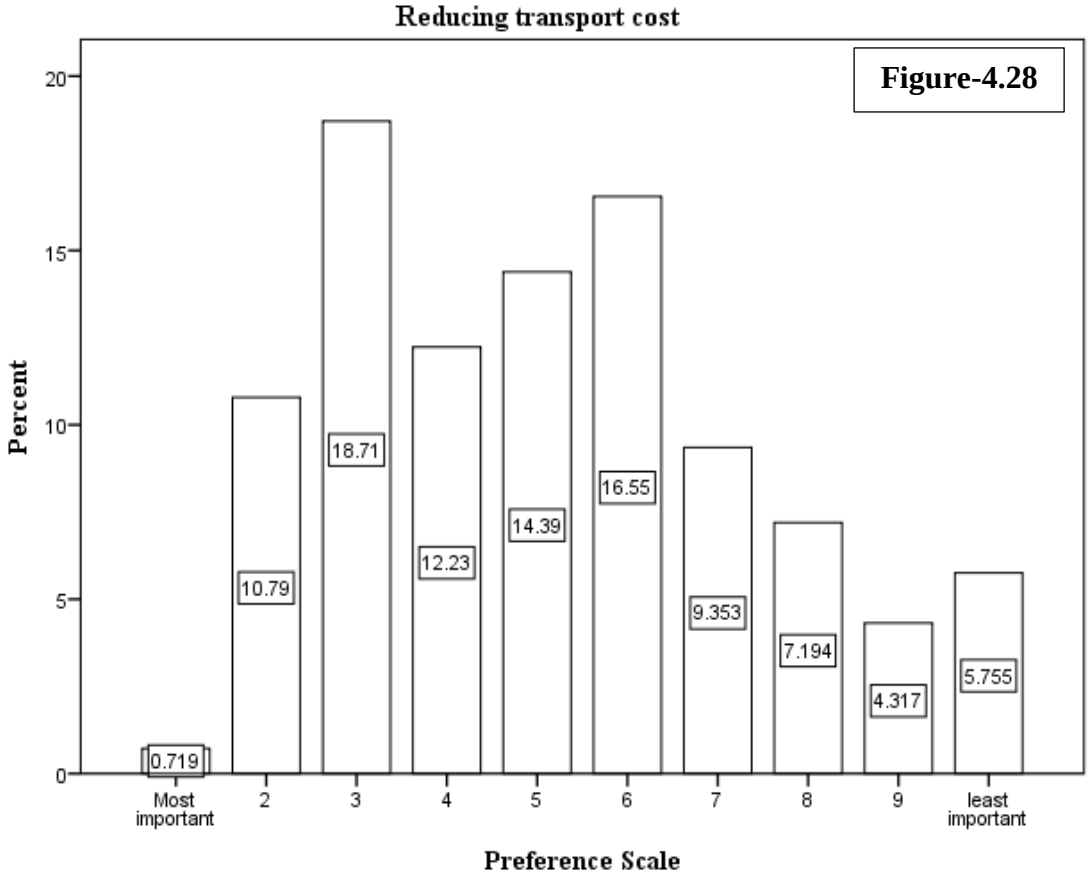
Table- 4.88



Ranks for reducing transport cost

Preference	Frequency	Percentage
Most important	1	.7
2	15	10.8
3	26	18.7
4	17	12.2
5	20	14.4
6	23	16.5
7	13	9.4
8	10	7.2
9	6	4.3
least important	8	5.8
Total	**139**	**100.0**

Table- 4.89



Ranks for increasing credit facility

Preference	Frequency	Percentage
Most important	93	66.9
2	17	12.2
3	12	8.6
4	8	5.8
5	4	2.9
6	4	2.9
7	1	.7
Total	**139**	**100.0**

Table- 4.90

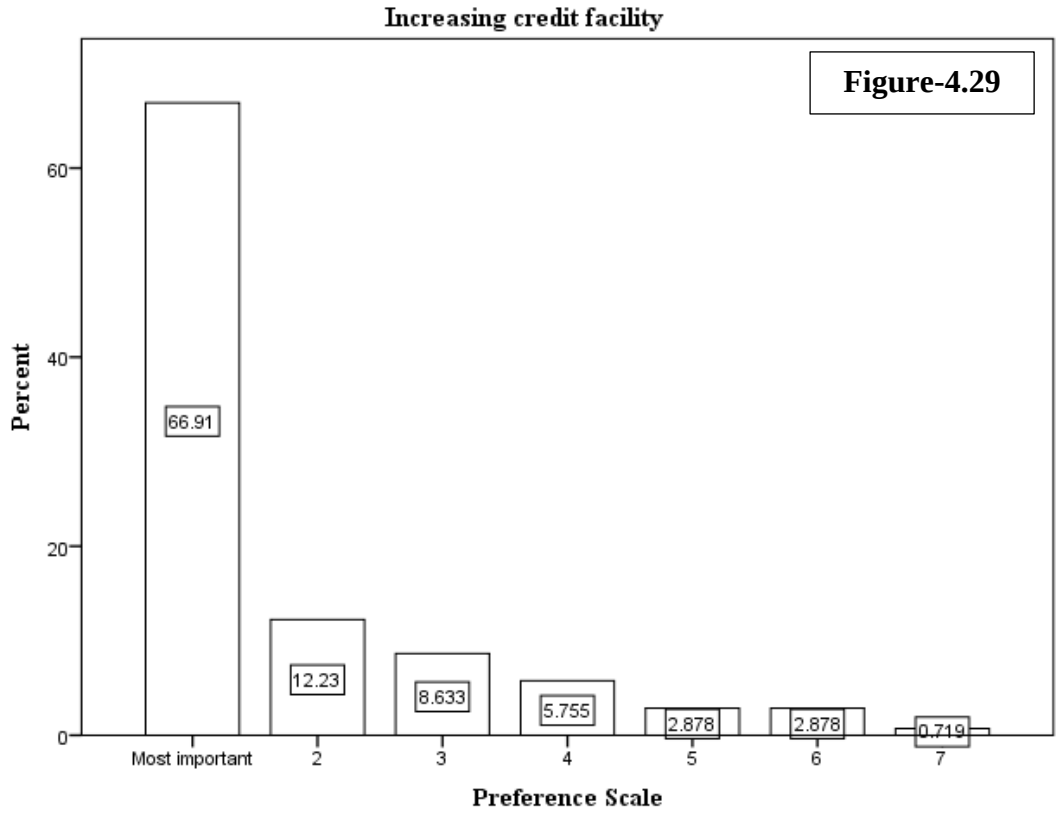
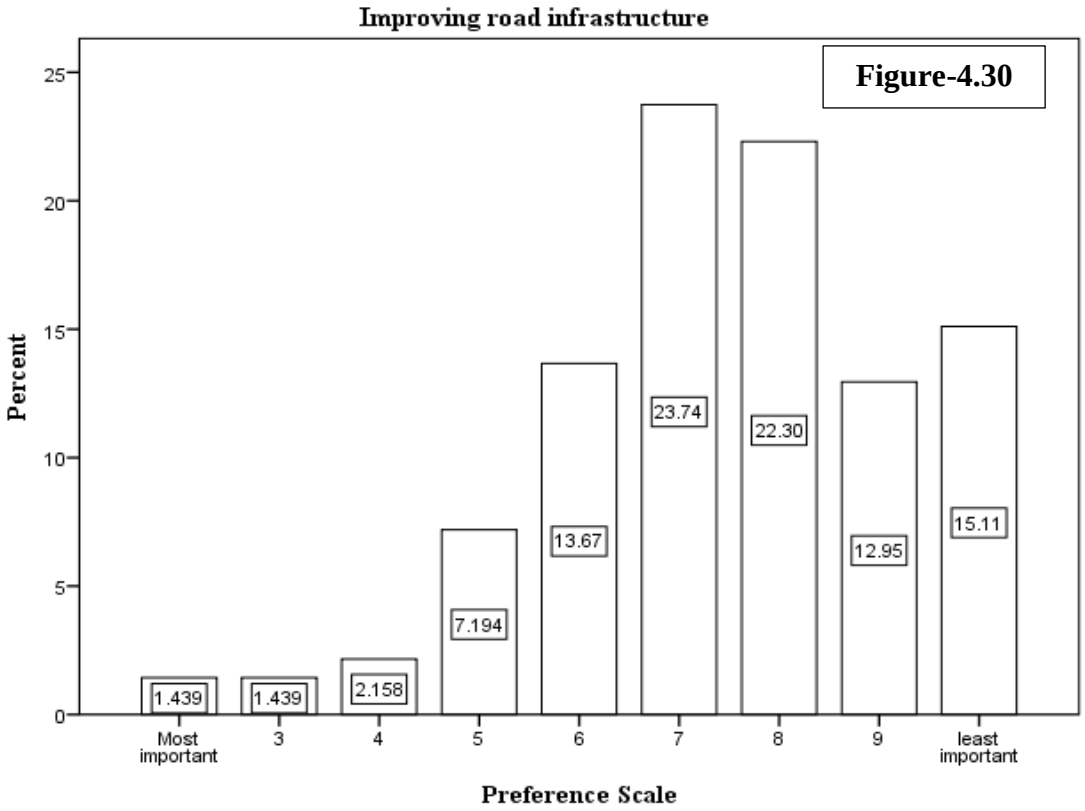


Figure-4.29

Ranks for improving road infrastructure

Preference	Frequency	Percentage
Most important	2	1.4
3	2	1.4
4	3	2.2
5	10	7.2
6	19	13.7
7	33	23.7
8	31	22.3
9	18	12.9
least important	21	15.1
Total	**139**	**100.0**

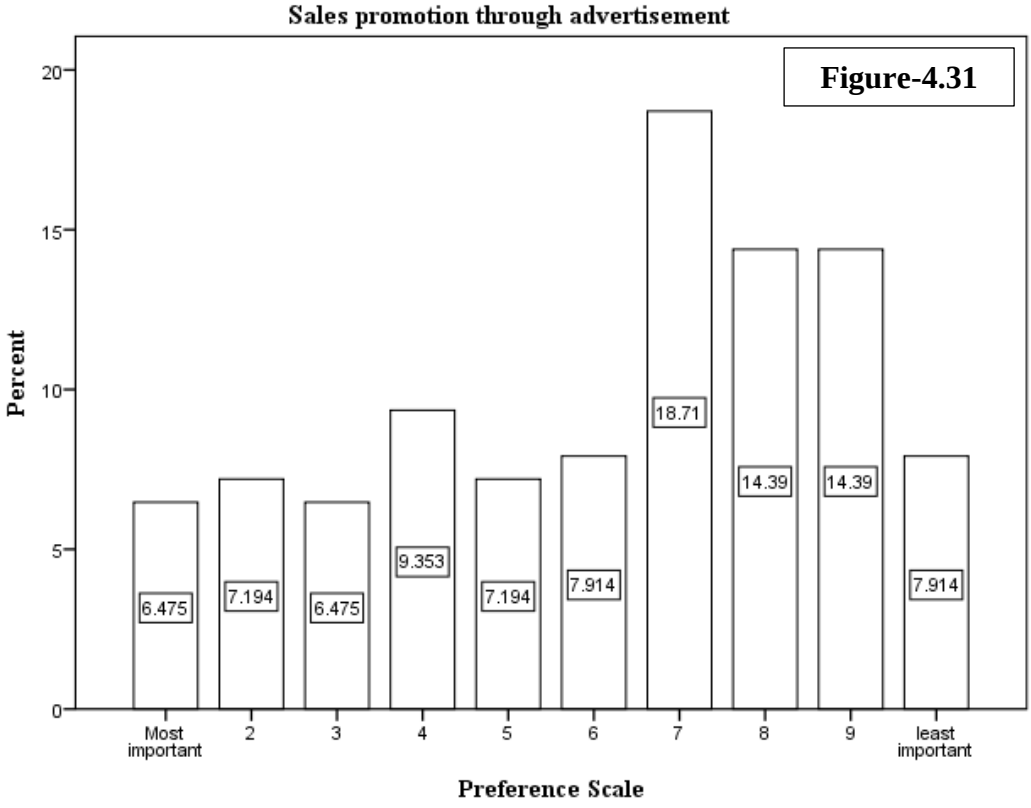
Table- 4.91



Ranks for sales promotion through advertisement

Preference	Frequency	Percentage
Most important	9	6.5
2	10	7.2
3	9	6.5
4	13	9.4
5	10	7.2
6	11	7.9
7	26	18.7
8	20	14.4
9	20	14.4
least important	11	7.9
Total	**139**	**100.0**

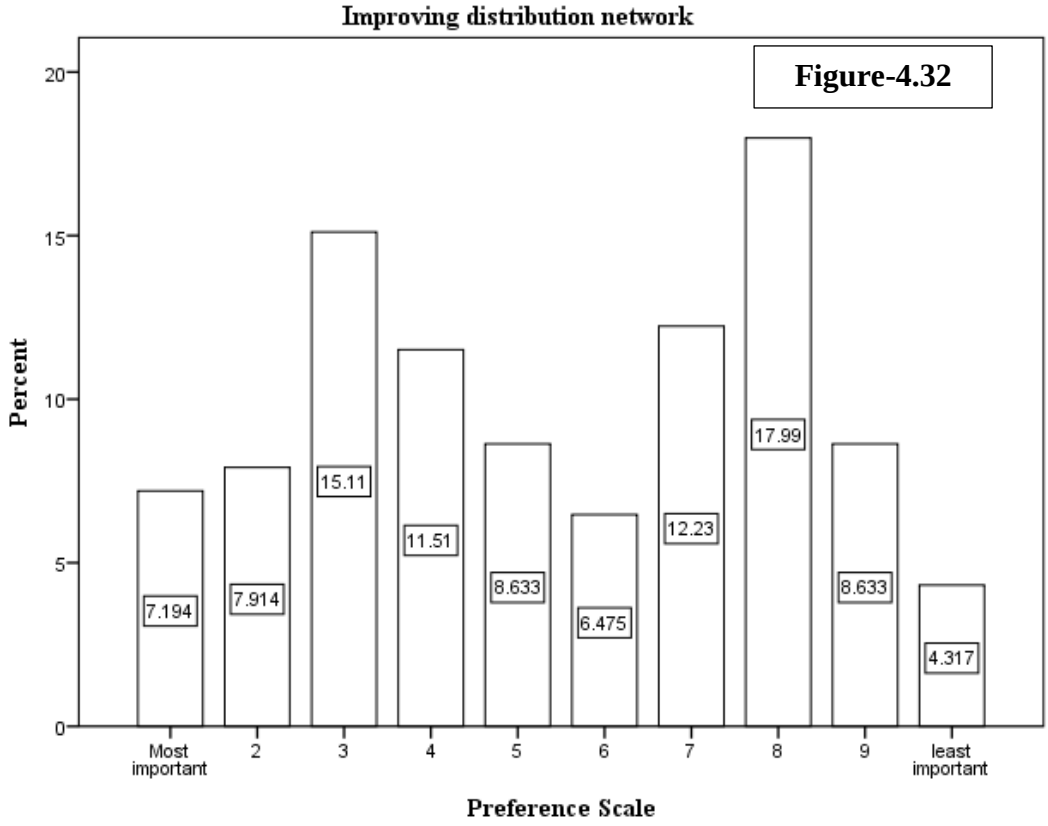
Table- 4.92



Ranks for improving distribution network

Preference	Frequency	Percentage
Most important	10	7.2
2	11	7.9
3	21	15.1
4	16	11.5
5	12	8.6
6	9	6.5
7	17	12.2
8	25	18.0
9	12	8.6
least important	6	4.3
Total	**139**	**100.0**

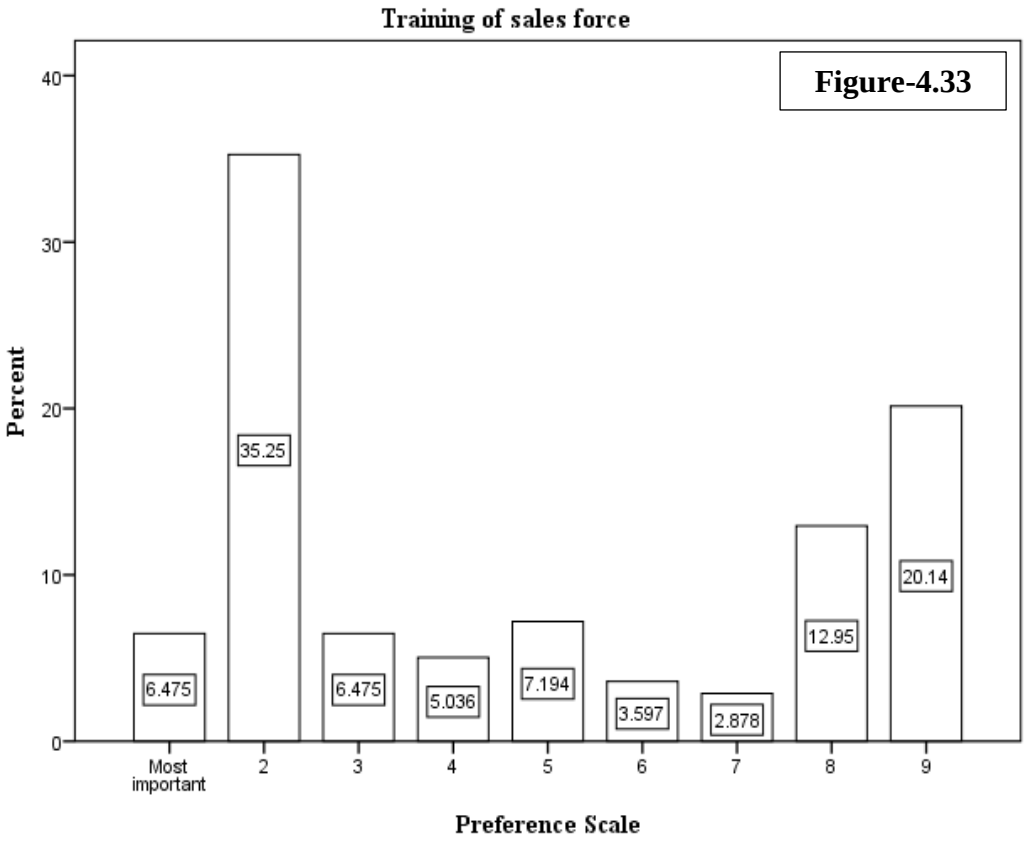
Table- 4.93



Ranks for training of sales force

Preference	Frequency	Percentage
Most important	9	6.5
2	49	35.3
3	9	6.5
4	7	5.0
5	10	7.2
6	5	3.6
7	4	2.9
8	18	12.9
9	28	20.1
Total	**139**	**100.0**

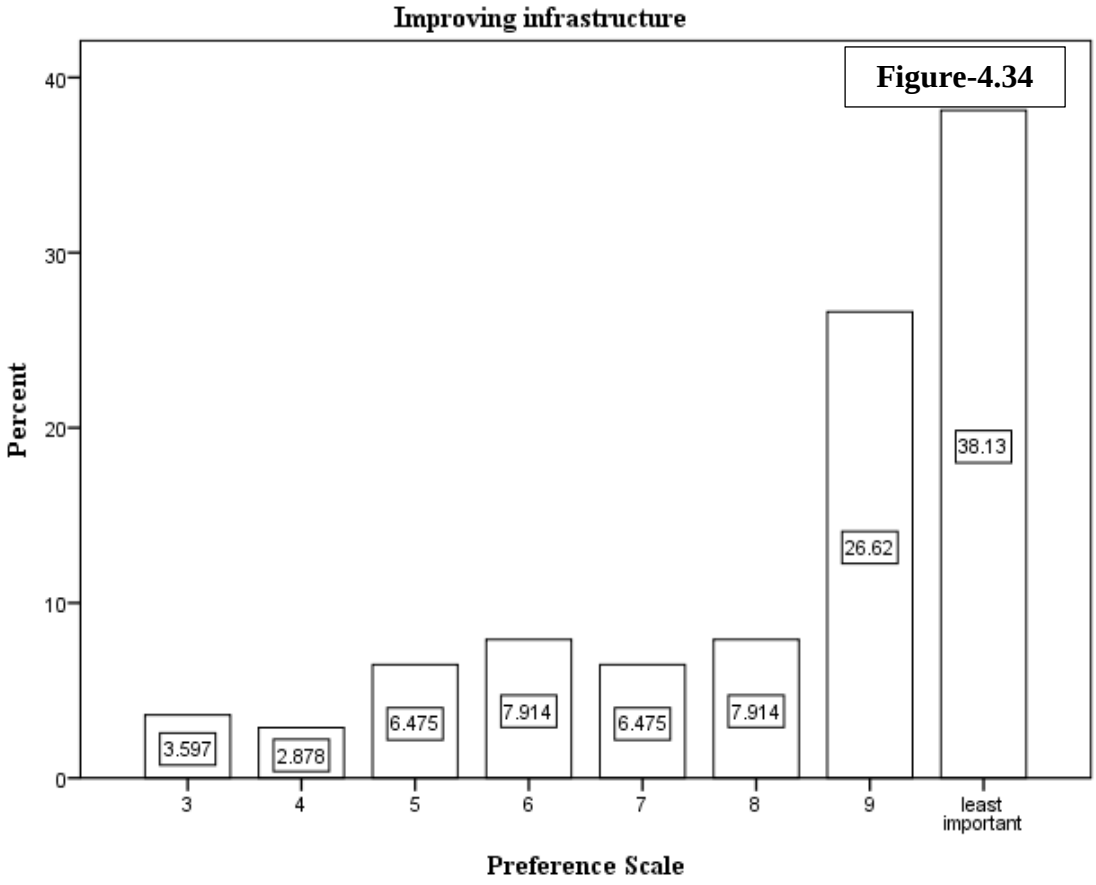
Table- 4.94



Ranks for improving infrastructure

Preference	Frequency	Percentage
3	5	3.6
4	4	2.9
5	9	6.5
6	11	7.9
7	9	6.5
8	11	7.9
9	37	26.6
least important	53	38.1
Total	**139**	**100.0**

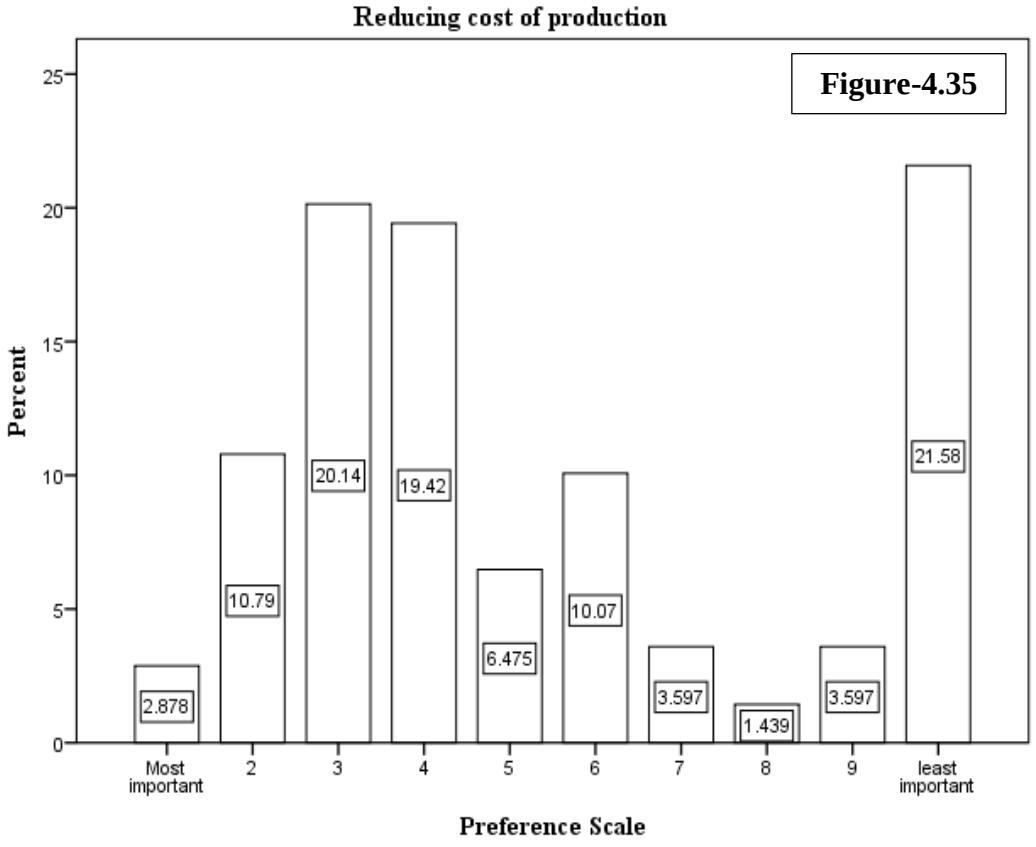
Table- 4.95



Ranks for reducing cost of production

Preference	Frequency	Percentage
Most important	4	2.9
2	15	10.8
3	28	20.1
4	27	19.4
5	9	6.5
6	14	10.1
7	5	3.6
8	2	1.4
9	5	3.6
least important	30	21.6
Total	**139**	**100.0**

Table- 4.96



Factors responsible for improving marketing of products	
Factors	Rank as per preference
Increasing profit margin	5
Increasing low cost/priced items	4
Reducing transport cost	3
Increasing credit facility	1
Improving road infrastructure	7
Sales promotion through advertisement	7
Improving distribution network	8
Training of sales force	2
Improving infrastructure	9
Reducing cost of production	3
Table- 4.97	

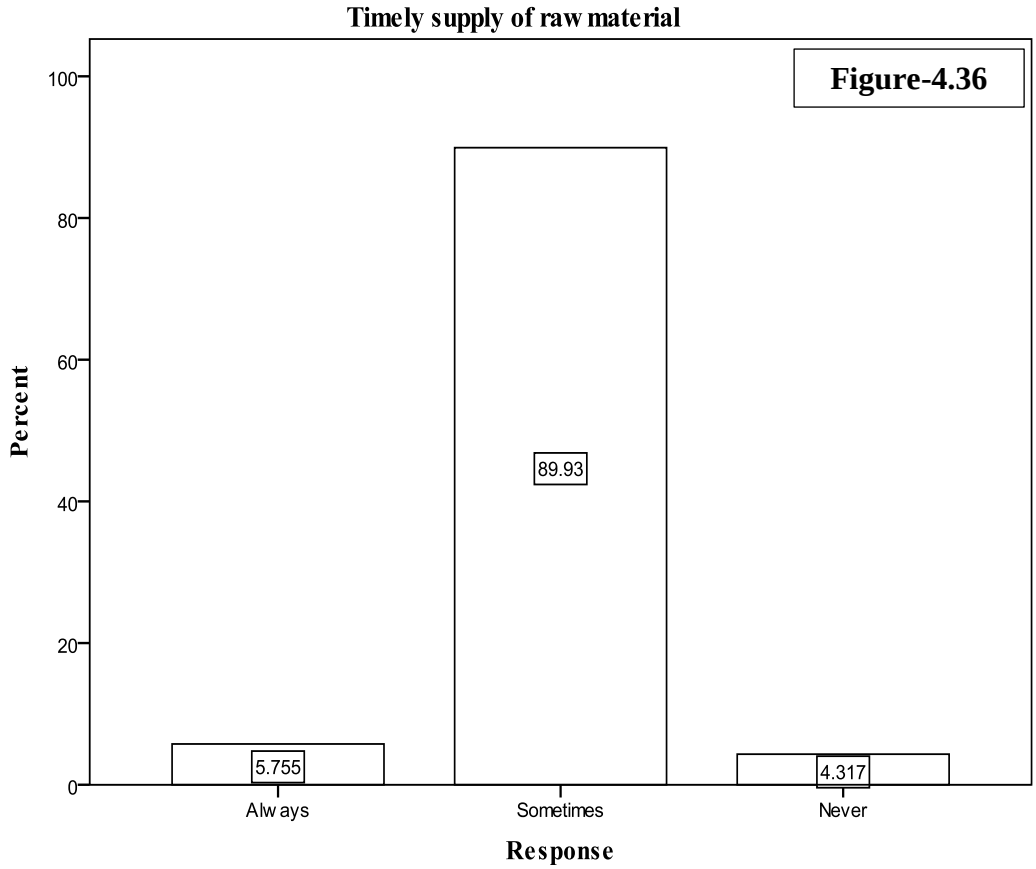
Majority of the respondents have given the preference for increasing credit facility. Credit facility gives rise to non-repayment of the fund by the buyers. This increases burden of the entrepreneurs. Entrepreneurs have also given next preference to training of sales force followed by reducing cost of production. They have not focused on increasing profit margin through increasing low cost/priced items. This is one of the reasons of resulting into sickness.

Do you get timely supply of raw material?

Timely supply of raw material maintains smooth flow of production process. Researcher is interested to know whether the units get timely supply of raw material which could be one of the reasons of sickness.

Timely supply of raw material

Preference	Frequency	Percentage
Always	8	5.8
Sometimes	125	89.9
Never	6	4.3
Total	**139**	**100.0**
Table- 4.98		



Approximately 90 percent of respondents do not receive timely supply of raw material. Entrepreneurs facing production problem could be supply of raw material by not getting always on time.

The small scale industries suffer from problems in acquiring raw material. They could not get their raw material on time and in adequate quantity due to various reasons like high cost of raw materials, transportation problems, shortage of working capital, irregular supply of raw material, terms and conditions of the supplies and the like. It is inferred from the table that out of 139 sample units, 90 percent of small scale manufacturing units in the study area get raw material sometimes on time on account of various reasons. Approximately 6 percent of the entrepreneurs said that they get the raw material on time.

SECTION- IV

4.2.2.4 HR RELATED

- ***How many employees are working in your company***

The objective of researcher here is to know the man power requirement which is very essential to run the business and to predict the requirement of the man power in similar firms.

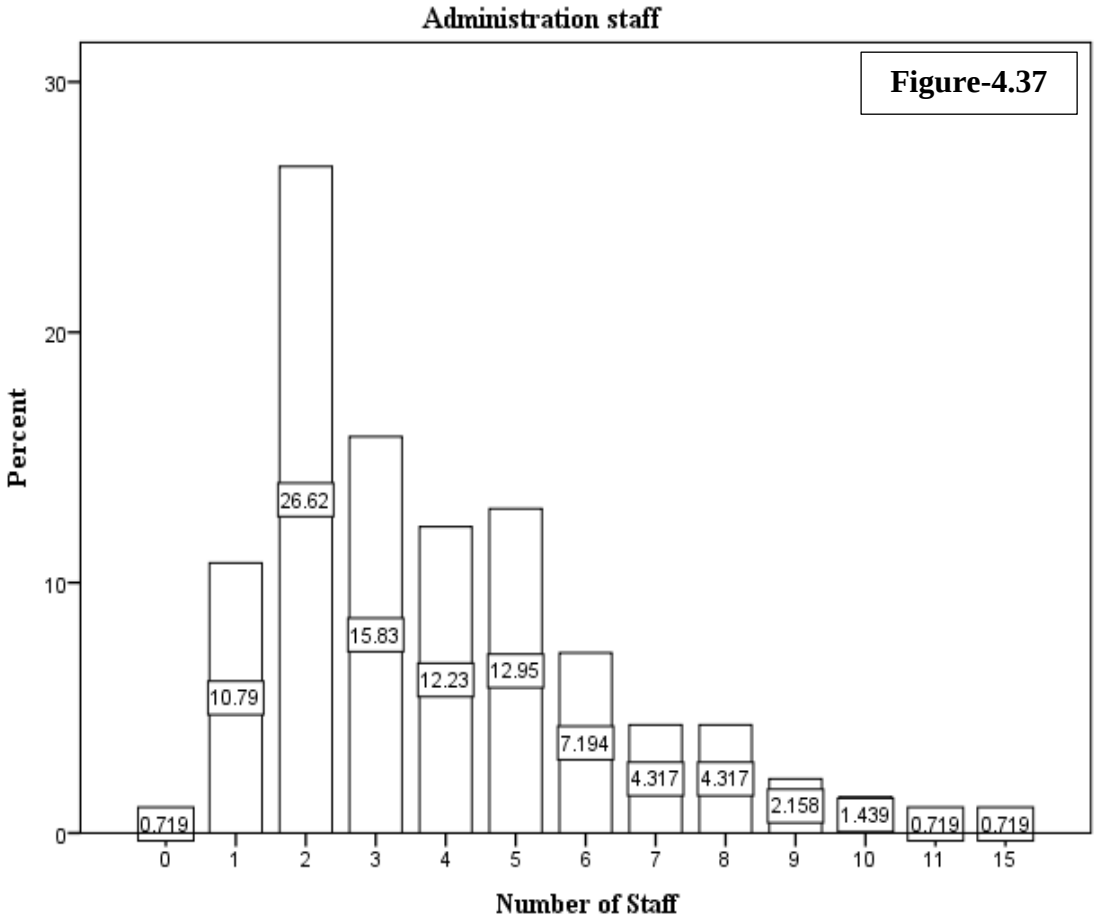
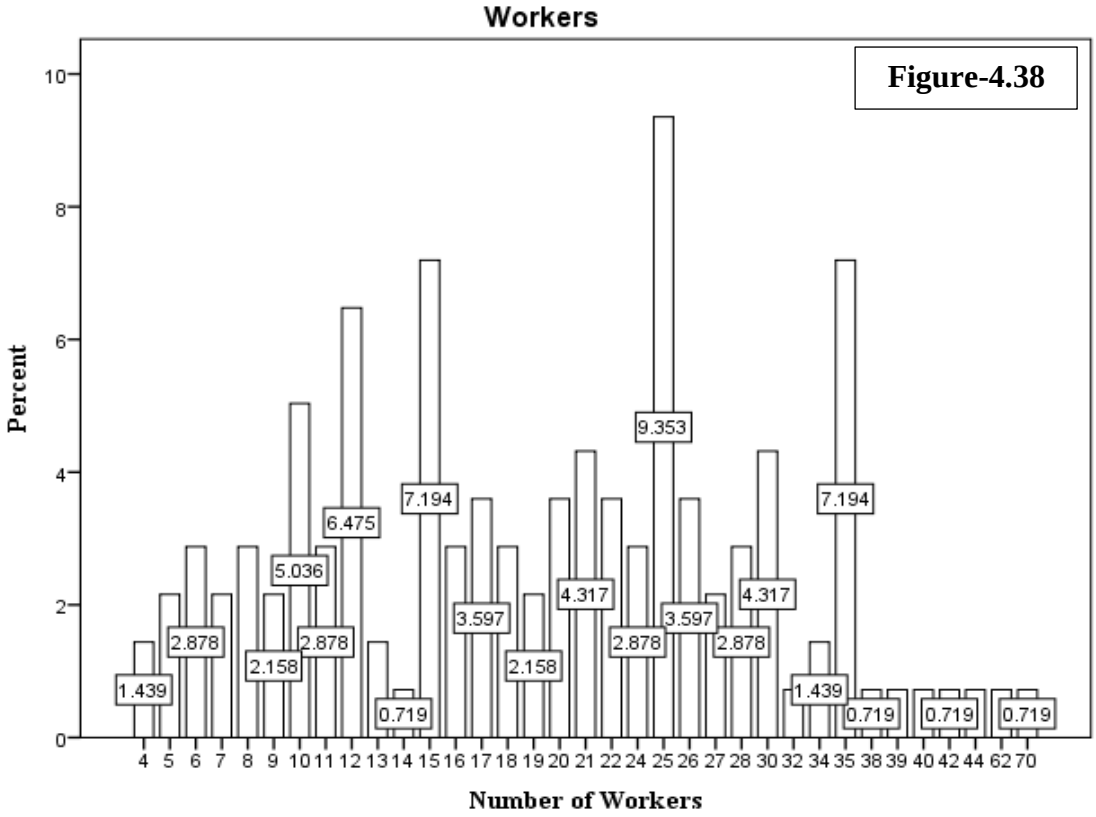
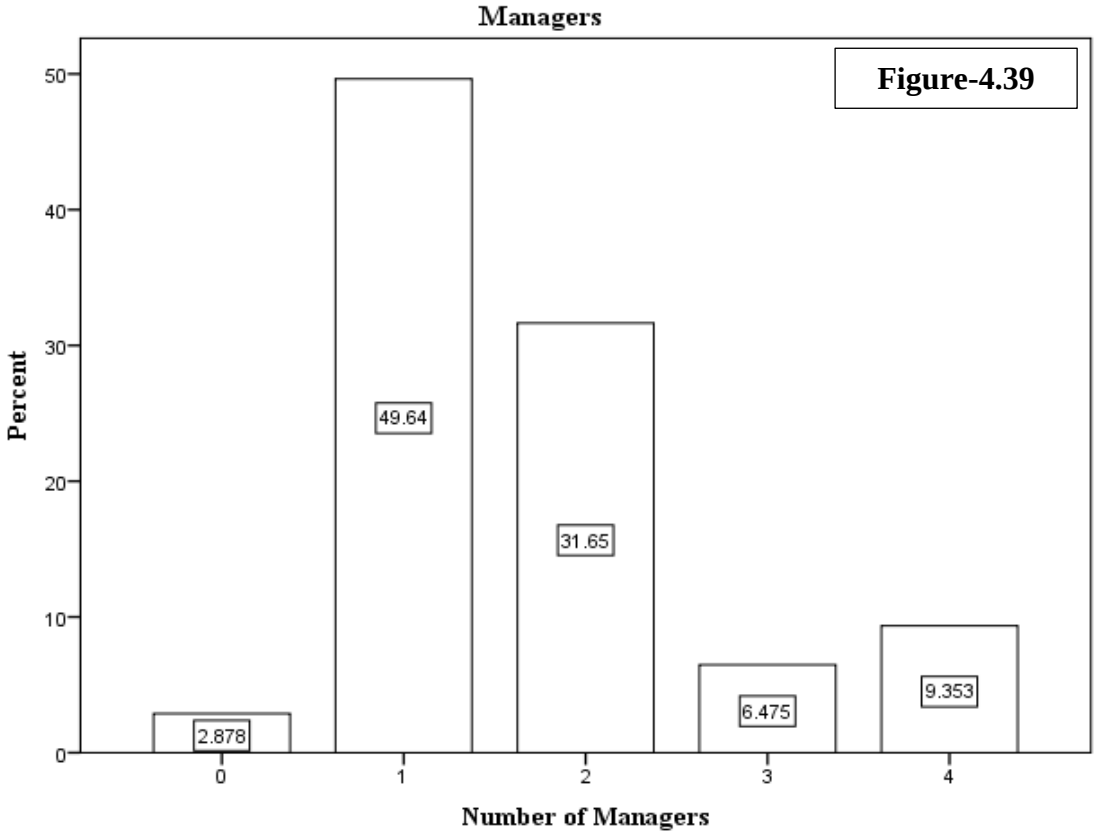


Figure-4.37


Workers
Figure-4.38
Percent
10
8
6
4
2
0
1.439
2.878
2.158
5.036
2.878
6.475
0.719
7.194
3.597
2.158
4.317
2.878
9.353
3.597
2.878
4.317
1.439
7.194
0.719
0.719
0.719
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 24 25 26 27 28 30 32 34 35 38 39 40 42 44 62 70
Number of Workers


Managers
Figure-4.39
Percent
50
40
30
20
10
0
2.878
49.64
31.65
6.475
9.353
0
1
2
3
4
Number of Managers

➢ ***What role did employees play during the difficult time /slow down/recession?***

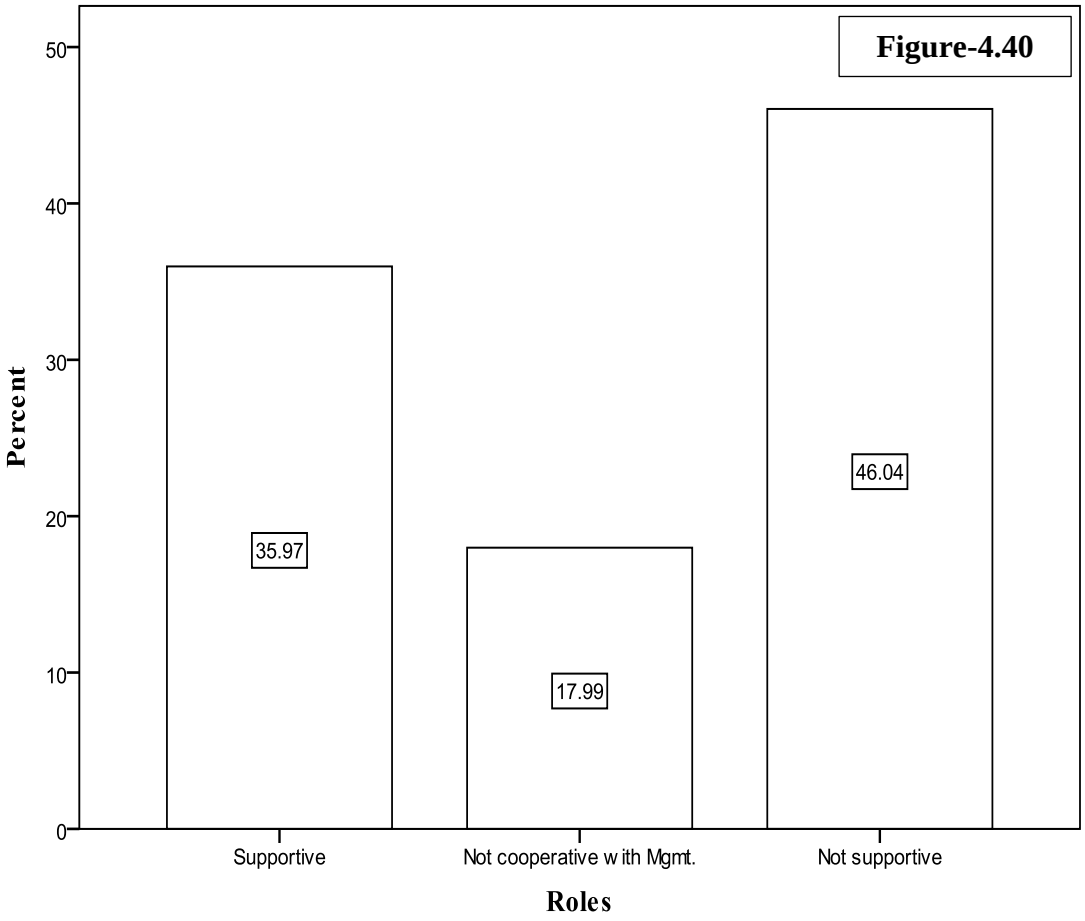
Role played by the employees during difficult time/slow down time is expected to be patient. It has to be contributive which will help the unit to improve its performance to raise the profit.

Role employees play during the difficult time /slow down/recession

Response	Frequency	Percentage
Supportive	50	36.0
Not cooperative with Mgmt.	25	18.0
Not supportive	64	46.0
Total	**139**	**100.0**

Table- 4.99

Employees role during the difficult time /slow down/recession



46 percent of the respondents say that their employees were not supportive, 36 percent of the respondents said the employees were supportive during slow down/recession, 18 percent said employees were not cooperative with the management. The entrepreneurs of the small scale manufacturing units in the study

area faced labor problem during difficult time/slow down/recession. The labors were not supportive and not cooperative with the management may be due to absenteeism, negligence of duty, labor turn over, disobedience, union activities and strikes.

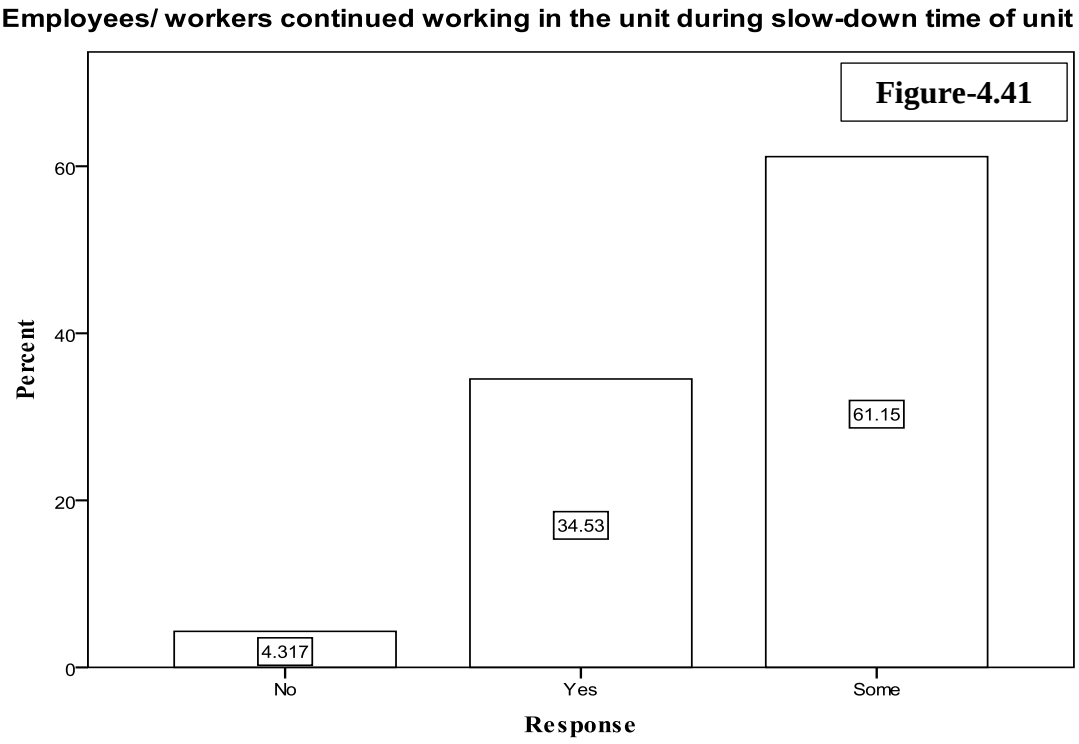
- **Whether the employees/ workers continued working in the unit during difficult (slow-down) time of unit?**

Human resource is the main part of any organization to run the business successfully. Employees should be positively engaged, motivated with some non-financial motivation to continue them in the organization. Researcher wants to know about the employees' contribution during difficult time.

Employees continued working during difficult time

Response	Frequency	Percentage
No	6	4.3
Yes	48	34.5
Some	85	61.2
Total	**139**	**100.0**

Table- 4.100



Approximately 61 percent of the entrepreneurs say only some employees continued working with the organization during difficult time, nearly 35 percent said all the employees continued with the organization.

Majority of the owners have taken extra fund to maintain the financial commitments. They are resorting to short term cure rather than long term cure. Rather than focusing on employee engagement, encouraging them with positive attitude and retaining them in the unit for long time, these unit owners are taking extra funds to maintain the financial commitment to these workers.

- **If yes, what motivated them to continue/retain?**

Researcher wants to know what motivated these workers to continue/retain which will be an inspiration for other units in the study area.

Motivation for retention

Motivation	Frequency	Percent of Cases
By employee engagement	17	13.5%
By encouraging them with positive attitude	41	32.5%
By financial commitment	76	60.3%
By retaining them in the unit for long time	22	17.5%
By paying them better	17	13.5%
All of the above	7	5.6%

Table- 4.101

Approximately 60 percent of the entrepreneurs said they motivated the workers through financial commitment, nearly 33 percent said by encouraging workers with positive attitude, 18 percent said by retaining them in the unit for long time. The above analysis shows that the entrepreneurs rely on the financial commitment to the workers.

- ***Whether workers were paid regularly when the unit had financial trouble?***

To keep the morale high, workers needs to be paid regularly. But, if a unit has dearth of cash it can only motivate the workers through non-financial motivation which is one of the biggest motivations for any employee to work enthusiastically.

Workers paid regularly

Response	Frequency	Percentage
No	61	43.9
Yes	78	56.1
Total	**139**	**100.0**

Table- 4.102

56 percent of the respondents say that the workers were paid regularly even though the units had financial trouble. It can be observed that these entrepreneurs have taken extra funds whenever they have to maintain financial commitment. Taking extra funds when the unit is in dearth of funds is not a long lasting remedy. This is one of the reasons under HR that the units are getting sick.

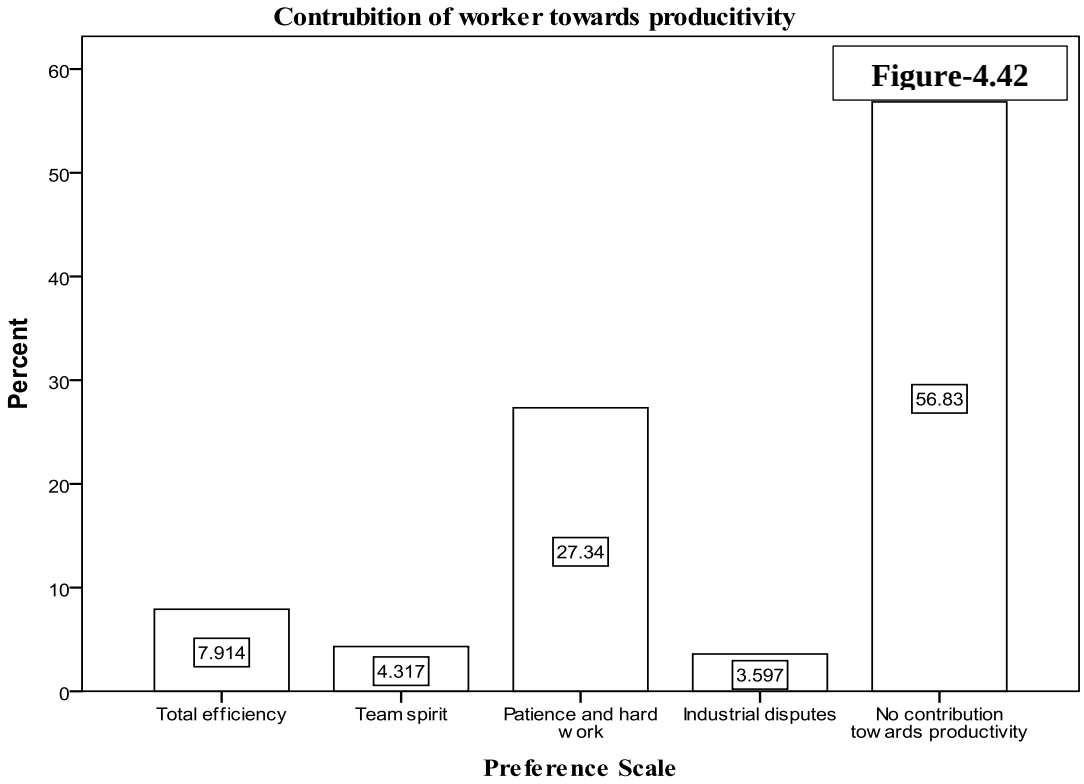
- ***How did the workers contribute towards productivity?***

Researcher wants to know what role the workers contributed when the unit had financial problem.

Workers contribution towards productivity

Contribution	Frequency	Percentage
Total efficiency	11	7.9
Team spirit	6	4.3
Patience and hard work	38	27.3
Industrial disputes	5	3.6
No contribution towards productivity	79	56.8
Total	**139**	**100.0**

Table- 4.103



Inspite of paying the workers regularly, approximately 57 percent of the entrepreneurs say that there was no contribution of workers towards productivity; nearly 27 percent said the workers had patience and hard work. Inspite of maintaining financial commitment, there is no efficiency and team spirit.

- ***Could you resolve the issues related to labour?***

Researcher asked the question with an intention to understand the role of labour in difficult time as human resource is an important resource of any organization to run the unit smoothly.

Resolve issues related to labour

Response	Frequency	Percentage
No	44	31.7
Yes	95	68.3
Total	**139**	**100.0**

Table- 4.104

Approximately 68 percent of respondents said they have resolved the issues related to labour, around 31 percent said they have not resolved the issues related to labour. From the above analysis, it can be interpreted that the issues related to the labour could be resolved due to the financial commitment by the unit owner.

- **Try to develop faith and confidence among workers**

Researcher wants to know this because if the workers have the faith and trust, they will work more efficiently.

Develop faith and confidence among the workers

Response	Frequency	Percentage
No	40	28.8
Yes	99	71.2
Total	**139**	**100.0**

Table- 4.105

Approximately 71 percent of the entrepreneurs said they developed faith and confidence among workers. It is interpreted from the analysis that the entrepreneurs developed faith and confidence because the workers were paid regularly.

- ***What was the outcome?***

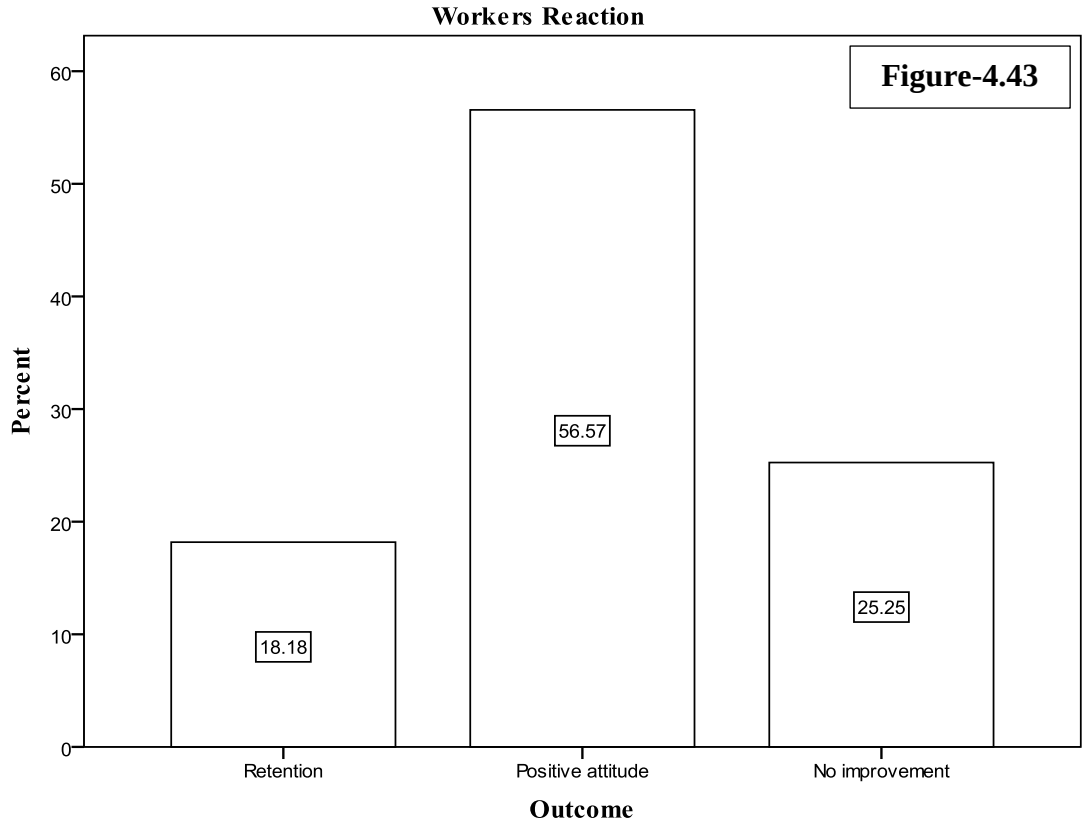
Researcher is interested in knowing what was the outcome received after developing the faith and confidence.

Outcome of developing faith and confidence

Outcome	Frequency	Percentage
Retention	18	18.1
Positive attitude	56	56.6
No improvement	25	25.3
Total	**99**	**100.0**

Table- 4.106

57 percent of the unit owners said that this faith and confidence brought the workers towards positive attitude, 25 percent said there was no improvement, and approximately 18 percent said there was the retention of employees in the organization.



SECTION-V

4.4.4.5 MANAGEMENT RELATED

- ***What progress did the unit show during post implementation period of employee involvement?***

Following is an analysis to understand the progress of unit during post implementation period of employee involvement

Progress in employee involvement

Progress	Frequency	Percent of Cases
Increased profits	8	8.6%
Increased productivity	11	11.8%
Voluntary involvement of the workers	45	48.4%
Employee retention	51	54.8%
Others	4	4.3%

Table- 4.107

Approximately 55 percent of the entrepreneurs said there was retention of employees; nearly 48 percent said there was voluntary involvement of the workers. It is

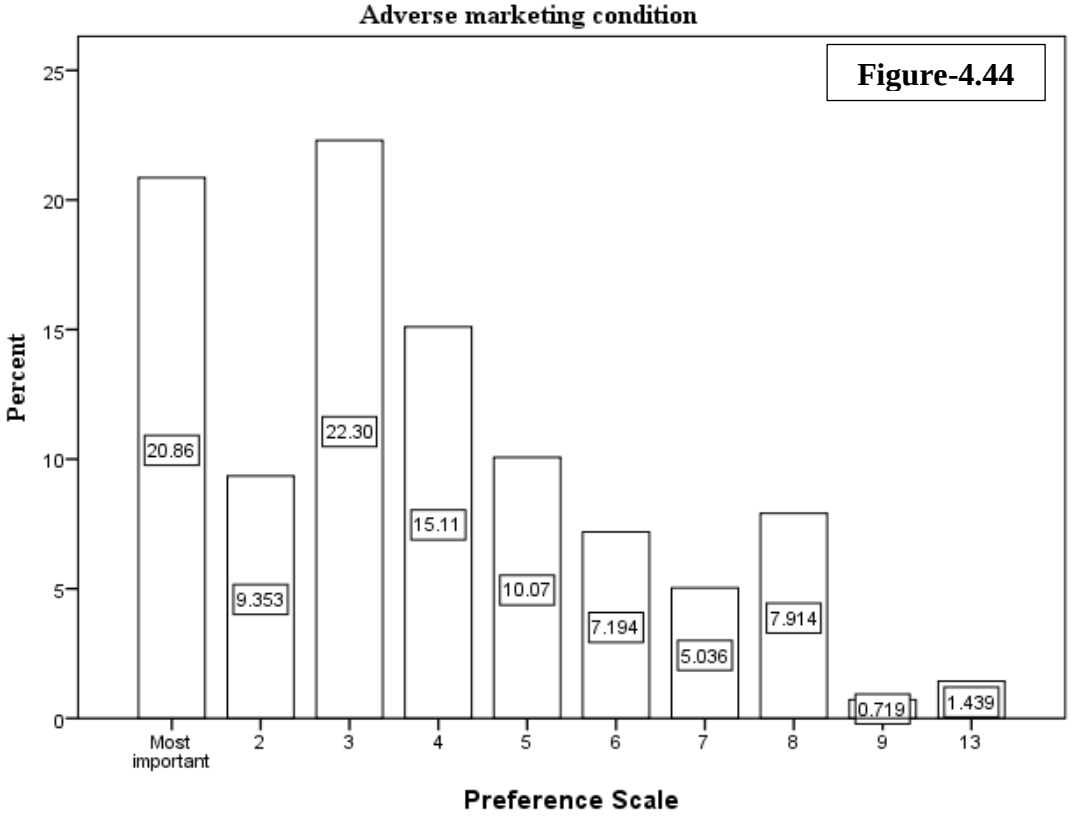
interpreted from the above analysis that the voluntary involvement might lead to employee retention which is not reflecting in increased profit and increased productivity.

- ***Please Rank the factors that affect business as per preference***

Ranks for adverse marketing condition

Preference	Frequency	Percentage
Most important	29	20.9
2	13	9.4
3	31	22.3
4	21	15.1
5	14	10.1
6	10	7.2
7	7	5.0
8	11	7.9
9	1	.7
13	2	1.4
Total	**139**	**100.0**

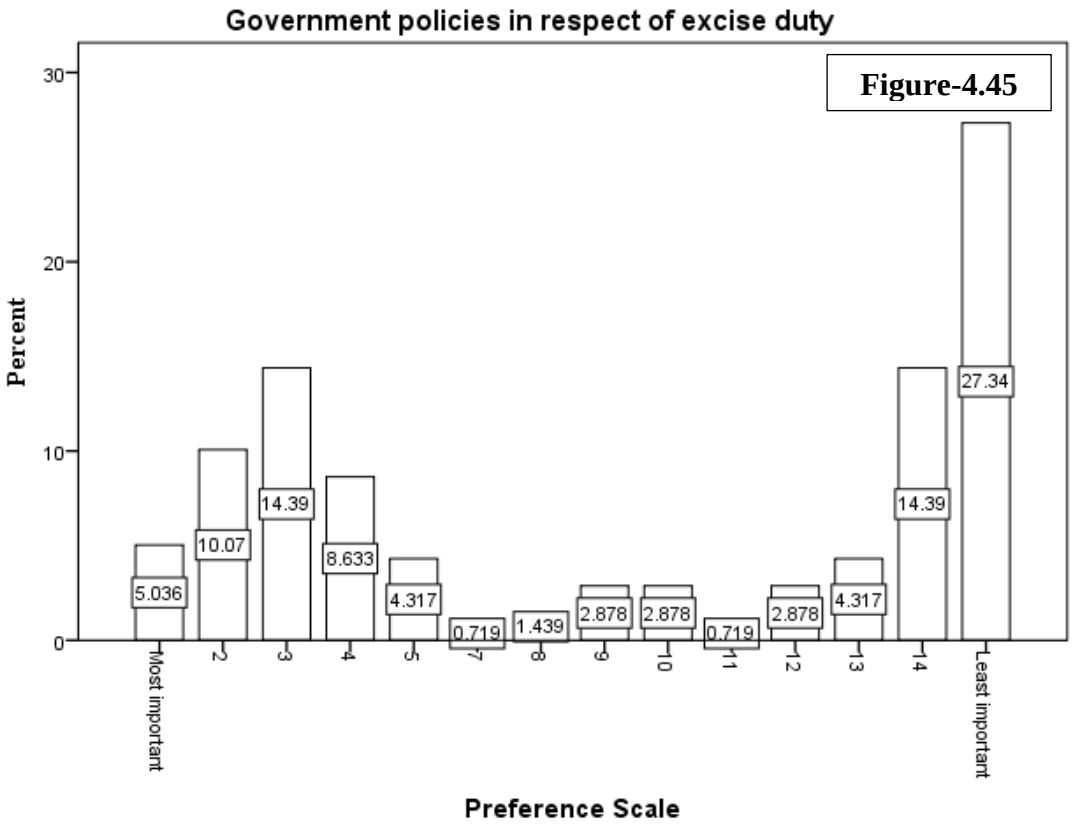
Table- 4.108



Ranks for government policies for excise duty

Preference	Frequency	Percentage
Most important	7	5.0
2	14	10.1
3	20	14.4
4	12	8.6
5	6	4.3
7	1	.7
8	2	1.4
9	4	2.9
10	4	2.9
11	1	.7
12	4	2.9
13	6	4.3
14	20	14.4
Least important	38	27.3
Total	**139**	**100.0**

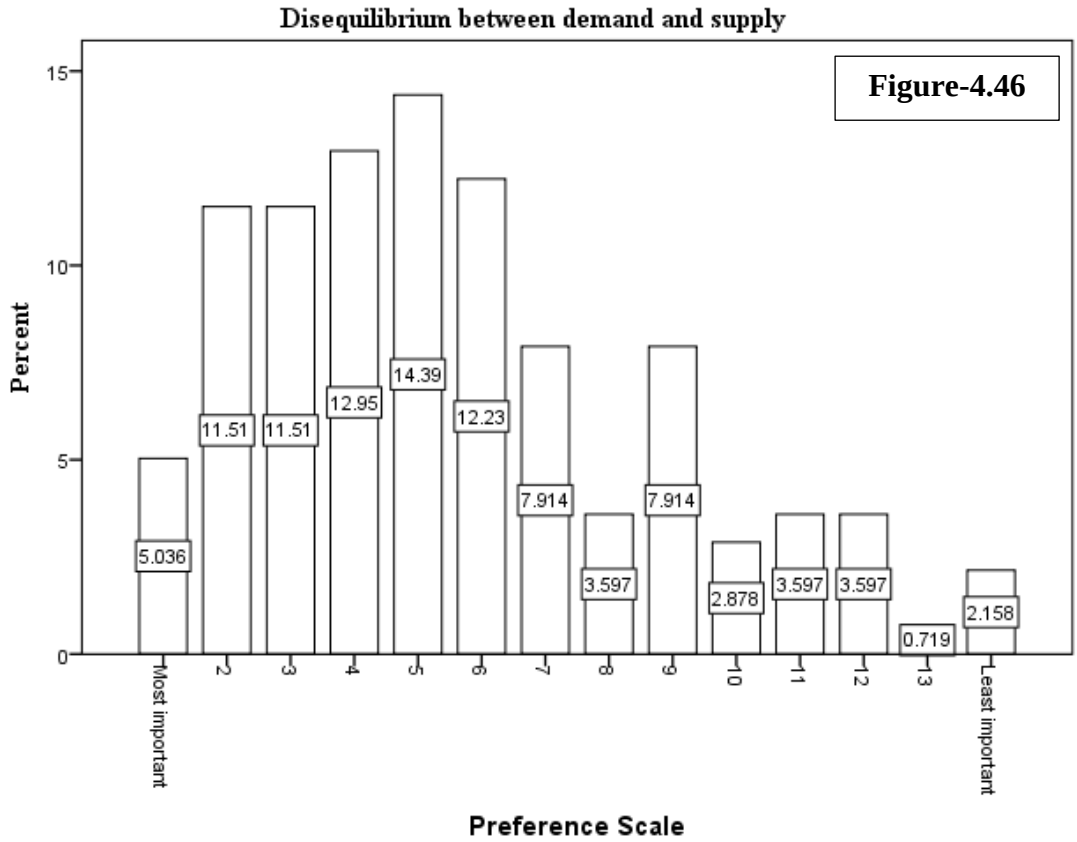
Table- 4.109



Ranks for disequilibrium between demand and supply

Preference	Frequency	Percentage
Most important	7	5.0
2	16	11.5
3	16	11.5
4	18	12.9
5	20	14.4
6	17	12.2
7	11	7.9
8	5	3.6
9	11	7.9
10	4	2.9
11	5	3.6
12	5	3.6
13	1	.7
Least important	3	2.2
Total	**139**	**100.0**

Table- 4.110



Ranks for recessionary trend

Preference	Frequency	Percentage
Most important	24	17.3
2	28	20.1
3	15	10.8
4	14	10.1
5	9	6.5
6	8	5.8
7	11	7.9
8	6	4.3
9	2	1.4
10	8	5.8
11	4	2.9
12	4	2.9
13	1	.7
14	3	2.2
Least important	2	1.4
Total	**139**	**100.0**

Table- 4.111

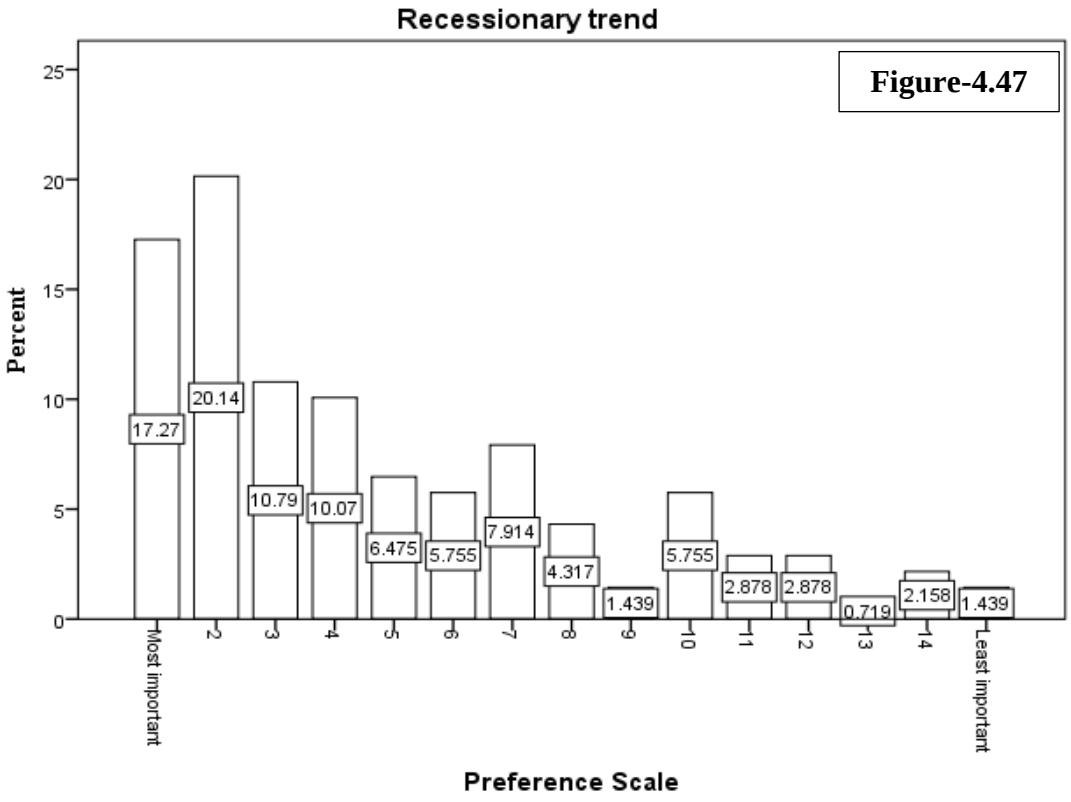
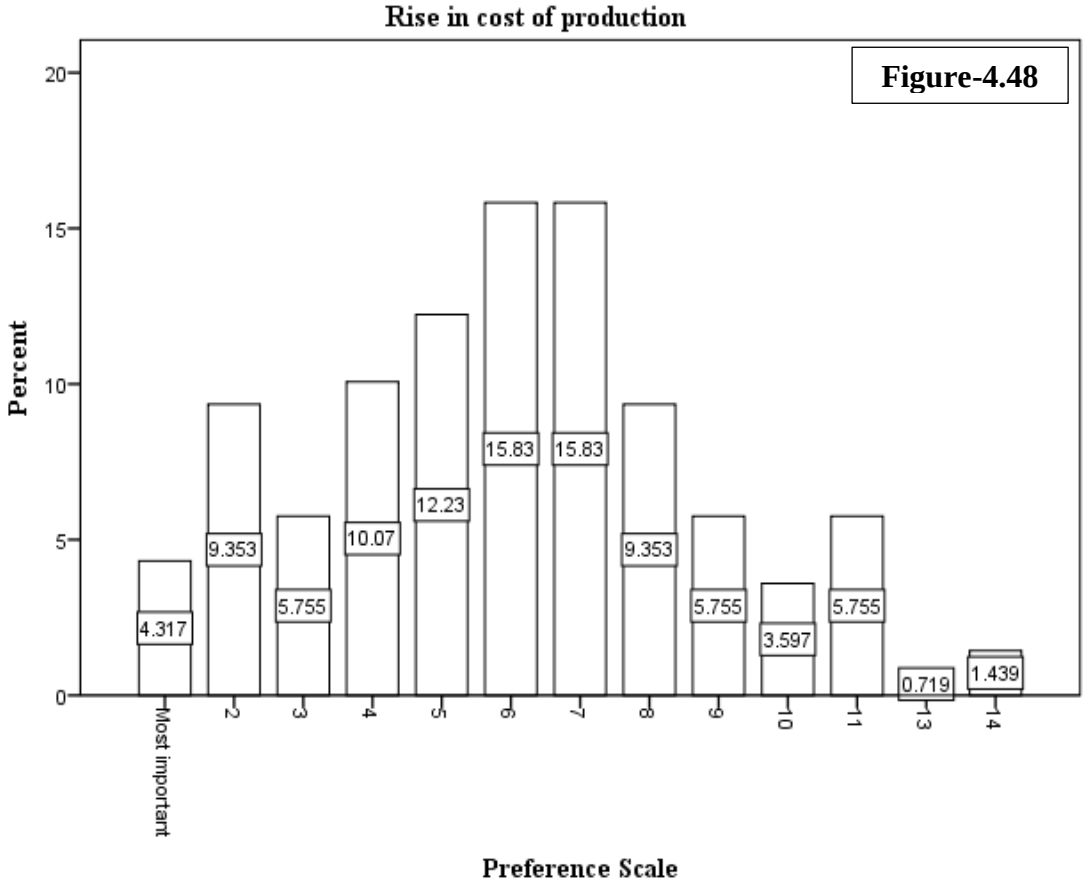


Figure-4.47

Ranks for rise in cost of production

Preference	Frequency	Percentage
Most important	6	4.3
2	13	9.4
3	8	5.8
4	14	10.1
5	17	12.2
6	22	15.8
7	22	15.8
8	13	9.4
9	8	5.8
10	5	3.6
11	8	5.8
13	1	.7
14	2	1.4
Total	**139**	**100.0**

Table- 4.112



Ranks for scarcity of raw material

Preference	Frequency	Percent
Most important	8	5.8
2	4	2.9
3	4	2.9
4	9	6.5
5	15	10.8
6	23	16.5
7	19	13.7
8	19	13.7
9	16	11.5
10	8	5.8
11	7	5.0
12	3	2.2
13	3	2.2
14	1	.7
Total	**139**	**100.0**

Table- 4.113

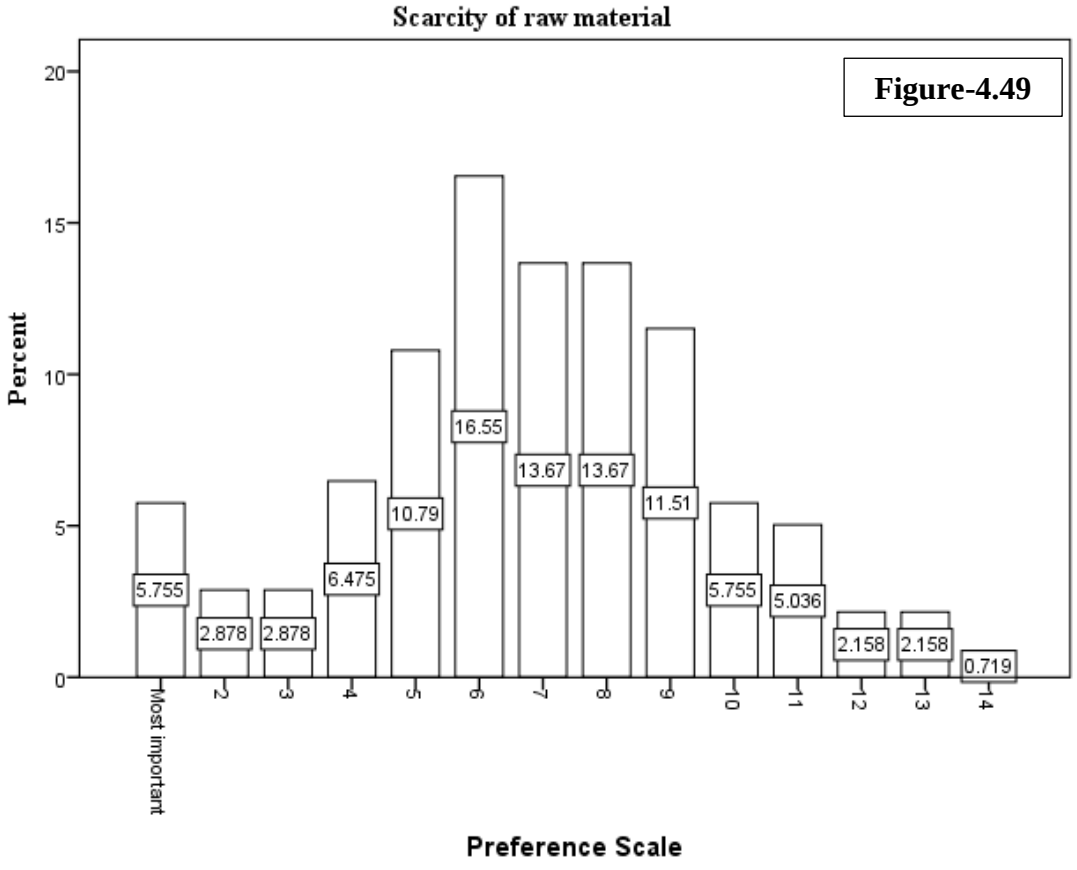
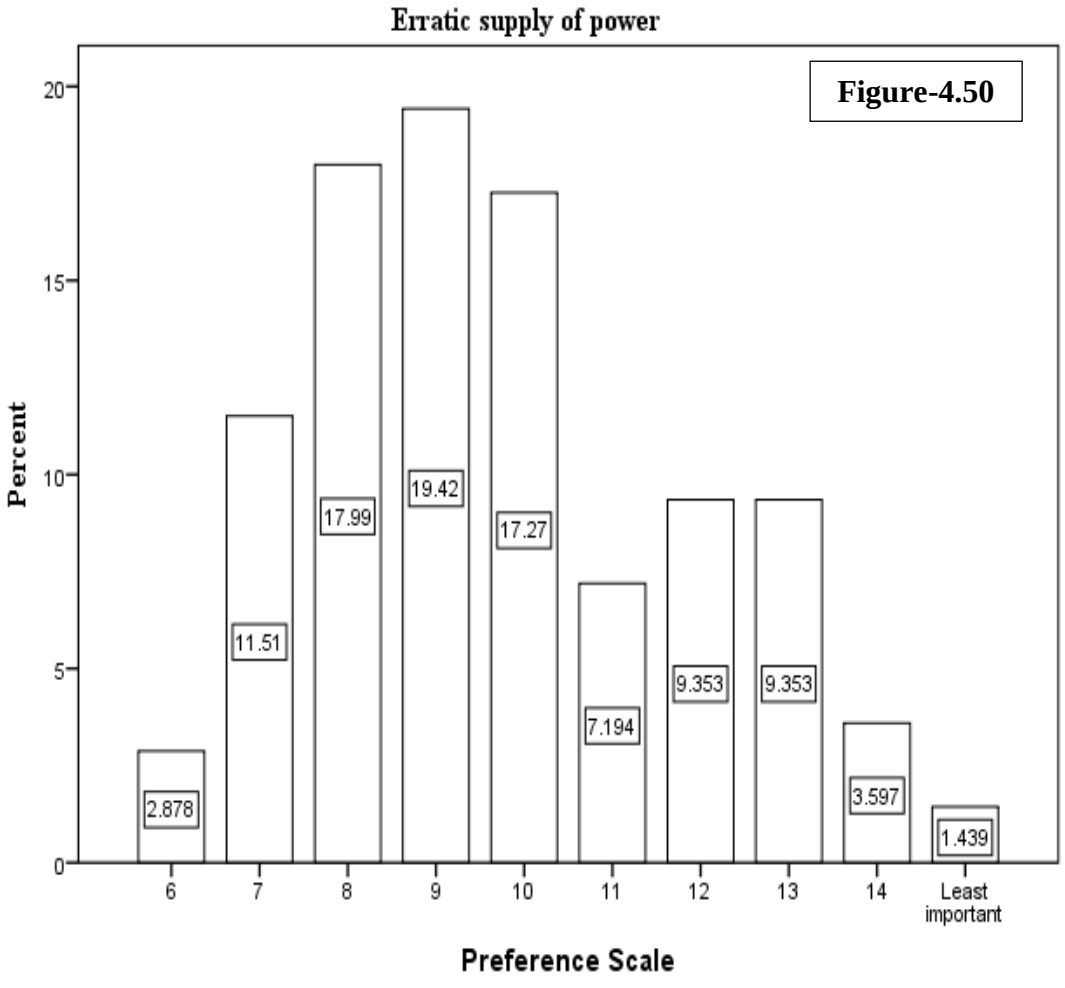


Figure-4.49

Ranks for erratic supply of power

Preference	Frequency	Percentage
6	4	2.9
7	16	11.5
8	25	18.0
9	27	19.4
10	24	17.3
11	10	7.2
12	13	9.4
13	13	9.4
14	5	3.6
Least important	2	1.4
Total	**139**	**100.0**

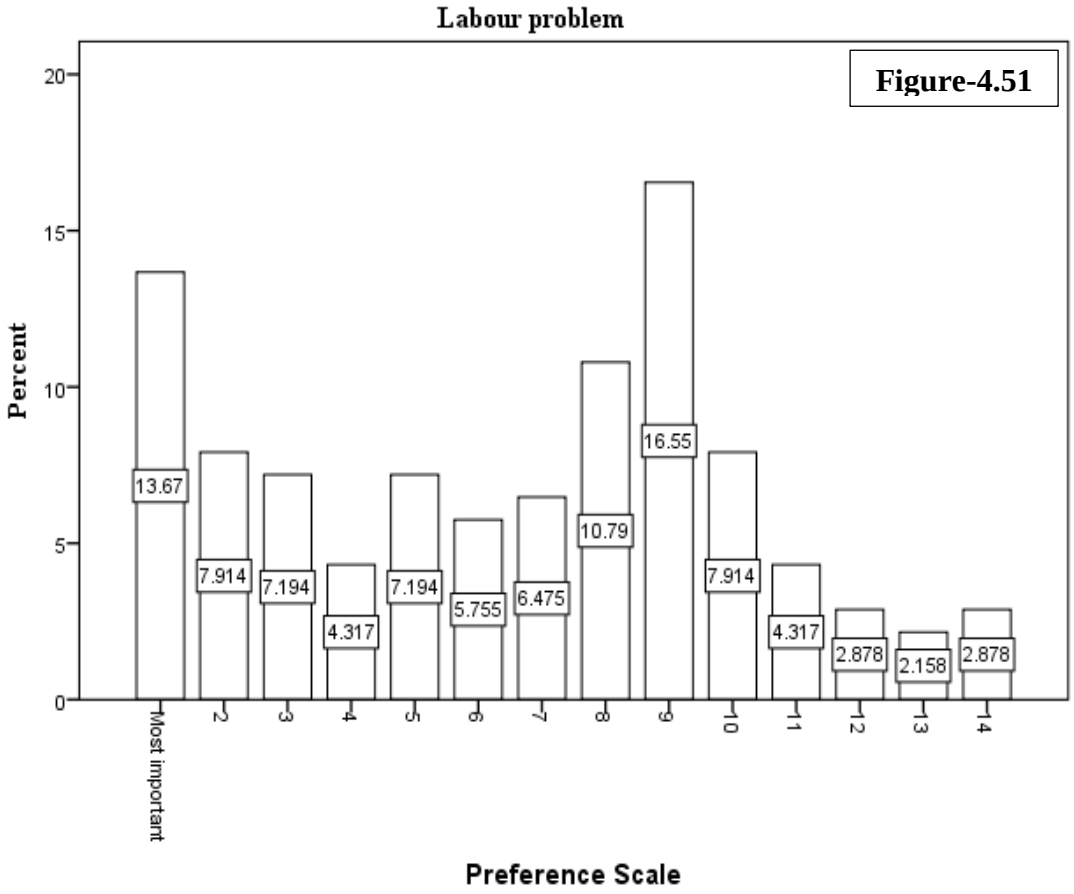
Table- 4.114



Ranks for labour problem

Preference	Frequency	Percentage
Most important	19	13.7
2	11	7.9
3	10	7.2
4	6	4.3
5	10	7.2
6	8	5.8
7	9	6.5
8	15	10.8
9	23	16.5
10	11	7.9
11	6	4.3
12	4	2.9
13	3	2.2
14	4	2.9
Total	**139**	**100.0**

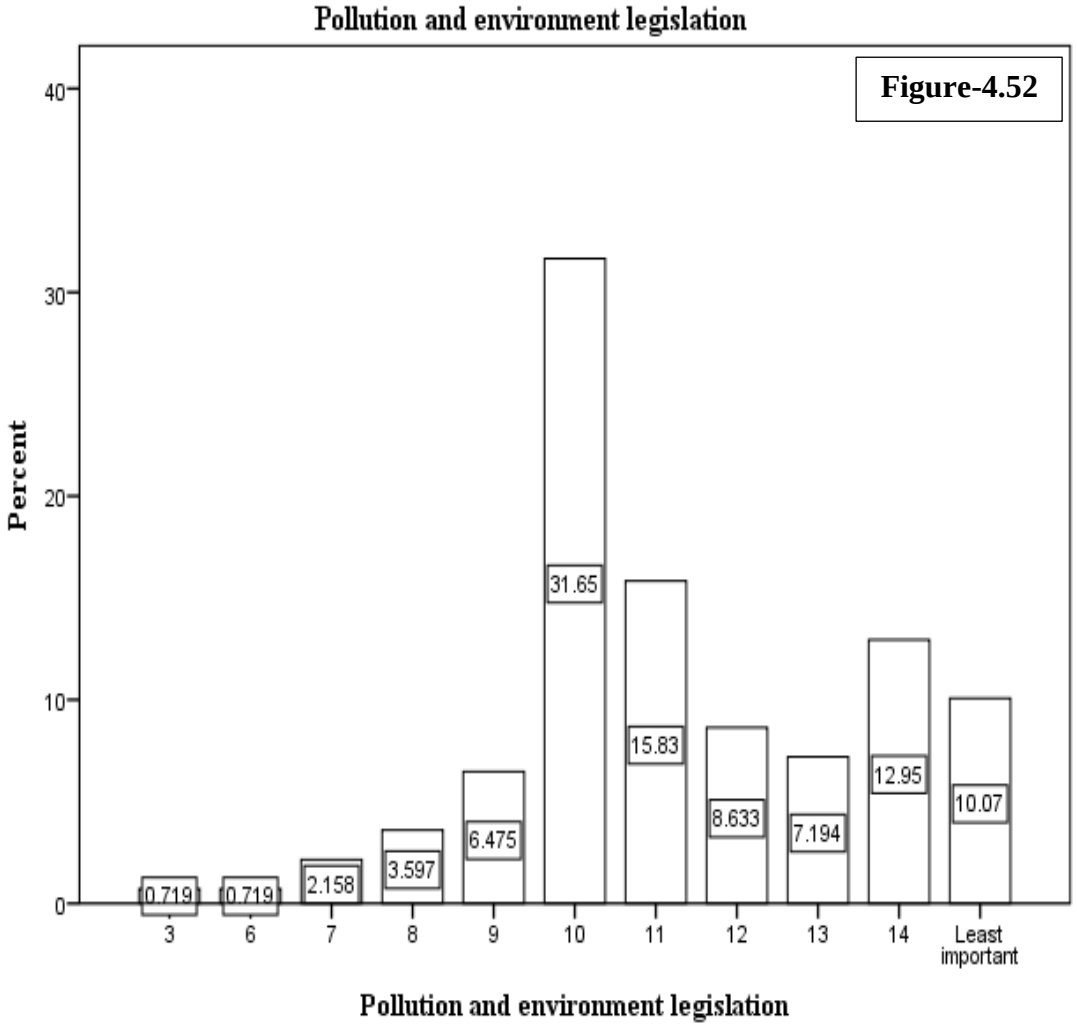
Table- 4.115



Ranks for pollution and environment legislation

Preference	Frequency	Percentage
3	1	.7
6	1	.7
7	3	2.2
8	5	3.6
9	9	6.5
10	44	31.7
11	22	15.8
12	12	8.6
13	10	7.2
14	18	12.9
Least important	14	10.1
Total	**139**	**100.0**

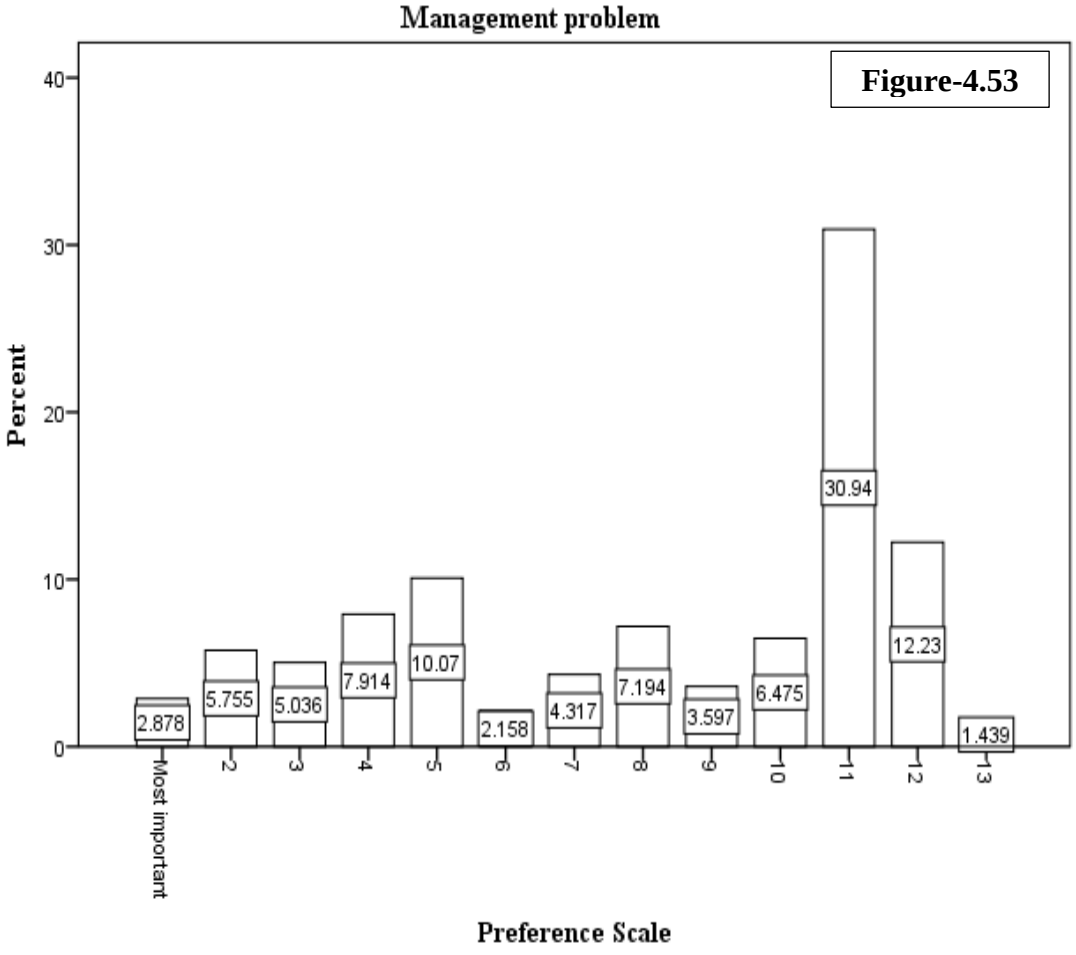
Table- 4.116



Ranks for management problem

Preference	Frequency	Percentage
Most important	4	2.9
2	8	5.8
3	7	5.0
4	11	7.9
5	14	10.1
6	3	2.2
7	6	4.3
8	10	7.2
9	5	3.6
10	9	6.5
11	43	30.9
12	17	12.2
13	2	1.4
Total	**139**	**100.0**

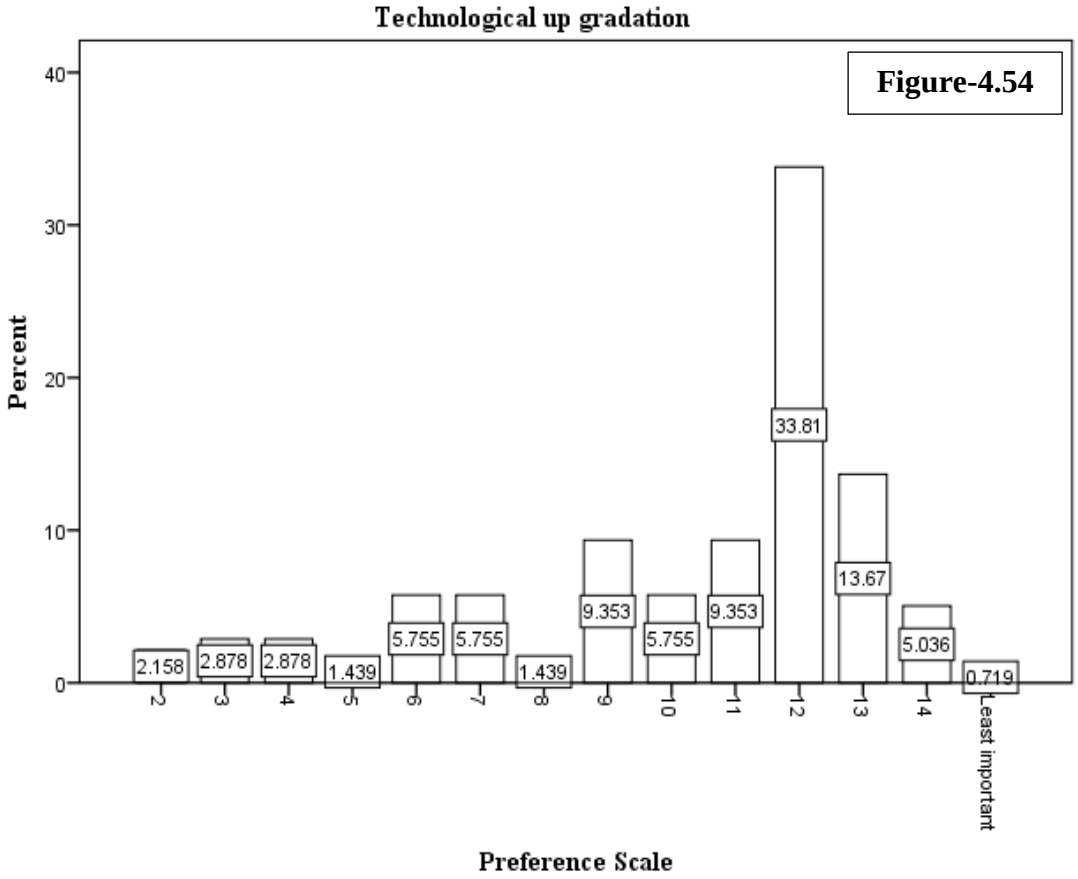
Table- 4.117



Ranks for technological up gradation

Preference	Frequency	Percentage
2	3	2.2
3	4	2.9
4	4	2.9
5	2	1.4
6	8	5.8
7	8	5.8
8	2	1.4
9	13	9.4
10	8	5.8
11	13	9.4
12	47	33.8
13	19	13.7
14	7	5.0
Least important	1	.7
Total	**139**	**100.0**

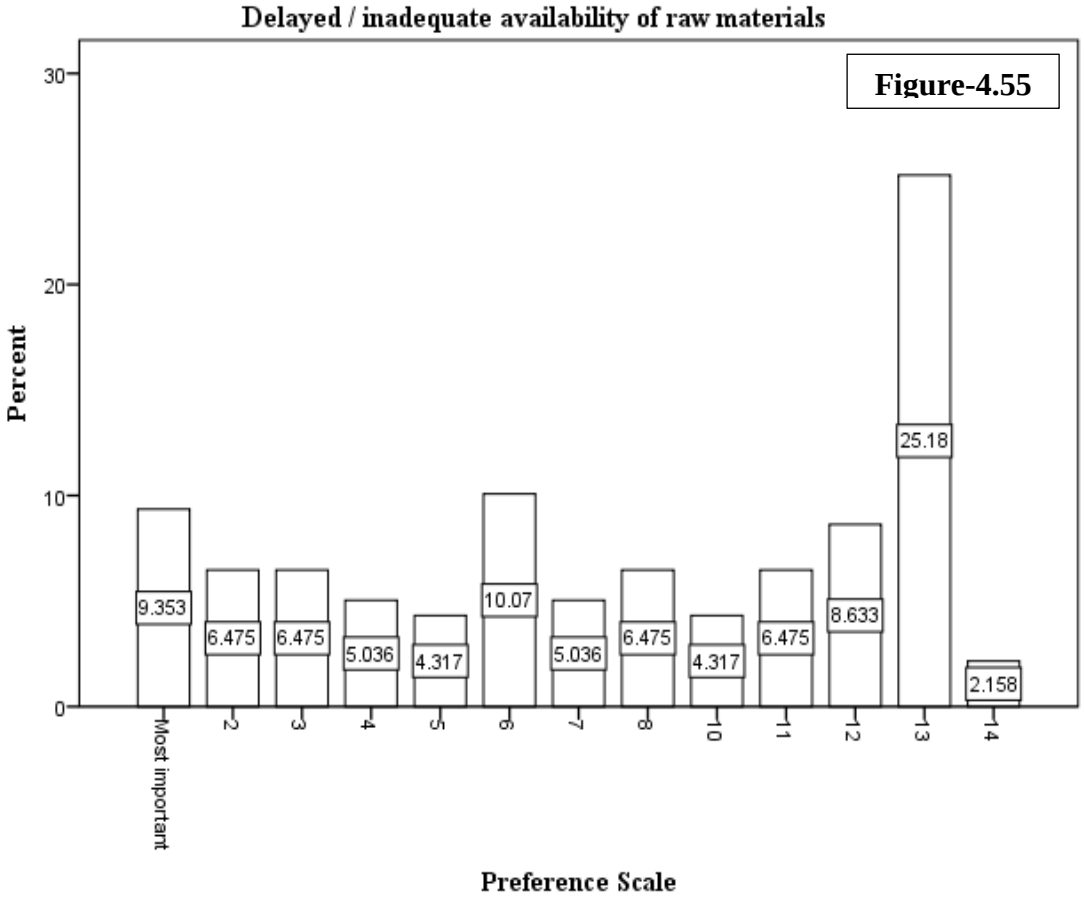
Table- 4.118



Ranks for delayed/ inadequate availability of raw materials

Preference	Frequency	Percentage
Most important	13	9.4
2	9	6.5
3	9	6.5
4	7	5.0
5	6	4.3
6	14	10.1
7	7	5.0
8	9	6.5
10	6	4.3
11	9	6.5
12	12	8.6
13	35	25.2
14	3	2.2
Total	**139**	**100.0**

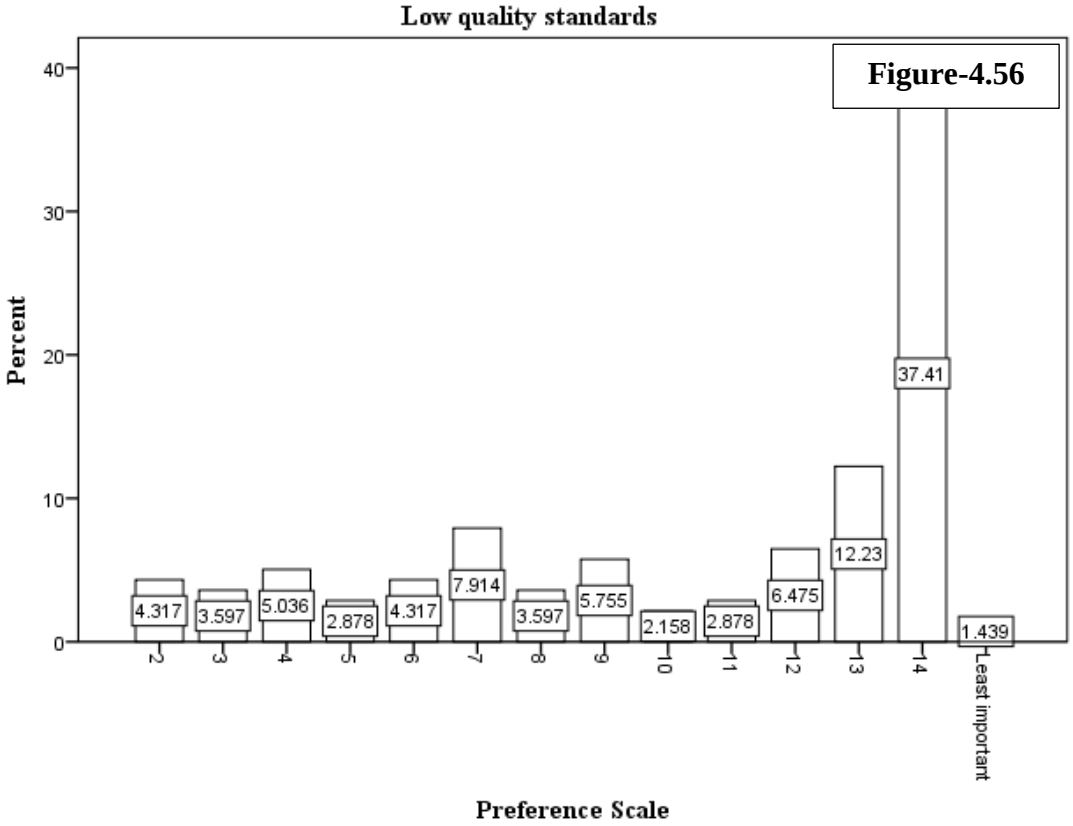
Table- 4.119



Ranks for low quality standards

Preference	Frequency	Percentage
2	6	4.3
3	5	3.6
4	7	5.0
5	4	2.9
6	6	4.3
7	11	7.9
8	5	3.6
9	8	5.8
10	3	2.2
11	4	2.9
12	9	6.5
13	17	12.2
14	52	37.4
Least important	2	1.4
Total	**139**	**100.0**

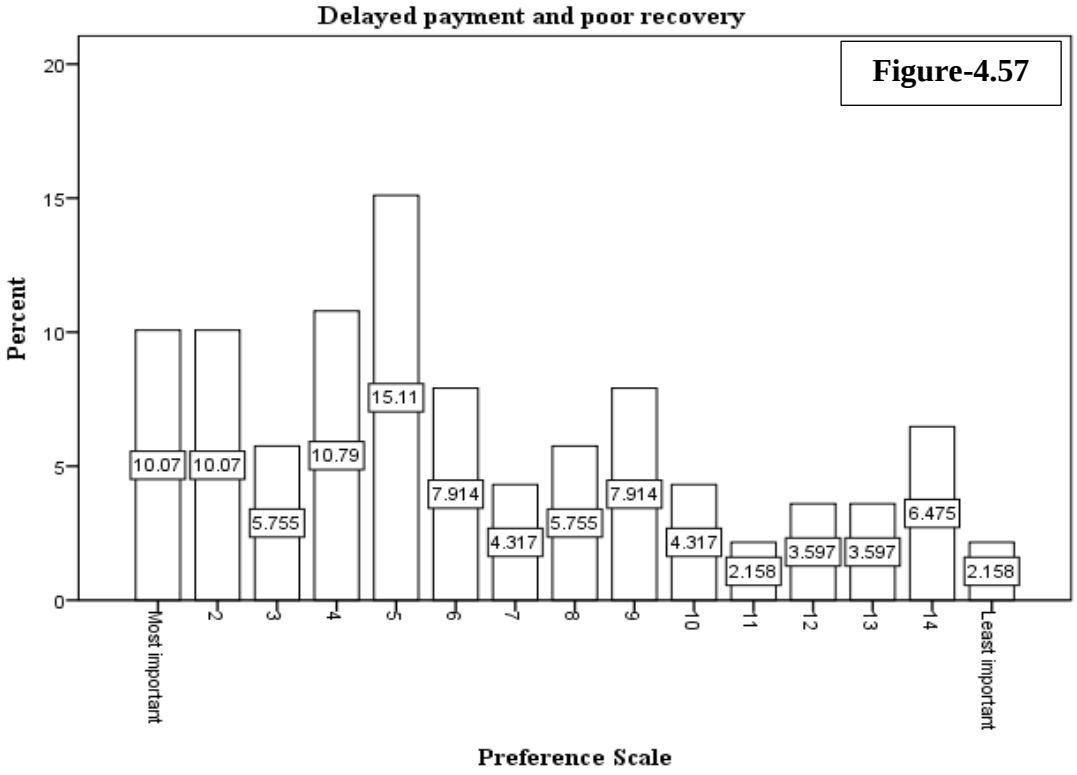
Table- 4.120



Ranks for delayed payment and poor recovery

Preference	Frequency	Percentage
Most important	14	10.1
2	14	10.1
3	8	5.8
4	15	10.8
5	21	15.1
6	11	7.9
7	6	4.3
8	8	5.8
9	11	7.9
10	6	4.3
11	3	2.2
12	5	3.6
13	5	3.6
14	9	6.5
Least important	3	2.2
Total	**139**	**100.0**

Table- 4.121



Ranks for inadequate infrastructure

Preference	Frequency	Percentage
2	2	1.4
3	1	.7
4	1	.7
5	1	.7
6	5	3.6
7	2	1.4
8	4	2.9
9	1	.7
10	6	4.3
11	4	2.9
12	6	4.3
13	19	13.7
14	14	10.1
Least important	73	52.5
Total	**139**	**100.0**

Table- 4.122

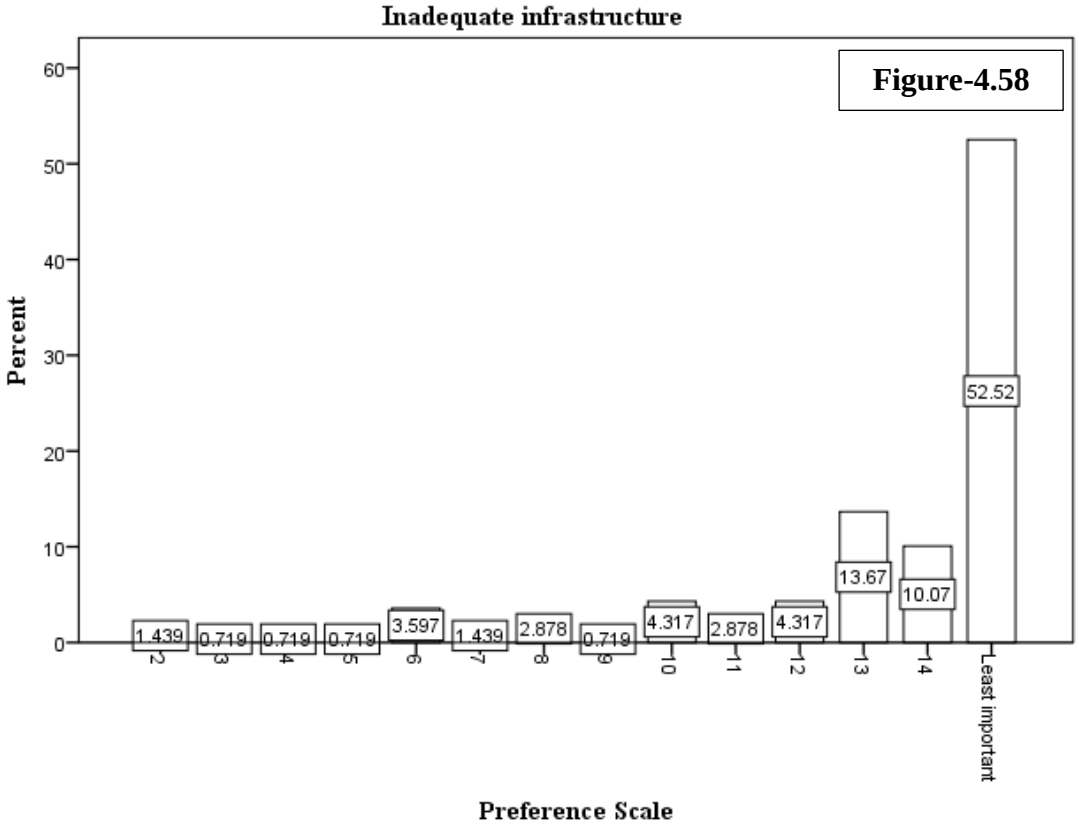


Figure-4.58

Factors that affect business as per preference	
Factors	Rank as per preference
Adverse marketing condition	3
Government policies in respect of excise duty	15
Disequilibrium between demand and supply	5
Recessionary trend	2
Rise in cost of production	6 or 7
Scarcity of raw material	6
Erratic supply of power	9
Labour problem	9
Pollution and environment legislation	10
Management problem	11
Technological up gradation	12
Delayed/ inadequate availability of raw materials	13
Low quality standards	14
Delayed payment and poor recovery	5
Inadequate infrastructure	15
Table- 4.123	

From the above table, it is interpreted that the main factors that affect the business is recessionary trend and adverse marketing condition which is the reason for the industrial sickness at Ahmednagar MIDC.

- **Do you think that the production gets affected due to the change in the management?**

Researcher wants to know whether change in management affects the production.

Effect on production due to change in the management

Response	Frequency	Percent
No	21	15.1
Yes	118	84.9
Total	**139**	**100.0**
Table- 4.124		

Approximately 85 percent of the entrepreneurs said the change in management affects the production.

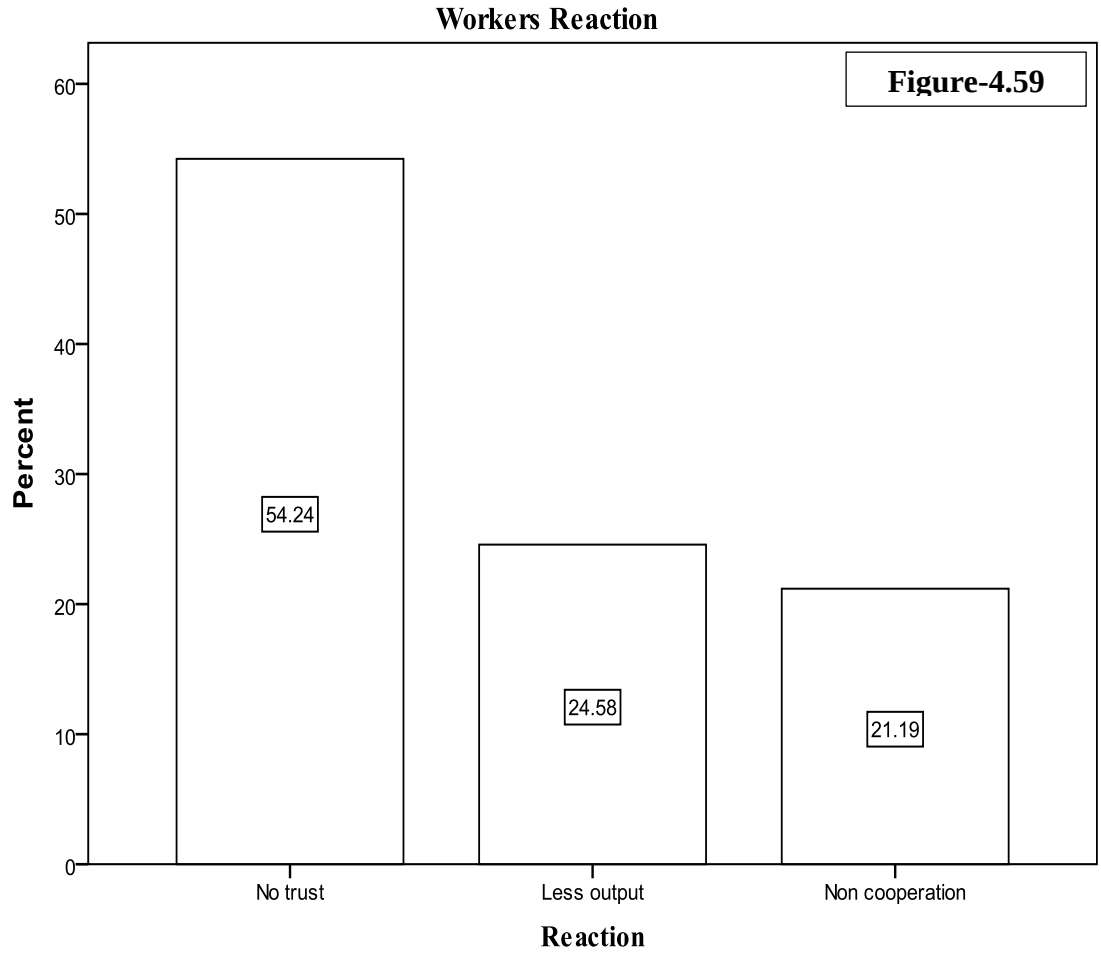
- **If yes, how?**

Researcher is interested to know in what manner the change in management affects the organization.

Workers reaction for change in management

Response	Frequency	Percent
No trust	64	54.2
Less output	29	24.6
Non cooperation	25	21.2
Total	**118**	**100**

Table- 4.125



Approximately 54 percent of the unit owners said the new management has no trust, nearly 25 percent said it affects in the output level and around 21 percent said there is non-cooperation of workers to the new owners.

4.3 TESTING OF HYPOTHESES

Inferential statistics plays important role in proving hypotheses set by the researcher. In the current research three hypotheses were set by the researcher to support the objectives stated.

The first hypothesis is

"Industrial sickness is resultant of both external causes (exogenous factors) and internal causes (endogenous factor)"

When asked to bank managers about the major and minor causes of firms reaching NPA researcher found that **Adverse industry condition** and **poor general management** are two most contributory factors as minor causes in the small scale manufacturing units getting NPA whereas under major factors **rigid government rules** contribute highest (33.3%) towards units getting NPA, which is followed by **non-cooperative government machinery**. If the results are observed carefully these causes are within the control of unit and only few are beyond its control. These causes can be bifurcated as internal and external causes which lead to sickness.

To test the hypothesis researcher further tried to find the relation between the causes of sickness and minor and major causes of NPA through cross tabulation, which helped the researcher to analyse the internal and external causes of sickness.

From **Table-4.126** it is observed that **poor top management** and **poor general management** are minor causes of sickness and is internal cause of sickness.

Table-4.126 Cross tabulation-Causes of Sickness* Minor causes of NPA

Causes for Sickness	Minor Causes										Total
	Adverse industry condition	Political interference	Inadequacies in functional management	Strict norms of the financial institutions	Poor general management	Poor initial choices of technology	Stringent rules relating to the loans	Poor plant management	Poor law and order situation	Unhelpful governmental machinery	
Poor top management	3	1	1	2	**3**	2	1	1	1	2	6
Poor project management	2	0	0	1	1	1	0	1	0	1	3
Slow down	1	1	1	1	2	1	1	0	1	1	3
Lack of orders	2	0	0	1	1	1	0	1	0	1	4
Machinery breakdown	1	1	1	1	1	1	1	0	1	0	1
Others	0	0	0	0	1	0	0	0	0	1	1
Total	3	1	1	2	3	2	1	1	1	2	6

From **Table-4.127** it is observed that **rigid government rules** and **poor top management** are major cause of sickness.

Table-4.127 Cross tabulation-Causes of Sickness* Major causes of NPA

Causes for Sickness	Major Causes						Total
	Adverse industry condition	Rigid government rules	Poor general management	Poor initial choices of technology and investment	Poor plant management	Unhelpful governmental machinery	
Poor top management	2	**6**	2	1	3	4	6
Poor project management	1	3	2	1	1	2	3
Slow down	1	3	0	0	2	2	3
Lack of orders	1	4	2	0	1	3	4
Machinery breakdown	0	1	0	0	1	1	1
Others	1	1	0	1	1	0	1
Total	2	6	2	1	3	4	6

Major Vs Minor cause (Cross tabulation)

Major reasons for NPA	Minor reasons for NPA										Total
	Adverse industry condition	Political interference	Inadequacies in functional management	Strict norms of the financial institutions with the management/ unit	Poor general management	Poor initial choices of technology and investment	Stringent rules relating to the sanctioning loans	Poor plant management	Poor law and order situation	Unhelpful governmental machinery	
Adverse industry condition	0	0	0	0	1 (r =.7, p =.116)	0	0	0	0	2 (r =.7, p =.116)	**2**
Rigid government rules	3	1	1	2	**3 (r = 0, p = 1)**	2	1	1	1	2	**6**
Poor general management	2	0	0	1	0	1 (r =.447, p =.374)	0	1 (r =.447, p =.374)	0	0	**2**
Poor initial choices of technology and investment	0	0	0	0	1	0	0	0	0	1 (r =.5, p =.312)	**1**
Poor unit management	1	1 (r =.447, p =.374)	1 (r =.447, p =.374)	1	2 (r =.7, p =.116)	1	1 (r =.447, p =.374)	0	1 (r =.447, p =.374)	2	**3**
Unhelpful governmental machinery	**3 (r =1, p =0)**	1	1	2 (r =.5, p =.312)	2	2	1	1	1	0	**4**
Total	**3**	**1**	**1**	**2**	**3**	**2**	**1**	**1**	**1**	**2**	**6**

Table- 4.128

Table-4.128 shows a cross table between major and minor causes of NPA it is observed that **rigid government rules** and **poor general management** as well as **adverse industry condition** and **unhelpful government machinery** are causes for sickness of small scale manufacturing units.

Also correlation analysis between major and minor causes shows relation between **unhelpful governmental machinery** and **adverse industry condition**. To test this researcher has set the alpha level (likelihood of being incorrect when we say the relationship we found in our sample reflects a relationship in the population) at 0.01. In order to determine if the correlation coefficient (**r)** researcher found with the sample meets that requirement, researcher has used a critical value table for Pearson's Correlation Coefficient. To use the table, two pieces of information is needed, how many subjects we had and the correlation coefficient (**r)** for the study. For a correlation study, the degree of freedom is equal to 2 less than the number of subjects we had. The collected data is from 24 pairs (48), the degrees of freedom would be 46. Use the critical value table to find the intersection of alpha .01 and 46 degrees of freedom. The value found at the intersection (.472) is the minimum correlation coefficient (**r)** that researcher would need to confidently state 99 times out of a hundred that the relationship found with 48 subjects exists in the population from which it was drawn. The absolute value of correlation coefficient is above .472, reject null hypothesis (there is no relationship) and accept the alternative hypothesis: There is a statistically significant relationship between unhelpful governmental machinery and adverse industry condition, **r** (46) = 1, $\underline{p} < .01$.

It is interesting to observe from **Table-4.129** that mean administration staff, workers and managers working in these units are 3.86, 20.59 and 1.70 respectively where the upper and lower boundary is 4.27 to 3.44, 22.42 to 18.77 and 1.86 to 1.53 respectively.

It is further observed that skewness values is **greater than one** indicate that it is right skewed distribution and most values are concentrated on the left of the mean, with extreme values to the right. Kurtosis values are **less than three** and indicate that leptokurtic distribution, sharper than a normal distribution, with values concentrated around the mean and thicker tails. This means probability of extreme values.

Employees working in a unit

Descriptive			**Statistic**	**Std. Error**
Administration staff	95% Confidence Interval for Mean	Mean	**3.86**	.210
		Lower Bound	3.44	
		Upper Bound	4.27	
		Skewness	**1.316**	.206
		Kurtosis	**2.458**	.408
Workers	95% Confidence Interval for Mean	Mean	**20.59**	.921
		Lower Bound	18.77	
		Upper Bound	22.41	
		Skewness	1.175	.206
		Kurtosis	**3.087**	.408
Managers	95% Confidence Interval for Mean	Mean	**1.70**	.083
		Lower Bound	1.53	
		Upper Bound	1.86	
		Skewness	**1.058**	.206
		Kurtosis	**.510**	.408

Table-4.129

The second hypothesis *is*

*"**Small scale industrial units are prone to sickness for the want of entrepreneurial skill set required to compete with large industries as well as multinational companies."***

The questionnaire drafted for entrepreneur has some specific questions asked to entrepreneurs to know their present skill sets so that the researcher can study and understand skill set required for an entrepreneur to compete with large as well as

multinational companies. Researcher has considered several variables to facilitate the proving of second hypothesis.

I) Ho = There is no relationship between educational qualification of the entrepreneur and sickness in small scale manufacturing units.

From the **Table-4.130**, cross tabulation between educational qualification of entrepreneur and unit become sick, it is observed that sickness is observed in units where the educational qualification of the entrepreneur is either graduate (42, 40.4 percent) or post graduate (44, 42.3 percent) than the unit entrepreneur having professional qualification (12,11.5 percent).

It is also observed that units with entrepreneur below graduate as qualification has highest number of sick units that is 6 units sick out of 7 (85.7 percent) followed by graduate, post graduate entrepreneur with the sickness percentage 76.4 percent (42 out of 55 units) and 74.6 (44 out of 59 units) respectively. A unit with entrepreneur having professional qualification has less percentage of sickness that is 66.7 (12 out of 18 units).

Cross tabulation-Educational qualification of Entrepreneur * Unit become sick

Educational qualification of Entrepreneur		Unit become sick		Total
		No	Yes	
Below graduate	Count	1	6	7
	% within Educational qualification	14.3%	85.7%	100.0%
	% within unit become sick	2.9%	5.8%	5.0%
	% of Total	.7%	4.3%	5.0%
Graduate	Count	13	42	55
	% within Educational qualification	23.6%	76.4%	100.0%
	% within unit become sick	37.1%	40.4%	39.6%
	% of Total	9.4%	30.2%	39.6%
Post-graduate	Count	15	44	59
	% within Educational qualification	25.4%	74.6%	100.0%
	% within unit become sick	42.9%	42.3%	42.4%
	% of Total	10.8%	31.7%	42.4%
Professional qualification	Count	6	12	18
	% within Educational qualification	33.3%	66.7%	100.0%
	% within unit become sick	17.1%	11.5%	12.9%
	% of Total	4.3%	8.6%	12.9%
Total	Count	35	104	139
	% within Educational qualification	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.130

Table-4.131 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 8.148 against tabulated value of 7.815, which is associated with a 0.7 percent which is far lagging our standard of 5% risk, so we have to reject the null hypothesis and can conclude that there is a relationship between educational qualification of the entrepreneur and sickness in small scale manufacturing units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**8.148**	3	**.007**
Likelihood Ratio	8.167	3	.007
Linear-by-Linear Association	.945	1	.331
N of Valid Cases	139		

Table-4.131

II) Ho = There is no relationship between the motivation to start the business and sickness in small scale manufacturing units.

From **Table-4.132**, Cross tabulation between motivation to start business and unit become sick it is observed that family owned business (64.3 percent) has less percentage of sickness in small scale manufacturing units as compared to other motivations to start the business.

Cross tabulation-Motivation to start business * Unit become sick

Motivation to start business		**Unit become sick**		
		No	**Yes**	**Total**
Past experience	Count	13	39	52
	% within motivation to start business	25.0%	75.0%	100.0%
	% within unit become sick	37.1%	37.5%	37.4%
	% of Total	9.4%	28.1%	37.4%
To take advantage of opportunity /demand	Count	7	14	21
	% within motivation to start business	33.3%	66.7%	100.0%
	% within unit become sick	20.0%	13.5%	15.1%
	% of Total	5.0%	10.1%	15.1%
Self-dependent	Count	10	39	49
	% within motivation to start business	20.4%	79.6%	100.0%
	% within unit become sick	28.6%	37.5%	35.3%
	% of Total	7.2%	28.1%	35.3%
Family business	Count	5	**9**	14
	% within motivation to start business	35.7%	**64.3%**	100.0%
	% within unit become sick	14.3%	8.7%	10.1%
	% of Total	3.6%	6.5%	10.1%

Being an expert	Count	0	**3**	3
	% within motivation to start business	.0%	100.0%	100.0%
	% within unit become sick	.0%	2.9%	2.2%
	% of Total	.0%	2.2%	2.2%
Total	Count	35	104	139
	% within motivation to start business	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.132

Table-4.133 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 10.168 against tabulated value of 9.488, which is associated with a 0.3 percent which is far lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between the motivation to start the business and sickness in small scale manufacturing units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**10.168**	**4**	**.003**
Likelihood Ratio	10.822	4	.002
Linear-by-Linear Association	.073	1	.787
N of Valid Cases	139		

Table-4.133

III) Ho = There is no relationship between the annual turnover of the small scale manufacturing units and sickness in these units.

From **Table-4.134**, it is observed that units having turnover between 0 lakh to 100 lakhs has higher percentage of sickness. This can be attributed to less finance available for advertisement and marketing of the product. Sickness is less for units having annual turnover more than 100 lakhs.

Cross tabulation-Annual turnover of industry * Unit become sick

Annual turnover of industry in lakhs		**Unit become sick**		
		No	**Yes**	**Total**
0-10	Count	0	1	1
	% within annual turnover	0%	100.0%	100.0%
10-20	Count	6	10	16
	% within annual turnover	37.5%	62.5%	100.0%
20-30	Count	5	36	41
	% within annual turnover	12.2%	87.8%	100.0%
30-70	Count	11	29	40

	% within annual turnover	27.5%	72.5%	100.0%
70-100	Count	4	19	23
	% within annual turnover	17.4%	82.6%	100.0%
100+	Count	9	9	18
	% within annual turnover	50.0%	**50.0%**	100.0%
Total	Count	35	104	139
	% within annual turnover	25.2%	74.8%	100.0%

Table-4.134

Table-4.135 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 12.036 against tabulated value of 11.070, which is associated with a 3.4 percent which is less than 5 percent indicating the null hypothesis should be rejected. Researcher can conclude that there is a relationship between the annual turnover of the small scale manufacturing units and sickness in these units.

Chi-Square Tests

	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	**12.036**	5	**.034**
Likelihood Ratio	12.040	5	.034
Linear-by-Linear Association	2.194	1	.139
N of Valid Cases	139		

Table-4.135

IV) Ho = There is no relationship between the type of technology used by the small scale manufacturing units and sickness in these units.

From **Table-4.136** it is observed that units using traditional and intermediate technology have higher percentage of sickness that is 100 percent and 85.5 percent respectively as compared to units using modern technology (63%).

Cross tabulation-Type of technology at the unit * Unit become sick

Type of technology	**Unit become sick**		**Total**
	No	**Yes**	
Traditional	0	**3 (100%)**	3
Intermediate	10	**58 (85.3%)**	68
Modern	25	43 (63%)	68
Total	**35**	**104**	**139**

Table-4.136

Table-4.137 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square

statistic is 9.813 against tabulated value of 5.991, which is associated with a 0.7 percent which is far lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between type of technology used by the small scale manufacturing units and sickness in these units

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**9.813**	2	**.007**
Likelihood Ratio	10.640	2	.005
Linear-by-Linear Association	9.673	1	.002
N of Valid Cases	139		

Table-4.137

V) Ho = There is no relationship between the units functioning as an ancillary unit to large units and sickness in these units.

From **Table-4.138** it is observed that units which are not functioning as an ancillary unit to large units have higher percentage (78.75 percent) of sickness as compared to units functioning (69.49 percent) as ancillary to large manufacturing units.

Cross tabulation-Units functioning as an ancillary unit*unit become sick

Unit functioning as an ancillary unit of large enterprise(s)	Unit become sick		Total
	No	Yes	
No	17	**63 (78.75%)**	80
Yes	18	41 (69.49%)	59
Total	35	104	139

Table-4.138

Table-4.139 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 1.545 against tabulated value of 3.841, which is associated with a 21.4 percent risk of being wrong in rejecting the null hypothesis. This is too great a risk (far exceeding our standard of 5% risk), so we are unable to reject the null hypothesis and can conclude that there no relationship between the units functioning as an ancillary unit to large units and sickness in these units. Even the fisher exact test value (23.9 percent) is greater than 5 percent indicative of acceptance of null hypothesis.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**1.545**	1	**.214**		
Continuity Correction	1.093	1	.296		
Likelihood Ratio	1.533	1	.216		
Fisher's Exact Test				**.239**	**.148**
Linear-by-Linear Association	1.534	1	.216		
N of Valid Cases	139				

Table-4.139

The above statement can be further supported by percentage of sales of these ancillary units out of their total sales. **Table-4.140**

Cross tabulation-Share in total sales. * Unit become sick

Share in total sales	Unit become sick		Total
	No	Yes	
100%	1	2(66.66%)	3
75-100%	6	5(45.45%)	11
60-75%	7	12(63.15%)	19
Less than 60%	4	22(84.62%)	26
Total	**18**	**41**	**59**

Table-4.140

Table-4.141 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 6.174 against tabulated value of 7.815, which is associated with a 10.3 percent risk of being wrong in rejecting the null hypothesis. This is a risk (exceeding our standard of 5% risk), so we are unable to reject the null hypothesis. We can conclude that there is no relation between ancillary sales proportion to their total sales and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**6.174**	3	**.103**
Likelihood Ratio	6.273	3	.099
Linear-by-Linear Association	4.430	1	.035
N of Valid Cases	59		

Table-4.141

VI) Ho = There is no relationship between the units conducting market research and sickness in these units.

From **Table-4.142** it is observed that units conducting market research (69.4 percent) has less percentage of sickness as compared to units not conducting market research (80.6 percent).

Cross tabulation-Conduct market research * Unit become sick

Conduct market research		Unit become sick		Total
		No	Yes	
No	Count	13	54	67
	% within conduct market research	19.4%	**80.6%**	100.0%
	% within unit become sick	37.1%	51.9%	48.2%
	% of Total	9.4%	38.8%	48.2%
Yes	Count	22	50	72
	% within conduct market research	30.6%	**69.4%**	100.0%
	% within unit become sick	62.9%	48.1%	51.8%
	% of Total	15.8%	36.0%	51.8%
Total	Count	35	104	139
	% within conduct market research	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.142

Table-4.143 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 6.174 against tabulated value of 3.84, which is associated with a 3 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between units conducting market research and sickness in these units.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**4.291**	1	**.030**
Likelihood Ratio	2.314	1	.028
Linear-by-Linear Association	2.275	1	.031
N of Valid Cases	139		

Table-4.143

VII) Ho = There is no relationship between ability to resolve issues related to labour and sickness in these units.

From **Table-4.144** it is observed that in the units where entrepreneurs are unable resolve issues related to labour become sick which is 100 percent whereas the units

where entrepreneur is able to resolve issues related to labour , sickness percent is lower (63.2 percent).

Cross tabulation-Resolve the issues related to labour * Unit become sick

Resolve the issues related to labour		Unit become sick		Total
		No	Yes	
No	Count	0	44	44
	% within resolve the issues related to labour	.0%	**100.0%**	100.0%
	% within unit become sick	.0%	42.3%	31.7%
	% of Total	.0%	31.7%	31.7%
Yes	Count	35	60	95
	% within resolve the issues related to labour	36.8%	**63.2%**	100.0%
	% within unit become sick	100.0%	57.7%	68.3%
	% of Total	25.2%	43.2%	68.3%
Total	Count	35	104	139
	% within resolve the issues related to labour	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.144

Table-4.145 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 21.666 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between ability of entrepreneur to resolve issues related to labour and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**21.666**	1	**.000**
Likelihood Ratio	31.835	1	.000
Linear-by-Linear Association	21.510	1	.000
N of Valid Cases	139		

Table-4.145

VIII)Ho = There is no relationship between production gets affected due to change in management and sickness in these units.

From **Table-4.146** it is observed that change in the management leads to higher percent of unit become sick (80.5 percent) as compared to units where change in management does not affect production (42.9 percent).

Cross tabulation-Production gets affected due to the change in the management * unit become sick

Production gets affected due to the change in the management		Unit become sick		Total
		No	Yes	
No	Count	12	9	21
	% within change in the management	57.1%	**42.9%**	100.0%
	% within unit become sick	34.3%	8.7%	15.1%
	% of Total	8.6%	6.5%	15.1%
Yes	Count	23	95	118
	% within change in the management	19.5%	**80.5%**	100.0%
	% within unit become sick	65.7%	91.3%	84.9%
	% of Total	16.5%	68.3%	84.9%
Total	Count	35	104	139
	% within change in the management	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.146

Table-4.147 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 13.415 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis and can conclude that there is a relationship between production gets affected by change in management and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**13.415**	1	**.000**		
Continuity Correction	11.490	1	.001		
Likelihood Ratio	11.782	1	.001		
Fisher's Exact Test				**.001**	**.001**
Linear-by-Linear Association	13.318	1	.000		
N of Valid Cases	139				

Table-4.147

IX) Ho = There is no relationship between Repay of loan entirely from business operations and sickness in these units.

From **Table-4.148** it is observed that the units which are repaying loan amount from the business operation is less prone to sickness (60 percent) as compared to unit which is not able to repay loan amount (86.1 percent).

Cross tabulation-Repay of loan entirely from business operations * Unit become sick

Repay of loan entirely from business operations		Unit become sick		Total
		No	Yes	
No	Count	11	68	79
	% within repayment of loan	13.9%	**86.1%**	100.0%
	% within unit become sick	31.4%	65.4%	56.8%
	% of Total	7.9%	48.9%	56.8%
Yes	Count	24	36	60
	% within repayment of loan	40.0%	**60.0%**	100.0%
	% within unit become sick	68.6%	34.6%	43.2%
	% of Total	17.3%	25.9%	43.2%
Total	Count	35	104	139
	% within repayment of loan	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.148

Table-4.149 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 12.308 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between units able to repay loan from their business operations and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**12.308**	1	**.000**		
Continuity Correction	10.962	1	.001		
Likelihood Ratio	12.349	1	.000		
Fisher's Exact Test				**.001**	**.000**
Linear-by-Linear Association	12.219	1	.000		
N of Valid Cases	139				

Table-4.149

X) Ho = There is no relationship between Develop faith and confidence among the workers and sickness in these units.

From **Table-4.148** it is observed that the units where entrepreneurs do not develop faith and confidence among workers are more prone to sickness (100 percent) as compared to units where entrepreneurs develop faith and confidence among workers (64.6 percent).

Cross tabulation-Develop faith and confidence among the workers * Unit become sick

Develop faith and confidence among the workers		Unit become sick		Total
		No	Yes	
No	Count	0	40	40
	% within develop faith and confidence	.0%	**100.0%**	100.0%
	% within unit become sick	.0%	38.5%	28.8%
	% of Total	.0%	28.8%	28.8%
Yes	Count	35	64	99
	% within develop faith and confidence	35.4%	**64.6%**	100.0%
	% within unit become sick	100.0%	61.5%	71.2%
	% of Total	25.2%	46.0%	71.2%
Total	Count	35	104	139
	% within develop faith and confidence	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.150

Table-4.151 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 18.901 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between units where entrepreneurs develop faith and confidence among the workers and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**18.901**	1	**.000**
Continuity Correction	17.071	1	.000
Likelihood Ratio	28.254	1	.000
Linear-by-Linear Association	18.765	1	.000
N of Valid Cases	139		

Table-4.151

XI) Ho = There is no relationship between Hurdles in running the business and sickness in these units.

From **Table-4.152** it is observed that the units facing hurdles in running the business are more prone to sickness (77.6 percent) as compared to unit which is not able to repay loan amount (zero percent).

Cross tabulation-Hurdles in running the business * Unit become sick

Hurdles in running the business		Unit become sick		Total
		No	Yes	
No	Count	5	0	5
	% within hurdles in running the business	100.0%	**.0%**	100.0%
	% within unit become sick	14.3%	.0%	3.6%
	% of Total	3.6%	.0%	3.6%
Yes	Count	30	104	134
	% within hurdles in running the business	22.4%	**77.6%**	100.0%
	% within unit become sick	85.7%	100.0%	96.4%
	% of Total	21.6%	74.8%	96.4%
Total	Count	35	104	139
	% within hurdles in running the business	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.152

Table-4.153 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 15.412 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between hurdles in running the business and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**15.412**	1	**.000**		
Continuity Correction	11.567	1	.001		
Likelihood Ratio	14.360	1	.000		
Fisher's Exact Test				**.001**	**.001**
Linear-by-Linear Association	15.301	1	.000		
N of Valid Cases	139				

Table-4.153

XII) Ho = There is no relationship between Guidance from the bank in availing concessions and sickness in these units.

From **Table-4.154** it is observed that the units where the entrepreneurs have taken guidance from the bank in availing concession have 75.4 percent of sickness where as those units where the entrepreneurs have not attended training program sickness percent is 72.

Cross tabulation-Guidance from the bank in availing concessions * Unit become sick

Guidance from the bank in availing concessions		Unit become sick		Total
		No	Yes	
No	Count	7	18	25
	% within guidance from the bank	28.0%	**72.0%**	100.0%
	% within unit become sick	20.0%	17.3%	18.0%
	% of Total	5.0%	12.9%	18.0%
Yes	Count	28	86	114
	% within guidance from the bank	24.6%	**75.4%**	100.0%
	% within unit become sick	80.0%	82.7%	82.0%
	% of Total	20.1%	61.9%	82.0%
Total	Count	35	104	139
	% within guidance from the bank	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.154

Table-4.155 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 0.129 against tabulated value of 3.84, which is associated with a 72 percent. This is too great a risk (far exceeding our standard of 5% risk), so we are unable to reject the null hypothesis and can conclude that there is no relationship between guidance from the bank in availing concessions and sickness in these units.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**.129**	1	**.720**
Continuity Correction	.011	1	.917
Likelihood Ratio	.126	1	.722
Linear-by-Linear Association	.128	1	.721
N of Valid Cases	139		

Table-4.155

XIII) Ho = There is no relationship between Attended entrepreneurial training program and sickness in these units.

From **Table-4.156** it is observed that the units where the entrepreneurs have attended training program has less percentage of sickness (63.3 percent) against those units where the entrepreneurs have not attended training program (78 percent).

Cross tabulation- Attended entrepreneurial training program * Unit become sick

Attended entrepreneurial training program		Unit become sick		Total
		No	Yes	
No	Count	24	85	109
	% within attended training program	22.0%	**78.0%**	100.0%
	% within unit become sick	68.6%	81.7%	78.4%
	% of Total	17.3%	61.2%	78.4%
Yes	Count	11	19	30
	% within attended training program	36.7%	**63.3%**	100.0%
	% within unit become sick	31.4%	18.3%	21.6%
	% of Total	7.9%	13.7%	21.6%
Total	Count	35	104	139
	% within attended training program	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.156

Table-4.157 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 4.679 against tabulated value of 3.84, which is associated with a 0.2 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between entrepreneurs attended entrepreneurial training program and sickness in these units.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**4.679**	1	**.002**
Continuity Correction	4.958	1	.062
Likelihood Ratio	4.530	1	.012
Linear-by-Linear Association	4.660	1	.003
N of Valid Cases	139		

Table-4.157

XIV) Ho = There is no relationship between Nature of manufacturing units and sickness in these units.

From **Table-4.158** it is observed that plastic businesses are facing highest percent of sickness (83.3 percent) whereas Agri business has lowest percent of sickness (40 percent).

Cross tabulation-Nature of Manufacturing unit * Unit become sick

Nature of Manufacturing unit		Unit become sick		Total
		No	Yes	
Agri business	Count	3	2	5
	% within **Nature of unit**	60.0%	**40.0%**	100.0%
	% within unit become sick	8.6%	1.9%	3.6%
	% of Total	2.2%	1.4%	3.6%
Plastic business	Count	1	5	6
	% within **Nature of unit**	16.7%	**83.3%**	100.0%
	% within unit become sick	2.9%	4.8%	4.3%
	% of Total	.7%	3.6%	4.3%
Rubber business	Count	1	3	4
	% within Nature of unit	25.0%	75.0%	100.0%
	% within unit become sick	2.9%	2.9%	2.9%
	% of Total	.7%	2.2%	2.9%
Polymer business	Count	2	7	9
	% within Nature of unit	22.2%	77.8%	100.0%
	% within unit become sick	5.7%	6.7%	6.5%
	% of Total	1.4%	5.0%	6.5%
Casting	Count	9	33	42
	% within Nature of unit	21.4%	78.6%	100.0%
	% within unit become sick	25.7%	31.7%	30.2%
	% of Total	6.5%	23.7%	30.2%
chemical	Count	2	4	6
	% within Nature of unit	33.3%	66.7%	100.0%
	% within unit become sick	5.7%	3.8%	4.3%
	% of Total	1.4%	2.9%	4.3%
Fabrication	Count	7	22	29
	% within Nature of nit	24.1%	75.9%	100.0%
	% within unit become sick	20.0%	21.2%	20.9%
	% of Total	5.0%	15.8%	20.9%
Electronic goods	Count	3	11	14
	% within Nature of unit	21.4%	78.6%	100.0%
	% within unit become sick	8.6%	10.6%	10.1%
	% of Total	2.2%	7.9%	10.1%
Tiles Manufactur	Count	1	2	3
	% within Nature of unit	33.3%	66.7%	100.0%

ing	% within unit become sick	2.9%	1.9%	2.2%
	% of Total	.7%	1.4%	2.2%
Powder coating	Count	1	1	2
	% within Nature of unit	50.0%	50.0%	100.0%
	% within unit become sick	2.9%	1.0%	1.4%
	% of Total	.7%	.7%	1.4%
Others	Count	2	11	13
	% within Nature of unit	15.4%	84.6%	100.0%
	% within unit become sick	5.7%	10.6%	9.4%
	% of Total	1.4%	7.9%	9.4%
Packaging material	Count	3	3	6
	% within Nature of unit	50.0%	50.0%	100.0%
	% within unit become sick	8.6%	2.9%	4.3%
	% of Total	2.2%	2.2%	4.3%
Total	Count	35	104	139
	% within Nature of unit	25.2%	74.8%	100.0%
	% within unit become sick	100.0%	100.0%	100.0%
	% of Total	25.2%	74.8%	100.0%

Table-4.158

Table-4.159 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 7.521 against tabulated value of 19.675, which is associated with a 75.5 percent risk of being wrong in rejecting the null hypothesis. This is a risk (exceeding our standard of 5% risk), so we are unable to reject the null hypothesis. We can conclude that there is no relation between Nature of Manufacturing unit and sickness in these units.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**7.521**	11	**.755**
Likelihood Ratio	6.748	11	.819
Linear-by-Linear Association	.001	1	.981
N of Valid Cases	139		

Table-4.159

Various factors are considered for cross tabulation with sickness in small scale manufacturing units to prove the second hypothesis stated at the beginning of the

study. The hypothesis was *"**Small scale industrial units are prone to sickness for the want of entrepreneurial skill set required to compete with large industries as well as multinational companies."***

Summary of several sub hypotheses is shown in **Table-4.160** with the variables compared, chi-square value, p-value and acceptance of null hypothesis.

Combined table of relationship of various variables with Sickness in units

Sr. No.	Variables	Chi-square value	p-value	Null Hypothesis
1.	Educational qualification	8.148	.007	Rejected
2.	Motivation to start the business	10.168	.003	Rejected
3.	Annual turnover	12.036	.034	Rejected
4.	Type of technology	9.813	.007	Rejected
5.	**Ancillary to large units**	7.521	.755	**Accepted**
	Share of ancillary in total sales	6.174	.103	**Accepted**
6.	Conduct market research	4.291	.030	Rejected
7.	Ability to resolve issues related to labour	21.666	.000	Rejected
8.	Production gets affected due to the change in the management	13.415	.000	Rejected
9.	Repay of loan entirely from business operations	12.308	.000	Rejected
10.	Develop faith and confidence among the workers	18.901	.000	Rejected
11.	Hurdles in running the business	15.412	.000	Rejected
12.	**Guidance from the bank in availing concessions**	0.129	.720	**Accepted**
13.	Attended entrepreneurial training program	4.679	.002	Rejected
14.	**Nature of Manufacturing unit**	7.521	.755	**Accepted**

Table-4.160

It can be observed that skills like educational qualification, experience to run the business (within or family owned), strive to increase annual turnover, knowledge to conduct good market research, great ability to understand and resolve issues related to labours, to resist change in management, repayment of loans from profits earned from business by developing faith and confidence among workers, foreseeing the hurdles faced by the business and resolving it through knowledge gain by attending entrepreneurial training programs known as ETP. These skills have relation with sickness of the units and needs to be taken care.

The third hypothesis *is **"With the help of some preventive or curative strategies these units can be turn around."***

The questionnaire drafted for entrepreneur has some specific questions asked to entrepreneurs to know the preventive or curative strategies small scale manufacturing units can use for turn around. Researcher has considered several sub hypotheses to facilitate the proving of third hypothesis.

I) Ho = There is no relationship between Inappropriate Personnel Management and Motivating the workers/Labour.

From **Table-4.161** it is observed that the unit where personnel management is not appropriate requires motivating the workers. In present scenario percent of motivation is only 38.5 percent and is lower than the units where level of motivation is good the personnel management is better (61.5 percent).

Cross tabulation

Inappropriate Personnel Management	**Motivating the workers/Labour**		**Total**
	No	**Yes**	
No	87.0%	61.5%	80.6%
Yes	13.0%	**38.5%**	19.4%
Total	100.0%	100.0%	100.0%

Table-4.161

Table-4.162 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 8.061 against tabulated value of 3.84, which is associated with a 0.5 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between inappropriate personnel management and motivating the workers/labour.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**8.061**	1	**.005**		
Continuity Correction	6.515	1	.011		
Likelihood Ratio	7.285	1	.007		
Fisher's Exact Test				**.009**	**.007**
Linear-by-Linear Association	7.983	1	.005		
N of Valid Cases	103				

Table-4.162

II) Ho = There is no relationship between Marketing Sickness and Professional guidance.

From **Table-4.163** it is observed that the units where marketing sickness is cause of problem lacks professional guidance (14.3 percent) as compared to units with strong marketing activities (85.7 percent).

Cross tabulation

Marketing Sickness	Professional guidance		Total
	No	Yes	
No	60.0%	85.7%	67.0%
Yes	40.0%	**14.3%**	33.0%
Total	100.0%	100.0%	100.0%

Table-4.163

Table-4.164 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 6.096 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between marketing sickness and professional guidance.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**6.096**	1	**.014**		
Continuity Correction	4.989	1	.026		
Likelihood Ratio	6.737	1	.009		
Fisher's Exact Test				**.018**	**.010**
Linear-by-Linear Association	6.037	1	.014		
N of Valid Cases	103				

Table-4.164

III) Ho = There is no relationship between bad production policies and Improved flow of raw material.

From **Table-4.165** it is observed that improved flow of raw material has helped to tackle bad production policies in small scale manufacturing units (66.7 percent). This percent is less for the units where bad production policies were not observed (33.3percent).

Cross tabulation

Bad Production Policies	Improved flow of raw material		Total
	No	Yes	
No	83.0%	33.3%	78.6%
Yes	17.0%	66.7%	21.4%
Total	100.0%	100.0%	100.0%

Table-4.165

Table-4.166 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 12.052 against tabulated value of 3.84, which is associated with a 0.1 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between bad production policies and improved flow of raw material.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**12.052**	1	**.001**		
Continuity Correction	9.278	1	.002		
Likelihood Ratio	9.620	1	.002		
Fisher's Exact Test				**.003**	**.003**
Linear-by-Linear Association	11.935	1	.001		
N of Valid Cases	103				

Table-4.166

IV)Ho = There is no relationship between Bad Production Policies and Professional guidance.

From **Table-4.167** it is observed that professional guidance is required for the units using bad production policies (35.7 percent) as compared to the units where production policies are better (64.3 percent).

Cross tabulation

Bad Production Policies	Professional guidance		Total
	No	Yes	
No	84.0%	64.3%	78.6%
Yes	16.0%	**35.7%**	21.4%
Total	100.0%	100.0%	100.0%

Table-4.167

Table-4.168 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square

statistic is 4.717 against tabulated value of 3.84, which is associated with a 3 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between bad production policies and professional guidance.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**4.717**	1	**.030**		
Continuity Correction	3.617	1	.057		
Likelihood Ratio	4.399	1	.036		
Fisher's Exact Test				**.056**	**.031**
Linear-by-Linear Association	4.672	1	.031		
N of Valid Cases	103				

Table-4.168

V) Ho = There is no relationship between Lack of Finance and Bring in additional funds.

From **Table-4.169** it is observed that the units facing financial problems have to bring in additional funds for to continue all activities (77.6 percent).

Cross tabulation

Lack of Finance	Bring in additional funds		Total
	No	Yes	
No	58.3%	22.4%	35.0%
Yes	41.7%	**77.6%**	65.0%
Total	100.0%	100.0%	100.0%

Table-4.169

Table-4.170 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 13.308 against tabulated value of 3.84, which is associated with a zero percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between lack of finance and bring in additional funds.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**13.308**	1	**.000**		
Continuity Correction	11.774	1	.001		
Likelihood Ratio	13.152	1	.000		
Fisher's Exact Test				**.000**	**.000**
Linear-by-Linear Association	13.179	1	.000		
N of Valid Cases	103				

Table-4.170

VI) Ho = There is no relationship between Ineffective Corporate Management and Improve the quality of product.

From **Table-4.171** it is observed that improving quality of the product helps in managing ineffective corporate management.

Cross tabulation

Ineffective Corporate Management	Improve the quality of product		Total
	No	Yes	
No	99.0%	83.3%	98.1%
Yes	1.0%	**16.7%**	1.9%
Total	100.0%	100.0%	100.0%

Table-4.171

Table-4.172 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 7.255 against tabulated value of 3.84, which is associated with a 0.7 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between ineffective corporate management and improve the quality of product.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**7.255**	1	**.007**		
Continuity Correction	1.367	1	.242		
Likelihood Ratio	3.181	1	.074		
Fisher's Exact Test				**.114**	**.114**
Linear-by-Linear Association	7.185	1	.007		
N of Valid Cases	103				

Table-4.172

VII) Ho = There is no relationship between bad production policies and introduction of improved technology.

From **Table-4.173** it is observed that introduction of improved technology helps in improving production policies.

Cross tabulation

Bad Production Policies	Introduction of improved technology		Total
	No	Yes	
No	79.5%	73.3%	78.6%
Yes	20.5%	**26.7%**	21.4%
Total	100.0%	100.0%	100.0%

Table-4.173

VIII)Table-4.174 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 4.294 against tabulated value of 3.84, which is associated with a 0.7 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between bad production policies and introduction of improved technology.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**4.294**	1	**.007**		
Continuity Correction	4.041	1	.840		
Likelihood Ratio	4.282	1	.006		
Fisher's Exact Test				**.003**	**.001**
Linear-by-Linear Association	4.292	1	.009		
N of Valid Cases	103				

Table-4.174

IX)Ho = There is no relationship between Diversification and Market Sickness.
From **Table-4.175** it is observed that diversification helps in managing market sickness.

Cross tabulation

Market Sickness	Diversification		Total
	No	Yes	
No	67.4%	64.3%	67.0%
Yes	32.6%	**35.7%**	33.0%
Total	100.0%	100.0%	100.0%

Table-4.175

Table-4.176 provides the summary statistics information of Pearson Chi-square value and the p-value for 139 small scale manufacturing units. The observed chi-square statistic is 8.054 against tabulated value of 3.84, which is associated with a 1.7 percent which is lagging our standard of 5% risk, so we have to reject the null hypothesis, and can conclude that there is a relationship between ineffective corporate management and improve the quality of product.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	**8.054**	1	**.017**		
Continuity Correction	.000	1	1.000		
Likelihood Ratio	.053	1	.018		
Fisher's Exact Test				**.007**	**.003**
Linear-by-Linear Association	.053	1	.018		
N of Valid Cases	103				

Table-4.176

Combined table of relationship of various turnaround strategies with causes of sickness

Sr. No.	Variables	Chi-square value	p-value	Null Hypothesis
1.	Motivating the workers/Labour	8.061	.005	Rejected
2.	Professional guidance	6.096	.014	Rejected
3.	Improved flow of raw material	12.052	.001	Rejected
4.	Professional guidance	4.717	.030	Rejected
5.	Bring in additional funds	13.308	.000	Rejected
6.	Improve the quality of product	7.255	.007	Rejected
7.	Introduction of improved technology	4.294	.007	Rejected
8.	Diversification	8.054	.017	Rejected

Table-4.177

It can be observed that turnaround strategies like Motivating the workers/Labour, Professional guidance, Improved flow of raw material, Professional guidance, Bring

in additional funds, Improve the quality of product, Introduction of improved technology, Diversification is has helped sick units to revive and improve productivity and growth.

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CHAPTER-5

FINDINGS AND CONCLUSIONS

5.1 INTRODUCTION

In earlier chapters, an attempt has been made to analyze the magnitude of sickness, causes of sickness, internal and external causes of sickness, entrepreneur's role in turnaround of sick units in small scale manufacturing units in Ahmednagar MIDC using the data collected through questionnaire designed separately for banks and entrepreneurs by the researcher. The researcher is trying to find the reasons for the under-development and other factors responsible for the same. There are approximately 739 small scale industries operating in Ahmednagar MIDC, a sample of 150 small scale manufacturing units were selected randomly. The data was also collected through questionnaire from 6 banks out of 16 banks of Ahmednagar for the period under consideration. The findings of the study are based on primary and secondary data. The primary data has been collected through responses received from the entrepreneurs of small scale manufacturing units and Managers of nationalized and cooperative banks. Many of them are not performing up to the mark and to know the reasons, researcher has done in-depth study on few sample units, researcher started finding out internal and external factors for the sickness of these units. This detailed analysis has led to the interpretations, which are offered on the strength of statistical projection of the data. As a result, to suggest policy measures for restructuring the sick small scale manufacturing units in terms of industrial revivalism and enhancing productivity and also to suggest strategy to arrest the reversing trends, that is sickness in terms of low productivity and financial loss.

In this chapter the researcher proposes to arrive at certain conclusions on the basis of functional areas like marketing, finance, production, research and development and human resource. These conclusions are presented with reference to the data analysis given in earlier chapter. Thus, based on the research methodology adopted by the researcher, conclusions are presented individually with reference to each factor, which further, would be helpful to frame possible recommendations.

5.2 GENERAL CONCLUSIONS

Data was collected with the help of well-designed questionnaire. Two questionnaires were prepared for the collection of data- one for the managers of banks and other for the entrepreneurs of small scale manufacturing units to understand the functioning of

these units, their funding aids, repayment capacity, sickness, rehabilitation, viability for schemes, role of entrepreneur in revival, performance of functional areas. Researcher has come to the following findings and conclusions.

5.2.1. BANK QUESTIONNAIRE

After collection of the data from six banks, researcher has analyzed it thoroughly and presented it in the form of conclusions. Detailed analysis has helped researcher to bring out serious facts about sickness in small scale manufacturing units, which are listed in simple language for better understanding of all the entrepreneurs, layman and other authorities for possible application in other similar areas.

5.2.1.1 GENERAL INFORMATION

General information helps researcher to understand minute details and conclude the observation in its fullest meaning.

- It can be observed that all the banks offer Term loan and working capital loan, a term loan is a monetary loan that is repaid in regular payments over a set period of time. Term loans usually last between one and ten years, but also might last as long as 30 years in some cases. A term loan usually involves an unfixed interest rate that will add additional balance to be repaid. Working capital is the loan whose purpose is to finance everyday operations of a company. Working capital is the life blood of a business, no business can be run successfully without adequate amount of working capital. It is the interaction between current assets and current liabilities. It is the amount of capital necessary to run a business. Whereas approximately 67 percent banks offers project, subsidy and seed capital. It can be concluded that all the banks follow RBI norms and extend the required financial assistance to these units and sufficient funds are available for the units to grow in Ahmednagar MIDC.
- Six banks were interviewed for the sake of data collection regarding sick units. These six banks have offered loans to almost 739 manufacturing units which include all types of units (Large, medium and small).The detailed analysis about small scale manufacturing units is carried out to understand the disbursement of loans to weak units, sick units, closed units and NPA units to understand the modus operandi by banks to recover outstanding amount from the units which is as follows:

It is observed that these banks have extended loans to 102 weak units, 37 sick units, 59 closed units and 21 NPA units. Out of total units to whom loans are provided 47

percent are weak units, 17 percent are sick units, 27 percent units are closed and 10 percent are NPA units. NPA is a classification used by financial institutions that refer to loans that are in risk of default. Once the borrower has failed to make interest or principle payments for 90 days the loan is considered to be a non-performing asset. Non-performing assets are problematic for financial institutions since they depend on interest payments for income. It is understood from the data that weak units, sick units and NPA units are present and researcher has a scope to study these units to achieve the objectives of the research.

- The major probable causes of Industrial Sickness are *poor top management*, *poor project management* and *economic slowdown*. In addition to this *lack of orders* is causing sickness in small scale manufacturing units. Two banks suggested other cause of sickness to be *misuse of fund* and *credit sales* by the units. Researcher could conclude that the **internal factors** as well as **external factors** are responsible for the industrial sickness at Ahmednagar MIDC. These internal factors are poor top management, Poor project management, Machinery breakdown, misuse of funds and sales on credit and the external factors include economic slowdown and lack of orders. External factors are beyond the control of these units but through proper care and right guidance, internal factors could be controlled in the small scale manufacturing units. This can be done by giving proper training and guidance to the entrepreneur regarding the unit management, appropriate use of the fund etc. Right measures like attending training sessions, professional courses and seek guidance by MCCIA and DIC should be made mandatory to entrepreneur of these units.
- The major objective of the researcher is to study role of entrepreneur in turnaround of sick units. Thus, it is essential to know whether banks have noticed any turn around in the last five years so as to make these turned around units as an ideal case which would inspire other units to run the business. It would also help to understand the efforts placed by turned around units to improve its performance and the measures taken by these units to turn around their units from sick to profit making. It has been observed that 50 percent banks have noticed turnaround of few units.
- Monitoring of units by the bank helps to trace the defaulters and diversion of sanctioned funds in the area other than mentioned in the application. It has been observed that all the banks under study monitor term loan to avoid misuse of funds and also to check whether the fund are properly utilized for the development of a unit.

This will help researcher to know the ways in which entrepreneur misuse the funds so as to present it in report and form a guidelines for other units to prevent sickness. A state level committee on the Board of Financial and Industrial reconstruction should be set up in order to monitor the funds sanctioned by the bank.

➢ Concession or subsidy is given to special type of units mentioned in the RBI's circular. Many a times central/state government also declares special schemes for sick units. During the data analysis, it is observed that nationalized banks (SBI, BOM) implements schemes/relief rather than cooperative banks, where RBI has a control over nationalized banks is more.

5.2.1.2 REHABILITATION PACKAGE

➢ There are many ways in which the rehabilitation package can be applied to the units obtaining the loans under different heads like *waiving of penal interest rate, funding of unpaid interest on cash credit and term loan, rephasement of overdue installments of term loan, low interest rates, assessing working capital on need basis and relaxing terms and conditions such as low or nil margin longer moratorium.* It is observed that only two types of packages are implemented by the banks amongst all mentioned above. Five out of six banks implements *rephasement of overdue installments of term loan* because of sickness many units are unable to pay installments. One bank is applying package of *assessing working capital on need basis* because units are unable to manage fund for day to day expenses. Rephasement helps the entrepreneur to repay the loan in different phases as per the entrepreneurs' convenience. With the rephasement package, banks can ensure the repayment of the loan taken by the entrepreneur.

➢ In order to create knowledge about the appropriate utilization of funds in a competitive world, banks or other government organization should provide training to the unit holders. Unit owners' involvement and cooperation is important for the development of the organization. Here, the cooperation and involvement by the unit owner is only 50 percent which can be one of the reasons of industrial sickness. These units lack in the knowledge about proper allocation of funds, its appropriate utilization. In addition, they also are not aware about different training programs which are conducted by the banks in association with different agencies. The financial institutions and commercial banks should ensure that the money borrowed from them is properly utilized for the purpose which it was taken rather than diversion of the

funds. A sudden and surprise visits should be conducted by the financial institutions/banks. Such visits will help the unit owners to be alert in utilizing the fund in a right direction.

- It is observed that the working capital loan and term loan are more popular credit facility among all the banks as credit facilities are typically used to provide liquidity for a company's day-to-day operations. Since they are the short term loans and also become convenient to repay for the unit owners as compared to the other loans, unit owners prefer the same. There should be a periodic review of working capital requirement of the borrower units by the banks. The banks should also consider the enhancement of limits if it is possible.
- It is observed that majority of the banks suggested that funds should be properly used for the right cause rather than diversion of funds which clearly indicates that units are diverting the funds causing delays in repayment and making units more sick. In order to detect sickness in the small scale units at the incipient stage itself, there should be a proper and regular monitoring system of the banks at the branch level. It is rightly said that prevention is better than cure.

5.2.1.3 IMPLEMENTATION OF REHABILITATION

- During the discussion with the bank representatives, researcher noticed that the time required to approve rehabilitation scheme is approximately 2-3 months. It becomes difficult for the sick/weak units to deal with a prolonged time. Banks should make all the necessary efforts to approve the rehabilitation package at the earliest. The tedious procedure and the official formalities with prolonged time may affect the further performance of sick units making them more sick. An urgent step should be taken to reduce the time taken for processing the application. The procedure for securing financial assistance should be rationalized and simplified. This would prevent cost overruns caused by undue delay in commencing the project.
- Banks and other financial institutions are not implementing the rehabilitation package which deviate the banks from the objective of the rehabilitation package, making units sick.
- 40 percent banks have approved rehabilitation packages to 10 to 20 units. The number is less than expected, indicating that banks are not extending the rehabilitation package.

- 83 percent banks accepted that performance of small scale manufacturing units after implementation of rehabilitation scheme has improved, reason being proper guidance about business decisions and fund utilization by the bank. The details of each bank is given in the T**able-4.15** from which it can be clearly observed that the number of units improved their performance after the implementation of rehabilitation package.

The Ahmednagar Merchant Co-operative Bank Ltd. has highest number of improved units because they visit the units regularly and monitor the functioning of the units by suggesting them possible solution.

- When asked to the banks the reason for improvements in the small scale manufacturing units, majority of them favored personal guidance about day to day functioning of the business is most effective factor followed by routine check of the accounts of the units to control deviation of funds for other uses.

From cross tabulation we can easily observe that guidance to top management about proper *project management*, methods to increase orders is more useful followed by *routine check* of the units.

- Majority of the banks that is 83 percent have accepted that small scale manufacturing units were able to pay their dues indicating rehabilitation scheme helps the units to revive. Almost 80 percent banks said that number of units are less than or equal to 4 those who were able to repay their dues as per the approved rehabilitation scheme as a result of satisfactory profit generation and 20 percent responded that this figure is more than 4. There are few units which were unable to repay the loans mostly because of credit sales and few units could not repay because of misuse of profits and negligence on the part of owners in managing the day to day works.
- When asked about other assistance extended to the small scale manufacturing units to overcome the problems related to implementation of the project, 83 percent banks says yes they do. Researcher can conclude that assistance to the sick units helps the manufacturing units to turnaround.
- 67 percent banks say that small scale manufacturing units have proposed for additional financial assistance to diversify from present business indicating entering into new business which helps the units to turnaround. Total 53 units have been sanctioned with funds for diversification out of which two banks have sanctioned

units between 10 to 20 units. It can be concluded that banks are not sure about the units to provide the fund and do not extend funds for diversification.

5.2.1.4 CAUSES OF NPA

- Non-performing assets are problematic for financial institutions since they depend on interest payments for income. Out of the listed minor causes of NPA that is adverse industry condition, political interference, inadequacies in functional management, strict norms of the financial institutions with the management/ unit, poor general management, poor initial choices of technology and investment, stringent rules relating to the sanctioning loans, poor unit management, poor law and order situation and unhelpful governmental machinery only two causes are shortlisted by banks. These are adverse industry condition and poor general management. Poor general management is internal factor and can be controlled by proper training and guidance for strategic decision making.
- Under major factors like adverse industry condition, rigid government rules, poor general management, poor initial choices of technology and investment and poor unit management only two were shortlisted by respondent banks those are unhelpful governmental machinery and adverse industry condition, followed by non-cooperative government machinery. The **internal factors** as well as **external factors** are responsible for the industrial sickness at Ahmednagar MIDC. External factors are beyond the control of these units but through proper care and right guidance, internal factors could be controlled in the small scale manufacturing units. This can be done by giving proper training and guidance to the entrepreneur regarding the unit management, appropriate use of the fund etc. Right measures like attending training sessions, professional courses and seek guidance by MCCIA and DIC should be made mandatory to entrepreneur of these units.
- Cross tabulation results shows that rigid government rules and poor general management as well as adverse industry condition with unhelpful government machinery are causes for sickness of small scale manufacturing units which should be discussed in detail. In order to avoid industrial sickness, entrepreneurs should be careful with the external factors that affect the unit adversely. For this, entrepreneurs needs to be dynamic and updated with the external market condition, adoption of the

new technology, to understand the rigid rules of the government and there should be an appropriate focus on the general management.

- 50 percent of the bank suggests that small scale units should not extend credit sales facility to their customers and rest 50 percent suggests that the fund borrowed from banks should be properly used and the profits should be reinvested in the business. Small scale units should not extend credit facility to the new customers in order to avoid the sickness. Before giving credit facility, customer's market credibility should be studied and analyzed. Credit facility could be extended for the customers who have come from the references.

5.2.2 ENTREPRENEURS QUESTIONNAIRE

Data is collected from 139 small scale manufacturing units which are randomly selected and analyzed in the previous chapter. In the current chapter conclusions were drawn from the analyzed data to arrive at certain suggestions to formulate strategic guidelines for the other units.

5.2.2.1 GENERAL INFORMATION

General information about the randomly selected units will help the researcher to understand the nature of these units thus improving the quality of the study.

- The above analysis shows that a major portion of the sample is proprietary that is 88 percent and 7 percent are partnership which entails that these units have to face all the disadvantages of sole proprietorship. Researcher has divided the sample selected into different product categories to know the nature of product of these units, which will help in analyzing the data in a better manner.
- All the units are engaged in manufacturing activities. From the above data, it is clear that the sample consists of multiple business activities. Out of the total sample size of 139 units, 30 percent of the entrepreneurs are involved in casting business, 20 percent are in fabrication. Other industries in which units are engaged include electronic goods, plastic business, packaging material, chemical, agro-based business, rubber business, tiles manufacturing, powder coating etc.
- Almost all the units are registered under Factories Act indicating that these units follow all the regulations given in the act leaving no chance for researcher to predict the cause of sickness as irregularities in government processes.
- Inspiration to start the business would certainly be one of the reasons to run the business good or bad. After analysis researcher can decide whether entrepreneur has started business just for the sake of earning profits or he is experienced in the field and justifying his position of being the owner. It can be observed that 37 percent have the past experience, 35 percent have started the business to be self-dependent, 15 percent started venture to take advantage of opportunity/demand, 10 percent are having their businesses inherited from their parents that is family business whereas only 2 percent entrepreneurs feel that they have expertise skill that is why started the venture.

Only 10 percent are into the family business. Rest others have started with an intention either due to past experience or to take advantage of the opportunity. From

the above data, it is clear that most of the industrialists were new to the industrial set up. Such entrepreneurs don't know which business will be more profitable, how to plan for the fixed and working capital, how to allocate these resources in a best possible way and how to manage for the day to day operational problems.

The above analysis shows that, 38 percent units were having past experience of industries. This shows that along with their first generation entry into the market, many of the unit holders lack the industry related experience.

- Almost 30 percent of the units fall in the turnover between 20 to 30 lakhs, approximately 29 percent have a turnover in between 30 to 70 lakhs. Very few units that is approximately 13 percent have the turnover of 100 lakhs. From the data it can be concluded that the sample units are average in complexity in terms of business processes.
- Only 42 percent of the units are functioning as an ancillary unit of a large enterprise(s) indicates lesser degree of dependency over large organisation making the point clear that these units are not guided by large units and needs high degree of guidance. Moreover approximately 44 percent out of 59 units have indicated to be the estimates of its total sales of less than 60 percent, 32 percent of respondents have estimated its sales between 60-75 percent. Researcher concludes that majority of the units have to find market for their products which is difficult task in recession in turns increasing chances of these units become sick.
- Decision making will be effective if an entrepreneur is highly educated and holding professional qualification which is required to take the strategic decisions of the business. A good education will help the entrepreneur to take such decisions in business. Only 13 percent of the entrepreneurs have professional qualification which is required to take the strategic decisions of the business. Small scale units lack in their professionalism which needs to be promoted in Ahmednagar MIDC. These units should develop professional approach in the functional areas and at all the levels of management through sound educational qualification.
- Training imparts specific skills and knowledge required to run the business. Researcher wants to know the number of entrepreneurs undergone the training programme. Though there is a good network in the country to impart training to entrepreneurs, only approximately 21 percent entrepreneurs have gone through Entrepreneur Development Programme (EDP) which is organized by the institutes set up by government. In general, the involvement of the bank in organizing training

programme is less. 78 percent of respondents have not attended any entrepreneurial training/development programme. Due to this, entrepreneurs are lacking in their skills to run the business smoothly. Training imparts skills and knowledge among the employees. Well trained employees will help in the development of an organization. A developed organization will help in the national development that will increase the GDP. Proper training inputs needs to be promoted from professional institutes. It is recommended to impart knowledge in employees to enhance organizational productivity in small scale manufacturing units. Further employees are to be trained to develop their skills and also equip themselves to design according to tastes and preferences of consumers in different markets such as rural and urban, national and international.

- 48 percent respondents use modern technology and intermediate technology respectively. Only 2 percent are using traditional technology. That means, entrepreneurs are using satisfactory technology with the required automation. This is a minor cause of sickness from the technology point of view at Ahmednagar MIDC. Small scale manufacturing units could be strengthened with the promotion of quality competitiveness and research and development. Government should encourage for research and development in these units which is the need of the hour.
- From the data, it is observed that the infrastructural facilities are quite satisfactory. 99 percent of the units are satisfied with the roads as roads are well developed; 86 percent are satisfied with transportation as there is a good mode of transportation and so as water, communication and electricity/power. Entrepreneurs have no problem for the infrastructure facilities. Infrastructural facility do not mean mere economic amenities such as water, power etc. but also should include service institutions capable of providing financial, managerial, technological and marketing expertise most satisfactorily and economically. This is because small industry needs well-planned, closely integrated coordinated assistance. Supporting and monitoring services have, therefore to be provided to nurture and nourish small industry in its infancy. If the facilities and services are offered as a package, progress is bound to be fast and small industry will improve considerably if it functions in a coordinated manner.
- Most of the infrastructure is owned by the entrepreneurs like telephone, fax/e-mail, electricity and power, storage and warehousing, furniture etc. except for genset and transportation vehicle. Infrastructural lacuna is the minor cause of sickness at Ahmednagar MIDC. It is seen that only 9 percent of the respondents have their own

transportation facility, rest of the units hire transportation services. Transportation delays can affect the performance of the units and may increase the damages in transit leading to losses.

- From the above data, it is observed that 66 percent of respondents are facing problems related to finance followed by the problems in marketing that is 44 percent, 37 percent have the problems related to Human Resources, and 27 percent have a problem of production. This analysis shows that the entrepreneurs have the problems in the functional areas of business especially in finance and marketing. Proper training and guidance may help these units to overcome the difficulties.
- Out of total 44 percent entrepreneurs facing difficulties in marketing, 24 percent say they have the difficulty due to *recession in the industry* and 16 percent have a *difficulty in selling and marketing*. It is interpreted from the observation that due to lower demand for the product because of the recession in industry, most of the units are facing problems in running the business which is resulting in hurdles in selling and marketing of the product. A state level marketing consultancy organization should be set up to minimize the product failure. These consultancies will work exclusively for small scale manufacturing units which will provide training and guidance to the entrepreneurs on how to market the product with reasonable returns and the precautions taken towards developing market for the product in an organized manner through its sales depots. Product promotion on the large scale of the SSMU sector can also be made possible with this arrangement. It is also recommended that to motivate the first generation entrepreneurs and to encourage industrialization, management institutions and government must extend help in marketing the product.
- Out of 37 percent entrepreneurs facing problems in Human Resources, it is observed that 17 percent have the problems in *availability of skilled labours/inconsistency in labour* and 12 percent have reported to be *poor labour productivity*. Unskilled labours leads to poor labour productivity and can be taken care by training to the labours and motivation. Human resource is an important component of any unit. Small scale manufacturing units should consider its employees as an organizational asset. These employees are to be trained and educated for the improvements in their skill. The minimum wage fixed by the government should be linked with productivity. There should be a proper appraisal system which should be linked with productivity.

- Out of 66 percent entrepreneurs facing problems related to finance, 27 percent of the difficulties is due to *lack of working capital*, 24 percent have the difficulty in *arranging the funds*. Working capital and the fund availability for other purposes of the business are the life blood for the unit owners without which it is difficult to run the business smoothly. Every business should have adequate working capital to run its business operation. It should have neither redundant nor excess working capital nor shortage of working capital. The reason for shortage of working capital is payment of higher interest, delay in payment by creditors and the like. The commercial banks should take up the responsibility of providing both fixed and working capital finance. The Small Industries Development Bank of India can help the commercial banks for providing the necessary long term loans to lending institutions providing the working capital assistance. The difficulties in this respect can be minimized. It is also recommended that to utilize to their full capacity, only a feasible number of units should be financed by the banks. For this, bank should assess the demand potentiality of each type of industry. Therefore, need based lending should be followed by the banks.
- Out of 27 percent entrepreneurs facing problems in production area, approximately 10 percent have the problems due to *delayed/uncertain supplies of raw material* and *6 percent* have the problems related to quality of raw material that is poor quality of raw material. A problem in production also adds to the reasons of sickness. In order to avoid the problems of non-availability of raw materials in time, the intervention of the government becomes the inevitable action. It is suggested that the allotment of raw materials under government quota be enhanced. In addition the availability of such quota of raw materials in time and the required quality should also be ensured.
- Among 8 percent entrepreneurs facing other problems, only 6 percent of the entrepreneurs have problems like *lengthy government procedures, 2* percent of the entrepreneurs have *technological up-gradation* problem and 2 percent *have unsatisfactory trend in profit*.
- It is observed that 96.4 percent of the respondents have difficulty in day to day operations. These difficulties could be the cause of industrial sickness or some of the units are on the verge of getting sick. Government should motivate for the continuous creation and innovations in the small scale manufacturing units for its survival. Weekly or fortnightly seminars and conferences should be organized for the growth and development of these units. Through these seminars and workshops,

a learning mechanism will be developed in the entrepreneurs. Important breakthroughs can take place in the SSI sector for its survival and growth.

- 65 percent of the entrepreneurs had the teething trouble that is they had the problem during the inception of the unit, followed by mid stage that is 63 percent of the units and 36 percent had the problem even in the later stages of the establishment of the unit. That means problems are at all the stages of the units and they are unable to come out of the problems throughout their life. It also indicates 36 percent got into the verge of sickness or already become sick. Viable sick units should be identified through proper monitoring committee. Viable sick units can be revived at the early stage of its sickness and to be prevented from the units to be sick. Prevention is better than cure.
- Majority of the entrepreneurs that is 70 percent have taken *extra funds* from banks or other sources which is not the ultimate solution. They are pouring in more money to maintain their unit. This is one of the reasons of sickness. Approximately 34 percent have improved in HR practices and 21 percent have tapped the new market, approximately 18 percent of the entrepreneurs had undergone training programme. The loan repayments compels burden on the borrowers especially during the initial periods as the units are strengthening to generate profits. The telescopic system should be established for scheduling the loan repayments in which the size of the installment increases progressively with the age of loan.
- Magnitude of the sickness amongst the small scale manufacturing units is approximately 75 percent in Ahmednagar MIDC. It can be seen from the analysis that majority of the units have become sick. It is clear from the data analysis that the majority of the units (67 percent) have become sick in finance that is 67 percent, Marketing approximately 32 percent, HR 27 percent followed by Production which is 24 percent. Finance is the major cause of sickness. If these entrepreneurs are treated with the right remedy or if the proper guidance is given for the proper usage of the funds, the sickness in the units could be minimized. Commercial banks and similar financial institutions should be given direction by the government to sanction loans for the working capital requirements of the SSI units at a subsidized rate by giving top priority. The Cumbersome formalities followed should also be made easier especially with regard to the timely disbursement of loan.
- It can be seen that approximately 65 percent of the entrepreneur say the main cause of sickness is *lack of finance*, approximately 34 percent feel *Marketing* is the reason for sickness, 22 percent say *bad production policies*, 20 percent of the

entrepreneurs feel sickness is due to *inappropriate personnel*, approximately 4 percent feel it is due to other reasons in the unit and only 2 percent were reported to be *ineffective corporate management*. From the above analysis, it is clear that lack of finance is the major cause of sickness.

- Approximately 79 percent of the entrepreneurs have taken *additional funds from friends/relatives/venture capitalists* to revive the unit, nearly 33 percent of the unit owners say that they have taken *professional guidance* to run the business smoothly and around 31 percent of entrepreneurs feel that the main reason towards revival of sick unit is *motivating the workers/Labour* who contributed to the increased productivity or growth, around 18 percent of the units have introduced *improved technology*, approximately 17 percent of the units have taken the decision of diversification and only 7 percent have *improved quality of raw material.* Major contributor for improvement is fund infusion and training to the entrepreneurs. Small industry needs well planned, closely integrated and coordinated assistance. To nurture and nourish small industry, a favourable atmosphere has to be created which brings quality of work life.
- It can be concluded that 86 units (83 percent) units could revive by the implementation of revival strategies whereas 18 units (17 percent) are still sick.

5.2.2.2 FINANCE RELATED

- Finance is defined as the provision of money at the time when it is required. The various sources of raising long term funds include issues of shares, debentures, ploughing back of profits and loans from financial institutions and the like. The short - term requirements of funds can be met from commercial banks, trade credit, installment credit, advances, factoring or receivable credit, deferred incomes and commercial paper and the like. 97 percent of the units have faced the problem in raising funds while setting up the unit. Maintaining finance is the major cause of industrial sickness. Many a times, units are compelled to buy specific plant and machinery while setting up the business. It is suggested that the liberty of getting plant and machinery to be given to the unit owner.
- Maintaining the raw material supply at the right time with the right quantity, quality is certainly an important factor for the smooth flow of production. 84 percent of the respondents have arranged raw material from the various institutions which helps these units avoid shortage of raw material which directly affects the

productivity. Approximately 55 percent of the units are arranging raw material from middlemen, 35 percent of the units from stockist/distributor/dealer and approximately 15 percent from the co-operative. The major source of arranging is middlemen ensuring smooth flow of raw material.

- Source of finance to the establishment is very important because finance is life blood of the unit. It is clear that 92 percent of the entrepreneurs have financed the unit from his own investment and approximately 93 percent of the cases have borrowed it from friends/relatives etc. it indicates that both types of sources are popular by the entrepreneur. The entrepreneur is investing all his savings and also borrowing from friends and relatives still all the entrepreneurs have borrowed loan from financial institutes.
- Majority of the respondents that is 91 percent have taken loan from banking institutions, approximately 11 percent of the respondents have taken it from friends and relatives. Very few units have taken loan from non-banking financial institutions (NBFC) and private lenders, the reason being trust on financial institutes and lower rate of interest with high security in all the transactions. Cooperative banks are most popular for financial assistance followed by nationalised bank and non-commercial banks reason being rules and regulations for loan disbursement flexible in cooperative banks. Approximately 76 percent of the respondents have taken financial assistance from co-operative bank; nearly 40 percent of the respondents have taken loan from Nationalized/Non-commercial bank.
- Approximately 89 percent of the respondents get their finance from financial institutions through OD facility/credit facility and 52 percent get their finance through a banker's cheque. OD and credit facility is availed more than banker's cheque which gives more flexibility for fund usage. Recovery of interest should start only after the commercial production which commences after a sanction of loan amount. Repaying of loan should be extended at least till the commencement of commercial production. These steps would prevent the units from becoming sick.
- Any hurdle arising in the business would result in the industrial sickness. Researcher is keen in knowing the hurdles faced by the entrepreneurs in running the business. 96 percent of the respondents faced hurdles in running the business. Out of this 96 percent, 44 percent of the entrepreneurs of small scale manufacturing units *lack in marketing of the product*, nearly 37 percent of the units have the hurdles related to *unwanted interruption of external agencies*; approximately 36 percent of

the respondents have the *labour problem and interruption of external agency*. The labour problem may be due to *absenteeism, negligence of duty, labour turn over, disobedience, union activities and strikes.* As discussed earlier, the marketing problem is due to the recession in industry. Labour problem arises due to non-cooperation of workers, strikes, poor performance etc.

- Loan repayment is an important factor which is directly related to industrial sickness. This question will help the researcher to understand the dearth of cash. Approximately 57 percent of the respondents do not repay entirely from the business operation. 43 percent maintain the unit from the business. This means there is a dearth of cash which is leading the units to the sick. In case of non-repayment entrepreneurs seek for other sources like, 48 percent of the respondents manage the fund by taking loan from other bank, nearly 37 percent arrange fund from friends/family/relatives and approximately 33 percent take it from private lenders. The repayment of loan by the entrepreneurs of small scale manufacturing units has been identified as one of the factors, which influence the entrepreneurs for sickness of small scale industries. The government should provide proper direction and guidance to commercial banks and similar financial institutions to sanction loans for the working capital requirements of the SSI units at a subsidized rate by giving top priority. The burdensome formalities followed should also be made easier especially with regard to the timely disbursement of loan. The genuineness of the application should also be thoroughly verified as to ensure that the assistance is not misused. The financial institutions and commercial banks should ensure that the money borrowed from them is properly utilized for the purpose for which it was taken rather than diversion of the funds. A sudden and surprise visits should be conducted by the financial institutions / banks. Such visits will help the unit owners to be alert in utilizing the fund in a right direction. Recovery of interest should start only after the commercial production which commences after a sanction of loan amount. Repaying of loan should be extended at least till the commencement of commercial production. These steps would prevent the units from becoming sick. The financial agencies like Maharashtra financial Corporation, should take necessary steps for reducing the rate of interest for loans and advances to the entrepreneurs of SSI sector.

- Diversification is an important process of turnaround of sick small scale manufacturing units. Only 10 percent of the units are diversified in the last five

years. There is a positive move towards turnaround of the sick units. Approximately 10 percent of the entrepreneurs have approached bank for additional financial assistance. These units approached banks with the intention to revive from sick to profit making units. The very first act is to examine the existing strategy. It is also necessary to study the existing policies there needs to develop a sense of direction in analyzing problems, executing strategy and initiating corrective action. After a thorough study and analysis, the next step is to evolve a strategy and a set of policies. The primary concern is consolidation of for survival. The company should not compromise on the quality. All the defective stocks should be withdrawn and all dealers, distributors and employees should be advised that they should stop marketing defective substandard products. A vigorous statistical quality control effort should be mounted to improve the quality of the finished products.

- Concessions/subsidies are given to the sick units in order to rehabilitate the units from sick to profit making one. Approximately 86 percent of the entrepreneurs have received concession from the government departments and nearly 14 percent of the units have not received concessions. Receiving concession depends upon viability of units for the additional funds. This indicates that firms are viable to get concession and can be revived.

There are various ways of rehabilitating the units under sanctioned by the government. The small scale industries have the privilege to receive the subsidies provided by the Government. The types of subsidy available to the entrepreneurs of the small scale industries are financial subsidy, power subsidy, sales tax subsidy and the subsidies available to the backward area in the industrial sector. It is evident that out of 139 small scale industries in the study area 47 percent of the units received longer period of loan repayment, nearly 45 percent have received the concession in the form of interest rate concession, approximately 23 percent of the units have received a concession in the form of reduced promoter's contribution and tax holidays etc.

- 66 percent of the respondents were satisfied with the concessions received/subsidies received by the unit in respect of statutory dues etc. concession is one of the rehabilitation scheme which helps the small scale manufacturing units to revive from a sick unit to profit making unit. The units which are not satisfied (44 percent) have marked their expectations. 46 percent of the respondents feel that there should be a fast process in sanctioning of the concession procedure, 27 percent feel

that there should be lower interest rates and nearly 26 percent say that there should be an additional concession.

A proper guidance is very much required for the availability of the concession. 82 percent of the respondents have received guidance from the bank in availing of concession.

5.2.2.3 MARKETING RELATED

- To make the effective sales of the product, there needs to be a target market which will help the unit to make its marketing efforts successful. Approximately 92 percent of respondents say they sell their products in Urban, nearly 71 percent of the respondents sell their product in town, 32 percent in Rural and 27 percent say that they sell their product in other states. Low penetration into rural area can be attributed to lack of infrastructure availability.
- Right mode of payment helps the entrepreneurs in increasing the sales of the product. From the above table, it can be observed that 99 percent of the unit owners sell through both that is cash and credit. Credit selling helps the entrepreneur to increase the sales but at the same time, it might leads to sickness too. Small scale units should not extend credit facility to the new customers in order to avoid the sickness. Before giving credit facility, customer's market credibility should be studied and analyzed. Credit facility could be extended for the customers who have come from the references.
- Appropriate promotional activity helps maximum sales of the product and to build the brand. The above table shows that majority of the promotion that is approximately 70 percent is done through middlemen; nearly 60 percent of the units sell through the suppliers, and 37 percent through vendors. They have not focused on any other method of promotion. They have given very less importance to promotional activities through newspaper; local channel etc. according to most of the entrepreneurs, promotion of industrial goods is done through middlemen, vendors and suppliers. They hardly spend anything on the promotion because of lack of sufficient fund to use effective promotional method. A state level marketing consultancy organization should be set up to minimize the product failure. These consultancies will work exclusively for small scale manufacturing units which will provide training and guidance to the entrepreneurs on how to market the product with reasonable returns and the precautions taken towards developing market for the product in an organized

manner through its sales depots. Product promotion on the large scale of the SSMU sector can also be made possible with this arrangement.

- Market research is done to forecast the demand for the product. It helps in understanding the future requirement of the product to be manufactured. Approximately 52 percent of the entrepreneurs conduct market research, 48 percent do not conduct market research. From the above analysis, it is seen that there is limited emphasis given for the market research by the entrepreneurs.
- Conducting the market survey at the right time helps the entrepreneurs to forecast the accurate demand for the product. 48 percent of respondents said they don't conduct market research. Out of the remaining 52 percent, nearly 28 percent conduct market research once a month, 22 percent conduct it quarterly and half yearly respectively. It is clear that the entrepreneurs should focus on the market research which is one of the important activities in the production process. Majority of the small scale manufacturing units lack in the market research activities due to lack of funds. The SIDCO and other agencies which are responsible for the promotion and growth of Small Scale Industries should take appropriate steps to conduct marketing research and to provide the small scale industries with the information which would be required for changing the production pattern and marketing strategies.
- Entrepreneur prioritizes the things while buying raw material, the factor which affects the production etc. **Table- 4.87** shows that the majority of the entrepreneurs have given preference to price and rebate/discount that is they are either on first or second position. They are compromising on the quality of the product. This might be the cause for production problem. There has been very less emphasis given on the product innovation which is an important area to sustain in the competition. Product durability and advertising also lacks its position in Ahmednagar MIDC. Least preference is given to the packaging and branding of the product. Small scale manufacturing units could be strengthened with the promotion of quality competitiveness and research and development. Government should encourage for research and development in these units which is the need of the hour. In addition to this, product innovation is also an important factor for the growth of small scale manufacturing units. A good entrepreneurial leader provides a locus for action in sick units. It is a source for inspiration and ideas. An entrepreneur's role has certainly a very important position in the revival of the sick unit. Leadership plays important role in a unit's revival.

On the basis of the modal values of responses received, the scale of preference for the factors affecting buying of raw material can be depicted in F**igure-5.1**.

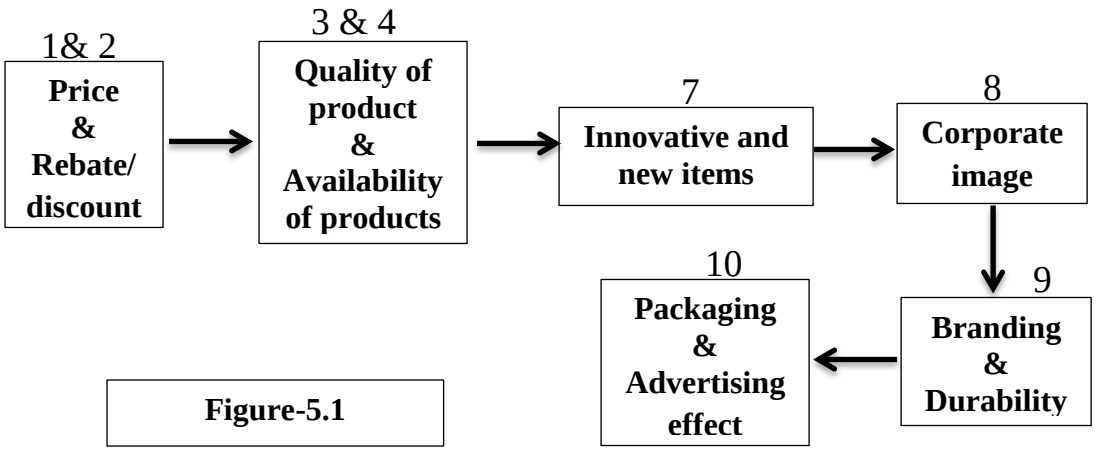


Figure-5.1

➢ Marketing of the product is very important for maximizing the sales and to penetrate the product deeper into the market. From **Table-4.98** it can be observed that majority of the respondents have given the preference for increasing credit facility. Credit facility gives rise to non-repayment of the fund by the buyers. This increases burden of the entrepreneurs. Entrepreneurs have also given next preference to training of sales force followed by reducing cost of production. They have not focused on increasing profit margin through increasing low cost/priced items. This is one of the reasons of resulting into sickness. These units can get high amount of profit through increasing low cost/priced items by producing the bulk output called economies of scale. They can also come out with sales promotion through advertisement whenever it is required. For this, economies of scale can certainly help these units to raise the production output.

On the basis of the modal values of responses received, the scale of preference for factors responsible for improving marketing of products can be depicted in **Figure 5.2.**

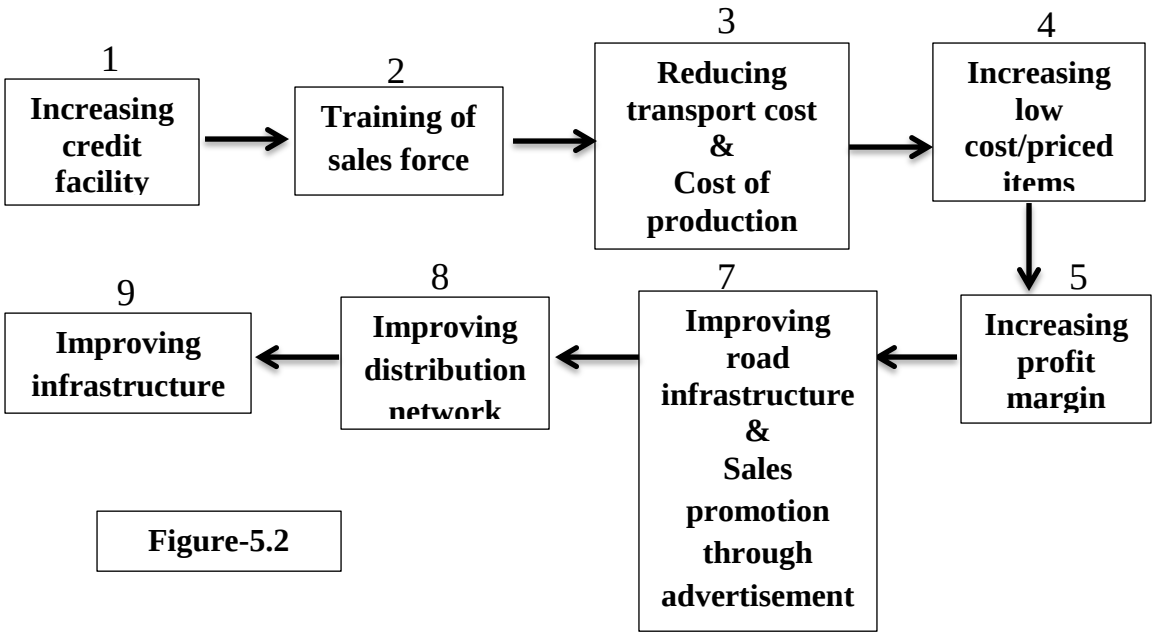


Figure-5.2

➢ Timely supply of raw material maintains smooth flow of production process. Researcher is interested to know whether the units get timely supply of raw material which could be one of the reasons of sickness. Approximately 90 percent of respondents do not receive timely supply of raw material. Entrepreneurs facing production problem could be supply of raw material by not getting always on time.

➢ The small scale industries suffer from problems in acquiring raw material. They could not get their raw material on time and in adequate quantity due to various reasons like high cost of raw materials, transportation problems, shortage of working capital, irregular supply of raw material, terms and conditions of the supplies and the like. It is inferred from the table that out of 139 sample units, 90 percent of small scale manufacturing units in the study area get raw material sometimes on time on account of various reasons. Approximately 6 percent of the entrepreneurs said that they get the raw material on time. In order to avoid the problems of non availability of raw materials in time, the intervention of the government becomes the inevitable action. It is suggested that the allotment of raw materials under government quota be enhanced. In addition the availability of such quota of raw materials in time and the required quality should also be ensured.

5.2.2.4 HR RELATED

➢ The objective of researcher here is to know the man power requirement which is very essential to run the business and to predict the requirement of man power

requirement in similar firms and the complexity of the business. From the mean of the data it can be concluded that these units have sufficient man power, the only question arises of skill set of these man power available.

- Role played by the employees during difficult time/slow down time is expected to be patient. It has to be contributive which will help the unit to improve its performance to raise the profit. 46 percent of the respondents say that their employees were not supportive, 36 percent of the respondents said the employees were supportive during slow down/recession, 18 percent said employees were not cooperative with the management. The entrepreneurs of the small scale manufacturing units in the study area faced labor problem during difficult time/slow down/recession. The labors were not supportive and not cooperative with the management. When a financial crisis hits the organization, the first casualty is openness in management, the visibility of the facts and agreement regarding the nature and magnitude of the problems the organization is facing. It is commonly believed that an airing of the problem and its magnitude will scare the investors, bankers, managers, distributors and demoralize employees. In a researcher's view, it is precisely during such crisis that an organization has to clearly communicate to all the concerned parties. This step ensures that everyone understands the nature and magnitude of the problem as well as what their role is in resolution of the problem. Revival of a sick unit requires the commitment of an entrepreneur and the workers of the organization. Openness in the management process is essential for gaining commitment. Managers should involve their workers for organizational decision making. Workers involvement and participation has the utmost importance in keeping their morale high. Involvement is generated not only through the dissemination of factual data but also by actively soliciting help, guidance and commitment of a large group of people in formulating and implementing decisions. Involvement and participation is an ingredient which are critical for the success of the program.
- Human resource is the main part of any organization to run the business successfully. Employees should be positively engaged, motivated with some non-financial motivation to continue them in the organization. Approximately 61 percent of the entrepreneurs say only some employees continued working with the organization during difficult time, nearly 35 percent said all the employees continued with the organization. Majority of the owners have taken extra fund to maintain the financial commitments. They are resorting to short term cure rather than long term

cure. Rather than focusing on employee engagement, encouraging them with positive attitude and retaining them in the unit for long time, these unit owners are taking extra funds to maintain the financial commitment to these workers.

- Researcher wants to know what motivated these workers to continue/retain which will be an inspiration for other units in the study area. Approximately 60 percent of the entrepreneurs said they motivated the workers through financial commitment, nearly 33 percent said by encouraging workers with positive attitude, 18 percent said by retaining them in the unit for long time. The above analysis shows that the entrepreneurs rely on the financial commitment to the workers. There should be implementation of transparent HR policies. HR policies include

i) a good quality of work life for the workers

ii) Organizing training program for the workers development. Ultimately development is an outcome of training and a well-developed employee will lead to organizational development. Therefore, there will be a win-win situation through training and development.

iii) An organization should come up with good compensation policies for the workers. Workers will work more enthusiastically and efficiently if they are paid regularly. This would ultimately help in enhancing productivity.

iv) Performance evaluation system should be improved. Seniority promotion based system is to be replaced by performance based system.

v) There should be a change in the people structure rather than organizational structure.

- To keep the morale high, workers needs to be paid regularly. But, if a unit has dearth of cash it can only motivate the workers through non-financial motivation which is one of the biggest motivations for any employee to work enthusiastically.56 percent of the respondents say that the workers were paid regularly even though the units had financial trouble. From the observation, it could be seen that these entrepreneurs have taken extra funds whenever they have to maintain financial commitment. Taking extra funds when the unit is in dearth of funds is not a long lasting remedy. This is one of the reasons under HR that the units are getting sick.
- Researcher wants to know what role the workers contributed when the unit had financial problem. Inspite of paying the workers regularly, approximately 57 percent of the entrepreneurs say that there was no contribution of workers towards productivity; nearly 27 percent said the workers had patience and hard work. Inspite

of maintaining financial commitment, there is no efficiency and team spirit. When a financial crisis hits the organization, the first casualty is openness in management, the visibility of the facts and agreement regarding the nature and magnitude of the problems the organization is facing. In a researcher's view, there should be a free and transparent communication with the employees related to the problems occurred in the unit.

- The role of labour in difficult time as human resource is an important resource of any organization to run the unit smoothly. Approximately 68 percent of respondents said they have resolved the issues related to labour, around 31 percent said they have not resolved the issues related to labour. From the above analysis, it can be interpreted that the issues related to the labour could be resolved due to the financial commitment by the unit owner.
- If the workers have the faith and trust in organization, they will work more efficiently. Approximately 71 percent of the entrepreneurs said they developed faith and confidence among workers. It is interpreted from the analysis that the entrepreneurs developed faith and confidence because the workers were paid regularly, 57 percent of the unit owners said that this faith and confidence brought the workers towards positive attitude, 25 percent said there was no improvement, and approximately 18 percent said there was the retention of employees in the organization. The importance of leadership in reviving sick units cannot be underestimated. A good entrepreneurial leader provides a locus for action in sick units. It is a source for inspiration and ideas. An entrepreneur's role has certainly a very important position in the revival of the sick unit. Leadership plays important role in a unit's revival:

i) It generates confidence in the employees that the organization can and will be revived;

ii) It ensures that adequate information to analyze the nature of problems and assess courses of future action is forthcoming;

iii) It helps in the assessment of internal and external sources of assistance.

iv) It identifies and supports talented employees wherever they may be within the organization.

5.2.2.5 MANAGEMENT RELATED

Approximately 55 percent of the entrepreneurs said there was retention of employees; nearly 48 percent said there was voluntary involvement of the workers. It is interpreted from the above analysis that the voluntary involvement might lead to employee retention which is not reflecting in increased profit and increased productivity.

- From the **Table 4.124**, it is interpreted that the main factors that affect the business is recessionary trend and adverse marketing condition which is the reason for the industrial sickness at Ahmednagar MIDC. Consultants can play a very valuable role in developing an accurate understanding of the problems facing the organization as well as in implementing changes. While consultants are frequently engaged for assessing problems and suggesting solutions (especially when an organization is sick). They are engaged to implement a clearly defined program which is an integral part of the overall revival strategy. Carefully chosen consultants can easily supplement internal skills in the initial stages of revival. The key to revival of a sick unit is the formulation and implementation of a new strategy. Formulation of strategy consists of matching the organization with its environment. Implementation includes the motivation and commitment of internal and external publics to the new strategy. Sick units are not only revived by managing additional funds and modifying procedures and practices in functional areas but also with a multidimensional view of the problem and a multifaceted and internally consistent action program.

On the basis of modal values of responses received, the scale of preference for factors that affects business can be depicted as in **Figure-5.3.**

85 percent of the entrepreneurs said the change in management affects the production. Approximately 54 percent of the unit owners said the new management has no trust, nearly 25 percent said it affects in the output level and around 21 percent said there is non-cooperation of workers to the new owners.

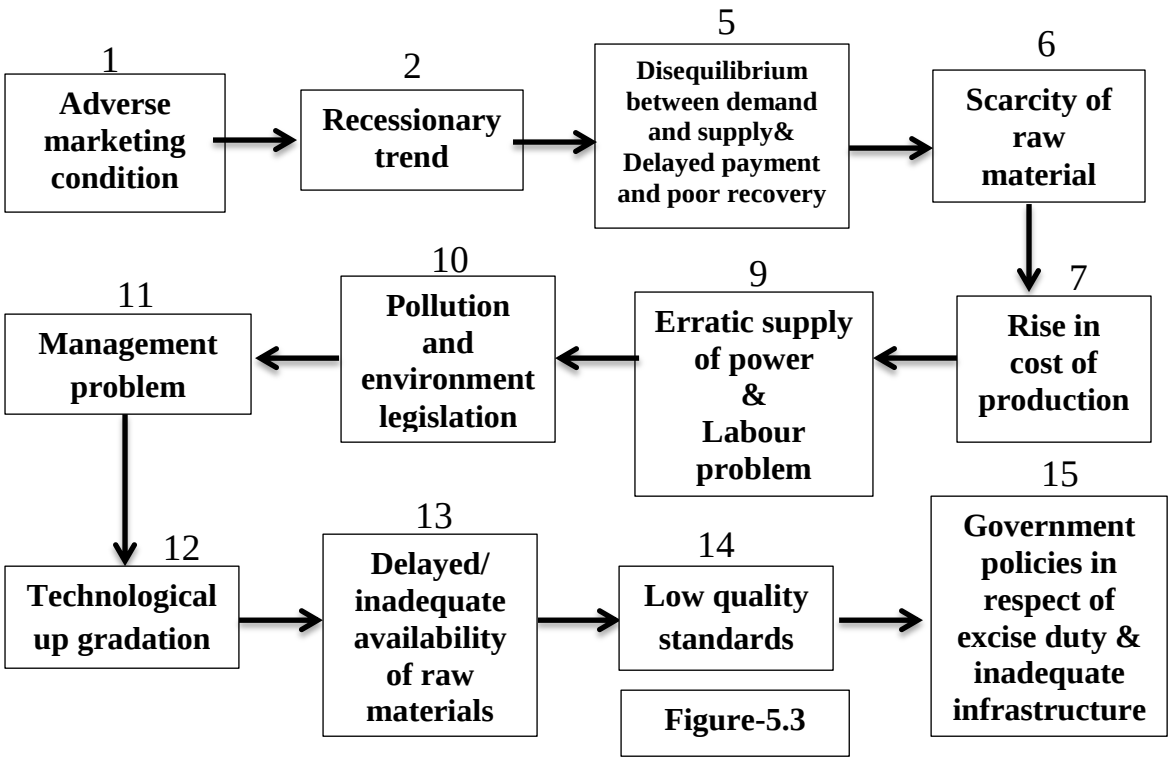


Figure-5.3

5.3 CONCLUSIONS BASED ON TESTING OF HYPOTHESES

After thorough study of testing of hypotheses, researcher has concluded the outcome in line with the objectives and hypotheses stated in chapter one. The objective were to study the role of entrepreneurs towards turnaround of sick small scale manufacturing units in Ahmednagar MIDC, to study the magnitude of sickness in small scale manufacturing units of Ahmednagar MIDC, to analyze the various factors responsible for the sickness in small scale manufacturing units of Ahmednagar MIDC, to analyze the view perceptions of bankers and entrepreneurs of small scale manufacturing units regarding reasons for sickness including non-performing assets (NPAs) and also to get views regarding proper rehabilitation plan for sick SSI units, to estimate the number of probable sick small scale manufacturing units and suggest possible remedial measures that may help them to revive and suggest policy measures for restructuring the sick small scale manufacturing units in terms of industrial revivalism and enhancing productivity and also to suggest strategy to arrest the reversing trends, i.e. sickness in terms of low productivity and financial loss. Against these objectives researcher has proposed three hypotheses which was analysed with

the data collected from the two questionnaires and conclusions were drawn in this section.

In the current research three hypotheses were set by the researcher to support the objectives stated.

The first hypothesis is

"Industrial sickness is resultant of both external causes (exogenous factors) and internal causes (endogenous factor)"

When asked to bank managers about the major and minor causes of firms reaching NPA researcher found that **Adverse industry condition** and **poor general management** are two most contributory factors for minor causes of units getting NPA whereas under major factors **rigid government rules** contribute to the highest that is 33.3% units getting NPA, which is followed by **non-cooperative government machinery**. If the results are observed carefully the causes are within the control of unit and few are beyond its control. These causes can be named as internal and external causes which lead to sickness.

Researcher tried the cross tabulation of causes of sickness and minor and major causes of NPA which helped the researcher to analyse the internal and external causes of sickness. From **Table-4.126** it is observed that **poor top management** and **poor general management** are minor causes of sickness and is internal cause of sickness. Also from **Table-4.127** it is observed that **rigid government rules** and **poor top management** are major cause of sickness with this **Table-4.128** shows a cross table between major and minor causes of NPA it is observed that **rigid government rules** and **poor general management** as well as **adverse industry condition** and **unhelpful government machinery** are causes for sickness of small scale manufacturing units.

Also correlation analysis between major and minor causes shows relation between **unhelpful governmental machinery** and **adverse industry condition**. The collected data is from 24 pairs (48), the degrees of freedom would be 46. Use the critical value table to find the intersection of alpha .01 and 46 degrees of freedom. The value found at the intersection (.472) is the minimum correlation coefficient (**r)** that researcher would need to confidently state 99 times out of a hundred that the relationship found with 48 subjects exists in the population from which it was drawn. The absolute value

of correlation coefficient is above .472, reject null hypothesis (there is no relationship) and accept the alternative hypothesis: There is a statistically significant relationship between unhelpful governmental machinery and adverse industry condition, **r** (46) = 1, $\underline{p} < .01$.

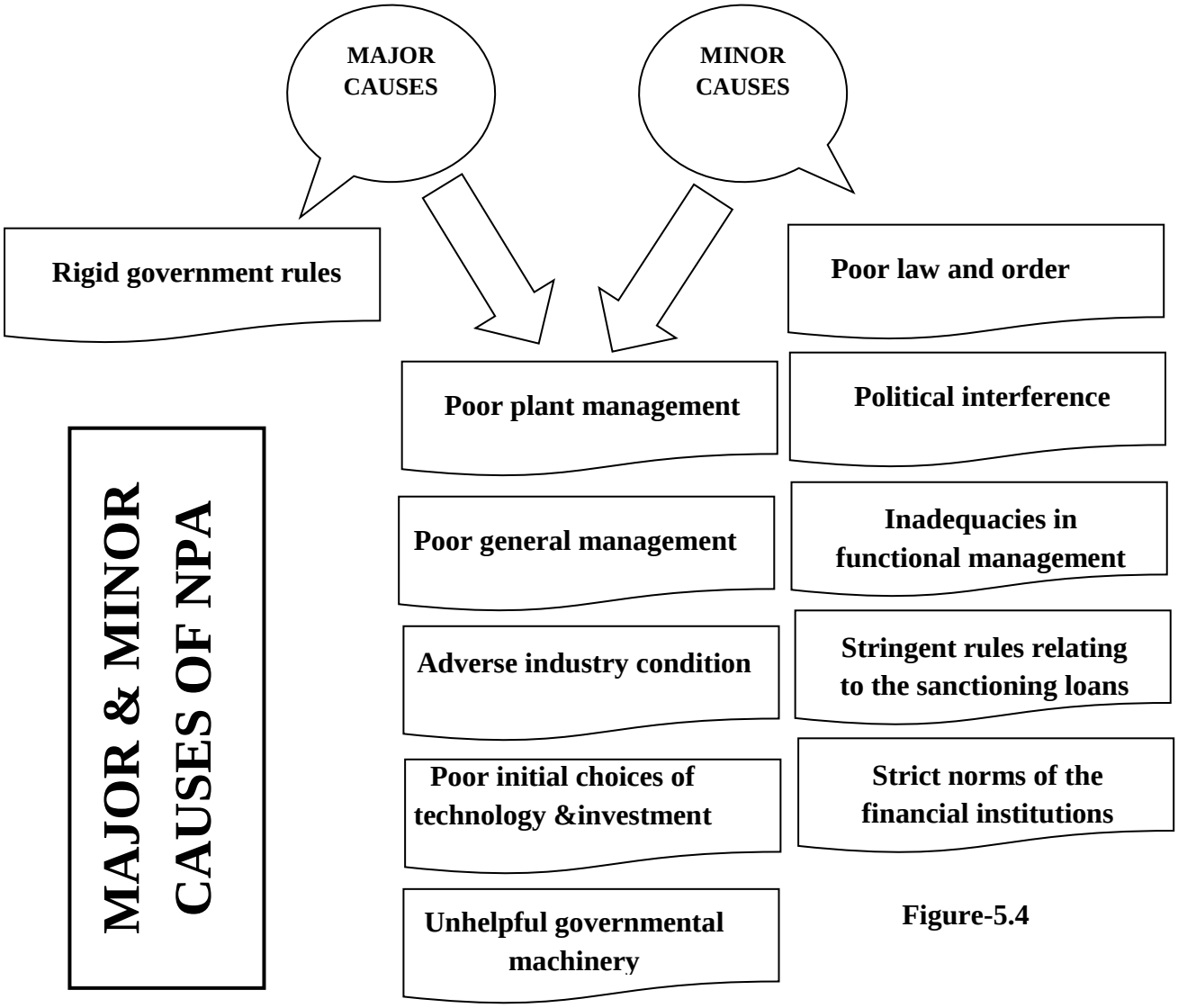


Figure-5.4

From the above data analysis we can conclude that *Industrial sickness is resultant of both external causes (exogenous factors) and internal causes (endogenous factor)* and represent it in the form of **Figure-5.4.** For the sake of study, researcher has divided the causes into major and minor causes of NPA. Non-performing asset is an origin of problem for financial institutions since they depend on interest payments for income. Out of the listed minor causes of NPA that is adverse industry condition, political interference, inadequacies in functional management, strict norms of the financial institutions with the management/ unit, poor general management, poor initial choices of technology and investment, stringent rules relating to the sanctioning loans, poor

unit management, poor law and order situation and unhelpful governmental machinery only two causes are shortlisted by banks. These are adverse industry condition and poor general management. Proper management of the unit is a crucial part of an entrepreneur or a manager. There needs to be planning, organizing, direction, controlling and coordinating of all activities. Well planned and designed activities will lead to the smooth functioning of a unit.

A unit owner should take care of each department and its functioning. Poor general management is an internal factor and can be controlled by giving proper training and guidance to the entrepreneur which is required for taking strategic decisions of the business.

An entrepreneur has to be prepared to work in adverse condition because internal and external factors might affect the business unit. Adverse conditions could be due to tough competition, shortage of raw material, poor marketing conditions; low demand for the product due to market recession, political interference etc. entrepreneur needs to be dynamic to accept the challenges and to take the appropriate decisions required at times. Both the **internal factors** as well as the **external factors** are responsible for the industrial sickness at Ahmednagar MIDC.

The second hypothesis *is*

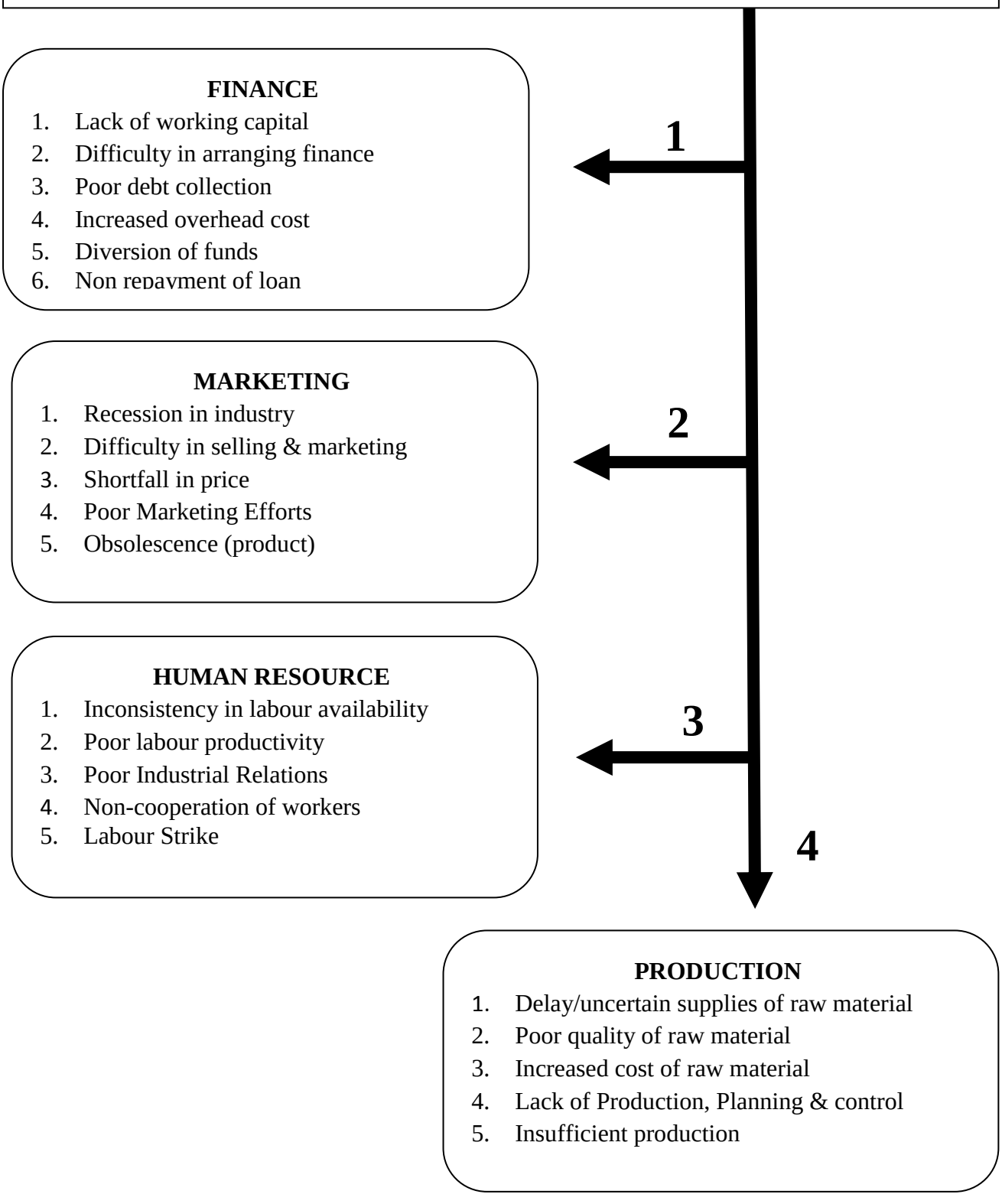
*"**Small scale industrial units are prone to sickness for the want of entrepreneurial skill set required to compete with large industries as well as multinational companies."***

Small scale manufacturing faces difficulties in functional areas and is unable to compete with the large industries as well as multinational companies. To make these units strong a proper control and co-ordination in the various functional areas should be developed by the entrepreneur. It includes finance, marketing, HR and production as shown in **Figure-5.5.**

An absence of financial planning may adversely affect the unit's reputation and business and it leads to the problems like lack of working capital, poor debt collection, increased overhead cost etc. If a unit is diverting funds from short term to long term uses and vice-versa or diverting it to its sister concerns may lead to sickness. If the financial structure is inappropriate, an industry cannot survive a single day. Their short term requirement is fulfilled by resorting to working capital and long term requirements are met by raising long term loan. Inappropriate financial

structure may disturb economic viability and can be a major cause of sickness. A unit has to manage its working capital position effectively for its smooth operation. Working capital includes management of inventory, management of receivables and liquidity management.

Figure-5.5 DIFFICULTY IN RUNNING THE BUSINESS SMOOTHLY



A well-organized unit has a well-designed marketing activity. Marketing is a wide activity which starts from demand forecasting through marketing research to customer satisfaction. Market research is an important activity which helps in understanding customers' tastes and preferences, desires, needs. On the basis of such a research, a unit can make a strong marketing policy. In some organizations, new product development and its marketing forms a basis to maximize profitability as old products may become obsolete. A proper product planning may help the organization to sustain in this competition. Therefore, from the model it can be concluded that due to the recession in the industry, the demand for the product decreases thereby resulting in underutilization of the installed capacity. Excessive shortfall in demand may necessitate working below the break even and result in sickness. A company can maximize its sales if it has good marketing efforts.

From the **Figure-5.5** it is clear that there is lack of skilled labour resulting into fall in the productivity. The labour needs to be skilled by providing proper training to enhance their skills and knowledge. Development is an outcome of training which ultimately leads to the development.

Bad labour relations may result in lower productivity, poor quality of product etc. A unit needs to have good HR policies to maintain harmony and a cordial industrial relation. It is seen that there is lack of cooperation from the workers and also it leads to labour strike. Formulation of sound HR policies and maintaining a quality of work life is an important tool for the organizational growth.

Quality of production gets affected with poor and uncertain/delays in supplies of raw material. If there is an improper planning and control of production, it leads to the poor output. Quality control is an effective system for integrating the quality development, maintenance and improvement efforts of the various groups in an organization. The item manufactured are continuously checked by inspection to ensure that the qualitative and quantitative aspects are within the limits of the standards or specification.

The reasons for sickness differ from industry to industry and within a given industry, unit to unit. The factors related to the functioning of a given unit well within the control of the entrepreneur and with the proper skill sets these difficulties can be overcome.

The variables analysed in chapter four has helped the researcher to prove second hypothesis. Justification in favour of second hypotheses is as follows

I) Ho = There is no relationship between educational qualification of the entrepreneur and sickness in small scale manufacturing units.

From the **Table-4.130**, cross tabulation between educational qualification of entrepreneur and unit become sick, it can be concluded that the small scale manufacturing units are more prone to sickness where the entrepreneurs lack professional education. The relationship between educational qualification of the entrepreneur and sickness in small scale units is also proved by chi square test and p-value shown in **Table-4.131.**

II) Ho = There is no relationship between the motivation to start the business and sickness in small scale manufacturing units.

From **Table-4.132**, Cross tabulation between motivation to start business and unit become sick it can be concluded that family owned business has less percentage of sickness in small scale manufacturing units as compared to other motivations to start the business like to take advantage of opportunity /demand, self-dependent, Past experience. This is also supported by chi square test and p-value shown in **Table-4.133** and the null hypothesis is rejected**.**

III) Ho = There is no relationship between the annual turnover of the small scale manufacturing units and sickness in these units.

From **Table-4.134**, it is concluded that units having turnover between 0 lakh to 100 lakhs has higher percentage of sickness. This can be attributed to less finance available for advertisement and marketing of the product. Sickness is less for units having annual turnover more than 100 lakhs. **Table-4.135** provides information of Pearson Chi-square value and the p-value indicating the null hypothesis should be rejected. Researcher can conclude that there is a relationship between the annual turnover of the small scale manufacturing units and sickness in these units.

IV) Ho = There is no relationship between the type of technology used by the small scale manufacturing units and sickness in these units.

From **Table-4.136** it is observed that units using traditional and intermediate technology are prone to sickness than the using modern technology. The hypothesis is rejected and the relation between type of technology used by the small scale manufacturing units and sickness in these units are proved with chi square and p-value shown in **Table-4.137.**

V) Ho = There is no relationship between the units functioning as an ancillary unit to large units and sickness in these units.

From **Table-4.138** it is concluded that there is no relationship between the units functioning as an ancillary unit to large manufacturing units and sickness in these units. We can also conclude that there is no relation between ancillary sales proportion to their total sales and sickness in these units. The chi square and p-value supporting null hypotheses is shown in **Table-4.139** and **Table-4.141**.

VI) Ho = There is no relationship between the units conducting market research and sickness in these units.

From **Table-4.142** it is concluded that units conducting market research has less percentage of sickness as compared to units not conducting market research. The above statement is supported by chi square and p-value from **Table-4.143.**

VII) Ho = There is no relationship between ability to resolve issues related to labour and sickness in these units.

From **Table-4.144** it is concluded that in the units where entrepreneurs are unable resolve issues related to labour become sick whereas the units where entrepreneur is able to resolve issues related to labour. The relationship between ability of entrepreneur to resolve issues related to labour and sickness in these units is proved from the data from **Table-4.145.**

VIII)Ho = There is no relationship between production gets affected due to change in management and sickness in these units.

From **Table-4.146** it is concluded that change in the management leads to higher percent of unit become sick as compared to units where change in management does not affect production. **Table-4.147** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and conclude that there is a relationship between productions gets affected by change in management and sickness in these units.

IX)Ho = There is no relationship between Repay of loan entirely from business operations and sickness in these units.

From **Table-4.148** it is concluded that the units which are repaying loan amount from the business operation is doing good business and is less prone to sickness as compared to unit which is not able to repay loan amount. **Table-4.149** provides Pearson Chi-square value and the p-value to reject the null hypothesis, and conclude

that there is a relationship between units able to repay loan from their business operations and sickness in these units.

X) Ho = There is no relationship between Develop faith and confidence among the workers and sickness in these units.

From **Table-4.148** it is concluded that the units where entrepreneurs do not develop faith and confidence among workers are more prone to sickness as compared to units where entrepreneurs develop faith and confidence among workers. **Table-4.151** provides the Chi-square value and the p-value to reject the null hypothesis, and conclude that there is a relationship between units where entrepreneurs develop faith and confidence among the workers and sickness in these units.

XI) Ho = There is no relationship between Hurdles in running the business and sickness in these units.

From **Table-4.152** it is observed that the units facing hurdles in running the business are more prone to sickness as compared to unit which is not able to repay loan amount. **Table-4.153** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and concludes that there is a relationship between hurdles in running the business and sickness in these units.

XII) Ho = There is no relationship between Guidance from the bank in availing concessions and sickness in these units.

Table-4.155 provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and concludes that there is no relationship between guidance from the bank in availing concessions and sickness in these units.

XIII) Ho = There is no relationship between Attended entrepreneurial training program and sickness in these units.

Table-4.157 provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis, and concludes that there is a relationship between entrepreneurs attended entrepreneurial training program and sickness in these units.

XIV) Ho = There is no relationship between Nature of manufacturing units and sickness in these units.

From **Table-4.158** it is concluded that plastic businesses are facing highest percent of sickness whereas Agri business has lowest percent of sickness. **Table-4.159** provides

the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis. Researcher concludes that there is no relation between Nature of Manufacturing unit and sickness in these units.

Summary of variables is shown in **Table-4.160** with the different variables compared, chi-square value, p-value and acceptance of null hypothesis.

Combined table of relationship of various variables with Sickness in units

Sr. No.	Variables	Chi-square value	p-value	Null Hypothesis
1.	Educational qualification	8.148	.007	Rejected
2.	Motivation to start the business	10.168	.003	Rejected
3.	Annual turnover	12.036	.034	Rejected
4.	Type of technology	9.813	.007	Rejected
5.	**Ancillary to large units**	7.521	.755	**Accepted**
	Share of ancillary in total sales	6.174	.103	**Accepted**
6.	Conduct market research	4.291	.030	Rejected
7.	Ability to resolve issues related to labour	21.666	.000	Rejected
8.	Production gets affected due to the change in the management	13.415	.000	Rejected
9.	Repay of loan entirely from business operations	12.308	.000	Rejected
10.	Develop faith and confidence among the workers	18.901	.000	Rejected
11.	Hurdles in running the business	15.412	.000	Rejected
12.	**Guidance from the bank in availing concessions**	0.129	.720	**Accepted**
13.	Attended entrepreneurial training program	4.679	.002	Rejected
14.	**Nature of Manufacturing unit**	7.521	.755	**Accepted**
Table-4.160				

It can be concluded that skills like educational qualification, experience to run the business (within or family owned), strive to increase annual turnover, knowledge to conduct good market research, great ability to understand and resolve issues related to labours, to resist change in management, repayment of loans from profits earned from business by developing faith and confidence among workers, foreseeing the hurdles faced by the business and resolving it through knowledge gain by attending entrepreneurial training programs known as ETP. These skills have relation with sickness of the units and entrepreneur must improve these skills to compete with large industries as well as multinational companies.

The third hypothesis *is* ***"With the help of some preventive or curative strategies these units can be turn around."***

Turn around means acquiring original position in the business which can be achieved by some preventive or curative strategies discussed below.

I) Ho = There is no relationship between Inappropriate Personnel Management and Motivating the workers/Labour.

From **Table-4.161** it is observed that the unit where personnel management is not appropriate, motivating the workers becomes essential for the smooth functioning of the production activities. **Table-4.162** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis, and to conclude that there is a relationship between inappropriate personnel management and motivating the workers/labour.

II) Ho = There is no relationship between Marketing Sickness and Professional guidance.

From **Table-4.163** it is observed that the units where marketing sickness is cause of problem needs professional guidance which is further supported by shown in **Table-4.164** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between marketing sickness and professional guidance.

III) Ho = There is no relationship between bad production policies and Improved flow of raw material.

From **Table-4.165** it is observed that improved flow of raw material has helped tackle bad production policies in small scale manufacturing units. **Table-4.166** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between bad production policies and improved flow of raw material.

IV)Ho = There is no relationship between Bad Production Policies and Professional guidance.

From **Table-4.167** it is observed that professional guidance is required for the units using bad production policies as compared to the units where production policies are better. **Table-4.168** provides the Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between bad production policies and professional guidance.

V) Ho = There is no relationship between Lack of Finance and Bring in additional funds.

From **Table-4.169** it is observed that the units facing financial problems have to bring in additional funds for to continue all activities. **Table-4.170** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between lack of finance and bring in additional funds.

VI)Ho = There is no relationship between Ineffective Corporate Management and Improve the quality of product.

From **Table-4.171** it is observed that improving quality of the product helps in managing ineffective corporate management. **Table-4.172** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between ineffective corporate management and improve the quality of product.

VII) Ho = There is no relationship between bad production policies and introduction of improved technology.

From **Table-4.173** it is observed that introduction of improved technology helps in improving production policies. **Table-4.174** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between bad production policies and introduction of improved technology.

VIII)Ho = There is no relationship between Diversification and Market Sickness.

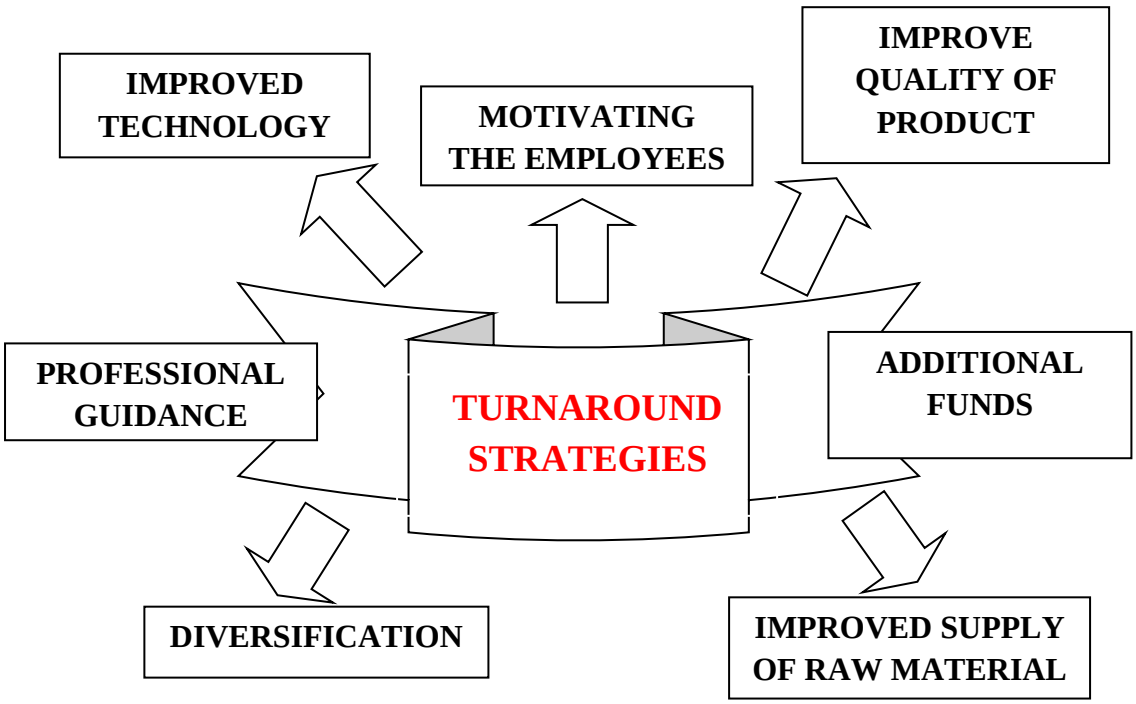
From **Table-4.175** it is observed that diversification helps in managing ineffective market sickness. **Table-4.176** provides the summary statistics information of Pearson Chi-square value and the p-value to reject the null hypothesis and to conclude that there is a relationship between ineffective corporate management and improve the quality of product.

From the above discussion summary is prepared to have a close look at the turn around strategies.

Combined table of relationship of various turnaround strategies with causes of sickness

Sr. No.	Variables	Chi-square value	p-value	Null Hypothesis
1.	Motivating the workers/Labour	8.061	.005	Rejected
2.	Professional guidance	6.096	.014	Rejected
3.	Improved flow of raw material	12.052	.001	Rejected
4.	Professional guidance	4.717	.030	Rejected
5.	Bring in additional funds	13.308	.000	Rejected
6.	Improve the quality of product	7.255	.007	Rejected
7.	Introduction of improved technology	4.294	.007	Rejected
8.	Diversification	8.054	.017	Rejected
Table-4.177				

It can be observed that turnaround strategies like Motivating the workers/labour, Professional guidance, Improved flow of raw material, Professional guidance, Bring in additional funds, Improve the quality of product, Introduction of improved technology, Diversification is has helped sick units to revive and improve productivity and growth.



WIN-WIN STRATEGIES FOR SSMU'S **Figure-5.6**

The key to the turnaround of a sick unit is the formulation and implementation of a new strategy. Formulation of strategy consists of matching the organization with its environment. Implementation includes the motivation and commitment of internal and

external publics to the new strategy. Sick units are not only turnaround by managing additional funds and modifying procedures and practices in functional areas but also with a multidimensional view of the problem and a multifaceted and internally consistent action program. It is observed at Ahmednagar MIDC that the entrepreneurs concentrate more to get extra funds from friends/relatives which can only be a short term remedy. Rather, these units should approach for the professional guidance. Through such guidance, entrepreneurs will get knowledge on the proper usage of funds and how to allocate the funds on the right things. Small industry needs well planned, closely integrated and coordinated assistance.

To nurture and nourish small industry, a favourable atmosphere has to be created which brings quality of work life. The very first act is to examine the existing strategy. Existing policies should be studied and analyzed and then a proper direction should be developed. The next step is executing the strategy and initiating corrective action. After a thorough study and analysis, the next step is to evolve a strategy and a set of policies. The primary concern is consolidation for survival. The company should not compromise on the quality. All the defective stocks should be withdrawn and all dealers, distributors and employees should be advised that they should stop marketing defective substandard products. A vigorous statistical quality control effort should be mounted to improve the quality of the finished products through an improved quality of raw material. Training program should be organized for the entrepreneurs to make effective utilization of the resources, how to use the funds, effective use of working capital. Proper guidance is to be given for the right functioning of the unit and utmost care is taken to avoid diversion of fund. There should be implementation of transparent HR policies. Workers should be motivated by providing various monetary and non-monetary benefits. Various employee engagement activities can be initiated in the organization to keep high morale of employees. Well motivated and satisfied employees contribute for the organizational productivity which will help in increasing the profit. Therefore, there will be a win-win situation of organizational development through employee motivation.

Turnaround of a sick unit requires the commitment of an entrepreneur and the workers of the organization. Openness in the management process is essential for gaining commitment. Managers should involve their workers for organizational decision making. Workers involvement and participation has the utmost importance in keeping their morale high. Involvement is generated not only through the

dissemination of factual data but also by actively soliciting help, guidance and commitment of a large group of people in formulating and implementing decisions. Involvement and participation is an ingredient which are critical for the success of the program.

When a financial crisis hits the organization, the first casualty is openness in management, the visibility of the facts and agreement regarding the nature and magnitude of the problems the organization is facing. It is commonly believed that an airing of the problem and its magnitude will scare the investors, bankers, managers, distributors and demoralize employees. In a researcher's view, it is precisely during such crisis that an organization has to clearly communicate to all the concerned parties. This step ensures that everyone understands the nature and magnitude of the problem as well as what their role is in resolution of the problem.

Role played by the consultants can be valuable in developing an accurate understanding of the problems facing the organization as well as in implementing changes. Consultants are frequently engaged for assessing problems and suggesting solutions (especially when an organization is sick). They are engaged to implement a clearly defined program which is an integral part of the overall revival strategy. Carefully chosen consultants can easily supplement internal skills in the initial stages of revival.

Another strategy through which a unit can be revived is diversification. Diversification strategies are adopted to minimize risk by spreading it over several businesses. It may be used to capitalize on organizational strengths or minimize weaknesses. Diversification is the only way out if growth in existing businesses is blocked due to environmental and regulatory factors. Therefore it can be concluded that with the right implementation of strategy at the right time could save an organization's health and prosperity.

5.4 CASES: strategies adopted by the units after turnaround

In the present study small scale manufacturing units had adopted different strategies for turnaround. It is interesting to study the individual cases which might inspire other sick units to adopt these strategies for turnaround. Researcher has presented these cases in simple language and on the request of entrepreneur avoided naming the organization.

Case 1: Infusion of additional fund and motivation to labour force

One of the casting companies had a problem with inconsistency in production and unwanted interruption of labour union. This company had a problem in mid and later stages of its inception and was unable to pay salaries regularly. The major problem faced by the entrepreneur was also the lack of working capital because of credit sales. Later on the unit owner managed to take extra fund from friends and relatives for day to day operation of the unit instead of taking additional loan from financial institutes or banks and started paying the workers regularly. The entrepreneur tried to boost morale through financial commitment like prizes to best workers and lower absenteeism. This motivated the workers to work more efficiently and the unit got revived.

Case 2: Improved flow of raw material

Entrepreneur of powdered coating business having modern technology in his unit had the difficulty in finance. The unit had the problem in running the business in the mid and later stages of its establishment. Due to shortage and high prices of raw material, the unit was facing customers dissatisfaction moreover owner had taken loan from private lender and friends and relatives. There was a problem in repaying the loan as unit was making losses. The unit had its operations in the urban, town and other states of the country. Due to its expanded business in other states, it had become difficult for the unit owner to manage the business as there was a problem with raw material. The unit had approached bank for additional concession, but due to its prolonged process of approval and implementation, unit owner was disappointed. When the unit became sick due to difficulty in operations, it restricted its market only to the town which helped in reviving its unit through improved flow of raw material which was purchased through middleman. It strengthened its operations at the local level. After a year's time, when the unit acquired sufficient profit from its business, it again tapped other markets in the country.

Case 3: Improved technology

One of the electronic goods company had a problem with lack of marketing the product. The electronic appliances were not sold in the market due to increased number of competitors and lack of quality of the product which was manufactured using old technology. Even though the products were not sold, unit had to bear expenses on the rent, workers, electricity, wages etc. Then entrepreneur brought

modern technology and the firm started to promote its improved products on local television and newspapers. Due to promotion, product started generating the demand in the market. In the six months, firm achieved its break even. In this case, improved technology and proper promotion proved to be as an important strategy for the revival.

Case 4: Diversification

One of the revived units diversified its concentration from single product to range of plastic products and shifted its concentration from local market to national market in view of the fact that the demand for the local market is limited. With the diversification of the business and expansion of market from local to national market, unit improved its profits and revived from sickness. With the expansion of the market, unit also added a new product line and acquired profits.

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CHAPTER-6

SUGGESTIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The collected data was analyzed and interpreted using methods as described in the research methodology of this thesis. On the basis of analysis, interpretation and conclusions regarding the subject are drawn. Conclusions are verified and checked with the help of statistical techniques such as chi square test, t-test and F-test etc. These tests are conducted in order to verify the hypothesis in order to bring out a clear picture of a role of entrepreneur in turnaround of select sick small scale industries of Ahmednagar MIDC for a period of 2007-2012.

The researcher proposes to arrive at certain recommendations on the basis of factors listed below in the small scale manufacturing units of Ahmednagar MIDC. The researcher has brought to the notice that these units are facing the problems in the functional areas of business, major and minor factors responsible for the sickness of these units and an entrepreneur's role in the turnaround of these units. The researcher has reached to various suggestions and recommendations based on the findings and conclusions of the study. The researcher's proposes to arrive at certain recommendations, on the basis of above mentioned factors, follow the conclusions arrived at in previous chapters.

6.2 GENERAL SUGGESTIONS

Data was analyzed with the help questionnaires, one was designed for the bank and other was prepared exclusively for the entrepreneurs of small scale manufacturing units. The questionnaires were designed to understand the situation of these units, their funding aids, repayment capacity, sickness, rehabilitation, viability for schemes, role of entrepreneur in the turnaround of units, performance of the units in the functional areas of business. The researcher has come to the following suggestions:

6.2.1. BANK QUESTIONNAIRE

After a thorough analysis of the six banks, the researcher has come to the conclusion and therefore it is essential for the researcher to give suggestions to improve the situations in small scale units.

6.2.1.1 GENERAL INFORMATION

General information has helped the researcher to understand the profile of small scale units under the study and conclusions were drawn accordingly. Researcher has suggested few points depending on the observations and conclusion drawn:

- Providing funds to the units is the prime duty of the financial institutions and majority of banks are following norms. Term loan and working capital loan is disbursed by all the banks but project loans, subsidy and seed capital loans should be given to the units after scrutiny of the all documents required.
- It is observed that these banks have extended loans to 102 (47 percent) weak units, 37 (17 percent) sick units, 59 (27 percent) closed units and 21 (10 percent) NPA units. Banks should check the viability of these units before extending the loan to prevent NPA. The figure of 10 percent of NPA is very high and is not acceptable.
- Efforts should be taken to minimize the internal causes of sickness in small scale manufacturing units. The internal factors such as project management, poor top management, machinery breakdown, diversion of funds can be controlled by giving proper training and guidance to the entrepreneur. Right measures like attending training sessions, professional courses and seek guidance by MCCIA and DIC should be made mandatory to the entrepreneurs of these units.
- Monitoring of units by the bank helps to trace the defaulters and diversion of sanctioned funds in the area other than mentioned in the application. It has been observed that all the banks under study, monitor term loan to avoid misuse of funds and also to check whether the fund are properly utilized for the development of a unit. These reports of misuse of funds should be made public so that other financial institutes can check the data and will avoid giving loan to such units.
- To utilize to their full capacity, only a feasible number of units should be financed by the banks taking into account the total demand of the market and output of industry. For this, bank should assess the demand potentiality of each type of industry. Therefore, need based lending should be followed by the banks.
- To ensure the free flow of credit to small scale industries, the commercial bank should set up specialized branches exclusively for catering to the needs of the small scale industries, in all the important industrial centers of the state.
- A separate bank exclusively for the tiny sector should be set up on the same lines as SIDBI. This would ensure that tiny units are not sidelined in the development effort.
- Concession or subsidy is given to special type of units mentioned in RBI's circular. Many a times central/state government also declares special schemes for sick units. During the data analysis, it is observed that nationalized banks (SBI, BOM) implements schemes/relief rather than cooperative banks. RBI has made the

concession or subsidy mandatory but implementation of the norms should be strictly followed by all cooperative banks and RBI should also ask for reports showing disbursement of such concession or subsidy more frequently so that the scheme will be peculated to the all needy units and these units can be revived.

- Efforts should be given to reduce the delay in project implementation, the commercial banks should provide fixed as well as working capital loan. The difficulties in this respect can be minimized if the Small Industries Development Bank of India helps providing the necessary long term loans to lending institutions providing the working capital assistance.
- The financial agencies like Maharashtra financial Corporation, should take necessary steps for reducing the rate of interest for loans and advances to the entrepreneurs of small scale industrial sector.

6.2.1.2 REHABILITATION PACKAGE

- There are many ways in which the rehabilitation package can be applied to the units procuring loans under different heads, like *waiving of penal interest rate, funding of unpaid interest on cash credit and term loan, rephasement of overdue installments of term loan, low interest rates, assessing working capital on need basis and relaxing terms and conditions such as low or nil margin longer moratorium.* It is observed that only two types are popular among banks that are *rephasement of overdue installments of term loan* and *assessing working capital on need basis*. Banks should look into possibility of other types also.
- Entrepreneur's role in revival is important and they should co-operate banks in getting awareness about the utilization of funds because one of the reasons for sickness of the units is they are not aware of fund allocation and proper utilization and also about different training programs which are conducted by banks in association with different agencies.
- Overdraft facility, cash credit and letter of credit are the types of credit facility which is not popular among unit owners. Bank should generate awareness among all the unit owners so that they can avail these facilities for easy liquidity for these units.
- Funds allotted to the units should be utilized for the intended purpose by the units so as to improve the performance and reduce chances of the sickness.

6.2.1.3 *IMPLEMENTATION OF REHABILITATION*

- Incipient stage is most important for small scale manufacturing units and it is observed that units face difficulties in initial stages and become sick. To avoid such situations for small scale manufacturing units the bank officials should keep a close watch on the operations in the account and take adequate measures to achieve arrest this sickness. The managements of the units financed should be advised about their primary responsibility to inform the banks if they face problems which could lead to sickness. Approximate time required for approval of proposal of rehabilitation scheme is three months which is in addition to three months required to judge the viability of these units.. RBI should amend the circular to disburse the rehabilitation package at the earliest. The tedious procedure and the official formalities with prolonged time may affect the further performance of sick units making them further sick.
- It is suggested that the Banks should give a frequent and adequate assistance to potentially viable sick small scale manufacturing units which will further help in the improvement of national economy. This will help in the sector's contribution to the overall industrial production, exports and employment generation. The banks should make all the necessary efforts for the rehabilitation of sick units particularly when there is an adverse condition and beyond the control of the unit owner. However, in the cases of units, which are not viable of revival, banks should try to expedite for a settlement and/or resort to other recovery measures.
- Guidance to the top management on the proper utilization of the funds, to avoid mismanagement, deliberate non-payment of the dues despite of adequate profits and good net worth, encounter of the loss of the defaulting unit, assets not utilized for the right thing of the unit, profits have been misused, falsification of records, disposal/removal of securities without bank's knowledge and fraudulent transactions by the borrower unit. With the proper guidance, knowledge and routine check by the banks will help the unit to improve day to day functioning of the business with good return on investment.
- There are few units which were unable to repay the loans mostly because of credit sales, misuse of profits and negligence on the part of owners in managing the day to day works. Such units are in need for assistance in different ways or innovative ways like arranging training for these units with association of MCCIA and DIC.

6.2.1.4 CAUSES OF NPA

- Non-performing assets are problematic for financial institutions since they depend on interest payments for income. Poor general management (internal factor) whereas unhelpful governmental machinery and adverse industry condition (external factor) major causes of sickness in small scale manufacturing units. To improve poor general management, entrepreneur must undergo professional training to improve entrepreneurial skills which will help the units revive sickness.
- Most of the units are extending credit to their customers to increase sales but in doing so the funds gets blocked up and unit starts facing financial crunch leading to sickness. Small scale manufacturing units should take prudent decision to restrict the sales on credit to certain limit which will prevent units becoming sick.

6.2.2 ENTREPRENEURS QUESTIONNAIRE

Data is collected from 139 small scale manufacturing units which are randomly selected and analyzed and findings were concluded in the previous chapter. In this chapter, suggestions are given to formulate strategic guidelines for the sick units to turnaround.

6.2.2.1 GENERAL INFORMATION

General information about randomly selected units will help the researcher to understand the nature of these units thus improving the quality of the study.

- Inspiration to start the business would certainly be one of the reasons to run the business good or bad. After an analysis, researcher concludes that most of the industrialists were new to the industrial set up. Such entrepreneurs don't know which business will be more profitable, how to plan for the fixed and working capital, how to allocate these resources in a best possible way and how to manage for the day to day operational problems. Such entrepreneurs need training and guidance in the different functional areas of business. Training institutes should be established by government to manage skills of budding entrepreneurs.
- Looking at the bifurcation of turnover of small scale manufacturing units it is concluded that profit earned is very meagre and it is very difficult for the units to invest in training and management consultancy to uplift the performance of the organisation. Efforts must be placed by government agencies to set up separate

consultancy for small scale manufacturing units to understand the need of sick units and guide them for revival.

- Many of the units are functioning as an ancillary unit of a large enterprise(s) indicates some degree of dependency over these organisations making it essential for large units to guide and nurture these small units by supporting them at all the stages of businesses.
- Decision making will be effective if an entrepreneur is highly educated and holding professional qualification which is required to take the strategic decisions of the business. A good education will help the entrepreneur to take such decisions in business. Only 13 percent of the entrepreneurs have professional qualification which is required to take the strategic decisions of the business. Training imparts specific skills and knowledge required to run the business. Though there is a good network in the country to impart training to entrepreneurs, only approximately 21 percent entrepreneurs have gone through Entrepreneur Development Programme (EDP) which is organized by the institutes set up by government. Banks and financial institutes should keep professional qualification as prerequisite for sanctioning of loans to the entrepreneurs of small scale manufacturing.
- Third and fourth party logistics should be arranged for small scale manufacturing units in all the MIDC areas to improve supply chain and reduce delays in product delivery. This will save time, money and increase customer satisfaction which may help sick units to revive.
- The analysis shows that the entrepreneurs have the problems in the functional areas of business especially in finance and marketing. Proper training and guidance may help these units to overcome the difficulties. Moreover small scale units lack in their professionalism which needs to be promoted in Ahmednagar MIDC. These units should develop professional approach in the functional areas and at all the levels of management.
- It is interpreted from the observation that due to lower demand for the product because of the recession in industry, most of the units are facing problems in running the business which is resulting in hurdles in selling and marketing of the product. Organising trade fairs and giving opportunities to the small scale units by setting up new market avenues will help these units fight back sickness.

- Problems in *availability of skilled labours/inconsistency in labour* and *poor labour productivity* can be taken care by training these labours to enhance skills and knowledge. They should be motivated to undertake such sessions.
- A problem due to delayed/uncertain supplies of raw material and low quality of raw material leads to problems in production process also adds to the reasons of sickness. This situation can be avoided by making special arrangements for purchasing of raw material by government authority and distributing it to small scale units as per their requirement.
- It is concluded by the researcher that problems are at all the stages of the units that is inception, mid-stage and later stage and they are unable to come out of the problems even at the later stage of establishment of the unit. It is suggested that government, DIC, financial institutes, MCCIA and MIDC authorities should adopt few sick units as a pilot study and guide these units by visiting their premises in a regular interval of time and after analyzing situation such types of results can be implemented in the other area.
- Majority of the entrepreneurs have taken *extra funds* from banks or other sources which is not the ultimate solution. Effective utilisation of funds received is equally important. Banks must assign a senior staff to check the status of these units to prevent deviation of the funds.
- Magnitude of the sickness amongst the small scale manufacturing units is approximately 75 percent in Ahmednagar MIDC. It can be seen from the analysis that majority of the units have become sick. Efforts should be made to detect symptoms of sickness in small scale manufacturing units at the incipient stage, with a view to prevent/ avoid sickness. Banks and financial institutes with the help of MCCIA, MIDC and DIC may carryout in depth study to find out symptoms causing sickness. Moreover if these entrepreneurs are treated with the right remedy or if the proper guidance is given for the proper usage of the funds, the sickness in the units could be minimized. In order to detect sickness in the small scale units at the incipient stage itself, there should be a proper and regular monitoring system of the banks at the branch level. It is rightly said that prevention is better than cure.
- The main cause of sickness is *lack of finance and* 79 percent of the entrepreneurs have taken *additional funds from friends/relatives/venture capitalist.* Major contributor for improvement is fund infusion and training to the entrepreneurs. It is suggested that detailed study should carried out about the fund flow of these sick units

and conclusion should be drawn on the basis of fund infused in the business, utilised and revenue generated because it is observed by the researcher that more fund are poured into the business than required.

- The most common way to rehabilitate a sick unit is the release of financial assistance by the banks and financial institutions along with the induction of the usage of funds.
- A state level committee should be formed to study the sickness on the lines of the Board of Industrial and Financial Reconstruction to monitor sickness in the Small Scale Industrial sector.
- All the procedures should be streamlined and there should be a hassle free and industry friendly environment.
- Government should motivate for the continuous creation and innovations in the small scale manufacturing units for its survival. Weekly or fortnightly seminars and conferences should be organized for the growth and development of these units. Through these seminars and workshops, a learning mechanism will be developed in the entrepreneurs. Important breakthroughs can take place in the small scale industrial sector for its survival and growth.
- Viability of sick units should be identified through proper monitoring committee. These units can be revived if they are in the early stage of its sickness.
- The political intervention in the unit's processes needs to be eliminated completely.
- Investment from other countries should be encouraged actively through creating business climate and trade barriers should be further reduced progressively while this will help to develop India as a strong player in the global market. Nonresidential Indians should be invited for the industrial investment.
- It is recommended that central facility should be established for small and tiny sectors for liaison work and market development. These small scale manufacturing units should also be availed the benefits of production exhibition for export.
- The entrepreneurs need to be dynamic to adapt the change in the business environment. This can be catalyzed by efforts by industry associations. The associations and other forms of intermediate local government structure in step with needs of local industry play a vital role in aiding government to develop a cluster approach. It is necessary that the industry associations help in establishing both backward and forward linkages for sustenance and development of small scale

manufacturing units**.**

- To motivate the young entrepreneurs and to encourage industrialization, management institutions and government must extend help in marketing the product.

6.2.2.2FINANCE RELATED

- Majority of the units faced problem in raising funds while setting up the unit. An urgent step should be taken to reduce the time taken for processing the application. The procedure for securing financial assistance should be rationalized and simplified. This would prevent cost overruns caused by undue delay in commissioning the product. Compulsion on collateral securities turn away worthy, resourceful and able entrepreneurs especially those with novel projects. Hence, the security oriented approach towards loan should be replaced by purpose oriented lending.
- The existing arrangement for loans granted to the Small Scale Industries for acquiring plant and machinery, adopted by the financial institutions are fund to be not satisfactory in the Sense that the units are compelled to buy certain specified brands of plant and machinery. This leads to the acquisition of poor quality of plant and machinery. To overcome this, the Small Scale industries in should be given the freedom for the selection of the plant and machinery in accordance with their needs.
- The government should provide proper direction and guidance to commercial banks and similar financial institutions to sanction loans for the working capital requirements of the small scale manufacturing units at a subsidized rate by giving top priority. The burdensome formalities followed should also be made easier especially with regard to the timely disbursement of loan. The genuineness of the application should also be thoroughly verified as to ensure that the assistance is not misused.
- The financial institutions and commercial banks should ensure that the money borrowed from them is properly utilized for the purpose for which it was taken rather than diversion of the funds. A sudden and surprise visit should be conducted by the financial institutions / banks. Such visits will make the unit owners to utilize the fund in a right direction.
- Recovery of interest should start only after the commercial production which commences after a sanction of loan amount. Repaying of loan should be extended at least till the commencement of commercial production. These steps would prevent the units from becoming sick.
- In order to avoid the problems of non-availability of raw materials in time, the

intervention of the government becomes the inevitable action. It is suggested that the allotment of raw materials under government quota be enhanced. In addition the availability of such quota of raw materials in time and the required quality should also be ensured.

- Diversification is an important process of turnaround of sick small scale manufacturing units where the entrepreneur shifts from core business to some other business to increase sales volume from new products and new markets. Diversion also helps in revival of the sick units. Information and merits of diversification is required to be made known to all the sick units through organising seminar or workshop.
- The existing pattern of loan repayments imposes heavy burden on the borrowers especially during the initial periods as the units are strengthening to generate profits. The telescopic system should be adopted for scheduling the loan repayments in which the size of the installment increases progressively with the age of loan.
- Receiving concession from banks depends upon viability of units for the additional funds. 86 percent of the entrepreneurs have received concession/subsidy from the banks in the area under consideration which indicates that firms are viable to get concession and can be revived. More rigorous efforts have to be shown by the authorities to detect early signs of sickness and check the possibility of revival.

6.2.2. 3 MARKETING RELATED

- They have given very less importance to promotional activities through newspaper; local channel etc. according to most of the entrepreneurs, promotion of industrial goods is done through middlemen, vendors and suppliers. They hardly spend anything for the promotion because of lack of sufficient finance to use effective promotional method. To improve promotional activities of small scale manufacturing units MCCIA, MIDC and DIC should print booklet of products or develop websites under their sites of these units at subsidized rate and should circulate to other parts of India, which will help buyer to know the product and seller to increase the sales.
- Small scale manufacturing units could be strengthened with the promotion of quality competitiveness and research and development. Government should encourage for research and development in these units which is the need of the hour.
- Majority of the small scale manufacturing units lack in the market research activities due to lack of funds. The governmental agencies (SIDCO) which are responsible for the promotion and growth of Small Scale Industries should take

appropriate steps to conduct marketing research and to provide the small scale industries with the information which would be required for changing the production pattern and marketing strategies.

- A state level marketing consultancy organization should be set up to minimize the product failure. These consultancies will work exclusively for small scale manufacturing units which will provide training and guidance to the entrepreneurs on how to market the product with reasonable returns and the precautions taken towards developing market for the product in an organized manner through its sales depots. Product promotion on the large scale of the small scale manufacturing units can also be made possible with this arrangement.
- Market research is an important aspect of production planning and control, which helps in planning the output of any unit. These units have a localised approach and don't concentrate on this activity leading to either high or low production, blocking the working capital in finished goods or loosing valuable customers because of non-availability of finished product. Awareness about inventory control and its correlation with marketing research should be generated among small scale manufacturing units.
- Raw material and its purchase mechanism should be well developed and entrepreneur should be able to prioritize the factors while buying raw material. On the basis of modal values of responses received for factors affecting raw material purchase is shown in the **Figure 5.1.** The above analysis shows that the majority of the entrepreneurs have given preference to price and rebate/discount and is compromising on the quality of the product. This might cause problem to the production as well as performance of units and ultimately effects the customer's satisfaction. Entrepreneur should buy appropriate quality raw material for the production. There has been very less emphasis given on the product innovation which is an important area to sustain in the competition. Product durability and advertising also lacks its position in Ahmednagar MIDC. Least preference is given to the packaging and branding of the product. Small scale manufacturing units could be strengthened with the promotion of quality competitiveness and research and development. Government should encourage for research and development in these units which is the need of the hour. In addition to this, product innovation is also an important factor for the growth of small scale manufacturing units. A good entrepreneurial leader provides a locus for action in sick units. It is a source for inspiration and ideas. An entrepreneur's role has

certainly a very important position in the revival of the sick unit. Leadership plays important role in a unit's revival.

➢ Marketing of the product is very important for maximizing the sales and to penetrate the product deeper into the market.On the basis of the modal values of responses received for factors improving marketing of the product is shown in the **Figure-5.2.** Majority of the respondents have given the preference for increasing credit facility. Credit facility gives rise to non-repayment of the fund by the buyers. This increases burden of the entrepreneurs. Entrepreneurs have also given next preference to training of sales force followed by reducing cost of production and improving distribution network for finished products. They have not focused on increasing profit margin through increasing low cost/priced items. This is one of the reasons of resulting into sickness. These units can get high amount of profit through increasing low cost/priced items by producing the bulk output called economies of scale. They can also come out with sales promotion through advertisement whenever it is required. For this, economies of scale can certainly help these units to raise the production output. Small scale units should not extend credit facility to the new customers in order to avoid the sickness. Before giving credit facility, customer's market credibility should be studied and analyzed. Credit facility could be extended for the customers who have come from the references.

6.2.2.4 HR RELATED

➢ The objective of researcher here is to know the man power requirement which is very essential to run the business and to predict the requirement of man power requirement in similar firms and the complexity of the business. The units under study have sufficient manpower; only question arises of skill set of available man power. Due to the absence of skilled labour force, small scale units are not able to make full use of their production capacity. In order to have a sufficient trained workers and supervisory staff, a course on different product manufacturing is to be initiated in Industrial training Institutes and polytechnic colleges.

➢ The entrepreneurs of the small scale manufacturing units in the study area faced labor problem during difficult time/slow down/recession. The labors were not supportive and not cooperative with the management may be due to absenteeism, negligence of duty, labor turn over, disobedience, union activities and strikes. Entrepreneur can play a very important role of a motivator and boost morale of the

employees in difficult days. Various monetary and non-monetary schemes should be implemented to motivate work force. Majority of the owners have taken extra fund to maintain the financial commitments. They are resorting to short term cure rather than long term cure. Rather than focusing on employee engagement, encouraging them with positive attitude and retaining them in the unit for long time, these unit owners are taking extra funds to maintain the financial commitment to these workers.

- The minimum wage fixed by the government should be linked with productivity. There should be a proper appraisal system which should be linked with productivity.
- The SSI units to look upon the employees as assets and take cognition of the need to improve their skill.
- Efforts should be made to sustain and strengthen the traditional knowledge, skills and capabilities of labours, to revitalize the institutional structure to enrich human resource skills and capabilities.
- To keep the morale high, workers needs to be paid regularly. But, if a unit has dearth of cash it can only motivate the workers through non-financial motivation which is one of the biggest motivations for any employee to work enthusiastically. 56 percent of the respondents say that the workers were paid regularly even though the units had financial trouble. From the observation, it could be seen that these entrepreneurs have taken extra funds whenever they have to maintain financial commitment. Taking extra funds when the unit is in dearth of funds is not a long lasting remedy. This is one of the reasons under HR that the units are getting sick.
- Human resource is an important component of any unit. The small scale units should consider its employees as organizational assets. These employees are to be trained and educated for the improvements in their skill sets.
- Training imparts skills and knowledge among the employees. Well trained employees will help in the development of an organization. A developed organization will help in the national development that will increase the GDP. Proper training inputs needs to be promoted from professional institutes.
- It is suggested to impart knowledge in employees to enhance organizational productivity in small scale manufacturing units. Further employees are to be trained to develop their skills and also equip themselves to design according to tastes and preferences of consumers in different markets such as rural and urban, national and international.

➢ When a financial crisis hits the organization, the first casualty is openness in management, the visibility of the facts and agreement regarding the nature and magnitude of the problems the organization is facing. It is commonly believed that an airing of the problem and its magnitude will scare the investors, bankers, managers, distributors and demoralize employees. In a researcher's view, it is precisely during such crisis that an organization has to clearly communicate to all the concerned parties. This step ensures that everyone understands the nature and magnitude of the problem as well as what their role is in resolution of the problem. Revival of a sick unit requires the commitment of an entrepreneur and the workers of the organization. Openness in the management process is essential for gaining commitment. Managers should involve their workers for organizational decision making. Workers involvement and participation has the utmost importance in keeping their morale high. Involvement is generated not only through the dissemination of factual data but also by actively soliciting help, guidance and commitment of a large group of people in formulating and implementing decisions. Involvement and participation is an ingredient which are critical for the success of the program.

6.2.2.5 MANAGEMENT RELATED

➢ It is interpreted that the main factors that affect the business is recessionary trend and adverse marketing condition also major reason for the industrial sickness at Ahmednagar MIDC. On the basis of modal values of responses received for factors that affect business the scale of preference can be depicted as in **Figure-5.3.** All the factors mentioned on first and second position in **Figure-5.4** are external factors and beyond the control of small scale manufacturing units. Steps must be taken by the government to control the recessionary trends and improve market conditions.

➢ In a situation where the existing management due to skewed financial capability or for any other reason is unable to carry on the industrial activity the provision for change in management may be a good idea. The need for change in management is felt when the promoters of a sick industrial company do not have the resources to revive the unit and the banks other parties including the State and the Central Government who are to provide relief and concessions express reservation dissent in providing the relief and concessions which are envisaged for the rehabilitation as they apprehend that provision of relief and concessions may further prejudice their interest. The under lying reason may be lack of faith and

confidence in the existing management or the change in management is contemplated in a situation where the sickness is management induced. However, the process of change of management is usually opposed by the existing work force of a sick industrial company and the issue of change of management normally results in litigation which, in turn, prolongs the rehabilitation. Entrepreneurs role as a mediator is important to make the existing labour understand the need to change the management

6.3 SUGGESTIONS BASED ON TESTING OF HYPOTHESES

In today's world, a successful entrepreneur certainly has to follow "evolutionary" process, must have specific skills in order to thrive in the competition and need to adapt those skills. An entrepreneur is one of the important segments of economic growth. Basically, an entrepreneur is a person who is not only responsible for setting up a business or an enterprise but also for success of the enterprise. In fact, he is one who has the initiative, skill for innovation and who looks for high achievements. Entrepreneur has to play a very important role in the success of the organization. The family background plays major role in building up personality necessary for turning up into an entrepreneur. Entrepreneur is one of the most important inputs in the economic development of a country. Various factors that affect entrepreneur are social, economic, environment, technological, political etc. Entrepreneur plays a key role in developing a small scale unit through innovation for change, coordination of a business management enterprise, risk taking, controlling the enterprise, motivation and other related activities. The entrepreneur takes all the possible risks of business. A business risk could be due to the change in the tastes of consumers, production techniques and new inventions. The entrepreneur can reduce such uncertainties by his initiative, skill and good judgment.

An entrepreneur must have a vision. "Vision has been defined as a description of something (an organization, corporate culture, a business, a technology, an activity) in the future". It is a mental perception of the kind of environment an individual, or an organization, aspires to create within a broad time horizon and the underlying conditions for the actualization of this perception. Vision is basically future aspirations that lead to an inspiration to be the best in one's field of activity. Tata Steel says about its vision - *"Tata Steel enters the new millennium with the confidence*

of learning, knowledge-based and happy organization. We will establish ourselves as a supplier of choice by delighting our customers, with our service and our product. In the coming decade, we will become the most competitive Steel plant and so serve the community and the nation".

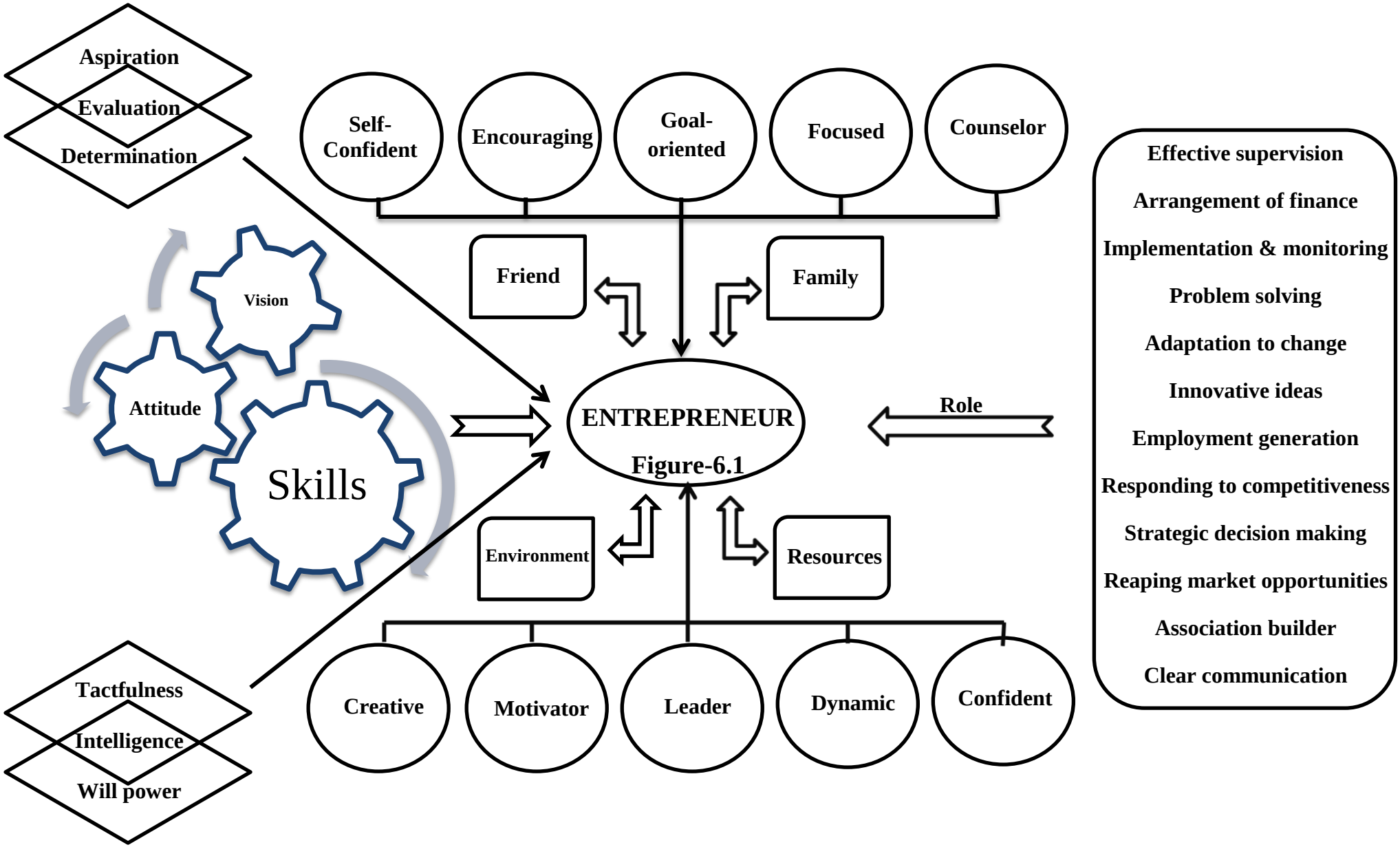
Aspiration
Evaluation
Determination
Self-Confident
Encouraging
Goal-oriented
Focused
Counselor
Friend
Family
Vision
Attitude
Skills
ENTREPRENEUR
Role
Environment
Resources
Tactfulness
Intelligence
Will power
Creative
Motivator
Leader
Dynamic
Confident
Effective supervision
Arrangement of finance
Implementation & monitoring
Problem solving
Adaptation to change
Innovative ideas
Employment generation
Responding to competitiveness
Strategic decision making
Reaping market opportunities
Association builder
Clear communication

Figure-6.1

Vision helps in achieving goals and mission. Mission is a statement which defines the role that an organization plays in the society. Goal is an objective/aim to be set for organization. To achieve this, entrepreneur should have attitude and skills. Skills could be either born or acquired skills. Born skills are the inherited skills which an individual gets from the family background. Acquired skills are learnt or adopted by an entrepreneur through surrounding environment, culture, friends etc.

Most important factor that an entrepreneur possesses is evaluation which is achieved by aspiration and determination. Evaluation helps an entrepreneur to judge the situation and take necessary action.

An entrepreneur is said to be intelligent when he has a high will power and equally tactful. Will power gives the strength to sustain in the adverse conditions and face varied challenges. Tactfulness makes an entrepreneur more dynamic and to take the right decisions at the right time.

Characteristics of Entrepreneur: A successful entrepreneur must be a person with technical competence, initiative, good judgment, leadership qualities, self-confidence, energy, attitude, creativeness, fairness, honesty, tactfulness and emotional ability.

1. **Mental ability:** Mental ability consists of *intelligence* and *creative thinking*. An entrepreneur must be reasonably intelligent and should have creative thinking and must be able to engage in the analysis of various problems and situations in order to deal with them. The entrepreneur should anticipate changes and must be able to study the various situations under which decisions have to be made.
2. **Clear objectives**: An entrepreneur should have a clear objective as to the exact nature of the business, nature of the goods to be produced and subsidiary activities to be undertaken. He may have the objective to establish the product, to make profit, or to render service.
3. **Motivator:** A successful entrepreneur should be a good motivator. He should know the art of getting thing done through people. He should have a strong motivation towards achievement of the task. As per the discussion with the workers of one of the units at Ahmednagar MIDC, “we are quite happy with the work culture and with the unit owner as the boss because he is known to be the good motivator and always think of our wellbeing”.

4. A good entrepreneur act with **self-confidence**, avoids anger, take prompt and timely decisions on a rational basis, and think clearly with maturity. He should have adequate knowledge of human relation at all levels, objective analysis, ability to communicate effectively with passion and belief. He is also able to set realistic and achievable goals and passion to achieve such goals and have technical competence.

5. The entrepreneur needs to perform the **managerial functions** like production plans, arranging finance, procuring of raw materials. He should be confident in his entrepreneurial abilities and exploit opportunities wherever and whenever they arise.

6. Dynamic: Entrepreneur of 21st century should be dynamic to face the competition in this globalized era. He should have knowledge in the functional areas of business to take the right decisions at the right time.

7. Counselor: An entrepreneur should be good counselor so as to understand the problems of the workers and to give the right guidance which will help them resolve the problems. Workers will contribute efficiently only when their problems are understood.

Workers of one of the units said "*because of the good counseling ability of the entrepreneur of our unit, we have achieved the required targets which have helped both - workers and the organization making a win-win situation".*

As we show entrepreneur plays major role in success of organization as shown in **Figure-6.1**. Banks and the financial institutions are at their toes to give financial aid and the required assistance to these entrepreneurs of small scale manufacturing units but most important factor is **determination** that an entrepreneur requires to acquire strengths and qualities. Entrepreneur plays an important role in the development of the society too.

A good entrepreneur must play a role model who can be emulated by the workers. While running an enterprise, an entrepreneur should take some precautions to avoid the hurdles in the business. These are considered as red alert zone for the small scale manufacturing units shown in **Figure-6.2**. The funds should be used for the organizational purpose only rather utilizing it for the personal reason or sister concern of the unit and the like. Diversion of the funds is identified as one of the major cause of sickness at Ahmednagar MIDC. During the discussion with one of the managers of a bank said, "*We are on our toes to give the guidance to the entrepreneurs of small*

scale units for the proper usage of funds as most of the entrepreneurs make diversion of the funds".

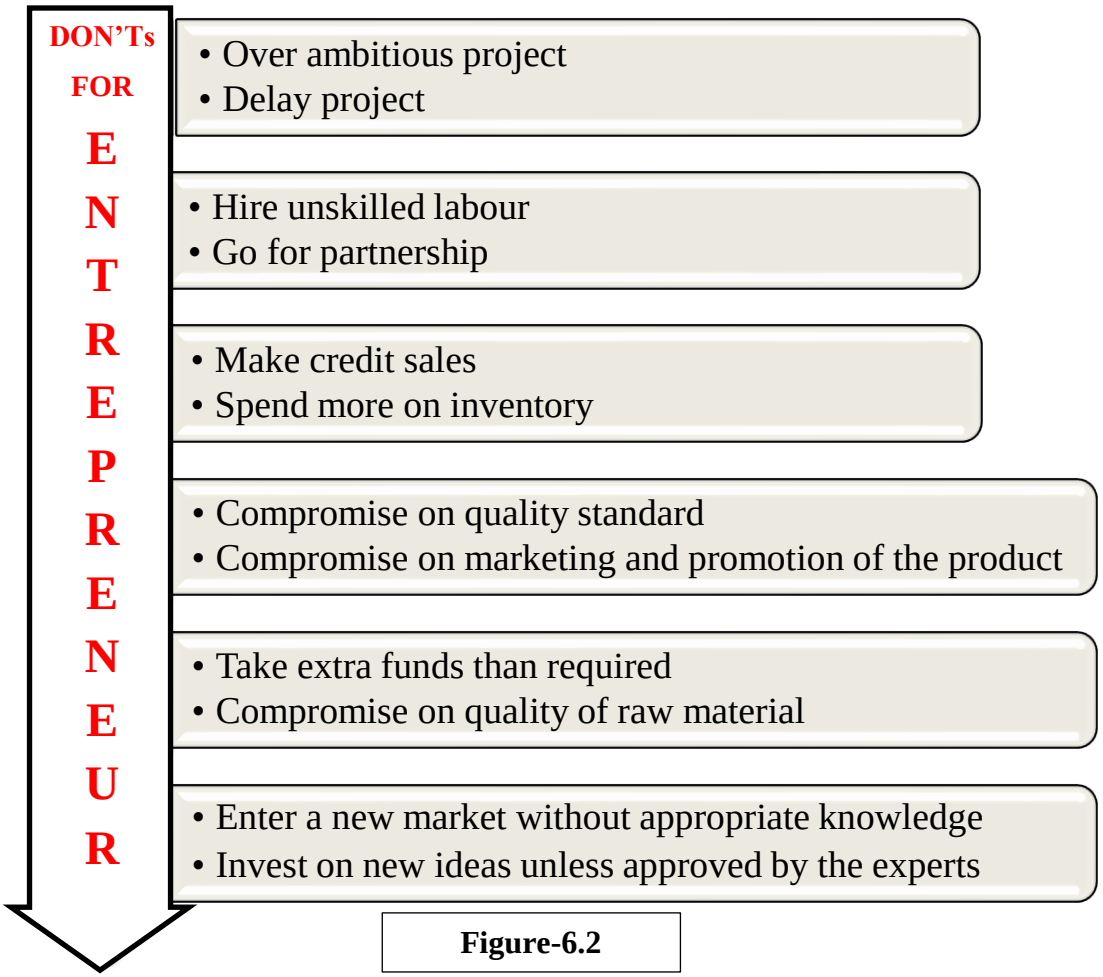

Figure-6.2

Moreover the project which could be dream project of the entrepreneur should be practical and workable and to reap maximum benefits implementation should be as fast as possible and any delays because of funds non availability or delays due to beaurecratic procedures must be taken care. While hiring human resource skills acquired and skills required have to be checked or some mechanism have to be developed to achieve planned production levels.

One more important aspect in sickness of these units are partnership which don't last long and blame game starts in difficult days of the business which was observed by researcher. It's the period when business requires most concentration but difference of opinion makes it difficult to improve the situation and pushes such units into sickness after pulling out of funds by one of the owners.

As far as possible these units should not sell the product on credit thinking of more business in future or routine customers or major loyal customers or just because it will finish off piled up inventory. Credit slowly kills the business and the entrepreneur never gets his funds when required. Majority of the units are following this practice and is sick or on the verge of sickness. Various alternatives to credit sales should be thought of like exchange of raw material, applying interest on delayed payments or asking favours in exchange which may include customer organization may take care of labour requirement, leasing of machines or taking care of transportation of good of the seller.

It is observed by the researcher that due to unavailability of funds the entrepreneur starts compromising on quality of the raw material and ultimately quality of the product which affects USP (unique selling preposition) of the organization leading to more sickness due to lost customer's satisfaction.

Marketing is never ending process and entrepreneur should always be in search of new markets and customers even though the business is doing well which increases the sustainability of the business and helps preventing sickness.

Researcher would like to strongly suggest the entrepreneurs to avoid taking extra funds from banks, financial institutes or friends and relatives just to make buffer arrangements to avoid sickness which can be called as sickness phobia.

It is also observed that because of many options available for the unit owners they are prone to misuse these funds by diversifying into entirely new field without proper study or knowledge which may lead to sickness by losing all savings and effects present business.

The above suggestions are the outcome of researchers observation and data analysis, presented in the form model shown in **Figure-6.2** and includes precautions must for entrepreneurs.

After detailed study it becomes very essential to understand why sickness occurs in these small scale manufacturing units which are explained in model presented in **Figure-6.3**. Industrial sickness does not occur all of a sudden in the life history of an industrial unit. Sickness starts with downturn in the industry continuation of which leads to setting in industrial sickness. The persistence of various signals over a long period of times becomes symptom of sickness. The various symptoms ultimately reflect on the performance of units, share market price, financial ratios and practice in

the diverse areas of finance, production, marketing and labour relations in the industry.

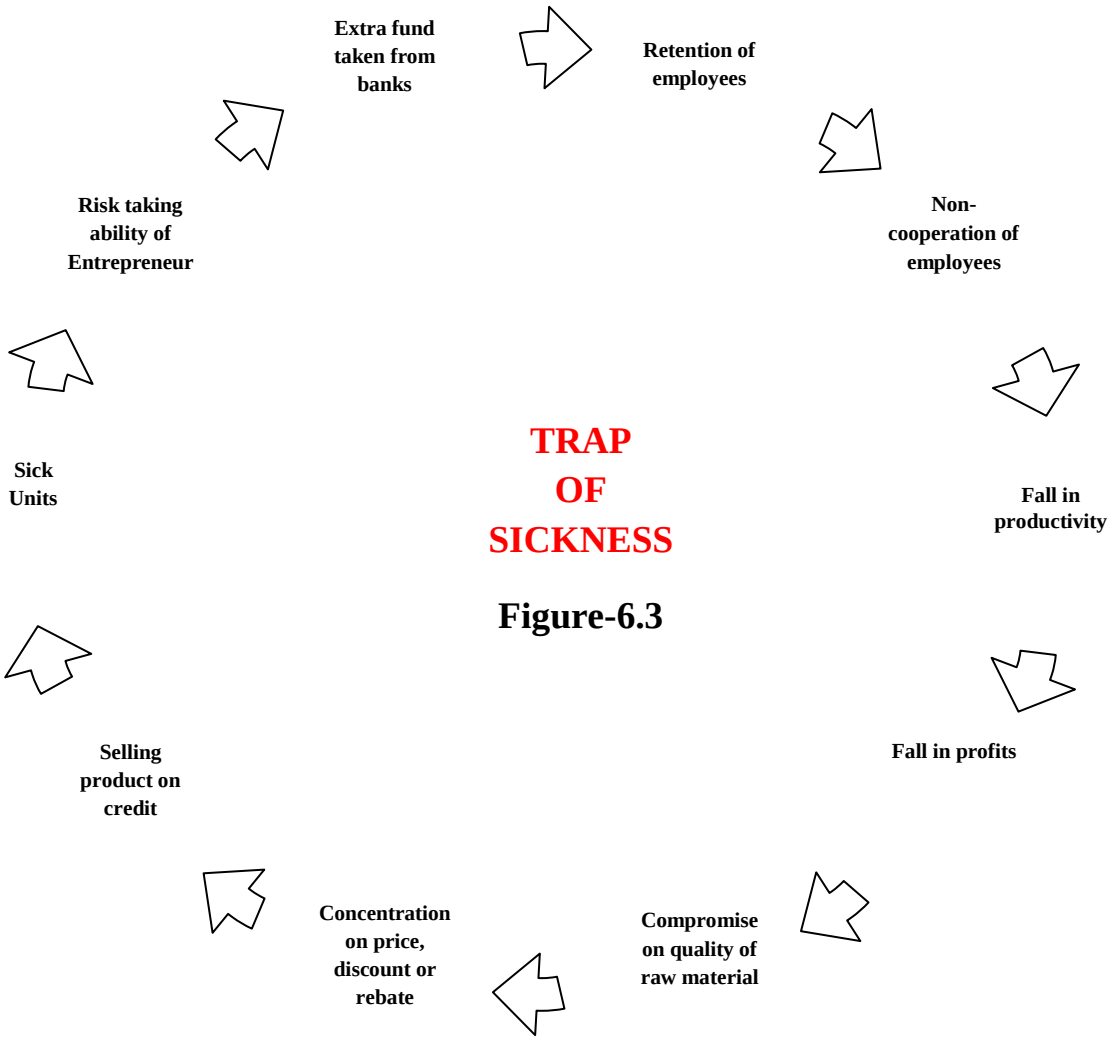

Figure-6.3

In the above model named “trap of sickness” researcher has come to the conclusion that the origin of industrial sickness at Ahmednagar MIDC is due to the mismanagement and finance. Entrepreneur should be given guidance for proper utilization of the finance which will definitely reduce sickness in small scale units. Entrepreneurs take extra funds from the banks or relatives/friends/money lenders to retain the employees by paying them regularly. The finance is the key input of production, distribution and development. It is, therefore life blood of any business/industry. Getting extra funds from friends and relatives is not an ultimate solution to resolve the problem. A unit should have a well-designed system to run the

unit smoothly. From the above model, it can be seen that the entrepreneurs are taking extra funds to pay the workers regularly. The efficiency of the workers cannot be increased only by paying them regularly; but, the labour productivity and profitability can be enhanced by employee engagement and by inculcating the positive attitude through proper education and training. Workers' cooperation can be gained by boosting morale by both financial and non-financial motivation.

It can also be seen that the entrepreneurs of Ahmednagar MIDC focus on the low priced items with discounts and rebates by compromising on the quality of the product. This low priced material results into the poor quality of finished goods. In this competitive world, the customers are more focused on the quality of products. Understanding the customers' tastes and preferences is very important for an organization. Quality control is an effective system for integrating the quality development, maintenance and improvement efforts in an organization.

A general recession or inflation can also lead to a shortfall in demand thereby resulting in selling the piled up product on credit. Credit based selling is one of the prime cause of industrial sickness in the areas of marketing. Credit selling causes freezing of funds and leads to shortage of cash when required to run the business for daily activities of a unit. Due to unavailability of adequate cash for the business, there arises a need to take extra funds from outside source. Entrepreneurs take extra funds as and when required and the cycle continues. It is suggested that proper guidance and training to the entrepreneurs will help the small scale manufacturing units in Ahmednagar MIDC to improve.

6.4 SCOPE FOR FURTHER RESEARCH

The present study is the role of entrepreneur towards turnaround of select sick small scale industries in Ahmednagar MIDC. The study is based on primary and secondary data. The findings of the study will enable the guidelines for different governmental and financial organizations to curtail the sickness on time. The researcher has undertaken this study to know the magnitude of sickness, reasons of sickness, factors responsible for the industrial sickness. Cases presented in this study will help the entrepreneurs of other area to understand the ways by which these units could be turned around. The research has also highlighted the skills required by the entrepreneur for turnaround of sick units. It is therefore, sincerely hoped that the suggestions and recommendations given by the researcher should be adopted and

implemented by the small scale manufacturing units. This study endeavor the future researchers to throw a light on many more problems in the area of small scale manufacturing units. The researcher expects that this study should be continued further and has listed few concern areas as sustainability of newly established units, prevention of reverse sickness in the turned around units of small scale manufacturing units of Ahmednagar MIDC, Study of only those units who have implemented the rehabilitation package etc.

The researcher is very keen about above mentioned areas which will certainly help the entrepreneurs to improve the performance of small scale units. Performance of small scale units will help in the development of a city. Ultimately, it will result in the development of a nation as a whole.

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CHAPTER-7

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ANNEXURE-I

ENTREPRENEUR QUESTIONNAIRE

Questionnaire to be filled in by the Entrepreneur of the Unit:

SECTION –I
GENERAL INFORMATION

1. Name of the Unit……
2. Address of the Unit…….
3. Name of the Manager/ Entrepreneur……..
4. Mobile Number of the contact person……
5. Location of the Unit……

Please make a tick mark in appropriate column(s):

6.	**Ownership of establishment**	
a.	Proprietorship	
b.	Partnership	
c.	Private Limited	
d.	Limited Liability Partnership (LLP)	
e.	Co-operative	
f.	Public Limited	
g.	Other	
7.	**Year of establishment of the unit**	
8.	**Nature of manufacturing/product/trading/service**	

9.	**Is your unit registered under:**	
a.	Company Act	
b.	Partnership Act	
c.	Shop Act	
d.	Factories Act	

10.	**What motivated you to start the business?**	
a.	Past experience	
b.	To take advantage of opportunity/demand	
c.	Self-dependent	
d.	Family business	
e.	Being an expert	

11.	**Annual turnover of industry in lakhs**	
a.	0-10	
b.	10-20	
c.	20-30	
e.	30-70	
f.	70-100	
g.	100 +	

12.	**Are you functioning as an ancillary unit of large enterprise(s)?**	**Yes/No**
	If yes, indicate estimates about its share in total sales.(totally)	
a.	100%	
b.	75-100%	
c.	60-75%	
d.	Less than 60%	

13.	**Educational qualification of Entrepreneur**	
a.	Below graduate	
b.	Graduate	
c.	Post-graduate	
d.	Professional qualification	
e.	Other	
	Have you attended entrepreneurial training programme?	**Yes/No**

14.	**Type of technology at your unit:**	
a.	Traditional	
b.	Intermediate	
c.	Modern	

15.	**Are you satisfied with the existing infrastructural facilities and auxiliary service as :**	**Yes**	**No**
a.	Electricity/Power		
b.	Roads		
c.	Transportation		
d.	Communication		
e.	Water		

16.	**Out of the following do you own or have rental basis?**	**Own**	**Hired /Rental**
a.	Telephone		
b.	Fax/e-mail		
c.	Storage and warehousing		
d.	Transportation vehicle		
e.	Adequate furniture		
f.	Cooling facility		
g.	Electricity and power		
h.	Genset		
i.	Other		

17.	**Do you find any difficulty in running the business smoothly in respect of following areas:**	**Yes**	**No**
a.	Production		
b.	R & D		
c.	Marketing		
d.	HR		
e.	Finance		
f.	Other		
	If yes, what are your common difficulties?		
a.			
b.			
c.			

18.	**Did you face any difficulty in day to day operations of the unit?**	**Yes/No**
	If yes, when did the unit start experiencing the problem?	
a.	During the inception of the unit	
b.	In the mid stage of the unit	
c.	In the later stages	
	What type of solution did you arrive at?	
a.		
b.		

19.	**Has the unit become sick?**	**Yes/No**
	If yes, in what regards did it become sick?	
a.	Production	
b.	Marketing	
c.	HR	
d.	R & D	
e.	Finance	
f.	Others	

20.	**What according to you were the main causes/reasons towards sickness of the unit?**	
a.	Lack of Finance	
b.	Bad Production Policies	
c.	Marketing and Sickness	
d.	Inappropriate Personnel Management	
e.	Ineffective Corporate Management	
f.	Other	

21.	**Revival strategies that your unit has adopted in last 5 years:**	
a.	Diversification	
b.	Change of management/ ownership	

c.	Professional guidance	
d.	To bring in additional funds from friends/ relatives/venture capitalists	
e.	Introduction of improved technology	
f.	Motivating the workers/Labour	
g.	improve the quality of product	
h.	Improved flow of raw material	
i.	Other *(please mention)*	

SECTION –II
FINANCE RELATED

1.	**Did you face any problem in raising funds while setting up the unit?**	**Yes/No**

2.	**Do you have institutional arrangement of raw materials supply?**	**Yes/No**
	If yes, what is the source of raw material supply?	
a.	Co-operative	
b.	Middlemen	
c.	Stockist/Distributor/Dealer	
d.	Others	

3.	**Financing of establishment**	
a.	Own investment	
b.	Borrowed from friends/relatives etc.	
4.	**Have you taken the loan?**	**Yes/No**
	If yes, from whom did you take the loan?	
a.	Banking institution	
b.	Non-Banking Financial Institutions (NBFC)	
c.	Private lenders	
d.	Friend/Relatives/Family	
5.	**If taken from the bank, Indicate the name of the bank/financial institution from which financial assistance has been obtained**	
a.	Nationalised Bank/Non-commercial bank (eg. NABARD, SIDBI etc)	
b.	Co-operative bank	
c.	Private sector bank	
d.	State financial corp.	
e.	Other	

6.	**How do you get your finance from the financial institution?**	
a.	Credit C.C./O.D. facilty	
b.	Banker's cheque	

7.	**Did you face any hurdles in running the business?**	**Yes/No**
	If yes, what hurdle did you face?	
a.	Perpetual loss	
b.	Lack of marketing of the product	
c.	Labour problem	
d.	Unwanted interruption of external agencies	
e.	Any other	

8.	**Do you repay entirely from your business operations?**	**Yes/No**
	If no, what are the sources of getting the fund for repayment?	
a.	Family/friends/relatives	
b.	Private lenders	
d.	By taking loan from other banks	

9.	**Whether in last 5 years, have you had any diversification in the business?**	**Yes/No**
	If yes, have you approached bank for additional financial assistance?	Yes/No

10.	**Did you receive concession/subsidies from the government departments (Central, State and Local institutions) under sick unit rehabilitation scheme?**	**Yes/No**
	If yes, please state the nature of concessions/subsidies received by you in respect of statutory dues etc.	
a.	Interest rate concession	
b.	Reduced promoter's contribution	
c.	Longer period for loan repayment	
d.	Debt recast	
e	Tax rebate/Tax holidays	
e.	Other	
11.	**Have you been satisfied with the concession?**	**Yes/No**
	If no, what suggestions would you like to offer?	
12.	**Have you received any guidance from the bank in availing of such concessions?**	**Yes/ No**

SECTION-III
MARKETING RELATED

1.	**Where do you sell your product?**	
a.	Rural	
b.	Urban	
c.	Town	
d.	Other states	
e.	Global	

2.	**What mode of payment do you accept?**	
a.	Cash	
b.	Credit	
c.	Both	

3.	**How do you promote your product?**	
a.	Middlemen	
b.	Vendor	
c.	Suppliers	
d.	Newspaper	
e.	Local channels	
f.	Other (mention)	

4.	**Do you conduct market research?**	**Yes/No**
	If yes, how often?	

5.	**Rank following factors as per the preference while buying raw material**	Rank as per preference
a.	Quality of product	
b.	Price	
c.	Branding	
d.	Packaging	
e.	Availability of products	
g.	Innovative and new items	
h.	Corporate image	
i.	Durability	
j.	Rebate/discount	
k.	Advertising effect	
l.	Other	

6.	**Rank the following factors that are responsible for improving marketing of products.**	Rank as per preference
a.	Increasing profit margin	
b.	Increasing low cost/priced items	
c.	Reducing transport cost	
d.	Increasing credit facility	
e.	Improving road infrastructure	
f.	Sales promotion through advertisement	
g.	Improving distribution network	
h.	Training of sales force	
i.	Improving infrastructure	
j.	Reducing cost of production	

7.	**Do you get timely supply of raw material?**	
a.	Always	
b.	Sometimes/sometimes	
c.	Never	

SECTION- IV
HR RELATED

1.	**How many employees are working in your company?** *(Mention the numbers for each level given below)*	
a.	Administration staff	
b.	Workers	
c.	Managers	

2.	**What role did employees play during the difficult time /slow down/recession?**	
a.	Supportive	
b.	Not cooperative with the management	
c.	Strikes	
d.	Not supportive	

3.	**Whether the employees/ workers continued working in the unit during difficult (slow-down) time of unit?**	**Yes/No/ Some**
	If yes, what motivated them to continue/retain?	
a.	By employee engagement	
b.	By encouraging them with positive attitude	
c.	By financial commitment	
d.	By retaining them in the unit for long time (Committing them for the long time retention in the unit)	
e.	By paying them better	
f.	All of the above	

4.	**Whether workers were paid regularly when the unit had financial trouble?**	**Yes/No**

5.	**How did the workers contribute towards productivity?**	
a.	Total efficiency	
b.	Team spirit	
c.	Patience and hard work	
d.	Provoked employees for industrial disputes/unrest/conflicts/dispute etc.	
e.	No contribution towards productivity	

6.	**Could you resolve the issues related to labour?**	**Yes/No**
	If yes, how did you resolve?	
a.	By encouraging them and boosting their morale	
b.	Through positive attitude	
c.	By financial commitment	
d.	By understanding worker's problems and counselling	
f.	Others	
7.	**Did you try to develop faith and confidence among the workers?**	**Yes/No**
8.	**What was the outcome?**	

SECTION-V
MANAGEMENT RELATED

1.	**What progress did the unit show during post implementation period of employee involvement?**	
a.	Increased profits/	
b.	Increased productivity	
c.	Voluntary involvement of the workers	
d.	Employee retention	
e.	Others	

2.	**Please Rank the factors that affect business as per preference.**	Rank as per preference
a.	Adverse marketing condition	
b.	Government policies in respect of excise duty	
c.	Disequilibrium between demand and supply	
d.	Recessionary trend	
e.	Rise in cost of production	

f.	Scarcity of raw material	
g.	Erratic supply of power	
h.	Labour problem	
i.	Pollution and environment legislation	
j.	Management problem	
k.	Technological up gradation	
l.	Delayed/ inadequate availability of raw materials	
m.	Low quality standards	
n.	Delayed payment and poor recovery	
o.	Inadequate infrastructure	

3.	**Do you think that the production gets affected due to the change in the management?**	**Yes/No**
	If yes, how?	

ANNEXURE-II

BANK QUESTIONNAIRE

Questionnaire to be filled in by the manager of the funding banks:

SECTION –I
GENERAL INFORMATION

1. Name of the bank…….
2. Branch Address ……..
3. Phone Number…….....
4. Type of the bank……..
5. Year of Establishment of Branch…….

Please make a tick mark in appropriate column(s):

6.	**What type of advances and loans do you offer?**	
a.	Term loan	
b.	Working capital loan	
c.	Project loan or project finance	
d.	Subsidy from NABARD or Reserve Bank of India	
e.	Seed Capital	

7.	**How many units financed by your bank/branch are:**			
	Weak units	Sick units	NPA	Closed units

8.	**What are the probable causes for the Industrial Sickness/Weakness/Failure?**	
a.	Poor top management	
b.	Poor project management	
c.	Organizational transition	
d.	Bureaucratization	
e.	Slow down	
f.	Non-availability of raw material	
g.	Power cut	
h.	Lack of orders	
i.	Machinery breakdown	
j.	Others	

9.	**Any idea about turnaround for last 5 years.**	**Yes/No**
10.	**Whether bank does monitoring of term loans**	**Yes/No**
11.	**If yes, how do you monitor the end uses of credit?**	
a.	Maintain a regular check	
b.	Have a periodic check of the loan repayment	
c.	Others	
12.	**Whether concessions and relief declared by RBI or Central government/ State government have been given to the borrower unit?**	**Yes/No**

SECTION-II
REHABILITATION PACKAGE

(*Please tick the appropriate option*)

1.	**What is the rehabilitation package applied by the bank?**	
a.	Waiving of penal interest rate	
b.	Funding of unpaid interest on cash credit and term loan	
c.	Rephasement of overdue installments of term loan	
d.	Low interest rates	
e.	Assessing working capital on need basis	
f.	Relaxing terms and conditions such as low or nil margin longer moratorium	

2.	**Did you find sufficient involvement/co-operation from the unit owner?**	**Yes/No**

3.	**What are the credit facilities provided by the bank?**	
a.	Overdraft facility	
b.	Cash credit	
c.	Working capital loan	
d.	Term loans	
e.	Letter of credit	

Any suggestions to the units for the progress after their rehabilitation

……

SECTION-III
IMPLEMENTATION OF REHABILITATION

1.	**Time taken to work out the rehabilitation scheme from the date of application for rehabilitation assistance**	
a.	Less than 1 month	
b.	1-2 months	
c.	2-3 months	
d.	More than 3 months	

2.	**Time taken by your bank for implementation of rehabilitation package after its approval**	
a.	Less than 1 month	
b.	1-2 months	
c.	2-3 months	
d.	More than 3 months	

3.	**The number of cases of rehabilitation approved by your bank in the last 5 years**	

4.	**Have any units improved the performance after implementation of rehabilitation scheme keeping in view the main causes of sickness?**	**Yes / No**
5.	**If yes, how many cases?**	
6.	**What are the main factors responsible for such improvement?**	
a.		
b.		
c.		
d.		
7.	**Are the units able to repay their dues as per the approved rehabilitation scheme as a result of satisfactory profit generation?**	**Yes / No**
8.	**If yes, how many cases?**	
9.	**If no, what are the reasons:**	
a.	Delayed loan sanctioning/ Lack of funds	
b.	Slow-down	
c.	Non-availability of material	
d.	Power cuts	
e.	Payments held up	
f.	Any other	
10.	**Does your bank provide any other assistance to the units in overcoming problems arising in the implementation of the project?**	**Yes / No**
	If yes, please mention.	

11.	**Have any units proposed any diversification with the additional financial assistance from your bank?**	**Yes / No**
	If yes, how many such proposals have been sanctioned by your bank in last 5 years?	

SECTION-IV
CAUSES OF NPA

1. **According to you what are the reasons for the causes of NPAs in small scale industries?** (*Please tick mark the most appropriate option according to you*)

Sr. no.	Reasons	Minor	Major
1.	Corrupt management		
2.	Adverse industry condition		
3.	Political interference		

4.	Inadequacies in functional management		
5.	Rigid government rules.		
6.	Strict norms of the financial institutions with the management/ unit		
7.	Poor general management		
8.	Poor initial choices of technology and investment		
9.	Stringent rules relating to the sanctioning loans.		
10.	Poor unit management		
11.	Poor law and order situation		
12.	Unhelpful governmental machinery		

2. Any other noticeable information about the progress of the units after rehabilitation?

   ……

ANNEXURE-III

आर.एन.आय.-१५५७/५७, रजि. नं. : पी.एन.सी.डब्ल्यू./डी-१६६/२०१२-२०१४.

नगरच्या तीन उद्योजकांची प्रगतीकडे झेप

उद्योग संचालनालयातर्फे आज वैद्य, घावटे व शेठ यांना पुरस्कार वितरण

नगर, ता. १९ : नगरच्या लघु औद्योगिक क्षेत्रात मानाचा तुरा खोवला जाईल, असे यश जिल्ह्यातील तीन उद्योजकांनी मिळविले आहे. राज्याच्या उद्योग संचालनालयातर्फे उत्कृष्ट औद्योगिक कामगिरीबद्दल येथील 'मे. डीएटीसी (इंडिया)' कंपनीचे संचालक शरद वैद्य यांना प्रथम व पारनेरच्या 'मे. ग्रीनशाईन बायोटेक'चे संचालक रामदास घावटे यांना द्वितीय पुरस्कार दिला आहे. संगमनेर सहकारी औद्योगिक वसाहतीतर्फे नगरच्या 'मे. आयकॉन मोल्डर्स'चे संचालक बिजल पी. शेठ यांना तृतीय पुरस्कार जाहीर केला आहे. उद्या गुरुवारी (ता. २०) नगरला या पुरस्कारांचे वितरण होणार आहे.

ड्रिलिंग टुल्स

नगरच्या 'डीएटीसी इंडिया' कंपनीची वाटचाल तोट्यातून नफ्याकडे व पुरस्काराकडे अशी झाली आहे. खाणकामासाठीची ड्रिलिंग टुल्स तयार करणाऱ्या या कंपनीची उत्पादने दक्षिण व उत्तर भारतासह फ्रान्स, ऑस्ट्रेलिया, चिली, झांबिया, कांगो आदी देशांमध्येही निर्यात होतात. २००६मध्ये ही कंपनी नगरला सुरू झाली. २००९पर्यंत तोट्याची वाटचाल असलेल्या कंपनीची सूत्रे संचालक शरद वैद्य यांनी घेतल्यानंतर गेल्या तीन वर्षांत तोट्यातून नफ्याकडे अशी वाटचाल झाली. १४ कोटींची आर्थिक उलाढाल करणारी ही कंपनी सात कोटी परकीय चलन व्यवहार करते. २००४मध्ये सुरू झालेल्या ड्रिल टुल्स कंपनीचा पुढे २००६मध्ये 'डीएटीसी युरोप' या कंपनीशी सहकार्य करार झाला. आता कंपनीने उत्कृष्ट उद्योजकतेचा प्रथम पुरस्कार मिळवून प्रगतीकडे झेप घेतली आहे.

ग्रीनशाईन बायोटेक

दुसऱ्या क्रमांकाचा पुरस्कार मिळविणारी जवळे (ता. पारनेर) येथील मे. ग्रीनशाईन बायोटेक ही कंपनी संचालक रामदास घावटे यांनी २००८मध्ये सुरू केली. वनस्पतिशास्त्राच्या अभ्यासानंतर व पुण्यात ॲग्रोटेक कंपनीत अनुभव घेतल्यानंतर घावटे यांनी जवळे येथे टिश्युकल्चर तंत्रज्ञानाने प्रयोगशाळेत रोपे तयार करण्याचा प्रकल्प सुरू केला. केळी, स्ट्रॉबेरी, ऊस, डाळिंबासह सर्व फळपिके, सर्व भाजीपाला अशी वर्षाला पाच लाखांवर रोपे येथे तयार होतात. जिल्ह्यासह औरंगाबाद व जळगाव जिल्ह्यातून या रोपांना मागणी आहे. वार्षिक सुमारे ५० लाखांची उलाढाल करणाऱ्या या प्रकल्पात २५ जणांना रोजगार मिळाला आहे.

आयकॉन मोल्डर्स

तिसरा क्रमांक मिळविणारी मे. आयकॉन मोल्डर्स ही कंपनी संचालक बिजल शेठ यांनी २००४मध्ये मुंबईत एका छोट्याशा भाडोत्री गाळ्यात सुरू केली. लार्सन अँड टुब्रो कंपनीला प्लास्टिक मोल्डेड पार्ट पुरविणारी ही कंपनी २००७मध्ये नगरला आली. कंपनीची दरवर्षीची उत्पादन व आर्थिक वाढ सुमारे ३५ टक्क्यांची आहे. 'आयएसओ' व्यवस्थापन प्रणाली राबविणाऱ्या या कंपनीने आता रांजणगाव व पुणे येथे प्लास्टिक मोल्डेड पार्ट पुरविण्यासह जपान, जर्मनी, चीन व मलेशिया आदी देशांमध्ये निर्यात करण्याचेही नियोजन सुरू केले आहे.

'संगमनेर'चा पुढाकार

यंदाच्या तिसऱ्या क्रमांकाच्या उद्योग पुरस्कार देण्यासाठी संगमनेर सहकारी औद्योगिक वसाहतीने पुढाकार घेतला आहे. जिल्ह्याचा औद्योगिक विकास, चांगल्या कंपन्या यात व नवीन संकल्पना राबविणाऱ्या उद्योजकांचे कौतुक या हेतूने या वसाहतीचे अध्यक्ष संजय दिघे, उपाध्यक्ष नानासाहेब वर्पे व व्यवस्थापक काशिनाथ डोंगरे यांनी यंदाचा तिसरा पुरस्कार देण्याची स्वतःहून तयारी दर्शविली आहे.

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