



GOVERNMENT OF KERALA

REPORT ON THE
SAMPLE SURVEY OF
SMALL SCALE
INDUSTRIAL UNITS
IN KERALA

DEPARTMENT OF ECONOMICS & STATISTICS
TRIVANDRUM

P R E F A C E

The small scale industrial sector has a vital role in increasing industrial production. This sector faces some problems which make the industrial units sick. This report is based on a sample survey conducted by this Department among the S.S.I. units which are likely to fall sick. The survey identified the various reasons for sickness of these industrial units.

The tabulation and consolidation of data was done in the Design of Surveys and Studies Division of this Department. The report was prepared by Smt K. Leelakumari, Joint Director with the assistance of Smt J. Vijayamma, Research Officer.

Trivandrum:
15-9--1988:

K. BALAKRISHNAN NAIR
Director
Economics and Statistics

Report on the Sample Survey on Small Scale Industrial
Units in Kerala

1. Introduction:

Kerala continues to be an industrially backward State. Unemployment is one of the major problems facing the State. The need for development of industries especially small scale industries comes in this background.

In increasing industrial production and also in diversifying its production base, small scale industry has a vital role. Low capital investment, short gestation period and relatively simple technology are advantageous features of this sector. Further it can create immediate and permanent employment and also capable of mobilisation of resources at various levels. At present the production in this sector covers a wide range of consumer goods under food, textiles, chemical, rubber, plastic, paper, wood, engineering, glass, leather, automobiles etc. It has also entered into areas of sophisticated and precision items like electronic systems, micro-wave components, T.V. sets etc.

Small Scale Industries Sector is being encouraged on a large scale considering the above potential aspects. Kerala has certain favourable conditions for the growth of S.S.I., such as natural resources of raw materials, more or less developed infrastructural facilities, chain of internal markets, skilled and educated manpower, well distributed banking system etc.

Altogether there were 31039 S.S.I. Units in Kerala as on 31-3-1985. (Source: Basic data on registered small scale industrial undertakings in Kerala published by the Directorate of Industries and Commerce, Trivandrum.) Out of these, 75% of the units were working in good condition possessing "green" status cards, 6% were reported to be working but likely to be sick possessing "yellow" status cards and 19% were closed or non-existent units possessing "red" cards.

Total employment relating to the green units was 2.02 lakhs, the average employment being nine per unit while that of yellow units was 0.28 lakhs, the average employment being 16 persons per unit.

As revealed on the above mentioned publication, the total investment in the green units was about Rs.32029 lakhs and in the yellow units was about Rs.1480 lakhs. The average

investment in both the cases workout to Rs.1.38 and 0.84 lakhs respectively. It is also seen that 39% of green and yellow units invested below Rs.25,000 and 21% invested Rs.25000-50000.

Though the S.S.I. sector has progressed much with the support of Government and allied agencies, it has some problems which make the units sick. The sick stage of a unit naturally indicates erosion of its finance. Considering the importance of this sector, revival of sick units is to be given much attention in the industrial programmes. Therefore major problems faced by the unhealthy units and factors contributing to unhealthiness are to be found out in order to nurse back the potential sick units to a satisfactory level of performance.

With this aim, this department conducted a sample survey in late 1987-88. The basis and the frame of the study is the publication 'Basic data on registered small scale industrial undertakings in Kerala' published by the Directorate of Industries and Commerce, Trivandrum.

2.Objectives:

The main objectives of this study are:

- 1) to find out reasons for the likely sickness of the units and
- 2) to find out solutions for the problems that are faced by the units.

3.Coverage and sample design:

There were 31039 number of S.S.I. Units in Kerala as on 31-3-1985. For each unit one status card is placed in the concerned District Industries Centre according to the health condition of the unit. Green card is placed for units having satisfactory health condition, yellow card for unit having health condition not satisfactory (units which are likely to be sick) which needs encouragement to pull on. Red card is placed for units having very bad health condition/dead units.

Out of the 31039 units, as many as 23276 are having satisfactory health condition possessing green cards. 1762 units which are likely to be sick are given yellow cards, while 6001 units are dead units possessing red cards.

All the S.S.I. Units (1762 units) for which yellow cards are placed in the District Industries Centre, are covered in this

study. These units come under 25 types of industry and from each type, 20% of the units were selected using simple random sampling method. Out of these 1762 units, 352 were selected for the study. But information from only 277 units could be collected as the remaining units were reported to be either closed or not traceable.

4. Methodology:

Interview method was adopted for the collection of data. Two types of schedules were designed for the purpose. Schedule I was meant for listing of units and sample selection, while schedule II was for detailed enquiry. The survey was conducted by this Department on voluntary basis. The field staff visited the District Industries Centres to list out the names and addresses of the sample S.S.I. units likely to be sick. Then they contacted each such unit and canvassed Schedule II. The tabulation and analysis were done in the headquarters of the department.

5. Period of the survey:

The period of the survey is the latter half of 1987-88.

6. Basic details about the total sick units:

6.1 Type of management: It is worthwhile to study the number of S.S.I. units (yellow) according to type of management. 83% of the units which are likely to be sick comes under proprietorship. The following table gives the position:

Table I - No. of S.S.I. units (yellow) according to type of Management

Sl. No.	Type of management	No. of units	Percentage to total sick units
1	2	3	4
1.	Proprietary	1477	83.83
2.	Partnership	223	12.66
3.	Co-operatives	29	1.64
4.	Private Ltd.	15	0.85
5.	Charitable Trust.	18	1.02
6.	Public Ltd.	-	-
	Total	1762	100.00

Out of the total 31039 S.S.I. units only 3 units are managed by Public Ltd. No unit under this type of management is seen likely to be sick.

6.2 Category of promoters: About 5% of the yellow S.S.I. units are promoted by scheduled castes. No. of units according to category-wise promoters is given hereunder:

Table: II - No. of S.S.I. units (yellow) according to category of promoters

Sl. No.	Category of promoters	No. of S.S.I. Units	Percentage to total sick S.S.I. Units
1	2	3	4
1.	Scheduled Caste	85	4.82
2.	Scheduled Tribe	4	0.23
3.	Others	1673	94.95
	Total	1762	100.00

It is also seen that 6% of total sick units are run by women.

6.3 Activity of the units: The classification of S.S.I. units (yellow) according to activity is presented below. 83% are production units, 11% servicing units and the remaining are production-cum-servicing.

Table III - No. of S.S.I. units (yellow) according to type of activity

Sl. No.	Activity	No. of units	Percentage to total sick units
1	2	3	4
1.	Production	1469	83.37
2.	Servicing	187	10.61
3.	Production-cum-servicing.	106	6.02
	Total	1762	100.00

7. No. of units selected:

District-wise No. of total yellow units and the samples units are given below. Maximum No. of such units are in Quilon district. (22%).

Table IV - District-wise distribution of yellow units

(Total and sample)

Sl. No.	District	No. of S.S.I. Units (yellow)			
		Total No.	% to total	Selected No.	% to total
1	2	3	4	5	6
1.	Trivandrum	237	13.45	46	13.07
2.	Quilon	393	22.30	78	22.15
3.	Pathanamthitta	23	1.31	6	1.70
4.	Alleppey	214	12.15	42	11.93
5.	Kottayam	176	9.99	37	10.51
6.	Idukki	91	5.16	18	5.11
7.	Ernakulam	152	8.63	33	9.38
8.	Trichur	139	7.89	29	8.24
9.	Palghat	68	3.86	14	3.98
10.	Malappuram	85	4.82	16	4.55
11.	Kozhikode	108	6.13	22	6.25
12.	Wayanad	22	1.25	4	1.14
13.	Cannanore	45	2.55	6	1.70
14.	Kasargode	9	0.51	1	0.29
	Total	1762	100.00	352	100.00

Out of the selected 352 units, data could be collected from 277 units (79% response) only.

8. Findings of the survey:

8.1 Sources of Financial Assistance: Major organised sources of finance to the S.S.I. units are K.F.C., Nationalised banks, Scheduled banks, Government, SIDCO etc. Some of the units (about 5%) received assistance from more than one source. Percentage distribution of number of units received assistance from different sources as revealed from the survey is given below:

10. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

11. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

12. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

13. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

14. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

15. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

16. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

17. The distribution of number of units received at various points from different sources as revealed from the survey is given below:

Table V - Percentage distribution of units according to source of finance

Sr. No.	Source of Finance	Percentage
1	2	3
1.	Kerala Financial Corporation.	7.22
2.	Nationalised banks	26.72
3.	Scheduled banks	7.94
4.	Government	2.53
5.	SIDCO	1.08
6.	More than one source	5.05
7.	Others (own share, personal loan etc.)	49.46
Total		100.00 /

Nationalised banks contribute to the largest share of external assistance. About 27 per cent of the selected units received assistance from nationalised banks. Some of the sources included in the group 'Others' are own share contributions and private loans. It is also seen that maximum number of units (20%) received financial assistance from nationalised banks are in Idukki District followed by Quilon (16%).

8.2 Type of Financial Assistance: 44% of the units reported that they have received financial assistance on loan basis to start the unit. About 2% units got investment subsidy. Majority of them have not specified the type of financial assistance obtained.

8.3 Amount of Financial Assistance received: About 48% of the units were reported to be not willing to disclose the amount of assistance received by them. Almost 13% reported that they have received assistance of below Rs.10,000/-, 11% received between Rs.10,000-25000 and another 11% between 25-50 thousand. About 17% received above Rs.50,000/-.

Table: VI - Percentage of units according to amount of financial assistance

Sl. No.	Financial assistance	Percentage
1	2	3
1.	Rs. < 10,000	12.64
2.	Rs. 10,000 - 25,000	11.19
3.	Rs. 25,000 - 50,000	11.19
4.	Rs. > 50,000	17.33
5.	Not reported	47.65
Total		100.00

8.4 Timelag between the date of starting the unit and the date of starting production: Out of the 277 units contacted, 67 units (24%) could not furnish timelag between the date of starting the unit and the date of starting production. In such cases it is presumed that the turnout is only nominal. The following table reveals the position:

Table VII - Timelag between the date of starting the unit and date of starting production

Sl. No.	Time-lag	Percentage
1	2	3
1.	< 3 months	6.50
2.	3 - 6 months	0.36
3.	6 months - 1 year	38.27
4.	More than 1 year	30.69
5.	Not reported	24.18
Total		100.00

45% of the units started production within one year of starting the units, while 31% took more than one year to start production.

8.5 Market: Most of the units studied depend on the local and district markets for selling their products. The percentage of units according to the different markets utilized is presented below:

Table VIII - Percentage number of units according to market

Sl. No.	Market	Percentage
1	2	3
1.	Local	36.33
2.	District	14.80
3.	State	6.11
4.	India	3.86
5.	Outside India	1.28
6.	More than one market	16.08
7.	Others (Stock, free disposal etc.)	21.54
Total		100.00

36% of units under study disposed of their products in local markets while 15% in district markets and 6% in state-wide markets. Only a nominal proportion of units utilise national and international markets.

8.6 Work during last one year On enquiry about the work during the last one year from the date of survey, 47% of the units under study were not working during the last one year. 5% reported to have worked for a period of less than 3 months and 24% worked during the whole year.

Table IX - Percentage of units according to work during last one year

Sl. No.	Period of work during last year	Percentage
1	2	3
1.	< 3 months	4.70
2.	3 - 6 months	13.72
3.	6 months - 1 year	11.19
4.	Whole year	23.82
5.	Not worked	46.57
Total		100.00

The above table shows the unsatisfactory functioning of the units which are identified as unhealthy.

8.7 Reasons for likely sickness: Out of the sample

units, 8% were seen to be working in healthy condition at the time of the survey. The remaining 92% of the units were found likely to be sick. Various reasons for likely sickness were reported by the units contacted. Lack of availability of funds at the required time and marketing problems are the major handicaps. Consumers have a latent preference for consumer items produced by well established big firms of long standing. In certain cases the S.S.I. units are dependent on purchase by large firms, often payments to small units are held up by such large firms which aggravates the issue disproportionate large borrowings comparing the weak equity base of S.S.I. units lead to their falling sick. Such reasons are grouped together under the heading finance, market etc. in the table given below: About 44% of the units come under this category.

Table: X - Percentage distribution of units according to reasons for sickness

Sl. No.	Reasons for likely sickness	Percentage
1.	Finance	39.61
2.	Market	8.63
3.	Raw materials	8.63
4.	Managerial	1.96
5.	Labour	1.96
6.	Technical	-
7.	Others	39.21
	Total	100.00

Only 2% of the units complained about the labour problems which may result in the units to become sick. No problem relating to technical know how was reported as a reason by the sample units. Managerial problems were reported by another 2 per cent as the main reasons for the likely sickness. Almost 39% of the units pointed out several reasons together such as management deficiencies, market recessions, technical reasons like faulty planning, power-cut, shortage of critical inputs etc. On analysing the reasons according to type of industry, it is seen that about 50% of units coming under the industries hosiery and

garments, wood products, paper products and printing, chemical and chemical products and basic metal industries, reported lack of finance as the major cause for sickness.

9. Major problems faced by the units:

Almost all the units contacted were of opinion that they have to face many problems in running their units smoothly.

i) Managerial problem and lack of technical know-how: Only a very few number of units (2%) faced the managerial problem and lack of technical know-how. (It is presumed that this is because the managers themselves were the informants in almost all the units visited.)

ii) Financial problems: About 24% of the units selected, reported the inadequacy of loan received as the major problem they are facing. Almost 9% of the units have the complaint that the loan amount was not received in time. About 7% units face the difficulty of finding out the required security for the loan sanctioned.

iii) Raw materials: Almost 34% of the units suffer due to non-availability of raw materials. Out of this, 2% complained about the poor quality, 21% high price, 6% inadequate supply and 5% irregular supply of raw materials.

iv) Electricity: About 16% of the units reported that the irregular supply, low voltage, non-availability of power supply, power-cut etc. affected their units.

v) Machinery: Some of the machinery used were old ones and some required high maintenance and repair expenses. Besides, running cost of most of the machines were unbearable. Non-availability of modern machines also hindered their profitable working. About 10% of the units under study reported this problem.

vi) Labour: Only 3% of the units reported labour problem. Lack of skilled labour, indifference of labour, high wages etc. come under this category. In 90% of the units the owner and his household members are engaged in the working of the unit. They could not employ workers due to lack of finance.

vii) Market: Almost 14% of the units under study are holding stocks of products having 3 months - 1 year duration. In certain other units (23%), there was still more huge stock of

finished products. Lack of marketing facility (11%) lack of demand of the products (8% of the units), high price (4% of the units) etc. were reported to be the reasons for accumulation.

10. Industry-wise analysis:

i) Food products - Pickles, Jam and Squash: There were 1209 S.S.I. units as on 31-3-1985 under this type of industry. Out of this 83% units were working in good condition possessing green (healthy) cards, 4% were reported as likely to be sick, possessing yellow cards and 13% were not working - red units. Out of the 53 sick units, 10 units were selected for this study. About 17% of the units under study got financial assistance from Kerala Financial Corporation, 17% from nationalised banks. Two-third of the units started production within one year of starting the units while the remaining units were reported to be not working. About 50% of the units disposed their products in local markets while 33% had to depend upon other markets (district, State etc.) also for their products. One-sixth of the units worked for a period less than three months, one-sixth for a period of 3 - 6 months and one-sixth worked during the whole year (last one year from the date of survey). About 50% of the units were reported to be not working during the last one year. Financial problem was reported to be the reason for sickness.

ii) Food products - Bread, Biscuits etc. Out of the 1742 units under this industry, 1 293 (74%) were healthy (green), 127 (7%) were likely to be sick (yellow) and 19% dead units (red). 25 units were covered in the study. K.F.C. reduced financial assistance to 17% of the units, nationalised banks to 17% of the units and scheduled banks to 11%. The remaining units started with own share, personal loans etc. One-half of the units started production within the period of 6 months to 12 months. One year was required by 28% of the units for starting the production. Almost 22% were reported to be not worked. Here also 50% units could sell their products in local markets while 22% in district markets. About 6% found national markets for their goods. As many as 28% of the units worked during the last one year. Reasons for sickness in this case were labour and financial problems.

iii) Cotton textiles: Under cotton textiles industry there were 1621 units out of which 1051 (65%) were working in good condition. Almost 33% were dead units. A small percentage

of units (2%) were considered to be sick. Out of this, 6 units were covered in the present study. Main source of financial assistance in this case was nationalised bank (50% of units). Gestation period for 67% units was 6 months - 1 year. Local markets for 33%, district markets for 17% and other Indian markets for 17% were helpful to dispose their products. Only 28% of the units worked for 3 - 6 months during the last year while 43% worked during the whole year. The remaining units were reported to have not worked during the last year. Finance, marketing problem etc. were the reasons reported for likely to be sickness.

iv) Hosiery and Garments: Out of the 1227 units under this industry, 944 (77%) were working in healthy condition, 92 (8%) were considered to be sick and 191 (15%) were dead units. Out of the 92 likely to be sick units, 18 sick units were selected for the study. These units received financial assistance from various sources such as Kerala Financial Corporation, nationalised banks, scheduled banks, personal loans etc. Moreover 10% of the units received assistance from more than one source. Almost 40% of the units disposed their products in local markets, 40% in district markets and 10% in more than one market. About 90% of units started production within one year and after six months of starting the units. During the last one year 30% of the units were worked while 10% worked for a period of less than 3 months and 10%, 3 - 6 months. About 50% were reported to be not worked during the last year. Various reasons for likely to be sickness like scarcity of raw materials, fund, market etc. were informed by the units.

v) Wood products: Maximum number of units among the total No. of S.S.I. units comes under this industry. Out of the 31039 S.S.I. units, 4074 (13%) were in 'wood products' industry. About 77% were working in good condition, 6% were likely to be sick and 17% were dead units. About 45 units were selected. The percentage of units got assistance from the financial institutions Kerala Financial Corporation, nationalised banks, scheduled banks, Government, SIDCO, more than one source and other sources like personal loan, own share etc. were 10, 18, 13, 3, 3, 5 and 48 respectively. Majority of the units, about 87%, could produce items within one year and after 6 months of starting the units. The markets local, district, State, national and international contributed almost equal share for the purchase of wood products. Almost 43% of the units were reported to be not worked during the last year and 19% worked during the whole year.

v) Paper products and printing: In this industry there were 2160 units. About 81% were working in good condition, 3% were likely to be sick units and 16% were not working. For this study 73 sick units were selected. Maximum financial assistance rendered to these units was from nationalised banks (to 44% units) 6% of the units got assistance from K.F.C., 13% from scheduled banks and 6% from Government. Gestation period was below 3 months in the case of 6% of the units while 6-12 months in the case of 56% units. About 25% unit took one year. As much as 56% utilized local markets, 13% district markets and 6% State markets. Almost 6% of the units disposed their products in more than one market. It is also seen that 41% of the units worked during the last one year, 18% worked only 3-6 months during the last year and 18% worked 6-12 months.

VII) Rubber and Plastic products: There are 2270 small scale industrial units under the type 'rubber and plastic products' as per the report published by the Department of Industries and Commerce. Out of this, 1736 units are working in good condition, 144 units are working but likely to be sick and 390 were closed. They are 76%, 6% and 17% respectively to the total number of units. From the 144 units which were likely to be sick, 29 units were selected for the study. Out of this 17% have got the financial assistance from K.F.C. and 26% from nationalised banks. About 59% of the units have not worked during the last one year period from the date of survey. About 9% of the units reported to be worked for 3 to 6 months, 14% worked for 6 to 12 months and the whole year period. The time-lag between the date of starting the unit and the date of starting production was 6-12 months in the case of 35% of the units and the whole year in the case of 39% of the units. About 26% of the units reported that they did not work during the whole year and 39% of the units disposed their products in local markets, 26% in the District and the remaining found their markets other than local, District, State, India and outside.

viii) Chemical and Chemical Products: Under this type of industry there were 2099 units, out of which 1557 units were working in good condition, 101 units were likely to be sick and 441 were non-existent units. A sample of 20 sick units were selected for the survey. Of this 23% received financial assistance from nationalised banks, 18% from scheduled banks, 9% from more

than one source. 5% of the units started production within 3 months of starting the units, 27% within 6 months to 12 months. Almost 32% took one year to get production. The units could dispose their products in all the markets local, district, State and India. Of this 10% of the units, fully worked during the last year, 5% for a period of 6-12 months, 24% for 3-6 months and 5% for a period of less than 3 months. The remaining units were reported to be not worked during the last year.

ix) Non-metallic mineral products: It is seen that the No. of S.S.I. units under this type was 1613 out of which 1183 units were working in healthy condition, 161 units were found to be sick and 269 units were dead units. Out of the 161 sick units, 32 units were selected for the survey. It is seen that 13% of the units received financial assistance from nationalised banks and scheduled banks, 50% of the units worked the whole year during the one year period prior to the date of survey. The time-lag between the date of starting the unit and the date of starting production was 6-12 months in the case of 50% of the units and was one year for 13% of the units selected. Local markets were used in the case of 38% of the units, district markets in the case of 13% and State in the case of 13% of the units for the disposal of the finished goods. 50% of the units worked during the last year while 50% not worked during the last year.

x) Basic Metal industries: Out of the 264 units in this type, 164 units were healthy, 37 units were likely to be sick and 63 units were closed. From the 37 units, 7 units were selected. Two units got financial assistance from nationalised bank, three units from scheduled banks and the remaining units from more than one source. The work during last one year prior to the date of survey was 3-6 months for 13% of the units and 6-12 months for 38% of the units. About 25% of the units reported that the time-lag between the date of starting the unit and the date of starting production was 6-12 months, 63% of the units reported that the time-lag was the whole year. Almost 50% of the units used local markets for selling their products while 25% of the units disposed of their products in State-wide markets.

xi) Metal products: There were 3922 units in this type of industry. 3117 units were reported to be working in good condition, 157 units were likely to be sick and 648 were dead units

6% of the units received financial assistance from Kerala Financial Corporation, 38% from nationalised banks, 9% from scheduled banks. SIDCO provided loan assistance to 3% of the units. Three percentage of the units got money from more than one source. Time-lag between the date of starting the unit and starting production was reported to be 6-12 months by 59% units and to be one year by 18% units. Local markets could absorb the finished products from 47% of the units, 15% of the units disposed their goods in district markets, 15% in state markets and 6% in other indian markets. About 29% of the units worked during the last one year, 6% less than 3 months, 15% 3-6 months and 12% between 6-12 months. The remaining units did not work during the last year.

xii) Machinery and parts except electrical: Out of the 295 S.S.I. units under this sector, 11 units were reported to be sick. Out of the 11 units 82% units were working in good condition. Only two units were selected for the study.

xiii) Electrical machinery and apparatus: There were 349 S.S.I. units under this type of industry - 269 (77%) units were found to be working satisfactorily, 19 units were reported to be working in bad condition and 61 units were closed. Out of the 19 units 4 sick units were selected for the study. All the units started the units with personal loan, own share etc. These units did not take loan from K.F.C., nationalised banks etc.

General assessment could not be made in the case of industries from which a small sample of units were studied.

These units reported various reasons, for sickness, such as non-interest in completion, non-receipt of sufficient work orders, other than the causes like financial, managerial, raw material etc.

xiv) Transport equipments and parts: Among the 148 S.S.I. units coming under this industry, 111 (75%) units were working in healthy condition and 14 units (9%) likely to be sick while 23 units (16%) were dead units. From the 14 units 3 sick units were selected for the study, but two of them were closed. Details could be collected only from one unit, which received financial assistance from scheduled banks. It took 6-12 months from the date of starting the unit to get production and disposed the finished products in district markets. It was working during the

last year. The unit wanted more financial assistance in order to revive the likely sick condition of the unit.

xv) Miscellaneous manufacturing industries: Out of the 3225 S.S.I. units under this industry, 66% were working in good condition, 7% were found to be working but likely to be sick and 27% were dead units. 47 units were covered in the present study. About 5% of the units got financial assistance from Kerala Financial Corporation, 10% from nationalised banks, 12% from scheduled banks, 5% from Government, 5% from SIDCO and 15% received from more than one source. About 48% of the units reported other sources of financial help like personal loans, own share gift etc. About 66% units started production after 6 months and within one year of starting the unit and 29% of the units disposed their goods in local markets, 15% in district markets, 7% in state markets and 7% in more than one market 17% units could sell their products outside India also. About 55% of the units did not work during the last one year and 14% units worked during the whole year while the remaining units worked for a period of less than one year.

xvi) Construction: Construction sector had 432 S.S.I. units of which 299 units were working in good condition, 52 units were likely to be sick and 81 units were dead units. Out of the 10 sick units selected for the survey, 38% of the units got financial assistance from nationalised banks, 50% of the units started their units with their own money, personal loans, local chitti etc. Gestation period was reported to be 6 months to one year, by all the units under study. Major portion of their products could be disposed in local markets (88%). About one-third of the units did not work during the last one year while the others worked part of the year.

xvii) Education, Scientific and research services: There were only 17 S.S.I. units in this industry, 5 units were working in healthy condition, 5 units were likely to be sick and 7 units were dead units. Only one unit was included under the purview of the present survey. Reliable data could not be collected from this unit.

xviii) Medical and health servicing: Out of the 443 S.S.I. units coming under this type of industry, 74% were working in healthy condition, 5% were likely to be sick. 21% units were dead units. A sample of 7 sick units were selected for the survey.

Kerala Financial Corporation gave financial assistance to 3 units. One unit started the work with personal loan, 86% of the unit got production after six months of starting the unit and within one year. Eighty eight per cent found local markets to dispose the finished goods, 71% of the units worked during the last one year while the remaining units did not work during the last one year.

xix) Repairing and servicing: 1898 S.S.I. units were existed as on 31-3-1985. Out of this 1589 units were found to be working satisfactorily, 64 units were likely to be sick and 245 units were not working. A sample of 13 units were selected for the survey. About 15% of the units got financial assistance from Kerala Financial Corporation, 8% from nationalised banks, 8% from Government, and 7% from more than one source. Almost 23% units reported that they started their units without the help of any of the above institutions, but with personal loans, own share etc. Actual working commenced after six months of starting the unit in 69% of the units and after one year in 15% of the units. The other units were reported to be not worked.

xx) Service not elsewhere classified: There were 1276 S.S.I. units under this category. Out of which 792 units were working in good condition, 96 were likely to be sick and 385 were dead units. A sample of 20 sick units from this type were also selected for the study. Details could be collected only from 5 units since other units were either closed or not traceable. Out of this 5 units, one unit got financial assistance from nationalised bank, two from scheduled banks and two from other sources. Two-fifth of them started work in full swing after 6-12 months period of starting the unit while the other three units took one whole year to start actual work. One unit could not work during the last one year while the other four units worked part of the year.

11. Suggestions on the basis of the study:

Necessary care should be taken in all relevant aspects at the time of organising S.S.I. units. In most cases, the absence of required assessment on the part of the entrepreneur and the concerned agencies has resulted in pushing the units to sickness. A real appreciation of the actual aptitude and skill of the entrepreneur and choosing the correct line of industry depending on the suitability of the site, availability of raw materials

and finance, marketing possibilities of the finished products, possibilities of getting down the best needed machinery, technical know-how of concerned industry, knowledge of relevant acts and rules etc., are highly necessary before setting up S.S.I. units.

The attitude of the financial agencies too requires a change. The required quantum of term-loan and working capital loan assistances must be made available at the required time. The quantum and time of availability are very crucial. Delay and sanction of lesser amounts can only spoil the concerned units and in turn the financial agencies. These agencies must also come to the immediate help of the units whenever they face practical difficulties such as scarcity of fund, marketing problem etc. Whenever a unit face a little trend of slackness, the financial agencies usually rush to pursue action to safeguard their investment ignoring the fate of the units. A little need-based and practical-minded approach of such agencies will be appreciable as otherwise this S.S.I. Sector will not be able to come out of such riddles. Problem of finance is reported to be the main cause in almost all studies made in this area by different agencies. S.S.I. sector should also improve their productivity and efficiency by adopting modern technology and managerial skill.

Authorities must also ensure that S.S.I. units do really get the advantage of facilities sanctioned in the purchases effected by various Government Departments, institutions etc. Periodical verification by responsible officers is also a must to see whether the assistance received is spent in the right purpose and the unit is working efficiently. Spending of money in the wrong direction should also be avoided.

This study relates only to 20% of the sick units and the frame used is as on 31-3-1985. So some of the units could not be traced out. Investigators had to visit many times to get the data. Since the survey was conducted on a voluntary basis, large samples could not be covered. On the basis of this pilot study an elaborate survey covering large samples from the up-to-date frame of S.S.I. units which are likely to be sick, is to be conducted with the help of the District Industries Centres.

527

