



# MANAGEMENT OF SMALL SCALE INDUSTRIES

**Dr. Raj Ankush Soshte**

# Management of Small Scale Industries

*(With special reference to Thane District of Maharashtra State)*



**India | UAE | Nigeria | Uzbekistan | Montenegro | Iraq |  
Egypt | Thailand | Uganda | Philippines | Indonesia**  
[www.empyrealpublishinghouse.com](http://www.empyrealpublishinghouse.com)

# Management of Small Scale Industries

*(With special reference to Thane District of Maharashtra State)*

*Authored By:*

**Dr. Raj Ankush Soshte**

M.Com. UGC SET, M.Phil. G.D.C.& A, PGDFM, PGDHE, MBA  
(Finance), LL.B., Ph.D. , D.Litt.(Hon. USA), Post-Doc Fellow ( USA)

Copyright 2022 by Dr. Raj Ankush Soshte

First Impression: September 2022

**Management of Small Scale Industries**

*(With special reference to Thane District of Maharashtra State)*

**ISBN: 978-81-970603-3-5**

**Rs. 1000/- (\$14)**

No part of the book may be printed, copied, stored, retrieved, duplicated and reproduced in any form without the written permission of the editor/publisher.

**DISCLAIMER**

Information contained in this book has been published by Empyreal Publishing House and has been obtained by the author from sources believed to be reliable and correct to the best of their knowledge. The authors are solely responsible for the contents of the articles compiled in this book. Responsibility of authenticity of the work or the concepts/views presented by the author through this book shall lie with the author and the publisher has no role or claim or any responsibility in this regard. Errors, if any, are purely unintentional and readers are requested to communicate such error to the author to avoid discrepancies in future.

Published by:  
Empyreal Publishing House

DEDICATED  
TO  
MY BELOVED  
PARENTS

## **Preface**

The thousand years has opened up numerous potential open doors to business visionaries and sped up the course of abundance creation. This globalization cycle has contacted Small Scale Industries also. The Small Scale Industries as well, are rapidly equipping to address the arising difficulties in the worldwide economy through consistent development and reception of state of the art innovation to give unrivaled client arrangements. The limited scale modern area in India covers a wide range of businesses sorted under little, minuscule and house fragment's; going from little craftsmans, workmanship units to current creation units with critical venture. The limited scale industry area has gained an unmistakable spot in the financial improvement of the country as it not just go about as a nursery for the advancement of enterprising ability yet in addition produce an extensive variety of Products.

In the Indian setting, the small scale industry sector has been getting due consideration and significance from the strategy creator attributable to its unique qualities, to be specific low degree of buy-in, least area limitations, high potential for setting out business open doors, in this way adding to a decent provincial turn of events and a high use of neighborhood asset. Kalyan-Dombivali MIDC modern unit is one of the notable modern areas existing in Thane locale.

The example wiped out units are set up in MIDC, which is liable for giving the whole fundamental foundation required for the setting up and development of businesses in the modern regions. In light of the review it has been observed that there are many issues looked by business visionaries in these three regions, which are normal. The affliction is found among every one of the enterprises and every one of the various types of association in the three regions. It is apparent among designing, compound, material, plastic and every one of the businesses set up in the areas. The tune has held the little and medium enterprises in these modern regions.

I am very much indebted to my parents - father Late Shri. Ankush, Mother Smt Anushaya, always source of inspiration for me, who have reposed confidence in me; my wife Asmita and my beloved daughter Avika and son

Rayansh who encouraged and helped me at every stage of my personal and academic life, and longed to see this achievement come through. I would like to thank to my beloved sisters Ms. Manda and Ms. Durna for continuous supports and blessing.

I extend my sincere thanks to Prin. Dr. S. R. Kamble my mentor for Continuous Co-operation and support. I am thankful to the all stakeholders who directly and indirectly related to my research work and for giving valuable inputs and supports. I also thankful to Librarian of Jawaharlal Nehru Library, University of Mumbai, NSS College, R.A.Podar College and Dr.Ambedkar College. I also thankful to all my dearest colleagues and friends for motivation and co-operation during my research work.

**Dr. Raj Ankush Soshte**

## Table of Contents

|                          |                |
|--------------------------|----------------|
| <b>Dedicated</b>         | <b>IV</b>      |
| <b>Preface</b>           | <b>V - VI</b>  |
| <b>Table of Contents</b> | <b>VII - X</b> |

| <i>Sr. No.</i> | <i>Contents</i>   | <i>Page Nos.</i> |
|----------------|---|------------------|
| <b>1</b>       | <b>CHAPTER-ONE</b>  |                  |
|                | <b>INTRODUCTION TO SMALL SCALE INDUSTRIES</b>                   | <b>1 - 9</b>     |
|                | 1. Introduction   | 2                |
|                | 2. Importance of the Study                                      | 3                |
|                | 3. Objectives of the Study                                      | 3                |
|                | 4. Hypotheses of the Study                                      | 4                |
|                | 5. Methodology and Source of Data                               | 4                |
|                | 5.1 Methodology of the Study                                    | 4                |
|                | 5.2 Source of Data  | 4                |
|                | 5.3 Questionnaire development and Pre-testing                   | 6                |
|                | 6. The Sample Design  | 6                |
|                | 6.1 Sample Selection  | 6                |
|                | 6.2 Methods of Sampling   | 6                |
|                | 7. Period of Study  | 7                |
|                | 8. Data Analysis  | 7                |
|                | 9. Limitation of the Study                                      | 7                |
|                | 10. Conclusion  | 8                |
| <b>2</b>       | <b>CHAPTER-TWO</b>  |                  |
|                | <b>ROLE OF SMALL SCALE INDUSTRIES IN THANE DISTRICT</b>         | <b>10 - 41</b>   |
|                | 2.1 Introduction  | 11               |
|                | 2.1.1 Various studies on Small Scale Industries                 | 12               |
|                | 2.1.2 Meaning of Small Scale Industries                         | 14               |
|                | 2.1.3 Importance & Scope of SSI                                 | 15               |
|                | 2.1.3.1 An Evaluation of New Economic Policy on SSI             | 16               |
|                | 2.1.3.2 Performance of SSI before and after New Economic Policy | 16               |
|                | 2.2 Industrialization in India                                  | 17               |



|  |                |
|--|----------------|
| 2.3. Overview of Industrialization in Maharashtra                        | 19             |
| 2.4 Industrial Policy in Maharashtra                                     | 20             |
| 2.5 Profile of Industrial areas under study                              | 20             |
| 2.5.1 Infrastructure in MIDC   | 22             |
| 2.5.2 MIDC Industrial areas in Thane Districts                           | 24             |
| 2.5.3 Areas Under Study (Dombivali, Ambernath & Badlapur)                | 29             |
| 2.5.3.1 Dombivali Industrial Area  | 31             |
| 2.5.3.2 Ambernath Industrial Area  | 36             |
| 2.5.3.3 Badlapur Industrial Area   | 39             |
| <b>3 CHAPTER-THREE</b>   |                |
| <b>PROBLEMS FACED BY SSI ( INCLUDING PROBLEM OF INDUSTRIAL SICKNESS)</b> | <b>42 - 64</b> |
| 3.1 Introduction   | 43             |
| 3.2 Problems of SSI  | 43             |
| 3.2.1 Teething Troubles  | 44             |
| 3.2.2 License  | 44             |
| 3.2.3 Finance  | 44             |
| 3.2.4 Raw Materials  | 46             |
| 3.2.5 Technology   | 46             |
| 3.2.6 Marketing  | 46             |
| 3.2.7 Recoveries   | 46             |
| 3.2.8 Labour   | 47             |
| 3.2.9 Faulty Planning  | 47             |
| 3.3 Challenges faced by SSI during Liberalization                        | 47             |
| 3.4 Promotional measures for SSI   | 48             |
| 3.5 Problems of Industrial Sickness                                      | 48             |
| 3.5.1 Introduction   | 48             |
| 3.5.2 Definition of Sickness   | 49             |
| 3.5.3 Process of Sickness  | 49             |
| 3.5.4 Industrial Sickness in India                                       | 52             |
| 3.5.5 Industrial Sickness in Maharashtra                                 | 53             |
| 3.5.6 Appraisal of the Major factors of Sickness                         | 54             |
| 3.5.6.1 High Price of raw materials                                      | 54             |
| 3.5.6.2 Breakdown of Plant & Machinery                                   | 55             |
| 3.5.6.3 Power cuts/ Shortage of Power                                    | 55             |
| 3.5.6.4 Market recession   | 55             |
| 3.5.6.5 High Competitions  | 56             |
| 3.5.6.6 Poor efforts of sales promotion                                  | 56             |
| 3.5.6.7 Lack of Working Capital  | 57             |

|          |  |                |
|----------|--|----------------|
|          | 3.5.6.8 Low profit margin on sales                                       | 57             |
|          | 3.5.6.9 Burden of Interest   | 58             |
|          | 3.5.6.10 Mismanagement of Funds  | 58             |
|          | 3.5.6.11 Demand of High wages/ Labour                                    | 59             |
|          | Problems   |                |
|          | 3.5.6.12 Change in government policy                                     | 59             |
| 3.5.7    | Impact of Sickness   | 60             |
|          | 3.5.7.1 Impact of Sickness on entrepreneurs                              | 60             |
|          | 3.5.7.2 Impact of Sickness on Workers                                    | 61             |
|          | 3.5.7.3 Impact of Sickness on Society                                    | 63             |
| <b>4</b> | <b>CHAPTER-FOUR</b>  |                |
|          | <b>ROLE OF COMMERCIAL BANK AND OTHER SOURCES OF FUNDING OF SSI</b>       | <b>65 - 79</b> |
|          | 4.1 Introduction   | 66             |
|          | 4.2 Financial Appraisal of SSI   | 68             |
|          | 4.2.1 Sources of Financing the Project                                   | 68             |
|          | 4.2.2 Cost of Production and Profitability                               | 69             |
|          | 4.2.3 Interest and Depreciation  | 70             |
|          | 4.2.4 Sales Income   | 70             |
|          | 4.3 Economic Appraisal of SSI  | 71             |
|          | 4.3.1 Performa Balance sheet   | 71             |
|          | 4.3.2 Ratio Analysis & Other techniques for assessing Economic viability | 71             |
|          | 4.3.3 Discounted cash flow Technique                                     | 73             |
|          | 4.4 Short Term Finance   | 74             |
|          | 4.4.1 Public Deposits  | 74             |
|          | 4.4.2 Commercial Banks   | 75             |
|          | 4.4.2.1 Forms of Bank Credits  | 76             |
|          | 4.5 Suggestions  | 79             |
| <b>5</b> | <b>CHAPTER-FIVE</b>  |                |
|          | <b>ANALYSIS AND INTERPRETATION OF DATA</b>                               | <b>80 - 92</b> |
|          | 5.1 Data Analysis  | 81             |
|          | 5.1.1 General Analysis of Sick Industrial units of the Three areas       | 81             |
|          | 5.1.1.1 Analysis of Sickness in Dombivali MIDC area                      | 84             |

|          |   |                  |
|----------|---|------------------|
|          | 5.1.1.2 Analysis of Sickness in Ambernath MIDC area       | 86               |
|          | 5.1.1.3 Analysis of Sickness in Badlapur MIDC area        | 88               |
|          | 5.2. Testing of Hypothesis                                | 90               |
|          | 5.3 Suggestions   | 91               |
| <b>6</b> | <b>CHAPTER-SIX</b>  |                  |
|          | <b>CONCLUSIONS AND SUGGESTIONS</b>                        | <b>93 - 100</b>  |
|          | 6.1 Conclusion  | 94               |
|          | 6.1.1 General Conclusion                                  | 95               |
|          | 6.2 Suggestions   | 96               |
|          | 6.2.1 Suggestions to Financial Institutions               | 97               |
|          | 6.2.2 Suggestions to Government Agencies                  | 98               |
|          | 6.2.3 Suggestions to Trade Associations                   | 98               |
|          | 6.2.4 Suggestions to Healthy Units                        | 99               |
| <b>7</b> | <b>BIBLIOGRAPHY</b>                                       | <b>101 - 104</b> |
|          | Books   | 102              |
|          | Journals  | 103              |
|          | Reports   | 104              |
|          | Websites  | 104              |
| <b>8</b> | <b>ANNEXURES</b>  |                  |
|          | <b>1. Questionnaire</b>                                   | <b>105 - 109</b> |
|          | I Questionnaire for Information of Small Industrial Units | 105              |
|          | II Questionnaire for Study of Sickness in Industrial Area | 108              |
|          | <b>2. Maps</b>  |                  |
|          | 1. State Map of Maharashtra.                              | 110              |
|          | 2. Thane District Map.                                    | 110              |

## ABOUT THE AUTHOR



**Dr. Raj Ankush Soshte** is presently working as Associate Professor, Accountancy and Co-ordinator Post Graduate Section at NSS College of Commerce and Economics, Tardeo, Mumbai. He has more than 18 years of teaching experience at UG Level and 12 years at PG Level. He has been awarded a Post – doctoral fellowship (USA). He was a member of the Ad-hoc Board of Studies in the Faculty of Commerce in the subject of Trade, Transport of Industry for two consecutive terms. He is also a member of the Board of studies in the subject of Accountancy in various autonomous colleges of University of Mumbai. He is also a member of the Research Advisory Committee of various colleges' Ph.D. Research Center. He is Post Graduate Recognised Teacher and Research Guide, University of Mumbai. He published many research papers in SCOPUS index, Web of Science, ABDC, UGC Care Listed Journals and various high impact factor peer reviewed Journals. He is also co-author of various books on his subject. He has been invited as a resource person at various State, National and International conferences/ workshops. He is the recipient of various awards, like recipient of Best Researcher Award, Young Social Scientist Award, National Talent Search Award by IAA, Rajeshri Shau Maharaj Award 2023, Kolhapur, Recipient of the most prestigious Bharatratna Dr. APJ abdul Kalam lifetime achievement award for his academic, research and educational contribution in the field of Higher education.

## ABOUT THE BOOK

Small Scale industries are considered an indication of economic progress and have stemmed and growth out of India's own, Skills, resources, enterprises and culture. This sector is believed to be an elixir for all the ills of a developing economy like India. A developing economy in every case needs the presence of small scale industries. In a labor abundant and capital scare country like India, limited scope businesses have come to possess a huge situation in the arranged industrialization of the economy. Ever since the announcement of the Industrial Policy Resolution of 1948, limited scope ventures have involved a conspicuous spot in the general methodology of modern improvement in India. Successive Five Years Plans have designated expanding assets for the improvement of little enterprises. Considering the wealth of work, shortage of capital, and country nature of the economy, the inclination for little businesses is normal.

In the wake of globalization wave clearing across the nations, new open doors and difficulties have arisen for the small scale industries. Fitting strategies are expected to address these difficulties to support the development of Small Scale Industries. The Book mainly deals with to the small scale industries engaged in manufacturing and processing activities. The study is also confined to finance, investment and output aspects of small scale industries in Thane District of Maharashtra State. Conclusions, observations and suggestions have been made on the basis of analysis of data presented in the study on finance, investment and output aspects of the small scale industries in Thane District only. The Book throw lights on the various financial sources available to small scale industries in Thane District, which would help small entrepreneurs and financial institutions.



**India | UAE | Nigeria | Malaysia | Montenegro | Iraq | Egypt | Thailand | Uganda | Philippines | Indonesia**

**Empyrean Publishing House || [www.empyreanpublishinghouse.com](http://www.empyreanpublishinghouse.com) || [info@empyreanpublishinghouse.com](mailto:info@empyreanpublishinghouse.com)**