India's industrial production during the eighties has recorded a compound annual growth rate of above 7 per cent as against 4.2 per cent during the seventies. The steady progress of small scale industries during the last few years has also continued. According to the estimates provided by the Development Commissioner, Small Scale Industries (DCSSI), the number of small scale units increased from 13.53 lakhs in 1986-87 to 15.92 lakhs in 1987-88.

The importance of small scale industries in the industrial economy of India can hardly be over emphasized. The Small Industries Annual (1969) sponsored by the Maharashtra Small Scale Industrial Development Corporation has rightly summarised the approach in these words, "Logically, the route of our industrialisation must seek to keep capital-intensive large-scale units to the minimum compatible with adequate technological advance and establish the largest possible number of small scale units. Also because the work force is spread throughout the countryside and because of high cost of servicing, large concentration of population, centres of growth of future industry have to be dispersed as widely as possible." The actual performance of the Small Scale sector has also been significant. The number of small scale units recorded an increase of 8% in 1987-88 over 1986-87. The same for previous year was 7.7
per cent. The small scale sector produced goods and services valued at Rs.85,700 crores at current prices, in 1987-88, showing an increase of 18% over the production of the preceding year. During the same year, this sector provided employment to 107.00 lakh persons. The direct exports from this sector stood at Rs.3,648 crores in 1986-87 which was 29% of the country's total direct exports.

Although much has been achieved so far, much more has yet to be done to improve progressively the production techniques of these small industries so as to enable them to produce quality goods and bring them to a viable level ..."

These words of SHRI R VENKATRAMAN, the then member of the Planning Commission, are equally relevant today. The viability of small scale units has come into focus mainly due to the high and growing incidence of sickness among the small scale industries. In June 1981, the number of sick small scale units was 25,342 and the bank credit outstanding against these units stood at Rs.293 crores. By the end of June 1987 the number of sick SSI Units rose to 1,58,226 - a 6.24 times increase in six years. The bank credit outstanding by the end of June 1987 stood at Rs.1542.25 crores - a 5.26 times increase over June, 1981. The magnitude and the rate of growth of sickness among SSI Units are alarming and need immediate steps for arresting the spread of sickness.
This problem, naturally, has attracted the attention of the Government, the Reserve Bank of India, Commercial Banks, Industrialists and Academicians. A lot is being written and said about the causes of sickness and remedial measures. Much of this available literature, however, is repetitive following a broad trodden path. An urgency to arrest the spread of sickness necessitates a search for preventive measures. This, in turn, requires an investigation into the functioning of not only sick units (in isolation) but also of non-sick or healthy units. Such a comparative analysis only would give an insight into the probable sick units and significant factors taking healthy units towards sickness. It is this realisation that has prompted the present study.

A number of financial aspects can be considered for the diagnosis of sickness. A comparative study referred to above enables us to find out significant aspects indicating sickness. Only after analysing these aspects, one can get an insight into the shortcomings of the present approach and spell out policy implications for evolving a system of nursing and rehabilitation of the sick units and also for formulating preventive measures.

The industrial development witnessed by the city of Pune in the last three decades is not only remarkable but representative of the country's industrial development in
terms of technological advancement, diversity of production and intricacies of problems faced by these industries. The small scale industries which have come up in this area during these three decades, therefore, provide a mix of ancillary industries, industries using byeproducts of large scale industries, consumer goods industries, intermediate goods industries, electronic industries, etc. - in short a replica in miniature of the SSI Sector of India. It is this circumstance which makes the study of these SSI Units worthwhile.

The policy implications of the objective conclusions of this study are important not only for the owner-managers of the SSI Units but also for those who prepare viability project reports and the banks and other financial institutions who finance the SSI Units as bankable projects. If financial and other types of discipline suggested by this study are observed meticulously, the fundamental problem of optimum utilisation of resources in the stages of survival and development can be appropriately solved.

The study is based upon a direct dialogue with the people who are involved in the problematic situation and who sincerely want to implement the various measures for bettering the prospects of an ailing industrial unit.
An exhaustive questionnaire appended at the end has enabled a detailed enquiry into almost all dimensions of the problem of sickness. Scientific tabulation and statistical analysis of the primary data have ensured accurate and logical inferences in the areas of various aspects of the problem.

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