

## **L9 : MANAGEMENT OF FOUNDRIES IN SMALL SCALE INDUSTRIES**

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1. The liberalisation and globalisation of the Indian economy having gained momentum since 1991, a number of strategic challenges have to be faced by Indian industry. Organisations which succeed in addressing these challenges head on are quite likely to gain enormously as they become competitive and make good use of strategic opportunities.
2. Enormous opportunities exist as :
  - a) We have a very large domestic market. Our population stood at 849 million in 1991 and is growing at about 2% p.a. The size of the middle class has been expanding. Increased demand in consumer goods industries is certain to lead to an increase in demand for capital goods and thus lead to a spurt in the growth in the industrial sector.
  - b) As freight equalisation becomes a thing of the past and, Octroi and sales tax systems are rationalised, efficient producers in any part of the country stand to benefit from the liberalisation.
  - c) We now have the distinct prospect of competing globally by taking advantage of our lower labour and material costs.
  - d) Technological improvement through the help of government run laboratories or through foreign tie-ups is now a distinct possibility.
  - e) Because of the changes initiated in the recent past money and capital markets are today quite responsive to the needs of efficient units.

3. Applications of the principles of management in both functional areas like production, marketing, personnel, finance, etc. and in the area of general management can help improve efficiency and promote competitiveness.
4. The management scene today is witnessing the interplay of three major management movements.
  - a) The Scientific Management Movement, spearheaded by F.W. Taylor, Frank and Lillian Gilbreth, Mary Parker Follett, Babbage, Townshend, etc. focussing on improvement in productivity via use of proper systems and procedures determined after careful analysis of time motion and methods, and if need be upon value analysis and value engineering.
  - b) The Human Relations Movement which gained momentum since the Hawthorne Experiments in the first half of this century and which focussed on interpersonal dynamics, group dynamics, motivation and the like.
  - c) The Information Technology Movement which has made analysis of copious amounts of data on a time based cost-effective fashion eminently possible, thus contributing to the decision-making process.
5. While most foundries have devoted attention to functional areas and to the area of general management, financial management seems to deserve a good deal more; because
  - a) sweeping changes are on in the money and capital markets;
  - b) lack of working capital has landed many units into soup;
  - c) improper financing decisions, investment decisions (which influence the technology and the production base) and appropriation decisions can spell doom for any organisation.
6. Let us therefore, examine the fundamentals of financial management a little more closely.