Introduction
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The progress of Indian economy primarily depends on the pace of industrial development. In other words, the industrial sector has been a key factor in the rapid expansion and development of agriculture, in generation of employment avenues, in securing a sizeable amount of foreign exchange earnings and in improving the standard of living of the Indian people. The Report on the Process and Problems of Industrialisation in under-developed countries, has rightly stated that, "now-a-days most of the developed countries are following the thesis, that industrialisation is a process of growth and as such is organically linked to both the social and economic past and to parallel processes of social and economic development". The importance of industrialisation according to this thesis affirms an effective means for solving the problems of economic and social progress in India and elsewhere in other developing countries in the world. It is, thus, one of the striking features of the Indian plans for accelerated industrialisation to attain high rate of economic growth and rising level of living.

Need for Industrialisation

To achieve the objectives stated above, the Government of India felt the need for industrialisation and started a crusade against poverty and unemployment. The Planning Commission has recognised the basic fact that there is a strong and positive relationship between wealth and standard of living of people and the extent of industrialisation. For alleviation of poverty and reduction in the problem of unemployment and underemployment and further to bridge the yawning chaos between developed regions and the backward regions, industrialisation has been responsible. In other words, the measures of industrialisation have been taken to defeat the forces of stagnation.

Hence, most of the developing countries are giving top priority to industrialisation, particularly after the Second World War (1939-44). The planners of the Indian Government have regarded industrialisation as the panacea for under-development and poverty. The primitive economists now think of rapidly enlarging the manufacturing industry. Murray, one of the renowned economists belonging to the above school of thought, has stated that “it is industrialisation in which the under-developed countries play a major hope of finding a
solution to their problems of poverty, insecurity and over population, ending their newly realised backwardness in modern world. 2

Industrialisation brings some basic changes in the production functions and techniques, occupational structures, and the level of activities in the other sectors of the economy. These changes will remove the obstacles to growth and will promote the economic interest of the country. Gunnar Myrdal has rightly described the relationship of industrialisation to economic development when he observes, "the manufacturing industry represents, in a sense, a higher stage of production in advanced countries. The development of manufacturing has been concomitant with these countries' spectacular economic progress and rise in the levels of living. Not least in the under-developed countries, the productivity in the industry tends to be considerably greater than in the traditional agricultural pursuits." 3

Having recognised its importance, it cannot be denied that industrialisation can be the best means of achieving the higher growth rate in the context of the developing economies, a few specific objectives and policies of industrialisation have been generally agreed upon by the planners. They are, i. to provide work for growing population, ii. to raise the production and productivity, resulting in increase of the per capita net national income iii. to improve the quality of life and iv. to improve often the Balance of payments situation.

Constraints in Industrialisation

The pace of industrial development has not been commensurate with the size and demand of the country. One of the major and importance causes for this slow development among other things, has been the absence of adequate facilities for financing industries. In other words, industrial development, to a very large extent, depends on the supply of finance. In fact, finance is the life blood of industry without which the health and soundness of the 'Industrial System' cannot be geared. The other constraints are the absence of a well-knit and well organised capital market and,
the absence of adequate 'Issue Houses' and 'Underwriting Firms'. Another problem is regarding the policy of commercial banks because of which, they could not provide adequate long-term finance at the right time. The existence of one or other of the above constraints, necessitated the formation of special financial institutions for meeting the long term investment requirements. With the declaration of Industrial Policy Resolution in 1948 and the development programme of industries under the Five Year Plans, the setting up of financial institutions for providing long term finance for industrial development saw the light of the day.

Capital Aid

A well considered and well thought policy of capital management is more important and in fact obvious for gaining momentum in the production front of industries on which the country's economic prosperity hinges. The growth process of industries and their development accelerated the progress of the country economically and socially. To achieve this a fillip was given in the form of services or incentives. The one service (input) that should make use of the other resources to the fullest extent for economic growth is CAPITAL.
Adequate capital in the right time is the sine qua non for industrial development. In other words, sufficient capital investment in Indian concerns occupies a prime place. Many individual authors and institutions have drawn quite obvious conclusions in their studies on the role of capital in industrial sector. They said the capital in industrial sector has been the major input either in organisation or expansion, promotion and output of industries for attaining the goal of the higher employment and thereby lessening unemployment. A few among them are Jain, P.C. (1964), Gupta, L.C. (1969), Godbole, (1978), Goyal, O.P. (1979), and Ramakrishna Sarma, (1986). Hence, efforts were needed for the institutionalisation of industrial credit. As a result, the Government of India took the measure of forming of financial institutions to provide capital requirements for industries.

Under Plans

The Development of industry is the pivotal factor for the overall economic growth of the Indian economy. The industrial sector has been given much attention in the plans under the programme of 'Production and Productivity', which aimed at increasing industrial production at a greater pace by modernising as well as industrialisation.

Having given a serious and careful thought to industrialisation, the Government of India has taken efforts to boost the splendid endeavours of planners and administrators. As a corollary the financial corporations came into being to look after the promotion of industrial sector in particular and the Indian economy in general with the provision of capital. It is a very well known fact that without adequate financial assistance the industry would not prosper. The financial institutions under the patronage and guidance of the Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), and the Industrial Development Bank of India (IDBI), from time to time have been provided a huge and sizeable amount of assistance for the promotion, diversification and development of industries in India.
The financial assistance made available to the industrial sector has increased from Rs. 282.97 in 1981 to Rs. 6,613.80 crores registering an increase of 23 times.

In India there are two types of financial institutions which are sponsored by each state, namely, State Financial Corporation (SFC) and State Industrial Development/Investment Corporation. The former looks after the welfare of the existing industries in the State, while the latter, under its objectives, covers the formation, promotion, diversification and development of industries. Of the total credit made available by these State sponsored financial institutions, the SIDCs accounted for approx. 33.00 per cent. Apart from the provision of credit they have also provided services. The better functioning of an institution indicates the well being of its clientele. In other words, the efficient functioning of the financial institution largely depends on the better production, better marketing, and better income, which help in better recovery of loans.
Review of Literature

A knowledge of the earlier studies and of the conditions or circumstances under which the conclusions were drawn by the researchers would be of immense help and is imperative in the presentation of the analytical and critical report. In other words, the study of earlier works will help the researcher in presenting his report in a clear and precise manner with valuable conclusions. Therefore, a review of the earlier and related studies in the field is as important as the present study of the problem.

No significant innovative enquiry about the functioning of the SIDCs was done before. A few valuable surveys were conducted by individual researchers and institutions covering the various aspects and the functional areas of financial institutions. A study relating to SIDCs is the contribution of Ramachandran Umamaheswar Arcort.9 His study on the organisational structure of SIDCs covered a period of five years commencing from 1975 to 1980 in South Gujarat.

A few suggestions for forming a sound and conducive organisational pattern for the effective functioning of the SIDCs were made. His suggestions are quite applicable to the industrially developed areas like Gujarat, but may not be applicable to other areas. Lakshman Rao in his study 'Progress of Development Banking in India', reviewed the performance of SIDCs industry-wide, purpose-wise, and sector-wise at two points of time i.e., 1978-79 and 1981-82. He concluded that despite resource constraints the SIDCs have been playing a significant role in the various states.

Several researchers conducted surveys in the field of SECS, IDBI, IECI, and ICICI. A few among them are Goyal Om Prakash, Srivastava Jata Shankar Lal,

Dube Ramakrishna,13 Jain Jinendra Kumar,14 Satya Singh,15 Sethuraman, T.V.,16 Veera Shiva Pujan Sahai,17 Mandel Ganesh,18 Raj Goraku Natu,19 Appa Rao Balla,20

Attempts to identify the functioning of development banks and evolving strategy for future development have been made by the IDBI through its publications, viz.,
a. 'Report on Development Banking', b. 'Operational Statistics'. The efforts by the IDBI by way of investigation, to meet the challenges in provision of long term finance for industrial prosperity is worth mentioning here.


Objectives

To assess the validity of the propositions stated above and the extent to which the SIDCs perform in this regard, the present study has been taken up with the following explicit objectives.

i. To analyse the sources of funds.

ii. To study the extent of financial assistance made available to the industries - sector-wise and Industry-wise etc.

iii. To evaluate the performance of the State Industrial Development Corporations with that of all the other financial institutions.

iv. To study the regional gap in the provision of financial assistance.

v. To examine the structure of the State Industrial Development Corporations.

vi. To examine the role of Manipur Industrial Development Corporation in industrial promotion and development, and

vii. To suggest remedial measures based on the findings of the study.
Universe of the study

Keeping in view the specific objectives of the study vis-a-vis, performance evaluation of the SIDCs, the regional gap in the provision of assistance, funds management etc., the researcher has selected a case study i.e., 'The Functioning of the State Industrial Development Corporations in India'. The present investigation is an analytical study. The researcher proposes to make an enquiry of all the SIDCs in India to evaluate their performance in the context of provision of finance region-wise, sector-wise, industry-wise, purpose-wise etc. This will certainly aid in decision-making for formulating a sound and healthy structure on which the SIDCs will flourish and also the industrial economy of our country.

The present investigation also covers the Manipur Industrial Development Corporation (MANIDCO) which came into being in 1984 to encourage and motivate entrepreneurship through means of industrialisation in the State of Manipur which is not only industrially backward but also cut off from the main stream of the national life. The performance of the MANIDCO has been identified and analysed in a separate chapter to have a glimpse of entrepreneurial development with its provision of finance.
The MANIDCO is in its infant stage. Hence, the researcher has made a sincere attempt to draw up the development policy for the industrial sector in the State by making observations on the problems, if any, with reference to the others SIDCs being covered in the study. Thus the present study covers 26 SIDCs functioning in India including the MANIDCO.

Limitations of the study

An over view of the similar works in the field is of immense value in adopting the methodological issues and adducing precise conclusions thereof. In other words, referring to the similar studies done previously is the basic foundation upon which development of facts can be made possible. Review of literature is a significant and valuable aspect of any research. The paucity of the literature for review, is one of the limitations of the present study. No systematic investigation on the aspects pertaining to the SIDCs has been done so far except for a very few articles that appeared in some of the journals. The study period of six years, covering mainly the Sixth Plan Period, is a short period to draw conclusions by using statistical tools and this is another limitation of the study. However, the researcher has taken care of such limitations in arriving at better conclusions.
Scope of the Study

The present study examines the objectives of the SIDCs in India and how far these objectives are fulfilled. Secondly, the study is aimed at finding out the sources or the causes which promoted or weakened the provision of 'financial assistance' of SIDCs. Finally, it is also proposed to assess the regional gap in financial assistance. The findings of the present study, it is hoped, would help the SIDCs in particular and all other financial institutions in general in decision making, for flow of financial assistance to industries.

Period of Analysis

The study covers a period of six years i.e., from 1980-81 to 1985-86.

Sources of Data

To meet the objectives of the study the data is essentially based on the secondary source. The annual reports of the SIDCs for different years, the publications of the IDBI entitled 'Operational Statistics', 'Report on Development Banking and statements and brochures
issued by the IDBI, constituted important sources of data and information. The researcher has also visited some head offices of the SIDCs and the some of the branches of the IDBI and collected information pertaining to certain aspects of analysis. He has also had the benefit of discussions with the senior officials of the SIDCs and the IDBI on the subject.

Analysis of Data

The data has been classified and analysed in the form of tables. Further, to find out the performance of the SIDCs with reference to sources of funds and their deployment, the annual (compound) growth rate has been calculated. In determining the regional gap, the location quotient and in identifying whether improvement in engulfing the regional balance, the 'Elasticity coefficient', Regression quotient' have been studied respectively. ANOVA (Analysis of Variance) test is applied to the data of the SIDCs to find out whether they differ significantly in sanctions and disbursement of loans to various industries. In highlighting the performance of the SIDCs, with that of the other financial institutions, the 't' test was adopted. Besides, pictorial presentation of data
was done in the form of graphs, pie diagrams, bar and

Rationale of the Study

The proposed analytical study is of great relevance
to the present day problem of financing industries
by the SIDCs in particular and the financial institutions
in general as these institutions are the most useful
tools of the country, in attaining the goal of increased
production on the industrial front.

It is of great value and help in the formulation
of future strategy by the RBI, NABARD, Government of
India, and the other policy making bodies. In the light
of the fast changing industrial techno-conditions and
the changing role of the SIDCs, a revision and identifi-
cation of constraints in flow of capital to industrial
sector which needs a different look, is needed. In the
absence of such a competent and adequate evaluation of
the functioning of the SIDCs, they may be identified
as mere reservoirs for pumping finance. The significance
of any institution must correspond to identifying the
constraints or problems coming in the way of financing
industries. Keeping in view the growing importance of
the SIDCs functioning, the need for a detailed investigation like this is more obvious and relevant.

Contribution to Knowledge

The investigation conducted on the problem of financing industries by the SIDCs and the findings of the study would aid in decision-making to the management and also would fill the gap of literature on the functioning of the SIDCs.