Conclusions & Suggestions
CONCLUSIONS AND SUGGESTIONS

Indian economy is characterised by dominant but underdeveloped agriculture and poor industrial sector. Naturally the increasing emphasis had to be laid on rapid industrialisation, of course, with a precaution against its uneven spatial impact. This strategy alone can help the country generate more employment and wealth so essential to achieve the long cherished goal of economic emancipation of the mass.

The development banking institutions were conceived in our country too as pioneers and saviours of all developmental activities. Slow pace of industrialisation in India has its origin not necessarily in low entrepreneurial will and motivation. Availability of sufficient funds is the most vital factor in this regard. Unfortunately capital resource base has been generally poor with most of the willing persons in the country. Institutions like SIDCs were created to provide an umbrella of finance to such handicapped persons and also to activate the dormant entrepreneurs so that industrial development activities could be brought into the right gears. The present study is an attempt to examine the performance of SIDCs in this regard both in absolute and
relative terms vis-a-vis, its counterparts with special emphasis on Manipur Industrial Development Corporation (MANIDCO). An endeavour has been made to put forward some suggestions based on objective assessment and analysis of the facts noted during the course of the study with the earnest hope that if implemented, they will go a long way to improve the performance of SIDCs'.

This chapter, in its real sense and simplest form, is an epitome of conclusions drawn in the foregoing chapters added with a number of workable suggestions.

Eversion and the Structure of SIDCs

Apart from explaining the evolution, growth of development banking in India, some relevant aspects concerning the SIDCs' relationship with State Governments, importance of coordination, ownership and management of SIDCs, development of finance policy and need of efficient capital market, are critically examined in this chapter. In particular, appraisal of the role, between Industrial Licensing authority and the financial institutions for the emergence of the structure of industry, ownership pattern of capital, geographical dispersal of industries are made.
The role played by the SIDCs is making capital market operations is praise worthy. They have been extending support in the form of direct subscription to shares, bonds and debentures of industrial concerns and guidance as well. By the end of 1986, all the SIDCs in India provided 26.67 per cent of disbursement of all the financial institutions in India. It can be concluded that the SIDCs are performing well in providing capital market facilities to the various industries in the country.

SIDCs : Their Performance

1. It is found, in the study of the SIDCs, that the Corporations have been maintaining disbursement of assistance at an uniform rate during the individual years from 1981 to 1986, as well as since their inception. The cumulative performance of the SIDCs regarding the disbursement of assistance is satisfactory by registering 65.28 per cent. During the study period the annual compound growth rate for sanctions and disbursements accounted for 15.99 per cent and 19.38 per cent respectively. Based on the above facts, it can be concluded that the SIDCs are maintaining an uniform growth of assistance since inception.
2. Considering the results of 'Disbursement Elasticity' and 'Repayment Elasticity' it can be concluded that the SIDCs performance regarding the deployment of available funds are effective during the study period but the negative results of 'Re' during 1982-83 i.e. -2.42, reveals the fact that the performance of these corporations in recovery of loan and repayment of loan to institutions like IDBI, Governments-both the State and Central Banks etc., are not satisfactory. The results of 'Re' reveals that the performance of the SIDCs regarding the recovery of loans, shows a positive trend during the study period except in the year 1982-83. Further, it is noticed that the recovery of loan is not indicating a satisfactory trend since their inception.

3. Speaking of sector-wise assistance, it is observed that the private sector accounted for a lion's share (three forths share) of SIDCs assistance disbursed during the study period as well as since inception, which accounted for ten times and three times of allocation to joint sector and public sector respectively.
4. Since the primary objective of the Corporations in promotion of industries they have given first preference to newly established concerns to the extent of 61.68 per cent in 1980-81 which has increased to 78.99 per cent in 1985-86. The other purposes like 'expansion or diversification', 'modernisation', and 'supplementary assistance to industries', registered an annual compound growth rate of (-)3.25 per cent, 23.57 per cent and 5.60 per cent respectively. It can be concluded, that the SIDCs have been giving greater importance to the primary objective.

5. From the analysis of quantum-wise disbursement of assistance it can be concluded that the SIDCs have been concentrating on capital intensive industries.

6. It can be concluded, on component-wise disbursement of assistance analysed, that the SIDCs are giving importance to term loan lending than other types of components like investment through the subscription of shares, debentures, etc. Only 9.17 per cent in 1980-81 and 19.46 per cent in 1985-86 of total funds disbursed, were in the form of equity and preference
shares, whereas debt participation by the SIDCs are negligible during the study period.

7.(a) The assistance sanctioned to all the backward areas of the country works out to 60.77 per cent by all the SIDCs in the country during the study period. It can be concluded that the share of disbursement to backward areas in general can be considered to be disproportionate because these backward areas represent 60.00 per cent of the total population and 70.00 per cent of area in the country. The ANOVA reveals that there is no significant difference between sanctions and disbursement of assistance to backward areas by all the SIDCs.

(b) The regional analysis of assistance to backward areas proves that the three regions vis., Northern, North-Eastern and Central are above the national average, whereas the share of Southern region reduced to below the national average in 1985-86. The share of Eastern region is below the national average during the study period. Based on these facts it can be concluded that the SIDCs are functioning better in the Northern, North-Eastern, Central and Eastern regions.
than in the Western region. Since the percentage share of backward area to total area in Southern region is less than the other regions and development has already taken place in 80's, the share of SIDCs disbursement to the backward areas is reducing, which resulted in showing the share below national average. It can be further concluded that the regional gap still exists. However, the performance of SIDCs in four regions out of six regions is better in reducing regional imbalances.

(c) On the basis of analysis of 'LQ' it can be concluded that Eastern, and Western regions got less financial assistance compared to all India average, whereas Northern, North-Eastern, and Central regions got more than all India average. It could be further concluded that some States got assistance more than national average, and some other States got less than the national average, which indicates uneven distribution of financial assistance to both 'backward' as well as 'total' areas in the concerned States.

(d) Considering the results of 'Elasticity Coefficient' it can be concluded that, the marginal increase in
getting financial assistance to backward areas is more in North-Eastern and Central regions, less in Northern, Eastern, Western and Southern regions, than the average increase at the national level. Among the States the marginal increase of financial assistance for 16 states is more and for 5 States less than the average increase at the all India level.

8. The SIDCs' performance in providing loans against the 'Refinance Scheme' is satisfactory. During the study period it has got accelerated but the number of beneficiaries have decreased. It can be concluded here that, more assistance under this scheme is disbursed to a limited number of entrepreneurs.

9. The industry-wise disbursement reveals that the SIDCs have concentrated on medium scale industries, compared to other types of industries. The conclusion drawn on the basis of this analysis is that the establishment of the SIDCs is mainly for developing medium scale industries through promotion.

Comparative Analysis

In this chapter, a comparative analysis of AIFIs, APIS, SFCs with that of the SIDCs is made regarding the sources
of funds, disbursement of assistance-component-wise, backward areas, deployment and recovery, inter-regional credit to backward areas, Region/State-wise distribution, sector-wise, institution-wise and industry-wise. The specific conclusions drawn on the above aspects are mentioned below.

1. AIFIs recorded a higher rate of retained earnings and a lesser rate in mobilisation of funds compared to SIDCs, whereas SFCs secured less than AIFIs and AIFIs but higher by 1.04 per cent than that of SIDCs. It can be observed that State sponsored financial institutions have achieved the same quantum of progress, but less compared to central financial institutions.

2. The disbursements to sanctions, reveal that the overall performance of the SIDCs during the span of 1980-86 was better. However its yearly achievements are less compared to other financial institutions. The analysis of ANOVA reveals that there is no significant difference in achievements of disbursements to sanctions among the institutions viz., SIDCs, AIFIs, AIFIs and SFCs.
3. Considering the component-wise disbursement of assistance, all financial institutions achieved a satisfactory performance. The SIDCs performance has shown a more encouraging trend compared to that of the AIFIs. Since the primary function of the SIDCs is promotion of industries, their performance, in providing different types of loan components is satisfactory, which was highlighted by annual compound growth rate.

4. The assistance sanctioned to all the backward areas covering both developed and backward States of the country reveals that the AIFIs accounted for 1.36 per cent higher than the AFIs. The study also reveals that there is no significant difference in disbursement to backward areas by individual group of institutions. The performance of the SIDCs is better than that of the SFIs but less than that of the AIFIs. The variation between maximum and minimum of disbursement to backward areas and India as a whole is 33.51 per cent, and 9.45 per cent by the AIFIs; 31.24 per cent and 10.54 per cent by the AIFIs and 9.25 per cent and 7.33 per cent by the SFIs.
5. (a) The analysis of the region-wise allocation of assistance to backward areas out of total assistance shows that the southern, and the Northern regions got less financial assistance by the SIDCs, as compared to the other institutions. The State-wise allocation of assistance to backward areas by the SIDCs is satisfactory compared to other financial institutions, which is revealed by the rank correlation technique employed for the purpose.

(b) The results of 'LG' reveals that in reducing disparities among the regions and the States in the development of backward areas, the participation of the SIDCs has been more effective than its counterparts the SFCs and the AIFIs. The statistical measure used i.e., 'Elasticity coefficient', also confirms the conclusion.

(c) The results of regression analysis indicates that the regions enjoying significant position in the total SIDCs, AIFIs, AFIs and SFCs' assistance to backward areas in 1980-81 have lost an average of 37 per cent, 43 per cent, 45 per cent and 10 per cent of their shares by 1985-86 respectively. The regions
claiming dominant position in 1980-81 have not lost their share to each other but intended to lose shares as a group to small regions. This is a healthy trend. The State-wise analysis reveals that the States enjoying significant position in the assistance provided to backward areas by the SIDCs, AIFIs, AFIAs and SFCs have lost an average of 50 per cent, 19 per cent, 21 per cent and 28 per cent respectively, whereas for the total assistance they (States) have lost an average of 36 per cent, 16 per cent, 15 per cent and 30 per cent of their shares in 1985-86. As a whole the performance of SIDCs, though it is ranked fourth among all groups of financial institutions, is in a progressive trend because it has not neglected any State in disbursement of assistance.

6. (a) Considering the sector-wise analysis of assistance it is observed that private sector showed a higher compound growth rate of 22.77, which is more than 6.70 per cent of the AIFIs and 6.31 of the AFIAs, followed by joint sector (7.25) and public sector (2.26). It can be concluded, on the basis of the above mentioned facts, that the SIDCs have concentrated on providing assistance
to private sectors and neglected the joint sector enterprises. With a little variation, the AIFIs and the APIIs are providing assistance to various sectors uniformly.

(b) Institution-wise assistance provided to private sector, shows that LIC has occupied the highest share (84.55 per cent), followed by ICICI (83.92 per cent), SIDCs (80.89 per cent), UTI (80.98 per cent), GIC (80.70 per cent), IDBI (75.80 per cent), and IFCI (61.87 per cent). From this analysis we can conclude that, more than eighty per cent of allocations of service institutions are allotted to private sector and the SIDCs are placed in the third position among all the institutions in allocation to private sector units. As a whole the SIDCs have occupied fourth rank among APIIs and second best rank among AIFIs in disbursing assistance to different sectors.

7. The results of regression coefficient reveals that the industries enjoying significant position in allocation of financial assistance by the SIDCs, the AIFIs, and the APIIs have lost an average of 11 per cent, 25 per cent and 17 per cent respectively. This indicates
that the performance of SIDCs is better than the AIFIs and APFs. As far as the SFCs are concerned the disbursement of assistance made to different types of industries which were enjoying larger share in 1980-81 has increased by about 2 per cent by 1985-86. Since the value of correlation of the SIDCs is less than \( C (HI) \), it can be interpreted that the industries having a larger share of assistance in the initial year i.e., 1980-81 have lost shares to each other but intended to gain share of assistance as a group of new industries. AIFIs and SFCs are also in the same position, whereas the AIFIs are different.

6. (a) The recovery performance of the SIDCs during the study period of six years is not satisfactory, but the rate of deployment of credit is higher (16.03 per cent) than the recovery rate (14.29 per cent). A comparative analysis of recovery performance of the AIFIs, the APFs, the SFCs and the SIDCs reveals that they secured first, second, third and fourth ranks respectively. Whereas for the deployment of credit, the above mentioned group of institutions ranked third, second, first and fourth respectively. Except
the SIDCs, in all other financial institutional
groups, the rate of deployment of credit is less
than the recovery rate.

(b) The analysis of 'Elasticity Coefficient'
regarding deployment of credit in proportion to the
available funds, reveals that the average performance
of the SIDCs is better than that of the other financial
institutions. But the proportion of 'increase of
recoveries' to 'increase in repayments', secured
second rank compared to other institutional groups.
SUGGESTIONS

Considering the findings and the personal experience gained during the study period, the following suggestions are made for improving the functioning of the State Industrial Corporations in India.

1. It is found that the infrastructural facilities and other services required for the proper functioning of the industrial units established particularly in the backward areas are not satisfactory. Hence, it is advisable to constitute a multi-pronged agency, which will provide the required facilities and timely assistance to the entrepreneurs. This will ensure effective functioning of the entrepreneurs in particular and bring about balanced industrial development in general.

The proposed multi-pronged agency is to be organised at four levels, viz., State, Zone (consisting of a group of districts), District and Block. This structure need not be rigid. It may be modified to suit the needs of individual States. For example small States with limited number of districts (6 to 10) can do without the zonal level
agency. At the State level the financial corporation (SIDC) should have three cells namely Raw material cell, Industrial Estates cell, and Marketing cell. They should supply raw materials and allocate Industrial estates to all areas who in turn will distribute and the same to the concerned districts at the second stage.

At the third stage district level agencies will look after the proper distribution of raw materials and timely allocation of Industrial estates to the entrepreneurs, who are willing to start new industries. In fact, these district level agencies should act as a bridge between the Block level and the State. This will save a lot of time of the entrepreneurs which would otherwise be lost running to the head office of the SIDCs which are generally located at the State capitals.

Block level agencies should operate at the fourth stage to save the time and money of the small and tiny entrepreneurs. The main function of this level agencies is to look after proper distribution of raw materials, scrutinising the applications for raw material assistance and other services; sending them to higher
level agencies, and to guide the prospective
entrepreneurs by providing new and economically
viable industrial projects. (see Model I).
MODEL - I
MULTIPRONGED AGENCY FOR TIMELY ASSISTANCE OF INPUTS

BOARD OF DIRECTORS

- Raw material cell
- Industrial Estates Cell
- Marketing Cell

Zonal Level Agency

Downward flow of Approved Application and inputs

Upward flow of Application and input requests

Industrial Level Agency

- Block Level Agency I
- Block Level Agency II
- Block Level Agency III

I.U. = Industrial Unit
In brief, this is how applications by prospective entrepreneurs will be processed by the SIDCs. Subsequently, demand for inputs by the entrepreneurs whose projects have been approved will follow the same procedure. At a later stage these entrepreneurs may seek marketing assistance also which should flow through the same channel.

2. Planning for effective Financial Assistance

The recommendation for effective financial planning to achieve the national objective, i.e., balanced regional development by the SIDCs has been shown in Model II. The suggested Model includes a two way system of a multiple-level decentralised approach.

In the first stage, Block level officers should send the recommendations to district level authorities for sanctioning assistance to industrial units. This should be done periodically, say quarterly or half-yearly recommendations. The recommendation should be based on the past experience regarding the financial position, future potential and repaying capacity of the units in question. In addition, they should also keep in view the changing demand for the product due to technological
Changes and the possibility of introducing the advanced technology by the entrepreneurs. This type of recommendations should be sent by each Block to its district authorities.

MODEL - II

PROCEDURE FOR SELECTING INDUSTRIAL UNITS FOR SANCTIONING FINANCIAL ASSISTANCE (A Decentralised Planning Approach)

BOARD OF DIRECTORS
(Finalising the Recommendations)

\[\text{Received Finalised Recommendations} \]

\[\text{Zonal Meetings at Zonal Level} \]

\[\text{Sending Recommendations} \]

\[\text{District Level Committee} \]

\[\text{Block A (Sending Recommendations from the various units)} \]

\[\text{Block B} \]

\[\text{Block C} \]
After scrutiny at district level it should send the same to the concerned zonal officer. The zonal officer should now finalise the recommendations at his level. For this he has to keep in view the loan sanctioned in the past, present requirement, and future repaying capacity based on the demand for the product to be produced. Further, he should verify the statistical and other returns periodically submitted by the entrepreneurs, the achievements of the budgets, periodical reports relating to production, sales, inventories, order position and estimated future profits.

Proper care should be taken at this stage in scrutinising all the documents. Finally, the zonal officers have to present these finalised applications in the Board of Directors meeting, where the final acceptance will be taken for sanctioning assistance and other services to different industrial units.

At this stage, attention should be given to several factors such as the entrepreneur's background, ability and experience, technical skill, feasibility of the project with particular reference to availability of raw materials, market demand and profitability. In addition, due weightage should be given to aspects like
employment potential, export promotion and stimulus to growth of ancillary industries. If necessary, alteration can also be made at this level considering the view of the zonal officers regarding the concerned units.

The Zonal Officers after receiving final approvals, in turn, allocate them to the individual blocks for final allotment to concerned units. Thus the changes of uneven development of certain areas, and concentration of industrial units in particular areas can be minimised. This will help to reduce regional disparities and to achieve balanced regional development.

It is hoped that the above suggestions, if implemented sincerely, can convert the backward areas into developed ones, and this will yield to a rich harvest of economic development in the State. No doubt, the proposed structure involves a heavy establishment expenditure at various levels and employing efficient personnel. Yet this suggestion is highly warranted in view of the need for reducing the regional imbalances and effective industrial development in the States. It is not out of the way to mention here that
the District Industries Centres under the Industries Department of the States are functioning at the district levels. But to make direct link between small entrepreneurs at Block level with the SIDCs the proposed structure is suggested.

3. Procedure for effective Supervision and Recovery of Loans

A model has been prepared for effective supervision and recovery of loans (Model III).

Whereby Recovery officers are directly made responsible to supervise the enterprises which avail of the loans from the SIDCs. The functioning of the enterprises regarding the production, demand, sales and profitability will be informed periodically to the District level officers, and the same in turn, will be communicated to the zonal officer. After receiving this information from all the districts in the zone, the zonal officers will place them before the 'Joint Organisation Committee'. This committee includes the representatives from SPC, TCO and IDBI. They will jointly analyse the proposals and take necessary actions for further sanctioning of loans for expansion, diversification or modernisation of the enterprises. In certain cases they may ask to
enclose loan clearance certificates from other financial institutions. The effective supervision will be made at three levels viz., zone, district and block.

MODEL III

PROCEDURE FOR EFFECTIVE SUPERVISION AND RECOVERY OF LOANS

SFC      SIDC      TCO      IDBI
     /     /     /     /
Joint Organisation Committee
      /     /     /     /
Zonal Recovery Officer
     /     /     /     /
District Recovery Officer District Recovery Officer District Recovery Officer
       /     /     /     /
Block Block Block Block Block Block Block
       I   II   III    I   II   III    I   II   III

I.U. = Industrial Unit
For effective recovery of loans, joint authority might be given to different financial institutions, say for example SFC and IDBI, who have jointly provided loans. The Zonal Recovery officers will look after the recoveries through their District Recovery officers and Block level officers. This system of recovery of loan is more effective than collecting directly by the head office which is generally established in the State capitals. The decentralised system of recovery of loans as well as supervision of the enterprises is more effective and it will lead to increase in the rate of recovery of the SIDCs. This ultimately will result in an effective functioning of the corporations.

Further, the other functions of the Joint Organisation Committee are to scrutinise the applications submitted to it for availing of different types of loans. For example if an enterprise wants to avail of loan facility as well as underwriting facility, the issue will be discussed in the committee and decisions taken on various types of assistance to be provided by the different institutions. In this case for example SFC may agree to provide term loans, SIDCs may accept to participate in the share capital and
IDBI may provide refinance facility through SIDCs to the enterprise. This will avoid duplication of loans and save time of the enterprise. And, further, joint supervision will be there for recovery of loans, as per 'Joint lending and recovery procedure', which will lead to improve performance of the institutions.

4. For effective implementation of the plans and fulfilling the planned objectives, an effective organisational structure is needed. Keeping this in view an organisational structure for the SIDCs (Model IV) has been proposed in this study.

In this proposed organisation structure the new levels of hierarchy are Zonal Manager (Head of the Zone), Deputy Manager (at district level), and Assistant Managers (at Block levels). These managers will look after the day to day transactions and send recommendations to the respective higher level authorities. It is proposed that analysis of both the technical and financial feasibility of the projects should be made at each level viz., Block, District and Zone. Keeping in view the available resources, and the objective of the balanced regional development the Board of Directors will allocate the assistance to various regions.
The effective implementation of the plans and the supervision will be possible with this proposed organisation structure, if followed by the corporations.

MODEL IV

PROPOSED ORGANISATION STRUCTURE

BOARD OF DIRECTORS

Managing Director

General Manager (Finance)          General Manager (Technical)

Zone A           Zone B           Zone A           Zone B
Zonal Manager    Zonal Manager    Zonal Manager    Zonal Manager
Finance          Finance          Technical        Technical

District A       District B       District A       District B
Deputy Manager   Deputy Manager   Deputy Manager   Deputy Manager
Finance          Finance          Technical        Technical

Block I          Block II         Block I          Block II
Asstt. Manager  Asstt. Manager   Asstt. Manager  Asstt. Manager
Finance         Finance          Technical        Technical
Further, the following suggestions are made on the basis of the observations during the study period.

i. The study reveals that the term loan assistance by the SIDCs occupied a predominant position whereas the assistance in the form of underwriting and subscription of shares are given least importance. Assistance in the form of term loans leads to reduced tax liability, higher profitability and Earnings per share (EPS) on the part of the corporate enterprises. But in the wider context it may not lead to the development of capital market. To prevent this eventuality spoon feeding should be avoided as far as possible by the SIDCs. This makes certain amendments in the Acts necessary.

ii. Before sanctioning a huge amount for expansion or diversification of the industrial units, the SIDCs should study the debt-equity ratios of the industrial units. For each individual case it has to fix up the debt/equity ratio so that the project is able to service the debt without much strain on its profitability. Some SIDCs in India have fixed this ratio, for example, Economic Development Corporation of Goa, Daman & Diu, has normally stipulated a debt/equity ratio of 65:35 for non SSI units and 75:25 for SSI units.
iii. For the selection of the projects to be financed, the SIDCs should take into consideration the technical and economic feasibility. Myopic considerations like political pressure must not be given any weightage.

iv. Development of backward areas in the states should be made a statutory objective of the SIDCs. This will make them serve all the districts and areas rather than a few favoured backward areas and districts. It would reinforce the moral vigour of these institutions to support and to develop backward areas in the State. Thus, leading to the pious goal of balanced regional development.

v. SIDCs should earmark adequate funds especially for assistance to backward areas and also for constructing industrial estates particularly for small and medium scale industries with adequate infrastructure facilities at the Block levels.

vi. The assistance to different sectors as well as to different industries should be equitably extended so as to ensure such a decentralised concentration which leads to the percolation of growth impetus to
the needy sectors and industries. Such a policy will usher in an era of diffused assistance with favour to none - neither any area nor any industry.

vii. Backward areas should be identified based on their demography. Special schemes should be chalked out to cover whole backward areas in the State.

viii. The industrial units availing financial assistance from the SIDCs should obtain prior permission from the Corporation before declaring dividends. This will avoid poor recovery performance of the SIDCs.

ix. The attitude of the State Government should change from recognising the 'No Industry District' to identifying 'No Industry Taluk', to achieve the national objective of "Balanced Regional Development" by fighting the problem at the grass-root level.
Performance of MANIDCO

Conclusions and Suggestions

1. The environmental factors in Manipur are not congenial to the establishment of large scale industries as in other parts of the country. The heavy rainfall and soil characteristics call for only extensive afforestation of hill regions. This, together with measures for social forestry, will provide good scope for establishing forest based small scale industrial units.

2. The areas lying in the hill regions are grossly neglected, as many of the facilities are not adequately provided. It calls for paying greater attention for the development of hill areas. Hills constitute water sheds where from rain water flows rapidly along the slope and floods the plains. It means that the hills must be reclaimed for establishing small scale industries, with a tilt in favour of such industries which ensure pollution free atmosphere and ecological balance in the State.
3. The analysis of several indicators of infrastructural facilities in Manipur State vis-à-vis banking, education, communication, transport etc. indicates inequitable distribution. Deficit areas have been identified and proper balance has to be maintained either by establishing new indicators in deficit areas or by proper redistribution of the existing facilities.

4. The industrial development in Manipur will depend upon the flow of adequate private capital for establishing medium scale industries in private sector. The existing very few industries in private sector are following traditional technologies. NIDC's report states that 83 per cent of the units fall in the investment slab of Rs. 20,000. The average investment in the country in fixed assets like plant and machinery per unit, based on registration data, for the year 1983 was Rs. 47,790 and 95 per cent of the total units fall in the investment range of upto Rs. 2 lakhs. Viewed against the country's figures, the Manipur State presents a dismal picture.

5. It is observed that the Entrepreneurial Development programmes conducted by various institutions like NECOR, SISI, State Industries Department etc., did not yield
the desired result because of various reasons such as language problems, shyness of banks to entertain first generation entrepreneurs, lack of post training, and inefficiency in conducting EDPs by the institutions themselves.

6.(a) Five year plans in Manipur never identified themselves with the real needs of the population nor were they framed to suit the socio-economic conditions of the people. The result was that in the first two decades of planning, the State's economy did not receive proper sectoral attention. In the latter period State took the responsibility of its own planning, which has resulted in an improvement in the general economy in the State.

(b) Considering the analysis of sectoral growth pattern in Manipur, it can be concluded that there has hardly been any structural change during the period of 1971-84, since the contribution of the three sectors viz., primary, secondary and tertiary did not undergo any significant change.

(c) It is observed that more than fifty per cent of the small scale units are concentrated only in the valley area consisting of three districts, viz., Imphal,
Churachandpur and Thoubal, which is only ten per cent of the total geographical area of Manipur.

(d) Though there are many financial and service institutions in Manipur but their performance with the exception of IDBI, MANIDCO, Directorate of Industries is much below the expectation. Geographic limitation, entrepreneurial indifference and other societal constraints appeared to be the main impediments to their optimal performance.

(e) It is found that the entrepreneurs in Manipur are not aware of 'Factory System'. Due to this the existing units are not functioning more than one shift. This is a serious setback for industrial development in the State.

7. Since the MANIDCO has started functioning only a couple of years ago, more than 90 per cent and 60 per cent of available funds were disbursed in 1985-86 respectively. Considering this it can be concluded that the necessity of finance is more for the industries in the State.
8. It is found during the study that MARIDCO's operations regarding the sanctions and disbursements of financial assistants are not correlated. And it has dumped more than 50 per cent on an average in this two year period, under the 'composite loan scheme,' though the corporation has implemented more than ten schemes to cover different types of entrepreneurs.

9. It is observed that the hilly districts of Manipur viz., Tamenglong, Senapati and Chandel are given negligible attention both in sanctions as well as in disbursement of assistance. It is still unfortunate to note that in most of the hilly districts, the sanctioned amount under the various schemes has not been disbursed.

10. Considering the category-wise disbursement it is found that, Imphal district has been given highest priority (more than 70 per cent) among the valley districts. More than fifty percent of disbursement has been made under all schemes only in Imphal district, followed by other valley as well as hilly districts.

11. Analysis of industry-wise allocation of assistance by the corporation, points to a satisfactory position.
In the initial period of its functioning, it has given importance to small scale industries followed by medium scale industries.

12. Based on the results of ratios, it can be concluded that the overall performance of MANIDCO is satisfactory. But management of funds is not up to the desired level. It is observed during the study period that due to fear of recovery, the corporation has stopped providing assistance to certain units.

One of the vital pre-requisites of industrial development in the State is the creation of a culture conducive to industrialisation. Unfortunately, the said atmosphere is conspicuously deficient with the tradition bound society of Manipur. A struggle to penetrate the darkness of irrationality and passivity amongst the people with a view to awaken them with scientific temper and modern values will be the right strategy. The EDPs etc., conducted with what so ever earnestness will land the people almost nowhere unless there is an effective drive towards social transformation. This calls for dedicated efforts on the part of all sections of the society, say sociologists, economists, political leaders etc. efforts by government and some sponsored
institutions alone will bring very little change in this direction. Change in the files of the government and these institutions will not serve the purpose, unless the desired change takes place in the minds and the hearts of the people.

Judicious identification and selection of prospective entrepreneurs will go a long way to make EDPs a real success. In addition, identification of growth centres, establishment of industrial estates, and setting up of cottage and small scale industrial units will help the State economy to move in the desired direction and to add to its industrial content.

Next, for the development of hilly areas it is suggested that small and cottage industries in the form of mini industrial estates based predominantly on live stock and agricultural resources be established. Medium and Small scale industries should be established in the valley areas of the State. The complementarity between the development of hilly and valley areas should be kept in mind.

Keeping in view the above facts, the MANIDCO has to take necessary steps for industrial development and remove the regional disparities in the State of Manipur.
In view of the above conclusions and suggestions it is inevitable for the NABIDCO to have a shift in its approach and strategy to deal with the problem of poor industrial development in such a way that the pace of industrialisation gets accelerated and at the same time regional disparities are reduced to the minimum.