SUMMARY AND CONCLUSION
CHAPTER 7

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India is the fourth largest producer and consumer of natural rubber in the world. Hence, the rubber-based industrial sector has a significant role to play in Indian economy. In India, Kerala ranks first in the production of Natural rubber, which comes around 92 percent of the natural rubber produced in this state alone. But the state consumes only 17.7 percent of the total available natural rubber in India. Considering the potential a lot more is required.

The capacity utilisation of rubber-based Industries in Kerala is very low and below National level. But the study showed that, in the aggregate level, the capacity utilisation rate in Kerala was above Tamil Nadu and Karnataka. But the capacity utilisation in the average percentage variation over the preceding year for the entire period of 1982-83 to 1997-98 in India and Kerala was negative, and it was -1.13 percent and -1.31 percent respectively. Whereas in Tamil Nadu and Karnataka, it registered positive growth rate of 2.5 percent and 3.78 percent respectively. In tyre and tube industries, the capacity utilisation rate is the lowest in Kerala, and the capacity utilisation rate in Kerala was only 68.44 percent. Whereas in National level it was 84.56
percent. And in Tamil Nadu and Karnataka, it was 79.18 percent and 82.45 percent respectively. In the manufacture of footwear industries primarily vulcanised or moulded rubber sector the capacity utilisation rate of Kerala is very low and below that of National level and Tamil Nadu but higher than Karnataka. Here, the capacity utilisation rates of Kerala, Tamil Nadu, Karnataka and National level were 49.31 percent, 52.96 percent, 40.16 percent and 57.8 percent respectively. This sector registered very low percentage capacity utilisation than other two sub groups of tyre and tube industries and manufacture of footwear industries primarily vulcanised or moulded rubber. In third sub-group, manufacture of rubber products not elsewhere classified, the capacity utilisation rate of Kerala is very low as compared with National level and Tamil Nadu. Here, the capacity utilisation takes were 71 percent, 88.38 percent, 63.19 percent and 93.69 percent respectively. From the study it is found that the capacity utilisation rate in Kerala is very low.

From partial productivity analysis it is found that the overall periods of 16 years of the study, there has been sharply a rising trend in labour productivity in Kerala, Tamil Nadu, Karnataka and National level. And also there has been a substantial increase in capital intensity in all the three states and National level and a moderate rising trend in capital productivity.

Total Factor Productivity Growth (TFPG) as a source of sustained economic growth has become major issue on the analysis of economic performances in developing countries in the context of market-oriented
economic reforms and globalisation. Empirical results indicated that the productivity of rubber-based industries in Kerala is very poor compared to the National level, Tamil Nadu and Karnataka. The growth rate of Total Factor Productivity (TFPG) showed a fluctuating trend throughout the period selected for the study. It is not an isolated case for Kerala State. In the National level, Tamil Nadu and Karnataka, the study reveals that, the total factor productivity growth rate fluctuates throughout the period, and during many of the years productivity showed a negative growth rate. In all the three ASI classified groups, the growth rate of Total Factor Productivity of Kerala is very poor, and is below Tamil Nadu and Karnataka.

When we consider the growth rate in the aggregate level, the average TFPG in India (National level) during the three phases of 1982-83 to 1984-85, 1985-86 to 1990-91 and 1991-92 to 1997-98 was respectively, -0.12 percent, zero percent and 0.10 percent. Where as in Kerala the TFPG during this three phases was respectively, -0.84 percent, 0.11 percent and 0.48 percent. In Tamil Nadu, the TFPG was -0.21 percent -1.21 percent and 1.13 percent respectively. And in Karnataka, the TFPG was -2.24 percent, 1.83 percent and 1.29 percent respectively. The study shows that in the third phase of the analysis 1991-92 to 1997-98, the TFPG had improved much better than during the other two phases of 1982-83 to 1984-85 and 1985-86 to 1990-91. Moreover it is found that the average TFPG of the three states of Kerala, Tamil Nadu and
Karnataka is above national level and the TFPG of Kerala is very low when compared it with Tamil Nadu and Karnataka.

The study reveals that the productivity performance of tyre and tube industries during these three phases shows that the arrange TFPG of Kerala is below National level, Tamil Nadu and Karnataka. This average TFPG of tyre and tube industries in the National level during the three phases was respectively, 0.10 percent −0.40 percent and 0.40 percent. Whereas in Kerala, it was −0.17 percent, 0.17 percent and 0.10 percent respectively. In Tamil Nadu, the average TFPG was 0.50 percent −1.90 percent and 1.40 percent respectively. In Kerala, the Average TFPG during these three phases was −2.90 percent, 2.20 percent and 0.90 percent respectively. Hence, the study reveals that the average TFPG had a fluctuating trend throughout the three phases. Tamil Nadu registered the highest growth rate of 1.40 percent in tyre and tube industries Sector. Here, Kerala has the lowest growth rate of total factor productivity. It is noted that both Tamil Nadu and Karnataka registered the TFPG above national level.

In the footwear Industry primarily vulcanised or moulded rubber of Kerala, the average TFPG shows declining trend and in the second phase, registers higher growth rate than Tamil Nadu, Karnataka and National level. But the last phases of 1991-92 total 1997-98 registered a negative growth rate, which is lower than Tamil Nadu, Karnataka and National level. In this sector, the average TFPG of National level was 0.25 percent, −2.26 percent and 1.70
percent respectively. Whereas in Kerala, the TFPG was 1.70 percent, 5.10 percent and -1.5 percent respectively. In Tamil Nadu the average TFPG was -5.40 percent, 4.00 percent and -0.8 percent respectively. In Karnataka the average TFPG was, -1.00 percent, -1.02 percent and 4.10 percent respectively.

In the third group--manufacture of rubber products not elsewhere classified--the TFPG of Kerala is above national level but is less than that of Tamil Nadu and Karnataka. The average TFPG at national level was -1.13 percent, -0.22 percent and 0.30 percent respectively. Whereas in Kerala, the average TFPG was -1.10 percent, -1.00 percent and 0.5 percent respectively. The average TFPG of Tamil Nadu was -1.5 percent -.02 percent and 0.70 percent respectively. In Karnataka the average TFPG was -0.20 percent -1.30 percent and 2.20 percent respectively.

To find out capacity utilisation and related issues in rubber-based in Kerala, a vast survey has been conducted and the survey result indicates that the capacity utilisation of rubber- based industries is very low as 57.6 percent i.e. 42.4 percent of the installed capacity remains unutilised or under utilised.

The capacity utilisation is calculated on shift basis, it is found out that, the old industries have low capacity utilisation rate. Here, the lowest capacity utilisation rate is registered in the units established before 1970 and the capacity utilisation rate is 25 percent. This survey found out that the units, which are having high capacity utilisation, made expansion after a particular period of their operation.
The survey also found out that, 42 percent of rubber-based industrial units in Kerala operate with one shift basis. The lowest capacity utilisation is registered in the units, which are operating with two-shift basis and here; the capacity utilisation rate is 32.3 percent only. The highest capacity utilisation is registered in three shift basis and here; the registered capacity utilisation is 68.5 percent. The proprietorship units in rubber-based industries in Kerala registered the lowest capacity utilisation rate of 43.9 percent and it is the highest in partnership firms. Where, the capacity utilisation rate is 69.7 percent.

It is interesting to note that the units managed by its proprietors, registered the lowest capacity utilisation compared to paid management firms. This may be due to inexperienced owner management and lack of talent. In the units, which are operating with 10 to 20 employees and workers, the capacity utilisation rate is high as 78.4 percent and the lowest capacity utilisation rate is registered in the units, which are having less than 10 employees. In product wise analysis, the survey reveals that the lowest capacity utilisation rate is registered in the units, which are producing flaps and foot mats, and here the capacity utilisation is only 25 percent. This may be due to inadequate demand and high competition among these units and high capacity utilisation rate is registered in rubber mattress units i.e., 90 percent.
From the survey, it is noted that, most of the rubber-based industrial units are affected by a series of problems. Irregular supply of power and its high cost are the major problem affecting the rubber-based industries in Kerala. 94 percent of the rubber-based industrial units are affected by this problem. All the units in Kerala have power problem but, a small percent (i.e., 6 percent) of the units have alternatives. i.e., they have their own power units, generators etc. 88.5 percent of the units unanimously accuse the government of the negative role in providing adequate facilities, and do not take any steps to solve their basic problem. 86 percent of the units have been affected by financial problem. Belated payment and overdue affect seriously this industry. Inadequate credit and uneasy availability of loans by commercial banks also affect the performance of the rubber-based industrial units in Kerala. Inadequate market demand for final output, high prices of raw materials, expensive and ineffective consultancy services, inability to keep model technological practice, antiquated and low cost machinery and equipments, lack of quality control facility are some of the problems faced by the rubber-based industries in Kerala. One of the important points to note that the enigmatic labour problem is solved upto a certain extent. 75 percent of the surveyed units agreed that there isn’t any labour problem persisting in their units. A small portion of the units responded that managerial and administrative problem exists in their firm.
To summarise, the productivity of rubber-based industries in Kerala is very low and below National level, Tamil Nadu and Karnataka. Use of low cost and outdated equipments and machinery in these rubber-based industrial units in Kerala resulted in low productivity of these units. Over and above, inadequate demand is a major limiting factor of rubber-based industrial units in Kerala, and this resulted in low capacity utilisation and thereby low productivity of the units. Belated payments and heavy overdue are common practice in Rubber-based industrial units. This resulted in heavy financial burden of these units and also caused poor performance of capacity utilisation and productivity.

The capacity utilisation of rubber-based industries in Kerala is low and below National level, but above Tamil Nadu and Karnataka. The proprietors who themselves manage the units have less capacity utilisation than partnership firms or private limited companies. This may be due to lack of talent and dynamism, which are essential for the successful performance of the units.

Most of the units run by the entrepreneurs are not technically qualified. Moreover, the majorities of the entrepreneurs do not have any previous experience and do not undergo any training, which are much essential for confident and effective management of the units. The employees in most of the units are not technically qualified. The lack of technological know-how of the employees affects the capacity utilisation and productivity of the units.
The management/entrepreneur of the rubber-based industrial in Kerala is often unable to keep abreast of modern trends in product design, machinery and technological practice. Moreover, knowledge of modern industrial management and marketing know how is the most effective and essential factor for high performance of an industrial unit. But this is lacking in rubber-based industries in Kerala. Over and above, lack of quality control facilities and improper in-house specification may cause poor performance of rubber-based industries in Kerala.

7.1. Suggestions and Recommendations

From the study it is found out that a lot of problems are affected by the rubber-based industries in Kerala. Due to these problems, the performance of rubber-based industries in Kerala is very poor. To solve these problems and improve the performance of the rubber-based industries in Kerala, we need to take some corrective measures.

First of all, government should provide adequate facilities for better performance of rubber-based industries in Kerala. In order to do this, government should act as a facilitator for the development of rubber-based industries, i.e., provided better infrastructure facilities such as transportation facilities, provide cheaper and frequent power supply etc, provide proper solution for pollution control and provide technical support and ensure industrial security. In order to provide these facilities the government should take measures to establish Rubber Parks and Common Facility Service Centers.
(CFSC) in each district. Over and above, the developments of rubber-based industries need a realistic approach from the bureaucrats. There is a common aspersion that, the government is ‘much speak but act less’; the government should avoid this practice and take a great leap forward to the development of rubber-based industries in Kerala.

Most of the rubber-based industries in Kerala use antiquated, low cost machinery. For better performance, henceforward they need to upgrade their machinery and equipments and use the latest, modern, available technology. The government or government agencies in the state should provide initial technology for the establishment of the units. Over and above, the entrepreneurs of rubber-based industries in Kerala need awareness for using modern technology and sophisticated machinery, and also need skilled labour force for operating their machines. For moulding skilled labour force in rubber-based industrial sector, training programs for labour force in each district are to be conducted.

Rubber-based industries in Kerala have labour problems. Hence, there is the need to control labour union practices and an agency is needed for regulating labour union and avoiding labour problems. In the rubber-based industrial sector, their exists unhealthy competition and unreasonable price wars. It is a serious threat for small-scale units to survive in the market. So, here, is needed a healthy market. For this, we need a separate agency for monitoring the market regularly.