Chapter XII: An Evaluation of the Performance of Industrial Units.

- I -

Introduction

State Level Objectives and their Fulfilment

a) Contribution to State Wealth
b) Self-Reliance
c) Export
d) Just Distribution of National Wealth
e) Balanced and Regional Growth

Unit Level Objectives and their fulfilment

Satisfying Interest

a) Satisfaction of public in general
b) Satisfaction of local people
c) Satisfaction of Government
d) Employees Satisfaction
e) Consumers’ Satisfaction
f) Satisfaction of Suppliers
g) Satisfying Output Goals
h) Profitable use of resources
i) Investing in organization
j) Social and Employees Welfare

- II -

CAUSES OF SICKNESS

Introduction

Internal Causes of Sickness

(A) Finance:

a) Inappropriate financial structure
b) Poor Utilization of assets
c) Inefficient working capital
d) Absence of costing and pricing
e) Absence of financial planning and budgeting
f) Improper utilization of funds or diversion of funds
(B) Production:
   a) Site Selection
   b) Inappropriate plant and machinery
   c) Inadequate material control
   d) Inadequate Maintenance
   e) Lack of quality control
   f) Lack of emphasis on research and development

(C) Marketing:
   a) Inaccurate demand forecasting
   b) Selection of inappropriate product Mix
   c) Absence of product planning
   d) Dependence on few buyers
   e) Lack of market research and inadequate sales promotions

(D) Personnel:
   a) Weak labour control
   b) Overstaffing
   c) Inappropriate wages and salaries
   d) Bad Labour relations
   e) Lack of behavioural approach and absence of manpower planning

- External Causes of Sickness.
Introduction:

The growth and development of the MDC's managed or sponsored industrial units may be attributed to several factors. Most of these are declared in the form of state policy, or stated when particular business enterprise was set up by the MDC. Therefore any attempt of developing a framework for measuring performance should take into consideration the multiple factors that prompted the Government or MDC to set up the enterprise. Economists emphasise maximising output for a given unit of input, that is profit maximisation. This approach in assessing performance persists and may be relevant for such private enterprise whose objective is to maximise the return on investment. Profitability, they feel, is important and is the surest indicator of performance. It is also necessary objective to accumulate a surplus for future investment. But this is a limited perspective when adopted as the exclusive criterion for assessing performance. Moreover the profitability as a criterion is difficult to measure when MDC's industrial units undertake multiple activities under varied and unfavourable economic conditions. It is hence thought necessary to adopt the system point of view for measuring critically the performance of industrial units of the MDC.
By adopting a system point of view, we are moving from a narrow concept of efficiency to a broader approach wherein measurement of performance is linked to the achievement of objectives. In other words, the system point of view takes into account multiple variables which may induce the performance of industrial units initiated by the MDC. To put it briefly,

$$Pt = f (A_1, 2, \ldots, B_1, 2, 3, \ldots, C_1, 2, 3, \ldots)$$

Where $Pt$ is the performance of a industrial unit of MDC during a time period and $A_1, 2, 3, \ldots, B_1, 2, 3, \ldots, C_1, 2, 3, \ldots$ are the different variables. Suffixes 1, 2, 3, indicate different elements of the variables. This model is elaborated ahead for critical assessment of the performance of the various MDC's industrial units.

MDC's sponsored industrial units undertake multiple activities such as providing services, producing goods, generating employment, and promotional and developmental activities. Their outputs range from tangible to intangible and operate within market and non-market conditions. As such any evaluation of their activities cannot be measured only in quantitative terms. Apart from being unrealistic, such quantitative indices
are difficult to develop for certain types of intangible outputs such as linkage effects emerged out of existence of a particular business unit.

Thus an evaluation of the performance of industrial units of MDC needs to develop various activities and establish a set of criteria to examine the degree of fulfilment of such objectives. But before doing this there is a need to consider some limitations in which the MDC's industrial units have to function. They are:

(i) The state Government role or the role of political leaders is dominant while promoting and managing the industrial units of MDC. As a result of this, the decisions of technocrats or experts are influenced by the political leaders through the Government Departments. This is done to satisfy the particular locality. An inappropriate site selection for some power-loom cooperatives or DDCM's plant are the bare testimony of the political interest exercised through the Government officials.
(ii) Another limitation that needs to be considered especially when adapting the up-to-date and sophisticated technology is the absence of a technological infra-structure, technological imbalances and the low level of technical and managerial skills. These limitations are accentuated when the MDC goes in for sophisticated equipments and machinery. Arising out of this, as it is happened in the case of LIGOM or TEXCOM is the continuing dependence on technicians from outsides for maintenance, repairs and spare-parts.

(iii) Since the MDC is trusted with the task of development of the backward region by creating the industrial atmosphere with employment generation on massive scales, it has to involve (for example the unprofitable business like Kinwat Roofing Tiles in tribal area for tribal development) in such activities which are apparently loss producing.

State Level Objectives and their Fulfilment:

As the MDC's initiated industrial units constitute a form of intervention within the state economy, the
Assembly and the Government have assigned to them certain broad national objectives. Although the role of MDC towards this direction is vaguely declared in the Government policy, it implies the decentralization of the economic power vested into the private hands, maintenance of control over the vital sector of economy, contribution towards the balanced and regional growth, judicious utilization of the state resources, development of infrastructure, employment generation, etc. The forthcoming text elicits this in detail. While evaluating the performance of MDC's initiated units both the quantitative and qualitative measures are articulated out of the Experience Survey.¹

a) Contribution to State Wealth:

The MDC's managed units were assigned with the objectives which are normally desired by the state. These objectives are:

1) Provision of Infrastructural facilities to Industries/Economy.

¹ Under this survey, 30 experts consisting of the Senior level managers of Industrial Units of the MDC and the political leaders are interviewed for ascertaining their views on assigned performances and their fulfilment by the industrial units. All these views are appropriately evaluated at the required places of this chapter.
ii) Stimulation to make the use of resources at primary level.

iii) Addition to the output of the State.

iv) Employment generation.

(i) **Provision of Infrastructural Facilities to Industries/Economy:**

The MDC has a main task to provide the infrastructure for the economy so that the development of other industrial units could be possible. Whether the MDC is successful in this respect? This question is asked to experts having a concern to the MDC. Many, about 87 percent remarked unfavourably in this matter. Excepting textile project consisting of Powerlooms and Texcom, all the industrial units of the MDC have failed to provide the infrastructure for the use of others.

(ii) **Stimulation to make the use of resources at Primary Level:**

The scale of economic stimulation that has been provided by the various MDC's industrial unit may be understood from the amount of expenses incurred by the
Table No. 12.1: Significant financial units variables of MDC and its sponsored Industrial Units.

<table>
<thead>
<tr>
<th>Name of Industrial Units</th>
<th>Accumulated Losses year (Trinial Average)</th>
<th>Borrowings (Year ending 1984)</th>
<th>Net Fixed Asset (Trinial Average)</th>
<th>Income (Year ending 1984)</th>
<th>Expenditure (Trinial Average)</th>
<th>Capital Employed (Year ending 1984)</th>
<th>Share Capital (Trinial Average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LICOM</td>
<td>97.52</td>
<td>72.62</td>
<td>31.28</td>
<td>31.21</td>
<td>48.22</td>
<td>119.22</td>
<td>53.50</td>
</tr>
<tr>
<td>PKG</td>
<td>29.60</td>
<td>29.22</td>
<td>39.94</td>
<td>05.22</td>
<td>07.53</td>
<td>58.28</td>
<td>15.00</td>
</tr>
<tr>
<td>DDCM</td>
<td>32.51</td>
<td>36.19</td>
<td>09.91</td>
<td>04.91</td>
<td>04.99</td>
<td>27.35</td>
<td>13.00</td>
</tr>
<tr>
<td>TEXCOM</td>
<td>1032.52</td>
<td>931.06</td>
<td>210.62</td>
<td>1721.18</td>
<td>1735.22</td>
<td>623.51</td>
<td>210.00</td>
</tr>
<tr>
<td>GGL</td>
<td>07.70</td>
<td>74.50</td>
<td>01.69</td>
<td>42.61</td>
<td>38.50</td>
<td>21.05</td>
<td>20.00</td>
</tr>
<tr>
<td>KRT</td>
<td>23.99</td>
<td>07.35</td>
<td>03.37</td>
<td>02.32</td>
<td>02.89</td>
<td>13.22</td>
<td>09.00</td>
</tr>
<tr>
<td>Total</td>
<td>1223.84</td>
<td>1090.94</td>
<td>296.81</td>
<td>1807.45</td>
<td>1837.35</td>
<td>867.63</td>
<td>325.50</td>
</tr>
<tr>
<td>MDC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>32.75</td>
<td>874.91</td>
<td>36.94</td>
<td>273.72</td>
<td>271.33</td>
<td>1356.76</td>
<td>691.19</td>
</tr>
</tbody>
</table>

Source: Office Records of Industrial Units and MDC.
concerned units on the purchase of raw materials used for production. The statistic i.e. trinial averages (1981 to 1984) of the expenses on raw materials of the concerned unit illumine the matter under question (Table No. 12.2).

Table No. 12.2: Amount of expenses incurred on raw material by MDC's managed units and its percentage to total expenses on the same.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Unit</th>
<th>Amount of expenses incurred per year for raw material purchase (Trinial average 1981 to 1984) (Rs. in lakhs)</th>
<th>Percentage to total.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>25.56</td>
<td>3%</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>02.83</td>
<td>Neg%</td>
</tr>
<tr>
<td>3.</td>
<td>DDGM</td>
<td>02.01</td>
<td>Neg%</td>
</tr>
<tr>
<td>4.</td>
<td>TEXCOM</td>
<td>789.33</td>
<td>94%</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>22.61</td>
<td>2%</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>00.89</td>
<td>Neg%</td>
</tr>
</tbody>
</table>

Total 843.23 100.00

Source: Office Records of the concerned Industrial Units.
It is seen from the foregoing statistics that only the Texcom, among all the industrial units had the largest (94%) share in the total raw material expenses, amounting Rs. 843.23 lakhs. If all these expenses of MDC's Units are related to the total population of the region the situation appears deplorable. On the whole it is seen that the MDC has failed to create the massive demand for the raw material by its activities in industrial sphere.

(iii) Addition to the Output of the State:

Addition to the output of the state or nation that has been made by the MDC's industrial units was also found to be small. The average value of production effected by the various industrial units of the MDC is learnt from the Table No. 12.3.

While effecting the value of production, the Texcom was far ahead; it had effected the average production worth of Rs. 789.59 lakhs being 93% of the total worth of (Rs. 847.49) production produced by all the units together.
Table No. 12.3: Annual average value of production effected by the MDC's Industrial Units.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Units of MDC</th>
<th>Annual Average value of production effected (Trinial average: 1981 to 1984) (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>18.91</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>02.11</td>
</tr>
<tr>
<td>3.</td>
<td>DDGM</td>
<td>01.98</td>
</tr>
<tr>
<td>4.</td>
<td>TEXCOM</td>
<td>789.59</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>33.89</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>01.01</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>847.49</strong></td>
</tr>
</tbody>
</table>

Source: Office Records of the concerned Units.

The development of backward region by generating or providing employment is the prime object of the MDC. In the matter of this only the Textile Project consisting of the TEXCOM and Powerloom Weavers Cooperatives have registered some-what fair performance. The rest of the
units are, however, lacking far behind in this respect. The Table No. 12.4 clears the case.

Table No. 12.4: Employment in MDC's Industrial Units.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Industrial Units of MDC</th>
<th>Average Number of Persons employed* per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>38</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>26</td>
</tr>
<tr>
<td>3.</td>
<td>DDGM</td>
<td>32</td>
</tr>
<tr>
<td>4.</td>
<td>TEXCOM</td>
<td>1,379</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>906**</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>22</td>
</tr>
<tr>
<td>7.</td>
<td>Power-loom</td>
<td>4,332***</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6,735</td>
</tr>
</tbody>
</table>

* Only the number of persons employed permanently during the years 1983-1984 is taken and their yearly average worked out.

** Includes those who undertake the work at home.

*** Relates to year 1984-85 only.

Source: Office Records of the concerned Industrial Units.
The MDC's units as it is reported by the experts during the course of survey were not in a position to generate the employment in the respective unit at increasing scale. On the contrary in some units the number of employees has been retrenched so as to bring down the expenses.

b) Self-Reliance:

Self-reliance in production and finance is necessary for the development of industrial units. The self-reliance of the industrial units is also desired in the interest of state or nation.

The size of domestic or indigenous input contents in the entire process of production for the different industrial units of MDC are learnt from the Table No. 12.5.

It is seen from the Table No. 12.5, that the Texcom uses 15% input. Whereas the LICOM and PWC use less than 5% input of import category. The rest of the units need no input from such import category.

Among all the inputs, the finance occupies pivot place. In the respect of finance the industrial units have the arrangements of share capital. However the
Table No. 12.5: Size of Domestic and foreign input content in the production process of the MDC’s Industrial Units.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Units</th>
<th>Size of Input content in the Production (in %*)</th>
<th>Domestic</th>
<th>Foreign</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>95%</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>99%</td>
<td></td>
<td>Neg</td>
</tr>
<tr>
<td>3.</td>
<td>DDCM</td>
<td>98%</td>
<td></td>
<td>2%</td>
</tr>
<tr>
<td>4.</td>
<td>TEXCOM</td>
<td>85%</td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>100%</td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>100%</td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td>7.</td>
<td>PWC</td>
<td>95%</td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>

*Note: Average annual size of input contents (Domestic, Foreign and aggregate) are elicited on trinial (1981-84) basis and the proportions of Domestic and Foreign input with the aggregate input contents are worked out.

share capital of the concerned industrial unit is totally inadequate and hence the recourse of borrowings is sought. The borrowings thus effected is compensated by the way of interest payment to the lenders. This interest
payment may exhaust the large portion of the income. In other words, it may occupy a big size in the total value of inputs. It is noticed the amount of interest payment in the case of any single business unit of the MDC may exhaust 30 to 40 percent income.

It is seen from the statistics given in the table that the MDC's managed industrial units have to spend the huge amount by way of interest payment. The more distorting is that all these units are paying the said interest. under the condition of the continued losses. Both i.e. the situation of continued losses and the larger scale of payment of interest call for reduction in the scale of borrowings. The scale of borrowings can only be reduced if the Industrial Units enhance their share capital base. The share capital base may be strengthened by asking the well known industrial houses like Bajaj, Garaware to contribute into the Share Capital. This will prepare a formidable ground for the self-reliance.

c) Export:

Export is good from the point of view of the country and also from the point of view of the concerned
business units. The MDC's industrial units have been trying towards this direction. It is seen that the LICOM, TEXCOM and GGL are trying their best to sale in the foreign market. However these units are not too successful to build up their image as exporter. Though the Government has given some subsidy for stimulating the export of these units, the quality of the products does not attract the foreign customers on permanent basis. It is reported that the old customer normally does not repeat the order. Every time the new customers are to be searched out for the products. It means there is no case of establishing the assured market from the part of any of the above referred to industrial unit.

d) Just Distribution of National Wealth:

The just distribution of the national wealth is socially desirable and the same may be attained by:

i) Maintaining the control over vital sector of economy

ii) Controlling the use of natural resources
iii) Reducing the disparities of income between different sections of Society

iv) Reducing the concentration of wealth in private hands.

The MDC being the Government's (People's) agency has to strive for the above aims. It would be interesting to find out that how far it has been successful and whether its industrial units have assisted to it in this direction.

Industrial unit may exert the control over the vital sector of economy, if it produces the products of greater utility in the sense that the product consumes major portion of the local resources during the process of production and product satisfies the larger number of people; further the entire process of production and subsequent marketing has a potentiality to create the economic linkage affects. If this is attain, the industrial unit producing the product may exercise the control over the vital sector of the economy. Un-fortunately excepting the TEXCOM, no MDC's sponsored industrial unit was able to establish significance of its product with the directions discussed overleaf. The TEXCOM, as it is reported however is able to dominate
the Textile sector of Marathwada. It could also be able to provide sufficient stimulation to use the cotton locally for weaving the yarn and subsequent production of cloth. The other industrial units, since they are smaller in size in all the respects (i.e. plant capacity, finance availability, employment, technical know-how etc.) could not able to dominate any sector of the economy or could stimulate the use of natural resources towards any particular direction.

The MDC's managed units have been devoting to the task of reduction of disparities between different sectors/section of the society. Providing the employment to weaker section, paying the workers despite the losses and establishing the set up for harmonious industrial relations are the main-stays of the administrative policies of the MDC's industrial units. Some of the industrial units like KRT or LICOM are kept functioning so as to avoid the retrenchment or lock out. Such functioning with losses, although threatens the viability of the units is viewed as socially desirable.

The reduction in the scale of concentration of the wealth in the hands of few is necessary for the social balance. The MDC's industrial units, besides
several other aims have this aim to strive. The Textile Project of MDC has a prime motive to avoid the concentration of the process of textile production in the hands of few. It has served this motive by stimulating the powerloom weaving cooperatives for supply of Grey Cloth to the TEXCOM. The Spinning Co-operatives and Milk Co-operative have also been stimulated by the MDC under the co-operative gamut. In other units also the MDC has maintained the democratic spirit. In respect of this object i.e. 'Concentration of wealth (or power) in hands of few' the MDC's industrial units registered exemplary performance. All the respondents in the survey have expressed satisfaction over this issue.

e) Balanced and Regional Growth:

The MDC is mooted with objective of balanced and Regional growth. This can be achieved by:

i) Providing infrastructure in the relatively underdeveloped areas of Marathwada

ii) Locating industrial units in the backward region
iii) Assisting in setting up ancillary industries

iv) Stimulating the even pattern of investment in the region.

In the respect of providing the infrastructure in the underdeveloped areas the KRT, TEXCOM and its supported powerloom weaver cooperatives, PKG and DDCM have registered some progress. Since these industrial units have been established the other industries have come up in the area and they are using the infrastructure which is created for the purpose of MDC's units. However the size (excepting the infrastructure created by the TEXCOM) of the infrastructure created at the concern places of the industrial units of MDC is too insignificant to produce any massive industrial acceleration. All the expert respondents are of the opinion that the MDC's managed units should have a prime task of providing the congenial infrastructure. However, (as 73% remarked) the business units of MDC have failed in this respect.

Location of the industrial units in the backward region is one of the important trusted functions of the
MDC. Almost all, excepting the TEXCOM, the MDC's industrial units are located in the backward region. However it is paradoxically noticed that the controlling centres of these units are set up in Aurangabad. The policies or administrations stimulated from Aurangabad are often reported to be far away from the aspirations of the people residing in such backward area. If the MDC really wants to reach into the backward region, as it is suggested by many experts it should also shift the controlling centres of its industrial units at the places where the industrial units are located.

Assistance to promotion of the ancillary units is benefitting from the point of view of the development of the region. The TEXCOM has made satisfactory impact towards this walk of performance. It has initiated the development of the cooperative spinning mills and the development of power-loom cooperatives. The LICOM is also, of course on the small scale is a cause to stimulate the business of hide and skins at the village level. The DDCM is also the reason to stimulate the milk production at village level. Although the MDC's managed units have been facilitating the ancillaryization, the distressing fact is that the same is not on growing
scale. In the case of some units it is deplorably falling. Almost 70 percent of the expert respondents expressed the dissatisfaction over this.

The MDC has to function with the limited resources (Table No. 12.1) and hence it could not finance to its units on the liberal scale. As a result the MDC has no scope in stimulating the even pattern of investment within the region. It, however, has made some efforts through the Textile Project to introduce the even pattern of investment throughout the region. Thus it has stimulated weaver cooperatives. Despite the possibilities of increasing the transport cost of the Grey cloth of the above weaver-cooperatives, the MDC promoted these cooperatives away from the TEXCOM. The main motive behind is to stimulate the desperse industrial investment pattern for effecting the overall regional development of the textile project.

Unit Level Objectives

and their fulfilment:

The broad state (National) level objectives could be further broken down into industry-wise objectives. These should be determined by the concerned industrial Unit of MDC. Here each industrial unit has to clarify
its contribution in the form of various dimensions, such as output, rate of return on investment, technological advancement etc. These are the objectives which are more concrete and can be clearly spelt out in quantitative as well qualitative terms. The forthcoming discussion has an aim to verify the various achievements of the MDC's industrial units.

(a) **Satisfaction of Public in General**:

Whether a particular unit has contributed something for national development is enquired with the respondents and their views are tabulated in the Table No. 12.6.

Table No. 12.6 shows that the contribution in the national development which is made by TEXCOM, GGL and PWC was appreciated by many respondents. The DDCM's and PKG's contribution in the national development was not appreciated by many on account of its inferior technique of business and small size of activities.

(b) **Satisfaction of Local People**:

The satisfaction of local people may be achieved by providing them employment in the industrial
Table No. 12.6: Satisfaction of the general people by contribution in the National Development as envisaged by the Expert Respondents.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Unit.</th>
<th>Percentage of respondents fully agreed with the contribution in national development.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICCM</td>
<td>13%</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>20%</td>
</tr>
<tr>
<td>3.</td>
<td>DDCM</td>
<td>29%</td>
</tr>
<tr>
<td>4.</td>
<td>TExCOM</td>
<td>60%</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>80%</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>17%</td>
</tr>
<tr>
<td>7.</td>
<td>PWC</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Survey of the Respondents—(Experts).
units and by creating economic linkage effects in the locality. As pertains to the provision of employment to local people, as it is reported by the expert-respondents almost all the MDC's industrial units are sympathetic. About 90 to 95 percent of the employment is made on the local basis. Among all the units, the GGL is appreciated by the majority (70%) in the respect of providing jobs. The GGL is successful in creating the job opportunities at the door of the needy workers. Its tailoring business not only provides the supplementary earnings to needy women but also a cause to harness the weaker section in the economic activities. The MDC's initiated TEXCOM and PWC have also much concern to involve the local people in the industry. The 65% expert respondents expressed the satisfaction over this. The PWC provides the work to unemployed member of weaver's family. As a result of this the total income of a weaver family increases which lead to elevate the standard of living. In the matter of providing the local employment, the KRT is also appreciated as it (though on small scale) provides the employment in the tribal areas.
About the employment provided by the MDC's units, the respondents have advanced the following comments:

i) The jobs are provided on temporary basis and there is no guarantee of assured payment

ii) The vacancies of higher level management are not locally filled up

iii) The employment opportunities provided on discriminatary basis. For example a person having social influence is preferred.

iv) In almost all the units, excepting TEXCOM, the labour welfare schemes are highly unsatisfactory

v) The promotion of the workers is made irrespective of the skill and experience of the concerned.

vi) The size of employment, excepting TEXCOM and PWC created by the industrial units is too small to create any significant impact on the economy.

(c) Satisfaction of Government:

The State Government has very heavy investment in the MDC's industrial projects. Naturally the
Government has interest in the well being of the business units. Whether the Government is satisfied or not is evaluated in the light of interviews of the officers of industrial department, planning Department and Revenue Department. So also the views of elected members of the Assembly are also collected. The overall impression elicited from these interviews about MDC's units is noticed as unsatisfactory on account of the following:

i) Almost all the industrial units of the MDC are run in the losses

ii) Internal control within the units is too weak to carry the business smoothly

iii) The accumulation of the losses is so heavy that even the initial share capital is, in the case of many units was found smaller than the losses incurred

iv) Despite the Government's help in the marketing, the marketing of all the units is very poor

v) The unit level decisions are based on popular politics which disturb the viability

vi) MDC's industrial units should have to function as the Model employer in the respect of production, marketing, labour
management etc. for the guidance of others. However in actual practice the reverse is happened.

(d) Employees Satisfaction:

Employees satisfaction is unit level objective which is very crucial in the modern industry. The morale of the worker is elevated if the above objective is sufficiently taken care of. The higher level of annual turnover, increasing number of strikes, legal suits of workers against the management, low scale of workers’ discipline etc. provide the hints about the employees dis-satisfaction. The expert respondents were asked about each concern unit and they were asked to extend their final impression about the satisfaction or dis-satisfaction of the workers of given industrial unit. The employees of the concerned industrial units were also enquired about their satisfaction. On the basis of the overall impression so formed in the light of information referred to above, the scale of satisfaction of the concerned industrial unit is articulated in the Table No. 12.7.
Table No. 12.7: Level of satisfaction envisaged by the workers of MDC's Industrial Units.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Units</th>
<th>Level of Satisfaction of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>Not satisfied</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>Fairly satisfied</td>
</tr>
<tr>
<td>3.</td>
<td>DDCM</td>
<td>Not fully satisfied</td>
</tr>
<tr>
<td>4.</td>
<td>TExCOM</td>
<td>Fairly satisfied</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>Considerably satisfied</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>Not satisfied</td>
</tr>
<tr>
<td>7.</td>
<td>PWC</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>

Source: Field Enquiries.

(e) Consumers' Satisfaction:

The consumers are satisfied by the industrial unit only if it provides the quality product at reasonable price. Whether the quality of product and price of the same are good or bad is queried by contacting the consumers of the concerned industrial unit. The information so collected from the different types of customers has assisted in formulating the
Overall impression which is expressed as 'Poor', Fair and reasonable for the purpose of the tabulation presented in Table No. 12.8.

Table No. 12.8: Opinions of customers about price and quality of products produced by MDC's Industrial Units.

<table>
<thead>
<tr>
<th>Name of Industrial Customers</th>
<th>Types of Products</th>
<th>Overall Impression about product</th>
<th>Price</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>LICOM Leather works retail shops</td>
<td>Process Leather</td>
<td>Un-reasonable Fair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PKG Farmer Govt.</td>
<td>Milk, Grass, Cross-bread cows.</td>
<td>Fair</td>
<td>Fair</td>
<td></td>
</tr>
<tr>
<td>DDCM Farmers Govt.</td>
<td>Milk, Grass, Ice</td>
<td>Reasonable Poor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TEXCOM Govt., Wholesalers &amp; Retailers</td>
<td>Cloth</td>
<td>Fair</td>
<td>Poor</td>
<td></td>
</tr>
<tr>
<td>GGL Govt. and Consumers from general people</td>
<td>Ready-made Garments</td>
<td>Un-reasonable Poor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KRT Govt.</td>
<td>Tiles</td>
<td>Reasonable Good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PWC TEXCOM</td>
<td>Grey cloth Fair</td>
<td>Fair</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Enquiries.
It is seen from the foregoing tabulated information that no industrial unit excepting KRT of the MDC has been successful in supplying the products at reasonable price with good quality. The KRT, however, is found good in both the respects i.e. quality and price.

(f) Satisfaction of Suppliers:

The suppliers are satisfied only if they are promptly paid with gradual increase in purchases. The suppliers of raw materials of the various MDC's industrial units are contacted for knowing their opinions about the units of MDC to which they are supplying the products. The suppliers of TEXCOM are mostly Powerloom weaver cooperatives. These cooperatives have normally good opinion about the TEXCOM since the TEXCOM has shared the major responsibility of purchasing the Grey cloth produced by them. The raw skin and hides suppliers of the LICOM are also in comfortable position as they get the reasonable price for their supplies. Their supplies were priced less prior to the establishment of the LICOM. The majority of the suppliers of the DDCM, PKG and the GGL were found unsatisfied on account of the delay in payment and the hapazard modes of purchasing. KRT's suppliers were also not found in comfortable position in
the respect of receiving the payments for goods. The delay in payment was found to be disturbing factor in the case of many suppliers.

(g) **Satisfying**

**Out-put Goal:**

An important objective of an enterprise is to effect the large production of a good quality at minimum possible cost. Being Government initiated industry the decision on what is to be produced is not entirely in the hands of local management, and often the decisions made by the Government as investor get mixed up with extraneous considerations. Thus, for example the location of KRT or PWC is chosen for developing backward region and naturally this choice which is regardless of economic feasibility may affect the cost of product. A production of GGL, as it is desired by the Government is kept at high despite the low scale of sale. The higher level production for the GGL is insisted by the Government for providing the jobs to the rural women. This decision of course has led to pile up the stocks of garments with GGL. The production of all the units though they are in losses is kept continuing since the Government has an aim to
safeguard the people such as employees, suppliers etc. Under these limiting factors the MDC's industrial units have to function. Added to this the lack of expertise, dearth of capital, absence of marketing set-up, inadequacies of inputs including fuel and motive power etc. have been causing much to almost all the industrial units. It is noticed that in the case of all the industrial units:

i) Per unit cost of production has been increasing,

ii) the scale of production is highly instable and

iii) the range of products (Product Mix) is limited.

(h) Profitable use of Resources:

The business unit employs factors of production land, labour, capital and entrepreneurial skill (input) and get the output. The assessment of the efficiency of this performance may instantly be made by profitability criterion because this criterion is universal and surest yardstick for assessing the scale of the profitable use of resources. The statistics give in the Table No. 12.9
informs about the profitability of the various units of MDC.

Table No. 12.9: Profits/losses of MDC's Industrial Units and amount of Share Capital. (Rs. in lakhs)

<table>
<thead>
<tr>
<th>Name of Industrial Share Units</th>
<th>Amount of Capital</th>
<th>Accumulated Losses as on 31-12-84</th>
<th>Remark about profit position during the last Five Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>LICOM</td>
<td>53.50</td>
<td>97.52</td>
<td>In losses since last Five Years</td>
</tr>
<tr>
<td>PKG</td>
<td>15.00</td>
<td>29.60</td>
<td>-do-</td>
</tr>
<tr>
<td>DDCM</td>
<td>18.00</td>
<td>32.51</td>
<td>-do-</td>
</tr>
<tr>
<td>TECXCOM</td>
<td>210.00</td>
<td>1,032.52</td>
<td>-do-</td>
</tr>
<tr>
<td>GGL</td>
<td>20.00</td>
<td>07.70</td>
<td>Earned profits in two out of Five Years.</td>
</tr>
<tr>
<td>KRT</td>
<td>09.00</td>
<td>23.99</td>
<td>In losses since last Five Years.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>325.50</strong></td>
<td><strong>1,223.84</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Percentage of losses to Share Capital = 376%

Source: Office Records of the concerned Industrial Units.
It is seen from the statistics that each and every unit of the MDC was with heavy amount of the accumulated losses. The total losses were amounted to Rs. 1,223.84 lakhs, being 376% of the total share capital of all the units.

Inputs are to be used efficiently. The efficiency of utilization of the inputs may be visualised by the followings :-

- Increase in production per man hour
- Decrease in total man-hour lost
- Lower rate of rejection arising out of workmen's
tip
- Optimum level of Inventory.

The enquiries over the above issues were instituted in the various industrial units of MDC. In almost all the units an unsatisfactory state is noticed. In fact the absence of above factors have led to accumulate the losses. All the experts respondents during the course of experience survey were of the same opinions. There has been, excepting Texcom complete absence of a rate of growth in production of any unit. The scale of installed capacity was not fully used in every units. The Table No. 12.10 informs about this.
Table No. 12.10: Percentage use of installed capacity in various MDC's Industrial Units.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Unit</th>
<th>Percentage use of Installed capacity**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>57%</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>63%</td>
</tr>
<tr>
<td>3.</td>
<td>DDCM</td>
<td>45%</td>
</tr>
<tr>
<td>4.</td>
<td>TEXCOM</td>
<td>69%</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>87%</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>78%</td>
</tr>
</tbody>
</table>

** Trinial average of value of production.

\[
\text{Value of production that could be annually produced} \times 100 = \% \text{ Installed capacity used}
\]

Only KRT and GGL have registered the fair level of use of installed capacity. The rest of the units effected very deplorable performance.

*** The information of value of production that could be produced is based on the interviews of the higher officers of the concerned industrial unit of MDC.
Development of human resources of any organization leads to efficient use of personnel of the said organization. The MDC has numerous programmes for development of personnel of its industrial units. Since last two years it has been arranging the in-house training programme for Senior/Junior Officers and junior level assistants. Similarly the training programmes for skilled and un-skilled workers are also being arranged. As regards to all these programmes it is reported that all such efforts are not fruitful since they have no potentialities to provide the real training. These training courses are run just as a formalities. The trainees have no interest in them. The main reason is that the major chunk of the staff is above 45 years of age and the aged persons have a least attraction for additional training. Even a Texcom has very little hand in running the schemes of human-resources development.

The number of man-hour lost for the year under review (1984) were found very high in the case of LICOM, Texcom, and DDCM. This is attributed to reasons like machine break down, shortage of material and power and industrial disputes. Such wastage indicates un-economic use of labour as factor of production.
The internal control of any organization must be sound for efficient use of resources. Such internal control system consists of (i) control within organization exercised automatically in between higher level, middle level and lower level management (ii) control established with the help of budgetory control, standard cost control and book control, and (iii) administrative control achieved by creating separate cell. All these three wings of controls are manipulated in the various forms such as purchase control, production control, sale control, creditors control etc. In order to understand the extent of soundness of the internal control system which is implied as referred to above the enquiries are instituted. From these enquiries it is found that the internal control system, is far from satisfactory in all, the MDC’s industrial units. Lack of purchase procedure, absence of quality control cells, absence of inward and outward goods registers, absence of performance record of workers/officers, un-authorised movement of assets including vehicles, un-checked movement of the staff members within and outside the offices, etc. are invariably noticed in most of the units. All such naturally have led to accumulate losses.

(i) **Investing in Organization**:

Profitability is limited criterion for assessing the performance. Hence we may overlook for the time being and we will try to see that, despite the losses how far the MDC's industrial units are successful to invest for increasing future viability? Future capabilities of any business depends on a conscious attempt to develop people, new products, replace machinery and equipments, proper maintenance, gearing up the organization to meet environmental constraints and innovation. In this matter only the Texcom has made some progress. The rest of the units are, however, worried about their survival as against the accumulated heavy losses. The texcom has made some efforts for improving the quality of product by investing in new technology, by giving greater importance on research and development, by searching out import substitution and by improving the manufacturing process. The LICOM has also on limited scale has invested in new technology but the same is wasteful on account of under utilization of the plant.

Since all the MDC's units are working with losses, there is no room for creating the Reserve Funds for its
investment outside. Even no unit is in a position to build depreciation reserve funds of permanent nature. Though such funds are shown in balance-sheets, they are used for routine expenditure.

The new capital addition or investment is utter necessity of the professional management. There is a multiple effects of such investment. However the MDC's units have not been attuned to the fact of speedy technical and managerial absolescence. The same can only be achieved by manpower development and technical know how applications.

(i) Social and Employees Welfare:

The industrial units of MDC are expected to act as a model in the matter of social and employees welfare. In the respect of social welfare, excepting the Texcom no unit of MDC is in position to do any work of socially benefitting nature. The Texcom, however, has assisted various social bodies by giving some financial aids. The expenditure on social overheads (i.e. townships, health care, education and recreational facilities) was almost nil in respect of the rest of the units. The schemes of employees welfare have been tried by all
the units to the extent upto which the labour welfare laws are in force. The state of heavy losses has not provided any opportunity to any industrial unit to think for social or employees welfare. The average compensations (salaries, and other benefits) provided by the concerned industrial units appears to be very low. The Table No. 12.11 informs on this -

Table No. 12.11: Average, annual per employee compensation paid by MDC's Industrial Units.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Units</th>
<th>Average annual per employee compensation paid (Trinital average of the period from 1964 to 1967). (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>LICOM</td>
<td>...</td>
</tr>
<tr>
<td>2.</td>
<td>PKG</td>
<td>...</td>
</tr>
<tr>
<td>3.</td>
<td>DDCM</td>
<td>...</td>
</tr>
<tr>
<td>4.</td>
<td>TECOM</td>
<td>...</td>
</tr>
<tr>
<td>5.</td>
<td>GGL</td>
<td>...</td>
</tr>
<tr>
<td>6.</td>
<td>KRT</td>
<td>...</td>
</tr>
</tbody>
</table>

Note: Permanent and casual labours are taken together while working out the employees annual rate of average compensation.
CAUSES OF SICKNESS

Introduction:

The foregoing discussion shows that the MDC's industrial units have not been successful in creating any crucial impacts on the economy of the region. They are also not able to satisfy the workers and consumers. The losses are of un-commanding heights. It is hence necessary to have critical appraisal of the facts which are responsible for such state of affairs. Before we study the specific internal and external causes of sickness, we propose to go into the project planning and pre-sanction appraisal of the various industrial projects.

The first and foremost reason for sickness is the improper project planning and appraisal. It is found that the MDC has assumed low unrealistic project costs in the case of DDCM, PKG, and KRT so as to match the same with available equities with them. This was done to avail the facilities which are permissible to SSI units. This approach proved harmful since initial stage as these units had faced a dearth of finance. In the case of Textile Projects (Texcom and PMC) the
project cost is found to be inflated intentionally and funds then are diverted to other concerns or lavishly spent on non-productive assets.

Another aspect which is generally observed is the over-optimistic or exaggerated project reports submitted by the MDC so as to impress the ruling Government and financing institutions. Also there are the cases to predict higher surplus generations from the business. Later this is taken by the lenders as a base for fixing the instalments for the repayment of loans. Subsequently when the repayment programme is not adhered to the same it has created the mistrust between the lenders and industrial units.

The causes of sickness of MDC's industrial units are internal and external. The former i.e. internal causes arise due to internal dis-orders in the four functional systems i.e. Finance, production, marketing and personnel. The latter i.e. external causes arise due to changes in the general environment.

**INTERNAL CAUSES OF SICKNESS**

(A) **Finance**:

There are numerous critical elements under finance system of any given industrial unit. If these critical
elements are mal-functioning, the reasons for sickness are evident. The following observations about the finance are noted in the case of MDC's units:

a) **In appropriate Financial Structure**:

The MDC's industrial units have secured the finance by raising the share capital and by borrowings from the banks and financing institutions. It is, however, noticed that excepting Texcom all the units borrowed the long term loans for meeting the short term requirements. The equity capital base is too thin to create any favourable impact on the lenders. All the lenders have lend the money to MDC's ventures only because it is Government sponsored agency. The entire financial mix i.e. long and short term is found un-balanced and the same has disturbed the viability.

b) **Poor Utilization of Assets**:

There are no cases of keeping up-to-date history cards of numerous assets. The absence of such cards provides the room for under-utilization or mis-utilization of the assets. The pricing of closing stock in the case of PKG, DDCM, and GGL is found not satisfactory. The
ratio analysis which is made to show the relations of fixed assets to turnover, to capital employed etc. is found discouraging from the point of view of efficient use of the assets.

c) Inefficient Working Capital:

A unit has to manage its working capital portfolio effectively for its smooth running. Working capital management includes inventory, receivable and liquidity management. All such management systems are absent in all the units, excepting the Texcom. An inefficient working capital management are apparently seen in the case of PKG, DDCM, LICOM and KRT. These units are unable to meet the routine requirements and also unable to raise the funds without the assistance of the MDC.

d) Absence of costing and pricing:

Cost control is an important area which needs attention in any industry. If the costs are kept at a minimum level, a competitive price can be offered for commodity and profit planning can also be made. If the costs are rising the profit will come down or the unit may even start incurring losses. It is noticed that, excepting
the Texcom in no industrial unit of MDC the cost system is practised. Even the Texcom also needs to make much improvement in the present cost administration.

e) **Absence of Financial Planning and Budgeting:**

The MDC's units could not undertake the exercise of financial planning. This has affected the reputation of the business since these units could not meet the financial requirements at the time when these are emerged.

f) **Improper Utilization of Funds or Diversion of Funds:**

A financially disciplined company uses the long term funds for long term needs, short term funds for short term needs and plough back the profits earned into the business. However the MDC's units have been facing the problems of financial indiscipline. The funds are being used irrespective of their initial purpose and duration. The funds have seen to have been diverted from the long term to short term uses and vice-versa.
(B) **Production:**

Internal causes of sickness in an industrial units of the MDC may arise due to mal-functioning in the production function. A close scrutiny of the various units have given an idea of such causes. The same are as given ahead:

a) **Site Selection:**

The wrong selection of sites for an industrial units can become a great contributing factor in its failure. The locations of PKG, DDCM, KRT and LICOM are not found suitable. These units naturally have to face several difficulties. It is reported that the selection of the sites for these units is done not in the light of economic considerations but it is done in the light of social considerations and such considerations i.e. generation of the rural employment etc. has come in the way of scientific selection of the site.

b) **In-appropriate Plant and Machinery:**

Sickness may also result if the size of plant and machinery, obsolete and inefficient. This situation is noticed in the case of LICOM and TExCOM. Even a ice
factory of DDCM, despite simple mechanism suffers from many defects.

c) Inadequate Material Control:

Materials control is a generic term for techniques concerned with the controlling the price, usage, quality, supply or other aspects of material performance. This is critical element of the production function and if material control is inadequate, it may become a cause of sickness. The DDCM, PKG, LICOM and GGL are the victim of the inadequate system of material control.

d) Inadequate Maintenance:

Inadequate maintenance of plant and machinery of Texcom, Licom, DDCM and some units of PWC has brought down the efficiency of the plant as the number of breakdowns goes up there which has resulted the lower scale of output. Simultaneously the quality of production has also been found suffering.

e) Lack of Quality Control:

Quality control is an effective system for integrating the quality development, maintenance and improvement efforts of the industrial units so as to enable production
and service at the most economic level for full customer satisfaction. Generally the system of quality control is based on statistical methods. The Texcom has separate quality control section. However the rest of the industrial units have no such arrangements. As a result of this the quality of the products are remained unchecked and the same is only tested by the consumers when they use. This is not good from the point of view of smooth functioning of the business. The inadequate system of quality control or absence of the same has caused to loose the export markets for the goods of GGL, LICOM and TEXCOM.

f) **Lack of Emphasis on Research and Development:**

In the modern competitive environments, all progressive units go in for research and development on continuous basis. This enables development of new designs, cost reductions, improvement in performance and innovation in the production. The Texcom has recognized this fact and has paid some attention over this. However the rest of the units do not offer such expenditure since all these units are running in losses.
(C) **Marketing**

Marketing is an important functional area and the internal aberrations in this function may cause the sickness. The deficiencies in the marketing of products of MDC's units are listed below:

a) **In-accurate Demand Forecasting**

It is seen from the project reports of all the MDC's units that these reports are failed in providing the accurate demand forecasting for the products. There has been always overestimation of the product demand. Such unrealistic estimation has been a disturbing factor in planning resources of the units.

b) **Selection of Inappropriate Product Mix**

In the case of DDCM, PKG, LICOM and GGL the in-appropriate selection of the product mix has led to bring down the sale. The product mix is used for profit maximization. However in the case of all the above concerns the reverse is happened.
c) Absence of Product Planning:

The Texcom has made some efforts in the product planning. This is essential to suit the requirements. Other industrial units have no arrangements for product planning.

d) Dependence on a few buyers:

For any industrial unit, dependence on a few buyers is always risky. The MDC's industrial units including the Texcom have a practice to sale the goods to Government or to cooperative societies or the Government assisted customers/farmers. The same is not good for the smooth development of large market.

e) Lack of Market Research and Inappropriate Sales Promotion:

This is noticed in the case of all the industrial units of the MDC. Market Research is necessary to discover the customer habits, desires, needs and also acceptability of a proposed and existing products. The absence of such market research may lead to sickness.
(D) **Personnel:**

The internal causes of sickness due to malfunctioning of the personnel system are as given below:

a) **Weak Labour Control:**

The labour control, excepting in the Texcom is found weak in all the industrial units. The labours including the clerical workers are reluctant to maintain their performance record of routine nature. They also do not like the strict supervision. It is also not possible for the management of any unit to remove a worker from the work if he is inefficient. The labour management is seen to be perplexing task which the management cannot perform in a scientific ways. The trade unions and political leaders are responsible to this. The weak control over the labour starts right from the process of selection as the selection is not free from influence. Moreover the labour working in the industrial units of the MDC have a tendency to think as themselves as the owners since there is no identified ownership which is normally seen in the private business.

b) **Overstaffing:**

Overstaffing is difficult to avoid. Since the MDC is devoted to the task of employment generation and
to the up-liftment of poor region, it is not permitted to think about retrenchment of the workers who are in excess. Despite the losses, the workers are being employed on the plea of social ground. The private businessmen cannot offer such kindness to the society.

c) **Inappropriate Wage and Salary**:

If a unit is paying the wage and salary less than what is prevalent in the industry in general, it may not retain an experienced employees. This may adversely effect the productivity. In all the units of MDC the rate of turnover is found higher on account of lower compensation paid to the workers. Only local labour having some other source of earnings are found working with the MDC. This is not good from the point of view of smooth working of the industrial units.

d) **Bad Labour Relations**:

There were many occasions when the labour of MDC's units had gone on the strikes. Since the profitability of the units has been unsatisfactory, the labourers are not paid sufficiently. Consequently they go on strikes.
e) **Lack of behavioural approach and absence of Manpower Planning**:

In any work situation, behavioural pattern of the people assumes an important role. It requires a study of motivation, study of interactions of the behaviour of individuals as a members of group and the behaviour of groups etc. with an idea to get their best performance towards achievement of organizational goals. Up-till now no industrial unit of the MDC has thought with this direction. Besides, there has been also an absence of manpower planning.

In addition to foregoing internal defects (a toe) in functioning, some other defects are also evident. These are :- Improper planning, lack of co-ordination and control, resistance to change, lack of integrity in management etc.

**External Causes of Sickness**

The external causes of sickness arise from change in environment and are beyond the control of management. These changes may be in the form certain economic factors, political factors, international factors or Government legislations. As a result of these changes an industrial unit may have to face problems in the various functional areas.