CHAPTER IX

GENERAL PROBLEMS AND SUGGESTIONS
For rapid economic growth, exploitation of economic resources is necessary, particularly for developing countries which have got limited capital for investment. A utilisation of indigenous resources is essential for creation of additional production and employment. It is undoubtedly true that under-developed countries like India, have vast natural resources. Now, the planners have taken into consideration this fact that the process of economic growth may be speeded up by effective and efficient utilisation of natural resources. Under Five Year Plans, the government of India have also given top-priority for the maximum utilisation of these natural resources. As the country has abundant forest resources, industries based on forests are being promoted. In last two decades, concrete efforts have been made to promote forest based industries in the country. Madhya Pradesh, occupies a place of prominence, as it has got very dense forests. The total area of the state is 442841 Sq.Kms. and the forest area is 155414.38 Sq.Kms., which is nearly 35.09% of the total area of the state and 20.78% of the total forest area of the country. Similarly, variety of forest species like Teak, Tendupatta, Bamboo, Sal and miscellaneous trees are available in the state. These basic facts and other facilities create development potentialities for the establishment of forest-based industries.

Inspite of the planned efforts made by the state government for the promotion of forest-based industries, the
progress may not be treated as satisfactory. A number of factors are responsible for the slow growth of forest-based industries in the state, and also for the brighter future of these industries. In general, there are specific problems, which are creating hurdles in the smooth growth of forest-based industries. These problems are discussed point-wise as follows:

**Problems:**

1. **Uneven growth of Forest:**

   In the state, the total forest cover is about 35% of the total area of the state, but the growth of forest is uneven, covering mostly mountainous tracts, leaving the plains devoid of forest growth. Similarly, the forest growth is not a homogeneous one, therefore, it cannot be used for a particular industry. Moreover only one-third of the forest area of the state contains valuable good stuff, viz., raw material, while the remaining forest area comprises of scrubs etc. Thus, uneven growth of forest, has resulted in short supply of raw materials for the development of forest-based industries.

2. **Defective Plantation Projects:**

   Planning is done to give an all round boost to the economy in every field and accordingly, under five year plans, 'Plantation Projects' are implemented for producing
more wood and fuel in the state. These Plantation Projects are defective in the sense that proper and legitimate share is not allotted to industrial and commercial plantations, as compared to the share of environmental plantations and fuel-wood plantations. Moreover, plantation should not be done by clear-felling large areas of forests and then creating man-made forests. In Bastar, plantation of 'Tropical Pine' was undertaken by clear-felling of Sal and Mahua trees, and hence due to severe public opposition, plantation programme has to be altered.

(3) Diminishing Forest Area:

Forest area is diminishing in the state owing to the carving out of more and more of agricultural land and clear-felling of forests for supplying necessary materials to the industries and wood-fuel to the society. As against this, demand for raw materials by the forest-based industries is increasing due to ever rising population and increased per capita consumption of wood in the civilized society. Insipite of better utilisation and improved rate of production, increasingly pronounced scarcity of raw materials for the forest-based industries in the state is the predominant feature of to-day.

(4) Less use of Tropical Hardwoods:

At present 70 per cent of bamboo is being used for paper manufacturing and less use of tropical hardwoods is being done.
As per the recent technology of pulp and paper manufacturing increasing percentage of short fibre tropical hardwoods could be used in the raw material mix. Moreover, Bamboo is the only long-fibre raw material in the state and it is in the depleting stage. As the state is short of coniferous woods, less use of tropical hardwoods would further aggravate the problem of raw material shortage for the forest-based industries.

(5) **Lack of Entrepreneurship**

Due to lack of entrepreneurship, industrialists prefer to establish the conventional and most popular consumer goods industries only, rather than the forest-based industries. This particular phenomenon has resulted in slow growth of forest-based industries in the state. Earlier industrial development has not been encouraging to the formation of forest-based industries. Moreover non-availability of desired information through government or reputed private agency, is also a great hurdle for proper assessment of demand and supply position of various products of forest-based industries.

(6) **Absence of basic facilities**

For establishment of an industrial unit, basic infrastructural facilities are essential, but in Madhya Pradesh there is absence of these basic facilities. Position of transport facilities, supply of power, availability of
finance, technical know-how and supply of trained skilled labour is more alarming and, therefore, the potential industrialists hesitate to install any forest-based industries unit in the state. Therefore, the overall economy of the state is still backward and building up an infra-structure base on a national scale is needed.

(7) **Government excessive controls and regulations:**

In recent years, due to nationalisation of forest produce, excessive government controls and regulations are applied in supply and price fixation of various forest produce. The attitude of the forest officials and the road forest barriers is very rigid and unhuman. These create various problems to the entrepreneur and cause scarcity of forest produces, that too at increased prices. These problems have become common for the general public as well. With the help of government rules and regulations, the forest officials are carrying on corrupt practices in their own interest. These officials are just like 'Uncrowned Kings' in the forest region and leading a luxurious life.

(8) **Improper and irregular supply of raw materials:**

Most of the states, manage their forests through government forest department. In the state of Madhya Pradesh, Timber, fuel wood and most of the important minor forest produces have been nationalised. Therefore, the
industrialists have to depend upon the government forest depots or government auctions for meeting their requirements of raw materials. Due to inefficient working in government departments, improper and irregular supply of raw materials is a great hurdle in the smooth functioning of the forest-based industries. Sometimes the quality of the raw materials is also defective which has untoward effect upon the quality of the products. Some units have to block up huge amount of capital to store the raw materials for a longer period. The Neparagar newsprint mill is facing the problem of blackish colour of the newspaper produced by the unit.

(9) *Traditional types of Forest-Based Industries:*

During the period between 1971-1983, the establishment of forest-based industries in the small scale sector commanded the largest number of units in the state. But on further analysis, it is found that most of the forest-based industries established were of traditional types like wooden furniture, saw mills, bobbins and shuttles, packing case, roscha oil manufacture and saw dust shellac etc. As regards large and medium forest-based industries, the same position is repeated. This tendency of establishing traditional types of forest-based industries, leads to imbalanced growth of these industries and unhealthy competition amongst the entrepreneurs of the concerned type.
(10) Lack of coordination between Government departments and other agencies:

For promoting the forest-based industries and their smooth functioning, government forest department, industry department and various agencies like M.P. Audyogik Vikas Nigam, Bhopal, M.P. Forest Development Corporation, Bhopal, M.P. State Industries Corporation, Bhopal etc. have to play various roles with proper coordination. The present day observation reflects, lack of coordination between various government departments and other relevant agencies. This leads to unnecessary delay in the formation of the units and the entrepreneur experience great hardships and harassments in smooth running of the units. This situation diverts the mind of potential entrepreneur and the capital is drained to other agro-based or mineral-based industries. Thus the growth of forest-based industries is hampered.

(11) High cost of production:

The cost of production of products of forest-based industries is comparatively higher than the products of mineral based or agro-based industries. There are various elements responsible for this high cost of production, and the industrialists find it difficult to get expanded market for their products. Due to high cost of wooden construction material, an ordinary household is compelled to go for iron construction materials. This position is in no way beneficial to the future prospects of forest-based industries.
(12) **Competition with other large scale industries:**

As is apparent from the situation of existing forest-based industries, only 4 units are in large scale, about 40 units are in medium scale and the rest thousands of industries are in small scale. Thus almost all the forest based industries have to face keen competition with the products of other large scale industries like iron and steel, cement, rubber and plastic goods etc. Most of the forest based industries being small scale units, they could not face the keen competition from other better placed large scale industries. This position is adversely affecting the smooth growth of forest-based industries.

(13) **Lack of demand for new forest products:**

Now-a-days, proper advertisement of the products is an essential element for smooth functioning of the unit. Public in general are not aware about the existence and utility of various newly produced products of forest-based industries and this has resulted into 'lack of demand' in regard to these products. Sal seed oil and cakes are new products but a common people do not have any knowledge about these products. This is all due to absence of sufficient publicity by the concerned departments or agencies. This leads to poor demand and sudden failure of the concerned unit.
(14) Low rate of productivity and capacity utilisation:

Most of the forest-based industries units are using age-old machines and techniques which has resulted into low rate of productivity in the industries. Similarly, most of the entrepreneurs of forest-based industries are not taking the maximum advantage of the production facilities available and this too has resulted into low rate of capacity utilisation. Except straw products, Orissa and Rohit Paper Mills, Bombay, rest paper mills capacity utilisation was never 100 per cent. The capacity utilisation of National Newsprint Mills, Nepanagar was always less than 80% of its annual capacity (present annual capacity is 75000 M.Tonnes p.a.). These factors have resulted into fall in production and government have to import in larger quantity to meet the local demand.

(15) No employment benefit to local population:

If any large or medium scale forest-based industries is established in any particular area of the state, local population is not given any preference for getting employment in the concerned unit. Normally, the entrepreneurs want to employ persons of their own choice and confidence and hence outsider persons get employment and local persons are devoid of employment benefits. This situation results into severe public opposition which ultimately hampers the growth of the forest based industries.
(16) **No Training opportunities provided**

As the present day technique of production is more scientific and cumbersome, special training to the employees is called for. In most of forest based units, no training facilities are provided to the personnel and this results into slow rate of efficiency amongst the employees. If needed, trained personnel are imported from outside the state and normally, relatives of the entrepreneur. This situation is never favourable to the unit concerned and the employees may have frictions. Group of untrained or unskilled persons may put hurdles in the smooth functioning of the unit.

**SUGGESTIONS**

Point-wise suggestions are narrated as follows:

1. **Appropriate Policy for forest developments**

As per the National Forest Policy announced in 1952, the state government should take necessary steps for the coverage of even forests in forest devoid areas. Not only the mountains but the plains should also be brought under the process of artificial generation. This is possible by the allocation of legitimate share of funds to forestry sector in the five year plans of the state. A systematic survey throughout the state, on the lines of 'Pre-Investment Survey of Forest Resources in Bastar' needs to be undertaken.
in order to assess the uneven forest growth and devote sincere attention towards growth of homogeneous character of plant species in the concerned areas. In this connection, increased productivity of forests and development of forests as a support to forest-based industries be kept in view.

(2) Production Oriented Plantation Projects:

The priority accorded to the schemes of afforestation by the forest department should be to the 'Production Oriented Plantation Projects' as the state is now facing shortage of raw materials for the forest-based industries. Schemes of plantation of quick growing species may create much more materials within a shorter time to cope up with scarcity of raw materials. Similarly, economic plantations for industrial and commercial use should be preferred to 'farm forestry-cum-fuelwood' plantations in the schemes of the forest department. Madhya Pradesh State Forest Development Corporation, Bhopal be allotted specific targets for industrial and commercial plantations in the state.

(3) Strict Regulations for Conservation of Forests:

Now, the whole timber trade has been nationalised in the state and hence proper control on the illegal felling by the greedy forest contractors needs to be applied. Strict regulations and their meaningful applications be applied by
the forest department for conserving the forests and increasing the forest area. Morals of the forest officials should be encouraged by giving awards and promotions in successfully detecting and preventing the theft of valuable forest produces. As the Excise Department has its own 'Security force' for checking illicit-distillation by unsocial elements, the forest department too should have 'Special armed force' to deal with forest-felling at the point of gun.

(4) Research programmes for using Tropical Hardwoods:

The state of Madhya Pradesh is having more quantity of tropical hardwoods than the coniferous woods. It is, therefore, suggested that research programmes for increased use of tropical hardwoods in the raw material mix be undertaken, particularly for paper and pulp industries. Bengal Paper Mills, Calcutta is using tropical hardwood for pulping with Bamboo in a ratio of 40:60. If proper research programme is undertaken, the ratio between hardwood and bamboo may be 50:50 and this will solve the problem of depleting stage of bamboo availability in the state. Recently developed process known as 'MECHANO CHEMICAL PROCESS' should be studied and applied.

(5) Training programmes for Industrial Entrepreneurship:

Particularly in our state, the potential entrepreneur hesitate to enter into production of non-conventional products
like those of forest based industries. The M.P. Audyogik Vikas Nigam, Bhopal has opened a cell termed as 'Audyogik Sahayata Kendra' (ASK) for proper guidance of the industrialists. On the same footing, training programmes for industrial entrepreneurs should be undertaken by M.P. A.V.N. Bhopal either at the state level or divisional level, after proper publicity amongst the entrepreneurs concerned. In this respect, District Industries Centres may also be helpful to the small scale entrepreneurs.

(6) Development of infra-structural facilities:

Basic infra-structural facilities like transport, power, water, labour, finance, technical know-how and developed land should be created at most of the growth centres identified by the government of Madhya Pradesh. At present four Growth Centre Development Corporations with headquarters at Indore, Jabalpur, Rewa and Raipur, work as a subsidiary of M.P. A.V.N. Bhopal. These corporations should take up the development of infra-structure in selected growth centres so that the entrepreneurs of the forest based industries too may get necessary encouragement for the growth of forest based industries.

(7) Simplification of Government rules and procedures

Unwarranted rules relating to supply and price fixation of the forest produce should be changed in the interest of the
forest-based industries. Similarly, government procedures for auctions and release of raw materials to the industries, should be simplified so that unnecessary and purposeful delay in supply function can be avoided to a great extent. If strict supervision and conservation of forest wealth is performed by the forest officials in the forest itself, time consuming and delaying forest-barriers would not be required at all. Simple and less number of rules and regulations will automatically reduce the chances of corrupt practices being adopted by the forest officials.

(8) Adequate supply of raw materials assured:

Raw materials are an important input for the forest-based industries and their adequate supply should be ensured to the industries. Just as 'M.P. Vanopaj Vyapar Sangh' has been established in the state for marketing of minor forest produce, it is suggested that an autonomous body, termed as 'Raw Materials Corporation' or 'Forest Industrial Corporation' be set up to deal with the adequate and timely supply of raw materials to the concerned units. This way the problem of inefficient working of forest department depots will be overcome. Similarly, units will not be required to store huge quantity of raw materials for a longer period. It should also be ensured that the quality of raw materials is according to normal standards so that the quality of the products of the forest based industries is not affected adversely.
(9) **Variety of industries with modern techniques:**

For making the products of forest-based industries more popular and useful to the society, it is suggested that new variety of forest-based industries, other than the traditional types, be established in the coming years. It is also suggested that modernisation of machines and technology in the existing forest based industries be undertaken without any further delay and the necessary finance be arranged through M.P. A.V.N. Bhopal or M.P. State Financial Corporation, Bhopal. If at all necessary, second hand machinery may be permitted to be imported from abroad to meet the immediate requirements in the plants. Training-cum-production centres run by the government will encourage establishment of variety of industries like toy making, rope making, fibres from agave, manufacture of agarbatti, basket and furniture making, bullock cart making, bidi making and manufacture of safety matches etc.

(10) **Effective coordination between government departments and various organisations:**

Coordination between government departments like forest and industry, engaged in the promotional efforts of forest based industries is called for at the state and district level both. This may be possible through coordination committees of the related departments. Similarly coordination amongst various corporations at Bhopal engaged
in the smooth functioning of the forest-based industries, is suggested through periodic meetings of their Chairmen or Managing Directors. Such meetings may be organised by the Secretary of Commerce and Industry Department, M.P. Bhopal. In the district level, the Collector has to play an important role in the effective coordination between government departments and various agencies related to forest-based industries.

(11) Liberal financial aid and concessions:

For reducing the comparatively high cost of the products of the forest-based industries it is suggested that cost-consciousness should be enlightened amongst the small scale producers particularly. Moreover, liberal financial aid through government corporations and various concessions in purchase of raw materials and other basic facilities through related agencies be provided to the entrepreneurs of the forest-based industries. These aid and concessions will go a long way in reducing the high cost of production of the products of forest-based industries.

(12) Priority under Government's Store Purchase Rules:

As most of the small scale forest-based industries are facing keen competition from the products of other large scale industries, it is suggested that more items of forest-based industries be brought in the list of reserved items,
under Government's Store Purchase Rules which are being implemented by the Laghu Udyog Nigam, Bhopal. Under this scheme, the LUN has been able to bring about uniformity of rates for the Government purchases and has ensured uniform and good quality of material to different Government departments and undertakings. This scheme will definitely assure expanded markets for the various products of forest-based industries.

(13) **Wide publicity to new forest products:**

To give correct information about the existence and utility of various new forest products, it is suggested that wide publicity to new forest products be given by the industry department and other corporations. Special publicity may be made at the time of Planning Exhibitions organised by the government at district or state level. Similarly, the entrepreneur themselves should also take self-initiative in creating effective demand for their products.

(14) **Technical Assistance for raising productivity:**

For raising the productivity of existing industries and the outcoming industries, it is suggested that necessary technical assistance, standardisation facilities and quality controls be provided to the various forest-based industries. If the above factors are sincerely adopted by the entrepreneurs,
They would enable optimum utilisation of their annual production capacity, reduce rejection of finished products, increase productivity and fetch good price for their products. The expenditure involved in technical assistance and quality control methods is a very small investment when compared to the benefits that are likely to accrue. For technical assistance, necessary facilities are available with the small Industries Service Institute, Extension Centres and State Government Laboratories, where they exist.

(15) **Preference to local population in employment:**

In order to resist the public opposition regarding employment benefits to local population in the forest-based industries, it is suggested that entrepreneurs should definitely allot a certain quota for local people in employment opportunities. This way, the entrepreneurs will get the sympathy and support from the public who will treat these units as their own and try to save them from other local problems.

(16) **Apprenticeship Provision in the Plants:**

If big public undertakings like Bhilai Steel Plant and Bharat Heavy Electricals etc. are studied, it will be found that necessary training, before actual working, is provided to the personnel of the unit. On the same footing, it is suggested that large and medium scale forest-based industries
should have also 'Apprenticeship Provision' in the plants. This will give complete satisfaction to the employees and will naturally increase the rate of productivity in the forest based industries. If at all essential, some specially trained and qualified persons may be brought from any area of the state or from outside the state. With the apprenticeship facilities, almost all the employees will turn into skilled labourers and hurdles in the smooth functioning of the unit will be removed.

As the forest based industries have quite good development prospects in Madhya Pradesh, the state Government should make sincere efforts for the promotion of such industries. If these industries are properly promoted in the state, they would certainly help in creation of additional earnings, employment and production. Necessary steps should be taken by the government to remove the difficulties of the forest based industries so that they make speedy and all round development in coming years.