CHAPTER X

MAIN OBSERVATIONS AND CONCLUSIONS
Since India is a developing country, it has to pay special attention towards various natural resources which are available in abundance. Our country is having about 23 per cent of its total land area under forests of valuable species which are the main source of various raw materials for the forest-based industries. Now-a-days, forests play a multiple role in the development process of Indian economy. Forests are productive, protective, bioaesthetic and recreational, apart from being of high biological and scientific value. Although India is predominantly an agricultural country, yet the forestry sector too has to help in the economic development of the country through abundant production of various forest produces and their utilisation for industrial and commercial purposes.

Forest-based industries and forestry activities are helpful to generate a high income to the nation and make a large contribution to the take-off into rapid economic growth. The establishment of forest-based industries is of a dynamic character. These industries would induce spontaneous investments in other branches of production, thus providing wider opportunities for proper utilisation of the resources and contributing to the economic welfare of country and the states both. As our country as well as the state of Madhya Pradesh are possessing rich forest wealth, there is a good scope for the establishment of forest-based industries in the present as well as in coming years.
In India, the development of forest-based industries has been governed by the Industrial Policy Resolution of 1956. Amongst various forest-based industries of large, medium and small categories, only Paper and Newsprint industries are developed on a large scale and have country-wide importance. Other industries like Hard Board, Plywood/Veneering, Safety Matches, Rayon Grade Pulp and Straw Board etc. are developed in medium scale and the rest hundreds of industries are installed in small scale sector. Due to this fact, these forest-based industries have not shown much impact on the nation's economy. Some relief through protection policy was given to these industries and now the 'Task Force' set up by the Planning Commission, has suggested the promotive measures for the growth of forest based industries and the Government of India is adopting them, step by step.

The state of Madhya Pradesh is having 155414.38 Sq. Km. total forest area (20.78 per cent to total forest area of India) and various forest types viz., Teak, Sal, Bamboo and miscellaneous types. Thus, abundant raw material and other basic infra-structure facilities available in the state stress upon the utility of forest-based industries which are suitable to the outlook of the people of the state. If any forest produce is sold or exported in purely raw form, it will not fetch better price. But an ordinary 'Bamboo' or 'Sal seed' converted into 'Paper' or 'Oil' by the concerned forest-based industries is definitely more advantageous.
to the society and the state both, because alongwith the increased earnings of the people, a good sum of foreign exchange will also be saved.

At the time of formation of the state of Madhya Pradesh in 1956, there were only three forest-based industries in the large and medium scale sector and less than one hundred units were registered in small scale sector. This position was totally unsatisfactory as compared to vast forest resources in the state. Though five year plans were implemented for the industrial development also, but special momentum was received for the growth of forest based industries only after 1976 when the state government passed a special resolution for encouraging the setting up of forest based industries and appointed a Committee for formulating the suitable industrial policy and supply of raw materials to these industries. Since 1977 onwards, there has been a rapid growth of forest-based industries and the potential entrepreneurs showed their keen interest for the establishment of these industries.

At present, the overall situation of the forest-based industries is definitely better than the previous era. The number of large and medium scale units have increased to more than 40 and the small scale forest-based industries commanded the largest number (2160) of units in the state in the year 1993. If the formation aspect is judged in relation to different districts of the state, it will be observed
that thickly forested districts like Bastar, Sidhi, Shahdol, Mandra, Surguja, Raipur, Balaghat and Bilaspur, got a good share of forest-based industries. The picture is a bit changed if composition of zones of districts is taken into consideration. Advanced districts zone (comprising 9 districts) has a share of 774 small scale forest based industries, whereas category 'C' backward districts zone (comprising 17 districts) has a share of only 527 small scale forest-based industries. Thus, backward districts do not contribute much and require special attention to be given by the government and the industrialists both.

In this respect, the Commerce and Industry Department of Madhya Pradesh, has made specific categorisation of various forest-based industries according to large, medium and small scale categories; vide separate reports of the Committees of forest-based industries of large, medium and small scale. This has created some interest amongst the entrepreneurs and the common people has known the vast scope of these industries.

If industry-wise or product-wise position of different forest-based industries is studied, it gives a unique picture. More than 70 per cent of small scale units relate to only two products - wooden furniture and sawn timber. This specific liking for a particular product is not beneficial to the forest-based industries and needs to be
changed in future. So is the case with large and medium scale units. Most of them belong to paper, plywood and katha products only and other products have less liking for the industrialists.

Another aspect of forest-based industries is about the raw materials used by the different units. Forest produce has been classified into two categories, viz., (i) major forest produce, and (ii) minor forest produce. In major forest produce, Teak timber is the most commonly used raw material and in minor forest produce, Tendupatta is extensively used raw material. Thus, there is a great imbalance in the demand of various raw materials by the forest based industries and this is creating shortage of a particular forest produce and increasing its cost exorbitantly. Other raw materials need to be encouraged gradually by the entrepreneurs of the units.

As regards capital investment position in the forest based industries, poor capital formation in the state should be kept in view. It is a well known fact that forest based industries require lesser capital investment than the engineering or mining industries. Except the Paper Industry which requires heavy capital investment, other industries require less capital investment, provided the entrepreneurs is assured about the success of the units. Actual capital investment position improved considerably till 1981 and
since then the situation is not improving due to onward slow growth of these industries of large or medium scale. The position of capital investment in small scale units is quite encouraging and increasing trend is apparent during the whole period under study. Similarly, all the public sector furniture works and timber treatment plant located in Bhopal, Jabalpur, Abhanpur, Khandwa and Indore have increased their capital investment in recent years. M.P. Audyogik Vikas Nigam, Bhopal and M.P. Financial Corporation, Bhopal are easily and timely providing the borrowed capital to various forest based industries.

The overall industrial production in the state has increased in recent years and the position of forest-based industries is also on the same direction. This is due to the fact that a good number of large, medium and small sized forest-based industries have come up now. The biggest task to-day is to meet the increased demand of raw materials and modernise the industrial technology and machines of forest-based industries so that the rising production trend may be maintained in the coming years as well. The quality control of the products and linking of demand and production are specific points for the considerations of the entrepreneurs. This will not only boost up the production tempo in the state, but will also help in earning a sizeable amount of foreign exchange by exports.
It is a well known fact that forest-based industries require lesser capital (except paper industry) and give more employment to the youths of the state. There has been a significant improvement in the employment position of all types of units but the situation relating to small scale units is remarkable, because number of average daily employment has increased four times than the previous decade. However, the share of only two industries, viz., wooden furniture and saw mill, is more than 55 per cent of the total employment in small scale units. This situation denotes imbalance in the pattern of employment.

Inspite of the fact that the present position of development of forest-based industries in the state is more better than the past, the rate of progress is not satisfactory. The government has made several efforts for the promotion of these industries and has attempted to improve the infrastructural facilities with a view to create a solid base for the progress of forest-based industries. Considering the fact that the forests of the state occupy nearly one fourth, forest area of the country, it should have been easily possible to have atleast one fourth of all India targets for forest-based industries, particularly plywood/veneering, paper, pulp, newsprint and board. But the present situation is not as such and inspite of the plentiful forest resources, the state has lagged behind in regard to utilisation of these resources by the forest based industries.
In the light of Industrial Policy declared by the Government of India in 1977 and 1980, effective promotion of industries in rural areas and backward districts has to be augmented. Forestry and the forest-based industries hold the key to the economic future of the state. Therefore, for a satisfactory progress in this regard, a realistic view is to be adopted and rich forest resource is harnessed for planned and concerted development and economic welfare of the state.

Many reasons of different aspects are responsible for the slow growth of the forest-based industries in the state. Uneven and heterogeneous growth of forests and their unplanned and illegal cuttings in period of early five year plans have resulted into short supply of suitable raw materials to the units concerned and the forest department government depots are unable to handle the raw materials supply efficiently. Side by side, lack of entrepreneurship and absence of basic infra-structural facilities have further retarded the progress of these industries. There has been a big drain of forest resources and raw materials to other states in the previous years which has deprived the full economic, social and employment benefits to the state. Due to improper and defective plantation projects, large scale units like pulp and paper are on the verge of starvation for their raw materials.

Looking upon the other reasons directly related to the working and capacity utilization of forest-based industries,
it is observed that traditional types of industries, lack of coordination between government departments and industries, high cost of production of the forest products, keen competition with products of other well-established large scale units and low rate of productivity as well as capacity utilisation, may be treated as main factors responsible for the slow growth of forest-based industries in the state. It may be specially mentioned here that M.P. Audyogik Vikas Nigam, Bhopal, who is the only organisation responsible for the promotion of forest-based industries, is not paying the desired attention for the rapid growth of these industries because of its other occupations. Most of the forests are in tribal districts of the state but it is disheartening to note that the forest-based industries are not linked with the economic and social benefits of the poor tribals and hence their sincere cooperation in the development process of these units is not being received.

It goes without saying that the state government should make the necessary changes in the policies for the rapid and uninterrupted growth of the forest-based industries in the state. The government should have appropriate policy for forest development, industrial and commercial plantations preferred, industrial catchments reconstituted on the basis of realistic assessment of various forest produce and conservation of forests strictly adhered to by suitable
regulations. Judicious use of Bamboo resources and increasing use of tropical hard-wood should be the guidelines for the pulp and paper manufacturers. Maximum attention is to be paid on the adequate supply of raw materials and development of infra-structural facilities to all categories of forest-based industries. Either the working of the nationalised government depots should be rectified suitably or a separate organisation termed as 'Raw material Corporation' may be incorporated. The small and cottage scale forest-based industries may be given preference in the supply of raw materials and the price charged for a particular forest produce should be at concessional rates.

In relation to the working of the forest-based industries and related aspects, it is suggested that modernisation of existing units, liberal financial aid and concessions, technical assistance for raising the productivity, better coordination between the industries and concerned departments and intensive propaganda for the publicity of various forest products should be carried on for the better and sustained growth of the forest-based industries. It may be specifically mentioned that, looking to the apathy shown by the M.P. Audyogik Vikas Nigam Bhopal, now towards the growth of forest-based industries, a separate corporation termed as 'Forest-Based Industries Corporation' be incorporated by the government so that definite improvement of the situation
is made at the earliest possible time. Particularly for cottage and small scale units, 'Training-cum-Production Centres' be set up in the thickly forested areas of the state. Lastly, in the industrial policy there should be clear cut assurance of employment to the local tribal population in the forest-based industries, to be established now.

On the basis of the above mentioned main observations and suggestions, the future prospects of the forest-based industries in the state can be well judged. Due to availability of rich forest wealth and local demand, there is no doubt that the state has an excellent prospect for the establishment of forest-based industries in the related areas. The state government too wants to utilise the important and rich forest wealth for proper and balanced industrial development of the state. If the same response is received from the potential entrepreneurs, the prospects can be much brighter than the expectations.

It would be right to mention the development potentialities of some of the important forest-based industries in different districts of the state. Newsprint and Paper industries have better potentialities in Bastar, Bilaspur and Balaghat districts; Rayon Grade Pulp industry in Bastar and Centre Circle; Plywood/Veneering industry in Bastar, Raipur, Betul and Seoni districts; Hard Board and Particle Board industries in Bastar, Seoni and Khandwa districts; Straw Board industry in Bastar, Khandwa, Sagar.
Mandsaur and Surguja districts; Tannin Extraction industry in Bastar, Raipur and Mandla districts; Sal Seed solvent extraction industry in Bastar, Mandla, Surguja and Bilaspur; and lastly Katla and Gatch industry in Surguja, Shahdol, Sidhi and Damoh districts of the state.

Leaving aside the above mentioned large and medium scale forest-based industries, there is a vast scope for the establishment of small and cottage scale forest-based industries also in various districts (detailed list given in Chapter IV) of the state. However, for the intensive approach in the matter, some specific industries like Bullock Carts, Bidi Making, Manufacture of Safety Matches, Rope Making, Manufacture of Bamboo Baskets and Mats and Briquets of Wood waste/Saw dust may be taken for immediate consideration and implementation in concerning districts.

In the end, it is concluded that the progress of the forest-based industries has not been upto the mark because of some specific problems and unfavourable atmosphere in the state for rapid industrialisation. If various practical suggestions are implemented at the earliest possible time, they may prove to be of immense economic value for the better future prospects of forest-based industries in Madhya Pradesh. In many spheres, the state of Madhya Pradesh is blessed with abundance, and hence it can sustain a rate of growth higher than that of the all India average, provided planned efforts are wisely formulated and sincerely implemented with time-bound targets.