CHAPTER-9
CONCLUSION AND SUGGESTIONS

Conclusion:

On the onset of independence in 1947, India was a country which exported raw material to the Britishers and in turn imported superior quality goods from them to satisfy the basic requirements. Thus, it was conceptualized by the planners, that for promoting development in economic as well as in industrial spheres, India had to initiate from scratch. Due to restricted policy laid down by Britishers, the industrial sector was short of resources and capabilities to promote the industries which were in desperate need of heavy investment as well as great assistance in the technical field. It, therefore became important to revive public sector to build an infrastructure and industrial base to help the industrial growth. A mixed economy model had, therefore, become mandatory for speedy growth and development. India thus, reverted to the Soviet Model of planning for its economic development. This model was based heavily on a large and vast public sector, quick expansion of infrastructure and capital goods industries. The motive of overall planning adopted was to view that the country, with the limited resources moved to priority sectors to enrich a higher economic growth, which in turn was expected to eliminate poverty and economic and social inequality and uplift the living standard of the masses.

Thus, the Government had precisely laid belief towards industrialization through a series of industrial policies in the year 1948, 1956, 1970, 1973, 1977, 1980 and 1990. The industrialization process of India which was highly planned specifically guided by the Industrial Policy resolutions of 1948 and 1956, which were considered as ‘Economic Constitution’ by themselves. The speedy industrial development
programmes which were led by varied five year plans in the pre-reform period had followed specific objectives like rapid growth in industrial output, employment generation, export promotion, import substitution, developing a strong and balanced industrial structure, promotion of small scale, industries control on monopolies, balance between public and private sectors etc. the output of the Indian industry in the pre-reform period. However exposes the fact that it has not been able to attain these objectives. The basic fact was that the rate of industrial growth deteriorated substantially, it revealed great fluctuations since 1956.

The Indian economy has been undergoing significant structural transforming since the beginning of planning era in 1951. This has been party reflected in the charging sectoral composition of (GDP) over the past five decades.

The Economics reforms initiated since 1991 were mainly instrumental for buoyant performance of the services sector First, reforms in the domestic industrial environment, which gave impetus to manufacturing growth, provided synergies to the service sector in the form of increased demand for producer services. Second, the liberalization of financial sector provided in environment for faster growth of financial service third, reform in certain infrastructure service like transport, communication etc. also contributed to the growth of service. Finally, rapid growth in services sector appears to have benefited from external demand for services in the form of software industry and call centres.

The present study proceeded with the hypothesis that industrial economy has not responded as it was thought in the “NEW ECONOMIC POLICY “After analyzing the performance of industrial sector in the post
reform period as well as comparing it with the pre reform period it can be clearly concluded that the reforms process has been unable to achieve the real objective for which it was initiated in place of enhancing the growth of industries. It was unable to reach the growth performance of pre reform period. Thus the present study confirms the hypothesis. The following arguments can be put in favour of this conclusion.

Economic reforms were primarily adopted to remove the hindrances which were creating problems in the way of economic growth. For that a pathway has been set up which was tried to be made free from unnecessary bureaucratic controls and regulations. Despite all that the data provided so far, reflect that industrial growth rate has slowed down in the post reform period in place of rising up. Beside there have been great ups and downs in the growth rate in the post reform period. Thus one of the main objective of economic reform, faster and steady industrial growth could not be achieved even after one and half decade of the initiation of reform.

Besides this, the another objective that economic reform would facilitates the process of greater and productive employment generation has also not been materialized. As data and analyzing record and represent that instead of greater employment, the entire process of new economic policy initiated the process of jobless growth.

It was also visualized that the economic reforms boost exports in a steady manner so as to make the economy stronger on the external front. But the trend of data concerning to export growth reflects that however, the export growth rate is somewhat improved in few years and after it has shown the great fluctuations in the entire period of initiation of reform in
1991. Thus the objective of steady growth has not been realized. Besides, the share of India in total world export of various manufacturing items has decreased instead of increasing in the post reform period.

The economic reforms have also failed in ensuring adequate infrastructural ability after so many years of reform. It was thought during the adoption of reform package in 1991 that through reducing the role of public sector and by facilitating private sector, the availability of infrastructure would be ensured in a greater and cheaper manner. This was assumed in that time that the private sector is more efficient in comparison to the public sector. As a result, the government’s expenditure on physical and social infrastructure has decelerated across the board and even declined substantially in real terms in many sectors since the onset of the economic liberalization strategy in 1991. But the private sector has not been so successful as was visualized in filling the vacuum created by public sector.

Besides, the economic reforms have not been succeeded in many other areas viz realization of the disinvestment targets, reduction in the regional disparities, increase in the productivity of the Indian industry, greater inflow of foreign investment especially in the form of FDI, technological upgradation, bigger share in the world trade, enhanced efficiency in the public sector and the list goes on. All this calls for a reform in the reform process. In other words, it is the need of the hour that the Indian economy in general and the industry in particular should adopt the second generation of reforms as 1991 reforms are known as first generation reforms.

From the Chapter Three it is well reflected in table 3.1 (Page No. 49) table that various industries have their set growth rate and ICORs. The
facts of table 3.1 (Page No.49) reveals that at 2001-02 prices, public sector requires mobilization of Rs. 1592300 crores was parable prices, it amounts to an increase of 674 person an over the nineth plan realization of resources.

Then the table 3.2 (Page No. 52) reveals that from current revenues BCR are likely to generate 0.7% of the total resources or a contribution of Rs. 6385 crores and it is also express that out of the total resources generated for tenth plan, borrowing from the state of central assistance account for nearly 84% total resources.

And even the tenth plan, after presenting an analysis of financial resources concludes that the resources generation projection can be realized only if the following measures are taken like to improve tax/GDP ratio, reduction of staff strength, fiscal responsibility and budget management, to impose a limit on state government.

The Chapter Three even represent 47 Indian companies which were listed in the forbes Global 200 ranking for 2012.

Table 3.2 (b) (Page No. 58) even share annual average growth rate of industrial production use based classification. It also explained various causes of industrial slow down.

Then table 3.3 (Page No. 61) well reflect that how regional dimensional effect industrial growth and in eleventh plan has fixe targets of GDP growth in consultation with the state government. It reflects that all Indian state targeted 9% growth for eleventh plan. Bihar, Rajasthan, M.P,U.P, and Punjab are likely to remain below the 7.5% GDP Growth Level.
Many states have indicated low growth rates. Planning process is helping them by a special package which will be continued in the eleventh plan.

Table 3.3 (Page No. 66) State-wise Break-up of IEMs and LOIS; the data and analysis presented so far clearly establish that there are considerable disparities in socio economic development. And represent that reform since 1991 playing very significant role for the private sector seem to have further aggravated the inter state disparities are likely to aggravate.

And table 3.4 (a) (Page No. 68) presents data regarding the relative share of public and private sector in major industry groups. The role of public sector is dominant in the mining and quarrying and railways and communication even after so many years of the reform process while on the other hand private sector has done well in the areas like manufacturing, electricity, Construction, trade, transport in the reform period.

Table 3.4 (b) (Page No. 69) represent the status of state as backward and forward states.

Table 3.4(c) (Page No. 72) in the chapter shows targeted receipts and actual receipts of public enterprise.

The chapter gives explanation for public sector units. It also conveys the policy of disinvestment has also been undertaken in states and everything related to disinvestment is mention by the reference of ministry of finance.
In its thrust towards privatization, the government has laid out various rounds of disinvestment of equity share holdings, a public sector units. However, it had not succeeded to raise the budgetary disinvestment targets set out. In different years since 1991 except one or two years. For example, the estimated amount through disinvestment in between 1990-91 to 2009-10 was of the order of Rs. 300900 crore, while the actual amount realized through this process was merely Rs. 14782 crore in the same period which was less than 50 percent of the target. Hence, government has not attended success in its purpose of increasing privatization through disinvestment.

Moreover, Government has adopted a number of liberal measures for attracting large and quality Foreign Direct Investment since the beginning of liberalization process, the amount of FDI is yet to attain a satisfactory level. Although, as many as FDI proposals approved since 1991 till 2003 amounted to Rs.290854 crores against just Rs. 1274 crores approved during the whole of the previous decade (1981-90). There is no doubt that it takes sometimes for all these proposals to fructify into actual inflows. Unfortunately the actual flows as a proportion of approvals were low till 1997, but the situation has shown district improvement thereafter. Actual flow during 2002 peaked to Rs.21286 crores. Data given in table 4.2 (Page No. 85) reveals that 10 sectors account for FDI inflows of Rs.114409 crores for the period August 1991 to September 2009. This accounts for over 63 percent of the total FDI inflow. Out of this, nearly 49 percent of FDI inflows are in high priority area like electrical equipment, transportation, telecommunication, fuel, metallurgical industries and cement. However data do not reveal the full story.
One serious conclusion of liberal FDI policy measures of nineties and abolition of Foreign Regulation Act is the increasing share of mergers and amalgamations in total foreign investment in India. Most of the recent FDI inflows seem to be for taking over of the existing Indian companies rather than to invest for the capacity expansion or new goals in the host country. As ch-4 explains that almost all of the FDI inflows in the country took the form of greenfield investment till 1990, about 43 percent of that was through M and As in 2011-12. This increasing tendency of FDI inflows in the form of M and As might have restricted the economy from its very objective of attracting quality FDI inflows that have domestic capital increasing potential, spillover benefits alongwith competition, employment and efficiency generating competencies.

Besides FDI, the role of Foreign Institutional Investors had not shown response in the post reform period. FII is generally involved in the secondary market. It is assumed that foreign institutional investment will help a stock market to become more productive and through stock market it can promote investment. As far as Indian Scenario is concerned the entry of FIIs has not succeeded to give a jump to the secondary market although higher turnover apparently reflects that there has been an accompanied by a higher rate of change. A liquid market should handle increased trading with little changes. But this had not been the case. This increased turnover without a subsequent rise in the share prices reflects that instead of fresh investments, this increase in turnover is mainly due to stability of investors. It also indicates the short term of stock market investment. As a result the primary market is also not in a proper shape.

In regarding to technology up gradation efforts, the initial response of the industry to economic reform measures was quite favorable. This is
evident from the number of technological collaborations that the Indian companies have, in recent years, entered into with foreign companies. In the various table 4.2 (Page No. 84-99) all the rest data reveals the fact under various plans shows what exactly the position of BOT. The tabulation after the ninth plan show the changing structure of exports.

The continuous slowdown in the number of foreign technological agreements once again raises a question mark on the importance of economic reforms which intended that the reform measures would result in promotion of technology in Indian industry, so as to make it more productive and efficient and capable of facing foreign competition. It was realized that the reforms would boost exports in sophisticated manner so as to make the economy externally strong. But data regarding export growth rate clarified that there has been great imbalances in the export growth.

The tertiary sector of the economy is one of the three economic sector. As this sector consist of the soft parts of the economy. This sector account for a large part of Indian economy.

As table 5.1 (Page No. 110) has projected the growth of information technology in India and the tabulation 5.2 (Page No. 111) had projected that India could generate 2 million additional jobs in this sector by 2013 and contributes at least 14 million to national income. As it estimated growth of employment opportunities in the IT industry is complicated by the fact that more than any other industry. It is international in character. India’s potential in this industry will keep on growing as rapidly as it was as year ago and it was projected that will continue as it is. Chapter 5 also
depict the employment potential in IT industry and it also concludes the recent performance of IT sector and it shows even that growth of IT is spurred by the global market for software services.

India success can be attributed to a combination of factors, such as resources endowments, favorable government policies and presence of large number of Indians working in US.

The IT sector of India is really having high potential employment creation. The table 5.3 (Page No. 118) represent the growth potential of IT and the table 5.4 (Page No. 119) represent the estimate of revenue a job potential by type of services.

IT sector develops employment opportunities in different sectors as informal sector. Retail and wholesale training and coaching, computer maintenance and repair, desktop publishing, Internet cafes and telephone Centre’s web design research journalism are few such categories which have open the doors of employment for number of sector people. They have explored the jobs in education and skill development also.

Increasing service sector business need to focus on what is now being called as knowledge economy of other business by what is the need of customer they should be in the position to give it to them quickly and at low cost. One good example of this is bank which have gone through enormous change. They must laid down their own policy to enhance the growth of industry.

In the present time of market based economy and policies of liberalization, the need for high quality of skilled manpower to meet the fast changing technology and skill requirement in order to give complete
advantage to Indian industries assumes critical importance. This could be achieved provided the workforce employed by the industry is well trained. Though government is claiming that it has been providing job oriented training – programmes imparted through various governmental and semi-governmental organizations for the uplift of weaker section of society, but it may not be considered as skill development, in the context of modernization of industry, economic liberalization and globalization. For example, training imparted through Industrial training Institutes at present develop only semi skilled manpower that are hardly able to settle themselves on their own. The it is run by government or private suffers from irregular infrastructural upgrading to keep pace with the technological changes due to various reasons, like resource constraint. Such isolated training without active involvement of the industry can in no way, equip them with sufficient skill.

All this clearly reveals that the performance of Indian economy in general and Indian industry in particular has been limited after the initial growth episode since the initiation of New Economic Reforms 1991. There are various factors which have created obstacles in the path of rapid industrial development in the post reform period. One of the important obstacles is lower export competitiveness of Indian industry. The export competitiveness of a country, in general, would be high if its industries are engaged primarily in the production of science based and differentiated products as income elasticity of demand for such products are in general high in foreign market. But the picture is rather discouraging for Indian industry. As our exports consist of commodities that primarily resource based rather than science based.
The low level of productivity growth is another problem facing Indian industry. There are various factors responsible for slow growth in productivity level of Indian industry in the post-reform period. For example, wasteful and excessive consumption of energy and almost total absence of conservative efforts have contributed to additional cost and underutilization of capacity. Apart from excessive consumption, high cost of power has been resource management and inadequate planning and management is also responsible for low productivity growth. Moreover, Indian industry has been unduly overstaffed and wages are directly linked to the cost of living without any linkage of productivity. Competitive environment, which is a major determinant for efficiency and productivity improvement has not yet been created through reforms as Indian industry is still under the grip of monopoly elements.

Infrastructural shortages, notably of power, is another reason why industry are less productive. During reform period, although considerable attention is given for it, power is still a problem and in almost every state in India there are power cuts and load shedding. The low productivity of Indian industry is also caused due to high cost structure of industrial sector. Poor management efficiency is often blamed for this. The charges levied are that industry are that Indian industry tend to be inefficient in the use of inputs and upgradation of by-products, that is unaware of the value of time and delays in commissioning projects which contribute to its high cost structure. It is also pointed out that Indian industries have a propensity to carry high inventories and does not manage working capital efficiency. All this led to make Indian industrial structure as a high cost one which in turn results in low productivity standard. As already mentioned that Indian industry has done very well in initial years.
of reform period as it registered a remarkable growth through out the period, this is known as the period of investment boom in indian industry. Soon this industry boom was over. The industrial economy has started registering declining growth since 1995-96. One of the main causes for this slowdown in Indian industry was that the demand did not expand as much as increase of capacity. Consequently, underutilization of capacity became clear. Along with the problem of squeezed demand in internal market, indian industries have also faced a series of external shocks like increase in oil prices, global recession, high interest rate and exchange rate instability etc.

SUGGESTIONS:

If the analysis presented so far is correct, then the policy initiatives that are required are obvious. What is necessary now is the next wave of reforms. As quoted by Vijay Kelkar that the first phase of reforms launched in 1991 by Manmohan Singh and Narsimha Rao were essentially crisis driven. This time round we can have consensus driven reforms so that we can act in anticipation of a crisis which would definitely visit upon us if present trends are allowed to continue. The second generation reforms include certain measures, for ensuring rapid industrial development in general. Based on the observations during the research work the researcher has come out with some suggestion which are as:-

1. **EASY ACCESS TO FINANCE**

   Easy access to finance is one of the major problem which this sector is facing today. The report of Mitra Committee states that in order to promote growth in this sector, Infusion of capital, both in form of equity and debt through Angel investors, incubators, venture capital, banks and
financial institutions are required. During the course of study it was observed that the position of small scale industries was shabby due to lack of finance. In order to compete with large scale industries and global counterparts it becomes necessary that small scale industries should be provided with easy and affordable opportunities to obtain credit. Key for growth of this sector lies in availability of low cost of finance that can be available through public sector bank at a low rate of Interest. Thus, it becomes important on the part of the government to develop an environment by simplifying the process to access to easy finance. The government should also take measures in establishing transparency in terms of lending credit by banks, financial institutions or other credit agencies. Standardization of project appraisal system in banks, encouragement to funding schemes, reasonable and fair interest rates on term loans, establishment of capital venture markets and encouraging private equity investment schemes are some of measures which should be adopted by the central and state government so that the problem of easy access to finance can be removed in the development of this sector.

2. INFRASTRUCTURE DEVELOPMENT

As industries are considered to be the backbone for the growth of a nation's economy, hence the growth of industrial sector at a healthy rate becomes crucial for the overall growth of a country. At present the infrastructure facilities in this sector depicts a poor picture relating to telecommunication, adequate supply of power and water, other facilities like tool rooms, testing labs, etc. Today the Industrial sector of India holds the potential to make India a global economics power house. As stated by planning commission in the report of 11th plan, that it is the accepted fact that lack of infrastructure is a major constraint in the rural development.
These are huge gaps in general infrastructure encompassing power, roads, railways, airports and telecommunication.

In the 12\textsuperscript{th} plan it was stated that power sector is crucial for industrial growth and the real problem lies in distribution system which is in the hands of state government.

Thus, in order to improve the position of this sector and to make it globally competitive it becomes imperative that this sector should be provided with modern infrastructural facility in order to facilitate their substantial growth and development. For the overall development and growth of this sector the government should come out with positive attitude with strong policy framework like introducing PPP model to provide basic infrastructural facilities such as construction of highways, airports, part etc.

The availability of large scale electricity resources at reasonable and subsidized rates, revitalizing industrial infrastructure upgradation schemes such as IIUS scheme, more SEZs should be developed in order to faster, rapid industrial growth and introduction of more effective incentive for cluster infrastructure schemes could help in the development and growth of this sector.

3. **EASY MARKET ACCESS**

In order to counter the onslaught global competitions this sector needs to respond promptly to the developing market needs and innovations. As discussed earlier this sector needs to be provided with better market access facilities in order to sustain and to further enhance its contribution in output, employment generation and export.
In the 1991 reforms the emphasis was on reform of product market by abolishing industrial licensing and import barriers. These reforms left the factor market such as labour, land, capital, natural resources like water and institutions relatively untouched. The term institutions include states and quasi-state institutions as well as judiciary and civil society. Reform of labor markets is particularly important.

A large number of labor in informal sector is paid below the minimum wages provided as in Minimum Wages Act. The act is rarely implemented in most cases whereas in the organized sector through collective bargaining the majority of the labor force gets remuneration above their productivity and there is no systematic mechanism to relate productivity to this. All this needs to be corrected in second generations of reforms. This will of course mean a large redeployment of labor force, often with significant non-viable frictional unemployment. A country like India where there is no effective social security in most areas barring only narrowly based National Renewal Fund only for the Central Public Enterprise, any retrenchment scheme must have a prior comprehensive social security coverage popularly called “Safety Net”. To increase the mobility of labor and reduce the level of frictional unemployment, meaningful training programs especially for self employment will have to be instituted. A large unskilled labor pool has to be trained as skill personnel to fit the needs of the fast growing high technique areas. In the present globalized economy the training and retraining needs are continuous since the sector composition will constantly undergo changes under new innovative technologies. The initial responsibility of this will largely lie with the public sector and over time, the private sector should be encouraged to give proper training with employment guarantee. The
government’s main responsibility will be to develop training programs and facilities for self-employment. The development of labor and development of small and medium industries should be taken up under the common policy package since large organized scale industries all over the world have proved to have failed on providing adequate employment to match with labor force of the country.

The new post industrial revolution requires flexibility in all operations. Factor market reforms would also have to cover the financial markets. In addition to this employment oriented schemes perhaps the time also has come to eliminate product based subsidies including food subsidies and replace it by a negative income tax to improve equity while controlling the adverse impact on efficiency. An interesting variation on such policy instruments could be experimenting with food stamps and education vouchers for meeting the needs of the socially disadvantaged and weaker sections of society. These innovations recognize that government can be a financier but need not be a producer of such services. The heart of these reforms is to promote competition in all economic activities and support the creation of human capital, particularly through enlargement of quality primary education facilities to all. Evidence across countries at different stages of development shows that education or human capital provides lasting success in promoting equality in society.

However, to ensure that the market function properly, it is essential to provide a favorable environment. There should, for example, be privately-owned units. The public sector enterprises should be given autonomy in decision making with regards to the choice of outputs, inputs and methods of production. There should be legal and institutional framework which should facilitates transactions among the parties. It
should be easy for producers to enter into and to move out of the business. There should be freedom of choice for producer and the consumers.

4. TECHNOLOGICAL UPGRADATION

The new industrial environment is now placing much greater importance to technology based industrial activity. Production is being globalized, economic distance is shrinking through ever lower transportation and communication costs, and widespread trade and investment liberalization is providing continuing competitive pressures. The new trends in manufacturing, suggest that it is becoming more dispersed internationally, new international value chains are being created; investors are on the constant look out for lowest costs; they want greater flexibility in production and consistent quality in products and reliable delivery.

Indian industry has to be much more aware of these new international trends and has to be nimble enough to cope with these rapid changes. It has to invest much more actively in skill building, in product quality upgradation, and in R&D. Much more needs to be done to forge better relationships at the local level among industrial units, regional engineering colleges, Industry associations and other educational institutions so that local hubs of industrial excellence can be developed.

Long protected under government rules, our tertiary sector has virtually become a bureaucratic set-up devoid of any initiative and innovation. Modern financial system at global level has become largely technology based. One of the outcome of the customers side is the move towards relationship banking. It is a cost effective, profitable, speedy and
customer friendly. Technological upgradation of the sector is very necessary.

Vasudevan committee has made important recommendations for upgradation of technology in the banks and even all sectors of economy.

5. LABOUR REFORMS

As we are well aware of the fact that working condition of labour at work place is not satisfactory. Workers are always found in frustration and even motivational level of worker is not good. It is rightly said that we can buy a man's time but we can't buy his enthusiasm, initiative and loyalty. The management thus has to maintain such environment at work place so that worker may perform his duties willingly. It is possible only if management fulfill labour's physiological needs, social needs, esteem needs, monetary needs, fatigue compensation, security and safeguard needs and so on.

So by keeping all these needs in mind the government has promoted number of laws so the manpower of our country must feel that they are in safe hands. Government has taken initiative to protect the interest of labourers.

As we known that in comparison to other countries, the percentage of educated worker is very low, most of them being illiterate so remove this hurdle of economic development the Central Board of worker's education through its regional offices is striving to educate the workers. The Government is conducting following programme like:-

* Rural Awareness programme
* Participative Management
* Short term programmes for unorganized sector

Even Government has taken steps for providing social security and welfare of specific categories of working people through
* Workmen Compensation Act
* Employee's State Insurance

Though the government is well aware that the labour is a key factor in the development of the industrial sector and the initiatives are taken by the government to educate and to develop the skill amongst the workers through various policies and programmes but it has been observed that most of the worker's are not willing to participate in those programmes as because the government lack motivational activities in delivering such programmes amongst worker. It is suggested that in order to make a programme successful. The government should adopt motivational approach in their schemes and policies so that they may willingly participate. Some incentive schemes should also be introduced at the government level so that the labourer are forced to give their optimum which will help in improving not the economic condition of the industry but in turn will help in raising the standard of living.

6. **REGULATORY REFORMS**

The policies framed by the government plays vital role in the development of industrial sector of any country. In Indian context, it can be said that regulations and policies are one of the serious constraints in the development of this sector due to their disproportionate impact- often, it has been a regular complaint of the entrepreneurs that it is difficult to survive on account of disproportionate impact of prevailing regulations and taxation system. Therefore, flexible regulatory policies are critical for this
sector to flourish and grow. In order to develop to its full potential every new and growing business need right support and incentive. Hence, it becomes imperative on the part of government and the policy makers to provide right incubation support and start up incentives in order to facilitate the ease of doing business. For this the government should develop a transparent process of setting up and registering business a direct channel should be established between government and entrepreneurs, incubators should be created with the help of ministry of science and technology and more exemption from income tax should be given to the start ups.

7. **REMOVAL OF REGIONAL IMBALANCE**

Regional imbalances are a major concern in most of the current debates. In the process of implementation of the first generation reforms tremendous regional imbalance has appeared to the surface. Many fast growing economies under liberalization, like China are facing similar problems. But at the same time, international experience shows that an expensive industrial targeting policy by any government to promote industry in the ‘hinterland’ has generally proved to be costly for many countries that have tried it. India does not have the resources to squander on promoting industrialization at places where it is not viable. The dilemma has to be addressed by recognizing region specific local conditions, aiming for a proper balance between market forces and measured state intervention.

The union government should target enhanced transfer payments to the states to help support primary health and education. This may be done
on a matching grant basis to give the state governments an incentive to increase their own efforts in these areas

8. EXPORT PROMOTION POLICY

Export promotion is that public policy which actually or potentially enhance export activity at the company, industry, or national level.

Although many forces determine the international flow of goods and services, export promotion is one of the principal opportunities that governments have to influence the volume and types of goods and services exported from their areas of jurisdiction.

The governments should come up with a policy to promote exports through greater emphasis on export processing zone, the elimination of product reservation for small scale industries, the encouragement of the IT sector the elimination of administrative barriers to foreign direct investment and the elimination of tax and tariff structures that are anti-export biased.

Some initiatives announced by the government a few years back, such as establishing, SEZ in different parts of the country, and fully involving the state government in the export efforts are welcome step but they failed to give desired results. Thus the government should take strong initiative to develop more SEZs as they can help in attaining fast industrial growth. It is a general view that while these measures will undoubtedly provide great impetus to India’s export efforts, the government should abolish product reservation for the small scale industry and to liberalise labor laws if in order to attain and sustain high rates of export growth.
Service sector export based in Information Technology is another area where the government’s policy could do much more to spur export growth. We believe that the government could do more for this industry, not enough direct subsidies necessarily, but actually through liberalization of telecom, allowing for lower priced telecom. So that the companies could lay down a tremendous fibre-optic network in India and increase the bandwidth available for Indian business and put India even more close to the international scene.

9. ENERGY CONSERVATION

The industrial sector consumes about 50% of total commercial energy available in India. Out of the commercial sources of energy, coal, oil and natural gas are mainly used the Indian energy sector is highly energy intensive and its efficiency is well below as compared with the other industrialized countries. Although efforts are made on a regular basis by the government to promote energy conservation from time to time as it will help in reducing the cost of production still there is considerable scope for increasing and improving energy efficiency in the industries deals with Iron and steel, chemicals fertilizers, textiles etc. The energy conservation in industries could lead to substantial reduction in their cost of production.

The conservation initiatives should include, waste heat recovery system, and the utilization of alternative sources of energy. Technological upgradation, modernization an introduction of control instrumentation are necessary to realize the full potential of energy conservation in Industry.

In order to motivate the industrial sector to take up energy conservation seriously the government should come-up with well planned actions and may also introduce physical incentives such as cut on import
duty in specific items. Through, since 1983 the government has given certain tax benefits to energy saving devices and systems in the industrial sector but on analyzing the demand of energy by the industries they are not sufficient. Hence the government should introduce more concession and tax benefits for upgrading an installation of energy saving devices and systems.

10. EFFICIENCY ORIENTED ENVIRONMENT

Development of industries in India has been widely acknowledged as one of the leading source of current environmental and energy efficiency challenge affecting the country. The emergence of small to medium sized industry sector is seen as an opportunity for socio economic growth. Hence its requires mainstreaming sustainability and energy efficiency at its core. Several policies awareness and voluntary standard such as International, organization stands for standardization energy management system and economic instrument.

Several changes that affect widespread adoption of energy efficient technology including implementation of policy framework for energy efficiency, aging equipment, inadequate funding mechanism, limited formation, few economic incentives for SMEs to invest in energy efficiency, low technical capability of SMEs to implement energy efficiency, and low uptake of energy management standards- the study focuses on the challenges and opportunities for resource efficiency and present strategies for improvement. In order to enhance green industry and increase adoption SMEs, there is need to strengthen institutions involved in resource efficiency, improve funding mechanisms, strengthen, clusters, promote energy service companies (ESCOs) and energy efficiency network forums, create funding schemes for SMEs, provide training.
capacity building, strengthen the role of independent energy service provides and improve national collaboration of stakeholders. In conclusion, India has greater potential to contribute towards a green economy through implementing energy efficiency in SMEs.

While the above-mentioned remedy need to be urgently applied to step further spreads of sickness. It is also necessary to create conditions that are conducive to the furtherance of healthy units, one important factor that can promote efficiency is competition for instance, lowering the barrier against foreign competition through such measures as reduction in custom duties, removal of quantative restriction on imports and exports, free float of the rupee etc. Another is the promotion of market economy through deregulation, delincensing and decontrol in several spheres of the industrial activities. In this connection, it needs to be separately mentioned that in evolving a free economy, the key provision should ensure easy entry and equally easy exit for the entrepreneurs. For the growth process become efficient, another requirement is technological improvements on a continuing basis. This means increase in resources for research and development of technologies. It also requires efforts and organization for the smooth flow research results from industries. An increase in FDI into the country is some important areas which will be helpful in adding to non-debt capital, most modern technology, modern management etc.

11. **ENCOURAGEMENT TO EMPLOYMENT AND POVERTY ELIMINATION PRGORAMMES**

Finally the most important challenge for the second generations is how to make reforms socially friendly and acceptable as a people’s program i.e. benefits going to the masses in terms of income and
employment generation. Both in Indian and in east Asian experiences it is noted that growth per se is not able to ameliorate poverty or unemployment. Under global competition market will import and imbibe best frontier global technologies which are quite often labor displacing. Protecting employment in a labor surplus economy and the same time to remain competitive with the rest of the world is indeed the greatest challenge. This is where knowledge millennium comes. New ideas, new products, new processes, new innovations and inventions are in sight to be encouraged. The IT that has swept through the world in the last decade is changing the world in profound war. These changes have made information a viable input into economic activities with better information about the supplies and availability a firm can cut the cost. The second generation of reforms in this global context will need prudent economic diplomacy since the free market forces in the world economy are getting mingled with many protectionist tendencies. The benefit of globalization could be reaped only by complementarities and reciprocity of policies and not by competition or exploitation.

The government has relied mainly on three approaches for reduction of poverty. The first entails pursuit of higher economic growth which will improve the levels of living of all groups of people in the society including the poor, the second involves direct anti poverty programmes and the third has stressed high priority to government expenditure on social sectors.

After independence, the government has launched several poverty alleviation programmes, the important among these are as follows:-

1) Legal elimination of bonded labourers
2) Preventing the centralization of wealth by modifying the law.
3) Antyodaya Plan
4) Small Farmers Development Programme
5) Draught Area Development Programme
6) Twenty Point programme
7) Food for work programme
8) Minimum needs programme
9) Integrated Rural Development programme
10) National Rural Development programme
11) TRYSEM Scheme
12) Indira Awas Yojana

Poverty, however, can be eradicated only when the various facilities and concessions for the upliftment of downtrodden actually reach them. Then, there should be proper utilization of these concessions and facilities.

The focus of attention should not be on individual households but on the group of households. The assets of the individual household should be pooled together to start occupation when are technically feasible and economically viable.

If the matter is left to the politicians alone, the reforms will not come up to the desired level. Of course, we must lobby with the political parties for the adoption of a reform agenda. But that would not be enough. Intellectuals, professionals, housewives, industry associations, NGOs and in fact the entire middle class and lower class should constantly apply
pressure on the governments to do what is good for the people in the long run. Without the active participation of the intelligent and informed electorate in public affairs, through NGOs or otherwise, progress is likely to be much less than the country is capable of achieving.

12. CLOSURE AND REHABILITATION

In view of the fact that Industrial Sickness has become a serious problem, it is necessary that steps are taken to remedy the solution, as also to prevent the occurrence of such a malady in future. As there is no broad institutional set up of framework to handle social security, rehabilitation and redeployment of displaced workers. Public sector workforce reduction is taking place in a general economic context where there has been little growth of employment in the organized manufacturing sector. Changing party-union relations and shift in the internal dynamic of unions affecting choice of leaders, unions aspirations and ideologies.

As a the present sick industrial units are concerned, two types of remedies are called so in the case of units which cannot be retrieved either because the sickness has gone too far or because these have no potential to sustain themselves on their own, the solution lies in closing them. This will also cover units which were set up with no economic considerations in view. However, there may be units which are potentially viable units. In their case efforts need to be made to review them and to help them so as to put them on their feet this will require upgradation of technology, modernization etc. in the case of units.
Which have not fallen sick but are at the stage of falling sick//that is whose net worth is being eroded or 50 percent of the net worth has already been eroded, a different approach has been adopted. In the first place, there is an urgent need for a close monitoring of the operation of these units. Alongside, the required corrective measures should be taken to ensure that their working is put on the right lines. Here, too some pick and choose have to be done because even among these units there may be some which cannot become viable. This remedy which envisages closer and rehabilitation is necessary to promote efficient industrial growth.