CHAPTER VII

PROBLEMS AND CONSTRAINTS
1. Infrastructure:—

One of the primary reasons for the backwardness of U.P. is the supposed lack of developed infrastructure.

UPSIDC, specially in Zero-industry District, it is treated as a disqualification for certain facilities, also it has been observed that procurement cost of loan through UPSIDC is found to be almost double to that procured from private sources.

One of the impediments towards rapid industrialisation of backward areas in the absence of infrastructure facilities. Central Government assists the State Government to take up infrastructural development in one or two identified growth centres in each no-industry district. The assistance from the Central Government is limited to 1/3 of the total cost of infrastructural development subject to a maximum of Rs.2.00 crore per district.

2. Power:—

The economy of the state is predominantly agricultural and the state government gives first
preference for power supply to the agriculture sector. As has been stated earlier that the state suffer from power shortage and it is the industrial sector which is the hardest hit and among the industries those which are backward suffer the most.

3. Research and Development:

Technology extension requires a tremendous lot of innovation and innovative work at the local level in providing pilot plants, training centre and the like.

Institutions for research and development are overlapping each other in the field of work, further there is no clear cut cohesion and/or coordination among the similar types of institution and each follow its field in independent manner.

4. Technological & Managerial knowledge:

Lack of technological and managerial knowledge is characteristic of small entrepreneurs. The managers of small establishment have to combine in themselves all the responsibilities and functions of management, which in large industrial enterprise is done by group
responsibility. They are likely to lack experience or formal training in many of these functions.

5. Trained Manpower:

A shortage of trained manpower is a common feature of all developing countries and presents special difficulties for small enterprises, which have to compete with large industry for the services of skilled workers but often fail to attract or retain such workers at wages and terms of services they can afford to offer.

6. Financial:

The state government provides loans to intending entrepreneurs for setting up a unit through its state sector corporations like UPFC, PICUP etc. These loans are in the form of term loans for meeting the cost of land, building, plant & machinery. The state financial corporations do not provide working loan component. It is provided by the commercial banks.

The financial institutions are also feeling the pinch of lack of funds.
7. Incentives and Subsidies:

We have observed that the state government provides a large number of incentives and subsidies to promote the industrial development in the state. But one factor which has not been taken into consideration is that there is no relation to the degree of remoteness or backwardness with the quantum of incentives.

8. Standardization:

It plays an important role in achieving increased productivity, improved performance and quality along with greater economy and more industrial flexibility while keeping in sight advances in technology that could lead to further improvements. In this context also adequate attention has not been paid.

9. Marketing Research:

Marketing research achieves greater significance in the world of today, which is characterised by large scale production, intense competition from domestic markets, international cartels
and multinational corporations. The countries like Japan spend a large number of money in research and development. But in our country very little financial provision is made for research. The small scale units cannot manage to spend on research because of their meagre financial resources.

Specific Problems reported by Kanpur Dehat & Fatehpur sample Units:

(a) The basic facilities like means of transport, regular supply of power and electricity, accommodation from banks in the form of credit limit and over draft were not available according to requirement and at proper time.

(b) The financial corporation did not lend its full support to the sample units in respect of financial assistance, counselling, project evaluation and improvement and technical guidance.

(c) Whatever and whenever the units could succeed to negotiate the loans from the banks, it took a long time to get the loan sanctioned and disbursed thereby foiling the very purpose for which loans were needed.
(d) The managements of the sample units indicated that they were facing a lot of harassment at the hands of various officers and inspectors who visited them from departments like Income Tax, Excise, Provident Fund, Sales Tax, Labour Office etc. The curse of "Inspector Raj" was providing a great hindrance in their endeavor to expand industrial activities. Small scale sector units particularly felt very soar on this point. There are nearly 36 departments with which the industrial units are found concerned. One can imagine how much time of the entrepreneurs was consume and how much tension handed on the growing units.

(e) There is a ban on establishing rolling mills in zero-industry areas where demand for girders and channels and conduits or similar types of pipes are in high demand. An entrepreneur setting up industry needs to transport them from distant place at higher costs, thus increasing the costs of the projects.

(f) The sample units complained of the polluted water logging as there was no proper drainage system.

(g) "No Objection Certificate" issued by the U.P. Pollution Board could be obtained after great
difficulty. Sometimes it was obtained after spending a lot of money.

(h) As the sample units were located in the areas quite away from the marketing centres, the marketing of their products posed a problem from them.

(i) The Jainpur industrial area of zero-industry district of Kanpur Dehat are severely facing the crisis of power. It is reported that because of stoppage of power supply about 80% of units have been closed on. The big industrialist of the country who had purchased land in this area are now reversing their decision to come there because of this problem.

(j) During many years of plan development the rate of increase in per capita production has been very modest.

(k) The sample units complained of inadequacy of S.T.D. and Telephone facilities.

(l) The location of registered office of the units far away from the zero-industry area created problems of control and management.