CHAPTER VIII

CONCLUSIONS & SUGGESTIONS
The progress of industrial development in the State as a whole has been satisfactory though there is much scope for further development/expansion in future. It has contributed significantly in bringing about changes in standards of living of the people in areas which have been subject to fruits of industrial development or in other words, where the industries have come up. Non traditional industries like chemicals and chemical products industries have also come up. The State is paying attention to the development of backward districts through its various Corporations/Enterprises.

Suggestion for selection of industries for backward areas/developing areas:

To develop the backward regions of the state, right selection of industries is a must. Before promoting medium and large scale industries to the developing areas, the following factors must be kept in mind:

1. Industries must have capacity to attract other industries to the area. In other words those who can act as catalysts.

2. Industries having large employment potential.
3. Industries using local raw materials or local skills.

4. Industries using one or the other materials (manufactured or semi-manufactured) in their production activities and

5. Industries indentified as growth industries by the state planning departments (projects wing).

1. Need to remove regional imbalances in the State:-

Financial institutions and government agencies must take a very vigorous and calculated programmes to remove regional imbalances by providing more finances and promotional facilities, so that the growing gap between western and eastern sectors and also the hill region should be removed resulting in depressurisation of population/labour force in big metropolitan cities.

2. Need for setting up of industries in the hill regions and Bundelkhand Regions:-

Statistical data shows that the above two regions are comparatively more backward than the other regions of the state.
3. Need for balanced Regional Development:

The promotional entrepreneurs of the State should pay increasing attention to regional development. The 63 districts in the State were divided into 45 backward and 18 non-backward ones by the Planning Commission during the period of the VII Five Year Plan. Despite this division, backward and non-backward districts should be taken up for development of industrial areas. But preferably the enterprises should procure more licences and locate the projects in zero-industry districts and other more backward districts.

4. Need for setting up growth centres:

Growth centre is a powerful tool of economic development. Growth centres are the sites, for investment made at these centres, that ignite the development of surrounding region and thus lift up its economy.

5. Need for development of infrastructure at a faster rate:

Though the state government is trying to provide
infrastructure facilities in all the designated industrial areas/estates, but their rate of development is slow.

6. Need of effective coordination between State level and All India level institutions:

Projects are normally financed by more than one financial institutions and in terms of over runs it takes a longer time in deciding their shares in over runs and then releasing the funds.

7. Need of effective coordination between state financial institutions and commercial banks:

The commercial banks provide the working capital requirements for these units that are set up by the state financial institutions. Many times it has been found that banks are reluctant to provide the working capital limits.

8. Need of change in the method of obtaining Margin Money Balance Certificate:

The intending borrower entrepreneurs are asked to submit a balance certificate of the bank
account in the name of firm, this is accepted by the financial corporations as evidence of their margin money share. The certificate issued is for balance on a particular day. In fact it should be for average balance over a period of time.

9. Need to Develop Management Cadre in the State Sector:

It has been found that the nominated directors of the state corporations are not management experts and contribution in the board is negligible, whether it be a case of promoted project or assisted project.

10. Need of internal evaluation of its achievements of Corporations in the State:

There should be a mode of internal evaluation and assessment by the financial institutions which will point out the missing points. This will lead to better planning and consistent achievement of targets.

11. Need of modification and simplification in guidelines for Financial Assistance:

The terms and procedures for
financial assistance in most of these financial/promotional institutions are cumbersome and also differ from one institution to another.

12. Need to avoid delay in disbursement of loans:

After a loan is sanctioned to an entrepreneur it takes a long time in disbursement. It is because of the fact that cumbersome procedures and facilities are to be completed by the entrepreneurs.

13. Need for a system of regular returns from the financed/promoted projects to financial institutions:

A system of regular returns in the form of statements from the promoted/assisted institutions should be provided for. The statements can be scrutinised by the financial institutions and timely corrections/suggestions may be given for their better performance.

14. Need for appointing a person from the financing institution in the projects of the private sector:

It is being observed
now-a-days that many of the projects financed by the state corporations are turning bad and thus face closure or turn sick. To help prevent this a person from the financing institutions should be appointed in the board of directors in the private limited company and in other firms.

15. Need for a rational scheme for incentives and subsidies:

We have observed that the state and central government provide a large number of incentives and subsidies. It is however necessary to formulate a rational incentive scheme in coordination with all concerned agencies/departments.

16. Need for the release of subsidies at an early date:

For release of subsidy provided by the different government departments/organisations of the Central and State Government delay and red-tapism be minimised to enable the beneficiaries to avail of the opportunities at the proper time.
17. Need for a new type of Subsidy Labour Subsidy

This is a new concept which was first suggested at a seminar on industrial development of backward areas held at Bombay in 1980. The labour subsidy can take the form of state paying the employer’s share of provident fund, employer’s contribution to state insurance schemes etc. SSI will have to subsidise through other facilities like provision of raw materials at subsidised rates, marketing support through rebates etc. also.

18. Need for extension of scheme of leasing

Leasing is entirely a new concept for our country and is already operating into industrialisation in a big way in our country. However in the state of U.P. leasing has not come into properly.

19. Need for spread of knowledge of technology

A major handicap in rapid promotion of industry in the state of U.P. is the lack of knowledge amongst local people about how
primary production is used and its real worth. This is further compounded by enormous lack of knowledge of technology.

20. Need for Research and Development Institutes at local level:

Technology extension requires tremendous lot of innovation work at the local level in providing pilot plants, training centres and the like. There are a large number of innovative schemes but not many of them are translated and modified to suit local requirements.

21. Need for specific training programmes for labour:

Availability of skilled labour in the local area of the industries is often in short supply and skilled labour brought from outside increases the cost of production. The solution lies in specific training programme for labour through developmental agencies.

22. Need to take over the management of ailing projects:

The state financial and promotional corporation
should have full power to take over the management of ailing projects which have been financed or promoted by them and run the same with the help of management cadre of state level financial/promotional institutes.

23. Need for early rehabilitation of sick units:

Though the sickness in industries is mostly attributed to the faulty and irregular supply of electricity it is observed that this is a minor factor, other basic reasons being faulty financial management, lack of proper advance planning for production, lack of modernisation, lack of proper feed back from marketing and personnel management problems.

24. Need for setting up of an exclusive marketing organisation:

To help promote the manufacture of goods by the small scale, khadi and village sectors, a marketing organisation for this must be set up exclusively. This organisation should:

a) Identify the appropriate outlet for such product.
b) Arrange for the product to be sold through this outlet.

c) Send sales representatives regularly to make supplies, provide promotional material and services. In some cases private retail traders must be appointed on a commission basis.

25. With regard to national economic policy suitable for restructuring in Indian economy, it is necessary that the macro-economic stability be restored because this restoration would have its impact at the macro level also.

26. "The Government economic reform programme should have the following sequence: reform fiscal deficit first, then gradually liberalise domestic goods, trade and financial sectors, and finally lift exchange controls". 18

27. To avoid harassment of the industrial units the "Inspector Raj" be abolished.

28. The benefit of various incentive schemes and the advantage of the concessional finance can reach the industrial units quickly and easily if a "Single Window" system is established for greater and effective coordination. The single window system may be monitored by a central coordinating agency such as Industrial Promotion and Development Board at the State level.

29. "Given the variegated nature of work requirements of different workers, particularly the underemployed, and also the varied nature and structure of work in different activities, the goal of providing work to all can only be achieved on the basis of detailed local level planning. Since a major part of unemployment and underemployment is to be found in rural areas where variations of these kinds are particularly marked across regions and areas and among activities, employment planning on a decentralised basis assumes special significance. While a certain degree of mobility, particularly among the openly unemployed and the educated, should be expected and even be encouraged, for a large mass of underemployed and unemployed, particularly, women, marginal farmers and those engaged in seasonal activities, work needs to be generated locally, in the villages or nearly small town. An exercise to assess and plan for work opportunities within an area to match the labour supply
characteristics of the unemployed and the underemployed workers can only be effectively undertaken on an area-specific basis." 19

30. Pandey Working Group (1969) had recommended that a district should be taken as a unit of industrially backward region or area. It suggested selection of certain backward districts only in industrially backward States for special treatment and incentives. The criteria given by it for identifying the industrially backward State should continuously be applied.

31. Wanchoo Working Group (1969) also suggested number of promotional measures to encourage establishment of industries in backward areas. The Government implemented these measures but no-appreciable dent into the problem of industrial backwardness could be made. Therefore there is need for providing more direct incentives to encourage entrepreneurs to go to backward areas like Kanpur Dehat and Fatehpur. Preference should be accorded to viable industrial units of zero-industry areas in the matter of licensing, import of capital equipment, favourable treatment in respect of raw material imports and concessional finance.

32. As felt by the Shivaraman Committee which submitted the report to Central Government in 1981, fundamental factors inhibiting development in backward areas needed to be identified. The sample units surveyed by us are still facing the problem of fundamental facilities. Therefore this aspect requires immediate attention.

33. With regard to Venture Capital the existing schemes of equity support and margin assistance have limited application. In fact this type of facility should be made available for existing and new small scale industrial entrepreneur because we have seen that in our sample units the number of small units was very large.

34. Public transport facility should be made available to enable the workers and employees to reach industrial units of zero-industry areas in time from far off places.

35. The UPFC should do rescheduling of loans in time to prevent the unit from becoming sick.

36. The amount of working capital indicated and approved by the UPFC should be engaged through the banks.
37. The UPSIDC has established industrial estate in places like Jainpur, Rania, Chaubepur in Kanpur Dehat. In these estates the corporation should pay particular attention for a drainage of water logged along the road sides. So that there not be problem of pollution.

38. It was revealed during the survey of two no-industry areas of Kanpur Dehat and Fatehpur that there was great potential to set up more industrial units. The following the list of such potential industries :-

Kanpur Dehat :-

1. Maize processing plant
2. Bimetallic bearing bushes project
3. Electrical resistance wire project
4. Cattle / Poultry feed project
5. Bakers yeast plant
6. Portable electric tools
7. G.L.S. Lamps & fluorescent tubes
8. Polypropylene box strapping
9. Carbon paper project
10. Furtural project
11. Resource - based industries
12. Skill - based units
13. Demand based industries
Fatehpur:

1. Extraction of rice bran oil
2. Bone crushing plant
3. Scooter tyres & tubes
4. Sulphur block
5. Special relays
6. Tissue paper
7. Cotton sewing thread
8. Cotton waste blankets
9. PVC foam leather

So to augment the impact of concessional finance in zero-industry districts the programme of development of industries should be pursued vigorously and the incentives and concessions for the entrepreneurs should be made more attractive.

39. "The basic problem is that the whole impetus has been put on wrong wheel rendering the development process slow and ineffective in desired direction. It can be said that the rural industrial development programme has become a programme of urbans. The plans for rural backward areas are chalked out in the cities and are not area specific to suit rural needs and the benefits are reaped by the urban entrepreneurs with products serving the urban leaving the lot of the rural
folk unchanged. Some of the problem areas which have to be tackled are:

(I) What should be the aim of development of rural backward areas, or development of what? This question is most important as the benefits of industrialisation must accrue to the rural people if development process has to raise its socio-economic level.

(II) The question which runs as a corollary to first one is whether it should be an isolated development should provide a linkage, a sort of a continuum to industrialisation process.

A final question is as to what kind of technology and industry should be used? This question is again linked to earlier ones as to whether rural industrialisation is to be looked upon as a way of containing the rural workers and stopping them from migration or bringing about a cultural transformation and improving the quality of rural life.

The development of rural backward areas should become a programme for industrialisation of the whole country. It is also important that the local entrepreneurs should be identified, trained and encouraged to play a role in the development of the area. And the aim should be to create
managerial and supervisory talent from the region itself, as also the skilled workforce. It should be a holistic and at the same time open approach, i.e. programme of the people of the area, by the people and for the people. Not that outside investors should be discouraged but insiders should be encouraged and involved."