CHAPTER VI

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Findings of the study

Industries play a significant role in the economic development of India. Industrial development has been accorded great importance in Indian planning. On account of industrial development there is increase in production, employment, national income and rate of capital formation. The industrial or secondary sector is second to none. But, Manipur occupies a very insignificant position as far as the industrial sector in India is concerned. Though the state is endowed with mineral and forest resources, industrialisation has been painfully slow in the state.

This chapter deals with the main findings of the study undertaken. The main objective of the present research study was to analyse the role of promotional agencies in accelerating industrialisation. It covered all the specialised agencies or institutions involved in the industrial development in Manipur. In a developing economy like India, a significant contribution to economic development and general prosperity is possible through the development of entrepreneurship in small scale sector. The success of entrepreneurship depends solely on the well established institutional set up. In order to meet the requirements of the rapidly expanding entrepreneurship, particularly in the SSI sector in the country, Government at the Central and State levels have set up a number of development agencies or institutions
who undertake promotional, financial, technical, marketing, training and other activities aiming at facilitating industrial development.

Hence, there is an acute need to take up this study on the promotional, financial and others role of various agencies to the industrial development. It can be observed from the survey of literature that a comprehensive study on the role of various promotional agencies in industrial development has not been carried out and documented. The present study is an attempt to fill this gap with a special reference to Manipur state.

Discussion initiated in the preceding pages on the state of economy of Manipur reveals the fact that the state continues to remain a backward region both economically as well as industrially. As per the third all India census of SSI units (2001-02 as base), there was 4599 working units in the state and 1226 units were closed. The fixed investment in the SSI sector was 0.23% and employment generated was 0.55%. The study has brought out the fact that the trend in the growth of small industries in Manipur has been quite spectacular over the years 1993-94 to 2002-2003. Over this 10 year period the annual average growth rate of SSI units in the state was 2.75% only. The contribution of the manufacturing sector to the total state domestic product is found to be 8.9 percent and 9.2 percent of the total working populations were found to be engaged in this sector. Furthermore, whatever industrial activities are being carried out at present are not at all widespread. Thus intra district disparities in the state are widely found. More than 70 % of the SSI units were
concentrated in Imphal, Ukhrul, and Bishnupur district. In fact, most of the SSI units are concentrated in Imphal districts. The per capita income of the State at current prices in 2004-05 was Rs 14901 as compared to the all India figure of Rs 23241. Thus, per capital income as an indicator of the development shows the underdevelopment character of state’s economy. One of the main weaknesses in the industrial structure of Manipur is the lack of modern industries.

A number of constraints have been responsible for the slow pace of industrial development in the state. Of all the problems faced by the industries in Manipur, inadequacy of infrastructural facilities seems to be one of the major hurdles. The study reveals that the state has a week infrastructure base and is one of the most backward states in the country. As per Centre for Monitoring of Indian Economy (CMIE) data, relative infrastructure development of Manipur is low in the list. The CMIE index of relative development of infrastructure for 1991-92 shows that Manipur lags behind the national average by one fifth.

There is still inadequate availability of basic infrastructural facilities particularly power, transport, and it continues to block the way of rapid and systematic industrialisation in the state. Availability of power can change the economic face of the state. 64% of electricity generated in the state is from hydel sources. Hydro-electric power plays a major role in the field of power development in the state.
The result of Growth Trend Analysis reveals that the per capita power consumption in industry is significantly declining in the state (Coeff = -1.70, P <0.05). However, the percentage consumption for domestic purposes is found high. The consumption pattern of power may also be one of the indictors for the type of the economy. For the promotion of industries a right kind of infrastructural facilities with an investment friendly policy is of utmost importance.

The industrial development of a country is shaped, guided, fostered, regulated and controlled by its industrial policy. Government has announced industrial policies from time to time with an objective of improving industrial sector. The new Industrial Policy Resolution of 1991 brought about a sea change in the Indian industry in terms of the basic parameters governing its structure and functioning. But this policy resolution has far too little impact on the economies of the Manipur in particular and North Eastern states of India in general.

The North East Industrial Policy (NEIP), 1997, declared on December 24, 1997 containing a host of fiscal incentives such as income tax holiday, central excise exemption etc., and various subsidies such as capital investment subsidy, transport subsidy, working capital, interest subsidy etc. has had a positive impact on the industrial development of the North East region except the three states i.e. Manipur, Mizoram and Sikkim. The
Industrial Policy of 1997 is not visible and no industrial growth after 1997 can be attributed to the provisions of the policy.

This is evidenced by the fact that the percentage increase in registered units in the year 1997-98 was 1.92, in the subsequent year i.e. in 1998-99 it was 1.43 However, before the declaration of the policy, the percentage increase in registered units i.e. in 1996-97 was 3.55, which was shown in table no. 3.2.

As a means of promoting the growth of industrial sector, the states have themselves various industry friendly policies. The Government of Manipur has also framed state industrial policies from time to time. Till now the Government has issued the Industrial Policy in 1980, 1982, 1989, 1990 and 1996. The various incentives have been initiated in these policies from time to time. The study has brought out the fact that the incentives provided by the state government is very nominal and extremely inadequate to cope with the increasing needs of industrial units. During the year 1990-91 to 2006-2007, state Government provided Rs. 1,96,72,032 as an incentives (Table No. 3.5). State industrial policies, have by and large, remained non-starters as the local entrepreneurship's base has remained weak.

The analysis of the study shows that the Government has offered incentives and facilities to promote industrial development, but due to their non-implementation and cumbersome procedures involved in getting these facilities have resulted into improper development of industries in the state.
In terms of incentive provided by the industrial policies, a positive relation is noticed. However, this is confined mainly to the number of units registered with no perceptible impact in the size of the units coming up in the state. Though slight deviation cannot be ruled out completely. However, the impact of the thrust areas identified by the state is not reflected in types of units coming up.

The most important area which needs maximum attention is the role of promotional agencies while extending developmental assistance to the industrial units in the state. The Government's assistance programme, till date, on many accounts lacked direction. Many of the incentive programmes are not being implemented. Hence, a close look at this aspect is of paramount necessity in any attempt to plan the development of industries of the state.

A cursory glance at the economic development of various countries shows that the state has played a crucial role in their industrial development. The various agencies, both at the centre and at the state level came up for the promotion of industries in the state. Although a number of schemes of assistance and programmes of development have been sponsored by the central as well as the state government to accelerate the pace of development of industries, the role played by the state level agencies in general and the
state Directorate of Commerce and Industries in particular is of considerable significance. In fact, the successful implementation of the entire programme ultimately depends on the initiatives, leadership and resourcefulness of the Directorate of Commerce and Industries through the District Industries Centres (DICs).

DIC is a Government of India sponsored scheme. In Manipur, DIC programme has been launched in all districts. With the introduction of DIC programme in Manipur all the programmes of erstwhile Rural Industries Projects Programme (RIP) and Rural Artisan Programme (RAP) are implemented through DIC. Besides other programmes like, handloom and handicrafts, KVI programme are also implemented through DIC. But the study revealed that RAP & RIP are not implemented at present by DIC in Manipur. DIC also has conducted various entrepreneurship development programme (EDP) from time to time. EDP launched by different agencies in the state comes to a certain limit, but the performance wise success are in a standstill. This is because, the EDP training agencies or institutions are always targeted to the number of entrepreneurs to train and after the completion of the training programme, the trainers left their trainees freely without extending further guidance. These rawhand prospective entrepreneurs have become confused without guidance. In course of time they have become an unused weapon and such trained people wasted their valuable time and materials and on the other hand it brings a bad image or devalued the EDP training.
The District Industries Centres have been entrusted with various schemes like Seed/Margin Money, Self-employment for Educated Unemployed Youths and Prime Minister's Rozgar Yojana (PMRY) for implementation in order to solve the problem of unemployment among educated unemployed youth and also motivate women for the establishment of units.

Currently, the PMRY is the most important scheme implemented through the DICs. The existing Self-Employment for Educated Unemployed Youth scheme is merged into the new scheme i.e. PMRY. Seed money assistance is also not provided in Manipur at present due to financial constraints.

The study reveals that, the first implementing year of PMRY have shown significant success. From the succeeding year the scheme have shown a negative impact. Therefore, it is evident that the growing failure of PMRY implementation does not confine only to the entrepreneurs. Although the entrepreneurs are also partly responsible to this failure, it is the collective failure of all financers and supporting organisations.

DIC scheme is a good concept for accelerating the tempo of industrial activity in the state. But the success of DIC schemes depends upon the dedication of DIC officials, degree of co-operation from various concerned agencies and the involvement of people in their honest and fair participation which can make DIC a living reality.
A number of constraints have been responsible for the slow pace of industrial development in the state. Of all, the problems faced by the small-scale units in Manipur, non-availability of sufficient finance seems to be one of the major hurdles. Whereas for the country as a whole institutional finance played a vital role in the process of industrial development, the position in Manipur is far from satisfactory. The commercial bank's role as a promotional agency has not been satisfactory as it was revealed from this study. Credit-Deposit Ratio (C:D Ratio) is an important indicator of the services rendered by the commercial banks in the investment programme of an economy. Even though the CD ratio of the state is relatively higher than other states of the North Eastern region, the number of SSI units benefited is quite limited.

As far as incentives and assistance provided by the promotional agencies are concerned, financial needs of the small entrepreneurs have become the most crucial point of attention. It has been found in the study that the availability of finance is farther negatively affected by the non-performance of state level financial institution i.e., Manipur Industrial Development Corporations Ltd. (MANIDCO). The other financial institutions like Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD), North Eastern Development Finance Corporation Limited (NEDFi), Khadi and Village Industries Commission (KVIC), Manipur Khadi and Village Industries Board (MKVIB) have played a very limited role in the industrial development of Manipur.
The other promotional assistance, besides finance, are provided by Small Industries Service Institute (SISI), National Small Industries Corporation Limited (NSIC), Indian Institute of Entrepreneurship (IIIE), Guwahati, Institute of Co-operative Management (ICM), All Manipur Entrepreneurs Association (AMEA).

They are in the field of marketing, entrepreneurship development programme, management development programme, motivation campaign, providing scarce raw material, helping in hire purchase scheme, providing consultancy services to industrial labour and so on and so forth. However, the measures taken by these agencies have not been carried out in their right perspectives. Hence, a lot of dissatisfaction among the entrepreneurs has come to surface. This has also developed a sort of mutual distrust between the entrepreneurs, vis-a-vis the promotional agencies. There are also other types of problems which continue to afflict the unit holders. However, certain faults were observed which are attributed to unit- holders e.g. mis-management, lack of industrial concept among unit holders etc.

With this overall scenario, bringing about industrial development is indeed a challenging task. It requires a well thought out strategy, taking into account the available resources and also the constraining factors.

Suggestions

In the light of the above conclusion of study, the following suggestions have been made with a view to recapitulate the main findings of the study.
1. Infrastructural development is considered to be the single-most important factor for industrial development and it is more so, in case of backward states like Manipur. It is suggested that the Government should provide assistance on priority-basis in the areas of deficiency in infrastructure.

2. Adequate fund for the industrial development should be allocated in the five year plans. While allocating fund to small industry development programme, due emphasis should be put in for the development of infrastructural requirements.

3. A separate specialised and specific infrastructural development institution should be set up to enrich on industrial development. Creation of infrastructural facilities involves huge funds which the entrepreneurs do lack. In view of this, various Central and State Government institutions have come forward to help small entrepreneurs in this regard by providing them various kinds of support and facilities. Availability of the institutional support helps make the economic environment more conducive to the industry.

4. Hydro-electric power plays a major role in the field of power development in the state. But the performance of the hydro power stations has been seasonable variable. Greater efforts will be needed to harness hydro potential of the state. Efforts are also required for use of non-conventional sources of energy resources to augment the supply of power in the state.
5. It is suggested that a pragmatic industrial policy, not paper tiger policy, should be introduced on the part of the state Government.

6. The Government's assistance programme, till date, on many accounts lacked direction. Many of the incentive programmes are not being implemented. Hence, a close look at this aspect is of paramount necessity in any attempt to plan the development of small scale sector of the state.

7. The District Industries Centres and Directorate of Commerce and Industries have played a commendable role in the growth of industries but the development has been lopsided. Districtwise imbalance has been found regarding dispersion of units. Therefore, it is suggested that the DICs should take all efforts for the dispersion of industries among other districts of state. For this purpose, the DICs should identify the industries having scope for development in other districts of the state. And there should be satisfactory coordination between DICs and financial agencies.

8. The time gap between the DIC recommendation and actual sanction of loans by financial institutions is too wide. This gap should be bridged down.

9. The commercial banks should play more active role in educating the entrepreneurs in the field of management by providing counselling, materials, conducting management training programmes and establishing consultancy cells. Handling the problem due to shortage of
working capital and having a better management ensuring thereby smooth operation of the unit can be taught to the established units by the commercial banks.

10. The role of commercial banks should not, therefore, be confined to loan operations alone, rather it should also actively participate in other promotional guidance to the industrial units.

11. The procedure for the grant of loan need to be made easy and less complicated so that sanction of loan does not take a long time.

12. Agencies like Small Industries Development Bank of India, North Eastern Development Finance Corporation Ltd., Manipur Industrial Development Corporation Ltd. etc. would require structural changes to help the problem areas. There should be a total commitment by all agencies involved in the task of industrial development.

13. Marketing has been identified as a major problem area of the small scale sector and it has been one of the major reasons for the closure of the SSI units. In this regard, common marketing facilities amongst a group of units from the same industry or from the same region needs to be taken up. This can be done by providing warehouses, distribution network, marketing offices. To make the products of the SSIs more competitive, efforts can be taken up to standardise the products of the SSI units.
14. Paucity of statistical data is another serious handicap. The serious efforts should be made to build up an accurate and reliable data base covering the various aspects of industries in the state.

Governments and other agencies should play an important role in promoting industries in the state of Manipur so as to bring Manipur as one of the industrially advanced state in the country. There is a lot of scope for industrial development in Manipur especially through the small scale sector. The state offers immense potential for the growth of local resource based SSI units. This potential for SSI growth can be considered from the dimensions of natural resources as forest produces, agro-horticultural produces and minerals, potential provided by the traditional skill and manpower and the market potential for SSI products.