CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.0. Introduction:

Various communities and Tribes, Their strong and weak points: Each community has its own distinctive strengths and weaknesses. An entrepreneur who can take advantage of these strengths has a better chance of success. For understandable reasons the government wants to encourage the local people to set up industrial units. Quite often they do not have the expertise in different fields such as formulation, execution, sales and maintenance etc. This is not a problem faced by people else where in the country. No one section of population in any part of this country can claim to be self-sufficient to take care of solving the problems arising in industries. A judicious choice of expertise available in different communities would make the industries more profitable. Further this demands a far-sightedness and pervasiveness on the part of the entrepreneur which is unfortunately lacking in this region. For the healthy growth of industries the proper selection of persons for the particular jobs must be done without any prejudices as to their ethnic origin. Due to the power and varied population in Meghalaya, most of the manpower and capital is available only in Shillong, and the rest of the area does not contribute even 10 percent of the total extent of industrialisation. Even in Shillong most of the potential investors would rather invest in building for rental purposes as this is a highly lucrative investment. Very few entrepreneurs are taking the risk of investment in industries. The
construction activities are mainly carried by Mizos and Anesis.

The Anesis society due to its own peculiar customs and traditions has an important bearing on the potential to set up industries. As already discussed the youngest daughter inherits the property of the parents. Due to this inheritance tradition the elder off-springs having no right to the property and would have to search their own ways and means of financing any venture they may want to adopt. Thus a sizable section of the population is denied the privilege of having to derive the support from the property. Curiously the Jaintias and Garos do not have this problem to such an extent.

The Technical Education:

Unlike other parts of our country the technical education is somewhat weaker in the state of Meghalaya. There is only one institution which offers technical courses at a diploma level. Even the existing commerce courses attract much people mostly from other regions and the local people do not show much interest. The available seats are very few and the government has not taken any steps to set up some more technical training institutes. Similarly the professional education is utterly lacking. The government does not conduct any exams in commercial subjects such as type-writing, shorthand and commercial graphics etc. Similarly there are no training programs or workshops to develop the entrepreneurship or to train the industrialists to make use of the financial facilities offered by the government and institution. Only recently the Meghalaya Industries Development Corporation, District Industries Centre and Small Industries Service Institute etc., are taking initiative in conducting the training programs like IDP and EMP.
5.2. Suggestions:

As mentioned in earlier chapters there is only one large scale industry with few medium scale industries. The SSIs (Small scale industries) dominate the industrial picture, but most of them are too small to be classified as SSI and may appropriately be called Pigmy Industries. They do not have enough influence in the government or with the financial institutions, and secondly, they find it difficult to obtain finance. Forming co-operatives by such units would solve the problem as it did so in other states.

The procedures outlined by individual money lenders are somewhat simpler though costlier as they give loans through the headman -- a sort of collective security at higher interests. And the entrepreneur consequently has to pay not only the largest interest but the headmen's commission as well. If the government funding agencies and the banks could use this social set up of the headman's share only to evaluate the viability of the unit and use the total set of units in a village through a group financing scheme to minimise the risk which would benefit the units.

The banks are operating various schemes such as refinancing scheme and bill rediscounting scheme under IDBI, and margin/seed money scheme to provide finance to entrepreneurs at concessional rates. Most of the entrepreneurs are not aware of the existence of such schemes. As a result, flow of institutional finance to industrial units in the state is very meagre. The State Bank of India, the lead bank of the state may prepare a
booklet containing various concessional schemes in operation in the state in consultation with other banks, Meghalaya Industries Development Corporation and Directorate of Industries. Such booklets may be distributed to the entrepreneurs through the information counters of the banks, Small Industries Service Institutions and District Industries Centres. In addition, propaganda and publicity may be made in this regard to make the entrepreneurs aware of the existence of such facilities.

All the bank branches in the state should be adequately strengthened with technical and managerial manpower and delegation of authority should be made to the Branch Managers to dispose of the cases of industrial units at their level, provided the scheme is technically feasible and viable.

The state government should channelise the potential sources of finance for the industrial units through co-operatives formulating by themselves rather than a departmental set up like the MIND. Similarly the distribution may be channelised through co-operatives.

Instead of opening the bank branches at a few places, diversification can be made by establishing small branches in remote areas for closer contact of these branches with the industries. This may reduce the paper work and delays in providing finances. It may be easier to find out the credit worthiness of the unit by informal investigation.

The National Small Industries Corporation assists small
scale units in getting machinery on hire-purchase. As there is no office of MSIC in Meghalaya, the government should give this responsibility to the MIDC.

The government should also bear the full expense for providing necessary amenities such as water supply, electricity and building of roads etc. The government should provide enough publicity in the local news papers and other sources of communication about various facilities offered by the governmental agencies to the industrial units.

The government should set up an independent machinery where complaint against other agencies particularly in matters of refusal of applications or unreasonably long delays.

The state government should enforce a uniform code of conduct against the rules of lending money and the various limits to give loans among the financial institutions. So that the entrepreneur is not forced to run around to several banks to find out which are the most profitable terms.

The bank officers are to be given orientation courses and their discretionary powers should be enhanced. More over they should not be blamed if an account goes bad as a result of their bonafide actions. The banks should be encouraged to take a more dynamic promotional approach rather than a cautious role.

Financial discipline of the industries has to be encouraged by insisting on proper maintainance of accounts and audit
procedures. The training courses are to be framed in such a way that the entrepreneurs understand the benefits of modern accounting systems, procedures of borrowing money and spending it profitably for productive use.

It is possible that the banking institutions are diverting their deposits to much more lucrative investments in heavy industrial sectors. They should be made to realise their social obligation in this region.

The central Investment subsidy is available to all industrial units in the state at the rate of 25% of the fixed assets subject to a ceiling of Rs. 25 lakhs. In computing, the value of land and building is not taken into account. Most of the small units are on rented premises which are not taken into account. The capitalised value of the rent at the rate of 150 times of the monthly rent paid by the small scale units may be taken in to account for computing the value of building as per norms laid down by National Building Organisation in case of small units when they are in rented premises. Otherwise the benefits of this subsidy scheme to the small scale units should be very negligible. The procedures and formalities in getting the subsidy should be simplified and a simple pro-forma be devised and the subsidy should be disbursed with in a short period of time from the commissioning of the fixed assets.
The industrial units in the state are eligible for transport subsidy equivalent to 75% of the total transport cost of both raw materials and finished goods on railway freight from the rail head at Siliguri to the location of the units. As a result, a vast majority of the units are not benefited by this scheme as the state is not connected by railways and most of the small scale units due to their inherent constraints depend on Guwahati and other markets in the region for purchasing their raw materials and selling their finished goods. Capital goods and construction materials like cement, steel, etc., have been kept outside the purview of this scheme. Many units are compelled to bring their raw materials by road from Calcutta and other places due to the inadequate railway facilities.

The quantum of transport subsidy may be raised from 75% to 100%. Instead of Siliguri, Howerah and Patna are also to be taken as nodal points for granting transport subsidy. The other suggestions are the transport subsidy should also include road transport for procuring raw materials and finished products, and the transport subsidy should be made applicable not only to the raw materials and finished goods, but also to the capital equipment and construction materials.

Regarding the service institutions the branch SISIs in Tura and Shillong are to be strengthened adequately so that they may serve the entrepreneurs in a better way. To provide Common Facility services these institutes are to be provided with workshops.
Lastly the District Industries Centres in the state should be strengthened by providing them with the necessary technical manpower. There should be a policy to induct personnel from Small Industries Service Institutes, in District Industries Centres and Meghalaya Industries Development Corporation on deputation to increase the interaction between these promotional agencies.