CHAPTER VII

Major Findings:

Introduction
Major Findings
Suggestions
INTRODUCTION

Traditionally, the Microm are hardworking and industrious. In the traditional society, each and every village was self-sufficient in food production with the family system of agriculture. So long as the area remained to be a district under the then Assam State, no remarkable achievements of the developmental strategies, either at the state or Central Government levels were printed in the area and there were no coveted white-collar jobs in the state.

By January 1972, the Union Territory of Microm was created and then the Government of Microm came into existence. The new government then initiated the developmental activities and many new government Departments were created requiring inauguration of new posts in these new departments and offices. Taking advantage of the chances, people in general vied for the white-collar jobs, engineering, technical, clerical as well as business, contracts and government supplies. Besides, the government has also extended its helping hands to the rural poor people through developmental strategies. Ultimately, every educated person seeks job in the government and every prosperous entrepreneur tends to incline upon the Government. And in the mean time, the most important sector of the economy, agriculture has been abandoned because only the rural poor and uneducated people, in fact, the unproductive labor are left behind in the sector. Therefore, it is found ultimately that the 65.72 percent (1981) of the workforce, which is engaged in
primary sector failed to produce foodstuff for their own requirements. This resulted in the high importation of essential commodities into the state.

The Table 7.1 shows the imported essential commodities into the state during 1989-90 and 1990-91 respectively. This table clearly shows that Mizoram is a hungry state which needs feeding from outside. Moreover, this table shows the officially imported commodities at the state level. How much could be imported and black marketed in the state is a question hard to be answered.

The Hnam Chhantu General Headquarters, Aizawl has conducted a survey of Aizawl Bazar during March 1994 and calculated that, at the lowest possible rate, Rs. 118,29,500/- flow out of Mizoram only for vegetables every month (Hnam Chhantu Circular No. 1 of 1995). Some of such vegetables coming in and marketed at Aizawl Bazar include Potato, Onion, Tomato, Chilies, Garlic, Cabbage, Carrot, Beans, etc. All these grow well in the state itself whereas they have to be imported. In fact, truck full loads enter Mizoram and go back empty, which is the usual phenomena for the last 20 years.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Commodity</th>
<th>Unit of Measurement</th>
<th>1989-90</th>
<th>1990-91</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rice</td>
<td>Quintal</td>
<td>1401.0</td>
<td>1579.0</td>
</tr>
<tr>
<td>2</td>
<td>Oil (m. Oil etc.)</td>
<td>Ton</td>
<td>25.86</td>
<td>20.76</td>
</tr>
<tr>
<td>3</td>
<td>Gram (Chana, etc.)</td>
<td>Quintal</td>
<td>424.4</td>
<td>372.0</td>
</tr>
<tr>
<td>4</td>
<td>Flour (Atta, Maida etc.)</td>
<td>Do.</td>
<td>615.2</td>
<td>576.4</td>
</tr>
<tr>
<td>5</td>
<td>Potato</td>
<td>Do.</td>
<td>1432.6</td>
<td>4820.0</td>
</tr>
<tr>
<td>6</td>
<td>Tea Leaf</td>
<td>Do.</td>
<td>169.4</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Pulses (dal etc.)</td>
<td>Do.</td>
<td>1549.8</td>
<td>3150.1</td>
</tr>
<tr>
<td>8</td>
<td>Salt</td>
<td>Do.</td>
<td>641.6</td>
<td>2142.9</td>
</tr>
<tr>
<td>9</td>
<td>Sugar</td>
<td>Do.</td>
<td>136.1</td>
<td>104.7</td>
</tr>
<tr>
<td>10</td>
<td>Onion</td>
<td>Do.</td>
<td>792.6</td>
<td>5973.6</td>
</tr>
<tr>
<td>11</td>
<td>Dry-fish</td>
<td>Do.</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>12</td>
<td>Tin-fish</td>
<td>Do.</td>
<td>-</td>
<td>1645.5</td>
</tr>
<tr>
<td>13</td>
<td>Fresh-fish</td>
<td>Do.</td>
<td>-</td>
<td>1010</td>
</tr>
<tr>
<td>14</td>
<td>Egg</td>
<td>Do.</td>
<td>-</td>
<td>98.4</td>
</tr>
<tr>
<td>15</td>
<td>Milk Powder</td>
<td>Lg.</td>
<td>-</td>
<td>15999.9</td>
</tr>
<tr>
<td>16</td>
<td>Nutmegnut</td>
<td>Quintal</td>
<td>-</td>
<td>281.4</td>
</tr>
<tr>
<td>17</td>
<td>Pan Leaf</td>
<td>Pkg.</td>
<td>-</td>
<td>104.21</td>
</tr>
</tbody>
</table>


Therefore, the Mizo people now have to give an answer to this important question: 'How is Mizoram, blessed with good rainfall, bright sunshine with mild temperature, fertile mountain valleys with lush green forests, population with hard working and high literacy rate, can remain a poor and hungry state?'

A hungry man cannot stand himself and cannot work. He cannot think of doing work and eat but eat and think. Thus, a hungry man's belly must be filled with food. To make him work so as raw materials to any industrial unit. If there is food, there must be way to sell in the market to get industrial output or product. To feed a hungry man, sufficient food has to be supplied so it surplus products to industrial raw materials.
Amidst these poverties and stumbling blocks towards economic growth in such a backward state, industrial development yet has to take its own way. Accordingly, within the so called 'No Industry Area', Small Scale and Cottage Industrial units are struggling to survive like the smaller plants below the equatorial rain forests. And, the present research work is done on the development of these Small Scale and Cottage Industries.

Obviously, the present work has been carried out amidst numberless difficulties and troublesome tasks. Through the processes of the research works, the nature of industrial (SSI) universe, composition, distribution, employment, production and profitabilities, problems related, etc. have been identified. The following lines are some of such important findings:

**MAIN FINDINGS**

1. The study area is blessed with rich forest resources whereas these resources are not properly utilized for industrial purposes. This fact is evidenced by the number of SSI & GI units, capital investment and the industrial labour employment among the Wood and Wooden products in the forest-based industries. In spite of the rich Bamboo resources, there is not even a single big industrial unit of Bamboo-processing in the state while raw bamboos are being transported to the other neighbouring states. Similarly, the lumbering units in the entire state whereas valuable varieties of trees are
abundantly grown in the forests. The only forest-based industries, worth mentioning are Furniture and Carpentry works, Saw Mill, Cane and Bamboo works which are mainly at the local level based.

In fact, the forest-based industries are the industrial establishments which completely depend upon the locally available resources. But, out of the total existing SSI & CI units in the state, such forest-based units constituted only 13 percent of total establishments with 15 percent of capital investment engaging only 16 percent of the total industrial labour force. On the other hand, the total strength of SSI & CI which depend upon raw materials coming from other parts of the country, directly and indirectly, become very large. Such industrial establishments are mainly of Metal-based, textile-based, Chemical-based, Paper-based, Rubber & Plastics, Non-Metal and Leather-based. In fact, those industrial establishments, which do not depend upon local raw materials, constituted 29 percent of the total SSI & CI establishments with 45 percent of capital investment and 34 percent of industrial labour employment in the entire state. Therefore, it is found that though the forest-resources are abundant and important for industrial products, these self-reproducing resources are not yet properly utilised for industrial purposes. The more detail information in this regard, has been given in the Table 4.3.
2. The relationship between industrial development and urbanisation, which is discussed in Chapter III reveals that the processes of urbanisation in Mizoram are directly influenced by road density and network of power supply, whereby development of SSI & GI establishments have been facilitated. In other words, the development of road network leads to urbanisation and urbanisation leads to increase industrial establishments in the study area. In fact, the relationship between the horizontal distribution of the size of urban centres and the growth of SSI & GI units in the state is highly significant \( (r = 0.992) \). The spatial distribution and growth of SSI units follow the process of urbanisation where urban growth is directly influenced by the development and level of road network. Therefore, it can be said, in the case of the present study area that the processes of urbanisation and industrial development are accelerating each other positively and relatively whereas the infra-structural facilities especially road network and power supply are playing vital role in the processes. In fact, all the 20 selected locations for the detailed study are well connected by road communication (Fig.4.5, Fig. 3.7).

3. Though there is a fast annual growth rate in the industrial employments in Mizoram, \( (\text{e.g., 47.7}\% \text{ percent}) \) during 1961-1971 with a gradual increase in the share of its total workforce from 0.45 percent in 1961 to 2.82 percent \( (\frac{2.82}{0.45}) \) in 1971 (Table 4.2), however, the secondary sector of the economy in Mizoram is still very weak and unproductive. In Mizoram, out of
The total 2205 SSI & GI units (1990), more than three fourth of
the total industrial establishments is incorporated only by
four categories such as Service-based, Food products and Allied
industries, Wood and Wooden products and Textile-based where
the employment share of these four categories is more than 73
percent and capital investment share being more than 21 percent
(Table 4.2). Therefore, it is clearly found that the entire
industrial universe is still at the elementary stage dominated
by the above four categories.

4. The Small Scale and Collage Industries in Mizoram are
functioning at the local need-based in most of the cases
and thus there is a remarkable tendency of industrial
diversification in all the 28 selected centres. On the other
hand, since the units are functioning merely at the local need-
based, the number of units of a particular trade and the number
of different trades that can exist in a particular centre are
highly determined by the population size of the centres.
Accordingly, it is found that the pattern of industrial
diversification in the state is very much reflected by the
sizes of the centres. In other words, the bigger sizes of the
centres are more diversified with higher magnitude of
industrial establishments in each trade whereas the smaller
sizes will take lesser units of fewer categories. This means
the bigger sized centres will be more diversified and smaller
centres would be more unified which is the reverse to the
national perspective due to the fact that the industrial
Diversification in the study area is the result of local need-based industries.

The most diversified centre in the state is Aizawl where each and every trade of all SSI & CI categories are found operating due to the fact that Aizawl is the most populated settlement centre in the state with better chance of survival for the industrial establishments. The second largest town in the State, Lunglei, became the second most diversified centre in the state whereas no industrial trade under the category of Basic Metal and Allied Industries is found operating in the town indicating the lesser diversification when compared to Aizawl. In fact, the Aizawl town is accommodating as much as 1134 SSI & CI units of all the categories whereas, the total SSI & CI establishments in Lunglei is only 208 whose main reason behind is the size of population in the centres. Similarly, the smaller size of centres have lesser units with limited industrial trades due to lack of demand and the tendency in those small sized centres in unification of the industrial trades. For example, out of the total SSI & CI units in Puldin NG, as much as 6 units belong to Service-based category. Similarly, out of total units in Killawng, as much as 6 units belong to the category of Wood and Wooden products. It means the industrial establishments are more unified on the smaller locations and more diversified on larger locations. Thus, it is clearly identified here that the pattern of industrial diversification is very much determined by size of the centres. (Refer 4.5 and 4.6).
5. When comparing the total population of the 29 selected centres (Table 4.4) and the total magnitude of industrial establishments in the centres (Table 4.4), it is found that the size of population of these centres leads to increase in the total magnitude of industrial units and industrial activities. This clearly indicates the tendency that there is an increase in total industrial establishment as well as industrial categories with the increase in the household where the latter plays the leading part. Thus, the attributes of demographic features of the study area are highly related to the nature of industrial growth and development (Table 4.9). Say for example, the magnitude of total workers and industrial workers are significantly and positively related to the main attributes of the industrial structure, though there are irregularities in the distributional pattern of industrial units. These irregularities produces the weak relationships and low level of productivity of the SSI & CI establishments. This may be because of topographic hindrances and poor transport network, specially at lower level locations of industrial establishments.

6. So far as the distributional pattern of industrial locations is concerned, there is a specific pattern evolving in the distribution, i.e., primary. It means only one centre having the maximum share of all the SSI & CI establishments in the area and the others are having very low strength proportionately though the lower level centres have uniform distribution of the industrial units. As a result, the nature
of curve of rank-size regularity is more concave than the
theoretical (Fig. 7.1). Therefore, there is a need to decentrali-
seisation of industrial establishments from first ranked centre,
Allawal, to the second and third ranked centres and so on.

7. By calculating the mean, standard deviation and
coefficient of areal variations of the distribution of each and
every category of 351 unit of the study area, it can be
generalised that average output per unit is recorded highest
(kupors 7,26,670) in the manufacturing of Metallic and Material
Products with the high capital investment and labour
employment. But the coefficient of areal variation for this
category is recorded only 22.42 percent, while on the other
hand, the industrial units of Food Products and Allied
industries, Wood and Wooden Products, Textile and textile goods
have low level of production, capital investment and labour
employment with very high values of the coefficient of areal
variations (Table 4.10). It means that these industrial
categories with smaller sizes are distributed uniformly
throughout the entire state while the establishments of
Metallic and Material Products are concentrated only on few
locations.

8. So far as industrial labour employment per unit among the
different categories is concerned, the two categories, Basic
Metal and Allied Industries and Leather Goods and Repairing
have the highest employment (i.e. 7 persons per unit) whereas
the lowest rate of labour employment per unit is only 1.28 in

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RANK-SIZE RELATIONSHIP OF SSI & CI ESTABLISHMENTS - 1990

N.B: NAME OF SAMPLE LOCATIONS ON TABLE-44

FIG. 7.1
the case of Food Products and Allied Industries. This shows that labour employment potential is very low in all the cases, indicating the small size of industrial establishments in the entire state (Table 5.1).

In fact, the industrial trades like Iron & Steel and Steel Fabrications under the category of Basic Metal and Allied industries are capital intensive by nature as the capital investment per worker is as high as Rs 1,11,473 (Table 5.5). Due to high investment and nature of the works in such industries, manual labour as well as skilled labour requirement is high resulting into larger number of industrial employment. Similarly, the Leather Goods and Repairing required more number of labourers whereas the industrial establishments under the category of Food products and Allied industries require lesser labourers as they are operated at household level in most of the cases.

9. With the results of the primary survey data, it is found that the gross profit per unit (i.e. Rs 2,23,600 per annum) is the highest in the category of Rubber and Plastic Industries which is followed by Leather Goods and Repairing category with gross profit per unit Rs 94,840 per annum. Similarly, the profit per unit of investment is enormously high in the category of Rubber and Plastic Industries (i.e. Rs 159.79) and the profit per unit of investment in the case of Leather Goods and Repairing is Rs 64.96 only. On the other hand, the Basic Metal and Allied Industries category has highest investment per
unit (i.e. Rs 9,23,106) whereas the profit per unit of investment is the lowest (i.e. Rs 2,493) (Table 5.3). The details about the different SSI & GI trades with regards to investment, output and profit per unit of investment, as well as productivity have been given in the Appendix B.

10. Though there are a good number of industrial development strategies initiated by both the Central and Mizoram state Governments being implemented in the state, these strategies seem to fail to make positive results in the study area till date. One of the basic reasons behind it is the poor allocation of money in this sector by the state government in the Five Year Plans. In fact, the share of Mining and Industry Department in the plan allocation in various Five Year Plans never exceed 6 percent of the total plan allocations (Table 6.1). Accordingly, these good developmental strategies without strong financial support from the Government fail to accomplish industrial development to the mark in Mizoram. Thus, it is clearly found that the financial inadequacy for the sector in Five Year Plans result into failure from the Government to assist with strong financial support to the SSI and GI units where capital shortage is an already existing stumbling block towards industrial development in the state. Due to this fact, even when industrial entrepreneurs are assisted with finance, the beneficiaries are not benefited with sufficient amount resulting into the desperation and stoppage halfway.
11. The statistical informations collected from various sources like: (1) District Industries Centre (Aizawl), (2) Mizoram Urban Cooperative Bank (Aizawl), (3) State Bank of India, Regional Office (Aizawl), (4) Mizoram Handicraft and Village Industries Board, and (5) Zoram Industrial Development Corporation (Aizawl) indicate that as much as 12.5% Small Scale and Cottage industrial establishments have so far been assisted in Mizoram till 1992-93 accounting years. Besides, the above institutions, other sources like (1) Mizoram Rural Bank, (2) Mizoram Apex Bank Ltd., (3) District Industries Centres (Lunglei and Sajha) are also assisting the SSI & CI units in the state whose statistical information as to number of beneficiaries could not be obtained in time. It can be presumed therefore that, the overall beneficiaries of SSI & CI units from all possible sources or institutions could be more than the said figure. On the other hand, there are only 750 SSI & CI registered units in the entire state by the end of 1990 (page 310). Further, the field survey for the present study had been carried out during October 1992 to March 1993. The survey data reveals that out of 250 sample units only as much as 107 (43.6%) SSI & CI units have been benefited in one way or the other by these institutions. In fact, out of the 107 beneficiaries, 79 units are benefited with industrial loan, 4 units with grant-in-Aid, 21 units with subsidies and 9 units with hire-purchase scheme (table 6.12). This shows the direct and existence of loopholes in the system of selection of beneficiaries in various schemes implemented by the state.
government as well as the utilization of loan money among the beneficiaries.

12. It is found that the overall performance of the various Banks in Mizoram towards the development of SSI and Cottage Industries in the entire state is very weak. Banking facilities are highly concentrated in Aizawl District whereas Chhimtuipui District is still deserted from industrial loan facilities from these Banks. Although the Mizoram Rural Bank (MRB) has done well (its achievement being higher than its target), it is having poor achievement in Lunglet District whereas it has no achievement in Chhimtuipui District (Table 6.5). The poor performance of the Banks is mainly because of the poor recovery rate from the industrial loans. In fact, due to their experiences of poor recovery, these financial institutions are hesitant to give industrial loans. Besides, availability of these financial institutions is still very limited in the village levels resulting into less exposure of the general public in these Banks.

13. It is found that the Mizoram Handicraft and Village Industries Board (MKVIB) is the principal financier of SSI and Cottage Industries among all the financial agencies in Mizoram. This is because of the low interest rate and the scheme of 75 percent grant-in-aid and 25 percent loan to its beneficiaries. Accordingly, the Board has financed as much as 3,214 SSI and Cottage Industries units in the state during 1986-87 to 1992-93 in 31 different trades (Table 6.5).
Surprisingly, it is found that while the MIVI loan repayment to the IYLC homebuy is 110 percent, the loan repayment to the MIVI by its loan beneficiaries is only 39.93 percent. Moreover, the rate of loan recovery and the percentage share of yearly loan recovery regularly goes on decreasing year by year (Table 6.7). Therefore, it is found that if the Board does not take preventive measures to check this regular fall of loan recovery rate from its loanees, it will collapse in near future.

14. It is found that during 1979-80 to 1992-93, the various training institutions in the state have trained 5,811 young boys and girls: ITI Airawl 260; TRPFAH (DISA) 3,381, RIDC Airawl 244, MIVI 99 outside the state and 156 in Airawl; MISWAL 1,998; SWD 623, whereas the exact trained out number by Handloom and Handicraft Wing and the Employment Department are not included. But, these trained out youths do not have positive reflection in the industrial entrepreneurship in Mizoram. In fact, field survey work for the present piece of research had been carried out during October 1992 to March 1993; yet among the 381 and College industrial entrepreneurs, the chance of meeting such trained out proprietor was almost absent. This is because the nature of training given to these youths have been vocational with short courses where proper knowledge and good industrial orientations could not be obtained. As a result, these trained out youths never have a challenge to establish their own ventures, but being employed. Thus, it is found that the nature of training given by these training institutions are not satisfactory to impart good
...and challenge to the learner to start one's own industrial venture.

15. So far as reliability of data is concerned, we have compared the results of production elasticities of both capital and labour of the different data which were collected from the secondary as well as primary sources by using the same technique (i.e., Cobb-Douglas production function). From the results of the comparison, it is found that the deviations of the production elasticity values are very much insignificant (Table 7.2). In some cases, deviations are recorded more than 100 percent as in the case of Leather Goods and Repairing, Service-based industries, and Wood and Wood. Products. This Table reflects that the secondary data are not reliable. Therefore, the results which are based on the primary data in Chapter V are reliable and correct corresponding to the actual ground realities.

With regards to the results of Material Productivity and Elasticity of labour and capital inputs based on the primary data, it is generalized that the production function in most of the SSI & CI industrial activities are operated on the diminishing law of return, but the aggregated coefficient value of elasticity of both the inputs is greater than unity in the cases of Food Products and Allied Industries, Non-Metallic and Material Products, Leather Goods and Repairing, Wood and Wooden Products, and Service-Based Industries (Table 5.6). In these industrial trades, the law of increasing return is operating.
though the values of marginal products are lesser than one. It means, these industries have good scope and prospects in the study area for future growth and development.

Table 7.2: Deviations of Results of Production Elasticity of Labour & Capital with regards to Primary and Secondary Data.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Inputs</th>
<th>Production Elasticity</th>
<th>Deviations based on</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary data</td>
<td>Secondary data</td>
<td>Total, %</td>
</tr>
<tr>
<td>Food Products and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wood and Allied Industries</td>
<td>Capital 0.6556</td>
<td>0.7161</td>
<td>0.0605</td>
</tr>
<tr>
<td>Products</td>
<td>Labour 0.5348</td>
<td>0.3311</td>
<td>0.2037</td>
</tr>
<tr>
<td>Wood and Wooden Products</td>
<td>Capital 0.4604</td>
<td>0.3869</td>
<td>0.0735</td>
</tr>
<tr>
<td></td>
<td>Labour 0.1941</td>
<td>0.8848</td>
<td>0.6355</td>
</tr>
<tr>
<td>Textile and</td>
<td>Capital 0.6003</td>
<td>0.3140</td>
<td>0.2863</td>
</tr>
<tr>
<td>Textile Goods</td>
<td>Labour 1.1756</td>
<td>0.5459</td>
<td>0.6297</td>
</tr>
<tr>
<td>Fauer Products,</td>
<td>Capital 1.2965</td>
<td>0.9697</td>
<td>0.3268</td>
</tr>
<tr>
<td>Publishing &amp; Allied</td>
<td>Labour 1.5173</td>
<td>0.0257</td>
<td>1.4916</td>
</tr>
<tr>
<td>Rubber and</td>
<td>Capital 5.1394</td>
<td>0.2154</td>
<td>4.9245</td>
</tr>
<tr>
<td>Plastics Chemical based</td>
<td>Labour 1.4077</td>
<td>0.6944</td>
<td>0.7133</td>
</tr>
<tr>
<td>Non-Metallic Material, Metal</td>
<td>Capital 0.4914</td>
<td>0.9574</td>
<td>0.4605</td>
</tr>
<tr>
<td>Products &amp; Parts</td>
<td>Labour 0.2823</td>
<td>0.1171</td>
<td>0.1652</td>
</tr>
<tr>
<td>Leather Goods and</td>
<td>Capital 0.3916</td>
<td>0.8773</td>
<td>0.4803</td>
</tr>
<tr>
<td>Repairing Service</td>
<td>Labour 0.3748</td>
<td>0.1991</td>
<td>0.1757</td>
</tr>
</tbody>
</table>

16. Industrially, Mizoram state is still at its cradle stage. So far the sector remained unorganised due to lack of competency and appropriate authority to take care of the overall functioning of these SS and Cottage Industrial units in the state. Each unit had to fight for its own survival.
amidst severe competitions with better and cheaper similar urban made commodities. In spite of the efforts and the assistance from government and financial agencies, even after the 70 years of Union Territorial Government, the SI and Cottage Industrial units are still characterized by low capital investment with low scale of production. Ultimately, the SI units in the state still remained below standard and in competitive.

The very small and tiny units of the traditional industries like textile or Handloom Weaving, Furniture workshops, Cane and bamboo works, Rice mill, Paddy dehulling, Gunn making are still using traditional tools in most of the cases. They are characterized by low wage rate, low capital investment and low level or scale of production whose production is local need-based. The Candle making is the only trade where family labour dominate the industrial labour market. Industrial trades like Rice mill, Paddy dehulling, Gunn making and Chow making under food products and Allied industries are also family labour dominance. But, the units under the category like Spices, Oil mill and fruit preservation are hired labour dominated. In fact the magnitude of family labour is constant in all the categories.

So far as the sex-wise participation in industrial labour force is concerned, it is fact that all the SI & CI establishments are dominated by male labour force excepting the textile and textile goods industries.
Thus, those industrial units which need to employ modern technology and skill are always hired labour dominated where high labour costs are involving. This shows the inability and lack of good entrepreneurial qualities from the part of industrial entrepreneurs. Accordingly, the industrial trades/units employing modern technology and equipments are always run by hired skilled labour resulting into high expenditure on labour cost which directly and indirectly retard the smooth growth and development of such units (Fig. 7.2).

Besides, all the industrial categories are characterised by low fixed capital investment (Rs. 7000 approx. per unit) and high variable costs (Rs. 52000 approx.). Moreover, the variable costs is enormously always high in the industries whose entire raw materials have to be obtained from outside the state. This is due to the high transport charges as well as the heavy involvements of middlemen between the source of raw materials and the units requiring those materials.

Specially, for those industrial trades using steel materials as raw materials, variable cost is always very high whereas Basic Metal and Allied industries is having extremely high variable costs in spite of its low rate of output. In fact, due to the high variable costs, the SSI and the Cultane industrial units in Morigram have to incur 25 percent higher project cost than the similar units elsewhere in the country. The Fig. 7.2 clearly shows that even if the units are bigger in size, it is the variable cost that leads to higher capital
STRUCTURAL FEATURES OF LABOUR & CAPITAL
INPUTS (PER UNITS) S.S.I & C.I MIZORAM, MARCH 1993

LABOUR (IN PERSON)

<table>
<thead>
<tr>
<th>HC</th>
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<td>HC</td>
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COSTS (IN '000 RS)

| 0 | 25 | 50 | 75 | 100 | 125 | 150 | 175 | 200 | 225 | 275 | 800 |
|---|----|----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Basic Metal
| Leather
| Non Metal
| Paper
| Textile
| Wood
| Rubber & Plastic
| Metal & Material
| Service
| Chemical
| Food

F - FAMILY LABOUR
H - HIRED LABOUR

FIG. 7.2
investment and not the fixed capital investment. Instead, fixed capital investment as well as family labour involvements in all the categories exhibit a more or less constant trend when we move from bottom to top whereas variable costs and hired labour (in pursuance) show tremendous expansion.

Therefore it can be concluded here that though the SSI & CI establishments are good strategies for economic development of the state as well as unemployment solution at the present stage, these industrial establishments are not yet utilised and promoted in sound footing whereas survival within themselves is highly dependent upon the concerned government.

SUGGESTIONS

The salient features of the Small Scale and Cottage Industrial set up and the main findings through the present study have been interpreted in the preceding section. It can be generalised from the light of the entire study that there is a high tendency of concentration of the industrial activities only on the urban centres. And secondly, the marginal productivity as well as average productivity are recorded to be very low in most of the SSI & CI categories. Besides, the local raw material utilisation rate is very low even in the case of those industrial establishments which fully depend upon the locally available raw materials. Therefore, it is obvious that the entire industrial set up is imposed on the geographical space indicating the poor integration between the resource-
structure and the Small Scale and Collage industrial set up in the state. Accordingly, there is a deep rooted problem with regard to the proper integration of the industrial set up with the production factors. Keeping these aspects of the present industrial atmosphere in view, the following suggestions are put forward for acceleration of the self-sustained and well-balanced industrial development of Mizoram.

1. On account of the very fast increase of Small Scale and Collage industrial establishments only in Aizawl town, more than half of the total industrial establishments are located within the town resulting into primacy in the pattern of the areal distribution of such industrial establishments in the entire state. In fact, the concavity of the curve of distribution of industrial establishments is well marked. Therefore, it is suggested that the state Government may take steps to create more industrial establishments on the second to sixth ranked industrial centres, viz., Lunglei, Thanlawn, Champhai, Holasib and Saiha, so that the degree of concavity of industrial establishments distribution curve would be minimised and ultimately the industrial setup of the State would be decentralised.

2. As it has been observed, the road network is very weak and the intensity of roads in the state are much lower than the other parts of the country whereas other mode of transports like Railways, Waterways and Airways are not available in the state. On the other hand, the development as well as the growth
of the Small Scale and Cottage Industries are highly determined by road network facilities. Similarly, availability of power supply is a cornerstone for the successful functioning of industrial establishments. Thus, for acceleration of industrial development as well as for the achievement of well-balanced industrial growth in Mizoram, priority should be given to the upgradation and creation of these infrastructural facilities.

For the immediate purpose, it is suggested, therefore, that the other growth centres, other than Aizawl, should be well connected by the National Highway which imply the widening and lengthening of the National Highway No. 54. Similarly, for the generation of power supply in the state, it is suggested that Government of Mizoram should concentrate on some few power projects to meet the home requirements instead of setting itself in many projects simultaneously, so that certain Hydro Power/Thermal projects could be commissioned in near future.

3. The scale of production as well as the productivity of the Small Scale and Cottage Industrial establishments in Mizoram are very low. At the same time, the elasticity of both labour and capital inputs are also recorded very low in many cases. For the enhancement of production and productivity of these industrial establishments, certain suggestions can be made from various angles like: (a) The requirements of raw materials, (b) the managerial aspects, and (c) Production efficiency, which are discussed in the following lines.
(ii) Resources:

Industrial development scheme or planning should basically be based on the local resources where the concerned region or state has superiority over the others. This concept is very important especially for Mizoram which is in the initial stage of industrial development. Therefore, priority should be given on those industrial establishments which are based on the local resources where the state has superiority over the other parts of the country, so that industrial development can be initiated at sound footing.

So far as human resource quality is concerned, the Mizo women have traditional skill in weaving and designing and accordingly, the handloom products of Mizoram are always better designed and well woven. Besides, the Mizoos have secret artistic skill in Handicrafts like Baskets, bags and ultimately in Mumbay, where the artistic skill is still preserved. Moreover, varieties of cotton crops can be grown in Mizoram whereas Cane and Bamboo are locally available. Therefore, emphasis should be made on these industrial trades.

Similarly, Mizoram is the best grower of passion fruit among the Indian states. Tea can be grown everywhere in the state and it is being successfully cultivated in north-eastern and eastern parts of the state. Likewise, good variety of Cash crops and Horticulture crops grow productively in the state. Thus, industrial establishments based on these locally generated resources should be given priority. It is, therefore,
suggested that for immediate action, a tea factory of Medium size be established within Mizoram especially in Malei centre where large scale tea cultivation is carried on.

(b) Management:

Any business enterprise or industrial establishment without proper management is unviable to survive. Since Mizoram is only in its initial stage in this regard, the general people here do not have proper background in industrial orientation while, on the other hand, 74.0 percent of the Small Scale industrial entrepreneurs are having educational background below H.S.L.C. in the entire state. As a result, industrial entrepreneurs fail to keep proper account and management failure become a serious weakness in the sector. Therefore, it is suggested that the state Government should take care of the management aspects by providing management learning facilities to the industrial entrepreneurs within and outside the state.

(c) Production Efficiency:

The financial capacity as well as the educational background and level of industrial orientation of an entrepreneur are equally important for the production efficiency of an industrial unit. In Mizoram, the bulk of industrial entrepreneurs are financially weak, technologically inefficient with limited industrial orientation. Therefore, improvements on the qualities of industrial labour force as well as financial assistance schemes are needed. It is
suggested for the improvement of the quality of entrepreneurship that the Government may give priority in giving industrial loans to the technically efficient persons as well as the educated unemployed youths so that the more efficient entrepreneurs will be attracted with the ultimate result into the better production efficiencies. Besides, some capital shortage is a serious problem of industrial entrepreneurs. Government may increase loan amounts whereby the selection of beneficiaries will be done as per policies and priorities.

REFERENCES
