CHAPTER – VII

Conclusion and Suggestions

This study has been undertaken based on five broad objectives: to evaluate the regulatory framework and policy perspective of government as to promoting the medium and large scale industry; to carry out the comparative study of growth and performance of Medium and large scale industry in Punjab and Haryana; to analyze the product development and pricing policies adopted by medium and large scale industries in Punjab and Haryana; to analyze the promotional and distribution practices followed by medium and large scale industries in Punjab and Haryana; to find out the customer relationship management strategies adopted by medium and large scale industries in Punjab and Haryana. The primary data was collected on the basis of personal field investigation. A questionnaire was prepared and pre tested by administrating on the medium and large scale industry separately. This questionnaire sought information about the background, finance, marketing practices and the perception as to the marketing infrastructure from medium and large scale unit respondents. The interviews with 50 samples each from Punjab and Haryana with the help of separately structured schedules were conducted. The secondary data was collected from the published and unpublished records and reports of the central government and state governments of Punjab and Haryana. Personal visits were made to several organisations for collecting the secondary data of which the following some of the important one’s: Punjab State Industrial Development Corporation, Electronics Development and Production Corporation Ltd., Labour Commissioner Punjab, Economics and Statistical Organisation Punjab, Director of Industries Punjab, Haryana State Electronics Development Corporation, Economics and Statistical Organisation Haryana, Industries & Commerce Department Haryana, Haryana State Industrial Infrastructure Development Corporation. The study includes medium and large scale industrial units operating in Punjab & Haryana. Five different industries have been taken for the study including: Cycle & Cycle Parts, Textile, Steel, Agro and Engineering. Regions covered from the two states are: Amritsar, Bathinda, Ferozpur, Hoshiarpur, Jallandhar, Faridlot, Ludhiana, Patiala, Sangrur Mandi Gobindgarh and Mansa from Punjab; Ambala, YamunaNagar, Karnal,
Panipat, Faridabad, Gurgaon and Hisar from Haryana. These districts have been selected based on the industrial concentration for the above said industry. The sample of the study includes 100 medium and large scale units in Punjab and Haryana. Out of 100 units, an equal proportion i.e. 50, is taken each from Punjab and Haryana. Again the proportion of medium and large scale units from each state is taken in the ration of 70% and 30% respectively. Two tools have been applied in analysing the primary data i.e., Chi-square test and count & percentage method.

SUMMARY OF FINDINGS AND CONCLUSIONS:

The broad conclusion of the study based on the research work done in the area of marketing policies and practices of medium and large scale units is as follows:

- It has been observed that the partnership and company status is more popular among the medium and large scale industry in Punjab and Haryana. Therefore no industrial unit has been taken from the sole proprietorship status. Out of the sample taken from medium scale industry in Punjab, 66% are in the status of partnership and 34% are in the status of private limited company. Whereas in large scale industrial units in Punjab 60% are private limited company and 40% are partnership firms. The position is different in Haryana. Private limited company status is more popular among the medium and large scale units in Haryana. 60% of the medium scale units selected in the sample are in the status of private limited company and 67% of the large scale units are in the status of private limited company.

- All the industrial units whether it is medium scale or large scale, they have employed marketing sales man to fulfil their marketing function. Manager and assistant manager has been employed by a few industrial units. 29% medium scale and 40% large scale units in Punjab has Marketing manager in their marketing team. Similarly 31% medium scale and 33% large scale units in Punjab have employed Assistant Manager Marketing. In Haryana, 34% medium scale and 13% large scale units has Marketing Manager in their marketing department. However 51% medium scale and 60% large scale units in Haryana has employed Assistant Manager Marketing in their marketing team.
• Total capital employed by all medium scale units selected in sample from Punjab in the fixed assets like land & building, plant & machinery and other fixed assets is greater than their counterpart in Haryana. Medium scale units in Punjab have invested RS. 408 crore whereas medium scale units in Haryana have invested Rs. 358 crore in various type of fixed assets. The highest level of fixed capital employed in Plant & Machinery by medium scale units in Punjab and Haryana is Rs. 9 crore. 14 (40%) medium scale units in Punjab and 13 (37%) medium scale units in Haryana have invested Rs. 6 crore each in Plant & Machinery.

• Again the total capital employed by all large scale units selected in sample from Punjab in the fixed assets like land & building, plant & machinery and other fixed assets is greater than their counterpart in Haryana. Large scale units in Punjab have invested RS. 319 crore whereas large scale units in Haryana have invested Rs. 288 crore in various type of fixed assets. Highest level of fixed capital employed in Plant & Machinery by large scale units in Punjab is Rs. 17 crore and Rs. 15 crore in Haryana. 5 (33%) large scale units in Punjab have invested Rs. 12 crore each and 6 (40%) large scale units in Haryana have invested Rs. 14 crore each in Plant & Machinery.

• Four types of product development techniques have been considered during the study. 29% medium scale respondents in Punjab are developing the product using their own research & development and 34% are consulting an expert for developing their product. Preference of usage by medium scale units in Haryana is also the same. 49% medium scale respondents in Haryana are developing the product using their own research & development and 26% are consulting an expert for developing their product. Market survey and modifying competitor’s product are the least preferred product development techniques among medium scale units in Punjab & Haryana respectively. On the other hand 33% each of the large scale units in Punjab are using their own research & development, modifying competitor’s product and consulting an expert techniques. No one is undertaking market surveys for the development of their product. However 40% and 33% large units in Haryana are using own research & development and market survey techniques respectively for development of their products.
• Usage of brand name is not so popular among the respondents. Majority of the medium scale unit respondents in Punjab i.e. 57% are not using any brand name for their product. Similarly 47% of the large scale unit respondents are not using any brand name for their product. 40% and 47% of the medium scale and large scale unit respondents respectively in Haryana are not using brand name.

• ISO (International Organisation for Standards) Certification is least used by the medium scale industry in Punjab as compared to Haryana. 91% and 51 % medium scale unit respondents in Punjab and Haryana respectively are not using any ISO certification. On the other hand 60% and 87% large scale unit respondents in Punjab and Haryana respectively are using ISO certification.

• Packaging is considered as an important part of the product by medium scale units in Punjab. 71% of the respondents are making use of the packaging to sell their products to large number of customers. 33% of the large scale unit respondents in Punjab are using product packaging. Similarly 40% and 47% of medium and large scale unit respondents respectively in Haryana are using product packaging as an indispensable part of the product. Some of the respondents replied that their product is required to be sold without packaging e.g., agriculture machinery and steel industry products.

• Respondents have made their choices for five different types of customers i.e., retailers, whole sellers, industries, government institutes and exporters. Maximum number of medium and large scale unit respondents in Punjab has selected whole sellers as their target customers. Whereas maximum number of medium and large scale unit respondents in Haryana are selling their products to industries. The least number of respondents in both the states have made their choice for the government institutes. In nutshell, whole sellers are the top most preference for medium and large scale respondents in Punjab whereas industries are the top most preference for medium and large scale respondents in Haryana. At the same time some of the respondents are also selling their products to retailers and exporters.
• It is observed that the market survey is not very popular technique among the medium scale unit respondents in Punjab & Haryana. 86% of the medium scale respondents in Punjab and 89% of the medium scale respondents in Haryana are not adopting this technique for the sale of their products. Whereas large scale unit respondents in Punjab & Haryana are quite more adherent to the market survey technique. They undertake a full-fledged market research before introducing their product in the market. It comes out while discussion with the large scale in Punjab & Haryana entrepreneurs that they have developed separate teams for conducting the market surveys/research before a product is launched among the consumers. Some of them outsource this activity by taking the services of experts.

• Medium and large scale unit respondents in Punjab and Haryana have different strategies for pricing their product. However their pricing objectives have shown some similarities. Medium scale respondents in Punjab & Haryana have ranked the “target return on sales” as the most preferred pricing objective. Although other factors are also taken care of but their major concern while deciding the price of product is the profit margin included in it. 71% & 63% of the medium scale unit respondents in Punjab & Haryana respectively has ranked target return on sales as the number one pricing objective. Large scale unit respondents in Punjab have preferred “market competition” as the most important product pricing objective. 60% of the respondents have ranked this pricing objective at number one. They concentrate on market competition rather than increasing their profit margin which is the second most preferred pricing objective among them. On the other hand “sales growth” is the most preferred pricing objective among large scale unit respondents in Haryana. 47% of the respondents have preferred for this pricing objective as number one.

• After analysing the various factors forming part of price of the product it is clear that the material cost has the largest share in the product price. It varies from 37% to 50% among the medium and large scale unit respondents in Punjab & Haryana depending upon the nature of product. However, majority of the respondents have 41% to 46% as share of material cost in the product price. Transportation cost varies from 5% to 10% of the product price whereas
maximum number of respondents have 6% to 8% share of transportation cost in the price of their product. Similarly, power expenses vary from 4% to 10% of the product price of medium and large scale respondent sin Punjab & Haryana. However, more than 50% of the medium and large scale respondents in Punjab have 8% to 10% share as power expenses in the product price whereas in Haryana, more than 50% medium and large scale respondents incur 6% to 8% of the product price on power expenses. It shows that power is more costly in Punjab as compared to the neighbouring state of Haryana. Costlier power is one of the major reasons for shifting of Punjab’s industry to the neighbouring state of Himachal Pardesh.

- Finance cost also forms a major part of the product price of medium and large scale industry in Punjab & Haryana. It's share in the total price of the product varies from 12% to 15%. Maximum number of medium scale unit respondents in Punjab & Haryana bears 13% to 14% as finance cost of their product price whereas large scale unit respondents bear 13% as finance cost of the price of product. Finance cost is the cost and interest and other charges entrepreneurs have to bear for borrowing money from banks, financial institutions and other market sources.

- The major factors affecting the pricing decision of the medium and large scale unit respondents in Punjab & Haryana are the cost of production and consumer demand. More than 50% of the respondents have selected these two factors affecting their product pricing decisions the most. Low cost of production help them achieve a competitive edge over their competitors and pocket out more profit in their kitty.

- It is observed from the analysis of primary information that there are five different types of discounts being offered by the respondents to the consumers. These include quantity discounts, cash discounts, special discounts, trade discounts and seasonal discounts. Maximum number of medium scale unit respondents in Punjab is offering cash, trade and seasonal discounts to their consumers whereas their counterpart in Haryana is offering quantity, cash and trade discount to its consumers. Similarly, maximum number of large scale unit respondents in
Punjab is offering cash and trade discount to its consumers whereas in Haryana, only cash and trade discount is being offered to the consumers. It shows that entrepreneurs are offering different types of discounts to attract the consumers to buy their products. However the choice varies from industry to industry.

- Advertising practices are undertaken by all the medium and large scale unit respondents in Punjab & Haryana. Advertising budget vary from 1% to 5% of the total budget of the organisation. Different factors affect the advertising budget of the respondents viz., advertising practices adopted by the competitor, new product launch by the respondents, introduction of a new product of the same category in the market and customer awareness. Product promotion methods used by the respondents for promoting their product are newspapers, television, radio, hoardings and game shows. In Punjab, newspaper and television are the most preferred means of product promotion. Whereas in Haryana, radio and newspaper are the most preferred means of product promotion. Maximum number of respondents in Punjab & Haryana covers the local/surrounding area for their advertising. Some o them are also preferring the state, regional and national level. However, international level advertising coverage is done by a few of the large scale unit respondents in Punjab & Haryana.

- Different types of distribution channels or mediators are used by the medium & large scale respondents in Punjab & Haryana to distribute their products in the market. These include government agencies, whole sellers, retailers, distributors and stockists. In Punjab, maximum number of medium and large scale unit respondents i.e., 80% are using whole sellers as their distribution channel. Whereas in Haryana, 87% large scale respondents are using whole sellers and 49% & 51% medium scale unit respondents are using whole sellers and retailers respectively as their distribution channel. Various types of incentives are provided to the distributors like free gifts, free tours and cash back schemes to encourage them to raise the sales volume. Most of the respondents replied that selecting a distribution channel has a great impact on the turnover of the business.

- There are number of factors affecting the selection of a distribution channel/middleman who assist in the flow of products from the producers to the
ultimate consumers. Financial position of the distribution channel to be selected is considered as a major factor by all the medium and large scale unit respondents in Punjab & Haryana. Other factors considered by the medium scale unit respondents in Punjab in order of decreasing preference are 69% for goodwill, 66% for warehousing facilities and 34% promotional support to the product. On the other hand, 51% medium scale unit respondents in Haryana are considering warehousing facilities of the middleman as the second most affecting factor for selection followed by 29% units for goodwill and 17% for promotional support to the product. All the large scale unit respondents in Punjab are also considering goodwill and warehousing facilities of the middleman at par with its financial position. The second most affective factor considered by 80% large scale unit respondents in Haryana is warehousing facilities of the middleman followed by 27% for goodwill and 7% for promotional support to the product.

- Since market performance of a product is determined to a large extent by the interest and involvement of the middleman in pushing through the product, it is necessary that the middlemen engaged in the distribution are the motivated people. There are different type of facilities and incentives which are extended by the manufacturer to attract the right type of middlemen into the job. These include easy credit terms, special discount on stock clearance, incentives on target achieving, easy product replacement and product training. Out of these facilities and incentives, easy credit terms is the most popular incentives offered by the medium scale unit respondents in Punjab. Easy product replacement is at the second place. Whereas middle scale unit respondents in Haryana consider the easy product replacement as the most effective incentive to attract the middlemen. Easy credit terms is at the second place. Among the large scale unit respondents in Punjab, special incentive on target achieving is the most popular technique to attract the middlemen followed by easy credit terms. Similarly in Haryana, maximum number of large scale unit respondents offer special incentive on target achieving as a facility to the middlemen.
• All the respondents in Punjab & Haryana have replied that their organisation has a backend support system to handle customer complaints/queries but not all of them have a customer relationship policy. 63% and 66% medium scale unit respondents in Punjab and Haryana respectively have a customer relationship policy whereas all the large scale unit respondents in Punjab and Haryana have a well defined customer relationship policy. It may be concluded that there is not a healthy relationship between a customer and an organisation in the absence of a proper customer relationship policy. Although, all the respondents of Punjab & Haryana have employed associate staff in their customer relationship department, with a manager or supervisor controlling them, they might not be well guided in the absence of a customer relationship policy.

• Punjab government has announced Physical Incentives Policy 2013 to attract the industry to invest in Punjab. These incentives include VAT/CST concessions, Electricity duty and Stamp Duty waiver, property tax exemption, subsidy on interest payment, preferential market access, no NOC from Pollution Control Board for getting electricity connection for industry etc. Some industry specific incentives/concessions are also offered such as market fee/rural development fund/infrastructure development fund exemption to integrated textile units, exemption from clearance from Pollution Control Board, exemption from inspection under various labour laws, exemption from Punjab apartment and property regulation Act to the IT/ITes/Knowledge Industry units and electronics hardware manufacturing units. These incentives are offered to the small & medium scale industry, large scale industry, Integrated Textile Units, IT/ITes, Knowledge Industry units, electronics hardware manufacturing units, IT parks, Agro/Food processing and Hi Tech agriculture units, tourism sector and health sector.

• Large scale new industrial units with Fixed Capital Investment (FCI) of Rs. 10 crore to Rs. 25 crore have been allowed VAT concession of 25% to 50% and CST concession of 50% to 75% for a period of 8 years. Similarly, large scale new industrial units with a FCI of Rs. 25 crore to Rs. 500 crore have been allowed VAT concession of 30 % to 80% and CST concession of 75% for a period of 10 to 13 years. 50% to 100% waiver of electricity duty has been allowed with FCI
above Rs. 10 crore. A similar waiver of 50% to 100% has been allowed with FCI of above Rs. 10 crore in the stamp duty and property tax.

- Small and medium scale new industrial units with FCI of Rs. 1 crore to 10 crore has been allowed VAT concession of 50% and CST concession of 75% for a period of 7 years. Similarly, 100% waiver of electricity duty, stamp duty and property tax has been allowed for a period of 7 years.

- Special incentives have been allowed to new Integrated Textile Units. Such units with FCI of Rs. 150 crore to Rs. 500 crore have been allowed 80% concession in VAT and CST. On the other hand, units with FCI of above Rs. 500 crore have been allowed 90% VAT concession and 80% CST concession. 100% waiver in electricity duty, stamp duty and property tax has been allowed to these units with 50% waiver in the market fees. Period of these concessions/waivers depends upon the quantum of FCI. New Integrated Textile Units with FCI of Rs. 150 crore to Rs. 500 crore are allowed these concessions/waivers for a period of 11 years whereas new units with FCI of above Rs.500 crore can enjoy the concessions/waivers for a period of 13 years.

- IT/ITES/Knowledge industry with minimum FCI of Rs. 1 crore (in Mohali and Amritsar only) can enjoy VAT and CST concession of 80%, stamp duty, property tax and electricity duty waiver of 100% for a period of 10 years. Moreover, these units will be exempt from taking Pollution Board clearance for release of electricity connection, from inspection under various labour laws, from Punjab Apartment and Property Regulation Act (PAPRA).

- Electronics hardware manufacturing industry with minimum FCI of Rs. 5 crore will be allowed 80% concession in VAT and CST for a period of 10 years. Moreover 100% waiver of electricity duty, stamp duty and property tax is allowed for a period of 10 years. These units will be exempt from taking clearance from pollution control board for electricity connection and will also be exempt from inspection under various labour laws and PAPRA. Preferential market access (PMA) will be provided to these units in line with the policy of Government of India for 7 years.
IT Parks (Both Software and Electronics Hardware sectors): New units located in these IT parks will be allowed 80% VAT and CST concession for a period of 10 years. 100% waiver from stamp duty and electricity duty with the facility of uninterrupted power supply. Land will be allotted at subsidised rates from the government. The government shall reimburse up to 50% of the actual costs (including filing fees, attorney fees, search fees, maintenance fees) with a maximum of Rs. 1 lac for filing a domestic patent and up to Rs. 5 lacs for filing an international patent.

New Agro/Food Processing and Hi-Tech Agriculture units with FCI of Rs. 1 crore to 25 crore will get 80% VAT and 75% CST concession for a period of 10 years. Such units with FCI of Rs. 25 crore to Rs. 100 crore will get 85% Vat and 80% CST concession for a period of 10 years. Whereas units with FCI of above Rs. 100 crore will get 90% VAT and 85% CST concession for a period of 12 years. Waiver of 100% electricity duty, stamp duty and property tax will be allowed within with above FCI limits for a period corresponding to these limits. Further cost reimbursements will be allowed to these units upto 50% of the patent registration cost with a ceiling of Rs 5 lac, 50% of the R&D cost with a ceiling of Rs. 10 lac, 50% of the cost of preparing project report with a ceiling of Rs. 15 lac, 30% of the cost incurred on acquiring technical knowhow with the ceiling of Rs. 15 lac.

Moreover, units with FCI of more than Rs. 100 crore will be exempt from mandi fees of 2% and rural development fund of 2% on purchase of fruits and vegetables from mandi/farmers within the state for a period of 7 years.

Many tax incentives are allowed to tourism and health sectors to attract new investment in these sectors. New units in Tourism sector with FCI of Rs. 10 crore to more than Rs. 100 crore will be allowed VAT/CST concession of 40% to 75%. Electricity duty and property tax will be waived 100%. Stamp duty will be waived 50% to 100% based on the FCI. These incentives will be given for a period of 5 to 10 years based on quantum of FCI. Similarly new units in health sector in the
selected zones will be allowed VAT/CST concessions, electricity duty waiver, stamp duty waiver property tax waiver and zero CLU charges.

- Punjab Bureau of Investment Promotion (Bureau) has been set up by the Government of Punjab as the single point of contact for regulatory clearances and fiscal incentives approvals to facilitate investors who are looking to set up a business in Punjab. As the nodal agency, Bureau has been entrusted the responsibility to ensure a smooth transition of the project from the proposal stage and fiscal incentives approvals to facilitate investors who are looking to set up a business in Punjab. As the nodal agency, Bureau has been entrusted the responsibility to ensure a smooth transition of the project from the proposal stage up to the implementation stage. This is in line with the Central Government Policy of ease of doing business.

- **Preferential Market Access (PMA):** In line with the Government of India policy, Preferential Market access shall be given to Electronics hardware manufacturing units in Punjab for the products procured by all government departments in the State. The year wise PMA and value addition thresholds for each product shall be in line with the National Electronics Policy and National Telecom Policy. This policy shall be applicable from the date of notification and shall remain in force for a period of next 7 years.

- **International Outreach:** Participation of the IT Department, Government of Punjab with industry association such as MAIT, ELCINA, CII in International IT/ITeS and Electronic exhibition and conference worldwide and also strive to conduct International scale ICT Event in the state to project Punjab as the most ideal destination for investment. The State Government will also explore to tie up opportunities with major IT/ITeS/electronic clusters located globally to give Marketing and Technology access to Local electronic design and manufacturing companies based in Punjab.

- **Research & Development:** Agro/Food Processing Units are required to compete in domestic and global markets with stringent quality standards. Such units therefore are required to upgrade their technology and introduce modernization. The Punjab Government will encourage R&D activities in the state. Assistance will be provided to agro/food processing units for sponsored research work
undertaken by reputed research institutions, upto 50% of the cost, with a ceiling of Rs.10 lacs, which will be provided from the Corpus Fund.

- Haryana government has announced its latest **Enterprise Promotion Policy 2015.** The new industrial policy, taking into account the current economic scenario and prospective developments, lays particular emphasis on further strengthening the base of the manufacturing sector besides knowledge based & high tech industries, efficient use of energy, conservation of resources and pragmatic environmental policies for sustainable development. Having emerged as a preferred investment destination for the domestic as well as international investors, Haryana today is home to a number of multinational companies and corporate houses. The State enjoys a number of advantages including proximity to the national capital of Delhi, excellent law & order situation, planned quality infrastructure, conducive policy environment, harmonious labour relations, trained & skilled manpower, responsive administration, etc.

- Being a neighbouring state to the national capital, all the initiatives of Government of India for New Delhi, result into an indirect benefit to Haryana. Delhi Mumbai Industrial Corridor, a Dedicated Freight Corridor (DFC) between Delhi and Mumbai, being developed by Government of India with terminals at Dadri in the National Capital Region of Delhi and Jawaharlal Nehru Port near Mumbai. The Corridor, covering a length of around 1500 kilometers, will pass through six states of Uttar Pradesh, National Capital Territory of Delhi, Haryana, Rajasthan, Gujarat and Maharashtra. The Dedicated Freight Corridor is expected to offer high-speed connectivity for high axle load wagons through high power locomotives. The Delhi-Mumbai Industrial Corridor (DMIC) influence area covers more than 66% of the geographical area across 13 districts of the Haryana.

- The development of Kundli-Manesar-Palwal (KMP) Expressway has been undertaken by HSIIDC. This project holds unprecedented potential for development of economic hubs at strategic locations along the expressway. A Global economic Corridor is planned along the KMP Expressway with provision for establishment of various theme cities like Knowledge City, Cyber City, Bio-sciences and Pharma City, Medi-City, Fashion City, Entertainment City, World
Trade City, Leisure City, Dry Port City, Eco City, Sports City etc. These cities/hubs will cater to institutional, commercial, industrial, research, residential, logistics/freight activities and will be spread over an area of more than 150 square kilometres. These cities are expected to generate huge employment opportunities and will be developed in public-private partnership mode.

- A number of theme parks have been set up at various locations viz. Food Parks at Saha & Rai, Footwear Park at Bahadurgarh, Textile Park at Barhi, Agricultural Implements Park at Karnal, Electronics Hardware Technology Park at Kundli and IT Parks at Panchkula, Rai & IMT (Industrial Model Township), Manesar. The State Government intends to promote the various industry clusters in furtherance of this initiative.

- Industry specific incentives have also been announced in this policy. For example, Mega projects in backward areas would enjoy interest free loan (IFL) facility for a period of 7 years from the start of commercial production and exemption from electricity duty for a period of 5 years, food processing industry is allowed interest free loan facility for a period of 5 years from the start of commercial production, exemption from payment of electricity duty for 5 years, 50% exemption in CLU charges and exemption from market fee. Special priority would be given for release of electric connection to mega projects, 100% EOU, IT Industries and FDI projects, VAT rate reduced from 12.5% to 5% on renewable energy devices like solar panel/ wind mill and special VAT incentives for traders in the form of easy regulatory framework.

- Single Window Service with online approvals through e-biz portal, deemed clearances and Right to Service will be created. A Haryana Enterprise Promotion Board (HEPB) will be created. The Board will have a Governing Council headed by Hon'ble Chief Minister for overseeing time bound clearances, sanctioning special packages for mega projects and approving any policy initiative(s). The Council would comprise Finance Minister, Industries Minister, Tourism Minister, Public Works Minister, Labour Minister, environment & Forests Minister, Chief Secretary, PSCM and Industries Secretary as member Secretary.
No CLU/Auto CLU: Under this dispensation, in 31 blocks, there would be no need to obtain CLU/ NOC for setting up of Industrial Units. In 75 blocks there will be provision of Auto CLU with an automatic dispensation of deemed clearance in case the competent authority does not decide or grant the CLU within the prescribed timeline under the Right to Service Act after submission of the requisite documents as per the checklist to be displayed on the e-biz portal.

Sector specific incentives are also offered viz. Auto, auto components and light engineering industry is allowed VAT concession of 50% to 75%, power tariff subsidy upto Rs. 2 per unit, interest subsidy upto 5%; Agro, Food processing and allied industry is allowed VAT concession of 75% to 100%, interest subsidy upto 6%, stamp duty refund of 80% to 100%, grant in aid of 50% to primary processing centres; Textile, Apparel and Knitting industry is allowed VAT concession of 50% to 75%, stamp duty refund of 80% to 100%, power tariff subsidy upto Rs. 2 per unit.

Secondary data on the number of registered factories under section 2 m (i) & 2 m (ii) and under section 85 of the Factories Act 1948 in Punjab shows that the combined growth rate of number of registered factories during 2000 to 2013 is 2.29%. Registered factories have increased from 13589 in 2000 to 17825 in 2013. Similarly the number of average working workers has increased at a combined growth rate of 3.06% from 2000 to 2013. Their number has increased from 450210 in 2000 to 646033 in 2013. On the other hand, registered factories under section 2 m (i) & 2 m (ii) and under section 85 of the Factories Act 1948 in Haryana has increased from 8631 in 2000 to 11265 in 2013. Thus, it has increased at a combined growth rate of 2.24%. The number of workers employed in Haryana has increased from 498656 in 2000 to 836497 in 2013, thereby marking a combined growth rate of 4.41%.

There is an increase in production of 27 Industrial Items out of total 54 in Punjab during the period 2005-06 to 2013-14. The highest growth in production i.e. at a CGR of 22.83% has taken place in Batteries production followed by Joist of Iron & Steel 13.60% and Tractor 12.53% from 2005-06 to 2013-14. Level of production of Iron & Steel Ingot has remained the same during this period i.e. 326
MT. However, 26 industrial items has recorded a negative growth. Tabaco industry has recorded the highest negative CGR of -43.10% during 2005-06 to 2013-14.

- Production of 16 industrial items has increased in Haryana during 2005-06 to 2013-14. Automobiles sector has recorded the highest combined growth rate of 6728.87% during 2005-06 to 2013-14. The number of units produced by automobile industry has increased from 561822 to 65049088 during the period of 2005-06 to 2013-14. Second highest growth has been noticed in Cement industry. Production of cement has increased from 43433 MT to 2146964 MT recording a growth of 3104.66%. However, 8 industries has negative growth rate which include Steel Tubes, Cycles Cycle Parts, Cotton Ginning & Pressing, Paper, Power-loom Weaving, Sugar and Steel Re-Rolling. Steel Re-rolling industry has the highest negative growth rate of -93.45%.

- The total number of large and medium scale industrial units in Punjab was 629 in 2000-01 which has decreased to 428 in 2012-13. The fixed capital increased from Rs.16435.07 crore in 2000-01 to Rs. 53,704.57 crore in 2012-13. The total numbers of employees were 229626 in 2000-01 increased to 240293 in 2012-13. The production of large and medium scale industries has increased from Rs. 26577.08 crore in 2000-01 to Rs. 75609.97 crore in 2012-13. District wise segregation for the year 2012-13 shows that Ludhiana has the largest number of large and medium scale industries in Punjab i.e. 144 units. The second highest number of large and medium scale industry i.e., 65 units is in S.A.S Nagar. Combined Growth Rate of Number of Units, Fixed Capital, Employees and production is -1.20%, 3.77%, 0.14% and 3.32% respectively of the medium and large scale units in Punjab during 2000-01 to 2012-13.

- Production in 17 manufacturing industries in Punjab has fallen during the period 2000-01 to 2013-14. Total production of all these manufacturing industries has fallen at a Combined Growth Rate (CGR) of -27.89%. Similarly employment level in all these industries has fallen except five i.e. food products, cotton textile, Non Metallic Mineral Products, Metal Products and machinery. There is overall decrease in the employment level of all these manufacturing industries at a CGR
of -0.91%. It is clear that manufacturing industry is not growing in Punjab and is in appalling state.

- Punjab has acquired a total area of 7191.21 acre as on 30/09/2014 for developing industrial plots. A total of 11420 industrial plots have been developed and 10486 allotted to various entrepreneurs as on 31/09/2014.

- Index of industrial production based on industrial classification from the financial year 2005-06 to 2013-14 in Haryana shows that the highest growth of 220.29% has taken place in Machinery & Equipment industry followed by Other Non Metallic Mineral Products of 105.37% and Fabricated Metal Products of 103.20%. The lowest growth of 2.30% has been recorded in Publishing, Printing and Reproduction of recorded media. Four industries in Haryana have recorded negative growth rate during the period 2005-06 to 2013-14. These are Furniture, Leather, wearing apparel and Tabaco Products. Furniture industry has recorded a negative growth rate of -22.22%, Leather industry has recorded a negative growth rate of 18.45%, wearing apparel industry has a negative growth rate of -16.71% and tabaco industry has a negative growth rate of -8.25%.

SUGGESTIONS

- Sufficient number of marketing managers should be hired by the respondents in order to achieve the objective of good marketing. Although marketing sales man has been hired by all the respondents but the managers/assistant managers are employed by a few of them. There should be a person who controls the team of sales man with the basic objective of increasing revenue and product reach.

- Although the level of gross capital employed in fixed assets by the medium and large scale units in Punjab is higher than their counter part in Haryana but it is not at par with the industry standard. Both the medium and large scale units should invest more capital in their fixed assets to increase their capacity and produce good quality products.
Selection/usage of product development techniques should be done keeping in mind the basic nature of the product. Whatever the techniques is used, should be a long term techniques to support the product during it whole life cycle. A temporary selection of product development technique will result in the failure of product at a later stage.

Usage of Brand name should be encouraged among the industry. A brand name is a symbol or a design used for the purpose of identification. The legal version of a brand name is the “Trade Mark”. A brand is given legal protection from being used by others because it is capable of exclusive approbation. It increases product recognition and helps in building brand loyalty. Well-developed and promoted brands make product positioning efforts more effective. The result is that upon exposure to a brand (e.g., hearing it, seeing it) customers conjure up mental images or feelings of the benefits they receive from using that brand.

ISO (International Organization for Standardization) is an independent, non-governmental membership organization and the world's largest developer of voluntary International Standards. Government should encourage the industry on getting ISO certification. Incentives in one form or the other should be allowed to the industry for getting ISO certification. It will also help the industry to sell their products in the international market.

Packaging of products can increase customer satisfaction, increase visibility and set one product apart from its competition. In essence, packaging plays a pivotal role in the branding process of the product, attracting customers and providing customers what they’re looking for when they take the product home. Packaging should be encouraged among the industry to help them to sell their products to the customers.

Selecting a particular type of customers is not at the will of the seller but the very nature of the product itself decides the target customer. However, the entrepreneurs should develop good marketing skills to increase their customer base. It is possible only through the use of good and healthy marketing practices to sell the product. Customers should be made aware of the availability,
properties and usage of the product. One of the major factors which differentiate the market leader from the market follower is the size of the customer base present with the market leader. Having a large customer base shows that the company has proved its mettle over a period of time.

- **Market survey** is a study of the spending characteristics and purchasing power of the consumer who are within the business’s geographic area of operation. Medium scale respondents should get themselves involved in this activity as an indispensable part of business. It will help them understanding the consumer behaviour, preferences and needs for their product. Market research can be used to determine a potential market, to size up the competition, or to test the usefulness and positioning of the product or service. If, for example, the product is a tangible item, letting the target audience see and touch a prototype could be extremely valuable. For intangible products, exposing prospective customers to descriptive copy or a draft Web site could aid in developing clear communications.

- **The price** you charge for your product or service is one of the most important business decisions you make. Setting a price that is too high or too low will - at best - limit your business growth. At worst, it could cause serious problems for your sales and cash flow. Entrepreneurs should fix the price of their product after making a deep market study of customer preferences and competition from same product category. Sufficient profit margin is also necessary to be part of the price for the survival of the organisation and bearing the costs incurred in developing the product. At the same time market competition, sales growth and market share also needs to be taken care of while deciding the price of a product.

- **Power cost** in Punjab is more than the neighbouring state of Haryana and Himachal Pardesh. Entrepreneurs have to shell out more money for the usage of power in Punjab as compared to their counterpart in Haryana and Himachal. Punjab government should reduce power tariffs to encourage the entrepreneurs to set up more manufacturing units in Punjab. It will also help to reduce the rate of relocation of industry to the neighbouring states.
State governments and Central government should provide easy and cheap financial support to the growing entrepreneurs. Finance is the back bone of a business entity and the cost of getting finance directly affects the profit margin. Government should provide sufficient support in the form of interest subsidy during the teething stage of an industry. Lack of knowledge of various government policies and subsidies available to the industry is also a major factor which affects the finance cost. Government should publicise and make the entrepreneurs aware of the availability of various interest subsidy schemes to reduce their finance cost.

Manufacturing costs, which include materials, labour and overhead, are used to calculate a company's cost of production under generally accepted accounting principles. Entrepreneurs should make efforts to reduce their cost of production as it will have direct impact on the profit margin in the price of their product. Higher the cost of production lower will be the margin and vice versa. Reducing the cost of production include three factors viz., reducing material cost, reducing labour cost and reducing the overhead cost. No matter how popular or useful the product may be, if it is not produced in an efficient and cost effective manner, it will hit the business adversely.

Advertising coverage is a term used to describe the expected number of people who will be exposed to a given advertisement. Expected coverage is an important part in deciding how and where to display advertisements, and there are many different factors that affect the degree of advertising coverage. In some cases, advertisers just want as many people as possible to see their advertisements, so the number of overall potential viewers is one of the most important concerns. In other cases, advertisers market products and services to specific people, so it is necessary for them to place advertisements where the target audience will be likely to see them. One of the major determinants of advertising coverage is the media vehicle used to display the advertisement. Entrepreneurs should judiciously select the advertising medium and the population to be covered with advertising. Advertisement once released leaves a great impact on the consumers. A good and healthy advertisement of a product has the potential of increasing sales, fighting competition, enhancing goodwill and expanding market.
Whereas a bad advertising can curtail the revenue of the organisation and thus resulting into losses.

- A policy is a statement of intent and is implemented as a procedure or protocol. It can also be called a deliberate system of principles to guide decisions and achieve rational outcomes. Entrepreneurs should have a good customer relationship policy in hand to guide their staff in the right direction. CRM or Customer Relationship Management is a system which aims at improving the relationship with existing customers, finding new prospective customers, and winning back former customers. One of the prime benefits of using a CRM is obtaining better customer satisfaction. With the help of CRM, it is easy to understand the customer needs and behaviour, thereby allowing the organisation to identify the correct time to market their product to the customers. CRM will also give an idea about the most profitable customer groups, and by using this information organisations will be able to target similar prospective groups, at the right time. In this way, organisations will be able to optimize their marketing resources efficiently.

**LIMITATIONS**

Although full efforts have been made to complete the study keeping in view the ground reality, yet there are some limitations faced during research. These are defined as follows:

- The study has not covered the entire population of industrial units due to limitation of resources. However the limited sample has been taken from five different industries to make a realistic approach.

- In the absence of sufficient studies on Medium and Large scale industries in Punjab & Haryana, sizeable secondary data on the subject could not be collected. The secondary data found from the department of industries relates only to the factories filing returns with the department.
Primary data has been collected by personal interviews with the respondents but most of them have requested anonymity. There is hesitation among the respondents on providing information about themselves and their organisation.

Most of the secondary data has been collected from the published reports and economic surveys. Industrial policies of Punjab & Haryana have also been obtained online. But there is no published data on the number of industrial units who have taken benefit from the industrial policies of the government.

Although both Punjab and Haryana has issued their Statistical Abstracts for the year 2013-14 but comparative data is not available in all the cases. Some issues have been reported by Punjab but not by Haryana and vice versa.