CHAPTER - XI

CONCLUSIONS AND RECOMMENDATIONS
CHAPTER XI

CONCLUSIONS AND RECOMMENDATIONS

The study is carried out to assess the impact of Industrial Parks with special reference to SIPCOT on the industrial and economic growth of Tamil Nadu.

Disproportionate Stratified Random Sampling technique was used. Eighty industrial units have been covered with the questionnaire. The researcher contacted majority of the respondents in person.

The data were subjected to an appropriate statistical analysis namely Mean, Standard deviation, Percentage analysis, Factor analysis, ‘t’ test, ‘F’ test, ANOVA and MANOVA. Later, the results of this study were further interpreted with the help of formulated hypotheses and discussed in detail.

The researcher extensively reviewed the earlier studies and formulated the following objectives and are presented below:

1. To analyse the impact of Industrial Parks in attracting new industries in Tamil Nadu.

2. To examine the impact of Industrial Parks in creating employment opportunities directly and indirectly in Tamil Nadu.
3. To study the impact of Industrial Parks in the growth of ancillary industries in Tamil Nadu.

4. To evaluate the impact of Industrial Parks in stimulating the latent entrepreneurial talents in Tamil Nadu.

5. To assess the impact of Industrial Parks in raising the general economic development of Tamil Nadu.

6. To evaluate the impact of Industrial Parks in the industrialization of backward areas and in minimizing the regional imbalances in Tamil Nadu.

7. To offer concrete suggestions for the growth and development of Industrial Parks in Tamil Nadu.

Based on the above objectives, the researcher has formulated the following hypotheses for the present study and they are:

1. Infrastructure, Government assistance and Services have no significant influences with the types of organisations.

2. Employment pattern differs significantly with the types of organisations.

3. There is no significant difference among the types of organisations in the indirect employment opportunities in the ancillary and vendor industries.

4. Employment of women of different cadres differs with the type of organisations.
5. There is no significant influence among the types of organisations in the case of locally employed people of various cadres.

6. Spread effect varies in terms of the distance from the Industrial Parks.

11.1 SUMMARY OF THE FINDINGS

Based on the analysis, the following findings were arrived at:

1. Industrial Parks have been developed in the industrially most backward districts and in the backward regions of the other districts.

2. Seventeen Industrial Parks have been developed in 12-districts. Of this, 7-Industrial Parks have been established during 1973-84, while 10-Industrial Park have been developed during 1991-1998.

3. Total area acquired for all Industrial Parks works out to 20779 acres. Of this, the extent of Industrial Parks located at Perundurai, Sriperumpudur and Gangaikondan occupy more than 2000 acres. The extent of Industrial Parks located at Rani pet, Hosur, Cuddalore, Gummidipoondi, Tuticorin, Burgur and Irungattukottai is between 1000 to 2000 acres. The extent is below 500 acres in Industrial Parks located at Manamadurai, Pudukottai and Nilakottai, attributed to lack of demand in these areas.
4. Scrutiny reveals the cost per acre of plots, is above Rs.10 lakhs in Industrial Parks located at Gummidipoondi, Cuddalore, Irungattukottai, Sriperumpudur, Oragadam and Siruseri. In Industrial Parks located at Ranipet, Hosur, EPIP-Gummidipoondi, Tuticorin, Perundurai, Gangaikondan, Nilakottai, Bargur and Cheyyar the plot cost is between Rs.5 lakhs to Rs.10 lakhs. In Manamadurai and Pudukottai Industrial Parks, the plot cost per acre is only Rs.25,000 and Rs.50,000 respectively. This is attributed to the poor demand for plots in these areas.

5. The area sold is 100 per cent at Ranipet (Phase – I and Phase – II) and Cuddalore (Phase – I). It is 99 per cent at Hosur (Phase – I) and 98 per cent Hosur (Phase – II). The demand for industrial Plots is very poor in Nilakottai, Cheyyar, Bargur and EPIP – Gummidipoondi Industrial Parks.

6. The decline in sanction and disbursement of term loan from the years 1999-2000 is attributed to the transfer of lending portfolio from SIPCOT to TIIC by the Government of Tamil Nadu.

7. Ready availability of plots with all facilities and labour have significantly and favourably influenced the entrepreneurs. This is followed by the factor of nearness to city / town. Availability of raw
materials exerts only lesser influence as they can be easily and cheaply transported from the place of availability.

8. In the choice of plots by the entrepreneurs the availability of power, Government incentives, proactive policies of the Government exert greater influence. Agencies of the Government of India have obtained the lowest mean value.

9. The campaigns of SIPCOT has the highest mean value of 3.79. Atmosphere of good industrial relations comes second, closely followed by press reports and advertisements. This signifies that the importance of SIPCOT's campaigns and good industrial relations in the choice of plots.

10. Infrastructure, Government assistance and Services have no significant influence with the types of organisations.

11. 1100 industrial units are located in SIPCOT Industrial Parks. During the study period i.e., 1998 to 2002, 250 - industrial units have come up in the Industrial Parks. Among 80-sample units, 19-units were started in the study period. This clearly indicates that SIPCOT's Industrial Parks have attracted substantial number of industrial units in Tamil Nadu.

12. 14,100 direct employment opportunities were created by the 80 sample industrial units. Totally in the 1100 units 92,200 people were employed
at the end of the study period. 13,350 indirect employment opportunities were created by the 80-sample units.

13. The number of managers increased from 581 to 766 under public limited companies 104 to 137 under private limited companies and then 24 to 26 under partnership and proprietary concerns. Thus it is apparent that new industries have improved employment opportunities for managerial cadre.

14. The number of supervisors in the public limited companies increased from 1596 in 1998 to 1780 in 2002. In private limited companies from 261 to 366 and in Partnership and proprietary concerns the number has increased from 52 to 57. Thus there is an addition of 184 supervisors in public limited companies, 75 in private limited companies and only 5 in partnership and proprietary concerns. Thus, the increase in employment of supervisory category is impressive.

15. When the number of skilled labourers directly employed in the public limited companies, is taken into account, it is found that it has increased from 3906 in 1998 to 5283 in 2002 followed by private limited companies from 509 to 630 and in partnership and proprietary concern from 106 to 137. It may be thus noted that number of skilled labourers has registered a gradual increase.
16. Analysis of employment of local people in the three types of organisations indicates that except skilled labour, there is significant difference in the case of local people employed in different cadres in the three types of organisations.

17. Eighty per cent of the respondents of the sample units have informed that Industrial Parks have played a significant role in making them entrepreneurs. This clearly shows that Industrial Parks have stimulated the latent entrepreneurial talents of entrepreneurs in Tamil Nadu.

17. Total exports doubled during 1998-2002 from Rs.151 crores to Rs.345 crores. In other words, units are able to export finished products at the rate of Rs.1 crore per day.

18. The total contribution to Government of India comes to Rs.3541.84 crores. This works out to per day contribution of nearly Rs.10 crores. It is noteworthy that 98 per cent of contribution comes from public limited companies.

19. Majority of the Industrial Parks of SIPCOT are situated at the backward areas of Tamil Nadu. 1050 industrial units have been located in the Industrial Parks situated in backward areas and this minimises the regional imbalances in Tamil Nadu.
20. The total foreign equity brought in during the year 1998 was Rs.592.76 crores which has increased to Rs.612.11 crores in the year 1999. Due to industrial recession the foreign equity brought in, has declined to Rs.20.70 crores in the year 2000. Subsequently it has registered a marginal increase of Rs.211.29 crores in the year 2001 but it again declined to Rs.30.03 crores in the year 2002. Totally the value of foreign equity brought in works out to Rs. 1467 crores.

21. The total sales value of the first product has recorded an increase of Rs. 731 crores in 1998 to Rs. 6992 crores in 2002. Of this, nearly 75 per cent is accounted by the public limited companies.

22. It is significant to note that in the 80 respondents organisations have paid Rs. 808 crores as taxes to the Government per year. Foreign equity received is Rs. 293 crores and that of revenue from exports is Rs.236 crores per year. Thus, these industrial units have been making a substantial contribution to the Government and People.
11.2 CONCLUSIONS

The following conclusions were drawn from the present study:

1. The impact of SIPCOT's Industrial Parks on the industrial and economic growth of Tamil Nadu is impressive. This is inferred from the fact that 1100 industrial units are located in the Industrial Parks which have generated direct employment to 92,200 people and indirect employment to about 88,000 people. Out of the above, 80 sample units have provided direct employment to 14,100 persons and indirect employment to 13,350 persons.

2. Eighty per cent of the entrepreneurs of the sample units claimed that Industrial Parks have played a significant role in making them entrepreneurs.

3. The Eighty sample units during the study period have exported to the tune of Rs.1177 crores and paid Rs.4041 crores as taxes and duties to the Government of India and Government of Tamil Nadu. Further, foreign equity of Rs.1467 crores have been brought in by the sample units. Thus the Industrial Parks have helped to raise the general economic development of Tamil Nadu.
4. Majority of the Industrial Parks are located in the backward area of Tamil Nadu. 1050 industrial units out of 1100 industrial units are located in the backward areas. Thus they have helped in minimising the regional imbalances in Tamil Nadu.

5. Almost all the 15 factors have motivated the entrepreneurs to set up industrial units and also expanded them subsequently. Further, they have plans for future expansions/diversifications.

SIPCOT's approach of industrial development is found to be right strategy for reducing regional imbalances. This has been certified by many entrepreneurs including multinational companies like M/s. Hyundai Motor India Ltd., Saint-Gobain Glass India Ltd., and Ashok Leyland Ltd. as found in the appreciation about SIPCOT's Industrial Parks which are given in Annexure – III.

11.3 LIMITATIONS OF THE STUDY

Fifteen per cent of the industrial units located in various Industrial Parks were only contacted for the present investigation, due to availability of limited time.

The study is confined to Industrial Parks developed by SIPCOT, one of the Govt. of Tamil Nadu undertakings. The outcome of the study cannot
be applied and generalized to the Industrial Parks developed by other agencies due to many differences in the nature and size of Industrial Parks, locations and the like.

11.4 RECOMMENDATIONS

From the results of the present study and follow-up discussions with the entrepreneurs of sample, and officials of SIPCOT the following recommendations have been made:

i. Managerial Issues

1. The location of the Industrial Park is a key factor of success, which should be based on an analysis of the inherent strengths and advantages of the location. It is suggested that a detailed feasibility report should invariably precede the establishment of the Industrial Parks in Tamil Nadu.

2. The cost of land acquisition and development expenditures should be minimised by avoiding the delay in the land acquisition and development of Industrial Parks.

3. Industrial Parks should be developed in a phased manner depending on the demand for Industrial Plots. This will avoid the locking of capital and thereby the price of the developed plots can be reduced.
4. Effective action should be taken to rehabilitate the sick industrial units in the Industrial Parks. For this purpose, a committee of experts has to be constituted to go into the details on the reasons for sickness and to suggest remedial measures.

5. Instead of allotting the developed plots on 99 years lease basis, the plots should be allotted on 5 years lease-cum-sale basis. This will boost the sales of the industrial plots. Legally enforceable conditions should be stipulated in the sale deeds to ensure that the plots are used for the purpose for which they were allotted.

6. Promotional campaigns in the form of Advertisements, Entrepreneurship development programmes, Seminars, Work-shops, and Exhibitions may be organised periodically by SIPCOT to boost the sale of plots in the Industrial Parks.

ii. Policy Issues

7. Presently, two Government agencies viz., SIPCOT and TIDCO have been actively promoting Industrial Parks. There should be only one corporation for the development of Industrial Parks to avoid multiplicity of agencies and to have cost reduction.

8. Exemption from Stamp duty should be given for the industrial units located in the Industrial Parks. If it is not possible, the Government of
Tamil Nadu can reduce the Stamp duty for the industrial units located in the Industrial Parks which are situated in the backward areas of the State.

9. The Government of Tamil Nadu should offer capital subsidy for the industrial units located in the Industrial Parks. If it is not possible, the Government of Tamil Nadu should offer capital subsidy at least to small scale units. This will attract more number of units in the Industrial Parks.

10. Industrial Township Authority Act should be extended to all Industrial Parks to enable the industrial units to obtain statutory clearances at a single place quickly. This will motivate the entrepreneurs to set up their industrial units in Industrial Parks as they need not run from pillar to post to obtain clearances from various Government agencies.
11.5 SUGGESTIONS FOR FURTHER RESEARCH

1. A comparative study can be conducted on the performance of industrial units located within the Industrial Parks with that of industrial units located outside the Industrial Parks.

2. A comparative study can be conducted on the performance of Industrial Parks of Tamil Nadu with the Industrial Parks located in other States.

3. A study can be designed to know the reasons for sickness of units located in the Industrial Parks and to suggest policy measures.

4. Also, a study can be conducted to find out the reasons for the poor performance of some of the Industrial Parks located in the backward areas of the State.