

CHAPTER : IV :

CONCLUSIONS AND SUGGESTIONS

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Suggestions.

C H A P T E R - V

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1. In the physical planning of industrial estates an aspect of size and location has received a careful examination by the Government of India. In fact the location, layout and the design of industrial estate has to be decided according to the type of size and nature of the prospective industries. Generally while deciding a location of an industrial estate a thorough techno-economic survey or feasibility study of a particular area is conducted with a view to ascertaining the economic and geographical feasibility. In case of Mini Industrial Estate at Kankavli no such feasibility study was carried out by Development Corporation of Konkan Limited.
2. As far as the size aspect is concerned, this industrial estate can be classified as Mini Industrial Estate. Because its area is less than 2 acres. As per the norm of Government of India an industrial estate located in a town having population between 5,000 and 50,000 can be classified as semi-urban industrial estate. Mini Industrial Estate at Kankavli can be classified as semi-urban industrial estate.
3. This Mini Industrial Estate at Kankavli is a general type of estate since it does not specifically provide for ancillary

units or interdependent units. In all, there are 14 small industrial units but they do not have linkage either in terms of common raw material or common market. They are neither vertically nor horizontally related to each other.

4. The mode of allotment of plot is on lease basis as the agreement specifically mentions about it. In case of lease, there is no out right sale or purchase. The land or shed is given on rental basis and a token rent is charged on annual basis for the lease out area. Besides this, a premium is also charged for the area. This system of leasing out is certainly desirable since it ensures that no malafide transfer of land is effected. It also ensures better utilisation of land.
5. The incidence of sickness is very high in case of this Mini Industrial Estate. Out of 14 small industrial units located there, 7 units are not functioning. They are as good as defunct. Even out of 7 units which have reported their financial performance, two units are on their way to closure. These two units have incurred losses for consecutively three years and can be classified as sick. Ofcourse, we can not attribute this phenomenon of sickness to the organisational

aspect of industrial estate. The causes reported for this sickness are mainly lack of finance and raw material. The power failure is one of the reasons which certainly comes within the purview of industrial estate.

The sponsoring authorities have not paid adequate attention to the aspect of coordination between MSEB and DCKL. The intermittent supply of power affects the production continuously.

6. Though no pre-investment survey had been carried out by the sponsoring agency i.e. Development Corporation of Konkan Limited, the decision to locate Mini Industrial Estate has been proved to be economically viable DCKL has been able to recover its costs fully with some premium. In fact, DCKL could secure a margin of 34.31 percent on the fixed costs incurred by it. This margin is certainly reasonable. In spite of this, a noteworthy point is that, it has been able to offer initial economies in capital expenditure. These economies could be repaid because of the apportionment of fixed expenses amongst number of units. This can be termed as external economies. This aspect of offering initial economies to small entrepreneurs is very important which confirms the economic viability of Mini Industrial Estate.

7. Though certain infrastructural facilities like approach roads, water supply, electricity has been provided by DCKL, no common facilities like workshop or training centre has been provided by DCKL.
8. DCKL has constructed 17 galas for the use of industrial units. Out of this 16 galas have been allotted to industrial units and one gala has been retained by DCKL. It means the utilisation rate for Mini Industrial Estate at Kankavli is 100 percent.
9. While developing an industrial estate, certain fixed costs are incurred. These are three main components of this fixed cost.
 - a. Cost of acquisition of land,
 - b. Cost of provision of infrastructural facilities like road; water supply, electricity.
 - c. Cost of construction of sheds.

The expenditure incurred for the acquisition and development of land constitutes 4.71% of the total fixed cost. Incurred. The percentage of expenditure for the provision of infrastructure facilities comes to 17.40% while for the construction of sheds it comes to 77.88%. The expenditure

for the provision of infrastructural facilities is certainly reasonable against the background that the percentage share of this component to the total fixed cost is generally very high in case of semi-urban industrial estates. Kankavli Taluka is that way a hilly area. Generally, the cost of acquisition and development of land is very high in semi-urban; rural and hilly areas. In spite of this the expenditure incurred is just 4.71% of the total fixed cost. On the basis of this analysis of the three components, we may conclude that there is fair ground to say that this decision of DCKL has not been influenced by political consideration. The decision to establish Mini Industrial Estate at Kankavli is more economic than political in nature.

10. This Mini Industrial Estate is established near Bombay Goa highway. This has proved to be advantageous from the point of view of transportation. It has helped this Mini Industrial estate in getting an easy access to market.
11. Though certain infrastructural facilities like water supply electricity have been provided by DCKL. There is lack of such facilities like canteen, post and telegraph and housing for the workers and entrepreneurs. Even the approach road joining Bombay Goa highway and this Mini Industrial Estate is also not proper. It is yet to be made pacca.

12. The allotment procedure for galas adopted by DCKL is sound one. The preference was given to local persons and technically experienced persons at the time of allotment.
13. The financial arrangements at the time of allotment of galas were made by DCKL. On the recommendation of DCKL loan facility was made available by the financial institutions including State Bank of India and Maharashtra State Financial Corporation. The seed money for setting up of an industrial unit was made available by the DCKL. This financial arrangement is certainly commendable because it has ensured not only the allotment of a gala but also a financial package to start an industrial unit.
14. In the Mini Industrial Estate there is not a single unit which can be classified as resource based unit. At the time of allotment of the galas no preference seems to have been given by DCKL to resource based units. The objectives of establishment of Mini Industrial Estate is to provide stimulus to small units based on local resources. This objective has not been adequately given thought to by DCKL.
15. Out of 14 small industrial units located in this Mini Industrial Estate, 7 have reported their performance. Out of these 7 units 4 small industrial units are functioning as

- proprietary concerns, 2 are partnerships and one unit is private limited company. There is not a single unit organised on cooperative basis.
16. All the small units located in this Mini Industrial Estate are run on one shift basis. This had led to underutilisation of their production capacities.
 17. Out of 7 reported small industrial units all entrepreneurs started their small units with adequate technical and occupational experience. They seem to have done enough 'home work' before starting their units.
 18. Only 2 reported units are using their full capacity and remaining 5 small industrial units are operating at less than 50% of their technical capacity. This underutilisation of the capacity has been there consecutively for 2 to 3 years. This factor is very important because subsequently it may lead to sickness, adding to the number of defunct units.
 19. The average amount of fixed capital invested comes to Rs. 3,75,785.71. The total amount of investment of Rs. 26,30,500 has generated employment of 79 persons only. This shows that the small units located in Mini Industrial Estate are not actually capital saving in nature.

20. Out of 79 workers employed in Mini Industrial Estate only 25 can be classified as skilled workers. This shows that the estate is facing the problem of skilled workers. One unit that is Girija Shankar Vidhut Company is closed on account of shortage of skilled manpower. Since there is no training facility provided in the area by DCKL, this problem of shortage of skilled manpower will continue even in future.

SUGGESTIONS

1. At the time of establishment of Mini Industrial Estate at Kankavli no pre investment techno economic survey was carried out. Really soeaking the establishment of industrial estates at different locations requires micro level planning and that can not be scientifically undertaken without the pre i investment survey of alternative locations. It is therefore, recommended that DCKL may undertake socio economic investigation at the time of establishment of Mini Industrial Estate.
2. The industrial estate under study is Mini Industrial Estate with an area of less than 2 acres. On the basis of cost and income analysis, it may be noted that Mini Industrial Estate as a technique for planned industrialisation is economically viable. The size of an industrial estate is an important

factor determining its economic viability. It may be suggested that Development corporation of Konkan Limited can adopt this technique for the industrialisation of industrially backward tahasils of this area. An industrial estate with average 2 acres of land with 17 to 18 galas can become economically viable. The sponsoring agency will be in a position to recover its fixed costs besides getting some premium.

3. In the fixed cost the two components i.e. the acquisition of land and development charges and provision of infrastructural facilities are within the reasonable limits. Their cost shares in terms of percentage is quite in accordance with the acceptable norms as revealed and pointed out by similar micro level studies. But the cost of construction of sheds is considerably high which constitutes more than 70% of the fixed costs. The DCKL authorities may examine this aspect with a view to controlling the construction cost of sheds in future.
4. At the time of establishment of Mini Industrial Estate in future it may be suggested that DCKL authorities may accord preference to resource based units. Though this technique of Mini Industrial Estate has been proved to be economically viable it may be suggested that adequate attention be paid

to the type of units with a view to establishing backward and forward linkages. It is expected that this technique of Mini Industrial Estate becomes a stimulus to industrial development of this backward region. It is expected that the results of the multiplier effect of investment become optimum. It is therefore recommended that DCKL may be selective in its approach at the time of allotment of sheds in future.

5. The Mini Industrial Estate under study is a general type of estate. In general type of estate, the units need not be interdependent. It is therefore, suggested that here DCKL hence forth may go in for 'special type' of estate with either vertical or horizontal linkages amongst the units. This may be tried out in case of certain resource based units or ancillary units in order to ensure the greater 'spillover' effects.
6. The provision of infrastructure facilities at subsidised rates is the basic objective of establishment of industrial estate. Though DCKL has provided these facilities, it leaves much to be desired in qualitative terms. The power supply has not been regular and there seems to be no proper coordination between DCKL and MSEB authorities. Likewise the approach road between Mini Industrial Estate at Kankavli and Bombay Goa highway may be made pacca. The facilities like post and

- t telegraph are urgently required and DCKL may take up the matter with appropriate authorities. DCKL should not forget, that being sponsoring agency it has got special responsibility towards entrepreneurs.
7. Though on the whole DCKL has been successful in terms of economic viability of an estate, it is expected that it may pay due attention to the phenomenon of sickness. Out of 14 small industrial units located in this mini industrial estate, 50 percent are not functioning at all. This high mortality rate in case of industrial units located in this estate needs immediate attention. The DCKL may appoint a study group of probe into the reasons for this sickness. The recurrence of this phenomenon may be arrested immediately. The DCKL may not be directly responsible for the functioning of these units, still then it can not abdicate itself from the responsibility of arresting sickness. The utilisation of rate for an industrial estate is high but the unit functioning rate is not satisfactory. DCKL, it is suggested, may try to improve this unit functioning rate.
8. The Development Corporation of Konkan Limited has been able to recover its fixed costs fully. Besides it has also received a margin of more than 30 per cent. In spite of this, it has been able to offer initial economies to small industrial

units. It may suggested that DCKL hence forth may bring down its margin with a view to offering sizable economies in capital expenditure of small industrial units.

9. Industrial estates are expected to generate income and employment in the areas where they are located. On the basis of survey of small units located in this Mini Industrial Estate, it may be said that they are not labour intensive in character. The fixed investment of more than 26 lakhs has been able to generate employment of just 79 persons. In future, this trend may be corrected by DCKL. It is suggested that at the time of allotment of galas, adequate attention may be^{paid}/to the aspect of choice of technique. It may be ensured that only labour intensive unit may get precedence.
10. As there is not a single unit organised on cooperative basis. It is recommended that DCKL may pay special attention to organise units on cooperation basis.