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**CHAPTER X: CONCLUSIONS AND SUGGESTIONS**

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### CONCLUSIONS AND SUGGESTIONS

Having presented and interpreted the data of industrial estate of Dhatav-Roha, it may be interesting now to pull all the threads together and try to draw some conclusions. As could be seen, the data are single point data and relate only to the industrial estate at Dhatav-Roha where the programme has been in operation in the years 1986 and 1987. The limitations of the data are important, because they determine the validity of conclusions on the one hand and their universality on the other.

#### 10.A:1 Conclusions

The data of this study relate to six years only, from which it is not possible to infer the economic position of the units in the industrial estate before they entered. What we know is a particular position of the units selected for the study in the time of survey and through managerial views and believing on their responses, as there is no other test to confirm those responses. An effort is made through free discussion with workers successfully to get the confirmation of managers' replies and the researcher is happy to find that the responses collected are not different from the facts existing in the concerned industrial estate. The task could be done more effectively if time series data and other information were available for the units before entering in this industrial estate. For the reason that it is extremely difficult

to gather time data from small enterprises, which scarcely keep the accounts, such data could not be collected. It was also beyond the resources of an individual, particularly in terms of time. The data show that the programme of Dhatav Industrial Estate was just entering eighth year of its operation and it also shows that the industrial estate was yet to enter 9th year of their working. It may be said that this is not a sufficient period in which to judge the programme. It may be argued that the units and their managers had not had time to stabilize themselves. That may be true of new units, whose number is negligible (3 out of 56 units). As most of the units in the industrial estate were those which had extended their activities from their original centres, they are already established. A period of 5 to 8 years may be regarded as sufficient for assessment.

The whole approach to the problem may appear to be one-sided, i.e., looking at the programme from one particular point of view 'performance'. This is true, but I submit that the examination and assessment of the programme on the basis of efficiency is basic. The other considerations and objectives are also important and I have touched them in other topics. But to me it appears that the long term success of the programme will depend primarily on efficiency and that is why I have laid specific emphasis on this aspect.

The data relate to the Industrial Estate at Dhatav-Roha

and so the conclusions pertain to that industrial estate. The conclusions can be generalised only with great caution for other estates.

Bearing in mind those limitations of data and the approach we can attempt to draw some conclusions. As mentioned earlier the major objective is to know the managerial view point about small enterprises development in this industrial estate. The secondary objectives were the development of backward regions, industrialisation of rural areas and decentralisation of industrial development. Whether these objectives have been accomplished can be examined in the light of the study of industrial estate at Dhatav-Roha.

#### 10.A:2 Performance of the Industries in this Industrial Estate

Utilisation of plant capacity can be a better test to measure the performance of industries through manager's views.

Table 10.1 on the following page shows the percentage of utilisation of different plants (selected),

The aggregate percentage of plant utilisation (in units) of selected plants is 82.24 (in last 6 years). From the percentage of plant utilisation of those 5 companies in the last 6 years, it can be said that managers are successful in executing the plans of production given to them.

Some managers have attempted to respond on the issue of

Table 10.1: Percentage of utilisation of different plants (selected)

Plant	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
A	88.23	92.94	95.88	100.00	91.76	100.00
B	49.00	58.00	69.00	93.40	80.00	93.00
C	40.00	44.00	100.00	98.00	84.00	86.00
D	40.00	60.00	73.33	60.00	80.00	90.00
E	90.00	100.00	105.00	110.00	96.00	100.00
Average	61.44	70.98	88.64	92.28	86.55	93.80

Source: Questionnaire and interview.

comparative performance of their units, with the units outside the estate, as they entered in this estate only because of Government's indirect compulsion by controlling the licenses for production. They did not consider that their units' performance might be better because of locating their plants in an industrial estate. New entrepreneurs were not under the compulsion of Government, but their number is negligible and they expected much from the agency promoting this industrial estate i.e., Maharashtra Industrial Development Corporation.

But no one is refusing of getting some facilities through the industrial estate, which could not be obtained elsewhere, which are effecting on the productivity which can be a good base to test the performance. So, it can be said that the performance of

Dhatav-Roha Industrial Estate is better.

10.A:3 Fostering the Development of Small Enterprises

Fostering the development of small enterprises has been the main objective of the industrial estate by Maharashtra Industrial Development Corporation. By development of small industries one means:

- a) Creation of new small enterprises,
- b) Improving the efficiency of performance,
- c) Sustaining the otherwise inefficient small enterprises.

The following Table will throw light on the first issue.

Table 10.2: Number of 'new' enterprises in the estate

	1977- 1980	1981	1982	1983	1984	1985	1986
No. of new entrepreneurs in the estate	-	1	-	2	-	-	-
No. of units established as merely branches in the estate by already established units	49	-	4	3	-	-	-

Source: Interview

Percentage of new entrepreneurs to the total entrepreneurs in this estate is 5.08. The data show that a majority of the units in the industrial estate were branches of established

companies, which had just shifted to this industrial estate from large cities. Only 3 enterprises which have come up in this industrial estate are disappointingly small.

We may turn to the second issue, i.e., improving the efficiency in the performance (through managers' views) of existing small enterprises in Dhatav-Roha industrial estate. This is more important because a majority of the units in the estate, at the time of survey were those which existed before the industrial estate was established. An effort was made to test the efficiency of the performance on the basis of (a) production, (b) labour cost, and (c) labour relations. The regular test of measuring the efficiency 'on profit' was not possible as those units are not separate units but the branches of well established companies in cities. In order to test the hypothesis to confirm the managers' views that the units in an industrial estate are more efficient. In all industries tested, labour cost is not higher in any case as it is compared with other industries in the industrially developed regions in Maharashtra State or India (Please read Chapter 9, Table 9.4). As regards the relations between workers and the management, there are some token strikes, specifically for bonus issue, a burning issue in India, but the duration was quite small and the strikes were ineffective so far as the productivity is concerned (Please read Chapter 9, Table 9.6).

Regarding working conditions, as a part of management's responsibility towards labour relations 200 workers out of 574 were asked questions. Their responses are reviewed (Please read Chapter 9, Table 9.5). The researcher is sorry to note that regarding working conditions the situation is poor, and workers are not aware of their needs. So, we can say that there is further scope for improving the efficiency and the performance of Dhatav Roha Industrial Estate.

From the observation and the data collected it can be said that the less efficient units are entered in this industrial estate on the basis of efficiency and economic viability (out of 59 units 20 units are sick units). In the absolute sense, the units in this industrial estate are also efficient, and they also earn profit; they are technically efficient and economically viable.

The data are single point data and the opinions of managers, it shows the situation as it is, from that we need not infer that the industrial estate may not do or have not done anything towards increasing the performance of units in the industrial estate; <sup>it</sup> today/is in the position of upward movement.

The industrial estate was something which offered protection in the form of subsidised rent and preferential treatment in allocating power, raw material. It is expected to offer good lighting, good air, that would help labours to improve the productivity, common facilities and services. As an aggregation



of firms, it proved scope for interservicing and intertrading. It stepped up a platform for achieving complimentary production. All those things are to be approved which will improve technical and financial performance. We may now examine the third meaning of fostering the development of small industries. It can be said that without the industrial estate in that area, the units would have died a natural death. The estate has actually sustained them. It is the positive aspect of the industrial estate. The industrial estate has accomplished the development of small industries by sustaining the otherwise inefficient small enterprises.

#### 10.A:4 Development of Backward Areas

Some managers referred to the development of 'Backward Area'. It is the secondary objective of industrial estate. The secondary objectives are:

- a) To develop the backward area (considering local employment)
- b) Rural Industrialisation, and
- c) Decentralisation of Industries.

All those three objectives are inter-related as rural areas are also generally backward and as the rationale of decentralisation is the same as the rationale of regional development.

Dhatav-Roha industrial estate started the constructions of plants in the years 1975 to 1977 and started their working after 1977. There are totally 59 industrial units out of which 56 units

are shifted to this estate from outside. It indicates that 94.91 per cent industries are shifted to this industrial estate and 5.09 per cent are newly established.

They are shifted to this rural area from urban areas and so the objective of development of backward area is not fulfilled.

While considering the development of this backward area, though many industries are shifted from other areas, whether those industries are labour intensive or capital intensive, is the prominent issue to know the local employment situation. The following tables will help to know the situation of local employment.

Table 10.3: Capital/Labour ratio in different plants (selected for study).

Plant	Investment in fixed assets Rs.	Earning of employees (excluding officers/ managers)	Capital/Labour ratio
A	Not available	-	-
B	3,50,00,000	31,20,000	11:1
C	64,00,000	8,64,000	7:1
D	1,00,00,000	12,72,000	7:1
E	1,70,00,000	8,04,000	21:1
Total p.c.	6,84,00,000	60,60,000	11:6

Source: Questionnaire

Note: Ratio is calculated by assuming the average salary per worker as Rs. 12,000 p.a.

Normal capital/labour ratio is expected to be 6:1. So, the industries selected for study are not labour intensive, but capital intensive industries. Therefore, the scope for employment is low and will effect on the local employment. The following table will show clearly the situation of local employment.

**Table 10.4:** The number of employees recruited from the local area (Companies A,B,C,D& E).

Company	Workers & office staff (including watchmen)		Supervisors and officers (including the managers)		Total	
	Local employees	Other employees	Local employees	Other employees	Local employees	Other employees
A	11	58	None	03	11	61
B	107	153	None	13	107	166
C	27	45	2	03	29	48
D	42	64	None	03	42	67
E	29	38	None	06	29	44
<b>Total</b>	<b>216</b>	<b>358</b>	<b>02</b>	<b>28</b>	<b>218</b>	<b>386</b>

**Note: Local Employees;** The employees whose birth place was in Raigad District or their major educational period is in this District are termed as local employees.

Out of 604 employees, in the 5 industries selected for study, 386 employees are not local employees. The percentage of local employees is 36.96 in those industries.

From the above discussion it is clear that there is

shifting of already established companies' branches in this rural area, so there is neither the development of new entrepreneurs' industries nor they have proved to give opportunities to the local employment and those are not labour intensive units. Therefore, the objective of development of backward area is not fulfilled.

### Decentralisation of Industries

10.A:5 One of the secondary objectives of the industrial estates was the decentralisation of industries. Decentralisation has two dimensions . It may mean the decentralisation of existing industrial units or setting up of new units which otherwise have been established in place of industrial centralisation. We can examine both those aspects in the light of examples.

Out of 59 industries 56 units are shifted from bigger cities. In no case an industry is shifted from this rural area to the bigger city.

As regards the second aspect of industrial decentralisation the number of new units in this estate is quite small i.e., 5.09 per cent only. So, it can be said that this estate led to decentralisation.

10.A:6 Some Observations

On the whole the Dhatav-Roha industrial estate has not been a great success in the performance through managerial views. They have not achieved many of the objectives for which it was intended, namely, creating new small enterprises, industrial development of backward areas, rural industrialisation, decentralisation of industrial development etc.

The researcher is not alone in reaching the conclusions. Some other studies have also come to similar conclusions. The study only confirms many of the findings of the previous studies.

The working group on the programme of work for the sixth (and fifth also) Plan reported that the industrial estates have not succeeded in establishing small enterprises in underdeveloped areas. The Estimate Committee pointed out that the industrial estates have failed to decentralise the industrial development.<sup>1</sup> The selected Building Projects Team mentioned that the industrial estates have not been successful in creating new enterprises and that the majority of units in the industrial estates have been those which have just shifted from other parts of the city or town.<sup>2</sup> The conclusions of 'International Perspective Planning Team' are also similar. It observed that generally inefficient units entered the industrial estates and suggested the eligibility criteria for estate tenancy should be more rigorous.

According to it, the more efficient units should be given a chance to locate in the industrial estates. The ultimate objective must be to establish enterprises which are competitively viable. The industrial estate alone can neither create the industry nor bring about its decentralisation. Estate cannot alone overcome the locational disadvantages.

Lack of planning is one of the most important reasons for the failure of this industrial estate. Before locational decision and decision regarding physical facilities, economic analysis must be made. The approach to the problem of small industries in general and to the industrial estate in particular has been quantitative rather than qualitative. The effort of the Central or State Government, to bring about new small industries should be subject to the assistance programmes designed to make the existing units more efficient.

#### 10.B Some Suggestions

A few but useful and practicable suggestions are made here for developing the performance of industrial estate and for establishing any other new estate:

- (a) Economic analysis and planning is necessary before locating an estate.
- (b) Industry should use raw materials from local markets and

and should sell their output in that market wherever possible.

- (c) Establishing agency should use some criteria for the admission, like new and local unit must be given the priority.
- (d) Ministry of finance should see that easy finance is available for the industries entering independently in an estate.
- (e) Establishing agency must not deal with entrepreneurs just like land selling business.
- (f) There must be good physical planning consisting of the network of roads, playgrounds, drainages, place for shopping centre, schools, etc.
- (g) M.I.D.C. have not yet considered the problem of housing. As factories require land, workers also require land for their houses. Provision for housing is, therefore, necessary.
- (h) Educational facilities for the workers and their wards are necessary. Government should give directives to their Education Department regarding education and training provision in the precincts of industrial estates.

- (i) Water and electricity are the prerequisites of industries. Supply of both must be satisfactory and adequate.
- (j) M.I.D.C. has sold all the plots. There are some industries which are developing naturally, but for extension there is no space. M.I.D.C. must preserve some land for such further growth and development.
- (k) Promoting agency should select industries which are based on local material or cater to the local demand.
- (l) Industries selected should be labour-intensive with requirements of common facilities.
- (m) Industries which utilise the products of each other or which assist each other by providing services should be preferred.

## NOTES AND REFERENCES

- 1 Industrial Estates in India, Asia Publishing House.
- 2 Ministry of Industry, Government of India, 'Report of the International Perspective Planning Team'.