

- CHAPTER : III -

GENERAL PROBLEMS OF INDUSTRIAL ESTATE:

The small scale Industry plays an important in the National Economy. The Central and State Government has been taking measures to promote and poster them. These measures have been taken particularly effective in removing the handicaps in the establishment and development of such industries. But, of these problems so many are remained in the field of production and distribution of finished goods, so of them are common over a wide range of small Industries.

3.1 WRONG LOCATION :

A wrong location of the estates is an adverse factor in their growth.¹ They are selected, in a large number of instances, without preinvestment surveys of their proximity to markets, the availability of raw materials, and their - transport, the transport of finished goods and the availability of power, skilled workers etc. Dr. Ram K. Vepa said that " Location of many estates seems to have been dictated by non-technical consideration without preliminary economic surveys. Industrial estates have tended to be regarded as status - symbol and a matter of prestige for lending political figures rather than genuine economic centres."

3.2 RAW MATERIAL :

In view of raising tempo of industrial economy the right type of raw material at standard prices are required. But in actual practice, their shortage has affected the entire industrial factor. Certain difficulties are due to smallness of their size and weak financial position. The irregular - supply of certain raw material affects their production

1. R.K.Bharati : Industrial Estates in Developing Economics.

programmes. The raw material problem is extremely acute for steel based industries like bicycles and its parts, sewing machines and its parts, agricultural instruments, cement industries etc. All these factors raise the cost of production and have an adverse impact on quality of goods.

The actual producer suffers both the ways higher prices for raw material and lower prices for finished goods, for this following are the remedies :-

- (a) Small units would form industrial Co-operative societies, which would arrange for import of raw material from abroad and for bulk purchase of on the behalf of their members.
- (b) Scrap should be actioned by the Director General of supplies and disposal in small lots or a portion of the material, may be reserved exclusively for small units. This National Small Industries Co-operative has opened a raw material depot.
- (c) Import licenses or permits in the case of domestic raw materials short supply were granted on the basis of productive capacity.

3.3 POWER SHORTAGE :

¹ Shortage of electric supply in certain places, over changing timings of power supply and high rates at which power is supplied leads to under utilisation of installed capacity and raises the cost of production. The Small Scale Industrial Board also suggested that when power is supplied by Government, it should be made available at co-pace per unit to small units, power of reduced rate is supplied in some states.

3.4 SUPPLY OF MACHINERY :

One of the main handicaps of small scale industries being shortage of funds to buy modern machinery and tools. They are forced to use old and modern machinery which affects both the quantity and quality, of their production. Now the supply of requisite machinery like lather, furnances, welding equipments etc. to small units by the National Small Scale Industries Corporation under its hire purchase scheme is recommended.

3.5 INDUSTRIAL PREMISES :

Many of the smallscale units are located in old congested, the housing of units in such centres creates the difficulties regarding availability of power, proper

1. R.L.Sanghvi : Rate of Industrial Estates in a Developing Economy. .46/-

installation of machinery. Shortage etc. At present, Many small scale manufacturers lack of common facilities like heat treatment etc. because they cannot be provided by the resources of industrial units for example electroplating, store etc. Naturally, they adopt crude methods and sell their productions in unfinished form. For this, establishment of industrial estate with common services and other facilities such as food site, power supply, water supply, gas, compressed air, railway siding is recommended.

3.6 TRAINING IN PRODUCTION TECHNIQUES AND MANAGEMENT :

Many of the people engaged in small scale industries are lack of education, not familiar with modern production techniques, management and marketing. They also do not show any initiative in introducing new designs to attract and - usually strike to traditional problems.

In order to improve their competitive position, it is necessary to train them in business management, accounting and new techniques. Study trips of small industrialists to large industrial units are recommended so that they can familiarise themselves with advanced techniques. Now a days, there are so many training classes available in Regional Service Institute.

3.7 : TRANSPORT FACILITIES :

Difficulties of transport are experienced by all industries. Their severity is felt more by smaller units as they have to depend on regular supplies of raw materials as well as quick distribution of finished goods as they cannot afford to maintain large stocks. The South Eastern Railway has tried to remove some of the difficulties by running once or twice in a week. There are special good train for small traffic between important industries Raw materials and marketing centres. Road transports may help in transporting the material to small producers.

3.8 PROBLEM REGARDING MARKETS :

Small Scale Industries face many problems while marketing their products. Inability to meet the requirements of Government and other bulk purchase. There is an urgent need to dispose off their products immediately and at any available prices due to paucity of working capital and subsequent lack of staying power. Another difficulty is regarding market season.

3.9 STANDARDISATION :

Absence of standards and lack of facilities for quality control hamper sales of products where standards have

been laid down by the Indian Standard institution. Small units do not/adhere to these specifications. It is strictly recommended that the small scale Industries should lay down quality standards in respect of products for which they have not done so. The unit should be advised that, in their own interest they should conform to those standards, The State Government should initiate quality marketing based on these standards.

3.10 : GOVERNMENT PURCHASE :

Government is one of the largest bulk purchaser of the products that could be manufactured by small industrialists. But most of such industrial units are unable to fulfill the requirements of Government purchasing agencies and Specifically those regarding security, deposits bank guarantee, income tax clearance certificate, container specifications etc. The delay in payments of Bills, which is common also block up working capital.

3.11 PROBLEMS REGARDING FINANCE :

Lack of finance is a serious draw-back. Small scale industries do not have sufficient funds of their own for fixed capital investment, nor can they obtain the necessary resources from the institutional agencies who are doubtful of

ability of some borrowers to repay the loans in time. In the absence of developed markets for their products, shortage of funds affects their ability to install modern machinery and tools as well as to maintain well organised and fully occupied factories. They cannot buy and store good quality of raw material and their finished products.

3.12: ¹SPECIAL PROBLEMS OF INDUSTRIAL ESTATES :

Besides the general problems of production relating to the supply of raw material, Machinery and components, - industrial services, finance and credit etc. uncounted by almost all the units functioning in the estate under reference to the small scale units located outside, there are certain special problems which are faced by the units in some of the industrial estates only. These problems relate to the - nonprovision of basic amenities, shortage of space for expansion, permission for diversification of the manufacturing line, higher rents etc.

1. Establishment of Industrial Estates in Under Developed Countries - UNITED NATIONS, 1961.

CONCLUSION :

In this chapter we have seen the general problems of Industrial estates in urban area, semi-urban and rural area. Generally industrial estates are facing number of problems, but industrial estates in rural areas are facing more problems, viz.

- (a) Problems of supply of raw material.
- (b) Shortage of power.
- (c) Skilled labourers.
- (d) Transport facilities and problem of selling finished products. etc.

Government should provide more attention to solve the problems of rural industrial estates.

. . .