

CHAPTER - 5

SUMMARY AND CONCLUSIONS

This chapter summarizes the observations on industrial sick units in Islampur M.I.D.C.

5.1 INDUSTRIAL SICKNESS IN INDIA :

The Indian Institute of Economics, Hyderabad conducted a survey of small-scale units in Andhra Pradesh, Kerala and Karnataka. The survey pointed out the financial position of sick units and also the causes behind the sickness of units which were situated in the urban areas of Andhra Pradesh, Kerala and Karnataka, and also suggested some remedies on sickness.

A study of small scale industries in the Jagatpur industrial estate Cuttack of Orissa district analyzes the causes behind the

sickness. The study also draws the comparative picture of sick and non-sick units from newly started Jagatpur industrial estate in Cuttack of Orissa district.

The Vidarbha Industries Association has concentrated on major problems, like finance policies, procedures of credit agencies, and difficulties in marketing of small-scale industries. The study pointed out how sick units utilized their finance and what actions to be taken by various financial institutions.

Industrial sickness and the repercussions has shown how the problem of industrial sickness in India lead to increase in problem of unemployment. The paper deals with the magnitude of employment loss due to closure of sick industries.

The article on 'Industrial Sickness' shows that an industrial unit is considered sick, if it is in financial distress and has persistently exhibited inability to meet its obligations to lenders and creditors.

The study pointed out the proportion among the textile, engineering and electrical types of units and the sickness among the states. The study shows that scarcity and uneconomic price of

quality, raw material, disturbed industrial relations are the environmental causes. The study also pointed out managerial operational and financial causes of sickness.

A study on industrial sickness in India mainly concentrated on Indian industries to find out growth and magnitude of industrial sickness, signals and symptoms, causes and consequences, financial factors, government policies, financial institutions etc. The study pointed out that financial ratio is the true symptoms of industrial sickness is very high among the industrially advanced states like Maharashtra, West Bengal, Gujarat, Tamil Nadu, Andhra Pradesh, Uttar Pradesh and Karnataka. The study also discussed internal and external causes of sickness, policies on industrial sickness like, the Sick Industries Companies Act (1985), Board for Industrial and Financial Reconstruction (BIFR).

5.2 ISLAMPUR TOWN : AREA UNDER STUDY :

While showing the picture of study area namely 'Islampur M.I.D.C.' the attempt is made to show the earlier industrial developmental activities and geographical location of the town.

The chapter also includes with economic activities of the town. The industrial activities of the town were coming up gradually and in near future its economy will get changed from purely agrarian to agro-industrial economy. The establishment of sugar factory is the first industrial development of the town in the form of Islampur M.I.D.C.

5.3 METHODOLOGY OF THE STUDY :

The M.I.D.C. was established in 1968 along with the sugar factory. While discussing the present situation of Islampur M.I.D.C. the information was presented in the form of number of units in M.I.D.C., the various zones in which the area of M.I.D.C. is scattered and the types of units.

The present study is related with sickness among the units in Islampur M.I.D.C. so far the study purpose selection of forty (40) units was made. All the 20 sick units out of 100 were selected for the study along with 20 non-sick units which were continuously viable since their establishment. The efforts were made to present comparative study between sick and non-sick units.

The data were collected with the help of interview schedule. The interview schedule was divided in two parts which were related with sick and non-sick entrepreneurs. The questions were asked both sick and non-sick unit holders in connection with their units. The chapter also included the observations made by researcher while conducting this investigation.

5.4 SICK AND NON-SICK UNITS IN ISLAMPUR :

The sick and non-sick units were comparatively analyzed with reference to the socio-economic background of unit holders, their unit performance and problem of sickness.

While analysing the socio-economic background of unit holders it shows that, the proportion of male proprietors is much higher than female in sick and non-sick units. The religions background shows that proportion of Hindu entrepreneurs is much higher. Again it also shows that proportion of Christian and Hindu entrepreneurs is higher in sick units. There is also higher proportion of married entrepreneurs. While considering the birth place of unit

holders, it shows that majority unit holders are coming locally or from various places of Sangli district. The unit holders coming from outside the Sangli district are mainly concentrated in sick units. The level of education among the unit holders in both sick and non-sick units shows that majority of them are having education of graduation level and above. It also shows that non-sick unit holders are more qualified in technical education. The caste background of unit holders shows that there is higher proportion of nomadic tribe, backward caste and other backward castes in the sick units, and there is a higher proportion of Brahmin, Jain, Muslim and Maratha castes in non-sick units.

While analysing the factory information with reference to whether unit holders have any previous experience of their unit, it shows that nearly half of sick unit holders have previous experience. The details regarding registration of units show that majority of the units have been registered after 1986. The type of ownership of the units shows that, majority of the units were proprietorship types. The position of factory workers shows that , majority of the units have 1 to 5 workers in their unit. Nearly half of the units have no

office workers. While considering the impact of electricity on sick units, it shows that nearly half of the unit holders said that there was no impact of electricity on their unit.

While focussing the problem of sickness, the data analyzed with reference to labour problem, working capital of the units, internal and external causes of sickness, sickness among the different types of units etc. The labour problem among the sick units shows that, there was non-availability of skilled workers. The working capital of the sick units shows that majority of the units were having capital up to Rs.5 lakh to Rs.15 lakh. While discussing the problem of sickness with reference to responsible factors like financial institutions, government and bank it shows that, majority of the sick unit holders have indicated bank as the responsible factor of sickness. While considering the proportion of sickness among the different types of units, it shows that there was the higher proportion of sick units in cement pipes, allied production and tiles industries. In the external causes, there is delay in advancing of funds.

The factors suggested by sick and non-sick unit holders for their better functioning of unit are : the majority sick unit holders needed immediate loan facilities for their units and on the other hand, majority non-sick unit holders have suggested good quality production from their unit.

In case of non-sick unit holders, majority unit holders have said, that their unit performance is good, excellent and they also pay bonus to their workers since 1992.

5.5. RECOMMENDATIONS ON SICKNESS :

Our Global experience suggests that in the process of industrial development a certain level of industrial sickness is to exist. In India industrial sickness is continuously on increase and now has assumed alarming proportions.

1. The present study shows that the proportion of sickness in Islampur M.I.D.C. is much higher as compared to non-sick

units. To minimise the level of sickness the following measures are suggested :The entrepreneurs should be much socialized with the unit which he is going to establish. Unless and until he completes his training in connection with his unit, he should not be held liable for finance.

2. The finance institution or Government should discourage the repetitive types of units (with reference to product) as per the previous records and encourage to distinctive types of units.
3. The financial institutions should collect their cash amount of loan after the continuous production goes on in the unit.
4. There should be always rapport between the Government financial institutions and entrepreneurs.