

**CHAPTER XII****SUMMARY AND CONCLUSION**

The environmental factors in Sikkim are not congenial to the establishment of large scale industries as possible in other parts of the country. The heavy rainfall and soil structure need extensive 'afforestation' in the region. This, together with measures for social forestry can make ground for forest based small scale industrial units.

The hilly regions, especially, north-eastern hill areas are grossly neglected, as many of the facilities are not adequately provided. The state of Sikkim must ensure the establishment of pollution-resistant small scale industries to preserve its ecological balance.

The analysis of various indicators of infrastructural facilities in the state viz., communication, transport, banking, education etc. indicates inequitable distribution. Deficiencies in these areas are to be eradicated by proper redistribution of existing facilities or raising equitable distribution.

It is observed that on an average 50.0 percent of the plan outlay is marked for power and communication sector. This affected other social and economic needs of the people.

Considering the analysis of sectoral growth pattern in Sikkim, it can be concluded that the growth since 1975 is phenomenal. The Net State Domestic Product (NSDP) at current prices was estimated at Rs.250.2 crores in 1993-94 registering a growth of 5 times since 1980-81.

It is observed that more than 80.0 percent of the units are concentrated only in east district, which is only 13.4 percent of the total geographical area of Sikkim. The Corporation has depended primarily on 'Walk-in' business for the growth in its operations. Thus, the growth in its operations has been mainly concentrated in the developed areas i.e. east district of the state where infrastructure has been reasonably developed. The performance of the Corporation in other districts has not been of desired level.

Though there are many financial and service institute in Sikkim, barring SIDICO, IDBI and Directorate of Industries all others performance is beyond expectation. Geographic limitation, entrepreneurial indifference and other societal constraints appeared to be the main impediments to their optimal performance.

It is found that the flow of fund was fettered causing yawning situation in the operation of loan sanction and disbursement.

The managerial personnel of the corporation is to be selected and trained keeping in mind the gravity of a financial institution. The organisation structure must be well equipped with recovery wing. The Entrepreneurial Development Programme (EDP) conducted by various institutions like Directorate of Industries, SISI etc. did not yield the desired result because of primordial factors, unwillingness of banks to entertain first generation entrepreneurs, lack of post-training, and inefficiency in conducting EDPs by the institutions themselves. The Corporation has no Entrepreneurial Guidance Cell and as such they have no ready Project Profiles, prepared after due study of industrial

potential of the State for the prospective entrepreneurs.

Analysis of lending policies divulged procedural delays in enabling one to obtain loan. The appraisal method is to be strengthened to lessen default.

Considering the categorywise disbursement, it is found that, small scale industries were given highest priority.

It is perceived from the industrywise assistance of the corporation that, service industries of small nature shared the highest amount. This indicates a tilt towards non-manufacturing industry.

The mainstay of Sikkim is agriculture. Village and Small Scale industries grew up with and for the development of agriculture. The growth of Seventh five year plan outlay on village and SSIs (1985-90) was 1.7 times while the growth of SIDICO assisted village and SSIs for the same period was 4.2 times.

It is observed that the Corporation laid down solid foundation for village and small scale industries, to this infant state. However, many small scale units are in morbid condition. Nevertheless, the Corporation has created large section of first-generation entrepreneur.

Based on the results of ratios, it can be substantiated that overall performance of the SIDICO is not satisfactory. The management of fund is not upto the desired level.

The social cost benefit of the corporation is phenomenal. It has been successful in extending a network of industries, sizeable amount of employment, exploring new avenues

for the socio economic development of the state.

The banks in Sikkim are concentrated in urban areas. Banking system is confined only to provide working capital loans. The term loan is not provided to set up industrial establishment. All-India banking institutions are only confined in deposit-mobilization. A meagre 27.3 percent of the total deposit was provided for advance. The concept of Rural Banking is conspicuously absent, in Sikkim. This caused serious effect on the development of those areas.

The upshot of an unrecognised Stock Exchange in Sikkim in recent past resulted small scale deposit mobilization through securities. However, the exchange dealt with the securities of the industries situated outside the state. The exchange could not sustain the pace of inceptional activities as it was not linked with the industrial development of Sikkim.

The upsurge of neo-middle class in the state was evident since its inception with the main-stream of India. Government developmental agencies enlisted a group of entrepreneurs. In this process, political and bureaucratic pressure is a considerable factor. Most of the industries, hotels and tourist-vehicles are owned directly or indirectly by top officials and politicians. Thus, loan assistance for one account sometimes diverted for other purpose.

Tourism in Sikkim is rendering significant impact on the State's economy especially in the trade, hotel and transport. This is supported by the fact that the inflow of tourists has gone up substantially over the years. The number of foreign tourists has

since increased remarkably following the easing out of restrictions so far imposed upon them. As the tourists continue to dominate the economic aspirations of a large cross section of the people of the state, the Government of Sikkim is preparing a 'Muster Plan' for the all round development of this sector. The SIDICO, since inception, performed vital role in the growth of tourism by providing loans to all the related sectors.

### RECOMMENDATIONS

#### I. For SIDICO

1. The IDBI and SIDBI should reduce lending rates or allow rebate on interest rate.
2. The Banking Sector need be enhanced to rural areas with immediate opening of Rural Banks. Proper co-ordination is to be established between commercial banks and the corporation.
3. The corporation must adopt efficient recovery drive with all possible social and legal pressure.
4. Central Investment Subsidy is to be re-instituted. It can be raised to 33.0 percent on Capital Investment.
5. The corporation must develop a potential workforce to generate resource for its survival and growth.

#### II. General

1. To support industrial marketing in the state, some of the government purchases may be made of the state's products.
2. Diseconomies existing in the state should not overwhelmingly surpass the fiscal incentives provided to the

entrepreneurs.

3. The primordial factors responsible for uncongenial industrial atmosphere must be removed with priority.

4. Joint ventures need be encouraged to promote harmony and non-locale entrepreneurs.

In consonance with the non-contiguity of market and non-availability of raw material, the state must set up small scale industries in precision with vertical link up. The corporation must give preference in loan sanction to the industries dependent on each other. The output of one industry would be the input to other industry. This polar effect in industries are very helpful and feasible to cater needs to the people in backward areas.

The National Committee on the Development of Backward Areas headed by B. Sivaraman, 1981, recommended strategies to develop hill areas, through "basic approach" and "watershed approach".

The basic approach emphasises increase in the productive capacity of the hill economy by encouraging income generating activities like horticulture, animal husbandry, social forestry and tourism. This may mean a change from a subsistence food crop to possible cash crops for more return. To slow down the out-migration, generation of gainful employment locally has to receive high priority.

The change-over in cropping priority can be effective by providing suitable marketing facilities to buy the production at fair prices and arranging the supply of foodgrains commonly

consumed in the area in fair price shop.

On the other hand, the watershed approach stressed upon the necessity of watershed area as the basis for making developmental plans. In hilly areas communication follow the streams. Social groups and village boundaries are generally coterminus with watersheds as communication across watershed is difficult because of the terrain. The committee recommended that the watershed should be the primary planning unit rather than a block or a district. The approach provides a sound basis for programming of soil-conservation, water harvesting and harnessing of land-use and planning social institution. It is also possible to delineate watersheds into micro and mini watershed. A mini watershed may be equated with the concept of a focal-point i.e., area cum beneficiary approach, and may cover an area of a cluster of villages with a population coverage of a fifth or sixth of a block population and micro watershed may cover an area of 1000 to 1500 hectares.

Forest covers in the hill slopes are ideal and should get priority. Cultivation, of hill slopes, should be discouraged as far as possible as this causes erosion. There should be long term policy for covering such areas under perennial crops. The committee has recommended that degress of slopes beyond which cultivation should not be allowed may be specified for different regions.

As far as possible, horticulture should be encouraged in combination with soil cover. Soil cover should preferably be comprised of grass-cover mixture suitable to the locality. This would provide a very good combination for horticulture and animal

husbandry, both of this can be complementary. The watershed approach also involves the development of irrigation. High yielding variety foodgrains should be produced. Thus, the strategy must be to increase irrigated areas in the zone taken up for a change over to horticulture pasture development, vegetable growing etc.

Industrial development in the hill areas has to be based essentially on the promotion of such activities in which hills offer a distinct advantage like forest based, vegetables and food processing industries. Another area in which hill areas offer an advantage in terms of climate and dust and pollution free environment is electronic and precision goods, as they do not involve heavy transportation cost. These are skill based industries where the value added is substantial. Necessary steps need be taken for training and skill development so as to prepare the environment for location of such industries.

The industrial development in any region is dependent on the primordial factors including culture, language, religion, orientation of people etc. Unfortunately, the said factors are conspicuously deficient with the tradition bound society of Sikkim. Writing on the socio-cultural differences in north-east, B.P. Singh (North-East India : Demography, Culture and Identity Crisis, Indian Journal of Public Administration, 1987, 33(4), pp. 991-1010) isolates two key factors with regard to this region—"limited socialization" and "rapid modernization". These two factors are responsible for the situation in Sikkim also. But "limited socialization" is actually an event rather than a cause. Socialization may have been limited not only because of various primordial differences but also due to factors like attitude and

orientation. Therefore, the second factor is most important determinant of the ill-adaptation in societies. When a region is rapidly exposed to the forces of modernization and development, the local people and the migrants do not get the opportunity to understand each other properly and develop networks of social and cultural relations.

One is compelled to exalt the Elwin-Nehruvian Policy of 'Protected Development' or 'Hastening Slowly'. Both Elwin and Nehru were aware of the consequences of exposing a backward region rapidly to the forces of development and modernization.

The limited feudalistic development in Sikkim has intrinsic impact in the process of industrial development. The social-transformation has not taken place with a fear of losing limited resources in hand of original inhabitants. The age-long laws and the agreement of merger allowed some privileges under Article 371F of the Constitution of India which causes a separation and doubtful credibility between the local and non-local. Such feelings have restricted mainstream industrialists to invest in Sikkim with a sense of security. This sort of fear psychosis have jeopardised the influx of technology and expertise in Sikkim. The Central Government is also in favour of protected development without any serious effort to social-reform. On the contrary, the Central Government can not afford to have its border state with strategic importance fretting with ethnic tension.

In the existing state of affairs, the corporation must be emphatic on the promotion of mini industrial estates based predominantly on livestock and agricultural resources. The large variety biological plants need be explored for commercial

purposes. The state must accommodate itself in the process of liberalisation which is necessary in the era of globalisation.

It is necessary for the SIDICO to have a shift in its approach and strategy to cope up with the industrial development in such a way that the pace of industrialisation gets accelerated with the removal of regional disparities and maintenance of required ecological balance.