

Chapter VIII

Conclusion

A detailed analysis of the industrial character brings out the fact that the industries functioning in North Bengal are mainly at the small scale and cottage level. The major industries belonging to these two categories are Saw Mill and Ply Wood Factories, Handloom Industry, Bakery, Rice Mill and Silk - Reeling. Though the industries are small in size, a degree of specialisation has already emerged in some areas such as the Silk - Weaving, Ply - Wood etc.

From the economic point of view, however, the industries play a negligible role employing about 4.2 percent of the total working population (274,878) in the region. In spite of that in a region where agriculture is the main source of economy and the scope for large scale industry is limited, the small scale industry is the only field filling providing to the ever growing unemployment problem. Apart from having particular specialisation, the industries basically depending on the local areas for their raw materials subsist on the demand of the local markets. This is the most important factor for their origin and present development in a region where small purchasing power of the rural population as well as their typical needs can not served by any other means.

Major Constraints

The industries, however, function against a large number

obstacles. Among the major constraints that are faced by small scale and cottage industries in North Bengal are as follows :

1. Marketing Problem. It is observed that the small scale and cottage industries usually enjoy the local market. But several problems are encountered in marketing the products acting as great hindrance to their activities. They are :
(a) The practice of credit sale; (b) sale through the intermediaries; and (c) competition with the large scale industry. These are elaborate further below :

(a) The Practice of Credit Sale.

Most of the units under survey are reported to sell their products on credit. The volume of credit gradually increases in such a way that in many cases particular industrial units come under great strain in meeting even their basic requirements leading sometimes to heavy losses. This along with other factors, make it impossible for most of the units either to devote themselves entirely to production activities or to find out an alternative market, the latter often demanding improved quality of the products. The small scale units with their limited capital resources can not take the risk of any competition and all these factors combine to keep many of the units partly idle through out the year.

(b) Sale through Intermediaries.

Generally the prices of the small scale and cottage

industries production are predetermined by the intermediaries before the production starts. This is possible because in general the financial support or the supply of the raw materials and similar assistance are provided by intermediaries. Obviously, therefore, they exercise a severe control on pricing the articles and a large amount of the share of the profit also goes to them, thus keeping the small scale units almost in poverty.

(c) Competition with the large - Scale Industry.

The products of the large scale units are backed by elaborate sales promotion schemes, such as publicity, advertisement, slides in Cinema Halls press and posters etc. The small scale and cottage units, on the other hand, neither have the resource nor the knowledge to take these methods. Moreover, the former have patent, widely publicised brands for which their products can easily find a market without much effort, where as in the case of the small scale industry the persuasive capacity of the dealers is the only means for making profitable sales. The dealer's commission, therefore, is relatively higher which the small scale units are obliged to pay. This practice greatly discourages the competitive ability of the small scale producers.

2. Indebtedness.

Most of the small scale and cottage industrial units have to struggle for their existence which make them deeply

indebted to the dealers, the money lenders or the intermediaries. During the survey of the several units it was observed that, the money lenders and intermediaries are the main sources for providing finance to them. It was further noted that the rate of interests for such loans is extremely high. The reasons which compel them to borrow money from these unauthorised sources are the absence of any assured source of finance for from others sources or organisational institutes. Of course, the Government takes an active role in financing some units through the Directorate of Small Scale and Cottage Industrial Office, Block Development Office, Nationalised Banks etc., but on the whole this is far from adequate. Besides, proper security is to furnish for securing such loans, specially when it is taken from the Government Agencies or Banks, for which these poor small scale and cottage units are neither well-equipped nor they are ready to take the risk. Moreover, the time lag between the request for financial accommodation and the actual receipt of the same is invariably long usually from Government side, and thus capital can not be obtained when this is badly needed.

3. Procurement of Raw Materials.

It has been gathered during the survey that the small scale and cottage industrial units are very often affected by the insufficient supply of raw materials of required specification, the high rate, difficulties in transportation and the like.

For this instance as it was noted during the survey,

the soap making units, the candle manufacturing units, the bakeries, the engineering industries, the oil mills, the rice mills etc. generally suffer from the scarcity of the raw materials when they are needed most. Apart from this poor supply of electricity and its fluctuation largely restricts the production activities in the saw mills and ply wood factories which can not work without power.

Inadequate financial resources for the purchase of raw materials in bulk during season when they are available is one of the important problems faced by the majority industries. In the case of the saw mills and ply wood factories, the raw materials are offered by the government, through an auction system. The small scale units having small resources can not bid with the big merchants at the auctions where only bulk sales are made and as a result they have to purchase the same materials from the latter at a relatively higher price in small bulk. Inability to make bulk purchases reducing the consumption of the raw material at a time gives rise to a higher production cost.

Transport difficulties put a check on the activities of the handloom industry, mat making, caneworks, pottery making and bee-keeping etc. as observed in the surveyed units which is mainly due to the absence of all weather roads good for neither the automobiles nor for the bullock carts or cycle rickshaws. Other problems experienced in procuring the raw materials are lack of storage facilities, the limited quota or licences issued to the industrial units for raw materials.

4. Organisational Problem.

One of the major factors affecting the progress of the industries is the lack of organisational or managerial expertise. The problems, such as procurement of raw materials, finance, marketing of the products, etc. can be solved by a group of organised units and this may effectively be done on a co-operative basis. But a very few of the units under survey are the members of the co-operatives, they are less interested about this. The reasons for their reluctance in joining the co-operative are innumerable.

The co-operative societies are generally engaged in procuring the necessary raw materials and finance for individual artisans and market the products, but here the co-operatives have not been able to achieve any degree of success. Further, lack of practical knowledge either about the functions of the co-operatives or the philosophy of the co-operative movement among the secretaries and the other office-bearers who are seldom have any direct connection with the production activities is another factor responsible for their failure. Besides dishonest practices adopted by some of the members in the society results in the demoralisation of the other members, thus defeating the very ideology and aim of the co-operative movement as a whole. Lastly, there is a problem involving the lack of administrative and organisational capacity among the members. Since they are illiterate the maintenance of accounts and the responsibility of running the administrations are entrusted with the hands of paid secretaries who do not come from the artisans group and hence cannot inspire the

members about the possible gains from a co-operative organisation. As a result, the co-operative movement has failed to make any measurable impact on the rural areas so far.

5. Lack of Technical Skill.

There is the problem of the lack of necessary awareness about the need for technical training as well as the realisation of the benefit therefore. The importance of providing easy facilities for training the artisan class so as to impart knowledge about the modern techniques is not fully realised. The need for making improvements in the quality of their products and the productivity is understood by almost all the units, however, a majority of them hardly believe that this is possible through technical training, they rather feel proud about their traditional knowledge and remain satisfied at that.

Remedial Measures

1. Financial Assistance.

One of the major constraint being capital, as has been observed earlier, it is strongly felt that a lot of improvement is possible in the field of small and cottage industries provided that they get financial assistance on easy terms and in adequate amount. At present there are different institutions such as The Nationalised Banks, ^{the} Commercial Banks, ^{the} Co-operative Banks, State Financial Corporation which offer loans to industrial units for the execution of their development plans. There is another

institution namely Khadi village Industries Commission which gives financial aids on account of capital expenditure.

It appears that apparently there is enough scope for getting financial assistance though, infact, a scrutiny of the situation will reveal that there are certain limitations for the industrial units to make use of such loans. For instance, the loans are given only to the registered units and that also on the basis of report submitted by the officer deputed by the concern who needs to be satisfied by the loanee on various grounds. As a matter of fact the grounds on which the loans are sanctioned and issued are mostly beyond the capacity of these small units to meet. The grounds normally are as follows : (a) the loanee is required to show an asset either in the form of land or bank fixed deposit to the value of Rs. 5,000; (b) the loanee is under obligation to mortgage his land when he does not have the fixed deposit; (c) he is further required to produce a guarantor against the loan prayed for. All these conditions become too difficult for many of the small units to meet, thereby reducing the chances of obtaining any loan. As a result many of the registered units are not in a position to derive the benefit of such schemes. In this connection the name of industries particularly suffering from these difficulties are worth mentioning. They are : Pottery making, Leather work, Mat-making, Cane-work, Chemical industries etc. The nature of the industries mentioned above will indicate the actual reasons for this. There is a general reluctance on the part of these industrial units to part with their land in

mortgage, if they have any, because of their illiteracy, making them afraid of getting it back. Besides in most of the cases the units are too small to have any property of their own, or bank deposits or to find out a guarantor as security against the loan. All these factors work together to make them deprived of the financial assistance available from different quarters.

Further, to be a loanee every unit has to be registered with the government. This is not an easy process with many of them where also ignorance born of illiteracy is one of the major reasons.

The entire process in practice to day does not appear to a sound one meant for real improvement of the industrial situation in the region. The presence of a communication gap between the loan offering institutes and loan loanee is proving to be the most important constraint. The fact should not be lost sight of that one is dealing with very small industrial units mostly functioning from their home bases and they ^{are} completely ignorant of many aspects of benefits that may accrue from the utilisation of a larger investment. To make them understand the actual perspective of these schemes needs to be taken up more seriously by the relevant quarters. This needs greater publicity on the one hand, while on the other the existing terms and conditions attached with these schemes also need to be revised for making them more acceptable. For instance easier terms are likely to make the loan schemes more attractive for the poor units and a greater distribution will definitely act as a booster for more work and larger production.

The existing practice of credit sales on the part of most of the industrial units is largely due to presence of another factor which makes the manufacturer sometimes partly idle as he does not receive the proceeds in time from the buyer. These vicious practice should be done away with immediately steps for which are discussed in the following paragraphs.

2. Marketing Facilities.

The over all impression gathered from the survey of the industries is that the manufacturers largely suffer in the absence of a good and dependable market for their products. Though a considerable amount of these products find a ready sale in the rural market centres where the manufactur^{er}/himself takes the responsibility of selling his product a large part has to be sold through other agents. Such agents are mainly represent the wholesalers going from area to area for the collection of these goods. A major part of such sales to the whole salers through their agents are done mainly on a credit basis, and as mentioned above this is proving to be a harmful practice for the producer since he can not force the buyer for ready payment. As a result the manufacturer often runs short of capital for further investment in his industrial persuits. In fact, the very continuation of the work is thus heavily interrupted from time to time, keeping him idle.

From all accounts it is strongly felt^{that} the existing marketing system has got to be changed drastically not only for making further improvement of the industrial situation, but at the same time for providing him an appertunity to keep the production

uninterrupted. Co-operatives formed through the initiative of the government officials involving the producers in different fields of the industry will prove to be great beneficial.

Apart from the co-operatives the initiative for providing better market for these products should come from the different established organisation which have been set up by the government with the primary view to enliven the rural industries. Such organisations are : Rehabilitation Industries Corporation Ltd., Tantuja, Khadi Board and Handicraft Board which have already acquired much experience in the collection and sales of various types of goods available from the rural industries. What is needed to them is to make genuine efforts at revitalising these industries functioning in the region which, in many cases so far, have rather been neglected. It is not expected however, that the agents need be sent to every village for the collection of the industrial products, instead they can make an elaborate programme of establishing their agents at a number of important centres located mostly in the weekly or biweekly market places or such other semi urban centres for the collection of goods from their immediate surroundings. A proper publicity of such a programme will definitely attract the manufacturers. At the same time it should be taken note of that the pricing of the village products should be made in such a way that they do not have to face competition from large scale industries.

Besides similar steps for publicising the quality as well as the speciality ~~as possibility~~ of these products would make them more marketable. As a matter of fact there are quite a number of products which already enjoy national as well as international market. Semi processed fruits, silk, cotton fabrics, tobacco, leather etc. are only a few of such items which are sent abroad. It is clearly painful to notice that the semi processed fruits collected by Bombay merchants for exporting mainly to European markets under their own label. This also happens in the case of tobacco ^{which} after being processed in Madras goes to the foreign market its own name. In spite of the fact that the existing plants have the capacity to process it locally

An easy and dependable market will make the industries more stable than they are today. Initiatives have to be taken by the government for ^{providing} ~~making~~ the market and for this purpose the local fairs held regularly at many of the places of the region may also come greatly to the aid of these industries. They will provide an opportunity for wide scale publicity of these products among the general public who are still conscious even about their existence.

3, Supply of Raw Materials.

One of the major handicaps for many of these industries is the unsteady supply of raw materials. As has been observed earlier many of the industries work on the basis of a quota of particular raw material fixed by the government. Since the views of the industries concerned are not taken into consideration for making allocation of raw materials it is found that the industries in

most of the cases do not get an adequate amount. At the same time the supply of the quota is also not steady for various reasons. This naturally restricts production, causing immense hardships to the industries.

Better provision for the supply of raw materials, not usually available without permit from the government, should be made keeping in view the actual requirements of each unit. There are certain manufacturers like different concerns engaged in repairing works who require steel and such other materials for which they have to depend on major suppliers like TISCO etc. The supply of such raw materials is often interrupted due to various reasons beyond the control of the manufacturers of the region. Besides the exorbitant cost on transportation is another handicap on the part of the manufacturer to keep his production steady. This has to be solved through the initiative of the government in such a way that the manufacturer enjoys some sort of relief for meeting the transport cost as well as getting an easy supply of the raw materials. The industrial concerns engaged in the production of wood based materials should also be given the opportunity of getting their raw materials on easier terms instead of going into competition with bulk purchasers in an auction system. This is not very difficult since the Forest Department can easily keep a separate quota for the small buyers, priced at the minimum level, coming within the capacity of the latter. As has been mentioned above transport seems to be one of the major problems with these small manufacturers. While in many cases there is absolute

scarcity of transport, whether in the road and in the railways, the cost is often much higher for them to be met individuals distribution of the raw materials through B.D.O. or such organisations functioning at the Government level may come ^{to} the useful aid of the manufacturers and thus may solv^{ing} the problem of supply in all its aspects on a permanent places.

4. Organisational Set-up.

In general the industrial units being very small in size have not been able to build up any organisation to work under its protection. Attempts at the formation of co-operative societies have not found much favour with the industrial units in various fields because of the inherent weakness in the system. The result has been the demoralisation of such units to work on a co-operative ^{thus} basis and/keeping them isolated to fight against many odds. Fresh attempts on the part of the Government should be made to bring them under the co-operative system or any other type of organisation so that at the times of crisis they can unit their forces for joint operation. It is strongly felt during the survey that isolation and complete separation from the main stream of economic forces make them weak as competitors in a growing market. Organisational strength is needed to take them out of this isolation.

5. Technical Skill.

By and large the industries of the region work on the basis of traditional skill and as such they face many difficulties.

A slight improvement in the existing technology may benefit the industry to a large extent and this has already been proved in quite a number of home based industries, sericulture being the most important one. It is true that the workers are generally reluctant for any such improvement in their techniques. But the reluctance is due more to ignorance than actual realisation of the fact. It is strongly felt that technological improvement ^{will change the} ~~to~~ the entire lot of the industry in all most all the fields and for this initiatives should come in a selective manner giving priority to certain industries and the phased programme for a period like 10 years will not be a long one to impart minimum education for improving the existing level of technology. On this basis the industries working within their own fields will be in a position to improve the condition substantially.