Chapter 16

Industry

The Industrial Sector Over the Years

Industrialisation is a comparatively recent phenomenon in Himachal Pradesh. It gained momentum during the last two decades. Monetary and fiscal benefits as incentives and subsidies to industry, provided by the state as well as the central government, and the availability of quality industrial infrastructure in the form of developed plots, and sheds equipped with basic amenities, have played a key role in the industrial development of the state. Industries in Himachal Pradesh, are now producing from traditional to a wide spectrum of high-tech products like computer monitors, magnetic components, high quality precision components, tele-communication equipment, electronics, drugs and pharmaceuticals, processed food, textiles, and spinning products. The contribution of the industrial or manufacturing sector has grown significantly from Rs. 774 crore in 1995-96 to Rs. 1920 crore in 2001-02. In terms of percentage, the share of the manufacturing sector in the Gross State Domestic Product (GSDP) has increased from 12.18 in 1995-96 to 14.38 in 1999-00. Table 16.1 shows the share of the manufacturing sector in Himachal Pradesh as compared to Punjab and the whole of India over the period 1995-96 to 1999-00.

Growth Pattern of the Industrial Sector

Table 16.2 shows that during 1979-80 to 2001-02, large and medium industries (L&M) have increased 8.7 times. The investment in this sector has gone up 11.5 times between 1990-91 and 2001-02 and employment has doubled.

In the small scale (SSI) sector, between 1980 and 2002, the number of units has multiplied 4.2 times. The investment increased 4.5 times during 1990-91 to 2001-02 and employment 1.5 times.

TABLE 16.1

Percentage Share of Manufacturing Sector in Gross State Domestic Product

(At current prices)

Year	*Himachal*	*Punjab*	*India*
1995-96	12.18 (774)	15.76	18.10
1996-97	13.16 (998)	15.23	17.70
1997-98	13.68 (1118)	15.04	16.70
1998-99	14.24 (1413)	14.04	15.60
1999-00	14.38 (1626)	14.44	15.40

Source: *National Accounts Statistics*, CSO, Government of India Director of Industries of Himachal Pradesh *National Abstract of Punjab*, ESO, Government of Punjab.

Note: Figure shown in brackets are in crore.

By March 2002, the total production was worth Rs. 5000 crore, providing direct employment to 1.56 lakh persons, with an investment of Rs. 3048 crore in the SSI and L&M sectors.

Table 16.2 also shows that investment in the L&M sector accounts for 78 per cent while employment only 19 per cent. On the other hand, in the SSI and tiny sectors investment is only 22 per cent and employment 81 per cent. In the Eighth Plan (1992-97) the number of industrial units increased from 21,630 to 25,777 (19.3%), employment from 1,05,277 to 1,30,560 persons (24%) and investment from Rs. 446.38 crore to Rs. 1634.63 crore (466.6%). On the other hand, in the Ninth Plan (1997-02) industrial units increased 13.1 per cent, employment 16.2 per cent and investment 46.5 per cent.

Concentration of Industry

Industrial development in the state has been uneven. The periphery districts of Solan, Sirmaur, Kangra and

TABLE 16.2

Growth of Industry in Himachal Pradesh

Year	*Units (No.)*			*Employment (No.)*			*Investment (in crore) Current Prices*		
	SSI	*L&M*	*Total*	*SSI*	*L&M*	*Total*	*SSI*	*L&M*	*Total*
1979-80	6969	22	6991						
1990-91	20545	110	20655	86227	15125	101352	150.54	200.84	351.38
1991-92	21518	112	21630	89997	15280	105277	222.38	224.00	446.38
1992-93	22440	114	22554	93577	15747	109324	289.28	265.00	554.28
1993-94	23265	121	23386	96779	17824	114603	350.20	404.33	754.53
1994-95	24121	129	24250	100119	19693	119812	412.40	761.27	1173.67
1995-96	24845	147	24992	103269	22467	125736	465.10	1447.40	1912.50
1996-97	25617	160	25777	106665	23895	130560	485.34	1595.66	2081.01
1997-98	26378	173	26551	110112	25988	136100	518.78	2031.14	2549.92
1998-99	27253	174	27427	114491	26103	140594	564.43	2085.41	2649.84
1999-00	28045	182	28227	119618	28930	148548	613.56	2288.49	2902.05
2000-01	28731	188	28919	122745	29047	151792	643.50	2310.52	2954.03
2001-02	29479	191	29670	126594	29382	155976	685.48	2363.34	3048.82

Source: Director of Industries Himachal Pradesh.

Una are comparatively better developed. About 60 per cent of the total and 95 per cent of the large and medium (L&M) units are concentrated in these districts. On the other hand the inner districts of Bilaspur, Chamba, Hamirpur, Kullu, Kinnaur, Lahaul & Sipiti, Mandi and Shimla have been categorised as backward districts and account for 40 per cent of the total industries. The periphery districts of Solan and Sirmaur are the most developed and have been categorised as developed districts, while Kangra and Una are less developed and come under the category of backward districts. Thus, the state has been classified into two categories, *viz.*, industrially developed and backward areas/districts.

Table 16.3 shows that in the industrially developed areas of Solan and Sirmaur districts, L&M units account for 88 per cent, investment 70 per cent and employment 34 per cent while in the remaining 10 districts categorised as backward areas/districts, SSI and tiny sector units account for 82 per cent, investment 30 per cent and employment 66 per cent. Another feature is that in Solan and Sirmaur districts,

TABLE 16.3

District–wise No. of Industrial Units, Investment and Employment (31 March 2002)

District	*Units (No.)*			*Employment (No.)*			*Investment (in crore) Current Prices*		
	SSI	*L&M*	*Total*	*SSI*	*L&M*	*Total*	*SSI*	*L&M*	*Total*
Bilaspur	1879	3	1882	6876	1221	8097	28.65	384.66	413.32
Chamba	1479	—	1479	5247	—	5247	20.62	—	20.62
Hamirpur	2286	—	2286	8322	—	8322	35.61	—	35.61
Kangra	7844	6	7850	34096	791	34887	143.69	21.35	165.04
Kullu	2000	1	2001	9784	52	9836	33.81	6.25	40.07
Kinnaur	506	—	506	1533	—	1533	2.97	—	2.97
Lahaul & Spiti	542	—	542	1452	—	1452	2.31	—	2.31
Mandi	2904	1	2905	11620	186	11806	63.14	2.70	65.84
Shimla	2723	4	2727	10080	541	10621	43.60	33.29	76.89
Sirmaur	2291	30	2321	10057	4343	14400	85.78	256.14	341.93
Solan	2639	138	2777	17436	21345	38781	161.32	1640.04	1801.36
Una	2386	8	2394	10091	903	10994	63.92	18.90	82.82
Himachal Pradesh	**29479**	**191**	**29670**	**126594**	**29382**	**155976**	**685.42**	**2363.33**	**3048.78**

Source: Director of Industries Himachal Pradesh.

TABLE 16.4

District-wise, Group-wise Details of Units in Large and Medium Scale Sector as on 31 March, 2003

Sr. No.	*Total No./Group*	*Solan*	*Sirmaur*	*Kangra*	*Una*	*Shimla*	*Bilaspur*	*Kullu*	*Mandi*	*Total*
1.	Food Products	17	2	6	1	—	1	—	—	27
2.	Beverages	3	1	—	1	—	—	1	—	6
3.	Textiles/Spinning	21	1	—	1	—	—	—	—	23
4.	Chemical & Chemical Products	20	5	—	1	—	—	—	1	27
5.	Engineering	10	—	—	—	—	—	—	—	10
6.	Non-metallic Mineral Products	2	—	—	—	—	—	—	—	2
7.	Electronics	23	2	—	—	3	—	—	—	27
8.	Steel & Steel Products	21	9	—	2	—	—	—	—	31
9.	Paper & Paper Products	11	5	—	2	1	—	—	—	19
10.	Cement	3	3	—	—	—	2	—	—	8
11.	Leather & Leather Products	2	—	—	—	—	—	—	—	2
12.	Ceramic	1	—	—	—	—	—	—	—	1
13.	Plastic Products	7	2	—	—	—	—	—	—	5
	Total	**141**	**30**	**6**	**8**	**4**	**3**	**1**	**1**	**194**

Source: Director of Industries Himachal Pradesh.

investment in the SSI sector per unit is Rs.5 lakh to Rs.6 lakh, while in Kinnaur and Lahaul and Spiti it is as low as Rs. 50,000 per unit and in the remaining districts Rs. 1.5 lakh to Rs. 2 lakh. It also reveals that in the backward districts SSI, tiny and the cottage industry form a major industrial sector and hold the key to large-scale employment and generation of economic activities in remote areas. These industries are based on local raw materials and artisan entrepreneurs.

Table 16.4 shows that L&M industries exist only in eight districts. More than 95 per cent of these industries are in the periphery districts of Solan, Sirmaur, Kangra and Una. In the remaining districts L&M industries are mainly based on local raw material, like the two cement plants in Bilaspur, while the electronics industries have been located in Shimla mainly due to the availability of better infrastructure and manpower. The major industries are food products, textile/spinning, chemical and chemical products, electronics, steel and steel products, paper and paper products and precision and mechanical engineering. They constitute 80 per cent of the total L&M industries.

In the SSI and Tiny sectors of Himachal Pradesh, 65 per cent of the industrial units relate to food and allied products, hosiery, wood and wood products and mechanical items. These, along with chemical and allied products, are major sources of employment. Details of the number of industrial units and the employment provided by different industrial groups with percentages are given in Table 16.5.

TABLE 16.5

Industrial Group-wise, No. of Units and Employment in Small-Scale Industries in the State as on 31 March, 2001

Sr. No.	*Industrial Groups*	*Units*		*Employment*	
		Number	*Percentage*	*Number*	*Percentage*
1.	Food & Allied	7982	27.7	27937	18.9
2.	Hosiery	3916	13.6	11748	8.0
3.	Wood & Wood Products	3562	12.4	16029	10.9
4.	Paper & Paper Products	462	1.6	2541	1.7
5.	Leather & Leather Products	1336	4.6	4676	3.2
6.	Glass & Ceramic	577	2.0	6058	4.1
7.	Chemical & Allied	1621	5.6	19452	13.2
8.	Mechanical Items	4136	14.3	31020	21.1
9.	Electric & Electx.	931	3.2	8379	5.7
10.	Misc. & Other	4319	15.0	19435	13.2
	Total	**28842**	**100.0**	**147275**	**100.0**

Source: *State Industrial Profile of Himachal Pradesh (2001-02)*, by Small Industries Service Institute (SISI), Government of India, Solan, Himachal Pradesh.

Exports

Exports from the state have risen from Rs. 40 crore in 1995-96 to Rs. 500.00 crore in 2000-2001. The main items of export include cotton, synthetic and blended yarn, engineering goods like bearings, filters, gears, scientific instruments, electronic goods, leather products, essential oils, medicines, processed food,

water dials. There are about 80 export-oriented units and most of them are located in Solan and Sirmaur districts.

Sickness of Industry

A number of industrial units, particularly in the SSI sector are reported to be sick. Of the total member of units financed by Himachal Pradesh Financial Corporation (HPFC), Himachal Pradesh State Industrial Development Corporation (HPSIDC) and 15 banks, 1150 are sick units in the SSI sector. According to the all India Census 2001 of SSI units, the percentage of working units in the state, as on 31st March 2001, is only 61.6. Industrial sickness causes heavy losses in terms of unemployment, non-payment of dues to state and central government, financial institutions and banks and non-utilisation of productive assets. A mechanism should be evolved to assess the real magnitude of sick units and for timely detection of sickness at the initial stages. There is need to determine expeditiously preventive and remedial measures for the revival of the potentially viable sick industrial units. It is necessary to set up a state-level institution, with adequate powers and resources, consisting of the representatives of the Reserve Bank of India, financial institutions, banks, industry and state government, to provide requisite financial support to small scale units suffering from sickness or showing symptoms of sickness.

Overview of Industrial Policies and their Impact

In order to promote effective and systematic industrial growth, the industry department of the state government has been formulating industrial development policies and strategies on a regular and continuing basis, particularly in the last two decades. In this hilly and industrially backward state, the major bottleneck is the possibility of an industrial unit becoming unviable mainly because of the high cost of procuring raw materials and reaching markets outside the state. Therefore, for the utilisation of its natural resources and opening up of new avenues of employment, it is essential to encourage industrial development, supported by a package of incentives to improve their viability.

Since the Sixth Five Year Plan (1980-85) emphasis has been laid on the co-ordinated development of large and medium, small scale, tiny and cottage industries, with a thrust on:

- Package of attractive concessions and subsidies to promote investment.
- High priority to industries that are based on local raw materials and provide major employment opportunities.
- Thrust on rural industrialisation, small-scale, tiny and cottage industries.
- Creation of quality infrastructure through setting up industrial areas/estates. At least one industrial area/estate is to be established in each district of the state.
- Strengthening support institutions and setting up new industrial projects in the public sector.

The Sixth Five Year Plan (1980-85) provided an outlay of Rs. 20.35 crore for the implementation of various promotional schemes and a package of incentives, concessions, and spent Rs. 20.48 crore. The Seventh Plan (1985-90) continued with the same policy but with greater vigour and thrust. The Seventh Five Year Plan provided an enhanced outlay of Rs. 35.45 crore but the actual expenditure was Rs. 42.62 crore. During the Sixth and Seventh Five Year Plans (FYPs) the industry gained a momentum and grew at a faster pace.

During the Eighth Plan (1992-97) an outlay of Rs. 76.2 crore was approved and the expenditure incurred was Rs. 86.46 crore. In this plan, the main emphasis was on providing more infrastructure facilities to the entrepreneurs by establishing industrial areas/estates at the *tehsil* and block levels, thus enabling industrial activity in the rural and far-flung areas of the state.

During this period, new industrial policies were introduced in 1991 and 1996. According to the industrial policy of 1991, the industrial areas were categorised in A, B or C grade, to bring about a balanced industrial development in the state. The categorisation was based on location and the following parameters:

- Distance from the border of the adjoining states of Punjab, Haryana and Uttar Pradesh (except within Shimla district).
- Extent of industrial development/industrial backwardness existing in that block.
- Extent of overall backwardness of the block.
- Extent of potential for generating employment for the local people.

The existing development blocks were categorised accordingly. The Quantum of concessions and subsidies and the duration of their applicability will depend on

the category of the industrial block (A, B or C), the type of industry (tiny/khadi & village/small scale/L&M) or whether these were in the priority or general sector. Based on these parameters, the industrial policy of 1996 also continued to provide the package of incentives and subsidies which included:

- Sales tax concessions.
- Electricity duty exemption.
- Capital investment and interest subsidies.
- Special schemes of incentives to specific categories of entrepreneurs like the Schedule Caste, the Schedule Tribes, women, and the physically handicapped.
- Special package of incentives to tiny, cottage and khadi & village industries.
- Up to 15 per cent purchase price preference in government/semi-government organisations to the tiny/SSI sector and up to three per cent to the large and medium sector.
- Additional concessions to priority industries like out-of-turn allotment of plots.
- Special schemes and facilities to NRIs and special support and incentives for export promotion.
- In addition, the Government of India provided 75 per cent transport subsidy to industry.

The beginning of the Ninth Plan (1997-2002), continued with the same concessions and incentives as stated in the industrial policy of 1996, but new policy guidelines in 1999, laid emphasis on expansion and upgradation of the infrastructure and ensuring advantages to investors. The plan also envisages a thrust on the development of the tiny, cottage, khadi & village and small-scale industries by graded incentives. According to these guidelines, the state has been divided into two categories, namely "industrially developed areas" and "industrially backward areas" instead of A, B and C categories. The development blocks of Poanta Sahib and Nahan in Sirmaur district and Nalagarh, Dharampur and Solan in Solan district would fall in the category of "industrially developed areas". The rest of the state will be in the category of "industrially backward areas". The industrial policy of 1999 also incorporates, a special package of incentives for fruit, vegetable and maize based units consuming locally available raw material. The Ninth Plan provided an outlay of Rs. 150 crore but utilised only Rs. 91.90 crore. The Tenth Plan (2002-07) has an approved outlay of Rs. 104.73 crore for the industrial sector. Plan-wise approved outlay and actual expenditure and its percentage to the total plan figures are given in the table below.

TABLE 16.6

Plan Wise Outlay Approved and Actual Expenditure

Plan	*Period*	*Outlay (in crore)*	*Percentage Share to Total Plan*	*Actual Expenditure (in crore)*	*Percentage Share of Total Expenditure*
6th Plan	1980-85	20.35	3.27	20.49	3.08
7th Plan	1985-90	35.45	3.01	42.62	3.22
8th Plan	1992-97	76.20	3.20	86.54	3.05
9th Plan	1997-02	150.00	2.63	91.90	1.29
10th Plan		104.73	0.84		

Source: Different Five Year Plans, Himachal Pradesh.

Table 16.6 reveals that plan expenditure has been increasing in successive plans. However, the share of the total plan expenditure has declined. It is also evident from the industrial policy statement, the package of incentives, the increased utilisation of funds, and enhanced investment in infrastructure in successive Plans, that industry has grown over the years.

To provide further impetus to industry, the Government of India notified on 7 January, 2003 a new industrial policy and other concessions to Himachal Pradesh which can provide a fillip to the industrial development of the state.

1. *Fiscal Incentives to New Industrial Units and to the Existing Units on their Substantial Expansion*

   a) The notified areas are entitled to:

      - Hundred per cent outright excise duty exemption for 10 years from the date of commencement of commercial production.
      - Hundred per cent income tax exemption for an initial period of five years and thereafter 30 per cent for companies and 25 per cent for other than companies for a further period of five years for Himachal Pradesh.
      - A capital investment subsidy at 15 per cent of their investment in plant and machinery, subject to a ceiling of Rs. 30 lakh.

   b) Thrust sector industries, as listed below are entitled to similar concessions as mentioned above in the whole state, of without any area restrictions.

Thrust Sector Industries

Horticulture and agro-based industries such as:

- Sauces, ketchup, fruit, juices and fruit pulp, jams, jellies, vegetable, puree, pickles, preserved fruits and vegetables, processing of fresh fruits and vegetables including packaging; and processing, preservation and packaging of mushrooms
- Floriculture, medicinal herbs and aromatic herbs, honey, food processing industry, sugar and its by products, silk and silk products, wool and wool products, sports goods, paper and paper products, pharma products, bottling of mineral water, industrial gases, handicrafts, non-timber forest-product based industries

2. Fiscal Incentives to Industrial Infrastructure

The growth centre scheme, currently envisaging a central assistance of Rs. 10 crore per centre has been raised to Rs. 15 crore per centre.

The financing patterns of Integrated Infrastructure Development Centres (IIDC) between the Government of India and SIDBI will change from 2:3 to 4:1 and funds would be in the nature of grants, so as to provide the required infrastructural support.

Industries in the negative list are not eligible for the above concessions.

Impact of Industrial Policy Announced by the Government of India (Dated 7 January 2003)

- The policy will be most beneficial to excisable and profitable units with production of more than Rs. 1 crore.
- Most entrepreneurs will prefer to set up new units in the periphery districts as these have close proximity to the neighbouring states and Chandigarh, access to raw materials and better connectivity. These periphery districts will have the same incentives and concessions as are applicable to the inner districts.
- Most of the units located in the inner districts (backward areas) are in the small-scale, tiny and cottage sectors and are not excisable (production less than Rs. 1 crore). Therefore, the industrial policy notified by the Government of India would not be of much benefit to most of the units located in the inner districts.

Therefore, new units are likely to be set up in the periphery districts, achieving accelerated growth but may not be sustainable in the long run, as fiscal concessions are available only for a limited period. On the other hand, industrial growth in the inner district will not be encouraged by the new policy.

After the announcement of the new industrial policy for Himachal Pradesh by the Government of India, the pace of registration of industrial units in the large and medium sector has increased tremendously. From 1 April 2003 to 31 May 2003, i.e., in two months, 31 units were registered with an investment of Rs. 385.20 crore and employment for 4201 persons, while only 11 units with an investment of Rs. 149.88 crore and employment for 1388 persons were registered from 1 April 2001 to 31 December 2002. It means that with the announcement of the new industrial policy, the registration of L&M industries has increased eight to nine times.

To achieve accelerated industrial growth and long-term sustainability, two independent strategies, one for the periphery districts and the other for the inner districts, have to be formulated separately, so that all districts of the state reap the benefits of the industrial policy notified by the Government of India.

Industrial Support System

The Government of India and Himachal Pradesh have established a number of institutions/centres/organisations/corporation/boards to provide technological, HRD development and training, financial and other promotional support to industry. A brief overview of this industrial support system follows:

1. Small Industries Service Institute (SISI), Chambaghat, Solan

An extension centre of the Small Industries Service Institute of the Government of India was set up at Chambaghat in 1960 and converted into a branch office in 1973. Keeping in view the requirements of industrial development in Himachal Pradesh, it was converted into a full-fledged institute in 1976. It provides the following services to existing and prospective entrepreneurs:

- Economic information and consultancy service
  - Educates entrepreneurs on the incentives and facilities being provided by the central and the state governments to small-scale units.
  - Collects, compiles and disseminates information on small-scale industries.
  - Informs entrepreneurs about the schemes and programmes of various development agencies.

  - Conducts studies and surveys about the problems of small-scale units in the state.
  - Industrial potential survey report.
  - Educates entrepreneurs about the government's single point registration scheme.
- Technical consultancy service/Techno-managerial assistance
  - Prepares project profiles on products according to the needs of prospective entrepreneurs.
  - Solves technical problems of small-scale industries.
  - Helps entrepreneurs in selecting suitable machinery and raw materials and appropriate technology.
  - Conducts in-plant studies of small-scale units and suggests modernisation.
  - Energy conservation.
  - Management courses for existing units.
  - Cluster development activity.
- Management and technical training
  - Organises intensive industrial motivation campaigns to motivate entrepreneurs.
  - Organises entrepreneurship development programmes to promote entrepreneurship among various sections of society.
  - Conducts skill-oriented entrepreneurship development programmes.
  - Conducts short entrepreneurship development programmes for the benefit of entrepreneurs under self-employment schemes.

2. Bureau of Indian Standards, Chandigarh

It is a Central Government department, which specifies quality standards for different products. It helps in selecting appropriate machinery and equipment for installing quality facilities. It also helps in setting up testing laboratories in units and also authorises units that manufacture products of specified standards to use the ISI mark. The Bureau has opened its branch office in Nalagarh, district Solan, Himachal Pradesh.

3. Reserve Bank of India, Chandigarh

Its main objective is to provide guidelines to lending institutions such as the IDBI, IFCI, ICICI, SIDBI, financial corporations/banks, on lending money to the industrial sector and control money supply. It is also the convener of the 'state level inter institutional committee' (SLIIC) for Himachal Pradesh, dealing with sickness and financial problems of the SSI sector.

4. Electronics Test and Development Centre, Chambaghat, Solan

Its main functions are to provide testing and commercial facilities to units manufacturing electronics products and also to impart training in basic electronic and development of new electronic products.

5. Himachal Pradesh State Environment and Pollution Control Board, Shimla

It assists units in installing the necessary pollution control devices and grants the necessary permission.

6. Small Industries Development Bank of India, Shimla

It provides finance to small-scale industries through its various refinance schemes. It also provides refinance through state financial corporations and banks at concessional rates.

7. Directorate of Industries, Shimla
(with network of district industries centres (DICs) at the district level and extension officer, industry, at the block level).

Its main functions are:

- Registration of SSIs and recommendation of medium and large-scale industries to the appropriate authority.
- Technical consultancy/general consultancy.
- Recommendation of cases for financial assistance to financial Institutions/banks, for margin money and loans.
- Industrial infrastructure development.
- Collection and maintenance of data relating to industrial units.
- Allotment of industrial plots/sheds/shops in the district.
- Liaison and feedback with the central and state governments.
- Administration of all incentives to industries given by both central and state governments.

Besides, two single window clearance agencies have been set up in the industrial areas at Parwanoo and

Baddi, which provide services and facilities required by small-scale industries under a single roof.

8. Himachal Pradesh State Small Industries and Export Corporation, Shimla

It was incorporated on October 20, 1966, to achieve the following objectives:

- To supply raw materials through raw material depots.
- To supply machinery on hire-purchase.
- To provide assistance in export and marketing.

9. Himachal Pradesh Electronics Development Corporation, Shimla

It was set up in 1984 to promote the growth of the electronics industry in Himachal Pradesh.

10. Himachal Pradesh Khadi and Village Industries Board (KVIB), Shimla

It was constituted on January 8, 1968 with the objectives of:

- Promoting, encouraging and assisting the development of khadi and village industries in the state.
- Providing financial assistance and loans at concessional rates to individuals, societies/ institutions.
- Providing marketing assistance by selling products of KVIB through its own showrooms.
- Conducting training courses, to impart necessary skill and training.

11. Himachal Pradesh State Handloom and Handicrafts Corporation Limited, Shimla

The main objectives and targets are:

- To promote and develop handloom and handicrafts industry in the state.
- To impart training to weavers/artisans to improve their skills in weaving and also provide financial and raw materials assistance.
- To assist entrepreneurs in setting up units in their areas.
- To provide marketing assistance by selling handloom and handicraft products of local entrepreneurs through showrooms.

12. Himachal Consultancy Organisation Ltd. (HIMCON), Shimla

Its main functions are:

- To render consultancy to entrepreneurs starting from project identification to marketing.
- Development of entrepreneurship by conducting entrepreneurship development programmes.

13. Himachal Pradesh Financial Corporation, Shimla

It was established on April 1, 1967, as a result of reorganisation of the erstwhile Punjab Financial Corporation with the following objectives:

- To provide medium-and long-term loans as well as working capital loan to small and medium scale units under its various schemes.
- To provide loans for expansion, modernisation and rehabilitation of the existing units.

14. Himachal Pradesh State Industrial Development Corporation Ltd. (HPSIDC)

The Himachal Pradesh State Industrial Development Corporation Ltd. (HPSIDC) was incorporated in November 1966 to promote and develop medium and large-scale industries in the state and act as an institutional entrepreneur. It provides long-term finance, besides equity participation, to industrial units in the L&M sectors. The corporation acts as the state-level financial institution under the refinance scheme of the Industrial Development Bank of India (IDBI) and the Small Industries Development Bank of India (SIDBI). The agency has also been designated as the nodal agency for the administration of the capital investment and subsidy scheme announced by the Government of India. In addition, it is involved in planning and developing industrial estates and industrial areas.

15. Himachal Pradesh Centre for Entrepreneurship Development (HPCED)

It was set up at Parwanoo in Solan district to provide training to prospective entrepreneurs of the state, to enable them set up their own self-employment centres. The main objectives are:

- To promote entrepreneurship by organising programmes and workshops, to motivate and infuse the spirit of entrepreneurship with focus on youth.

- To carry out the message of industrialisation to the unemployed youth, who are unaware of the self-employment outlets provided by the industrial sector.

16. Technical Institutions in Himachal Pradesh

The State has a network of institutions imparting technical education in different disciplines of engineering. There are three institutions offering degree courses in engineering. Besides, there are seven diploma level courses and 57 industrial training institutes for men and women to impart technical training in different trades.

Industrial Infrastructure

Availability of high quality industrial infrastructure with basic amenities and modern facilities in different industrial areas and estates is most essential for sustaining and accelerating industrial growth. The Industry Department of the State had developed by March 31, 2002, 30 industrial areas and 10 industrial estates in different districts (details in Table 16.7) with only such basic amenities as roads, power, sewerage, water and communication. Besides, more industrial areas and estates are proposed to be developed during the Tenth Five Year Plan in different districts. One growth centre, with an estimated cost of Rs. 22 crore has been developed at Sansarpur Terrace in Kangra district. Besides, an export promotion industrial park, with an investment of Rs. 20 crore, is being developed at Baddi as a sponsored project by the Union Ministry of Commerce. In addition, the Department of Industries proposes to set up an apparel park, clusters, agri-export zones (AEZ), and special economic zones (SEZ). Effective implementation of the existing and proposed schemes and programmes, encouragement of private sector participation in infrastructure development, and simplification of procedures are necessary to ensure accelerated industrial growth in the state.

The State government has already developed 30 industrial areas and 10 industrial estates with all basic amenities like roads, power, sewerage, water and communication, etc., as shown below:

TABLE 16.7

Industrial Areas/Industrial Estates in Himachal Pradesh

District	*Industrially Backward Area*		*Industrially Developing Area*	
	Industrial Area	*Industrial Estate*	*Industrial Area*	*Industrial Estate*
Bilaspur	i) Bilaspur ii) Golthai			
Chamba	i) Sultanpur ii) Parel iii) Hatli	Hatli		
Hamirpur	i) Hamirpur ii) Nadaun			
Kangra	i) Nagrota Bagwan ii) Sansarpur Terrace iii) Electronics Complex Nagri iv) Dhaliara v) Bianatarian	i) Kangra ii) Jawali iii) Dehra Gopipur		
Kullu	Shamshi			
Kinnaur	Reckong Peo			
Lahaul & Spiti		Keylong		
Mandi	i) Ner Chowk (Ratti) ii) Bhambla iii) Sulikhad iv) Maigal	Kotli		
Shimla	Electronics Complex, Shoghi	i) Theog ii) Pandranoo		
Sirmaur			i) Kala Amb ii) Paonta Sahib	
Una	i) Mehatpur ii) Tahliwala iii) Amb iv) Gagret			
Solan			i) Baddi ii) Barotiwala iii) Chambaghat Solan iv) Parwanoo	i) Chambaghat-Solan ii) Dharampur

Source: Director of Industries, Himachal Pradesh

The existing industrial areas and estates provide the basic infrastructure, but modern and technological infrastructure is highly inadequate. In the present era of globalisation and WTO agreements, the technological capabilities of the industrial sector have to be enhanced to make it competitive in the international market in terms of quality and price. Therefore, the existing industrial areas and estates must be modernised and upgraded. The broad measures suggested are technological upgradation, product adaptation and development of new products, human resource development through skill upgradation and training and marketing support. This will facilitate building a centralised modern network of infrastructure, including marketing.

Himachal Pradesh comprises diverse terrain ranging from the sub-montane, sub-tropical areas to hills and mountains and thus has varied climatic zones. This diversity has endowed the state with rich natural resources. With diverse agro-climatic conditions and geographical features, horticulture, floriculture, sericulture, forestry, hydro-power generation, handicrafts, handlooms, herbs-based and aromatic, minerals, wool-based industries are comparatively better developed. These industries have been identified as thrust industries. Therefore, to reap the full advantage of local raw materials, coupled with a package of incentives for the growth of these industries, it is essential that a modern and appropriate infrastructure is created at a faster pace by setting up clusters at different locations. This approach will promote industrial development and create a large number of sustainable small-scale and tiny industrial units and increase employment opportunities in the state.

In addition to these industrial areas and estates, small and medium clusters should be set up at different places. A micro-enterprise concept, based on local resources, should be encouraged by setting up small clusters, to overcome the disadvantages of small size and enhance co-operation, to meet the challenges of trade and market reforms and liberalisation. The bulk of the artisan-based industry belongs to the category of home-based, cottage and tiny industries. The small clusters can cover different products, mainly based on local raw material. In addition to basic infrastructure, these clusters should have relevant centralised facilities, like training programmes, design centres, raw material depots, testing facilities, packaging and marketing support and information hubs. Industrial clusters have a high potential for collective efficiency. Although networked, individual units have the flexibility for innovation and experimentation. While successes get quickly multiplied, failures remain limited. Some industrial development agencies, *viz*., KVIC, NABARD and SIDBI have identified some rural industrial clusters. A bee-keeping cluster has been promoted by KVIB in Kullu; another for steel/wooden furniture in Mandi district and one for bamboo in Kangra district are under consideration. Similarly, NABARD, and SIDBI have identified clusters for metal, woodcraft, wool weaving and Tibetan handicrafts in Kullu district. SIDBI has appointed Him Bunkar as the implementing agency.

Besides these identified clusters, some of the District Industries Centres (DICs) of the Industry Department have recommended activities, which could be viable under the industrial cluster programme. These activities and areas are:

TABLE 16.8

Recommended Clusters, Activity Location-wise

Name of the District	*Name of the Activity*
Kangra	
1) Kandror	Engineering/agriculture implements
2) Nagri	Wood carving
Lahaul & Spiti	
1) Udaipur	Weaving of woollen patti
Kinnaur	
1) Tapri	Metal fabrication
Kullu	Shawl weaving bamboo craft, pattu making etc.
Mandi	
1) Nerchowk	Automobile
2) Ramnagar	Wooden and steel furniture
Sirmaur	
1) Rajgarh	Fruit processing
2) Sangarh	Limestone
3) Shillai	Weaving
Shimla	Food products, pickles, Jam, packaging & potato wrappers (at Theog)
Hamirpur & Nadaun	Shawl making, furniture, hosiery, leather products, card board boxes & herbal processing
Bilaspur	
1) Lethwin	Potters
2) Bhadrog	Weavers

Source: *State Industrial Profile of Himachal Pradesh* (2001-02) by a Small Industries Service Institutes (SISI), Government of India, Solan, Himachal Pradesh.

In addition to these, some herbal-based clusters could be set up in the state as the higher reaches are endowed with a large number of precious herbs. Similarly, sericulture could be taken up through clusters in the

districts of Kangra, Mandi and Sirmaur. Thrust should be on promoting more rural industrial clusters under the National Programme of Rural Industrialisation (NPRI).

NABARD has selected Solan as a model district to launch its newly initiated project, "District Rural Industries Project". The purpose of this project is to create rural non-farm sector (RNFS) activities, which will be undertaken in association with different government agencies as well as NGOs.

To create a state-of-art infrastructure, the following aspects need priority;

- Modernisation of industrial areas/estates.
- Cluster development around thrust areas.
- Promotion of maximum participation of the private sector in the development of sustainable industrial infrastructure.
- Government as a facilitator through decentralisation, deregulation and self-certification.
- Thrust on fostering clusters around villages, facilitating rural industrialisation.
- Local educated youths should be trained for each cluster, activity-and location-wise to adopt new designs, testing and marketing techniques for ensuring long-term sustainability of these clusters.

An advisory council should be constituted for each cluster, in addition to an 'Industrial Area Development Authority', for the development and upgradation of industrial areas and estates in the state.

The state government should identify administrators and mangers, with technological and professional background, to work as facilitators and co-ordinators for rapid, non-polluting industrialisation, especially in the interior and rural areas.

Strategy For Industrial Development

The specific climatic and agricultural features and rich natural resources determine the kind of productive economic activities in Himachal Pradesh. The dust-free and cool climate, power supply in abundance at a comparatively low cost, conducive environment of the state are also suitable for the growth of light and precision engineering industry, electronics, horticulture and food processing and power based industries. The pattern of industrial development of the state is based on its division into industrially developed and backward areas. Most of the large and medium industries are located in developed areas, while a small-scale, tiny, khadi and village industries are located in backward areas/districts. Other important aspects of the emerging scenario are discussed below.

In the process of the integration of India's economy with the global economy and the WTO agreements, the industrial sector will have opportunities and also face challenges in terms of access to a wider global market and meeting global competition. To overcome this, the SSI and tiny sector need to be strengthened on a priority basis, as these are major sources of employment and distribution of wealth. At present the SSI and tiny sector uses low-level technology, resulting in low industrial productivity and poor quality of products. This poses for them a competitive disadvantage, both in the domestic and global market. The SSI sector has to acquire capability to produce quality products to become competitive in the international market.

Wide gaps have been observed between the technologies in use in the state and those used in the developed countries. It is necessary to bridge the gap by modernisation and technological upgradation through innovative research, design and development (RD&D). As it is beyond the capabilities of the existing small-scale (SSI) and tiny sector, it is necessary to upgrade and strengthen the existing RD&D centres in the state, which should be set up in the thrust areas of industry, with financial and technical assistance from international agencies and with the participation of the industry. A trained workforce adopting the latest designs, manufacturing, management, marketing and quality control techniques will be able to produce quality products and compete in the international market.

Another important consideration is the credit-deposit ratio of Himachal Pradesh, which is only 25 per cent, as compared to Tamil Nadu's 90.6 per cent and Maharashtra's 85.39 per cent in 2001. It is evidence of poor entrepreneurship in the state. Therefore, emphasis should be put on the development of entrepreneurship to motivate especially the rural educated women and youth. Entrepreneurship development programmes have to be conducted so that the message of industrialisation is carried to the masses who are unaware of the self-employment outlets provided by the industries. These programmes should also inform potential entrepreneurs about the fiscal incentives and facilities offered by the support institutions.

Specific suggestions for achieving accelerated growth in the industrially backward and developed areas/ districts are:

Industrially Backward Areas/Districts

The industries in these districts are SSI, tiny, khadi and village industries. In addition, artisan entrepreneurs also belong to this category. These industries are mainly based on local raw materials and hold the key to large-scale employment and generation of economic activity. The new industrial policy announced by the Government of India has significantly enhanced the financing pattern and grants for the development of industrial infrastructure in the state. Some schemes are:

(i) The financing pattern of integrated infrastructure development centres (IIDC) between the Government of India and SIDBI will change from 2:3 to 4:1, and the GoI funds would be in the nature of grants, so as to provide the required infrastructural support.

(ii) Deen Dayal Hathkargha Protsahan Yojna and other incentives of the Ministry of Textiles: The funding pattern between the Government of India and the state will be changed from 50:40 to 90:10 under these schemes. The Ministry of Textiles will extend to Himachal Pradesh its package of incentives, as notified for the North-Eastern states.

(iii) Pradhan Mantri Rozgar Yojana (PMRY): The Ministry of Agro & Rural Industries will provide to Himachal Pradesh relaxation under PMRY with respect to age (i.e. 18-40 years from 18-53 years) and subsidy at 15 per cent of the project cost subject to a ceiling of Rs. 15,000 per entrepreneur.

The State government should implement these schemes efficiently and speedily. It should encourage private participation to ensure long-term sustainability. These schemes will also enhance the income of the artisans and small entrepreneurs.

Strategy for Industrial Growth in Backward Districts

- Thrust on setting up small and medium sized clusters around the villages, incorporating state-of-the-art infrastructure, facilitating rural industrialisation. This will further facilitate technological and marketing support at affordable cost to small-scale, tiny and cottage industries.
- Set up information hub in each cluster and industrial area to facilitate marketing and product information from international and other related agencies.
- Modernisation of industrial areas and estates.
- Promotion of maximum private participation in the development of sustainable modern industrial infrastructure.
- Appoint a nodal agency to co-ordinate and formulate plans to implement the schemes and programmes of industrial development awarded to state by Government of India so that maximum benefits could be achieved.
- Advisory councils should be constituted for each cluster involving representatives of industries, technical and research and development (R&D) institutions.

Measures should be taken to integrate large industrial establishments with small and tiny industrial clusters, for the flow of technology, marketing and financial support to these clusters on a mutually beneficial basis. The government should assist in bringing about such integration.

Developed Areas and Periphery Districts

Most of L&M industries are located in the developed areas, parts of Solan and Sirmaur districts, categorised as periphery districts. Some of these are also located in Kangra and Una districts. Mostly, these industries have shifted from other states to reap the benefits of incentives and subsidies. The major industries are food products and beverages, textiles and spinning, precision and light engineering, chemical and pharmaceuticals, electronics including magnetic components, paper and paper products, steel and steel products.

The fiscal incentives and measures announced by the Government of India on January 7, 2003, will encourage more industries to set up units in the periphery districts, achieving substantial growth. Sustainability of the migrated industrial units might, however, be limited to the period during which the incentives are applicable. For long-term sustainability, the state government has to provide high grade infrastructure, and responsive, good governance.

To convert the periphery districts into a hub of the industrial sector and for long-term sustainability, a well thought-out, co-ordinated strategy has to be formulated. The suggestions are:

- Industrial clusters and agri-export zones (AEZs) should be set up, activity/product wise. This will facilitate building a centralised modern infrastructure. These facilities will significantly

upgrade the technological, marketing and management capabilities of SMEs.

- The private sector should be encouraged to participate effectively in setting up clusters, AEZs and modernisation of the existing industrial areas and estates on a sustainable basis with initial financial assistance from the Government of India and support from Himachal Government.
- New industrial units should develop physical as well as institutional infrastructure i.e., the complete product should be manufactured in the state. A monitoring mechanism may be evolved to ensure this.
- Fostering close interaction between entrepreneurs, associations, R&D institutions, design centres, testing centres and technical institutions.

Brief details of employment-oriented industrial groups mainly located in the backward areas are as under.

Udyog Mitra

Udyog Mitra Committee, a single window clearance system was constituted by Maharashtra in 1984 under the chairmanship of Development Commissioner (Industries) with Chief Executives of the industrial development organisations of the state as its members. Officers have been drawn from organisations like SICOM Ltd., Maharashtra Industrial Board (MIB), Maharashtra State Financial Corporation (MSFC), Maharashtra Pollution Control Board (MPCB), Director of the industries and other similar organisations. The main function is to liaise, on behalf of the entrepreneurs with the respective organisations to improve co-ordination among them so as to speed up the process of decision-making in respect of grant of various facilities covered under their jurisdiction.

As suggested by the Planning Commission the State government of Himachal Pradesh may study the 'Udyog Mitra' model developed by Maharashtra. Taking into consideration the local conditions and environment, a new model could be developed for the state.

Agro/Food Processing Industry

At present, the food processing Industry is limited mainly to the traditional processing of agricultural and horticultural raw materials using low-grade technology. The number of units in this area is 8,000 in the SSI & Tiny and 27 in L&M sector and employ approximately 30,000 persons.

Due to conducive agro-climatic conditions, the state has tremendous scope for the production of horticulture products as off-season vegetables, tomatoes, peas, cauliflower, cabbage and seasonal fruits like apple, plums, apricots and olive. There is a large scope for expanding and diversifying food processing industries in the state. Understandably, these industries have been declared priority industries and are given special incentives and concessions in the industrial policy of the state. Some fruits and vegetables are processed within the state by public/private sector units such as HPMC, HIMCO, HIMFED, NEFED, located at Kullu, Mandi and Parwanoo. Horticulture-related units are not doing well. Large quantities of fruits go waste in the process of grading and packing.

Besides, the production of all kinds of fruits has decreased sharply during the year 1999-2000. This is evident from the fact that as against the production potential of 4.92 lakh tonnes, the production of fruits during the year 1999-2000 was 0.89 lakh tonnes. As such, the fruit sector in the state is in the throes of a very significant phase of transition with severe challenges. **To overcome these the state government has to take effective steps to raise the quality and productivity of apples and other fruits; simultaneously, an integrated strategy involving fruit farming and food processing industry has to be evolved**.

Horticulture can play a vital role in improving the socio-economic conditions of the state's rural population. Therefore, the growth of value-added horticulture/food processing industry is very important for rural employment. At present the entire emphasis is on producing table-variety fruits. Horticulture-based food processing units can only be viable if fruits of processable varieties are grown.

Large gaps exist in the industry at different stages of operation, such as availability of processable raw material, post-harvest management, cool-chain infrastructure, processing techniques, quality control and packaging. Most of the units in the food processing industry use old, inefficient, uneconomic machinery and technology and they lack in infrastructure. At present the workers do not have the basic idea of food processing and unskilled workers and supervisors are working in the industry. Training of floor-level workers and maintaining their personal hygiene are essential.

The agro/food processing industry has the potential of expansion and growth, if modern tools and techniques are employed. The suggestions are:

- Integration of the farming sector, processing industry and marketing, i.e., vertical integration of different activities across the agro-business chain.
- Agri-parks and clusters should be set up to facilitate centralised, modern infrastructure, latest processing and packaging techniques and to impart training. These facilities should be available to medium and small-scale industries and the farmers, on a shared basis against a reasonable cost.

Textile and Hosiery

Textile/spinning is one of the important industries which accounts for 60 per cent of the total employment offered in the large and medium sector. It has attracted large investments in the state. Today about eight per cent of the country's yarn production is installed in the state. These industries are located in the periphery districts. The new industrial policy is also likely to attract more textile and hosiery units to the state.

The major hosiery industries are in the SSI and Tiny sector located in the backward areas. They number approximately 4,000 and provide employment to 16,000 persons. The main products are shawls, patti, caps, jackets, sweaters and mufflers. **Clusters have been suggested at Kullu, Shillai, Udaipur and Hamirpur. These clusters will facilitate for weavers, artisans and entrepreneurs, introduction of new products and designs, technical and marketing support, skills upgradation and training, and liaison with banks and government departments.** This will greatly enhance the capabilities of the industries resulting in higher production and employment.

Cement

Himachal Pradesh, which has been described as an "apple bowl", and "hydel state", is now on the threshold of becoming the "cement state" of India. Quality limestone which is one of the important ingredients in the manufacture of grey portland cement is available in plenty. At present there are four cement plants in the large and medium (L&M) sector in addition to three mini plants. The present position is shown in Table 16.9.

The domestic requirement of cement is 10 lakh tonnes. The rest is exported to other states. Cement manufacturers were keen that cement clinker should be allowed to be exported to other states, so that finished cement could be manufactured there. A formula was worked out between the state government and the manufacturers that clinker and cement could be exported to other state in the ratio of 50:50. However, in the new industrial policy, clinker has been placed in the negative list, i.e., such incentives as excise duty and income tax exemption are not applicable to clinkers, but applicable to cement. In the changed situation, the manufacturers will prefer to manufacture cement in Himachal Pradesh itself, while clinker export to other states might be limited.

TABLE 16.9

Present Status of Cement Plants in Himachal Pradesh

Name of Company	*Production Date*	*Investment (Rs. in crore)*	*Employment*	*Production Capacity (lakh tonnes)*
M/s A.C.C Ltd.	12.03.84 (i)			
	15.09.94 (ii)	471	918	22
M/s Gujarat Ambuja Cement Ltd	26.09.95	404	453	10
M/s CCI Ltd.	1.04.80	28	473	2
Total production capacity 34 lakh tonnes				

The total production figures for 2001-02 are 39.21 lakh tonnes detailed below against the production capacity of 34 lakh tonnes:

M/s A.C.C Ltd.	: 27.88 lakh tonnes
M/s Gujarat Ambuja Cement Ltd.	: 9.72 lakh tonnes
M/s C.C.I. Ltd.	: 1.61 lakh tonnes
Total	: 39.21 lakh tonnes

Three more large-scale cement plants, based on limestone, have been approved to be set up in Sundarnagar, Alsindi (Mandi district) and Chamba. These plants in the private sector are being set up by:

M/s Larsen Toubro Ltd. Chamba.

M/s Grasim Industries Ltd. at Alsindi (Mandi).

M/s Harish Chandra Ltd. Sundarnagar.

More proposals under consideration are:

M/s Gujarat Ambuja Cement Ltd has proposed to set up new plants near their plant, already in production in Solan district. In addition, two plants one at Koti and another in Gumma in Shimla district, are also under consideration. The installation of these plants may create environmental problems. The emission levels at every stage of the plant should be kept below the permissible level. **A state level "environmental impact assessment and monitoring committee"**

should standardise specifications, tools and equipment to be used compulsorily by all cement manufactures for environmental pollution control.

Details of the environment management system installed in Ambuja Cement plant are given below:

Environment Management in Ambuja Cement Plant at Darlaghat

A glass bag house (GBH) has been installed for the control of emissions from the kiln and raw mill section, the most polluting section in a cement factory. The GBH has an efficiency of 99.9 per cent and maintains emissions even below 50 gm./Nm^3.

Electrostatic Precipitators (ESPs) have been installed at the clinker cooler and cement mill sections, while bag filters have been installed at the coal mill, cement mill and packing plant, for the control of emissions.

The emissions from all the stacks are maintained at much below 100 mg/Nm^3, as against the National Standards of 150 mg/Nm^3 for the cement industry. Bag filters have also been installed at all material handling/ loading/unloading points for the control of fugitive emissions. There is no solid waste generation and all the dust collected in the air-pollution control equipment is automatically recycled into the process.

Handloom Industry

Handloom is an important cottage industry of Himachal Pradesh and has the second largest employment potential in the rural sector. The importance of the handloom industry in the economy lies in the artistic designs, low-cost investment and family based skills which is passed on from generation to generation with no formal training. At present, there are about 42,000 handlooms in the state, primarily based on wool and providing gainful employment to about 45,000 weavers. The major products woven on handlooms are woollen ladies' shawls, woollen gents' shawls, woollen tweeds, shirting, dress material and woollen carpets, etc. Weaving activities are mostly undertaken in Kullu, Mandi, Kinnaur, Kangra, Lahaul & Spiti and Chamba districts of the state. There is a vast potential of development of handloom industry in the state. Keeping in view the changing scenario, there is need to diversify the existing products by introducing new designs according to modern trends. A project named "Hill Area Woollen Development Project" has been taken up in co-operation with Government of India. These programmes include setting up training-cum-demonstration centres for training weavers on improved looms and equipment, modernisation of traditional pit looms into fly shuttle looms; setting up production-cum-service centres and improving the designs, quality of products and introducing need-based designs according to modern trends. Manufacturing of readymade garments (woollen) on a large scale in the design-cum-fashion centre would also be undertaken. In addition, for the development of the handloom industry in the state, various centrally sponsored schemes like Deen Dayal Hathkargha Protsahan Yojana, Baba Saheb Ambedkar Hastshilp Vikas Yojana sponsored by the office of Development Commissioner of Handlooms, Ministry of Textiles, Government of India are being implemented.

Sericulture

It is a village oriented, labour-intensive industry in all its phases, from cultivation of silk worms and food plants to silk worm rearing, silk reeling and other processes, such as twisting, dyeing, weaving, printing and finishing. Climatic conditions of the state are most favourable for the growth of this industry. The sericulture industry is an effective tool to develop the rural economy as it supplements the income of the weaker sections of society. To provide more employment to the rural depressed classes, the growth of this industry is most essential. At present, it provides subsidiary occupation to more than 10,000 families, most of whom belong to the poor sections of the society. A congenial environment, coupled with marketing and financial help and training in the use of better methods and tools, will lead to a high growth rate of the industries in the state.

Medicinal and Aromatic Herbs

The state is endowed with nature's treasure like valuable herbs, plants, flowers etc. Some of these herbs and plants available in the states are *guchhi*, *tej patta*, *patish*, *bankakari*, *dhoop* roots, *bharami*, *katha*, *kalajira*, *karu*, *banaksha*, *kesar*, *hyphopia* and some other species are found in the high reaches. The Himalayan National Park is one of the sources of these medicinal herbs in the state. Besides these, there are many species which remain unidentified due to lack of knowledge and research. This treasure is at present being drained out of the state at a very low price. To avoid this kind of exploitation and to process the available resources within the state, the herb collectors should form a co-operative society and educated professional youths should be motivated to set up industrial units for processing these medicinal and aromatic herbs in the state. At present, the state has one *ayurvedic* college

and two ayurvedic pharmacies. These pharmacies are manufacturing some traditional medicines, which are supplied to health institutions of the state. To identify new species and to avoid unscientific ways of extraction, training programmes should be organised in the state. It is evident that there is vast scope for processing these herbs, shrubs and medicine within the state. Setting up of herbal-based clusters has been suggested. These clusters must provide high quality infrastructure in terms of marketing, training, financial and technical support. This approach will greatly boost the growth of medicinal and aromatic based industries in the state and their export.

Sports Equipment

The state offers a variety of opportunities for adventure sports, such as paragliding, ice-skating, mountaineering, hill-sking and river rafting. The mountaineering institute at Manali offers facilities as well as training in various adventure sports in Kullu and Kangra districts. Besides, the Department of Tourism provides training in water sports, paragliding, river rafting and trekking, etc. For these sports, various kinds of equipment and accessories such as anklets, helmets, trekking shoes, tents and other types of equipment are required. At present all these equipment and accessories are imported from outside the state. **So there is scope for setting up units for their manufacture in the state, keeping in view the demand, quality and prices**.

Recommendations

Modernisation and technological upgradation through innovative Research, Design and Development (RD&D), human resource development through skill upgradation and training, adoption of small and medium sized clusters around the villages for systematic infrastructure development, market-oriented policies, simplified procedures and good governance are essential for the industrial growth of the state. Some suggestion and recommendations are:

- Small scale, tiny and cottage industries located in industrially backward districts, are the backbone of the industrial sector and major provider of employment. These industries use local raw material, low-level technology and manual methods. All this results in low industrial productivity and poor quality. For the very survival and growth of these industries, technological upgradation, skill development and training, easy and timely credit facilities at interest rate not more than prime lending rate are the key factors.
- Industrial clusters, agri-export zones (AEZs), export promotion parks with state-of-the-art infrastructure should be set up in the developed areas. In the backward areas, small sized clusters should be set up activity-wise at different locations. These small clusters should have centralised facilities like design centres, testing facilities, preparation of project reports, marketing support, information hub and raw material depots, to boost the growth of local industries and promote employment.
- The private sector, financial institutions, industrial development agencies should be encouraged to participate effectively in modernising and creating high-grade industrial infrastructure. The central and state governments may provide the initial financial assistance. However, in the long run, it should be financially sustainable.
- Multinational and reputed Indian companies should be attracted to set up industrial units in the state. This will facilitate upgradation of the entire infrastructure for achieving the benefits of large-scale integration in different sectors of industry.
- The new industrial policy is likely to attract big investments in large and medium sectors in keeping with the existing trend in the state. The entrepreneurs will prefer to set up their units in the periphery of the adjoining states of Punjab and Haryana. These large and medium industries should be encouraged to set up ancillary units in their areas. To promote the small scale and tiny sector in the vicinity, a conducive ancillarisation policy should be formulated.
- The functioning of the support institutions of the state needs to be reviewed and reoriented, to make them relevant to the emerging requirements of industry in the changed situation. Training/ awareness programmes should be organised to impart knowledge about modern methods and tools relevant to industry.
- The government's role should be that of an effective facilitator, enabler and co-ordinator, providing a transparent and conducive policy framework and an efficient delivery mechanism through responsive and good governance.

- Upgradation of the existing centres of research and development, design, testing, marketing and setting up of more such centres have been suggested, to make available to the industry the latest designs, manufacturing and testing techniques to meet its emerging requirements. Large and medium industries should be encouraged to set up in-house research, design and training cells in their relevant areas.
- Emphasise on human resource development through skill upgradation and training. Foster linkages between industry, R&D and technical institutions and re-orient technical education to meet the requirements of industry in view of recent developments.
- Rationalised, graded merit-and target-group oriented incentives and concessions need to be resorted to for the balanced industrial growth of different regions and for the benefit of weaker sections of society.
- To deal with sickness in the SSI sector, a state level institution, with adequate powers and resources should be set up, consisting of the representatives of the Reserve Bank of India, financial institutions, banks, industry and state government, to provide requisite financial support to small scale and tiny units suffering from sickness or having symptoms of sickness. A system should be evolved for timely detection of sickness at the initial stages.

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