

Are Public & Private Sector Industries (PPSI) in Bundelkhand Region ready for Enterprise Resource Planning (ERP): A Study of Bundelkhand Region



Ashutosh Shukla*

Research Scholar,
Veer Bhumi Govt. P.G. College Mahoba,
Bundelkhand University, Jhansi, Uttar Pradesh

Dr. Rajesh Kumar Pandey

Associate Professor & Head, Department of Commerce,
Govt. P.G. College, Saidabad,
Allahabad, Uttar Pradesh

Dr. B. L. Sharma

Associate Professor & Head, Department of Commerce,
Veer Bhumi Govt. P.G. College Mahoba,
Bundelkhand University,
Jhansi, Uttar Pradesh

ABSTRACT

Enterprise Resource Planning (ERP) is one of the hottest subjects in the business world today, huge amounts of money is invested in ERP projects, and in them many organizations see opportunities for costs savings and/or competitive advantage due to their all-embracing nature, ERP systems may have far reaching consequences for any enterprise. In view of the above analysis it can be inferred that ERP implementation has been a challenging task worldwide and India is no exception in this regard. The current paper is designed to cover the issues of ERP application in the Public & Private sector industries in the Bundelkhand region a state in the making comprising districts of Uttar Pradesh & Madhya Pradesh states of India. The paper tries to highlight ERP (Enterprise Resource Planning) in PPSI (Public & Private Sector Industries) in Bundelkhand region.

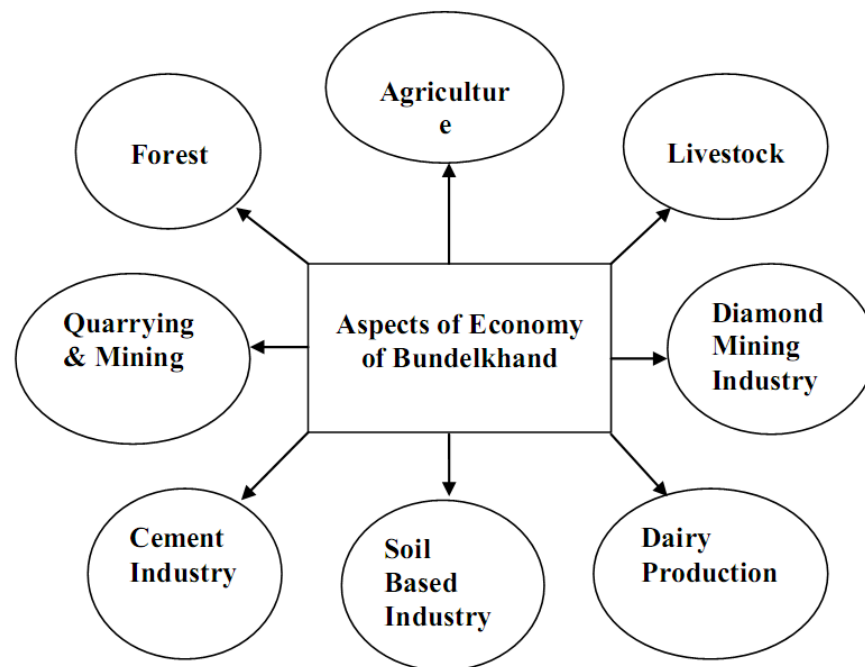
INTRODUCTION

Bundelkhand is the name of the cultural- geographic region in central India, which is bounded by Vindhyan Plateau in south, Yamuna River in north, Ken River in east and rivers Betwa and Pahuj in west. It has historically been a drought prone region making cultivation an uphill task for the farmers the rural economy of Bundelkhand comprises majorly of agriculture. In terms of industrial setup leaving aside BHEL in Jhansi there are virtually no industries, work or opportunities for employment outside agriculture in the region.

It is a region rich in natural resources like forests and minerals (diamond, granite, sandstone,

limestone, iron, rock phosphates, pyrophyllites, dolomites and marble) and mining happens to be the only “industry” for the desperate people of the region. Crop production, livestock rearing and seasonal outmigration provide more than 90% of rural income in the Bundelkhand region.

Bundelkhand and adjoining areas have vast resources in terms of land, forests and minerals. But the area is far behind others in agriculture, industry even after a number of development projects launched since 50 years of Independence. It is considered to be one of the backward regions of the state.



OBJECTIVE OF RESEARCH

The basic objective behind this study is to analyze in detail the future of ERP (Enterprise Resource Planning) in the Public & Private Sector Industries in Bundelkhand region based on study of economy of the region. Following are the specific objectives of the study

- ▶ To analyze the economic structure of Bundelkhand region.
- ▶ To study the status of public & private sector industries in Bundelkhand region.
- ▶ The industries who have implemented ERP (Enterprise Resource Planning) till date if any.
- ▶ To suggest concrete plan of action to remodel the Industrial Structure of Bundelkhand region in context to public & private sector industries facilitating ERP (Enterprise Resource Planning).

Status of Public & Private Sector Industries (PPSI) In Bundelkhand Region

Till the end of 2008, there were only two large manufacturing units in the entire Bundelkhand region- a unit of the public sector Bharat Heavy Electricals, set up at Jhansi in the 1970s, and a cement plant of the Birla group named as Diamond cements in Damoh in the 1980s.

The industrial clusters of Bundelkhand region can be divided based on the various industries set up

there such as:-

- ▶ Iron –Ore Industry.
- ▶ Pharma Industry.
- ▶ Cement Industry.
- ▶ Diamond Industry.
- ▶ Power Industry.
- ▶ Other Allied Industries.

PUBLIC SECTOR INDUSTRIES

The current status of public sector industries in the Bundelkhand region is very poor, leaving aside BHEL and Parichha Thermal Power Station which are located in Jhansi , and NMDC which is engaged in mining in Panna, there is no major progress in regard to setting up of large PSU in this region, due to problem of water, electricity, lack of proper infrastructure and above all negligence on the part of the state governments of Uttar Pradesh & Madhya Pradesh in this regard, the recent example is scrapping of NTPC proposal to set up a 4,000 MW plant at Lalitpur.

PRIVATE SECTOR INDUSTRIES

This sector consists of large industrial units as well as few medium-size industrial units. Several small & tiny industrial units are scattered across the region, especially in Jhansi and Sagar districts. But no modern industry has emerged till date which has hampered the growth of ERP in this region as ERP implementation is a costly affair and SMEs cannot afford to employ ERP.

The growth of large private industrial units, has also hampered the employment scenario of this region, and due to negligence of government the Bundelkhand region is starved of even Small Scale industries and many industrial units have shut down or on the verge of closing down, due to the negligence behavior of the state government. A number of tiny & small industrial units are located across Bundelkhand and are involved in manufacturing a variety of industrial & semi-industrial products.

Table: 1 Industrial Units of Bundelkhand Region

District	Industries (Product/Processes)	Operation
Jhansi	Bharat Heavy Electricals (Rail Engines, Transformers)	Running
	Parichha Thermal Power Station	Running
Datia	Gwalior Synthetics(Cotton Yarn, Art Silk),	Closed Down
	Agro Solvent Products (Solvent Extraction)	Running

Hamirpur	Hindustan Unilever Limited	Running
Orai (Jalaun)	Hindustan Unilever Limited	Running
	Sun India Pharmacy	Running
Panna	NMDC (Diamond Extraction Unit)	Running
	Rio- Tinto Group (Mineral Extraction)	Under Process
	MP Carbide & Chemicals (Calcium Carbide)	Running
Chhatarpur	Bunder Project (Proposed New Diamond Mine)	Under Process
Tikamgarh	K P Solvex (Solvent Extraction)	Running
Damoh	Diamond Cements (Cement, Clinker)	Running
	Abhisek Cement (Portland Cement)	Running
	Shobha Soya Oil (Soyabean Oil)	Running
Sagar	Central India Paper & Board Mill (Straw Board)	On Verge of Closing Down
	Madhya Pradesh Agro Products	Running
	Arvind Foods (Solvent Extraction)	Running
	Sagar Thermal Power Project	Running
	BORL (Bina, Sagar)	Running
	Bina Thermal	Running

Industrial Implementation of ERP (Enterprise Resource Planning) in Bundelkhand Region

In regard to the above question of current scenario of ERP in PPSI in Bundelkhand region, it can be said that ERP does not exist in the region due to the very fact that there are not large industries in the Bundelkhand region, which is the basic requirement for ERP existence as ERP implementation is a very costly affair and it can be afforded by very big organizations and not by small industries. Due to this very fact I have extended my scope of study in context to India to present a better picture of ERP in the India.

Factors hindering the growth of industries in the Bundelkhand region?

Various factors have hindered the growth of industries in the Bundelkhand region, which on the other hand has hampered the growth of ERP in the region, the various factors can be briefly summarized as below:-

- ▶ Lack of industrial infrastructure in the Bundelkhand region.
- ▶ Lack of Government initiative for industrial development.
- ▶ Need for better policy for inducing private players to invest in the region.
- ▶ Failure on the part of the government to understand the regions requirements.

CONCLUSIONS AND RECOMMENDATIONS

This study tries to bring about the real picture of economical and industrial breakup of the Bundelkhand region and there is lack of capital formation in the region due to the fact that the government of both the states have not shown much interest in developing this region which is rich in minerals, which can be exploited to increase the industrial base in the region. Unless & until there are incentives given from the government private players will not enter in to the area, as the area is lacking acute infrastructure which is the basic requirement of industries in any region. Due to lack of Virtual Gap Funding in infrastructure projects, the infrastructure status of the region is one of the backward in India. As infrastructure projects involve huge capital outlay and the gestation period of the infrastructure projects are long, so government help in the form of VGF is necessary for Infrastructural development.

In respect to future of ERP (Enterprise Resource Planning) implementation in PPSI (Public and Private sector Industries) in Bundelkhand region the rate of industrialization in the region should be increased through increase participation of the government and with **PPP (Public Private Partnership) model**, in the core areas of development and government participation in the region should also increase which can be seen from the recent developments that has taken place on the backdrop of active participation of government of both the states. Developing new areas of development in the region, in the form of setting up big industries in the dairy sector as the region has vast scope in this regard. A major thrust be given on the development of small & medium enterprises in the region, through eliminating all reservations in SSI sector.

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Corresponding Author

Ashutosh Shukla*

Research Scholar, Veer Bhumi Govt. P.G. College, Mahoba Bundelkhand University Jhansi, Uttar Pradesh

E-Mail – ashutoshcfa@gmail.com