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CHAPTER - 3  
REVIEW OF LITERATURE

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CHAPTER - 3REVIEW OF LITERATURE1. INTRODUCTION :

The present chapter deals with reviewing the literature on the Industrial Estates in different parts of India. The studies are in the book form or in the unpublished M.Phil. Dissertation form. The attempt has been made in the following section to present the review of this material.

2. INDUSTRIAL ESTATES IN WEST BENGAL

The main purpose of Kalyani's study<sup>1</sup> was to make an assessment of the success or failure of Industrial Estate in West Bengal. In the light of the factual and analytical survey of Industrial Estates in West Bengal, Kalyani has broadly summarized the achievements as follows.

The estates in West Bengal helped the growth of new industries as well as the shifting of old outside industries, the rate of shifting, however, being much lower than that of the new growth. The main attraction of Industrial Estates to the entrepreneurs has been the ready-built modern types, factory premises with other essential amenities like electricity, water, road transport etc. Particularly, in the areas like Baruipur, Kalayani and Saktigarh which have no attraction of their own either as sources of raw materials or as marketing centres, ready-made factory space with modern conveniences has been a powerful inducement to entrepreneurs.



In all probability none of the industries, either new or old, would have been set up in the absence of Industrial Estates in the areas in which they have grown up at present. This is therefore, the basic contribution of the Industrial Estate programme in West Bangal. One of the important achievements of the programme of Industrial Estates in West Bangal is that the Industries which have been set up even in the relatively less developed areas have proved to be viable. The important fact is that even at the initial stage of the programme of Industrial Estates in West Bangal, practically all units have shown a positive net return which in some cases appears to be lucrative.

The estate in West Bangal have helped some men with small means and possessing inadequate experience to develop their entrepreneurial talent. At least one of the estate in West Bangal has enabled the entrepreneurs to secure the much emphasized benefits from their location within Industrial Estates, i.e. transfer economies through intertrading and interservicing amongst the entrepreneurs of the estate or through various common service facilities provided to the entrepreneurs by the estate authority. Many entrepreneurs of the estate were found to be offering machine tool facilities and doing job works of other units of the estates, so that the relationship of mutual interdependence and complementarity has developed among the units of the estate.

It has furthered the objective of broadening the basis of the industrial structure. Such dispersed centres of small scale industry have also the effect of creating investment opportunities outside the main industrial conglomerations and can be expected to spread and promote habits of saving and accelerate the pace of industrialization in the country. The diffusion of entrepreneurship caused by the estate may also act in the long run as a countervailing power against the growth of monopolistic tendencies in the economy.

As against these achievements, the programme of Industrial Estates in West Bengal has met with several failures which have been shown by Kalanyani as follows.

Although the Industrial Estate Programme has partly been successful in taking industries to the relatively less developed areas around the city of Calcutta, it has failed to disperse industries widely throughout all the districts of the State. Another weakness of the Industrial Estate programme in West Bengal can be observed in the low use of productive capacity in the functioning firms.

The causes of this partial failure of the programme of Industrial Estate in West Bengal have been summarized as follows.

In some cases, the actual sites of the estate appear to have been chosen wrongly. Almost all the entrepreneurs of the functioning estates complained about the shortage of essential raw materials and the difficulties involved in getting raw material quotas and essentiality certificate for the imported raw materials.

The estates particularly the rural ones, suffer from the non availability of skilled labour. Shortage of electricity is another bottleneck, although a common one for the State of West Bengal, from which the entrepreneurs of the estate suffer. In the case of two estates i.e. Howrah and Saktigarh, it has been found that arrangement for electricity in the case could not be made even 11 to 24 months after the sheds were allotted to the entrepreneurs. While investigating the deficiencies of the Industrial Estates in West Bengal, these Industrial Estates (excepting the Howrah estate) have been suffering from lack of the spirit of mutual co-operation and understanding between the entre-

-preneurs and the estate authorities, as well as among the different governmental departments. The general impression is that the majority of the government officials as well as the entrepreneurs have a rather imperfect understanding of the perspective, policy and programme of Industrial Estates as a means of industrialization.

Kalyani remarks that the Industrial Estates in India have so far been successful in developing industries mostly at the heart of cities and large urban centres and to lesser degree, on the outskirts of urban areas where some infrastructure facilities needed for industrial growth. Very little attention has so far been paid to spreading industrialization through Industrial Estates in relatively backward areas of the country or where such attempt has been made, the programme has met largely, with failure.

### 3. INDUSTRIAL ESTATES IN GUJARAT :

Sanghvi<sup>2</sup> has selected six Industrial Estates for case study from Gujarat. The Udhna and Vapi Industrial Estates have been on the whole, satisfactory. The successful of Udhna and Vapi has been attributed to their good location and to their linkages with Surat and Bombay respectively. The Bulsar and Rajpipla estates, eventhough situated near the towns with population exceeding 50,000 did not possess all the attributes of a good location. The former estate has therefore been a slow moving one and the later has remained a non-starter.

The Broach and Navsari Industrial Estates, even with their good locations and inspite of a strong demonstration effect of the neighbouring Udhna Industrial estate, could not keep pace in the industrial development because of the failure of the strategic human factor. The Umbergaon Industrial Estate, being a rural industrial estate, had the inherent locational disadvantages. The

Umbergaon estate through incorporated in 1947, was almost a non-starter upto 1968 on account of the absence of basic infrastructure facilities like water, power and roads.

The analysis of Sanghavi suggests that apart from location, adequate provision of infrastructure and other essential facilities and services, and human factor, entrepreneurial talents and efficient and honest organisers, also play a significant role in the success or otherwise of an Industrial Estate.

Sanghavi remarks that the optimum package of infrastructure facilities and services would depend on size, the stage and the composition of an Industrial Estate happens to be the significant one.

#### 4. INDUSTRIAL ESTATES IN MADHYA PRADESH :

Bharti<sup>3</sup> has done a case study of Industrial Estates in Madhya Pradesh. His findings indicate that the scheme of Industrial Estates has been implemented in semi-urban and rural areas and to create a favourable climate for industrialization. The Industrial Estates have not been able to create an invigorating climate in the respect. The main reason for the effectiveness of Industrial Estates is the faulty application of the technique.

He found that prior investigation into the locational advantages and industrial potentialities of the site does not seem to have been carried out in many of these estates as is required to be done, and quite a large number of Industrial Estates do not appear to be well located from the view-point of availability of raw materials, market, skilled labour and transportation and other facilities.

He remarks that in many cases, the sites are lacking proper infrastructure, and the economic and social overheads, namely power, water, transport, communications and financial institution. This is especially true in the case of Industrial Estates located in rural areas, and perhaps this is one of the principal causes of the high incidence of vacancy of sheds in those Industrial Estates.

Bharti shows that availability of infrastructure is not the sole requirement for the success of an Industrial Estate. The pre-existence of an industrial complex including all types and sizes of industries, or the presence of an industrial tradition is important. It seems that the absence of industrial background in many places may be one of the reasons for the failure of many Industrial Estates located in such places.

He further remarked that the authority have not followed any rational policy in the selection of industrial units for admission in the estates. Sufficient attention does not appear to have been paid towards the selection of the right type of industries. Generally the group of industries and each Industrial Estate is heterogeneous and it is very uneconomical to arrange common services and facilities for them.

About the working of the units he found that the enterprises, in the Industrial Estates generally operate much below the level of optimum production capacity in order to rank are : i) nonavailability of raw materials ii) lack of demand iii) paucity of finance iv) power shortage v) technical difficulties and vi) insufficient supply of skilled labour.

## 5. INDUSTRIAL ESTATES IN MAHARASHTRA :

Ekbote<sup>4</sup> has studied The Sangli Industrial Estate Co-operative Society. He has found that in the State of Maharashtra, Sangli Industrial Estate is the only society, where technical centre is available with well equipped machinery for the small units situated at estate and around the Sangli area.

The Sangli Municipality has played an important role in this estate. Water supply, roads, drainage etc. such provisions were provided by it. Postal and Banking services are also provided in the estate by the concerned agencies. The estate administrative authority provides accommodation, watch and ward, drainage and street lighting facilities. The facilities like loans from the State Government and Industrial credit agencies and supply of machinery on higher purchase basis are also available to small industrial units in the Sangli Industrial Estate.

There were in total 134 units in the Estate. A questionnaire was circulated among them and only 60 among them responded. Depending on the response of these units, the survey was completed.

It was clear from the study that, in Sangli Industrial Estate there is a tendency of the industrialists to organise the units in the form of partnership or in the form of proprietorship. 55% of the units have been established during the decade 1971-81 in the estate. Nearly 90% of the units are using modern upto-date machinery while only 10% are using old. 95% of the firms have purchased machinery from the indigenous market.

It was found that 45% of the industrialists were having better educational qualification such as B.A., B.Com., B.Sc. etc. and 15% were diploma holders



and those who were with S.S.C. qualifications were 38.33%. So a class of new entrepreneurs which is fully qualified is emerging.

The study reveals that 70% of the units faced problem of power. 35% of the units facing problem of raw material and 20% of the units faced problems of getting finance.

Further nearly 83% of the units employed labourers less than 20 and only single unit was employed 80% in production.

Different types industries have been located in this estate. But survey shows that engineering industry have predominance in this estate. Next in order comes the textile and tile industries and remaining are miscellaneous.

The study shows that regarding the provision of general facilities, some of the industrialists have reported that existing facilities were not adequate. They felt that some of the basic facilities such as adequate supply of power, adequate raw material of various types and more technical facilities should be provided to the units of the Industrial Estate to raise their efficiency and productivity.

The scheme of Industrial Estate has been implemented with a view to stimulating growth of small scale industries. The Sangli Industrial Estate has been able to create a favourable climate for industrialization and able to promote small scale industries.

Further Sangli Industrial Estate is sharing the common experience of Gujrat and West Bangal studies of Industrial Estate in the sense that the units in Industrial Estate fared well than the units outside the estate. And the state subsidies in the form of concessional infrastructure facilities have been fully utilized by industrial units in Sangli Estates.

There is another study of Industrial Estate in Maharashtra. Chavan<sup>5</sup> has done a case study of Industrial Estate in Jaysingpur. He has studied 30 out of 35 working units of the Estate. His conclusions of the study were as follows.

Though the Industrial Estate is not under the Municipal area, Jaysingpur Municipality has been playing an important role since the establishment of Industrial Estate, by supplying water which is mostly needed to bleaching, dying and cement industries. The facilities like banking, drainage, street, lighting are made available by the administrative authorities. The plots and factory sheds were allotted to members on hire purchase basis. There were in total 35 units in the estate. A questionnaire was circulated among them, but only 30 units responded. On these units present survey was completed. The total plots developed by society were 102 out of which 61 were allotted to members but only 35 units were working which shows there was no progress of the Industrial Estate.

The facilities like loan from the state government and Industrial credit agencies and supply of machinery on hire purchase basis were also available to small industrial units. There is no post office in the estate, so entrepreneurs have difficulty to go to city for daily working. There is no bus service to the estate from S.T. stand or railway station. So workers and entrepreneurs have difficulty of transportation.

Majority of the units were engineering, bleaching and dying, units, because they have contacts with the industries in Sangli and Ichalkaranji. The study reveals that 60% of the units were facing a problem of raw material. All units were working in profit.

Some of the suggestions made by the researcher were as follows - For getting skilled labour, there should be technical training institute in the estate in Jaysingpur. The industrial authorities should study what kind of a raw material is needed to small units and they should attempt to provide these in time to time. The Industrial Estate should make a provision of medical facilities for workers. This will boost workers' efficiency and moral awareness towards their responsibilities. There should be a well-equipped central library in Industrial Estate Books should be such which throw light on their traders. The reading of such books by small entrepreneurs and workers will increase their professional knowledge. There should be bus service, canteen facility, post office for workers and entrepreneurs.

Thus there are the studies on Industrial Estate and all of them have been analysis from economic point of view. On this background the present study of Ichalkaranji Industrial Co-operative Estate was carried out and the methodology adopted has been described in the next chapter.

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