

## CHAPTER - I

### I\_N\_T\_R\_O\_D\_U\_C\_T\_I\_O\_N\_

The Industrial Estate is primarily a device for expanding strengthening and locating small or medium scale industries as a part of a broad programme of industrialization and social development. In fact, industrial estates provide an organisational set up in which medium and small scale industries get a favourable environment for development. This technique is not only effective for rapid industrialisation but it has also a unique role to play in achieving industrial decentralisation. Industrial development has become a since-qua-non for the economic development of backward, semi-urban

and rural areas. Industrial estate is one of the methods by which attempts to foster small scale industrial units in the concerned areas. Industrial estate develops the backward, semi-urban, rural areas through the promotion of small scale industries.

In India much of the industrial concentration has taken place in Bombay, Thane, Pune, Nashik. The concentration has created a number of socio-economic problems in the region, besides, hampering the distant backward regions of the country and has created urban blights and stranded areas and it polluted the environment. Hence the need is to promote and develop small scale industrial units which achieve decentralisation, dispersal, diversification and diffusion of assets. Its role in our economy has been repeatedly emphasised in all the industrial policies and plans.

In view of this a case study of industrial estates in Jaysingpur (Taluka - Shirol) a rural area according to Government has been undertaken.

#### MEANING AND HISTORY OF INDUSTRIAL ESTATE :

##### 1.1 REVIEW OF THE WORK DONE ON INDUSTRIAL ESTATE SO FAR :

The industrial estate is an attempt to provide,

on a rental basis, good accomodation and other basic common facilities to groups of small entrepreneurs who would otherwise find it difficult to secure these facilities at a reasonable price.

On this subject some economists or authors have done work. They are as follows :-

(1) Dr. P. C. Alexander : INDUSTRIAL ESTATES IN INDIA :

Dr. P. C. Alexander defines the industrial estate - " an industrial estate is a group of factories constructed on an economics scale in suitable sites with facilities of water, transport, electricity, steam, bank, post office, canteen, watch and ward and first aid provided with special arrangements for technical guidance and common service facilities. The estate combines in itself some of the important scheme of assistance to small industries and provides a total outlay for - integrated development."

Dr. Alexander looks back reflectively on what India has done with industrial estates, and especially he looks forward, anticipating and problems of industrial estates in India. This valuable study is also significant internationally, for three reasons :-

1. India has by far the most comprehensive and advanced small industry development programme of any of the newly developing countries. India's programme has already become a model for others. Therefore, a description and appraisal of an important segment to India and also other developing countries.
2. The study inaugurates a series of research monographs which will issue from the small industry Training Institute recently - established by the Government of India at Hyderabad.
3. The Industrial Estate has become an important tool of development and India has made more use of this tool than any other newly developing countries.

Dr. Alexander has produced a real contribution to the literature of a relatively new branch of technology which like to call the social technology of development. Most people still think of technology exclusively in the physical and biological realms.

Dr. P. C. Alexander explained the objectives of the industrial estates programme in India, and also he explained the objectives of industrial estates in India compared with those of other countries. He has compared study of many developing countries i.e. Britain, The United States, Canada, Puerto Rico, Northern Ireland, Pakistan, Hong-Kong etc.

He explained progress and give the history of industrial estates in India. He has given progress of industrial estate in India in planwise. The history of industrial estate in India is as follows.

<sup>1</sup>The programme of industrial estates as a measure for the development of small scale industries was first adopted in India by the small scale industries board at its meeting held in January, 1955. The first industrial estate was started by the former Government of Sourashtra (Now in Gujarat) in a 20 acre plot near the Bhaktinagar Railway Station in Rajkot.

P. C. Alexander has given some suggestions for development of industrial estates in India by some observations. His main suggestions are as follows.

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1. P. C. Alexander : Industrial Estates in India.

1. Need for Integrated Development
2. Economics in Construction
3. Sound Admission Policies
4. Joint Efforts and Co-operation among the Tenants.
5. Management of Industrial Estates and Government's Role

(11) R. L. SANGHAVI :

ROLE OF INDUSTRIAL ESTATES IN  
A DEVELOPING ECONOMY :

Industrial estates in India as tools of industrial dispersal and rural industrialisation on this objective, Dr. Sanghavi's efforts evaluating the role of industrial estates in industrial development with a case study of Gujarat.

<sup>1</sup>  
Dr. Sanghavi has collected a great deal of factual information from secondary sources. His study is primarily based on the field survey of 6 industrial estates located in South Gujarat Region. It endeavours to analyse the role of industrial estates in the industrial development and evaluate the achievements and shortcomings of the programme and policy of industrial estates in India

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1. R. L. Sanghavi ; Role of Industrial Estates in a  
Developing Economy.

in general and in Gujarat in particular. It also attempts through light on a number of issues in connection with the programme of industrial estates such as their size, location, efficiency, utilisation and their impact on industrial dispersal and area growth. The implications of slow moving and non-starter estates have also been examined in the framework of Social Cost Benefit Analysis.

To mention the more important ones the author finds that urban industrial estates have been more successful than the rural ones. The industrial units located in industrial estates are economically more viable than those located outside the estates. The industrial dispersal can be achieved only through clustered industrialisation.

He has given important suggestion. The suggestions that pre-investment Techno-Economic Surveys, must be undertaken and project reports prepared before starting industrial estates is basically sound. His work is an important contribution to the understanding of the functioning of industrial estates in India and their role in the industrialisation of economically. He has pointed out the main problem is there must be an effective linkage between the estates and their regions.

To compare with other authors his work is fine because he has given explanation with coloured graphs and pictures. His study is of urban and rural industrial estates. Therefore, he explained separate problems of rural industrial estates and urban industrial estates. According to him, rural industrial estates have more problems to compare with the urban industrial estates. He has given some recommendations. These are as follows.

1. Internal and External Economics
2. Role of Industrial Estates in Industrial Development.
3. Role of Industrial Estates in Industrial Dispersal.
4. Clustered Decentralisation
5. Role of Industrial Estates in Area Growth.

(iii) KALYANI BANDYOPADHYAYA :

INDUSTRIALISATION THROUGH INDUSTRIAL  
ESTATES :

This study is mainly concerned with the place and problems of industrial estates in West Bengal from 1955 upto the end of 1965. At the end of 1965, there existed 6 industrial estates in West Bengal. The responsibility for the construction and management of which was undertaken by the State Government following



the directives issued by the Central Government. The six estates are as follows - Kalyani, Baruipur Unit-I, Baruipur Unit-II, Saktigarhm, Howrah and Siliguri.

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We are, therefore, mainly concerned in this inquiry with the Government sponsored industrial estates in West Bengal, although incidental references to the programme of industrial estates in certain other states have been occasionally made. Within these boundaries some of the questions which have been discussed are as follows :-

1. What is the significance of the industrial estate as a theoretical model for planned economic development ? How are the theoretical implications of the idea of industrial estates relevant to the nature and present stage of planning in India?
2. What has been the experience of other countries, developed as well as underdeveloped with industrial estates ?
3. What have been the specific objectives of

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1. Kalyani Bandopadhyaya : Industrialisation through Industrial Estates.

industrial estates in India as understood by the planners ? What has been the general record of the development of Industrial estates in India as a whole, and in West Bengal in Particular ?

4. To what extent have industrial estates in West Bengal been set up in conformity with the all India policy on the subject ?
5. How far have industrial estates been developed in conformity with the theory of industrial location ?
6. What have been the time lags at different stages of growth of the estates and what have been the causes of such lags ?
7. Have the industries set up within industrial estates been viable and efficient in comparison with similar industries situated outside industrial estates ?
8. What are the main obstacles faced both by the industrial estate authorities in developing industrial estates and the entrepreneurs seeking factory accomodation in the estates ?

9. What conclusions, if any, can be derived from the experience of West Bengal for the General problem of industrialisation estates in India ?
10. What changes, if any, in the policy and programming of industrial estates are necessary for making them a more effective tool of industrialisation and balance to industrial growth ?

For explaining the historical background of the industrial estates he has given historical evolution and the present position of industrial estates in some of the developed and underdeveloped countries of the world, and attempts to draw some fundamental distinctions regarding the nature of industrial estates between the developed and developing economics.

#### 1.2 MEANING OF INDUSTRIAL ESTATE :

The industrial estate is an attempt to provide, on a rental basis, good accommodation and other basic common facilities to groups of small entrepreneurs who would otherwise find it difficult to secure these facilities at a reasonable price. The industrial estate is primarily a device for expanding, strengthening, and locating small or medium scale industries as a part of

a broad programme of industrialisation and social development. This technique is not only effective for rapid industrialisation but it has also a unique role to play in achieving industrial dispersal.

<sup>1</sup> The term industrial estates originated in the United Kingdom in the late 19th century. Dr. William Bredo in his book 'Industrial Estate' on 1960 defined industrial estate as - "an industrial estate is a tract of land which is sub-divided and developed according to a comprehensive plan for the use of a community of industrial enterprises. The plan must make a detail provision for roads, transportation facilities and installation of utilities. It may provide for the erection of factory buildings in advance of sale or lease to occupants". Bredo's definition is very closely akin to the definition of organised or planned industrial districts which was first formulated at Dartmouth clooee conference of industrial parks. This definition has comprehensive coverage in as much as it included the elements of -

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1. I. W. Bredo ; Industrial Estate ; Tool for  
Industrialisation.

- (a) A minimum size of industrial estate for attaining economies of scale is construction.
- (b) Well developed net work of utilities of industrial buildings and -
- (c) Special facilities and services for occupants.

Dr. P.C.Alexander define in 1961-62 " an industrial estate is a group of factories constructed on an economic scale in suitable sites with facilities of water, transport, electricity, steam, bank, post office canteen, watch and ward and first aid and provided with special arrangements for technical guidance and common service facilities. The estate combines in itself some of the important schemes of assistance to small industries and provides a total outlay for integrated development." This definition is more - elaborate than the one given by Dr. Willam Breds.

In 1967, the united Nations has moreover also defined "an industrial enterprises offering standard factory buildings erected in advance of demand, and variety of services and facilities to the occupants."

Taking all the definitions given above. We can say that the term industrial estate is generic concept which represents a planned clusterring of industrial units in a developed area providing built in factory accomodation and all modern convencences and facilities.

THE CONCEPT OF INDUSTRIAL ESTATES :

It originated in underdeveloped countries about 75 years ago. Its origin can be traced back to 1885 when it was planned to set-up the ' Clearing Industrial District ' near Chicago in U.S.A. by a Private Corporation.<sup>1</sup> The first estate was however, established in 1896 in United Kingdom at Trafford Park, Manchester, by a private group. The Trafford Park has in fact been known as ' Mother of Industrial Estates.'

These industrial estates are known to-day as planned or organised tracts, in the united states, trading estates in United Kingdom, Industrial zones of Italy, Industrial Sub-Divisions in Pune to Rico and industrial estates in India.<sup>2</sup> Like their names, the objectives of industrial estates are also quite varied. Before the War, Establishment of Industrial Estates in the united Kingdom aimed at the diversion of Industry in to what were called as depressed areas i.e. areas of heavy unemployment in united kingdom. At present, the industrial estate policy is used to regulate industrial location throughout the country. In the

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1. W.Bredo : Industrial Estate : Tool for Industrialisation.
  2. United Nations: "Establishment of Industrial Estate in Underdeveloped Countries".

united states it is used as in Industrial instrument of area or regional planning. In Puerto Rico as tools of attracting industries from out side. In India and Pakistan and some other countries they are used to promote small or large scale industries and also to develop backward regions.

The Government of India realised that it would be an effective method of fostering industrial development on a decentralised basis. The national small industries - Corporation 1955 provides essential facilities to estates. The construction and management of industrial estates is the responsibility of state Government, and the central Government under taking to advance the cost of building them through long-term loans. The industrial estates - programme was launched in India in 1955, following the recommendations of the international planning team. The objectives of the programme were two fold.<sup>1</sup>

- (a) To promote a rapial development of small industries.
- (b) To promote the decentralisation and dispersal of Industry.

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1. P.C.Alexandar : Industrial Estate in India

India's Industrial policy of 1956, assigned an important role to small and cottage industries, as they provide - immediate large scale employment and facilitate an effective mobilisation of resources of capital and skill which might, remain unutilised. Some of the problems that unplanned - urbanisation tends to create will be avoided by the - establishment of small centres of industrial production all over the country.<sup>1</sup>

1.3 : OBJECTIVES OF CO-OPERATIVE INDUSTRIAL ESTATE :

Industrial Estate serves a number of purposes and objectives. They are employed as tools of industrialisation and regional development. They play useful role in - Industrially advanced and industrially less developed countries. The industrial estates are also instruments for meeting specific objectives of export promotion attracting foreign enterprises, modernisation of artisan sector and development of industries etc. The Industrial Estates are as package scheme for Co-ordinated, Intensified and integrated development of small industries should henceforth be used as an effective instruments of exports from small scale sector.<sup>2</sup>

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1. 'Industrial Policy Resolution' : 1956.
2. "Export Development in Industrial estates, issued by India Institute of foreign trade".



The main objectives of Industrial Estates programme is to achieve the promotion of small scale industries by providing facilities, assistance and guidance at every stage of establishment operation and management. The industrial estates enable small industries to become self reliant and stimulate the local entrepreneurship which is the major objective in most of the developing countries.

There are several handicaps for the small scale industries in India. The main objective of the development programme is to help small industries to overcome these handicaps and to enable them to acquire sufficient competitive strength to stand on their own. Small industries have been assigned a very important role in the development of National economy. These industries are particularly suited for the better utilisation of local resources and for the achievement of local self sufficiency. If the economy wants to grow up then the small scale industries assume importance.

Industrial Estates can play its role in regional development. Its policies and programmes are as follows :

- (a) Promotion of decentralisation by preventing excessive concentration of individual enterprises in single urban areas.

- (b) Encouragement of industries and employment in depressed and backward areas.
- (c) Development and strengthening of industrial base with the help of small towns and rural areas.

In India Co-operative Industrial estates have been organised for the fulfilment of the following chief objectives :-

- (1) Marketing arrangements for the goods produced by the member of the industrial estates.
- (2) Increase the habits of saving among the members by accepting deposits from them.
- (3) Supply the raw material, tools, equipments and workers.
- (4) Purchasing machinery for giving on higher purchase basis to the members.
- (5) Supplying the loans to the members for productive activity.

(6) To obtain contract form the Government and other public bodies and get them executed with the help of members.

To make arrangements for the training of members in business.

Thus industrial estates are catalysts for creating an environment for industrial growth.<sup>1</sup> Industrial estates build up climate for industrilisation by supplying - infrastructural facilities which is not possible for an individual unit in underdeveloped countries.

Mostly, in India industries are concentrated in big cities only. The concentration of Industries has created many complicating problems. i.e. transport, housing, water/<sup>supply</sup> sanitation airpolution and health in urban areas. - Concentration of Industries has also become harmful from defence point of view. The general aim of industrial estate is to create a proper environment for the growth of modern small scale industries. Environments are to be created it means that certain disabilities and inadequacies of the area can be over come through the industrial estates, which offer infrstructural, technical and advisory services.

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1. Mathur O.P. Manual on Industrial Estate Planning.

1.4 : ECONOMIC ADVANTAGES OF THE INDUSTRIAL ESTATES :

The advantages which industrial estates offer for the development of industries, particularly in the small scale sector, are fairly obvious and have been briefly summarised below.<sup>1</sup>

- (1) An industrial estate offers to new units land and sheds at reasonable cost. This facility is - particularly important in rapidly growing urban areas, where land may be costly or otherwise not available.
- (2) There are economies in the provision of such infrastructural facilities as power and transport to a cluster of units.
- (3) There are other external economies of a number of units are located in a planned industrial estate, such as the availability of common facilities like a repair workshop, banking, post office, a testing laboratory etc.

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1. Vasant Desai : Problems and Prospects of small Scale Industries in India.

- (4) The offer of ready made sheds on rental basis enables a small entrepreneur to keep down his initial capital investment to minimum.
- (5) The process of setting up an industrial unit is expedited because individual entrepreneurs are able to avoid the delays and procedures involved in complying with the various rules and regulations governing the location of factory sheds and in obtaining infrastructural facilities.
- (6) A rapid growth of industrial units is made possible by the fostering of complementary relationships among them for example, some units may obtain raw material and semi finished goods as inputs from other units in the same estate, or offload a part of the production to ancillary units in the same area.

1.5: INDUSTRIAL ESTATE AND BALANCED REGIONAL DEVELOPMENT :

Industrial location is one of the most important factors in economic development. Adequate arrangement of basic necessities, effective market organisation proper supply of new material and labour are the important factors

for the selection of site, adequate arrangement of basic necessities, effective market organisation, proper supply of raw material and labour.

In U.S.A., U.K. Japan, after the II<sup>nd</sup> World War, a clear indication has been found regarding the growing interest of public authorities in regional development. They have recognised the need of decentralisation and development of industries, so that the individual unit might be removed from large industrial centres backward regions. Prof. M.C. Shetty observed " The decentralised pattern of industrial development while reducing local unemployment and rural unemployment, will also be - instrumental in distributing income and economic power more equally among the people and evenly among the regions, thereby contributing to the emergence of economically sound. Politically stable regionally democratic "Society".

OBJECTIVES OF DECENTRALISED : REGIONAL INDUSTRIAL DEVELOPMENT ARE AS FOLLOWS :

- (1) To make an efficient and productive use of under developed resources available in the different regions of the country by establishing new - enterprises and thus to increase employment opportunities.

- (2) To avoid congestion of industrial units in Industrial centres and in big cities.
- (3) To correct the phenomena of regionally unbalanced economy with pockets of industrial centralisation surrounded by vast backward areas.
- (4) To expand and diversify the industrial base of regions suffering from prolonged industrial - depression.

The locational factors will be taken in to consideration in the dispersal of industries. Prof.Dhar and Lydall have emphasised that " Small industries can more easily be decentralised than the large ones." Therefore, advice to spread out "Small Industries" in to small town and villages. New modernised small industrial units will gradually develop if they are given encouragement by provision of suitable facilities on the basis of a number of social and economic arguments. Thus the industrial estate is a power-full tool for developing small and medium sized industries which are planned rationally with the aim of decentrisation. Dr.William Bredo observes, " Industrial Estate provides a method by which Government can guide the

the geographical location of industry in accordance with the objectives of broad regional development Plans."

In 1948 and 1956 industrial policy Government has also given importance to industrial estate for develop the backward area.

CONCLUSION :

In this Chapter the meaning of Industrial Estates is given i.e. an industrial estate is a developed tract of land on which many built up premises in the form of sheds are available and allotted to small entrepreneurs, and review of the work done of Industrial estates so far i.e. Dr.P.C. Alexander, R.L.Sanghvi, Kalyani Bandyopadhyaya, etc. Objectives of Co-operative Industrial estates have been given advantages of the industrial estates have also been given. There are two main objectives of industrial Estates are as follows :-

- (1) To Promote a rapid development of small Industries.
- (2) To promote the decentralisation and dispersal of industry i.e. to relieve cities of congestion and to promote industries in rural, semiurban and backwards areas.