The concept of 'industrial estates' in India, as distinguished from 'industrial areas', 'industrial parks' and 'industrial sub-divisions', was derived mainly from that of the British 'trading estates'. Inspired by the success of trading estates in the industrial field in the United Kingdom, as has been pointed out earlier, the Small Scale Industries Board first recommended the idea of setting up industrial estates for the development of the small scale industries.

The programme of industrial estates in India, as pointed out earlier, is under the direct control of the Development Commissioner, Small Scale Industry, Ministry of Commerce and Industry. The programme was initially undertaken, as a corollary to the Government's policy towards small scale industries, in order to remove the handicaps and sources of weakness of small industries. Later on, however, as the study will subsequently show, other objectives such as regional development of backward areas and helping proper industrial location were added to the programme as it gradually unfolded itself. The principal objective nonetheless, was to relieve, as far as possible, the small industrial establishments of immediate financial investments involved in the purchase of land, construction of factory sheds and arrangement of water and power supply etc. Further, there is provision for assisting the small establishments by making machinery available to them on hire-purchase and extending
facilities for procurement of raw materials. It has been recognized that the extension of these facilities, while fostering a healthy climate for the development of small-scale industries will at the same time create necessary conditions for dispersing industries to rural and underdeveloped areas. In the opinion of the Central Small Industries Organization, Ministry of Commerce and Industry, the primary objective of industrial estates in our country, is mainly two-fold:

(a) "To create the necessary climate and foster actively the development of industries;

(b) "To use the medium of industrial estates for dispersing industries to rural and underdeveloped areas in order to raise their levels of improvement" [1]

I. GENERAL PROGRESS UNDER THE THREE PLANS

Progress during the First Five Year Plan

During the First Five Year Plan period no concrete programme of industrial estates was worked out. Nevertheless, according to the recommendations of the Small Scale Industries Board a total number of twelve estates was sanctioned in the last year of the First Five Year Plan. These were Rajkot in Gujarat, Guindy and Virudhunagar in Madras, Kanpur and Agra in U.P., Palghat, Trivandrum, Kottayam, Quilon and Trichur in Kerala, Naini in Allahabad and Okhla in Delhi. Of these twelve estates, only for two, i.e., for Naini and Okhla, the responsibility for

construction and management was entrusted to the National Small Industries Corporation, a private limited company, established as a direct Central Government Agency. For the remaining ten estates responsibility for construction and management was placed with the State Governments concerned; and as such a loan of Rs. 57.89 lakhs and a grant of Rs. 0.495 lakh were sanctioned to the different State Governments by the Central Government towards the initial expenditure of these estates.¹

The Rajkot industrial estate was the first to be constructed in India. The construction work of the estate commenced in September, 1955, and the first shed in it was allotted in December, 1955.

Progress during the Second Plan period
It was only during the beginning of the Second Plan that the programme of industrial estates got some shape. The Second Plan's revised provision for setting up estates was Rs. 11.12 cr. and during the period 1955-56-1960-61, 107 new industrial estates were sanctioned by different State Governments. The total number of estates, therefore, sanctioned up to the end of the Second Plan period, adding together the number of estates sanctioned during the First and the Second Plans, came to 119. This, however, excludes one scheme for factory accommodation sanctioned for the Punjab.²

The State-wise allocation of the estates sanctioned during the First and Second Plan periods is shown in the following Table: 4

Table 1
A statement of the state-wise allocation of industrial estates during the First and Second Five Year Plans

<table>
<thead>
<tr>
<th>State</th>
<th>No. of industrial estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Andhra Pradesh</td>
<td>5</td>
</tr>
<tr>
<td>2. Assam</td>
<td>3</td>
</tr>
<tr>
<td>3. Bihar</td>
<td>4</td>
</tr>
<tr>
<td>4. Maharastra</td>
<td>9</td>
</tr>
<tr>
<td>5. Gujarat</td>
<td>3</td>
</tr>
<tr>
<td>6. Jammu &amp; Kashmir</td>
<td>3</td>
</tr>
<tr>
<td>7. Kerala</td>
<td>7</td>
</tr>
<tr>
<td>8. Madhya Pradesh</td>
<td>13</td>
</tr>
<tr>
<td>9. Madras</td>
<td>10</td>
</tr>
<tr>
<td>10. Mysore</td>
<td>9</td>
</tr>
<tr>
<td>11. Orissa</td>
<td>7</td>
</tr>
<tr>
<td>12. Rajasthan</td>
<td>14</td>
</tr>
<tr>
<td>13. Uttar Pradesh</td>
<td>11</td>
</tr>
<tr>
<td>14. West Bengal</td>
<td>5 (Excluding Behala and Bon Hooghly estates)</td>
</tr>
<tr>
<td>15. Punjab</td>
<td>6 (Excluding one scheme for factory accommodation)</td>
</tr>
<tr>
<td>16. Himachal Pradesh</td>
<td>1</td>
</tr>
<tr>
<td>17. Tripura Administration</td>
<td>1</td>
</tr>
<tr>
<td>18. Delhi</td>
<td>2</td>
</tr>
<tr>
<td>19. Pondicherry</td>
<td>1</td>
</tr>
</tbody>
</table>

Total 119

It was in the Second Five Year Plan that for the first time different policies relating to the setting up of industrial estates like location and site of the estates, type of industries

to be developed and the pattern of assistance to be extended to the entrepreneurs were formulated in detail. An attempt is being made here to discuss these policies in brief.

Location

As noted earlier, at the beginning of the programme, industrial estates were built in bigger cities, but a modification of that policy was called for. It was realised that for achieving the objective of decentralization, more positive steps should be taken to take industries to rural areas. The lack of industries in rural areas is very often due to the non-availability of such essential prerequisites to industrialization as raw materials, power, transport etc. In order to arrange these services most effectively, "it will be necessary", as the Planning Commission observed, "to organise in rural areas community workshops where workers in different types of industries come together and carry on their productive activities in a suitable environment. There is similarly need for encouraging small and medium scale facilities for transport, power and the like provided by public authorities".5 As a positive method of helping the growth of industries in rural areas, the Small Scale Industries Board recommended that some large factories with required facilities should be established in villages so that some small ancillary industries may spring up in the vicinity to take the advantage of environmental facilities. The Board also recommended that the building up of industrial estates in large cities should be

left to private enterprise. But in view of the enormous difficulties faced in the adoption and expansion of modern manufacturing techniques in the already congested areas, the Board was of opinion that in such places the Government, including the local bodies, viz. Municipalities, District Boards etc., may develop suitable areas in the vicinity of the towns and provide approach roads, power, water supply, drainage and proper transport etc. The factories may be built by the industrialists themselves. 6

The selection of a proper site for the building of an industrial estate, however, is not less important than the selection of a town or a village for its success. Initially in a publication, "Programme of Small Industries" issued by the Ministry of Commerce and Industry, the following criteria were recommended for the location of an estate:—

(i) Relieving existing congestion in industrial areas and big towns;
(ii) Stimulating the growth of small industries in and around new townships of some major industrial plants;
(iii) Decentralization involving suitable patterns of industrial development in small towns and large villages; and
(iv) To meet the special requirements of certain areas.

These are, of course, very important factors to be taken into account in view of the pious objective of industrial estates of creating a decentralised economy. But taking

industries to small towns and rural areas involves some real difficulties about water, power, transport, technical know-how, skilled labour and local consuming centres; and as such, the criteria that have so far been considered in selecting a place for establishing industrial estates are as follows:

1. "Nearness to the market for consumer industries, to the equipment and machinery for the repair and service workshops and to the large scale and medium scale industries for the sub-contracting type of industries;

2. "Availability of technical know-how and skilled workers; and

3. "Availability of essential common facilities like transport, water, power etc."\(^7\)

Quite naturally, all these facilities were not readily available in semi-urban and rural areas and, consequently, the main objective of industrial estates of developing the backward regions, community development blocks and rural areas, as will be seen from subsequent discussion, appeared to be frustrated. Under the circumstances, the Small Scale Industries Board recommended in the Second Five Year Plan that industrial estates should be treated as an integral part of the whole programme of industrialization; and wherever certain facilities like water, power, transport etc. do not exist, prior steps should be taken to provide them as necessary pre-requisites for setting up industrial estates there.\(^8\)

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8. Ibid, pp.21-22.
Although the mere size of population by itself is not the safest indication of the stage of economic development of a region, generally towns and cities with a population of more than 50,000 may be taken as comparatively more developed than others. On this ground it may be stated that out of the 119 industrial estates to be set up in the Second plan period, 69 were sanctioned for developed areas and 50 for comparatively underdeveloped areas. Out of the 50 estates sanctioned for underdeveloped areas, 20 were specially selected for backward areas and other 20 for rural areas. The distribution of estates in the First and Second Five Year Plan periods on the basis of population is as follows:

1. Places with population of less than 20,000 - 25
2. Places with population of 20,000 to 50,000 - 25
3. " 50,000 to 100,000 - 21
4. " of over 100,000 - 48

Total 119

It is clear that more than 50% of the industrial estates sanctioned during the First and Second Plans were situated in areas which were already economically developed. It can, however, be justified in view of the various difficulties involved in taking industries to underdeveloped areas in the initial stage.

Pattern of assistance

1. Loans and grants for building industrial estates

During the Second Plan period, the construction and management

10. Industrial Estates Programme in India, p.4.
of all the industrial estates were looked upon as the responsibility of the State Governments concerned but as an inducement to the State Governments to take up this scheme, the entire cost of the industrial estates was to be advanced as long-term loans by the Central Government. The cost of buildings and the land on which they stand, was given as a loan for a period of 20 years and the rest of the expenditure i.e. for layout, roads, power transmission, water supply etc., was given as a loan for 30 years. The loans carried interest at 4\% per annum. At the time of inception, the Central Government decided to ask the State Governments to share a part of the cost, say 25\%, at a later stage when the demand for more estates would arise, but actually in spite of the rise in demand, Central assistance to the scheme continued to be one of 100\% loan. Besides, the preliminary cost of preparing the blueprints, estimates etc., was given by the Central Government as a grant to the State Governments.\footnote{Small Scale Industries Board, p.6; and P. C. Alexander, op. cit., p.19.}

2. Sheds on rental, hire-purchase or sale basis
The accepted Governmental policy was to give the intending users the option to take the land and building on the hire-purchase system or on rental basis or on an 'outright purchase basis. The Government of India had recommended to the State Governments that those who adopted the hire-purchase system would be required to make an initial payment of 20\% of the price...
and the balance of 80% should be covered in 20 equal yearly instalments.  

There has not been any pressing demand for outright purchase of units in the early stage, firstly, because rents have been subsidised in many cases and secondly because the small entrepreneurs could not raise sufficient funds for direct purchase. Units in all estates, with very few exceptions, followed the rental basis. Whenever a factory is given on outright sale, such sales are subject to the condition that the purchasers would comply with the rules and regulations of the estate and pay their share of the maintenance of common services such as roads, canteens, electricity, water etc.

3. Subsidy on rent: Calculation of economic rent

The Government of India had recommended that if the economic rent to be paid by the users was found to be very high in the early years, it might be subsidised for a maximum period of five years; and actually most of the State Governments have followed the policy of giving subsidy on rent for an initial period of 3 years. No uniform rate of subsidy, however, has been granted. It was graded according to the areas in which the estate served, taking into account the special circumstances and the rate of economic rents. The difference between the concessional rent and the economic rent has been borne on a 50:50 basis by the Central and State Governments.

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On a recommendation made by the Small Industries Board at its ninth meeting held in New Delhi in September, 1957, the Ministry of Commerce and Industry appointed a Committee to examine the basis for the calculation of economic rent for factories in the industrial estates.¹⁴

On the recommendations of that Committee, the following decisions have been taken by the Government of India in regard to the basis of the calculation of rent for sheds in the estates.¹⁵

Economic rent in the opinion of the Committee, should be calculated by dividing the total of the following items in (I) by the total covered area of the rental buildings as defined in (II) below.

I(a). Interest at the rate of 4½% on the total capital cost where capital cost should comprise the

(i) Cost of entire land;

(ii) Cost of actual development;

(iii) Cost of non-rentable buildings; and

(iv) Cost of rentable buildings;

(b) Actual maintenance and administrative charges;

(c) Taxes to be paid, if any;

(d) The rate of depreciation at the respective rates followed in each State.

II. The following are considered rentable buildings:

(a) Canteen,

(b) Post Office,

(c) Bank; and

(d) Factory buildings.

¹⁴ Endorsement No. SSI(B)(39)/57, dated, the 16th January, 1958, Government of India, Ministry of Commerce and Industry, New Delhi.

¹⁵ Endorsement No. 3-SSI(B)(39)/57, dated the 30th July, 1960, Government of India, Ministry of Commerce and Industry, New Delhi.
In actual practice, however, the estate authorities did not follow any uniform basis for deciding economic rent. The rate of rent vary from State to State and even from estate to estate.

**Size of the estates**

Out of the 119 industrial estates sanctioned during the first two plans, only 67 had been completed by the end of the Second Plan, of which 52 were functioning on 31st March, 1961. The remaining 52 were in the various stages of construction. The expenditure incurred on the industrial estates up to 31st March, 1961 was Rs.10.98 cr.**16**

More than 50% of the sheds sanctioned during the first two plans were, however, medium and small estates. There were 9 estates costing below Rs.3 lakh, 22 costing Rs.12 lakh to 15 lakh and 27 costing over Rs.15 lakh.

A statement of the estimated cost of industrial estates as originally approved for the First and Second Plans is

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given in the following table:

<table>
<thead>
<tr>
<th>State/Union, Territory</th>
<th>Less than Rs.3 lakh</th>
<th>Rs.3 lakh to 10 lakh</th>
<th>Rs.10 lakh to 15 lakh</th>
<th>Rs.15 lakh and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Andhra Pradesh</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>2. Assam</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3. Bihar</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4. Gujarat</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5. Jammu &amp; Kashmir</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>6. Kerala</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>7. Madhya Pradesh</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>8. Madras</td>
<td>-</td>
<td>5</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>9. Maharashtra</td>
<td>-</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>10. Mysore</td>
<td>-</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>11. Orissa</td>
<td>-</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>12. Punjab</td>
<td>-</td>
<td>7</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>13. Rajasthan</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>14. Uttar Pradesh</td>
<td>-</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>15. West Bengal</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16. Tripura</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>17. Delhi</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>18. Himachal Pradesh</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>19. Pondicherry</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>61</td>
<td>22</td>
<td>27</td>
</tr>
</tbody>
</table>

Size of factories

The State Governments followed no uniform standard regarding the size of the factories in industrial estates. Most of the estates...
provided factories in three or more sizes to meet the requirements of different classes of entrepreneurs. A statement showing the size of factory sheds in a few representative industrial estates is given in the following table:

Table 3

A statement showing the size of factory sheds in a few industrial estates sanctioned in the first two plan periods

I Large estates

(a) Guindy:

(1) 14,130 sq.ft.
(2) 10,530 " "
(3) 7,440 " "
(4) 7,200 " "
(5) 5,400 " "
(6) 3,600 " "

(b) Sanetnagar:

A type - 6,400 sq. ft.
B " - 3,200 "
C " - 2,120 "

(c) Okhla - varying sizes from 2,000 sq.ft. to 10,000 sq. ft.

(d) Agra

Type I - 7,300 sq.ft
" II - 3,046 "
"III - 660 "

(e) Kanpur

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>8,350 sq. ft.</td>
</tr>
<tr>
<td>II</td>
<td>3,660 &quot;</td>
</tr>
<tr>
<td>III</td>
<td>3,050 &quot;</td>
</tr>
<tr>
<td>IV</td>
<td>1,350 &quot;</td>
</tr>
</tbody>
</table>

II Medium estates

(a) Bangalore -

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>A type</td>
<td>4,750 sq.ft.</td>
</tr>
<tr>
<td>B</td>
<td>2,480 &quot;</td>
</tr>
<tr>
<td>C</td>
<td>1,500 &quot;</td>
</tr>
</tbody>
</table>

(b) Ludhiana -

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>4,000 &quot;</td>
</tr>
<tr>
<td>II</td>
<td>2,000 &quot;</td>
</tr>
<tr>
<td>III</td>
<td>1,000 &quot;</td>
</tr>
</tbody>
</table>

(c) Rajkot - 1,800 sq. ft.

(d) Papanamgode -

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>A type</td>
<td>3,200 sq. ft.</td>
</tr>
<tr>
<td>B</td>
<td>3,600 &quot;</td>
</tr>
<tr>
<td>C</td>
<td>1,000 &quot;</td>
</tr>
</tbody>
</table>

III Small and rural estates

(a) Bikanir -

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>A type</td>
<td>2,480 sq. ft.</td>
</tr>
<tr>
<td>B</td>
<td>1,800 &quot;</td>
</tr>
</tbody>
</table>

(b) Sonipat -

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>2,300 &quot;</td>
</tr>
<tr>
<td>II</td>
<td>4,800 &quot;</td>
</tr>
</tbody>
</table>

(c) Bijnor -

<table>
<thead>
<tr>
<th>Type</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5,400 &quot;</td>
</tr>
<tr>
<td>II</td>
<td>2,400 &quot;</td>
</tr>
</tbody>
</table>

It is revealed from the above table that the sizes of factories in different estates ranged from 660 to 14,130 sq. ft. The average size of a factory that is generally demanded by the small entrepreneurs is about 2,500 sq. ft.
Industrial estates by private agencies

As already pointed out, the early industrial estates were owned and managed by the State Governments concerned. But as the demand for factory accommodation in the industrial estates was gradually on the increase, the Government of India followed the policy of encouraging private organizations, including co-operative societies of entrepreneurs and individual entrepreneurs forming themselves into Companies or Associations, to take the initiative in setting up industrial estates of their own.

It was the Central Government's direction that if a number of small industrialists could come together and form themselves into a Co-operative Society or a Company for the purpose of setting up industrial estates, the commercial banks may advance them term-loans to a limited extent against the security of land and factory sheds, and guarantee of State Governments concerned. Co-operative Central banks may also advance loans to industrial co-operative societies against State Governments' guarantee for setting up of industrial estates, provided such societies are registered under the Co-operative Societies Act.

But it was the Central Government's direction that in the case of industrial estate co-operatives, the entrepreneurs should raise by way of share capital 1/6th to 1/5th of the total amount needed and in the case of industrial estate companies, they should raise 1/4th to 1/3rd of the amount. The balance was to be advanced by credit institutions. The period of re-payment of loans has been suggested to extend from seven to ten years and
The Ministry of Commerce and Industry issued directions to all State Governments to take necessary steps so that at least 6 schemes of industrial estates in each State may be organised by Joint Stock Companies and Co-operatives, i.e. private agencies with loans advanced by the banks on the above basis. It is gratifying to note that steps have already been taken by several State Governments for the formation of such co-operatives and companies.

In order to ease the problem of financing industrial estates, the Life Insurance Corporation of India has also agreed to advance loans to industrial co-operatives and Joint Stock Companies formed for the purpose of setting up industrial estates. The loan granted by the L.I.C. may be extended to 60% of the total cost of the estate, provided the State Governments concerned give 100% guarantee for the loans advanced, both on principal and interest, and the balance of 40% is raised by the co-operatives or companies either by way of capital or partly by way of capital and partly by way of State Government loans. The loan from the Corporation may be drawn either in a lump sum or in instalments, within one year from the date of its sanctioning and the rate of interest on the loan is to be fixed by negotiation in each case.

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20. Ibid.
Types of industrial estates

Based on the nature of activities, certain types of industrial estates emerged in the course of the Second Five Year Plan, the most important of which are: (1) Functional industrial estates; and (2) Ancillary industrial estates.

The term "functional industrial estate", as opposed to an ordinary estate which provides accommodation to a wide variety and range of small manufacturing concerns, means the grouping of a large number of units of a particular industry or some allied and similar types of industries. This may lead to considerable economies as under such circumstances the problem of specification, quality control and productivity can be solved without much difficulty and the cost of transport, publicity and advertisement for each of the units.

The Small Scale Industries Board recommended for functional industrial estates: (i) Automobile Ancillaries in each of the States of West Bengal, Maharastra, Mysore and Delhi Territory; (ii) Instruments, their parts and components in Madras, Punjab and Madhya Pradesh; (iii) Light Machine Tools of all varieties and their parts and components in Andhra Pradesh, Kerala and Bihar (iv) Radio components and parts in Rajasthan, Uttar Pradesh and Gujarat; (v) Time-pieces, Clocks and watches in Assam, Orissa and Jammu and Kashmir.

The Government of India have also undertaken the programme of setting up several ancillary industrial estates. An estate of such type is to provide accommodation to a number of small establishments, each of them being ancillary to some
large industry. The large unit will give technical assistance and guidance, and also raw materials where necessary to the small units set up in ancillary estates. In this way a smooth flow of production of the large scale industries will be ensured besides guarantee of precision and quality of products supplied by the feeder small units. The first estate of this type was organised in Bangalore by the Hindusthan Machine Tools Factory which has accommodated 50 factory sheds at a cost of about Rs.20 lakh.

Last but not the least, Government of India also decided to set up industrial estates in Indian Universities so as to enable the students to gain some practical knowledge of working in factories and earn something while learning. During the Second Plan the five universities of Rajasthan, Jadavpur, Osmania, Utkal and Allahabad had been tentatively selected for setting up industrial estates, but not even the initial construction work was started in any one of them during the Second Plan period.22

Policy adopted during the Third Five Year Plan

The usefulness of industrial estates as a tool for rapid industrialisation, especially in the Small Scale Sector has been fully recognised in the Third Five Year Plan; and a provision of Rs.30.20 cr. has been made for the scheme of industrial estates in the Third Plan as against Rs.11.12 cr in the Second Plan. As Dr. P. C. Alexander, Development Commissioner, Small Scale Industry, Ministry of Commerce and

Industry, Government of India, has remarked, "the success and popularity of the scheme in the Second Plan have been mainly responsible for inducing the Government to provide such a liberal allocation for this scheme in the Third Plan".  

The governmental policy towards the setting up and development of industrial estates in the Third Plan period, was, however, something different from that pursued in the Second Plan. In view of the reoriented industrial policy of the Government for reducing the disparities in the level of industrial development between urban and rural areas, the Third Five Year Plan envisaged the setting up of 'rural industrial estates' in selected rural areas where power, water supply, and other essential facilities are available or can be readily provided. Besides, the Third Plan included a proposal for setting up 'industrial development areas' in backward regions. In such regions, according to the Governmental policy, basic facilities like power, water and communication are to be developed, and factory sites developed and offered for sale or on long lease to prospective entrepreneurs. The scheme has been drawn up primarily to promote medium-sized industries and it is anticipated that this will enlarge the scope for establishing small scale industries, especially those of an ancillary character. It was expected that it would be easy


25. Ibid, p. 149.
to establish industrial estates within or in close proximity to the proposed industrial development areas after the necessary infra-structure had been created there.

The scheme of industrial estates in the Third Plan was classified into the three following categories:

1. Urban estates, i.e., those in the cities and large towns and in the vicinity thereof and having a population of more than 50,000;
2. Semi-urban estates, i.e., those in the small towns situated at a reasonable distance from large cities and having a population of 5,000 to 50,000;
3. Rural estates and worksheds, i.e., those in villages with a population of less than 5,000 and located at a sufficient distance from large cities and towns.

For Urban estates, the Government's plan was only to develop the land and provide common services and leave the actual work of construction of buildings to the entrepreneurs themselves who would, of course, be instructed to conform the construction of buildings to certain approved norms and standards. The Government was to shoulder the responsibility of construction and management of estates in the rural areas only, where sufficient amount of private initiative was not expected at this stage of development. 27

Rural industrial estates were looked upon as an integral part

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27. Ibid,
of the programme for intensive development of small industries in rural areas; and as such the Government's policy was to locate them as far as possible in selected rural areas where certain facilities like power, water, transport, raw materials, technical personnel, etc. were either readily available or could be provided easily. But the Government's policy was not to set up large-sized industrial estates in the villages as in the urban areas. It was recommended that as an initial step only a few worksheds could be constructed for the use of village artisans. 28

It has been decided to set up more than 500 industrial estates of various sizes in all parts of the country. Up to 31.12.63, work was already undertaken for more than 300 estates. The following table gives particulars about the estates undertaken by 31.12.63. 29

<table>
<thead>
<tr>
<th>Stage of growth</th>
<th>Urban</th>
<th>Semi-Urban</th>
<th>Rural</th>
<th>Total</th>
<th>Percentage of col.2 to col.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estates Functioning</td>
<td>69</td>
<td>23</td>
<td>10</td>
<td>107</td>
<td>64.5%</td>
</tr>
<tr>
<td>Estates completed but not functioning</td>
<td>13</td>
<td>25</td>
<td>12</td>
<td>50</td>
<td>26%</td>
</tr>
<tr>
<td>Estates under construction</td>
<td>24</td>
<td>32</td>
<td>12</td>
<td>68</td>
<td>35.3%</td>
</tr>
<tr>
<td>Estates in preliminary stage</td>
<td>36</td>
<td>45</td>
<td>19</td>
<td>100</td>
<td>36%</td>
</tr>
<tr>
<td>Total</td>
<td>142</td>
<td>130</td>
<td>53</td>
<td>325</td>
<td>43.7%</td>
</tr>
</tbody>
</table>

28. Ibid.
It is evident from the above table that out of 325 estates undertaken by 31.12.63, about 107 estates had commenced work, while 50 estates had been completed but could not start functioning. The remaining 68 estates were either under construction or in the preliminary stage. It is further reported that about 1996 industrial enterprises started manufacturing work by 31.12.63 in about 2344 factory sheds of the 107 working estates. They provided employment to about 29000 persons and the value of their half-yearly production for the period July '63 to December '63 approximated Rs.13,91,11,804.30

II. PROGRESS IN SOME SELECTED STATES

The broad programme of industrial estates in India, in the context of industrialization, has been explained in the previous section. Based upon this general pattern, the policies adopted for industrial estates, however, vary from State to State to suit the special conditions and needs of the area concerned. An attempt is being made here to present a review of the programme and progress of industrial estates in some selected States.

Maharastra

That Maharastra is among the industrially most advanced States in India is evident from the fact that (i) with the exception of West Bengal, it derives a larger proportion of its employment and output from industries, as compared to any other State; (ii) the per capita income and output in industries is relatively high; (iii) the organised sector is better developed and plays a more prominent role in its industrial structure. Per thousand of population there are about 22 factory workers in Maharastra compared to 8 in India as a whole, 34 in West Bengal and 9 in Madras. The proportionate contribution of the factory sector to industrial employment and output is much above the national average and higher than in most other States. 31 Although on overall comparisons Maharastra appears industrially more advanced than most other States in India, industrialization of the State has not taken

place on a pre-planned basis. Nearly 50% of the industrial establishments and about 30% of the industrial employment of the State are concentrated in Greater Bombay alone. If Bombay is excluded, the State is as backward as any other part of the country.32

Under the circumstances, "it is one of the aims of the Government to see that the factories are spread out even in less developed areas throughout so as to minimise the question of migration of rural population and to provide employment to the population in those areas"; and it is with these aims in view that the State of Maharashtra adopted the idea of industrial estates. It was realised that the establishment of industrial estates could be an effective method of fostering industrial development on a decentralised pattern and of relieving congestion in big cities, which consequently could also help in clearing the slums.33

During the Second Plan the State Government sanctioned the development of 10 industrial estates and of these 9 estates started functioning during the plan period. As regards the nature and type of industries to be established in the estates it has been emphasised that small scale units which cannot acquire land for themselves and develop it, should be given preference in the estates. If sufficient space is available after meeting the demand of small scale units, large or medium scale industries may, however, be located in the industrial estates. It is also suggested that industries for which raw materials, machinery etc. are in short supply, or industries in which

adequate production has been reached in the country, may not be established in the industrial estates. For the guidance of the entrepreneurs, a survey was conducted of the type of industries that should be prohibited from industrial estates.\textsuperscript{34}

The Government of Maharastra, however, did not like the idea of shoulderling the responsibility of establishing all the estates by itself. It has followed a policy of encouraging the establishment of industrial estates, as far as possible, by some Local Bodies and Co-operative Societies. If estates are organised by Local Bodies such as Municipal Corporations, the policy is to provide developed plots either on sale or on rent to the intending users. The tenants are to build their sheds themselves or through a Co-operative Society of entrepreneurs specially formed for the purpose. Such estates have been established in Maharastra at Sangli, Nanded and Hadapsar (Poona) during the Second Five Year Plan. In the estates organised by Co-operative Societies the entire work, except acquisition of land, is carried out by a Co-operative body of entrepreneurs specially formed for the purpose. In the Second Five Year Plan, six such estates were taken up at Kolhapur, Kurla, Inchal-Karenji, Sangli, Nanded and Parli.\textsuperscript{35}

The proposed policy of the Government regarding the pattern of financing such co-operatives is as follows:- (a) 20\% of the total cost of the scheme will be raised by the Co-operative Societies in the form of share capital; (b) Government may grant a matching (i.e. 20\%) contribution to

\textsuperscript{34} Ibid, p.11.
\textsuperscript{35} Ibid, pp.4-6.
the share capital of the co-operative estate societies. This excludes the co-operative industrial estates in Greater Bombay where the societies will be required to raise for themselves 40% of the total cost of the schemes to be accepted by them; (c) the remaining 60% of cost of the estate is to be raised by the co-operative estate societies as loans from the Life Insurance Corporation of India, against Government guarantee. In order to reduce the preliminary burden of expenditure on the part of the Co-operative industrial estate societies and with a view to giving impetus to their co-operative efforts, the Government has proposed to meet the cost of lands and their partial development. Accordingly, the lands are acquired by the Government and are made available to the estate societies on long lease except in Greater Bombay limits. Whenever the Municipalities come forward to take the initiative to develop the estates, they too can get financial assistance from the Government to the extent of the cost of land and its development. Such developed plots provided with all common facilities like power, water, communications etc. are allotted to small entrepreneurs for construction of their factory sheds.36

Besides the problem of financing the industrial estates, the selection of suitable sites is a pivotal factor on which depends the success of the scheme. It is intended, therefore, that wherever possible, Government land should be made use of for the proposed industrial estates, and such lands from

industrial zones earmarked under the town planning schemes have to be given preference. Where such Government lands may not be available for the purpose, other suitable sites have to be selected in consultation with the local officers and the entrepreneurs themselves. Thus although the Maharastra Government have not taken any direct measures for the control of urban growth in and around Greater Bombay, indirectly it has adopted the policy of spreading industries throughout the country in a planned and regulated way. Industrial estates of Maharastra have been planned on smaller sizes as compared to those of other States. The size of any of the estates has been planned mainly on the basis of the population of the place. But at the same time considerable importance has been attached to the industrial potential of the places and the actual demand for factory sheds.

Generally the estates have been of the following three sizes:

(i) Population of 1 lakh and above - Minimum 25 acres
(ii) Population between twenty-five thousand and 1 lakh - Minimum 10 acres
(iii) Population below 25 thousand - Minimum 5 acres

In the case of bigger estates the estate authorities have been advised to take up their development and construction in phases. During the Third Five Year Plan, in all 32 estates were proposed.

37. Ibid, p.27
of these only 3 are Government estates, 27 Co-operative estates and 1 are Municipal estates. 39

In addition to the general type estate, it has been proposed to set up three functional estates in Maharashtra as under:
(i) Mundhwa (Poona) for Radio Electric and electrical instruments,
(ii) Akurlo (North of Bombay), for Automobile ancillary industries and
(iii) Kamptee Road (Nagpur), for light engineering industries. These functional estates are to be established on Government account and are to accommodate units only of the above mentioned categories. 40

Up to 31.12.63, work was undertaken for 30 estates in the State of Maharashtra. The following table shows particulars about the stage of growth of different estates up to 31.12.63. 41

Table 5
Particulars about the stage of growth of urban, semi-urban and rural estates in Maharashtra up to 31.12.63

<table>
<thead>
<tr>
<th>Stage of growth</th>
<th>Urban</th>
<th>Semi-urban</th>
<th>Rural</th>
<th>Total</th>
<th>Percentage of col.2 to col.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estates functioning</td>
<td>9</td>
<td>1</td>
<td>-</td>
<td>10</td>
<td>90%</td>
</tr>
<tr>
<td>Estates completed but not functioning</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>Estates under construction</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>Estates under preliminary stage</td>
<td>7</td>
<td>8</td>
<td>1</td>
<td>16</td>
<td>43.7%</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>9</td>
<td>1</td>
<td>30</td>
<td>66.7%</td>
</tr>
</tbody>
</table>

39. Information supplied to author by the Asst. Director (E.I), Small Industries Service Institute, Bombay - 70, as per his letter No.6IS/6-l/65/435/5663, dated the 4th June, 1965.
It is evident from the above table that out of 30 estates undertaken, only 10 started work by 31.12.63. In one case the estate was completed but production did not commence. The remaining 19 estates were either under construction or in the preliminary stage. Another important fact that will be seen from the above table is that except one, all the estates functioning by 31.12.63 were situated in the urban areas. Of the total number of estates undertaken, about 66.6% were situated in urban areas, 36% in the semi-urban areas, whereas only one estate or about 3.3% of the total was sanctioned for a rural area, which was till then in the preliminary stage only. This would definitely mean a slow rate of progress so far as the rural industrial estates are concerned.

In the 10 estates which started work by 31.12.63, the number of industrial enterprises that commenced manufacturing was 231. The functioning units produced goods in 1963 of the order of Rs.308 lakh, whereas their installed capacity for the same year was about Rs.536 lakh. The units provided employment opportunities to about 3500 persons and their total investment amounted to about Rs.330 lakh.

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42. Ibid.

43. Information supplied by Asst. Director (E,I), Small Industries Service Institute, Bombay - 70, as per his letter No.EI3/G-1/65/435/5663, dated the 4th June, 1965.
By the middle of 1965, however, 3 more estates started work; and as a result the number of working units increased from 231 in December, '63 to 243 in June, '65. The classification of the functioning units, up to June, '65 according to broad industry groups, is as follows:

1. Mechanical Engineering - 92
2. Electrical - 14
3. Chemical - 17
4. Wood-working - 3
5. Ceramic & Glass - 6
6. Food processing and preservation - 8
7. Others - 101

Total 243

Punjab
The industrial estates programme in Punjab started in 1957 with a view to provide accommodation to the small scale units, ... and to bring them together at one place in addition to the other advantages envisaged in industrial estates programme in general.

The estates which have so far been sanctioned in Punjab are all Government sponsored, and the construction work has been undertaken by the State Authorities, i.e., P.W.D. etc.

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44. Ibid.
The districts were asked to recommend two sites where industrial estates could be established; and in each case the estate has been located at a site recommended by the District Committee and Siting Board consisting of the Executive Engineer, P.W.D. Executive Engineer, Health Executive Engineer (Electricity), Assistant Town Planner and District Industries Officer etc. In selecting the site for an industrial estate, however, the Siting Board generally kept in view the availability of water, power and nearness to road or rail. 46

The Ludhiana industrial estate, sanctioned in 1957, was the first estate in Punjab. By the 31st March, 1964, however, as many as 39 estates were sanctioned all over the State. But out of these only 10 were functioning; of the remaining 29 estates, 20 were completed but not functioning, and 7 and 2 estates were under construction and in the preliminary stages respectively.

The table below represents the location, size and distribution of factory sheds of 9 of the functioning estates in Punjab by March, 1964: 47

46. Ibid, Chap II, p.l.

47. Ibid, derived from Table I, p.l.
It is evident from the above table that so far as the number of working units is concerned Ludhiana is by far the most successful estate in Punjab. Of the total working units in Punjab about 70.5% goes to the Ludhiana estate alone.

The success of the Ludhiana estate may be attributed mainly to its ideal site. During World War II, and particularly after the influx of refugees from West Pakistan in 1947, there was a significant growth in engineering industries like bicycles and bicycle parts, sewing machines, automobile parts, machinery and machine tools etc. in and around the industrial areas of Punjab. Apart from these industries which are located in the industrial areas, thousands of small workshops and factories are to be found scattered all over the town. With such a plenitude of enterprise and skills available, the Ludhiana estate faced no difficulty in finding suitable entrepreneurs even at unsubsidized rent.

But excepting the Ludhiana industrial estate which is situated at the heart of East Punjab, the progress in regard to the other estates of the State is not satisfactory, and that is mainly because of their bad location. There are a number of estates in Punjab, as shown in the above table, which were completed about 2 or 3 years back but are lying vacant up till now because of the non-availability of suitable entrepreneurs. In Bhatinda, as is evident from the table above, 7 industrial enterprises started work in 15 factory sheds. But at the time of the field survey of industrial estates in Punjab, conducted by the SISI, Ludhiana, 5 parties were found to have closed down their factories. One of the reasons may be that while most of the
parties to whom factory sheds were allotted were interested in getting controlled raw materials, but the State Government was not able to provide the required raw materials due to overall shortage of supply. The Patiala estate was completed in November, '63 and all the 20 sheds were allotted without much delay. But up to the end of 1964 only 4 units occupied sheds, and out of them only 2 started functioning. As for reasons, the entrepreneurs complained about the site of the estate at a place far from the city and the non-availability of other facilities. Labour is not also easily available there.48

The rate of progress has been specially slow in the case of the rural estates. Only 1 estate (as seen in table 6 above) out of 11 functioning estates, is rural. The table below shows the percentage distribution of the estates, which have either started production or have been completed but have not started production, among urban, semi-urban and rural estates:49

<table>
<thead>
<tr>
<th>Category</th>
<th>Estates completed &amp; functioning</th>
<th>Estates completed but not functioning</th>
<th>Total No. of estates completed</th>
<th>Percentage of Col.2 to Col.6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of estates</td>
<td>Percentage of total</td>
<td>No. of estates</td>
<td>Percentage of total</td>
</tr>
<tr>
<td>Urban</td>
<td>4</td>
<td>40%</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>Semi-urban</td>
<td>5</td>
<td>50%</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td>Rural</td>
<td>1</td>
<td>10%</td>
<td>15</td>
<td>75%</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100%</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>


49. Ibid, derived from table I, pp.1-3.
The table above shows that the largest number of estates which were completed by March, '64, are situated in the rural areas, but the number of rural estates comes last in the list of estates which started functioning. The situation would seem to be worse if we calculate the number of functioning units in the rural estate which commenced work. In the Kangra estate, the only functioning rural estate in Punjab, 20 sheds were completed in December, '63, and after some time only 7 of the constructed sheds were allotted to six industrial enterprises. But only two of them started production by March, 1964. The entrepreneurs mainly complained against the high rate of rent charged by the Government (Rs.150 per 600 sft of shed area per month). The estate being situated in a hilly area, the cost of construction was abnormally high and the high rate of rent was due to the high cost of construction. In rural industrial estates like Makodar, Dharampur, Rurka Kalam, Talvandi Chandian which are completed but not functioning all the sheds have been occupied by the Government. As no units have come forward to start business in these estates, the State Government has started Rural Industries Development Centres and Rural Industrial Training Centres etc. in them.  

This state of affairs of the estates in Punjab, however, has been explained by the SISI, Ludhiana, in terms of three reasons. First, "except the Ludhiana industrial estate, for which the State Government had made a survey of the availability of entrepreneurs, none of the other industrial estates have been

sanctioned after a proper economic entrepreneurial skills availability survey." Secondly, "most of the industrial estates are located at places where no entrepreneurs exist. The State Government had promised the people shifting into these estates with raw materials. However, due to foreign exchange limitations the State Government has not been able to fulfil the promise held out. In some cases units who had been allotted the sheds have not shifted due to these difficulties". Thirdly, "many of the estates now completed are lying vacant because of the facilities which were promised are not provided due to administrative difficulties". 51

It is natural that these difficulties are felt more seriously by the rural estates than the urban and semi-urban estates; and consequently, as already shown, only one out of the sixteen completed rural estates started functioning. Most of the estates, therefore, that were sanctioned in the later years (i.e. the estates which were either under construction or in the preliminary stage by March, '64) are situated in urban and semi-urban areas. The Government of Punjab, however, is trying hard to attract the small industrialists to industrial estates; and as an incentive quite a number of Extension Centres and Training-cum-Production Centres have been opened in several estates. Particularly in the rural estates, the State has provided facilities either in the form of Common Facility Centres or Training-cum-Production Centres. Moreover, since the State Government is finding it difficult to allot all the sheds in the existing industrial estates, they are encouraging industrialists

51. Ibid, pp.5-6.
Delhi Administration

Delhi Administration has so far sanctioned only two industrial estates. The Okhla industrial estate (urban), located about 7 miles south of Delhi is considered to be one of the biggest and oldest of its kind in India. As has already been pointed out, the Okhla estate is one of the 12 estates that were sanctioned in the First Five Year Plan. The other estate of the Delhi Administration, situated at Badli (rural), had been completed but did not start work by 31.12.53. Here we shall be mainly concerned with the Okhla industrial estate.

The Okhla estate is situated on a plot of about 1,500 acre industrial area zoned for the purpose in the master plan for the development of Delhi. The responsibility for construction and management of the estate was initially undertaken, as noted before, by the National Small Industries Corporation, a Private Limited Company, established by the Central Government as an interim arrangement. Later on, it was transferred to the Delhi Administration. Actual Construction, however, was carried out by a number of contractors through competitive bids under the supervision of the technical staff of the NSIC in different phases. The first phase of the estate with 36 sheds in an area of 40 acres was completed in the beginning of 1958 at a cost of about Rs.50 lakh. Sizes of these factories vary from

52. For details see Ibid, Chap.IV, p.1; and Chap.v, p.1,

53. Okhla Industrial Estate: A brochure of the National Small Industries Corporation, Asia Press, Delhi, April 12, 1958.
2000 sq. ft to 10,000 sq. ft of covered space. In the second phase of the estate, another 40 sheds with a covered area of about 1,60,000 sq. ft had also been completed by July 1962. Further, there was a proposal to construct another set of factories with an area of about 44,000 sq. ft for accommodating the entire sports goods industry of Delhi. 54

The principal objective of establishing the estate, however, as is stated in the survey report of the SISI, was "to provide accommodation to small entrepreneurs with certain basic facilities such as water, electricity, steam, transport, banks, post offices and canteen. The small entrepreneurs get good factory accommodation and thereby escape all difficulties in running factories in congested residential areas, while workers get all facilities normally given to workers such as insurance, provident fund, medical aid, leave bonus etc. and also get opportunity to organise themselves into trade unions".

That the main purpose of the Okhla industrial estate, namely, to create incentive among the entrepreneurs to start their business in the industrial estate and thereby relieve pressure in the congested residential areas, has been successful is evident from the fact that in the 36 factory sheds constructed in the first phase of the estate, as many as 33 small factories were found to be working in July '62. 55 Besides, it is to be


noted here that at the time of inauguration of the Okhla industrial estate in April, 1958, annual production of the units was estimated at Rs.25 lakh, employing 300 persons. But production of the 33 functioning units with a capital investment of Rs.125 lakh increased within two years to Rs.127.39 lakh in 1960 and to Rs.149.07 lakh in 1961. Thus the Okhla estate has become synonymous with the growth of small scale industries. This unprecedented success of the Okhla estate, so far as at least the filling up of the estate is concerned, can be explained, in addition to the locational advantages because of its situation almost at the heart of the capital near the Okhla railway station and main highway, by several other factors. First, the size and number of factories to be built on the estate were decided on the basis of 700 applications for space received from industrialists prior to the construction of the estate. Secondly, a number of useful services are being provided for the benefit of industrialists, e.g. (a) The National Small Industries Corporation is supplying machinery to industrialists on a hire-purchase basis, (b) The Delhi Regional Small Industries Service Institute has opened a training and guidance centre on the estate to provide technical advice to industrialists and help them to improve the quality of their products, (c) The All-India Handicrafts Board has set up a crafts design centre to serve the craftsman, and (d) a Prototype production and training centre has been set up jointly with the German Government. Thirdly, the estate offers land and buildings to the entrepreneurs at a subsidised rent, i.e.

9 nP per sq. ft per month (economic rent is 18 nP per sq. ft per month). And lastly, arrangement has been made for adequate supply of electricity.  

The industries set up in the Okhla industrial estate are all small factories having the upper limit of Rs.5,00,000 in fixed capital each. The following table represents the distribution of 28 units according to fixed capital investment by August, 1962.

Table 8
Distribution of units according to fixed capital investment

<table>
<thead>
<tr>
<th>Range of capital investment (Rs)</th>
<th>No. of units</th>
<th>Percentage of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,000 to 100,000</td>
<td>15</td>
<td>53.6</td>
</tr>
<tr>
<td>1,00,001 to 2,00,000</td>
<td>8</td>
<td>28.7</td>
</tr>
<tr>
<td>2,00,001 to 3,00,001</td>
<td>3</td>
<td>10.5</td>
</tr>
<tr>
<td>3,00,001 to 4,00,000</td>
<td>2</td>
<td>7.2</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>100</td>
</tr>
</tbody>
</table>

As is seen from the above table, out of the 28 reporting units, 15 units or about 54% of the total are reported to be making fixed investments (machinery and equipment) within the range of Rs.25,000 to Rs.1,00,000, 8 units within the range of Rs.1,00,000 to Rs.2,00,000 and 5 units, i.e. 12% of the total.

57. Okhla Industrial Estate: A brochure by the NSIC, Asia Press, Delhi, 1958.
in the range of Rs. 2,00,001 to Rs. 4,00,000.

The selection of the entrepreneurs was based on the following criteria:

(a) Preference was given to applicants belonging to the Delhi area;
(b) Preference was given to light engineering industries;
(c) Industries requiring a heavy electricity load and large water requirements were limited;
(d) Preference was given to applicants willing to install graded machinery and produce standard goods;
(e) Those applicants were selected who would produce a diversified group of products. 59

Actually the industries which have been accommodated in the Okhla estate are modern in orientation, both in the kind of products manufactured and in techniques of production. They manufacture products like cycle parts, pad-locks, amplifiers, microphones, press buttons, lathes, drilling machines, safety razor blades, nuts, bolts and rivets, conduit pipes, trolleys and cranes, builders' hardware, radio parts, room coolers, tin containers, P.V.C., radio and electric wires, electric motors, drawing instruments, polythene tubings, cosmetics and pharmaceuticals etc.

The table below shows the distribution of 28 reporting units according to industrial classification.

Table 9

<table>
<thead>
<tr>
<th>Classification</th>
<th>No. of reporting units</th>
<th>Percentage of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General and Mechanical Engg.</td>
<td>19</td>
<td>67.8</td>
</tr>
<tr>
<td>2. Electrical</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>3. Chemical</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>4. Metallurgical</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Small factories are normally considered to be proprietary concerns. But as will be evident from the following table, out of the 28 units, only 8 are proprietary concerns as against

Table 10

<table>
<thead>
<tr>
<th>Pattern of ownership</th>
<th>No. of units</th>
<th>Percentage of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proprietary</td>
<td>8</td>
<td>28%</td>
</tr>
<tr>
<td>2. Partnership</td>
<td>13</td>
<td>45%</td>
</tr>
<tr>
<td>3. Private Ltd.</td>
<td>7</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

13 partnerships and 7 private limited concerns. It may be expected, therefore, that some of them may in future cross their limit and grow as medium or large scale concerns.

The industrial estate at Okhla, however, is not a rose without thorns. Although the estate enjoys some special advantages and has been successful in attracting quite a large number of entrepreneurs even in the first phase of its construction, the overall percentage utilisation of productive capacity of the reporting units is not satisfactory. The table below represents the industry-wise percentage utilisation of capacity of the 27 units.\(^{61}\)

<table>
<thead>
<tr>
<th>Type of Industry</th>
<th>No. of units</th>
<th>Installed capacity (Rs.Lakh)</th>
<th>Actual production during</th>
<th>Percentage utilisation of capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1960 (Rs. Lakh)</td>
<td>1961 (Rs. Lakh)</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>1. General &amp; Mechanical</td>
<td>19</td>
<td>184.32</td>
<td>57.40</td>
<td>69.16</td>
</tr>
<tr>
<td>2. Electrical</td>
<td>4</td>
<td>86.00</td>
<td>43.48</td>
<td>44.57</td>
</tr>
<tr>
<td>3. Chemical</td>
<td>4</td>
<td>28.25</td>
<td>6.14</td>
<td>10.26</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>298.57</td>
<td>108.52</td>
<td>126.49</td>
</tr>
</tbody>
</table>

61. Ibid, data derived from table iv, p.4
It will be seen from the above table that in 1961 it was possible for the units of the Okhla industrial estate to utilise only about 42% of their total installed capacity. The unutilised capacity with the units, however, is reported to be mainly due to factors like scarcity of raw materials, competition from large scale products, and in some cases, depression in the market for their products. Most of the manufacturers find themselves handicapped by the inordinate procedural delay in securing raw material quotas and licences. Quotas are scanty and often the entrepreneurs have to lose raw materials allotted to them because of long delay in getting their files cleared from various offices. Raw materials like copper have generally to be purchased from the open market which inflates the price of their product. Besides, it has been reported that some of the units manufacturing cycle parts, electric motors and press buttons could not manufacture up to their capacity and some of them were even forced to close down and take over other items of production due to competition between the large and small scale sectors.  

It should, however, be noted here that many of the entrepreneurs feel that with adequate assistance in the form of high-grade raw materials, timely grant of licenses and quotas, they could not only operate at full production capacity, but could even find a sizeable export market for their products.  

62. Ibid, p.3.  
63. Ibid, p.3.
Madras

Regarding the objective of setting up industrial estates in Madras, it has been stated that "the chief obstacles confronting an entrepreneur wishing to set up a small industry are the scarcity of capital and the long delays, expense and difficulties involved in acquiring a suitable site, in obtaining approval of plans etc., permission and licenses from the Municipal authorities and Factories Department in securing building materials and constructing the factory building in conformity with Municipal laws and Factory laws, and finally in getting water supply and power connection. These difficulties are normally beyond the resources of the small scale industrialist. With a view to solve these initial difficulties, the Madras Government has established near important towns, industrial estates, which are developed and planned sites with properly designed and ready-built factories of different sizes conforming to Municipal and Factory laws available for subsidised rent, with a complete range of industrial services". 64

During the Second Five Year Plan, 9 industrial estates started work in Madras of which the estate at Guindy in Madras proper is the biggest and oldest. It started work with 58 industrial units in January 1958. As has been pointed out above, the Government of Madras adopted the policy of setting up

industrial estates mainly in and around big towns. As a result, out of the 9 functioning estates, 7 are situated in the urban areas and 2 in the semi-urban areas. (In addition to the above mentioned 9 estates, the Government of Madras sanctioned one more estate during the Second Plan at Salem with a view to developing small scale industries in and around Salem district. But work regarding this estate could not progress much as the owners of the proposed land have obtained a stay order from the High Court of Madras, restraining the Government from acquiring the land. Under the programme for the development of small scale industries during the Third Plan period the State Government sanctioned the establishment of 9 additional estates, but none of them were able to commence work up to the middle of 1965. In some cases estates have been completed and sheds have been allotted to parties.65

An idea of the rate of success of the industrial estates which have started functioning, so far as the number of allotted sheds and the working enterprises are concerned (without any reference to the productive efficiency), may be had from the table below:— 66

65. For details see Ibid, pp.1-35

It will be seen from the above table that whereas the overall utilisation of factory sheds constructed in the industrial estates of Madras is about 89\%, it is of the order of about 100\% in the case of the Guindy and Katpadi estates. The non-utilisation of sheds in most other cases, however, is almost negligible with the exception of one at Trichy.

The conclusion which we may arrive at therefore, is that the industrial estates which have so far been constructed in the State of Madras faced no difficulty in finding suitable entrepreneurs willing to take accommodation within the estate premises. This easy availability of entrepreneurs can be traced to the following factors:

First, the estates are situated either in urban or semi-urban areas so that the industrialists do not have to suffer from transport difficulties and shortage of skilled labour which are a characteristic of rural areas, and other facilities like supply of power, raw materials etc. are expected to be easily available.

Secondly, in addition to other facilities provided, in some of the estates the State Government has set up Tool Room shops, Works-cum-Training centres, Model Foundry etc. for the benefit of the entrepreneurs. The largest number of such facility centres has, however, been set up in the Guindy industrial estate. These are:

1. The Government Chemical and Analytical Laboratory offers facilities for the testing of both raw materials and finished products of various types and conducts research to solve technical
problems. Small industrialists are charged only 50% of the scheduled rates.

2. The Hand Tools and Toolroom Shop is intended to supply dies, jigs, fixtures, and special tools required by small enterprises.

3. The Surgical Instruments Forging and Heat Treatment Shop forges blanks for precision instruments, hand tools, and other needs, in addition to providing heat treatment of several products.

4. The Balances, Scales and Laboratory Equipment Training-cum-Production Shop provides training to do further processing of blanks, helps to standardise quality of products, and establish markets. Gradually production is to be replaced by servicing.

5. The Electrical Goods Service Centre is intended to encourage the manufacture of electrical goods now imported from outside the State, such as copper conductors, and cotton covered wires.

6. The Pressure Die Casting Training-cum-Production Shop has the object of supplying die casting parts in brass, aluminium and zinc for industrialists on the estate.

7. The Model Foundry is intended to supply quality castings to the Government and to private industrialists in the estate and to encourage private firms to adopt modern methods of manufacturing.

8. The Common Lease Shop has a variety of modern machines which are leased out to step up production.

9. The Woodworking and Timber Seasoning Shop undertakes
seasoning of timber, demonstrates a more economical use of wood, supplies bent wood for light furniture, and provides service facilities.

10. The Sports Goods Training Centre is intended to impart training to 40 boys a year in the manufacture of sports goods.

11. The Model Scientific Glass Apparatus Works and Training Centre is to provide training to ten boys annually in the manufacture of scientific glass apparatus.

12. A Technical Information Section is to assist the small industrialists by providing a museum, a technical library and monthly journals etc.

13. A Servicing Corporation procures essential raw materials like iron, steel and coal etc. in bulk for the industrial units of the estates so as to save them from locking up their own capital and assuring easy availability.

Thirdly, all the estates have provided factory sheds to the industrialists at subsidised rent, the rate of subsidy in most of the cases being about 50% of the economic rent. In the case of the Guindy estate, after the estate had already passed a carrier of 3 years, the revised rate of subsidy has been fixed at about 12% of economic rent on and from 1.11.62.

Finally, all the estates have been planned and constructed in different phases only in anticipation of demand.

for factory sheds from the prospective entrepreneurs.\(^{68}\)

It has already been shown that the Guindy industrial estate is by far the largest and most important estate in the State of Madras. The first phase of the estate has been built on 100 acres of land where several schemes and facilities have been integrated. Under the expansion scheme for the estate, an additional area of 500 acres of land is to be added to the estate. The estate manufactures a variety of products of which general engineering and electrical goods are most important.\(^{69}\)

Data regarding the number of workers employed and the value of goods produced are available for 134 out of 161 working units for the half-year, July-December, '63. It is reported that these 134 units together provided employment to about 4,239 persons, of which a total number of 3,134 persons or about 73% of the total goes to the Guindy industrial estate alone, whereas the value of goods produced by the same units for the half year, July-December, '63 was of the order of Rs.2,44,14,614, of which the value of goods produced by the Guindy estate alone approximated Rs.1,98,03,104 or about 81% of the total.\(^{70}\)

\(^{68}\) For details see Ibid, pp.1-35.
\(^{69}\) For details see Ibid, pp.4-7.
Experience of the working of industrial estates in the above few States in India leads us, therefore, to the inevitable conclusion that so far most of the industrial estates have been set up and operated in the urban centres, and the most successful estates have been those located in close proximity to cities, and to a somewhat lesser degree, in large town areas.

The following table summarises the rate of progress of the urban, semi-urban and rural industrial estates in the four states discussed above:
### Table 13

<table>
<thead>
<tr>
<th>Name of the State</th>
<th>Administration of Estates</th>
<th>Complete</th>
<th>Semi-urban</th>
<th>Total</th>
<th>Estate</th>
<th>Location of Estates</th>
<th>Semi-urban</th>
<th>Urban</th>
<th>Semi-urban and rural estates in Maharashtra, Punjab, Delhi</th>
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<tbody>
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</tbody>
</table>

* The figures for Punjab are up to March 1964. ** N.A. indicates not available.
It is evident from the above table that about 86.6% of the estates that have started functioning in the four States are located in the urban centres. That there has been a relatively slow rate of progress in the case of estates situated in semi-urban and rural areas will be evident also from the fact that out of 107 industrial estates which started work all over India by 31.12.63, only 28 are located in the semi-urban areas and 10 are located in the rural areas.\textsuperscript{71}

The success of industrial estates in the urban centres may, however, be attributed to some pre-existing infra-structure facilities in the areas concerned. But one of the objectives of industrial estates in India has been to use them so as to serve as industrial nuclei at the comparatively less developed urban centres and large rural settings. So far, only limited efforts have been directed to that end.

\textsuperscript{71} For details see Ibid, pp.1-13.