Chapter - VI

FINDINGS, CONCLUSION AND SUGGESTIONS
The present study reveals that a considerable industrial growth rate is observed in basic goods industries, capital goods industries and intermediate goods industries and only a moderate growth in consumer’s goods industries in Bellary district during the liberalisation period. Though, 1991-92 to 2001-02 is a very short period to analyze the impact study of industrial growth but it is observed that the New Economic Policy is making headway to bring a favourable impact on the industrial growth of Karnataka State in general and Bellary district in particular.

The impact of industrialization on employment generation has been measured by two important variables, namely, volume of investment and number of units. In the case of small-scale industrial units, it is observed that at the state level the volume of investment and the growth rate of industrial units are showing an upward trend during 1991-2001. But the increase in the number of industrial units are not proportionate to the increase in the volume of investment. This clearly indicates that the small-scale industrial units are becoming more and more capital intensive. Further the generation of employment is not co-related with the volume of investment and the increase in the number of units.

In the case of large and medium scale industries, the period of study is not sufficient to analyze the impact of New Economic Policy, on investment, number of units and the employment generation. The New Economic Policy undoubtedly generated a new wave in industrial sector; thereby large numbers of projects were proposed to start both at the National and the State level. In the case of large and medium scale industries, with long gestation period the large of time between the proposed investment and realized investment deriving conclusion a seems to be difficult during short period. However during 1980-81 to 1993-94 the study reveals that these are
a moderate growth in investment and number of units and marginal increase in the level of employment.

One of the basic objective of industrialization through New Economic Policy is to generate more employment opportunities in large, medium and small scale industrial units, is not fulfilled. The study observes that the reasons for this failure of achievement is due to change in technical structure of small industrial units, rapid policies framed by the Government, inefficiency to compete with multinational companies, qualitative competition at the global level and above all, the time required to restructure the industrial sector within the country and necessary preparation of efficient inputs.

The study reveals that much of the mining activity is being undertaken by the private sector which is highly labour-intensive and the output-labour ratio is considerably less. Thus the mineral extraction which is based on manual work is not only cost escalating but also a slow process.

It is also observed from the study that the agro-based industries are facing the inadequacy and untimely supply of raw-materials. As a result the agro-based industries cannot work or operate through out the year and added to this the entrepreneurs are forced to pay higher price for their procurement.

A robust economy needs a good and effective network of infrastructure. But by and large, infrastructure has been a problem in the study region. The study reveals that one of the most important causes for the slow growth of industrial development is due to the lack of infrastructural facilities in relation to the tempo of industrial growth and this industrial infrastructure is worsening in the study region.

The study also reveals that the industrial units in the district are facing the problem of finance. The commercial banks insist up on surety for sanctioning of financial assistance to small industrialists and the rate of interest charged on loans worked out to be costlier. The agencies which are providing finance is not only inadequate but also untimely. The industrial
finance given by KSFC and KSIIDC, to the industrial units in Bellary district is quite meager in view of massive industrialization that is taking place in the state.

The development of industries mainly depends upon the availability of effective marketing machinery for marketing of their products at competitive prices at the regional, National and global markets. But it is observed that one of the important causes for the slow growth of industries in the district is due to lack of marketing organization to sell their output at remunerative prices. These units sell their products to the dealers at a very low margin and the dealers earn huge profits out of their dealings.

The study also reveals that there is a dearth of power supply in relation to the increasing demand. In addition to this, power shut downs and power cuts are quite frequent and these problems acts as hurdles for the growth of large, medium and small scale industries. These problems causes not only stoppage of production but also results in cost escalation. The entire state of Karnataka has been reeling under the severe power crises for the past five years. As such, the industrial sector as a whole did not get adequate power supply. Power supply was not available to small industries which have been spread over small towns and villages, continuously for six hours in a day in the district. This there was under utilization of the capacity.

It is an established fact that the development of industries depends upon the availability of skilled labourers and trained persons. But it is observed that the prospective entrepreneurs of the district do not have adequate technical knowledge for establishing small scale industries in the region.
The availability of industrial area or industrial site is one of the crucial requirements for the development of small scale industries by minimizing the cost of infrastructure. It is observed that in the study region KIADB has acquired land only in Bellary and Hospet taluks, which is quite insufficient to meet the increasing demand from the entrepreneurs. The other taluks in the district are devoid of this facility. The lack of industrial area development is one of the main causes for the slow growth of industries in the study region.

The entrepreneurship is an important factor which promotes industrial development of an area. But it is observed that there is a lack of entrepreneurship among the people of the district. They are not skilled in management and have not undergone any training either technically or to take up new lines of production. It is also found that some of the entrepreneurs are not adventurous and not much ambitious in their ventures. This is another factor responsible for the slow growth of industries. The entrepreneurs development programme organized by District Industries Centre to impart technical education and enterprising qualities were not qualitative and not according to the requirements of the growing industrial structure of the region.

It is observed from the study that, the district attracts the 8th position in terms of units, the third position in terms of investment and 7th position in terms of industrial employment in the state. Here it is to be noted that the extent of employment opportunities generated by large and medium scale industries in the district are not satisfactory in relation to the available rich potential and infrastructural facilities. Further, the large and medium scale industrial activity is heavily concentrated only in three taluks i.e., Bellary, Hospet and Sandur. It is clear that there are inter-taluk disparities in the Bellary district. Moreover, the industrial activity is dominated by mining
and mineral-based iron and steel sectors and the second places goes to the agro-based industries.

The Bellary district is having a satisfactory history of small scale industrial units and representing a favourable infrastructure for their speedy growth. It is evident that the small industrial sector has made satisfactory progress and have grown phenomenally over the last ten years in terms of number of units, volume of investment and the size of employment. It is also observed from the study that the district accounts to 5.5 per cent, which is less than the growth rate of 6.5 per cent in the state. In relation to the existing potentialities of the inputs and favourable infrastructural facilities and environment conditions, the growth of small scale industrial units in the district is not to the satisfactory level.

The study reveals that the growth of small scale industrial units in the district have generated greater employment opportunities particularly in the rural sector. To some extent it is successful in transforming agro-based structural rural economy into an industrial one. At the same time, it is to be noted that the extent of employment generation created by small scale industries in the district are not satisfactory in relation to the available resources and infrastructural facilities as majority of the small scale industries in the rural sector are tiny and related to household operations.

The growth of tiny household industries undoubtedly improved the economic conditions of the poor and backward strata of the society and assisted the growth of the economy with stability.

It is evident from the study that the industries in Bellary district are facing a host of problems in the regular running of the units. The main problems that are being faced by the small scale industrial entrepreneurs are largely confined to entrepreneurship, finance, raw material, power, capacity under utilization, competition, marketing, skilled labour, obsolescence, transport and water.
It is also observed that the District offers a lot of industrial potential. The same view is being corroborated with the opinions expressed by the officially designed teams like Techno-Economic survey, research and investigation wing of District industries Centre, Bellary. In addition to these, twelve large and medium scale industries can also be grounded in the district and in fact, these twelve industrial projects have got clearance by the High Level Committee.

Suggestions:

1. The New Economic Policy which has created some sort of inter-state competition to develop industries either by inviting Multi National Co-operations (MNCs) or by encouraging indigenous entrepreneurs there is a need on the part of Karnataka state government to make concerted efforts to promote industrialization by providing and improving infrastructural facilities, through rational state tax policy and the sales tax rate should be brought down to the level of tax prevailing in neighbouring states and thereby accelerate the tempo of industrial growth by improving the competitive strength.

2. It is obvious that the New Economic Policy will drag the small scale industrial units from labour intensive to capital intensive structure and thereby creating an adverse impact on employment generation. In order to overcome this possible impact, one should be very cautious in devising the strategy of development of small scale industrial units to be more labour intensive rather than capital intensive so as to utilize the existing man power resources more effectively.

3. Bellary district is highly rich in mineral resources. The mineral extraction which is based on manual work is cost escalating and a slow process. The mining technology should be updated and the technology available in Canada and other countries to minimize the
blast should be imported in order to ensure sound and optimal production possibilities of these resources.

4. It is clear that there is a vast scope for tapping the under exploited resources, both minerals and agricultural for industrial production. The experience of Bellary is a telling evidence to the fact that sheer availability of resources locally does not facilitate location of industries, unless other objective conditions such as infrastructural facilities, market, finance, and so on are fulfilled. An exercise in industrial planning based on local availability of resources may at best be indicative and it should be implemented by supplementing with other crucial parameters of industrial production.

5. The crucial role that infrastructure plays in creating industry-friendly environment and in determining the pace and pattern of industrial development of a region is too obvious to be overstressed. With regard to discharging of these responsibilities, the private sector may not be expected to take up this responsibility unless it is assured of a profit margin for its investment. Nevertheless the essential point that needs to be stressed is that for the development of this sector the lead and major sharing of the burden should rest on the government and provide the required infrastructural facility both in quantity and quality by making a provision for their proper maintenance.

It is unrealistic to plead for a uniform and simultaneous development of infrastructure facilities across the district. Instead it would be sensible to map out the potential growth centres of industry within the district and try to fill up the gaps in their infrastructure requirements. Recalling the reference made earlier that the belt comprising of three taluks: Bellary, Hospet and Sandur constitutes the hub of industrial activity and has also rich untapped potential, the infrastructure base deserves to be strengthened on a top priority.
6. It is the market for the product acts as an indicator for the success of the business. A well organized market at the National and International level for the products of industrial units is a necessary condition for their growth and survival. The marketing facilities provided by the directorate general of supplies and disposal, small industries marketing corporation, district supply and marketing society, Khadi Bhandaras VISHWA and District Industries Centre are insufficient and inefficient to the objectives of small scale industrial units. A separate marketing agency should be established by the government for marketing of the products of mall scale industrial units. A marketing Board of small scale industrial products at the state level is preferable. This board should establish its branches at the district head quarters as well as at the important marketing centres in the district, thereby purchasing the products from the producers and selling them at the National Level. The state marketing board in Collaboration with trading corporation should create a global market for the products of small scale industrial units.

7. Since Bellary district is experiencing rapid industrialization, demand for power has been increasing day by day. An important source of energy that can be tapped in the district is solar energy. The district has sunny days throughout the year and that will provide opportunities for tapping solar energy on a big scale. The other possibility is to ask industries to establish captive power plants and generate power for their use. To provide adequate power, a thermal power plant is proposed to be set up at Kudathini, in Bellary Taluk.

The small scale industries must be exempted from power cuts by the government. There is need for installing additional transformers to improve power supply, in the district. The small scale
industrial units which are using Diesel Generators should be given exemption from sales tax by the state government.

8. Educational advancement is a basic requirement in the creation of entrepreneurial skill among the people. It is observed that the industries which are coming up now in Bellary district requires not only highly technical man power but also skilled and semi-skilled. So Bellary district needs few more polytechnic institutions, it is and Management Courses to train students keeping an eye on the nature of man power required by the industries as well as special programmes to train youth so that they could undertake self-employment ventures through developing ancillary industries.

9. Apart from providing the basic infrastructure such as power, transport and communications, it will be necessary for the government to provide other infrastructure particularly for the small and ancillary industries that might come up in due course. The government should acquire more land for industrial purpose in all the taluks of the district and develop it into small plots of varying sizes for allotment to small entrepreneurs on lease basis. This will lighten the burden of the industrialists.

10. There are industrial estate only at Bellary and Hospet at present. KSSIIDC may take up construction of industrial estates at Hadagali, Hagaribommanahalli, Kudligi, Sandur and Siruguppa to promote small scale industries in these places.

11. Functional Industrial Estates for Readymade Garments: A functional industrial estates may be established for readymade garments in Bellary. It is also suggested that a training centre for training workers engaged in the manufacture of readymade garments may be established. Bellary city may be developed as export growth centre for readymade garments.
12. The number of units in case of large and medium scale industries are comparatively less in relation to the availability of both agriculture and mineral resources. Therefore, there is a vast scope to tap the potential by setting up of large and medium scale industries and thereby generate vast employment opportunities. The State government should take initiative in establishing more industrial units in the study region.

13. Based on the existing resources and infrastructural facilities available in the district an intensive industrial action plan for the growth of small scale industrial units should be drafted and implemented rigorously by the state government. It is essential to identify the type of industries to be established, the finance, technical and marketing facilities required and to provide all the necessary requirements by the Government in order to accentuate the growth rate. Such a drastic measure alone enables to attain the basic objective of developing small scale industrial units.

14. The only development of tiny household industries confined to the local markets cannot serve the purpose of transformation of rural economy. Decentralization of the industrial units particularly agro based industries to the rural sector not only helps in generating employment opportunities but also checks the rural exodus to urban centres and results in the reduction of disparities in the distribution of income.

15. Though the employment opportunities generated by the development of small scale industrial units in the district is quite appreciable, it should not be ignored that the employment potential generated still lags behind. In order to utilize the excess population available and to solve the problem of unemployment and underemployment it is essential to suitably devise labour intensive methods in the process of
production of small scale industrial units. For that regular research in the
field of technology is essentially required. Any how, in view of massive
industrialization that is taking place in the study region, there is ample
scope to generate employment opportunities by small scale industrial
sector.

16. The industrial units in the study region are being confronted with host
of problems, should be solved by the government. Added to this, the
increased momentum of industrial activity is already exerting its
pressures on the existing institutional arrangements and weak
infrastructure network of the district and also on housing, municipal
services and so on. In order to address these emerging problems
effectively, a well co-ordinated and integrated plan is imperative and
urgent. This sort of comprehensive development plan is to be
prepared by the government, DIC, BUDA and it should be effectively
implemented in such a manner that the future development scenario
will be quite bright and reassuring.

17. The state and the district policies and plans in general have been
friendly to the entrepreneurs in view of New Economic Policy. The
required arrangements and facilities have to be provided by the
government for the small scale industrial units to be set up in the
region based on available resources. It is suggested that, an early
action should be taken by the government of Karnataka for
establishing twelve large and medium scale industries which have got
clearance by the High Level Committee for they hold the key to rapid
development besides catering to the employment needs of the people
of the district of Bellary.

It is established on the basis of district industrial profile, that the
district of Bellary is not endowed with a fair degree of infrastructural
facilities required for rapid industrial development. Although there is an
airport but planes arrival and departure is not a regular phenomena; it is erratic in its functioning and thus discouraging industrialists from foreign countries to frequent upon this place to explore and establish heavy and basic industries based on locally available rich minerals – iron and manganese. The surfaced roads are in bad condition causing inconvenience for the smooth transport of industrial goods. The local mineral resources have attracted the attention of mega industrialists to set up large scale industries such as Jindal Vijayanagar Steel Limited and another eleven large scale industries have got clearance from the High level Committee set up by the Government of Karnataka. This clearly indicates the trend for the development of large scale industries in the district.

It is heartening to note that in all the industrial establishments an adequate percentage of local man power resources – both skilled and semi-skilled labourers - have been engaged in the production activity on full time basis to promote the development in the study region. Since industrial development has been catering to the employment needs of the district, the rapid industrialization, if embarked, go a long way in reducing the intensity of poverty in a backward and drought prone district of Bellary in Karnataka. It is, therefore, concluded that industrialization undoubtedly improves socio-economic status of people in backward areas by way of putting the existing resources – both, physical and human – to the maximum use.