The importance of industrial development cannot be over emphasised in the context of the developing countries, for the people in the developing countries hoped to find the solution to their problems of over population, under nutrition, under employment and disguised unemployment, low-percapita income, poverty and to their newly realised backwardness.

The present international environment is highly advantageous for any country to achieve rapid industrial development. It is because of the fact that required capital, machines, equipment, and technology from the developed countries can be obtained easily for the industrial development of countries like India than it used to be in the 1960's and 1970's.

The less industrialised countries now have the great advantage to find investment capital to finance their economic development. Capital can be obtained for industrial ventures from several international financial institutions, foreign private nationals, National and State agencies/institutions that are specially designed to promote industrial development through a package of financial assistance for, both, to short and long term durations.

Human resources are being developed in less industrialised countries to meet the needs of industrial growth. With better learning facilities more of country's people, receive basic education that is helpful for business and industry. Advanced study abroad, both in universities and in industry enables, the large number of
talented students to gain professional qualifications which they need to step into higher technical and managerial positions in their own countries. In fact, to-day, India stands in the tenth rank in the world, with regard to the possession of technically qualified and skilled persons.

New Industrial Policy announced on 24th July, 1991, has reiterated the importance of the Small Scale Sector. As a sequel to that, Government had announced 'Policy measures for promoting and strengthening Small, Tiny and Village Enterprises, on 6th August, 1991, to provide further impetus and growth to the Small Sector. As per this policy, the primary objective of the small scale industrial policy during the nineties would be to impart more vitality and growth impetus to the sector to enable it to contribute its mite fully to the economy particularly in terms of growth of output, employment and exports.

There has been a tremendous growth of small scale industries, especially, with the start of 1970's in India. The importance of small scale industries, in the Indian economy lies in the fact that they account for about half of the gross value of output of manufacturing sector, over one-third of our export earnings have provided and for about 80 per cent of employment in the manufacturing sector.

But it is a disheartening feature to note that outlays made under plans for village and small scale industries were not commensurated with the importance of these industries which they deserve in the Indian situation. In fact, it was only in the Second Plan
that the plan outlay for this sector was 4 per cent; but in the rest of the plans it fluctuated between 1.5 to 2.8%.

The number of SSI units in India during the year 1973-74 was 4.36 lakh, which provided employment to nearly 40.0 lakh persons. The picture obtained over a period of two decades is highly impressive. The number of SSI units for the year 1993-94 recorded was 23.84 lakh, which provided direct job opportunities to nearly 140.0 lakh persons.

Modern industry in Karnataka goes back to 1889, when the princely State of Mysore adopted as a conscious strategy, the concept of State ownership of industry. The early pioneering achievements of the state in the industrial development owe much to singular efforts and vision of Sir M. Viswesvariah, the brilliant engineer administrator. He was aware that rapid industrialisation particularly of the core sector — Iron and steel, paper, electrical goods, fertilizers and chemicals had to begin with State initiative, as the private sector was unlikely to make high investments. These industries required active state encouragement which led to the building of the first power plant at Sivasamudram in 1902. As a result of these efforts Karnataka was among the industrially advanced states in India occupying fourth place in Industrial Development in the 1950's. The number of SSI units for the year 1973-74 was 10,355, provided employment to 1,35,833 persons. And for the year 1993-94 the total number of SSI units recorded was 1,37,337, which provided employment to 9,33,000 persons.
The state of Karnataka, which inherited peace and stability in the State administration from the benevolent kings of Mysore, continues to provide the same atmosphere even during the post-independence period. The state offers congenial industrial atmosphere. Many a factors have been working to the State's advantage. The salubrious climate, abundant mineral resources, wide and varied agri-horticultural resources, relatively docile labour available at comparatively cheaper wages, host of technical and professional institutions and a vibrant small scale sector have always influenced the decisions of potential investors. Presently, Bangalore city is described as "Silicon valley of India", because of phenomenal growth of electronic and computer software industry. Bangalore stands in the first place in respect of manufacture and marketing of computer requirements in India.

The congenial industrial atmosphere of Bangalore has been attracting industrialists from all parts of the country to establish their industrial units in and around Bangalore city. As such, Bangalore urban and rural put together had accounted for nearly 35 per cent of the total number of the SSI units in Karnataka during the year 1983-84. The change in the trend was observed and the percentage of SSI units in and around Bangalore had come down to 23 per cent during the year 1992-93. This is due to the fact that the attractive incentive schemes of the State Government, had promoted rather fast growth of SSI units in the hitherto backward areas of the State.
However, one never fails to make out the fact that the SSI units have been concentrated only in six districts - Bangalore (Rural and Urban), Dakshina Kannada, Dharwad, Mysore and Shimoga. These six districts had accounted for nearly 63 per cent of the total number of SSI units during the year 1983-84. This percentage had come down to 52.2 per cent by March, 1993, implying the fact that the pace of industrialisation in other backward districts had picked up, largely, due to the institutional support provided by the DICs of the districts concerned in the State.

For a long time agriculture dominated the economy of the Tumkur district. There were not many worth mentioning industries in the district up and till 1978. The industrial development started picking up its momentum with the establishment of the office of the District Industries Centre (DIC) at Tumkur in 1978 and later on in 1980 when a branch of it was established in the Madhugiri Revenue Sub-Division, stationed at Madhugiri. The sole purpose of the establishment of DIC was to provide all industrial infrastructure under one roof for the rapid development of Village and Small Scale Industries in the rural areas and in small towns. The efforts made by the DIC both at Tumkur and Madhugiri have resulted in the significant industrial development of a few packets of the district. By the end of March, 1984, the total number of SSI units registered was 1,840, which provided employment to 19,724 persons, and the number of SSI units rose to 8,169, which provided jobs to 51,766 persons during 1992-93. As a result, the district occupied sixth rank in the State in respect of the number of SSI units during the year 1992-93. This clearly shows from the foregone
discussion that the SSI sector has been meeting the employment needs of the people who live, largely, in rural and small towns of India.

The Madhugiri Revenue Sub-Division has been selected for the detailed study. According to Tumkur district Gezetteer of 1969, area-wise Madhugiri Revenue Sub-Division is the largest one, occupying 44 per cent of the total area and with 38% of the total population of Tumkur district. The entire Sub-Division is largely, a hilly area, barring a plain track of land in Sira taluk. There is no railway-line passing through the Sub-Division. There is neither a large scale nor a medium scale industry in the Sub-Division. The Sub-Division consists of four taluks, viz., Koratagere, Madhugiri, Pavagada and Sira. There are significant variations among those four taluks.

The density of population in both, Madhugiri and Koratagere is more than 300 persons per square kilometer, while it is just above 200 in the case of Pavagada and Sira.

Both Sira and Pavagada taluks have poor irrigational facilities with wells as the only chief source of irrigation. But irrigational facilities are better in Madhugiri and Koratagere taluks with rivers, streams, springs, tanks and open wells as the sources of water for irrigation.

There was no industrial activity till the later half of the 1980's in the Madhugiri Revenue Sub-Division. There were a few rice mills, flour mills and only four small scale saw-mills in the taluk head-quarters, with a fair sprinkling of cotton and woollen handlooms.
As per the records of the DIC, Madhugiri Revenue Sub-Division, by March 1991, there were 2686 SSI units, started with Rs. 3197.73 lakh of investment in plant and equipment which provided employment on full-time basis to 15211 persons. That means, on an average, each unit was established with an investment of Rs. 1.19 lakh and the amount of capital invested per worker was Rs. 20985 for the Sub-Division as a whole. The Forest-based, agro-based, textile-based, service rendering units and miscellaneous category of units put together have accounted for more than 60 per cent of the total number of the SSI units in the Sub-Division, it is more than 75 per cent in the case of Madhugiri and Pavagada; 64 per cent in the Koratagere taluk and 61 per cent in the Sira taluk.

In order to study the socio-economic background of SSI entrepreneurs, to know the problems they face in manufacturing and marketing their goods, and to evaluate the role played by DIC, Madhugiri, in industrialising the Madhugiri Revenue Sub-Division, 200 sample entrepreneurs were consulted, at the rate of 50 samples from each taluk. A pre-tested schedule was canvassed to elicit their views. The data collected from the field survey has been tabulated and analysed. The survey results are presented, in brief, here under:

(1) SOCIO-ECONOMIC CONDITIONS OF SAMPLE ENTREPRENEURS

Socio-economic conditions of the 200 sampled entrepreneurs reveal that 'joint-family' system is widely prevalent in the
Madhugiri Revenue Sub-Division. As such, the average size of the family household is in the range of 6 to 8 persons. There are nearly 94 females for every 100 males. The total population of the sampled entrepreneurs is 1365 composing of 25 per cent of them below 14 years; 68 per cent in the age group of 15 to 59 years and 7 per cent above 60 years.

The survey reveals that 38 per cent of the sampled entrepreneurs fall in the age group of 25 to 40 years; 45 per cent in 40 to 55 years; and it is only 17 per cent of them found to be above 55 years.

Classification of the entrepreneurs, on the basis of community shows that nearly 80 per cent of the sampled entrepreneurs belonged to the forward communities, such as, Brahmins, Lingayaths, Vakkaligas and Vysyas; 18 per cent belonged to the backward communities viz., Weavers, Kammias and Kurubas; and the share of SC and ST entrepreneurs put together is 2 per cent. It can be conclusively stated that the forward community entrepreneurs have dominated the industrial sector in the Sub-Division in the district.

The entrepreneurs who belonged to SCs and STs, largely, work in the village tanneries and have been engaged themselves in the manufacturing of leather sandals which they sell in their local markets. Educational qualifications of the entrepreneurs in the Sub-Division reveals that 58 per cent of the selected entrepreneurs received education upto the secondary level; 18 per cent primary level of education; 11 per cent college education and only 9 per cent technical education. The fact is that more than 90%
of the sampled entrepreneurs have started SSI units without any formal technical education.

The field survey results clearly indicate that most of the SSI units are being assisted by their family labour on full time basis. Male work force is dominant in the Sub-Division. However in Madhugiri town, six female workers have participated as workers in the SSI units on full-time job and nowhere else it is found in the Sub-Division.

It is significant to note that women entrepreneurs are conspicuous by their absence in the Sub-Division. It is disheartening to note that sampled entrepreneurs live in pucca houses and a few of them, especially, silk and cotton handloom weavers live in huts. The average value of the house property is in the range of Rs. 1.17 to Rs. 2.78 lakh in the Sub-Division. The landed property of the entrepreneurs is in the range of Rs. 0.35 to Rs. 1.72 lakh. While the other movable assets per household is in the range of Rs. 0.71 to Rs. 4.00 lakh.

Since 80 per cent of the sampled units are started by the entrepreneurs belonged to the forward communities, who are propertied class people and they could mobilise the needed funds for their industrial ventures. They found it convenient to raise loans either with relatives or friends instead of with the banks and other institutions, for they reported that the procedure for getting loans was a very combersome, demanding too many documents and a guarantor. Only one SSI unit owner in Koratagere taluk could avail himself of the Institutional Financial assistance under Rural Artisan Programme which was in vogue prior to 1978. However,
56 out of 200 sampled entrepreneurs (28%) have been partly assisted by the financial institutions in the Madhugiri Revenue Sub-Division. But the assistance they received was too meagre.

(ii) IMPACT OF DIC AT MADHUGIRI IN INDUSTRIALISING THE SUB-DIVISION

The DIC at Madhugiri on behalf of the entrepreneurs had liaisoned with the banks, municipal offices and electricity department in arranging financial assistance, clearance certificate and recommending for the supply of power to the SSI units at subsidised rates, respectively. As many as 82 entrepreneurs, accounting for 41 per cent of the sampled entrepreneurs are of the opinion that the DIC has been playing a useful role in promoting industrial activity and in the spread of industrial culture in the sub-division. The role of DIC is reported to be impressive only in respect of registration of SSI units and granting of licenses for the establishment of new industrial units in the Sub-Division.

12.5 per cent of the sampled entrepreneurs are of the opinion that the DIC did its best in exposing them to learn new methods of production and thus, helped them in increasing the productive efficiency of their units.

Nearly 33 per cent of the sampled entrepreneurs who are spread in all the four taluks of the Sub-Division reported to have expressed that they have 'no idea' whatsoever about the DIC either at Tumkur or at Madhugiri leave alone, benefitting by it.

It is rather disheartening to record that the DIC at Madhugiri never undertook the task of supplying scarce industrial inputs, marketing of industrial goods and in arranging the much
needed machinery on hire purchase to the sampled entrepreneurs. And DIC did nothing to check industrial sickness in the Revenue Sub-Division.

However, a very recently, the DIC undertook the project to train the rural youth in self-employment ventures in the sub-division. On the basis of the survey findings one may conclude that there exists a significant gulf between the objectives of DIC and its actual performance. In fact there is a lot more that the DIC is expected to achieve than what was actually accomplished, by the end of March, 1993.

PROBLEMS FACED BY SSI UNITS IN TUMKUR DISTRICT

The industries in Tumkur district are facing a host of problems in the regular running of the units. The main problems that are being faced by the SSI entrepreneurs are largely confined to entrepreneurship, finance, raw-material, power, capacity under utilisation, competition, marketing, skilled labour, obsolescence, transport and water.

INDUSTRIAL POTENTIAL IN TUMKUR DISTRICT

The district offers a lot of industrial potential. The same view is being corroborated with the opinions expressed by the officially designated teams like techno-economic survey, research and investigation wing of DIC, Tumkur. The personal discussions with the persons who have ideas about the development of the district also echoes the view that the district has enough of
potential resources, both human and physical, for its rapid development. The study reveals that, on the basis of the existing known estimation of available resources, as many as 475 candidate industries can be set up in the small scale sector. Of these 105 are resource based, 329 demand based, (under which electronic product units alone are estimated at 150), 21 house-hold industries and 20 service-based industries. In addition, 25 large and medium scale industries can also be grounded in the district.

It is sincerely believed that the district is endowed with a variety of industrial inputs. To assess the quantum of the availability of these resources a fresh survey by the expert geologists and scientists has to be conducted to accomplish this task. The experience of the developed countries reveals the fact that the exploration and utilisation of new resources paves a way for the fast development of a region/ district.

A fair degree of infrastructural facilities are available in the district. Industrial estates and industrial sheds are made available for entrepreneurs in five taluks of the district. Since Tumkur is well connected by train to both Bangalore and Bombay, transport of goods manufactured by SSI units may not pose any problem.

A plenty of man power which is available at reasonable prices has remained untapped in the district. The same can be trained on the required lines and can be profitably utilised in the industries.
Foot-loose industries, the industries which can be started regardless of resources base, have a lot of potential for their development in the district. It is because of the fact that the land and labour are available at relatively cheaper prices in the district.

CONCLUSIONS

The following are the conclusions of the study for industrial development of Tumkur district:

(1) ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDPs)

There is a lack of entrepreneurial activity among the people in the district. It is, therefore, suggested that entrepreneurship development programmes may be conducted to promote entrepreneurial abilities among the people of the district. Such programmes may be periodically arranged in all the taluk headquarters by the DIC.

(2) SEMINARS

The department of industries may conduct seminars and symposia not only to find solutions to the industrial problems but also to explore new industrial potentials in the district.

(3) INDUSTRIAL EXHIBITIONS

Industrial Exhibitions-cum-sales of industrial products may be organised at the various taluk head-quarters of the district. The exhibition would inculcate industrial spirit and culture in the society.
(4) SHOW ROOMS

To promote and develop SSI units exclusive show-rooms may be opened by DIC/KSSIMC in Tumkur Town and at taluk headquarters of the district. The show-rooms act as active liaisons between SSI unit entrepreneurs and consumers.

(5) STUDY TOURS

The Study tours may be organised for the industrialists and prospective entrepreneurs in the industrial areas/towns in and outside the district, to provide them awareness in the establishment of industries and to study the problems not only in the establishment of the units but also in the running of the industries.

(6) ASSISTANCE FROM THE SMALL SCALE INDUSTRIES SERVICE INSTITUTE (SISI)

Assistance from SISI may be obtained to provide training to prospective entrepreneurs to manufacture consumer chemical products, glass and ceramic products and leather products.

(7) CONSTRUCTION OF INDUSTRIAL ESTATES

Industrial estates are constructed in Tumkur, Tiptur, Sira, and in Kunigal taluks. There is a need for constructing similar industrial estates in other taluk head-quarters viz., Gubbi, Koratagere, Madhugiri, Pavagada and Turuvekere, where there are no industrial estates at present. It is reported that there is also a need for construction of more number of sheds in the existing industrial estates.

* Karnataka Small Scale Industries Marketing Committee.
(8) INDUSTRIAL AREAS

Tiptur town has got good potential for industrial development. Tiptur taluk is an important coconut growing area in the district. It is suggested that a coconut complex may be set up in Tiptur town. In this complex various coconut based industries like coconut oil, coconut shell powder, desiccated coconut, coir ropes, mats, bottling of coconut water units may be set up under one roof in the complex.

(9) WATER

Water to industries in industrial areas in the district is being supplied through bore wells. The present supply of water to industries is inadequate. It is suggested that water from Hemavathi river may be made available to industries in Tumkur and Tiptur.

(10) POWER

The Government had announced that new industries would be exempted from power cuts; but it has not been implemented. Owing to scarcity of power, there are frequent interruptions in power supply affecting the prospects of industries. There is a need for installing additional transformers to improve power supply in the district. The SSI units using Diesel Generator sets are to be exempted from sales tax which the State Government had announced but even this has also not been implemented.

(11) HARASSMENT

The SSI unit entrepreneurs are being harassed at the check-posts. Despite trucks with materials being transported the goods of SSIs having valid Invoice, delivery challan, Form-39, still
they are being seized by the officials of the department of Sales tax, Mines and Geology, Food and Civil Supplies, simply because the officials do not accept the value mentioned in the invoice. This needs to be dispensed with soon to help the SSI unit entrepreneurs.

(12) LAND CONVERSION

The SSI unit owners plead that the local single window agency should be given blanket powers to accord permission to use agricultural land for non-agricultural purposes, without seeking the government's approval for areas that are not in the industrial zone.

(13) ROADS

National highway No. 4 of Bangalore to Bombay passes through Tumkur town. There is a very heavy traffic on this road. The express way which has now been laid up to Nelamangala from Bangalore should be extended up to Tumkur to quicken the speedy movement of goods.

(14) SETTING UP OF TOOL ROOM AND TRAINING CENTRE

There is a need for setting up of a branch of Government Tool Rooms in Tumkur and Madhugiri to provide tool room facilities to industries and also to train the workers to acquire skills.

(15) SETTING UP OF AN INDUSTRIAL TOWN

Efforts should be made to develop the proposed industrial town near Tumkur. This would help in decentralising industrial development away from Bangalore city.

(16) SETTING UP OF OTHER INDUSTRIAL COMPLEXES

To bring about rapid industrialisation of the district, the industrial complexes for the manufacture of silk garments, hosiery products, granite cutting and polishing, industrial sewing
machine, electrical fans and electronic products which have export prospects may be established in the district.

(17) SIMPLIFICATION OF PROCEDURE IN THE BANKING SECTOR

Many a SSI unit entrepreneurs reported that the existing bank procedure to get loans is too combursome and is a time consuming process besides demanding too many documents and collateral guarantor. The banks may be suitably advised to extend timely assistance to SSI unit entrepreneurs by simplifying the procedure. Th Field officers of the concerned banks may be asked to monitor the economic viability of the units to which banks extended their financial assistance. And, thus, the banks may continuously extend the needed financial assistance for the growth and development of SSI sector in the district.

(18) KARNATAKA STATE FINANCE CORPORATION (KSFC)

A branch office of KSFC may be established at Madhugiri town to provide financial assistance to the development of industries in the Sub-Division.

The analysis presented in the study makes it clear that the district offers potentials for its fast industrial development; and to accomplish this, a combined effort is to be made by the Government through gearing up of its machinery to provide power and other modern infrastructural facilities and the commitment on the part of the entrepreneurs backed by public patronage.