CHAPTER I

INTRODUCTION AND METHODOLOGY
INTRODUCTION

The problem of unemployment has assumed serious dimensions and threatens to become larger and more acute in the coming years. Provision for gainful employment to the idle population is essential for the removal of poverty. From the development point of view, it helps to raise the productivity and serves as a vehicle for redistribution of National Income. The various plans lacked well co-ordinated programmes in respect of securing employment opportunities to the rural masses.

A decentralised pattern of industrial development, while reducing local or regional unemployment and rural under-employment proves to be instrumental in distributing income and economic power more equally among the people and evenly among regions, thereby contributing to the emergence of an economically sound, politically stable and regionally balanced democratic society. Further, employment to a large number of people, the most essential need of the hour in India as more than 70% of the total population are dependent on agriculture which is subject to the vagaries of nature in most of the cases - can be provided through dispersal of industries. In addition, many countries aspire to a decentralised industrial

structure in which ownership and economic power will be distributed widely. In India this goal has become a corner stone of economic policy. This dispersal is found easier if the units are of small scale.

With a population growth rate of 2.11% per annum the population of India will be above 100 crores by 2000 A.D. and over 30% of it will be below the poverty line. Thus during the years to come, Indian Economy is likely to face the problem of unemployment of a very high magnitude. A major crisis will be in rural area. Today 60% of the working population consists of either agriculturists or agricultural labourers. There is unemployment for 4 to 6 months in a year in this sector for want of irrigation facilities, unfavourable weather and the lack of systematic farming. For this population, adequate employment opportunities will have to be explored. Rural industrialisation based on small and cottage industries has not only to play a significant role in this regard, but has also to do a great deal to transform the rural infrastructure.

"Thus, Rural Industrialisation is the key for India's economic development." "In this productive employment generating area, village and small industries are an important means of Rural industrialisation."

Underemployment, unemployment and poverty are the usual features of the developing economies. A large part of labour force in the agriculture sector is unemployed but in disguise. The


problem of unemployment is further accentuated by the increasing pressure of population in the developing countries. In such cases according to Mountjoy "Industrialisation to provide work for growing population is the only solution."\(^5\) In a densely populated country like India, where over 70% of the population has remained in agricultural sector, industrial progress can provide an alternative source of employment. This is the hypothesis often advanced in support of rapid industrialisation.\(^5\)

The 8th directional document in its section on employment made an important statement: "The pattern of Industrialisation and choice of techniques where possible without sacrificing productivity, have to be such as to increase the possibility of labour absorption in manufacturers and other sectors."\(^6\) Further, it states that "in the long run agriculture and other land based system activities even with reasonably and high rate and possible diversification of growth will not be able to provide employment to all the workers at adequate basic income." Infact, technological changes in agriculture are leading to decline in employment growth and conversion of the agriculturally underemployed into the openly unemployed.

The World Bank too supports this position in its forthnight statement: "growth in industrial employment has to be a key priority for future poverty reduction in India, as agricultural growth

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5. Ibid.
will be insufficient to absorb all potential entrants into the rural labour market."

In underdeveloped countries because of scarcity of capital and abundance of labour and guided by present rather than future, labour-intensive techniques of production are recommended for employment generation. In respect of production of automobiles, steel, power, aluminium and chemicals, large scale factories with capital intensive techniques have become inevitable because of forward and backward linkages between large and small scale units. They are considered to be complementary rather than competitive and they are ought to be promoted under the regime of planning.

Modern small scale industry differs from large scale industry mainly in the size of the plant and operation. In its technology, it is on par with or closely approximates the modern large scale industry. In fact, a whole class of small scale industry, can exist to serve the needs of the related large scale industry. Therefore, employment potential of small scale modern industry per unit of output is not much different from the one in the large scale counter part of the same industry. From the point of view of employment the principal differentiating feature of small scale modern industry is that it offers much greater scope for what may be called self-employment as distinct from wage employment. Emphasising this employment argument Karve Committee 1955, stated: "The principle of self-employment is at least as important to a successful democracy

as that of self government". The argument is based on the assumption that small enterprises are labour intensive and thus create more employment per unit of capital employed. In small scale modern industry, a considerable part of total employment can be self employment. From the point of view of industrial structure, location and organisation, the small scale modern industry is the possibility of its dispersal in many locations and thus creating a decentralised but modern industrial structure. On both these accounts, it has much to command.

Even in a highly industrialised countries like U.S.A., U.K., Germany and Japan cottage and small scale industries do occupy a very important place. So there is no reason why India will not be able to develop the cottage and small scale industries.

The U.P. cottage industry sub-committee observed in 1947 that the only way to fight the monster of unemployment was the development of cottage and small scale industries.

The small industries sector has been recognised as an effective instrument for attaining the objectives of additional productive employment in rural and backward areas, and increased production of items of mass consumption.

Policies and programmes of small industries development have been given a positive emphasis in the context of wide spread unemployment in the country.

IMPORTANCE OF INDUSTRIAL DEVELOPMENT

The history of the developed countries reveals the fact that industrialisation is a dynamic force which leads to economic advancement by efficient utilisation of both, human and material resources. The importance given to industrialisation in economic growth is indicated in the following passage: "Industrial development of the underdeveloped countries has become one of the great world crusade of our times. It is a campaign in which the advanced countries compete with each other to meet the rising claims of the non-industrialised countries for help in becoming industrialised. It is an effort in which the underdeveloped countries place a major hope of finding solution to their problems of population, poverty, unemployment, insecurity, adverse balance of payments and ending their newly realised backwardness in the modern world. The beliefs of the underdeveloped countries were expressed by Nehru when he said, "Rural progress must ultimately depend on industrialisation." Throughout the world, industrialisation has indeed become a magic word of the mid twentieth century."

There is positive relationship between industrialisation and economic development. Chennery Taylor found the existence of statistically significant relationship between per capita income and the degree of industrialisation. A consensus has arisen among

development theorists and planners that in most countries economic development is viewed primarily in terms of industrialisation.\textsuperscript{11}

Massive mechanised production techniques have made a few people affluent and throw out the masses into a state of unemployment, misery and poverty. A major change in thinking is required to reverse this trend. It is worth recalling here the significant observation made by the father of the Nation, Mahatma Gandhi, that the need of the hour is not mass production but production by masses. It is important to see that industrialisation does not uproot people from the traditional trades and employment while, at the same time, unwittingly increasing their aspirations for comfortable life. Employment generation along with removal of human drudgery should be the watchword of industrialisation. There can be no two opinions on employment being a crucial factor in meeting the basic needs of mankind.\textsuperscript{12} There can be no two opinions on employment being a crucial factor in meeting the basic needs of mankind.

\textbf{WHERE TO LAY EMPHASIS ON INDUSTRIALISATION}

It is not enough if all the emphasis is laid on industrialisation for the sake of industrialisation or for improving the GNP alone. The twin features of lack of capital for investment and abundance of manpower are the characteristic features of a developing country like India, labour-intensive, low-capital industries are the obvious choice


\textsuperscript{12}S.Ramakrishna, "National Paper on a Typical Developing Country ASHA," Indian Institute of Science, Bangalore, p. 54.
in this situation. There is also another requirement in a large country like India and this is adequate dispersal of industries. Emphasis should therefore, be in order of priority, on cottage industries, small scale industries, medium scale industries and lastly, heavy industries. The cottage and small scale sector should necessarily ensure quality control at every stage for their growth, development and sustained continuance.

The experiences of handloom and khadi industries and of radio and transistor industries in India are worth emulating by developing countries. The approach has been to make components of a product at several places and assemble them at a central place. This ensures the dispersal of industries and enhance employment potential.

The case for small scale industries has been analysed by many economists. In a developed country, industrial technology is, in practice, selected on the basis of economic rationality, the main objective being the maximisation of private profit. The choice of industrial technology for developing countries, particularly, in terms of capital and labour, needs thorough scrutiny by scientists and technologists on the one hand, and economists and policy makers on the other. A small scale industry does not mean primitive or traditional means of production and distribution only. On the contrary, it is expected to use the results of modern science and technology in its production process and apply reasonably up-to-date ideas of organisation, quality control and management in its business operations.
In view of the foregoing considerations, the promotion of small scale industry has become an important feature of planning in India. Several committees and investigations, official as well as non-officials have gone into the issues faced by small scale industries. There are host of problems confronting this sector in different parts of the country. The present study is an attempt to explore the potentialities for the growth and development of small scale industries in Tumkur district of Karnataka. Besides, it is also attempted to assess the role played by the District Industries Centre (DIC), Madhugiri, in industrialising the Madhugiri Revenue Sub-Division of Tumkur District.

STATEMENT OF THE PROBLEM

Tumkur is one of the backward and drought-prone districts of Karnataka State. There is an excessive dependence of rural people on agriculture resulting in low percapita income which did not allow the farming community to improve their standard of living conditions. Economic development of this district lies in withdrawing of the excess manpower engaged in the agricultural sector. The man power that is so withdrawn should necessarily be gainfully employed either in the industrial or in the territory sectors. Ever since the country got independence, the Governments - Central and State - have been unfailingly - emphasizing the need for development of village and cottage industries so as to curb rural exodus to urban centres and improve their economic conditions in their own places by way of creating gainful employment opportunities in the village and small scale industries. It is, therefore, attempted in the study to assess the industrial potentialities available in Tumkur District for its rapid industrialisation.
Here, it may be mentioned that the industrial development of Tumkur district is to be necessarily understood in terms of the growth and development of small scale industrial units. The number of the SSI units in the district by the end of March 1993 was 8169, established with an investment of Rs. 9023.82 lakh provided employment to 51,766 workers. As against this, the number of large and medium scale industries during the year referred above was 20, with a capital investment of Rs. 21552.72 lakh and provided employment to 5383 workers. The large and medium scale industries have been located in and around Tumkur town and no whereelse in the district; whereas SSI units have been found functioning in every nook and corner of the district, of which the Madhugiri Revenue Sub-Division is a part.

The Madhugiri Revenue Sub-Division is a Revenue administrative unit in Tumkur district, formed by the combination of four taluks viz., Madhugiri, Koratagere, Pavagada and Sira. It is the largest of all the three Revenue Sub-Divisions of the district and has the dubious distinction of being the most backward and highly a drought prone region of Tumkur district.

The conditions prevailing in the Sub-Division could not provide adequate work to rural people all through the year. Therefore, the rural people are forced to migrate to urban areas in search of gainful employment in the event of either crop failure or during summer. The Madhugiri Sub-Division is not connected with a Railway line. This hindered the establishment of large and medium scale industries in the sub-division. Therefore, the Madhugiri Revenue Sub-Division has to depend mainly on the Development of SSIs for providing employment to the people.
REVIEW OF LITERATURE

Not many studies have been conducted on the industrial development of backward areas in India, and so far there are no specific studies on the backward district of Tumkur in general and the Madhugiri Revenue Sub-Division in particular. With the growing complexity of the problems of industrialisation and attendant challenge to determine the right role of small industries, research becomes complicated than it looks at the beginning. However, every effort has been made in the study to familiar with and aware of the work done in the related areas to get the right comprehension of the issues and of a few noteworthy studies conducted in the field of Small Scale Industrial Units in India is presented in the following paragraphs.

The economic research for small industries development is one of the earliest studies in this area. The study included technical advice, consultation for improved methods of production, economic guidance and information to help the small industries, marketing, management, training, financial assistance and industrial estates, etc. This study is on integrated development of small industries to help planners, administrators, technical personnel, and prospective beneficiaries of small industries. The study while advocating small industrial development, does not totally rule out large scale industry. The bias has always been for helping small units and through adoption of modern techniques and management techniques. The emphasis was on determining the role for small industry encouraging efficient performance to provide good services and create better opportunity for employment. Philosophy was to create combination of optimum unit size for each type of products
having in view, the finance, technology and marketing requirements, size and geographical distribution of markets, resources and capital costs. The value of the study lies in its incorporation of the need for right type of economic research into small industries development programme and suggest some additional areas for research.

Gunnar Myrdal (1968) very competently discusses the conflict between the traditional and modern ideology, problems of labour, its utilisation cost for small industry and rationale for supporting small industry.

The developing countries have been under the capitalist system influenced largely by the ideology of the usefulness of large units, a source of imbalance in the economy. The economic and social disparities, economic exploitation, sectorisation, regional imbalances, intersectoral differences and conflicts are accepted as realities without much hope for redressal. The need for achieving a balanced economic growth, rural urban balance, regional development policies, modern industrial complexity and large enterprises, industrial pattern and prospects are extensively discussed by D.P. Jain (1974).

The notable feature since the First Plan in the country is the determination of priorities in favour of small industries and allocation of substantial capital outlay on small industries. This was further reiterated through the establishment of a number of corporations and boards to aid and supervise the development of SSIs. D.G. Karve Committee (1955) discussed the place of village and small industries in the first plan, delineated the basic issues, principles

and policies of decentralisation, concepts, licensing and sources and channels of finances. It also outlined the development programme for various small units with a notable exception of small engineering industries. The value of the report lies in its scheme of allocation of resources and systems of employment prior to this.\textsuperscript{16}

The Government of India recognised the need for the dispersal and decentralisation of industries and securing a balanced and co-ordinated development of agricultural and industrial economy in each region in the Industrial Policy Resolution of 1956. The resolution states "That the Government of India would stress the role of cottage, village and small scale industries in the development of the national economy .... the aim of the State policy will be to ensure that the decentralised sector acquires sufficient vitality to be self supporting and development is integrated with that of large scale industry." The Karve Committee (1955-56) stressed the principle of decentralisation in industrial development and recommended that 'the pattern of industrial activity that should gradually emerge is that of a group of villages having its natural industrial and urban centres. These small urban centres will be related to big ones. Thus a pyramid of industry based on a progressive rural economy will be built up.' Further "whatever the villagers can undertake by way of improved industry in their own village should be organised on a village basis." subject to physical factors. It was to implement this policy that the programme of rural industrialisation was undertaken intensively from the commencement of the Second Five Year Plan.

The series of five year plans presented differing orders of priorities according to the prevailing economic conditions. Under the first plan there was a concern for the decentralised development and for the introduction of improved technologies. The second plan initiated acceleration in the development process with provision for infrastructure, inputs and extension services. Indicative targets were laid down to provide an integrated development and to generate employment. Due to shortfalls of the previous plan greater attention was given to productivity and positive assistance to improve the performance of small enterprises in the third plan. The delayed fourth plan turned again to improvements in technology and to achieve a wider dispersal of industry through a substantial increase in the number of small enterprises. The balance of payments position in the late 1960's brought the problem of import substitution to the forefront even at the level of small enterprises. The early product orientation in this sector had been to urban consumer markets and to large industry. But by the time of fifth plan the swing towards agricultural and rural development caused greater priority to be given to the needs of rural communities. The sixth plan followed suit in generating increasing opportunities for employment specially in rural areas and decentralised sector, to meet the basic needs of the people, to create conditions for an accelerated growth in investments, output and exports and to strengthen the infrastructure for both agriculture and industry. The results of the policy of small industry over the plans can be gauged from the increase in number of registered small units from 300,12 thousand in 1973-74, to nearly 800 thousand in 1979-80, production increasing from Rs. 7,200 crores to Rs.19,060 crores and the employment provided increasing from 3,900.65
thousand persons to 6,400.6 thousand persons. The exports also increased from Rs. 538 crores to Rs. 1,050 crores during the same period. Village and small industries taken together account for about 49 per cent of the total industrial production in the organised sector.

The failure of dispersal policy during the second plan (1956-61) led to increasing emphasis on infrastructure, subsidies and other concessional incentives. It inevitably led to a policy of protection of small industries from large units through freezing of capacity and reservation of items of production exclusively in the small sector.\textsuperscript{17} Inspite of all this, industries got concentrated in a few metropolitan centres and there appeared lack of state support and willingness to enforce measures to encourage such industrial dispersal.\textsuperscript{18} Incidentally this failure provided an opportunity for the protagonists of khadi, village and artisan units to push the policy support to their favour. During the same time the "Karve Committee" was set up to examine the policy and programme for development of village and small industries. Dominated by the protagonists of small community production in the form of village crafts, the Karve Committee did not see any reason to suggest positive measures for decentralisation of modern small industry. According to the working group on the programme of work for the third plan (1961-66), the lack of positive support for modern decentralised sector was largely due to the subjective bias of the Karve Committee. Thus the


\textsuperscript{18.} Estimate Committee, 107th report, Small Scale Industries, Rural Industrialisation, New Delhi, 1966.

\textsuperscript{19.} Government of India, Ministry of Commerce and Industry, Report, of the Working group on programme of work for the third five year plan, (Small Scale Industries), New Delhi, 1959.
working group has suggested industrial estates as a tool for regional dispersal of industrial capital, which has in fact created the basic modern industrial structure for the country now. The 'rural industries projects,' for intensive development of village industries also came into existence, to serve the interests of 'traditional village industry.' The industrial policy statement of 1977 identified the 'tiny sector' with investment upto Rs. 100 thousand for promotion located in towns having less than 50 thousand population and villages. The policy support is provided through the creation of District Industries Centres to provide package assistance under one roof to the small and other village industries and artisan enterprises. The role of decentralised rural industries is still emphasised in the 20-point programme and intensive rural development programme. The net result is that though modern small industry has grown, large part of the traditional sector remain untouched by the policy and programme, without any increase in incomes and productivity.

Reddy and Rao (1962) measured the technical progress in Indian Industries for the period 1946 to 1957 and found that the existence of neutral technical progress in Indian industries.

Venkata Swamy (1968, 1975) examined technical progress in 28 Indian industries for the period 1948 to 1967 by using both CES and Cobb-Douglass production (CD) function and found that technical change was relatively higher in new industries than in the old well established industries.

Sankar (1970) found in his study on Indian industries, positive/neutral technical progress in six industries and negative in two industries.
Banerjee (1971) calculated both labour productivity and capital productivity for the period 1946 to 1964 and found that labour productivity increased for the period, whereas capital productivity declined. He also came to the conclusion that increase in labour productivity was achieved mostly through capital deepening. He calculated total factor productivity also by using Kendricks and Solow methods and found a steady decline in the total productivity for the period.

One of the earliest proponents of cottage and small industries Dr. R.V. Rao (1965), makes a vigorous appeal to adopt small industries for industrialisation of India. Dr. Rao, very convincingly assigns the role of cottage and small industries in India as also discusses in detail the meaning, scope and relevance of small industries in India's development. He also discusses on financing of the small industries. 20

While the studies on various countries are many and even useful it would be difficult and even unnecessary to review the plethora of literature that have come out on problems of small industries. However, a reference to a few during the last and the present decades may be appropriate. To this category belongs the works of Dr. Ram K. Vepa (1971) Vepa's book was written with a view to helping administrators and policy planners in developing countries to formulate the programmes for small industries development. The study draws extensively on the experiences of Japan and India. The merit of the study lies in its review of progress of small industries in other countries of

Asia, Africa and Latin America. It also suggests the strategy of development of less-developed countries. The book begins with scholarly presentation of challenges for industrial development in developing countries and discusses in detail the small industries development programme in India, Japan, Asia, Middle-east, Africa and Latin America. The merit of the work lies in its identification of problem area and area problems, formulation of national policy, financing modernisation, training of marketing for small industries.

Dr. Lakshman makes a bold statement at presenting various issues and problems of cottage and small industries. The merit of the study lies in its pioneering empirical investigation into the nature, scope, and problems of cottage and small industries and utilisation of personal discussion with administrators, artisans, and entrepreneurs, etc. The methodology adopted makes the conclusion global, although the study was confined to old Mysore State. The author discusses definition, concept, and role of small industries, and presents 15 case studies covering economic and techno-economic aspects, integrating it into a composite picture. The study places small industries in the overall pattern of economic development and makes the coverage comprehensive. The issues like equipment obsolescence, capacity utilisation, productivity, raw material supply, marketing and problems of finance have been discussed in more detail.

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22. T.K. Lakshman, Cottage and Small Scale Industries in Mysore, Bombay, Rao and Raghavan.
To the same category belongs yet another study of Lakshman, *Problems and Prospects of Ancillary Industries in a Growing Economy* (Published by Rekha Publications, Bangalore). The book besides setting forth theoretical background, brings together great deal of statistical and economic data on ancillary units, which have assisted much in spotlighting the problems concerning them. The author projects an economic rationale for the promotion of ancillary units and suggests two fold approach for the problems of ancillary units (1) improvement of their competitive efficiency by moderning techniques and costs reducing programmes and (2) creation of healthy atmosphere for promoting workable commercial and technically feasible interrelationships between the ancillary and parent establishments. The issues raised by him stimulate further thinking and discussion.

Mysore State was the pioneer in encouraging cottage and small industries. These industries had found firm grounds and were developing on the chartered lines. The National Council of Applied Economic Research (1963) was entrusted with the task of studying the role of small industries in the State and map resources. This was indeed the first attempt at discussing the role, scope, and direction of development of engineering industries. The study covers textile machinery, agricultural implements, machine tools, steel metal works, engineering workshop, ancillary attached to H.M.T. The study briefly discusses the development and prospects of small engineering industries. The review refers to inadequacy of raw material, poor quality of work, low utilisation of resources and installed capacity and inadequacy of existing

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engineering industries to cope with the development in other areas. However, study of NCAER makes a bold attempt at delineating problems of engineering industries in Karnataka for the first time.

The organisation and management of small industries has been the topic of discussion for long time and particularly in United States of America. The advantage of small industries seems to lie in its smallness and relatively less complicated organisation and structure. The management is claimed to be less complex and easy to tackle due to personal rapport between entrepreneur and workers. The management by competition i.e., crisis management is mostly confined to large industries. Its relevance or application is not conveniently brought out. An attempt in this direction is made in a compendium by William A Maccrehan (1960).

The study is one of the earliest attempts at filling the gap in the understanding of management of small industries. The project study covers economic and industrial improvements of small business. The study goes into details of old and new concepts of management, organising and operating small industries and control mechanism. The management components cover recruitment of workers, industrial relations, provisions of facilities and materials for production, control over productivity, research and development, sales promotion, management accounting and ploughing back profits. However, the study relies heavily on American experience.

The review of literature does not claim to be exhaustive, comprehensive and totally relevant to the subject of the study undertaken. The object is to understand and appreciate the studies so far done in the areas of small industries. The review brings out the fact that literature on various aspects of small industries is limited and does not cover various important aspects viz., industrial potential in a backward area, like, the district of Tumkur in Karnataka State. It is believed that the present study, in its own way, fills the knowledge gap with regard to the industrial development of Tumkur district in general and Madhugiri Revenue Sub-Division in particular.

**RELEVANCE OF THE PRESENT STUDY**

The present study acquires significance that there are no specific and systematic studies exclusively on the impact of DIC in industrialising the backward area of Madhugiri Revenue Sub-Division. The earlier studies have not completely dealt with the industrial prospects based on the local resources of the Revenue Sub-Division under reference. It is hoped that the present study may fill the void in the studies relating to the Madhugiri Revenue Sub-Division, particularly in the context of the following observation of the Indian Council of Social and Scientific Research, New Delhi.

Prof. J.C. Sandesara (ICSSR, New Delhi) in his trend report on survey of research on Industrial Economy of India, observes that, it is necessary to have intensive studies of the under developed areas, their deficiencies and problems of growth, the available natural and other resources and market potential so that integrated development plans
for the agricultural and industrial developments of these areas are well formulated.

The social relevance of the present study is all the more contextual in the context of the considerable emphasis laid in the Union Budget for the year 1994-95 for the development of backward areas/regions.

OBJECTIVES OF THE STUDY

The study has taken the following as its objectives:

1. To examine the role of SSIs in the Economic development of India, Karnataka and Tumkur district and the Madhugiri Revenue Sub-Division.

2. To know the existing industrial infrastructure available in Tumkur District.

3. To know the inter-taluk comparisions with respect to the growth of SSI units in Tumkur District.

4. To identify and assess the industrial potential in Tumkur District.

5. To study the impact of District Industries Centre (DIC) at Madhugiri in industrialising the Revenue Sub-Division; and

6. To examine the problems of industrial development in Tumkur District.
HYPOTHESIS

1. The SSI units cater to the employment needs of the people of the country;
2. Karnataka offers a congenial atmosphere for fast industrial development in the country;
3. The pace of industrial development of Tumkur district is relatively slow;
4. The district offers a lot of potential for industrial development; and
5. The DIC at Madhugiri has played a significant role in industrialising the Madhugiri Revenue Sub-Division.

METHODOLOGY AND SAMPLE DESIGN

Since the main thrust of the study relates to the assessment of industrial potential based on the availability of resources - both human and physical - in Tumkur District, the published and the unpublished literature form the chief source of data/information for the study. This apart, discussions and interviews were held with the public who have a concern for the development of the district and the main administrative functionaries both at the State and District levels, viz., Commissioner of Industries, Commissioner of Khadi and Village Industries; Commissioner of Handicrafts, Chairman, Karnataka State Finance Corporation; Chief Planning Officer, Tumkur; Director of Sericulture, Tumkur; Executive Engineer, K.E.B., Tumkur; Director of Mines and Minerals, Tumkur; and Manager, Lead Bank (State Bank of Mysore), Tumkur.

As DIC is the unit of study, its role in promoting the industrial development of the Madhugiri Revenue Sub-Division is attempted by collecting secondary data as well as primary data, secondary data were drawn from 'Action Plans' of DIC, Madhugiri, unpublished reports submitted by it to the State Directorate of Industries Bangalore; and the Statistical Abstracts of Tumkur District for analysing performance of DIC, Madhugiri. Five Year Plan Documents of both India and
Karnataka were consulted to draw the necessary data and information. Further, the Gazetteer of Karnataka and Tumkur district were referred to get the background for industrial development achieved in the past bygone days.

Primary data was also collected by convassing a pretested structure schedule among the small and tiny industrial unit owners who have been spread over in all the four taluks viz. Koratagere, Madhugiri, Pavagada and Sira of the Madhugiri Revenue Sub-Division in Tumkur District of Karnataka State. In each taluk 50 entrepreneurs were consulted with the schedules to get their opinion to assess whether the DIC, Madhugiri, played a catalytic role in the industrial development of the Revenue Sub-Division. The survey was conducted in such a way as to get the fair representation of all types of existing tiny and small scale industrial units in the Revenue Sub-Division. In all, 200 Schedules were convassed to collect the needed data for the study.

**TOOLS OF ANALYSIS**

Primary and secondary data were processed using simple statistical tools namely percentages and averages. Visual representation of data is indicated with the help of bar diagrams and trend lines, growth rates and compound growth rates have also been calculated.

**PERIOD OF THE STUDY**

The main thrust of the present study is to identify and assess the Industrial potentials of Tumkur District. And to evaluate the impact of DIC, Madhugiri, on the growth and development of small scale industrial units in the Madhugiri Revenue Sub-Division over a period of a decade, from 1983-84 to 1992-93.
LIMITATIONS

The present study is confined to identify and assess the potentials of industrial development in Tumkur District and in the Madhugiri Revenue Sub-Division of the district. Besides, the study also attempts to record the actual industrial development attained in respect of SSI units in India, Karnataka and Tumkur District. As the study deals with the growth of SSI units and its impact on the employment generation, the various other aspects related to capital output ratio, cost-output ratio, financial management, labour problems and labour welfare schemes have not been covered in the study.

DEFINITION

The term Small Scale Industry used in the present study is based on the definition, which has changed from time to time. The latest definition of Small Scale Industry is quite broad based. Modern small scale industry defined since April 2nd 1991 is as follows:

A Small Scale Industry is one in which the investment in plant and machinery is less than Rs. 60 lakhs; for an ancillary / 100% export oriented unit, the investment limit is Rs. 75 lakhs. The small scale industrial units which undertake to export at least 30% of the annual production by the end of third year from the date of commencement of production, this limitation has been put at Rs. 75 lakh; and for a 'tiny unit' the investment limit is allowed up to Rs. 5 lakh."

PLAN OF THE STUDY

The study is presented in NINE chapters. The chapter layout is as under.

I CHAPTER : Introduction and Methodology
II CHAPTER : Role of SSIs in the Economic Development of India, Karnataka and Tumkur District.
III CHAPTER : Resource endowment of Tumkur District.
IV CHAPTER : Infrastructure for Industrial Development in Tumkur District.
V CHAPTER : The present industrial development of Tumkur District
VI CHAPTER : Industrial potentials of Tumkur District.
VII CHAPTER : Evaluation of the District Industries Centre (DIC) in industrialising the Madhugiri Revenue Sub-Division of Tumkur District.
VIII CHAPTER : Problems of Industrial Development in Tumkur District
IX CHAPTER : Summary and Conclusions