CHAPTER VI

SUMMARY AND CONCLUSIONS
It is believed that rapid industrialisation accelerates the pace of economic development, as such all the countries in the world are keenly competing with each other in the race to attain the high rate of growth through the adoption of appropriate strategy for industrialisation. The importance of industrial development cannot be overemphasised 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.

This is a good time in history for a country to develop modern industry. There are many advantages and opportunities today that were not available to nations even two decades ago. The international economic environment of modern times is quite different than when countries that are now industrialised began their long difficult processes of development.

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

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 they will need to progress into higher technical and marginal positions in their own countries. In fact, to-day, India stands in the tenth rank in the world, with regards to the possession of technically qualified and skilled persons.

There has been a tremendous growth of small scale industries, especially, starting with 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 for about 80 per cent of employment in the manufacturing sector. But it is 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 never exceeded beyond 3 per cent.
Inspite of rapid growth of smalls scale industries, the basic objectives of these industries have not been realised due to the problems encountered in the implementation and organisation of programmes for development of these industries. Most of the artisans, craftmen and small entrepreneurs in the rural areas failed to get sufficient package of assistance and services for promoting their ventures. They also found it difficult to approach a large number of promotional institutions located at distant places in big cities and State capitals. To overcome all these problems the Government of India launched and implemented the District Industries Centre (DIC) Programme in 1978 and by 1980 one DIC office was started functioning at each district headquarter including one at Tumkur and sub-office of DIC at Madhugiri, one of the Revenue subdivisions of Tumkur district of Karnataka. The DIC was established to accelerate the pace of rural industrialisation in the country.

The DIC was entrusted with the task of identifying the potential entrepreneurs and equip them by providing consultancy and technical guidance to select the type of project and machinery, trade activity, sources of raw materials and marketing. Entrepreneurs are trained through various institutions and assisted with subsidy and financial assistance through financial institutions.

A special feature of the 'Action Plan' of DIC is to encourage SCs, STs and BCs to take up industrial activities in the rural areas of India.
Tumkur is one of the twenty districts of Karnataka, administered through three Revenue sub-divisions viz., Tumkur, Tiptur and Madhugiri and 150 Mandal Panchayaths, with an area of 10,598 Sq. kms. It is a backward and droughtprone district situated to the east of Bangalore, the State capital. There are no perennial rivers in the district. However, Shimsha, Jayamangali, Vedavathi, Kumudvathi and Suvarnamukhi are the rivers that only flow during the rainy season. The wells and tanks constitute the chief sources of irrigation. It is only 15 per cent of the net sown area is provided with the assured irrigation facility in the district. The normal rainfall in the district is 540.7 mm. Nearly 9 per cent of the total geographical area is covered with forests, mostly with the 'shurb jungles.' The soils are composed of red gravelly, red loamy and sandy loamy and are good to raise both the traditional crops like ragi, paddy, groundnut, jowar etc. and the cash crops like coconut, murlberry and sugarcane. The total area brought under the cultivation of mulberry during the year 1990-91 was 15,205 hectares and produced 42,886 lakh tonnes of silk.

The important minerals that are available in the district are manganese, iron-ore, limestone, grantite and silver sand.

According to 1991 census the total population of the district is 23.06 lakhs, of which 83 per cent in rural areas depending on agriculture as their main occupation. The ratio of men to women was 1000:279 and the density of population per sq. km. is 218 in the district.
Nearly 25 per cent of the total population is composed of SCs and STs put together. The percentage of literacy among males was 56.5 per cent while it is only 35.2 per cent among females.

The district has fairly a good net work of infrastructural facilities to promote fast growth of industrial development. Since it is a drought prone district, it is reported that often water scarcity in a few places in the district. Almost all villages have been electrified in Tumkur district. There are 11 ITIs, 6 Polytechniques and 4 Professional Training Centres in the district.

With all these, the district is poised for rapid industrialisation based on locally available, both, human and physical resources.

According to Tumkur district Gazetteer of 1969, areawise Madhugiri Revenue sub-division is the largest one occupying 44 per cent of the total area and in 38 per cent 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 these four taluks.

The taluks of Madhugiri and Koratagere are more developed compared to Pavagada and Sira. 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 chief source. But irrigational facilities are better in Madhugiri and Koratagere taluks with rivers, streams, springs, tanks and open wells as the chief sources.

The congenial industrial atmosphere of Bangalore has been attracting industrialist 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 came 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 (U & R), D. Kannada, Darwad, 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 came 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.

Until 1980 the industrial progress was sluggish in the backward and drought prone district of Tumkur. The industrial development started picking up with the establishment of DIC at Tumkur in 1979. There were only 1840 SSI units in Tumkur district at the end of March 1984. That is to say, the district accounted for 4.5 per cent of the total number of the SSI units and had occupied the 8th rank in the State. The district registered a record growth of SSI Units over a period of a decade. The total number of SSI units in the district by March 1993 were 8169 (cumulative figures) and accounted for 6 per cent of the total number of the SSI units and its rank stood at 6th in the State.

In the Madhugiri Revenue sub-division, by March 1993, there were 2686 SSI units, started with Rs. 3197.73 lakhs of investment in plant and equipment which provided employment on full time basis to 15211 persons. 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. The percentage varies among the four taluks 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.

The modern type of Industries - Engineering, Chemical, Glass and Ceramic Electrical and Electronic units, -- have been
started coming up in the sub-division since 1987.

Lack of the needed industrial inputs in the requisite quantity, lack of technically skilled workers, financial constraints and shortage of power are the main problems faced by the industrialists in the sub-division.

The sub-division provides ample scope for the starting of 'Foot loose industries.' as the land and labour are available at relatively cheaper rates.

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 households 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.

As per the survey reports 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 Vyshyas; 18 per cent belonged to the backward
communities viz., Weavers, Kammas and Kurubas; and the share of SC and ST entrepreneurs is only 2 per cent. It can be conclusively stated that the forward community entrepreneurs have dominated the Industrial sector of the sub-division.

With regard to the entrepreneurs who belonged to SCs and STs largely, work in the villages in their tanneries and have engaged themselves in the manufacture of leather sandals for the village markets.

Nearly, 58 per cent of the selected entrepreneurs in the sub-division had received education up to the secondary level; 18 per cent primary level of education; 11 per cent college education and only 9 per cent technical education. That is to say, more than 90 per cent of the sampled entrepreneurs have started SSI Units without any formal technical education.

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 been participating in the SSI Units on full time job and nowhere it is observed in the entire sub-division.

It is significant to note that all the 200 sampled entrepreneurs have pucca houses which serve both as residential building and the premises for their SSI units. The average value of the house property is in the range of Rs. 1.17 to Rs. 2.78 lakhs in the sub-division. The landed property per entrepreneur is in the
range of Rs. 0.35 to Rs. 1.72 lakhs. While the other movable assets per entrepreneurs is in the range of Rs. 0.71 to Rs. 4.00 lakhs.

Since 80 per cent of the sampled units 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 and easy to raise loans either with their relatives or friends instead of with the banks and other institutions. For they reported that the procedure for getting loans was very cumbersome, 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 have been partly assisted by the financial institutions in the Madhugiri revenue subdivision. But the assistance they received was too meagre.

Impact of DIC at Madhugiri in Industrialising the Sub-division

The DIC at Madhugiri on behalf of the entrepreneurs had liaised 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, 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 objective of DIC and its actual performance. In fact there is lot more that the DIC is expected to achieve than what was actually accomplished, by the end of March 1993.

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