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 eroding their newly realised backwardness in the modern world. The beliefs of the underdeveloped countries was 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."¹

There is positive relationship between Industrialisation and Economic development. Chennery and 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 term of Industrialisation.¹

Massive mechanised production techniques have made a few people affluent and throwout the masses into a state of unemployment, misery, 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.³ There can be no two opinions on employment being a crucial factor in meeting the basic needs of mankind.

Where to lay emphasis in 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 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 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 country, 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. 4

Statement of the Problem

Tumkur is one of the backward and drought-prone districts of Kar
\text{wataka} 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 the excess manpower engaged in the agricultural sector. The manpower that is so withdrawn should necessarily be gainfully employed either in the industrial sector 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 cottage industries. An attempt is made here to assess how far the Governmental agencies - DIC. and Banks played crucial roles in industrialising the backward place like the Madhugiri Revenue sub-division, One of the three Revenue Sub-divisions of Tumkur district. Here it may be mentioned that the industrial development of the Madhugiri Revenue sub-division refer to the development of cottage and small scale industrial units as there are neither large

scale nor medium scale industrial units in the Revenue sub-division under reference.

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 "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."^5

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.

Methodology of the Study

The study has taken the following as its objectives:

1. To study the pattern of development of small scale industrialisation in India;

2. To assess the growth and development of small scale industrial units in Karnataka State, Tumkur district and the Madhugiri Revenue sub-division;

3. To examine the resource endowment in Tumkur district in general and the Madhugiri Revenue sub-division in particular;

4. To study the impact of District Industries Centre (DIC) at Madhugiri in industrialising the Revenue sub-division; and

5. To examine the problem of industrialisation and to explore industrial potential available in the Madhugiri Revenue sub-division.
Data Sources

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 Tumkur district and the Statistical Abstractors 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 Gazetteers 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 canvassing a pre-tested structured schedule among the small and tiny industrial unit owners who have been spread 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 canvassed 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 compound bar diagrams. Growth rates of units, investment, and employment have also been calculated.

Period of the Study

The main thrust of the present study is to evaluate the impact of DIC, Madhugiri, since its inception, on the growth and development of small scale industrial units in the Madhugiri Revenue Sub-Division from 1980-81 to 1992-93.

Limitations

Data in its well organised fashion, both with the DIC and with the small scale industrial entrepreneurs, were the major constraint faced by the scholar. The list of industries registered with the DIC did not tally with the actually grounded ones. However, all efforts were made to get the required data from all available sources so as to present a realistic picture of industrial development attained in the Revenue sub-division.
Chapter Scheme

The entire study is presented in six chapters. The first chapter deals with introduction incorporating within itself the Statement of the Problem and Methodology of the Study.

The second chapter presents the growth and development of small scale industrial units in India, Karnataka. Tumkur district and Madhugiri Revenue Sub-Division.

Profile of Tumkur district and profiles of the four taluks (viz. Karatagere, Madhugiri, Pavagada and Sira) of the Madhugiri Revenue Sub-Division forms the subject of the Third Chapter.

In the Fourth Chapter, in addition to the evaluation of the DIC in industrialising the Madhugiri Revenue Sub-Division, the socio-economic conditions of the entrepreneurs of the Tiny and small industrial units is analysed.

The problems and prospects of industrial development in the Revenue Sub-Division is discussed in the fifth chapter.

The Sixth and the concluding chapter presents the Summary and conclusions of the study.