Chapter II

REVIEW OF LITERATURE AND RESEARCH DESIGN

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CHAPTER – II

REVIEW OF LITERATURE AND RESEARCH DESIGN

2.1 Introduction and Review of Literature

An attempt has been made to make a review of the studies carried on by the experts on Industrial Estates and other allied issues. It may be noted that interest in the study of Industrial Estates arose only after post-independence and post-liberalization period. Many scholars have shown great interest in studying the various aspects of Industrial Estates around the world and in India. It is in the continuation of these works, a review of available literature on factors affecting the Small Scale Industries in Industrial Estates, promotion of the Small Enterprises, performance and problems of Small Scale Industries and other aspects of Industrial Estates has been made and presented.

Somashekar\(^1\) in a study of 9 estates covering a sample of 107 units into the assessment of economic viability and accomplishment or otherwise of the objectives of the establishment of Industrial Estates in nine estates of Karnataka found that on all accounts Industrial Estates were not a great success. He has compared the efficiency of industrial units located in the estates with those located outside the estates. He found that they had not achieved many of the objectives for which they were established and that the programme proved costly in terms of capital. The cost benefit ratios indicated that the programme was not found to be worthwhile.

Bhati\(^2\) examined the progress and performance of 13 Industrial Estates in Rajasthan. He probed into the degree of success of Industrial Estates in
promoting entrepreneurship in various locations and compared the efficiency of the units located within the estates with those located outside the estates and units located within the estates and those in urban estates. The performance of the units located within the estates with those in urban estates. The performance of the units located within the estates and the outside the estate of each district is compared with the performance of the units at the state level.

His findings are almost similar to that of the findings of the study by Kalyani Bandopadhyaya in West Bengal. He found that the progress in the implementation of the Industrial Estates programme in Rajasthan was slow and also the Industrial Estates in urban areas showed higher capacity utilization than those in rural areas. The urban estates showed better performance in profitability, utilization of factory sheds and working capacity than the rural estates. Again, in respect of economic viability of units, the urban estates appeared more successful than rural estates.

Pathak studied industrial units during 1969-70 to 1970-71 with a view to evaluate the performance and problems of Small Scale Industries. The units were selected from Industrial Estates enjoying identical facilities and engaged in different lines of manufacturing. He studied the problems of SSIs at three different stages namely inception, operation and expansion. The study observed that factors like contacts, education and finance play an important role and the problems at the stage of inception received relatively more attention than the problems of the remaining two stages. The Industrial Estates proved beneficial for the industrialization of the region by developing
new product lines and latent entrepreneurship and thought generation of employment for local population. The study highlighted the urban bias in the implementation of the programme.

Bharti conducted a study in Madhya Pradesh to analyze the implementation of the Industrial Estates programme in the state. She pinpointed various short falls in the implementation of the Industrial Estate programme and stresses the need for giving due recognition in planning and implementation of the programme.

Anitha H.S. and Laxmisha A.S. conducted a case study of Shimoga District regarding “The Role of KSFC in Promoting and Developing Entrepreneurship in Karnataka State”, with the objective of examining both financial and non-financial assistance provided by the KSFC to promote the entrepreneurship in Karnataka. The research shows that, the KSFC has played the commercial role effectively than the promotional role.

Caj-O-Falcke conducted a study on Economic co-operation among Islamic countries in 1999. Under impulse of Globalization and World Trade Liberalization many countries have scrapped efforts to promote import-substitutions and are now emphasizing export-led development strategies. In this context, Industrial Estates are viewed as an important instrument of local industrial development by clustering into industrial parks, small and medium and even large enterprises can take the advantage of public infrastructures, economize on construction and common facilities and other critical inputs. The study has also analyzed the role of Industrial Estates of the developing countries.
Manohar Deshpande surveyed 90 units in the Marthwada region of Maharashtra. The study evaluated the socio-economic origins of entrepreneurs and problems faced by them at various stages. He established the relationship between such a performance and causative factors. The study revealed that the upper strata of the society availed most of the economic benefits created by the government agencies. The study emphasized that primary occupation is an important pre-condition for the development of entrepreneurship. It revealed that caste, family occupation and father's occupational status is important for entry into business.

However, several studies in Industrial Estates revealed that parental education and occupation did not show perceptible bearing on the emergence and development of entrepreneurs. In a study of 25 entrepreneurs in Thuvakudi and Tiruchinapalli districts of Tamil Nadu, C. Tangamuthu and N. Manimekalai found the absence of the influence of parental education and occupation on the emergence and development of entrepreneurs. However, considerable regional and occupational mobility was observed among the sample entrepreneurs previous work experience also influenced the diversification of the activity and better performance.

Anitha H.S. and Sreepada K.S. conducted a study on "The Performance and Prospects of SSI in Industrial Estate of KSSIDC". The study was focused on evaluating the small entrepreneurs' efforts and performance in Industrial Estates in Karnataka and also the performance of KSSIDC in the development of SSI. The researcher has opined that, mere establishment of
Industrial Estates do not by itself assure the growth and development of SSI’s in the state. An integral functional approach is very much essential.

Oomen examined the emerging pattern of entrepreneurship in the small-scale sector of Kerala by studying the origin and growth of the firms in the light engineering industry and the impact of government programmes of Industrial Estates and rural industries project on entrepreneurship. The study was based on the data collected from 45 entrepreneurs. It was found that engineers and technicians formed the single largest group of the entrepreneurs and the most of the merchants who have started industry were Muslims. The study revealed that, the educational background of entrepreneurs influenced to the location of the SSI units in Industrial Estates.

Shanghvi studied the role of 5 Industrial Estates in South Gujarat and evaluated the achievements and short comings of the programme. The study throws a light on a number of related issues such as size of Industrial Estate, location, efficiency, utilization and impact on industrial dispersal. The growth of industrial areas was analyzed through linkages of units within the region. The implication of slow moving and non-starter Industrial Estates was examined in the framework of social-cost benefit analysis. As in other studies, urban estates were found to be more successful than rural estates. Large Industrial Estates showed greater external economies of agglomeration. It was established that industrial dispersal could be achieved only through clustered decentralization. Industrial units located in Industrial Estates were found to be economically more viable than those located outside the estates. He pointed out the non-accrual of benefits flowing from Industrial Estates to
the regions surrounding them and insisting the need for promoting effective linkages. This could be achieved by selecting such type of industries for establishment in an Industrial Estate, which facilitates that process.

**Kulkarni** has conducted the evaluation of the performance of 54 units in 7 Industrial Estates in Marathwada region in Maharastra state by comparing units within the estates and those located outside the estates in the respective terms based on the speed of occupancy and functioning of factory sheds and the operational efficiency of a majority of industrial units located in the estates over their peers outside in terms of manufacturing efficiency, economy, productivity of labor and efficiency of capital, each estate was judged whether it was not successful or not.

**Ajay Lakhanpal** examined the performance of the network of institutions in the entrepreneurial development in Himachal Pradesh. He categorizes the institutions into three broad groups, viz., financing institutions, promotional institutions and training institutions. He studied 58 enterprises in Solan district to evaluate the influence of infrastructure on entrepreneurship. He stresses the need to make certain adjustments in the institutional framework and recommended the creation of State Level Single window Industrial Support System (SWISS).

**N. Gangadhar Rao** studied 81 entrepreneurs operating in 13 Industrial Estates of Coastal Andhra Pradesh. The study aimed at evaluating the impact of the Industrial Estates programme on the emergence of entrepreneurship and the growth of small units in the sample estates. He came to the conclusion that the impact of Industrial Estates on the emergence
of entrepreneurship is found to be marginal. He also found that educational and income levels are the important factors in motivating small entrepreneurs to establish the units of estates. Of all, desire to get gainfully occupied is the major ambition of entrepreneurs.

V. Sarvehswar Rao and E.W. Nafzinger conducted studies of entrepreneurs operating in Vishakapatnam (Andhra Pradesh) to find out the factors determine the supply and success of industrial entrepreneurship. They found that socio-cultural features of the traditional Indian society are no longer standing in the way of development of modern entrepreneurship. The study underlined the importance of education, training and work experience for the successful development of modern entrepreneurship.

Pannalal conducted a study of 2,822 Small Scale Industries in 3 Industrial Estates of Andhra Pradesh, which are spread over 3 regions of the state. The study was conducted to ascertain the factors, which have encouraged the existing entrepreneurs to start their ventures and identify the operational problems faced by these units. The study found that 62.60% of the Engineering Industries could be regarded as an important segment of activity in the promotion and dispersion of Small Scale Industries. As such, these industries deserve to be accorded a special emphasis among the entrepreneurs intending to set up small-scale units and among the different patterns of proprietorship appear to be the most popular and successful, followed by partnership arrangements. The study found that the entrepreneurs seemed to opt for entrepreneurship in their early age. The parental background also influenced as an important factor in promoting the
spirit of entrepreneurship. The study also found that most of SSI units seemed to face rigid constraints on expansion due to insufficient availability of funds for investment and smallness of scale acts as crippling handicap to the enterprise in trying to reach out its product to the market.

**Kalyani Bandopadhayaya** has conducted a study in 5 selected Industrial Estates of West Bengal to look into their returns on investments. She had compared the performance of the industrial units located inside the estates with those, which are outside the estates. The study revealed that the return earned by the small industrial units located outside the estates has been higher than that of the industrial units located in the Industrial Estates.

**The Gujarat Development Corporation** conducted an economic survey in 1971, to analyze the response of entrepreneurs on various aspects of planning and implementation of the operational significance. These included eliciting the response of entrepreneurs regarding construction of ready factory sheds. The survey revealed that the GDC assigned higher priority to building construction in industrial areas at a time when the national trend and thinking was in the opposite direction.

**The Technical Consultancy Services Organization of Karnataka (TECSOK)** conducted a study on KSSIDC Sheds in Karnataka in December 2000. The study appraised the progress of KSSIDC assisted estates in Southern part of the state and evaluated the effectiveness of Industrial Estate as a tool for promoting modern small industries by analyzing various aspects including the socio-economic impact. The study emphasized the need for policy prescriptions to improve the performance of existing estates and care to
be taken while planning for future estates. The TECSOK study made a critical
assessment of the Mega-Industrial Estates programmes in Karnataka.

D.S. Leelavathi observed in her work on role of Industrial Estates in
developing SSIs in Karnataka during 1994, that, instead of simply increasing
either the number of estates or sheds, it is better to equip them with all the
necessary infrastructure facilities, which really contributes to the success of
Industrial Estate Programmes. In addition, she found that Industries and
Industrial Estate Programme need to be integrated with industrial dispersal
and regional development. It is only then, that Industrial Estates can fulfill the
objectives for which they have come into force.

G. Jayachandran and others conducted a study of 39 small-scale units
in Tiruapthi Industrial Estate to study factors motivating the entrepreneurs,
their background and their role in the development of entrepreneurship in
Small Scale Industries. The study revealed that 18 out of 39 came from trade
and industrial background and 16 out of 39 entrepreneurs were motivated by
earning money for their livelihood. It was found that 13 entrepreneurs were
motivated to become entrepreneurs due to unemployment problem.

A.P. Bhatnagar made a study to underline the need for establishing
the rural Industrial Estates in Punjab. He concluded that rural Industrial
Estates hold promise for widening the opportunity of employment and
strengthening the capital base of the rural sector. He offered that rural
Industrial Estates should be specific to agro-inputs with special processing
facilities. He also offered that the educational institutions should support
these estates by producing the young entrepreneurs with high-tech knowledge to run the units.

**R.L. Hyderabad and S.G. Vibuthi** conducted a study of 100 SSI units out of 574 units located in Gokul Industrial Estate at Hubli. The study aimed at analyzing the problems of the units located within the estates. It revealed that non-availability of right quality of raw materials at right prices and from right source, non-availability of timely finance, marketing problems, lack of infrastructure facilities are the major problems faced by the small entrepreneurs in the estate. The pilot study offered rendering of assistance to the units in the recruitment, selection and training of employees/workers by the estate authorities, provision of timely finance at cheaper rate of interest, provision of infrastructural facilities, uninterrupted supply of power by KPTCL and provision of watch and ward, canteen and medical facilities.

**N. Tanulingam and R. Ponmurugan** conducted a survey of 104 small-scale units located in 7 Industrial Estates situated in 3 districts of Tamil Nadu to study the operational problems encountered by the Industrial Estates and the industrial units. Concentration of Industrial Estates in few places, lack of long term perspective, faculty location policy, turn-over of entrepreneurs in Industrial Estates, encroachment of estates by large scale units and lack of coordination among the agencies providing the services in Industrial Estates are few lacunae identified during the study. The study suggested that there is a need to take certain steps to control the encroachment by large scale units, preference in allotting the sheds to EDP trainees, starting of Industrial Estates based on location factors such as availability of raw -materials, man power
and the market for the finished goods, continuous up-gradation and adoption of technology, interaction between small scale and large scale units and healthy co-ordination among the agencies providing services in Industrial Estates.

In a study of 317 units spread over 150 Industrial Estates throughout our country to evaluate the functioning of Industrial Estates and financing pattern of the programme, the Reserve Bank of India (RBI) suggested that Life Insurance Corporation of India, State Financial Corporation, Commercial Banks and Co-operative Banks should be more aggressively involved in financing the programme and also advocated participation in financing on the part of LIC and other institutions.

Barkath Sahin studied industrialization and Industrial Estates in Syria during 1999. He found that the history of industry got to an early start in Syria but it really got momentum after 1973. Since then the small scale sector has grown considerably. This is due to the importance of Industrial Estates in Syria which are supporting the state in establishing, organizing, investing in Industrial Estates.

Inci Ozgue studied Industrial Estates in Republic of Turkey, during 1999. He found that the rapid industrialization of Turkey can be attributed, at least partly, to the extensive use of Industrial Estates as the main modality of development.

Himachalam and others conducted a survey of entrepreneurs in Tirupathi Industrial Estate of Andhra Pradesh to elicit first hand information
pertaining to their problems and to offer suggestions. They recognized the non-availability of sufficient working capital, non-availability of raw materials on time, inordinate delay in installing the machinery due to financial problems, cut-throat competition, marketing problems, lack of infrastructure facilities, non-availability of suitable sheds in the Industrial Estates, high water charges, inadequate transport facilities, shortage of power and non-availability of skilled labour are the major problems faced by the entrepreneurs in the estate. Keeping in view of the above problems they suggested that the timely financial assistance at concessional terms by the financial institutions, simplification of legal procedures involved in sanctioning loans, provisions of infrastructural facilities and provision of technical, managerial and other assistance to the entrepreneurs.

Anitha. H. S. and Laxmisha. A.S.\textsuperscript{30} in their paper on “KSFC and North Karnataka”, have stressed that there is glaring imbalance in the growth of industrial units in the state. Moreover, KSFC has not attached sector-wise importance while disbursing finance needed by the units.

Another paper on “Entrepreneurial Development Programme - A Growing Movement" by Anitha. H.S. and Laxmisha A.S.\textsuperscript{31} highlights that KSFC is really playing a vital role in conducting EDPs in Karnataka State.

Anitha. H.S.\textsuperscript{32} in her paper on “Financial Role of Specialized Commercial Banks - From Entrepreneurs’ Perspective”, has substantiated the fact that Commercial Banks are playing stupendous role in aiding entrepreneurs in Karnataka State.
"Entrepreneurial Survey in Relation to Commercial Banks Lending" is another paper by Anitha. H.S.\(^3\) in that paper she has portrayed the complete survey findings and entrepreneurial feed-back towards the Commercial Bank lending.

Anitha. H.S. and Ashok Revankar\(^4\) in their paper on "Micro-credit through Self-help-groups for Rural Development" have discussed that entrepreneurial activities are getting right momentum through the micro-credit offered to them through SHGs.

From the review of literature reported above, it appears that some studies have focused on factors affecting the entrepreneurial growth; some of them have studied the impact of government programmes and role of financial and other institutions and EDPs in the entrepreneurship development and offered their own suggestions. A few studies are witnessed on the link with caste / religion / education / region / family background and entrepreneurship. Some scholars have thrown light exclusively on women entrepreneurs and problems faced by them in starting / running their units / activities. Some researchers have endeavored to bring out the relationship between caste / family background and source of finance / financial institutions. The studies have also thrown light on the growth of entrepreneurship in different stages in India and factors motivated the entrepreneurs to bring into this field. Some researchers underlined the need for changing the education system so as to create the spirit of entrepreneurship among young blood. The importance of finance / capital also attracted the attention of the studies. Several such similar studies have
been carried out in the field of entrepreneurship. However, a comprehensive study on Industrial Estate Programme and Entrepreneurship Development in Karnataka at the micro-level keeping Peenya Estate as a case study has not been done and documented hither to. Hence, the present study.

2.2 Statement of the Problem

The review of literature focuses and recognizes the importance of entrepreneurship development in promoting and operationalizing number of industries. The importance of the developing entrepreneurship through the promotion of the Industrial Estate schemes has been very significant. Hence, the focus of the study is directed towards finding suitable answers to the following:

1. Which Industrial Estate Programmes have contributed in development of entrepreneurship in Karnataka?

2. Which are the assistance and welfare programs of the Peenya Industrial Estate for the development of entrepreneurship?

3. Is there any relationship between the type of the unit and the perception of the entrepreneurs towards the assistance availed under IEP?

4. What could be the effective proposal and solution to improve the performance of Industrial Estate Programmes in entrepreneurial growth and industrialization?

2.3 Objectives of the Study

The main objective of the study is to analyze the various Industrial Estate Programmes and finding its implications on development of entrepreneurship in Karnataka.
The specific objectives of the study are crystallized into:

1. To study the industrial profile of Karnataka State with special focus on Small Scale Industries and entrepreneurship development.

2. To build a profile of entrepreneurs and their small industrial units in Peenya Industrial Estate.

3. To study various Industrial Estate Programmes implemented in Karnataka.

4. To study the beneficial role of Industrial Estate Programmes on small enterprises in the Peenya Industrial Estate.

5. To study the problems faced by the entrepreneurs under the Industrial Estate programme and

6. To suggest the appropriate measures to restructure Industrial Estate programme for their effective utilization and thereby achieving the objectives of entrepreneurial growth.

2.4 Hypotheses of the Study

To study the significance and effectiveness of the Industrial Estate programmes, following hypotheses were set.

1. $H_A$: Personal traits and socio-financial factors have different influence on the entrepreneurial origin.

   $H_0$: Personal traits and socio-financial factors do not differ in influencing the entrepreneur.

2. $H_A$: The Satisfaction on follow up assistance and financial assistance from IEP is perceived to differ among the entrepreneurs of various types of organization.

   $H_0$: The Satisfaction on follow up assistance and financial assistance from IEP is perceived to be similar among the entrepreneurs of various types of organization.
3. **H_A**: The Satisfaction on experience of assistance and financial assistance from IEP is perceived to differ among the entrepreneurs of production and service oriented units.

**H_0**: The Satisfaction on experience of assistance and financial assistance from IEP is perceived to be similar among the entrepreneurs of production and service oriented units.

4. **H_A**: Perceived assistance and Satisfaction level is related each other.

**H_0**: Perceived assistance and Satisfaction unrelated.

5. **H_A**: Varied problems for under-utilization of capacity by the entrepreneur are related to each other.

**H_0**: Varied problems for under-utilization of capacity by the entrepreneur are unrelated.

### 2.5 Scope of the Study

The study is confined to the entrepreneurs of Peenya Industrial Estate of Bangalore, Karnataka. The study is limited to entrepreneurs of Small Scale Industries. It does not focus on medium and large-scale industries of respective Industrial Estate.

### 2.6 Research Methodology

**A) The Type of Research Undertaken:**

The study is confined to the fact finding of the role played by Industrial Estate Programmes in Karnataka State. Hence, this is descriptive in nature.

**B) The Source of Data:**

- **Primary Data**: The primary data has been collected through pre-designed questionnaire administered to the industries located in Peenya Industrial Estate (PIE) in Bangalore.
• **Secondary Data:** The secondary data were collected from; Books, Magazines, Periodicals and Annual Reports of Enterprises (if maintained).

Apart from the above, the data were also collected from KIADB (The Karnataka Industrial Areas Development Board), KSSIDC (Karnataka State Small Industries Development Corporation), KUM (Karnataka Udyog Mitra), KHDC (Karnataka Handloom Development Corporation), KSCDC (Karnataka State coir Development Corporation Limited) and even from websites, University library etc.

**C) Sample Design**

In Peenya Industrial Estate, around 5,000 Small Scale Units are functioning and they are all located in stage 1 and stage 2 of the estate. Out of 5,000 units, 200 industrial units have been selected as sample units on simple random basis. These 200 industries comprise both production or service oriented units.

**D) Design of Data Collection Tools**

A questionnaire was designed in open-ended and closed-ended format to collect data regarding the Industrial Estate programmes, their impact and contribution in the growth of enterprises.

**E) Statistical Methods Employed**

In the present study, the statistical operations were done through SPSS for windows (Version 19.0) software, which included descriptive statistics, frequencies and percentages, weighted averages, chi-square test, correlation, ANOVA etc.
2.7 Limitations of the Study

Every study has one or the other limitations, which limits the scope of study. The following are the limitations of the study:

1. The study is confined only to various entrepreneurs of small industries located at Peenya Industrial Estate, Bangalore in Karnataka.

2. The sample selected is not a true representation of the entrepreneurial population of the Peenya Industrial Area.

3. The study focuses only on the IEP and their assistances and not any other financial assistance extended by the financial agencies.

4. The proposed study is confined to evaluate the Industrial Estate Programme initiated by Government of Karnataka. And no comparison is made with the similar studies being conducted in other states.

2.8 Chapter Scheme

Chapter - I Introduction


Chapter - II Review of Literature and Research Design


Chapter - III Industrialization and Karnataka State

Chapter - IV  Profile of Peenya Industrial Estate

Introduction- Industrial Estates in Karnataka-Profile of the Peenya Industrial Estate, Profile of the sample industrial units.

Chapter- V  Industrial Estate Programmes in Karnataka


Chapter- VI  Research Data Anyalysis

Introduction- Relationship between socio-economical factors of the entrepreneurs and industrial units- Factors Influenced to Become an Entrepreneur- Respondents Participated in EDP/EAP/PMC/PRC Holders Meeting- Respondents Received Follow up Assistance- Extent of Assistance Provided Under Industrial Estate Programmes- Entrepreneurs Experience of Assistance from IEP- Entrepreneurs Perception of Financial Assistance from IEP- General Problems of Entrepreneurs- Trends of The Respondent Industrial Units Over the Years.

Chapter -VII  Summary of Major Findings, Suggestions, and Conclusion

Summary of Major Findings- Suggestions-Conclusion
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