CHAPTER III

STRUCTURE AND ADMINISTRATIVE SET UP
OF INDUSTRIAL ESTATES IN KARNATAKA

Introduction:

Industrial Estates were accepted as a necessary tool and as an "institutional technique potentially useful to any major industrialisation programme." In line with this policy, the Government of Karnataka launched a massive and all comprehensive programme for establishing industrial estates in Karnataka State during the Second Plan Period (1956-61). Industrial estates were conceived primarily as a technically supporting tool to strengthen the small industrial sector. It was also treated as a catalytic agent for rapid industrial development of backward areas, with all the utilities made available to willing entrepreneurs who otherwise would be handicapped for want of either land, light or shed.

The State Government, as a first step, towards establishment of industrial estates, acquired land at suitable site with a view to locating small scale industrial units. At these estates, a number of problems which are

faced by small entrepreneurs, were taken care of such as obtaining well-located industrial estates, providing needed utilities, and constructing suitable factory premises. This would naturally enable the small entrepreneur to concentrate on production and marketing without getting involved in financial constraints in acquiring land, construction of a shed or in creation of any industrial infra-structure. Karnataka State holds out wide opportunities for rapid industrialisation with an integrated programme of urban and rural industries which was sought to be achieved through as many as 28 industrial estates, and two proposed estates, throughout the State.

In this chapter we have analysed the administrative set up of the industrial estates in Karnataka.

Before analysing the administrative set up of the industrial estates it would be in fitness of things to analyse in general the working of the estates in Karnataka.

I. **Industrial Estates in Karnataka**

Industrial estates programme was initiated during the Second Five Year Plan, with the proposed construction of 8 estates, and 171 factory sheds at an outlay of Rs.68,000,00. But only 127 sheds were actually constructed
at a total cost of ₹55,781,00 during the Second Five Year Plan. During the Third Five Year Plan, 30 estates were proposed. Today, there are in all 28 estates which are working and the other two proposed estates are yet to be set to working conditions.

**Location:**

One of the objectives of establishing industrial estates being the balanced regional growth and dispersal of industries, location of the estates was so planned that all the districts in the State had the effective coverage of the programme. Further, each district was to have at least two estates located in such a way that one will be at District Headquarters and the other in the interior of the district. The 28 duly functioning industrial estates were, thus, located at the following places:

1. Rajaji Nagar Estate, Bangalore City and the District
2. Peenya Estate, –do–
3. Mahadevapura, –do–
4. Hal, –do–
5. Ramanagaram, –do–
6. Bellary, Bellary District
7. Bidar*  
8. Bijapur*  
9. Chickmagalur*  
10. Gulbarga*  
11. Harihar  
12. Hubli*  
13. Hassan*  
14. Jamkhandi*  
15. Kadur  
16. K.G.F.*  
17. Yeyyadi* (Mangalore)  
18. Mercara  
19. Dandeli*  
20. Shiralkoppa  
21. Sira*  
22. Tumkur*  
23. Muddenally  
24. Belgaum*  
25. Mysore*  
26. Mandy  
27. Baikampady*  
28. Shimoga  

* Districts declared backward.
A perusal of the Table III.1 reveals very interesting aspects of the location of the estates. As many as five (5) estates out of the 28 are located in the district of and around the city of Bangalore. This may be treated as a first step towards the dispersal of industrial units with a view to relieving the congestion in the City of Bangalore which is noted throughout the country as a garden city with luxurious parks. The Districts of Tumkur, Bijapur, Chickmagalur, Kolar, Shimoga and South Kanara have two estates each whereas the rest of the districts in the State have only one estate either at their headquarters and at places where an industrial infra-structure already exists and the estate would function as complementary or supplementary to large scale units functioning therein. The estates of Harihar, Kadur, K.G.F. bear testimony for the same.

Occupancy of Sheds:

In the 28 industrial estates functioning in Karnataka 1200 sheds have been constructed of which 1188 sheds have been allotted to small industrial units. Of these 1188 sheds allotted, 1169 factory sheds have been occupied and the units have started functioning.
Peenya Industrial Estate has the largest number of factory sheds in the State with a total number of 371 constructed factory sheds and 362 occupied, whereas Shimoga Industrial Estate has the lowest occupancy of only 4 factory sheds out of the six constructed and allotted. So, the occupied sheds range from 4 to 362. Hubli Industrial Estate with 160, Rajaji Nagar Estate with 143, Mysore with 114, Baikampady with 62, Belgaum with 48, Yeyyadi with 47 are taken as the bigger industrial estates and are in the frontline. All the sheds constructed and allotted have started functioning. The gap between the proposed number of sheds and actually constructed sheds is negligible.

**Urban, Semi-Urban and Rural Estates:**

Industrial Estates in conformity with the basic policy of balanced and regional growth of industries in the State have been categorised on the basis of population as:

(a) Urban Industrial Estates,
(b) Semi-Urban Industrial Estates, and
(c) Rural Industrial Estates.

Area with a population above 50,000 is categorised as urban
and all the industrial estates established in such areas are taken as urban estates. This is as per the yardstick decided by the Central Government. An estate established in an area with a population ranging from 5,000 to 50,000 is taken as semi-urban estate. An estate located at a place with a population below 5,000 is taken as purely rural estate. This categorisation becomes necessary to ensure the dispersal of industrial activities in rural and backward areas. Thus, in Karnataka of the 28 functioning estates 15 are urban, 10 are semi-urban and only 3 are rural. The above analysis reveals that estates in Karnataka were concentrating on urban and semi-urban areas and rural areas were neglected.

**Occupancy of the Sheds:**

(a) As revealed by Table III.1, in the 15 urban industrial estates there were 552 factory sheds which were constructed. Out of 552 sheds, 549 have been allotted and 539 have been occupied. This makes for a percentage of 97.6, occupancy rate in urban estates in Karnataka. A comparative analysis of the occupancy rate of 97.6% of sheds in Karnataka with all India average of 92.9% we find that Karnataka has an edge over the latter.
Table III.1: Showing Various Categorised Completed Industrial Estates in Karnataka.

<table>
<thead>
<tr>
<th>State</th>
<th>No. of Urban Estates</th>
<th>Sheds</th>
<th>Occupant-occy per-centage</th>
<th>Ejects</th>
<th>Occupant-occy per-centage</th>
<th>No. of Units Functioning</th>
<th>Employment</th>
<th>Production Rs. '000 (1978-79)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka</td>
<td>15</td>
<td>552</td>
<td>549</td>
<td>539</td>
<td>97.8</td>
<td>237</td>
<td>88</td>
<td>186  78.5  547  10003  129884</td>
</tr>
<tr>
<td>All India level</td>
<td>316</td>
<td>10562</td>
<td>10089</td>
<td>9811</td>
<td>92.9</td>
<td>14983</td>
<td>907</td>
<td>10076  67.2  11457  168859  5816004</td>
</tr>
</tbody>
</table>

Table III.1A: Details of completed Semi-urban Industrial Estates in Karnataka.

<table>
<thead>
<tr>
<th>State</th>
<th>No. of S.U. Estates</th>
<th>Details of completed Semi-urban Industrial Estates in Karnataka.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka</td>
<td>10</td>
<td>48 137 70.2 176 3086 48054</td>
</tr>
<tr>
<td>All India level</td>
<td>179</td>
<td>37 3812 91.9 4186 84702 1185629</td>
</tr>
</tbody>
</table>

Table III.1B: Details of Completed Rural Industrial Estates in Karnataka.

<table>
<thead>
<tr>
<th>State</th>
<th>No. of Rural Estates</th>
<th>Details of Completed Rural Industrial Estates in Karnataka.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka</td>
<td>03</td>
<td>29 29 78.4 343 3957 115118</td>
</tr>
<tr>
<td>All India level</td>
<td>210</td>
<td>974 9022 84.5 2778 32640 874916</td>
</tr>
</tbody>
</table>

Surprisingly there is an uniformity in the occupancy rate in the three categories of Urban with 97.6%, semi-urban with 96.7% and rural industrial estates with 96.7% in Karnataka.

(b) Semi-Urban Estates:

There are ten semi-urban industrial estates functioning in Karnataka. The total number of sheds constructed in these semi-urban estates is 269 of which 263 are already allotted and 260 of them have been duly occupied. All the sheds occupied are functioning. Occupancy rate in percentage comes to 96.7%. At an all India level, we have total number of 179 semi-urban industrial estates having 4,769 sheds with 4,428 of them being allotted. Occupied sheds are 4292 and the percentage of occupancy at national level of semi-urban estates comes to 90. This means the occupancy rate in percentage in Karnataka is much higher than the national level. Further, the semi-urban estates are fast catching up with urban estates in Karnataka, with occupancy at 97.6%.

(c) Rural Industrial Estates in Karnataka:

There are only three rural industrial estates in Karnataka. These estates have a special role to play in
excellerating the pace of industrialisation in rural India. It is worth mentioning here the call given by late Sir M. Visveswarayya for village industrialisation so as to do away with the imbalance between rural and urban economic activities. Villages to form their own councils and take to organised industrial activities. It is on the line of district industrialisation drive suggested by Sir M. Visveswarayya that present District Industries Centres are based and got inspiration.

Though there are only three rural estates, there are in all 379 sheds in these estates of which 376 are allotted and 370 sheds have been occupied, bringing the percentage of occupancy to 97.6. Even in respect of rural estates, Karnataka State has better performance, over all India figures. In respect of all India rural estates there are 210 rural estates. They have 3725 sheds out of which 3229 are allotted to units and 3043 are occupied, working out the occupancy percentage to 81.7. The 97.6% of occupancy rate in Karnataka is undoubtedly higher than all India occupancy of sheds in respect of rural estates.

2. District-Industrialisation Drive - Page 15, Sir M. Visveswarayya, All India Manufacturers Organisation, (A.I.M.O.), 1943.
Urban estates with 97.6% of occupancy semi-urban with 96.7% and rural estates with 97.6%, respectively, prove conclusively the balanced trend in the occupancy in all the three categories of estates in Karnataka. In all the three categories, the rate of occupancy in Karnataka is much higher than the national rate.

Industrial Estates in Backward Districts/Areas and Their Functioning in Karnataka

There are in all 11 Districts in Karnataka which are being considered as industrially backward districts/areas. All the four districts in North-Karnataka are coming under this category of backward districts. Of the 11 backward districts in Karnataka, in as many as ten districts, estates have been set up and are functioning. It is indeed a remarkable achievement as far as Karnataka State policy towards development of industrially backward areas is concerned. This has undoubtedly created an awareness on the part of entrepreneurs in rural areas to set up units in the backward areas. Industrial estates programme has, thus, become a trend setter for industrialisation in industrially backward areas which are for the first time exposed to the advantages of organised industries.
Table III.3 shows that there are in all ten industrially backward districts in Karnataka in which 13 industrial estates are completed. There are 527 factory sheds constructed in these estates of which 513 have been occupied by the units. Occupancy percentage of these sheds works out to 97.3%. At all India level we have 246 districts covering all the states and Union Territories. There are 246 backward districts, but only 188 districts have completed estates which means 58 districts are not covered by the programme of industrial estates. Further, it is of greater significance to know that there are 6095 sheds in all these backward districts put together and 5279 of these sheds have been occupied by the small industrial units bringing the percentage of occupancy of sheds in these estates to 86.6 at an all India level.

Developed Plots in Industrially Backward Districts of Karnataka:

Indian Planning Commission after closely studying the financial implication of constructed sheds and their allotment to small industrial units has come out with a policy for future development of estates by preferring more and more developed plots in the estates along with constructed sheds. With this awareness more and more
entrepreneurs can be attracted to start small units in the estate with convenient plots developed by the estates. This shifts the financial burden of the State and Central Government to private entrepreneurs who come to occupy the developed plots. There are now more and more plots being developed and allotted to small units and the construction is done by them. Plots are allotted on 10 to 20 years lease basis. The Table III.2 throws light on the functioning of developed plots in backward districts of the estates of Karnataka in comparison with the functioning of the same on an all India level.

In the 13 estates functioning in 10 backward districts in Karnataka, there are 317 developed plots, of which 263 have been occupied. This brings the occupancy percentage of developed plots in the backward districts in Karnataka State to 82.96%. On the other hand, in all the 188 industrial estates covering all backward districts in India, there are 9743 developed plots. Of these, 5116 plots have been allotted to small industrial units which works out to 52.5% of occupancy of developed plots in the country.
Table III.2: Details of Distribution of Completed Industrial Estates in Backward Districts and Areas in Karnataka State.

<table>
<thead>
<tr>
<th>State</th>
<th>No. of Backward Districts/Areas</th>
<th>No. of Backward Districts/Areas having Ind. Estates</th>
<th>No. of completed Industrial Estates</th>
<th>No. of SHEDS Constructed</th>
<th>No. of SHEDS Occupied</th>
<th>No. of PLOTS Constructed</th>
<th>No. of PLOTS Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka</td>
<td>11</td>
<td>10</td>
<td>13</td>
<td>527</td>
<td>513</td>
<td>317</td>
<td>263</td>
</tr>
<tr>
<td>All India</td>
<td></td>
<td></td>
<td></td>
<td>6095</td>
<td>5279</td>
<td>9743</td>
<td>5116</td>
</tr>
<tr>
<td>Level Total</td>
<td>246</td>
<td>188</td>
<td>382</td>
<td>(97.3%)</td>
<td>(82.96%)</td>
<td>(86.6%)</td>
<td>(52.5%)</td>
</tr>
</tbody>
</table>

Table III.3: Categorywise Distribution of Completed Industrial Estates Set Up in Backward Districts/Areas.

<table>
<thead>
<tr>
<th>State</th>
<th>No. of completed Industrial Estates</th>
<th>No. of completed Industrial estates in Backward Districts/ Areas</th>
<th>Col. (3) as % of Col. (2)</th>
<th>Categorisation of completed Industrial Estates/Areas Set Up in Backward Districts/Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Urban</td>
</tr>
<tr>
<td>Karnataka</td>
<td>28</td>
<td>13</td>
<td>46.4</td>
<td>8</td>
</tr>
<tr>
<td>All India Level</td>
<td>705</td>
<td>382</td>
<td>54.2</td>
<td>136</td>
</tr>
</tbody>
</table>

Categorywise Distribution of Completed Industrial Estates in Karnataka:

The number of completed industrial estates in Karnataka is 28 of which 13 estates are functioning in industrially backward districts or areas. It proves that 46.4% of the estates in Karnataka are functioning in ten backward districts. Out of the 13 estates in backward districts, 8 are coming under the category of urban estates, and 4 under the category of semi-urban estates and the remaining one estate is classified as rural estate. This proves that rural estates in Karnataka are not coming up in large number. Out of 28 estates only one is rural in backward district which means rural estates in backward districts in Karnataka constitute only 3.57% of the total estates.

In contrast, we have all India position of the distribution of the three categories of industrial estates. There are in all 705 completed industrial estates in the country and of these as many as 382 estates are functioning in industrially backward districts/areas in the country. Thus, the percentage of estates in the backward districts in the country comes to 54.2 which is very much higher than in Karnataka State. So, in terms of number of estates in backward districts set up at all India level is comparatively
There are 136 urban, 119 semi-urban and 127 rural estates. There is more or less a balanced set up. Percentage of rural estates in the country comes to 18 of the total estates.

**Urban Industrial Estates in Industrially Backward Districts/Areas:**

There are as many as 8 estates out of the 28 estates which are urban and located in industrially backward districts. This forms 28.57% of the total estates in backward areas, whereas in India there are 136 estates in the same category forming 19.29% of the same. Thus, in comparison we find that urban estates in Karnataka with 28.37% is higher than an all India percentage of 19.29 in the same category.

**Semi-Urban Estates in Backward Districts:**

Out of 28, 4 industrial estates in backward districts of Karnataka are coming under the category of semi-urban. Even the Hubli industrial estate is a semi-urban estate as per the classification. Percentage of semi-urban estates in industrially backward districts in Karnataka State is 14.28. The trend here is close to the all India position. In the country as a whole, of the 705 estates completed 119 semi-urban estates are functioning in industrially backward districts/area. The percentage
of these semi-urban estates to the total estates in the country comes to 16.87. Percentage in Karnataka is 14.28 which is slightly lower when compared to the national percentage.

What do you infer from the above? 

The Table III.3 points out the relative position of all the sectors of estates – urban, semi-urban and rural.

Expenditure on Industrial Estates Projects in Karnataka:

Expenditure on the project of industrial estates programme has been constantly increasing from year to year in the State as well as at the all India level. During combined period of First and Second Five Year Plan, Karnataka State with Central aid incurred an actual expenditure of Rs.53,16,000 on this programme of industrial estates. Total expenditure in sponsoring 30 industrial estates in the State, during the Plan period was Rs.70.05 lakhs. There was a constant increase in the expenditure incurred during the period of successive plans.

During 1966-67, 1967-68 and 1968-69 we had Annual Plans and the expenditure incurred during this period was as follows:
Table III.4 shows that the total expenditure incurred on the programme increased from Rs.53,16,000 during First and Second Five Year Plan to Rs.70,05,000 during the Third Five Year Plan.

The position during IVth Plan period was exceedingly encouraging. During the IVth Plan, expenditure on estates programme in the State was of the order of Rs.270,73 lakhs. It is during this period that units working in the estates in the State got positive support from the Government and the programme gained momentum.

The tempo of increasing expenditure and activities in the estates of the State was kept up even during the Vth Plan. The expenditure rose to Rs.343.45 lakhs, from 1978-79 to 1980-81 and during a period of only three years, the expenditure further rose to Rs.400 lakhs (anticipated). Total anticipated for this period for the country as a whole was Rs.2464.79 lakhs.
Table III.4: Expenditure on Industrial Estates Projects in Karnataka State.

(Rs, in lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka</td>
<td>53.16 (5.20%)</td>
<td>70.05 (3.1%)</td>
<td>18.15 (9.4%)</td>
<td>11.20 (7.39%)</td>
<td>270.73 (17.55%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>11.20 (4.6%)</td>
<td>270.73 (17.55%)</td>
<td>343.45 (19.47%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(16.22%)</td>
<td>400 (400%)</td>
</tr>
<tr>
<td>All India</td>
<td>1022.07</td>
<td>2255.45</td>
<td>215.66 (151.63)</td>
<td>229.39</td>
<td>1542.52 (1763.79)</td>
</tr>
<tr>
<td>Level Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2464.19 (2464.19)</td>
</tr>
</tbody>
</table>

Source: Planning Commission.

What do the percentages indicate?
In the beginning, expenditure on estates by Karnataka was only 5.20% of the total national expenditure of ₹1022.07 lakhs incurred during combined period of First and Second Plan. During the Third Plan period though there was considerable increase in the expenditure by the State, in terms of percentage of the national total expenditure of ₹2255.45 lakhs, it was 3.1% during this period.

During the annual plans of 1966-67 State's percentage increased to 8.4%; in 1967-68 it was 7.39% and in 1968-69 actual expenditure in percentage was 4.8% of the national expenditure of ₹229.39 lakhs. This trend shows the increasing contribution by other states as compared to Karnataka during the annual plan of 1968-69. But, during the IVth Plan there is considerable increase in the expenditure on industrial estates in Karnataka. Expenditure in the State was ₹270.73 lakhs and the national total expenditure actually incurred was of the order of ₹1542.52 lakhs. So, the expenditure in Karnataka during IVth Plan period increased considerably. Worked out in percentages the share of the State comes to 17.55. Of the total expenditure of ₹1763.79 lakhs Karnataka State's contribution was to the extent of ₹343.45 lakhs bringing the percentage expenditure to 19.47.
During the period from 1978-79 to 1980-81 of the anticipated expenditure of Rs.2464.79 lakhs, total expenditure on industrial estates projects in Karnataka stood at Rs.400 lakhs. In percentage, it comes to 16.22. So the expenditure incurred on the industrial estates programme in Karnataka is on continuous increase both in physical terms as well as in terms of percentage to the national total.

During the Vth Plan percentage for the State in expenditure is 19.47 which alone can hold conclusive evidence of the growth of the industrial estates programme registered in Karnataka.

Number of Units Functioning in Karnataka:

The following Table III.5 reveals that in the 28 completed and functioning industrial estates categorised as urban, semi-urban and rural, there are in all 1166 units functioning in Karnataka State compared to 18421 units functioning throughout the country. There are no non-functioning estates in the State. Out of the 30 sponsored, two are under construction. Occupancy percentage is higher than the national average.
It is a matter of serious concern to note that at all India level though there are 796 estates sponsored, only 633 estates are functioning. There are 72 estates constructed but not functioning and there are as many as 91 estates which are under various stages of construction.

**Persons Employed:**

As evident from Table III.6 the total number of persons employed by the 28 functioning industrial estates in Karnataka is 17046. This works out at an average of 609 workers for each estate.
Workers employed in various estates in Karnataka range from 12 in Shiralkoppa and Muddenhally to 4500 persons in Mahadevapura. Mahadevapura estate in Bangalore district which is classified as urban estate accounts for the highest number of persons employed in the State. Rajaji Nagar estate which is again an urban estate accounts for 2500 persons employed. Peenya rural estate in Bangalore has provided employment to 3900 persons. Being a rural estate its performance is something outstanding but this is because it is located on the periphery of Bangalore City. There are only eight estates which employed 500 or more persons. Only 4 estates of Bijapur, Gulbarga, Tumkur and Hal employed persons from 100 to 500.

Muddenally rural estate in Kolar district and Shiralkoppa estate in Shimoga which is semi-urban have employed only 12 persons each. This is because the area is backward and estates are very small. The number of sheds constructed are also few and the units working are new with the size of operation very small.

Table III.6 further reveals that in all the 633 functioning estates in the country the total number of persons employed works out to 2,86,201. When compared
to the total employed in Karnataka State the percentage works out to 5.95 whereas the average employed at the national level is 452 per estate. Karnataka State with an average employed persons at 609 per estate has again an edge over the estates in the country as a whole.

The 12 persons employed in two estates in Karnataka is the lowest for the State, but at the all India level there are many states where the employment in certain estates is below ten. For example:

1. Sawantwadi Estate in Maharashtra has only 5 persons employed;
2. Shajapur Estate in Shajapur District in Madhya Pradesh which is backward, the number employed is only 2;
3. Rampur Estate in Rampur District in Madhya Pradesh has employed only one person.

Thus, we may safely conclude that units in Karnataka have a better employment potential than most of the units working in other states.

4. Ibid., p.58.
5. Ibid., p.56.
Production in Industrial Estates in Karnataka:

Annual production value of only 21 out of 28 functioning estates are available. The annual total production value in Karnataka State as revealed by Table III.6 comes to Rs.29,30,56,000. Shiralkoppa estate in Shimoga accounts for the lowest production value of only Rs.70,000 annually. Production values range from Rs.70,000 to Rs.11,50,00,000. Peenya estate in Bangalore district has the highest production value in the State. Mahadevpura estate, Rajaji Nagar estate, in Bangalore District, Hubli semi-urban estate in Dharwad district, Tumkur estate in Tumkur district, Shimoga estate in Shimoga district, Belgaum estate in Belgaum district have sizeable production value exceeding one hundred lakhs annually.

Gulbarga estate in Gulbarga district, Harihar estate in Chitradurga district, K.G.P. estate in Kolar district, Ramanagaram in Bangalore have the production value of 10 lakhs and above but less than 25 lakhs. Remaining 21 estates for which figures are available account for an annual production value below ten lakhs.

At an all India level, annual production value as
### Table III.6: Details of Industrial Estates/Areas Functioning in Karnataka

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Location of the Estate</th>
<th>District</th>
<th>Year of Establishment</th>
<th>Category of Estate</th>
<th>Number of Estates / Areas Purchased</th>
<th>Number of Flots Allocated</th>
<th>No. of Ind. Units Functioning</th>
<th>Persons Employed</th>
<th>Production Value in Rs. '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rajaji Nagar</td>
<td>Bangalore</td>
<td>1960-61</td>
<td>Urban</td>
<td>143</td>
<td>143</td>
<td>2500</td>
<td>90500</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Peenya</td>
<td>Bangalore</td>
<td>1971-72</td>
<td>Rural</td>
<td>371</td>
<td>368</td>
<td>3900</td>
<td>115000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Mahadevpura</td>
<td>Bangalore</td>
<td>1975</td>
<td>Urban</td>
<td>42</td>
<td>42</td>
<td>4500</td>
<td>10000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bellary</td>
<td>Bellary</td>
<td>1965-66</td>
<td>Urban</td>
<td>6</td>
<td>6</td>
<td>35</td>
<td>340</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Bidar</td>
<td>Bidar</td>
<td>1964</td>
<td>Urban</td>
<td>16</td>
<td>15</td>
<td>151</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bijapur</td>
<td>Bijapur</td>
<td>1961-62</td>
<td>Urban</td>
<td>20</td>
<td>19</td>
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Total: 1200

All India Level: 19056

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* Indicates the Districts declared backward. Two Industrial Estates are under construction.

indicated by the Table III.6 is ₹802,93 lakhs only.

The annual production value of 21 estates for which figures are available in Karnataka when compared with all India figure of ₹802,93 lakhs the percentage for Karnataka works out to be 3.65. The average production value for each industrial estate in Karnataka comes to ₹1,39,55,000 per annum. If we take the annual production value of the remaining seven estates where figures are not available the percentage for the State when compared to all India production value per annum it works out to 4.8. Another interesting development seen here is that the five estates in Bangalore alone account for 70% of the production value of the State.

Decentralisation and Dispersal of Industries in Industrial Estates in Karnataka:

Peenya estate in Bangalore is the best example of dispersal of small units in the State. One of the basic objectives of the programme of estates in the country is the dispersal of industries and rural industrialisation. This would solve the problem of industrial slums and overcrowding in big cities which tend to attract more and more industrial units, associated with such overcrowding.
Dispersal of industries and decentralisation of smaller units has been achieved to a considerable extent in Karnataka. In North-Karnataka, Hubli estate which is a semi-urban and situated in an industrially backward district of Dharwad, has contributed greatly towards this objective. Many entrepreneurs from city have entered this estate and set up their units. In other estates also, entrepreneurs from outside the State such as Maharashtra, Gujarat, Rajasthan, Kerala and Andhra have migrated to these estates to set up their units.

Further, estates in Karnataka have succeeded in attracting many private entrepreneurs to develop private as well as co-operative industrial estates in the nearby locality of these estates. There is no doubt the private and co-operative industrial estates have emerged only due to the industrial environment created by the industrial estates set up under the Government programme.

There is now a rush to occupy the developed plots in the estate as well as the areas reserved for the development of small industries in the cities. In Belgaum town, on Poona-Bangalore road near Indian Aluminium Co.Ltd. (Kakti) a big industrial area has come up and has been
occupied by many industrial units. This is a trend which is to be seen only in the light of the development of industrial estates in Belgaum.

II. ADMINISTRATIVE SET UP

In the initial stage when the programme of industrial estates was launched in Karnataka like other states, the Directorate of Industries in the Ministry of Industry and Commerce were entrusted with the responsibility of establishing and operating the estates in the State. Since the task was heavy and it required a careful watch, a totally committed agency was felt necessary to pave the way for smooth and rapid progress of industrial estates. In some states, Small Industry Development Corporations were developed whereas in a few cases the administration was entrusted to Municipal Bodies/Corporations, Zilla Parishads (very common in Maharashtra) and District Panchayats.

In Karnataka State, the task was entrusted to the Karnataka State Small Industries Development Corporation Ltd. (Government Organisation hereafter referred to as KSSIDC). The KSSIDC created specially for this purpose in the year 1963 has full responsibility for acquiring land, its
development, construction of factory sheds, development of plots and the allotment of sheds and developed plots to units seeking to start industrial units in the estates.

The KSSIDC is managed by a regularly constituted Board of directors, with the Managing Director to look after the routine administration with his headquarters at Bangalore.

Each estate is provided with an administrative office with a separate building constructed by the KSSIDC and maintained by it. Depending upon the size of the estate and the number of units and the managerial responsibilities involved, KSSIDC provides the office staff who have the status of semi-Government servant. Many a times officers and executives from other Government Departments are posted to the administrative office of estates.

In rural areas, and in some semi-urban areas fullfledged administrative staff is not provided. However, such estates have the necessary staff at the estate’s administrative office and the overall control is exercised by the main offices to which such offices are attached. There is a provision for regular visits by the senior
officers from the head office at Bangalore as well as other
organised administrative offices to the smaller estates in
the State.

Utilities Provided:

Small industries service institute, technical
library, police station, bank counter, KEB Sub-Station, STD
facilities, tool room, etc. including the common facilities
are sought to be provided to the estates by the administrative
set up with a view to providing smooth working of the units
in the estates in Karnataka. These utilities help
considerably in developing the estates with all the infra-
structure necessary for the growth of industrial units.

Organisational Set Up of
Industrial Estates in Karnataka:

Ministry of Industry and Commerce in tune with the
Government policy for the development of small scale
industries controls and directs the activities of
industrial estates in Karnataka through Additional
Director of Industries and Commerce (IES).

There is a Secretary to assist the Ministry under
whom there is Director of Industries and Commerce who is
also the Commissioner for Industrial Development. Table
III.7, an Organisational Chart gives clear picture of staff organisation of industries and commerce as well as the KSSIDC which manages the industrial estates programme in the State. The charts clearly bring home the fact that there is substantial delegation of authority. Departmentalisation technique is followed meticulously to bring out the best possible administrative and managerial and functional efficiency of the staff of this organisation. There is a fair combination of line authorities and the staff consisting of experts in the concerned field. The committee form is adopted at suitable juncture such as allotment of constructed factory sheds, developed plots and sites. So, there is highly matured form of staff organisation at the level of Directorate as well as the KSSIDC Head Office at Rajaji Nagar, Bangalore.

Top officers in the Ministry, the Director and Development Commissioner and Additional Directors and Joint Directors are all drawn from all India Cadre (I.A.S.) besides officers from Karnataka Administrative Services.

There is a separate Director for Industrial Estates in the Directorate of Industries and through this department the KSSIDC as State Government Agency functions.
Table III.7: Organisational Chart of K.S.S.I.D.C. Ltd., Bangalore

Government of Karnataka, Ministry of Industries

Director of Industries and Commissioner for Industrial Development

Chairman (Board of Directors)

Managing Director (Addl. Director Industrial Estates & Ex-Officio Managing Director) KSSIDC

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<th>Sector &amp; Chief Manager (C &amp; M)</th>
<th>Chief Manager (I &amp; E)</th>
<th>Chief Manager (Commercial)</th>
<th>Chief Manager (Hand Controller)</th>
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<td>Asst. Manager</td>
<td>Asst. Manager</td>
<td>Asst. Peons</td>
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<tr>
<td>Asst. Manager (C &amp; M)</td>
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<tr>
<td>Asst. Peons</td>
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Table IH.7
set up specially to meet the industrial estates programme in 1960. Before 1960, this programme was handled by the Director of Small Scale Industries in the Directorate of Industries and Commerce.

The Memorandum and Articles of the KSSIDC provide for the constitution of Board of Directors and also the appointment of Departmental Heads and the creation of necessary sections to strengthen the base of administration so as to carry out the industrial estates programme with maximum efficacy and responsibility. Since the KSSIDC Ltd. is specially created by the State Government all the Directors of the Board of Directors are nominated by the State Government. Generally, the Directors are the bureaucrats and there are sometimes the non-officials who are appointed by the ruling party for a fixed period.

The Chairman of the Board of Directors:

Memorandum and Articles provide for the appointment of a non-official representing the ruling political party in the State to be the Chairman of the Board of Directors. He presides over the Board meetings as such he is at the top in the hierarchy of management. Chairman is assisted by three office staff.
Managing Director:

One of the Directors as per the articles of KSSIDC is appointed by the Government as the Executive Head and full time officer drawing monthly salary. He is of the rank of Additional Director of Industries and is drawn from All India Cadre (I.A.S.). He functions as the executive head at the Head Office of KSSIDC at Rajaji Nagar (Industrial Estates), Bangalore-44. Managing Director is assisted by five experienced staff. All the employees of KSSIDC are Semi-Government employees and their appointment is made by the Managing Director through the Selection Board. The salary and service conditions are governed by the Articles and rules of the KSSIDC, but in general salary and service conditions of the employees are the same as State Government employees except the pension which is also likely to be granted in the very nearfuture.

Managing Director has under him sixteen different departments of sections headed by in the order of their seniority and significance:

(1) Chief Managers (IEEP) Section who is assisted by a Chief Manager and two office staff;
(2) Personnel and General Administration 
Section which is headed by a Manager who 
is assisted by an Assistant Manager and 
34 office staff;

(3) Industrial Estates Section: This 
department is to supervise the various 
industrial estates in the State and their 
functions and problems. This is headed 
by a Chief Manager (single window) who 
is assisted by a Manager and an Assistant 
Manager and 11 office staff. Single window 
means clearing all the papers and procedural 
formalities of small units at one place to 
avoid the delay and the consequent 
botherations. That is why this section 
has the additional staff of a Manager and 
Assistant Manager.

Now there are three Chief Managers for 
industrial estates assisted by DCM, Branch 
Managers and Assistant Managers;

(4) Secretariat Section headed by the Secretary 
of the KSSIDC and he is assisted by four 
office staff. All the secretarial functions 
of the Corporation are entrusted to this 
Section;

(5) Finance and Commercial Section: It is 
headed by a Chief Manager who is assisted 
by Joint Chief and Deputy Chief Managers, 
a Manager and Assistant Manager and 16
Office staff. All Finance and Commercial matters come under this Section;

(6) Finance Works Accounts Section (H.O.): This Section is works accounts and is headed by a Deputy Chief Manager and assisted by an Assistant Manager with 10 office staff;

(7) IRCI Section (Attached to Commercial Section): This Section is headed by a Manager who is assisted by an Assistant Manager and 7 office staff;

(8) Public Relations Section: It is headed by a Manager who is assisted by an Assistant Manager and six office staff. Building of public relations is the function of this section;

(9) Law Section: This section is headed by Law Officer who is assisted by Assistant Law Officer of the grade of Assistant Manager and two office staff. This department deals with all the legal matters of the KSSIDC;

(10) Internal Audit Section: This is headed by a Deputy Chief Manager who is assisted by a Manager, an Assistant Manager and 9 office staff. They carry out the internal
audit of the Corporation accounts to ensure financial discipline and preparation of audit report;

(11) Commercial Procurement and Sale of Raw Materials Section (H.O.): This Section is headed by a Deputy Chief Manager who has the assistance of a Manager, an Assistant Manager and 15 office staff. They procure the raw materials and sell the same to small units in the estate through the sales depots specially created at various sub-divisions and estates for the purpose;

(12) Chief Manager Commercial Section: This is headed by a Chief Manager and two office staff;

(13) Stores Section (H.O.): This is headed by a Deputy Chief Manager who is assisted by a Deputy Chief Manager and an Assistant Manager and 26 office staff;

(14) Project Planning and Evaluation Section: It is headed by Chief Manager and is assisted by one office staff;

(15) Electric and Electronic Testic Laboratory Section: This Section is headed by a Manager who is specially trained in the field and he is assisted by Assistant Manager who is also having special training in electrical and electronic subjects.
These sections function at the Head Office of KSSIDC at Bangalore and the appointment of Chief, Deputy Chief Managers, Managers and Assistant Managers are made according to the requirements and status of the sections, their seniority, etc. and accordingly the office staff is provided to these sections to render assistance.

Regional Offices:

There are five regional offices of the KSSIDC located at the following places:

1) Regional Office, Peenya Estate:
   This office is headed by a Deputy Chief Manager and assisted by two Assistant Managers to look after stores, and accounts and marketing separately. Office staff is 15;

2) Regional Office, Mysore:
   There is a Deputy Chief Manager as the head who is assisted by a Manager and two Assistant Managers and ten office staff;

3) Regional Office, Mangalore:
   This is headed by a Deputy Chief Manager and assisted by two Assistant Managers and 10 office staff.
4) Regional Office, Hubli:
   Head is the Deputy Chief Manager who is assisted by two Assistant Managers and 10 office staff.

5) Regional Office, Gulbarga:
   Head is the Manager who is assisted by two Assistant Managers and 9 office staff.

There is fair amount of decentralisation and delegation of authority in the formation of these five Regional Offices which function subject to centralised control at the Head Office.

Branch Offices:

KSSIDC has opened five Branch Offices at the following places. At the Branch Office level there are either Deputy Chief Managers or Managers.

1) Branch Office, Rajaji Nagar:
   Head is Branch Manager assisted by an Assistant Manager and 8 office staff.
2) Branch Office, Peenya II Stage:

There is a Manager who is assisted by an Assistant Manager and 6 office staff.

3) Branch Office, Belgaum:

Head is the Manager (this post is upgraded as Deputy Chief Manager now) who is assisted by an Assistant Manager and 8 office staff.

4) Branch Office, Harihars:

Head is the Manager who is assisted by 9 office staff.

5) Branch Office, Bellary:

Head is the Manager assisted by 6 office staff.

Raw Material Depots:

KSSIDC has opened 7 raw material depots to cater to the needs of the units in the estates located at various places in the State. The depots are located at Shimoga, Tumkur, Hospet, Raichur, Hassan, Bidar and Bijapur. These depots are headed by Sales Managers or Assistant Sales Managers who are assisted by 6 to 7 office staff at each depot.
Besides these there is a Branch Office (BV/AD) Gulbarga headed by a Chief Manager who is assisted by three Managers and 6 office staff.

There is a Branch Office of the KSSIDC for Internal Audit at Hubli, Belgaum and Gulbarga.

Branch Office at Calcutta and Nagpur are opened to strengthen the operational efficiency and expansion of the programme.

The organisational network brings the total employment of staff to 646. This alone can evidence the magnitude of the activities of the Corporation in developing small units in the State.

Acquirement of Land and Development of Plots and Construction of Sheds:

There has to be a thorough physical planning in selection of site and size besides designing sheds and plots which are to be allotted to small scale industrialists in the State. State Government, therefore, created Karnataka Industrial Area Development Board (KIADB)

under the provisions of KIADB Act. It is this statutory body (KIADB) which now takes to acquiring land for industrial purpose. Land so acquired is transferred by the KIADB to the KSSIDC or in favour of private industrialists, private companies, firms, co-operative industrial estate, etc.

KIADB also acquires land for developing it as private industrial area. At Kakti, Honaga and Kangrali in Belgaum industrial areas have been developed and have now become breeding ground of industrial activities which is entirely due to industrial estate programme launched by the State Government through the Agency of KSSIDC.

Single Window Agency:

DIC's are created to provide all services and facilities and support to entrepreneurs and in tune with the new industrial policy of the Government of Karnataka, an agency called "Single Window Agency" under the chairmanship of Deputy Commissioner of the District was created for the benefit of small scale and tiny industries. All facilities are provided under single roof. Entrepreneurs are provided all clearance through this single window agency. Licence, finance, etc, are all cleared at one point.
The main functionaries are:

1. Finalisation of action plan on the identification of new small scale units to be set up in the District;

2. Preparation of a plan for provision of infra-structural facilities in the industrial estates and industrial areas;

3. Preparation of a credit plan to finance the units;

4. Determination of the viability of the unit, requirement of land or shed by the unit, and reviewing the package of incentives and concessions for small entrepreneurs.

This agency has wide powers, such as:

1. Grant of land upto two acres to units;

2. Allotment of sheds in industrial estates to small units;

3. Grant of electricity power upto 250 KVA per unit;

4. To review and recommend sanction of term loans in favour of units to KSFC and commercial banks;
(5) To review the grant of offensive and
dangerous licences by municipal
agencies;

(6) Grant and disbursement of incentives
and general review of the problems of
small units.

Development of Land:

Land acquired by the KSSIDC is developed and layout
as per the designs approved by the KSSID Engineering
Department. Sheds are constructed in A B C D & M Types
which have standard measurement regarding the site area
and plinth area. Wide range of industrial services and
common facilities are to be provided in the physical layout
of the estate by the KSSIDC. Power, water supply, internal
roads, Bank and Post Office, Canteen, Dispensary, residential
quarters, parks, schools, etc. are to be provided for.

Industrial Services:

The physical planning for industrial services is
undertaken. Industrial tool room, Industrial Training
Institute, Small Industries Service Institute Centre,
Electro and Electronic Testing Laboratory Services, etc.

6. Source: Department of Industries and Commerce, Government
of Karnataka in Belgaum District - DIC (New Package of
Incentives 1982-87), Belgaum.
are provided for in the physical planning of the estate to provide support for the easy growth of small units.

**Allotment Committee:**

Small units will have to get themselves registered at the DIC before seeking allotment. Factory sheds or plots in the estate are then allotted by an allotment committee after the application for allotment are called for through notification by KSSIDC in leading newspapers. The applications from small entrepreneurs are scrutinised by SISI and KSSIDC as a first step. The applications are placed before an allotment committee of which now the General Manager, DIC (and formerly the Deputy Commissioner of the District) is the Chairman. Other members are:

1. The Branch Manager, KSSIDC who is the Member Secretary and Convenor;

2. Assistant Director SISI (Small Industries Service Institute);

3. LDM (Manager of the lead bank in the District);

   For Belgaum and Hubli estates, Syndicate Bank is the lead bank;

4. Representative of the Small Scale Industries Association in the District;
This allotment committee with due regard to Government reservations to SC/ST, Backward Classes, Women and Handicapped entrepreneurs and also technocrats will finalise the allotment which is to be given effect to by the KSIDC.

Infrastructure facilities, safety, rentals, etc. come within the scope of the office of the KSIDC at the District.

The administrative set up of industrial estates in Karnataka though elaborate is functional and time-bound. The single window agency has proved to be a boon to the new entrepreneurs with all the utilities and requisites made available at one place.