CHAPTER I
RESEARCH DESIGN

Introduction:

Industrial estates are designed as a tool to bring about a change in industrial environment, suited to promoting industrial units where there is a normal hesitancy to establish the same due to economic constraints such as lack of suitable land, power, water, raw material, technology, finance and what not.

The industrial estates were motivated by varied and multipurpose objectives depending upon the type of the economy and viewpoint of the administrators and planners where planning was the order of the day. Hence, the purpose with which the industrial estates were started in advanced countries differed from the developing and underdeveloped countries. The purpose varies even within the country from one estate to another depending on the economic environment and social objectives.

Industrial estates today have come to occupy a definite place in the economic development of a country be it developed, developing or underdeveloped. This positive role of industrial estates evinced our interest in analysing
the working of the same in India in general and in Karnataka in particular with a special study confined to four major districts of North-Karnataka in the State.

Statement of the Problem:

The present study confines itself to working of industrial estates actually functioning in the four districts of North-Karnataka region which is also popularly known as Bombay Karnataka. The four districts are Belgaum, Bijapur, Dharwad and Karwar. All these four districts in this region are declared as industrially backward districts. As such the study of the estates in these districts is of greater economic and social significance. The estates in these districts have their own peculiar problems and at the same time this area was exposed to industrialisation process recently.

Dharwad district is rich in agriculture and the agro-based units can fill the gap in the industrial activities in this district. Belgaum district is also industrially backward but it has close link with Bombay market. This district has industrial potentialities which are not fully utilised. Study of the estates in this district will help the Government in identifying and utilising the growth potentials in the district. Karwar and Belgaum districts
have immense forest resources which help promote forest-based industries. The study of the working of estates in Bijapur district which is drought prone is also of great economic and social significance. Estates in this district will have problems peculiar to the area as such the study will help in tracing the causes of poor performance and the remedial measures that are necessary to make these estates economically viable.

Indian experiment of industrial estate is to be viewed in the light of the Industrial Policy Resolutions of 1948 and 1956 and the allocations made in accordance with the Five Year Plans. Small industry is assigned a big role and industrial estates are expected to play vital role in promotion and furtherance of small industry. Now India has completed 30 years of planned experiment of industrial estates programme. Study of estates located in a revenue division of a few districts is necessary to tackle the problems that may come in the way of this massive programme.

The study is aimed at the critical analysis of industrial estates in North-Karnataka with a view to bringing about the high lights of these estates and to assess the various constraints found in the functioning of the estates in general and the sheds in the said estates in particular.
Previous Studies on the Subject:
Though there have been several studies made on industrial estates in India all these studies have confined themselves to a particular State or particular aspect. It is worth noting that each state or region or aspect has its own peculiarities. So, no study or research on regionwise or districtwise basis results in the duplication of the work. Each region exhibits its own peculiarities.

K. K. Bharati of Saugar University contributed his thesis on "Industrial Estates in Developing Economies with special reference to India" in 1971. There is lack of in-depth study of the working of estates in various regions in the country since this study was spread over the entire nation which did not result in the in-depth analysis of the problem. It was a general study aimed at broad-based analysis which could not serve any useful purpose.

Prof. N. Gangadhar Rao of Andhra University made a study on the "Entrepreneurship in Industrial Estates with special reference to coastal Andhra". This study confined to the entrepreneurship. His objective was to highlight the entrepreneur class emerging in the Coastal Andhra Pradesh with industrial estates as a tool to generate the same.
N. Someshkhar of Indian Institute of Science made a study of Industrial Estates in Mysore. This study was undertaken in 1961-62 and industrial estates programme in India really got consolidated and more diversified during and after the third five year plan, as much water has flown below the bridge since then. Large number of estates have sprung up posing problems to the administrators as well as the entrepreneurs. The study today is outdated.

Dr. P.C. Alexander made a pioneering study on the Industrial Estates in India in 1961-62. The criticism levelled against the study of N. Someshkhar holds true in respect of Dr. Alexander though the latter confined to the countrywide study.

The previous studies, thus, were either out of date or confined to areas beyond industrial estate. Besides, we did not come across any systematic study of industrial estates regionwise. This prompted us to undertake a comprehensive regional study of industrial estates in North-Karnataka which we consider as a distinct contribution to the literature on the subject.

Objectives of the Study:

The study mainly aims at analysing the working of the industrial estates in economically backward yet...
The study is undertaken from the primary point of view of the small entrepreneur and how best estates can help in creating favourable economic environment for the growth of industries in backward and rural areas. Thus the study proposes to:

1. Analyse the infrastructural utilities available in the estates and the utilities yet to be created for the smooth working of the estates in general and the sheds in particular;

2. Analyse the problems faced by the units in the estates in their functioning;

3. Analyse the problems faced by the labour and estimate the employment generated therein;

4. Analyse the working of the units including their profitability;

5. Analyse the organisational and the locational aspects of the estates;

6. Analyse the financial and managerial problems faced by the units including the subsidy and rent of the sheds;

7. Suggest measures for smooth functioning of the units in the estates.
The above stated objectives are sought to be examined with micro-analytical study of North-Karnataka region and the study is expected to help in laying policy decisions governing the future programme of industrial estates. The study is further expected to suggest suitable measures for strengthening the working of industrial units in these estates.

Definition of Concepts:

1. North-Karnataka means the then Bombay-Karnataka consisting of the districts of Belgaum, Bijapur, Dharwad and Karwar (which is also known as Uttar Kannada);

2. Administrative office is defined as the office put in charge of the administration of the estate by the KSSIDC.

   KSSIDC means Karnataka State Small Industries Development Corporation with its headquarters at Bangalore;

3. Industrial unit means an industrial enterprise run either by a proprietary concern, partnership, joint stock company, co-operative society or Government producing one or more variety of products or services located in the estate;
4. Urban estate is an estate located in a town with population exceeding 50,000;

5. Semi-Urban estates is one which is located in a town with less than 50,000 but more than 5000 population;

6. Rural estate is one which is located in a place with population below 5000;

7. Factory shed means the constructed factory building by the Government to be allotted to units in the estate;

8. Developed plot means that it is a plot in an estate properly developed for the construction of sheds and operation with necessary infra-structure like link road, water and electricity connection, drainage and common facilities available for allotment to industrial units;

9. Raw material depot is a depot maintained at the estate by the KSSIDC to procure and sell the essential raw materials to the units at a reasonable rate.

Limitation of the Study:

The industrial units covered by the study are scattered over a large area of four districts and the socio-economic conditions in which these units are functioning
are not essentially the same. The area is predominantly agricultural and industrially backward as such its level of economic development is different from other areas. Units functioning in the area are engaged in the production of variety of goods and their line of manufacture is classified into five groups. Some of the estates are too small in size and have started functioning effectively from 1981 though established in 1961. Since the area is backward and the entrepreneurs are suspicious and sensitive to give out vital information regarding their profit margin, volume of production, wages and work conditions and the tax matters, etc. the study is hindered by various constraints. Administrative information that is obtained is through personal efforts only.

Development Commissioner of Small Industries, Delhi has made available the up-to-date progress report as on 31-3-1979 and for the period after 31-3-1979 no information was made available that being the latest data available. As such, at the all India level the official figures as reported in the 1979 progress report had to be relied upon. In spite of these handicaps, the researcher induced and encouraged by using his personal influence, to collect authentic and reliable data for the thesis. Absence of higher officers at the administrative offices of the small estates was a
regular feature which resulted in repeated visits and waste of time. So, the study does not claim to be exhaustive covering all the aspects of the working of industrial estates in this region of Karnataka State. The above factors have set various limitations to the collection of data.

We have confined our study to the eight estates in North-Karnataka only. The study does not cover the estates sponsored by foreign governments. Further, industrial estates run on co-operative basis or by private sector or sponsored by financial institutions are outside the purview of this study.

**Methodology and Source of Data:**

It is a study of four districts of North-Karnataka, as such survey method is adopted. A first hand data was collected from the various administrative offices of the estates as well as from the offices of the DIC, SISI and Development Commissioner for Small Industries. The researcher made personal call on the administrative officers of the estates and the DIC's and the District Statistical Officers.
Two separate questionnaires were drawn providing for comprehensive coverage of the information separately from the units functioning in the estate and the administrative offices of the KSSIDC. Schedule 'A' was administered to the 8 administrative offices and the Schedule 'B' was administered on 59 functioning units forming 20% of the total units functioning in these estates. All these units selected are engaged in the production of variety of goods which are classified into five categories. There is 100% coverage of the administrative offices and 20% coverage of the functioning units.

Universe of the Study:

A geographical area covered by the Districts of Belgaum, Bijapur, Dharwad and Karwar of Karnataka State popularly known as Bombay Karnataka is the universe of the study. The 8 estates working in these four districts are evenly spread and are located as under:

1. Belgaum and Khanapur industrial estates in Belgaum District;
2. Bijapur and Jamkhandi estates in Bijapur District;
3. Hubli and Gadag estates in Dharwad District;
There are some estates recently proposed but not functioning, as such they are kept out of the scope of this study. The offices of all the 8 estates are covered by the study.

Period of the Study:

Period of study is five years beginning from 1979 to 1984, the period when the report on consolidation and expansion of the industrial estates programme was available. The average of the five years is taken in analysing the production and cost aspects of the units functioning in the estates. For study of this nature five year period is justified in that beyond five years, collection of data is not only difficult but also data loses its significance with the passage of time and the sales and cost figures vary greatly in industrial activities.

We have not shown the yearly figures separately for each unit. The figures for the five years beginning from 1979 through 1984 are consolidated and an average worked out. This system has resulted in evening out many ups and downs in the life of industrial units and given a steady average figure.
Frame Work of Analysis:

The data collected through two schedules separately administered on administrative offices of the estates as well as the industrial units are processed and reduced to tables for clear presentation of the matter. The data collected was presented in simple tables. Suitable maps and charts are employed at appropriate places to add clarity to the presentation of our analysis. Graphs are not presented as the tables themselves are clear enough to explain the position. Besides, the figures for five years beginning from 1979 through 1984 are averaged out so that there was no need to comment on various changes in the five year period. In survey of the type undertaken by us where variety of units producing different items, are involved, an average figure of the five years gives a better and clear picture of the units functioning as a whole rather than figures for each year.

Maps of Karnataka in general and North-Karnataka in particular showing the estates is given at the beginning for better understanding of the analysis.

Chapter Scheme:

The report of the study is presented under the following chapter scheme:
Chapter I is on research design.

The presentation actually starts from the Second Chapter entitled "Industrial Estates - A Pre-view" where an attempt is made to bring out historical background of the industrial estate and the programme functioning in other parts of the world. Meaning of industrial estates, its classification and variants besides the introduction and spread of industrial estates in India planwise is highlighted in this chapter.

Chapter III deals with structure and administrative set-up of industrial estates in Karnataka State.

In Chapter IV the structure and organisation of the 8 estates and the functioning of units, form of organisation, location size, physical planning and employment trends are brought out.

Chapter V deals with production and marketing process in industrial estates in North-Karnataka based on the survey. Analysis of input value produced, raw material, labour and overheads are also analysed in this chapter.
Chapter VI which is a concluding chapter is divided into two parts. The First part deals with the critical analysis of the estates surveyed. The Second part of this chapter deals with suggestions for smooth functioning of the units in the estates.