CHAPTER VI

SUMMARY AND CONCLUSIONS
The Industrial Policy Resolution of 1956 and the successive plan documents underlined the need for and the importance of Small-Scale Industries in Indian economy. The Small-Scale Industries are supposed to assist the growth and wide dispersal of industrial activity in the rural and backward areas. They are mainly intended to bring about balanced regional development and provide employment to the rural poor. They are considered an important tool for the development of backward areas. The backward areas suffer from the problems of the lack of infrastructure to facilitate the growth of industry. To overcome this problem, the Third Plan conceived the idea of establishing industrial estates in rural and backward areas. The industrial estates are expected to provide a package of services to the small entrepreneurs in the form of built-up factory accommodation, power, water, transport and other facilities, so that the entrepreneurs will be induced to establish their industrial units in backward regions without delay.

In the present study, an attempt is made to find out whether the industrial estates have succeeded in fulfilling the role assigned to them. The performance of industrial units located inside and outside industrial estate are also studied for the purpose of comparison.
The study, as regards the growth of infrastructure to industrial development, is not clearly established. It reveals that the Anantapur District, particularly Hindupur, which is industrially backward is also backward in infrastructure when compared to other districts in Andhra Pradesh. The infrastructure table indicated that 12 districts (viz., Prakasam, Kurnool, Chittoor, Cuddapah, Anantapur, Medak, Mahaboob Nagar, Nalgonda, Warangal, Khammam and Adilabad) have infrastructure below the State average.

The Industrial Estate Programme in Andhra Pradesh witnessed phenomenal progress as the number of industrial estate has gone up from 5 in 1957 to 61 in 1974 and 155 by 1988. Ever since the APIIC has taken up the responsibility of establishing industrial estates, considerable progress has taken place in the development of plots and construction of sheds in Industrial Estates/Industrial Development Areas.

Though the number of Industrial Estates/Industrial Development Areas has gone up substantially the progress of Assisted Private Industrial Estates (APIEs), Rural Industrial Estates (RIEs), and Mini Industrial Estates (MIEs) is not satisfactory. There are wide ranging inter-regional disparities in land acquired, plots developed and sheds constructed in Industrial Estates.
and Industrial Development Areas. The share of backward districts in land acquired, plots developed and sheds constructed is very less when compared to the developed districts. The backward districts accounted for only 34.5 per cent of plots developed and 29 per cent of sheds constructed as against 65.5 per cent and 71 per cent in non-backward districts. The present study reveals that there are no substantial differences between the backward and non-backward districts in the occupancy rate of plots/sheds. This suggests that there is a great demand for constructed sheds and development plots in Industrial Estates in backward districts. It also indicates the potential for the growth of Industrial Estates in backward districts.

**INDUSTRIAL ESTATE PROGRAMME IN HINDUPUR**

Hindupur is industrially backward as its share in industrial units and employment is very meagre. From 1978 onwards, the place witnessed substantial progress in industrial development as the number of industries in small, medium and large scale sector has gone up phenomenally. Despite significant growth in industry in recent times, Hindupur still offers a lot of potential for further industrial development, a large quantity of mineral and agricultural resources remained underutilised or unutilised. This opens up opportunities for establishing
resource based industries apart from demand based units like chemical, electronic and engineering industrial units.

The performance of industrial units in Hindupur industrial estate is not satisfactory. The land utilisation pattern in Industrial Estate/Industrial Development Area is unsatisfactory. Only 50 per cent of the land acquired for the establishment of industrial estate has been utilised. In Industrial Development Area also only 25 per cent of the land acquired for the development of plots has been utilised. Even in the case of the land developed, about 30 per cent of the land is used for roads and other common facilities. This has led to the escalation of land cost and their burden is thrown on industrial units that have come up in the Industrial Estate and Industrial Development Area. The establishment of Industrial Estate is not based on any techno-economic survey, nor on the availability of raw materials. The system of allotment of plots/sheds on hire purchase/out right sale basis in Industrial Estate resulted in the mis-utilisation of infrastructure created for industrial units. Some of the unscrupulous entrepreneurs retained the sheds for appreciation in real estate value instead of genuine industrial activity.
By and large the industrial estate in Hindupur presents a picture of inadequate attention and improper maintenance, as most of the common facilities needed for industrial units like repairing and service facilities, tool room, canteen, godown, raw materials centre etc., are not made available by the estate authority.

The sample survey is restricted to 5 industrial units located within industrial estate and 5 industrial units located outside industrial estate. The economic performance of the units is examined with the help of structural ratios. The study which is comparative has brought out the following features:

A comparative study of Capital per Worker (K/W) and Average Sales per Person Employed (S/P) indicates that capital intensity and labour intensity is higher in the units located outside the estate. The three ratios i.e., Capital per Worker (K/W), Average Sales per Person Employed (S/P), and Average Sales unit of Capital (S/K) reveals that overall performance of units located outside the industrial estate is much better than units within the industrial estate.

The financial ratios (current ratio and quick assets ratio) which indicate the financial solvency of industrial units shows that there are no substantial
differences in the ability of the industrial units to discharge their short liabilities, in between the units located inside and outside the industrial estate. The industrial units located outside industrial estate are more successful in generating employment, attracting more capital than the units located inside industrial estate.

Most of the units operating on both sides of the industrial estates complained of certain operational problems viz., under-utilisation of capacity due to power cuts, working capital shortages, declining sales, fall in demand, shortage of raw materials, as a result of the drought conditions in the district during the preceding years. Some of the entrepreneurs are very critical of the functioning of the government departments and government policies especially by the units established inside industrial estate.

The following suggestions are worth considering in making the Industrial Estate Programme a success in backward areas with special reference to Hindupur.

As the number of industrial estates established, sheds constructed and plots developed in backward districts is very less in future the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) may give more importance
to the backward areas in developing plots and constructing sheds. However, it has to be preceded by a proper techno-economic survey.

The present policy of admitting industrial units into the Industrial Estates/Industrial Development Areas on first come first served basis is not favourable for the healthy growth of industrial estate programme. Therefore, the estate authority need to screen the prospective entrants. Only those units that are dependent upon local resources and create strong linkage with the hinterland need be encouraged. Only genuine entrepreneurs may be given due opportunity for establishing industrial units.

As the present policy of allotting plots/sheds with only the bare minimum infrastructure like power, water and roads will not be effective in making the industrial estate programme a success. It is suggested that the estate authorities need to strengthen the industrial estate by providing the other infrastructure facilities like tool rooms, repairing and servicing facilities, raw material depots, canteen etc., to make them fully packaged and avoid the criticism saying that they are acting as real estate dealers.

The success of the industrial units located in industrial estate depends not only upon the availability
of the infrastructure but also upon the availability of other supporting services such as credit, marketing assistance, government orders, quality testing facilities etc. In this respect the District Industries Centre (DIC) has to take the lead role and nurse the industrial units located in the industrial estate caution and care.

Hindupur has great potential for industrial development provided proper direction and guidance is given to the prospective entrepreneurs. In this respect the District Industries Centre has to take the lead role and provide every possible assistance as friend, philosopher and guide to small entrepreneurs.

There is a need to conduct a fresh techno-economic survey of the place for the construction of new plots/sheds in the industrial estate in future. This is necessary to make the right choice of the location, site selection etc., and to avoid the earlier pitfalls.

As some units in the industrial estate are reported sick for longer periods with no possibility of rehabilitation, effective measures need to be taken to take back the possession of the sheds and reallocate them to new entrepreneurs.

As some of the units are misutilising the factory sheds, effective measures should be taken to prevent the
malady. Strict administrative surveillance in the sale/hire-purchase agreements is more desirable.

Industrial development in backward areas does not take place merely by the establishment of industrial estates. If the backward areas have to develop industrially, it is also necessary to locate at least one large scale industry with a large ancillarisation impact in the industrial estate.

The present study establishes the fact that infrastructure development alone does not influence the growth of industry. The backward areas offer a high potential for the growth of industrial estate. The industrial estate, in turn, can facilitate the socio-economic development of the backward areas. The performance of industrial units located inside industrial estate is not satisfactory when compared to the units located outside the industrial estate. If these lacunae are taken care of, the industrial estate programme can certainly prove itself to be a great boon to backward areas.
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