CHAPTER - IV

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The working of Industrial Estates / Industrial Parks in India have been studied by many scholars. Most of the studies are based on sample surveys having economic orientation. A brief review of the important works done so far on Industrial Estates / Industrial Parks has been given below:

Bredo (1960) in his study *Industrial Estates* has narrated the concepts of Industrial Estates and outlined the steps to be taken to use it as a tool for industrialisation. The study also examined the advantages of Industrial Estates to industrialists, local community, region and to the national economy. Some limitations and pitfalls in the Industrial Estate programme have also been identified.

Dhar and Lydell (1961) in their book *The Role of Small Enterprises in Indian Economic Development* have attempted an analysis of the Industrial Estate programme. They are of the opinion that the glamour for more Industrial Estate was not necessarily an index of their success as such. They point out that their popularity lies in that fact that they ensure an easier access to raw material in the regulated market. According to them, an outside
enterprise gets only a small portion of its raw material requirements at controlled prices and has to buy the rest in open or black-market. If, in future, scarcities of raw material and power are relieved, the enthusiasm for owning an establishment in the Industrial Estate may disappear.

**Alexander** (1963) in his book *Industrial Estates in India* has analysed the problems and prospects of Industrial Estates in India. He found out that wrong decision on the locations of the Industrial Estates has resulted in failures in many cases. He added that proper attention should be given to planning aspects of Industrial Estates.

**The Directorate of Evaluation of the Government of Uttar Pradesh** (1967) in its study on *The Industrial Estates programme in Uttar Pradesh* found that hill Estates proved unpromising as pre-requisites needed for industry were not developed. The Estates at Ghosi and other places have proved a failure, purely because of the non-consideration of economic factors while establishing them. In many parts of the State, Estates were located yet entrepreneurs have not been forthcoming, which is a sad commentary on the locational decisions.

**Kalyani Bandyopadhyaya** (1969) in her book *Industrialisation through Industrial Estates* has analysed the different socio-economic contexts in which the Industrial Estates have been developed, and the purpose which
they have been expected to serve, in a relatively large number of developed as well as developing countries. She endeavoured to assess the potentialities of Industrial Estates as a means of industrialisation in a developing economy like that of India.

Manickam (1969) in his study Physical Planning of Industrial Estates found that the area of land under different uses, plot dimensions and their manner of placement, which are the main constituents of a layout plan, could not by any standards be adjudged as efficient. The land use analysis of Industrial Estates at Ambattur, Guindy, Sanatnagar and Okhla (all metropolitan based) made in 1968 showed a wide variation in the areas allotted to different uses. The percentage of area under factory plots was the highest, 69 per cent in the Ambattur Industrial Estates, whereas in Guindy it was as low as 33.2 per cent. The percentages in respect of Sanatnagar Industrial Estate and Okhla Industrial Estates are 62 per cent and 50.9 per cent respectively.

Mathur (1971) in his book Manual of Industrial Estate Planning has given the basis concepts of the Industrial Estate programme and delineates the steps to make it an effective tool for promotion and development of industries in developing economies.
Nagiya (1971) in his book *Industrial Estate Programme: The Indian Experience* has analysed the working of Industrial Estates in India. He found out that the programme of Industrial Estate is doing well in some States and not satisfactory in some other States. He concluded that success of Industrial Estates depended on many factors like presence of entrepreneurs with technical and managerial experience, presence of large scale industries in the neighbourhood, availability of raw materials, market, power, educational and housing facilities.

Chopra (1973) in his study *Industrial Estates in Rajasthan* compared the performance of industrial units located inside the one Industrial Estate with industrial units located in other Industrial Estates. The study also contains inter-location and inter-industry comparison within the Industrial Estates.

Kulkarni (1973) in his study *Industrial Estates in Maharashtra* declares that the performance of the industrial units in Industrial Estates was inferior compared with the industrial units located outside the Industrial Estates.

Somasekhara (1975) in his book *The efficacy of Industrial Estates in India* has scrutinised the efficacy of Industrial Estates in India in general and Karnataka in particular. Primary data were collected from the
industries through questionnaires and secondary data were collected from the reports and records published by the Government of India, Government of Karnataka and from other States. It was found that the Industrial Estates have not been successful to any perceptible degree in the industrialisation of backward areas, and ineffective in creating employment opportunities and improving the performance of industries.

Bhati (1976) in his study Industrial Estates – An Evaluation has concluded that the Industrial Estate programme had been successful in developing latent enterprises particularly in rural areas. However, despite substantial higher demand, the utilisation of factory in the Industrial Estates was found to be remaining at a considerably lower level.

Indian Institute of Public Opinion, New Delhi (1976) in its study A Socio-Economic evaluation of the SIPCOT Industrial Park at Ranipet, Tamil Nadu has mentioned the socio-economic benefits accrued to the area surrounding the SIPCOT Industrial Park at Ranipet. The study revealed the employment generated, investments attracted and the spread effects on account of SIPCOT Industrial Park at Ranipet. The study suggested immediate steps for provision of medical, telephone and telegraph facilities, police station, fire station, housing and transportation facilities.
Bharti (1978) in his book *Industrial Estates in developing economies* has laid stress the achievements, difficulties and problems of Industrial Estates in developing countries with particular reference to India. He has observed that the Industrial Estates in India did not present a very satisfactory picture of development. There are a number of defects in their planning, layout, allocation and working. But he has also stated that still it cannot be denied that they have created an environment favourable for industrial development.

Pareek (1978) in his study *Financing of Small Scale Industries in a Developing Economy* has examined the assistance to small scale industries, though the schemes of Industrial Estates and supply of machinery on a hire-purchase basis. The study shows that a number of existing Industrial Estates were not yet provided with proper amenities of roads, drainage, light and water and the high cost of construction of sheds in Industrial Estates was a major limiting factors to the growth of Industrial Estates in Rajasthan.

United Nations Industrial Development Organisation (UNIDO) (1978) in its book *Guidelines for the establishment of Industrial Estates in developing countries* prepared by A. Neilson has explained the concepts of Industrial Estates and the steps to be taken for the establishment and smooth running of the Industrial Estates. This study narrates the
conditions necessary for the success of Industrial Estate programme and the role played by the Industrial Estates in the growth and development of developing countries. Neilson concludes that the unrealistic nature of the objectives of the programme and the absence of co-ordination with other development programmes were the main reasons for failure of Industrial Estates to achieve the goals.

Sanghvi (1979) in his book *Role of Industrial Estates in a Developing Economy* has scanned the role of Industrial Estates in industrial development and evaluated the achievements and shortcoming of the policy of Industrial Estates in India in general and Gujarat in particular. He has selected six Industrial Estates in Gujarat for his case study.

Buck (1980) in his research article *The Industrial Park* published in the book *Planning Industrial Development* edited by David F. Walker has focused the achievements of Industrial Parks in United States of America. He found that Industrial Parks were the successful answer to the needs of industry, business, Government and workers. He has decided that Industrial Parks provided a large and stable base for the growth and development of industries and satisfied the growing needs of industries.

Lavakumar (1980) made observations regarding the small scale industries in Ambattur Avadi-Padi Industrial Estate. He remarked that this Industrial Estate was facing a number of difficulties, such as high sale
price of plots, poor transport, housing, municipal and marketing facilities, in addition to the erratic power supply and telephone, telex and postal facilities, besides lack of metallic and other minerals with the lack of raw materials.

Raman (1980) has pointed out that Ambattur Estate in Tamil Nadu need a face lift. He maintains that it had many facilities, i.e. excellent infrastructural facilities, vast product market, huge hinterland, well connected rails and road, easy procurement of raw materials or dispatch of manufactured goods and availability of technical manpower etc.

Srinivasan (1980) explained that SIDCO played an important role in the development of Industrial Estates in Tamil Nadu. He further has observed that Industrial Estates in Tamil Nadu were fully equipped and functioning well.

Krishna (1981) has studied that Malappuram district was predominantly an agricultural and backward district. Kerala State Government has massive programme to develop the mini Industrial Estate for the development of rapid industrialization by utilising fully available raw material and other resources, and providing gainful employment opportunities to the self employed and other unemployed youth.

Chattopadhaya (1984) in his study "Industrial Estate : Case of West Bengal" has examined the performance of five Industrial Estates of
West Bengal and concluded that inefficiency was not associated with management of Industrial Estates. If given the right lead, it was possible to turn the Industrial Estates into profitable and economically rewarding activities. District Industries Centre, State Financial Corporation, Industrial Development Corporation, Commercial banks and Lead banks should chart out plans sensitive enough to enthuse small entrepreneurs not only to establish industries but also to run them on efficient lines. Professional management of Estates, expert technical and professional services, procurement of new raw material spares and components are some of the special measures to be taken by concerned agencies. These Estates can not be claimed to be economically viable. The study also reported that the programme had no significant effect on slum clearance or the relief of urban congestion. As regards the decentralization of industry, it is stated that the shift of units from places of higher concentration had not occurred.

Pradhan (1984) in his study "Industrial Estates: An inter-district analysis of Orissa" reached the conclusion that the programme of Industrial Estate had been successful in the districts with a greater degree of urbanization, the proximity of market, easy availability of credit and skilled manpower and some of the factors which can provide inducements to the success of the programme. His study related to ten Industrial Estates of Orissa, proved that the Industrial Estate programme was more successful i
the districts that were industrially more advanced and therefore, it did not succeed in achieving its objective of decentralized industrial development.

Anandvardhan (1985) observed that the Delhi Small Industries Development Corporation (DSIDC) was the agency for promoting the small enterprises in capital and was now proposing to enter into joint ventures, particularly in the sphere of high technology non-polluting industries. He further added that the DSIDC proposed to enter into a joint venture for manufacturing magnetic ink coating, floppy disc and kits.

He has investigated and found that OKHLA was a successful symbol of small units, such as, ideal environment for developing small scale industries, remarkable understanding among the entrepreneurs, charting out planned development programme, creation of infrastructure and other basic requirements, trouble free manufacturing environment and proximity to the market.

Bhandari (1985) reviewed, “Marketing of Noida Product” and remarked that in Noida Industrial Complex, majority of the entrepreneurs were technically qualified, young and dynamic. He further said that there was a selfless urge in them to manufacture goods of the best quality.

Dandia (1985) in an article titled “Industrial Estate – Haphazard growth in Rajasthan” highlighted the progress and development
of Industrial Estates in Rajasthan. He reveals number of difficulties, such as, high sale price of the plots, poor transport facilities, poor housing facilities, poor municipal facilities, poor daily scavenging, poor telephone, telex and postal facilities and erratic power supply.

Jaffar (1985) reviewed performance and problems of Industrial Estates in Uttar Pradesh during plan periods. He identified that the allotment of plots were faulty and the units were facing so many problems, such as higher sales tax rates, toll barriers, erratic power supply, poor telephone network and lack of needed facilities.

Jairamkrishnan (1985) in his study "Effluent disposal problem in the Gujarat Industrial Estate" observed that, Gujarat Industrial Estates set up has an underground effluent disposal channel, underground power and drainage supply, pollution free atmosphere and proper outlet for the industrial wastes.

Kaul (1985) viewed that Jammu Industrial Estates is the second largest Estates in Northern India after OKHLA in New Delhi. It is connected with rest of the country by road and rail. The units had been motivated by assured power supply and quotas of different raw materials regularly allotted by the centre.
Khakhar (1985) in his book *Urbanisation and Role of Industrial Estates* has analysed the advantages and disadvantages of establishing Industrial Estates within the city area. He concluded that it would be desirable that more Industrial Estates were planned within the city instead of without.

Narayan (1985) remarked in his article that Industrial Estates in Bihar were facing a number of problems such as poor infrastructural facilities, bad shape of roads, inadequate supply of water, short supply of raw material and power, because of those problems large number of units had been either closed or were at the stage of closure. To overcome these problems, the State Government has set up the following organisation: (1) Industrial Area Development Authorities to deal the problems of sick units. (2) Public Health Engineering Department (PHED) to deal with water supply in the rural areas.

According to Nitya (1985) Guwahati Industrial Estates face a number of problems i.e. absence of adequate infrastructural facilities and skilled management, charging high cost of power than the other departments, shortage of power supply, poor sanitation and drainage facilities, bad shape of roads, shortage of raw materials and shortage of finance.

Pradeep Puri (1985) has observed that erratic power supply was a cause of destruction of Industrial Areas at Najagarh, besides these, limited
infrastructure facilities, low voltage of power, frequent trippings, shortage of water supply, difficulties in movement of traffic due to the rain water stagnation. The teleprinter and telex facilities were not good.

**Pradhan** (1985) in his study *Industrial Estates and State Development* has investigated the efficiency of the Industrial Estate programme by comparing the performance of the units of Industrial Estates within with that of the units of outside regions. Secondary data were collected from the reports and records of the Government of India and Government of Orissa. The study covered eleven Industrial Estates out of the nineteen Industrial Estates established in the State of Orissa. And it concluded that the programme of Industrial Estates succeeded in registering an impressive performance in a relatively economically backward State like Orissa.

**Rahulkumar** (1985) critically has examined the problems of Wazirpur Industrial Estates and found that basic amenities, like street lights, drainage problems and sanitation were lacking.

**Rao** (1985) has found in his study that Government had promised to develop certain things such as “green belt” around the Estate, a fire station, a police out post, a post office, a telephone exchange, a common facilities centre, warehouse, bank premises, administrative block, a welfare
centre, a recreation centre and ESI dispensary, a library, a technical training centre for workers, a canteen, open lawn and a bus terminal at the Charkop Industrial Estate.

Sharma (1985) has asserted that Government of Himachal Pradesh offered a number of incentives and subsidies such as low sales tax, subsidy for the power consuming industries, subsidy on capital cost, subsidy on freight, subsidy on rate of interest, exemption of income tax, uninterrupted power supply for the investors to establish units in Industrial Estates.

Surinderkullar (1985) has maintained that Punjab Industrial Estates had been lacking infrastructure facilities and crippling delay in the disbursal of these incentives. Industrial growth has come to a grinding halt due to neglect and inclement political climate in the state.

Tyagarajsharma (1985) has identified that Mayapuri and Naraina Industrial Estates in Delhi are today associated with a wide range of products for domestic and export markets. He further has said that those two Estates together has boasted a number of units producing different types of products ranging from ready made garments, plastics, cosmetics, engineering, glassware, hosiery, T.V. sets and components, radio, scientific and optical instruments and tape records etc.
Yogeshchandra (1985) has pointed out that “Noida Industrial Estate – An integrated Industrial Township” had unique administrative experiment in the following three aspects: (1) adoption of an overall area development strategy covering the residential township as well as villages; (2) the setting up and development of small scale and tiny industries; and (3) the preservation and development of ecology and environment. He has remarked that Noida was a home for small industrial units in a self-supporting integrated system. He further has remarked that Industrial township had some facilities i.e. multi-disciplinary facilities, commercial facilities, institutional facilities and residential facilities.

Gangadhararao (1986) in his book *Entrepreneurship and Growth of enterprises in Industrial Estates* has studied the impact of the programme of Industrial Estates on the emergence of entrepreneurship and growth of small units in coastal Andhra Pradesh. He found out that the impact of Industrial Estates on the emergence of entrepreneurship in coastal Andhra Pradesh was found to be marginal and the process of germination of entrepreneurship was certainly accelerated. He concluded that a new sense of awareness, about the virtues of self-employment through industrial entrepreneurship had come to the traditional agricultural communities, the ranks of white-collar workmen and unemployed. He has suggested to instill the spirit of enterprise in every one and to take the mantle of industrialisation
to every corner of the country to meet the twin challenges of unemployment and under utilisation of resources.

Lakshmana Rao (1986) in his study on Small Scale Industrial Entrepreneurs In Andhra Pradesh mainly focused on the comparison of the performance of the units in the Industrial Estates and that of the units outside the Industrial Estates, taking the indicators such as value added, profits, labour productivity, raw material productivity and gross value of output. He found that the value added varied considerably among different enterprises. He has also found that the performance in terms of select indicators was better with non-Industrial Estates units than industrial units in the Estates.

Shahulhameed (1986) in his Study of Industrial Estates with special reference to Madras found out that in most of the places no pre-investment study was conducted. He also found out that vacancy position developed was more in Industrial Estates than in backward areas.

Anilmetha (1987) in his study Organisation and Working of Industrial Estates has analysed the growth and prospects of Industrial Estates in India in general and Rajasthan in particular. Primary data were collected from industries through questionnaires and interviews, and secondary data were collected from the records published by the Government of India, Government of Rajasthan and other State Governments. It was concluded
that Industrial Estates in Rajasthan have played a very significant role in furthering the progress and promotion of the small scale industries and thereby enhancing the economic growth and adding potential to the Indian economy.

Deepakagrawal (1987) in his book *Prospects of Industrial Estates in Under-developed Countries* has studied the role and prospects of Industrial Estates in industrial development and evaluated the achievements and shortcomings of the policy of Industrial Estates in India in general and Uttar Pradesh in particular. It was concluded in his research that Industrial Estates have not showed mark of good progress due to operational problems of supporting institutions, operational problems of entrepreneurs, improper planning, problems of raw materials, lack of housing facilities to the workers and the like.

Manjughodke (1987) has examined critically the Industrial Estates in Maharashtra and felt that atmosphere in this State was conducive for the growth of more industry even in far flung areas, it could serve as a major tool for industrial dispersal.

Balaji (1991) in his study *Infrastructure Development for Tamil Nadu’s Industrial Growth (With special reference to Guindy Industrial Estate, Madras)* has found out that there were frequent power cuts and the power tariff was also very high. He has added that canteen facility was
inadequate and the rent charged by Small Industries Development Corporation Limited (SIDCO) was very high.

Suresh (1992) in his study *Industrial Estates and Regional Development with reference to SIPCOT, Cuddalore* found out that the Industrial Park developed by SIPCOT enabled the growth of many industries in the area. The area, considered rural, has got changed into semi-urban with the emergence of number of industries. He concluded that industry units have started using the resources available in the area which have not been put into active use before and all those getting meager income from agriculture and allied occupations have got opportunity to get increased income after getting industrial employment.

Datta (1993) reported that Japanese choose Noida for Industrial Model Town (IMT) which had complete industrial infrastructure for attracting foreign direct investment (FDI).

Manimekalai (1993) has conducted a study on *Entrepreneurship Development in Industrial Estates in Trichy District*. In her study, she has examined the differential performance of the entrepreneurs in Industrial Estates and outside the Industrial Estates. The analysis of social profile of entrepreneurship of Industrial Estates and units outside the Industrial Estates reveals some difference in the characteristics pertaining to education, community, and migration from other districts and their
performance. Investment size has been higher for Industrial Estates than for the units outside Industrial Estates.

**Arulappan** (1996) in his *Study of Entrepreneurship in Small Scale Industries in North Arcot District, Tamil Nadu* has found that small scale industries played a commendable role in the production of various goods, generating employment opportunities and in the arena of exports. He added that the Government of Tamil Nadu had constructed 3582 factory sheds in 22 Industrial Estates.

**Experts Group on the commercialisation of infrastructure projects** (1996) in its study. *The India Infrastructure Report* observed that in India, Industrial Parks had been traditionally seen as vehicles to induce industrial growth in backward or rural areas and this strategy had not worked. The current policy of the Government of India was not transparent on whether foreign investors were allowed to develop and run Industrial Parks.

It is suggested that (1) the State Industrial Development Corporations (SIDCs) which hold large pieces of land could have an alliance with the private sector for development of Industrial Parks, (b) a statutory State Industrial Parks Promotional Authority (SIPA) might be set up in each State, on the lines of bodies such as the Industrial Estate Authority of Thailand (c) Industrial Parks should be recognised as eligible investments in
infrastructure and therefore receive the benefit of nil tax under the Income Tax Act.

Khairoowala and Nasir Naeem (1998) in their book *Industrial Estates in India* have examined the role and prospects of Industrial Estates in India in General and Uttar Pradesh in particular. The study was based on the secondary data collected from the records and reports published by the Government of India, Government of Uttar Pradesh and other State Governments. The study concluded that almost in all the States of the Country the performance of Industrial Estates had been very satisfactory.

Lakshminarasaiah (1999) in her book *Development of Small Scale Industries* has investigated the performance of small scale industries in Industrial Estates in Rayalaseema region of Andra Pradesh State. The study has shown that the small scale industries in the Industrial Estates, on the whole, had met with fair amount of success. It was concluded that though the performance of the ‘sample’ units did not compare well in all aspects with that of ‘control’ units, it would be important to bear in mind that, in absolute terms, the Industrial Estate units had, by and large, proved to be economically efficient and viable.

Sundaram (1999) in his study *Small Scale Industries in Tamil Nadu: A Study of Industrial Estates in Dharmapuri District* has found out
that Industrial Estates in Tamil Nadu had been experiencing problems such as lack of proper attention to their location, lack of infrastructural facilities, uneconomic land development, delays in allotment of land, lack of housing facilities, lack of coordination among different Government Departments and the like. He concluded that small scale industries had helped to reduce regional disparities in the country in terms of number of units, employment and value added.

The above review of the relevant literature indicates, Industrial Parks have created favourable environment for Industrial Development. They have provided a large stable base for more successful growth of development of industries. Some studies have found out the commendable role played by the Industrial Parks in the production of various goods and generation employment opportunities. The success of the Industrial Estates is attributed to the presence of entrepreneurs with technological and managerial experience. Many of the studies, however, highlighted the following defects in the working of the Industrial Parks.

Wrong decision on location, non-consideration of the economic factors in establishing them, area of land plot dimensions and placement, were not efficient. High cost of construction of shed has been a limiting factor. High sale price of plots, poor transport facilities, poor marketing facilities,
erratic power supply and lack of raw materials have been identified as the major problems of the Industrial Estates / Industrial Parks.

This recommends up the need for a special study of the working of the Industrial Parks.