

Role of Karnataka State Small Industries Development Corporation Ltd, for Economic Development of Karnataka State – A study

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Abstract:-

Industrial estates provide organizational set-up in which small scale industries, tiny enterprises, women enterprises, ancillary units export oriented units and small service business establishments develop and flourish. This concept is useful not only for achieving industrial distribution, but also for backward regions, rural areas and decentralization of industries in semi-urban areas. It may be noted that industrial estates play an important role in achieving rapid regional balance and social progress particularly in developing countries like India. Hence, the present chapter gives the detailed note on origin of industrial estates, concept of industrial estates, entrepreneur and entrepreneurship.

In India, Industrial Estates are provided with built up factory accommodation in the early stages of the programme. Subsequently, the provision of developed plots has become the norm through built up sheds continue to be given in less developed regions, rural areas, backward areas and to special categories of beneficiaries like SCs, STs, women, Handicap persons, NRIs and Defiance Quota. The main object of Industrial Estate Programme has been identified for rapid industrilisation in rural and back ward areas by establishing small scale industries in Industrial Estates.

Key Words:- Industries, SSI, Finance, Estates, Entrepreneur, entrepreneurship, Importance.

Introduction:-

The developed countries like United States of America and United Kingdom (Great Britain) have achieved significant progress in industrilisation through establishment of industrial estates. The programme was started in 1886 with the establishment of first industrial estate at Trafford Parma, Manchester in United Kingdom. In the United States of America the pioneer industrial district was comparatively slow, but it got considerable impetus after Second World War. After 1950, a large number of developing countries started showing their growing interest in the development of industrial estates by recognizing it as a significant tool for industrilisation. Post liberalisation period i.e., (1991

onwards, UNIDO'S (United Nations Industrial Development Organization) role started in fostering industrial development through formation of Industrial estates in unprivileged regions of the world.

Most of the industrial estates are planned and operated with little concern for environmental impact and causing significant environmental damages in many areas of the natural resources, there are habitat destruction, soil contamination, noise, toxic chemicals, solid wastes, loss of biodiversity, air emission, industrial accidents, fuel spill, and global climate changes are the main issues of environmental damages. In order to preserve the natural resources, 1995 onwards, UNIDO and UNEP (United Nations Environmental Programme) jointly concentrated on Environmental Management System for Industrial estates. Thus, the result of environmental systems is the establishment of Eco-Industrial Estates in the world today.

In United States of America, they established industrial estates called Eco-Industrial Park and many number of developed countries have adopted Eco-Industrial Systems and the developing countries are also accepting the concept of Environmental Management system for Industrial Estates.

DEFINITIONS ON INDUSTRIAL ESTATES

The term, Industrial Estate was originated in the United Kingdom in the late 19th century. However, the earliest definition on industrial estate was given by

William Bredo¹ in 1960. He viewed it as a tool for industrialisation and called it 'a tract of land which is sub-divided and developed according to a comprehensive plan for the use of community of Industrial enterprises'. He further elaborated that the comprehensive plan must make the detailed provision for streets and roads, transportation facilities and installation of utilities, and may provide for the eviction of factory building in advance of sale or lease to occupants.

Later **Alexander**² in 1963 describe an Industrial Estate as "a group of factories constructed on economic scale in suitable sites with facilities of water, transport, electricity, steam, bank, post office,

¹ William Bredo, Industrial Estates Tool for Industrialisation, Stanford Research Institute, California, U.S.A., Asia Publishing House, Bombay, 1962, P.I. cited.S.Ashok Kumar, Entrepreneurship in Small Industry, PP.19-28.

² Alexander.P.C., Industrial Estates in India, Asia Publishing House, Bombay, 1963, PP 5-8.

canteen, watch and ward and first aid and provided with special arrangement for technical guidance and common facilities”.

As the definition given by Alexander was felt to be more in the nature of descriptions, effort was made in later years to revise the definition to suit specific purpose and application. In 1966, United Nation in its study of policies, Plan and Progress of Industrial Estates has defined industrial estate as ‘a planned clustering of

and facilities to the occupants. This definition sums-up the essential characteristics and components of industrial estates in a comprehensive manner.

Finally, in 1997, **Edward Cohen Rosenthal** of U.S.A., in his experience on designing Industrial Parks defined it as “ a cluster of industries within a defined geographical area, administered and managed by a single authority having

The concept of the “Industrial Estate” has emerged in industrial countries toward the end of the nineteenth century as a means to promote, plan and manage industrial development. Since 1970s, there has been a massive increase in the number of estates world wide, especially in rapid industrializing countries. There are now more than 12,000 of these estates in the world. They vary widely, in age, size, type of Organisation. But they do have essential common elements and as an effective instrument adopted for the reduction of costs of infrastructure and stimulating regional economic activities.

Industrial estates are known with different names in different countries. They are called Industrial Parks, Industrial Treaty or Industrial Districts in the United States of America. In recent years Industrial Estates are also called Eco Industrial parks in USA, Trading Centers or Trading Estates in U.K, Industrial Zones or Industrial Nuclei in Italy, Industrial Plaza in Canada, Industrial Regions in Russia, Industrial Sub-division in Puerto Rico, Industrial City in Maxico and Industrial Estates in other countries like India, Turkey, China, Japan, Malaysia, france, Srilanka, Syria, Indonesia, Pakistan, Belgium, Brazil, Swizerland, Sweden, Thailand etc. The term Industrial Estate is thus more popular and more aptly conveys the wider concept of this programme and technique. It should however, be noted that these nomenclatures refer both to the organizations managing the project and to the sites and installations.

Industrial Estates in India are also called Kaigarika Kshetra in Hindi as per the National language of India and Kaigarika Vasaahathu (Industrial Estate) in Kannada which is one of the recognized regional languages of Karnataka in the country.

The Industrial Estate has formed as a part of the economic development strategies of many countries since 1945, but it was after 1970 that the most rapid growth occurred. According to a survey in 1996 by the International Development Research Council, there were more than 12,000 estates in 90 countries. There are certainly many more industrial estates today, with some estimates which is more than 20,000 in figure. In U.S.A. there are 225 foreign trade zones and thousands of state run enterprises zones as well as some employment zones, in China there are over 2,000 industrial estates by the end of 1998 and in France there are over 18,000 areas designated for concerted development.

The most popular Industrial estates those have been established around the world are Leam Chabang Industrial Estate situated about 130 kms south east of Bangkok in Thailand, Yuan Hong Industrial Park of China, De zones industrial estate in Tunisia, Burnside Industrial Park in Dartmouth of Nova Scotia, Eco-Industrial parks (EIPs) in U.S.A. Dunkirk area in France, Lingkungan Kecil (LIK) Bugangan Baru Industrial Estate in Semarang of Indonesia, caymanas Industrial Estate in Kingston of Jamaica and Trafford park in Manchester in U.K.

In India many Industrial Estates are popular, Okhla Industrial Estate in New Delhi, Gundy Industrial Estate in Chennai, Sanathnagar Industrial Estate in Andhra Pradesh, Panveli Industrial Estate in Mumbai, Ludhiyana Industrial Estate at Punjanb, Kandla Free Trade Zone in Gujrath, Noida Free Trade Zone at Uttar Pradesh, Cochin Industrial Port for Export at Kerala, Noroda Industrial Estate in Ahmedabad, and peenya Industrial Estate and White Field Estate in Bangalore of Karnataka State.

Estate vary widely in terms of type and size, the smallest are simple activity zone on the outskirts of provincial towns whereas the largest are virtually new industrial cities. The largest estate in the world is the Jabel Ali Free Zone in Dubai, which covers around 10 kms and has over 1,600 tenant companies. The Colon Free Zone, in Panama, occupies 397 hectares and has 1,600 tenant companies and foreign trade zone in Montgomery, USA occupies 2,319 hectares and companies of four industrial parks and an airport. Estate are often major centre of employment, Batamindo estate in Indonesia provides 60,000 jobs while Sushou in China offers 6,00,000 job opportunities and in India Okhla Industrial Estate I and II have 4,000 square meters providing 3,000 industrial units employs over 1,50,000 employees.

In Karnataka State, Peenya Industrial Estate is largest and oldest estate in South East Asia across sprawling 40 sq kms span, it comprises of a conglomeration of 40 medium and 1,058 small scale industries and a total investment at a book value is put over ` 700 crores and annual sale value which exceeds ` 3,000 crores. It has a work force of nearly 40,000 people with 5,000 of them women and it attracts 15 to 20 overseas visitors daily and annually with 5 to 6 thousand overseas dignitaries from nearly 32 countries.

STATEMENT OF THE PROBLEM

A balanced regional development through locational dispersal of industries has been one of the principal objectives of the successive five year plans. One of the vital objectives behind fostering small scale industries development in our country is to initiate regional industrial balance by countermanding or neutralizing as far as possible polarization of Industrial activities within developed regions. Encouraging small scale industries development in backward areas ensures maximum utilization of local resources both human and material and in consequence helps to bridge inter-regional gaps.

With a view to achieve this, the government has provided various incentives and concessions from time to time. The government policies and plans recognize the industrial estate programme as a tool for rapid industrialization through decentralization of small scale industries to rural and backward areas.

In spite of this development, at the end of eleventh plan 2006-2010, the units in industrial estates in the country have contributed for 9 percent of estimated total output of SSIs, 8.5 percent of the total employment generated by the small scale industries sector. The share of rural and semi urban industrial estates to total functioning industrial estates stood around 22 to 26 percent and 27 to 33 percent respectively by the end of 70's. While the share of urban stood around 45 to 46 percent. By the eleventh plan document, one can observe that the number of industrial estates and areas are fairly large, but their functioning has not been uniformly satisfactory and, sheds and plots developed have not been fully occupied and become functional. In addition to that, the performance of semi-urban and rural Industrial Estates has been relatively less encouraging.

As for Karnataka State is concerned, the industrial estates and industrial areas programme have no doubt contributed to the development and growth of small scale industries. However, the establishment of such estates or areas is an extremely slow process and cannot become successful unless it is integrated effectively with development programme. The low utilization of sheds erected in the estates and the lack of occupants in estates in backward area would indicate the need for reappraisal of the content and place of the programme. Besides this, the growth of small scale industry has not been taken place to the desired extent. Shortage of skilled labour, poor infrastructure facilities, etc., have inhibited the development of small scale industries in industrial estate in the state.

Moreover, the entry of multinationals to the Indian Industrial scene is a major threat to the small units. Now they have to improve themselves in terms of quality to face the competition by multinational companies and become successful. Under these circumstances, a study on challenges and

strategies in Developing Small Scale Industries in Industrial Estates housed under the umbrella of Karnataka State Industries Development Corporation Limited is more keenly felt.

A micro study like this has not been carried out by any other researchers so far and documented. Hence, the present study is a pioneering one throws light on the issues like evaluation of the performance of small industries in Industrial Estates Karnataka State Small Industries Development Corporation (IEs KSSIDC) to plug the results to the future prospects. The study provides useful suggestions to the policy-makers of the Government to revamp existing visions towards SSIs.

SMALL SCALE INDUSTRIES AND INDUSTRIAL ESTATES

The objectives of establishing SSIs are reflected in the following statement given by the former Prime Minister of India, Late Smt. Indira Gandhi³, dynamic personality.

“ Our sole consideration has been to accelerate development and thus make a significant impact on the problems of poverty and unemployment and to bring about progressive reduction of disparities between the rich and poor section of our people and between the relatively advanced and backward areas of our country”.

Industrial estates provide organizational set-up in which medium and small scale industries flourish and develop. This technique is useful not only for achieving rapid industrialisation but also for achieving industrial decentralization. It may be noted the industrial estates play an important role in achieving rapid regional industrial development and thereby accelerate the economic and social progress particularly in developing countries like India.

It should be recognized that in developing countries like India, the industrial units particularly the small ones encounter with certain problems in respect of transport and communication, motive power and lighting, factory space, gas, steam, water, road etc. Consequently, the industrial development in these countries suffers a great setback. When properly planned and managed, the industrial estates can serve as the effective instrument for bringing about industrial development. They provide a climate that is congenial for the growth of small enterprises. By making available facilities, they encourage the establishment of new enterprises. They have been recognized as an effective institutional technique for supporting the initiation, expansion and modernization of small industries, perhaps on account of this

³ *The bankers, July 1969, p. 366 Cited M.A.Hasanth., Ibid., P. 125.*

reason, policies are formulated in India for accelerating industrial development through industrial estates.

IMPORTANCE OF SMALL SCALE INDUSTRIES VIS-À-VIS INDUSTRIAL ESTATES

In India, Small industries play a major role in the resurgence of an economy. They are not only instrument of change but vehicle of growth and diversification. In India, the role of small scale industries was adequately realized long back. This is reflected in industrial policy resolution of 6th April, 1948 which stated ‘Small Scale Industries have a very important role in the national economy offering as they give scope for individual, village or co operative enterprises and means for the rehabilitation of displaced persons. These industries are particularly suited for the better utilization of local resources and for the achievement of local self sufficiency in respect of certain types of essential consumer goods.

P.N.Dhar and Lydall⁴ have stated “the promotion of small scale industries have been widely recommended as one of the most appropriate means of developing industries in our populated back ward countries.

Japan is usually head up as the great example of what can be done in this way and now, even communist China is said to be following a similar path, at least in the rural area. In no country, however, has the doctrine of small industry received such strong official support as in India. There are number of reasons for this, the most important is the legacy of Gandhian teaching. In addition, the very wide distribution of existing small industries in India, the great pressure of population, the shortage of capital have all tended to direct attention towards the small scale sector as possible means of increasing output and employment in industry for at least the next few decades.

It is true that small scale sector is considered to be an appropriate and most effective instrument for industrialisation in many developing economies. Chowdhury⁵ opined that, the most noteworthy

⁴ Dhar P.N.and H.F. Lydall., *The Role of Small Entrepreneurs in Indian Economic Development, Bombay, 1961, P.42.*

⁵ Chowdhury., *A.Article in Asian Development Review, Vol.8, No. 2, 1990 cited R.S.Jalal., Industrial Estates in Small Scale Industries, Anmol Publications New Delhi, 1991,P.4.*

contribution of small scale sector has been to mobilize domestic resources by drawing into economic production, savings, labour and raw materials that other wise remain idle and unutilised.

The reason for which small scale industries should be assigned an important place in the development of the country. India lives in villages; rural development is the base for over all development of our country. Unless we concentrate on rural industries, improving socio-economic conditions of rural people will be a day-dream.

Large and medium scale industries provide employment opportunities to the people living in and around urban areas. Thus, government should insist the balanced regional and economic development. The industrial estates have paved the way for rapid industrialisation by establishing the small enterprises in a particular place.

Thus small scale industries in industrial estates play an important role in industrialisation, even though, the much rapid industrial growth could be achieved through large and medium industries when compared to small scale industries, but still both central and state governments have laid utmost importance for the development of small scale industries in estates. This is mainly because of the reason that SSI's pave ways for more employment opportunities than the large and medium industries. Since India is a vast country, as many of its people are unemployed and, moreover, the Government cannot absorb all the unemployed people. The development of SSIs is very vital to provide employment opportunities as they are more labour intensive industries. Hence, the Government has encouraged the establishment of the units in estates.

Small scale industries provide better ancillary services to the large and medium industries through Industrial Marketing Corporation Ltd., (IMC) which is a separate unit and is under the control of estate department. Hence, the Government has encouraged and motivated a large number of entrepreneurs to enter into industrial entrepreneurship in industrial estate by providing infrastructure facilities like warehousing, modular industrial plots/sheds, provisions for exhibitions, trade conversion centre were equipped with common facilities like bank, cafeteria, sufficient parking with high security, container deposit depots, single office complex non polluting and high technology.

DEFINITION AND JUSTIFICATION FOR SMALL SCALE INDUSTRIES

The small scale sector has been assigned a special role in the post independence industrial economy of the nation. The revival and rehabilitation of these industrial has been an important objective of planners. This has been on account of some of the inherent advantages of the sector, like low capital intensity, high employment generation, decentralized industrial activity and widening of the entrepreneurial base. The concern and efforts of the state to promote this sector are also reflected in various industrial policy resolutions since 1948 to New Industrial Policy of 2006-2011.

Time and again, it is said by eminent personalities that, under specific conditions, development of small scale industries in India is desirable as well as necessary. Here, it seems relevant to explain the concept of small scale industry. Abid Hussain⁶, as well known expert and the chairman of expert committee on small entrepreneurs observed that no satisfactory definition of small, cottage and rural industries had been attempted by any authority in the country. After assessing the various aspects, specific features and characteristics of small-scale industries, he tried to give the definition for general acceptance.

Before understanding the meaning of SSI's the distinction between cottage industries and small scale industries should be marked.

Pandit Jawaharlal Nehru⁷. A visionary remarked that cottage industries and small scale industries should be treated as two separate entities. These industries and crafts, which are carried on generally in the home of the artisans, are known as cottage industry. Generally no power is used in the cottage industries and tools and implements used are also simple. Whereas, quite different from these, the small scale industries mostly use power and small machines. These small scale industries also employ a small number of worker.

⁶ Abid Hussain., *Chairman, Report of Expert Committee on Small Entrepreneurs, Rajiv Gandhi Institute of Contemporary Studies, Jawahar Bhawan, Ministry of Industry, Government of India, New Delhi, January 27, 1997.*

⁷ *Government of India, Rural and Cottage Industry, National Planning Series, PP.24-53 cited M.A.hasanth., Role of Nationalised Bank in the Development of Small Scale Industries, Classical Publishing House, New Delhi, 1991, PP. 1-37.*

Gandhiji⁸ has originally convinced small scale industries as the best instrument for giving concrete expression to the 'Swadeshi Spirit' and his followers also favoured and accepted that the concept of small scale industries may employ other workers, and may utilize the power.

The concerned ministry of central or state government and the effort of planning commission to promote the SSI sector have also been reflected in various industrial policy resolution since 1948.

The definition of small scale industries has undergone changes over the years in terms of investment limits on plant and machinery. The first definition of small scale industries was framed during 1950 in the following manner : a unit employing less than 50 persons and using power and with capital investment on assets not exceeding five lakh rupees was deemed a small scale unit.

Another criterion developed in Industrial policy in the year 1960 delimits the size of industries in terms of capital investment alone. Five years later in 1966, after some modifications, small scale industry was defined on the basis of capital investment. As per 1966 declaration, all industrial units with a capital investment of not more than ` 7.5 lakhs, irrespective of the number of persons employed were treated as small scale units. With a view of the rise in prices of plant and machinery, the Small Scale Industries Board in 1975 raised the limit of capital investment of units upto ` 10 lakhs of SSI units. According to industrial policy resolution of 1980, the limits of capital investment in plant and machinery has been further increased from `10 lakhs to ` 20 lakhs for small scale industries.

The need for introducing the latest technology in small scale industries to improve its competitive strength and the increase in the cost of imported machinery necessitated a change in the definition of small scale industries. A revised definition was consequently adopted in 1985 that an industrial unit with a capital investment of not more than ` 35 lakhs in plant and machinery is considered as a small scale unit.

NEED FOR THE STUDY

A deep probe into the available literature relating to small scale industries in industrial estates hints the researcher that, almost all the studies focused on different dimensions of SSI's in industrial estates of a particular region. However, even though many research studies have been carried out in Karnataka State, no such micro study has been done by any researcher so far for development of SSI's especially in the Industrial Estates of KSSIDC and documented it. Hence, the present study. The study aims to evaluate the performance of SSI units located in industrial estates of KSSIDC and trace out the problems, the small units are facing and to give useful suggestions keeping in mind the entire gamut of

⁸ Pulak Chakravarthy., *The History and Economics of Khadi Industry*, cited R.S.Jalal., *Ibid.*, P.11.

process and measures of industrialization through continued efforts of Government to nurture and nurse small industries.

OBJECTIVES OF THE STUDY

The establishment of industrial estates has been one of the institutional devices adopted for promoting, assisting and sustaining SSI's in several countries like U.S.A., U.K., Turkey, Kenya, Malaysia, Canada, France and India. These industrial estates are considered as important and extensively useful technique for the programme of rapid industrialization in any economy. The industrial estates support to provide the healthy industrial environment, climate and encouragement to small entrepreneurs and take care about number of problems of sites, plots, building, power, infrastructure facilities and incentives and concessions for SSI's and it is also necessary to make an evaluation of the role of industrial estates in promoting entrepreneurship.

Small industry constitutes a big segment of India's industrial fabric. It is the biggest sector providing employment opportunities to the Indians next to agriculture. But the SSI units are the worst sufferers after the liberalization of Indian economy vis-à-vis with the entry of giant multinational companies and the present economic condition has also affected SSI sector and it is also necessary to evaluate the performance of enterprises, their growth and problems encountered by them.

In the view of the above, the present study is carried out with the below mentioned objectives is expected to throw a light on performance, problems, prospects and issues relating to entrepreneurship in small scale industries particularly in industrial estates that have remained dormant and come out with suggestions for implementation at different levels for developing right type of small entrepreneurship required in rural and backward areas.

1. To study the performance of KSSIDC in the growth and development of small units in industrial estates.
2. To enquire into the socio economic background of small entrepreneurs emerging in industrial estates.
3. To evaluate the small entrepreneurs efforts and performance in industrial estates in Karnataka.
4. To study the problems being faced by the small units in KSSIDC estates.
5. To estimate the Development and growth options for small scale units in these estates.
6. To offer suggestions based on findings.

HYPOTHESES OF THE STUDY

In order to achieve the above objectives, the following hypotheses have been set for the study.

1. The locational advantage have its own impact on the entrepreneurs entry and performance.
2. The family background of the entrepreneurs has its own impact on the entrepreneurial performance.
3. The entrepreneurial performance is influenced by the category to which they belong.
4. Formal education has influenced the successful entrepreneurship.
5. The much better performance of the entrepreneurs is affected by so many problems.

METHODOLOGY AND SAMPLING DESIGN

Small scale industries with the capital not exceeding `500 lakhs which includes tiny units, ancillary industries, export oriented industries, women enterprises, small service units have been considered for the evaluation of performance, problems and prospects of small scale industries in industrial estates of KSSIDC in Karnataka.

In order to test the hypotheses and meet the objectives of the study, the data has been collected from the both primary and secondary sources. An elaborate questionnaire was prepared for administering on entrepreneurs and primary data was gathered. A random sample size of 400 entrepreneurs from 34 estates of KSSIDC was selected. Due consideration has been given to the units located in different zones of industrial estates. Out of 400 samples entrepreneurs, 207 belong to Zone - I, 135 belong to Zone -II and 58 entrepreneurs belong to one III.

Apart form the above: secondary sources was also tapped from annual report of KSSIDC, Progress Reports, MIS Report on industrial estates, booklets, information brochures of KSSIDC, Kaigarika Vartha, ICSI Herald, Books, Journals, Articles etc. The materials have been collected form planning and statistics department, Directorate of Industries, SISI, AWAKE, Ministry of Small Industries, KSIMC's office, NISC, SIDO and even from Websites, University library and ICSSR-NASSDOC.

SCOPE OF THE STUDY

The Industrial Estates of KSSIDC have gained a lot of significance on account of several factors particularly due to rapid industrialization and balanced growth in rural and backward area. In this connection, it may be mentioned that the establishment of industrial estate has given great importance for the growth and development of small scale industrial units. There are at present 5,573 sheds

constructed in which more than 5,000 units are operating in 165 industrial estates spread in 30 districts of Karnataka. State. The study is confined to small scale industries functioning in industrial estates of KSSIDC in Karnataka State. Moreover, the researcher hails from the same state and problems can be better perceived.

ANALYSIS OF THE DATA

In order to prove the inferences or nullify the hypotheses, the data collected was analysed with the help of statistical technique like ratios, percentage, growth rate, weight points and ranking method. It is entered in SPSS.

LIMITATIONS OF THE STUDY

The study is confined to SSI units in KSSIDC estates only, since the units are facing identical problems and enjoying identical facilities. Moreover, time and money constrains have also affected the researcher's decision to limit the study the SSIs in KSSIDC estates. Lack of knowledge about the importance of research among the respondents also affected the study. Some entrepreneurs are reluctant to give the data due to known and unknown reasons. The analysis of data is purely based on the information given by the respondents during field survey.

INDUSTRIAL ESTATES IN KARNATAKA

The programme in industrial estates was adopted by the country towards the end of First Five Year Plan to promote and develop the small scale industries in Karnataka State. The programme of industrial estate was started Mysore Small Industrial Corporation (MSIC, Mysore State was the former name of Karnataka State till 1972). In the beginning, comparatively bigger towns were selected for establishment of industrial estates by the corporation. During the Second Five Year Plan from 1956 to 1960, the corporation had setup 3 industrial estates in the selected cities of the State. The first industrial estate was established during 1957 in Ramnagar of Bangalore District and later in 1958, a Hubli industrial estate has developed. In 1959, Rajajinagar industrial estate was constructed. Later in third plan from 1961 to 1965, 6 industrial estates were constructed in which 3 estates in 1962 namely Jamakandi, Madikei and Kadur estate. Then in 1964 only one estate (Dandeli) was constructed and in 1965, 2 estates were constructed in Tumkur and Shimoga. During 1966 to 1970, 8 industrial estates were established in the State.

During 1973, after the formation of the Karnataka State, the MSIC was renamed as KSSIDC. During 1973 to 1980, 22 industrial estates were established by KSSIDC. From 1981 to 1986, it was a boom period for KSSIDC because it established a maximum of 61 industrial estates in 1983, 12 estates

in 1984, 17 estates in 1985 and 6 estates in 1986 and upto 1990 period only 6 estates were established by KSSIDC.

After liberalization in 1991, large number of Industrial estates were established upto 2001. In which, 6 estates in 1991, 8 estates in 1992, 2 estates in 1993, 3 estates in 1994, 2 estates in 1995, 3 estates in 2002, 8 estates in 2006, 9 estates in 2008 and 7 and 5 estate were established in 2009 and 2010 respectively.

Upto September 2010, a total number of 165 Industrial estates with 5,573 Industrial Sheds widely by spread in state were constructed by KSSIDC excluding 144 sheds which were in progress. These industrial estates have been providing ample scope for promotion and development of small scale industries in Karnataka.

The evaluation of the programme of Industrial estates shows unmistakable the significant progress made in setting up of the estates and fostering a good number of industrial units. However, it is rightly pointed out by the TECSOK, on Demand Survey of KSSIDC sheds in Karnataka. During December, 2009, study team sponsored by KSSIDC that the Small Scale Industries and the Industrial Estates have linear relationship. Thus the Industrial Estate plays an important role in promoting small scale industrial entrepreneurship for balanced economic growth of the State.

NEED FOR INDUSTRIAL ESTATES

The locational status of SSI sector in India has 42.17 percent in rural areas, 47.97 percent in urban areas. 9.86 percent in metropolitan areas and the wide spread of SSIs in all over country has been facing series of problems like inadequate capital, the absence of suitable factory accommodation, sheds, plots, areas and zones for location of units, lack of infrastructure facilities, insufficient supply of power, lack of speedy communication, improper marketing service etc. In order to overcome all these severe bottlenecks, Industrial Estates is one of the suitable solutions for all these. Hence, industrial estates have been extensively used as a tool for accelerating the pace of Industrialisation in developed and developing countries. Especially in India, Industrial Estates have been used with the objectives of promoting small scale industries through generation of industrial entrepreneurship and attracting industries to backward and rural areas. And Industrial Estate has to fulfill the requirements of small scale industries as a whole grouped into large number of small scale industries in particular place to utilize the common facilities provided.

Industrial estates offer various advantages to its sponsors, industrialists and the community. An industrial estate has been described as “carefully selected and developed tract of land on which ready made general purpose factories and certain common facilities and service are provided”. It is a tract of

land which is sub-divided and developed according to a comprehensive plan for the use of community of industrial enterprises. With the provision of transportation facilities, installation of utilities and creation of factory building in advance of sale or lease to occupant. Generally, the industrial estate is a multi-purpose tool taking care of number of problems. It is a place where a large number of units can avail themselves of various common facilities which cannot be easily obtain by small entrepreneurs. It provides facilities for factories like water, power, railway and wharfs, post office, banks, hospitals, canteens, clubs, libraries and shop and special arrangements for technical guidance etc. Besides this, the Industrial Estates bring a large number of heterogeneous and homogenous industrial units together, facilities the establishment of common service centres, encourage collective purchase of raw materials and help the organization for economic sale of finished goods. Since, many units are set-up near each other, they become interdependent and complementary to each providing an incentive for Industrial growth.

In a nutshell, Industrial Estates are a means of promoting Small Scale Industries and they are especially a device for expanding, strengthening and locating small scale industries to bring about the rapid, balanced and decentralized industrialisation of the country. So, industrial estates play an important role in the development of small scale industries and entrepreneurship in India.

ENTREPRENEURSHIP – THE CONCEPT

The concept of entrepreneurship and its theory have evolved over more than two decades. In the beginning, the attitude of theorists was very cold towards this concept. It is only in recent years, that the role of entrepreneurs has been of very great significance. Many countries have felt this need in shaping industrial growth and economic development.

The word 'entrepreneurship' is often used synonymously with the entrepreneurs, conceptually they are different, even though they are two sides of the coin. Entrepreneurship is defined by **A.H.Cole**⁹ according to his entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit oriented business unit for the production or distribution of economic goods or services.

Thus entrepreneur is essentially a business leader and the functions performed by his is entrepreneurship. In other words, entrepreneurship is the quality or attitude of being an entrepreneur,

⁹ Arthur. H. Cole, Ibid., PP 1-4.

while entrepreneur is an individual entrepreneurship is an attribute possessed and practiced by an entrepreneur. It is creative and innovative response to the environment.

In similar way **Benjamin Higgins**¹⁰ defines the term as 'Entrepreneurship means the function of seeing investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, having labour arranging the supply of raw materials, finding site, introducing a new teaching and product, discovering new sources of raw materials and selecting top managers for day-to-day operations of the enterprise. Thus entrepreneurship is meant for the function of creating something new, organizing and co-coordinating and undertaking risk handling economic uncertainty.

And in other words, entrepreneurship can be defined as the process of doing the innovation, taking the decision, assuming the risk, banning the uncertainty, making the organisation, skillfully managing the enterprise and making the enterprise a success.

ENTREPRENEURSHIP VIS-À-VIS INDUSTRIAL ESTATES

Industrial entrepreneurship can be achieved through rapid industrialisation in rural, semi-urban and backward areas, but it should be noted that in developing countries like India, entrepreneurial units particularly the smaller ones are encountered with certain problems in respect of inadequate for purchase of land and buildings for industrial activities, inadequate supply of power, water, high cost of transportation, insufficient factory space, availability of labour, technical knowledge and materials, lack of developed infrastructure and social service like banks, post office, insurance and cafeteria. Consequently, the industrial development in these countries suffers a set back. Thus, government of these developing countries can be able to provide all these facilities to industrial enterprises. For this, industrial estate programme has been introduced as a technique for rapid industrialisation for the development of rural and backward areas. Therefore, properly planned and managed industrial estates can serve as an effective industrial development in rural and backward areas.

These industrial estates provide a climate that is congenial for the growth of small scale industrial by making available several facilities and these industrial estates motivate the entrepreneurs for establishment of new enterprises. Industrial estates have been recognized as an effective institutional technique for supporting the innovation, expansion and modernization of small industries. Perhaps, on

¹⁰ Benjamin Higgins, Introduction to a Symposium, Entrepreneurship and Labour Skills in Indonesian Economic Development, P.3 Cited S.G.Banushali, Ibid, PP 1-22 .

account of these reasons, industrial estates play a significant role in the promotion and development of small entrepreneurship.

India ranks 2nd among highly populated countries in the world with more than 103 crores populace, out of which around 80 percent living in rural and backward areas. Despite all these, among the industrial countries in the world India has 13th position. This implies a successful transformation and dispersal of industrial entrepreneurship to rural and backward areas.

SUMMARY OF FINDINGS

The study was made by taking KSSIDC estates in the state of Karnataka by conducting the survey of 40 entrepreneurs. The major finds of the study are as below.

1. In the pre-independence era, India has witnessed the slow growth and absence of broad based entrepreneurship. The factors such as caste system, Colonial rule, joint family system, cultural traditions, educational system and the like were responsible for this situation.
2. In the post-independence era, India has been a witness to the emergence of large industrial house, expansion and diversification of those industrial house existing before independence, the emergence of state as an entrepreneur through the creation of the public sector on the industrial map of the country and also the entrance of multinational corporations on the industrial scene.
3. After 1950, SSIs have received the special attention of the Governments. The state has recognized the special feature and advantages of this sector. Such as low capital base, more labour intensive, regional balanced development, flexibility in operation, optimum use of resources etc.
4. The SSI sector, over the years has grown steadily and occupied an important place in the economy. At the end of 2001 there were 3.37 million units the country generating employment to 185.64 lakhs people, produced output worth of Rs. 6,50,332 crores and exported products worth Rs. 53,975 crores.
5. The fruits of industrialisation are not available to all the regions of the country. The five year plans and industrial policy resolutions passed since independence have given added thrust to entrepreneurship development. But some parts of India even now lack adequate number of entrepreneurs.
6. The SSIs in our nation are facing severe problems and difficulties. They include inadequate finance, lack of technical and managerial skill, lack of regular supply of power, lack of proper infrastructural facilities, insufficient institutional finance and the like.

SUGGESTIONS

The emergence of small entrepreneurs has far reaching implications for the social and economic advancement of any nation. The process of growth and development of SSI units should not merely stop by the establishment of industrial estates. There should be a total commitment on the part of KSSIDC, Government and other agencies

involved in the task of development of SSIs. The study on the performance and problems of SSI units in KSSIDC estates and the role played by KSSIDC in the State of Karnataka offers a scope for giving a few suggestions. Considering the above, a few suggestions based on field survey, secondary data and observations are given below.

1. Mere establishment of industrial estates do not by itself assure the growth and development of SSI's in the State. An integral functional approach on the part of Government of KSSIDC is even more important. The same is explained in detail in the ensuring suggestions.
2. The KSSIDC is allotting the sheds and plots to those who are approaching them. Such a 'Wait and Allot' approach. To be precise, the entrepreneurs with talent an interest should be identified and be allotted with the required sheds.
3. To motive the entrepreneurs to start more and more small scale industrial units, Entrepreneurship Development Programmes should be conducted and the courser content of such programmes should be strengthened.
4. Efforts shall be made for the dispersal of industrial estates in all the parts of the state of Karnataka. To be precise the urban areas without KSSIDC estates should be the focal point on the part of the KSSIDC.
5. Lack of infrastructural facilities is one of the serious problems faced by the entrepreneurs in the estates. Therefore, steps should be taken to provide the infrastructural facilities such as road, drainage, post offices watch and ward, canteen, recreation centres in industrial estates.
6. The support structure for marketing is necessary and the effort on the part of KSIMC is not encouraging. Hence, KSSIDC should join hands with KSIMC so as to enable SSI's to enjoy a more privileged market.
7. The legal procedure of allotting the sheds and plots shall be liberalized.
8. It is suggested, in less demand areas, sheds may be allotted on a rental basis with an option to purchase at the end of the 10th year at a apre-determined cost. This will accelerate the industrial development I these areas.

CONCLUSION

The present study was undertaken with an objective of studying the performance, problems and prospects of small scale industries in KSSIDC estates in Karnataka State in the contest of development of SSI's. It has been achieved with the study of actors motivating the small entrepreneurs in the study area, their performance, impact of zone, family background, category and education on the investment turnover, profitability, marketing area and changes introduced. The study has 5 hypothesis.

The first hypothesis that location advantage has its own impact on the entrepreneurs entry and performance is proved by the fact that a big number of entrepreneurs have entered into field in Zone-I, the units in Zone-I are comparatively in Zone-I are enjoying national market, running their units I higher ranges of profit and introduced different types of changes.

The second hypothesis on the impact of entrepreneurs family background on their performance proved the fact that entrepreneurs from trade or industrial background are the early entrants to the entrepreneurial field, owning units with higher investment and more annual turnover, enjoying wide

marketing network and introduced different types of changes than the entrepreneurs from other two backgrounds.

The third hypothesis that the entrepreneurial performance is influenced by the category is also proved by the fact that the general category entrepreneurs are the early entrants to the entrepreneurial field, owning units with higher investment and more annual turnover, enjoying wide marketing network and earning a good quantum of profit than the entrepreneurs belonging to other three category.

The fourth hypothesis that formal education has influenced the successful entrepreneurship is supported by the fact that the success rate is more in case of technical and collegiate education holders than matriculates and entrepreneurs with primary education when the year of entry into entrepreneurship, investment made annual turnover, area of marketing, profitability and change introduced are taken as criteria.

The last hypothesis on the much better performance of the entrepreneurs is affected by so many problems is provided by the fact that a large number of entrepreneurs are facing the problems of finance, marketing, labour, rigid Government rules, scarcity of raw-materials, poor management ability, lack of technical knowledge etc. Further the fact that these problems have caused for the under utilizations of capacity of the entrepreneurs also proves that the entrepreneurs would have performed much better provided, there were no problems of the above nature.

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