



PROSPECTS OF INDUSTRIAL ESTATES PROGRAMMES IN INDIA

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INTRODUCTION

Industrialization plays a greater role in the process of economic development in harnessing of natural resources of various types by value addition, employment generation, equitable distribution of national income, regional dispersal of industries, and mobilization of capital and entrepreneur skills and contribution to nations wealth in the form of exports etc.. "Industrialization is an economic and social process affecting not only the technological standards of the given country but also the habits of the consumers, the way of public thinking and the organization of the actions, process and events in the life of the given society"¹. If the industrialization drive is to be successful it should be promoted upward from the grass-root level, further the most important pre-condition for the success of industrialization is that its basis must be widened geographically by giving priority to the expansion and modernization of agriculture and the development of small and medium sized small centres in rural areas². The shift could be promoted effectively only if a strong and broad based institutional frame work is created to meet the various needs of the industrial sector. It is known fact that Industrialization can be hardly effective if the plan for industrial development do not receive the support of a combination of appropriate fiscal, financial, trade and general economic policies of the government.

MEANING AND DEFINITION OF INDUSTRIAL ESTATE

According to **William Brede**³, "an industrial estate is a tract of land which is subdivided and developed according to a comprehensive plan for the use of a community of industrial enterprises". The plan he means, provision for streets and roads, transportation facilities and installation of utilities, erection of factory buildings in advance of sale or lease to occupants, adequate control of site and buildings through zoning with a view to protecting the interest and investments of both the developer of the estate and the tenants etc.,

In the words of **P.C. Alexander**⁴ "Industrial estate is a group of factories constructed on economic scale in a suitable site with facilities of water, transport, electricity, steam, bank, post office, canteen, watch and ward and first aid and provided with the special arrangements for the technical guidance and common service facilities". From the above definitions we can conclude the various feature of industrial estates programme viz., construction of factory buildings in advance of demand, standardisation of the patterns, planned and group character of the industrial firms, provision of common services and facilities to the occupants so as to bring a number of units together, introduction of modern techniques, collective purchase of raw materials and sale of finished goods by the units located in the estates etc.,

IMPORTANCE OF INDUSTRIAL ESTATES

Any attempt at the development of backward areas however involves institutional changes, **Gunnar Myrdal**⁵ rightly emphasised "it is commonly noted that in order to have the most beneficial effects from a productivity point of view, agrarian reforms should be supplemented by a large number of institutional reforms". As a result, most of the developing countries adopted several institutional techniques and reforms and are applied successfully for promoting industrialisation process. Industrial estate programme is a another addition to this list. This device has been used successfully for promoting and development of industries both in industrially advanced and in newly industrializing countries. Industrial estates, if properly planned and managed, can provide necessary assistance and encouragement to industrialists especially small scale industrialists. Industrial estates takes care of a number of problems that can be real obstacles to an individual entrepreneur, such as obtaining well located industrial sites, suitable factory premises and basic infrastructure facilities needed for his enterprise. The utility of the industrial estates as a tool for industrialisation has been successfully demonstrated, by the programmes executed in the United kingdom and also in Puerto-Rico in its 'operation Bootstrap,' the outstandingly successful Puerto-Rico's industrialisation programme⁶ and largely, as a result of success of the British estates the Government of India has also adopted the industrial estate programme, for stimulating and promoting small scale industries in the country. The programme of industrial estate was launched in India in 1955 following the recommendations of the Ford Foundation.

TYPES OF INDUSTRIAL ESTATES

Industrial estates are divided into three broad categories on the basis of sponsorship, industrial activity and location as it can be seen from the Table 1.1.

Table - 1.1: TYPES OF INDUSTRIAL ESTATES

Sponsorship	Industrial Activity	Location
Government Estates	General or Conventional Estates	Metropolitan
Private Estates	Ancillary Estates	Urban
Co-operative	Single Trade Estates	Semi Urban
Estates	Functional Estates	Rural
	Free Trade Zones	

OBJECTIVES OF THE PROGRAMME

The objectives of the industrial estate programme differs from country to country depending upon the political structure, level of economic development and long run perspective objectives of the country etc., as the programme is aimed at solving the specific problems faced by the countries from time to time. As such, the objectives in the developed countries are entirely different from those of the developing countries. Again in the developing countries the objectives differ on account of the various geographical, social and economic variances. In the developing countries of Asia, such as Nepal, Pakistan, Burma and Ceylon the concept of industrial estate has been developed as a major instrument for encouraging, assisting and modernisation of small scale industries. In India the programme has been taken up for promotion and development of small scale industries and industrialisation of economically backward and rural areas. The specific objectives of the industrial estates programme in India are as follows⁷:

1. Promotion of small scale industries and entrepreneurship of an extensive scale;
2. To facilitate the growth of small scale industries by providing the essential facilities, like land, buildings and other common services etc.,
3. To shift the small scale industries from congested areas to industrial estates with a view to increasing their productivity;
4. To achieve decentralized pattern industrial development in backward and rural areas by developing and dispersal of industries; and
5. Development of specific types of industries and specific category of entrepreneurship like ancillary, functional, technocrat artisans.
6. Promotion of small scale industries and entrepreneurship of an extensive scale;
7. To facilitate the growth of small scale industries by providing the essential facilities, like land, buildings and other common services etc.,
8. To shift the small scale industries from congested areas to industrial estates with a view to increasing their productivity;
9. To achieve decentralized pattern industrial development in backward and rural areas by developing and dispersal of industries; and
10. Development of specific types of industries and specific category of entrepreneurship like ancillary, functional, technocrat artisans.

INDUSTRIAL ESTATES PROGRAMME IN INDIA

The history of industrial estates in India can be traced back to the year 1947, the then Bombay Government appointed a special officer to recommend the centres in the state to develop industrial estates. Though a number of centres were recommended the scheme did not materialized for want of finance. However in 1952 the Bombay state government granted a loan to Puna Municipal Corporation for establishing an industrial estate at Hadaspur. This was followed by the then Saurashtra State, (erstwhile government of Gujarath) and set up an industrial estate in Rajkot at 1955 near Bhakthinagar Railway station in 20 acres plot. The official programme of the setting up of industrial estate was commenced towards the end of First Five Year Plan, (1951-56) which was first adopted by the Small Industries Board at its meeting held in January 1955 following the recommendations of International Planning Team (Ford Foundation)⁸. Ten estates were sanctioned in 1955 to be implemented by the state governments, in addition construction of two estates, one at Okhla (near New Delhi) and the other at Naini (near Allahabad) was undertaken by the National Small Industries Corporation (NSIC),

Later the administration of the Okhla Industrial Estate was transferred to the Directorate of Industries of the Delhi Administration in 1959, Naini Estates continued to be managed by the Corporation. Industries estates were established at Guindy and Virudhunagar (in Tamil Nadu), Kanpur and Agra (in Uttar Pradesh), Ollavakot, Pappanamcode Ettumanur, Kollakadavu and Ollur in Kerala and at Kalyani in West Bengal. The formalities regarding land acquisition took

considerable time in most of the estates. An expenditure sum of Rs. 58 lakhs was incurred during the first plan as against the provision of Rs. 0.51 lakhs. government as a measure of inducement to the state governments to take up the programme on an extensive scale.

The central government announced that the construction and management of industrial estates would be the responsibility of the state governments and their agencies. The entire cost of the estates under taken by the state governments was advanced as long term loan for a period of 20 year and of development cost for 30 years loan. The rate of interest for these loans was minimum of 4½ percent. The central government also provided grant to the state governments for under taking the preliminary cost of preparing blue prints, estimates etc. Two types of industrial estates namely large one costing Rs. 40-50 lakhs and small one costing Rs. 20-50 lakh are envisaged. Ten large industrial estates have been established at Rajkot, Delhi Madras, West Bengal, Mysore, Travancore, Cochin and in the Uttar Pradesh. Rs. 11.12 crores was earmarked for industrial estates, out of this, an amount of Rs. 10.48 crores was actually spent during the plan period and schemes for 110 industrial estates including one industrial area were sanctioned during the plan period.

The programme was considered an instrument for achieving balanced regional development within a short period, decentralization of industry and development of small towns and rural areas through industrial estates was the keynote of the programme hence a big boost was given to the programme during the Third Plan (1961-66)¹⁰ by encouraging the establishment of the estates particularly in small towns and less developed areas. The Third Plan working group on small scale industries recommended a target of 505 industrial estates of different sizes for the plan period, however 300 new industrial estates are established by the end of the plan period. Outlay on industrial estates was originally provided Rs.30.2 crores later revised to Rs. 28.24 crores, actual expenditure incurred on the programme finally stood at Rs.22.56 crores.

The plan provision for three annual plan (1966-69)¹¹ was 7.58 crores. The programme was successful in urban areas only. It was found that a large number of estates located in rural areas languished owing to the unsuitable location and heavy establishment cost, therefore stress has been made to consolidate the estates developed during the second and third plan periods, by ensuring the provision of additional infrastructural facilities etc. Industrial estates in co-operative pattern was encouraged and as a result by the end of 1969, 125 co-operative industrial estates were registered.

During the Fourth Plan Period (1969-74)¹², an outlay of Rs. 19.08 crores was provided for industrial estates programme and the expenditure incurred was Rs. 15.73 crores. It was decided not to establish new industrial estates in the vicinity of cities and towns, however, if there is an effective demand the state will provide only developed sites along with common service facilities. It was also envisaged to construct functional type of estates, flat factory sheds for craftsmen and small entrepreneurs in select growth centres and in backward areas.

The Fifth Plan (1974-80)¹³ aimed at setting up of new Industrial estates of different types and also stressed to provide required infrastructure facilities in the estates already developed. An outlay of Rs. 28.90 crores has been made whereas actual expenditure incurred was Rs. 25.48 crores. During the plan period besides conducting quick techno-economic survey for the selection of suitable sites and for the location of industrial estates and areas, functional type of factory buildings were constructed so as to minimize the establishment cost, establishment of estates and developed areas under co-operative patterns and by public sector undertakings were continued to be encouraged.

During the Sixth Plan (1980-85)¹⁴ a sum of Rs. 48 crores has been allocated for the programme. Industrial estates and industrial areas programme have received a fresh impetus particularly in industrially backward areas by the efforts of the Central and State Governments and location of new industrial estates decided on purely techno-economic considerations. The size of the programme has been expanded by resorting to institutional funds by utilizing the budget provision as margin money. Functional estates both for artisans and small scale units have received a special attention during this plan period, more effective measures like incentives, assured supply of raw materials and power supply have been provided to induce the units to occupy vacant sheds in the rural and backward areas.

In the Seventh Plan (85-90)¹⁵, a sum of Rs. 55.48 crores has been earmarked on the industrial estate programme. In the Eighth Plan (90-95)¹⁶, a sum of Rs. 67.48 crores has been earmarked on the industrial estate programme. In the Ninth Plan (95-2000)¹⁷, a sum of Rs. 84.48 crores has been earmarked on the industrial estate programme. In the Tenthth Plan (2000-05)¹⁸, a sum of Rs. 122.48 crores has been earmarked on the industrial estate programme. In the Tenthth Plan (2000-05)¹⁹, a sum of Rs. 142.65 crores has been earmarked on the industrial estate programme. In the Tenthth Plan (2000-05)²⁰, a sum of Rs. 221.87 crores has been earmarked on the industrial estate programme.

TABLE - 1.4: GROWTH AND DEVELOPMENT OF INDUSTRIAL ESTATE PROGRAMME IN INDIA

S. No.	Particulars	End Dec. 1956	End March							Percentage increase in 1982 over 2013
			1961	1966	1969	1972	1985	2000	2013	
1.	No. of Industrial Estates sponsored.	15	120	458	504	558	765	986	1089	37.7
2.	Industrial Estates functioning	-	75	283	285	401	534	766	838	32.8
	(i) Urban	-	46	120	132	182	251	435	543	-
	(ii) Semi-urban	-	20	100	111	129	198	342	453	-
	(iii) Rural	-	9	63	85	90	103	210	332	-
3.	Industrial Estates not functioning	-	14	85	104	64	83	134	176	-
4.	Industrial Estates under construction	13	53	175	232	251	281	233	243	
5.	No. of sheds constructed	-	2387	6326	8673	10838	13580	22345	25654	
6.	No. of sheds allotted	-	1805	4947	6938	9907	12277	18057	23098	
7.	No. of sheds occupied	-	1731	4562	6620	8816	11375	17451	19253	
8.	No. of sheds functioning	-	1127	3709	5110	7068	9783	NA	NA	-
9.	% 7 on 5	-	72.51	72.11	76.32	81.34	83.76	90.10	80.07	-
10.	% 8 on 7	-	65.1	81.3	77.1	80.2	86	-	-	-
11.	% 8 on 5	-	47.2	58.6	59.1	65.1	72	-	-	-
12.	No. of units functioning	-	-	3199	4553	7883	12376	16765	21421	
13.	No. of plots developed	-	-	-	-	-	11652	16886	28315	
14.	No. of plots allotted	-	-	-	-	-	8739	14820	24563	
15.	No. of plots occupied	-	-	-	-	-	7853	11314	24006	
16.	% 14 on 12	-	-	-	-	-	63.45	67.00	84.78	-
17.	Production (in crores)	-	14.28	50.25	99.2	226.00	574.08	802.93	1201.03	
18.	Employment (in numbers)	-	0.1	0.25	0.83	1.06	1.8	2.86	3.36	

Source: (a) William Bredo; *Industrial Estate, Tool for industrialization*, Asia publishing house, Bombay, 1962

(b) Alexander P.C; *Industrial Estates in India*, Asia Publishing House, Bombay, 1963.

(c) Anil Mehta, *Organization and working of Industrial Estates*, (Rajasthan) Deep & Deep Publication, DL, Rajouri Garden, New Delhi, 19.

CONCLUSION

Industrial sector is complex, the needs are complicated too, hence the process of economic development through industrialization involves the provision of new methods of production institutional arrangements to encourage enterprises and investment, development of social and economic infrastructure, transport and communications, power and training facilities for enlarging vocational and managerial skills etc. Developed infrastructure is a catalytic agent for industrial development, it is the dynamiting factor in backward areas and functions as an incentive to level out the regional differences. Absence of infrastructure facilities like road, rail, communication network etc., has been a principal deterrent factor in the optimum exploitation of the states wealth. Growth of a network of infrastructure is an essential pre-requisite for rapid industrialization and certainly will speed up the tempo of industrialization.

Indian achievements in the establishment of industrial estates are remarkably high, unheard of in any of the developing countries and it is a relatively fast growth even when compared with most of the developed countries. The growth was so stupendous that pre-planning steps were lost sight of in the later stages and it has unfurled many problems in the functioning of the estates. Thus growth was not without its shortcomings. Many of these features reviewed from time to time, have opened the vision of the planners to the changes needed for shaping the programme into an energetic one. Though programme has undergone many changes over the last 60 years, the emphasis is still on the promotion of small industries particularly in smaller towns, backward and rural areas.



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