

S.S.e.11. MEERA BAI, M.—An Economic Evaluation of Industrial Estates in Kerala—1988—Dr. K.C. Sankaranarayanan

Introduction

After the Second World War several new institutional techniques have been adopted in promoting and guiding industrialisation. Of these institutional techniques, the technique of industrial estates occupies an important place.

The philosophy of industrial estates programme rests primarily on two major premises, namely, (i) economies of scale, and (ii) economies of agglomeration.

The industrial estates programme was launched in India in 1955. This technique of industrialisation was recommended in India by the Small Scale Industries Board. The responsibility regarding the implementation of the programme was entrusted with the State governments. The study under consideration is an attempt to make an economic evaluation of the industrial estates programme in Kerala.

Objectives of the Study

The objectives of the study are:

- (i) to make an assessment of the programme with regard to the realisation of the objectives of the industrial estates.
- (ii) to examine the industrial efficiency and economic viability of small scale industries in the estates, and
- (iii) to study the current problems of the small scale industries in the estates.

Methodology

Data for the study were collected from all the 17 major industrial estates working in the state on the basis of a structured schedule. There were 118 units in these estates.

The programme is assessed in this study with respect to

- (i) promotion of small scale industries
- (ii) generation of employment
- (iii) development of entrepreneurship
- (iv) extent of the utilisation of the local resources, and
- (v) generation of income.

The relative performance of the industrial estates are evaluated by estimating and comparing economic efficiency indicators of the estates such as capacity utilisation, input-output ratio, rate of investible surplus, labour-capital ratio, etc.

Plan of the thesis

The thesis is divided into eight chapters. The first chapter introduces the subject. It explains the background, philosophy and objectives of industrial estates programme. The second chapter presents the hypotheses, methodology and a review of literature on the subject.

The third chapter deals with the Industrial Estates Programme in India with special reference to Kerala. The fourth chapter highlights the infra-structural facilities available in the industrial estates in Kerala. The fifth chapter explains the profile of the structure of industrial units. The performance of the industrial estates programme in Kerala is evaluated in the sixth chapter. In the seventh chapter the problems of the units relating to the supply of raw materials, power, marketing, labour, finance, technical and managerial aspects are studied in detail. Chapter eight presents the conclusions of the study.

Summary and Conclusions

Industrial estate is a sort of permanent settlement for small industries. The objectives of the programme can be broadly divided into two-primary objective and secondary objective. The primary objective is industrialisation through the development of small scale enterprises. The secondary objective is industrial dispersal and regional economic growth. Operational and economic efficiency of the enterprises are also studied. The study reveals that the primary objective viz. industrialisation through the development of small scale industries has been partially achieved. This inference is based on the fact that industrial estates have helped in creating new small scale enterprises. But the fact that most of enterprises which joined the estate at the initial period stopped, functioning within a short time indicate the seriousness of the problem the industrial estates programme face. The product mix in the estates is not of the ideal type. Emergence of the techno entrepreneurs has helped to improve the efficiency of the small scale industries to some extent.

Judging the performance of the estates based on the secondary objective that is regional growth, the industrial units have utilised local labour and private savings.

Based on industrial efficiency criterion (input-output ratio and the rate of investible surplus) except a few estates, all are working efficiently in general. But even in the case of successful units nearly the third of the capacity created remained unutilised.

Recommendation

The industrial estates in Kerala have not been a great success. There are a

lot yet to be attained. The state has all the potentialities what is needed is proper planning and guidance. The government should properly formulate and implement a developmental policy especially with regard to providing market intelligence and assistance for improving the quality of production to extend the market. Timely supply of raw materials, at reasonable rate is to be ensured for the smooth working of the units. Also steps should be taken to see that all the units that are given accommodation the estates attention with regard to provision of infrastructure facilities is to be given to the rural estate to overcome rural decentralisation and regional economic growth may become a reality. A careful economic analysis should be undertaken by the Government and the entrepreneurs before starting production.