



Growth of Industrial Units Functioning Under Industrial Estate Programme in Virudhunagar District

KEYWORDS

Mrs.J.Jeeva Priya

Assistant Professor of Commerce, The Standard Fireworks Rajaratnam College for Women,
Thiruthangal Road, Sivakasi – 626123, Tamil Nadu

ABSTRACT *The development of industrial sector is a pressing need of developing countries like India. It has become a major hope of the poor countries which are trying to increase their levels of income. One of the significant promotional measures of the Government of India in this respect is the establishment of industrial estates in the country. Industrial estates by reducing the risk and raising the profit for potential entrepreneurs can serve as a nursery for new entrepreneurs. The researcher has made an attempt to measure and highlights growth and performance of the industrial units functioning in three industrial estates in Virudhunagar District - SIDCO Industrial Estate, Virudhunagar, SIDCO Industrial Estate, Rajapalayam and Sivakasi Co-operative Industrial Estate, Sivakasi in terms of their production, turnover and exports. The industrial units in the industrial estate are less innovative but relying more on research and develop from the culture, market setting. Certainly the development of industrial units in industrial estates is important not only for its contribution to GDP but also for its adorable performance in exports and development of Indian Economy.*

INTRODUCTION

The development of industrial sector is a pressing need of developing countries like India. Rapid industrialisation is needed to provide work for growing population, to raise the standard of living of people and to improve balance of payment position. It has become a major hope of the poor countries which are trying to increase their levels of income.¹ One of the significant promotional measures of the Government of India in this respect is the establishment of industrial estates in the country.

An industrial estate is a method of organizing, housing and servicing industry for an orderly development. It is a group of factories constructed on an economic scale in suitable sites with facilities of water, transport, electricity, steam, bank, post office, canteen, watch and ward and first-aid and provided with special arrangements for technical guidance and common service facilities. Industrial estates by reducing the risk and raising the profit for potential entrepreneurs can serve as a nursery for new entrepreneurs. Both economies of scale and external economies of agglomeration should improve the economic efficiency of industries accommodated in industrial estates.²

STATEMENT OF THE PROBLEM

Most of the earlier studies relating to the small scale industries evaluated the performance of small scale industries. It might not give the favourable result for the development of the country, since the industrial sectors are unorganized in nature. Many surveys were conducted for understanding the growth of SSI and the factors hindering their growth. But there is no full fledged study for evaluating the growth of industrial units functioning under Industrial Estate Programmes(IEP). Hence this study is an attempt to measure the growth of industrial units functioning under IEP in various dimensions, since it is organized and the results of the study will project the competence of the industrial units functioning under IEP.

SCOPE OF THE STUDY

The increased trend of wide varieties of SSI units in Virudhunagar District motivated the development of new budding industrialists into the business field. As there is more scope for the development of industries in this district, the present study is to discuss the growth of the units in the Estates operating in this district.

The study includes three industrial estates - SIDCO Industrial Estate, Virudhunagar, SIDCO Industrial Estate, Rajapalayam

and Sivakasi Co-operative Industrial Estate, Sivakasi. The study highlights growth and performance of the industrial units functioning in these industrial estates in terms of their production, turnover and exports.

OBJECTIVES OF THE STUDY

The objective of the study is to evaluate the growth of Industrial units functioning under IEP in the study area

RESEARCH DESIGN

The secondary data is collected from the District Industries Centre and annual growth rate is used to evaluate the growth of the industrial units functioning under industrial estate programme in Virudhunagar district. The annual growth rate and compound growth rate is calculated for the period of ten years, from 2002-2003 to 2011-2012.

GROWTH OF INDUSTRIAL UNITS IN INDUSTRIAL ESTATE

The combined thrust of Government policy, comprehensive programme of development and network of institutions providing infrastructure facilities have boosted the growth of industries in the Industrial Estate. The growth of small scale industries in the Industrial Estate has been analysed by the researcher in terms of four growth indicators like number of units, value of production, value of inland turnover, value of exports by computing simple growth rate.

Growth in Number of Industrial Units

In the study area so many registered and unregistered industrial organizations are functioning and the number of industrial units located in the industrial estates decides the success of the industrial estate programme. So the researcher has considered the growth in number of units as one criterion for measuring the success of the industrial estate programme and the result is given in table-1.

Table 1 Growth in Number of Industrial Units

Year	Industrial Estates in Virudhunagar District					
	SIVAKASI		RAJAPALAYAM		VIRUDHUNAGAR	
	No. of Units	Increase/Decrease	No. of Units	Increase/Decrease	No. of Units	Increase/Decrease
2001-2002	36 (5.63)	-	7 (4.27)	-	24 (5.04)	-
2002-2003	42 (6.57)	6 (16.67)	8 (4.88)	1 (14.29)	27 (5.67)	3 (12.50)

2003-2004	47 (7.36)	5 (11.90)	10 (6.10)	2 (25)	31 (6.51)	4 (14.81)
2004-2005	51 (7.98)	4 (8.51)	12 (7.32)	2 (20)	39 (8.19)	8 (25.81)
2005-2006	54 (8.45)	3 (5.88)	15 (9.15)	3 (25)	43 (9.03)	4 (10.26)
2006-2007	58 (9.08)	4 (7.41)	16 (9.76)	1 (6.67)	50 (10.50)	7 (16.28)
2007-2008	61 (9.55)	3 (5.17)	16 (9.76)	0	50 (10.50)	0
2008-2009	65 (10.17)	4 (6.56)	18 (10.98)	2 (12.5)	50 (10.50)	0
2009-2010	70 (10.95)	5 (7.69)	20 (12.20)	2 (11.11)	54 (11.34)	4 (8)
2010-2011	76 (11.89)	6 (8.57)	21 (12.80)	1 (5)	54 (11.34)	0
2011-2012	79 (12.36)	3 (3.95)	21 (12.80)	0	54 (11.34)	0
Total	639	-	164	-	476	-
CGR	16.05		14.09		15.69	

Source : DIC, Virudhunagar Note : CGR-Compound Growth Rate Figures in Parentheses show percentage to total and percentage increase/decrease than the previous year

The above table reveals that the growth rate of number of industrial units under IEP is positive for Sivakasi Co-operative Industrial Estate and it ranges from 3.95 per cent to 16.67 per cent. In the case of SIDCO Industrial Estate in Rajapalayam the growth in number of industrial units is nil in the years 2007-08 and 2011-12 and it is the maximum of 25 per cent in the years 2003-04 and 2005-06. In SIDCO Industrial Estate in Virudhunagar the growth in number of industrial units is nil in the years 2007-08, 2008-09, 2010-11 and 2011-12 and it is the maximum of 25.8 per cent in the year 2004-05. The Compound growth Rate for number of units in Sivakasi Cooperative Industrial Estate was 16.05, SIDCO Industrial Estate, Rajapalayam was 14.09 and SIDCO Industrial Estate, Virudhunagar was 15.69.

Growth in Value of Production of Industrial Units

The small-scale industries sector plays a vital role in the growth of the country. Since the production decides the GDP of the country, the researcher has considered the production made by the industrial units in industrial estate as one of the important decisive factors for measuring the success of the industrial estates.

Table 2 Growth in Value of Production of Industrial Units

Year	Industrial Estates in Virudhunagar District					
	SIVAKASI		RAJAPALAYAM		VIRUDHUNAGAR	
	Production Value (Rs. In Cr)	Increase/Decrease	Production Value (Rs. In Cr)	Increase/Decrease	Production Value (Rs. In Cr)	Increase/Decrease
2001-2002	1.2893 (4.75)	-	0.06 (3.91)	-	0.8 (3.29)	-
2002-2003	1.5326 (5.65)	0.2433 (18.87)	0.065 (4.23)	0.005 (8.33)	0.82 (3.37)	0.02 (2.5)
2003-2004	1.8692 (6.89)	0.3366 (21.96)	0.095 (6.19)	0.03 (46.15)	0.87 (3.58)	0.05 (6.1)

2004-2005	2.0795 (7.66)	0.2103 (11.25)	0.12 (7.82)	0.025 (26.32)	1.48 (6.09)	0.61 (70.11)
2005-2006	2.2496 (8.29)	0.1701 (8.18)	0.145 (9.45)	0.025 (20.83)	2.27 (9.34)	0.79 (53.38)
2006-2007	2.5984 (9.57)	0.3488 (15.50)	0.15 (9.77)	0.005 (3.45)	2.48 (10.21)	0.21 (9.25)
2007-2008	2.6142 (9.63)	0.0158 (0.61)	0.152 (9.90)	0.002 (1.33)	2.85 (11.73)	0.37 (14.92)
2008-2009	2.8735 (10.59)	0.2593 (9.92)	0.17 (11.07)	0.018 (11.84)	3.1 (12.76)	0.25 (8.77)
2009-2010	3.0198 (11.13)	0.1463 (5.09)	0.187 (12.18)	0.017 (10)	3.15 (12.96)	0.05 (1.61)
2010-2011	3.3263 (12.26)	0.3065 (10.15)	0.194 (12.64)	0.007 (3.74)	3.21 (13.21)	0.06 (1.90)
2011-2012	3.6872 (13.59)	0.3609 (10.85)	0.197 (12.83)	0.003 (1.55)	3.27 (13.46)	0.06 (1.87)
Total	27.1396		1.535		24.3	
CGR	66.66		56.02		71.97	

Source : DIC, Virudhunagar Note : CGR – Compound Growth Rate Figures in Parentheses show percentage to total and percentage increase/decrease than the previous year

Table-2 discloses the growth rate in total production of industrial units located in Industrial estates in Virudhunagar district. For Sivakasi Co-operative Industrial Estate, the growth rate in total production is positive and it fluctuates between 0.61 per cent and 21.93 per cent.

In the case of SIDCO Industrial Estate in Rajapalayam the growth rate of production of industrial units is positive and it is the minimum of 1.33 per cent in the year 2007-08 and it is the maximum of 46.15 per cent in the year 2004-05. In SIDCO Industrial Estate in Virudhunagar the growth rate in production of industrial units is the minimum of 1.61 per cent in the years 2009-2010 and it is the maximum of 70.11 per cent in the year 2004-05. The compound growth rate for value of production in Sivakasi Cooperative Industrial Estate was 66.66, SIDCO, Rajapalayam was 56.02 and SIDCO, Virudhunagar was 71.97.

Growth in value of Turnover of Industrial Units (Inland Sales)

Turnover will decide the profit of any business. When a business concern tries to increase the turnover, it will automatically increase the profit of the concern. But the units in industrial estates are far from the customer and are not closely attached to the product change and development. They find much difficulty to shift from what they produce and how they produce. In that way, the researcher has tried to analyse how well the industrial estate supports the industrial units to increase their turnover in the past ten years. The result of the analysis is depicted in the table 3.

For Sivakasi Co-operative Industrial Estate, the growth rate of turnover of industrial units is positive and ranges from 1.67 per cent and 31.72 per cent. In the case of SIDCO Industrial Estate in Rajapalayam the growth rate in turnover of industrial units is nil in the years 2007-08 and 2011-12 and it is the maximum of 56.75 per cent in the year 2003-04. In SIDCO Industrial Estate in Virudhunagar the growth rate of turnover of industrial units is minimum of 0.29 per cent in the year 2011-12 and it is the maximum of 56.25 per cent in the year 2005-06. The compound growth rate for value of turnover in Sivakasi Cooperative Industrial Estate was 66.02, SIDCO, Rajapalayam was 51.62 and SIDCO, Virudhunagar was 72.22.

Table 3 Growth in Value of Turnover of Industrial Units under IEP

Year	Industrial Estates in Virudhunagar District					
	SIVAKASI		RAJAPALAYAM		VIRUDHUNAGAR	
	Inland Sales Value (Rs. In Cr)	Increase/Decrease	Inland Sales Value (Rs. In Cr)	Increase/Decrease	Inland Sales Value (Rs. In Cr)	Increase/Decrease
2001-2002	1.17 (4.63)	-	0.035 (4.17)	-	0.75 (2.86)	-
2002-2003	1.45 (5.74)	0.28 (23.93)	0.037 (4.41)	0.002 (5.71)	0.85 (3.24)	0.1 (13.33)
2003-2004	1.91 (7.56)	0.46 (31.72)	0.058 (6.91)	0.021 (56.75)	1.2 (4.58)	0.35 (41.18)
2004-2005	2 (7.91)	0.09 (4.71)	0.075 (8.94)	0.017 (29.31)	1.6 (6.11)	0.4 (33.33)
2005-2006	2.1 (8.31)	0.1 (5)	0.086 (10.25)	0.011 (14.67)	2.5 (9.54)	0.9 (56.25)
2006-2007	2.25 (8.90)	0.15 (7.14)	0.088 (10.49)	0.002 (2.33)	2.7 (10.31)	0.2 (8)
2007-2008	2.4 (9.49)	0.15 (6.67)	0.088 (10.49)	0	3.1 (11.83)	0.4 (14.81)
2008-2009	2.7 (10.68)	0.3 (12.5)	0.091 (10.85)	0.003 (3.41)	3.25 (12.40)	0.15 (4.84)
2009-2010	3 (11.87)	0.3 (11.11)	0.093 (11.08)	0.002 (2.20)	3.4 (12.98)	0.15 (4.62)
2010-2011	3.05 (12.06)	0.05 (1.67)	0.094 (11.20)	0.001 (1.08)	3.42 (13.05)	0.02 (0.59)
2011-2012	3.25 (12.86)	0.2 (6.56)	0.094 (11.20)	0	3.43 (13.09)	0.01 (0.29)
Total	25.28	-	0.839	-	26.3	-
CGR	66.02		51.62		72.22	

Source : DIC, Virudhunagar Note : CGR – Compound Growth Rate Figures in Parentheses show percentage to total and percentage increase/decrease than the previous year

Growth in value of Exports of Industrial Units

SSI Sector plays a major role in India's present export performance. 45%-50% of the Indian Exports is contributed by SSI Sector. So the researcher has investigated the annual growth of export by industrial units in the industrial estates. The table 4 reveals the annual growth rate of exports in Industrial Estate.

Table 4 Growth in value of Exports of Industrial Units under IEP

Year	Industrial Estates in Virudhunagar District					
	SIVAKASI		RAJAPALAYAM		VIRUDHUNAGAR	
	Sales Value (Rs. In lakhs)	Increase/Decrease	Sales Value (Rs. In lakhs)	Increase/Decrease	Sales Value (Rs. In lakhs)	Increase/Decrease
2001-2002	0.3264 (4.22)	-	0.045 (4.47)	-	0.08 (2.93)	-
2002-2003	0.4127 (5.34)	0.0863 (26.44)	0.045 (4.47)	0	0.08 (2.93)	0

2003-2004	0.4968 (6.43)	0.0841 (20.38)	0.05 (4.97)	0.005 (11.11)	0.1 (3.66)	0.02 (25)
2004-2005	0.5893 (7.63)	0.0925 (18.62)	0.06 (5.96)	0.01 (20)	0.12 (4.40)	0.02 (20)
2005-2006	0.6572 (8.51)	0.0679 (11.52)	0.1087 (10.80)	0.0487 (81.17)	0.25 (9.16)	0.13 (108.33)
2006-2007	0.7133 (9.23)	0.0561 (8.54)	0.11 (10.93)	0.0013 (1.20)	0.27 (9.89)	0.02 (8)
2007-2008	0.7684 (9.95)	0.0551 (7.72)	0.115 (11.42)	0.005 (4.55)	0.32 (11.72)	0.05 (18.52)
2008-2009	0.8352 (10.81)	0.0668 (8.69)	0.117 (11.62)	0.002 (1.74)	0.33 (12.09)	0.01 (3.13)
2009-2010	0.8964 (11.60)	0.0612 (7.33)	0.118 (11.72)	0.001 (0.85)	0.37 (13.55)	0.04 (12.12)
2010-2011	1.0097 (13.07)	0.1133 (12.64)	0.118 (11.72)	0	0.4 (14.65)	0.03 (8.11)
2011-2012	1.021 (13.21)	0.0113 (1.12)	0.12 (11.92)	0.002 (1.69)	0.41 (15.02)	0.01 (2.5)
Total	7.7264		1.0067		2.73	
CGR	62.10		53.95		64.14	

Source : DIC, Virudhunagar Note : CGR – Compound Growth Rate Figures in Parentheses show percentage to total and percentage increase/decrease than the previous year

Table 4 brings to light the growth rate of exports of industrial units located in Industrial estates in Virudhunagar district. For Sivakasi Co-operative Industrial Estate, the growth rate in export ranges between 1.12 per cent and 26.44 per cent respectively. In the case of SIDCO Industrial Estate in Rajapalayam the growth rate of exports in industrial units is a nil in 2002-2003 and 2010-2011 and it is the maximum of 81.17 per cent in the year 2005-2006. In SIDCO Industrial Estate in Virudhunagar the growth rate of exports in industrial units is the nil in the year 2002-2003 and it is the best in the year 2005-06 of 108.33 per cent. The compound growth rate for value of export in Sivakasi Cooperative Industrial Estate was 62.10, SIDCO, Rajapalayam was 53.95 and SIDCO, Virudhunagar was 64.14. The compound growth rate for value of production in Sivakasi Cooperative Industrial Estate was 62.10, SIDCO, Rajapalayam was 53.95 and SIDCO, Virudhunagar was 64.14.

SUGGESTIONS

- SIDCO is advised to concentrate more in increasing the number of industrial units in the industrial estate and they have to liberalize the allotment procedure for sheds in the industrial estate. Assistance in SSI registration, credit facility and lease financing facility for shed allotment, additional infra structural facilities for pollution control, innovative EDPs for women entrepreneurs, educated youth and all may be provided for attracting new units towards the Industrial estates.
- The production should be increased at a cheaper rate. For that, the industrial units should be properly aware of the Raw material Supply Scheme of SIDCO and make them avail in a proper way, since the production decides the GDP (Gross Domestic Product) of the country and it is to be considered as one of the important decisive factors for measuring the success of the industrial estates. Free employment exchange services, training campaigns for employees, hired warehousing facility and the services of this type will help the industrial units to increase their production.
- Since the turnover will decide the profit of any business, the industrial estate should support the industrial units to increase their turnover in the productive way. Already

they are providing Marketing assistance to the industrial units under IEP. Innovative steps must be taken to reduce stock locking.

- SSI Sector plays a major role in India's present export performance. So, it should be properly motivated by the industrial estates to increase the exports through special export promotion cells, export assistance campaigns, export quality checking services, clearing and forwarding agency services.

CONCLUSION

It is evident from the study that the industrial units in the industrial estate are growing in a significant manner. During the period from 2001-2002 to 2011-2012, the number of units has increased two times in Sivakasi Cooperative industrial estate and SIDCO Industrial Estate, Virudhunagar and three times in SIDCO Industrial Estate, Rajapalayam. Since the units in the industrial estate are less innovative and relying more on things they research and develop from the culture, market setting, and some from the historical background, their value of production and inland export value is favourable to develop the Indian Economy.

(Endnotes)

- 1 Hollis B.Chenery: "Role of industrialization in Development Programmes", Economics of underdevelopment. Agarwal.A.N. and Singh S.P.(ed); Oxford University Press, New Delhi, 1984, p.450
- 2 Udayakumar, M.G.(2010), "The impact of industrial parks on the industrial and economic growth of TamilNadu: A study with reference to the industrial parks developed by SIPCOT Ltd", Doctoral Dissertation, University of Pondicherry, Nov-2010.

REFERENCE

1. Udayakumar, M.G.(2010), "The impact of industrial parks on the industrial and economic growth of TamilNadu: A study with reference to the industrial parks developed by SIPCOT Ltd", Doctoral Dissertation, University of Pondicherry, Nov-2010. | 2. William Bredo, "A New approach to Industrialisation", Chapter 1, Industrial Estates – tool for industrialisation", International Industrial Development Centre, Stanford Research Institute, Melo Park, California, U.S.A., 1960, p.2. | 3. Desai Vasant, Small Scale Industries and Entrepreneurship, Himalaya Publishing House, Mumbai, 2002, p.17-19. | 4. District Industries Centre, Virudhunagar. | 5. Administrative office, Sivakasi Cooperative Industrial Estate, Sivakasi. | 6. Administrative office, SIDCO Virudhunagar. | 7. Administrative office, SIDCO Rajapalayam. | 8. Nirankar srivastav and Rickey A J Syngkon, Economic Behavior of Small Scale industries in meghalaya:An Econometric analysis, The ICFAI Journal of entrepreneurship development, Sep., 2007, p. 30-35 |