



ECONOMICS

SMALL-SCALE BRICK INDUSTRY IN KARNATAKA

Manikrao M. Kulkarni

Assistant Professor of Economics Government First Grade College, Sedam Dist: Kalaburagi –Karnataka

ABSTRACT The brick industry is labour intensive and it needs less capital. The brick is main raw material for building. It fulfils the ever-going demand of construction sector. Further, it leads to rapid urbanization of the State. Hence, brick-kiln small-scale industries have an important role to play in the Karnataka economy. In fact, they are considered to be the foundation of the State economy. According to Mahatma Gandhiji “the salvation of India lies in the cottage and small scale industries”. Even in advanced countries like England, Russia, France and Japan etc., they have occupied an important role in the economic development. The brick industry also plays a key role in the regional economy of North Karnataka. The brick industry is playing crucial role in supporting, sustaining and retaining a substantial segment of the labour-force and fulfilling special needs of a weaker section of society. It provides employment and income opportunities for the increasing population in the urban area. Unorganized sector commands 55.45 per cent share in the Net Domestic Product of the State but is 'clearly' away from the ambit of state regulation and protection. Brick-kiln workers who are considered semi skilled workers are one of the most exploited, unorganized and unregulated labour force in India. There are around 10000 brick-kilns operating throughout Karnataka and employing around 3 million workers. Karnataka is a poverty ridden state; because there is no employment opportunity. Brick-kiln is considered as a means of the strategy for eradication of poverty and unemployment in the study areas.

KEYWORDS : Brick, Finance, Business, Economic, Small.

INTRODUCTION:

The organized (formal) small-scale industries are producing more and more goods but the unorganized (informal) small-scale brick industries are not producing sufficient goods because of lack of Government support to brick making industry in Karnataka State. Because, these brick industries are not comes under the purview of Government rules and regulation. Although, the brick industry is playing an important role in supporting, sustaining and retaining a substantial segment of the labour-force and fulfilling special needs of a weaker section of society. It provides employment and income opportunities for the increasing population in the urban cities. Unorganized sector commands 55.45 per cent share in the Net Domestic Product of the State but is 'clearly' away from the ambit of State regulation and protection. Brick-kiln workers who are considered semi skilled workers are one of the most exploited, unorganized and unregulated labour force in Karnataka. There are around 10000 brick-kilns operating throughout Karnataka and employing around 3 million workers. India is a poverty ridden State; because there is no employment opportunity. Brick-kiln is considered as a means of the strategy for eradication of poverty and unemployment in the study areas. It has been important for producing output and contributes to economic development of the North Karnataka Region.

Objectives of the Research Paper:

The objectives of research paper are as follows

- 1) To analyze the production problems and financial performance of brick industry.
- 2) To make suggestions for improving the production performance of Brick industry.

Data Sources and Methodology:

Primary Data:

The present study is mainly based on primary and secondary data. The primary data is collected from brick-kiln workers and brick entrepreneurs in the informal sector of the North Karnataka Region. The data were collected by administering an interview schedule to the sample respondents. Two schedules have been prepared: one for the brick owners and the other for the brick workers.

Secondary data:

Secondary data have been collected from the Government Reports, Books, Journals, Magazines etc.

Discussion and Analysis:

Table-1 Wages of Frame Makers in Kalaburagi (In Lakhs)

| Daily Production | No Brick-Kilns | Per 1000 brick (Framers) | Total Frame Makers | No. of Days | Wages of Framers (in Rs) | Total Wages (In Rs). | Grand Total |
|------------------|----------------|--------------------------|--------------------|-------------|--------------------------|----------------------|-------------|
| | | | | | | | |

| | | | | | | | |
|--------------|--------------------|-----------|------------|------------|-------------|---------------|------------|
| 3000-5000 | 63 (57.3) | 05 | 315 | 090 | 0750 | 067500 | 213 |
| 5000-7000 | 35 (31.8) | 07 | 245 | 120 | 1050 | 126000 | 309 |
| 7000-9000 | 07 (06.4) | 09 | 63 | 150 | 1350 | 202500 | 128 |
| 9000-11000 | 05 (04.5) | 11 | 55 | 180 | 1650 | 297000 | 163 |
| Total | 110 (100.0) | 32 | 678 | 540 | 4800 | 693000 | 183 |

Source: Empirical Survey.

N.B: 1) The wage rate is Rs. 200 per 1000 bricks in Dharwad.
2) Wages including of brick framers and standardisers

It is found from table 2 the results of the table that the total wage bill for brick framers and standardizers is Rs. 1742 lakhs in Dharwad. It is derived the detailed examination of various types of labourers and the number of days of work they have rendered.

Table-3 Total Cost of Labour (In Lakhs)

| Particulars | Kalaburagi | | Dharwad | |
|--------------------------------|---------------|--------------|----------------|--------------|
| | Amount | Percentage | Amount | Percentage |
| Advance payment | 030.70 | 03.1 | 038.10 | 02.0 |
| Daily Wages | 136.26 | 13.9 | 157.30 | 08.1 |
| Frame makers and Standardizers | 813.00 | 83.0 | 1742.00 | 89.9 |
| Total | 979.96 | 100.0 | 1937.40 | 100.0 |

Source: Empirical Survey.

The Table-3 focuses on the total cost of labour. The advance payment is Rs. 30.70 lakhs in Kalaburagi and Rs. 38.10 lakhs in Dharwad. The daily wage earners amount is Rs. 136.26 lakhs in Kalaburagi, whereas in Dharwad Rs. 157.30 lakhs. Finally, the framers and standardizers of bricks total amount is Rs. 813.00 lakhs in Kalaburagi. Similarly, wages of frame makers and standardizers' total amount is Rs. 1742.00 lakhs in Dharwad. The total wage cost Rs. 979.96 lakhs in Kalaburagi similarly 1937.40 lakhs in Dharwad respectively.

Cost of Production:

The raw material cost like mud, transportation, coal, electricity and labour etc., can be seen from the table below.

Table-4 Total Cost of Brick Production (In Lakhs)

| Particulars | Kalaburagi | | Dharwad | |
|----------------|------------|------------|------------|------------|
| | Input Cost | Percentage | Input Cost | Percentage |
| Rent | 10.20 | 0.9 | 6.50 | 0.3 |
| Mud | 32.45 | 2.9 | 34.95 | 1.7 |
| Transportation | 40.62 | 3.7 | 44.99 | 2.2 |
| Coal | 27.80 | 2.6 | 40.43 | 1.9 |
| Electricity | 10.18 | 0.9 | 10.08 | 0.5 |

| | | | | |
|-------------------|----------------|--------------|----------------|--------------|
| Labour | 979.96 | 89.0 | 1937.40 | 93.4 |
| Total Cost | 1101.21 | 100.0 | 2074.35 | 100.0 |

Source: Empirical Survey

Note: Computed from various sources

The above table reveals the cost of production of 110 brick-kiln units in the study areas. The total cost of production here would mean (a) the cost of mud (b) the cost of transportation of mud (c) the cost of coal and

(d) electricity charges (all costs are in Rs). The total cost of brick-making sums upto Rupees 1101.21 Lakhs in Kalaburagi and Rs. 2074.35 lakhs in Dharwad. The annual production of bricks is 1220 lakhs in Kalaburagi while 839 lakhs in Dharwad. The graph shows the total cost of brick production in the study areas.

Profitability Performance of Brick Units:

The emerging calculation of the production of bricks is given in the table-5.

Table-5 Size of Brick Production

| Number of bricks produced daily | Kalaburagi | | | Dharwad | | |
|---------------------------------|--------------------------|------------------------------------|----------------------------------|--------------------------|------------------------------------|----------------------------------|
| | No. of Brick-kiln Owners | Total Production (in Lakhs Bricks) | Total Value of Output (In Lakhs) | No. of Brick-kiln Owners | Total Production (in Lakhs Bricks) | Total Value of Output (In Lakhs) |
| 3000-5000 | 63 (57.3) | 567(46.5) | 1417 | 60 (54.5) | 360 (42.9) | 1080 |
| 5000-7000 | 35 (31.8) | 441(36.2) | 1102 | 33 (30.0) | 277 (33.0) | 831 |
| 7000-9000 | 07 (06.4) | 113(9.2) | 283 | 09 (08.2) | 097 (11.6) | 291 |
| 9000-11000 | 05 (04.5) | 099(8.1) | 248 | 08 (07.3) | 105 (12.5) | 315 |
| Total | 110 (100.0) | 1220 (100.00) | 3050 | 110 (100.0) | 839 (100.0) | 2517 |

Source: Empirical Survey.

Note: 1) Price of each brick in Kalaburagi is Rs.2.50 and price of each brick in Dharwad Rs. 3.00.

2) Figures in brackets indicate percentages to row total.

As illustrated in the above table-5, it is easy to calculate the total value of output produced at Kalaburagi and Dharwad respectively. In Kalaburagi, the total value of production of bricks from sample households is Rs.3050 lakhs and Rs.2517 lakhs in Kalaburagi and Dharwad respectively. Brick-kiln units produce the minimum bricks of 3000 per day and maximum of 11000 bricks. The annual production of bricks is Rs 1220 lakhs in Kalaburagi while Rs 839 lakhs in Dharwad.

Estimation of Income:

The following table demonstrates the existence of substantial amount of net income in the brick-kiln industry.

Table-6 Total Profit in brick-kiln Industry (In Lakhs)

| Particulars | Kalaburagi | Dharwad |
|-------------------------|----------------|---------------|
| No. of Brick-kiln Units | 110 | 110 |
| Total Revenue | 3050.00 | 2517.00 |
| Total Cost | 1101.21 | 2074.35 |
| Total Profit | 1948.79 | 442.65 |

Source: Empirical Survey

The above table shows the profitability of the brick-kiln units in Kalaburagi and Dharwad respectively. It illustrates that the total revenue of 110 brick-kilns in Kalaburagi is Rs 3050.00 lakhs, while in Dharwad is Rs 2517.00 lakhs. The total cost of brick-kiln units in Dharwad is Rs 2074.35 lakhs. Similarly, the total cost of brick-kiln units in Kalaburagi is Rs 1101.21 lakhs. This is clearly indicates that the cost of labour is more in Dharwad city as compared to Kalaburagi. The total cost is including cost of mud, transportation of mud, rent, coal, electricity and cost of labour etc. The cost of labour is major part of brick production in the study region. Brick production is one of the profit making industry in North-Karnataka.

Cost-Benefit Analysis:

In the brick-kiln industry rate of returns is high and that is proportional in nature. Benefits and costs are often expressed in money terms and are adjusted for the time value of money so that all flows of benefits and flows of brick production cost over a period (which tend to occur at different stages of brick production) are expressed on a common basis in terms of their present value. Here market costs and benefits are taken for analysis.

Table-7 Cost-Benefit per production Unit (In Lakhs)

| Particulars | Kalaburagi | Dharwad |
|-------------------------|------------|---------|
| No. of Brick-Kiln Units | 110 | 110 |
| Average Revenue | 27.72 | 22.88 |
| Average Cost | 10.01 | 18.85 |
| Average Profit | 17.71 | 04.02 |

Source: Empirical Survey

The above table presents a summary of the benefits received by the

brick-kiln industry in our sample. The average revenue of 110 brick-kiln units in Kalaburagi is Rs 27.72 lakhs. Whereas it is Rs 22.88 lakhs in Dharwad. The average profit of brick-kiln units in Kalaburagi is 17.71 lakhs per year. Whereas, the average profit of the brick-kiln units in Dharwad is Rs 4.02 lakhs per year. The brick-kiln units in Kalaburagi earn higher profit and the brick-kiln units in Dharwad earn normal profit. This is again indicates that the performance of brick-kiln units in Kalaburagi is far better as compared to brick-kiln units in Dharwad.

SUGGESTIONS

1. Provision of high quality technical training combined with entrepreneurial development.
2. Providing integrated 'work place' for brick manufacturing activity.
3. Providing 'place to sell' in terms of licensed and weekend markets.
4. Modern method of brick moulding system should be discovered on priority basis.
5. The brick-kiln units in Dharwad should adopt various types of cost cutting strategies.

CONCLUSION

Kalaburagi the brick-kiln has become a source of occupation for Scheduled Caste people (SCs) in Kalaburagi, whereas in Dharwad the brick-kilns are owned and managed by relatively more number of Other Backward Classes (OBCs). In the analyses of income generation of sample brick-kilns, the following aspect of profit from bricks may be found: Most of the brick manufacturers want to expand their business and improved methods of production but a number of constraints prevent from expansion of capacity. These bottlenecks include lack of finance and bank credit, appropriate skill and technology, demand for goods, marketing facilities and inputs. If these bottlenecks are removed through state intervention, the manufacturers can expect substantial improvement in their business operation. It is found from the investigation that brick manufacturing is a profitable economic activity.

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