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"We have urged the government to increase the income tax slabs. Within the total slabs, we have also requested the Government to dedicate some amount for the MF investment only"

Sundeep Sikka
AMFI Chairman

ATM THREAT AND RISK MITIGATION

"Building transaction-based customer profiles in line with existing KYC norms would be significant, he said, adding that money laundering and terrorism-financing through fraudulent transactions have to be kept in check with proper KYC procedures."

R. Gandhi
RBI Deputy Governor

UNDERSTANDING CORPORATE RESTRUCTURING IN INDIA

'Corporate strategy is what makes the corporate whole add-up to more than the sum of its business parts'.

INDUSTRIAL ESTATES

"IDBI Bank plans to set up 600 branches this fiscal, taking its overall branch network to 2,000"

B. K. Batra
Deputy Managing Director, IDBI Bank

NON-PERFORMING ASSETS IN PUBLIC SECTOR BANKS: CAUSES AND REMEDIAL MEASURES

CELEBRATING 27 YEARS SINCE 1988

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INDUSTRIAL ESTATES

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The historical remark of Mahatma Gandhi, "the poor of the world cannot be helped by mass production but only by production by masses" has always guided our policy makers since independence. Whether rural entrepreneurship or urban entrepreneurship, it has always opened the way to employment opportunities. Entrepreneurship has attracted the interest of everyone in the society like, government, policy maker, financial institution, economists, industrialist and now even the educational institutions. It has fairly been recognizeas the back bone of every region of the country.

Over 70% of Indians live in rural areas and over 75% of rural labour force is still earning its livelihood from agriculture and its allied activities. Land being limited, is unable to absorb labour in agriculture to a large extent. Moreover, many farmer entrepreneurs work hard round the year and are still unable to rise above the poverty line.

Thus, it implies the need to develop rural industrialization. Otherwise rural migration to cities will continue and rural unemployment will remain a troublesome problem. Rural industrialization, in spite of getting significant attention from our policy makers since independence, has not prospered very far. The need of the hour is to identify such ways and means through which additional employment is found in rural areas and labour absorption is made possible. Entrepreneurship provides an answer to this grave problem and it can play an important role in controlling rural employment.

In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas, or rural entrepreneurship mean rural industrialization. Industrialization cannot originate or sustain without entrepreneurship whether rural or urban. Thus, it is right to say that, entrepreneurship precedes industrialization. Rural entrepreneurship is the only solution to rural poverty and backwardness.

Rural entrepreneurship is regarded as one of the important determinants of the industrial growth of any region. The entrepreneurial performance varies from society to society, depending upon the industrial climate, material resources and the responsiveness of the socio political

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system. Among the various schemes for development of rural entrepreneurship industrial estates were found to be quite effective in recent times.

In industrial estates, the tracts of land are sub divided and improved and buildings are erected on them in advance, for the prospective industrial occupants. Secondly, infrastructure facilities and amenities required by industrial enterprise are developed in the industrial estate and provided along with factory plots or sheds. Planned clustering and group character of industrial enterprise are important attributes of the programme of industrial estate.

Development of Small Industry through Industrial Estates

Industrial estates provide organizational set up in which medium and small scale industries flourish and develop. This technique is useful not for achieving rapid industrialization but also for achieving industrial decentralization. It may be noted that 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 smaller ones are encountered with certain problems in respect of transport and communication, motive power and lighting, factory space, gas and water. Consequently, the industrial estates can serve as the effective instruments for bringing about industrial development. They provide a climate that is congenial for the growth of small and medium enterprises. They have been recognized as an effective institutional technique for the initiation, expansion and modernization of small industries. Perhaps, on account of this reason, policies are formulated in India for accelerating industrial development through industrial estates.

Objectives of Industrial Estates

- ✔ To shift small scale industries from crowded areas to estate premises with a view to increase their productivity
- ✔ To encourage growth of ancillary industries in the township, surrounding major industrial undertakings both in public and private sectors
- ✔ To promote the development of industry as well as entrepreneurship by providing economies and incentives
- ✔ To achieve the benefit of cheap taxes and other concessions
- ✔ To provide accommodation and infrastructural facilities to the entrepreneurs
- ✔ To assist in setting up and development of SSI
- ✔ To facilitate the process of dispersal of industries to rural and backward areas
- ✔ To assist in the development of entrepreneurship by creating healthy conditions for smooth working of various enterprises.
- ✔ To decentralize industries to the rural and backward areas
- ✔ To develop entrepreneurship by creating a friendly climate to run the industries in these estates.

Types of Industrial Estates

Industrial estates are classified on various bases.

1. ***On the basis of functions:*** On the basis of functions, industrial estates are basically classified into two types:
   i. **General type industrial estates:** These are also called as conventional or composite industrial estates. These types of industrial estates provide accommodation to wide variety and range of industrial concerns. The Indian industrial estates are mainly of this type.
   ii. **Special type industrial estates:** These types of industrial estates are constructed for specific industrial units, which are vertically or horizontally interdependent.
2. ***On the basis of organizational set up:*** On this basis industrial estates are classified into following four types:
   i. Government industrial estates
   ii. Private industrial estates
   iii. Co operative industrial estates
   iv. Municipal industrial estates
3. ***On the basis of other variants:*** On the basis of other variants, industrial estates are classified into following types:
   i. **Ancillary industrial estates:** In such industrial estates, only those small scale units are housed which are ancillary to particular large industry.

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ii. **Functional industrial estates:** Industrial units manufacturing the same product are usually housed in these industrial estates. These industrial estates also serve as a base for expansion of small units into larger units.

iii. **The workshop-bay:** Such types of industrial estates are constructed mainly for very small firms engaged in repair work.

Financing agencies for the development of industries in sipcot

Tamil Nadu Industrial Investment Corporation Ltd. (TIIC):

TIIC provides financial assistance to small, medium and large scale industries in Tamil Nadu. It operates various schemes of the Government of Tamil Nadu, Small Industries Development Bank of India (SIDBI) and Industrial Development Bank of India (IDBI). TIIC acts as an agent of the Government of Tamil Nadu in disbursement of incentives to industries.

Industrial Development Bank of India (IDBI):

IDBI was established by the government of India to function as the principal financial institution. IDBI extends financial assistance to medium and major industries also located in Tamil Nadu, besides its refinance facility to TIIC and commercial banks.

Industrial Finance Corporation of India (IFCI):

IFCI was established by the government of India to provide direct financial assistance to medium and large scale projects in the corporate and co operative sectors. IFCI also extends financial assistance to medium and large scale industries jointly with IDBI.

National Small Industries Corporation Limited (NSIC):

NSIC was established by the government of India to supply plant and machinery (including imported machinery) on hire purchase to small scale industries.

Small Industries Service Institute (SISI):

SISI was established by the government of India to provide small scale industries the following assistance:

a. Technical consultancy and advisory services
b. Common facility services
c. Training facilities including training of young engineers
d. Testing facilities
e. Marketing assistances
f. Economic information service

Electronics Corporations of Tamil Nadu Ltd (ELCOT):

ELCOT was set up by the government of Tamil Nadu to promote and assist electronic industries in the state. ELCOT also promotes joint ventures in Tamil Nadu with private promoters.

Industrial and Technical Consultancy Organization of Tamil Nadu Ltd. (ITCOT)

ITCOT was promoted by both central and State level agencies viz. IDBI, IFCI, SIPCOT, TIIC and commercial banks. It offers consultancy services to industries located in Tamil Nadu

Tamil Nadu Industrial Guidance and Export Promotion Bureau (GUIDANCE)

The primary function of GUIDANCE is to meet the information needs of the investors and to assist them in implementing their projects smoothly. GUIDANCE also acts as a single window agency for large projects in Tamil Nadu.

Commercial Banks:

Commercial banks provide financial assistance to set up industries in Tamil Nadu. They also conduct entrepreneurial development programmes and training programmes to set up industries in Tamil Nadu.

Industrial estates in India

One of the major problems faced by small scale industries in India has been either lack or insufficient infrastructure facilities. In order to provide small scale units, the readymade buildings or factory sheds at subsidized rates,

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infrastructure facilities and the proximity of other industrial units, the idea of establishing industrial estates was first adopted in India by the Small Scale Industries Board (SSIB) at its meeting held in January 1955.

As a result, the first industrial estate in India was set up at Rajkot in Gujarat in September 1955. The number of industrial estates in the country had gone up to more than 127687 in 2012.

Industrial estates give a boost to the growth of small scale industries in the country, to disperse industry outside the metropolitan towns, to relocate existing units operating in congested areas, to provide sub contracting opportunities to small industry and to improve operational efficiency of small units through common facilities. However, studies report findings contrary to it. The outside units have performed better than units working inside the industrial estates. The reasons held responsible for poor performance of industrial units working inside the industrial estates were:

- ✔ Lack of essential infrastructure facilities such as roads, power and water
- ✔ Lack of common facilities such as a tool room, heat treatment to testing
- ✔ Lack of realistic survey prior to the establishment of the estate
- ✔ Lack of clear idea about the relevance of products to the area
- ✔ Lack of local involvement and active participation in the programme

An industrial estate alone cannot create industry. The following factors are essentials to make the industrial estate programme effective in developing countries like India:

- ✔ Industrial estates set up on a functional basis in specific product.
- ✔ Local entrepreneurs willing and able to take advantage of the facilities offered by the industrial estates
- ✔ Financial institutions and commercial banks willing to give credit to the units and
- ✔ Availability of adequate infrastructure in terms of water, electricity and transport.

Industrial estates, by bringing together people engaged in the same or similar types of economic activity, having to deal with common problems and aiming at common objectives, may be expected to develop a community of interest among those people and promote the spirit of co operation and joint effort.

They can provide for a better division of labour by securing common technical repair and information services and also organising housing, transportation and social amenities for workers, which no single industrial project can do effectively. In backward and rural areas, grater efforts would have to be made to stimulate local entrepreneurship. The industrial estates in such areas have to play promotional role and act as pace-setters in the process of industrial development.

References:

References has been taken from various sources. It has not been listed here due to space constraint.

More customers seeking data on credit worthiness

The Credit Information Bureau (India) Ltd has seen a 200 per cent increase in credit applications over the last three years, with 60 per cent of new credit applications coming in from applicants aged below 40. Sharing the data trends report in Coimbatore, Harshala Chandorkar, Senior Vice-President - Consumer Relations and Communications, CIBIL, said, "The report also reveals that about 80 per cent of the credit active population reached out to CIBIL for their report to assess their credit worthiness before seeking financial accommodation. This indicates a phenomenal increase in consumer awareness of CIBIL." But not all applicants are eligible borrowers. Only those with a credit score of 700+ have a higher chance of getting loans and credit cards. Banks and financial institutions today consider the score a crucial parameter before sanctioning any new loan.

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