A STATE WIDE PERFORMANCE EVALUATION OF KARNATAKA INDUSTRIAL AREAS DEVELOPMENT BOARD

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ABSTRACT

The foregoing analysis of the working of KIADB since 1966 shows the high commitment on the part of the Karnataka Government to gradually expand the activities of KIADB. Which definitely help to attract large, medium, small and micro industries promoted by the indigenous people as well as entrepreneurs from other states of India. The working of KIADB was not interrupted even during the era of Globalization, Liberalization, and Privatization (LPG) during 1991-2000 and 2000-2016. The KIADB has diversified its land acquisition and land development as well as distribution in all the major cities of the Karnataka state.

Keywords: KIADB, Land development, Land acquisition, Land allotment, Industrial Area, Single Units Complex

1. INTRODUCTION

The Karnataka Industrial Areas Development Board is established in the year 1966 with view to promote a rapid and orderly setting up and development of different kinds of industries and for developing infrastructure facilities in industrial areas. To fulfil this objective the Karnataka Industrial Areas Development Board is empowered to acquire, develop and distribute land for new industries in Karnataka state. The KIAD Act 1966 provides for the entire area jurisdiction of Karnataka state and also provides for establishing zonal offices in regions in the state as and when required in the opinion and considered judgement of the KIADB.

The Karnataka Industrial Areas Development Board was instrumental in providing large geographical areas for the location of large and medium enterprises both in public and private sector in various districts of the Karnataka state. In particular the Karnataka Industrial Areas Development Board has made spectacular progress in land acquisition in Bangalore metropolitan area, Mysore, Mangalore, Hassan, Shivmogga, Gadag, Hubli-Dharwad and Belagavi.

2. OBJECTIVES OF THE STUDY

The following objectives are formulated for the present study:

1. To examine the role of KIADB in land acquisition, land development and land distribution to promote industrial development in Karnataka
2. To evaluate the physical performance of the Karnataka Industrial Areas Development Board

3. HYPOTHESES OF THE STUDY

Based on objectives of the study the following Null and Alternative hypotheses are formulated to evaluate performance analysis of KIADB:

Hypothesis 1

H(0): There is no significant difference between IA and SUC regarding land acquisition by KIADB

H(1): There is a significant difference between IA and SUC regarding land acquisition by KIADB

Hypothesis 2

H(0): There is no significant difference between budget provision and expenditure incurred for land development

H(1):There is a significant difference between budget provision and expenditure incurred for land development

Hypothesis 3

H(0): There is no significant difference between SC, ST and Women entrepreneurs regarding land allotment

H(1): There is a significant difference between SC, ST and Women entrepreneurs regarding land allotment

4. RESEARCH METHODOLOGY

The present study has the following research methodology:

Reference Period of the Study

The reference period of the present study has covered in the study area is 12 years (from 2003-04 to 2014-15) for evaluating performance of the KIADB.

Sources of the Data

The present research study is based on secondary data. The secondary sources of data have been collected from the various annual reports of the KIADB.

Statistical Tools Used

We have applied statistical tools like **Mean** and **Standard Deviation (SD), One way ANOVA, Independent Sample T-Test.** Further, suitable graphs and charts are used for scientifically interpreting and representing the results of the study.

5. PERFORMANCE EVALUATION OF KIADB

The main function of the KIADB is acquisition, development and distribution of land to various sizes of industrial units as well as Single Unit Complexes (SUC's) in all the districts of Karnataka state. The Board has formed many Industrial Areas to attract micro, small, medium and large scale industries in Karnataka. Further The KIADB has developed a good number of Industrial Areas (IA's) across various regions of the Karnataka state. The KIADB has developed 157 Industrial Areas spread over 55,893 acres since its inception till 2015. The Board has served some of the best known state agencies in India for establishment of Industrial Areas and SUC's.

In this paper state wide analysis of the performance of KIADB has been attempted based on the variables like land acquisition, land development and land allotment during 2003-04 to 2014-15.

5.1 Land Acquisition

The Karnataka Industrial Areas Development Board was empowered to acquire and develop land for the creation of IA's for to rapid industrialisation in Karnataka. The KIADB acquires land in favour of various state government organisations, Industrial Areas and Single Unit Complexes with all infrastructures. Section 28 and 29 of the KIAD Act, 1966 prescribe the procedures for acquisition and payment of compensation to land owners. The land acquisition department is headed by Special Deputy Commissioner who is on deputation from the Government of Karnataka. Special Deputy Commissioner is assisted by Special Land Acquisition Officer who works in different Zonal Offices of the KIADB.

Table 1: Land Acquisition in Karnataka since Inception as on March 31, 2015

Sl. No	Purpose	Extent (in acres)
1	Industrial Area	55,893
2	Single Unit Complex	61,922
3	KSSIDC	1,145
4	Other Government Organisations(KHDC,KSHDC,LIDKAR,KHB)	1,807
Total		**1,20,767**

Source: Annual Report of the KIADB.2014-15, GOK, Bangalore

Table 1 shows details of lands acquired by KIADB in Karnataka since inception and as at the end of March 31, 2015. Since inception and as at end of March 31, 2015, an extent of 1,20,767 acres of land was acquired in favour of Industrial Areas, Single Unit Complexes, KSSIDC and other government organisation (KHDC, KSHDC, LIDKAR, KHB). Out of 1,20,767 acres of land KIADB has been acquired maximum in favour of SUC's (61,922 acres) followed by Industrial Areas (55,893), KSSID (1,145 acres) and other government organisations (1,807 acres) respectively.

Table 2 shows land acquired under section 28(4) of KIAD Act1966 for the year 2003-04 to 2014-15 by KIADB for the purpose of various Industrial Areas (IA's) and Single Unit Complexes (SUC's) in all districts of Karnataka state. During 2003-04 to 2014-15, KIADB has been acquired total 40755 acres 06 guntas and 45195 acres 33 guntas of land in favour of IA and SUC respectively. From the above Table it is found that with regard to IA in the year 2010-11 it was the maximum of 9693 acres 11 guntas of land is acquired followed by SUC in the same year of 13748 acres 17 guntas.

Table: 2: Land Acquisition by KIADB in Karnataka

Year	IA (Acres-Guntas)	SUC (Acres-Guntas)	Total (Acres-Guntas)
2003-04	555.01	1498.08	2053.09
2004-05	831.21	2117.35	2949.16
2005-06	1434.03	980.10	2414.13
2006-07	3561.20	2828.29	6390.09
2007-08	5269.10	4930.22	10199.32
2008-09	3796.31	3267.08	7063.39
2009-10	1548.39	1730.09	3279.08
2010-11	9693.11	13748.17	23441.28

2011-12	4139.00	2594.30	6733.30
2012-13	5736.39	4273.34	10010.33
2013-14	1642.15	3855.01	5497.16
2014-15	2549.16	3373.30	5923.06
Total	**40755.06**	**45195.33**	**85953.39**
Grand Mean	**3396.25**	**3766.28**	**7162.78**
SD	**2612.637**	**3553.254**	**5791.19**
P value	**0.7669**		

Source: Annual Reports of the KIADB, 2003-04 to 2014-15, GOK, Bangalore

Note: IA-Industrial Area, SUC-Single Unit Complex, SD-Standard Deviation

TESTING OF HYPOTHESIS

H(0): There is no significant difference between IA and SUC regarding land acquisition

H(1): There is a significant difference between IA and SUC regarding land acquisition

The mean of 3396.25 acres for IA and SUC 3766.27 acres of land acquired for the period of 2003-04 to 2014-15, with no significant differences at ($P<0.05$). Hence, **Null hypothesis is accepted and Alternative hypothesis is rejected** which can be stated as land acquired for the year 2003-04 to 2014-15, have no significant differences in their volumes of acres of land acquired.

5.2 Land Development

The KIADB was established under a special state Act which is popularly known as KIAD Act, 1966 to acquire and develop land for providing industrial infrastructural facilities and other facilities in various Industrial Areas in Karnataka. KIADB also provides and maintains physical infrastructure such as water supply, electricity supply, streetlight construction of roads and underground drainage etc. at existing Industrial Areas.

In this part mainly analysed budget provision and expenditure incurred for land development by KIADB in Karnataka.

Table: 3: Budget Provision and Expenditure Incurred for Land Development in Karnataka

Year	Extent Acres-Guntas (Cumulative)	Budget Provision (Rs. in lakhs)	Expenditure incurred (Rs. in lakhs)
2003-04	24941.14	4637.72	822.10
2004-05	25150.39	9641.84	1969.67
2005-06	25370.39	9736.28	5175.51
2006-07	26914.00	19805.86	5112.80
2007-08	29699.01	91559.34	15042.01
2008-09	48251.05	133959.82	20109.55
2009-10	48248.15	111083.84	9833.84
2010-11	48508.30	120110.46	25064.62
2011-12	52006.36	224105.58	15509.69
2012-13	55563.20	136701.87	31131.96
2013-14	58090.00	447377.44	52414.94
2014-15	59327.05	277657.48	36333.15
Total	**59327.05**	**1586377.53**	**218519.84**
Grand Mean	**41839.09**	**132198.13**	**18209.9867**

SD	**128358.92**	**422502.874**	**57553.29**
P value		**0.0069**	

Source: Annual Reports of the KIADB, 2003-04 to 2014-15, GOK, Bangalore

Table 3 shows budget provision and expenditure for land development and other activities for the year 2003-04 to 2014-15 in Karnataka by KIADB. From the table it is observed that KIADB has developed total 59327.05 acres of land during the year 2003-04 to 2014-15 in various Industrial Areas of the Karnataka state. Further it can be seen from the Table 6.8 that state has provided total budget provision of Rs.15, 86,377.53 lakh for land development, whereas, only Rs. 2, 18,519.84 lakh was actually utilised by the KIADB during 2003-04 to 2014-15. This shows that there is a huge gap between the budget provision and the actual expenditure incurred by the KIADB.

TESTING OF HYPOTHESIS

H(0): There is no significant difference between budget provision and expenditure incurred for land development

H(1):There is a significant difference between budget provision and expenditure incurred for land development.

The mean of extent land development is 41839.09 acres of land with corresponding Rs.132198.13 lakh budget provision and Rs.18209.98 lakh expenditure with significant differences at ($P<0.05$). Therefore, **Null hypothesis rejected and Alternative hypothesis is accepted,** which can be stated as budget provision and expenditure incurred for the year 2003-04 to 2014-15 have significant differences in their volumes of acres of the land development.

5.3. Land Allotment

Land allotment is one of the major functions of the KIADB. The KIADB has a separate land allotment section for allotment of land among various industrial entrepreneurs. Since inception and up to end of 2014-15, an extent of 30816.56 of land was allotted to 16758 small, medium and large scale units in various Industrial Areas across the Karnataka state.

Table 4 shows land allotment for Small Scale Industries and Medium and Large Scale Industries in all the districts of the Karnataka state by KIADB during 2003-04 to 2014-15 .From the above Table it is found that with regard to Small Scale Industries in the year 2008-09 it was the maximum of 1118.25 acres of land allotted among 1026 SSI units as well as with regard to Medium and Large Scale Industries in the same year it was maximum of 1476.12 acres of land was allotted among 66 MLI units for the year 2003-04 to 2014-15.

Table: 4: Land Allotment for SSI's and MLI's in Karnataka

Year	Small Scale Industries		Medium & Large Scale Industries		Total	
	No of units	Extent in A-G	No of units	Extent A-G	No of units	Extent A-G
2003-04	301	229.09	28	217.27	329	446.36
2004-05	541	421.05	70	404.09	611	825.14
2005-06	619	736.08	33	414.38	652	1151.06
2006-07	723	692.11	64	1027.12	787	1719.23
2007-08	856	790.16	45	1383.34	901	2174.10
2008-09	1026	1118.25	66	1476.12	1092	2594.37
2009-10	951	1032.18	216	690.10	1167	1722.28

2010-11	833	832.14	131	909.23	964	1741.37
2011-12	538	392.05	60	559.01	598	951.06
2012-13	421	431.34	164	749.22	585	1181.16
2013-14	420	247.07	87	305.35	507	553.02
2014-15	238	130.00	79	402.09	317	532.09
Total	**7467**	**7052.12**	**1043**	**8537.32**	**8510**	**15591.24**
GM	**622.25**	**587.63**	**86.92**	**711.44**	**709.17**	**1299.27**
SD	**256.95**	**324.36**	**56.18**	**414.246**	**276.97**	**690.734**
P value	**0.4210**					

Source: Annual Reports of the KIADB, 2003-04 to 2014-15, GOK, Bangalore

Note: SSI's -Small Scale Industries MLI's - Medium & Large Scale Industries

Further From the above Table it is reveals that with regard to SSI's total 7052.12 extent acres of land was allotted among 7467 industrial units, followed by MLI's 8537.32extent acres of land among 1043 units during 2003-04 to 2014-15 across Karnataka state.

Table 5 shows land allotted by KIADB for SC, ST and Women entrepreneurs during the period 2003-04 to 2014-15. From the Table it is found that with regard to SC entrepreneurs total 300.05 extent acres of land was allotted among 539 industrial units, followed by ST (69.13 extent acres of land among 139 units) and Women (415.21acres of land among 557 enterprises) respectively during 2003-04 to 2014-15 across Karnataka state.

Table: 5: Land Allotment for SC, ST and Women Entrepreneurs in Karnataka

Year	Scheduled Caste		Scheduled Tribes		Women		Total	
	No. of Units	Extent A-G	No. of Units	Extent A-G	No. of Units	Extent A-G	No. of Units	Extent A-G
2003-04	8	1.34	1	0.25	36	21.26	45	24.05
2004-05	14	1.28	0	0.00	52	27.32	66	29.20
2005-06	17	11.12	2	1.33	45	27.85	64	40.30
2006-07	41	37.27	2	1.22	65	45.94	108	85.03
2007-08	30	30.02	7	3.02	48	36.29	85	69.33
2008-09	34	39.35	7	1.22	76	70.33	117	112.10
2009-10	24	15.35	5	4.25	68	72.30	97	93.10
2010-11	37	18.03	13	9.10	87	58.76	137	87.09
2011-12	106	39.34	41	14.32	29	23.96	176	78.22
2012-13	82	40.08	18	14.03	23	18.06	123	72.17
2013-14	108	50.14	27	10.36	13	3.58	148	64.08
2014-15	38	16.13	15	10.03	15	9.56	68	36.32
Total	**539**	**300.05**	**138**	**69.13**	**557**	**415.21**	**1234**	**792.19**
GM	**44.92**	**24.95**	**11.50**	**5.76**	**46.42**	**34.60**	**102.83**	**65.92**
SD	**34.495**	**16.465**	**12.33**	**5.447**	**24.18**	**22.695**	**39.27**	**27.837**
P value	**0.0005**							

Source: Annual Reports of the KIADB, 2003-04 to 2014-15, GOK, Bangalore

TESTING OF HYPOTHESIS

H(0): There is no significant difference between SC, ST and Women entrepreneurs regarding land allotment

H(1): There is a significant difference between SC, ST and Womenentrepreneurs regarding land allotment

The mean of SC entrepreneurs is 24.95 acres of land followed by ST 5.76 extent acres of land and women 34.60 acres of land for the year 2003-04 to 2014-15, with significant differences at ($P<0.05$). Hence, **Null hypothesis rejected and Alternative hypothesis is accepted,** which can be stated as land allotted for special categories like SC, ST and Women for the period 2003-04 to 2014-15 have significant differences in their volumes of acres of the land allotted.

CONCLUSION

The Karnataka Industrial Areas Development Board has really played a responsible and dynamic role in providing developed land in various physical size or dimension to the thousands of MSME's in different parts of the Karnataka state during 2003-04 to 2014-15.Therefore, we may say that the working of KIADB in urban land market has helped to reduce speculation in land. In this way the private and co-operative enterprises are helped to obtain developed land at subsidised prices which in turn has helped to control the total project cost of the new industries.

The KIADB has diversified and expedites its work in all the districts of the Karnataka state during the period 2003-04 to 2014-15. The study has rightly observed that the land notification, land acquisition and land developed have increased substantially during the period 2003-04 to 2014-15. There is substantial difference between the total area notified for acquisition and actually acquired in different years. In some years there is enormous difference in the total area of land notified and acquired. Further it may also be noted that there is a wide variation between the land taken into possession by the KIADB and land acquired.

A detailed analysis of the land acquisition, development and distribution activities of the KIADB show that within three years period the nodal agency acquire and develop the land suitable for establishing industries. This constitutes the supply side of the land as an input for industrial growth.

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