Pre-Feasibility Report

On

Setting-up of " Kuduthini Industrial Area"
Kuduthini village, Bellary District
Karnataka State

For

Karnataka Industrial Areas Development Board
14/3, II Floor, Rastrothana Parishad Building,
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1.0 INTRODUCTION OF THE PROJECT

1.0 Introduction

State Karnataka considered as a pioneer in the field of industrialization in India. The State is in the forefront of industrial growth of our country since independence. In the era of economic liberalization since 1991, the State has been spearheading the growth of Indian industry, particularly in terms of high-technology industries such as Electrical and Electronics Automobile Spare Parts, Information & Communication Technology (ICT) Biotechnology, etc., and also State enters recently in terms of establishment of Nanotechnology industries.
In order to further consolidate its leadership position in terms of attracting investments, it is imperative that serviced land is made available to potential investors facilitating an early start of operations for them, in Karnataka State.

1.1 Department of Industries and Commerce

The Department of Industries and Commerce acts as a catalyst for the overall development of the industrial sector through effective discharge of developmental and facilitation roles. With a view to promote investment and trade, the Department formulates and implements the Policies of the State, Identification of Sectoral Advantages of the State and Human resource development for sustainable and growth-oriented industrialization has been a crucial role of the Department. Facilitating the take off of infrastructure projects that boost the industrial growth has also been the Department's forte. The Department helps enhance the competitiveness of domestic industry through modernization, technology upgradation and adoption of best practices. It also provides a forum for entrepreneurs and industrialists through their associations to represent their needs to the Government, which translates into Policies of the State.

Some of the crucial infrastructure projects facilitated by the Department include Growth Centers across the State, Export Promotion Industrial Parks, International Technology Park Ltd., Electronic city, Food and Agro-technology parks, Agro Export zones, Special Economic Zones, Bengaluru International Airport, etc.

The Department is able to reach out to the small businesses as well as Industrial Houses by a great degree of decentralization within the organizational structure. The Department functions through the Districts Industries Centers, various Boards Corporations and Special Purpose Vehicles (SPVs). The implementation of Policies of the Government is done through various schemes and the

implementation of these schemes is decentralized for faster delivery of the services.

The Department has established the Single Window Mechanism for faster, single point clearances to be given to projects seeking infrastructure facilities/incentives/concessions and help in establishing industries and businesses in Karnataka. Karnataka Udyog Mitra is the nodal agency under the Single window set up.

The Department operates through several Administrative Units viz. the Directorate of Industries and Commerce at the State level, District Industries Centres at the District Level, Industrial Wings of the Zilla Panchayats and various Boards and Corporations.

Since the Commerce and Industries (C&I) Department operates through a host of agencies that are mandated to carry out various tasks specified in their business rules. This creates a complicated institutional framework where sometimes coordinating the activities of all the agencies becomes cumbersome and thereby agencies work in silos and the intra-agency communication does not occur.

Also, not all agencies of the C & I are accustomed to undertake projects on a Public Private Partnership (PPP) basis. Thus far, KSIIDC, KIADB and KSSIDC (only in a very limited manner) have attempted projects under the PPP mode with varying degrees of success. The institutional capacity and preparedness of the agencies for managing projects under the PPP mode is, at best, limited one. Capacity building of the agencies to successfully develop and manage PPP projects is a critical area that the Department should focus upon.

1.2 Project Proponent

About Karnataka Industrial Areas Development Board (KIADB)

Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure Agency of Government of Karnataka, set up under Karnataka Industrial Areas Development Act of 1966. This Board functions as per statutory provisions, rules and regulations enacted there under. The Board comprises of senior Government Officers in their ex-officio capacities. The Board of members meet regularly to take decisions and monitor the functions. KIADB holds pride in being the first Government Organisation in Karnataka to obtain ISO 9001 Certification in the year 1997.

The key objectives of KIADB are:

- ☐ Promote rapid and orderly development of industries in the State
- ☐ Assist in implementation of Policies of Government within the purview of KIAD Act, 1966.
- ☐ Facilitate in establishing infrastructure projects
- ☐ Function on "No Profit – No Loss" basis

The functions that KIADB performs are:

- ☐ Land Acquisition and Development of Industrial Areas in the State
- ☐ Provision of basic infrastructure in the Industrial Areas
- ☐ Land Acquisition for Single Unit Complexes
- ☐ Land Acquisition for Government agencies for their schemes and infrastructure Projects

Till date, KIADB has formed 132 Industrial Areas spread over 40,000 acres across the State, and acquired land for nearly 400 Single Unit Complexes ensuring balanced industrial development in all regions with well thought out infrastructure and unique features. Additionally, KIADB has envisaged Commerce and Industries Department, Government of Karnataka several innovative projects like Agro -Tech Parks, Apparel Parks, Food Parks, Auto Parks, Hardware Park, Bio-Tech Park, EPIPs, Sector Specific SEZs, and Growth Centres. In order to obtain Environmental Clearances (ECs) for their proposed Industrial Areas, KIADB approached M/s Bhagavathi Ana Labs for conducting Environmental related studies.

KIADB is also the implementing agency for the ambitions Suvarna Karnataka Development Corridor (SKDC) project.

1.3 Project Development - Background

The present industrial areas development process in Karnataka is largely Government driven. The Karnataka Industrial Areas Development Board (KIADB) acquires land under the KIAD Act, 1966, and develops Industrial Areas / Estates on its own and later either operates and manages these industrial on their own or hand it over to the respective industrial association. The marketing and branding of the industrial area is also done by the KIADB itself.

While the KIADB has been successfully developing industrial areas/estates over the years, large set of government resources are channelled into the development of these. While the KIADB acquires the land, there has been limited exploitation of the potential land value post infrastructure creation on these land parcels.

In order to develop the industrial areas, KIADB and the State to unlock the land values of the serviced land, it is necessary to explore the route of Private Sector Participation in the development of these Industrial Areas/Estates.

Private Sector Participation would also ensure that the expertise in development and management of these Areas/Estates is brought in and that the facilities provided are world-class in nature. Thus, it is proposed that the Industrial Area in Hassan, spread over 1057 acres, is developed as a model industrial layout through Private Sector Participation.

1.4 Existing Industrial Area around the project site

The current Site Development for the Industrial Activity at Kuditini village of Bellary dist of Karnataka. It is for a very large scale site development meant for mainly "B" Category Industries that have very little Pollution issues and less water and power requirements in comparison to the large scale projects. The main Industries that can be developed in the Proposed Industrial Area are Sponge iron and iron rerolling mills.

1.5 Brief Description about Nature of the Project

The proposed project envisages developing an Industrial Area spread over 645.18 acres (261 Ha) of land. The project would provide facilities that match any world-class industrial area and would be an ideal place for investors to develop their facilities without any hassle. The private sector developer would develop all the infrastructure facilities and also develop land/buildings which are the "plug and play" format.

1.6 Components of the Project

The project will include the following components:

- Industrial sheds, industrial plots, Grade A/B buildings, built to suit facilities
- Residential facilities for industrial workers
- Commercial facilities
- Education and training facilities
- Trunk and internal roads
- Water treatment & distribution facilities
- Drainage and sewerage facilities
- Power substation and distribution
- Solid waste and liquid effluent management facilities
- Data and telecom facilities

1.7 Employment Generation (Direct and Indirect) due to the Project

It is expected that, during construction phase the requirement of labour will be 600-700 persons per day. Local labours will be employed from the surrounding villages. A temporary labour camp also may be provided as per the situation. However, the responsibility of constructing a labour camp, if the need be, will lie with the Civil contract awardee. During Operational phase, there will be both Direct and Indirect employment generation. About 45-50 persons will be directly employed by KIADB itself for maintenance of the industrial area, out of which 15-20 persons will be skilled labour.

Besides, it is expected that the individual industries may generate employment opportunity for approximately 4500-5000 persons in total.

2 PROJECT DESCRIPTION

2.1. Location of the project

Bellary district is spread from southwest to northeast and is situated on the eastern side of Karnataka state. The district is 15° 30′ and 15°50′ north latitude and 75° 40′ and 77° 11′ east longitude. The geographical area is 8447 km².This district is bounded by Raichur District on the north, Koppal District on the west, Chitradurga District and Davanagere District on the south, and Anantapur District and Kurnool District of Andhra Pradesh on the east. Bellary comes under the administrative control of Gulbarga division and development jurisdiction of H.K.D.B, Gulbarga. It has 2 revenue sub divisions, Bellary subdivision and Hosapete subdivision, which in all have seven taluks. The Bellary subdivision has 3 taluks, while there are four taluks in Hospet subdivision. There are 27 hoblies, one Corporation, one City Municipal Council, two town municipality, six town panchayats, 542 revenue villages, and 436 thandas/habitations. According to the 2011 census Bellary district has a population of 2,532,383.The district has a population density of 300 inhabitants per square kilometre (780 /sq mi) Its population growth rate over the decade 2001-2011 was 24.92%.Bellary has a sex ratio of 978 females for every 1000 males,[3] and a literacy rate of 67.85%.

The proposed site is located in Kuditini villages, of Ballery district of Karnataka where the KIADB has acquired 1654 acres of land. This is based on inputs provided by the development field officers of the KIADB.

The co-ordinates of the project site are presented in the Location Map. The location Map of the proposed project site is given in Following Figure 2.1

2.2. Connectivity of the proposed project site

General:

Road: National and State Highways passes through the District providing good connectivity to the Capital City Bangalore and other important Districts and also parts of Maharashtra, Kerala, Tamilnadu and Andhra Pradesh

Rail: The District is connected well to the important cities like Mangalore and Bangalore through south central railway network.

Air: The International Airports located in Karnataka are at Bangalore and Mangalore. However, there is helipad facility available in the district.

Port: The sea port of karnataka is at Mangalore.

Proposed Project

It is approximately 19 km distant from bellary town, connected to the town via Nh-63, Sh-69. Nearest railway station of the proposed project site is Bellary railway station located at 18 km and nearest proposed Banagalore Airport is 270 km away from the project site. The Villages Kuditini are situated besides the project site. However the habitation of the village is scattered in nature The Connectivity to the proposed project site is given in following Table 2.1.

Table 2.1 : Connectivity of proposed project site

Description	Features	Distance
Nearest Highway	63	0 m
Nearest Railway Station	Ballery	19 km
Nearest Airport	Bangalore air port	270 km
Nearest Village	Kuditini	2.0 km
Nearest Town	Ballery	19 km

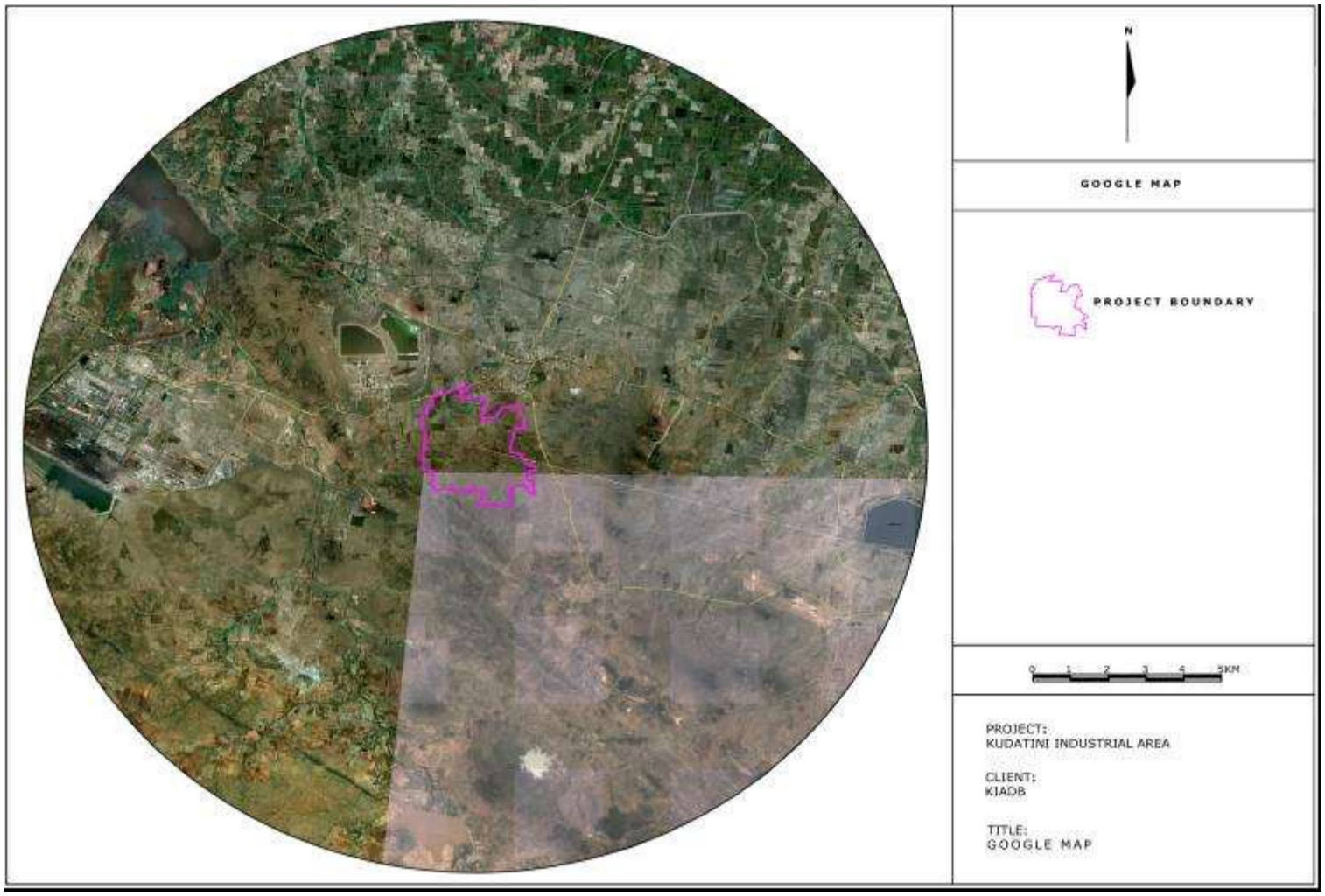

Figure 2.1 Location Map

2.3. Size and Magnitude of Operation

The total Area of the proposed project site is 1654 Acres. The major development would be Industrial Area with Plots based on Size of Industry planned to be developed. The industrial plots would be distributed based on the following Sizes, i.e., 0.00-0.49 acres, 0.5-0.99 Acres, 1.0-1.99 Acres, 2.0-2.99 Acres, 3.0-3.99 Acres, 4.0-4.99 Acres, 5.0-5.99 Acres, 10.0-10.99 acres, Civic amenities, Commercial, Public utility, Residential and Solid waste disposal. Detailed area Statement is given in **Plot Plan.**

2.4. Type of Industries

The project is in it's planning stage now. From the past experience of KIADB with Industrial Area Developments, it is anticipated that only B Category Industries as per the EIA Notification, 14th September, 2006 as amended on 1st December, 2009.

The Type of industries proposed are spronge iron and iron rerolling mills. The total no. of plots distributed are based on the size of the layout.

2.5. Raw materials Requirement

The proposed project being area development project raw material is required only during Construction Phase. Construction materials like stones, aggregates, bitumens etc. will be sourced from Local Market through tendering system. The transportation of raw materials will be the responsibility of Civil contract awardees through Commercial vehicles.

However, KIADB will monitor that good construction practices are being adopted by the civil contract awardee. Transportation of the Raw material will be done in covered conditions only. Each vehicle will be checked for PUC. Construction material will be stored in Covered area. Water will be sprinkled regularly on the haul road to minimize the fugitive emissions.

Approximate quantity of the construction materials, for road as required is given in the following Table 2.3.

Table 2.3 : Requirement of Construction Materials

Description	Requirement
Soil	1225 MT/km road construction
Stone	
Aggregates	
Bitumen	

2.6. Water Requirement

Construction Phase

The water requirement for the proposed project is approximately 50 KLD including domestic water requirements for workers (45 lpcd per worker) during the construction phase based on construction activity requirement. The water requirement during this phase will be met from the ground water sources and drinking water at construction sites will be provided by KIADB.

The water requirement of individual industries during operation phase will be met by groundwater abstraction or any other external source on their own. The water during the operation phase will not be supplied by KIADB.

However, based on the data collected from KIADB of its operational industrial areas, the water requirement in the proposed project during operation phase will be envisaged based on the standard practices of water requirement per acres as 1 MLD/1000 acres.

Operational Phase

The Water requirement has been envisaged for the drinking water purpose and for the construction from the river Tungabradhra and partly from groundwater through bore-well. A Water tank of 225 cusecs capacity is planned for transfer of water for domestic and drinking purposes.

2.7. Power Requirement

Electricity will be supplied by KIADB during construction and operation phase through KTPCL. During Operational Phase sub-station of suitable load will be established to meet the total Industrial Load. Power back-up facility will not be provided by KIADB. Individual Industries will arrange for their own Power Back-Up. Power lines will also be laid by KIADB. During construction phase, power requirement will be minimal.

2.8 Indicative environmental & social impacts

Environmental impacts

The environmental impacts due to the development of the industrial area are pre-dominantly likely to be in term of air, water and noise pollution.

Air pollution would be because of the development activities for the construction of infrastructure as well as industrial units. The development would be spread

over a period of 4 to 5 years and would peak incrementally which would further the pollution load.

Water pollution is likely once the occupancy in the park starts taking place. Once units become active, effluent discharge will be a critical area which, if not mitigated, would lead to surface and ground water pollution over time.

Noise pollution would also largely follow the occupation of the park. In the initial years, noise pollution would be attributable to the construction activity and later would be attributable to noise emanating from units.

Social impacts

The current land being occupied is largely agricultural land and hence may result in the loss of livelihoods for farmers. presently, no human settlement is observed on the land during reconnaissance study and hence no resettlement and rehabilitation issues are foreseen.

Mitigation measures

It will be advisable to develop both Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) studies that would help to clearly identify issues related to both environment and social aspects with in the study area and vicinity of the proposed development, thereby the prediction and intensity of the same is possible for the detailed mitigation measures.

2.9 Waste Management

2.9.1 Construction Waste Management

Waste during construction activity relates to excess cement mix or concrete left after work is over, rejection caused due to change in design or wrong workmanship etc. These are normally re-used as filling at the same site after completion of excavation work

Excavated earth during the civil works including road construction, fencing, drainage, site leveling etc., shall be utilized within the project site. Topsoil shall be conserved and will be utilized in the areas earmarked for greenbelt development.

2.9.2 Municipal Solid Waste Management

Approximately 45 to 50 kg/day of municipal solid waste will be generated from the construction camp and construction site. This will be collected and disposed off in a fenced pit at dugout the site for making compost..

Waste management would be the responsibility of individual industries. Individual industry will provide system for municipal solid waste collection, storage and disposal. Each industry shall have to comply with the Municipal Solid Waste Management Rules, 2000 and amendments thereafter.

Construction Stage:

The solid waste during the construction phase will comprise of excavated earth, building construction materials.

The construction wastes will be reused mostly for leveling the site and the segregated recyclable wastes like metals, glass and plastic wastes will be sold to the authorized vendors.

In addition to that there will be some municipal solid waste generation during the construction stage which will be collected and disposed off at the designated municipal waste disposal site.

Operation Stage:

Waste generation from the individual industries, each industry has to obtain separate authorization, however there are 4-5 storage bins/ 100 acre are kept and lifted and cleared once/twice a week for the basic waste generated.

An Area of 5-10 Acres to be used for Solid waste storage.

Municipal Solid Waste

Domestic Waste collection system will be collected and dumped at specified location within the site. Twin bins system will be adopted for segregation of wastes at source. Recyclable wastes will be sold off to authorized vendors. Bio-degradables will be treated on-site through Organic Waste Converter and the compost will be used as manure.

E-Waste Management

The individual industry would obtain separate authorization from KSPCB, for the disposal of E-waste, its generated.

2.9.3 Hazardous Waste Management

During construction phase no hazardous waste will be generated.

During operation phase hazardous waste management would be the responsibility of individual industries. Prior to the commencement of production, each unit shall take authorization for storage, handling and transport of

hazardous waste, as per the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 and amendments thereof.

2.10 Cost of the project

The project is in it's planning Stage. The total approximate cost of the project is estimated to be Rs. 300 Crores Tentative break-up of the cost is given in following Table 2.4.

Table 2.4 : Cost of the project

Description	**Cost**
Land cost	300 Crores
Infrastructure development Cost	
Cost for Environmental Management	

3.0 SITE ANALYSIS

3.1. Existing Features of the Project Site and Surroundings

The major chunks of the land within the project site are infertile sand dunes, some with scattered grass. The rest is barren land. Figure 3.1 shows the revenue map/plot plan of the proposed development and annexure presents the acquired land details in the form of Notification of the KIADB.

3.2. Geography of the Area

Bellary district is spread from southwest to northeast and is situated on the eastern side of Karnataka state. The district is 15° 30' and 15°50' north latitude and 75° 40' and 77° 11' east longitude. This district is bounded by Raichur district on the north, Koppal district on the west, Chitradurga and Davanagere districts on the south, and Anantapur and Kurnool districts of Andhra Pradesh on the east. It comes under the administrative control of Gulbarga division and development jurisdiction of H.K.D.B, Gulbarga.

3.3. Climate

Bellary district lies in the dry and arid climatic zone. The climate in the Hampi is dry, but due to irrigation activities, the area is humid hot. The summer is generally hot compared to other parts of the state. The temperature begins to rise steadily with commencement of summer from February to May. Generally March and April happens to be the hottest month with maximum temperature reaching as high as 43^0C and 44^0C and the minimum temperature is recorded during December with 12^0C to 13^0C. The wind generally blows from south west to north east direction and north east to south west. Though the area comes under dry zone, due to Tungabhadra reservoir and irrigation the humidity is comparatively more with maximum humidity reaching 96% from July to November and the minimum humidity during March and April.

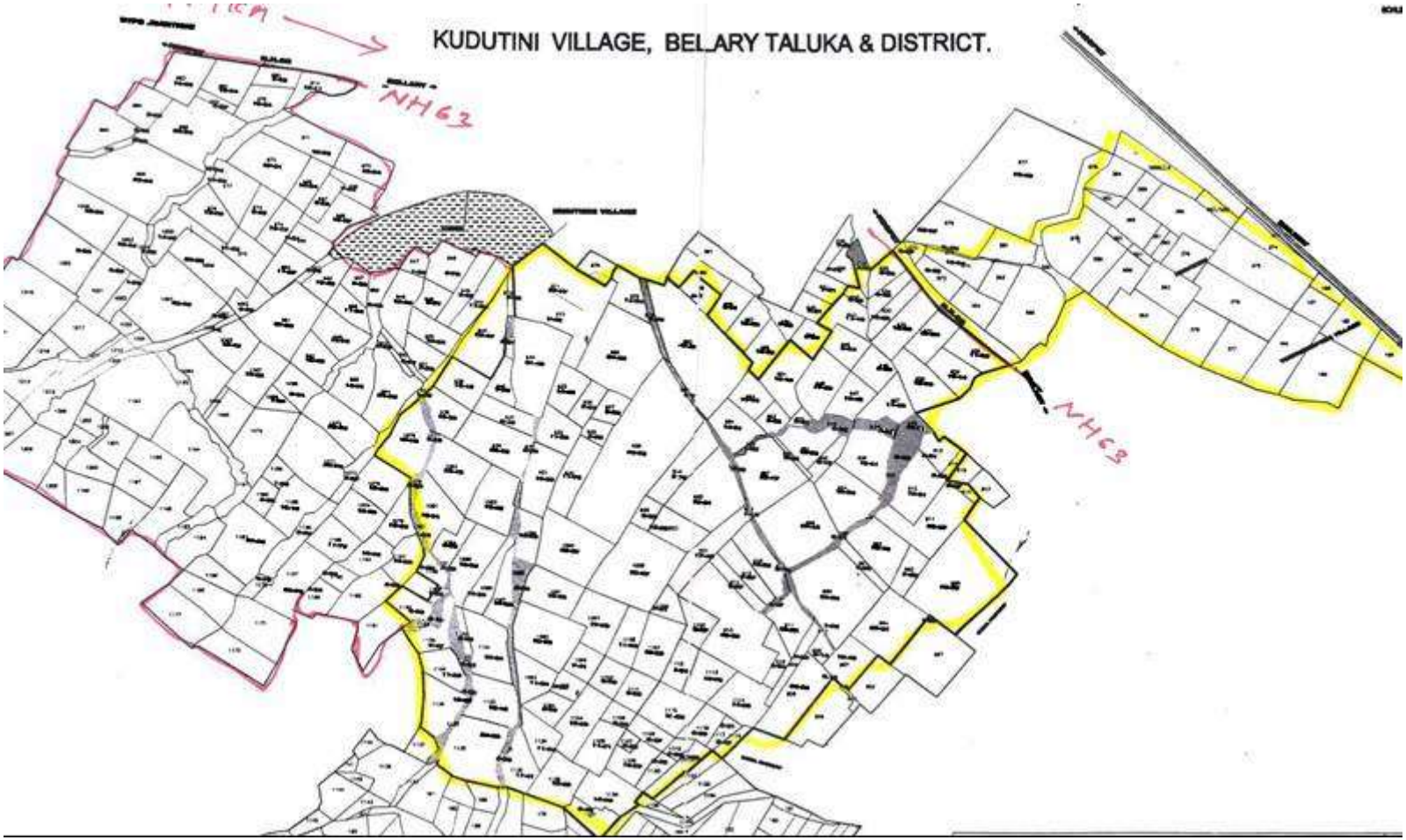

Figure 3.1 Block Map

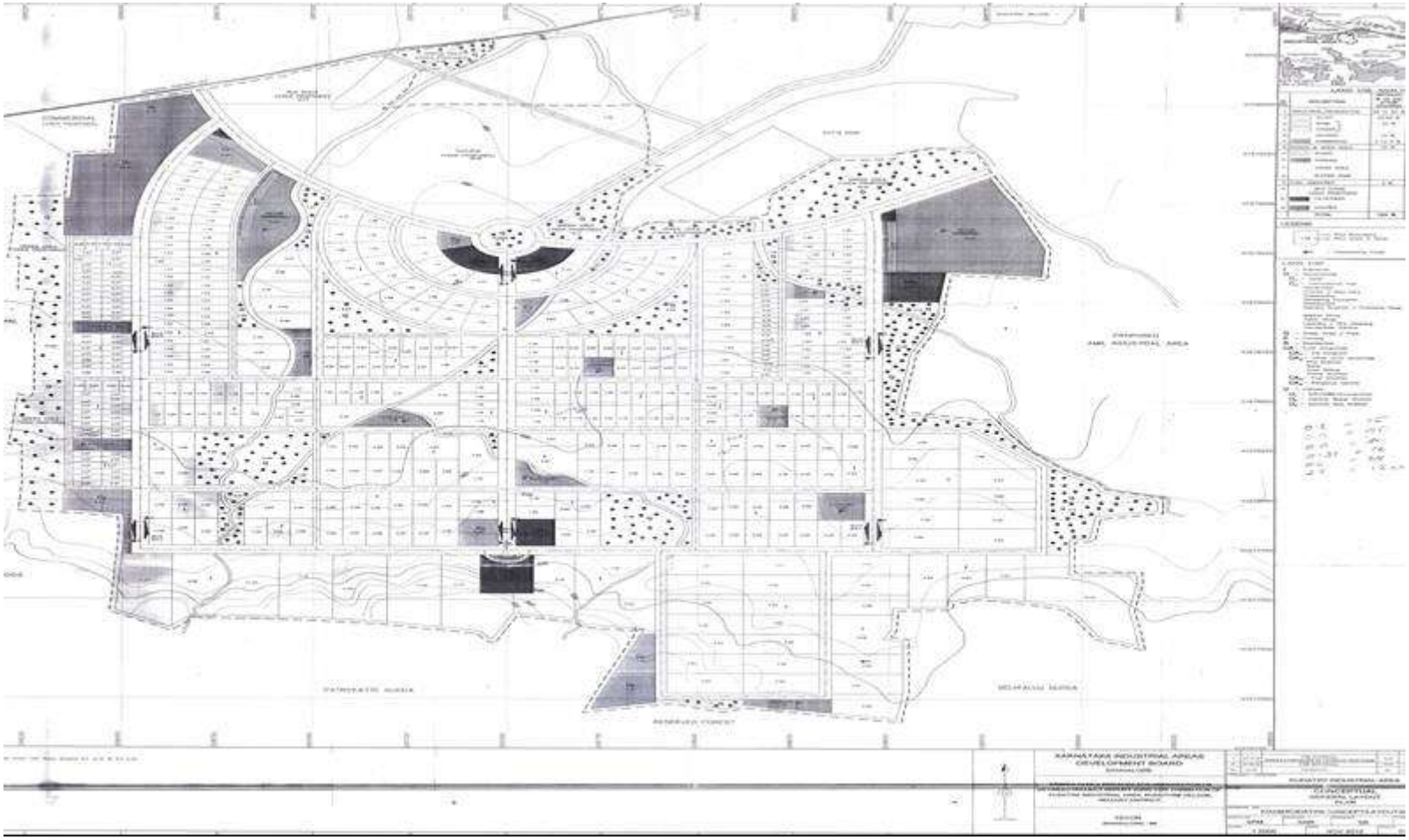

Figure 3.2 Plot Plan

4. PROJECT PLANNING

4.1 Project design

The project design has been adopted by using earlier developments made by KIADB through out Karnataka state. Feasibility assessment and financial analysis requires that a detailed plan for the proposed area is to be prepared and component-wise costs are arrived at after technical studies, for all the projects, there are no other studies that have been carried out previously. The plans and designs ideally be left to the developer so that the developer can configure the design that is best suited for his business plans.

4.2 Land use plan

It is Shown in the Plot Plan in Figure 3.2

5. INFRASTRUCTURE DEVELOPMENT

5.1 Processing Zone (Industrial Area)

The responsibility of KIADB will be site development, infrastructure development and allotment of plots for Industrial units. Infrastructure to be provided by KIADB includes the following things:

- Major and Arterial Roads.
- Drainage System
- Power Station (GSS) and Electrical supply line.
- Green Area
- Common Effluent Treatment Plant
- Common Solid waste management and Hazardous waste management (if required)

5.2 Green Area development

KIADB proposes to develop the Green belt in 33% Area within the project site as Green Area. Besides, individual industries will also develop green area in their own plot as per KSPCB Consent Condition.

5.3 Road network

The total road length required for the area is approximately 40.03 kilometres. The road network is planned to be distributed into various widths of 15, 18, 24, 30 and 45 metres each and the number of roads will be as suitable for connecting the internal area. Any change in road length would thus affect the laying of infrastructure components such as the telephone and electrical cables, as these are planned to be buried under along the road length.

5.4 Water Supply System

Considering that both, industrial and residential lands are being charted in the land use plan, a water supply system for the industrial area could be set-up with a capacity of 1 MLD/ 1000 acres depending on the design life. Provision would thus be made for water pipelines, a water station and overhead reservoir within this water supply project. The overhead reservoir would be ideally located in close proximity to the boundary of the proposed project. The total length of the water supply line would be same as that of proposed road length for the industrial area. i.e. 40.03 kilometres. At present the cost of tapping water from the tapping site is not considered in the capital cost of the planned water system.

5.5 Common effluent treatment plant

For Industrial Area development a CETP was considered as a common facility. However, depending on the nature of industries set up in the industrial area, a decision on the capacity of the CETP can be taken.

5.6 Storm water drainage

Storm water drainage could be provided by having a closed sewerage system. Thus the underground pipes can be planned along the right of way (ROW) of the roads. Hence the drainage system network is assumed to be as per road length, i.e., 40.03 kilometres. The system should be laid based on the detailed topographical survey of the area. Particularly during heavy monsoons, the safe disposal of the storm water would be essential to avoid accumulation of storm water and for that the provision of slab culverts would be an added advantage.

5.7 Other infrastructure components

Assumptions for other infrastructure facilities like underground telephone cables, electricity cables, domestic drainage and buildings for common purposes have also been assumed for the project.

5.8 Rainwater Harvesting

350 nos. of rainwater harvesting pits have been proposed for the project. Main emphasis given in the planning of the storm water drainage system is on recharging the underground aquifer of the area while having the safe disposal of storm water without flooding the campus. A network of storm water disposal drains will be planned which will finally dispose off into a percolation well for direct injection of collected storm water into the ground water. Bar screens and silt traps have been incorporated before the percolation wells to remove the silt, heavier particles and other objectionable material which can cause the choking of the percolation well. The drainage system shall be led to various percolation wells catering to different parts of the catchments area. Silt traps will be provided at inlet to each percolation well. The overflow from percolation wells will either be inter connected or will be pumped to the storm water disposal line to be provided by KIADB.

It is estimated that approximate runoff from the proposed project premises will be **182739 m^3.** 30% of the industrial plot area is considered in run-off calculation assuming the same will be roof top area available from the Industrial plots. Besides, Road area and Green area is considered in runoff calculation.

6. RESETTLEMENT AND REHABILITATION PLAN

As the project site is presently a barren land and without any habitation except some temporary hutments for grazing purpose, therefore, there is no requirement of Rehabilitation and resettlement Plan. Moreover, the land has been acquired from the private land owners and compensatory amount has been paid already by KIADB, hence, no requirement for any other compensations of any type for land acquisition.

7. MARKET ASSESSMENT

7.1 Industry outlook

State Karnataka considered as a pioneer in the field of industrialization in India. The State is in the forefront of industrial growth of our country since independence. In the era of economic liberalization since 1991, the State has been spearheading the growth of Indian industry, particularly in terms of high-technology industries such as Electrical and Electronics Automobile Spare Parts, Information & Communication Technology (ICT) Biotechnology, etc., and also State enters recently in terms of establishment of Nanotechnology industries.

In order to further consolidate its leadership position in terms of attracting investments, it is imperative that serviced land is made available to potential investors facilitating an early start of operations for them, in Karnataka State.

The Highlights of Karnataka's Industrial Growth Performance are as follows:

- The ASI figures indicate that Karnataka accounted for 5.53% of the total registered factories in the country, 7.10% of the fixed capital investment and 7.23% of the total Gross Value Added by the registered factories in the country
- Karnataka compared favourably to All-India in terms of labour productivity, input per worker, output per worker and wages per worker during 2005-06 to 2007-08
- Karnataka accounted for 5.64% of the total number of unorganized manufacturing enterprises and 5.42% of the total unorganized manufacturing employment in the country in 2005-06. In terms of gross value added per enterprise as well as per worker, Karnataka performed better than All-India and stood fourth among the states of India
- Under service sector, Karnataka accounted for 4.9% of the total enterprises and 4.8% of the total enterprise workers in the country. In terms of both gross value added per enterprise and gross value added per worker, Karnataka stood first in the country
- Karnataka has registered more than 12000 MSMEs and generated employment for more than 75000 persons during April-December 2010
- Karnataka is making rapid strides in terms of its important industry sectors such as food processing industries, textiles, sericulture, Information Technology and Bio-Technology industries

- Karnataka has been making impressive progress in e-Governance. Its e-procurement project won Future gov Award 2010 for Best Business Practices in Asia's Public Sector for the year 2010.
- Growing number of SEZs presents another dimension of Karnataka's industrialization. This is however skewed towards IT/ITES sectors
- Karnataka is an industrially peaceful State and therefore has salubrious industrial climate in the country. Naturally, therefore, according to the Investment Assessment Report of ASSOCHAM, Karnataka is the most favoured investment destination in the country today

7.2 Demand & Possibility projections

There are limited reference points available to outline the demand projections for the industrial sector. However, several references are available to the manner in which the industrial growth of the nation should span out. These have been described both in the Planning Commissions "Approach Paper to the 12th Five Year Plan" as well as the National Manufacturing Policy floated by the Department of Industrial Policy and Promotion (DIPP).Planning Commission's approach paper observes that though the Eleventh Plan targeted growth in manufacturing at 10.0-11.0 per cent, actual performance is estimated to be only about 7.7 per cent. It is a matter of concern that the manufacturing sector has not shared in the dynamism of the economy not just in the Eleventh Plan, but even in preceding Plan periods. As a result, the share of the manufacturing sector in GDP is only 15.0 per cent in India, compared with 34.0 per cent in China and 40.0 per cent in Thailand. It further observes that the manufacturing sector manufacturing must provide a large portion of the additional employment opportunities as opposed to agriculture for India's increasing number of youth. On the contrary it should be releasing labour which has very low productivity in agriculture to be absorbed in other sectors. While the services sector has been growing fast, it alone cannot absorb the 250 million additional income-seekers that are expected to join the workforce in the next 15 years. Unless manufacturing becomes an engine of growth, providing at least 100 million additional decent jobs, it will be difficult for India's growth to be inclusive.

In order to further the manufacturing sector growth, the Planning Commission has recommended the following strategic objectives for bringing change in the manufacturing sector in the next 15 years:

Increase manufacturing sector growth to 12.0–14.0 per cent over the medium term to make it the engine of growth for the economy. The 2.0 to 4.0 per cent differential over the medium term growth rate of the overall economy will enable manufacturing to contribute at least 25.0 per cent of GDP by 2025

- Increase the rate of job creation in manufacturing to create 100 million additional jobs by 2025
- Emphasis should be given to creation of appropriate skill sets among the rural migrant and urban poor to make growth inclusive
- Increase domestic value addition and technological 'depth' in manufacturing
- Enhance global competitiveness of Indian manufacturing through appropriate policy support
- Ensure sustainability of growth, particularly with regard to the environment

The Karnataka Industrial Policy 2009-14 also lays down emphasis on promoting industrial development. The mission statement of the policy states the following:

- To create enabling environment for robust industrial growth
- To ensure inclusive industrial development in the State
- To provide additional employment for about 10 lakh persons by 2014
- To enhance the contribution of manufacturing sector to the State's GDP from the current level of 17% to 20% by the end of policy period

Thus it is amply clear that the industrial sector will receive significant push in the future from both the central government as well as the state government. It is expected that the Indian economy will reach the US $ 6 trillion mark by the year 2020. In order to aid the achievement of this size of GDP, the key growth drivers will be industry and services. Industry is expected to increase its share in the GDP from the current 15% to over 25% by 2020.

8. PROJECT COST ESTIMATION

8.1 Estimated project cost along with analysis in terms of economic viability of the project:

The estimated project cost which covers the development along with the common waste handling and disposal facility is approximately 300 Crores.

8.2 Project financials

The project financials have been worked out based on ASSUMPTIONS only and have been provided for demonstration purposes only. The actual working of financials for the model industrial area will depend on several components viz. land use plan, water requirements, common effluent treatment plant requirements and all other infrastructure components. We have developed the financial analysis only to demonstrate that it is possible to structure the development of industrial infrastructure on a PPP basis.

8.3 Cost Estimation

The cost estimates have been worked out based on thumb-rule estimates and our experience of developing cost and financial analysis for other similar parks.. The overall cost estimates have been outlined below for illustration purpose only:

Table 8-1: Cost estimates for industrial area

Project component	Project Cost (in crores)
Roads	300 Crores
Water Supply	
Strom Water Drains	
Underground Electric Cables	
Telephone Cables	
Road Crossing	
Drainage	
Buildings	
Residential Complex	

The cost estimates are only for demonstration purposes and may vary depending on the plan for industrial area.

Funding available under various schemes : The Central Government's viability gap funding mechanism allows for funding of up to 20% of the total project for projects under the PPP mode for projects that are otherwise financial unviable. The State Government also has a VGF mechanism which provides an additional 20% of the project cost over and above the Central Government's VGF funding.

9. LEGAL FRAMEWORK

Regulatory & Legal Framework

Applicable laws & Act and Legal Cover for the project

The Model Industrial Area (MIA) will reap benefits from the following policies prescribed to further the States' economic growth:

- Karnataka Industrial Policy 2009 – 14
- Karnataka Infrastructure Policy 2007
- Karnataka Industrial Area Development Act 1966
- Karnataka Renewable Energy Policy
- Karnataka State SEZ Policy 2009

Legal & Regulatory framework

The proposed projects would be developed under the Karnataka Industrial Areas Development Act. Under this Act, KIADB is the key agency for development of the industrial areas and estates. The KIADB has been mandated with the following under the KIAD Act.

- Generally to promote and assist in the rapid and orderly establishment, growth and development of industries and to provide industrial infrastructural facilities and amenity in industrial areas, and
- In particular, and without prejudice to the generality of the above, to -
- Develop industrial areas declared by the State Government and make them available for undertakings to establish themselves;
- Establish, maintain, develop, and manage industrial estates within industrial areas;
- Undertake such schemes or programmes of works, either jointly with other corporate bodies or institutions, or with the Government or local or statutory authorities, or on an agency basis, as it considers necessary or desirable, for the furtherance of the purposes for which the Board is established and for all purposes connected therewith.

10. ANALYSIS OF PROPOSAL (FINAL RECOMMENDATIONS)

10.1 Need for the project

The Davangere Unit of KIADB has successfully set up Kudhitini Industrial Area projects. Still the demand for organized industrial area exists in the district, as plenty of Barren and un-cultivable land is available in the district for setting up the industries.

KIADB being catalyst for Industrial development proposes of Utilizing the Barren and uncultivable waste land for development of organized and well-administered Industrial Area to meet the growing demand District of Bellery besides this proposed Project i..e, Kuduthini Industrial Area, Davengere Units of KIADB is planning to develop several industrial areas in the district.

10.2 Infrastructures in Surrounding Area

As per the data provided in Chapter 5, it is observed that the infrastructure facilities of the surrounding areas need development notably Medical,, Education and Communication facilities in nearby villages. It is expected the proposed project will catalyze the infrastructure development of the surroundings as it will attract investment of a considerable portion of Capital of the District.

Drinking water requirement, Promotion of Educational institutions, Medical facilities to the villagers (especially Senior Citizens and infants or pregnant ladies). Community centres, recreation facilities etc will also be developed as part of social responsibility.

The basic target would be the development of the local villages in the vicinity of the project. Hence, the scope for development of the local population economical status is envisaged.