



Post Reforms Industrial Development in India with Special Reference To Maharashtra

KEYWORDS

Industrial Development, Industrial Disparity, Industrialization

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ABSTRACT

Industrialization and Industrial development are synonymous. Rapid industrialization is a means to achieve higher rate of growth in order to raise the standard of living of people. The present study is an attempt to take a review of industrial development in India with special reference to Maharashtra, in terms of industrial development of India, there was a growth in all indicators of industrial development except employment in post reforms period from 1990 – to 2012 –13 .Other indicators showed considerable growth as factories by 521% fixed capital by 7366% gross output by 133288% ,employment by 345%,and value added by 74864% the degree of achievement of India is less than other developing countries. In case of industrial development n Maharashtra over the period from 1993-94 to 2012-13, it is noticed that there was a rise in all indicators as 334% in number of workers, 2357% in number of working and registered factories, 362512% in fixed capital , 159707% in value added and 15369% in consumption of electricity for industrial use. Maharashtra enjoys the top position among the select leading states in case of industrial development. It has also been found that there has been inter- state imbalance in industrial development in India. It is suggested that more efforts should be made for industrial growth in the country.

Introduction

Industrial development and industrialization may be treated as synonymous words indicating a process of accelerating economic development of a region. Industrialization is considered to be a major off shoot of economic development of a region all round the world. The importance of industrialization can be realized from the fact that today industrial development has become synonymous with the term economic development. Rapid industrialization is means to achieve higher rate of growth in order to raise the standard of living of people .¹ Industrialization is a sine- qua –on of economic progress in India². Sutcliffe defines industrialization as a process which is invariably the outcome or accompaniment of economic development and asset of policies. This is seen as a means of economic development³. Industrialization has been recognized as a basic tool for overall economic development⁴. Industrialization has a major role to play in the economic development of the under – developed countries.⁵ Industrialization acts as an instrument of creating capacity to absorb excess labor power and of catering for the diversification of the market required at higher stages of economic development.⁶ Industrialization can be helpful in removing unemployment, increasing income levels, optimizing resources, promoting internal and external trade and developing infrastructure for further industrialization. Every country makes conscious efforts sot accelerate the process of industrialization with a view to achieve the goal of maximum employment and provide opportunities for comfortable living.⁷ The benefits of industrialization do nt remain limited only to the economic sector of the people s life, but it implies and upward movement of entire social system with increased opportunities for acquiring modern knowledge, superior housing. Public health and other facilities for modern amenities of life.⁸

In short, industrialization is needed by every country particularly by developing countries like India to achieve economic prosperity and development India. Before dealing

within overview of industrial development of Maharashtra, it would be pertinent to have an overview of industrial development in India.

The independent India's government has been trying to achieve a planned industrial development as a path for economic development of the country and its region since independence. To have integrated approach for industrial development of the country, several industrial policies were framed and adopted time to time. Both first two industrial policies of 1948 and 1956 stressed mixed economy in which both private and public sectors share industrial activities. The industrial policy of 1956 proposed reduction in regional imbalance by providing infrastructural facilities in relatively backward areas and also welcomed foreign capital. As a part of planned efforts for industrial development, industrial development and regulation act, 1951 and MRTTP act, 1969 were passed. At present, there are more than 20 development councils covering almost all important industries in the country.

Due to internal factors like mounting losses of public sector etc. and external factors like collapse of soviet- union, ets. New economic policy of industrial liberalization has been adopted since 1985 and industrial policy announced accordingly. i.e, industrial policy statement. 1991 since 1991. Successive governments have carried forward the reforms in industrial sector, financial sector , fiscal sector and external sector. Both the central government and many state governments have initiated significant procedural and policy reforms to attract foreign investment and increase domestic private participation in the development of industries.

Review Of Industrial Development In India

India is an overpopulated and developing country. Industrial development is necessary to provide employment to her people in order to boost their income level nd thereby living standard. Developed economies in the world are mainly based on industrialization.

Table 1 Important Indicators Of Industrial Development In India

Indicator	1960-61	1980-81	1990-91	2000-01	2012-13
No. of Factories (in thousands)	42.6	96.5 (227)	110.2 (259)	131.3 (308)	222.12 (521)
Employment (in thousands)	3732	7854 (210)	8,163 (219)	7,918 (212)	12,874 (345)
Fixed Capital (Rs. In crores)	NA	29,600	1,33,648 (452)	3,99,604 (1350)	2,18,0260 (7366)
Gross Output (Rs. In crores)	4521	61,084 (1351)	2,70,564 (5985)	9,26,902 (20502)	6,02,5945 (133288)
Value Added (Rs. In crores)	1138	11,929 (1,048)	51,515 (4,527)	14,3621 (12,620)	8,51,949 (74,864)

Source:

Note:

- Figures in the brackets indicate growth rate:
- 1960-61 has been assumed as base year except for fixed capital for which 1980-81 as base year.
1. Industrial Maharashtra the land of opportunities. Maharashtra economic development council , monthly economic digest, June 1993, Mumbai (for 1960 -61):
2. Statistical outline of India 2006 -07 Tata services limited , department of economic and statistics (for rest years)

India has also been making planned attempts for industrial development through successive five year plans and industrial policies, the latest being the new economic policy of 1991 reflecting privatization, liberalization and globalization and making Indian entrepreneurs more competitive.

An attempt is made to analyze the statistical data regarding some important indicators of industrial development of India for the period from 1960-61 to 2012-13 at different points of time in table 1.

In terms of number of factories, there has been a growth by 521% over the period from 1960 -61 to 2012-13 employment has shown a growth by 345% fixed capital by 7366%, gross output by 133288% and value added by 74864% over the period. The growth in factories and employment is not satisfactory and not in tune with the remaining 3 indicators , but growth in fixed capital is satisfactory . Growth in gross output and value added is remarkable over the period from 1960-61 to 2012-13

Considering post reforms industrial development, it is seen that there was a certain growth in each indicator of industrial development.

Industrial Development Of Maharashtra:

Maharashtra state has been considered as the country's industrial powerhouse. the state's consistent contribution of more than 21% in net value added in the organized manufacturing sector in the country. Which in unparallel, reflects its high level of industrialization.

The annual survey of industries, 2012-13 revealed that in the organized industrial sector in the country, the state accounted for, 20.98% in net value added, 13.03% in number of factories. 12.27% in number of workers deployed, and 15.82% of fixed capital ..

The annual survey of industries, 2012-13 indicated that Maharashtra ranked first in terms of net value added from organized manufacturing sector in the country Maharashtra

tra has been enjoying a leading position over the years in the industrial fields in India since middle of the 20 th century the favorable factors for the leading position are geographic location, good hinterland, availability of sea-coast and a good harbor, network of roads and rail transport facilities. Availability of capital labor and material.

According to annual survey of industries, 2012-13, Maharashtra continues to be in the lead position on the industrial map of India. Reserve bank of India has categorized Maharashtra as a state with the highest cumulative corporate investment surpassing even neighboring Gujarat which is not known to rest on its laurels. In 2012-13, Maharashtra cornered over a fifth of all foreign investment that flooded into the country. In 2012-13 it was also observed that the state was at the top by holding 20.1% of the total industrial investment in the country.

After formation of Maharashtra state, deliberate and planned efforts have been made for industrial development by adopting different measures such as setting up several supporting institutions and adopting difference package schemes of incentives. the general tempo of industrialization in the country has also been helping to enhance industrial development in the state.

Table 2 Industrial Development In Maharashtra (from 1960-61 to 2012-13)

Indicator	1960-61	1993-94	2003-04	2012-13
No. of Workers (No.)	369623	983455 (266)	1051909 (285)	1233341 (334)
No. of working registered factories (No)	1228	26663 (2171)	29637 (2413)	28949 (2357)
Fixed Capital (Rs. In Crores)	95.15	64586 (67878)	83472 (87727)	344930 (362512)
Value Added (Rs. In crores)	112	34762 (31038)	41910 (37420)	178872 (159707)
Consumption of electricity for industrial use (in KWh crores.	214	1436 (671)	20900 (9766)	32890 (15369)

Note:

Figures in the brackets indicate growth rate :

1960 61 has been assumed as base year.

Source: - the figures have been compiled from statistical abstract of Maharashtra state 1960-61 for all districts, 1993-94 and 2000-01 for greater Mumbai district only and various issues of the district socio – economic review 1993 -94 and 2003-04 for all districts except greater Mumbai and also office record of directorate of economics and statistics, govt. of Maharashtra , Mumbai for greater Mumbai district only.

In 1960, when Maharashtra state was formed by bringing together 3 regions of western Maharashtra, Vidarbha and Marathwada, there was a great industrial disparity among them . Therefore, the state govt. framed its industrial policy supporting industrial dispersal and decentralization all over the state. The state has made a spectacular progress in the sphere of industry unsurpassed by any state since its formation.

An attempt is made to throw light on the industrial development of Maharashtra for the period from 1960-61 to

2012-13 at 3 points of time by taking into account 5 select indicators of industrial development that there has been a consistent growth in terms of each indicator over the period from 1960-61 to 2012-13 the number of workers went up by near about 334%, number of factories by 2357% , fixed capital by 362215%, value added by near about 159707% and consumption of electricity for industrial use by 15369 over the period.

Industrial development of Maharashtra vis- a -vis select leading states

Maharashtra has been enjoying a leading position as compared with other states in India since middle of 20th century as far as industrial development is concerned. The same has been tried to prove with the help of statistical data regarding select indicators of industrial development of Maharashtra vis-a -vis select leading states for 2012-13 analyzed in the table 3. It is observed from the analysis that Maharashtra along with Gujarat, Tamil Nadu and Andhra Pradesh were the most leading states in industrialization in 2012-13 Maharashtra enjoyed the top position securing 20.98% share in terms of net value added followed by Gujarat securing 13.95% share with the lowest position enjoyed by Punjab, Madhya Pradesh and Rajasthan securing 3% share. in terms of number of factories, Tamil Nadu scored the highest share of 16.60% followed by Maharashtra scoring 13.03% share and the lowest share scored by Madhya Pradesh only of 2% . In terms of fixed capital Maharashtra and Gujarat gained the highest position securing 15.82% share each followed by Gujarat with 10.41% in case of number of workers, and the least share of 3% each scored by Madhya Pradesh and Rajasthan.

Table no. 3 Important Select Indicators Of Industrial Development Of Maharashtra Vis-À-Vis Select Leading States (2012-13)

(Value Figures In Rs. Lakhs And Others In Numbers)

State	Factories	Fixed Capital	Workers	Net Value added
Maharashtra	28949 (13.03)	34492959 (15.82)	1233341 (12.27)	17872932 (20.98)
Gujrat	22587 (10.17)	32612528 (14.96)	1046462 (10.41)	11887604 (13.95)
Tamil Nadu	36869 (16.60)	18724233 (8.59)	160247 (1.59)	9136446 (10.72)
Karnataka	11753 (5.29)	14515109 (6.66)	665597 (6.62)	5347936 (6.28)
Andhra Pradesh	15358 (6.91)	13081848 (6.00)	406048 (4.04)	2382242 (2.80)
Uttar Pradesh	14440 (6.50)	10271141 (4.71)	635759 (6.33)	4111251 (4.83)
Jharkhand	2697 (1.21)	6728469 (3.09)	127287 (1.27)	2091303 (2.45)
Haryana	6163 (2.77)	7839623 (3.60)	431425 (4.29)	3883175 (4.56)
Chhattisgarh	2441 (1.10)	6030773 (2.77)	137950 (1.37)	1521724 (1.79)
Madhya Pradesh	4206 (1.89)	13657975 (6.26)	223790 (2.23)	2146115 (2.52)

West Bengal	8607 (3.87)	8206693 (3.76)	537284 (5.35)	2228051 (2.62)
Punjab	12427 (5.59)	3906929 (1.79)	468127 (4.66)	1984470 (2.33)
India	222120 (100.00)	218026022 (100.00)	10051626 (100.00)	85194869 (100)

Notes: figures in the brackets indicate percentage to total

Source:- annual survey of industries 2012-13 , web : <http://mospi.nic.in/asi-table-2013.html>

On the basis of net value added. It can be judged that Maharashtra enjoys the top position among the select leading states as far as industrial development is concerned.

Industrial development of Maharashtra vis-à-vis India:

Industrial development of Maharashtra in comparison with India has been shown by considering some select indicators of industrial development in table 4.

Table no. 4 Industrial Development Of Maharashtra Vis-À-Vis India (2012-13)

Sr. No.	Indicator	Maharashtra	India
A	Per factory		
	Investment in fixed capital	834	760
	Value of goods & services produced	2825	2213
	Net Value added	546	337
	Employment (No.)	43	47
B	Per worker		
	Labour productivity	10.8	8.32
	Net value added	12.7	7.2
	Annual Wages	1.17	0.86

Source: - economic survey of Maharashtra 2012 -13.

From the table 4, it is seen that Maharashtra is found to be higher in case of the performance of each indicator than Indian level, Maharashtra has got average daily factory employment productivity 10.8 number against India's 8.32 numbers, per capita value added in industries of Rs.546 against India's in Rs. 337 and per capita annual wages Rs.1.17 against India 0.86

Thus, it is clear that Maharashtra enjoys the top position in terms of industrial development comparing with other states among all India level.

Conclusion

The growth trend of industries in India has ever increasing since 1950-51 . But the degree of achievement is very less in comparison with other developing countries. Maharashtra has achieved even increasing growth in industrial development and has been the most industrially developed state in relation to other states in the country. In post reforms period two, India and Maharashtra witnessed industrial growth in all indicators it may be concluded that industrial development was achieved both in India and Maharashtra over the period from 1960 -61 to 2012-13 ,

as in the post reform period. it has also been found that there has been inter- state imbalance in industrial development in the country India has also made industrial development over the period from 1960-61 to 2013-14 but the industrial development has also been unevenly distributed among the states of the country creating socio – economic problems and tensions in industrially backward states. Hence, it has been found from the study that there has been an inter – state imbalance in India as far as industrial development is concerned. India, being a developing country, requires more industrial development in order to increase opportunities for eradication of poverty and unemployment and rising standard of living of the people. it is also necessary to achieve balance industrial development of all states and regions for addressing social and political tensions due to imbalanced development and providing development benefits to all.

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