



## Problems and Prospects of Industrial Sector in Punjab- an Inter- District Analysis

### KEYWORDS

Government policies, Small and Medium Scale Industries, Vocational training.

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**ABSTRACT** *The present paper evaluates the problems and prospects of industrial sector in the state of Punjab by utilizing secondary data sources pertaining to the period between 1980-81 to 2012-13. The results of the study showed that the contribution of Small, Medium and Large Scale enterprises in terms of production, employment and fixed capital has increased manifold in the state during the period under evaluation. The study also highlighted the problems facing by industrial sector in the state of Punjab. Hence, the study suggests that appropriate measures need to be taken in the direction of promoting research and development, vocational training and skill development to sustain the growth and performance of industrial sector in the state of Punjab.*

### Section I

Pre-partition Punjab was regarded as very little industry Punjab and there were a few woolen mills in Amritsar and Dhariwal, some old iron foundries in Batala and Mandi Gobindgarh and a couple of sugar mills in Phagwara district. The agricultural sector was the only sector with no processing activities. There was an explosion in the number of small scale units in the state of Punjab during 1950s and 1960s. However, growth of the industries was mainly centered around the districts like Ludhiana, Jalandhar, Amritsar and Goraya. Most of these small-scale units were famous for producing bicycles, sewing machines, agricultural implements, medical instruments, hosiery, machine tools and sports goods or parts for these goods. In addition, this period also saw the emergence of a few units to process agricultural produce such as sugar mills at Batala and Bhogpur. During 1960s and 1970s, unavailability of major raw material such as Iron or Coal, was a definite hindrance for the establishment of large and medium scale units in Punjab. Government of Punjab made a significant contribution towards this by improving scale operations of these units to help make large & medium scale production profitable in Punjab. The state government established Punjab State Industrial Development Corporation in the '60s with the objective to fill the gap in the development of the state. Further, an Electronics Township called Electronics Town of Punjab was set up on a 290-acre site in Mohali, near Chandigarh. This township has emerged as one of the fastest growing centers for electronics production in the country. At present there are more than 0.2 million units working in the state of Punjab with employing more than 0.9 million workers. Such a significant contribution makes this very sector vital and dynamic segment of Punjab's industry. Today, Punjab leads in manufacture of machines and hand tools, printing and paper machinery, auto parts and electrical switchgears. Punjab produces around 75% of bicycle and bicycle parts, sewing machines, Woolen and other Hosiery items, Shoddy blanket and jacket clothes and sports goods.

Against this background, the present examines the growth and challenges to industrial sector in Punjab during the period 1991-2011. More specifically the major objectives

of the study include:

- i) To evaluate the growth of industrial sector in Punjab since 1991 economic reforms;
- ii) To study the major challenges faced by the industrial sector in the state of Punjab and evaluate policy reforms initiated by the state government for industrial development in Punjab since economic reforms.
- iii) To bring about policy implications to improve the working of industrial enterprises in the state.

The study is organized as follow. After discussing the historical industrial changes in the state of Punjab in Section I, Section II gives data sources. Section III is devoted to study the growth of industrial sector in the state of Punjab during the period 1980-81 to 2012-13. This section also presents various challenges facing by the industrial sector in Punjab. Section IV concludes the paper.

### Section II Data Sources

To fulfill the desired objectives of the present study the data related to various aspects of industrial development in the state of Punjab have been culled from various secondary data sources such as books, journals governmental reports etc. The collected data thus have been presented in the tabular form and simple statistical tools like percentages and ratio have been calculated.

### Section III Growth and Performance of Small, medium and Large Industrial units in Punjab

The present section is devoted to study the growth and performance of industrial sector in the state of Punjab during 1980-81 to 2012-13. In order to have better understanding about the growth and performance of industrial sector in the state key aspects associated with the small, medium and large scale industrial units have been discussed.

**Table 1 Number, fixed Capital, Employment and Production of Small Scale Industries in Punjab during 1980-81 to 2012-13**

Year	No. of Unit	Fixed Capital (in Rs. Crore)	Employees (No.)	Production) in Rs. Crore)
1980-81	43338	333.12	264869	111844
1990-91	160368	1348.78	668845	4049.82
2000-01	200603	4109.14	897642	18324.82
2007-08	167722	5783.72	954769	36437.88
2008-09	162559	5972.26	944241	41896.80
2009-10	160062	6914.72	978932	46357.44
2010-11	152579	8264.54	1002860	50962.90
2011-12	151977	9814.88	1033553	55184.22
2012-13	154421	11459.15	1077616	62971.24

Source: Statistical Abstract of Punjab, Various Issues.

The performance of industrial sector in the state of Punjab can be examined by assessing number of fixed capital, employment and production contribution of small, medium and large scale industries in the state of Punjab during different points of time. Table 1 shows the growth and contribution of small scale industries during 1980-81 to 2012-13. It is seen from table 2 that the contribution of small scale industries in term of production and employment has witnessed continuous increased during the period under evaluation. However, during the studies period, the number of small scale units has noticed declining trends. It may be due to the merging policy adopted by the small scale units since the inception of economic reforms.

**Table 2 Number, Fixed Capital, Employment and Production of Medium and Large Scale Industries in Punjab during 1980-81 to 2011-12**

Year	No. of Unit	Fixed Capital (in Rs. Crore)	Employees (No.)	Production) in Rs. Crore)
1980-81	228	727.42	109767	1141.07
1990-91	373	4003.08	187311	7163.69
2000-01	629	16435.07	229626	26577.08
2007-08	355	28567.62	219456	47666.88
2008-09	373	32226.73	219891	58312.84
2009-10	367	34693.82	223995	59500.91
2010-11	360	52869.65	210820	72283.79
2011-12	380	50175.89	238589	92392.83

Source: Statistical Abstract of Punjab, Various issues.

Table 2 gives the information on the performance of medium and large scale industries in the state of Punjab during the period 1980-81 to 2011-12. It is seen from table 3 that compared to small scale industrial enterprises the contribution of medium and large industries remained lower during the studied period. This fact shows the size and magnitude of small scale industrial enterprises in the state of Punjab.

#### Inter-district analysis of Small, Medium and Large Scale Industries in Punjab

Inter-district analysis will help us to understand the inter-district variations about concentration of small, medium and large scale enterprises during the period under evaluation. Table 3 depicts the district wise contribution of Small, Medium and large Scale industries in Punjab in the year 2009-10. Table 3 shows high rate of inter-district disparity about the various components of growth of Small, Medium and Large Industries in the state of Punjab during the year 2012-13. Table 3 indicates that the main industrial centers in Punjab are Ludhiana, Jalandhar, Amritsar, Mandi Gobindgarh, Batala and Mohali.

**Table 3: District-wise Distribution of Industry in Punjab 2012-13**

District	Units (No.)			Fixed Capital (Crore Rs.)			Employees (No.)			Production (Crore Rs.)		
	SSI	L&M	Total	SSI	L&M	Total	SSI	L&M	Total	SSI	L&M	Total
Gurdaspur	7701	7	7708	338.89	359.58	698.47	55934	1799	57733	169137	452.20	169589.2
Pathankot	-	4	4	-	127.17	127.17	-	455	455	-	507.36	507.36
Amritsar	16948	23	16971	557.61	5401.06	5958.67	82055	6130	88185	394080	1983.41	396063.41
Tran Taran	721	4	725	20.58	131.82	152.4	2364	563	2927	5805	210.38	6015.38
Kapurthala	4355	5	4360	171.94	2231.64	2403.58	24104	16883	40987	70195	1975.41	72170.41
Jalandhar	19735	17	19752	140.14	551.22	691.36	143903	634	144537	383847	2873.91	386720.91
S.B.S Nagar	2407	9	2416	48.60	1816.80	1865.4	8799	6103	14902	13563	5131.88	18694.88
Hoshiarpur	6504	22	6526	210.64	2449.86	2660.5	31857	16617	48474	46771	13171.18	59942.18
Roopnagar	2876	4	2880	116.35	122787	122903.35	12412	1595	14007	57632	4123.48	61755.48
S.A.S. Nagar	7031	65	7096	1067.12	10879.94	11947.06	45371	45281	90652	88321	28.451.90	88321
Ludhiana	42418	115	42533	4709.69	9122.76	13832.45	425721	89797	515518	3513729	14929.84	3528658.8
Ferozpur	2233	4	2237	100.27	56.80	157.07	7058	166	7224	46305	91.69	46396.69
Faridkot	2211	2	2213	97.75	18.56	116.31	13984	450	14434	35461	51.41	35512.41
Shri Mukat-sar Sahib	3036	4	3040	117.70	389.51	507.21	18709	1979	20688	51230	296.26	51526.26
Moga	3391	5	3396	251.27	599.31	850.58	23633	1784	25417	79295	249.98	79544.98
Bhatinda	4296	17	4313	245.72	5318.35	5564.07	23778	7473	31251	136906	4025.18	140931.18
Mansa	2019	-	2019	75.68	-	75.68	7807	-	7807	50794	-	50794
Sangrur	10969	19	10988	499.88	2281.53	2781.41	57300	9541	66841	280599	4620.18	285219.18
Barnala	1864	7	1871	92.85	5706.07	5798.92	8014	10711	18725	46732	3969.10	50701.1
Patiala	8189	25	8214	694.00	1377.48	2071.48	46557	11025	57582	259906	2975.94	262881.94

Fatehgarh Sahib	3346	15	3361	463.65	564.22	1027.87	24635	2964	27599	456648	1734.93	458382.93
Fazilka	2171	7	2178	20.58	194.37	214.95	13621	1139	14760	110167	566.82	110733.82
Total	154421	380	154801	10040.91	172365.1	182406	1077616	233089	1310705	6297123	63940.54	6361064

Source: Statistical Abstract of Punjab, 2012

#### Problems of Industrial sector in Punjab

The major problems of the industrial sector in the state of Punjab included lack of technical knowledge and energy-efficient awareness, as well as practices that have been introduced successfully across the globe. The major problems of Industrial sector in the state of Punjab can be listed as below;

- i) Low engineering, technology, innovation and Research & Development base: The poor Research and Development activities at the various levels of industrial development have caused various problems in the state of Punjab.
- ii) Low level of human resources development: The low level of human resource development has caused various problems in the healthy and efficient working of industrial sector in the state of Punjab.
- iii) Dominance of technical and financial risks in the minds of decision makers: Adverse policies of the state government have discouraged the foreign investors for investing the state of Punjab.
- iv) Poor infrastructural facilities and power crisis: Low and poor quality of infrastructural facilities along with rising power crisis has caused severe problems in the efficient working of industrial sector in the state of Punjab.

#### Section IV

##### Concluding Remarks

The study brings out the growth and importance of small, medium and large scale industries in the state of Punjab pertaining to the period 1980-81 to 2012-13. The results of the study revealed that the role and importance of small, medium and large scale industries have increased manifold during the period under evaluation. The study also suggest that efforts are required to promote research and development and vocational training institutions need to be opened to improve the efficiency of industries in the state of Punjab. Technological upgradation through innovative R&D, human resource development through skills-upgradation and training, adoption of the cluster approach for systematic infrastructure development and market oriented policy and institutional framework are absolutely essential for growth.

#### REFERENCE

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