

AN ANALYTICAL STUDY OF INDIA'S REGIONAL IMBALANCES IN INDUSTRIAL DEVELOPMENT

Mr. Ashish Narsing Pawar*

*Assistant Professor, Sir Parashurambhau
College, Pune-30 &
Research Scholar, Vidya Vikas Arts,
Commerce & Science College, Samudrapur*

Dr. Ramesh K. Nikhade**

*Associate Professor and HOD of Commerce
Research Guide, Vidya Vikas Arts, Commerce
& Science College, Samudrapur*

ABSTRACT

This paper is an effort to analyze India's regional inequality or imbalance in the pattern of industrial growth and the causes of regional inequality. In India industrial development is not the same. There are numerous regional inequalities in industrial growth. Regional inequality has been a feature of development history. Regional inequality in India has been going on since independence causing many socio-economic, political, historical, local issues etc. Regional inequality or inequality means significant differences in per capita income, literacy rates, health and education services, industrial development rates etc. between different regions. In India there are many inequalities in various accounts but in this paper the focuses on the pattern of inequality in industrial development in India.

Keywords:

Imbalance, Industrial Development, Region, Inequality

INTRODUCTION

Agriculture and Industry are the two most important areas for the economic development of any country. In India there is a large number of people who depend upon the agricultural sector but agricultural land is limited because we cannot grow agricultural land, so there is desire to develop the industrial sector. After 75 years of independence there is still regional inequality in India. Independent planning in India has also not been able to eliminate this inequality in India. Balanced regional development has always been an important part of the Indian development strategy. As all parts of the country have not been equally provided with physical and human resources to take advantage of growth opportunities, and since historical inequalities have not been eliminated, planned interventions are needed to ensure that greater regional inequality does not occur. In India some regions have experienced growth in the industrial sector after independence and some regions are lagging behind or have developed slightly in the industrial sector.

Thus, it was felt that the State had a significant role to play in eliminating inequality. The two major institutions, which were expected to work to reduce regional inequality after independence, were the Finance Commission and the NITI Aayog (Planning Commission). The Financial Commission has a limited role to play. Therefore, an additional burden is placed on NITI Aayog (Planning Commission). In promoting equitable regional development, businesses in the public sector are located in the backward of the country during the first phase of economic planning. Apart from the policies and programs of the backward areas, significant economic and social inequalities exist between the various provinces of India, as evidenced by the differences in each National Product. Although the growth rate of income is divided, there is strong evidence of a certain combination of educational and health indicators in all provinces. The purpose of this paper is an attempt to introduce an analysis of regional inequalities in industrial development in India.

OBJECTIVES OF THE STUDY:

- To study the requirement for Balanced Regional Development.
- To study the causes of Regional Inequality in Industrial Development in India.
- To Study the results of Regional Inequality in India.
- To Proposing the solutions to reduce Regional Inequality in India

METHODOLOGY

This study is supported on secondary data which collected from Research Journals, News-papers, Books, Internet and Surveys of organizations etc.

NEED FOR BALANCED REGIONAL DEVELOPMENT

Balanced regional development is required to make sure the speed of development. Balanced regional industrial development is crucial for the smooth growth and development of the country. There's no equal industrial development in all regions of the country. Instead, equitable industrial development

reflects the potential for the development of all areas in terms of its capacity to attain overall economic growth. Therefore, the term “Balanced Regional Development is the economic development of all regions at the same time, expanding the industrial area, increasing employment opportunities and increasing industrial numbers that increase per capita income and living standards by exploiting their natural and human resources. Equal regional development is necessary for our economy because economic development depends on the development of all regions in line with their needs. Over time, the country's economic

development will be the results of the expansion experienced by the assorted regions.

India’s Regional Imbalance in Industrial Development

Regional imbalance or inequality means significant differences in per capita income, literacy rates, health and education services, industrial development rates, etc. between different regions. Regions may be either States or regions within a State. This paper is an attempt to analyses the imbalance or disparities in industrial development in with the help of following indicators:

Table No. 1

State	Number of Factories (Units)	Number of Workers (Units)	Invested Capital (Lakh)	Gross Capital Formation (Lakh)
Andaman & Nicobar Islands	14	213	2414	326
Andhra Pradesh	16739	512694	25433421	2770188
Arunachal Pradesh	115	2470	27829	2085
Assam	5020	200433	3954367	329812
Bihar	3422	111181	3104131	322376
Chandigarh	233	6221	165329	1772
Chhattisgarh	3576	170823	14011199	1539915
Dadra & Nagar Haveli	1335	103140	4232549	476246
Daman & Diu	1709	90356	1829607	236746
Delhi	3376	74488	1410431	100439
Goa	708	54271	1987864	269971
Gujrat	26842	1489877	92385348	8895514
Haryana	11835	802213	22023399	3174109
Himachal Pradesh	2691	155261	5909035	583595
Jammu and Kashmir	1000	58923	1307441	111208
Jharkhand	2857	172842	1307441	194247
Karnataka	13789	842367	29234911	3673197
Kerala	7696	275123	6913465	758482
Madhya Pradesh	4640	314728	19639179	1915100
Maharashtra	25972	1473792	62437597	8147601
Manipur	197	7558	22511	2329
Meghalaya	148	10802	491441	12920
Nagaland	187	5073	31530	370
Odisha	3063	233064	34939188	210853
Puducherry	703	44054	970187	118713
Punjab	12825	564103	9075728	972131
Rajasthan	9424	464518	16707954	1778393
Sikkim	84	17241	972075	57305

Tamilnadu	38131	2112058	42233024	4886573
Telangana	15167	659251	14564809	1962330
Tripura	621	21731	77676	8128
Uttar Pradesh	15854	859032	23196050	2971102
Uttarakhand	3002	333496	8060581	742291
West Bengal	9420	551871	17933388	1490094
All India	242395	12795269	477799539	48716458

Notes:

1. Even though erstwhile Andhra Pradesh was divided into Andhra Pradesh and Telangana w.e.f. June 2, 2014, ASI data
2. Data for Arunachal Pradesh has been included in ASI from 2014-15
3. Reference period for ASI 2018-19 is the accounting year of the factory, ending on any day during the fiscal year 2018-19. The field work of ASI 2018-19 was adversely affected by the pandemic situation prevailing in the country, which stretched the survey period beyond its stipulated time. The survey was conducted during November 2019 to November 2020 through ASI Web Portal. Annual Survey of Industries (ASI), Ministry of Statistics and Programme Implementation, Government of India (RBI Report)

Source: Economic Survey, 2019-20; Handbook of Statistics on Indian Economy, 2020

Analysis:

1. State-wise Number of factories:

The most important indicator of regional imbalances is difference in number of factories of States. It is clear from the above table number 1.1 that, there are some states in India have been developed in terms of total number of factories. In most of states like Gujarat (26842), Maharashtra (25972), Andhra Pradesh (16739) Uttar Pradesh (15854), Punjab (12825), these states have more number of factories as compared to Andaman & Nicobar (14) Arunachal Pradesh (115), Meghalaya (148), Nagaland (187) Sikkim (84), Tripura (621), and Puducherry (703).

2. State-wise number of workers:

States attaining higher degree of industrialization are maintaining higher proportion of industrial workers to total population. Tamil Nadu, Gujarat, Maharashtra, Punjab, Himachal Pradesh and part of U. P. has recorded high rate of employment in industries. On the other hand, states like Assam, Tripura, Odisha and Sikkim have been lagging behind in respect of the pace of industrialization. It

is found that industrially developed states like Maharashtra, Gujarat, Haryana, Punjab, Tamil Nadu and West Bengal are maintaining a higher average daily employment of factory workers per lakh of population as compared to that of lower average maintained in industrially backward states like Assam, Orissa, Uttar Pradesh, Rajasthan etc. Even the industrially developed states like Gujarat, Maharashtra, Tamil Nadu and West Bengal are still maintaining a higher proportion of agricultural laborer's to total workers as the industrial sector of these states has failed to enlarge the scope of employment sufficiently to engage more and more rural workers.

3. State-wise Invested Capital:

There is a growing tendency among most of the advanced states concentrate in invested capital while neglect in allocating investments in industries in other states like Manipur, Nagaland, and Andaman & Nicobar and other backward states.

4. Gross capital Formation in Industries:

Another Important Indicator of regional imbalance is the uneven distribution gross capital formation in industries. Though, the country as a whole has achieved industrial development at a fair rate since independence, but the spatial distribution of such industrial development between different states remained almost uneven. For example, States like Punjab, Haryana, Maharashtra, Gujarat, Kerala, and Karnataka have achieved considerable development in its industrial sector. But West Bengal could not keep pace in its industrial growth as much as other industrially developed states.

5. Per Capita Consumption of Electricity:

Per capita consumption of electricity is also another important indicator of regional disparities. States like Punjab, Gujarat, Haryana, Maharashtra etc., having higher degree of industrialization and mechanization of agriculture, have recorded a higher per capita consumption of electricity than the economically backward states like Assam, Bihar, Orissa, Madhya Pradesh and Uttar Pradesh.

6. Foreign Direct Investment:

FDI is yet another important indicator of regional disparities. Most of the states think that if they

attract FDI it is useful for economic growth. Discounts in bank rates, discount in taxes etc. are the benefits of FDI investment. The projects like IT Park, Industrial park, Agricultural processing such

projects are reserved for FDI. There are various facilities for attracting FDI so that it shows various inequalities in foreign investment.

Table – (2) Showing Regional Disparities in Foreign Direct Investment in various States of India:

High FDI States	Medium FDI States	Low FDI States
Maharashtra, Dadra nagar Haveli, Daman & Div, Delhi, Haryana, Tamilnadu, Pondicherry, Karnataka, Gujarat, Andhra Pradesh.	West Bengal, Sikkim, Andaman & Nikobar islands, Rajasthan, Chandigarh, Punjab, Haryana, Himachal Pradesh, Madhya Pradesh, Chatiishghadh, Kerala, Lakshadweep	Goa, Orissa, UP, Uttaranchal, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar and Jharkhand.

Analysis:

The disparities in FDI are divided in to three different levels like High investment states, Medium and low investment inflows. Maharashtra, Delhi, Tamilnadu, Karnataka, Gujarat and Andhra Pradesh having high inflow of investment. Mumbai is the first city having largest investment in India. From April 2000 to June 2014 those states having Investment 4500 corers to 40000 crores are classified as medium investment states, they are West Bengal, Rajasthan, Sikkim, Himachal Pradesh and Madhya Pradesh and those having less than 4500 crores are classified as low investment inflow states like Goa, Manipur, Meghalaya, Tripura, Nagaland, Orissa, Mizoram and Arunachal Pradesh.

CAUSES OF REGIONAL IMBALANCES IN INDUSTRIAL DEVELOPMENT IN INDIA:

1. Historical features:

Historically regional inequality originated in India from the British Empire. British industrialists preferred to focus on their operations in two states such as western Bengal and Maharashtra and especially in their larger cities such as Kolkata, Mumbai and Chennai. They are concentrating on all their industries in and around these cities regardless of the rest of the country to stay in the ward.

2. Geographical features:

The difficult environment surrounded by hills, rivers and dense forests, leads to increased administrative costs, the cost of development projects, without making the integration of resources too difficult. Most of the Himalayan regions of India, namely, Himachal Pradesh, North Kashmir, the mountainous regions of Uttar Pradesh and Bihar, Arunachal Pradesh and other northeastern states, remained far behind due to inaccessibility and other difficulties. Bad weather and flood prowess are also the cause of low economic development in various regions of the

country as evidenced by low agricultural production and industrial shortages. These natural factors have therefore resulted in unequal growth in the various regions of India.

3. Failure to plan:

Although moderate growth has been adopted as one of the main economic goals of India, since the second plan for the wards, it has not been a major step towards achieving this goal. On the other hand, the back regions such as Bihar, Assam, Orissa, UP, Rajasthan have been receiving very little allocation for each capita program in almost all programs. As a result of such diversity, inequality between different regions in India has been steadily expanding despite the establishment of regional balance gains as one of the key economic planning objectives in the country.

4. Infrastructure:

India's level 1 cities namely Mumbai, Bangalore, Delhi, Chennai and Hyderabad are located in high infrastructure areas where bootlicks can be found in basic infrastructure such as power, water, roads and airport. Increased growth of companies seeking help in these cities leads to higher growth, while other areas do not create the same situation in these larger cities.

5. Political factor causing regional disparities:

Political instability in the form of unstable government, violence, legal problems and order etc. has been hampering the regional flow of investment in the back regions.

6. Lack of Motivation in the Backgrounds:

The growing regional inequality in India is also due to a lack of motivation in the region that lags behind in industrial development. While developed countries like Maharashtra, Punjab, Haryana, Gujarat, Tamil Nadu etc. trying to find other industrial development, but the back regions were

showing their interest in political tactics and deception instead of industrial development.

7. Local Benefits:

Local benefits play an important role in determining a regional development strategy. Due to certain local benefits, some regions receive special favor with regard to the selection of sites for various development projects. When determining the location of steel and steel projects or refining areas and any heavy industrial project, other technical aspects incorporated into the local benefit receive special consideration. Regional inequality is therefore due to these regional benefits linked to other regions and the environmental disadvantages associated with other back regions.

EFFECTS OF REGIONAL IMBALANCES IN INDUSTRIAL DEVELOPMENT IN INDIA:

The following are some of the effects of regional inequality in industrial development in India:

1. **Inter - States and Intra State Conflict:** Regional inequality or regional imbalance in industrial development leads to conflicts in the Province or between countries. An excellent example of the effects of regional inequality in development, which has led to several riots in the Vidhrbha of the different Maharashtra region The Bodoland movement in Assam of the separate Bode state for Bodos.
2. **Migration:** Migration takes place in reverse areas to advanced areas of livelihood by searching. For example, migration from rural to urban. Because, urban areas will provide better quality of life and employment opportunities as compared to rural areas.
3. **Social Unrest:** Developmental inequality leads to conflict between different sections of society causing social unrest. For example, Naxalism. The Naxalites in India have long been neglected in their pursuit of economic development and prosperity
4. **Pollution:** Regional inequality in industrial development leads to air pollution and noise when it focuses on industrial development.
5. **Rural Youth Disappointment:** Lack of job opportunities in rural areas and beyond leads to frustration especially for educated youth.
6. **Under Improved Infrastructure:** Backgrounds do not have enough areas than developed areas. Like 24-hour power, decent housing, safe drinking water, sanitation, hospitals, doctors, telephone and internet services
7. **Housing, Water Crisis:** Industrialization in one area leads to housing shortages and therefore rental costs will increase

exponentially. For example, Mumbai, Pune, New Delhi, Chennai and Hyderabad and overpopulation lead to water crisis.

SUGGESTIONS:

1. Government must identify all the industrial backlogs in the country and need special attention to the preparation and implementation of special programs and relevant models of industrial development. The government should allocate equitable funding to all regions.
2. Government and the private sector should consider areas that reverse industries, which require additional investment and formulate specific policies and programs for industrial development that are backward like the north-eastern regions.
3. Good governance plays crucial role within the equitable growth of industrial development in all regions without discrimination. Better governance can promote sustainable industrial development
4. Political leaders should try to attract investors who will help balance regional development in the country. Political will is therefore essential to eradicate inequality in the country.
5. Benefits and grants should be provided by the Government to promote investment in the backward regions.
6. There is a need to accelerate the establishment of industries in the backward regions. The Government of India should encourage new financial institutions.
7. In order to eliminate inequalities in industrial development within the backward regions, Government must establish Regional Boards with the mandatory legislative and financial powers.
8. High utilization of existing natural resources for the development of Indigenous areas to be implemented. Natural resources should be used and implementation system should be used.
9. Distribution and use of advanced dry farming technology.
10. Strengthen authorities and hold them accountable.
11. Special grants should be incline to industries in backward areas.

CONCLUSION:

Regional industrial development is an important part of economic growth. The economy of any country depends on industrial development, so balanced regional development in industrial development is vital in India. Regional inequalities in industrial development will result in endangering

regional and social cohesion, which can cause popular conflicts and acts of violence. The regional disparities in economic and social development that exist among the opposite states because of the neglect of certain back regions, therefore backward regions demanded the separate States like within the past separate state Telangana and now also after Vidhrbha and Bodo land. Therefore, there's a strengthening of excellent governance within the back regions, and it's also necessary to divide local bodies so as to develop industrial districts and improved employment during this regard, it is important that local bodies within the back regions and provide equal employment opportunities, so it will help to reduce regional inequality in industrial development in the country.

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