

Causes & Suggestions for Regional Industrial Growth Disparities in Haryana

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Abstract: The present paper is an attempt to measure the regional industrial disparities in Haryana & suggestions for removing regional disparities. In Haryana a few districts are developing at faster rate, some are developing at moderate rate and some are developing at lower pace. With an area covering just 1.3 per cent of the country, Haryana contributes nearly 3.8 per cent to India's GDP. During 2004-14, the state's gross state domestic product (GSDP) grew at a CAGR of 9 per cent. Development of agriculture has been the major factor behind superior performance of Haryana. It was one of the early adopter of green revolution in the country. Moreover, growth rate in agriculture is less than 2 percent in comparison to above 10 percent growth rate in non-agricultural sectors of the state. This is the reason why Ambala, Kurukshetra, Kaithal are lacking behind in industrial development. This reflects a structural shift in favour of non-agricultural activities in the state. At present investors prefer a location which provides superior infrastructure facilities and connectivity to other parts of countries. That's why Gurgaon & Faridabad are developing at a much higher pace. Many large Indian and multinational companies have set up offices in the state due to high-quality infrastructure and proximity to Delhi. The state government of Haryana has been committed to creating a progressive business environment. The state offers a wide range of fiscal and policy incentives for businesses under the Industrial and Investment Policy, 2011. Additionally, it has sector-specific policies, particularly for IT and tourism. Further study indicates that major industrial development in the state is concentrating on or near NH1 or in NCR regions. This shows the unbalanced industrial development in the state and is a serious issue of concern and requires immediate attention of policy makers. Thus it is required to improve infrastructure & connectivity to other parts of country besides this physical connectivity, digital connectivity, knowledge connectivity, economic connectivity should be provided to rural areas. Increase Research & development for all types of industries including agro industries. Separate strategies like quality in education, attracting foreign investment, use of waste resources should be used to develop backward regions.

Keywords: Industrial development, Regional disparities, Haryana, Infrastructure Connectivity

1. Introduction:

The empirical evidences demonstrate that in a growing economy, regional disparities diverge at initial stages of development and subsequently they converge later when the economies reach the stage of maturity (1). This may be true to some extent. But the Indian economy is crossing takeoff stage to reach the stage of maturity (2). More so, regions grow at different rates due to difference in natural endowments and also due to differences in their geo-political, socio-economic and religious importance in the country. The difference in growth rate is also attributed to the difference in public policy (3). In India, different states are growing at different rates and there seems to be no evidence in favour of convergence. In other words, at least, so far, the tendency of disparity amongst the states in the country seems to be increasing with time (4). Equally important issue of regional disparities within the states is becoming a serious cause of concern as indicated by the growing demand of new states be it in Andhra Pradesh, Uttar Pradesh, and Maharashtra etc. These are the bigger states in the country and therefore, regional differences have been noticeable. However, in case of smaller states, the problems may persist without drawing attention towards it. Amongst the Indian states, Haryana is one of the better performing states. Haryana came into being on November 1, 1966, as a result of bifurcation of Punjab. It is located strategically surrounding the national capital Delhi from three sides. Economically, Haryana GSDP has been growing at more than 9 percent over the last decade. It is pertinent to mention here that growth of GSDP of Haryana has been consistently above the all India growth rate. Development of agriculture has been the major factor behind superior performance of Haryana. It was one of the early adopter of green revolution in the country. Moreover, growth rate in agriculture is less than 2 percent in comparison to above 10 percent growth rate in non-agricultural sectors of the state. This reflects a structural shift in favour of non-agricultural activities in the state. Exceptional performance by Haryana in secondary and territory sectors has catapulted the state amongst the industrially most developed states in the country. Haryana is marketed as offering superior location advantage on the outskirts of national capital. Gurgaon has come to be identified as an ideal location for IT and shopping malls. In fact it has become an extension of Delhi not only in terms of business but culturally also. In view of the discussion it can be said that Haryana is a relatively small and economically better performing state, these factors seem to be the reason that at political level, policy making level or academically, growing regional disparities in industrial development have not attracted sufficient attention. In fact no policy document or efforts on the part of policy makers exist that can be seen to address the issue disparities in the state. The problem is expected to accentuate in future as after the introduction of policy of economic liberalization, governments have withdrawn its authority pertaining to the location of industrial and other economic activities. Therefore keeping above discussion in mind the present study is an attempt to measure the intra-state disparities in industrial development in Haryana over the period of 1990-91 to 2014-2015.

2. Problem (Regional Industrial Disparities): Regional imbalance means difference in the economic development of different regions. Industry & Service sector registered much higher growth rate than for the agriculture & allied sector .(5).

2.1 Causes:

2.1.1 Contribution of different sectors in GDP:

The share of agriculture & allied sector in GDP declined from 60.7% in 1969-70 to 28.1% in 2001-02 while the share of industrial sector increase from 17.6% in 1969-70 to 28.6% in 2001-02 & share of service sector increase from 21.7% to 43.3% during this period.

2.1.2 Table-1 Contribution of different Regions in GDP:

Contribution of some districts in GDP is more in comparison to some other districts.

High Income Districts	Share of GSDP (in %) 2004-05	Share Of GSDP (in %) 2009-10
Gurgaon+Mewat	34	31
Faridabad+Palwal	22	22
Panipat	13	11
Sonipat	10	09
Rewari	09	08

(Source: Deptt. of Economic & Statistical Analysis Haryana)

2.1.3 Table-2 Industrial Production & Development in Factory Sector:

Year/District	Number of registered working factories	Estimated number of workers employed in working factories
Ambala	420	15,864
Panchkula	165	12,534
Yamunanagar	1307	43,486
Kurukshetra	173	3,980
Kaithal	131	3,053
Karnal	505	30,503
Panipat	923	52,728
Sonipat	699	45,360
Rohtak	321	18,388
Jhajjar	575	30,417
Faridabad	2499	2,13,352
Palwal	21	4743
Gurgaon	2116	2,71,036
Mewat	11	878
Rewari	224	27,472
Mahendragarh	60	4,250
Bhiwani	228	15,504
Jind	193	14,845
Hisar	401	15,637
Fatehabad	130	4,285
Sirsa	163	8,182

Source: Labour Commissioner, Haryana

In 2013, the percentage of workers employed in industries to total workers is high(over 5.%) in Faridabad, Gurgaon, Panipat, Sonipat and Yamunanagar districts. District Karnal, Jhajjar and Rewari have moderate percentage of workers employed between 3 and 5 per cent in the factories. Jind, Bhiwani, Hisar Rohtak, Ambala and Panchkula districts reveal between 1 and 3 per cent workers employed in factories. Fatehabad, Mahendragarh, Kurukshetra, Kaithal, Palwal, Mewat and Sirsa districts range below 1. Per cent workers employed in registered working factories. The table reveals a very clear picture of the development of industries on the basis of persons employed in factories that the eastern part of the State is industrially developed while the western part is backward in industrial development.

2.1.4 Development of Infrastructure:

Availability of adequate infrastructural facilities is the pre-condition of economic & social development. Generally speaking, industrial development depends upon the several kinds of infrastructure, e.g.; adequate availability of irrigation facilities, rural electrification and rural roads.

Table-3 Levels of Infrastructure Development in Haryana

Year/District	Percentage of Gross Area Irrigated to Total Cropped 000 hHectare Area(000	Bank Offices 2014
Ambala	92.8	229
Panchkula	56.9	178
Yamunanagar	96.7	167
Kurukshetra	100	171
Kaithal	100	127
Karnal	100	243
Panipat	99.4	183
Sonipat	100	232
Rohtak	88.5	172
Jhajjar	84.4	129
Faridabad	100	256
Palwal	93.7	93
Gurgaon	100	510
Mewat	68.7	61
Rewari	86.2	131
Mahendragarh	53.3	107
Bhiwani	62.7	173
Jind	97.7	141
Hisar	89	214
Fatehabad	98.3	122
Sirsa	96.1	162
Total	88.9	3,801

3. Suggestions

At present investors prefers a location which provides superior infrastructure facilities & connectivity to other parts of country regarding superior infrastructural facilities in Haryana .HSIIDC has been entrusted with the job to develop the industrial township i.e.; industrial estate, growth centre, Technological park, integrated infrastructure & this has been developed near NCR.

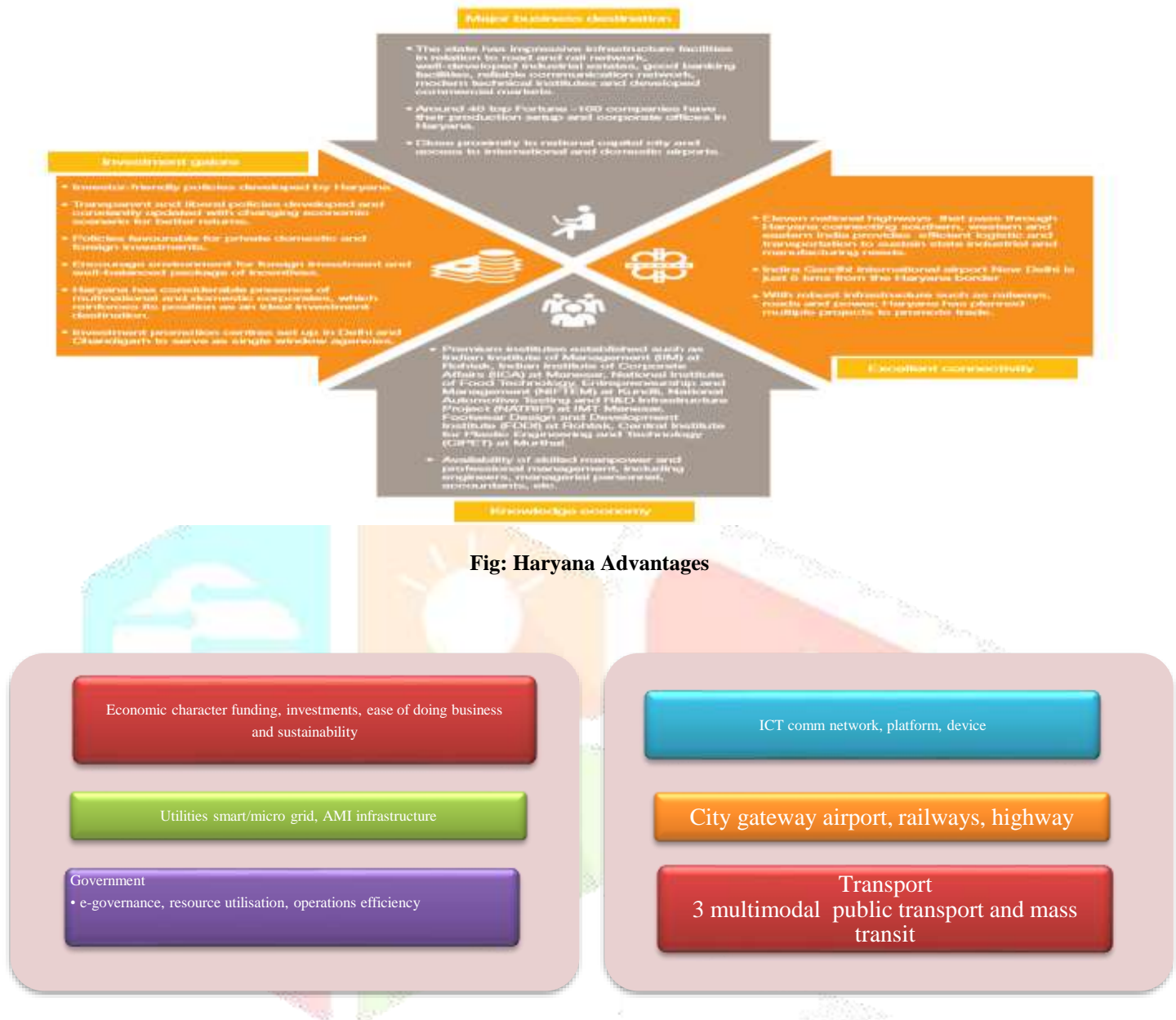


Fig: Factors needed to remove regional industrial disparity in Haryana

3.1 Developing Infrastructure: The regional balanced industrial development needs better transport & communication connectivity in addition to better infrastructure facilities.

3.2 Physical Connectivity: The issue of connectivity facilities improves in terms of better highways, Airport & Railways.

3.3 There should be development in Agro industries: Increase Research & development for agro industries and use of local resources. Special emphasis is given to set agro industries where share in GSDP is more from agriculture sector.

3.4 Capital subsidy should be given to risky ventures: Investors are risk averse therefore it is necessary to give subsidies to invest in areas where there is less industrialization.

3.5 Adequate Fiscal and Monetary Incentives: New industries be given tax-holidays for some years. Tax concession like less corporate tax, concessions in tariff should also be given to set factories in Kurukshetra, Karnal, Kaithal, and Ambala. In this way investors get attracted to invest in such type of areas.

3.6 Use of Modern Technology to enhance FDI: It means connecting all districts with modern telecommunication and information technology services. It also includes providing broad-band connectivity.

3.7 Use of waste land to set new industries: Government should make special projects for use of waste land in backward areas.

3.8 Providing urban amenities in rural areas like:

1. Physical Connectivity: It means connecting all villages by roads and providing electricity to all villages.

2. Digital Connectivity: It includes connecting all villages with modern telecommunication and information technology services.

3. Knowledge Connectivity: It lays stress on improving education by opening schools, higher education centres, vocational/technical education institutes etc.

4. Economic Connectivity: It means providing marketing, banking, warehousing, insurance facilities, etc. in rural areas.

3.9 Removing corruption in implementation of various schemes: In many cases leakage of funds takes place because of corrupt practices from the financial assistance sanctioned for backward areas. Strict measures should be taken for this.

3.10 Separate Strategies for different backward regions: It is necessary to check what types of factors are available in different districts. According to those factors separate strategies should be framed for each district.

3.11 Quality in education system: As we noticed that there are no. of institutes in Haryana besides that quality of education is not good. Higher standards should be set to increase quality in education.

3.12 Special Strategy to attract Foreign Investment: As we know FDI has a great role in increasing industrialization in Gurgaon, Faridabad and all NCR areas. Therefore it is necessary to take possible steps like duties & tax concession, better infrastructure and availability of resources in backward areas of Haryana.

3.13 Mobility of Resources: Resources like labour, raw material should be transferable from one place to another.

3.14 Other Suggestions:

1. Development of Ancillary Unit.
2. Set up industries where Raw material is already available.
3. Banks and Financial institutions should be encouraged to give loans in backward areas.
4. Proper utilisation of natural resources should be made to promote development in backward areas.

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