REPORT ON

INDUSTRIAL DISPERSAL

NATIONAL COMMITTEE
ON
THE DEVELOPMENT OF
BACKWARD AREAS

PLANNING COMMISSION
GOVERNMENT OF INDIA

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NATIONAL COMMITTEE ON THE DEVELOPMENT OF BACKWARD AREAS
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14. It is absolutely essential that the employment benefits from new manufacturing activity promoted in backward areas should accrue to persons from those areas and that the secondary/tertiary benefits that flow out of industrial development and the high wages obtainable in the development are availed of by local entrepreneurs and local labour. (Para 5.1)

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21. The natural tendency of industry to congregate together at certain locations implies that there is an intimate link between industrialisation and urbanisation. (Para 6.4)

22. The experience of over seven decades proves that the formidable attraction of existing centres can be countered if an appropriate mix of infrastructure and entrepreneurship is made available at new centres. (Para 6.7)

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VII. Policy Recommendations for Medium and Large Industry

24. The essential elements of a policy for industrial "dispersal are first the need to direct industrial dispersal policies at a sufficient distance from existing centres, second, the importance of infrastructure development and the third need for coordinated effort. (Para 7.1)

25. Industrial dispersal policy should encourage the location of industry in suitable growth centres with due weightage for such growth centres in the States which are industrially backward. (Para 7.6).

26. The cost of providing the infrastructure will have to be minimised by selecting growth centre which are already sufficiently urbanised and have a good level of work of the infrastructure already in position. An existing urban centre with a population of 50,000 or more (as per the 1971 census) will have quite an amount of the necessary infrastructure. Provided urban-centres with reasonable existing facilities are selected it should be possible to develop 100 new industrial centres during the next 10 year period. (Para 7.7)

27. Three criteria should be used for the selection of eligible centres :

i. They should have a population of 50,000

or more as per the 1971 census;

ii. They should have less than 10,000 workers in non-household manufacturing as per the 1971 census;

iii. They should not be near existing centres. "Existing Centres" may be defined as all centres with a level of employment in non-household manufacturing exceeding 10,000. Nearness may be defined in terms of the following cut-off distance from each category of existing centres:

Level of employment in non-household manufacturing in which new centres should be chosen	Cut-off distance beyond existing household manufacturing in existing centres.
Over 150 thousand	150 kms.
50—150 thousand	100 kms.
25—50 thousand	75 kms.
10—25 thousand	50 kms.

28. Starting with 100 eligible centres during this plan period and watching their pace of development there may be scope for increasing the number of such growth centres during the next plan period, (para 7.14)

29. The 100 selected centres may be distributed between the industrially development and industrially bsckward states in-the ratio 30:70. For this purpose developed states may be defined on the basis of the value added per capita in manufacturing in 1975-76 being above the national average. On this basis Guja-rat, Haryana, Maharashtra, Karnataka, Punjab, Tamil Nadu and West Bengal may be considered industrially more developed states. 10 Centres out of the'70 for the backward areas can be allotted to the hill states of Jammu and Kashmir and Himachal Pra-desh, the north-east states (excluding Assam) and Union Territories. The balance may be distributed within each category, the share of each state being proporational to the area and population (with equal weights for both). (Para 7.13 and 7.15)

30. The precise selection and phasing of development may be left to the states though the selection would have to fulfil the criteria of eligibility. (Para 7.15)

31. States may be permitted to select centres with a population size less than 50,000 within their allotment if this is necessary in the interest of regional balance or from the point of view of economising infrastructure costs. (Para 7.15)

32. Without vigorous efforts on the part of state governments the preference in favour of backward . states may not amount much. (Para 7.16)

33. An Industrial Development Authority (IRA) should be set up for each selected centre. (Para 7.18)

34. The essential features of the IDA's should be as follows:

i. They should have the juridical authority to receive grants from the central and State governments and to borrow from other sources;

ii. They should-be delegated with all the authority required for planning, promotion and management of the Centre;

iii. They should have on their governing council field representatives of all authorities involved in the issue of sanctions and registera-tion.

(Para 7.18)

35. At the slate level a coordination committee under the chairmanship of the Chief Secretary should secure the required degree of inter-departmental coordination and also monitor the performance of the IDAS. (Para 7.19)

36. In industrially backward areas

investments in infrastructure may have to precede demand. (Para 7.20)

37. With regard to power supply the crucial require-eat is not so much the location of generation points in backward regions but the upgradation of transmission and distribution systems and the assurance of power supply at least in the selected growth centres. The responsibility for ensuring this will rest with the State Electricity Boards. (Para 7.21)

38. Some investment in transport may be required in remote regions or for short link stretches. Another aspect that has to be taken care of is the provision of regular service for passenger and freight transport. The responsibility for this rests with the Central Government (Railway Board and National Highways Organisation) and the State Governments. (Para 7.22)

39. Upgradation of telecommunication facilities in the selected centres will be necessary and must be accorded priority in the telecommunication plan. (Para 7.23)

40. The development of industrial areas and industrial estates in the selected centres will be the responsibility of the IDA. (Para 7.24)

41. The IDA should undertake those aspects of housing and urban development that arise directly from the growth of industries e.g. township development commuter facilities. (Para 7.25) •

42. The IDA - should be authorised to undertake water supply development wherever necessary. (Para 7.26)

43. The funds required for area development and the provision of minimum facilities will have to be borrowed. To enable the IDA to do this it will have to be provided with seed money at the rate of 20% for that part of the total expenditure which is recoverable and 100% for the non recoverable component. The seed money shall be found 75% from the Central funds and 25% from state funds. Whenever a commercially viable scheme is worked out the necessary support should be provided at the required level. (Para 7.28 and 7.29)

44. Apart from the expenditure incurred directly by the IDA, there will be some items which will be provided for separatly in the state and Central Plan e.g. telecommunications, major roads, electricity supply, etc. The requirements of growth centres will have to be given priority in these provisions. (Para 7.28)

45. The IDA should work on a commercial basis and make investments according to necessity, so that the return from entrepreneurs flows in, a regular manner. (Para 7.30)

46. The most important part of the plan will be the preparation of a master plan. If such a plan is prepared the financing of the project should be the responsibility of the IDBI and shoud be undertaken by them on a direct finance basis. The Plan will have to make due provision for funding the IDBI for this new eater-prise on a sufficient basis. (Para 7.30).

47. The requirement of industrial dispersal will be better met if the coverage of the central subsidy scheme is modified so that it is applicable only to areas which are not 'near' existing industrial centres. For his purpose, 'existing centre' and proximity can be defined as for the selection of growth centres, i.e. 'existing centres' ars all towns/urban agglomerations with a level of employment in non-household manufactur-ing of 10,000 or more as per the 1971 census and proximity is defined is terms of the following cut off distance:

Level of employment in non- household manufacturing iaCentral subsidy and concessio-existing centrenal finance should be applicable.	Cut-off distance beyond which
Over 150 thousand	150 kifls.
50—150 thousand	100 kms.
25—50 thousand	75 kms.
10 — 25 thousand	50 kms.

The coverage is not restricted to the selected centres but the whole area beyond the cut-off distances. (Para 7.32)

48. The geographical coverage of the central subsidy and concessional finance schemes should be the same. (Para 7.33)

49. There is a provision in the existing schemes for selectivity in the application of subsidies for large projects. This selectivity provision is unnecessary since there is a ceiling on the amounts given by way of subsidy or concessional finance. (Para 7.35)

50. The concession under Section 80 HH of the Income Tax Act should be available to units set up in areas outside the area of influence of existing industrial centres as defined in the recommendations for the central subsidy and concessional finance scheme. (Para 7.37)

51. It is necessary to bring rationality into the various subsidies offered by State Governments to in duce industries to locate themselves in the State. One suggestion offered is that the various states' subsidies should be linked up only with the locational approach in the Central subsidy and concessional finance scheme. (Para 7.38)

52. The Pilot Plan Subsidy introduced by some states appears to be unnecessary if the present subsidy system continues and infrastructure at the selected growth centres is built up quickly. (Para 7.40).

53. The nucleus plant approach outlined in the Industrial Policy Resolution of July, 1980 can be used in the industrially backward areas as identified in the recommendations regarding the Central Subsidy and Concessional Finance Scheme. Not less than 50 growth centres should be developed through the nucleus plant approach in these areas, [preferably in the next five years and in any case within ten years. In addition a substantial majority of the nucleus units along with their small units must be located in the industrially backward states identified by the NCDBA. (Para 7.42)

VIII. Policy recommendations for Small Industries, Ancillary Industries and Agro-Industries

54. The promotion of small scale units in industrially backward areas can reduce the costs of generat-ting manufacturing employment to a substantial extent.

They may also be more suitable for local entrepreneurs than larger units. Hence it is necessary to take special measures to ensure their dispersal to backward regions. (Para 8.5)

55. Apart from the loans from commercial banks and general advisory functions (which may be of limited value), the coverage of small scale units by the official support system is poor. (Para 8.8)

56. Existing industrial estates in the selected growth centres should be rehabilitated. Those growth centres which do not have industrial estates should be provided with one. In addition, 100 new industrial estates should be developed in centres away from the growth centres, in the industrially backward areas. The infrastructure planning and development of these 100 industrial estates will be coordinated and the land and shed development financed through DIG. (Para 8.16)

57. The DIG concept, suitably modified is the correct answer for a covering organisation to meet the most important requirements of small industries which are;

a. Market intelligence and marketing aids;

b. Help in getting through the various controls and sanctions necessary for the establishment of new industry;

c. Credit for fixed and working capital;

d. Raw materials supply at reasonable rates not much above the wholesale rates at which large and medium industries manage to get the raw materials;

e. Common services facilities close by so that repair and maintenance jobs, finishing, testing, etc. can be done quickly and efficiently at reasonable charges. (Para 8.17)

58. The DIC will have to help in tying up the requirements of the state purchase organisations with organised production in the small industries under its control. (Para 8.18).

59. A link-up between consumer cooperatives and super markets on the one hand and small scale units in industrially backward areas should be secured through the DIC. (Para 819)

60. A good part of the stores and spares requirements of Central Ministries and associated organisations can be obtained through tied small industries in industrially backward areas through the DIC. (Para 8.20)

61. Raw material dumps should be established at growth centres/industrial estates for major industrial raw materials like steel, non-ferrous metals, plastic raw materials, basic chemicals, etc. TMjese dumps should be managed by the IDAs in the growth centres and the DICs in other industrial estates. (Para 8.23)

62. Central and state agencies responsible for raw material supply should accept that the requirements of small scale units in backward areas will be a first charge on available supplies. (Para 8.23)

63. The number of branch centres of the SISI in industrially backward areas must be increased to at least 50 so that access to technical assistance services is improved. The extension agencies should work in close collaboration with the DIC so that an entrepreneur is provided with continuous guidance from the first project idea to its realisation and through the teething problems in early years. (Para 8.24)

64. The outreach of SFCs to small scale units is limited. It is necessary that; SFC operations in backward districts should cover a much larger number of units. If necessary additional branch offices of SFC may be set up for this purpose. The credit managers of the DIC must ensure that the finance requirements of small units, particularly those set up by new entrepreneurs are adequately covered. (Para 8.26)

65. It is essential that the system for obtaining the required sanctions and clearances is simplified so that the number of these that are required is minimised and the authority to issue these is decentralised planning of this tie-up. (Para 2.27)

66. The rehabilitation of existing industrial estates and the development of new estates will have to involve, among other things, the promotion of tied ancillaries to large public and private sector units. The DICs will have to do the basic planning of this tie-up. (Para 8.29)

67. Existing public and private sector units can support tied ancillaries at new centres. (Para 8.42)

68. Public enterprises should make payment for purchases from ancillary units within 30 days of delivery. The responsibility for monitoring performance in this regard should lie with the state level committees. (Para 8.44)

69. Out of the existing and additional requirements of public sector units there should be a diversion of Rs. 20 crores per year in purchases from tied ancillaries in industrially backward areas. This can support 200 new units per year or 1000 over five years. At ten per estate it can support

100 new industrial estates. Another Rs. 10 crores of diversion per year can look after the rehabiltiation of old estates and units. (Para 8.45)

70. The Governments directions on aneillaries has been carried out in the breach. The ministries can play a more effective role in carrying out the policy directives of government suo moto without producing from an outside body. (Para 8.45)

71. There is a large field of small industries where location is guided by the local market and needs. These can be divided into two classes (a) maintenance, repair and service units and (b) agro-processing industries. These two sets of industries can be developed by any state by a careful check of raw material supply and the type of maintenance, etc, support that is needed. It is also possible for a state to generate new centres for such industrial development by first activising the agrarian revolution towards greater production of what are called cash crops. (Para 8.46)

72. There will be potential for the development of repair for agricultural equipment in many backward areas. One of the tasks of the DIG can be the development of such centres by suitable linkages between the local educated youth and the markets of the spare parts. Planning of these units and continuous monitoring of their needs can be an essential part of the project level IRD planning and implementation group in backward areas. The development of agro-servicing workshops and service development can also be linked with the focal point approach. (Para 8.47-8.49)

73. There is a danger of over-provision of repair and maintenance facilities leading-to underutilisation. Hence the planning and development of this sector has to be a careful exercise taking into account a fair estimate of demand. " The first step will be to upgrade existing facilities of this kind to the higher levels required, bringing in new entrants only when the additional need has been clearly established. (Para 8.50)

74. In project area planning in backward areas; it should be possible to plan the development of small scale agro processing units in the project or block area in a time phase to suit the expanding production and consumption demand. The semiprocessing units will naturally be located close to the collection points. Preferably these units are best located at the focal points. (Para 8.51)

75. The potential for the development of cash crops in backward areas is substantial. This can provide the base for large scale agro-processing units. For these industries, the DIG can deal with the major role of identifying industrial opportunities and organising entrepreneurship. However, the responsibility for tying up draw material production and marketing must rest with the district planning and implementation organisation. (Para 8.53)

76. The regulated market system can provide an organisational framework for developing agro-processing industries. (Para 8.55)

77. As a first move towards effective development of agro-processing units in backward areas it is necessary to establish fully effective Regulated Markets with professional supervision covering the most important cash crops (which could include food crops) in the area. (Para 8.55)

78. The Regulated Market Committee should:

a) organise and run the agro-processing industry and thereby support the market to give a fair price to the farmer; or

b) Be a major partner in the venture and give i share to the farmers who generally use the market yard and run a joint agro-processing industry providing the expert management to

the venture and stabilising the price to the producer. (Para 8.56) 2—299 PC/81

IX. Impact of Industrial Development

79. The programme to stimulate industrial development in new centres must be accompanied by systematic measures to maximise local impact. (Para 9.1)

80. It shouid be the responsibility of the state administration to identify the skills that are necessary, the extent to which they are not available locally and the manner in which local people should be trained to fill thess gaps. (Para 9.1)

81. In backward areas the present obligation on public sector units to' recruit through the local exchange should be maintained, and the possibilty of extending such ah obligation to medium and large private units which go to the new growth centres should be considered wherever these units are to receive special concessions. (Para 9.6)

82. The district ITI must adjust its curriculum to the requirements of the district industries and industries in neighbouring districts. (Para 9.6)

83. Practical experience will have to be provided in the training course in established industries in the state- and outside. A system should be established in the Central Ministry concerned to do this systematically not only in the case of ITI trained people but also in the multifarious fields left uncovered by ITI and where practical experience is more valued by the Industry. At the state level the coordinating body should be the State Industrial Promotion Organisation. The field level requirements and problems should be studied and reported by the IDA for growth centres and by the DIG for requirements outside the growth centres. (Para 9.6)

84. The IDBI should be responsible for regular concurrent analysis of the selection process for EDP programmes in different states so that the results of experience are taken into account in the identification and solution of entrepreneur. (Para 9.16)

85. The potential sources of entrepreneurship that can be tapped are:

a. People who already have an industrial background either having run an industry which is close to the field selected or who have worked at lower levels in industry;

b. People from traditional trading families;

c. Technicians and professionals;

d. Others.

Entrepreneurs from these classes should be available even in backward areas. Entrepreneurial promotion should be extended to attract persons from backward areas who have migrated out for lack of opportunity. (Paras 9.12 and 9.17)

86. The training of entrepreneurs is an important aspect of the programmes

i. In backward areas the state should be prepared to give help to the trainees in the form of suitable accommodation and stipend. (Para 9.18)

ii. At the end of the training period, the selected applicant must be given a blueprint of the industry he wants to start. A good consultancy aid to assist in this is vital and should be obtained by the training organisation at its expense. (Para 9.19)

iii. There should be close coordination between the training organisation and the state industries development organisation. (Para 9.20)

iv. Continuous technical guidance and consultancy assistance during the period of operation is as important and the

promotional organisation must provide for the same. (Para 9.20)

87. Entrepreneurial development and training should be undertaken in regional centres catering to more than one state. These regional centres should be organised and run by the IDBI. Whilst establishing the centres and running them may be a charge on the developmental role of the IDBI, the stipend of the trainees will have to be contributed by the States sponsoring them. (Para 9.21)

88. Regarding the provision of finance to entrepreneurs in backward areas the following aids are the minimum required:

i. Margin money for small industries will have to be lower in backward areas. The Committee would recommend that it may be set at 20% of which 15% will be available from the subsidy and the balance 5% will have to be found by the entrepreneurs. The flow of subsidy and institutional resources to the entrepreneur must match with the flow of expenditure and there should be a suitable provision to cover pre-investment expenses also.

ii. Margin money for working capital will have to be lower and should not exceed 50% of the normal requirement as specified by the monetary authorities. In addition both term loans and production loans must be available as a package from the institutions so that eternal wrangle on security can be overcome.

iii. Both types of credit must be adequate for smooth operation. There must be regional body of arbiters in which the state promotion organisation, representatives of the SISI and the main banks of the area must be involved.

iv. Some arrangement will have to be developed to see that the enterprise gets paid in full promptly for the supplies to other industries and the public sector. (Para 9.24)

89. Entrepreneurship for medium and large industries in the new growth centres is likely to come from the public sector or from private sector units situated elsewhere. At the start itself such units should select people from the area with the necessary qualifications and on merit and train them for higher level posts in the mother factory. These persons should be seconded to similar level posts in the mother plant. When the new venture goes on stream, the old hands at this level in the mother plant should be deputed for a two[1] or three year spell at the new plant and the trainees absorbed in old plant in those posts on the understanding that after two or three years, they will take over at the new plant and the deputationists will return to the mother plant. (Para 9.26)

90. It is essential that the Labour Department of the State Government exercise vigilance in the matter of labour relations and set up a well staffed office at all new growth centres. This office should be responsible not merely for conciliation after disputes have arisen but also for monitoring and anticipating problems so that preventive action can be taken. (Para 9.27)

91. Industrialisation generates a potential for consumer goods and services because of the high wages paid to labour. This secondary and tertiary growth has to be directed to the areas surrounding the growth centres. The responsibility for exploiting this opportunity will be a coordination problem. It is suggested that this may be done by the district planning centre working in coordination with the IDA, the DIC and the IRD project authorities, if any, in the region. (Para 9.29)

INTRODUCTION

1.1 The National Committee on the Development of Backward Areas is required under its terms of reference, among other things, to review the working of "existing schemes for stimulating industrial development in backward areas such as the schemes for concessional finance, investment subsidy, transport subsidy, sales tax, concessions, etc." The Committee is also required "to examine the validity of various concepts of backwardness underlying the definitions in use for present policy purpose and recommend criteria by which backward areas should be identified" and to recommend strategies for effectively tackling the problem of backward areas.

1.2 The National Commtitee's tentative approach to the identification of backward areas has been based on the recognition of.various types of fundamental backwardness viz- drought prone areas, desert areas, hill areas, tribal areas, chronically flood-affected areas and coastal areas affected by salinity. Industrial backwardness, however, is a matter of history. It cannot be linked up straightaway with an index of local potential or human endeavor. It is in a class by itself and remedies have to be sought in an industrial and commercial environment. At present industrially backward areas have been identified on the basis of certain indices. The National Committee, however, proposes to approach the problem from the point of view of strategies needed to encourage industrial dispersal away from existing centres to new centres in industrially backward areas. This approach, described in greater detail in Chapter 7, is the basis for the identification of industrially backward areas proposed by the Committee.

1.3 In order to assist the Committee a Working Group on Industrial Development with representatives) from the concerned government departments and public sector agencies was set up. The membership and terms of reference of this Working Group are at Annexure I. The Working Group met 14 times between May 1979 and August 1980, and the dates of the meetings are at Annexure 1.2.

1.4 The Committee circulated a questionnaire to the States. As of September 80 replies were received from 6 States. Their views on industrial location policy are summarised in Annexure 1.3. The Committee felt that it would be useful to consult experts and persons with field experience in industrial development. Hence at the request of the Committee, the Industrial Development Bank of India organised a two days seminar on 16th and 17th May, 1980 in Bombay in which a large number of experts, government officials and industrialists participated. The IDBI also commissioned several research studies at the request of the Committee on various aspects of industrialisation. The papers read at this seminar, the subsequent discussions and the reports on the studies commissioned by IDBI have been used extensively in drawing up the recommendations of the Committee.

1.5 The Committee met the Minister of Industry, Shri Charanjit Channana and received valuable suggestions from him and several M.Ps, M.L.As and other interested persons. The Committee is grateful to the Minister, the Members of Parliament and of Legislative Assemblies who have given their views. .

1.6 The Committee would like to place on record its gratitude to the members of the Working Group on Industrial

Development, to the Chairman, Executive Director and other officers of IDBI who sponsored the seminar and the research studies, to the officers of the IDBI, Ministry of Industrial Development, the Village and Small Industries Division of the Planning Commission, the Department of Banking, the Bureau of Public Enterprises who have contributed valuable papers for consideration by the Working Group on Industrial Development and to the Secretariat of the National Committee on the Development of Backward Areas.

2.HISTORICAL EVOLUTION

2.1 The location of industrial activity is to a large extent the result of a long process of historical evolution. The origins of modern industry in India lie in the middle of the nineteenth century when the first cotton mill was started and the first railway line laid down. The subsequent evolution of this sector led to a locational pattern whose distortions are evident to this day. An understanding of this evolution is a necessary preliminary for policy analysis.

Pre-independence period

2.2 It is widely believed that India was one of the premier manufacturing nations of the eighteenth century. However, this manufacturing activity was essentially artisan based and it is only in the mid-nineteenth century that modern factory-based industry came to India. The growth of factory-based manufacturing led to a decline in traditional manufacturing and, since the new factories were not located in the old manufacturing towns but in new towns like Bombay, Ahmeda-bad and Calcutta, there was substantial change in the locational pattern of manufacturing.

2.3 In the nineteenth century, the bulk of the development in the mining and factory sector took place in three activities viz. the manufacture of cotton textiles, jute and coal mining. Most of this development took place in Bombay and Bengal. Out of the 144 cotton mills in existence in 1894-95, 100 were in Bombay Presidency and of these 67 were in Bombay city and island. The position was very similar with jute textiles where 26 out of 29 mills were in Bengal, centred around Calcutta. The coal mining industry was also concentrated in the Bengal-Bihar area which accounted for three-quarters of total production. These were the only large industries in the factory sector, with the others accounting for a small proportion of factory employment. Many of the others only involved a limited first stage processing of raw material often based on the out-put of plantations. There was a limited development of engineering workshops mostly as a consequence of railway development. Certain semi-modern industries like leather tanning in Madras and brick and tile manufacturing in Malabar also . developed in this period.

2.4 In the early stages of industrialisation, the source of labour supply seems to have been mainly local. According to Prof. Gadgil:

"In the cotton indsutry in Bombay city itself the labour supply was chiefly drawn from the Konkan and Deccan districts of the Bombay Presidency. It was largely composed of the landless labour class, which was growing rapidly in India. In Ahmeda-bad, another centre of the cotton industry, the labour supply was mostly local i.e. drawn from the surrounding country districts.. In the cotton ginning and pressing industry the labour was entirely local and here the labour was mostly of old women. In the Calcutta jute industry the labour employed up to about 1885 was entirely local, but, hence forward, with the expansion of the industry and the need for more labour, labourers from the North West provinces (now Uttar Pradesh) and Orissa had to be imported. The proportion of this foreign labour was a steadily growing one. The Bengal coal-mining industry was also growing rapidly, but the demand for labour till the end of this period was generally satisfied by the supply of the local aboriginal labour." (The Industrial Evolution of India in Recent Times, 1860-

1930" by D. R. Gadgil, pages 82-83). “

2.5 The pattern of mining and industrial development changed somewhat in the twentieth century. The cotton textile industry continued to expand but its locational pattern changed after 1914, since when much of the growth took place outside Bombay city, particularly in Ahmedabad and the Madras Presidency. The importance of mineral-extraction and mineral-based industries also increased. In the initial stages developments involved only raw material extraction. At a later stage further processing in industry was added. Manganese minig started and grew rapidly in Central India and petroleum in the Assam area. The most important instance, however, is the development of the steel industry and the cement industry. These mineral-based developments helped to push industries into the interior to some extent because that is where the raw material could be found. The development of other raw material-intensive industries like paper, sugar, edible oils, etc. had a similar effect. The period after the First World War also saw the emergence of modern engineering and chemical industry. However, in quantitative terms, the extent of development was limited and took place mostly in the older centres of industry.

2.6 The pace of industrial development quickened substantially around the Second World War particularly in the newer industries like rubber, petroleum, chemicals and engineering.

2.7 Thus in the period upto independence, employment in modern industry grew rapidly in a few pockets whereas employment in traditional manufacturing declined slowly. This decline was due partly to the competition from imports and modern manufacturers and partly to the decline of feudalism which deprived many traditional industries of patronage. The overall impact of these two tendencies was that in many sectors likf foodstuffs, cotton textiles, wood products and leather the overall level of employment in manufacturing stagnated or declined. This meant that the growth in employment in these sectors, in the new centres of manufacturing like Bombay, Calcutta, Madras, Ahmedabad and Kanpur, was matched or more than matched by a decline in the older centres of traditional manufacturing. The growth of new types of industries like chemicals and engineering also took place largely in or near Bombay, Calcutta etc. and therefore did not help to redress the emerging imbalance. The only exception to this trend towards geographical concentration was provided by the growth of raw material based industries like steel and cement which did take place in the interior,

2.8 The growing imbalance in the distribution of manufacturing employment is brought out clearly in the data on the statewise distribution presented in Table 2.1. This table brings out the rising share of states like Maharashtra, Gujarat, Bengal and Tamil Nadu and the decline in the shares of many other states. Even in the former class of states, there was a great deal of concentration and the cities of Bombay, Calcutta (including Howrah), Madras, Delhi, Ahme-dabad and Bangalore accounted, for 9.6 per cent of manufacturing employment in 1951 as against 4.7 per cent in 1921. The increase in concentration brings, out one feature of the process of industrialisation, which is that growth generates further growth.

2.9 The distortions in the level and pattern of industrial development in the pre-independence period are attributable to a variety of causes. One reason lies in the nature of the response to world economic developments in the.nineteenth century. The inhibitions of colonial rule and other factors led to a situation in which the response in India and- other third world countries to the industrial revolution was an expansion of raw material production e.g. in

plantation agriculture (indigo plantation in Bihar, tea in Assam and the South). This expansion in plantation agriculture was based on foreign trade, controlled to a very large extent by foreign companies "Had trading profits .accumulated in domestic hands, there would have been more domestic reinvestment, and almost certainly more interest in domestic manufacturing" (The Evolution cf the International Economic Order" by W. Arthur Lewis page 22).

2.10 The second factor worth noting is the constraint imposed by the snrallness of the domestic market. "In a closed economy, the size of the industrial sector is a function of agricultural productivity. Agriculture has to be capable of producing the surplus food and raw materials consumed in the industrial sector, and it is the affluent state of the farmers that enables them to be a market for industrial products. If the domestic market is too small, it is still possible to support an industrial sector by exporting manufactures. But it is hard to begin industrialisation by exporting manufactures" (The Evolution of the International Economic! Order "By W. Arthur Lewis pg. 9-10). The linkage between agriculture and industry explains to some extent not merely the overall level of industrial development in the country but also its geographical distribution.

2.11 A third explanation lies in the lack of an investment climate, the absence of entrepreneurship and the lack of any strong pressure group to lobby for tariff protection and other forms of Government intervention. (However, the situation in this regard changed during the twentieth century). Variations in entrepreneurship also underlie regional imbalances in location e.g. the development of indigenous industry in Bombay and Gujarat and its failure to develop in other parts.

2.12 There are many other reasons besides this, e.g. the lack of development banking institutions, distortions in the transport infrastructure, etc. With regard to transport infrastructure, it is worth noting that its impact on regional distribution of industry is mixed on the one hand, it facilitates the growth of export-oriented raw material intensive industries in the backward area. On the other hand, it makes it easier for goods from outside to come into the area and compete with local manufactures. The net effect may go either way. At the natio'nal level, the reduction in ocean transport costs probably hurt local industry because of the competition from cheapened imports to a greater extent than the stimulous that it provided for export-based manufacturing.

2.13 The reason given above for the limited extent and spread of industry in India in the pre-independence period are important in that they help to identify some of the key' inhibiting factors within which public policy had to operate in the post-independence period.

Post-independence

2.14 The pattern of location of industrial activity since independence is a product not merely of 'market forces' but also of deliberate public intervention. The need to correct imbalance in the pattern of industrial location was recognised by the Government. Thus, the -First Year Plan states that 'if industrial development in the country is to proceed rapidly and in a balanced manner, greater attention will have to be paid to the development of those states and regions which have so far remained backward. (First Five Year Plan pg. 442 para 49). The need to correct regional imbalance in levels of industrial development was explicitly recognised in the Industrial Policy Resolution of 1956 and in the plan documents.

2.15 A variety of instruments were used to influence the location of activity e.g. location of public enterprises, industrial

licensing, subsidies, infrastructural development etc: The use of these instruments is examined in greater detail in the next chapter. For the present we need tq ask whether these measures have had a significant impact on industrial location.

2.16 Some data in this regard are available in Table 2.1 which gives the statewise distribution of workers in manufacturing in 1951, 1961 and 1971. These data do hot suggest any substantial erosion in the share of States like Gujarat, Maharashtra, Tamil Nadu and West Bengal. In fact, except for Bengal, the share of these States increased over this period. However, the relative position of some states like Bihar, Karnataka and Punjab (including Haryana) improved to some extent. The share of several industrially backward States like Rajasthan and Uttar Pradesh in manufacturing employment declined substantially possibly because of a decline in traditional manufacturing. The tendency towards locational concentration appears to have continued and the share of the major industrial centres of Greater Bombay, Calcutta (including Howrah), Madras, Delhi, Ahmedabad and Bangalore in manufacturing employment rose from 9.6 per cent in 1951 to 12.9 per cent in 1971. However, by 1971, certain new centres of industry like Bhopal, Ludhiana, Jullundur and the new steel towns had emerged. Moreover the relative importance of certain centres like Delhi, Hyderabad, Bangalore, which were at best second level centres in the pre-independence era, increased substantially. In this sense a certain measure of industrial dispersal was achieved.

2.17 Manufacturing employment covers a whole range of activities from household industries to large factories. Some data on the States-wise distribution of employment in different sizes of manufacturing establishments is presented in Table 2.2. These data show the following differences in employment per 1000 of population:

		Industrially More Developed States	Other States
1	Household industries	11.3	11.8
2	Manufacturing establishment	23.3	11.6
	(a) Less than 10 workers .	6.9	4.5
	(b) 10-50 workers	4.3	2.4
	(c) 50-500 workers .	5.2	2.2
	(d) More than 500 workers	6-9	2-5
N.B. For details see Table 2.2			

The NCDBA has categorised states as industrially more developed if their per capita value added in manufacturing is above the national average in 1975-76, the latest year for which C.S.O. estimates of States income are available. On this basis Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu, West Bengal as per the data in Table 2.3 are categorised as more developed. All other States and Union Territories (except Delhi) are considered less developed. As these data show imbalances between the developed and backward state are not very substantial in household industries and small manufacturing establishments. However the imbalances are very substantial for organised manufacturing,

2.18 During the first twenty years of planning location policy worked largely through public investment decision and industrial licensing. In 1970-71 however a more deliberate attempt at influencing location decisions was made in the form of the central subsidy scheme and the scheme of concessional finance. The working of these schemes is assessed in the next chapter. However, a broad picture of trends in industrial location is presented in Table 2.4 which shows the distribution of factory employment in 1971 and 1977. These data pertain to the factory sector. Comparable data on small-scale units outside the scope of the Factory Act are hot available. The data on factory employment seem to suggest a significant change in the direction of

development. The share of industrially developed States like Maharashtra and West Bengal has come down and of some others like Tamil Nadu and Karnataka has remained virtually the same. The share of several industrially backward States (as defined in para 2.17) like Andhra Pradesh, ICerala aftd Rajasthan in factory employments to have increased.

2.19 A variety of factors underlie the actual pattern of location that has emerged. In principle, fresh industrial investment should locate itself at the least cost location. In practice, the actual pattern of location departs from the economic optimum for a variety of reasons. One reason is the fact that the spatial distribution of entrepre'neurship is very unequal and the limited mobility of entrepreneurs often means that a sub-optimal location is preferred on grounds of convenience or regional loyalty. There are also institutional distortions which work against optimal location, e.g. freight equalisation, rigidities in the capital market, etc. Political pressures also play an important role and the licensing system is used in favour of sub-optimal patterns of location. There is therefore no reason for supposing that the existing pattern of location is optimal. There are irrational'-departures from optimality against certain areas and in favour of others. The objective of policy must be to correct these irrationalities.

2.20 Gross irrationalities in location seem to be less evident in large raw material intensive projects, e.g. steel, cement, paper, many of which are in the public'sector. Generally the location of these projects has been determined on cost- considerations. By and large these projects have to be located away from existing industrial centres near sources of raw materials and in practice; many of these are located in ragions which could be described as backward. However, many of the spin-off from these large projects are realised in existing industrial centres situated at a substantial distance from the mother units. The real problem in this case is not irrationalities in the location of the large projects but the limited impact of these projects on the surrounding economy.

2.21 Industries based on the first-stage processing of agricultural raw materials are generally smaller in scale. In terms of location they tend to be near sources of raw material supply. Hence the location of these industries tends to reflect the geographical distribution of key crops like sugarcane and oil-seeds. However there are important exceptions to this. For instance, a substantial quantity of minor forest produce is processed outside the areas in which it arises.

2.22 The location of other industries (medium, large and small) seems to be determined largely by the location of markets, the geographical spread of entre-preneurship and infrastructural and support facilities. In this context the crucial items of infrastructure and support facilities that appear to be relevant are power availability, access to regional and national transport networks, raw material depots and supply systems and access to regulating agencies. Many of these industries have a tendency to prefer centres which are already industrialy developed. In terms of the incidence of transport costs on raw material and products many of these industries can be considered to be footloose.

2.23 The imbalances in industrial development that have emerged are due partly to the failure to follow through the planned strategy of industrial development fully. The industrial strategy outlined in the Second Plan had two components: first, the development of basic industries and second the promotion of labour-intensive consumer goods industries in the village, cottage and small-scale sector. Our achievements with regard to the first component are substantial but with regard to the second component our success has been limited. There are

many explanations for this: the failure to stimulate consumer demand, the growth of consumer goods production in the large-scale sector, the ineffectiveness of support institutions for village, cottage and small industries. The basic reason, however, lies in the fact that the consumer market has not expanded. In the words of Prof. Arthur Lewis, "what limits industrial production for the home market is the small agricultural surplus of that 50% or more of the labour market that is engaged in growing food for home consumption. Transform this mass of low level of productivity and the whole picture changes". (The Evolution of the International Economic Order by W. Arthur Lewis, page 74).

TABLE 2 -1
State-wise Distribution of Male Workers in Household and Non- Household Manufacturing(1911-1971)
(Percentages)

State	1911	1921	1931	1951	1961	1971
1. Andhra Pradesh	10. 6	9.4	9.8	9.0	9.3	8.7
2. Assam*	0.3	0.4	0.7	1.0	0.9	1.1
3. Bihar	5.7	5.6	5.4	3.3	6.7	5.4
4. Gujarat	5.0	5.3	5.2	5.8	5.6	6.4
5. Karnataka	4.2	4.4	4.1	4.7	5.2	5.6
6. Kerala	3-0	3-8	3-8	4.9	4-4	4-6
7. Madhya Pradesh	8.0	7.7	7-1	6.4	6.0	5.7
8. Maharashtra	9.7	9.6	10.2	12.9	12-9	14.3
9. Orissa	3.1	3.1	3.1	2.5	2.3	2.2
10. Punjab**	7.8	8.2	7.7	3.8	5.0	4.6
11. Rajasthan	6.1	5.6	5.7	4.0	2.9	3.3
12. Tamil Nadu	8.0	7.8	8.5	9.3	10.6	11.1
13. Uttar Pradesh	19.3	18.3	19.3	19.5	14.1	12.5
14. West Bengal	7.5	9.1	7.5	11.3	11.6	11.1
15. Delhi	0.3	0.5	0.6	1.0	1.4	1.9
16. Others	1.4	1.2	1.3	0.6	1.0	1.5

*Includes Mizoram, Meghalaya and Nagaland.
**Includes Haryana.
Source: For 1911-1961, Census of India, 1961, Paper No. 1 of 1967. For 1971, Statistical Abstract India, 1977.

Table 2 .2 Employment per 1000
Population in Different Size Categories of Manufacturing [Establishments

State	Household	Non-Household			
		Less than 10	10-50	50-500	500 or more
1. Andhra Pradesh	20.1	4.7	4.6	2.5	3.4
2. Assam	3.8	3.1	1.6	5.0	1.5
3. Bihar	7.7	3.3	1.3	1.0	1.8
4. Gujarat	8.9	5.8	4.0	4.6	4.7
5. Haryana	8.7	5.9	2.7	4.7	4.2
6. Karnataka	15.0	5.1	2.9	2.7	5.5
7. Kerala	12.5	8.3	4.5	4.6	5.0
8. Madhya Pradesh	13.4	2.7	1.7	1.6	2.3
9. Maharashtra	11.2	6.0	5.1	7.2	10.9
10. Orissa	11.3	2.2	1.1	1.5	1.2
11. Punjab	9.2	10.5	4.6	4.6	1.9
12. Rajasthan	10.7	5.1	1.2	1.4	1.8
13. Tamil Nadu	16.3	7.7	4.5	4.3	3.1

14. Uttar Pradesh	11.3	5.6	2.6	2.4	3.1
15. West Bengal	7.5	7.1	4.1	5.7	10.0
16. Delhi	6.9	21.2	10.8	8.1	8.6
Average : Industry Developed States /U.T.	11.3	6.9	4.3	5.2	6.9
Other states/U.Ts.	11.8	4.5	2.4	2.2	2.5

Source : Census of India 1971, Part I India Part III-B (i) Establishment Tables and Statistical Abstract, India, 1977.

Note : (a) The data for the non-household sector are from the establishment tables and differs torn the data of non-household Maharashtra, manufacturing employment from the household tables,

(b) Industrially Developed states are as defined by the N.C.D.B.A. viz, Gujarat, Haryana, Karnataka, Punjab, Tamil Nadu, West Bengal and Delhi.

Table 2.3

Per capita Value added in Manufacture 1975-76

	Per capita value added in manufacturing(Rs.)
1. Andhra Pradesh	150.5
2. Assam	97.5
3. Bihar	89.8
4. Gujarat	277.4
5. Haryana	171.8
6. Himachal Pradesh	39.9
7. Jammu & Kashmir	57.6
8. Karnataka	183.4
9. Kerala	124.9
10. Madhya Pradesh	91.1
11. Maharash	369.4
12. Manipur .	84.5
13. Meghalaya	47.8
14. Nagaland	37.7
15. Orissa	71.0
16. Punjab	200.5
17. Rajasthan	83.4
18. Tamil Nadu	194.1
19. Tripura	27.3
20. Uttar Pradesh	75.0
21. West Bengal	222.5
22. India	159.7

Source : National Accounts Statistics 1970-71 to 1976-77 Central Statistical Organisation, Deptt, Deptt. of Statistics Ministry of Planning, Government of India,

Notes : (I) Figures for value added in manufacturing and population for states are from a Appendix A. 2.2 pages 166-169.

(2) Figures for value added in manufacturing for India is from Statement 3 page 8 and population from Statement 1 page 2.

Table 2.4

State-wise Distribution of Factory Employment 1971 and 1977

(Percentage)

State	1971	1977
1. Andhra Pradesh	5.2	7.3
2. Assam	1.5	1.3
3. Bihar	5.6	5.7
4. Gujarat	8.8	9.2
5. Haryana	1.8	2.1
6. Karnataka	5.5	5.6
7. Kerala	4.1	4.7
8. Madhya Pradesh	4.4	5.2
9. Maharashtra	20.7	18.3
10. Orissa	1.4	1.3
11. Punjab	2.3	2.5
12. Rajasthan	1.7	2.1
13. Tamil Nadu	9.0	9.0
14. Uttar Pradesh	8.3	8.3
15. West Bengal	16.5	13.9
16. Delhi	1.9	2.1
17. Others	1.3	1.4
TOTAL	100.0	100.0

Source: Pocket Book of Labour Statistics,1976 and 1980, Labour Bureau ,ministry of Labour

3. DEVELOPMENT OF POLICY FOR INDUSTRIAL DISPERSAL

3.1 According to the Constitution of India the responsibility for regulation of industrial development is shared between the Centre, and the States. The relevant entries in the Seventh Schedule are as follows.:-

Union List (List I)

No. 7 Industries declared by Parliament by Law to be necessary for the purposes of defense or for the prosecution of war.

No. 52, Industries, the control of which by the Union 'is declared by Parliament by law to be expedient in the public interest. State List (List II)

No. 24 Industries subject to provision of entries 7 and 52.

The relevant declaration's as to expediency of control by the Union is contained in the Industries (Development and Regulation) Act, 1951 which lists in •its First Schedule the industries which are to be under the control of the Central Government. The list in this schedule (reproduced as Annexure III. 1) is so comprehensive that it covers practically the full range of industries though Section 25 of the Act provides' for the delegation of powers to State Government or other bodies by notified order by the Central Government. Thus, in a broad sense, the Central Government has a crucial and overall responsibility in the regulation and development of industry so as to achieve national objectives.

3.2 The approach and objectives of the Central Government have been articulated in the Industrial Policy Resolution and Statements. The bulk of the period covered in this report falls within the purview of just one Industrial Policy Resolution, that of 1956.

3.3 The' Industrial Policy Resolution of 1948, the first in the post-independence period, carries no direct reference to the problem of industrial development of backward areas. The policy of the government was articulated more fully in the Industrial Policy Resolution of 1956. This Resolution states that the "State will progressively assume a predominant and direct responsibility for setting up new industrial undertakings and For developing transport facilities". (Industrial Policy Resolution,' 1956, Para 5). The Resolution divides industries into three categories. The first category involving industries like iron and steel, heavy engineering minerals, power generation, air and rail transport etc. were to be the exclusive responsibility of the State. The second category consisting of industries like non-ferrous metals, machine tools, chemical intermediates fertilizers, drags etc. is one in which the State is expected to take the initiative but in which private enterprise is also expected to supplement the effort.

The third category, consisting of the remaining industries, was to be left generally to the initiative and enterprise of the private sector. This resolution has a specific reference to the problem of industrial development in backward areas

"In order that industrialisation may benefit the economy of the country as a whole, it is important that disparities in levels of development between different regions should be progressively reduced. The lack of industries in different parts of the country is very often determined by factors such as

the availability of the necessary raw materials or other natural resources. A concentration of industries in certain areas has also been due to the ready availability of power, water supply and transport facilities which have been developed there. It is one of the aims of national planning to ensure that these facilities are steadily made available to areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment, provided the location is otherwise suitable. Only by securing a balanced and coordinated development of the industrial and the agricultural economy in each region, can the entire country attain higher standards of living."

Thus the emphasis was on the provision of infrastructure in industrially less developed areas.

3.4 The 1956 Resolution has continued to be the cornerstone of Government Policy though there have been several subsequent Statements on Industrial Policy which have emphasized one or the other aspect in order to reflect changing conditions. The Statement of Industrial Policy issued in 1977 stated that :

"The Government attaches great importance to balanced regional development of the entire country so that disparities in levels of development between different regions are progressively reduced. Government have noted with concern that most of the industrial development that has taken place in our country since Independence has been concentrated around the metropolitan areas and large cities; The result has been a rapid deterioration in the living conditions especially for the working classes in the larger cities and attendent problems of slums and environmental pollution."

In pursuance of this the Government decided to res-'trict licensing and financial assistance to new industrial units within certain limits of large metropolitan cities having a population more than one million and urban areas with a population of more than 5 lakhs as per the 1971 census.

3.5 The latest statement on industrial policy issued in July, 1980 indicates as one of the objectives of policy the "correction of regional imbalances through a preferential treatment of industrially backward areas.'" The statement says that "Special concessions and facilities will be offered for this purpose and these incentives will be growth and performance oriented." The latest statement also emphasises the importance of ancillarisatioh and states :

"Industrial development has to be viewed in the broader context of generating higher production and employment. Overcoming the problems of poverty and backwardness need a multi-pronged approach. An integral part of this approach would be to create new focal points of industrial growth which have the maximum effect on the quality of life. This will have to be based essentially on the utilisation of local materials and locally available man-power. The rip ple effect of substantial investments in backward districts in the past has in many cases not been adequate mainly because such investments did "not have effective linkages with local resources. Government, therefore, proposes to encourage investment by public and private sector which will meet these criteria and would also promote a network of spread out ancillaries."

3.6 The Industrial Policy Resolution of 1956 and the subsequent statements have expressed certain objectives and sometimes indicated a specific policy as well. The Plan documents which carry the approval of the National Development Council however have articulated the policy approach to a fuller extent.

3.7 The need to tackle the problem of industrial dispersal has been recognised in all the Plan documents. Thus the First Five Year Plan stated categorically:- "Industrial

development in India has so far been oh an unplanned basis and it has been concentrated in a few select areas. Although there has been a trend towards wide dispersion of some industries like cotton textiles and cement, industrial development in some parts of the country has lagged behind seriously. The excessive concentration of industries brings in its train certain economic and social disadvantages and a wider diffusion of industry is desirable from this larger point of view. Further, if industrial development in the country is tq proceed rapidly and in a balanced manner, increasingly greater attention will have to be paid to the development of those states and regions which have so far remained backward. Under the Industries (Development and Regulation). Act, the Government has powers to regulate locations. The extent to which the pattern of industrial location in the country can be changed within a short period is undoubtedly limited. For any industrial undertaking to operate profitably, it must have easy access to raw materials, to labour, to power and to markets. The tendency for industries to concentrate around certain areas where industrial development has already taken place is explained by the availability in those areas of a large number of "external" economies on account of the prior development of ancillary services and facilities like banking, transport and communications. It is difficult, therefore, in the initial stages to induce private industry to choose a new location where such facilities are inadequate. A considerable proportion of the industrial development envisaged in this five year period is by way of expansion of existing industrial units. The question of the location of the new iron and steel plant is at present under consideration. The generation of electric power by the major multi-purpose projects envisaged under the Plan will open out large possibilities of industrial development in Punjab, Bihar, and Orissa. There are large potentialities of industrial development in several other states, and it is desirable in order to secure a balanced regional development in the country, to give increasing preference to such areas in the matter of location of new industrial undertaking".

(First Five Year Plan, page 442, para 49)

However this broad approach could not be translated into action in any effective manner as the share of industry in overall investment was very limited in the First Plan.

3.8 The basic industrial strategy of the Government of India was articulated more fully in the Second Five Year Plan. The two main features of the Second Plan were the promotion of basic industries and the promotion of labour intensive consumer industries. Thus the Plan states : .

"Rapid industrialisation and diversification of the economy is thus the core of development. But if 'industrialisation is to be rapid enough the country must aim at developing basic industries and industries which make machines to make the machines needed for further development".

(Second Five Year Plan, page 25 para 7)

"Investment in basic industries creates demands for consumer goods, but it does not enlarge the supply of co'nusmer goods in the short run; nor does it directly absorb any large quantities of labour. A balanced pattern of industrialisation, therefore, requires a well-organised effort ot utilise labour for increasing the supplies of much needed consumer goods in a manner which economises the use of capital".

(Second Five Year Plan, page 25, para 8)

3.9 Specifically, with regard to industrial dispersal, the plan suggested a three pronged strategy :—

"In the first place the National Development Council has recommended

programmes for setting up decentralised industrial production. Secondly, it has been suggested that in the location of new enterprises, whether public or private, consideration should be given to the need for developing a balanced economy for different parts of the country. Some industries have to be located in particular areas in view of the availability of the necessary raw materials or other natural resources. But there are other industries in regard to the location of which, on economic consideration, there is a field of choice. Often, the disadvantages of comparative cost are only a reflection of the lack of basic development. Once this is taken in hand, the initial handicaps progressively disappear. A wide diffusion of development nuclei is essential from this point of view. Thirdly, steps have to be taken to promote greater mobility of labour between different parts of the country and to organise schemes of migration and settlement from more to less densely populated areas."

(Second Five Year Plan, page 37, para 29)

The Second Plan approach was sought to be translated into policy to some extent in the industrial estates programmes and in the location decisions for specific public sector projects.

3.10 The Third Five Year Plan dealt explicitly with the wider problem of balanced regional development. In this context it indicated the following approach to industrialisation of backward areas :

"Large scale industries, specially basic and heavy industries, frequently serve as a spearhead of intensive and broad-based development. However, not all regions can offer equally favourable conditions for the development of industry. It is also possible to overestimate the significance of the location of large industrial units in relation to the living standards of the bulk of the population. There are many examples both of countries and of regions within a country, in which, with limited development in industry, an appreciable rise in living standards has been achieved through the fuller utilisation of local natural and human resources. There are also instances of areas around massive projects where no great impact on the levels of living of the people is to be observed. Apart from the basic and capital goods industries and other large industries, there are other industries whose possibilities need to be fully explored such as labour intensive industries of the traditional type, small scale industries of the modern type, agricultural processing industries, forest industries, assembly operations and recreational industries. Each region should endeavour to identify, plan for and promote industries which are specially suited to its conditions and for which it can provide relatively greater facilities."

(Third Five Year Plan, page 143, para 3)

3.11 The Third Plan emphasised the importance of location decisions in the public sector and licensing policy as instruments for promoting industrial dispersal. However, besides this the broad approach also emphasised the importance of infrastructure. Thus the Third Plan states :—

"The Industrial Policy Resolution visualised that facilities such as power, water supply and transport should be made available in areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment, so that suitable industries could be established there. To give effect to this suggestion, the Third Plan includes a proposal for setting up 'industrial development areas in backward regions. In such regions, in selected areas, basic facilities like power, water and communications are to be provided, and factory sites developed and offered for sale

or on long lease to prospective entrepreneurs”

(Third Five Year Plan, page 149, para 17)

3.12 The Third Plan also put forward the concept of large projects as nuclei for regional growth. Thus it states as follows :

"The benefits of a large project accrue in greater measure to the population of the region in which it is located if certain related or complementary programmes and schemes are undertaken. Therefore, as an essential feature of planning, every major project should be regarded as a necleus for integrated development of the region as a whole. Around the new irrigation projects for instance a whole group of schemes aiming at the development of improved agriculture, horticulture, market centres and processing and other industries should be taken up. Similarly, steel plants and other large industrial projects provide the basis for the development of small and medium industries and programmes of education and training and other activities. Such possibilities of development exist in all large regions in which new resources will be developed during the Third Plan, such as Danda-karanya, the Rajasthan Canal Area, and the regions served by the Tungabhadra, Nagarjunasagar, Koyna, Chambal and several other projects.

(Third Five Year Plan, pages 149—150, para 18)

3.13 Oa the human resources side, the Third Plan strategy for balanced regional. development involved (a) preferential treatment for backward areas in the location of facilities for training of engineers, craftsmen, etc. (b) technical training programmes in areas of high density to assist in the development of these areas as well as to facilitate labour mobility and (c) the development of competent administrative and technical personnel and the growth of small and medium entrepreneurs.

3.14 The Third Plan laid particular emphasis on the need to disperse small industries. Thus this Plan states :—

"Although several industries such as village industries, khadi sericulture, coir, and, to an appreciable extent, handloom, are already located in rural areas, the development'of small scale industries has so far been by and large, in or near the cities) and the larger towns. Since one of the principle objects of programmes in this field is to provide opportunities of income and employment in a dispersed manner all over the country, emphasis in the implementation of the programmes in the Third Plan will be on encouraging the further growth of industries in rural areas and in small towns as well as in less developed areas having a marked industrial potential. The first step in this direction should be to identify the areas in which ' various basic facilities such as electricity, larger supply of agricultural raw materials and improved means of transport will become available as a result of development envisaged in other sectors during the course of the Third Plan and to prepare programmes for assisting the growth of industries in such areas. The other essential step will be to provide various kinds of assistance such as training facilities, credit, technical advice, tools and machines, etc. in an integrated manner to those who set up industries in the rural areas and small towns."

(Third Five Year Plan, page 434, para 22)

3.15 The approach to industrial dispersal followed in the first three plans, had some effect but the results achieved were not considered satisfactory. Thus the Fourth Flan states :

"In terms of regional development, there has been a natural tendency for new enterprises and investments to gravitate towards the already overcrowded metro-

politan areas because they are better endowed with economic and social infrastructure. Not enough has been done to restrain this process. While a certain measure of dispersal has been achieved, a much larger- effort is necessary to bring about greater dispersal of industrial acivity."

(Fourth Five Year Plan, page 11, para 1.23)

3.16 In its approach to industrial development the Fourth Plan lays great stress on the need for industrial dispersal :

"The requirement of non-farm employment is so large and so widely spread throughout the country tiiat a greater dispersal of industrial development is a matter of necessity. Even from the narrow and immediate economic view point, the society stands to gain by dispersed development. The cost of providing necessary infrastructure for further expansion of existing large urban and industrial centres is often much larger than what it might be if development was purposefully directed to occur in smaller Iwons and rural areas." (Fourth Five Year Plan, page 303, para 14.14)

In pursuance of this approach the Fourth Plan pro-vosed, in addition to the earlier policy package, the introduction of a capital subsidy and a concessional finance scheme for industries in backward areas.

3.17 The draft Fifth Plan formulated in 1973-74 emphasised the need to ensure that the industrial development of backward areas is consistent with the basic economics of location. As regards the overall approach it .stated :

"The main constraints in the industrial .development of backward regions are that the strategy for the development of these areas has not been completely mapped out in terms of the inherent problems which have accounted for industrial backwardness and the organisational arrangements necessary to spearhead and support the industrial depelopment programme in backward areas both at the Centre and in the States are inadequate. An integrated approach covering the creation and expansion of basic infrastructure facilities and the provision of an institutional framework to coordinate the essential components of the industrial development programmes constitute the basic pre-requisites for the more rapid industrial growth of the backward areas."

"In the Fifth Plan it is, therefore, proposed to create an appropriate machinery that is capable of identifying industries suited to the needs and potentialities of the backward areas through techno-economic surveys and feasibility studies, undertaking integrated planning and development of the infrastructure, such as roads, water supply, power etc. in selected growth centres located in the backward areas; providing a package of financial, marketing and other services to potential entrepreneurs for setting up new units in the backward areas. In the execution of such a programme, the concerned State level agencies have necessarily to be fully involved and committed, and indeed a major part of the ' resources and efforts in implementing such a programme, must be provided by the State Government/agencies. The exact nature of the machinery, both at the Central and the State levels, to be used/set up for this purpose is under consideration. A special provision has been made in the Central Plan to initiate and support programmes drawn - up on the basis of such an approach and to assist the State Governments/agencies in the industrial development of the backward areas.

The emphasis placed on accelerated survey of industrial resources and the promotion of agro-industries would also substantially benefit the extension of industrial developments to backward areas." -[Draft Fifth Five Year Plan, page 134, para 5.

19(b)]

The emphasis in this statement is on techno-economic survey, the need for a growth centre approach, the provision of a package of services to prospective entrepreneurs and the need for a new organisational approach. The extent to which this approach was translated into policy is very limited. However, the earlier policy package including the capital subsidy and concessional finance continued with the addition of a concession in the corporate tax for units in backward areas.

3.18 A file survey of industrial policy and plan documents presented above shows that the problem of industrial dispersal has always been recognised but received very limited attention in the first phase of planning. It is only with the Third Plan tnat particular attention is devoted to this problem in the plan document. The policy approach in the early stages emphasised the use of licensing policy and location decisions for public projects. The promotion of village, cottage and small units was also expected to lead to a more dispersed pattern of industrial employment. From the Second Plan onwards the importance of infrastructure investment is recognised and forms the main element of the policy package up to the seventies. The observed failure of policy in reducing regional disparities in levels of industrial development led to a reassessment and from the Fourth Plan onwards subsidies and restraints on expansion in metropolitan areas play an important role. The growth centre approach is implicit in the Third Plan's vision of large projects as nuclei for regional growth and is mentioned quite explicitly in the Fifth Plan. However, the extent to which it was translated into specific policy measures is open to question. The human resource development angle is prominent in the Third Plan, but seems to play a less important role thereafter. In this case too the statement of intent in the Plan was not converted into effective action. The same is true for the importance of detailed planning and organisational incorporations which was mentioned in the Draft Fifth Plan.

3.19 The broad conclusion that emerges is that the Government has always evinced an interest in encouraging industrialisation of backward areas and several very promising approaches have been oat-lined in the plans. However, many of these promising approaches towards dispersal of industries have not in fact been pursued.

4. EVALUATION OF POLICY AND PROGRAMMES FOR INDUSTRIAL DISPERSAL

4.1 The previous chapter has dealt with the broad approach to the problem of industrial dispersal. A variety of instruments have been used to translate this approach into action. The more important of these have been the central investment subsidy scheme the scheme of concessional finance, fiscal incentives, the, location of public enterprises, licensing policy, the location of industrial estates and the other promotional activities of the state governments. In what follows; the effectiveness of some of these instruments is analysed on the basis of available data.

Origin of Central Subsidy and Consessional Finance

4.2 Though the need to promote industrial development in backward areas was always recognised, policy instruments designed exclusively for this purpose were not instituted till the 70s. The matter was discussed at a meeting of the Committee of the National Development Council held on September 13, 1968 when it was decided that two working groups should be set up, one dealing with the incentives for starting industries in backward areas and another to lay down criteria to identify backward areas. In pursuance of this, the Planning Commission set up two Working, Groups. The first, dealing with incentives is commonly known as the Wanchoo Working Group and the second dealing with the identification of backward areas as the Pande Working Group after their respective Chairmen. The Pande Working Group submitted its report in February 1969 and the Wanchoo Working Group In April, 1969.

4.3 The Pande Working Group recommended that the following criteria be applied in aggregate for the purpose of identification of industrially backward States and Union Territories :

(a) per capita income; (b) per capita income from , industry and mining; (c) number of workers in registered factories;(d) per capita annual consumption of electricity; (e) length of surfaced roads in relation to population and the area of the State; (f) railway mileage in relation to the population and area of the State.

4.4 On the basis of these criteria, the Pande Working Group recommended that the following industrially backward State and Union Territories should qualify for special treatment by way of incentives for industrial development:

States : Andhra Pradesh, Assam, Bihar, Jammu and Kashmir, Madhya Pradesh, Nagaland, Orissa, Rajasthan, and Uttar Pradesh.

Union Territories : All Union Territories except Charidigarh, Delhi and Pondicherry.

Subsequently, Meghalaya, Himachal Pradesh and Sikkim and the Union Territory of Pondicherry were added to the above list.

4.5 The Pande Working Group also recommended ' the following criteria "or indicators of backwardness, for identification of backward districts in backward State/Union Territories:

a) Districts should be outside a radius of about 50 miles from larger cities and large industrial projects;

b) Poverty of the people as indicated by low per capita income starting from the lowest to 25 per cent below the State average;

c) High density of population in relation' to utilisation of productive resources and employment opportunities as indicated by :

i. Low percentage of population engaged in secondary and tertiary activities (25 per cent below the State average may be considered as backward);

ii. Low percentage of factory employment (25 per cent below the State average may be considered as backward);

iii. Non-and/or under-utilisation of economic and natural resources like minerals, forests; etc.;

iv. adequate availability of electric power or likelihood of its availability within the next one or two years;

v. availability of transport and communication facilities or likelihood of their availability within the next one or two years; and

vi. adequate availability of water o- likelihood of its availability withi the next one or two years.

4.6 The Pande Working Group had suggested a very careful application of these criteria as is evident from the following :

"Utmost care would have to be taken in the final selection of backward districts which, inter alia satisfy that the latent resources and also the economic and social factors are favourable enough to take advantage of the incentives that may be offered for the types and size of industries which may have potential for development. The Working Group is of the opinion that each industrially back ward State and Union Territory may be re quested to furnish the data in respect of the criteria recommended for identification of backward districts for three to six such districts. From among them about 20-30 districts in ail may be finally selected for grant of special incentives during the Fourth Plan period. Besides the problem of resources, it is considered that concentration of organisation and administrative machinery by the States in a few districts on a number of short-term and long term measures required for promotion of in dustries (e.g., railway siding, housing colony for industrial labour, dispensary or hospital, banking and other facilities), is a pre-requisite for ensuring success."

4.7 The Wanchoo Working Group amongst other things recommended the following set of fiscal incentives :

(a) Grant of higher development rebate to industries located in backward areas.

(b) Grant of exemption from income-tax, including corporate tax. Jor 5 years after providing for the development rebate.

(c) Exemption from import duties on plant and machinery, components etc., imported by u'nits set up in backward areas;

(d) Exemption from excise duties for a period of 5 years;

(e) Exemption from sales tax, both on raw materials and finished products to units set up in specified backward areas for a period of 5 years, from the date of their going into production; and

(f) Transport subsidy upto 400 miles

distance should be considered as normal and beyond that the transportation cost for finished products should be subsidised for such backward areas as may be selected in Assam, Nagaiand, Manipur, Tripura, NEFA and Andamans. The transport subsidy should be equivalent to 50 per cent of the cost of transportation in the case of backward areas in J & K State.

4.8 The recommendations of the two Working Groups namely the Pande Committee and the Wanchoo Committee which went into the Identification of the Backward Areas and Fiscal and financial incentives for starting industries in backward areas respectively, were considered by a meeting of the National Development Council in September 1969 and the main decisions taken were inter-alia,

a. concessions to be offered by financial and credit institutions for financing industries in backward areas should be available to selected backward areas in all the States and Union Territories;

b. the criteria to be adopted for selection of industrially backward districts in the States and Union Territories may be settled by the Planning Commission in consultation with the financial institutions and the State Governments in the light of the two sets of criteria recommended by the Working Group on identification of the backward areas. Accordingly, Planning Commission held deliberations with Reserve Bank of India and other financial institutions like IDBI, IFCI, ICICI etc. for evolving a set of criteria for the purpose. In pursuance of the decision which emerged from the meeting of the NDC and the discussions held by the Planning Commission with financial institutions. Secretary, Planning Commission in December, 1969 addressed the State Governments/ Union Territories on the subject of backward areas, enumerating the criteria given below to be adopted as guidelines for the purposes of identifying districts which are to be considered industrially backward districts, but which possess the minimum infrastructural facilities essential for industrial development. These criteria were

   a. Per capita foodgrains/commercial crops production depending on whether the districts is pre-dominantiy a producer of foodgrains/ cash crops (for inter-district comparisions conversion rates between foodgrains and commercial crops may be determined by the State Government were ever necessary).

   b. Ratio of population to agricultural workers.

   c. Per capita industrial output (gross).

   d. Number of factory employees per lakh of population or alternatively number of persons engaged in secondary and tertiary activities per lakh of population.

   e. Per capita consumption of electricity.

   f. Length of surfaced roads in relation to population or railway mileage in relation to population.

It was also indicated that only those districts with indices well below the State average may be selected for suitable incentives from the financial institutions.

4.9 The State Government while furnishing their proposals have, however, adopted some what different criteria for purposes of identification, either on account of lack of availability of data or based on their judgment of local circumstances. The proposals along with the statistical data furnished by the States and Union Territories in respect of criteria adopted by them were considered from time to time in inter ministerial meetings held in Planning Commission along with representatives of Ministry of Industry and Department of Banking, Ministry of Finance and on this

basis 246* districts have so far been selected as industrially backward to qualify for concessional finance facilities from All India Term Lending Institutions. The extent of deviation in the criteria adopted by the different State Governments may be seen in Annexure IV. 1. However, while in most states all districts with indices below the State average were selected to qualify for concessional finance facilities in the case of a few States like Assam, Himachal Pradesh, Jammu and Kashmir, West Bengal, Madhya Pradesh some districts above the State average have also been selected for concessional finance facilities as a special case.

4.10 With regard to the provision of a subsidy by the Central Government, the recommendations of the Pande Working Group regarding selection of only 20 to 30 districts in the industrially backward States/ Union Territories for special incentives was not accepted. Instead the State Governments were initially requested in 1969 to select two districts/areas from each of the State identified as industrially backward and one district/area from each of the other States to qualify for the Central Scheme of Investment Subsidy. Initially under this scheme an investment subsidy amounting to 10% of the fixed capital investment subject to a ceiling of Rs. 5 lakhs for new and existing units undertaking substantial expansion was provided. Subsequently in June 1972 the scope of the scheme was extended so as to enlarge its coverage by increasing the mimber of districts/areas from 2 to 6, from each of the States identified as industrially backward and from 1 to 3 from each of the other States/Union Territories. From March 1973 the rate of subsidy has also been increased from 10% to 15% of the fixed capital investment subject to a ceiling of Rs. 15 lakhs. With effect from 1-1-1977 the existing units in such districts/areas are eligible to subsidy for the purpose of the expansion if the additional investment is not less than 10% of the existing investment. In case of units having fixed capital investment beyond Rs. 1 crore, the subsidy was to be extended on a selective basis. Prior to the extension of coverage 44 districts/ areas had been identified for this purpose. However, after extension, 101 districts/areas have been selected to qualify for assistance under this scheme.

4.11 Besides this a concession m corporate tax has been available to units in backward districts (broadly as defined for the concessional finance scheme) under Section 80 HH of the Income Tax Act since April, 1974. Under this 20% of the taxable profits are allowed as a rebate for calculation of tax.

4.12 The three concessions listed above complement one another in the sense that the capital subsidy is available during the construction stage, the interest concession in the earlier years of production and the tax concession mainly in the later years after the benefits under the other general set off like ihe tax holidy for new units are used up. There is a ceiling to the benefit under the capital subsidy of Rs. 15 lakhs. In the case of concessional fi'nance also the amounts given on concessional terms is limited to Rs. 2 crores. The Section 80 HH rebate however does not have a ceiling and the value of the concession will rise with the magnitude of profits. The attractiveness of the concession will vary from case to case depending on the quantity and time profile of profits. An assessment of the value of these concessions, converted into equivalent present value, is presented in fable 4.1 for 12 selected projects directly financed by IDBI. For these 12 projects, the absolute value of the capital subsidy is Rs. 15 lakh. The interest concession which is available over a period of years when reduced to equivalent present value is worth Rs. 11 lakhs. The absolute value of the Section 80 HH concession varies widely depending on the private profile of the project. The Table shows how the value of the central subsidy and interest concession as a percentage of

capital costs decline with size. It also shows the variation in the value of the Sec. 80 HH concession for otherwise similar units. The table shows that beyond a certain size the Sec. 80 HH concession is quantitatively much more important than the central subsidy and the interest concessions.

4.13 Besides these measures,' the Government have also instituted certain other measures like a transport subsidy for hill and remote areas, special facilities for imports, hire-purchase of machinery etc. A statement listing the incentives presently available for- the development of industrially backward areas is at Annexure IV. 2

4.14 In what follows we examine first the working of the central investment subsidy and concessional finance scheme, the pattern of location of public investment, the use of licensing policy and the industrial estates programme. The fact the certain concessions presently offered are not examined below should not be taken as an implicit reflection on their effectiveness. The more important of these will be examined in the final report of the-National Committee,

Central Investment Subsidy

4.15 The pattern of distribution of funds under the central subsidy scheme is given in Table 4.2. This table shows that out of a total disbursement of Rs. 57.10 crores made till 1978-79, over 55% had gone to the 25 eligible districts/areas of states which were not considered to be industrially backward by the Pande Working Group. Four of these States, hanaely, Tamil Nadu, Maharashtra, Gujarat and Katnataka accounted for over 42% of the total subsidy disbursed with the respective shares of these states "being Tamil Nadu 15.5%, Maharashtra 11.7%, Gujarat 7.5% and Karnataka 7%. Of the states identified as industrially backward by the Pande Working Group, Andhra Pradesh received 12.1% and Rajasthan 8.3% of the total subsidy disbursed respectively. The share of the other industrially backward states like Assam. Bihar, Orissa and Jammu and Kashmir has been very small.

4.16 The year-wise distribution shows that for the first few years the utilisation of the subsidy was very limited and the bulk of the amount was released in the later years.

4.17 Amongst the industrial undertakings which have received subsidy, 1.0,064 units have capital investment of less than Rs. 10 lakhs, 601 units have capital investment between Rs. 10 lakhs and Rs. 1 crore and 143 units have an investment of more than Rs. 1 crore. The total subsidy disbursed till 1978-79 according to the size of the units is given below ;

Distribution of Subsidy According to Size of Units

Size of unit	No. of Units	Capital investment in the units	Amount of subsidy received
(Rs. crores)			
0-10 laks	10064	126	16.3
10-100 laks	601	206	27.8
100 laks and above	143	377	18.3

*An amount of Rs. 5 -3 crores disbursed by the States to the units but which had not been reimbursed by the Centre "till end of the financial year 1978-79 has also been included.

Source : "Capital Investment subsidy scheme as an instrument for industrialisation of Backward Areas— An expectary view" by Ajay Dua, paper read at Seminar on Industrial Development of Backward Areas, Bombay, May 16-17, 1980 organised by the Industrial Development Bank of India.

The subsidy to units with over Rs. 1 crore of investment was supposed to be selective. However, the data given above suggested that selectivity has not really been exercised.

4.18 The State-wise location of the various units in the fixed capital investment ranges is given in Table 4.3. It would be seen from it that in" the advanced States like Tamil Nadu, Maharashtra, Gujarat and Karnataka

which received a major share of the subsidy, a bulk of the large scale units receiving the subsidy are located. The less developed states of Andhra Pradesh and Rajasthan which also received sizeable funds under the scheme also had a relatively large number of large scale units coming up (26 in Andhra Pradesh and 9 in Rajasthan).

4.19 The district-wise distribution of the Central investment subsidy is given in Annexure IV. 3. A small number of districts account for a substantial share in the benefit:

Distribution of Central Investment Subsidy : (Comulative upto 1978-79) (Rs. Laks)	
1. North Arcot (Tamil Nadu)	488
2. Arunagabad (Maharashtra)	381
3. Baruch (Gujarat)	366
4. Ramnathpuram (Tamil Nadu)	358
5. Medak (Andhra Pradesh)	225
6. Solan (Himachal Pradesh)	216
7. Mysore (Karnataka)	209
8. Panchamahals (Gujarat)	192
9. Dewas (Madhya Pradesh)	162
10. Dharampuri (Tamil Nadu)	157
11. Surendranagar (Gujarat)	155
12. Goa (Goa, Daman and Diu)	148
13. Allepey (Kerala)	141
14. Madurai (Tamil Nadu)	139
15. Ratnagiri (Maharashtra)	138

These 15 districts account for over 56 per cent of the subsidy disbursed.

4.20 It is clear that the benefits of the Central subsidy (which is applicable to 101 districts/areas) have accrued to a small number of districts. With the exception or- Solan, al! the top 15 districts are. in the west or the south. Only 3 of the 15 districts are in States/UTs which were classified as industrially backward by the Pande Committee. Most of these districts are in close proximity to relatively developed industrial centres (e.g~. Medak, Aliepey, Madurai) or lie on the trunk route between developed centres (e. g. North Arcot, Dharampuri, Baruch). Many of the districts that have benefited have large industrial estates or areas promoted aggressively by state level agencies e. g. Hosur in Dharampuri, Ranipet in North Arcot,'Aurangabad town in Aurangabad. Incidentally 10 out of the top 15 districts were added to the list of eligible districts in the second round.

Concessional Finance Scheme

4.21 The all India financial institution (IDBI, ICICI and 1FCI) offer loans to industrial projects in backward areas on concessional terms. The concessions involve a lower interest rate, a longer grace period and ammortization period, and few other concessions (details in Annexure IV.2). The state-wise pattern of distribution of this concessional finance as of 31st December 1979 is given in Table 4.4. This table shows that 55 per cent of the concessional finance flowed to units in states not considered backward by the Pande Working Group. The Institution-wise details are as under :

	Share of Industrially Developed States		Share of Industrially backward States*	
	Sanctions	Disbursals	Sanctions	Disbursals
IDBI	53.6	52.8	46.4	47.2
ICICI	61.6	59.7	39.4	40.3
IFCI	55.5	54.0	44.5	46.0
Total	54.7	53.9	45.3	46.1
*As defined by the Pande Working Group.				

4.22 Backward districts obtain finance from the all-India institutions on concessional terms as well as normal terms. These flows as percentage of the total disbursements of all-India financial institutions were as follows :

	1976-77	1977-78	1978-79
Share of backward districts	35-6	40-4	44-2
of which			
proportion under concessional terms	64-7	64-4	57-6
Source : Industrial Development Bank of India, Annual Report 1978-79, page 134.			

The percentage share of the backward districts in total disbursement must be compared with the fact that these districts cover about 70% of the area of the country and about 60% of the population. Thus, neither on a population nor on an area basis backward districts got as much as the other non-backward districts. It may also be noted that a significant proportion of the finance going to these districts does not attract concessional terms.

4.23 The distribution of assistance amongst the eligible districts is highly skewed. Some data on this distribution for the assistance given by IDBI . are presented in Table 4.5. These data show that about one-fifth of the eligible districts account for the bulk of the benefit. However, the share of the top 50 districts has tended to decline over the years from 85% as of the December 1974 to 69% as on December, 1979.

4.24 District-wise data on the disbursals made by IDBI, IFCI and ICICI on concessional terms to units in backward areas are given in annexure IV.3. These data shows that 22 out of the 247 eligible districts got Rs. 10 crores or more by way of concessional finance -and accounted for 49 per cent of the total disbursals. Out of these 12 districts which got Rs. 15 crores or more account for 33 per cent of disbursals. These 12 districts are as follows:

	(Rs. Laks)
Mysore Karnataka)	2701
Goalpara (Assam)	2619
Goa, Daman and Diu	2522
Aurangabad (Maharashtra)	2492
N. Arcot (Tamil Nadu)	2226
Kurunool (Andhra Pradesh)	2054
Trichy (Tamil Nadu)	2029
Bulandsahr (Uttar Pradesh)	1898
Medak (Andhra Pradesh)	1877
Khammam (Andhra Pradesh)	1780
Bharuch (Gujarat)	1811
Ramnathpuram (Tamil Nadu)	1580

It will be seen that all but 2 of these districts are in the South of West. Some of these are close on existing industrial centres e.g. Mysore, N. Arcot, Medak and Bharuch. The same broad picture obtains for the larger list of 22 districts which got Rs. 10 crores or more. Thus in the case of the concessional finance scheme as in the case of the central investment subsidy the distribution of benefits is highly skewed, and that too in favour of districts near established industrial centres.

4.25 The impact of the central subsidy and the concessional finance scheme have been studied more closely in two districts, Alwar in Rajasthan and Chandrapur in Maharashtra in studies commissioned by the Industrial Development Bank of India. These two districts are eligible for the central subsidy and for concessional finance. A summary evaluation of the impact of the schemes in Bulandsahr and Moradabad (both in Uttar Pradesh) was presented in a paper at the IDBI Seminar. A summary of some of the points that emerge from each evaluation are presented in Annexure IV.4, which also gives the exact reference. The conclusions suggested by these evaluations are as follows :

a) The impact of the schemes, which were introduced in 1971, was significant after 1974.

b) The availability of concessional finance and subsidy has been significant motivating factor in persuading entrepreneurs to locate their units there.

c) The availability of industrial infrastructure and nearness to markets in developed centres seems to be a major factor determining location for medium and large -units.

d) The pattern of development in the two districts which are near developed areas (e. g. Alwar) involves substantial interlinkages with developed areas in raw materials and marketing. However, in the district located away from developed areas (Chandrapur).the pattern of development involves small

units based on local raw materials and very little development of an ancilliary nature.

e) In all districts, the bulk of the employment is of local labour. However, skilled labour often comes from outside

f) Entrepreneurship for medium and large units generally comes from outside the area, but small entrepreneurs are mostly local.

Location of Public Sector Enterprises

4.26 The location of public enterprises in backward areas subject to technical and economic considerations has been an accepted element in public policy. The state-wise distribution of the gross block of central public enterprises and employment in them is presented in Table 4.6. These data show that the relative share of industrially developed and backward states as defined in para 2.17 is as follows :—

Share of Groups of States in investment and employment in Central Public Enterprises as on 31-3-1979

	Block Capital	Employ ment
1 . Industrially Developed (including Delhi)	31.6	45.0
2. Industrially Backward	50.5	52.9
3. Unallocated	17.9	2.1
N.B.—Classification into developed and backward States is on the basis of per capita value added in manufacturing (of para 2-17)		

These data show that the bulk of the direct benefit of central public investment has accrued to less developed states. However, it must be noted that a large proportion of the amount shown in the less developed states under .gross block is accounted for by the heavy investment in. the Bokaro, Bhilai and Rourkela Steel Plants. Similarly much of the benefit shown under employment is on account of the labour employed in coal mining.

4.27 The bias in favour of less developed states in the direction of Central Government's investments is partly coincidental. Those states happen, to[1] have large reserves of iron ore, coal and other minerals. (Hence, resource oriented investment of the central public sector in mineral development, in the manufacture of.steel, aluminium and other metals, in cement etc. necessarily had to[1] be made in these states. In these cases the bias in favour of the undeveloped ' states is not so much a consequence of deliberate policy of industrial dispersal but of techno-economic consideration.

4.28 There are other areas of central public investment where a deliberate bias in favour of backward areas is more evident. Thus several central sector engineering enterprises which could have been located at developed centres have been deliberately placed in un-developed areas. Some instances of this are listed below :

i. BHEL, plants at Bhopal, Hardwar and Jhansi

ii. HAL plants at Koraput and Lucknow

iii. HMT plants at Kalamassery, Srinagar

iv. H.E.C. at Ranchi

v. IDPL Plant at Rishikesh

vi. ITI plants at Naini and Raq Bereli.

The public sector plants located in , the developed states have also tended to be based in relatively new centres like Hyderabad, Bangalore, Nasik, Trichy and Durgapur.

Licensing Policy

4.29 The Industrial Policy Resolution of 1956 stresses the fact that in order that

industrialisation may benefit the economy of the country as a whole, it is important to reduce progressively disparities in levels of development between different regions. The articulation of the government's policy on industrial dispersal in this resolution and subsequent statements on Industrial Policy has been dealt with earlier in Chapter 3.

4.30 Within the overall framework of regulating and developing industrial growth the ID&R Act has laid down different criteria for licensing of industries. One of the conditions kept in view in framing licensing policy has been the question of locating the industry or project in a backward area. No specific provision exists .in the ID&R Act that seeks to give an incentive to setting .up industries in backward areas. However, this aspect of industrial location in backward areas of licensed industries is looked into by Government while considering applications for industrial licenses submitted under the provision of the Act. One recent feature worth mentioning, however, is that there is a negative criterion applied in such licensing which excludes the setting up of licensable industries in metropolitan areas and specified urban conglomerations. It is worth adding that in finally taking a view on industrial licensing application, apart from the desirability of locating it in industrially backward area, various other factors viz; priorities in the national interest, the nature of projected demand and scope for further licensing effect of balance of payment, etc. are also kept in mind.

4.31 Some data on the industrial licensing in backward areas are given in the following set of tables :

a) State-wise distribution of industrial licences issued during the period 1975—79 and the share of licences to undertakings to be set up in backward areas (Table 4.7).

b) State-wise number of letters of intent issued to undertakings to be set up in backward areas during the period 1975—79 (Table 4.8).

c) Industry-wise statement of licences and letters of intent issued to units to be set up in backward areas (Tabe 4.9).

d) Number of letters of intent and industrial;licences issued to units originally to be set up in backward areas but later permitted to be transferred to forward areas (Table 4.10).

4.32 The following general conclusions seem to follow from the data :

a) The share of letters of intent has steadily risen in regard to' backward areas and in 1979' it was as high as 44%.

b) The share of licences to backward areas as compared to total licences issued has ranged during this period between 20—30%.

c) Chemical industries, paper products, fermentation industries, metallurgical industries, food processing industries and textiles contribute to a large extent in the share of licences and letters of intent issued to back ward areas. The absence of licences/letters of intent to more advanced technology industries is note-worthy by its absence in regard to backward areas.

d) The number of units which were originally to be set up in backward areas but later permitted to move to forward areas has generally reduced over time.

Licensing policy is a negative instrument and cannot by itself promote industrial development in industrially backward areas. It can at most impose certain restraints on the pace of expansion in developed areas and thereby make it somewhat easier to attract entrepreneurs to industrially backward areas.

Industrial Estates

4.33-The industrial estates programme was launched in pursuance of a resolution of the Small Scale Industries Board in January, 1955. The principal objective of the programme is to provide factory ac-commodation to small, scale industries at suitable sites with infrastructure facilities and, where, necessary, common service facilities. The objective of using the programme to promote industrialisation of backward areas was explicitly recognised as is clear from the, foliowiag quotation from, the Second Five Year Plan :

"The Village and Small Scale Industries Committee expressed the view that industrial estates should be located in such a way that they do not encourage further concentration of population in large urban centres. In decudirig tne location of the estates, especially the smaller estates, this consideration should be kept in view so that preferably they are developed in or near towns of compara-tivey small size."

(Second Five Year Plan: P. 453, para 45)

4.34 The Industrial Estate programme is being implemented through state governments. At the start of the programme in the Second Plan the Central Government advanced to State Governments the entire cost of the estates in the form of loans. At present, the programme is not directly financed by the Central Government. The total expenditure on this programme up to the end of 1978-79 was Rs. 79 crores.

4.35 As of 31-3-1975, the latest date for which estate-wise data are available* the actual achievements were as follows:

Achievement of Industrial Estates Programme

Estate	Achievements as of 31-3-75
Estates Completed	573
Estates Functioning	469
Sheds Completed	13580
Sheds Allotted	12277
Sheds Occupied	11375
Sheds Working	9783
Employment	185429

*The data for para 4 -35 to 4 -41 are contained in Industrial Estates in India' : Half yearly Progress Report for the period ending March, 1975' DCSSI, Ministry of Industry, Govt. of India.

4.36 The importance of industrial estates has to be judged in the context of the overall level of development of small industries. Using more recent data, it appears that the number of units functioning in industrial estates constitute only around 4 per cent of the number of registered small units as of 1978-79. Thus the vast majority of SSIs are located outside the industrial estates.

4.37 Industrial estates were meant to be an instrument to promote small industry development in new centres. Hence the location of these estates is of importance. The state-wise details of these estates func-tioning as on 31-3-1975 is given in Table 4.11. It will be seen that in terms of employment, Gujarat leads with a 28.6 per cent share .in employment, Maharashtra with 17.5 per cent and Tamil Nadu with 16.5 per cent. Thus the bulk of the employment in industrial estates is accounted for by these three developed states.

4.38 In the early stages, industrial estates were set up in the vicinity or major urban centres. A shift to small towns and centres came later. The posiiton regarding the distribution of functioning estates as of 31-3-1975 is as follows :

Centre-wise distribution of achievements as on 33 -3-1975			
	Urban (population more than 50th)	Semi-urban population between (5-50th)	Rural (population below 5th)
No. of estates	231	135	103
No. of sheds constructed	8896	2129	1970
No. of sheds occupied	7891	1639	1567
Employment	145225	18578	21626

4.39 These data show that, though a large number of industrial estates have been set

up in small centresj in terras of sheds constructed, 68 per cent of the development took place in centres with a population of over 50 thousand. The utilisation of constructed sheds was somewhat lower in the small centers. In terms of employment generated, 78 per cent was in the larger centers. Out of the total number of estates functioning about one-third were in districts designated as industrially backward.

4.40 An analysis of the distribution of employment in different estates shows that the bulk of the employment has been generated in estates in or near major industrial centers. The relevant figures for some centers are given below:

Industrial estates in or near selected centers

	Employment	Number of Estates
Madras	25000	3
Bombay	14600	10
Ahmedabad	14500	6
Juilundur	9500	2
Udhna (Surat)	9000	1
Baroda	8500	8
Poona	6600	7
Hyderabad	5800	5
Kolhapur	3600	3
Vapi	3500	1
Kanpur	3500	2
Delhi	2900	2
Bhopal	2200	3
Calcutta	2000	5
TOTAL	111200	58

4.41 These data show that about 60 per cent of the employment in industrial estates is concentrated in or around 14 towns. The first three centres, which were already, developed industrial areas before the commencement of the programme account for nearly 30 per cent of the total employment generated.

4.42 On balance, it appears that with a few exceptions, the industrial estates programme has not helped to relocate industries away from developed areas to new centres. This situation has been explicitly recognised in the plans. Thus the Third Plan states that "sines most of the industrial estates have been located close to fairly large towns, the objective of establishing new centres of industries has been achieved only to a limited extent". (Third Five Year Plan p. 449, Para 50).

4.43 In a subsequent chapter, the towns which can be considered as existing centres of industry are identified. This identification shows a particularly well-dispersed pattern of industrial development in Tamil Nadu. This could be because of a well-planned and implemented industrial estates programme. Nine industrial estates were completed in the Second Plan, two of them in the same district. In the Third Plan 13 estates were established. Though the estates varied in size the extent of variation was not very large. All the estates were actively promoted. An attempt was also made to disperse public sector activity to new centres like Tuticorin and Tiruchurapalli. All these efforts seem to have succeeded in dispersing industries more widely through the State.

4.44 A study of IDBI assisted industrial estates hi the Southern region has been undertaken.* The important conclusions in this report are listed below :

1. Although the sponsoring agencies are good in setting up estates, there is some delay in entrepreneurs taking possession of sheds and commissioning their units quickly and also operating them successfully.

2. Out of the 116 estates covered during the survey, only 25% of the estates are located in notified backward -areas.

3. Estates located in backward areas are bed-evilled with numerous problems, the main problem being lack of entrepreneurial resources. Besides, the market potential, as also the availability of skilled labour are, not at all attractive for outside entrepreneur

4. The sponsoring agencies in all the

states except in Kerala have selected the sites for estates by referring it is stated, to some techno-economic surveys available with them. But it is doubtful whether any in-depth study has been conducted specially with regard to estates in backward and rural areas as most of these are found to be slow- moving or non-starters. In Kerala, the criteria for locating the estates has been purely on two points, viz. availability of minimum one acre of land free of cost from Panchayats and availability of minimum 10 entrepreneurs in each Panchayat. As no in-depth study was done to establish the viability of estates in these Panchayat areas, these states were found to be laden with multifarious problems.

5. During the survey, it was noticed, that except for one functional estate at Shimoga, promoted by private agencies, there are no other functional estates at all anywhere else. A functional estate is one in which the functions of one industry are sub-divided among a number of small units located in one place, each functioning according to a coordinated manufacturing programme. The main advantage is that it can provide to small scale units economies of specialisation and large scale production which would not have been accomplished by the small units on their own.

6. The nationalised banks, scheduled banks, cooperative banks, state-level financial corporations, and SIPCOT are the institutions' that have provided term finance to the sponsoring agencies for the construction of the estates. During the survey, it was noticed that these financial agencies play a limited role in monitoring the establishment of the estates.

7. The agencies which sponsor estates are found to be taking enough care to provide basic industrial infrastructure facilities like road, water supply and power for the sheds. However, they leave it to other agencies to develop the social infrastructure, such as post office, canteen/hotel, police chowki, telegraph and communication facilities, dispensary, bank, warehouse facility, goods transporters, transport arrangements for commuting workers from residential areas, etc.

8. With a view to examining the socio-economic impact of the estates, the input-output structure of the units have been analysed. The following table gives the State wise figures :

(All figures in%)

		Andhra Pradesh	karnataka	Tamil Nadu	Kerala	pondicherry
Raw material sources						
a	Local	47	51	36	76	48
b	(b) Nearby towns/ cities/ outside the State/ Imports/ agencies etc.	53	49	64	24	52
Sales						
a	Local	68	60	69	23	38
b	Within the State/ outside the State/ export	32	40	31	77	62

""Study of IDBI assisted industrial Estates" by K.I.T.C.O., Cochin, paper presented at seminar on Industrial Development of Backward Areas, Bombay, May 16-17, 1980 sponsored by Indastrial Development Bank of India.

9. The industrial units established in the estates have also provided employment to the local people.The following figures, State- wise, indicate a high percentage of employment of local people :

(All figures in %)

		Andhra Pradesh	karnataka	Tamil Nadu	Kerala	pondicherry
Employement						
a	Local	65	63}			
b	Whitin the states	25	11 }	89	86	85

a	outside the State	10	26	11	4	15

10) In Andhra Pradesh, 90% of the entrepreneurs are local persons or hail from the surrounding areas, as against only 29% in the case of Karnataka., In Tamil Nadu, it was seen that in Ambattur Estate the local entrepreneurs constitute 73% whereas at Hosur, located in the notified backward district, there are none. In Kerala, the local entrepreneurs constitute 98% of the total entrepreneurs in the estates.

11) On the whole, it is observed that technocrafts are attracted in more and more number to estates.

12) In Andhra Pradesh, over 82% of the entrepreneurs possess experience in the similar lines. In Karnataka, the percentage in this category is 66%. In Tamil ISadu and Pondicherry estates, their percentage is also as high as 88%. In Kerala, the percentage of entrepreneurs with previous experience is only 51%.

13) More than one factor had motivated the

14) entrepreneurs to come to the estates. They pointed out that the availability of sheds on hire-purchases or lease which meant an economy in initial investment was the greatest motivating factor for them to come to the estates. The availability of integrated industrial infrastructure in an estate would avoid the problems that they would have in dealing with different agencies if they were to set up industries elsewhere. Some of the entrepreneurs expressed the view that establishing units in industrial estates would make it easier to get various benefits from Government agencies as the estate programme is conceived by them as a Government programme thus expecting Government agencies to render all help to make their units successful. However, many of them are also of the opinion that things have not turned out to be as desired. Surprisingly very few entrepreneurs mentioned that they were motivated to start industries to take advantage of locally based raw material resources, market potential or availability of skilled labour in the area.

Table 4.1					
Import of Fiscal and Monetary Concession					
N.B. data pertains to a selection of 12 projectsdirectly financed by IDBI					
S. No.	Industry to which projects belongs	Project cost Rs. Crores	Present value of benefit as percentage of project cost		
			Central Subsidy	Interest Concession	Section 80 HH
1	Chemicals	2.10	7.1	5.3	1.9
2	Cement	2.12	7.1	5.2	44.2
3	Cement	3.80	3.9	2.9	2.1
4	Fabrics	4.40	3.4	2.5	3.7
5	Fibres	4.81	3.1	2.3	8.1
6	Paper	5.95	2.5	1.9	5.4
7	Oil	6.74	2.2	1.5	21.5
8	Machinery	7.50	2.0	1.5	6.9
9	Chemicals	10.14	1.5	1.1	4.9
10	Ferro-alloys	10.16	1.5	1.1	1.3
11	Ball Bearings	16.35	0.9	0.7	4.6
12	Chemicals	24.30	0.6	0.5	0.3

TABLE 4-2
Statewise and Year-wise Reimbursements made under Central Investment Subsidy Scheme

State/Union Territories	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	Total Col 2 to Col. 8	% of total reimbursement
1	2	3	4	5	6	7	8	9	10
Andhra Pradesh .			61.47	79. 68	158.46	258.76	132.08	690.45	12.1
Assam		2.50	1.91	18.55	33.64	26.14	56.19	128.97	2.3
Bihar			12.74	2.00	19.95	45.95	36.99	117.61	2.1
Gujarat		0.58	15.26	73.41	90.20	64.11	186.37	429.92	7.5
Haryana				12.61	8.96	94.66	43.35	159.59	2.8
Himachal Pradesh			23.67	28.42	12.88	105.09	23.98	194.05	3.4
Jammu and Kashmir				2.59	47.03	27.18	70.81	147.61	2.6
Karnataka	10.25		18.35	24.98	115.09	154.01	87.90	400.60	7.0
Kerala			29.84	28.30	19.31	129.28	71.01	277.73	4.8
Madhya Pradesh			12.76	40.58	140.25	156.18	34.03	284.39	5.0
Maharashtra		48.11	70.40	101.22	86.00	218.12	144.31	668.16	11.7
Manipur	0.18					6.24		6.43	0.1
Meghalaya			5.95	3.67	4.64	5.05		19.31	0.3
Nagaland			3.77			34.63		38.41	0.7
Orissa			8.16	1.68	12.23	11.21	28.95	62.29	1.1
Punjab		0.59	11.11	22.06	45.45	65.36	45.48	190.45	3.3
Rajasthan	1.33	2.31	35.67	50.40	81.76	182.-84	132.90	487.21	8.3
Sikkim					1.34			1.34	0.1
Tamil Nadu		4.57	144.65	104.73	238.32	292.78	198.47	883.52	15.5
Tripura .						4.84	14.05	18.89	0.3
Uttar Pradesh			28.39	7.59	54.38	19.09	37.02	146.46	2.6
West Bengal		0.18	4.40	5.60	32.33	4.47	63.32	107.30	1.9
Andaman & Nicobar .					0.36		4.42	4.78	0.1
Dadra & Nagar Haveli						8.37	9.69	18.06	0.3
Arunachal Pradesh						9.19		9.19	0.2
Goa, Daman & Diu				1.46	21.66	66.35	95.25	184.72	3.3
Lakshadweep									
Mizoram					—	5.50		5.50	0.1
Pondicherry		0.08		0.19	2-70		24 .23	27.21	0.5
Total			385. 51	599.71	1117-00	1996.00	1541.19	5710.09	

Source : "Capital Investment Subsidy Scheme as an instrument for industrialisation of backward Areas — An expository view" by Ajay Dua, paper read at Seminar on Industrial Development of Backward Area, Bombay, May 16-17, 1980 organised by the Industrial Development Bank of India.

TABLE 4.3
Industrial Units set up State-wise In selected Backward Areas in the Various Fixed Capital Investment Ranges

(Rs. lakhs)

Name of the State/U.T.	Upto Rs. 10 lakhs	Rs. 10-15 lakhs	Rs. 15-50 lakhs	Rs. 50 lakhs to 1 crore	More than 1 crore	Total No. of Units
	No. of units	No. of units	No. of units	No. of units		
Andhra Pradesh	883	14	27	15	26	965
Assam	236	4	7	2	4	253
Bihar	1505	13	4	__		1526
Gujarat	973	30	27	18	6	1054
Haryana	92	3	9	15	3	112
Himachal Pradesh	474	12		6	6	515
Jammu & Kashmir						
Karnataka	331	12	17	6	11	377
Kerala	849	10	17	2	5	883
Madhya Pradesh	424	8	18	15	8	473
Maharashtra	447	15	35	17	21	535
Manipur	5					5
Meghalaya	69		2	0		73
Nagaland	723		2			726
Orissa	320	4	6	3	2	335
Punjab	491					491
Rajasthan	504	1	4	4	9	522
Sikkim	11					11
Tamil Nadu	768	28	68	38	19	921
Tripura	88				1	89
Uttar Pradesh	185	12	6		8	211
West Bengal	253	7	3	10	4	277
Andaman & Nicobar	10					10
Arunachal Pradesh					1	1
Dadra & Nagar Haveli	8	1	1			10
Goa, Daman & Diu	242	2	6	4	3	257
Lakshadweep						—
Mizoram						—
Pondicherry	173	1		1	2	177
TOTAL	10064	177	276	148	143	10808

*Totals do not include the figures relating to Jammu and Kashmir and Mizoram.

Source : "Capital llnvestment Subsidy scheme as an instrument for industrialisation of Backward Areas—An expository view" by Ajay Dua, paper read at Seminar on Industrial Development of Backward Areas, Bombay, May 16-17, 1980 organised by the 'Industrial JDevelopmentjBank of India.

TABLE 4.4
State-wise Distribution of Concessional Finance as on 31-12-1979

State	IDBI		ICICI		IFCI	
	Sanctioned	Disbursed	Sanctioned	Disbursed	Sanctioned	Disbursed
	2	3	4	5	6	7
Andhra Pradesh	10619-26	7063 -42	1351 -65	1053 -99	1424-40	1047 -93
Assam	3005.68	2757.47	286.71	282.36	195.00	194.96
Bihar	4042.52	1681.39	300.39	141.15	291.99	178.89
Gujarat	11917.28	4977.70	1052.63	665.21	654.18	448.54
Haryana	2535.53	1438.08	291.86	154 .88	601.84	472.49
Himachal Pradesh	1498.55	781.19	168.04	142.07	337.42	128.55
Jammu & Kashmir	1716.08	1424.54	219.71	118.12	158 .50	61.00
Karnataka	9097.05	5107.94	1513.47	895.14	1482.22	864 .37
Kerala	4161.53	2390.71	573.04	381.95	596.35	391.49
Madhya Pradesh	4061.10	2367.81	524 .74	363.31	510 .97	272.87
Maharashtra	7419.68	4329.39	2454.81	1995.89	2397.93	2038.05
Manipur	74.05	15.07				
Meghalaya	428.63	411.74	24.00	23.79	84.00	73.95
Nagaland	102.89	76.50			50.00	50.00
Orissa	2907.07	495.42	308.92	54.65	418.86	110.64
Punjab	4006.90	1959.96	697.58	433.74	1063. 20	448.50
Rajasthan	5548.87	3276.42	680.39	501.94	858.02	547.42
Tamil Nadu	10809.27	6999.23	1510.44	939.04	1448.91	1009.14
Tripura	191.46	114.84	31.66	31.66	65.31	52.25
Uttar Pradesh	9755.39	4476.17	955.88	543.43	2424 .65	1965.14
West Bengal	4630.01	2630.71	1108.81	667.39	878.19	398.51
U.Ts.	3355.76	1554.39	906.39	877.77	511.28	487.84
Total	101884.56	56330.09	14961.12	10267.48	16453.22	11242.53

Source : Information supplied by IDBI and IFCI

TABLE 4. 5
Share of First Fifty Districts in the Total Backward Concessional Assistance from IDBI*

Share of	Position as (Rs. crores)	Position as	Position as	Position as	Share in total concessional assistance to the December	June 1977	June 1978	December
1	2	3	4	5	6	7	8	9
First 5 Districts	46.6	81.3	90.0	156.7	38.2	17.8	15.4	15.4
First 10 Districts	64.3	132.6	156.5	262.6	52.7	29.1	26.8	25.8
First 20 Districts	81.0	206.7	253.5	428.1	66.3	45.3	43.4	42.0
First 30 Districts	91.3	256.4	316.8	540.7	74.8	56.2	54.2	53.1
First 40 Districts	98.2	293.0	369.0	628.4	80.4	64.2	63.2	61.7
First 50 Districts	103. 8	322.1	413.6	699.8	85.0	70.6	70.8	68.7

*Comprising loan, underwriting and refinance.

Source: "Regional Pattern of IDBFs assistance" by N. R. Shenoy and S. K. Gupta, paper read at Seminar on Industrial Development of Backward Areas, Bombay, May 16-17, 1980, organised by the Industrial Development Bank of India.

TABLE 4.6
State wise Distribution of Gross Investment and Employment in Central Public Enterprises as on 31-3-1979

(percentage to total)

State	Gross Block	Employment
Andhra Pradesh	3.3	3.8
Assam	2.4	1.3
Bihar	18.4	23.9
Gujarat	4.9	2.2
Haryana	1.4	0.6
Karnataka	3.4	5.7
Kerala	2.4	1.3
Madhya Pradesh	11.8	12.7
Maharashtra	6.2	9.3
Orissa	4.5	3.4
Punjab	2.2	0.9
Rajasthan	1.9	1.6
Tamil Nadu	3.9	3.5
Uttar Pradesh	4.2	4.0
West Bengal	6.9	19.4
Delhi	2.7	3.4
Others	1.6	0.9
Unallocated	17.9	2.1

Source : Public Enterprises Survey, 1978-79 Bureaa of Public Enterprises, Ministry of Finance,

TABLE 4.7
Industrial Licences Issued and Share of Licence to Undertaking to be set up in Backward Areas

State	Total Number of Licences issued					Licences to backward areas A				
	1975	1976	1977	1978	1979	1975	1976	1977	1978	1979
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Andhra Pradesh	61	51	27	17	17	15	14	7	9	8
Andaman &										
Nicobar	1					1			1	
Assam	9	6	2	1	2	1	4	1	1	1
Bihar	15	17	16	12	3	4	4	3	4	1
Chandigarh	4	2		1						
Dadra & Nagar Haveli		1					1			
Delhi	11	10	5	6	6					
Goa, Daman & Diu	8	7	1	2		8	7	1	2	
Gujarat	98	83	60	46	48	17	10	12	10	Id
Haryana	62	27	23	13	16	16	6	4	2	1
Himachal Pradesh	5	3	2	4	1	1	3	1	3	1
Jammu & Kashmir	.3	3	1	2	2	2	3	1	2	2
Karnataka .	64	43	45	26	24	16	11	9	7	10
Kerala	25	25	16	7	11	9	7	11	2	6
Madhya Pradesh .	35	IS	8	8	7	23	16	5	2	4
Maharashtra	255	143	150	101	111	26	16	22	19	20
Manipur		1					1			
Meghalaya	2	1				2	1	1		
Nagaland	1					1				
Orissa	11	7	2	2	6	3	2	2		6
Pondicherry	2					2				
Punjab	43	25	23	9	13	4	8	5	2	1
Rajasthan	24	16	17	10	8	5	8	9	5	5
Tamil Nadu	141	61	32	28	26	40	17	10	10	7
Tripura		1					1			
Uttar Pradesh	72	55	41	26	33	18	16	8	10	9
West Bengal	74	56	40	23	29	12	13	11	11	10
State not indicated	1		6	3	2				1	
TOTAL	1027	662	518	348	365	216	168	123	103	102

Source: Ministry of Industrial Development.

TABLE 4. 8
Statewise Numbers of Letters of Intent Issued and the Share of Undertakings to be set up in Backward Areas

	Total Number of Letters of Intent issued *					Letters of Intent granted to backward areas				
States	1975	1976	1977	1978	1979	1975	1976	1977	1978	1979
Andhra Pradesh	61	41	29	29	44	19	16	8	8	20
Andaman & Nicobar	1			1		1			1	
Assam	7	10	2	4		4	6		1	
Bihar	28	13	12	9	5	5	3	2	1	2
Chandigarh	2									
Dadra, Nagar Haveli	1					1				
Delhi	22	4	11	4	2					
Goa, Daman & Diu	6	4		3	2	6	4		3	2
Gujarat	107	77	84	70	118	21	18	18	22	55
Haryana	50	21	14	20	26	10	3		5	5
Himachal Pradesh	10	7	3	9	6	3	3	2	9	4
Jammu & Kashmir	6	4	6	5		6	3	6	3	
Karnataka	58	49	42	15	34	25	11	19	2	17
Kerala	33	15	18	13	11	15	6	11	3	5
Madhya Pradesh	52	13	24	24	34	28	11	15	15	23
Maharashtra	189	128	135	90	105	30	26	39	14	38
Manipur	2					2				
Meglialaya	7	2	1		1	5	2	1		
Nagaland			1					1		
Orissa	21	10	9	9	5	11	6	7	4	4
Pondicherry	2	1		1	1	2	1		1	1
Punjab	37	22'	15	15	26	13	5	2	3	8
Rajasthari	27	11	15	26	35	14	5	7	19	20
Tamil Nadu	78	36	22	27	35	24	14	11	13	10
Tripura										
Uttar Pradesh	80	40	47	33	30	25	16	20	8	13
West Bengal	73	38	41	31	28	21	17	15	11	15
State Not indicated	2	1	2	2	2					1
TOTAL	962	547	533	440	550	291	176	187	146	244

Source : Ministry of Industrial Development.

TABLE 4.9
Industry-wise Statement of Licences and Letters of Intent Issued to Units to be set up in Backward Areas

Name of the Scheduled Industry	No. of LIs / ILs granted									
	1975		1976		1977		1978		1979	
	LI	IL	LI	IL	LI	IL	LI	IL	LI	IL
Metallurgical Industries	19	36	11	19	24	17	8	3	20	11
Fuels				2			1			1
Boilers & Steam Generating Plants									1	
Prime Movers (Other than Electrical Generators)		1					1	2		
Electrical Equipment	16	11	8	12	13	11	16	12	19	4
Telecommunications	1	2			1			1	1	1
Transportation	6	8	6	5	5	4	6	2	7	4
Industrial Machinery	7	10	6	8	5	4	2	3	10	4
Machine Tools	4	3	2	1	1	2			3	1
Agricultural Machinery		2		1						
Earthmoving Machinery		1					1			
Misc. Mechanical & Engineering Industries	3	1	5	4	12	5	18	3	11	7
Commercial, Office & Household	1		1			2	1		1	
Medical & Surgical Appliances	1				1				1	
Industrial Instruments		1	2		2	2	1		4	2
Scientific Instruments	1								2	
Mathematical, Surveying & Drawing Instruments										
Fertilizers	1	3		1		2	3		3	2
Chemicals (Other than Fertilizers)	106	18	58	31	35	26	28	19	54	18
Photographic Raw Film & Paper.										
Dyestuffs	1		4	2	7	1	3	4	4	5
Drugs & Pharmaceuticals	11	3	12	17	13	4	10	14	24	5
Textiles (Including those Dyed, printed										
or otherwise processed)	22	44	13	16	7	4	2	6	10	4
Paper & Pulp including paper products	52	15	14	10	8	5	7	3	20	6
Sugar	1	7	1	9		8		9		
Fermentation Industries		15		6	1	9		1	1	2
Food Processing Industries	16	8	3	9	9	1	4	5	5	4
Vegetable Oils & Vanaspati	3	9	8	7	5	3	3	1	4	2
Soaps, Cosmetics & Toilet preparations										
Rubber Goods	2	4	1	4	1	3	1		3	2
Leather, Leather Goods & Pickers	4	3	7	5	9	5	11	6	2	5
Glue & Gelatin	1			1	3			1		1
Glass		3	1	3	5		4	2		2
Ceramics	2	2	2	1	5	1	1	2	4	7
Cement & Gypsum Products	8	2	8	3	13	2	10	2	28	7
Timber Products	1	4	3		3	2	5	2	1	
Defence Industries										
Misc. Industries				1					11	
TOTAL	291	216	176	168	187	123	146	103	244	102
Source : Ministry of Industrial Development.										

TABLE 4.10
Statement showing the number of LIs and ILs issued to Units to be set up in Backward Areas but later permitted to transfer their location from Backward to Forward Areas

States concerned	Number of transfers allowed from backward to forward areas								Remarks, if any
	1976		1977		1978		1979		
	LI	IL	LI	IL	LI	IL	LI	IL	
1	2	3	4	5	6	7	8	9	10
Karnataka		1	1	1					1
West Bengal	1								
Tamil Nadu		1							
Andhra Pradesh		1							
Uttar Pradesh		1							1
Maharashtra		1							
Punjab		1							
Rajastban		1			1				
Kerala						1			1
Goa (U.T.)		1							

Source : Ministry of Industrial Development.

TABLE 4.11
Statewise details of Industrial Estates functioning as on 31-3-1975

State/Union Territories	No. of Estates	No. of Sheds occupied for production purposes	No. of plots occupied	No. of units functioning in occupied sheds and plots	Employ ment
1 2	3	4	5	6	7
Andhra Pradesh	39	587	654	585	11763
Assam	8	170		67	947
Bihar	13	33.4	3	122	1476
Delhi	2	125	208	152	2853
Gujarat	68	3007	101	3596	53114
Haryana	12	166	160	90	38
Himachal Pradesh	6	45	60	24	296
Jamnm & Kashmir	13	219	14	175	1409
Karantaka	24	490	95	476	5062
Kerala	19	480	40	231	4467
Madhya Pradesh	60	408	798	477	4876
Maharashtira	52	2271	792	1802	32456
Orissa	12	302	14	123	1845
Punjab	18	463	470	2411	12524
Rajasthan	13	377	209	395	4545
Tamil Nadu	36	605	331	603	30613
Uttar Pradesh	58	710	1700	783	13225
West Bengal	6	123	2	83	2031
Total (Including Others)	469	11103	5857	12376	185429

Source: Industrial Estates in India, Half-Yearly Progress Report for the period ending March, 1975, Development-Commissioner for Small Scale Industry (DCSSI), Ministry of Industry, Government of India.

5. INDUSTRIALISATION AND EMPLOYMENT

5.1 The main reason for asking for industrial development in an area is the possibility of diversification of employment structure, and the creation of centres of high productivity and high wages which can then provide the base for further development and diversification of economic activity. It is absolutely essential that the employment benefits from new manufacturing activity promoted in backward areas should accrue to persons from those areas and the secondary/ tertiary benefits that flow out of industrial development and the high wages obtainable in the development are availed of by local entrepreneurs and local labour.

5.2 Backward areas are characterised by a subsistence economy with stagnation of technology, low-productivity and low incomes. These areas suffer from the fact that the growth impulses from centres of modern manufacturing have not percolated down. As a consequence the rapidly growing population, has to be absorbed somehow or the other in the traditional sectors leading to a high dependence on agriculture and traditional crafts and a low income per worker. This lack of purchasing power acts as a further inhibition on the development of industries. It is, therefore, necessary to break this circle by generating growth impulses within these areas.

5.3 Raw material based manufacturing activities will of course generate growth in the sectors supplying the raw material. But besides this direct effect modern manufacturing activity has a more wide ranging impact on growth. The importance of industrial employment in generating strong growth impulses in all sectors arises for a variety of reasons. The first is the relatively high levels of income in industry. According to the data collected in the Annual Survey of Industries, the average earnings per employee in the organised factory sector was Rs. 5900 per annum in 1977-78. Assuming a family of 5, the total annual consumption level required to raise a family above the poverty line is Rs. 3900 in rural areas and Rs. 4500 in urban areas at 1977-78 prices. A large percentage of families in backward areas will be below this level and a substantial increase in industrail employment can lead to a significant rise in consumption standard. Thus the relatively high level of earnings in modern manufacturing can generate demands for agricultural produce and other consumer goods which can stimulate agricultural production, small industries, trading and other service activities.

5.4 The second way in which modern manufacturing employment can stimulate growth impulses is by the upgradation of local skills. Modern industry, requires a larger number of skilled workers than agriculture or traditional manufacturing. Though the basic skills required by industrial workers have to be acquired in training establishments, the influx of industry into an area improves matters in several ways. Firstly, it means that trained persons will not have to migrate -out of the area to seek work elsewhere. Secondly industry provides opportunities for on the job training through apprenticeship and other means. Thirdly,-the presence of industry can lead to an upgradation of technology in local workshops and similar establishments. The upgradation of skills brought about by the influx of industry can lead to farther growth impulses in the form of technician based small industries besides facilitating the further expansion of manufacturing employment in the area.

5.5 The third way in which the influx of industry generates further growth impulses is through the stimulus that it provides for the development of ancil-

liary units. The backward linkages of industries vary greatly but just about all medium and large units require some manufactured inputs which can be made locally. The most obvious instance is provided by packing materials like crates, paper boxes, tin cans, sacks, bottles, etc. Besides this engineering units may require sub-assemblies or components, textile units will require textile stores and almost all units will require a variety of stores and spares. Many of these requirements create a suitable base for ancillary development which can be taken up in the backward area itself.

5.6 The fourth way in which manufacturing activity generates growth impulses is through the stimulus that it provides for the development of services for industry. For example the growth of industry can lead to the development of trucking and freight forwarding services, repair and maintenance service, trading services for industrial stores. All of these make it easier to undertake further developments not merely in the manufacturing sector but in others like agriculture and traditional crafts.

5.7 The sharp increase in incomes brought about by additional industrial employment can have a dramatic impact on other sectors. To illustrate the point it maybe noted that 5000 additional jobs in the factory sector at a wage of roughly Rs 6000 p.a. may mean an additional income in the region of Rs. 2-3 crores. This addition in consumer demand if directed towards local agriculture, services, village and small industries can generate a substantial volume of additional employment and help to dynamise other sectors of economic activity.

6. INDUSTRIALISATION AND URBANISATION

6.1 A certain degree of concentration is inevitable in the location of industrial activity. The tendency of industrial units to congregate at certain centres arises of several reasons. Firstly, industry needs infra-structural facilities which are not evenly distributed and are often concentrated at some nodes. Secondly, there are linkages between industries with the output of one being the input of the other. In many cases the inc-i deuce of transport costs is such that such linked industries tend to be located near one another. Thirdly, there are certain advantages of agglomeration which could arise because the presence of a large number of units at one centre stimulates the growth of repair and maintenance services and trading networks or because the larger the number of units the greater the pool of floating labour making it easier to cope with absenteeism.

6.2 Left to itself industry goes to urban areas because of the availability of infrastructure and ready demand for products. From this a process of agglo-meration starts and more industries migrate to the same areas. Public policy cannot ignore these advantages of agglomeration and any attempt to distribute large and medium industry, at any rate, throughout the country in small lots is bound to fail. Hence the aim of policy must be to develop viable industrial growth centres in backward regions.

6.3 The creation of viable growth centres in backward area requires that the forces of agglomeration which attract industries have to be created in these areas. The validity of the growth centre concept arises mainly from the fact that industry needs infrastructure and support facilities, that there are economies of scale in providing these facilities and hence that some degree of congregation of industrial units at one point is desirable. The advantages of a growth centre approach are particularly strong in the development of small and medium industries. Very large centres generate such massive demands for infrastructure that in effect they require virtually captive facilities. At the other extreme villase and cottage industries are highly dispersed and the possibility of congregating them at one centre is limited. For other categories of units however, location at some isolated spot cut off from other units is by and large, not feasible.

6.4 The natural tendency of industries to congregate together at certain location implies that there is an intimate link between industrialisation and urbanisation. According to the 197! Census, the total number of workers in non-household manufacturing was 10.7 million. This figure includes not merely factory workers but also workers in unorganized manufacturing. Out of this total around 68% of workers were in urban areas (Refer Table 6.1). It may be noted that some of file employment in "rural" areas will be in "villages" just outside municipal boundaries. The distribution of employment within urban areas is also biased strongly towards large cities. The data presented in Table 6.1 shows how the bulk of the employment is concentrated in towns with a population of over 50 thousand, and even amongst them, in 9 major industrial centres, each of which had more than 100 thousand workers in non-household manufacturing.

6.5 A more complete picture of the distribution of manufacturing employment in towns with a population of over 50 thousand is presented in Table 6.2. This table shows that 51 per cent of such towns had less than 5000 workers in non-

household manufacturing and nearly 75 per cent had less than 10,000 workers. Thus there are a large number of towns with a population of over 50 thousand which are not industrially developed. The state-wise figures show that three states (Gujarat, Maharashtra and Tamil Nadu) account for 30 out of the 18 large centres in which employment in non-household manufacturing exceeds 50 thousand. However, the proportion of large towns that are relatively underdeveloped industrially, does not vary much between states. In most of them, two thirds to three fourths of large towns have a level of employment in non-household manufacturing of less than 10 thousand.

6.6 The time profile of growth of manufacturing employment in major industrial centres is given in Table 6.3. In the first phase of industrialisation, the bulk of the employment growth took place in Bombay Calcutta, Madras and Ahmedabad. In the next phase which came between the first war and independence, certain new centres emerged like Delhi, Bangalore, Kanpur, Hyderabad and to a lesser extent Jamshedpur, Indore and Coimbatore. The forces leading to the development of new centres were new raw material oriented large units (Jamshedpur), active promotion by the Government of the day (Hyderabad, Bangalore) the spread of the textile industry (Kanpur), etc. Amongst the older centres, the growth in manufacturing employment between 31 and 51 was particularly sharp in Bombay and Calcutta.

6.7 The post independence period saw the continued growth of many of these centres, though some like Indore, Kanpur and Calcutta did not grow as rapidly as the rest. New centres of industry like Baroda, Surat, Jabalpur, Bhopal, lullundur, Ludhiana, Jaipur and Agra emerged as major centres after independence, though of course many of them had some manufacturing base to start with. Almost all of these centres had an initial endowment of urban infrastructure and some had an industrial base and an industrial workforce. With the exception of Bhopal, the others have developed through private enterprise. Some of them benefited by the influx of new entrepreneurs e.g. Jullundur and Ludhiana to which many erstwhile entrepreneurs from West Punjab migrated after partition. Thus new centres of industry have emerged in the natural course in India. Though the rate at which such centres nave emerged may not be as high as what would be desirable the experience of over seven decades proves that the formidable attraction of existing centres can be countered if an appropriate mix of infrastructure and entrepreneurship can be made available at new centres.

6.8 Though the bulk of manufacturing employment is located in large towns the causation is not just one way. Not merely does industry tend to prefer large towns but when industry comes to a small town, it can, in many cases, grow very rapidly. Urbanisation is not merely a pre-condition's but also a consequence of industrial development. Thus Jamshedpur grew from a population of 5700 to ten times that in one decade. Such rapid growth has also been observed in the post 51 periods and. the data for a few selected new industrial areas is given in Table 6.4. These data refer to several towns which were well below 50 thousand in size, which grew very rapidly, mainly on account of industrial development and became large towns within about two decades. The centres listed in Table 6'.4 fall into three categories viz. the new town that have sprung up around the steel complexes, industrial satellite towns to metropolitan areas and a few others which are also near old but relatively smaller industrial centres. The possibility of observing such rapid development in a small town outside the range of impact of existing centres has yet to be tested, except

of course the development that could start from large raw material oriented units like steel plants.

6.9 The intimate link between industrialisation and urbanisation has to be reflected in policy design. One consequence of this link is that industrial promotion has to be based to a large extent on the growth centre approach. Another implication is that planning for industrialisation and urbanisation have to go together. In fact a programme to disperse industries to new centres, the programme to develop medium sized town and the objective of controlling metropolitan congestion are complementary to each other.

TABLE 6-1
Distribution of Workers in Non-Household Manufacturing, 1971

		Share in employment in household manufacturing	No. of workers in non-household manufacturing per 1000 population
1	4 metropolitan towns (Bombay, Delhi, Calcutta and Madras)	20.9	113
2	5 major industrial towns (Ahmedabad/Bangalore/Kanpur/Poona/Hyderabad)	6.6	93
3	All other towns above 50000 population	27.5	64
4	All towns with population below 50000 .	13.2	4
5	Rural areas	31.7	8
	Total	100.0	20

Source : See Annexure VII-1.

TABLE 6 -2
Statewise Distribution of Towns with more than 50,000 Population according to Number of Workers in Non-Household Manufacturing Sector

	No. of towns	More than 50,000	25,000 to 50,000	20,000 to 25,000	15,000 to 20,000	10,000 to 15,000	7,500 to 10,000	5,000 to 7,500	Less than 5,000
Andhra Pradesh	30	1	1	1	1	2	4	3	17
Assam							1		5
Bihar	20	1		1	1	2		3	12
Gujarat	25	2	1	1	2		3	4	12
Haryana	11				1		1	3	6
Himachal Pradesh	1								1
J. & K	2				1			1	
Kerala	12		1		1	2	1		7
Madhya Pradesh .	22	1	4		1		2	3	11
Maharashtra	34	5	2	1	3	1	4	3	15
Manipur	1								1
Meghalaya	1								1
Mysore	21	1		1	2	3		3	11
Orissa	6				1		1		4
Punjab	12	1	2					3	6
Rajasthan	14		1		1	1	1	5	5
Tamil Nadu	43	3	2	1	2	3	3	11	18
Tripura	1								1
Uttar Pradesh	42	1	2	4	4	2	2	7	20
West Bengal	23	1	1	1			1	3	16

Union Territories	No. of towns	More than 50,000	25,000 to 50,000	20,000 to 25,000	15,000 to 20,000	10,000 to 15,000	7,500 to 10,000	5,000 to 7,500	Less than 5,000
Chandigarh	1						1		
Delhi	1	1							
Goa	1								1
Pondicherry	1					1			
TOTAL	331	18	17	11	21	17	25	52	170

Source : See Annexure VTI-1.

TABLE 6 .3
Growth of Manufacturing Employment Selected Town

		1911	1921	1931	1951	1961	1971	
	0	1	2	3	4	5	6	7
1.	Greater Bombay	185.5	216.9	170.7	503.6	688.6	929.5	
2.	Calcutta	83.7	80.5	78.6	251.2	307.3	323.8	(893.1)
3.	Howrah		35.4	21.1	68.9	83.0	106.5	
4.	Madras	47.2	42.8	42.8	98.3	142.1	190.7	(266.0)
5.	Delhi	29.4	30.1	39.9	93.8	167.8	267.8*	
6.	Ahmedabad	49.8	58.4		166.2	198.6	229.6*	
7.	Bangalore	18.0	20.7	33.7	78.1	99.9	158.6	
8.	Hyderabad (TG)	22.6	13.0	21.0	66.9	73.8	113.1*	
9.	Jamshedpur (TG)			26.3	45.0	58.7	75.6*	
10.	Baroda (M)	7.4	6.8	10.4	18.9	28.8	45.9	
11.	Surat (M)	22.5	20.8		31.9	49.2	81.7	
12.	Indore (MC)			19.6	43.5	44.7	57.1	
13.	Jabalpur(TG)	10.9	10.9	12.3	27.8	40.5	50.8*	
14.	Bhopal (TG)		2.0	1.6	8.0	22.4	31.4*	
15.	Madurai (M)	24.7	25.3	23.9	42.3	54.0	55.6	(71.5)
16.	Coimbatore (M)	5.0	4.0	7.5	19.1	36.7	36.5	(95.7)
17.	Salem (M)	9.4	2.2	15.3	21.8	50.7	46.6	(62.4)
18.	Poona (MC)		12.2	9.0	40.2	52.3	80.8	(110.5)
19.	Nagpur(MC)	20.4	21.4	30.1		83.3	73.6	(83.9)
20.	Sholapur (M)	17.0	32.6	37.8	45.7	68.8	59.7	
21.	Mlundur (MC)				6.2	18.7	26.8	
22.	Ludhiana (MC)				3.6	30.7	56.2	
23.	Amritsar (MC)	21.3	14.4	25.5	15.3	38.9	36.7	(43.8)
24.	Jaipur (M)	18.9	16.1	17.1	22.3	31.2	45.2	
25.	Kanpur(TG)	16.5	20.2	28.3	115.4	119.4	129.7*	
26.	Lucknow (TG)	27.2	14.6	14.0	34.4	48.4	47.0	
27.	Agra (TG)	22.2	20.8	21.8	26.2	43.2	53.2*	
28.	Varanasi (TG)	27.8	30.4	24.7	43.8	62.7	62.3*	

Source : Census of India 1961, Paper No. 1 of 1967.
Census of India, 1971, Union Primary Census Abstract.

Notes : (a) The data pertaining to municipal areas except for those marked, with an asterisk where it pertains to "town group" for 1911-61 and "urban agglomeration" for 1971.

(b) Figures in brackets where given in 1971 Col. 6 are for corresponding urban agglomerations, Related data on a town group basis for 1911-61 are not available.

TABLE 6.4
Growth of Population in Selected Industrial Centres
(in OOOs)

	1941	1951	1961	1971
Steel Towns				
Bhilai/Durg		20	133	245
Bokaro		6	n.a.	107
New Industrial Areas near Metropolitan Towns				
Avadi (near Madras)			13	77
Dombivile (near Bombay)		8	18	51
Thana (near Bombay)	30	62	101	171
Ghaziabad (near Delhi)	24	44	70	128
Faridabad (near Delhi)		23	40	86
Others				
Pimpri-Chinchad (near Poona)		10	28	84
Kerkend (near Dhanbad)			6	51
Ichalkaranji (near Kolhapur)		27	51	88

Source: Census of India 1971—General Population Tables Series I—India Part II-A (i).

7. POLICY RECOMMENDATION FOR MEDIUM AND LARGE INDUSTRY

7.1. The previous chapters have examined the orientation of public policy on industrial dispersal and analysed the effectiveness of the specific instruments that nave been used. The essential points that emerge are three : first, the need to direct industrial dispersal policies to potentially viable centres at a sufficient distance from existing centres; second, the importance of infrastructure development and the third, the need for coordinated effort.

7.2. A doubt has been cast whether the Central capital subsidy scheme and the concessional finance scneme have had the desired result in decentralising location of the industries and pushing them to the more backward areas. The analysis that has been made of the performance of the last 10 years in Chapter 4 shows that whereas; some dispersal has been achieved, there is sufficiently clear indication that entrepreneurs have moved towards locations in established industrial estates and to locations close to the existing agglomerations of industries. One is apt to treat this as sufficient evidence to denigrate the aid approach in inducing location of industries. The fault appears to be elsewhere.

7.3 At the instance of the Committee, the Industrial Development Bank of India commissioned studies of the development of industries in Chandrapur, Alwar, Bulandsahr and Moradabad. As pointed in Chapter 4, detailed investigation on a statistical basis of the motivation for the entrepreneurs moving to these areas, show that the Central subsidy and Central concessional finance scheme were of importance in inducing entrepreneurs to move to those areas. Of course, there were other reasons. Why then have the aids not resulted in greater dispersal of industries The present criterion for the selection of location is to blame. The area for grant of aid has been identified as a district. Further, in the subsidy scheme, the States have been given the choice of selection of the districts from amongst a large number that qualify. The selection appears to have been made of districts/areas close to the existing agglomerations of industries in preference to those districts which are further away from agglomerations and hence more backward in industrial development. Further, aid applies to all States in the country irrespective of its being an industrially forward or backward State. The entrepreneur having got a wider choice in location of the industries, cannot be blamed for selecting the most favourable location for this industry within the norms accepted for the aid. Firstly, the lack of emphasis on selecting a location from the backward industrial States gave a handle to the entrepreneurs to move to the more forward industrial States where the market and the infrastructure are more easily available. Secondly, the adoption of a district approach for location of an Industry along with selection of districts close to existing agglomerations gave the entrepreneurs the choice of location close to existing agglomerations, thereby making the effort tov/ards decentralisation ineffective. That in spite of these strong pulis of existing agglomerations, the fact that some amount of decentralisation has been achieved in the short term, is evidence of the economy being able to absorb industrial development in new areas given half a chance.

7.4. The Seminar on Industrial Development organised by the Industrial Development Bank of India in May, 1980

has brought out clearly what the entrepreneur wants., The main supports the entrepreneurs want for location of their industries are :—

(i) an existing infrastructure which gives ready electricity, water supply, commercial facilities and communication facilities with the main industrial centres;

(ii) an existing industrial ethos which has brought into' the population the necessary discipline in attendance and work schedules to suit modern industrial requirements;

(iii) approach to the main marketing centres within reasonable distance so as to help in the disposal of the products;

(iv) a reasonable raw material supply closeby where industry depends on local raw materials;

(v) a reasonably foot-loose industrial labour which can help in solving problems of industrial absenteeism;

(vi) social amenities of a reasonable kind, like educational institutions, medical facilities and the like so as to attract the type of technical and management personnel to such centres on a reasonable basis.

(vii) housing for the labour and supervisory personnel at reasonable rates or rent; and

(viii) services for the high income personnel who are a necessary part of all industrial complexes.

The entrepreneurs will move towards locations where they can find at least a minimum amount of such facilities

7.5 There is another important reason for entrepreneurs setting up units close to existing industrial agglomerations. Industrial development has been subject to various regulations and controls established with the objective of forcing industrial development towards the goals of national policy. Industries require various facilities like electricity, sewerage, water supply and other services which have all to be obtained from various authorities. Raw material supply has to be obtained often in an environment of shortages. Many raw materials in short supply like cement, iron etc. are rationed by State autnorities and the industries must have easy access to such centres of control and distribution. Various departments of the State are incnarge of regulation, control and distribution, and normally where there are large agglomerations of industries, one can expect that local offices are generally provided by the departments for easy access to the entrepreneurs. New centres of development in the backward areas obviously have to develop the facilities for decision-making under the various regulatory, control and distribution functions from scratch. Considering the number of departments and organisations involved, special steps will have to be taken to provide the necessary facilities as an attraction to new entrepreneurs.

7.6. The industrial dispersal policy for medium and large industries has to be such that the policy leads to location of industries at points away from the present agglomerations, so that tne dispersal process can start outwards from the existing agglomerations. The policy has also to be such that due weightage is given to locations in the States which are industrially backward. The preierence of the entrepreneurs for location with minimum facilities shows that the location has to be in a fairly large urban centre and industries must be allowed to congregate in a location. What is wanted, therefore, is a growth centre approach and not an area development approach. With a growth centre approach there is a definite concentration of effort on selected centres

whereas with an area development approach the effort is necessarily more widespread. The policy should encourage the location of industry in suitable growth centres with due weightage for such growth centres in the States which are industrially backward.

7.7 The experience the country had to go through in establishing large industries in the backward areas of the country, like the steel plants locations and the cement plant locations, which perforce had to be near the raw material, shows how costly it is to develop the necessary infrastructure in a new location to support even raw material based industries. How much more expensive will it be to support general industrial development if we endeavour to locate new such complexes in the backward areas. Our policy, therefore, has to be such that development can be established within the constraints of finance that the country has to face in trying to force rapid development in most economic sectors. The cost of providing the necessary infrastructure will have to be minimised by selecting growth centres which are already sufficiently urbanised and have a good level of most of the infrastructure already in position. This appears possible keeping in view the need to move away from the existing agglomerations. The finance that can be spared for industrial development over a time frame can then be used to the greatest effect in developing a large number of growth centres in the country. Broadly, the Committee is of the view that an existing urban centre with a population of 50,000 or more (as per the 1971 census) will have quite an amount of necessary infrastructure. The expenditure in providing the balance requirements for industrial development will not be such as to break the financial stability of the country. Further, the tune has come to speedily decentralise the location of industries to a large number of points in the industrially backward regions so that the economic advantage of industrial development can reach the various regions of the country quickly. This necessitates development of « large number of centres simultaneously. Clearly, this cannot be new urban development. The cost will be prohibitive. Provided urban centres with reasonable existing facilities are selected, the Committee is confident that it should be possible to develop 100 industrial growth centres throughout the country during the next 10 year period (two Plan periods).

7.8 The growth centres which are to be selected, must be situated at a distance from the existing industrial agglomerations, so that a true dispersal of industries to backward areas is secured. Policy measures which did not distinguish between undeveloped areas which are near existing industrial centres, and those which are "not as near have, by and, large, only benefited the first category of areas which in any case were better placed to benefit from the growth impulse emanating from the existing centres. Hence a genuine policy of industrial dispersal must give priority to centres at a sufficient distance from existing centres.

Identification of eligible centres

7.9 The Committee proposes three criteria for 'the selection of eligible centres:

1) They should have a population of 50,000 or more as per the 1971 census;

2) They should-have less than 10,000 workers in non-household manufacturing as per the 1971 census; and

3) They should not be near existing centres.

7.10 Existing centres can be defined as all centres with a level of employment in non-household manufacturing exceeding 10,000 as per the 1971 census. The categorisation has to be based on this data because sufficiently comprehensive centre-wise information is not available for any later year. Besides this, census data are more reliable and provide a more firm and less disputable basis for classification than any other data. The classification can be revised on the basis of the 1981 census data. However, judging by the lag in the publication of the 1971 census data, the revision may not be possible until 1984. or 1985 unless special steps are taken to advance the particular tabulation that is required. In order to provide stability which is necessary if prospective entre-preneurs are to be attracted, the selection should remain in force for one decade.

7.11 There were 84 centres in 1971 with a level of employment in non-household manufacturing of over 10,000. The number of centres which fall below this level and have a population size of 50,000 or more is 247. A list of these centres is given in Annexure JVTI.l. Many of these lie within the proximity of existing centres. In order to estimate the number of such centres, the following cut-off distance for defining proximity have been assumed :-

Existing centre with non-household manufacturing employment of	Cut-off distance
Over 1-50 thousand	150 km
50-150 thousand	100 km
25-50 thousand	75 km
10-25 thousand	50 km

The distances chosen to define "proximity" reflect a balancing of two considerations. On the one hand the intention is to shift industry away from existing centres into the interior. On the other hand it is nces-sary that the new centres, if they are to be viaoie, have links v/ith existing centres. In the judgement of the committee, the distances indicated above reflect this balance.

7.12 On the basis of the above three criteria, 126 centres fulfil the criteria that (a) they have a population size of over 50,000 (b) they have a level of employment in non-household manuiacturing of less than 10,000 in 1971 and (c) they are - not situated "near" existing industrial centres. The state-wise distribution of centres fulfilling these three criteria is given in Table 7.1. They are shown distiactly in Anne-xure-VII.I in which the names of eligible centres have been underlined. The distribution of centres into these two categories has been determined on the basis of straight line distances and is subject to modification in specific cases where the difference between the straight line distance and the actual distance by the shortest route is very different.

7.13 The distribution of new industrial growth centres amongst states will have to take account of the distinction between industrially developed and industrially backward States. Taking the value added per capita in manufacturing in 1975-76 as a criterion, the States which lie above the national average are Gujarat, Haryana, Maharashtra, Karnataka, Punjab, Tamil Nadu and West Bengal. If these states are considered more developed the distribution of eligible centres is as follows :

Industrially developed States : 52 "1 Industrially backward States : 74 J

7.14 Between 1960-61 and 1975-76, the average annual increment in the number of registered factories was 2,100 and in factory employment about 1,18,000. The minimum objective of policy would be to ensure additional factory employment of 5,000 workers on an average per eligible growth centre. This, plus the existing level of manufacturing employment and the consequential growth of the unregistered sector, will add up to the

level of manufacturing employment of approximately 10,000. If the Committee's recommendation to choose 100 centres is accepted during the next decade, 500,000 factory jobs would be reallocated in the growth centres as a deliberate policy. If the increment in factory employment remains at present levels during the next decade, this will be deliberate relocation of nearly 30 per cent of new factory employment. In addition, the establishmnet of major and medium industries hi the growth centres will attract other registered industries and unregistered industrial employment which will add to the decentralisation of industrial labour further towards the growth centres. Starting with 100 eligible centres during this Plan period, and watching tneir pace of development, there may be scope for increasing the number of such growth centres 'during the next Plan period. This option will have to be retained.

7.15 The 100 selected centres may be distributed between the more developed and backward states (as given in para 7.13) in the ratio 30 : 70. However, 10 centres out of the 70 for the backward areas can be allotted to the hill states of Jammu and Kashmir and Himachai Pradesh, the north-east States (excluding Assam) and Union Territories. Though the number of eligible centres in these states is 6 in the in-terests of regional balance, it may be necessary to take up some more centres in these states. The balance may be distributed with ineach category, the share of each state being proportional to the area and population (with equal weights for both). The state-wise allocation that emerges from this is given in Table 7.2. The precise selection and the phasing of development may be left to the states though the selection would, of course, have to fulfil the criteria of eligibility. There will be some cases where there is no eligible, centre in some large region within the state. Moreover, sometimes a smaller centre may have more developed infrastructure than the larger eligible centre. Hence States may be permitted to select centres with a population size less than 50,000 within their allotment if this is necessary in the interest of regional balance or from the point of view of economising infrastructure costs.

7.16 The Committee has suggested that a large number of centres be allotted for industrially backward states so as to ensure that their share in industrial development increases. It must be noted however that this will require vigorous effort on the part of the State governments and without this effort the preference in favour of backward states may not amount much.

7.17 The key principle underlying the policy pack-. age has to be that of concentration of effort for the rapid development of the selected centres. The provision of infrastructure, the promotional efforts of the State Governments and of the Central Government must be directed strongly at the selected centres to avoid diffusion of effort. In what follows we deal with (a) how this effort can be organised (b) the provision of infrastructure and (c) subsidies and concessional finance.

Organisation

7.18 The development of the new centres will require coordination of a variety of activities which are' the responsibility of different implementing agencies. In order to ensure coordination of implementation, it is suggested that an Industrial Development Authority should be set up for each selected centre. The essential features of these IDA's should be as follows :—

(i) They should have the-juridiction authority to receive grants from the central and state governments and to

borrow from other sources.

(ii) They should be delegated with all the authority required for planning, promotion and management of the centre.

(iii) They should have on their governing council field representatives of all authorities involved in the issue of sanction and registra tion, e.g., the power board, the industries department, the local municipality. This will ensure that procedural formalities are expedited for industrial units coming up in the centre. Wherever feasible, the authority to issue these sanctions or registration should be delegated to the IDA.

7.19 There should be a close coordination of effort between all the ID As in a state and state level authorities like the Industries Department and the various promotional and financial corporations. Coordination at the field level can be secured by placing the field representatives of these state level authorities on the governing committee. At the State level, a coordination Committee under the chairmanship of the Chief Secretary should secure the required degree of interdepartmental coordination and also monitor the performance of IDAs.

Infrastructure

7.20 A certain level of infrastructure development is a pre-condition for economic and industrial development in any area. As far as industrialisation is concerned, the major items are power supply, access to regional and national transport networks, telecommunications, industrial estates, housing and urban in-frastructure. In general, investment uTthese lines tends to follow demand rather than lead it, an approach, which, to some extent, is unavoidable in a situation of. overall shortage. However, such an approach may tend to discriminate against the new centres. In these areas, investments in infrastructure may have to precede demand since the base level of infrastructure is so low that, in the absence of such an approach, industry may not be prepared to shift to these areas at all. The problems faced vary for different types of infrastructure.

7.21 The problems of power supply in backward regions appears to be that of fluctuations and un-certainity. With an integrated grid, all parts of a state can in principle receive power from anywhere else. However, the capacity of the transmission system to different areas and the design of the distribution system at different centres varies with the pattern of demand. Often the system configuration and the load despatch principles are such that backward regions have to bear^a disproportionate share of fluctua'tions and shortages in power availability. Thus, the crucial reouirernent is not so much the location of generation points in backward regions, but the upgra-dation of transmission and distribution systems and the assurance of power .supply at least in the selected growth centres. The responsibility for ensuring this will rest with the State Electricity Boards.

7.22 The problem of transport linkages is generally that of 'providing a link to the existing regional and national networks "of roads and railways. However, the impact of railway lines on industrial development is not clearly established. There are several new lines through backward regions which do not seem to have stimulated much by way of industrial development other than the specific large projects for which they were laid down. Moreover, in the immediate future, there may be enough growth centres which are already well connected with the regional and national transport network. In fact all but 10 of the 126. eligible centres identified earlier are

on the rail map. Nevertheless some investment in transport may be required in remote regions or for short link stretches. Another aspect that has to be aken care of is he provision of regular services-for passenger and freight transport. The responsibility for this rests with the Central Government (Railway Board and National Highways Organisations) and the State Government.

7.23 The importance of telecommunications in backward areas is particularly great since, in the early stages, many of the units which will come up will have connections with units in other areas either through input-output linkages or because they are offshoots of enterprises in developed areas. In such a situation, a good telecommunication network may be a precondition for stimulating development. However, development, more than any other form of infrastructure, tends to follow demand rather than to lead it. Hence some special efforts to provide telecommunication facilities in the selected growth centres in anticipation of the demand may be neces-sary. All the 126 centres identified earlier have telecommunication facilities. However, over one third of them (46) have manual exchanges whose capacity and convenience is severely limited. Hence upgrada-tion of telecommunication facilities in these centres will be necessary and must be accorded priority in the telecommunication plan.

7.24 Industrial areas with developed land and essential infrastructure are necessary to attract medium and large industries and • industrial estates with developed land and sheds for small industries. Such estates can also provide service facilities the lack of which could inhibit entrepreneurs from selecting new centres for their projects. Nearly a third (42) of the 126 eligible centres do not have industrial estates. Moreover the facilities available in these which do not have estates will need upgradation. The development of industrial areas and industrial estates in the selected centres will be the responsibility of the IDA. IDA.

7.25 Housing and urban facilities are not often thought of as an element in industrial infrastructure. However, the lack of these facilities in backward areas is an important inhibiting factor and the advance provision of housing for incoming immigrants and related urbari facilities at selected growth centres must be part of the programme for industrial dispersal. Though the responsibilities for this may be to a large extent with urban development authorities the IDA should undertake those aspects that aris$_e$ directly from the growth of industry e.g. township development, commuter facilities, etc.

7.26 The provision of water supply for industry is an important constraint in dry areas. For instance, it was mentioned as a significant factory influencing location, in the case of Alwar. Municipal authorities in many of the eligible centres may not have the financial or management ability to undertake major water supply or effluent disposal schemes. Hence, it would be desirable if the IDA is authorised to undertake these wherever necessary.

7.27 The items of infrastructure dealt with so far, have, by and large, to be provided as a precondition for industrial development. There are certain other items like freight forwarding services, packing services, commuter facilities, etc., which can come up after development starts since they cannot be provided independently of demand and since there is no major difficulty in providing them at short notice. Basically the advance provision of infrastructure has to cover long lead items.

7-28 The Industrial Development Authority (IDA) .will have to accept the

key role of coordinating the provision of the various types of infrastructure that have been discussed. The minimum facilities that the IDA should provide will be developed industrial areas which can be utilised by major and medium industries which opt to go to the location. The norms of industrial area development have already been established in the past plans. The area development plan will have to provide industrial plots and plots for the various institutions and services that will have to support the industry. Water supply, roads commuting. facilities and electricity points will have to be suitably arranged. The normal, practice is that the industrial area development is carried out bv borrowed funds and the money recovered by sale of the developed plots to industries and others. The Committee recommends that the capital funds that will have to be found bv the IDA for the area development and provision of minimum facilities will have to be borrowed and to enable this the IDA will have to be provided seed monev at the rate of 20% for that part of the total expenditure which is recoverable and 100% for the non-recoverable component (which mav amount to around 10-15% of total cost). Apart from the expenditure incurred directly by the IDA, there will be some items which will be provided for separately in the State and Central Plan, e.g., telecommunications, maior roads, electric supply, etc. The requirements of growth centres will have to be .given priority in these provisions.

7.29 The estimated cost o infrastructure development will varv with the tvr>e of facilities provided. The actual expenditure incurred in Industrial Area Development in Maharashfra is presented ni Table 7.4. The cost of jobs created works out to about Rs. 2400•/- on an avera^p but there is a ereat deal of dispersion around this average. The cost of industrial estates where sheds have to be provided may be somewhat higher. Assuming the cost of Rs. 3000/- an expenditure of the order of Rs. 1.5 crores on Industrial Area Development should normally meet the requirement for developing 5000 labour opportunities i'n registered factory employment per growth centre. At this level of expenditure, the seed money that has to be found will be of the order of Rs. 45-55 lakhs. However, this is only an estimate and the actual cost will be ascertained in each specific case. The Committee would recommend that whenever a commercially viable scheme is worked out, the necessary support should be provided at the required level. The seed money shall be found 75% from the Central funds and 25% from the State funds. The special weight-age for Central investment has been made because we are seeking to develop States which are industrially backward and one of the disadvantages of such backward States is the paucity of development finance. At the same time, the Committee has not recommended 100% contribution from the Central bscause without the States' participation in the. financing, a certain irresponsibility in expenditure will accrue.

7.30 The Committee intends that the ID As shall work on a purely commercial basis with the provisions that the seed money is given in the form of equity capital. There will be a tendency to over-capitalise the investment on building and construction as they are the easiest part of the entire process of development. A commercial approach will ensure that the investments are made according to necessity and not out of proportion to requirements and investments are so made that the return to the IDA from the entrepreneurs and others will flow in, in a regular and systematic manner. The most important part of the development will, therefore, be the preparation of a master plan for development for 10 years based on purely commercial practices. If such a plan is prepared, the Committee recommends that the financing of this

proiect shall be the responsibility of the IDBL The IDBI is at present providing concessional finance for industrial development. Establishment of an in-dustrial area and the necessary infrastructure is very necessary for industrial development as such and without such initial development industries cannot be attracted to the new growth centres. The Committee considers that financing of such infrastructure will be the legitimate responsibility of the IDBI and should be undertaken bv them on a direct finance basis. At present, the IDBI finance development estates but is not financing any such area development schemes and if the recommendation of the Committee is accepted, this will be a new type of investment. The Plan will have to make due provision for funding the IDBI for this new entrprise on a sufficient basis.

Subsidies and Concessional Finance.

7.31 The development of new centres to a viable size will inevitably take some time. During this period subsidies will be necessary to compensate units for the inevitable cost disadvantages of new centres vis-a-vis existing centres, and even when there aje no such differences, to persuade entrepreneurs to come into unfamiliar areas.

7.32 The present schemes of central subsidy and concessional finance provide benefits in districts designated as backward. The Committee is of the opinion that the requirement of industrial dispersal will be better met if the coverage of the scheme is modified so that it is applicable only to areas which are not "near" existing industrial centres. For this purpose, "existing industrial centres" and proximity can be defined as indicated on para 7.9-7.11 The Committee has not restricted the coverage to the selected centres but proposed that the whole area outside the specified distance from the existing centres be eligible so as to cover other location—specific industries which could come up in the industrially undeveloped areas outside the growth centres. The coverage of the scheme that would emerge from the committee's recommendation is shown in the map at the end of the Report. The district wise coverage is shown in Annexure VII. 2.

7.33 A comparison with the coverage under the scheme of concessional finance is presented in Table 7.3. This shows that the committee's proposals would cover 67% of the area of the country as against the 71% covered under the scheme of concessional finance the coverage of the central subsidy scheme is less than half of the concessional finance scheme. The committee feels that the geographical coverage of the two schemes should coincide. Therefore, it proposes that the same method be followed in determining the area eligible for the scheme of concessional finance and the central subsidy scheme.

7.34 The NCDBA criterion does not treat the district as a unit and there are quite a few districts which are partially covered. The details given in Annexure VII. 2 show the following distribution:

% of area covered	No. of districts
Nil	67
0-25	35
26-50	57
51-75	36
76-100	163

7.35 With regard to the other provisions of the, central subsidy and concessional finance schemes, the Committee does not recommend any change. There is a provision in the existing scheme for selectivity in the application of subsidies to large projects. There is no evidence that this selectivity is being applied. The Committee is of the view that this selectivity provision is unnecessary since

there is a ceiling on the amounts given by way of subsidy or concessional finance.

7.36 It has sometimes been argued that the investment subsidy should be based on employment generated rather than on capital investment. In this connection, it must be noted that one of the functions of the subsidy is to compensate for cost differences. By and large the cost disadvantage of undeveloped areas do not arise on account of labour costs. The cost disadvantages are more likely to be related to the quantum of investment. The possibility of making the central subsidy employment based was studied by the Expert Committee on Tax Measures to promote Employment (the Dandekar Committee) which submitted its report recently. The Dandekar Committee has concluded as follows : "While prima facie this scheme too might appear to create a capital base considering its primary object viz., growth of industries in backward areas, we do not think it necessary to suggest any change in its formulation". Hence this Committee has not recommended any change in the basis for the subsidy.

Other incentives

7.37 Another important Central incentive given for location of industries and approved hotels in backward areas is the concession under Section 80(hh) of the Income Tax Act. This allows new industrial units in backward areas to set off a part of their profits as deduction for calculating corporate tax. The value of this concession to new units is very substantial. The Committee recommends that this concession should continue and should be available to all the industries started in the area of the country outside the area of influence of the existing industrial centres as defined in paras 7.9-7.11.

7.38 The States are giving various subsidies to induce industries to locate themselves in the State. In fact, there is a scramble for giving incentives to attract the industries to the State. This effort is substantially a self-defeating one. All States including the industrially advanced States join this race on the plea that even they have got backward areas and each is trying to tempt the entrepreneur by giving various incentives. Many of the incentives are for location anywhere in the State. Thus there is no selectivity in approach to enable decentralisation towards really backward areas. In this scramble, the States which are going to the wall are the akeady industrially backward States whose power to give financial incentives is rather limited. Secondly, as many of the incentives are across he Board, indusries given he incenives naturally put the industry in the most favourable location in the most advanced States. We are thereby cutting at the very root of the concept of decentralisation and favour to backward industrial States. The sooner some rationality is brought in this scramble the better it will be for the purposeful decentralisation for the attempt is to help the more backward States. One suggestion offered is, that the various states' subsidies should be linked up only with the locational approach in the Central Subsidy and Concessional Financial Scheme, so that the two sets of incentives do not work at cross purposes.

7.39 The most important incentive that the States have offered so far appears o be interest-free sales tax loans given by the States like Tamil Nadu, Gujarat, Andhara Pradesh, Maharashtra and others. The Sub-Group on Backward Areas formed by the Ministry of Industries under the chairmanship of Shri S. J. Cohello has reported that the experience of these States in attracting medium and large industries has been very gocd. The Committee recommends that the State concessional finance scheme should be usefully applied to all the industries which qualify for the

Central subsidy and Central concessional finance scheme. It has been found that the concession by a State works out to quite a significant benefit for the nascent industry. Though at the first sight, it may aopear as if unconscionable benefits are being given haphazardly to attract industries, it will have to be noticed that unless the industry is located in the State the State gets no sales tax at all. A carrot policy has its benefit in attracting industries who will pay their due share of sales tax after the initial period of development.

7.40 A new incentive has been started by Karnataka and is being adopted by other States of giving a special capital Subsidy for the first large or medium industry located in a Growth Centre selected by the State. The Committee has carefully considered the need for such an incentive and the effectiveness of the same. One salient fact that the existing situation has thrown up is that the location of an industry in a centre preferred by the State does not as of today necessarily ensure viability and survival as a productive industry. What industry requires for survival is the infrastructure that the Committee has found necessary. The studies summarised in Annexure IV.4j show clearly that the present level of Central subsidy and concessional finance are attractive enough. It is the considered judgement of the Committee that provided the present subsidies continue and the infrastructure at the selected Growth Centre is built up quickly, there is no reason to fear that industries will not opt to move to these centres. The Pilot Plant subsidy has elements of misuse which may lead to the expectation of a viable unit not being fulfilled and location selected on political and not economic considerations.

7.41 The Committee had the advantage of ascertaining the views of the Minister of State for Industry when it met him. The Minister had made a specific suggestion that backward area industrialisation would-be possible only by encouraging the setting up of the nucleus plants in selected backward areas/locations. The concept of the nucleus plant was essentially that it should concentrate on assembling the products of ancillary units falling within its orbit or supply products made by the nucleus plants to a large number of forward linked small units for further processing for end-use. In this manner each nucleus plant could have the necessary dynamics to create a spread out network of small scale units with forward and backward link ages to the nucleus plant. The Minister saw great advantage in this approach in respect of technology upgradation and updating training of work force and the evolution of an industrial ethos in a backward area. Furthermore, there could be a possibility of appropriate marketing tie-up between the small units and nucleus plants. The identification of product lines and the techno-economic feasibility of the investment sector may be left to the investor who would however have the obligation of supporting the deve lopment of network of small units. For this purpose Government may consider suitable incentives to such investers whose investment would have a direct bearing on catalysing industrial.development of backward areas. The Minister also felt that normally with a suitable system of incentive and clearly identified obligations; it should be possible to attract motivated private cacital investment in nucleus plants. In areas where infrastructure is totallv unavailable or private investors are shy, there could be a role for public sector institutions acting as catalyst. The nucleus plants will participate in the build up of infrastructure as well.

7.42 The Committee concurred in the judgement of the Minister about utilising the nucleus unit approach for developing new centres of industry and

would support the approach of industrialisation of backward areas by utilising the internal dynamics and complementarity between large and small units. For the development of industrially backward areas the nucleus plant and associated small units must be located in the industrially backward areas identified by the Committee under the norms specified by it. The fact that an announced Government policy hi support of nucleus plants has since come into existence would, in the opinion of the Committee, prove to be an additional attraction for development of industries in the backward areas over and above the normal fiscal and monetary incentives. It is important to ensure that investors understand that this policy would continue in a stable way for a sufficiently long period so that they may undertake the investment in the selected centre with reasonable assumptions about the future. The priority objective in the view of the Committee will be to locate such nucleus plants in the growth centres recommended by the Committee. Over a period of 10 years as many nucleus plants with their small units as possible may be located in the backward areas of the country in the growth centres suggested by the Committee so that a much large spread effect of linked small scale units can come about in the backward area. The Committee recommends that not less than 50 growth centres should be developed through the nucleus unit approach in the backward areas identified by the Committee preferably in the next five years and in any case within ten years. In addition, the Committee recommends that a substantial majority of the nucleus units along with their small units must be located in the industrially backward States identified by the Committee so that the existing unbalance in industrial development can be really set right. Budgetary Implications

7.43 The Committee has recommended the deliberate development of infrastructure in growth centres In order to attract industries to such centres. At the first sight it may appear as if the Committee has re-commanded very substantial incentives for industrialisation. This is not so. Until the detailed commercial plan of development of the growth centres by the IDA is worked out for each growth centre, it is really too early to say as to what would be the infrastructure investment which has to be found by the IDA from its own budget. Out of this budget provision, the Government, between the Centre and the State, will be providing only 30—35%. As against this, the effect of this investment in attracting industries and providing industrial employment has to be taken into account to understand the implication of this subsidy. As indicated above in para 7.29, the expenditure on industrial areas is expected to work out to around Rs. 3000 per job created. This is the direct employment that is created in the registered industry in the industrial estate. It does not take of the fringe benefits that ' arise in unregistered employment that is also generated. A 30—35% subsidy for the IDA works out to Rs. 900—1050 per direct iob created. If the in direct iobs are taken into consideration, the cost is much less. It must be emphasised, however, that these figures are not firm, and vary from case to case depending on the actual costing of the scheme.

7.44 The second major budgetary provision is that provided by the Central subsidy on capital. The Committee tried to find out the number of direct employment created in the 10808 units which have received subsidy till 1978-79. The Committee has not been able to get the figures for all projects which received the subsidy and has had to rely on evidence for the projects directly financed by IDBI. The details given in Annexure VII. 3 show that the subsidy cost per job created is Rs. 3250 for these projects which are all quite

large and capital intensive. The cost of the subsidy for small units will be even lower. The cost of the subsidy at current capital cost may be somewhat higher. In backward area development we shall be specifically trying to encourage small industries for the reason that entrepreneurship is possible from local people in small industries whereas such entrepreneurship may be lacking for medium and large industries. It has also to be noticed that on a/ough basis, for every one job created in registered employment another job is created in the unregistered sector. Looked at from this angle the subsidy works out to, even at current costs, may be less than Rs. 2000 per job created in the growth centre in industrial employment.

TABLE 7.1
Classifications of Centres
N.B. All data pertain to towns/urban agglomerations with a population of more than 50,000.

State	Existing Centers	Centres within proximity of existing centres	Eligible Centres	Total
Andhra Pradesh	6	12	12	30
Assam			6	6
Bihar	5	4	11	20
Gujarat	6	13	6	25
Haryana	1	8	2	11
Himachal Prdesh			1	1
J & K	1		1	2
Kerala	4	5	3	12
Knrnataka	7	6	8	21
Madhya Pradesh	16	5	1	22
Maharashtra	12	5	17	34
Manipur			1	1
Meghalaya			1	1
Orissa	1		5	6'
Punjab	3	5	4	12
Rajasthan	3	2	9	14
Tamil Nadu	13	24	8	43
Tripura			1	1
Uttar Pradesh	13	17	12	42
West Bengal	3	13	7	23
Union Territories				
Chandigarh		1		1
Delhi				1
Goa			1	1
Pondicherry*	1			1
TOTAL	84	121	126	331

TABLE 7. 2
Statewise distribution of Growth Centres

State	On the basis of area and population	No. of eligible centres
Andhra Pradesh	9	12
Assam	3	6
Bihar	8	11
Gujarat*	5	6
Haryana*	1	2
Karnataka	5	8
Kerala	3	3
Mdhya Pradesh	11	10
Maharashtra*	8	17
Orissa	5	5
Punjab*	2	.4
Rajasthan	8	9
Tamil Nadu*	5	8
Uttar Pradesh	13	12
West Bengal*	4	7

Notes: (a) Population and area data are as per the statistical Abstract India 1977 CSO.
(b) The steps in determining the allocation are as follows :
(i) share of each state is determined on the basis of area and population (weights being 50 % each) to 3 decimal place, (ii) The share of developed states (marked with an asterisk) is adjusted downward pro-rata to bring it to 30 and less developed states upwards to bring it to 60 (10 centres are earmarked for other less developed states/ Union Territories), (iii) Rounding off separately for developed and less developed states starting with the higher fraction downward till total of 30 or 60, as the case may be is reached.

TABLE 7.3
Statewise Coverage of Existing and Proposed Schemes

State	Percentage of area covered		
	Central investment subsidy	Concessional Finance	NCDBA Scheme
Andhra Pradesh	22	72	63
Assam	71	77	100
Bihar	32	47	74
Gujarat	14	67	3
Haryana	n.a.	50	22
Himachal Pradesh.	48	88	94
J.&K			
Karnataka	21	67	50
Kerala	29	42	35
Madhya Pradesh	14	87	73
Maharashtra	18	55	
Manipur	100	10O	
Meghalaya	100	100	
Nagaland	100	100	
Orissa	50	61	
Punjab	32		24
Rajasthan	27	61	4
Sikkim	100		100
Tamil Nadu	n.a.	64	16
Tripura	100	100	
Uttar Pradesh	10	68	
West Bengal	27	83	
Union Territories (excluding Delhi & Chandigarh)	100*	100	99
Total	n.a.	71	67

*ExcIuding some municipal areas in Goa & Pondicherry

TABLE 7.4
Costs of Industrial Area Development in Maharashtra upto May, 1980

Centre	Expenditure on development of Industrial Area	Expenditure per unit of area	Expenditure per unit of employment	Nature of Industry
	(Rs. lakhs)	(Rs./ha.)	(Rs./employees)	
Ahmadnagar	29 .76	3774	1827	Engineering
Aurangabad	183.43	25288	2095	Engineering
Jalgaon	45.3	22447	8912	Engineering
Nagpur	98.8	15827	923	Engineering
Nasik	81.00	7162	631	Engineering/ Electronic
Roha	197.70	82640	10175	Chemicals
Tarapur	290.78	42378	11571	Chemicals/ Engineering
TOTAL	927.10	21033	2384	

Source : Communication from SICOM.

8. POLICY RECOMMENDATIONS FOR SMALL INDUSTRIES, ANCILLIARY INDUSTRIES AND AGRO-INDUSTRIES

8.1 The development of small industries, ancillary units and agro-processing industries has to be an important part of any strategy for industrialisation of backward areas. The policy framework for these industries has to be somewhat different. In this chapter we evaluate the present policy framework and suggest some changes for the future.

Development oi Small Industries

8.2 For the purpose of government policy small scale units are defined as manufacturing under-takings with fixed investment in plant and machinery not exceeding Rs. 20 lakhs. The investment limit was revised in July, 1980 till which time it was Rs. 10 lakhs. A scheme for the voluntary registration of small scale units was introduced in the sixties but it, does not as yet cover even half of the units in the country. The incomplete registration of small-scale units suggests that for a majority of units the services provided by the Directorates of Industry and attached organisations is not of much value.

8.3 The growth in the number of registered small scale sector between 1973 and 1979 averaged nearly 15 per cent per annum. This growth includes the effects of expansion as well as extension of coverage. Some data reported by the Development Commissioner, Small Scale Industries (DCSSI), Government of India is presented below :

	1977-78	1978-79	1979-80
Registered Units (000)	289	323	359
Unregistered Units (000)	374	400	413
Total (000)	663	723	772
Production at 1976-77 price (Rs. crores)	13200	14900	15550
Employment (000's)	5890	6380	6940

Source: "Small Scale Industries in India—Policies and' Programmes-Institutional Support" DCSSI, March, 1980.

If these data are reliable then in 1977-78 small-scale units may have accounted for 25-30 per cent of the output of modern manufacturing industries.

8.4 A comprehensive survey of registered small units was undertaken in 1973-74. The State-wise distribution of units and employment is presented in Table 8.1 These data show that in 1972 the indus-trially developed States/UTs (as defined by the NCDBA) accounted for nearly 60 per cent of the number of units and 63 per cent of employment. The same table shows the distribution of registered units in 1976 when the share of the developed States was 64 per cent.* Even v/ithin the developed States there is a concentration of units in a few areas. Some data in this regard are presented below :

District-wise Concentration of Small Scale Units in Selected States, 1973

State	Name of District	Percentage of total units in the state
Gujarat	Ahmedabad	26
Maharashtra	Bombay (Greater)	31
	Thane	23
Tamil Nadu	Madras	28
West Bengal	Calcutta	42
Punjab	Amritsar	21
	Ludhiana	28
Andhra Pradesh	Hyderabad (Twin Cities)	20
Haryana	Ambala	25
	Gurgaon	21
Karnataka	Bangalore (Urban)	34
Uttar Pradesh	Varanasi	28

Source : 'Industrial Dispersal Policies' by M. D. Godbole.

8.5 The concentration of industries brought out in the previous table is due to the concentration of markets, of ancilliarisation and of infrastructure and of services for small industry. The facts given above emphasise (a) the importance of small industries and (b) the need to take special measures to ensure their dispersal to backward regions. The dispersal of small scale industries into backward areas is particularly important since they provide additional employment at very low cost. According to the Annual Survey of Industries 1977-78 the fixed capital investment per employee is around Rs. 7000 in factories with less than Rs. 25 lakhs investment in machinery and Rs. 43,000 per worker in factories with more than Rs. 25 lakhs of investment in machinery. Thus the promotion of small scale units in backward areas can reduce the costs of generating manufacturing employment to a very substantial extent. Another reason for emphasising small industries is the fact that they may be more suitable for local entrepreneurs than larger units.

8.6 The policy framework for the development of small industries has emphasised the provision of credit, the creation of industrial estates for such units with common service facilities and a small industry extension service.

8.7 The impact of these measures on small industry development needs to be assessed. The percentage of small-scale industries who have benefited from the various services provided by official agencies is indicated in the. table below :

Coverage of small industry development service units benefited as a % of total numbers, 1978-79		
	As % of Registered Unit	As % of Total No. of Units
Industrial estates	4. 2	1.9
Loans from Commercial Banks		77.1
Loans from SFCs	18.8	8.4
Machinery h.p. from NSIC	4.3	1.9
On-spot guidance from SIDO	25.4	11.3
Advice on technical, managerial, economic & general matters	72.-8	32.5

Source : (i) Small Scale Industries in India : Policies & Programmes—Institutional support, Development Commissioner (Small Scale Industries) Min. of Industry, Govt. of India.
(ii) Annual Report (1978-79), Industrial Development Bank of India for No. of SSIs assisted by SFCs. Data includes a small number of road transport operators.

8.8 As examination of this data shows that apart from the loans from commercial banks and general advisory functions (which may be of limited value) the coverage of the official system is poor. The vast majority of SSI's are located outside industrial estates. Loan assistance from SFCs and h.p. assistance from NSIC have only reached a minority of units. The extension effort of SIDO, measured by the nurnber of cases of on-spot guidance also had a limited coverage even if we ignore any assessment of the quality of guidance provided. The SIDO is also supposed to provide common facility services through workshops. In 1976-77 these workshops executed 23500 jobs and earned a revenue of Rs. 21.5 lakhs. The total output of small scale industries was of the order of Rs. 11 thousand crores against which the revenue earned by workshop is negligibly small. This suggests that very few small scale units benefit from these facilities.

8.9 The organisational framework for supporting small industries is provided through a network of 25 Small Industry Service Institutes, 18 Branch Institutes and 41 Extension Centres. Most of these are situated in developed areas with a heavy concentration of small scale units. Access to these services, is very poor for units in backward areas. With a view to improving access, branch institutes are being set up in.selected backward districts, 13 such institutes were set up.

8.10 The organisational framework for assisting SSI's underwent a substantial change with the establishment of DIC's after May, 78. According to the latest available information 382 DIC's have been

sanctioned. According to the data provided by DC (SSI) a total of 50,338 SSIs were set up through DICs between May, 78 and December, 79. As against this the actual growth in the number of registered SSIs reported for 1978-79 and 1979-80 was 70,000. The nature of the assistance provided by the DICs beyond registration needs to be assessed.

8.11 The mid-year appraisal of the DIG scheme prepared by the DC (SSI) gives some data on assistance provided by reporting DICs to small scale and artisan units. The figrues pertain to the half year April to September, 1979 for approximately one-third of the DICs sanctioned as of 31-3-79. They are as follows:-

	Total No. of cases
Electric power	3218
Raw material	15197
Machinery	1723
Marketing	2311
No. of sick units assisted	1004
Other assistance	4987
These figures, even if corrected by a factor of 4 to 6 for undercoverage, are fairly small compared to 3.23 lakh registered small scale units (as of the end of 1978-79).	

8.12 The policy framework for small industry development in backward areas has to find an answer to the problems mentioned above. In what follows this policy framework is described.

8.13 What is it that the entrepreneur in small scale industry requires generally and cannot do without, in the industrially backward areas ? The detailed study of Nasik belt by the Centre for Studies in Decentralised Industries (Reference in Annexure IV.4) shows that out of the 42 units studied, 21 had utilised 50% or less of their installed capacity. The main deterrents to optimum utilisation appear to. be as follows :

(a) The number of units set up in a particular industry was more than the demand warranted;

(b) Repair and service industries suffered from high under-utilisation;

(c) Engineering and Chemical Industies suffered from lack of raw materials; nineteen units reported insufficiency of raw materials;

(d) Labour unrest was responsible for under-utilisation of 17% of the units.

Thus, even in the area where the Government of Maharashtra has taken intensive action, the entrepreneurs have found themselves in difficulties.

8.14 The Gujarat Entrepreneur Development Scheme has taken a lot of pains in proper selection of entrepreneurs of training and help in establishment of the units. In spite of this the report shows 59% of units were working below 50% of their capactiy.* A number of units have gone into red. The problems of getting adequate markets for their goods is an important gap in the planning.

8.15 Another aspect which the Committee noticed during its visit to Gaya DIG was much more serious. The SISI is the sole organisation floated by the Ministry of Industries to help the entrepreneur with consultancy for establishment of an industry and advise about the type of machinery that should be obtained. The number of types of industries which were developed in the Gaya district amounted to about 65. The SISI in-charge of this district has amongst others about a dozen field experts who are well versed in the ordinary industries that are generally sought to be developed. They have neither the knowledge nor the capacity to deal with many of the new types of industries that are now developing. The entrepreneur requires the best advice regarding process selection and the most modern type of equipment that is available in the market. Obsolescent knowledge or obsolescent equipment only adds to cost and in the competitive market becomes a mill stone

round the entrepreneur's neck. A method has to be devised for getting the correct type of consultancy, the proper training in the new technology and help in trouble-shooting during initial stages of production. The Committee will go into these aspects in another report.

8.16 The statistics in paragraph 8.7 seems to indicate that as a general rule the entrepreneurs do not use the facilities in the industrial estates. This impression will be wrong. The Gujarat Entrepreneur Development Scheme has clearly established that when industrial estates are suitably located the entrepreneurs prefer to use one of the sheds rather than establish his own shed and appurtenances at a place of his selection. The reason is not far to seek. In order to find finance for any investment the entrepreneur has to find the margin money required from his own resources. The absolute amount that he has to find will be greatly reduced if he does not have to purchase the land and the shed straightway and can get them on hire-purchase or rental basis in the industrial estate. Thereby he reduces his own commitment for finding the necessary funds for establishment of the industries in the backward areas where firstly entrepreneurship itself is sadly lacking and secondly an entrepreneur will find great difficulty in finding his own resources beyond certain very low limits. It can, therefore, be taken as a general rule that entrepreneurs will support the industrial estates complexes provided the location of the estate is favourable to the market and raw material supply and the necessary infrastructure is provided. Much of the nonutilisation of industrial estates is due to the wrong location and lack of necessary supports. The Committee would recommend that the industrial estates which exist in the selected growth centres should be rehabilitated. Moreover growth centres which do not have industrial estates should be provided with one. In addition the Committee recommends that 100 new industrial estates should be developed in centres away from the growth centres in the industrially backward areas thereby helping to further decentralise industries away from the concentrations existing and proposed. The infrastructure planning and development of these 100 industrial estates wM be coordinated and the land and shed deve lopment financed through the DIC. The DiC will fulfill the role for these estates that the IDA will do for the growth centre. The Committee will examine in greater depth the role of industrial estates and the requirements in another report.

8.17 The broad defects noticed have brought out the need for a covering organisation which can meet the essential requirements of small entrepreneurs at a reasonable cost. The most important stages of small industries requirements are :

a) Market intelligence and marketing aids;

b) Help in getting through the various controls
and sanctions necessary for the establishment of a new industry;

c) Credit for fixed and working capital;

d) Raw materials supply at reasonable rates not much above the wholesale rates at which large and medium industries manage to get the raw materials

e) Common services facilities close-by so that repair and maintenance jobs, finishing, testing, etc. can be done quickly and efficiently at reasonable charges.

In view of the committee the concept of DIC, suitably modified to meet these essential requirements, is the correct answer for such a covering organisation .

8.18 We have noticed how small entrepreneurs suffer from lack of market. As we are seeking to develop industries in backward areas through a hesitant entrepreneurship, it is only fair that ail facilities available to the State for tying. up captive markets with industrial development is fully utilised. State Governments and Central stores purchase organisations are large buyers of products of small industries. Various States have also passed orders that their purchases for various departments must be preferably through the small industries developed in the State. Some States give also preferential rates to such production. Even, then, as the Committee found in Bihar, out of a purchase of more than Rs. 500 crores worth of material by various departments in a year, only Rs. 2 crores were bought from the small industries sector in the State. There is, therefore, great scope for tying up the captive market with the small industries being developed in the backward areas. The DIC will have to help in tying up the requirements of the State purchase orsanisations with organised production in the small industries under its control. The Committee in another, report will deal with the details of the DIC's role and the coordinating organisation that will be necessary for this.

8.19 Small industries cover a large part of consumer industries. The country is developing a vast structure of consumer cooperatives and super markets to meet consumer demands at fair prices in order to prevent the bkck marketing in consumer goods by the trade and deliberate reduction of supplies. If suitable -coordination can be established between these tied markets and the small industries development through the good offices of the DIG, it should be possible to ensure quite an amount of trade and business for the small industries which incidentally benefit the consumer.

8.20 The Central stores purchase organisation and the railways, shipping and trasport organisations are all large, consumers of fast moving spares and parts. Once a policy of deliberate development of small industries in backward areas is accepted, it should be possible for the Central Ministries and their associated organisations to ensure that a good part of their requirements are organised through tied small industries through good offices of the DIC's. Over and above all these is the ancillary industry system which is being dealt with further on.

8.21 Small scale units dependent on industrial raw materials (imported or indigenous} face many difficulties in meeting their requirements. Generally they cannot obtain supplies directly from producers or canalising agencies and have to depend on the State Small Industries Corporation (or similar organisations) or on the free, often unofficial market. The amounts released for small industries are generally much less than demand. For example in 1978-79 and 1979-80 allocations of steel for small industries were around 40 per cent of demand and actual dispatches around 75 per cent of allocations. Though there may be some inflation of demands, this order of short fall must have meant heavy dependence on unofficial supplies. • Apart from overall availability small industries face many other problems like delay in obtaining supplies like the lack of availability of the required grade of or type of raw material at the required time, the need to make frequent trips to stockyards or depots, higher prices etc.

8.22 The marketing problems of small industries flow from their scale of operation. The governmental svstem, provides some assistance to these units. Thus SISIs provide market intelligence and training, establish subcontracting exchanges and encourage small units to participate in the govenment stores purchase programme. State level small

industry development corporations and export corporations also provide assistance in the area. Some of these activities are quite significant. Thus the subcontracting exchanges obtained orders worth Rs. 65 crores for small units in 1978-79. In the government purchase programme small units secured Rs. 47 crores worth of order in 1978-79.* However these amounts though large in absolute terms are minute (less than 1/2 per cent) compared to the total output of SSIs.

8.23 With regard to raw material supplies the objective must be to ensure full reauirements at the growth centres /industrial estates. For this purpose raw material dumps should be established at these centres for major industrial raw materials like steel, non-ferrous metals, plastic raw materials, basic chemicals like soda ash and caustic soda, etc. These dumps should be managed by the IDAs in the growth centres and the DJCs in the other industrial estates. In addition to this the central and state agencies responsible for raw material supply should accept that the requirements of small scale units in backward areas wfll be a first charge on available supplies. It has been pointed out that in some cases imported high price material was dumped on small scale units and the large sector was given the lower priced indigenous material. In any case small scale units and units in backward areas may find it somewhat more difficult to make the necessary arrangements for imports.

8.24 Technical assistance to small scale units can be provided by the small industry service institutes. The number of branch centres of the SISI in industrially backward areas must be increased from 13 at present to at least 50 so that access to these services is improved. The extension agencies should work in close collaboration with the DIG so that an entrepreneur is provided with continuous guidance from the first project idea to its realisation and through the teething problems in early years. We have already dealt with the problems of technical guidance to the entrepreneurs in paragraph 8.15. The problem is much more complicated than appears at first. The DIG can only be a vehicle for giving necessary guidance from more competent sources. The SISI is an obvious source but not a sufficient one. The Committee will deal with this aspect in detail in another report.

8.25 Entrepreneurial development and training has been undertaken by many agencies but with mixed results. The Gujarat experiment has been studied in detail.** Though this experiment may not be comple-tly replicable some of its features are worth nothing.

(a) The programme involves an elaborate selection procedure to ensure that the chosen trainees are suitably motivated and achievement oriented.

(b) The training programmes for inexperienced trainees emphasise the need to acquire operating experience.

(c) The preparation for setting up a project are an integral part of the training system in which the candidate prepares a project report which will later form the basis for raising finance.

(d) The programme is guided by all the corporations involved in industrial promotion which helps to ensure their interest in assisting the trainees to realise their projects.

8.26 An important element in the policy " package is the provision of finance. The principal 'agencies involved in this are the SFCs and the commercial banks. The data presented in para 8.7 shows that the outreach of the SFCs is limited and only a minority of small scale units have benefited from SPC assistance.

It is necessary that SFC operations in backward districts should cover a much larger number of units. If necessary additional branch offices of SFCs may be set up for this purpose. The credit managers of the DIG must ensure that the finance requirement of small units particularly those set up by new entrepreneurs are adequately covered.

•8.27 There is one final point which needs special attention. The procedures for obtaining the required sanctions, clearances, etc. are very cumbersome and often over centralised. A small entrepreneur is obliged to spend a disproportionate amount of his time to obtain finance from banks and public agencies, get release orders subsidies, procure raw materials from canalising agencies, get a power or water or sewage connection, obtain the required municipal ' clearances. It is essential that the system should be simplified so that the[7] number of sanctions and clearances, etc, required is minimised and that the authority to issue these sanctions etc. is decentralised at least upto the district level.

Development of Ancillary Industries

8.28 The definition of an ancillary unit has been revised recently and covers any unit with an investment in plant machinery of less than Rs. 25 lakhs which manufacture parts,' components, sub-assemblies, or intermediates render services and markets 50% of its output' to other units.

8.29 There are 593 industrial estates in the country as of March, 1975. Those 573 estates that are located in developed industrial centres have attracted a large number of small industries. About 85 of the Growth Centres for large and medium industries recommended by the Committee have industrial estates. These can take off only if the supporting ancillary industry system accepted in the tied ancillary policy of the Government of India is made fully effective. In the view of the Committee the lag in utilisation of industrial estates away from the existing growth centres of industry is mainly due to the lack of a market for the goods and the difficulty of small enterprises in trying to find their own market in distant places. The same constraint acts still more powerfully in the 238 rural and semi-urban industrial estates which are languishing very badly for custom. Our policy of decentralisation will have no meaning if these decentralised location of industrial estates prove a flop. Our first objective should therefore be to revitalise the industrial estates in backward areas now languishing. This can be done by tie up among other-things of the industries already started in these estates with suitable large and medium industries as tied ancillaries with a guarantee of nurchase of half the production. This of course will require a tremendous effort and coordination by the State and Central promotion organisations for industrial development of backward ar£as. In addition to rehabilitating the estates in industrially backward areas and setting up estates in Growth Centres which do not have them now the Committee has also recommended that 100 new industrial estates should be developed in centres away from the Growth Centres in the backward areas , and further decentralising industries away from the concentrations existing and proposed. The develop-ment of these estates also will have to be promoted by a tied ancillary policy. The DICs will have to do the basic planning of the tie-up and pursue the matter with the coordinating body for increasing the ancillary business of Public .and Private sector industries.

8.30 The value of ancillary items supplied to public sector undertaking and private sector is given in Table 8.2. These data show that, the extent of ancillarisation is very small relative to the size of the two

sectors. Supplied from ancillaries constitute a very small fraction of the output of small industries in the country and of purchases by industrial units. The more detailed data for public sector units presented in Table 8.3 also brings this out.

8.31 The concern of the Government of India in the development of the small scale industries as ancillaries to large and medium undertakings was first reflected in the creation of a separate division in the office of the ' Development Commissioner, Small Scale Industries, New Delhi. This was done with a view to provide a direction and the desired thrust to this programme in the country. During these years, the DCSSI has taken a number of steps to accelerate the growth of ancillaries in the country. Understandably, the major thrust of this programme at first was on public Sector enterprises and this was expressed in the form of guidelines issued by Bureau of Public Enterprises to the Public sector Undertakings during 1971. Simultaneous efforts were made to bring out the need and importance of ancillaries during the meetings of the Small Scale Industries Board and its Standing Committee on Ancillary Development.

8.32 The guidelines of the Bureau of Public Enterprises spelt out several important steps to be taken by the management of the public sector enterprises. Notable amongst them related to appointment of a senior management level official to look after the programme and setting up an ancillary Development Advisory Committee at plant level to assist and advise the management on implementation of the programme. Although, during the eight years 1969 to 1977, there was progressive increase in the supplies made by ancillaries to public sector enterprises, from a value of Rs.-6.60 crores during 1969-70 to Rs. 78.00 crores during 1977-78, it was felt that the progress was below expectation, and much more was to be done to make the oublic sector more responsible to this programme. Studies and field investigations revealed a number of weaknesses in the programme, which caused the progress to be slow. On the question of parent ancillary relationship, it was revealed that it suffered from several handicaps, which did not allow the healthy growth of ancillaries. Analysing the situation, the relationship suffered from the following ills and problems :

(i) Irregular loading rattern and often in-adecmate work load causing dislocation of production.

(ii) Frequent change of orders — in quantity and specifications disturbing production schedule and calling for changes in designs, toolings, etc.

(iii) Absence of pricing formula and exposing ancillaries to undesirable open market competition.

(iv) Reluctance of management to enter into long-term contracts with ancillaries, making it difficult for the latter to do long-term planning.

(v) No institutional arrangement within the public sector undertaking to tackle the problem.

(vi) Delays in inspection and acceptance of items offered by ancillaries resulting in consequent delays in payment in turn affecting profit margins of ancillaries.

8.33 The First National Workshop on Ancillary Development was held at Bangalore in July, 1977 under the shadow of the above problems and during discussions spread over a wide range of topics, the participants drew pointed attention to the absence of an institutional back-up to the programme in the public sector. The National Workshop

also felt the need for reviewing the basic definitions of an ancillary unit and called for evolving a suitable dynamic, strategy for growth of ancillaries in the country. It was also decided that visits of inter-departmental teams might be organised to public sector and private undertakings to thrash out- the problems with their management. The workshop also emphasised the need for an effective implementation of BPE guidelines by the public sector enterprises.

8.34 Inter-departmental teams comprising of senior officials ot BPE, administrative ministries and DCSSI were set up to visit selected public sector enterprises to discuss the ancillarisation programme with their management and to sort out any problems. Besides, Director SISI and the Director of Industries of the concerned states are coopted during the meetings with the top management of Public Sector Underakings. The teams visited 21 PSES during 1977-78 and 7 during 1978-79. The visits "have been very useful and were instrumental in creating greater awareness about the importance of the ancillarisation programme. More visits of the teams to public sector are being planned.

8.35 It is also proposed to organise visits of interdepartmental teams to private sector undertakings which would comprise of representatives of DCSSI, DGTD and State Governments. It is also proposed to coopt representatives from BPE and SISI whenever neccessary. DCSSI has also addressed 75 large and medium undertakings in the private sector to obtain relevant information about their activities and their programme for ancillarisation. Visits of inter-depart-mental teams are to be organised to these undertakings shortly.

8.36 On an initiative taken by the Office of DCSSI, almost all States have constituted Ancillary Development (Guidance) Committee at the State level to evolve a programme for Ancillary Development in the State, review periodically its implementation and monitor the progress achieved. These Committees are headed by the Industries Secretary of the State Government, and have representatives from prominent public and private sector undertakings in the States, Promotional agencies and organisations, financing institutions and banks, infrastructurai agencies, SISI etc. A number of meetings of such Committees have already been held in the States of Andhra Pradesh, Kerala, Tamil Nadu, Karnataka, Uttar Pradesh, Rajasthan, Gujarat, Jammu and Kashmir, Himachal Pradesh, Delhi and Haryana, besides Nagaland.

8.37 Based on the discussions held and suggestions made during the first National Workshop at Bangalore, The bureau of public Enterprises in consultation with the DCSSI's office, has revised and updated its guidelines for growth of ancillaries issued earlier to the public sector enterprises. The revised -guidelines have been issued during May, 1978 which specifically spelt out the steps to.be taken by public sector enterprises for providing an institutional back-up to their efforts by associating various outside promotional agencies at Central and State level as well as the entrepreneurs themselves. Greater emphasis has been laid on the effective usage of plant level committee forum to review and monitor the progress of growth of anciilariss. 56 public sector enterprises have already set up ancillary development Advisory Committee at plant level and 57 have designated a senior management level official to coordinate the work relating to growth of ancillaries to these undertakings. There is, thus, a greater degree of awareness in the public sector enterprises about the programmes as is evident from the fact that 66 public sector enterprises reporting to DCSSI have made purchases of items /'services

worth over Rs. 78 crores during 1977-78 as against about Rs. 45 crores during 1976-77.

8.38 Arrangements have also been made for monitoring the progress of ancillarisation to individual public enterprises through plant level committees and the Board of Dkeetors meetings. The progress made i'n various states is expected to be monitored through the State Level Ancillary Development Committees. Proceedings of these Committees will hereafter be sent by the concerned public enterprises and the State Government to be DCSSI, BPE and the Administrative Ministries for their information and further follow-up.

8.39 As a result of the promotional measures in the public sector enterprises, 66 public sector enterprises have given support to small scale units as ancillaries to their undertakings. According to the information available small scale ancillary industries have come up mostly in the states of Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and the growth has been scattered in the Northern States like Rajasthan, Uttar Pradesh, Madhya Pradesh, Bihar and West Bengal. Tn other states, the impact of ancillarisation programme has yet to be felt. It is partly due to the fact that the development of large and medium undertakings in these states is also comparatively less.

8.40 In the private sector the programme of ancillarisation had been adopted by some of the enlightened large and medium undertakings even in the absence of any specific guidelines. Preaiiaent among these industries are M/S Philips India Ltd., Bombay, Poona, Calcutta, M/S Escorts India Ltd., Faridabad, M/S TAPE Limited, Madras, M/S Telco Ltd., Jam-shed'pur. These enterprises have adopted the programme of ancillarisation as an enlightened self interest since it makes economic sense for them to obtain part of their requirements from small scale units at competitive, price. However, detailed information about the support provided by them and the purchases made from ancillaries in the private sector are not yet available. There is, therefore a need for developing a suitable monitoring system to get a feed back about the outcome of the efforts made by the private sector in the area of ancillary development.

8.41 There is a point of view that the ancillary industry should be located in the same township as the Mother Industry. The reasons given are : —

(i) The policy of ancillarisation requires the Mother Industry to supply the raw material to the ancillary;

(ii) The policy requires the Mother Industry to give the necessary training to the entrepreneur and his staff in the Mother Industry;

(iii) The policy requires the Mother Industry to give the technical supervision i'n .. the teething stage so that the new enterprise can be got off the ground with a production of a quality where rejections can be minimised.

It is argued that ail this can be done only if the ancillary J.s close to the Mother Industry. On the other hand we want to use the ancillary system to develop new locations for small industries in the backward areas. Is there a meeting point?

8.42 The Committee has discussed in detail the economic compulsions that control the location of the new large and medium industries in the backward areas. If it is true that an ancillary can be developed only close to the Mother Industry we have to wait till the new large or medium industry in the backward area is established and can support an ancillary

industry. This is naturally a time consuming process. On the other hand we are seeking to use the ancillary system to revitalise the industrial estates in the centres away from the large and medium industries by linking up ancillaries located in such estates whether existing or new. We also want to build up new industrial estates in backward areas away from the Growth Centres for large and medium industries in order to further industrialise distant backward regions. We postuletc that the best way to start such new estates effectively is to tie up at least ten new ancillaries in each such centre as the base for further growth. For the new thrust therefore the Mother Industry and the ancillary have to be at different centres. If the already established industries cannot support ancillaries at centres other than their own,- the decentralisation we seek is not possible in the near future and the Industrial estates languishing in the backward areas have to collapse taking with them the few industries who have hopefully come to these centres in the expectation that we knew what we were doing when we asked th«M to go to thes® centres, in the view o! tfag Committee the problem is s,bly.abje and existing Public and Private Sector Industries can support ancillaries at other centres.

8.43 The Committee has recommended that the raw material supply and credit should be arranged in the Industrial Estate by the DIG. Further it is extremely doubtful whether any Mother Industry in the public or private sector really makes any attempt to supply scarce raw materials. This responsibility has now to be discharged by the DIG. Training of personnel can be done at the mother industry and it is not necessary that the ancillary should be at the same centre for this. The technical supervision and trouble shooting during the teething period has to be very close and it is best done by deputing the correct expert for three or six months to get the system working to quality. This again can be done without asking for the same location. An occasional visit thereafter by the experts will be enough for occasional trouble shooting. No doubt all this can be done more leisurely if the two are at the same centre but the imperatives of econo- . mics being, what they are, Mahomet has to go to the mountain. Further under the new dispensation of a DIG technical expertise will be available from this structure in addition. Hence these arguments may not hold up decentralisation of ancillaries.

8.44 The viability of ancillary units is heavily dependent on timely payment by the mother units. Delayed 'payments on various pretexts are common. It is therefore necessary that public enterprises should make payment for purchases from ancillary units within 30 days of delivery. The responsibility for monitoring performance in this regard should lie with the State Level Committees.

8.45 A mere coordination by peripetetic teams without any authority has increased ancillary purchases from Rs. 45 crores in 1976-77 to Rs. 78 crores in 1977-78. Even Rs. 78 crores is said to be only a small fraction of the capacity of the Public Sector to absorb ancillary production. The statement at Table 8.3 shows that as of today tied ancillaries contribute a very small proportion of the raw material and parts purchase. As the economy grows and Public Sector factories increase production as postulated for them by better work and new expansions, a iarge new demand will arise. If steps are taken from now on to pla'n the offtake of this expansion of demand from tied ancillaries every Rs. 10 lakhs extra demand can set on its feet one tied ancillary on the average. Thus one crores additional business to ancillary system can be diverted by the overall coordination

mechanism to stabilise 10 new enterprises. Surely by tightening up the supervision and enforcing Governments directives on tied ancillaries it should be possible to earmark a rise of Rs. 20 crores per year in the diversion of purchases from existing and additional requirements to the ancillary sector. This can support 200 new units per year. In five years 1000 units can be established and at ten per industrial estate., 100 new industrial estates can be supported. Another, Rs. 10 crores of diversion per year can look after the rehabilitation of the old estates and units. The Committee will deal exhaustively with the type of the coordinating organisation and the divisions of responsibilities between the various units in another report. The Public Sector Plants are controlled by several Ministries. All that the Committee would like to point out at this stage is that Governments directive on ancillaries has been carried out in the breach rather than effectively till a. trouble shooting organisation has imposed from above went into the matter. Surely the ministries can play a more effective role in carrying out the policy directives of Government suo moto without prodding from an outside body.

Location Specific Industries

8.46 There is large field of small industries where location is guided by the local market and needs. These can bs divided into two classes :

(a) Maintenance and repair and service units Including small hotels and cafes and boarding houses which are a necessary adju'nct to rapid development.

(b) Agro based Industries either processing agricultural produce fully for the market or semi-processing the same for saving on bulk transport.

These two sets of industries can be developed by any state by a careful check of raw material supply and the type of maintenance etc. support that are needed. It is also possible for a state to generate new ce'ntres for such industrial development by first activising the agrarian revolution towards greater pro-duction of what are called cash crops. Some of these industries will no doubt be a necessary adjunct to the Growth Centre that has been recommended, because the Growth Centre itself requires the maintenance support and other aids and also requires agio processing units to meet the local supply of raw materials which can even be of more sophistication than normal in such rural industries. What the Committee seeks to emphasise is that there are large rural areas where such services are at present required and which may not have them for lack of identification of entrepreneurs and support. Agrarian development being an accepted need, and the country investing in better land use and more remunerative crop production, there is a prospect of marrying agrarian development with industrial development by starting the processess of agrarian development in the industrially backward rural areas.

8.47 Agrarian development necessarily means introduction of pump sets, tractors, power tillers, threshers, sprayers and such machines. These require a good maintenance and repair service. If our objective of a 4 to 4J% growth per year in agricultural production is to be achieved till the end of the century, lots of such machines will be introduced particularly in areas where land is plenty and facilities for new irrigation are excellent. The backward areas of the cou'ntry as per the tentative view of the NCDBA involve tribal belts, hill areas drought prone areas, chronically flood affected areas and coastal areas affected by salinity. In the drought prone areas for instance there will be greater need for tractors to make up for the serious shortage of bullock power and also the need for post

harvest ploughing and quick ploughing soon after the first rains which is scanty and short. If in the detailed local planning one can foresee these developments and needs and combine it with a drive for such introductions wherever advantageous and necessary, a lot of small industry can develop in the backward areas of the country. These types of industries do not require large investments or a high quality of e'ntrepreneurship. The ubiquitious cycle repair shop has sprung up all over the country as a necessary support to the rapid increase of this form of transport. If these shops can graduate to a higher level of service for the new demand by a suitable training and support programme, the process will start easily. A number of such repair and maintenance shops will require the support of a nearby spare parts supply unit which can deal in all the fast moving spares for the machines in the area. Onei of the tasks of the DIG can be the development of such centres by suitable linkages between the local educated youth and the makers of the spare parts.

8.48 Planning of these industries and continuous monitoring of their needs, can be an essential part of the Project level I.R.D. Planning and Implementation group in the Backward Areas. This group will necessarily include an expert in such industrial development. This person can also be the eyes and ears of the D.I.C. in establishing a linkage between local entrepreneurship and the D.I.C.

8.49 The Committee has 'noted with approval the Focal Point approach of the Punjab Rural Development Organisation with suitable modifications. It will be a natural process to concentrate on the maintenance and repair services with the Focal Point. In addition the Focal point will be the primary collection ce'ntres for agricultural produce. There will be movement of the rural population to these centres for selling their goods. This enables the automatic development of the sale centres for consumer goods, needed generally by the rural population. In addition facilities like cafes, small hotels and boarding and lodging facilities will be 'needed. Thus tertiary employment will be available to the rural entrepreneur. This comprehensive Focal Point development can best bej done in the Project-level Planning and Implementation Grouping in the' Backward Areas which is dealt with separately.

8.50 One must strike a note of warning at this stage. The Nasik area study has shown that there has been a glut of repair and maintenance services leading to heavy under-utilisation of the capacity developed. A target oriented approach is likely to lead to this sort of anomaly, leading to frustration in the entrepreneur. This can lead to a drying up of local entrepreneurship. Hence the planning and development of this sector has to be[1] a careful exercise taking into consideration fair estimate of demand and deliberately restricting the new entrepreneurship to manageable levels. The first step will be to upgrade existing facilities of this kind to thc higher levels required, bringing, in hew entrants only when the additional need has bsen clearly established.

8.51 Agro-processing industries are of two kinds; those that cater mostly for local cxansumption and those that process for the larger market. There are also semi-processing industries like those handling minor forest produce at the collection points in order to avoid bulk transport of the raw material and at the same tune provide new employment opportunities for the locals. A study of the effects of Rural Electrification carried out in the Thana District by the Vaikunthbhai Mehta Smarak Trust has disclosed that wherever Rural Electrification has been taken to the

interior, Rice Mills and Hailing units, Dal Mills, Flour Mills and oil processing units are located on a wide scale. These are all small units and cater mostly for the local market. In project area planning in backward areas, it should be possible to plan the development of these small units in the Project and Block areas, in a time phase to suit the expanding production and consumption demand. The semi-processing units will naturally be located close to the collection points. Preferably these units are best located at the Focal Points.

8.52 Continuous electric supply or supply at pre-stated hours has been a casualty in the rural areas in the past two or three years and seems to be a continuing hazard. Guaranteeing supply on a plan to* scattered units all over the country is not technically or economically possible. If a number of such units can be located at one centre, it is easier to plan the supply to such a complex. As we are planning the other necessary infrastructure including maintenance and repair services at Focal points we thereby solve many problems of a new industrial venture.

8.53 Large scale Agro-processing in the country is not necessarily located at the best location near the source of supply of agricultural produce; it is mostly located as a consequence of the historical process of trade development in the country. Besides the specific action taken by the country to develop cash crops which were lost to the country on the partition of India led to the development of new centres of cash crop production. More recently a big boost to horticulture has been noticed in the hill areas of the Himalayas and in the south by active propagation of scientific horticulture. The apple revolution of the North and the North East is an example. Vegetable growing is spreading to all parts of the country leading to local gluts in the seasons. The old trade systems which are mostly based on. long family connections are not able to handle this large growing new supplies and link up production with demand. As a result, of the introduction of cash crops as the most remunerative form of land use has floundered often for lack of a reasonable purchaser. All this emphasises the need for identifying the raw material growth centres and providing the processing facilities nearby, so that automatically new trade chains can be established. This will further develop tertiary employment opportunities in new trade) and marketing services which can be availed of by local talent. On a broad bird's eye view of the potential for development of these cash crops, one can see a preponderance of the backward areas particularly the drought prone areas which are the best suited for oilseed, pulses and horticulture. The best citrus and pomegranate grows in the desert areas of Raja-sthan under extremely controlled irrigation. Horticulture is a major activity in hill areas. The district planning and implementation organisation which the Committee has recommended for Infrastructure development in backward areas can deal with this planning of the new agro-processing units and linking up 'the supply of raw material to the units. The D.I.C. can deal with the major role of identifying industrial opportunities and organising the entrepreneurship; but it is only the district planning body which can tie up raw material production and marketing to lead to further growth of industrial opportunities in this sector.

8.54 Any agro-processing industry in a backward area, is not going to surrender its potential to buy agricultural produce at low unfair prices for lack of an effective competitive market. Our objective also being the cultivation of cash crops in new areas in order to give the farmer better result out of his land, the type of organisation for the industry becomes relevant so that a fair deal can be obtained. An obvious solution is a

cooperative industry. The N.C.D.C. has been given the role of supporting such industries with equity and loans on favourable terms. Even though for the last five years the N.C.D.C. has expanded its activities in this direction the response is not significant, particularly in the backward areas. The main difficulties are that the farmers individually have not got sufficient funds to take leadership in organising such a cooperative and there is a general lack of industrial entre-preneurship amongst farmers. Sugar cooperatives have been reasonably successful, but the amount of State and Central aids in organising and running the organisations is well known. Except in centres where[1] unusual leadership has developed, as in Tudiyalur near Coimbatore, Khanna in Punjab and Anand in Gujarat, we have not noticed a spontaneous growth of cooperatives in the industrial sector.

8.55 Agro-processing units are best located at the centres of collection of agricultural produce. The country has developed the concept of the Regulated Markets effectively over the last 15 years to provide suitable collection centres, suitably supervised by effective market committees with legal authority to ensure a fair competitive price to the farmer who brings his produce to the centre for sale. Punjab and Haryana are following them, other states have by now made this system effective and are giving a fair deal to the farmer. At the same time the effective regulated markets have also been able to levy a market fee and use the monies to expand the facilities to the farmer for storage of his grain and maintain a strong professional management to see that a fair competitive market is maintained. Unfortunately the established trade of adathiyas in the collection traditional markets have developed a vested interest in a free uncontrolled market where they can rackrent the seller. They have sought to slow down the process of regulation by ex-tensive litigation. But by now it has been establish-t ed that the legal system approves of this control. It has also been found that the controlled commodities often excludes important cash crops produced in the area. It is first of all necessary as the first move towards effective development of agro-processing units in the backward, areas 'to establish fully effective regulated markets with professional supervision covering the important cash crops in the area. It should not be forgotten that food crops are also cash crops in many areas. There are plan schemes for aiding such development and the World Bank has been giving special aid for this purpose. Full use should be made of these facilities.

8.56 There appears to be a more hopeful approach for an organisation which will answer the needs of the farmers and at the same time command the professional management for efficient running of the industry. A regulated market Committee has a competent professional management for running the market yard efficiently. The cess which has been found 'generally acceptable in the Punjab, Haryana and Karnataka gives enough extra funds to the marketing committee for providing more amenities to the producers bringing their produce to that yard. Once the initial capital expenditure in modernising the yard for better service to the producers is achieved, the marketing committee will be getting annually extra resources in its hand for new supports to the farmer. This committee suggests that the best help the market committee can give to the farmers is to organise the necessary Agro-processing industry at the market yard or nearby. Ordinarily a Regulated Market can acts an umpire bet-ween the competing bids of buyers for the commodities offered for sale in the market yard. In Backward Areas where the competing parties are generally few, it is often found that ganging up a few .

buyers can offer low bids and corner the market to the detriment of the sellers. The market committee is not able to intervene effectively in such a situation and the farmer has no relief in such cartel controlled markets. The answer that suggests to us immediately is to allow the market committee itself to be a competing bidder and establish a fair price. Unfortunately trading cannot be a legitimate occupation of a Regulated Market Committee. On the other hand if the market committee buys the commodities in order to run an agro-processing industry as a support to the producer, such an approach can pass muster. Further a local industry stabilises the market for the raw material. The committee therefore recommends that the best solution is for the market committee to:

(a) organise and run the agro-processing industry and thereby support the market

to give a fair price to the farmer, or

(b) be the major partner in the venture and give shares to the farmers who generally use the market yard and run a joint agro-processing industry providing the expert management to the venture and stabilising the price to producer.

TABLE 8 .1
State wise Distribution of Registered Small Scale Units and Employment

State	No. of units(1976)	No. of units(1972)	Employment(1976)
Andhra Pradesh	5.6	5.8	4.8
Assam	0.7	1.2	1.2
Bihar	4.0	3.8	3.7
Gujarat	6.7	7.1	6.9
Haryana	3.7	3.3	2.9
Himachal Pradesh	0.7	1.1	0.4
Jammu and Kashmir	0.8	0.7	0.6
Karnataka	4.3	4.0	3.9
Kerala	3.9	4.4	7.7
Madhya Pradesh	5.1	5.5	3.6
Maharastra	7.3	11.0	14.5
Orissa	1.3	1.3	1.1
Punjab	7.9	9.8	7.5
Rajasthan	5.6	5.1	2.8
Tamil Nadu	10.7	11.5	13.0
Uttar Pradesh	7.7	9.2	9.7
West Bengal	19.8	10.0	10.7
Delhi	2.6	3.7	3.9
Other	1.6	1.5	1.1
TOTAL	100.0	100.0	100.0

Scale Industries in India. Handbook of Statistics. 1977, DCSSI. Government of India.

TABLE 8.2
Value of Ancillary Items supplied to Public and Private Sector Units

Year	Public Sector	Private Sector	Total
1970-71	8.00	25.00	33.00
1971-72	13.00	34.30	47.30
1972-73	18.76	59.54	78.30
1973-74	29.31	30.39	59.70
1974-75	28.07	32.93	61.00
1975-76	36.39	34.61	71.00
1976-77	45.00	33.00	78.00

Source : Small Scale Industries in India, Handbook of Statistics, 1977, DCSSI, Government of India

TABLE 8.3
Development of Ancillaries and Small Units in the Public Sector(1978-79)

	Total amount purchase (Rs. lakhs)		%age of purchase from each category in relation to total purchase of indigenous raw material and store.	
	Ancillary	SSI	Ancillary	SSI
1	2	3	4	5
Engineering and Electronic				
1. Bharat Dynamics		14.13		
2. Bharat Earth Movers				31.8
(a) Earth Movers Division		163 .48		5.3
(b) Rail Coach Division		57.65		13.7
3. Bharat Electronics	34.00	102.00	4.8	14.4
4. Bharat Heavy Plates Overseas	13.02	25.12	5.8	11.2
5. Bharat Heavy Electrical				
(a) Bhopal	540.00	n.a.	12.7	n.a.
(b) Hardwar	230.00	92.00	6.0	9.4
(c) Trichy	386.06	1497.08	8.4	32.4
(d) Jhansi	35.42	173.47	5.1	25.1
(e) Hyderabad	69.00	750 .00	5.7	61.5
6. Electronic Corporation		480 .00	n.a.	20.9
7. Hindustan Aeronautics				1.9
(a) Bangalore	19.25	9.35	3.8	
(b) Hyderabad	7.78	8-64	12.3	13.7
(c) Nasik	6.62	8-65	n.a.	n.a
(d) Koraput	6.50	12 .76	25.0	49.1
8. Heavy Engineering Corporation	341.00	36.85	n.a.	n.a.
9. Hindustan Machine Tools				
(a) HMT I & II Bangalore		156.00		33.6
(b) HMTIII Panjore	54.93	9.37	1.8	0.3
(c) HMT IV Kalamassery	19.94	12.21	n.a.	n.a
(d) HMT V Hyderabad	—	25.00		8.6
(e) HMT VI Ajmer	1.12	9.92	1.8	16.3
10. Hindustan Shipyard	13.34	22.40	6.7	11.2
11. Hindustan Teleprinter		72.00		61.0
12. Instrumentation Ltd.	31.58	68.50	7.1	15.3
13. Indian Telephone Industry				
(a) Bangalore	487.00		19.0	
(b) Naini	127.00		24.4	
(c) Rae Bareli	8.44		n.a.	n.a.

14. Jenson & Co.		64.00		3-5
15. Mining & Allied Machinery		66.37		11.5
16. National Instruments		19.19		11.9
17. Praga Tools	7.28	5.52	4.2	3.2
18. Scooters India	149.02		15.1	
Metals				
19. Bharat Aluminium	2.60	7.63	0.1	0.4
20. Hindustan Copper		46.97		5.0
21. Hindustan Steel				
(a) Bokaro	78.50	163.05	1.0	2.0
(b) Bhilai		310.95		4.5
(c) Durgapur		57.60		l.6@
(d) Rourkela	578.00		n.a.	27.5@
Chemicals				
22. Fertilizer Corporation				
a) Sindri	5.20	1.88	0.6	0.2
b) Gorakhpur	133 .34	1.12	11.3	0.1
23. Hindustan Fertilizer Corp.				
(a) Durgapur		10.00	—	1.1®
(b) Namrup	105.00	56.35	10.3	5.5
(c) Barauni	33.96	7.21	3.8	0.8
24. Rashtriya Chemicals	19.00	177.68	6.0	56.4
25. Hindustan Antibiotics	23.70		2.0	
26. Hindustan Insecticides		15.62		11.2
27. Indian Drugs & Pharm.				
(a) Rishikesh	51.87	2.77	4.9	0.3
(b) Hyderabad	12.35	70.00	0.5	3.0
28. Indian Petro. Chemical	85..27	275.00	3.0	9.7
Others				
29. Hindustan Cables		25.70		1.1
30. Hindustan Photo Films		166.91		14.2
31. National Newsprint		11.39		5.4

©Includes imports also as break-up is not available.
Source: Information supplied by Bureau of Public Enterprises, Ministry of Finance, Government of India.

9. IMPACT OF INDUSTRIAL DEVELOPMENT

9.1 The impact of location of an industry or industries on the overall level of development in an area, depends on the extent to which (a) the benefits of industrial employment accrue to local people and (b) the stimulus for further development provided by .the influx of industry is availed of in the local area. In the extreme case, the 'local' impact can be considered to be negligible, if new industry is brought to an area by outside entrepreneurs (and outside capital), staffed by labour from outside and with all multiplier effects and other spin-offs being realised outside the area. Hence, the programme to stimulate industrial development in new centres, must be accompanied by systematic measure to maximise local impact. In the early stages of industrial development in backward areas, dependence on workers and suppliers from, outside is common. . This can create tensions between, the local people and the outsiders. It may also pre-empt opportunities so that even at a later stage the local people may not benefit. In order to avoid these problems, it should be the responsibility of the State administration to identify the skills that are necessary, the extent to which they are not available locally and the manner in which local people should be trained to fill these gaps. What is required is the advance planning and organisation of training. This has seldom been done so far.

9.2 The extent to which industrial employment generated in backward areas has benefited local persons needs to be assessed. Some evidence for Maha-rashtra is presented below :

Percentages of employees belonging to the same district or nearby districts		
	Developing	Developed
Managerial	40	88
Office staff	79	98
Highly skilled	68	100
Skilled	81	96
Semi-skilled	85	97
Unskilled	91	99
Source : Industrial Dispersal Policies by M. D. Godbole		

As this table shows the bulk of the unskilled jobs generated are rilled by local persons but many of the highly paid senior jobs are filled by persons from out-side the area.

9.3 The point is corroborated by the data collected in the survey of « industrial units in Alwar conducted by the Rajasthan consultancy organisation.* These data show the following distribution of employment) by origin

Employment by origin in selected industrial units in Alwar			
Category	Same districts	Other districts in Rajasthan	Others
Admisitrators	40	17	43
Supervisors	41	10	49
Skilled	46	11	43
Semi-skilled	54	15	31
Unskilled	84	3	13

These data bring out the fact that the bulk of high wage employment accrued to persons from outside the district. It may also be noted that the benefit of additional employment did not accrue so

much to other districts in Rajasthan as to persons from outside the State. In the case of Nasik and Chandrapur the survey by the Centre for the Study of Decentralised Industries* has brought out that more than 90% of the employment was of local persons. However, in the case of Nasik, the report noted that "most of this employment came from unskilled labour category since a majority of the skilled labour and managerial personnel came from outside."

9.4 A further problem arises because of the lack of an industrial culture. Thus the report on Alwar * states the following :

"One of the respondents went to the extent of saying : 'local human resources do not seem to be in need of employment; they don't stay for more than a few days.' This was echoed by several similar observations; 'local labour is most irregular'; "local workers absent themselves too much, and those from Alwar are not interested in coming to M.I.A.", "local labourers don't work hard"; "labour disappears during harvesting season"; "local labour is politically oriented, not willing to work and not work-oriented"; and "the experience with local labour is so bad that it is preferable to engage trained workers from outside even for unskilled jobs".*

A survey of the Hosur complex in Dharampuri, also brings out the fact that labour is imported from outside for two main reasons (a) lack of availability of local labour with requisite skills and experience and (b) the fact that outside labour has been easier to control.**

9.5 At present, public sector projects are required to recruit through local employment exchange for all posts and scales with the maximum of upto Rs. 800 Unless the employment exchange gives a 'no objection certificate. There is no such obligation on the private sector units. Under the law, they are required to notify vacancies; but they are not required to fill them from the panel provided by the employment exchange. The matter was examined in 1978 by the Committee on the National Employment Services (Matthew Committee) set up by the Ministry of Labour, which did not recommend the imposition of any such obligation. In fact they went further and stated that there is no justification to impose restrictions on public sector undertakings from which similarly situated private units are free. The National Committee is of the view that in backward areas the present obligation on public sector units to recruit through the local exchange -should be maintained, and the possibility of extending such an obligation to medium and large private units which go to the new growth centres should be considered where-ever these units are to receive special concessions. However, this can only take care of the relatively un-> skilled and semi-skilled workers. The problem of skilled workers requires a link up with training facilities, since industry cannot be expected to recruit local persons when they are not qualified for the jobs that have to be done.

9.6 The Committee has already taken note of the essential condition for development of new industrial centres, that there must be some industrial ethos already present in this centre and hence their recommendation of selecting large townships. But even with some sort of industrial discipline already avail- . able in the areas, local people have to be trained for the industries that are contemplated, as otherwise the benefit will certainly flow outside. Past experience; has shown that what our established training institutes) like the ITI lack is the practical orientation of the trainee for immediate absorption by industries. As a result, there is a tendency for industries to absorb even non ITI trained people for technical posts as long as the person has acquired the knowledge by work

experience. It is, this sort of training, which is sadly lacking in the ITI and in other institutions, which has to be made good. Firstly, the district ITI must adjust its curriculum to the requirements of the district industries and industries in neighbouring districts. Secondly, practical experience will have to be provided in the training course in established industries in the state and outside. Particularly in backward states, the latter is important and a system should be established, in the Central Ministry concerned, to do this systematically, not only in the case of ITI trained people, but also in the multifarious fields left uncovered by ITI and where practical experience is more valued by the industry. The centre in the State for this coordination will obviously be the State Industrial Promotion organisation. The field level requirements and problems will be studied and reported by the IDA for Growth Centres and by the DIG for requirements outside the Growth Centre. The State must accept responsibility for providing basic training and the work experience particularly for small and medium units. The entrepreneur in his turn must provide a guarantee that the trained worker will be absorbed by him.

9.7 A Committee of Experts (the Qadir Committee) appointed by the Labour Ministry in 1978 reviewed training programmes in Training Institutes and Industrial establishments and made certain important recommendations. Specifically, the Committee recommended that training be organised on a modular basis with broad based basic training of about one year common to; a group of trades e.g. metal trades, electrical trades, heat engine trades. After this basiq training, the trainee can opt to (a) start working as an operator (b) undergo further training • in other modules (c) join industry as an indentured apprentice or (d) take to self employment. The Committee emphasised that during the modular scheme of training, product oriented exercises for training should be undertaken to acclimatise trainees to actual production. The Committee has recommended that basic institutional training must be made a necessary precondition for in-plant apprenticeship. It has also linked up apprenticeship with further training through the Related Instruction Centres. With regard to admission, the Committee has recognised the need to modify seection procedures to suit local culture. The recommendations of the Qadir Committee are in line with what the National Committee considers as necessary for backward areas and should be implemneted expeditiously.

9.8 The development of growth centres in backward regions can create ma'ny opportunities for local entrepreneurs. Some evidence in this regard is available from the surveys conducted in three districts in U.P. and in Alwar.* In the case of U.P., the percentage of local entrepreneurs was as follows

Moradabad	90%
Bullandshahr	70%
Allahabad	50%

It is surprising that the percentage in the non-backward districts of Allahabad is less than in the other two which are classified as backward. However, many of the units benefited in Moiiadabad and Bullandshahr belong to the traditional brass and ceramic industry respectively. In the case of Alwar in Rajasthan, 54% of the entrepreneurs came from Alwar and 16% from other parts of Rajasthan. The remaining 30% came from Delhi and other areas. Most of the medium and large units were set up by the outside entrepreneurs and the local entrepreneurs were involved mostly in small scale industry.

9.9 Some data on the characteristics of entrepreneurs are also available. In the

case of Uttar Pradesh, 60% of the entrepreneurs came from trading families, 17% had an industrial background. 10% each had an agricultural or service background and 3% were technocrats or professionals. For nearly 80% of the entrepreneurs, iudustrial activity meant a shift from the traditional family occupation.

9.10 An analysis of the functional background of entrepreneurs in AlWar showed the following picture :

Background	Percentage
Trading	49
Industry	28
Landlords	17
Others	8
Educated 'Unemployed'	17
Technocrats and professionals	45
N.B. — The categories are overlapping and hence total to over 100	

About 60% of the local entrepreneurs were first generation entrepreneurs.

9.11 The Gujarat experient in entrepreneurial identification and training is the most elaborate, and an evaluation of this experiment can yield some basic principles*. Since 1969, Gujarat has had several . schemes for identifying, assisting and training new entrepreneurs viz. the Technician's scheme the New Entrepreneur Scheme and the Entrepreneurial Development programme. The need for an innovative approach arose from the limitations of the conventional scheme where the initiative lies essentially with the prospective entrepreneur who contacts the concerned lending agencies. A sample study of 53 projects financed by three leading banks and the GSFC showed that (i) more than- two-thirds of industrial loans were given by these institutions for diversification or expansion of established entrepreneurs (ii) the debt equity ratio was 1 : 1 so that the entre-i preneur had to have a substantial volume of own resources at his command.

9.12 The selections of entrepreneurs in Gujarat fall broadly into the following categories :

(i) People who already have an industrial background either having run an industry which is close to the field selected or who have worked at lower levels in industry;

(ii) People from traditional trading families who; are aware of marketing possibilities of Ihe goods to be produced or have contacts with other families outside the district and the state who deal in such commodities and can help to tie up marketing;

(iii) Technicians and professionals who understand the technology of the industry they have selected but may lack previous entrepreneurial experience;

(iv) Others.

9.13 A survey of the entrepreneurs under the innovative schemes who had established projects shows the following distribution by family occupation :

Own Industry	8%
Own business	27%
Employed in industry	17%
Others	4%

However in terms of their own work experience, the distribution is as follows

Industry	84.1%
Trade	8.7%
Others	7.2%

Around 59 per cent of the entrepreneurs had direct production experience and 3 per cent of the entrepreneurs were graduates or post-graduates with technical; degrees.

9.14 The Gujarat evaluation has also

examined the profit performance of the entrepreneurs. This shows that one-third of those with industrial experience failed to make profit whereas this was true for only 5 per cent of the ones with a trading background. The difference between technical graduates/ post-graduates and others does not seem to be significant. In terms of duration of work experience, the percentage making profits seems to be higher in those with more than 5 years experience.

9.15 The EDP programme of Gujarat Government selected 1487 trainees in a seven-year period from 1970-1977. Out of these, 83 per cent completed their training. By 1977 about 42 per cent of those who completed the programme had submitted specific proposals for financing, most of which were accepted. Inclusive of those who used personal/family savings, 72% of the trainees completing the programmes had set up industrial units. Even in the fresh engineers and • educated unemployed programme, 77% of the trainees were expected to start a unit. Thus the drop out rate appears to be very low.

9.16 Gujarat is not the only state which has established such a selection process but the concurrent analysis appears to have been done best by them. Other states which have the selection process may study their system and throw up points supporting the Gujarat experience or contradicting it or adding to it. All this experience will have to be built into the selection process on a concurrent basis by a central agency. It is suggested that the I.D.B.I. should be responsible for regular concurrent analysis of the selection process for EDP programmes in different states so that the results of experience are taken into account in the identification and selection of entrepreneurs.

9.17 The necessity for a suitable selection process is established. In the first instance, it is desirable to follow the priorities of selection thrown up by Gujarat experience. A point may be raised that in the backward areas it is difficult to get entrepreneurs from the first two classes listed in para 9.12. his is not so. Backward areas have today enterprising pioneers, not necessarily related to one group or caste, who exploits the raw material markets of the area which are substantial. Similarly trading enterprises exist to meet the consumer requirements of the backward areas. These acquire a good judgement as to what will sell and what can be promoted, and what will not sell. What is necessary is to spread the net wide and add effective propaganda for which the project group recommended by the committee in their report can be used at the field level. It may be felt that entrepreneurs of the first class viz. those already running an industry oise-where or engaged at lower levels in industry elsewhere may not be tound in backward areas. One olten forgets that many of our backward areas because of the wide spread of education, have competent technologists who for lack of opportunity in their home district, or State, pioneered industries in other areas or took employment elsewhere at middle levels. If entrepreneurial promotion is extended to attract such people back to utilise their talent in the backward areas, the problem is solvable. The third class is even now available in the backward areas because of the spread of technical education and special facilities to the backward area. In case of this class, they will lack the basic background of the first and second class and will require me continuing attention of the State Industrial Development Organisation.

9.18 The training of entrepreneurs to take up new ventures is an important aspect of the programme. Not all trainees will blossom into, entrepreneurs and a fair estimate of drop outs can be made on the experience of others. In Gujarat, the

position regarding dropputs is very favourable as was indicated in para 9.15. In backward areas, the State should be prepared to give help to the trainees in the form of suitable accommodation and stipend. Particularly, v/here people working in other districts and states have to< be wooed back, the question of incentives for the training period should be carefully assessed. A continuous appraisal of this aspect is necessary so that the selection does not reject a willing but poor entrepreneur with the necessary background.

9.19 At the end of the training period, the selected applicant must be given a blueprint of the industry he wants to start. He can work on this as a project during his training, helped by top experts. A good consultancy aid in this is vital. The training organisation must therefore have the expertise to do the consultancy effectively in several industries or should be able to command the consultancy from elsewhere at their expense. If consultancy charges are collected from the entrepreneur in backward areas, where capital is scarce, it may be a serious deterrent to development.

9.20 The Gujarat experience shows that the survival and profitability of the industries started by their trainees is patchy. The main reasons for the failure can be overcrowded market, difficulties in raw material supply, payment problems, lack of power or other infrastructure problems, technological snaps etc. The Committee has already examined these aspects in other parts of the report. What is necessary is that there be a close coordination between the training organisation and the state industries development organisation. They should help each other in continuously updating their package of help to the entrepreneurs so that both training and promotion and aid" become more and more relevant to the objective. It is not enough to provide guidance to the entrepreneur before he sets up the unit. Continuous technical guidance and consultancy assistance during the period of operation is as important and the promotional organisations must provide for the same.

9.21 The type of selection organisation and the need for the organisation to play a roie in consultancy, places emphasis in selection methods. With th© training capabilities the country at present commands, not many institutions of this kind can be established. There cannot certainly be one for each state. The quality will suffer. Therefore there is a case for Regional centres catering to more than one State. These have to be located in well dispersed locations amidst the industrially backward areas, witn easy transport connections to the various States availing of the centres. The Committee after careful consideration recommends that such regional centres be organised and run by the 1DBI who have the developmental role to disperse industries. Whilst establishing the centres and running them may be a charge on the developmental role of the IDBI, the stipends of the trainees will have to be contributed by the States sponsoring them.

9.22 From what the committee has explained previously, the right type of entrepreneurs will have to be found from local people employed outside the back-ward aieas. Technologists and professionals also do not stay idle and are most likely engaged away from the area. If the objective is not to grab speculative entrants into industries tempted by the incentives offered but get the right type of person response, very active promotion will have to be done by the State industrial promotion organisation to get and send a large number of applicants for the selection for the quota reserved for the State. Otherwise, the number of selectees for the vacancies of the right quality may

not be available. No compromise on quality is desirable.

9.23 The selection process 'has to be aimed at the objective of getting entrepreneurs for the' backward areas who have the capacity and the motivation to make a success of the venture. Otherwise, if the selection is slipshod and as a result the enterprise fails, the backward area gains nothing by the investment. Whilst states may afford to lose their investments, the entrepreneur stands to lose his entire investment and he cannot afford it. Further, once an industry run by a local selectee fails, it acts as a serious deterrent to others working in the forward areas to come forward and leave their present occupation and risk the venture. A regional expert centre run by the IDBI helps to guarantee the quality of selection. But the States will have to follow a convention and not pressurise the unit to take unqualified persons to fill their quota. An agreed condition in the franchise of the Centre to this effect will be helpful. This is also the reason for recommending a national industrial development body like the IDBI to run this common facility.

9.24 The local entrepreneur in backward areas can at the most handle small industries and that too mostly based on local raw material. If the experience of Uttar Pradesh, already quoted and of Chandrapur is any indication, this will be the trend. It has been the v universal experience, recorded by many micro studies, that small industries rarely get loans for capital expenditure in sufficient quality and even with the margin rules rarely get sufficient production credit in time to run the enterprise effectively. The IDBI ano< the State financial systems can cover the capital requirements, but for production funds the industry has to look to the Banks. Problems of security naturally arise, and in this endless tangle, the entrepreneur has to look for funds at exhorbitant rates of interest. The Gujarat study shows that even in schemes where 100% . finance was permitted, entrepreneurs had to find on average 12-25% of the fixed cost. In the case of working funds the dependence on own resources was greater. In the backward areas it is too much to expect that we can find volunteers with such resources. The following aids are the minimum required :

(i) Margin money for small industries will have to be lower in backward areas. The Committee would recommend that it may be set at 20% of which 15% will be available from the subsidy and the balance 5% will have to be found by the entrepreneur. The flow of subsidy and institutional resources to the entrepreneur must match with the flow of expenditure and there should be a suitable provision to cover pre-investment expenses also.

(2) Margin money for working capital will have to be lower and should not exceed 50% of the normal requirement, as specified by the monetary authorities. In addition, both term loans and production loans must be available as a package from the institutions so that the eternal wrangle on security can be overcome.

(3) Both types of credit must be adequate for smooth operation. There must be a regional body of arbiters' in which the state promotion organisation, re-presentatives of the SISI and the main banks of the area must be involved. In Muzaffarpur (Bihar), this sort of arrangement has given some relief.

(4) Some arrangement will have to be developed to see that the enterprise gets paid in full promptly for the supplies to other industries and the public sector. Even good running industries collapse for lack of timely credit at favourable rates' to bridge the delay. The Committee observes that, generally, the buyers exploit the small sector shamelessly in this matter.

9.25 Industrial development also proceeds by the promotion of new units by the industries which come into the area. Horizontal promotion involves the promotion of similar units and vertical promotion of units linked as input suppliers or output users. The report on Alwar documents many such cases of horizontal and veritcal promotion. In Uttar Pradesh*, 40% of the surveyed units claimed that they had induced ancillary activities and services in the district and 28% claimed that they had provided direct help. This Jatter percentage was 25'% in Bulandshahr, 23% in Moradabad and 38% in Allahabad. A number of units claimed to have contributed to the supply of entrepreneurs through some of their employees starting an independent unit or starting another unit in which one of the partners took independent charge. The percentage of units in which this happened was 10% in Bulandshahr, 15% in Moradabad and 27% in Allahabad. Ihis particular mechanism of industrial expansion througn existing" units needs to be tapped in the development oi the proposed new growth centres.

9.26 Our objective is to entice large and medium industries to tne new Growth Centres. Local entre-preneursnip tor this can be taken as non-existent. It is only puDiic secto'r plants, and expansion and diversification of large industries elsewnere, which are possible sources. Naturally, such ventures will like to depend on tneir proven personnel for tne new venture. As a first step, we may take it that the venture will start with tne higher echelons filled by the experienced staff from outside. What we shall have to aim at is the gradual replacement at higher levels by new selections irom the areas who have to be suitably trained to take over. The best way this can be done is if thei process is planned by the State promotion organisation with the active help of the new venture. 'Ibis local body will have to start from the bottom of the management level. The company normally has a long period of planning and construction to face after deciding to establish the industry. At the start itself, they should select people from the area with the necessary qualifications and on merit and train them for the level in their mother factory. These persons should be seconded to similar level posts in the mother plant. When the new venture goes on stream, the old hands at this level in the mother plant should be deputed for a two or three year spell at the new plant, and the trainees absorbed in the old plant in those posts on the understanding that after two or three years they will take over at the new plant, and the deputationists will return to the mother plant. Such a system will harm no rules and will benefit the backward area legitimately.

9.27 Industrial disputes in the new centres may cripple the new enterprise before they have established themselves and make it difficult to attract outside entrepreneurs in the area. The entrepreneurs .in Alwar and Hosur felt that local entrants would be more militant and hence preferred to bring in workers from outside (para 9.5). Thus, poor industrial relations lead to local labour being discriminated against in the matter of recruitment. The difficulties arise because of malpractices on both sides, for example, neglect of labour laws and fair employment practices by management and wild cat trade unionism on the part of labour. It is essential that the Labour Department of the State Government exercise vigilance in this matter and set up a well staffed office at all new growth centres. This office should be responsible not merely for conciliation after disputes have arisen but also for monitoring and anticipating problems so that preventive action can be taken.

9.28 The spin-off from industrial development depends to a large extent on

the extent to which industries depend on local raw materials. In Maharashtra, the experience of Nasik and Chandrapur provides a contrast. In Nasik, 80% of the units are dependent on raw materials imported from outside whereas in Chandrapur 80% of the units depend on local raw materials. In Uttar Pradesh, the percentage of surveyed units using local raw materials was as follows :

Moradabad	75%
Bulandshahr	60%
Allahabad	55%

Thus the dependence on local raw materials was greater in the backward districts. In Alwar also, the . majority of units depended on local raw materials, the relevant data being as follows :

Percentage of local raw materials	Percentage of units in categories
0-25%	19.6
25-50%	19.6
50-75%	10.7
75-100%	50.0

Thus a substantial proportion of units set up in backward districts seem to depend on local raw materials.

9.29 Industrialisation generates a potential for development not merely because of the input requirements of industry but because of the additional consumption demand arising out of the high wages paid to workers[1] which generate a potential for consumer goods and „ services. A systematic effort to ensure that these opportunities are suitably exploited must rest with local planners. Though the responsibility for the establishment of industries cannot rest with local planners, the possibilities created by these industries and how these can best be exploited to benefit the local population over a wider g«ographical area then the growth centres should form a part of the local plan. The secondary and tertiary potential for growth of the new Growth Centres and ths Industrial Estates has to be actively directed to the radius of influence of the centre of growth. The Committee has already advised on the right type of organisation to achieve Integrated Rural Development with emphasis on the poorer sections getting due participation.* There has to be somebody responsible for assessing how local integrated development can meet the developing re-quirements of the centre. The responsibility for exploiting this opportunity will be a coordination pro-blem. It is suggested that this may be done by the district planning centre working in coordination with the IDA, the DIG and the IRD project authorities, if any, in the region. In another report, the Committee will be addressing itself to the organisation for industrial development of backward areas and try to fix the responsibilities at various levels. After doing this, the tie up between the industrial administration and the rural development administration will be indicated in this report.

New Delhi,
the 25th Oct., 1980.

Sd./-
(B. Sivaraman)
Chairman

ANNEXURE 1.1
Working Group on Industrial Development in Backward Areas

The Planning Commission had set up a National Committee on the Development of Backward Areas to formulate appropriate strategy or strategies for effectively tackling the problems of backward areas vide Resolution No. PC (P) 17/NCDB/78-MLP dated the 30th November 1978. The composition and terms of reference of the Working G«oup on Industrial Development in Backward Areas was as follows. 2. Composition : 1. Economic Adviser, Ministry of Development 2. Shri S. J. Coelho, Joint Secretary, Ministry of Industrial Development . 3. A representative of the Department of Economic Affairs 4. A representative of IDBI 5. A representative of RBI 6. Adviser (Industry & Minerals) Planning Commission 7. J. S./Adviser (V&SI) Planning Commission 8. Shri Nitin Desai Planning Commission 9. Shri Hit Prakash, Consultant, Planning Commission,	The Chairman of the National Committee on the Development of Backward Areas chaired the meetings. 3. Terms of Reference : (a) To estimate the extent of inter-regional disparities in industrial Development. (b) To evaluate the extent to which the Planning process for industry and the operations of lending institutions have benefited different regions in the country. (c) To assess the impact of fiscal measures and schemes of concessional finance for promoting the industrialisation of backward areas. (d) To identify the potential for industrial development in areas which have lagged behind. (e) To recommend programmes and policy measures for influencing and controlling the locational pattern of industrial activity.

ANNEXURE 1.2 **Meeting of Working Group on Industrial Development**	
1. 17-5-1979	8. 10-1-1980
2. 21-6-1979	9. 4-2-1980
3. 12-7-1979	10. 4-3-1980
4. 23-8-1979	11. 26-4-1980
5. 21-9-1979	12. 17 & 18-6-1980
6. 24-10-1979	13. 25-7-1980
7. 20-11-1979	14. 25 26 & 27-8-1980

ANNEXURE 1.3 **State Governments Policies on Industrial Location**	
1. BIHAR	The main thrust of the new industrial policy of the State Government is on the effetive promotion of cottage and small industries widely dispersed in rural areas and small towns rather than big cities. Special attention is also proposed to be given to the tiny sector namely industries requiring an investment in machinery and equipment upto Rs. 1 -00 lakh and situated in towns with a population of less than 50,000. The focal point of development for small scale and cottage industries is the district headquarter where District Industries Centre has been set up.
2. KARNATAKA	The basic industrial policy of the State is to maximise industrial development, create additional employment opportunities and generate revenue to State exchequer consistent with the paramount consideration to ensure accelerated industrial growth with a proper regional dispersal of industries and the widest possible spread of its benefit among the citizens. Given the availability of basic raw materials required for a particular end product or the market potential effort of the department is to utilise these resources/market potential for establishing viable units. Wherever the private capital is shy, the State Government, through its net work of institutions, provides the basic facilities and financial assistance to a certain extent to induce the entrepreneurs to utilise the resources properly. Over the years it has been found that the industries are being located in and around cities like Bangalore, Mysore, Hubli, Belgaum etc. In order to disperse the industries evenly efforts are being made to declare industrial areas in relatively backward areas/ centres and provide all the facilities so as to attract sufficient investments to these locations. The policy of the State Government as well as the network of institutions created for promotion of industries has been to develop industries in relatively backward areas. In the construction of industrial sheds preference is given to the demand for sheds from the backward districts. With the introduction of the District Industries Centres Scheme, a further spurt in the industrial activity is expected in the districts covered under the DIC and the State Government is hopeful to achieve the balanced accelerated iadustrial development in the State in the coming years.
3. SIKKIM	The Government of Sikkim has not defined any policy for the location of industrial units in the State of Sikkim so far. However, efforts are being made to develop industries at Gangtok, Singtam, Rangpe, Malii, Jorethang and Rohtak in the first phase.
4. PUNJAB	Immediately after the. partition of the country in 1947, various schemes were evolved by the Punjab Government, primarily with the following two objects : — (i) To rehabilitate the displaced persons from West Pakistan; (ii) To develop Small Scale In dustry. Later amongst other various schemes and programmes evolved for the development of Small Scale Industry was the scheme of setting up of Industrial Estates. The idea of Industrial Estates was conceived by the Government of India during the First Five Year Plan. Recently a new set of incentives has been evolved which will be available in a graded manner depending upon the extent of backward ness of the region of the State where a unit is set up.

5. UTTAR PRADESH	The main thrust of the New In~ dustrial Policy is on the speeding up of the development of village and small scale industries specially in semi-urban areas and rural areas. The natural corollary of this policy is to open up more employment avenues to the increasing number of unemployed increase and improve the income level of the rural people. For boosting industrial growth in the State considerable thought has been given for devising appropriate strategy and adopting a dynamic and result-oriented policy. Prior to the advent of Planning Era, sugar, textiles and oils were the main industries of the State. With the implementation of planned industrial policy industrial development took place. This can be seen from the contribution of industries sector of the State which was 8 -2% in 1960-61 and which increased to 11 -7% in 1975-76. Not only this, outlays for industries increased 41 times that of First Plan. Under the new policy, it has been planned to provide various assistances for small entrepreneurs at the District level under one roof, and with this end in view, District Industries Centres have been set up. Changing concept of rural industrialisation has also been introduced in a scheme for growth centres. Under this scheme efforts are being made to encourage small scale and cottage industries for growth centres i.e. at locations with potential and with populations less than 50,000. At present, there are 94 growth centres in 39 backward districts of the State, besides, the 19 industrial estates in these districts out of which 3 are Harijan Industrial Estates. There are 14 industrial complexes for various industries also in these districts.
6- WEST BENGAL	During the Fourth Plan period (1969-74), the Central Govt. enunciated a number of policy measures which included, among others, identification of industrially backward areas, offer of concessional finance for dispersal of industries to the backward areas, restrictions on the economic concentration of powers by Large Houses, Foreign Companies and Dominant Undertakings, expansion of the activities of the public sector in the basic and key sectors of industries and growth of Small Scale and medium scale units in the private sector. During the period, the whole of West Bengal except Calcutta and the Districts of 24-Parganas and Howrah was identified by the Planning Commission as an inindustrially backward area. Consequent upon the identification of backward areas, the Central Financial Institutions announced financial assistance on concessional terms for industries to be set up in backward areas. Among the thirteen backward districts in the State, the three districts, viz. Purulia, Midnapore and Nadia having immediate prospects for the development industries were also identified by the Central Govt. as select backward districts eligible for Central Government grant or subsidy under the Cen-. tral Govt. Subsidy Scheme, 1971. The State Govt. also offered a package of incentives for new industrial growth under the State Incentive Scheme, 1971. On a review of new industrial growth in the State during the period from January, 1971 to December, 1976 the State Government has evolved the new industrial policy for the State and also formulated West Bengal Incentive Scheme, 1978 which has come into force with effect from the 1st October, 1978 in replacement of the West Bengal Incentive Scheme, 1971. The scheme is applicable for large and medium scale units in the State.

ANNEXURE III .1

Industries whose Development and Regulation is under the Control of the Central Government

First Schedule of the Industries Development Regulation Act as amended upto 30-12-1978

1. METALLURGICAL INDUSTRIES

A. Ferrous :

1. Iron and steel (metal)

2. Ferro-alloys

3. Iron and steel castings and forgings

4. Iron and steel structurals

5. Iron and steel pipes

6. Special steels

7. Other products of iron and steel.

B. Non-ferrous :

1. Precious metals, including gold and silver, and their alloys.

1A. Other non-ferrous metals and their alloys.

2. Semi-manufactures and manufactures.

2. FUELS :

1. Coal, lignite, coke and their derivatives.

2. Mineral oil (crude oil), motor and aviation spirit, diesel oil, kerosene oil, fuel oil, diverse hydrocarbon oils and their blends including synthetic fuels, lubricating oils and the like.

3. Fuel gases — (coal gas, natural gas and the like)

3. BOILERS AND STEAM GENERATING PLANTS Boilers and steam generating plants.

4 PRIME MOVERS (OTHER THAN ELECTRICAL GENERATORS) : .

1. Steam engines and turbines.

2. Internal combustion engines.

5. ELECTRICAL EQUIPMENT :

1. Equipment for generation, transmission and distribution of electricity including transformers.

2. Electrical motors

3. Electrical fans

4. Electrical lamps

5. Electrical furnaces

6. Electrical cables and wires

7. X-ray equipment

8. Electronic equipment

9. Household appliances such as electric irons, heaters and the like

10. Storage batteries

11. Dry Cells

6. TELECOMMUNICATIONS:

1. Telephones

2. Telegraph equipment

3. Wireless communication apparatus

4. Radio receivers, including amplifying and public address equipment

5. Television sets

6. Teleprinters.

7. TRANSPORTATION

1. Aircraft

2. Ships and other vessels drawn by power

3. Railway locomotives

4. Railway rolling stock

5. Automobiles (motor cars, buses, trucks, motor cycles, scooters and the like)

6. Bicycles.

7. Others, such as fork lift trucks and the like.

8. INDUSTRIAL MACHINERY

A. Major items of specialised equipment used in specific industries :

1. Textile machinery (such as spinning frames, carding machines, power looms and the like) including textile accessories.

2. Jute machinery

3. Rayon machinery

4. Sugar machinery

5. Tea machinery

6. Mining machinery

7. Metallurgical machinery

8. Cement machinery

9. Chemical machinery

10. Pharmaceuticals machinery

11. Paper machinery

B. General items of machinery used in several industries, such as the equipment required for various "unit processes".

1. Size reduction equipment — crushers, ball mills and the like

2. Conveying equipment — bucket elevators, skip hoists cranes, derricks and the like.

3. Size separation units — screens, classifiers and the like.

4. Mixers and reactors — kneading mills, turbo mixer and the like.

5. Filtration equipment — filter presses, rotary filters and the like.

6. Centrifugal machines.

7. Evaporators.

8. Distillation equipments.

9. Crystailisers

10. Driers

11. Power driven pumps— reciprocating, centrifugal and the like 12. Air and gas compressors and vacuum pipes (ex-cluding electrical furnaces)

13. Refrigeration plants for industrial use.

14. Fire fighting equipment and appliances including fire engines.

C. Other items of Industrial Machinery :

1. Ball, roller and tapered bearings

2. Speed reduction units

3. Grinding wheels and abrasives.

9. MACHINE TOOLS : Machine tools

10. AGRICULTURAL MACHINERY

1. Tractors, harvesters and the like

2. Agricultural implements

11. EARTH MOVING MACHINERY :

Bulldozers, dumpers, loaders, shovels, drag lines, scrapers, bucket wheel excavators, road rollers and the like.

12. MISCELLANEOUS MECHANICAL AND ENGINEERING INDUSTRIES

1. Plastic moulded goods

2. Hand tools, small tools and the like

3. Razor blades

4. Pressure cooker.*

5. Cutlery*

6. Steel furniture*

13, COMMERCIAL OFFICE AND HOUSEHOLD EQUIPMENT

1. Typewriters

2. Calculating machines

3. Air conditioners and refrigerators

4. Vacuum cleaners

5. Sewing and knitting machines

6. Hurricane lanterns

14. MEDICAL AND SURGICAL APPLIANCES

Surgical instruments — sterilisers, incubators and the like.

15. INDUSTRIAL INSTRUMENTS

1. Water meters, steam meters, electricity meters and the like.

2. Indicating, recording, and regulating devices for pressure, temperature, rate of flow, weights, levels and the like.

3. Weighing machines.

16. SCIENTIFIC INSTRUMENTS Scientific instruments

17. MATHEMATICAL SURVEYING AND DRAWING INSTRUMENTS

Mathematical, surveying and drawing instruments

18. FERTILISERS

1. Inorganic fertilisers

2. Organic fertilisers

3. Mixed fertilisers

19. CHEMICALS (other than Fertilisers)

1. Inorganic heavy chemicals

2. Organic heavy chemicals

3. Fine chemicals including photographic chemicals

4. Synthetic resins and plastics

5. Paints, varnishes and enamels

6. Synthetic rubbers 7. Man made fibres including regenerated cellulose rayon, nylon and the like.

8. Coke oven by products.

9. Coal tar distillation products like naphthalene, anthracene and the like 10. Explosives including gun powder and safety fuses.

11. Insecticides fungicides, weedicides and the like

12. Textile auxiliaries

13. Sizing materials including starch

14. Miscellaneous chemicals

20. PHOTOGRAPHIC RAW FILM AND PAPER

1. Cinema film.

2. Photographic amateur film.

3. Photographic printing paper.

21. DYE STUFFS Dye stuffs.

22. DRUGS AND PHARMACEUTICALS Drugs and pharmaceuticals

23. TEXTILES (INCLUDING THOSE DYED, PRINTED OR OTHERWISE PROCESSED)

1. Made wholly or in part of cotton, including cotton yarn, hosiery and rope

2. Made wholly or in part of jute, including jute, twine and rope

3. Made wholly or in part of wool, including wool tops, woollen yarn, hosiery, carpets and druggets

4. Made wholly or in part of silk, including silk yarn and hosiery

5. Made wholly, or in part of synthetic, artificial (man made)

fibres, including yarn and hosiery of such fibres.

24. PAPER AND PULP INCLUDING PAPER PRODUCTS

1. Paper writing, printing and wrapping

2. Newsprint

3. Paper board and straw board

4. Paper for packaging (corrugated paper, kraft paper, paper containers and the like)

5. Pulp— wood pulp, mechanical, chemical, including dissolving pulp.

25. SUGAR Sugar

26. FERMENTATION INDUSTRIES

1, Alcohol

2. Other products of fermentation industries

27. FOOD PROCESSING INDUSTRIES

1. Canned fruits, and fruit products

2. Milk foods

3. Malted foods

4. Flour

5. Other processed foods

28. VEGETABLE OILS AND VANASPATHI

1. Vegetable oils, including solvent extracted oils.

2. Vanaspathi

29. SOAPS, COSMETICS AND TOILET PREPARATIONS

1. Soaps

2. Glycerine

3. Cosmetics

4. Perfumery .

5. Toilet preparations

30. RUBBER GOODS

1. Tyres and tubes.

2. Surgical and medicinal products including prophylactic

3. Footwear

4. Other rubber goods.

31. LEA THER, LEATHER GOODS AND PICKERS

Leather, leather goods and pickers

32. GLUE AND GELATIN Glue and gelatin

33. GLASS

1. Hollow ware

2. Sheet and plate glass

3. Optical glass

4. Glass wool

5. Laboratory ware

6. Miscellaneous ware

34. CERAMICS

1. Fire bricks

2. Refractories

3. Furnace lining bricks — acidic, basic and neutral

4. China ware and pottery

5. Sanitary ware

6. Insulators

7. Tiles

8. Graphite crucibles.

35. CEMENT AND GYPSUM PRODUCTS

1- Portland cement

2. Asbestos cement

3. Insulating boards

4. Gypsum boards, wall boards and the like

36. TIMBER PRODUCTS

1. Plywood

2. Hardboard, including fibre-board, chip board and the like

3. Matches

4. Miscellaneous (futniture components bobbins, shuttles and the like)

37. DEFENCE INDUSTRIES Arms and ammunition.

38. MISCELLANEOUS INDUSTRIES

1. Cigarettes

2. Linoleum whether feltbased or jute based

3. Zip fastners (metallic or non-metallic)

4. Oil stoves

Explanation 1 : The articles specified under each of the heading Nos. 3, 4, 5, 6, 7, 8, 10, 11 and 13 shall include their component parts and accessories.

Explanation 2 : The articles specified under each of the head-ing Nos. 18, 19, 21 and 22 shall include the inter-mediates required for their manufacture.

ANNEXURE IV -1

Extent of Variation in Criteria for Identification of Backward Areas

State	Item/Items of the Central Guidelines	Variations
1. Andhra Pradesh	—	No variations.
2. Assam	1. Per capita food-grains/commercial crops production.	1. Per capita income (Rural population)
3. Bihar	—	No variations.
4. Gujarat	1. Per capita food-grain/commercial crops production. 2. Per capita industrial output (gross) 3. Length of surfaced roads in relation to population or railway mileage in relation to population. 4. Per capita consumption of electricity.	1. Gross value of agriculture output per acre of net area sown. 2. Per capita gross value of industrial output of large factories. 3. Length of rail/roads and railways per 100 sq. miles. 4. Population of towns and villages electrified as percentage of total population.
5. Haryana	1. Per capita food-grain/commercial crops production.	1. Per capita food-grains crops production. 2. Per capita commercial crops production (taken as the distinct items).
6. Himachal		No variation.
7. Jammu & Kashmir	1. Length of surfaced roads in relation to population. 2. Per capita foodgrains/commercial crops production. 3. No. of factory employees per lakh of population. 4. Per capita industrial output (gross).	1. Length of surfaced roads per thousand sq. miles. 2. Left out. 3. Left out. 4. Left out.
8. Karnataka	1. Per capita foodgrains/commercial crops production. 2. Per capita industrial output (gross). 3. No. of factory employees per lakh of population. 4. Length of surfaced roads in relation to population or railway mileage in relation to population. 5. Per capita consumption of electricity. 6. Ratio of population to agricultural workers.	1. Per capita income. 2. Per capita income from industry and mining. 3. Factory employment. 4. Length of surfaced road in relation to area of population, (a) Railway mileage per lakh of population (taken as the distinct items). 5. Left out. 6. Left out.
9. Madhya Pradesh	1. No. of factory employees per lakh of population. 2. Surfaced roads in relation to population or railway mileage in relation to population. 3. Per capita foodgrains/commercial crops production. 4. Per capita industrial output (gross).	1. Employment in registered factories per lakh of population. 2. Surfaced roads per lakh of population (taken as distinct item) 3. Left out. 4. Per capita industrial output (gross) separate for sample and census sectors.
10. Maharashtra	1.	No variations.

State	Item/Items of the Central guidelines.	Variations
11. Meghalaya	1. Per capita foodgrains/commercial crop production. 2. No. of factory employees per lakh of population. 3. Per- capita consumption of electricity.	1. Per capita gross value of agricultural output. 2. No. of factory employees in registered factories per lakh of population. 3. Per capita consumption of electricity in Public sector only.
12. Orissa	1. Length of surfaced roads in relation to population on railway mileage in relation to population. 2. Per 'capita vfood-grains/commercial crops production 3. Per capita industrial output (gross) 4. Per capita consumption of electricity.	1. Index of mileage of surfaced roads per 100 sq. kms. 1 A. Index of mileage of surfaced roads per lakh of population (taken as the distinct items). !. 2.Left out 3. Left out. 4. Left out. 5. All other indicators have been expressed as indices, i. Index of per capita (additional).
13. Kerala	1. Per capita foodgrains/commercial crops production. 2. No. of factory employees per lakh of population or alternatively number of persons engaged in secondary and tertiary activities per lakh of population. 3. Length of surfaced roads in relation to population or railway mileage in relation to population. 4. Per capita consumption of electricity.	1. Per capita foodgrains production. 1A. Per capita non-foodgrains production (taken as the distinct items.). 2. No. of , factory employees per lakh of population. 2A. Index of secondary and tertiary workers to total population (taken as the distinct item). 3. Length of surfaced roads per lakh of population. 3A. Length of railways per lakh of population (taken both the alternatively). 4. Left out.
14. Punjab	1. Per capita industrial output (gross) 2. Length of surfaced roads in relation to population or railway mileage in relation to population. 3. Per capita foodgrains/commercial crops production. 4. —	1. Per capita net industrial output. 2. Length of surfaced roads in Kms. per lakh of population. 2A. Railway mileage per lakh of population (taken as two distinct items). 3. Per capita value of foodgrains/commercial crops production. 4. No. of electric connections for industrial purposes per lakh of population (additional).
15. Rajasthan .	1. Per capita foodgrains/commercial crops production. 2. Ratio of population to agricultural workers. 3. Per capita industrial output (gross) 4. Length of surfaced roads in relation to population.	1. Per capita (rural population) value of principal crops. 2. No. of agricultural workers 1000 workers. 3. Per capita value of industrial output. 4. Road kilometerage per lakh of population.
16. Uttar Pradesh	1. Length of surfaced roads in "relation to population or railway mileage in relation to population.	1. Length of metalled roads maintained by the PWD per lakh of population. 1A. Length of surfaced roads per lakh of population (taken as the distinct items).
17. Tamil Nadu	1. Per capita foodgrains/commercial crops production.	1. Per capita agricultural output.
18. West Bengal	1. Per capita foodgrains/commercial crops production. 2. Rate of population to agricultural workers. 3. Per capita industrial output (gross). 4. No. of factory employees per lakh of population. 5. Per capita consumption of electricity. 6. Length of surfaced roads in relation to population.	1. Per capita agricultural output. The State Governments have not adopted any of the six criteria recommended by the Planning Commission. They ha'se classified the districts of the State into three categories of backwardness on the basis of the statistical data relating mainly to per capita income of each district.

ANNEXURE IV-2

Incentives for Development of Industrially Backward Areas

As a part of the measure to ensure balanced regional development Government of India have announced a number of concessions and facilities for industries establishd in selected backward districts/areas from time to time. These are in addition to the facilities and incentives that are offered by individual State Governments/Union^ Territory Administrations. The programme of assistance drawn UB for setting up industries in the seleced backward areas/districts is briefly indicated below : —

Concessional Finance

IV.1.2 All India term-lending financial institutions viz,, Industrial development Bank of India, Industrial Finance Corporation of India and Industrial Credit and Investment Corporation of India extended financial assistance on concessional terms to all new and existing industrial projects having expansion schemes irrespective of the project located in the 247 districts selected by Government. The concessions given by these financial institutions are in the form of lower interest rate viz., 9.5% per annum against the present normal rate of 11 % a reduced commitment charge of 0.5% (which could be waived in exceptional cases), lower under-writing commission of 1.25% and 0.75% for shares and debentures respectively, initial moratorium period upto 5 years, longer amortisations 15 to 20 years and participation in the Risk Capital on a selected basis, Besides these, the IDBI follows a flexible attitude in respect of promoters' contribution, margin requirements, rescheduling of repayment during the currency of the loan depending upon the merits of specific cases. In respect of refinance, the IDBI charges a special rate of 6% with the primary lender's rate being subject to a ceiling of 91/2 %. The normal rate of refinance is 9 % with a ceiling of 12 1/2 % by the primary lending insliturions.

IV. 1.3 Concessional financial assistance to small scale industries mainly flows indirectly through IDBI's scheme of refinancing loans granted by Commercial Banks and State Financial Corporations which give loans to small scale units at lower rates of interest by getting inturn refinance from IDBI at cheaper rates. IDBI provides (a) concessional refinance to SFCs and banks in respect of term loans upto Rs. 30 lakhs to small and medium scale projects in specified back-ward areas provided . the paid up capital and reserves of the recipient units do not exceed Rs. 1 crores; and (b) along with IFCI and ICICI direct loan assistance upto Rs- 2 crores and under writing assistance upto Rs. 1 crore on concessional terms to new projects as well as to expansions, diversification, renovation and rehabilitation programme of existing units.

The scheme is being operated throoth the lending institutions to whom the enterpneurs from these backward areas approach for term loans on concessional terms. At the Goverment level the Deartment of Banking is administratively concerned with the scheme .

Central Investment Subsidy

IV.1.4 Out of the 247 districtes declared backward by the Panning Commission, 101 districts/areas have been selected to qualify for Central Investment Subsidy. These districts/ areas have been selected on the pattern of six districts /areas for industrially backward States and three districts/areas for other States.

The salient features of this scheme are given below :—

Quantum of Subsidy

When the scheme was originally announced in 1971, 10% of the investment made on fixed capital investment viz., land, building, and plant and machinery was to be reimbursed as an outright grant subject to a ceiling of |Rs. 5 lakhs. This was raised to 15% with effect from 1-3-1973. The maximum amount payable is, however, restricted to Rs. 15 lakhs per industrial unit.

Eligibility

All industrial units other than those run departmentally who made investments in land, building and plantl and machinery on or after 1-10-1970/1-3-1973 and ocated in the 101 districts/areas are eligible to claim subsidy. Existing units taking up expansions modernisation and divers-fication are also eligible to claim subsidy.

Procedure for Claiming Subsidy

The State Governments/Union Territory Administrations have nominated disbursing agencies to administer the scheme of investment subsidy. State Financial Corporations and financial institutions as IBDI, IFCI and ICICI are some of the agencies selected for disbursement of subsidy under the scheme. Each industrial unit being set up in the specified districts/areas gets registered with the Director of Industries for claiming investment subsidy The units desirous of getting investment subsidy may approach^ the disbursing agencies who in turn make recommendations after verification etc. to the State Level Committee which has been appointed in each State/Union Territory. The application for disbursement of investment subs idy is considered by this Committee which comprises the Secretary to the Government/Union Territory Administration as Chairman, Secretary to Finance Department, Chairman/Managing Director of the State Level Corporations and representatives of financial institutions, as members.

The Director of Industries/Commissioner of Industries is the Member Secretary of the Committee. The Committee sanctions disbursement of subsidy to industrial units in accordance with the provisions of the scheme as announced by the Government. After the subsidy as sanctioned by the State Level Committee is disbursed to the.industrial 'unite, the disbursing agency claims reimbursement of the amount in question from the Central Government (Ministry of Industry) . On receipt of the claim for reimbursement in the Ministry or* Industry, the claiim is scrutinised and saction orders are . issued. Ministry of Industry also obtains the Demand Draft from the amount sanctioned and despatches it to the disbursing agency. The working of the scheme has been reviewed in the Ministry of Industry and the procedure for claiming reimbursement has been simplified. A high level Coordination Committee with the Minister of Induatry as Member was constituted to review the working of the scheme of investment subsidy and also to decide on further action to be taken in regard to industrial development of backward areas. This Committee has taken a number of important decisions to liberalise the scheme of investment subsidy. A manual containing all the instructions issued on the subject so for and also the liberalised procedure has been circulated to all the State Governments. The salient point incorporated in the manual are indicated below : —

(a) According to the present procedure, various disbursing agencies prefer claims to the Department of Industrial Development for reimbursement of the Central Investment Subsidy. Under the revised procedure, all disbursing

agencies will prefer their claims to the state level Committees., who, after scrutiny and , clarification etc. will prefer a consolidated claim to the

Departrhet of Industrial Development for reimbursement. The full responsibility for verification of the claim and answering audit objections etc. will now [1] vest in the State level Comm ttee. this procedure is expected to reduce considerably the time-lag involved in the submission of the claim and reimbursement to be sanctioned by the Department of Industrial Development

(b) In the original scheme, provision had been made for the payment of interest on the amount of claims from the day of disbursement by the disbursing agencies to the date of reimbursement by the Department of Industrial Development. This provision has been deleted in the Manual as it is normally an accepted practice.

(c) In the original scheme, substantial expansion had been defined as increase in the value of fixed capital investment of an industrial unit by not less than 25% This limit is now being reduced to 10% only in the Manual.

(d) By a new provision in the Manual, units which move from metropolitan cities and other developed areas to backward areas eligible for investment subsidy are also being made eligible for payment of subsidy. This is expected to help dispersal of industry from congested areas to backward areas.

(e) Under the present scheme, where a unit has not commenced production it is eligible to draw subsidy at 50 % on commencement of production. By a separate provision, the State level Committees have been authorised to pay 85 % of the subsidy admissible to a unit in as many instalments as the Committee may decide and the balance 15% on commencement of production. This has been done to enable the unit to receive a large quantum of subsidy in the initial stages before commencement of production.

11 -8 A very important aspect of any programme of tourist development would relate to not merely the

(f) Among the industries eligible for investment subsidy, hotel industry is not at present included. This industry is now included as one of the eligible industries for investment subsidy.

(g) The determination of the essentiality as regards the extent of land and factory buildings including floor space of the factory building required for the industrial unit for purpose of the subsidy has been left to the full discretion of the State level Committee.

(h) The need for defining the 'effective steps' has been dispensed with.

Income Tax Reliefs

IV.1.5 New Industrial projects, including hotels proposed to be located in specified backward districts areas are allowed a deduction of 20% of profits for computation of assessable income with effect from April, 1974. The deductions are available for industrial projects (including hotels), which employ ten or more workers if they use power and twenty or more workers if power is not, used. This concession is available for all industrial units, hotels which commenced operations on or after December 31, 1970, for a period of ten years from the date of commencement of manufacturing/service operations. Further details relating to this concession are given in the extracts of the relevant section (80HH) of the Income tax Act.

Hire purchase of Machinery by small Scale Units

IV.1.6 Small scale industrial units including ancillaries are eligible to procure machinery on hire purchase basis from the National small Industries Corporation Limited.

The National Small Industries Corporation Limited has liberalised its terms and conditions for supplying machinery on hire purchase basis to small scale industries located in backward areas which qualify for investement subsidy. According to the liberalised terms, with effect from 1st October, 1975 the the earnest money payable by technocrats and entrepreneurs from declared backward areas is 10% as against 15% in other cases. The rate of interest is 11% per annum in respect of technocrats and entrepreneurs coming from backward areas and 13 1/2% in the case of others, These concessional rates are available to units having a total investment in plant and machinery up to Rs. 2 lakhs. A rebate of 2% is allowed for prompt payment.

Special Facilities for Import of Raw Materials

IV.1.7 Underthe Import policy for 1978-79, in the case of industrial units set up in backward areas or by graduates/diploma holders in professional subjects or by ex-servicement persons belonging to scheduled castes scheduled tribes, the maximum value of the licence shall be Rs. 5 lakhs in respect of new or proposed small scale units instead of the normal Rs. 3 lakhs. They will also be eligible for preferential treatment in the mater of canalised items.

Transport Subsidy

IV.1.8 The scheme envisages grant of a transport subsidy to industrial units in selected areas to the extent of 50 % of the transport costs of raw materials which are brought into and finished goods which are taken out of the selected areas. The scheme has been extended upto the end of the fifth five Year Plan.

IV.1.9 The scheme covers the States of Jammu and 'Kashmir, Himachal Pradesh hilly areas of Uttar Pradesh and North Eastern Region Comprising States of Assam, and Meghalaya, Manipur, Nagaland, Tripura and the union Territories of Arunachal Pradesh, Andaman & Nicobar -Islands, Mizoram and Lakhshadweep.

IV.1.10. Subsidy is paid on transport costs between the selected rail heads and location of the industrial units in the above selected states/ union territories.

ANNEXURE IV -3

Districtwise disbursements of Central Subsidy and Concessional Finance in Backward Areas

(Rs. lakhs)

SI. No	State/District	Disbursement of Central Subsidy upto 31st March, 1979	Concessional Einance upto 31st December, 1979	
			Sanctioned	Disbursed
I.	Andhra Pradesh			
	1. Anantpur	20. 06	369 .11	135 .37
	2. Chittoor	67.67	1143 .46	730 .86
	3. Cuddapah	61.79	689.98	504 .13
	4. Karimnagar	28.56	146.49	66.42
	5. Khammam	75.17	1810.38	1779.58
	6. Kurnool	56.92	2257.85	2053.51
	7. Mahboobnagar	23 .27	797.19	134.12
	8. Medak	224.87	2830.69	1876.94
	9. Nalgonda	43.14	1140.15	306.40
	10. NelLore		540 .03	460.00
	11. Nizamabad	23.08	186.95	126.73
	12. Prakasam	0.42	413.77	301.38
	13. Srikakulam	12.13	106 .40	86.84
	14. Warrangal	9.24	962.86	603.06
	Sub-total	646.32	13395.31	9165 .34
II.	Assam			
	1. Cachar	21.23	321.04	311.31
	2. Goalpara	50.30	2709.77	2619-.37
	3. Kamrup	62.88	348.45	258.59
	4. Karbi Anglong	3.61	—	—
	5. Lakhimpur .	0.14	49.79	27.07
	6. Nowgong .	4.67	53.75	14.35
	7. Mikir Hills		4.59	4.10
	Sub-total	142.83	3487.39	3234 .79
III	Bihar			
	1. Aurangabad		49.62	7.23
	2. Begusarai		289.20	99.38
	3. Bhagalpur	26.24	324 .83	112.66
	4. Ghamparan .	30.06	642 .65	423.16
	5. Bhojpur		283.52	122.45
	6. Dharbhanga .	25.25	154 .91	48.71
	7. Gaya		175.05	71.34
	8. Gopal ganj		125.00	90.42
	9. Monghyr		115.25	27.82
	10. Muzaffarpur		506.94	231.61
	11. Nalanda		115.32	22.86
	12. Nawadah		29.03	3.69
	13. Palamau	9.28	146.99	36.60
	14. Madbubani	1.69	—	—
	15. Purnea		468.04	212. 29
	16. Saharsa	12.28	192.08	86.57
	17. Samastipur	11.27		—
	18. Santhal Parganas	15.66	816.24	292.07
	19. Saran		200.23	112.57
	Sub-Total	131.72	4634.90	2001.43

ANNEXTURE VI-3 Contd.				
1	2	3	4	5
IV.	Gujarat			
	1. Arareli		1908 .80	494 .13
	2. Banasfcantha		70.62	44.55
	3. Bhavnagar .		762 .82	453 .88
	4. Bharuch	365 -92	5552 .80	1810.75
	5. Junagarh		2027.31	1276.15
	6. Kutch .		451.29	161 .50
	7. Mehsana		873.83	561 .77
	8. Panch Mahal	192.20	1173 .96	780 .68
	9. Sabarkantha		257 .99	131.54
	10. Surendranagar	154.91	544.67	376 .50
	Sub-Total	713.03	13624 .09	6091.45
V.	Haryana			
	I. Bhiwani	36.52	693.43	261 .05
	2. Hissar.	79 .76	964.16	588 .83
	3. Jind	33.10	222 .53	146 .08
	4. Mohindergarh	10.06	1549.11	1069 .49
	Sub-Total	159.44	3429.23	2065.45
VI.	Himachal Pradesh			
	1. Chamba	0.72	2.16	0.50
	2. Hamirpur	0.48		
	3. Kangra.	15.04	223 .70	93.15
	4. Kulu	2.34	21.87	16.38
	5. Lahul & Spiti		2.00	1.19
	6 Sirmur	43.70	126 .42	60.72
	7. Solan	216.45	1627 .86	879 .87
	8. Una	48.34		
	Sub-Total	327 .07	2004 .01	1051.81
VII	Jammu and Kashmir			
	1. Anantnag		846 .46	804 .51
	2. Baramula		6.44	1 .52
	3. Doda		3.95	
	4. Jammu		603 .61	308 .43
	5. Kathua		136.18	149 .03
	6. Ladakh		32.84	12.42
	7. Poonch		1.73	
	8. Rajauri.		2.10	
	9. Srinagar		457 .18	327.15
	10. Udhampur		3.80	0.60
	Sub-Total		2094 .29	1603 .66
VIII	7. Karnataka			
	1. Bslgaum		915.61	812.33
	2. Bijapur		289 .58	212 .43
	3. Bidar	_	14.73	1.52
	4. Dharwar	81.23	641 .49	525.80
	5. Gulbarga		659.26	465.47
	6. Hassan	__	236.09	41.02
	7. Mysore	208.96	4599 .40	2700.78
	8. North Kanara		524.71	428.94

	9. Raichur	60.39	2297 .76	612.84
	10. South Kanara		1388 .52	825.67
	11. Tumkur		421.31	240.65
	Sub-Total	350.58	11988.46	6867.45
IX.	Kerala			
	1. Alleppy	140.70	1028.13	393.29
	2. Cannanore .	80 .49	903.54	674.89
	3. Malapuram	56.87	908.12	399.40
	4. Trichur		1835.26	1356.13
	5. Trivandrum		655.87	340.44
	Sub-Total	278.06	5330.92	3164.15
X.	Madhya Pradesh			
	1. Balaghat		11.96	3.13
	2. Bastar		2.36	
	3. Bhind	1.72	26.22	10.62
	4. Betul		63 -23	7.95
	5. Bilaspur	51.45	290-36	185.00
	6. Chatarpur	0.38	24.81	16.93
	7. Chindwara		21.16	1.19
	8. Damoh		570 .58	46.15
	9. Datia	0.79	7.23	1.51
	10. Dewas	162.09	1264 .14	971.31
	11. Dhar	3. 96	69.99	22.52
	12. Guna	1.19	17-41	1.09
	13. Hoshangabad		39.99	16.20
	14. Jhabua	0.94	8.32	5.08
	15. Khargonc	18.00	135.01	4.80
	16. Mandla		7.65	7.87
	17. Morena	22.80	220.64	110.99
	18. Mandsaur	1.74	517.51	495.56
	19. Narsimhapur		7.46	1.02
	20. Panna		—	
	21. Raigarh		11.56	26.10
	22. Raipur	61.61	563.59	212.40
	23. Raisen		435.95	397.19
	24. Raigarh	1.11	10.44	7.67
	25. Rajnandgaon		3.49	0.64
	26. Ratlam	65.09	322.40	240.01
	27. Rewa	8.38	53.14	48.01
	28. Sagar	26.63	55.43	42.60
	29. Sehore		101.34	42.59
	30. Seoul		7.92	0.13
	31. Shajapur	2.22	38.54	25.81
	32. Shivpuri	3.16	20.72	15.36
	33. Sidhi	0.06	4.52	0.24
	34. Sarguja	1.56	44.05	2.95
	35. Tikamgarh	0.36	13.30	12.40
	36. Vidisha	3.50	34 .39	20.97
	Sub-Total	438 .74	5096.81	3003.99
XI	Maharashtra			
	1. Ahmednagar		103 .00	—
	2. Aurangabad	380.83	3799.47	2492.35
	3. Bhandara	—	356 .85	279. 05

	4. Bhir	—	864.19	666 .90
	5. Buldana	—	257 .91	206.76
	6. Chandrapur	66.61	761.15	581 .18
	7. Colaba		2320 .74	1448.49
	8. Dhulia		579.32	395.00
	9. Jalgaon		1579 .12	1106.41
	10. Nanded		130.02	62.53
	11. Osmanabad		384.40	335.88
	12. Parbhani		100 .93	49.35
	13. Ratnagiri	138.27	728 .82	424.04
	14. Yeotmal	—	306 .50	315.39
	Sub-Total	585.71	12272. 42	8363 .33
XII.	Manipur			
	1. East District	1.25	56.67	10.14 (Central)
	2. West District	2.25	1.95	
	3. North Distict	2.25	13.36	4.28
	4. South District	2.00	2.07	
	5. Tengdagal	2.25		
	Sub-Total	10.00	74.05	14.42
XIII	Meghalaya			
	1. Khaşi Hills	24.85	526.71	509. 48
	2. Garo Hills	0.57	3. 90	
	3. Jaintia Hills	0.25	6.02	
	Sub-Total	25.67	536.63	509.48
XIV.	Nagaland			
	1. Kohima		112.81	98.50
	2. Mokokchung		10.60	
	3. Tuensang		29.48	28.00
	Sub-Total	01.30	152-.89	126.50
XV.	Orissa			
	1. Balasore		231.67	78.44
	2. Badhkhondmal		29.00	0.17
	3. Bolangir	3.47	120. 63	26.19
	4. Dhankanal	49.06	1294 .71	363.37
	5. Kalahandi	4.58	79.16	49.96
	6. Keonjhar	4.61	1309.80	6.56
	7. Koraput	30.76	273.28	48.98
	8. Mayurbhanj	17.14	296.60	87.04
	Sub-Total	109.62	3634 .85	660 .71
XVI.	Punjab			
	1. Bhatinda	55. 54	926. 84	413.83
	2. Faridkot	38.48	230.00	99.00
	3. Ferozpur		388.07	153 .92
	4. Gurdaspur		281.53	235.20
	5. Hoshiarpur	52.26	2210.11	1309.11
	6. Sangrur	44.36	1731 .13	631.14
	Sub-Total	190 .64	5767.68	2842.20
XVII	Rajasthan			
	1. Alwar	88 .61	2388.40	1464.52
	2. Banswara	—	377.39	319.40
	3. Banner	—	59.32	9-92
	4. Bhilwara	62.90	721.10	626.43
	5. Churu	1.61	99. 61	47. 49

	6. Dungarpur		8. 84	3.69
	7. Jaiselmer		1.80	0.16
	8. Jalna		5.81	
	9. Jhalawer		77.47	6.93
	10. Jhunjhunu		39.00	3.45
	11. Jodhpur	38.17	1060.84	437.46
	12. Nagaur	10.05	373.84	118.22
	13. Sikar		138.35	24.03
	14. Sirohi		38. 83	7.38
	15. Tonk		163.92	79.11
	16. Udaipur	46.05	1532 .76	1177.59
	Sub-Total	247.39	7087.28	4325.78
XVIII	Sikkim			
	1. Sikkim	—	26. 08	12.59
XIX	Tamil Nadu			
	1. Dharampuri .	156.83	2762 .26	1047.08
	2. Kanyakumari	__	119.45	91.67
	3. Madurai	138-53	1170.37	777.78
	4. North Arcot	487.97	3302.27	2225.73
	5. Puddukotai .	29.61	620.37	187.66
	6. Ramanathpuram	357.87	1978.38	1580.15
	7. South Arcot	_	961.11	491.29
	8. Thanjavur	_	538.07	516.78
	9. Tiruchirapali	—	2316.34	2029.27
	Sub-Total	1170.81	13768.62	8947.41
XX	Tripura			
	1 . North District	0.37	20.84	8.05
	2. West District	16.47	235.01	159.04
	3. South District	0.06	0.92	
	Sub-Total	16.90	256.77	167.09
			31.66	31-66
	XXT. Vttar Pradesh			
	1. Almora	25.79	292.99	130.61
	2. Azamgarh		397.82	345.31
	3. Bahraich		62.94	7.24
	4. Badaun		334.49	239.33
	5. Ballia	17.45	195.46	112.36
	6. Banda		52.06	15.81
	7. Barabanki		237.96	177.42
	8. Basti	12.58	344 .03	33.17
	9. Bulandshahr		3152.14	1898.29
	10. Chamoli		3.28	
	11. Deoria		106.80	27.77
	12. Etah		101.82	23.85
	13. Eta wall		88-04	22.05
	14. Farrukhabad		184.98	128.20
	15. Faizabad	29.74	374.42	219.93
	16. Fatehpur		73.39	44.20
	17. Garhwal		25.28	2.72
	18. Ghazipur		470.31	186.12
	19. Ghaziabad		44.00	24.00
	20. Gonda		212.57	119.60
	21. Hamirpur		7.37	1.47

	22. Hardoi		294 .02	194 .22
	23. Jalaun		13.49	5.61
	24. Jhansi	45.30	333-.13	234.50
	25. Jaunpur		159.91	3.26
	26. Lalitpur		153.75	9.80
	27. Mathura		543.85	285.87
	28. Moradabad		1309.47	510.59
	29. Pilibhit		328.67	276.55
	30. Pithora garh		165.43	45.61
	31. Pratapgarh		21.83	10. 01
	32. Rae Bareli	68.08	992.53	884. 81
	33. Rampur		808.67	277.61
	34. Shahjahanpur		131.03	41.37
	35. Sitapur		31.15	21. 80
	36. Sultanpur		11.70	1.60
	37. Tehri Garhwal		64.22	240
	38. Unnao		813.50	389.62
	39. Uttra Kashi		17.71	4.22
	40. Mainpuri		179.71	25.84
	Sub-Total	198. 94	13135.92	6984.74
YXI1.	West Bengal			
	1. Bankura		105.29	48.94
	2. Birbhum		124.11	59.40
	3. Burdwan		641.34	442.90
	4. Cooch Bihar		36.95	9.99
	5. Darjeeling		151.54	92.25
	6. Hoogly		1315.92	590.80
	7. Jalpaiguri		119.16	65.51
	8. Malda		65.57	19.19
	9. Midnapur	92.20	1675.88	942.54
	10. Murshidabad		95.29	35.36
	11. Madia	94.75	1935.73	1162.63
	12. Purulia	38.18	241.	174.28
	1-3. West Dinajpur		108.59	52.82
	Sub-Total	225.13	6617 -01	3696.61
	1. Andman & Nikobar Islands	0.36	58-83	54.80
	2. Arunachal Pradesh	9.19	5-73	
	3. Dadra & Nagar Haveli	8. 36	155.94	121.39
	4. Goa, Daman & Diu	155.70	3779.77	2522.64
	5. Lakshadweep		0.04	
	6. Mizoram		3.46	
	7. Pondicherry	52.23	769.66	221.17
	Slib-Total	225.84	4773.43	2920.00
	GRAND TOTAL	6255.74	133194.62	77840.10

ANNEXURE IV.4
Survey on Impact of Central Subsidy and Concessional Finance

ALWAR

Reference : Impact of industrialisation in general and 1DBI assistance in particular on the economic development of backward districts (Alwar in Rajasthan) a study by the Rajasthan Consultancy Organisation Ltd., Jaipur, commissioned by the Industrial Development Bank of India.

(i) Around 70% of the surveyed units had availed of the subsidy.

(ii) The growth in employment accelerated after 1974.

(iii) The share of local persons in employment generated was as follows :

Same locality	47%
Other localities in Alwar district	14%
Other districts in Rajasthan	9 %
Outside the state	30%

(iv) Approximately half of the units (which provided data) were dependent on raw materials from outside and half on raw materials available within Alwar district.

(v) Horizontal promotion activity was observed in a number of cases. There were numerous cases of complementarity and vertical linkages especially amongst engineering units.

(vi) The motivation for the location of units in Alwar district appears to be as follows :

Availability of power	(81 out of 95 surveyed
Nearness to markets	(65 out of 95 surveyed units)
Availability of water	(64 out of 95 surveyed units)
Financial concessions .	(60 out of 95 surveyed)

(vii) Out of the 95 surveyed units, 51 were set up by entrepreneurs from Alwar district, 15 from other districts in Rajasthan and 21 from other States. Of the 51 entrepreneurs belonging to Alwar as many as 31 were found to be first generation enterepreneurs.

NASIK

Reference : Impact of concessional Finance on Industrial Development, Nasik, Maharashtra, a study by the Centre for Studies in Decentralised Industries, Vaikunthbhai Mehta Smarak irust, Bombay, commissioned by the Industrial Development Bank of India.

(i) Almost all the entrepreneurs in sample sector took advantage of the package scheme in the case of large-scale and medium-scale units. However, in the case of small s'cale units, the availability of incentives and concessions under the package scheme was not known to many of the entrepreneurs and hence no assistance was given to them under this scheme.

(ii) A majority of the surveyed units went into production after 1974-75.

(iii) 93 % of the total employed were local people. However, in skilled and managerial cadres, the majority of the persons employed came from outside the district.

(iv) 80% of the selected units belonged to the demand based industries depending on the raw materials brought from outside the district. There were very few units in the sample sector using local raw materials. A large part of the products were marketed outside the district in places like Bombay and Pune. The overall local sales were estimated to be a little less than 20%.

(v) The development of iiadustries in Nasik is one of ancillary and complementary industries promoted by large scale units. For instance, many of the Bombay and Pune based well-known industrial houses like Garvare, Kirloskar, Mahindras and Siemens have started their - units in Nasik.

(vi) Nearness to the market, developed

industrial infrastructure and the availability of concessional finance were the major factors which attracted entrepreneurs to the district.

CHANDRAPUR

Reference:"lmpact of concessional finance on Industrial Deve-. lojpment, Chandrapur, Maharashlra", a study by the centre for studies in Decentralised Industries, Vaikuthabhai Mehta Smarak Trust, Bombay commissioned by the Industrial Development Bank of India.

(i) Around 83% of the surveyed units had availed of the central subsidy.

(ii) Most of the surveyed units came up after 1973-74.

(iii) Most of the total respondents stated that 63 % of their total requirements of raw materials was locally procured from the sources within the district.

(iv) Availability of locally procurable raw materials combined with concessional finance and other incentives has encouraged setting up of a large number of units. Among others, the nearness to a town or a market easy access to local and/or imported raw materials, the existence of adequate road and other communication facilities and favourable phychological environment seemed to have influenced singly or collectively the entrepreneurs' choice and location of an industry. Reinforced by the availability of concessional finance and other types of incentives, the industrial progress seemed to have gone on more in the direction of exploitation of (he available natural resources of the district from catering to mostly local demand or the locally existing marketing outlets.

(v) The district has remained backward in the development of ancillary or complementary industries to any large scale industry because the development of any large scale industry itself has lagged behind.

(vi) The small scale industries have played a more important role than the large scale and medium scale industries in the district and recorded a significant annual rate of growth of 13.5% between 1971 and 1979.

The assistance made available by the 1DBI sinee 1971 was responsible for the establishment of an additional 304 small scale units in the district, bringing the total number of industrial units to 432, about 40% of which were, located in the rural areas.

MORADABAD, BULANDSHAHR AND ALLAHABAD (U.P)

Reference : "Impact of Concessional Finance on Industrial Development of Backward Areas — A comparative study of two backward and one non-backward distric-t.jn Uttar Pradwh— Summary Report" by T. S. Papola, paper read at Seminar on Industrial Development of Backward Areas, Bombay May 16-17, 1980 organised by the Industrial Development Bank of India.

(i) Between 1960 and 197*5, the share of Moradabad in the number of factories and employment increased, that of Bulandshahr declined in both respects and the non-backward district Allahabad experienced a decline in its share on the number of factories but an increase in its share of employment. (ii) The non-backward district of Allahabad had the advantage of better infrastructure and already developed industrial base. Moradabad though a backward district was also not very much behind Allahabad in terms of these factors, but availability of incentives and concessions led to an acceleration in the process of development of industries in this non-so-back-ward district. Bulandshahr, on the other hand, had deficient infrastructure and low level and unfavourable structure of industrial development to begin with, and therefore, could not make effective use of

incentives and ccrcessional finance. Efforts of financial institutions were also more concentrated in Moradabad than in Bulandshhar. further, Moradabad is a backward district in the midst of non-backward districts, Bulandshahar is not so favourably acted. The most important factor, however, seems to be the level and structure of industrial development itself. In 1971 Moradabad had 1.63 per cent of its population engaged as workers in non-household manfacturing, the figure for Allahabad was 1.20 per cent, but only 0.98 for Bulandsahr. Further, f he structure of industries in Bulandshahr offers much less potential for linkages than that of Moradabad anc" Allahabad.

(iii) The percentage of entrepreneurs who thought that concessional finance is of some significance was the highest (80%) in me non-backward district of Allahabad compared to backward districts of Moradabad (70%) and Bulandshahr (52),

(jv) In the entrepreneurs' assessment of locational factors local demand emerages as exerting greatest influence • at least in the two backward districts. Availability of land, power and water, however, are more often mentioned as factors in location, than local demand by entre-preneurs in Allahabad. These factors are much less important in attracting industries to the two backward districts.

Concessional finance emerged as second most important factor in Bulandshahr and third most important factor im Moradabad and under standably of least significance in Allahabad. Availability of raw material seems lo provide a significant advantage only in Moradabad and availability of credit facilities in general and transport connection in Allahabad.

(v) Trading occupation has provided the major source of supply of entrepreneurs ; 60 per cent of the entrepreneurs belonged to the families with trading as their business. Another 17 per cent came from families with industry as their usual occupation and 10 per cent each from families with industry as their usual occupation and 10 per cent each from agricultural families and those with service as their occupation. A small number around 3 per cent also came from among the technocrats and professionals.

(vi) Units using local raw material constitute over three fourth of the sample in Moradabad, 60 per cent in Bulandshahr and 55 per cent in Allahabad.

(vii) 28 per cent of the units helped directly in the establishment of some other units. The helping units formed 25 per cent of the sample in Bulandsahr, 23 per cent in Moradabad and 30 per cent in Allahabad.

ANNEXURE VII. I
List of Urban Centres

Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	130	Gr. Bombay	Gr. Bombay	Maharashtra	5970575	900361	45.46
2.	320	Calcutta	Calcutta	West Bengal	7031382	851921	37.26
3.	219	Madras	Madras	Tamil Nadu	3169930	249860	27.84
4.	329	Delhi	Delhi	Delhi	3647023	242733	21.73
5.	71	Ahmedabad	Ahmedabad	Gujarat	1741522	221938	44.66
6.	166	Banglore	Bangalore	Mysore	1653779	162493	33.20
7.	290	Kanpur	Kanpur	Uttar Pradesh	1275242	113939	30.20
8.	142	Poona	Poona	Maharashtra	1135034	105125	31.19
9.	26	Hyderabad	Hyderabad	Andhra Pradesh	1796339	102497	20.92
10.	232	Coimbatore	Coimbatore	Tamil Nadu	736203	85338	35.81
11.	79	Surat	Surat	Gujarat	493001	74659	47.47
12.	56	Jamshedpur	Singhbhum	Bihar	456146	74046	56.27
13.	240	Madurai	Madurai	Tamil Nadu	711501	59664	29.48
14.	160	Nagpur	Nagpur	Maharashtra	930459	57281	22.43
15.	199	Ludhiana	Ludhiana	Punjab	401176	53477	43.60
16.	145	Sholapur	Sholapur	Maharashtra	398361	50586	44.64
17.	132	Ulhas Nagar	Thana	Maharashtra	396384	50477	42.37
18.	115	Indore	Indore	Madhya Pradesh	560936	50356	34.31
19.	77	Vadodara	Vadodara	Gujarat	467487	44194	34.14
20.	195	Amritsar	Amritsar	Punjab	458029	42165	31.13
21.	286	Agra	Agra	Uttar Pradesh]	634622	39610	24.25
22.	123	Jabalpur	Jabalpur	Madhya Pradesh	534845	38647	25.41
23.	131	Thana	Thana	Maharashtra	207352	38373	53.99
24.	296	Lucknow	Lucknow	Uttar Pradesh	813982	36908	16.29
25.	321	Durgapur	Burdwan	West Bengal	206638	34801	54.49
26.	244	Trichy	Trichy	Tamil Nadu	464624	34121	26.31
27.	127	Bhilainagar	Durg	Madhya Pradesh	245124	33993	45.22
28.	210	Jaipur	Jaipur	Rajasthan	636768	33569	19.44
29.	135	Malegaon	Nasik	Maharashtra	191847	32310	69.80
30.	231	Salem	Salem	Tamil Nadu	416440	31949	23.34
31.	108	Gwalior	Gwalior	Madhya Pradesh	406140	31502	29.79
32.	120	Bhopal	Sehore	Madhya Pradesh	384859	28870	26.17
33.	11	Guntur	Guntur	Andhra Pradesh	269991	27782	31.37
34.	102	Cochin	Ernakulam	Kerala	439066	25528	21.05
35.	200	Jullundur	. Jullundur	Punjab	296106	25458	31.35
36.	322	Asansol	Burdwan	West Bengal	241792	23756	36.98
37.	133	Bhivandi	Thana	Maharashtra	79576	23711	70.88
38.	58	Rajkot	Rajkot	Gujarat	300612	22674	29.29
39.	174	Manglore	South Kanara	Karnataka	215122	22652	29.17
40.	234	Tiruppur	Coimbatore	Tamil Nadu	151127	22582	41.04
41.	303	Varanasi	Varanasi	Uttar Pradesh	606721	22110	13.19
42.	292	Allahabad	Allahabad	Uttar Pradesh	513036	20903	14.67
43.	55	Ranchi	Ranchi	Bihar	255551	20439	29.96
44.	287	Firozabad	Agra	Uttar Pradesh	133863	20232	56.18
45.	278	Meerut Ctt.	Meerut	Uttar Pradesh	367754	20186	19.20

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Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
46.	8	Vijawada	Krishana	Andhra Pradesh	344607	20055	10.78
47.	188	Rourkela	Sundergarh	Orissa	172502	19320	33.40
48.	173	Mysore	Mysore	Karnataka	355685	19073	2.27
49.	134	Nasik	Nasik	Maharashtra	271681	18598	24.80
50.	264	Moradabad	Moradabad	War Pradesh	272652	18467	25. 45
51.	182	Hubli Dharwar	Dharwar	Karnataka	379166	18459	17.45
52.	270	Barcilly	Bareilly	Uttar Pradesh	326106	18011	20.74
53.	94	Srinagar	Srinagar	Jammu & Kashmir	423253	17863	16.00
54.	57	Jamnagar	Jamnagar	Gujarat	227640	17635	28.99
55.	98	Calicut	Kozhikode	Kerala	333979	17590	21.28
56.	114	Ujjain	Ujjain	Madhya Pradesh	208561	17482	32.57
57.	235	Erode	Coimbatore	Tamil Nadu	169613	17428	29.33
58.	283	Aligarh	Aligarh	Uttar Pradesh	252314	17238	26.39
59.	149	Ichalkarangi	Kolhapur	Maharashtra	87731	17212	61.29
60.	89	Faridabad	Gurgaon	Haryana	85762	17143	57.93
61.	148	Kolhapur	Kolhapur	Maharashtra	267513	16786	23.98
62.	63	Bhavnagar	Bhavnagar	Gujarat	225974	16669	29.57
63.	274	Saharanpur	Saharanpur	Uttar Pradesh	225396	16403	268.15
64.	259	Tuticorin	Tiruneveli	Tamil Nadu	181913	16240	30.18
65.	218	Kota	Kota	Rajasthan	212991	16014	25.14
66.	1	Vizag	Vizag	Andhra Pradesh	363467	15753	15.71
67.	37	Patna	Patna	Bihar	491217	15218	10.77
68.	54	Dhanbad	Dhanbad	Bihar	434031	14425	9.73
69.	256	Sivakasi	Rammanathp uram	Tamil Nadu	60753 1	14179	56.04
70.	4	Rajahmundry	Vizag	Andhra Pradesh	loooUj	14128	24.44
71.	179	Belgaum	Belgaum	Karnataka	213872	13970	23.87
72.	107	Trivendrum	Quilon	Kerala	409627	13922	12-18
73.	257	Tiruneveli	Tiruneveli	Tamil Nadu	266688	13417	16.40
74.	222	Vellore	North Arcot	Tamil Nadu	178554	13284	26.03
75.	269	Rampur	Rampur	tUttar Pradesh	161417	12862	28.67
76.	177	Bhadravat	Shimoga	Karnataka	101358	12734	46.45
77.	28	Warangal	Warangal	Andhra Pradesh	207520	12692	21.64
78.	331	Pondicherry	Pondicherry	Pondicherry	153325	12686	31.84
79.	144	Sangli	Sangli	Maharashtra	201597	12541	22.58
80.	168	Davangere	Chittradurga	Karnataka	121110	12137	33.57
81.	279	Gaziabad	Meerut	Uttar Pradesh	127700	11894	32.60
82.	215	Jodhpur	Jodhpur	Rajasthan	317612	11851	15.11
83.	53	Pokaro	Dhanbad	Bihar	107159	10626	23.19
84.	104	Alleppey	Alleppey	Kerala	160166	10532	25.57
85.	328	Chandigarh	Chandigarh	Chandigarh	232940	9908	12.85
86.	80	Navasari	Valsad	Gujarat	80101	9872	40.58
87.	233	Bhivani	Coimbatore	Tamil Nadu	56696	9497	45.39
88.	141	Ahmednagar	Ahmednagar	Maharashtra	148405	9443	21.32
89.	64	Porbdndar	Junagarh	Gujarat	106727	9414	35.75
90.	139	Dhulia	Dhulia	Maharashtra	137129	9399	27.11
91.	189	Cuttack	Cuttack	Orissa	205759	9234	14.93

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
92.	156	Akola	Akola	Maharashtra	168438	9117	20.17
93.	129	Raipur	Raipur	Madhya Pradesh	205986	9068	15.11
94.	84	Yamunanagar	Ambala	Haryana	72594	8744	40.75
95.	31	Gauhati	Kamrup	Assam	200377	8565	12.98
96.	72	Nadiad	Kheda	Gujarat	108269	8480	28.96
97.	272	Shahjehanpur	Shahjehanpur	Uttar Pradesh	144065	8438	22.03
98.	313	Budge-Budge	24-Parganas	West Bengal	62752	8397	49.25
99.	118	Burhanpur	Khandwa	Madhya Pradesh	105335	8207	28.58
100.	261	Nagercoil	Kanyakumari	Tamil Nadu	141288	8196	21.26
101.	5	Kakinara	Vizag	Andhra Pradesh	164200	8150	17.82
102.	242	Dindigul	Madurai	Tamil Nadu	128429	8149	22.78
103.	106	Quito n	Quilon	Kerala	124208	8101	24.41
104.	6	Eluru	Vizag	Andhra Pradesh	127023	8100	20.64
105.	15	Nellore	Nellore	Andhra Pradesh	133590	7952	19.92
106.	273	Dehradun	Dshradun	Uttar Pradesh	203464	7780	13.23
107.	153	Nanded	Nanded	Maharashtra	126538	7733	23.96
108	92	Bhivani	Hissar	Haryana	73086	7773	40.39
109.	27	Nizamabad	Nizamabad	Andhra Pradesh	115640	7724	19.96
110.	157	Amravdti	Amravati	Maharashtra	193800	7693	14.99
111.	212	Ajmer	Ajmer	Rajasthan	264291	7531	11.67
112.	288	Farukhabad	Farukhabad	Uttar Pradesh	110835	7272	22.77
113.	23	Adoni	Kurnool	Andhra Pradesh	85311	7247	25.70
114.	217	Udaipur	Udaipur	Rajasthan	161278	7024	16.00
115.	300	Gorakhpur	Gorakhpur	Uttar Pradesh	230911	7005	11.50
116.	248	Kumbkonam	Thanjavur	Tamil Nadu	119655	6997	21.27
117.	70	Kalol	Mehsana	Gujarat	50321	6955	48.86
118.	223	Gudiytham	North Arcot	Tamil Nadu	67966	6932	31.12
119.	201	Phagwara	Kapurthala	Punjab	55102	6922	43.24
120.	252	Rajapalayam	Ramanathpur	Tamil Nadu	86952	6862	22.25
121.	73	Cambay	Kheda	Gujarat	62097	6820	39.90
122.	220	Kanchipuram	Chingelput	Tamil Nadu	119693	6815	18.15
123.	184	Gulbarga	Gulbarga	Karnataka	145588	6767	18.20
124.	246	Karur	Trichirapalli	Tamil Nadu	65706	6622	31.78
125.	171	Bellary	Bellary	Karnataka	125183	6553	18.34
126.	62	Wadhwan	Surender	Gujarat	97251	6535	26.85
127.	304	Mirzapur	Mirzapur	Uttar Pradesh	105939	6524	21.71
128.	194	Batala	Gurdaspur	Punjab	76488	6418	32.08
129.	216	Bhilwara	Bhilwara	Rajasthan	82155	6395	24.28
130.	203	Patiala	Patiala	Punjab	151041	6390	15.16
131.	213	Beawar	Ajmer	Rajasthan	66786	6339	34.78
132.	113	Ratlam	Ratlam	Madhya Pradesh	119247	6180	20.55
133.	22	Kurnaol	Kurnool	Andhra Pradesh	136710	6174	14.23
134.	9	Machlipatam	Krishna	Andhra Pradesh	112612	6173	19.78
135.	205	Ganganagar	Ganganagar	Rajasthan	90042.	6141	24.18
136.	285	Mathura	Mathura	Uttar Pradesh	140150	6130	16.40
137.	48	Bhagalpur	Bhagalpur	Bihar	172202	6095	13.85
138.	86	Panipat	Karnal	Haryana	87981	6035	25.82

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List of Urban Centres

Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
139.	237	Pollachi	Coimbatore	Tamil Nadu	93838	6020	19.28
140.	183	Gadag Betger	Dharwar	Karnataka	95426	5985	20.08
141.	225	Vanitabdi	North Arcot	Tamil Nadu	57686	5843	36.72
142.	139	Bhusawal	Jalgaon	Maharashtra	104708	5771	22.23
143.	78	Bharuch	Bharuch	Gujarat	92251	5694	22.79
144.	121	Sagar	Sagar	Madhya Pradesh	154785	5685	12.26
145.	47	Jamalpur	Monghyr	Bihar	61731	5597	39.93
146.	150	Aurangabad	Aurangabad	Maharashtra	165253	5050	13.13
147.	224	Arcot	North Arcot	Tamil Nadu	75911	5527	25.82
148.	128	Rajngaon	Durg	Madhya Pradesh	55827	5508	31.90
149.	238	Coonoor	Nilgiris	Tamil Nadu	70813	5448	24.10
150.	91	Hissar	Hissar	Haryana	89437	5394	21.47
151.	40	Gaya	Gaya	Bihar	179884	5386	11.94
152.	247	Thanjavur	Thanjavur	Tamil Nadu	140547	5354	14.68
153.	266	Amroha	Moradabad	Uttar Pradesh	82702	5353	25.77
154.	226	Ambur	North Arcot	Tamil Nadu	54011	5302	33.73
155.	206	Bikaner	Bikaner	Rajasthan	208894	5287	10.57
156.	312	Nabadwip	Nadia	West Bengal	94204	5265	23.06
157.	315	Barasat	24-Pargana	West Bengal	95726	5220	22.56
158.	95	Jammu	Jammu	Jammu & Kashmir	164207	5205	22.15
159.	293	Jhansi	Jhansi	Uttar Pradesh	198135	5188	10.57
160.	277	Muzaffar	Muzaffar	Uttar Pradesh	114783	5123	17.68
161.	124	Murwana	Jabalpur	Madhya Pradesh	86535	4903	19.52
162.	12	Tenali	Guntur	Andhra Pradesh	102937	4843	15.49
163.	176	Shimoga	Shimoga	Karnataka	102709	4832	15.92
164.	59	Mor vi	Rajkot	Gujarat	60976	4786	31.66
165.	87	Rohtak	Rohtak	Haryana	124755	4673	15.56
166.	49	Katiar	Purnea	Bihar	80121	4526	19.88
167.	82	Ambala Cantt.	Ambala	Haryana	102493	4459	16.86
168.	88	Sonepat	Rohtak	Haryana	62393	4383	27.55
169.	45	Dharbhanga	Dharbhanga	Bihar	132059	4344	13.14
170.	323	Burdwan	Burdwan	West Bengal	143318	4304	11.32
171.	140	Amelner	Jalgaon	Maharashtra	55544	4300	30.73
158.	95	Jammu	Jammu	Jammu & Kashmir	164207	5205	22.15
159.	293	Jhansi	Jhansi	Uttar Pradesh	198135	5188	10.57
160.	277	Muzaffar	Muzaffar	Uttar Pradesh	114783	5123	17.68
161.	124	Murwana	Jabalpur	Madhya Pradesh	86535	4903	19.52
162.	12	Tenali	Guntur	Andhra Pradesh	102937	4843	15.49
163.	176	Shimoga	Shimoga	Karnataka	102709	4832	15.92
164.	59	Mor vi	Rajkot	Gujarat	60976	4786	31.66
165.	87	Rohtak	Rohtak	Haryana	124755	4673	15.56
166.	49	Katiar	Purnea	Bihar	80121	4526	19.88
167.	82	Ambala Cantt.	Ambala	Haryana	102493	4459	16.86
168.	88	Sonepat	Rohtak	Haryana	62393	4383	27.55
169.	45	Dharbhanga	Dharbhanga	Bihar	132059	4344	13.14
170.	323	Burdwan	Burdwan	West Bengal	143318	4304	11.32
171.	140	Amelner	Jalgaon	Maharashtra	55544	4300	30.73

ANNEXURE VII. I
List of Urban Centres

Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
172.	46	Monghyr	Monghyr	Bihar	102474	4259	18.92
173.	187	Samba/pur	Sambalpur	Orissa	105085	4237	13.00
174.	18	Proddatur	Cuddapah	Andhra Pradesh	70822	4057	17.20
175.	161	Gondia	Bhandara	Maharashtra	77992	4050	16.614
176.	38	Bihar	Patna	Bihar	100046	4047	16.18
177.	13	Chirala	Ongole	Andhra Pradesh	54487	4045	20.75
178.	197	Abohar	Ferozpur	Punjab	58925	3996	24.03
179.	299	Faiz abaci	Faizabad	Uttar Pradesh	109806	3996	12.93
180.	254	Yirudh Nagar	Ramanathapu	Tamil Nadu	61902	3986	21.73
181.	178	Mandya	Mandya	Karnataka	72132	3979	19.40
182.	100	Palghat	Palghat	Kerala	95788	3968	14.19
183.	126	Bilaspur	Bilaspur	Madhya Pradesh	130740	3962	10.15
184.	316	Ha bra	. 24-Pargana	West Bengal	93351	3952	19.92
185.	228	Cuddalore	South Arcot	Tamil Nadu	101335	3942	14.64
186.	97	Cannanore	Cannanore	Kerala	55162	3930	25.72
187.	251	Srivillipthr	Ramanathpur	Tamil Nadu	53855	3866	19.09
188.	326	Kharagpur	Midnapur	West Bengal	61783	3866	24.61
189.	110	Satna	Satna	Madhya Pradesh	62162	3844	20.18
190.	85	Karnal	Karnal	Haryana	92784	3821	14.92
191.	138	Jalgaon	Jalgaon	Maharashtra	106711	3814	13.97
192.	81	Valsad	Valsad	Gujarat	63009	3802	20.61
193.	96	Tcllicherry	Cannanore	Kerala	68759	3705	21.30
194.	170	Kolar-GDF	Kolar	Karnataka	118861	3687	14.42
195.	180	Bijapur	Bijapur	Karnataka	103931	3649	14.57
196.	35	Tinsukhia	Lakhimpur	Assam	54911	3615	18.72
197.	44	Muzaffarpur	Muzaffarpur	Bihar	126379	3583	10.43
198.	66	Patan	Junagarh	Gujarat	75520	3564	18.05
199.	165	Shillong	UNT Khasi Jt	Meghalaya	122752	3525	8 .74
200.	2	Vizianagram	Vizag	Andhra Pradesh •	86608	3523	14.62
201.	305	Siliguri	Darjeeling	West Bengal	97484	3522	11.68
202.	284	Hathras	Aligarh	Uttar Pradesh	74349	3498	17.60
203.	172	Hospet	Bellary	Karnataka	65196	3456	16.07
204.	146	Barsi	Sholapur	Maharashtra	62374	3427	20.90
205.	255	Karaikudi	Ramanathpur	Tamil Nadu	88371	3400	14.34
206.	119	KhandvM	Khandwa	Madhya Pradesh	85403	3383	15.42
207.	151	Jalna	Aurangabad	Maharashtra	91099	3289	13.13
208.	10	Gudibada	Krishana	Andhra Pradesh	61068	3282	17.29
209.	209	Bharatpur	Bharatpur	Rajasthan	69902	3267	18.28
210.	74	Anand	Kheda	Gujarat	59155	3231	21.51
211.	271	Pilibhit	Pilibhit	Uttar Pradesh	68273	3207	17.25
212.	101	Trichur	Trichur	Kerala	76241	3189	16.88
213.	245	Pudukottai	Tiruchirapalli	Tamil Nadu	66384	3162	18.49
214.	83	Ambala	Ambala	Haryana	83633	3145	14.75
215.	7	Bheemavaran	Vizag	Andhra Pradesh	63762	3110	15.27
21.6.	190	Berhampur	Ganjam	Orissa	117662	3086	9.50
217.	280	Hapur	Meerut	Uttar Pradesh	71266	3067	16.92
218.	163	Achalpur	Amravati	Maharashtra	66451	3064	15.56

ANNEXURE VII. I
List of Urban Centres

Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
219.	34	Dibrugarh	Lakhimpur	Assam	80^48	3063	12.44
220.	196	Moga	Ferozpur	Punjab	61625	3031	17.52
221.	154	Latur	Osmanabad	Maharashtra	70156	3012	16.39
222.	112	Mdndsaur	Mandsaur	Madhya Pradesh	5698	2983	19.05
223.	297	Bahraich	Bahraich	Uttar Pradesh	73931	2956	14.14
224.	239	Ottacamund	Nilgiris	Tamil Nadu	63310	2952	14.21
225.	275	Hardwar	Saharanpur	Uttar Pradesh	79277	2917	12.60
226.	65	Junagarh	Junagarh	Gujarat	95900	2913	12.10
227.	68	Patan	Mahsana	Gujarat	64519	2906	17.90
228.	260	Tiruchend	Tiruneveli	Tamil Nadu	55636	2895	19 .97
229.	167	Tumkur	Tumkur	Karnataka	70476	2889	15.01
230.	19	Cuddapah	Cuddapah	Andhra Pradesh	66195	2864	15.58
231.	186	Raichur	Raichur	Karnataka	79831	2838	12.25
232.	302	Jaunpur	Jaunpur	Uttar Pradesh	80737	2797	13.06
233.	263	Haldwani-Kathgo dam	Nainital	Uttar Pradesh	52205	2791	17.12
234.	250	Mayuram	Thanjavur	Tamil Nadu	60195	2788	17.92
235.	193	Pathankot	Gurdaspur	Punjab	78192	2770	13.28
236.	14	Ongole	Ongole	Andhra Pradesh	53330	2762	18.02
237.	208	Alwar	Alwar	Rajasthan	100378	2740	10.91
238.	324	Bankura	Bankura	West Bengal	79129	2736	13.85
239.	202	Hoshiarpur	Hoshiarpur	Punjab	57691	2690	17.04
240.	17	Chittore	Chittore	Andhra Pradesh	63035	2681	15.05
241.	282	Khurja	Bulandshehar	Uttar Piadesb	50245	2678	19.72
242.	103	Kottayam	Kottayam	Kerala	59714	2631	15.22
243.	253	Arappukkottai	Ramanathpur	Tamil Nadu	62223	2612	9.82
244.	221	Tiru-vanmalai	North Arcot	Tamil Nadu	61370	2609	14.34
245.	281	Bulandshehar	Bulandshehar	Uttar Pradesh	59505	2565	17.24
246.	214	Tank	Tonk	Rajasthan	55866	2557	16.99
247.	20	Anantpur	Anantpur	Andhra Pradesh	80069	2533	11.62
248.	33	Jorhat	Sibsagar	Assam	70674	2518	11.61
249.	236	Valaparai	Coimbatore	Tamil Nadu	95175	2517	5.5
250.	267	Chandausi	Moradabad	Uttar Pradesh	53393	2511	17.82
251.	249	Nagapatnam	Thanjavur	Tamil Nadu	74019	2502	13.41
252.	268	Badaun	Badaun	Uttar Pradesh	72204	2489	13.50
253.	265	Samba)	Moradabad	Uttar Pradesh	86323	2481	10.47
254.	289	Etawah	Etawah	Uttar Pradesh	85894	2417	10.73
255.	162	Chandrapur	Chandrapur	Maharashtra	75134	2412	12.07
256.	99	Badagara	Kozhikode	Kerala 1	53938	2408	18.51
257.	181	Bagalkot	Bijapur	Karnataka	51746	2405	17.69
258.	105	Kayamkulam	Alleppey	Kerala	54102	2404	17.42
259.	117	Dewas	Dewas	Madhya Pradesh	51866	2390	18.89
260.	295	Sitapur	Sitapur	Uttar Pradesh	66715-	2373	12.54
261.	313	Krishna Nagar	Nadia	West Bengal	85923	2366	11.75
262.	155	Khamgaon	Bidhana	Maharashtra	53692	2352	9.70
263.	32	Nowgong	Nowgong	Assam	56537	2295	13.34
264.	262	Aganala	West Tripura	Tripura	100264	2279	9.35

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List of Urban Centres

Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
265.	39	Dinapur	Patna	Bihar	59993	2275	13.26
266.	16	Tirupati	Chittore	Andhra Pradesh	65843	2268	11.98
267.	24	Nandyal	Kurnool	Andhra Pradesh	63193	2267	11.05
268.	21	Guntkal	Anantpur	Andhra Pradesh	66320	2259	12.03
269.	143	Satara	Satara	Maharashtra	66433	2258	13.98
270.	111	Rewa	Rewa	Madhya Pradesh	69182	2209	11.53
271.	41	Arrah	Shahabad	Bihar	92919	2200	9.49
272.	164	Imphal	Manipur Cent.	Manipur	100366	2198	8.17
273.	90	Gurgaon	Gurgaon	Haryana	57151	2195	15.07
274.	230	Neyveli	South Arcot	Tamil Nadu	58285	2163	13.71
275.	175	Hassan	Hassan	Karnataka	51325	2142	15.94
276.	229	Villupuram	South Arcot	Tamil Nadu	60242	2084	12.54
277.	158	Yeotmal	Yeotmal	Maharashtra	64836	2067	11.53
278.	204	Bhatindet	Bhatinda	Punjab	65318	2041	11.03
279.	76	Godhra	Panchmehal	Gujarat	56853	2024	11.63
280.	330	Panaji	Goa	Goa-Daman-Diu	59238	2007	10.33
281.	30	Khammam	Khammam	Andhra Pradesh	56919	1966	11.67
282.	61	Gondal	Rajkot	Gujarat	55329	1954	13.71
283.	325	Midnapur	Midnapur	West Bengal	71326	1949	11.45
284.	301	Maunath Bhanjan	Ajamgarh	Uttar Pradesh	64058	1947	7.05
285.	137	Nandurbar	Dhulia	Maharashtra	54070	1928	13.26
286.	227	Chidambarom	South Arcot	Tamil Nadu	57658	1928	13.51
287.	3	Amkapalle	Visakhapatna	Andhra Pradesh	57273	1910	11.19
288.	147	Padharpur	Sholapur	Maharashtra	53638	1902	13.42
289.	276	Roorkee	Saharanpur	Uttar Pradesh	62456	1884	8.58
290.	191	Bhubaneshwar	Puri	Orissa	105491	1878	5.55
291.	159	Wardha	Wardha	Maharashtra	69137	1871	10.95
292.	298	Gonda	Gonda	Uttar Pradesh	52662	1809	12.39
293.	308	Cooch Bihar	Cooch Bihar	West Bengal	62664	1800	10.68
294.	60	Dhoraji	Rajkot	Gujarat	60080	1765	12.40
295.	241	Palani	Madurai	Tamil Nadu	51664	1761	10.77
296.	69	Mehsana	Mehsana	Gujarat	61723	1752	12.44
297.	311	Behrampur	Murshidabad	West Bengal	78909	1697	9.12
298.	211	Sikar	Sikar	Rajasthan	70987	1655	10.28
299.	67	Bhuj	Kutch	Gujarat	52861	1619	10.83
300.	122	Damoh	Damoh	Madhya Pradesh	59983	1614	9.95
301.	75	Pohad	Panchmehal	Gujarat	69224	1610	9.15
302.	310	English-Bz	Malda	West Bengal	68026	1599	9.47
303.	43	Bettia	Shahbad	Bihar	51018	1568	11.92
304.	317	Basi Rhat	24-Pargaua	West Bengal	63816	1559	10.85
305.	29	Kothagudam	Kammarn	Andhra Pradesh	75542	1549	7.67
306.	169	Chitradurga	Chitradurga	Karnataka	50254	1529	11.45
307.	93	Simla	Simla	Himachal Pradesh	55368	1526	7.15
308.	327	Purulia	Purulia	West Bengal	57708	1516	10.73
309.	314	Santipur	Nadia	West Bengal	61166	1513	9.86
310.	116	Mhow	Indore	Madhya Pradesh	63739	1500	8.46

ANNEXURE VII. I
List of Urban Centres

Rank No.	Map. Ref.	Name of Town/U. A.	District	State	Population	Workers in non-household manufacturing	Percentage of workers in non-household manufacturing
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
311.	291	Fatehpur	Fatehpnr	Uttar Pradesh	54665	1441	9.68
312.	294	Banda	Banda	Uttar Pradesh	50575	1440	10.68
313.	198	Firozpur	Firozpur	Punjab	51090	1411	9.84
314.	319	Bangaon	24-Pargana	West Bengal	50838	1366	12.63
315.	306	Jalpaiguri	Jalpaiguri	West Bengal	55159	1351	8.16
316.	199	Shivpuri	Siuvpuri	Madhya Pradesh	50585	1337	6.06
317.	397	Alipurdwar	Jalpaiguri	West Bengal	54454	1303	9.41
318.	4	Chapra	Shahabad	Bihar	81101	1294	3.12
319.	25	Mehbubnagar	Mehbubnagar	Andhra Pradesh	51756	1285	8.85
320.	50	Purnia	Pnrnia	Bihar	71311	1258	5.89
321.	192	Puri	Puri	Orissa	72674	1220	5.71
322.	185	Bidar	Bidar	Karnataka	50670	1184	9.48
323.	36	Silchar	Cachhar	Assam	52596	1174	7.93
324.	152	Parbhani	Parbhani	Maharashtra	61570	1174	7.27
325.	125	Chindwara	Chindwara	Madhya Pradesh	53508	1170	8.57
326.	258	Kodaya	Tiruneveli	Tamil Nadu	50295	1092	6.10
327.	309	Balurghat	Cooch Bihar-	West Bengal	67088	1077	7.83
328.	52	Hazaribag	Hazaribag	Bihar	54818	1041	8.61
329.	243	Bodinayarknr	Madurai	Tamil Nadu	54176	864	4.66
330.	207	Chum	Churu	Rajasthan	51185	853	7.13
331.	51	Bermo	Hazaribag	Bihar	69321	540	2.60
296.	69	Mehsana	Mehsana	Gujarat	61723	1752	12.44
297.	311	Behrampur	Murshidabad	West Bengal	78909	1697	9.12
298.	211	Sikar	Sikar	Rajasthan	70987	1655	10.28
299.	67	Bhuj	Kutch	Gujarat	52861	1619	10.83
300.	122	Damoh	Damoh	Madhya Pradesh	59983	1614	9.95
331.	51	Bermo	Hazaribag	Bihar	69321	540	2.60

Note: Eligible centres as defined m para 7 -11 have been underlined. Source : Census of India 1971 General Economic Tables Series I, India Part II-B (i) Registrar-General, Government of India.

ANNEXURE VII -2

Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
ANDHRA PRADESH	276754	
1. Adilabad	16133	100
2. Anantpur	19125	60
3. Chittor	15763	10
4. Cuddapah	15356	90
5. East Go.davari	10940	50
6. Guntur	11377	30
7. Hyderabad	7707	0
8. Karimnagar	11824	75
9. Khammam	15866	100
10. Krishna	8734 .	30
11. Kurnool	18799	100
12. Mahbubnagar	18419	60
13. Medak	9685	10
14. Nalgonda	14242	50
15. Nellore	13058	50
16. Nizamabad	7969	95
17. Ongole	17620	90
18. Srikakulam	9743	100
19. Visakhapatnam	13739	60
20. Warangal	12875	50
21. West Godavari	7780	50
ASSAM	78523	
1. Cachar	6962	100
2. Darrang	8775	100
3. Goalpara	10359	100
4. Kamrup	9863	100
5. Lakhimpur	12792	100
6. Mikir Hills	10332	100
7. N. Cachar Hills	4890	100
8. Nowgong	5561	100
9. Sibsagar	8989	100
BIHAR	173876	
1. Bhagalpur	5656	100
2. Champaran	9196	100
3. Darbhanga	8679	100
4. Dhanbad	2994	0
5. Gaya	12344	95
6. Hazaribagh	18060	60
7. Monghyr	9827	100
8. Muzaffarpur	7838	65
9. Palamau	12677	100
10. Patna	5528	35
11. Purnea	11013	100
12. Ranchi	18331	40
13. Saharsa	5885	100
14. S.anthal Parganas	14129	80
15. Saran	6952	90
46. Shahbad	11320	85
17. Singbhum	13447	10
GUJARAT	195984	
1. Ahmedabad	8707	0
2 Amreli	6760	100

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
3. Banas Kantha	12702	50
4. Bharuch	9045	15
5. Bhavnagar	11155	30
6. Gandhinagar	649	0
7. Jamnagar	14125	30
8. Jaunagarh	10607	100
9. Kheda	7194	0
10. Kutch	45612	100
11. Mehsana	9027	0
12. Panchamahal	8866	30
13. Rajkot	11203	30
14. Sabar Kantha	7390	*
15. Surat	7745	10
16. Surendranagar	10488	*
17. The Dangs	1683	50
18. Vadodara	7788	20
19. Valsad	5238	0
HARYANA	44222	
1. Ambala	3833	50
2. Gurgaon	6146	0
3. Hisar	13982	50
4- Jind	2691	5
5. Karnal	8068	10\
6. Mahendragarh	3459	0
7. Rohtak	6043	0
HIMACHAL PRADESH	55673	
1. Bilaspur	1167	30
2. Chamba	8195	100
3. Kangra	8397	70
4. Kinnaur	6553	100
5. Kulu	5435	100
6. Lahul & Spiti	12015	100
7. Mahasu	5652	100
8. Mandi	4018	100
9. Simla	1416	100
10. Sirmaur	2825	100
JAMMU & KASHMIR	138124	
1. Anantoag	5382	50
2. Baramula	7458	100
3. Doda	11691	100
4. Jamtnu	3165	100
5. Kathua	2651	100
6. Ladhakh	95876	100
7. Punch	1658	100

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
8 Rajauri	2681	100
9 Srinagar	3013	50
10. Udhampur	4549	100
KARNATAKA	191773	
1. Bangalore .	8003	0
2. Belgaum	13410	30
3. Bellary	9898	80
4. Bidar	5451	95
5. Bijapur	17056	60
6. Chikmaglur	7199	50
7. Coorg	4104	100
8. Chitradurga	10852	50
9. Dharwar	13749	50
10. Gulbarga	16224	70
11. Hassan	6823	50
12. Kolar	8223	0
13. Mandya	4958	0
14. Mysore	11947	5
15. N. Kanara	10276	95
16. Raichur	14005	100
17. Shimoga	10548	50
18. S. Kanara	8441	60
19. Tumkur	10606	0
KERALA	38864	
1. Alleppey	1884	0
2. Cannanore	5706	90
3. Ernakulam	3271	0
4. Kottayam	6389	40
5. Kazikode	3729	30
6. Malappuram	3638	10
7. Palghat	4400	0
8. Quilon	4623	90
9. Tnchur	3032	5
10. Trivandrum	2192	0
MADHYA PRADESH	442841	
1. Balaghat	9245	90
2. Bastar	39060	100
3. Betul	10061	90
4. Bilaspur	19905	100
5. Bhind	4467	30
6. Chattarpur	8690	100
7. Chhindwara	11824	60
8. Damoh	7301	50
9. Dewas	7014	5

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
10. Datia	2034	20
11. Dhar	8149	40
12. Durg	19670	50
13. East Nimar	10705	70
14. Guna	11017	100
15. Gwalior	5213	0
16. Hoshangabad	10016	100
17. Indore	3910	0
18. Jabalpur	10164	40
19 Jhabua	6781	90
20. Mandsaur	9726	100
21. Mandla	13257	65
22. Morena	11586	55
23. Narainpur	5138	60
24. Parma	7122	100
25. Raigarh	12910	75
26. Raipur	21251	65
27. Raisen	8395	50
28. Rajgarh	6163	60
29. Ratlam	4859	80
30. Rewa	6315	100
31. Sagar	10246	100
32. Satna	7495	100
33. Sehore	9015	0
34. Seoni	8752	40
35. Shahdol	14028	100
36- Shajapur	6201	50
37. Shivpuri	10285	90
38. Sidhi	10532	100
39. Sarguja	22337	100
40. Tikamgarh	5047	100
41. Ujjain	6081	5
42. Vidisha	7433	70
43. WestNimar	13441	50
MAHARASHTRA	307762	
1. Ahmednagar	17035	70
2. Akola	10567	100
3. Amrawati	12210	100
4. Aurangabad	16200	95
5. Bhandara	9214	50
6. Bhir	11227	100
7. Buldhana	9745	100
8. Chandrapur	25641	90
9. Dhulia	13143	60

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
10. Greater Bombay	603	0
11. Jalgaon	11771	80
12. Kolaba	7198	0
13. Kolhapur	8059	0
14. Nagpur	9928	0
15- Nanded	10492	100
16. Nasik	15582	$
17. Osmanabad	14117	40
18. Parbhani	12489	100
19. Poona	15640	10
20. Ratnagiri	13040	90
21. Sangli	8563	40
22. Satara	10492	50
23. Sholapur	15021	10
24. Thana	9553	0
25. Wardha	6307	0
26. Yeotmal	13925	100
MANIPUR	22356	
1. Manipur Central	5605	100
2. Manipur East	4409	100
3. Manipur North	3417	100
4. Manipur South	4581	100
5. Manipur West	4344	100
MEGHALAYA	22489	
1. Garo Hills	8084	100
2. Jaintia Hills	3863	100
3. Khasi Hills	10529	100
4. ShiUong	13	100
NAGALAND	16527	
1. Kohima	7209	100
2. Mokok Chang	3852	100
3. Tuensaing	5466	100
ORISSA	155842	
1. Balasore	6394	100
2. B. Khondmals	11070	100
3. Bolangir	8903	100
4. Cuttack	11211	100
5. Dhenkanal	10826	100-
6. Ganjam	12527	100
7. Kalahandi	11835	100
8. Keonjhar	8240	50
9. Koraput	27020	100
10. Mayurbhanj	10412	60
11. Puri	10159	100

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
12. Sambalpur	17570	80
13. Sundergarh	9675	10
PUNJAB	50362	
1. Amritsar	5088	0
2. Bhatinda	7022	60
3. Ferozpur	10145	60
4. Gurdaspur	3560	30
5. Hoshiarpur	3883	5
6. Jullundur	3399	0
7. Kapurthala	1633	0
8. Ludhiana	3857	0
9. Patiala	4583	0
10. Ropar	2085	0
11. Sangrur	5107	10
RAJASTHAN.	342214	
1. Ajmer	8479	100
2. Alwar	8382	20
3. Banswara	5037	100
4. Banner	28387	100
5. Bharatpur	8093	20
6. Bhilwara	10450	95
7. Bikaner	27231	100
8. Bundi	5550	40
9. Chittorgarh	10858	80
10. Churu	16829	100
11. Dungarpur	3770	50
12. Ganganagar	20629	100
13. Jaipur	14000	10
14. Jaisalmer	38401	100
15. Jalor	10640	100
16. Jhalawar	6216	100
17. Jhunjhunu	5929	80
18. Jodhpur	22860	70
19. Kota	12437	60
20. Nagaur	17718	95
21. Pali	12391	90
22. Sawai Madhopur	10593	95
23. Sikar	7732	80
24. Sirohi	5135	100
25. Tonk	7200	70
26. Udaipur	17267	95
SIKKIM	7299	
1. Gongtok	n.a.	100
2. Mangan	n.a.	100

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
3. Gyalsing	n.a.	100
4. Namchi	n.a.	100
TAMILNADU	130069	
1. Chingleput	7920	0
2. Coimbator	15673	0
3. Dharampuri	9643	0
4. Kanyakumari	1684	50
5. Madras	128	0
6. Madurai	12629	0
7. Nilgiri	2549	0
8. N. Arcot	12265	20
9. R. Puram	12578	5
10. Salem	8643	0
11. S. Arcot	10898	50
12. Thanjavur	9735	70
13. Trichur	14291	15
141 Tiraneveli	11433	25
TRIPURA	10477	
1. North Tripura	3541	100
2. South Tripura	3577	100
3. West Tripura	3359	100
UTTAR PRADESH	294413	
1. Agra	4816	0
2. Aligarh	5024	0
3. Allahabad	7255	20
4. Almora	7023	100
5. Azamgarh	5744	95
6. Bahraich	6871	100
7. Ballia	3183	100
8. Banda	7645	70
9. Barabanki	4422	20
10. Barreilly	4125	|10
11. Basti	7309	100
12. Bijnor	4852	10
13. Budaun	5158	25
14. Bulandshahar	4895	15
15. Chamoli	9125	100
16. Dehra Dun	3088	100
17. Deoria	5400	100
18. Etah	4449	9a
19. Etawah	4327	50
20. Faizabad	[4427	100
21. Farukhabad	4349	55
22. Fatehpur	4168	30

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
23. Garhwal	5440	100
24. Gbazipur	3381	75
25. Gonda	7331	100
26. Gorakhpur	6316	100
27. Hamirpur	7192	50
28. Hardoi	6012	40
29. Jalaun	4549	50
30. Jaunpur	4040	55
31. Jhansi	10069	100
32. Kanpur	6121	0
33. Kheri	7691	100
34. Luck now	2528	0
35. Mainpuri	4254	75
36. Mathura	3797	0
37. Meerut	5944	0
38. Mirzapur	11301	70
39. Moradabad	5946	0
40. Muzaffarnagar	4245	0
41. Nainital	6792	90
42. Pilibhit	3504	50
43. Pithoragarh	7217	100
44. Pratapgarh	3730	50
45. Rae Bareli	4603	40
46. Rampur	2372	0
47. Saharanpur	5526	0
48. Shahjehanpur	4581	60
49. Sitapur	5738	60
50. Sultanpur	4424	100
51. Tehri-Garhwal	4421	*
52. Unnao	4586	0
53. Uttarakashi	8061	100
54. Varanasi	5091	5
WEST BENGAL	87853	
1. Bankura	6881	10
2. Birbhum	4550	30
3. Burdwan	7028	0
4. Calcutta	104	0
5. Cooch Behar	3386	100
6. Darjeeling	3075	100
7. Hooghly	3145	0
8. Howrah	1474	&
9. Jalpaiguri	6245	100
10. Maldah	3713	100
11. Midnapur	13724	10

ANNEXURE VII -2
Estimated District-wise Coverage of NCDBA Subsidy Scheme

*Lessthan5%

State and District	Area in Sq. Km.	% area eligible as per NCDBA criteria (Approximate)
12. Murshidabad	5341	80
13. Nadia	3926	0
14. 24-Pargana	13796	0
15. Puruiia	6259	30
16. W. Dinajpur	5206	100
ANDAMAN AND NICOBAR ISLAND	8293	100
ARUNACHAL PRODESH	83578	100
CHANDIGARH	114	0
DADRA AND NAGAR HAVELI	49J	0
DELHI	1485	0
GOA, DAMAN AND DIU	3813	
Daman	72	0
2. Diu	40	100
3. Goa	3701	80
4. Lakshdweep	32	100
MIZORAM	21087	100
PONDICHERRY	480	
1. Karaikal	161	100
2. Mahe	9	100
3. Pondicherry	290	0
4. Yanam	20	0

ANNEXURE VII-3
Project Cost and Subsidy Entitled per Employee

SL.No.	Iadustry	Project cost per employee (Rs. lakhs)	Subsidy entitled as %of employee project cost	Subsidy entitled per employee Rs.
1.	Sugar	1.04	0-.7	714
2.	Sugar	0.67	3.6	2392
3.	Sugar	0.83	1.5	1250-
4.	Sugar	1.08	2.3	2500
5.	Sugar	0.79	2.7	2206
6.	Sugar	0.67	3.7	2500
7.	Sugar	1.06	1.2	1259
8.	Textiles	1.97	1.3	2631
9.	Textiies	1.01	1.7	1758
10.	Textiles	0.64	11.0	7009
11.	Textiles	0.46	6.5	3000
12.	Textiles	0.56	6.1	3440
13.	Textiles	0.74	6.2	4644
14.	Textiles	0.73	1.7	1221
15.	Textiles	0.64	3.1	1981
16.	Textiles	1.21	3.6	4411
17.	Textiles	1.21	3.3	4000
18.	Textiles	5.36	0.5	2678
19.	Textiles	0.65	3.1	2021
20.	Textiles	0.65	3.4	2199
21.	Leather	1.21	3.0	3614
22.	Leather	1.21	4.5	5454
23.	Rubber	2.76	1.5	4281
24.	Rubber	1.20	8.5	10273
25.	Rubber	4.23	0.4	1667
26.	Cement	1.15	1.5	1765
27.	Cement	3.69	0.8	2901
28.	Cement	2.45	0.8	1875
29.	Paper	0.93	5.2	4792
30.	Paper	2.90	0.3	957
31.	Paper	1.51	4.4	6666
32.	Paper	1.19	4.8	5769
33.	Paper	1.26	4.2	5357
34.	Paper	4.05	0.3	1237
35.	Paper	1.03	3.3	3440
36.	Paper	1.20	5.6	6818
37.	Paper	1.20	4.2	5084
38.	Chemicals	1.56	1.9	2964
39.	Chemicals	0. 47	10.7	5033
40.	Chemicals	6.20	2.0	12295
41.	Chemicals	0.45	6.0	2727
42.	Chemicals	2.74	2.9	7979
43.	Chemicals	1.48	5.1	7500
44.	Chemicals	2.25	3.5	7978
45.	Chemicals	1.91	5.5	10638
46.	Chemicals	3-.05	3.7	11450
47.	Chemicals	5.56	1.1	6036
48.	Chemicals	6.74	3.1	20833

ANNEXURE VII-3 Project Cost and Subsidy Entitled per Employee				
SL.No.	Iadustry	Project cost per employee (Rs. lakhs)	Subsidy entitled as %of employee project cost	Subsidy entitled per employee Rs.
49.	Chemicals	2.57	1.7	4285
50.	Chemicals	1.21	4.8	5769
51.	Chemicals	2.28	1.1	2500
52.	Chemicals	1.20	7.1	8571
53.	Basic Metals	0.85	9.2	7834
54.	Basic Metals	2.13	2.3	6383
55.	Basic Metals	0.86	8.1	6916
56.	Basic Metals	0.77	9.9	7722
57.	Basic Metals	5.37	0.4	2158
58.	Basic Metals	1.72	5.3	9090
59.	Basic Metals	0.62	8.1	5000
60.	Basic Metals	1.20	5.8	6976
61.	Basic Metals	12.00	0.6	7500
62.	Machinery	1.81	2.8	5000
63.	Machinery	1.38	1.7	2308
64.	Machinery	1.09	1.7	1838
65.	Machinery	1.72	0.9	1579
66.	Transport Equipment	2.01	6.5	13157
67.	Transport Equipment	4.77	0.4	1935
68.	Transport Equipment	0.48	5.3	2542
69.	ransport Equipment	0.46	3.4	1546
70.	Transport Equipment	2.73	3.1	8522
71.	Transport Equipment	0.45	6.8	3086
72.	Transport Equipment	0.57	6.1	3488
73.	Others	0.54	8.7	4670
74.	Others	0.71	9.1	6410
75.	Others	1.20	2.1	2586
76.	Others	2.00	7.9	15789
77.	Others	1. 20	9.4	11278
78.	Others	1.53	2.4	3750
79.	Others	1.22	3.3	1666
80.	Others	2.65	2.5	6756
81.	Others	0.27	9.3	2500
	TOTAL	1.82	1.8	3247

भारत
INDIA

पिछड़े क्षेत्रों के विकास से संबंधित राष्ट्रीय समिति के अनुसार

INDUSTRIAL GROWTH CENTRES

AND AREAS ELIGIBLE FOR INCENTIVES

AS PER NCDBA

प्रोत्साहनों के लिए पात्र औद्योगिक संवृद्धि केन्द्र और क्षेत्र

किं. मी. Kms 100 80 60 40 20 0 100 200 300 400 Kms किं. मी.

मील Miles 100 80 60 40 20 0 100 200 300 Miles मील

चीन C H I N A

अफगानिस्तान AFGHANISTAN

पाकिस्तान PAKISTAN

तिब्बत T E

नेपाल N E P A L

भूटान BHUTAN

बांग्लादेश BANGLADESH

बर्मा BURMA

भारत I N D I A

अरब सागर ARABIAN SEA

बंगाल की खाड़ी BAY OF BENGAL

लक्षद्वीप सागर LAKSHADWEEP SEA

लक्षद्वीप (भारत) LAKSHADWEEP (INDIA)

श्रीलंका SRI LANKA

हिंद महासागर INDIAN OCEAN

अंदमान और निकोबार द्वीप समूह ANDAMAN & NICOBAR ISLANDS (INDIA)

अंदमान सागर ANDAMAN SEA

GREAT NICOBAR बृहत्तर निकोबार PYGMALION POINT

संकेतिका LEGEND

TOWNS BY NUMBER OF INDUSTRIAL WORKERS, 1971 CENSUS

1971 की जनगणना - औद्योगिक कामगारों की संख्या के अनुसार शहर

शहरों की संख्या NO. OF TOWNS

CLASS-I 1,50,000 AND ABOVE ---------- 6
श्रेणी-1 1,50,000 और अधिक
क्षेत्र = 150 कि.मी.

क्षेत्र = 100 कि. मी.
श्रेणी - 2 50,000 से 1,50,000 से कम तक
CLASS-II 50,000 TO LESS THAN 1,50,000 ---- 12

क्षेत्र = 75 कि. मी.
श्रेणी-3 25,000 से 50,000 से कम तक
CLASS-III 25,000 TO LESS THAN 50,000 ------ 17

क्षेत्र = 50 कि. मी.
श्रेणी - 4 10,000 से 25,000 से कम तक
CLASS-IV 10,000 TO LESS THAN 25,000 ------ 49

श्रेणी - 5 10,000 से कम तक
CLASS-V LESS THAN 10,000 ---------- 247

जोड़ TOTAL 331

CDBA

BASED UPON SURVEY OF INDIA MAP WITH THE PERMISSION OF THE SURVEYOR GENERAL OF INDIA.

THE TERRITORIAL WATERS OF INDIA EXTEND INTO THE SEA TO A DISTANCE OF TWELVE NAUTICAL MILES MEASURED FROM THE APPROPRIATE BASE LINE.

THE BOUNDARY OF MEGHALAYA SHOWN ON THIS MAP IS AS INTERPRETED FROM THE NORTH-EASTERN AREAS (REORGANISATION) ACT 1971, BUT HAS YET TO BE VERIFIED

PREPARED IN CHARTS & MAPS SECTION, PLANNING COMMISSION

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