CHAPTER 1
INTRODUCTION AND RESEARCH METHODOLOGY

A. INTRODUCTION

A.1 Industrial Development

Industrial Development is inevitable thing to economic development for any developing nation. One can not imagine development without enterprises. India is one of the agriculture dominant economy, where 60% population is engaged in agriculture and allied activities. Initially it was very difficult to accept industrialization in such a country, as the importance of the enterprises takes origin in british period. After the independence the first Prime Minister of India Pandit Jawaharlal Nehru had laid down the foundation for economic development by innovating five year plans from 1951. This comes to an implementation with planning after independence of India. Starting from this five year plan India has now announced 11th plan on 2007. Todays industrial development is the result of such initiatives taken in earlier period by the government of India.

India has very bright history of enterprises in pre-british period. Mostly the indian handicrafts were not only famous in India but also in world wide popular. Malmal silk, wood handicrafts, designed stones, Gold Ornaments and so many items were world wide popular. These were exported to European and other Arabian Countries in ancient period. These products had the long durability which can be used for long period that attracted the foreign customers to purchase these products at any price.

There are examples of Egyptian Mummies dating back to 2000 BC were wrapped in Indian Muslin, similarly Muslin was famous in Greeks as a Gagetaka. Europe was the then customer of Indian Manufacture in the pre-british period during 17th and 18th Century. This superior industrial status was prompted the Industrial Commission (1918) to record “At a time when
the west of Europe, the birth place of modern industrial system was inhabited by uncivilized tribes, India was famous for the skills of her rulers and for high artistic skills of her craftsman. And even at a much later period when the merchant adventurers from the west made their first appearance in India, the industrial development of this country was, at any rate not inferior to that of the more advanced European Nations.\textsuperscript{1}

Apart from textile handicrafts Indian artistic enterprises were quite well known for her marble work, stone carving, jewelry, brass copper, bell metal wares and wood carving etc. They showed high artistic skill to the whole world. “A piece of muslin 20 yards long and one yards wide could be made to pass through a finger ring and requires six months to manufacture” (D.R.Gadgil)\textsuperscript{2}. Besides this, the Ahamadabad dhotis and dupattas, Nagpurs Silk of border cloth and Kashmir shall were also very famous. These enterprises were closed in the British period, at the beginning of Industrial revolution in England, the east India company concentrated on the export of Indian Manufactured goods for getting its high demand in european countries.

After industrial revolution Indian foreign trade reversed and the british enterprise started to consume Indian rich raw material to capture foreign market. Indian handicrafts were first hited by this revolution. Machine made goods and increased competition was badly affected on Indian handicrafts. On the other hand Indian enterprise was wrapped in traditional management which had also high cost of production and was time consuming.

There were some other major reasons of closing down of handicrafts enterprises such as, Britisher imported low cost products from their nation in to the Indian market with lesser price as compared to that of Indian handicrafts. Increased taxes and excise for Indian handicrafts production
and distribution, it started killing softly the performance of Indian Handicrafts, at the same time the Indian people got fascinated for the western culture which also affected the Indian handicrafts and they were closed down.

The industrial growth in british period was slow and India become agriculture dominant economy. It was started to export agriculture goods i.e rice, wheet, jute oil seeds, tea etc. and at the same time British manufacture goods were started importing. It increases the dependence of foreign manufactured goods which indicate unfavorable policy of British rulers on Indian Economy. In the period only private sector which played role in industrial history of the economy. In the 19th century indigenous enterprises were declined and large scale modern private enterprises were started to establish, though the growth was slow but after 19th century the movement was geared up. During 1850 to1855 the first jute mill and first coal mine were established. At the same period the Indian railway tooks on step and with this development industrial progression has taken place in India.

In 20th Century from 1905 onwards the swadeshi movement was started which stimulated Indian Enterprise and there was slow but steady growth in the field of existing enterprises as well as the establishment of new enterprises. Despite of the first world war 1914 over 70 cotton mills and nearly 30 jute mills were established in the country. In 1923 the Indian Government accepted the recommendation of the First Fiscal Commission and gave protection to selected Indian Enterprises against foreign competition. Several major enterprises such as iron and steel enterprise, cotton textile, jute, sugar, paper and pulps enterprise and matches etc were protected between the year of 1924 and 1939. This enabled them to capture the entire Indian Market and eliminate foreign competition altogether in important fields.
The Indian economy was boosted after independence with laying the foundation stone of five year plans on 1951 by then prime minister Pandit Jawaharlal Nehru. India discerned that the development was only possible through planning and introducing different policies. For the same the government of India set up a planning commission in 1950 with the objective of – to increase production to the maximum possible extent to achieve higher level of national and per capita income; to achieve full employment; to reduce inequality of income and wealth and set up a socialist society based on equality, justice and absence of exploitation. It assesses the countries need of material capital so as to formulate plan for their more balanced and effective utilization. The first five year plan was commenced from 1950-51 and it was followed by a series of Five Year Plan. Indian Five Year Plan had always given the higher priority to economic growth. B.S. Minhas has stated that “Securing rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power and creation of the values and attitudes of a free and equal society have been among the objectives of all our plans.”

The first five year plan explains clearly its long term goals as “Maximum production and full employment, the attainment of economic equality or social justice which constitute the accepted objectives of planning under present day conditions are not really so many different ideas but a series of related aims which the country must work for. The first Industrial policy was declared on April, 6, 1948. This policy established a base for mixed and controlled economy in India and clearly divided the industrial sectors into private and public sectors. Further this industrial policy was replaced by a new Industrial Policy Resolution of April 30,1956 with the basic objective of establishing ‘Socialistic Pattern of Society’ in the country. Though the government had declared a number of new industrial policy, they accepted the 1956 Industrial Policy Resolution as its base.
A.2 Mahalanobis and Pandit Nehru Model of Growth.

Industrial Development after the independence was influenced by big enterprises. Then leaders and economic thinker also forced to establish large enterprises. The situation of that period also invited such infrastructure because there were no any machine making enterprises and the enterprises were mostly depend upon foreign countries. It was experienced from all over the world that industrial development took place by establishment of large enterprises. The first Prime Minister emphasized the importance of heavy enterprises in the industrial development of India in his statement, “If we are to industrialize, it is of primary importance that we must have the heavy enterprises which builds machines” Prof. P.C.Mohalanobis who was ‘the real architect of the second plan’ (Ruddar Dutt, KPM. Sundaram,2001) was responsible for introducing a clear strategy of development based on Russian experience.

This strategy emphasizes investment in heavy enterprises to achieve industrialization which was the basic condition for rapid economic development. There are some argues “We must not go in for heavy enterprises but for lighter ones of course. We have to have light enterprises also but it is not possible to industrialize the nation rapidly without concentrating on basic enterprises which produce enterprises machines which are utilized in industrial development from above all, it understood that the pioneer thinker/planner of India were well aware about heavy enterprises development” (Government of India, Problems in third Plan, A Critical Miscellany,) which reflects in second five year plan “In the long run the rate of industrialization and the growth of national economy would depend upon the increasing production of coal, chemicals and heavy enterprises generally which would increase the capacity of capital formation one important aim is to make India independent as quickly as possible of foreign import of produce goods so that the accumulation of capital would not be hampered by difficulties in securing supplies of
essential producer goods from other countries. The heavy enterprises must, therefore, be expanded with all possible speed.” *Second Five year Plan, The Framework*⁶.

Prof. Mahalanobis model was accepted by the planning commission because commission was clear about the investment in higher enterprises that would build large volume of capital stock and lay foundation of strong self reliant economy. “The controversy of heavy vs. light enterprises has often been biter in India. While the development strategy considered heavy enterprises as a synonymous with industrialization and underplayed light enterprises, small-scale and cottage enterprises, the critic points out the inherent weakness and the unsuitability of this strategy to Indian Condition” *(Ruddar Dutt, KPM. Sundram, 2001)*⁷ Russia where it was succeeded was adopted by Indian planner up to fifth five year plan with some modification.

The Nehru – Mahalanobis model also gave active encouragement to cottage and small enterprises producing consumer goods. Besides this Mahalanobis argued that the cost of production need not higher and would also be making use of machinery and electricity. Though the strategy was accepted by the planning commission, they are not ignore the small scale sector. Nehru also given due importance to Small Scale Sector and Agriculture which are the major sources of the Indian economy “The test of country advance in industrialization is heavy enterprises not the small enterprises that may be put up. That does not mean that small enterprises should be ignored. They are highly important in themselves for production and for employment.” *(Govt. of India, Problems in the third plan)*⁸

The second five year plan framework stated that “the strategy requires all-out efforts for the maximum utilization of capacity in existing enterprises and for the development of additional production in the capital light or
small sector of enterprises.” *(Second Five Year)*. The first two plans stressed on balanced regional growth, but they were not neglected concentration of rapid industrialsation. Thus, right from planning era the efforts are taken for balanced economic development.

A.3 Gandhian Model of Growth

In the real life Gandhiji was not professional economist or economic thinker and had not developed any formal model of economic growth. Acharya S.N. Agrawal brought out the Gandhian Plan in 1944 and reaffirmed it in 1948. This publication forms the ‘Gandhian Model of Growth’. “The primary aim of the Gandhian plan is the attainment of maximum self sufficiency in village communities. Hence the plan emphasise the rehabilitation, development and expansion of cottage enterprises side by side with agriculture. Spinning and weaving have given the performance. The manufacturing of Khadi is important and it is almost on the same level as the production of rice and wheat.” *(Ruddar Dutt, KPM. Sundaram, 2001)*.

A.4 Development Issues

It is arrogantly said that the whatever industrial development took place in India was in spite of the negative and hostile attitude of the British Government. It is right because in the British period the Indian enterprises were suffered much and mostly of them were closed. Whatever industrial development took place in India was after the british rule. Credit must be given to the pioneers like Jamshedji Tata, Walchand Hirachand, Lala Sriram, G.D.Birla and others who laid the foundations of modern enterprise in India. Though from the foundation of modern enterprises India started its progress but mostly the important developing issues are not considered carefully which resulted the fruits of development were receive much later.
Development issues are ingredient of planning process. But mostly the planners strategy unsuccessful for its implementation. Low per capita income and low rate of economic growth, high proportion of people below poverty line, low level of productive capacity due to inadequate nutrition and malnutrition, imbalance between population size resource and capital, high rate of unemployment, instability of output of agriculture and related sectors, imbalance between heavy enterprises and wage goods and imbalance distribution and growing inequality these are some developing issues which are need to be considered for effective implementation. Problems like unutilised natural resources, Bulk of population and poverty are also some major issues which need to correct. At central level some steps need to take. It does not mean that the government had not taken such steps yet but the implementation which is important should need to frame in proper manner which would give proper result as early as possible. Some committees like Pande Committee, Dantwala committee, NCDBA had studied these issues in respect of understanding the regional backwardness and were made proper suggestion which were not implementated effectively.

**A.5 Regional Industrialization and Planning**

While studying the regional industrialization of India, it is found that the enterprises are concentrated near the urban areas or near to the places where resources are available. Some states in India like Maharashtra, Gujarat, Panjab, Tamilnadu were more developed than any states of India. The reason behind this is developed infrastructure and good resource base. The factors like availability of cheap power, modern means of transport and communication, banking, insurance and other such factors influenced regional industrialization in all over India. Balanced regional development with the help of balanced industrial development is possible only after making available there factors to all region of India. North East Region of India which mostly covered by hilly areas and forest is still had wide
industrially backward area. At the same time west region of India is well
developed in any aspects. It is true that India is wide country and all region
has not equally distributed by area, natural resources and infrastructure but
by proper planning all these regions can be improved by the government.
Balanced regional development means the maximum utilization of the
potentialities of the area and thereby giving its inhabitants the full benefits
of possible economic progress in relation to overall economic growth
(Bhattacharya, K.N)\textsuperscript{11}

Here researcher stresses the balanced regional development with the help
of enterprises, as enterprises are major influencing factor for economic
development. They provide employment and infrastructure which promote
the development. Mostly regional imbalance results because of under
utilisation and unefficient utilisation of natural resources. The effective
formulating of plan and using there efforts to bring content development,
the ultimate is development. When all regions are concentrated equally for
development the result will comes very close to the balanced regional
development. For this the Dandekar Committee made suggestion to
decentralized the enterprises all over the Maharashtra that, the new
enterprises should not be permitied near metropolitan cities and provide the
facilities other areas, which can decentralized the enterprises. This was
very important suggestion to scatter enterprises in all part of Maharashtra
which has been considered Maharashtra government in its industrial policy.
Here it is clear that the government of Maharashtra is active in formulating
the plans for reduction of regional disparities. It not meant that
transforming fruits of prosperity from developed area to underdeveloped
area but created equal prosperity in underdeveloped areas.
C.S.Chandrasekhar\textsuperscript{,12} has stated it clearly ‘Reduction of disparities cannot
mean transferring the fruits of prosperity from developed areas to an
underdeveloped area’
Here researcher wanted to mentioned the importance of balanced regional development which can be possible with the help of industrial dispersal. It can be possible with coordination by government and politicians. The role of social is also important for the development because the enterprise is not only profit making institute but also the social entity which includes social welfare. According to the *R.B.Chakraborty*, “Balanced regional Development is surely not only an economic issue but also a political and social necessity.”

### A.6 Micro Planning

It is important to go micro level to understand the fact thoroughly. The study on Macro level may not give actual results. Though it has wide limitation, it is important for the exact result. The importance for the Micro planning is originated by Ashok Mehta and Dantwala Committees, where they first stated that the micro level planning was very essential for the development. Prof. M.L.Dantwala was firstly sated that the planning should enhance at block level which would inclusively promote the overall development. After that the Gadgil also mentioned importance of credit to backward areas development.

NCDBA also recommended that the primary unit for the identification of backward areas should be the development block. In the Report on the General Issues Relating to Backward Areas Development, November, 1981., the committee clears its intention in the following statement “The unit should be small enough to ensure a certain homogeneity of condition so that a further differentiation of approach within the area is not necessary. At the same time the unit must be large enough to be suitable for local planning. Hence, the unit chosen must fit into the framework of development administration *(Para 4.9)*. The District in India is on average a large unit.. Hence if the district is chosen as the unit of demarcation, there is danger that the benefit of special measures may
accrue largely to the more developed parts of the districts. The development block, it is smaller, is more homogeneous in physical and socio-economic conditions. The National Committee would recommend that the primary unit for the identification backward areas should be the development block.” (para, 4.11)

V.M.Dandekar Committee on Regional imbalance in Maharashtra constituted by Planning Department of Maharashtra state also mentioned importance of block level planning. It is cleared by its statement “We shall carry out analysis in terms of district as units because, as already mentioned, the readily available data do not permit us to go below the district and examine disparities at the sub-district level such as taluka or a development block. However, we wish to remind that, in subjects in which the level of development is sufficiently widespread, it will be necessary to carry the analysis to the sub district level, identify talukas or development blocks which are below the State average and focus attention on them. This is a logical corollary of the approach we are suggesting. Backwardness and under development must be identified and attended to wherever they exist and not swept under the carpet of a district or regional average”

Decentralised planning found expression for the first time in the First Five Year Plan (1951-56), when it was suggested that the planning process should be undertaken at the state and district levels too. Under these arrangements, a District Development Council (DDC) was constituted in each district to prepare plans based in varying degrees upon a village-level participative process. The first Administrative Reforms Commission (1967) stressed the need for meaningful planning at the district level especially focusing on local variations in development patterns. The Planning Commission issued its first guidelines for district planning in 1969 that led to several states formulating district plans. However, barring a few excellent examples, these initiatives in district planning tapered away
as these local planning exercises were not linked to the annual planning process in most states. These initiatives also did not incorporate urban planning processes as part of district planning.

Measures for district planning on the eve of the preparation of the Eleventh Plan, in 2005, the Ministry of Panchayati Raj constituted an Expert Group chaired by Shri V. Ramachandran to study and make recommendations, inter-alia, on “formulation of District and Sub-District Plans at all levels of Panchayats aimed at delivery of basic minimum needs to citizens at the grassroot levels”.

The report of the Expert Group was accepted by the Ministry of Panchayati Raj and the Planning Commission. The Eleventh Five Year Plan has stressed that it is absolutely critical for the inclusiveness of our growth process that the large numbers of elected local government representatives are fully involved in planning, implementing and supervising the delivery of essential public services. Chapter 10 of the Plan, dealing with governance reform devotes considerable space to listing reforms required to put local governments in the centre of local planning, implementation and monitoring.

The plan also stresses that each district prepare a District Development Plan that integrates plans for its constituent urban and rural areas, as well as sectoral allocations for various schemes for the urban and rural areas. It further suggests the need for inter-related plans over three timeframes: (i) perspective or structure plans (20-25 years), (ii) short-term integrated infrastructure development plans co-terminus with the National Five Year Plan, and (iii) plans of specific projects and schemes.

Enterprises are attracted mostly in favorable places where industrial infrastructure is available, denying to go in backward areas that results in industrial imbalance. Industrial infrastructure includes electricity, power,
water, labor, capital, land and market. Government recently tried to create such infrastructure for industrial development

A.7 Development Indicators

A.7.1 Third Five Year Plan Indicators

Though the first two Plans made reference to problem of regional development but it was not given proper scope. In the Third Five Year Plan (1961-66) it seems more concentration on Balanced Regional Development of the Government of India that a separate chapter was devoted to Balanced Regional Development (Chapter ix)

On indicators of development, the plan document states “For assessing levels of development in different regions, indicators, of development based on agricultural production, industrial production, investment, unemployment, electricity consumption, irrigated area, value of output by commodity producing sectors, level of consumption expenditure, road mileage, primary and secondary economic progress, estimates of State income are of considerable interest in studies of development in different states and regions. There are complex questions connected with concepts, definitions and techniques of estimating ‘State’ and ‘Regional’ income and these have a bearing on the practical value of various estimates. The ‘State Income’ may be considered either as the income originating within the boundaries of a state or as income accruing to its residents. The first concept corresponds to the ‘domestic product’ for the country as a whole and the second to the ‘national income’. For first concept corresponds to the `domestic product` for the country as a whole, and the second to the `national income`. For the comparative study of the level of industrial and economic development among States or regions, it is sufficient to have an estimate of income originating within the state or region. The estimates of income accruing to a state on the other hand, may serve as a broad measure
of the economic welfare of the residents of the State, as a whole.” (Third Five Year Plan)\textsuperscript{17}

\textbf{A.7.2 Pande Committee}

In 1968, the government appointed a working group for the Identification of Backward Areas- commonly known as the Pande Committee. This was mainly in the context of providing incentives for industrial development. The Committee recommended the following criterion for identifying backward districts: (a) Distance from larger cities and large industrial projects, (b) per capita income, (c) Population engaged in secondary and tertiary activities; (d) factory employment; non/ underutilization of economic and natural resources.

Subsequently, the Planning Commission, in consultation with the National Development Council, recommended the following criteria : (a) per capita foodgrains/ commercial crops production; (b) proportion of agricultural workers; (c) per capita industrial output (gross) ; (d) factory employment or alternatively employment in secondary and tertiary activities; (e) per capita consumption of electricity; (f) Length of surfaced roads and railways mileage in relation to population. Incidentally, both Pande Committee and the Planning Commission had suggested that, for incentives for industrial development to be given the districts should have minimum level of infrastructure facilities.

The Pande Committee had identified the following 13 districts in Maharashtra as industrial backward according to the criteria laid down by the Planning Commission : Beed, Osmanabad, Bhandara, Ratnagiri, Aurangabad, Yavatmal, Chandrapur, Dhule, Buldhana, Nanded, Parbani, Jalgaon and Kulaba. These districts were approved by the Planning Commission as backward districts and are made qualified to receive financial concessions for development of enterprises. In particular, the
districts of Ratnagiri, Chandrapur, and Aurangabad were declared as backward districts qualified to Central Government outright grant or subsidy equal to 15% of the fixed capital investment of new units.

The Draft of the Fifth Five Year Plan of the State Government notes that the districts of Chandrapur, Yavatmal, Parbhani, Beed, Nanded, and Osmanabad are also identified as economically backward districts, requiring special efforts for their all-round development (page, 451, Chapter 24, Para 4 (II)).

A.7.3 Chakrawarty Committee
The problem of identification and classification of backward areas has been more methodologically examined by the Chakrawarty Committee on Backward Areas. Its Draft Report is extracted by the National Committee on the Development of Backward Areas18. The committee chose the following fourteen indicators: (1) Density of population per sq. km. of area, (2) Percentage of agricultural workers to total working force, (3) Gross value of output of foodgrains per head of rural population, (4) Gross value of output of non-foodgrains per head of rural population, (5) Gross value of output of all crops per head of rural population, (6) Percentage of total establishments using electricity to total number of establishments (manufacturing and repair), (7) Percentage of household establishments using electricity, (8) Percentage of total establishments using electricity to total non-household establishments, (9) Number of workers in registered factories per lakh of population, (10) Length of surfaced roads per 100 sq. kms. of area, (11) Length of surfaced roads per lakh of population, (12) Percentage of male literates to male population, (13) Percentage of female literates to female population and (14) Percentage of total literates to total population.
A.7.4 Dandekar Committee

The committee under the Chairmanship of V.M. Dandekar popularly known as Dandekar Committee, on Fact Finding Committee on Regional Imbalance in Maharashtra constituted in the year, 1984 framed development indicators as (1) Per Capita Domestic Product, (2) Per capita Consumer Expenditure, (3) Per capita Domestic Product originating in Agriculture and Allied Activities Sector, (4) Per capital Domestic Product originating in Registered Manufacturing Sector, (5) Percentage of Urban Population, (6) Percentage of workers engaged in activities other than agriculture and such occupations as of Electricity, (7) Per Capita Bank Credit and Bank Deposits and Credit/ Deposit Ratio, (8) Male and Female Literacy and (9) Percentage of Scheduled Tribes, Scheduled Castes, Nav Baudhas and Agricultural Labour in the population.

A.8 Economic Development and Industrial Development:

Development is defined according to the area of discipline. If we considered economic development it includes change or modification or growth in respect of economic structure. It is wider and does not include any single activity as a whole. It is rightly stated by Christopher R. Bryant that “Development implies a process of change in structure, and is not concerned only with growth of system. Placed within an economic context, development implies a modification of the socio-economic structure of production, and not merely an increase in Gross National Product per capita or globally, economic development has both national and geographical dimensions, although in terms of the conscious pursuit of economic development the relative emphasis placed on each differs between the less developed countries and the older industrialized nations”.

Alan Mountjoy has mentioned importance of social institutions in his statement ‘Development involves not merely economic changes but also
social and institutional ones, and in many underdeveloped countries introduces new set of values and new concepts of society and government’

According to the oxford dictionary development mean an incident that causes a situation to change or progress. But the limit of development is much wider than the mentioned one. As par concern of industrial development the development mean progress of enterprises in the region. The change and modification of growth are considered with the help of employment, production, growth and turnover in the region to understand the industrial development.

The economic development and industrial development seems to be the same terminology, but there is a difference in respect of gender and nature. So it is important to distinguish between the terms of economic development and industrial development and the concept that they apply to each other. “Essentially, economic development is generic term. It embraces all forms of economic activity that serve to further the development of a given political or spatial unit” where as “Industrial Development means chasing smokestacks” (Henry L.Hunker,1980)

Economic Development includes vide area of economic activity, industrial development is a vital part of economic development and includes whole industrial activity. The activity which related to enterprises were taken under industrial activity which ultimately related to industrial development. It is rightly stated by Henry L.Hunker that, “Industrial development is a field distinct from the broad subject of economic development in many ways, and yet vital part of it. Economic development whether with respect of developed or underdeveloped society, is concerned with the development and growth of the economy”.22
Shashi Bihani\textsuperscript{23} clearly differentiated the economic development and industrial development according to him “Economic Development is associated with an increase in Net National Product (NNP), Standard of Living income, saving and investment. Growth focuses its attention output and income’, industrial development aims at higher political and social objectives e.g. reduction in inter-regional inequalities, income inequalities, avoiding of the concentration of industrial at a few metropolitan areas, expansion of employment opportunities. And self-reliance in terms of technology and know-how, raw materials and spare parts etc. In a wider sense, it includes even strategic and military considerations”

G.M. Meier and Baldwin, R.E.\textsuperscript{24} stated the difference between industrial growth and industrial development with the help of there objectives according to them “Industrial growth is refers to an increase in a countries real output of industrial goods over a period of time, where as industrial development is a more comprehensive term. It is wider in scope and objectives as compared to industrial growth. Industrial development considers not only the end result of the development process i.e., the increase in industrial output alone but also what is more significant, the underlying detailed changes that determine this result.”

Authors like Murray D. Bryce and John F. Gallagher states industrial development means development of technology and market where as the UN department mentioned the technical education importance to industrial development. Murray D. Bryce\textsuperscript{25} also mentioned the Industrial Development mean imparting technology he stated that “Experience has shown that rapid industrial development in a non industrial economy is almost entirely a matter of bringing about large inflow of technology, in the form of equipment and skills, from developed country. This is the basic concept on which an industrial development programme need to be built”
Where as F. Gallagher\textsuperscript{26} mentioned that the market was a basis of industrial development. At the time of establishment of enterprises, infrastructure is important it may relate to any of technical, political, social, resources or education but they are essential. According the UN department ‘creation of a practical industrial development programme does mean gating worked on these function. There are also other related functions such as technical education, economic planning and building the infrastructure.’\textsuperscript{27}

The development and particularly industrial development is much more necessary to the economic growth. The discussion above shows the difference between economic development and industrial development and importance of industrial development as a vital part of economic development and it should be considered primarily. Technology promotion, infrastructure, communication and promotional incentives are important factor to reduce the gap between industrial development. It should be considered at the time of developing plan for the enterprises in higher priority.
B. RESEARCH METHODOLOGY

B. 1 Introduction:
The process of development is multifaceted. It`s economic, social, cultural and educational aspects are required to be taken into account. The economic development provides the basic foundation of further social, cultural and educational development. This is true both at macro and micro level development. The studies so far undertaken put more emphasis on macro level. Very few attempts have been made to undertake the study at micro level development. The present study measures the pace, pattern and gaps of Industrial Development at micro level i.e. at taluka level.

Industrial Development is primarily an economic phenomena but its socio-cultural context is also important. By taking the case of Chandgad Taluka the researcher has made an in depth inquiry of the existing status of industrialization and the progress so far made. The researcher also analysed the structure of industrialization in the taluka to find out the gaps in respect of resource availability and industrial development in the taluka.

This is a micro level study and it has revealed valuable facts about industrial development at taluka level. These facts are certainly to become valuable inputs for formulating the development plan of the taluka.

There are sufficient amount of resources available in the taluka, but these all resources are not used in proper ways so there are some gaps. The researcher also examined in detail the present status of utilization of these resources and its future development.

B. 2 Statement of the Problem:
The present study is entitled as “Industrial Development – Pace, Pattern and Gaps- A Case Study of Chandgad Taluka.” This is basically a case
study in which three important aspects of the problem of industrial development have been studied.

1. Existing Pace : i.e. Progression of industrial development in the taluka.

2. The Pattern : i.e. Structure of enterprises located at different places in Chandgad Taluka. This is to understand the connectivity or no connectivity of such enterprises with local resources.

3. The gaps : By considering the resource base the study purposes to identify gaps in the industrial development of Chandgad taluka.

B. 3 Objectives of the Study :

The present study sets following objectives.

1. To study the profile of Chandgad taluka to understand the existing level of physical, financial and human resources.

2. To classify the available resources in to physical, financial and human resources.

3. To understand the problems of industrialization in Chandgad taluka.

4. To know the initiatives taken by Government, Cooperatives and Private Sector towards industrialization of taluka.

5. To analyze the structure of enterprises and identify gaps in the light resources available.

6. To study the existing and possible inter-dependence and interrelationship between agriculture and enterprise.

7. To suggest the measures to solve the problem and bring about balanced development of enterprises in the taluka.

B. 4 Hypothesis of the study :

The presents study sets the following hypothesis for the study.

1. Chandgad taluka is endowed with many natural resources. There is reasonable development being taking place by improved infrastructure. However, industrial development is slow due to lack
of adequate initiative from Government, Co-operatives and Private Sectors.

2. The industrial development in Chandgad taluka is disintegrated and scattered one. There are only three locations where enterprises are established. The gaps in industrial development are identifiable which need to be bridged.

3. The role of political and social leaders is important. It is with the actual participation of local, learned and enlightened people, a new class of entrepreneurs can be developed.

4. The geographical location of Chandgad taluka is strategically important for industrial development. Goa, Belgaum and Kolhapur centers are connected with the taluka with road transport and communication, network.

B. 5 Scope of the Study:

This is a case study of one taluka and geographical scope of the inquiry is confined to Chandgad taluka. As a matter of fact Chandgad taluka is not highly industrialized taluka. The researcher has focused on pace, pattern and gaps in the industrial development of Chandgad taluka in the light of available resources. As the title indicates the study has also examined existing resources i.e. physical, financial and human resources. The existing status of industrial development is studied further to measure the gaps in terms of geographical locations in terms of products / services and utilization of available resources. Finally, the researcher has come out with important suggestions to bridge the gap and also to speed up balanced industrial development of the taluka. Whatever initiatives required to be taken at private, cooperative and governmental levels are also incorporated in the suggestions.
B. 6 Importance of the Study:
Industrial development is the main factor of the economic development for any area. Government has taken different steps to attract investment for industrialization from various sources. But investment from the various sources is only possible when the infrastructure and resources are made available properly.

In a planned economy regional level location of enterprises is an important factor in the creation of climate for speedy development and acceleration of economic growth. At the same time it is also necessary to highlight the need for dispersal of enterprises on strategic ground.

Need for regional planning i.e. at taluka level is not surprising because the territorial economic resources are unevenly distributed. The regional plans helps immensely for the development of country in the area such as - power, agriculture and mineral resources which in turn are necessary for industrial development. Some areas are rich and some others are relatively poor. Therefore lop sided development has taken place in the country. In order to avoid this, the device of regional planning is resorted to ensure due consideration to the potentialities of each region.

To study the industrially backward areas at taluka level researcher has used different Committee reports constituted by planning commission in respect of industrial development. The researcher has also measured the industrial development on the basis of different economic indicators such as industrial establishment, employment generation, production, marketing, infrastructure availability for the enterprises, auditing status, registration, investment, government and social initiatives for the industrial development etc.
B. 7 Methodology of the study:

The present research work is based on survey of selected enterprises. The study is focused on the Industrial Development - Pace, Pattern and Gaps of Chandgad Taluka of Kolhapur district. It covers all enterprises working in the taluka. The closed enterprises are excluded.

The total enterprises of the taluka are classified into 9 sub classes namely Cashew processing enterprises, Dairies, Oil and rice enterprises, Poultries, Sugar enterprises, Textile enterprises, Engineering enterprises, Foundry and metal enterprises and Other enterprises. Further all these enterprises are studied on the basis of pace, pattern and gaps. The enterprises are also classified according to the MSME Act, 2006. The design of study is summarized in the table 1.1

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Total</th>
<th>Closed</th>
<th>New/Not Working</th>
<th>Working</th>
<th>Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashew processing enterprises</td>
<td>26</td>
<td>7</td>
<td>3</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Dairies</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Oil and rice enterprises</td>
<td>21</td>
<td>4</td>
<td>2</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Poultries</td>
<td>66</td>
<td>6</td>
<td>37</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Sugar enterprises</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Textile enterprises</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Engineering enterprises</td>
<td>34</td>
<td>3</td>
<td>3</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Foundry and metal enterprises</td>
<td>8</td>
<td>2</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Other enterprises</td>
<td>22</td>
<td>11</td>
<td>1</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>191</td>
<td>34</td>
<td>47</td>
<td>110</td>
<td>110</td>
</tr>
</tbody>
</table>

For understanding the problem of closed enterprises researcher has discussed with the Managing Director DIC Kolhapur. The separate questionnaire was also used for the same. To understand the problems in
MIDC Halkarni researcher has also discussed with the Managing Director, MIDC Kolhapur.

B. 8 Collection of Data
For the present study both the primary and secondary data have been used.

B.8.1 Primary Data :
The primary data is collected by visiting the respondents. For collecting primary data researcher has designed separate questionnaire. Researcher has personnel discussion with the Managing Director of DIC, MIDC, KVIC MTDC Kolhapur about industrial potential in the taluka, reasons for underdevelopment, their fiscal and financial policies towards for economic development of the taluka and problems of closing enterprise etc. Researcher also discussed with the BDO and officers of the Forest department, Agriculture department, Irrigation department of Chandgad taluka for their essential information. Researcher has prepared notes and the observations at the time of collecting the information from the respondent these are also used to complete the primary data.

B.8.2 Secondary Data :
The secondary data is collected from external sources. Researcher has collected secondary data from the sources of District Industrial Center Kolhapur, Census Kolhapur-1991 and 2001, Gazetteer of Kolhapur District, the data from BDO about progress made in taluka. The other documents used are Report of forest department Chandgad, Irrigation Department, Karve-Chandgad; Primery documents and reports of Agriculture Department, Shirgoan-Chandgad; Primery documents and report of Electricity Department (MSEB), Chandgad; primery document and reports of MIDC Kolhapur (Kolhapur district Head MIDC Office), Annual Report of Enterprises, Broacher of Industrial Information, News papers and different publication published from the taluka.
The data relating to the research, basically of research books, research articles, research papers, various Governmental reports and National Surveys were also used to strengthen the review of literature and theoretical background of the study.

The reports published by Planning Commission Government of India and Micro, Small and Medium enterprises are used as a base of the study. The guidelines to the enterprises from time to time from the websites of MSME are also used to understand the current Scenario of the Industrial Progress in the country and particularly of Maharashtra and Kolhapur District.

B. 9 Analysis of the Data
The statistical techniques like tabular analysis and functional analysis have been used to interpret and draw a proper conclusions. The hypothesis are tested by Chi-square Test.

B.9.1 Tabular Analysis
In the present study the tabular analysis is used to study the characteristics of the samples, in respect of resources availability, its consumption, development of enterprises, Infrastructure pattern, Government role, Employment structure, Production structure and initiatives from the entrepreneurs.

B.9.2 Functional Analysis
Researcher is well aware about the fact that the tabular analysis is not sufficient to present the data effectively. The interpretation is easier with taking help of functional analysis of the data the analysis gives much output to interpret and comment to reach the appropriate conclusions.
Researcher used functional analysis in addition to the tabular analysis of the data analysis and interpretation. Simple statistical techniques like measures of Central Tendency, Percentage and Progression are used with
the help of different graphs and charts. The researcher has also used different growth rates i.e. (1) Simple Growth Rates, (2) Compound Growth Rates to understand the growth of the industrial development in the taluka.

B. 10 Limitations:
The study has following limitations

1. This study is related to only one taluka and specially deals with industrial development- pace, pattern and gaps.
2. The study fully depends upon data collected by researcher from various sources.
3. This is a survey study of selected enterprises i.e 110 enterprises in nine categories.
4. Floor mills (Chakki mills), micro cottage enterprises and rural artisan enterprises are excluded from the study.

B. 11 Chapter Scheme:
The study is finally presented with the help of suitable chapters the scheme of which is as follows.

Chapter - I is entitled as `Introduction and Research Methodology`. It consists two parts one is introduction in which the researcher explained the importance of Industrial development for the further sustainable growth of the nation. Researcher has explained various initiatives taken by the government as described in report of various committees. It is also made clear why micro level study is important. Second part deals with the methodology used for conducting the research.

Chapter - II is on `Review of Literature`. In which researcher has taken the review of various research papers, articles, reports, plans and books published in India and abroad. The unpublished research conducted for Ph.D study is also considered for the review of literature.
Chapter - III entitled ‘Theoretical Framework and Regional Industrial Development’ deals with theoretical background of industrial development, it consists of industrial policies, Industrial location theories and central and state government initiatives to the industrial development in the country.

Chapter - IV is on ‘Profile, Available Resources and Infrastructure of Chandgad Taluka’. In this chapter researcher has given details about general, economical and resource base profile of Chandgad Taluka with statistical data collected from various sources.

Chapter - V entitled ‘Industrial Development in Chandgad Taluka’ deals with historical background of industrial development in Chandgad taluka in relation with the Kolhapur district and Maharashtra state. The chapter also focused on different facilities available for industrial development in the taluka.

Chapter – VI is on ‘Data Analysis and Interpretation’. In this chapter researcher analysed and interpreted the data collected from different sources. To make the analysis more meaningful the graphical presentation is also undertaken. The whole chapter is classified in to Pace, Pattern and Gaps in relation with opinion survey and general survey. The hypothesis has been tested with the Chi-square test of analysis in this chapter.

Chapter - VII entitled ‘Conclusions and Suggestions’ deals with some important conclusions derived from the whole study. The conclusions are classified in to two parts in first part general conclusion have been included and in second part conclusion regarding pace, pattern and gaps wise are included. The suggestions are made on the basis of conclusions for further development. Researcher has suggested development plan for the taluka. Researcher has also framed model for Cashew processing enterprises in the region.
REFERENCES

2. D.R.Gadgil, ‘The Industrial Evaluation of India’, p.34
3. B.S.Minhas, ‘Planning and the poor,’ p.vii
15. Ibid, para, 4.11
19. Christopher R. Bryant, 1980. ‘Manufacturing in Rural Development’


22. Ibid, p.15 and 16.


26. Where as F. Gallagher, Vice President, Sears, Reabuck and company Chicago Illinois.

27. UN, Publication, 1961 ‘Creating a practical Industrial Development Programme (With special reference to Asia and far East’, p.31.

28. Yashwant Sinha, Ex Finance Minister, Government of India