CHAPTER VIII

SUMMARY CONCLUSIONS AND RECOMMENDATIONS.

The regional disparities emerge and persist due to social, economic and political and cultural factors. There is no inherent mechanism in the development to ensure that the benefits of development are distributed uniformly over the geographical space and if the disparities are allowed to continue these may not only affect the overall development of the economy but also may produce adverse social and political consequences. This highlights the need for state intervention. State intervention has taken the form of regional planning / regional policies to promote development of different regions in the country. As regional imbalances in economic development are mainly attributed to uneven spread of industrial units, the policies also include dispersal of industries in the backward regions of the country.

The theory of industrial location concludes that the demand, profit and institutional as well as non institutional factors affect in determination of location. The classical approach relies on transport and labour costs to explain the location of the firms and industries, later demand enters in the analysis as a significant factor in determining location. If the firms are having regional goal of profit maximisation both costs and demand factors act as
basic factors in choice of location. However, in practice, location is not only governed by cost and demand factors but also by personal factors, government policies and many other practical considerations.

It is observed that in Karnataka industries are not evenly distributed over geographical space. The study reveals that Bangalore division alone is dominated by sharing more than 50 percent of the registered factories and nearly 60 percent of the factory employment in the State. On the other hand, Gulbarga division which is industrially backward in all the respects had a little share in terms of units and employment i.e., 9 percent and 8 percent respectively. The same trend continues even in large and medium scale and small scale industries. The quotient of industrialisation also reveals a high value for Bangalore region (1.73) and a low value for Gulbarga region (0.49).

Industrial development pattern, as revealed by the composition of industries also reflects unbalanced and lopsided industrial development in the State. Of the 18 groups of industries in the State, 12 groups of industries are existing in Bangalore division where their location quotient value exceeds one.

The coefficient of localisation for different groups of industries in the State also reveals that the miscellaneous group of industries, repair services and
manufacturing of cotton textiles are the widest dispersal industries in the State. Their value of coefficient of localisation is below 0.30.

However, though the concentration trend in industrial development continues to exist in the State, yet there is some change observed in recent years due to the implementation of industrial dispersal policies in the form of fiscal and financial concessions. The share of backward districts in industrial units and employment is increasing over the time period.

A comprehensive analysis of industrial development in Karnataka State (in different time periods) with the help of a set of indicators of industrial development brings out clearly the uneven distribution of industrial growth in the State. There are as many as 13 districts out of 19 in the non-industrialised category in 1988-89.

Hyderabad Karnataka region - Bidar, Gulbarga and Raichur districts - had a very low development base when it was integrated with Mysore (now Karnataka) State. The position of these districts was more backward than the other districts in the State. This backward position of the region continues to exist, though much development has taken place in the state economy. This is reflected in various characteristics such as the dominance of agriculture as 70 percent of the population is engaged in it. The region has
a weak industrial base and only 3.00 percent of the total workers are engaged in household industrial activities. The region's share with respect to registered factories and employment is also low. It is 7.47 percent and 3.53 percent respectively. Further there is also inadequate infrastructural facilities in the region. The road length per 100 sq. km. is 37.93 kms. The population served per post office in the region is 3,435. The number of primary and secondary schools per 50,000 population is 50 and 4 respectively. The literacy percentage of the region is nearly 26 percent which is below the State average of 38 percent. The population per health unit is 19,677 and population served per commercial bank is 12,367. In all the major indicators of development the position of the region is below the state average.

The region is in the process of transition as development is slowly taking place here. It has a good resource potential, which if used properly may help to promote development at a faster rate in the near future. The region is now moving towards the industrial development as percentage share of secondary sector to total income has increased from 15% to 26% during 1970-71 to 1988-89.

However, there are glaring imbalances in industrial development specifically in the growth of large and medium scale industries in the region. The analysis of growth of
registered factories as well as small scale industries indicates the concentration trend in Gulbarga and Raichur districts. The value of quotient of industrialisation in these two districts is greater than one in all the time periods.

The industrial structure also indicates the uneven pace of industrial development in the region. The region has less capital intensive industries when compared to that of the State. The fixed capital per factory in Hyderabad Karnataka region is (Rs.in lakhs) 67.33 as against 124.15 in the State. However, the capital intensity of industrial units in Gulbarga district is high, it is 131.01 in 1980-81. This is due to the growth of cement industry in this district. The industrial composition in the region shows existence of agro based industries and their percentage share in the total units is 70 percent.

There is also uneven distribution of industries over the geographical space, which is observed through the values of location quotient. Out of 19 groups of industries existed in the state only 4 groups of industries are having location quotient greater than one. These four groups of industries are manufacture of food products, manufacture of non-metallic mineral products, repair services and miscellaneous industries.
The uneven distribution of industries in the region is analysed by Lorenz Curve and Gini Coefficient. It is observed that the Lorenz Curve is away from the line of equal distribution, indicating the uneven distribution of factories in the region. The high value of Gini coefficient (0.61) indicates the uneven distribution of industries in the region.

A comprehensive analysis of industrial development in different talukas of the region is done with the help of composite indices of industrial development. These indices indicate that the uneven spread of industrial growth in different talukas of the region. This has continued over the time period 1975-76 to 1988-89. There is no significant change in ranking pattern also. The talukas in the non-industrialised category are Aurad, Basavakalyan, Bhalki, Afzalpur, Aland, Chincholi, Jewargi, Shahapur, Shorapur, Deodurga, Kustagi, Manvi, Sindhanur and Yelburga and their position has remained unchanged over the time period. The high value of coefficient of variation (89.50%) exhibits the concentration trend of industrial growth in the region.

A comprehensive analysis of regional development in different talukas of the region is done with the help of composite indices of regional development for three different points. It is observed that there is a close association between industrial development and regional
development. The industrially less developed talukas are having low regional development and vice versa. This relationship is supported by correlation co-efficient. The correlation coefficient between industrial development and regional development, in Bidar, Gulbarga and Raichur districts is 0.998, 0.927 and 0.991 respectively which is highly significant at p=0.000 level. The degree of association between these two variables is also supported by Spearman's rank correlation and plot method.

It is observed that the influence of industrial development on regional development is very elastic and stronger than that of agricultural and infrastructural development. Its regression coefficient is very high (0.79) when compared to the coefficients of agricultural (0.17) and infrastructural development (0.24). Therefore it is identified as a strong variable in influencing regional development than agricultural and infrastructural development.

Suggestions.

It is observed that though the government is putting in efforts to reduce regional imbalances through dispersal of industries in the backward regions, yet the disparities have continued to exist over the period of time. There is a need to promote an integrated effort for dispersal of industries in backward areas. The establishment of
District Industries Centres (DIC) in recent years have to some extent contributed to the development of industries in these regions. Such agencies with wide powers both financial and administrative should be established in the future. The impact of various concessions fiscal and financial should be reviewed for their further continuation in the future. As for as possible the whole institutional and administrative structure at the district level should be integrated together to form an effective strategy of industrial development in the district.

In this backward region, there is lack of entrepreneurship and demand is also low due to the existence of poverty. Therefore, entrepreneurship development programmes should be undertaken. There is also a need for infrastructure development in the region. Hyderabad Karnataka Development Board (HKDB) is trying hard in improving the infrastructural facilities in the region. This Board, no doubt created socio-economic infrastructure to minimise the regional imbalance. Yet this Board needs to be strengthened politically and economically for executing and promoting viable schemes.

The data base at the district level needs to be strengthened immediately. At present there are no talukawise estimates of working capital, value added, employment in the factory sector. The talukawise shares of
different sectors, per capita income etc., are not available. Further there is also delay in publishing the data. The Annual Survey of Industries 1970 to 1980-81 census sector was published in 1988, after that no data is published. The current information may have to be maintained upto date. Government officials may have to co-operate and respond effectively to the individual researcher and research institutions for the development of research activity.

There is also a need to carry out further research studies intensively in analysing the various factors affecting industrial growth in the region which may help to develop an appropriate strategy to promote industrial development in the backward regions.