CHAPTER III
INDUSTRIAL DEVELOPMENT

3.1 Introduction

In this chapter industrial policy, role of industries in national economy, industrial development through five year plans, development of Large Scale Industries in India, Small Scale Industries in India, Khadi and Village Industries in India, Industrial Development in Maharashtra and Ratnagiri District are discussed.

3.2 Industrial Policy

Industrial policy is a policy which is announced by the Government towards the establishment, working and management of Industries. It influences the industrialization of the Country.

The concept of “Indian Policy” is comprehensive and it covers all these procedures principles, polices, rules and regulations which control the industrial undertaking of a country and shape the pattern of Industrialization. In India industrial Policy is that policy which divides the industries in the public, private and joint sector for their management, control, functioning and foreign collaboration.

Industrial Policy plays a very important role in economic and industrial development. It is said to be an engine of growth. After Independence India had to grapple with various issues in framing a suitable industrial Policy for the Country. In India industrial Policy finds the place of economic constitution.

Industrial Policy Resolution, 1948

The first Industrial Policy was announced on April, 1948. It envisaged a mixed economy for India. The policy is a progressively active role for the state in the promotion and development of industries.
i) Allocation of Industries-

The Policy Resolution divided all industries into the following categories.

a) The manufacture of arms and ammunition, the production and control of atomic energy, ownership and management of railways become Government monopolies.

b) Basic and key industries in this category six basic industries, namely iron and steel, coal, air craft manufacture, ship building, telephone, telegraph and wireless apparatus mineral oils, were to be developed by the Government.

c) Private sector large industries under control and regulation of Government like car and tractors, heavy chemicals, engineering, sugar, cotton & woolen textiles, cement, paper, sail, machine tools etc. Twenty important industries were placed in this category.

d) A fourth category comprising the remainder of the industrial field; was left open to private enterprise, individual as well as co-operative.

ii) Foreign Capital

In this policy statement policy towards foreign capital was also clarified and for rapid industrialization foreign capital, technology and foreign collaboration were accepted to a certain times.

iii) Small & Cottage Industries

The Industries Policy ascribed an important role of the cottage and small scale industries for industrial development. Responsibility to solve the problems of cottage and small scale industries to promote them was given to Central Government with the co-operation of State Government.

The industrial Policy Resolution 1948 had a mixed relation. Some welcomed it on the ground that it is a great step to achieve the socialistic
pattern of society, but on the other side some criticized the policy by saying that it is one sided. Absence of priorities, Fear of nationalization, Practical difficulties, lack of co-ordination these defects of the policy.

**Industrial Policy Resolution, 1956 –**

Since the adoption of 1948 Resolution, significant development took place in India. Parliament had accepted ‘the socialist pattern of society’ as the basic aim of social and economic policy. These important developments necessitated a fresh statement of Industrial Policy. A second Industrial Policy Resolution was adopted in April 1956, replacing the Resolution 1948. It concentrated on speeding up industrialization creating employment, expanding the public sector, promoting the co-operative sector, involving the state in foreign trade and transport industries sector.

The main features of the Industrial Policy Resolution 1956 are:

1) **Classification of Industries**

The Policy Resolution of 1956 divided industries into following three categories.

a) **Schedule A Industries** – This Schedule listed 17 Industries which included, arms and ammunition, atomic energy, iron and steel, heavy electricals, coal, mineral oils, air transport, railways and generation and distribution of electricity. These industries were reserved for exclusive development in the public sector.

b) **Schedule B Industries** – It included 12 industries like aluminum, machine tools, non-ferrous metals, anti-biotic and essential drugs, fertilizers, Chemical pulp, road and sea transport etc. These industries will be progressively state owned and in which the state would take the initiative to set up – new units.
c) Schedule C Industries – These contained the rest of the industries which were left to the care of the private sector but under the general control of the Government.

2) Encouragement to Small Scale Industries –

   The importance of small scale and cottage industries was recognized in the context of employment opportunities and equitable distribution of economic power and facilitate an effective mobilization of resources.

3) Balanced Regional Development-

   The Resolution emphasized in reducing the regional disparities on terms of the level of development. So that the whole county could benefit from industrialization and stress on balanced development of all the sectors regions should be given.

4) Provision of Technical and Managerial Personnel-

   Due to expansion of Industries the need of technical and managerial personal was realized.

5) Foreign Capital-

   The role of foreign capital and enterprise was recognized. To supplement the deficiency of internal capital for rapid industrialization and importance of foreign capital was accepted.

6) Industrial Peace -

   The 1956 Policy statement has also recognized the need maintaining industrial peace and amicable labour management relations.

   Industrial experts were very critical of the Industrial Policy, 1956. Policy is criticized on various grounds. This increased the scope of Public Sector industries and reduced the Private Sector which is unfair.
Industrial Policy, 1973

February 1973, revision of the industrial Policy of 1956 simplifies the objectives. Besides the basic objectives of growth, social justice and self-reliance, the new statement identified high priority industries and permitted investment from large industrial houses and foreign companies.

Industrial Policy Statement, 1977

The Industrial Policy Statement of the Janata Government was placed before the Parliament on December, 1977. This Policy Statement has despite some desirable elements had resulted in certain distortions. Viz. “Unemployment has increased, rural-urban disparities have widened and the rate of real investment has stagnated. The growth of industrial output has been not more than three to four per cent per annum on the average. The incidence of industrial sickness has become widespread and some of the major industries are worst affected.”

The salient features of this Policy are stated as under.

1) Role of Small Scale and Cottage Industries-

The Industrial Policy Statement, 1977 of the Janata Government at the centre laid special stress on the promotion of cottage and small scale industries in both urban and rural areas. It is the policy of the government that whatever can be produced by small and cottage industries must only be so produced. It proposed revamping of Khadi and Village Industries Commission to enlarge its area of operation.

2) Area of Large Scale Industries

The industrial policy linked the role of large Scale industries with the programme for meeting the basic minimum needs of the population through wider dispersal of small scale Industries and strengthening of the agriculture sector.
The policy underlined an expanding role for the public sector and was lukewarm towards foreign private capital. The Janata’s industrial policy failed to impose a ban on multinationals or Indian big business to produce ordinary items, which should have been legitimately reserved for the small sector.

**Industrial policy Statement 1980**

New industrial policy was announced on July 1980, which is basically based on 1956 policy, promoting competition in the domestic market, technological upgradation & modernization were provided more focused attention with Industrial Policy Statement of 1980. The Policy statement has been issued by the Government with the triple objectives viz. modernization of industries, expansion of industries and development of backward areas. It laid the foundation for an increasing competitive export base and for encouraging foreign investment in high technology areas. The policy raised the limits of investment prescribed for small scale and ancillary units. It also liberalized and streamlined the industrial licensing procedures.

**Hazari Report on Industrial Licensing Policy**

The Government licensing policy was criticized by public as well as industrial undertakings in July 1996. In 1967 Dr. R. K. Hazari reviewed the working of industrial licensing under the Industries (Development and Regulation) act 1951 and made some sensational disclosures. His main recommendations were

1) Some leading houses followed the practice of multiple applications for the same product and for a wide variety of products which were meant to foreclose licensable capacity.
2) For the purpose of sanctioning licenses, the principle of chronological selection, i.e. first come, first served basis was adopted. This procedure helped the big industrial houses to foreclose capacity.

3) Industrial licensing did not bring about balanced regional development. “The gains in terms of balanced regional development and wider distribution of entrepreneurs are at least, moderate. That licensing has served to channelize investment appears extremely doubtful.”

4) The most disappointing feature of industrial licensing was the absence of follow up action once the licenses were issued.

To sum up, the licensing policy encouraged for closure of licensed capacity by influential and powerful industrial house who could afford to sit tight on unutilized licenses.

**Subimal Dutt Committee Report**

Following a discussion of the Hazari Report in Parliament, the Government of India appointed a Committee under the Chairmanship of Subimal Dutt in July, 1967. The Committee is also known as the Industrial Licensing Policy Inquiry Committee. Committee submitted its report on 21st July, 1969. The main purpose of the committee was to inquire into the working of the industrial licensing system in India.

The Committee came to the following Conclusions on the grant of Industrial licensing.

1) 73 large industrial houses accounted for 56 per cent of the total proposed investment on machinery by the entire private corporate sector. Similarly these 73 large industrial houses accounted for 60 per cent of the value of import of capital goods by the entire private corporate sector.
2) The four industrially advanced states, viz. Maharashtra, West Bengal, Gujarat and Tamil Nadu were able to acquire 62 per cent of the total licenses issued. Obviously, the licensing system was unable to help the industrially backward states.

3) The areas reserved for the public sector under the Industrial Policy Resolution of 1956 were opened to the private sector under one pretext or the other.

4) The Committee stated “It was not, however, necessary to grant multiple licenses to the same House in a given industry. It was also not necessary to grant capacities much higher than necessary on techno-economic grounds and thereby concentrate licensed capacity among a few units belonging to the Large Industrial Sector. A consideration of preventing monopoly does not seem to have entered the picture at all.”

5) One of the saddest features of licensing was the use of foreign collaboration even in non-essential consumer goods such as refrigerators, radio receivers, cameras, transmitter’s record changers, thermometers, toilet soap, sewing thread, ball point pens, loud speakers etc.

6) Out of the total assistance provided by public sector term lending institutions during the period 1955 to 1966, 73 large industrial houses accounted for 44 per cent and 20 larger houses for 17 per cent. As against this, public sector companies received only 9 per cent of totals financial assistance.

Thus the industrial licensing system, specifically meant to implement the Industrial Policy of the Government, failed miserably to achieve the objective of planned economic development. Besides, it failed to prevent concentration of economic power in the hands of a few large industrial and business houses. Dutt Committee observed. “When
there was a choice between the public sector on the one side and the private sector on the other, the licensing authorities in some important cases took decisions in favour of the private sector.”

**New Industrial Policy, 1991**

The government announced a New Industrial Policy on July 24, 1991. This new industrial policy provides liberalization and deregulation to the industrial economy substantially. The major objectives of the new policy are ‘to build on the gains already made, correct the distortion or weakness that might have crept in, maintain a sustained growth in productivity and gainful employment and attain international competitiveness’. This policy promoted the industrial development of the country. The policy resolution emphasized that control protection and regulation measures are obstacles in the process of industrial development therefore there is a need of injecting the element of openness in the industrial sector.

All these reforms of industrial policy led the government to take a series of initiatives in respect of policies in the following areas. (a) Industrial Licensing,
(b) Foreign Investment,
(c) Foreign technology Agreements,
(d) Public Sector Policy and
(e) MRTP (Monopolies and Restrictive Trade Practices) Act.

The new industrial policy abolished industrial licenses for all projects, except for a short list of 18 specified industries related to security and strategic areas, hazardous chemicals, items of elitist consumption, environmental concerns and social reasons.

The industrial policy placed very high importance to the private sector for the development of industrial sector and also to the foreign
capital for modernization and technological advancement. It placed more emphasis on regional decentralization of industries.

The industrial policy announced in 1991 was generally welcomed for ensuring competitive a market economy in place of the outmoded command and controlled economy.

**Export Promotion Policy 2004-05**

Government would place a new trade policy before the parliament during the current year. Government is of the view that Special Economic Zones (SEZs) are growth engines that can boost manufacturing, exports and employment. The private sector has shown considerable interest in the development of SEZs. At present India has 15 SEZs, each with an average size 200 acres. The government has approved a total 164 SEZs. During 2004-05, the total exports from the Special Economic Zones were of the order of Rs. 17729 crores. This works out to be 4.9% of the country’s total exports (Rs. 361879 crores).

**Industrial policy 2004-05**

It is prime goal to make the environment in India attractive for investors. For that the Government proposes to establish an Investment commission. It will have the broad authority of the Government to engage, discuss with and invite domestic and foreign business to invest in India.

**Foreign Investment (FDI) Policy 2004-05**

Foreign Direct investment (FDI) has the potential to add a competitive edge, especially in the industrial sector. The NCMP declares that FDI will continue to be encouraged and actively sought, particularly in areas of infrastructure high technology and exports. Three sectors of the economy fully meet this description. They are telecommunications, civil aviation and insurance. There is an urgent need for infusing huge
amounts of capital in these sectors. Government therefore proposes to rise to sectoral cap for FDI in telecommunications from 49 per cent to 74 per cent, in civil aviation from 40 per cent to 49 per cent and in insurance from 26 per cent to 49 per cent.

Foreign direct investment directly impact on output growth in India by augmenting the available investible capital. However, a far more important impact of FDI is through externalities leading to higher efficiency and productivity. FDI typically serves to increase competition in markets bring new technology into India, and foster skill acquisition amongst domestic labour. Foreign companies utilize India as a platform for global production chains by way of FDI, which would further pave the way for strong export growth.

3.3 Role of Industries in National Economy

Industrialization has a major role to play in the economic development of the underdeveloped countries. The gap in per capita incomes between the developed and underdeveloped countries is largely reflected in the disparity in the structure of their economies, the former are largely industrial economies; while in the latter production is confined predominantly to agriculture. Jawaharlal Nehru’s statement “It is only when India has acquired the ability to design, fabricate and erect its own plants without foreign assistance that it will have become a truly advanced and industrialized country” gives the importance of industries in national economy.

The primary sector, which includes agriculture, forestry and fishery, has gone down from 55.3% in gross domestic product in 1950-51 to 44.5% in 1970-71 and to a still lower figure at 8.8% in 2007-08. In the Secondary sector includes mining, manufacturing, electricity, gas and water supply has shown a steady increase from 16.1% of G.D.P. in 1950-
51 to 20.8% in 2007-08. In the service sector includes construction, trade, transport, communication business, finance, insurance and community services has increased from 28.6% in G.D.P. to 70.4% in 2007-08.

3.4 Industrial Development in latest Five year plans

The Government of India launched the process of industrialization as conscious and deliberate policy of economic growth in early fifties. The Government recognized the significant contribution to industrialization could make to the development process, “as a base for the growth of the primary sector as a catalytic agent for the development of infrastructure as a stimulant to and as a growth multiplier”.

Industries and Ninth Plan (1997-2002)

Ninth plan targeted a growth rate of 8 per cent for industry. But realized growth rate was only 5 per cent which was even lower than the growth rate of 7.3 per cent realized in the Eighth plan. In this way, it may be stated that the Ninth plan was failure. Ninth plan allocated Rs. 69972 crores for industry at 1996-97 prices, it works out to be Rs. 88730 crores at 2001-02 prices.

Reviewing the internal and external factors for the slowdown during the Ninth plan, the Tenth plan states “The industrial slowdown is widespread covering all broad sector e.g. manufacturing, electricity and mining and all end-use based groups such as capital goods, intermediate goods & consumer goods. The difficulties caused by internal factors were aggravated by the slow growth of the world economy which resulted in a substantial slowdown in manufacturing exports.

Industries and Tenth Plan (2002-2007)

The Tenth Plan (2002-2007) was prepared against a backdrop of high expectations arising from some aspects of the recent performance. The Tenth plan provides an opportunity, at the start of the new
millennium, to build upon the gains of the past but also to address the weaknesses that have emerged.

Tenth Plan reveals that the total allocation to industry in the public sector was Rs. 58939 crores at 2001-02 prices, industry and minerals have got a boost by only 32 per cent. This is also due to the fact that the reform process has mainly boosted private sector in industry and there is a withdrawal by the public sector from this area.

Industrial performance in the Tenth Plan period improved to a respectable level of 8.9% from the very low level of growth rate of 4.3% in the ninth plan. The revival of industrial growth is a major achievement of the policy in recent years. However industrial performance employment in non-agricultural sector is to be generated. Within industry, the manufacturing sector, accounting for 77 per cent of industrial output has shown significant growth acceleration in the last two years.

**Industries and Eleventh Plan (2007-2012)**

The Eleventh five year plan (2007-12) was approved by the National Development Council in December 2007. 11th plan document titled “Towards faster and more inclusive growth” It emphasized the fact that during the last four years of the Tenth plan, average GDP growth was 8.6% making India one of the fastest growing economies in the world. The industrial sector has responded well to face competition in the global economy. Foreign investors are keen to invest in the Indian economy.

Eleventh Plan intends to improve the growth rate of Industry from 8.90% realized in the 10th plan to 10.11%. Plans aims at double digit growth both in manufacturing an industry. For this it will be critical to improve the performance of the core sector (steel, coal, cement, oil,
fertilizers) to sustain this growth. The 11th plan allocated Rs 153600 crores for industry.

3.5 Review of Industrial Growth under Planning

The progress industrialization during the last 60 years since 1951 has been a striking feature of Indian economic development. As a result, over the last nearly 60 years, industrial production went up by about five times, making India the tenth most industrial country of world. The industrial structure has been widely diversified covering broadly the entire range of consumer, intermediate and capital goods. The rapid stride industrialization has been accompanied by a corresponding growth in technological and managerial skills for efficient operation of the most sophisticated industries and also for planning, designing and construction of such industrial sector has been the diversification of India’s capability.

India has attained self-sufficiency in almost all consumer goods. Growth of capital goods production has been especially impressive. An impressive industrial capacity has been achieved in mining and metallurgical industries, chemical and petrochemical industries, fertilizer production, capital goods industries including sophisticated equipment for steel mills, fertilizer plants, chemical plants etc.

India can now sustain the future growth of vital sector of the economy primarily through domestic effort and only with marginal imports. Industrial growth however, has not been uniform since 1951. After a steady growth of about 8 per cent during the initial period of 14 years (1951 to 1965), there was a fluctuated trend since then near stagnancy during 1966-68, a high level of 9.5 per cent during 1976-77, a minus 1.4 per cent in 1979-80. In the sixties (1961-70) the average growth rate of industrial output was put at 5.5 per cent and in the seventies (1971-80) the average growth rate was about 4 per cent per
annum. Even during 1980-85, the growth rate of industrial production was 5.5 per cent per annum. The basic fact was that the rate of industrial growth had been slowing down. During the 7th plan (1985-90) the growth rate had picked per annum and in the 8th plan, it had declined to 7.3 per cent per annum.

During the Ninth plan (1997-2001-02) industrial growth slumped to 4.6 per cent per annum, but during the 10th plan (2002-03 to 2007-08), it picked up significantly to 8.9 per cent per annum. This is a healthy development.

### 3.6 Large Scale Industries in India

The structure of factories on the basis of plant and machinery prevails that in 1997-98 very large factories (642) accounted for about 42.8% productive capital and 9.7% employment. Medium, large and very large factories are all capital intensive but small and tiny factories and employment intensive.

Two sets of factors are responsible for industrial sickness exogenous and endogenous. Government policies pertaining to production, distribution and prices, charges in the investment pattern, shortage of power, transport, raw material, deteriorating industrial relations such factors are likely to affect all units in an industry. These factors can result in the level of the state. Large scale industries are facing various problems such as raw material, transport, working capital, machinery, skilled worker, strike, marketing etc. and prices,

### 3.7 Small Scale Industries in India

A significant feature of the Indian economy since independence is the rapid growth of the small Industry sector. In 1950, the government grouped small scale industrial undertakings into two categories those using power but employing less than 50 persons and those not using
power but employing less than 100 persons. All small scale enterprises, however, had capital investment of less than Rs. 5 lakhs.

In 1975 the small scale enterprises were defined as undertakings with a fixed capital investment of less than Rs. 10 lakhs and ancillaries with a fixed capital investment of Rs. 20 lakhs. In 1985, this limit was further raised to 20 lakhs in case of small scale units and Rs. 25 lakhs in case of ancillary units. During 1997, on the recommendation of Abid Hussain Committee, the Government has raised the investment limit on plant and machinery for small units and ancillaries from Rs. 60/75 lakhs to Rs. 3 crores and that for tiny units from Rs. 5 lakhs to Rs. 25 lakhs. The Government in 2000 has reduced the investment limit on plant and machinery from 3 crores to Rs. 1 crores but the limit for investment in tiny units has been retained as Rs. 25 lakhs.

Until now, the Government had defined small scale industries and within the small scale, it provided a definition of tiny enterprises. However, from the small scale, there was direct shift to large scale units and no definition was provided for medium scale enterprises. With effect from October 2, 2006, not only the three categories have been clearly defined (Micro or tiny enterprises would cover all enterprises with investment in plant and machinery of less than Rs. 25 lakhs; for small enterprises with investment between Rs. 5 crores and Rs. 10 crores), but a comprehensive act, called the Micro, Small and Medium Enterprises Development Act, 2006 came into force.

The Small Scale Industrial sector, which plays a private role in the Indian economy in terms of employment and growth, has recorded a high rate of growth since Independence in spite of stiff competition from the large sector and not so encouraging support from the Government. The number of registered units, which went up from 16000 units in 1950 to
36000 units in 1961 and to 33.7 lakh units in 2000-01, evidences this. During the last decade alone, the small scale sector has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, micro-wave components, electro-medical equipment etc.

The total number of Small Scale Industrial units (registered and unregistered) has increased from 79.6 lakhs in 1994-95 to 123.4 lakhs in 2005-06 indicating an annual average growth rate of 4.1 per cent, but their production increased from Rs. 122210 crores in 1994-95 to Rs. 476201 crores at current prices in 2005-06.

As a consequence of the increase in SSI units more especially in the unregistered sector, employment increased from 191.4 lakhs in 1994-95 to 294.9 lakhs in 2005-06. It can be stated that during 1994-95 to 2005-06 the SSI sector recorded an annual average growth rate of production by 8.8% and of employment by 4.5%.

There is very high concentration of SSI units in seven states, viz. Maharashtra, Uttar Pradesh, Punjab, Haryana, Tamilnadu, Andhra Pradesh and West Bengal. These states accounted for 53% of the total units in small sector 55% of the total employment, 68% of total fixed investment and 60% of the total production.

3.8 Village and Cottage Industries in India

The khadi village industries programmes play a predominant role in providing employment opportunities to rural artisans more specifically the social economic weaker strata of the society. The functions of the Khadi and Village industries Commission generally to plan, promote, organize and assist in implementation of programmers for the development of Khadi and Village industries. To achieve this, it undertakes financing, training of persons employed, building material,
promotion of sale and marketing of industrial products. At present there are 30 state Khadi and Village industries boards functioning all over India. These boards are assisting the implementing agencies involved in the village industries programme.

3.9 Industrial Development in Maharashtra

Maharashtra is one of the leading states in adopting policies for promoting industrialization and encouraging development of industrially backward areas. The economic policies of the 1970’s steered the State to gain a prime position in industrialization. Since then, several changes in terms of policies have come into effect and structure of industries has changed substantially. The growth momentum was further pushed ahead by the liberalization policy adopted in August, 1991. Major industries in the State include chemical & allied products, electrical & non-electrical machinery, textiles, petroleum & allied products and information technology. Other important industries include metal products, wine, jewellery, pharmaceutical, engineering goods, machine tools, steel & iron castings and plastic wares.

The objective of Maharashtra Industrial Policy 2001 is to further accelerate the flow of investment to industry and infrastructure by promoting information technology, high-tech knowledge based and Bio-tech industries, augmenting exports from the industrial units in the state and creating large scale employment opportunities duly ensuring environmental planning. The state has entered into the phase of second-generation economic reforms with the emphasis on structural changes in addition to fiscal incentives for the promotion of industry and balanced industrial growth.

Foreign Direct Investment - Under Foreign Direct Investment (FDI) 4133 project with an investment of Rs. 81763 crore have been
registered in Maharashtra. Among all the states in India, though Maharashtra has attracted highest number of proposals generating maximum employment opportunities, the investment there in is comparatively less. In 2009 there were 1659 projects which have got Rs. 39291 crore investment under FDI scheme.

**Large Scale Industries** - During 2009, there were 2670 large scale industries in the state of Maharashtra. There were 635637 workers were engaged in these industries. Out of the total large scale units 38.24% units were concentrated in Konkan (ex. Mumbai) region where as the share of Pune, Nashik, Mumbai, Nagpur, Aurangabad, Amravati regions was 24.91%, 10.82%, 9.59%, 9.29%, 5.32%, 1.84% respectively.

### Table 3.1

**Large Scale and Small Scale Enterprises in Maharashtra 2009**

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of Large Scale Industries</th>
<th>in %</th>
<th>Employment</th>
<th>in %</th>
<th>No. of Small Scale Industries</th>
<th>in %</th>
<th>Employment</th>
<th>in %</th>
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<tbody>
<tr>
<td>Mumbai</td>
<td>256</td>
<td>9.59</td>
<td>106214</td>
<td>16.71</td>
<td>12,341</td>
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<td>Konkan(Ex. Mumbai)</td>
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<tr>
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<td>151495</td>
<td>100.00</td>
<td>1188181</td>
<td>100.00</td>
</tr>
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</table>


**Small Scale Industries** - The Small Scale Industrial sector plays a key role in economic development of the country. This sector creates large employment opportunities in low capital cost. For speedy growth of small scale industrial sector in the state the Government has already brought about simplification in the SSI registration procedures. The State Government has simplified the registration procedure in which the term
‘Industries’ has been changed to ‘**Enterprises**’ which have been classified broadly into two categories (i) manufacturing and (ii) services.

For the development of small scale industries Government has established Maharashtra Small Scale Industries Development Corporation (MSSIDC) in 1962. The main Activities are procurement and distribution of raw materials, providing assistance in marketing their products and making available facilities for warehousing and handling of material, assisting small scale industries for import-export, helping handcraft artisans and organizing exhibitions.

There were 78420 small scale registered units in Maharashtra state in 1993 and Rs. 3589.39 crores amount was invested in these units. About 508448 workers were engaged during that year. There were 151495 small scale permanently registered units in the state of Maharashtra as on 2009 and 1188181 employee were engaged in these units.

**Khadi and Village Industries** - The Maharashtra State Khadi and Village Industries Board (MSKVIB) were established in 1962. The main functions of the Board are to organize, develop and expand activities of Khadi and Village Industries (KVI) in the State. The Board provides financial assistance to individuals, registered institutions and cooperatives, technical guidance, training to individual beneficiaries and arrangements for marketing of products of khadi & village industries. So in Maharashtra Khadi and Village Industries are developed. Presently, 98 categories of industries are under the purview of the KVI sector. In 2008-09, financial assistance in the form of subsidy worth Rs. 20.62 crore was given to KVIs in the State. There are 2.26 lakhs units assisted in KVI sector and 3.56 lakhs employee engaged these units in 2005-06. It increased 2.66 lakhs units and in these units 6.62 lakhs workers are engaged in 2009-2010.
3.10 **Industrial Development in Ratnagiri District**

Industrially, Maharashtra is one of the advanced states of the country but Ratnagiri district is one of the most industrially underdeveloped district in the State. There are very few industries in the district. They are located in Ratnagiri, Chiplun and Khed tahsils. The industrial policy of the state is based on the basic decision to encourage industries in the developing and under developed areas in the district and to disperse industries from the heavily congested areas of Mumbai, Thane and Pune. In the district, there are six industrial areas developed by Maharashtra Industrial Development Cooperation. Viz. Ratnagiri-Mirjole/Zadgaon, Khed-Lote Parshuram, Chiplun-Kherdi, Ganekhadpoli, Sangamshwar-Devrukh-Sadavali. Also the work of five star MIDC at Nivali Phata, Ratnagiri is under progress. Co-Operative sector plays important role in the development of industries in the Ratnagiri district. There are two co-operative industrial Audyogik Sahakari Vasahat situated in Ratnagiri district. They are located in Ratnagiri and Chiplun.

There are only 7 large and medium scale units in the study region in 1991-92 and these units increased up to 77 units in 2005-06. The Rs. 226.32 crores amount was invested in large and medium scale units and about only 530 workers was working in the study region in 1991. In 2005-06 large and medium scale units invested Rs. 8185.94 crores and about only 9827 workers are engaged in these units.

The most important small scale industries in the district are cashewnut processing, fruit preservation, silica processing, oil mills, saw mills, cement product etc. By the size of employment generated, fishing is the largest occupation in the district. In 1991-92 there were 496 permanently registered small scale industrial units in Ratnagiri district. These units increased from 496 to 1177 between 1991-92 and 2005-06. In
1991-92 about Rs. 195.89 lakh amount was invested in 496 units. It was increased by Rs. 6113.95 lakhs between 1991-92 and 2005-06. During the period of investigation labour force was increased by 1224 to 6024.

The Khadi and Village industries programmes play a predominant role in providing employment opportunities to rural artisans more specially the social economic weaker strata of the society. Village and Cottage units are spread in all tahsils of the Ratnagiri district. In 1991-92 there were 14562 Khadi and Village Industries in Ratnagiri district. These units increased from 14562 to 14806 between 1991-92 and 2005-06. In 1991-92 about Rs. 2511 lakh amount was invested in Khadi and village units. Investment amount was increased from Rs. 2511 lakh to Rs. 2596 lakh between 1991-92 and 2005-06.

3.11 Summery

i. The In India industrial policy is that some activities are left for the private capitalist. Since Independence India has announced many times their industrial policies according to changing socio-economic conditions of the country. There was more weight age given to private sector. Mostly all policies were given to highest priority to cottage and small scale units.

ii. New Industrial Policy is more globally oriented while the previous policies were protective in nature. According to the new policy private sector has been assigned for new and leading role while in the previous policies public sector was assigned new and leading role. Previous policies were selective and shy for foreign capital while new industrial policy was opened the door for foreign capital even in core and infrastructural sector.

iii. In the Secondary sector includes mining, manufacturing, electricity, gas and water supply has shown a steady increase from 16.1% of G.D.P. in 1950-51 to 20.8% in 2007-08. In the service sector includes
construction, trade, transport, communication business, finance, insurance and community services has increased in G.D.P. 70.4% in 2007-08.

iv. The total number of Small Scale Industrial units (registered and unregistered) has increased from 79.6 lakhs in 1994-95 to 123.4 lakhs in 2005-06 indicating an annual average growth rate of 4.1 per cent, but their production increased from Rs. 122210 crores in 1994-95 to Rs. 476201 crores at current prices in 2005-06 in India.

v. Out of the total large scale units 38.24% units were concentrated in Konkan (ex. Mumbai) region where as the share of Pune, Nashik, Mumbai, Nagpur, Aurangabad, Amaravati regions was 24.91%, 10.82%, 9.59%, 9.29%, 5.32%, 1.84% respectively. There were 151495 small scale permanently registered units in the state of Maharashtra as on 2009 and 1188181 employee were engaged in these units. There are 2.26 lakhs units assisted in Khadi and Village Industrial sector and 3.56 lakhs employee engaged these units in 2005-06. It increased 2.66 lakhs units and in these units 6.62 lakhs workers are engaged in 2009-2010.

vi. There are only 7 large and medium scale units in the study region in 1991-92 and these units increased up to 77 units in 2005-06. Small Scale Industrial units increased from 496 to 1177 between 1991-92 and 2005-06. Khadi and Village Industries increased from 14562 to 14806 between 1991-92 and 2005-06 in Ratnagiri district. It means Industrial development slowly progress in the study region.
References


