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INDUSTRIALISATION IN HIMACHAL PRADESH: PROBLEMS, PROSPECTS AND ALTERNATIVE STRATEGIES (A CASE STUDY OF KANGRA DISTRICT)

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ABSTRACT

Industries play an important role on the over-all development of any country. To solve the main problems like unemployment, poverty, regional imbalances, it is essential to industrialise the country. It is the establishment of industries alone that can generate employment opportunities to an accelerated rate. Himachal Pradesh (H.P.) has made significant progress in the field of industrialization in the recent past. But still the most of the districts of the state are industrial backward and state's largest district Kangra is among these backward districts. In the present paper an attempt has been made to identify the factors which are responsible for the industrial backwardness of the district and also highlighted the factors which welcome the industrialists to establish industrial units in Kangra.

KEYWORDS

District Industries Centre (DIC), industrialization, medium and large scale industries, small scale units.

INTRODUCTION

Industries, which act as engine of growth and development of any country, play a pivotal role on the over-all economic development of India too. Indian economy is characterized by surplus labour and rapidly growing population. To absorb these pressures of population at a rate commensurate with the addition to the unemployment pool of labour, it is essential to industrialise the country and that too quickly. It is the establishment of industries alone that can generate employment opportunities to an accelerated rate. In India the process of industrialization was largely of colonial character in pre-independence period, which remained limited only to the few parts of the country. It was only after independence when some systematic efforts were made to decolonize the character of Indian industries. Industrial policies 1948, 1956 and new industrial policy were the major milestones in this direction. Since independence to 1980, growth of private sector was very slow because government's permission was required to set up any private enterprise in India. Despite this the GDP grew at a rate of 1.4% per annum from 1940-1970. Post 1980, India saw liberalization and achieved further growth and the exports rose by 27%. Since the liberalization policy, due to opening of several public sector enterprises, the exports saw a 17% rise in 1994 and 28% in 1995-96. The progress of industrialization during last three decades has been striking feature of Indian economic development. Most of the rural areas in the past history of India have now been urbanized as a result of intensive development through industrialization. Himachal Pradesh (H.P.), a hilly region of the country, was earlier totally industrial backward, has now made significant progress in this field. But Kangra district of the state, which is the largest district and has its own unique importance on the development of the state, is still industrial backward district and has no single large scale industry till date. In present study, an attempt has been made to identify the factors which are responsible for this industrial backwardness of the district and also tried to identify the positive factors for industrial development.

REVIEW OF LITERATURE

PANDEY, RAMESH (1976) in his research has assessed the resource base of the state for industrialization. **SHARMA (1989-90)** has studied the history of industrial development in H.P. during the period 1947 to 1985. **DAS (2001)** has conducted a study on khadi and village industries program. The main objective of the study was to evaluate the khadi and village industries program in term of employment generation. **POONAM AND RAMNA (2010)** in their research "status of micro, small and medium enterprises in H.P.-a case study of Mandi district" have analysed the status of MSMEs in H.P.

NEED OF THE STUDY

With high potential for employment generation, industries also help in solving the main problems like vast unemployment, poverty and regional imbalances. Because of seasonal agriculture and geographical situation of the land, importance of industries in Himachal is enhanced. Since the very early stage of industrialization in Himachal, district Kangra has captured the first position in small scale industries but till date there is no large scale industry and very few medium scale industries are operating in Kangra. Therefore it is very important to analyse the problems and prospects for industrial development in this region of Himachal Pradesh.

OBJECTIVES

The main objectives of the research are:

- To study present level of industrialization in district Kangra of Himachal Pradesh.
- To identify the major problems of industrialization in district Kangra.
- To study the resource base and infrastructure for industrialization in district Kangra.
- To form alternative strategies for industrialization and suggest measures to overcome the problems faced by industries.

RESEARCH METHODOLOGY

In order to meet the objectives of the study, both types of data have been collected. Secondary data pertaining to industries collected from the Directorate of Industries (H.P.), Directorate of Economic and Statistics of H.P., District Industries Centres (DIC), various reports of the state, news papers and magazines etc. Primary data is collected from the primes of the industries by applying multistage stratified random sampling technique through observation, discussion schedule and personal interviews. At first stage, Kangra district is divided into two parts; Industrial Area (I.A.) and Industrial Estate (I.E.). At the second stage five (5) industrial areas out of total eight (8) and one (1) industrial estate out of total 3 are selected randomly. At the third stage five industrial units are selected from each selected industrial areas and industrial estate to collect the required data.

INDUSTRIAL DEVELOPMENT IN HIMACHAL PRADESH

In comparison with other hilly states of the country, Himachal Pradesh has made significant progress in the field of industrialization. Industrial process in the state has started during the eighties. The efforts of the state Govt. to promote industries have received further impetus with the notification of special package of incentives for the state by the central Govt. in 2003. The economy of Himachal Pradesh has shown a shift from agriculture sector to industries as the percentage contribution of agriculture and allied sectors in total State Domestic Product has declined from 57.9 percent in 1950-51 to 55.5 percent in 1967-68, 26.5 percent in 1990-91 and to 14.5 percent in 2009-10. The share of industries has increased from 1.1 percent in 1950-51 to 5.6 percent in 1967-68, 9.4 percent in 1990-91 and to 11.7 percent in 2009-10.

TABLE 1.1 DISTRICT WISE DETAIL OF INDUSTRIAL UNITS REGISTERED IN THE SMALL, MEDIUM AND LARGE SECTOR (UP TO 30.11.2011)

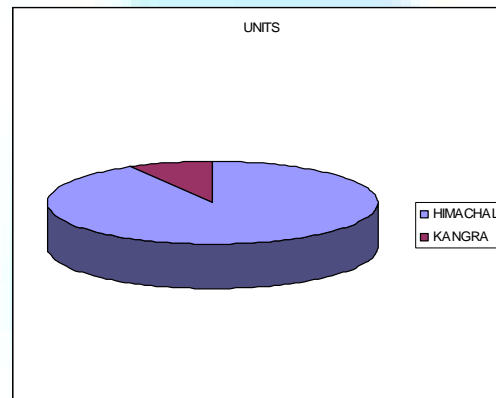
Sl. No.	District	No. of Units	Investment (Rs. In lakh)	Employment (in person)
1	Bilaspur	2300	53908.1	9949
2	Chamba	1769	3358.68	6126
3	Hamirpur	2788	6279.18	10010
4	Kangra	8946	54756.5	40686
5	Kullu	2521	8292.68	13795
6	Kinnaur	576	529.92	1804
7	Lahaul & Spiti	576	321.79	1589
8	Mandi	3869	10601.3	15989
9	Shimla	3419	24242.9	13102
10	Solan	5022	967258	99624
11	Sirmour	3204	171675	28152
12	Una	3301	109705	19705
Total		38291	1410929	260531

Source: Report (2010-11), Department of Industries, Government of Himachal Pradesh.

As on 30.11.11 there are 38291 small, medium and large scale industries with a total investment of about Rs. 1410929 lakh working in the State. These industries are providing employment to about 2.60 lakh persons. After the notification of Special Incentives Package by Government of India in January, 2003, 7,050 small scale industrial units (292 expansion and existing units) and 264 medium and large scale units having a total investment of Rs.10,103.74 crore have been actually set and employment opportunities were provided to 95,615 persons.

INDUSTRIALISATION IN KANGRA DISTRICT

During the initial stage of industrialization process in the state, the status of industrialization in Kangra was not very satisfactory. The Kangra district was totally backward in industries, there were only traditional type of industries like, hand weaving and spinning, leather shoe making, oil seed crushing, basket making etc. there were only traditional artisans. The wages of these artisans were paid in kind and only twice or thrice in a year during harvesting season. This system is still in vogue in some interior part of the district. But with the passage of time number of small scale industries came up in district. There are 38291 small-scale and medium industries working in different part of twelve districts in Himachal Pradesh, out of which 8946 small and medium industries working in district Kangra and providing employment to 40686 persons up to 2011. State's only industrial development centre is also working in the district at Sansarpur Terrace.



At present there is only 30 medium scale units are working in the districts and no large-scale industry has been established till date in district Kangra and district covers under "industrially backward district". Kangra holds the first position in terms of small scale units and total share of Kangra district in small scale industrial units is about 24%.

INDUSTRIAL AREAS AND ESTATES OF KANGRA, INDICATING THEIR CATEGORY

Industrial Area	Industrial Estates	Industrial Developing Areas
1. Nagrota Bagwan	1. Kangra	
2. Sansarpur Terrace (Growth Centre)	2. Jwali	No developing area
3. Nagri	3. Dehra Gopipur	
4. Dhaliara		
5. Bain Attarian		
6. Raja-Ka-Bagh		
7. Bhadal		
8. Nargla Jwali		

Source: Department of Industries (H.P.)

PROBLEMS OF INDUSTRIALISATION IN KANGRA DISTRICT

After having discussions with the target groups, problems of industries in Kangra district are divided into two groups- internal and external. External problems are those which result from factors beyond the control of the industrialists, the availability of power and other infrastructure facilities etc. require for the smooth running of industries. Internal problems are those which are not influenced by external forces. The internal problems affecting the industries relate to organization, structure, production, distribution channel, technical know how, training, industrial relation and inadequacy of management etc.

Internal Factors	External Factors
1. Choice of an idea	1. Infrastructure
2. Feeble structure	a) location
3. Faculty planning	b) Power
4. Poor project implementation	c) Water
5. Poor management	d) Post office etc.
6. Poor production	e) Communication
7. Quality	2. Financial
8. Marketing	a) Capital
9. Inadequate financing	b) Working capital
10. Labour problems	c) Long term funds
11. Capacity utilization	d) Recovery
12. Lack of vertical and horizontal integration	3. Marketing
13. Inadequate training in skills	4. Taxation
14. Poor and loose organization	5. Raw material
15. Lack of strategies	6. Industrial and financial Regulations
	7. Inspection
	8. Technology
	9. Policy
	10. Competitive and volatile environment

Major problems responsible for industrial backwardness of the district are:

LACK OF FINANCE

Availability of timely and adequate finance plays an important role on the industrial development of a country/state/area. Because finance is the life blood of the industries, without sufficient finance no industry can work smoothly. It becomes most important in case of small-scale industries because small entrepreneurs generally have weak financial base, and in Kangra most of the industries are small scale. Industries need finance for financing both fixed assets, such as land, plant and machinery as well as working capital. Cumbersome procedure adopted by banking institutions and other financial agencies creates initial hurdles for industrialists. Working capital provisions by the banks is the major grievance of industrial units. In present study it is found that there is no easy and sound system of financing the loans to industrial units. Most of the applicants are avoid loan from these institutions because of this complicated system. Other problems related to finance is that these industrial units are not in position to offer the guarantee required by the banks. Even when small loans can be raised from Government agencies, the procedure is so cumbersome that most of the entrepreneurs, who are either illiterate, semiliterate hesitate to make use of these facilities.

UNDER DEVELOPED MARKET

The second major problem faced by the industrialists in the district pertains to marketing of their products. The entire state is thinly populated and Kangra district is at first place in the population of the state. There is no such whole sale market in the districts where industrialists can buy and sell their products. Hence they have to market their products directly to retailers who are scattered all over the state as well as country, which increases their cost of production and reduces their profits. This is also a reason behind the industrial backwardness of the district.

PROBLEMS OF RAW MATERIAL

Raw material is the main cause behind the lack of industries in the district because scarcity of raw material forces entrepreneurs to buy the raw material from other states which increases the cost of production and financial burden to industrialists.

INDUSTRIAL ACCOMMODATION

Availability of land and building is another factor which influences industrial activities in any area. Although land is available in the almost all parts of the district, but land is agriculture based causes costly in the area. In present study it is found that Special Economic Zone was granted to Kangra but because of non availability of sufficient land this step of the Government is also on the half way. All the industrial areas and estates which are already set, there is least chance to increase their size and area because no further land is there in nearby.

SUPPLY OF POWER

Hydro-power projects are the main source of power in the state of Himachal Pradesh as well as in district Kangra. In Kangra there are only few mini hydro electric power projects namely Gaj, Binwa, Iccu and Maujhi hydle projects and the production capacity of these projects is lies between 2 to 5 M.W. which is not sufficient for the population of the district. For the development of the industries, power is very much important factor. In Kangra, govt. announced some concession in power for industries but scarcity of power affects the industrialization in the district and it is the main bottleneck in the industrial development of Kangra.

TRANSPORTATION PROBLEMS

In Kangra poor condition of roads increase the transportation costs of goods and there lies a chance of damage to goods. Because of hilly terrain of the state, railway plays a minor role in the state/district. At present the district is served by a narrow gauge railway line.

TECHNOLOGY

Due to old technology, entrepreneur can not ensure the quality and high rate of their production. Industries in lack of finance are not in the position to acquire new technology for their production, because the new technologies are very costly. Generally all the industries of Kangra are working in the rural areas and are not aware of new techniques and due to lack of these new techniques they are not in the position to upgrade their quality to compete with other quality products.

LACK OF SKILLED LABOUR

Labour is the major force to increase the industrial production in any industries. Kangra is the district which pertains the educated unemployed youth. But they are not technically educated and to develop industries in any region there is a need of technical persons.

PROSPECTS FOR INDUSTRIALISATION IN DISTRICT KANGRA

Kangra is the highly populated district of Himachal Pradesh and located at the centre of the state. Status of industrialization in Kangra is not very satisfactory and comes under the industrial backward district of the state. Because of hilly terrain there may some problems for industrialist but beyond these problems there are so many factors which welcome the industrialists to establish industrial units in Kangra.

- Kangra is at the centre of the state and has very high potential and highly developed markets very near to it like Chandigarh, Pathankot etc.
- Kangra is highly populated district and have vast man power in it self. Labour is the main force of any industries and in many areas maximum industries are failed because of lack of adequate man power.
- States only industrial development centre is also working in district Kangra at Sansarpur Terrace which is a good signal for the industrial growth in Kangra.
- State's biggest railway line Jogindernagar to Pathankot is also in Kangra district which covers whole district and the biggest airport of H.P. also in the Kangra district at Gaggal. These are the main plus point of Kangra district to develop industries in Kangra.

- Kangra is a rich district with natural resources like herbs, tea estates, famous temples and tourist places etc. there is high potential in these resources to develop good and sound industries. For example Ayush Herbal industry of Nagrota Bagwan which exports its herbal products and has gained good name in this industry.

ALTERNATIVE STRATEGIES FOR INDUSTRIES IN KANGRA DISTRICT

During the present research, it has been found that Kangra is still industrial backward district of the state beside the high potential of industrialization in Kangra. There are very few industries operating in Kangra as compare to its potential. There is a vast scope for industrialization in Kangra. On the ground of present study, there are some alternative strategies for some industries discussed below which will help to strengthen industrialization in Kangra.

AGRO-BASED INDUSTRIES

Kangra's history told that Kangra is a district whose economy was totally based on agriculture for many years. It is agriculture sector which was lonely serves Kangra for many years. Kangra's soil is much suitable for farming and the production of agriculture produces is always higher than other districts. There are so many agro-based industries working in Kangra like fruit and food industry at Nagrota, herbal industry etc. there is great scope to establish sugar and rubber industries in Kangra, others is herbal industry because Kangra is basically a hilly district and there are so many herbs exist in the valley. There is a need to catch the time and cash these agro-based products by establishing industries.

FOREST BASED INDUSTRIES

Kangra's 60% area is covered under forest land. To cash this natural gift, there is need to develop some forest based industries, because most of the open area covers under agricultural land and most of the agricultural land is used for farming purpose. Because of scarcity of open land there is an urgent need to set forest based industries in Kangra. For example industries like sandal sticks, ropes and furniture etc., which are highly profitable products.

TOURISM INDUSTRY

Tourism industry is the main and highly growing industry of Kangra. Today tourism industry is the biggest industry of Kangra. The main reason of the growth of this industry is the world famous places in Kangra like, Mcleodganj, Beer Biling, Baijnath, Brijeshwari temple, Chamunda Dham, Jwalaji temple and Masroor temple etc. Now the international cricket stadium at Dharamshala is going to strengthen the tourism industry. To strengthen this industry, there is a need to make proper tourism policy and to develop infrastructure facilities. If Govt. tries to organize some international cricket match at Dharamshala then it will definitely boost tourism industry.

TEA INDUSTRY

Tea industry is the 2nd biggest industry of Kangra and at one time Kangra district was known for Kangra tea. Kangra tea has its own name and reputation in tea industry of India. But in recent years there is continuous decrease recorded in tea production. To develop this industry, there is a need to develop the present condition of tea gardens and also create and develop good market for Kangra tea.

I.T. INDUSTRY

Information technology industry is a highly growing industry of India. It generates profit as well as serves the nation for social development. Kangra district is at the centre of the state and also the biggest district. All these factors indicate that I.T. industry has very good scope in Kangra. To establish this industry in Kangra, I.T. parks should be developed in Kangra. Coordinational and educated peoples cool and calm climate is other favourable factors for the establishment of this industry.

HYDRO-ELECTRIC PROJECT

Kangra has snowy mountains, which provides regular water to Kangra district during the whole year in much more quantity. It is Kangra's water resources which are used for irrigation purpose in Kangra, Una and also in Punjab. There are 5 main mini rivers and one big river flows in Kangra. There are some mini hydle projects operating in these rivers. But besides these projects there is also a very good scope to establish some more hydro projects in these rivers. To grow hydro sector in Kangra, these natural resources should be properly utilized.

MEDIUM AND LARGE SCALE INDUSTRIES

Beside the high potential, there is very few medium scale industries are working in Kangra and has not a single large scale industry yet in Kangra. To improve the condition these sectors, proper policy formulation and ground adoption of that policy will be the key factor. If Directorate and D.I.C Dharamshala pay proper attention towards these industries, then some medium scale industries can be converted in to large-scale industries like herbal industry, pharmaceutical and furniture industry. Kangra captures the first position in small-scale sector and it will definitely prove an economic development factor of Kangra in near future.

There is high potential for some industries in Kangra and these are:

1. Paper mill.
2. Tea packing-cum-blending plants and tea processing industry.
3. Reclamation of rubber from old tyre.
4. Tourism industry.
5. Manufacture of chalk and chalk crayons.
6. Electric cables.
7. Printing press.
8. Power looms.
9. Ice factory-cum- cold storage.
10. Wool products
11. Straw board.
12. Card board boxes and cartons.
13. Ayurvedic / pharmaceutical.
14. Dhoop industry
15. Aluminum utensils.
16. Wire netting.
17. Fruits, canning and preservation.
18. Small bakery industry and confectionery.
19. Poultry farming.
20. Hosiery industry.
21. Plastic goods.
22. Paints varnishes industry.
23. Leather tanning.
24. Lime kiln.
25. Electric appliances etc.

SUGGESTIONS

Industries have an important role to play by way of creating more employment opportunities, utilization of local resources etc. it would be appropriate if few steps are taken to accelerate the pace of industrialisation in district Kangra.

1. It is suggested that there should be a separate entrepreneurial information and guidance centre at District Industries Centre (DIC), so that entrepreneurs can get necessary information like as:

- a) The scope of industries in the district.
 - b) Incentives to small-scale industrialists.
 - c) Procedural aspects for setting up these industrial units.
 - d) Benefits and concession to these industries through various channels.
2. The Banks and other financial institutions should be liberal in giving financial assistance to industrial sector. The procedure of granting advances should also be simplified to avoid delay in sanctioning of loans.
 3. It is observed that there is no readymade information, which can be disseminated to prospective entrepreneurs regarding area/block wise scope of industries. Hence there is a great need to conduct blocks level industries potential surveys. District Industries Centre should take the lead in conducting such survey.
 4. Marketing of products, produced by these industries still remain a major problem in absence of any whole-sale market. It would be better to establish a wholesale market at any central place and invite whole sale traders from neighboring state to start whole sale trade here.
 5. There are sufficient human resources available in district Kangra. It is in form of educated unemployed. But they are not aware about the opportunities which may available to them other than white-collar jobs. Intensive industrial motivation campaign is a practical approach to taking the message of industrialization.
 6. Entrepreneur of small-scale units have bring raw material from outside the state to run their industries. In this process huge transportation costs are involved, which increases the cost of production. It is therefore suggested that raw material centre should be set up at the central place of the district. So that the entrepreneurs may run their units effectively and minimize the cost of their produces.
 7. The problems of entrepreneurs are multidimensional. These can be solved by the co-ordinate efforts of entrepreneurs, co- ordinate function agencies and governmental assistance without red tape or bureaucratic delays.

CONCLUSION

Industrialization is an instrument for bringing social and economic development of a country. Hence, in order to increase the rate of development, plans should be made for increasing the pace of industrialization. Keeping in view, these objectives, the central and state Govt. undertook various measures, which could facilitate the smooth growth of industrialization. However, these efforts of Governments did help in increasing the rate of industrial development but it could not check the growth of regional industrialization. As a result of this, Kangra district remains industrial backward and has no large-scale industry yet. Total participation of Kangra district in Himachal's small-scale industries is about 25 percent. There are number of reasons for slow growth of industries in Kangra. It is observed that most of the small-scale industries are faced with the paucity of finances, banks and other financial institutions take much time to sanction loans. The scarcity of raw material and non-availability of raw material in time are the basic causes of problems of small-scale industries.

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