CHAPTER THREE

GOVERNMENT'S POLICIES TOWARDS INDUSTRIALISATION AND TERRITORIAL DEVELOPMENT

CHAPTER –III

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I INTRODUCTION:

Balanced development of all territories in a country is not only necessary for the proper utilization of the available human and natural resources but also to enable the whole population to share the benefits of development. Thus planned development is the main plank of any economic policy.

The experience of developing countries reveals that economic activity tends to concentrate in one or few urban areas, giving rise to the problem of regional disparity, these disparities can be progressively reduced through appropriate regional policy. But the goal of regional policy however is not merely as to develop all regions equally but to develop each region to its maximum potential. Thus, an ideal territorial development policy should therefore be following the criteria of "selective dispersal" choosing growth points within the less developed areas of the country.[12]

The territorial policies depend to a large extent on incentives and control to promote industrial investments in backward regions. It is widely accepted that territorial development policies can be a tool for reducing regional disparities.[13].In India number of committees have been appointed by the Indian as well as Gujarat government for the identification of backward regions, so as to enable appropriate policies for their development It is in this light that the present chapter focuses on policies adopted in India at large and Gujarat in particular with the aim of reducing territorial disparity in industrialization.

The rest of the chapter divided into four sections: section II – deals with the methods for identification of backward territories in India, section III –deals with balanced territorial development in different plan periods, section IV –focus on industrial policy of India and Section V focuses on the industrial policy of the state of Gujarat.

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[12] See Kumnoor,(2007)
[13] See Degaonkar (1990)

II THE IDENTIFICATION OF BACKWARD TERRITORY:

As mentioned earlier, it is necessary to identify backward territory, so as to formulate a set of incentives and concessions that should be provided for attracting entrepreneurs to establish industries there. In India the central government has setup number of committees for the identification of the backward area. These committees have adopted different criteria. The committee not only took the task of identifying backward region but also recommended necessary policies for the development of backward region. The reports of these committees are described below.

It was only in third five year plan that government of India took special attention to the problems of balanced regional development. As a consequence at the time of launching the fourth five year plan, **Planning Commission appointed a Study Group** for suggesting the criteria for the identification of backward region. This study group as a part of fourth plan classified backward areas into 5 categories; a)Desert areas b)Chronically drought affected areas c)Hill areas including border areas d)Areas with concentration of tribal population e)Areas with high density of population with low levels of income, employment and living etc.

This study group suggested the following 15 indicators:

(i)Total population and density of population (ii)Number of workers engaged in agricultural including agricultural labourer as a percentage of total workers (iii)Cultivable area per agricultural worker (iv)Net area sown per agricultural worker (v) Percentage of gross irrigated area to net sown area (vi)Percentage of area sown more than once to net sown area (vii)Per capita (rural population) gross value of agricultural output (ix)Establishment (manufacturing and repair) using electricity (x)Number of workers per lakh of population employed in registered factories (xi)Mileage of surfaced roads (a)Per 100 Sq. Miles (b)Per lakh of population (xii)Number of commercial vehicles registered in a district.(xiii)Percentage of literate population (a)Men (b)Women (xiv)Percentage of school going children (xiv)Number of seats per million populations for technical training.(a)Craftsman (b)Diploma level (xv)Hospital beds per lakh of population[14]

[14] Pathak M.T.(1973)

Although the identification was comprehensive as it not only covered agricultural and industrial backwardness but also socio-economic backwardness .Nevertheless, it was argued by critics that some of the indicators do not reflect the backwardness of the area.

Subsequently the **Pandey committee** was established for suggesting strategy by which regional imbalances could be minimized or even eliminated. The committee submitted its report in 1968. On the basis of the available data up to the district level the committee suggested the adoption of the following criteria for identifying backward region.

(i.) Total per capita income (ii) Per capita income from industry and mining (iii.)Number of workers in registered factories (iv) Per capital annual consumption of electricity

(v) Length of surfaced road in relation to: (a) The population (b) the area of the state

(vi) Railway mileage in relation to (a) The population (b) The area of the state.

In addition the committee recommended additional indicators of backward districts, such as-.

(i)District outside a radius of about 50 miles from large cities or large industrial projects (ii) Poverty of the people as indicated by the low per capita income starting from the lowest to 25% below the state average (iii)High density of population in relation to utilization of productive resources and employment opportunities (iv)Inadequate availability of electric power or likelihood of its availability within 1-2 years (v)Non-availability of transport and communication facilities or likelihood of their availability within 1 – 2 years (vi)Inadequate availability of water or likelihood of availability within 1 – 2 years.[15]

It is to be noted that the Pandey Committee considered district as regional unit for the identification of backward region. Further the committee identified backwardness in terms of industrial development and not on the basis of agricultural development.

It was therefore criticized by critics who argued that committee was biased in favour of industries. In the same year another committee was appointed-Wanchoo Working Group to recommend incentives both fiscal and financial for the development of backward regions.

[15] Planning Commission, Govt of India (1969).

The **Wanchoo Working Group** has recommended the set of following fiscal incentives: (i)To grant higher development rebate to industries located in backward areas (ii)To grant exemption from income tax, including corporate tax for 5 years after providing for development rebate (iii)To exempt import duties on plant and machinery, components etc., imported by units which are setup in backward areas (iv)To grant exemptions from excise duties for period of 5 years (v) Sales tax exemption, both on raw materials and finished products to units setup in specified backward areas for a period of 5 years, from the date of commencement of production, and (vi)Transport subsidy up to 400 miles distance should be considered as normal and beyond that transport cost for finished products should be subsidized for such backward areas, in states of Assam, Nagaland, Manipur, Tripura, NEFA and Andamans. For the state of Jammu and Kashmir the transport subsidy is given up to 50% of the cost of transportation.[16]

In addition, the group also advocated certain special incentives to the backward areas, inter alia, in the matter of fixed assets such as supply of developed plots, built up accommodation, machinery and equipment.

In October 1972, the planning commission constituted a committee under prof. S **Chakravarty**. Although this committee could not submit its final report, it identified 155 hardcore of backward areas in the country. This identification was based on a set of 14 indicators:

(i)Density of population per square k.m. of area (ii)Percentage of agricultural workers to total working force (iii)Gross value of output to food grains per head of rural population (iv)Gross value of output of non food grains per head of rural population (v)Gross value of output of all crops per head of rural population (vi)Percentage of household establishment using electricity to total number of establishment (manufacturing and repairs) (vii)Percentage of household establishments using electricity to total household establishments (viii)Percentage of non household establishment using electricity to total non household establishments (ix)Number of workers in registered factories per lakh of population (x)Length of surfaced roads per 100 Sq. Km of area (xi)Length of surface roads per lakh of population (xii)Percentage of male literates to total male population

[16] Development Commissioner (Small Scale Industries) Government of India, New Delhi.,1969.

(xiii)Percentage of female literates to total female population (xiv)Percentage of total literates to total population.[17]

Some of the above indicators measures agricultural backwardness, some of measures industrial backwardness and while other measure social backwardness. Among the fourteen indicators chosen by Chakravarty Committee, some are closely related, while others are not, hence these are combined into a single index of overall development. This involves two alternative methods; one is to rank all the units, such as districts, in descending or ascending order in terms of each indicators. As for instance, the districts may be ranked ordered according to the density of population per square kilometer and given ranks. The other alternative is to convert all indicators into corresponding indices with a common base as hundred. Thus, the density of population in a district can be expressed as a percentage of average density in Stage as hundred, both the methods reduce the several indicators to a common base, so that they may be combined.

After having converted the several indicators to a common base, either by rank – ordering or indexing, these are combined into a single composite index in which the Chakravarty Committee has given equal weight to all indicators. There is still another method known as the method of principle component analysis which is used to reduce one set of indicators to a smaller number of indicators by taking into account the inter-correlations amongst the indicators in the original set.

The use of all the three methods has resulted in declaring 155 common districts as backward which, according to Committee, constitute the hard core of backward area in the country.

At the time of formulation of the sixth plan, there was a thinking that the working of various programmes for the development of backward areas needs to be reviewed and suitable strategy to be adopted for the development of backward areas. In the light of this **The National Committee On Development of Backward Areas** was set in 1978,under the chairmanship of B.Sivaraman. The committee felt that backwardness could be identified in terms of fundamental factors which inhibit development and the problem of industrial development of those areas should be considered in terms of structural factors.

[17] See Report on inter ministry task group, Government of India (2005)

The National Committee has suggested the following types of fundamental backwardness may be considered for determining backwardness.

(i)Tribal areas (ii) Hill areas inclusive of Hill station (iii) Drought prone areas (iv) Chronically flood affected areas (v)Coastal areas affected by salinity (vi)Desert areas.

The committee mentioned that the classification of backwardness will be unrealistic for any area larger than that of a "block" and anything smaller than a "block" will be unworkable. This committee accepted "Block" as a territory to study as a backward area.[18]

For the purpose of planning, the areas identified as a backward must have three key characteristics:(a)They must have potential for development (b)There must be some inhibiting factor which prevents this potential from being realized (c)There must be need for special programs to remove or mitigate the inhibiting factor and realize full potential for development.

An examination of different committees mentioned above reveals that there are number of common indicators of identifying an industrially backward region, such as (i) number of registered factories (ii) employment in registered factories (iii) number of workers per lakh of population (iv) industrial units using electricity.

The state government also appointed the committees to look into the issue of regional disparities for instance a committee was appointed by Maharashtra In 1983 under the chairmanship of **Dr. V.M.Dandekar**.It identified the following criteria;

(i)Per capita net domestic product (ii)Per capita consumer expenditure (iii)Per capita net domestic product from agriculture (iv)Per capita net domestic product from registered manufacturing (v)Proportion of urban population (vi)Proportion of workers in non traditional occupation (vii)Consumption of electricity (viii)Per capita bank credit (ix)Literacy (x)Proportion of weaker section ,i.e. Schedule Tribes, Schedule Caste and agricultural labourers.

In Gujarat one of first such committees was appointed in December 1983, chaired by **Dr. I. G. Patel**. It submitted its report in August 1984. It used number of indicators – Economic, Industry, Infrastructure and Quality of life. The details of which are given below:

[18] Report of NCDBA, Government of India, New Delhi, 1981.

I. Economic Indicators

a) Agriculture :

(i)Net cropped area per agricultural worker (ii) Percentage of area sown more than once to net area sown (iii) Percentage of gross irrigated area to gross cropped area (iv) Number of electric pump sets and diesel engines per 1000 hectors of gross cropped area (v) Number of tractors per 1000 hectors of gross cropped area (vi) Percentage of villages having milk co-operative societies to total inhabited villages.

b) Urbanization:

(vii) Percentage of urban population to total population.

II. Industry :

(viii)Number of registered factory workers per lakh of population (ix) Number of registered small scale industries unit per lakh of population (x) Percentage of workers in household industries to total workers (xi) Percentage of secondary and territory workers to total workers.

III. Infrastructure Indicators :

a) Power:

(xii) Percentage of population of electrified villages and towns to total population of talukas.

b) Transport and Communication:

(xiii) Length of surfaced pucca roads per lakh of population (xiv) Length of surfaced pucca roads per 100 Sq. kms of area (xv) Percentage of villages having all weather facility to total inhabited village (xvi) Number of post and telegraph offices per 100 Sq. k.m. of area (xvii) Number of bank offices of scheduled commercial banks per lakh of population (xviii) Number of co-operative banks and primary agricultural co-operative credit societies per lakh of population.

IV. Quality of life indicators :

(a) Education

(xix)General literacy rate of Taluka (xx) Female literacy rate of taluka (xxi) Rural literacy rate of taluka (xxii) Number of secondary and higher secondary schools per lakh of population.

(b) Health

(xxiii) Number hospital beds per lakh of population (xxiv) Percentage of villages having an allopathic or ayurvedic doctor to total inhabited villages (xxv) Percentage of villages having drinking water facility to total inhabited villages.[19]

On the basis of the recommendation of I.G.Patel Committee, the Gujarat Government appointed a committee in 2003, under the Chairmanship of Additional Chief Secretary (planning) for reviewing 56 backward talukas. The committee submitted its report in 2004. However; no action was taken on this report. Yet another committee was constituted chaired by **V.R.S.Colwagi** in October 2004. The committee ranked all 225 talukas of the state in order of backwardness. The committee did so by using 44 indicators which were grouped into four main categories, like demography, economic, social and infrastructural indicators. After obtaining ranks individually for each taluka, level of backwardness was obtained as a total of 44 indicators. These indicators are:

I. Level of Living

(i)Density of population (ii) Percentage of SC and ST to total population (iii)Percentage of children in age group of 0 to 6 to total population (iv)Percentage of cultivators and agricultural labourer to total workers.(v) Percentage of urban population to total population (vi) Number of persons employed in non agricultural establishments to total population (vii) Percentage of households without electricity facilities (viii) Percentage of households without latrine facilities (ix) Percentage of households without drainage facilities (x) Percentage of households without access to tap water facilities (xi) Percentage of families living below poverty line.

II. Economic Indicators:

(xii) Percentage of gross irrigated area to gross cropped area (xiii) Percentage of area sown more than once to net area sown (xiv) Area under food crop to gross cropped area (xv) Number of electric pump sets and diesel engines per 1000 hectors of gross cropped area (xvi) Number of power operated farm equipment other than above, per 1000 hectors of gross cropped area (xvii) Percentage of milk animals to total population (xviii) Mechanization in live stock management (xix)Total number of poultry birds per 1000 population (xx)Number of registered SSI units per lakh of population (xxi)Employment

[19] See Report on inter ministry task group, Government of India (2005)

in registered SSI units per lakh of population (xxii)Investment in SSI units per lakh of population (xxiii) Number of medium and large scale industrial units per lakh of population (xxiv)Employment in medium and large scale industrial units per lakh of population (xxv)Investment in medium and large scale industrial units per lakh of population.

III. Infrastructural Indicators:

(xxvi) Percentage of villages getting three phase power supply for 24 hours (xxvii)Length of surfaced roads (pucca) per lakh of population (xxviii)Length of surfaced roads (pucca) per 100 Sq. Kms. of area (xxix)Number of scheduled commercial bank branches per lakh of population (xxx)Number of Cooperative bank branches per lakh of population (xxxi)Number of banks available in the district (xxxii)Percentage of villages having number of trips by state transport bus services to total inhabited villages (xxxiii)Percentage of villages having one trip of state transport bus to total inhabited villages (xxxiv)Number of post offices per lakh of population.

IV. Social Development Indicators:

(xxxv) General literacy rate of talukas (xxxvi) Rural female literacy rate (xxxvii) Extent of physical amenities available in primary schools (drinking water, electricity, toilet facility, compound wall and play ground) (xxxviii) Number of secondary and higher secondary schools per lakh of population (xxxix) Number of schools with science stream in higher secondary school per lakh of population (xl) Number of students appearing in HSC examination (average of last 3 years) per lakh of population (xli) Number of hospital beds per lakh of population (xlii)Doctors (Ayurvedic and Homeopathic) population ratio (xliii) Percentage of Institutional deliveries (xliv)Percentage of malnourished children (0 to 6 age group)[20]

Using these 44 indicators, the committee identified most backward taluka of the state; those were the ones that fell in the last quarter of the composition index (between the state average and lowest score that were divided into four equal parts)[21]. The committee has identified Kavant taluka of Vadodara district as most backward taluka of the state. The second most backward taluka are Dhonpur taluka of Dahod District, and

[20] District plan report of Narmada district (2009-10)
[21] Mehta Niti (2009)

there after Kaparada, Ghoghamba, Dediapada, Garbada, Sagbara, Uchchhal, Dang and Umarpada taluka of the state

One thing which was quite astonishing was the fact that this committee found three talukas of the Vadodara district, (which is one of the most developed district), as amongst backward talukas, they included talukas of Kavant, Nasvadi and Pavi Jetpur.

Most of these backward talukas are quite depressed in terms of demographic factor including nature of employment and amenities available. The backwardness of these talukas is due to poor industrial development and poor availabilities of infrastructural facilities. Most of the talukas are suffering from the multiple causation as poor as their level of backwardness is concern. It is clear from the above that economic, social and infrastructural variables are considered for identifying backward regions.

Having discussed the criteria adopted for the identification of industrially backward area, both by the Central as well as State Government over the years. In the forgoing section the policies adopted by the government to deal with the problem of backwardness have been presented. This section is divided into 3 sub-sections-At the outset five year plans are discussed in brief, further Industrial policies of Indian Government and finally Gujarat Government policies towards industries have been dealt with.

III BALENCED REGIONAL DEVELOPMENT AND FIVE YEAR PLANS:

The First five year Plan (1951 – 1956) did not lay any special emphasis on regional balanced development as an objective of economic planning in India. However the plan document had clearly stated that "Industrial Development in India has so far been on an unplanned basis and it has been concentrated in a few select areas. Although there has been a trend towards wide dispersion of some industries like cotton textile and cement, industrial development in some part of the country has lagged behind seriously. Further, if industrial development in the country is to proceed rapidly and in a balanced manner, increasingly greater attention will have to be paid to the development of those states and regions, which have so far remained backward. There are large potentialities of industrial development in several other states and it is desirable in order to secure a balanced regional development in the country, to give increasing preference to such areas in the matter of location of new industrial undertakings[22]. However this broad approach could not be translated into action in any effective manner as the share of industry in overall investment was very limited in the first plan.

The Second Five year Plan (1956-61), went in so far massive industrialization on the basis of the success on the agricultural front during the first plan. The basic philosophy was to give big push to the economy so that it enters the take off stage. The second plant admitted that "in any comprehensive plan of the development, it is axiomatic that the special needs of the less developed areas should receive due attention. Further it was noted that as development proceeds and larger resources become available for investment, the stress of developmental programmes should on extending the benefits of investment to the under developed regions[23]. These considerations have been kept in mind while formulating in second five year plan. The second five year plant considered three different approaches to industrial dispersal and development: First, the programme for setting up decentralized industrial production had to be vigorously pursued. Second, in the location of new enterprises, public and private, the need for developing a balanced economy for different parts of the country had to be taken into consideration. A wide diffusion of development nuclei is essential from this point of view. Third, steps to promote greater inter regional mobility of labour in the country with matching schemes of migration and settlement from relatively low population areas have to be devised .In spite of these provisions, the desired result was not forthcoming.

It was in the Third Five year Plan (1961-66) that the issue of regional backwardness dealt explicitly. For achieving this objective of balance regional development the following approach to industrialization of backward areas was indicated in the plan "Large scale industries, specially basic and heavy industries, frequently serve as a spearhead of intensive and broad based development. Apart from the basic and capital goods industries and other large industries, there are other industries, whose possibilities need to be fully explored such as labour intensive industries of the traditional type, small scale industries of the modern type, agricultural progressing industries, forest

[22] Government of India, First Five Year Plan (1951)
[23] Government of India Second Five Year Plan (1956)

industries, assembly operations and recreational industries. Each region should endeavour to identify, plan for and promote industries which are specially suited to its conditions and for which it can provide relatively great facilities"[24].

The Third Plan emphasized the important of location decisions in the public sector and licensing policy was to be used as an instrument for promoting industrial dispersal. The third plan state "The industrial policy resolution visualized that facilities such as power, water supply and transport should be made available in areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment, so that suitable industries could be established there. To give effect to the suggestion, the third plan includes a proposal for setting up "industrial development areas" in backward regions. In such regions, in selected areas, basic facilities like power, water and communications are to be provided, and factory sites developed and offered for sale or on long lease to perspective entrepreneurs." The third plan also laid particular emphasis on the need to disperse small industries.

The Fourth Plan (1969-1974) took a comprehensive view of the factors responsible for backwardness of certain regions and proposed that a multi dimensional area development approach be adopted in order to accelerate the development of backward areas. Since each backward area represented a unique combination of factors, it was recognized that no uniform programme could be successfully conceived and imposed from the national level. This plan states, "In terms of regional development, there has been natural tendency for new enterprises and investment to gravitate towards the already overall metropolitan areas because they are better endowed with economic and social infrastructure. This plan also laid a great stress on the need of industrial dispersal. In fact it is the fourth plan that recognized and stressed the need for correction of regional imbalance. This plan also recognized the gravity of backwardness, in order to measure backward region. Pandey Committee was appointed in this plan period only. In order to develop industries in backward regions, certain subsidies and concessions need to be offered. The Wanchoo Committee was also appointed in this plan only.*

[24]Government of India Third Five Year Plan (1961)
* Already Discussed Earlier.

The Fifth Five year Plan (1974-79) emphasized on the development of backward areas through special program like hill area development programme, tribal area development programme etc, with a view to redistribute personal income.

An important objective of the Sixth Five year Plan (1980-85) was to bring about a progressive reduction in regional inequalities in the pace of development and in the diffusion of technological benefits. The sixth plan stressed on achieving 5% growth rate with reduction of regional inequalities This plan stated that, it is the responsibilities of the state government to reduce inter-state disparities, identifying local development potential and providing the administrative and financial support needed for the local programmes. The plan adopted an integrated approach to remove regional backwardness. Integrated Rural Development Program (IRDP) was proposed in this plan. It was expected that benefits of IRDP would go more to backward areas. During the same plan period National Commission for the Development of Backward Areas (NCDBA) was constituted and their suggestions and recommendations were implemented during the same plan period.

Further the Seventh Five year Plan (1985-90) clearly mentioned in its documents that; "The dispersal of industries and balanced regional growth have been an important objective of planned development. This is necessary not only from the point of view of balanced development regionally, but also give relief from the increasing pressure on land, civil facilities and transport in the industrialized urban centres. A policy for locating industries near the small district towns which have not been industrialized so far might be more effective and will also help the general economic climate for growth in each district. Policies have to be oriented in this direction." [25] The planning commission, in consultation with state government had originally identified 246 districts as industrially backward and made them eligible for concessional finance from financial institutions."[26] The seventh plan is expected to contribute towards the reduction of inter-regional disparities in levels of development.

Eighth Five year Plan (1992-97) aimed at managing the transition from a centrally planned economy to a market led economy without damaging the socio cultural fabrics of

[25] ,Government of India Seventh Five Year Plan (1985)
[26] Ibid Seventh Plan.

the society. The strategy of industrialization will have to sub serve multiple objectives and the balanced regional growth is one of such major objectives. It has clearly stated that the policies pursued in accordance with its approach “will take into account regional diversity in resources endowment and provide for balanced regional development. Further, it also envisaged that the necessary measures must be taken to ensure the spread of industry, particularly in the backward areas. In spite of backwardness, some improvement had been observed in less developed states, regional disparities continue to exist. The removal of large disparities in the development between regions requires flow of resources across regions.

As per The Ninth Five year Plan (1997-2002), document, it was stated balanced regional development has always been an essential component of Indian development strategy in order to ensure the unity and integrity of the nation. With a great freedom and choice of location that is now available to industry, it is more than likely that some states would be able to attract most private investment than others. In such a situation it will be necessary to deliberately bias public investment in infrastructure in favour of the less well-off states. The plan also focused, that regional disparity can be removed by providing better infrastructure like improved connectivity in terms of transport and communications, and provision of marketing support, to agricultural sector and infrastructural sector. As an effect, regional development would take place. Even the state government, in order to attract private investment should offer some fiscal and other concessions.

The Tenth Five year Plan (2002-07), specifically set the targets for the growth rate for each state, so to ensure the consistency between national target and state wise growth rates. During the eighth and ninth five year plan periods, the rate of growth in better-off states like Gujarat, Maharashtra etc. had generally been higher than the states with lower level of per capita income like Bihar, Orissa and U.P. Such a phenomenon resulted in increasing disparities. Different states performed differently, despite the "regionally unbiased" nature of economic reforms that have been pursued .This can perhaps be attributed to the fact that some of the better-off states have generally had better governance and followed growth enhancing policies more effectively than others. The poorer states would have to raise their rates of growth to bridge this gap. With a view to address this problem, a new initiate in the form of Rastriya Sam Vikas Yojana (RSVY) was operationalized in the Tenth plan. It aimed at focused development programs, primarily to fill gaps, for backward areas which would help to reduce imbalance, speed up development and help these areas to overcome poverty, besides, facilitating the states to move up the ladder of reforms. Under this scheme, flow of funds will be conditional that these fund, need to be utilize for the development of power, irrigation, water-shed development, connectivity etc.

The Eleventh Five year Plan (2007-2012) had the main objectives of "faster and more inclusive growth". In this plan also the target for the growth rate for each state was set. This has led to gradually increasing differences in PCI among the state and raises disparity. This plan specially commented that, the most important factor that causes the territorial disparity through industrial sector is the state of availability of physical infrastructure, particularly power and transport connectivity with rest of the country. It also recommended that territorial disparity is not a result of non availability of skilled manpower. Because, if they are not available in a particular territory, through migration the gap will be filled .According to this plan report, another factor determining disparity is the existence of social stability and existence of the rule of law, giving confidence to the entrepreneurs that their life and property will be safe guarded. If the government addresses these pre-requisites, there would be more balanced industrial development of the country.

In this plan, it was clearly mentioned that, for the development of infrastructure, particularly power and transport, in a backward area special financial support is to be given by the government. As per this plan report, so far as industrial development is concerned Gujarat, Karnataka and Maharastra continued to be the gainers and Chhatisgarh, Jharkhand, Orissa and West Bengal were getting increasing attention.

A close observation of five year plan documents presented above reveals that the issue of territorial backwardness and industrial dispersal has always been a focus of attention, but received a very little policy initiative in the early stages of planning in India. Further the use of licensing policy and location decision of public sector projects was emphasized for the development of backward territory, especially in the third five year plan. It was from ninth five year plan onwards that it was recognized that a balanced regional development can be possible through provisions of infrastructure .And in the tenth five year plan specific growth rate was set for different states of the country. Further the eleventh five year plan which have the objective of "Inclusive Growth", it was clearly asserted that power and transport provision in backward area through special financial support will be required not only for achieving national and state targeted rate of growth but also for regional balanced development. In general it may be concluded that the government evince an interest in encouraging an industrialization of backward region. But the approach is towards dispersal of industries for achieving the objective of balanced territorial development having not been pursued in a proper manner. Having discussed the broad approaches of different plan to the problem of backwardness in the forgone section, in the subsiding section the policy framework which have been evolving over the years for translating these approaches into action will be over viewed.

IV INDIAN GOVERNMENT POLICIES TOWARDS INDUSTRIAL DEVELOPMENT:

When India achieved Independence in 1947, the national consensus was in favour of rapid industrialization of the economy. This was seen not only seen as the key to economic development but also for economic sovereignty. In the subsequent years, India's industrial policy evolved through successive industrial policy resolution and industrial policy statements. Specific priorities for industrial development were also laid down in the successive five year plans. As a part of socialized economy, the public sector was envisaged a vital role to build up to commanding heights of the economy. Consequently, **in 1948** immediately after the independence, the government introduced its first Industrial Policy Resolution (IPR). This policy contemplated a mixed economy, reserving one sphere for public sector and another for the private sector.

Thus, the chief concern of 1948 IPR was to lay the foundation for a mixed economy in which the private and public enterprises would march together to accelerate pace of industrial development. It thus outlines an approach to industrial growth and development. The industries, (development and regulations) act were passed in 1951 to implement the IPR of 1948. With this act the "Licensing Raj" ushered in India to exert command and control over industries. This policy however did not explicitly address the problem of industrial disparities.

The second IPR was adopted in 1956 to replace the IPR of 1948. The IPR of 1956 was shaped by the Mahalanobis model of growth, which suggested that emphasis on heavy industries would lead the economy towards a long term higher growth path. The resolution widened the scope of the public sector. The objective was to accelerate economic growth and boost in process of industrialization as a means to achieving a socialistic pattern of society. All industries of basic and strategic importance and those in the nature of public utility services besides those requiring large scale investments were reserved for the public sector.

It was in this policy that the removal of regional disparities through development of regions with low industrial base. Accordingly, adequate infrastructure for industrial development of such regions was duly emphasized. Given the potential to provide large-scale employment, the resolution reiterated the government determination to provide all sorts of industrial base and more equitable distribution of income.

The industrial policy resolution 1956 was a landmark policy statement and it formed the basis of subsequent policy announcement seen as IPR 1970 and 1973. During the regime of twenty years of this IPR, the Industrial sector of India flourished and development at good pace.

In the year 1980, the Congress party once again came to the power The Congress government announced the new Industrial Policy in July 1980.One of the provisions of this policy was to drive to revitalize the efficiency of public sector enterprises. The major thrust of this policy was the objective of removal of regional disparity.

Further **in 1988,** Rajiv Gandhi government for the promoting of industrialization of the backward area in country came out with Growth Centre Scheme. Under this scheme 71 growth centres were proposed to be setup throughout the country. Growth centres were to be endowed with basic infrastructure facilities such as power, water, telecommunications and banking to enable them to attract industries.

Industrial Policy of 1991

In 1991 in the wake of Balance of Payment crises, India was compelled to approach the World Bank and IMF for loan amounting to $7 billion. While agreeing to provide the loan, the agency suggested then government to adopt stabilization measures for regaining internal and external confidence. As a consequence on 24 July 1991 the

New Industrial Policy was announced. The main objectives of the new industrial policy were:

(i)To unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control.(ii)To introduce liberalization with a view to integrate Indian economy with the world economy.(iii)To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP Act, and(iv)The policy aimed to shed the load of the public enterprises which have shown a very low rate of return or were occurring losses over the years.

All these reforms of industrial policy led the government to take series of initiatives in respect of policies in the following areas.

A) Industrial Licensing
B) Foreign Investment
C) Foreign Technology Policy
D) Public Sector Policy
E) MRTP Act.

Although 1991 policy did not attempt to reduce regional imbalance in industrial development explicitly, it can be asserted that indirectly the 1991 policy played the role in reducing regional backwardness.

Over and above the policy initiative, in different five year plans as well as industrial policy resolutions, the Government of India has been providing various incentives for the promotion of private investment in the backward region.

A) Income Tax Concession: New industrial units located in backward areas set up after January 1971 is allowed a deduction of 20 per cent of the profits for computation of assessable income. This concession introduced in April 1974 was to be available for a period of 10 years.

B) Central Investment Subsidy Scheme: The scheme of Central Investment Subsidy, as originally announced in 1970, provided for an outright subsidy at the rate of 10 percent subject to a maximum of Rs 5 lakh on fixed capital investment, viz, land, buildings, plant and machinery. The rate of subsidy was subsequently raised to 15 per cent and still later to 20 per cent. However , the block/talukas/extensions of townships in category B and C areas which have exceeded an investment limit of Rs 30 crores as at the end of March 1983 were to be excluded from the scope of the Investment Subsidy Scheme. With effect from April 1984, the maximum limit of Central Investment Subsidy has been raised to Rs 50 lakhs at the rate of 25 per cent in the case of electronics industries set up in the hilly districts.

C) Transport Subsidy Scheme: Under this scheme, introduced in July 1971, industrial units set up in hilly, remote and inaccessible areas were entitled to 50 per cent transport subsidy on expenditure incurred for the movement of raw materials and finished goods to and from certain selected rail heads to the location of the industrial units .The scheme is applicable to remote and inaccessible areas in Jammu and Kashmir, and north-eastern hill states.

D) Other measures: The Central Government has also initiated a scheme at assisting state governments in infrastructural development in identified "no industry districts" up to one-third of the total cost of such development, subject to maximum of Rs 2 crores. Under this scheme, the Central Government has helped to develop many growth centres through infrastructure development.

V INDUSTRIAL POLICIES OF THE STATE OF GUJARAT:

In addition to the policy initiative at the centre, different state governments have formulated policies to address the disparities and divides between regions within the state. The Government of Gujarat had also initiated different incentive schemes for the development of backward regions of the state. In one such scheme called the State Capital Subsidy which was launched in 1986, to be operational from1/04/1986 up to 31/3/1991. As per this scheme a list of backward districts was identified for special assistance, by way of provision of capital subsidy as per the following:

NEW UNITS		EXPANSION /DIVERSIFICATION	
SSI	**MEDIUM/LARGE SCALE**	**SSI**	**MEDIUM/LARGE SCALE**
35 % of the fixed capital investment or Rs. 30 lakhs whichever is less.	30% of the fixed capital investment or Rs. 30 lakhs whichever is less.	35% of the fixed capital investment or Rs. 25 lakhs whichever is less.	25% of the fixed capital investment or Rs. 25 lakhs whichever is less.
30% of the fixed capital investment or Rs. 30 lakhs whichever is less.	25% of the fixed capital investment or Rs. 30 lakhs whichever is less.	25% of the fixed capital investment or Rs. 25 lakhs whichever is less.	20% of the fixed capital investment or Rs. 25 lakhs whichever is less.
25% of the fixed capital investment or Rs. 25 lakhs whichever is less.	20% of the fixed capital investment or Rs. 25 lakhs whichever is less.	20% of the fixed capital investment or Rs. 20 lakhs whichever is less.	15% of the fixed capital investment or Rs. 20 lakhs whichever is less.
20% of the fixed capital investment or Rs. 25 lakhs whichever is less.	15% of the fixed capital investment or Rs. 25 lakhs whichever is less.	15% of the fixed capital investment or Rs. 20lakhs whichever is less.	10% of the fixed capital investment or Rs. 20 lakhs whichever is less.

- For Expansion and diversification, the total quantum of the subsidy thought out the life of the unit will not exceed the maximum subsidy available in that area for new units.
- Central subsidy available at present (Included the above rates)
- Dangs -25%, limited to Rs. 25 lakhs.
- Panchmahals, Surendranagar and Bharuch -15% limited to Rs. 15 lakhs.
- Amreli, Bhavnagar, Kutch, Sabarkantha, Mehsana, Banaskantha, and Junagadh - 10% limited to Rs. 15 lakhs.

As a result of these above schemes, many backward areas got boost for developing industries in their region. Many industries, particularly the SSI units were set up in the listed backward areas which have led to the industrial development of the backward districts like Bharuch, Mehsana, Bhavnagar and Panchmahals.

Further a comprehensive industrial policy was declared by Government of Gujarat in July 1990, to offer incentives to the cottage, small scale industries and other industries in Gujarat, as per this policy 140 talukas out of 184 talukas were covered for the provisions of various incentives. The talukas covered were classified in to two groups-in the first group 84 talukas were considered in terms of backwardness; it included 8 most backward talukas. The remaining talukas were included in the second group. Fifteen Industrial Estates of GIDC were also included in the second group. As per this industrial policy, various incentive schemes covered the following:

(i)Modernization of Industry (ii)Investment Assistance Scheme (iii)Scheme for Testing of Products of small scale units (iv)Sales tax incentives schemes covering sales tax exemption or sales tax deferred advantage (v)Special incentive for electronic industry (vi)Additional sales tax incentives to employment oriented industries (vii)Incentives to 100% export oriented industries (viii)Advance unit incentive scheme and well known unit incentive scheme etc.

Moreover, the government has also declared new scheme for re-establishment of sick industrial units and a modified well known units incentive schemes. The earlier State Capital Subsidy Scheme was extended to cover the period up to 1995.

For the development of village and cottage industry in the state special incentives were to be provided. The number of activities covered under the cottage industry has increased to $3/4^{th}$, which includes self employment scheme or service activities.

Further under the Bank Assistance Scheme, the financial ceiling has been increased from Rs. 35,000 to Rs. 60,000 for activities in the cottage industry and it was also decided to provide assistance for factors like pre- requisite facilities, technological aid and equipment, raw materials sales and purchases through GRIMCO for development of the cottage industries and planning industrial freight etc.

On the 16th August 1995, Industrial Policy (1995-2000) was announced. It was to be in operation for a period of five years up to 15th August 2000, unless otherwise specified in the government resolution concerned. The chief objectives of this policy were:

(i)Accelerate the development of the backward areas of the state.(ii)Creation of large scale employment opportunities to absorb the backlog of unemployed.(iii)Increase Industrial Investment(iv)Accelerating the development of Industries and human resources to sustain the long term growth.(v)Achieving sustainable development (vi) Encouraging entrepreneurship and developing technology to promote Swadeshi Spirit.

It was recognized in this policy that, no amount of subsidy or incentives can compensate for the lack of infrastructural development in a particular area. Therefore this policy gives specific emphasis on infrastructural development particularly in backward area.

Thrust Areas:

Rapid industrialization by itself does not really generate significant growth in employment opportunities in the organized sector. Employment quotient per unit of capital is comparatively higher in specific industrial sectors and service sector. The state Government intends to promote and encourage certain thrust areas in order to create adequate employment opportunities to absorb the youth entering the job market every year. These areas are as follows:

(i)Electronics (ii) Ancillary Development (iii) Garments (iv) Gems and Jewelleries, (iv) Food and Agro Processing Industry (v) Handloom and Handicrafts (vi)Leather goods (vii)Other Labour Intensive Industries

Land Laws:

Further it was also recognized that easy availability of right type of land is very crucial factor in the location of industrial unit. It was felt that the present laws governing grant of land for industry are rather cumbersome. The state government will introduce suitable amendments in the present land laws to make land available for setting up industry without delay.

Land use Planning and Zoning:

Government also introduced the concept of land use planning to ensure optimum utilization of land. Government will ensure that rich agricultural land is not diverted for the purpose of industry. For this, it will identify specific sites in backward regions of the state which could be developed for setting up of industrial estates / zones with necessary infrastructural facilities. One of the main objectives of zoning on the basis of land use planning would be the location of industries in clusters so that the environmental protection measures can be adopted through setting up of common effluent treatment plants, disposal of treated effluents etc.

Industrial Townships and Urban Development:

Urbanization is the concomitant to industrialization process. Experience in the state, which is one of the most urbanized states in the country, shows that this is creating a severe burden on the existing urban infrastructure and services which in any case have been already stretched for beyond their designed capacity. In designing industrial growth centres and clusters, therefore, instead of adopting an estate development approach, industrial township approach has become necessary. Creating industrial parks with all urban facilities added on and also promoting new township to act as a focal point in urbanization are some of the aspect which the state would like to promote as a part of the new industrial policy.

Development of such township would decelerate, to some extent the haphazard growth being experienced by the cities and towns in the state. The state would like to promote private sector initiatives in setting up industrial parks and the new townships which can attract investments from not only within the country but also from abroad.

Power:

Gujarat has been fortunate enough to be in reasonably comfortable position as far as availability of power is concerned. Demand for power has been growing of a rate of 8% to 10% per annum. Apart from the requirement of power in the industrial sector, consumption of energy has been growing at a rapid rate in domestic, commercial and agricultural sectors. The state government has taken initiatives of promoting new generating capacities with projects totaling 3000 MW in various stages of implementation. In the power sector, the state government has welcomed private sector participation.

Port Development:

Gujarat has over 16,000 kms of coastlines, having one major and 40 minor and intermediate ports, which could be the base for tremendous development. To encourage port based industrialization, linkages will be provided by setting up infrastructural facilities like tank terminals, ware houses, custom houses and social infrastructure. More potential sites would be identified and prioritized for development by Gujarat Maritime Board, Gujarat Industrial Investment Corporation for joint sector or for privatization.

Road Development:

The development of road is most important for transportation and communication network. In this policy the stress is given for the development of road for faster industrialization. The state government welcomes private investment in road development too.

Human Resource Development:

Human resource development will have to cover the entire gamut from the basic education, vocational and technical education to professional qualification. Providing skill specific vocational educational facilities to meet the requirement of the industry in a specific area is the best way of generating employment opportunities in local areas. For the purpose industry will be involved to project the area specific requirement of various skills and also in finalizing the curriculum in ITIs and polytechnics so that the local youth could acquire the necessary skills to get the absorbed in the industries coming up in the area.

Mineral-based Industries:

Gujarat has several valuable minerals which if property explored and exploited can go a long way not only in accelerating development of the industry, but also in correcting regional imbalances in the industrial development as many of these minerals are occurring in relatively backward areas. All these minerals are attracting industrial ventures all over the state. In this policy, setting up of mineral based industries would be encouraged.

Agro based Industries:

The state government intends to out emphasis on the development of Agro and Food Processing Industries with specific objectives of ensuring better returns to the farmers for their products as well as creating employment opportunities in the rural areas. The strategy would be to promote industries based on specific farm products in particular areas with priority given to items having export potential. So, that the farmers in specific areas are able to provide the inputs to sustain agro industries complex. Private sector would be encouraged to set up such agro based industrial, complex and export oriented industries, with specific intension measures to compliment the governments' efforts at increasing agricultural yields.

Foreign Investment:

The state government would welcome foreign investment particularly in high tech and high priority industries. The FDI would be encouraged for infrastructure projects and especially for power generation, port development, construction of roads and bridges as well as social infrastructure.

Research of Development and Modernization of Existing Units:

This would mainly encouraged by providing necessary incentives under the incentive policy. The government of Gujarat intends to encourage and facilitate adequate investment in R & D facilities. In addition, government would adopt specific measures to encourage dedicated research sponsored by industries in the universities and technical educational institutions in the state. This would be benefiting both the industry as well as the educational institutions.

Small Scale Sector:

The state government is committed to promote the healthy growth of small scale sector. In this policy, positive support would be provided to SSI, to sustain and to grow. For that, technological up-gradation and modernization, improvement in quality of product through adoption of ISI or ISO 9000 certification. To increase the employment in SSI and to encourage entrepreneurship, the state government would provide training particularly to the women, SCs STs and other backward classes and technically qualified unemployment youth.

Single Window Clearance System:

In order to simplify the procedure for setting up of industries and to make hassle free environment in the state, the state government intends to introduce single window clearance system at the district out the state levels based on common application backed by computerized processing and clearance through committees where all government departments and agencies are represented.

Cottage Industry:

The cottage industry is the important sector in the economy from the employment point of view. Apart from employment this sector contributes one third of country's exports. With low level of capital investment, this sector is able to employ a large number of artisans in the rural areas, amongst them majority of the people are women and other weaker section of society. The present policy keeps the objectives so far as this sector is concern were (i) to enhance the opportunities of the employment and income in the traditional economic activities of cottage industry. (ii) To strengthen the marketing infrastructure in this sector to ensure adequate return to artisans engaged in the production and manufacture of large range of articles. (iii) To preserve the tradition skill and cultural heritage associated with production in this sector.

The activities in this sector being highly diverse and dispersed in remote areas, it has not been possible to service the sector successfully. It is therefore, proposed to identify pockets or areas of concentration where a number of artisans are engage in similar or different crafts, who can be clustered together for common servicing by way of design assistance, raw materials, common facilities etc. This is proposed to be achieved through setting up of Rural Industries Centers to be run either by designed corporations already working in this sector or by voluntary organizations. The Rural Industries Centre will be nodal centre to serve the artisans on a need based manner to help production and improvement in design and technology. It will also have an outlet for marketing, where the exporter or leader can get in contract with the artisans. This sector is always facing the problem of marketing. In this policy, it is already proposed to strengthen the marketing by involving the private sector. The corporations will promote common brand names such as Garvi, Gurjari, Gäurav and Garima with standardization and control in quality and collective efforts for publicity and advertising. The private marketing network of distributors and wholesalers has to be roped in for the marketing of product in the cottage industries sector to make an impact in terms of adequate returns to be artisans engaged in this sector.

To industrialize the state of the Gujarat, in this policy incentives and subsidies were offered to industries locating in particular region. Over two third of the area, of the state are eligible for benefits under various package of incentives. Thrust industries, premier and prestigious units are eligible for incentives all over the state, except in few banned areas. New chemical units or expansion of existing chemical units are also eligible for incentives. List of ineligible industries are reduced to a minimum.

The industrialists who want to avail such benefits are required to get themselves registered with the DIC during the operational period of the scheme.

Another industrial policy was announced on 15th August 2000. The main objectives of this industrial policy were to make the state small scale units more competitive, for this, the following provisions were made:

(i)To introduce a new scheme providing loans to the new small industrial units with a ceiling of Rs. 2.5 lakh, for a period of 5 years of 5% annual rate of interest.(ii)To provide assistance to the units that have been established with own funds of the rate of 10% of the fixed investment, with a ceiling of Rs. 10 lakh (iii)To give interest loans, with a ceiling of Rs. 15 lakh, for expansion or diversification of the existing units at the annual interest rate of 3% (iv)To provide financial aid, with a ceiling of Rs. 5 crores, per estate for provision of community facilities in the industrial estate (v)To adopt the approach of linking the industrial association and research and development agencies for the development of industrial complexes (vi)To give incentives for the sales of goods produced by the small industries (vii)To give assistance, with a ceiling at Rs. 2 lakh and at the rate of 50% of the cost, for getting certificate for quality (viii)To organize buyer-sellers meet and for guidance to the small industries to create consultancy cells in big cities with co-operation of management institutions.

For The Development of Medium and Large Industries the provision made were as under:

(i)To provide aid at the rate of 25% of the cost and with a ceiling of Rs. 100 lakhs, for infrastructure facilities like electricity connection, water, environment protection, approach road etc. (ii) if such facilities are extended up to a rural area, the assistance will be up to Rs. 250 lakh. (iii)To provide assistance in getting quality certificate.

For Development of the Technology Sector the provision are made as under:

(i)To provide incentives to Research & Development institute and quality assessment centres (ii)To give aid at rate of 50% of the cost for getting patent registration, with a ceiling of Rs 5 lakh (iii)To provide incentives for getting recognition of the international quality assessment agencies.

For Development of Infrastructure the provision are made as under:

(i)To adopt the new approach of incentives for establishing Industrial parks by private sector (ii)To create asset management fund having debt fund and equity fund for GIIC for implementation of the infrastructure projects indicated in vision 2010 (iii)To give priority to industrial units in allotting necessary land (iv)To implement the concept of "deemed NA" (v)To provide more facilities in the GIDC industrial estates (vi)To give assistance for infrastructural facilities of the industrial estates established near cities and industrial complexes being established near ports (vii)To give assistance to industrial units for establishing plants converting salty water into potable water (viii)

The state has decided to give encouragement to international level institution for information technology, biotechnology, marine engineering etc. to be established by big industrial units.

For Development of Industrial Parks the provision are made as under:

(i)Employment Oriented Parks-For the parks having 100 units of providing employment to more than 2500 persons and having 200 units or providing employment to more than 5000 persons, providing assistance at rate of 10% of the investment with ceiling of Rs. 1 crore or Rs. 2 crores respectively (ii) High-Tech Parks-To give assistance at the rate of 50% of investment with a ceiling of Rs. 2.5 crores (iii) Investment Oriented Park-To give contribution at the rate of 10% of the paid capital with a ceiling of Rs. 2.5 crore, for the parks having more than Rs. 500 crores as industrial investment (iv)Trade Centre-To give assistance up to Rs. 50 lakh for construction of more than 5000 Sq. mts. and up to Rs. 100 lakh for construction of more than 10,000 Sq. mts (v)Critical Infrastructure Fund-To give assistance up to 50% for creating special infrastructural facilities of the investment to the large industrial project (vi)Backward Area Development-To undertake detailed studies of industrially backward talukas. To give 25% more assistance in all the scheme to industrial units to be established in backward talukas (vii)Environmental Protection - To give assistance for establishing plants for mass purification of polluted water, for disposal of solid waste etc.

Development of Special Industrial Sectors the provisions are made as under:

(i)To give incentives for development of special industries like agriculture and food processing, mineral based industries, electronic and information technology, gems and jewellry, pharmaceuticals, petrochemicals, plastic processing etc. (ii)Export Promotion-To give incentives for establishments of export parks, 100% export oriented units and for establishing inspection agencies for export goods (iii)To strengthen a cargo complex at Ahmedabad and to establish new such complexes (iv)Entrepreneurship Development-To implement new schemes for giving training in entrepreneurship to management graduates, women getting specialized training for special skills in vocational institutes etc.

In 2003 the Gujarat government announced a new industrial policy. This policy had "Sustainable Development" as the main objective. This was with a view to create large scale employment opportunities and achieving global competitiveness by improving industrial productivity.

This policy has enumerated following aspects as a part of the strategy of industrial development in the state.

(i)Enabling an entrepreneur easy access to authentic source of information (ii)Sensitizing government officials from grass root level to the apex level, to be able to emphasize with legitimate concerns to an entrepreneur (iii)Developing better than the best infrastructure (iv)Empowering industrial estate (v)Producing quality human resources in accordance with contemporary requirements of industries (vi)Ensuring development and environment go hand in hand (vii)Deriving maximum benefits from the Narmada water supplemented by extensive use of advanced technology and good management practices, to usher in the new era of prosperity through green wealth viii)Developing more and more industrial clusters and strengthening the existing clusters by encouraging them to create and sustain common facility centres (ix)Equipping small and medium enterprises with advanced technologies, sensitizing and assisting them on issues pertaining to quality, technology up-gradation, patents and other relevant aspects (x)Strengthening manufacturing base of Gujarat on the platform of high quality research and development processes (xi)Adopting focused marketing and promotion activities for creating and sustaining a global brand image of product manufactured in Gujarat (xii)Rejuvenating the industries in Gujarat with cheap and clean sources of energy – natural gas (xiii)Commitment to reforms agenda in the regime of taxation (xiv)Convergence of self – actualization needs of NRIs / NRGs with development imperatives of Gujarat (xv)Harnessing the potential of ports to be the future gateways of the state's prosperity. (Industrial policy of Gujarat, 2003)

An important feature of the Industrial policy 2003 is the scheme of cluster development. In the state 83 clusters have identified with a range of industries. Currently 19 of them are being strengthened with government assistance in the form of developing common facilities centres, up-gradation infrastructure, conducting training programs for skill up-gradation. While formulating this industrial policy, the government emphasized on making Gujarat based industries competitive enough to meet with the challenges of globalization. For this purpose government had announced various schemes such as empowerment of cluster, assistant for technology up- gradation, quality up-gradation, subsidy for Research & Development activities and interest subsidy to SMEs etc.
All such schemes are extended for 5 years.

Further, the Gujarat government in order to accelerate industrial investment and industrialization framed a new industrial policy – 2009. The main aim of this policy was to attract global investors in the state. The policy of 2009 had a primary focus on making Gujarat the most attractive investment destination of not only of India, but also that of the world. The new industrial policy has been formulated in line with the vision that has been formed for the state. The primary policy objectives are as under:
(i)Facilitate investments in the state (ii) Employment generation and employability enhancement. (iii) Adherence to high quality standards.

In order to enhance the investment in the state through industrial clusters, Industrial Estates, Industrial Parks, Special Economic Zones and new idea of generation Industrial Investment, that is Special Investment Regions (SIRs); more infrastructure facilities would be provided. The state government is committed to spread on benefits of economic development across the state up to the last person. For this purpose, it is necessary to increase employment opportunities and improve employability. For that purpose any sector which provides more employment will be encouraged like SME sectors. Human Resources would be also developed through increasing number of technical or non technical institutes. To survive in this competitive world and promote "Brand Gujarat" it is necessary to give special emphasis on quality of products as well as quality of the producers, the environment and the resulted development. In order to build "Brand Gujarat" no compromise is to be made in the process of production.

VI CONCLUSION:

In this chapter, we began with the criteria adopted for identifying a backward region in India. Several committees have been appointed connected with this. Majority of committees have related backwardness either in terms of economic indicators or in terms of industrial parameters, such as number of registered factories, workers, number of registered SSI etc. The chapter also highlighted policy adopted in different five year plan to achieve the objective of balanced regional development.

The government and policy makers have accepted the fact that industrialisation is the necessary for economic development and for regional dispersal of industries. The central and state government has formulated industrial policy. The main thrusts of these policies have been in the form of provision of fiscal incentives. This issue also has been taken in this chapter. Having examined the industrial policies of the central as well as state government, particularly after 1991 in this chapter, the subsequent chapter would attempt to analyze the impact of these policies on the industrial development in the state of Gujarat.

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