RECAPITULATION AND CONCLUSIONS

In order to correct regional imbalances or to develop industrially lagging regions, the structure of India's economic policies, articulated in Five Year Plans and corresponding Industrial Policy Resolutions, in the last four decades of development has been founded on SEVEN major premises :

1. Dispersal of Industry.
2. Location of new public and private enterprises in the industrially lagging regions.
3. Licensing Policy was introduced as a perspective instrument for the location of Private and Public enterprises during Third Five Year Plan.
4. Third Plan also put forward the concept of large projects as nuclei for regional growth.
5. In the Fourth Five Year Plan various financial and fiscal incentives/ concessions were offered.
6. During Sixth Five Year Plan, the concept of the dispersal of industry programme altered from large-scale projects to Small-Scale Projects.
7. Finally, Seventh Five Year Plan introduced a scheme for developing infrastructure in No-Industry Districts. In addition to this, for promoting industrialisation in backward areas, the government of India announced, in June 1988, a scheme to develop growth centres in all states/Union territories. It was decided to develop about 70 growth centres during the Eighth Plan.

Analysis based on data presented in Chapter : II and Chapter : III has shown that all these premises of the policies have been either inadequate or geared up with political motives.

For instance, in terms of concessional finance scheme wide disparity in the flow of assistance to industrially lagging regions has been observed. However, this trend has undergone a change since 1985. Andhra Pradesh, Uttar Pradesh and Madhya Pradesh started getting more funds since 1985, notewithstanding, they are relatively industrially rich than Bihar, Orissa, Rajasthan etc.

In addition to this, as regards the location of central public enterprises, industrially affluent states, except Bihar, like Maharashtra, Gujarat etc. have dominated in terms of investment and employment resulting of it. Nonetheless Bihar was the first in the list of investment and employment in the central public enterprises mainly because of its rich endowment of natural resources.

The impact of the policy of industrial dispersal and the current economic reforms on the pattern and level of industrialization of different States has been elaborated in Chapter - III. The major conclusions emerging from the analysis are as follows :

(1) Industrially affluent States like Maharashtra, Gujarat, Tamil Nadu and West Bengal were enjoying higher share in terms of number of factories, productive capital, number of workers, wages and net value added. However, the position of West Bengal has been declining. Whereas industrially lagging states like Jammu and Kashmir, Haryana, Orissa, Rajasthan, Kerala, Assam and Punjab have shown poor industrial development.

(2) Higher capital per worker does not mean higher capital productivity. For instance, industrially lagging states like Bihar, Madhya Pradesh, Orissa and Rajasthar continue to account for the higher capital per worker but lower capital productivity

In contrast to this higher capital per worker may lead to higher labour productivit (eg. Bihar, Madhya Pradesh and Haryana). However, this is not true in majority c the cases. Because till 1985 Gujarat and Maharashtra remained below the All Ind Average in terms of capital per worker, while in terms of capital and labour productivi they remained above the All India Average. Further higher capital productivity do not mean higher labour productivity (eg.Tamil Nadu, Karnataka, Kerala and We Bengal)

3. Persistence of regional inequalities in industrial development are generally consequence of the concentration of economic activities in few regions on one hand and concentration of most viable and high value added generating group of industries on the other. Industrially affluent state like Maharashtra exhibits high diversification. Whereas heavy concentration of single industrial group has been found in case of Bihar, Assam, Orissa, Himachal Pradesh etc., all of them are industrially lagging states and all these states exhibit lowest degree of industrial diversification after almost four decades of economic planning.

On the basis of this analysis, wehave strong ground to expect considerable variations in the levels of technological options availabe in different states. And the development and growth of industry in the industrially lagging regions is significantly slow over a period of time. This implies that in case of industrial development of the industrially lagging regions the influence observed of the policy of industrial dispersal and that of the measures introduced therein, was negligible. It seems that criteria adopted by the Planning Commission to provide incentives and concessions operated on the districts and the taluka level and not on the state level as a whole. Therefore, the real beneficiaries of the industrial dispersal scheme were the underdeveloped pockets/district and the talukas of the industrially developed states and not the ones which needed it badly. On top of this, due to the proximity advantage, the developed districts of industrialized states were the major beneficiary of the incentives and concessions offered by the Planning Commission under the industrial dispersal policy.

Analogous to this, underdeveloped pockets adjoining the developed centres of the industrially lagging states were also the major receipients of the benefits offered under industrial dispersal policy. The remote areas of the underdeveloped states have been deprived of the benefits and, as a result, have remained industrially poor despite of the policy measures introduced under various Five Year Plans and corresponding Industrial Policy Resolutions.

On the other hand, Canada, is a country with rich endowment of natural resources. It has a huge reserve of underground resources as well as a high level of yearly agricultural production. Owing to the rich endowment of natural resources accompanied by technically advanced industrial structure and the high productivity of labour, Canada is recognized as one of the most advanced economies in the World, earning almost fourteen thousand US dollars per person every year.

Since the confederation in 1867 the growth of economic activity in Canada has been uneven. The fruits of industrial development have reached a larger urban centres of a few regions which emerged as the nuclei for industrial development and growth, whereas the major portion of the country has remained lagging in industrail development resulting in huge chronic unemployment and poor purchaing power.

Till 1950 the federal government has no explicit policy of regional development. Even the role of provinces as regional advocates was restrained due to the economic and political dominance of the federal liberal government. The real efforts of the federal government started with the establishment of the Department of Regional Economic Expansion in 1969 with a view to probing into the problem of regional disparity in industrial development. Different instruments like General Development Agreements (GDAs) Regional Development Incentives Programme (RDIA) have used in order to implement and operate the policy measures to reach the incentives to industrially lagging regions. The data analysis reveals that throughout the DREE period (i.e. 1969 to 1983) both incentives and investment were allocated heavily in favour of Ontario and Quebec, both are industrially rich provinces of Canada. The industrially lagging provinces like New Foundland, Prince Edward Island, Saskatchewan etc., on the other hand, were deprived of benefits of the incentives programme. Further, more developed areas within lagging/depressed regions received greater part of the DREE funding. This implies that the federal government preferred to allocate resources and incentives to the industrially affluent provinces and to industrially developed centres of the industrially lagging provinces.

During 1983, in order to overcome certain fundamental problems raised by the DREE the Departments of Industry and Trade and the DREE was amalgamated to form the new DRIE. Series of programmes were implemented by the DRIE through its vehicles like the Economic and Regional Development Agreements (ERDAs) the Industrial and Regional Development Programme (IRDP), Small Businesses loans Programmes etc.. Even at this, the major beneficiaries to enjoy the grants and facilities to develop manufaturing and tourism sectors were industrially affluent provinces like ontario, Quebec and British columbia, and not the regions like New Brunswick, New Foundland and Nova Scotia which were really need.

In brief, the analysis reveals that the DRIE has a much narrower mandate than the DREE had. The DRIE failed to create an atmosphere conducive to potential development initiatives in the industrially lagging regions.

Small business can provide a fresh fillip to the development process by generating opportunities for more rewarding new ventures. They are one of the major sources of employment in Canada. Realizing these facts the Canadian government introduced two basic instruments to suport small businesses in Canada (1) federal Business Development Bank and (2) Small Businesses Loans Act (SBLA).

In terms of number of loan approvals and amount of loan granted by the FBDB, the industrially developed provinces like Ontario, Quebec, Alberta and British Columbia had been controlling about 80% to 85% share till 1989. It reflects that FBDB lending programmes seem to become more predominant as the firm natures,as to most of the other private sources of Finance.

Similarly, in terms of number of manufacturing loans and the amount disbured under the SBLA, industrially developed provinces like Qucbee, Ontario, British Columbia and Alberta recieved 80% to 90% of the share till 1989. Deeper probing. into the data makes it precisely clear that even in term of total loans, which envelop manufacturing , wholerale trade, Retail trade, service business, construction, transportaion and communication and at later stage fishig, greater share would be commanded by industrially rich provinces . In brief , loaning behaviour and pattern of both the federal instruments FBDB and SBLA, are complimentary to each other.

The impact of the Federal policy measures on the pattern of industrialization of provinces reveal following conclusions.

a) Over a period of 28 years the position of the four Atlantic provinces and Saskatchewan have not improved at all in terms of manufacturing establishments , workers, wages, value of shipmemt of goods of own manufacturers and value added. This confirms the conclusion drawn earlier regarding the DREE and the DRIE incentives and subsidies programmes, that they have remained passive and have failed to influence pattern of industrial development. b) In terms of wages per worker and labour productivity industrially affluent provinces like Ontario, Alberta and British Columbia have remained. Well above the national average. However, Quebec witnessed poor performance mainly because of the labour intensive industrial base, poor capital plant and dwindling resource base.

In brief, the analysis suggests that the industrially developed provinces like Ontario, Alberta, British Columbia and Quebec exhibit higher level of industrialization than the other provinces over a period of time.

Choosing the economics of India and Canada as areas of study and analysis of regional industrial development and arriving at a conclusion common to both the cases would sound rediculous and illogical. Both India and Canada fall into different spheres, alltogeher different categories: India is a developing economy upholding a philosophy of public economy inwhich the government has a major role to play as a neutral care-taker of balanced industrial growth. As a contrast to this, Canada is among the most advanced economies of the world upholding a concept of a market economy with a very little role the government has to play in it. Although both are endowed with rich natural resources, Canada has been capable of utilizing the resources with the help of sophisticated technology, advanced industrial structure and high productivity standards, whereas the case of India is otherwise, India's natural resources are not properly utilized, or rather, underutilized, or even unutilized, due to various constraints and limitations. These vastly adverse realities of both these countries tend to put them at opposite ends. Hence, to put these two economies on the same plane of study and analysis may raise many questions :

This research has ventured to do what may be termed as illogical. There is a concrete reason for this. Undercurrents of both these seemingly diverse economies have been, to one's amazement, analogous with many common factors, trends, motives and results. The thesis has tried to reveal these facts through projection of data and their analysis. The theme of discourse, chosen here, the disparities in regional industrial development - is a common experience both to Indians and to Canadians. It is suggested from the analysis of experience and data that the industrially developed states (in case of India) and provinces (in case of Canada) have benefited from the policies and programmes implemented by the respective governments. Not only this but the underdeveloped pockets of the developed regions more precisely are the receipients of the concessions and subsidies offered by their governments.