

Why Is Medium and Large Scale Industry Fleeing Punjab

Sukhwinder Kaur

Asst. Prof., P.G. Department of Economics, S.G.G.S.Khalsa College, Mahilpur (Hoshiarpur-Punjab), India

Abstract: In this paper an attempt has been made to find out the causes of industrial backwardness of Punjab and to answer the question why is industry fleeing Punjab? For this purpose secondary data for the period of 11 years i.e. 2003 to 2013 is used and this data has been taken mainly from Directorate of Industries, Punjab. In the study data relating to medium and large scale industry of Punjab is used and an attempt is made to find out all the factors that are responsible for decline in industrial investment in Punjab and shift or transfer of large and medium scale industry from Punjab.

Keywords: Punjab, Medium and Large Scale Industry.

1. INTRODUCTION

Industries are known as the major pillar of economic development. The importance of industries in the economic development cannot be overlooked. In this paper an attempt has been made to analyze Industrial growth in Punjab. Punjab is one of the developed states of India. Punjab is basically an agricultural state. In agricultural development Punjab has registered spectacular progress since mid-sixties. But as far as industrialization is concerned, Punjab remained backward state. The main causes of industrial backwardness of Punjab are partition of India and Punjab in 1947, reorganization of Punjab in 1966, absence of mineral resources and remoteness of the State etc. But as fast economic development everywhere has been made possible essentially due to rapid industrialization, so State Government has provided the required impetus to industrial development of the State and established Punjab State Electronics Development and Production Corporation Ltd. in 1976, Punjab State Hosiery and Knitwear Development Corporation in 1977, Goindwal Industrial and Investment Corporation of Punjab in 1981 and Punjab State Leather Development Corporation in 1981 etc. Despite these efforts Punjab still remained industrially backward.

Since 1991, economic liberalization and WTO (World Trade Organization) has moved the India towards a market based economy. No doubt during post-liberalization industry in Punjab increased at higher rate. But in recent years a growing number of medium and large scale industries of Punjab have shut down or left the state.

In this paper an attempt has been made to find out the causes of industrial backwardness of Punjab and to answer the question why is industry fleeing Punjab? For this purpose secondary data (culled from Directorate of Industries, Punjab and some other published sources) is used. In this paper an attempt is made to find out all the factors that are responsible for decline in industrial investment in Punjab and shift or transfer of large and medium scale industry from Punjab.

2. DATA BASE

This study is based on secondary data for the period of 11 years i.e. 2003 to 2013. The data relating to large and medium industries of Punjab has been taken mainly from the published sources like Statistical Abstract of Punjab and Directorate of Industries, Punjab. In the study data relating to numbers of units as on 31st March (i.e. at the end of financial year) of previous financial year, new units added during the current year, units permanently closed or shifted/merged/transferred to small scale sector and total units as on 31st March of the current year are used.

Objectives of the Study

1. To study the problems faced by industrialists of Punjab.
2. To identify the cause responsible for slowdown in industrial progress of Punjab.
3. To study the factors responsible for shift of large and medium scale industry of Punjab.
4. To suggest suitable measures for the promotion of industrial development in Punjab.

3. PERFORMANCE OF LARGE AND MEDIUM INDUSTRIES OF PUNJAB

In the study data relating to numbers of units as on 31st March i.e. at the end of previous financial year, new units added during the current year, units permanently closed or shifted/merged/transferred to small scale sector and total units as on 31st March of the current year is used and this information is presented in the table.

Table: Data in Respect of Medium and large Scale Industries of Punjab

Sr.No.	Year	No. of Units as on March 31 (of the previous year) (1)	New Units Added during the Current Year (2)	Units Permanently Closed or Merged/ Transferred to Small Scale Sector (3)	Total Units on 31st March (of the Current Year) (4=1+2-3)
1	2003	620	22	89	553
2	2004	553	13	15	551
3	2005	551	23	31	543
4	2006	543	23	41	525
5	2007	525	8	193	340
6	2008	340	25	10	355
7	2009	355	20	2	373
8	2010	373	9	15	367
9	2011	367	16	23	360
10	2012	360	20	0	380
11	2013	380	50	2	428

Source: Directorate of Industries, Punjab.

Development of large and medium scale industries in Punjab has been one of the most important features of industrial development of the country and state. The table shows the growth of number of units of large and medium scale industry of Punjab. But as the table depicts that number of units of large and medium scale industry of Punjab dropped from 620 in 2003 to 380 in 2013. No doubt new units also came into existence as 22 units in 2003, 13 units in 2004, 23 units in 2005, 23 units in 2006, 8 units in 2007, 25 units in 2008, 20 units in 2009, 9 units in 2010, 16 units in 2011, 20 units in 2012 and 50 units in 2013 came into existence. In short 229 new units added into production during 2003-2013. But total 421 units permanently closed or transferred to small scale sector. As 89 units in 2003, 15 units in 2004, 31 units in 2005, 41 units in 2006, 193 units in 2007, 10 units in 2008, 2 units in 2009, 15 units in 2010, 23 units in 2011 and 2 units in 2013 respectively permanently closed or transferred to small scale sector.

4. WHY IS INDUSTRY FLEEING PUNJAB?

As we have discussed above (in the table) large and medium Scale Industry is fleeing from Punjab. As on 31st March, total large and medium Scale Industrial units in Punjab were 620 but on 31st March 2013, this number decreased to 380. In year 2007 total 193 industries shut down or merged with small scale industries, what are the causes? The expected causes are discussed in this section of the paper. Main causes are:-

1. Rising cost of operation, this makes Punjab's industries non-competitive with other states.
2. The entry of cheap Chinese products.

International Journal of Novel Research in Marketing Management and Economics

Vol. 3, Issue 3, pp: (111-114), Month: September - December 2016, Available at: www.noveltyjournals.com

3. Rise in imports in several industries.
4. Rival states like Himachal Pradesh, Gujarat, Maharashtra and Madhya Pradesh are offering tax holidays and other sops to lure industry.
5. There is an electricity duty in Punjab.
6. There is infrastructure cess in Punjab.
7. Electricity is very costly.
8. Manufacturers in Punjab pay higher VAT than other states.
9. Competition with lower prices.
10. Inadequate government incentives and interests etc.
11. Unprepared mills for international competition.
12. Lack of proper government policy
13. Shortage of raw material.
14. Lack of market intelligence.
15. Change in market conditions.
16. Adverse effects of liberalization.

5. CONCLUSIONS AND SUGGESTIONS

On the basis of above discussion we can suggest that in order to develop and save the industry in Punjab especially large and medium scale industry proper government policy is required. Special incentives to businessmen are also compulsory. To stop the industry flees from Punjab and to lure other investors special packages are necessary. Reduction in electricity bills and other tax's is also required. In short, there is a scope for setting up more units in the State; only a conscious policy on the part of State government is required.

REFERENCES

- [1] *Rural small scale Industry in the peoples* Republic of China. 1967, Berkeley: University of California press.
- [2] Mitsuru Yamazaki. 1968, *Japan's community based industries: A case study of small industry*. Jokyo: Asian productivity organization.
- [3] Grabam Bannock. 1969, *The Economics of small firms: Return form the wilderness*. Oxford: Basil Blackwell.
- [4] Sivakumar (2012) et al "Tools and Models used for Productivity improvement in manufacturing, chemical and Chemical Allied Industries: A Literature Review International Journal of Management Research and Review-Feb 2012, Volume 2, Issue 2 pp. (293-307).
- [5] Krishnan T.N. (2010). "Technological Change & Employment Relation in India The Indian Journal of Industrial Relations, Vol. 45, No. 3, pp. (367-380).
- [6] Mohapatra Sanjay (2010), "Business Process Automation., PHI Learning Pvt. Ltd., New Delhi
- [7] Singh Nirbhan (2013) et al "The Role of Information Technology in Apparel Industry. Namex International Journal of Management Research- Vol. 3, Issue 1, (Jan-June). pp. (124-131).
- [8] Ashokkumar singh. 1970, "*Problems and prospects of small scale industries in Bihar: A critical study*" PhD, Thesis, Bihar University.
- [9] Nisae Ahmad. 1970, "*Problems and management of small scale and cottage Industries*" New Delhi. Deep and Deep publication.

International Journal of Novel Research in Marketing Management and Economics

Vol. 3, Issue 3, pp: (111-114), Month: September - December 2016, Available at: www.noveltyjournals.com

- [10] Jagen. Wu. 1970, *Capital Intensity and Economic Growth under Developed Countries*, Ising Hua journal of Chinese studies, New Series III – IV , pp. 219-245.
- [11] Varinder Kumar. 1970, *Marketing Practices in small scale Industries study of Engineering Industry of Punjab*, unpublished Thesis, Guru Nanak Dev University, Amritsar.
- [12] Small Industries Extension training (SIET). 1972, *A study of National small Industries Corporation in Hire – purchase scheme*, Haydrabad, SIET Institute.
- [13] People .T.S. 1997, spatial, "*Diversification of Manufacturing Industries in Uttarpradesh, Lucknow*," Giri Institute of Development studies.
- [14] 24. Mathur Gautam. 1997, *True employment and non-employment in D.L. Narayana, et al* (Eds) op. cit, pp. 259 - 300.
- [15] Sarma .R.K. 1998, *Industrial development of Andhra Pradesh A Regional analysis*, Bombay, Himalaya Publishing House.
- [16] www.punjabgovt.nic.in
- [17] www.businessweek.com
- [18] www.idc.com
- [19] www.indianbusiness.nic.in
- [20] www.nasscom.org