



INDUSTRIAL DEVELOPMENT IN HARYANA

Dr. Geeta

Associate Professor in Economics

S.D. Mahila Mahavidyalya, Hansi

(geetadahiya197@gmail.com)

Abstract

The objective of the present paper is to analyze the levels of industrial development in the state of Haryana. For the purpose, detailed data analysis for the measurement of industrial development in the state for the year 2018 has been done at the unit of district. A brief historical overview of state's economy has also been given. The data analysis has revealed that over the period of time, the state has progressed in the industrial sector; however, this progress has come with huge regional disparity. In terms of location, the districts close to the national capital and state capital are found to be at higher spots in the levels of industrial development than the other districts, especially forming parts of the western Haryana and some of the districts of southern Haryana. There is an urgent need for some changes in the industrial policy framework to attract fresh and fruitful investments in the industrially backward districts of Western Haryana and other such neglected districts.

INTRODUCTION

Haryana became a separate state of Indian federal union on November 1, 1966. Prior to this, it was a part of the Punjab. It was formed as it was the “desire of the Haryana people to have a State of their own, where they could plan their future unhampered” (Verma, 1975:118). “At the time of formation of Haryana State, the State's economy was predominantly an agrarian economy. At the beginning year (1969-70) of 4th Five Year Plan, the contribution of Agriculture and Allied Sectors (crops, livestock, forestry and fishing) to the GSDP at constant prices was the largest (60.7 %) followed by Services (21.7 %) and Industry (17.6 %) Sectors” (Govt. of Haryana, 2019:2). In terms of industrial development, Haryana had remained a neglected region in the then Punjab. “As of 31st December 1964, the number of registered factories per lakh of population in the Haryana region was only 14.9 as

against 36.5 in the Punjab region. The number of factories using power and employing more than 10 workers was 874 against 3,120 in the Punjab region. The picture [was] more discouraging in matter of small scale sector. The number of small units in Haryana region was 4,133 as against 12,839 in the Punjab region. The power consumption is another important indicator. The number of industrial connections in Haryana region was 7,072 as against 16,729 in the Punjab region as on 31st March 1965...Against the total outlay of Rs. 2,644 crore for the Punjab state in the First Five Year plan, the Haryana region was allotted only one project—HMT factory at Pinjore with an investment of Rs. 7 crore which constituted only 0.3 percent of the total investment” (Chaudhary, 2007:43-44).

A large scale transformation has taken place in the state’s economy since 1969-70 especially in terms of shares of different sectors in GSDP. The share of Agriculture and Allied Sectors has declined from 60.7 percent in 1969-70 to 17.5 percent in 2018-19 (at constant 2011-12 prices in 2018-19). The Service sector has increased from 21.7 percent in 1969-70 to 50.2 percent in 2018-19. The industry sector had experienced an increase from 17.6 percent to 32.3 percent. It indicates that the economic growth of the state has now become more dependent on the Service and Industry Sectors. “Over the last two decades, Haryana has emerged as one of the most prosperous states of Indian federation. Service sector boom along with sizeable industrialization has propelled a vertical increase in state per capita income” (Govt. of Haryana, 2014:3).

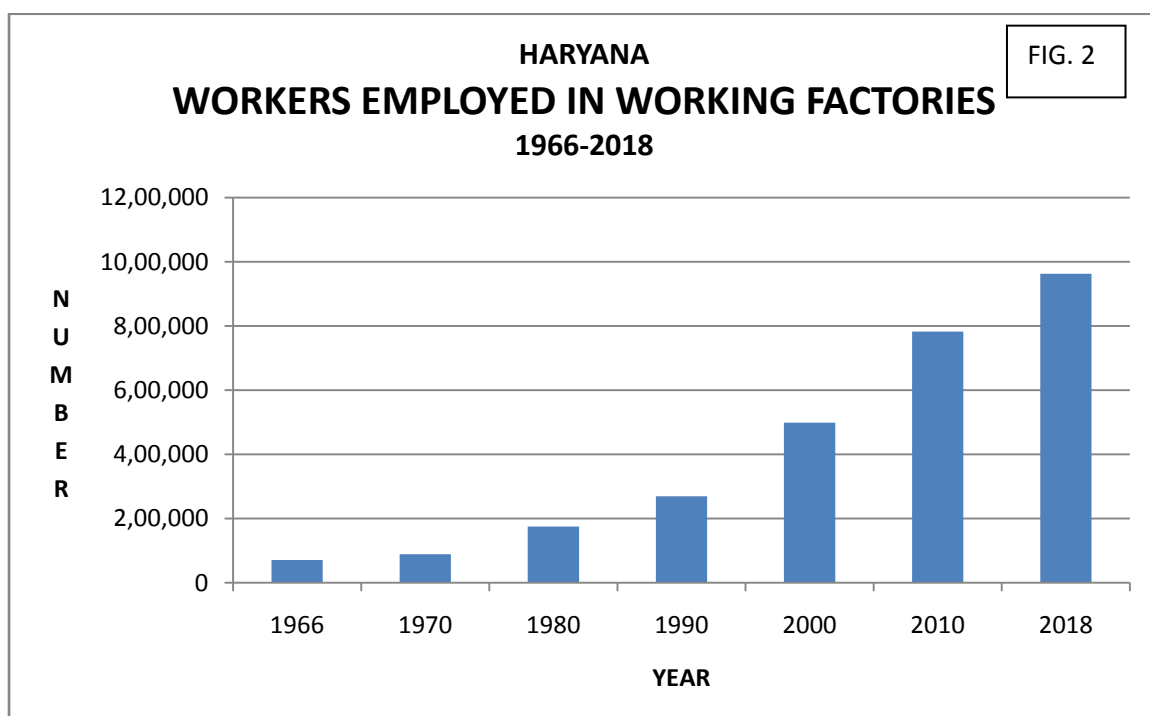
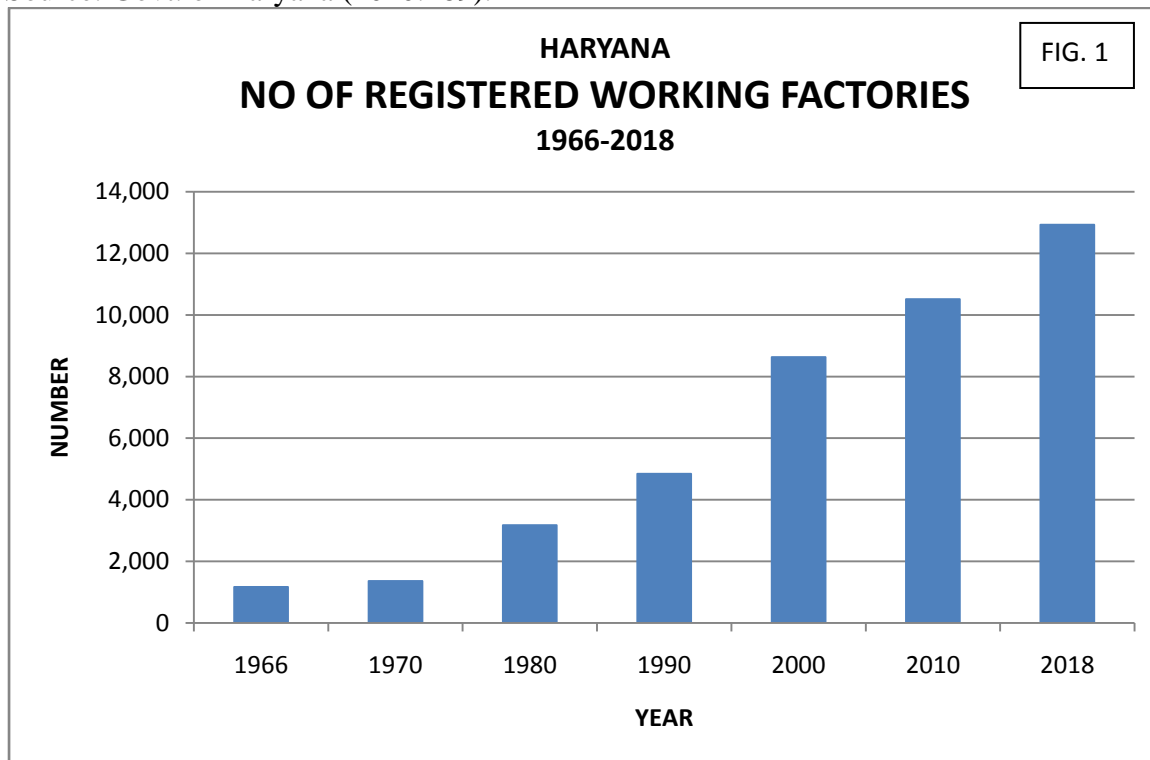
Since its formation, the state of Haryana has registered more than eleven times increase in the number of registered working factories from 1,168 in 1966 to 12,931 in 2018. The estimated number of workers employed in working factories on the other hand had registered an increase of more than 13 times during the same period, i.e. from 71, 016 in 1966 to 9,62,507 in 2018 (Table 1). The time-series data shows that the increase in both, i.e. number of registered working factories and no. of workers employed in working factories has now become a regular phenomena, which is a good sign for the state’s economy (Fig.1 & Fig. 2)

Table 1: Number of Registered Working Factories and Number of Workers* employed in Haryana, 1966-2018

YEAR	No. of registered working factories	No of workers employed in working factories
1966	1,168	71,016
1970	1,359	88,675
1980	3,176	1,75,025
1990	4,843	2,69,411
2000	8,631	4,98,656
2010	10,513	7,82,463
2018	12,931	9,62,507

- No of workers are estimated.

Source: Govt. of Haryana (2020:489).



The estimated number of workers employed per registered working factory has increased from 60 in 1966 to 74 in 2018. It indicates that the employability of the number of registered working factories has increased over the period of time, which is a good sign for the working age population.

A noticeable disparity was noticed in the number of registered working factories and estimated number of workers employed in working factories in 2018 in different districts of state. In the case of former, it ranged from 25 in Nuh to 2,841 in Faridabad. The estimated number of workers employed in working factories ranged from 3,230 in Nuh to 3,02,847 in the case of Gurugram (Table 2). It also shows that the employability of estimated number of workers employed per working factory was more in the case of Gurugram than Faridabad.

Table 2: District-wise number of Registered Working Factories and Workers employed in Haryana, 2018

District	No. of registered working factories	Estimated no of workers employed in working factories
Ambala	450	22,595
Bhiwani	229	15,619
Faridabad	2,841	2,28,550
Fatehabad	135	5,401
Gurugram	2,639	3,02,847
Hisar	424	12,114
Jhajjar	673	41,750
Jind	202	16,220
Kaithal	132	3,988
Karnal	579	36,655
Kurukshetra	237	7,250
Mahendragarh	61	12,269
Nuh	25	3,230
Palwal	84	6,626
Panchkula	182	14,400
Panipat	1,112	65,984
Rewari	286	35,241
Rohtak	346	24,225
Sirsa	170	6,064
Sonipat	834	58,269
Yamunanagar	1,290	43,210
TOTAL	12,931	9,62,507

Source: Govt. of Haryana (2020:489).

Industrial Development in Haryana

The industrial development is a broader term and can include a number of variables depending upon the availability of related data, time framework and the unit of study. In the present study, the following four indicators were chosen for measuring the industrial development at the unit of district in Haryana:

X1 : Number of registered working factories per lakh population;

X2 : Number of registered working factories per 100 sq. km.;

X3 : Estimated number of workers employed per working factory;

X4: Estimated number of workers employed in working factories per lakh population.

The district-wise data information on registered working factories, estimated number of workers employed are for the year 2018 and data on area and total population are taken as per the Census of India, 2011. The data were taken for all the twenty one districts of the state. The source of data was Statistical Abstract of Haryana: 2018-19 (Govt. of Haryana, 2020).

As the selected variables were in different units, in order to solve the problem of biasness of scale and for the measurement of district-wise industrial development, ranking method was used. The latter was used to form the composite index. In the case of all the four indicators selected for the measurement of industrial development at the unit of district in the state, the district with maximum ratio was given rank no.1, and other districts followed in that order.

$$\text{Composite Index} = \sum R_{x1} + R_{x2} + R_{x3} + R_{x4}$$

Here R represents the ranking of all the selected variables, and x1..X4 represent the four variables selected for the study.

In terms of measuring overall industrial development at the unit of district for the year 2018, district with minimum value of composite index was designated as the most industrially developed district and the district with maximum value as the least industrially developed district.

Industrial Development in districts of Haryana: A District-level Scenario

In terms of overall industrial development as calculated, it was found that Gurugram comes out as the top industrially developed district of the state. It was followed by the districts of Faridabad (ranked at 2), Panipat (3), Sonipat (4), and Jhajjar (5). The least industrially developed district of the state was Kaithal. The other least industrially developed districts were Sirsa (ranked at 20), and Fatehabad (19) (Table 3).

Tables 3: Levels of Industrial Development in Haryana, 2018

DISTRICT	Ranks of variables				Overall Composite Score	Overall Ranking in Industrial Development
	X1	X2	X3	X4		
Ambala	7	7	15	11	40	11
Bhiwani	16	18	11	14	59	15.5
Faridabad	2	1	5	2	10	2
Fatehabad	15	17	16	18	66	19
Gurugram	1	2	4	1	8	1
Hisar	13	13	21	16	63	17
Jhajjar	5	6	13	4	28	5
Jind	14	14	6	13	47	12
Kaithal	18	16	20	20	74	21
Karnal	8	8	12	9	37	9
Kurukshetra	12	12	19	15	58	14
Mahendragarh	20	20	1	12	53	13
Nuh	21	21	2	21	65	18

Palwal	19	15	8	17	59	15.5
Panchkula	10	9	7	8	34	8
Panipat	4	3	14	3	24	3
Rewari	11	11	3	6	31	6
Rohtak	9	10	9	10	38	10
Sirsa	17	19	17	19	72	20
Sonipat	6	5	10	5	26	4
Yamunanagar	3	4	18	7	32	7

X1 : Number of registered working factories per lakh population;

X2 : Number of registered working factories per 100 sq. km.;

X3 : Estimated number of workers employed per working factory;

X4: Estimated number of workers employed in working factories per lakh population.

Categorisation of Districts as per levels of Industrial Development

In order to analyse the levels of industrial development in different districts of Haryana, the overall Composite Index Ranking was categorized under four categories (Table 4):

Table 4: Cateogrisation of districts as per levels of Industrial Development in Haryana, 2018.

Composite Index Ranking Score	Levels of Industrial Development	Districts
1-5	High	Gurugram, Faridabad, Panipat, Sonipat, Jhajjar
6-10	Medium	Rewari, Yamunanagar, Panchkula, Karnal, Rohtak
11-15	Low	Ambala, Jind, Mahendragarh, Kurukshetra, Bhiwani, Palwal
16 & above	Very Low	Hisar, Nuh, Fatehabad, Sirsa, Kaithal

1. High Industrial Development (Ranking 1 to 5):

The districts of Gurugram (rank 1), Faridabad (2), Panipat (3), Sonipat (4), and Jhajjar (5) have emerged as the top five districts in terms of levels of industrial development in the state. It is interesting to note that majority of these districts are in the vicinity of the national capital, Delhi.

2. Medium Industrial Development (Ranking 6 to 10):

The districts of Rewari (rank 6), Yamunanagar (7), Panchkula (8), Karnal (9), and Rohtak (10) have experienced medium level of industrial development. The analysis of location of these districts has revealed that these districts are either part of eastern Haryana or are in the vicinity of the state capital, Chandigarh.

3. Low Industrial Development (Ranking 11 to 15):

The districts of Ambala (rank 11), Jind (12), Mahendragarh (13), Kurukshetra (14), Bhiwani (15.5) and Palwal (15.5) are categorized under low industrial development. It is interesting to note that the district of Ambala which is in the vicinity of state capital also recorded low industrial development. A separate study can be conducted on this account.

4. Very Low Industrial Development (Ranking 16 & above):

The districts of Hisar (17), Nuh (18), Fatehabad (19), Sirsa (20) and Kaithal (21) fall under the category of very low industrial development. It is to note that majority of these districts are part of western Haryana.

The other important points related to district-wise levels of industrial development in Haryana that needs serious attention are:

1. Among the districts sharing boundary with the National Capital, Delhi, the industrial development was found to be very high. All such districts were in top 10 industrially developed districts of the state: Gurugram (ranked at 1), Faridabad (2), Sonipat (4), Jhajjar (5), and Rohtak (10). It indicates that industrial development has taken place here at a very fast rate in this part of the state;
2. It is to note that the majority of the districts close to the state capital, Chandigarh, recorded ranked high in terms of industrial development. The districts of Yamunagar and Panchkula ranked at 7 and 8 place respectively. The district of Ambala has experienced low level of industrial development and ranked at 11 spot;
3. Among the top five least industrially developed districts of the state, three are from the western parts of the state: Sirsa (ranked 20), Fatehabad (19), and Hisar (17). The other two districts were Kaithal (21), and Nuh (18). Kaithal was the least industrially developed district of the state.

This lop-sided pattern of industrial development is found to be in consonance with the patterns of economic growth in the state. “Districts surrounding the national capital have grown at a very high rate, while the western districts...have grown at a much lower rate. More than 40 percent of economic growth, during the last twelve years has come from Gurgaon and Faridabad alone” (Govt. of Haryana, 2014:1). Interestingly these are the districts which are found to be at Rank 1 and 2 respectively in terms of levels of industrial development in the state. It shows a strong relationship between the levels of industrial development and patterns of economic growth among different districts of Haryana.

In order to reduce the gaps in the levels of industrial development among different districts of Haryana, the study recommends the following:

1. There is an urgent need to attract invest (public/private) in industrial infrastructure along with investments in road/railway/airway network in the western parts of the state. A suitable industrial policy should be framed in this perspective;
2. In the industrial policy framework, more incentives should be given to those investors who are willing to invest in the industrially backward districts/regions of the state.

Conclusion:

The district-wise analysis of indicators of industrial development, values of composite index and overall ranking of industrial development for the year 2018 indicates lop-sided industrial development in the state. It is largely confined only to areas around Delhi, Chandigarh and a few districts here and there. Surprisingly the results of the present study are by and large in consonance with the picture that was prevailing in the mid 1970s as it was noted at that time that the industrial development in the state “remained confined only to a few pockets or areas around Delhi” (Verma, 1975:121). There is an urgent need of an industrial policy which can attract investments in the industrially backward districts of the state so that the disparity in the levels of industrial development in the state is minimized.

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