
Growth and Development of SSI in Aurangabad industrial area

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Introduction

The most pressing need of development countries (like India) is rapid industrialization. It is an effort in which the developing countries place a major hope to a finding a solution of their problem of poverty in security and over population and ending their newly realized backwardness. Economists like Colin Clark have pointed out that economic growth is positively correlated with the proportion of working population engaged in the secondary and tertiary sector and low per capital income is associated with high proportion of population engaged in the agriculture sector. Economic growth, therefore entails the movement of resources from low productive sector agriculture to a high productivity sector industry.

The relationship between industrialization and economic development has also been described by Gunnar Myrdal. The development of manufacturing industry has been spectacular economic progress and rise in the level of living, not least in the under developed countries the productivity in industry trends to be considerably greater than in the traditional agriculture pursuits. Apart from this, there has been common agreement upon the specific objectives of the policies of industrialization in most of the developing economics. The importance of industrialization for India was recognized by late Pandit Jawaharlal Nehru when he said that, “ Real progress must ultimately depend on industrialization” industrialization secure strong base for rapid growth of national and per capita income historical observation in this regard show a close relationship between industrialization and the growth of national income. Chenery and Tayalor also observed a meaningful relationship between per capita income and the degree of industrialization. The empirical evidence also suggest a close correspondence between the high level income and industrial development. The GNP of most industrialized countries at 1967- 69 prices was 2033 Billion Dollars in 1972 and of less developed countries only 390 Billion dollars. The GNP per capita for industrialized countries was has high as 3020 Dollars, where as it was as low as 244 Dollars for industrially backward countries.

Industrialization, further, diversifies the nature of the economy by creating additional wealth and brings in its make technological process and change in the outlook of the people. It can also ensure a fast growth rate development of infrastructure, self-reliance in defense materials, modernization of agricultural of overall economic development of the country.

Aurangabad is a success story of MIDCs efforts towards a balanced industrialization of the state. A city with no industrial background is today a thriving hub of industrial activity. Today Aurangabad has a renowned industrial area and is divided into four zones namely Chikalthana, Waluj, Chitegaon & Shendra. The industrialization in Aurangabad started in mid 70's with companies like Lupin, API, Nirlep & Garware. The major industry sectors in Aurangabad are Automotive, Auto Components, Pharmaceuticals, Breweries, White goods/Appliances and now going for fast paced IT industries.

Few major companies that have their unit in the city are Bajaj Auto, Wockhardt, Shreya Life Science, Orchid, Lupin, Atra, Videocon, Nirlep, Skoda Auto, Colgate Palmolive, Endress Hauser, Good Year and Siemens. Aurangabad is a booming industrial zone and one of the fastest developing cities in the whole Asia!

Origin of research problem

After independence India gets good scope in industry. Industry is the blood of Indian economy. But till 65 years the problem and prospects are the same. This project will investigate in detail about the role of DIC. Small and Medium size enterprises generating wide employment in Aurangabad industrial area. Hence this step is an important part in the today global Aurangabad industrial world.

International status:

The world is hypnotized to the concept of development. Any developing nation is needed to equal growth and equal justice in all sectors. Without equal growth there is not possible to develop the country. Growth in industrialization is the most important aspect for the developing nation. Eminent scholars have done research at international level on this topic. Many articles were published between 1990 and 1998 in seven major English-language journals at international level such as Cambridge Journal of Economics, Economic Geography, Entrepreneurship and Regional Development, European Planning Studies, Growth and Change, International Journal of Urban and Regional Research, and Research Policy.

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These journals serve as important outlets for industrial district research, as evidenced by the frequency with which they are cited in publications. To be parsimonious but also sufficiently comprehensive, and to restrict potential sample-selection bias, a contribution from various disciplines (sociology, economics, economic geography, regional planning, etc.) using different methodological approaches.

National Status:

India is second in world ranking in population. Population explosion is main cause behind various problems in India. In 1952 Indian Central Government launched Community Development Program for rising living of standard. DIC of Aurangabad district published visionary document 2020.

Significance of the study:

SEZ already established in five star industrial zone at shendra MIDC. SKoda auto and many industries are arrived from foreign countries and recently Audi company also completed their official procedure to establish their unit in five star Aurangabad industry. Means automatically small and medium size enterprises will grow up. Hence this study is an important step in the area of research.

Objectives of the Study:

- 1) To analyze the growth of small scale industries of Aurangabad Industrial area.
- 2) To know the problem, opportunities and challenges before Aurangabad Industrial area.
- 3) To suggest and find out the clear outcome of Aurangabad SSI units for cluster development.

Research Methodology:

Secondary data is gathered from different books, journals, magazines, and official websites. The separate questionnaire had designed to the entrepreneur for collect the primary data as well as personal observation. The scope of this study is limited to Aurangabad district only. All the conclusion and remedies had drawn on the basis of Aurangabad industrial area and DIC Aurangabad.

Limitations of the study

This study is limited to Aurangabad industrial area only. Due to limit of words it is not possible to demonstrate all the required data and analyze the situation. Considering relevant data and overall position of industries conclusions, suggestion are drawn. It is not possible to cover all aspect of industries as well as DIC Aurangabad but this study aims to calculate overall growth of Aurangabad industrial area.

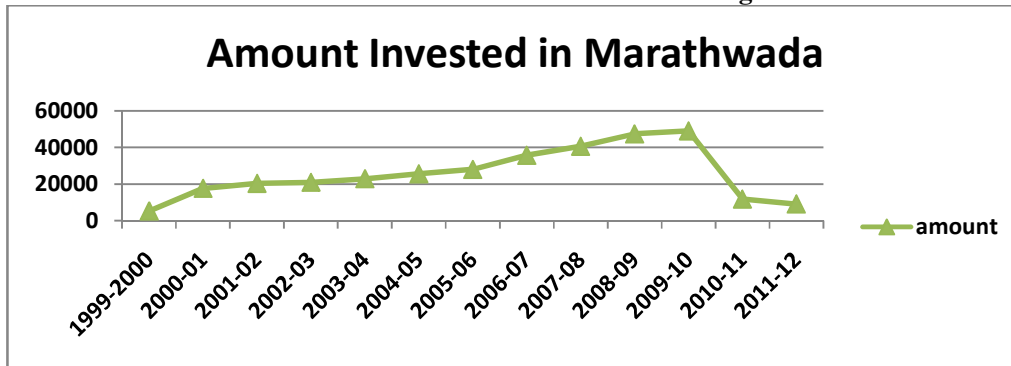
Table 1.1

Growth of Investment and Employment Generation in MSME units in Marathwada Region

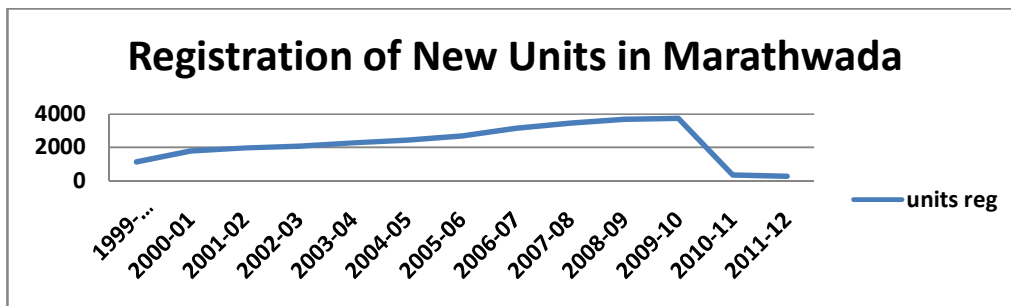
Year	Units Registered	Employees	Amount (Lakhs)
1999-2000	1128	8896	5357
2000-01	1791	16148	17762
2001-02	1963	18183	20438
2002-03	2073	19099	21022
2003-04	2270	20658	22995
2004-05	2434	20954	25715
2005-06	2685	23205	28090
2006-07	3135	28002	35798
2007-08	3445	29868	40745
2008-09	3684	40671	47447
2009-10	3742	41193	49122

Source: MSME data of different districts of Marathwada

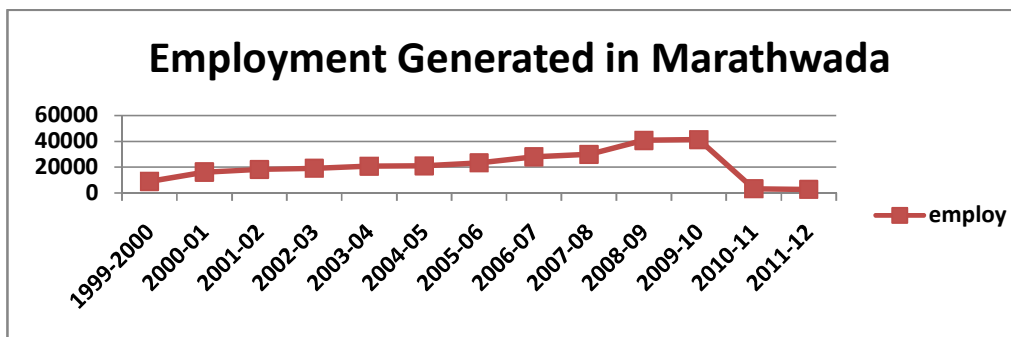
Table 1.1 shows the number of industries registered under Micro Small and Medium Enterprises (MSME) and number of employment generated with those units. It also shows the amount of investment within these units. 1128 units was registered in Marathwada region through which 8896 employment was generated. In the year 2001-02 new 663 units was registered and 12405 lakh amount was invested. Definitely it was good sign for Marathwada region. The trained showed upward position upto 2009-10.

Chart No. 1 Amount Invested in Industries of Marathwada Region

It has been seen from the chart 1 that the investment rate increased till 2009-10 but then a downfall is seen in the investment. There are many problems associated with this downfall. The major problems seen are because of the attitude of banks providing loan and the inflation.

Chart No. 1. 2**Numbers of New Industrial Units of Marathwada Region**

It has been seen from the chart 2 that the registration rate of industrial units has been seen increasing till 2009-10 but then a downfall is seen in the chart. The reason for this downfall also depends on the lack of financial support. The banks other financial institutions here plays a vital role in providing loan and financial assistance.

Chart No. 3**Employment Generated in Industries of Marathwada Region**

It has been seen from the chart 3 that the employment depends on the registration rate of industrial units and investment in these units. It has been also observed increasing till 2009-10 but then a downfall is seen in the chart.

Table No.1.3**District Industrial Centre, Aurangabad.****Registration & Deregistration of SSI (MSI/SSSB) in during 2002-2007**

Year	Registration	New Registration	Deregistration	% of deregistration
2002-03	18014	94	0	0%
2003-04	18108	80	5407	29.35%
2004-05	12781	190	0	0%
2005-06	12971	83	1782	13.73%
2006-07	11272	605	1129	10%
Total	73146	1052	8318	11.37%

(Source: Official records of DIC Aurangabad.)

Note: percentage of deregistration out of registration. [Permanent+Provisional]

The number of provision unit is large but they could not get permanent registration because of poor management of the unit. Even the project evaluation is not realistic at the time of registration. Many entrepreneurs are unable to make proper project report, because of these obstacles, the number of permanent registration per year or during year. It is seen from table 2 that registration of Permanent and Provisional unit is 18014, 12781 and new registration unit 94, 190 not deregistration during year 2002-03 and 2004-05 percentage are zero. 2003-4 this year total number of unit is 18108 Percentage highest of deregistration 29.85% in the Aurangabad district. Year of 2005-06 and 2006-07 deregistration percentage are decreased out of last year this are 13.73% and 10%. Total average of during year deregistration are 11.37% in Aurangabad district.

Table No-1.4**District Industrial Loan Scheme percentage of****Target & Achievement during 2002-2007.**

(Rs. In lakh)

Year	Target		Achievement		% Percentage	
	Financial	Physical	Financial	Physical	Financial	Physical
2002-03	32.57	142	32.61	157	100%	100%
2003-04	25.70	111	24.67	134	96%	100%
2004-05	41.22	241	21.42	101	52%	42%
2005-06	62.04	295	53.49	236	86%	80%
2006-07	90.38	393	54.03	209	60%	53%
Total	251.91	1182	186.22	837	74%	71%

Source: Official Records of DIC Aurangabad.

Note: percentage of Achievement out of Target.

It is seen from table no 1.4 that District Industrial Loan scheme are target and complete the achievement in percentage this figure shows that financial and physical. Financial target in 2002-03 is achievement percentage of 100% this year target is completed in financial and physical. During year 2004-05 financial target are Rs.41.22 lakh, physical target are Rs.241 lakh and achievement this year financial are Rs.21.42 lakh, physical are Rs.101 lakh percentage is 52% and 42%.

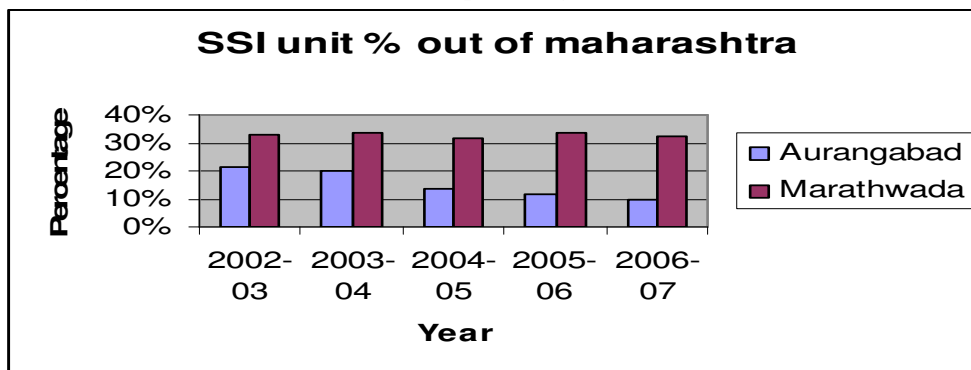
During next two year financial and physical percentage target of achievement is increased. Total averages of financial and physical percentages are 74% and 71% in during year of 2002-03 to 2006-07 completed achievement out of target. District industrial loan scheme percentage is satisfaction in completed to target.

Table No. 1.5**No of working SSI (MSI/SSSBE) unit Registered during 2002-07**

Region	2002-03	2003-04	2004-05	2005-06	2006-07
Aurangabad	18,014 (21%)	18,108 (19.91%)	12,781 (13.27%)	12,971 (11.8%)	11,272 (9.55%)
Marathwada	28,115 (32.78%)	30,321 (33.33%)	30,551 (31.74%)	36,712 (33.39%)	38,108 (32.29%)
Maharashtra	85,747 (100%)	90,952 (100%)	96,252 (100%)	1,09,950 (100%)	1,18,008 (100%)
All India	15,91,069	16,97,329	17,53,492	18,70,807	18,87,700

Source: Official Records of Industrial Joint Director of Aurangabad.

Note: figure show in the bracket indicates percentage out of Maharashtra unit.



It is seen from table 1.5 and graph 4 that Joint Director of Industries in Mumbai number of SSI working unit in Maharashtra state. This table shows that total unit of Maharashtra (85,747), Marathwada unit percentages are 32.78% (28,115) out of Maharashtra unit. Aurangabad unit percentages are 21% (18,014) out of Maharashtra unit during year 2002-03 this year percentage is highest during table year. Year of 2006-07 total unit of Maharashtra (1,18,008), Marathwada unit percentages are 32.29% (38,108) out of Maharashtra unit. Aurangabad unit percentages are 9.55% (11,272) out of Maharashtra unit. This table shows that all India, Maharashtra, Marathwada unit are increase but Aurangabad SSI unit and percentage are decreased during table year. Aurangabad DIC satisfaction of all the schemes is active in the increase of SSI.

Major Conclusions

- 1) Huge quality of cotton, jawar and bajara is grown in Aurangabad, there is need of proper and effective utilization should be made through establishing processing units.
- 2) Efforts should be made to utilize agro-residuals like wastage coming from sugar mills, cotton stims shells of groundnut etc. for manufacturing bio-coal briquetters, handmade papers particle board etc.
- 5) Tremendous scope exists for exploring horticulture, fisheries, milk, poultry farming and hatcheries.
- 6) No specific plan for development of waste land for fodder cultivation of forestry has been chalked out.
- 7) Railway transport facility exist in Aurangabad district is inadequate. Similarly other infrastructural facilities like communication/electricity, roads etc. needs further improvement.
- 8) Medium or big industrial projects in the field of defense railway or automobiles can be started in Aurangabad districts.
- 9) Engg. College, poly technic and computer training center to be started in Aurangabad.
- 10) Entrepreneurship needs to be developed in Aurangabad city. This can be done through conducting motivational –cum awareness programmed, especially in rural areas.
- 11) Establishment of mini industrial area in each taluka of Aurangabad district will change the industrial scenario of Aurangabad district in future.
- 12] In Aurangabad there is shortage of manpower and technology based services are not available.

Important Suggestions:

- 1] Adequate staff which is talented, motivated and dynamic in nature should be required in DIC, Quality personnel in DIC office is important. It should have vision and direction for industrial development of Aurangabad District hence requirement pattern of DIC staff should be based on competitiveness.
- 2] The co-ordination and co-operation between other industrial promotional agencies as well as in universities of that region and DIC should be increased. They should be linked with computer to each office of DIC. At the same time government should emphasize on the concerned departments to delegates enough powers so the DIC as to make a single window concept in reality.
- 3] Government of Maharashtra should create cluster program for the backward region like Marathwada. This cluster approach should be based on the availability of local inputs which would encourage local entrepreneurs. This will be supporting for the performance and role of DIC's.
- 4] DIC's should conduct proper and regular techno-economic survey of the district, at the same time preparation of action plan is one of the main function of DIC which should not be avoided.
- 5] The action plan prepared by the DIC's and the credit plans prepared by the lead banks should work on total co-ordination of officials from each office.

Concluding Remark

Aurangabad is the fastest growing industrial hub in Asia. But due to some basic infrastructural facility it resulted slow growth. For instance, lack of cold storage facility for agricultural product. Aurangabad district is world heritage, historical and holy place but due to professional manpower in the field of tourism the district can't show upward trend. There is need to proper and effective utilization of forest product and transport facilities should be developed further. Fishing and its allied activities should be develop at Paithan Dam. There is shortage of water and electricity power. So due such basic facilities and structural development Aurangabad district and industrial area is getting slow growth. So study suggested strongly basic facilities and research development should be increased including quality higher education.

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