

Development of small scale industries and economic growth of Uttarakhand

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Abstract Uttarakhand, in spite of being a small state, has certain key features that make it distinct from other states of the country and highlights its potential for development. However development has predominantly been in the plains, and the hill districts have been left behind. All the hill districts have subsistence farming as their main economic activity. Due to subsistence livelihood, migration and a remittance economy operate in the hill districts. They are land-locked with huge distances between the markets and resources.

Key Words: Uttarakhand, Development Strategy, Economic Activity
Introduction: Uttarakhand State was carved out of the state of Uttar Pradesh on November 9, 2000. It is divided into two broad regions—Garhwal and Kumaon. The state is comprised of 13 districts, namely, Chamoli, Pauri, Tehri, Uttarkashi, Dehradun, Haridwar and Rudrapur in the Garhwal region and Nainital, Almora, Pithoragarh, Udham Singh Nagar, Champawat and Bageshwar in the Kumaon region., of these 13 districts, four districts (Nainital, Haridwar, Dehradun and Udham Singh Nagar) have large areas in the plains, whereas the other nine districts comprise the hill region of the state. The state is further split into subdivisions and development blocks (Appendix 1).

The formation of the new state had to fulfill the high expectations of the local people related to development and better living standards. However, within Uttarakhand there is a geographical inequality between the hills and the plains that divides the state critically, districts in the plains are far ahead on various development indicators. Industries have created about 2.8 lakh jobs but these are in the plains, and most of the growth due to industrialization has been restricted to the plains.

The hill region districts are less developed in terms of infrastructure, i.e., electricity, roads and irrigation. The inter-district inequality in infrastructure leads to increasing disparity in terms of income and livelihood between the hills and the plains. Low levels of income not only result in low levels of consumption and material deprivation, but also constrain human potential by restricting access to education and health facilities, thereby creating a vicious cycle of poverty.

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More than three-fourths of Uttarakhand's total population depends on agriculture for their livelihood and the economy is predominantly dependent on mountain agriculture. However, the land holdings are small and fragmented, and irrigation facilities limited. Soil and water conservation is another issue for inclusive development. For physical, geographical and environmental reasons, the scope for agricultural policies based on modern input-intensive agriculture is severely constrained in the hill regions. As a result, the majority of the rural population in the hills either survives on subsistence agriculture or migrates to other parts of the country for employment. The state faces the challenge of promoting livelihoods to retain people through local employment and income generation and to enhance their quality of life.

At the same time, the hill districts of Uttarakhand have tremendous potential. The vast natural resources add to the state's attractiveness as an investment destination, especially for tourism and agriculture- and forest-based industries. Uttarakhand is the first state in the country to have created a Tourism Development Board by legislation. Also, it is the first one to be called an organic state.

This study proposes a strategy for a planned approach to rapid and inclusive growth of the hill districts. The development of agriculture and an agriculture-based system that is linked with the growth of industries and tourism can be the way towards inclusive development of the hill regions. This, along with a watershed approach, is proposed as an efficient way to improve land productivity and sustain it. New opportunities are available through the use of quality seeds suitable for hill agriculture and multi-cropping systems combined with animal husbandry through cattle rearing, poultry, fishing, bee-keeping, etc. Organic farming and agri-based employment opportunities need to be encouraged. The processing of fruits and vegetables, vocational training for youths, and banking and insurance in the service sector can provide livelihood security and support. Development of all these areas along with infrastructure development and better education facilities can be a direction for sustainable development of the hill regions for better quality of life to the inhabitants and to help halt migration from villages.

Forests play an important role in the economy of the state. Timber and fuel form the major produce group, while bamboo, drugs, grasses, gum and resins etc., the minor produce group. Forests are the major source of raw materials for industries, buildings, railways and other tertiary sectors. There is an increased pressure on forests for fuel, fodder and timber requirements that is having an effect on the desired level of forest density and productivity of forests. The destruction and degradation

of forests are taking a heavy toll on soil and water resources, making the land less productive and leading to impoverishment of the rural population.

Uttarakhand has seen strong industrialization during the past five years, but that was mainly in the plains, (following the special package announced by the Centre in 2003). Thus an Integrated Industrial Development Policy 2008 was launched in February especially for the industrial development of hilly and remote areas in the state. This policy has aimed at the economic development of the hill region. With the objective of inclusive growth, the main concentration is now on the hill districts. This policy aims to accelerate industrial development in the industrially backward and remote hill districts of the state, to develop industrial infrastructure, and to encourage entrepreneurial development through market encouragement and financial support to entrepreneurs. The creation of employment opportunities along with the removal of economic backwardness is expected to help control the migration of the population towards the plains and other states in search of better livelihoods. This policy targets industries in the manufacturing and services sectors. These steps are in addition to the Industrial Policy, 2003. Which aimed to provide a comprehensive framework to enable a facilitative, investor-friendly environment to ensure rapid and sustainable industrial development in Uttarakhand and, through this, to generate additional employment opportunities and to bring about a significant increase in the State Domestic Product and eventual widening of the resource base of the state.

The policy looks at providing single-window facilitation in the state to expedite project clearances and to provide an investor-friendly climate. It also looks to provide and facilitate expeditious land availability for setting up industrial ventures and infrastructure projects. The policy aims to provide assured, good quality, uninterrupted and affordable power for industries and to simplify and rationalize labour laws and procedure in line with current requirements while ensuring that workers get their due share in the economic prosperity of the state. For small-scale industries, cottage, khadi and village industries, handicrafts, and the silk and handloom sectors, it will assist them in modernization and technological upgrading and provide necessary common facilities and backward and forward linkages, including product design and marketing support so as to make them globally competitive and remunerative.

The State Infrastructure & Industrial Development Corporation of Uttarakhand Limited²¹ (SIDCUL), a government of Uttarakhand enterprise, was incorporated as a limited company in the year 2002 to promote industrial development in the state. It provides financial assistance to promote industries and develop industrial infrastructure in the state of Uttarakhand directly or through Special Purpose Vehicles, Joint Ventures,

assisted companies, etc. most of its major industrial infrastructure has been developed in the plains with limited concentration in the hills. Some of its major projects include the Integrated Industrial Estate at BHEL in Haridwar, the Integrated Industrial Estate at Pantnagar, an IT Park in Dehradun, the Growth Centre at Pauri, and the Integrated Industrial Estate at Sitarganj. SIDCUL enables industrial projects to be set up in a short time. The Corporation administers all promotional schemes of the government for industries and uses the single-window system.

Industrialization is an opportunity for people of the hill regions and it is not only production but also activities related to tourism and agriculture that can be given the status of industries. For successful industrialization, participation of women and in-house employment need to be given importance. For the development of the hill regions, creation of feasible employment opportunities is very important. Industrial activity in the hill regions can be tapped in local agro-based industries (e.g., shawls which are warmer than quilts). There is a need to provide the latest technology and easy accessibility to raw materials in order to improve the output. At the local level it is necessary to create cooperatives of small-scale industries, as well as good artisan cooperatives that will coordinate with an external marketing agency to sell the products. Some of these employment opportunities are presented in the form of the case studies of these employment opportunities are presented in the form of the case studies of the Himalayan Environmental Studies and Conservation Organization (HESCO) and the Aajeevika program.

Most crucial for the development of any business is the development of entrepreneurial skills. Since in the hill regions men have migrated towards the plains and it is the women who are engaged in various activities, it is important to develop the entrepreneurial skills of women. There are a number of alternative economic activities that women can engage in but these petty businesses are unable to yield reasonable levels of income to the households. This is due to various constraints like raw materials and services in the case of dairy farming, lack of technical guidance and marketing in bee-keeping, and lack of awareness and marketing facilities in the case of mushroom cultivation. Households engaged in petty business mainly face credit problems. Here the role of micro-credit institutions becomes very important.

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