

Acceleration and Spatial Distribution of Industrial Activity in Karnataka

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This Article attempts a disaggregated analysis of industrialisation and spatial spread of the manufacturing sector at the industry level, district level and regional level. The analysis points out at limited industrial acceleration (meager contribution of Modern Industrial Sector), and increasing capital intensity.

Spatial spread of industrial activity continues to be uneven and volatile. Industrially better developed districts attract more of industrial activity. Influence of growth pole is not positive. Industrial density is more in better developed districts.

Efficacy of incentive and concession schemes can be improved if they go with good infrastructural facilities. Labour intensity can be increased with much more human resource development.

Industrialisation has gained significance through its contribution to economic development and its inseparability with the modern human life. Industrialisation left to its natural course does not always ensure required degree of and spatial balance in industrial activity. It needs to be steered and this is done through industrial policy. In India industrial policy was formulated to guide, direct and control industrialisation, with the twin objectives of rapid industrialisation and regional balance. But the reality, in the industrial field was away from these objectives. Indian Industrial scenario contained some unpalatable aspects like growth of large industrial houses, concentration of economic power, regional imbalance, absence of functional relationship between small and large industrial units, existence of unutilized capacity, foreign collaboration in non-essential areas etc. The industrial recession of mid 1960s was another cause for concern. Several committees – Industrial Licensing Policy Inquiry Committee (subimal Dutt), Committee on Distribution of Income and levels of living (P.C. Mahalanobis), Monopoly Enquiry commission (Das Gupta), Study of Licensing under the Industrial (Development and Regulation) Act 1951 (Hazari) had been constituted to probe and recommend measures to overcome the above cited unwelcome aspects of Industrialisation. Recommendations of these committees led to the redesigning of industrial policy, enactment of M.R.T.P. Act, FERA, introduction of liberalisation measures, incentive and concession schemes etc., that have influenced the industrial scene. The first phase of reforms (1991) have left their impact on industrial scene.

Evaluation of such an influence on industrial activity is necessary. This paper makes an attempt to examine the extent of success of these promotional measures in accelerating industrialisation and correcting the regional imbalance.

Section I of the paper brings out briefly various concessions and incentive schemes. Section II gives an insight into the disaggregated analysis of industrial growth with

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