



Industry in Maharashtra: A brief Review

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What led us here:

- Regional imbalance, geographic mapping of development
- Attempt to give structured data based inputs for local governments (ZP) to plan for economic development with geographical details– Madhubani
- Study focused on industrial development and its multiplier effects in employment in Pune, with focus on local geography
- Perusal of available data, its range, detail, usefulness, and ability to create intuitive inputs for planning and policy

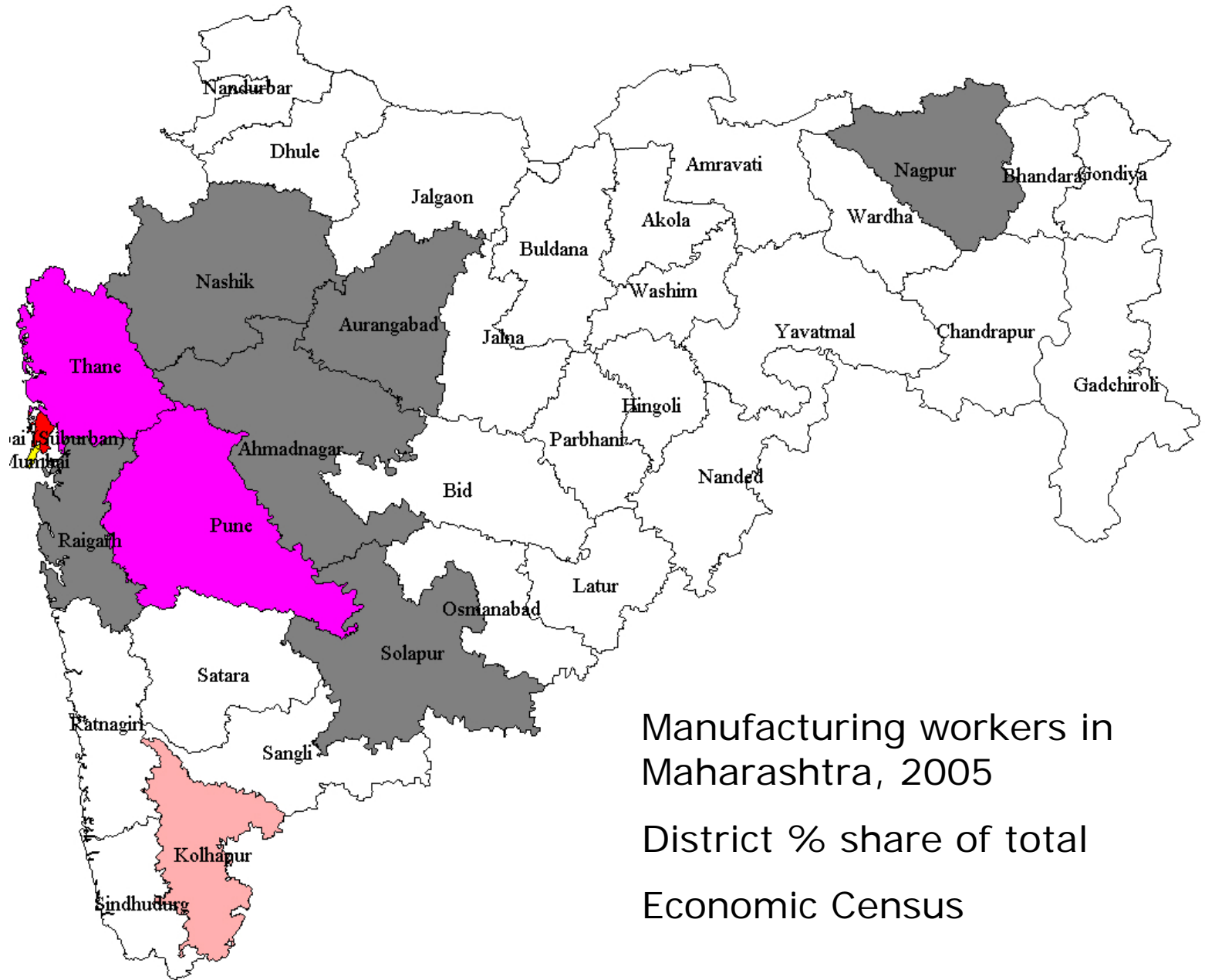


Earlier work:

- Spatial and temporal patterns of the economy
- A more systematic study of Maharashtra – the geography of industrial behaviour in the most industrialised state
- With employment as the central theme, to discover patterns of industrial development and urbanisation within the state with districts as primary units -- 2011 seminar

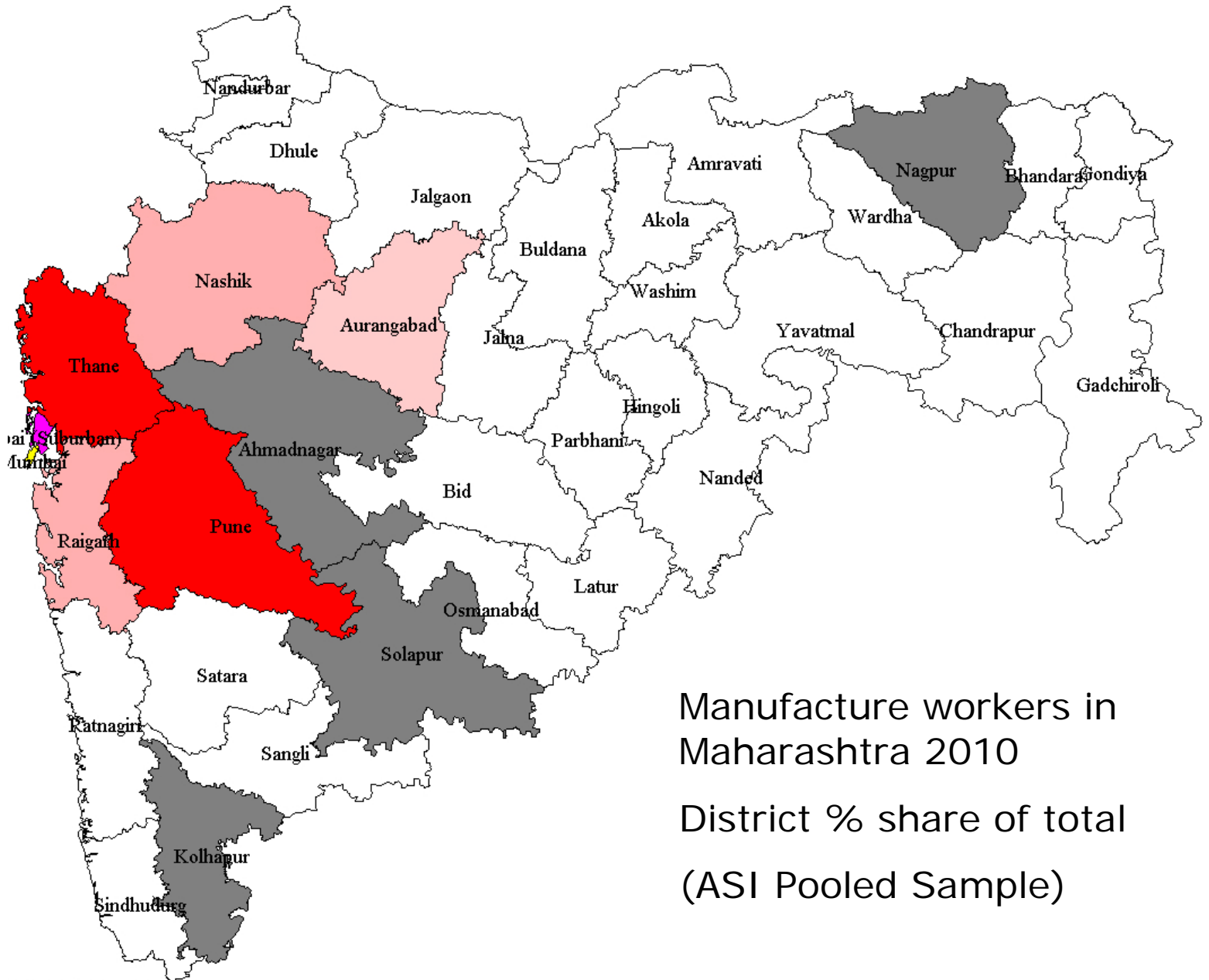
Patterns:

- The convergence of urban and industrial growth, the growth of existing urban centres rather than new ones, their absence in about 18 eastern districts, accompanied by extremely low industrial employment generation
- Dominance of Mumbai, Thane, Pune and Nagpur
- Smaller significant centres – Nashik, Solapur, Kolhapur, Aurangabad, Ahmadnagar
- Issue of rural industrial growth: Mostly in Pune and Thane, penetrating into the rural periphery
- The only data sources: Economic Census 1998 and 2005 and Population Census



Manufacturing workers in Maharashtra, 2005

District % share of total Economic Census



Manufacture workers in Maharashtra 2010
 District % share of total
 (ASI Pooled Sample)



Location dynamics:

- Post reform hope that industrial location would spread to newer parts of the state not realised
- Question: how are location decisions being made by industry?
- This remains the focus of our interest in the study of industrialisation
- To ask this, needed strong case studies of sharp change, positive and negative
- Agglomeration advantages of existing concentrations, urban amenities, and infrastructure – frequently quoted
- Goal to look beyond existing concentrations, at smaller but persistent locations, and if possible new ones appearing post reform
- Lessons for what works and what does not for new areas, for policy, and for governance
- The questions in these presentations: why here and how does this place work
- Economic geography

Some employment trends:

Manufacture Hiring Category	CAGR 1998-2005		1998	2005
	Enterprises	Workers	Workers/unit	
0	-0.57	-2.88	1.48	1.25
1 to 10	7.59	5.40	4.10	3.55
11 to 50	-7.83	-7.98	21.55	21.31
51 to 99	-1.52	-1.43	71.18	71.63
100 & more	-2.99	-5.48	419.08	349.52
Total	1.99	-1.34	4.19	3.32

- Economic Census data: Manufacture gave a net employment decline, even though enterprises increased, downward shift in employment size
- Role of very small and very large units: workers per unit declined, but their overall increase in small units unable to balance the reduction in very large units
- Employment growth and large industry

Employment trends

% share of census sector				Total factories
Year	Direct workers	Contract workers	Total wages	(Manufacture)
1998-99	55.33	44.58	65.34	18891
99-2000	53.41	39.30	64.00	18538
2000-01	64.16	54.56	74.81	18079
01-02	65.12	52.76	73.53	17315
02-03	65.11	52.05	72.09	17154
03-04	64.41	55.84	74.25	16981
04-05	61.17	55.76	71.12	18381
05-06	61.17	57.99	70.04	18138
06-07	58.27	54.35	68.47	18038
07-08	62.08	61.28	73.73	17695
08-09	56.68	61.44	66.98	18451
09-2010	57.38	57.64	68.36	18795

Wage Rate Rs /day	Direct workers		Contract workers	
Year	Census	Sample	Census	Sample
1998-99	232	113	82	75
99-2000	241	125	90	84
2000-01	245	118	94	94
01-02	234	134	97	94
02-03	242	150	104	101
03-04	274	146	114	101
04-05	302	150	119	107
05-06	305	161	128	119
06-07	326	176	139	125
07-08	355	189	160	157
08-09	394	199	179	151
09-2010	441	218	200	170

Census sector: 100 or more workers

Sample sector: less than 100 workers

Worker trends:

CAGR 1998-2010	Census	Sample	Total
Direct	-0.03	-0.72	-0.34
Contract	12.03	7.22	9.65
Others	2.77	-5.88	-2.36
Total	2.82	-1.51	0.63

% share in total workers						
ASI Sector	1998-1999			2009-10		
	Direct	Contract	Others	Direct	Contract	Others
Census	61.67	9.94	28.39	43.98	27.80	28.19
Sample	38.41	9.53	52.06	42.23	26.40	30.20
Total	48.54	9.71	41.75	43.21	27.19	29.07

- Restructuring of labour use has been different in different size industry
- As wages have gone up, small and medium industry has shed workers in the non-essential categories
- Nashik: strong contention that large industry is increasingly outsourcing skilled work to small and medium (share of census sector direct workers has gone from 61% to 44%), upward worker mobility from small to large
- Given the wage difference for direct workers, strong competition for this level of workers

Nashik and Jalna:

- At the disaggregate level, what was the picture?
- The heavy concentrations of industry in Mumbai, Pune and Thane, constituting about 55% of all employment in manufacture continued from 1998 to 2005 (EC) (and to 2010 ASI), the state picture was shaped by their performance
- Rural Thane (17%) and Pune (11%) grew significantly, giving the rural boost to the state,
- Among the smaller locations, Nashik was the worst performer and Jalna the best
- Nashik saw a large slide in employment by about 40% with workers per unit going from 7 to 4; Jalna saw a significant increase of 52% with workers per unit increasing from 2.73 to 3.38
- What happened here and why?



Need for further exploration:

- Why did industry locate in Jalna and why did it seem to be 'withdrawing' from Nashik?
- The focus on location specific study of industrial behaviour seemed necessary to understand what factors played a role in both decline of an existing established location, and the growth of a new one
- No published data captures dynamics and forces governing the change, mortality
- Not even updated list of industries, with some basic data, neither government nor industry associations
- The vanishing quality of industrial data
- When a decline takes effect, how does one know?

Role of data:

- Only EC data has been useful in understanding the disaggregated picture of Maharashtra industry; only to identify possible deviations from the norm for further study
- How is policy made for the entire state on the basis of state level averages? Where is space given for the challenges faced by different locations?
- There is no inevitability to the success of existing concentrations, even smaller ones like Nashik
- Nor is it impossible to have industrial growth in a backward area, with poor infrastructure, poor urban amenities, poor education, etc
- Need to understand how they happen for real lessons