



Nashik and Jalna

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Respondents:

- Nashik: No. of factories – 1225 (2010), Respondents: industry owners (diverse) – 17, union leader, labour contractors, consultant -- 4, real estate developers, MIDC officials
- Jalna: No. of factories – 189 (2010), Respondents: Industry owners (steel) – 5, transport contractors
- Gujarat: Baroda: industry (owners, others, diverse) – 7, Surat: industry owners (textile) – 3



Enquiry:

- How did you come to be here?
- How does this location function for your needs?
- What are the challenges?
- How do you view your future and the future of this location for industrial development?
- Policy support: what do you feel has helped you, what do you need?
- Not really particular industry type focus, except where brought up by respondents
- Focus on the changes in the period 1998-2005 to seek reasons behind behaviour seen in data

Jalna

- Basic reasons for the localisation of scrap to steel: investment of trade surplus, groups of investors, strong entrepreneurship, availability of minimum infrastructure (MIDC), labour, transport links
- Freedom from licenses and permits
- Strong externalities due to increasing localisation
- Low need of highly skilled labour, not dependent on urban amenities
- Average wage level (Rs.105/day) lower than in Nashik (Rs. 258/day) (2010)
- Defining role of transport



Jalna

- Proximity to Aurangabad, for experience and insights into how an industry is run – a common and significant factor
- Technology exchange and some group dynamics among units
- Sometimes, group marketing for large orders
- Aggressive marketing, branding
- Policy response: no expectation, take advantage of particular incentives when applicable
- No particular political support

Nashik

- Older and more diverse industrial mix, beginning with public sector industry, large MIDC estates, proximity and connectivity to Mumbai, good weather conditions, urban amenities
- Location of significant large industry, leather goods, electrical machinery, pharmaceuticals, textiles, rubber and plastic goods, machinery and equipment and motor vehicles
- Many industries of client-vendor nature
- However, not possible to know the numbers involved, how many vendors per client, the range of products provided, and the employment breakup for a single product type between client and vendor
- How many independent industries, what products: footloose
- A huge handicap in understanding the interdependence and effect of business decisions
- Locational analysis: fallacy to view industry in any location in size silos, eg. MSMEs and large, separately



Aspects of Nashik:

- Labour: militant unionism, son of soil political movements, resulting in capital intensive technologies, use of contract labour on large scale
- Competition with service sector, urban aspiration wage demand, unwillingness to raise wages in response
- Poor quality of skilled labour and general shortages at all levels
- Structural changes in labour utilisation across industry size and between client and vendor – needs detailed examination
- Wage differences between large and small and large turn-over for small

Aspects of Nashik:

- Lack of land for expansion: a very major complaint across sizes
- The upward cascade of movement to larger land sizes completely blocked due to MIDC failing in significant land acquisition and new estates
- Land speculation within MIDC, driving up prices and creating scarcity, 'hoarding' of land by large, or closed industry
- Increased competition and weeding out of weak and inefficient industry, early 2000's
- Decision by large industry: movement of luggage line to China, reflected clearly in EC data, effect on more than one type of industry, variety of vendors

Movement to Gujarat:

- Several large industry (some MNCs) in electrical goods to Baroda (2008-09), a short visit to assess reasons
- No large industry willing to talk
- Respondents: some vendors, and other industry owners in Baroda (erstwhile CII president)
- This movement to plot sizes 2-3 times the old location
- No local vendor base, transport from vendors in old locations
- Labour quality and organisation poor compared to Maharashtra, with significant cost overheads
- The only discernible reason: large land plots, planning for future expansion

Issues for deliberation:

- Quality of data
- Role of policy: whom are you listening to, location, aim of policy, fostering existing concentrations
- Whither regional imbalance?
- Relationship between politics and capital
- Role of 'incentive hunting' and impact of GST
- Bias towards investment rather than employment as indicator of development
- Fostering entrepreneurship (the Jalna model): presence of large industry in broad vicinity as trigger?
- Thresholds to growth: land and land use, urban expansion
- Effective methods of persuasion to attract industry to available land in other districts
- Dynamics of industry in Nashik and Jalna and the larger picture