

Impact of State Industrial and Infrastructure Development Corporation of Uttarakhand Limited (SIIDCUL) on the economy of Uttarakhand

Abstract

Uttarakhand is 27th state of India, which came in to existence on 9th November 2000. Being it a young state the Government of Uttarakhand took an initiative of establishing a body named as State Industrial and Infrastructural Development Corporation of Uttarakhand Limited (SIIDCUL) for developing industrialization, for generating employment to its natives and for overall growth of the state. Investment has been attracted in the state and Integrated Industrial Estates (IIEs) have been developed in many districts of the state. Industrial scenario before and after SIIDCUL and investment attraction pattern of the state is the main thrust of the present study. It is observed that the number of industrial workers has gone up significantly after establishment of SIIDCUL. The paper also throws light on the investment attraction. It is observed in the study that investment attracted is limited to some districts only and other districts of the states are still untouched of this development wave.

Keywords: Honourable, Development, Industrialization

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Introduction

At the time of formation of Uttarakhand, Industrial development of the state was at utter low level. Industries were scattered and were less in number, investment and employment opportunities. The then Honourable prime minister Mr. Atal Bihari Vajpayee, During his visit to Uttarakhand from 29th to 31st March, 2002,¹ had inter alia made an announcement that "Tax and Central Excise concessions to attract investments in the industrial sector will be worked out for the special category states including Uttaranchal. The industries eligible for such incentives will be environment friendly with potential for local employment generation and use of local resources."² On the same verge Industrial policy 2003 was equipped with various concessions to attract industrial investment in Uttarakhand

State Infrastructure and Industrial Development Corporation of Uttaranchal Limited (SIIDCUL), a Government of Uttarakhand Enterprise, was incorporated as a Limited Company in the year 2002 with an authorized share capital of Rs. 50 crores and Rs. 20 crores paid up capital through Government of Uttarakhand in order to promote Industrial development in the State, provide financial assistance in the shape of debt, equity, venture capital, develop infrastructure and assist private initiative in Industry and Infrastructure and implement, manage projects and provide specialized financial, consultancy and construction and all such other activities to promote industries and develop Industrial Infrastructure in the State of Uttarakhand directly or through Special Purpose Vehicles, Joint Ventures, assisted companies etc.³

Industrial Infrastructure being developed by SIIDCUL includes-⁴

- Integrated Industrial Estate at BHEL, Haridwar
- Integrated Industrial Estate at Pantnagar
- IT Park, Dehradun
- Pharma City - Selaqui, Dehradun
- Growth Centre at Pauri
- Integrated Industrial Estate at Sitarganj
- IT-BT Park at Pantnagar

Objectives of the study

Broad objective of the study is to analyse industrial scenario before and after establishment of SIIDCUL in Uttarakhand. Following are the objectives of the study

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1. To analyse investment pattern in industries of Uttarakhand.
2. To analyse employment opportunities in industries of Uttarakhand.
3. To study the role of industries in creating local job opportunities.
4. To study the role of industries in facing the problem of migration of male workforce to other states.
5. To analyse the role of SIDCUL in overall development of the state.

Review of Literature

SIDCUL comparatively is a new concept and enough research work has not been done on it. There is a lack of published work on clear impacts of SIDCUL on the economy of the Uttarakhand. However some research papers and articles have been published in related field.

Rajaraman et al (1999), A study of Madhya Pradesh revealed that fiscal incentives had almost no impact on any kind of investment in Madhya Pradesh. Contrary to this it revealed that ample electricity was a crucial factor and a point of attraction for the investment to come.

Instead of enhancing and accelerating real economic growth financial incentives sometimes give a fierce competition between two places or among various places. (Wasylenko, 1988).

Carlton (1983, p. 447) expressed that various tax concessions given have very low level of impact on the adoption of a particular place.

Netzer (1991) and Rubin & Zorn (1985) presented a different thought and explained their findings as incentives offered motivated various firms to change their present location to a new location. So, technically no real employment increased or generated through concessions and incentives.

Paranjape (1988) in his research found that various concessions and incentives declared by the government definitely attract investment in the states. But this happens in an uneven way and some areas gets more and some area of the states get less. Generally area those are well connected with other parts of the states and enjoying good transport and urban facilities attract more. So, only concessions and incentives are not sufficient to attract investment. Some other aspects also need to be considered.

Data and Method

Investment data of all the units in SIDCUL has taken for the study. Some secondary data too has been taken for the purpose. Thus study is based on primary as well as secondary data. As far as the method is concern for the present study it is descriptive and analytic in nature. The data has been explained through various graphs and tables.

Industrial Workers

At the time of creation of Uttarakhand the condition of industrial development was not satisfactory. The table below gives an insight of it. Before establishment of SIIDCUL in the state, Year wise numbers of industrial worker in Uttarakhand, Uttar Pradesh and all India level given in the table below-

Table -1

Year	Uttarakhand	U.P.	All India
1998-99	36,670	455,816	6,364,464
1999-00	26,743	428,913	6,280,659
2000-01	28,704	401,676	6,135,238
2001-02	27,317	382,821	5,957,848
2002-03	27,815	409,116	6,161,493
Annual Growth (1998-2003)	-7	-3	-1

Source : An excerpt from, A study on impact evaluation of package of special category states (Uttarakhand, Himachal Pradesh and Jammu & Kashmir), submitted to the socio economic research division planning commission, government of India by Stellar Society (Trivenee school of excellence - research institute) Paonta Sahib, district Sirmour. Page 59, Table4.4

It is very evident from the table that era before establishment of SIIDCUL is not very sound. Average annual growth of All India was -1%, for the state Uttar Pradesh it was -3% but situation in Uttarakhand was very dismal. Average growth rate of Uttarakhand was -7%.

Now After establishment of SIIDCUL in the state, Year wise numbers of industrial worker in Uttarakhand, Uttar Pradesh and all India level given in the table below-

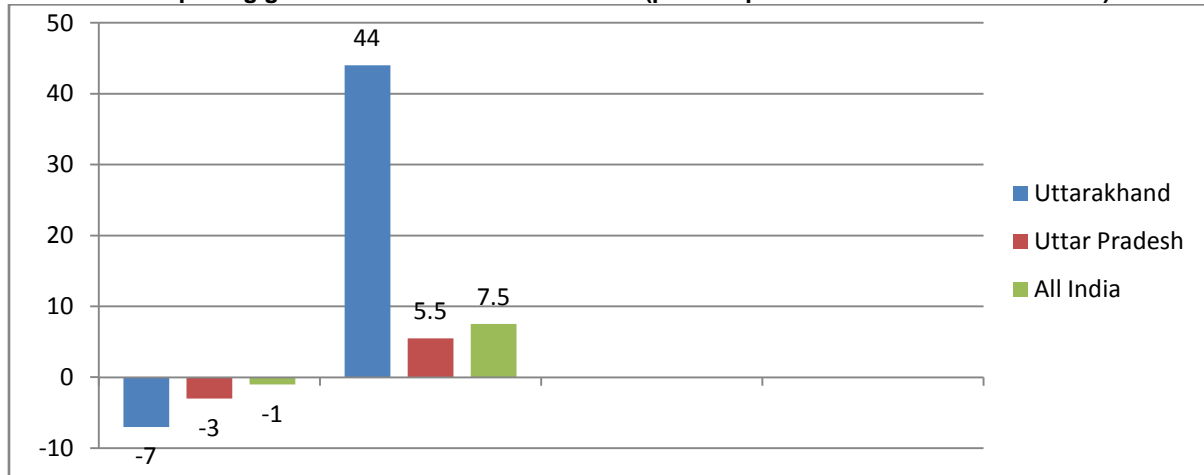
Table -2

Year	Uttarakhand	Uttar Pradesh	All India
2003-04	27,592	439,267	6,086,908
2004-05	35,349	453,007	6,599,298
2005-06	53,601	500,540	7,136,097
2006-07	71,115	533,794	7,880,536
2007-08	97,687	589,695	8,198,110
2008-09	172,861	574,874	8,776,745
Annual Growth (2003-2009)	44	5.5	7.5

Source : An excerpt from, A study on impact evaluation of package of special category states (Uttarakhand, Himachal Pradesh and Jammu & Kashmir), submitted to the socio economic research division planning commission, government of India by Stellar Society (Trivenee school of excellence - research institute) Paonta Sahib, district Sirmour. Page 59, Table4.4

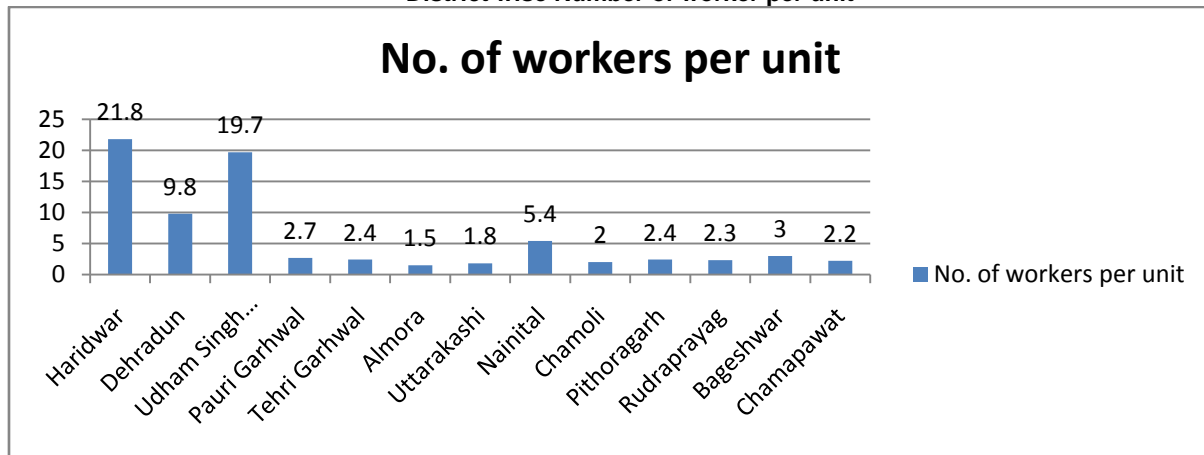
Table 2 shows that number of industrial workers is increased rapidly and significantly. Average growth rate of All India, Uttar Pradesh and Uttarakhand has been given for pre and post establishment era of SIDCUL. It is observed that the growth of industrial workers in Uttarakhand was negative (-7%) between 1998 and 2002. Between 2003 and 2009, the growth of 44% was observed. While comparing these figures with the adjoining state e.i. Uttar Pradesh, the growth was 5.5%. All India average growth rate was 7.5%. It is clear that Uttarakhand is quite ahead of all India average and that of Uttar Pradesh. It was all due to the role played by SIIDCUL in the Uttarakhand state.

Chart -1
Depicting growth rate of industrial workers (pre and post SIDCUL establishment era)



Source : Calculated from Table 1 and Table 2 given above.

Chart -2
District wise Number of worker per unit



Investment

Investment pattern shows the district wise data of amount invested by various industries established in Uttarakhand.

Table -3
District wise investments in industries

S. No.	Districts	Amount of Investment (crores)
1	Dehradun	836
2	Uttarkashi	0
3	Hardwar	5918
4	Tehri	0
5	Pauri	481
6	Chamoli	0
7	Rudraprayag	0
8	Almora	0
9	Bageshwar	0
10	Pithoragarh	0
11	Champawat	0
12	Nainital	0
13	U.S. Nagar	9621

Source : Calculated from the data of SIDCUL office, ITBP Park , Dehradun.

It is very obvious from the table-3 that out of 13 districts of Uttarakhand only 4 districts have received

investment after the various concessions and incentives of the state government. No doubt, through SIIDCUL Uttarakhand government has managed to attract investment in the state but benefits have not gone to all districts equally.

Average Employment

SIIDCUL has proved its success in attracting investments in the state. A good number of jobs are also created here. But, the spread of investment is not proper. Some districts are either Zero Industry District or they have very small sized industries. Detail of district wise report of average workers makes this situation clear.

Table -4
District wise Report of Average Workers

S no.	Districts	No. of units registered	No. of workers	No. of workers per unit
1	Haridwar	3554	77457	21.8
2	Dehradun	2919	28692	9.8
3	Udham Singh Nagar	2869	56592	19.7
4	Pauri Garhwal	1863	5001	2.7
5	Tehri Garhwal	1763	4310	2.4
6	Almora	1411	2114	1.5

7	Uttarakashi	1373	2486	1.8
8	Nainital	1300	7020	5.4
9	Chamoli	1009	2001	2.0
10	Pithoragarh	972	2368	2.4
11	Rudraprayag	647	1485	2.3
12	Bageshwar	527	1586	3.0
13	Chamapawat	471	1043	2.2

Source : Calculated from the website of *Directorate of Industries, Government of Uttarakhand*. From the chart 2 above we can easily conclude that only in Udham Singh Nagar, Haridwar and Dehradun number of workers per unit are 10 or more than that. In all other districts numbers of workers per unit are very less. The reason for this disparity is Haridwar, Udham Singh Nagar and Dehradun have received heavy investment. But, other districts have not received huge investment. The units established on hilly areas are very small and employs very less number of workers.

Migration from Hilly Districts to Plain Districts: It is very clear from the table 5 that 4 districts of uttrakhand, have some area in plain, registered more than 25% growth in population. Rest all 9 districts either registered very nominal growth or negative growth as in case of Pauri Garhwal and Almora. This clearly shows the problem of migration in hilly districts.

This clearly depicts that because of rapid industrialisation plain districts have attracted large number of migrants from hilly districts

Table-5
Population growth in various districts of Uttarakhand

Name of Districts	Total Population		growth rate
	2011	2001	
Uttarkashi	330086	295013	0.12
Chamoli	391605	370359	0.06
Rudraprayag	242285	227439	0.07
Tehri Garhwal	618931	604747	0.02
Dehradun	1696694	1282143	0.32
Pauri Garhwal	687271	697078	-0.01
Pithoragarh	483439	462289	0.05
Bageshwar	259898	249462	0.04
Almora	622506	630567	-0.01
Chamapawat	259648	224542	0.16
Nainital	954605	762909	0.25
Udham Singh Nagar	1648902	1235614	0.33
Haridwar	1890422	1447187	0.31

Source: calculated from <http://www.censusindia.gov.in/pca/default.aspx> and census data of 2001. Government of India, Ministry of Home affairs, Office of register general and census commissioner, India.

Conclusions

Every state government tries to provide work to the willing hands. It is also the responsibility of the state government to provide employment to its citizens. Uttarakhand state government has also left no stone unturned to do the same. When Uttarakhand was a part of Uttar Pradesh the employment situation was not much satisfactory. After its split from the parent state (Uttar Pradesh), it tried hard to attract investment for the industrialisation and also the work for willing hands. The vehicle state government

chosen for this was SIIDCUL. Number of industrial workers rose significantly after SIIDCUL came into existence. As far as overall state concerned the state government is successful in its policy.

But when it comes to district wise analysis of the entire state the picture is skewed. Some districts are far ahead in investment attraction than that of others. Districts in the plain area or the foothill regions have attracted investment and hence provide employment opportunities more when compared to hilly districts. Udham Singh Nagar, Haridwar, Dehradun and Pauri Garhwal have attracted investment and other nine districts of Uttarakhand has not received any investment through SIIDCUL.

In hilly areas there is a lack of big investment and generally small industries are providing employment opportunities.

State government should pay attention to the development of hilly districts. Small industries has to be developed because of geographical situations. Development of hilly districts will also helpful in checking migration from hilly districts to plain districts.

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