



SCENARIO OF BACKWARD DISTRICTS OF MADHYA PRADESH & EFFORTS MADE TO IMPROVE THROUGH INDUSTRIALIZATION BY MPFC - A STUDY.

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ABSTRACT

The phase of economic stagnation started in 70s was over and a phase of growth revival has started in Madhya Pradesh particularly after the shift in the economic policy from command planning to pro market liberalisation in 1991 [1]. This industrialization has improved the growth rate of several districts of MP. Consistent financial support of Madhya Pradesh Financial Corporation and Madhya Pradesh State Industrial Development Corporation has definitely improved the actual economy of the state but the assistance provided could not improve to the extent that any of these district could have been tagged as developed one. The efforts made should be continued for the upliftment of the state and the society in general. The role of MPFC is critical in the improvement of any state which is economically and industrially backward [2].

Sincere efforts made by the Government although did not show results directly as per number of indicators which were developed to measure the improvement of the districts. However, the improvement during this period was substantial which will support in the upliftment of these districts in the coming decade.

Key words: Economically Backward Districts, Madhya Pradesh Financial Corporation (MPFC), Madhya Pradesh State Industrial Development Corporation (MPSIDC), Per capita income.

1. INTRODUCTION

Present Scenario: There are total 283 backward districts in the country as on date in year 2017. UP, MP, Bihar topping the list with more than 30 districts falling in this backward category followed by Odisha, Rajasthan having more than 20 such declared districts and further followed by Maharashtra, Chattisgarh, Jharkhand having below 20 number of such backward districts. These states fall in this category due to lack of income of individual, lack of infrastructure of roads, scarcity of water required for crop production etc. Hence, it can be understood that overall situation in the country is really bad. Average Indian is remaining below poverty line and lacks quality life.

Details of number of 283 districts falling in backward category in the entire country in India as on date as per the statistical data provided by “A Civil Society Consortium for Development” a society formed at Bhubneshwar (Odisha)[3], spread across in 25 states and 1 Union Territory have been mentioned in the Table no.1.

Table No.1: State-wise number of districts falling in backward category in India

S. No.	States	No. of Backward Districts	S. No.	States	No. of Backward Districts	S. No.	States	No. of Backward Districts
1	Andhra Pradesh	2	10	Karnataka	7	19	Sikkim	2
2	Arunachal	8	11	MP	34	20	Tamilnadu	1
3	Assam	8	12	Maharashtra	19	21	Telengana	1
4	Bihar	35	13	Manipur	2	22	Tripura	1
5	Chattisgarh	16	14	Meghalaya	2	23	UP	37
6	Gujarat	3	15	Mizoram	2	24	Uttaranchal West	9
7	Himachal	7	16	Nagaland	5	25	Bengal UT	4
8	J&K	12	17	Odisha	26	26	Dadar& Nagar Haveli	1
9	Jharkhand	15	18	Rajasthan	24			
Total Backward Districts in India								283

Divided Madhya Pradesh has lost its 30.47% of its mineral rich land area, 26.62% of its population, 41.25% of its forests, 21.93% of its agricultural produce and 23.38% of its cultivated area. The MP is required to take up some specific aspects of development.

The phase of economic stagnation started in 70s was over and a phase of growth revival has started in MP particularly after the shift in the economic policy from command planning to pro market liberalisation in 1991.

MP is one of the states which is phasing difficulties of growth specially being the middle income group state, its growth continues to remain behind others. The analysis of industrial manufacturing shows that the industrial growth rate in MP was higher in 1990s in comparison to 1980s.

Madhya Pradesh State Industrial Development Corporation Ltd. Bhopal (MPSIDC) is an initiative of Madhya Pradesh Industrial Development Corporation Limited, Madhya Pradesh under the Industry, Commerce and Employment Department in the east. The headquarters of the corporation is located, Bhopal (MP). The Corporation was formed on September 13, 1965, in accordance with the provisions of the Companies Act, 1956, in which hundred percent amount of centrifugation was made by the Madhya Pradesh government.

MPFC, Madhya Pradesh Financial Corporation is a premier Institute of MP State which has been engaged by MP Government to provided financial assistance and related services to Small & Medium size industries. It is constituted in 1955 under the state financial corporation act 1951. MPFC is extending wide ranging funds and non funds based services. It offers number of financial schemes to industries.

A study was conducted for a period 1985-1997 when the identified districts in MP were 45 and out of these 45 districts 39 districts were industrially and economically backward. These number of districts have gone up to 61 in the year 2001.

2. OBJECTIVE OF RESEARCH STUDY

The basic objective of this study is to find out the status of districts falling in economically and industrially backward category in MP during 1985-97 on the basis of industrialization and reasons thereof.

3. METHODOLOGY

3.1 Data Collection: The study is based on the method of descriptive analysis in comparative framework. The study relies upon secondary resources and main sources are State Statistical Organisation, State Planning Board, Directorate of Economics and Statistics, Madhya Pradesh Finance Corporation etc. The study covered all types of units: small scale, medium scale and large scale units in MP.

3.2 Declaration yardsticks: In the period of 1985-1997, the districts were identified as backward on the yardsticks as below:

- a. Distance of a District from big cities was more than 50 miles.
- b. Distance from an Industrial Centre was more than 50 miles.
- c. The population employed in secondary and tertiary economic activities was less than 25% of the state levels economic activities.
 - a. Where primary activities were considered as agriculture, fisheries, animal husbandries etc.
 - b. Secondary activities were considered to be related to manufacturing &
 - c. Tertiary activities were considered as service sector activities.
- d. Standard yardsticks were deployed on the district level to compare, basic levels of living standards of human being, in comparison with the state level basic standards of living, by less than 25% [4] on the following basic amenities:
 - a. Per capita income
 - b. Power consumption
 - c. Road & Transportation availability
 - d. Communication facilities
 - e. Water availability
 - f. Employment opportunity in industry
 - g. Limit of Consumption of available infrastructure
 - i. Natural resources
 - ii. Forest –minimum consumption
 - iii. Minerals- minimum consumption

These yardsticks were developed after a lot of discussions on the subject matter and on the intervention of Planning Commission of Government of India. Two committees were formulated called as Pande committee and Banchu Committee in the December 1969. These committees have concluded the given yardsticks, which were accepted by the government. On the basis of these yardsticks, economically and industrially backward districts were declared in Madhya Pradesh[1].

4. Hypothesis: The influx of money on the industrialisation will definitely improve the level of living standards of human being. During 1985-1997 being a long time of more than a decade, the perception was that substantial growth should be recorded.

5. DATA ANALYSIS

5.a Backwards Districts & its various levels recognised in MP

Classification of districts in MP: The industrialisation of districts was considered as the tool of measuring the levels of development in a district. In year 1990 [6] six districts of MP were considered as industrially developed namely i) Bhopal ii) Indore iii) Gwalior iv) Ujjain v) Durg and vi) Jabalpur. Other 39 districts were declared as industrially backward on the basis of

yardsticks mentioned above. The level of backwardness was further categorised under three categories as a,b& c detailed here in table no. 2.

Table No.2: Districts further categorised under backward category in MP State

S. No.	Cat 'a'	Cat 'b'	Cat 'c'
1.	Bilaspur	Balaghat	Baster
2.	Devas	Baitul	Bhind
3.	Hoshangabad	Chindwara	Chhatarpur
4.	Khandwa	Damoh	Datia
5.	Mandsaur	Guna	Dhar
6.	Morena	Narsinghpur	Jhabua
7.	Raipur	Raigarh	Khargaon
8.	Ratlam	Rajnadgaon	Mandla
9.	Satna	Sagar	Panna
10.	Shahdol	Sivni	Rajgarh
11.	Vidisha		Rewa
12.			Shajapur
13.			Shivpuri
14.			Sidhi
15.			Sarguja
16.			Tikamgarh

5.b. Description of Industries operational in Backward districts in MP

There were many different types of industries operational in the state MP however, some of the categories are mentioned below in which predominant industries[7] were falling during period taken for study:

- i) Agriculture based
 - a. Food products industries
 - b. Cotton industries
 - c. Sugar industries
 - d. Artificial fibre industries
 - e. Jute industries
- ii) Forest resources based
 - a. Paper industries
 - b. Bidi Industries
 - c. Wood Cutting industries
- iii) Mineral based
 - a. Cement industries
 - b. Potteries industries
 - c. Others
 - i. Brick klins
 - ii. Clay industries
 - iii. Iron mesh industries etc.
- iv) Demand Based Industries
 - a. Engineering industries
 - b. Textile industries
 - c. Chemical industries

5.c. Difficulties of operating Industries in Backward districts of MP

There were several difficulties in operating industries in MP in 1990s wherein some prominent difficulties are listed hereunder:

- a. Non availability of raw material in sufficient quantity
- b. Lack of financial assistance through government agencies
- c. Non availability of technical assistance
- d. Lack of understanding of government rules
 - i. Rules of registration
 - ii. Import, export rules
 - iii. Marketing rules
 - iv. Statutory bodies/ local bodies rules and regulations
- e. Unskilled manpower
- f. Red Nepotism
- g. Corruption

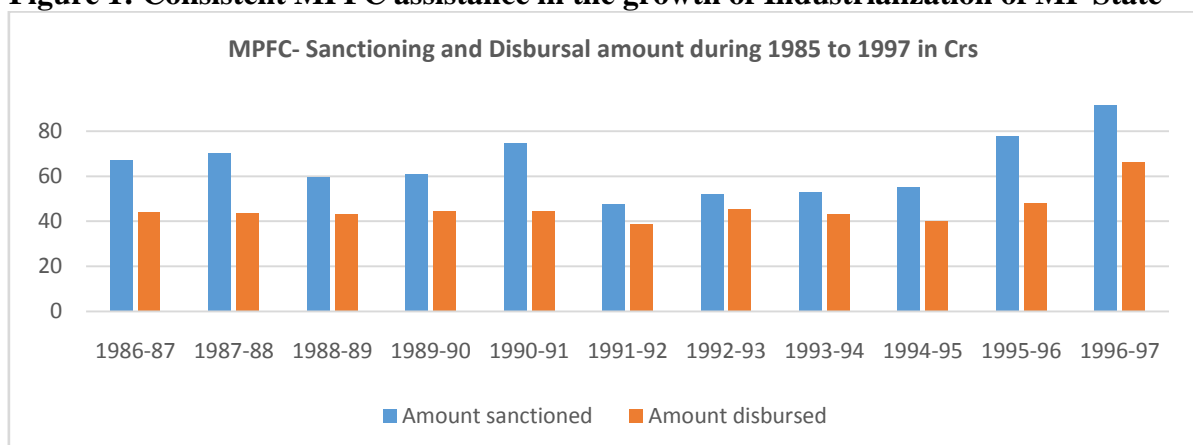
5.d. Financial support extended by MPFC

MPFC extended its support to small and medium scale industries in MP State[8]. The financial support details during the study period are mentioned in the Table no.3. The consistent efforts of MPFC[2,3] could be seen through the period in the growth of MP State by financial assistance in the figure no 1.

Table no. 3: Details of financial services of MPFC

Year	No. of Loan applications	No. of loan applications accepted	Amount sanctioned in Crs.	Amount disbursed in Crs.
1985-86	1053	685	-	-
1986-87	907	582	66.98	44.10
1987-88	924	607	70.17	43.41
1988-89	873	655	59.71	43.26
1989-90	892	623	61.03	44.43
1990-91	1206	549	74.92	44.53
1991-92	908	446	47.87	38.90
1992-93	583	385	52.26	45.46
1993-94	677	415	52.93	43.02
1994-95	533	368	55.16	39.88
1995-96	599	390	77.85	48.08
1996-97	479	345	91.53	66.28

Figure 1: Consistent MPFC assistance in the growth of Industrialization of MP State



The MPFC has been continuously making efforts in developing these backward districts through financial assistance. The MPFC is managing the funds disbursement despite several economical and political constraints and incentivising small scale and medium scale

industries[7]. Management of financial disbursement in the backward areas has always remained a challenge.

6. FINDINGS & CONCLUSIONS

The status of districts could not be improved to a defined level so that these districts could have been brought above the tags of economically and industrially backward districts despite consistent efforts through MPFC in various districts of MP. However, it can certainly be drawn that levels of all the indicators had raised. General living standards in MP districts had improved and per capita income had also improved. But despite serious efforts of government these districts still remained below the tag and require more financial assistance alongwith improvement in infrastructural development.

7. LIMITATION OF STUDY

The study required upto date year-wise data of all the districts in MP, details of type of industries, number of industries, sector-wise data of finance, details of recovery etc. M.P. is not publishing detailed data which is the biggest limitation of the study.

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