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FACTORIES AND ECONOMIC GROWTH IN KARNATAKA: A DISTRICT LEVEL ANALYSIS

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ABSTRACT

In most of the sectors, north Karnataka is under-developed in general and Gulbarga division (Hyderabad Karnataka) in particular. But with respect to factories, there is no much difference, whole north Karnataka is under-developed. Hence, private sector has to be encouraged to invest in this region. Government needs to provide and other infrastructure facilities at the subsidies prices. Through this, the problem of unemployment of north Karnataka can be reduced and balanced regional development can be achieved. Systematic development of industrial sector is prerequisite for overall development of India. India has much potentiality with respect of raw material and labour force. Our constraints are with the capital and technology. Hence, much focus has to be given to these two issues. Compared to olden days, in the recent days, policies/acts are made easy to start new companies. To improve the technology, skilled labour force has to be increased, which can be done with providing the skill and training to the unemployed youth.

INTRODUCTION

Economy is divided into three sectors namely, primary sector (agriculture and allied), secondary sector (industry) and tertiary sector (services). All these sectors are important for the overall development of any nation. These sectors are inter-dependent. Change in one sector leads to change in other sector. Expenditure of one sector is the income for the other sector. Majority of the population of underdeveloped countries are dependent on primary sector for their income and employment. People of developing and developed countries get more income and employment from secondary and tertiary sectors. It is because of surplus labour force in underdeveloped countries and availability of higher capital in developed countries.

Every country's growth trajectory starts from agriculture, then shifts to the secondary sector and lastly shifts to the tertiary sector. But Indian growth trajectory started from agriculture and directly shifted to the tertiary sector. Hence, contribution of the service sector is more in Gross Domestic Product (GDP) in India. Due to lack of technological development and lack of availability of capital, India's industrial sector has not grown significantly.

Most of the developed countries have the higher industrialization. India's GDP from Industrial sector is around 30 per cent. Compared to the developed countries India's GDP from industrial sector is very less. However, India has made a significant growth in industrial production over the period of time. India's industrial production was Rs. 31,984 crore (in 2004-05 prices) in the year 1951 which

increased Rs. 9,16,356 crore in the year 2010, which has shown an increase of around 30 over the period of 60 years. But this growth is not distributed equally in all the states and reasons. Considerable regional disparity is observed in India. Only some States have shown higher performance in industrial production, among them Maharashtra, Delhi and Gujarat are in the top position. Karnataka is in the middle position in the development of industrial sector alike all other sectors. There are studies on industrial development and its contribution to the GDP at the national level among them Bhagwati and Desai, (1970), Ahluwalia (1985), Nayyar (1997) Basu & Patnaik (1995), Nayyar (1997), Kumar (2000), Balakrishnan and Pushpangadan (1994), Goldar (2004), Rangarajan (1982) are important. When it come to the Karnataka studies on industrial sector are in good number, but studies which examines the association of industrial development with economic growth are less in numbers. Hence, in the present study an attempt has been made to fulfill this research gap taking in to consideration of district-wise factories in Karnataka. This paper has been divided into five sections, apart from introduction, section two analyses the different types of factories and factory worker in Karnatak. Section three is dedicated on the analysis of region-wise, division-wise and district-wise distribution of factories in Karnataka. Section four examines the association of factories with economic growth and level of education. Last section concludes the present paper.

FACTORIES AND FACTORY WORKERS IN KARNATAKA

Table 1 shows the number of different types of factories and factory workers in Karnataka for the year 2009-10. It is found from the table that there are 1,13,889 different factories in Karnataka. 13 lakh people work in different factories in Karnataka. Among the factories, engineering factories are around 30 per cent in the state. There are 987 ready-made garment factories are found in the state. Garment factory has given more employment to female and in engineering factories male have got more employment.

Table 1: Number of different types of Factories and Factory workers in Karnataka, 2009-10

Type of Factories	No of Factories	Workers		
		Male	Female	Total
Ready-made Garments	987	107161	286607	393768
	(7.11)	(11.33)	(63.98)	(28.25)
Textiles	323	24125	12038	36163
	(2.33)	(2.55)	(2.69)	(2.59)
Chemical	575	63507	6574	70081
	(4.14)	(6.71)	(1.47)	(5.03)
Engineering	4081	278446	26052	304498
	(29.38)	(29.44)	(5.82)	(21.84)
Others	7923	472680	116720	589400

	(57.05)	(49.97)	(26.05)	(42.28)
Total	13889	945919	447991	1393910
	(100)	(100)	(100)	(100)

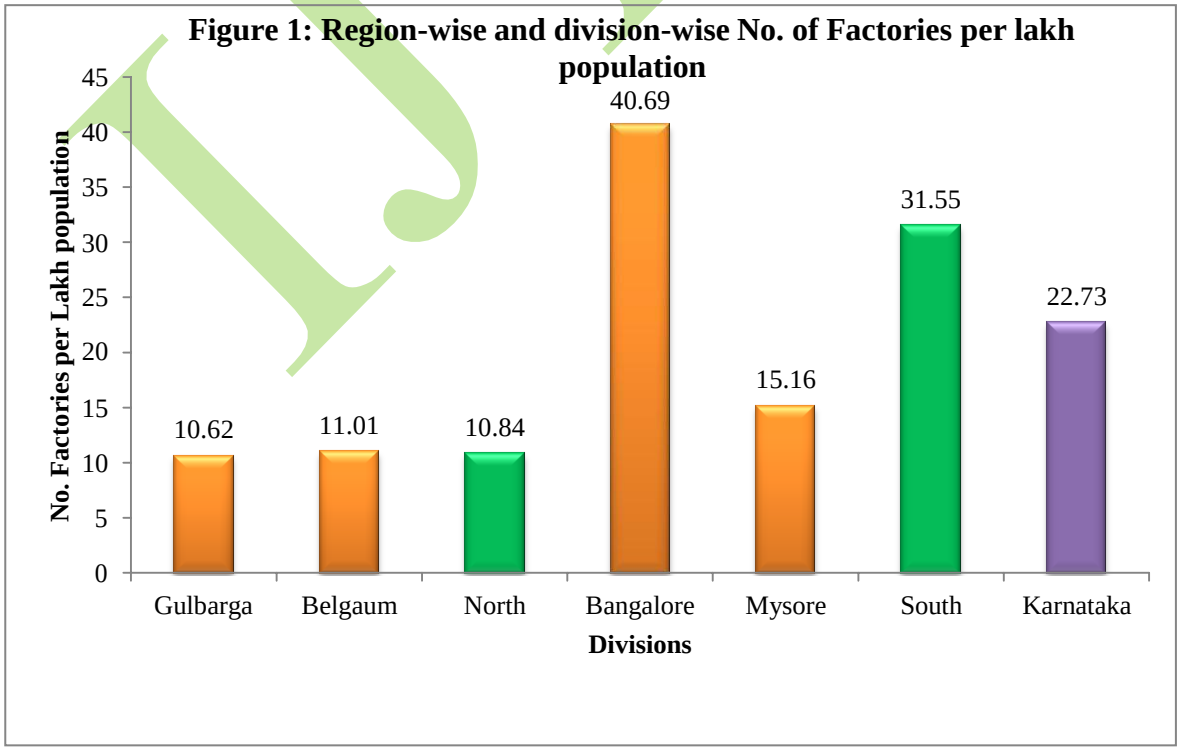
Source: Computed from the data available from Karnataka at a Glance, 2010-11

REGION AND DIVISION-WISE DISTRIBUTION OF FACTORIES IN KARNATAKA

Regional disparity is commonly seen phenomenon in all the countries and states. Karnataka is not an exception to this. There are number of studies, which have found the problem of regional imbalances in Karnataka and suggested various policies and programmes among them very important are Dadibhavi (1982), Shiddalingaswami and Raghavendra (2010), Deshpande and Dadibhavi (2005), Panchamukhi (2009), Kadekodi, (2000), Nanjundappa (1999), Aziz (2001), Hanagodimath (2006) and so on are important. Studies on taking into consideration of industries in general and factories in particular are scarcity. This section examines the region wise distribution of factories in Karnataka.

Figure 1 gives the information of region-wise and division wise distribution of factories in Karnataka for the year 2008-09. It is found from the figure that between the regions South Karnataka is in better off position. It has around 32 factories per lakh population, whereas, north Karnataka has only around 11 factories per lakh population, which is around three fold higher. Noticeable regional divide is observed between south and north.

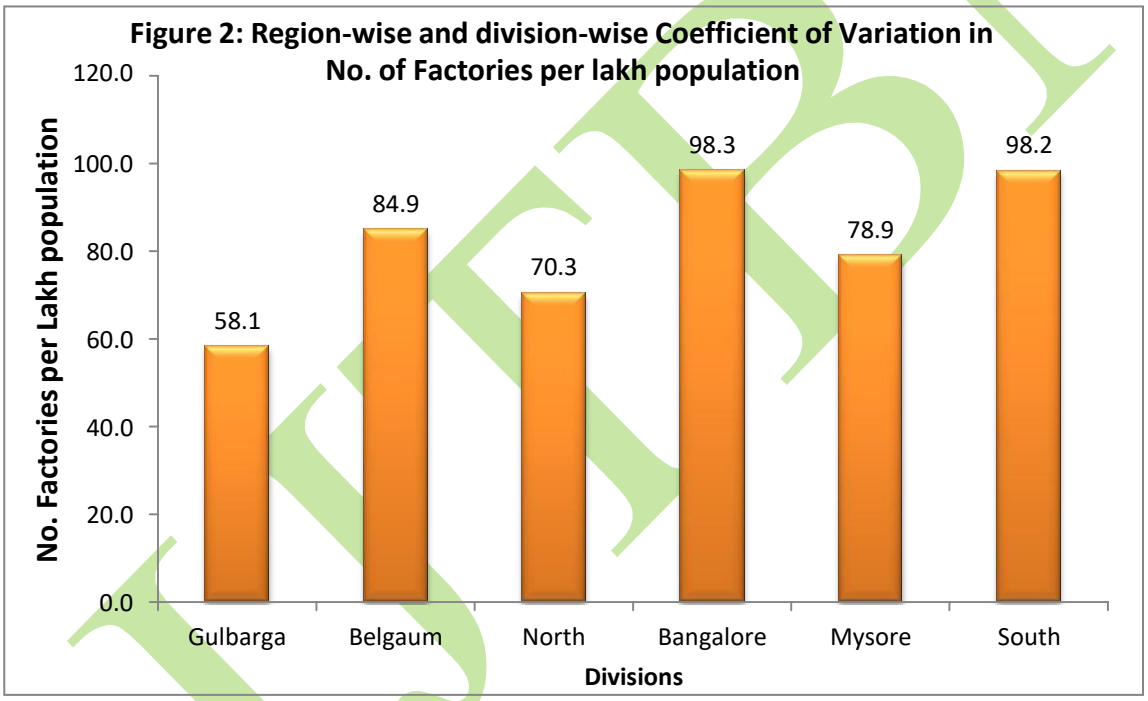
Figure 1: Region-wise and division-wise No. of Factories per lakh population



Source: Computed from the data available from Karnataka at a Glance, 2010-11

Among the divisions, Bangalore division has the highest number of factories, which is 40.61, followed by Mysore-15.16, Belgaum-11.01, and Gulbarga-10.62. Bangalore division has more than 4.5 times higher factories per lakh population than Belgaum and Gulbarga.

In figure 2 regional imbalances in factories per lakh population for regions and divisions has been calculated. To identify the regional imbalances, coefficient of variation has been calculated. It is found from the figure that between the regions south Karnataka has higher regional imbalances than that of north Karnataka. Among the divisions, Bangalore has the highest regional imbalances followed by Belgaum, Mysore and Gulbarga. Thus, it is clear that - the region/division, which has higher level of development in factories, has the higher level of regional imbalances.



Source: Computed from the data available from Karnataka at a Glance, 2010-11

DISTRICT WISE FACTORIES IN KARNATAKA

In table 2 district-wise information on number of factories per lakh population has been presented. It is found from the table that Bangalore urban district has the highest (74) number of factories per lakh population. On the other hand Bijapur has the lowest (only 2) number of factories per lakh population. Bangalore has 37 time higher number of factories per lakh population than that of Bijapur. Bangalore Urban, Bangalore Rural, Udupi, Dakshina Kannada and Dharwad are in the top position with more than 25 factories per lakh population. Among these top districts, except, Dharwad all the districts are from southern part of the state. On the other hand, Gulbarga, Yadgir, Bagalkot, Chamarajanagar and Bijapur are in the bottom position. Out of these bottom districts, except, Chamarajanagar, all the districts are from the northern part of the state.

Table 2: District-wise No. of Factories per lakh population in Karnataka, 2009-10

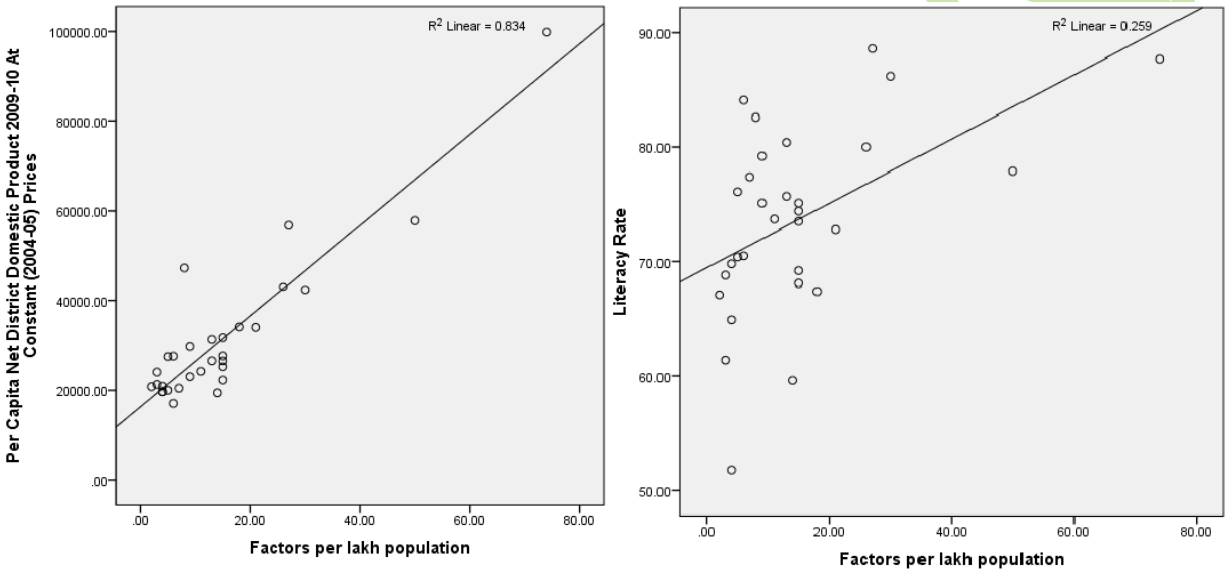
Name	Factories per lakh population	
	Actual	Rank
Bangalore Urban	74	1
Bangalore Rural	50	2
Udupi	30	3
Dakshina Kannada	27	4
Dharwad	26	5
Mysore	21	6
Bellary	18	7
Belgaum	15	8
Kolar	15	8
Koppal	15	8
Ramanagara	15	8
Tumkur	15	8
Raichur	14	13
Davanagere	13	14
Shimoga	13	14
Chitradurga	11	16
Chikmagalur	9	17
Gadag	9	17
Kodagu	8	19
Haveri	7	20
Bidar	6	21
Uttara Kannada	6	21
Hassan	5	23
Mandya	5	23
Chikkaballapura	4	25
Gulbarga	4	25
Yadgir	4	25
Bagalkot	3	28
Chamarajanagar	3	28
Bijapur	2	30
Karnataka	23	

Source: Computed from the data available from Karnataka at a Glance, 2010-11

NEXUS BETWEEN FACTORIES AND INCOME, EDUCATION

In this section an attempt has been made to see the association of factories with per capita district income and literacy rate. For this purpose, district wise number of factories per lakh population has been put into scatter diagram with per capita district income and literacy rate.

Figure 3: Scatter diagrams of association of Factories per lakh population with per capita net district domestic product and literacy rate.



Source: Computed from the data available from Karnataka at a Glance, 2010-11

From these figures, it is clear that factories have the positive association with per capita income. The districts, which have then higher number of factories, have the higher per capita income. Further, districts, which have higher literacy rate, have higher number of factories. Since, Bangalore Urban and Bangalore Rural are out-layer districts, hence, another analysis with and without these districts is made and presented in table 3. From the table it is clear that - there is a noticeable impact by these districts. However, literacy and per capita incomes have the positive association with the number of factories in Karnataka.

Table 3: Correlation Coefficients of Per Capita Income, Literacy Rate with No.of factories per lakh Population

Detail	With Bangalore	Without Bangalore
Per Capita Income	.913**	.720**
Literacy Rate	.509**	.487**

Source: Computed from the data available from Karnataka at a Glance, 2010-11

CONCLUSION

Alike all other sector, factory sector has also regional imbalances in Karnataka. In most of the sectors, north Karnataka is under-developed in general and Gulbarga division (Hyderabad Karnataka) in particular. But with respect to factories, there is no much difference, whole north Karnataka is under-developed. Hence, private sector has to be encouraged to invest in this region. Government needs to provide land and other infrastructure facilities at the subsidies prices. Through this, the problem of unemployment of north Karnataka can be reduced and balanced regional development can be achieved. Systematic development of industrial sector is prerequisite for overall development of India. India has much potentiality with respect of raw material and labour force. Our constraints are with the capital and technology. Hence, much focus has to be given to these two issues. Compared to olden days, in the recent days, policies/acts are made easy to start new companies. To improve the technology, skilled labour force has to be increased, which can be done with providing the skill and training to the unemployed youth.

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