

Chapter – 3

A Profile of Economic Growth and Industrial Development of Sangli District

Chapter III

A PROFILE OF ECONOMIC GROWTH AND INDUSTRIAL DEVELOPMENT OF SANGLI DISTRICT

3.1 Introduction

The District Sangli is one of the southern districts of Maharashtra laying between 10.45 and 17.38 north longitude and 73.41⁰ and 75.41⁰ east longitude Sangli district has touched its boundaries east from Vijapur (Karnataka State), west Ratnagiri, Kolhapur and Belgaum from south and Satara and Solapur from north side. At present Sangli district has 10 tehsils namely Miraj, Tasgaon, Khanapur Atpadi, Jath, Kavathemahankal, Walwa, Shirala, Palus and Kadegaon with geographical area of 8576 sq. km. Sangli district has separately come into existence on 21st Nov. 1960¹

3.2 A Brief History of Economic Growth and Industrial Development of Sangli District

Though the agriculture is a main occupation of people, most part of the Sangli district has always been drought prone conditions. Mr. Sukhatankar Committee recommended the inclusion of Jath, Atpadi, Khanapur, Miraj, Kavathemahankal as drought prone area certified by the Central government. Fourth more, there was no opportunity to achieve the rapid progress in industry and economic growth during the British Rule. As a result, district remained underdeveloped.²

In 1910, it was Laxmanrao Kirloskar and brothers who setup a very first industrial unit in Sangli district. Hence, Laxmanrao Kirloskar was known as pioneer to the industry development in Sangli district. Kirloskar brothers started to get production of machine parts, agricultural equipments and created employment opportunities at Kirloskarwadi. Later on Gajanan Weaving Mills at Sangli, Marathe Mills at Miraj, Madhavnagar Cotton Mills were started in private and

co-operative sector. It stimulated the economic and industrial expansions in that period.³

3.3 Phases of Economic Growth and Industrial Development of Sangli District

The history of economic growth and industrial development of Sangli district has been limited for last 3-4 decades. Sangli district has made remarkable progress since 1978-79. The major obstacle faced by Sangli district's industrial sector is a great drought of 1972. This drought remained for 4 to 5 years and ceased the process of economic growth and industrial development. Therefore, the researcher has divided the process of economic and industrial growth of Sangli district in the following two phases.

3.3.1 Pre 1975

Upto 1975, Sangli district had a very few industrial plants. It clearly shows that the period upto 1975 is the base or foundation for industrial development. In 1910, it was Laxmanrao Kirloskar setup a very first industrial plant and gave inspiration to the industrial activities.

Upto 1950 some industrialist took the special interest in establishing industrial plants in Sangli district. At the same time Gajanan Weaving Mill at Sangli, Marathe Mill at Miraj, Madhavnagar Cotton Mill were started in private and co-operative sectors. Foundries of Dandekar and Bhide are known as oldest foundries in Sangli district.

In 1956, Vasantdada Co-op. Sugar Factory was started by the efforts of Late Vasantdada Patil, which is known as largest sugar factory in the district. This sugar factory gives boost to the economic and industrial development of Sangli district. Vasantdada Patil was the only political leader who has played a vital role in the Sangli district. He had started Vasant Market Yard at Sangli in 1951, which has become a turning point in economic development of Sangli district.⁴

At the same time, Vasantdada Industrial Estate came into existence with 157 industries. Industrial Estate co-operative societies provide financial assistance to the industrial estate. Later on, Govindrao Marathe Industrial Estate, Sangli Industrial Estate, Vita Rural Industrial Estate Co-operative Society, Vita, Palus Industrial Estate were established.

In 1972, area of Sangli-Miraj-Kupwad was developed by Maharashtra Industrial Development Corporation (MIDC). In true sense, since 1978-79 industrial development took place.

3.3.2 After 1975

After 1975, Sangli district has made remarkable progress in industrial development. Some reputed industrialists brought their industries in Sangli district. During 1975, MIDC purchased 250 hectares of land for private business purpose. MIDC has provided also number of services and infrastructures to the industries. After 1975, Sangli Chamber of Commerce, Sangli-Miraj-Kupwad Manufacturing Association and Krishna Valley Chamber of Commerce and Industry, Deccan Manufacturing Association, Chemist and Druggist Association come into existence and gave support to the industry and business development.⁵

3.4 Types of Industries

In Sangli district, different types of industries are found in different geographical area. Sangli district is leading in sugarcane production. Hence, there are 13 sugar factories in the district. They contribute a large contribution to industrial development and economic growth. Forth more cotton mills, foundry and other agro based industries also have given a significant contribution to economic growth and industrial development. With these basic industries electric and electronics, rubber, polymer, engineering works, machinery spare parts, iron and steel casting, chemical and petrol chemical, cement pipes, food products, plastic rubber, ceramic products, leather works,

animal feed and cold storages and other industries also have significant contribution in economic growth of Sangli district. ⁶

After Vasantdada Patil, late Shri Rajarambapu Patil gave proper attention to the industrial development in Walwa taluka, under their efforts, Islampur Industrial Estate has achieved a remarkable progress in industrial development. The number of agro based industries cotton mills are functioning with Rajarambapu Sugar Factory.

3.5 A Profile of Economic Growth of Sangli District

Evidences of economic growth and development reveals that economic growth lies in industrial development. Income of industry sector along with primary and tertiary sectors is included in the concept of economic growth. An economic growth profile includes income of primary, secondary and tertiary sectors and their relative percentage shares. Income of primary sector includes income of agriculture, mining, fishery and forestry. Likewise secondary sector income is contributed from manufacturing units, constructions and electricity, whereas income from tertiary sector comes from railway, transport, hotel and canteen, real estate, public administration and other services.

As the present study is concerned with Sangli district, the researcher has studied an economic growth profile of Sangli district in the following sub sections.

3.5.1 Growth of Income of Sangli District

As per database and research methodology, an attempt is made to study the economic growth and industrial development of Sangli district during 2000-01 to 2006-07. Growth in gross domestic income is shown in Table No. 3.1

Table No. 3.1
Growth of Sangli District Income

Year	Gross Domestic Income at current prices (Rs. in lakhs)
2000-01	600683.06
2001-02	642182.71
2002-03	678583.74
2003-04	744393.91
2004-05	815831.00
2005-06	903264.00
2006-07	1100016.00
CGR	10.05

Source : Socio Economic Survey of Sangli District 2001-2007.
CGR = Compound Growth Rate

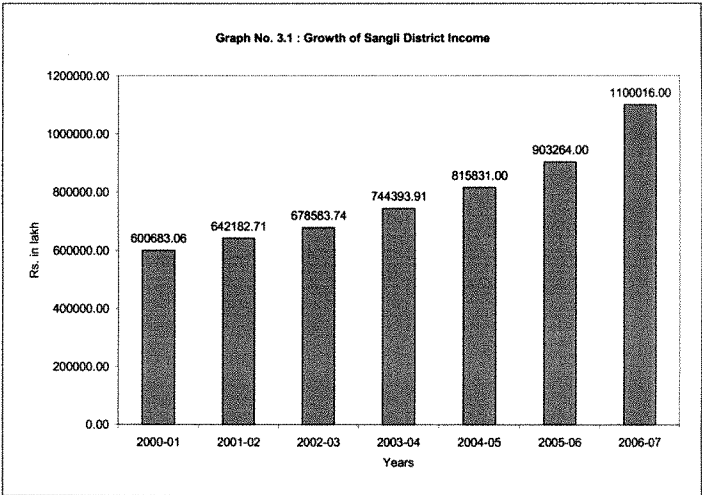


Table No. 3.1 shows the growth of Sangli district income at current prices. Gross Domestic Income at current prices was recorded as Rs. 600683.06 lakhs in 2000-01, which increased to Rs. 642182.71 lakhs in 2001-02. During this period simple growth rate recorded at 6.90%. It is observed that there is an increasing trend

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in gross domestic income and recorded as Rs. 903264 lakhs in 2005-06, which further increased to Rs. 1100016 lakhs in 2006-7. During this period, compound growth rate was recorded at 10.05%.

It is revealed that the economic growth as indicated by the gross district income, achieved by the Sangli district during the period under study is significant one. The district every year grew at the CGR of 10.05% is a rapid and significant growth. Thus, it can be concluded that Sangli district is a rapidly and economically growing district. Especially during the period under our study.

3.5.2 Composition of Sangli District Income

The gross domestic income of Sangli district is composed of income from primary sector, secondary sector and tertiary sector. The study of composition of district enables us in understanding the role of different productive sectors in economic development of the district. It is also useful in identifying whether it is agricultural economy, industrial sector growth oriented economy or service sector growth led economy.

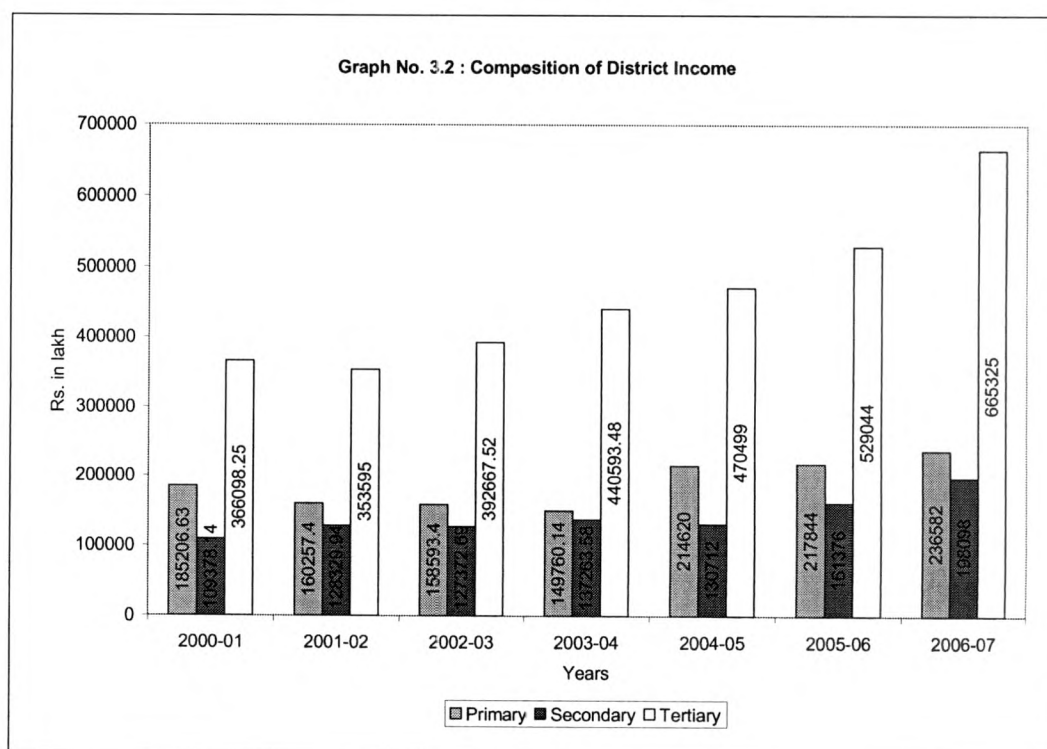
The composition of Sangli district income is presented in the Table No. 3.2.

Table No. 3.2
Composition of District Income

Year	Gross Domestic Income at Current Prices (Rs. in lakhs)			
	Primary	Secondary	Tertiary	Total
2000-01	185206.63 (28.03)	109378.14 (16.15)	366098.25 (55.41)	660683.06 (100)
2001-02	160257.40 (24.95)	128329.94 (19.18)	353595 (55.05)	642182.71 (100)
2002-03	158593.40 (23.37)	127372.69 (18.76)	392667.52 (57.85)	678583.75 (100)
2003-04	149760.14 (20.72)	137263.58 (18.36)	440593.48 (60.97)	727917.20 (100)
2004-05	214620 (26.30)	130712 (16.02)	470499 (57.67)	815831 (100)
2005-06	217844 (23.56)	161376 (17.86)	529044 (58.63)	903264 (100)
2006-07	236582 (21.56)	193098 (18.00)	665325 (60.40)	1100016 (100)
CGR	6.07	8.42	10.43	10.05

Source : Same as of Table No. 3.1

Note: Figures in the brackets shows the percentage to total.



Sectorwise details of gross district income at current prices are given in the above table. The gross district income rose from Rs. 600683.06 lakhs in 2000-01 to Rs. 1100016 lakhs in 2006-07. During the period of 2000-1 to 2006-07, each sector has given significant contribution to the district income.

In 2000-01, the contribution of primary sector was recorded as Rs. 18526.63 lakhs. This primary sector income is further contributed by agriculture, forestry, fishery and mining. The percentage share of primary sector income was recorded at 28.03% to the gross district income. Likewise, during the same period, secondary sector has also given significant contribution to the gross district income. Secondary sectors income was recorded at Rs. 109378.14 lakhs in 2000-01, which is contributed from manufacturing, construction and gas and electricity. The percentage share of secondary sector in district income was about 17%.

Whereas tertiary sector has given much significant contribution to district income with Rs. 366098.29 lakhs in 2000-01. Income of tertiary sector is contributed from railway, transport, banking and insurance, real estate and public administration.

The contribution and percentage share of each sector was found to be increasing upto 2006-07. The contribution of primary sector was increased from Rs. 185706.63 lakhs in 2000-01 to Rs. 236582 lakhs in 2006-07 while secondary sector income also increased from Rs. 109778.14 lakhs to Rs. 198098 lakhs in 2006-07. Whereas tertiary sector income significantly increased from Rs. 360098.29 lakhs with 60.48% share in 2006-07. The above table clearly shows that there is an increasing trend in contribution of each sector except primary sector in the district income. During the study period of 2001 to 2007, the compound growth rate (CGR) of primary sector income was recorded at 6%. While secondary sector growth rate was recorded at 8% and tertiary sector growth rate was also recorded at 10%.

The processing of data by statistical tools reveals that tertiary sector income has high variations than others as indicated by standard deviation (S. D. 109612) than the primary sector and secondary sector income. Its mean value also had significantly greater variations (459690) than other productive sectors in the economy. The correlation analysis reveals that primary sector, secondary sector and tertiary sector all have positive and high degree correlation (r .89, 0.94, .99) with the gross district income of the Sangli district. However, service sector has a highest degree of correlations than all others. A regression technique reveals that service sector was a predominant determinant (Std. Beta .70, t value 30.954) of gross district income of the Sangli district than the primary sector (Std. Beta .18, t value 18.442) and industry sector (Std. Beta .15, t value 7.925).

The foregoing analysis reveals that Sangli district is a service sector growth oriented economy. Its growth is dominated by the service or tertiary sector. Primary sectors contribution to the economic growth of the Sangli district was significant but which has been decreasing. Even though, the contribution of industry sector was lower, it has been increasing. The growth rates show that service sector has been growing rapidly, which was followed by industry and primary sectors.

3.5.3 Composition of Industry Sector of Sangli District

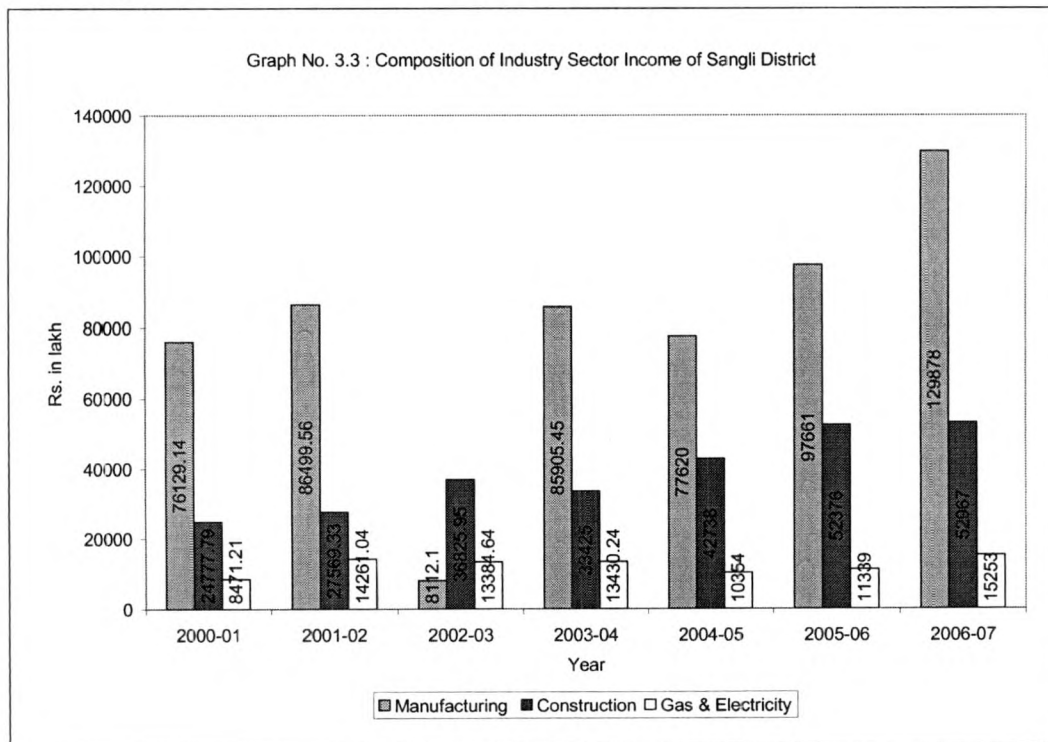
The Table No. 3.3 shows that the industrial sector had given significant contribution to the gross domestic district income. Income of industry sector is composed of income from registered and unregistered industry, which are the manufacturing, income of construction firms and income from gas and electricity. The composition of industry sector income is shown in Table No. 3.3.

Table No. 3.3
Composition of Industry Sector Income of Sangli District

Year	Secondary Sector Income at Current Prices (Rs. in lakhs)			
	Manufacturing	Construction	Gas & Electricity	Total
2000-01	76129.14 (69.60)	24777.79 (22.65)	8471.21 (7.74)	109378.14 (100)
2001-02	86499.56 (67.40)	27569.33 (21.48)	14261.04 (11.11)	128329.94 (100)
2002-03	8112.1 (66.06)	36825.95 (28.92)	13384.64 (10.5)	127322.69 (100)
2003-04	85905.45 (64.57)	33425 (25.27)	13430.24 (10.54)	132263.58 (100)
2004-05	77620 (59.38)	42738 (32.69)	10354 (7.52)	13072 (100)
2005-06	97661 (60.51)	52376 (32.45)	11339 (70.21)	16176 (100)
2006-07	129878 (65.56)	52967 (26.73)	15253 (7.69)	198098 (100)
CGR	3.75	14.17	3.81	

Source : Same as of Table No. 3.1

Note : Figures in the brackets shows the percentage to total.



The income of industry sector is mainly composed of income from registered and unregistered industries of Sangli district, which come under the manufacturing. The income of manufacturing was increased from Rs. 76129.14 lakhs in 2000-01 to Rs. 129878 lakhs in 2006-07. The compound growth rate was recorded at 3.75% during the study period. The income of manufacturing have a large share in industry sector income and recorded 69.6% share.

Like manufacturing sector, construction firms of Sangli district had also given remarkable share and contribution to secondary sector income. The income of construction firms was increased at Rs. 24779.79 lakhs in 2000-01 and found increased at Rs. 82967 lakhs in 2006-07. The percentage share of construction firms was about 21.48% in 2000-01, which increased to 26.73% in 2006-07. The compound growth rate was recorded at 14.17% during the period of 2001 to 2007.

After manufactures and construction firms, the activities of gas and electricity is the another component of secondary sector income. However, it has always low contribution in the industry sector income. The income from gas and electricity in 2001 was Rs. 8471.21 lakhs, which rose to Rs. 15253 lakhs in 2006-07. The percentage share of this sector was recorded in 2008 at 7.74% to the gross secondary sector income, which remained constant for study period. The compound growth rate of gas and electricity sector income was recorded at 3.81% during the period of 2000-01 to 2006-07.

The processing of data by applying statistical techniques revealed that construction sector had great variations than other sub sectors of the industry sector of the Sangli district as shown by standard deviation (SD .11224.476). However, manufacturing sector had higher mean value than other sub sectors (Mean 30900.75). A tool of correlation showed a positive and high degree correlation with industry sector income by manufacturing (r.96), construction (r.85), gas and electricity (r.36). However, manufacturing sector had a higher

degree correlation with the Sangli district income. A regression technique revealed that manufacturing sector played a vital role in the industrial development of Sangli district (Std. Beta .69, t value 7.449) than the construction sector (Std. beta .35, t value 4.732) and gas and electricity (Std Beta .03, t value .545).

Industry sector has a special importance in making dynamic the process of economic development of the economy. As present study is concerned with Sangli district industry sector, its detailed study is necessary. It is observed from the above analysis, industry sector of the Sangli district comprises of manufacturing sector, construction, gas and electricity. The present study reveals that manufacturing sector is a major and predominant activity responsible for the economic growth of the Sangli district. Because it has contributed to industry sector by about more than 65% on an average during the period of study. However, its growth rate was lower 3.75% CGR. The rate of construction sector in the district industry was significant. It has also shown a rapid growth during the period under study. The contribution of gas and electricity to industrial development of Sangli district was meagre.

3.6 A Study of Exports of Sangli District

Sangli district in general in Maharashtra and in particular in Western Maharashtra is the important district in export. Sangli district is mainly famous for export of sugar, grapes, mangoes and some engineering goods. Sangli district has made remarkable progress in exports. Commodities with international standards, efforts and policies of central and state government and incentives towards exports, India's efforts of increasing India's trade volume in world the policy of private sector sugar factories towards export of sugar and revolution in automobile industry are some basic reasons on which Sangli district has made remarkable progress in exports. In recent years along with sugar, grapes, mangoes, some other vegetables and fruits, chemicals, plastic goods, engineering goods like pumps,

castings, valves, spare parts, plywood boards, medicines, alcohol and other goods like starch etc. are included in the composition of Sangli district ⁶ exports and commodities details of export value are shown in Table No. 3.4

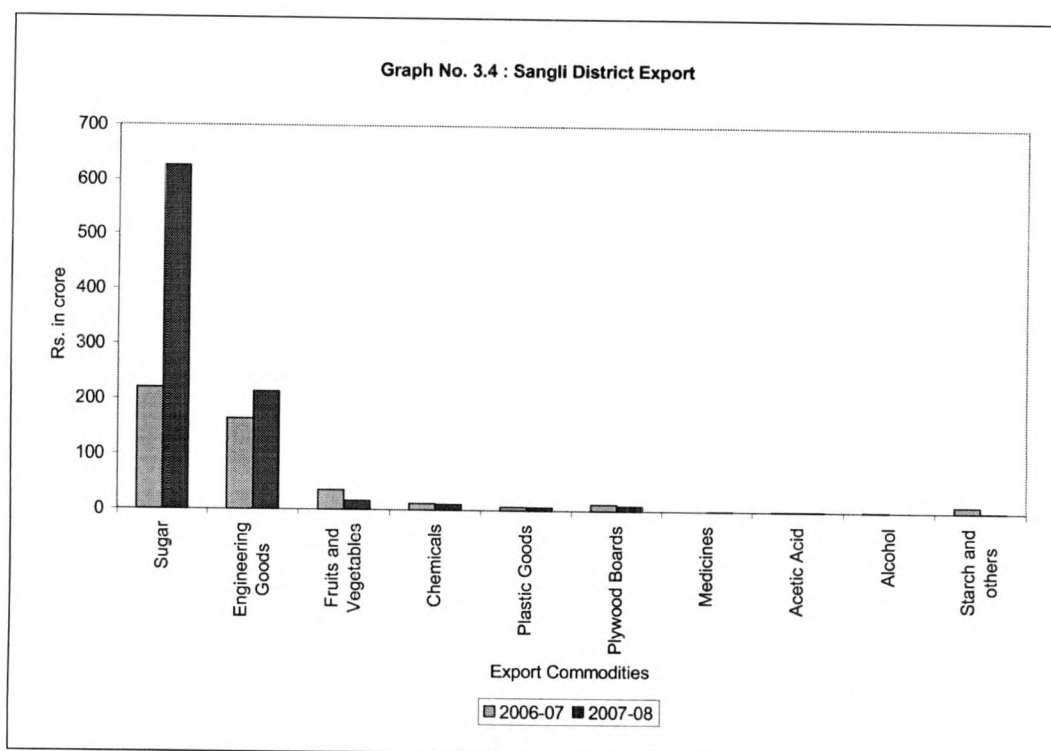
Table No. 3.4
Sangli District Export

(Rs. in crores)

Sr. No.	Export Commodity	Export Value	
		2006-07	2007-08
1	Sugar	220.07 (46.65)	625.72 (71.42)
2	Engineering Goods	163.68 (34.74)	213.05 (24.31)
3	Fruits and Vegetables	35.70 (7.56)	17.20 (1.96)
4	Chemicals	11.98 (2.53)	11.08 (1.26)
5	Plastic Goods	6.50 (1.33)	6.10 (0.66)
6	Plywood Boards	12.25 (2.54)	9.50 (1.08)
7	Medicines	0.18 (0.03)	1.29 (0.14)
8	Acetic Acid	1.09 (0.23)	0.50 (0.5)
9	Alcohol	0.50 (0.10)	0.02 (0.02)
10	Starch and others	11.48 (2.46)	1.06 (0.12)
	Total	471.71 (100)	876.11 (100)

Source : A special article on Structure of Economic Growth of Sangli District, Daily Sakal dated 24 January 2008.

Note : Figures in the brackets shows the percentage to total.



The Table No. 3.4 gives clear details of export value of various commodities during the period 2006-07 and 2007-08. The total export value was calculated at Rs. 1337.83 crores. Among the 10 items given in the table sugar contributed for 220.07 crores in 2006-07 and 2007-08 it has given more significant contribution of 625.72 crores. The percentage share of sugar export to the total value of export of Sangli district was recorded at 46.65 and it was more significantly recorded at 71.42 in 2007-08.

Engineering goods are second most important export commodity. The export value of engineering goods was recorded at 163.68 crores with percentage share of 34.74 in 2006-07. But in 2007-08 contribution and percentage share of engineering goods was slightly reduced and recorded at 213.57 crores and percentage share at 24.31. Even though, engineering goods also gave significant contribution to export values of Sangli district.

Fruits and vegetables contributed at Rs. 35.70 in 2007-08 and Rs. 7.20 crores in 2007-08. Likewise, chemicals, plastic goods, medicines, acetic acid, alcohol also contributed to the export values of Sangli district.

The same article also highlights that commodities which were going to export had a significant export value in 2005-06 and recorded at Rs. 159 crores. Forth more the export values rose from Rs. 471.71 crores in 2006-07 to Rs. 876.11 crores in 2007-08. Above table clearly shows that Sangli district has also made a remarkable progress in exports.

Exports have a special significance for the countries, especially the underdeveloped one. They provide foreign currencies and also importance of various grounds. Sangli district participating in the exports, has a vital importance in the economy of India as well as Maharashtra. The present study is concerned with the industrial sector of the Sangli district. Therefore, the participation of Sangli district in the exports study has a special importance. Hence, an attempt is made to study exports in the Sangli district.

It is observed that about ten categories of commodities were being exported by the Sangli district, the exports in the Sangli district are considerable and increasing. The commodities exported by this district were exclusively and prominently industrial goods. It is revealed that the exports of sugar and engineering goods were prominent and increasingly, which was followed by chemicals, fruits and vegetables, plywood board, plastic goods. However, it is found that the exports of fruits and vegetables, chemicals, plastic goods, plywood board, acetic acid, alcohol, starch have been declined during 2006-07 to 2007-08. It is only the exports of sugar, engineering goods have been increased during the same period. However, the satisfactory thing is that Sangli district participates in the exports and contributes to the economic development of the economy of Maharashtra as well as India.

3.7 Concluding Remarks

Economic growth has a special importance. It directly and fortunately affects the standard of living of the people. Hence, it is said that rapid economic growth, higher or superior the standard of living of the people. It is against this background, the present study examines the economic profile of the Sangli district during the period under study.

The study reveals that Sangli district was basically a service sector growth oriented economy, which was dominated by the development of service sector. The contribution of primary or agriculture sector was significant one, but it was decreasing. The role of industry sector was unfortunately lower but its relative position as well as growth rate were increasing. The present research study is basically in economics of environment, which examines environmental audit practices by industries in Sangli district. Hence, the study of Sangli district industrial development was very much important for us.

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