C H A P T E R - IV

PROGRESS AND IMPACT OF INDUSTRIAL DEVELOPMENT IN AND AROUND SATARA CITY

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A. INDUSTRIAL CONCENTRATION IN AND AROUND SATARA DISTRICT.

According to Industrial Location Policy of 1974, Satara District is catagorised into 'D' industrial zone. Inspite of the large potentialities of industrial development there were only few industrial units in Satara Industrial Area, prior to MIDC. This was an account of lack of infrastructure and apathetic view of government. Although the history of industrialisation of the district dates back to the year 1916, modernised industrialisation has recent origin. Thus prior to Satara Industrial Area i.e. MIDC there were only few industries viz. grounnut oil mills in Satara. As a result cultivation was the main occupation of the people in and around Satara area, side by side hereditary training industry was also in existance along with village and cottage industries like, weaving, carpentry, leather goods smithy etc.

But after establishment of MIDC area in Satara, scene of industrialisation is changing rapidly, with supply of cheap power, abundant water supply, the industrial support from MSFC, DIC, and commercial banks as well as encouragement from state Industrial Departments, and conversion of Poona Miraj railway track into broadguage, the Satara Industrial area is now poised

for a break through in industrial field. As a result entrepreneurs in Satara have detected opportunities and have started several industrial units in Satara Industrial area.

Main industrial concentration of Satara City is situated in MIDC industrial area, which is situated at 5 Kilometres from Satara City and is along Satara Rahimatpur Road, this is outside Satara Muncipal limits. It is about 7 Kilometers from Satara railway station.

Alongwith MIDC industrial area, Satara Muncipal has also established mini industrial estates, which is situated near I.T.I. Some timber units and repairing workshops are working in that area. But there is still limited scope for industrial units in mini industrial estates. This area has not adequate infrastructural facilities.

There was a very limited number of modernised industrial units in Satara City before 1971. MIDC Satara has started its activities in 1971-1972, near sub part of Satara City i.e. Godoli and Kodoli. MIDC has developed various industrial blocks with well infrastructural facilities. Now this area has laid good foundation condition for industrial units.

Now Satara Industrial Area is mainly known to be area of engineering type of industries. Official survey of industrial units made by MIDC Satara in 1986, shows that, there are 290 numbers

of engineering type of industries out of 388 industrial units. It shows that engineering industry has occupied important place in industrial development of Satara City. Those engineering units can provide ancillaries to big industries situated in Bombay and Poona region. Those engineering units primely consists in small scale industries.

Industrial structure of Maharashtra state shows that, chemical industry is highly situated in Bombay and Poona,region. However, MIDC Satara has developed several blocks for chemical industry. There are 14 light chemical industries, those have no serious problems.

Expansion and development of resource based and agro based industries is another pecularity of Satara Industrial Area. There are 17 prominent agro based units, those are under good condition. The breakup or industries which are concentrated in Satara Industries area as on 1986 are as under.

TABLE NO.4.1

INDUSTRIES IN SATARA MIDC AREA AS ON 1986.

Sr.No.	Particulars of Industries	No.of Industrial Units
1	Engineering type Industries	290
2	Light Chemical Industries without effluent problems	14
3.	Plastic Industries/ and Ceramic	10
4	Agrobased Industries	17
5	Service Industries	8
6	Foundaries	13
7	Electric and Telecommunication Industries	2
8	Glass Industries	2
9	Rubber Industries	4
10	Automobile Industries	1
11	Non Metalic Minerals Products	14
12	Metallic Product.	2
13	Food Product	2
14	Miscelleneous	8
	Total	388

SOURCE : Office Record of M.I.D.C. Satara.

Out of the 388 numbers of industries, 16 are major industries, 8 are the medium industries and 364 are the small scale industries. It comprises that engineering and allied units are main industrial units in industrial location of Satara, those are categorised in small scale sectors. There are some medium and large scale units in the Satara which are usually branches and subsidiaries of non local companies. Small scale units have, in general been setup by local entrepreneurs. Some of these enterpreneurs have been those formerly employed in developed areas; when facilities such as developed plots and sheds and subsidies were made available in their home towns, they drew on their working e experience and setup their own enterprises. Now some local people with technical qualifications in the Satara industrial area often prefer to start their own business rather than seeking employment elsewhere.

Now industrial development in and around Satara City is helping to check out migration from these area, by generating local employment opportunities and assisting entrepreneurial development. The restrictions placed on industrial expansion in the development of growth centres and industrial estates, and the provision of the subsidies, Satara industrial area has been responsible for inducing industrial development. It is found that, although natural deglomarating factors such as exorbitant

land prices, soaring cost of production and labour disputes in the centres of industrial over concentration have been forcing enterpreneurs to seek alternative locations like Satara industrial area, in reality it is the government policies of industrial location which have catalysed the process of industrial dispersal.

Now Satara is an induced industrial centre, has beoome sustained one. The reasons for growing success are not difficult to identify. These locations had certain inherent advantages, such as good access to established industrial units, which are strengthened by government, interventions, positive inducement, together with the restrictive location policies regarding industrial expansion in the developed areas, provided the initial stimulus for local growth of industry so that established companies should set up some large and medium units here. Sustained effort for industrial development and especially development of small scale units is leading to the development, of aglomaration economies which is providing further impetus for the growth of industries in Satara.

TREND OF INDUSTRIAL DEVELOPMENT :

Although M.I.D.C. has started its activities in 1962, on state level basis, Satara industrial area has selected in 1972 with objective of securing industrial development of Satara

district. The aspects of MIDC Satara industrial is related to different local and non local entrepreneurs, construction of galas, expenditure incurred by MIDC for development of Satara industrial area, capital invested in units in production and generation of employment in units in production.

The aspects of recent trends in industrial development, in and around Satara City can be guaged with following table. It gives sceptive view of MIDC in respect of numbers of factories under production, numbers of factories under construction, fixed capital investment in factories, total turnover of industrial units and generation of total employment.

TABLE NO.4.2

TRENDS OF MIDC SATARA

Sr. No.	Year	No.of Factories in production	No.of Factories under construction	Fixed Capital investment to coloumn No. 3(Rs. in lakhs)	Annual turnover of the factories (Rs.in lakhs)	No.of workers employed to coloumn No.3
1.	1972 - 1973	*	*	*	*	*
2.	1973 - 1974	5	9	21.34	55.75	128
3.	1974 - 1975	9	11	41.59	42.11	287
4.	1975 - 1976	13	21	56.44	81.45	392
5.	1976 - 1977	20	19	133.75	131.44	513
6.	1977 - 1978	38	21	256.27	1250.78	967
7.	1978 - 1979	48	51	315.28	1678.62	1144
8.	1979 - 1980	67	13	514.63	1957.46	1818
9.	1980 - 1981	84	31	591.00	1842.00	1929
10	1981 - 1982	109	30	1005.00	2210.00	1975
11.	1982 - 1983	112	32	1250.00	2460.00	2130
12.	1983 - 1984	115	40	1365.00	2552.00	2243
13.	1984 - 1985	126	45	1436.00	2842.00	2842

NOTE : * This sign Indicates that the Starting area of MIDC Satara.

SOURCE : Annual Reports of MIDC.

B. IMPACT OF INDUSTRIAL DEVELOPMENT IN AND AROUND SATARA :

1. INDUSTRIAL PRODUCTION :

Satara Industrial Centre is mainly known as induced growth centre. This has been established in 1972-1973, but actual production activities has started in 1973-1974. Following table shows trends of factories under production from 1973-1974 to 1985-1986.

TABLE NO.4.3

TRENDS OF FACTORIES IN SATARA INDUSTRIES CENTRE

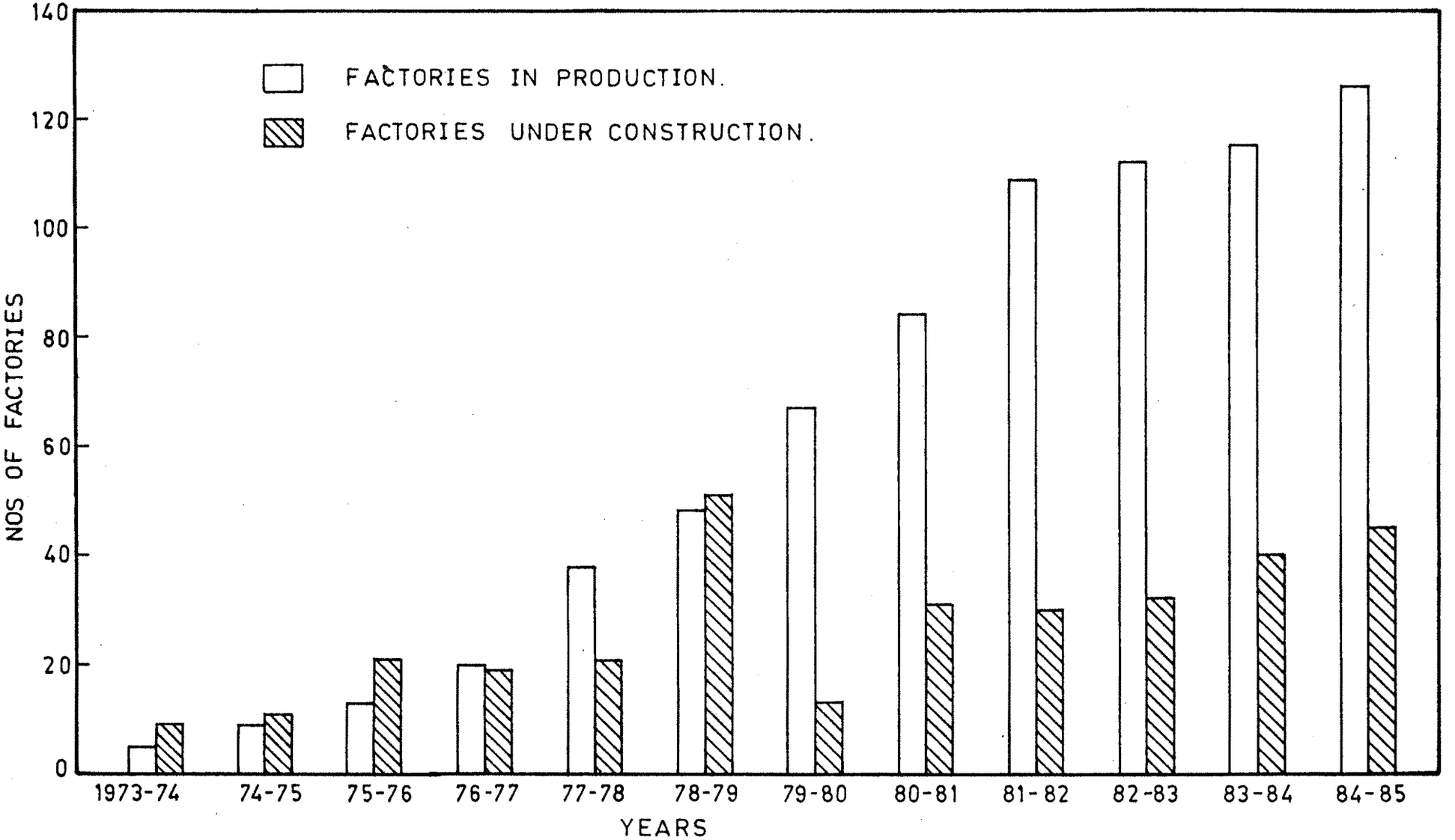
Year	No.of factories in production	% of rise in factories in production	No.of factories under construction	% of rise in factories under construction
1973-74	5	-	9	-
1974-75	9	80.00	11	22.22
1975-76	13	44.44	21	90.90
1976-77	20	53.84	19	- 9.52
1977-78	38	90.00	21	10.52
1978-79	48	26.32	51	142.85
1979-80	67	39.59	13	- 74.50
1980-81	84	25.37	31	138.46
1981-82	109	29.76	30	- 3.22
1982-83	112	2.75	32	6.60
1983-84	115	2.68	40	25.00
1984-85	126	9.58	45	12.5

SOURCE : Annual Reports of MIDC Satara.

From above table, it occurs rising trend of factories in production. Numbers of factories in production in Satara industrial area was only 5 in 1973-1974. The proportion of factories in production rose from 5 to 20 in 1976-1977, and from 20 to 67 in 1979-1980. Recently, there are 112, 115 of factories in production in 1982-1983 and in 1983-1984. The highest number of factories in production is 126 in 1984-1985.

Side by side, it seems rising trend of factories under construction. There were 9 factories under construction in 1973-1974. The proportion of factories under construction rose 9 to 21 in 1975-1976. The next year 1976-1977 shows decline in numbers of factories under construction. It occures rising trends of factories under construction. from 1976-1977 to 1979-80 The year 1979-1980 shows another decline in factories under construction i.e. from 51 to 13. But after year 1980-1981 it seems a pure rising trends in factories under construction. Recent proportion of factories under construction is 40 and 45 in 1983-1984 and 1984-1985.

In angle of percentage rise of factories in production shows wide fluctuations in each respective year. There is 80 per cent rise of factories in production in 1974-1975. This percentage is declined in 1975-1976 and 1976-1977. The year 1977-1978.



GRAPH NO. 1 – THE GRAPH SHOWING NOS. OF FACTORIES.

Shows highest rise of percentage in factories in production i.e. 90. Similarly, it seem fluctuations in percentage rise of in factories in production from 1978-1979 to 1981-1982. Recent percentage rise of factories in production is 2.75, 2.68 and 9.58 in 1982-1983, 1983-1984 and 1984-1985. It occures very small percentage rise of factories in production in recent years, due to problems of industrial sickness, marketing and raw material in Satara Industrial Area.

The picture of percentage rise of factories under construction is quite uncertain. Some years shows highest percentage rise i.e. 1975-1976 (90.90),1978-1979(142.85) and 1980-1981 (138.46). Neverthe less there is sad reflection on rise of percentage in factories under construction i.e. year 1976-1977 (-9.52), 1979-1980(-74.50) and 1981-1982(-3.22).

The graph No. 1 shows a trends of rise in factories in production and factories under construction. The corelation between numbers of factories in production and numbers of factories under construction is.7692.

2. CAPITAL EMPLOYED :

Fixed and variable capital is essentially required for production activity. It is difficult to calculate a frame work of use in variable capital in industrial structure of Satara

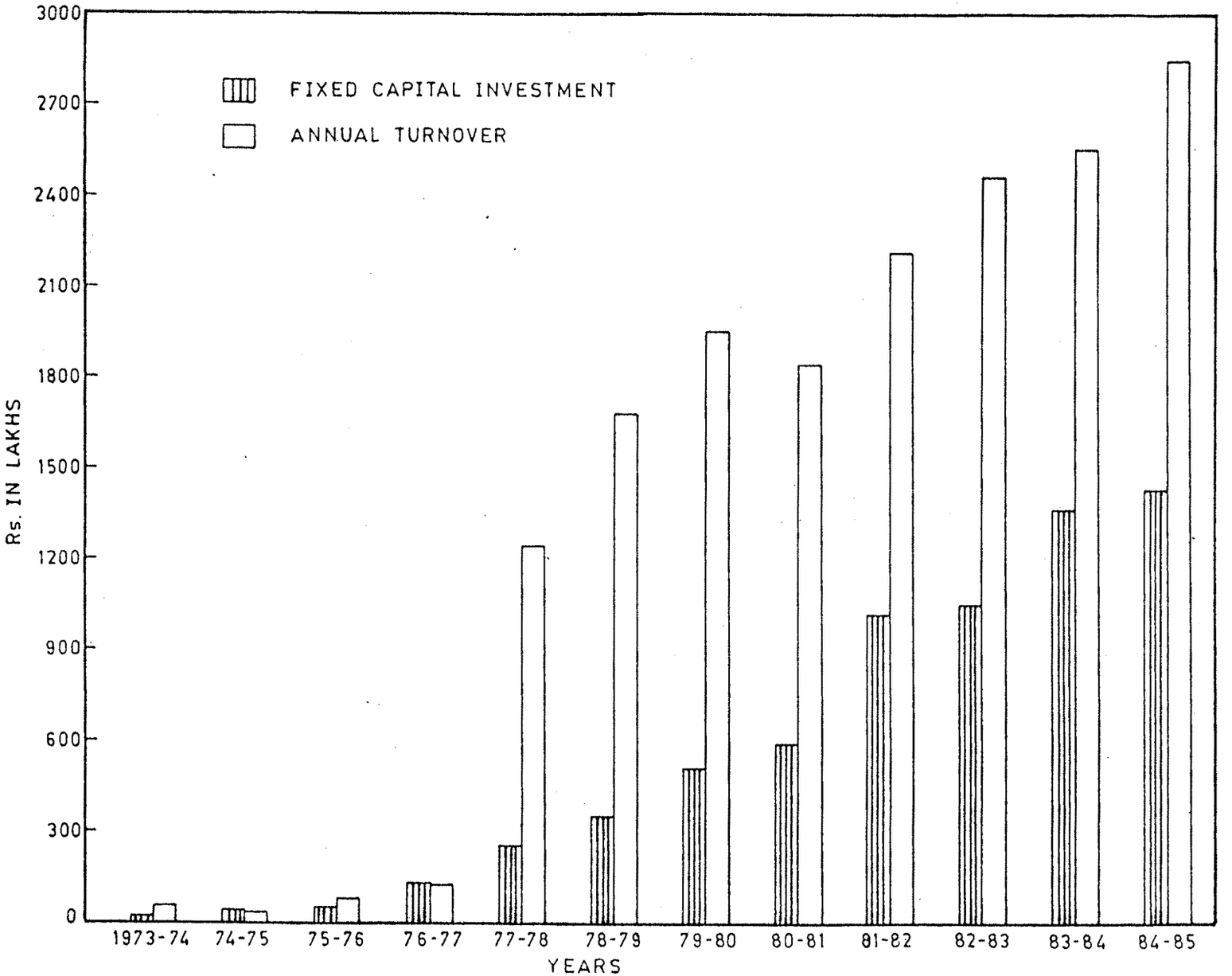
area. It is difficult to gauge and guess to researcher in respect of use in variable capital, due to wide range of fluctuations in use of variable capital from months to months and year to years. So use of fixed capital and trend of used fixed capital is considered. Following table shows sceptive view in respect of fixed capital investment in factories in production.

TABLE NO.4.4

TRENDS OF CAPITAL EMPLOYED

Sr.No.	Year	No.of factories in production	Fixed capital investment in factories in production (Rs. in lakhs)	% of rise in Fixed capital investment
1	1973 - 1974	5	21.34	-
2.	1974 - 1975	9	41.59	94.89
3.	1975 - 1976	13	56.44	35.70
4.	1976 - 1977	20	133.75	136.98
5.	1977 - 1978	38	256.27	91.60
6.	1978 - 1979	48	351.28	37.07
7.	1979 - 1980	67	514.63	46.50
8.	1980 - 1981	84	591.00	14.84
9.	1981 - 1982	109	1015.00	71.74
10.	1982 - 1983	112	1250.00	23.15
11	1983 - 1984	115	1365.00	9.2
12	1984 - 1985	126	1436.00	5.2

source : Annual Report of MIDC, Satara.



GRAPH NO.2 - THE GRAPH SHOWING FIXED CAPITAL INVESTMENT AND ANNUAL TURNOVER OF THE FACTORIES (Rs. IN LAKHS).

In inception (1973-1974) total fixed capital investment was Rs. 21.34 lakhs in factories in production. The investment in fixed capital rose from Rs. 21.34 lakhs in 1973-1974 to Rs. 56.44 lakhs in 1975-1976. In mid term years, there was Rs. 256.27 lakhs and Rs. 591.lakhs fixed capital investment in 1977-1978 and in 1980-1981. It feels a rising trend in use of fixed capital investment in Satara Industrial Area. From 1973-1974 to 1984-1985. The years 1982-1983, 1983-1984 and 1984-1985 comprises highest investment in fixed capital i.e. Rs. 1250, 1365 and 1436 lakhs.

Nevertheless it concludes wide range of flactuations in rise of percentage in fixed capital investment. The year 1976-77 shows highest rise of percentage in fixed capital investment. Such as recent years i.e. 1983-1984 and 1984-1985 shows minimum rise of percentage in fixed capital investment 9.2 and 5.2 respectively. It means rate of growth in factories in production as well as growth rate in fixed capital investment is declining viz. recent years (1983-1984 and 1984-1985).

From statistical angle it concludes that coefficient relationship between numbers of factories in production and capital investment is high.

The combined graph No. 2 shows picture of fixed capital investment.

3. TURNOVER PATTERN OF INDUSTRIES :

Annual turnover of the factories is another major aspect to judge the trends of industrial structure. It is selling as well production attitude is comprised with annual turnover. Following table shows turnover pattern of Satara Industrial Area from 1972-1973 to 1984-1985.

TABLE NO.4.5

TURNOVER PATTERN OF SATARA INDUSTRIAL AREA

Sr.No.	Year	Factories in production	Annual Turnover of the factories (Rs. in lakhs)	% of rise in Annual turnover
1.	1973 -1974	5	55.75	-
2.	1974 -1975	9	42.11	- 24.47
3.	1975 -1976	13	81.45	93.42
4.	1976 -1977	20	131.44	63.38
5.	1977 -1978	38	1250.78	851.60
6.	1978 -1979	48	1678.62	34.21
7.	1979 -1980	62	1957.46	16.61
8.	1980 -1981	84	1842.00	- 5.9
9	1981 -1982	109	2210.00	19.98
10	1982 -1983	112	2460.00	11.31
11	1983 -1984	115	2552.00	3.78
12	1984 -1985	126	2642.00	11.36

SOURCE : Annual Reports of MIDC,Satara.

Above table shows increasing share of factories in production in annual turnover. There was 65.75 Rs. in lakhs of turnover in 1973–1974. The proportion of annual turnover rose from Rs. 55.75 in lakhs to 131.44 Rs. in lakhs in 1976–1977. Such as it was Rs. 1957.46 in 1979–1980. Recent annual turnover of the factories is Rs. 2460 in lakh and Rs. 2552 in lakhs in 1982–1983 and 1983–1984. There is highest level of turnover of the factories is Rs. 2842 in lakhs in 1984–1985.

It is concluded that annual turnover of the factories in production has increasing trends in Satara industrial area.

But there are variations in percentage rise of annual turnover of the factories. The year 1977–1978 shows highest percentage rise of annual turnover i.e. 851.60 percentage, vice versa the year 1983–1984 shows minimum rise of percentage, in annual turnover, i.e. 3.78. However, the years 1974–1975 and 1980–1981 displays minus rise of percentage i.e. 24.47 and -5.9 respectively. Recent percentage rise of annual turnover is poor i.e. 3.78 and 11.36 in 1983–1984 and 1984–1985.

4. EMPLOYMENT GENERATION :

It is expected utilisation of local manpower and addition in production from induced industrial growth centre. There is definite impact of location policies and induced growth centre

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on employment generation. Impact of such policies can be measured in terms of employment angle also. Following table shows employment structure of Satara Industrial Area.

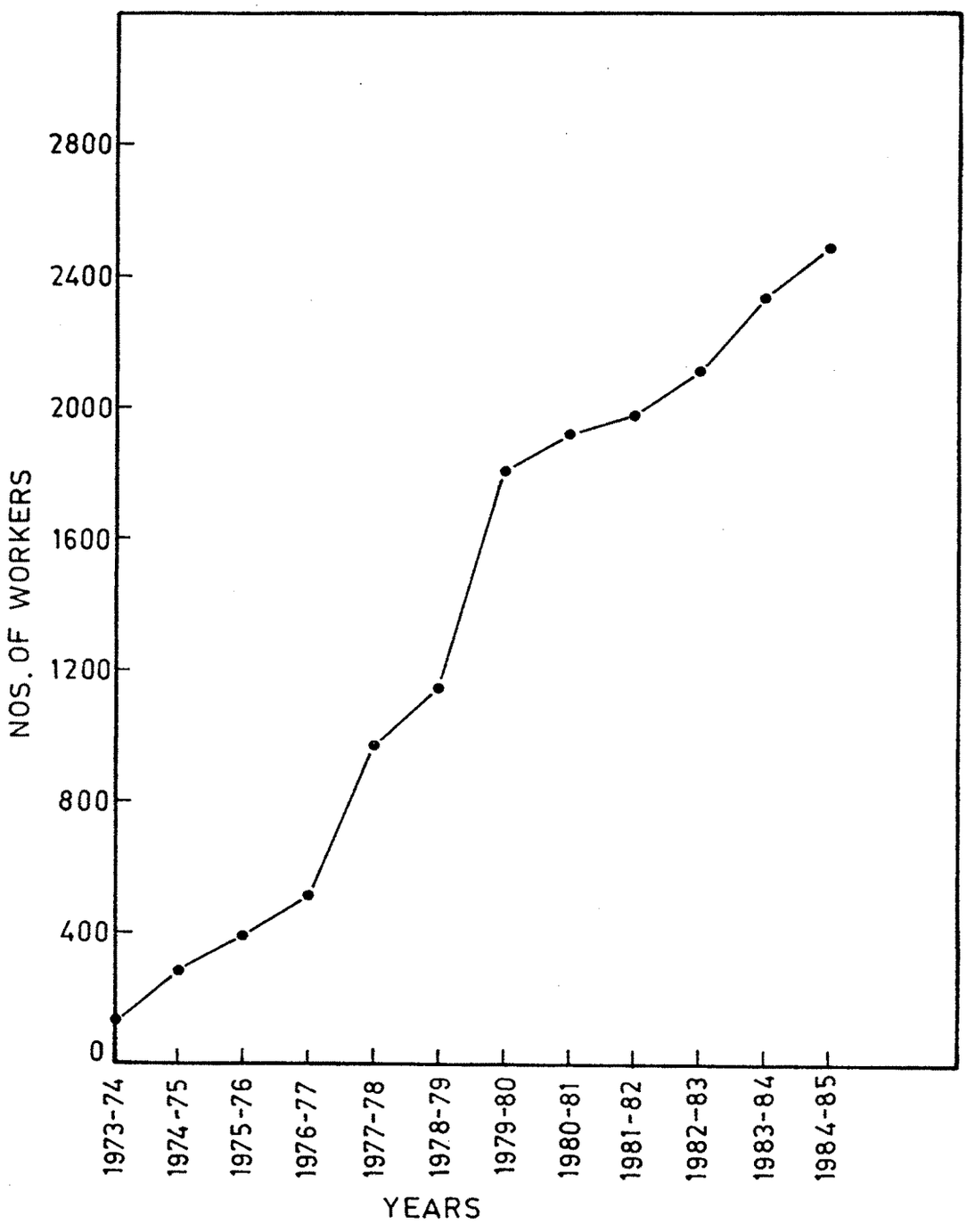
TABLE NO.4.6

EMPLOYMENT GENERATION IN SATARA INDUSTRIAL AREA

Sr.No.	Years	Factories in production	No.of workers employed in factories	% of rise in no of workers
1.	1973 - 1974	5	128	-
2.	1974 - 1975	9	287	124.22
3.	1975 - 1976	13	392	36.59
4.	1976 - 1977	20	513	30.87
5.	1977 - 1978	38	967	88.05
6.	1978 - 1979	48	1144	18.30
7.	1979 - 1980	67	1818	58.92
8.	1980 - 1981	84	1929	6.12
9.	1981 - 1982	109	1975	2.38
10.	1982 - 1983	112	2130	7.85
11	1983 - 1984	115	2243	5.31
12	1984 - 1985	126	2482	10.66

SOURCE : Annual Reports of MIDC, . . .

Above table shows relationship between growth of factories in production, and growth in employment. Factories in production and employment generation is highly corelated in Satara Industrial area. There is also increasing trends in employment generation from 1973-1974 to 1984-1985 in Satara Industrial Area.



GRAPH NO.3 - TIME SERIES FOR EMPLOYED WORKERS.

513 workers were engaged in 1976-1977 and 1818 in 1980-1981. Due to further development in employment opportunities the proportion of employment rose from 1818 to 2130 in year 1982-83. Recent employment generation is 2243 in 1983-1984 and 2482 in 1984-1985.

But it feels wide range of fluctuations in percentage rise of employment generation. The year 1974-1975 shows a highest rise of percentage in employment generation i.e. 124.22 vice versa the year 1981-1982 shows minimum rise of percentage in employment generation i.e. 2.38.

Recent percentage of rise in employment generation shows declining trends, compared to inception years. Time series graph of employed workers shows picture of employment generation.

PROBLEMS OF INDUSTRIES :

From available data researcher has found various problems faced by various industrial units in Satara Industrial Area.(Zone)

1. Relatively easy availability of cheap finance has its drawback in industrial development of Satara. There is significant difference in the debt ratio, (measured as the ratio of loan capital to the capital employed) between units in the developed area and units in the Satara industrial area especially in the case of small scale industries.

Thus units in Satara Industrial area have become sick. Unfortunetly it does appear that there is the likelihood of units becoming financially nonviable. It therefore, becomes essential to identify the major problems hampering the proper functioning of units in Satara Industrial Area, and attempt to rectify the lacunae quickly, whenever possible.

2. The greatest difficulty in the Satara Industrial Area appears to be the paucity of skilled manpower, and essentially that of managerial personnel. Few such persons are available locally, and it is difficult to secure personnel from developed areas. The 'Best' persons are rarely willing to shift from large cities to Satara Industrial Area. Only some non local medium and large scale units have secured personnel from developed area. Although there are facilities like schooling recreation, entertainment, even large and medium firms have not tried to overcome this problems of providing medical and recreational facilities to their employees in Satara Industrial Area. However, even if skilled and managerial personnel can be initially induced to work in Satara Industrial Area, they often leave when they are offered jobs elsewhere at Poona, Bombay and Aurangabad. Industrially growing place like Satara, Mangers and trained workers are lured away from one unit to another by better offers. There is therefore, a very high turnover of staff at all

such levels, with resultant losses in plant productivity.

3. Another major problem relates to communications. Adequate communications facilities are an important ingredient of efficient operations. But industrial area of Satara centre has limited, Telephone facilities especially telex and direct dialing facilities are not available, and turnk calls difficult to obtain because demand for this facility is very high.

4. Transport is considered less of problems in Satara Industrial centre. Which is connected by roads, railway station and highway road. But there are location specific problems to the industrial units in the remote areas from Satara city. For instance though Satara is connected to Poona Banglore national highway road, it forms an intermediate stop for buses and trucks playing the route. The transportation problems becomes harmful during cane crushing season, when transporters find it more profitable to carry sugar cane rather than industrial goods, and exorbitant rates then come to be charged.

5. Marketing is difficult for the small scale units in the industrially developing area. Although Satara Industrial Zone has good condition to contact good market places, it has marketing problems. The success of unit seems to depend on whether the entrepreneur has enough contacts to market his product in relatively industrially developed areas.

6. A difficulty more serious than finding markets is regarding the availability of raw materials, pares and components in Satara Industrial Area, local stock of raw material is inadequate in Satara Industrial Zone, the inventories mentioned are inadequate required to small scale industries and medium scale industries in Satara, for instance supplies in industrially developed area are unwilling to provide inputs, on credit to buyers in Satara Industrial Area, so that ample ready cash is required for purchases.

7. Finance is one of the powerful variables which affects the process and the extent of industrialisation for a any area, as it acts as a catalystic agent. As such, the programme of rapid industrialisation is likely to be bogged down if finance is grossely inadequate. But absence of adequate working capital has often resulted in small scale units in the Satara Industrial Area, turning sick. This is launa of government incentives, though it, is easy to get cheap loans from various financial institutions, and even subsidies, for fixed capital investment, there is hardly an adequate provision for working capital. Many local people in and around Satara avail. themselves of the incentives to set up their own business. But neither these inexperienced entrepreneurs nor the state government promotional agencies undertook necessory feasibility studies for the projects.

The term lending institutions in their inthusiasm to promot e industry in the developing areas like Satara and perhaps to satisfy certain targets, sanctioned the term loan assistance. The commercial banks are more cautious,(including lead bank), sanctioning working capital loan which takes more time. In some cases the bank considers the project unviable and loan is not sanctioned many units therefore, become sick even before they start their production. It seem that financial problem is not well tackled in Satara Industrial Area, with special reference to small scale industries.

Such problems need to be speedily resolved, the intension surely, is to promote successful units in the industrially developing centre like Satara, and not merely to pay lip service to the objective of the regional development.

8. These are the major problems faced by the units studies in the Satara Industrial Area. There are whole host of day to day operational difficulties, which individually appears to be minor, but when compounded represent considerable, hidden costs, and are likely to affect productivity adversly. Many facilities are not properly linked to Satara Industrial Area as those are in the large cities pose major hardless in the industrial development of Satara.

However, induced industrial centre like Satara is overcoming these problems faced by various industrial units. The trends of industrial development of Satara area concludes that most of the benefits of new industrial development accrue to a small fraction of the local population. Higher incomes are restricted to the persons employed on higher posts and skilled jobs, whereas, the increased demand for items daily consumption, Escalates local prices and rents. The amenities provided by the larger units are restricted to their staff, and the public amenities are developed mainly for the industrial estates i.e. M.I.D.C.