

Maharashtra: Impact of Investment Decisions on the Industrial and Urban Scenario

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Abstract

An issue, which has dominated planning in Maharashtra, is that of regional disparities in socio-economic development within the state. Policy initiatives have hence aimed at placing restraints on location of activities in highly developed areas while at the same time providing incentives at other places. An important tool for achieving the objective was the Industrial Location Policy, which sought to influence the intra-regional distribution of industries. The implementation of this policy is reflected in the investment decisions of the government and of private entrepreneurs, which have been analysed in this paper. Their impact on the industrial and urban scenario in the state is assessed.

Introduction

An issue, which has dominated planning in Maharashtra, is one of regional disparities in socio-economic development. This feature has characterised the State ever since it was formed in 1960. Arising out of the pattern of development in the pre-independence era, Bombay (renamed as Mumbai recently) had emerged as a major port city. Consequently, when the linguistic state of Maharashtra was formed, the stark contrast between the highly developed urban and industrial areas in and around Mumbai-Pune and the underdeveloped regions in the interior was very striking (Govt. of Maharashtra, 1984; Prabhu & Sarkar, 1992). To remedy this situation, attempts were made to direct investment away from Mumbai and Pune by placing restrictions on location of new activities in them, while at the same time providing incentives at other centres (Godbole, 1978).

Important tools for achieving these objectives were the Industrial Location Policies that have been formulated and implemented at the national and state levels at different periods of time. There is a clear difference between policies influencing inter and intra regional distribution of industries (Sekhar, 1983). The latter are relevant from the viewpoint of addressing disparities in development within Maharashtra. In the present paper an attempt is made to analyse the implementation of such policies as reflected in investment decisions of the government and of private entrepreneurs. Their impact on the industrial and urban scenario of the State is assessed.

Policy Initiatives

The Industrial Policy Resolution adopted by the Government of India in 1956 was the first comprehensive policy that defined the basic approach. Though its primary aim was

to promote rapid industrialisation of the country, it was recognised that an important concern was reduction of regional disparities in development. There have been changes in subsequent years, but the basic approach has remained valid. Economic reforms initiated in the country in 1991 led to a number of controls being dismantled. The Industrial Policy of Maharashtra 1993 aimed at simplification of procedures and rationalization of rules. A comprehensive Information Technology Policy was announced in 1998 keeping in view the importance of this sector. The most recent of the policy initiatives in the state is the Maharashtra Industrial Policy, 2001 where the emphasis is on structural changes as well as further acceleration of the flow of investments in industry and infrastructure. Maharashtra pioneered a package of incentives for the dispersal of industries and development of backward areas along with a licensing policy that sought to restrict industrialization in the Mumbai Metropolitan Region to nonpolluting and high technology sectors. The main component of successive schemes was a package of fiscal and other incentives to promote industrial development in backward districts. For purposes of deciding eligibility for facilities and incentives, the State was divided into four groups, district wise. Group I encompassed the Mumbai-Pune belt, where no incentives were given, while in Groups II, III and IV, these were available at progressively higher rates as the degree of backwardness increased. A revised package of incentives was announced in 1993. There would be no further setting up of industrial estates. The classification was on a taluka/area basis and designated as A, B, C, D and D+. This categorization has been

continued in 2001 as well to determine the eligibility of areas for the new package of incentives. These include exemption from electricity duty, waiver of stamp duty & registration fee, refund of octroi, as well as special capital incentives for small-scale units. Captive power plants are allowed to be set up in all new industries in D+ and tribal areas, while these were allowed for only IT units in other parts of the State. In the past, attempts to redress the intra regional disparities were also through,

- (a) Development of land and infrastructure for setting up industrial estates in different parts of the state by Maharashtra Industrial Development Corporation (MIDC),
- (b) Extending financial and other assistance to small and medium units by Maharashtra State Financial Corporation (MSFC) and Maharashtra Small Scale Industries Development Corporation (MSSIDC),
- (c) Special promotional efforts by the State Industrial Investment Corporation of Maharashtra (SICOM), by way of assistance in project identification, investment guidance, equity participation etc,
- (d) Metropolitan planning in the major cities.

Implementation of Policy Initiatives

The implementation of these initiatives is reflected in investment decisions of Government and private entrepreneurs. In the present paper, an attempt is made to analyse them from a spatial perspective over the 40-year period since the formation of Maharashtra in 1960. The data is derived from two sources:

1. The Report of the Fact Finding Committee on Regional Imbalances submitted to Government of Maharashtra, from which investments in districts from 1960 - 74 were obtained.
2. Surveys undertaken by the Centre for Monitoring the Indian Economy (CMIE), covering major investment projects in the country. These surveys have been carried out periodically since 1976; they cover major investment projects for which definite investment decisions have been taken. Projects involving an investment of Rs. 5 crores or more are included, whether investments are by government or by private enterprises. Since the location of each investment project in the state is given, it is possible to derive a tabulation of investment projects in each district and the capital outlay involved for each of them. Thus the aggregate investments in each district as evaluated at different points of time can be determined; this enables one to get an insight into investment decisions from a spatial perspective.

Investment Decisions as evaluated at different time periods

The investments in Maharashtra show an appreciable increase over time (Fig. 1). The increase is particularly noteworthy since 1991 and probably reflects the impact of economic liberalisation. Period 1960 to 1974: Till 1974, there was a high degree of concentration in Greater Mumbai and its metropolitan region (Table 1). This spatial unit alone accounted for a little over one-third of the total investment in the state. Thane ranked second, while Pune occupied

the third position. Thus, nearly 75% of the investments during 1960-74 were in these three areas alone. The only other districts that attracted appreciable investments were Nashik, Nagpur and Aurangabad: however they lagged far behind. December 1976: Greater Mumbai was the leading district in terms of investments accounting for nearly 28% of the state total. This was primarily the result of investments by the Fertilizer Corporation of India in its expansion programmes at Trombay. Ratnagiri ranked second due to investment by Bharat Aluminium Company. Thane occupied the third place and benefited from investments in many projects; the major one was Maharashtra Cooperative Fertilizers and Chemicals Ltd. at Tarapur. Raigarh ranked fourth attracting many investment projects of which the Hindustan Organic Chemicals at Rasayani was a major one.

September 1978: There was a sharp fall in the share of investments of Greater Mumbai while there was a significant increase in that of Thane and Raigarh, particularly the latter. The share of each of these three districts was almost equal being between 19-20%. The major investments in Greater Mumbai were due to Bharat Petroleum Corporation, Rashtriya Chemical and Fertilizers (expansion) as well as by Tata Electric in the Trombay Super Thermal Project. Thane benefited from many investments, especially from National Organic Chemical Industries. Raigarh attracted investment in many projects, particularly the Rashtriya Chemicals and Fertilizers at ThalVaishet based on gas from Mumbai High and South Bassein. There was a sharp increase in investments in Chandrapur due to thermal power units, cement plants and the electro-smelting in-

Table 1 Maharashtra: Share of Districts in the Investments in the State, 1974-1988

District	Percentage share of each district				
	March	Dec.	Sept.	July	July 1988
	1974	1976	1978	1982	
Greater	36.2	27.9	19.2	10.0	10.6
Mumbai					
Thane	26.1	11.9	19.8	8.8	4.7
Raigarh	1.7	7.9	19.2	46.3	35.6
Ratnagiri	2.9	13.8	4.4	7.8	1.7
Nashik	4.1	3.2	1.8	1.6	2.3
Dhule	0.2	-	-	0.4	0.2
Jalgaon	0.2	-	3.4	0.6	2.4
Ahmednagar	1.1	2.8	0.2	0.4	0.7
Pune	12.2	3.2	1.5	5.3	5.2
Satara	0.4	-	2.5	0.0	-
Sangli	1.1	-	0.1	-	0.3
Solapur	1.0	0.2	0.3	0.1	0.2
Kolhapur	1.7	2.7	1.1	1.3	0.2
Aurangabad	3.6	3.5	1.6	0.7	1.8
Parbhani	0.2	-	0.1	0.1	2.3
Bid	0.6	0.3	2.5	-	-
Nanded	0.4	0.2	0.0	-	-
Osmanabad	0.1	-	0.1	-	-
Buldhana	0.1	-	-	-	-
Akola	0.2	-	-	0.1	-
Amravati	0.1	-	-	-	-
Yavatmal	0.1	0.2	-	1.1	1.9
Wardha	0.2	-	-	0.7	4.4
Nagpur	3.8	0.5	8.1	1.6	3.5
Bhandara	0.1	0.5	0.5	2.0	0.8
Chandrapur	1.6	2.0	9.8	7.7	4.2
Multiple	-	19.2	3.8	3.4	17.0
Locations					
Total	100.0	100.0	100.0	100.0	100.0

Note: Figures in Parenthesis are Rs in Crores; only projects under implementation are taken in the calculation.

Source: Compiled from data given by CMIE "Shape of the Things to Come: A Synoptic Survey of Industrial Projects on Hand", 1976, B-66 to B-85; 1978, pp. 138-182; 1982, C51 to C-66; and 1988 G3 and G61 to G 75. Investments of Rs (crores) 92.00, 618.00 and 1065.08 in 1976, 78 and 82 respectively in Bombay High not included.

dustry. Investment in Nagpur was fairly high, primarily due to implementation by the state government of Stage III of the Koradi thermal power project.

July 1982: Raigarh had emerged as the favoured location and accounted for 46% of the total investment in the state. It benefited from numerous investment decisions, the major ones being the gas cracker project of Maharashtra Petrochemicals at Nagothane, Reliance Industries as well as Bombay Dyeing Company, both private enterprises at Patalganga, Hindustan Organic Chemicals at Rasayani, Deepak Fertilisers and Petrochemical Corporation at Taloja, the Department of Atomic Energy's heavy water plant at Thal-Vaishet. The share of Greater Mumbai and Thane districts declined though they continued to rank second and third. Mumbai attracted investments primarily by Bharat Petroleum Corporation at Trombay,

Nirlon at Goregaon and the State Industrial and Investment Corporation of Maharashtra in petrochemicals. Thane district continued to attract investments by numerous institutions and enterprises. Ratnagiri and Chandrapur ranked next with almost equal shares of investment; in Ratnagiri it was due to the mini steel plant at Jaigad of Mukund Iron and Steel Works and a fibre project of Modi Courtaulds. In Chandrapur, the investment was primarily in cement plants of Larsen and Toubro and Century Spinning and Manufacturing Company. There was an increase in Pune's share mainly due to TELCO.

July 1988: Raigarh continued to be the favoured location; this district accounted for a little over one-third the investments in the state (Table 1). It attracted numerous invest-

ments, the major ones being those of Maharashtra Petrochemicals Corporation at Nagothane, Grasim Industries in a sponge iron project at Revdanda and Deepak Fertilizers and Petrochemicals Corporation at Taloja. Greater Mumbai occupied the second rank; however, it lagged far behind Raigarh. It benefited from investments by Bharat Petroleum Corporation at Mahul in an Aromatics Complex and of the Mumbai Gas Company for distribution of natural gas. Pune district ranked third and important investments were by Bajaj Tempo at Akurdi and Century Enka in Pune. Thane accounted for only 4.7%; the investments were mainly in the Thane-Belapur industrial belt. It was closely followed by Wardha. The only other districts with appreciable investment were Chandrapur and Nagpur.

November 1990: Raigarh continued to get a lion's share of investment in the state. It attracted a considerable number of investments, the major ones being a special pipes project of Ispat Alloys at Alibag, a sponge iron project of Nippon Denro Ispat again at Alibag, a sponge iron project of Kalyani Konkan Sponge at Revdanda. Hindustan Organic Chemicals at Rasayani and Reliance Industries at Patalganga continued to be major investors. Pune occupied the second rank, though it lagged far behind Raigarh. The major investment decisions in its favour were due to S. M. Dyechem at Kurkumbh, Kalyani Steels at Mundwa and Indian Seamless Steels and Alloys at Jejuri. Aurangabad ranked third primarily due to Bajaj Auto at Waluj. Ratnagiri closely followed it, where investments were mainly at Pawas by Finolex Cables and Finolex Pipes. Thane continued to attract investments by several industrial enterprises.

Table 2 Maharashtra : Share of Districts in the Investments in the State, 1990-1999

District	Percentage Share of Each District				
	Nov. 1990	Nov. 1991	Dec. 1992	Dec. 1994	Aug. 1999
Greater Mumbai	3.8	6.8	9.9	3.5	9.1
Thane	5.7	9.3	7.8	7.2	10.1
Raigarh	41.2	44.6	23.8	16.6	14.3
Ratnagiri	7.8	5.8	15.4	20.4	10.1
Sindhudurg	-	-	1.4	3.3	-
Nashik	0.4	0.5	1.4	1.2	0.8
Dhule	-	-	-	-	-
Jalgoan	0.3	0.2	0.0	-	0.2
Ahmednagar	0.4	0.4	0.3	-	0.02
Pune	10.1	10.9	7.0	5.6	10.4
Satara	0.4	0.4	2.2	6.8	3.5
Sangli	-	-	0.1	-	0.07
Solapur	-	0.4	0.0	0.4	0.4
Kolhapur	0.5	0.2	0.5	1.0	0.2
Aurangabad	8.0	4.5	1.8	1.0	0.7
Parbhani	-	-	-	-	-
Bid	-	-	0.4	0.7	0.07
Nanded	2.1	-	0.1	0.4	-
Osmanabad	-	0.1	-	-	-
Latur	-	-	-	-	-
Buldhana	-	-	-	-	-
Akola	0.3	0.1	-	0.2	-
Amravati	-	-	-	1.1	-
Yavatmal	1.5	0.8	0.4	1.3	-
Wardha	3.0	2.8	-	0.9	1.1
Nagpur	3.6	1.9	5.7	5.3	2.0
Bhandara	1.4	-	-	0.5	-
Chandrapur	1.9	3.0	4.6	5.2	0.5
Gadchiroli	-	0.2	0.1	-	-
Multiple Locations	7.6	7.3	18.4	19.2	32.7
Total	100.00	100.00	100.00	100.00	100.00

Note: Figures in Parenthesis are Rs in Crores; only projects under implementation are taken in the calculation.

Source: Compiled from data given by CMIE "Shape of the Things to Come: A Synoptic Survey of Industrial Projects on Hand". In Dec. 1992, investments in Bombay High indicated as "Multi State" has been omitted. In Dec 1994, investment in Bombay High is not included in Greater Mumbai district. Rs 2423.65 crore invested in Mumbai Offshore in August 1999 not included. See for 1999, CMIE (1999) Manufacturing: Survey of Investments Projects, & Infrastructure: Survey of Investments Projects.

November 1991: Raigarh's position as the leading district in terms of investment continued in 1991; it now accounted for 44.6% of the capital outlay on projects under implementation in Maharashtra. Numerous investment decisions went in its favour; the important ones were the sponge iron projects of Nippon Denro Ispat at Alibag, Grashim Industries as well as Kalyani Konkan Sponge at Revdanda and Ispat Alloys at Alibag. The petrochemical and synthetic fibre industries in Patalganga were significant; important were Reliance Industries, Supreme Petrochemicals, and Modi Fibres etc. Rasayani continued to be important due to the Hindustan Organic Chemicals. Pune now occupied the second rank; it attracted a fairly large number of investments. The major ones were in seamless steel tubes by both Indian Seamless Steels and Alloys as well as Kalyani Steels. Organic Chemicals at Kurkumbh was also significant. Thane, though a little behind Pune, continued to attract a fairly large number of investments of medium and small scale. Many of them were in the Tarapur industrial belt. Greater Mumbai occupied the fourth rank and investments in it had picked up mainly due to the Hindustan Petroleum Corporation. The only other districts where significant investment took place were Ratnagiri and Aurangabad.

December 1992: Raigarh's share had decreased to 23.8%; however, it continued to be the leading district. It owed this to numerous investment decisions, involving setting up of new units or expansion of existing ones. A large amount of investment continued in the Patalganga area by Reliance, Rama Petrochemicals Orkay Silk Mills, Supreme Petrochemicals etc. Other favoured

locations were Taloja, Nagothane, Alibag, Revdanda and Uran. Ratnagiri now ranked second due primarily to investment by Usha Ispat at Redi and Finolex Pipes at Pawas. Greater Mumbai occupied the third rank due to investments by Gas Authority of India in the Mumbai Gas Pipeline project, the Tata Power in the expansion of its plant at Trombay, the Hindustan Petroleum at Mahul and Mafatlals in renovation of their spinning mills. Thane benefited from investments by many of which the significant ones were by the Bombay Suburban Electric Supply at Dahanu as well as Mukund at Kalwa. Pune, Nagpur and Chandrapur were the only other districts with noteworthy investments.

December 1994: Ratnagiri had overtaken Raigarh and ranked as the leading district with 20.4% of the investment. This was due to two massive investments; one by the Hindustan- Oman Petroleum Company, a joint sector undertaking at Deoghar and the other due to the Dabhol Power Company for a thermal power project. Though Raigarh continued to attract a significant amount of investment, its relative importance had decreased. Nippon Denro Ispat at Alibag accounted for a considerable amount of investment in the district. Other major ones were due to MSEB at Uran, Modi Fibres and Orkay Industries in Patalganga area, Indian Petrochemicals at Nagothane, and Hindustan Organic Chemicals at Rasayani. Thane owed its position at the third rank primarily to the investments by the Bombay

Suburban Electric Supply Company at Dahanu, Pal Peugeot at Dombivli and Herdilla Chemicals in the Thane-Belapur area. Other noteworthy districts were Satara (MSEB at Koyna), Pune and Nagpur.

August 1999: Although the relative importance of Raigarh, the most favoured destination of investment, steadily declined during the period 1990-99, it continued to be at the top position with a 14% share of the total state investment. Power projects such as the Raigarh as well as the Patalganga (Reliance Industries) and the iron and steel industry were the major areas of investment. The power sector was also significant in Ratnagiri (Dabhol) and Thane (expansion of the atomic power station at Tarapur), each accounting for approximately 10 per cent of the state's share. Greater Mumbai's share improved significantly (9.1 %) as compared to 1994 (3.5 %), primarily due to investments in infrastructural projects such as flyovers, hotels and hospitals. Pune's share doubled between 1994 and 1999. The automobile industry continues to be the main area of investment along with industrial machinery and IT enabled services. There has been a significant jump in the multiple location investment from 19% in 1994 to nearly 33% in 1999. These were due to the Mumbai-Pune six-lane expressway, JNPT port and several irrigation projects initiated by the Vidarbha Irrigation Development Corporation.

Maharashtra now stands at the top in investments among major states of India followed by Tamil Nadu, Gujarat, Karnataka and Orissa. The infrastructure investments particularly in the construction of highways, irrigation and power projects are often spread over a number of districts and hence are at multiple locations.

It is evident that the Mumbai-Pune-Nashik area (the five districts of Greater Mumbai, Thane, Raigarh, Pune and Nashik) has remained the most favoured destination

within the state for foreign as well as local investments. Despite concentrated efforts by the State Government and the establishment of the Statutory Development Boards, the total investment share of the comparatively backward Marathwada and Vidarbha regions remain at low levels.

Distribution of Factory Employment

The spatial pattern of investments over time have led to changes in the distribution of factory industry as reflected in the share of each district in the factory employment of the state. In 1962 Greater Mumbai had the lion's share as it accounted for two-third the factory employment of the state (Table 3). The only other areas of significant concentration were the districts of Thane, Pune, Solapur and Nagpur. By 1974, the share of Greater Mumbai decreased; however, it still accounted for over 50 per cent of the factory employment. There was a phenomenal increase in the share of Thane and Pune. Solapur and Nagpur experienced a relative decline while Nashik and Kolhapur had emerged as other areas of concentration. Between 1974 and 1981, the share of Greater Mumbai continued to decrease; however in 1981 it was still about 50 per cent. Thane and Pune, the other major areas of concentration had stabilized. Nashik now rivalled Nagpur in importance while Solapur, Kolhapur, Aurangabad and Jalgoan each accounted for 2 to 3 per cent of the factory employment.

By 1986, Greater Mumbai's share had fallen below 50 per cent. Pune outstripped Thane while Nashik and Nagpur were approximately of equal importance. Ahmednagar now joined the districts of Solapur, Kolhapur, Aurangabad and Jalgoan

Table 3 Maharashtra : Share of Districts in Factory Employment in the State - 1962-1990

District	Percentage Share of Each District				
	1962	1974	1981	1986	1990
Greater Mumbai	66.9	56.6	50.7	44.8	38.3
Thane	5.0	11.8	10.8	10.0	10.8
Raigarh	0.5	1.0	1.2	1.3	2.6
Ratnagiri	0.2	0.4	0.5	0.4	0.6
Sindhudurg	0.3	0.2			
Nashik	1.7	2.8	3.2	4.1	4.7
Dhule	1.2	0.8	0.7	0.8	1.0
Jalgaon	1.9	1.4	2.0	2.5	2.3
Ahmednagar	1.2	1.0	1.7	2.0	2.3
Pune	5.0	9.0	10.8	11.3	12.6
Satara	0.9	1.0	0.9	1.4	1.5
Sangli	0.7	1.1	1.0	1.3	1.5
Solapur	3.7	2.2	2.5	2.5	2.6
Kolhapur	1.3	2.0	2.5	2.8	3.5
Aurangabad	0.7	0.9	2.1	2.4	3.1
Jalana	0.4	0.5			
Parbhani	0.3	0.2	0.3	0.4	0.4
Bid	0.1	0.1	0.3	0.4	0.4
Nanded	0.7	0.7	0.6	0.8	0.8
Osmanabad	0.1	0.2	0.2	0.1	0.2
Latur	0.1	0.3			
Buldana	0.7	0.5	0.5	0.6	0.5
Akola	1.0	0.8	0.9	1.1	1.1
Amravati	0.8	0.8	0.8	1.0	0.7
Yavatmal	0.6	0.5	0.6	0.8	0.6
Wardha	0.9	0.6	0.7	0.8	0.8
Nagpur	3.4	2.8	3.3	4.1	4.2
Bhandara	0.2	0.2	0.3	0.4	0.6
Chandrapur	0.3	0.6	0.9	1.1	1.2
Gadchiroli	0.0	0.1			
Total	100.00	100.00	100.00	100.00	100.00

Source:

1. Data for 1962, 1974 and 1981 are based on Govt. of Maharashtra (1984). "Report of the Fact Finding Committee on Regional Imbalance in Maharashtra" Tables 13.12 and 13.13.
2. Data for 1986 are based on Govt. of Maharashtra, Directorate of Economics and Statistics, 1991 "Statistical Abstract of Maharashtra State, 1986-87", Table 19.5 (8.1).
3. Data for 1990 are taken from "Handbook of Basic Statistics of Maharashtra State, 1992", Govt. of Maharashtra.

with each accounting for 2-3 per cent of factory employment.

In 1990, Greater Mumbai's share had decreased to less than 40 per cent. Pune and Thane continued to rank at the second level followed by Nashik and Nagpur. Raigarh joined the districts with over 2 per cent of the factory employment while Kolhapur and Aurangabad had increased their share to over 3 per cent each. Hence in the three decades of 1961 to 1991, there has been a noticeable decrease in Greater Mumbai's importance in this respect. However, when one considers the Mumbai-Pune-Nashik area (the 5 districts of Greater Mumbai, Thane, Raigarh and Nashik), though its relative share has declined, it continues to account for about two-third the factory employment in Maharashtra.

It is worth noting that Raigarh's share of factory employment has not increased as much as one would expect in the light of the large proportion of investments it has attracted over the last few decades. This is due to the structural changes that factory industry in the state experienced during the period. In 1961, cotton textiles were by far the leading industry and consumer goods industries accounted for two-third of the factory employment in the state (GOM, 1992-93). By 1990, there was a sharp fall in the share of the cotton textile industry due to the crippling strikes which affected it in Greater Mumbai in 1981-82 and in Thane and Pune in 1984. The share of the consumer goods industries decreased while the intermediate and capital goods industries have shown a rapid growth. There was a significant increase in the share of the chemical industry as well as basic metal and alloys and machinery and equipment. It is such

capitalintensive industries which have developed in Raigarh, and hence they have not generated employment to an extent commensurate to the investments.

The Urban Scenario in the State.

Maharashtra is one of the most urbanized states in India with 42.4% of its population living in urban areas in 2001. However, a characteristic feature is the persistence of sharp inequalities in the distribution of urban population. This is brought into sharp focus when one considers the percentage share of each district in the urban population of the state (Table 4). From 1961 to 1981, the district of Greater Mumbai alone accounted for 37% of the urban population. Four other districts of significant concentration were Pune, Nagpur, Thane and Nashik. Between 1981 and 2001, there was a decline in the share of Greater Mumbai. This was compensated for by an increase in the share of the adjoining district of Thane. Hence, when one considers these two districts together, they have consistently accounted for about 43% of the urban population during the period. Since the Mumbai Metropolitan Region (MMR) encompasses areas in south Thane district such as the talukas of Thane, Kalyan etc., the increase in the share of the district is primarily the result of the growth of satellite towns of Mumbai such as Thane, Kalyan, Dombivli etc. The emergence of Navi Mumbai due to policy intervention also played a role as several of its rapidly developing nodes such as Vashi, Nerul and Belapur fall in this area.

The districts of Pune, Nagpur and Nashik have remained areas of concentration over time. However, there was a noteworthy increase in the share of Pune par-

ticularly between 1991 and 2001. The share of Nagpur and Nashik were more or less constant though there was a slight decline in the relative importance of Nagpur in 2001.

A striking feature is the low share of Raigarh in the urban population of the State despite the quantum of investment it attracted during the last two decades. This is due to the capital-intensive industries that were located in this district, which, as pointed out earlier, did not generate much employment. Moreover, the industrial belts of north Raigarh were in close proximity to Mumbai. Hence a significant proportion of technical and managerial manpower live in Mumbai/ Navi Mumbai and commute to work using the transport facilities provided by the industry. However, there has been an appreciable increase in the level of urbanization in this district especially since 1981 (Table 5). But it still lags behind the highly urbanized districts of Greater Mumbai, Thane, Pune and Nagpur, which by 1991 had become predominantly urban with over 50% of their population concentrated in urban areas.

Conclusion:

The theme of decentralization of economic activities away from the metropolitan centres of Mumbai and Pune has dominated planning in Maharashtra. It was implemented to a certain extent through industrial location policies. It is evident from the foregoing analysis that till the mid 1970s there was a considerable degree of localisation of investments primarily in Greater Mumbai and to a lesser extent in Thane district. Aurangabad, Pune and Nashik showed appreciable levels of investment indicating some success in directing

investment to new growth centres. However, by the late 1970s Raigarh began to catch up and by 1982 it had cornered a major proportion of the investments. This continued till 1992 and resulted in the major industrial belts of Patalganga, Thal-Vaishet, and Nagothane etc. During the last decade, investments appear to be spreading to Ratnagiri to its south but the position hinges on the Dabhol power project. The only other parts of Maharashtra which have attracted investments over time on an appreciable scale are Pune, Aurangabad, Nagpur, Chandrapur and in some years Nashik.

Hence, as a result of policies that placed a constraint on location of industries in Greater Mumbai, investment first spread to Thane district and later to Raigarh district. The latter had the dual advantage of proximity to Mumbai and categorisation as a backward district till 1991. Noteworthy is the fact that other backward districts such as Jalgaon, Yavatmal etc. hardly benefited at all. Thus, as Sekhar (1983) points out, only a few backward districts have benefited from capital investment subsidy and schemes of concessional finance as they had a potential for industrial growth. Raigarh's position in proximity to Greater Mumbai, virtually in its backyard, enabled industries located there to reap the benefits of agglomeration economies. In the regional context of Maharashtra, it has reinforced and not relieved the localisation in the Mumbai - Pune area. Hence the policy of decentralisation of activities from the metropolitan centres of Mumbai and Pune appears to have met with limited success and resulted in deconcentration rather than decentralisation. It has led to a shift from a centre-based to a region-based urbanisation. As pointed out in an earlier study (Sita, 1999), McGee's

Table 4 Maharashtra : Share of Districts in Urban Population of State, 1961-2001(%)

District	Percentage Share of Each District				
	1961	1971	1981	1991	2001
Greater Mumbai	37.19	38.00	37.48	32.50	29.04
Thane	4.47	5.26	6.76	11.11	14.38
Raigarh	0.96	0.97	0.95	1.08	1.30
Ratnagiri	1.32	1.06	0.78	0.45	0.46
Sindhudurg	0.21	0.20			
Nashik	4.25	4.32	4.22	4.48	4.72
Dhule	1.93	1.83	1.82	1.70	1.08
Jalgaon	3.56	3.20	2.99	2.86	2.56
Ahmednagar	1.67	1.60	1.60	1.75	1.96
Pune	8.42	8.46	8.96	9.19	10.22
Satara	1.42	1.45	1.2	11.03	0.97
Sangli	1.72	1.83	1.79	1.65	1.54
Solapur	4.66	3.92	3.49	3.04	2.99
Kolhapur	2.75	2.80	2.83	2.58	2.54
Aurangabad	1.94	2.10	2.44	2.37	2.64
Parbhani	1.49	1.54	1.56	1.56	1.18
Bid	0.88	0.95	1.04	1.07	0.94
Nanded	1.39	1.45	1.49	1.66	1.67
Osmanabad	1.40	1.51	1.56	0.66	0.56
Buldhana	1.57	1.41	1.27	1.27	1.15
Akola	2.35	2.25	2.07	2.08	1.52
Amravati	2.88	2.70	2.48	1.17	2.19
Yavatmal	1.24	1.23	1.19	2.35	1.12
Wardha	1.34	1.22	1.05	0.93	0.79
Nagpur	7.05	6.72	6.68	6.65	6.35
Bhandara	1.22	1.15	1.09	0.90	0.43
Chandrapur	0.86	1.06	1.19	1.63	1.63
Latur	*	1.12	1.19		
Gadchiroli	*	0.22	0.16		
Jalna	*	0.76	0.75		
Washim	*	*	0.43		
Hingoli	*	*	0.38		
Nandarbar	*	*	0.49		
Gondiya	*	*	0.35		
Total	100.00	100.00	100.00	100.00	100.00

Source: Census of India 1961 to 2001

NB: New districts created in 1991 (*) and 2001 (**).

Table 5 Maharashtra : Level of Urbanization in Districts, 1961-2001 (% of urban to total population)

District	1961	1971	1981	1991	2001
Greater Mumbai	100.00	100.00	100.00	100.00	100.00
Thane	30.21	36.23	44.34	64.64	72.58
Raigarh	10.08	13.08	14.12	18.01	24.24
Ratnagiri	8.09	8.40	8.10	8.94	11.33
Sindhudurg	7.59	9.56			
Nashik	25.60	28.64	31.02	35.55	38.83
Dhule	15.97	17.31	19.52	20.50	26.07
Jalgaon	22.50	23.65	25.14	27.44	28.60
Ahmednagar	10.55	11.08	12.97	15.82	19.66
Pune	38.10	41.84	47.33	50.74	58.07
Satara	11.08	13.16	13.04	12.88	14.24
Sangli	15.64	18.63	21.52	22.74	24.52
Solapur	27.95	27.36	29.40	28.77	31.80
Kolhapur	19.28	21.50	24.82	26.33	29.65
Aurangabad	14.14	16.71	22.09	32.76	37.19
Parbhani	13.82	16.06	18.74	22.51	32.53
Bid	9.85	11.61	15.46	17.94	17.90
Nanded	14.44	16.33	18.74	21.72	24.02
Osmanabad	10.58	12.49	15.39	15.19	15.84
Buldhana	16.56	17.56	18.49	20.59	21.26
Akola	22.10	23.52	27.89	28.65	38.48
Amravati	26.14	27.56	29.25	32.60	34.51
Yavatmal	12.61	13.62	15.09	17.18	18.67
Wardha	23.65	24.52	24.98	26.56	26.40
Nagpur	52.07	54.32	56.75	61.78	64.36
Bhandara	10.74	11.38	13.10	13.09	15.44
Chandrapur	7.73	10.19	12.73	28.04	32.37
Latur	*	20.39	23.58		
Gadchiroli	*	8.71	6.93		
Jalna	*	16.91	19.07		
Washim	*	*	17.48		
Hingoli	*	*	15.62		
Nandarbar	*	*	15.47		
Gondiya	*	*	11.95		
Total	28.2	31.17	35.03	38.69	42.40

Source: Census of India 1961 to 2001

NB: New districts created in 1991 (*) and 2001 (**).

model (1991) of an 'extended metropolis', is applicable in this context. It dominates the urbanization pattern in Maharashtra and comprises, (a) the major centres of Mumbai, Pune and to a lesser extent Nashik; (b) the periurban region within commuting reach of the city cores, in which large satellite towns such as Kalyan, Thane, Navi Mumbai, PimpriChinchwad etc. flourish, and (c) the 'desakota' region in which nonagricultural activities along transport corridors are intermixed with agriculture. In spite of the constraint of relief, the spread effect around the cities of Mumbai and Pune have resulted in some degree of coalescence. The excellent transport facilities between the two centres have led to a near fusion, so that the Mumbai-Pune area has emerged as the major urban fulcrum in the State. The development of the extended metropolis was further aided by investment decisions. The recent initiative of 'Mumbai First' to promote Mumbai as a global city, as articulated in 'Vision Mumbai', would result in the establishment of a Megalopolis.

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