

## INDUSTRIAL DEVELOPMENT AND ITS PROBLEM AND PROSPECTS A CASE STUDY OF ALIGARH CITY

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**Abstract:** *Industrial development is the backbone for the economic development of a region. One cannot imagine development without the development of enterprises. Industrial development refers to creations of industries, expansions of industries and uses of modern techniques of production of industries. As the industrialisation has taken place at a very fast rate in India as planners understand that without the development of industries one cannot imagine the development of nation likewise there has been rapid growth of industries in Aligarh City and a large number of industries occupies 3.85 percent of the total area of Aligarh City. The city has concentrated of both large scale and small scale industries. Among the various industries lock industries is dominated and for this Aligarh is famous all over the world. There are 5,000 lock manufacturing industries in Aligarh city which providing employment to 2 lakh people directly or indirectly. Besides lock industries other industries are rolling mill, engineering industries, Building fitting, electrical goods industries and chemical industries. The present paper is an attempt to find out the industrial development and its problem and prospects in Aligarh city. The present paper is based on secondary of data that has been collected report from various organisation and magazines. The paper has been analyzed by percentage method. The main objectives behind this study are to find out the development of industries and the problems which are the obstacle in the path of development and also evaluate the prospects of these industries and suggest the remedial measure to overcome the problem in industrial development.*

**Key words:** Industrial Development, Small Scale Industries, Lock Industries.

### Introduction

Industrial development is the outcome of the economic development and it is the important factor behind the economic development of the country. Large scale industry, small scale industry as well as the cottage industry is the three major sectors which are emphasis in the process of the industrialisation. India is the country which is famous for the handicraft for all over the world, Malmal silk, wood handicraft, designed stones, Gold ornaments are the products which are manufactured in India during the pre British period but as the Britishers starting occupied India nit firstly closed the Indian enterprises and stating their company East India Company. We propose to study problem and prospects of industrialisation. As the industries are the back bone of the Indian economy, on the one hand the large scale industry like iron & steel, cotton textile, sugar mills generating the national income for the country on

the other hand the small scale generating the income as well as employment for the people therefore small scale industrial sector plays a dominant role in the economic development of the nation as a whole. Even though there are many problems which industries have to be faced in the path of the, i.e., inadequate irregular supply of raw material, lack of organized skilled labour, unorganized nature of operations, imperfect knowledge of market operations, of sickness, inadequate data base for the small scale sector, burden of local taxes, competition from large scale units, non-availability of cheap power etc. So, these are some of the problems, which directly affect the growth and development of Industries

### **Literature Review**

The review of related literature is an important pre-requisite to actual planning and execution of any research work. A review of literature on the research topic makes the researcher familiar with the existing studies. . Industrial development refers to creations of industries, expansions of industries and uses of modern techniques of production of industries. As the industrialisation has taken place at a very fast rate in India as planners understand that without the development of industries one cannot imagine the development of nation Judith A. Davey (1970) said that Government had played a vital role in establishing and promoting the Industrial Development by the industrial decentralization, improved the transport facilities to exploit the new market brought increased population wealth in the region, and therefore policy should be on made regional development. Jhabvala R and Sinha (2002) said that globalization is caused the shrinking of the organized sector accompanied by the expansion of informal sector. Economic opportunities created by the liberalization are highly unequal. Those who are skilled , have access to market , have better link, have been able to benefit for women workers of upper class , the quality as well as opportunity for employment have improved . But for most women worker however, the quality of employment is poor without any skill or access. T.S Jan and C.T Hsiao (2004) analysed that the industrial development in the developing countries is very dynamic and complex and therefore government should establish timely policy to encourage the cooperation of foreign and domestic firms.

### **Study Area**

Aligarh is the city of administrative headquarters for Aligarh district, in the Northern Indian state of Uttar Pradesh . Aligarh city is located 27° 29' North latitude and 78°36' East longitude, at a distance of 130 km to the south east of Delhi – Kolkata railway line and grand trunk Road. The climate up to 48°C and cold dry in winter with a minimum temperature down to 2° C and intervening rainy season up to 60 – 100 cm. Aligarh is an important city of Uttar Pradesh. The total area of Aligarh city is 33.98 sq. km and its total population is 909, 559. Out of which 482, 828 are males (Provisionally data of 2011 census). The literacy rate of the city is 70.54 percent. The number of household in the city at that time reached about one lakh, since independence Aligarh city has grown from a small town to an important centre for industries and learning.

There are three factors which have contributed to the development of Aligarh city; these include the establishment of Aligarh Muslim University during pre-independence period the growth of trade through the establishment of light industrial and its demarcation as the district headquarter, which gave its administrative importance. Aligarh city is divided in two

district parts, the old city civil lines; these two parts are the district form in appearance, occupations distribution and social living conditions. The city is an agricultural trade centre.<sup>[8]</sup> Agricultural product processing and manufacturing are important. Aligarh is an important business centre of Uttar Pradesh and is most famous for its lock industry. Aligarh locks are exported across the world. In 1870, Johnson & Co. was the first English lock firm in Aligarh. In 1890, the company initiated production of locks on a small scale here. Aligarh is also famous for brass hardware and sculpture. Today, the city holds thousands of manufacturers, exporters and suppliers involved in the brass, bronze, iron and aluminium industries Aligarh District is well known for manufacturing the different type of locks used in Building doors, Automobiles, V.I.P Suitcases, Wooden & Steel Furniture etc. due to which Aligarh possess an important position in the industrial map of India and Aligarh is known as "Tala Nagri". Locks and Hardware industries are the main industries of Aligarh. Aligarh there are 7 – 10 large lock manufacturers; 30-35 medium sized & 1500+ small manufacturers. Total of 1683 lock industrial units are functioning in Aligarh city. In Aligarh city the main lock manufacturing is located in main industrial area, while the small scale manufacturing industries are located randomly but cluster of industries are located all along the railway tract and centre of the city.

### **Objectives**

- To study the development of the industries in Aligarh city.
- To find out the problems which are obstacles in the path of development?
- To suggest the prospects of industrial development in Aligarh city.
- To suggest the remedial measure for over come from these problems of industrial development.

### **Data base and Methodology**

The present paper is an attempt to find out the industrial development and its problem and prospects in Aligarh city. The present paper is based on secondary of data that has been collected report from various organisation and magazines. The paper has been analyzed by percentage method

### **Discussion**

#### **Industrial Development of Aligarh City**

Aligarh city is known for the locks industry before the time of independence but mainly flourished due to the industrial development since 20th century. Industrial development in city and along the highways has acquired agricultural lands on a very large scale. From 1971-81, during post-independence period decade has witnessed an increase of 8.2 per cent in the area of the city because lots of agricultural lands utilized for industrial purposes. During this decade a large number of industries have been established in the city. Most of these industries were established on the outskirts of city mainly along the G.T. Road (Delhi and Kanpur), Agra Road, Ramghat Road, Anupshahar Road etc.

Table 1 Growth of Industries in Aligarh City (1971-2001)

| #  | Year | Small Scale Industry |                | Large scale Industry |                | Total Industry | Total Numbers of Workers | Decadal growth of industry (percent) | Decadal growth of workers (percent) |
|----|------|----------------------|----------------|----------------------|----------------|----------------|--------------------------|--------------------------------------|-------------------------------------|
|    |      | No. of Units         | No. of Workers | No. of Units         | No. of Workers |                |                          |                                      |                                     |
| 1. | 1971 | 95                   | 585            | 9                    | 956            | 104            | 1541                     | –                                    | –                                   |
| 2. | 1981 | 439                  | 2851           | 11                   | 2165           | 450            | 5016                     | 332.69                               | 225.50                              |
| 3. | 1991 | 3316                 | 9641           | 13                   | 3985           | 3329           | 13626                    | 639.78                               | 171.65                              |
| 4. | 2001 | 5650                 | 34132          | 14                   | 5165           | 5664           | 39297                    | 70.14                                | 188.39                              |
| 5. | 2011 | 12107                | 43848          | 19                   | 12784          | 12126          | 55974                    | 114.08                               | 42.43                               |

Source: Industrial Directory, DIC, Aligarh, 2011

Table 1 shows that in 1971, there were 95 small scale industries and 9 large scales, which increased to 439 and 11 in 1981, respectively, showing a growth of 332.69 per cent. There is continuity in the growth of industries in each decadal period. The period of 1981-91 shows a very high growth of 639.78 per cent in which a total number of industries increased from 450 (1981) to 3329 (in 1991). During the decadal period of 1991-2001, the number industrial units in Aligarh though increased, but with a slow growth of 70.14 per cent, as compare to the previous decade of 1981-91. But during the decadal period 2001-2011 there is the high growth of 114.08. Similarly, the number of workers engaged in industrial units increased from 1541 (in 1971) to 55974 (2011).

Table 2 Development of Industrial Units in Aligarh City

| #  | Year    | Industrial Units | Running Units | Workers engaged | Production value (lakh rupee) |
|----|---------|------------------|---------------|-----------------|-------------------------------|
| 1. | 2000-01 | 198              | 132           | 10840           | 97.68                         |
| 2. | 2005-06 | 216              | 124           | 10019           | 108.89                        |
| 3. | 2006-05 | 232              | 117           | 9666            | 141.99                        |
| 4. | 2007-08 | 242              | 107           | 9402            | 178.44                        |
| 5. | 2008-09 | 249              | 127           | 9300            | 201.30                        |
| 6. | 2009-10 | 256              | 121           | 8634            | 262.37                        |

Source: (a) Economics and Statistics Department, Aligarh.

(b) Office of the Manger, District Industries Centre, Aligarh.

Table 2 shows that during the last decade (2001-10) until to 2009-10, there were total 256 factory units registered under Factory Act 1948. The data clearly shows that, out of total registered units, 121 were in running state, engaging 8634 workers and provided a profit of Rs. 262.37 lakh. Table also reveals that, there is a positive trend of increase in number of registered units i.e. 198, 216, 232, 242, 249 and 256 during 2000-01, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10, respectively. There is also a continuous decline in number of running units i.e. 132, 124, 117 and 107, from 2000-01 to 2007-08. The reason behind this decreasing trend is Global Economic Recession. But after it the running units increase in 2008-09 again decline to 121. and became 127 and in next year in 2009-10, the table also reveals that number of workers engaged also shows the declining trend i.e. 10,840, 10019,

9666, 9402, 9300 and 8634 in the respective years. However, the data in the table shows that the production value shows an increasing trend i.e. from Rs. 97.68 lakh (2000-01) to Rs. 262.37 lakh (2009-10).

Table 3 Industrial Estates in Aligarh and their Area Occupied

| #  | Number of Industrial state          | Road/Highway  | Area (Hectare) | Type of Land    |
|----|-------------------------------------|---------------|----------------|-----------------|
| 1. | IIT Industrial Estate               | Exbition Road | 44             | Non Agriculture |
| 2. | Talanagri Industrial Estate Phase I | Ramghat Road  | 167            | Agriculture     |
| 3. | Talanagri Estate Phase-II           | Ramghat Road  | 143            | Agriculture     |
| 4. | CDF Industrial Complex              | Khair Tappal  | 56             | Agriculture     |

Source: Office of the Manager, District Industries Centre, Aligarh.

During last four decades (1971-81, 1981-91, 1991-01 and 2001-11) a large number of medium and large industries were established in the urban fringe of Aligarh city, acquired a large amount of productive cultivable land. Majority of industries which is found in Aligarh are classified in to as; agro and food processing, locks and hardware industry, and other household industry. Lock industry basically the oldest one and mainly found in the old Aligarh city. And Agro and food processing mainly found in the fringe, some of these industries are Satha Sugar Mill which has occupied 50 ha. of agricultural land, Heinz India Limited which was earlier known as Glaxo Milk Laboratories has utilized 40 ha. of land, a High Frequency Radio Station which is occupied on 60 ha. of cultivable land, the Harduaganj Thermal Power Station at Kasimpur which utilized 65 ha. of agricultural land and there are many more examples. The other large industries are Al-Hamd Agro and Food, Hind Agro, Allen and Alvan, Allana Frozen Foods, Rama Agro, Aligarh Roller-Flour Mills, Alka Plastics, Prashant Enterprises, Hicks Thermometers, Link Locks, Zeb Securities, RCS Flour Mills, Mascuts Ltd. Darshan Oil Mills, Double Hiran Oils and Vanspati and many more. During 1991, 323.44 ha. of land covered by the industries which rose to 612.61 ha. until to 2001. The Master Plan of 2001-21 has proposed another 1077.70 ha. land for sequential industrial development in Aligarh to accommodate the growing industrial base.

The Uttar Pradesh State Industrial Corporation (UPSIDC) have established four Industrial Estates around Aligarh (Table 4.22) namely; ITI Industrial Estate Exhibition road (44 ha.), Talanagari (Phase I & II) on Ramghat road (167 ha. and 143 ha.) and CDF Industrial Complex Anupshahr road (56 ha.). A new Industrial Estate on Khair-Tappal road in the western fringe of the city has been proposed recently in order to develop a consolidated cluster. This new complex is proposed to facilitate from the Yamuna Expressway passing through western side of Aligarh district. The setback created from these industrial complexes is that, they have been established or proposed over productive agricultural areas of the fringe.

## **Problems for Industrial Development in Aligarh City**

### **Inadequate Finance and Credit**

Lack of finance and credit is the vital problem for the industrial development in Aligarh district. The position of development of cottage and village industries is even worse. In Aligarh city, problem of finance is a major problem for the development of industries because the banks and the financial institutions both are unable to meet the long requirement of the industrial units. So, this indirectly or directly retards their development as well as growth.

### **Problem of Marketing**

In the field of marketing small scale and cottage industries continue to face a number of problems. Similar condition is prevailing in Aligarh city; marketing is a severe problem for industrial development, because industries do not have adequate knowledge about the active market. And most of the small unit are unable to take their products in the active market.

### **Problem of Power Supply**

One of the major problems faced by the industrial development of Aligarh city is the problem of power that's why most sever constraint is power. Industries in Aligarh city depend on State Electricity Board (SEB) for meeting their requirement which do not supply adequate power to the small units because at reasonable rate, capacity generation is impossible for small units. Many Industries of Aligarh city are forced to make private deal with electricity official due to increasing corruption.

### **Problem of Management**

Management problem is one of the most common problem found in every small scale industries of Aligarh city, this is because entrepreneur is the whole and sole and therefore is no division of labour in industries. And this problem became the major obstacle in the path of industrial development.

### **High Cost of Production**

In Aligarh city, cost of production is high due to traditional methods and old technology used in the production process.

### **Problem of Raw Material**

For the majority of small-scale industries in Aligarh city problem of raw material is one of the major problem most of the raw material required for manufacturing process are not easily available in the city, therefore, this hampers the industrial development.

### **Lack of Skilled Personnel**

Un skilled personnel is one of common problem for the industrial development in Aligarh city as most of the labour working in the industries are unskilled , for example in lock industries the workers knows the method of manufacturing from their parents and there is no training centre for the same.

### **Problem of increasing competition**

Small-scale industrial units in Aligarh city face increasing competition because of cheap products brought by the wholesaler from other parts of the country. As Chinese lock captured the marked of Aligarh manufactured lock.

### **Improper assistance as well as guidance from government and other organizations**

Industries in Aligarh city do not get proper assistance as well as guidance from the government and other organization due to their indifferent attitude towards the SSIs sectors in U.P. The government from time to time has adopted various schemes through institutional sources by providing marketing assistance to lessen these problems.

### **Child Labour**

Due to lack of education and over population most of the poor families surrender their children's childhood to the darkness of Industries. Child labour means cheap labour, the young even the very young are most employable. Child labour is a prominent feature of the Lock industry of Aligarh City. More than 50,000 children do polishing and packing job.

### **Problem of registration**

One of the most important problems of industrial development in Aligarh city is related to registration of industries. An industry, after getting the approval of the Industries Department for establishment, is granted a temporary license but Permanent registration is granted only after the unit launched, begins its production. But, the industries are not granted permanent registration even after one or two years of production due to which they are unable to sell their goods outside the state and avail the benefit of concessional facilities.

### **Problem of Standardization**

Those industrial units in Aligarh city, which are engaged in the manufacture of plastic, polythene, textile goods, hosiery, medicine goods etc., face the problem of standardization. As a result, they are unable to market their products outside the state of U.P. Moreover entrepreneurs are facing critical problems at the time of planning for investment due to awareness of proper planning, lack of knowledge of market survey, selection of appropriate type of plant and machineries etc.

### **Future Prospects of Industrial Development in Aligarh City**

Aligarh is a well known industrial and mercantile city in Western Uttar Pradesh. The city has made a significant headway in industrial development and has earned a name in metal works. Basically, Aligarh is famous for 'locks, and therefore also known as '*Talanagri*'. There are more than 7130 small scale units registered under Indian factories Act 1948. These industries include agro and food processing, light engineering, carpets, manufacturing of building, fitting materials, electrical equipment and other metal products. Although in the Industrial Policy, the government is giving emphasize on the development of small and tiny industrial units predominantly in rural areas. But this city is still lagging behind by many other states/ districts in terms of industrial development are concerned. With the onset of economic reforms the focus has broadly shifted to these parts of the country to bear the fruits of industrialization. So, small-scale industries will have to play a considerable role in the industrial development of the city. Though the Industrial Policy of 1991 was not much successful, the new industrial policy was initiated with a promise for adopting a smooth and rapid industrialization in the state. The new industrial policies introduced by both central and state government, the future prospects of SSIs in U.P. seems to be quite bright. The central government has also made provision for tax concession to newly developed industries in a backward state like U.P. which has brightened the scope for the promotion and development of SSI of Aligarh district. The government of India also announces various incentives to newly developed small units.

Through the Pradhan Mantri Rozgar Yojana (PMRY), the government of India provides various types of help to poor people to establish an industrial unit in a district. Recently State Government has also made special provision for financial support, data bank for the small scale industries of the state which has brightened the prospects of the development of SSIs in U.P. Thus in view of the current economic reforms, the prospect of SSIs is quite high. But in the ultimate analysis many more things also need to be improved like law and order situation, finance problem, marketing problem, etc, which will create conducive environment for the industrial development of Aligarh. Moreover, SSIs should be promoted and based on locally available resources for which local entrepreneurs should come forward and participate actively in the industrialization process of Aligarh. Finally, it is observed that in view of the current situation prevailing in Aligarh the current economic reforms has not created much impact in the process of industrialization of the district. But keeping a positive frame of mind and the prospects of SSIs are very bright, provided an investment friendly climate is created in Aligarh.

### **Conclusion and Suggestions**

Aligarh is the city which is famous for 'locks, since the ancient time and therefore also known as 'Talanagri'. Although in the Industrial Policy, the government is giving emphasize on the development of small and tiny industrial units particularly in rural areas. But this city is still lagging behind by many other states/ districts in terms of industrial development are concerned. With the onset of economic reforms the focus has broadly shifted to these parts of the country to bear the fruits of industrialization. So, small-scale industries will have to play a significant role in the industrial development of the city. The small scale sector generating the income as well as employment for the people therefore small scale industrial sector plays a dominant role in the economic development of the nation as a whole. Even though there are many problems which industries have to be faced in the path of the, i.e., inadequate irregular supply of raw material, lack of organized skilled labour, unorganized nature of operations, imperfect knowledge of market operations, of sickness, inadequate data base for the small scale sector, burden of local taxes, competition from large scale units, non-availability of cheap power etc. SO, these are some of the problems, which directly affect the growth and development of Industries.

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