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### Sustainable Development in Gujarat: Some Issues

#### Introduction :

Gujarat State was formed when the erstwhile bilingual Bombay State was split into two separate States, namely, Gujarati speaking Gujarat State and Marathi speaking Maharashtra State. With its enterprising population and committed leadership Gujarat has done well since then in terms of overall economic growth. It has progressed to acquire the fourth rank in per capita income among the major sixteen States in India and has maintained this rank for the last two decades or so. Today it is one of the prosperous states of India with about 47 million population spread over 196000 Sq. Km. Though the State has less than 5 per cent of the national population, it has 6.56 per cent of the national production and about 11 per cent of the national industrial output

The State economy, however, is peculiar in some ways. On the one hand, it enjoys a high per capita income, 35 per cent higher than the all India average; a relatively diversified sources of income and a diversified work force (40.3 per cent of the workforce in the State is in the non-primary sectors as against 32.6 per cent in India) as well as stable – if not rising – employment levels and developed financial and capital markets. On the other hand, however, the State has relatively poor and unevenly distributed natural resources which have been mismanaged overtime, almost stagnant long term growth in agriculture and wide regional disparities of growth. Though the incidence of poverty in the state is much lower than the same in all India, it is still significant, as it implies that almost every fourth person in the State is living in poverty. The state lags behind in terms of quality of employment, as also in several dimensions of human development, particularly in female literacy, enrolment and retention of children in schools, infant mortality rate etc. It seems that the development path chosen by the State has given mixed results: It has pushed up economic growth, but has not done so well on other fronts.

#### Growth of State Domestic Product in Major Sectors:

The state economy has been growing faster than the Indian economy right from the sixties. It has also shown a consistent increase in the rate of growth, from 3.32 per cent in the sixties to 4.95 per cent in the seventies and to 5.67 per cent in the eighties and nineties. The state has maintained a high rank among the major 16 states in the country in terms of the growth rates of NSDP as well as per capita NSDP. Table 2 which present the data on the size and the rates of growth of NSDP and per capita NSDP in the major 16 states in India, shows that Gujarat stands fourth in per capita income through out the period.

The state stands third with respect to the rate of growth in the post economic reforms period, Maharashtra being at the top with 7.35 per cent growth rate during the period. In terms of the rate of growth of per capita NSDP, however, the state stands fourth for the period last five years. Indeed, the state has shown the highest rate of growth of per capita income among the major 16 states in the post liberalization period. Looking at the sectoral growth rates it seems that the State economy grew in a fairly balanced fashion during the sixties and seventies. The rates of the growth of the primary, secondary and tertiary sectors were between 3.00 % and 3.6 % in the sixties and between 4.15 and 5.8 in the seventies. The state NSDP grew at higher rates, 3.32 % and 4.95 % in the sixties and seventies respectively than the Indian economy, which grew at 3.17 % and 3.66 % during the same periods. This sectoral balance in the sixties and seventies also indicates close linkages between agricultural and manufacturing sectors in the state economy.

The situation has changed since the eighties with the primary sector and particularly the agricultural sector lagging behind in this decade. The annual growth rate in agriculture fell to 1 per cent while the secondary and tertiary sectors showed a big jump to around 7 per cent during the decade. During the nineties also, the annual compound growth rate in agriculture remained at less than 1 per cent

while the same in the secondary and tertiary sectors rose to 9.45 and 10.61 percent respectively.

The non-primary sectors however show a consistent increase in the value of NSDP coming from the sectors. Which presents per capita NSDP from the three sectors also, once again shows the similar behavior. To sum up, the Gujarat economy has undergone a significant structural transformation during the past few decades and experienced a high rate of growth of its NSDP. However, this can not be considered as satisfactory because the primary sector and particularly agriculture has lagged far behind with almost stagnant long-term growth since the eighties. Also, the agriculture in the state is highly unstable due to its wide year to year fluctuations that tend to leave the small farmers and farm labour in poverty. It is clear that this pattern of growth can not be sustained for long as it does not allow agriculture and industry to establish strong and mutually reinforcing linkages which are so very essential for sustained development.

### **Issues in Agricultural Growth:**

The performance of agriculture was good during the sixties and seventies when the compound annual growth rate in agriculture was 2.27% and 4.15% respectively. The growth in the sixties was largely due to the extensive cultivation and expanding irrigation facilities while the growth in the seventies was mainly due to the Green Revolution or the seed-fertilizer revolution. The negative or low growth rate of agriculture in the eighties and the nineties is largely because of the saturation of results of the earlier strategies and the lack of adoption of a new approach based on new technology. That is, agriculture has stagnated, if not declined, during the recent decades largely due to the lack of development of new technology that can accelerate land/labour productivity in agriculture.

The deceleration of agricultural growth in the post Green Revolution era, particularly in the eighties and the early nineties is associated with several technical constraints: The available new varieties seem to have lost their genetic potential, some of the other inputs that have witnessed significant growth also therefore have lowered efficiency. This is aggravated further when the use of these new inputs is not adequately combined with the scientific knowledge of their application. Also, the share of government expenditure on agriculture, irrigation and electricity has declined particularly since the eighties. Neglect of these expenditures implies forgoing opportunities not only to increase production and productivity, but also to stabilize weather induced fluctuations in agriculture.

Gujarat receives only one rainfall from June/July to September/October period which varies widely from a meager 340 mm. in west Kachchh to 1800 mm. in Southern hills in Dangs. The rainfall is erratic and concentrated, with the average number of rainy days varying from 20 in Kachchh to 40-45 in South Gujarat. In spite of this, the South Gujarat region is endowed with some perennial rivers and the north Gujarat region has, rather had a good ground water potential. The exploitation of water resources in the state, however, has been far from judicious. The irrigation infrastructure as well as the subsidy pattern has not taken care of sustained use of the water resources. As a result the state is facing a serious water problem today.

The area under irrigation in the state has increased from 7%. Though this comes to about 65% of the total irrigation potential of the state, the pattern of exploitation so far has been highly uneven and unfriendly to the ground water regimes, with the result that ground water levels have gone dangerously down in some regions due to water mining. The available unexploited potential now is largely of the surface water – from watersheds and other surface irrigation systems which some how has not been used well. Developing this irrigation and using the available water systems judiciously is a critical need of today. Equally important would be conjunctive use of water in existing command areas of irrigation projects and better utilization of available water from these projects. This will not only raise the productivity in agriculture, but it will also provide the much-needed stabilization to the sector by reducing year to year fluctuations in its production.

There is therefore a need to think about and devise a new strategy for agriculture from henceforth. Of the three options for agricultural growth, namely, extensive farming, intensive agriculture and technological change, the last seems to be more relevant to Gujarat today.

### **Issues in Industrial Development:**

Gujarat is among the most industrialized states in India. The industrial sector has performed consistently well with the growth rate of the manufacturing sector continuously increasing from 3.04% in the sixties, to 5.55% in the seventies, 8.73 % in the eighties and 11.92 % in the nineties.

Though Ahmedabad had developed as a major centre of the textile industry at the time of the independence, Gujarat ranked eighth in industrial development. The favorable policies of the state government as well as the enterprising population of the state, however, pushed the sector up over the years with the result that the state is at the forefront of industrial development today. The industrial base of Gujarat got increasingly diversified gradually with petrochemicals and fertilizers, pharmaceuticals and drugs, dyestuff, as well as engineering and electronics industries developing in the state.

The process of industrialization in Gujarat has taken a new turn since the introduction of the economic reforms. After the Government of India announced the NIP (New Industrial Policy) with the objective of implementing the economic reforms in the industrial sector, Government of Gujarat has also responded favourably and announced its own industrial policies. The State Industrial Policy was already in operation when the New Industrial Policy (NIP), 1991 was declared by the Central government. The Gujarat government declared the New Industrial and Incentive Policy thereafter and Gujarat 2000 AD and Beyond for accelerated industrial development of the state. Though the policy declarations by the government of Gujarat are essentially based on the general framework of the NIP, these are more aggressive in terms of promoting and facilitating new industrial investments. According to the government of Gujarat, the new climate of economic liberalisation and globalisation has opened new opportunities to the states in India to attract industrial investments from India and abroad. The state's approach is "to compete not only with other Indian states, but also with the newly emerging high growth regions of Southeast and East Asian countries" in the industrial sector.

As in the case of the Central Government, the main policy instruments of the state government are deregulation and liberalisation of the different markets, incentives and concessions to potential industrialists from India and abroad, and promotional and developmental work. The focus of the policy, however, has been relatively more on incentives and concessions, and on promotional and developmental works.

The government has devised a generous package of concessions and incentives in turn over tax, sales tax on a whole range goods such as, raw materials, intermediate goods, packing materials, processing materials, consumable goods, by products, scrap and waste materials etc. In addition, there is transport subsidy and capital investment subsidy on a large number of products. These incentives are given at the taluka level to 128 talukas and 8 regions of the total 184 talukas of the state, covering about 78 % area of the state. Secondly, certain industries such as electronics industry as well as the Thrust Industries, Premier Units, and Prestigious Units are eligible for the special incentives throughout the state except four banned areas. Government of Gujarat has set up Single Point Contact, the NRI Cell in the Indextb to assist NRIs right from the stage of concept to the stage of commissioning of industrial units. Realising that subsidies and concessions are not adequate to attract industries in the state if the required infrastructure is not available, government of Gujarat has given a high priority to the promotion of infrastructure in the state.

### **Employment and Labour Market**

Generation of remunerative employment is an important condition for reducing un/under employment and poverty in an economy. In this context it will be useful to see how the development has treated the employment scene in the state. There were about 16.6 million workers in the state, of whom 14.1 million were main workers and 2.5 million were marginal workers. Most of the male workers worked as main workers while only 53 per cent of women workers worked as main workers. That is, about 47 per cent of women workers in the state worked for less than six months in the year. The incidence of chronic unemployment was fairly low, 0.62 per cent and 0.30 per cent for men and women respectively in rural Gujarat and 4.7 per cent and 0.50 per cent for men and women respectively in urban Gujarat .

The dimensions of unemployment in the state, however, are far from insignificant. It has been estimated that the backlog of unemployment in the labour force will increase and reach 1.9 million to 2.2 million in 2001 The major task therefore is to generate new employment of this size to ensure work to all in the labour force. This dimension of the task identified needs to be desegregated to understand the complexities of the un/under employment problem. Some of the major issues, still unresolved, in this context are discussed below:

1. Un/under employment of the rural poor
2. Improving quality of existing employment

3. National Renewal Fund and frictional unemployment
4. Linking of education and employment

### **Environment and Ecology:**

Gujarat has lost heavily on its environment and ecology during the process of economic growth. Gujarat shows wide diversity of physiography, climate and hydrology. It can be described as arid, semi-arid and to an extent sub-humid in character. The state has been divided into seven agroclimatic zones: In the south there are Southern Hills which is part of Saputara range which receives more than 1800 mm. of average annual rainfall; the rest of South Gujarat (Bharuch and Surat districts) that receives about 970 mm. of average annual rainfall; Middle Gujarat (Kheda and Vadodara) with more than 900 mm. of average annual rainfall; North Gujarat that is arid and semi-arid in character with an annual rainfall of 735 mm., (covering five districts namely, Ahmedabad, Gandhinagar, Mehsana, Sabarkantha and Banaskantha;), North-west arid zone (Kachchh district), that receives extremely low rainfall of about 340 mm.; North Saurashtra, close to Kachchh which is arid and semi-arid in character with 530 mm. of annual rainfall (covering northern parts of Amreli, Bhavnagar, Rajkot, Jamnagar and Surendranagar districts) and South Saurashtra or coastal Saurashtra which is dry and sub-humid in character. The diversity has resulted in uneven distribution of land, water and vegetation in the state. Unfortunately the state has mismanaged these resources.

### **Water Resources in the State:**

There is a general belief that in any arid and semi-arid region, water shortages are a gift of nature. This argument is frequently put forth to explain the water shortage of Gujarat. However, this is quite far from the truth. The combination of climate, physiography and geology in different regions of the state did provide naturally favourable conditions for water resources in most regions of the state about three decades ago. For example, the north Gujarat alluvial area has low rainfall, but has good topographic conditions of recharge and ideal conditions of aquifers, which has rendered the region with rich ground water reservoir. In fact, this storage has supported thousands of tube wells for more than 35 years in this region! In the same way, the hilly areas of the east have adverse physiographic and geological conditions inhibiting large ground water storages, but these areas have been provided with ideal sites for creating surface storage dam reservoirs. The arid areas of Kachchh have favourable geological formations, which have provided confined aquifers in consolidated formations of sweet water up to 200 m. depth. Finally, the coastal areas of Saurashtra are capable of storing the rainfall run-off from the upland rocky terrain thereby naturally conserving the precipitation of the region.

Though considerable water supply can be conserved by controlling leakages of water taps ; standardizing fixtures such as toilet; flush, water pipes, water taps, corks in water tanks etc.; recycling of used water and ground water recharging; the efforts are generally focused on acquiring ground water from still deeper acquifers and irrigation dams located farther away. It is clear that these solutions will never solve the problem of urban water supply unless supplemented by the measures of water conservation .

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