

4. ECONOMY

4.1 INTRODUCTION

Kanpur has traditionally been an industrial city and an economic center. At one point in time it was the second most industrialized city in India being second only to Calcutta. Due to large number of cotton textile units and a vibrant trade center for cotton it was also called the 'Manchester of India'.

Kanpur has several locational advantages i.e. location at a vantage point on two national highways i.e. NH2 and NH25; raw material availability for many industries viz. leather, food processing, plastics etc., proximity to large markets, availability of skilled manpower due to various institutes located within Kanpur (viz. Institute of Technology, Chander Shekhar Azad Agricultural University, Central Pulse Research Institute, Leather Institute etc.) and existing traditional industrial base attracting skilled workers to the city.

During the British times, it was mainly the industries related to tanneries, cotton and woolen clothes production, sugar mills, flour mills, refineries which were established in Kanpur. Kanpur during that time was of strategic importance for movement of troops from one region of the country to another. This led to development of a large cantonment base at Kanpur and contributed to development of leather industry in the form of various saddle units catering to the requirement of British troupes.

After independence, Kanpur continued to be an important city and large public sector companies such as British India Corporation, National Textile Corporation, ordnance factories, etc were set up here. Private sector also set up large units such as many factories of JK Industries group, Lohia machines, Duncans, etc.

At present, Kanpur has mostly industries relating to leather shoe making and cotton textiles. Other factories include manufacture silk, woolen and jute textiles, food products, fire-bricks, fertilizers, railway wagons, textile machinery, television sets, metal ware, leather goods, soap, tents, durries, fountain pens, hosiery, cutlery, television picture tubes, etc. In Kanpur (MC), the banking services were availed by only 61 percent of the households (Census 2001). About 8 percent of the households did not possess basic assets such as vehicles (bicycles, scooter, moped, car, jeep, etc.), televisions and radios.

Kanpur City is surviving because of the following:

- Defence Establishments like OEF, SAF and Ordnance Factory etc.
- Tanneries, which have swelled from 170 nos in 1995 to 300 in 2006
- Coaching industry for I.I.T, JEE, IAS/IPS etc.
- Trading Activities

4.2 WORKFORCE PARTICIPATION

According to 2001 census, out of total main workers i.e. 1040278, the proportion of cultivators are 18.5 percent, agricultural labourers are 7.6 percent, household industries are 3.6 percent and other workers are 70.3 percent. The workforce participation rate as per 2001 census (main and marginal workers) is about 29.9 percent. Table 3.1 presents the category wise break up of workforce as per the 1991 and 2001 census.

Table 4.1 Workforce Participation in Kanpur

Sl. No.	Category	1991		2001	
		No. of Persons	Percentage	No. of Persons	Percentage
1	Main Workers				
i	Cultivators	66731	2.75	192414	17.8
ii	Agricultural Laborers	39330	1.62	78742	12.4
iii	Livestock, Forestry, Fishing etc.	4614	0.19		
iv	Mining and Quarrying	117	0.00		
v (a)	Manufacturing & Processing in HH Industry	3885	0.16	37319	3.9
v (b)	Manufacturing & Processing other than HH industries	151314	6.25		
vi	Construction Workers	11631	0.48		
Vii	Trade & Commerce	149224	6.17		
viii	Transport, Storage & Comm.	41549	1.71		
ix	Other Services	172432	7.12	731803	17.55
	Sub Total – Main Workers	640827	26.49	1040278	24.96
2	Marginal Workers	212	00.02	207555	4.97
3	Non – Workers	1777448	73.49	2920166	70.06

Source: Primary Census Abstract General Population Series 25, Part II-B, Census of India 1991; Total Population: Table A -5 Primary Census Abstract of Total Population - 2001, Series 10, Uttar Pradesh, Census of India 2001

It is also seen from the table that the percentage of workers has increased sharply from 7 percent to seventeen percent in 2001. Out of total workers, over 17.55 percent are employed in other services which indicate that the major employment is provided in service sector. The percentage of people who are employed in non- workers has also decreased from 73.49 percent to 70.06 percent in the 1991 to 2001 census which shows that employment opportunities has been generated over a decade.

4.3 INDUSTRIAL AND COMMERCIAL ACTIVITIES IN AND AROUND KANPUR

4.3.1 Industrial Areas in Kanpur:-

As per the discussions with various officials from industry department, in Kanpur mainly 10 industrial areas exist. They are as follows:

1. Panki Industrial Area Site No. 1 to 5 Panki, Kanpur.
2. Dada Nagar Co-operative Industrial Estate, Dada Nagar Area-235 acres
3. Govt. industrial Estate, Fazalganj
4. Shikshit Berojgar Industrial Asthan Panki
5. Uptron industrial Estate, Panki
6. Industrial Area, Rooma
7. Kanpur Mahayojna
8. Jajmau
9. Saresh Bagh
10. Fazalganj

4.3.2 Type of Industries

4.3.2.1 Heavy / Medium Scale Industries

There are many heavy and medium scale industries which are engaged in the production of defence items, industrial machines, LMS (Two Wheelers), leather, cloth industries. It has been observed that out of total 83 heavy/medium industries, 38 are currently working whereas 45 industries have been closed. As far as their ownership is concerned, 3 are of central government, 6 are of defence, one is of state government and twenty eight are private industries. Up to March 2005, total heavy scale industrial units are 83 and investment made is 873.88 crores. These industries provide the employment to total 65563 people. Table No. 3.2 presents the number of heavy and small scale registered units, its investment and people employed.

4.3.2.2 Small Scale Industries

A large number of small-scale industries have been established recently. Out of total small scale industries, number of registered units are 12,241 as against 7033 in March 1998. It has been observed that almost same amount of unregistered units exist. Out of total registered units, existing operative units are 10,967 whereas 5186 i.e. 47 percent are either sick or closed. The investment made in small-scale industries is 354.82 crores. Upto March 2005, total people employed in small scale industries were 54807 whereas it was 33676 up to March 1998 which shows that there is an increase of 61 percent in last seven years. The turn over of small scale units for 2005-06 is 20 crore. Currently in Kanpur, a variety of industries exists. The details are stated below in table 3.2.

Table 4.2 Industrial status of Kanpur

(Upto March 2005)

S. No.	Industries	No. of Units			Investment In (In Cr)			Employment		
		H.I	SSI	Total	H.I	SSI	Total	H.I	SSI	Total
1	Food Products	7	933	940	37.77	25.41	63.18	1355	3997	5352
2	Beverages, Toba	0	20	20	0.00	0.86	0.86	0	137	137
3	Cotton Textiles	9	400	409	279.42	14.79	294.21	37037	2154	39191
4	Wool, Silk & Synthetic	4	98	102	99.47	7.1	106.57	4214	601	4815
5	Jute, Hemp& Mesta	2	52	54	22.13	2.86	24.99	5290	310	5600
6	Hosiery & Garments	1	1250	1251	5.65	21.15	26.8	110	3965	4075
7	Wood Products	0	348	348	0.00	7.16	7.16	0	1538	1538
8	Paper Products &	5	525	530	5.85	14.18	20.03	702	2143	2845
9	Leather Products	12	1826	1838	19.06	44.7	63.76	3864	8522	12386
10	Rubber& Plastic	4	684	688	14.16	46.49	60.65	750	4210	4960
11	Chemical & Chemical	12	532	544	230.12	36.57	266.69	4103	3691	7794
12	Non-Metallic Miner	1	159	160	1.37	12.24	13.61	41	1178	1219
13	Basic Metal Industry	8	180	188	8.42	13.54	21.96	1129	1347	2476
14	Metal Products	0	1128	1128	0.00	24.68	24.68	0	5326	5326
15	Machinery & Part	8	531	539	14.04	15.51	29.55	1632	3007	4639
16	Electrical Machine	2	301	303	1.75	18.44	20.19	185	1517	1702
17	Transport Equipment	3	120	123	87.4	10.74	98.14	4510	1085	5595
18	Miscellaneous Mfg	5	1439	1444	47.27	20.60	67.87	641	4560	5201
19	Repairing& Servicing	0	1715	1715	0.00	17.8	17.8	0	5519	5519
	TOTAL	83	12241	12324	873.88	354.82	1228.7	65563	54807	120370

Source: Directorate of Industries Uttar Pradesh Kanpur

4.3.3 Recent Industrial Shift

Over a period of time, the industrial profile of Kanpur has undergone a drastic change. On one hand, total number of industries such as textile, rayon, metal, select chemicals industries has declined. Textile and Jute industries have been closed long time back. National Textile Corporation and U.P. Spinning Mills are also closed recently. Recently, some of the important industries were closed down which include Elgin mills, JK Industrial plants (Cotton & Spinning mills, Rayon, Tube Works), Kanpur Chemical Works, Kanpur Jute Udyog, Tannery Corporation, Kanpur Textiles, Swadeshi Cotton Mills. Some of the major industries which closed in recent past are:

- Duncans industry employing 1200 staff and works and disbursing Rs. 1.25 crores as monthly wages were closed almost three years back.
- LML Ltd., which was manufacturing and marketing two wheelers under the name of LML Vespa, has also gone for lock out. It was employing 5000 workers and their ancillary units (almost 50 nos.) were giving employment of almost 5000 workers and LML with the ancillary units together used to disburse Rs. 5 to 10 crores as monthly wages.

With the disclosure of LML Ltd. and Duncons, there is a setback to industry in Kanpur.

The reasons for close down of industries were mainly

- Usage of outdated techniques
- Inability to accept newer and more efficient technologies
- Change in policies of the Government which lead to uncompetitiveness of certain existing units i.e. recent closure of fertilizers unit of Duncan's industries
- Inefficiency especially in public sector companies
- Labour unrest and
- Technological obsolescence

On the other hand, industries such as leather, light engineering and food processing etc. have grown. Small scale and cottage industry (hosiery etc.) have also mushroomed. As per the discussions, mainly following industries are flourishing: Rice, Dal, Oil, Spices, Flour Mills, Pan Masala, Cattle Feed, Hosiery, Ready made Garments, Finished Leather, Shoes & Chappals, Purses and Belts, Steel Elmira's and Boxes, Agricultural implements, Engineering Workshops, Auto parts, Plastic Goods, Polyethylene Bags, Grease, Refining of lubricants, Surgical Bandage & Tapes, Medicines – Allopathic, Ayurvedic, Homeopathic, Soaps and detergents, Soaps and detergents, Packaging, Defence items, Rubber chappals, Packaging Amul, Canaspati, Oil, Sugar (Ghatampur), Industrial Machines, Ball point pens, Newspapers (Printing Press), Rolling Mills, Woolen Mills; H.A.L., Artificial Limb Factory; Water and Industrial Pumps, Cold drinks, Paints and thinners, Tanneries.

4.3.4 Decline in New Industrial Investments

In Kanpur, recent investments in industries have gone down as compared to its hinterland towns i.e. Agra, Allahabad, Chitrakoot Dham, Lucknow, Barrelly, Jhansi etc. The main reason for the decline in industrial growth is the change in the basic factors that lead to urban growth. In Kanpur, before the economic reform starts, the growth was determined mainly by its proximity to raw material, market, availability of manpower etc. In current scenario, growth is determined by investment made in the city. The need is felt to attract the investments for fuelling economic growth.

There has been no significant change in the employment in defence establishments. However, the tanneries provide employment to 30,000 to 50,000 workers in Jajmau and generated further employment in purchase and marketing and business in suppliers of chemicals used in tanning.

4.4 ECONOMIC PROFILE AND PER CAPITA INCOME OF KANPUR

It is observed that the economy in terms of NSDP of the Kanpur City has increased from Rs 2937.58 in 1998-99 to Rs 3166.61 crores in 2002-03 resulting in a growth of economy of about 1.98 percent per annum during the period. The per- capita income of the Kanpur City showed negative growth over the same period. The table no. 3.3 gives the growth rates of NSDP and PCI by years.

Table 4.3 Growths in NSDP and Per Capita Income in Kanpur City

Year	At current Prices			At constant (1993-94) prices				
	Total NSDP (Rs. Crores)	Growth in NSDP over previous year(%)	Per capita NSDP (in Rs.)	Growth in NSDP over previous year(%)	Total NSDP (Rs Crores)	Growth in NSDP over previous year(%)	Per capita NSDP (in Rs.)	Growth in Per Capita NSDP over previous year(%)
1998-99	4489.36		11502.3		2937.58		7526.93	
1999-00	4550.26	1.36%	11378.5	-1.08%	2952.92	0.52%	7384.15	-1.90%
2000-01	4721.53	3.76%	11527.2	1.31%	2988.72	1.21%	7296.67	-1.18%
2001-02	5411.71	14.62%	12897.3	11.89%	3249.28	8.72%	7743.77	6.13%
2002-03	6290.15	16.23%	14679.5	13.82%	3166.61	-2.54%	7389.99	-4.57%
Average		8.99%		6.48%		1.98%		-0.38%

Source: Department of Economics and Statistics, Govt. of Uttar Pradesh

4.5 KEY ISSUES

For development of Industries, the following issues need to be addressed:

- Power shortage and roistering being observed for 10-12 hours per day on average
- Poor law and order situation in the city
- Poor infrastructure in the state as well as city
- No air connectivity between major stations
- Government Schemes for providing incentives to entrepreneurs are not implemented sincerely and seriously
- Ethical and transparent functioning of financial institutions
- The state government has to come out with aggressive and promotional industrial policy and ensure its implementation.
- Non-confirming industries (approx. 1000) should be shifted to confirming areas on priority basis.