*********** Arthamimansa, January-June 2026, Vol-18, Issue-I- ISSN 2320-0197

# The Challenge of Regional Economic Disparities in The Path of Economic Development: A Case Study of Vidarbha's Industry

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**Abstract:**

*The dream of Viksit Bharat is achievable through economic contributions from all parts of India. In the words of Prime Minister Shri Narendra Modi, "Development should be all-round, development should be all-pervasive, development should be all-inclusive". The unique economic history of Vidarbha raises questions about the validity of this statement, especially since the Nagpur Bench of the Bombay High Court has recently taken suo motu notice of the industrial and economic backwardness in Vidarbha, directing the authorities to study and provide solutions for the region's plight. Examining a region's economic trajectory is a collective responsibility of the populace at large and its natives in particular. Consequently, this research explores the state of factors crucial for industrial progress in Vidarbha and possible solutions for overcoming the challenge of industrial backwardness in the region.*

**Key Words:** *Vidarbha, Industrial Factors, Economic Backwardness*

## I. Introduction

India's aspiration to become a developed nation by 2047 stands at a critical crossroads, challenged by persistent shortcomings in physical and financial infrastructure, inadequate healthcare systems, a widening skill gap due to the disconnect between industry and education, environmental degradation, high youth unemployment, entrenched corruption, and stark regional economic disparities.

Regional imbalances are mostly structural, generating continuous inequalities in income and wealth, and opportunities. They not only reinforce unsustainable growth patterns but also hinder the efficient use of local resources. Further, the economically backward regions often become trapped in a cycle of cumulative disadvantage, making it harder to diagnose and address the roots of their underdevelopment. Meanwhile, the more advanced regions continue to attract a greater share of investment and opportunities, widening the developmental gulf and intensifying the divide between prosperous and lagging areas.

A telling example of regional disparities can be found in the Vidarbha region of Maharashtra. While Maharashtra is widely regarded as one of India's most prosperous and industrially advanced states, its internal regional disparities are stark. The economic trajectories of its divisions have diverged sharply over time, with Vidarbha and Marathwada continuing to lag significantly behind the more developed Konkan, Pune, and Nashik divisions.

In Vidarbha's case, the economy has been trapped in a persistent chicken-and-egg cycle where industrial backwardness discourages new investment, and the absence of adequate investment reinforces the very backwardness it seeks to overcome. This self-sustaining loop has prevented Vidarbha from capitalising on its strategic location and abundant natural resources, thereby deepening the state's developmental imbalance.

High Court Intervention Reflective of Situational Grimness

The Nagpur Bench of the Bombay High Court recently took suo motu cognisance of the industrial distress in the Vidarbha region. The Bench expressed grave concerns about the closure of 1,246 units across Vidarbha's industrial areas, with 8, 29 in Nagpur division and 4, 17 in Amravati division (TOI, 2025). The situation is serious as it affects the region's economic growth, investment and employment. The court further directed an inquiry into the reasons for the closure of industrial units and the possible revival policies for defunct units, besides holding authorities accountable.

## II. Objectives

The objectives of this paper are:

1. To assess the current state of industrial development in Vidarbha.

2. To identify the key factors responsible for industrial decline in the region.

3. To recommend solutions to revive and strengthen industrial growth in Vidarbha.

## III. Hypothesis

H0: There is no significant relationship between the availability of key industrial growth factors (transportation, natural resources, power, finance, raw materials, labour, and government support) and the level of industrial development in Vidarbha.

H1: There is a significant relationship between the availability of key industrial growth factors (transportation, natural resources, power, finance, raw materials, labour, and government support) and the level of industrial development in Vidarbha.

## IV. Industrial Presence in Vidarbha

### Presence of industrial units in the MIDC Area

The presence of industrial units in the MIDC area reflects on regional industrial progress. In both 2010 and 2024, Vidarbha's Nagpur and Amravati divisions consistently recorded the lowest numbers, 2,649 and 1,441 units in 2010 (Table 4), and 5,048 and 3,134 units in 2024 (Table 2), indicating a persistent lag in industrial presence.

### Udyam Registration of MSMEs

Udyam MSME registrations reflect industrial confidence, particularly for small, medium, and large enterprises that involve higher capital and technology. In 2010, their presence was lowest in Vidarbha, especially in the Amravati division and, comparatively, in the Nagpur division relative to Konkan, Nashik, and Pune divisions (Table 3). This trend has changed little, as both divisions, particularly Amravati, continued to record the lowest registrations between July 2020 and December 2024 (Table 1).

**Table 1: Region-wise Udyam Registration of MSMEs**
(From July 2020 to December 2024)

| Region | Micro enterprises | | Smallenterprises | | Medium enterprises | |
|---|---|---|---|---|---|---|
| | Number Employment (Lakh) | | Number Employment (Lakh) | | Number | Employment (Lakh) |
| Konkan(Incl.Mumbai) | 13,99,202 | 41.01 | 99,985 | 3.72 | 5,074 | 4.97 |
| Nashik | 5,99,927 | 13.45 | 13,790 | 1.48 | 1,098 | 1.51 |
| Pune | 8,99,986 | 45.89 | 17,987 | 5.25 | 6,996 | 4.11 |
| Chhatrapati Sambhajinagar | 5,80,991 | 22.53 | 8,099 | 8.16 | 2,001 | 1.2 |
| Amravati | 3,29,781 | 10.51 | 3,989 | 3.01 | 907 | 1 |
| Nagpur | 6,93,959 | 29.95 | 8,992 | 2.02 | 1,599 | 1.91 |
| **All** | **45,03,846** | **163.34** | **1,52,842** | **23.64** | **17,675** | **14.7** |

Source: Economic Survey of Maharashtra 2024-25

**Table 2: Information on industrial and commercial units in MIDC areas**
(1st January,2020 to 31stDecember, 2024)

| Region | Units (Industrial+ Commercial) (no.) | Investment (₹Crore) | Employment (Lakh) | Developed plots (Industrial+ Commercial) (no.) |
|---|---|---|---|---|
| Konkan(Incl.Mumbai) | 13,863 | 30,787 | 0.56 | 17,073 |
| Nashik | 10,772 | 11,929 | 1.22 | 14,860 |
| Pune | 14,550 | 1,44,013 | 0.92 | 19,135 |
| Chhatrapati Sambhajinagar | 11,636 | 7,743 | 2.6 | 13,979 |
| Amravati | 3,134 | 8,016 | 0.27 | 7,688 |
| Nagpur | 5,048 | 80,891 | 1.69 | 8,981 |
| Total | 59,003 | 2,83,779 | 7.26 | 81,716 |

Source: Economic Survey of Maharashtra 2024-25

**Table 3: MSME &Large Enterprises (as on 30th December,2010) (in Number)**

| Region | MSME | Employment | Large enterprises | Employment |
|---|---|---|---|---|
| Konkan(Incl. Mumbai) | 33,619 | 456,832 | 988 | 205,637 |
| Nashik | 24,215 | 1,81,622 | 256 | 76,369 |
| Pune | 75,106 | 3,73,331 | 766 | 2,47,621 |
| Aurangabad | 11,824 | 1,07,861 | 269 | 57,510 |
| Amravati | 5,607 | 43,544 | 70 | 10,890 |
| Nagpur | 14,843 | 1,37,757 | 276 | 63,617 |
| Maharashtra | 1,65,214 | 13,00,947 | 2,625 | 6,61,644 |

Source: Economic Survey of Maharashtra 2010-11

**Table 4: MIDC at a glance (as on 31st March, 2010)**

| Region | Number | Investment (crore) | Employment (in lakhs) |
|---|---|---|---|
| Konkan (Incl.Gr.Mumbai) | 11,126 | 17,929 | 3.75 |
| Nashik | 6,057 | 2,151 | 0.55 |
| Pune | 7,603 | 20,032 | 3.07 |
| Aurangabad | 4,479 | 4,303 | 0.53 |
| Amravati | 1,441 | 768 | 0.19 |
| Nagpur | 2,649 | 8,609 | 0.71 |
| **Total** | **33,355** | **53,792** | **8.8** |

Source: Economic Survey of Maharashtra 2010-11

## V. State of Factors Crucial for Industrial Growth in Vidarbha

### (A) Transportation

According to the Economic Survey of Maharashtra 2024-25, Vidarbha has 79,259 km of roads out of the state's total 3,28,526 km. Yet despite its central location and strategic potential for multimodal connectivity, the region's transport infrastructure remains inadequate. Nagpur district has relatively better road, rail, and air links, but major infrastructure initiatives, such as high-speed rail, remain concentrated in the Mumbai region, with Nagpur airport the only significant cargo hub in Vidarbha.

There is a long-standing backlog in road construction in the region. For instance, as of March 31, 2015, road construction targets were nearly achieved in the Rest of Maharashtra (96.31%) and Marathwada (100%), but remained far lower in Vidarbha at 67% in the Amravati division and 72% in the Nagpur division, resulting in a 25,100 km backlog. In 2016, the Vidarbha Statutory Development Board estimated that Rs 24,000 crore is required to bridge this gap (Bhagwat, 2016), which has only further widened in recent years and is a challenge given the limited state resources. Even new projects such as the Samruddhi Mahamarg have not bridged Vidarbha's longstanding backlog.

Recent expenditure trends reinforce the disparity. Of the Rs 21,670 crore allocated for the Nagpur-Gondia expressway, only Rs 28.94 crore has been spent. Similarly, only Rs 76 crore of Rs 12,586 crore was spent on the Bhandara-Gadchiroli expressway, and just Rs 0.63 crore of Rs 21,702 crore on the Nagpur-Chandrapur expressway. In contrast, both allocations and expenditures for expressways in Mumbai and Pune are far higher (ESM, 2024-25.pg 178)

Cargo movement patterns show a similar imbalance, where in 2023-24, domestic cargo volumes were 2,31,616 MT in Mumbai and 37,833 MT in Pune, compared to only 7,913 MT at Nagpur. For international cargo, the gap is even sharper with Mumbai handling 5,91,361 MT, while Nagpur managed just 80 MT, down from 205 MT the previous year (ESM, 2024-25.pg 188).

### (B) Natural resources

#### i) Minerals

Industrial development depends heavily on the effective use of mineral resources. Vidarbha has a strong mineral base, including coal, manganese, limestone, iron ore, etc., accounting for nearly 2/3rd of Maharashtra's total reserves. However, these resources remain largely untapped due to low investment, weak infrastructure, policy hurdles, and the absence of developed industrial clusters.

**ii) Water**

Vidarbha's reservoir capacity of 5,607 million cubic metres is inadequate for its multipurpose water needs. Siltation is further reducing this capacity by 0.164 to 1.135 per cent annually (MERI). Inadequate irrigation continues to remain a major cause of the region's agricultural distress. Although the state allocated Rs. 5,552.56 crores for 2024-25 and Rs 5,502.54 crore for 2025-26, these amounts are far below the estimated Rs 55,000-crore irrigation backlog. (IND, 2025) (Ganjapure, May 2025)

**iii) Land**

Vidarbha spans 97,404 sq. km (31.6% of Maharashtra), and while several industrial lands have been created through various estates, many units have shut down. A significant share of industrial plots is held for speculative investment, with allottees subletting them for rent instead of setting up industries, thus defeating the purpose of industrial development.

**iv) Power**

Vidarbha serves as a crucial hub for thermal power generation in Maharashtra due to its abundant coal reserves. Vidarbha generates 16,556 MW (53% of Maharashtra's power) (Jindal et al., 2017), but its industries receive no tariff concessions and instead face higher rates due to elevated transmission charges and MSEDCL's tariff structure. With a Rs 48,060 crore revenue gap, MSEDCL has proposed further tariff hikes from 2025–26, adding to existing issues like load shedding and high security deposits. Further, industrial power prices in Vidarbha exceed Rs 10.31 per unit, compared with Rs 3.90 to Rs 8.10 in neighbouring Chhattisgarh (Arya, 2024). These higher costs make Vidarbha uncompetitive, prompting many local industrialists to relocate or invest elsewhere.

**v) Finance**

Vidarbha has long faced inadequate financial support for industrial growth. The 2013 Vidarbha Business Growth Outlook Study, based on inputs from 130 business leaders, found that enterprises struggled to secure sufficient funds for both operations and expansion. This issue persists with credit distribution in Maharashtra remaining highly uneven, with Mumbai receiving a disproportionate share while districts in the Amravati, Aurangabad, and Nagpur divisions remain critically under-resourced (Pallavi, 2016). For SMEs in Vidarbha, poor access to credit is driven by collateral shortages, infrastructural gaps, and, in some cases, diversion of sanctioned funds (Sharma, 2019).

**vi) Raw Materials**

Vidarbha hosts many agro-based industries supported by crops like cotton, tur, soybean, rice, bamboo, oranges, and turmeric. However, agriculture in the region remains highly vulnerable due to natural fluctuations and inadequate irrigation, creating uncertainty for agro-industries in securing raw materials of consistent quality, timely supply, and stable prices. Dependence on raw materials from outside the region further increases production costs.

Although Vidarbha is rich in mineral resources, its industries face major hurdles in mineral procurement because of outdated policies, poor infrastructure, slow legal and land acquisition processes, and strict environmental regulations. Limited adoption of modern mining technologies adds to the problem. Together, these factors discourage investment and constrain the region's industrial growth.

**vii) Labour**
Vidarbha's literacy rate is 83.6 %(Census 2011), slightly above the state average, but the region still faces a severe shortage of skilled labour. Much of its educated workforce migrates to metropolitan cities for better opportunities, leading to a persistent talent drain. Further, key sectors such as iron and steel, textiles, construction, and power report difficulties in accessing and retaining skilled workers. Export-oriented units also struggle and frequently rely on unskilled migrant labour due to the limited availability of skilled local manpower.

**viii) Government Attitude**
Vidarbha's integration into Maharashtra in 1960 cost it its earlier political prominence, with Nagpur losing its status as the capital of the former Madhya Pradesh. Since then, the region has faced persistent political neglect, especially in the allocation of development funds. This long-standing disregard, despite Vidarbha's rich mineral base, has contributed to its economic and industrial underperformance. Studies on regional disparities consistently highlight the diversion of funds from Vidarbha to Western Maharashtra, yet these findings have seldom shaped policy. As a result, the region now carries an estimated developmental and irrigation backlog of around Rs 75,000 crore (TNN, 2025).

## VI. Conclusion and Suggestions

It can be concluded that there is a significant relationship between the availability of key industrial growth factors (transportation, natural resources, power, finance, raw materials, labour, and government support) and the level of industrial development in Vidarbha. While the deficiency of these factors in Vidarbha is the reason for its industrial distress, most of the deficiencies stem primarily from one dominant factor: the sustained indifference and neglect of successive governments in matters concerning Vidarbha.

Addressing the critical state of Vidarbha's industry and economy requires correcting these unfavourable factors and conditions through region-specific, actionable, and time-bound policies that address its unique industrial and economic needs.

Equally crucial is the adequate allocation, timely release, and transparent utilisation of funds in proportion to the magnitude of the developmental deficit. The bias that once worked against Vidarbha must now be consciously reversed. Preferential treatment, rather than mere parity, is essential if the region is to bridge its accumulated backlog and stand on equal footing with the rest of the state.

So far, successive governments have offered more promises than action. Understandably, this continued neglect has intensified demands for a separate state of Vidarbha, seen as a pathway through which the region could secure greater financial support from the central government, thus enabling more focused development efforts and stronger administrative accountability as mooted by the Nagpur Bench of Bombay High Court. Such support is crucial to eliminate the longstanding developmental backlog and put Vidarbha on a genuine path toward growth and prosperity.

Vidarbha today is at a crucial crossroads, where in the absence of a genuine commitment of financial resources, efforts and time, the region's economic and industrial growth will continue to be stalled. In this context, the idea of forming a separate state of Vidarbha deserves thoughtful consideration.

"In all toil there is profit, but mere talk tends only to poverty"(Proverbs 14:23)

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