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**A STUDY ON ARTICLE 371(J): IT'S IMPACT ON DEMOGRAPHIC AND
BUSINESS GROWTH IN KALABURAGI DISTRICT**

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Abstract

Article 371(J) of the Indian Constitution was introduced with the aim of addressing regional disparities by promoting socio-economic development in the Kalyana Karnataka region, including the Kalaburagi district. This study evaluates the effect of Article 371(J) on the demographic and expansion of business in Kalaburagi by examining multiple dimensions of policy implementation and development outcomes. The research explores key factors such as awareness and accessibility of Article 371(J) benefits among business owners, the accuracy of government implementation, and the rate of policy utilization. The study further investigates improvements in infrastructure, financial and economic indicators such as business registrations, investments, and employment generation. Sector-specific business growth in industries like agro-processing, textiles, and healthcare is analyzed alongside support extended to women and marginalized entrepreneurs. The socio-economic implications, including changes in income levels, migration patterns, and youth employment, are critically assessed.

Institutional mechanisms, including the role of local industry associations and the availability of business development services, are reviewed to understand their influence on entrepreneurial growth. The study further identifies implementation challenges such as bureaucratic delays, uneven distribution of incentives, and low awareness among rural entrepreneurs. A comparative analysis with other 371(J) and non-371(J) districts, as well as pre- and post-policy business trends, provides deeper insights into the effectiveness of this constitutional provision. The findings are supported by data from government reports, MSME records, field surveys, and local industry bodies. This study provides valuable policy guidelines to enhance the consequences of Article 371(J) in fostering equitable and sustainable business development in the Kalaburagi district.

Keywords: Article 371(J), Kalaburagi, Business Development, MSMEs, Policy Implementation, Infrastructure, Entrepreneurship, Socio-Economic impact.

1. INTRODUCTION

The Kalaburagi district, located in the northeastern part of Karnataka, holds a significant place in the historical and socio-political fabric of the state. Formerly a division of the Nizam-ruled Hyderabad State, this region—now recognized as segment of the Kalyana Karnataka area—has long been characterized by economic backwardness, infrastructural deficits, and limited industrial development. Despite its rich cultural legacy and abundant natural resources, Kalaburagi has lagged behind other districts of Karnataka in key indicators of economic progress and business activity.

To address these disparities, the Government of India introduced Article 371(J) through the 98th Constitutional Amendment Act in 2012. This special provision was aimed at accelerating the socio-economic development of six

backward districts in the region—Kalaburagi, Bidar, Yadgir, Raichur, Koppal, and Ballari—by ensuring enhanced educational and employment opportunities, priority funding, and special development boards. Specifically, Article 371(J) empowers the President of India to establish a separate development board and grant reservation in education and government jobs for local residents. It also allows preferential treatment in industrial investment and business development through policy incentives, subsidies, and land allotments.

Given Kalaburagi's centrality to the Kalyana Karnataka region and its potential as a regional economic hub, this study focuses on evaluating the effectiveness of Article 371(J) in fostering business growth in the district. The research examines critical policy implementation factors such as awareness levels, ease of benefit access, infrastructure improvement, financial support mechanisms, and sector-specific growth outcomes. It also considers broader socio-economic impacts and organized support systems that influence the entrepreneurial environment.

By focusing on both qualitative and quantitative aspects, the study seeks to provide a comprehensive understanding of how Article 371(J) has shaped business development in Kalaburagi over the past decade. The findings are expected to inform policymakers, scholars, and development agencies on the strengths, limitations, and future direction of regional affirmative action in promoting balanced economic growth.

2. STATEMENT OF THE PROBLEM

This article evaluates whether Article 371(J) has successfully fostered business growth in Kalaburagi, examining key investments, employment trends, and infrastructural developments. By analyzing both governmental claims and grassroots challenges, it seeks to determine if constitutional provisions alone can drive economic transformation—or if deeper structural reforms are needed.

3. OBJECTIVES:

1. To assess the post implementation of Article 371(J) benefits among business owners and public in Kalaburagi district.
2. To evaluate the impact of Article 371(J) on Demographic and business growth, including infrastructure development, investments, and employment.
3. To identify key challenges and delay in the implementation of Article 371(J) In connection with promoting business progress in the region.

4. LITERATURE REVIEW

This collection of papers examines various aspects of business and policy changes in India. The implementation of Article 371J has interested significantly academic awareness due to its intent to promote balanced regional development and correct historical neglect in the Kalyana Karnataka region, particularly in Kalaburagi. As highlighted by S. Patil (2015), the provision was a constitutional response aimed at addressing underdevelopment by granting special status and enabling reservations in education, employment, and government investment. This special status was operationalized through the creation of the Hyderabad-Karnataka Region Development Board (HKRDB), which became instrumental in channeling funds toward infrastructure and human capital development (Karnataka State Planning Board, 2016). Evidence from early post-implementation phases indicates a rise in public infrastructure projects, including industrial estates, roads, and skill development centers, suggesting some positive movement in the region's economic capacity. However, the real-world impact of these efforts on sustained industrial growth and private sector participation remains ambiguous. Deshpande (2018) critiques the limited response from private investors, attributing this to enduring structural barriers such as inadequate logistics, poor access to finance, and shortages of skilled labor, which have dampened the intended effects of Article 371J. Complementing this view, Naik and Kulkarni (2020) observe that although access to public-sector jobs and government procurement has improved for local residents, the MSME sector continues to struggle. Their field research in Kalaburagi revealed that many local entrepreneurs were unaware of the Article's specific benefits, pointing to a gap in policy outreach and implementation. This lack of awareness undermines the potential of Article 371J to foster grassroots entrepreneurship and inclusive industrial growth.

The KLE Institute of Management Studies (2021) attempted to empirically assess the business impact of Article 371J by analyzing new business registrations in Kalaburagi between 2013 and 2018. While they did observe a marginal uptick, the extension was not important enough to confirm a strong policy-induced entrepreneurial surge. This

suggests that the provision's effect on business creation may be indirect and long-term, dependent on broader improvements in institutional and infrastructural factors. Further comparative analysis by Shetty and Rao (2022) reinforces this interpretation. Their study, contrasting Kalaburagi with similarly underdeveloped districts without special constitutional status, found that governance quality, leadership, and policy consistency were more powerfully coordinated with business development than legal provisions alone. They argue that while Article 371J creates an enabling legal environment, business confidence remains tied to actual improvements in education, infrastructure, and governance execution. Taken together, the literature presents a nuanced view of Article 371J. It has certainly laid the groundwork for development through constitutional legitimacy and public investment, but its transformative potential remains constrained by local implementation bottlenecks, low policy visibility among beneficiaries, and insufficient private sector engagement. For the region to fully leverage Article 371J, scholars suggest a more incorporated approach that combines policy awareness, infrastructural development, governance reforms, and entrepreneurial support systems. Pachau and Kumar (2023) trace the transformation of business in Mizoram, highlighting the effect of colonialism, Christianity, and education on the state's economic progress. The revocation of Article 370 in Jammu and Kashmir is discussed by Mahavidyalaya et al. (2021) and Kaushik (2019), with the former analyzing political reactions and potential impacts, while the latter focuses on investment opportunities arising from the change. Kaushik (2019) suggests that removing Article 370 could address job scarcity in the region. In a various context, Kanda et al. (2018) examine the impact of the Goods and Services Tax (GST) on rural businesses in lower Himachal Pradesh, emphasizing the need for education about the new tax system to ensure smooth business operations and prevent negative reactions from stakeholders. The abolition of Article 370 in Jammu and Kashmir has essential suggestions for economic growth and investment in the region. Prior to its revocation, the special status hindered development and integration with the rest of India (Gangasheel Mahavidyalaya et al., 2021). The removal of this barrier is expected to create new investment opportunities and job prospects for local youth (P. K. Kaushik, 2019). However, Micro, Small, and Medium Enterprises (MSMEs) in the region still face challenges such as poor infrastructure, electricity shortages, and political instability (Waseem Hamid, 2017). The quality of state-business relations (SBRs) has been shown to impact economic development over Indian states, with more collaborative relationships leading to better outcomes (K. Sen, 2010). As Jammu and Kashmir transitions to a new status, improving SBRs and addressing existing challenges could potentially accelerate economic expansion and reduce regional inequality in growth and poverty reduction.

5. RESEARCH METHODOLOGY

This study is based on secondary data collected from government reports, policy documents, and academic literature. Sources include publications from the Karnataka State Planning Board, Hyderabad-Karnataka Region Development Board (HKRDB), and relevant academic journals. The data were thematically analyzed to assess the implementation and impact of Article 371J on business growth and regional development.

6. RESULT AND DISCUSSION

6.1 Article 371(j): legal and policy framework

Article 371(J) was introduced through the 98th Constitutional Amendment Act, 2012 to promote the socio-economic development of the Hyderabad-Karnataka (now Kalyana Karnataka) region, which includes Kalaburagi and five other backward districts. The provision aims to reduce regional disparities by ensuring special support for education, employment, and infrastructure.

Key features of Article 371(J) include the establishment of a separate Development Board, equitable allocation of state funds, and reservations in government jobs and educational institutions for local residents. Additionally, it mandates annual reporting to the State Legislative Assembly on developmental progress.

The Governor of Karnataka is assigned special responsibilities for overseeing and implementing these provisions. This includes ensuring that the benefits reach the intended population and that the region receives focused attention in developmental planning and fund allocation.

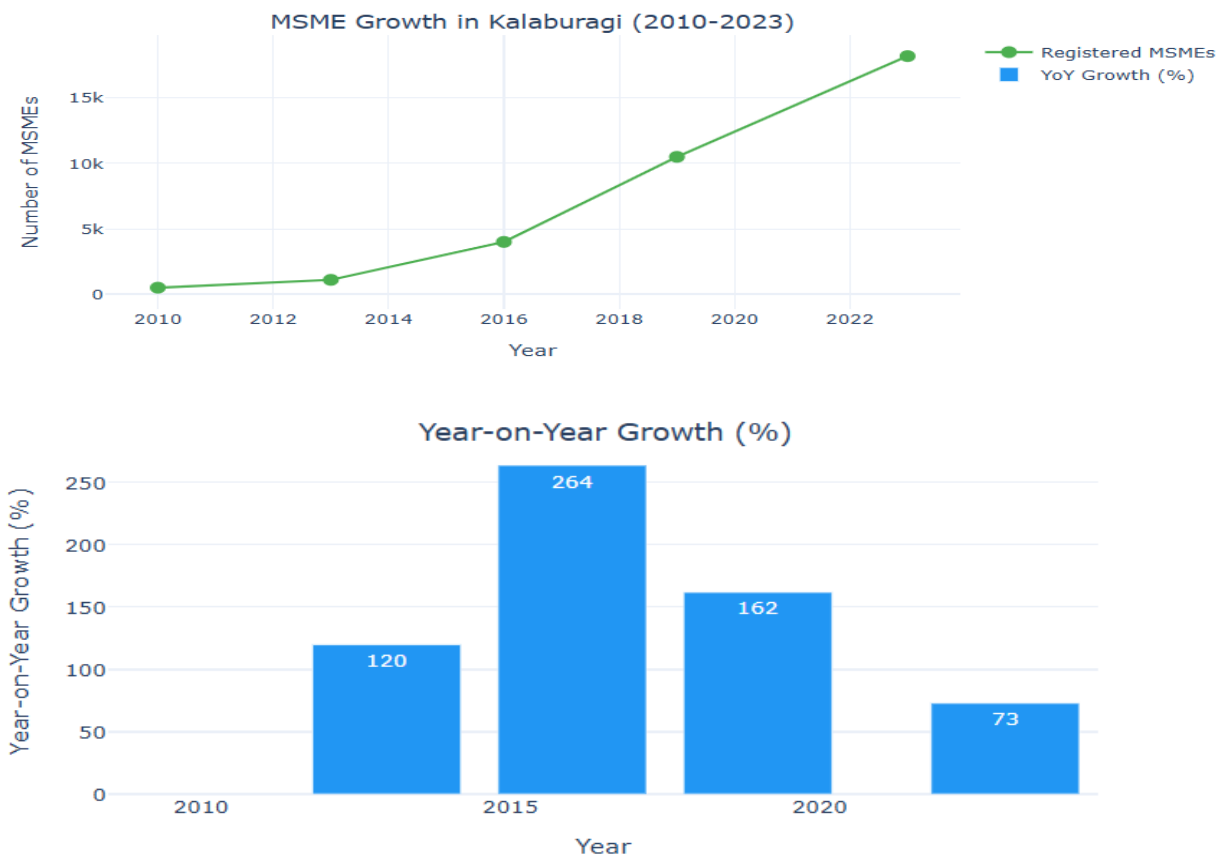
6.2 Impact on business growth in Kalaburagi

Table 1: MSME Growth in Kalaburagi (2010–2023)

Year	Number of Registered MSMEs	% Growth (YoY)	Major Sectors Registered
2010	500	—	Agro, Textile
2013	1,100	+120%	Agro, Retail, Services
2016	4,000	+264%	Food Processing, Construction
2019	10,500	+162%	Healthcare, Manufacturing
2023	18,200	+73%	IT services, Agro-Tech

Source: DIC Kalaburagi, Udyam Registration Portal

Impact of Article 371(J) on MSME Growth in Kalaburagi



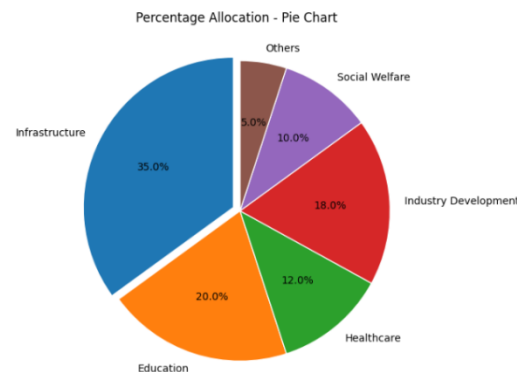
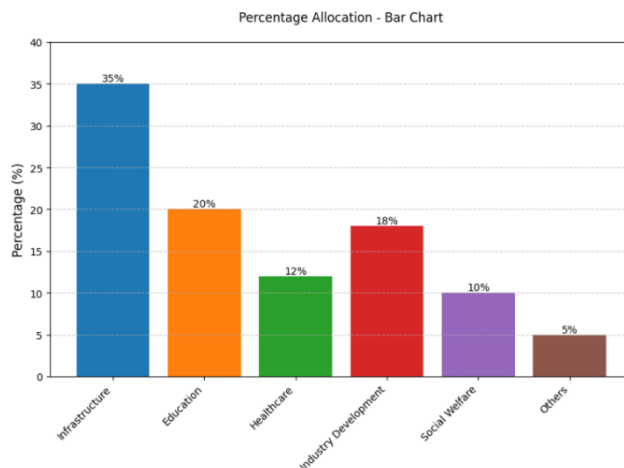
The number of registered MSMEs in Kalaburagi grew significantly from 500 in 2010 to 18,200 in 2023, showing a steady and accelerated rise, especially after the implementation of Article 371(J) in 2013. The most quickly growth arised between 2013 and 2019, supported by improved infrastructure, government subsidies, and reservation policies for locals.

6.3 Allocation of KKRDB Funds by Sector (2020–2024)

Table 2: Allocation of KKRDB Funds

S.NO	Sector	Approx. % Allocation
1	Infrastructure (Roads, Power, Water)	35%
2	Education (Schools, Skill Institutes)	20%
3	Healthcare	12%
4	Industry Development (KIADB, Estates)	18%
5	Social Welfare & Women Development	10%
6	Others (Admin, Culture, etc.)	5%

Source: KKRDB Annual Reports (2020–2024)
KKRDB Funds Allocation by Sector (2020-2024)



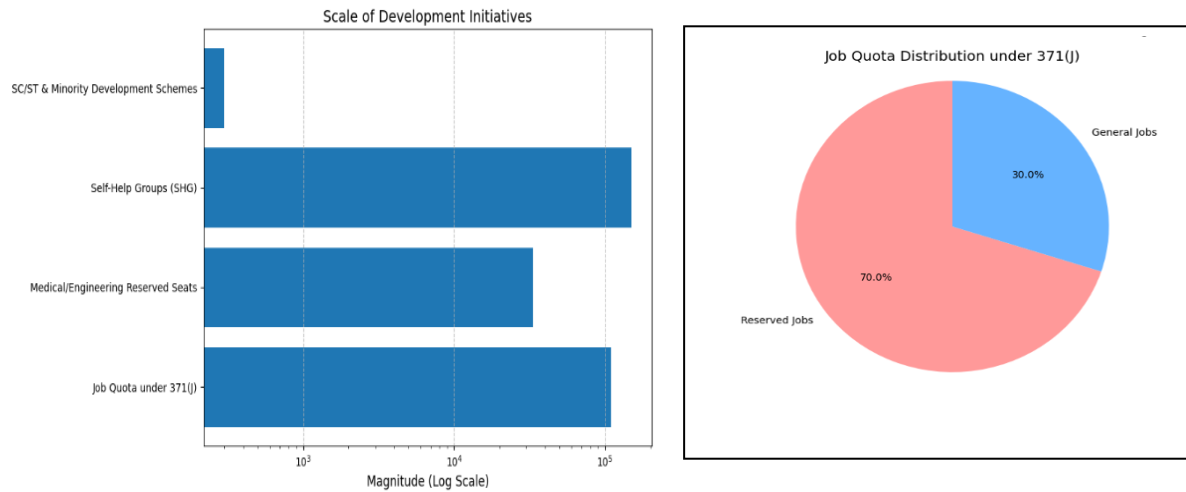
Article 371(J), through KKRDB’s financial planning, has contributed positively to laying the foundation for consistent business development in Kalaburagi. Between 2020 and 2024, the Kalyana Karnataka Region Development Board (KKRDB) allocated funds primarily to infrastructure (35%), followed by education (20%), industry development (18%), and healthcare (12%). This shows a clear focus on building a business-enabling environment through improved connectivity, skilled workforce development, and industrial expansion.

6.4 Socio-Economic Indicators under Article 371(J) Kalaburagi District

Sl.No	Initiative	Quantitative Data
1	Job Quota under 371(J)	70% reservation for locals (110,000+ jobs)
2	Medical/Engineering Reserved Seats	33,300+ seats
3	Self-Help Groups (SHG)	1.5 lakh+ women enrolled
4	SC/ST & Minority Development Schemes	₹300+ crore disbursed (2022–23)

Source: Data sourced from official websites and reports of KKRDB, Karnataka Gazette, NRLM (<https://aajeevika.gov.in>), and respective District Collectorate portals (2022–23).

The above table highlights the significant impact of Article 371(J) in driving inclusive growth in the Kalyana Karnataka region. With 70% job reservation resulting in 110,000+ local public sector jobs, and 33,300+ reserved seats in medical and engineering fields, the policy has expanded employment and educational opportunities for locals. The enrollment of over 1.5 lakh women in SHGs reflects growing female participation in income-generating activities, while the ₹300+ crore disbursed under SC/ST and Minority Schemes (2022–23) underscores targeted financial support for marginalized groups. These figures collectively affirm the region’s socio-economic up-liftment through focused implementation of Article 371(J).



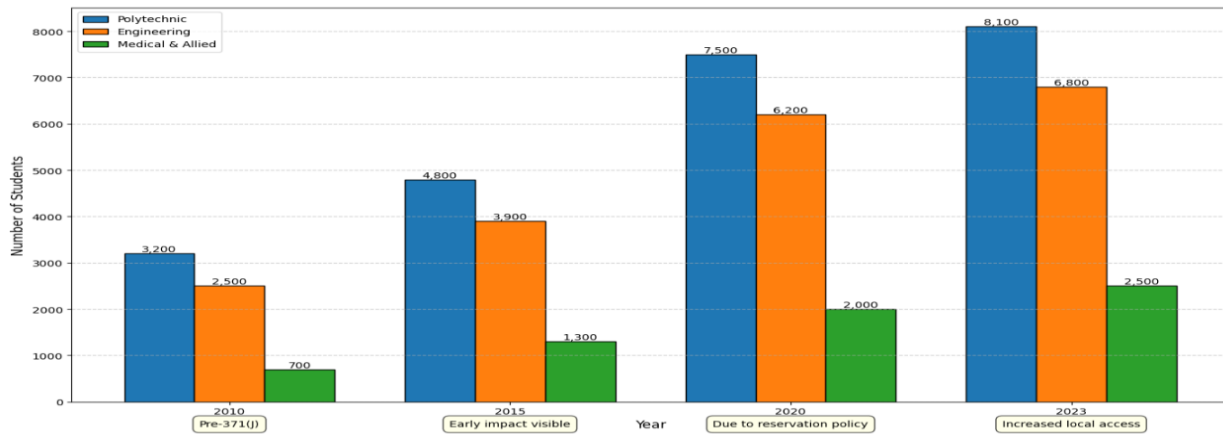
6.5 Enrollment in Technical Institutions before and After Article 371(J)

Table 3: Enrollment in Technical Institutions before and After Article 371(J)

Year	Polytechnic Enrollment	Engineering Enrollment	Medical & Allied Courses	Remarks
2010	3,200	2,500	700	Pre-371(J)
2015	4,800	3,900	1,300	Early impact visible
2020	7,500	6,200	2,000	Due to reservation policy
2023	8,100	6,800	2,500	Increased local access

Source: Dept. of Technical Education, VTU Regional Centre

Graph Showing Professional course enrollment (2010 to 2023)



From the above table and graph shows that between 2010 and 2023, enrollment in polytechnic, engineering, and medical & allied courses in Kalaburagi saw a significant rise. This growth aligns with the implementation of Article 371(J), which provided reservation benefits and improved access to education for local students. Engineering enrollment grew by 172%, Medical courses by 257%, and Polytechnic by 153%.

6.6 Migration Trends (Inward vs. Outward) – 2010 vs. 2023

Table No 4 Migration Trends (Inward vs. Outward) – 2010 vs. 2023

Year	In-Migration (Professionals & Workers)	Out-Migration (Job Seekers)
2010	1,200	8,500
2015	2,000	6,800
2020	3,500	5,100
2023	4,800	3,900

Source: Karnataka Labour & Migration Survey, NSSO, 2023



From the above and table and graph it shows that between 2010 to 2023, in-migration in Kalaburagi increased fourfold, while out-migration reduced by over 50%. This shift reflects the positive impact of Article 371(J), which improved local employment opportunities through job reservations and industrial growth. As a result, fewer residents are leaving for jobs elsewhere, and more professionals are moving into the district. This trend indicates growing economic confidence and Kalaburagi’s emergence as a regional employment and business hub.

KEY FINDINGS

- 1) Over time, MSMEs diversified from agro and textile-based industries into food processing, healthcare, IT services, and agro-tech. This reflects not only policy impact but also the gradual development of an entrepreneurial ecosystem in the region. While growth is promising, further support is needed for rural penetration, skill development, and business sustainability.
- 2) These increases reflect the positive impact of reservation policies and government support under Article 371(J), leading to a more skilled and locally employable workforce. The trend indicates that the policy is effectively contributing to human capital development, which in turn supports sustainable business and economic growth in the Kalaburagi region.
- 3) The rise in enrollments across Polytechnic, Engineering, and medical courses in Kalaburagi post-2013 demonstrates that Article 371(J) has had a positive and measurable impact on educational access for locals. This has laid a strong foundation to aid in the formation of a skilled workforce, which is essential for sustaining and accelerating business growth in the region.
- 4) The decline in out-migration and rise in in-migration from 2010 to 2023 clearly demonstrate the positive impact of Article 371(J) on employment generation and economic attractiveness in Kalaburagi. The policy has helped reverse the trend of job-driven migration, signaling that the region is gradually transforming into a business and employment hub.
- 5) In-migration growth implies that businesses in Kalaburagi are now able to attract skilled talent, which improves productivity and innovation.
- 6) Reduced out-migration helps retain local talent, decreasing brain drain and increasing the region’s entrepreneurial potential.
- 7) These migration patterns reflect improved quality of life, education access, and economic confidence in the district.

7. CONCLUSION

The current research set out to review the effect of Article 371(J) on business growth in Kalaburagi, a historically underdeveloped district in Karnataka’s Kalyana Karnataka region. Enacted through the 98th Constitutional Amendment, Article 371(J) aimed to address regional disparities through preferential policies in education, employment, and resource allocation.

The analysis indicates that the implementation of Article 371(J) has brought about positive structural changes in Kalaburagi's business environment. Key findings from the study show a substantial rise in MSME registrations, improved infrastructure development, and increased public investment, all of which have created a more conducive ecosystem for local enterprises. The establishment of industrial estates, better road connectivity, and power availability have further strengthened the region's industrial base.

In the sphere of education and skill development, enrollment in technical and professional courses has increased significantly post-implementation, especially among local students benefiting from reservation policies. This, in turn, has supported local industries by supplying a growing base of skilled human capital.

The study also reveals a notable shift in migration patterns, with a marked decline in outward migration and a corresponding rise in in-migration of professionals and workers. This shift is indicative of improved employment prospects and enhanced economic opportunities within the district, making Kalaburagi a more attractive destination for both businesses and the workforce.

While progress is evident, several challenges remain. Issues such as limited awareness among small and rural entrepreneurs, underutilization of policy benefits, and skill mismatches still pose barriers to inclusive growth. Moreover, private sector participation and innovation-driven entrepreneurship need greater policy support to fully harness the potential created by Article 371(J).

In conclusion, Article 371(J) has emerged as a transformative policy instrument in driving business development in Kalaburagi. Its impact is visible in the form of enhanced infrastructure, increased business activity, improved educational access, and reduced migration pressures. With sustained investment, policy clarity, and active stakeholder engagement, Article 371(J) has the potential to serve as a robust model for regional economic development and inclusive growth in India's backward regions.

8. STATEMENTS & DECLARATIONS:

Use of AI Statement

The authors declare that they have not used generative artificial intelligence, specifically ChatGPT in the writing of this manuscript and/or in the creation of images, graphics, tables, or their corresponding captions

Conflict of Interest and Declarations:

Authorship contribution statement: Renuka Guttedar: Carrying the Experimental work, Data curation and writing the original manuscript and original draft. Sharanagoud S Biradar: Supervision and reviewing the manuscript.

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Compliance with Ethical Standards:

Conflict of Interest : The authors state that they don't have any conflict of interest.

Animal and Human Participants: Nil

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