Industrial Development Since Independence

Since Independence, (1947), India has gradually emerged as a moderately industrialized nation. In some fields of manufacturing activity, Indian advancement is really spectacular. It is now considered as one of the leading industrialized country in the world.

Spatially, Indian manufacturing establishments are mal-distributed. Some states are having very high concentration, while other regions are devoid of industries.

It has been observed that regions, situated in the plains, fertile lands, colonial heritage are historically having sound industrial base. Due to the failure of new centres to compete with old traditional centres, almost a status quo is maintained even today.

However, major industrial regions are - (a) The Calcutta Conurbation, (b) The Bombay-Poona Megapolis, (c) The Ahmedabad-Vadodara Region, (d) The Sub-Industrial Region, (e) The Damodar Valley Region, (f) The Capital Region (Adjacent to Delhi metropolitan area.)

Upto the 2nd world war (1939-1945) progress of industrialization in India was significant. The basic industries like textile, jute, iron & steel, cement, paper, leather, light chemicals made considerable progress.

Several measures were taken for the development of existing units & opening up of new ones which include increase of efficiency, removal of obstacles to growth, initiation of fair competition.

Development of industries during 5 year Plan:

1st & 2nd Plan → Spectacular development in Iron & steel industry & high technology based industries, like heavy engineering, electrical and machine tool industries. Sugar & Paper mills were launched. Industries of heavy chemicals & fertilizers were increased.

3rd & Annual Plan → During the early ~~pro~~ periods performance were up to the mark. At the end of the Plan, the performance became dismal. Despite the acute shortage of raw materials, performance of some industries, like aluminium, textile, sugar, jute and automobile were satisfactory.

4th Plan → Mineral exploitation and high-tech polymer-based industries achieved success. Main success was considerable in the creation of sound infra structure for future industrial development.

5th Plan → Sharp price escalation and acute energy crisis marred the success rate. Delay in project implementation was also responsible for the unsatisfactory performance.

6th Plan → Stress was laid down on increased productivity and ~~optimum~~ optimum utilization of installed capacity of the plants. Performance was satisfactory in the case of aluminium, petro-chemicals, automobiles & two wheeler industries.

7th Plan → Emphasis was laid down to create a larger base for modern industries like electronics, computers, petro-chemicals etc. The overall performance was satisfactory.

Industrial development is a very important aspect of any economy. But just after independence, India's industrial sector was in very poor condition.

Despite, cotton & jute textiles were the two main industries, and others were sugar, paper, cement, steel & light ~~consum~~ consumer goods etc.

However, industrial development is very important to create employment; it promotes research and development, leads to modernization and making the economy

self-sufficient. Industrial development boosts agricultural sector, and the service sector. It is also closely related to the development of trade.

But after independence, industrial sector contributed only 11.8% to the national GDP. The output & productivity were very low. There were only two established industries cotton & jute. So, the govt. formed our "industrial policies" accordingly.

- One of the biggest hurdles in industrial development was the lack of capital.
- Private industrialists did not have enough capital to build a new industry.
- So, in 1948, it was decided that, state would play the primary role in promoting the industrial sector.
- So, the state would have absolute and complete control over all industries, that were vital to the economy & the needs of the public.
- Coal, petroleum, aviation, steel, etc. were all reserved exclusively for the State
- The public enterprises thus had a monopoly over the markets for ~~many~~ many years.
- During the 2nd 5yr. Plan, the industrial policy resolution came into action.
- The state maintained control over these industries via licenses and permits.
- The aim behind such an industrial policy was to keep a check on the quality of the products.
- It was also an important tool to promote regional equality, i.e. make sure, industries were developed in economically backward areas.
- In 1955, a special committee, known as the "Karve Committee" advised the promotion of small-scale industries for the purpose of rural development.

① It was believed that, since small-scale industries ~~[for the purpose of small development]~~ are more labour intensive, they would create more employment.

② However, these small scale industries cannot match up to large scale industries.

③ The small & medium scale industries got financial aid in form of loans & tax and duty breaks.

④ To develop the industries, the govt. formed appropriate industrial policies.

⑤ The development of most of these industries fell to the public sector, like rail industry.

⑥ So, the govt. decided to focus on the "capital goods industry" for the development of our industrial sector. ("capital goods" are goods, used in the production of other goods, e.g. mining, printing, machineries & equipment)

The weakness in India's industrial development.

The industrial sector was extremely under-developed with very weak infrastructure. The lack of govt. support to the industrial sector was considered as an important cause of underdevelopment.

Still, depending on these weakness progressive activities were carried on, and at present, India has got the stable industrial sectors with private & public initiatives rather, to stable the national economy as a whole.