

Industrial Progress and Industrial Development Strategy of India before and after Independence

Just after independence India industrial sector was in a very poor condition, so there needed to be emphasis on industrial development and increasing the variety of industries. And so the government accordingly formed the industrial policies.

More emphasis was given on the industrial sector because it absorbs the surplus labour from the agricultural sector, development of industries increases the employment and income earning opportunities.

Industrialisation in India faced many problems - for eg.

- 1) Poor capital formation
- 2) Political factors
- 3) Lack of infrastructural facilities
- 4) Poor performance of the agricultural sector
- 5) Shortage of skilled and efficient personnel.

Industrialisation includes:

- 1) Economic growth
- 2) More efficient utilisation of resources
- 3) Modernisation

In fact it is an effort to uplift the economy.

It also includes more efficient division of labour and the use of technological innovations.

Industrialisation in India dates back to the colonial period.

Industrial development plays a vital role

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in the Indian Economy because they can solve the problem of general poverty, unemployment, backwardness, low productivity and low standard of living etc.

The Indian govt. had undertaken reforms since 1980 but the most radical reforms have occurred since 1991. These reforms mainly aimed at enhancing the efficiency and International competitiveness in Indian Industry.

Here we focus on the industrial development in the pre-reform and post-reform period.

Rapid industrial growth is the major objective of Planning in India.

Post-independence period emphasized industrialisation as a very important instrument for sustained growth. Industrial development is necessary for rapid economic growth, to provide for the basic needs of population to lead to an increasingly diversified economy and to give institutional changes.

Before 1980 it was thought that the key strategy for development was to focus on large and heavy industries. The strategy also involved import substitution, rigid price control, and severe restrictions on private initiative.

Around 1980 there was a considerable gloom about the immediate prospects of growth. Lack of investment was the principle reason for relative stagnation since the 1960s.

The disappointing performance of the

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Industrial sector led to implementation of some reforms such as "reducing the barriers to entry and expansion, providing easier access to better technology. There were some additional reforms from 1980 onwards.

In 1980 many industries like automobile industry, cement, cotton spinning, food processing witnessed modernisation and expansion of the scales of production.

Industrial export growth increased in the later half of 1980s.

The Indian govt. undertook reform from 1980 but the most radical reform has been undertaken from 1991 after the severe economic crisis in (1990-91). The rupee was depreciated in order to boost up exports. Import licensing restrictions were also lifted. Foreign investment was liberalised or abolished. MRTP Act (Monopolies and Restricted trade practices) deregulated.

The main cause of unsatisfactory industrial performance in the post reform period up to 2000-01 were exposure to external competition, slow down in investment, infrastructural constraints, like power, transport bottlenecks etc. There was lack of consumer's demand which led to the downfall of the industrial growth. There was lower agricultural growth,

There was fall in equity and real estates markets also hampered the urban consumers.

The industrial production was 2.7% in 2001-02 to 5.7% in 2002-03 and 7.0% in 2003-04.

8.4% in 2004-05 8.2% in 2005-06 and 11.6% in 2006-07. But in 2007-08 it slowed down.

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conclusion - It clearly indicates that the average annual growth rate of India industry has declined in the post reform period as compared to pre-reform period. It may be concluded that although the industrial sector has grown after independence, the rate is below expectations.