INDUSTRIAL STRUCTURE AND ECONOMIC GROWTH OF INDIA SINCE POST INDEPENDENCE

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ABSTRACT

During the 1947 time of independence Indian industrial structure of India was facing lots of problems, specially Micro-Small-Medium industries as well as Village and Cottage Industries. There were various reasons like lack of finance, power supply, raw material, problem of marketing and technological support, lack of expertise. Government has taken initiative and started ecosystem for industries and started industrial revaluation through setup Industrial Revaluation Policy, various supportive acts, constructed committees and considered various recommendations to uplift the socio-economic and technological growth, establishment of various boards, financial institution for financial, technological, export, raw material and marketing support. In last 50-60 years these ecosystems have given to our country various large industries like Steel, Sugar, Fertilizer, Cotton and Silk, Textiles, Jute, Cement and with position across the world between rank of top five and huge employment. And no doubt Indian industries contributing major role in Economic growth of India.


1. INTRODUCTION

Since independence various industries established, support for financial, expertise, export, row material and policies and recommendation by various committee made. Those are various MSME (Micro, Small and Medium enterprises) SSIs, Ancillary Industries, Cottage and Handloom Industries development, Cotton and Synthetic, Textile, Jute, Sugar, Cement, Fertilizer, Automotive, Silk, Gems and Jewelry, Chemical Industries. During the various Five year plan by Government of India has established various industries like Rourkela Integrated Steel Plant, Steel Authority of India (SAIL) Crude Oil Plant, as well as various Service sector and Financial support bank, Nigam like LIC, GIC, SIDBI, UTI, SIDC, ICICI bank, IDBI, NABARAD, NSIC, NHB etc. Not only has this India become best destination for foreign Direct Investment (FDI), And always in the position of almost top five ranks globally.

Industrial structure

India’s industrial structure is highly refined and ecosystem has been given by various governments. After independence it has been categorized to provide better support to various sectors which support each other to strength in various term of financial, expertise, export and globally position. An Indian industry has been divided in three broad categories:

I. Primary Industries

These types of industries connected with extraction and production of natural resources and production and development of living organism are
**Extractives** – Mining, Farming lumbering, fishing and hunting operations.

**Genetic** – Poultry farms, Cattle breeding, seeds and nursery Companies.

**II. Secondary Industries**

Secondary industries is connected with material already extracted. This type of industries produce goods for final consumption or further processing by other industries, e.g., extract iron further proceed into steel. These industries further categories in 3 types-

1. **Manufacturing Industries**- On the basis of operation industries may be synthetic, analytical processing or assembling.

2. **Construction Industries**- Industries involved in the construction of buildings, bridges, road, dams, as well as tunnels and canals.

3. **Tertiary Industries**- Connected with providing support to services to primary and secondary industries. These are transport, insurance, banking, communication, warehouses, packaging and advertising.

**Medium and Small-Scale Industry**

Every country has its own parameter to define small scale sector in India has been defined as per investment parameter for Micro, Small, medium enterprises for Manufacturer and Service sectors.

1. **Manufacturing industry:**

   Micro Companies: Have investment up to Rs. 25 Lakhs  
   Small Scale Companies: Have investment more than Rs. 25 Lakhs but less than Rs. 5 Crore  
   Medium Scale Companies: Have investment more than Rs. 5 Crore but less than Rs. 10 Crore.

2. **Service industry**

   Micro Companies: Have investment up to Rs. 10 Lakhs  
   Small Scale Companies: Have investment more than Rs. 10 Lakhs but less than Rs. 2 Crore  
   Medium Scale Companies: Have investment more than Rs. 2 Crore but less than Rs. 5 Crore.

Most of development countries like India Small-Scale Industries constitution important and crucial segment for the industrial sector, due to these reasons- resource utilization, employment creation, labor intensive and larger organization, low initial capital investment and entrepreneurship development and balanced regional development.

**2. TRADITIONAL SMALL SCALE INDUSTRIES**

Traditional small scale industries are situated in villages called village industries which located in rural areas for producing goods and any other services with or without use of power supply with investment f per head /artisan or worker does not exceed 15000 and the area of population below rupees 10000.

Cottage industries are also a rural and traditional industries, they are using production of goods using indigenous technology, available labor are use family and locally available talent, with simple use of equipment and in their own premises.

**2.1 Problem with MSMEs, Industrial silencing**
There are various problems facing micro, small scale and cottage industries along with various issues with medium industries. Problems include raw material in quality and adequate manner and getting at a very high price, power supply issues, the problem of security free loan, using old methods which produce poor quality of production due to lack of finance marketing support which is poor. Due to such issues industries mainly micro and small have to produce maximum artistic goods which demand is limited.

3. FINANCIAL MEASURES AND VARIOUS RECOMMENDATIONS

Due to various issues with these type sectors, the government has taken various major corrective actions with recommendation by committees and established financial institutions for support these sectors and in financially and technically, marketing, copyright and intelectual property rights. In 1986 established Small Industries Development Fund (SIDF) for lending to SSIs, development, expansion, modernization, rehabilitation of SSIs. In 1954 Small Scale Industries Development Organization (SIDO) for providing technical, economic and marketing assistance. In 1982 Council for Advancement of Rural Technology for technical assistance to rural industries. Technical Development and Modernization Fund (TDMF) set-up for technological upgradation and modernization of export-oriented units. As recommendation by Abid Husain committee report in January, 1997 suggested various measures to provide the small scale industries to adequate supply of credit, service, technology assistance, infrastructure and low transaction cost etc. Government has to provide annual support of to the tune of, Rs. 500 Crore over the next 5 years. The ceiling of 24% on equity participation by large companies and FDI be removed. Commercial Banks have to reserve 70% quota of lending to tiny sector. Meera Seth committee has recommended for handloom sectors in 1997 to be establishment of national handloom fund of Rs. 500 crore. Rural and women entrepreneurship, Development for support entrepreneur initiative of rural people and women. Scheme of Fund Regeneration of Traditional Industries set-up in 2005 to make traditional industries more productive and competitive and to facilitate their sustainable development with fund of Rs. 100 crore.

3.1 Industrial Policy, Industrial Policy Act. 1948, Resolution of IPR, 1956

In April, 1948 during late Sri Shyama Prasad Mukherji the industrial minister the first industrial policy was announced with salient features to development of mix economy, various state programs to development of industries, promotion of small-scale and cottage industries, allowance of foreign investment with control vested in Indians.

Indian Policy Regulation, 1956 was the most comprehensive industrial policy which was formulated in the backdrop of adoption of constitution and socio-economic goals. The Salient features of IPR1956, monopoly of the state 17 industries were included to be exclusive responsibility of the state (Schedule A). Under mixed sector 12 industries were placed in the sector of public and private enterprises (Schedule B). In (schedule C) Private sector’s all the remaining industries were left open for private initiative. All these three categories emphasis on setting up industries, finance, support to small-scale and cottage industries, Welcome to foreign capital with effective control in Indian hands.

3.2 Industrial Finance Initiative in India

The needs for industrial finance government have established various institutions for short-term, medium-term, or long-term finance. These are Banks which nationalized Banks, Private sector banks, foreign banks. Industrial Financial Corporation (IFCI) was established in 1948 to balanced regional development and encouragement of new entrepreneur. Industrial Development Bank of India (IDBI) established in 1964 for coordination the activities of other financial institutions including commercial banks. Unit Trust of India (UTI) in 1963 for mobiles saving community and channelized them into productive ventures. National Bank for Agriculture and Rural Development (NABARAD) was setup in 1982 to support small cottage and village...
industries and rural artisan using credit and non credit approaches. It also offers training, consultancy and development programmed for rural entrepreneurs. Other has set like National Industries Corporation (NSIC) in 1995 to develop the growth of small business in India. It help in many way, tiny procuring and supplying imported raw material, exporting the products of small business, advisory and technological services, developing software technology parks etc. Small Industries Development Bank of India Act, 1989 it also called Small Industries Development Fund (SIDF) it was apex financial Institution for small enterprises sector. District Industrial Centers (DICs) set-up 1st May, 1978. DICs is the district level which provides all the services and support facilitated to the entrepreneur for setting up small and village industries.

3.3 12th Five year Plan and various Large Scale Industries

India’s strategic objectives for the manufacturing sector in the next 15 years should be to bring about quantitative and qualitative changes through a set of policies and plans- increase manufacturing sector growth to 12-14%, over the medium term market it is engine growth for economy, overall economy will enable manufacturing to contribute at least 25% of GDP by 2025. Increase the rate of job creation in manufacturing to create 100 million additional job by the year 2025. Increase domestic value addition and technological ‘depth’ in manufacturing. Special focus on some sectors of manufacturing, which will be enable the country to rapidly achieve its goal for manufacturing and strengthen the overall manufacturing sector.

3.4 Achievement, Economic Growth and Globally Position

After initiative taken of Government towards financial, technological, marketing Indian Industrial sector grown rapidly and major contribution in Economic Growth in India. Some large scale industries set-ups

Iron and Steel Industry was symbol of strength and portent of the glory of India. The first public owned steel plant was Rourkela Integrated Steel plant was set-up in 1954 with the help of German collaboration. Steel Authority of India (SAIL) was set-up in1974. India is forth largest producer of Crude Steel in the world after China, Japan and the USA in 2010. In 2009, India was rank 3rd. India was largest producer of Sponge Iron since 2002. India is the largest Cotton and synthetic Textile Industry, about 20% of industrial output, provide employment to 20 million person and contributes 33% to total export earnings. The Scheme of Integrated textile Park (SITP) was launched in July,2005. Jute Industry was started in 1885 and India is the largest producer and 2nd largest exporter of Jute in the world. India is the largest Producer of sugar in the world with as 22%, share, It is the 2nd largest agro-based Industry in the country. India is 2nd largest producer of cement in the world. India’s first fertilizer industry was set-up in 1906 in Ranipet near Chennai. And India meet 85% of its requirement through indigenous, production. 3rd largest producer of fertilizer after china and USA. India is second largest manufacturer of motorcycle and 5th largest manufacturer of commercial vehicle in the world.

In Silk industry, India is 2nd largest producer in the world of natural silk at present India produces about 18% silk of the world. In the Gems and Jewellery Industry, India is the largest cutting, polishing center of diamonds in the world, India’s share in this sector is about 80% of world market.

4. CONCLUSIONS

Since Independence India has lots of hurdle in various steps, financial raw material, electricity, marketing, expertise, technology, export etc. Government of India has taken initiative and changes the picture of Micro-Small and medium industries, cottage and village industrial. Not only support of discussed problems has been able to achievement recognition world level. As establishment of large industries like Steel Authority of India, Raurkela steel plan, Cement Industries, Sugarcane, Electricity generation, and export of various commodities like sugar, salt, cement, motor bike, heavy vehicles. And India gains top five positions in various commodities for its quality and producing in consumption and export eg. Top five in Sugar, Milk, Cement, agro base product,
crude steel, motorcycle, commercial vehicles, sponge Iron. Along with these India is able generation large scale employment and targeted in 12th five year plan 100 million jobs by 2025, 25% GDP contribution via manufacturing sectors. No doubt India’s industrial and service sector has achieved drastic changes after independence and it is contributing major role in Indian Economy.

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