

Course– Indian Economy, ECON(H)221

Lecture 31: Industrial Development in India



Topics to be Discussed

- Role of Industrial Development in Economic Development
- Evolution of Industrial Policy in India: Transition from Socialist to Market Oriented Economy
- Historical Review of Industrial Development during Various Five Year Plans



Importance of Industrial Sector in India

- Provide Employment
- Development of tertiary sector, i.e. trade, transport & communication, banking insurance, etc.
- Better utilization of natural resources like minerals, forests, fisheries, etc.
- Development of infrastructure
- Contribution to national defence
- Increase in Income and Saving
- Increasing Economies of Scale
- Increase in Farm Productivity
- Better Utilisation of Raw Materials



Industrial Sector on the Eve of Independence

- Weak Industrial Base
- Low Capital Intensity
- De-industrialisation of the Country
- Limited Role of Public Sector
- Decline of Handicraft Industry
- Iron & Steel and Jute Industries



Strategies for Industrialisation

- State Intervention in Industrial Development.
- Role of Public Sector
- Regulations for Control and Direction of Industrial Sector.
- Industrial Licensing to Regulate Private Sector (IDR act 1951)
- Industrial Policy

Issues of Industrial Development

- Under-utilisation of Capacity
- Irregular Increase in Industrial Production
- Increase in Monopoly Power
- Poor Performance of Public Sector
- Industrial Sickness
- Industrial Disputes
- Poor Quality Production
- Regional Imbalances



Thank you

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