

industrial products, lack of capital, political unrest, transport bottlenecks, and labour strikes. The partition of the country in 1947 gave a severe blow to jute and cotton textiles as the raw material producing areas of jute and good quality cotton went to Pakistan.

As stated above, the Post Second World War period was characterised by industrial turmoil. Production in most of the industries declined. The condition of cotton textiles, cement, paper, iron and steel industries, and consumer goods was worst due to the non-availability of raw material.

After Independence, the Government of India realised the importance of an appropriate industrial policy, which led to the Industrial Policy Resolution, 1948. According to this policy, the concept of mixed economy was introduced in which the state and the private enterprise were allowed to co-exist and co-prosper in the fields demarcated for them. This resolution divided the industries between public and private sectors.

INDUSTRIAL DEVELOPMENT DURING THE FIVE-YEAR PLANS

The real growth and development of the industrial sector in India started during the period of Five-Year Plans.

First Five-Year Plan (1951–56)

The main thrust of the First Five-Year Plan was on agricultural development. Therefore, the emphasis was on increasing capacity of the then existing industries rather than the establishment of new industries. Cotton, woollen and jute textiles, cement, paper, newsprint, power-looms, medicine, paints, sugar, *vanaspathi* (vegetable oil), chemical and engineering goods, and transport equipments showed some progress.

The Second Five-Year Plan (1956–61)

Great emphasis was laid on the establishment of heavy industries during the Second Five-Year Plan. The second industrial policy was announced in 1956. The main thrust of industrial development was on iron and steel, heavy engineering, lignite projects, and fertiliser industries. Moreover, there was emphasis on the expansion of existing steel plants, like Jamshedpur, Kulti-Burnpur, and Bhadravati. Three new iron and steel plants were located at Bhilai, Durgapur, and Rourkela. The Chittaranjan Locomotive Workshop, the Hindustan Ship-building Yard (Vishakhapatnam), the Sindri Fertiliser Factory, and Hindustan Machine Tools Ltd. (HMT) at Bangalore were expanded. Many of the targets, however, could not be achieved because of the war with China in 1962 and the failure of monsoon over greater parts of the country.

The Third Five-Year Plan (1961–66)

There was emphasis on the expansion of basic industries like iron and steel, fossil-fuel, power, and machine building. The Ranch Machine Tool and three more HMT units were established. Machine building, locomotive and railway coach making, ship-building, air-craft manufacturing, chemicals, drugs, and fertiliser industries also made steady progress.

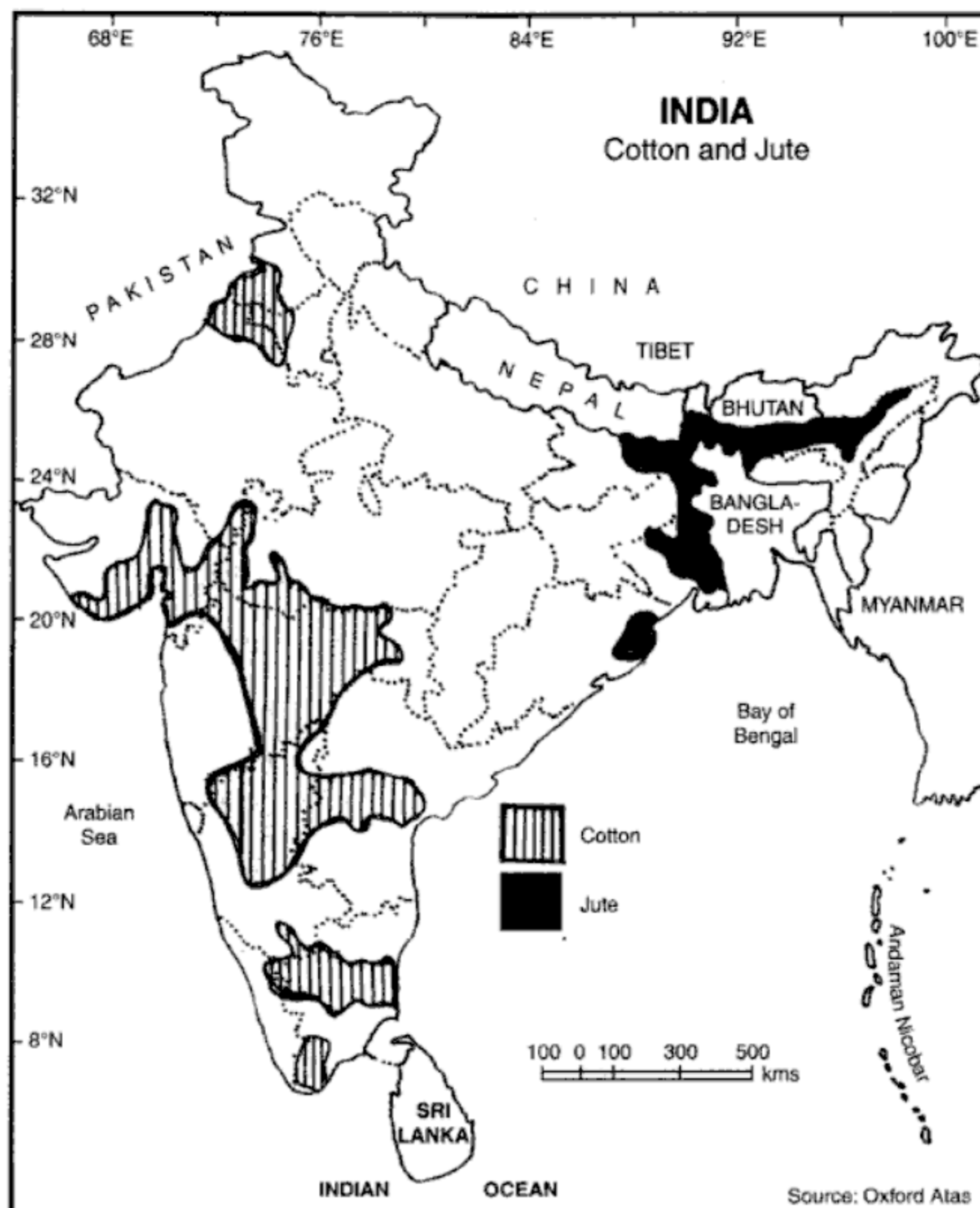


Fig. 11.1 Concentration of Cotton & Jute (2005–06)

Maharashtra

The state of Maharashtra is the largest producer of cotton goods. The locational factors in the high concentration of cotton mills in the state of Maharashtra are:

- (i) *Availability of raw material:* The state of Maharashtra is one of the leading producers of cotton.
- (ii) *Climate:* The city of Mumbai where most of cotton mills are located has a mild climate with enough moisture in the air; so the thread does not break frequently.
- (iii) Mumbai is close to Egypt, Sudan, and east African countries from where the long staple cotton is imported for the production of good quality of cloth.
- (iv) *Labour:* Cheap skilled labour is available in the state.

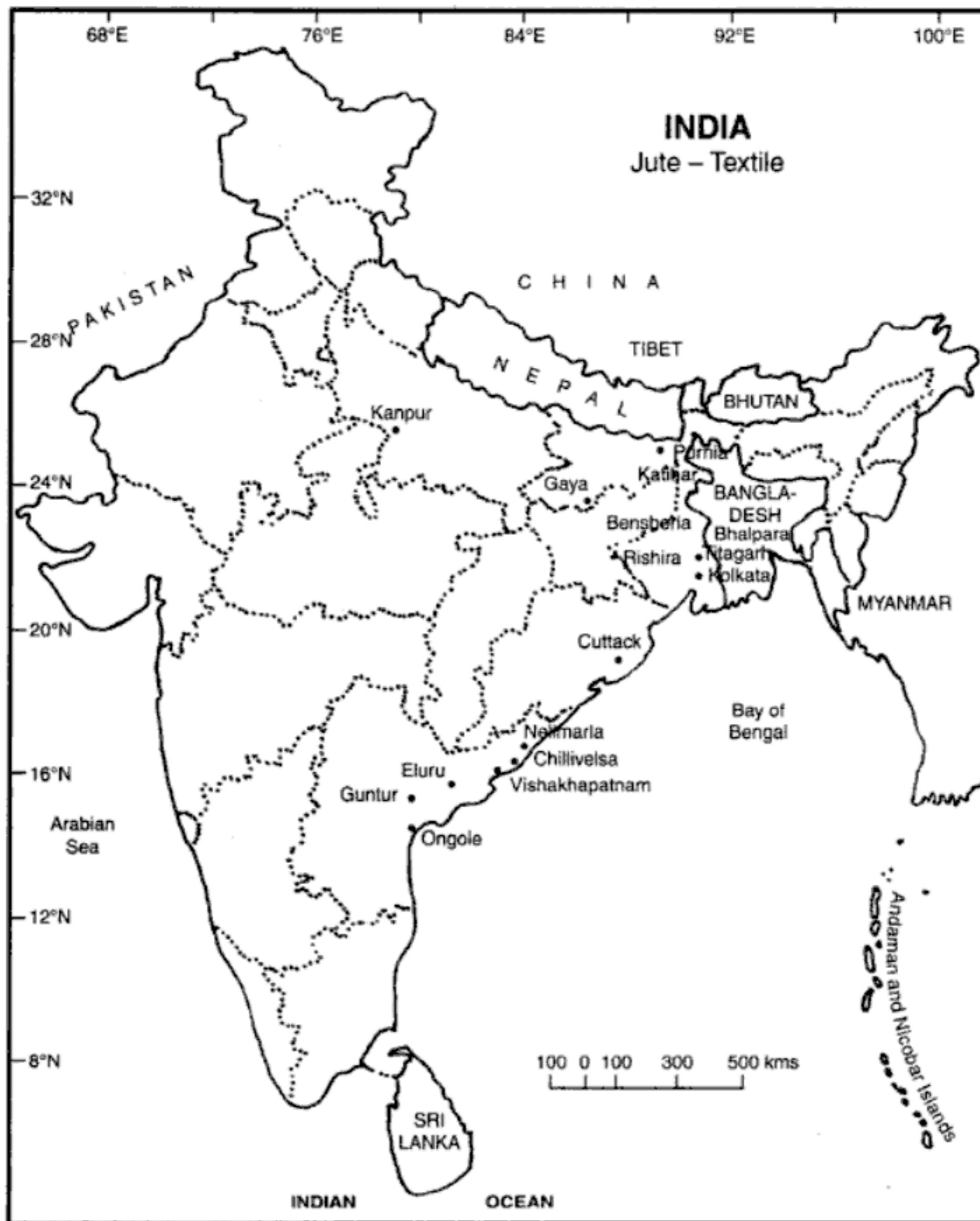


Fig. 11.4 Jute Industrial Centres

1. Shortage of Raw Material

Despite expansion of jute growing area and intensification of its cultivation, India is not self-sufficient in the supply of raw material. To meet the growing need of the industry, raw material is imported from Bangladesh, Brazil, and Philippines.

2. Obsolete Machinery

Most of the machinery in jute mills is more than 25 years old. These machinery are outdated and lead to low production.



Fig. 11.6 Woollen Textile

a household industry in the early stage of its development. The Mughals were very much fond of silk clothes. The cotton goods used to be exported to the countries of south-west Asia and Europe. The first silk mill was, however, located at Haora by the East India Company in 1832. The industry made tremendous progress after Independence.

Distribution

The states of Andhra Pradesh, Assam, Bihar, Jammu and Kashmir, Karnataka, Tamil Nadu, Uttar Pradesh, and West Bengal are the leading producers of silk textile goods. The silk manufacturing centres have been shown in **Fig. 11.7**.

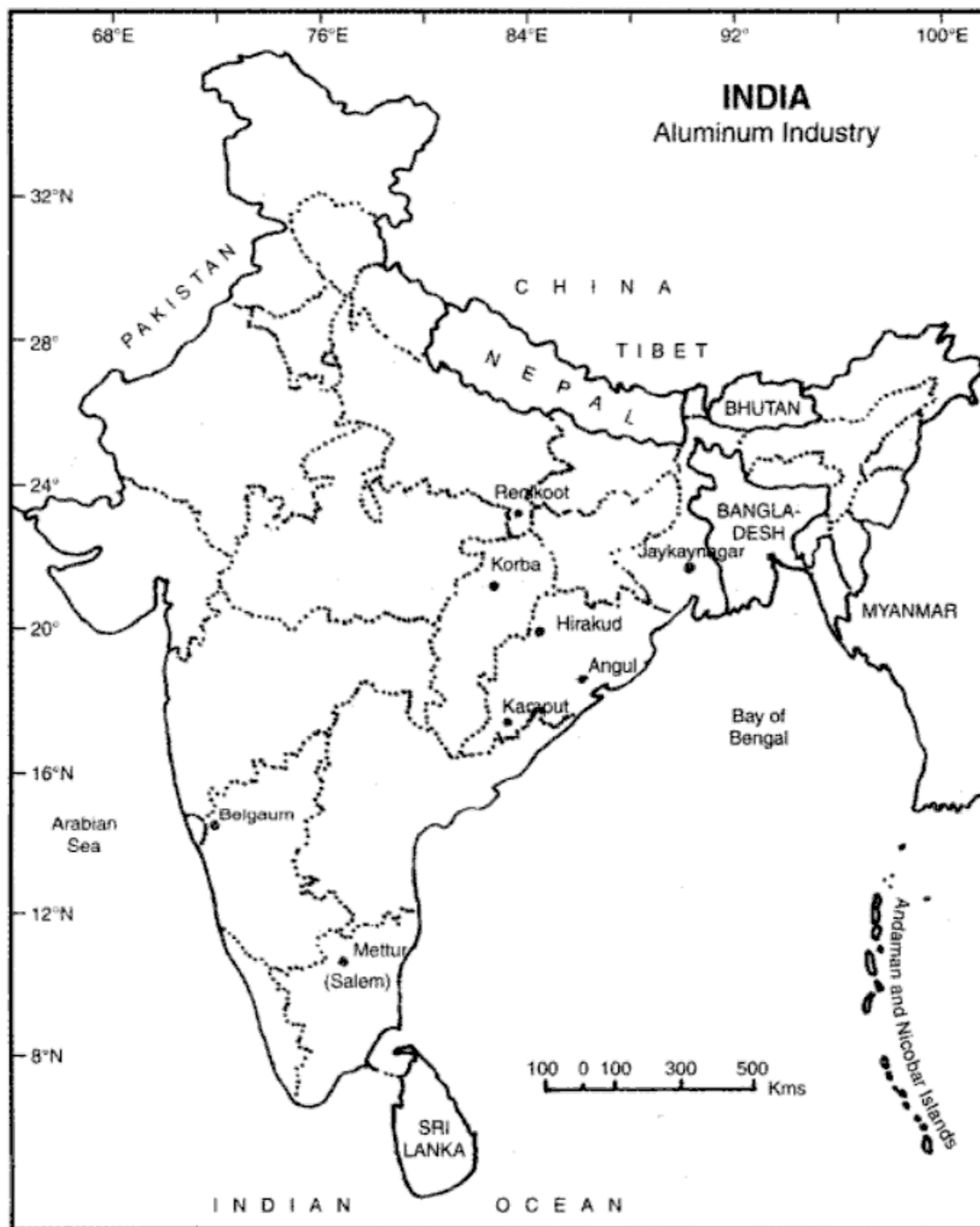


Fig. 11.11 Aluminium Industry

4. The Madras Aluminium Company Ltd. (MALCO), Mettur

This company set up its plant at Mettur near Salem in 1965. It obtains bauxite from the Shevaroy Hills and electricity from the Mettur Hydel Project. Its installed capacity is 25,000 tonnes of aluminium ingots.

5. The Bharat Aluminium Company Ltd. (BALCO), Korba

This is a public sector company which set up its plant at Korba (Bilaspur District, Chhattisgarh) in



Fig. 11.14 Fertiliser Industry

7. The Paradwip Phosphate Limited (PPL)

This was established in 1981. Its first plant was commissioned in 1986 and the second phase of the project was completed in 1992 to produce phosphoric acid and sulphuric acid.

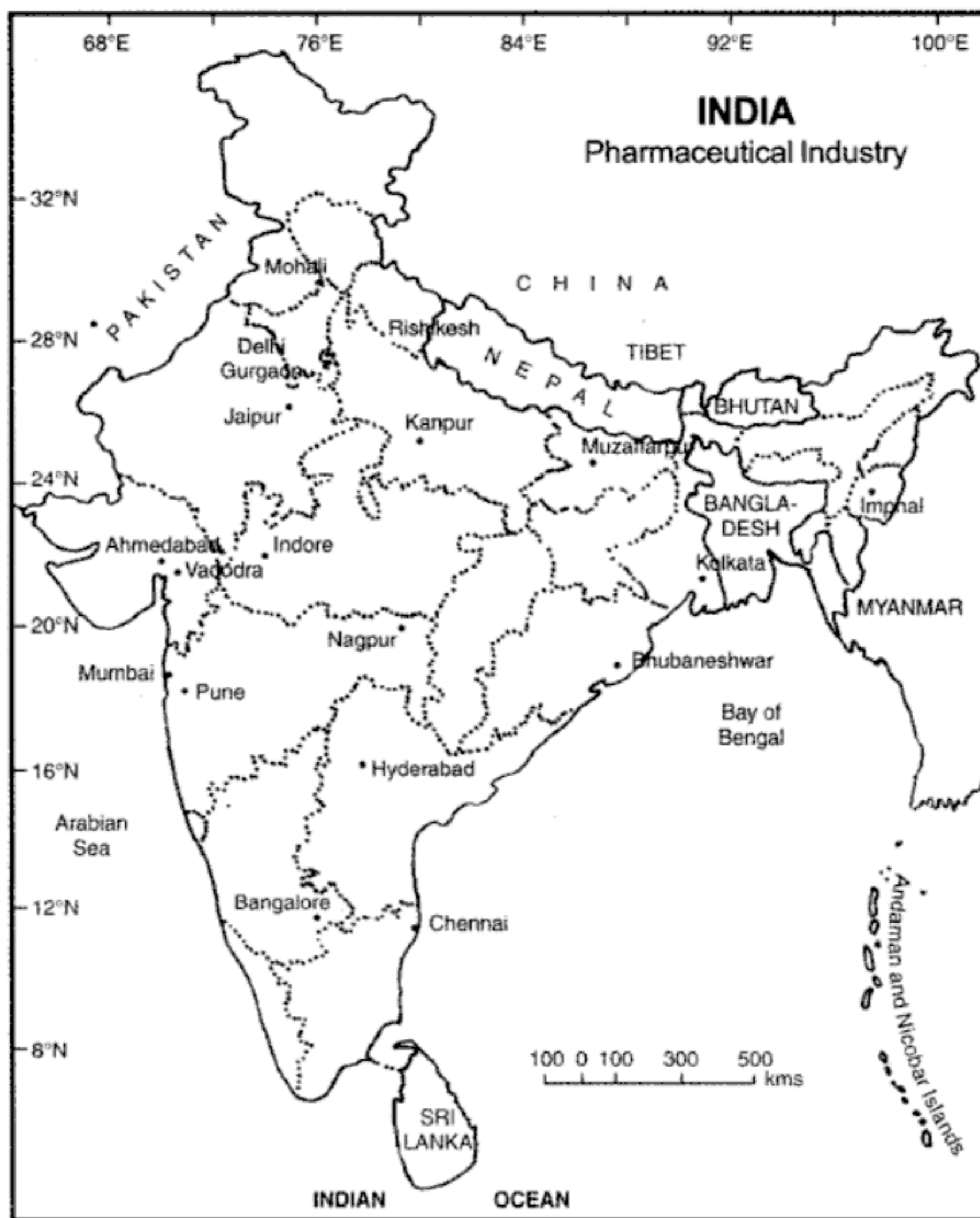


Fig. 11.16 Pharmaceutical Industry

Drug Policy

The salient features of the modified drug policy (1986) as announced on September 15, 1994 are:

1. Abolition of Industrial Licensing for all bulk drugs, their intermediates and formulations there of except five bulk drugs of the public sector.
2. Foreign investment up to 51 per cent will be automatically permitted in the case of bulk drugs, their intermediates and their formulations.
3. Automatic approval for foreign technology agreements shall be given in case of all bulk drugs, their intermediates and formulations, except those produced by the use of recombinant DNA technology.

11. **Investment in Selected Industries:** Most of the foreign investment comes to white-goods and not to wage-good sector. Hence, it may be fruitful in improving the high priority sector and bringing in the latest technology. This will be counter productive.
12. **Economic and Political Freedoms are at Stake:** The over-enthusiasm of liberalisation to attract more investors and foreign exchange might lead to gradual handing over of the whole economy to the multinationals. This will affect adversely our economic and political freedom.
13. **Inflation:** Since the new industrial policy and liberalisations, the rate of inflation is continuously increasing. A section of the society is becoming more rich and adopting the life-style of consumerism. As opposed to this, the absolute number below the poverty line is also increasing. The gulf between the rich and the poor may be the cause of numerous social problems resulting in social tension.

INDUSTRIAL PROBLEMS OF INDIA

India has made tremendous progress during the plan period and the industrial sector and service sectors have made significant progress. Despite industrial progress, India is not self sufficient in the matter of industrial products. Moreover, the quality of the products are not at par with the products of the developed countries. The main problems of the Indian industries have been briefly described here:

1. **Inadequacy of Industrial Structure:** Despite over fifty-five years of planning, India is not self sufficient in the production of transport equipments, electrical and non-electrical machinery, iron and steel, paper, fertilisers, drugs and pharmaceuticals, and plastic materials.
2. **Low Demand of Industrial Products:** The purchasing power and poor standard of living of a greater section of the India population (about 85 per cent) has resulted in low demand of industrial products.
3. **Regional Concentration of Industries:** Most of the industries of India are located in and around Mumbai, Kolkata, Ahmedabad, Delhi, and Chennai. This is leading to unequal industrial development. Most of the industries are in Maharashtra, Gujarat, Karnataka, Andhra Pradesh, West Bengal, and around Delhi. This has not only created regional disparities but encouraged political unrest, violence, and terrorism.
4. **Industrial Sickness:** In the private sector after the policy of liberalisation, the small and medium as well as some of the large industries are becoming sick. The reasons for industrial sickness may be poor management, obsolete technology, and international competition. Many a times, the government takes over the sick industrial units which further worsen the problems.
5. **Loss in Public Sector:** Most of the public undertakings are running at loss. The reasons may be poor efficiency of the management and workers, strained labour and management relations, and obsolete technology. Every year the government has to incur huge expenditure to cover up this loss and to meet the obligations of paying salaries and wages to the employees. To avoid this burden on exchequer, the government is promoting privatisation and disinvestment of shares of public sector undertakings.

6. Adventure Tourism

India has enormous potential for adventure tourism. For example: (i) river rafting and kayaking in Himalayas, (ii) mountain climbing in Himalayas, (iii) rock climbing, (iv) skiing in Gulmarg and Auli, (v) boat racing in Kerala, (vi) paragliding in Maharashtra, etc.

Tourism in India has great relevance to regional economic development. Since Independence, Indian tourism, especially the number of foreign tourists, has grown considerably as given in **Table 11.9**.

Table 11.9 *Foreign Tourists in India*

<i>Year</i>	<i>Number of tourists</i>
1951	16,830
1961	140,000
1971	301,000
1981	1,280,000
1991	1,670,000
2001	2,540,000
2006	2,450,000

It may be observed from **Table 11.9** that in 1951 the total number of foreign tourists was only 16,830 which grew to 2,450,000 in 2006, an increase of more than about 150 times. Most of the foreign tourists who visited India were from West European countries (30%), South Asia (26%), North America (20%), South East Asia (6%), East Asia (5%), West Asia (4%), Africa (4%), Australia (3%), and East-European countries (2%).

Problems of Indian Tourism Industry

The tourism industry in India is confronted with many problems: Some of the problems of the tourist industry are given below:

- (i) Lack of adequate infrastructure (transport, banking, and hotels)
- (ii) Complex visa formalities
- (iii) Multiplicity of taxes
- (iv) Problem of law and order in some of the regions of the country like Jammu and Kashmir, and the states of North East India
- (v) Safety and security of the tourists
- (vi) Inadequacy of qualified tourist guides
- (vii) Absence of participation of the people

Despite all these shortcomings and problems, India has great potential for tourism development. The World Tourism and Travel Council (WTTC) has estimated that India's travel and tourism potential can provide a substantial resource to economy (Rs. 500,000 crores to GDP) by 2010. The World Tourism and Travel Council has suggested the following four-fold plan of action to achieve the potentials of tourism:

- (i) Make travel and tourism a strategic, economic, and employment priority.
- (ii) Move towards open and competitive markets including civil aviation liberalisation.
- (iii) Pursue sustainable development.

1. The Tata

Being one amongst the oldest industrial houses in India this industrial house has iron and steel as well as automobile (heavy) as its traditional areas of interest. But in the coming times it has diversified in a great many areas/sectors such as pharmaceuticals, cement, publishing, power, finance, hotel, insurance, software, refrigeration, air-conditioning, telecommunication, soft drinks, consumer non-durables, etc. After its recent acquisition of the Chorus iron & steel company, it has catapulted on international horizon overnight. Its Tata Consultancy Services, a software development and export company, is the largest software services companies in the country. Its recent foray into the four-wheel segment has been able to make a historic news around the world with the launching of the \$ 2500 car—the *Nano*.

2. The Birla

The Birlas, though they have gone for divisions, are among the oldest industrial houses in India like the Tatas. Their traditional areas of activities have been textile, paper, paraffin, cement, aluminium, and automobiles. In the last few decades, they have diversified in other areas too such as machine tools, pharmaceuticals, telecommunications, consumer durables and non-durables, etc.

3. The Singhanian

Among the oldest industrial houses of India, this has business interests in the areas of textile, pharmaceuticals, tyres and tubes, and consumer durables and non-durables.

4. The Goenka

One among the oldest industrial houses of the country, this has business interests in the areas such as power generation and distribution, textile, pharmaceuticals, machine tools, entertainment, etc.

5. The Modi

The Modis have been among the oldest of the industrial houses in the country with their industrial interests in the areas such as textiles, garments, carpets, tyres & tubes, hospitality, pharmaceuticals, etc.

6. The Bajaj

Among the oldest business families of India, they are known around the world for their commendable product the Bajaj Scooter, which is competent enough to fight out the international competition in the segment. Of late, they diversified into the areas of bikes also. Their areas of activity expands to electric and home appliances, entertainment, etc. Recently, they announced their intentions of entering the automobile sector with one of the cheapest cars in the world (after the Tata's Nano).

7. The Sriram

Among the oldest industrial houses of India, the interest of this house runs across a broad spectrum of industries—textiles, garments, fertilisers, electric and home appliances, generator sets, hospitality, pharmaceuticals, etc.