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THE STUDY OF INDUSTRIAL DEVELOPMENT IN INDIA DURING THE PLANNING PERIOD

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ABSTRACT:

At independence, India inherited a weak industrial base, underdeveloped infrastructure, and a stagnant economy. To provide cooperation in industrial development, the government gave some tax exemptions to the industries in the budget of 1948-49 and the Constituent Assembly decided to establish Industrial Finance Corporation. To clarify its policy regarding industrial development, the government passed a resolution related to industrial policy in Parliament in 1948. In 1949, the government explained its foreign capital policy and assured it would not be discriminated against. All these efforts of the Government of India had a good effect on industrial development and the index of industrial production increased. In this research paper, industrial development in India during the planning period has been studied.

KEYWORDS: *Indian Economy, Government of India, Industrial Finance Corporation, Industrial Development, Planning Period, Planning Commission.*

INTRODUCTION

On 9 July 1951, India's first Prime Minister Jawaharlal Nehru presented the first five-year plan in the Parliament. The Five-Year Plan was a formal model of strategies adopted by the Government of India after independence for effective and balanced use of resources. The Planning Commission of India was formed on 15 March 1950 to administer the five-year plans. The main objective of these five-year plans is the proper allocation of resources, increase production, and provided employment opportunities to everyone. So far 13 five-year plans have been implemented in India. Under five-year plans, some schemes are run for 5 years so that the country can develop, and then new schemes are made for the next 5 years. Investment in the country was also increased through the Five-Year Plan. These schemes also pay attention to social justice, poverty alleviation, Pune employment, modernization, etc. So far 13 five-year plans have been implemented in the country. The main objective of these five-year plans is to improve the economic condition of the country and also to improve the lifestyle of the countrymen. Through these schemes, there is also an increase in production, proper allocation of resources, and providing employment opportunities for everyone.

LITERATURE REVIEW:

1) **According to the research of S. L. Shetty (2001)**, the rate of growth in many other important industries between 1965-66 to 1976-77 was very unsatisfactory as compared to the previous five years.

2) **According to Vijay Kelkar and Rajeev Kumar (1990)**, "These growth rates are much higher than the growth rates of 4 percent per annum achieved in the late seventies and eighties of the last century. These rates are higher than the rates obtained in the first and second schemes.
3) **According to Isher Ahluwalia (1991),** between 1980–81 and 1985–86 (that is, in the first half of the 1980s), "the growth of value added in the manufacturing sector and all industry groups in that sector accelerated significantly." Has come." While value added in the manufacturing sector increased by only 4.7 to 5 percent per annum between 1966-67 and 1979-80, the rate of growth reached 7.5 percent per annum in the early 1990s.
4) **According to R. Thamarajakshi (1990),** the rural sector demand for non-agricultural goods increased from 35 percent in 1967-68 to 47 percent in 1983. Apart from this, more industrial machinery is being used in agricultural production.
5) **According to Dilip Swamy (1994),** government expenditure on security and public administration increased substantially in the 1980s. This will be clear from the fact that the real income of the employees employed in these services which were growing at the rate of Rs.500 crores per annum during 1975-80 increased by Rs.1,000 crores during 1982-83. This is such a consumer class in whose demand for consumer durables is of great importance. As a result of this demand, according to Dilip Swamy, consumer durables played an important role in the industrial revival in the 1980s.
6) **According to J. Dennis Rajakumar (2017),** the need to change the base year of IIP from 2004-05 to 2011-12 was therefore felt. Because it became necessary to include many new items and change their weight in the series prepared considering 2004-05 as the base year. Further, in the new categories of National Accounts and Wholesale Price Index, the base year was taken as 2011-12.

RESEARCH METHODOLOGY:

The research paper has depended on secondary data.

OBJECTIVE OF RESEARCH:

1) To study the programs of industrial development during the planning period.
2) To study the trends of industrial production during the plan period.
3) To study the changes in the industrial structure and the problems of industrial development during the planning period.

INDUSTRIAL DEVELOPMENT IN INDIA DURING THE PLANNING PERIOD:

At the time of the beginning of the first five-year plan, the industrial base of India was very limited. Industrial development was mainly confined to consumer goods industries and important industries were cotton textiles, sugar, salt, soap, leather goods, and paper industries. Coal, cement, steel, energy power, non-ferrous metals, chemicals, etc. were also intermediate industries but their production was low as their production capacity was much less than the requirement. As far as the capital goods industry is concerned, only beginnings were made. The First Plan was not particularly important as far as industrial development is concerned. The total expenditure in this plan was Rs 1,960 crore, out of which only Rs 55 crore was kept for the industrial sector, which is only 2.8 percent of the total expenditure. But the important thing is that in the first plan many industries were set up in the public sector and many industries started production. Production growth in the large manufacturing sector was targeted at 7 percent per annum, while the achievement was 6 percent per annum.

Industrialization was given an important place in the priority order under the second five-year plan. In this scheme based on the Mahalanobis model, the government targeted the establishment of basic and capital goods industries on a large scale so that a strong base could be created for industrial development in the future. In the second five-year plan, iron, and steel, non-ferrous metals, coal, cement, heavy chemicals, and other industries of basic importance were given top priority in the programs of the industrial sector. The total expenditure in the second plan was Rs 4,672 crore. Out of this Rs 938 crore was spent on industries. It was 20.1 percent. The target of output growth for the manufacturing sector was set at 10.5 percent per annum, while the achievement was 7.25 percent per annum. As far as the programs of industrial expansion are concerned, the most important achievement was the setting up of three large steel plants in the public sector. India's. To meet the deficiencies in the industrial infrastructure, the public sector started the production of iron and steel, lignite, fertilizers, railway engines and coaches, machine tools, heavy chemicals, shipbuilding, antibiotics, etc. Steps were also taken for the industrial development of backward areas in the second plan. All three steel plants were set up in backward areas.

Where in the second five-year plan the target was set to create the base of industrial development, and in the third five-year plan the target was set to further strengthen this base and expand it further. Emphasis was laid on the further development of basic and capital industries so that industrial development could continue at an uninterrupted pace in the coming plans. The total expenditure in the Third Plan was Rs 8,577 crore, of which the share of the industrial sector was Rs 1,726 crore (20.1 percent). In this plan, top priority was given to those industrial projects which remained incomplete in the second plan period or which had to be postponed for some time due to the foreign exchange crisis. Expansion in production capacity of industries producing heavy engineering and machinery, iron and steel, ferroalloy tools, fertilizers, and petroleum and their allied goods was accorded a second place in terms of priority. The production of basic raw materials such as aluminum, minerals, and chemical elements was given third place in the order of priority. There should be no shortage of items for various users in the country, so attention was also given to the increase in the production of industries related to textiles, sugar, paper, vegetable oil, essential materials for building construction and medicines, etc. Compared to the growth in total industrial production in the Third Plan, it was 30 percent less. But many industries such as aluminum, automobiles, electrical transformers, machine tools, diesel engines, machinery required for the textile industry, ball bearings, roller bearings, etc. have been able to achieve growth rates of more than 15 percent per annum.

The fourth five-year plan was implemented in 1969. The total investment in the scheme was Rs 15,779 crore, of which the share of the industrial sector was Rs 2,846 crore, ie 18.2 per cent. In the Fourth Plan, industrial production grew by only 3.9 percent per annum, against the target of 8-10 percent per annum.

The industrial programs of the Fifth Five-Year Plan were prepared in such a way that the objectives of social justice could be achieved along with self-reliance and growth. The following pattern of investment and production was envisaged. The fast development of core sector industries because these industries have special importance from the point of view of long-term economic development. Therefore, high priority was given to expansion in steel, non-ferrous metals, fertilizers, mineral oils, coal, and machine-building industries. Rapid diversification and development of export-producing industries. Extensive expansion in the production of essential consumer goods like cloth, edible oil, vegetables, sugar, medicines, cycles, etc., and a ban on the production of unnecessary goods. The total expenditure in the Fifth Plan was Rs 39,426 crore, of which the share of the industrial sector was Rs 8,989 crore (22.8 per cent). Industrial growth was targeted at 7 percent per annum, while the achievement was 5.9 percent per annum.

A total expenditure of Rs 1,09,292 crore was made in the Sixth Five Year Plan, in which the share of the industrial sector was Rs 15,002 crore, i.e. 13.7 percent. During the Sixth Plan period, the government announced sweeping changes in industrial policy. Industrial controls were greatly relaxed and industrial policy and import policy were liberalized as compared to earlier. As a result, industrial production started increasing. But due to this some distortions were also created because there was a sharp increase in the production of consumer durables and production of chemicals, petrochemicals, and ancillary industries. These production sectors use a large number of imported goods, thus increasing the import expenditure. In contrast, growth in other production sectors was slow.

In the Seventh Five Year Plan, special importance was given to growth and improvement in productivity. An outlay of Rs 19,663 crore was kept for public sector industrial programs in the Seventh Plan. While the actual expenditure was Rs 25,971 crore, which was 11.9 percent of the total expenditure of Rs 2,18,730 crore in the Seventh Plan. The target of growth in industrial production was set at 8.4 percent per annum while the actual growth rate in the Seventh Plan was 8.5 percent per annum. Thus, the growth in the industrial sector remained in line with the target.

In the Eighth Five Year Plan, the outlay on the industrial sector was kept at Rs 40,588 crore, which was only 9.3 percent of the total outlay of Rs 4,34,100 crore. The main reason for reducing the public sector outlay for industrial programs was because of the new industrial policy adopted in 1991. In the newly liberalized form, more emphasis was placed on the private sector. Especially in those industrial activities which are not related to the security system of the country or which are not important from a strategic or social point of view. In the Eighth Plan, the actual expenditure on industries was Rs 40,623 crore, which was only 8.4 percent of the total expenditure of Rs 4,85,457 crore. In line with the liberalization of industrial policy, the Eighth Plan laid less emphasis on quantitative targets. To achieve the desired growth in various sectors, this plan talked about necessary changes in industrial, trade, and fiscal policies and resorting to changes in taxes and duties, rather than resorting to quantitative restrictions or licensing systems on imports and exports. In the Eighth Plan, a target of 7.3 percent per annum growth was set for the industrial sector, while the achievement was 7.4 percent per annum. Thus the objective was achieved.

An outlay of Rs 65,148 crore was kept for industry and mining in the ninth five-year plan. This total plan outlay was Rs 8,59,200 crore i.e. 7.6 per cent. But the actual expenditure on industry and mining in the Ninth Plan was only Rs 40,408 crore, which is only 5.0 percent of the total expenditure made in the plan. In the Ninth Plan, the target of industrial growth was set at 8.2 percent per annum, whereas the achievement was only 5.0 percent per annum. In the Tenth Five Year Plan, an outlay of Rs 58,939 crore was kept for industry and mining, which was only 3.9 percent of the total plan outlay of Rs 15,25,639 crore. The reason for keeping the outlay on the industry so low is that the government is pulling its hand in the industrial sector and leaving way for the development of the private sector in the new liberalization and privatization environment. The plan set a target of 10 percent industrial growth per year for the industrial sector, while the achievement was 8.2 percent per year.

The total outlay in the Eleventh Five Year Plan (2007-12) has been kept at Rs 36,44,718 crore. In this, the share of the industrial sector (including small and cottage industries) was Rs 1,53,600 crore, which was 4.2 percent of the total plan outlay. In this plan, the actual expenditure on the industrial sector was Rs 1,83,653 crore, i.e. at current prices, which was 5.1 percent of the total plan expenditure. The industrial growth rate in this plan was 6.9 percent per year, while the target was 10 percent per year.

In the Twelfth Five Year Plan (2012-17), the outlay for the industrial sector was kept at Rs 3,77,302 crore, which was Rs 76,68,807 crore i.e. 4.9 percent of the total plan outlay. The target of growth in the industrial sector was set at 10 percent per year, while the achievement was only 3.7 percent per year. The same targets have been kept for the industrial sector in this scheme which is of the 'National Manufacturing Policy' announced on November 4, 2011. It is clear from this that while on the one hand, the liberal fiscal policy helped in creating adequate demand for manufactured goods, on the other hand, liberal industrial and trade policies helped in increasing the supply of goods to meet this demand.

CONCLUSION:

The industrial structure of India at the time of the commencement of the First Five-Year Plan was that of an underdeveloped economy. In the second five-year plan, iron, and steel, non-ferrous metals, coal, cement, heavy chemicals, and other industries of basic importance were given top priority in the programs of the industrial sector. Compared to the first plan, much larger programs of industrialization were started in the second plan. In the third five-year plan, the production of basic raw materials such as aluminum, minerals, and chemical elements was given third place in the order of priority. Several factors were responsible for the slow growth in the Fourth Five Year Plan including lack of demand; Lack of basic raw materials, there was discontent among laborers due to rising prices. During the Sixth Plan, industrial controls were greatly relaxed and industrial policy and import policy were liberalized as compared to earlier. As a result, industrial production started increasing. The main reason for reducing the public sector outlay for industrial programs in the Eighth Five-Year Plan was the newly liberalized form of the New Industrial Policy adopted in 1991, with greater emphasis on the private sector. In the first three plans, important work was done in the direction of creating a strong base for industrial development. The credit for this undoubtedly goes to the massive expansion of investment in the public sector.

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