



INDUSTRIAL DEVELOPMENT DURING PLANNING PERIOD

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Introduction



Before the arrival of Britishers, India was industrially more advanced as compared to the economies of the West European countries. The Britishers systematically destroyed the industrial base of India. As a result, India inherited a weak industrial base.

Industrial Development Since Independence:

Since Independence, India is trying to build up a sound industrial base. In post-independence period, India started to develop different types of industries with the help of economic planning. The contribution of the industrial sector to the gross domestic product (GDP) of the country which was 15% in 1950-51 gradually increased to 22.3% in 1970-71 and then to 24.1% in 2005-06. But in spite of all its efforts, India is still considered as an industrially backward country.

Industrial Development During The Five-year Plans




After the introduction of planning in India, the industrial sector of the country started to develop at a considerably higher rate.

On the eve of first plan, the industrial development in India was confined largely to the consumer goods sector. Thus, the industrial structure exhibited the features of an Under-developed economy. Industries manufacturing 'intermediate goods' like coal, cement, steel, power, alcohol, chemicals etc. were also established but their production was small as productive capacity was considerably below the requirements. On the whole, while consumer goods industries were well established, producer goods industries lagged considerably behind.

INDUSTRIAL DEVELOPMENT UNDER FIVE-YEAR PLANS



	OBJECTIVE	ACHIEVEMENT	FAILURE
First Plan (1951-56)	Emphasis of the first plan was on increasing the capacity of the then existing industries rather than establishment of new industries.	The first plan was a great success as the production targets were more than fulfilled. Important projects established during this plan include- Hindustan Machine Tools, Hindustan Antibiotics, Hindustan Cables etc.	The first plan did not envisage any large scale programmes of industrialization. The main thrust of the first five year plan was on agricultural development.
Second Plan (1956-61)	The second plan set out the task of establishing basic and capital goods industries on a large scale.	The second plan successfully achieved the dispersal of industries into the backward areas.	The second plan failed to achieve its target growth rate of 10.5%. The annual growth rate during this plan was 7.25%.

	OBJECTIVE	ACHIEVEMENT	FAILURE 
Third Plan (1961-66)	The third plan tried to obtain an integrated and balanced development of industries so that the growth of the economy in the subsequent plans could become self-sufficient.	The third plan was a realistic and more balanced of the first two plans. The third plan accorded top-most priority on the completion of ongoing projects initiated during the second plan.	The third plan was a thorough failure because the country suffered from one of the severest famines during this plan. Besides, India had to go through two major conflicts with China and Pakistan.
Fourth Plan (1969-74)	During the Fourth plan, there was much emphasis on the agro-based industries such as sugar, cotton, jute, vanaspati metal based and chemical industries etc.	It was during the fourth plan when much progress was made in alloys, aluminium, automobile-tyres, electric goods, machine tools, tractors and special steel.	During the Fourth plan, the performance of industrial sector was not at all encouraging. The rate of growth of industrial production during this plan was restricted to only 5% as against the target growth rate of 9% per annum.




	OBJECTIVE	ACHIEVEMENT	FAILURE
Fifth Plan (1974-79)	The fifth plan started with its twin objectives of achieving self-reliance and growth with social justice. The main stress of this plan was on rapid growth of steel plants, export oriented articles and goods of mass consumption.	The steel authority of India (SAIL) was constituted during this plan. Moreover, drug manufacturing, oil refining, chemical fertilizers and heavy engineering industries made steady progress.	The fifth set a target of annual growth rate of 8.2% in the industrial sector but the actual average growth rate realised during the plan period (1974-75) to (1977-78) was only 6.0% which was much below the target.



	OBJECTIVE	ACHIEVEMENT	FAILURE
Sixth Plan (1980-85)	The sixth plan finalized its strategy for industrial development in order to achieve structural diversifications, modernization and self-reliance. The main emphasis in this plan was on producing goods to exploit the domestic and international markets.	During this plan, the Indian economy made an all-round progress and most of the targets fixed by the planning commission were realised. The sixth plan noted that the industrial production had increased by about five times during this period.	The new industries had tended to gravitate towards existing centers and the backward areas had remained substantially untouched by planning. During this plan, the annual growth rate of industrial output was merely 6% as against the target of 7.0%.



	OBJECTIVE	ACHIEVEMENT	FAILURE
Seventh Plan (1985-90)	The Seventh plan attempted to accelerate the growth in foodgrains production, increase in employment opportunities and raise productivity. In other words, the focus of the seventh plan was Food, Work and Productivity.	The seventh was a great success because the Indian economy recorded about 8.5% annual growth rate of industrial development as against the target of 5%.	During the seventh plan, the pattern of industrialization in the country has been resulting in concentration of economic power in the hands of few large industrial houses and thus failed to achieve the objective of planning in reducing concentration of wealth and economic power.

	OBJECTIVE	ACHIEVEMENT	FAILURE 
Eighth Plan (1992-97)	The main emphasis of the eighth plan was on the removal of regional imbalances and encouraging the growth of employment in small and tiny sectors.	During the eighth plan the policy of liberalisation was adopted for the investment of foreign multi-national companies	During the eighth plan, the share of the public sector in total investment had declined considerably to about 34 per cent.
Ninth Plan (1997-2002)	The development strategy of ninth plan envisaged an important role for the private sector and for market forces. The main emphasis of the ninth plan was on cement, coal, crude oil, consumer goods, electricity, refinery etc.	The ninth plan put adequate stress on the industrial sector. The govt. undertook some serious measures to make necessary economic reforms in the industrial structure of both the public as well as private sector of the country.	It is observed that although the ninth plan had set a target to achieve annual growth rate of 8.5% in the industrial sector but the achievement remained far below the target envisaged.



	OBJECTIVE	ACHIEVEMENT	FAILURE
Tenth Plan (2002-07)	The development strategy of the tenth plan was to liberalise and privatise and to give more space to the private sector to expand its activities.	During this plan period, steps were taken for removing infrastructural constraints, liberalization of industrial licensing policy and other regulations and also for making provision of incentives for rapid development of key areas.	The tenth plan failed to achieve its target annual growth rate of 10%. The annual growth rate attained in the industrial sector was 8.2%.



	OBJECTIVE	ACHIEVEMENT	FAILURE
Eleventh Plan (2007-12)	During the eleventh plan, target for growth in the industrial sector was kept at 10% per annum. The eleventh plan gave priority to agriculture, irrigation and water resources, education, health, infrastructure and employment.	During this plan, huge investments were made in the public sector in backward states for their industrial development. Various fiscal incentives, capital subsidies and other facilities were introduced for industrial development of backward areas.	Govt. has realised that in recent years although economic growth has accelerated but it has failed to be 'inclusive'. In other words, benefits of growth have not reached all the sections of population particularly small farmers, landless labourers and persons working in unorganised sector have remained beyond the benefits of development



Twelfth Five-Year Plan (2012-17)

- ❖ The Twelfth Plan proposes an outlay of Rs. 3,77,302 crore for the industrial sector which is 4.9% of the total outlay of Rs. 76,69,807 crore.
- ❖ The target for industrial growth has been kept at 10% per annum.
- ❖ The twelfth plan stresses the importance of infrastructure development especially in the power sector and removal of bottlenecks for high growth and inclusiveness.
- ❖ It also sets targets for various economic and social sectors relating to poverty alleviation, infant mortality, job creation etc.

Industrial Growth In India

-Four Distinct Phases



Industrial development during the period of planning can be divided into the following distinct phases:

- ❖ **Phase I** which covered the period of the first three phase (i.e. the period from 1951 to 1965)
- ❖ **Phase II** which covered the period from 1965 to 1980 was marked by industrial deceleration and structural retrogression
- ❖ **Phase III** which covered the period of 1980's (1980-81 to 1990-91) was marked by industrial recovery
- ❖ **Phase IV** covering the post-reform period (i.e. the period 1991-92 onwards)