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AN ANALYSIS OF INDIAN ECONOMY IN CONTEXT INDUSTRIALISATION AND MAKE IN INDIA INITIATIVE SINCE INDEPEDENCE

DR. RUBY KAZMI

Assistant Professor, Department of Economics, Shia P.G. College

ABSTRACT:

Industrialisation means a Phase of social and economic change that transforms a human group from an agrarian society into an industrial One, involving the extensive re-organization of an economy for the purpose of manufacturing. And on the other hand Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. There are 25 sectors which were focused in “Make in India” programme. According to the Census of 2011, about 70 percent of the population lives in the rural area and rest 30 percent lives in the urban area. And the fact that almost 69 percent of the population is engaged in agriculture for their livelihood. In such circumstance if we are thinking of industrialisation and such programmes like Make in India then i think that it is not a right track on which India is on.

The crux of this paper is that India being the agrarian economy should focus on the development of agriculture at grass root level to curb down the element like poverty, unemployment, illiteracy and many more. And after the development of the major population i.e. 70 percent then it should focus on the development of the minor part i.e. 30 percent. This paper focus, firstly, Introduction, that includes the Number of Industrial Revolutions Which Were Implemented since Independence and detailed introduction of “Make in India” programme. Secondly, it focus on the impact of industrialisation and make in India programme on Indian economy, in which it includes the negative impacts on Agriculture. Thirdly it focus on the initiative taken by different governments to uplift the agriculture. Then it shows the effectiveness of these policies on the agriculture. And lastly the conclusion.

Keywords: industrialisation, Make in India, Agriculture, upliftment

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INTRODUCTION

An overview

When we talk of industrialisation then it basically deals with setting up basic, heavy and advance industries in any country. But focusing on the literal meaning of industrialisation, "Industrialisation or industrialisation is the natural time frame of social and economic change that transforms a human group from an agrarian society into an industrial one. It is a part of a wider modernization process, where social change and economic development are closely related with technological innovation, particularly with the development of large-scale energy and metallurgy production." Discussing industrialisation as a whole, it first started in United Kingdom in the 18th century with the commencement of industrial revolution. Industrialisation in Asia began in the late 19th century starting from Japan. Fastest rates of industrialisation occurred in the late 20th century across four countries known as the Asian tiger (Hong Kong, Singapore, South Korea and Taiwan), the reason for rapid industrialisation in these four countries were due to the existence of stable governments and well-structured societies, strategic locations, heavy foreign investments, a low cost skilled and motivated workforce, a competitive exchange rate, and low custom duties.

China started industrialisation roughly in 1960's and India started in late 1940's, while following its development pattern, made adaptations in phases with their own histories and cultures, their major size and importance in the world, and the geo-political ambitions of their governments.

OBJECTIVES OF THE STUDY

- To highlight the major steps taken by the government to uplift the industrial sector and the agriculture sector.
- Highlighting the Response faced by the Indian economy after the implementing the "Make in India" programme.
- Highlighting the Negative impacts of industrialisation and "Make in India" on agriculture sector as well as on environment.

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- Highlighting the fact that investment in agriculture sector had a positive impact on industrial sector- plan wise analysis.
- Highlighting the fact that "if the agriculture sector will be focused with the industrial sector then the growth rate of both sector would be remarkable"

METHODOLOGY AND SOURCE OF DATA

The data of this research paper is based on the secondary data. Secondary data includes exploring into various journals, research papers and presentation done on the Industrialisation and "Make in India" programme and strategies used to increase the growth of GDP and FDI. The data is also collected from various sites related to industrialisation in India and the Make in India.

CONTEXT OF INDIAN ECONOMY

Since independence and till now India is an agrarian economy but just after attaining independence it had started investing in the industrial sector from 1948 and till now it is still investing in industrial sector. Immediate after independence, Prime Minister Pt. Jawaharlal Nehru gave his attention towards restructuring the Indian economy by increasing the role of industrial sector. Prime Minister Nehru firmly believed that "no country can be politically and economically independent unless it is highly industrialized and has developed its resources to the utmost". The list of industrial acts and resolution passed in India after independence in a detailed form:

INDUSTRIAL POLICY RESOLUTION – 1948

This was the first resolution which was passed just after independence. Mr. Nehru was convinced that the state does not have adequate resource to substitute private sector. Private sector as not strong enough to invest in heavy industries and take on risky ventures with long gestation period. IPR of 1948 divided industry into four categories:

i. **Defence and strategic industries:** Reserved for government, e.g. weapons, atomic energy, railway etc.

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ii. **Basic and key industries:** in this category existing private industries continue, but no new private entrant has permitted. Only government was allowed to set up new venture in Telecommunications, coal, ship building etc.
iii. **Private industries:** planning commission will set production target for consumer goods and allocate license.
iv. **Residual:** this category was not clearly defined, but comprised industries not includes in any of the above three categories.

Under IPR 1948, the first plan of 1951-56 was implemented. In the first plan, 46% of the aggregate investment as allotted to the public sector and, Industrial (Development & Regulation) Act-1951 was passed.

INDUSTRIAL POLICY RESOLUTION-1956

This resolution mainly focused on the public sector as compared to IPR-1948. Second plan was implemented under the IPR-1956, which stressed on the heavy sector reflecting the socialistic stance of the government. The 1956 resolution divided industries into the following three categories:

i. **Reserved for government:** There were seventeen industries which were included in this category and were listed in the “Schedule-A” of the appendix of the resolution.
ii. **Mixed sector:** In this category, twelve industries listed in “Schedule-B” of the appendix of the Resolution. In these industries, state would increasingly establish new unit and increase its participation but had allowed the private enterprise to set up units or expand existing units.
iii. **Private sector:** All industries not listed in the above schedule i.e. Schedule A and Schedule B, were included in this category. These industries were open for the private sector to operate.

INDUSTRIAL POLICY RESOLUTION- 1980

Under IPR-1980 several steps were taken to liberalise the Indian economy.

i. **Delicensing:** Govt. delicensed 28 broad categories of industries and about 82 drugs and their formulations.

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ii. **Increase in investment:** Exemption from license was raised from limit Rs.3 crore to Rs. 5 crore.
iii. **Rise in the limit for MRTP companies:** limit raised from Rs. 20 crore to Rs. 100 crore.
iv. **Broad banding of industries:** Broad banding was done to enable the manufacturer to change their product mix rapidly to match changes in demand patterns without incurring procedural delays and other costs. Broad banding was extended to cover 45 broad industry groups.
v. **Enhancement of investment limit for small scale units:** Investment limit was increased from Rs 20 lakh to Rs 35 lakh.

INDUSTRIAL POLICY-1991

The degree of regulation was too much that led to the slowdown of the economics growth and BOP crisis led to initiation of liberalization era after 1991 under the Finance Minister, Dr. Manmohan Singh. The main objective of the industrial policy was to increase the domestic competition and to integrate the Indian economy with the other global economy. The main features are:

i. **Abolition of industrial licensing:** at present there are only 7 items under the purview of industrial licensing (listed in Annexure II of the policy).
ii. **Public sector role diminished:** The number of industries which were reserved for industrial sector were reduced to 4 and these are Atomic energy, railways, Minerals specified by department of atomic energy, Arms and ammunition and allied items of defence equipment.
iii. **MRTP limit scraped:** The firms with the asset value more than Rs.100 crore were classified as MRTP firms, under the MRTP act.
iv. **Abolition of 'phased manufacturing Programmes':** The acts like increasing foreign direct investment and Devaluation of currency lead government to liberalise local content requirement for indigenous firms.
v. **Liberalization of Industrial location policy:** under liberalization there is no need of approval of the central government (except for the industries under compulsory licensing) for establishing units at location not falling within 25 kilometers of the periphery of cities having a population of more than 1 million.

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POLICY REGARDING SICK UNITS

The Board for Industrial and Financial Reconstruction (BIFR) was set up on January 1987 and became functional as of 15 May 1987. As on March 31, 2013, 72 PSEs were registered with BIFR under revival scheme. In the process of restructuring of the sick and loss making enterprise, the government has liberalized the Voluntary Retirement Scheme (VRS) that enable the PSEs to use their excess manpower. Around 5.980 lakh employees opted for the VRS from October 1998 to March 2011.

POLICY FOR 'NAVRATNAS'

Government decided and identified public sector enterprises as Navratnas and decided to give enhanced power to the board of directors of these enterprise to operate in the global market and to be the global players. These firms are BHEL, BPCL, GAIL, HPCL, IOG, IPCL, MTNL, NTPC, ONGC, SAIL and VSNL (1986). Presently as on 30 September 2015 there are 7 Maharatnas, 17 Navratnas and 73 Miniratnas. There are nearly 300 CPSEs in total.

"MAKE IN INDIA" INITIATIVE

An initiative launched by the Government of India to encourage global enterprises and multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister on 25 September 2014. India emerged, after initiation of the programme in 2015, as the top destination globally for foreign direct investment (FDI), surpassing the USA as well as the China. In 2015, India received US$63 billion in FDI.

BACKGROUND

- A workshop organized by the Department of Industrial Policy and Promotion (DIPP). The major objective of make in India was to focus on the job creation and skill enhancement in 25 sectors of the economy. It also aimed at high quality standard and ecofriendly development. This initiative hope to attract capital and technological investment in India. There were 25 major sectors which were included in this campaign and those were Automobiles, Defence manufacturing, Electronic systems, Construction, Electrical Machinery, Information Technology and Business Process Management etc. There was 100% FDI in all sectors except in Space which is 74%, Defence which is 49% and News

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Media which is 26%. The ranking of India in Ease of Doing Business Report by World Bank was 134 in 2015 and it increased to 130 in 2016 out of 190 countries.

RESPONSE

After this make in India campaign the response which was received by the India was from basically from the defence and from the mobile manufacturing MNCs. The outcome of the "Make in India" campaign was:

In January 2015, two mobile phone (**spice group and Samsung**) manufacturing company approached Indian government and proposed to start production in India. In February 2015, **Hitachi, Huawei, Xiaomi** join the "Make in India" campaign. In June 2015, France based company signed a MOU to set up manufacturing plant in India to manufacture drones. In august 2015, on 8 August 2015, **Foxconn** announced an investment of US$5 billion over five years to set up a research and development and hi-tech semiconductor manufacturing facility in Maharashtra. Within a week, **General Motors** had announced that it would invest US$1 billion to begin manufacturing automobiles in the state. **Xiaomi** manufacturing Centre was setup. On 18 August 2015, **Lenovo** announced to manufacture **Motorola** smartphones at a plant in Sriperumbudur near Chennai, run by Singapore-based contract manufacturer **Flextronics International Ltd**. In October 2015, **Boeing** proposed to assemble fighter planes and either apache or chinook defence helicopter in India.

In November 2015, **Taiwan's Wistron Corp** device making company which make device for Blackberry, HTC and Motorola, announced that it would start manufacturing the devices at a new factory in Noida, Uttar Pradesh. On 30 November 2015, the Ministry of Railway ministry signed formal agreements with **Alstom and GE Transport**. In December 2015, **Qualcomm** announced that it will start a programme named as "Design in India" and set up an innovation lab in Bengaluru to provide technical and engineering support. **Micromax** announced investment of 3billion ($ 45 million) and estimated to provide employment to 3000 to 3500 people. Japanese Prime Minister Shinzo Abe's announced that Japan would set up a US$12 billion fund for Make in India related projects called the **"Japan-India Make-in-India Special Finance Facility".** In late December, phone manufacturer **Vivo Mobile** India began manufacturing smartphones at a plant in Greater Noida. And the deal between Prime Minister of India and Russian P.M, for manufacturing multi-role helicopter in India.

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NEGATIVE IMPACTS

INDUSTRIALISATION

Mechanized, heavy and large-scale industries have more affecting negative impacts which adversely affects the environment, society and economy of this country.

- **Decline of cottage industry:** India has been proud and known of her rural cottage industries. The silk produced by the village-weavers had been a source of attraction all over the world. With the introduction of the heavy and mechanized industries the Indian handicraft started facing a heavy competition and the domestic cottage industries were unable to compete with the highly technical machineries. With the advent of heavy mechanical industries began the chapter of the decline of our village cottage industries. As the cost of production of the foreign industries is low due to the large amount of quantity produced and the output produced by the cottage industries were in small and amount and is time consuming that is why the cost of production is high. That is the reason that it could not face competition with the foreign industries.
- **Mass migration from rural areas:** Another attack is that mainly the heavy mechanized and large scale industries are set up in the urban areas due to the ease of doing business, this cause the migration of the rural population into town and cities, thereby making the unemployment problem more acute and complex.
- **Depletion of natural resources:** The main social impact which effected the environment of the economy, due to industrialisation, there is constant depletion of natural resources. Except industrial sector, the other sectors (agriculture and service sector) are termed as the clean sectors. Many industries are powered by thermal power plants that consumes coal. Since, large industries are spread over many acres of land, agricultural lands and forests are often cleared to make available the required land.
- **Pollution:** As it is known that industrial sector is termed as the polluting economy, agriculture sector as clean economy and service sector is termed as cleanest economy. When an industry is set up it comes with all types of pollution with it. Large industries emits many harmful gases into the environment. The introduction of harmful chemicals into air leads to air-pollution. The noises that

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it produces leads to noise-pollution. And the main pollution which is caused by industries is water pollution which have various health impacts on the human beings.

- **Increase in unemployment:** As in industries the Hi-tech machines are used for the production process. So mainly the use of labour is very less in the industrial sector as major works are done by the machines. So the industrial sector is unable to provide employment to the population as this sector is capital intensive in nature.
- **Increase of war-like situation:** Out of the degenerating effects of heavy industries is born contention. In developed nations, most of these Heavy industries are engaged in the production of war materials. With a lot of war weapons in hands, there has been an increase in war-like situation among countries.

MAKE IN INDIA

1. **Negligence of Agriculture:** The most negative impact of the make in India campaign will be on the agriculture sector of India. As this paper is based on this point that implementation of make in India campaign had just neglected the agriculture sector and had not consider the agriculture sector and its 25 sectors. With the introduction of industrial sectors, the agriculture in India will be neglected somewhat.

2. **Constrained production:** one can notice that the make in India campaign is just take for the production of mobile phone, helicopter and other defence equipment. So, one can understand that this initiative is good on the part that the country is developed. And it is not justified on the part of developing and underdeveloped nations.

3. **Depletion of Natural Resources:** Since Make in India is primarily based on manufacturing industries, it demands the set-up of various factories. Usually such projects consume the natural resources such as water, land etc. on a large scale. On one hand the MNCs will increase their revenue from the production and on the other it will use the natural resource and will pollute the

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environment. With the rapid devouring of such precious resources, India might be left with zero opportunity to replenish them, threatening the survival of such a large population in the near future.

4. **Loss for Small Entrepreneurs:** The make in India campaign, welcomes foreign countries to manufacture in India with open arms, this automatically eases up the various restrictions over trade with foreign countries, inviting attention of the international commercial companies. However, these companies will not only seduce the Indian population but also would dominate the small local entrepreneurs and force them out of business.

5. **Disruption of Land:** As stated above, India is very rich in the agriculture sector. About 60% of the Indian soil is arable. With the emphasis being given to the make in India campaign, thousands of companies would come forth to set up their factories on the land which could be used for cultivation. Eventually this set up of manufacturing factories would lead to the permanent disruption of the agrarian land in the near future.

6. **Manufacturing based Economy:** Indian economy is one of the largest economies in the world. It constitutes of three sectors i.e. agriculture, industry and services. Now the Indian economy majors up from the service sector which contributed up to 57% of the GDP. But with the introduction of the make in India campaign the economy is likely to rely completely on the manufacturing and exporting while the import industry will remain static. This eventually will be a huge loss for the other economic sectors and would automatically reduce the advancement of make in India.

7. **Pollution:** One of the biggest problems which is prevailing in India is pollution. According to statistics, India has a pollution index of 76.50. With the make in India movement, this pollution level is likely to arise in a couple of years. Eventually, making the condition in India worse. Hence, Make in India might be economically but it will have an inverse effect ecologically.

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FINDINGS

Taking about the famous theory known as H.O theory (**Heckscher–Ohlin)** developed by Swedish economist Eli Heckscher and Bertil Ohlin (his student) in **1933**. It states that a country will export goods that use its abundant factors intensively, and import goods that use its scarce factors intensively. In the two-factor case, it states: "A capital-abundant country will export the capital-intensive good, while the labor-abundant country will export the labor-intensive good."

To test the Heckscher–Ohlin theory empirically one more theory was developed by **Wassily W. Leontief** in **1953**, Leontief found that the United States—the most capital-abundant country in the world—exported commodities that were more labour-intensive than capital-intensive, in contradiction with Heckscher–Ohlin theory ("H–O theory"). The reason stated by Leontief for the high export of agricultural product by United States (U.S) were:

- The efficiency of labour of U.S.A is three times the efficiency of the foreign labour.
- Huge investment on agriculture.
- Strong agriculture base.
- Technological advancement.
- Abundance of natural resources.

And the interesting fact is that In most developed economies agriculture's share of GDP is less than 1%.(UK = .7%, US = 1.2%, world = 6.1%). US trade surplus in agriculture was about $20 billion in 2014 (about 1/10 of 1% of US GDP.)

Talking of the Indian economy, since independence, it can be noticed that the main focus of the Indian government was mainly on the industrial sector as the policy which was implemented was industrial policy 1948. Now the question arises that India after been ruled for 200 years was India capable of doing such heavy investment in industrial sector?

Despite the focus on industrialisation been laid in India, agriculture remains a dominant sector of the Indian economy as a source of labour force and a main source of employment to millions across the country and plays a vital role in the Indian economy. **Over 70 per cent** of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, accounts

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for one-third of the nation's GDP and is its single largest contributor. The total Share of Agriculture & Allied Sectors (Including agriculture, livestock, and forest and fishery sub sectors) in terms of percentage of GDP is **13.9 percent during 2013-14** at 2004-05 prices. The paper deals with the analysis that there is a high degree of interdependence between agriculture and industrial sector and shows the empirical evidence that for the overall development the focus should be on the major portion i.e. agrarian economy and ultimately it will increase the productivity of the industrial sector. The lower section of the paper deals with the plan wise analysis and shows the priorities taken by the government in each plan. **Starting just after independence the industrial policy which was implemented was industrial policy 1948. Till economics reforms 1991 there were four major industrial policy which took place. The concept of industrialisation was based on the neheruvian principle and Gandhian principle was somewhat neglected. There are the list of five year plans which gave priority to the agriculture sector. Below are the plan wise analysis of the plans which focus on agriculture and industrial sector with their outcomes:**

- **1st five year plan (1951-56):** This plan was based on the Harrod-Domar model and gave priority to agriculture. At the end of the plan the agriculture production increased from 22.2% to 32% of the total outlay. Plan expenditure on agriculture was 48.7% and for industrial sector was 8.7%. Index number of agricultural production for all crops increased from 26 to 117 during the period of 1950-51 to 1955-56. Not only agriculture production but also Industrial production has recorded the increase to the extent of 38 per cent. Therefore, with the increase in the investment on agriculture, this led not only to the increase in the production level of agriculture but also the industrial sector also gave a positive response. This means that if the base of any economy is strong then it will have spread effect all over the economy.

- **2nd five year plan (1956-61)**: In this plan the priority was shifted from agriculture sector to the industrial sector as 2nd industrial resolution was passed. The plan expenditure on industrial sector was increased from 8.7% to 22% .In this plan there was shortage in production which was noticed in agriculture sector. This plan highlights two things, one India was not strong enough to shift its focus from agriculture sector to the industrial sector, and second, that India was not capable enough

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to incur huge investment in industrial sector. **This plan leaves a question for the planners that why India shifted its focus to secondary sector when it was not efficient in its primary sector.**

- **3rd five year plan (1961-66):** The main feature of this plan is that it focus both on agriculture and industrial sector. The fund allocated for the agriculture was 20.2% and for the industrial development was 20.1%. The target was to increase production by 30% but the actual increase was on 10% i.e. 1/3rd of the targeted. The reason for this decline was the drought condition which prevail in this plan. The **focus was on agriculture** and the improvement in the production of wheat. As India fought war with Pakistan so, the focus was shifted to defence and Indian army. One thing can be noticed that as we are neglecting the agriculture sector the growth rate of the industrial sector is affected. There was a **fall in agricultural production from 82 MT to 72 MT**. There was a **considerable rise in prices of food products and consumer articles, Industrial production fell below expectations.**

- **Plan holidays or Annual plans (1966-69) and 4th five year plan (1969-74):** In this plan the **Equal priority to agriculture and industrial sector**. Agriculture and irrigation were given the highest priority with 25% of the total investment, 23% of the total investment in the Industrial Sector to strengthen the industrial base and 18% each in power and transport. **Agricultural production increased**, recession was controlled, strains and stressed on the economy were removed. **Green revolution** was introduced in India in 1966-67 but it failed because green revolution comes with the package of proper irrigation facility, insecticides, pesticides, proper agriculture credit, chemical or synthetic fertilizers and advance technology. All these necessary things were not available with the poor farmers who were in a large majority. So, the revolution was subject to many constraints.

- **5th five year plan (1974-79):** In this plan the **stress was laid to agriculture**, key and basic industries producing goods for mass consumption. The target rate of growth of agriculture production was 3.3% and the actual achieved rate was 4.58 %. In 1978-79, the total food grain

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production was 125.6 million tons (MT) and the gross irrigated area was 48.41 million hectare (MH). Talking of the industrial sector, the industrial response was remarkable: the growth rate of village and small industries was 6.8% which was not observed in last plans. Gross value added increased from 2800 crore in 1973-74 to 4100 crore at the end of the plan i.e. 1978-79 and the employment increased from 8.84 lakh in 1973-74 to 12 lakh in 1978-79. **Hence it can be noticed in each plan that if the focus of the plan is upon the agriculture sector then it has led to a remarkable response in the industrial sector. And in 1980, the industrial policy resolution (IPR-1980) was implemented.**

Table 1: Industrial Growth Rate (Third to Eleventh Plan) in India (1960-1961 to 2010-2011)

Plan/Year	Growth Rates during Plan Period
Third Plan(1960-66)	8.2
Fourth Plan(1969-74)	4.4
Fifth Plan(1974-79)	5.9
Sixth Plan(1980-85)	5.9
Seventh Plan(1985-90)	8.5
Eighth Plan(1992-97)	7.3
Ninth Plan(1997-02)	6.3
Tenth Plan(2002-07)	8.2

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Eleventh Plan(2007-11)	**7.2**

Source: Ministry of Commerce and Industry, Govt. of India and Centre for Industrial & Economic Research

Plans	Agriculture	Industry	Growth rate	
			Target	Actual
1st plan	48.7%	8.7%	2.1	3.6
2nd plan	20.9	34.0	4.5	4.21
3rd plan	20.5	37.6	5.6	2.72
4th plan	28.3	38.3	5.7	2.05
5th plan	22.2	43.1	4.4	4.83
6th plan	23.9	43.6	5.2	5.54
7th plan	22.8	55.0	5.0	6.02
8th plan	22.2	50.3	5.6	6.08
9th plan	19.8	48.0	6.5	5.55
10th plan	20.0	45.24	8.0	7.7
11th plan	19.1	41.2	8.1	7.9

Source: Pratiyogita Darpan and indiastats.com

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Era after 1991

There were two major things which happened in the year 1991-92. One was the industrial policy resolution-1991 and second was the New Economic Policy-1991.Since July 1991, India had taken the step of economic reform to structure the economy and improve the balance of payments position.

According to Bhalla, **"of the three sectors of economy in India, the tertiary sector has diversified the fastest, the secondary sector the second fastest, while the primary sector, taken as whole, has scarcely diversified at all".**

Reduction in Commercial Bank credit to agriculture was felt and thus lead to a fall in farm investment and impaired agricultural growth. Liberalization of agriculture and open market operations will enhance competition in "resource use" and "marketing of agricultural production", which will force the small and marginal farmers (who constitute 76.3% of total farmers) to resort to "distress sale" and seek for off-farm employment for supplementing income.

Structural adjustment programmes and economic reforms were launched in July 1991 in all the sectors, except agriculture. Reforms affected agriculture indirectly. One of the reasons is that unlike industry, Indian agriculture had never been controlled and regulated. As it is the privately dominated sector, the scope for reforms in this agricultural sector is limited. Still then, reforms in all sectors including agricultural sector are needed as government intervenes in agriculture in various form.

Compound growth rates: production and yield of agricultural crops				
	1981-81 to 1989-90		**1990-91 to 2006-07**	
	Production	**Yield**	**Production**	**Yield**
Foodgrains	2.85	2.74	1.19	1.74
Non- foodgrains	3.77	2.31	4.62	3.66
All	3.19	2.56	2.61	3.07

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Source: Directorate of economics and statistics

Growth rates of food grains and non-food grains production over the period 1991-92 to 1999-2000 and 2000-01 to 2006-07 have declined significantly. Plan outlay on agriculture, rural development, special area programme and irrigation and flood control as a proportion of total plan outlay in 1990s has been less than in 1990-91. Such fall in investment in agriculture affects capital formation adversely. It may be pointed out here that trade liberalisation policies and the fast growing middle class families seem to be the two great causes of diversion of cultivated area from food grains to non-food grains and especially high-value horticulture. This, thus, raises the issue of food security.

Growth Rate Before and after 1991			
Period	Foodgrain	Non-Foodgrain	Industrial growth
1949-50 to 1964-65	2.93	3.54	7.03
1965-66 to 1969-70	2.74	2.72	7.47
1970-71 to 1979-80	2.08	1.66	7.66
1980-81 to 1989-90	3.54	4.84	7.67
1990-91 to 1997-98	1.66	2.36	5.90

Source: Economic Survey 1998-99 and CSO (EPW, JAN 12 2002)

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Make In India Initiative

As known that this initiative was done in the year 2014, if we see the response which was faced by India were basically from the Multinational companies (MNC's) which were basically indulged in manufacturing mobile phones, defence equipment, helicopter etc. The basis on which make in India as criticized was that it ignored the basic sector i.e. Agriculture sector. And the second thing that can be noticed was, the companies which were investing in India were gaining two major things, first was profit and second was using the resources of the nation. And in return they were polluting the environment of the country. At this point two questions arise, first, was India not efficient enough to produce mobile phones, defence equipment and helicopter at its own risk and the second question arises that is it justified that leaving the majority population aside and developing the minor population.

Many economic modernist believed that rapid industrialisation was the most effective way to win the battle against mass poverty like **Jawaharlal Nehru, B.R. Ambedkar, M. Visvesvaraya, Subhas Chandra Bose , V.D. Savarkar**. This was in stark contrast with the medieval **Gandhian economic vision** centered on household production i.e. small and medium scale cottage industries. As it was proved in a study conducted by Small Scale Industries Development Bank of India (SIDBI) and National Council of Applied Economic Research (NCAER) on the comparison of small scale & cottage industries and large scale industries and the results were:

- Small scale industry investment is only 7% of the manufacturing & large scale industry but it contributes nearly 25% of the total industrial output.
- Growth generation is more in small scale industries than in large scale industries.
- High labour productivity in large scale industry and high capital productivity in small scale industry.

India's food-grain production will report a decline of 3% 2014-15. The agriculture ministry on Wednesday brought out an estimate for the year, putting the total food-grain production at 257.07 million tons in current crop year (July-June period) as compared to the highest ever food-grain

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production of 265.57 million tons in 2013-14. "This decline has occurred on account of lower production of rice, coarse cereals and pulses due to erratic rainfall conditions during monsoon season in 2014", said the ministry in its estimate report.

YEAR	SIZE ($ Billion)	Foodgrain production (Million Tonnes)	Industrial production (percentage)
2008-09	141.80	234.47	5.3
2009-10	139.40	218.11	4.3
2010-11	157.40	244.49	8.2
2011-12	160.80	259.32	9.5
2012-13	140.80	257.13	9.2
2013-14	132.70	265.57	10.1
2014-15	259.20	252.68	10.3
2015-16	244.70	251.16	9.8

Source: Pratiyogita Darpan and indiastats.com

CONCLUSION

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"The well-known fact is that one should not forget his roots and should always be intact to it. And should prove himself/herself in those aspects in which he or she is strong because these strengths will always put you at the top."

As I had keenly observed that an economy like India cannot develop if it will rely on only industrialisation and on advance initiatives which focus mainly on the industrial and service sectors. The study also shows that if there will be investment in the agriculture sector then automatically it will lead to remarkable growth in the industrial sector. Thus, this shows that there is high interdependence between agriculture and the industrial sector. As many economists had pointed out the fact that the Economies which are developed at present were once the agrarian economies and the first thing that they did was they had to maintain their agriculture base and then they had to change their focus towards industrialisation. On the contrary, India had changed its focus from agriculture sector to industrialisation just in the second five year plan. Thus, this had left a major chunk of the population behind and India had to face consequences. It does not means that India is not in a need of such initiative like Make in India, digital India etc. There is need for such initiatives but the focus should be more on agriculture because major population depends on it for their livelihood. These initiatives should take place parallel to agricultural development.

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