



A Study of Industrial Growth in Rural India and the Factors Affecting Industrialisation

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ABSTRACT

The Industrial Revolution in India has significantly impacted the Agricultural Economy, bringing more industries to rural areas. This has led to the emergence of small towns outside cities, transforming the rural area into a modernized and prosperous place. The rise of technology and infrastructure has also led to increased employment opportunities, income, wealth, investment portfolios, spending habits, and lifestyles in the industrial area. But the industrial growth is not balanced or at par in all the states. The states like Maharashtra & Gujrat seems to be favorite choice for the industrialist. The concentration of industries can be observed in such selected states. With the growth being limited to few states, which in words means the development of infrastructure also getting concentrated in few states. This imbalance needed to understood and the efforts should be made to make it more balanced.

Keywords: Industrialisation, Impact, Effect of industrialisation, Industrial growth

1. Industrialisation

1.1 Introduction

India is Agricultural Economy. Most of the people in India reside in the rural area. Majority population in India, depends on agriculture for employment. However, in recent years more and more industries are coming to rural areas. The industries include, Automobile, Rubber, Manufacturing, Food processing & manufacturing, Iron and Steel, IT etc. Due to Industrial development, migration and population explosion, many rural areas have been brought within the reach of people from cities. This has led to the emergence of small towns outside cities.

After the onset of industrialisation, different types of towns have emerged and extended over the years, but they have all been integrated into cities in their growth and development. These new towns have flourished along with cities.

1.2 Industrial Growth in India:

Industrialisation & industrial growth is a long & consistent process. The spread of industrial development in India began almost immediately after the British made their first major treaty with the Mughals. In order to establish trade with India and make a "signing bonus" for the British government, England granted permission for England's 'East India Company', to control most of India.

In 1756, London sent Lord Charles Cornwallis to explain, how all taxation collected from India would be spent back in India. He also tried to convince people that introducing new technology was necessary for modernisation.

The Industrial Revolution was a period from the 18th century until now when there was an explosion of new ways of making goods, new sources of power and a growing urban population. Some important developments that helped bring about the Industrial Revolution were a new, more efficient cotton spinning machine, the steam engine and the use of coal. During this time period, the population of Britain rapidly increased and was spread out even more across its colonies.

The Industrial Revolution had a major impact on India because it sped up India's process of modernization, but also caused profound social upheaval and immense human suffering. At first, Indian merchants had significant opportunities to participate in England's industrial development, as partners in early ventures like the English East India Company.

Because India's traditional economy was based on agriculture, many people suffered from the Industrial Revolution. As because people were forced out of their traditional jobs by machines that could do the same work with greater efficiency. Although a technological revolution did happen in India using

Britain's technology, most Indians were not able to participate because they did not have access to capital or new technologies. Many British entrepreneurs looked down upon Indians, especially those who were successful merchants and businessmen.

1.3 Timeline of Industrial Development in India:

The East India Company was first chartered by the English Crown in 1600

In 1658, transformation into a joint stock company

1853 - First cotton mill in a British colony (Kolkata, then Calcutta).

1854 - India's first major railway line between Bombay and Thane opened.

1856 - Central Railway Line opens in Calcutta

1860s - Rail network extended to many parts of India. Employment opportunities increases along with price of homes and land appropriate for businesses.

1887 - The First Five Year Plan

1900 - Nearly 40-45% of British companies in India were established by Indian businessmen.

1947 - its balance of payments was negative by \$170 million.

1950s - Industrialisation progressed to a level comparable to that of developed countries.

1990s - The economic liberalisation, led to a dramatic increase in industrial growth.

1991to 2000 - Many Indian businesses became privatised. Decentralisation and privatisation of the public sector.

2000s - India's economy was characterised by large infrastructure projects.

2005 - Foreign direct investment (FDI) in India reached \$34.7 billion.

2011 - The economy of India became the seventh-largest in the world.

2012 - Wal-Mart and Carrefour entered India

2013 - India's share of global gross domestic product (GDP) was nearly 2.0%.

2014 - Metro cities saw the fastest development of Industries in India. Airports, Roads and other infrastructure are being developed.

2022 - About 1 billion newcomers are anticipated to join the workforce.

2030* (Prediction) – Few cities in India expected to be in top 5 based on GDP values.

2050* (Prediction) - India is predicted to account for more than 18% of the global working-age population

Figure 1.1 above, is clear sign that, India has a bright prospects in future. Few cities in the country are expected to be in the top 5, on the basis of GDP values by the year 2030, as per the source of World Bank, report by McKinsey & Company. India's aim of becoming a global power, might be fulfilled with a strong manufacturing sector. India may skip several developmental phases and speed inclusive growth processes, thanks to its well-developed industrial foundation. However, in order to take advantage of the Fourth Industrial Revolution's prospects, India must continue to build up its present capabilities while developing new ones.

By 2030, the economies of India's top five cities will be comparable to those of middle-income countries today.

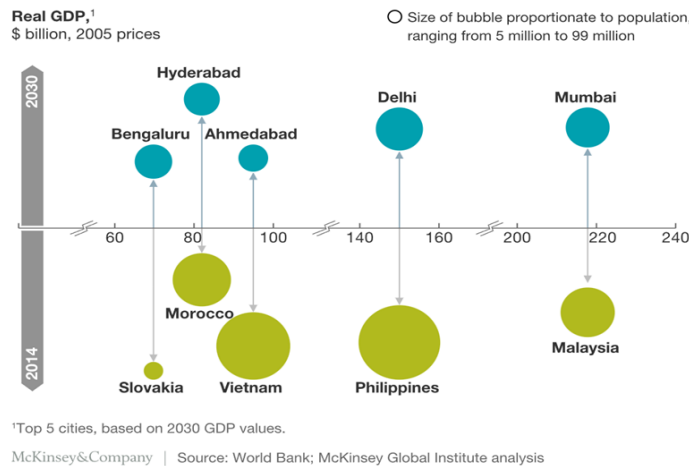


Figure 1.1 Top 5 cities based on 2030 GDP values

All stakeholders need to work together, to develop creative and sustainable manufacturing methods that benefit everybody in the long run. India, in fact, might provide a replicable model for other developing countries, if it responds to the rapid disruptions with a smart and sustainable industrial strategy which balances economic development and social mobility.

1.3.1 Industrial Investment across the Nation

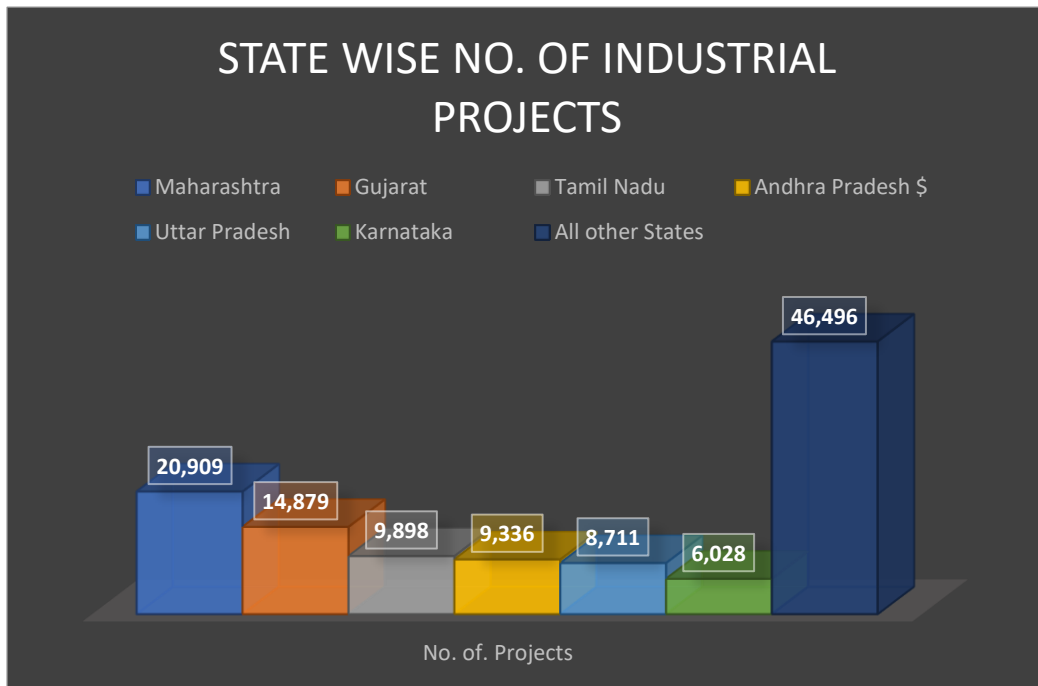
Since liberalisation (August 1991) until October 2020, The total industrial projects sanctioned by the government were 20,909, having investment value of Rs.14,29,142 crore. Up until, October 2020, number of 247 projects, with a total proposed investment of Rs. 37,887 crore were registered. The state owns 18.0 percent of all approved industrial projects and 10.7 percent of total investment in those projects.

Table 1.2 contains information on approved industrial projects in various states.

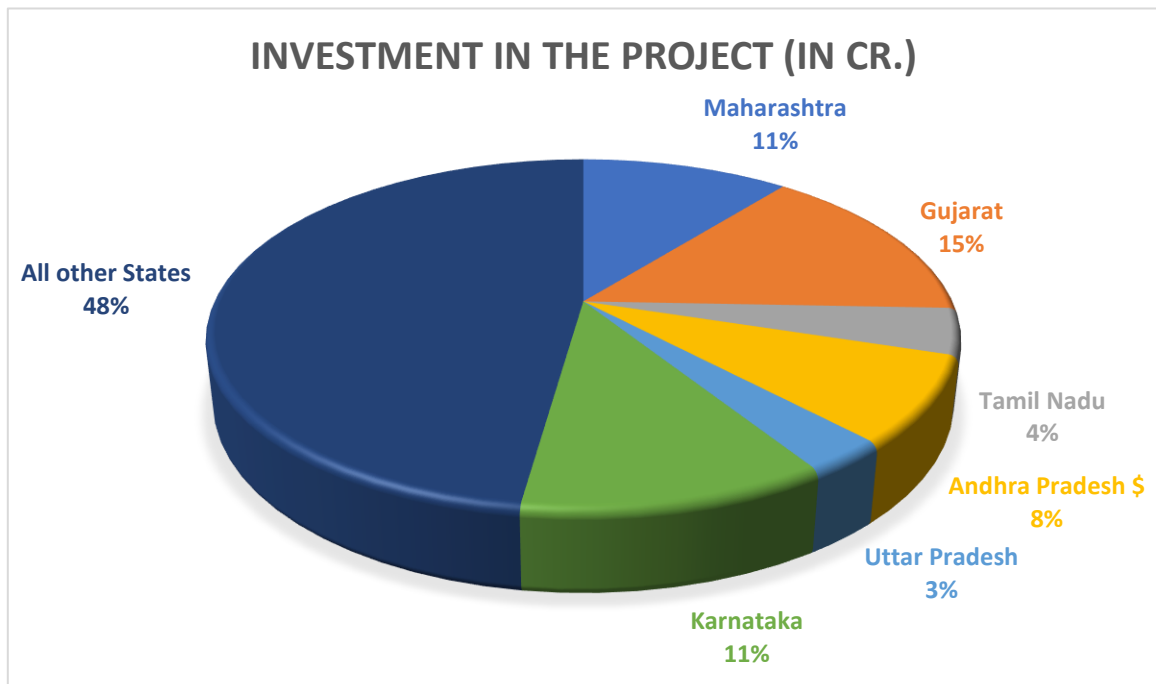
Table 1.2 Approved industrial projects in selected States

(August, 1991 to October, 2020)							
Particulars	Maharashtra	Gujarat	Tamil Nadu	Andhra Pradesh \$	Uttar Pradesh	Karnataka	All-India
Projects	20,909	14,879	9,898	9,336	8,711	6,028	1,16,257
(no.)	(18.0)	(12.8)	(8.5)	(8.0)	(7.5)	(5.2)	(100.0)
Investment (Rs. Crore)	14,29,142	19,88,292	5,69,391	10,78,533	4,06,269	14,99,789	1,33,43,438
Percentage	(10.7)	(14.9)	(4.3)	(8.1)	(3.0)	(11.2)	(100.0)
@ Includes IEM/LOI/100 per cent EOU proposals			\$ includes Telangana				
Note : Figures in brackets are percentage to All-India							

Source : Directorate of Industries, GoM



From the table 1.2 it can be said, that Maharashtra has enriched industrial developments, with 20,909 projects & Gujrat being at position no 2 in case of no of projects. Maharashtra contributes 18% of overall projects & on the other hand the Percentage that Gujrat comprises is 12.8%. The share of total approved industrial projects in Maharashtra are almost one fifth of the total projects of the country.



When it comes to the investments in these industrial projects the state of Maharashtra contributes more than 10% of the total investment in the nation, in terms of the overall value of investment, in these projects, but the Gujrat takes position no one in case of investment in rupees. The total percentage of industrial investment that Gujrat contributes is nearly 15%. To summarise the same, it can be said that the states like Maharashtra & Gujrat are far ahead when it comes to industrial growth.

Conclusion:

The process of industrialization during the pre-independence period and post-independence era significantly transformed the lives of rural communities. The introduction of industrial growth led to a significant shift in the economic landscape, resulting in infrastructural changes in rural areas. This shift was characterized by a transition from traditional agricultural income to alternative sources of livelihood.

The industrial development also caused migration and population explosion. The process of industrial growth is a lengthy and consistent one. With the Industrial Revolution having had a profound impact on India, accelerating its modernization. The advent of technology and infrastructure has led to increased employment opportunities and income due to industrialization. However, it is important to note that industrial growth is not evenly distributed across all states, with Maharashtra and Gujarat being the preferred choices for industrialists. This concentration of industries in select states has resulted in limited growth of industrialization and infrastructure development in other states, creating an imbalance that must be addressed through concerted efforts to promote more balanced growth.

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