

## Sociology: Industrialisation & Urbanisation in India: Evolution of modern industry in India

In India, the modern industrial sector on an organised pattern started with the establishment of cotton textile industry in Bombay in 1854 with predominantly Indian capital and enterprise. In 1855, jute industry was started in the Hooghly valley at Rishra near Kolkata, largely with foreign capital and enterprise. Rail transport made a beginning between Bombay and Thane in 1854. The country's first paper mill was started at Ballygunj near Kolkata in 1870 and steel was first manufactured by modern methods at Kulti in 1874. The Tata Iron and Steel Company started at Jamshedpur in 1907.

This means that modern industrial sector had its beginning only after the middle of the nineteenth century. The two World Wars gave an impetus to the development of a number of industries, such as chemical, iron and steel, sugar, cement, glass and other consumer goods industries.

### TRADITIONAL URBAN ECONOMY

#### ANCIENT PERIOD

- Trade and Commerce are important.
- Both internal as well as external trade.
- Arts and Crafts were prevalent.
- Guild system and sreni present.
- Higher social classes like kings, priests, traders, military personnel lived on the taxes & tithes from the urban & rural areas.

#### MEDIEVAL PERIOD

- Growth of towns, cities & industries.
- Large scale trade & commerce.
- Royal workshops known as "Karkhana".
- Inequality between the ruling & the ruled.
- Huge industries of textiles, metal-work, stonework, sugar, indigo, paper & minor industries like ivory work, metal work, imitation jewellery, etc. Textiles were the biggest industry.

### The eighteenth century

During the eighteenth century, India was predominantly an agricultural nation with no major industrial development. There were some industries in towns, like the brassware, wood carving, weaving, stone work, gold and silver work, copperware industries and many other small industries catering to the needs of the people. Benares, Bombay Presidency, Nasik and Poona, and in the South, Hyderabad, Vishakhapatnam and Thanjavur were famous for its brass and copper and bell metal wares. Thus every important city had different handicrafts flourishing.



# ACHIEVERS IAS ACADEMY

Before the nineteenth century India was exporting elegant fabrics to the western countries, the invention of new machineries for spinning and weaving had diminished the market for these elegant fabrics and at the same time it revealed the possibilities of India as a supplier of raw cotton.

COLONIAL ECONOMY
Decline of power of guilds and the completion from foreign products led to the destruction of Indian handicrafts industry.
India became an exporter of food products and raw materials and became the exporter of manufactures articles.
The phase of 'de-industrialisation' began as the powerful English manufacturing interests forced the EIC to eliminate any competition from Indian industries.
A unified national economy was formed as a result of modern factory system of production, commercialisation & spread of modern transport system.
The real beginning of the industry was made in Bombay in 1854 with predominantly Indian capital and enterprise.
The 2 <sup>nd</sup> WW gave an impetus to the industries & the production of pig-iron and steel in Tata's factory at Jamshedpur helped the country considerably.
All the disadvantages aside, beginning of the modern Indian industries was the 'product of India's economic contact with Britain'.

## The inter war period of 1919-1939

During the war-period, industries like cotton and jute made much headway. Steel industry also experienced substantial growth. On the whole, during the inter-war period, output of cotton piece goods, steel ingots, paper, etc., increased substantially. Many other industries also progressed even in terms of employment and the number of factories. But as far as diversification was concerned, it was indeed slow and the state of transformation of the economy was only 'marginal'.

## Industrialisation since independence

The industrial policy of free India was first announced in 1948. This policy envisaged a mixed economy with an overall responsibility of the Government for the planned development of industries and their regulations in national interest. Industrial growth was rapid during the first two decades, especially during the Second plan and the Third Plan. The second Plan will go as a landmark in the industrial history of India in as much as it introduced an industrial

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revolution in the country. The pace was continued during the subsequent Third Plan also in spite of heavy strains and stresses experienced by the economy in the form of external aggressions and agricultural failure in the wake of unfavourable weather conditions. This period of growth has been named the period of “industrial growth with regulation.” Industrial growth slowed down in the third decade of independence, that is, after the Third Plan.

The industrial scene underwent a change with the onset of the eighties. Industrial growth rate moved up during this period, and for the first time in the Indian economy the manufacturing sector was seen to be asserting itself over others in the distribution of the GDP. Deceleration in industrial growth rate had set in towards the end of the eighties due to reduction in public expenditure, fall in effective demand due to inflationary pressure, rise in cost of imports due to changes in cash reserve requirements and the tight monetary policy.

## Why India is characterised by low level of industrialisation?

- ✚ Concentration of entrepreneurship in the hands of few.
- ✚ Mobilisation of unproductive investment like gold.
- ✚ The want for quick yield returning businesses.
- ✚ The lack of skilled labourers and technical know-how
- ✚ The type of industrialisation by the imperial power.
- ✚ Shortage of capital goods & low capital accumulation.

## Questions

1. In the past decade, the share of manufacturing has declined in urban areas and has increased in rural areas. Analyse the causes and consequences of this trend.
2. The impact of British Policies and the Industrial Revolution led to the decay of Indian handicraft industry. Substantiate.
3. Indian Industry had a global presence before the advent of Britishers in India and it accounted for a quarter of World’s Industrial output. What policies of Britishers changed this status of India? Enumerate the reasons for the low level of industrialisation in India.