



PRODUCTION AND PERFORMANCE OF INDUSTRIAL GROWTH IN INDIA

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ABSTRACT

KEYWORDS:

Industrialisation and Economic growth.

Industry is a business activity which is related to the producing, processing, and manufacturing of products. Every year industrial sector contributes a major part to the national revenue of a country. As industrial worker's income rises, markets for consumer goods and services of all kinds tend to expand and provide a further stimulates to industrial investment and economic growth. Industrialisation is the period of social and economic change that transforms a human group from an agrarian society into industrial society involving the extensive re-organisation of an economy for the purpose or manufacturing. Industrialization envisages industrial environment, industrial culture and urbanization, offering better economy security to the nation, when industrial crisis develops. Industrialization is in the initial stages leads to increases in the number of persons engaged in secondary industry. Above all industrialization depends on the attitudes and aspirations of the people in the society. The industrial production of mining and quarrying, manufacturing electricity and general show an increasing trend with very view fluctuations. It shows good performance of industrial production in India. The seven industries in the infrastructure industries show an increasing trend. There were only some ups and downs.

INTRODUCTION

Industry is the production of goods or related services within an economy. The major source of revenue of a group or company is the indicator of its relevant industry. When a large group has multiple sources of revenue generation, it is considered to be working in different industries. Manufacturing industry becomes a key sector of production. Industrialisation is the period of social and economic change that transforms a human group from an agrarian society into industrial society involving the extensive re-organisation of an economy for the purpose or manufacturing. As industrial worker's income rises, markets for consumer goods and services of all kinds tend to expand and provide a further stimulates to industrial investment and economic growth.

In 1990-91, industrial sector contributed 26 per cent of India's gross domestic product (GDP) and using 39 per cent of the economy's net renewable capital stock. In 1980s, industry was the economy's leading sector, growing annually at over 6 per cent, while the domestic output grew annually

at around 5.5 per cent and exports (two –third of which were manufactures) at 8.5 per cent (in current dollar terms). The decade witnessed modernisation of the production structure with a step up in infrastructure, de – licensing of investment and output controls, and a shift in trade policy from quotas to tariff. However, in 1991, the economy faced a liquidity crisis on account of the Gulf War leading to the drying up of inward remittances and project exports, collapse of the Soviet Union, then India's largest trading partner and the domestic political uncertainty, paralysing policy making. Policy makers apparently perceived an opportunity in the crisis to quickly undo India's state-led, inward – oriented industrialisation strategy, as it is claimed to have delivered neither adequate growth nor measurable equity – unlike in East Asia and China that have succeeded in export –oriented industrialisation following market friendly policies. Surely, disenchantment with the regulatory mechanism in India had been growing for quite a while. Starting with R.K. Hazari's evaluation of the industrial licensing system in the mid – 1960s to the Dagli

Committee report (1979) on controls and subsidies in the late 1970s there were compelling official evidence against the dysfunctional and discretionary policies, buttressing the critique of India’s industrialisation strategy, starting with Bhagwati and Desai’s (1970) contribution.

There was, however, an equally persuasive scepticism other virtues of unbridled play of market forces in a large, diverse and unequal agrarian economy. Liberal trade and investment regime could be a recipe for a flood of imports, decimating domestic enterprise and retrenching workers; domination of foreign capital resulting in de-industrialisation, compelling the nation to revert to exporting primary products that face cyclical fluctuations and adverse terms of trade in the long run. Serious apprehensions were also expressed that the reforms could undermine the domestic market –driven independent path of industrialisation, denting the long –term growth prospects as had happened in much of Latin America and Africa after the debt crisis in the 1980s. In other words, while the market- oriented reforms were espoused on the promise of faster and labour –intensive growth, critics feared debt, deflating and de-industrialisation. After nearly two decades of the reforms, it is perhaps an opportune moment to ask: how does the industrial performance measure up against these expectations and apprehensions.

OBJECTIVES OF THE STUDY

Following are the objectives of the present study.

1. To analyse the production index of selected industries in India from 2005 -06 to 2015 – 16
2. To measure the production index of infrastructure industries in India.

METHODOLOGY OF THE STUDY

The analysis on the Industrial growth in India requires a scientific methodology. In this section, it is proposed to deal in detail, the type of data and the method by which the data is to be collected and analyzed. The study is manly based on the secondary data. The secondary data has been collected from the official record, magazine, journals, books and from published and unpublished sources.

Vandana (2017) says about the growth of automobile industry and its economic impact in India. The prime objective is to analyze the growth pattern and economic impact of automobile industry in India economy. The automobile industry is the prominent part of the manufacturing sector. The automobile industry is the prominent part of the manufacturing sector in the economic development of any country. The automobile industry was placed in an important position in the economy due to its deep forward and backward linkage with many segments of the economy. This industry has multiplier effect being the driver of economic growth.

Kamal (2017) reveals the impact of “make in India” on automobile sector. In India, the program was launched in September 2014 as part of a wider set of nations’ building initiatives. The automobile industry along with the auto components industry is one of the core industries in India. Automobile sector occupies a prominent place in the fabric of Indian economy. It was a powerful, galvanizing call to action to India’s citizens and business leader, and an invitation to potential partners and investors around the world.

ROLE OF INDUSTRY IN INDIA

The first objective of the study is to analyse the production index of selected industries in India from 2005 -06 to 2015 – 16.

**Table No.1
Index Numbers of Industrial Production in India from 2005-06 to 2015 -16**

Year	Mining and Quarrying	Manufacturing	Electricity	General
2005-06	102.3	110.3	105.2	108.6
2006-07	107.5	126.3	112.8	122.6
2007-08	112.5	150.1	120.0	141.7
2008-09	115.4	153.8	123.3	145.2
2009-10	124.5	161.3	130.8	152.9
2010-11	131.0	175.7	138.0	165.5
2011-12	128.5	181.0	149.3	170.3
2012-13	125.5	183.3	155.2	172.2
2013-14	124.7	181.9	164.7	172.0
2014-15	126.6	186.1	178.6	176.9
2015-16	129.3	189.8	188.7	131.1

Source: RBI, Statistical Handbook of Indian Economy 2016 -17.

The above table shows that the index numbers for mining and quarrying in India increasing continuously from 2005 -06 to 2010 -11. In 2005 – 06 it was 102.3 and the index rose to 131 in the year 2010-11. During the next period that is in 2011-2012, it falls as 128.5 and further it decreases up to the year 2013 -14 and then during it starts rising from the year 2014 – 15. The index for mining and quarrying reaches 129.3 in 2015-16. The index number of manufacturing industries in India from table 1 clear that, the index show a tremendous increase continuously from 2005 -06 to 2012-13. In 2005-06 it was 110.3 and the index rise to 183 in the year 2012-13. During 2013-14 it declined to 181.9 and again it starts increasing from 2014-15. But no fluctuations are observed over the period taken for analysis.

In the case of electricity in India, the index number increasing continuously without any downfall from 2005-06 to 2015-16. In 2005 -06 it was 105.2 and the index rise to 188.7 in the year 2015 -16. 2005 – 06 it was 105.2 and the index rise to 188.7 in the year 2015 -16. It is observed from general index number of industrial production from the above table that the index increased continuously from 2005-06 to 2012-13. In 2005 -06 it was 108.6 and in 2012 – 13 the index rise to 172.2. But in 2013 – 14 as slight fall of 0.2 was recorded and again in 2014 -15, it rose to 176.9 and in 2015-16, it decreases to 131.1. So general industrial production in India show an increasing trend with a few fluctuations.

It is very clear from the above table that the industrial production of mining and quarrying, manufacturing, electricity, and general index show an increasing trend with a very few fluctuations. It shows a good performance of industrial production in India.

The second objective of the study is to measure the production index of infrastructure industries in India. In the RBI report of statistics on Indian Economy, Coal, Steel, Crude Oil, Steel, Refinery Products, Cement, Natural gas and Fertilizer are denoted as infrastructure industry in India. The index numbers of all these infrastructure industries are given in the below table.

Table No. 2
Index Numbers of Infrastructure Industries in India from 2005 -06 to 2015-16

Year	Coal	Steel	Cement	Crude Oil	Refinery Products	Natural Gas	Fertilizers
2005-06	106.6	107.0	112.4	94.8	102.1	101.4	100.6
2006-07	112.9	120.7	1222.6	100.0	115.3	99.9	103.8
2007-08	119.9	128.9	132.5	100.4	122.8	102.1	95.5
2008-09	129.5	131.4	142.1	98.6	126.5	103.4	91.3
2009-10	140.0	139.3	157.1	99.1	125.9	149.5	103.4
2010-11	139.7	157.7	164.2	111.0	129.7	164.4	103.4
2011-12	141.5	174.0	175.2	112.1	133.7	149.7	103.8
2012-13	148.1	181.1	188.7	111.4	172.5	128.1	100.2
2013-14	150.0	201.9	194.5	111.2	175.0	111.5	101.8
2014-15	162.2	211.4	205.3	110.2	175.6	106.0	101.7
2015-16	169.6	208.2	215.0	108.7	182.3	101.6	113.2

Source: RBI, Statistical Hand book of Indian Economy 2016 -17.

The above table shows that the index number of coal in India, increasing continuously from 2005-06 to 2009 -10. In 2005 – 06 it was 106.6 and the index rose to 140.0 in the year 2009-10. During the next period that is 2010-11, it fall as 139.7 and further it increase up to the year 2011-12 to 2015 -16, and reaches 169.6 in 2015-16. The index number of steel industry in India from the table shows that it increases continuously from 2005 -06 to 2014 -15. In 2005 – 06 it was 107.0 and index rose to 2011.4 in the year 2014 -15. During 2015 -16, it falls to 208.2. There is a small fall in steel production, only during 2015-16. The overall performance of steel industry is good from the table.

From the above table it is clear that the index number of the production of cement industry in India, increasing continuously from 2005-06 to 2015 -16 without any fluctuation. In 2005-06 it was 112.4 and the index increases to 215.0 in the year 2015-16. Over the period the growth of cement industry was very fast only in two periods. That is in 2009-10 and in 2012 -13 there was a speedy growth when compared to the previous period. It is very clear from table 2 that the index number of infrastructure for industry of crude oil in India, increasing continuously from 2005-06 to 2007 -08. In 2005 -06 it was 94.8 and the index rise to 100.4 in theyear 2007-08. During 2008-09, it falls to 98.1 and furtherit increase up to the year 2010-11 and from 2011-12, the index for crude oil starts decreasing and reaches 108.7 in 2015 -16.

As it is clear from the above table that the index number of refinery products industry in India show and increasing trend from 2005-06 to 2008 -09. In 2005 -06 it was 102.1 and it reaches 126.5 in the year 2008-09. During 1009-10, it falls to 125.9 and further it starts increasing up to year 2015-16 without any oscillations.

In India the production index of natural gas show a lot of fluctuations. This may be due to the price or policy changes of the government. But by breaking the history during the period 2009 -10 the index increases to nearly 45 per cent. But not other industrial production shows a tremendous rise or fall like natural gas in 2009-10.

As observed from the above table the index number of the production of fertilizers industry show a lot of ups and

downs. There was no steady or continuous rise or fall. But with slight changes it is oscillating over the period taken for analysis. The table again shows that the index number of all the seven industries included in the infrastructure industries show an increasing trend. There were only some ups and downs. The production of natural gas in 2009 -10 was a record none other than any industries. The overall performance of the infrastructure industries is good according to the table 2

FINDINGS OF THE STUDY

The findings obtained from the study are as follows:

The study revealed that the index numbers for mining and quarrying in India increasing continuously from 2005-06 to 2010-11. In 2005 -06 it was 102.3 and the index rose to 131 in the year 2010 -11. During the next period that is in 2011 – 2012, it falls as 128.5 and further it decreases up to the year 2013 -14 and them during it starts rising from the year 2014-15. The index for mining and quarrying reaches 129.3 in 2015 -16. The index number of manufacturing industries show a tremendous, increase continuously from 2005—06 to 2012-13. In 2005-06 it was 110.3 and the index rise to 183 in the year 2012-13. During 2013-14 it declined 181.9 to and again starts increasing from 2014-15. But no fluctuations are observed over the period taken for analysis. The index number for manufacturing production is increasing over the period taken for analysis. In the case of electricity in India, the index number increasing continuously without any downfall from 2005-06 to 2015 -16. In 2005-06 it was 105.2 and the index rise to 188.7 in the year 2015-16. In 2005 -96 it was 105.2 and the index rise to 188.7 in the year 2015-16. The general index number of industrial production from the analysis clears it that the increased continuously from 2005 -06 to 2012-13. In 2005-06 it was 108.06 and in 2012 -13 the index rise to 172.2. But in 2013-14 as slight fall of 0.2 was recorded and again in 2014-15, it rose to 176.9 and in 2015-16, it decreases to 131.1.

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the next period that is 2010-11, it fall as 139.7 and further it increase up to the year 2011-12 to 2015 -16, and reaches 169.6 in 2015-16. The index number of steel industry in India from the analysis shows that it increases continuously from 2005 -06 to 2014-15. In 2005 -06 it was 107.0 and the index rose to 211.4 in the year 2014.15. During 2015-16, it falls to 208.2. There is a small fall in steel production only during 2015-16. The overall performance of steel industry is good from the analysis. It is clear that the production of steel is increasing. The index number of the production of cement industry in India, Increasing continuously from 2005-06 to 2015-16 without any fluctuation. The liner trend of production of natural gas in India shows and increasing trend. The index number of the production of fertilizers industry, show a lot of ups and downs. There was no steady or continuous rise or fall. But with slight changes it is oscillating over the period taken for analysis.

CONCLUSION

Industry is the production of goods or related services within an economy. The major source of revenue of a group or company is the indicator of its relevant industry. Industrialization envisages industrial environment, industrial culture and urbanization, offering better economy security to the nation, when industrial crisis develops. Industrialization in the initial stages leads to an increase in the number of persons engaged in secondary industry. Above all industrialization depends on the attitudes and aspirations of the people in the society. Economic histories of many developed nations bear testimony to this. The industrial

production of mining and quarrying, manufacturing electricity and general index show an increasing trend with a very few fluctuations. It shows good performance of industrial production in India. The Index number of coal in India, Increasing continuously from 2005-06 to 2009-10. The index number of steel industry in India from the table shows that it increases continuously from 2005-06 to 2014-15. In 2009 - 10 and in 2012-13 there was a speedy growth of cement industry, when compared to the previous period. The index number of the production of fertilizers industry shows a lot of ups and downs. There was no steady or continuous rise or fall. But with slight changes it is oscillating over the period taken for analysis. The index number of all the seven industries in the infrastructure industries shows an increasing trend.

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