

ECONOMIC IMPACT OF INDUSTRIALIZATION: A SOCIAL STUDY

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Abstract

Undoubtedly, the small-scale sector has become the cornerstone of the Indian economy. This sector is playing an essential role in terms of providing employment generation, entrepreneurship development, and poverty alleviation and helps in bringing about rural and urban industrialization in India. The lack of entrepreneurship programs is also responsible for the low efficiency in small-scale industries, therefore, the government should provide more entrepreneurship programs which will increase the capacity of the entrepreneurs in terms of higher production and output. Entrepreneurs are also facing a shortage of skilled workers, making the entrepreneurs face difficulties in the production process. So the government should provide a skill development program in the state so that skill can be provided to the workers which will be beneficial for both employment generation and industrial production in the state. We find out in this study as well as industrial development increases the socio-economic condition and also improves the local people. Industrial development also changes the infrastructure of society.

Keyword

Economy, Entrepreneurship, Industrialization, Entrepreneurship etc.

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Introduction

Industrial development is known as the lifeblood of every country. This is due to the fact that industrialization involves the large-scale production of manufacturing goods, which leads to the economic development of the country. When the production of manufacturing goods in a country increases, along with industries and technologies, it increases gross domestic product (GDP), and per capita income and expands employment opportunities. In addition, rapid industrialization ensures higher economic growth, which expands the country's exports and increases foreign income, with a huge realization of manufacturing goods exports (Sharma, 2014).

In this present era of a globally integrated world, there is a great competition among countries to produce more goods at cheaper cost and earn huge income from trade. However, earning from trade requires vibrant industrialization, which not only improves the balance of trade, as well as the balance of payments, but also leads to the economic development of the country. Thus, economic growth and development are strongly linked with the prevailing industrial infrastructure of the country. Therefore, industrial development is the cornerstone of structural change, which is essential for the economic advancement of the country. If a nation wants to move towards economic development, it needs to adjust its economic structure by improving the productive capacity of its industrial infrastructure. Consequently, industrialization plays an important role in the economic development of developing countries, as it solves the problems of general poverty, unemployment, backwardness, low production, low productivity and low standard of living in these countries. The income gap between developed and underdeveloped countries largely reflects the inequalities of industrial infrastructure in these countries. Developed countries are predominantly industrial economies, while developing countries are confined to agricultural economies (Rodrick, 2007).

Industrial development has played an important role in the economic development of countries like the USA, Japan, Canada, the UK, Russia, China, the Republic of Korea, Taiwan etc. These countries have achieved high growth and development in their countries. Over the years, the foreign income of these countries from trade in manufacturing goods has improved significantly. Gross domestic product (GDP) has increased manifold in these countries, with accelerated growth and development, poverty rates have fallen drastically in these countries and have achieved self-sufficiency in their economies (Nivilla, 2007).

Therefore, industrialization is said to be the key to economic development for every country across the world and the same is true for developing countries like

India. In India, industrialization offers possibilities to absorb a huge labor force and also ensures the availability of goods and services for mass consumption for a large population. However, the process of industrialization helps to convert raw materials into useful consumer products with effective means of production (Sharma, 2014).

However, soon after independence, the Government of India has placed great emphasis on industrial development in India. The first Prime Minister of India, Pt. Nehru in his inaugural address at the meeting of the National Development Council, New Delhi in November 1963, Jawaharlal Nehru says that if India has to achieve self-reliance in the economy, then India will have to follow the path of industrial development in the country. However, industrial development in India has found its economic justification in the Mahalanobis model of economic development, which is based on India's second five-year plan. Therefore, from the Second Five-Year Plan, the development of industrialization through small-scale industries has been set as the main objective. The Government of India has taken several measures to promote small-scale industrial development in India. Subsequently, Mrs. Indira Gandhi, the late former Prime

The Minister of India, once remarked, "Small industries provide many employment opportunities, add manufacturing output and are broadening the industrial base of the country. In addition, small-scale industries also enable the process of entrepreneurship and skill development in the country. Apart from this, our Father of the Nation Mahatma Gandhi has strongly advocated the development of Indian villages through Khadi and Village Industries. Therefore, it is clear that the problem of the Indian economy can be better solved by industrial development in general and small-scale industries in particular. However, small-scale industries utilize local resources and bring about the spread of industrialization in different parts of the country, thus promoting balanced regional growth and development in the country.

In the early 1980s, many branches of the manufacturing sector such as the automotive industry, cement industry, cotton and spinning industry, food processing industry, and polyester and filament yarn industries were modernized with the increased scale of production in India. Industrial export growth has also improved in the late 1980s. Import restrictions were shifted from quotas to tariffs (as the first phase of trade reforms). The shift in industrial output growth in this decade has been attributed variously to liberalization, improved public investment and the performance of the public sector. The Government of India has undertaken policy reforms since 1980, but the most revolutionary reforms were carried out in 1991. The rupee was depreciated during this period to expand exports of manufacturing

goods. In addition, import license restrictions were either eased or removed for a wide range of industrial inputs, while the maximum rate of import duty was reduced and similar policies were changed from time to time in India.

Review of Literature

Study of various leading economists on the small-scale sector Keynes, (1936) has focused his attention on the forces of the economy that set up the employment policy, which is followed by industrialization. Keynes presented a theory in which he claimed that an entrepreneur provides the amount of employment that maximizes their output and profit. He considers the productivity of labor as the deciding issue of the level of employment. He stated that there is a positive relationship between the productivity of labor, production and employment.

Sen, (1957) put forward the surplus maximization criterion in which he propounded that the surplus maximization norm advocates and promotes capital-intensive techniques. He believes that the choice of technology depends on the nature of the economy, whether it is a developed or a developing economy. According to him, higher wage rates would require capital-intensive technology, but lower wage rates could operate in less developed countries, which would mean that relatively labor-intensive techniques would maximize surpluses for further investment. The same is true in the case of India's small-scale sector.

Desai (1983) said that rapid industrialization in India depends on the development of small-scale industries. The author pointed out that most of the small-scale industries are facing problems and challenges with some drawbacks and these problems are related to shortage of raw materials, inadequate level of technical knowledge, poor consultancy, poor infrastructure, low capital and credit facilities, and improper distribution Huh. system, lack of market facilities, research and development. Therefore, there is a need to take several measures to bring efficiency in these industries, so that they can act as an important sector of the economy and contribute maximum to the national income of the country.

Nanjundan, S. (1994) studied the impact of globalization on small-scale industries. The author pointed out that post globalization Indian small-scale industries are facing the problems of regulation and non-reservation. Further, the author highlights that small-scale industries are known for their potential for employment generation and poverty alleviation. Although the Government of India has been portraying small-scale industries for economic development, these small-scale industries are facing the problems of viability due to a lack of policy measures.

Chandra Pujari, M. (1996) pointed out that after independence there was a lot of emphasis on the industrial sector, as there was very little organized sector of

the Indian economy . Therefore, much prominence was given to industrial development for employment generation especially in large-scale industries. However, the government's attempt to liberalize large-scale industries creates regional imbalances in the economy. Hence there is a need for small-scale industries, as these industries have the potential to reduce regional disparities and are providing equitable growth in the economy. Furthermore, the paper highlights that small-scale industries have made a positive impact on Karnataka's Dakshina Kannada district in terms of providing employment opportunities and are better than the national average.

Murugassian , (1997) studied the performance of SSI in the Madurai district, "He points out that it should be appreciated that in spite of various problems, small-scale industrial units in India are still registered at satisfactory performance and their contribution to the Indian economy." Their role is important in terms of positive, significant and gainful employment, as they play an important and major responsibility for providing employment to a significant proportion of the Indian population.

Mukherjee et al, (1999) examined the growth performance of small-scale industries in West Bengal. The result showed that small-scale industries account for 40 percent of the total industrial output and contribute about 35 percent of the total direct exports in West Bengal. The results also show that the small-scale industrial units in India were only 195 lakhs, which increased to 286 lakh units in 1996-97 providing employment to 31281 lakh people in 1971-72 and increased to 73136 in 1969 Lakhs have become - 97.

Kansal , R., (2009) examined the impact of globalization on the development of small-scale industries. A comparative analysis of the growth patterns of key parameters between the period before and after globalization shows that globalization had a negative impact on the development of the small-scale sector. The author concluded that globalization and liberalization have failed to make a positive impact on the growth of the Indian small-scale industry sector.

Vanipriya R., and Venkatramaraju D, (2011) pointed out that small-scale industries are the main tool for socioeconomic and balanced development. The main feature of these industries is huge employment opportunities at a very low cost. These industries are the main drivers for building entrepreneurship and skill development in India. Instead of promoting large-scale industries, it is better to promote modern small-scale industries as large-scale industries lend to the hands of few, but small-scale industries have the potential to promote overall development in both rural and urban areas.

Gade , Surendra ., (2018) examines and studies the contribution of the MSME sector in the context of its development in India, highlighting the areas that need to be strengthened or the growth of the sector, which contributes to the economic Will continued development of the nation. Furthermore, the study found that MSMEs will lead India towards higher economic growth in the future. In addition, MSMEs were found to provide equitable growth opportunities in the country and can also be a strong means of utilizing the natural resources available in India.

Objectives of the Study

- i. To study the role of industrial development in the national economy.
- ii. To study the impact of industrialization on the rural infrastructure of society.

Hypothesis

- Small-scale industries have increased employment opportunities.
- There are significant roles of industrial development to increase the socioeconomic condition of citizens.
- **Methodology** The study is based on secondary data. Secondary data has been collected from various published reports of the Directorate of Industries and Commerce and Statistical Planning at the National and State level.
- **Significance of the Study** The small-scale sector serves as the pillar of the Indian economy. This sector is the nursery for entrepreneurship development and is providing employment to a large section of the people in the country. In this study tri to explore the contribution of industries to the improvement of socioeconomic conditions at different levels. Industrialization is a major objective of every country, as it plays an important role in economic development. Industrialization involves the production of manufacturing goods on a large scale, thereby increasing GDP, per capita income and expanding employment opportunities in the economy. Nonetheless, industrialization has played an important role in the economic development of developed countries. Developed countries have achieved a high and sustained economic growth through industrialization and their economies have grown manifold during the past few decades. Therefore, industrialization occupies a prominent place for the developed countries in general and the less developed countries in particular. ,
- **Major Findings** Undoubtedly, the small-scale sector has become the cornerstone of the Indian economy. This sector is playing an essential role in terms of providing employment generation, entrepreneurship development, and poverty alleviation and helps in bringing about rural and

urban industrialization in India. At the macro level, the small-scale sector has achieved many milestones, but much remains to be achieved, as there are still significant inequalities across states in the pattern of industrial development in India. However, Uttar Pradesh and West Bengal are the two major states with a large number of small-scale industries in India and their growth is still slow in the rest of the states.

- **Recommendations** Small-scale entrepreneurs are facing the problem of a power cut, which is one of the main hurdles for the entrepreneurs to reach the full utilization target. The lack of entrepreneurship programs is also responsible for the low efficiency in small-scale industries, so the government should provide more entrepreneurship programs that will increase the capacity of the entrepreneurs in terms of higher production and output. Therefore, the government should provide a digital platform to the entrepreneurs, so that they can easily sell their products in the market. Entrepreneurs are also facing a shortage of skilled workers, making the entrepreneurs face difficulties in the production process. So the government should provide a skill development program in the state so that skill can be provided to the workers which will be beneficial for both employment generation and industrial production in the state. In addition, the government should provide additional subsidies for the purchase of machinery and equipment so that it can help further spread small-scale industrial development in the state. There is a significant difference in income and wage rates among industrial workers in all sectors. In addition, there is a significant difference in working hours in smaller areas. Therefore, the government should fix the working hours in small-scale industries. And, further, the government may direct the industrial units to pay higher wages to the workers on the basis of working hours. It may increase satisfaction level which affects production level directly. We find out in this study as well as industrial development increases the socioeconomic condition and also improves the local people. Industrial development also changes the infrastructure of society.

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