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Industrial Development: Objectives, Brief History of Modern Industries, Classification of Industries

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- The processing of natural resources into more useful items is called manufacturing. These manufactured goods are finished products derived from the raw materials. These raw materials used in manufacturing industry may be either in their natural form such as cotton, wool, iron ore etc. or may be in the semi processed form like cotton yarn, pig iron etc. which can further be used for making more useful goods.
- Thus, the finished product of one industry may serve as the raw material for another industry. Economic development cannot be achieved by a country without developing its industries. There is a direct relationship between the level of industrial development and the economic prosperity of a country. Developed countries like the USA, Japan, and Russia owe due to their prosperity to highly developed industries. Industrially less developed countries export their natural resources and import finished goods at higher prices and continue to remain economically backward.
- In India manufacturing industries contributed about 30% of the gross domestic product. These industries provide employment to about 28 million people. Thus, industries are a major source of national income and employment.

Objectives

The major objectives of this chapter are:

- To trace the historical development of industries in India
- To understand the role of industries in the economic development of our country
- To classify the industries on the basis of different criteria
- To establish the relationship of industrial development with agriculture, minerals, and energy
- To examine the factors affecting the localization of industries
- To describe spatial distribution of some major agro-based and mineral based industries in India
- To explain the role of different policies in augmenting industrial development in India
- To establish the relationship between industrial development and regional development
- To establish the effects of economic liberalization on location and growth of industries
- To explain the impact of industrial development on environment

Brief History of Modern Industries

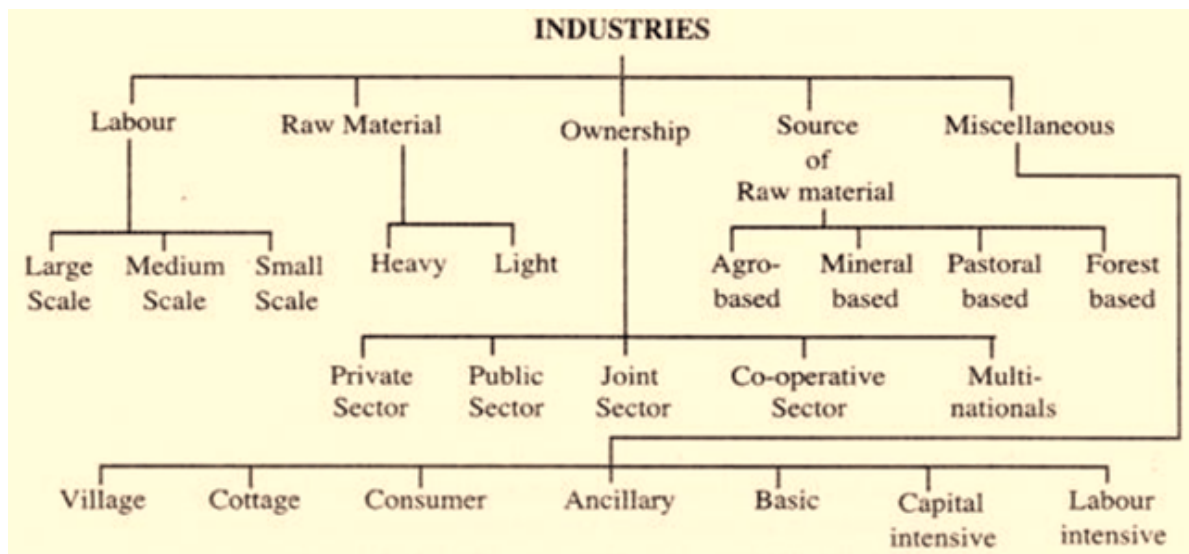
- The modern industrial development in India started with the establishment of the first cotton textile mill at Mumbai in 1854, predominantly with Indian capital and entrepreneurship. Jute

industry made a beginning in 1855 with the establishment of a jute mill in the Hooghly Valley near Kolkata with foreign capital and entrepreneurship. Coal mining was first started at Raniganj in 1772. Railways were introduced in 1854. Tata Iron and Steel Plant was set up at Jamshedpur in 1907. Several other medium and small size industries like cement, glass, soaps, chemicals, jute, sugar, and paper followed. The industrial production in pre-independence period was neither adequate nor diversified.

- At the time of independence, the economy was under-developed with agriculture contributing to more than 60% of the GDP and most of the country's export earnings. After 60 years of independence, India has now shown the signs of becoming a leading economic power.
- Industrial development in India can be divided into two phases. The Government successively increased its control over different economic sectors during the first phase (1947 - 1980) . In the second phase (1980 - 97) it took measures to liberalise the economy between 1980 and 1992. These measures were somewhat ad hoc. After 1992, the whole process of liberalization became more focused and radically different in nature.
- After independence, systematic industrial planning under different five-year plans helped in establishing a large number of heavy and medium industries. The main thrust of the industrial policy was to remove regional imbalances and to introduce diversification of industries. Indigenous capabilities were developed to achieve self-sufficiency. It is due to these efforts that India has been able to develop in the field of industry. Today, we export a large number of industrial goods to various countries.

Classification of Industries

Industries can be classified on different basis. Classification of industries on the basis of five criteria has been given in the following table.



Classification of Industries

Sl. No.	Criteria	Types of Industries	Main Characteristics	Examples
1.	Sources of Raw Material	(i) Agro-based Industries	Agricultural products used as raw materials.	Cotton textile, jute, sugar, and paper industry.
		(ii) Mineral based Industries	Minerals are used as raw materials.	Iron and steel, chemical, and cement industry.
2.	Ownership	(i) Public Sector	Owned and managed by Government.	Bokaro iron and steel plant, Chittaranjan locomotive works.
		(ii) Private Sector	Owned and managed by an individual or group as a company.	Tata Iron and Steel a J. K. cement industry Apollo Tyres.
		(iii) Joint	Owned jointly by public and	Maruti Udyog.

		Sector	private sectors.	
		(iv) Cooperative Sector	Owned by cooperative society of raw material producers.	Sugar industry in Maharashtra, Amul (Gujarat) , and IFFCO (Kandla) .
3.	Function or Role	(i) Basic Industry	Finished products of basic industry are used as raw material for other industries.	Iron and Steel and petro-chemical industries.
		(ii) Consumer Goods Industry	Finished products of this industry are directly used by individuals.	Toothpaste, soap, sugar industry.
4.	Size of Industry	(i) Large Scale Industry	Huge investment, heavy machinery, large number of workers, large factory, 24 hour's operation.	Iron and steel, oil refineries.
		(ii) Small Scale Industries	Small investment, small factory, few factory workers.	cycles, electrical goods industry.
		(iii) Rural and Cottage Industries	Owned by family members, small machine at homes.	Jewellery, handicrafts, handlooms, artwork.
5.	Weight of Raw Materials and Finished Products	(i) Heavy Industries	Both raw material and finished products are heavy and bulky, high transport cost	Iron and steel, BHEL (Hardwar) : heavy electrical like generator.
		(ii) Light Industries	Both raw material and finished products are light in weight, low transport cost.	Watches, readymade garments, toys, fountain pens.
Classification of Industries				

This is not necessary for any particular industry to be included only in one category. Depending upon the classification, the same industry can become an example of different types of industries. For example, Bokaro Iron and Steel plant is a mineral based industry. It is in public sector. It is a basic industry. It is large scale industry and also an example of heavy industry.