

# Large scale industries



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# LARGE SCALE INDUSTRIES IN INDIA



## GROUPING OF INDUSTRIES

ON THE BASIS OF SIZE

LARGE SCALE  
MEDIUM SIZE  
SMALL INDUSTRIES

LARGE SCALE INDUSTRIES

A) MINING, B) MANUFACTURING C)  
ELECTRICITY, D) GAS & WATER SUPPLY

ON THE BASIS OF END USE

BASIC GOODS INDUSTRIES (MINERALS,  
FERTILIZERS, CEMENT, IRON AND STEEL,  
ELECTRICITY)

CAPITAL GOODS INDUSTRIES (MACHINERY,  
RAIL ROAD EQUIPMENT)

CONSUMER GOODS INDUSTRIES (CONSUMER  
DURABLES, NON DURABLES)

# INDUSTRIAL GROWTH IN INDIA

- 1) Steady growth of 8% during the first 3 plan periods (1951 to 65)
- 2) 1965 to 1980 , a period of deceleration and retrogression, growth rate falling down to 4.5% per annum.
- 3) 1980 to 1991, the annual industrial growth rate was 7.8% per annum.
- 4) 1991 , a year of new economic reforms ,limiting the domain of public sector, encouraging FDIs ,foreign portfolio investments , liberalization of licensing policy.

## Continuation...

- 5) 1991 to 2000 average annual growth rate fell to 5.7%.
- 6) Tenth plan (2002-2007) the achieved growth rate 8.7%.
- 7) 11<sup>th</sup> plan (2007 -2012) the annual growth rate 7.4%.
- 8) Targeted growth rate of 12<sup>th</sup> plan 8 to 8.5%

## Present Scenario

- Only 2 industries that are reserved for the public sector – Atomic energy and rail transport.
- Total number of PSUs – 220 are in operation.
- 158 are earning profits and 62 are incurring losses.
- The number of big business houses have increased from 2 to 80 since 1951 giving rise to concentration of economic power.
- To restrict the monopoly practices competition act was enacted in 2002 replacing MRTP act 1969

# Role of Large scale industries in India

- 1) Modernizing agriculture,
- 2) Providing Employment to 22% of population
- 3) Share in GDP 30 % (Data 2016-17)
- 4) Two thirds of export earnings are from industry.
- 5) Raising incomes of people by enhancing the economic growth.
- 6) Industrial growth meets the ever increasing demand for industrial goods which have high income elasticity.
- 7) Strengthening the economy by providing infrastructure like railways dams which are not importable

# Make in India

- An initiative launched by Government of India to encourage national , multinational companies to manufacture their products in India.
- Launched by Prime Minister Narendra Modi on 25<sup>th</sup> September 2014.
- It made India top destination globally for foreign direct investment surpassing USA and China receiving 63 US billion dollars in FDI.

# Problems of Large scale Industries

- 1) Below targeted growth rate in all the five year plans except the first five year plan.
- 2) Under utilisation of the plant's capacity to the extent of 40% to 50%.
- 3) Increasing capital output ratio from 2.95 in the first five year plan to 4 during eighth, ninth, tenth, eleventh plans
- 4) Absence of world class infrastructure ex: lack of transport facilities, frequent power failures.



## Continuation

- 5) High cost industrial economy is attributed to out dated technology, import substitution , government protection to PSUs , low MPL, uneconomic size of industrial units, monopolistic tendencies.
- 6) Poor performance of public sector units.
- 7) Sectoral imbalances implying inadequate support from agriculture and service sectors.
- 8) Industrial development is lopsided region wise. Large scale industries are concentrated in regions like Tamilnadu, Andhra Pradesh, Maharashtra, and Gujarat. These four states account for 50% of total capital and 50% of total factories.



**THANK YOU**