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Micro Environmental Factors in the Development of Industrialization

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I. INTRODUCTION

From the very beginning, industrialization which is known as the engineof growth has really propelled the economy and society. The developed economies in the world are industrialized countries and their economy is export driven. Knowing this fact, the process of industrialization began worldwide, but the rate of industrialization remained highly uneven besides the efforts of respective governments. In India, after independence, government took various steps through five years plans to boost industrial sector in the country but the desired goal could not be achieved. With the surge of liberalization and globalization, the economy felt great impetus which attracted and opened opportunities for development. Industrial sector shown a ray of hope by enhancing share in GDP and employment generation. Obviously, the GDP, literacy, occupational structure are key components that directly influence the socio-economic development, but it should not be at the cost of sustainability of environment.

II. OBJECTIVE

This paper attempts to analyse and highlight the impact of industrial production as to how it has impacted the economic development by contributing a remarkable share in the GDP, literacy and occupational structure leading toemployment.

III. METHODOLOGY

The study is based on secondary data collected from statistical booklets, records of the government and statistical data available on government sitesof different ministries of government of India. The literary survey has also been carried out. Thus the data and information collected have been analysed, tabulated and interpreted.

IV. REVIEW OF THE LITERATURE

Development and advancement of industrial sector is an essential componentof successful development strategy in the county like India. Sir Arthur Lewis, speaking of theory of economic change, says that the difference between man and pig is not that man is necessarily happier than pig, but that they lead richer and more varied likes, in the sense that the range of opportunities and choices open to them is much wider.

Development is largely a matter of broadeningthis range and a regional development plan accordingly must take ‘account of the impact of alternative development strategies on the diversity of economic activities, available services, and choices provided by various pattern of daily life, including leisure and time pursuits (Benjamin Higgins, 1975). Generally, planning has three dimensions.

The first dimension is production planning. The second dimension is financial planning and the third dimension has to be spatio-temporal. It has rightly been observed that industrialization generates remarkable demand for land, people and resources (Hamilton, 1978). In India also there is hue and cry for land for various activities including industry. Ifthe poorer countries are to begin to catch-up with the more wealthy areas, the development of agriculture and industry must go hand in hand, though not necessarily in the same territory.

It is a fact not easily to be missed that regions which are purely agricultural and which have few contact with the world of industry, are in the main areas of poverty. Higher standard can onlycome about through greater industrialization. (Jorrett, 1977). Government of India has also focused on industrial development through five year plans. The present government under the stewardship of Prime Minister Narendra Modihas outlined Make-in-India plan to transform India’s economy by developing India a global manufacturing hub (Economic Times, 2014). Government hasconcentrated on inviting FDI and private entrepreneurs to come, invest andmanufacture under Make-in-India initiative.

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India, a predominantly agrarian economy, has been trying to push forward the economy through industrial planning and development. Industrialization no doubt, generates remarkable demand for land, money and people. Every elements of industrial economy has its constraints and benefits but to set harmony among the factors of production is the basic task of planningso that every element of production could work optimally under micro environmental factors and the objective of the industrialization to create employment, manufacturing goods to earn profit and to bring the changein the life style of the people could be adhered. Related to development the data of various elements like growth rate of industrial production, per capitaincome, GDP, real growth rate, literacy rate and unemployment rates from 2001-02 to 2020-21 have been analysed to evolve and highlight the trends of industrial production, employment and occupational structure because these factors or elements play vital role in determining the development andgrowth in economy of the nation.

Table 1: Elements of Economy (India)

Year	*GDP Growth Rate (%)*	*Industrial Production Growth Rate (%)*
2000-01	4.82	7.5
2004-05	7.92	7.4
2009-10	8.50	4.6
2014-15	8.00	3.3
2019-20	7.96	3.8
2020-21	10.1	-0.8

Source: http/indiabudget.nic.in; www.unctad.org/wir; www.statisica.com

The GDP growth rate and Industrial growth rate in India during 2011- 2021 shows that the GDP during last 20 years marked remarkable growth rate, i.e. 4.8% in 2000-2001 to 10.1% in 2020-21, while the India's industrial production growth rate during the same period has been quite disappointingas it was 7.5% in 2000-2001, 7.4% in 2004-2005, 4.6% in 2009-2010, 3.3% in 2014-2015, 3.8% in 2019-2020 but in 2020-2021 it was recorded –0.8%.Though, there may be a cogent reason of COVID-19, the pandemic which has badly affected the economy including the India's economy especially the industrial sector in COVID-19 period. It has direct bearing on the unemployment rate in India as it is recorded highest in 2020-2021 (7.11%) as compared to the previous unemployment rate in 2000-2001 (5.77%), 2005-2006 (5.52%), 2010-2011 (5.65%), 2015-2016 (5.51%) and 2019-2020 (5.27%).

Table 2: Distribution of the Workforce Across Economic Sectors from 2009-2019 in India

Year	*Agriculture in %*	*Industry in %*	*Service in %*
2010	51.52	21.81	26.68
2015	45.26	24.54	30.20
2019	42.60	25.12	32.28

The analysis of workforce across the economic sectors which is also termed as occupation structure, in India, exhibits that agriculture is still mainstay of economy. In 2010, sector wise workforce was 51.52% inagriculture, 21.81% in industry and 26.68% in service sector, while in 2015it is 42.26% in agriculture, 24.54% in industry and 30.20% in service sector.Under the continuous changing pattern of occupation structure or workforcein India the statistics shows that in 2019, there was 42.60% in agriculture, 25.12% in industry and 32.28% in service sector. It is clean from the analysis that the workforce in agriculture is declining fast, which has socio-economicand environmental implications. The agricultural land is regularly being encroached by the development scope, i.e. residential, industrial, roads, parks and other activities on the one hand and the increasing pressure of population which is leading to diminishing size of holding. The people from countryside engaged in agriculture and other allied activities are tendingto shift their occupation and in search of livelihood engaging themselves either in agriculture sector or service sector. But the steady growth in service sector as compared to industrial sector is not healthy sign for the economic development of the nation. The service sector can only provide employment to a specific class of people who have specific skill to serve butagriculture and industry sector allows a large junk of population to derive their livelihood. As far as, the developed nations are concerned, the countries where industrial and service sectors are strong, they have better economyas compared to agriculture dominated countries.

In India, any borrowed- model of development can't work because India has its own conditions andecosystem, hence India is needed to see the development process from Indian perspectives which would be fitted with the physio-socio-economic health of the nation.

Table 3: Literacy and Unemployment Rate in India

Year	*Unemployment Rate %*	*Literacy Rate %*
2000-01	5.77	61.01
2005-06	5.52	62.75
2010-11	5.65	71.00
2015-16	5.51	71.96
2019-20	5.27	77.07

Source: http/indiabudget.nic.in; www.unctad.org/wir; www.unctad.org/fdistaistics

The data related to literacy and unemployment in India has also been analysed which shows that with increasing literacy rate the unemployment rate is also increasing. In 2000-2001 literacy rate was (61.01%), in 2005- 2006 (62.75%), in 2010-2011 (71.00%), in 2015-2016 (71.96%). But in 2019-2020 (77.07%) it is abruptly increased. It has been observed that employment generation is an increasing important aspect of progressive economy in India. George assumed that service sector will be most preferreddestination for employment but it will be more likely confined to big cities for genuine employment. New growth sector, industrial sector particularly manufacturing, industrial growth is needed. During last decade industrial sector has shown uncertainty. Indian market and the global market have shown negative impression. It is a very unfortunate sign. India should also pay attention on improving their economy by innovations in their productionenvironment.

The model of industrial development (Fig. 1) clearly indicates that for increasing manufacturing in any economy there is a basic requirement of identification, integration, development and utilization of resources with the public and private participation. During last decade, it is clear from the data that employment in public sector has been declining while it is increasing in private sector. So government should allow private entrepreneurs in industrial development and infrastructure management to give pace to the economic development. There is a requirement to remove or amend unnecessary laws and make the procedure more transparent and business friendly so that the private entrepreneur could invest and create job opportunities for peoplein a varied range. Human resources, cultural resources, natural resources,

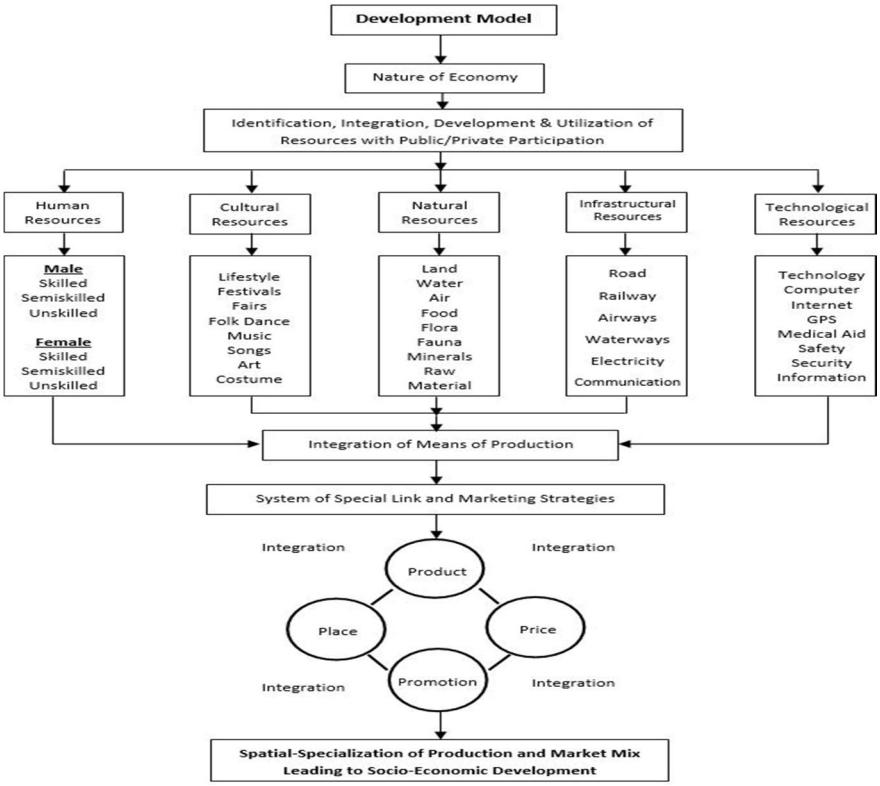

Fig. 1: Model of Industrial Development

Infrastructure resources and technological resources needed to be harnessed under micro environmental factors for optimum output and benefit to the society. Integration of manufacturing product, place, price and production is necessary for spatio-functional development leading to grass root development. Linkage of every resource with industry is requisite for rapid development.

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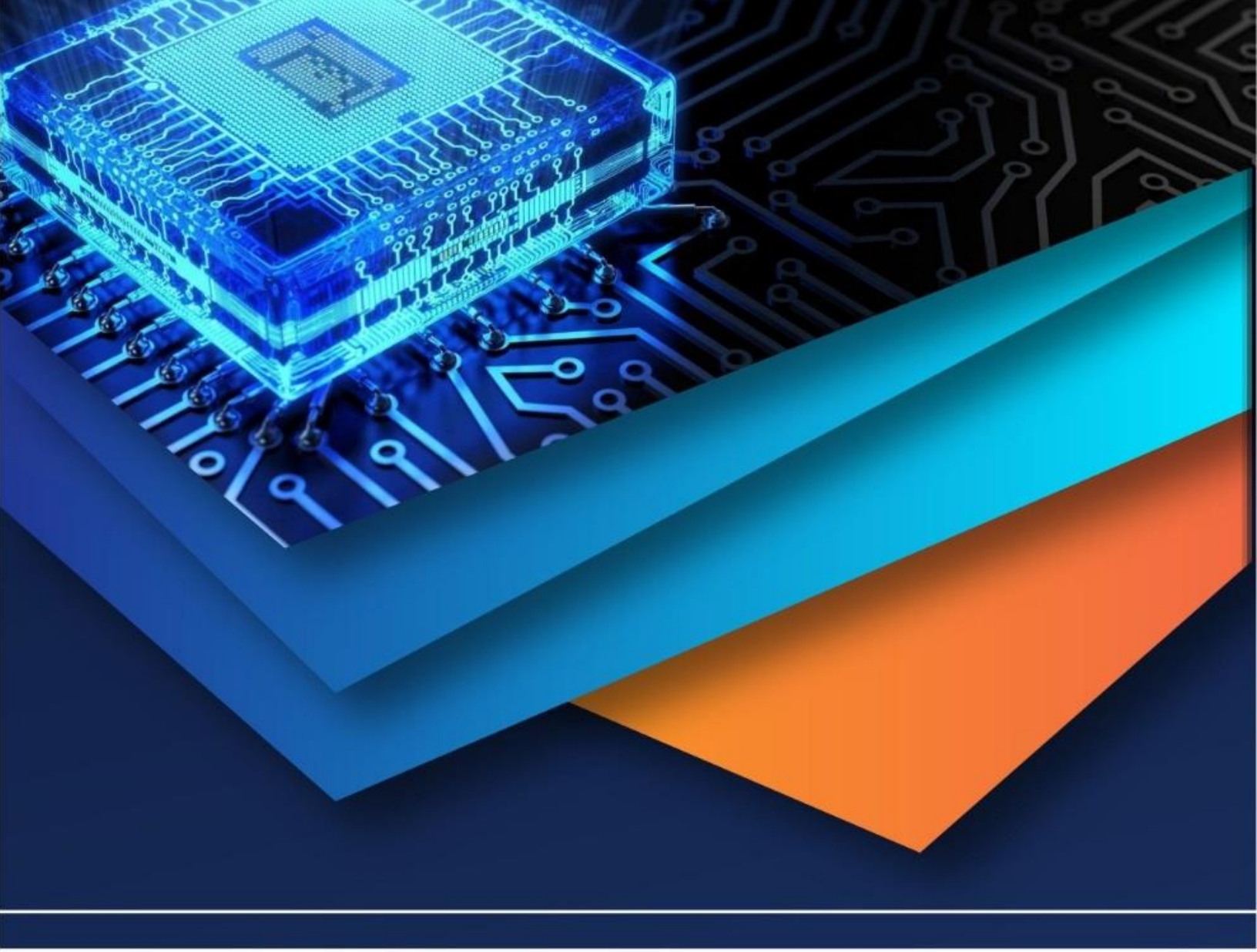

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