growth of the economy. The Indian telecom sector was wholly under government ownership and control until recently and was characterised by under-investment and outdated equipment. There is a vast potential for extending these services in India, which has one of the world's smallest telephone densities of 1.3 per 100 people, compared with the world average of 10 per 100. Advanced communication services such as fax, data transmission, and leased circuits are becoming increasingly common. Foreign collaboration is also being encouraged in cellular phones and paging systems. The power problems are severe in India with three-hour-a-day power cuts and damaging voltage fluctuations that require companies to generate their own power. Investment in energy is a sound way of increasing manufacturing activity.

As part of India's liberalisation efforts, the transportation sector has been opened to private investment. The government is offering incentives to invest $4.7 billion to construct and operate bypass roads, highways, bridges, railways, and ports.

Inefficient Public sector : We have already seen that in an attempt to build up the industrial base of the economy, the country had created a huge public sector. But India's public sector is notoriously bloated and inefficient. The World Bank has turned down applications for power loans worth $750 million for projects in some states because of mismanagement in their government. Many electricity boards have become insolvent as a result of providing electricity at extremely subsidised rates and ignoring large-scale thefts of electricity. State governments have been unable or unwilling to take the politically unpalatable decisions needed to make their electricity boards viable.

The most telling evidence of the cost of delaying reform is the sheer effort companies have to expend to cope with the country's labyrinthine bureaucracy. For example, foreign investors continue to seek permission from the Foreign Investment Promotion Board, even though their plans are covered by the automatic approvals system.

Tax Problems : India's tax system is highly defective and should be transformed with high differential tax rates falling on a narrow base, into

electronics, leather and leather goods, manufacture of foodstuffs and its processing, agriculture and agro-based industries.

The progress India has made in the field of industrialization is clearly reflected in the commodity composition of India's foreign trade in which the share of imports of manufactured goods has steadily declined. On the other hand, industrial products particularly engineering goods have become a growing component of India's exports. Finally, the rapid stride in industrialization has been accompanied by a corresponding growth in technological and managerial skills for efficient operation of the most sophisticated industries and also for planning, designing and construction of such industries.

8.4 2 Trend of Industrial Production since Independence

Industrial growth has not been uniform since 1951. After a steady growth of 8% during the first fourteen years (1951 to 1965), the growth began to fluctuate. Industrial growth was almost stagnant during 1967-68. It was 9.5% during 1976-77 but 1.4% in 1979-80. During 1980-85, the growth rate of industrial production was 5.5% per annum. During the seventh plan, (1985-90), the growth rate had picked up to an average of over 8% per annum and in the eight plan (1992-1997) it had declined to 7.3% per annum. During the ninth plan (1997-2002) industrial growth fell to 4.6% per annum but during the tenth plan (2002-2007), it again went up to about 9.1% per annum.

Let us consider Table 8.1 depicting the growth of industrial production in a wide variety of industries over the years, since 1950-51 to 2013-14.

From Table 8.1, it can be easily inferred that there has been huge increase in the volume of production in a wide variety of industries. From just a meager 9 million tonnes of fertilizers in 1950-51, the country has produced 16,902 million tonnes in 2013-14. Impressive increase in production has also been recorded in electricity, cloth, aluminimum, commercial vehicles, finished steels

as well as cement and paper & paper board.

Table 8.1 : Growth of Industrial Production of Selected Commodities over the Years

Sl	Commodity and units	1950-50	1970-71	2005-06	2013-14
1	Cloth (in million meters)	4,215	7,602	23,873	63,500
2	Fertilisers (in '000 tonnes)	9	830	11,402	16,092
3	Cement (in million tonnes)	2.7	14.3	147.8	255.00
4	Finished steels (in million tonnes)	1.0	4.6	44.5	87.7
5	Electricity (in billion kwh)	5.1	55.8	617.0	967.2
6	Aluminium (in thousand tonnes)	4.0	168.8	560.5	3958
7	Paper & paper board (in thousand tonnes)	116	755	3,913	4389*
8	Commercial vehicle (in thousand units)	8.6	41.2	391.0	910.2*

Source: *Datt & Sundharam's Indiain Economy, 2016.*

**Figures are for the year 2014-15.*

The contribution of the industrial sector to the GDP of the country was 15% in 1950-51. It gradually increased to 22.3% in 1970-71, and then to 26.8% in 2007-08 (Economic Survey 2007-08). Table 8.2 shows the Index of Industrial Production of India.

Table 8.2 : Growth of Index of Industrial Production of India

Industry Group	Weight	% of growth	
		2007-08	2008-09
Mining	104.7	5.1	2.3
Manufacturing	793.6	9.0	2.3
Electricity	101.7	6.4	2.8
Growth by use based industrial groups			
Basic goods	355.7	7.0	2.5
Capital goods	92.6	18.0	7.0
Intermediate goods	265.1	9.0	-2.8
Consumer goods	286.6	6.1	4.4
Durables	53.7	-1.0	4.4
Non-durables	233.0	8.6	4.4
General Index	1000	8.5	2.4

Sources : Economic Survey 2008-09; Report of Central Statistical Organisation.



CHECK YOUR PROGRESS

Q 3 : State whether the following statements are True or False.

(a) During the first twenty years of planning, India established a series of micro industries in the public sector for the production of consumer products. (T/F)

(b) The industrial structure in India is widely diversified. (T/F).

Q 4 : State the plan-wise rate of growth of industrial production after the 1980s and till the recent years. (Answer in about 60 words)

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8.5 PROBLEMS OF INDUSTRIALISATION IN INDIA

It is true that industrialisation in India since independence has significanty contributed towards the growth in national income, increasing employment opportunities and thereby making positive impact on reduction of poverty and improvement in health and education of the people of India. However, the industrial sector of India is facing some crucial problems, which is retarding its pace of growth. Some of India's current problems regarding industrialisation are mentioned below:-

Infrastructure : Even when the country set up a heavy industrial base of basic industries, it lacks the industrial base that propels rapid economic growth of the globalised economies today. Thus, poor infrastructure is acting as a drag on the Indian economy, and the Indian government is now attracting private domestic and foreign investment to build the backbone of a modern economy. This includes massive improvements in telecommunications, power, energy, and transport.

India has recognised the vital role telecommunications play in the