



Industrialisation and economic development

Dr. M Nazeeruddin

Associate professor and HOD, Dept. Of economics, Osmania college, kurnool. Andhra Pradesh, India

Abstract

Industry is a branch of trade or manufacturing activity which is generally concerned with the production, of goods for market. Industrial activity, invariably, includes mechanical invention and technological innovation that help maximum production with minimum expenditure. Industrialisation in a developing country has come an inseparable part of development process, planners and policy makers view it as most acceptable instrument to generate dynamism in growth process. The main objective of any industrialisation programme is to raise the standard of living of the people. With the growth of manufacturing industries the villages have experienced changes of a far-reaching nature. Once the momentum increases for more and more accumulation of capital, it is possible to break the vicious circle of poverty. A suitable combination of labour intensive and capital intensive techniques are to be incorporated in the process of industrialization in order to raise the productivity of factors of production.

Keywords: incorporated, techniques, industrialization, productivity

1. Introduction

Industry is a branch of trade or manufacturing activity which is generally concerned with the production, of goods for market. Industrial activity, invariably, includes mechanical invention and technological innovation that help maximum production with minimum expenditure. The manufacturing activity refers to the processing of primary products, transformation of materials and the manufacturing of machines and other capital equipment that accelerate the process of production.

According to Pei-Kang Chang "Industry is a process in which changes of a series of strategical production function, are taking place. It involves those basic changes that accompany the mechanization of an enterprise, the building of a new territory. This is in a way a process of deepening as well as widening of capital

A.H. Wansen defines the deepening process as one where "more capital is used per unit of output while the widening process means that capital formation grows *Pari Passu* with the increase in the out put of final goods ^[2].

Industrialisation has been defined by Sutcliffe, as a process which has invariably been the "outcome or accompaniment of economic development" a set of policies, which more than any other set of policies is seen as a means toward economic development ^[3].

Industrialisation in a developing country has come an inseparable part of development process, planners and policy makers view it as most acceptable instrument to generate dynamism in growth process. It has been argued that "in an under developed country with a backward agriculture and vast population there is a little choice but to give priority to the development of industries. The establishment of new kind of society (industrialised) is easier than reformation of old ^[4].

1.1. Industrial progress and economic growth

The main objective of any industrialisation programme is to raise the standard of living of the people. This means

provision of higher standards of nutrition, housing and health and a large per capita volume of manufactured products.

However, industrialisation is also treated as a process in which the economic gains of industrial progress, mainly in the nature of increasing returns, are continuously created and wholly or partially realised. Besides, industrialisation lifts the margin of diminishing returns, Increasing returns may realised because of Internal economies, or external economies, or both. Under particular state of technology, there is a certain scale of increasing return for an industrial enterprise. But new technological innovation will prolong the scale, enlarge the range or create new scale or range. Thus, industrialization is a process in which scales and ranges of increasing returns are continuously created and frequently prolonged and enlarged.

The process of industrialisation may be attended by some of the less desirable social changes. Development of tertiary activities, for instance, is accompanied by the development of various facilities.

These social changes are regarded as a major motivating force behind the plans and programmes of industrialisation and not as their consequences.

With the growth of manufacturing industries the villages have experienced changes of a far-reaching nature. However, due to the decline of the village industries like spinning and weaving, brass ware, pottery, oil pressing, etc., in many instances the self-sufficiency of the village disappeared.

A policy of industrialisation pursued with forethought and careful planning may eradicate these evils. The aims of industrialisation in this country would be to provide employment to the surplus rural population and increase the food production. The migration of a large section of the able-bodied persons from rural areas to wage earning occupations in urban industries in many instances have left the village structure unbalanced so that food production in the country has been hampered.

Industrialisation to be sound, at a balanced development of agriculture and manufacturing industry, industrialisation should not be halted in order to maintain the traditional rural society. Pursued with care and caution a sound industrial policy could mean a new base of life to the teeming millions in India creating opportunities for regular employment and making provision for a better standard of living.

1.2. Need for industrialisation in developing nations:

The difference between developed and developing countries is on the basis of the extent of industrialisation. Industrialisation plays an indispensable role in developing countries to increase incomes of the people which leads to a higher standard of living that results in further industrialisation.

Most of the economists pinned their emphasis on one or the other factors viz., low level of technological skills, low level of capital formation and dearth of natural resources, disproportionate growth in population to be responsible for the low level of industrialisation.

It is realised that without adequate natural sources, it is highly difficult for an economy to embark upon higher industrial projects. Plenty of resources available internally alone cannot speed industrialisation. Proper use of the available resources should be there ^[5].

In most of the developing economies the rate of industrial growth is poor not because of lack of natural resources but only to due to under utilisation of the available resources ^[6].

In all the developing countries the per capita money income and per capita real income are very low ^[7].

This low real income operates itself in a vicious circle. However, when internal capital is not available, external capital should be created for rapid industrialisation.

Once the momentum increases for more and more accumulation of capital, it is possible to break the vicious circle of poverty. at the same time, steps should be taken to encourage savings by the people by providing various tax concessions and such other incentives.

To catch up with the rapid industrialisation, obtaining in most of the developed countries, availability of modern improved technical know-how is essential ^[8].

Technology, in fact, can be thought of as a primary resource.

In most of the under developed countries, there is preference to labour intensive policies in order to provide employment to their rapidly growing populations. However, it is realised that increased productivity in the developing countries on largely come through efficient techniques and appliances. Mechanisation may not be possible because of the non-availability of sufficient capital ^[10].

Hence to achieve rapid industrialisation, sincere efforts are needed in developing countries to mechanise the manufacturing processes more and more, to get their people trained in modern technology and to promote research for finding improved techniques of production. Developing countries have to first develop necessary infrastructure before setting up industries.

It is realised that in a developing economy like India where capital accumulation, technological know-how are relatively at a low level, there is a need for rapid industrialisation of the regions depending upon the availability of natural resources. A suitable combination of labour intensive and capital intensive techniques are

to be incorporated in the process of industrialization in order to raise the productivity of factors of production. This enables the transformation of traditional economy into an industrialised country.

Conclusion

Industries is a branch of trade or manufacturing activity which is generally concerned with the production of goods for market. It is observed that in most of the under developed countries largely depends on agriculture with vast population that may leads to less priority will be given to industries. So, industrialisation is a process in which economic gains of industrial progress that would be mainly focused on increasing returns are continuously created and wholly or partially realised. Besides, industrialisation lifts the margin of diminishing returns. To catch up with the rapid industrialisation, obtaining in most of the developed countries, availability of modern improved technical know-how is essential.

Hence, to achieve rapid industrialisation, sincere efforts are needed in developed countries to mechanise the manufacturing processes more and more, to get their people trained in modern technology and to promote research for finding improved techniques of production. The need of the hour is, developing countries has to first develop necessary infrastructure before setting up industries.

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