CHAPTER – III

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DEVELOPMENT: THE INDIAN SCENARIO

Development is currently seen as a process of growth and change in different dimensions. The newly independent states of Asia, Africa and Latin America, to quote the words of J.K. Galbraith, are now concerned, as were those of Western Europe in the late eighteenth and early nineteenth centuries, with understanding the processes on which development depends.¹ Agricultural progress, industrialization, mechanization, commercialization, and spread of money-economy are some of the devices by means of which development is attempted to be worked up.

It has been observed that industrialisation creates new occupational patterns and a new mode of life. Mechanisation, whether in agriculture or in industry, creates new relationship patterns. Commercialisation brings about a shift in power and authority patterns in the social system. And, the introduction of money-economy has changed the authority of tradition and the pattern of traditional values.

The same is the case with most of the developing societies who constitute the Third World. Currently a common phenomenon is in operation within these societies

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which involves, among other things, liquidation of colonial institutions and values; the commencement of a transformation of the old economic and social structure; and, a massive programme of agrarian reform and industrialization.

**Trends of Development in the Third World**

However, the processes of development in the Third World societies have revealed trends which are alarming. The pace of their development is considerably slower. It is creating a condition whereby these states will lag behind the developed states for all times to come.

The pattern of urbanization that is taking place has not generated that momentum in the countryside which would affect the overwhelmingly agrarian basis of the developing societies, so necessary for the take-off of development.

Such a viewpoint is echoed by the United Nations General Assembly. In a resolution for the first World Development Decade, i.e. 1960s, the Assembly resolved that "the main objective of the decade was to accelerate progress towards self-sustaining growth of the economy of the individual nations and their social advancement" so as to obtain in each developing society a substantial increase in the rate of growth of aggregate national income.²

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Although the General Assembly in its resolution did refer specifically to social advancement, it laid down a precise quantitative target only for the increase in aggregate national income. Social advancement is not synonymous with increasing aggregate income of any society. It also covers many more aspects including those of income distribution, tapping of material and human resources; employment opportunities, the adaptability of the society to innovation; and, its self-reliance.

The developmental process cannot be confined to any single developing society nor to its own initiatives alone. Effective and wholesome results can be obtained, if intra-developing world cooperation is achieved. Such a cooperation can take various forms like sharing of development experience with others and gifting of goods and equipment.

India's Development Experience

In the context of the study of development, specially in the Third World societies, India is accepted as a sample. As observed appropriately by Galbraith, India is by far the largest and most populous of the developing societies, China apart. India's development experience has attracted more attention than that of any other society.


India also has, despite their shortcomings, the best statistics, and, as all economists know, it is impossible to discuss about development of a society where even imaginary data regarding basic factors of society, polity and economy are unavailable. As a result, the world has come, in far greater degree than has been realized, to identify development as a whole with the experience of India.

It is a common belief in most of the developing societies that development is synonymous with industrial development. Such a belief is a western and imperial legacy. It would not be out of context to mention that such is the fascination with the term 'industry' that the Government of India proposes to declare agriculture as an industry. In fact, agriculture and industry are essentially inter-dependent. Agriculture is the launching pad of the productive process.  

The story of development in India begins with Indian agriculture. The theory of development visualizes a definite role for agriculture in the process of development, phase by phase, but more specifically in the early stage of development.

The primary role of agriculture is highlighted by some writers because agriculture is not only the most

primitive but also the most neglected sector of the socio-economic system in most of the developing societies of the world to-day.

Priority for the agricultural development is favoured on the ground that the creation of investible surplus is technologically easier in agriculture and has much shorter gestation period. Increase in agricultural production in the initial stage of development can be brought about through the application of resources which have a low opportunity cost, and does not consume the scarce resources necessary for industrial development.

But those writers who emphasize on rapid industrialization for speedy development are of the opinion that most of the developing societies are, in fact, so termed because of the predominance of agriculture in their national economy. Again, in most of the developed countries, the share of agricultural products in national income is much less in comparison to that of the industrial products.

**Agricultural Development in India**

However, in a developing society like India there is a consensus regarding the crucial role of agriculture in the initial stage of development. Agricultural revolution is accepted as a necessary pre-condition of the industrial revolution.
In the early Fifties, stating about the pattern of priority in the First Five-Year Plan of India, the Planning Commission wrote: "The conception of priorities over a period has to be a dynamic one, the emphasis as between different sectors shifting as development in those taken up initially prepares the ground of others' development". 6

In the First Plan, agriculture, including irrigation and power, was given the top-most priority. The main aim was to attain a substantial increase in the production of food and of raw materials needed for industry with a view to sustaining a high tempo of industrial development.

Agricultural production during the Plan period increased. So, there was a shift in the emphasis towards industrial development. The primary objective of the Second Five Year Plan (1956-61) was rapid industrialization with particular emphasis on the development of basic and heavy industries.

In spite of satisfactory agricultural production during the Second Plan, shortages were experienced resulting in high rise in food-grain prices. The Third Five Year Plan (1961-66), therefore, restored the primacy of agriculture in its development strategy. It also stated that there is

6. The First Five Year Plan, 1951-56, Govt. of India, New Delhi.
no doubt about the leading role of industry in securing rapid development.

The factors like the Indo-Pak conflict in 1965, two successive years of severe drought, devaluation of Indian Rupee, general rise in prices and erosion of Plan resources delayed finalisation of the Fourth Five Year Plan. Between 1966 and 1969, three Annual Plans were formulated within the framework of the Draft Outline of the Fourth Plan.

The Draft outline stated that agricultural development in India has suffered on account of incomplete planning, particularly at the local levels. Agricultural production is primarily the result of individual planning. An agricultural plan becomes a plan in the true sense of the term and the targets acquire real meaning only if the national goals or broad targets are concretized into a set of specific programmes through village, block and district plans and are accepted by the farmers as their own and there is a joint commitment on the part of the farmers, their institutions like co-operatives and panchayati raj, the state governments and the centre to play their respective roles.

The Fourth Five Year Plan (1969-70 to 1973-74) aimed at accelerating the tempo of development and at reducing fluctuations in agricultural production. The Fifth Five Year Plan (1974-75 to 1977-78) was formulated
to achieve self-reliance in agricultural production. The Sixth Plan (1980-85) adopted a strategy for strengthening the infrastructure for both agriculture and industry so as to create conditions for an accelerated growth in investments, output, and exports. Stress was laid on dealing with interrelated problems systematically, and on active involvement of the people in formulating specific schemes of development, especially in agricultural sector, at the local level and securing their speedy and effective implementation. In the current Plan, great emphasis is being given to decentralization of the planning process and to mass participation in the programmes of agricultural development.

However, the fact remains that agricultural sector contributes nearly forty percent of the net national product, provides livelihood to about sixty percent of the total working force and accounts for nearly thirty percent of India's exports. It provides the bulk of wage goods required by the non-agricultural sector and vital raw materials for a large section of the industry.

The average growth of agricultural production during the period 1950-85 is more than 2.5 per cent per annum. Significant achievements in the field of agriculture along with animal husbandry, fishery, forestry and sericulture have been the vital elements in India's developmental efforts.

There is little scope for complacency. Agriculture in India is still not that productive as is expected of it.
It is pursued by majority of Indians mainly as a way of life for generations. The major shortcomings in India's agricultural system include the primitive cultivation patterns as followed by the majority of farmers; small size of land-holdings; lack of irrigation facilities; inadequate provisions for dry-land farming; insufficient inputs and implement; defective system of land tenure; and, lack of adequate and timely capital investment.

The agenda of agricultural planning in India, as Dubhashi points out, consists of the following programmes of action: continuing fundamental and adoptive research; extension of the fruits of research to individual units of production; supply of agricultural inputs and credit; increase in productivity through investment in irrigation, electrification and mechanisation; provision of infrastructural facilities like roads, communication and storage; and, incentive through pricing policies, marketing and processing facilities.

(Industrial Development in India)

Now, we may turn to the industrial development in India. The industrial scene in India during the pre-independence era is best described in the words of Jawaharlal Nehru: "India was under an industrial capitalist regime, but her economy was largely that of the pre-capitalist

period minus many of the wealth-producing elements of that pre-capitalist economy. She became a passive agent of modern industrial capitalism suffering all its ills and with hardly any of its advantages."

Independence and planning brought about significant changes in the industrial sector. During the last three and half decades of planned development, industrial production in India has made enough progress both in terms of variety and quality.

Industrial development has to be considered for various sub-sectors of industry like large-scale industry, medium industry, small-scale industry and rural industry. Industrial production in India increased at an average growth rate of about five percent per annum during 1970-85.

While almost all groups of industries contributed to this increase, the growth has been particularly remarkable in areas such as metal products, petroleum products, chemicals and chemical products, electronics and electrical machinery, transport equipment and power generation.

During the Five Year Plans, India's industrial set up expanded and diversified manifold. For example, in the year 1951, there were only two major iron and steel plants in the country. There are now six major steel plants with a total capacity of more than one hundred lakh tonnes per annum.

Another concrete achievement in the field of industrial development may be seen in the form of India's industrial production index which rose from 26.6 in 1950 to 150.6 in 1980—a growth of nearly 50% percent. It is this development of the industrial base that became the cause of several other success stories in the planned economy of India. Today, in spite of many short-falls, India is being ranked as "the tenth industrial nation and the third in respect of educated and skilled manpower in the world." 9

An important element of industrial development in the country in the post-independence era has been the rapid expansion of the public sector. India which made a modest start in fifties with only five public sector enterprises employing a modest capital of Rs. 29 crores emerged as an industrial giant in eighties. The number of public enterprises went up to 241 at the end of March, 1988. The total investment stood at Rs. 71,299 crores. These public enterprises produce diverse products such as steel, coal, aluminium, copper, heavy machinery, fertilizers, basic chemicals, drugs, minerals, petroleum products, locomotives, ships and aircraft.

Problems of Development

However, there is a "popular dissatisfaction with India's developmental achievements." There is a lack of an integrated approach to industrial planning and development. Multiple targets are fixed without much reasoning and evaluation of performances in various sub-sectors of industry.

The rate of economic growth does not match popular needs and expectations. It is, in fact, lower than the rate of growth in many of the developing societies of Asia. Inflationary financing is helpful for a take-off during the initial stage of development. But its continuance over a fairly long period of time and the resulting sharp rise in prices cause much hardship to common Indians.

During the plan periods, it is assumed that the overall price situation remains stable. Also, there is the absence of any policy for its realisation. There is a lack of attention to quality as against quantity of the goods and services targeted.

As a consequence of a general rise in population, there is an increase in unemployment of both the educated persons and the unskilled workers. The distance between the urban and the rural areas is widening which results in an urban-rural dichotomy in India. There is an increase in the absolute number of persons below the poverty line.

Continuing under-utilisation of capacity in both agriculture and industry causes a serious problem for India's overall development efforts. The incidences like tax-evasion, bribery, corruption, black money and a parallel economy are some of the negative outcomes of progress and prosperity in the country.

There is an increasing departure from the industrial culture required for accelerated development. There is a need for discipline, work-ethic and credit ethic. Last but not the least, neglect of ecological and environmental factors in the planning of development in India has far reaching implications and consequences for the over all socio-economic development.

The above mentioned shortcomings as well as problems can be rooted out with a fresh and dedicated approach to India's planned development. Primarily, the rate of growth of the economy needs to be stepped-up significantly. The process of modernization is to be accelerated. Poverty, unemployment and regional imbalances are to be progressively reduced. Harmony between short and long term goals of development is to be promoted.

**Development and People's Participation**

The active involvement of all sections of the population is to be promoted in the process of development. The participation of people refers to the single most important factor of development, namely, the human factor.
It is well-known that the largest resource potential India has is its work force. It is equally well-known that its development is most inadequate.

The human resource potential in India will improve greatly if there is the provision for good working conditions training in appropriate skills, proper education, industrial discipline, economic opportunities and adequate motivation for workers and personnel in various spheres of the economy.

**Nature of Change**

While analysing the nature of change in India especially with reference to its developmental efforts, one is confronted with some broad problem areas, namely, the political system, the human resources, the organisational structure and the nature of leadership.

It is not the objective as such which is a problem, because it is there in the plan of every developing society. The problem is rather why these developing societies have not succeeded in their efforts. Whatever be the nature of the political systems in the developing societies, they need the leadership of a ruling elite which is capable enough to harness material and human resources; consolidate organisational structures; and, provide stability to the political system.

The political leadership must be able to exert authority. It needs to be flexible and open-minded. A truly
national pattern of such leadership comprises of the professionals, trade unionists and academics.\textsuperscript{11}

If a ruling elite of the above type comes to power in the developing societies, then there is a greater hope of mobilisation of resources for development. Such an analysis is not meant to undermine the influence of the political system, i.e., liberal - democratic, socialist or communist system. It is only assumed that the human material of the ruling elite is the decisive factor.

Also, it is assumed that the leadership would have a still broader socio-political base. Its representative character would be beyond question. As a result, the process of development in India would take recourse to the most appropriate path. Because both the nature and contents of development are amply influenced by the type of leaders especially who are in positions of authority.

\textbf{Summary}

In this chapter, there is a discussion on the socio-economic profile of India as a leading developing society. Also, the agricultural and industrial development in India is discussed at length. Finally, the nature of change and development is highlighted.

We have found that development as a multi-dimensional process comprises agricultural progress, industrialisation, mechanization, commercialization, and spread of money economy. Development is a global phenomenon. It sustains on an intra-developing world co-operation. During the present study, it is seen that the process and pattern of development in India has been accepted as a model by a number of developing countries in recent times.

Agricultural progress and industrial growth are inter-dependent. Agricultural revolution is accepted as a necessary pre-condition of the industrial revolution. We have found that the active involvement of all sections of the population promotes the process of development and the human resource holds the key to development.