Chapter 8

Manufacturing Industries

1. Choose the right answers of the following from the given options:

Question 1.(i)

Which is not a factor of industrial location?

(a) Market

(b) Capital

(c) Population Density

(d) Power

Answer:

(c) Population Density

Question 1.(ii)

The earliest Iron and Steel Company to be established in India was:

(a) IISCO

(b) TISCO

(c) Visvesvaraya Iron and Steel Works

(d) Mysore Iron and Steel Works

Answer:

(b) TISCO

Question 1.(iii)

The first modern cotton mill was established in Mumbai because:

(a) Mumbai is a port

(b) It is located near cotton growing area

(c) Mumbai was the financial centre

(d) All of the above.

Answer:

(d) All of the above.

Question 1.(iv)

The nucleus of the Hugli Industrial Region is:

(a) Kolkata-Haora (Howrah)

(b) Kolkata-Rishra

(c) Kolkata-Medinipur

(d) Kolkata-Konnagar

Answer:

(a) Kolkata-Haora (Howrah)

Question 1.(v)

Which one of the following is the second largest producer of sugar:

(a) Maharashtra

(b) Uttar Pradesh

(c) Punjab

(d) Tamil Nadu

Answer:

(b) Uttar Pradesh

2. Answer the following questions in about 30 words:

Question 2.(i)

Why do you think that the iron and steel industry is basic to the industrial development of any country?

Answer:

Iron and steel are basic to economic development of any country because they are the basic raw material for production of all other goods- both industrial and commercial. All other industries are based on the products manufactured from these industries. Until and unless iron and steel are produced, even a nail, which is basic to all constructions, cannot be manufactured.

Question 2.(ii)

Name the two sectors of the cottage textile industries. How are they different?

Answer:

The cotton textile industry in India can be broadly divided into two sectors, the organised sector and the unorganised sector. The decentralised sector includes cloth ‘ produced in handlooms (including Khadi) and powerlooms. The production of the organised sector has drastically fallen from 81 per cent in the mid-twentieth century to only about 6 per cent in 2000. At present, the power looms on the decentralised sector produce more than the handloom sector.

Question 2.(iii)

Why is the sugar industry a seasonal industry?

Answer:

Sugar industry is totally based on sugarcane as raw material. Sugarcane is a seasonal crop harvested annually. Since sugarcane is a perishable crop and its sucrose content starts to decline within 24 hours only, therefore sugarcane cannot be stored for production of sugar later in the year. As a result production of sugar is limited to only harvesting time of the sugarcane.

Question 2.(iv)

What is the raw material base for the petrochemical industry? Name some of the products of this industry.

Answer:

Crude petroleum is the raw material for the petroleum industry. It is refined to obtain various products, which collectively are referred to as petrochemical industries.This group of industries is divided into four sub-groups:

- polymers,
- synthetic fibres,
- elastomers, and
- surfactant intermediate.

Question 2.(v)

What is the major impact of Information Technology (IT) revolution in India?

Answer:

The advancement in information technology has had a profound influence on the country's economy. The Information Technology (IT) revolution opened up new possibilities of economic and social transformation. The IT and IT enabled business process outsourcing (ITES- BPO) services continue to be on a robust growth path. Indian software industry has emerged as one of the fastest growing sectors in the economy. The software industry has surpassed electronic hardware production. The Indian government has created a number of software parks in the country. Also it has a large number of females employed in it.

3. Answer the following questions in about 150 words:

Question 3.(i)

How did the Swadeshi movement give a major impetus to the cotton textiles industry?

Answer:

Swadeshi movement was the movement, which was started by Gandhiji as a step towards achieving self-sufficiency in production. British goods were boycotted and Indian manufactured products were promoted. British in India deepened their roots by destroying indigenous industries. Swadeshi hit on this very policy of the government. People destroyed foreign manufactured goods in huge quantities; they started spinning for their own clothes. Capital was collected and new mills were setup throughout the country under the impetus provided by the swadeshi movement. New mills, which are still functioning, sprang up throughout the country. Khadi cloth and khadi industry were revived, the traditional artisans who have lost their livelihood were reabsorbed under the swadeshi economy as a movement against the British led economy. Not only large-scale industries were set up but also small and cottage industry was revived. Since under the wave nationalism people were adopting khadi- Indian handloom, the demand for the Indian cotton shot up, hence the entire indigenous cotton industry of India was revived. It also helped in generating employment opportunities leading to overall growth in national income.

Question 3.(ii)

What do you understand by liberalisation, privatisation and globalisation? How have they helped industrial development in India?

Answer:

The New Industrial Policy was announced in 1991. The major objectives of this policy were to build on the gains already made, correct the distortions or weaknesses that have crept in, maintain a sustained growth in productivity and gainful employment and attain international competitiveness. Within this policy, measures initiated are:

- abolition of industrial licensing,
- free entry to foreign technology,
- foreign investment policy,
- access to capital market,
- open trade,
- abolition of phased manufacturing programme, and
- liberalized industrial location programme. The policy has three main dimensions: liberalization, privatisation and globalization.

The industrial licensing system has been abolished for all except six industries related to security, strategic or environmental concerns. At the same time, the number of industries reserved for public sector since 1956 have been reduced from 17 to 4. Industries related to atomic energy, substances specified in the Schedule of the Department of Atomic Energy as well as Railways have remained under the public sector. The government also has decided to offer a part of the shareholdings in the public enterprises to financial institutions, general public and workers. The threshold limits of assets have been scrapped and no industiy requires prior approval for investing in the delicensed sector. They only need to submit a memorandum in the prescribed format.

In the new industrial policy, Foreign Direct Investment (FDI) has been seen as a supplement to the domestic investment for achieving a higher level of economic development. FDI benefits the domestic industry as well as the consumers by providing technological upgradation, access to global managerial skills and practices, optimum use of natural and human resources, etc. Keeping all this in mind, foreign investment has been liberalized and the government has permitted access to an automatic route for Foreign Direct Investment. The government has also announced changes in the industrial location policies. Industries are discouraged in or very close to large cities due to environmental reasons.

The industrial policy has been liberalized to attract private investor both domestic and multi-nationals. New sectors like, mining, telecommunications, highway construction and management have been thrown open to private companies. Globalization means integrating the economy of the country with the world economy. Under this process, goods and services along with capital, labour and resources can move freely from one nation to another. The thrust of globalisation has been to increase the domestic and external competition through extensive application of market mechanism and facilitating dynamic relationship with the foreign investors and suppliers of technology. In Indian context, this implies:

- opening of the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economies activity in India;
- removing restrictions and obstacles to the entry of multi-national companies in India;
- allowing Indian companies to enter into foreign collaboration in India and also encouraging them to set up joint ventures abroad;
- carrying out massive import liberalization programmes by switching over from quantitative restrictions to tariffs in the first place, and then bringing down the level of import duties considerably; and
- instead of a set of export incentives, opting for exchange rate adjustments for promoting export.

A breakup of foreign collaboration approval reveals that the major share went to core, priority sectors while infrastructural sector was untouched. Further, gap between developed and developing states has become wider. Major share of both domestic investment as well as foreign direct investment went to already developed states. Uttar Pradesh, the state with the largest population has only 8 per cent. In spite of several concessions, seven north-eastern states could get less than 1 per cent of the proposed investment. In fact, economically weaker states could not compete with the developed states in open market in attracting industrial investment proposals and hence they are likely to suffer from these processes.