

Structural Changes in the Indian Manufacturing Sectors (1950-1990)

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The basic malaise facing the Indian economy today is an absence of suitable policy framework. This has resulted in disappointing performances of the industrial sector. However, if the experience of 80's is to be believed the liberal industrial and trade policies which is synonymous with a planned and suitably chosen policy framework is a necessary perquisite of industrial growth.

Introduction - Problem and Objective

The story of the manufacturing sector of the Indian economy since independence has been at best quite impressive and at worst rather disappointing. From early fifties till mid sixties the growth rate of the manufacturing sector was all round and quite pervasive. But, the period since mid-1960's upto late seventies saw a marked neglect even mismanagement of the economy in terms of relevant macroeconomic variables. Finally the decade of 1980 saw a reorientation of industrial policies with respect to technological upgradation, better and easier access to raw materials, better capacity utilization and most importantly active participation in the export sector. Consequently in 80's there was a series of structural changes in the manufacturing sector.

The issue of industrial stagnation has been dealt extensively at some level or the other in economic literature. While one group of economist (viz., I.J. Ahluwalia) has primarily focused on supply side bottleneck in conjunction with institutional bottlenecks, another group of economists (viz., Deepak Nayyar) has highlighted the demand side factor as the route cause of stagnation. In between there is still another group of economists like S.L. Shetty who thinks that the primary cause of structural retrogression is lack