

INDUSTRIAL REFORMS IN POST-COLONIAL UTTAR PRADESH

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At the time of independence, the country inherited a nearly 200-year-old colonial economy that had been destroyed. It was denied the opportunity to participate in the modern industrial transformations that were taking place in other regions of the world. Apart from acute poverty, illiteracy, and a devastated industry, colonialism's structural distortions in the Indian economy made the shift to self-sustaining growth considerably more difficult in the future.

With the goal of creating favourable conditions for rapid industrial development, India had to do away with the legacy of colonial structure. The task of attempting a modern industrial transformation was the most daunting challenge. This was so because it began after two hundred years of the first industrial revolution and nearly hundred years after several other countries had industrialised.

Jawaharlal Nehru, the first Prime Minister of India wanted to modernise the Indian Economy by industrialisation. He described the industry as the 'modern temples'. It was envisaged that by industrialisation the Government would be able to reduce the pressure of the masses on agriculture as 75 per cent of population was dependent on it. In such conditions, withdrawal of labour from agriculture to other productive occupation was viewed as almost equivalent to economic development. Industrialisation on the other hand, was also expected to lead to increased productivity. This would result in increased surplus that could be saved, accumulated and then invested in further capacity expansion.

The impact of Uttar Pradesh in the country's affair was very pronounced but politically not economically. In pre as well as in post independence days, the impact of this State was due to a large extent of its size, strategic position and it being the most populous State of the country. Yet it was a cruel fact that U.P. was one of the poorest states in India. In essence, this State reflects all the problems of under development in the country in an acute form. This area despite having the perennial rivers, the famous fertile Gangetic soil and the country's oldest irrigation system, yielded pitifully little. It reduced the economy of the State to a bare subsistence level. The problem of unemployment and under employment was severe throughout the State and most acute in the proverbially backward regions in its eastern parts. Even after a decade of planned develop UP industries was just contributing 8 per cent to state economy by 1960-61 whereas the developed States were contribution over 14 per cent in all India economy.

This does not mean that the future outlook was pessimistic. On the contrary the state has vast scope for its economic development. What was required was a critical assessment of the problems that retard the growth of the economy, both spatially and structurally. This required the future plans to be formulated in a more realistic manner. The plans should envisage for the full exploitation of the favourable factors of development to achieve the maximum possible growth.

Uttar Pradesh, however, cannot follow the concept of Nehru's industrialisation. This was because more than 75 per cent of population of the State was predominantly involved in some type or

other in agriculture. Therefore in U.P. G.B.Pant, the first Chief Minister of Uttar Pradesh, applied a balanced approach. The State required an integrated network of both large scale and cottage industries. The State economy therefore, largely depended on both agriculture based cottage industry as well as large industrial development.

Absence of any large scale deposits of basic minerals was considered responsible for the lacuna in industrial development in the State. It was, however, proved wrong if we take the example of Japan where despite the absence of mineral resources it developed as a major industrial centre. It, however, had substantial amount of electric power, water, cheap land, modern means of transport and communication. It also has a ready market which would help in the industrial development.

Uttar Pradesh had vast forest resources and also has small amount of mineral resource. About 39 lakh hectares or 13 per cent of the State's total geographical area was under forest. The State, thus, could easily develop paper, newsprint and rayon industries. Few known minerals occurrences were confined to the Himalayan region in the north and Bundelkhand region in the Southwest. Limestone, Silica (sand), Phosphate shale and Magnesite were important minerals found in the State. U.P. was the largest Silica producing State contributing about 80 per cent of all India production.

State intervention was required to follow the controlled growth of the economy. It acquired a widespread acceptance in the inter-war period. In 1934, N.R.Sarkar, the president of the Federation of Indian Chambers of Commerce and Industry (FICCI), voicing the views of the leadership of the capitalist class, he added that 'for a backward country like India, a comprehensive plan of economic development covering all aspect of the economy specially agriculture and industry should be chalked out and coordinated by a high powered National Planning Commission was essential for her to make a structural break with the past and achieve her full growth potential'. In 1938, under the leadership of Jawaharlal Nehru, the greatest champion of planned

economic development in India, the National Planning Commission was set up. The commission through its deliberations over the next decade drew up a comprehensive plan of development to be followed by the State.

The plan for economic development for India popularly known as Bombay Plan elaborated on the business support for the public sector. The Bombay Plan saw the key cause of India's dependence on the advanced countries to be the absence of an indigenous capital goods industry. Anticipating a basic element of the Second Plan strategy, the Bombay Plan declared, 'we consider it to be essential that this lack (of capital goods industries) should be remedied in as short time as possible. This would ultimately reduce our dependence on foreign countries leading to reduction in external financial support also.

The first government in Uttar Pradesh under the leadership of Govind Ballabh Pant also followed the policy of the Government of India as regard the Planned industrialisation of the State. The industries of the State could be broadly divided into Large Scale industries, Textile industries, Forest based industries, Small Scale industries and Handloom industries.

The overall backwardness of the State's economy can be broken only by the introduction of structural changes. This was all the more necessary for U.P. where most of the working force was engaged in the primary activities and 84 per cent of the total population still lives in rural areas. The development of large-scale industries, therefore, should be undertaken with a conscious effort to vitalise the State's Economy.

The heavy industries were now bound to play an important role in the future development of the State. In pursuance of this policy the Government decided to set up an organisation under the Industrial Adviser to Government to deal with problems connected with the basic industries. A Commercial Intelligence Bureau was an important section of this organisation. It served as a clearing house of information about large scale industrial

projects in the province. Projects like Government cement factory at Chunar, factory for the manufacture of rayon etc. were cleared by it. Government proposed to set up Industrial Finance Corporation, which was established under the Second Five Year Plan in 1961.

Sugar production in the State enjoys special position, as it was one of the largest industries of the State. India had to import sugar to fulfil the requirement of the country before 1930-31. But after 1930s it was not only self-reliant but gradually became one of the biggest sugar exporting country. India ranked fourth in the term of sugar production. Pant while addressing the fourteenth annual general meeting of the Indian Sugar Mills Association at Lucknow said "I congratulate the industry for maintaining a high standard but I warn you that difficult times are ahead as the world is advancing more and more towards economic planning so India's industrial future has to be planned keeping this point in view."

The Government policy of protecting the sugar industry led to the large-scale development of sugar industry in India. In 1932 there were 31 industries, which increased to 128 in 1936, than to 139 in 1950 and reached 200 by 1965. The sugar production was 11.3 lakh tonnes in 1950-51, which increased to about 35.6 lakh tonnes by 1968-69 mainly due to the planned development policy of the government.

In 1959-60, out of the 168 mills in India there were 70 sugar mills in the State accounting for 50.4 per cent of sugar manufactured in India. The State had been exporting annually over five lakh tons of refined sugar to other States. However, later due to the development of sugar industry in Maharashtra, Madras, Andhra Pradesh, etc., the share of U.P. in all-India production of sugar gradually declined. U.P. produced 53 per cent in 1950-51 which came down to 47 per cent in 1960-61. On the contrary, the sugar production of Maharashtra increased from 17.3 per cent in 1960 to 27.5 per cent in 1968-69. Realising the importance given to the sugar production in U.P., the government created a special fund called the Sugar

Research and Labour Housing Fund. Pant said that we have set apart a sum of Rs.1.50 crore in the budget for this fund and it will be used for the improvement of sugar industry and for the welfare of labours.

The State Government issued orders according to which an area was reserved for the sugar mills of that area. The sugarcane farmer had to sell their product to the assigned mills. The government also banned the licence for the extraction of sugarcane for gur and kandsari in that area. This system left the farmer at the mercy of the mill owner of his assigned mill. If this type of system was to be applied then the government should have assured the farmers of the returns at the rate fixed by them. They should have also assured that the farmer get his money on time. This system was also responsible for the low productivity of sugar in the State as both the government and the mill owners did not pay attention to the problems of the farmers.

The increase in the production of sugar in the State could only be possible by removing restriction in the free flow of cane and increasing the availability of cane to the mills. The factory owner was also expected to act as trustees thereby helping the cultivator to solve their problems and thus increasing the cane production.

Textile industry was the second largest industry of the State. In 1960 there were 59 textile units employing 70,330 workers. The largest group was of cotton textile mills with 34 units providing employment to 57,670 workers. There were also three jute mills, three woollen mills, five carpet weaving units, three knitting mills and 11 other textile units in the State.

The industries were located in U.P. on market considerations rather than availability of cotton locally. Kanpur was the centre for spinning and weaving cotton textile in the State as out of 34 units in U.P. 11 were located here. Other units were widely spread and located in the districts of Agra, Almorah, Aligarh, Allahabad, Badaun, Varanasi, Dehradun, Faizabad, Lucknow, Mirzapur, Meerut,

Rampur and Saharanpur. In 1948-49, 32.5 crore yards of cloth were produced in the State. The cotton mills had to suffer from the shortage of cotton supply from Punjab. In 1949-50 the Central government proposed to increase the production capacity of cotton industry to 30 lakh spindles so that 17 lakh yards of cotton clothes could be produced. This implied that the production would increase by 70000 lakh yards of cloths. In 1951 with the start of planning, the cloth production increased from 28.30 crore meters to 38.16 crore meters by 1956. It, however, decreased to 37.15 crore meters by 1960 registering a decline of 2.7 per cent.

The reason for the decline in production was mainly due to the high cost of production. This was due to low output per workers, lack of mechanization, worn out machinery, dependence upon raw cotton from long distance and the high rate of power. There have been many closures at various times. There was, thus, an urgent need for modernization and rationalization of the cotton textiles industry of the State.

Apart from cotton, the State had three jute mills employing 5,900 workers. Of these two were located in Kanpur and one in Gorakhpur. This industry also suffered from the high cost of production, as the State does not produce good quality jute. It had to source superior quality jute from Assam, Bihar and Bengal thereby increasing the cost of production. This suggests that quality jute should be produced in the State in order to help the State's jute industry.

There were four woollen textile units in the State, which, however, decreased to three by 1960. The workers in these units, however, increased from 2,389 in 1951 to 2,774 by 1960. The Kanpur mill known as Lal Imlu Mill was the biggest woollen unit in the State employing 2,356 workers alone. One of the other two units was the Government Blanket production centre situated at Mirzapur employing 344 persons. The Kanpur mill like the other big woollen units in the country had to depend upon imported wool and wool tops. The machinery was old and needed modernization.

There were eight carpets units in the State. They were located in Agra, Varanasi, Mainpuri and Mirzapur. Mirzapur carpets established a good reputation in the country and there was a good scope for the expansion of the industry. Carpet from Uttar Pradesh was exported in large numbers and it developed an international market for its products.

There were four large silk mills out of which three were located in Varanasi. The silk produced in the State had an international market. These mills had considerable scope for expansion if proper research and planning was done for the expansion of silk production. Mirzapur was the main centre for sericulture providing raw silk for the units in Varanasi.

Other units in the textile industry group were engaged in the manufacture of rayons, hosiery, twine, tents and dairies. The government planned for the establishment of two rayon factories. The main factory was located at Naini (Allahabad) for the manufacture of rayon yarn and other allied product including transparent cellophane paper. The other subsidiary units were proposed to be set up in the DehraDun-Saharanpur district for the manufacture of rayon pulp from conifers. The daily production of the factory was 10 tons of rayon. Amongst the private units J.K. Rayon was the most important.

The government of U.P. banned the export of the raw material for the leather industry in 1946-47. This was done due to the rising cost of raw material for the leather units of the State. The price of soft leather was 25 per cent more costlier in the end of the year 1947 as compared to the beginning of the same year. However, there was only marginal increase in the heavy leather during the same period. There was 30 per cent increase in the cost of the buffalo hides. This was due to the increased demand of the buffalo skin increased by almost 25 per cent, after the partition of the nation.

The State had 18 leather units which increased to 26 by 1960. The leather industry was based on the plentiful supply of hides and skin locally available and procured from other States. It has been localised at Kanpur and Agra and has

earned a good name both within and outside the country. It had good future prospects if proper attention was paid to quality control and better methods of collection of hides. There were six boots and shoes manufacturing units, 18 tanneries and finishing units and two units producing other leather products. The annual production was about 9 crores worth of shoes and boots. The total work force employed in leather industry was about 9000 workers.

The basic problem of the leather units of the State was lack in the quality checks. The quality could, perhaps, be improved by the use of latest methods of production. The industry also occasionally faced shortage of better quality of raw material. This often resulted in a below capacity production due to shortage of hides. This was also responsible for the production below the installed capacity in the State. A big problem facing the industry was lack of demand. Although U.P. was a populous State yet the general purchasing power was very low.

To find ways to increase the continuous production of leather goods, the government established 6 leather training and research centre with one research laboratory for testing the product. The Government also made efforts to export shoes lead to increase in demand by USSR and East European countries, gave a fillip to the industry.

U.P. has about 80 per cent of the supply of Silica sand, the basic raw material for the glass industry. Yet other States took away a large quantity of it and only a small part of it was used within the State. U.P. accounted for only 14 per cent of the glass and glasswares produced in the country. There were 187 glass and glass bangle manufacturing units employing 20,000 workers. The annual production was worth 4 crores. In terms of employment the industry ranked only after sugar and textile industries. Allahabad, Agra, Aligarh and Bijnor were the chief glass manufacturing centres. The industry had plentiful supply of silica sand but had to depend on imported coal and soda ash which was in short supply. It was due to this shortage the industry began to develop in Bengal.

In spite of a large area under forests in the sub-Himalayan region, forest based industries were not properly developed in the State. In 1951 there were 14 units in this group out of this there were 3 Saw mills, 2 Plywood, 2 Pulp, 2 paper and 5 other units related with this group of industries. In 1960 this increased marginally to 16 units out of this there were 2 Paper mills, 4 Paper wood and Strawboard mills, 2 Saw mills, 1 plywood Factory and 6 other units related with this group of industries.

U.P. produced roughly 5 per cent of the paper produced in the country. Two paper mills were located at Lucknow and Saharanpur employing 1,329 workers. The paperboard and strawboard factories were situated at Allahabad, Kanpur, Meerut and Saharanpur. During 1956-60 there was little development of Paper industry and production remained almost stagnant between 8,500-8,900 tons. However, the production of paper and strawboard increased by 30 percent.

Limited bamboo resources of the State handicapped the expansion of paper industry within the State. But there was great scope of developing the paper industry in the State if proper use was made of bagasse. The annual production of bagasse was estimated as 20 lakh tonnes. About half of it was burnt as fuel in the sugar factories. If the sugar factories change to coal for their fuel, bagasse turned out by 3 or 4 sugar mills would normally be sufficient to sustain one paper factory. In addition, there was a big turpentine and rosin factory near Barielly.

In a State like Uttar Pradesh whose economy was both backward and stagnant, the small-scale industries, if developed, adequately could play a vital role. These industries were the backbone of the economy of the province. The development of small-scale industries by itself was regarded as a growth factor in U.P. to break the vicious circle of inactivity, stagnation and poverty. The strategy of development was to create nucleus centres of small-scale industries all over the State. Through the establishment of such centres there emerged a class of skilled artisans, technicians and

entrepreneurs. This class was expected to eventually be able to move into larger units.

The State Government helped the process by developing the infra structure, by providing adequate supply of power, transport, housing, technical training facilities, etc. The Government gave all possible incentive for the growth of cottage industries in U.P. Emphasising the need to encourage cottage industries, Pant said, 'it has also to be borne in mind that cottage industries are an essential part of our national life and provide work and the means of earning to millions of our countrymen.'

Development of small-scale industries in U.P. assumes importance for another reason also. The entire State, with the exception of a few towns of western and central U.P., was practically devoid of any industrial activity. The deficiency was particularly marked in the extremely backward areas of Eastern U.P., Bundelkhand region, and the hilly districts in the North. The monotony of the economic structure in those vast regions can be broken through the large industries. The government, however, neither has the material nor the capital resources. Hence, the establishment of small-scale industries initially in favourably selected towns throughout the State resulted in increasing employment, larger production and more balanced regional development.

The Pant ministry tried to promote the small-scale industries by establishing a State Cottage Industries Board. Pant said 'the government has formed a board in the hope that it will find ways and means of encouraging and promoting cottage industries and removing the causes responsible for impeding their further development'. The advantage of the cottage industry was also enlightened by Pant when he opined that 'they can produce goods to suit the varying tastes and requirement of the people. Mills, on the other hand, can produce articles according to set patterns only'.

According to the Industrial Policy Resolution 1956 of the Government of India, cottage and small-scale industries of the country were expected to be

given special importance. The Village and Small-scale Industries (Karve) Committee Report, 1955 also advocated for the development of the industries. Other than these reports and committees, the International Planning Team of Ford Foundation in 1954 also gave valuable suggestions regarding the small-scale industries in India. The Government accepted the suggestions of the Ford Foundation and used in the planned development of small industries.

In the First Five Plan the development of small-scale industries was also promoted through the various schemes of the State Government started during the decade. Total sum of Rs.6.46 crores was spent on various schemes, of which Rs.0.63 crore were spent during the First plan period and Rs.5.38 crores during the Second plan period. The schemes under this head aimed to provide various facilities such as financial assistance, technical know how, standardisation and marketing to the small entrepreneurs, etc.

During the Second Five Year Plan period, the Government of Uttar Pradesh initiated 76 schemes. It encouraged new lines of production, providing financial assistance, bringing about standardization, ensuring better organisation, imparting technical training, etc. This aid programme consisted of loans and grants and other facilities for the development of industries in the State. This was provided through the U.P. Financial Corporation and U.P. Small Industries Corporation. Major expenditure by the State was on the development of handloom, handicraft and khadi industries.

The major small-scale industries of U.P. were textile, leather, copper and brass utensils, locks, scissors, knives and building implements. Few of the other small-scale industries were glass and pottery (China) utensils, oil mills, soap, wood works, cane and carved furniture etc. The more important of these were shoes of Agra, brass goods of Varanasi and Moradabad, silk and embroidery of Varanasi, Woodwork of Saharanpur, chikan and handloom work of Lucknow, Carpets of Mirzapur.

The U.P. Government, however, did not show the required interest in the promotion of the small-scale industries. The number of persons employed in the household industries declined continuously. The competition faced by the small-scale industries from the large industries led to the closure of former to a great extent. This was a major problem faced by them.

The agro-based industries were mainly engaged in processing the agricultural produce, such as, wheat milling, dal making, oil crushing, cotton ginning, Khandsari units and so on. The most important industry in this group was the Khandsari industry, accounting for 141 units and 3391 workers. But the industry had a very gloomy future as it had to face competition from sugar mills. Also, at times there were restrictions by the Government on its working. The industry had prospects only in those places where available sugarcane could be crushed economically by sugar mills.

There were 75 small-scale textile mills, providing employment to 1903 workers and accounting for less than 5 per cent of total employment by small-scale factories. Of these, 23 were cotton textiles mills, seven woollen mills, six silk mills, eight carpet weaving units, 14 knitting mills and 17 other units. Small-scale woollen units were established at Allahabad, Agra, Kanpur, and Mirzapur. These units were mainly engaged in the manufacture of blankets. Thus, the small-scale textile industries were also concentrated like large industry in a few districts.

There were 55 units of forest-based industries. Amongst these, the largest in number were the sawmills, and most of them were located in Lucknow. There were only two plywood units, one pulp factory and three paper mills. However, the forest-based industries were not adequately developed in the State.

Handloom weaving was by far the biggest cottage industry in the State. However, with the changing times handloom had paved the way for the development of power looms. The decline of the cottage industry was not due to the development of

heavy industries in the State but was overshadowed by the development of other States. By the end of the 19th Century and beginning of the 20th Century, Uttar Pradesh had only Agra and Kanpur of any industrial potential.

There were many other cottage industries in the State like carpet weaving, knitting units etc. Cottage industries, however, could not flourish much as the goods produced by these units do not follow a very high quality standard. They also lacked in following any set pattern of production, and also were not able to supply their products on time which often led to the cancellation of the orders. These units, however, definitely fulfilled the requirement of the local areas and also provided means of living to many people specially the unemployed villagers.

The State Government planned for the all-round development of industries in the State. Efforts were made during the five year plans to provide better infrastructure for the development of both large and small scale industries. The government gave financial assistance to the industry by setting up financial institutions.

U.P. was one of the most backward states of India. Keeping this aspect in mind government tried to plan in such a way so as to increase the industrial development. Government also removed the industrial disparity within the State. The government also made efforts to promote private participation in the industrial development of the State. The policies and programmes, did achieve to a certain extent, but much was still to be done.

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