

Rightsizing of the Large-Scale Industries in India - A Need of the Hour

D.K. Pandiya

Professor, Pragjyotishpur University, Guwahati. Formerly- Pro-Vice-Chancellor, Assam Univeristy, Silchar - Assam.

DOI: <https://dx.doi.org/10.51584/IJRIAS.2025.10100000199>

Received: 10 November 2025; Accepted: 16 November 2025; Published: 24 November 2025

ABSTRACT

The paper critically examines India's long-standing emphasis on large-scale industries under the Nehruvian model of economic development and argues for a more balanced industrial structure. While the dominance of large-scale industries and public sector enterprises once symbolized modernization and economic self-reliance, their long-term effects have revealed deep socio-economic imbalances. The author highlights that excessive dependence on large-scale industrialization has led to displacement of craftsmen, loss of traditional livelihoods, urban overcrowding, pollution, income inequality, and moral degradation among workers. Drawing from historical shifts since the 1990s, the paper notes how policy reorientations under leaders like P.V. Narsimha Rao and Dr. Manmohan Singh marked a gradual recognition of the potential of small, medium, village, and cottage industries. Through critical analysis, it is shown that India's population-to-land ratio, employment needs, and socio-cultural fabric make small and medium enterprises (SMEs) a more sustainable engine of inclusive growth. The study uses empirical data to illustrate how MSMEs have increasingly contributed to GDP and exports, challenging the traditional preference for large industries. It concludes that rightsizing industrial policy by reducing the overemphasis on large-scale sectors and empowering smaller ones is essential for sustainable, equitable, and employment-oriented growth. The paper advocates a paradigm shift in India's developmental mindset toward balanced industrialization that integrates economic efficiency with social responsibility.

Keywords: Large-scale industries; Industrial policy; Small and medium enterprises (SMEs); Economic development; Urbanization; Sustainable growth

INTRODUCTION

Nehruvian model of economic development contained in it two important features (Balakrishnan, 2007). Domination of Public Sector under the garb of mixed economy and the primacy of Large-Scale Industries over likes of Medium and Small-Scale ones. When even after tasting the experiment of Public Sector domination for more than four decades it could not deliver the desired results, it became imperative for our rulers to review the role of Public Sector (Nayar, 1997). History is evident that the then Prime Minister Sri Narsimha Rao, after reviewing the performance of Public Sector in our country decided to restructure the role of it with the requisite boldness and in order to put the things in right perspective, accorded due autonomy to Dr. Manmohan Singh in his new job as Finance Minister. Even though the movement crippled because of the vociferous opposition by Indian communists and a section of our media, it did pick up the right direction (Sawhney, 2019).

The other aspect of Nehruvian model of economic development i.e., over emphasizing over large scale industries too was taken care of almost at the same time and an enhanced and enriched importance was accorded to other sectors viz., medium and small sectors and the likes. However, the growth of these unfortunately could not catch the desired speed (Raj, 1976). Our successive rulers at the center and in the states could not convince properly the stakeholders about the changed role of medium and small-scale industries and the likes of these (Mohan, 2002). However, a national debate over the requirement of changed composition of these sectors continued and some positive results also started becoming visible. In course of time gradual

increase in contribution of medium and small-scale industries along with cottage and village industries, in our G.D.P., and export forced to accept the fact that the neglected sectors too can contribute greatly to the economy if they are provided requisite support and encouragement from the rulers (Rai, 2018). It was almost this time that the agricultural activities and cooperative movement was able to snatch the higher attention of the policy makers who were in a position to lean towards Large Scale Industries. The agricultural sector though continued to enjoy the patronage of the rulers by way of tax rebates and other concessions the economists took time to convince themselves that by further encouragement to this sector the country could reap richer gains through agro-based industries (Tharani and Ahmed, 2017). The success of white revolution did serve as a precedence and motivation (George, 1996).

To the question that what went wrong with according a major and pivotal role to large scale industries, the answer is that our land-population proportion is different compared to those who heavily depended upon the large-scale industries. We had to, in addition to attaining economic development, provide employment to our unemployed population too many of whom were becoming the victim of small land holdings problem because of increase in the size of the families, failing which we would have invited them to join the urban centers and look for peripheral employments. By the time we could understand that industrialization led urbanization adds problems more than addressing these. The popular art movie 'PATHER PANCHALI' by Sri Satyajit Ray was able to draw the attention of the nation towards the problem of displaced craftsmen though symbolically. Such displaced craftsmen are ordinarily not left with any other option but to join urban centers either as industrial workers or remain as members of the peripheral force in the industrial cities if not unemployed (Das, 1998).

LITERATURE REVIEW

A good number of studies on the subject have concluded that the displaced craftsmen, who till the other day had a psychological attachment with the jobs and the crafts they were engaged in, fail to derive the same satisfaction from the jobs they were put to in Large Scale Industrial units (Scrase, 2016; Das, 2017; Khan, 2020). This little and poor satisfaction of the migrated lot has its roots behind many antecedents, which can largely be divided into two categories viz., psychological and material. After getting displaced from their native and familiar environment when they join the units producing at large scale, they find themselves as a 'cog in the machine' where their human identity stands merged with the groups and masses known as trade unions and the management. The suppressed 'I' or 'we' (of the erstwhile identity) at times forces them, with the tears in their eyes, to recall their flexi-time facility in their earlier employment life along with their authority as a major decision makers which now is enjoyed by the managers and the union leaders as their representatives. Their moving out of the accepted equilibrium in their earlier employment makes them feel insecure with the present employment which because of the fast pace of change in technology asks them for equipping and adapting with the changes, many of which are not welcome by them. The menace of industrial accidents and occupational hazards along with the occupational diseases stand before them as another 'monster', when they put their feet in the shoes of their fellow workers as victims. They undergo a very different state of trauma when hypothetically put themselves as victims of any of these but find few on their side at the time of such hypothesized eventuality. They recall the quality of social support they used to get at times of gloom and disappointments during the days spent with the earlier employment. It is not difficult to understand the state of morale of large-scale industries' workers if they recall the Bhopal Gas Tragedy of mid 80s. Trade unions, N.G.Os., governments, managements and other such guarantors of social security generally fail in providing the kind and amount of solace the victims need and look for, what to say of financial and material help.

They feel amazed when they realize that it is this Large Scale Industries which are responsible for changes in their meals' pattern, ingredients, timings and type, their modes and models of entertainment and recreation, their worshipping modes and timings, their routine, their attire, their interpersonal and group relations, their family relations-one of the distorted form of which is available in 'old homes', their diseases and ailments and its curative modes which includes involvement of huge expenditure, their moral values and sensitivity levels & types and so on. With a lowered morale and having a poor sense of belongingness with the industry they are now attached to, owing to the contributors above, they can hardly be expected to contribute their highest and the best which finally results into failing to attain the requisite productivity, apart from others.

DISCUSSION

The ill effects of Large-Scale Industries which influence the industrial workers indirectly are not less frightening. Unabated consumerism, industrial pollution contributing negatively the environment and the climate-through dumping of the urban waste in addition to emissions of the gasses and fumes, enhancement in income inequality, reduced social concern, rise in class conflict, creation of multi-layered classes of groups, horizontal and vertical-cadre unions for example, changes in demographic composition, degradation and loss of local languages & culture and regional identities, creation of slums, traffic jams & water logging in heavily populated areas, river and ground water pollution, dilution in customs and festivals, emergence of newer issues creating disharmony, disputes and conflicts, increased heterogeneity hitting at unity efforts resulting into increasing dependence on the unions, management and also the state and the evils like prostitution and child and bonded labor could be cited as some, as this list is not exhaustive.

Large Scale Industries inevitably invite urbanization which of course could be justified from their perspective. However, the countries like India, can afford the large-scale industries only having a balanced proportion. In the paras above the ill effects of unabated urbanization have been pointed out only in the form of bullet points. Truly speaking each of these is capable of damaging our social system and economy not only in the long run but also in the near future. Owing to paucity of space It is not possible to throw light in detail about the damaging contributions of all these. Only one or two of these if discussed in detail may help us in understanding its menace through their negative contributions. Let us pick up a few.

Under the compulsion of behaving like that of a ‘model employer’ only the public sector of the country has tried to provide the housing facility to a large section of its work-force and that too when these are located in far-flung places. Private sector and other forms only provide H.R.A., and that too in some cases and to some cadres of their employees only. Result to it the lot of the craftsmen, which has migrated from their earlier stations of employment, leaving their family members behind, is forced to stay in the slums as they cannot afford to pay rent at higher rates. The story takes a turn from this point as while staying away from their families these workers of LSIs, at ‘times of their need’ visit red light areas. Realizing an increased demand the brothel owners and pimps increase their activities to cater to the needs of their this ‘new lot of customers’. The visiting workers not only often suffer from venereal and other diseases but their living in slums also contribute negatively to their health. The compound impact of these acquires the shape of poor morale of the workers finally culminating in reduced productivity for the industry and moral degradation of the society. Dharavi in Bombay is only one, out of hundreds in our country, where lakhs of workers live in inhuman conditions and which is the biggest market for brothel owners and pimps. Police records are evident that the magnitude of anti-social and anti-national activities is much higher in these slums than the normal localities of the society. In order to cater to the needs of these slum habitants the girls are lured & blackmailed, abducted and at times bought leaving not only the girls themselves but also their families into trauma and nightmares. This often leads to high drop out rates of the girls from the schools and sometimes hatred for the society and the system. At times when privately owned industrial units are shut down suddenly, owing to recession or whatever, there takes a spurt in unexpected row of unemployment contributing to enhanced criminal and anti-social activities and a different form of the evils like prostitution. The mass shut down of cotton textile mills in Bombay in 1980s’ can be cited as an example, when hundreds of women of the families of these suddenly discharged workers, “offered their services”, unwillingly though, to *flesh greedy* rich of the society for few pennies in order to save their family members from starvation. Famous don Dawood Ibrahim’ father was one such worker who found himself as unemployed because of the shutdown of the industrial unit he was working for.

Few of us might know that thousands of children are reported missing every year from our country. Investigative sources reveal that most of these children are sold in west Asian countries by the abductors and child traders where they are forced to “cater” the variety of needs of their buyers. Despite the fact that India has ratified the I.L.O., resolution for completely banning child labor, we have not yet been able to overcome from this unhealthy and inhuman activity. A spot visit of any brick clin in the country shall speak the truth behind this claim. Persons suffering from the syndrome of cognitive dissonance only might insist that issues related to missing children and child labor is a matter of law and order. This understanding cannot be refuted on technical grounds. Nonetheless we need to understand that the genesis of such evils is uncontrolled urbanization having

its roots in Industrialization at Large Scale and with Large Scale Industries. The purpose of delineation of the data in the Table no. 1 is not only to substantiate, but in a subtle sense to make the society aware and sensitive towards such matters.

Table no. 1 shows the data of the reported missing children in our country

Year	Reported Missing Children	Girls (%)	Key Highlights
2014	1,08,662	~65%	NCRB begins refining digital tracking
2015	1,02,790	~66%	Rise in urban disappearances
2016	1,11,569	~63%	MP, WB, Delhi top states
2017	1,19,013	~66%	Surge in trafficking-linked cases
2018	1,15,656	~69%	Girls increasingly targeted
2019	1,20,136	~71%	73,138 new cases; 52,000+ girls ¹
2020	59,262 (new cases)	~72%	COVID lockdowns disrupt recovery ²
2021	77,535	~73%	71,253 traced; 6,282 untraced ³
2022	83,350	~75%	62,946 girls missing ⁴
2023	~85,000 (est.)	~75%	6 children missing every hour ⁵
2024	~80,000 (est.)	~75%	36,000 children still untraced since 2020 ²

Source: www.ncrb.gov.in, est.-estimated, ~ approximate

Production at large scale sometimes is inevitable and at times more profitable to yield the higher gains through the economies of scale. In our country this role of Large-Scale Industries is largely over as the requisite infrastructural facilities are now in service and the sectors other than the large-scale one, are gradually coming up to support the economy. As for the second important gain is concerned it can be argued that we need to rethink and review if we are to continue to play on the pitch of highly industrialized countries which do not have capital crunch of the volume we possess, and also which are not to bother to provide employment to their people as much as the population rich countries like us. Our successive governments experiments in this direction have yielded results in this direction and our medium and small-scale industries along with village and cottage industries have shown its might in being able to rescue us fully from the vicious circle of the rut we have been in. The table no. 2 may help us in grasping the matter.

Table 2 shows the contribution of various Industries to GDP

Year	Large Scale Industries (%)	MSMEs (Combined Small & Medium) (%)	Total Industrial Contribution to GDP (%)
2014-15	17.0	29.3	~46.3
2015-16	16.8	29.5	~46.3
2016-17	17.0	29.2	~46.2
2017-18	16.5	29.7	~46.2
2018-19	16.0	30.2	~46.2
2019-20	15.8	30.5	~46.3
2020-21	13.5 (pandemic drop)	27.3	~40.8
2021-22	16.2	29.6	~45.8
2022-23	15.5	30.1	~45.6

Source: - MSME data comes from Ministry of MSME (GoI), ~ approximate

The above data helps us in grasping that the challenge thrown by the international trade can be met not necessarily by engaging ourselves in competing with the items and products traded by the highly industrialized countries, but also by accommodating the plate of our exports by including in it such products in increased quantity which are our strengths in the form of medium, small, village and cottage industries. The need of the hour thus is to change our mindset.

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