

## **Problems in Industrial Development**

The five major issues that the Indian industries are facing currently:

### **1. Lack of financing**

Insufficient or even complete lack of financing is one of the most prominent hurdles to the growth of Indian industries. Even though industrialization has helped various industries find their ground it hasn't been successful in bringing about rapid growth that developed countries experience.

To fill this gap, in recent years International financing bodies such as the World Bank have provided both short-term and long-term loans to support during troubled times. However, in the long run, this is proving to be disadvantageous. Industries are taking new loans just to clear the old ones. As a result, the country is losing its precious foreign exchange to pay loans instead of other useful purposes like to stabilize the market if needed.

### **2. Inadequate infrastructure**

Infrastructure is an important factor that has a huge impact on the working of a business. Manufacturing units of most businesses in India are located in remote locations. In such places, the cost of operation is economical and labor is available fairly easily. Although companies may save on the rent or cost of acquiring the property, however, rural areas or remote locations are not very well connected in India. Being greatly dependent on infrastructure puts businesses at a huge risk.

- Transportation of raw materials and finished goods,
- Power supply for the working of machinery in the factory, and
- Telecommunication lines to stay in regular touch with the stakeholders of the business

All these are essential aspects that are a must for the smooth running of any organization. Yet, road transport is plagued by problems such as bad roads and poor connectivity. Rail transport is overburdened. Electricity supply in remote locations is always a question with irregular power cuts being a norm in such places. Furthermore, smooth communication is possible only in large cities.

### **3. Scarcity of raw materials**

Indian industrial sector is largely dependent on the agricultural sector. Performance of agricultural sector, which relies on the monsoon season, hugely impacts supply of raw materials. For many natural and other reasons, this sector is not able to realize its full potential. That results in improper supply of industrial raw materials affecting businesses. This causes fluctuations in

the quality and quantity of such raw materials creating a barrier in smooth functioning of organizations.

#### 4. **Shortfall of skilled managers and manpower**

Hi-tech machinery is required for rapid industrial development and to make the best use of such machinery skilled and trained labour is needed which the Indian industrial sector lacks. Hence this inefficiency has resulted in large-scale wastage of precious industrial resources as well.

#### 5. **Increased cost of production**

As compared to other industrialized countries such as Singapore, China, or South Korea, technology-wise Indian industries still lag behind. They still use outdated machinery or old-fashion methods to manufacture products. This leads to products manufactured having poor and inconsistent quality. Such products can't make it to the international markets due to the inconsistency.

All these factors are negatively impacting the Indian industries and serve as barriers to its growth.