



## HISTORICAL TRAJECTORY OF INDUSTRIALIZATION IN TELANGANA REGION

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### ABSTRACT

At the base of industry in Hyderabad was the village-based artisan sector. By and large, this sector served the specific needs of the subsistence village economy. Beyond the village-based artisan sector, the industrial sector was well developed from Qutub Shahi times. The diffusion of technology from Persia and later the spread of new products following the Mughal conquest, apart from demand conditions, seem to have helped this growth. We shall briefly review the growth of indigenous industry prior to the Salar Jung period.



**KEYWORDS :** subsistence village economy , industrialization , demand conditions.

### INTRODUCTION

At the base of industry in Hyderabad was the village-based artisan sector. By and large, this sector served the specific needs of the subsistence village economy. Beyond the village-based artisan sector, the industrial sector was well developed from Qutub Shahi times. The diffusion of technology from Persia and later the spread of new products following the Mughal conquest, apart from demand conditions, seem to have helped this growth. We shall briefly review the growth of indigenous industry prior to the Salar Jung period<sup>i</sup>. An exhaustive list of different industries and their location is given below:

#### List of Industries and Their Location

- |                        |   |
|------------------------|---|
| 1. Diamond Mines       | Kolluru - Northern Circars  |
| 2. Shipbuilding        | Narsarao Pet - Northern Circars   |
| 3. Iron - Ore Mining   | Nirmal, Jagityal, Yellendu and Warangal - Telangana                                 |
| 4. Iron - Ore Smelting | Indurti, Nizamabad, Warangal, Konosamudram, Anantagiri and Lingampalli - Telangana. |
| 5. Steel               | Konasamudram, Ibrahimpatnam, Konapur, Chintalpet and Gudalore - Telangana           |
| 6. Arnaments           | Indalwal, Wanaparthi, Gadwal, Nirmal, Hyderabad And Hanmakonda - Telangana.         |
| 7. Gold Mines          | Gudalore, Lingasagar, Manvi and Deodurg - Carnatic                                  |
| 8. Copper Mines        | Ramghir - Carnatic  |
| 9. Limestone Mines     | Devalapalli - Telangana   |

10. Brass and Copper Ware	Lingampet, Ramayam Pet, Pembarthi and Siddipet - Telangana.
11. Bidriware	Bidar - Carnatic
12. Silverware	Jagityal, Hanmakonda and Elgandla - Telangana Aurangabad - Marathwada
13. Filigree and Wire Work	Elgandal - Telangana, Aurangabad - Marathwada
14. Shatranz	Gulbarga - Carnatic, Parkal - Telangana, Nanded - Marathwada
15. Wooden articles	
16. and Timber	Nirmal - Telangana
17. Paper	Korutla, Surampet and Kolikonda - Telangana.
18. Building Stones	Shadnagar - Telangana
19. Earthen Vessels	Bhongir - Telangana
20. Glass Bangles	Manikonda, Gajulapeta and Koyalkonda - Telangana
21. Leather Goods	Nirmal, Narayanpet, Sivanagar and Jogipet - Telangana

**Source:** S.H. Bilgrami and C. Willmott, *Historical and Descriptive Sketch of His Highness the Nizam's Dominions*, Times of India Press, Bombay, 1883 and Mirza Mehadi Khan, *Imperial Gazetteer of India, Hyderabad State*, Government Press, Calcutta, 1909.

The list of major centers identified here and earlier, indicates that about twenty places developed as some sort of industrial centers in the state. Most were located in the Telangana region.

The development of industry contributed to the growth of trade. The urbanization that marks the long reign of the Outub Shahis facilitated industrial growth and provided the infrastructural arrangement for the conduct of trade. Hyderabad city was the pivotal trading point because it was located on the land route that connects Masulipatnam on the east coast and Goa and Surat on the west. During the initial period, traders seem to have been exempted from the paying *zakat*, the tax on merchandise<sup>ii</sup>. The commodity markets in the city included those for grain, textiles, timbers, spices, oilseeds and other products. In artisan industry, the *chaudariyan* (headmen) operated as links between urban-based trade and industry located in similar centers. As the two lists given above indicate, there were at least twenty such centers in the state. In particular, regional centers like Aurangabad, Gulbarga, Narayan Pet and Nirmal served as the links in the network. Independent merchant groups closely aligned with industry thus emerged both in these regional centers and in Hyderabad city.

The 1870s can be considered the period which marks the beginning of modern industrialization in Hyderabad state. In 1870, a Central Public Works Department workshop which pioneered engineering works was established. In 1871, large deposits of coal were discovered. In 1872, construction work began on the first railway line in the state. In 1874, the first textile mill was established in Hyderabad city. Hyderabad the state played a pioneering role in ownership and financing of industries, in taking diverse technological initiatives and evolving a conception of planned development. The present chapter traces the evolution of industry with the focus on state policy.

## INDUSTRIAL DEVELOPMENT

The Industrial evolution of Hyderabad state had three distinct phases. The first phase, starting roughly from the 1870s ended with the end of World War I (W W I). The second phase was the inter-war years, 1919-1939. The third phase was from the beginning of World War II (W W II) in 1939 to the end of the Nizam's regime in 1948.

**The First Phase**, beginning with the last days of Salar Jung's prime ministership, was marked by the reorganization of the economy and polity which created an environment necessary for the development of modern industry. It was during this period that a firm base for infrastructure was laid. In **The Second Phase**,

1919-1939, the state took the initiative in providing institutional support to industry. Financial and technological aid to industries helped in the development of local industry, both in the small-scale and large-scale sectors. **The Third Phase**, 1939-48, marks a decisive attempt by the state to initiate structural changes in industry from agro-based industries to metal and engineering, chemical-based and forest-based industries. The structural changes were sought to be effected within the wider perspective of planned economic development.

Hyderabad state has specific historical factors contributed to the course of development; it took the initiative for industrial development in response to the demands of the colonial power. But in the gradual evolution of its industrial policy the state was conditioned by the contradictions with that very colonial power. On the other hand, despite its autonomous initiatives in the field of industry, the state was obliged to defend the interests of the feudal aristocracy from whom it derived its political power and economic strength. The historical factors which conditioned the existence and conduct of the state thus contributed to the chequered evolution of its industrial policy.

### **First Phase (1870-1919)**

The construction of railways in India began in 1851. A decade later, in 1861, a proposal was mooted, for the first time, to connect Hyderabad by rail. Hyderabad had already been connected by electric telegraph in 1857. By 1872 there was a regular postal network between Hyderabad city and district centers. The controversial Hyderabad Godavari Valley Railway line, a 386-mile route connecting Manmad, Aurangabad, Parbhani, Nanded and Secunderabad, was opened to traffic in 1899. The line boosted economic activity in the region and also helped the Nizam Guaranteed State Railway Company (NGSRC) recover its strength. By the end of WW I three broadgauge lines (352 miles) and three meter gauge lines (620 miles) connected Hyderabad city with different parts of the state<sup>iii</sup>. The new lines also connected the collieries with the rest of the state

The Hyderabad Deccan Mining Company, a London-based concern with seventy five per cent of its capital held by the Hyderabad government, began extracting coal at the Singareni coal fields in Warangal district. The management and control of the company was initially in the hands of the government. Later in 1920, a new company, Singareni Collieries Company (SSC) financed by the government took over the coalfields. The first cotton mill was established in Hyderabad city in 1874<sup>iv</sup>. Several rice and flour mills also came up during this phase.

### **Second Phase (1919-1939)**

In 1918, *Sanat-o-Hirafat*, Commerce and Industries Department (CID) was formed. A nine member Board of Advisors, which included five non-official members, was set up to guide industrial activity in the state. In 1921, this department was transferred to the wider Department of Development, but later, in 1927, it again became a full-fledged department. It was this department of the government that played the leading role in industrial development.

The government's efforts to provide small-scale industries with financial assistance began with prolonged negotiations with Tata's Industrial Bank. The Bank established a branch in Hyderabad city in 1918 with the help of the government. In the field of technology, the major achievement was the establishment of the Industrial Laboratory in 1917. The Laboratory conducted experiments in manufacturing products from local material. Among the notable experiments were manufacturing sugar from date palms, power alcohol (which is substitute for petrol) from mahua flowers, boot polish from locally-made methylated spirit, soap making, paper from the bamboos of the Adilabad forests, salt and katha from the backwaters of Raichur and Gulbarga, and various products from oilseeds<sup>v</sup>. The work of the Laboratory was supplemented by the Laboratory of Osmania University.

The Industrial Engineering Section was set up in 1926<sup>vi</sup>. This division undertook preparation of blue prints for new factories, erection of machinery and providing of technical advice to a number of industries. Among infrastructure, the railway company became a completely state-owned undertaking. The Nizam

State Railway Company (NRSC) as it now came to be known, also started a Road Mechanical Transport Service Department (RMTS) in 1932. Taking over the monopoly of select trunk routes, the RMTS became the first state-owned road transport undertaking in India. Similarly civil aviation was also initially started under the NSRC. Hydro-electric generation from the Nizam Sagar Canal started in the 1930s<sup>vii</sup>.

### **Third Phase (1939-1948)**

Almost all activities initiated by the state during the second phase continued into the third phase, but this phase was marked by two notably distinctive features. Firstly, a concerted effort was made to effect a structural change from agro-based industries to others. Secondly, the conception of an integrated plan for economic development emerged and was sought to be put into practice. After 1939, was a peculiar phase for Hyderabad in comparison with British India<sup>viii</sup>. The Structural change, away from agro-based industries, was common to both. In the absence of substantial evidence, it is difficult to arrive at accurate assessments, but it can be suggested that industry in Hyderabad was relatively more geared to the civilian economy than industry in British India. But the crisis that engulfed the state in the immediate aftermath of WW II adversely affected industry in Hyderabad<sup>ix</sup>.

The growth of industry in the third phase was substantially lower in Hyderabad than in British India. Many of the initiatives taken by the government were lost in the political and social crisis that overtook the regimes.

### **CONCLUSION**

In summing up, it can be concluded that the industrial policy of Hyderabad even while confined within the larger imperial framework, did maintain its own distinctive features. It is in this sense that the political separateness of a princely state that and the particular autonomy of Hyderabad state become important explanatory variables in any analysis of industrial development in Hyderabad. But no actual economic process can be judged solely by the policy measures of the government. We shall presently focus on some aspects of growth and the limitations of Industrialization in Hyderabad.

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