Impact Factor – 6.625

ISSN – 2348-7143

INTERNATIONAL RESEARCH FELLOWS ASSOCIATION'S

RESEARCH JOURNEY

International Multidisciplinary E-Research Journal

PEER REFREED & INDEXED JOURNAL

February - 2020 Special Issue – 235 (A)

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- Global Impact Factor (GIF)
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'RESEARCH JOURNEY' International Multidisciplinary E-Research Journal
Impact Factor - (SJIF) - 6.625,
Special Issue 235(A) : CBCSD 2020
Peer Reviewed Journal
ISSN : 2348-7143
February-2020

A Descriptive Study of Industrial Policies of India

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Abstract:

Industrial policy of a nation is the true determinant of domestic investment as well as foreign investment. Objective of the Industrial policy is to bring higher growth and prosperity for a country which includes enhancing gainful employment, maintaining a sustained growth in productivity, attaining international competitiveness, achieving optimal utilisation of available human resources and other available recourses and transforming the country into a major partner and player in the global arena.

The industrial policy (IP) of a country is its official strategic effort to encourage the development and growth of part or all of the manufacturing sector as well as other sectors i. e. Primary Sector and Tertiary Sector of the economy. The Indian government takes measures that aimed at improving the competitiveness and capabilities of domestic firms and promoting structural transformation. A country's infrastructure related to industries i. e. transportation, telecommunications, banking, insurance and energy industry are the major part of the manufacturing sector that often has a key role in Industrial Policy. Many types of industrial policies contain common elements with other types of interventionist practices such as trade policy and fiscal policy which helps our nation to move towards development.

Key Words – Industrial Policy, Industriaiization
Ellipsis – Industrial Policy (IP)

Introduction:

Industrial Policy is a document that sets a rule in implementing, promoting the regulatory roles of the government. It is a collective effort not only to expand the industrialization but also uplift the economy to its deserved heights.

India become independent in the year 1947, during this period industrial base of the economy was very small in size. These industries were facing many problems such as deficiency of capital, shortage of raw material, problem of proper skilled human recourse, improper industrial relations etc. The industrial climate and investment therein was wrought with uncertainties and suspicious. To overcome this situation government called an Industrial Conference in December 1947 with a vision to improve industrial scenario and remove the uncertainties and suspicions in the minds of investors and entrepreneurs. Under this conference a resolution adopted for industrial peace and recommended a clear- cut division of industries into two different sectors i.e. the public sector and the private sector

Objectives of the Paper:

1. To know Industrialization in India since independence
2. To study the Industrial Policies of India

Research Methodology:

The following methodology is adopted in the present study in order to collect and analyze the data.

a) **Data Sources:** The primary base of the study is Secondary data only, published in various reference books
b) **Study Area:** The select study area for entire nation
c) **Type of Research:** Descriptive research.
d) **Statistical Tolls Used:** Tabulation, Classification, Average and Per cent.
e) **Research Instrument:** The research instrument used by the researcher for the present study is secondary data collected from the various reference books.
f) **Period of Study** : The present study is undertaken for the period of first five year industrial policy 1948 to Twelfth Five Year Plan (2012-2017)

Industrial Policies of India:

Following are the select Industrial Policies studied by the researcher

Industrial Policy Resolution of 1948: After independence, within one year, the National Government on April 6th. 1948 announced a comprehensive industrial policy which are broadly divided into four main categories

a) Defence and strategic industries
b) Basic and key industries including iron and steel, coal, aircraft manufacture and ship building are to be in the government-controlled sphere.
c) Twenty other important industries including heavy chemicals, sugar, cotton and woolen textiles, cement, paper, salt, machine tools are to be run by private enterprise but controlled and regulated by the State.
d) The residual industries are to be run by private enterprise and are to be under the general control of the State.

Industrial Policy Resolution of 1956

India had completed one five year plan in the period 1951-56. The Act called 'Industries Development and Regulation Act was passed in the year 1951 and gave the government the necessary experience and expertise in regulating and controlling industries in the private sector. During this period, the ruling party had declared 'socialist pattern of society' as the goal for the country. Because of this scenario it became necessary to declare new industrial policy. This gave the rise of Industrial policy Resolution of 1956. The main features of this policy is division of the industrial sector in three main category 1) Monopoly of the State 2) Mixed sector for public and private enterprise 3) and left for private sector, Mutual dependence of public and private sectors, Assistance and control of private sector, Importance of small scale and cottage industries, Reduction of regional inequalities, Technical and managerial personnel and Industrial peace.

Industrial Policy Resolution of 1973 and the emergence of Joint Sector

The Industrial policy that had announced by the Government on 2nd February 1973, reiterates the dominant role of the public sector in terms of the 1956 Industrial Policy Resolution. The 1973 policy statement elaborates the controversial concept of "joint sector" and tries to make it clear that this will not be used to allow larger houses, dominant undertaking and foreign companies to enter fields from which they are otherwise precluded to them. In a joint sector unit

ISSN : 2348-7143
February-2020

the Government will play an effective role in guiding policies, management and operations, the actual pattern and mode being decided as appropriate in each case. The joint sector focused to use mainly as a promotional instrument and will benefit the small investor. The joint sector will not be used to allow the large industrial houses to become larger in any case.

Industrial Policy of 1977

During this period 'Janata Government' was in power at the Centre. The Government felt that with the enforcement of the earlier industrial policies unemployment had increased, rural-urban gap had widened, industrial sickness had become major issue, and both real industrial growth and aggregate industrial investments were stagnating. A new Industrial Policy was, therefore, promulgated in December 1977 with the following characteristics:

1) Special position to Cottage and small-scale industries
2) Revised role for heavy and large-scale industries
3) Regulation of large business houses
4) New – look towards public sector
5) External resources

Industrial Policy of 1980

The Congress government announced its industrial policy in 23rd July, 1980. This policy had suggested the following measures to boost nation's development

i) Effective operational management of the Public Sector
ii) Integrating industrial development in the private sector by promoting the concept of economic federalism
iii) Redefining of small units
iv) Regularisation of unauthorized excess capacity installed in the private sector
v) Automatic expansion
vi) Industrial sickness

New Industrial Policy 1991

The Congress Government led by Mr. Narasimha Rao announced the New Industrial Policy (NIP) in July 1991. The main aim of the new industrial policy was:

a) To unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control,
b) To introduce liberalization with a view to integrate the Indian economy with the world economy
c) To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restrictions of MRTP Act, and,
d) The policy aimed to shed the load of the public enterprises which have shown a very low rate of return or were incurring losses over the years.

In order to invite foreign investment in high priority industries, requiring large investments and advanced technology, it was decided to provide approval for direct foreign investment up to 51 per cent foreign equity in such industries. it is decided under this policy that for the promotion of exports of Indian products in world markets, the government would encourage foreign trading companies to assist Indian exports in export activities.

Ninth plan (1997-2002)

The Ninth Plan prepared under the United Front Government was released in March 1998. The same was modified and approved by the National Development Council in February 1999, nearly two years after its implementation from April 1, 1997. The Ninth Plan was developed in the context of four important dimensions of the state policy, viz. 1) quality of life, 2) generation of productive employment 3) regional balance 4) and self reliance.

This Plan was totally focused on accelerated growth, recognizing a special role for agriculture for its stronger poverty reducing and employment generating effects. The focus of the Ninth Plan was on "Growth with Social Justice and Equality." The objectives of the Ninth Plan as approved by the National Development Council are as follows:

1) Priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty
2) Accelerating the growth rate of the economy with stable prices
3) Ensuring food and nutritional security for all, particularly the vulnerable sections of the society
4) Providing basic minimum services of safe drinking water, primary health care facilities, universal primary education, shelter, and connectivity to all in a time bound manner
5) Containing the growth of population
6) Ensuring environmental sustainability of the development process through social; mobilization and participation of people at all levels
7) Empowerment of women and socially disadvantaged groups such as Scheduled Castes, Scheduled Tribes and Other Backward Classes and Minorities as agents of socio-economic change and development
8) Promoting and developing people's participatory institutions like Panchayat Raj Institutions, cooperatives and self-help groups and
9) Strengthening efforts to build self-reliance

Tenth Five Year Plan (2002-2007)

This five year plan is based on the following Monitorable targets:

1) 'Reduction of poverty ratio by 5 per cent points by 2007 and by 15 per cent points by 2012
2) Gainful employment to the addition to the labour farce over the Tenth Plan period
3) Universal access to primary education by 2007
4) Reduction in the decadal rate of population growth between 2001 and 2011 to 16.2 per cent
5) Increase in literacy to 75 per cent by 2007
6) Reduction of Infant Mortality Rate (IMR) to 45 per 1000 live births by 2007 and to 28 by 2012
7) Reduction of Maternal Mortality Ratio (MMR) to 2 per 1000 live by 2007 and to 1 by 2012
8) Increase in forest and tree cover to 25 per cent by 2007 and 33 per cent by 2012
9) All villages to have access to potable drinking water by 2012
10) Cleaning of all major polluted rivers by 2007 and other notified stretches by 2012

Eleventh Plan (2007-2012)

According to this plan document industry faced a number of impediments in the country, which needed urgent attention if industrial growth was to be sustained over a long period. Improvement of physical infrastructure must clearly be at the top of the agenda of action for achieving rapid Industrialisation. Deficiencies in the road infrastructure must be addressed urgently to increase the competitiveness of Indian manufacturing. The Micro and Small Enterprises (MSE) Sector accounts for the bulk of the employment in manufacturing and has been one of the sources of strength for manufacturing in the country.

Twelfth Five Year Plan (2012-2017)

The Approach Paper *(Government of India, Planning Commission, An approach to the Twelfth Five Year Plan, October, 2011, P-80)* to the Twelfth Plan released by the Planning Commission, Government of India in October 2011 expressed concern at the slow growth of the manufacturing sector.

Conclusion:

The industrial policy of a country (IP) is its official strategic effort to encourage the development and growth of part or all of the manufacturing sector as well as other sectors i. e. Primary Sector and Tertiary Sector of the economy. The main objective of Industrial Policy is to enhance the industrial production and thereby enhance the industrial growth and ultimately leads to economic growth by optimum utilization of resources, balanced regional development, balanced industrial development, modernization, coordinated development of large as well as medium and small cottage enterprises, enhance coordinal relationship between workers and management and optimum utilization of the domestic and foreign capital.

The Indian government takes measures which aimed at improving the competitiveness and capabilities of domestic firms and promoting structural transformation. A country's infrastructure related to industries i. e. transportation, telecommunications, banking, insurance and energy industry are the major part of the manufacturing sector that often has a key role in Industrial Policy.

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