PREFACE

The concept of Industrial Policy of a country is very comprehensive in its nature and covers all those procedures, policies, principles, rules and regulations which control the industrial undertakings of a country and shape its pattern of industrialization. Therefore, industrial policy plays a very significant role towards achieving certain vital socio-economic objectives such as acceleration of the rate of economic growth, speedy industrialisation, development of heavy and machine building industries, providing assistance for gainful employment etc.

Although, important modifications and revisions in industrial policies and procedures have been initiated from time to time, the main objective of laying an industrial base on an equitable basis through the development of heavy and basic industries has been intact. In the race of liberalisation of Industrial Policy and Industrial Licensing Procedures, the Industrial Policy Resolution, 1956, which was once considered as "an economic constitution" and committed India to state intervention in order to enforce a certain pattern of industrial development and a certain manner of utilisation of resources, has been, once again taken as a guide for industrialisation at a very fast rate on July 24, 1991 by
iv) dividing the Industrial Economy into three phases: (i) The Government and Public Sector. (ii) The Small Scale Industry and Private Sector, and (iii) The Industries opened for foreign collaboration at 51% or more equity investment.

The provision for obtaining Industrial License has been abolished for almost all industries except for a short list of industries related to Security and strategies concerns. The criteria for classification of industry on the basis of investment limits has been done away with. The Industrial Organisations are now required to file a memorandum as prescribed by the Government. The industries reserved for small scale sector will continue to be a factor to identify the industry — large or small. Besides, the criteria of Broad-banding industry will also continue to assist the industrial units for their extension and expansion.

The New Industrial Policy (NIP), 1991 may lead the nation towards developed industries with advanced technology in foreign collaboration and sufficient balance of payment in the 21st century. Since July 24, 1991 far reaching and sweeping changes have been made through notifications and Press Notes, by the Government in fiscal, industrial and trade policies. All these changes are intended to do away with all unnecessary controls and regulations with the basic objective of making Indian
industry internally and internationally competitive through creation of an environment where Indian entrepreneurship can flourish. The plethora of Press Notes, circulars, etc., since the announcement of the New Industrial Policy was perhaps inevitable due to the complex nature of the task in hand and continuing changes in policy parameters. The Silver lining in the process is that all the changes initiated so far have invariably introduced further liberalisation of policies and procedures.

**Objectives of the Study**

In the present study entitled "Evaluation of Indian Industrial Policy and Development since 1981" an attempt has been made to highlight the contribution of the industrial policies up to date towards the rapid and balanced industrial growth and development of the country. The specific aims and objectives of the study have been as follows:

1. To discuss the meaning and importance of industrial policy towards the planned industrial development of developing nations like India.

2. To trace the origin and history of industrial policy during the plan period.

3. To analyse the Industrial Policy Statements right
from launching of the Second Five Year Plan to the conclusion of Fifth Five Year Plan and subsequent changes brought about therein and their impact on the overall industrial structure of the country.

4. To highlight the positive and negative features of Industrial Policy statement of 1980 with regard to Indian industrial progress.

5. To highlight the problems faced by the private Sector small Scale, medium sized and large scale industries.

6. To examine in detail the implications of post 1980 Industrial Policies up to date in the context of rapid and balanced industrialisation and economic progress of the country with a view to benefitting the common men in the shape of increasing availability of goods at fair prices, larger employment and higher per capita income.

7. To analyse the circumstances which led the Government to adopt liberalisation measures and opening up the Indian Industry to the global market on competitive basis by allowing 51% or more foreign direct investment in the industrial sector of the country.

8. To evaluate the industrial policy and development since 1981 and
9. Finally to conclude the overall industrial policy and development and place some valuable suggestions for further improvement in the industrial policy and procedures.

**Frame work of the Study**

The work has been divided into seven chapters. The first chapter highlights briefly the meaning and importance of industrial policy in relation to the developing nations like India alongwith its socio-economic significance.

The Second Chapter dwells upon the industrial policy in historical perspective and focusses attention on the post independance industrial policy upto 1980. It, particularly deals with the Industrial Policy Resoltion of 1956 alongwith a number of subsequent industrial policy statements upto 1980. The modifications made from time to time in the IPR 1956 were nominal. In spirit, the 1956 Industrial Policy Resolution dominated the the Indian planning process upto 1980.

The third chapter examines in detail the positive and negative features of Industrial Policy Statement of 1980. Besides, the chapter incorporates the statement of industrial policy of 1980 as it was announced by the Central Government.
Chapter fourth deals with the post 1980 liberalised industrial policies up to date with special reference to industrial policy statement of 1991 which has made more liberalization in industrial licensing, foreign investment, foreign technology agreements, public sector policy, MRTP Act and Small Scale and tiny Sector. The chapter contains three Annexures. Annexure I deals with the proposed list of industries to be reserved for the public sector, annexure II contains the list of industries in which industrial licensing is compulsory while annexure III presents the list of industries for automatic approval of foreign technology agreements and for 51 per cent foreign equity approvals.

In Chapter fifth, an attempt has been made to examine and analyse the implications of the various post 1980 liberalised industrial policies on the industrial development of the country. The chapter also highlights the conflicting reactions of people of different shades of opinion with special reference to the 1991 Industrial Policy which removed a number of bureaucratic controls, simplified a lot of technicalities and procedures and opened the doors of Indian industries to the foreigners to ensure healthy competition.

Chapter Sixth tries to evaluate the impact of liberalised industrial policies on the industrial
development of the country since 1981 by providing latest data and figures of the development of different sectors of the economy.

The seventh Chapter, which is a concluding chapter, gives a summary of conclusions of the whole thesis. The main objective of this very chapter is to sum up the major findings and to suggest workable solutions to the problems encountered by the industrial units of different sectors of the economy.

RESEARCH METHODOLOGY

During the course of my study I had to gather suitable and relevant information from the secondary sources. To make myself abreast of the latest development on the subject I had to pay visits to the planning commission, Ministry of industries, Ministry of Finance and other Government departments. My discussion with a number of persons in different departments of the government were very fruitful and I have incorporated some of their views without mentioning their names.

HYPOTHESIS

I had only one hypothesis to test regarding the evaluation of Industrial Policy and Development. For about four decades, people, in general, thought that the IPR of
1956, termed by some as the economic constitution of India, is quite comprehensive and will result in faster rate of industrialisation leading to overall prosperity in the country. Against this null hypothesis I tried to test the alternative hypothesis that the IPR of 1956 was basically, the result of the country's colonial past, some other contemporary factors and that the said IPR, which dominated the Industrial scene for thirty five years did not result in solving the country's industrial problems like faster pace of industrialisation nor did it lead to overall prosperity in the country.

In the light of the IPR of 1956, I examined the Industrial Policy Statements of 1970, 1973, 1975, 1977, 1980, 1985, 1990 and 1991 anumber of changes brought about thereunder, alongwith their pros and cons on the country's industrial development. On the bases of existing literature on the subject, my discussions with a number of government officials in different Ministries and academicians and of course, the initiatives taken by the government from time to time in this respect, I rejected the null hypothesis and accepted the alternative hypothesis.