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Industry policy - 1980, 1991

⇒ Industry policy 1980 sought to promote the concept of economic federation, to raise the efficiency of the public sector and to reverse the trend of industrial production of the past three years and reaffirmed its faith in the Monopolies and Restrictive Trade Practices (MRTP) Act and the Foreign Exchange Regulation Act (FERA).

New industrial policy during

Economic Reforms of 1991 ⇒

The long-awaited liberalised industrial policy was announced by Government of India in 1991 in the midst of severe economic instability

in the country. The objective of the policy was raise efficiency and accelerate economic growth.

□ feature of New industrial policy -

→ De-reservation of public sector ⇒

Sectors that were earlier exclusively reserved for public sector were reduced.

However, pre-eminent place of public sector in 5 core areas like arms and ammunition, atomic energy, mineral oils, rail transport and mining was continued.

presently, only two sector - Atomic Energy and Railways operation are reserved exclusively for the public sector.

→ Delicensing: Abolition of industrial licensing for all projects except for the a short list of industries.

There are only four industries

at present related to security, strategic and environmental concerns, where an industrial license is currently required-

* Electronic aerospace and defence equipment.

* specified hazardous chemicals.

* Industrial explosive

* Cigars and cigarettes of tobacco and manufactured tobacco substitute.

→ De-investment of public sector ⇒ Government stakes in public sector Enterprises were reduced to enhance their efficiency and competitiveness.

→ Liberalization of foreign investment ⇒

This was the first industrial policy in which foreign companies were allowed to have majority stake in India in 47 high priority industries, up to

SI 4. FDI was allowed. For export trading houses, FDI upto 74% was allowed.

Today, there are ~~numerous~~ ~~number~~ numerous sectors in the economy where Government allows 100% FDI.

→ Foreign technology Agreement :- Automatic approvals for technology related agreements.

→ MRTP Act was amended to remove the threshold limits of assets in respect of MRTP companies and dominant undertaking. MRTP Act was replaced by the Competition Act 2002.

Outcome of New Industrial policies →

* The 1991 policy made 'Licence, permit, and quota Raj' a thing of the past & attempted to liberalise the economy