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Industry Policy - 1977

In March 1977, the first non-congress government was at the center. The Janata party assumed power and Morarji Desai, a staunch Gandhian, became the prime Minister. The New Government declared a new industry policy 1977.

The Janata government was in the opinion that during the last 20 years the excessive emphasis on the heavy industry had to be corrected. Emphasis has been placed on heavy industry, and to curb unemployment and poverty, the small-scale industry must be promoted. As a result, the number of items reserved for the small scale industry increased significantly. The main

elements of the industrial policy 1977 were -

* Development of the small-scale sectors

The policy of the Janata government was that anything that could occur in the small-scale industry should be produced only by them, as the result the articles reserved for the small-scale industry increased from 180 to 807 in 1978.

The small-scale sector was classified into three categories:-

1. Home and domestic industries that provide large-scale self employment
2. The small-scale sector, including investment in industrial units, machinery and equipments of up to 1 lakh and located in cities with a population of less than 50000 inhabitants.

3. Small-scale industries comprising industrial unit with an investment of up to 10 lakh and in the case of auxiliaries, with an investment in fixed capital of up to 15 lakh.

The government established District ~~Industrial~~ Center Centers (DIC) in each district for the development of small-scale and artisanal industries. The objective was to provide authorization for small-scale industrial projects under one roof. A separate IDBI wing was established to meet the credit requirements of the small-scale industry. 'Khadi' and the village industries were renovated.

* Large-scale industry: — The industrial policy 1977 prescribes the following

areas for the large-scale sector: —

1. Basic industries, essential to provide infrastructure as well as the development of small scale and village industry such as steel, non-ferrous metals, cement, oil, refineries.
2. Capital goods industries to meet the machinery requirements of basic industries as well as small-scale industries.
3. High-tech industry that required large-scale production and that were related to agriculture and small scale development — such as fertilizers, pesticides, petrochemicals etc.
4. Other industries that were outside the list of items reserved for the small-scale sectors and that were considered essential for development of the economy, such as machine ~~tools~~ tools, organic and inorganic chemicals.