

Ques-11

Ques Explain the special features of industrial policy of India?

Ans.

Government action to influence the ownership & structure of the industry and its performance. It takes the form of paying subsidies or providing finance in other ways, or of regulation.

It includes procedures, principle (i.e., the philosophy of a given economy), policies, rules and regulations, incentives and punishments, the tariff policy, the labour policy, government's attitude towards foreign capital, etc.

* objectives : — The main objectives of the industrial policy of the government in India are: —

- (i) To maintain a sustained growth in productivity.
- (ii) To enhance gainful employment.
- (iii) To achieve optimal utilisation of human resources.
- (iv) To attain international competitiveness and
- (v) To transform India a major partner and player in global area.

* Industrial policies in India since independence —

- Industrial policy (1948) → Red tapism in public sector, progress of private ~~sector~~ sector not possible, Co-ordination problems between government & public sectors.
- Industrial policy (1956) → Private sector used to back drop, Harbored private entrepreneurs, private sector took benefit of loopholes, state was overburdened
- Industrial policy (1971) → No radical changes in foreign collaborations, failed to limit production of articles, Denying of availability of funds
- Industrial policy (1980) → closure of district industries, Rate of GDP went down, Denying of availability of funds, Infrastructure industries affected.

- (2)
- Industrial policy (1990, & 1991) → Failed to promote small scale industries.

* Features of New industrial policy →

(a.) 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 sectors - Atomic Energy and railway operations - are reserved exclusively for the public sector.

(b.) De-licensing → Abolition of industrial licensing for all projects except for a short list of industries. There are only 4 industries at present related to security, strategic and environmental concerns, where an industrial license is required -

- Electronic aerospace and defence equipment.
- Specified hazardous chemicals
- Industrial explosives
- Cigars and cigarettes of tobacco and manufactured tobacco ~~sub~~ substitutes.

(c.) Disinvestment of Public sector → Government stakes in public sector Enterprises were reduced to enhance their efficiency and competitiveness.

(d.) Foreign technology Agreement → Automatic approvals for technology related agreements.

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(e.) Liberlisation 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, upto 51% FDI was allowed for export trading houses, FDI upto 74% was allowed. Today there are numerous sectors in the economy where government allows 100% FDI.

(f.) MRTP ACT → MRTP ACT was amended to remove the ~~industrial~~ threshold limits of assets in respect of MRTP companies and dominant undertakings. MRTP Act was replaced by the Competition Act 2002.

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Industry policy