

2) Provision of Licensing

Due of the most important developments of independent India, the provision of ~~int~~ compulsory licensing for industries.

All the schedule B and schedule C industries came under this provision.

This provision established the so-called 'Licence-Quota-Permit regime (LQP)' in the economy.

(3) Expansion of the Public Sector

Expansion of the public sector was pledged for the accelerated industrialisation and growth in the economy - glorification of government companies did start with this policy. The emphasis was on heavy industries.

(4) Regional Disparity

To tackle the widening regional disparity, the policy committed to set up the upcoming PSUs in comparatively backward and underdeveloped regions/areas in the economy.

15) Emphasis on small industries

Industrial Policy Statement, 1969

Inspired by the socialistic ideals and nationalistic feelings the licencing policy had the following reasons.

- (i) Exploitation of resources for the development of all.
- (ii) Priority of resource exploitation for the industries
- (iii) Price control of the goods produced by the licenced industries
- (iv) Checking concentration of economic power;
- (v) Channelising investment into desired direction.

MAJOR CHANGES

- The Monopolistic and Restrictive Trade Practices (MRTP) Act was passed.

MRTAP ACT, 1969

- The Monopolistic and Restrictive Trade Practices (MRTAP) Act was passed to regulate the trading and commercial practices of the firms and checking monopoly and concentration of economic power.
 - The firms with assets of Rs. 25 crore or more were put under obligation of taking permission from the Government of India before any expansion, greenfield venture and take over of other firms (as per the MRTAP Act).
 - Such companies (firms) came to be known as 'the MRTAP companies'.
 - The upper limit (known as the 'MRTAP limit') for such companies was revised upward to Rs. 50 crore in 1980 and Rs. 100 crore in 1985.
- For the redressal of the prohibited and restricted practices of trade, the govt. did set up an MRTAP Commission.

INDUSTRIAL POLICY STATEMENTS, 1973

• This policy of 1973 introduced some new thinking into the economy with major ones being as follows.

(i) A new classificatory term i.e. core industries was created. The industries which were of fundamental importance such as iron, steel, cement, coal, crude oil, oil refining & electricity were put in the core industry category.

• In the future, these industries came to be known as basic industries, infrastructure industries in the country.

(ii) Out of the six core industries defined by the policy, the private sector may apply for licences for the industries which were not a part of schedule A of the Industrial Policy, 1956.

• The private firms eligible to apply for such licences were supposed to have their total assets at Rs. 20 crore or more.

(iii) Some industries were put under the reserved list in which only the small or medium industries could be set up.

INDUSTRIAL POLICY STATEMENT, 1977

The Industrial Policy Statement of 1977 was chalked out by a different political set up from the past with a different political fervour — the dominant voice in the government was having an anti Indira stance with an inclination towards the Gandhian-socialistic views towards the economy.

(2) Foreign investment in the unnecessary areas were prohibited (opposite to the IPS of 1973 which promoted foreign investment via technology transfer in the areas of lack of capital or technology).

In practice, there was a complete 'no' to foreign investment.

(2i) Emphasis on village industries with a redefinition of the small and cottage industries.

(2ii) Decentralised industrialisation was given attention with the objective of linking the masses to the process of industrialisation.

(iv) The concept of joint sector was developed which allowed partnership among the Centre, state, and the private sector while setting up some industries.

- The governments had the discretionary power to exit such ventures in future.

- Here, the government wanted to promote the private sector with state support.

(v) The government of India had been facing the foreign exchange crunch during this time.

To regulate foreign exchange the Foreign Exchange Regulation Act (FERA) was passed in 1973.

Experts have called it a 'draconian' Act which hampered the growth and modernisation of Indian Industries.

(vi) A limited permission to foreign investment was given, with the multinational corporations (MNC's) being allowed to set up subsidiaries in the country.

INDUSTRIAL Policy Resolution, 1980

The year 1980 saw the return of the same political party at the centre.

The new govt. revised the Industrial Policy of 1977 with few exceptions in the Industrial Policy Resolution, 1980.

- (i) Foreign investment via the technology transfer route was allowed again (similar to the provisions of the IPS, 1973).
- (ii) The 'MRTP limit' was revised upward to Rs. 50 crore to promote setting of bigger companies.
- (iii) The DICs were continued with.
- (iv) Industrial licensing was simplified.
- (v) Overall liberal attitude followed towards the expansion of private industries.

(iv) The District Industries Centres (DICs) were set up to promote the expansion of small and cottage industries at a mass scale.

(v) Democratic decentralisation got emphasised and the khadi and village industries were restructured.

(vi) Serious attention was given on the level of production and the prices of essential commodities of everyday use.