

# **Government Policies for Development and Promotion of Small-Scale Industries in India**

Some of the Government Policies for development and promotion of Small-Scale Industries in India are: 1. Industrial Policy Resolution (IPR) 1948, 2. Industrial Policy Resolution (IPR) 1956, 3. Industrial Policy Resolution (IPR) 1977, 4. Industrial Policy Resolution (IPR) 1980 and 5. Industrial Policy Resolution (IPR) 1990.

## **1. Industrial Policy Resolution (IPR) 1948:**

It was well realized that small-scale industries are particularly suited for the utilization of local resources and for creation of employment opportunities. However, they have to face acute problems of raw materials, capital, skilled labour, marketing, etc. since a long period of time. Therefore, emphasis was laid in the IPR, 1948 that these problems of small-scale enterprises should be solved by the Central Government with the cooperation of the State Governments. In nutshell, the main thrust of IPR 1948, as far as small-scale enterprises were concerned, was 'protection.'

## **2. Industrial Policy Resolution (IPR) 1956:**

The IPR 1956 provided that along with continuing policy support to the small sector, it also aimed at to ensure that decentralised sector acquires sufficient vitality to self-supporting and its development is integrated with that of large-scale industry in the country. To mention, some 128 items were reserved for exclusive production in the small-scale sector.

## **3. Industrial Policy Resolution (IPR) 1977:**

1. Cottage and Household Industries which provide self-employment on a large scale.

2. Tiny sector incorporating investment in industrial units in plant and machinery up to Rs. 1 lakh and situated in towns with a population of less than 50,000 according to 1971 Census.

3. Small-scale industries comprising of industrial units with an investment of up to Rs. 10 lakhs and in case of ancillary units with an investment up to Rs. 15 lakhs.

#### **4. Industrial Policy Resolution (IPR) 1980:**

- (i) Increase in investment ceilings from Rs. 1 lakh to Rs. 2 lakhs in case of tiny units, from Rs. 10 lakhs to Rs. 20 lakhs in case of small-scale units and from Rs. 15 lakhs to Rs. 25 lakhs in case of ancillaries.
- (ii) Introduction of the concept of nucleus plants to replace the earlier scheme of the District Industry Centres in each industrially backward district to promote the maximum small-scale industries there.
- (iii) Promotion of village and rural industries to generate economic viability in the villages well compatible with the environment.

#### **5. Industrial Policy Resolution (IPR) 1990:**

(i) The investment ceiling in plant and machinery for small-scale industries (fixed in 1985) was raised from Rs. 35 lakhs to Rs. 60 lakhs and correspondingly, for ancillary units from Rs. 45 lakhs to Rs. 75 lakhs.

(ii) Investment ceiling for tiny units had been increased from Rs. 2 lakhs to Rs. 5 lakhs provided the unit is located in an area having a population of 50,000 as per 1981 Census.

(iii) As many as 836 items were reserved for exclusive manufacture in small-scale sector.

(iv) A new scheme of Central Investment Subsidy exclusively for small-scale sector in rural and backward areas capable of generating more employment at lower cost of capital had been mooted and implemented.

(iv) With a view, to improve the competitiveness of the products manufactured in the small-scale sector; programmes of technology up gradation will be implemented under the umbrella of an apex Technology Development Centre in Small Industries Development Organisation (SIDO).

- (iv) To ensure both adequate and timely flow of credit facilities for the small-scale industries, a new apex bank known as 'Small Industries Development Bank of India (SIDBI)' was established in 1990.

- (v) (vi) Greater emphasis on training of women and youth under Entrepreneurship Development Programme (EDP) and to establish a special cell in SIDO for this purpose.
  
- (vi) (vii) Implementation of delicensing of all new units with investment of Rs. 25 crores in fixed assets in non-backward areas and Rs. 75 crores in centrally notified backward areas. Similarly, delicensing shall be implemented in the case of 100% Export Oriented Units (EOU) set up in Export Processing Zones (EPZ) up to an investment ceiling of Rs. 75 lakhs.