

# Features/ Objectives of Policy

- Acceptance of **Mixed Economy** with exclusive monopoly of government in selected areas
- Bring Economic stability to create **investment friendly** environment
- Establishment of new industrial undertakings
- Importance of foreign capital was identified but new organizations must be under Indian ownership

# Industrial Policy Resolution 1956

- The Industrial Policy Resolution 1956 was shaped by the **Mahalanobis Model** of growth, which suggested that emphasis on **heavy industries** would lead the economy towards a long term higher growth path
- The Resolution widened the scope of the **public sector**

# Features/ Objectives of Policy

- The objective was to accelerate economic growth and boost the process of industrialization as a means to achieving a **socialistic pattern** of society
- **Removal of regional disparities** through development of regions with low industrial base

- The Industrial Policy Resolution - 1956 classified industries into three categories:
  - The first category comprised **17 industries** (included in Schedule A of the Resolution) exclusively under the domain of the Government. These included *inter alia*, railways, air transport, arms and ammunition, iron and steel and atomic energy.
  - The second category comprised **12 industries** (included in Schedule B of the Resolution), which were envisaged to be progressively State owned but private sector was expected to supplement the efforts of the State.
  - The third category contained all the remaining industries and it was expected that private sector would initiate development of these industries but they would remain open for the State as well

# Industrial Policy Resolution of 1973

- To **prevent excessive concentration** of industrial activity in the large industrial houses, this Statement gave preference to **small and medium entrepreneurs** over the large houses and foreign companies in setting up of new capacity particularly in the production of mass consumption goods
- New undertakings of up to Rs 10 million by way of fixed assets were exempted from licensing requirements for substantial expansion of assets

# Industrial Policy Resolution of 1977

- Emphasized decentralization of industrial sector with increased role for small scale and tiny units
- For the first time, within the small scale sector, a **tiny unit** was defined as a unit with investment in machinery and equipment up to Rs.0.1 million and situated in towns or villages with a population of less than 50,000
- Highest priority was accorded to power generation and transmission.
- It expanded the list of items reserved for exclusive production in the small scale sector from 180 to more than 500