

## CHAPTER-2

### 2:1- OBJECTIVES OF THE STUDY

There is no denying the fact that industrial development is the key factor for rapid economic development of any country. It is more in the case of developing economics since it would help combating many economic evils which they have been facing. Rapid industrialisation results in increased production of both consumer and capital goods and rise in the levels of living. The process of economic development through industrialisation involves the provision of new methods of production, institutional arrangements to encourage enterprise and investment technical and managerial skills. And above all, it requires the development of economic infrastructure. All these pre-requisites of industrialisation require huge amounts of social investment which may be beyond the capacity of the private sector. Moreover, social investment is characterised by long gestation period which usually keeps away the private sector. Such being the case, it is inevitable for the government to play an active role in the industrialisation of the country and , thus, ensures a speedy growth of the economy. Some measures like the judicial expansion of monetary credit, creation of institutional framework to encourage and promote industrial development, efficient execution of financial policies and credit assistance to small-scale industries are vital for providing general economic framework conducive to industrialisation. Further, Government monopoly of heavy, basic and strategic industries has been

necessitated to achieve the targeted pace of economic development. So it is necessary for us to study the Industrial Policy of the Government of India.

Study seeks to find answer to the following research questions:

1. To analyse the Industrial Policy Resolutions of India ( from 1948 to 1990 ).
2. To make a comparative analysis of the Industrial Policy Resolutions.
3. To find out the impact of Industrial Policy Resolutions of the Indian Polity.
4. How far the Industrial policy Resolutions have been implemented?
5. What are the lacunas in the Industrial Policy Resolutions?
6. How these lacunas can be plugged?

## 2:2 - RESEARCH DESIGN

The present work is based on both primary and secondary sources of data. The primary data have been collected from different sources like documentary books, journal, reports etc. The documentary books, journals etc. throw sufficient light not only on the theoretical aspect of the problem, but also on the empirical evidence. Secondary sources of data have been collected from many official data published by the Government as they are more reliable than those published by private organisations. The secondary sources of data have been collected from different related secondary books, official and unofficial reports, newspapers, booklets etc.

## **2:3 - DATA COLLECTION AND ANALYSIS**

Data for the present study ~~have been~~ collected from both primary and secondary sources.

Primary sources of data ~~have been~~ collected from government documents and the secondary sources of data ~~have been~~ collected from books and journals.

Data for the present study ~~have been~~ analysed manually and with the help of a desk calculator.

## 2:4 - JUSTIFICATION OF THE STUDY

Industrial development is a key factor for rapid economic development of any country. It is more true in the case of developing economies since it would help combating many evils which they have been facing. Rapid industrialisation results in increased production of both consumer and capital goods and rise in the levels of living. The process of economic development through industrialisation involves the provision of new methods of production, institutional arrangement to encourage enterprise skills. And , above all, it requires the development of economic infra-structure. All these pre-requisites of industrialisation require huge amount of social investment which may be beyond the capacity of the private sector. Moreover, social investment is characterised by long gestation period which usually keeps away the private sector. Such being the case, it is inevitable for the Government to play an active role in the industrialisation of the country and thus ensures a speedy growth of the economy. Some measures like the judicial expansion of monetary credit, creation of institutional frame to encourage and promote industrial development, efficient execution of financial policies and credit assistance to small scale industries are vital for providing general economic framework conducive to industrialisation. Further, Government monopoly of heavy, basic and strategic industries has been necessitated to achieve the targeted pace of economic development.

The growth of industrial output during the period from 1967 to

1977 except for the year 1976 has been no more than 3 to 4 percent per annum of an average. The growth of per capita national income during the last 10 years has been about 1.5 percent per annum and is clearly inadequate to meet the needs of a developing economy. Unemployment has increased, rural-urban disparities have widened and the rate of real investment has stagnated. The incidence of industrial sickness has become wide-spread and some of the major industries are worst affected.

Apart from, policy making is a function which no government can escape, whether it is democratic, autocratic or monarchical. Policy decisions are necessary because the <sup>§</sup>Socio-cultural needs and environment of society keep on changing, ideologies change, goals and objectives change, and with it a respective change occurs in programmes and policies. Policy is, thus, dynamic and subject to a continuous process. It is subject to the influence of a <sup>nu</sup>member of factors like constitutional provisions and limitations; legislative laws; prevailing social values, norms, mores, customs, traditions and conventions; influence of public opinion, pressure groups and international law; concurrence of other agencies etc. Lastly , policy making is a co-operative endeavour involving the efforts of many agencies, e. g., the legislature, the executive, the judiciary, the chief executive, various levels of the hierarchy, political parties, pressure groups etc.

The success of a policy depends upon three factors i.e. administrative, organisational and public opinion. A policy should be so formulated as to cover all conditions that can be reasonably anticipated;

should be based on facts and sound judgements; should be definite, positive, clear and easily understood by everyone is the organisational; should be flexible as well as <sup>h</sup>gave a high degree of permanency; should be compatible with public interest, and conform to economic principles, statutes, regulations etc; should be practicable and should be a general statement of established rules to be followed in recurring situations rather than elaborate description of procedures.

It may be said that, in industrial policy there may be a tendency to put more emphasis on creating an egalitarian society doing away with regional imbalances, benefiting the common man, placing restrictions on the growth of large business - than promoting rapid industrialisation. It is equally possible that industrial policy may try to strike a balance between promoting egalitarianism on the one hand and promoting industrial growth on the other. It would, of course, be a difficult job to strike such a balance and much would depend upon the skills used in framing as well as executing the policy.

In the light of the above discussion, it is clear that there is a justification regarding studying the governmental policy concerned with the industrial policy of India as economic development of a country depends on the proper industrial policy of that very country.