

CONCLUSION

The 1948 Industrial Policy was in force for eight years and during this period private investment in industries increased considerably. The Government implemented the policy in a pragmatic manner and in national interest the private foreign investors were permitted to start oil refineries. There was, however, one weakness in the policy and its implementation. No priorities were laid down, and even if laid down were not followed in practice. The result was a drop of industrial production, slowing down of the process of capital formation and a certain amount of industrial depression.

Indian economy is a mixed economy. By mixed economy I mean where public sector and private sector go side by side. Although mixed economy has to function under a number of controls which are like to result in fractions and bottle necks. However, the main merit of the 1948 Industrial Policy lies in its sincere endeavour to prepare the ground for a mixed or controlled economy in which both private and state enterprise are assigned distinct spheres of action. This mixed economy idea forms the basis on which industrial programmes of our Five Year Plans have been formulated. Between 1948 and 1950 many important developments took place in India. The constitution of India was enacted guaranteeing certain Fundamentals Rights and enunciating Directive principles of State Policy. The Government of India accepted the socialist pattern of society as the objective of social and economic policy.

The 1956 Industrial Policy has been hailed as the “economic constitution” of India. This policy was the moving spirit forward industrialisation in the policy framework of the Second, Third and Fourth Plans consequently, it was instrumental in expanding both the public and private sectors side by side. Although, there was no mention of the role of foreign private investment in the Resolution with the result that multinational corporations continued to thrive on the liberal policy of the government. The Resolution also failed to prevent concentration of monopoly and economic power, and reduce regional disparities.

It must be admitted that if a socialist pattern of socialist is to be established - if economic and social justice is to be ensured - then the Government must have to play the dominant role in the Industrial development of the country.

In short, the 1956 Resolution laid down a firm but broad-based as well as flexible foundation for the future industrial transformation in the country. The expansion of industry in the Third Plan is envisaged to be governed by the Industrial Policy Resolution of April 1956. As in the Second Plan, the roles of the public and private sectors have been conceived of as supplementary and complementary to one another.

In September 1964, The Finance Minister announced in Lok Sabha that industrial policy in the Fourth Plan will continue to be on the lines set out in the Industrial Policy Resolution of 1956. Even the Industrial Policy of 1970 is not an entirely new policy but a mere reiteration of the Industrial

Policy Resolution of 1956. What has been done is to stress further the need for expanding the role of the public sector in the economy. The new licensing policy of 1970 and the Industrial Policy Statement of 1973 will not mark any improvement in the working of the original policies. The Government has not made any improvement over the system already working. The Industrial Policy has not made any improvement in the direction of :

(i) There should be a satisfactory criterion in the form of production largest for granting industrial licence; (ii) The import substitution policy should work in co-ordination with the licensing policy; (iii) foreign collaboration and domestic technology should be fully co-ordinated and the licensing policy should take their respective interests into consideration; (iv) regional balanced development and dispersal of industries along with checking the growth of concentration of economic power should be some of the few important objectives of licensing policy, and above all, there should be a design prepared by the planning commission in respect of the future industrial pattern of the country. Our planning machinery remains the same, our licensing system is the same. There is no extra responsibility on any of them.

The 1973 Policy Resolution has kept the concept of joint sector as hazy as ever. The main idea behind the joint sector is to use it as a promotional instrument. It appears that this promotional concept is the logical consequence of transitional socialism which has become the basic foundation of our type of mixed economy. The Industrial Policy of February, 1973 should be viewed as a supplement to the Industrial Licencing Policy of 1970. Therefore it paid

greater attention in defining the role of the private sector with particular reference to the larger industrial houses. But it virtually failed to identify the joint sector with a view to making use of private expertise and resources in line with the Government's socio-economic objectives.

The Government Policy in the sphere of industry has been governed by the Industrial Policy Resolution of 1956. The growth of per capita national income during the last 10 years (from 1976 to 1977 except for the year 1976) has been about 1.5 per cent annum and is clearly inadequate to meet the needs of a developing economy. The 1977 Industrial Policy primarily directed towards removing the distortions of the past so that the genuine aspirations of the people can be met within a time-bound programme of economic development. Though 1977 Industrial Policy could not be implemented for long because the Janate rule lasted a short while.

The new Industrial Policy Statement of 1980 is a very comprehensive document which tries to cover almost every aspect of the Indian economy relating to industry. It spells out a number of positive steps to encourage and improve the performance of the private sector such as automatic growth of capacity, regularisation of excess capacity, liberalisation of licensing and simplifying licensing procedures, import of advanced technology, and provision for R and D. The Industrial Policy of 1980 is contradictory. On the one hand, it raises the limit on the utilisation of industrial capacity for the private sector and on the other hand, it insists that monopoly houses would not be allowed to grow.

The Government of India announced the New Industrial Policy on May 31, 1990 and made a case for the growth of the small-scale industries just on the lines of the steps taken by the Janata Government of 1977. An effort has been made to permit blanket liberalisation with a view to accelerate the growth of the medium and large-scale sector. The New Industrial Policy is a curious amalgam of the philosophy of the Janata Dal and the philosophy of indiscriminate liberalisation followed by Rajiv Gandhi. During the period of economic liberalisation the number of foreign collaborations in electronics has been increasing at a much faster rate than in the industrial sector as a whole. The Indian economy has been undergoing much change especially since 1991. The Government of India, initiated New Economic Policy (NEP) on July 1991. The NEP and its structural adjustment programme profess to make India industry more competitive - both domestically and globally. The New Industrial Policy Statement (NIP) is in a number of ways a major departure in as much as it has sounded the death knell to almost three decades of indicative planning in the industrial sector.

In conclusion I can say that the Government of India will be capable of developing in industry if it adopts a more liberalised industrial policy. It should develop our industry with the help of foreign technologies. Similarly, the government should also make a serious effort to develop our internal technologies through researches. Besides, regarding establishing different industries in our country, the government should try its best to attract foreign industrialists by giving them various industrial facilities.