Review Article

Story of 1948 Industrial Policy: Conflicts and Agreements

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Abstract

The industrial policy in 1948 was implemented for eight years, during which private investment in industry increased significantly. The government has implemented a pragmatic policy, and private foreign investors can launch refineries for national benefit. However, there were weaknesses in policy and implementation. The priorities were not set and even followed the riots, even when it was decided. As a result, industrial production has declined, slowing the process of capital formation and industrial depression.

Keywords: Industry, Policy, Conflict, Economy, Government, Economic constitution.

Introduction

Industrial policy refers to procedures, principles, policies and regulations governing national industrial enterprises and industrialization patterns. It explains the government's approach in the context of industrial sector development. In India, the main objective of economic policy is to achieve independence in all sectors of the economy and to develop socialist social patterns.

Prior to 1991, pre-reform industrial policy emphasized state involvement in industrial development. These policies have undoubtedly created a variety of industrial structures, but they can lead to system inefficiency, distortion and rigidity. For example, in the late 70s and 80s the government introduced liberalization measures in the framework of industrial policy. In 1991, however, bold liberalization measures were implemented(1).

The Indian economy is a mixed economy. By mixed economy, I mean the public sector and the private sector side by side. The mixed economy must operate under various controls due to fractions and bottlenecks. But the main advantage of industrial policy in 1948 lies in its sincere efforts to lay the foundations for a combined economic or controlled economy in which individual and state enterprises are given different rights of behavior. This mixed economic idea is the foundation upon which the industrial plans
of the five-year plan are established. A significant development took place in India between 1948 and 1950(2).

The Constitution of India has been adopted to guarantee certain basic rights and to define guidelines for national policies. The Government of India has adopted the social pattern of socialism as the goal of socio-economic policy. The industrial policy of 1956 is considered to be the "economic constitution" of India. This policy expanded the public and private sectors as advanced industrialization in the policy framework of the 2nd, 3rd and 4th plan.

There was no mention of the role of foreign private investment in the resolution, which meant that multinational corporations continued to thrive on free government policies. This resolution did not prevent the concentration of monopoly power and economic power and the decline of regional differences. When a socialist pattern of socialist is invented it must be acknowledged. If economic and social justice is guaranteed, governments should play a dominant role in national industrial development(3).

And The History Begins

In short, the 1956 resolution laid a solid but broad and flexible foundation for the future industrial transformation of the country. The expansion of the industry in the third plan is intended to be controlled by the industrial policy resolution of April 1956 in the second plan, acting as a complementary and complementary role in the public and private sectors(4).

Even in September 1964, the 1970s industrial policy was not a completely new policy, but simply a repeat of the industrial policy of 1956 that announced that the finance minister in Lok Sabha would become an industrial policy in the fourth plan under the industrial policy resolution of 1956. It emphasizes that the role of the public sector in the economy should be expanded. The new permit policy in 1970 and the 1973 Industrial Policy Statement will not improve the operation of the original policy. The government has not been able to improve the already effective system(5).

There is no improvement in the direction of industrial policy.
(I) There must be satisfactory standards for the largest production type in industrial licensing.
(II) Import replacement policies must work in conjunction with licensing policies.
(III) Foreign cooperation and domestic technology should be fully coordinated and comply with licensing policies. Consider respectable interests;
(IV) regional balanced development and distribution industry, should check some of the main goals of the licensing policy together with the growth of the concentration of economic power,

In particular, there must be a planning committee's plan for future industrial patterns. Our planning machines remain the same. Our licensing system is the same. There is no additional charge on them. The 1973 policy resolution kept the concept of the common sector as blurred as it once was.
The main idea of the joint division is to use it as a promotional tool. This concept of promotion seems to be a logical consequence of transitional socialism that has been the basis of our mixed economy. The industrial policy in February 1973 should be considered as a complement to the 1970 industrial permit policy(6).

Hence, more attention was paid to determining the role of the private sector, particularly the role of large industrial complexes. However, due to the socio-economic purpose of the government, the individual's expertise and resources have not been able to identify the common view of the use of resources.

Government policy in the industry is one of about 1956 (excluding 1976 to 1976), the latest in per capita income growth in industrial policy resolution of 5% and is clearly lacking to meet the needs of developing countries and 5%. The industrial policy of 1977 is primarily concerned with the elimination of past distortions so that the true aspirations of people can be met within the program of economic development. The 1977 industrial policy could not be implemented long since the Janate rule took a short time(7, 8).

The 1980 new industrial policy policy is a very comprehensive document that attempts to cover almost every aspect of the Indian economy to the industry. It provides positive measures to improve the performance of the private sector, to automatically increase capacity for R and D, to over-normalize, to simplify licensing and licensing procedures, to improve imported high technology and facilities. Is a contradiction. On the one hand, it increases restrictions on the use of industrial capacity in the private sector, and argues that monopoly assumptions may not grow.

The Government of India may have been written to enable blanket liberalization for the purpose of accelerating new industrial policies, the growth of small-scale industries such as the Janata government's stage of 1977 effort in 1990 announced, . The new industrial policy is curiosity amalgam of philosophy and liberalization philosophy of Janata Dal after Rajiv Gandhi., In the period of the Economic liberalization; number of foreign joint ventures for the electronics which is much higher than the whole industry sector. The Indian economy has changed a lot since 1991.

The Government of India launched the New Economic Policy (NEP) in July 1991. The NEP is an Indian industry that insists on restructuring policies, competitiveness both domestically and globally. The new Industrial Policy Statement (NIP) is a major departure as much as the death penalty in almost three years of planning to represent in some respects in the industrial sector.

**Industrial Policy Resolution, 1948**
The first major industrial policy statement was the Industrial Policy Resolution (IPR), which was created in 1948 as a major driving force of intellectual property rights, in 1948, to lay the foundations for a mixed economy in which the private and public sectors are recognized as key components in
development Industrial economics in India. This policy divided the industry into four broad categories.

(1) Monopoly State Monopolistic Industry: This includes industries engaged in nuclear, rail and weapons and ammunition activities.

(2) Government-led industry: Includes national key industries and must be registered. 18 industries including fertilizers, heavy metals and heavy equipment were included in this category.

(3) Industry in the mixed sector: Includes industry where the private and public sectors are allowed. The government can modify the situation to acquire an existing private enterprise.

(4) Private companies: Industries not included in the above category belong to this category.

The Industrial Policy Resolution of 1948 provided a large area in which the public sector could operate. The government acted as a catalyst for industrial development. This resolution has given additional roles to small and rural industries. Foreign capital, recognized in the age of independence, was recognized as an important tool to accelerate industrial development.

Industries Development and Regulation Act (IDRA), 1951
IDRA, 1951, is the most important measure in the industry regulatory framework. IDRA (1951) authorized the government to regulate the industry in various ways. The most important means was production capacity (and hence production) and price control. Provided an approved industry schedule. Even the expansion of these industries requires prior permission from the government(9).

This means that production capacity is highly regulated. The government also has the authority to carry out the production and distribution prices produced by the listed sectors. The IDR Act gave the government very great authority. This has brought some degree of full control by bureaucracy to national industrial development(10).

The main clause of IDRA, 1951
A) All existing companies, except the central government, were obliged to register with the designated agency.
B) No person other than the central government can establish a new industrial enterprise "except under the license issued by the central government".
C) Such licenses or permits provide a variety of conditions, such as where the central government can approve and the minimum standards for size and technology used.
D) Such permits and exemptions are also necessary for "substantial expansion" of existing industrial enterprises.

Industrial Policy Resolution, 1956
IPR, 1956 is an important policy statement: Important provisions are as follows.

(1) New Industry Classification: IPR, 1956 divided industry into three categories:
(A) Schedule A Industry: Industry that is monopolized by state or government. 17 industries were included. If national interest
is needed, the private sector should act in this industry(11).

(B) Schedule B industry: In this sector, the state can establish new units, but the private sector is the chemical industry, fertilizer, synthetic, rubber, aluminum

(C) Scheme C Industry: Industry not mentioned in the above category was Schedule C. IPR (1956) emphasized the mutual survival of the public and private sectors.

(2) Encouragement for the small and cottage industry: Support measures have been proposed for affordable credit, subsidies and reservations to strengthen the small sector.

(3) Decrease in regional inequality: Financial concessions were granted to open industries in poverty regions. Public companies have played a bigger role in developing these areas.

The basic principle of the IPR in 1956 was that it lacked capital and entrepreneurship so it had to play a major role in industrial development. The public sector has dramatically expanded to maintain the supreme sovereignty of the economy.

Monopolies Commission
In April 1964, the Government of India appointed a Monopolies Inquiry Commission “to inquire into the existence and effect of concentration of economic power in private hands.” The Commission looked at concentration of economic power in the area of industry. On the basis of recommendation of the commission, Monopolistic and Restrictive Trade Practices Act (MRTP Act), 1969 was enacted. The act sought to control the establishment and expansion of all industrial units that have asset size over a particular limit.

The Policy Statement of 1973 drew up a list of industries to be started by large business houses so that the competitive effort of small industries was not affected. The entry of competent small and medium entrepreneurs was encouraged in all industries. Large industries were permitted to start operations in rural and backward areas with a view to developing those areas and enabling the growth of small industries around(12).

Industrial Policy Statement, 1977:
In April 1964, the Government of India appointed an exclusive investigative committee to investigate the existence and effect of economic power concentration of private enterprises. The committee examined the concentration of economic power in the industry. In accordance with the Commission's recommendation, the MRTP Act was adopted in 1969. This measure is intended to set and expand all industrial units whose assets exceed certain limits.

Industrial Policy Statement, 1973
The 1973 policy statement did not impact the competitive efforts of the small industry by creating a list of industries initiated by large enterprises. Access to competent small and medium entrepreneurs has been recommended in all industries. Large companies were able to start their businesses in rural and poor areas, considering the development of this area and the growth of
small industries in the neighboring areas(13).

**Industrial Policy Statement, 1977:**
The key elements of the new policy are:

1. **Small-scale development:** The main driving force of new industrial policies was the effective promotion of housing and small-scale industries. The government has launched a wide range of promotion and support measures to encourage smaller sectors. The small sector is divided into three categories: home and household industries that provide independent services. The purpose of the classification was to design specific policies for each category. The policy statement has greatly expanded the list of reserved items for monopolistic manufacturing in the small sector.

2. **Restricted approach to large enterprises:** Access to large-scale, large-scale capital goods and high-tech industries was permitted. The policy emphasized that financial institutions’ funds should be available primarily for small-scale development. Large companies need to generate internal funds to fund new projects or expand existing activities(3).

3. **Expansion of the role of the public sector:** Industrial policy has indicated that the public sector will be used as a stabilizing factor to maintain the essential consumer goods for consumers as well as strategic areas. Furthermore, this policy statement reiterated a restrictive policy on foreign capital. This will limit India's dominance and India's dominance.

**Industrial Policy, 1980**
In 1980, industrial policy emphasized that the public sector is a pillar of the economic infrastructure of the long pregnancy because of the project, which is very important for credibility, major investment and economic development needed. IPR1956 forms the basis of this statement.

Key features of the policy include:

1. **Effective management of the government sector:** The policy emphasized the repetition of government sector efficiency.

2. **Liberalization:** In the liberalization policy statement, this right was granted in terms of automatic approval to Industrial Licenses to increase the capacity of existing products at MRTP and FERA. The power limit increases under MRTP. Many industries have been licensed. The broadband concept is introduced, giving the industry the flexibility to determine product configurations without requiring new licenses.

3. **Reduction of small-scale industries:** Investment limits have been increased to define SSI to facilitate the development of this sector. For smaller sectors, the investment limit has increased to 1 billion Rs. For smaller units, the investment limit is Rs. From 10 lakh to Rs.20 lakh, subsidies increased from Rs.15 lakh to Rs. 25 lakh.

Industrial Policy, 1980 focused on the need to promote domestic market competition, technology change and modernization. This policy laid the foundation for a constantly competitive export-based industry and promotes foreign investment in high-tech areas(14).
Era of Liberalization after 80’s:
Liberalization has begun since 1980, and gradual stringent licensing systems have been diluted and entrepreneurs have been given more freedom. Actions taken according to policy include:
(I) Re-approval of license: The capacity indicated in the license capacity may be accepted again only if it is 25% more than the license capacity (1984).
(II) Liberalization in 1990: The measures are as follows:
A) License exemptions for certain new units.
B) Free entry of 40% of foreign stocks.
C) The position restriction has been removed (15).

Industrial Policy in 1991 (16):
1. Protecting the Indian Industry: The local industry has been protected from international competition by introducing partial physical prohibitions on product imports and high import duties. Protection against imports encouraged the Indian industry to produce a variety of products. There was a market ready for all of these products.
2. Import substitution policy: The government used import policies to promote the healthy development of local industries. During the first few years after independence, the country spared the existence of rare policies that allowed the production of imported goods to replace foreign currencies, and so the indigenous people were short of foreign currency.
3. Financial Infrastructure: To provide the financial infrastructure needed for the industry, the government has established many development banks. The main function of the development bank is to provide mid- to long-term investment. They also need to play an important role in promoting the growth of the company. For this purpose, the government has signed an agreement with India's Industrial Finance Corporation (1948), Industrial Credit and Investment Corporation of India (ICICI) (1955), Indian Industrial Development Bank (IDBI) India Unit Trust (UTI) (1963), India Life Insurance Corporation (LIC).
4. Management of the Indian Industry: The Indian industry was heavily regulated by laws such as the MRTP Act, the output of almost all kinds of national industry in 1969, the legislation such as limited production, expansion and price licensing, etc.
5. Foreign exchange regulations under the Currency and Regulation Act (FERA): FERA limited foreign investment in the company to 40%. This resulted in the control of the company with foreign cooperation in the hands of the Indians. Technical cooperation and foreign exchange repatriation of foreign investors were also constrained.
6. Encouragement for SMEs: The government has encouraged small-scale industries (SSIs) through a number of support measures for the growth of the Small Industry (SSI). Policy instruments relate to the basic requirements of SSI, such as credit, marketing, technology, enterprise
development and finance, finance and infrastructure support.

7. Public sector focus: The government has invested heavily in providing infrastructure and infrastructure to the industry. This has been achieved by establishing government departments in key sectors such as electricity production, capital goods, heavy equipment, finance and telecommunications.

Review of Pre-1991 Industrial Policy
Industrial policy pre-1991 has created a climate for rapid industrial growth in this country, helped to create a broad base infrastructure and basic industries. Various industrial structures have been achieved with confidence in numerous items. At the time of independence, the consumer goods industry accounted for nearly half of the industrial production.

In 1991, this industry was only about 20%. On the other hand, capital goods production was less than 4% of total industrial production. In 1991, it increased by 24%. Industrial investment has come from a variety of new industries. Modern management techniques have been introduced. An entirely new business class has gained governmental systems and numerous new industrial centers have been developed in almost every region.

Over the years, the government has invested heavily in building the infrastructure needed by the industry and providing the necessary equipment for energy, communications, and roads. Many organizations have been encouraged to help entrepreneurship, fund the industry, and develop many of the technologies that industry needs.

However, there were disadvantages to implementing industrial policies. It is argued that the industrial licensing system promotes inefficiency and led the economy to higher costs. Licensing had to ensure that competencies were created based on the priority and purpose of the plan. However, due to the considerable discretion set by the licensing authorities, the system tends to make corruption and lease requests.

This prevents new business access and negatively impacts competition. Contrary to the main reason, the opposing system was good for businesses and discriminatory to the original region. The government announced a number of liberalization measures in industrial policies in 1970, 1973 and 1980. But industrial policy, 1991, has brought dramatic liberalization.

Conclusion
Finally, if the Indian government accepts more liberal industrial policies, it can be said that the Indian government can develop in the industry. It needs to develop our industry using foreign technology. Likewise, governments must work diligently to develop internal technologies through research.

Also, regarding the establishment of various industries in Korea, the government should try to attract foreign industries by providing various industrial facilities.
Reference


