BUSINESS ENVIRONMENT & LAW

INDUSTRIAL POLICY 1991

By

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Industrial policy of India

- **Industrial policy of India**

- Industrial policy means rules, regulations , principles , policies , and procedures laid down by government for regulating , developing and controlling industrial undertakings in the country. It prescribes the respective roles of the public, private joint and cooperative sectors for the development of industries. It also indicates the role of the large , medium , and small sector . It incorporates fiscal and monetary policies, tariff policy , labour policy and the government attitude towards foreign capital, and role to be played by multinational corporations in the development of the industrial sector.

OBJECTIVES OF INDUSTRIAL POLICY

1.Accelerating the overall rate of growth through industrialization.

2.Expanding the industrial base in relation to industrialization needs of the country.

3. Generating employment and reducing poverty.

4.Preventing monopolies and concentration of industrial power.

5. Creating competitive conditions and encouraging the growth of entrepreneurship

6.Promoting balanced industrial development.

7. Promoting linkages with others sectors of the economy.

8. Assisting small enterprises

9. Encouraging the growth of industrial research and development

OBJECTIVES OF NEW INDUSTRIAL POLICY

- Attainment of international competitiveness.
- Development of backward areas.
- Encouraging competition within Indian industry.
- Efficient use of productive resources.
- Full utilization of plant capacities to generate employment.Revival of weak units.

NEW INDUSTRIAL POLICY 1991

- **FEATURES OF NIP**
- **De-reservation of Public Sector**:
- The number of industries reserved for public sector was reduced to 8 industries. At present, there are only two industries reserved for public sector which include.
- (a) Atomic energy
- (b) Railways De-licensing
- The most important features of NIP, 1991 was the abolition of industrial licensing of all industries except six industries. The six industries are of social and strategic concern

- The six industries are of social and strategic concern. The six industries are
- 1. Hazardous Chemicals.
- 2. Alcohol
- 3. Cigarettes
- 4. Industrial Explosives
- 5. Defense Products, and
- 6. Drug and pharmaceuticals

Disinvestment of public sector

- The NIP 1991 permitted disinvestment of public sector units. Disinvestment is a process of selling government equity in PSUs in favour of private parties. Disinvestments aim at certain objectives.
- (1) To provide better customer Service.
- (2) To make effective use of disinvestment funds. (3) To overcome the problem of political interference.
- (4) To enable the government to concentrate on social development

Foreign Investment

- Approval will be given for direct foreign investment up to 51 percent foreign equity in high priority industries . There shall be no bottlenecks of any kind in this processForeign
- **Technology Agreements:** Automatic permission will be given for foreign technology agreements in high priority industries up to a lump sum payment of Rs. 1 crore.
- **MRTP Act:** Emphasis will be placed on controlling and regulating monopolistic, restrictive and unfair trade practices. Simultaneously, the newly empowered MRTP Commission will be authorized to initiative investigations on complaints received from individual consumers or classes of consumers in regard to monopolistic, restrictive and unfair trade practices

Public Sector Policy

- Essential infrastructure goods and services.
- Exploration and exploitation of oil and mineral resources.
- Technology development and building of manufacturing capabilities in areas which are crucial in the long term development of the economy and where private sector investment is inadequate.
- Manufacture of products where strategic considerations predominate such as defense equipment.

Conclusion

- Various steps undertaken by the New Industrial Policy 1991 led to the abolition of industrial licensing, dismantling of price controls, dilution of reservations for small-scale industries and the virtual abolition of the monopolies law, relaxation of restrictions on foreign investment, etc.

Thankyou