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Industrial Policy, 1980

The fall of Janata Government at the Centre eventually brought a fresh parliamentary election. The Congress Party led by **Mrs. Indira Gandhi** swept the poll and a new Government under Mrs. Indira Gandhi as Prime Minister was installed in 1980. The new Government announced its revised Industrial Policy on **23 July 1980**. This policy stressed the need of fostering industrialization as a tool for economic progress and ensuring economic justice.

The Industrial Policy laid emphasis on rapid pace of industrialisation with a view to **benefit the common man through ever increasing availability of goods at fair prices, more employment and higher per capita income.**

Further, it was to provide great support to agriculture and strengthen energy, transport and other infrastructural facilities. The policy envisaged dominant role of public sector.

The main features of the Industrial Policy of 1980 were.

1. Revitalisation of the Public sector:

The government decided to raise the efficiency of public sector undertakings. For this purpose, it proposed to strengthen their management and develop management cadres in the field of finance, marketing etc. It also proposed to study the industrial units of the public sector and suggest specific steps for their betterment.

2. Economic Federalism:

It proposed to promote the concept of economic federalism with the setting up of a few nucleus plants in each district, identified as industrially backward, to generate as many ancillaries small and cottage industries for their development.

Unlike the IP of 1977, the IP of 1980 was based on the premise that interests of the small and large industry are not essentially conflicting.

3. Redefining the small Units:

To encourage the development of small units, the government revised the definition of small units.

- (a) Tiny units- limit of investment raised from Rs 1 lakh to Rs 2 lakhs
- (b) Small industries- limit of investment raised from Rs 10 lakhs to Rs 20 lakhs; and
- (c) Ancillaries- limit of investment raised from Rs 15 lakhs to Rs 25 lakhs

4. Promotion of rural industries:

To generate higher employment and higher per capita income. For this purpose, handlooms, handicrafts and Khadi would receive greater attention so that a faster growth of the rural areas is made possible

5. Removal of regional imbalances:

For this, the state encouraged industrial units in backward areas.

6. Industrial sickness:

The policy statement outlined clearly its approach towards sick units

- (a) Management of sick units would be taken over only in exceptional cases on grounds of public interest where other means for their revival are not feasible.
- (b) Sick units with adequate potential for revival would be encouraged to merge with healthy units. For such proposals of merger, the existing tax concessions under section 72-A of the Income Tax Act will be made available more liberally.

7. Regulation of Unauthorised Excess Capacity:

In the private sector, capacity expansion up to 25 percent of installed capacity would be automatically available to the overall capacity including regularised excess capacity.

It was stated that FERA and MRTP companies were to be considered on a selective bases. Moreover, this facility was not to be given in respect of items reserved for the small sector.