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Topic: Industrial Policy 1956

### **Industrial Policy 1956**

The Industrial Resolution Policy 1956 was developed due to the changes that occurred due to the economic and political developments in different spheres that called for changes in industrial policy in a short period of operation of the 1948 Industrial Policy. At the same time, a program of planned economic development with the first five-year plan was also launched. The 1956 policy divided the industries into 3 categories based on management.

### **Industrial Resolution Policy 1956: Evolution**

It was based upon the Mahalanobis Model of growth which advocated that emphasis should be laid on the heavy industries, which can increase the economic output of the country.

Mahalanobis model suggested the dominance of the heavy industries.

It laid the foundation for India's second five-year plan and Industrial policy Resolution 1956, which paved the way for the development of the Public Sector and license raj.

### **Features of Industrial Resolution Policy 1956**

Industries were classified under three categories:

#### **Schedule A Industries**

It consisted of 17 industrial areas which were under the Central Government.

Such companies were known as CPSE (Central Public Sector Undertakings) that consisted of industries such as

defense equipment; atomic energy;

iron and steel and heavy plants/machinery required for iron and steel production, heavy power



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plants;

coal and lignite;

mining and processing of key minerals etc.

### **Schedule B Industries**

It consisted of 12 industries that were left to the state government to follow up with the private sector that including compulsory licensing provisions.

The industries had to be state-owned but the private sector was also expected to supplement the efforts of the State.

States were expected to facilitate the development of these industries in the private sector, with respect to the programs formulated under the Five Year Plans.

The schedule B industries consisted of

machine tools;

ferroalloys, steel tools;

the raw material needed for the manufacturing of drugs, dyes, and plastics;

essential drugs and antibiotics;

fertilizers; synthetic rubber;

chemical pulp, road, and sea transport

### **Schedule C Industries**

It consisted of those industries which were left out of Schedule A and B and were with the private sectors and subject to licensing and regulation under the IDR Act.

