

Pinky Rani

Assistant Professor (Guest Faculty)

Department of Economics

Maharaja College

Veer Kunwar Singh University, Ara

B.A. Economics

B.A. Part-02

Paper-03

Topic: Impact of Industrial Policy 1956

### **Various Focus Areas of Industrial Resolution Policy 1956**

It laid emphasis on integrated infrastructure development as a prerequisite to private investment and therefore gave priority to power, transport, and financial institutions.

It gave recognition to small-scale industries such as cottage industries with respect to balanced regional growth and also gave tax concessions and subsidies.

It gave impetus to industrial development in far-off of the country to increase economic growth.

It considered FDI as complementary to domestic growth provided a major share in control and management was to be given to Indian hands.

It laid emphasis on the promotion of technical and managerial skills for industrial growth, thereby proposing the establishment of ITIs and introducing business management courses in universities.

It focused on increased decentralization of the management of PSUs.

### **Impact of Industrial Resolution Policy 1956**

It increased the participation of the public sector in the Indian economy.

The government's aim to push for a socialistic pattern of growth was pushed further.

For the first time, a transparent and simplified classification of Industries was taken up in India.

Industries under government control included those related to strategic and basic domains.

The compulsory licensing provision was further strengthened.



It led to the development of the public sector in India

## **Limitations**

### Limitations of Industrial Resolution Policy 1956

It led to the government favoring big businesses that were in a better position to raise a greater amount of capital and had better management skills to run the industry.

Such corporate houses were easily able to secure financial assistance from development and finance institutions.

There was the absence of a proper system for allocation of licenses in place; pre-empting of licensing by authorities to select people or groups happened due to an array of reasons.

Restrictions regarding the freedom of entry into the industry were increased due to licensing and this resulted in the concentration of economic power in few individuals which led to inequality.

## **Conclusion**

The industrial resolution policy 1956 increased the employment generation potential in small and cottage industries however, these industries were sidelined practically either in want of institutional finance or due to competition. Most of the institutional capital was grabbed by large-scale industries leaving little for the smaller ones to flourish and contribute to the economy.

