

Business environment

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STEFY M M
DEPT OF COMMERCE
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THE NEW INDUSTRIAL POLICY (NIP)1991

NEW INDUSTRIAL POLICY(1991)

The policy of liberalisation, privatisation and globalisation of the government has made a significant impact on the working of enterprises in business and industry.

CONDITIONS NECESSIATED THE ADOPTION OF A NIP(1991)

13) To make amendments in MRTP Act to ensure competitive advantage:

- MRTP Act: (MONOPOLIES AND RESTRICTIVE TRADE PRACTICES)

The act came into force from 1st June,1970.The act aims to prevent concentration of economic power, provide for control of monopolies, and protect consumer interest.

- It emphasis will be on controlling and regulating monopolistic, restrictive and unfair trade practices rather than making it necessary for the monopoly house to obtain prior approval of central government for expansion, establishment of new undertakings, merger, amalgamation and takeover and appointment of certain directors.
- The MRTTP Act will be restructured by eliminating the legal requirements for prior governmental approval for expansion of present undertaking and establishment of new undertakings..

14) To strengthen the provisions of MRTP Act:

Provisions of the MRTP act will be strengthened in order to enable the MRTP commission to take appropriate action in respect of the monopolistic restrictive and unfair trade practices.

POLICY OBJECTIVE

1. To consolidate the gains of national reconstruction at this crucial stage
2. To build on the gains already made
3. Prevention of concentration of economic power
4. To maintain a sustained growth in productivity and gainful employment and attain international competitiveness
5. Efficient use of available resources.
6. Encourage all sector of industry whether small medium large

Initiatives Taken in New Economic Policy

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graph TD; A[Initiatives Taken in New Economic Policy] --> B[Industrial sector reforms]; A --> C[External Trade Reforms];
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Industrial sector reforms

- Industrial Licencing policy
- Public sector policy
- MRTP Act

External Trade Reforms

- Foreign investment
- Foreign technology agreements

INDUSTRIAL LICENSING

What is industrial Licensing ?

- industrial policy means rules, regulation, principles, policies and procedures laid down by govt. for regulating, developing and controlling industrial undertakings in the country
- It prescribes the respective roles of the public, private, joint and co-operative sectors for the development of industries.
- Incorporates fiscal and monetary policies, labour policy and govt attitude towards foreign capital, and role to be played by multinational corporation in the development of the industrial sector.

OBJECTIVES

- To maintain a sustained growth in productivity;
- To enhance employment
- To achieve optimal utilization of human resource;
- To attain international competitiveness
- To protect interests of workers

MERITS

- Competitive industry
- Freedom to entrepreneurs
- Liberalization
- Performance of govt. undertaking
- Integration with world economy
- Open the economy

DEMERITS

- No priority to backward area
- No solution for sickness of industries
- Reduction in the expected foreign investment

FOREIGN INVESTMENT

Company or individual from one nation invests in asset or ownership stakes of a company based in another nation.

- 1991, india was following a very restrictive policy towards foreign capital and technology. Foreign collaboration was permitted only in fields of high priority and in areas where the import of foreign technology was necessary.
- The foreign exchange regulation act, 1973 served as a tool for implementing the national policy on foreign investment in india.