

Industrial Policy Resolution of 1956

Industrial Policy Resolution of 1956 (IPR 1956) is a resolution adopted by the [Indian Parliament](#) in April 1956. It was the first comprehensive statement on [industrial development](#) of [India](#).^[1] The 1956 policy continued to constitute the basic economic policy for a long time. This fact has been confirmed in all the [Five-Year Plans of India](#). According to this resolution the objective of the social and economic policy in India was the establishment of a [socialistic](#) pattern of society. It provided more powers to the governmental machinery. It laid down three categories of industries which were more sharply defined. These categories were:

- (a) Schedule A: those industries which were to be an exclusive responsibility of the state.
- (b) Schedule B: those which were to be progressively state-owned and in which the state would generally set up new enterprises, but in which private enterprise would be expected only to supplement the effort of the state; and
- (c) Schedule C: all the remaining industries and their future development would, in general be left to the initiative and enterprise of the [private sector](#).

Although there was a category of industries left to the private sector (Schedule C above), the sector was kept under state control through a system of licenses. In order to open new industry or to expand production, obtaining a license from the government was a prerequisite. Opening new industries in economically backward areas was incentivised through easy licensing and subsidisation of critical inputs like electricity and water. This was done to counter regional disparities that existed in the country. Licenses to increase the production were issued only if the government was convinced that the economy required more of the goods.^[2]

Fair and non-discriminatory treatment for the private sector, encouragement to village and small-scale enterprises, removing regional disparities, and the need for the provision of amenities for [labour](#), and attitude to foreign capital were other salient features of the IPR 1956.

The Industrial Policy of 1956 is known as the economic constitution of the country.