UNIT – IV

Industry, infrastructure and labour

Industrial policy · PSU · MSME · Infrastructure

Explanatory Lecture Slides

Economic Development of India · Major-4 · Semester III

ECONOMIC DEVELOPMENT OF INDIA

LEARNING OBJECTIVES

Topics covered in this unit

01 **Trace industrial policy 1948–1991–present**

02 **Evaluate the public sector**

03 **Place MSMEs**

04 **Sketch infrastructure (energy, transport, digital)**

05 **Note labour as a development constraint**

06 **Place Make in India / IBC as current tools**

How this unit is organised

01	02	03	04	05	06
Industrial policy	Public sector	MSME	Infrastructure	Labour	Current tools

Industrial policy arc

1948 mixed; 1956 commanding heights; 1969–73 bank nationalisation and MRTP; 1980s loosening; 1991 delicensing and FDI; later: Make in India, PLI, Atmanirbhar.

- A 16-mark timeline with one aim and one result per phase.

Industrial policy arc

1956

- Heavy industry via PSUs.

1991

- Markets + regulation (CCI, SEBI, IBC).

Public sector

Reasons: infrastructure, strategic, regional balance, employment, natural monopoly. Problems: soft budget, over-staffing, political pricing, delayed decisions.

- Disinvestment is a tool, not a religion (BALCO). Some PSUs (energy, rail, defence) remain the State’s development arms.

Public sector

KEEP WHERE

- Natural monopoly.
- Strategic.

EXIT WHERE

- Competitive markets with an IBC.

MSME

The employment engine of Indian manufacturing. MSMED Act 2006: delayed-payment discipline; a definition that keeps changing (investment + turnover).

- Problems: credit, compliance, scale, technology. Tools: MUDRA, Udyam, cluster programmes, delayed-payment portals.
- A 10-mark: role + problems + two measures.

MSME

ROLE

- Jobs.
- Exports.
- Linkages.

BIND

- Credit.
- Payments by large buyers.

Infrastructure

Power, roads, rail, ports, logistics, digital public infrastructure (Aadhaar, UPI, ONDC). The development constraint India actually feels.

- Public-private partnership + a regulator (CERC, NHAI, TRAI). Cross a law paper: land acquisition (RFCTLARR 2013) is why projects stall.

Infrastructure

HARD	SOFT/DIGITAL
• Power. • Roads. • Ports.	• UPI. • Aadhaar. • Logistics code.

Labour as a development fact

Informality, female LFPR, skilling (Skill India), four labour codes (consolidation of 29 Acts) — name them, do not fake sections.

- Codes: Wages; Social Security; Industrial Relations; OSH. A development paper mentions them as a pending productivity/protection bargain.

Labour as a development fact

CONSTRAINT

- Informality.
- Skills.
- Exit rigidity in the old IDA story.

CODES

- Four codes — protection plus flexibility, on paper.

Current tools

PLI schemes, IBC 2016, GST’s one market, Gati Shakti. Courts: BALCO (policy), Excel Crop Care (competition as industrial policy’s cousin).

- Write two current tools and one risk (protectionism, fiscal cost of PLI).

Current tools

MARKET-ENABLING

- IBC.
- GST.
- CCI.

ACTIVE INDUSTRIAL POLICY

- PLI.
- Public capex.

Infrastructure

Power, roads, rail, ports, logistics, digital public infrastructure (Aadhaar, UPI, ONDC). The development constraint India actually feels.

- Public-private partnership + a regulator (CERC, NHAI, TRAI). Cross a law paper: land acquisition (RFCTLARR 2013) is why projects stall.

LANDMARK AUTHORITIES

Cases a KSLU answer should name

CASE

BALCO Employees

(2002) 2 SCC 333

Disinvestment is policy.

CASE

Excel Crop Care v CCI

(2017) 8 SCC 47

Cartels are not a development strategy.

CASE

Swiss Ribbons v Union of India

(2019) 4 SCC 17

IBC as a constitutional economic institution — exit is part of development.

STATUTE / SECTION MAP

Provisions & materials to quote

MSMED Act 2006	Delayed payments and a statutory MSME identity.
IBC 2016	Insolvency as a development institution.
Competition Act 2002	Market structure after the MRTP age.
RFCTLARR 2013	Land for infrastructure with an SIA and consent structure.
Labour codes (2019–20)	Four codes consolidating the old labour-law field.

WRITE IT IN THE HALL

10 / 16-mark frames from this unit

Q1 Evaluate India’s industrial policy since Independence.

Q2 What are the problems of public-sector undertakings? Is disinvestment the answer?

Q3 Explain the role of MSMEs in Indian development.

Q4 Write a note on infrastructure / IBC / labour codes as development tools.

BEFORE YOU CLOSE THE FILE

Unit recap

1. 1956 public lead → 1991 market test → PLI/IBC now.
2. PSUs: keep natural monopolies, exit the rest with a process.
3. MSMEs = jobs; delayed payment is the legal wound.
4. Infrastructure is land + regulator + capital.
5. IBC and CCI are industrial policy by other means.