

Making 'Make in India' happen

For that, the Government needs to tackle issues impacting ease of doing business

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The manufacturing sector has exhibited a tentative revival after three years of subdued growth, registering 3.5 per cent growth in the first quarter of the year. However, this revival cannot be taken for granted.

India is the only country with a young, growing and competitive workforce. A strong and deep manufacturing foundation with capabilities across traditional and advanced technology sectors is the springboard for the next growth cycle. Indian companies have proved to be globally attuned and energetic in leveraging comparative advantages. With the many free trade agreements that India has signed, the manufacturing sector has a good chance to slot into global supply chains.

India can easily reach annual manufacturing growth rates of 12-14 per cent over a sustained period of time under the right conditions. However, even a growth rate of just over 6 per cent would need an addi-

tional manufacturing investment of ₹98 lakh crore at current prices over the next five years. To attract such investment, the right policy structure is essential.

Right approach

Government and industry have already commenced concerted efforts to enhance the ease of doing business and kickstart manufacturing growth. The Government has also relaxed FDI limits in critical sectors like defence, construction and railways.

Estimates suggest that India could achieve an additional ₹8 lakh crore of GDP and 25 million more jobs through a facilitative business environment. There also needs to be a review of labour laws, many of which are outdated in the current context. The Goods and Services Tax will be a huge step forward in making India a single market. Land acquisition for industrial development must be speedy and cost effective while simultaneously leaving displaced populations better off. Of course, the action at the



Right moves Modi's agenda appeals to industry V SUDERSHAN

grassroots level of State governments and district administrations will be critical.

The operating environment for the micro, small and medium enterprises sector needs to be strengthened. Access to finance, redefining investment limits, encouraging technology adaptation and facilitative regulation could transform MSMEs into the hotspot of entrepreneurial activity.

Finally, firm level competitiveness must be encouraged by building a comprehensive support system with a wide knowledge base across parameters like quality management systems, lean manufacturing and environmental assessments and audits to meet the requirement of 'Zero defect, zero effect' as enunciated by the Prime Minister.

Confidence-building

Some 153 mega projects with an investment of around ₹5.2 lakh crore are being monitored by the Project Monitoring Group, which will create better infrastructure and ease cost pressures. India must also sync trade agreements with domestic manufacturing strengths and leverage global markets. In particular, exports must be stepped up in highly-traded sectors such as electronics and machinery.

Certain industry sectors of strategic significance could help set the stage for future growth in alignment with global trends. For example, a policy on capital goods and

engineering, coupled with rationalisation of taxes and duties and correction of anomalies, will promote the competitiveness of Indian equipment manufacturers. The Information Communication Technology & Electronics (ICTE) sector is critical as currently over 60 per cent of the domestic demand is being met through imports.

The steel industry has huge potential. The sector would benefit from the introduction of compact designs for steel plants, creation of a larger pool of metallurgists, and promotion of R&D. Measures for the iron ore mining sector such as expanding the iron ore reserve base and modern mechanised mines would also need to be addressed. Emphasis on establishing textile mega parks, special incentives for value added textile and apparel manufacturing, and export promotion are necessary. The Prime Minister's call to 'Make in India' itself imparts confidence to the industry to undertake new investments.

The writer is director-general of CII