Stimulating Manufacturing in India

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Main points made in National Manufacturing Policy

- Addition to labour force in next 15 years – 250 million.
- No. of new jobs expected to be created by manufacturing – 100 million.
- Rate of growth in manufacturing must increase from 7.7% to 12 – 14%.
- This will increase share of manufacturing in GDP from 15% to 25% in 15 years.
- Major share of additional jobs will come from SME.
Impediments to manufacturing growth

- Absence of world class Infrastructure.
- Complex system of indirect taxation.
- Rigidity in labour laws.
- Skill deficit.
- Delay in clearances, particularly, environmental.
- Sky rocking land prices.
- Lack of access to finance for SME.
Elements of national manufacturing policy

- New policy limits most action to National Industrial and Manufacturing Zones (NIMZs).
- On labour issues there are vague references to the central/state governments providing exemptions subject to fulfilment of conditions.
- Idea of creating an insurance policy or a sinking fund to enable payment of compensation at the time of closure or downsizing of manufacturing unit.
Elements of national manufacturing policy

- On environmental clearance the policy speaks of delegation of power to the State Pollution Control Board.
- On skill developing there is a proposal for the creation of a three tier structure.
- To resolve land problem the Policy proposes the establishment of NIMZs.
Action that needs to be taken

- Denationalise coal mines to increase availability of coal.
- Complete the dedicated freight corridors.
- Take up and complete 15000 km of expressways.
- Identify NIMZs at least at 200–300 locations and complete them.
- Amend chapter VB of the ID Act and the Contract (Regulation and Abolition) Act. Empower the state governments to make necessary changes in the labour laws.
- Create a new financial institutions to cater to the MSE sector or augment the resources of SIDBI.
- Introduce GST.
Thanks