

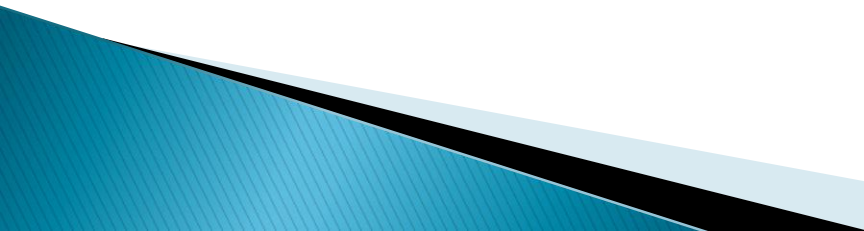
Stimulating Manufacturing in India

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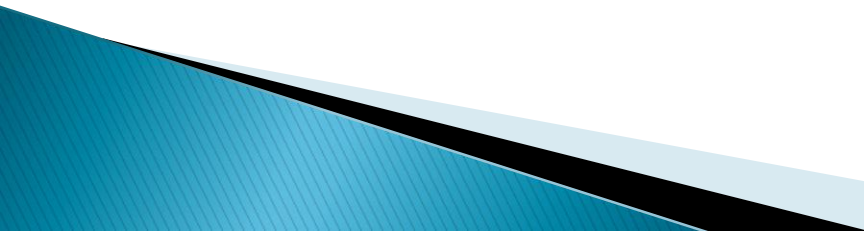
Main points made in National Manufacturing Policy

- ▶ 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

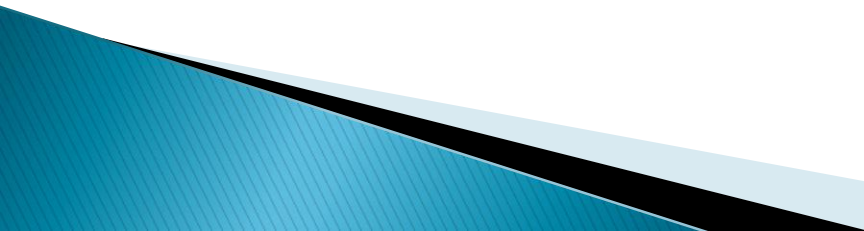
- ▶ Absence of world class Infrastructure.
 - ▶ Complex system of indirect taxation.
 - ▶ Rigidity in labour laws.
 - ▶ Skill deficit.
 - ▶ Delay in clearances, particularly, environmental.
 - ▶ Sky rocketing land prices.
 - ▶ Lack of access to finance for SME.
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Elements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

Contd...

- ▶ 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.
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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 made 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

