New Industrial Policy

Why in news?

The government is working on a new industrial policy to make the manufacturing prospects in the country better.

What is the aim of the policy?

- It subsumes the National Manufacturing Policy.
- It primarily aims at making India a manufacturing hub.
- The Department of Industrial Policy and Promotion, the nodal body for the new Policy, has floated a discussion paper inviting feedbacks.
- Focus groups, with members from government departments, industry associations, academia, and think tanks have been set up to look into the challenges faced by the industry.
- Six thematic focus groups include manufacturing and MSME, technology and innovation, ease of doing business, infrastructure, investment, trade and fiscal policy, skills and employability.
- Besides, a Task Force on Artificial Intelligence for India’s economic transformation has also been constituted to provide inputs for the policy.

What is the need?

- Since the last Industrial Policy announced in 1991, India has witnessed transformation into one of the fastest growing economies in the world.
• It is now required to deploy a different set of ideas and strategies to build a globally competitive Indian industry.

• As the discussion paper highlights, there are certain constraints to industrial growth that have to be addressed.

• This include -

  1. inadequate infrastructure
  2. restrictive labour laws
  3. complicated business environment
  4. slow technology adoption
  5. low productivity
  6. inadequate expenditure on R&D and innovation
  7. challenges for trade including the Indian MSME sector facing tough competition from cheap imports from China and FTA countries

What are the features of the policy?

It proposes to incorporate a range of measures for the following -

• Facilitating the use of smart technologies such as internet of things (IoT), artificial intelligence (AI) and robotics for advanced manufacturing.

• Increasing the number of global Indian firms helping attract inward FDI and supporting outward FDI to assert Indian presence in world markets.

• Addressing the problem of low job creation in the formal sector.

• Enhancing industrial competitiveness
- Developing alternatives to banks and improving access to capital for msmes through options like the peer to peer lending and crowd funding.
- Providing a credit rating mechanism for msmes.
- Addressing the problems with duty structure and also balancing it against obligations under multilateral or bilateral trade agreements.
- Studying the impact of automation on jobs and employment.
- Ensuring minimal/zero waste from industrial activities and targeting certain sectors to radically cut emissions.
- Reviewing the FDI policy to ensure that it facilitates greater technology transfer, leverages strategic linkages and innovation.

Source: The Hindu