New Industrial Policy

Why in news?

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

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What is the aim of the policy?

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- It subsumes the National Manufacturing Policy.
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- It primarily aims at making **India a manufacturing hub**.
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- The Department of Industrial Policy and Promotion, the nodal body for the new Policy, has floated a **discussion paper** inviting feedbacks.
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- 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.
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- **Six thematic focus groups** include manufacturing and MSME, technology and innovation, ease of doing business, infrastructure, investment, trade and fiscal policy, skills and employability.
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- Besides, a **Task Force on Artificial Intelligence** for India's economic transformation has also been constituted to provide inputs for the policy.
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What is the need?

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- Since the last Industrial Policy announced in 1991, India has witnessed transformation into one of the fastest growing economies in the world.

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- It is now required to deploy a different set of ideas and strategies to build a globally competitive Indian industry.
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- As the discussion paper highlights, there are certain constraints to industrial growth that have to be addressed.
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- This include -\n
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1. inadequate infrastructure
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2. restrictive labour laws
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3. complicated business environment
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4. slow technology adoption
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5. low productivity
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6. inadequate expenditure on R&D and innovation
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7. challenges for trade including the Indian MSME sector facing tough competition from cheap imports from China and FTA countries
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What are the features of the policy?

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

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- Facilitating the use of smart technologies such as internet of things (iot), artificial intelligence (AI) and robotics for advanced manufacturing.
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- Increasing the number of global Indian firms helping attract inward FDI and supporting outward FDI to assert Indian presence in world markets.
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- Addressing the problem of low job creation in the formal sector.
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- Enhancing industrial competitiveness
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- Developing alternatives to banks and improving access to capital for msmes through options like the peer to peer lending and crowd funding.
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- Providing a credit rating mechanism for msmes.
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- Addressing the problems with duty structure and also balancing it against obligations under multilateral or bilateral trade agreements.
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- Studying the impact of automation on jobs and employment.
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- Ensuring minimal/zero waste from industrial activities and targeting certain sectors to radically cut emissions.
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- Reviewing the FDI policy to ensure that it facilitates greater technology transfer, leverages strategic linkages and innovation.
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Source: The Hindu

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