Effects of Liberalization on the Economy, Changes in Industrial Policy and their Effects on Industrial Growth.

Prelims and Mains focus: about the new industrial policy and its key objectives

News: With the government aiming to finalise the new industrial policy within the current financial year, the Department for Promotion of Industry and Internal Trade (DPIIT) is seeking specific inputs from ministries and states on focus areas to boost manufacturing and private investment.

Background

Last week, the government organised an inter-ministerial workshop on 14 priority sectors that would need a fillip to boost manufacturing to $1 trillion, including capital goods, electronics, food processing, metals and mining, tourism and renewable energy.

About the new policy

- The new industrial policy, which will come over two decades after the last policy was implemented in 1991, has a “wider” focus, especially since manufacturing is expected to account for 20 per cent of India’s $5-trillion economy target.

- The broad goal is to give a boost to manufacturing, which has many complexities. It is now embedded in the services sector and manufacturing is also getting more automated. Therefore the govt. also need to keep employment in mind.

- This industrial policy is still in the making. It is still in an infancy stage. A lot of material has been collected and a lot of consultations have been held, but there is still more to be done.

- The government is looking to resolve issues related to ease of doing business, including developing clusters for backward and forward linkages in the supply chain.
Way ahead

• Work is on to understand how to bring in more policy incentives to attract investment, how to make the process easier for these sectors and how to make credit available to them at an affordable rate.

• The idea is to bring more private sector investment in all these priority sectors.