

## Centre must embrace Niti Aayog findings to get manufacturing sector back on track

The business of India remains to make it hard to do business. A Niti Aayog and IDFC institute survey of formal Indian manufacturing firms has found that as of the 2016 reforms by the NDA government, factory-owners largely do not feel things had changed too much. Only a minority of the businessmen believed things had gotten worse, but the survey's findings are a sign of how deeply entrenched is the anti-business environment in India. Presumably, 2017 has not made life easier given the immediate disruption caused by demonetisation and the introduction of the goods and service tax (GST).

The results should not be a complete surprise. The Modi government was able to lift India only one point in the broader World Bank's 2017 Doing Business survey of countries — from an abysmal 131 to 130. The Niti Aayog survey looked at the sector of the economy most entangled in India's socialist legacy: White economy manufacturing.

It showed a third of businessmen believed things had remained the same, a slightly smaller number said things had improved and about a fifth felt things had gotten worse. The government scored best when it came to the basics: Power, water and setting up a business. It was the politically difficult parts of economic reform — land, labour, regulations and taxes — where it was felt the government's actions had done little. Legal matters were one area where things were judged to have gotten worse.

Unfortunately, inputs that were most important to a specific sector were often the ones companies had the greatest problems. Labour restrictions were cited as the worst problem for labour-intensive industries. Getting electricity was still the primary source of migraine for power-intensive industries. The most positive finding was that new companies gave the overall business environment a bigger thumbs up than older firms.

Surprisingly, many firms had little or no knowledge of the steps carried out to make life easier for them. Only 20% of manufacturing start-ups were using the new single window clearance system.

Clearly while there is much that is positive about the changes being attempted by the government, knowledge about them is being disseminated in the ways of a previous generations. The Indian State has spent much of the past 70 years making manufacturing in the country as difficult as possible. Turning this around was always going to be difficult. The Centre should do well to embrace the findings, draw the suitable lessons and begin to redress the lacunae that have been pointed out.

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