

GOVT.-INDUSTRY PANEL DRIVES POLICY TO REVIVE MANUFACTURING

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

For air conditioners, industry players have vowed to take domestic value-addition to 80% in five years. File Photo

A meeting between industry captains and Commerce and Industry Minister Piyush Goyal soon after the national lockdown was announced in 2020, has led to the setting up of the Steering Committee for Local Value Addition, Manufacturing and Exports or SCALE, aimed at navigating Indian manufacturing away from the import-dependence pitfalls exposed by the pandemic.

Noting that many of them had more time on their hands due to the lockdown, Mr. Goyal had suggested the CEOs come up with ideas to tap the global sentiment against China and strengthen Indian manufacturing. The Minister asked Pawan Goenka, the Mahindra group's managing director till April 2021, to drive this introspection.

The group is now working on such ideas for 17 sectors — from toys, textiles, furniture and e-cycles to drones, and even fisheries.

The SCALE includes the top brass from three industry bodies — CII, FICCI and Asshocham — three representatives from government, with member secretary Manmeet Kaur Nanda from the Department of Promotion of Industry and Internal Trade (DPIIT), and three industry honchos, including JSW Steel joint managing director and group CFO Seshagiri Rao MVS and Salil Singhal, chairman emeritus, PI Industries.

India has seen multiple similar committees India over the past two decades to enhance the share of manufacturing in the economy, with recommendations either gathering dust, scuttled by inter-ministerial and intra-industry crossfire, or leading to botched policies like the non-starter National Manufacturing Investment Zones (NMIZ). SCALE is different for a few reasons.

The SCALE group is different for a few reasons.

First, it has no deadlines and drafts no voluminous reports — all its proposals are laid out in a presentation at best. Second, it doesn't just gather up ideas from various sectoral players and splash them together for the government to consider, as usual industry representations tend to be.

Third, it follows a rigorous process of consultations to align different factions of industry with varying agendas at multiple levels and tries to nudge an alignment of interests where differences seem intractable, before it takes up the relevant issues with the government.

"Generally, industry bodies come to government and say, 'Give me this, Give me that'," Dr. Goenka told *The Hindu*.

"My first sentence to them in SCALE interactions is, 'It should be 'I am going to do this, and this is the help I need.' And if you don't have an 'I am going to do this', then let's not even talk," he said.

Industry commitment

Consequently, none of its presentations have had policy suggestions without an equal commitment from the industry, in terms of investments and job creation etc., if those suggestions were accepted.

In fact, in the case of air conditioners, one of the first sectors it began working on, the industry players actually gave a letter of commitment to Mr. Goyal that they will invest more and take domestic value-addition to 80% from the present 20% in five years, even before the government notified the PLI scheme for the sector.

“This was signed off by the industry and is almost a contract,” Dr Goenka said, adding that air conditioners , was considered a sunset sector with no scope for a change in status quo.

The panel’s ideas for other uninteresting sectors, including fisheries and TVs, are also at advanced stages of deliberations within the government.

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