INDUSTRY

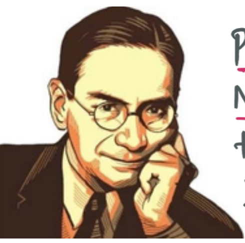
Join Us

Economists have found that poor nation can progress only if they have a good Industrial Sector.

The government of time opted for industry to be India's prime moving force of the economy.

Why Netaji ?
72% Agri (1950)

- Agriculture was using traditional tools and technology
  (For modernise farming)
- 2nd WW-II has proved the Supremacy of defence
  (for defence against external)
- WB & IMF was infavour of industrialisation
  (dominant ideology)



Prasant chandra Mahalanobis : the Architect of Indian Planning

2nd Five Year Plan (1956-61)
laid emphasis on rapid industralisation with focus on heavy industry and capital goods. (Mahalanobis Plan)

Industrial policy Resolution 1956
formed the basis of 2nd FYP (MP)

State control | Pvt supplement | Pvt sector.

License RAJ

Karve committee
for Village & Small Scale Industries.

	1950-51	1990-91
	59.0	34.9
	72.1	66.8
	13.0	24.6
	10.7	12.7
	28.0	40.5
	17.2	20.5

GDP
Employment

Report Card

By 1970s, the world was having convincing proofs that the socialist as well as planned economies were not effective.

On July 23, 1991, India launched a process of economic reform in response to a fiscal and BoP Crisis.

"LPG REFORM"

- Promotion of Pvt Sector
  - Dereservation
  - Delisencing
  - MRTP limit end
  - Simplify laws.
- Public Sector reform
  - Disinvestment
  - Corporatisation
- External Sector reform
  - end Import restriction
  - FERA → FEMA
- Financial Sector reform
  - Banking
  - Insurance
  - Capital Market.
- Tax reforms
  - Direct ↓
  - Indirect ↓
  - Corporate ↓

Economic Survey 2024

GVA @ current price
- ✓ Agriculture → 17.7%
- ✓ Manufacturing → 27.6%
- ✓ Service Sector → 54.7%

* Industrial Sector → Inadequate progress.

around 24.37% working population in Industrial Sector

Challenges

* Inadequate Infrastructure

inadequate physical facilities that Support economic activities such as transportation network, power Supply and logistics.

It create bottleneck that hinder growth and economic progress.

Eg: JNPT in Mumbai face congestion due to insufficient capacity.

Eg: Kanpur & Noida inconsistent power supply.

Eg: NH-48 alone Handle 40%. of country's Freight traffic.

* Rigid labor laws & complex regulation

Industrial Dispute Act, 1947 require companies with 100 or more workers to seek government approval before lay offs.

40 central labor laws and state specific laws. Reduce flexibility.

Eg: Automobile Industry in TN has faced strike and legal disputes due to rigid labor laws.

Create the problem of

* Missing Middle

Ease of Doing Business ranking (142 → 63)

But regulatory complexity still remain an issue (Bureaucratic Red tapism)

GST although simplified indirect taxation but still many industries face challenges.

* Skill Gap

mismatch b/w the skills required by employers and skills in workforce

Eg: Ministry of skill and develop

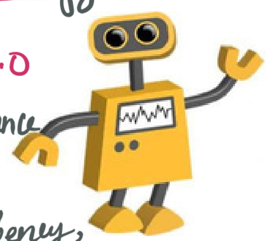
only 51.3% youth are employable

– Skill India report 2024

Eg: TN major hub of textile industry facing significant shortage of skilled labor. (The Hindu)

* Low Technology Adoption

Industry 4.0



rely on advance technology to increase efficiency, reduce cost, and improve production quality.

But modern technology like robotics or AI require require significant investment.

(Reduce competitiveness)

Eg: Global Competitiveness Index 2024

India's ranking 39th rank.

*

Credit Issue.

In the absence of collateral or Solid credit history – unable to get loan.

Bank charge higher interest rate unable to expand.

In case of delay → penalties, legal consequences.

Eg: MSMEs in India face significant barries to accessing finance, with only 20% of the Sector achieving credit penetration. – Outlook report

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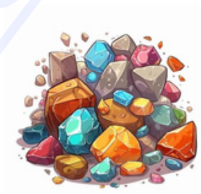

India's reliance on imports for critical raw material.

Eg: Indian pharmaceutical sector heavily relies on import of Active Pharmaceutical Ingredients (APIs) from china

Eg: RE Sector hindered due to import restriction from china

(The Hindu)

* Inadequate R&D and innovation

– 0.6% of GDP

Solutions

* Infrastructure Development programs

govt has launched initiatives to improve infrastructure.

Eg: Gati Shakti Initiative

- upgrading Highways
- Building Dedicated freight corridors (DFCs)
- Modernizing Ports

Eg: TN improved road network under Bharatmala project.

Eg: Western Dedicated Freight Corridor
improved Connectivity Guj → N India.

* promoting Fintech Solutions

Credit Guarantee schemes, and lower Interest Rate

Eg: Platforms like Razorpay, lendingkart, and capital Float provide online lending services.

Eg: Credit Guarantee Fund Trust for Micro and small enterprises (CGTMSE)
Collateral free loan.

Eg: Covid-19 Emergency Credit line Guarantee scheme (ECLGS)
Subsidized interest rate. (CF)

* labor law Reform

The govt. has consolidated 29 labor laws into 4 labor codes.

→ Code on wage.
→ Industrial relations code.
→ Occupational Safety, Health and working Conditions Code.
→ Social Security code.

* Governance reform

Eg: New logistic Division (Dept of Commerce)

Eg: Public - Private partnership model
(HAM model) G : P = 40 : 60

Eg: Single window clearance

Eg: PLI Scheme (production linked Incentives)
↓
incentivise industries to invest in India.

* Critical Minerals

India diversifying its relation in reduce dependency on china.

Eg: KABIL Company.

Eg: India signed Agreement with Argentina – lithium exploration. (PIB)

* provide skilling

Eg: Skill India program
under it provide training to the workers and improving skills.

Eg: PMKVY (Kaushal Vikas)
free training in various trades

Eg: In Coimbatore, textile mill get skilled labour under PMKVY
– IE

* Financial support for technology Adoption:

Eg: PLI Scheme – cash incentives to companies that invest in modern technology.

Indian smartphone manufacturers like Lava and Micromax have started investing in automated production.

* Aspire program
↓
inspire Entrepreneurs

* Make in India

* Atmnirbhar Bharat
↓
To make 2047 Bharat, Vikshit Bharat.

- Thank you -