

Manufacturing to contribute 25 % of GDP within a decade

Special Correspondent

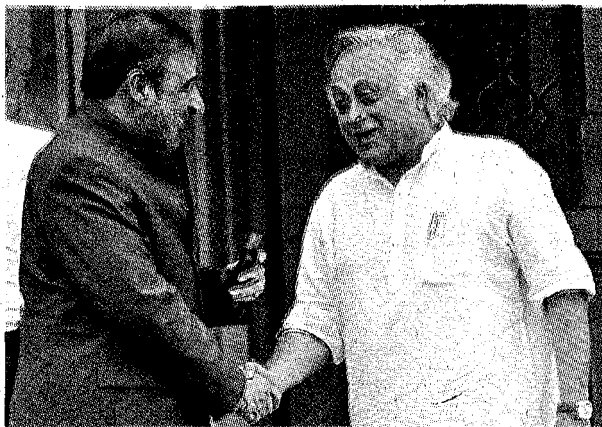
NEW DELHI: The Union Cabinet on Tuesday gave its approval to the long-awaited ambitious National Manufacturing Policy (NMP), which seeks to set up mega industrial zones, create 100 million jobs by 2022 and put India on a par with manufacturing powers such as China and Japan.

"The NMP seeks to enhance the share of manufacturing in the GDP to 25 per cent within a decade and create 100 million jobs in manufacturing as part of the inclusive growth agenda of the UPA Government," Commerce and Industry Minister Anand Sharma said after the Cabinet meeting chaired by Prime Minister Manmohan Singh.

Ruling out any kind of subsidies for units operating in these manufacturing zones, the newly approved policy states that the government will provide fiscal incentives to industry, particularly to small and medium enterprises (SMEs) to encourage the manufacturing sector.

The NMP had faced hiccups in the Cabinet on September 15 when Labour and Environment ministries had raised objections to certain clauses being waived pertaining to their ministries. The Prime Minister later referred the matter to the Group of Ministers (GoM), headed by Agriculture Minister Sharad Pawar.

Mr. Sharma said the NMP would ensure compliance of labour and environmental laws while introducing procedural simplifications and rationalisation so that the regulatory burden on industry was reduced. He said the interventions proposed were generally sector neutral, location neutral and technology neutral, except the attempt to



SUSTAINABLE DEVELOPMENT: Commerce and Industry Minister Anand Sharma (left) and Rural Development Minister Jairam Ramesh, coming out after attending the Cabinet meeting at South Block in New Delhi on Tuesday. — PHOTO: V. SUDERSHAN

• To create 100 million jobs by 2022

• Cabinet clears Manufacturing Policy

incentivise green technology for sustainable development. "No subsidy is proposed for individual units or areas. The basic thrust is to provide an enabling environment for tapping the potential of the private sector and the entrepreneurial skills of the younger population," the Commerce and Industry Minister said. The major objectives of the NMP are to increase the sectoral share of manufacturing in GDP to at least 25 per cent, create 100 million jobs by 2022 and enhance global competitiveness of the sector. Besides, it focusses on domestic value addition, technological depth and environmental sustainability of growth.

The policy envisages specific interventions broadly in the areas of industrial infras-

tructure development and improvement of the business environment through rationalisation and simplification of business regulations. Besides, development of appropriate technologies, especially green technologies, for sustainable development and skill development of the younger population are envisaged.

The NMP aims at creating large integrated industrial townships — National Investment and Manufacturing Zones (NIMZs). "The land for these zones will preferably be waste infertile land which is not suitable for cultivation; not in the vicinity of any ecologically fragile area and with reasonable access to basic resources," Mr. Sharma said. At present, the contribution of the manufacturing sector is just over 16 per cent of India's GDP. With a view to accelerating the growth of the manufacturing sector, Mr. Sharma said the manufacturing policy proposed to create an enabling environment suitable for the sector to flourish.