



The Big Picture: Merging Local with Global

The Prime Minister of India recently said that 1.3 billion people of India have embarked upon one mission to create Atmanirbhar Bharat which seeks to merge local with the global and ensure that the country has strengths as a global force multiplier.

The Prime Minister of India in his special keynote address at the third leadership summit of the US-India Strategic Partnership Forum emphasised that “Time and again India has shown that our goal is a global good”.

Pitching India as the best investment destination worldwide the Prime Minister said that the country's political stability and policy continuity makes it the best place for global investors looking for attractive business opportunities during the [COVID-19](#) pandemic crisis.

Opportunity in Crisis

- Worldwide investors are looking for new destinations to do business and not be dependent on only one country like China for manufacturing.
- The industrialists around the world are looking for diversifying supply chains. There is an opportunity for India to build its capability and attract foreign Investments.
- India's strength is a large market with a strong domestic consumer base, young demography and capable manpower which would be able to absorb high technology and work ethics.
- India's workforce is among the youngest in the world and it is a major destination for a cheap labour force.

Challenges

- **Finance:** Indian banks mostly offer loans for 5 years or for 10 years but we don't have the facility of loans for long periods like 30 years as offered by banks of other countries and similarly there is need for more long term bonds for raising finance for infrastructure.
 - There is also the issue of high cost of finance in India, it is much higher than the global interest rates,
- **Policy level challenges:** There has to be parity in efforts from the central government to the grassroot implementation agency of district administrations there should be streamlining of efforts and the whole system should be on the same page.
- **Transportation:** The average speed in China is about 100 km/hour. In India, it is about 60 km/hour. Also, the Indian railways are overloaded and the Indian ports have outperformed a lot of Asian nations.
- **Electricity:** Cost of electricity for industry is high in India because of cross subsidisation. The consumer tariff is lower than the industrial tariffs. All over the world the industry traffic is lower than consumer tariff to Foster industrialisation.
- **Land:** India is one of the most land-scarce countries in the world, and demand for land has accelerated with the increase in the pace of industrialization and urbanization.
 - Lack of adequate land reforms, distortions in land markets slow the pace of industrial growth and impede investment in the country.

Vietnam and Bangladesh vs. India in attracting investments

- In Bangladesh and Vietnam there was almost absence of local manufacturers who could object or have concerns over foreign investors being their competitors.
- Whereas India has some domestic industry in almost all the sectors whose interests have to be secured by taking measures such as imposing duties to enable them to survive by saving them from fierce foreign competitors.
- In addition these countries could implement the major labour reforms, provide cheap labour, adequate and cheap electricity and infrastructure for the investors.

Way forward

- **Tax simplification:** Along with the ease of doing business there should also be the ease of running business. The taxes should be more simplified and the changes in policy should accommodate and facilitate changes viable for industrialisation.
- **Rationalising Bureaucracy:** To improve the attitude of Civil servants to facilitate rather than hinder the industrialisation by domestic and foreign entities. [Mission karmyogi](#) is an important step to rationalise bureaucracy across the country and in upgrading their skills.
- **Industrial parks:** Setting up of industrial parks can be one of the best options like technological parks setup with good infrastructure so that they can get all the clearances in advance. These parks could be reserved for certain kinds of industries themed like textiles, automobiles, IT parks etc.
- **Creating synergy among stakeholders:** Attracting Investments India is imperative because India needs to create 12 million jobs per year, the centre can only give the visions but the implementation has to be done by all the agencies like administration, the existing corporate sector, the Banking system, supply chains and even society as a whole.
- **Innovation in land use:** Rather than land acquisition other land management methods like leasing out on government guarantee and reserving land exclusively for industrial use can be tried and tested and scaled up accordingly.
- **Smart policy regulation:** Government policies can be used effectively like in industry where we are dependent on imports. For example: To enhance solar panel manufacturing in India, the government could announce that for the next few years it is going to procure solar equipment which undergoes value addition in India and which are not under the [World Trade Organisation procurement agreement](#).
 - Therefore smart regulation is important like success in pharmaceuticals and automobile industry have been the result of facilitative government policy where the government gave incentives for these industries to grow.

Mission Karmyogi

- It is aimed at building a future-ready civil service with the right attitude, skills and knowledge, aligned to the vision of New India.
- It aims to prepare Indian civil servants for the future by making them more creative, constructive, imaginative, proactive, innovative, progressive, professional, energetic, transparent, and technology-enabled.
- Comprehensive reform of the capacity building apparatus at the individual, institutional and process levels for efficient public service delivery.

Conclusion

- Along with **ease of doing business**, India needs to ease the cost of doing business. The issues need to achieve this should be addressed like that of high cost of finance, high cost of land cost and production in order to attract more investment from abroad.
- India needs more innovative ideas in managing land and finance and coordination between states and centre also needs to be more streamlined.

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