

## October 18<sup>th</sup>, 2018 Sample Current Affairs

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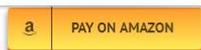


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**1. India needs an industrial policy: State intervention is required to increase the country's share in global value chains**

- Why India needs a new industrial policy?**
- How should be a good industrial policy of the country?**
- What are the challenges for India to formulate new Industrial policy?**

**GS paper 3 (Changes in industrial policy and their effects on industrial growth)**

**In this video, you can find detailed answers for all the above questions.**

**The above article has been retrieved from:**

N.A. ( 2018, October , 18). India needs an industrial policy. The Hindustan times. Retrieved from <https://www.hindustantimes.com/editorials/india-needs-an-industrial-policy/story-KyXLQ3jIuUN0SLz2vmIveI.html>

**What is the context about?**

- ✓ For India to solve its employment challenge, it needs a big push in manufacturing. This is why the fate of the Make in India initiative is crucial now.
- ✓ Some of the success stories of Make in India could be more the rays of hope than concrete gains.

**Here's one such example.**

- ❑ India's import of mobile phones from China came down from \$6.3 billion to \$3.3 billion between 2014 and 2017.
- ❑ This is in keeping with the recent rise in number of mobile phone factories in the country. But the import of telecom parts from China increased from \$1.3 billion to \$9.4 billion during this period.

### **Why India needs a new industrial policy?**

- ❑ At a time when the growth of our country is slowing down and the growing tendency of protectionism across the globe, a new industrial policy is definitely a blessing in a disguise.
- ❑ It is an opportunity to address problems like low R&D spending and facing stiff competition from other countries.
- ❑ In an age where big companies go venue shopping to set up factories, increasing a country's share in global value chains cannot be achieved without active state intervention. This needs to be done both at the micro level, such as focusing on a particular cluster or industry, and the macro level, which basically means acknowledging the fact that we need an industrial policy.

### **How should be a good industrial policy of the country?**

A good industrial policy should:

- ❑ It should analyse the past mistakes and then build on them, like the past failed to make our industrial sector

competitive at world level, and majority industries remained informal sector.

- ❑ It should be able to see present trends, demography and demands. Like 60% of our population is under 30 years of age, and in dire need of jobs, so such policy should target jobs oriented sectors like textile industries and promote entrepreneur cultures via ease of doing business. Easier FDI norms and relaxing labour and land laws.
- ❑ It should also anticipate the future, like jobs will be lost to automation, usage of AI, big data etc. and incorporate such challenges in policy making. For example, increasing the spending on R&D for the industries, technology upgradation funds, and linking the present to evolving trends to cater the needs of the industry.

### **What are the challenges for India to formulate new Industrial policy?**

The present challenges faced in formulating the new industrial policy,

- ❑ Data by DIPP, MCI etc. is often contradicting and misleading and on such basis policy formulation can't be made.
- ❑ Much of the industrial sector policy formulation is inter-ministerial and we at present lack coordination and cooperation in this area.
- ❑ The manufacturing sector often appears as the low hanging fruit, and silver bullet for many problems like

unemployment, increasing exports etc. and it has proved to be a dead horse - whose no amount of flogging is getting it to run.

- ❑ The vision provided by the industrial policy is more often isn't supplemented by budget grants, ministerial support etc.
- ❑ WTO policies like photo sanitary measures, FTA needs etc. often offset the goals like it happened with issue of procurement of solar panels.