INDIA’S RISKS AND REWARDS FROM “INDUSTRIAL POLICY”

World Bank
Washington
16 October 2013

Arun Maira
Member, Planning Commission
Government of India
## Risk and Rewards

### Manufacturing / GDP

<table>
<thead>
<tr>
<th>Country</th>
<th>% of GDP</th>
</tr>
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<tbody>
<tr>
<td>Thailand</td>
<td>40%</td>
</tr>
<tr>
<td>China</td>
<td>34%</td>
</tr>
<tr>
<td>South Korea</td>
<td>26%</td>
</tr>
<tr>
<td>Japan</td>
<td>18%</td>
</tr>
<tr>
<td>Germany</td>
<td>17%</td>
</tr>
<tr>
<td>India</td>
<td>15%</td>
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</tbody>
</table>

### Employment

- 250 million more jobs by 2025

### Manufacturing Trade Deficit

- $26 billion (~1% of GDP) (2009-10)

Source: Economic Intelligence Unit, Data Monitor, Euro-monitor, BCG analysis, Manufacturing trade deficit & Industrial Policy in India by Sudip Chaudhuri, IIM Calcutta, Jan 2013

Note: Manufacturing / GDP Figures for FY 2008-09
Rethinking “Industrial Policy”

- CENTRALLY PLANNED ECONOMY
- PICKING WINNERS
- LEAVE IT TO THE MARKET

- POLICY AS PROCESS
  - STAKEHOLDER INVOLVEMENT
  - IMPLEMENTATION
  - LEARNING
  - NATIONAL ECOSYSTEM
  - COMPETITIVE ENTERPRISES
A Flotilla Forming and Advancing

26 INDUSTRY + GOVERNMENT WORKING GROUPS

16 INDUSTRIAL SECTORS

10 CROSS-CUTTING ISSUES

STEP 1

AMBITION

CURRENT REALITY

GAP

STEP 2

SOLUTIONS

INDUSTRY ROLE

GOVT. ROLE

STEP 3

NATIONAL STRATEGIES

IMPLEMENTATION PROCESS

6 MONTHS
National strategies for accelerating growth of manufacturing

- Business Regulatory Impact
- Human Assets and Industrial Relations
- Technology and Value Addition
- MSMEs - Effective Clusters
- National Investment and Manufacturing Zones
Tackling the Root Causes for Poor Implementation and Slow Investment

CONTENTION *
COLLABORATION

CONFUSION *
COORDINATION

STAKEHOLDER ALIGNEMENT PROCESS

PLANNING AND PROJECT MANAGEMENT

INTENTIONS
IMPLEMENTATION

INDIAN BACKBONE IMPLEMENTATION NETWORK (IbIn)
Alignment Within and Amongst Groups

Stakeholder Involvement

Intentions

Action

Learning

Implementation

Government

Unions

Civil Society Groups

Industry
# IbIn: A Movement of Change
Sponsored by Planning Commission

## PARTNERS

<table>
<thead>
<tr>
<th>Category</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NGOs</strong></td>
<td>India@75, SEWA, Common Purpose</td>
</tr>
<tr>
<td><strong>International Development Agencies</strong></td>
<td>UNDP, GIZ, WB</td>
</tr>
<tr>
<td><strong>Industry Associations</strong></td>
<td>CII, FICCI, FISME</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>Performance Management Division</td>
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</tbody>
</table>

## PROJECTS

<table>
<thead>
<tr>
<th>Project</th>
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<tbody>
<tr>
<td>Consensus on Human Asset Strategy</td>
</tr>
<tr>
<td>States’ Business Regulatory Framework</td>
</tr>
<tr>
<td>India Affordable Health Strategy</td>
</tr>
<tr>
<td>Inclusive Tourism</td>
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## PROCESSES

<table>
<thead>
<tr>
<th>Process</th>
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<tbody>
<tr>
<td>GIZ Capacity Works</td>
</tr>
<tr>
<td>PEMANDU (courtesy Malaysian Government)</td>
</tr>
<tr>
<td>World Bank Institute’s Leadership for Development (L4D) Programs</td>
</tr>
<tr>
<td>SEWA Academy</td>
</tr>
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</table>
The Only Sustainable Source of Competitive Advantage will be our Ability to Learn and Improve Faster than any Potential Competition.

From Foundation Stones to more Finishing Stones!
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