

## **National Seminar on**

# **Governance Reforms for Make in India, Rural Infrastructure and Sustainable Agriculture Initiatives**

Friday, 1<sup>st</sup> April 2016 | India International Centre, New Delhi

### **Concept note**

Good governance is a sine qua non for sustainable growth. This is why much focus is accorded to good governance around the globe.

In a nutshell, it can be said that some of the basic principles or attributes of good governance would include accountability – both horizontal and vertical, transparency, equity, performance (effectiveness and efficiency), participation / voice, rule of law, strategic vision, lack of arbitrariness, ethics and integrity, and predictability.

In India we need these attributes more than ever before to ensure speedy as well as inclusive growth. Prime Minister too has put his weight behind it. Speaking at a recent Economic Times Global Business Summit recently, he said that *poor governance hurts poor more than it hurts others*.

Over past 18 months NDA government has launched numerous initiatives such as Make in India, Skill India, Digital India, Start up India and a renewed focus on rural India and agriculture, amongst others. This demonstrates government's commitment to usher in holistic growth.

In a broad sense these initiatives converge upon two crucial areas - rejuvenating the manufacturing sector and mainstreaming rural India by focussing on rural infrastructure & sustainable agriculture initiatives.

### **Governance reforms for Make in India: Energizing manufacturing of India**

While all sectors of the economy are crucial for growth, Government of India has identified few key sectors that will play particularly significant role in promoting manufacturing in future. These include, Aerospace & Defence, Automobiles & Automobile Components, Chemicals & Petrochemicals, Construction Equipment, Materials & Technology, Food Processing, Infrastructure Development, IT & Electronics, Industrial Equipment & Machinery, Pharmaceuticals, Textiles and, MSME<sup>1</sup>.

Perhaps it would be more appropriate to say that MSME sector would be the backbone of all other sectors as they determine the crucial supply chain. In other words, robust MSME sector would ensure overall manufacturing growth.

However, there are issues that preclude the growth of this sector. These issues are present at different levels such as policy, regulatory and administrative level and typically include absence of adequate

and timely finance, limited capital and knowledge, non-availability of suitable technology, low production capacity, ineffective marketing strategy, constraints on modernisation & expansions, non-availability of skilled labour at affordable cost, follow up with various government agencies to resolve problems due to lack of man power and knowledge etc.

Given the above, some of the questions that are relevant in this regard are as follows:

- Policy support and governance reforms needed for proper business ecosystem including MSME sector and foreign companies
- Governance reforms needed for the growth and expansion of MSME sector ( this would entail reforms for better financing of MSMEs)
- Governance reforms needed to create backward linkages with MSMEs
- Interventions and reforms needed to ensure innovation, quality and better standards
- Reforms needed for Industry-Academia- Government linkage with a view to ensure better IPR regime, new knowledge, and dissemination of brand India.
- Transformation needed to ensure skilled workforce and cultivation of higher order skills
- Developing culture of administrative accountability and performance
- Reforms needed in regulatory systems and governance

### **Reforms for Agriculture Sector: Better Rural Infrastructure and Alternative Employment**

India's half of the population is still dependent on agriculture. The produce, employment, and income have gone down in last two decades substantially. Farmers find no support in times of distress. It is important that when manufacturing is getting attention, services is receiving support, agriculture must also get its due.

The aspirational agriculture economy program has to ensure the produce and yield, financial security of farmers, quality fertilisers, land policy, irrigation facilities, distribution and market, workforce and technology amongst others. Therefore it is important to assess if our 'overall' institutional framework is geared towards achieving these objectives and create an enabling environment so that rural incomes can be supplemented by creating alternative employment opportunities.

Given this context, some important questions that merit attention would be:

- What institutional reforms are needed to achieve the above objectives?
- How can we organise better resources and integration of existing resources for enhanced rural infrastructure?
- What reforms are needed to create income generating alternative employment opportunities in rural India?
- What are the immediate reforms needed to ensure efficient supply chain to give better margins to farmer?