

'Must Attract Global Supply Chains, Expand PLI to Spur Manufacturing'

'India Inc needs to brace itself for turbulence due to the recession in advanced economies'

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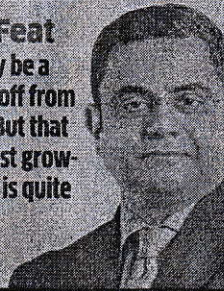
New Delhi: India needs to attract global supply chains, expand the scope of production-linked incentives, extend lower corporate tax rate of 15% for five years, and continue improving ease of doing business to spur manufacturing, Ficci president Subhrakant Panda has said.

India Inc needs to brace itself for turbulence due to the recession in advanced economies which has begun to weigh in, but the country is in a situation that it can be optimistic about, Panda, who took over as president of the industry body last week, told ET. "There will certainly be a little bit of cooling off from where we are right now. But that will still make us the fastest growing large economy, which is quite commendable," said Panda, who is also the managing director of Indian

A Commendable Feat

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Ficci President



Metals & Ferro Alloys Ltd.

On reports of Covid-19 spread in China, he said one will get a clearer picture in the next week or 10 days, but the main concern is new mutations. "Rise in cases is undoubtedly worrisome," he said. From that point of view, the central government had done well with the health secretary immediately reaching out to all stakeholders and asking them to keep a watch. The he-

alth committee of Ficci will keep an eye on Covid-19 situation, Panda added.

He said the government's PLI scheme to boost manufacturing will help curb import dependence as it is clearly targeted towards sectors in which India is import dependent, or where there is an unnecessary outflow of foreign exchange.

"You have to import fuel. But it should not be that electro-

nic imports are at par or more than oil. This is the intended target (of the PLI schemes)," Panda said.

He said in 'China plus one' strategy of global manufacturers, that 'plus one' is still largely expected to be India but it is not an automatic choice in some sectors where there are other alternatives.

"One thing I was recently made aware of is that in particular supply chains, where there has been some movement out of China, 85% has come to India, but the balance has gone to places like Vietnam, where you know they have certain advantages, or Mexico, because of NAFTA (North American Free Trade Agreement) which gives them access to the US markets," Panda said. "What the government can do is broaden the scope of PLI schemes," he added.

Panda said the government has done a very good job of repealing old regulations and rules which were hindering manufacturing companies. "I

think the focus needs to continue on the ease of doing business and reducing the cost of doing business," he said. "Prime Minister (Narendra Modi) has announced the GatiShakti programme (as part of) the National Infrastructure Pipeline, which will go a long way towards improving our cost of doing business."

These initiatives will all have an impact, Panda said. India needs to look at moving up the value chain and look at high export potential sectors which can attract investment.

He said the Indian industry is not seeking a protectionist regime but one that countered the hidden subsidies available in some countries. "When talking about increasing duties in some areas, it is not to protect Indian industry, but to provide a level playing field because certain countries have sectors that are provided hidden subsidies, which enable them to undercut Indian industry," Panda said.