

PRESS RELEASE

INDIA MOVES AHEAD OF OTHER BRIC COUNTRIES IN COMPETITIVENESS

**FOCUS ON MANUFACTURE OF ADVANCED TECHNOLOGY PRODUCTS TO
ENABLE INDIA TO BECOME GLOBAL PLAYER - SPECIAL GROUP TO BE
CONSTITUTED**

**TEN-POINT STRATEGY FOR ENHANCING COMPETITIVENESS OF SMALL AND
MICRO ENTERPRISES ON ANVIL**

**1ST MEETING OF THE EMPOWERED SUB-COMMITTEE OF HIGH LEVEL
COMMITTEE ON MANUFACTURING**

India has in the last one year improved its global competitiveness and is ranked ahead of the other BRIC countries (i.e., Brazil, Russia and China), according to the latest Global Competitiveness Report. This was indicated by Dr. V. Krishnamurthy, Chairman, NMCC, who chaired the First meeting of the Empowered Sub-Committee of the High Level Committee for Manufacturing (HLCM) here today. "Incidentally, among the BRIC countries, India is the only country which has improved its ranking compared to China, Russia and Brazil. India also has the highest ranking among these four with 43rd position while China is at 54, Russia at 62 and Brazil at 66. In fact, India has been progressively improving its competitiveness ranking in the last three years", Dr. Krishnamurthy said.

He also mentioned that the manufacturing sector had shown a robust growth of 11.8% in the first five months of the current financial year (April to August, 2006) compared to last year. The underlining enhanced competitiveness of the economy has clearly contributed to this manufacturing growth, he added.

In order to provide major thrust to the manufacture of Advanced Technology Products (ATPs) such as Electronics, Optoelectronics, Information and Communication, Flexible Manufacturing, Advance Materials, Biotechnology, Aerospace etc. so as to enable India to become a global player, the Committee has decided to constitute an Expert Group to evolve a strategy and recommend policy measures. It was observed that the share of ATPs in India's manufacturing export basket is presently minimal. A recent study has shown that USA imported about \$ 240 billion of ATP products in 2004 and China and the East Asian nations together supplied 59% of these while India does not figure in the list at all. It was noted that even though India has many advantages in terms of skilled manpower and development of IT/ITES sectors, the potential is not being realized by way of developing

and manufacturing high value ATPs that can be used in greater measure in India or exported.

The first meeting of the Empowered Sub-Committee was attended by Shri Ashwani Kumar, Minister of States (Industry), Shri Anwarul Hoda, Member (Industry), Planning Commission and the permanent invitees Shri V. Govindarajan, Member Secretary, NMCC; Shri G.K. Pillai, Commerce Secretary; Shri Anupam Dasgupta, Secretary, SSI & ARI; Dr. Parthasarathi Shome, Adviser to the Finance Minister; Ms. Rita Menon, Additional Secretary, Department of Expenditure and Shri Jawed Usmani, Joint Secretary, PMO.

The Empowered Sub-Committee of the Prime Minister's High Level Committee on Manufacturing (HLCM) was constituted under the Chairmanship of Dr. V. Krishnamurthy in August, 2006 to facilitate processing of the National Strategy for Manufacturing which has been prepared by the NMCC and its implementation.

A ten-point strategy for enhancing competitiveness of small and medium enterprises called National Manufacturing Competitiveness Programme (NMCP) is also on the anvil. The Sub-Committee stressed the need to get this programme started as quickly as possible and urged the concerned Ministries to ensure necessary approvals given at the earliest.

The meeting also discussed the draft Action Plan prepared by the Ministry of Food Processing Industry for Energizing the Food Processing Sector. This would contribute to enhancing the income level of the farmers, eradication of wastages and increasing employment opportunities, Dr. Krishnamurthy said.

The Committee strongly underlined the need for skill development to enable the Indian manufacturing industry to meet the global challenges. In this context, Dr. Ashwani Kumar stressed the need for a major revamp of industrial Training Institutes (ITIs) and a massive infusion of skills. "Their curricula must be relevant to the needs of the 21st century", he said.

The Committee reviewed the progress so far in implementing the National Strategy for Manufacturing and decided on the further course of action:

- i) The NMCC has already written to all concerned Departments of the Government of India to take follow up action on the recommendations contained in the National Strategy for Manufacturing pertaining to them and send suitable action plans to the NMCC for further processing and decision making to the Empowered Sub-Committee of the HLCM.

- ii) The Empowered Sub-Committee would prioritize the recommendations contained in the NSM for implementation by various Departments. Those recommendations which do not require much consultation and can easily be implemented would be taken up for immediate action.
- iii) The Committee also reviewed further action in respect of the six priority sub-sectors identified by the HLCM, namely, Textiles & Garments, Food & Agro Processing, Leather & Footwear, IT Hardware & Electronics, Skills Development and Problems of Small & Medium industries, including cluster development and bring up the issues before the HLCM at the earliest.

TABLES

I. Growth of Industry and Manufacturing (Latest)

		<u>Apr.-Aug. 2006</u>	<u>Apr.-Aug. 2005</u>
1.	Industry	10.6%	8.7%
2.	Manufacturing	11.8%	9.6%
3.	Mining	3.1%	1.6%
4.	Elect.	5.7%	6.0%

II. Industrial Output Growth – Sectoral Disaggregation

	<u>2003/04</u>	<u>2004/5</u>	<u>2005/6</u>	<u>2006/07</u> April-June
Per cent year-on-year				
Overall industrial output	7.0	8.4	8.0	10.1
Manufacturing output	7.4	9.2	9.0	11.2
Bottom quartile (Mfg.)	-0.5	3.5	0.2	-0.6
Top quartile (Mfg.)	8.7	10.8	12.5	15.1
Capital Goods	13.6	14.0	15.8	22.9
Basic goods	5.5	5.5	6.7	8.8
Intermediate goods	6.4	6.0	2.4	9.1
Durable consumer goods	11.8	14.3	14.9	16.4
Non-durable consumer goods	5.8	10.8	11.1	5.4

III Global Competitiveness Index of World Economic Forum

(Ranks)

	<u>2005</u>	<u>2006</u>
India	45	43 (+2)
China	48	54 (-6)
Russia	53	62 (-9)
Brazil	57	66 (-9)

National Manufacturing Competitiveness Programme

10-Point Strategy for Enhancing Competitiveness of SMEs

Sl. No.	Name of the Sub-Scheme
1.	National Programme On Application Of Lean Manufacturing
2.	Promotion of ICT in Indian Manufacturing Sector
3.	Mini-Tool Rooms proposed to be set up by Ministry of SSI
4.	Technology and Quality Upgradation Support for SMEs
5.	Support for Entrepreneurial and Managerial Development of SMEs
6.	Design Clinic scheme to bring design expertise to the Manufacturing Sector
7.	Enabling manufacturing sector to be competitive through quality management standards and quality technology tools
8.	National campaign for investment in Intellectual Property
9.	Market assistance/SMEs and technology upgradation activities - Ministry of SSI in co-operation with TIFAC/CSIR
10.	Marketing Support/Assistance to SMEs