

Government should set up health clinics for sick MSMEs

Government of India should immediately set up industrial ‘health clinics’ for sick MSMEs under the aegis of the MSME ministry, suggests experts from NITI Aayog. Such health clinics should support revival of MSMEs whose sustainability is threatened by the economic disruption and rising uncertainty from the COVID crisis. These clinics should be staffed with the best of talent and must form the technical backbone of India’s MSME sector, suggested Dr. V.K. Saraswat, member of NITI Aayog in a blog published in June 2020. The blog was co-authored by Mr. Anirudhha Ghosh, PhD candidate at Johns Hopkins University.

The authors suggested three policy measures to kickstart Make in India 2.0 and lay the foundation for a robust manufacturing base. First, the authors call for implementation of the new National Industrial Policy that has undergone consultation for some time.

The keystone of this policy should be the medical sector to strengthen the excellence of medical supplies and pharma industry of our country. The significant capacity enhancement of medical supplies for domestic and export markets makes it all the more critical to have an industrial policy that lays special emphasis on the medical sector, the authors feel.

Secondly, the authors suggest state governments to support local industries by creating a conducive environment for business. Specifically, they call for power sector reforms to reduce cost of electricity and ensure uninterrupted power for the industry. According to the authors, manufacturing units are facing rising input costs and one of the reasons for this is the escalating industrial power tariffs.

Thirdly, the authors call for recalibrating the existing Free Trade Agreements (FTAs) to tap into unlocked export potential. They point out that India’s utilization ratio of its trade agreements is hardly 20%, and to reinforce the economy towards export-led manufacturing, the full channelisation of FTAs becomes critical, they note.

The entire blog can be accessed from the following weblink:

<https://niti.gov.in/modis-atmanirbhar-package-paves-way-make-india-20-post-covid-world>

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