Editorial

Hunger Index: Need to Revive Manufacturing

India has slipped to the 100th place in the Global Hunger Index-2017, composed for 119 countries of the world. It is indeed painful that on the one hand India is the second fastest growing economy of the world, and had enjoyed the crown of being the fastest growing economy of the world from 2014 to 2016, but, on the other hand it has slipped to such a low rank in the index. It is all the more worrisome that India is now lagging behind even Nepal, Myanmar, Sri Lanka and Bangladesh. Moreover, a fall from the 55th rank in 2014 to the 100th in 2017 is quite painfully astonishing. A very poor state of Human Development on various counts, including child-wasting, stunted growth and very high child mortality rate of 5%, reflects abject poverty among vast masses. On account of severe malnourishment, 21% of Indian children suffer from wasting, that is having a weight lower than normal for height. Only three other countries in the world have the worst statistics on this count than India. Nearly 40% of Indian children are also reported to be stunted (have low height for their age) due to hunger – only better than Pakistan in our neighborhood.

One of the major reasons for this poor state of human development in the country may be job losses, out of growing industrial sickness, casualization of workforce, lack of regular availability of jobs for such casual workers as well throughout the year and lack of social security for almost 80% of the casual workforce. Quality employment for masses can be generated only by reviving the manufacturing sector, which is reeling under the import surge and an unfriendly manufacturing eco-system. High interest rates, higher power-tariffs, inordinate delays in all the requisite clearances required to add or setup fresh manufacturing facilities are some of the major reasons for the declining trend in the manufacturing activities in the country.

India has only 2.1% contribution in the world manufacturing vis-à-vis 22% of China, 17.6% of the United States and 7% of Japan. Japan has only 1.6% share in the world population wherever 7% share in world manufacturing, while India has 17.8% share in world population, but only 2.1% share in world manufacturing. China too had mere 2.4% contribution in the world manufacturing in 1991. Now, by virtue of its robust manufacturing base, China has the highest ratio of middle-income group in population in the world. Deriving a cue from it, India too has to improve its manufacturing eco-system to promote domestic investment in setting up new capacities and to upscale the existing ones. A bold initiative is needed to be undertaken, to launch and groom 'Made By India' products and brands with full downstream value chain of equipments and components, including the original equipment manufacturing. Initiatives have to be taken to develop industry consortiums for developing precompetitive technologies for domestic industry and various industry clusters. The interest rates and power-tariffs too have to be brought down to make these at par with the major manufacturing economies of the world for providing a facilitating and enabling environment to the domestically owned enterprises. Infrastructure development activities too need to be developed through domestically owned ventures, to support value addition in the downstream value chain domestically.

Therefore, now, instead of focusing merely on poverty alleviation programmes, the need is to support them by endeavors to generate quality employment, with reasonable social security through investment promotion in quality employment generating activities in industry and commerce. An investor friendly eco-system for enhancing domestic investment in manufacturing 'Made By India' products and brands only can take the country out of the present crisis of hunger and poverty. It would support original equipment manufacturing and generate a multiplier impact on employment generation, income, demand, investment and further income generation in a cyclical phase in the downstream value chain.

(Prof. Bhagwati Prakash Sharma)

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