

Welcome Signals of Economic Patriotism and Techno-nationalism in Telecom Manufacturing and Electronics Policies

In spite of two decades of reforms, industrial manufacturing in India is still just 15 percent of the GDP, even much less than the Asian benchmark. Worst sufferer today is the infrastructure sector and the growing external dependence of the both, infrastructure and consumer goods sectors need to be rectified. This has been causing big trade and current account deficits leading to severe fall in Rupee value, which ultimately has been causing unabated price rise in imports and further rendering Indian manufacturing sector non-competitive. Further, If India has to score inclusive growth, then there can be no alternative to absorbing the 300 million adolescents and young, almost on the threshold or just to reach working age in next 10-15 years in the manufacturing sector, by stepping up manufacturing activities. Taking a serious cue from the persistently sagging manufacturing sector, the twin initiatives of the government to take care of the telecom manufacturing and electronics sectors, depicting economic patriotism and techno-nationalism respectively, is a welcome step.

The Ministry of Communication and IT has rightly floated a proposal in March 2012, to reserve 30 percent of all electronic equipment procurements, to items manufactured in India. If promulgated, the telecom companies, both private and public sector, will have to buy 30 percent of their hardware from those, that have manufacturing base in the country or would have to face penalty. This would go up to 80 percent by 2020. But the proposal is being opposed by the Commerce Ministry on the ground that it would run counter to the provisions the 'General Agreement on Tariffs and Trade' (GATT) and the Agreement on 'Trade Related Investment Measures' (TRIMS). But India should not hesitate to take shelter under article 21 of the GATT providing for security related exemptions. This aforementioned initiative of economic patriotism being proposed at the behest of the telecom and IT department should not go futile.

Likewise, the proposed national policy on electronics, duly approved by the Union Cabinet comprising twin schemes of "Electronics Manufacturing Clusters" and Modified Incentive Package is a welcome step depicting a welcome inclination on the part of Government for techno-nationalism. Promoting manufacturing of electronic products is the need of hour as the demand for electronics products has crossed \$60 billion and would breach the \$400 billion mark by 2020.

Currently, India is largely dependent upon imports as more than the 80 percent of the electronic products are being imported. Growing external dependence in electronics manufacturing would seriously jeopardize education, research and product development in the area of electronics and may ruin the electronics manufacturing sector. Therefore, a more bold step is required to revive the electronics industry in the country. If India has to keep itself in the race for development and inclusive growth vis-a-vis China, South East Asia and other BRICS nations, further, stronger economic-patriotism and techno-nationalism has to be reflected in all policy initiatives.


(Prof. Bhagwati Prakash Sharma)

