

FACTORS FOR INDUSTRIAL DEVELOPMENT IN A DYNAMIC WORLD AND INDIAN ADVANTAGES.**Sudip Bhattacharyya****ABSTRACT**

In this global economy, the basic factors of industrialization need to be supplemented by 6 other factors especially skill, innovation and entrepreneurship. Optimal utilization of all these factors need support of a robust Entrepreneurship Eco System (EES). Development of entrepreneurship, MSMEs and skill together with an effective EES received adequate emphasis in FY16 budget. This will be an advantage for India in its efforts towards industrial progress ahead of its competitors. India is also reaping the advantage of declining oil price. It has other advantages like big domestic market and access to a few large regional blocks like SAARC, ASEAN and BRICKS where more and more economic co-operation is forthcoming.

Key words: Entrepreneurship Eco System, Innovation, Skill development, Technology, Competition

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Factors of industrialization remain the same, as it was in the beginning of industrial revolution- land, labor and capital. But, in the modern globalised economies, intense global competition, fluctuation in demand and supply, need for cost control and up-gradation of product quality and innovation, even volatility of interest and exchange rate affecting costing, are to be continuously addressed and engaged with. Therefore, some more factors have emerged and assumed more significance, as follows:

1) Physical infrastructure: It refers to the basic physical structures required for an economy to function and survive, such as transportation networks, a power grid and sewerage and waste disposal systems. Viewed by some developmental economists as part of a three-pillar system, along with human capital and good governance, physical infrastructure is a prerequisite for trade and other productive activities. In a functional sense, a society's physical infrastructure facilitates the production of goods and services.

2) Competition: the activity or condition of striving to gain or win something by defeating or establishing superiority over others. Provides level playing field and opportunity for talented.

3) Technology: It is knowledge that deals with the creation and use of technical means and products and their interrelation with life, society, and the environment, drawing upon such subjects as industrial arts, engineering, applied science, and pure science. It creates new / additional demand and enables low cost supply

4) Skill development—Skills and knowledge are the driving forces of economic growth and social development for any country. Countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of world of work. The current capacity in India, of the skill development programs is 3.1 million. India has set a target of skilling 500 million people by 2022. Govt. with participation of industry/trade associations and educational institutes is the main provider..

5) Innovation: The process of translating an idea or invention into a good or service that creates value or for which customers will pay.

To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers. In a social context, innovation helps create new methods for alliance creation, joint venturing, flexible work hours, and creation of buyers' purchasing power. Innovations are divided into two broad categories:

Evolutionary innovations (continuous ordinary innovation) are brought about by many incremental advances in technology or processes. Revolutionary innovation (also called discontinuous innovations) which are often disruptive and new.

6)Entrepreneurship: It means the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace, as mentioned above. In that context, it is important that they are good in anticipating/foreseeing future market demand for new product and or upgraded product as also volatility in forex and interest rates. In short, entrepreneurs make innovation both instinctive and intrinsic and a deeply embedded capability.

Optimal utilization of all these factors further requires build –up in public-private partnership, of a proper Entrepreneurship Eco system (EES).

The predominant metaphor for fostering entrepreneurship as an economic development strategy is this EES. It refers to the elements – individuals, organizations or institutions – outside the individual entrepreneur that are conducive to the choice of a person to become an entrepreneur, or the probabilities of his or her success following launch. Organizations and individuals representing these elements are referred to as entrepreneurship stakeholders. Stakeholders are any entity that has an interest, actually or potentially, in bringing more entrepreneurship in the region. Entrepreneurship stakeholders may include government, schools, universities, private sector, family businesses, investors, banks, risk management experts, social leaders, research centers, military, and

labor representatives, students, lawyers, cooperatives, communes, multinationals, private foundations, and international aid agencies.

Economies of scale can be explored mainly by private sector in business functions such as business development, financing, market analysis, marketing communications, IT / MIS infrastructure, human capital management, legal support, risk, financial & accounting management while each participating startup focuses on research & development, product Management, and sales, pre-sales, and after-sales support.

It also includes efficient delivery of the following essential confidence building facilities and systems mainly through govt.: a) Effective legal system. b) Proper Governance. c) Maintaining Law & Order d) Clean Environment: a must for better living and therefore creates demand, broaden and deepen technology and attracts investment and skill.

Development of entrepreneurship, MSMEs and skill together with an effective EES received adequate emphasis in India in FY16 budget. This will be an advantage for India in its efforts towards industrial progress ahead of its competitors.

To re-engineer the education delivery architecture and establish premier educational institutions, the budget has provided adequate fund. The establishment of a National Skills Mission under the skill development and entrepreneurship ministry which will consolidate initiatives across 31 sector skill councils will help skill youth to provide an employable base for the 'Make in India' mission. It has also placed a special focus on helping entrepreneurs, thereby helping them make a transition from job seekers to job creators.

Recognizing the importance of entrepreneurship and MSMEs and improved access to finance, It announced to set up a Micro Units Development Refinance Agency Bank for the MSME sector and boost growth of small business and manufacturing units. The government also announced measures to set up an electronic trade receivables platform for SMEs, which will boost the liquidity available to such enterprises and also address the working capital crunch faced by the sector due to delayed periods of receivables. Propelling growth in the sector, which constitutes close to 57.7 million units, contributes around 45% to industrial output and 40% to total exports, will lead to job creation and manufacturing

capability.

The multi-pronged focus of the budget on core, industrial and social sectors will allow a synchronized easing of supply side bottlenecks, job creation with a specific focus on entrepreneurship and micro, small and medium enterprises (MSMEs), and readying a highly employable workforce, along with improved standards of living.

The gradual reduction in corporate tax rates from 30% to 25% over four years will provide impetus for investment. This sets the stage for India's growth recovery to become more balanced, sustainable and inclusive over the medium run. India is also reaping the advantage of declining oil price. It has other advantages like big domestic market and access to a few large regional blocks like SAARC, ASEAN and BRICKS where more and more economic co-operation is forthcoming. Thus dependence on developed but weakening country markets like EU could be reduced.

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