

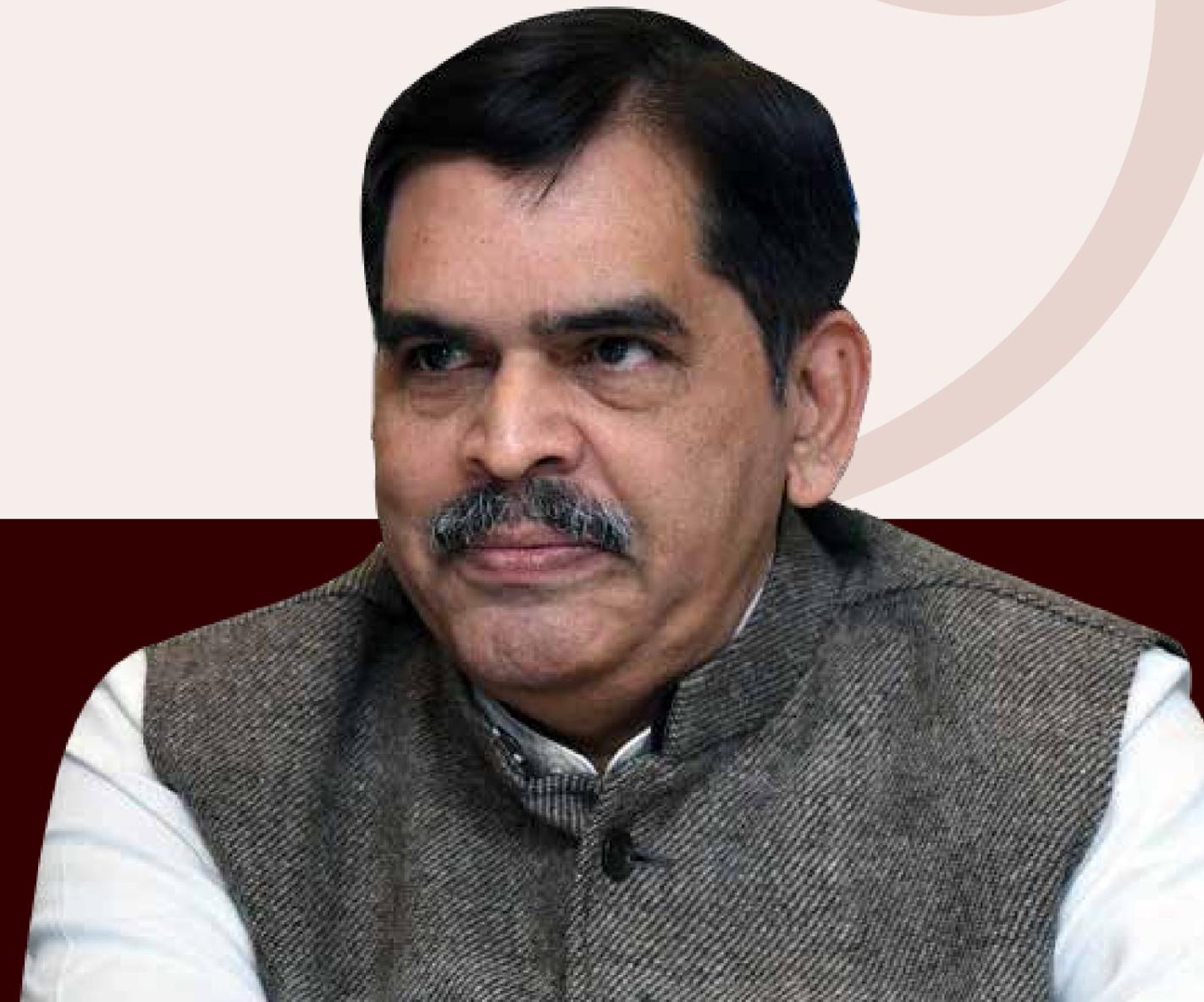
Over
A Cup
of Coffee

“We shouldn’t allow Huawei to come in for 5G on security issues but also because we can produce this technology ourselves”

Radha. There is a talk around self-reliance, or the government getting more protectionist. What do you think about the foreign investments and MNCs working in India, what is their role in the present circumstances?

Ashwani Mahajan. If you think FDI is part of the NDA government’s policy to develop the country, you are wrong. This is because of India’s dependence on the rest of the world. Unfortunately, some of PM Modi’s consultants believe free trade is the only option. They be-

As India is unlocking itself from COVID lockdown, the country is going through a change in the economic order. CIEU’s Radha Ahluwalia spoke to powerful RSS’s affiliate Swadeshi Jagran Manch’s National Co-Convener, Dr Ashwani Mahajan to deep dive in his mind. (edited excerpts by Rhea Dhar)





lieved in keeping tariffs low and implementing labour and land ‘reforms’. The government realised this deficit, dependence on the world and China only off-late. In February 2018, the budget had provision to raise tariffs on phones and electronics. This started changing the entire landscape. India is now manufacturing mobiles. We should not allow Huawei to come in for 5G on security issues, but because we can produce this technology ourselves. The Indian industry has 5G and 6G patents. we need to raise tariffs and allow them to grow. If the US can raise tariffs and can invoke trade war, why cannot we? Now we have the time and reason. Now everyone is against China.

What can we do for the MSMEs, keeping China and exports aside, just looking at our large Indian consumer market. What are the main bottlenecks unrelated to China?

Ashwani Mahajan. What has happened over these years is, we have not given any consideration to develop manufacturing in our country. This was true up till 2014. Ease of Doing Business was low, we did not make any effort to improve telecom, we ignored less than capacity utilization in most sectors, and we did not impose anti-dumping duties.

Make in India had two aspects, Come and Make in India and Let Us Make in India. We resisted the former, but pushed for the latter. Ease is not that important for foreign players, but very much for our own

producers. At one aspect of the ease; lack of judicial reforms, the implementation of contracts, we rank very low there. And didn’t do well to improve this.

As a country, with no clear social security blanket, our need to secure employment often faces off with the need of our companies, especially smaller businesses, to have flexibility in the use of technology, and manner in which they will hire and manage labour, how do we build this balance?

Ashwani Mahajan. The automobile industry opening up led to spill over effects for our producers and MSMEs because we forced the foreign players to manufacture and produce in India. Those who want to come to India, must not come to sell in our markets but to fill the export requirements, and domestic content requirements. They should not ask for royalties. Under the UPA government in 2009, they were allowed to increase the outflow of royalties and now we have been paying through our noses. We have paid almost \$20 billion in royalties and technical fees.

We are often asked about why the government does nothing about ‘hire and fire’. We are pushing for differential labour laws. The requirements at MSME and big manufactures are completely different. The MSME hires more contractual workers, who have zero social security benefits. To will workers’ loyalty, they must have a permanent job as well as continuous work. Many in the MSME sector, say, they do want to hire workers on a regular payroll but are restricted because of labour laws. The bureaucrats play spoilers here. They do this because it’s for the MSMEs, if it was for some big company or sector they would change it immediately.

Given the need to recover from this pandemic, what is a way to fund growth?

Ashwani Mahajan. Under the Vajpayee government, public-private partnerships were used for the first time for road construction, and we built huge infrastructural networks. When making these partnerships, we must make sure no gold plating, over invoicing, or cost inflation should take place. We need

public private partnership but they must be honest. This infrastructure can be built, we have a lot of domestic capital, we can issue bonds and go to a place where cost can easily be recovered, all these are commercially viable projects.

What are your views on bi-lateral and multilateral organisations?

Ashwani Mahajan. The people gaining from multilateral bodies like WTO are US, US companies, and in the last two decades its China. They have put a lot of restrictions on India in the past, and now when we are trying to use WTO to get into the markets of different countries, the US is against WTO. The US wants the WTO to remove the dispute settlement feature. If WTO cannot ensure that people follow their agreements, what use is there for it? I see no future of the WTO.

Indo-ASEAN FTA caused a lot of havoc for us. Our deficit with ASEAN countries has only increased. The problem with these systems was that we were not able to negotiate the way we should have been able to. I think the bilateral agreements are better because the two countries can understand each other’s conditions to reach mutually beneficial agreements, and decisions are not made under any pressure.

Over the next two years how will we recover? Will it take two years or will only one year be affected?

Ashwani Mahajan. We will recover faster than others, we are going

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to be the gainer because other countries are in greater distress. We have stopped its spread pretty early with the nationwide lockdown. We started screening even before we had a single case in India. The way we handle this pandemic will decide our growth trajectory. We will get support from the rest of the world in terms of investment due to relocation of industries to India. So the government should put effort into doing better on EDB, and infrastructure bottlenecks . They already initiated this process before the pandemic, and reduced corporate tax from 30 percent to 22 percent, in some new deals it is even 15 percent. It is a low tax regime now. The future is ours now.●