



Chinese Technicians for Indian Manufacturing

For Prelims: [Production Linked Incentive \(PLI\) Scheme](#), [Atmanirbhar Bharat](#), [Galwan Clash 2020](#), [FDI policy under Press Note 3 \(PN3\)](#), [Economic Survey 2023-24](#), [China Plus One Strategy](#), [Gig Economy](#), [National Education Policy, 2020](#), [Organisation for Economic Co-operation and Development \(OECD\)](#).

For Mains: Role and Need of a Technically Upgraded and Globally Competent Industrial Workers in Indian Economy.

Source: [IE](#)

Why in News?

Recently, a portal to facilitate the approval of short-term business visas for Chinese technicians has begun functioning.

- It is essential for operationalising production units and boosting output in sectors under the government's flagship [Production Linked Incentive \(PLI\) scheme](#).

Why does India Need Chinese Technicians?

- Delay in Operationalisation of Machines:** Domestic manufacturing firms have been raising concerns about **delays in obtaining visas for Chinese technicians** essential for tasks such as machine **installation, repair** and **training** of Indian workers.
 - Chinese technicians are sought after by Indian manufacturers as they are **more affordable than technicians from other Western** or even Southeast Asian countries.
- Delay in Fulfilling Global Orders:** Escalating tensions with China have reportedly **cost** Indian electronics manufacturers **USD 15 billion** in production losses and **100,000 jobs** since 2020.
 - The [electronics manufacturing industry](#) highlighted that India has also missed out on a **USD 10 billion export opportunity** and suffered a **USD 2 billion loss** in value addition.
- Achievement of Atmanirbhar Bharat:** Ensuring the availability of necessary expertise will help [domestic manufacturing](#) units enhance production capabilities, **reduce dependence** on imports, and maintain **competitiveness** in the global market.
- Delay in Commencement of Production:** The slow visa approval process has led to delays in the **start of production across multiple industries**.
 - In sectors like [textiles and leather](#), where there is significant potential, machinery **has remained unused for months because** Chinese vendors demand that only their personnel activate it.

Why was India Hesitant to Grant Visas to Chinese Technicians?

- The border standoff after the [Galwan clash](#) in 2020 led to several government measures aimed at **limiting Chinese influence on the Indian economy**.

- In **2019**, Chinese nationals received **2,00,000 visas**, but in **2023**, the number of visas to Chinese personnel was down to **2000**.
- The government also amended the **FDI policy under Press Note 3 (PN3)**, 2020 bringing **investments from land-bordering countries under the government route**.
 - India approved **only a quarter of the total 435 FDI applications from China up to June 2023** since the modification in **Press Note 3**.
- A **security-driven mindset** has emerged among Indian policymakers. In 2024, even the meagre 1000 visas for Chinese electronics professionals are stuck in a “pipeline”, undergoing “intensive screening”.

How can India Utilise China’s Expertise for its Advantage?

- **Increase Chinese FDI Inflow:** The **Economic Survey 2023-24** advocated attracting investments from Chinese companies to boost exports.
 - Currently, **China** stands at the **20th** position with only a **0.43% share or USD 2.45 billion** in total FDI equity inflow reported in India from April 2000 to December 2021.
- **China Plus One Strategy:** The Economic Survey 2023-24 noted that countries such as Mexico, Vietnam, Taiwan, and South Korea are benefiting from the **China-plus-one strategy** pursued by Western firms.
 - India can greatly benefit from the **China Plus One strategy** due to its **large domestic market, competitive labour costs** and **supportive government policies**.
- **Integration with Global Market:** China is the **world’s second-largest economy**, a manufacturing giant and a significant scientific and technological player.
 - To boost Indian manufacturing, it is essential for India to integrate itself into the **global supply chain**, like **China**.

What is the Issue Associated with the Indian Industrial Workers?

- **Low Productivity:** Chinese professionals are “**highly productive.**” According to Indian industry leaders, Chinese can help produce **150 items** with the same resources with which **Indians produce 100**.
- **Skill Gap:** There exists “**a significant skill gap**” between Chinese and Indian factory supervisors and workers.
 - Indian businesses have **acquired machines from China but struggle to use them effectively without assistance from Chinese** technicians, as the local workforce lacks the necessary skills to operate them.
- **Poor Industrial Training Programs:** Industrial organisations **fail to provide on-job training to their workers focused on helping employees** acquire knowledge to meet current industrial skill demand.
- **Irrelevant Curriculum:** Educational and **skill programs often do not align with current industry needs**, leading to a gap between what students learn and what employers require.
 - Without vastly upgraded **domestic education**, job-rich prosperity will remain a cruel mirage.

How can India Improve the Skill Development in the Industrial Sector?

- **Foreign Knowledge as a Catalyst:** East Asian development story shows that **foreign knowledge is crucial for economic growth**. In the 1980s, Korean businesses bought foreign machines to dismantle and reverse engineer them.
- **Continuous Training:** Providing continuous training within an organisation gives current employees an opportunity to **develop their skills and abilities**. It helps in adoption of new technologies and methods more streamlined.
- **Partner with Colleges:** Reaching out to college students by opportunities for **internships** and **apprenticeships** give them an idea of relevant skills in demand.
- **Industrial Visit:** It allows workers to understand the procedures, processes, work environment, and management practices in other industries, as well as to learn about the latest technologies.
- **Educational Foundation:** China began its explosive growth in the early 1980s. The quality of primary education in China established during the Communist era prepared the country for **rapid**

development.

- Under [National Education Policy, 2020](#), India should provide a **robust educational foundation** to its children.
- **World Class Levels of Learning:** Since 2018, Chinese school students have bettered the world's best in the [Programme for International Student Assessment \(PISA\)](#) conducted by the [Organisation for Economic Co-operation and Development \(OECD\)](#).
 - India should upgrade its education system to ensure children achieve world-class learning standards.

Production Linked Incentive Scheme (PLI)

- The [PLI scheme](#) was conceived **to scale up domestic manufacturing capability**, accompanied by higher [import substitution](#) and employment generation.
- **Launched in March 2020**, the scheme initially **targeted three industries**:
 - Mobile and allied Component Manufacturing
 - Electrical Component Manufacturing and
 - Medical Devices.
- **Later, it was extended to 14 sectors.**
 - In the PLI scheme, Domestic and Foreign companies receive **financial rewards** for manufacturing in India, based on a percentage of their **revenue** over up to **five years**.
- **Targeted Sectors:** The 14 sectors are mobile manufacturing, manufacturing of medical devices, automobiles and auto components, pharmaceuticals, drugs, specialty steel, telecom & networking products, electronic products, white goods (ACs and LEDs), food products, textile products, solar PV modules, advanced chemistry cell (ACC) battery, and drones and drone components.
- **Incentives Under the Scheme:**
 - The incentives given, are calculated on the basis of **incremental sales**.
 - In some sectors such as **advanced chemistry cell batteries**, textile products and the drone industry, the incentive to be given will be calculated on the basis of **sales, performance and local value addition** done over the period of five years.

Conclusion

Despite the **forecast of India becoming a global economic superpower**, its prospects are dimmed by **its failing education system** and inability to provide dignified jobs. While it is important to **address national security concerns**, a balanced approach that **encourages foreign expertise and simultaneously enhances domestic education and technical skills** is essential.

To compete in the **intensifying global economy**, **India must urgently address its human capital deficiencies** and realistic economic strategies to avoid worsening unemployment and underdevelopment.

Drishti Mains Question:

Q. Discuss the importance of foreign expertise and knowledge in the development of the Indian manufacturing industry.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains:

Q. Indian Diaspora has an important role to play in South East Asian countries' economy and society. Appraise the role of Indian Diaspora in South-East Asia in this context. **(2017)**

Q. Account for the failure of the manufacturing sector in achieving the goal of labor-intensive exports. Suggest measures for more labor-intensive rather than capital-intensive exports. **(2017)**

Q.“Demographic Dividend in India will remain only theoretical unless our manpower becomes more educated, aware,skilled and creative.” What Measures have been taken by the government to enhance the capacity of our population to be more productive and employable? **(2016)**

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