Make in India Initiative: A key for Sustainable Growth

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MAKE IN INDIA INITIATIVE: A KEY FOR SUSTAINABLE GROWTH

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ABSTRACT

The development of manufacturing sector is must for employment generation and development of economy of any country's. The manufacturing sector is required to play a crucial role for India economy to achieve its goal of employment generation and economic development of the country.

In view of the requirement of the time, Make in India was a launched by the Ho'ble Prime Minister of India on Aug 15, 2014. The Prime Minister invited to both domestic and international industrialists, Make in India campaign is aimed to make the country a manufacturing hub that will help boost jobs and growth. The Government is ensuring a smooth sailing for investors, by setting up a dedicated cell to answer queries of business entities within 72 hours. The Make-in-India campaign will help in boosting economic growth, in job creation and revival of investment cycle in Asia's one of the largest economy.

This study will attempt to study the objectives and the efforts being made by the Indian Government. The study will also assess the initiative, bottlenecks and effectiveness of Make in India campaign and the achievements so far.

Keywords: *Make in India, Employment generation, Business growth.*

INTRODUCTION

Make in India is an initiative of the Government of India to encourage multinational, as well as domestic, companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. India would emerge, after initiation of the program in 2015, as the top destination globally for foreign direct investment, surpassing China as well as the United States.

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These were the basic foundations on which India embarked upon its path of development since gaining independence in 1947. The purpose of this talk is to analyze how much has India really achieved in the last 55 years in fulfilling the aspirations on which it was founded.

The Government of India's development strategy has been to establish a socialistic pattern of society through economic growth with self-reliance, social justice and alleviation of poverty. These objectives were to be achieved within a democratic political framework using the mechanism of a mixed economy where both public and private sectors co-exist. India initiated planning for national economic development with the establishment of the Planning Commission.

Make in India is a new national program designed to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge companies - local and foreign - to invest in India and make the country a manufacturing powerhouse.

Make in India Official logo

Source: Official Website of Make in India

The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India.

The campaign was designed by Wieden & Kennedy under the initiative, brochures on the 25 sectors and a web portal were released. Before the initiative was launched, foreign equity caps in various sectors had been relaxed. The application for licenses was made available online and the validity of licences was increased to three years. Various other norms and procedures were also relaxed.

OBJECTIVES OF THE STUDY

This is conducted with the following objectives:

- To present the overview of Make-in-India campaign.
- To find out major initiatives taken by the Indian Government to make the campaign successful.
- To identify the major bottlenecks in the implementation of Make in India.

- To assess the major achievements of the campaign so far and their contribution in Indian economy.

RESEARCH METHODOLOGY

This paper seeks to explore the opportunities and challenges of Make in India campaign for investors, the Indian Economy, and its advantages. For the fulfilment of the objectives of the study, we have undertaken the exploratory research. We have gone through number of websites, news groups, and official blogs including official website of the Make in India. We have also critically analysed the various official articles, Govt. reports, schedules and literature review in order to assess the initiative and their impact.

AIMS OF MAKE IN INDIA CAMPAIGN

An increase in manufacturing sector growth to 12-14% per annum over the medium term.

- An increase in the share of manufacturing in the country's Gross Domestic Product from 16% to 25% by 2022.
- To create 100 million additional jobs by 2022 in manufacturing sector.
- Creation of appropriate skill sets among rural migrants and the urban poor for inclusive growth.
- An increase in domestic value addition and technological depth in manufacturing.
- Enhancing the global competitiveness of the Indian manufacturing sector.
- Ensuring sustainability of growth, particularly with regard to environment.

In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defence sector and 100% in railways infrastructure. The defence sector previously allowed 26% FDI and FDI was not allowed in railways. This was in hope of bringing down the military imports of India. Earlier, one Indian company would have held the 51% stake, this was changed so that multiple companies could hold the 51%.

Between September 2014 and November 2015, the government received Rs.1.20 lakh crore (US$18 billion) worth of proposals from companies interested in manufacturing electronics in India. 24.8% of smartphones shipped in the country in the April–June quarter of 2015 were made in India, up from 19.9% the previous quarter.

The focus of Make In India programme is on creating jobs and skill enhancement in 25 sectors. Make in India focuses on the following twenty-five sectors of the economy:

- Automobiles
- Automobile Components
- Aviation
- Biotechnology
- Chemicals
- Construction
- Defence manufacturing
- Electrical Machinery
- Electronic systems
- Food Processing
- Information Technology and Business process management
- Leather
- Media and Entertainment
- Mining
- Oil and Gas
- Pharmaceuticals
- Ports and Shipping
- Railways
- Renewable Energy
- Roads and Highways
- Space and astronomy
- Textiles and Garments
- Thermal Power
- Tourism and Hospitality
- Wellness

As per the new Govt. Policy 100% FDI is permitted in all the above sectors, except for space (100%), defense (100%) and news media (26%).

MAJOR INITIATIVES UNDER MAKE IN INDIA INITIATIVES

Invest India cell: An investor facilitation cell set up by the government will act as the first reference point for guiding foreign investors on all aspects of regulatory and policy issues and to assist them in obtaining regulatory clearances.

Consolidated services and faster security clearances: All central government services are being integrated with an e-Biz single window online portal while states have been advised to introduce self-certification. The ministry of home affairs have been asked to give all security clearances to investment proposals within 3 months.

Dedicated portal for business queries: A dedicated cell has been created to answer queries from business entities through a newly created web portal (http://www.makeinindia.com). The back-end support team of the cell would answer specific queries within 72 hours.

Easing policies and laws: A vast number of defence items have been de-licensed and the validity of industrial license has been extended to three years.

Interactions with the users/visitors: A pro-active approach will be deployed to track visitors for their geographical location, interest and real time user behaviour. Visitors registered on the website or raising queries will be followed up with relevant information and newsletter.

The Companies (Amendment) Act, 2015 has been passed to remove requirements of minimum paid-up capital and common seal for companies. It also simplifies a number of other associated regulatory requirements. It also simplifies a number of other regulatory requirements.

An Investor Facilitation Cell has been created in 'Invest India' to guide, assist and handhold investors during the entire life-cycle of the business.

The Department of Industrial Policy and Promotion has also set up Japan Plus and Korea Plus. They are special management teams to facilitate and fast track investment proposals from Japan and Korea respectively.

Protecting Minority Investors: Greater disclosure of conflicts of interest is now required by board members, increasing the remedies available in case of prejudicial related-party transactions. Additional safeguards have been put for shareholders of privately held companies

MAJOR BOTTLENECKS IN 'MAKE IN INDIA' CAMPAIGN

According to the survey, following bottelenecks have been identified by the respondents which may impede growth and hamper the implementation of Make in India initiative.

Land Acquisition: 93% of the respondents have said that the current laws make acquisition costly as well as tedious. A robust Land Acquisition policy which would make acquisition much easier along with an attractive R&R package is essential for investment in infrastructure and manufacturing.

Labour Laws: 89% of the units have responded that India's labour laws are rigid and inflexible that needs to be addressed. Progressive labour laws would create more job opportunities in the market and would contribute towards the growth of manufacturing sector.

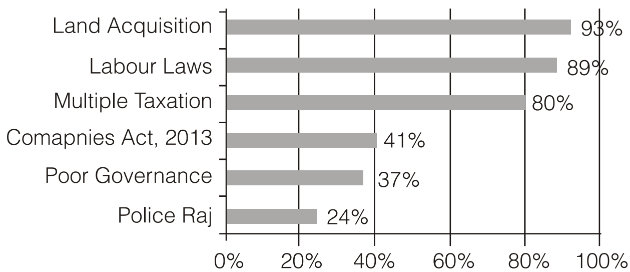
Multiple Taxation: 80% of the respondents opine that there is a need for simplification of tax laws and earliest implementation of GST to remove multiple taxation and to rationalize the tax system.

Companies Act 2013: About 41% of the respondents said that the Companies act in its current form is detrimental for all the companies. The Act of 2013 need to be scrapped instead of making any attempt of modifying it and a fresh act in spirit of corporate governance should be drafted.

Poor Governance: 37% of the respondents said that poor governance may impede growth in the economy. They believe that good governance is essential for manufacturing sector growth and for the success of Make in India initiative. The government must fast track all pending cases of corruption.

Police Raj: 24% of the respondents also said that there is an urgent need to drastically overhaul the Police Raj to make it people friendly .Police is the most important arm of the Government which interacts which the common man directly and we need to define.

Roadblocks to Make in India (in percentages)



Source : Exploring Prospects for Make in India and Made in India : A Study

Note : Respondents have chosen more than one option

CONCLUSION

Make in India is a new national program designed to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge companies - local and foreign - to invest in India and make the country a manufacturing powerhouse. The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India.

There is a laudable attempt to reduce red tape, enhance foreign direct investment limits, prune labour laws and environmental clearance processes, and in general to speed bureaucratic processes up. Some sectors like information technology, automobile-components, pharmaceuticals, etc, are globally quite competitive. Some sectors, such as defense manufacturing, food processing, and electronics are not competitive. Some are reasonably competitive like electrical machinery, textiles and leather. Make in India policy, which aims to turn India into a “global manufacturing hub”. Ignoring rhetoric, the demographics of India are all about a young, under-skilled workforce.

Let’s hope that Make in India initiative will be a great success. Make in India will help the Indian economy to come out of shadow of recession. Over dependence on service sector is suicidal and we may hope Make in India will break this inhibition that India cannot become manufacturing power house competing China.

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