

## MAKE IN INDIA: ENVIRONMENTAL PRESERVATION FOR SUSTAINABLE DEVELOPMENT

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**Abstract:** The Indian government has, in the last one year, announced several steps to improve the business environment by 'Ease of Doing Business' in the country, and attract foreign investments. India now ranks 130 out of 189 countries in the ease of doing business as per the World Bank's Doing Business Report 2016.

The 'Make in India' program is an initiative launched by Prime Minister Shri Narendra Modi on 25th September, 2014 with the aim of transforming India into a manufacturing hub. This not only includes attracting foreign investors but also encouraging domestic manufacturing industry. This program aims at increasing the GDP and tax revenues, by manufacturing products that meet high quality standards, and minimising the impact on the environment. The program includes main new initiatives designed to simplify investment, protect intellectual property, and build best-in class manufacturing infrastructure.

The following research study which is based on secondary data will put major emphasize on how 'Make in India' is facilitating investment, foster innovation, protect intellectual property and build best-in-class manufacturing infrastructure.

**Key Words:** Make in India, booming Indian business, manufacturing sector, ease of doing business.

**Introduction:** The World Bank's Doing Business report has become one of the most influential policy publications since last 14 years. It focuses on regulations and regulatory processes involved in setting up and operating a business. Ease of doing business is an index that includes different areas which define the ease of doing business in a country. A nation's ranking on the index is based on the aggregate information from the following 10 areas of business regulations:

- Starting a Business
- Dealing with Construction Permits
- Getting Electricity
- Registering Property
- Getting Credit
- Protecting Minority Investors
- Paying Taxes
- Trading Across Borders
- Enforcing Contracts
- Resolving Insolvency

The 'Make in India' program is an initiative, which is launched by Prime Minister Shri Narendra Modi on 25th September, 2014 to encourage companies which will increase manufacturing in India. This is a brilliant way to generate employment.

Under this campaign, the government has announced several steps to improve the business environment by easing processes to do business in the country and attract foreign investments.

'Make in India' aims at increasing the GDP and tax revenues in the country by producing products.

Fostering innovation, protecting intellectual property, and enhancing skill development are the other aims of the program.

**Scope and Limitations:** The study is carefully conducted to assist future researchers who are

looking for secondary data on the make in India campaign, ease of doing business index of India, how is the manufacturing industries growing in our country. The study is mainly theoretical in nature and highly descriptive, due to the campaign being in its starting phase the study is done on the basis of secondary data. The study is only providing an eye - view regarding make in India. When the result of make in India is analyzed discrepancies from the study can be noticed.

**Vision:** India is usually known as the third world economy. It produces mainly primary products for the developed economy and also provides markets for their finished goods. If we look at the contribution of different sectors to the GDP of India it shows that a major part comes from the service sector.

The manufacturing sector contributes only 15% to the GDP which is far less than other developing economies. Manufacturing in China contributes 34%, in Malaysia 25% and in Thailand 40%.

The aim of this campaign is to grow this to a 25% contribution as seen with other developing nations of Asia. In the process, the government expects to generate jobs, attract much foreign direct investment (FDI), and transform India into a manufacturing hub preferred around the globe.

The "Make in India" campaign is aimed at eliminating red-tapism, development of the country's infrastructure and creating an environment conducive to that of setting up of business ventures in India.

**Policies:** There are 4 major policies under the 'Make in India' program:

**New Initiatives:** This initiative is to improve the ease of doing business in India, which includes increasing the speed with transparency.

The following steps has already rolled out by the government:

- Environment clearances can be sought online.
- All income tax returns can be filed online.
- Validity of industrial license is extended to three years.
- Paper registers are replaced by electronic registers.
- Approval of the head of the department is necessary to undertake an inspection.

**Foreign Direct Investment (FDI):** The government has allowed 100% FDI in all the sectors except Space (74%), Defence (49%) and News Media (26%). FDI restrictions in tea plantation has been removed, while the FDI limit in defence sector has been raised from the earlier 26% to 49% currently.

**Intellectual Property Facts:** It refers to creation that arises from the human intellect i.e. inventions in all fields of human endeavor, scientific discoveries, industrial designs for article, literary & artistic work, symbols etc. used in commerce.

- The government has decided to improve and protect the intellectual property rights.

These are the various types of Intellectual Property Rights (IPR):

- **Patent:** A patent is granted to a new product in the industry.
- **Design:** It refers to the shape, configuration, pattern, colour of the article.
- **Trade mark:** A design, label, heading, sign, word, letter, number, emblem, picture, which is a representation of the goods or service.
- **Geographical Indications:** According to the website, it is the indication that identifies the region or the country where the goods are manufactured
- **Copyright:** A right given to creators of literary, dramatic, musical and artistic works.
- **Plant variety Protection:** Protection granted for plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants.
- **Semiconductor Integrated Circuits Layout-Design:** Semiconductor devices are all around us. They can be found in just about every commercial product we touch, from the family car to the pocket calculator. The aim of the Semiconductor Integrated Circuits Layout-Design Act 2000 is to provide protection of Intellectual Property Right (IPR) in the area of Semiconductor.

**National manufacturing:** Here the aim is

- to increase manufacturing sector growth to 12-14% per annum over the medium term.
- to increase 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.
- to create appropriate skill sets among rural migrants and the urban poor for inclusive growth.
- to increase the domestic value addition and technological depth in manufacturing.
- to enhance the global competitiveness of the Indian manufacturing sector.

**Sectors:** Make in India focuses on the following 25 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
- Textiles and Garments
- Thermal Power
- Tourism and Hospitality
- Wellness

100% FDI is permitted in all the above sectors, except for space (74%), news media (26%) and defence (49%).

**Progress:** The government has said that it has received Rs 1,10 lakh crore worth of proposals from various companies that are interested in manufacturing and electronics in India.

Companies like Xiaomi, Huawei have already set up manufacturing units in India, while iPhone, iPad manufacturer Foxconn is expected to open a manufacturing unit soon. Recently, Lenovo also announced that it has started manufacturing Motorola smartphones in a plant near Chennai.

Trial run of the first model rake of 'Make in India' railway coaches was successfully conducted between Bhopal and Bina railway stations. These passenger coaches have been designed by Coach Rehabilitation Workshop (CRWS), located in Nishaputra, Bhopal. The trial consisted of 24 coaches running at the speed

of 120 km per hour and Indian Railways might soon introduce these coaches on trains.

Railway Minister Suresh Prabhu has finally given green signal to the two much awaited big-ticket FDI proposals for setting up diesel and electric locomotive plants in Bihar at a cost of Rs 2,400 crore.

FDI into the automobile industry has seen a 164 percent growth, in the seven month period from the launch of Make in India. Foreign investment jumped to US\$2189.15 million (October 2014- April 2015) from US\$ 830.69 million (October 2013- April 2014), in the industry.

The Ministry of Defence has identified about 25 projects in the Make in India initiative and will open them up to the industry for participation. India attracted \$385.45 million FDI in the food processing sector during April-December period.

According to the data shared by Minister of State for Food Processing Sadhvi Niranjan Jyoti in a written reply in Rajya Sabha, in the Budget 2016-17, the government has announced 100 percent FDI in marketing of food and food products produced and manufactured in India. According to the World Bank's state-wise report, based on ease of doing business, Gujarat was ranked 1<sup>st</sup> position followed by Andhra Pradesh and Jharkhand. Most of the north-east states figure at the bottom.

#### Top five states

Rank	State	Score
1	Gujarat	71.14%
2	Andhra Pradesh	70.12%
3	Jharkhand	63.09%
4	Chhattisgarh	62.45%
5	Madhya Pradesh	62.00%

#### Responses:

**Xiaomi:** Xiaomi launched two smartphones wholly manufactured in India by Foxconn. The company launched 'Made in India' Redmi Note Prime which is the second smartphone after Redmi 2 Prime earlier this month.

**Micromax:** Handset maker Micromax said it will invest Rs 300 crore to set up three manufacturing units which will be set up in Rajasthan, Telangana and Andhra Pradesh.

**Volkswagen:** German carmaker company Volkswagen invested Rs 720 crore to roll out an India-specific compact sedan from its Pune plant.

**General Electrics:** US company General Electric Co. will supply 1,000 diesel locomotives by investing Rs 1,328 crore. The company will build a manufacturing facility in Bihar and two maintenance sheds elsewhere in the country to service the locomotives over an 11-year period.

**Siemens:** German engineering company Siemens said it will invest over Rs 7,400 crore in India adding up to 4,000 jobs under 'Make in India' initiative.

#### Achievements:

1. Japan has set up a 'Make in India' fund of about Rs 83,000 crore to devise a special package for attracting investments in 'Japan Industrial Townships'.
2. The government has approved a proposal for financial assistance of 20% for ships built in India.
3. Textile Sector will be driving force behind 'Make in India' campaigns to create 45-50% of the direct jobs in rural India.
4. PM Modi has invited Sweden to be a part of the 'Make in India' programme. About 11 major Swedish companies, including ABB, Atlas Copco, Ericsson, IKEA, Sandvik, Tetra Pak and Volvo are participating in the Indian Government's flagship even that calls for companies to manufacture in India.
5. Government has received investment proposals worth Rs 90,000 crore until August 2015 for electronics manufacturing in India with significant interest in making mobile phones by local and foreign firms.

#### Advantage:

1. Manufacturing sector led growth of nominal and per capita GDP. While India ranks 7th in terms of nominal GDP, it ranks a dismal 131st in terms of per capita GDP.
2. Employment will increase manifold. This will augment the purchasing power of the common Indian, mitigate poverty and expand the consumer base for companies. Besides, it will help in reducing brain drain.
3. Export-oriented growth model will improve India's Balance of Payments and help in accumulating foreign exchange reserves (which is very important given the volatility in the global economy with multiple rounds of Quantitative Easing announced by major economies).
4. Foreign investment will bring technical expertise and creative skills along with foreign capital. The concomitant credit rating upgrade will further woo investors.
5. FIIs play a dominant role (relative to FDI) in the Indian markets. However, FIIs are highly volatile in nature and a sudden exodus of hot money from India can effect a nosedive in the bellwether indices. Make in India will give an unprecedented boost to FDI flows, bringing India back to the global investment radar.

#### Disadvantages:

1. From a theoretical perspective, Make in India will tend to violate the theory of comparative advantage. If it is not economically feasible to manufacture a commodity in India, it is best to

import the same from a country which enjoys comparative advantage in its production. International trade, after all, is welfare augmenting.

2. Reiterating the point made by Dr. Raghuram Rajan, India, unlike China, does not have the time advantage as it undertakes a manufacturing spree. The essential question is - Is the world ready for a second China?
3. Make in India will lead to an unsustainable focus on export promotion measures. One such measure is artificially undervaluing the rupee. This will have devastating consequences for the import bill.
4. A relative neglect of the world economic scenario may not augur well for Make in India. With the US and Japan economies yet to recover from their economic crises and with the EU floundering, one needs to be wary about the demand side of Make in India. The clairvoyance of the incumbent RBI governor to make for India should be put to good use.
5. Labour laws in the country are still not conducive to the Make in India campaign. This is one of the universally noted disadvantages of manufacturing and investing in India.

**Conclusion:** 'Make in India' have potential of making India as a global manufacturing hub. It is necessary for India that it takes further concrete decisions about financial and Ease of Doing Business policies in order to strengthen its position as a leading manufacturing hub.

A beginning has been made through 'Make in India' mission supported by skill development initiatives and easing of doing business policies. It is highly critical to maintain and further upgrade these initiatives. It is high time that India's government policies focus comprehensively on encouraging areas like industries growth and development; innovation; boosting power; and electricity generation capacity, infrastructure and logistic, look for public welfare schemes and keep environment preservation in mind for sustainable development.

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