

By :-

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Narendra Modi articulated the idea of 'Make in India' in his first Independence Day speech as prime minister from the ramparts of the Red Fort in Delhi on 15 August 2014. The initiative was launched with much fanfare in late September. It was the focus of attention in the media—editorials, columns, interviews and debates

OFFERING NEW ENVIRONMENT TO INVESTORS

KEY PLAYERS OF GLOBAL CORPORATE SECTOR INVITED FOR LAUNCH

THE MODUS OPERANDI

8-member expert panel set up jointly by Department of Industrial Policy & Promotion and FICCI

TEAM INVEST INDIA WILL

- 1 Interface with global investors
- 2 Redress grievances, act as helpdesk
- 3 Suggest reforms to Centre, States
- 4 Resolve policy issues

World Bank report ranks India **134th out of 189** nations on ease-of-doing-business parameters

- Invites to be sent to **30,000 top firms**

- Digital India Campaign to give **push to manufacturing**

- **25 identified sectors** including auto, food processing, IT, defence and entertainment

- Get manufacturing growth to **sustainable 10% over long term**

- Centre to work with States to **de-bureaucratise and deregulate**

- Help simplify **business procedures**, usher in **mindset changes**



The team will try to resolve issues within 48 hours. [Otherwise] it will go to the dept.'s nodal officer [to fix] within 72 hours. — **DIPP OFFICIAL**



Foreign Direct Investment (FDI)



INFLOW JUMP

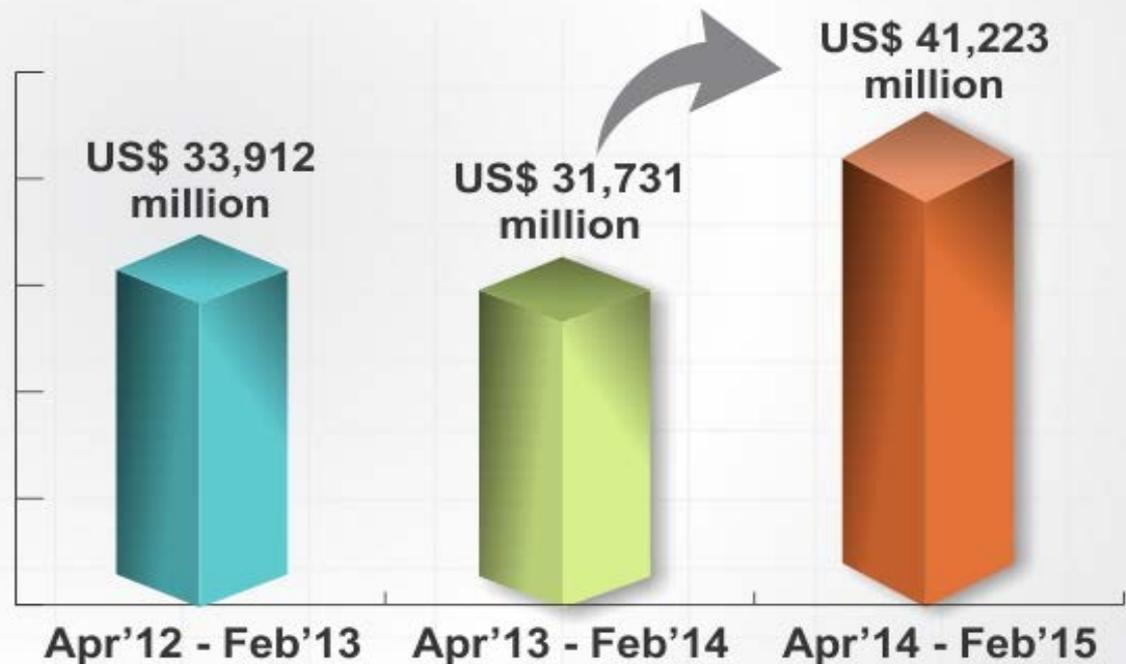
- Make in India was launched on September 24, 2014
- FDI from Oct '14-Feb '15 is **\$21.2 bn** (₹1,27,200 cr)
- This is a 56% jump compared to the **\$13.5 bn** (₹99,120 cr) received in the year-ago period

ADVANTAGE INDIA



Huge Surge in FDI inflows under Modi Govt

Make in India & Transparent Governance reap FDI Bonanza



Make in India Initiative



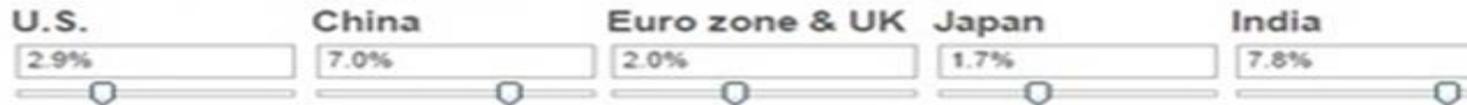
- Make in India and other initiatives have helped India to improve its Ease of Doing Business rank by 65 positions from 142 in 2014 to 77 in 2018, in World Bank's Ease of Doing Business Report.
- Moreover, the Make in India initiative led to a rise in India's total FDI inflows to US\$ 60.97 billion in 2017-18 from US\$ 34.9 billion in 2014-15. In 2018-19 FDI inflow stood at US\$ 64.3 billion.



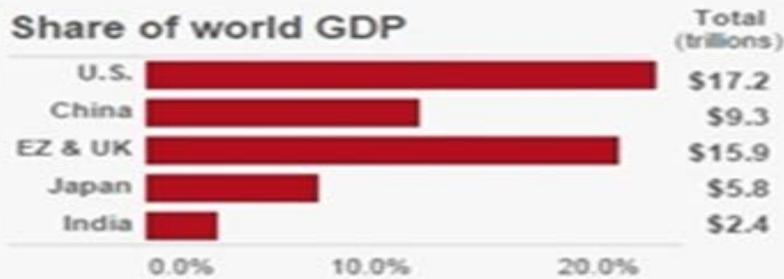
Who's driving global growth in 2016?

India's expanding GDP is one of next year's few economic bright spots. But the sluggish United States and decelerating China will still account for nearly half of global growth in 2016. Any negative shocks from the two sputtering engines will reverberate more widely.

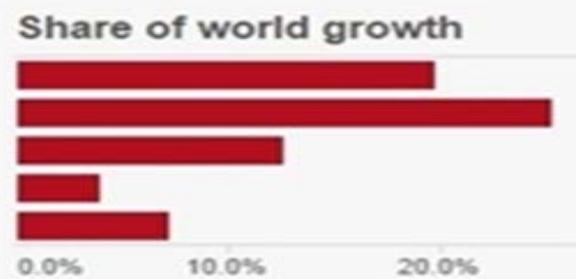
Move sliders to change growth rate:



Share of world GDP



Share of world growth



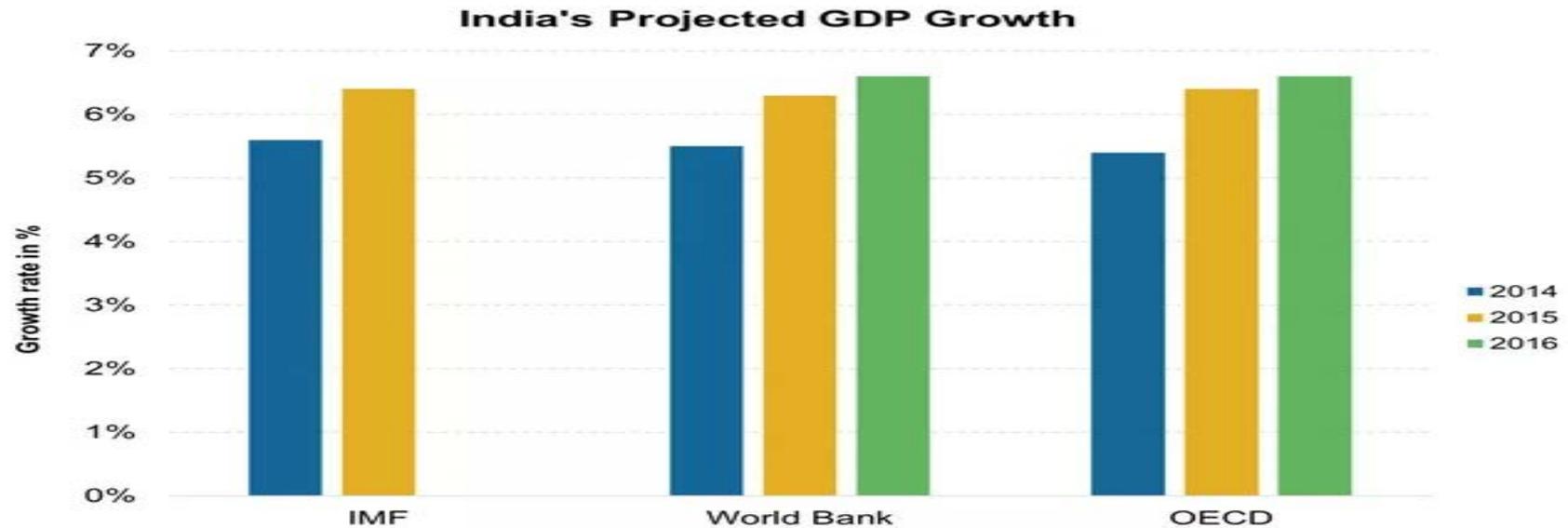
World growth rate: **3.3%**

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Market Realist 

Source: IMF, World Bank and OECD projections for fiscal year

- ***India's GDP growth is now one-third a statistical mirage. the economy is more likely to be expanding at 5 percent, not the 7.5 percent claimed by the authorities.***

Ease of Doing Business Rankings 2020



<i>Country</i>	<i>Rank</i>
• <i>Singapore</i>	<i>2</i>
• <i>U.S.</i>	<i>6</i>
• <i>Japan</i>	<i>29</i>
• <i>Rwanda</i>	<i>38</i>
• <i>China</i>	<i>31</i>
• <i>India</i>	<i>63</i>

India

by 2020:

- 🇮🇳 median age 29 years
- 🇮🇳 136 million people join global workforce
(17% of global workforce)
- 🇮🇳 2.7 fertility rate
- 🇮🇳 0.5 dependency ratio

- 🇮🇳 10% unemployment rate
(current data)



DEMOGRAPHIC ADVANTAGE

USA

by 2020:

- 🇺🇸 median age 38 years
- 🇺🇸 11 million join global workforce
- 🇺🇸 2.1 fertility rate
- 🇺🇸 0.5 dependency ratio

- 🇺🇸 7.6 unemployment rate
(current data)

China

by 2020:

- 🇨🇳 median age 37 years
- 🇨🇳 23 million people join global workforce
- 🇨🇳 1.6 fertility rate
- 🇨🇳 0.4 dependency ratio

- 🇨🇳 4.1 unemployment rate
(current data)



There is a big difference between what is promised and what materialises

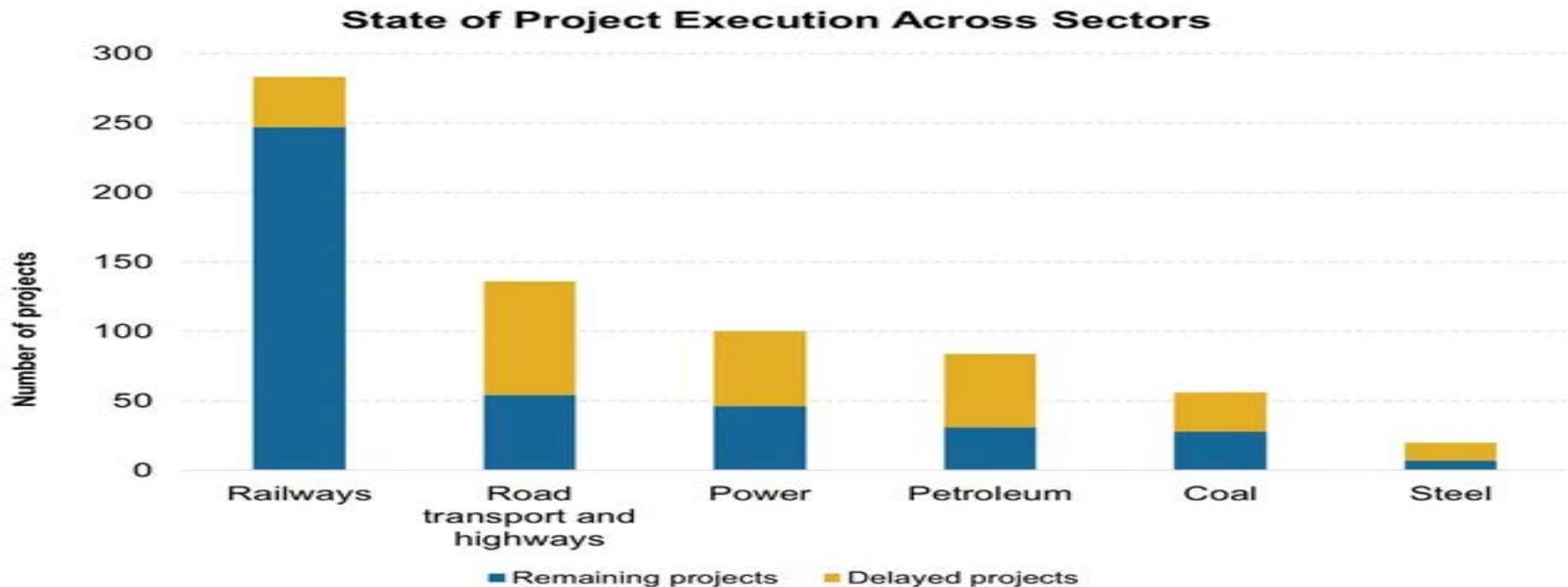




How slow is infrastructure implementation?

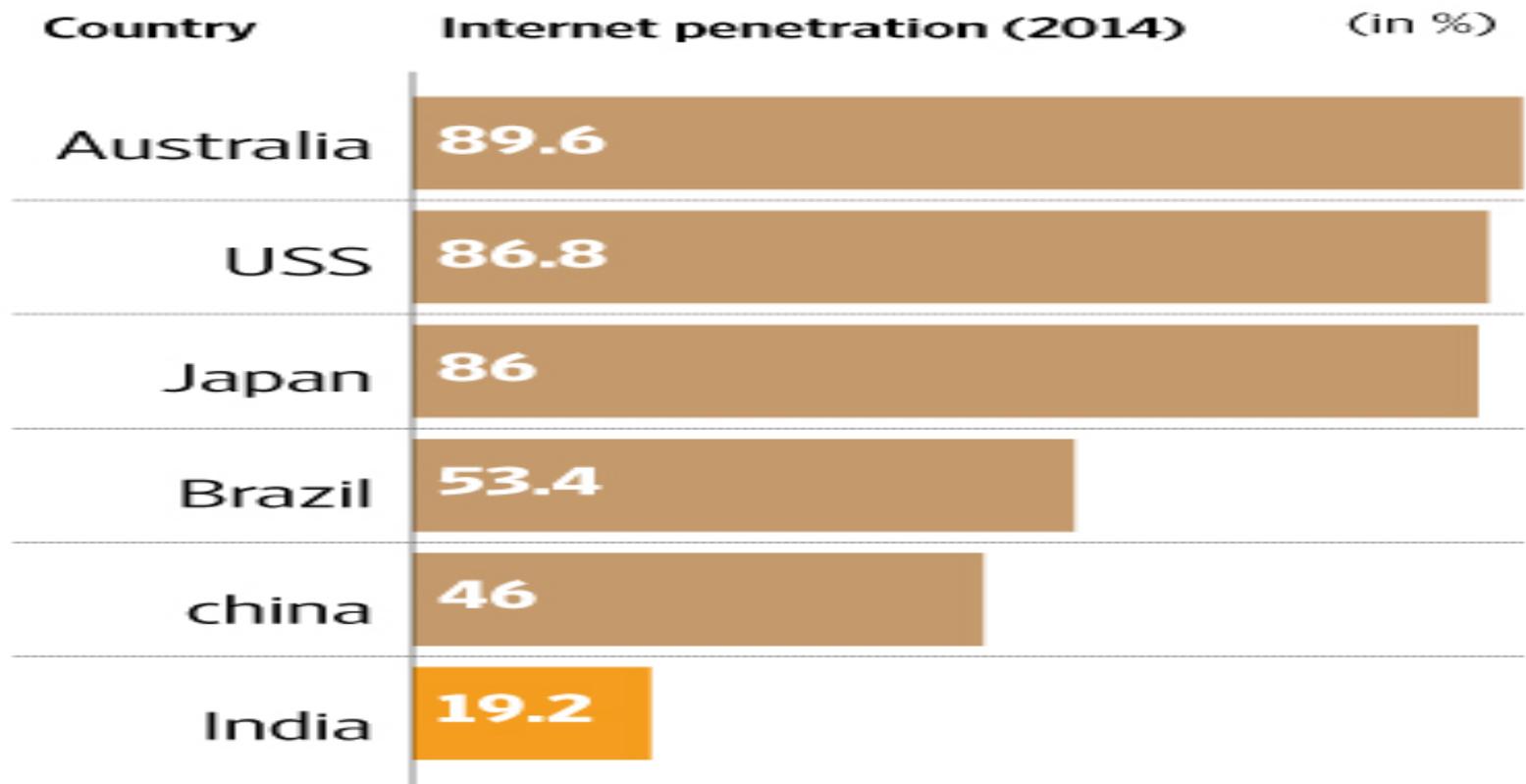
The primary reason for India's slow infrastructure development is poor implementation. As we described earlier in this series, **the Ministry of Statistics and Programme Implementation's (or MOSPI) 342nd flash report showed that out of 727 infrastructure projects on its monitor, 317 had no information on commissioning dates. Of the remaining 410 projects that had a schedule, only five were ahead of time, 123 were on time, and 282 were delayed.**

These delays result in multi-fold cost overruns. Plus, once they are commissioned, they become outdated soon and are unable to serve their purpose.





INTERNET PENETRATION



Source: Internet Live stats, eMarketer; KPMG in India analysis

Hard Facts Ground Reality



- **Manufacturing is the only path to employment creation.**
- **Modest increments in agricultural output are associated with negligible increases in employment**
- **The informal or unorganized services sector is an employer of the last resort, but levels of income are low and quality of jobs is poor.**



MANUFACTURING IMPACT

Figure 1: Share of the manufacturing sector in total employment in India

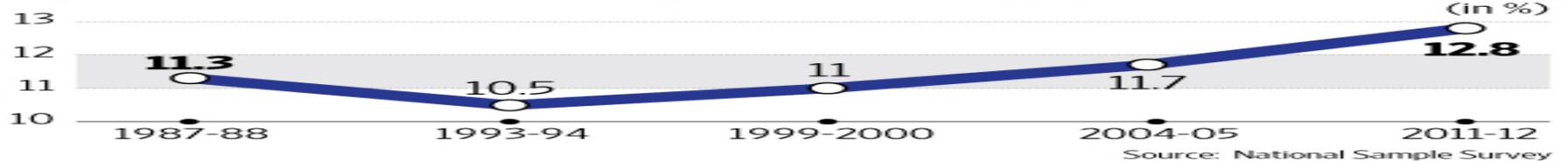


Figure 2: Share of the manufacturing sector in India's GDP

(in current prices at factor cost: 2004-05 series)

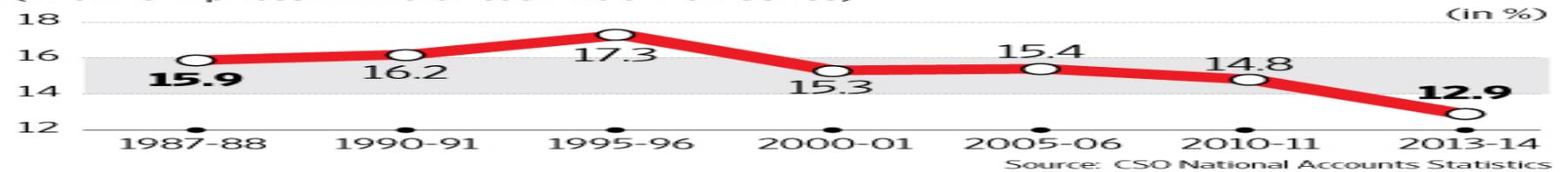
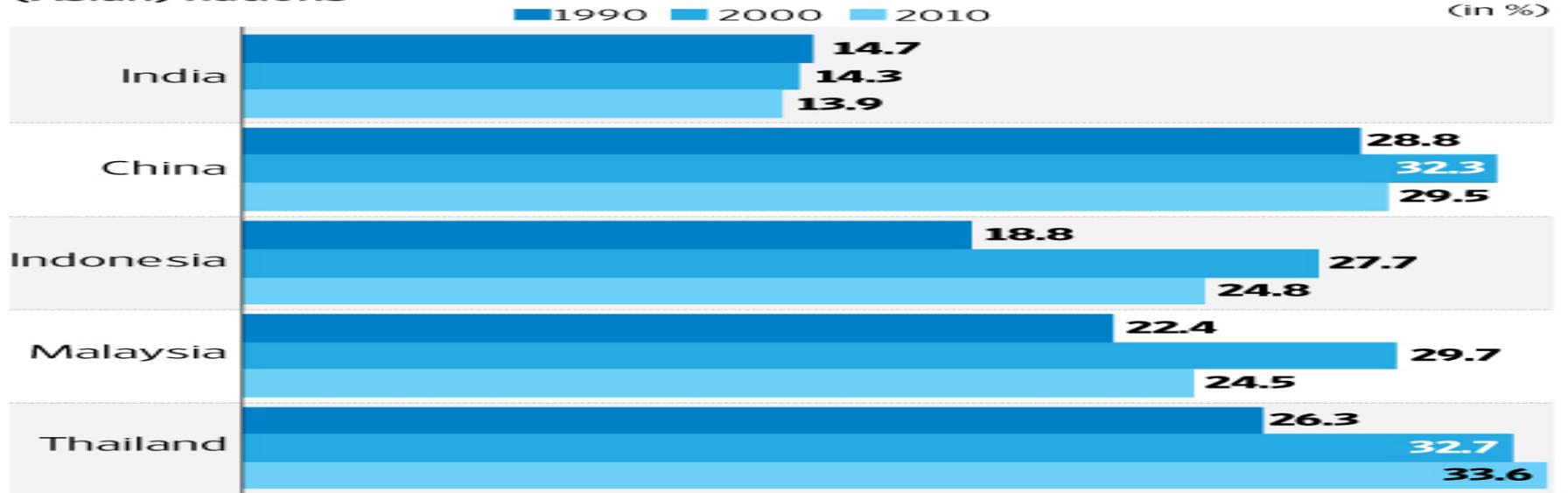
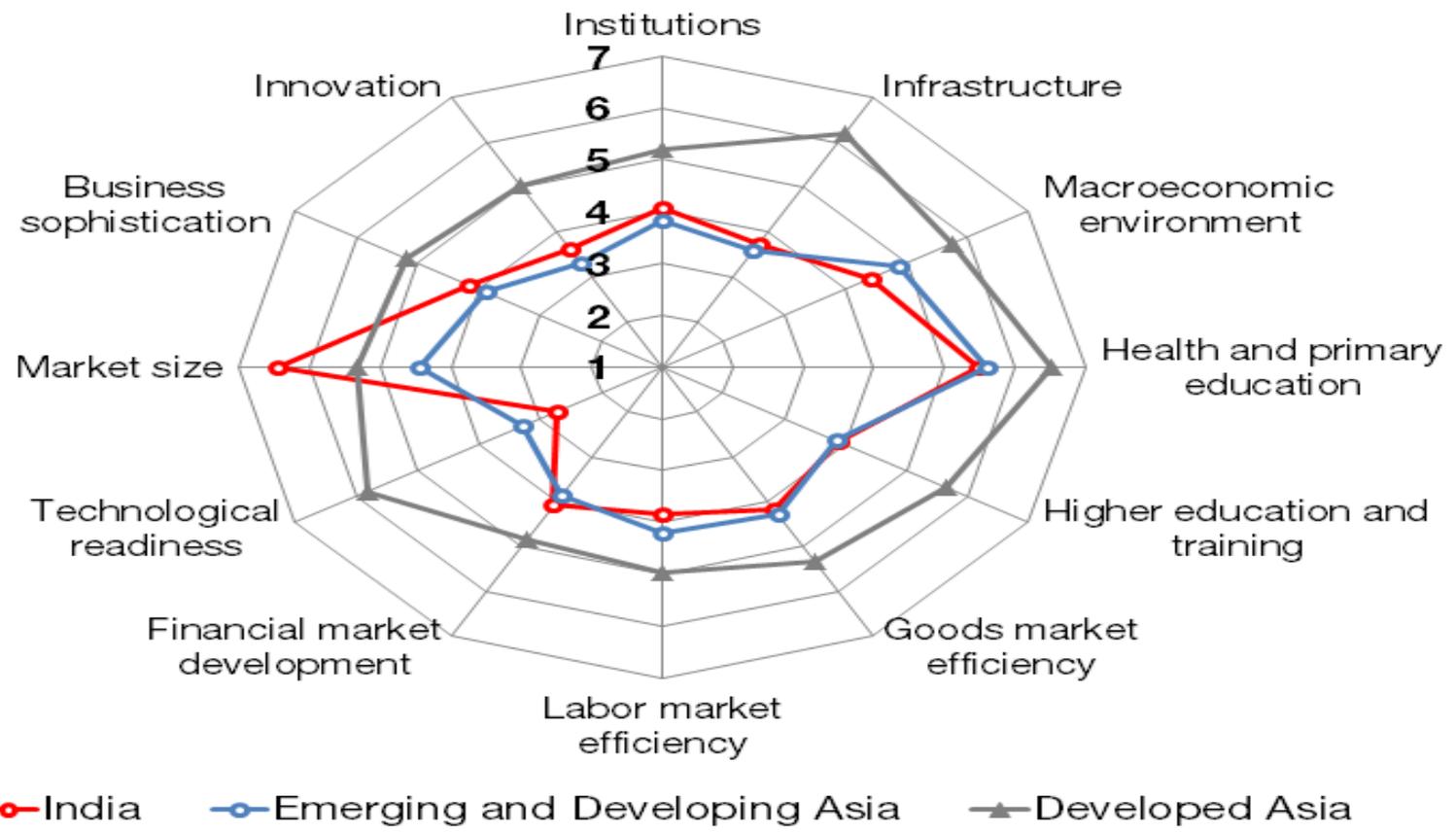


Table 1: Manufacturing value added as a proportion of GDP in selected (Asian) nations





India's performance across the 12 pillars of competitiveness



Source: World Economic Forum



Use of talent in India

1.4%

enrolment rate
in vocation
training

8.7

gap in mean
years of schooling
between rich
and poor

3.3%

share of GDP
invested in
education

36%

female
labour force
participation

CHALLENGES GALORE



- The total number of investment proposals for the first 8 months of the year was higher at 1,366 during FY16 compared with 1,074 during the same period of last year. However, in value terms the proposed investment was lower at Rs 2.02 lakh crore as against Rs 3.22 lakh crore during the same period of last year.
- Only about 8 percent of the investments promised across industries have been actually made. Majority of the promises have remained on the paper.

WHAT

TO DO ?

STEER THE GROWTH



Bring in the required reforms like labour reforms, make good infrastructure available, reduce red tape for clearances;

Build the required skills in the workforce and offer strong vocational training and skill-building;

Invest in R&D; create world-class quality, achieve mastery in technological advancements and develop research-oriented curriculums.

What should be done for Make in India to happen



- Access to Finance
- Access to Skills
- Access to Markets
- Enabling Environment

Irritants



- NPAs
- Transparency
- Over outdated Regulations
- Infrastructure
 - Power
 - Roads
 - Railways
 - Ports
 - sanitation
- Tax Terrorism
- Land Acquisition



The success of Make in India, beyond the big announcements, will depend upon how successfully Modi can take state governments, including the non-BJP ruled states, on board. At the implementation level, the states have a key role to play in making the programme a great success



Remember, big manufacturing countries in the world such as China didn't really 'launch' a manufacturing revolution, they simply started doing it. The success of Make in India lies in how effectively the government manages execution at every step.

ITS ALL ABOUT EXECUTION: EFFECTIVE EXECUTION