



*STEP OF THE LION*

# Make In India

*“Because at the end of the day,  
Dragons and Eagles  
don’t rule the jungle”*

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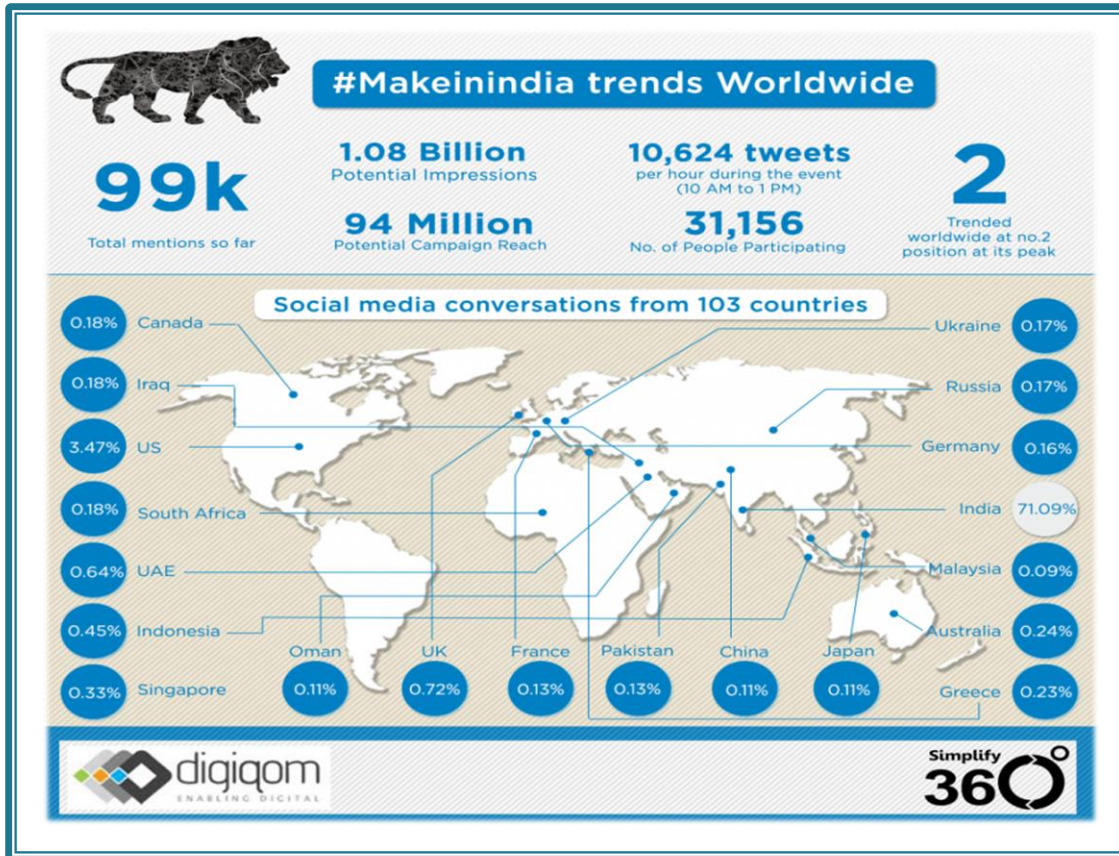
# Background

- ▶ After the Jan Dhan Yojna, PM Narendra Modi, in his I-Day speech launched a new scheme to boost the manufacturing sector and foreign investors with an invitation to the world with “come, make in India”. Thus initiating Make in India & “Zero Defect; Zero Effect policies.
- ▶ Logo is striding lion made of cogs that symbolize strength & manufacturing, different lions made of different things to symbolize different sectors, dsigned by the agency Wieden & Kennedy.
- ▶ The backend is an agency called ‘Invest India’, which is a joint venture between industry chamber FICCI (Federation of Indian Chambers of Commerce and Industry: 51% equity), the central government’s DIPP (Department of Industrial Promotion and Policy: 35% Equity), and state governments, each of whom hold 0.5% equity

## Key Elements:

- ✓ 25 sectors to work on initially
- ✓ 24 manufacturing cities identified
- ✓ 10% subsidy on production of equipments of pollution control, reducing energy consumption & water conservation
- ✓ To speed up the decisions
- ✓ Time bound resolving of issues within 48 hours; unaddressed queries to go to DIPP secy, & to be resolved within 24 hours.
- ✓ A digital campaign just like “ Incredible India to go global.
- ✓ Inclusion of all states to mobilize the policy, ministries and local bodies

# A Welcome Move Worldwide



“FROM AUTOMOBILES TO AGRO-PRODUCTS  
FROM HARDWARE TO SOFTWARE  
FROM SATELLITE TO SUBMARINES  
FROM TELEVISIONS TO TELECOM  
FROM PHARMA TO BIOTECH  
FROM PAPER TO POWER PLANTS  
FROM ROADS TO BRIDGES  
FROM HOUSES TO SMART CITIES  
FROM FRIENDSHIPS TO PARTNERSHIPS  
FROM PROFIT TO PROGRESS  
WHATEVER YOU WANT TO MAKE : MAKE IN  
INDIA ”

# Launch- 25<sup>th</sup> September 2014

Launched by:

PM Shri Narendra Modi

Launched with:

Ministers , High-ranking Bureaucrats, Business leaders and International Dignitaries

What was launched:

Make in India website, logo and brochures



Over 3000 companies from 30 countries attended the event

## Key points of the speech:

- Need to boost investor sentiment
- “First Develop India ” vs. “ Foreign Direct Investment”
- “Corporate government responsibility” for effective governance
- Boost manufacturing to help growth of the middle class and create jobs
- Develop a growth oriented environment to enhance ease of doing business
- “3D” outlook : Democracy, demography and demand
- Channelise India’s rich demographic dividend for competitive advantage
- Train man power in an industry-aligned fashion
- Implement “Digital India” for an informed citizenry
- “Look East and Link West” approach
- Integrated clusters with roads, rails, airports and associated infrastructure
- State and Centre coordination for export promotion

# What do we want:

- ✓ Sustainability - Short, Medium & Long Term
- ✓ Principle of Co-Existence with Nature
- ✓ Innovations and Creativity
- ✓ Gainful Productive Employment
- ✓ Dignity of Labour & Equality
- ✓ Self Reliance, Sovereignty & Leadership
- ✓ Export Surplus Nation

# What it will do:

## Assistance to Foreign Investors

from the time of their arrival in the country to the time of their departure.  
Focus on green and advanced manufacturing

## Proactive Approach

A pro-active approach, to track visitors for their geographical location, interest and real-time user behavior.

## Invest India Cell

Investors to be responded within max. 72 hours

## Ease of Doing Business

New delicensing and deregulation measures to reduce complexity & increase speed and transparency

## Manufacturing Sector to be focused:

Create Jobs, Move people out of Agriculture & Spur Services, reduce exports/increase imports & bring balance of trade

- ❖ FDI Means First Development Of India
- ❖ 125000 New Jobs Born In One Year
- ❖ Global company start business in India
- ❖ High-Tech Technology Comes To India
- ❖ Small Industry Play Big Roll
- ❖ Industry and government to work together



## ▶ *Key Points Elaborated*

### ➤ **Current Situation**

- Why manufacturing sector is chosen??
- Ease of Business
- Challenges

# Balance of Trade Situation:

India Trade	Last	Previous	Highest	Lowest	Unit
Balance of Trade	(14,247.42)	(10,838.56)	258.90	(20,210.90)	USD Million
Exports	28,903.28	26,958.22	30,541.44	59.01	USD Million
Imports	43,150.70	37,796.82	45,281.90	117.40	USD Million
Current Account	(7.80)	(1.20)	7.36	(31.86)	USD Million
Current Account to GDP	(1.70)	(4.70)	1.50	(4.70)	Percent
External Debt	440,614.00	390,048.00	440,614.00	75,858.00	USD Million
Terms of Trade	60.20	61.90	100.00	60.20	Index Points
FDI	2,135.00	3,562.00	5,670.00	(60.00)	USD Million
Remittances	8,812.42	9,574.31	10,010.16	5,999.10	USD Million
Tourist Arrivals	495,000.00	569,000.00	800,000.00	129,286.00	Approx. no.
Gold Reserves	557.75	557.75	557.75	357.75	tonnes
Crude Oil Production	778.00	761.00	813.00	526.00	USD Million



Balance of Trade in India averaged - 1893.76 USD Million from 1957 until 2014, reaching an all time high of 258.90 USD Million in March of 1977 and a record low of (20210.90) USD Million in October of 2012.

As on November 1, 2014



# What are we exporting:

As on November 1, 2014

S.no.	India Trade	Apr-Mar 2013	Apr-Mar 2014	Growth	Share
1	Plantation	9,429.86	9,672.75	2.58%	0.51%
2	Agri & Allied Products	174,194.01	195,731.08	12.36%	10.27%
3	Marine Products	18,841.20	30,627.28	62.55%	1.61%
4	Ores & Minerals	30,597.00	34,063.47	11.33%	1.79%
5	leather & MNFRS	26,596.87	34,679.98	30.39%	1.82%
6	Gems & Jewellery	236,162.03	252,175.14	6.78%	13.24%
7	Sports Goods	1,125.33	1,437.49	27.74%	0.08%
8	Chemical & Related Products	225,865.81	266,453.03	17.97%	13.99%
9	Engineering Goods	308,948.09	373,931.68	21.03%	19.63%
10	Electronic Goods	45,970.26	46,703.78	1.60%	2.45%
11	Project Goods	780.80	291.22	-62.70%	0.02%
12	Textiles	143,444.81	184,770.64	28.81%	9.70%
13	Handicrafts	1,110.29	1,721.68	55.07%	0.09%
14	Carpets	5,374.22	6,278.31	16.82%	0.33%
15	Cotton Raw Incl. Waste	20,276.51	22,337.84	10.17%	1.17%
16	Petroleum Waste	330,790.01	383,247.88	15.86%	20.12%
17	Unclassified Exports	54,811.74	60,888.15	11.09%	3.20%
<b>Total</b>		<b>1,634,318.84</b>	<b>1,905,011.40</b>	<b>16.56%</b>	<b>100.00%</b>



## ▶ *Key Points Elaborated*

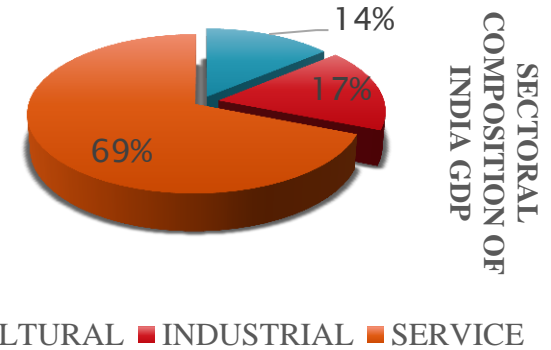
- Current Situation
- **Why manufacturing sector is chosen??**
- Ease of Business
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# Why manufacturing sector is chosen??

- Manufacturing sector because major workforce of the country consists of unskilled labor which is engaged in manufacturing sector.
- During 2005-2012, India has only created 15 million jobs while as per the data, 10 million people join its workforce every year
- Manufacturing offers the surest way to employ millions of workers in middle-income jobs
- According to Justin Lin , a former chief economist at the world bank, China will shed 85 million manufacturing jobs in the next few years because of the fast rising wages. India can attract some of these jobs if it can cut bureaucratic hurdles that scare away new business.

## GDP Composition:

- Manufacturing contributes 17% of India's GDP compared to 69% that comes from services and 14% from agriculture
- And, of the 474 million Indians who are gainfully employed, only 100 million do manufacturing jobs compared to 232 million who work on farms and 142 million employed in the services businesses.
- SME's contribute 90% of all industrial units and 40% export within the manufacturing sector
- Between 2004 and 2011 manufacturing sector has registering annual growth of around 7.25 per cent



## Current Issue:

- India imports 65% of the current demand for electronic products, most of it from China. If the situation is left unchanged, the country's electronics import bill may well surpass its oil import expenses by 2020
- While the demand for electronics hardware in India is projected to increase to \$400 billion by 2020, the estimated domestic production could rise to \$104 billion only
- India imported \$38.46 million worth of USB flash drives from China in 2013-14

# Sector-wise scope

## Automobile Sector

Growth Drivers

- Passenger Vehicle are to increase at a CAGR of 16% between 2013-20
- Growing Working Population and expanding middle class
- Increasing disposable income in rural agri-sector
- Favorable government policies like lower excise duties, automotive mission plan
- Easy finance schemes owing to which the auto finance industry has grown at the rate of 13% between 2008-13

Why Investors will come

- 100% FDI allowed through automatic route
- Fourth largest automotive market volume in the world
- India's car market has the potential to grow 6+ million unit annually 2020
- Emergence of large automobile cluster
- Strong support from the government for R & D

## IT Sector

- Revival in demand for IT services from US and Europe
- Increasing adoption of technology and telecom by customers
- High value client additions bigger than USD 1 million registering 13.5% growth

Growth Drivers

- 100% FDI allowed through automatic route.
- The IT-BPM sector contributes 8.1% of the country GDP
- India's IT industry amounts to 7% of global market
- Rapidly growing urban infrastructure has fostered several IT centres.

Why Investors will come

# Sector-wise scope contd...

## Food Processing Sector

Growth Drivers

- Liberalization and growth of organized retail
- Rising income level and growing middle class
- Favorable economic and cultural transformation and shift in attitudes and lifestyle

Why Investors will come

- 100% FDI allowed through automatic route for most product
- A rich agricultural resource base
- A low cost of skilled manpower
- Attractive fiscal incentives by state and central government in the form of subsidies, Tax rebates etc
- 42 mega food parts are setup in PPP at an investment of 98 billion rupees

## Textile & Garments Sector

- Rising per capita income ,favorable demographics and shift in preference for branded products
- Increase in domestic demand is set to boost cloth production
- Favorable policies of government of India
- Expansion of retail sector with many global players entering the market

Growth Drivers

- 100% FDI allowed through automatic route.
- Second largest manufacturing capacity globally
- Accounts for 14% of world production of textile fibre and yarn
- Abundant raw materials and increasing demand for exports
- Increased penetration of organized retail

Why Investors will come

# Sector-wise scope contd...

## Road and Highways Sector

Growth Drivers

- An outlay of USD 3.8 billion for the highway sector has been provided in 2013-14
- The GOI aims to develop a total of 64340 Kms of national highways
- Under various programmes.
- The rise in four wheeler and two wheeler vehicle ,Increasing freight traffic, strong trade will augment growth

Why Investors will come

- 100% FDI allowed through automatic route for most product.
- The transport sector constitutes 6% of country GDP and 70% share of road sector.
- Emergence of private sector as a key player.
- Establishment of major initiatives by GOI to upgrade highways in the country.

## Construction Sector

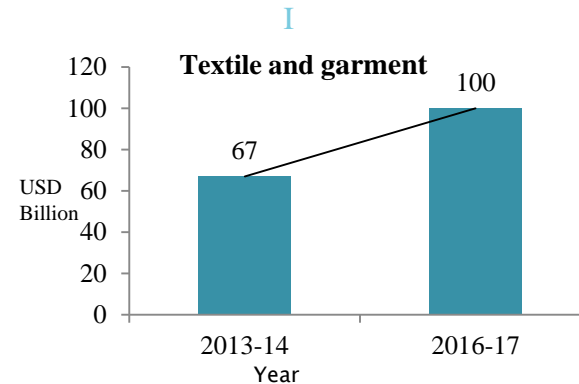
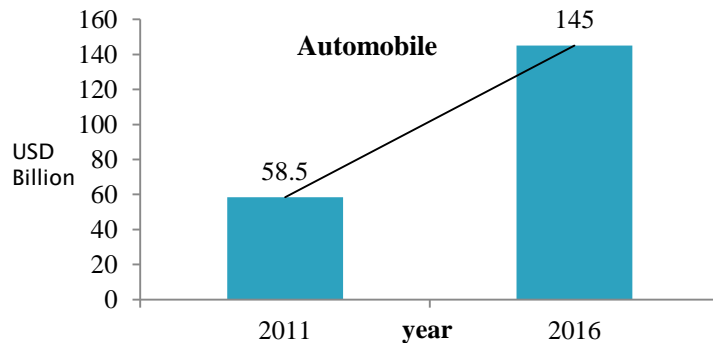
Growth Drivers

- India has a housing shortage of 65 million million dwelling units
- Introduction of new urban development mission which will help in the development of cities

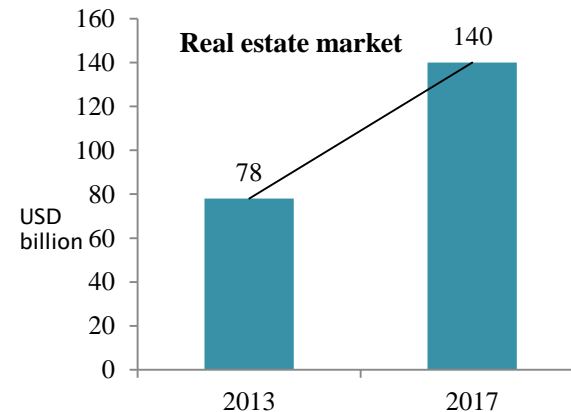
Why Investors will come

- Different levels of FDI based on different parameters
- An investment of USD 1000 billion has been projected for infrastructure sector
- Ease access to funding for the sector
- Construction activities contribute more than 10% of India's GDP

# Potential in Industrial Sector



- ✓ The total turnover of automobile sector in 2010-11 was USD 58.5 billion, turnover by 2016 is slated to be USD 145 billion
- ✓ The domestic textile and apparel industry in India is estimated to reach USD 100 billion by 2016-17 from USD 67 billion in 2013-14
- ✓ As per the industry estimate, the Indian Real estate market was USD 78 billion in 2013 and is expected to grow to USD 140 billion





## ▶ *Key Points Elaborated*

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- **Ease of Business**
- Challenges



# Ease of Business-Areas to Focus

## Starting business

Streamline investment approvals  
and provision of utilities  
Skill Development Programs  
Labour Development Initiatives

## Registering properties

Facilitate land acquisition process

## E-Biz

Govt's portal for connecting all  
government divisions

## Resolving Insolvency

Clear exit guidelines

Efficient and effective enforcement  
of laws

Encouraging more & more cross  
border transactions

# PMO's list of 36 steps for Ease of Doing Business

- **Unique identity number** - A unique identity number for all firms and three forms instead of 17 for imports and exports.
- **Ambitious goal of moving India from 142nd to the 50th slot in the EoDB ranking list**
- **Ownership reform process** - Each secretary was asked to take ownership of the reform process
- **Online approvals and clearance processes**
- **One-stop shop and prepare a common application form**
- Reduce the number of inspections, a key concern with the industry .
- **All licenses for export and import, including for restricted items, will be issued online from January.**
- **Providing electricity connections in the two cities** - Will be made easier
- **Environment ministry** to do away with **pollution control certificate** as a prerequisite for a connection.
- **Standard sale deed** - The ministry of urban development has been asked to prepare a standard sale deed to ease the registration process for land
- Land resources department for **digitization of land records, municipal tax records, sub-registrar data** and also integrate them.

# PMO's list of 36 steps for Ease of Doing Business

- **Single window set-up to integrate all activities** - Several initiative have been lined up at ports, including a single window set-up to integrate all activities of agencies involved in the clearance of consignments.
- **Simplify the laws and forms** - The revenue department has also been asked to simplify the laws and forms for corporation and dividend tax.
- **Simplify the Companies Act, including a simpler process for registration of companies.**
- **Reduction in the number of customs forms**
- **One identity number** instead of multiple IDs such as Permanent Account Number, Tax Deduction Account Number (TAN), corporate identification number (CIN) and Labour Identification Number. The corporate affairs ministry , CBDT, Employees Provident Fund Organisation ( EPFO) and Employee State Insurance Corporation (ESIC) will integrate their processes and issue the numbers real time.
- **Work on an insolvency law** - Apart from this, given India's low ranking on winding up and insolvency laws, PMO has indicated that work on an insolvency law should start soon after the **Vishwanathan committee submits its report in February** .
- Similarly , the attorney general is being asked to request the Supreme Court to clear the constitution of the **National Company Law Tribunal** and notification of the relevant provisions of the Companies Act, 2010.
- Form special courts to settle commercial disputes in Delhi and Mumbai



## ▶ *Key Points Elaborated*

- Current Situation
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# Challenges

- **Existing stringent procedural and regulatory clearances:** a business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.
- **High Tax Rates :** To make the country a manufacturing hub the unfavorable factors must be removed. India should also be ready to give tax concessions to companies who come and set up unit in the country.
- **Need of focus on MSME Sector:** MSME can play a big role in making the country take the next big leap in manufacturing. India should be more focused towards novelty and innovation for these sectors. Special sops and privileges should be given.
- **Competition from China:** Make in India is being constantly compared with Made in China campaign. India should constantly keep up its strength so as to pace china's supremacy in the manufacturing sector.
- **To increase Imports and R & D:** High-tech imports, research and development (R&D) to upgrade 'make in India' should be encouraged. Should be better prepared and motivated to do world class R&D with Govt.'s support.

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