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Make in India for Inclusive Growth

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Abstract:

Make in India is an international marketing campaigning slogan coined by the Prime Minister of India, on September 25, 2014 to attract business from around the world to invest and manufacture in India. India is one of the world's fastest growing economies. India has been recording sustained trade deficits since 1980 mainely due to high growth of imports, particularly of crude oil, Silver and gold. Make in India has identified 25 sectors to promote with the detailed information being shared through an interactive web portal. The Government has allowed 100% foreign Direct Investment (FDI) in Railway and has removed restriction in Construction. This is not the first time India is focusing on its manufacturing sector. In 2006, the UPA government put out a national strategy for manufacturing. It even dubbed 2006-15 as the "decade of manufacturing in India: The main objective of this paper is to analyse the Make in India and its inclusive Growth.

Keywords: Make in India, inclusive Growth, manufacture

Introduction:

Make in India is an initiative by the government of India, to encourage multi-national and national companies to manufacture their products in India emerged, after initiation of the programme in 2015, as the top destination globally for foreign direct investment(FDI),surpassing the United States of America and People's Republic of China, Prime Minister Narendra Modi launched the Make in India initiative on September 25,2014 with the primary aim of making India am global manufacturing hub, by encouraging both multinational and domestic companies to manufacture their products within the country. Make in India has introduced multiple new initiatives, promoting FDI, implementing intellectual property rights and developing the manufacturing sector, Since the launch of Make in India in September 2014, FDI inflows of USD77 billion consists of equity inflows of USD 56 billion has been received for the period from October 2014 to March 2016. This represents about a 44 % increase in FDI Equity inflows over the same corresponding period. Make in India identified 25Sectors to promote with the detailed information being shared through an interactive web portal. The Government has allowed 100% FDI in Railway and has removed restrictions in Construction. It has also recently increased the cap of FDI to 100% in Defence and Pharmaceutical. Zero defects Zero effect is a key phrase which has come to be associated with the Make in India campaign.

The Vision to increase the share of Manufacturing in the Country's gross domestic product (GDP) and creating employment may attract Indian and Foreign capital and Technological investment an array of 25 sectors. Recognizing the natural, cultural as well economic diversity, including inherent advantages of specific regions

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the "Make in India" initiative hopes to harness and develop relevant sectors in each state. In other words of the Prime Minister Narendra Modi, the make in India scheme is aimed at creating a global manufacturing hub in India.

The Make in India initiative has also recognized and sought to mitigate certain inherent tax disadvantages for manufacturers in India. Such disadvantages have been most pronounced in the context of goods not attracting any basis customs duty on imports into India. With traders eligible for importing personal electronic gadgets at a 4% duty advantage, manufacturing was never aviable option for this sector.

In Defence," Make in India" never provided Indian Manufacturers the capability to upgrade platforms that require fresh technology as time goes by; in Fact, manufacturing licensing conditions usually stipulate that the buyers can make no alterations. That is why India, which carried out "Make IN India" of the MIG-21 for decades, had to go back to Russia when it upgraded the fighter. It is on maintenance, repair, overhaul and upgrade that foreign vendors make their real money, even on equipment that has been License- built in India.

Objective of the paper:

The main objective of this paper is to analyses the Make in India and its Inclusive Growth.

Make in India Program:

The Make in India program is an initiative launched to encourage companies to increase manufacturing in India. This not only includes attracting overseas companies to setup shop in India. Make in India aims at increasing the GDP and tax revenues in the country, by producing products that meet high quality standards, and minimizing the impact on the environment. In the process, the government expects to generate jobs, attract much foreign direct investment, and transform India into a manufacturing hub preferred around the globe. This can be achieved only by improving the ease of doing business in India.

Objectives of Make in India Vision:

The following are the objectives of Make in India Vision,

- To give the Indian economy global recognition
- To create competitive industrial environment.
- To make investing in manufacturing more attractive to domestic and foreign investors.
- To develop infrastructure
- To invite latest technologies.
- To generate employment and skill formation.

The Make in India focuses on the following:

- First develop India and then Foreign Direct Investment.
- Look – East on one side Link- West on the other
- Highways and I- ways.
- Facilitate investment.
- Foster innovation.
- Protect intellectual property.
- Build best – in –class manufacturing infrastructure.

Review of Literature:

- Balasundaram Maniam and Amitiava Chatterjee (1988) studied on the determinants of US foreign investment in India; tracing the growth of US FDI in India and the changing attitude of the Indian Government towards it is a part of the liberalization program.
- Nagesh Kumar (2001) concluded that the magnitudes of inflows have recorded impressive growth, as they are still at a small level compared to the country's potential.
- Sebastian Morris (2004) has discussed the determinants of FDI over the regions of metropolitan cities that attract the bulk of FDI.

Policies under "Make in India" Initiative:

There are four major policies under the "Make in India" program.

- New Initiatives: This initiative is to improve the case of doing business in India, Which includes increasing the speed with which protocols are met with, and increasing transparency.
- Foreign Direct Investment: The government has allowed 100% FDI in all the sector 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: The government has decided to improve and protect the intellectual property rights to innovators and creators by upgrading infrastructure, and using state of the art technology. The main aim of intellectual property rights is to establish a vibrant intellectual property regime in the country, according to the website.
- National Manufacturing:

The vision of national manufacturing 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 100Millon additional jobs by 2022 in manufacturing sector.
- To Increase the domestic value addition and technological depth in manufacturing.
- To enhance the global competitiveness of the Indian manufacturing sector.
- To ensure sustainability of growth, particularly with regard to environment.

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Inclusive Growth in India:

After three centuries of relative and often absolute poverty, India has in recent decades begun to return to its previous position as a global economic power, and this process has accelerated over the last few years. Growth in the Indian economy was quite low in the first 30 years of planning after independence – from 1950 to 1980. Despite some fluctuations in the next two decades gradual but sustained improvement produced an average rate of growth of 5.7% per annum for the 20 years to 2000. India's government has made" Inclusive growth" a key element of their policy platform, stating as a goal: ' Achieving a growth process in which people in different walks in life… feel that they too benefit significantly from the process'. Economic growth models do not establish or suggest, however, an explicit casual – effect relationship between a country's rates of economic growth and the resulting poverty reduction, although policy makers often assume an implicit connection. The Current literature provides some economic growth might be 'inclusive' or ' pro poor', although how these concepts should be defined remains controversial.

✓ Poverty Reduction In India:

The measurement of poverty has also been not without controversy. Much of the literature on poverty relies on different measure of income based poverty, defined in terms of national or international poverty lines. Recent studies, including the United Nations Development Program have embraced the concept of multi dimensional poverty. Which includes income, Consumption, Expenditure, malnutrition, Literacy and other indicators of welfare. In India, poverty is measured in terms of household per capital consumption expenditure poverty lines, determined by the government for each Indian state is updated regularly. The latest poverty lines are based on the recommendations of the Tendulkar committee report. At the national level, poverty line for rural population is Rs.446.68 while for urban population it is Rs.578.8 based on these poverty lines, 37.2% of India's total population was poor in 2004-2005. In Rural India, poverty was higher than in Urban areas.

✓ Strategy for more inclusive Growth:

The empirical evidence about the relationship between growth andpoverty reduction suggests that no particular development model is uniquely propoor and that the relationship can only be considered empirically, at the case – by –case level. Nonethe less, it should be possible to draw some general conclusions regarding the major source of pro. Poor growth. The International evidence suggest that the rates of poverty reduction have been helped by rapid growth in agriculture, public expenditure on social services, particularly education and health infrastructure and the quality of governance.

✓ Growth in Agriculture:

Recent literature suggests that while sustained economic growth must be a necessary condition for significant poverty reduction. India's agriculture sector grew storgnly in the wake of the green revaluation. But, the contribution of agriculture to GDP has been on the decline in recent decades. Dropping from 36% of GDP in 1980 to about 18% in 2007. The declaration in agriculture has contributed to rural distress in many parts of the country and has effected both large and small farmers. The government of India has developed a strategy of accelerated growth, incorporating a near doubling of the rates of growth of agriculture, during the level 5year plan if it were to materialize, rapid growth in agriculture should generate more opportunities for the poor to get employment and earn income. Agriculture growth will also generate higher demand for industrial products and assist the budgetary situation of the governments through higher growth of tax revenues, which could then be used to finance various anti poverty programs.

✓ Infrastructure and Energy:

Infrastructure continues to occupy central stage in India's economic development strategies. The problem of energy scarcity is just one of the many infrastructure challenges facing India. As most other forms of infrastructure require substantial expansion and upgrading to meet the increasing demands of economics growth. The pressure of India's infrastructure iscoming from a variety of sources, including rapid expansion of trade. a new priority for higher growth of manufacturing the rapid pace of urbanization, the revival and diversification of agriculture and the need to improve conditions of the rural economy. The 11thFive year plan progress to raise investment in infrastructure to between seven percent and eight percent of GDP by 2012-2013 Signaling a break from the traditional approach to keeping the provision of infrastructure within the public sector, the government of India has been keen to involve private sector investment in infrastructure.

Conclusion: Prime Minster Narendra Modi's promise to remove unnecessary regulations and simplify producers, gives a hope to see significant and sustainable growth in the manufacturing sector and thus making India a global manufacturing hub. Government has signed a USD 35Billion deal with Japan for infrastructure development. However MSME forms the base of the large scale industry, so promoting MSME sector will help in flourishing of large scale industry which will help in achieving the goal Make in India. The challenges is to make "Makein India" an economically viable and globally luring project

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