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"MAKE IN INDIA" MANUFACTURING INNOVATION & POLICY INITIATIVE

KEYWORDS: Total factor productivity, Made in India, R&D, National Manufacturing Policy.

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ABSTRACT *The study examined the technological innovation for manufacturing sector under the umbrella of "Make in India" initiative. The government is spending corers of Rupee on various development programmes. However, there are gaps in the implementation of these schemes which ultimately affect the delivery to the beneficiaries.This time government has changed his policy and look forward for transformation from "Made in India" to "Make in India". Our success inIT/ITES will never be complete and will not touch the lives of masses without commensurate growth of the manufacturing sector. 'Manufacturing' has been recognized as the main engine for economic growth. However total factor productivity (TFP) growth in Indian manufacturing accelerated after the 1991 economic reforms. But the share of manufacturing sector has been stagnating at a low 0.2 percent in 2013/2014 of GDP and 17 percent in 2012 of the overall growth in Indian economy and to achieve 100 million additional jobs by 2022. With an aim of taking this to around 25 percent by 2022, as per the draft National Manufacturing Policy, Government and industry focus needs to be further sharpened to augment growth in this manufacturing industry.*

INTRODUCTION

The study will suggest the urgent need for enterprise-oriented technology transfer from public funded R&D institutions to link the Science and technology system with small and medium enterprises production units. Similarly, the SMEs associations should be strengthened to provide opportunities for their members to continuously learn about new technology developments and opportunities to enhance the competitiveness of enterprises in the sector. Lab to industry Initiative aims at achieving improvement in the quality of life of people by bringing into fruition provisions of the programmes for the development and growth of manufacturing industry. R&D is the spinal cord for the futuristic growth of industrial growth and to fulfil the demand of upcoming consumer demands. However, there exist many challenges in making this industry truly attain its potential. Labour reform that will boost the employment and provide social security benefits to labourers.

These include the inadequate infrastructure, limited focus on value addition and exports, changing tax structure, limited focus on R&D and availability of funding mechanism.

As per, The Organisation for Economic Co-operation and Development OECD "Better policies " series India's economy has grown at an impressive pace over the last two decades as a result of wide-ranging structural reforms to open up the economy and make it more competitive. A study on productivity trends in Indian manufacturing undertaken by Unel(2003) has concluded that total factor productivity (TFP) growth in aggregate manufacturing and many sub-sectors accelerated after the 1991 reforms.

MAKE IN INDIA

The development of the industry has been identified as a prime requirement for exploiting backward linkages to agriculture and forward linkages to overall economy. Thus, for regional development in India, a need of developing manufacturing or industrial base of each state has been identified. For balance growth, the concentration of industrial activities must decline over a period of time and industrially backward states must attract good share in total output of the nation. The analysis will help to identify the effectiveness of balanced growth strategy of Indian policy planners. In present paper, an attempt has been made to analyze the level of manufacturing development with the innovation in mind. At the same time regional disparity should be declined by doing installations with cultural lenses. An attempt has been made to analyze the 'Make in India' trends in industrial activities specially manufacturing sector among Indian states.

NEW GOI INIITIATIVES

As per the policy initiatives GOI has taken few steps to facilitate investments, foster innovation, protect intellectual property and build best-in-class manufacturing infrastructure. Presently India place 142nd among 189 countries in ease of business in 2015 so it requires. This picture will summarize Doing business 2015 data for India. The first section present the ease of 'Doing business' rank (out of 189 economies) and the distance to frontier (DTF) measure, overall and by topic. Second section summarizes the key indicators for each topic benchmarked against regional averages.

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ROLE OF SERVICES AS INPUT TO MANUFACTURING SECTOR

It has been observed that India's growth is been fuelled up due to service sector. And also it has been seen that by cross country analysis has shown that service sector has contributed output and employment in India's GDP. So in the 'Make in India' program, services sectors are very essential part to boost the manufacturing innovations. Indian Economy is full of pool of talent in IT/ITES industry and has contributed more than 56 percent in economic development. It, not only proved in India but taken the workload of developed nations and helping them in intellectual marathon. They become the world leader in giving IT/ITES support to various MNC's. During the global economic crisis, the services sector's share in real GDP increased from 63% in 2007–08 to 64.5% in 2008–09, while that of the agricultural and industrial sectors decreased. The services sector experienced the smallest decline in growth rate compared to the other two sectors. The growth rate of the services sector fell from 10.8% in 2007–08 to 9.3% in 2008–09, a decline of 1.5 percentage points, compared to declines of 3.3 and 4.7 percentage points in the agricultural and industrial sectors, respectively.

INFRASTRUTURE PROJECTS

Creation of new smart cities and industrial clusters in identified corridors having connectivity will initiate new infrastructural projects. National Industrial Corridor created to coordinate, integrate, monitor and supervise development of all Industrial corridors. Development Authority Delhi-Mumbai Industrial corridor, Chennai- Bengluru Industrial corridor. It is also planning to connect North Eastern states with other Industrial corridors in cooperation with Japanese Government. New Industrial cluster are being created for advance practice in Manufacturing. Modified Industrial infrastructure up gradation scheme with an emphasis on use of recycled water through liquid discharging system and Central Effluent Treatment Plants. The intellectual property regime, further up-gradation of IT facilities; compliance with Global standards and online Application process. Major impetus is required to give skill development.

OPENING OF SECTOR

Various areas are still not open for market players, which can play an important role in succeeding the Make in India campaign. With easing of investment caps and controls in India's High value industrial sectors-Defence, Construction and Railways. Like FDI cap rose from 26 per cent to 49 per cent in Defence sector. In Railways dedicated freight corridors can help in this particular development, through PPP, High speed Trains, Dedicated freight lines, Rolling stocks including train sets and locomotive/coaches manufacturing and maintenance facilities, Railway electrification, signalling system, Freight terminals, passenger terminals, Infrastructure in industrial park, Mass Rapid Transit System.

Make in India program represents an attitudinal shift in how India relates to investors, not as a permit issuing authority, but as a true business partner. True assistance and guide to first time investors, from time of arrival and there will be focused targeting of companies across sectors.

MANUFATURING POLICY OF INDIA

The National Manufacturing policy is set to achieve a manufacturing target of 25 per cent from 16 per cent, in countries Gross Domestic Product by 2022; creation of 100 million additional jobs by 2022 in manufacturing sector as also appropriate skills sets among rural migration and the urban poor for inclusive growth.

Manufacturing policy,

- Employment-intensive industries like textiles and garments, lather and footwear, gems and jewellery and food processing equipment.
- Capital goods industries like machine tools. Heavy electrical equipment, heavy transport, earthmoving & mining equipment.
- Industries with strategic significance like aerospace, shipping, IT hardware & electronics, telecommunication equipment, defence equipment and solar energy.
- Industries where India enjoys a competitive advantage such as automobiles, pharmaceuticals medical equipment.
- Small & medium enterprises.
- Public sector enterprises.

The policy intends to leverage the existing incentives/ schemes of government. A technology acquisition and development fund has been proposed for the acquisition of appropriate technologies, the creation of a patent pool and the development of domestic manufacturing of equipment used for controlling pollution and reducing energy consumption.

INCENTIVES TO MANUFACTURING UNITS

- Transfer of Assets- Transfer of assets will be facilitated by NIMZ.

- Green Technology & Practices- 5 per cent interest in reimbursement & 10 per cent capital subsidy for the production of equipment/ machines/ devices for controlling pollution, reducing energy consumption and water conservation.

- Technology Development- Incentives for the production of equipment/ machines/ devices for controlling pollution, reducing energy consumption and water conservation; SME's will be given access patent pool for reimbursement of technology.

- Special benefits to SME's- Rollover relief from long term capital gains tax to individuals on sale of residential property in case of re- investment of sale consideration; Venture capital funds with a focus on SME's.

- Government procurement- public procurement with stipulation of local value addition in specific sectors.

- Industrial training & Skill up gradation measures- The creation of a multiple tier structure for skill development.

- Exit mechanism –It envisages an alternate exit mechanism through job loss policy and sinking fund or a combination of both.

JOBLESS GROWTH IN MANUFACTURING SECTOR

Despite the notable economic performance of Indian industry in the last two and a half decades with an annual growth of 5.3 percent, organized manufacturing employment growth was less than 0.5 percent. Since a strong productivity growth could generate job loss when aggregate demand is insufficient, rising rural incomes unleash a multiplier effect, increasing demand for farm and non-farm products and services, thereby stimulating rapid growth of employment opportunities in other sectors.

CONCLUSION

The development of the purchasing power of manufac-

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turing sector, in fact, is essential to stimulate the effective demand for industrial goods and to sustain industrial production in the long run. Make in India program will boost the economy by innovations in technological up gradation, supported by new policies. Need of labour reform that will boost the employment and provide social security benefits to labourers. The fact that implications of deregulation for concentration differ across Indian manufacturing states, strongly supports the need for a state-specific approach to competition policy. While this is quite common practice in developed countries, developing economies like India has started developing this approach. Recent discussions suggest that India is taking the right path. And with hope India will soon achieve the sustaining high and inclusive growth with an aspiring idea of Make in India program.

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