

PRESS RELEASE

INDIA: Make in India

India Inc. is geared up for a much needed change in the business environment in which it operates. “This is where it all begins. Everything starts here, today.”

There is growing worldwide attention focused on India, attracted by the country’s young talent pool of 800 million under the age of 35, the third-largest economy in terms of PPP, best performing stock markets in 2014, an entrepreneurial society, abundant raw materials and large internal market needs. The new government’s ambitious project called ‘Make in India’ is aimed at eradicating the tag ‘jugaad’ from the Indian manufacturing system, which is known for quick fixes, as India has a lot of catching up to do regarding the share of manufacturing in its GDP.

The project Make in India aims to boost investments and encourage innovation by creating a world-class manufacturing infrastructure and making it easier to do business in a transparent and credit-friendly environment.

India must overcome three main roadblocks to accomplish this project – regulatory hurdles, infrastructure bottlenecks and talent development. The regulatory hurdles consist of acquisition of land, obtaining permissions and complex tax structures. In the ease-of-doing-business ranking by the World Bank, India ranks at 142 out of 189; the current government aims to bring that to 50 or better in five years by eliminating unnecessary laws and regulations, making bureaucratic processes easier and quicker, and more transparent governance that is responsive and accountable. The new Companies Act, transfer pricing regulations, labor reforms, dilution of the factory inspector raj, deregulation of diesel prices and coal sector reforms are the primer to this regulatory revolution in the investment landscape.

To address this, the government has planned the Make in India campaign state by state, following a hub and spoke model (the hub being Delhi). Each state will be accorded a sector. The initial target is 25 industry sectors.

Further regulatory complexities can be addressed by creating FTZ, FTWZ, SEZ and Industry Parks, as these zones can be a critical part of any business strategy planning to enter India.

Make in India is an ambitious project involving multiple ministries, departments, consultants and experts. Industries have to develop their infrastructure from scratch in order to be competitive enough to launch and then go forward with investment-led

infrastructure creation such as industrial corridors, smart cities and export-oriented infrastructure. The prime minister himself is conducting roadshows in overseas markets including the US and Australia to attract investments. The log-in data of Make in India's official website shows that interest has been generated across the world, specifically in countries such as Spain, the UK, the UAE, Singapore and the US, and mostly from SMEs, which are two positive indicators.

Manufacturing multinationals can be beneficiaries of the campaign by being early adopters as they will get assets at low valuations and an initial headstart to tap the huge market, sharing best practices from their experience operating in other countries. There has now been a confluence of factors: a decisive mandate, political will and an alignment of bureaucracy with passionate officers driving the Make in India campaign; and, finally, support from industry.

Early Response to "Make in India"

Early global response is encouraging. The Japan External Trade Organization (JETRO) has been receiving a larger number of queries from Japanese companies asking about the campaign. German firms showed enthusiasm about policy initiatives taken by the new government for economic reforms, especially regarding the German electronic industry. The Chinese company Trina Solar is planning to set up a facility to make, supply and export from India. Fiat Chrysler has plans to invest one billion dollars in India, which includes manufacturing and exporting a premium SUV under the Jeep brand in the next 2 years. Russia is planning joint manufacturing projects in aviation and satellite navigation systems, and a multi-billion dollar start-up fund to promote nano technology.

To get updates on policy overhauls, news and regulatory announcements, ECOVIS India plans to initiate a blog.

Tip

www.ecovisrkca.com/blog/make-in-india

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About Ecovis

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The name Ecovis, a combination of the terms economy and vision, express both its international character and its focus on the future and growth.

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