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## Connection of Social Transformation and “Make In India” Execution Plan

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**KEYWORDS:** Social Transformation, Make in India

### INTRODUCTION

India is a great nation among diversity in different areas like Religions, Languages, Cultures and Traditions means it has harmony in diversity. As a Responsible of Citizen of India did we ever tried to do our bit except for shouting at the Government. In most of the cases even for a simpler matter we blame the Government rather than trying to solve the issues or any local problems like irregular supply of water and electricity and so on.

Nevertheless remember we citizens are the one who are solely responsible for the development of our country. We all are aware of our Fundamental Duties to become a Good and Responsible Citizen of a great and strong nation. A scheme named ‘Make in India’ It is an initiative of the Central Government of India, to encourage companies to manufacture their products in India. It is a new national program designed to transform India into a global manufacturing hub. It contains a raft of proposals designed to support companies - local and foreign - to invest in India and make the country a manufacturing powerhouse.

The initiative hopes to increase GDP growth and tax revenue. The campaign is aimed to transform the economy from the services-driven growth model to labour-intensive manufacturing-driven growth. The initiative also aims at high quality standards and minimizing the impact on the environment. It is a major as well as new national program which is designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best-in-class manufacturing infrastructure. The focus will be on promoting green and advanced manufacturing and helping these companies to become an important part of the global value chain. The government is committed to improving the physical infrastructure. The private sector would be playing a significant role in these developmental works. Governments effort would be to equip the working age population with the right kinds of skill so that the manufacturing sector finds them employable.

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## Connection of Social Transformation and “Make In India” Execution Plan

Success of make in India plan requires improving ease of doing business rank of India. Government has set an ambitious target to improve India’s ranking in ease of doing business to among the top 50 in the next two years. The goal looks very difficult and ambitious because India is ranked at 142 among 189 countries in the latest World Bank’s ease of doing business index. In fact, India’s ranking has taken a hit in the recent years. It slipped by 11 spot in the past two years. In 2013, the Asia’s third largest economy’s ranking had slipped by three spot to 134th position. In the latest ranking it slid by 8 spot<sup>2</sup>.

The ranking does not measure all aspects of the business environment and it could be a matter of debate whether it truly reflects the situation at the ground. Still, there is no denying the fact that doing business in India is far more difficult than most other parts of the world.

Targeted Key word:-

- 1) Ease of doing business parameters.
- 2) Foreign trade policy.
- 3) Foreign Direct Investment (FDI).
- 4) Mega regional agreements.
- 5) Law reforms.
- 6) Sustainable development.

### ***Object of Study:***

1. To study “How to execute make in India plan?”
2. To study capacity of make in India concept for social transformation.

### ***Hypothesis Development:***

The basic research problem is to “How to execute make in India plan?” The Research Problem of the work was to find out:-

- (1) What are the regulatory problems faced by the manufacturing sector in India?
- (2) Whether the existing laws for control manufacturing sector in India are sufficient or not for the execute plan of ‘make India’?
- (3) Whether new law is to be made or amendment made in current laws for boost up ease doing business platform in India?
- (4) If a new law is to be made to attract foreign investors, what are its ingredients and it is directly or indirectly affect to social transformation?
- (5) If proposed bills are not passed by the parliament then will it create road block against dream of ‘make in India’ concept?

### ***India Has A Jobs Problem***

Ease of doing business is critically important for attracting investments and creating jobs. India has a jobs problem. The country’s economic growth, even at the impressive rates of the last decade, has not produced meaningful jobs for its expanding working-age population. Dead-end rural construction jobs

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<sup>2</sup> <http://inclusion.skoch.in/story/347/regulatory-reforms-key-to-improve-indias-ease-of-doing-business-647.html>. It is a snapshot of the page as it appeared on 31MARCH 2016 05:46:11 GMT.

## Connection of Social Transformation and “Make In India” Execution Plan

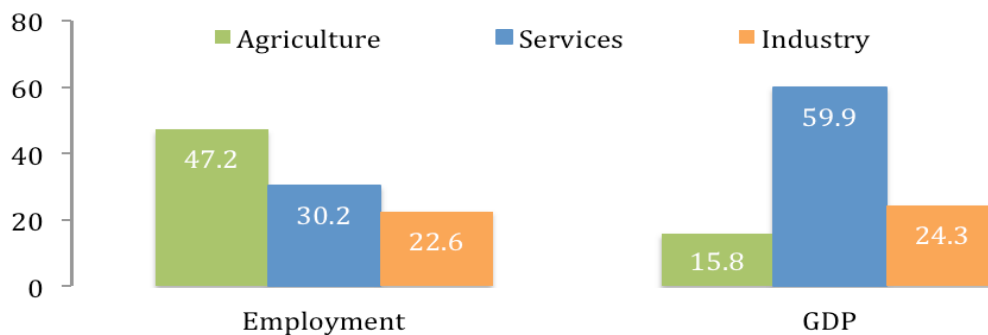
have offered the only area of expansion. Millions too many families depend on low productivity agriculture for a living as a result.<sup>3</sup>

To raise the standard of living, to make our country a major hub for industries and to embrace progress leaving behind our anti-business leanings for good This is the right step ahead.

There will be professional training in important sectors, more employment opportunities and the business houses will adopt a city to help in the creation of 100 smart cities<sup>4</sup>. Developing a strategy for job growth requires careful identification of sectors with true potential. Of course, examining the economy at the level of manufacturing and services skims over important detail, including many types of firms and industries that bear little potential. Choosing the path forward is further complicated by the fact that past performance provides a poor indicator of true potential. A sector hobbled by an adverse environment could look completely different with appropriate policy interventions.

One of the highest priorities of the Indian government is economic inclusion —bringing more citizens into the modern, productive economy. This is critical for meeting poverty alleviation targets and improving many related health and education indicators<sup>5</sup>. The most effective route to improving economic outcomes is through formal sector jobs, which pay regular—and generally higher—wages. They provide economic stability for families, allowing greater predictability and planning in other aspects of their lives.

In India only about 14 percent of the workforce has such a formal sector job. The story behind India’s lack of progress on higher-productivity job creation can be summed up in one graph. Figure illustrates how employment and GDP are split between the three major sectors of the economy. Agriculture possesses most of the labor force, but services produce most of the output. Industry ranks behind services in both categories, playing a relatively minor role in the economy. Clearly a re-alignment of the labor force toward more productive activities would yield large benefits.



Source: 68th Round of the National Sample Survey and National Accounts, Ministry of Statistics.

India holds big potential for poverty reduction through economic growth, but not without a major break from the status quo. The current trend will continue to leave most of the country behind.

<sup>3</sup> Documents available at <https://bakerinstitute.org/files/8588/>.

<sup>4</sup> [www.makeinindia.com](http://www.makeinindia.com)

<sup>5</sup> <https://bakerinstitute.org/files/8588/>.

## Connection of Social Transformation and “Make In India” Execution Plan

Today’s rich economies took a development path that transitioned from the dominance of agriculture to large-scale manufacturing for both employment and GDP. Only at higher levels of per-capita income did their service sectors come to dominate the economy, becoming post-industrial economies.

### *Land Acquisition And Make In India*

When we discuss about land acquisition then first question rise is that “Does the lapse of land acquisition bill means ‘make in India’ for manufacturing sector will never be a major success?”

Agricultural Census conducted by Government of India. The first elaborate Agricultural Census was conducted in the year 1970-71. Compare it with 2011 Agricultural Census.

### *Comparison<sup>6</sup>*

1970-71 Agricultural Census	2011 Agricultural Census
<b>Population of India</b> - 553,873,900 (553M)	<b>Population of India</b> - 1,221,156,319 (1.22B)
<b>Individual Holdings</b> - 71,011,000 (71M)	<b>Individual Holdings</b> - 138,348,461 (138M)
<b>Agricultural Area</b> - 162,138,000	<b>Agricultural Area</b> - 159,591,854
<b>Hectares</b> (162.1M Hectares)	<b>Hectares</b> (159M)
<b>Average Holding</b> - 2.28 Hectares	<b>Average Holding</b> - 1.16 Hectares

Although the population in 2011 is 2.2 times as that of 1970, the number of farmers increased only by 1.94 times of that of 1970. Another factor to consider is the shrink in agricultural area from 1970 to 2011 from 162.1M Hectares to 159M Hectares.

The agricultural productivity has increased from 0.8 tons of Wheat per hectare in 1948 to 6 tons of Wheat per hectare in 2000.

Having said that crop productivity is still lingering at 30%-60% for sustainable crops. This is due to lack of adequate support to farmers, lack of Infrastructure/roads/machinery for farmers to reach markets, lower water table etc. Agriculture in 1950 contributed 52.2% to India's GDP with Employment to 70% of the population while it is only 13.7% in 2015 still providing approx 50% employment. Considering all these statistics, the Industrialization may contribute 86% to India's GDP and agriculture only 13.7%, however Agriculture still provides employment to 50% people.

### *The problem*

To benefit the society as a whole we need to build large infrastructure projects such as lakes, dams, power plants, roads, factories, warehouses and so on. That is the only way out of poverty.

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<sup>6</sup> Source: - Census data base.

## Connection of Social Transformation and “Make In India” Execution Plan

There is not a single developed nation that climbed out of poverty without building industries. The question is how we get the lands to build those projects. Almost every piece of land is occupied. Thus, you need to acquire the land for these projects from someone. Given the highly fragment land ownership in India, you need to deal with not just 1 big land owner, but 1000s of small ones.

Remember, the only real way to get people out of poverty is by building industries.

Now, we have two choices:

1. Go ahead with the project by forcefully acquiring land from the minority of holdouts.
2. Abort the project and get back to poverty.

We have been doing #2 for a long time and have seen China & other countries jump past us. Almost every good economy has a policy for forcefully acquiring land.

*This is the decision to make In my opinion Land Bill is more a pain than gain.*

Ultimately we cannot have the cake and eat it too. Either we suffer in the current system with farmers dying everyday & get tortured in poverty or we do what every other successful country have done in the past - industrialization with a forceful land acquisition. According to the CAG report, about 50 percent of the land acquired remains unused, and only 170 out of total of 576 projects approved are operational"

### GST AND MAKE IN INDIA

*Why GST need in India?*<sup>7</sup> :-

To encourage investors to Make in India, it is necessary to establish an investor friendly environment to facilitate 'ease of doing business in India'.

The measures may range from simplicity in commencement of business through effective governance for transparency. The objectives are :

- i. to establish investor-friendly tax-environment
- ii. to increase in the degree of certainty for assessment under tax laws in India
- iii. to reduce cost of doing business in India
- iv. to facilitate ease in compliance procedures

### SALIENT FEATURES OF THE GST BILL<sup>8</sup>

1. The **Constitution (One Hundred and Twenty-second Amendment) Bill, 2014** has been passed in Lok Sabha on May 5th, 2015, but is pending in Rajya Sabha.
2. A new **Article 246A** is proposed which will confer simultaneous power to Union and State legislatures to legislate on GST.
3. A new **Article 279A** is proposed for the creation of a Goods & Services Tax Council (**GST Council**) which will be a joint forum of the Centre and the States.
4. The Centre would levy and collect the Integrated Goods and Services Tax (**IGST**) on all inter-State supply of goods and services. The tax collected would be divided between the Centre and the states in a manner to be provided by parliament, on the recommendations of the GST Council.

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<sup>7</sup>Based on An Insight of GST in India - The Institute of Cost Accountants of India  
icmai.in/icmai/Taxation/upload/GST-In-India-vol1.pdf

<sup>8</sup> ibid

## Connection of Social Transformation and “Make In India” Execution Plan

5. The bill will pave the way for the Centre to tax sale of goods and the states to tax provision of services.
6. Parliament may, by law, provide **compensation to states for any loss of revenue** from the introduction of GST, up to a five year period.
7. The bill proposes an **additional tax** not exceeding 1% on inter-state trade in goods, to be levied and collected by the Centre to compensate the states for two years, or as recommended by the GST Council, for losses resulting from implementing the GST.

### *Challenges after GST is passed!!*

1. Service sector may oppose because they have to register in every state with central and state government. So every business at all India level will have around 60 registrations while they are having just one today. Moreover their rates will also go up.
2. Retail business may oppose because their taxes will go up and they will also have to deal with Central Government now in addition to States.
3. GSTN may not work optimally for quite some time.
4. Dual control can increase harassment to businesses.

## THE CURRENT LABOUR POLICY REFORMS IN INDIA

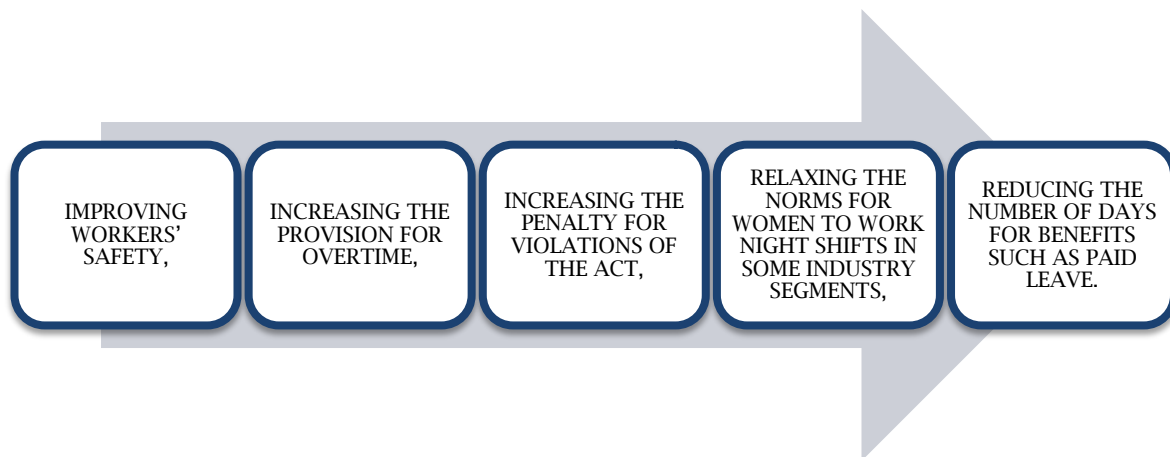
India has a jobs problem especially in manufacturing sector, millions too many families depend on low productivity agriculture for a living as a result.

The latest Government policy, “Make in India” campaign to “transform India into a global manufacturing hub” and thereby use manufacturing as a vehicle for job growth. For the success of “Make in India” is the ease of doing business should be given priority.

The Central Government is also seeking to reduce the so-called —Inspector Raj of clearances and approvals by introducing a single-window system for compliance with various labour laws so that companies can function without fear of being hauled up for minor infringements. There is too much of inspection, and industries are looked upon with suspicion.

### *The New Labour Code On Industrial Relations Bill, 2015*

The bill seeks for Amendments to the Factories Act centre on five proposed changes—



## Connection of Social Transformation and “Make In India” Execution Plan

The Bill seeks to allow women to work at night, provided their work places have sufficient amenities and ensure their safety; prosecution of factory owners to be commuted to penalties for minor offences; Doubling the provision of overtime from 50 hours a quarter to 100 hours in some cases, and from 75 hours to 125 hours per quarter in occupations related to public interest with the approval of state governments. The Government has drafted a bill to integrate three laws - Trade Unions Act, Industrial Disputes Act and Industrial Employment (Standing Orders) Act - into a single code for industrial relations i.e. the proposed Labour Code on Industrial Relations Bill, 2015.

The draft allows companies hiring up to 300 workers to lay them off without seeking official sanction. At present, industries hiring up to 100 workers are allowed to lay-off without permission. But to protect worker interest, the notice period for establishments to fire employees or shut down a unit has been proposed to be raised to three months from one month now. Also, retrenched workers will be paid an average salary of 45 days, three times the current 15 day limit. Even after 67 years of independence, only 7% of the Indian workforce is in the organized sector. If you want to give more financial and social security benefits like provident fund, medical care and insurance facility (to people), a bigger chunk of the labour market must be in the organized sector.

### CONCLUSION AND SUGGESTION

“Make in India” programme of the government provides excellent investment opportunities to the businesses which is expected to not only facilitate ease of doing business and increase industrial output but is also expected to generate employment opportunities and promote socio-economic growth and development of India. The operational problems faced by businesses and industry demand some common solutions. Removal of license requirements, reduction in number of stages for approval, removal of verification and cross verification process at each stage, introduction of self certification by individuals through Aadhar, PAN, Driving License and Voter ID are the steps that need to be taken by the government to facilitate starting a new business. Simplification and reduction of tax laws, earliest implementation of GST to remove multiple taxation and rationalization of tax system and Labour reforms will make laws simpler and more progressive to facilitate ease of doing business.

### *Acknowledgments*

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### *Conflict of Interests*

The author declared no conflict of interests.

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