

**SPEECH OF HON'BLE MINISTER OF LAW AND JUSTICE
AT THE "MAKE IN INDIA – MAKE IN KERALA SUMMIT"
ON 15TH JANUARY, 2016 AT KOCHI.**

Ladies and gentlemen,

It is my pleasure and privilege to be with you on the occasion of Make in India – Make in Kerala Summit organized by the Society for the Integrated Growth of Nation (SIGN), CII and various Departments of Government of Kerala. I am also happy that the inauguration of the Entrepreneurial Assistance Unit of Make in Kerala to support budding entrepreneurs in the State in filing applications for assistance with the Secretariat for Industrial Assistance (SIA) is also proposed during the event.

Progress of India and development of industries in India are more or less synonymous, because on the one hand industry contributes to GDP significantly and on the other hand, a lot of employment opportunities are generated in industrial sector. Following a grand vision of making India excel as a global Manufacturing Hub; our Prime Minister launched the "Make in India" programme, putting forth the various dimensions of the programme before the people.

Friends, you are aware that Make in India through the National Manufacturing Policy is by far the most comprehensive and significant policy initiative taken by the Government. This initiative recognizes the need to raise the global competitiveness of the Indian manufacturing sector addressing the areas of regulation,

infrastructure, skill development, technology, availability of finance, exit mechanism and other pertinent factors related to the growth of the manufacturing sector.

Our Government has aimed for an increase in manufacturing sector growth to 12-14% per annum over the medium term and an increase in the share of manufacturing in the country's Gross Domestic Product from 16% to 25% by 2022. This is likely to create 100 million additional jobs by 2022 in manufacturing sector. The policy also aims at creation of appropriate skill sets among rural migrants and the urban poor for inclusive growth. This is likely to be achieved through an increase in domestic value addition and technological depth in manufacturing while ensuring sustainability of growth, particularly with regard to environment. The initiative aims at high global quality standards and minimising the impact on the environment. In the words of Hon'ble Prime Minister - "Zero Defect, Zero Effect".

Friends, one of the major components of Make in India is to attract foreign companies to set up factories in India and invest in the country's infrastructure. Already 25 sectors like automobiles, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, railways, auto components, renewable energy, mining, bio-technology, and electronics have been identified. Our objective is to transform the economy from services-driven growth model to manufacturing driven growth.

The Government's liberalization and economic reforms program aims at rapid and substantial economic growth which is integrated with global economy in a harmonized manner. The

industrial policy reforms have reduced the industrial licensing requirements, removed restrictions on investment and expansion and facilitated easy access to foreign technology and foreign direct investment. With a view to encourage FDI, the Government has decided to allow 49% foreign direct investment (FDI) in the defence sector and 100% in railways infrastructure. Further, the ceiling for foreign investment in the Insurance sector has been raised from 26% to 49%.

The National Investment and Manufacturing Zones are being conceived as giant industrial greenfield townships to promote world-class manufacturing activities and to attract capital and technological investment. The work to free industries from license and control and to ensure transparency has been started at fast pace. The application for licences has been made available online. The validity of licenses has also been increased to 3 years. Various other norms and procedures have also been relaxed. Timelines are being defined for all clearances and the process of clearances by Central and State authorities shall be progressively web-enabled. Apart from this, the work of Industrial Corridor has started in all earnest. The Government's focus is on physical infrastructure creation as well as creating a digital network for making India a hub for global manufacturing of goods ranging from cars to software, satellites to submarines and paper to power.

The Government is starting a pilot scheme for enabling industries in the capital goods sector to be in line with the global competition. Five Centres of Excellence for technology development at IITs, one Integrated Industrial Infrastructure Facilities Park for

Machine Tools, two Common Engineering Facilities Centres, two Testing and Certification for construction equipment and earthmoving machinery centre are being set up.

A Secretariat for Industrial Assistance (SIA) has been set up by the Government of India in the Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce & Industry to provide a single window for entrepreneurial assistance and investor facilitation. You are aware of the activities of the Entrepreneurial Assistance Unit of SIA which shall not only receive all papers/applications related to industrial approvals, but also attend to enquiries and furnishes clarifications and arranges meetings with nodal officers in concerned Ministries/Organizations.

To cope with the increased demand for skilled manpower after capital and technical investment in capital goods industry, Capital Goods Skills Development Council is making a comprehensive plan under which components like skill gap identification, standardization of occupational standards, identification of master trainers, training for trainers and third party certification etc. are being finalized.

In order to make India a manufacturing hub, the Hon'ble Prime Minister promised effective and easy governance to help achieve high growth and creation of jobs. The mantra of our Government has always been good governance and economic development. The good governance comes out from the strong commitment of the Government where all commitments are made with its people as central focus. The institutional arrangements required for the implementation should encourage involvement of people in the entire decision making process. The need of hour is to have

decentralized process of planning, implementation and monitoring of the programme and projects.

The World Bank Doing Business Report has placed India very low on the ease of doing business index. Improving India's ranking has been a focus area of the Government. We have already made significant improvements in two indicators, 'starting a business' and 'getting electricity,' which has pushed India up the ladder. Several other initiatives to simplify the start-up process are still ongoing. Government's efforts have already earned praise from the World Bank Global Indicators Group, which published the report.

Friends, a number of initiatives have been taken by NDA Government in recent past. My Ministry has also been proudly associated with the grand initiative. Identifying the need to resort to Alternative Dispute Resolution (ADR) mechanisms like arbitration for settling commercial disputes, Government has already undertaken amendments in Arbitration and Conciliation Act, 1996. This will help to conclude arbitration proceedings within 12 months with option to fast track, reduce appeals against awards and also facilitate quick implementation. Similarly, for a quick, cost effective and fair settlement of commercial disputes over Rs. 1 crore, Commercial Courts, Commercial Division and Commercial Appellate Division in High Courts have been established. The Government is strongly committed to simplify legal procedures, weeding out redundant laws and significantly reducing Government litigation. We are working towards process re-engineering by High Courts to simplify procedures.

While much of the focus is on how India can emerge as a hub of “manufacturing”, there must be discussion about developing “products” and “global brands”. Product centric innovation, development and sales is the key for creating higher value and drive demand for healthy manufacturing. India may be a leader in Service companies like TCS, Infosys but lacks the same stature in manufacturing companies. I am of the view that Make in India should not be just about “manufacturing” but emphasis should also be on building “products” and “global brands” through component, device, system and software level innovations.

For thousands of years, India has been known for its great inventions and discoveries in the areas of agriculture, mathematics, sciences, medicine, infrastructure, transportation and military. Somehow, India lost its way over the last few centuries. It is time for India to rise up and innovate again at global scale. India is home to millions of brilliant minds, who contribute their innovations to create value for many multinational companies. It is high time for India to create IBM or Intel or Microsoft or Google or Boeings of the world leveraging its huge talent and market.

Easier said than done. There are many challenges in achieving this goal. India fundamentally lacks robust innovation infrastructure in terms of social appreciation for entrepreneurship, availability of risk capital, market maturity and conducive Government policies. The idea of building or funding a company for 3 or 5 or 10 years without revenues and profitability is still a foreign concept for most of the entrepreneurs and investors in India. There is need for developing domestic venture capital industry to fund innovations, which are of relevance to the developing world.

At the same time, we must realize that the world is looking at India as the next big opportunity for growth, particularly in technology-related business. India must take advantage of this. The task is huge; the challenges are many. But we also know that we will not reach new destinations without taking new roads. So, we have the opportunity to shape new path now. And, we have the talent, enterprise and skills to succeed.

Dear friends, once again, it is a privilege for me to be a part of deliberations at this Convention. I sincerely hope that the Convention shall come out with useful suggestions on ease of doing business in India. I profusely thank the organizers for giving me an opportunity to be with all of you on this occasion.

Thank you.