

1. Success of the 'Make-in-India' initiative would depend on the ability to attract investments - both domestic and foreign - into the sector. In this context elaborate the major challenges faced by Make in India initiative and also suggest some measures to overcome these challenges. (150 Words)

Answer:

- Make in India was launched in Sept 2014 to offer red carpet to investors from India and abroad to invest in India and make the country a manufacturing hub.
- It was launched because without focusing on manufacturing sector i.e. industrialization, India can't sustain 7%+ growth; Job creation; Increasing Exports; and cannot attract FDI.
- Challenges in attracting investment are:
 - a. Problems in India –**
 - i. Tax terrorism – Unfriendly tax regimes. One Vodafone case is enough to make overseas investors shy away; non-implementation of GST
 - ii. Infrastructural constraints i.e. poor transportation, electricity
 - iii. Archaic labor laws – Have proved a strong deterrent for any overseas company to set shop in India.
 - iv. Land acquisition problem couple with environmental problem
 - v. No fast track approvals i.e. red tapism, no single window clearance
 - vi. Difficulty of exit,
 - vii. Lack of skill – Acc. to eco survey 2014-5, only 2% of workers have any formal skill training.
 - b. Investing countries side reasons –**
 - i. Developed countries are also realizing how crucial local manufacturing is to jobs, so there is an attempt to reverse outsourcing and revive local manufacturing.
 - ii. European countries are investing less due to euro crisis
- These challenges can be overcome by:
 - a) Increasing FDI cap (recently FDI cap increase in railways to 100%; In defense to 49%; In insurance to 49%)
 - b) 'Invest India' cell has been set up by government to act as a first reference point for guiding investors with respect to regulatory & policy issues and to assist in getting license
 - c) Home ministry has been asked to give all security proposals to investment within 3 months.
 - d) States and central department has taken steps to simplify & rationalize environment like online filing of tax return, etc
 - e) Labor reforms undertaken partially; more in the pipeline.
 - f) Proper implementation of Skill India mission.

PRACTICE QUESTIONS

Answer the following Questions

1. UN Peacekeeping requires reforms to ensure its increased effectiveness and appropriate use in future. Analyse. (150 words)
2. Discuss the progress and hurdles in achieving the objectives of India's Connect Central Asia policy. Also suggest measures to overcome these hurdles. (150 words)

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