

## Make in India will attract FDI; increase forex reserves



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V. Anbu,  
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Manufacturing sector is undergoing changes. Global investors are eyeing India keenly. V. Anbu, Director General, IMTMA explains the key developments that are contributing to this change in outlook.

### A step in the right direction

International crude oil prices have crashed. Crude oil is trading around \$35 a barrel in international markets. India is one of the beneficiaries of the fall in crude oil prices. The fall in prices has led to savings on imports giving industries which use oil and its derivatives a fresh lease of life. Auto, paint, aviation, fast moving consumer goods companies are taking advantage of this.

India in addition to being one of the fastest growing economies in the world is also witnessing a low capital account and low fiscal deficit and low inflation. It has been able to reduce fiscal deficit while increasing capital expenditure.

Data from the Reserve Bank of India states that Foreign Direct Investment (FDI) flows into India for April 2015 to February 2016 recorded an increase to \$42 billion as against \$33 billion for the corresponding period a year ago.


The industry focus on "Make in India" will further increase FDI and create more foreign exchange reserves. Opening up of the Indian economy to usher in FDI in sectors such as insurance, railways, defence among others have helped bringing in certainty for foreign investors willing to pump in money for various projects. India is also taking steps in the right direction to make taxation systems as per prevailing global standards.

After several years India brought forth a budget that was rural specific. There is a paradigm shift towards empowering the farm sector, rural and semi-

urban areas, small enterprises, and underprivileged. Allocation of funds for rural development under the Mahatma Gandhi National Rural Employment Guarantee Scheme will enhance domestic consumption, increase industrial production and enhance manufacturing.

The Union Budget has also given thrust for skill development as well as start-ups. Setting up of National Board of Skill Development Certification in partnership with industry and academia will ensure availability of skilled manpower for the manufacturing industry. Tax exemption for small business units with a turnover of up to ₹ 2 crore and 100 per cent deduction of profits for 3 out of 5 years for start-ups set up during 2016 to 2019 will provide stimulus for business expansion.

### IMTMA' "Make in India" initiatives

IMTMA organises its flagship IMTEX and IMTEX FORMING exhibitions to help the Indian machine tool industry cement business relationships with overseas market. By organising regional machine tool expos in Delhi, Ahmedabad and Pune IMTMA caters to the various requirements of medium and small enterprises based in the many Tier 2 and Tier 3 cities of India. IMTMA by imparting hands-on training in metal cutting and metal forming technology at its Technology Centres in Pune, Bengaluru and Gurgaon enhances the skill development of fresh engineers and new recruits to make them industry ready. After sustained advocacy with the Government of India, IMTMA was able to achieve the creation of an Advanced Centre of Excellence for R&D and Technology Development with IIT Madras. The development will strengthen the capability of the machine tool sector and increase its market share for "Made in India" in the home market. 

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