

Make in India : Dream To Reality

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Abstract

The 'demographic dividend' is India's strongest asset. Sixty five per cent of the population of country is below 35 years of age making us a youthful and energetic developing economy having the leverage in fast changing international market place. Make in India is a national program which has been designed to encourage MNCs as well as domestic companies to manufacture their products in India with a main focus to attract capital and technology. The initiative of Make in India aims at identifying domestic companies having leadership in innovation and new technology for turning them into global champions. The focus will be on promoting green and advanced manufacturing and helping these companies to become an important part of the global value chain.

This paper is intended to explore vision, awareness and impact of the make in India initiative in meeting the challenges of the new millennium. Finally paper will come out with some suggestions for policy makers.

Keywords: Demographic Advantage, BRICS , Skilled Labour, Foreign Investment.

Introduction

Make in India is a major new national program designed to facilitate investment, foster innovation, enhance skill-development, protect intellectual property and build best-in-class manufacturing infrastructure. It was a timely response to a critical situation because by 2013, the much-hyped emerging markets bubble burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRICS nations had faded, and India was tagged as one of the so-called Fragile Five. Global investors debated whether the world's largest democracy was a risk or an opportunity. India's 1.2 billion citizens questioned whether India was too big to succeed or too big to fail. India was on the brink of severe economic failure.

This program has been built on layers of collaborative efforts. Make in India is basically meant to encourage multinational as well as domestic companies to manufacture their products in India with an emphasis to attract capital and technological investment in the country. The major objective behind the initiative is the focus on job creation and skill enhancement aiming at high quality standards and minimizing the impact on the environment. The logo of Make in India initiative is a lion which represents India's glorious past. The lion is made up of an iron cage which represents the industry. This initiative of the Government of India, is to encourage companies to manufacture their products in India. The 'Make in India' initiative aims at identifying domestic companies having leadership in innovation and new technology for turning them into global champions. The focus will be on promoting green and advanced manufacturing and helping these companies to become an important part of the global value chain. It also aims at making India a manufacturing hub, and the government is pulling out all the stops for ensuring a smooth sailing for investors, by setting up a dedicated cell to answer queries of business entities within 72 hours.

It will also closely monitor all regulatory processes to make them simple and reduce the burden of compliance. India has a huge pool of talented youth, 65 per cent of India's 1.2 billion populations are under the age of 35. In the next decade, India is expected to have the largest available workforce in the world. But if the country cannot create jobs for its youth, the demographic advantage would be wasted. In the last five to six years we have had jobless growth and consumption. That is unsustainable. We have only created 2 million jobs every year, but 12 million youth are coming to the job market every year. Obviously it is a recipe for disaster if we allow it to continue. So, there is need to focus on manufacturing sector.

Idea of Make in India.

The idea of make in India is quite simple and transparent, yet revolutionary. We assume and believe that India is one of the best

global markets and as such, India needs to create more and more job opportunities to bring about a sea change in the ways and means of development. There is no doubt that this is a campaign not driven by any overwhelming political agenda as the policies will not only give instant boost to the Indian Economy but will also help in generating employment for the underprivileged & poor people in India, increasing their purchasing power and enabling them to improve their living standards.

Make in India is a good initiative but it depends a lot on which state we are looking at certain states in India such as Gujarat, Madhya Pradesh and Chhattisgarh have made greater strides than others. This needs to be taken into account, considering that Make in India is a central government initiative, from an electronics industry point of view, the campaign is a strategic initiative. Some companies depend too much on imports for parts, which can be minimized. But things are definitely improving. For example in Maharashtra, we required 50 to 60 permissions before going ahead with anything. Now the number has dropped to ten or twelve. This program has an ambitious vision but there are a few obstacles that stand in its way and foremost among them are inadequate infrastructure and manpower. In the last decade, the country's growth was mainly driven by the service sector and manufacturing had taken a backseat. This has resulted in engineers from the best engineering colleges and managers from the best management institutes joining the service sector and not manufacturing. The country on one hand stopped producing skilled technicians, but on the other, is flooded with unemployable university graduates. Moreover the typical roadblocks would be difficulty in setting up business, unfavorable policies like retrospective tax, delay in project set up, litigations related to land, poor infrastructure, and a lack of available skills. The industry should invest in developing skills and research on technology, set-up plants in rural belts, work with local government to improve infrastructure, acclimatize villages, schools and colleges as part of their CSR to impart quality education in rural areas. The few measures in the form of reforms that we need to take like labour reforms, make good infrastructure available, reduce red tape for clearances, build the required skills in the workforce and offer strong vocational training and skill-building, invest in R&D; create world-class quality, achieve mastery in technological advancements and develop research-oriented curriculums.

The Government has identified 25 key sectors in which our country has the potential of becoming a world leader. The sectors like automobiles, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways among others will provide details of growth drivers, investment opportunities, sector specific FDI and other policies and related agencies. The major objective behind the plan is to focus on 25 sectors of the economy for job creation and skill enhancement. The proposal hopes to increase GDP growth and tax revenue. The plan also aims at high quality standards and minimizing the impact on the

environment. The project tries to attract capital and technological investment in India.

According to the World Bank report of 2013 India is ranked 132nd out of 185 economies in doing Business. India's restrictions on foreign equity ownership are greater than the average of the countries covered by the investing across sectors indicators in the South Asia region and of the BRIC (Brazil, Russian Federation, India, and China) countries. India imposes restrictions on foreign equity ownership in many sectors, and in particular in the service industries. Sectors such as railway freight transportation and forestry are dominated by public monopolies and are closed to foreign equity participation. With the exception of certain activities specified by law, foreign ownership in the agriculture sector is also not allowed. These restrictions need to be eased for making India better place for doing business. Creating healthy business environment and getting procedural and regulatory clearances easy is one of the biggest challenges for "Make in India" campaign a success.

For this to be a success, the government has also announced in the last one year several measures to improve the business environment by easing processes to do business in the country and attract foreign investments. Considering the speed at which the government is operating, and the level of intellect and aesthetics that is brought to the table, it has made the private sector look really backward says the executive creative director of the Agency which bagged the 'Make in India' campaign. Now, 100 per cent FDI is permitted in all the above sectors except for space (74%), defense (49%) and news media (26%). An investor facilitation cell (IIC) set up by the government will act as the first reference point for guiding foreign investors. The Ministry of Home Affairs has been asked to give all security clearance to investment proposals within three months. The answers for business queries can be obtained through a web portal (<http://www.makeinindia.com>)

India As Technology Leader

Instead of following a technology introduced by some other country, India can turn into a technology leader. Small and tiny units not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. There are plenty of opportunities and it is for the individuals to cash in on the situation. It is mistaken that only big or large-scale units can make it to the top. Micro or Small units are found in every section of the economy and play a vital role. They are regarded as one of the main driving forces of economic development, stimulating private ownership and entrepreneurial skills. They generally employ the largest percentage of the workforce and are responsible for income generation opportunities. Small and Medium Enterprises are critical to the economies of all countries. They are the engine of growth for any economy. The importance of small and medium industries will become more significant as the country expands its industrial base in meeting the challenges of the new millennium.

Objectives of the Study

1. To study the vision, awareness and impact of the make in India initiative in meeting the challenges of the new millennium.

2. To give suggestions for policy makers to make India as global manufacturing hub for all around development.

Methodology

The study is based upon the secondary data collected from different sources; mainly, Economic Survey of India, Reports of National Sample Survey Organization of India etc. The data has been tabulated suitably. The results have been accordingly interpreted and on the basis of analysis and findings, measures have been suggested.

Recommendations and Discussion

To start a movement, you need a strategy that inspires, empowers and enables in equal measure. Make in India needed a different kind of campaign: instead of the typical statistics-laden newspaper advertisements, this exercise required messaging that was informative, well-packaged and most importantly, credible. It had to inspire confidence in India's capabilities amongst potential partners abroad, the Indian business community and citizens at large, provide a framework for a vast amount of technical information on 25 industry sectors and reach out to a vast local and global audience via social media and constantly keep them updated about opportunities, reforms, etc.

Global Manufacturing Hub

India is a country rich in natural resources. Labour is aplenty and skilled labour is easily available given the high rates of unemployment among the educated class of the country. With Asia developing as the outsourcing hub of the world, India is soon becoming the preferred manufacturing destination of most investors across the globe. Make in India is the Indian government's effort to harness this demand and boost the Indian economy. This is essential to build a competitive advantage in Indian manufacturing. It will certainly be refreshing to see the 'made in India' label on every product on the shelf, for the consumers and professionals in the manufacturing industry.

The Government of India is developing the Delhi-Mumbai Industrial Corridor (DMIC) as a global manufacturing and an investment destination utilizing the 1,483 km-long, high-capacity western Dedicated Railway Freight Corridor (DFC) as the backbone.

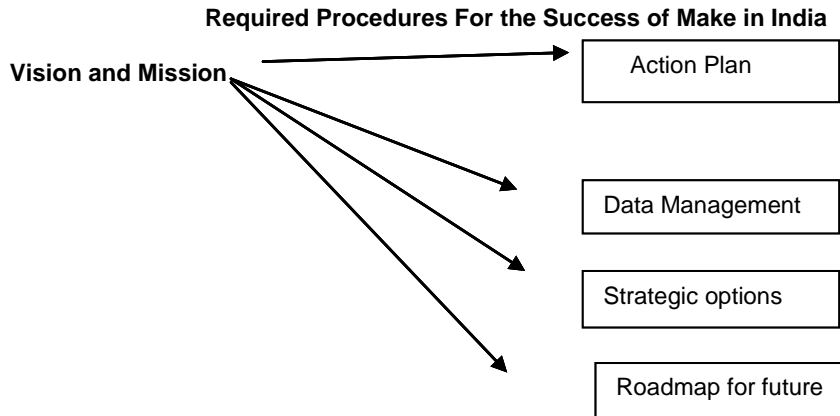
In addition to this to make India as Global manufacturing hub our foreign investment policy on efficient and competitive domestic manufacturing will serve multiple objectives. First and foremost, it will enhance job opportunities within the country; second, it will minimize the imports of such products into the country, thereby mitigating the pressure on our trade deficit; third, in the long run, if not in the near-term, it will help augment and diversify our exports from the manufacturing sector; fourth, it will help in bringing latest technologies into the country and lastly, such domestic manufacturing will help to minimize some of the trade frictions which we have with other countries. Because presently it is ignored and underestimated. Moreover, the focus on world-class domestic manufacturing may also be the best way to cope with

globalization and to maximize the possible benefits from it. The size of our domestic market and the abundant availability of skilled and technical manpower at low cost is a leverage that we need to put to use consciously to induce foreign investors to make India as a manufacturing hub in their operations. If there is one lesson we can learn from the Chinese, it is how the size of the domestic market and the availability of skilled and disciplined manpower could be put to effective use for the industrial and technological development of the country with foreign investment.

It is, however, in the translation of the policy into practice that concerted action is needed on several fronts. First, it is of paramount importance that the foreign investment, foreign trade and intellectual property rights (IPR) policies are viewed in a holistic manner to ensure that they mutually reinforce each other in achieving the policy objective of world-class domestic manufacturing. Second, with respect to the broad contours of the foreign investment policy, it needs to be remembered that investment opportunities, as reflected by our large domestic market and low-cost skilled and unskilled manpower, may be a necessary, but not a sufficient condition, to induce foreign investors to come to India with their capital and technology. The congeniality of the investment climate or environment, as reflected in the stability of the policies and the rules as well as the conditions attached to the approval of the investments, is even more important to assure foreign investors of fair and non-discriminatory treatment. The major disadvantage of Make in India is that the India ranks low on the ease of doing business index. Labour laws in the country are still not conducive to the Make in India campaign. This is one of the universally noted disadvantages of manufacturing and investing in India

Impact of the Make in India Initiative

Between September 2014 and November 2015, the government of India received Rs. 1.20 lakh crores worth of proposals from companies interested in manufacturing electronics in India. 24.8 per cent of smart phones shipped in the country in April-June quarter of the previous year were made in India. This percentage was up from 19.9 per cent of the previous year. Foreign Direct Investment (FDI) between October 2014 and May 2015 was up by 40 per cent to \$23.7 billion from the same period a year earlier. Net investment by Foreign Institutional Investors (FIIs) or simply the money coming through financial markets was \$40.92 in the last fiscal March 31, 2015. This amount is seven times more as in the previous year. The industrial production is also on the rise. A report of Ministry of Labour and Employment for July-December 2014 on changes in employment in selected cities came up with an interesting finding. It revealed that employment generation has increased 118 per cent as 2.75 lakh jobs were created between July and December 2014. During the same period in 2013, only 1.26 lakh jobs were created. Analysis perceives this exponential increase as a strong indication that the Make in India initiative is working and has brought in a positive change in employment scenario.



Manufacturing currently contributes just over 15 per cent to the national GDP. The aim of this campaign is to grow this to a 25 per cent contribution as seen with other developing nations of Asia. In the process, the government expects to generate jobs, attract much foreign direct investment, and transform India into a manufacturing hub preferred around the globe. The basic requirement for sound strategic planning for the development of economy is to formulate an action plan, data management, roadmap of future, strategic options, to achieve long-term objectives of an economic growth which are derived from its vision and mission. The economy needs to clearly identify their value drivers and develop appropriate metrics. Management by matrices provides the right roadmap for strategy, implementation for most Indian industries. The firms need to acquire the skills to develop the key performance indicators, their measurements and setting realistic but stretchable targets. Quality, cost, schedule, safety, management, delivery, timeliness and security are some of the key that are directly tied to a firm's mission. Economy must demonstrate the necessary commitment, capability and discipline to generate, preserve and analyse data essential for continuous monitoring of their strategy implementation process. This process also has to be blended with a creative component. The important component for economic growth as foreign investment should be on the positive aspects of what is produced in India, with what kind of technology and skills, how efficiently and competitively it is produced, and whether it is of world-class standards, and not on negative aspects such as ownership and control, enterprise-specific performance requirements, or other conditions that interfere with the internal commercial decisions of the enterprises. One other aspect that does not fall within the ambit of the aforesaid policies, but which is crucial to competitive domestic manufacturing needs to be touched upon here. Among the major reasons for our domestic industry being competitively disadvantaged vis-a-vis the rest of the world, two stands out prominently: first, the inadequacy and poor quality of our infrastructure and second, the high cost of our capital. While protection and subsidization is not the solution, this huge disadvantage faced by the domestic industry requires to be addressed with priority and ways and means found to mitigate it.

Competitive Environment

The best way to ensure that foreign investment is of a high quality and yields value to the country is to have a policy framework that requires it to operate in an unprotected, open and competitive environment, and not behind high tariff walls or import restrictions, nor with the aid of subsidies. With respect to the contours of the foreign trade policy, it is by and large confined now to dealing with exports and imports compartmentally, encouragement of exports with various kinds of subsidies, curtailment of imports by high tariffs, and other so-called trade remedy measures like anti-dumping or countervailing duties. Encouragement of domestic manufacturing of world-class standards, either by domestic or foreign investors or both, has not been a major objective of our foreign trade policy so far. Our foreign trade policy must recognize that encouragement of domestic manufacturing of world-class standards, catering solely even to our own market, is a preferable alternative to protection and subsidization through high tariffs, trade remedy measures and financial give aways. Rather, the policy must encourage freer imports of capital goods, industrial raw materials, components, tools and devices, as well as technology-laden imports, with a view to upgrading the quality and competitiveness of our domestic manufacturing. The importance of the protection of intellectual property rights (IPRs) in the scheme of attracting foreign investment and establishing high quality domestic manufacturing must not be overlooked.

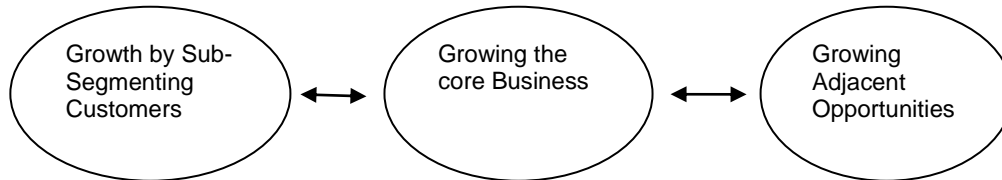
The world is fast changing, with a rebalancing of manufacturing weight across the developed and Developing Economics. China, with its rising wages and increasing cost of production, is fast losing its cost advantage. Russia too is facing challenges in maintain its competitiveness, with rising wages, increasing factor costs, and geo-political issues. The US and Mexico, on the other hand, are reclaiming their share of the global manufacturing pie on the back of declining factor costs and rising productivity. India, in this competitive global environment, is starting from a position that is far from advantageous. India's manufacturing sector, with a 15 per cent share of overall GDP, compares poorly with peers like Malaysia, Thailand and Indonesia. India also suffers from some critical drawbacks like a lack of an enabling infrastructure, poor perception of India in terms of ease of doing business, and a lack of

proven ability to compete at a global scale. At the same time India's long term prospects remain intact, with its core strength of human resource, a strong base of entrepreneurs, and a robust and growing domestic demand.

Customer Centric Strategies

Many times industry fails to achieve their desired growth targets in revenue and profitability.

Creating Customer-Focused Strategies



A systematic framework composed of three strategies for growth a) Growth by Sub- Segmenting Customers b) Growing the core Business c) Growing Adjacent Opportunities. The process of identifying profitable growth opportunities most often begins with the core business, that is, the products, services, customers, channels and geographic areas that generate the largest proportion of revenue and profits. Growth by Sub-Segmenting Customers means to discover underserved customer groups and hidden growth opportunities through customers needs and preferences. A third customer- focused strategy is to enter businesses that have strong strategic links to the core – adjacent businesses. This is a particularly appealing alternative when the core business is approaching its full potential, operates efficiently and generates surplus cash for reinvestment. It is also an important option when it is clear that the core's future growth potential is weak.

Moreover a supportive infrastructure includes organization capabilities that are valued by customers, a management performance system and Strong leadership practices at every level of the organization, for example, a firm may have the capability to successfully entering new markets, create excellent new products or services which appeal to customers, and provide an outstanding level of customer services. It's widely accepted that an organization's success is rooted in its competitive-edge and, organizational Capabilities.

Zero Defect Zero Effect

Industrialization cannot be achieved by compromising environmental standards. Already the unplanned growth of industries has taken us to a stage just short of a catastrophe. The slogan 'Zero Defect Zero Effect' signifies production mechanism wherein products have no defects and the process through which product is made has zero adverse environmental and ecological effects. It also aims to prevent products developed in India from being rejected by the global market. By this we are also developing Brand India globally.

Challenges That The 'Make in India' Could Face

1. Creating healthy business environment will be possible only when the administrative machinery is efficient and resourceful.
2. A business- friendly environment will only be created if India can signal easier approval of

There are two major reasons the one is inadequate consideration of opportunities within the core business, adjacent to the core business or within new customer sub- segments. Secondly an organizational infrastructure that cannot support successful execution. However, the organizer can do certain things to improve the chances for success.

projects and set up hassle-free clearance mechanism.

3. India should also be ready to tackle elements that adversely affect competitiveness of manufacturing.
4. To make the country a manufacturing hub the unfavorable factors must be removed.
5. India should also be ready to give tax concessions to companies who come and set up unit in the country.
6. India should be more focused towards novelty and innovation for small and medium-sized industries. The government has to chart out plans to give special sops and privileges to these sectors.
7. India's make in Indian campaign will be constantly compared with China's 'Made in China' campaign. India should constantly keep up its strength so as to outpace China's supremacy in the manufacturing sector.
8. India must also encourage high-tech imports; research and development (R&D) to upgrade 'Make in India' give edge-to-edge competition to the Chinese counterpart's campaign. The government must ensure that it provides platform for such research and development.

Conclusion and Suggestions

Today, India's credibility is stronger than ever. There is visible momentum, energy and optimism. Make in India is opening investment doors. Multiple enterprises are adopting its mantra. The world's largest democracy is well on its way to becoming the world's most powerful economy. The 'Make in India' campaign seems to have come at perfect time. Many giant foreign companies have already expressed their interest in setting up manufacturing facility in India. India's small and medium-sized industries can play a big role in making the country take the next big leap in manufacturing. India should be more focused towards novelty and innovation for these sectors. The government has to chart out plans to give special sops and privileges to these sectors Financial as well as regulatory support must be provided to labours. The government plans to introduce a single labour law for small industries. The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing

integration into the global economy. The Indian economy has the potential to become the world's 3rd-largest economy by the next decade, and one of the economies by mid-century.

India must increase manufacturing and at the same time ensure that the benefits reach the youth of our nation. A boost to manufacturing will create jobs, increase purchasing power and create a larger market for manufacturers. India has a huge pool of talented people; because of this talent India was able to send the indigenously-built Mangalyaan to the orbit of Mars. For manufacturing sector, responsibilities have been fixed, road map has been prepared, required changes in policies have been decided. So, now there is not any requirement for paperwork and things will be implemented automatically. The ABCD culture should be changed and avoid bypass, confuse, delay to the road to success. Moreover responsibility, ownership, accountability, discipline, has to be adopted for the success of Make in India.

The need of the hour for a globally recognized Brand India that would be renowned for "zero defect, zero effect", or free from manufacturing defects and having no adverse impact on the environment. To achieve these targets maximum movement of men, money, machinery, materials and minerals across the country is coining another acronym.

India is a country rich in natural resources. Labour is no problem and given the high rates of unemployment among the educated class of the country. From being labled as a country of snake charmers and where black magic is practiced, we are now a country with the largest youth population. But, this demographic dividend has another dimension too. Over the next decade, India has to create gainful employment opportunities for a large section of its population with varying degrees of skill and qualification. This will entail creation of 220 million jobs in 2025 in order to reap the demographic dividend. The make in India initiative beyond any doubt has all the potential to create jobs and to transform the country into a global manufacturing hub. When employment increases, the purchasing power of the common man increases that in turn reduces poverty.

But with all this to happen, we have to reduce considerably all the uncertainties. The availability of adequate power is of utmost importance. It is required for our entire infrastructure like ports, railways, roads, airports etc. Our ailing infrastructure scenario and defunct logistics facilities also pose a big hindrance for the country to achieve an elite status as a global manufacturing hub. Coupled with it are our archaic labour laws, and the lethargic bureaucracy. Remember we are ranked 142 in the ease of doing business.. Labour laws in the country are still not conducive. Skill development is another area of concern. Unlike in Korea, Japan and Germany which have about 80% of skilled population, only 12% of the population in India is skilled. The present government has already created a Ministry of Entrepreneurship to boost job creation in the country which aims to train and develop 12 lakh youth who enter job market every year. The labour reforms and policy reforms which are

fundamental to the economic growth have to be implemented properly.

All this is a tip of the iceberg. Much more is to come from this noble initiative which is presently at very initial stage but has created ripples all over the globe. Make in India is an ambitious project. Make in India is not a slogan but a mission to be accomplished by a single minded commitment about new processes. Moreover to make India a manufacturing superpower, we have to change laws, rules system, and development of human resources ,universities, institutions and industry to work together to make India a country of skilled people. It would not be wrong to say that India and even the entire world is seeing a hope for change in India under the leadership of Prime Minister Narendra Modi who is regarded as a dynamic, hard working, able and a very assertive leader.

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