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Make in India and Its Strength to Become India a Manufacturing Hub

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Abstract: India need to identify the steps being taken to give more financial powers to states, increased investment on infrastructure, emphasis on manufacturing which enables to open the door for investment. When both domestic and international investors come in, the next step is to develop a system in which investing in India itself becomes more attractive. Moreover India is looking for employment to a vast number of people in rural areas. To be concise, the Make in India campaign wants to increase the contribution of the Manufacturing sector to the overall GDP of the country. India's GDP in 2013 had 56.9 percent contribution by the services sector while Manufacturing contributed only 15 percent. Manufacturing is the way to go for addressing the long term employment rate. Make in India is an initiative of the Government of India, to encourage companies to manufacture their products in India. It was launched by our Prime Minister, Narendra Modi on 25 September 2014. Our Prime Minister had hinted towards the initiative in his Independence Day speech of 15 August 2014. On 29 December 2014, a workshop was organized by the Department of Industrial Policy and Promotion which was attended by our Prime Minister, his cabinet ministers, chief secretaries of states and various industry leaders. This paper is going to describe how Make in India is positive for marketers in terms of economy.

Keywords: Make in India, Manufacturing, Employment Generation, Development, Opportunities, Challenges

I. INTRODUCTION

The manufacturing sector is crucial for employment generation and development of any country's economy. In order to boost employment generation in the manufacturing sector, we need to provide specialized training to the employees. Small and medium enterprises and micro small and medium enterprises account for 90 percent of the total industrial activity in India and play a vital role in boosting employment generation. The manufacturing sector would need to play a crucial role for India to achieve its goal of employment generation. There is a need for strong commitment between the government and the industry to encourage high growth and employment generation. Undoubtedly, India is known for its services exports, but many doubt its ability to export manufactures and that is the perception which our Prime Minister Narendra Modi plans to change. Our Prime Minister rolled out a red carpet to industrialists, both domestic and international, inviting them to make India a manufacturing hub that will help boost jobs and growth. The campaign is aimed 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. We should manufacture goods in such a way that they carry zero defects, so that our exported goods are never returned to us. Our prime minister said in his speech on Independence Day We should manufacture goods with zero effect that they should not have a negative impact on the environment. All this will auger well for the economy and the markets as it will help in boosting growth, in job creation and revival of investment cycle in Asia's third largest economy. This paper explores the opportunities and challenges of Make in India for Indigenous as well as foreign investors.

II. CHALLENGES BEHIND MANUFACTURING SECTOR

The government will select domestic companies having leadership in innovation and new technology. The idea is to turn these into global champions and promote green and advanced manufacturing and help these companies to integrate into global value chain. The prime minister has declared his goal of "Make in India" with "zero defects" (quality) and "zero effect" (on the environment). India's manufacturing has been a puzzle. Since the late 1970s, even as its peers in East Asia have greatly diversified into manufacturing, the sector's share has stagnated at around 15 per cent of the GDP. It is not that past governments have not tried to revive manufacturing. For decades now, not just the Centre, the states too have had an industrial policy. The revival of our stagnant manufacturing sector is arguably the biggest economic challenge India is facing. Unfortunately, the problem is complex and intractable, demanding several, often diffuse, sets of solutions. Infrastructure tops the list of most surveys on doing business in India. In particular, chronic deficiencies in transportation and power impose prohibitive costs and lower business competitiveness. Multiple enterprise surveys have identified

electricity as the biggest constraint. Further, India lags behind on every measure of transport connectivity. Though there have been considerable recent successes spurred by private participation, much needs to be done. Credit access for small and medium enterprises (SMEs) is a concern even in developed economies. Interestingly, among the ten parameters in the World Bank's Doing Business Survey (DBS), India scores best on access to credit, better than its emerging market peers. Other surveys also confirm this. The more important concern would be the undoubted difficulties faced by informal firms in accessing credit. But then, this is more a matter of informality than access to credit. Scarcity of land and skilled labour have already started troubling businesses, though it is difficult to describe them as binding constraints. In India there are about 70 per cent of the workforce is educated up to the primary level or lower and though only 10 per cent has received some skill training is likely to emerge as a constraint in the days ahead. Moreover businesses are unable to hire skilled workers at affordable wages. High taxes erode business competitiveness. It also discourages expansion of small business, a major source of job creation, reflected in the "missing middle" of India's firm-size distribution. While many of these transactions can be eased by simplifying the regulations concerned, their implementation would run into state capability and related governance problems. Apart from all these, sound macroeconomic policies are necessary to create a low-inflation, low-interest rate and high-growth environment that is essential for the country's global manufacturing competitiveness. Finally labour taxes, infrastructure, and the business environment appear to be binding constraints on the revival of India's manufacturing sector. However, given the huge size and vast diversity of the country, a diagnostic for each state may be a more prudent strategy. In any case, instead of big-bang reforms, sustained efforts in multiple directions, which cumulatively generate large effects, are required to relax these constraints so that we can realize the goal of making in India. India's next step should be to achieve higher growth and to do that foreign direct investment (FDI) is a top priority. It seeks investment in several industries, including manufacturing, construction, telecommunications and financial services. 'Make in India' or 'Invest India' campaign will be the first reference point to guide foreign investors. It will provide help on regulatory and policy issues, and assist in obtaining regulatory clearances. The government has identified 25 sectors where India can become world leader. These include automobiles, chemicals, IT, pharma, textiles, ports, aviation, leather Tourism and hospitality, wellness, and railways, among others. The documents will provide growth drivers, investment opportunities, sector-specific FDI, other policies & related agencies. India's track record in attracting FDI in an international context is not very inspiring compared to FDI into countries like Mexico and China.

Some of other challenges also need to be considered to get familiar of "Make in India" Campaign

1. Creating healthy business environment will be possible only when the administrative machinery is efficient. India has been very stringent when it comes to procedural and regulatory clearances. A business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.
2. India should also be ready to tackle elements that adversely affect competitiveness of manufacturing. To make the country a manufacturing hub the unfavorable factors must be removed. India should also be ready to give tax concessions to companies who come and set up unit in the country.
3. 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.
4. India's make in India campaign will be constantly compared with China's 'Made in China' campaign. The dragon launched the campaign at the same day as India seeking to retain its manufacturing prowess. India should constantly keep up its strength so as to outpace China's supremacy in the manufacturing sector.
5. 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. To do so, India has to be better prepared and motivated to do world class R&D. The government must ensure that it provides platform for such research and development.

III. OPPORTUNITIES BEHIND MAKE IN INDIA

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. Aiming to make India as its export hub, home appliances manufacturer Bosch and Siemens today announced company's first manufacturing plant in the country, to be set up at a cost of Rs. 350 crore. The facility, aimed at making India as an export hub for the South East Asian region, is expected to start operations by the second half of 2014, a company statement said. Sony Corp sources most of the products it sells in India from plants in Thailand, Malaysia, China and Japan. The company, which has been active India for the past two decades. It now sources products from overseas factories based on India's free-trade agreements. Japan's largest consumer electronics exporter, is now seriously evaluating to "come and make in India" opportunity. Switzerland-based chocolate maker Barry Callebaut is looking at setting up a manufacturing unit in India as part of its global expansion plans to cash in on the Rs. 3,000 crore domestic market. Barry Callebaut currently has only commercial operations in the country. At

present, the \$5.2 billion Swiss chocolate maker has 50 manufacturing facilities across Europe, Africa, North and South America as well as Asia-Pacific. India is a very important market for Barry Callebaut and it wants to be in this market on long-term. Make in India aims to boost entrepreneurship in India irrespective of the places. A strong manufacturing sector has the potential to take our economic growth to a higher trajectory, provide jobs to our youth and fulfill their aspirations. The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services like logistics, transportation, retail etc. Needless to say, since manufacturing would require free flow of raw materials and finished goods, improving logistics infrastructure such as port-to-inland connectivity, cargo airports, etc. would be imperative and these developments promise to transform India into a global manufacturing hub. The government's "Make in India" initiative aims to increase the share of manufacturing to 25 percent of GDP by 2022 from the current 12 percent. This is expected to result in the creation of 100 million jobs. KPMG and CII recently completed a report which identified nine key action items to make India conducive for large-scale manufacturing. These include streamlining investment approval, facilitating land acquisition processes, creating an appropriate labour development ecosystem, efficient and effective enforcement of laws, facilitating greater cross-border transactions, creating clear exit guidelines, rationalizing taxation regimes and technology enablement of the government. Implementing the aforesaid action items requires a detailed roadmap, including the development of uniform standards and procedures, introducing common application forms for seeking approval from central and state governments, and building a model for a single window mechanism. To ensure the country's place as a global manufacturing powerhouse, the government, industry and civil society must work in tandem to restore investor and public confidence in "Make in India".

IV. CONCLUSION

Our Prime Minister said in Hannover, Germany India is a changed country now due to the regulatory regime is much more transparent, responsive and stable. Make in India" campaign which has the explicit aim of lifting manufacturing's share of the country's GDP from 15pc to 25pc. Recent policy measures and strategic direction defined by the new government especially its ambitious Make in India campaign hold the promise of re-igniting growth in the years to come. We must deepen our understanding in several areas such as digitization and big data analytics, and develop an innovation and technology road map to effectively serve evolving customer needs to make this campaign a grand success. India has been called upon foreign companies to invest in India to create a virtuous cycle of economic growth with provide effective and easy governance. Moreover our prime minister said the government will provide a growth-oriented environment and act as a facilitator rather than create new hurdles. Make in India will surely create investment opportunities but these will be unevenly distributed. But a better policy environment could emphasize existing competitive edge and also energize potentially more competitive sectors. Manufacturing is one route to mass employment but the history of protection, complex labour laws, etc, makes it harder to get manufacturing off the ground. A long list of sectors is covered under Make in India. There is a laudable attempt to reduce red tape, enhance foreign direct investment limits, prune labour laws and environmental clearance processes, and in general to speed bureaucratic processes up. Some sectors like information technology, automobile-components, pharmaceuticals, etc, are globally quite competitive. Some sectors, such as defense manufacturing, food processing, and electronics are not competitive. Some are reasonably competitive like electrical machinery, textiles and leather. Make in India policy, which aims to turn India into a "global manufacturing hub". Ignoring rhetoric, the demographics of India are all about a young, under-skilled workforce.

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