

# MAKE IN INDIA- WEAPON TO WIN

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## ABSTRACT:

In this paper, a challenging effort was made to present the project “Make in India” launched by Prime Minister Narendra Modi and the objective was to encourage the domestic and multinational companies to manufacture the products in India. This paper states about the sectors covered, responses, need, impact of the campaign on the people and manufacturing units, models. It includes steps to attract Foreign Direct Investment (FDI), implementation and how it would be successful.

## Key words: Making India, Manufacturing

India is a country having abundant resources like, natural resources, man power, etc. However, the unemployment rate is high among the educated people. India’s ranking is low on “Ease of doing business index” also. Labor laws are not conducive to the “Make in India” campaign. These are the disadvantages of manufacturing and investing in India. So, the new government is finding new ways to ensure free flow of capital.

The Government of India has taken the initiative for addressing the needs of Indian society and strengthening India’s position as a technological power. By tapping the skilled and talented work force a positive impact can be created on the Indian economy.

“Make in India” was launched by Prime Minister Narendra Modi on 25 September, 2014, in New Delhi (Vigyan Bhavan). It is an initiative of the government of India to encourage the domestic and multinational companies to manufacture their products in India.

The main objective is to focus on creating job opportunities and skill enhancement in twenty five sectors of the economy. It aims at attracting Foreign Direct Investment (FDI) in India. 100% FDI is permitted in the following sectors, except for space (74%), defence (49%) and news media (26%).

1	Automobiles	12	Mining
2	Automobile components	13	Oil and Gas
3	Aviation	14	Pharmaceuticals
4	Biotechnology	15	Ports and Shipping

5	Chemicals	16	Railways
6	Construction	17	Renewable energy
7	Electrical machinery	18	Roads and Highways
8	Electrical systems	19	Thermal power
9	Food processing	20	Textiles and Garments
10	Information Technology and Business Process management	21	Tourism and Hospitality
11	Leather	22	Wellness

The campaign focuses on building global network for business. The symbol of this initiative is a giant lion made out of many cog wheels indicating the peaceful progress and a vibrant future. The logo is derived from the Ashoka chakra.

The “Make in India” helps in 100 smart cities projects .It benefits the different sectors, investors and the citizens of our country.

The campaign began to capture the imagination of Modi’s supporters and detractors. It aims at challenging china’s position in the manufacturing world.

In 2011, Prime Minister ManMohanSingh made the first attempt in manufacturing sector through National manufacturing policy. Now, Modi’s “Make in India” carries forward this policy.

## MODELS ON MAKING “MAKE IN INDIA” SUCCESS:

### ❖ PANAGARIYA’S CHINA COASTAL MODEL:

Panagariya favored creation of mega Coastal Economic Zones (CEZ’S) on the west and east coast with a long term tax holiday for units, if they fulfill minimum job creation criteria.

The zones he contemplated would have to be set up near deep-draft ports and must have some existing infrastructure and economic activity. The Government must provide a business friendly ecosystem, flexible labour laws, ease of importing and exporting, etc.

Panagariya advocates a tax holiday for pre-specific period (such as 10 years) to the companies that create threshold level of direct employment.

“An important advantage of locating near the coast is that the zones would attract large firms interested in serving the export markets. They would bring technology, capital, good management and links to the world markets.”

The officials said that these ideas could be incorporated in coming budget.

(Source: [http://www.business-standard.com/article/economy-policy/panagariya-favours-china-coastal-model-for-make-in-india-116021100857\\_1.html](http://www.business-standard.com/article/economy-policy/panagariya-favours-china-coastal-model-for-make-in-india-116021100857_1.html))

#### ❖ BUDGET BULLISH MODEL:

The models give attention towards the creation of funding institutions and rendering fiscal sops. A noticeable change in the new tax regime is that the investor will be taxed and not the investment. The union budget has focused on deepening of the Indian bond market and elevating it to the level of world class equity market. The Forward Market Commission will be brought to strengthen regulation of commodity forward markets and reduce wild speculation. FEMA will be amended to provide control on capital flows as equity will be exercised by the government in consultation with the RBI. Financial Redressal Agency will be set up to address grievances against all financial service providers. The Government intends to set up Autonomous Bank Board Bureau to improve the functioning of public sector banks, etc.

The Finance Minister has made a humble beginning to make the Prime Minister’s project Make in India a success. The outcome is awaited.

(Source: by Ashok B Sharma on 02 March 2015

Available at: <http://www.vijayvaani.com>)

#### VISION:

1. The aim of the campaign is to contribute to the country’s GDP.
2. To create job opportunities.
3. To develop India into global manufacturing gaint.

#### NEED:

1. **Creation of job market:** ‘Make in India’ helps in creating various job opportunities by boosting the manufacturing growth, increasing investment, hiring labourers with more freedom, establishing new companies in the infrastructure and energy sector, service sector etc.
2. **Boosts India’s GDP, trade and economic growth:** By boosting the manufacturing sectors, there would be an increase in dojmetic value. This also contributes to the country’s GDP and increases the trade activities. It then leads to the economic growth of the country and ensures sustainability of growth.

3. **Creation of employment opportunities:** Manufacturing units like TCS, Infosys, etc, can create lot of jobs for educated and uneducated people. Thus, it helps in eradicating unemployment problem.
4. **Fixation of good infrastructure:** The campaign helps in initiating a good infrastructure facilities like building new ports, roads, railways etc.
5. **Increase in exports:** By having more number of manufacturing sectors in India, the exports would be increased. Thus it will improve India's balance of payments.
6. **Attracts FDI:** Foreign investment brings foreign capital, technical expertise and creative skills. It increases the investments in the country.
7. **Innovation:** 'Make in India' program encourages innovations in new cutting edge technologies. The new and existing entrepreneurs can come up with new ideas for the development of economy.
8. **Infrastructure:** We need to build world class manufacturing infrastructure in order to attract FDI and increase the number of manufacturing sectors.

#### OBJECTIVES OF THE STUDY:

- To understand the significance of "Make in India" concept.
- To study the progress of campaign in India.
- To identify issues and opportunities of implementing "Make in India".

#### TIMELINES:

"Make in India" program aims at transforming India into a global manufacturing hub. Twenty five key sectors were marked as priority sectors and foreign investors have been promised all assistance and information to setup business in India.

SLNO	COMPANY NAME/PERSON NAME	TIME	ANNOUNCEMENTS
1	Spice group	January 2015	Mobile phone manufacturing unit in Uttar Pradesh
2	Samsung group	January 2015	Joint initiative under 10 "MSME-Samsung technical schools" in India
3	Hitachi	February 2015	Increase its employees in India from 10000 to 13000. Auto-component in Chennai

			(in 2016)
4	Huawei	February 2015	R&D Campus. Telecom hardware manufacturing unit in Chennai (in process)
5	LH Aviation(French based)	June 2015	Manufacturing plant
6	Foxconn	8 August 2015	R&D Hightech semiconductor manufacturing facility in Maharashtra
7	Lenovo	18 August 2015	Manufacturing Motorola Smart phones at a plant in Sriperumbudar
8	James MC. Nerney(Boeing chairman)	16 October 2015	Assemble fighter planes Either Apache or Chinook defence Helicopter Manufacturing F/A-18 Super Hornet if Indian Air force (IAF) purchase it
9	Taiwan's wistron corp	November 2015	Manufacturing the devices in Noida , UP
10	Alstom and GE Transport	November 2015	Locomotive manufacturing factories in Bihar
11	Micromax	December 2015	Setup manufacturing units in Rajasthan , Telangana and Andhrapradesh (in 2016)
12	Qualcomm	December 2015	“Design in India” programme to mentor ten Indian Hardware companies with the potential to come up with innovative solutions. Innovation lab in Bangalore to provide technical and

			engineering support
13	Shinzo Abe's(Japanese prime minister)	December 2015	US \$ 12 billion fund for Make in India project called "Japan-India Make in India special finance facility"
14	Defence industry(Russia)	December 2015	Build Kamovka-226 multirole Helicopter in India

### Impact of Make in India Campaign on the Society:

India ranks second with respect to population. It includes educated and uneducated people, skilled and unskilled labour. It is stated that, 'India is a poor country with rich citizens.' The campaign tries to create awareness among the people about the strengths and weakness of the country. The people must know their duties related to contribution to the country's wealth to become more powerful using best alternatives. Therefore, it leads to the development of the country and also increases the standard of living of people there by reducing poverty, unemployment etc.

Prime Minister Modi said that India is a land of opportunities for citizens and the world as we have a large youth force and large emerging markets. To utilize these strengths of India, it is important to create an employment generating model. The manufacturing sectors have the potential to create job opportunities by absorbing the disguised labour from agriculture and generating new opportunities for the youth.

### MANUFACTURING SECTORS (SMSE Industries):

The "Make in India" initiative was launched to boost the manufacturing sector of India. It helps in generating employment, transforming India into a global manufacturing hub.

Growth in manufacturing sectors requires large investments to promote new entrepreneurs, innovations, technological up gradation and so on. In order to attract investments towards the manufacturing sector, India must have simple and business friendly rules and procedures.

The success of "Make in India" in manufacturing sector depends on the business sentiments prevailing in India, making the Ease of Doing Business (EODB) Ranking important for India.

China is losing its cost advantage due to rising wages and increase in cost of production. Although India has some problems like poor infrastructure and poor perception, it can hold over strong points of entrepreneurs and increase domestic demand. India has the world's largest youth population. Thus, it enables to gain in low value added and labour intensive manufacturing goods.

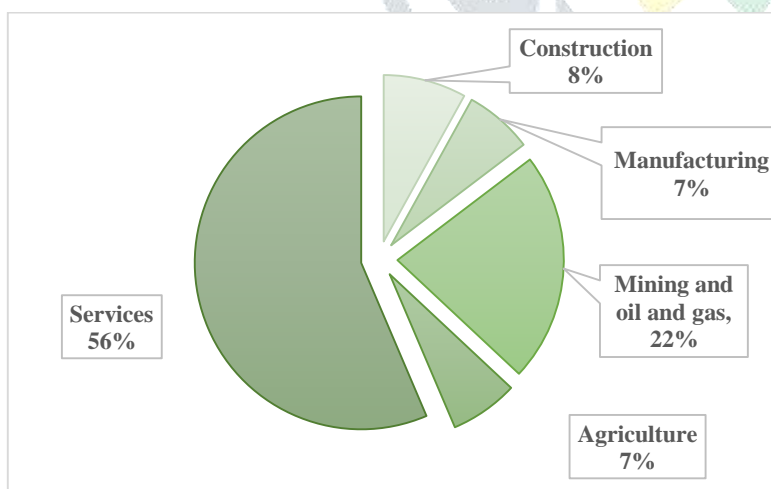
India's domestic consumer market is quick upward expanding consumer market in terms of demand in Asia. For the fast moving consumer goods and disposal incomes on demand in the market, the manufacturing sectors has experienced good growth. Thus, many global players are entering into the market.

Manufacturing units can create a lot of jobs. It leads to the growth of nominal and per capita GDP. India ranks seventh in terms of nominal GDP, 131<sup>st</sup> rank in terms of per capita GDP.

YEAR	GDP (%)
2011	6.6
2012	5.1
2013	6.9
2014	7.3

(Source: World bank)

#### PICTORIAL REPRESENTATION RELATED TO GDP OF INDIA (2014 -2015)



#### HINDERANCES IN THE MANUFACTURING SECTOR:

The manufacturing sector is afflicted by the problems of land acquisition, rules and regulations, lack of marketing strategies and export orientation, lack of infrastructure, power and water supply, lack of clarity for

the entrepreneurs. The economic survey of 2014-2015 states that the manufacturing sector has one of the highest numbers of stalled projects in the last few quarters due to lack of funds, demand and unfavourable market conditions.

**The “Make in India” program can be successful if the following factors are considered:**

- Improve infrastructure and logistics as it plays a major role in attracting FDI in manufacturing sector.
- The rules and regulations are a headache for the foreign companies to setup the companies in host countries. Therefore, the rules and regulations must be simple and business friendly.
- There must be flexible labour laws.
- Power efficiency must be improved as India is a power deficient country. Manufacturing sector faces huge power shortage. Thus, the government should improve the distribution efficiency to prevent power laws. It reduces the cost of power

**STEPS TAKEN TO ATTRACT FOREIGN DIRECT INVESTMENT (FDI):**

Investment is an important factor that is required for the economic growth. India needs huge amount of investments for its growth. FDI brings in capital, technology and other skills to the country.

- A. Free market policies and democracy.
- B. Cost competitiveness, availability of skilled labour force and business climate.
- C. Macroeconomic policies like trade policy, monetary policy, foreign exchange policy etc
- D. Bilateral Investment Promotion and Protection Agreement (BIPA), Double Taxation Avoidance Agreement (DIAA), Free Trade Agreements (FIA'S) are important instruments to attract FDI.

Along with others factors, the progressive policy liberalization has made in India one of the most attractive destinations for investment. As per UNCTAD World Investment Report (WIR) 2015, India is the third top prospective host economies for 2015-2017 in terms of FOI inflows. Between April 2000-September 2015, India received USD265,143.23 million FOI.

**“MAKE IN INDIA”-AS IT IS TODAY:**

- a. Online application for environmental and forest clearances have started and dedicated cells have been established for investor facilitation.
- b. Shram Suvidha portal has been created to enable online portal for registration of Labour Identification Number (LIN).



- c. E-Business portal provides a one stop solution for all queries related to Government to Business (G2B) services.
- d. Invest India, an official portal for business promotion and facilitation has been set up.
- e. MUDRA Bank and Electronic Trade Receivables Discounting System (TREDS) has focused on deepening Indian Bond Market and elevating it to world class equity market.

### MUDRA BANK:

MUDRA Bank stands for Micro Units Development Refinance Agency. It was launched by Prime Minister Narendra Modi to benefit small entrepreneurs. It lays down the policy guidelines for micro enterprise. MUDRA Bank and electronic trade receivables discounting system (TREDS) has focused on deepening Indian Bond Market and elevating it to world class equity market.

The Mudra bank would be primarily be responsible for:

- a) Laying down policy guidelines for micro/small enterprise financing business.
- b) Registration of MFI entities.
- c) Regulation of MFI entities.
- d) Accreditation/rating of MFI entities.
- e) Laying down responsible financing practices to ward off indebtedness and ensure proper client protection principles and methods of recovery.
- f) Development of standardized set of covenants governing last mile lending to micro/small enterprises.
- g) Promoting right technology solutions for the last mile.
- h) Formulating and running a credit guarantee scheme for providing guarantees to the loans.
- i) Creating a good architecture if last mile credit delivery to micro businesses under the scheme of “Pradhan Mantri Mudra Yojana”.

### BENEFITS:

- A. MUDRA Bank will ensure that the clients are properly protected and will lay down principles and methods of loan recovery in case of default.
- B. **Corpus:** The bank will set up with a corpus of Rs.20000 crore and credit guarantee fund of Rs.3000 crore.

C. **Shishu /Kishor/Tarun:**The bank will nurture small businesses through these different stages of growth.

Shishu – It is the first step when the business starts.The loan provided in this stage will be upto Rs.50000

Kishor – in the second stage,the entrepreneur can receive the loan ranging from Rs.50000 to Rs.500000.

Tarun – this category provides loan for upto Rs.1000000

D. **5.77 Crore:**The bank will cater to 5.77 crore small business units to find out the difficulties faced by the business units to access credit from regular banking system.

E. It targets the young,educated and skilled workers and entrepreneurs.

### E-BUSINESS PORTAL:

E-Business portal provides a one stop solution for all the queries related to Government to Business services.Major highlights of “Make in India” plans are:

1. **Consolidated services and faster security clearances:**The Central Government services are integrated with an e-business single window online portal.States are advised to introduce self-certification.The Ministry of Home Affairs are asked to provide security clearances to the investment proposals within three months.
2. **Dedicated portal for business queries:**A dedicated cell is created to answer the queries from business entities through web portal (<http://www.makeinindia.com>).The queries would be answered within 72 hours.
3. **Invest India cell:**It is an official portal set up for business promotion.This cell acts as the first reference point for guiding foreign investors about the regulatory and policy issues, the time of their arrival and departure, assistance to obtain regulatory clearances.
4. **Interactions with the users or visitors:**The proactive approach will be deployed to track visitors for their geographical location, interest and real time user behaviour. Visitors registered on website or raising queries will be followed up with relevant information.

### CONCLUSION:

The analysis shows the optimistic nature by expecting more investment by free flow of capital. Prime minister Narendra Modi is concentrating on attracting more Foreign Direct Investment (FDI) into the

economy for the faster growth of economy. This helps in maintaining Balance of Payment (BOP) position and also reduces the imports.

Thus, the make in India campaign is economically viable? What are the challenges faced by it and its effects? We will try to find out answers for all this questions in the next couple of years.

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