MAKE IN INDIA CAMPAIGN: CHALLENGES AND OPPORTUNITIES

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ABSTRACT: India moved from an agrarian economy to service sector dominated economy after 1991 without much focus on manufacturing sector. Since 2008, global economic crisis, the focus has been more towards building and manufacturing base. In this regard make in India campaign has made an effective and multi – dimensional contribution. For e.g. prompting industrial sector and making India a manufacturing hub at global pace and creating jobs for the larger workforce entering market each year; so as to reap out maximum benefits from country's demographic dividend. In the long run such reformative steps will certainly help country to achieve economic goals for the fulfillment of its social obligation.

KEYWORDS: Entrepreneurship, Skill Development, GDP, Infrastructure, MSMEs.

INTRODUCTION: Make in India was a unique initiative of the Ministry of commerce and industry which aimed to promote India as an important investment destination and a global powerhouse for innovation and manufacturing. Its aim was to develop entrepreneurship, provide employment, foster innovation, attain investment enhance skill development, protect intellectual property rights, develop partnership within industry and the government. However, it has simultaneously witnessed significant roadblocks. Under the initiative, the government intends to provide a robust infrastructure to business through development of various facilities and institutions. Make in India since its inception represent a complete change of the governments mindset –a shift from issuing authority to a business partner ,keeping in view MINIMUM GOVERNMENT,MAXIMUM GOVERNANCE .

Achievements of Make in India: .

1) Simplification of existing rules through ease of doing business has effectively cut down various license requirements and paper work formality, resulting in simplification of regulatory work.

2) It has effectively created an environment for entrepreneurship. There has been a significant rise in the number of startups. However it's their sustenance which has been an issue.

3) India has attracted investment worth 18 billion US$ from companies viewing the country as a potential manufacturing hub.

4) Various tech giants like Hyundai heavy industries and LH aviation are partnered with Indian partners to develop drones and naval ships in the country.
5) Contribution to economic growth in the country through increasing levels of GDP.

6) Investments in sectors like agro processing, green and renewable energy have also been increased under this.

7) It has led to the development of Industrial Zone and Industrial Corridors.

8) It has significantly improved access to finance to the MSME sector .Make in India along with MUDRA loan has facilitated the development of MSME which constitute more than 25%of the manufacturing in India
9) Acquisition of critical technologies especially in defence sector.

Though the make in India is the flagship scheme of the government, it has not delivered the desired results. First, as most equity inflows are subject to round tripping, it is inflating the actual FDI equity growth. Second, the share of manufacturing has seen a slight decline while the FDI is consistently rising in consumer oriented services like e-commerce, cab aggregators etc. Third, focuses on export oriented growth, which is unlikely in this tepid global economic scenario. Fourth, most of the FDI inflow was due to Mergers and Acquisitions, which merely changed the ownership structure of the Indian firms. Fifth, Unemployment situation in the country still remains the same. Joblessness has become an issue of great consideration. For a country like India which is labor abundant, demographic dividend seems under threat .Moreover, job creation has been slow as most of the investment lies in services sector which require skilled professionals, where near around 90% of population engagement is in informal sector. Sixth, Higher pricing of products along with more profits to MNC's for setting up plants in India.Seventh,pace of investment in manufacturing sector is still not satisfactory and up to the mark. Eighth, Index of industrial production has been falling consistently over the months. Ninth, Regulatory and labor reforms are yet to take place which has constricted the space for investment .Tenth, Domestic territory still remains untouched by areas of critical sector development such as no Indian firm is involved in Aerospace development and Nuclear power projects. Eleventh, Domestic potential in industrial technology sectors has still not been realized. e.g. - BrahMos, though labeled under Make in India, is mostly based on Russian technology.

Developing an innovative mindset can be challenging for a country like India where research prospects are not so sufficient but a fine start can be made in this regard. India's education system is quite robust that produces the largest number of engineers in the world. What should be done by the Government and the industry together to ensure that this talent can be efficiently channelized and nurtured to support innovation? How can we efficiently recognize the talent of innovation at an early age so that they are encouraged to move their thinking to the next promising levels required for overall development? More importantly, how do we get these innovators to build sustainable business environment for the future so that the power of innovation can become a harmonious and continuous process? This exercise of connectivity between our education system and the industry becomes extremely significant and as an industry we are already committed to make this happen.

Make in India was launched by the government of India to rekindle investment in the Indian manufacturing sector. Rating Agency Moody's have also lauded the success of this initiative as it is one of the major path breaking reform in the field of manufacturing and related sector in the country. The target was to revive and strengthen country's ailing manufacturing growth figures, develop domestic manufacturing units and finally creating a healthy and sound image of being a competitive investment destination among the rest of the nations and economies of the world.

Many such measures can be taken to further improve the effectiveness of Make in India campaign and spur India on the path of sustainable economic development.

1. Financial Sector Reforms: GST bill has been passed and has been effective since 1st July 2017 which has reduced much of a concern among the international future investing firms and the existing ones. Changes done in the approval of foreign direct investments from FIPB towards automatic route in majority of the sectors like retail, insurance, pharmacy, aviation etc. leaving only a few strategic departments has created a positive scenario among international communities.

2. Technological Sector Reforms: The government has eased the norms for startups breaking the logjams in registration processes, relaxations in the local content outsourcing for the highly specialized firms like Apple etc.

3. Aviation Sector De-regulations: FDI limits in the aviation sector have been increased which has helped in performance and profitability in our domestic airlines.

Inspite of the above actions by the ministries of the government which also includes numerous state visits by our own prime minister, the growth as seen in manufacturing sector is lethargic. There has been many reasons to the support of criticism of which are:

1. Deceleration in world growth: The economy of the major developed economies like USA, Japan, Russia and China has been experiencing low inflation and GDP growth due to which investors have been reluctant to spend rather extravagantly.

2. Wait and watch policies of nations: Major economies like USA has imbibed policies of import restrictions and stricter VISA reforms and IPR policies in order to develop its ailing domestic sectors to help in creating local employment.

3. Political instability and state factors: Apart from delaying of reforms in the parliament, there has been a growth in communal tensions in the regions and boundary disputes along our borders. These factors create a negative sentiment among the potential investors and their respective governments.

4. Policy actions opposite to Make in India reforms: There has been various actions of the government which inculcates hindrance in the thoughts of Make in India reforms. E.g.; Major procurements in the defense sector from USA and France, Nuclear agreements for development of reactors with Russia and USA etc. Such actions have reduced the opportunities in growth of indigenous firms.

The government in order to stand by its initial proclaims has to make changes in the basic structure of its reform initiatives like Collaborations among domestic venture firms and experienced investing MNC's in order to reap out both the benefits of employment generation and technology sharing. Effective placement and implementation of the taxation and investor reforms like Real estate amendments, Banking regulation reforms, etc. are needed. Developments in domestic arbitration laws and faster resolution mechanisms can effectively help in settlement of disputes and hence retaining country's image as an investment destination.

CONCLUSION: India comprising of center and the states should break the political barriers and support the programme with uniform development throughout the country, policy of favoritism should be ruled out. More Focus should be on the development of sectors that are seen as drivers of growth in the economy and then pass on the dividends to other sectors. Next, focusing more on transfer of technology rather than just transfer of funds and initiating bilateral and multilateral agreements for large infrastructural investments. Encouraging states to develop their own polices for depicting their particular potential and attracting investment, framing a robust IPR regime, Integrating Make in India with Skill India, Startup India and other such initiatives to facilitate job creation. More focus should be on skilling in tune with the global norms and market demand. More Focus should be laid on Quality; Marketing etc. for MSMEs can spur greater employment and GDP growth. Including MSMEs, rather than MNCs in the Make in India story can revamp the Indian economy. Easier entry and exit laws, along with more focus on bottleneck infrastructure like Power and Roads can improve productivity. More support should be given to the startup ecosystem with easier policy norms to avail tax benefits and seed funds. Effective Development of knowledge clusters like the Silicon Valley could also go a long way. Further, in the present global economic scenario, India can graduate from 'Make for India' (consumption driven) to 'Make in India' (export driven).

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