

MAKE IN INDIA CAMPAIGN: PROSPECTS AND CHALLENGES

PALLAVI ¹

ABSTRACT

The Indian manufacturing sector is the classic example of an industry that has great potential. The objective of the economy of our country is to ensure the manufacturing sector which contributes around 16% of country's GDP is increased to 25% in next 5 years. To transform India into a global manufacturing hub, Make in India Campaign was launched which is an international marketing strategy, conceptualized by the Prime Minister of India, Narendra Modi on 25 September 2014 to attract investments from businesses around the world and make India the manufacturing Hub. The aim is to take a share of manufacturing in country's gross domestic product from stagnant 16% currently to 25% by 2022, as stated in national manufacturing policy, and to create 100 million jobs by 2022. Three sectors which contribute to GDP of any country are agriculture, manufacturing and services. According to the current contributions of these sectors to Indian economy manufacturing occupies 16% which is lowest. There are lots of opportunities to be tapped as far as Indian manufacturing sector is concerned. The present study attempts to analyze the recent investment trends in the Make in India campaign, its role in economic development and employment generation of the country. The study also attempts to analyze the challenges faced in the successful implementation of the programme.

Keywords : manufacturing, economy, GDP, strategy

1. Research scholar at Punjabi university, Patiala

INTRODUCTION

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. 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. The new government initiating a new ways for free flows of capital.

Make in India is an initiative of the Government of India, to encourage companies to manufacture their products in India. The government's flagship campaign intended to boost the domestic manufacturing industry and attract foreign investors to invest into the Indian economy with an intention of reviving manufacturing businesses and emphasizing key sectors in India amidst growing concerns that most entrepreneurs are moving out of the country due to its low rank in ease of doing business ratings.

KEY SECTORS ALLOWED MAKING IN INDIA

Automobiles	Automobile Components	Aviation
Biotechnology	Chemicals	Construction
Pharmaceuticals Wellness	Electrical	Railways
Food Processing	IT and BPM	Leather
Media and Entertainment	Mining	Oil and Gas
Defence manufacturing	Machinery	Electronic Systems
Renewable Energy	Roads and highways	Space
Textiles and garments	Thermal Power	Tourism and Hospitality
Pharmaceuticals Wellness	Ports	

EMPLOYMENT PROSPERITY THROUGH MAKE IN INDIA CAMPAIGN

The manufacturing GDP has increased at the rate of 7.3 percent over the last ten years. The employment in Indian manufacturing has increased by less than three percent over the same period. Assuming a consistent productivity increase of five percent year on year, a consistent ten percent growth in manufacturing would yield an additional 60 million jobs in the sector alone by 2030. Assuming a slower productivity increase at three percent, a large number of jobs -105 to 130 million could be created by 2030 with the initiative of make in india programme.

ECONOMIC DEVELOPMENT AND MAKE IN INDIA

- Manufacturing sector growth rate of 12-14% targeted in the medium term
- India ranked 4th in Global Manufacturing Competitiveness Index (2013)
- Capitalize on strong domestic demand and expand geographical base of manufacturing exports to reduce reliance on the US (12%) and UAE (10%)
- Scope for 4-5 times increase in labour productivity, and 50% increase in capital productivity
- Exports to rise by USD 64 billion annually if India captures 20% share of low-end exports, where China is losing advantage.
- Manufacturing projected to generate 100 million new domestic jobs and contribute 25% of national GDP by 2025, from existing ~15%
- Reduction in manufacturing imports from USD 127 billion in FY14 to USD 40-50 billion possible in next 5 years
- Productivity improvement to boost skill intensive manufacturing in India by 2025
- One of the top 2 low cost exporters in auto components, power equipment, pharmaceuticals.
- Among the top 5 low cost exporters in machinery, electronics, automobiles, textiles
- 28 million new jobs in hi-tech and electronic hardware sector to cater to USD 400 billion domestic market by 2020.

VISION FOR INDIAN MANUFACTURING SECTOR

As per the report of Boston Consultancy group, at projected 11% growth, manufacturing sector's share in GDP can touch 25% by 2030 with a 5% productivity increase and a GDP growth rate of 7.5%.

METRIC	VISION FOR 2030
Manufacturing growth rate	10-11%
Share of manufacturing in GDP	21.6-25%
Job creation	60-78 million
Share of India in global merchandise trade	5.2-6.1%

RECENT INVESTMENT TRENDS: MAKE IN INDIA

- In January 2015, the Spice Group said it would start a mobile phone manufacturing unit in Uttar Pradesh with an investment of 500 crore. A memorandum of understanding was signed between the Spice Group and the Government of Uttar Pradesh.
- In January 2015, Hyun Chil Hong, the President and CEO of Samsung South West Asia, met with Kalraj Mishra, Union Minister for Micro, Small and Medium Enterprises (MSME), to discuss a joint initiative under which 10 "MSME-Samsung Technical Schools" will be established in India. In February, Samsung said that will manufacture the Samsung Z1 in its plant in Noida.
- In February 2015, Hitachi said it was committed to the initiative. It said that it would increase its employees in India from 10,000 to 13,000 and it would try to increase its revenues from India from ¥100 billion in 2013 to ¥210 billion. It said that an auto component plant will be set up in Chennai in 2016.
- In February 2015, Huawei opened a new research and development (R&D) campus in Bengaluru. It had invested US\$170 million to establish the research and development

center In April 2015, Airbus said that it will manufacture its products in India and invest \$ 2 Billion US dollars.

- Also in February, Marine Products Export Development Authority said that it was interested in supplying shrimp eggs to shrimp farmers in India under the initiative.
- In May, 2015 Tata JLR (Jaguar Land-Rover) announced that it will move its production of the Land Rover Defender to its Pune facility in India in 2016.
- Shiv Kumar Rungta, president, FTAPCCI, stressed on key sectors like services (mainly in IT), mechanization of Agriculture sector for achieving increased productivity, among others, for the success of 'Make in India'.

CHALLENGES IN SUCCESSFUL IMPLEMENTATION 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 unfavourable 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.

CONCLUSION

Indian economy has the capacity to push the GDP to 25% in next few years. The government of India has taken number of steps to further encourage investment and further improve business climate. “Make in India” mission is one such long term initiative which will realize the dream of transforming India into manufacturing Hub. There is need of reforms in industrial strategies to make India a manufacturing hub. Favorable industrial framework need to be established that should attract more and more domestic as well as foreign industrialists towards Indian Territory. Favorable investment climate, assistance of financial services, relax and industry favorable government policies are the essential ingredients of “MAKE IN INDIA”

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