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MAKE IN INDIA; DRIVING FORCES AND EMERGING CHALLENGES

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Abstract

The Make in India campaign was launched and started by Prime Minister Narendra Modi in India on September 25, 2014 in a function at the Vigyan Bhavan. Basically it is an initiative of the Government of India to encourage multinational, domestic as well as, companies to manufacture their products in India. Indeed, it hopes to make India a major manufacturing hub. India has emerged, after first quarter of 2015, as the top destination globally for investment, beating our next to door neighbour as well as the States. During the end of 2014 on 29th December the Department of Industry Policy and Promotion conducted a workshop, which was attended by Modi, his cabinet ministers and chief representatives of states as well as various industry tycoons. The major expectation from this campaign is that it will create around 100 million job opportunities for youths in India over time. The aim is to take a share of manufacturing in country's gross domestic product from 16% to 25% by 2022, as stated in national manufacturing policy. Major objective of this scheme focuses on 25 sectors.

Key words; Opportunities, Development, create, youths, nation

Introduction:

“MAKE IN INDIA”, the biggest brand created by India is the new buzz word in the international business circles. Companies from all over the world have realized India's market potential, the biggest opportunity of which lies in rural India. It is no longer an agrarian economy. More and more industries are coming up in rural areas. However, there is still a huge rural-urban divide in infrastructure, education, healthcare, skill set and employment. Yet why should these companies look at rural India? How can they contribute to rural India's growth story and make them the engines driving our nation?

"The future of India lies in its villages" – Mahatma Gandhi

Rural India has immense potential in manufacturing and services sector. It is the biggest untapped market for industries. Around 68% of India's population lives in rural areas, out of which, 69% are aged under 35 years. This makes the rural populace an untapped human resource with tremendous potential. Roadways and electrical grid connectivity to rural areas has improved leaps and bounds over past few years. Companies should capitalize on low cost man-power and other abundant resources available in rural areas. This will not only help in reducing their manufacturing costs but will help the local economy to become self-sustainable. Keeping this in mind we set out to build our manufacturing unit in a rural location.

The make in India initiative started by government of India helps to facilitate investment, foster innovation, enhance skill development, protect intellectual property, build manufacturing infrastructure. For contribution of at least 25% of GDP by 2022 in manufacturing sector growth should be 12-14% Per annum higher than the GDP rate.

The advancement of manufacturing capabilities is directly linked to increasing economic prosperity for a nation and its citizens.

Significance of the study

For the purpose of reinforcing the traditional practices and creating the new vision for converting the India into a global manufacturing hub, the NDA government last year initiated a program that is run nationwide by the slogan of "Make in India" with the motive to facilitate investments, faster innovation and build world class manufacturing infrastructure. Now the question arises? why it's important to focus upon manufacturing sector, as we all know that it does makes a great sense as far as India is concerned it's always in mind that.

Objectives of the Study

1. To study the role of Make in India scheme as a driver for growth in different sectors
2. To study the challenges of make in India.

Changing Paradigm in Manufacturing Sector after the initiation of Make in India Campaign: India before 1991 was a much less developed and underutilized economy in terms of globalization. FDI (foreign Direct Investment) before 1991 globalization reform was 97 (U.S. million \$) with a GDP growth less than 3%, but then came the globalization phase for India, which opened Indian market for the rest of the world thus increasing the FDI to 129 (U.S. million \$) in 1991-1992 financial year, with GDP as 4.2%, this was the time when Indian economy witnessed a high growth rate as compared to previous year (before globalization). And the trend went on of increasing FDI and increasing growth of GDP. Sectors like retail, FMCG, automobile, software, health sector etc saw a healthy FDI. In 2008 after the market crisis in India growth rate went down to 6.7% than 7.1 percent of previous years. Till 2013 FDI in India was 31,731 (U.S. million \$). In 2014 after winning the general election Mr. Modi, announced a dynamic campaign called MAKE IN INDIA, which brought about 41,223 (U.S. million \$) up-till mid of 2015 with GDP growth of 8.1 % brought smiles in Indian economy, world renowned manufacturers like SUZUKI MOTORS, POSCO STEEL, TETRA PACK etc, came to India with smiling faces for investment. Thus Modi's MAKE IN INDIA campaign became famous all over the world such that India was

ranked 7th among the top ten FDI most promising source of economy in 2015. “MAKE IN INDIA’s” main objective is to attract the potential manufactures from all over the world to invest in Indian economy which will result in huge employment generation, better productivity, new technology generation, safeguarding local market and farmers, development of MSME etc. So from the above info it can be concluded that this campaign’s main motive is to attract various developed countries to invest in India in such a way that a Product produced or manufactured in India is being used by the whole world. There are following foreign companies which have started making plan to invest in India:

1. World famous Swedish companies namely Tetrapak, Scania, Ericsson, and Volvo India will actively in make in India and strengthening their 10 year old manufacturing relationship with India.
2. The seasonally adjusted Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 50.3, which pointed at an expansion of consecutive twenty-fifth month. The services PMI was at 50.1 points in November 2015
3. Shantha Biotechnics Pvt. Ltd. has initiated a program to manufacture Insuman, an insulin product to cure disease like diabetes. Sanofi SA, which acquired Shantha Biotechnics, will invest Rs 460 crore (US\$ 69.24 million) to build the facility.
4. BMW and Mercedes-Benz have trying to manufacture cars locally to be part of ‘Make in India’ initiative. This will lessen the waiting period of products in India as well as overseas.
5. □Suzuki Motor Corp playing its cards by manufacturing it products for African countries in its upcoming plant in Gujrat.
6. Taiwan-based HTC has decided to manufacture products in India. HTC is deduced to form a new partnership with GDN Enterprises, which has an massed set up in Greater Noida.
7. Foxconn is drafting a plan to expand in India, building approx. 12 new factories and employing as many as one million workers by 2020.

Additional Reasons for the New Initiative

1. Various persisting issues prompted the launch of this campaign. First and foremost, India needs to reboot its economy. The GNP (Gross National Product) during the FY 2013 and 2014 was estimated around 5.5% which has been declined in comparison to the time period of 2002 to 2011 which was averaging around 7.7% and it was on a higher side.

2. Secondly the demanding factor for India is to create job opportunities for the young generation. In recent time on an average, 5 million new jobs have been created annually; on contrary near about 12 million people join the workforce every year. This is the another aspect of demographic dividend: By 2022 it is expected that the labour workforce will grow up to 600 million. Hence employment will resolve the problem of poverty to certain extent and will shift people’s mind set from agriculture, which has a low capacity to sustain their livelihood.

3. Third, economic development model of India is quite complex, rather than giving preference to Indian people they are offering privileges to skilled labour which were employed by foreign companies. On the other hand the success mantra of some developed economies is to incentivize the manufacturing industries for

generating the job opportunities for own people first. Today, this is the reason why manufacturing sector in China makes up 34% of gross domestic product. The Chinese have positioned themselves as the 'workshop' of the world, accounting for 22.4% of global manufacturing, while India accounts for only 2%. India's manufacturing sector is less productive compared to its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.

Building new skills and focuses on vocational education

Skill development as their top priority, PM Modi had said the government is currently doing mapping for assessing skill manpower demand for specific sectors. He found synchronization between the government's objective, academic world, industry and job seekers to make sure that industries' specific skills are imparted correctly. Quality education along with skill development is point to be focused according to the experts. "In the emerging economy, people will need to continuously acquire new set of skills to meet out the economy's evolving dynamic needs", observed by official with an industry association. Further Prime Minister has also promised that the manpower located locally will be given training by the Industrial Training Institutes (ITI) with the help of different sectors. "A skilled worker will be provided and our ITI will be functioning as a result it will strengthen its family and improve its purchasing power," Mr. Modi told top industrialists. National Skill Development Agency (NSDA), in the last couple of years, commenced work on creating an information system of labour market which would be beneficial to industry sourcing their manpower requirements.

Merits of Investing in Industry Sector

1. FDI is one of the important sector through which Indian economy is able to make itself stable, so this scheme will boost up FDI in the country.
2. All big manufacturing units need various small parts, which are created by various small scale industries, so as result of new large industry opening various small industries will also be created thus creating more employment opportunities.
3. Exports done by manufacturing unit helps in lowering the trade deficit.
4. As India's population is about 125 crore so it is a huge market for any industry around the world.
5. Converting the India to a self-dependent nation and giving Indian economy a global recognition.
6. Manufacturing projected to generate 100 million new domestic jobs and contribute 25% of national GDP by 2025, from existing ~15%
7. Productivity improvement to boost skill intensive manufacturing in India by 2025

Challenges

This paper underlines the following major challenges that hamper India to become global manufacturing hub and accordingly make:

1. Improving the ease of doing business in India
2. Giving more opportunities for the improvement general and engineering graduates.
3. Building up infrastructure of various buildings and highways.
4. Improving the power capacity of the electricity plants for better supply to industrial sector.

Conclusions

India has the capability to push its manufacturing contribution to GDP to 25% by 2025. Government has to act as the central pivot of aligning industries, private companies, public sectors and all stakeholders in realizing this vision. Government has to put policies in place be it sector reforms, labour reforms or the elimination of business barriers. The Government of India has taken a number of steps to further encourage investment and improve business climate. „Make in India“ mission is one such long term initiative which will help to realize the dream of transforming India into a „manufacturing hub“. Hon’ble Prime Minister’s call for „zero defect and zero effect“ manufacturing resonates well with our industry as we grow and produce for the world. India’s expanding economy offers equal investment opportunities to domestic entrepreneurs and international players. It is our responsibility to leverage emerging economy.

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