

**“MAKE IN INDIA INITIATIVE ANNOUNCED BY GOVERNMENT OF INDIA –
CRITICAL EVALUATION”**

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Abstract

Make in India is a wonderful initiative by the Indian Government, launched on September 25, 2014 by Indian Prime Minister. Make in India programme is all about the manufacturing of products in India by Indian and foreign companies. If this programme is acceptable by foreign companies then India would emerge as the top destination globally for FDI. The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The paper highlights the responses received so far after the Make in India announcement. The paper tries to find out the feasibility of Make in India initiative. Opinion of entrepreneurs/managers of various companies in Moradabad and Jaipur districts of Uttar Pradesh and Rajasthan respectively has been taken about the feasibility of Make in India campaign/initiative. Their views have been incorporated in this paper. The paper puts forth the arguments for and against the Make in India initiative/campaign. The paper suggests that manufacturers are unlikely to be moved by the size of the market alone. If India is to attract large investments, it is also vital to provide stability and certainty in the areas of tax, regulations and policy. The paper concludes that Make in India concept is in the interest of the country so all the state governments should come forward in cooperation with the central government. All political parties should support the Indian government to make it a success. Also lot of reforms are required on the part of the government to make India a preferable destination for foreign investors.

Key words: *Foreign investment, Make in India, Manufacturing, Reforms, Skills*

INTRODUCTION

Make in India is a wonderful initiative by the Indian Government, launched on September 25, 2014 by Indian Prime Minister. Make in India programme is all about the manufacturing of products in India by Indian and foreign companies. If this programme is acceptable by foreign companies then

India would emerge as the top destination globally for FDI. The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy.

25 SECTORS OF THE ECONOMY

Automobiles	Food Processing	Renewal Energy
Automobile Components	IT and BPM	Roads and Highways
Aviation	Leather	Space
Bio-Technology	Media and Entertainment	Textile and Garments
Chemicals	Mining	Thermal Power
Construction	Oil and Gas	Tourism and Hospitality
Defence manufacturing	Pharma	Wellness
Electronics	Ports	
Electrical machinery	Railways	

RESPONSES

S. No.	Month	Name of the Company/ Organisation	Announcements
1	January 2015	Spice	Announced to start a mobile phone manufacturing unit in UP with an investment of ₹500 crore. A memorandum of understanding was signed between the Spice Group and the UP Government.
2	January 2015	Samsung	HyunChil Hong, the President & CEO, South Asia, met with Union Minister for MSM Enterprises Mr Kalraj Mishra to discuss a joint initiative under which 10 "MSME-Samsung Technical Schools" will be established in India. In February, Samsung announced that will manufacture the Samsung Z1 in its plant in Noida.
3	February 2015	Hitachi	Announced 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
4	February 2015	Huawei	Opened a new R&D campus in Bengaluru. It had invested US\$ 170 million to establish the R&D centre. It is also in the process of setting up a Telecom hardware manufacturing plant in Chennai, the approvals of which

			have been granted by the Indian Government
5	February 2015	Marine Products Export Development Authority	Announced that it was interested in supplying shrimp eggs to shrimp farmers in India under the initiative.
6	June 2015	LH Aviation	France-based LH Aviation signed an MoU with OIS Advanced Technologies to set up a manufacturing plant in India to manufacture drones
7	August 2015	Xiaomi	In February 2015, Xiaomi began initial talks with the Andhra Pradesh government to begin manufacturing smart phones at a Foxconn -run facility in Sri City. On 11 August 2015, the company announced that the first manufacturing unit was operational and introduced the Xiaomi Redmi 2 Prime, a smart phone that was assembled at the facility.
8	August 2015	Lenovo	Announced that it had begun manufacturing Motorola smart phones at a plant in Sriperumbudur near Chennai, run by Singapore-based contract manufacturer Flextronics International Ltd. The plant has separate manufacturing lines for Lenovo and Motorola, as well as quality assurance, and product testing.
9	October 2015	Boeing	Chairman James McNerney announced that the company could assemble fighter planes and either the Apache or Chinook defence helicopter in India

AIMS OF ‘THE MAKE IN INDIA’ INITIATIVE

- To focus on job creation in 25 sectors of the economy
- To focus on skill development and enhancement in 25 sectors of the economy
- To lower barriers to doing business
- To increase GDP growth
- To increase tax revenue
- To upgrade the quality standards
- To minimise the impact on the environment
- To attract capital and technological investment in India
- To transform Asia’s 3rd largest economy into a manufacturing powerhouse like China

RESEARCH METHODOLOGY

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. The present study has been undertaken to examine the issues and challenges to be addressed in the Make in India initiative.

The present paper aims to achieve the following objectives:

- To find out the aim of Make in India campaign
- To find out the roadblocks in Make in India campaign
- To find out the arguments for and against the Make in India campaign
- To find out the feasibility of make in India initiative

Area of Study

The paper is not confined to any particular area; on the other hand it is applicable to whole India. However, opinion of entrepreneurs/managers of various companies in Moradabad and Jaipur districts of Uttar Pradesh and Rajasthan respectively has been taken about the feasibility of Make in India campaign/initiative. Their views have been incorporated in this paper. The paper also takes the references of various articles written by various experts on Make in India initiative.

PROBLEMS CONFRONTED ON MAKE IN INDIA INITIATIVE

The Indian government's policy of attracting international companies through combination of investment subsidies, easy land acquisition and tax breaks is not without its critics.

- Policy and Labour reforms which are fundamental for the success of the Make in India campaign have not yet been implemented.
- A number of technology based companies have not been enthused by the campaign launch and have professed to continue getting their components manufactured by China
- Layoff in companies
- India ranks low on the "ease of doing business index".
- The number of manufacturing jobs that India can secure is likely to be much smaller than the hype suggests. As developing countries are losing the ability to retain jobs due to mechanization and greater competition from other developing economies. If costs at home rise, or costs elsewhere fall, production processes can be more easily relocated.
- Low international trade tariffs and an unwieldy domestic tax regime have made it cheaper and easier to import finished goods rather than make them in India.
- In public, the bureaucracy, political classes, and industrial chambers are united in support of foreign investment and industrialization, yet in private, many in the government voice fears that companies enticed at greater cost may up and leave the moment the incentives lapse.

ARGUMENTS FOR AND AGAINST MAKE IN INDIA CAMPAIGN

(A) Arguments in favour of Make in India campaign

Make-in-India focuses on attracting investments in India especially in manufacturing sector. This is possible keeping the following points into consideration:

- Majority of the Indian population is young which is more than half a billion. By 2025, India is projected to have the largest workforce. This gives India an added advantage over other countries in terms of skilled labour force
- Labour wages in India are very low as compared to other countries. Even in China it is increasing at 10 percent per annum. In India labour wages starts at less than Rs 10000 per month. So many companies are shifting their operations in low cost areas.
- Indian Government has initiated steps for ease of doing business. This would definitely attract foreign investment in India.
- Many foreign companies in the developed world like United States, Japan, etc are looking to outsource from more than one country to avoid dependency risk on one country. India is a potential alternative for these foreign companies to look forward to.
- Foreign Direct Investment cap in many areas have already increased and investment portals have been created to draw the attention of global investors. Also Prime Minister's visit to various countries helps in attracting FDI.
- Introduction of the GST would help in redistributing the burden of taxation equitably between manufacturing and services. It will promote a common market across the country reducing the compliance costs and will facilitate investment decisions being made on purely economic concerns, independent of tax considerations. It will promote exports and most importantly, will spur growth.
- Building the infrastructure of the future – including i-ways besides highways and industrial corridors together with the mentioned port-led model of economic development, optical fibre networks, gas grids and water grids would fast-track the progress towards becoming a developed nation. Digital India mission would ensure that Government processes remain in tune with corporate processes.
- All states in India are advised to issue self-certification for manufacturing that avoids delays and complexities. This empowers the states in India. With the Central Government laying more emphasis on collaboration between centre and states, the processes are expected to be easier, smoother and simplified.

(B) Arguments against the Make in India campaign

Make in India seems to be an unfeasible dream due to the following points:

- Though India has a huge labour force, a very large portion of them remain unskilled. Skilled labours are concentrated mainly in urban areas. More than 90% of them are still stuck in

unorganized sectors. A shift from service-oriented economy to manufacturing-oriented economy requires high skill development, training programs and reforms in labour laws. This places emphasis on quality education which is currently not reflective in India. It is a reasonable concern for any investor to avoid coming to India.

- Manufacturing units are heavy consumers of electricity. India is already running short of electricity.
- Road connectivity is extremely crucial for the export sector. If India were to be a reliable manufacturing hub, road density should be high which is not so in India.
- India is ranked low when it comes to ease of doing business. Tax system is very complex and although there are steps taken to provide platform conducive to business, things are uncertain until seen in reality. Investors are suspicious of the regulations, Red-tapism in Indian Bureaucracy and needless to mention the frequent scams that gets noticed at the global level.
- A lot of investment is needed to incorporate Computer Integrated Manufacturing into Indian manufacturing sector as success relies heavily on such technology. Currently, labour productivity in India is far below the International average.
- Right now it takes nearly 6 months and around 35 procedures to complete the process of getting various permits. Everything is tiresome when it comes to land-acquisition and construction. It is even more tedious to get forest and environment clearances.
- India still has repressive labour laws that were enacted along with socialistic principles right after Independence. These laws restrict firms to fire workers even if they don't meet their performance level.
- Indian trial and judgement takes more than a year to complete. There is an urgent need of fast track courts to expedite such cases. Nothing is clear about the steps taken towards it.

SUGGESTIONS

The researchers present the following suggestions:

- The size of our domestic market represents a huge opportunity for domestic and international companies to manufacture in India.
- Manufacturers are unlikely to be moved by the size of the market alone. If India is to attract large investments, it is also vital to provide stability and certainty in the areas of tax, regulations and policy.
- The need of the hour currently is to create strong Indian brands that can be marketed globally
- There is an urgent need of fast track courts to expedite the cases.
- Reforms in labour and tax laws are essential
- Infrastructural facilities are needed to be enhanced such as road connectivity, electricity, power, etc.

- Skilled labour is the need of the hour. Educational Institutes and Universities should upgrade their syllabus in the tune of corporate needs.

CONCLUSION

To conclude, we can say that lot of efforts on the part of Indian government is required to attract foreign investors in India. Also, Make in India concept is in the interest of our country so all the state governments should come forward in cooperation with the central government. All political parties should support the Indian government to make it a success. Also lot of reforms are required on the part of the government to make India a preferable destination for foreign investors.

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