

## MAKE IN INDIA: CHALLENGES AND OPPORTUNITIES

**Rohit Bansal, Manisha Goyal**

- Assistant Professor, Department of Management Studies, Vaish College of Engineering, Rohtak.
  - Student, BBA 3<sup>rd</sup> Semester, Vaish College of Engineering, Rohtak
- 

### **Abstract**

“Make in India” is a worldwide marketing technique intellectualized by our 15<sup>th</sup> and the current Prime Minister of India on 25 September 2014, with an aim to transform the country into a global manufacturing hub. He has propelled this crusade to encourage organizations to fabricate their products in India, aiming to redesign manufacturing sector as the key motor for India’s economic development, inviting the Companies over the globe to make investment and set up their plants and expand their businesses in India and utilize India’s highly talented and skilled manpower to create world class zero deformity products. Mission is to make in India and sell the products all over the world. The fundamental focus is on 25 sectors of the economy for skill development and employment creation as stated in national manufacturing policy to create 100 million jobs till 2022. So our focus of the study is to discuss about this campaign, schemes, its opportunities, sector of focus, its benefits and other flaws.

### **Introduction**

The fifteenth and current Prime Minister of INDIA “Narendra Modi” divulged the “MAKE IN INDIA” campaign on September 25th 2014 in New Delhi. He along welcoming the foreign firms to invest their resource in INDIA also solicited the CEOs of domestic firms to put resources into our nation by saying that, "There is no compelling reason to leave the country. We want our companies to sparkle as MNCs". The MAKE IN INDIA campaign established the foundation of India's new national manufacturing policy and rolled out to provide the first class red carpet for both domestic and international industrialists with an objective to make India a manufacturing hub which will in turn boost the employment rate and overall growth and development of India. The program lays accentuation on 25 divisions. The objective of this scheme is to ensure the

manufacturing segment which contributes around 16% of nation's GDP could be expanded to 25% in next 5 years. Make in India scheme Eliminates Unnecessary laws and controls. Three sectors which contribute to GDP of any country are agriculture, manufacturing and services. As per the present contribution of these sectors to Indian economy manufacturing possesses 16% which is lowest. There are loads of opportunities to be grabbed as far as Indian manufacturing sector is concerned. Numerous business man and entrepreneurs vision for make in India initiative is for the betterment of our economy.

As to enhance the employment generation in the manufacturing segment, we need to provide specialized training to our employees. Small and medium scale ventures and micro and medium enterprises account for 90 percent of the aggregate industrial activity in India and play an imperative role in improving this work era. The manufacturing sector would need to play a pivotal role for India to accomplish its objective of employment generation. There is a need for strong commitment between the government and the industry to empower high growth and development for employment generation. Undoubtedly, India is well-known for its services export, but many question its ability to export fabricates and that is the perception which our Prime Minister Narendra Modi plans to change.

Its transformation into a hub of World Manufacturing Industry will create more employment and open doors for its people. Indian brain is immensely intelligent and talented but due to absence of ample and relevant job opportunities for the people, great Indian talent is travelling abroad and working for companies at Indian outskirts. Furthermore, if India is converted over into a Manufacturing hub and most preferred investment aim for local as well as international investors and manufacturers, it will create ample opportunities for the massively talented Indian youth. Transforming India into a Manufacturing hub will help create, strengthen and modernize the Indian foundation. Such progression will revive the soundness of other sectors such as service, agriculture, hospitality, medical, tourism and so forth. So as to accomplish this fantasy, India needs to analyze the significance of its human resource and financial administration. Out of all various resources, the resource from where the funds are generated and the other human resource, of an organization are the main two essentials.

Industry can't be setup if the industrialist does not have the finance accessible with them as, when and in how much quantity needed. And in the meantime on the off chances if he has setup an industry, has best in class framework and technology, innovation, and so on. All these are of

no use if he does not have the people competent and intelligent enough to use the constrained resources in the best manner these could be used. The nation which does not comprehend the esteem and significance of its work drive and financial services can never survive. Consequently, the effective use of the budgetary services and the human resource of an association is the mystery of the success of a firm. Both human and capital resource move in accordance with each other. Both have the impact no matter whether positive or negative, yet both are directly corresponding to each other.

### **Objectives**

- To discuss briefly features of Make in India Campaign.
- To study opportunities and challenges for Make in India Campaign.
- To identify merits and demerits of this campaign.

### **Why Make in India?**

1. Focus is being different stances such as employment creation and skill enrichment in different areas of economy, specially chemicals, IT, pharmaceuticals, renewable energy, weaving, bio innovation and hardware. About 25 regions are to be taken into creation keeping in mind the end goal to actualize the concept of Make in India.

2. Such initiatives in different areas aims at expanding the GDP growth rate and Tax Revenue of the nation. From the date of propelling this concept of Make in India which initiatives the GDP which has expanded alongside with increment in tax revenue. The statistics displays the positive result of this part of the GDP growth and assessment income of the nation.

3. The initiative of Make in India is anticipated to attract the FDI for capital financing purposes and the technological investment in different economic segments in Indian Economy. The venture prospect by Japan, Germany, and South Korea in the different rail and road venture is the only result of our Make in India concept. We are currently examining on the Smart Cities and Metro Rail for different cities in India which are the results of this Make in India concept.

4. Manufacturing in India by MNCs is to be advanced under make in India concept.

5. The Make in India concept is relied upon to expand the development in framework division. This is especially to promote the growing services and industrial sector in Indian economy. This is in fact to remove excessive pressure on the agricultural land. Presently the agro-sector is overloaded. It is said that to be a developed economy around 30% of the population or even less than that be engaged on agricultural division but today in India about 60% or more populace is working on agrarian sector. This is the most essential concept that the industrial and services segment growth be promoted and the more and more employment be produced.

6. India has the potential to promote the health and tourism segment. This will attract foreign currency in India. In the meanwhile this Make in India idea will help efficient utilization of assets within the nation. The Make in India will help in expanding employment opportunities.

### **How this Concept can be Accomplished**

- Skill development projects would be propelled particularly for individuals from rural and poor ones from urban areas.
- 25 key divisions have been short recorded such as media communications, power, automobile, tourism, pharmaceuticals and others.
- Individuals aged 15-35 years would get high quality training in the accompanying key areas such as welding, masonries, painting, nursing to help elder people.
- Skill certifications would be given to make training process, a standard. As of now manufacturing in India endures due to low efficiency, inflexible laws and poor foundation resulting in low quality items getting manufactured.
- Over 1000 training Centre's would be opened across India within coming 2 years.
- For companies setting up factories, "Invest India" unit is being set-up in the commerce department which would be accessible 24\*7. The principle focus of this dept. would be to make business in India simple by making all the approval processes straightforward and resolving the issues in getting administrative clearances within 48-72 hours with the goal of making the clearances faster. To make this conceivable, special group would be accessible to answer all the inquiries related to help foreign investors/organizations.
- The e-business entry would be soon propelled which would be real time accessible 24\*7.

## Sectors of focus

For this Make in India crusade, the government of India has distinguished 25 priority sectors that need to be promoted adequately. These are the sectors where probability of FDI (foreign direct investment) is the highest and investment might be promoted by the government of India. On the campaign launch, the Prime Minister Mr. Modi said that the development of these segments would guarantee that the world might readily come to Asia, particularly to India where the accessibility of both democratic conditions and manufacturing predominance made it the best destinations, particularly when joined with the effective governance proposed by his administration.

- Automobiles
- Automobile components
- Aviation
- Biotechnology
- Chemicals
- Defense manufacturing
- Electrical machinery
- Food processing
- IT and BPM
- Leather
- Media and entertainment
- Mining
- Oil and gases
- Pharmaceuticals
- Ports
- Railways
- Renewable energy
- Roads and highways
- Space
- Textiles and garments

- Thermal power
- Tourism and hospitality
- wellness

### **Opportunities - Make in India**

The 'Make in India' campaign appears to have come at flawless time. Numerous giant foreign companies have already communicated their enthusiasm in setting up their manufacturing plants in India. Aiming to make India as its export hub, home appliances manufacturer Bosch and Siemens today declared to open their company's first manufacturing plant in our nation, which is to be set up at a cost of Rs. 350 crore. The facility, aimed at making India as an export hub for the South East Asian region, which is estimated to start their operations by the second half of 2014, an organization's statement explained. Sony Corp sources most of the products it offers in India, plants in Thailand, Malaysia, China and Japan. The organization, which has been known as dynamic India from past two decades, now sources products from overseas factories based on India's free-trade agreements. Japan's largest consumer electronics exporter, is presently seriously assessing to "come and make in India" opportunity. Switzerland-based chocolate producer Barry Callebaut looking for setting up a manufacturing unit in India as part of its worldwide extension plans to capitalize on Rs. 3,000 crore domestic market.

Presently, the \$5.2 billion Swiss chocolate producer has 50 manufacturing factories across Europe, Africa, North and South America as well as Asia-Pacific. India is a central market for Barry Callebaut and it wants to be in the market on long-haul. Make in India aims to boost entrepreneurship in India irrespective of other places. A strong manufacturing sector has the potential to take our economic and financial growth to a higher direction, providing jobs to our youth and fulfill their desires. The economic impact of manufacturing in India will go beyond direct business. It will provide occupations in the administrative sector and allied services like logistics, transportation, retail and so forth. Needless to say, as manufacturing would require free flow of crude materials and finished goods, enhancing logistics foundation such as port-to-inland connectivity, freight air terminals and so forth. Would be basic and these advancements promise to transform India into a worldwide manufacturing hub. The government's "Make in India" initiative aims to expand the share of manufacturing to 25 percent of GDP by 2022 from the present 12 percent. This is expected to result in the formation of 100 million occupations. KPMG

and CII recently completed a report which recognized nine key activity items to make India favorable for large-scale production. These incorporate streamlining venture endorsement, facilitating land acquisition processes, creating an appropriate labor development ecosystem, efficient and effective enforcement of laws, facilitating greater cross-border transactions, creating clear exit guidelines, rationalizing taxation regimes and technology enablement of the government. Implementing the aforesaid action items requires a detailed roadmap, including the development of uniform standards and procedures, introducing common application forms for seeking approval from central and state governments, and building a model for a solitary window component. To ensure the nation's place as a worldwide manufacturing powerhouse, the government, industry and civil society must work in couple to reestablish financial investors and public confidence in "Make in India" campaign to make it successful.

### **Challenges**

India's small and medium-sized businesses can play a major role in making the nation take the next huge jump in manufacturing. India ought to be more engaged towards novelty, curiosity and innovation for these areas. The legislature needs to outline the plans to give special benefits to these areas. As indicated by World Bank, India positions 142 out of 189 nations in terms of ease of doing business. India has complex taxation system and poor foundation facilities. Rapid skillup gradation is required on the grounds because skill intensive sectors are dynamic segments in our nation; otherwise these sectors would become uncompetitive. India ought to rouse innovation work, research and development which is currently less in India and should give more space for advancement.

1. Creating healthy business environment will be conceivable only when the authoritative apparatus is efficient. India has been very stringent with regards to procedural and regulatory clearances. Business-friendly environment will only be made if India can sign easier approval of projects and set up hassle-free clearance mechanism.

2. India should also be ready to handle elements that unfavorably influence competitiveness of manufacturing. To make the nation a manufacturing hub the unfavorable elements must be evacuated. India should also be ready to impose tax concessions to organizations that come and set up their units in our nation.

3. India's make in India crusade will be constantly contrasted with China's 'Made in China' campaign. The dragon propelled the campaign at the same day as India trying to retain its manufacturing abilities. India should constantly keep up its strength so as to outpace China's supremacy in the manufacturing sector.

4. India must also encourage high-tech imports; research and development (R&D) to upgrade 'Make in India' give edge-to-edge rivalry to the Chinese partner's crusade. To do as such, India must be better prepared and motivated to do world class R&D. The legislature must guarantee that it gives platform for such innovation and development.

### **Merits - Make in India**

Make in India has accompanied with heaps of benefits and points of interest for the Indian Economy. Due to this fact organizations from across the globe have invested resources in the make in India battle, and have flourished successfully, making India a center point for the manufacturing companies, eclipsing nations like the USA in the gathering of FDI up to \$63 billion amid the previous year.

However, since the initiation of the make in India development, a ceaseless ending dialogue has occurred scrutinizing additionally succoring the battle. The finest of the industrialists, bolster the make in India operation and are cheerful to put resources in the vision of a financially strong India, while on the other hand, there is another arrangement of industrialists and business analysts who firmly hold the conviction, that the Make in India may be an enormous risk to the advancement of India, ecologically and monetarily.

#### **1. Creates Job Opportunity**

One of the principle purposes of make in India campaign is to provide opening doors by providing job opportunities for as many citizens of India as possible. It has focused on young generation of the nation as its prime recipient. The investments in the focused sectors, i.e. media, pharmaceuticals, tourism and so on, will inspire the young entrepreneurs to approach with their innovative ideas without agonizing over the source of hypothesis.



## **2. Enhance the Vicinity**

In order to manufacture in India, a specific industry requires a promising area to set up apparatus for setting up their factories. To satisfy this necessity, the zones picked would be enhanced as well as neighboring areas will be highly profited. For a developing country, such as India, an initiative of this kind is extremely crucial. Furthermore the work procured, from the region would also enhance the monetary status of the families living nearby.

## **3. Grow GDP**

Because of the manufacturing of products in India, monetary growth is inescapable, which will not only boost the exchange segment additionally will build the GDP of Indian economy as with the setting up of new plants and different ventures being speculated in the Indian commercial sectors the stream of salary will be humongous. Different sectors for example exportation, architecture, textiles, telecommunications and so on, are probably going to thrive inevitably, strengthening the Indian economy which is already the seventh largest in the world.

## **4. Sustain the Rupee**

The emergence of the manufacturing businesses would naturally change India into a center point for the fabrication of different business products; as a result, there would be an amazing accumulation of the FDI, which thus would strengthen the rupee against the mastery of the American dollar.

## **5. Increment in Brand Value**

The urban population prefers global brands as opposed putting their confidence in Indian retailers. Thus, the small manufacturing organization endures extreme misfortune in the market. Because of make in India crusade, such small manufacturers will be furnished with a real shot at business. With, organizations putting resources into such small time retailers from all around the globe, the brand estimation of Indian stock will increment drastically.

## **6. Up-gradation of Technology**

India being an underdeveloped country clearly lacks various latest mechanisms, which is a major obstacle in the way to development of the nation. Subsequently, with heap of nations approaching

the make In India crusade, India will be given the opportunity to make use of the latest technology which these nations bring along. Not only will India profit from the knowledge and utilization of the technology additionally, the concerned countries will be provided with a skilled and smart work.

### **7. Availability of Young Minds**

The majority of youthful generation of Indian plans to move out of the nation in the hope of a superior future. Due to the lack of young labor, India has always been deprived of inventions and new thoughts. With the make in India campaign, the young populace would not only be provided with employment but also their young and fresh minds would take the industrial sector to new heights.

### **8. Flow of Capital**

Since the commencement of capitalization, the Indian currency is being spent on the foreign nations but with the introduction of make in India, the capital will not only stay in our nation, but also the foreign currency will be provided to the nation as well. In a nutshell, India will not spend on foreign countries, but the foreign countries will spend on India in the form of investments and wages.

## **Demerits of Make in India**

### **1. Negligence of Agriculture**

The most negative effect of the make in India crusade will be on the farming sector of India. It is a well-known fact that Indian Territory has 61% cultivable land. With the introduction of industrial sectors, the agriculture in India will be neglected to some degree.

### **2. Depletion of Natural Resources**

Since Make in India is fundamentally based on manufacturing firms, it requests the set-up of various processing factories. Such projects devour the natural resources such as water, land etc. on a large scale. With the rapid devouring of such valuable resources, India might be left with zero opportunity to renew them, undermining the survival of such a large population in the near future.

### **3. Misfortune for Small Entrepreneurs**

The make in India crusade, invites foreign countries to manufacture their products in India with open arms, this naturally facilitates up the different restrictions over trade with foreign countries, welcoming consideration of the worldwide commercial organizations. As these companies won't only allure the Indian population but additionally would dominate the small local entrepreneurs and force them out of business.

### **4. Disruption of Land**

India is extremely rich in the agriculture sector. About 60% of the Indian soil is arable. With the accentuation being given to the make in India crusade, many of the companies would come forth to set up their factories on the land which could be utilized for cultivation. Eventually this set up of manufacturing plants would lead to the permanent disruption of the agrarian land in the near future.

### **5. Fabrication based Economy**

Indian economy is one of the biggest economies on the planet. It constitutes of three parts i.e. agriculture, industry and services. Presently the Indian economy majors up from the service sector which contributed up to 57% of the GDP. But with the introduction of the make in India campaign the economy is likely to rely completely on the manufacturing and exporting while the import industry will stay static. This in the end will be a tremendous misfortune for the other economic segments and would naturally decline the progression of make in India.

### **6. Interest in International Brands**

As stated earlier, the brand value of Indian stock market will definitely increment. But the Indian high society, which can actually manage such merchandise, is addicted with foreign mark. This will ultimately become a big hurdle for the local entrepreneurs as a great level of promotion is required to construct the confidence of people in the local brands.

### **7. Pollution**

One of the most serious issues which is prevailing in India is pollution. According to statistics, India has a pollution index of 76.50. With the make in India movement, this pollution level is

likely to arise in a couple of years. Hence, Make in India may economically arise but it will have a converse impact ecologically.

### **8. Awful Relations with China**

The Indo-China relations are already a problematic cause for the nation, with the commencement of the make in India campaign; India stands as one of the most encouraging opponent for China.

### **Conclusion**

In nutshell, it can be concluded that our nation has the ability to push the GDP to 25% in next couple of years. The government of India has found number of steps to further empower investments and further enhance the business atmosphere. “Make in India” mission is one such long haul initiative which will understand the fantasy of changing India into manufacturing Hub. Start-ups in the core manufacturing sectors which are poised to play a vital role in the accomplishment of this campaign ‘Make in India’. Ambitions, said experts at a panel discussion at the 11th India Innovation Summit 2015. “new companies in the field of telecom, defense manufacturing, automobile, financial technology modules and mobile internet have immense potential to succeed in the plan of ‘Make in India’,” said Siddhartha Das, general partner, Venture East addressing aspiring business visionaries at the discussion on “Entrepreneurship - Role of Startups towards Make in India”. Make in India scheme also focuses on producing products with zero defects and zero effects on environment. Besides, the campaign would ensure closer center and states relations for advancing India as a worldwide manufacturing hub.

### **References**

1. Dr. M. Kabir Hassan, The impact of globalization on the developing countries, Journal of Economic Cooperation Among Islamic Countries, 19, 1-2 (1998) 71-135
2. Indian Entrepreneurs in Import Substitution – Need of the Hour for Indian Economy, Mrs. Kamna Dhawan, AISECT University Journal Vol. II/Issue IV Sep. 2013. ISSN: 2278-4187.

3. R. Bhattacharyya, (2012). The Opportunities and Challenges of FDI in Retail in India, IOSR Journal of Humanities and Social Science, 5(5), pp. 99 – 109
4. Skill development for the youth-A Global Quest, Siddharth Chatturvedhi, AISECT University Journal Vol. II/Issue IV Sep. 2013. ISSN: 2278-4187.
5. A. Chaudhari, International Journal of Management (IJM), Volume 6, Issue 11, Nov 2015, pp. 37-44, Article ID: IJM\_06\_11\_004