



Make in India: its Vision and Goal

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Abstract: In this paper, a challenging effort was made to present the new investment project of Prime Minister Mr. Narendra Modi that 'Make in India' is the new mantra and the objective was to encourage the production of goods within the country and Making India the manufacturing hub of the world economy. The aim of the project showing a pure classical economics there is going to be a demand and then there would be producers who would be incentivized to supply goods and Services to meet that demand. This paper covers issues of the make in India, sectors covered, worldwide and positive responses and some critics. However, this paper is concluded as optimistic manner that the Make in India' economically viable? What are the challenges that the project and movement will face? What about the projects that are currently running under 'Make in India'? Can India compete in the global market? We will try to find the answers to all of these questions in the next couple of years.

Key words: business index, Making India, Labour laws, manufacturing

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. Mae 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. Prime Minister Mr. Narendra Modi launched the Make in India campaign on September 25, 2014. The date of the launch was chosen to be of maximum advantage. Coming right after the successful insertion of Mangalyaan - a wholly indigenously built low-cost probe into the Martian orbit - the event highlighted India's success in manufacturing, science and technology, and all this at inexpensive costs. It also came just a day ahead of the Prime Minister's maiden US visit. Calculated to enhance India's attractiveness as an investment destination, the launch ceremony was held at the Vigyan Bhavan in New Delhi. The hall thronged with attendees, a number of who did not even find seats. Leading entrepreneurs and the CEOs of about 3000 companies from across 30 countries were invited to attend the launch.

Why Companies were not manufacturing in India: Make in India campaign is at loggerheads with the Make in China ideal that has gained momentum over the past decade. China is a major rival to India when it comes to the outsourcing, manufacturing, and services business. India's ailing infrastructure scenario and defunct logistics facilities make it difficult for the country to achieve an elite status as a manufacturing hub. The bureaucratic approach of former governments, lack of robust transport networks,

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and widespread corruption makes it difficult for manufacturers to achieve timely and adequate production. The Modi government has vowed to remove these hurdles and make the nation an ideal destination for investors to set up industries.

The Vision of Make in India: The manufacturing industry currently contributes just over 15% to the national GDP. The aim of this campaign is to grow this to a 25% contribution as seen with other developing nations of Asia. In the process, the government expects to generate jobs, attract much foreign direct investment, and transform India into a manufacturing hub preferred around the globe. The Prime Minister called for all those associated with the campaign, especially the entrepreneurs and the corporates, to step and discharge their duties as Indian nationals by First Developing India and for investors to endow the country with foreign direct investments. The Prime Minister also promised that his administration would aid the investors by making India a pleasant experience and that his government considered overall development of the nation an article of faith rather than a political agenda. He also laid a robust foundation for his vision of a technology-savvy Digital India as complementary to make in India. He stressed on the employment generation and poverty alleviation that would inevitably accompany the success of this campaign. The major objective behind the initiative is to focus on 25 sectors of the economy (table 2) for job creation and skill enhancement. The initiative hopes to increase GDP growth and tax revenue. The initiative also aims at high quality standards and minimizing the impact on the environment. The initiative hopes to attract capital and technological investment in India. The campaign was designed by the Wieden + Kennedy (W+K) group which had previously worked on the Incredible India campaign and a campaign for the Indian Air Force.

Campaign Name	Make In India
Launch Date	09/25/14
Launched By	PM Mr. Narendra Modi
Number of Sectors	25
Investment Proposals Received	INR 2000 crore (till 9-Oct-2014)

Description on logo: The logo for the Make In India campaign is an elegant lion, inspired by the Ashoka Chakra and designed to represent India's success in all spheres. Wheel denotes peaceful progress and dynamism. lion has been the official emblem of India" and it stands for "courage, tenacity and wisdom -- all Indian values The campaign was dedicated by the Prime Minister to the eminent patriot, philosopher and political personality, Pandit Deen Dayal Upadhyaya who had been born on the same date in 1916.

Some key takeaways from the Prime Minister's speech at the launch ceremony:-

- We do not want to see any company or enterprise leave India due to business constraints
- An environment of trust will convince industry leaders of the government's commitment to developing industry
- FDI is a responsibility for the people and an opportunity for the global investors; FDI for Indians should be "First Develop India" and Foreign Direct Investment for the investors
- Only when India moves away from poverty will purchasing power in the country increase and when this happens the country will start to bloom as a grand huge market for industries
- The movement away from poverty will come from increase in employment; employment will come only when we start developing the manufacturing sector in India.



Expectations on make India Make in India’ for Big Boost to Industry & Employment: The launch of the ‘Make in India’ campaign by Prime Minister Narendra Modi to attract foreign investments and boost the manufacturing sector of India has been timed to perfection. It comes a day after India’s indigenously manufactured satellite Mangalyaan was successfully put in the Martian orbit, showing to the world the progress India has made in manufacturing processes, technology, science and innovation. It also comes a day ahead of the PM’s visit to the US. ‘Make in India’ is intended to provide a major fillip to India’s manufacturing industry which currently contributes about 15% of the national GDP. For the Make in India campaign, the government of India has identified 25 priority sectors (table 2) that shall be promoted adequately. These are the sectors where likelihood of FDI (foreign direct investment) is the highest and investment shall be promoted by the government of India. It is aimed the development of these sectors would ensure that the world shall readily come to Asia, particularly to India where the availability of both democratic conditions and manufacturing superiority made it the best destinations, especially when combined with the effective governance intended by his administration.

Make in India’ Call Gets Smart Response from Abroad: Make in India program started by Modi Government to transform India into a global manufacturing hub. Twenty five key sectors were marked out as priority sectors and foreign investors have been promised all assistance and information required to set up businesses in India. The Prime Minister followed up on the Make in India campaign with a series of labour reforms that were long overdue. The response to make in India call has been quite promising, domestic as well as foreign, although it’s not time yet to see the impact of these reforms. Tying it up with Digital India and the expansion targets of the economy, the Government is certainly working on what seems to be a comprehensive plan to rope in foreign investments to boost the economy and growth.

Fiat plans for ‘Make in India:’ Modi’s call to make in India has had things moving in the automobile sector. Fiat Chrysler Automobiles has come up with a plan to manufacture a range of Csegment Jeep brand premium sports utility vehicles in India and export these SUVs to countries such as Australia, South Africa, and the United Kingdom. This manufacturing (export) unit is likely to be up and running within two years and shall bring in an investment of about INR 1,500-2,500 cr. The project has been called M6 or 556 and will see the production of the first SUVs in the country. Fiat Chrysler has hitherto been sustaining losses due to low sales numbers in their Indian operations and the exports are likely to reverse this trend.

Producer Incentives: The producer incentives can come from four factors:

1. Cheaper costs of production & Movement of goods
2. Ease of doing business
3. Market with the ability to pay that improves margin
4. Finding the right skill set

It is expect and think it is looking at the producer incentives that you realize that we fall flat on our faces. All 4 factors mentioned above are a suspect. Even if we say that the market would finally take notice of our quality and pay the price for a Make in India product. Cheaper costs of production and movement of goods alone will expose the lack of infrastructure in the country. Raw materials have to make their way into the factory and finished goods have to move out. In the middle of this the processing of materials into goods would take water, electricity, real estate, clinics and hospitals to support this facility. The lack of them obviously increases the costs of production. In absence of electricity there is loss of production, or



the alternative is to set up your own unit and incur more costs on it. Some others depend on Diesel generator sets to run factories. The current energy deficiency in India is around 5 % according to the Central Energy Agency. Basically apart from the west of the country and Gujarat in particular all regions are energy deficient. This is despite India being the third largest producer of electricity in the world and having one of the cheapest electricity rates per unit.

Criticisms and concerns: The NDA government's Make in India campaign has till early October attracted INR 2000 crore worth investment proposals. The campaign has, despite this, found its fair share of critics. The topmost of these criticisms is leveled against the incumbent government. It has been felt that the government does not walk its talk - labour reforms and policy reforms which are fundamental for the success of the Make in India campaign have not yet been implemented. A number of layoffs in companies such as Nokia India cast long shadows over the campaign. 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. Providing the strongest critique to the government's Make in India strategy, Reserve Bank of India (RBI) governor Raghuram Rajan said India rather needs to make for India, adding that either an incentive-driven, export-led growth or import-substitution strategy may not work for the country in the current global economic scenario.

Conclusions: The analysis shows two dimensions of arguments. One side is optimistic nature which expecting more investment by free flow of capital. On the other side, it has criticized as the economy; it is adopting what look like neo-Nehruvian ideas. Instead, Modi should focus on making business as easy and honest as possible, avoiding artificial props, curbing inflation and fiscal deficits, ensuring a realistic exchange rate, and letting the market decide which sectors should flourish. Investors from everywhere will then rush in to make in India. The country is moving away from a mixed to a capitalist economy with corporate honchos appearing set to get a "bonanza of sorts" and the poor a "pittance. Whatever, we can allow constructive criticisms rather than political gimmicks. Because, there was evidence in the earlier that In 1983 Illustrated Weekly ran an article criticizing Operation Flood or what we in India commonly call as the 'White Revolution'. The piece went to say how National Dairy Development Board (NDDB) and the IDC had totally lost the plot and India would never become selfsufficient in dairy products.

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