



CAN MAKE IN INDIA CAMPAIGN WILL BE ABLE TO PROMOTE SMALL SCALES INDUSTRIES OF INDIA

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ABSTRACT

Make in India typically mean more openness, as we create an environment that makes our firms able to compete with the rest of the world, and encourage foreign producers to come to take advantage of our environment to create jobs in India. To mend the economy revival of demand and investment cycle is crucial. The government's intention to boost domestic manufacturing and create new jobs, its proposal to introduce a new policy on micro, small and medium enterprises (MSMEs) deserves a closer look, while govt's invitation to international companies to make investments has been receiving a lot of attention; the government's close interaction with industry associations from different regions and sectors within India to discuss specific problems inhibiting domestic enterprises deserves equal consideration. Terming the Make in India campaign as extremely progressive, industry experts and analysis said the move would help the small scale sectors. However, to boost domestic manufacturing in MSMEs, new policy must be formulated. India's MSME sector has recorded more than 10% growth in recent years despite the economic slowdown. MSME contribute nearly eight percent to the national GDP employing over eight crore people in nearly four crore enterprises and accounting for 45% of manufactured output and 40% exports from India. Thus the focus of the government on MSMEs on this juncture is justified.

KEYWORDS : MAKE IN INDIA, MSME, DOMESTIC MANUFACTURING REVIVAL OF ECONOMY

Introduction :

The present government stresses on creating development and growth oriented environment. It has focussed on increase manufacturing and at the same time to develop India as a global manufacturing hub. While the campaign promises to provide a galore of investment opportunities to the big business houses. It is an initiative to woo foreign investors by encouraging them to locate a segment of their production process within India's national boundaries and facilitate cross border movements of technology, capital goods, processed goods as well as intermediate goods.

The sticky growth of manufacturing sector has been a serious concern for the policy makers due to low contribution to output and employment generation. Its performance has been worsening with declining growth from 9.7% in 2011-12 to as low as 1.8% in 2013. Its contribution to the GDP has been around 15% which is extremely low when compared to China's 34% and Malaysia's 24%. However, the most worrisome trend now is that the India's manufacturing sector has been experiencing a rising output but diminishing value added in its total output. Not only the real-value added growth decline for the aggregate manufacturing sector, many export-oriented sector such as textiles and clothing witness similar trend. To put it simply, the Indian manufacturing sector is hollowing out due to declined real value added, deteriorating labour productivity and declining share of the sector in nation's GDP. Therefore, even if manufacturing output grows and export rises, there can be no production linked gains like employment generations, technology up gradation and skill development unless domestic value added rises. Linking into the Global value chains which is primary objective of Make in India initiative can no longer be linked to higher production in India as imports of intermediate products which are used in exports increase and little to the domestic value added. While India's share in the value added by global value chains is estimated at 1%, the domestic value added has declined from 90% in 1995 to 78% in 2009. Undoubtedly, India is not gainfully linked into the Global value chains.

For small scale sectors situations mentioned above will make more difficult to sustained in the global market. If big business houses failed to gain position in the global chain, then small scale sector sectors who's by-product are used in big houses will also suffer losses. Moreover, it is daunting challenge is the dualism with respect to the existence of micro and small scale enterprises and large scale enterprises, the role of the micro and small scale enterprises is left unclear. But it is time to see how micro, small and medium enterprises in rural India can be force multiplier. Whenever anyone mentions the word

rural what springs in mind is farming. But more than 65 percent of rural labour is engaged in non-farm livelihood activities or the Rural Non-Farm Economy (RNFE). The majority of rural labour is involuntarily engaged in low skill, low paid, tertiary –level jobs. Their lot can be improved if a synergy is created between Make in India and Make in Bharat. One of the major development challenges before us is to create an enabling environment for the growth of micro-small-and medium seized manufacturing service enterprises in rural areas. This is the only sustainable way to provide better quality jobs to our rural youth. The sector needs an enabling environment for business. One of the ways is to provide better infrastructure to address the problems of production and market linkages. Micro, small and medium sized enterprises are more constrained than large ones in the establishment and running of their businesses. Removing those constraints will make them competitive. Therefore, the national manufacturing policy should help these entrepreneurs explore linkages with large scale manufacturing. The objective should be to establish strong linkages between micro enterprises and big industries in manufacturing zones. Large scale initiatives such as in the upcoming economic and industrial corridors should be viewed in this light. The Make in India should create an enabling environment for developing strong linkages between smaller and big enterprises. Today India start-ups in the technology sector are making headlines all over the world. However, there is no news of Indian small and medium scale enterprises making a cut in terms of innovations. Having said that, it is to be noted that almost 84% of the total employment in the manufacturing sector in India is in micro and small scale enterprises and rest in the large enterprises (ADB 2009). Moreover, the MSMEs are starved of funds and possess limited access to high level technology. In the list of the Make in India campaign, they are bound to face intense competition in international as well as domestic markets which can easily wipe out MSMEs. Thus it is clear that the benefits of Make in India strategy, if any, will be reaped by a small set of large domestic and foreign investors. It is clear that the success of the Make in India campaign is subject to lot of qualifications. In order to support Make in India theme, the SSI must garner the ability to discover and latch on to than one core competence and make it a cornerstone of their business to win the competition war. In that sense, the idea is to make the SSI what it should truly be a specialised skill industry and not a small scale industry which tends to define and foreshadow their business activity within the shackles of self imposed constraints. Make in India movement could facilitate business in analysing the current approaches in or more of the following functions and how they might make substantial improvement in them to achieve excellence in the way they do business in order to help them latch on to untapped potentials.

incremental localisation effort entailing of products to be made in India and defying/executing the strategy to accomplish the goal

Addition/improvement in product features that have greater appeal in the way they satisfy consumer needs.

Implementation of innovative marketing strategy which allows for more effective promotion and awareness of the products.

Innovation in logistics and supply chain capability that helps faster times of delivery and support.

Reengineering of manufacturing and /or other critical business processes for improvement in quality and time to market.

Conclusion:

The micro, small and medium enterprises as we call today were one of the most predominant occupations since immemorial. The Make in India campaign definitely enables us to optimistically look at creating India into a manufacturing hub and the advantages being capital inflow, employment generation, better economy hence overall development, though this might lead to economic growth. Make in India programme with its focus primarily on foreign investment and foreign capital to boost manufacturing industry will achieve its height if it is supplemented by the growth of so call unrecognised micro, small and medium enterprises. Every country depends upon those sectors. Traditional knowledge works primary for the institution of any industry which further transform into large scale industry due to invention and innovation. Thus MSME works as the base of the large scale industry. Promotion of MSME sector will help in flourishing of large scale industry which will help in reaching the goal Make in India.