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TRANSFORMATION OF INDIA IN TO A GLOBAL MANUFACTURING HUB

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ABSTRACT Prime Minister Narendra Modi launched the Make in India initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%. Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector. Since the launch of Make in India in September 2014, FDI inflows of USD 77 billion including a equity inflows of USD 56 billion has been received for the period October 2014 to March 2016. This represents about a 44% increase in FDI Equity inflows over the same corresponding period.
'Zero defect zero effect' is a key phrase which has come to be associated with the Make in India campaign in the words of Prime Minister Narendra Modi. Thus, sustainable development in the country is being made possible by imposing high-quality manufacturing standards while minimising environmental and ecological impact.

KEYWORDS : India development impact FDI

INTRODUCTION

India is a federation composed of 29 states and 7 union territories. All states, as well as the union territories of Puducherry and the National Capital Territory of Delhi, have elected legislatures and governments, both patterned on the Westminster model. The human sex ratio, according to the 2011 census, is 940 females per 1,000 males. The median age was 27.6 as of 2016 the first post-colonial census, conducted in 1951, and counted 361.1 million people.

LAUNCH OF MAKE IN INDIA SCHEME BY PRIME MINISTER OF INDIA

Prime Minister Narendra Modi launched the Make in India initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%. Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector.

It targets 25 sectors of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM), It also seeks to facilitate job creation, foster innovation, enhance skill development and protect intellectual property. The logo of 'Make in India' – a lion made of gear wheels – itself reflects the integral role of manufacturing in government's vision and national development. The initiative is built on four pillars which are as follows:

1. **New Processes**: The government is introducing several reforms to create possibilities for getting Foreign Direct Investment (FDI) and foster business partnerships. Some initiatives have already been undertaken to alleviate the business environment from out-dated policies and regulations. This reform is also aligned with parameters of World Bank's 'Ease of Doing Business' index to improve India's ranking on it.
2. **New Infrastructure**: Infrastructure is integral to the growth of any industry. The government intends to develop industrial corridors and build smart cities with state-of-the-art technology and high-speed communication. Innovation and research activities are supported by a fast-paced registration system and improved infrastructure for Intellectual Property Rights (IPR) registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being addressed.
3. **New Sectors**: 'Make in India' has identified 25 sectors to promote with the detailed information being shared through an interactive web-portal. The Government has allowed 100% FDI in Railway and removed restrictions in Construction. It has also recently increased the cap of FDI to 100% in Defence and Pharmaceutical.
4. **New Mind-set**: Government in India has always been seen as a regulator and not a facilitator. This initiative intends to change this by bringing a paradigm shift in the way Government interacts with various industries. It will focus on acting as a partner in the economic development of the country alongside the corporate sector.

DEVELOPMENT WITHIN A SHORT SPAN

Within a short span of time, there are many instances of the initiative's success. In December 2015, Micromax announced that it would put up three new manufacturing units in Rajasthan, Telangana and Andhra Pradesh. Japan announced it would set up a USD 12 billion fund for Make in India-related projects, called the "Japan-India Make-in-India Special Finance Facility" after the Japanese Prime Minister Shinzo Abe's visit to the country. Huawei opened a new Research and Development (R&D) campus in Bengaluru and is in the process of setting up a telecom hardware manufacturing plant in Chennai. France-based LH Aviation signed a Memorandum of Understanding (MoU) with OIS Advanced Technologies to set up a manufacturing facility in India for producing drones. Foxconn announced it would invest USD 5 billion over five years for R&D and creating a hi-tech semiconductor manufacturing facility in Maharashtra. Samsung said it would manufacture the Samsung Z1 in its plant in Noida while General Motors declared that it would invest USD 1 billion to begin producing automobiles in the capital state and this is only the tip of the iceberg as there are many more proposals in the pipeline.

INDIAN HEALTH CARE

Indian health care is witnessing a new wave of opportunity and is expected by 2020 to become one of the top three health care markets, in terms of incremental growth. The industry, which was valued at USD 73.92 billion in 2011, is predicted to grow at a Compound Annual Growth Rate (CAGR) of 16% to reach USD 280 billion by 2020. In the next decade, with growing awareness among consumers and demand for better facilities, the country's second-largest service sector employer is on the cusp of a major transformation.

The private sector has emerged as a strong force to aid in the growth of this sunrise sector. In India, private health care constitutes 70% of the country's total health expenditure. Secondly, the per capita health care expenditure has surged at a rapid pace - from USD 64.92 in 2012 to USD 74.99 in 2014 at a CAGR of 7.48% during 2012-14. In the Union Budget 2017–18, the overall health budget increased from USD 5.96 billion) (1.97% of total Union Budget) to USD 7.3 billion (2.27% of total Union Budget).

COMBINATION OF GST FOR TRANSFORMATION

For most industrial products, GST rates have been slated at 18%. Today a manufacturer pays about 28-30% as taxes, so this means an average saving of around 10%. The lower tax rate is not the only benefit GST offers. It will provide a push to manufacturing in three big ways.

One, GST replaces eight central and nine state taxes such as central excise duty, service tax, state VAT and entry tax. This means the end of an era of multiple taxes levied at central, state and local levels, each with a different tax compliance system. Two, GST reduces the cascading effect of taxes. Also, GST is to be paid only on the value addition and not on absolute value.

MAKE IN INDIA IN DEFENCE WILL BOOST MSME SECTOR

The Centre is attempting to boost MSME sector's contribution towards indigenous manufacturing in defence from the present 20-30 to 70 per cent in the next five years under its ambitious 'Make in India' programme, The 'Make in India' programme puts great thrust on sustainability, The Government is also committed to introduce more clusters of defence manufacturing to help MSMEs reap the benefits of logistical efficiency, as well as to harness the benefits of innovation from all parts of the country

INDIA AS A MARKET FOR AMWAY

The world's biggest direct seller has bet big on India, having invested heavily in a state-of-the-art manufacturing facility and physical infrastructure. The Indian arm of the US based company, Amway India, offers more than 130 products via the direct selling channel. The company relies on a network of approximately 5, 00,000 direct sellers to sell nutrition, beauty, personal care and home care products to consumers. Products are manufactured in the company's manufacturing facility in Tamil Nadu.

MADE IN INDIA: TOP 10 EXPORT PRODUCTS FROM INDIA

India has become a major exporter of IT services, Business Process Outsourcing (BPO) services, and software services with $154 billion revenue in FY 2017 this is the fastest-growing part of the economy. India ranks third in GDP in terms of purchasing power parity at $8.7 trillion, but its nominal GDP puts it in a seventh place with $2.25 trillion. The country's high population drags its GDP (PPP) per capita down to $6,658. India's GDP is still highly dependent on agriculture (17%), compared to western countries. However, the services sector has picked up in recent years and now accounts for 57% of the GDP, while industry contributes 26%. The economy's strength lies in a limited dependence on exports, high saving rates, favourable demographics, and a rising middle class. India recently overtook China as the fastest growing large economy. The other products which are exported are Petroleum products, Jewellery, Automobile Machinery, Bio-chemicals, Pharmaceuticals Cereals, Iron and steel, Textile and Electronics

CONCLUSION

Since the launch of Make in India in September 2014, FDI inflows of USD 77 billion including a equity inflows of USD 56 billion has been received for the period October 2014 to March 2016. This represents about a 44% increase in FDI Equity inflows over the same corresponding period.

'Zero defect zero effect' is a key phrase which has come to be associated with the Make in India campaign in the words of Prime Minister Narendra Modi. Thus, sustainable development in the country is being made possible by imposing high-quality manufacturing standards while minimising environmental and ecological impact.

“Come make in India. Sell anywhere, [but] make in India.” Prime Minister Narendra Modi said while introducing his vision to the public. And it seems that the world is more than ready to embrace this vision, which is already set on a path to become a reality.

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