



## Make In India-Issues

### KEYWORDS

Employability, Wasteland, Economic Viability, Manufactured Exports.

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**ABSTRACT** *Make in India' is one of the business friendly reforms initiated by Prime Minister Narender Modi. Applying Say's law 'Supply creates its own demand' PM Modi has stressed on cost effective manufacturing and sufficient purchasing power to come up with overall and sustainable development. India's unique combination of democracy, demography and demand makes it possible to harness the top fruits of globalization.*

*However there are certain issues to be addressed while turning 'Make in India' vision into a reality. This paper tries to identify such issues and their possible way outs.*

*This paper is based on secondary data extracted from various authenticated websites such as makeinindia.com, narendrmodi.com, infraline.com, World Bank and various newspaper articles.*

#### Introduction

'Make in India' movement started in September, 2014, aims at creating such an environment to lure foreign producers and investors to come and create jobs in India and enable domestic firms to compete globally. This program is to exploit every possible source to raise the share of manufacturing in GDP from 16% to 25% by 2022 and to create 100 million manufacturing jobs over the same period. The Make in India initiative is based on four pillars: new processes, new infrastructures, new sectors and new mindset. These four pillars are worked upon in terms of facilitating ease of doing business, developing industrial corridors and smart cities, opening up FDI in defense production, insurance, medical services, railway infrastructure and construction in a big way, and making government a facilitator of industrialization and not only a regulator. The campaign Make in India focuses on 25 sectors: construction, defense manufacturing, , IT & BPM, automobiles, aviation, chemicals, electrical machinery, food processing, pharmaceuticals, textiles and garments, media and entertainment, ports, leather, mining, , railways, automobile components, , wellness, tourism and hospitality, renewable energy, biotechnology, , roads and highways, space, thermal power, electronics systems. The websites [www.makeinindia.com](http://www.makeinindia.com) dedicated to the initiative shows the 25 sectors along with live projects like industrial corridors, FDI policies and details of Investor Facilitation Cell.

The campaign is set to achieve total growth by facilitating investment, enhancing skill development and fostering innovation in the country. Much advancement is being headed towards achievement of this innovative mission. Various foreign companies like Hitachi, Fiat, Airbus, Tetrapak, and Ericsson among others have committed to participate in 'Make in India' movement. Russia, China, Germany, Spain, Sweden, Oman, Japan and France have shown keen interest for this initiative and they are offering different sources to realize this dream of India. But on the way to achieve 10% economic growth rate, India has to do much on various issues such as infrastructure, employability score of Indians, ease of doing business index, land acquisition implications, power capacity and industrial security etc.

#### Issues to be dealt with:

**Ease of doing business:** There are different activities involved in starting and doing business such as dealing with construction permits, registering property, getting credit and electricity, paying taxes, enforcing contracts and resolving insolvency etc. As per World Bank report, among 189 economies India ranks 142 for ease of doing business. India needs to improve upon various components of ease of doing business. Minimum or reduced capital requirements and faster and simpler procedures will help getting more firm satisfaction and savings and more registered businesses in India. Construction permits are need to be made more coherent, efficient and transparent while maintaining and protecting public interest through stricter deadlines and optimal allocation of resources. Taxation legislation is to be made broader, transparent and corruption free. Taxation policies should have positive impact on investor confidence, exports and employment growth. Contract enforcement and dispute redresser machinery should be made quick and strict.

**Acquiring Lands:** Land acquisition is one the important steps for setting up manufacturing firm. There are many issues concerning land acquisition such as proper rehabilitation and resettlement of affected inhabitants of that land. One of the alternatives for the Govt. is to use wasteland for Make in India purposes. India has a total of 552692.26 square kilometers of wasteland out of total geographical area of 3287263 square kilometers.

**Improving employability:** Employability rate is very low in India. As per 'Higher Education in India: vision 2030' report, 75% of IT graduates, 55% of manufacturing, 55% of Banking & Insurance graduates are deemed unemployable. This is because of theoretical nature of course curriculum and less awareness of applicability of theories in the industry. The course curriculum content and structure should be updated in lines with rapid changes in the field of science and technology. Moreover the entrance tests being conducted for admission to better known institutions should focus on calm and collected thinking rather than memory and speed.

**Capacity addition in the power sector:** As per report (2014) by India's Central Electricity Authority, India had an

energy requirement of 1048672 Million Units (MU) of energy out of which only 995157 MU of energy were available. As per 17<sup>th</sup> Electric Power Survey of India Report (2010-11), India's Industrial demand forms 35% of electrical power requirement which is to further increase significantly. As per 12<sup>th</sup> five year plan, the Govt. had targeted a capacity addition of 88,537 MW out of which only 46,766 MW has been achieved till Aug, 2014. There are issues like delay in environmental clearances and shortage of fuel supply, which hinder the Indian power sector.

Govt. should focus on raising domestic coal production by improving quality of mines and ensuring transparent allocation of coal blocks so that cost of power production is reduced and fuel shortage is avoided.

**Development of Roads and Highways:** As roads and highways are vital for an efficient inbound and outbound logistics of a manufacturing firm to ensure proper and cost effective movement of raw materials and finished goods. As per data from website of Ministry of Road transport and Highways (2014) India has a total of 48.65 Lac kilometers of road network comprising of National Highways (92,851 km), State Highways (138,489 km), Major District Roads, Rural roads and urban roads (all together 46.34 Lac Km) which means National Highways comprise 1.7% of India's total road network but carry 40% of road traffic, which makes it very congested. So it is imperative that Govt. should initiate conversion of single lane or double lane National & State Highways to four or six lane roads to meet growing congestion problem in India. Besides, Govt. should install smart traffic control systems so as to have real time data on vehicular traffic flow and which can be used to control the sequence and duration of traffic signals at major junctions across India.

**Make in India: An economic spectrum:-** RBI Governor Raghuram Rajan observes 'Make In India' as 'Make for India' strategy because he suggests that Make in India might become excessively focused on manufacturing which will require India to follow the path of exaggerated export-led growth. And if it is not followed by increased demand then it may lead to effects which were there behind the depression in 2008. So India should concentrate on to produce efficiently for the internal market and to strengthen the domestic economy through sustained focus on physical, fiscal, human and financial infrastructure rather than subsidizing exporters with cheap inputs and an undervalued exchange rate. The foreign sector should be taken as side-show and not the main event.

Though manufactured exports (through Make in India) will bring economies of scale but it will pave the way for 'path dependence' i.e. excessive dependence on manufactured exports and failure in infusing similar dynamism in service sector as is the case in Japan and Korea. It is important to judge whether it is easier to export what we are already making? Moreover to 'Make in India' a success, policy should focus on increasing demand for the supply of manufactured goods. As almost 84% of the total employment

in the manufacturing sector in India is in micro and small scale enterprises, India should create an enabling environment for developing strong linkages between smaller and big enterprises.

**Conclusion:** Prime minister Narendra Modi's promise (at the Hannover Messe- The world's largest trade fair in April, 2015) to remove unnecessary regulations and simplify procedures, gives a hope to see significant and sustainable growth in the manufacturing sector and thus making India a global manufacturing hub. Modi Govt, has signed a USD 35 Billion deal with Japan for infrastructure development. However MSME forms the base of the large scale industry, so promoting MSME sector will help in flourishing of large scale industry which will help in achieving the goal Make in India. The challenge is to make 'Make in India' an economically viable and globally luring project.

## REFERENCE

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