



Vision, Outcome and Obstacles of Make in India

KEYWORDS

Make in India, FDI, Economic Reforms.

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ABSTRACT

Make in India is truly a noble initiative of the government of India. It will drive Indian economic reforms initiated two decade before to its logical conclusion. It is not only development catalyst but the promoter of inclusive growth as it foster employment for masses. Global and domestic investors both have given ample opportunity in the make in India vision documents. India needs FDI for rising Investment for its sustained economic growth and development Single Window Services, One India Initiative and moratorium period of three years from inspections by government agencies are some of the great move forward. However infringements and impediments shudders sentiments of investors like land acquisition, labour laws or administrative reforms. State governments cooperation is a crucial components of this initiative and their response is bit cloudy in this regard looking at the political rivalry present among the political parties in India. However this brief survey finds a mixed result and gives hope more than distress.

Introduction:

"MAKE IN INDIA" is an noble attempt to see India a manufacturing Powerhouse. The campaign "MAKE IN INDIA" is completely under the control of central government of India. Govt Of India lead by Narendra Modi make the significance changes in FDI structure to attract global Investors to come and put their money in India. India needs FDI for rising Investment for its sustained The economic growth and development.

The prime minister at the time of launching the "MAKE IN INDIA" initiative he says that 'Make In India' is not only a slogan, it is a National Movement. The main objective of this initiative is jobs for new generation and higher volume of goods and services. As a result it will boost national economy and transform India as a self-reliant country as well as make it a global manufacturing hub. Which ultimately enable the Indian economy to get global recognition. Effective implementation of 'Make in India' slogan utilization in a maximum extent of Indian natural resources, labour, money and machinery across the country is possible.

The 'Make in India' has its origin in the Prime Minister's Independence Day speech in which he call for "Make in India" and "Zero defect; Zero effect" policies. The campaign aims to **facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best-in-class manufacturing infrastructure** in India. "If we have to put in use the education, the capability of the youth, we all have to go for manufacturing sector and for this Hindustan also will have to lend its full strength, but we also invite world powers. Therefore I want to appeal all the people world over, from the ramparts of the Red Fort, come, make in India, come, manufacture in India. Sell in any country of the world but manufacture here. We have got skill, talent, discipline, and determination to do something. We want to give the world favorable opportunities that come here, come, make in India..." (Prime Minister Narendra Modi, 15th August, 2014)

This effort concentrates on removing obstacles and welcome all facilities and simplications that attract foreign and domestic investors. Make in India is truly a noble initiative of the government of India. It will drive Indian economic reforms initiated two decade before to its logical conclusion. It is not only development catalyst but the promoter of inclusive growth

as it foster employment for masses. Global and domestic investors both have given ample opportunity in the make in India vision documents. India needs FDI for rising Investment for its sustained economic growth and development Single Window Services, One India Initiative and moratorium e land acquisition, labour laws or administrative reforms. State governments cooperation is a crucial components of this initiative and their response is bit cloudy in this regard looking at the political rivalry present among the political parties in India. The 'Make in India' initiative aims to identify domestic companies having leadership in innovation and new technology for turning them into global players. The focus will be on promoting green and advanced manufacturing and helping these companies to become an important part of the global value chain.

The Make in India program was launched by Prime Minister Modi in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, Make in India was a timely response to a critical situation: by 2013, the much-hyped emerging markets bubble had burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRICS nations had faded, and India was tagged as one of the so-called 'Fragile Five'. Global investors debated whether the world's largest democracy was a risk or an opportunity. India's 1.2 billion citizens questioned whether India was too big to succeed or too big to fail. India was on the brink of severe economic failure. (<http://www.makeinindia.com/about>)

Review of literature:

Research paper on, "**Make in India and FDI: Challenges Ahead**", by Dr. Sukamal Dutta & Abhik Dutta states:- The change in FDI policy is a welcoming step to rejuvenating the Investment engine of the country. The country like India FDI is a hope for sustainable development, India focusing to make this hope into a reality. The Indian economy requires FDI to fill the gap between domestic savings and investment and to boost productivity. This paper is an attempt to highlight the FDI reforms taken by recent government of India for easing the investment procedures in different sectors.

Research paper on, **"Make in India an Attractive Investment Destination"**, by Pravakar Sahoo state that:- Make in India initiative introduce to attract foreigners to come with their capital and invest in Indian venture which empower India to produce maximum of goods that the country consume. This paper is an attempt to highlight the prime focus of this initiative and the reason for which this massive campaign is initiated.

Research paper on, **"FDI and its Global Scenario"**, by Dr. G. Raja Rajeswari & K. Akilandeswari states:- FDI has given a major boost to global integration process, by linking capital and labour markets and by raising raise wages and capital productivity in recipient countries. With newly liberalized trade and investment regimes and new technologies lowering transport and communication costs, multinational firms have evolved increasingly globalstrategies to capture the large savings arising from specialization and dispersion of activities. This paper is an attempt to signify the importance of FDI to uplift a economy of the nation.

Research paper on, **"Foreign Direct Investment: Impact on Indian Economy"**, by Bhavya Malhotra states:- With the initiation of globalization, developing countries, particularly those in Asia, have been witnessing a immense surge of FDI inflows during the past two decades. Even through India has been a latecomer to the FDI scene compared to other East Asian countries, its considerable market potential and a liberalized policy regime and sector wise structural changes in FDI has sustained its attraction as a favorable destination for foreign Investors. This paper is an attempt to point out the responses that the Country received after taking several reforming steps in Foreign Investment sector.

Research paper on, **"Implication of MAKE IN INDIA Campaign for Future Economic Scenario in India"**, by Dr. Bimal Jaiswal & MS Shiva Manoj states:- Make in India is a calling card for investors to come and invest in Indian growth story. It not just the influx of capital being targeted here, but the impetus to further the Indian manufacturing capabilities. Instead of naming it Made in India, it is Make in India. As the focus of made is in past, whereas make in India pushes to manufacture here in present. The manufacturing sector has faced a creeping rut over the past decade in India. This paper is an attempt to put some light on the primary aspects of Make in India programme which has taken birth right after the change in political scenario in India.

Research paper on, **"Make in India: Illusion or Possible Reality"**, by Dr. T.V. Ramana state that:- Make in India is the new mantra and 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 is an attempt to analyze the economic viability of this initiative.

Research paper on, **"Make in India- Scheme for Transforming India"**, by S. Soundhariya state that:- Make in India is an international marketing strategy, conceptualized by the Prime Minister of India, Narendra Modi on 25th September 2014 to attract investments from business around the world and make India the manufacturing Hub. The aim is to take a share of manufacturing in country's gross domestic product from stagnant 16% currently to 25% by 2022, as stated in national manufacturing policy, and to create 100 million jobs by 2022. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. Make in India is the key to revitalization of Indian economy. It is

one of the scheme to pull back the economy from clutches of recession. This paper is an attempt to highlight the effects that this initiative imposes on the Indian economy in future.

Research paper on, **"The Make in India Campaign"**, by Soujanya Bhattacharya state that:- India is known for its service export, but many doubt its ability to export manufactures and that is the perception which our Prime Minister Narendra Modi plans to change. Prime Minister Narendra Modi rolled out a red carpet to industrialist, both domestic and international, inviting them to make India a manufacturing hub that will help boost jobs and growth. This paper is an attempt to show the correlation between the Make in India campaign and India's export promotion.

2.Objective:

1.Objective of this study is to find out vision, outcomes and obstacles of Make In India campaign launched by the Government of India

3. 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 corporate, 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 Make in India a pleasant experience and that his government considered overall development of the nation. He also laid a robust foundation for his vision of a technology-savvy Digital India as complementary to Make in India.

Giving stressed on the employment generation and poverty alleviation that would inevitably accompany the success of this campaign. The objectives set for this campaign are mention below:-

- 1.To make investing in manufacturing more attractive to domestic and foreign investors.
- 2.To give the Indian economy global recognition.
- 3.To create competitive industrial environment.
- 4.To developed Infrastructure.
- 4.To invite latest technologies.
- 5.To generate employment and skill formation.

Make in India focuses on New Ideas and Initiative such as

- i) First Develop India and then Foreign Direct Investment,
- ii) Look-East on one side and Link-West on the other.
- iii) Highways and I-ways.
- iv) Facilitate Investment.
- v) Foster Innovation.
- vi) Protect Intellectual Property.
- vii) Build Best-In-Class manufacturing infrastructure.

4. Major initiative undertaken by government to implement Make in India:

1. Doing business in India just got easier- new de-licensing and deregulation measurees are reducing complexity, and significantly increasing speed and transparency.
2. Process of applying for Industrial license and Industrial Entrepreneur Memorandum made online on 24*7 basis through eBiz portal.

3. Major components of defense product's list excluded from Industrial licensing.
4. Dual use items having military as well as civilian applications deregulated.
5. Services of all Central Govt. Departments & Ministries will be integrated with eBiz- a single window IT platform for services 31 December 2014.
6. Process of obtaining environmental clearances made online.
7. Advisories sent to all Departments/State Govt. to simplify and rationalize regulatory environment.
8. All return should be filed online through a unified form.
9. No inspection for three years by inspectors of different government agencies of the state governments and the central government.

The Outcome:

The following illustrates some of the success that has been associated with Make in India: <http://www.india-briefing.com/news/india-year-review-11233.html/> Reference no.17

Electronic System and Design Manufacturing

Following up on the call to Make in India, consumer electronics manufacturing companies have led the way with some concrete investments. The industry recently witnessed significant investments by smartphone makers Lenovo & Motorola, Sony, Xiaomi and Gionee. Some executives from these companies point to Make in India as influencing their decision to begin local production. Other global smartphone makers like Asus, Oppo and HTC have similarly expressed their interest in manufacturing in India.

Automotive

In the automobile industry, the Make in India campaign has highlighted automatic approval for foreign equity investment up to 100 percent with no minimum investment criteria, and that manufacturing and imports are exempt from licensing and approvals. Responding to this, major foreign players have announced plans to manufacture components for luxury cars – such as Mercedes Benz – and localizing manufacturing to lower costs – such as BMW, Volvo, Renault and Ford.

Auto component manufacturing in India is already genuinely competitive in the global market – Hyundai, Honda, and Toyota all make parts in India on a reliable basis and are increasing exports. However, Make in India is increasing the country's reputation in the industry. Recently, General Motors announced it will invest US \$1 billion in its bid to make cars for domestic consumption and export.

Defense

To support Make in India, the government has recently raised the FDI cap for defense manufacturing up to 49 percent and eased some other regulations for the industry. These reforms have caused a flurry of investment activity. Hyundai Heavy Industries (HHI) of South Korea has announced it will work with Hindustan Shipyard Limited to build warships in India, while Samsung has agreed to build LNG tankers with Kochi Shipyard. Reliance Infrastructure is in discussion with multiple partners to build nuclear submarines and stealth warships in India.

U.S. defense manufacturer Lockheed Martin has been granted clearance for a project office in New Delhi. Their largest programme in India is the C-130J Super Hercules, and through its joint venture with Tata Advanced Systems, Tata Lockheed Martin Aerostructures will manufacture airframe components for the C-130J.

Renewable Energy

The solar industry has also benefited from the Make in India initiative as the government has projected the sector to be a US \$100 billion investment magnet over the next seven years. The government has designed an attractive incentive package to help achieve this target with foreign companies of all sizes. A number of major corporations have announced investments in the past year, including Foxconn, SoftBank, Bharati Enterprises, Adani Power, Reliance Power and SunEdison. (Dezan Shira & Associates, 2015) Over the last week, about 1,000 CEOs and 4,000 delegates representing 2,000 overseas firms were in Mumbai at a glitzy event to showcase Make in India, which Prime Minister Narendra Modi presented as the biggest brand to emerge from the country. He said India was adding deregulation to its strengths of democracy, demography and demand, and promised to end retrospective taxation that had spooked investors during the UPA rule. The Industries Ministry has claimed that Rs.15.2-lakh crore worth of investments were committed at the event. These include some by foreign firms such as Oracle (Rs.2,749 crore) and Ascendas (Rs.4,571 crore), but the list is dominated by Indian players making announcements to coincide with the occasion, including a Rs.6,204-crore project by public sector undertaking Rashtriya Chemicals and Fertilizers. Instead of doubting the numbers, it may be more pertinent to focus on two other developments of the week. Authorities served Vodafone a reminder for tax, which warned of asset seizure in case of failure to pay the dues, prompting a sharp reaction from the British firm. It also emerged that Foxconn was yet to follow through on a \$5-billion investment it had announced in Maharashtra last August. To capitalise on the success of Make in India, the government must now show sustained improvement on the ease of doing business and create a transparent and stable tax environment to prove it is capable of delivering on its intent. It should use the same yardstick to measure Make in India's success as it did for the earlier stalled projects: would products start rolling out of factory gates anytime soon? (The Hindu, 22-02-2016).

Overall GDP and manufacturing sector GVA grew 7.0% and 7.2% respectively in the first quarter of FY16. Although manufacturing sector growth based on the new methodology looks good, a glance through the output-based index of industrial production (IIP) data does not show such an encouraging picture. IIP overall and manufacturing grew just 3.8% and 3.3% respectively in the first quarter of FY16. A conflicting and below par performance of industrial output growth during the period indicates that industrial and manufacturing recovery is still fragile. Also, the support from external demand to the manufacturing sector is not visible. It may be noted that in value terms nearly 60% of our merchandise exports (including petroleum products 80%) are manufactured products. During the past one year, exports of manufactured products has grown by -0.4%. Given that in 2014 global trade expanded at 0.6%, lower than the global GDP growth rate of 3.4% for the third successive year, external support to the manufacturing sector looks unlikely in the near future. Average annual growth of global trade was 12.5% as against an average annual growth of 4.3% in global GDP during 2000-2008. 'Make in India' review: "Manufacturing recovery still fragile, India has long way to go" Sinha, S. <http://www.dnaindia.com/money/report-make-in-india-review-manufacturing-recovery-still-fragile-india-has-long-way-to-go-2130244>

5. Challenges and Obstacles:

Criticism against the Central Government is that the Government does not work as per its talk. Fundamental norms for the success of the 'Make in India' campaign like labour reforms, policy reforms, changes of vital land acquisition act have not yet been implemented. A lay off in good number of

companies cast long shadows over success of the campaign. A number of technology based companies have not yet been enthused by the campaign.

RBI Governor Raghuram Rajan underlined the risk of an export driver approach in a global economy still in crisis. Many industrialized economies are strengthening their own manufacturing capabilities. Under this situation, the World as a whole is unlikely to accept another export-led China. In India major problems of start-up companies face are the taxation process, rigid legal regulations and investor supports. Tax registration process and so many tax breakages act as demotivating factors for the new start-ups in India. India's poor infrastructure scenario defunct logistics facilities make it difficult for the country to achieve an elite status as a manufacturing hub.

Modi's drive for 'Make in India' is clashing with political parties. Reforms require a majority in both houses of Parliament. But the Government has a majority in the Lok Sabha (Lower house) only it is in the minority in the Rajya Sabha (Upper house). The Government has adopted temporary 'Ordinances' on Land acquisition, FDI in insurance sector and coal-mining licenses but it, of course, will come to companies with the opposition to make them permanent. Otherwise 'Make in India' programme will face a problem to implement it.

6. CONCLUSION:

Make in India is truly a noble initiative of the government of India. It will drive Indian economic reforms initiated two decade before to its logical conclusion. It is not only development catalyst but the promoter of inclusive growth as it foster employment for masses. Global and domestic investors both have given ample opportunity in the make in India vision documents. India needs FDI for rising Investment for its sustained economic growth and development Single Window Services, One India Initiative and moratorium period of three years from inspections by government agencies are some of the great move forward. However infringements and impediments shudders sentiments of investors like land acquisition, labour laws or administrative reforms. State governments cooperation is a crucial components of this initiative and their response is bit cloudy in this regard looking at the political rivalry present among the political parties in India. However this brief survey finds a mixed result and gives hope more than distress.

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