



MAKE IN INDIA : New Paradigm for Socio-Economic Growth in India

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ABSTRACT

Make in India is an international marketing campaigning slogan coined by the Prime Minister of India, Narendra Modi to attract businesses from around the world to invest and manufacture in India. The campaign has been concentrated to fulfill the purpose of Job Creation, Enforcement to Secondary and Tertiary sector, Boosting national economy, Converting the India to a self-reliant country and to give the Indian economy global recognition.

Make In India which is the recipe of PM Narendra Modi's aims to make India the manufacturing hub of the world. The idea of utilizing cheap labor to produce for the world is not new. It's been implemented rather successfully in East Asia and gave phenomenal results for three decades popularly called the East Asian growth miracle. Countries such as South Korea, Malaysia, Thailand, Indonesia saw a rapid fall in the poverty and unemployment numbers between late 1960's and mid 1990's.

The Indian government through this initiative aims to put to use its rapidly increasing workforce to productive use, realizing that service sector though contributing about 55-60% of the GDP cannot be the sole driver of the economy. In the present paper an attempt has been made to throw some light on the concept of 'Make in India'. Further, an attempt has also been made to review the advantages of this concept and the areas which are going to gain benefit with this Modi's concept of Make in India.

KEYWORDS

Introduction

'Make in India' is the initiative taken by the present government and our Prime Minister Shri Narinder Modi had formally declared the policy pertaining to Make in India on September 25th, 2016 and within a very short span large number of countries are supporting this concept and started investing in different areas. The results till now have been mixed. It takes time to set up factories and thus capabilities and only then the returns can be judged. To give a good example, Foxconn (Apple iPhone maker) has signed an MOU with Maharashtra government which will bring investment worth \$5 billion to the country and create thousands direct and indirect jobs but this won't start before 2017. Ford has also decided to set up an automobile factory in Gujarat which is going to employ thousands again. Even Asus has decided to set up a handset manufacturing unit in India in Andhra Pradesh.

Considering the above stories, the direct benefits would be in terms of inflow of foreign exchange, job creation leading to lower unemployment and also technological up-gradation. India since 1990's has particularly seen a rapid growth in service sector. For a country with 1.25 billion individuals and thousands joining the labor force every month, service sector is definitely not the best bet to absorb the job seekers.

Concept of Make in India

The 'Make in India' program is an initiative launched to encourage companies to increase manufacturing in India. This not only includes attracting overseas companies to set up shop in India, but also encouraging domestic companies to increase production with the country.

Make in India is intended to make India a manufacturing hub of the world (at least Asia, for that matter). The idea was to increase the contribution of the manufacturing sector to India's GDP.

Make in India aims at increasing the GDP and tax revenues in the country, by producing products that meet high quality standards and minimizing the impact on the environment.

Following are the major focused areas on which the Make in India is concentrating :-

- Automobiles
- Biotechnology
- Aviation
- Oil and Gases
- Tourism and Hospitality
- Chemicals
- Railways and many more

Government of India has allowed 100 % FDI (Foreign Direct Investment) in all sectors except Spare (74%), Defense 49%) and News Media 26%) and had launched four major policies under the 'Make in India' program.

Policy for New Initiatives : This initiative is to improve the ease of doing business in India, which includes increasing the speed with which protocols are met with, and increasing transparency in Administration. Under this policy, the Government has already rolled out:

- Environment clearances can be sought online.
- All income tax returns can be filled online
- Validity of industrial licence is extended up to three years
- Paper registers are replaced by electronic register by businessmen.
- Approval of the head of the department is necessary to undertake an inspection.

Policy for Foreign Direct Investment

Government of India has allowed 100 % FDI (Foreign Direct Investment) in all sectors except Spare (74%), Defense 49%) and News Media 26%). FDI restrictions in tea plantation has been removed, while the FDI limit in defense sector has been raised from the earlier 26% to 49% currently.

Policy for Intellectual Property Facts

The Government has decided to improve and protect the intellectual property rights of innovators and creators by upgrading infrastructure, and using state of the art technology. The main aim of intellectual property rights is to establish a vibrant intellectual property regime in the country.

Policy for National Manufacturing

The vision of Make in India is to increase manufacturing sec-

tor growth to 12-14% p.a. over the medium term and to increase the share of manufacturing in the country's GDP from 16% to 25% by the year 2022. Further, the vision is to create appropriate skill sets among rural migrants and the urban poor for inclusive growth and to ensure the sustainability of growth, particularly with regard to environment.

Initiatives for the success of Make in India

Make in India initiative is a good move and it will boost up the economy of our nation and help in sharing the burden of deficit financing. As India is very rich in resources both natural and human. The problem being faced in India is the direction and financial investment in different areas, because of which our economic growth is very slow and restrict us to compete with the developed nations. But, before getting the fruitful results of 'Make in India' we have take following initiatives :

- We can make use of all the resources to the best possible extent
- We can stop youngsters running abroad
- Their talents can be best utilized and can increase production in the country
- We can also increase exports
- Our foreign exchange reserves will increase
- We can have better position in international market
- All this is possible only when
- If Good number of talented youngsters come forward to take initiative in setting up enterprises
- For this the govt. Should identify their talents give them scholarships extend all financial support
- The govt. Can also fix some time bound targets
- Encourage healthy competition among the youngsters

Business Reaction to the Make in India Initiatives

As per the data available from the government, that it has so far received Rs.1.10 lakh crore worth of proposal from the various companies that are interested in manufacturing electronics in India. Recently Lenovo also announced that it has started manufacturing Motorola smart phones in plant near Chennai. In addition to this large number of multi-national companies are tying up with the concerned departments and ministries to start-up their projects and forwarding this proposals. In response the Government of India is also showing very liberal approach in welcoming their proposals.

Advantages of Make in India

The concept of Make in India is a good initiative taken by the NDA Government and it is definitely going to effect the socio-economic growth of our country, especially in providing employment opportunities and industrial growth. To accommodate the 300 million people who will join India's workforce between 2010 and 2040, each year 10 million jobs are needed. It is expected that the manufacturing sector will create about 100 million jobs by 2022. In addition to this the other advantages of Make in India are as under :

Manufacturing sector led growth of nominal and per capita GDP. While India ranks 7th in terms of nominal GDP, it ranks a dismal 131st in terms of per capita GDP.

Employment will increase manifold. This will augment the purchasing power of the common Indian, mitigate poverty and expand the consumer base for companies. Besides, it will help in reducing brain drain.

Export-oriented growth model will improve India's Balance of Payments and help in accumulating foreign exchange reserves (which is very important given the volatility in the global economy with multiple rounds of Quantitative Easing announced by major economies).

Foreign investment will bring technical expertise and creative skills along with foreign capital. The concomitant credit rating upgrade will further woo investors.

FII's play a dominant role (relative to FDI) in the Indian markets. However, FIIs are highly volatile in nature and a sudden exodus of hot money from India can effect a nosedive in the bellwether indices. Make in India will give an unprecedented boost to FDI flows, bringing India back to the global investment radar.

The urge to attract investors will actuate substantial policies towards improving the Ease of Doing Business in India. The Government of the day will have to keep its house in order (by undertaking groundbreaking economic, political and social reforms) to market Brand India to the world at large.

Challenges in Implementation of 'Make in India'

No doubt the above discussed advantages of Make in India concept will boost up our economic growth and the initiatives taken by the present government is being welcome by every corner of the world. It is very clear that countries and private sector players are showing their keen interest in this concept and are willing to invest in manufacturing sector, but, following are certain grey areas which needs immediate attention of the government for smooth implementation and success of this concept.

India's labor laws are still ancient by most standards which makes hiring and firing and shutting down of inefficient units next to impossible.

India, in one sense has a federal structure which reduces the Central government's power in pulling off such schemes and ideas. Provision of utilities such as electricity, water, infrastructure development such as roads, law and order, land allotment, are all under state government's gambit. Thus, cooperation of state governments is an absolute necessity for "Make in India."

High level of corruption in India at all levels in the bureaucracy. China even though on the basis of data provided by transparency international is more corrupt than India, India's '70's hangover of permit and license raj (which leads to red-tapism and hence corruption) and weak redress system makes doing business a very difficult task. This is the main reason the country has fared poorly in ease of doing business indices. According to World Bank data, it's at a distant 130 compared to China which is 83 (2015 data).

India's investment in health and education leaves a lot to be desired. A skilled and healthy population is both: a good employee and a potentially good employer. India spends less than 3% of GDP for both health and education. China, on the other hand, spends more than 3% of a much larger GDP in favor of both.

Political instability, law and order problem, social unrest, increasing crime rate are another challenges which restricts the countries to invest in India.

Conclusion

Make in India is an ambitious project, but it is one that India desperately needs to kick start and sustain its growth momentum. With relentless policies towards this end, it is possible to make India the powerhouse of manufacturing sector in the world. At this moment, our Prime Minister's Make in India campaign appears to be an imaginative marketing campaign. But there is much thought and even more work that is required to convert this to reality. Fortunately, we have many natural advantages including a big labor pool and a large domestic market. In addition, with China's competitive advantage in manufacturing eroding. India has the opportunity to take some share of global manufacturing away from China. All we have to do to improve the ease of doing business in India are these stop tax terrorism, improve our infrastructure, reform labor laws, investment in skills development, easy land acquire laws, transparency in administration, liberalized government policies, good governance, Restore broken trust between industry and government, Implementation of Goods

and Services Tax (GST) and fast tract approval. At the end it can be concluded that the concept of Make in India will definitely going to boost up the Indian economy and will help in meeting the major challenges of poverty, unemployment, low per capita income and help in sharing the burden of government.

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