



INDIA CAN SCALE NEW HEIGHTS VIA "MAKE IN INDIA"

ABSTRACT



Jyoti Bansal¹

¹Lecturer,
Tecnia Institute of Advanced
Studies,
GGS Indraprastha University,
Delhi, India.

'Make in India' campaign was launched last year which is a call to the foreign investors to 'First Develop India' followed by 'Foreign Direct Investments'. It is basically the invitations with the motto of making India a manufacturing hub in almost 25 sectors. Indian government is doing its hard to take all relevant and required changes in policies in order to make India a better place to work at. Greater transparency, higher accountability and responsiveness accompanied with the e-governance, shorter and easier bureaucratic procedures, tax reforms, improved infrastructural facilities and investment in skill development are all acting as an enticements for manufacturing setups in India. Prime Minister has already stated in one of his speech that Indian manufacturing cannot be slowed down owing to just stricter regulatory norms. Rather the various incentives are given to promote 'make in India'. Besides these, trust should be made the underlying base for linking the east to west.

KEYWORDS: Trade Deficit, Global Firms, Zero Effect, Skill development, Chinese products.

INTRODUCTION

MAKE IN INDIA –an immense strategy initiated by the eminent prime minister Narendra Modi can be regarded as the great vision taken towards overall economic growth of India. Modi not only focused on looking east but also aims to linking west. It is basically an open invitation to all the global firms as well as Indian entrepreneurs to come and establish their manufacturing setups in India and thereby making India as an central urban manufacturing point. If it were a success, thereby resulting in the production of majority of products used in India as 'made in India', then it would be a proud moment for every Indian. Presently, Chinese products have captured the major proportion of Indian markets followed by their vigorous strategy of industrialization. Thus, there was a dire need for Indian government to look at their

policy part and revise their strategies and the corresponding implementation in this concern. Modi's plan is a step in the required course of action. It would not only increase the share of Indian manufactured setups and the 'made in India' proportion but would also lead to the generation of employment for the local people besides the increase in number of Indian entrepreneurs. Once the domestic product production increases, then it can be considered as increase in gross domestic product which would boost the economic growth of India. Since Indians would start procuring 'made in Indian products' as their availability and quality would be the enforcing drivers, then it could lead to less dependence on imports of the goods. Secondly, the Indian produced would be available to be sold to other countries. Thus the imports will decrease



and exports will increase. Consequently, trade deficit would reduce. It has been observed that Indian manufacturing activity has declined in recent years. Revitalizing this sector requires huge effort. Quality should be emphasized such that there are nil defects and at the same time the production should not impact the environment. Thus it's an approach towards sustainable economy and developed nation.

OBJECTIVES

The purposed research is done to study the incentives given by government in various sectors to promote 'Make in India' a hit and also to study the problems identified in the triumphant establishment of make in india compaign. Thirdly to study the reasons that why India be chosen as the manufacturing hub.

RESEARCH METHODOLOGY

The detailed study of few researches available in the journal and the data available from various websites is done in order to do the purposed research.

THE INCENTIVES GIVEN BY GOVERNMENT IN VARIOUS SECTORS TO PROMOTE 'MAKE IN INDIA'

Finance Minister Arun Jaitley had made a number of announcements in the budget on reviving manufacturing and has taken several initiatives in various sectors comprising of automobiles, aviation, biotechnology, chemical sector, space sector, Pharmaceutical sector, energy infrastructure and textile and garments sector, etc. These sectors have got a push after such incentive. Some of the incentives are enlisted below:

In automobile sector, FDI upto 100% is approved with no criteria for minimum investment. Manufacturing in this sector has been exempted from licensing and rebates are being offered on research and development expenditure so to encourage more and more research in this line. It is aimed to make India a destination of world's choice so that they could come and manufacture automobiles in India which would increase the additional employment to 25 million by 2016.

In the aviation sector, public private partnership is allowed for investments in airports and at the same time appealing offers are given by exempting fees of navigation, parking, and lending to airlines operating in non-metro areas. Besides this, basic custom duty is exempted for the testing equipments used for maintenance and repair of airplanes. Also. Presumptive taxation under section 44 AE in provided to all the assesses who are engaged in the business of plyng, hiring, or leasing of goods carriages.

In the biotechnology sector, depreciation allowance has been increased from 25% to 40%. Recognized Scientific & Industrial Research Organisations are allowed certain exemption in custom and excise duty. Rebate of 100% is allowed on research and development expenditure.

In the chemical sector, abolition of licencing has been done in respect of production of several chemicals except for a few hazardous chemicals.

In textile and garments sectors, 100% foreign direct investment is allowed subject to some regulations. Support has been provided in the form of subsidies and credits at lower rates so to develop and modernize the sector. World class infrastructure is tried to be provided under the scheme for integrated textile parks. Integrated skill Development scheme is also initiated for the training of the manpower under this sector.

In energy infrastructure, exemptions in excise duty and income tax on the profits for power generation are provided in wind power projects. Besides this, 80% accelerated depreciation is also provided.

In Pharmaceutical sector, 100% Foreign direct investment is allowed under greenfield projects and brownfield project investments subject to certain condition and regulations. Also the exemption are provided in drugs manufactured through indigenous research and development. In space sector, 74% FDI is allowed in satellite-establishments subject to certain provisions of Department of space.

LITERATURE REVIEW

Since the Make in india compaign was started lately last year, there is much less study done in this regard. However, a few researches have been done. Green(2014) in his research has focused on the need of creation of such reforms which could increase the employment level in Indian manufacturing sector. Make in India could be considered as one such step in this regard which would require more of manpower in order to produce more of Indian produce. Juhi garg and Ayushi Yadav(2014) have pointed out the constant comparision with china's made in produce as the biggest challenge. Since the chinese produce is cheaply available and easily accessible with their policy of use and throw, have led to the change in the perception of people. Previously people used to buy a product and believe in repairing and re-repairing of the products until the product is depreciated to the fullest. Now the people opt for such cheaply available one time use and throw products which don't require the unnecessary effort of repairing again and again.

PROBLEMS IDENTIFIED IN THE ESTABLISHMENT OF MAKE IN INDIA CAMPAIGN A HIT

1. Indian system is characterized by abundance of loopholes in terms of lack of transparency, unaccountability and unresponsiveness. Sometime the unwanted political pressure also adds to the frustration in the minds of people who initially want to establish the setups in India.
2. Small and medium enterprises are already trying their best for making more and more Indian products but they are not getting the corresponding required adequate aid from the government and the financial institution in terms of availability of cheaper funds. Besides this, they donot get the required credit rating in order to avail the low interest rate benefits. This is the demotivating factor for potential entrepreneurs in this line.
3. There is a huge misalliance in the skills required by the people and held by the people in India. Basically, the education system is to be blamed for the same. In India, theoretical knowledge is emphasized over practical aspects which is a serious drawback of Indian manpower.
4. There is a unnecessary long chain of proceedings to be followed for getting the permissions and the clearance from the government. This adds to the cost in terms of efforts, time and money resulting in the creation of unfriendly environment for initiating the setups in India.
5. India lacks in the research and development expertise, advanced technology and good infrastructural facilities which obstructs the path of Make in India project.
6. India is already making reforms in land acquisition norms but this would mean increase the cost of lands. Such increase will increase the cost of setups in India.
7. There is huge taxes on the import of inputs either capital or the basic raw material and lower subsidies on the exports of final produce escalates the further burden on the entrepreneurs.

WHY INDIA BE CHOSEN AS THE MANUFACTURING HUB ?

India is one of the rapidly growing country in the global market which was able to sustain economic growth when many of the strong economies were facing downturn in times of recession. It has been observed in

the recent years that India is becoming the favourite place for the flow of funds in India from outside.

1. One reason is that Indian economy is adopting best practices which can compete at global level.
2. Indian population can be identified majorly by its young talented people which is very favourable for any economy to grow. This young force is increasingly becoming literate and well versed in different multinational languages which attracts big MNCs to expand their operations in India. AT the same time, these people can be compensated against low wages which give the nation a competitive edge in terms of cost.
3. India is providing quality inputs and at the same time providing friendly environment to the foreign investors so that not only the foreign money flow into Indian economy but also the foreign entrepreneurs do their business in India.
4. India is abundant in terms of its natural resources such as manganese ore ,coal, iron ore, , mica, bauxite, petroleum etc which is a key factor for any entrepreneur to do their business in India.
5. Its not only the production factors which would attract the entrepreneur to establish their setup in India but also the demand side of the produce. Also, the demand is not only from the large number of Indian consumers, but also from the markets which are very near to India comprising of South East Asia, Middle East Asia and also Europe.
6. Indian system was characterised by red tapism, vigorous bureaucratic procedure, unfriendly environment , tax terrorism etc but now the scaenario is changing. Now the government is trying its best to make the system more easier and procedure more shorter. Greater Transparency, more responsiveness and higher accountability is tried to be built into the system so that friendly environment could be created for the Indian entrepreneurs as well as for the foreign entrepreneurs in India.

SUGGESTION

In order to make 'Make in India' a success, a united action across the country is needed to be taken. Dependence on imports is required to be reduced steadily until it become almost negligible and their Indian alternatives products should be produced and procured. Considerable and enhanced access to the Indian goods

and services should be made. Such programme are the need of the hour so to reduce the trade deficit by increasing the export of indian produce and reducing the imports by substituting it with Indian produce. Also undoubtedly, it would increase the percentage of employment level. When the job creations increase, the purchasing power of the people increases resulting into higher standard living. Quality education should be provided to the people in India so that they are provided with practical as well as theoretical knowledge . This would entail efficient and competitive workforce in India. What is required is the business climate so that more and more people could setup their manufacturing units in India. This involves addressing the issues such as getting approvals, Trade policies, Tax norms, etc. Also deregulations and delicensing should be the need of hour so that easiness in doing business increases at greater scale. E-governance should be promoted. Greater transparency and accountability should be brought into the system so that the prospective entrepreneurs could get the favourable workplace in India. Considerable support should be provided to the small and medium enterprises via financial and other support system so that they could support Make in India drive. More and more investment is required in research and development, upgradation of skills, advancement of technology, and in improving the infrastructural development. When efforts would flow in this regard, prospective and potential entrepreneurs would find it easy to work then only Make in India would be a success.

CONCLUSION

Prime Minister Narendra Modi's Campaign of Make in India made the whole world excited and influenced them to channelized their funds and established their manufacturing units in India. It was launched only in September 2014, has made much attempt in making constructive efforts and institutionalizing the requisites. The programme aim at making India the hub of manufacturing in global markets. Make in India attracts more and more foreign investors to invest in India by setting up the manufacturing units which would entail

the grasping of profit by these foreign corporations and not by India. Undoubtedly, huge Jobs would be created for Indians but they might be compensated against lower wages. And its needless to say that government can't help giving them incentives (in the form of subsidies, etc) in order to make them continue to operate. Government is taking requisite efforts to provide congenial climate for investments in India. Transparency, E-governance, single window clearance, quality education, tax reforms, labour reforms, lessor bureaucratic norms, faster approvals are the need of the hour so to promote greater manufacturing establishment in India so to make India as one of the fastest growing economy –move from unproductive nation. The aim is to escalate Indian produce to such an extend that Indian products are easily and readily available in any part of the world. At last it could be concluded that, the government would intervene whenever there would be deficiencies but what is required is the trust which should be the binding force between nations so that the prospective entrepreneurs start setting up their manufacturing units in India.

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