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www.skirec.org Email Id: skirec.org@gmail.com

Research Paper

On

Make In India-Future Prospects

By
Dr.Mahtab SinghAsstt.Professor of Commerce
Govt. PG College, Naraingarh, Ambala,

ABSTRACT

Make in India is a calling card for investors to come and invest in Indian growth story. It is 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. The focus of past congress government being on service sector, has led to step-motherly treatment to manufacturing arm. This paper deals with the primary aspects of Make in India programme which has taken birth right after the change in political scenario in India.

Introduction

The Government recently launched the Make in India initiative which is expected to make India a manufacturing hub while eliminating the unnecessary laws and regulations, making bureaucratic processes easier, make government more transparent, responsive and accountable and to take manufacturing growth to 10% on a sustainable basis. Apart from initiatives such as development of smart cities, skill development, National Investment and Manufacturing zones, FDI enhancement, the government is building a pentagon of corridors across the country to boost manufacturing and to project India as a Global Manufacturing destination of the world. The most important of these corridors is the DMIC which is one of the largest infrastructure projects planned in India and spans the six states of Uttar Pradesh, Haryana, Madhya Pradesh, Rajasthan, Gujarat and Maharashtra.

Objectives

• To make investing in manufacturing more attractive to domestic and foreign investors

• To give the Indian economy global recognition

• To create competitive industrial environment

• To development infrastructure

• To invite latest technologies

• To generate employment and skill formation

The Make in India focuses on new ideas and initiatives such as-

• First Develop India and then Foreign Direct Investment,

• Look-East on one side and Link-West on the other,

• Highways and 'I-ways.

• Facilitate investment

• Foster innovation

• Protect intellectual property

• Build best-in-class manufacturing infrastructure.

Factors impacting the ease of doing business in India

• Delays in land acquisition

• Delays in municipal permission

• Delays in supply of materials

• Delays in award of work

• Operational issues dragging down the implementation of the projects

• Movement of projects through multiple departments at the state and Central levels

• Involvement of multiple agencies

• Requirement of various approvals across different stages of the project cycle Common solutions to improve the ease of doing business

• Single window clearances

• Effective coordination between centre and state governments

• Digitization of all the government departments

• Electronic filing and fulfilment of procedures

• Creation of a central cloud where all States should have access

• Making all approvals electronically

FUTURE PROSPECTS

Prime Minister Narendra Modi's "Make in India" campaign to revive manufacturing will become a success only if the government manages to convince companies to manufacture in India. The key decision factors for manufacturers are:-

(a) Size of market and access to market

(b) Good infrastructure

(c) Availability of skills

(d) Stable and competitive fiscal regime and

(e) Ease of doing business.

FOCUS SECTORS ARE

- Automobiles
- Automobile Component
- Aviation
- Biotechnology
- Chemicals
- Construction
- Defence Manufacturing
- Electrical Machinery
- Electronics Systems
- Food Processing
- IT & BPM Leather
- Media and Entertainment
- Mining
- Oil and Gas

- Pharmaceuticals
- Ports
- Railways
- Renewable Energy
- Roads and Highways
- Space
- Textiles and Garments
- Thermal Power
- Tourism
- Hospitality and Wellness

India is a large market. If we translate the requirements of the national programmes of 100 “smart cities”, industrial corridors, Digital India and making SMEs globally competitive into a requirement of cement, steel, computers, furniture, locks, hinges, construction equipment, etc, it may give voice to the accelerating demands for manufactured goods within India.

As India veers toward a higher growth curve, it faces destabilising forces arising from the magnitude of its growth. There is an increase in the available labour force without the required increase in employment opportunities proportionate to economic growth.

Attaining a near double-digit growth rate without a significant increase in manufacturing may prove to be challenging. Labour requirements in the primary sectors are falling quickly due to increasing mechanisation and productivity spurts. The manufacturing sector can absorb semi-skilled workers who are challenged by the fast-growing services sector as well as the primary economy of agriculture and mining.

Roughly 16 percent of Indian labour is still in the primary sector, compared to 6 percent in other BRIC (Brazil, Russia, India & China) countries. As India charts its way towards a labour utilisation structure consistent with fellow BRIC nations, manufacturing as the secondary sector must also gain momentum.

The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services like logistics, transportation, retail etc. Needless to say, since manufacturing would require free flow of raw materials and finished goods, improving logistics infrastructure such as port-to-inland connectivity, cargo airports, etc. would be imperative and these developments promise to transform India into a global manufacturing hub.

The government's "Make in India" initiative aims to increase the share of manufacturing to 25 percent of GDP by 2022 from the current 12 percent. This is expected to result in the creation of 100 million jobs.

However, with little fiscal stability and no clarity on when GST will be implemented, one cannot expect large manufacturing investments to flow into India. There are still too many hindrances to conduct business in India. While the "inspector raj" is slowly being dismantled, the process must be accelerated.

With a virtual stagnation from 2010 to 2014, manufacturing in India continues to be crippled by issues such as shortage of coal, inability to acquire land and tax disputes. While the provisions under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2013 are expected to drastically decrease time and cost to acquire land, it is necessary to rationalise the act and set up land banks that would assist ventures involving acquisition of large land parcels.

KPMG and CII (Both are professional service companies)recently completed a report which identified nine key action items to make India conducive for large-scale manufacturing. These include streamlining investment approval, facilitating land acquisition processes, creating an appropriate labour development ecosystem, efficient and effective enforcement of laws, facilitating greater cross-border transactions, creating clear exit guidelines, rationalising taxation regimes and technology enablement of the government.

Implementing the aforesaid action items requires a detailed roadmap, including the development of uniform standards and procedures, introducing common application forms for seeking approval from central and state governments, and building a model for a single window mechanism.

When developed economies like the United States are renewing focus on reviving manufacturing, "Make in India" is not just an option but a national imperative that is needed to keep pace with global growth. Transforming the vision to reality requires a concrete roadmap that will support not just the manufacturing of today, but also of the future, which may involve technologies such as 3D printing with its own set of challenges.

To ensure the country's place as a global manufacturing powerhouse, the government, industry and civil society must work in tandem to restore investor and public confidence in "Make in India".

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