



MAKE IN INDIA: A STEP TOWARDS PROGRESS

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Abstract

Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. India would emerge, after initiation of the programme (and if successful) in 2015, as the top destination globally for foreign direct investment, surpassing the United States of America as well as China. There are so many challenges which make in India programme has face to achieves its plans. It has been felt that the government does not walk its talk labour reforms and policy reforms which are fundamental for the success of the Make In India campaign have not yet been implemented. Make in India is not a novel or radical turn-about for the Indian economy, the way it is made out to be – it is merely intensification (more blatant, more brazen, and more assertive) of the policy stance that has dominated discourse since the nineties. It represents a significant worsening of the economic marginalization of the poor and the vulnerable – both if it succeeds, and if it doesn't.

INTRODUCTION: Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. India would emerge, after initiation of the programme (and if successful) in 2015, as the top destination globally for foreign direct investment, surpassing the United States of America as well as China. India received US\$63 billion in FDI in 2015.

WHY PRIME MINISTER WANTS TO MAKE IN INDIA?

The Prime Minister called for all those associated with the campaign, especially the entrepreneurs and the corporates, 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 to face also promised that his administration would aid the investors by making India a pleasant experience and that his government considered overall development of the nation an article of faith rather than a political agenda. He also laid a robust foundation for his vision of a technology-saying Digital India as complementary to Make In India. He stressed on the employment generation and poverty alleviation that would inevitably accompany the success of this campaign.

Make in India campaign is at logger heads with the Make in China ideal that has gained momentum over the past decade. China is a major rival to India when it comes to the outsourcing, manufacturing, and services business. India's ailing infrastructure scenario make it difficult for the country to achieve an elite status as a manufacturing hub. The bureaucratic approach of former governments, lack of robust transport networks, and widespread corruption makes it difficult for manufacturers to achieve timely and adequate production. The Modi government has vowed to remove these hurdles and make the nation an ideal destination for investors to set up industries.



LAUNCH CEREMONY: Prime Minister Mr. Narendra Modi launched the Make In India campaign on September 25, 2014. The date of the launch was chosen to be of maximum advantage. Coming right after the successful insertion of Mangalyaan - a wholly indigenously built low-cost probe into the Martian orbit - the event highlighted India's success in manufacturing, science and technology, and all this at inexpensive costs. It also came just a day ahead of the Prime Minister's maiden US visit calculated to enhance India's attractiveness as an investment destination, the launch ceremony was held at the Vigyan Bhavan in New Delhi. The hall thronged with attendees, a number of whom did not even find seats. Leading entrepreneurs and the CEOs of about 3000 companies from across 30 countries were invited to attend the launch. Law Minister Mr. Ravi Shankar Prasad and Commerce Minister Ms. Nirmala Sitharaman were part of the occasion. Apart from them, a number of corporate head honchos with deep roots in the country also spoke at the occasion. These include - Mr. Cyrus Mistry (Chairman, Tata Sons), Mr. Kenichi Ayukawa (MD and CEO, Maruti Suzuki India), Mr. Mukesh Ambani (Chairman & Managing Director, Reliance Industries), Mr. Azim Premji (Chairman, Wipro Limited), Mr. KM Birla (Chairman, Aditya Birla Group), Ms. Chanda Kochchar (MD & CEO, ICICI Bank), Mr. Phil Shaw (CEO, Lockheed Martin), and Mr. YC Deveshwar (Chairman, ITC).

LAUNCHING OF THE MAKE IN INDIA WEB SITE: Apart from the launch of a colourful brochure, which should find its way into the hands of anyone intending to invest into India, the government of India also launched a website to supplement the campaign. The Make In India website highlights each of the 25 target sectors with statistics, reasons to invest, growth drivers, all policies relevant to investors and the individual sectors, government support, and opportunities for investors apart from showcasing the live projects that have been undertaken and FAQs. The website also links to the campaigns Social Media feeds on Twitter, Facebook, Google Plus, and YouTube

LOGO OF MAKE IN INDIA: The logo for the Make in India campaign is an elegant lion, inspired by the Ashoka Chakra and designed to represent India's success in all spheres.



THE MAKE IN INDIA VISION: Manufacturing 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 campaign was dedicated by the Prime Minister to the



eminent patriot, philosopher and political personality, Pandit Deen Dayal Upadhyaya who had been born on the same date in 1916.

FEATURES OF MAKE IN INDIA PROGRAMME

- Launch of Make in India campaign will take place on 25th Sep 2014
- The sales pitch would be made available in capital cities in India and countries with time zone similar to India
- Over 15000 crores would be spent to open the training centres
- Translation of prime minister's speech would be available in multiple languages German, French, Japanese and Russian

CHALLENGES THAT THE 'MAKE IN INDIA' COULD FACE: Let's have a look at five challenges:

1. Creating healthy business environment will be possible only when the administrative machinery is efficient. India has been very stringent when it comes to procedural and regulatory clearances. A business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.
2. India should also be ready to tackle elements that adversely affect competitiveness of manufacturing. To make the country a manufacturing hub the unfavorable factors must be removed. India should also be ready to give tax concessions to companies who come and set up unit in the country.
3. India's small and medium-sized industries can play a big role in making the country take the next big leap in manufacturing. India should be more focused towards novelty and innovation for these sectors. The government has to chart out plans to give special sops and privileges to these sectors.
4. India's make in India campaign will be constantly compared with China's 'Made in China' campaign. The dragon launched the campaign at the same day as India seeking to retain its manufacturing prowess. India should constantly keep up its strength so as to outpace China's supremacy in the manufacturing sector.
5. India must also encourage high-tech imports, research and development (R&D) to upgrade 'Make in India' give edge-to-edge competition to the Chinese counterpart's campaign. To do so, India has to be better prepared and motivated to do world class R&D. The government must ensure that it provides platform for such research and development.

MAKE IN INDIA CAMPAIGN OBJECTIVE: Ultimate objective is to make India a renowned manufacturing hub for key sectors. Companies across the globe would be invited to make investment and set up factories and expand their facilities in India and use India's highly talented and skilled manpower to create world class zero defect products. Mission is to manufacture in India and sell the products worldwide.



HOW THIS WOULD BE ACHIEVED

- Skill development programs would be launched especially for people from rural and poor ones from urban cities
- 25 key sectors have been short listed such as telecommunications, power, automobile, tourism, pharmaceuticals and others
- Individuals aged 15-35 years would get high quality training in the following key areas such as welding, masonries, painting, nursing to help elder people
- Skill certifications would be given to make training process, a standard. Currently manufacturing in India suffers due to low productivity rigid laws and poor infrastructure resulting in low quality products getting manufactured.
- Over 1000 training centres would be opened across India in the next 2 years
- For companies setting up factories, “Invest India” unit is being set-up in the commerce department which would be available 24*7. The main focus of this department would be to make doing business in India easy by making all the approval processes simpler and resolving the issues in getting regulatory clearances within 48-72 hours so that clearances are fast. To make this possible, special team would be available to answer all the queries related to help foreign investors or companies.
- The e-biz portal would be soon launched which would be real time and available 24*7

SECTORS IN FOCUS: For the Make in India campaign, the government of India has identified 25 priority sectors that shall be promoted adequately. These are the sectors where likelihood of FDI (foreign direct investment) is the highest and investment shall be promoted by the government of India. On the campaign launch, the Prime Minister Mr. Modi said that the development of these sectors would ensure that the world shall readily come to Asia, particularly to India where the availability of both democratic conditions and manufacturing superiority made it the best destinations, especially when combined with the effective governance intended by his administration.

Automobiles	Food Processing	Renewable Energy
Automobile Components	IT and BPM	Roads and highways
Aviation	Leather	Space
Biotechnology	Media and Entertainment	Textiles and garments
Chemicals	Mining	Thermal Power
Construction	Oil and Gas	Tourism and Hospitality
Automobiles	Food Processing	Renewable Energy
Automobile Components	IT and BPM	Roads and highways
Defence manufacturing	Pharmaceuticals	Wellness
Electrical Machinery	Ports	
Electronic Systems	Railways	



SOME SUCCESS STORIES OF THE “MAKE IN INDIA” CAMPAIGN: Let us look at some of the early success stories of the “Make in India” campaign. Of course, we need to be cognizant of the fact that many projects are in the early stages and it would take time to see the results. However, it would be interesting to know the sectors/industries/companies that have brought into this idea.

1. Electronics: Foxconn, the manufacturer of Apple’s iPhones has announced plans for creating 10-12 facilities in India, which will include factories and data centers. Foxconn expects to sign the first contract by the end of 2015. That Foxconn chose India following various issues it faced in its Chinese facilities, bolsters the “Make in India” campaign. The advantages the arrival of a big company to the country can be manifold.

Foxconn’s arrival can trigger the arrival of companies along its supply chain and also help to multiply the indirect jobs created due to this. There have already been reports of Oppo mobiles starting its manufacturing plant by August this year. ZTE Corporation, another Chinese telecom major, has completed its recce to set up its manufacturing facility in India. With e-business on the rise, there are plenty of other players waiting on the wings to explore the large market. Another Chinese mobile handset maker Phicomm has also committed to invest \$100mn in the next 3 years to market its products and at the same time, they are exploring to setting up a manufacturing facility here.

2. Automobiles: Mercedes Benz has brought into the “Make in India” program in two different areas. Firstly, in the luxury car segments, it has decided to manufacture more of its components in India – thus increasing the localization of its new model C220 CDI to 60%. Secondly, Mercedes Benz has also decided to manufacture its luxury buses in India, to be exported to Africa and South East Asian markets. The trials have already begun and full-fledged exports will start from early 2016.

Competition for low cost manufacturing cannot be underestimated. Following Mercedes’s lead, its German competitor BMW has also decided to increase its localization to 50%. BMW has already signed deals with approximately 20 companies who supply its components. Volvo is also now in the exploratory stage of exporting its range of buses to other markets. Renault, the french automobile major, has also improved localization of its KWID model to 98% – the KWID is expected to be launched later this year. The US behemoth, Ford, has also committed to invest Rs 4000 to Rs 5000cr for R&D, in its Chennai facility.

3. Defense: Hyundai Heavy Industries (HHI) of South Korea will work with Hindustan Shipyard Limited, Vizag to build warships in India. Currently, the time duration from the point of order to delivery takes around 6 years. With this collaboration, this gap is expected to fall to 2.5 years. Though in very early stages of discussion, HHI has indicated that the objective is to outsource the manufacturing of small and medium size ships to India. The initial understanding was completed during PM Modi’s recent visit to South Korea.

Another South Korean major, Samsung, has also agreed to build LNG tankers with Kochi Shipyard. Another decision made recently was that Goa shipyard will construct 12 minesweepers for the Indian navy at a cost of 1 billion USD. Gurgaon based Sun Group, is in discussion with Russia, to manufacture 200 Kamov Ka 226 light helicopters in Punjab. The German and US defense ministers were in India recently to push sale of their products and there have been news reports that India will engage with them, only if there is a “Make in



India" component in the deal. Reliance Infrastructure is in discussion with officials in Russia to explore opportunity to build nuclear submarines and stealth warships in India, along with other partners.

4.Railways: Recently, Indian Railways has invited bids by international suppliers for the procurement and manufacture of 15 train sets. Two train sets will be imported, where as the reminder will need to be manufactured in India - which will result in 40 coaches to be imported and 275 coaches will be manufactured in India. The whole project is estimated to be worth around Rs. 2,500 cr. These train sets will be used on faster inter-city travel routes.

PM Modi during his recent visit to Berlin, visited the Berlin Central Train Station (Berlin Hauptbahnhof) to inspect the infrastructure and other facilities. Also Railway Minister, Suresh Prabhu, in his recent interviews has suggested that he will look to capitalize on various assets of railways like land, optical fibers, etc. If these ideas go per plan, there are many more job opportunities possible.

5. Aviation: There are two parts in this segment. Firstly, in military aviation, the recent deal with France on Rafale jets is well publicized. Whatever the politics of the deal is, the Indian government has been able to extract substantial investment in India in the future. Defense minister Manohar Parrikar has gone on record to say that 50% of the total deal value, approx. \$4bn will be invested in India within the defense and aerospace sector. Secondly, in civil aviation, Airbus has also announced that it has joined the "Make in India" bandwagon. To this extent, Airbus has already announced restructuring of its organization in India and the new CEO has announced that Airbus exports will reach \$2bn from India. Pratt and Whitney, a US based firm, has also evinced interest in setting up its facilities in India. Like in the automobile sector, aviation also has the potential to create many upstream and downstream jobs along the supply chain.

CRITICISM AND CONCERNS: The NDA government's Make In India campaign has till early October attracted INR 2000 Crore worth investment proposals. The campaign has, despite this, found its fair share of critics. The top most of these criticisms is leveled against the incumbent government.

- 1) It has been felt that the government does not walk its talk about Labour Reforms And Policy Reforms which are fundamental for the success of the Make In India campaign, have not yet been implemented.
- 2) A number of layoffs in companies such as Nokia, India cast long shadows over the campaign.
- 3) A number of technology based companies have not been enthused by the campaign launch and have professed to continue getting their components manufactured by China..

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