Make in India-An Initiative to Change the Economic Landscape of the Country

Ritika Gauba  
Institute of Rural Management, Jaipur, India

Nandita  
KMCUAF University, Lucknow, India

Ravi Dhingra  
Siemens Ltd, Rajasthan, India

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Abstract

Manufacturing is believed to be the key to the development of a nation. However in case of India it is the services which has spurred the development. Realizing the imperativeness of manufacturing sector ‘Make in India’ initiative was launched on 25th September 2014 by our Prime Minister, Mr. Narendra Modi. The new policy is launched with the objective of making India the manufacturing hub of the world. The initiative is a sales pitch; focusing the key 25 industries; to attract foreign investors. However to make it successful the areas of regulations, power, infrastructure etc. needs fixing up.

This research paper is written with the intention to expound the concept of ‘Make in India’ campaign, its importance and impact on the Indian economy after the completion of one year. The paper also proposes to identify and elucidate the work done so far; the key challenges and recommend possible solutions to deal with the same.

Keywords: Make, India, Manufacturing, FDI, Modi

JEL Classification: A1,A10,E60

Paper Classification: Research Paper

Introduction

The general elections of 2014 marked an important change in the Indian political history in many ways. Firstly, almost after three decades these were the first elections which gave a clear majority to a single party. Secondly, these were a presidential style elections and gave a clear mandate to Mr. Narendra Damodardas Modi, who was at that time Chief Minister of Gujarat; the fastest growing state of India. Mr Modi, was very much popular among the business community
for his progressive approach towards commerce and industry. In fact these elections were also largely contested and won with development of the country as the core issue unlike caste, community etc. Keeping with his theme of development, in less than three months of joining office, the Prime Minister on 15th August 2014, launched the initiative “Make in India”, on 25th of September, 2014 in a function held at the national capital. The government desires to achieve the growth of manufacturing sector by focusing on development of sectors like automobiles, power, railways, textiles, media and entertainment, aviation, leather, electronics etc.

The national program is designed to facilitate investment by eliminating red-tapism, promoting innovation by major bureaucratic reforms, deregulations and public-private partnerships. It targets to build best-in-class manufacturing infrastructure and enhance skill development so as to create environment favorable to that of setting up of business ventures in India. However, the vision though laudable is not easy to attain. There are a number of obstructions which the government will have to resolve before it can hope to achieve its dream of making India a global manufacturing hub.

**Literature Review**

Experts in the industry pronounce manufacturing as the core of a country’s economic development and job creation (Joon et al. 2013). They are of the view that, manufacturing always leads the growth process at every phase of development. This is evident, not only in the developed economies like Europe and North America but also in late-developers like a Japan, Taiwan and South Korea, and most recently in China (Gosh , 2015).

India, however, has had a very different growth pattern. The country jumped directly from agriculture to services, side stepping the manufacturing sector. (Ghani, 2010). Economists nevertheless view this growth as transitory and non-sustainable. Economist Yasheng Huang (2013), in an interview for the book by McKinsey & Company: “Reimaging India” reasons that service sector alone will not be sufficient to maintain high growth rate in future. Thus, India needs to concentrate on labor intensive manufacturing as that’s where it has maximum comparative advantage. This becomes more imperative today when India is having one of the lowest economic growth since the past two decades.(Raheem , 2014).

Taking heed from the arguments of the economists’ world over our honorable Prime Minister Shri Narendra Modi launched the national initiative of Make in India (MII) on 25th September 2014. The major thrust of this initiative is to make India a global manufacturing hub. (Das, 2015). With its focus on twenty five sectors the initiative vows to increase the share of manufacturing in the country’s GDP from current 16 percent to 25 percent by 2022. It also pledges to add 100 million new jobs by the year 2022. (Battacharya and Verma, 2016). Manufacturing has the potential to provide large scale employment, because, in addition to forward linkages it also has strong backward linkages. (Kapoor, 2015)

India is considered a challenging nation to start a new venture as its business environment presents too many barriers (Nally, Kapoor, & Juan 2015). Rigid licensing norms, elongated approval processes, poor infrastructure, stringent land and labor laws, were few of the many reasons, which ranked India at 142nd position among 189 nations in ease of doing business (World Bank Report on Ease of Doing Business 2015). Through, this initiative the government also aims at easing out the ways business is done in India and hopes to improve its position in the global ranking and bring it to the top 50 in the next 5 years.
To attain the above, the Make in India initiative strategizes to simplify the laws and policies of doing business in India. (Sindhu, 2015). As a part of the initiative the government has already relaxed the FDI norms and increased its cap in various industries in controlled manner. Efforts are also on to make the county’s tax system transparent and predictable. (Parthasarthy, and Agarwal 2016). Skill India is another project launched so as to have synergy between the objectives of the government, the industry and job (Das, 2015). Development of 100 smart cities, digital India, pentagon of corridors and manufacturing zones are all efforts to stimulate Make in India.

The dream of making India a global manufacturing hub, though, sounds very rosy but is full of challenges and roadblocks. Anarchic laws, tedious and costly land acquisition; rigid and inflexible labor laws are the three Ls that pose the biggest challenge to the successful implementation of Make in India (Jagannath, 2014). Besides the above, multiple taxation, poor governance and police raj and Companies Act 2013 are some of the other impediments that the initiative has to resolve. (PHD Chamber Study, 2016). No country in the world has achieved high-income status without developing manufacturing to a point where it accounts for at least a high share (around 30 per cent) of GDP. (Ghose, 2015).

The review of literature helps us comprehend the role of manufacturing for the growth of any economy. Simultaneously, it also supports the relevance of Make in India in the backdrop of our nation. Though, many studies have been based on Make in India which explains its different aspects. However, no cumulative study has been done so far, which elucidates the initiatives concept, relevance, achievements and bottlenecks all in one single study.

Research Gap
Manufacturing is the key to increase in income and better standard of living for developing economies. The government has started “Make in India” drive to harness the benefits of manufacturing sector. The literature review has revealed certain research gaps which have been discussed below.

- Not much research is available as the project is still in initial phases.
- Most of the studies have been done to explain the impact of MII on different aspects of economy.
- No cumulative study has been done so far, which elucidates the initiatives, concept, relevance, achievements and bottlenecks all in one single study.

Accordingly this paper is an attempt in the above direction and is based on the following objectives:

Objectives
1. To understand the concept of make in India and its relevance in the Indian context.
2. To identify the work done so far by the central government towards the initiative.
3. To pinpoint the road blocks and recommend possible solutions to deal with the same.

Contributions of the study
As has been pointed by Chaudhary (2015), (MII) Make in India project has been started with the view to to generate employment, increase FDI and make India a manufacturing hub. There are
numerous reforms which are imperative before India becomes a focal point of manufacturing. The slogan of zero defect products with zero effect on environment as given by Prime Minister will definitely realize the nation’s dream of becoming a manufacturing centre for the entire world.

The study has aimed to analyze all these aspects. This paper gives a holistic view of the concept of MII, the thrust areas, the challenges for the road ahead and the bottlenecks which are to be removed. The paper will generate interest among other researchers to take more comprehensive study on Make in India. The paper will be beneficial for academicians as it will form the base for further research, for students it will clarify the concept of MII in totality and industry can utilize it to understand the basic concept for strategy formulation.

Research Methodology

The main aim of the paper is to critically examine the Make in India initiative in the light of current scenario. The paper has dealt with relevance of the program, the road blocks and reforms needed to make it a success.

The paper is based on secondary data collected from various sources. It draws heavily from existing literature, research papers, articles published in newspapers & magazines, blogs and reference website, and reports.

The first part of the paper deals with importance of manufacturing sector and relevance of Make in India in this construct. The second part deals with major road blocks and the government initiatives to resolve the same. The third part discusses common problems and suggested solutions to these problems.

Manufacturing: The Missing Link in India’s Growth Story

In 1993, the share of the manufacturing sector in the Indian GDP was 15 percent, and today, after so many years of industrial liberalization its share still remains the same. This figure sounds even more disappointing when compared to the several rapidly developing economies (RDE) of the world. (Table 1)

| TABLE 1: Share of Manufacturing of the Rapidly Developing Economies in their GDP |
|-----------------|-----------------|-----------------|
| Sl. No. | Country | Share of Manufacturing (in percentage) |
| 1. | Thailand | 34 |
| 2. | China | 32 |
| 3. | Malaysia | 24 |
| 4. | Indonesia | 24 |
| 5. | Philippines | 31 |
| 6. | India | 15 |

In the last five years ie from the year 2009 to 2013 the situation has become even grimmer. There has been a downfall in the share of Indian manufacturing sector in the global GDP from 2.2 percent to 2 percent. Whereas, the GDP of China in half a decade has augmented by almost 8 percent from 17.3 to 24 percent and so has the share of many other countries like Russia, Thailand, South Korea, Malaysia and so on. (Figure 1).
Not only is its share low in the country’s economy, even its contribution towards nations employment is quite unsatisfactory. The employment in the manufacturing sector in the country has, in the last two decades, grown merely by 1.8 percent from 37 million to 53 million jobs.

Similarly, if exports are said to be the mirror of success or failure of a manufacturing nation, India’s shares in global exports at 1.7 percent, tells us the sorry state of this sector. On the other hand China has increased its exports from a mere 2.4 percent in 1993 to 11.5 percent in 2013(a staggering 379 percent increase), thus, positioning itself as the workshop of the world. (Figure 2)

The Indian economy is primarily being led by the service sector which is less labor-intensive than manufacturing. The services accounted for 32 percent of the total employment in the country in 2011-12 even though its contribution towards country’s Gross domestic Product was more than 55 percent. In contrary to this, the manufacturing accounted for 12 percent of employment while contributed only 15 percent to the GDP.

It is further expected, that a total of 250 million workforce will be added in next 15 years which cannot be absorbed by service sector alone .Thus, manufacturing sector has to be the driving force of both, economy’s growth and a potential job generator.
The Prime Minister’s ‘Make in India’ campaign for a rapid manufacturing-led growth is the eventual outcome of the above evaluation. The movement not just endorses a rapid growth of manufacturing sector, but also advocates a lead role for manufacturing in India’s growth process. The campaign is expected to generate around hundred million jobs in the country. This will not only contribute to trade and commerce but also improve the living standard of the people and also reap other benefits of building manufacturing ability.

**Make in India- “The Policy”**

The Make in India website defines the initiative as “a major new national program designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best-in-class manufacturing infrastructure”.

**Objectives of the Initiative**

The National Manufacturing Policy 2011 had set out a few objectives to be achieved in a long term period of 15 years. The objectives are as follows:

- Increasing manufacturing growth to around 12 to 14 percent.
- To make manufacturing sector the engine of growth for the economy.
- To develop manufacturing sector so as to enable it to contribute a minimum of 25 percent to the country’s GDP by the year 2022.
- The policy also aims to create at least hundred million additional jobs in the manufacturing sector by the year 2022.
- To increase the global competitiveness of the Indian manufacturing sector.
- Ensuring stability of growth particularly with regards to environment.
- To develop infrastructure and invite state of the art technologies.

**Making ‘Make in India’ a Success: The Roadblocks**

In the report published by the World Bank on Ease of Doing Business, 2015 India ranked a paltry 130 among 189 nations whereas, our emerging neighboring country China is at 84. (Table 2).

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Parameter</th>
<th>DBS 2016 Rank</th>
<th>DBS 2015 Rank</th>
<th>Change in Rank</th>
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<tr>
<td>1</td>
<td>Starting a Business</td>
<td>155</td>
<td>164</td>
<td>+9</td>
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<tr>
<td>2</td>
<td>Dealing with Construction Permits</td>
<td>183</td>
<td>184</td>
<td>+1</td>
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<tr>
<td>3</td>
<td>Getting Electricity</td>
<td>70</td>
<td>99</td>
<td>+29</td>
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<td>4</td>
<td>Registering Property</td>
<td>138</td>
<td>138</td>
<td>No change</td>
</tr>
<tr>
<td>5</td>
<td>Getting Credit</td>
<td>42</td>
<td>36</td>
<td>-6</td>
</tr>
<tr>
<td>6</td>
<td>Protecting Minority Investors</td>
<td>8</td>
<td>8</td>
<td>No change</td>
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<tr>
<td>7</td>
<td>Paying Taxes</td>
<td>157</td>
<td>156</td>
<td>-1</td>
</tr>
<tr>
<td>8</td>
<td>Trading Across Borders</td>
<td>133</td>
<td>133</td>
<td>No change</td>
</tr>
<tr>
<td>9</td>
<td>Enforcing Contracts</td>
<td>178</td>
<td>178</td>
<td>No change</td>
</tr>
<tr>
<td>10</td>
<td>Resolving Insolvency</td>
<td>178</td>
<td>178</td>
<td>No change</td>
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<tr>
<td></td>
<td>Overall Rank</td>
<td>130</td>
<td>134</td>
<td>+4</td>
</tr>
</tbody>
</table>

Source: http://www.doingbusiness.org/data/exploreeconomies/india

Though the efforts of Government has moved India four places, however, India’s overall ranking and the individual rankings in various parameters clearly indicates that India is in crucial need of transformation...
to unravel the huge manufacturing potential of the nation. Some of the parameters which would ease, doing business in India, and require critical modifications are examined below:

**A) Business Regulatory Framework (BRF)**

Business regulatory framework (BRF) of any country is vital for creating and promoting an efficacious business environment. The aim of the framework should be to simplify the regulatory system so as to ensure speedy business startup, an easy contract implementation and registration, reduced cost of compliances of doing business and so on. In short the business regulatory framework should make the process of doing business in a country easy.

A strong correlation is found between economic growth and the ease of doing business in a country. The PWC report the “Future of India: The Winning Leap”, terms India as a difficult market to do business. The report states investment plans are often abandoned, not because the idea lacks merit but because the business environment presents too many barriers (Nally, Kapoor, & Juan, 2015). (Figure 3).

![Figure 3: Relationship between GDP per capita and Ease of Doing Business Rankings](image)

Mutable and variable government policies, unnecessary tax compliances, stringent labor laws, difficulty in contract enforcement and getting permits are complexities which the central government should earnestly seek to resolve so as to ensure the success of make in India campaign.

**B) Human Resource Development**

India is expected to have one of the youngest populations in the world with about 65 percent of its people lying in the working age group. It is said that due to this demographic dividend (as it is popularly referred to as) India is expected to increase its annual growth rate by 2 percent every
year. This is in contrast to the demographic situation in many countries across the globe which have a greater number of graying population. However, even though India has an abundance of human resource (which can be employed by the world over) there are some serious concerns over its employability. The human resource in India is mostly unskilled and the labor laws in India are quite anarchic. Both these pose a big challenge for the manufacturing industry development in the country.

C) Investment in Technology

Technology can play a pivotal role in reducing cost of operations, enhancing productivity, increasing growth and building a sustainable competitive advantage. Experts in the industry are of the opinion that only technology adoption and strategically leveraging will help Indian business houses to stay at par with their global counterparts and will also enhance their ability to deliver in the global market. Currently the expenditure done on research and development in the country is a miniscule 0.9 percent of the GDP. Out of which one fourth is done by private sector and residual by public sector. Thus, even though technology has been acknowledged to have the power of transforming Indian industries given the fact that we have leapfrogged with information technology and BPOs in the global services sector, still there are several hurdles before the Indian business before fully embracing the value, technology has to offer.

D) Land

Manufacturing of any product requires setting up of an industry which in turn requires land. India ranks seventh in the world in terms of total land area. Even with massive industrialization shortage of land is not expected in the country. According to World Bank report 2014 India currently has 60.3 percent agricultural land (Agricultural Land percentage of Total land Area, 2015).

There are quite a few precarious issues which prevent acquisition of land for industrial purposes; the most critical amongst them is small land holdings. According to the, State of Indian Agricultural Report 2012, 13.85 percent of the total operation land holding has a size of less than 2 hectares. The average size of the holding has in fact, as per the report, declined from 2.83 (Kaul, 2015) hectare to about 1.16 hectare (Nataraj & Sekhani, 2015). Fragmented land means negotiation
has to be done with multiple land owners which delays the entire land acquisition process; adding to this we have resistance and protests from social activists. Land acquisition for industrial purposes is cumbersome, risky and uncertain process in the country.

E) Boosting Micro, Small & Medium Sized Enterprises (MSME)

The Harvard researchers have predicted an average growth rate for Indian economy to be 7 percent annually for the next decade. They have also reported in their growth projections that the Indian GDP will be $4.50 trillion on their calculation of measure for economic complexity. If we understand this in Purchasing power parity (PPP) used by IMF and World Bank; India’s GDP will be at $15 trillion. (Minhaz Merchant, Jan 2016)

Micro, small and medium enterprises (MSME) will be the key players in this progress path. The MSME can support the development of new and modern entrepreneurs who in turn can create globally competitive businesses. The development of this segment is extremely imperative for the success of Make in India Policy as it can significantly contribute to both manufacturing and employment in the country (both rural and urban) (Figure 5).

![Figure 5: Employment Generated as a Percentage of Overall Employment Globally](image)

KPMG report, -The New Wave Indian MSME, 2015

The Micro, Small and Medium enterprises account for around 45 percent of the Indian industrial output and 40 percent of the country’s exports. Overall, the MSME currently contributes 8 percent to the Indian GDP where as its contribution in most of the successful global economies is somewhere between 25 to 60 percent. (Figure 6)

![Figure 6: Global GDP Contribution by MSME](image)

KPMG report, -The New Wave Indian MSME, 2015.
The MSME have the capability to increase their contribution towards employment to over 50 percent in the next ten years in India. The MSME can provide more employment at a much less cost when compared to its larger counterparts. They can become the key drivers for India’s make in India objective.

**F) Development of Infrastructure**

India’s growth has always been stifled by its poor infrastructure. The United Nations ‘Global Competitiveness Report’ ranked India at 85th position among 148 countries for its infrastructure.

One of the greatest threats that the industries in India face is that of chronic electricity shortage. Electricity is one of the most basic and indispensable input for the smooth functioning of both industries and households. Approximately one third of India has no access to it. Similar is the situation of roads and highways in India. Not much progress has been made in building of roads and highways with nearly half of county unpaved. This situation has to be handled on emergency basis when almost sixty percent of freight and nearly ninety percent of traffic is handled by roads. The quality of roads and highways is also disappointing and dismal.

The same inefficiency is seen in both development and management of ports in India. Currently the nation has seventy three major ports, out of which sixty are small and thirteen are major. Ninety five percent of external trade is handled by these ports characterized by cumbersome customs laws.

Thus if the government wants the industries to make in India it has to ensure that at least the basic infrastructure like electricity, roads, railways, ports etc. are easy to access. To improve the infrastructure, the government should focus on public private partnership and open its doors to foreign investment.

**Government’s Initiatives to get the Ball Rolling**

As the initiative completed one year of its launch, a survey was conducted by the PHD chamber on Make in India in which 205 participants from MSME and large enterprises took part. They highlighted major issues which still need to be addressed. Amongst this administrative bottleneck was on the top and lack of capital and financial resources at the lowest. Some of the other issues were Government regulation, power and water shortage, corruption and tax rates, access to land, labor costs and regulations.

This section of the paper tries to analyze some of the major initiatives taken by the government so far, so as to remove the obstacles in the implementation of the initiative.

**General Initiatives**

**Streamlining the processes**

As an initiative to bring in ease in doing business in the country, the Central Government has deregulated and de-licensed a number of sectors. Some of the important measures undertaken are as follows:

- The services of Central Government department and ministries have been integrated from the 3rd of December 2014 under one single IT window – the eBIZ.
• Through 24 x 7 eBiz portal, the entrepreneurs can apply online for industrial licenses and memorandum.

• The industrial licenses given will now be valid for three years.

• Simplification of regulatory process of doing business in India. For this the advisories have been sent for both state and central departments.

• A checklist of all the compliance to be uploaded by all ministries/ departments web portal.

• Environmental clearances can be obtained online and returns be filed online.

• **Foreign Direct Investment.** In its endeavor to boost foreign investment in India, the current government has increased FDI limits in a number of industries like insurance and defence from 26 to 49 percent. Hundred percent FDI has been allowed in medical devices, telecom, single brand retail, asset reconstruction companies, construction, operations and maintenance of certain specific activities of railways. Many industries where FDI was already permitted have now been brought under automatic route like petroleum refining by public sector units, stock exchanges and depositories, power exchange.

• **Skill India.** On the occasion of ‘Youth Day’ on 15th July 2015, our honorable Prime Minister launched ‘Skill India’ with the objective ‘to make India the skill capital of the world’. Accordingly, the national policy on skills development and entrepreneurship 2015 was launched. The objective of the policy is to make the youth of India skilled with ‘speed, standard (quality) and to link the skilled with the demand centers’(National Policy for Skill Development, 2015). However, apart from skill development emphasis should also be made to impart quality education to our students.

• **Smart Cities.** The government has put in place the plan to develop hundred smart cities and modernization of existing mid- sized cities in the country. The smart cities would be equipped with high tech communication capabilities, twenty four hours water and power supply, public transportation along with walking and bicycle tracks, water and waste recycling. Government has currently allocated INR 7 billion (Kumar, 2015) (and more investment is expected from the private sector) towards this project. The plan for the first such city Dholera in Gujarat, is already complete and the process of land acquisition has been initiated. These eco-friendly cities which will, mostly be built along the Delhi Mumbai industrial corridor are expected to triple industrial output and double the employment opportunities.

**Industry Specific Initiatives**

• **Automobile Industry.** The Indian Automobile sector accounts for 7 percent of the country’s GDP and employ nearly 19 million people. India is at present seventh largest automobile manufacturer in the world and produces 17.2 million vehicles annually. The government in order to promote research in this sector has proposed to give a number of tax incentives to the private players to set up R& D centers. The government itself has also set up research and development centers called NATRip (National Automotive Testing and R&D Infrastructure Projects) to boost R&D and growth in this sector. Further hundred percent FDI under the automatic route has been allowed to boost foreign investment in the sector.
• **Aviation.** The aviation market of India is the most unexplored sector in the world. The per capita trips in India are approximately 0.04 which is a minuscule when compared to the per capita trips of USA which stands at approximately 2 trips. However, rising middle class population, from 160 million to approximately 260 million in 2016, would give a boost to aviation industry.

• To boost the development of the aviation sector under the Make in India initiative the GOI has permitted hundred percent FDI under automatic route for green field airport projects. Similarly for brownfield airport projects, 74 percent FDI under automatic route, and 75 to hundred percent with government approval has been permitted.

• As for the development of airlines, the government has approved 49 percent FDI for domestic scheduled passenger airlines. However, hundred percent FDI is allowed for NRI's. Further, hundred percent FDI is allowed in all technical institutes of aviation, flying training institutes and maintenance and repair schools.

• **Electronics Design and Manufacturing Industry.** The worlds electronic systems, design and manufacturing (ESDM) industry mainly comprises of the following products:

  1. Desktops
  2. Notebooks
  3. Mobile phones
  4. Television (flat display)
  5. Digital cameras
  6. Inverters/ UPS
  7. LCD monitors and servers
  8. Memory cards &USB drives

The 94 billion dollars ESDM industry which is growing by approximately 10 percent CAGR is calibrated as one of the fastest growing industry of the world.

With a pool of capable (third largest) scientists in the world and availability of skilled manpower in the electronic design industry, the Indian electronic manufacturing industry has great potential to grow. However, according to a recent survey, in India, there has been a negative growth rate of items like computing machinery, television, Radio, communication and accounting equipment’s. Thus, considering the potential of the industry and need of the country; the Government of India has set its objective to attract at least a minimum investment of hundred billion dollars and generate employment for at least 28 million people.

**To meet this objective the government has:**

• Permitted hundred percent FDI under automatic route in the industry.

• Proposed in the budget of 2015, to reduce the custom duty to nil on LCD and LED panels and picturetubes.

• The government has also announced that at least 30 percent of all its electronic procurement will be from domestic manufacturers.

**Defence-** Competent and third largest armed forces in the world and second in Asia; almost INR 30 to 40 billion is allocated to the defence sector annually. Out of this nearly forty percent is spent on capital acquisition for defence. India being the biggest importers of defence equipment’s with almost sixty percent of its requirements being met through imports; thus there is a huge scope and need for domestic manufacturing of defence products. Accordingly in the budget
of 2015 the government has allocated INR 2200 billion for the development of Indian defence services. Apart from this, one billion was allocated for technology development for defence, thirty two billion for modernization of the infrastructure and development of railways in border areas. It has also allowed forty nine percent FDI under government route in the sector. The government is further planning to exempt basic customs duty on the imports required for manufacturing defence equipment’s. In addition to the above the defence procurement procedure has made, buying made in India product, its first preference.

**Energy**- Mr. Piyush Goyal while answering a question in Rajya Sabha stated that India ranks fourth in electricity generation and same in consumption too. Currently India produces 1108 TW of electricity. This production is expected to increase further as the demand for electricity is projected to reach 1905 TW by 2022. Recognizing the importance of the sector for the development of the nation, the government in the budget of 2015 has announced financial and institutional support to the sector. INR 1 Billion was allocated for the preparatory work of setting up ultra-modern coal plants which would produce thermal power. Though India has jumped 22 positions in electricity supply which indeed is a good sign but yet much work has to be done.

**Discussion**- The initiative has set the start of the new era of manufacturing in India; the ball is still in the governments’ court. To make India a manufacturing paradise; the manufacturing project clearance plays a crucial role. Key issues like labour laws, skilled manpower, state of the art technology and infrastructure is required. Efficient administrative machinery is the first and foremost step which will enable to cut down the procedural delays. Transparency in decisions and rules can make doing business in India easy. The low rank of India in ease of doing business only further confirms the grim situation of India.

Further skill development can only be possible if there are good avenues for our youth to learn. Not many centers are there for skill development and a few that are, are not in good condition. Moreover, only skill development is not enough it should be backed by good quality education. If we talk about infrastructure, land acquisition and the tax structure of the country can be said to be the biggest constraint. Moreover it has been observed that new Companies Act 2013 has not been interpreted correctly and the act is not in symphony with the growth of business.

MSMEs the crusader in the Make in India campaign are also suffering from serious drawbacks which need to be addressed on urgent basis. The current manufacturing period is different from traditional manufacturing times. Only those manufacturers can succeed who are agile in adopting technology and employ it skillfully. Nano-technology and innovation like robotics, 3-D printing will lead the manufacturing sector and create demands. The Government of India has made various efforts in the direction of making the scenario of doing business easy and simple. In this regard registration fees have been reduced to make it easy to start a business. The earlier physical stamp method of registration has been replaced by online method. Electronic filing of taxes has been enabled to make paying taxes easy. Time limits have been defined so that time for getting building permit is reduced. Number of other reforms have been announced and are in pipeline to facilitate simplicity and ease of doing business.

Just as, Rome was not built in a day this initiative too will take some time to mature. There are quite a few examples which reiterate the fact that this initiative is moving in the right direction.

- Mercedes Benz, world’s biggest German luxury car maker has committed to increase localization in its car manufacturing to up to sixty percent which are to be sold in Indian market.
Volvo is working on the project of exporting its range of buses in other international markets by making them in India.

Hyundai Heavy Industries (HHI) of South Korea in collaboration with Hindustan Shipyard Limited, Vizag is going to build warships in India. This will reduce delivery period from six years to two years.

Aviation segment comprises two parts viz, military aviation and civil aviation segment. The ‘Rafale Fighter Jets’, deal with France (in the category of military aviation) ,it was agreed that India would import 36 fighter jets from France and the rest would be made in India by Hindustan Aeronautics Limited (HAL).

Alstom T&D India will manufacture electricity from two substations one in Betul in Madhya Pradesh and other in Navsari in Gujarat.

Azure Power India, commissioned its largest hundred Mega Watt solar photovoltaic (PV) plant in Jodhpur, Rajasthan.

### Problems faced by business sector and suggested solutions in a nutshell

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<th>Sl.no.</th>
<th>Parameters</th>
<th>Problems</th>
<th>Solution suggested</th>
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<tbody>
<tr>
<td>1.</td>
<td>Starting a new business</td>
<td>Corruption, bureaucratic obstacles, preconstruction permit and clearances are time taking process, procedural delays, licensing requirements etc.</td>
<td>Licensing has to be simplified, removal of approvals at various stages and single window clearance.</td>
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<tr>
<td>2.</td>
<td>Labour laws</td>
<td>Labour laws are stringent and inflexible</td>
<td>Reforms in labour laws to improve inflexibility.</td>
</tr>
<tr>
<td>3.</td>
<td>Credit availability</td>
<td>Credit constraints, MSMEs have problem in availability of finances</td>
<td>Improving the flow of credit, introducing asset-based financing, customized capital solutions for MSMEs.</td>
</tr>
<tr>
<td>4.</td>
<td>Tax and its payment</td>
<td>Numerous documents required, cumbersome, difficulty in interpreting the tax laws, multiple taxes.</td>
<td>Single unified system for payment of taxes, passing and quick implementation of GST inorder to streamline taxation system</td>
</tr>
<tr>
<td>5.</td>
<td>Environment related laws</td>
<td>Multiple stages of clearance, cumbersome, time consuming.</td>
<td>Removal of multiple stage clearance system, compliance should be made online and simple.</td>
</tr>
<tr>
<td>6.</td>
<td>Infrastructure problems</td>
<td>Poor availability of power, poor finance available for infrastructure projects.</td>
<td>Reform in power sector by reducing dependency on one type of energy, availability of funds at low interest rates.</td>
</tr>
<tr>
<td>7.</td>
<td>Acquisition of land</td>
<td>Time consuming in registering of property, difficulty and delay in land acquisition leading to escalated project costs.</td>
<td>Reduction in time for registering property, laws regarding land acquisition should be made simple. Use of those lands must be permitted which are not good or fit for agriculture. Surplus land with many government owned companies should be recognized and can be given to entrepreneurs to set up factories and manufacturing units.</td>
</tr>
<tr>
<td>8.</td>
<td>Enforcing contracts &amp; Resolving insolvency</td>
<td>Slow court proceedings, complicated and time-consuming filing process, difficulty in interpreting New Companies Act 2013, ineffective and slow insolvency regimes.</td>
<td>e-filing of proceedings as a norm, e-court systems, establishment of special tribunals for commercial cases, simplification and updating of existing laws in accordance to recent trends in industry.</td>
</tr>
</tbody>
</table>

Source: Compiled from various sources like World Bank, blogs & news paper articles etc.
Our Prime Minister once stated that India is land of democracy, demand and demography. The above facts clearly state that still there are many problems which require government’s urgent attention. Specifically the problems related to factor of productions like land, labor, capital and entrepreneur need drastic reforms. Therefore the reforms will only boost the Make in India initiative and make us globally present in manufacturing arena.

Conclusion

Mr. Modi’s government has risen to power with a lot of expectations from its people especially the youth of the nation who believe that this Make in India initiative will empower them, encourage them to dream big and will provide a medium to turn their dream into reality. There is an army of mechanical, electrical and industrial engineers along with the pool of educated persons in various other areas who have not been tapped yet or are underutilized. The employment generated by this initiative will provide them opportunity to produce high tech manufacturing centre.

There is a long journey ahead of us and time is most opportune as to how much the government will be successful in this endeavor. The manufacturing industry has been ailing for many years and was neglected in the stride of development. This initiative has been launched to revive the manufacturing sector. The roadblocks of draconian business regulations, lack of consensus on land acquisition laws, shortage of skilled manpower still dodge us down. However, with government having shown the commitment to overcome these hurdles by introducing programs like e-governance, skill India, development of smart cities and various other industry specific initiatives there is light at the end of tunnel. If these initiatives are implemented in its true spirit we surely will have many more success stories to write about.

Limitations

1. Time is the major limitation as Make in India has been launched a year ago hence there is paucity of data and good research papers.

2. The paper is purely based on secondary data and no empirical tests have been conducted.

Scope for Further Research

1. Industry specific implication of Make in India can be studied.

2. Empirical studies can be conducted by surveying entrepreneurs and then analyze, in the wake of Make in India the obstacles and needed reforms.

3. Regional analysis can also be done to know which area is lacking in manufacturing sector and how Make in India can be beneficial in those areas.

4. Impact of Make in India in particular sector of economy like employment generation.

References


Authors’ Profile

Ritika Gauba is working as an Assistant Professor with Asia Pacific Institute of Management, New Delhi. The author is a Master’s in Business Administration from the University of Lucknow and has completed her doctorate from Uttarakhand Technical University in the field of Management. She has published and presented research papers in various national and international journals and conferences including IIM Indore, IIT Roorkee, IMT Ghaziabad, IBS Hyderabad, Amity Noida and so on.

Nandita is currently working as Assistant Professor, Maharishi University of Information & Technology (MUIT), Lucknow. She has four years of corporate experience in banking sector and 7 years of teaching experience. The author is Master’s in Business Administration from the University of Lucknow and is currently pursuing her doctorate from Uttarakhand Technical University, Dehradun, India. She has many publications to her credit. Her areas of interest are banking and consumer behavior.

Ravi Dhingra is currently working as Senior Manager Sales Havells India Ltd. Noida, India. He has done his B.Tech in electronics and communication from LMIT and PGDBM from IIM Kozhikode. He has an industry work experience of more than 10 years. He has a strong inclination towards research and writing and thus, has quite a few papers to his credit.