

## **MAKE IN INDIA: CHALLENGES AND OPPORTUNITIES**

Dr. Rajesh Kumar

Ph.D., J.R.F., Department of Political Science, Faculty of Social Sciences,  
Banaras Hindu University (BHU), Varanasi-221005, India.

### **ABSTRACT**

'Make in India' campaign by the Government of India has been appreciated worldwide. However, the success of the campaign depends upon many factors. One the crucial factors is improving the invention capital of the country and promoting the India patent system among the masses. There needs promote inventions and patenting as a culture in India. The 'Make in India' campaign by the current government is a appreciable effort towards developing India. However, the India Government needs not only to invite corporations from abroad to manufacture in India, but also to create a friendly environment for the citizens of India to start their own small to medium manufacturing business, Under paper I discuss the challenges and opportunities which are facing by today's generation.

**Keyword:** Tax Regime, Indian Economy, Make in India, Economic Growth, MUDRA, FDI, Ease of Doing Business, Basic Infrastructure, Challenges.

### **Introduction**

Prime Minister Narendra Modi lucnched the Make in India initiative on September 25, 2014, with the primary goal of making India as global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the gross domestic Product (GDP) by the year 2025 from its current 16% Make in India has introduced multiple new initiatives, promoting foreign direct investment implementing intellectual property rights and developing the manufacturing sector. It target 25 sectors of the economy which range from automobile to information technology & Business process Management (BPM). It also facilitates job creation, faster innovation, enhance skill development and protect intellectual property.<sup>1</sup> This initiative has

its origin in the Prime Minister's Independence day speech where he gave a clarion call to 'Make in India' and 'Zero Defect; Zero Effect' policy. In the occasion of 15<sup>th</sup> August, 1914 on Independence Day PM Modi says that, "If we have to put in use the education, the capability of the youth, we will have to go for manufacturing sector and for this Hindustan also will have to lend its full strength, but we also invite world powers. Therefore I want to appeal all the people world over, from the ramparts of the Red Fort, come, make in India, come, manufacture in India. Sell in any country of the world but manufacture here. We have got skill, talent, discipline, and determination to do something. We want to give the world a favorable opportunity that come here, come, make in India...".<sup>2</sup>

The present central government wants to improve the standard of living of socially and economically weaker section and wants to remove the poverty, various new schemes and programmes like Jan Dhan Yojan, Jan Suraksha Schemes Security among poor who earn less than \$ 1 per day, Micro Units Development Refinance Agency (MUDRA), Swachh Bharat, Atal Mission for Rejuvenation and urban Transformation (AMRUT), Digital India, Skill India Sukanya Samriddhi Scheme and Smart Cities Mission (SCM) housing for all by 2020 through which people may have real shift from being economically poor into middle class and this well lead to a Good business opportunities in India.<sup>3</sup>

When we have challenges like, poor infrastructure, red tapism acini the country. At the same time the global economy is fragile right now and is going through a slowdown. Crashing of the crude oil prices has been a boon for the country. So it the right time for India to use its potential to strengthens its manufacturing base. We have a strong educated workforce which is out assets. A country which can send Mission Mar at economical cost the potential to build a strong manufacture base. According to IMF report India will be an emerging economic super power in the upcoming years. It is bases on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors. The logo is a striding lion made of cogs, symbolizing strength, manufacturing and natural pride.



'Make in India' recognizes 'ease of doing business' as the single most important factor to promote entrepreneurship. The aim is to de-license and de-regulate the industry during the entire life cycle of a business.

Availability of modern and facilitating infrastructure is a very important requirement for the growth of industry. Government intends to develop industrial corridors and smart cities to provide infrastructure bases on state-of-the-art technology with modern high-speed communication and integrated logistic arrangements. Existing infrastructure to be strengthened through up gradation of infrastructure in industrial clusters.

'Make in India' has identified 25 sectors in manufacturing, infrastructure and service activities and detailed information is being shared through interactive web-portal and professionally developed brochures. FDI has been opened up in Defense production, Construction and Railway infrastructure in a big way.

**List of 25 Sectors Involved  
(Make in India Campaign Main Focus Areas)**

Automobiles	Pharmaceuticals	Chemical
Food Processing	Space	Electrical Machinery
Renewable Energy	Oil and Gas	Thermal Power
Roads and Highways	Aviation	Electronic Systems
Mining	Automobile Components	Media and Entertainment
Construction	Textile Garments	Tourism and Hospitality
Leather	Ports	Railways
Defence Manufacturing	Wellness	Renewable Energy
Biotechnology	Information Technology (IT) and Business Process Manufacturing (BPM)	

Industry is accustomed to see Government as a regulator. 'Make in India' intends to change this by bringing a paradigm economic development of the country. The Make in India program has been built on layers of collaborative effort. There has been from Union Ministers, Secretaries to the Government of India, State government, industry leaders, and various knowledge partners. A

National Workshop on sector specific industries in December 2014 brought Secretaries to the Government of India and Industry leaders together to debate and formulate an action plan for the next three years, aimed at raising the contribution of the manufacturing sectors to 25% of the GDP in the coming years.<sup>4</sup> According to experts, it was a positive invitation to potential partners and investors around the world. Make in India, according to the supporters is much more than an inspiring slogan. It represents a comprehensive overhaul of processes and policies. It represents a complete change of the Government's mindset-a shift from issuing authority to business partner, in keeping with prime minister Modi's tenet of 'Minimum Government, Maximum Governance'.

### **Need For the Study**

India too needs to develop its infrastructure in order to militate its presence in the global picture and to match the rising demands and the living standards of its citizen. The most easy and important way to keep pace with the environment for a country is to develop its manufacturing sector. When more global and local players will invest in a country, it will boost the trade and economic growth, develop its manufacture and generate more employment opportunities for its citizen. Hence the present study is on Make in India: Challenges and Opportunities.

### **Objectives and Aim of the Study**

Through Make in India, an open invitation to the foreign companies is made to invest and set manufacturing units in India. The main concept of Make in India is to manufacture more in India and increase the export rate and lower the import rate. To be a potential manufacturing hub, there are four basic requirements; skilled labor, ease of doing business, good infrastructure and low manufacturing cost. A number of students throughout the country enroll themselves in various technical and job-oriented diploma and degree courses such as mechanical, engineering, electronics etc. Moreover present government is also setting and supporting skill development centre in the country to provide to highly skilled workers- the basic requirement of the Make in India concept. The creating infrastructure of global standards is possible in India. Global standards mean creating an environment to operate technology intensive manufacturing. The main problems which persist in India for doing business are the strict rules and regulators which delay the process of setting manufacturing units along with a great deal of humiliation and wasting valuable time. These problems are thoroughly addressed in Make in India. For ease of doing business, paperwork is reduced to a minimum, easy approvals from different regulators, minimum human intervention, and maximum response and help when it comes to support and grievance redressal. Thus, the roll of the government will be a facilitator rather than a regulator. Another important issue addressed in Make in India concept is the manufacturing cost. As compared to China, India is a better option for labor at low cost. Significant tax incentives,

subsidies, enabling the conditions to make industries to do well in manufacturing will reduced the manufacturing cost, ultimately leading to increase the rates of export. Through this campaign, there will be a critical evolution of selected domestic companies having leadership in innovations and new technologies for turning them into global champions, boosting trade and economic growth. The direct and indirect outputs of the Make in India concept are; more job opportunities reducing unemployment, high purchasing power to better–living styles, better state of the art of infrastructure, smart cities etc. The major 25 sectors identified to give a trust and push and the focus centers of the Make in India campaign. The Indian government has set an ambitions target of enhancing the manufacturing output contribution to 25% of GDP by 2025 along with 90 million domestic jobs. According to a Washington-based development institutions, India is going to overtake China to clinch the position of the world’s fastest growing, big economy by 2016-17. According to World Bank, India is going to be Asia’s third-largest economy in spite of declining GDP globally. The main objectives of this article is to know that Make in India campaign at spinning the country into a global manufacturing hub and effort a large numbers of employments. Other main objectives of this scheme are mentioned below:

- To highlight the challenges of make of India.
- 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.
- Using India’s highly talented and skilled manpower to creat world class zero defect product.
- To identify the real opportunities for make in India.
- To convert India into a global manufacturing hub.
- To help create jobs and boost economic growth.
- To urge both local and foreign companies to invest in India.
- To make healthy relationship with worldwide nations.
- Protected Intellectual Property Right.
- To make India digital.

### **Materials and Methods**

To identify studies for the review, the researches conducted descriptive study and secondary data was used for the study. Basically, the required material has been derived from various Journals, articles from newspaper, magazines, and web-sites which deal directly or indirectly with the topics related to make in India with real challenges and opportunities were included in the study. After searching the important newspaper and web-sites, relevant information was down loaded and examined to address the objectives of present study.

## **Review of Literature**

**K. Kalaivani (2015)** the article entitled, “**A Study on the Impact of Make in India on HRM Practices-An Overview**”. The study helps to understand the impact of Make in India on the HRM practices followed in on country. The study also covers the synergy between the HRM practices and the job opportunities. The study found that, a significant positive and meaningful relationship between HRM practices and the Make in India. The study also found that, HRM practices become the means whereby designing new culture requires that HRM professionals and ahead of the culture change curve with innovative and exciting HRM prices.

**S. Soundhariya (2015)** the article entitled, “**Make in India-Scheme for transforming India**” The Paper discusses about Make in India scheme, its opportunities, challenges, changes needed and some examples of different invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.

**Seema Sangwan (2015)** the article, “**Make in India realism: Role of FDI**” This study focused on the change in FDI rate after introduction of Make in India by PM Modi and growth due to increase in the FDI rate. The study found that, there is high correlation between industrial production and FDI inflows. The study also found that, the effect of the FDI on economic development ranges from productivity increased to enable greater technology transfer.

**Rajeshwari M. Shettar (2017)** the article, “**Impact of Make in India Campaign: A Global Perspective**” The paper covers issues of the Make in India, sectors covered, worldwide and positive responses and some critics. The study also covers the challenges that the project and movement will face. The study found that, this campaign attracts foreign investments and boost the manufacturing sector in India has been timed to perfection.

## **Why Do we Need a Make in India ?**

It is a growth that will be measured and defined by the development of its manufacturing sectors. Under Make in India initiative, the government has indentified 25 sectors of various industries that show tremendous potential to grow. "Skill development has gained enormous traction with Make in India. The Plan to create 100 smart cities is also expected to fuel job growth," says Rituparna Chakraborty, Co-founder of Team Lease Services. Estimate also suggest that refocusing on India's traditional occupations would potentially create 10 million jobs a year. For instance, the Indian Leather Development Programme trained 51,216 youth in the past 100 days and it plans to train 1,44,000 young person's annually.<sup>5</sup> Four new branches of Footwear Design

& Development Institute-at Hyderabad, Patna Banur (Punjab) and Ankleshwer (Gujarat)-are being set up to improve training infrastructure. The industry is undergoing acute skill shortage and most of the people trained are being absorbed by the industry. India is home to some of the best talents in the world, yet a major part of this talent pool remains untapped due to a fragmented marketplace. As investments pick up, companies will be on the lookout for the right talent. R. Suresh, managing director of RFG Executive Search India, Says even top leaders would need to acquire new skills. Design, technology skills, innovation, experience in operations, sales and distribution are going to be critical skill sets for top managers as well, he says. The Indian job market has witnessed a substantial upswing in the demand for new work profiles, especially in sectors such as solar energy generation and construction (green buildings, smart homes)," says Rachna Mukherjee, chief HR officer, Schneider Electric India.<sup>6</sup>

The policymaking focus has now finally to the manufacturing sector, with the government institute a National Manufacturing Policy in 2011. The policy laid out plans to boost the manufacturing sector by raising its contribution to GDP to 25 percent and creating 100 million new jobs by 2025. Even today, India's share of global manufacturing stands at little over 2 percent. China has meanwhile, over the years positioned itself as the workshop of the world, accounting for 22.4 percent of global manufacturing. For India to achieve its stated goals of reviving the manufacturing sector and providing jobs to the tens of millions of unemployed youth, it will need massive investment, including major contributions from foreign investors.<sup>7</sup> These exercises resulted in a road map for the single largest manufacturing initiative undertaken by a national in recent history. They also demonstrated the transformational power of public-private partnership, and have become a hallmark of the Make in India program. This collaborative model has also been successfully extended to include India's global partners, as evidenced by the recent in-depth interactions between India and the United States of America.

### **India's should be Escape from Underdevelopment**

Historically, there have been three modes of escape from under-development and poverty: geology, geography, and jeans (signifying low-skilled manufacturing). Since the onset of industrial revolution, the majority of countries which have transitioned from low income to high income have done so by undergoing industrialisation and reducing their dependence on agriculture and natural resources. The latest examples of this trend are India's neighbors in the Indian Ocean-the 'East Asian Tigers'.<sup>8</sup> Only a few smaller countries with valuable natural resources, and small populations, have gone through a period of sustained economic growth without advancing manufacturing.

India, on the other hand, seemed to be charting a completely own course by pursuing a service-led growth in the past two decades. This approach has paid dividends in the short-run as India has come to be known as the back-office of the world. The share of services in the Indian economy has risen to 57% in 2013, which is comparable to India's more developed peers in the BRICS growing such as Brazil and Russia and also South Korea.<sup>9</sup> The following table shows the share services as a percentage of GDP and in employment in the BRIC nations and South Korea in 2013:

Country	India	China	Brazil	Russia	South Korea
Share of services in GDP	57.0%	46.1%	69.4%	59.8%	59.1%
Share of services in employment	28.1%	35.7%	62.7%	62.3%	76.4%

However, even a cursory glance at the share of services employment will draw your attention to a confounding statistic. With the exception of China, services contribute nearly the same relative share in these 4 economies but whereas more than 60% of the workforce in Brazil, Russia and South Korea is employed in services sector, the corresponding figure for India is only 28%. Even China with a smaller share of services in the total economy, has a greater share of work force employed in services as compared to India.<sup>10</sup>

The explanation lies in the fact that India, somehow, due to historical choices and technological accidents has developed an advantage in relatively skill-intensive activities such as information technologies (IT) and business process outsourcing (BPO). Put otherwise, India has defied its natural comparative advantage, which probably lay in the jeans mode of escape because of its abundant unskilled and low-skilled labour.

Most importantly, the statistic points to the fact that the demographic dividend which the country is witnessing cannot be accommodated in the services sector alone. Currently, the sector has low absorption potential as the IT and BPO sectors have fewer jobs to offer. There is also a skill gap, i. e. even when jobs are on offer, the vast majority of the young workforce is not skilled enough to be absorbed into these relatively-skilled jobs.<sup>11</sup>

**Manufacturing in India: Stuck in a rut**



Over the past 20 years, Indian manufacturing has grown at nearly the same pace as the overall economy. However, its share in the overall economy has stagnated at around 15% and even this modest figure has declined in the last few years due to a slowdown in manufacturing growth. The following table shows the share of manufacturing as a percentage of GDP in select East Asian Countries in 2013:

Country	Thailand	China	Malaysia	Indonesia	Philippines
Share of Manufacturing in GDP	34%	32%	24%	24%	31%

The level of contribution of manufacturing in the Indian economy, as we can see is much lower than our East Asian Neighbors and is generally in line with the levels witnessed in post-industrialised economies. India's share of global merchandise exports has grown from 0.5% to 1.7% in the past 20 years but there is an overall trade deficit in goods. The much vaunted trade surplus in services barely covers one-fifth of India's trade deficit in goods.<sup>12</sup> This is a balance of trade constraint that the country will have to tackle eventually and again a services-led growth does not seem to be the answer.

### **Ease of Doing Business**

India jumped to 77<sup>th</sup> place out of 190 countries in the World Bank's Ease of Doing Business Index. India jumped to 100<sup>th</sup> place out of 190 countries in the World Bank's 2017 Ease of Doing Business Index, from 130<sup>th</sup> in 2016. In February 2017, the government appointed the United Nations Development Programme (UNDP) and the National Productivity Council "to sensitise actual users and get their feedback on various reform measures." The World Bank released its latest Doing Business Report (DBR, 2019) in New Delhi. India has recorded a jump of 23 positions against its rank of 100 in 2017 to be placed now at 77<sup>th</sup> rank among 190 countries assessed by the World Bank. India's leap of 23 rank in the Ease of Doing Business ranking is significant considering that last year India had improved its rank by 30 places, a rare feat for any large and diverse country of the size of India. As a result of continued efforts by the Government, India has improved its rank by 53 positions in last two years and 65 positions in last four years.<sup>13</sup>

The Doing Business assessment provides objective measures of business regulations and their enforcement across 190 economies on ten parameters affecting a business through its life cycle.

The DBR ranks countries on the basis of Distance to Frontier (DTF), a score that shows the gap of an economy to the global best practice. This year, India's DTF score improved to 67.23 from 60.76 in the previous year.

S. No.	Indicator	2017	2018	Change
1	Construction Permits	181	52	+129
2	Trading Across Borders	146	80	+66
3	Starting a Business	156	137	+19
4	Getting Credit	29	22	+7
5	Getting Electricity	29	24	+5
6	Enforcing Contracts	164	163	+1
<b>Overall rank</b>		<b>100</b>	<b>77</b>	<b>+23</b>

As a result, now there is competition among the states of India to improve their current ranking on the ease of doing business index based on the completion percentage scores on 98 point action plan for business reform under make in India initiative. Currently Andhra Pradesh, Telangana, Haryana, Odisha, Chhattisgarh and West Bengal (44.35%) are top six states (C. Feb 2018).<sup>14</sup>

- Starting business-Streamline investment approvals and provision of utilities Skill Development Programs Labour Development Initiatives.
- Registering properties-Facilitate land acquisition process.
- E-Biz - Govt's portal for connecting all government divisions.
- Resolving Insolvency-Clear exit guidelines.
- Efficient and effective enforcement of laws.
- Encouraging more & more cross border transactions.
- Unique identity number-A unique identity number for all firms and three forms instead of 17 for imports and exports.
- Ambitious goal of moving India from 142<sup>nd</sup> to the 50<sup>th</sup> slot in the EoDB ranking list.
- Ownership reform process-Each secretary was asked to take ownership of the reform process.
- Online approvals and clearance processes.

- One-stop shop and prepare a common application form reduce the number of inspections, a key concern with the industry.
- All licenses for export and import, including for restricted items, will be issued online from January.
- Providing electricity connections in the two cities-Will be made easier
- Environment ministry to do away with pollution control certificate as a prerequisite for a connection.
- Standard sale deed-The ministry of urban development has been asked to prepare a standard sale deed to ease the registration process for land.
- Land resources department for digitization of land records, municipal tax records, sub-registrar data and also integrate them.
- No minimum capital. No common seal. No declaration of commencement of business.
- Online & real-time registration with ESIC & EPFO, PAN & TAN.
- Combined returns under 8 labour laws.
- Documents for exports and imports reduced from 11 to 3.
- Delicensing of defense items–56 % of defense items taken out of licensing requirement.
- NRI investments be treated as Indian investments.

### **Ongoing Global Campaign**

The campaign was designed by Wieden and Kennedy, with the launch of a web portal and release of brochures on the 25 sectors, after foreign equity caps, norms and procedures in various sectors were relaxed, including application of manufacturing application made available online and the validity of licenses was increased to three years.

‘Zero Defect Zero Effect’ slogan was coined by PM of India, Narendra Modi, as essence of the Make in India initiative that manages advanced processes, materials and technologies to guide the production mechanism that produces products with no defects with no adverse environmental and ecological effects.

‘Make in India Week’ multi-sectoral industrial event at the MUDRA from 13 February, 2016 was attended by 2500+ International and 8000+ domestic, foreign government delegations from 68 countries and business teams from 72 countries and 17 Indian states also held expos. Event received over 15 lakh crore (US\$210 billion), worth of investment commitments and investment inquiries worth of investment commitments and investment inquiries worth 1.5 lakh crore (US\$21 billion), where Maharashtra led with 8 lakh crore (US\$110 billion) of investments. Previously between September 2014 and November 2015, the government received 1.20 lakh

crore (US\$17billion) worth of proposals from companies interested in manufacturing elections in India.<sup>15</sup>

### **Challenges in Path of Make in India**

The concept of Make in India is undoubtedly an inspiring initiative of the Indian government which has reduced the risk factors for investing in India for many big foreign industries, but the pace of the progress is slower as decided and predicted 5, 6. In this section, the main hurdles and barriers which are responsible for this slow pace are discussed.

#### **1. Role of State**

Indian states play a very crucial role in the implementation and success of the Make in India initiative. India has a versatile geographical and demographical distribution with a federal political system. The involvement and cooperation of state-level decision-makers, political leaders and authorities in a positive way is the basic requirement for the initiative to work. But different political parties ruling different states differ and can never be brought on the same page. To make the concept of Make in India a success, a common consensus among the states need to be achieved. 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.<sup>16</sup>

#### **2. Government Policies**

The biggest concern of policy makers, analysts, and investors related to the success of the 'Make in India' initiative is around political hold-ups. In every session, the working of Parliament is interrupted which delays the approval of important bills. Therefore, the economy and the mind-sets of the investors suffer setbacks. Red tape can stifle the spirit of innovation and entrepreneurship. Important bills and reforms related to land acquisition and labour are some examples. Important economic reforms that are required for the implementation of 'Make in India' programme are still being held up in Parliament. Investors, who were attracted by ambitious promises, may opt for other options due to this prolonged political stalemate. Global rating agencies are also worried about the slow pace of reforms in India. The political impasse may lead to uncertainties and low interest of the overseas investors.

#### **3. Labour law**

With emerging youth population, India has the capability of becoming a super economy. But the biggest hindrance is the labour laws and reforms in the country. The Global Rights Index (2016), published annually by the International Trade Union Confederation (ITUC), ranked India as one of the 10 worst countries for the working people. Large-scale exclusions of workers from labour law, violence and arrests are the reasons for India's poor performance. There are eight core conventions of the International Labour Organization (ILO) against forced labour. India has sanctioned only four, and refuses to consent to the following four: Freedom of Association and Protection of the Right to Organize Convention, Right to Organize and Collective Bargaining Convention, Minimum Age Convention, Worst Forms of Child Labour Convention. Economists have criticized the rigidity of labour law in the country.<sup>17</sup> They believe that these inflexible laws are the reason behind reduced employment opportunities, and can even be an obstacle to the Make in India initiative. Companies like Maruti, Nokia, Ford and Hyundai have had strikes and protests in India at their manufacturing plants almost every year.

#### **4. Acquisition of land**

Some economists believe stringent land acquisition law and inflexible labour regulations make it difficult for India to attract investors in the manufacturing sector. India's benchmark land acquisition law must be amended to be easier to buy land for defense and development projects in the fast-growing economy, while also ensuring the rights of farmers. "The biggest issue we are facing is the pace of land acquisitions - on average, it takes 59 months to acquire land under this law," said Hokum Singh Meena, a joint secretary of the department of land resources. Conflicts related to land and resources are the main reason behind stalled industrial and development projects in India, affecting millions of people and jeopardizing billions of dollars of investment, a recent study showed. Land acquisition will be a costly option, since compensation is four times the market price for rural land and two times for urban land. Thus land acquisition will be the most difficult task in this initiative.

#### **5. Basic and Better infrastructure**

India is plugging ahead with economic reforms and luring global brands to the country, this served as a reminder of India's creaking infrastructure. Despite efforts being under way to upgrade its basic facilities, business leaders say that the country's poor infrastructure is hampering India's economic growth and the business and investment environment, and desperately needs to be overhauled. "Years and years of underinvestment have left our country with a bad need for infrastructure across various fields like roads, railways, ports, airports, telecommunications and electricity," says Pradeep Gupta, the executive director of Jagson International in New Delhi. "Businesses in India cite infrastructure as the single biggest hurdle. These kinds of infrastructure

challenges are affective economic growth here."<sup>18</sup> India has a population of more than 1.2 billion, which is adding to the strain and demands on the country's infrastructure and to the urgency to address the problems, experts say. Steps are being taken by Narendra Modi's Government, with plans for high-speed trains, smart cities and new airport infrastructure. But more needs to be done, and at a faster pace, experts say. "The government is working towards improving the country's infrastructure by increasing road and rail connectivity," says Dharmesh Jain, the chairman and managing director of Nirmal Lifestyle, a real estate developer in Mumbai. "However, there is a need for more and private-public partnerships to aid big projects. The ministry needs to focus on completion of current projects." He says that issues including transparency and corruption need to be addressed to help facilitate the development of better infrastructure in India.

## **6. Tax Regime**

India's Goods and Services Tax (GST), is being called a game changer's for its far-sweeping impact on business. Manufacturers, traders, and service providers across India have been placed under one undefined tax umbrella, and no longer need to work with a tedious array of 17 distinct types of taxes currently need to comply with. The industry, at present, is struggling to get on with the destination-based tax from an origin-based tax structure. The shift from the previous tax regime and carry forward the input credits into GST is the biggest challenge that businesses are facing today. To make "One Nation, One Tax" a reality, the government is training its officers on taxation of services. GSTN, the technology backbone for the reform, has a massive IT mandate of securely handling mammoth volumes of data that GST will generate. The legislation cuts across all enterprises, requiring them to relook at their business models, business policies, ad procedures. GST offers tax and finance professionals multiple opportunities to policies, and procedures.<sup>19</sup> GST offers tax and finance professionals multiple opportunities to grow their client list and clearly establish their role in ensuring seamless migration of various businesses to become GST compliant. Firms are scrambling to get the right teams in place to benefit from the new tax regime as GST is expected to bring in financial savings, which will accrue on account of a well-planned GST system. But such prospects are not without challenges for these professionals. To make the country a manufacturing hub the unfavorable factors must be removed. India should also be ready to give tax concessions to cimpanies who come and set up unit in the country.

## **7. Power Supply**

There are many villages in many of the Indian states where still there is either the limited power supply or no power supply. Thus providing the basic need of the industry i.e. power supply is the

major issue to be dealt with. Throughout the country, power failures and brownouts are very common endemic particularly in summers, making Make in India a challenge. India is running short of power with a deficit of ~ 5.1 percent. The Comptroller and Auditor General (CAG) recently claimed a loss of \$37 billion due to lack of transparency in the allocation of the coal blocks.<sup>20</sup> Under these conditions, the government first should plan to reduce the nationwide deficit in power generation.

### **8. Skilled Manpower**

Another hurdle in the path of Make in India is the shortage of skilled manpower. A nation requires skilled human resources in order to prosper and move atop in the global scenario. India comes second after China as far as its population statistics are concerned. In spite of this, India is still in the list of developing countries. No doubt the power of India is its youth, but this power is not utilized in a fruitful manner. The youth is not skilled in a right way and the major reason for this is our education system. In spite of mushrooming of education institutions in the last two decades, skilled manpower is limited. The curriculum is not updated according to the needs and demands. Even no skilled trainers, teachers and instructors are employed in these educational institutions. The students are educated theoretically rather than practically. The majority of the talented students passing out from the different universities and colleges move to foreign countries as the incentives are three to four times in foreign countries as compared to India. This issue of brain drain and migration is still another curse of the shortage of skilled manpower in India. The inadequacy of the skilled manpower has a direct effect on the country's GDP and economic process. However, in order to tackle this problem Indian government have started 'SKILL INDIA program' the main aim of which is to develop multi-skill development programme with a mission for better and highly payable employment and entrepreneurship for all socio-economic classes.<sup>21</sup>

### **9. Competition to China**

Make in India is being constantly compared with Made in China campaign. India should constantly keep up its strength so as to top China's supremacy in the manufacturing sector. China has been a powerhouse in the manufacturing industry for decades. 'Made in China' has become synonymous with mass production and low-cost effectiveness. Industry week recently surveyed manufacturers in China and the USA and determined that 54% of China manufacturers have innovation as their top objective compared to 26% of U.S. manufacture and some of the manufacturing plants are more modern than the most developed countries in the world. Going from less than 3% in the early 90s to now producing roughly 25% of the global manufacturing

output is no small feat. China accounts for half of the total global manufacturing output of 'Factory Asia', a common name is correlation to the continent's cross-border supply chains in Taiwan, South Korea, Japan, and now a much staggering significance in China. However, it is one thing to get to the top while it is another to stay at the top. This year, the Chinese government has declared China's projected growth to be around 7%, which would be the lowest it has been in more than 20 years.<sup>22</sup> Nevertheless, China is and will still prove to be the leading hub for manufacturing. MSME can play a big role in making the country take the next big leap in manufacturing. India should be more focused toward novelty and innovation for these sectors. Special sops and privileges should be given.

**10. To increase Imports and Research & Development and Existing Stringent procedural and regulatory clearances**

High-tech Imports, research and development (R & D) to upgrade 'Make in India' should be encouraged. Should be better prepared and motivated to do world class R & D with Government supply. 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. A business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.

**How this would be achieved**

The Increase In Year-on-year Growth In Foreign Direct Investment Inflows Recorded For The Period October 2014 To April 2015–PIB, India, 2015. India's Position in the Rating of The World's Fastest Growing Economies–IMF report, April 2015. India's Rank Amongst The World's Topmost Investment Destinations, From 110 Countries polled–Baseline profitability Index, 2015. India's Position Amongst 100 Countries On The Growth, Innovation And Leadership Index–Frost & Sullivan, 2016. India's Position Amongst World's Best Prospective Investment Destinations– UNCTAD report, 2015.<sup>23</sup> The Number Of Government Services That Can Be Availed Of By An Investor At A Single Window Online Portal.

- 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.

### **Opportunities**

Make in India the real opportunities reflects the opinion of various experts bases on their experience. Five industrial corridor projects across India have been identified, planned and launched by the Government of India. These corridors are spread across India, with strategic focus on inclusive development to provide an impetus to industrialization and planned urbanization. In each of these corridors, manufacturing will be a key economic driver and these projects are seen as critical in raising then share of manufacturing in India's Gross Domestic Product (GDP) from the current levels of 15% to 25% by 2025.<sup>24</sup>

1. India's GDP has grown at around 7.9% between 2003-2012. This is likely to be continued for next 5 years with an average growth rate of 7.8% p.a. till 2017. This requires support from all types of business activities which can be taken up under Make in India Programme.
2. In spite of global financial crisis the Govt. has set up a target of 8 % growth rate during the current five year pla 2012-2017.
3. There is a shift of population of working age group from working on farm to working in service or industrial sector. This is states as India's demographic divided. At the same time there is increase in disposable income which needs availability of services and industrial products. By make in India this can be made possible.
4. The foreign investors cannot ignore the large size of Indian market and at the same time the appropriate industrial environment created by the new government.
5. Some industrialists have started the manufacturing of consumer need based product in India. E.g. Nano car by Tata Motors, in expensive hand held electro cardiogram (ECG) by GE Health Care and Water purifiers by Tata Chemicals. Such other production are to be lunched by foreign investors in India.
6. The increased income of the consumer should be properly tapped for the development of consumable market which will result in sustainable growth.

### **Reasons Why 'Make in India' is positive for Indian Markets and Economy**

First Reason, "We should manufacture goods in such a way that they carry zero defects, so that our exported goods are never returned to us. We should manufacture goods with zero effect that

they should not have a negative impact on the environment.” PM Modi said in his speech on 68<sup>th</sup> Independence Day.

Second Reason, Need to increase FDI. Each 1 percent increase in FDI adds about 0.4 percent to a country’s GDP growth. So, to boost GDP growth by about 2 percent, India will need about 5 percent increase in FDI. To promote Make in India, we have to do at least 5 important things, like:<sup>25</sup>

- 1. Guide Foreign Investors:** Invest India will act as the first reference point for guiding foreign investors on all aspects of regulatory and policy issue and to assist them in obtaining regulatory clearances.
- 2. Assistance to Foreign Investors:** Investor facilitation cell will provide assistance to the foreign investors from the time of their arrival in the country to the time of their departure, with focus on green and advanced manufacturing and helping these companies to become an important part of the global value chain.
- 3. Provide Relevant Information:** Visitors registered on the website or raising queries will be followed up with relevant information and newsletter.
- 4. Prompt Response:** Prospective investors can post questions on the Make in India portal and they will be answered by a panel of experts within 72 hours.
- 5. Proactive approach:** A pro-active approach will be deployed to track visitors for their geographical location, interest and real-time user behavior.

### **Findings of the Study**

Make in India will bring a drastic change in the fields likee automobiles, aviation, biotechnology, defense, media, thermal power, oil and gas and manufacturing sector. The job opportunities are multiples and opened the doors without any limitations. Through continuous foreign investments, the progress of the Indian economy can be made sustained. The challenges and threats for the human resource sector will be refined in the sectors of the economy. This initiatives creates great awareness about the growing technology.

### **Creating New Class Infrastructure in Recent India**

Since assuming power from few years ago, the Govt. of India has emphasised on creating world class infrastructure for building a new India. The government has undertaken various projects such as the Sagarmala Project, the Bharatmala Project, the Mumbai Train Harbour Project, the Setu Bharatam Project among others to improve the present conditions of our infrastructure. The current administration has also connected various villages through the construction of roads providing significant relief to the rural masses. The Modi government has also served as an impetus for regional air connectivity, increased safety measures in railway and the development

of smart cities for urban transformation.<sup>26</sup> All these developmental efforts have paved the way for a better India with a strong economic base. The following schemes are playing a very important role in the development of the country's infrastructure:

- Delhi–Mumbai, Amritsar–Kolkata, Chennai–Bengaluru, Bengaluru–Mumbai, Chennai–Vizag industrial corridor.
- 24x7 online service to investors across the world.
- Response query mechanism.
- Proactive intervention with all state governments.
- Follow-up with all Government of India departments.
- Transforming lives, transforming India.
- Urban India will contribute 75% of GDP by 2030.
- 700 million Indians to get in the process of urbanization.
- Creating an innovative, sustainable India.
- Urbanisation-a unique opportunity.
- Meaning of JAM-Jan Dhan Yojna, Aadhar, Mobile Connectivity.
- Jan-dhan Yojna-160 million new bank accounts of households.
- Aadhar-1 billion aadhar enrolments, Unique identity movement.
- Mobile-900 million cell phone users (370 mn in rural areas).
- India using mobile technology, unique identity & bank accounts.
- Demographic Dividend-62% of population in Working Age Group.
- 104 Million to be skill trained by 2022.
- New dynamic Skill Development & Entrepreneurship Policy.
- National Occupation Standards laid down by Sector Skill Councils.
- NSDC provides funding to build scalable, for-profit vocational training institutions (nsdcindia.org).
- Digital India-Transform India into a digitally empowered society and knowledge economy.
- Swachh Bharat Abhiyaan and Clean Ganga (Namami Gange Yojna)-Focuses on building toilets, especially for women and make India the cleanest country & Clean Ganga aims to clean and rejuvenate the river Ganges.

## **Conclusion**

To conclude, the concept of Make in India is very promising and innovative initiative started by India government. The direct and indirect outputs of the Make in India concept include more job opportunities reducing unemployment, high purchasing power to better-living be a facilitator rather than a regulator. Through this campaign, selected domestic companies with leadership in

innovations and new technologies are also evaluated for boosting trade and economic growth and for turning them into global champions. Make in Initiative of the Govt. is to change the growth dynamics of the economics of the economy. Investment makes India an incredible Investment destination.

India has the capability to push its manufacturing contribution to GDP TO 25% by 2025. Government has to act as the central pivot of aligning industries, private companies, public sectors and all stakeholders in realizing this vision. Government has to put policies in place be it sector reform, labour reforms or the elimination of business barriers.<sup>27</sup> The Government of India has taken a number of steps to further encourage investment and improve business climate. 'Make in India' mission is one such long term initiative which will help to realize the dream of transforming India into a 'manufacturing hub.' The Government of India call for 'zero defect and zero effect' manufacturing resonates well with our industry as we grow and produce for the world. India's expending economy offers equal investment opportunities to domestic entrepreneurs and international players. It is our responsibility to leverage emerging economy.

### **References**

0. [www.pmindia.gov.in](http://www.pmindia.gov.in)
1. <http://www.quora.com>
2. <http://www.hindustantimes.com>
3. [www.makeinindia.com](http://www.makeinindia.com)
4. "New India visible across nation: PM Modi," Times of India, January 10, 2018.
5. "Ease of Doing Business in India," [www.doingbusiness.org](http://www.doingbusiness.org) Accessed on April 25, 2016.
6. <http://www.zed.prg.in>
7. <http://www.thehindu.com>
8. Dreze, J. & Sen, A (2013), An Uncertain Glory India and its Contradictions, Penguin Books India Pvt. Ltd., Panchsheel Park, New Delhi, p.128-130.
9. Kaur, Harpreet, "Manufacturing Sector of India: Challenging the 'Make in India' Campaign", International Journal of Commerce, Business and Management (IJCBM), vOL.5, nO.1, jAN-feb 2016, p.10-18.
10. Make in India a manufacturing HUB: The real opportunities and challenges: Selvam, V., Times of India, New Delhi, October, 2017.
11. Make in India Scope and challenges ahead-Ms. Swikrati Singh Xvvi Annual International seminar proceeding: January 2016.
12. [www.doingbusiness.org](http://www.doingbusiness.org)
13. <http://www.en.m.wikipedia.org>
14. <http://economictimes.india.com>

15. [www.indianfoline.com](http://www.indianfoline.com)
16. [www.nerinew.com](http://www.nerinew.com)
17. [www.Businesseconomics.in/challenges-Make\\_in\\_India](http://www.Businesseconomics.in/challenges-Make_in_India).
18. "Make in India Weak" gets Rs 15.2 lakh crore investment commitments," The Economics Times, New Delhi, February 18, 2016.
19. "Modi Launches 'Make in India' Campaign, Portal and Logo," The Indian Express, New Delhi, September 26, 2014.
20. "PM Modi urged to make realty match 'Make in India' Hype." The Economic Times, February 14, 2016.
21. "India Improves Rank by 23 Positions in Ease of Doing Business," (Press Information Bureau, Government of India, Ministry of Commerce & Industry), New Delhi, October 31, 2018.
22. "On Ease of Doing Business Narendra Modi Govt. does a first, to Improve India's World Bank ranking," The Financial Express, New Delhi, February 18, 2017.
23. Mahajan, Neha (15 August, 2014), "Zero defect, Zero effect" to 'Make in India': Modi's jugglery with words," [www.hindustantimes.com](http://www.hindustantimes.com) Accessed on April 20, 2015.
24. <http://www.makeinindia.com>
25. <http://www.bloomberg.com/news/article/2016-02-18/lockheed-martin-offer-to-build-f-16-jets-in-india-in-modi-push>
26. <http://www.financialexpress.com/article/companies/bmw-financial-services-steps-up-investment-in-india/144488/>