

Make in India: The Integral Role of Manufacturing Units

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The ambitious scheme Make in India launched by the Prime Minister Narendar Modi has the aim to encourage Multinational as well as National companies to manufacture their products in India. This Initiative has the primary objective of transforming the Indian economy into a global manufacturing hub. This major new flagship programme is aimed to increase the contribution of manufacturing units in GDP (Gross Domestic Product) at 25% level. The major new National programme has been designed to facilitate investment, foster innovations, skill development, protect intellectual property and build best in class manufacturing infrastructure.

Thus, this paper will give the brief overview about the Campaign and analyze the initiatives taken by the Indian government with regard to companies and find out the challenges faced by the manufacturing units. It attempts to suggest some measures about how the manufacturing units can convert its threats into opportunities to face challenges at Global level.

The Study has found that this initiative change seeks to transform India into a manufacturing hub for Automobiles, Electronic Systems and Pharmaceuticals as well as a hub for Hydrocarbon and Nuclear energy. This task has the greatest economic reform in modern Indian history. It seeks to unleash the Country's potential.

Keywords: Make in India, Campaign, Challenges, Opportunities and Threats.

Introduction

A type of Swadeshi movement 'Make in India' was launched by Government of India in September 4, 2014 to transform our country into a global manufacturing hub. It has covered 25 sectors of the industry to provide a framework for technologies and much more. In this policy, 100% Foreign Direct Investment (FDI) is allowed except the three sectors and these are 74% Space, 49% Defence and 26% News Media. 'Japan-India Make in India Special Finance Facility' Fund of US\$60 was announced by India and Japan. The main objectives of launching this initiative were to create jobs and enhancing the skills that will improve the standards of quality and reduce the impact on environment and increase the labor, capital and technological investments in India. This initiative is a collaborative effort of DIPP (Department of Industrial Policy & Promotion) and highly specialized agencies for making a new brand infrastructure.

Objectives of The Paper

1. To study the brief overview about the campaign.
2. To analyze the initiatives taken by the Indian government regarding companies to increase the

potential growth and competitive power of companies.

3. To study the challenges faced by the manufacturing units.
4. To suggest some measures to manufacturing units to overcome the threats in front.

Data Collection:

The secondary data has been used in this paper and information has been taken from the internet via, newspapers and research papers.

Initiatives Taken by Government of India

Various initiatives have been taken by Government of India to facilitate ease of business in India. Some measures taken by Government of India have been discussed over here.

1. **Passage of Insolvency and Bankruptcy Code:** It is believed that new law regarding insolvency and bankruptcy will reduce the insolvency time taken by the companies.
2. **Decrease in the Time of Registration:** Time of registration for the companies has been

reduced by the government from 10 days to 5 days. Government is trying to further reducing this time as 1 to 2 days in coming years for the sake of prospective companies.

3. E-Biz Portal: To make the process of companies simpler, various processes across departments has been integrated with the platform e-Biz. This online portal will help an individual in the easily application of PAN (Permanent Account Number), TAN (Tax Deduction Account Number), EPFO (Employees' Provident Fund Organization), and ESIC (Employee's State Insurance Corporation).

4. Removal of Minimum Paid-up Capital Requirement: Requirement of minimum paid-up capital for public as well as private companies has been abolished. Earlier it was 5 lakh for Public companies and 1 lakh for Private companies.

5. Simplification of Tax Laws: Indian Government has provided exemptions to non-residents. One of them is that non-residents have been exempted from the requirement of Pan for lower tax deduction at source. It will be in great help to invite investors in our country to produce goods and services.

Challenges of Make in India

There are various challenges in front of manufacturing companies with regard to Make in India and overview of these challenges have been shown by the following image



1. Manufacturing sector demands for a highly skilled labor force whereas India lacks highly skilled labor force.
2. India's chronic infrastructure and logistics deficit with inefficient transport networks makes it

tough for manufacturing companies to achieve just-in-time production.

3. Currently, it takes 12 procedures and 27 days to business, 35 procedures and 168 days to get construction permits and 1420 days to enforce contracts in India.
4. The biggest challenge is to understand the perceptions, viewpoints and actual news of the rural people, which is dramatically different from urban people.
5. India is the fourth largest economy in the world due to a strong economic growth but still has a low per capita income that will result in low consumption patterns as compared to the urban population.

Opportunities for Manufacturing Units

1. **Development of Rural Areas:** a factory setup improves a particular area and enhances the quality of life of people residing in that area. Amentias in the schools, hospitals and other public conveniences will be developed for the betterment of the public.
2. **Capital Flow:** With the introduction of Make in India, there will be an inflow of Foreign Currency in the form of investments that will increase the wages, which in turn will increase consumer spending thus benefitting the economy as a whole.
3. **Reduce Trade Deficit:** Manufacturing sector has multiplier effect on Exports which will help the government to wipe off India's trade deficit. Reduction in trade deficit will stop devaluation of currency and increase sovereign rating and attract more FDI.
4. **Increased Brand Value:** most of the urban population prefers international brands rather than Indian retailers which results in small manufacturing companies incurring losses. Due to the campaign, companies from around the world will be investing in small manufacturers leading to an increase in brand value of Indian manufacturer.

Suggestions:

- ✓ Government should promote Trade Receivables Financing Schemes (TReFS) for MSMEs

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(Ministry of Micro Small & Medium Enterprises).

- ✓ Government of India should insure payment risks that arises only from non-recourse factoring or acquisition of receivables like referred in 'Factoring Act'
- ✓ There should be outline of the essential skill set for blue colored employees that will generate high employment opportunities for MSMEs.
- ✓ With regard to Authorization, a legitimate special consideration should be implemented to analyze the revival and exit of MSMEs.
- ✓ Designated common support facilities should be set up for small factory groups that are located close to urban areas.
- ✓ Firms or groups that support the 'Make in India' initiative should be identified and rewarded with BIS and OCI for the liabilities they have taken to support this scheme considering both the process and quality, which will encourage their support and adoption.

Conclusion:

Since past years, Modi Government has taken very large number of initiatives to promote manufacturing in India and also to promote all other sectors which are in Make in India. India has moved up 12 Rank in the World Bank's Ease of Doing Business Report. If we look at Infrastructure World Bank Logistics Performing Index, Our Country has moved up 19 point which is a substantial jump and this index is based on perception of foreigners who do business with India. Thus, there are various kinds of opportunities in the country. The policy change, infrastructure development and Ease of doing business, all this has provided a very good environment and a world map to manufacturing units to convert Indian economy into a global hub.

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