



RESEARCH ARTICLE

MAKE IN INDIA A MANUFACTURING HUB: THE REAL OPPORTUNITIES AND CHALLENGES: A LITERATURE REVIEW

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ABSTRACT

India has an opportunity to become one of the world's most dynamic economies. Keeping this in mind, our Honourable Prime Minister Sri Narendra Modi was initiated and launched 'Make in India' a manufacturing hub campaign on 25th September, 2014 by inviting and motivating all global and domestic companies to manufacture their products in 25 identified industrial sectors in India. The aim of this initiative is to take the share of manufacturing in the country's Gross Domestic Product (GDP) from a stagnant 16% currently to 25% by 2022 and thereby create more than 100 million skilled jobs in manufacturing sector. The present central government wants to improve the standard of living of socially and economically weaker section and wants to remove the poverty through various new schemes and programmes like Jan Dhan Yojan, Jan Suraksha Schemes-Ensuring Social 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 Samridhi 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 will lead to a good business opportunities in India. Based on the above, the existing literature survey from journals, magazines, newspapers and websites highlights on make in India a manufacturing hub and also this paper reviewed the real opportunities and challenges for India. Prior studies have not been successful in addressing the opportunities and challenges and in this paper the researchers presented an overview of the literature which explains make in India and the real opportunities and challenges. This review based study really highlights and helps the young and new researcher who wants to do research under make in India a manufacturing hub and also help them easily to identify the real challenges and opportunities for both men and women entrepreneurs who wish to start business in India.

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INTRODUCTION

Make in India a manufacturing hub is an initiative of the government of India, to motivate global corporates to produce their products in India. It is ambitious project of our Honourable Prime Minister Sri Narendra Modi as it was launched in India on 25th September, 2014. The main aim of the central government is to improve the standard of living of socially and economically weaker section and wants to remove the poverty through various new schemes and programmes like Jan Dhan Yojana, Jan Suraksha Schemes-Ensuring Social Security among poor who earn less than one \$1 per day, Micro Units Development Refinance Agency (MUDRA), Swachh Bharat Abhiyan, Atal Mission for Rejuvenation and Urban

Transformation (AMRUT), Digital Indian, Skill India, Sukanya Samridhi Scheme, Smart Cities Mission (SCM) Housing for all by 2020 and Sovereign Gold Bond Scheme (SGBS) 2015 through which people may have real shift from being economically poor into middle class and this will lead to a good business opportunities in India. Among other above various important nations building schemes and programmes of central government, the 'Make in India' project is designed to transform India into a global manufacturing hub and aims to invite international and domestic capital to start manufacture their products in India by providing more technology, more physical infrastructure, cost effective, promised and easy governance to help achieve high growth, creation of more job opportunities for unemployed educated youth in India and creating a digital network for making a global manufacturing hub for different products ranging from cars to software's and paper to power with 25 identified growth sectors like

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automobiles, chemicals, information technology, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways, design manufacturing, renewable energy, mining, bio-technology and electronics in India. The other important motto of make in India is to raise the share of manufacturing sector in country's Gross Domestic Products (GDP) to 25% and thereby creating 100 million new jobs by 2022. In this background, this review based study really highlights and helps the young and new researcher who wants to do research under make in India a manufacturing hub. Thus it will also help them easily to identify the real challenges and opportunities for both men and women entrepreneurs who wish to start business in India.

Objectives of the Study

- To highlight the Make in India a manufacturing hub campaign.
- To identify the real opportunities and challenges for make in India a manufacturing hub.

MATERIALS AND METHODS

To identify studies for the review, the researchers 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 newspapers and web-sites, relevant information was down loaded and examined to address the objectives of present study. The rest of the articles were discarded from our pool because a reading of the abstract revealed that they were clearly not relevant for the review.

Review of Literature on Make in India a Manufacturing Hub Campaign

A review from the various experts like industrialist, academicians, and research departments of official bodies, think tanks and policy makers is provided in the Table 1.

Table 1. Make in India a manufacturing hub along with the respective citation

Make in India a manufacturing hub	Citations
Make in India: A major initiative of Indian Government is the timing right.	Navya and Ramagopal (2015)
Make in India: What's in for India Incorporation	Sannita Chakraborty Saha (2015)
Launch of Make in India	Vijayalakshmi (2014)
Transforming India into a global manufacturing Hub	Amitabh Kant (2015)
Reforms: Road to investment, employment and growth	Pravakar Sahoo and Abhirup Bhunia (2015)
Make in India: Employment and foreign direct investment	Jayanta Kumar Seal and Shubhasree Bhandra (2015)
Make in India, Largely for India	Raghuram Rajan (2015)

The table 1 refers to make in India a manufacturing hub along with the references. This review would help in taking decisions and building scenarios for testing. A blend of both

options of 'Make in India' and 'Make for India' would tone up growth of Gross Domestic Product (GDP). India's net worth would boom by the first option, while the second will prevent import substitution to ensure greater interdependencies between Indian and the rest of the world. The Indian corporate has opened up to a positive job market that is all set to witness explosive growth in 2015. In fact, according to Indian Staffing Federation, an apex body of staffing industry in India, the job growth is likely to touch 12 per cent powered by a growing market demand, while salaries can grow by 12-15 per cent in 2015. In fact, demand for trained expert is going to be massive, keeping in mind the explosive expansion plans. There is need for incubation centres for start-up ventures to enable the materialization of their ideas. Make in India campaign could be fruitful only with social positive change, individual excellence, well planned government policy and transparency in governance by government as well as corporate sector. Make in India is opening investment doors. Multiple enterprises are implementing its mantra. The world's biggest democracy is well on its way to becoming the world's most powerful economy.

It is also very interesting to see that the economic policy of the government in its first year has been focused on reforms, ease of doing business to revive investment for manufacturing sector growth for job creation, infrastructure and improvement in standard of living. Though it's too early to measure results of these policies, the future of Indian economy positively looks bright. Make in India requires Foreign Direct Investment (FDI) inflows with focus on infrastructure improvement, higher access to research and development, improving the quality and flexibility of our labour force, enhancing technology with higher value addition accompanied by readily available land to establish manufacturing unit with infrastructure progress, skill development of labour, revised FDI policy, new innovations and regulatory changes to ease of doing business may fast-track growth of the manufacturing sector. We are more dependent on the global economy than we think. That it is growing more gradually, and is more inward looking, than in the past means that we have to look to local and domestic demand for our growth to make in India mainly for India. Domestic-demand-led growth is especially difficult to manage, and typically leads to excess. This is why we need to support domestic macroeconomic institutions, so that we can foster viable and stable growth.

Review of Literature on Make in India: The Real Opportunities

The literature review prepared for this study on Make in India the real opportunities reflects the opinion of various experts based on their experience. In order to validate the importance of this study, the following various literature has been reviewed to get research gap. Times News Network (2015) addressing the top brass of the central bank in an event to Reserve Bank of India (RBI's) 80th anniversary, Prime Minister Sri Narendra Modi raised the topic of "Make in India", a subject close to his heart. Mr. Modi said, Mahatma Gandhi fought for Swadeshi does it behove us to print his photograph on imported paper? Does India not have the entrepreneurs to make the paper in India? Christine Lagarde (2015) pointed out that India for being a 'bright spot' on a cloudy global horizon, urged government to seize its

opportunity and even told students at Lady Shri Ram College that she would personally invest her money in India. Her positive prediction that India's GDP would be double in size by 2019 from what it was in 2009 is of a piece with similar gung-ho declarations of faith by visiting high profile dignitaries, corporate honchos and economists in the past. With its young demography, huge market size and managerial prowess India has for years been thought of as ready for take-off. Times News Network (2014) reported that the government has a string of changes, including making the decision-making nimble and inclusive, to push his make in India initiative, after 23 top bureaucrats suggested several initiatives and a stable policy regime to boost the anaemic manufacturing sector. The government is also generally trapped in "ABCD" culture from top to bottom. A means Avoid, B means Bypass, C means Confuse and D means Delay. Our efforts is to move from this culture to "ROAD" where R stands for Responsibility, O stands for Ownership, A stands for Accountability and D stands for Discipline. We are committed to moving towards this roadmap. George Skaria (2015) remarked that the central government announced the Make in India programme, it has caught the imagination of an industry longing for a panacea to a tentative industrial revival. According to McKinsey analysis found that rising demand and Multinational Corporations' (MNC's) desire to diversify global production bases to India could help the country's manufacturing sector grow six-fold to \$1 trillion by 2025, while creating up to 90 million domestic jobs.

Press Trust of India (2015) expressed that Make in India has seen an overwhelming response on its digital platforms like Face book and Twitter since its launch just three months age. The initiative has already touched over 2.1 billion global impressions of social media and reached an overall fan base of over three million on its Face book page. Saraswat (2015) stated that Indian industries and companies have demonstrated their ability to master efficiency and local responsiveness but we have to figure out the third key which is innovation to make in India dream come true. Calling for bigger break through to cope with challenges in energy, environmental sustainability, quality of life, health care and to expand out digital landscape. The only path to success is long-term investment in Research and Development (RandD), science and technology intervention and innovation. The study conducted by Sidhartha and Surojit Gupta (2015) stressed that the government's 'Make in India' initiative could get top billing in the 2015-16 Union Budget with tax breaks and other measures for several sectors. Make in India is the centre-piece of the government administration's bid to revive manufacturing activity and create millions of jobs. With the Chinese economy showing, India senses an opportunity in the industrial sector. Swaminathan (2015) examined that the traditional manufacturing is not dying. It will grow in volume and employment for a long time. The newcomers occupy only a small part of the economic space today. In traditional industries, "make" and "manufacture" may remain synonymous. But let us prepare for a future where, increasingly, 'manufacture' will be just a small part of 'make'. Parimal Kr. Sem et al. (2015) analysed that the reinvigorate the inflows of FDI several measures were undertaken. One of such is the 'Make in India' initiative. It is a major national

programme aimed at facilitating investment by fostering innovation and enhancing the skill of the workforce. PankajDoval (2014) identified that Japanese electronics giant Sony is all set to make in India, thought the products will be contract-manufactured at Taiwanese maker Foxconn's upcoming facilities in the country.

The share of mobile phones to Sony's India revenues is 35% and a similar contribution comes from the TV division. The company clocked revenues of over Rs.10,000 crore in India last year. Sridhar and Swatim (2015) analysed that the past 12 months records on foreign investments inflow into India show that that the make in India initiative is indeed working. The Government of India has received investment proposals of over Rs.1,10,000 crore (US\$16.56 billion) in the last 12 months from a host of companies across industries. India has become one of the most attractive destinations for investments in the manufacturing sector. About 25% of smart phones shipped in the country in the April-June quarter of 2015 were made in India, up from about 20% the previous quarter. Selvam and Velmurugan (2015) explains the importance and perception of budding young entrepreneurs towards make in India a manufacturing hub campaign will help the government for opening more investment doors to foreign institutional investors.

Review of Literature on Make in India: The Real Challenges

In addition to the above literature review on make in India, the study focused to identify the various challenges highlighted by the various experts and industrialists were presented below. Srijan Pal Singh (2015) raised the questions like: How to Make in India? What will be the roadmap for Make in India? And, how do we go beyond Make in India – to research, design, develop, produce and thus truly "Create in India? In our option, the answer rests on five pillars", namely human resources, capital and incubation, tech infusion, building the ecosystem and domestic consumer leverage. RaghuramRajan (2015) sounded a word of caution about the new governments 'Make in India' campaign that assumes an export-led growth path of China and instead it should be 'Make for India' that will produce for the internal market. Swaminathan (2014) stated that the central government came to power by promising rapid economic growth that delivers millions of jobs. To achieve this, the government has devised to 'Make in India' policy. Launched with a blaze of publicity, it seeks to make India a manufacturing giant and attract investors. It aims to raise the share of manufacturing in GDP from the current 13-14% to 25%. The government is envious of the rise of China as a manufacturing giant. India has lagged far behind for decades, and the government wants India to catch up.

Baljayant Jay Panda (2014) expressed that the launch of the ambitious 'Make in India' campaign to promote manufacturing in India could not have been more timely, coming as it does in the wake of the death of two iconic brands, Ambassador cars and HMT watches. The World Bank in its 2014 rankings on the ease of doing business puts India at 134th out of 189 countries. While investments of all sorts have long had to contend with this landscape, the manufacturing sector has been

especially penalised. With manufacturing contributing only 16% of India's GDP a third of China's and far lower in absolute terms – it is clear that this sector is not pulling its weight. Sriram Ramakrishnan (2014) advocated that India has its own share of environmental problems and they have only multiplied in recent years due to neglect and the excesses caused by crony capitalism. The World Bank estimated last year that environmental degradation was costing Indian economy \$80 billion, or 5.7% of its annual GDP. A World Health Organization (WHO) study found this year that Delhi suffered from the worst air pollution in the world. Our attempts to revive manufacturing should not cause us to repeat mistakes of the past or those made by others. Editor (2015) suggested that many countries have done much to secure 'manufacturing hub' status and failed. In India's case two possible obstacles immediately come to mind. The first is woefully inadequate availability of infrastructure and transport and communication facilities. Secondly, externally, this is not the best time to go for export-led growth given the recession in most of the world's developed economic. Few expert's opinion prove contradictory towards make in India.

Yasmin (2015) described that the 'Make in India' initiative has now brought the focus on the manufacturing sector where the skill sets required are going to very different. However, the industry-academia gap still persists as a grave issue in India. The challenge for the human relation heads of this sector is to hire and train young aspirants to the growing demand for talent in this sector. How are they skilling the young workforce? Gurcharan Das (2015) expressed that 'Make in India' programmed to revive manufacturing and deliver a million new jobs that are needed each month. But the problem is that manufacturing is precisely the sector that has historically let India down. Since 1991, India's growth has been driven largely by services. Can central government reverse this unhappy trend and usher in a genuine industrial revolution that has lifted 400 million people out of poverty in China? With the coming of robotics, 3D printing and digitally controlled lasers, manufacturing is so automated now that it is no longer possible for an unskilled farm labourer to aspire to a factory job. Moreover, manufacturing jobs, which are presently leaving China because of rising cost, are likely to go elsewhere-Southeast Asia, Mexico and even Bangladesh, India remains unattractive because of its notorious red tape and poor infrastructure.

Research Implications

The literature review on the make in India a manufacturing hub identified the real opportunities and challenges to be faced by the public and private sector, industrialists, researchers and academicians while making decisions. The selective literature review on make in India campaign suggests that the biggest challenges to India's economic success is poor infrastructure, short supply of power, land acquisition, licensing and taxation, transport and scarcity of trained manpower. The present paper would also aid to academicians in understanding the future opportunities and challenges have been realised in various separate literatures, but none of them have tried to look at the technical solutions. These opportunities and challenges can be tackled by conducting by a mass quantitative research in India.

Therefore, the make in India campaign literature has been reviewed to find a suitable methodology to deal with the real opportunities and challenges particularly for public sector undertakings in India. The literature review on make in India will help policy makers, economist and human resource practitioners to provide suitable suggestions and help practitioners to look at the existing solutions for the problems in domain and adopt the methodologies for new sectors such as make in India.

Conclusion

The researchers provide theoretical footings of the make in India a manufacturing hub. The key important points of this make in India descriptive research was to bring various disciplines of make in India together to gain effectiveness in the manufacturing sector. This paper tries to present a balanced review of the various opportunities and challenges of make in India. This study has laid the foundation work for furthering the review process in make in India. This paper describes different approaches, thoughts, opinions and assumptions of different persons like industrialists, academicians, public, human resource practitioners and government officials available for solving the obstacles of make in India a manufacturing hub. There is vast support and few oppose among the authors for make in India a manufacturing hub. In view of the purpose that it serves a large section of the society, we assert that it is imperative to study the make in India a manufacturing hub. It is also concluded from the review that, the Honorable Prime Minister Sri Narendra Modi government has taken the initiative of make in India with intension of eliminating hurdles in areas like infrastructure, land acquisition, licensing and taxation to make the India as global manufacturing hub in coming years. And also the government is working with the mission to reduce poverty with greater purchasing power through employment generation in industrial sectors. Now, we have to pause and look for how the make in India plan comes true with existing labour market and revised FDI policy. So, the most positive combination of skill development of labour, new innovations and regulatory change to ease of doing business, revised FDI policy may accelerate development of the manufacturing sector to achieve 'Make in India's goal.

Limitations of the Study and Scope for Future Research

The study is based on published data and materials. No primary data is being collected. Every care has been taken to entice qualitative and correct data; still secondary data have collected for the purposes other than problem at hand. The objectives, methods and nature used to collect secondary data may not be suitable to the present situation. Secondary data may be lacking in accuracy, or they may not be totally current or dependable. Time constraint remained the major limitation is the study. Before using secondary data, it is important to assess them on above mentioned factors. So, it consumes the same time as the primary data. The collection of review of literature for study period is restricted to two years only i. e., from January 2014 to December 2015. The researchers examined the literature thoroughly and identified the scope for future research on make in India a manufacturing hub with the

real opportunities and challenges. Based on this study an empirical research can be conducted. One needs to conduct a dis-aggregate level investigation to understand the impact of independent variables on dependent variables. Therefore, there is a necessity of comprehensive research to study the impact of make in India campaign based on public and industrial opinion by considering a large time frame. Besides, in view of the recent economic reforms in India, the central government have taken more initiative, but still there are lot of challenges in areas like lack of transport to link ports, land acquisition, scarcity of unskilled workers, infrastructure bottlenecks, licensing and taxation for make in India as global manufacturing hub in coming years. These limitations can be explored and worked. The other issues on employment opportunities for educated Indian youth, economic growth, Foreign Direct Investment (FDI) have not been taken up for finding suitable methodology for solution. These limitations can be explored and worked upon by researchers in future studies.

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