

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,

Open J-Gate, India [link of the same is duly available at Infibnet of University Grants Commission (U.G.C)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 4700 Cities in 180 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	A STUDY ON SELF HELP GROUPS IN KARNATAKA <i>DR. RASHMIRANI AGNIHOTRI H.R & DR. K.S MALIPATIL</i>	1
2.	ROLE OF TALENT MANAGEMENT IN ACHIEVING THE GOALS AND OBJECTIVES OF BANKING SECTOR IN INDIA - WITH REFERENCE TO NOIDA REGION <i>SANGEETA RANI & PRABHAT SRIVASTAVA</i>	6
3.	PROBLEMS OF MICRO ENTREPRENEURS IN CHITTOOR DISTRICT <i>P.VENKATADRI REDDY & DR. HAMPANNA</i>	8
4.	MAKE IN INDIA: OPPORTUNITIES AND CHALLENGES IN DEFENCE SECTOR <i>AZHAR SHAIKH, DR. UTTAM KINANGE & ARTHUR FERNANDES</i>	13
5.	MICROINSURANCE: WAY AHEAD TO TAP RURAL INSURANCE MARKETS <i>DR. N. SUMAN KUMAR</i>	16
6.	GO GREEN WITH GREEN HUMAN RESOURCE MANAGEMENT PRACTICES <i>RIZWANA KHURSHID & MUSHTAQ A DARZI</i>	19
7.	ORGANIZATIONAL COMMITMENT AND ORGANIZATIONAL EFFECTIVENESS <i>DR. DAVINDER SHARMA</i>	22
8.	NEXUS BETWEEN REMITTANCE INFLOW AND HUMAN DEVELOPMENT IN NEPAL <i>SURAJ GAUDEL</i>	29
9.	PERFORMANCE ANALYSIS OF SELECTED MICROFINANCE INSTITUTIONS IN INDIA <i>S. RADHIKA & DR. P. KANCHANA DEVI</i>	34
10.	A STUDY ON WORK LIFE BALANCE OF WOMEN FACULTY IN PRIVATE COLLEGES WITH SPECIAL REFERENCE TO NAMAKKAL DISTRICT <i>DR. K. GIRIJA</i>	38
11.	BUSINESS-TO-CONSUMER (B2C) e-COMMERCE: A SURVEY <i>YOGITA SHARMA</i>	43
12.	AGRO BASED INDUSTRY: A WAY OF BALANCING INDIAN ECONOMY <i>DR. BANESWAR KAPASI</i>	47
13.	IMPACT AND CHALLENGES OF IMPLEMENTATION OF GST ON INDIAN ECONOMY <i>VANDANA SHARMA</i>	49
14.	A COMPARATIVE STUDY AMONG PRIVATE AND PUBLIC SECTOR EMPLOYEES ABOUT RETIREMENT FINANCIAL LITERACY, KERALA <i>ASWATHY MOHAN</i>	52
15.	ECONOMETRIC MODELING OF THE IMPACTS OF SHIPPING ON NIGERIAN ECONOMY <i>THEOPHILUS C NWOKEDI, DR. L.I. OKOROJI & CHINEMEREM C. IGBOANUSI</i>	58
16.	WHY SHOULD BUSINESSMEN BE ETHICAL? <i>BILAL AHMAD RATHER</i>	62
17.	IMPACT OF GLOBALIZATION ON INDIAN AGRICULTURE <i>INDRA BANSAL</i>	65
18.	A COMPARATIVE STUDY OF INDIA AND CHINA ECONOMIC RELATION WITH SPECIAL REFERENCE TO STOCK MARKET IN THE 21st CENTURY <i>JOHN MANG MUAN LIAN ZOU</i>	68
19.	ANALYSIS USING CAMEL MODEL: EVIDENCE FROM LARGE COMMERCIAL BANKS IN TANZANIA <i>JANETH N. ISANZU</i>	71
20.	THE GAP OF HOSPITAL SERVICE PERFORMANCE BY USING SERVICE QUALITY ANALYSIS <i>MUSTAFA HERMANTO</i>	76
	REQUEST FOR FEEDBACK & DISCLAIMER	80

CHIEF PATRON

PROF. K. K. AGGARWAL

Chairman, Malaviya National Institute of Technology, Jaipur
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)
Chancellor, K. R. Mangalam University, Gurgaon
Chancellor, Lingaya's University, Faridabad
Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON

LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana
Former Vice-President, Dadri Education Society, Charkhi Dadri
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

FORMER CO-ORDINATOR

DR. S. GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. BHAVET

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. ABHAY BANSAL

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

PROF. V. SELVAM

SSL, VIT University, Vellore

PROF. N. SUNDARAM

VIT University, Vellore

DR. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

DR. S. TABASSUM SULTANA

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

DR. JASVEEN KAUR

Asst. Professor, University Business School, Guru Nanak Dev University, Amritsar

FORMER TECHNICAL ADVISOR

AMITA

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. COVERING LETTER FOR SUBMISSION:

DATED: _____

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF** _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, **please specify**)

DEAR SIR/MADAM

Please find my submission of manuscript entitled ' _____ ' for possible publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to their inclusion of names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :

Designation :

Institution/College/University with full address & Pin Code :

Residential address with Pin Code :

Mobile Number (s) with country ISD code :

Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :

Landline Number (s) with country ISD code :

E-mail Address :

Alternate E-mail Address :

Nationality :

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any **specific message w.r.t.** to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) **Abstract alone will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty four hours** and in case of non-receipt of acknowledgement from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be **bold typed, centered and fully capitalised**.
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully italicized text**, ranging between **150 to 300 words**. The abstract must be informative and explain the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php, however, mentioning JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably range from 2000 to 5000 WORDS.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section: Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they are supposed to follow Harvard Style of Referencing. **Also check to make sure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders after the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

MAKE IN INDIA: OPPORTUNITIES AND CHALLENGES IN DEFENCE SECTOR

AZHAR SHAIKH
JUNIOR RESEARCH FELLOW
KOUSALI INSTITUTE OF MANAGEMENT STUDIES
KARNATAK UNIVERSITY
DHARWAD

DR. UTTAM KINANGE
PROFESSOR & DIRECTOR
KOUSALI INSTITUTE OF MANAGEMENT STUDIES
KARNATAK UNIVERSITY
DHARWAD

ARTHUR FERNANDES
RESEARCH SCHOLAR
KOUSALI INSTITUTE OF MANAGEMENT STUDIES
KARNATAK UNIVERSITY
DHARWAD

ABSTRACT

An ambitious Make in India campaign by the government of India can not only change the image of the country as a hub for manufacturing but also as a destination to do business. Annoyed by India's status as the world's biggest arms importer, Indian government wants to build an advanced defense industry which aims to turn the country into a manufacturing powerhouse. It offers a way of improving the country's self-reliance in defence production. However, for the Make in India to succeed in the defence manufacturing sector, the government needs to address some legacy issues. This paper attempts to give a present state of affairs of the Indian Defence, then depicts the global scenario relating to defence and attempts to identify the opportunities and the challenges waiting for the Make in India campaign for defence sector.

KEYWORDS

FDI, defence, manufacturing, make in India, private sector.

INTRODUCTION

"What counts is not necessarily the size of the dog in the fight – it's the size of the fight in the dog"

- General Dwight D. Eisenhower

As this former President of USA and also a five-star general of US army during World War II said, the might of the army is in the size of the fight it gives and there might be many factors influencing the might of the army. Soldiers, military equipments, guns and tanks, intelligence and surveillance capabilities and other military requirements can be seen as the source for the confidence the army can have to safeguard its borders. Investment in the emerging markets by global aerospace and defence companies has witnessed an increase, driven primarily by a search for low-cost manufacturing options, research and development capabilities and acquisition of engineering and related critical talent. In future battles, the technology superiority is going to play a crucial decisive role. A roadmap should be laid down to be able to develop and change superior technology into affordable and critical military capability keeping in mind affordability, timeliness, dual use, technology base and modular design. This would enable the country's R&D establishments to focus on specific capability requirements and work out appropriate technologies needed to fulfill these requirements. A concentrated effort should be put to design and produce indigenously not just to satisfy the domestic demand but also to export. Public or private sector who have interest in the defence sector would be able to work out a strategic plan develop the needed technology, including the required funding and research and development goals in very specific areas. This would include plans for the development of capability in areas that are considered and draw-up a roadmap towards achieving it by tapping all available national resources including the civilian industry, private as well as government enterprises and the academia. The significance of being self-reliant in the defence sector desires no prominence as it is not only of critical strategic and national importance but also an essential part of the national power. In six decades since independence, the country has made major progress in achieving this objective. However, much remains to be done. Ministry of defence recognises that progress needs to be accelerated by harnessing our national capability in all its forms. The cutting edge technology with defence application needs substantial investment in terms of time, money and human resource to develop. Induction of new weapon systems is cost and time intensive. It is therefore imperative that the long term requirement of capability be identified and understood for appropriate technology to be developed indigenously.

INDIAN DEFENCE SECTOR – THE PRESENT SCENARIO

- India has the 3rd largest armed forces in the world in terms of active personnel
- India imports 60% of arms from various countries. It is the world's largest arms importer and accounts for 14 percent of the world's arms imports
- India is one of the largest importers of conventional defence equipment and spends about 40% of its total defence budget on capital acquisitions.
- India ranks 8th globally in military spending
- India will spend \$100-150 billion (about Rs 5.4-8.1 lakh crore) on defence modernisation programmes by 2022
- The government, as the sole purchaser of defence equipments, spends heavily with defence expenditure accounting for close to 15 percent of central government expenditure
- Foreign direct investment (FDI) in defence is increased to 49% from 26%
- Hardly any investment in R & D by government. Only 6 % of the defence expenditure is diverted towards research
- Indian firms have spurned some \$15 billion worth of government tenders to make a range of weapons since 2013
- The allocation for defence in the last budget was approximate USD 37.3 Billion. [1][2][3]

DEFENCE SECTOR ACROSS THE GLOBE

Fifty nations account for 92 percent (\$163B) of the world's total spending on national account defence. The defence policies and programmes of these top 50 nations explain most of the world's defence activity and shape the global security environment in the broadest and most enduring ways. The top 50 nations produce more than 90 percent of global economic output and include populations of more than five billion people across six continents. 60 percent of global defence spending is generated only by six nations [4].

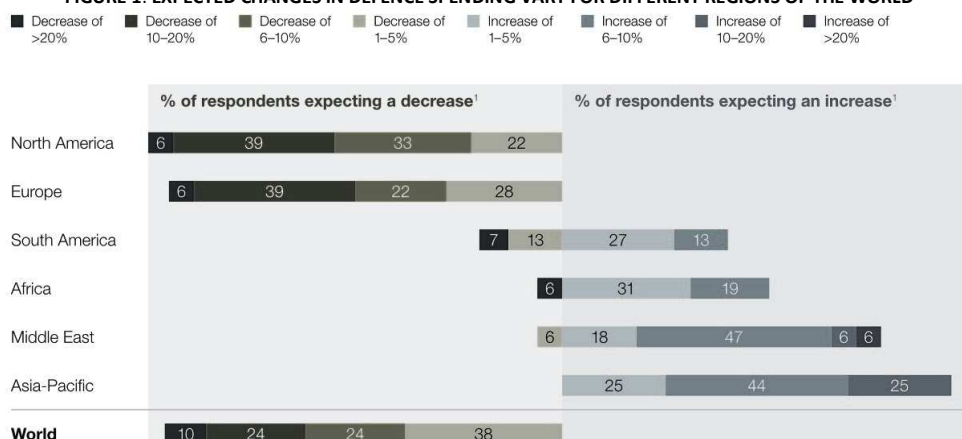
TABLE 1: BUDGET FOR DEFENCE OF VARIOUS COUNTRIES

Country	Planned budget for 2014-15 in \$ billion	Increase in the budget year on year in percentage
India	38	10
Brazil	31	5
South Korea	33	4.2
China	131	12
Saudi Arabia	30	NA

The Table.1 shows the planned budget by some of the countries for the year 2014-15. It shows that India's planned budget for the defence is \$ 38 billion which is about 10% increase from its previous year's budget. Neighbouring country China has increased its defence budget from \$117 billion to 131%, an increase of 12 percent. The budget of China is almost equal to the combined budget of India, Brazil, South Korea and Saudi Arabia [4].

Following Figure 1 shows the expected changes in defence spending vary for different regions of the world

FIGURE 1: EXPECTED CHANGES IN DEFENCE SPENDING VARY FOR DIFFERENT REGIONS OF THE WORLD



Source: Dec 2012 McKinsey survey of defence-industry executives

If we observe the chart, the increase in the defence budget of Asia-Pacific region is highest; where as North America and Europe have drastically reduced the defence budget. Middle Eastern region is the next to Asia Pacific. We can infer from the chart that these two regions have started to invest in defence recently as there has been much unrest in these regions. To defend and to keep the peace within the country, the countries in these regions have invested heavily. On other hand North America and Europe has reduced the budget as they have been investing large amount of capital in defence since years [5].

MAKE IN INDIA AND ITS IMPORTANCE IN DEFENCE SECTOR

The Government will focus on indigenisation with the increasing presence of Indian companies and giving cost advantages relating to basic design and engineering services, components, and assemblies manufacturing. Indian companies will also succeed with the help of foreign companies which creates a benefit for both. Once indigenous manufacturing takes root, research and development for the indigenous military industry and civil aircraft is likely to be the other focus area of the Indian Government, the report added [6]. The program will facilitate the development and production of high-end technology systems within the country. This will comprise a wide range of technologies and systems, like Missile Technology, Remote Weapon Systems and Advanced Armor Solutions [7]. Getting foreign companies to establish businesses in India is not to avoid the import cost but to increase the domestic market capabilities to support the Indian defence sector by enhancing investment, growing manufacturing, support enterprise, state-of-art technology and increase economic growth in India.

The opportunities what small and medium scale enterprises (SMEs) will have is unmet. The SME have been the subcontractors to many of the Public sectors as well as private sector players undertaking the projects of the defence. As the Indian private players start their venture in defence, many SMEs would emerge not just in manufacturing but also in other supporting services. These services can be training institutes to upgrade the technical skills required for the working class. The skill sets of these SMEs who are undertaking the private organizations work will improve drastically as they have to match the quality standards of the defence. This will bring a systemic change in the way production plants work. They would be more organized and technically sound. As government of India has allowed 49 percent FDI in defence sector, many foreign players would set up their businesses with help of Indian companies. Along with the technical help, these foreign companies will update the technical capabilities of the Indian manufacturing sector. The SME market has always constituted a significant component of the Indian economy, accounting for 40% of employment and making an almost equivalent contribution to India's GDP. The challenge has been getting them to spend on technology.

Private sector, though is in its nascent stage in the defence manufacturing is eager to manufacture for the defence. Tata and Boeing have already signed for a joint venture. Rafael of Israel has started a joint venture with Kalyani group. They will be more than eager to serve the defence as India is considered as the most favoured country to invest in defence sector. Indian government has been pumping substantial amount of money in defence procurement and establishment.

Following table shows the defence budget since 2005 to 2015. India will spend \$100-150 billion (about Rs 5.4-8.1 lakh crore) on defence modernisation programmes by 2022 and this makes India the most attractive place to set up a business related to defence. Provision of Rs. 2,290 billion for defence has been announced in the union budget 2014-15. Although the Indian defence industry was opened to the private sector in 2001, the latter is yet to contribute in any meaningful manner. The biggest hindrance in the private sector's participation so far has been mistrust. When it comes to big contracts, procedural hurdles come in the way, making it virtually impossible for the private sector to get into complex defence manufacturing. Moreover, single source procurement from the private sector is still considered a taboo, whereas import without competition is greatly admired [8].

CHALLENGES FOR THE DEFENCE SECTOR IN INDIA

The indifference towards in-house manufacturing of defence equipment is perhaps best exemplified in the way various defence plans are prepared and pursued. All these plans are prepared with a focus on 'acquiring' the best possible equipment available in the world. The Defence Research and Development Organization (DRDO) and domestic industry are entirely disregarded in the planning process. To make matters worse, there is no channel for the armed forces to make available

advance information to the local industry so as to facilitate the public or private sectors to come up with detailed financial, technological and industrial plans to meet the requirements in a timeframe that is acceptable to the armed forces[8]. Government wants to put up an advanced defense industry but almost an year into its "Make in India" campaign, which aims to turn the nation into a manufacturing hub for the world, not one large domestic weapons project has been awarded. Indian firms have rejected some \$15 billion (Rs. 945 billion) worth of government tenders to make a range of weapons since 2013, in a blow to the drive to wean the country off imported arms. Tenders have lapsed for the projects of air defence guns to surface-to-air missiles to transport planes. Government has laid down impossible requirements by insisting on technology which only foreign manufacturers had. Companies with prior experiencing in supplying the defence goods is entertained by defence is also a hurdle in motivating the domestic players to participate in any tenders.[2]. The domestic manufacturing industry will be hard pressed to provide to the demand from the global primes for components, which they will need to procure from India to discharge the potential offset obligations. This capacity constraint can be a potential deterrent to the foreign companies, especially when seen in light of efficient supply chain and program management which are at the core of such manufacturing projects [9]. The greatest weakness in India's defence manufacturing is the lack of a high-powered institution that can lay out a long term roadmap for the defence industry, set a target for the industry, monitor the progress, and more importantly bring all the stakeholders on one platform and commit to the common cause of self-reliance. Defence industry requires a highly skilled labour force. Currently, there is hardly any thinking on how to generate a robust human resource base both in terms of number and quality. Low education and lack of training is also an aspect that is common to other high-end R&D organisations like the ISRO and atomic energy department, and even to manufacturing establishments such as Hindustan Aeronautics Ltd [8]. Defence acquisition is a highly specialized progression and needs adequately qualified human resource. India lacks a dedicated cadre of workforce for assets acquisitions along with any explicit training programs for employees involved in the acquisition process. The conception of a separate and dedicated institutional structure to take on the entire range of procurement functions is required to make possible a higher degree of professionalism and cost effectiveness in the defence procurement process [9].

An increase in FDI of 49 percent from 26 percent in defence sector has turned into a challenge too for the large organizations which are involved in defence manufacturing as they would not have the control over the management of the manufacturing. On the other hand China and South Korea have been very liberal in their approach to allow FDI and utilize their country for manufacturing defence equipments. India has a complex taxation system with a large number of taxes applicable at different stages of the manufacturing process. The tax regime is perceived as aggressive and bureaucratic in its application. For example, while the indirect tax laws provide various exemptions and concessions from payment of custom duty (on imports) and excise duty (on domestic manufacturing) of capital goods, machinery, equipment, spares, tools, etc. for use by the Armed Forces and defence sector, such benefits are specific in nature and have been restricted to certain types of equipment, machinery, etc. or to various programs or development projects undertaken by the Ministry of Defence [11].

A strong research and development is another challenge to the Indian firms who are interested in being the part of Make in India. The private sector gets to know once the government issues request for proposal (RFP). Once the RFPs are issued, the domestic players don't have sufficient time to respond with designs or any other proposals regarding the product. Eventually, the order goes to the foreign suppliers who possess the technology[11]. Government should make either the RFP known in advance so that the domestic players can invest their time and money in developing the requirements to should establish research centers which involve in research and development in regular basis and suggest the defence to include any innovative product in the force. There should be a forum where private sector can experiment with innovative products and can suggest the same to defence to make those products as part of the defence equipments.

CONCLUSION

India needs to develop a macro vision for promoting 'Make in India' in defence sector to attain the level of developed countries in defence manufacturing. It should not only have Make 'In' India approach but also Make 'For' India. It should first satisfy the domestic market and then look for the exports. Present approach is more of export oriented than for the domestic market. An export-led growth strategy will not pay for India as it did for Asian economies, including China, due to the tepid global economic recovery, especially in the industrial countries. The government should rather focus on creating an environment where all sorts of enterprise can flourish, and then leaving entrepreneurs to choose what they want to do. Make in India will typically mean more openness, as we create an environment that makes our firms able to compete with the rest of the world, and encourages foreign producers to come and take advantage of our environment to create jobs in India.

REFERENCES

1. "DEFENCE MANUFACTURING - Make In India." [Online]. Available: <http://www.makeinindia.com/sector/defence-manufacturing>. [Accessed: 24-Nov-2015].
2. S. Miglani and T. Wilkes, "Lapsed tenders hurt Modi's 'Make in India' defence industry push," Reuters India. [Online]. Available: <http://in.reuters.com/article/2015/04/08/india-defence-idINKBN0MY26O20150408>. [Accessed: 24-Nov-2015].
3. "70 per cent of defence machinery imported while Indian defence companies find government a hindrance." [Online]. Available: http://articles.economictimes.indiatimes.com/2013-02-15/news/37119550_1_defence-companies-defence-contracts-biggest-defence. [Accessed: 24-Nov-2015].
4. Deloitte. (2014). Global Defense Outlook 2014 Adapt, collaborate, and invest.
5. Defense outlook 2015: A global survey of defense-industry executives | McKinsey & Company. (n.d.).
6. India set to emerge favoured destination for global defence sector players: Study. (2013, January 16). Retrieved August 12, 2015, from <http://www.thehindubusinessline.com/industry-and-economy/india-set-to-emerge-favoured-destination-for-global-defence-sector-players-study/article4312437.ece>
7. Why Make It In India? | Defense Update: (n.d.). Retrieved August 12, 2015, from http://defense-update.com/20150219_mak-in-india.html#VcrugykYPx0
8. "Make in India" for Defence: A Roadmap. (n.d.). Retrieved August 12, 2015, from http://www.idsa.in/policybrief/MakeinIndiaforDefence_lbehera_050215.html
9. KPMG. (2010). Indian Defence Sector.
10. KPMG, & CII. (2010). Opportunities in the Indian Defence Sector.
11. Need Macro Vision for Defence Sector Make in India: Official - The New Indian Express. (n.d.). Retrieved August 12, 2015, from <http://www.newindianexpress.com/business/news/Need-Macro-Vision-for-Defence-Sector-Make-in-India-Official/2015/06/05/article2851252.ece>

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

