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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

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- 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.

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

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- 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.

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

MAKE IN INDIA: AN INITIATIVE OF REVIVING INDIAN ECONOMY: A CASE STUDY

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ABSTRACT

It is important for the purchasing power of the common man to increase, as this would further boost demand, and hence spur development, in addition to benefiting investors. The faster people are pulled out of poverty and brought into the middle class, the more opportunity will there be for global business. Therefore, investors from abroad need to create jobs. Cost effective manufacturing and a handsome buyer (one who has purchasing power) are both required. More employment means more purchasing power." Mr. Narinder Modi, The Prime Minister (India) (1), (2). The case study explores the MAKE-IN-INDIA concept and its challenges and opportunities. It also looks into the critical success factors of the 'dream concept.

KEYWORDS

Indian economy, Make-In-India, SWOT analysis, sector growth, manufacturing, policy changes.

1. INTRODUCTION

In 1983 Illustrated Weekly ran an article criticizing Operation Flood (White Revolution). The piece went to say how National Dairy Development Board (NDDB) and the IDC had totally lost the plot and India would never become self-sufficient in dairy products. The article created a storm in India and the noise reached the parliament. It was a high and a low for Indian industry. At one end the news and media industry prided itself on uncovering the truth and reporting it to the common man. On the other end it was a low for the dairy industry. By 1987 Jha Committee report found that the NDDB had taken the right steps and we were well on our way to success. India has since then become the largest producer of milk in the world. (3)

In 2014 Prime Minister Shri Narendra Modi launched what would be another revolution in the making. 'Make in India' is the new mantra and the objective was to encourage the production of goods within the country. (4). The Make-in-India (MII) defined the concept as "A MAJOR NEW NATIONAL PROGRAM DESIGNED TO FACILITATE INVESTMENT. FOSTER INNOVATION. ENHANCE SKILL DEVELOPMENT. PROTECT INTELLECTUAL PROPERTY. AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE. THERE'S NEVER BEEN A BETTER TIME TO MAKE IN INDIA". (5)

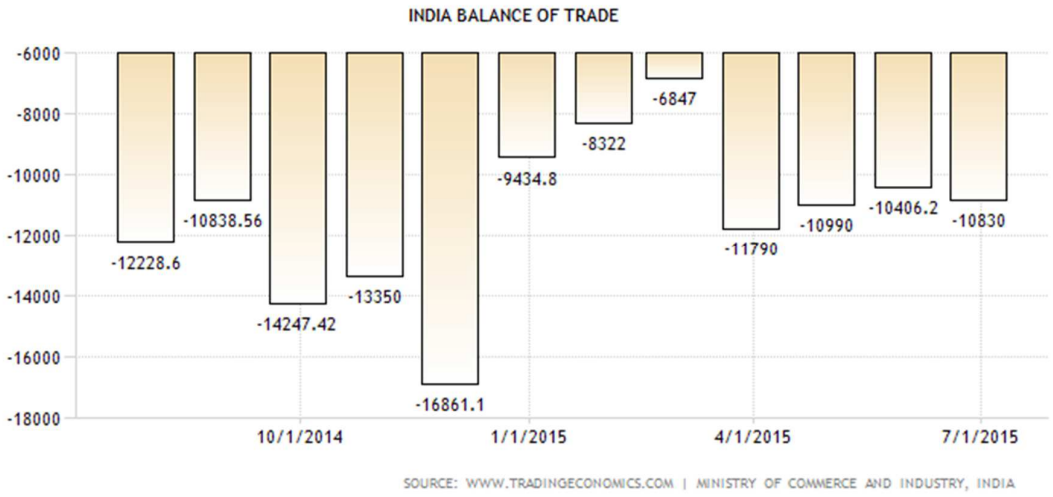
The initiative has been taken to boost the economy of the country by inviting global companies to invest in the Indian market. As the NDA government has eased the foreign direct investment cap in several areas like construction, defense and the railways, the program gives international companies easy access to the Indian market. If the foreign companies will invest in Indian market, it will automatically create job opportunities and improve the financial condition of India. Narendra Modi's innovative Make in India campaign signals his commitment to transforming India into the manufacturing hub of the world. (6)

2. INDIAN ECONOMY AT A GLANCE

The Indian Economy which is the third largest in Asia is not showing the signs of recovery on year to year basis. The following factors are discussed, are the point of worry for the same.

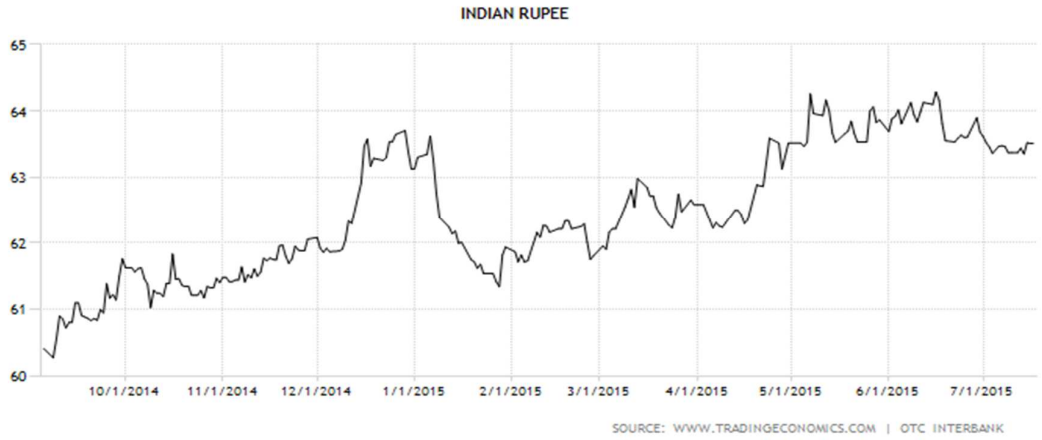
(1). India Balance of Trade: The Indian balance of trade (figure-1) is negative as our imports are more than the exports. In 2014, third-richest country India bought US$462.9 billion worth of imported products up by 32.3% since 2010. (7), (8).

FIGURE - 1



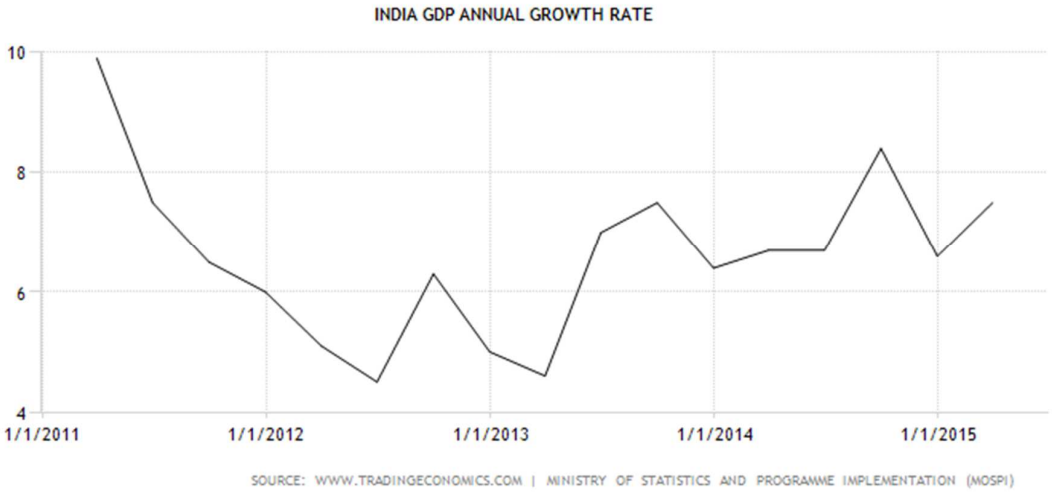
(2) Indian Rupee: Currency Fluctuation (figure-2): Indian Rupee fluctuation in terms of US$ has made the currency week thus increasing the cost of Raw material. More funds are required to settle the balance in terms of Imports/exports. (9), (10).

FIGURE - 2



(3) India GDP Annual Growth Rate (figure-3): Annual Growth Rate in India averaged 6 percent from 1951 until 2015, reaching an all time high of 11.40 percent in the first quarter of 2010 and a record low of -5.20 percent in the fourth quarter of 1979. GDP Annual Growth Rate in India is reported by the Ministry of Statistics and Programme Implementation (MOSPI). (11),(12).

FIGURE - 3



(4) India Business Confidence (figure-4): Business Confidence in India increased to 56.40 in the first quarter of 2015 from 56.20 in the fourth quarter of 2014. Business Confidence in India averaged 58.53 from 2005 until 2015, reaching an all time high of 71.80 in the first quarter of 2007 and a record low of 45.70 in the third quarter of 2013. (13), (14).

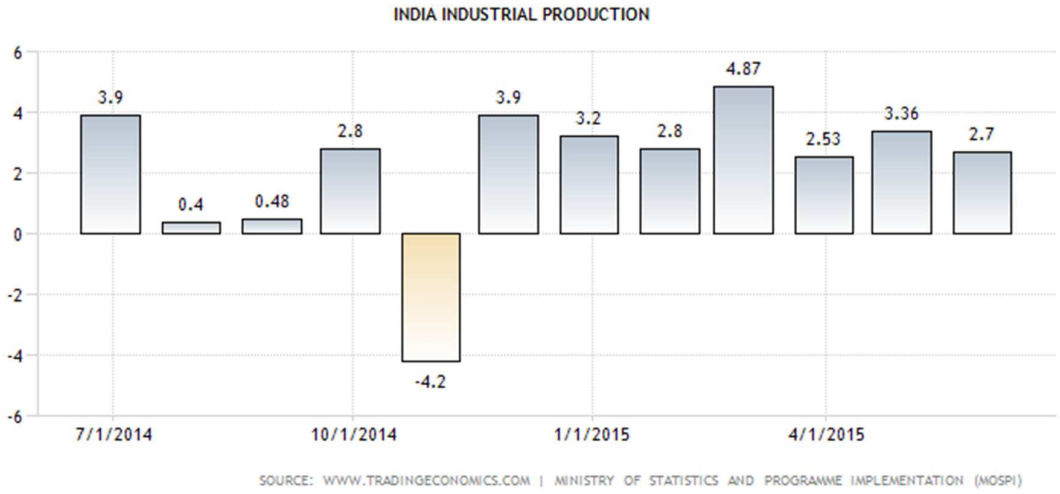
FIGURE - 4

(5) India GDP from Manufacturing (Figure-5): GDP from manufacturing in India increased to 4796.95 IND Billion in the first quarter of 2015 from 4058.73 IND Billion in the fourth quarter of 2014. GDP from manufacturing in India averaged 4045.58 IND Billion from 2011 until 2015, reaching an all time high of 4796.95 IND Billion in the first quarter of 2015 and a record low of 3455.83 IND Billion in the fourth quarter of 2011. (15) (16).

FIGURE-5

(6) India Industrial Production (figure-6): Industrial Production in India increased 2.70 percent in May of 2015 over the same month in the previous year, slowing from a downwardly revised 3.36 percent rise in April. Electricity production went up 6 percent while growth in manufacturing and mining slowed to 2.2 percent and 2.8 percent respectively. Industrial Production in India averaged 6.50 percent from 1994 until 2015, reaching an all time high of 20 percent in November of 2006 and a record low of -7.20 percent in February of 2009. (17), (18).

FIGURE-6



3. BUSINESS ENVIRONMENT IN INDIA

Doing Business sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labour market regulation.

India dropped two places to rank 142nd in the World Bank's latest Ease of Doing Business report, illustrating the magnitude of the task the new government at the Centre, confronts in lifting the nation to the top 50 to attract investors. (19), (20).

India's ranking slipped in the 2015 report that ranked 189 nations even though its score improved on various parameters. The reason: other nations performed even better. The ranking in the various parameters (Table-1) are as follows which is not very encouraging and needs emergency measure to uplift the economy (21). The reforms would make investor friendly business environment in the country.

TABLE - 1

Topics	Doing Business 2015 Rank	Doing Business 2014 Rank	Change in Rank
Starting a Business	158	156	-2
Dealing with construction Permits	184	183	-1
Getting Electricity	137	134	-3
Registering Property	121	115	-6
Getting Credit	36	30	-6
Protecting Minority Investors	7	21	14
Paying Taxes	156	154	-2
Trading Across Borders	126	122	-4
Enforcing Contracts	186	186	No Change
Resolving Insolvency	137	135	-2

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

Shockingly, India is still the lowest ranked country in South Asia with Sri Lanka (99), Nepal (108), the Maldives (116), Bhutan (125), and Pakistan (128) ranked higher. Singapore topped the list for a ninth straight year followed by New Zealand and Hong Kong (22).

4. THE ROAD MAP 'MAKE-IN-INDIA'

"Make in India" campaign to revive manufacturing will become a success only if the government manages to convince companies to manufacture in India. The key decision factors for manufacturers are (23):

(a) Size of market and access to market
(b) Good infrastructure
(c) Availability of skills
(d) Stable and competitive fiscal regime
(e) Ease of doing business.

The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services like logistics, transportation, retail etc. Needless to say, since manufacturing would require free flow of raw materials and finished goods, improving logistics infrastructure such as port-to-inland connectivity, cargo airports, etc. would be imperative and these developments promise to transform India into a global manufacturing hub. The government's "Make in India" initiative aims to increase the share of manufacturing to 25 percent of GDP by 2022 from the current 12 percent. This is expected to result in the creation of 100 million jobs (24).

KPMG and CII recently completed a report which identified nine key action items to make India conducive for large-scale manufacturing (25). These include

(a) Streamlining investment approval,
(b) Facilitating land acquisition processes,
(c) Creating an appropriate labour development ecosystem,
(d) Efficient and effective enforcement of laws,
(e) Facilitating greater cross-border transactions,
(f) Creating clear exit guidelines,
(g) Rationalising taxation regimes and
(h) Technology enablement of the government

5. MAJOR SECTORS IDENTIFIED THAT DRIVE INDIAN ECONOMY (26) (Table-2)

TABLE - 2

Automobile	Constructions	IT and BPM	Pharmaceuticals	Space
Automobile Components	Defence Manufacturing	Leather	Ports	Textiles and Garments
Aviation	Electrical Machinery	Media And Entertainment	Railways	Thermal Power
Biotechnology	Electronic System	Mining	Renewable Energy	Tourism And Hospitality
Chemicals	Food Processing	Oil And Gas	Roads And Highways	Wellness

Source: http://www.makeinindia.com/sectors/

'Make in India' program represents an attitudinal shift in how India relates to investors; not as a permit-issuing authority, but as a true business partner. An Investor Facilitation Cell has been created in 'Invest India'. A dedicated team of the Investor Facilitation Cell is there to guide and assist first-time investors (27).

6. SWOT ANALYSIS OF 'MAKE-IN-INDIA'

The need to raise the global competitiveness of the Indian manufacturing sector is imperative for the country's long term-growth. The National Manufacturing Policy is by far the most comprehensive and significant policy initiative taken by the Government. The policy is the first of its kind for the manufacturing sector as it addresses areas of regulation, infrastructure, skill development, technology, availability of finance, exit mechanism and other pertinent factors related to the growth of the sector (28).

STRENGTHS

- India is one of the fastest growing economies of the world and it is bound to the third largest economies in manufacturing Sector by 2020
- India is the second biggest market after China and is going to be at No.1 by 2050
- Indian labour force is considered to be most skilful around the world. Demographically the labour force lie in the age group of 25-60 years in next two decades
- Cost of the manpower is very competitive in India as compared to other countries of the world.
- Responsible business houses operating with credibility and professionalism.
- Strong consumerism in the domestic market.
- Strong technical and engineering capabilities backed by top-notch scientific and technical institutes.
- Well-regulated and stable financial markets open to foreign investors.
- FDI and FII have very strongly taken note of the Program and many countries like Germany, Israel, Japan, United kingdom, Russia etc have come forwarded to invest in India.
- Urbanization: About 32% of the country's population currently lives in urban areas. It is estimated that urban population will contribute over 75% of GDP in the next 15 years. 'Economic Corridors' and 'Smart Cities' need to encourage transparency, planned efficiently; and developed with stronger co-ordination between public and private, as well as national and international collaborations to be drivers of growth and inclusion that is sustainable and enhances quality of life.
- Public and private sector investments in development of infrastructure and industry – Special Economic Zones, roads and other constructions have been providing alternative non-farm occupations and additional sources of income. About 61% of the rural population (500 million) belongs to the working age group of 15 – 59 years (Census 2011). This population will increasingly access services and facilities in urban and semi-urban areas through migration or daily commuting for work, business or education. Public and private services and Infrastructure requirements should be projected, planned and developed in a responsible and transparent manner to be inclusive and meet the growing demands to benefit rural and urban populations.

WEAKNESSES

- Make in India campaign is at loggerheads with the Made-in-China (Made in China 2025 is a 10-year campaign to push the country beyond labour-intensive work into more sophisticated sectors, from robotics to aerospace) (29) ideal that has gained momentum over the past decade. China is a major rival to India when it comes to the outsourcing, manufacturing, and services business. India's ailing infrastructure scenario and defunct logistics facilities make it difficult for the country to achieve an elite status as a manufacturing hub.
- The bureaucratic approach of former governments, lack of robust transport networks, and widespread corruption makes it difficult for manufacturers to achieve timely and adequate production.
- The topmost of these criticisms is levelled against the incumbent government. It has been felt that the government does not walk its talk - labour reforms and policy reforms which are fundamental for the success of the Make-in-India campaign have not yet been implemented.
- The policies for the development of favourable business environment are very difficult to implement because of lack of political will.
- The procedures for the starting and operating the business are very cumbersome in Indian conditions and need extensive change in the same.

- The exit policies and procedure are not clear in certain sectors and this makes the investment very slow and risky.
- Sustainable growth and development**:** India requires growth rates of at least 7% to cater to the needs of its large, young and aspiring population. The country's growth rate is projected to 6.4% for 2015. Stronger economic reforms and greater investments and better resource management in multiple sectors and across the country are necessary to invigorate growth to required levels. Inclusion of all people from all economic and social backgrounds to attain their full potential is crucial for India's sustainable development. India's growth path should align with the Sustainable Development Goals (SDGs) for ending poverty and reducing inequality; ensuring food and water security; improving health, nutrition and sanitation; providing quality education; enabling gender equality and safety; making cities clean and green; addressing climate change; and promoting peaceful societies.
- Green growth: Green growth optimizes the potential of sustainable economic growth that is efficient, clean and resilient. It thereby enables reduction in pollution, greenhouse gas emissions and environmental degradation. Green growth enables energy security through efficient use of natural resources and reduces dependence on imported fossil fuels. It enhances climate resilience through considered environmental management, maintaining biodiversity, improving health prospects, minimizing waste and reduction in climate vulnerability to extreme weather hazards. It has the potential to offer India tremendous opportunity for sustainable development. Improvements could be made to energy efficiency in industry, transportation, infrastructure and assets. India has already been undertaking significant initiatives to limit expected increase in emissions and greater investment is essential to mitigate risks due to climate change and safeguard her people.
- The working age population is estimated to become over 64% in 2021 with the average age expected to be 29 years. India's middle class is expected to be 200 million by 2020. These demographic factors provide opportunities as well as challenges. Higher investment is crucial to educate skill and provide employment and entrepreneurial opportunities to keep pace and stay ahead of the growing demands and attain the potential of her people wealth. Improving the quality of education is essential. Major gaps exist in quality and availability of teachers, particularly in rural government schools.
- Enhancing employability and employment through enabling opportunities in multiple sectors (including India's expanding space programme) is essential to fulfill the aspirations of the country's youth. Technical and vocational training programmes; creating jobs; innovation and entrepreneurship opportunities have to be expanded for working age population.
- Land Reforms: Developing transparent land reforms for Centre and States are crucial for sustainable growth and development. The ordinance passed on 29th December to amend the Land Acquisition Act is a step forward and should reform and promptly secure approval from Parliament. The government should seek to develop feasible reforms that are fair and provide justice and equity to urban and rural landowners, together with meeting development objectives.

OPPORTUNITIES

- Automobiles: 100% FDI is allowed under the automatic route in the auto sector, subject to all the applicable regulations and laws. For Foreign equity investment up to 100% with no minimum investment criteria. Manufacturing and imports in this sector are exempt from licensing and approvals. The encouragement of R&D by offering rebates on R&D expenditure. With a growing and richer middle class, there is a strong demand for 2-wheelers and cars. In rural India, 2-wheelers ownership is set to grow. India's manufacturing hubs can supply to international demand. This includes electric vehicles.
- Automobile Components: Automatic approval for 100% foreign equity investment in auto components manufacturing facilities. Manufacturing and imports in this sector are exempt from licensing and approvals. Setting up a technology modernization fund focusing on small and medium enterprises. Establishment of automotive training institutes and auto design centers, special auto parks and virtual SEZs for auto components.
- Aviation: There is an increased adoption of air travel by the middle class. Fleets are going to be increased and upgraded. More airports across the country are planned. 100% FDI is permitted for Greenfield airport projects under the automatic route. Up to 74% FDI is permitted for existing airport projects under the automatic route, above 74% and up to 100% permitted under government approval route. Up to 49% FDI is permitted in domestic scheduled passenger airlines under the automatic route. 100% permitted for NRIs. Up to The Airports Authority of India is responsible for developing, financing, operating, and maintaining all public sector airports. New airports are permitted under the Greenfield Airport Policy 2008. Investment in airports is encouraged under the Public Private Partnership Policy of the Government of India. Regional Air Connectivity Policy offers attractive incentives in the form of exemption of landing, parking and navigation fees to airlines operating at designated airports in non-metro areas.
- Biotechnology: There exists a strong pool of scientists and engineers in India. The country has potential to get into genetically modified agricultural produce. India can be a destination for clinical trials, contract research and manufacturing. Foreign Direct Investment (FDI) up to 100% is permitted through the automatic route for Greenfield and through the government route for brownfield, for pharmaceuticals. The guidelines have been laid down to ensure that research with human stem cells is conducted in a responsible and ethical manner and complies with all regulatory requirements pertaining to biomedical research in general and of stem cell research in particular.
- Chemicals: India accounts for 16% of world dye production. India has immense growth potential in polymers and agro-chemicals. Growth drivers are the construction industry, agriculture and automotives. 100% FDI is allowed under the automatic route in the chemicals sector, subject to all the applicable regulations and laws. Certain products such as wax candles, laundry soaps, safety matches, fireworks and incense sticks fall under items reserved for the MSME sector in which FDI beyond 24% is permitted under the government route. Industrial licensing has been abolished for most sub-sectors except for certain hazardous chemicals. The government is continuously reducing the list of reserved chemical items for production in the small-scale sector, thereby facilitating greater investment in technology up gradation and modernization. Policies have been initiated to set up integrated Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR). PCPIR will be an investment region spread across 250 square kilometres for the manufacture of domestic and export-related products of petroleum, chemicals and petrochemicals.
- Construction: This accounts for 10% of India's GDP. Housing shortage in both urban and rural India points to an investment opportunity. Urban infrastructure requires additions and upgrades. Smart sustainable cities require use of latest technologies. 100% FDI through the automatic route is permitted in townships, housing, built-up infrastructure and construction-development projects (including, but not restricted to housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure). 100% FDI is allowed under the automatic route for urban infrastructure areas like urban transport, water supply, sewerage and sewage treatment subject to relevant rules and regulations. REITs and IITs (Real Estate Investment Trusts & Infrastructure Investment Trusts) will provide the necessary support to the sector in terms of required large scale investments.
- Defence Manufacturing: 60% of requirements are met by imports. Joint ventures can lead the way towards indigenization as well as global exports. Supply chain outsourcing can be done in India. Up to 49% investment is allowed under the government route, above 49% on a case-to-case basis on approval by the Cabinet Committee on Security, wherever it is likely to result in access to modern and state-of-the-art technology. The initial validity period of industrial licenses has been increased to three years from the present two years. Guidelines for the extension of validity of industrial licenses have been issued. Partial commencement of production is treated as commencement of production of all the items included in the license.
- Electrical Machinery: Growth and capacity generation in many sectors means a growing demand for electrical machinery. National Electricity Policy (NEP) is targeting 1000 kWh per capita capacity. Opportunities exist in R&D, production and testing. 100% FDI is allowed under the automatic route in the electrical machinery sector, subject to all applicable regulations and laws. The electrical machinery industry has been de-licensed. This has facilitated the entry of global majors into the electrical machinery industry in India. The customs duty on power generation equipment is 5% at present whereas transmission and distribution equipment attracts 7.5% customs duty.
- Electronic Systems: India has strong design and R&D capability. Government schemes such as National Knowledge Network and National Optical Fibre Network have created demand. Electronics Manufacturing Clusters (EMC) and semiconductor labs are being setup. Strong local demand and rising manufacturing costs in other countries make India an attractive place. 100% FDI is allowed under the automatic route in the Electronics Systems Design & Manufacturing sector and is subject to all applicable regulations and laws. In case of electronics items for defense, FDI up to 49% is allowed under the government approval route, whereas anything above 49% is allowed through the approval of the cabinet committee on security. The ultimate aim of the policy is to develop core competencies in strategic and core infrastructure sectors like telecommunications, automobile, avionics, industrial, medical, solar, information and broadcasting, railways, intelligent transport systems, etc.

- Food Processing: India has proximity to raw materials as well as markets. We have cost-effective skilled manpower. Consumers are moving towards packaged and processed foods. Supply chain infrastructure and food parks are to be setup. Food processing equipment needs investment. 100% FDI is permitted in the automatic route for most food products except for items reserved for micro and small enterprises. 100% FDI is permitted for alcoholic beverages, with the requirement of an industrial license. National Food Processing Policy aims to increase the level of food processing from 10% in 2010 to 25% in 2025. Food Processing is recognized as a priority sector in the new manufacturing policy of 2011. The basic objective of the National Mission on Food Processing is decentralization of the implementation of food processing related schemes for ensuring substantial participation of state and union territory governments.
- IT & BPM: Testing services are typically outsourced to India. Emerging verticals are retail, healthcare and utilities. Social, Mobility, Analytics and Cloud (SMAC) are key drivers for growth. Telecom and semiconductors are among the fastest growing areas for R&D and engineering. Up to 100% FDI is permitted under the automatic route in data processing, software development and computer consultancy services, software supply services, business and management consultancy services, market research services, technical testing and analysis services. National Policy on Information Technology 2012 aims to increase revenues of IT and BPM industry to USD 300 Billion by 2020 and expand exports to USD 200 Billion by 2020.
- Leather: This is a sector with huge domestic market and potential for export. India has the youngest and most productive workforce. There is opportunity in capacity modernization and skill development. 100% Foreign Direct Investment is permitted through the automatic route. The Integrated Development of Leather Sector (IDLS) sub-scheme implemented as part of the ILDP has significantly contributed to capacity modernization and technological up gradation of the leather sector. Capital goods (machinery) required by the industry can be imported without import duty under the Export Promotion Capital Goods (EPCG) Scheme of Foreign Trade Policy, subject to meeting the export obligation of six times the duty saved in six years. As a measure to boost manufacturing in the leather footwear segment, excise duty has been reduced from 12% to 6% for footwear costing between INR 500 and INR 1000.
- Media & Entertainment: There are opportunities in television, radio, films, print, music, gaming and animation. India is emerging as a teleport hub for the region. India can be destination for foreign production houses. FDI in Teleports, direct-to-home (DTH), cable networks, mobile TV, Head end-in-the-Sky Broadcasting Services are allowed up to 74% with FDI, up to 49% under the Automatic route. FDI beyond 49% (up to 74%) is permitted under the government route.FDI in cable networks is allowed up to 49% under the Automatic route.
- Mining: India produces 88 minerals and is set to become second largest steel producer by 2015. Power, automobile and construction sectors are likely to drive growth. Opportunities exist in iron and steel, coal, aluminium, base metals and precious metals. FDI up to 100% is allowed in exploration, mining, minerals processing and metallurgy under the automatic route for all non-fuel and non-atomic minerals including diamonds and precious stones. Mining and mineral separation of titanium-bearing minerals and ores, its value addition and integrated activities fall under the government route of foreign direct investment up to 100%.
- Oil & Gas: India is the 2nd largest refiner in Asia, with some refineries designed specifically for the export of petroleum products. Investment in refineries is an opportunity. Shale gas resources need to be recovered. Other opportunities exist in exploration, pipeline transportation and underground coal gasification. FDI upto 100% is permitted under automatic route in exploration activities of oil and natural gas fields, infrastructure related to the marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG re-gasification, market study and formulation and petroleum refining in the private sector.
- Pharmaceuticals: Lower cost and skilled workforce mean that India already accounts for 20% of global exports of generic drugs. Opportunity exists in contract research and manufacturing services. With product patents in place, patented drugs can be launched in India. 100% FDI is allowed under the automatic route for Greenfield projects. For brownfield project investments, up to 100% FDI is permitted under the government route.
- Ports: India has seen 40% increases in cargo handling capacity in the last 5 years. Ports are close to upcoming Special Economic Zones. Investment opportunities exist in port development, port services and ship maintenance. 100% FDI is allowed under the automatic route for projects related to the construction and maintenance of ports and harbours, subject to applicable regulations and laws. Plans to create port capacity of around 3200 MMT to handle the expected traffic of about 2500 MMT by 2020. Plans to implement full mechanization of cargo handling and movement at ports. The development of two major ports as well as two port hubs.
- Railways: Indian Railways is the world's largest passenger carrier and 4th largest freight carrier. Modernization of the sector includes high-speed trains, high-speed tracks, and electrification and suburban corridors. Better passenger facilities and redevelopment of railway stations call for Public Private Partnership (PPP) model. 100% FDI under automatic route is permitted for Construction, operation and maintenance of sub-urban corridor projects through PPP, High speed train projects, Dedicated freight lines, Rolling stock including train sets and locomotive/coaches manufacturing and maintenance facilities, Railway electrification, Signaling systems, Freight terminals, Passenger terminals, Infrastructure in industrial parks pertaining to railway line/siding including electrified railway lines and connectivity's to main railway line, Mass Rapid Transport Systems.
- Renewable Energy: There is potential for growth in solar photovoltaic industry and solar power plants. The need is now to reduce India's dependence on imported fossil fuels. Solar, wind, bio-power and small hydro are areas of investment. Foreign Direct Investment (FDI) up to 100% is permitted under the automatic route for renewable energy generation and distribution projects subject to provisions of The Electricity Act, 2003. These guidelines cover various fiscal and promotional policies for the development of wind energy, which accounts for 69% of installed capacity. The package of incentives (except wind) includes fiscal concessions such as 80% accelerated depreciation, concessional custom duty for specific critical components, excise duty exemption, income tax exemption on profits for power generation etc. in wind power projects.
- Roads & Highways: Highways and expressways need upgrades. PPP model has been proved and standardized. 100% FDI is allowed under the automatic route in the road and highways sector, subject to applicable laws and regulation. Road infrastructure is a key government priority. Standardised processes for PPP projects - a clear policy framework relating to bidding and tolling. A regulatory authority is being constituted for the road sector. Environmental clearance is de-linked from forest clearance.
- Space: India has proven its capability with cost-effective space programmes under the leadership of ISRO that has strong industrial ties. Co-operative agreements with other nations facilitate for technology transfer in many areas: remote sensing, launch services, satellite communications, telemetry and others. FDI up to 74% is allowed in satellites- establishment and operation, subject to the sectoral guidelines of the Department of Space/ISRO, under the government route.
- Textiles & Garments: India is an important producer of textiles, jute, cotton and silk. India's advantages are a skilled workforce, close access to raw materials, production capacity and lower cost. Investment is needed in value chain of synthetics, fabric processing equipment, retailing, and more. 100% FDI is allowed under the automatic route in the textile sector; investment is subject to all applicable regulations and laws. Support has been provided for modernization and up gradation by providing credit at reduced rates and capital subsidies. Scheme for Integrated Textile Parks provides world class infrastructure to new textile units. To date, 57 Textile Parks have been sanctioned with an investment of INR 60 Billion. By 2017, 25 more Textile Parks are to be sanctioned.
- Thermal Power: India's is world's 5th largest producer as well as consumer of electricity. Investment opportunities exist in generation, transmission, distribution, power trading and exchanges. 100% FDI is allowed under the automatic route in the power sector (except atomic energy), subject to all the applicable regulations and laws. FDI is permitted in Generation and transmission of electric energy produced in hydro-electric, coal, lignite, oil and gas-based thermal power plants; Non-conventional Energy Generation and Distribution; The distribution of electric energy to households, industrial, commercial and others; Power Trading. FDI in power exchanges up to 49% (26% FDI+23% FII/FPI) is under the automatic route.
- Tourism & Hospitality: India has a few niche tourism products -- cruises, adventure, medical, wellness, sports, eco-tourism, film, rural and religious tourism. Domestic tourism is on the rise. Training, infrastructure development, world-class hospitals, hotel management institutes are some areas for investment and growth. 100% FDI is allowed under the automatic route in tourism and hospitality, subject to applicable regulations and laws. 100% FDI allowed in tourism construction projects, including the development of hotels, resorts and recreational facilities. Guidelines for assistance to central agencies in tourism infrastructure development, scheme for assistance for large revenue generating projects, scheme for public-private partnership in infrastructure development, guidelines for approval of convention centres, motel projects, timeshare resorts, guesthouses, etc.

- Wellness: With a rich heritage, India is the 2nd largest exporter of Ayurveda, Yoga, Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) products. Manufacturing facilities for AYUSH are to be increased in number. Centres for therapeutic treatments and rejuvenation programmes are going to be in demand. 100% FDI is permitted in the AYUSH sector.

THREATS

- The biggest threat to 'make-in-India' is by 'Made-in-China' which is launched by Chine few days after the launch of 'Make-in-India'. Made-in-China 2025 is a 10-year campaign to push the country beyond labour-intensive work into more sophisticated sectors, from robotics to aerospace.
- India may be ripe to take China's place. Manufacturing's share of the economy typically starts surging when a country's average income in terms of purchasing power parity crosses $5,000 and will continue to soar until $10,000. India's per-capita income is at $5,850 and China's at $11,850, according to the World Bank estimates. Yet, challenges abound. India's notorious bureaucracy contributed to the country ranking 142 of 189, that's lower than Ethiopia and Sierra Leone, while China ranks 90th on the World Bank's latest Ease of Doing Business Index. And while it's still early days for the campaigns, history points to China being more successful at getting things done. (30)
- The Indian Government vision under the 'Make in India' campaign is to bring in FDI and business to India to develop the country into a world-class manufacturing hub. The government has promised a more flexible environment for businesses and investments, and has also dedicated a separate forum to address the needs of investors, but these should not only be promises but should deliver on ground.
- One of the biggest threats to 'Make in India' efforts comes from a key factor of production - labour. Labour disputes needled the private sector throughout 2014. The workers strike around wage disputes, equity shares at concessional rates, in coal sector strike was more about political muscle flexing from the unions who wanted to be consulted, in the private sector, many industrial relations disputes are about treatment of workers on the factory floor, "hygiene" factors - ensuring contract workers get safety training, personal protection equipment, canteen facilities and uniforms, internal complaints about the harassment of women employees, etc. Disciplining the workforce has become too challenging an effort for the industry, impacting India's manufacturing competitiveness. Clearly, both the government and industry need to do more. The industry has been slow to learn its lessons. (31)
- Tricky Diplomacy Challenge: India has an important position in Asia and in the world as a whole. But still the china in Asia is very strong as far as its market capability is concerned. At the heart of Asia's security dilemma is the fact that China is too powerful to contain but may be self-interested enough to be tamed. No one believes Beijing can be put in a place where it doesn't want to be. Everyone makes a lot of money from trading and investing with China. Many countries like Japan, Australia etc have aligned towards India in its make-in-India campaign but they cannot afford to lose china in the Diplomacy, hence this tricky Diplomacy challenge is very disturbing for the new Government. (32)

7. CONCLUSION

Seeking to make the country a global manufacturing hub, Prime Minister Narendra Modi launched the ambitious 'Make in India' campaign in the presence of global and domestic CEOs. The 'Make in India' campaign is aimed at making India a manufacturing hub, and the government is pulling out all the stops for ensuring a smooth sailing for investors, by setting up a dedicated cell to answer queries of business entities within 72 hours. It will also closely monitor all regulatory processes to make them simple and reduce the burden of compliance.

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. A business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.

India should also be ready to tackle elements that adversely affect competitiveness of manufacturing. To make the country a manufacturing hub the unfavourable factors must be removed. India should also be ready to give tax concessions to companies who come and set up unit in the country.

Although the Make-in-India is launched by great enthusiasm but there are big challenges in front of NDA at the centre. Certain challenges which need to be addressed are Goods and Services Tax (GST) rationalization, Central Bank Policies, Policy of Privatisation, curtailing Subsidies, Labour Reforms, Defence Sector, Insurance and Banking reforms, Power, Gas pricing etc.

8. QUESTIONS OF FUTURE DISCUSSION

- Can India achieve 'Make-in India'?
- Is 'Make-in-India' going be dream or reality?
- Is 'Make-in-India' inspired by the development model of China?
- Do Indians have to change the 'Mindset' to make 'Make-in-India' successful?
- Is 'Make-in-India' different from "Five-Year Plans"?
- Is FDI (first develop India) helps in reducing "brain drain"?
- What are the components of 'Make-in-India?
- Can we compare 'make-in-India' and 'made-in-China'?

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