

## MAKE IN INDIA AND EMPLOYMENT OPPORTUNITIES

Prof. Nupur Veshne

Gogte Institute of Technology  
Department of MBA Udyambag, Belgaum – 590008  
Email: naveshne@git.edu (M) : 09844440841

Prof. Vanishree Hundekar

Gogte Institute of Technology  
Department of MBA Udyambag, Belgaum – 590008  
Email: vrhundekar@git.edu (M): 0984492193

### Abstract

MAKE IN INDIA a major national initiative taken by Prime Minister Narendra Modi, which focuses on making India a global manufacturing hub. Key thrust of the programme would be on cutting down in delays in manufacturing projects clearance, develop adequate infrastructure and make it easier for companies to do business in India. The Objective is not just pulling the companies to the country by show casing the qualities which India has but also has lots of benefits to the Nation and also to citizens. One of the Major Benefits from Make in India: Is to Generating Employment. This paper focuses on identifying the impact of MAKE IN INDIA initiative on generating employment opportunities in the country. Further this paper also discusses hurdles faced by the entrepreneurs that hinder the growth of entrepreneurship in India and how MAKE IN INDIA initiative will help to resolve this problem. This will promote the budding entrepreneurs to take up entrepreneurship, attract more FDI's and also help existing entrepreneurs to expand and upgrade their business. From this paper it will be evident that MAKE IN INDIA will promote entrepreneurship which intern will generate employment opportunities in India.

\* Prof. Nupur Veshne, \*\* Prof. Vanishree Hundekar

Key Words: MAKE IN INDIA, Employment and Entrepreneurship.

### INTRODUCTION

#### MAKE IN INDIA :

India's new government launched 'Make in India' as an initiative to encourage companies to manufacture products locally. It is a program designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build the best-in-class manufacturing infrastructure.

#### Policy Framework :

Official website of 'Make in India' ([www.makeinindia.com](http://www.makeinindia.com)) suggests that it is 'a major new national program, designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best-in-class manufacturing infrastructure'. Further, the 'Make in India' programme represents an attitudinal shift in how India relates to investors: 'not as a permit-issuing authority, but as a true business partner'. The government has taken a number of measures to facilitate higher investments and setting up manufacturing bases across sectors by way of policy changes and reforms in administrative, regulatory and monitoring mechanisms.

Government of India has now consciously decided to allow 100% foreign direct investments in certain sectors such as telecom, single brand retail, medical devices, health and wellness, construction, operation and maintenance of specified activities of railways, and asset reconstruction. In several other sectors investment limits have been increase substantially. Number of sectors which require approval of the central government has also been reduced to twenty. The government has published specific policies, procedure and other relevant information on twenty-five priority sectors including automobiles, aviation, biotechnology, food processing, leather,

mining, oil and gas, ports, railways, space, thermal power, roads and highways, etc. The government of India seems committed to create a positive ecosystem (tax advantages, labor law reforms, for example) and provide holistic support across value chain in the process of promoting foreign direct investments and foreign institutional investments.

The government of India is however quiet on other critical issues which might impact investment decisions. For instance, there is hardly any action plan to check the menace of poor law and order scenario especially in remote locations where the factories with the assistance from foreign direct investments might be set-up. While, the government seems fairly serious about easing the entry of foreign investors, it lacks the necessary paraphernalia to enable the companies function without fear of local criminals and hassle from corrupt officials. Other issues which need greater attention of the government include uninterrupted power supply, road/rail connectivity, digital infrastructure, housing, healthcare, education and recreational facilities. The government is positive on the developing contours of the Make in India program as most government ministries have aligned their goals and targets to further this mission. Here are the focus points for Make in India, according to report by Barclay's, a British bank.

#### Here are pointers to note :

**1. Foreign direct investment :** The main goal for Make in India is foreign direct investment. It aims to boost local manufacturing, technology transfer and skill development across sectors. So far, the new government has eased requirements in the construction sector, permitted 100% FDI in railways, allowed 49% on approval and above 49% on case-by-case in the defence.

**2. Ease of doing business :** For the economic world, the government is making efforts to reduce complexities in terms of deregulation and de-license. The BJP government aims to achieve greater transparency, rule-based processes, timely dispute resolution, single-window and simple processes for the Make in India campaign. The management has eased regulatory environment vis ebusiness, industrial licensing and compliance requirements made less stringent and self-compliance driven in heavy industries and approvals are now process driven by the environment ministry. In the commerce sector, the ministry has reduced paper work for imports and exports.

**3. Quality and technology :** As a part of the Make in India mission, the government plans to create eco-system for indigenous technology development. In order to achieve this, the health industry has introduced schemes with outlay of Rs 9 billion for capital goods sector for product and technology development. In the defence sector, the government intends higher domestic procurement.

**4. Labor reforms :** Easier scale for hiring or laying off and lower compliance burden are the goals Make in India is trying to accomplish. Despite India's overlapping outdated labor laws, the government has performed an early stab at labor reforms with amendments to laws pertaining to apprenticeship, industrial closures, and labor compliance.

**5. Infrastructure :** The road ministry has generated higher funding and targets allocated to roads, railway, and ports. Apart from the 100 smart city project, industrial corridors are under construction. The government strives to build transport, power infrastructure, industrial corridors and export oriented infrastructure.

**6. Tax reforms :** As a part of the Make in India mission, the new government aims to reduce tax litigations and unplug the complexity in the tax code and create a national market. The Finance Ministry is in full swing by reducing custom duty on a number of inputs to domestic

industry like steel grade limestone, dolomite in financial 2015-16 union budget.

**7. SME support :** One of the Make in India program's objective is to make small and medium enterprises export-oriented by providing technology, credit and value chain support. Tax pass through for venture capital funds, proposes inclusion of lending to SMEs as priority sector lending, subsidy for installation of machinery, and 15 new technology centres are some measures the government has taken to make progress in this initiative.

**8. Skill development :** Skill development is one of the key objectives to achieve the Make in India mission. Skilled manpower for manufacturing and technology intensive industries are some of the goals the government wishes to attain. So far, the government has launched 'Skill India' program that envisages expansion of skill councils in partnership with India Inc and opened new higher education institutions.

### The Road Ahead

'Make in India' programme will succeed if we are able to take some corrective measures and a few progressive interventions. Some of the imperatives which need immediate attention of all the stakeholders include developing quality mind-set, expanding digital footprints, and developing skills and employability. In addition, issues of corruption, bureaucratic tangles impairing ease of doing business, unplanned urbanization, and lack of infrastructure in rural areas must be addressed simultaneously so that we can have a positive report card on 'Make in India' initiative.

### Employment Opportunities in India

India needs to create 1- 1.5 crore (10-15 million) jobs per year for the next decade to provide gainful employment to its young population. Accelerating entrepreneurship and business creation is crucial for such large-scale employment generation. Moreover, entrepreneurship tends to be innovation-driven and will also help generate solutions to India's myriad social problems including high-quality education, affordable health care, clean energy and waste management, and financial inclusion. Entrepreneurship-led economic growth is also more inclusive and typically does not involve exploitation of natural resources. Large Indian businesses – both in the public and private sector – have not generated significant employment in the past few decades and are unlikely to do so in the coming decade or two. Public sector and government employment has declined in the last few years, and is expected to grow very slowly in the coming years. Large private sector firms have also been slow in generating employment, which is unlikely to change due to increasing automation, digitization, and productivity gains. For example, the banking sector in India has recorded almost no employment growth in the last two decades despite multifold growth in its revenue and assets. Agriculture employs nearly a half of India's work force but employment is likely to decline in this sector, due to improvements in productivity. India is an entrepreneurial country, but its entrepreneurs have had to struggle to create and grow their business ventures. By 2020, India has the potential to build about 2,500 highly scalable businesses in the next 10 years – and given the probability of entrepreneurial success that means 10,000 start-ups will need to be spawned to get to 2,500 large-scale businesses.

Undoubtedly, entrepreneurship growth in India is slow as compared to other countries. Women's entrepreneurship is still slower and rather negligible. As far as development of entrepreneurship is concerned, the factors responsible for its slow growth are:

1. Incompetence and poor management.
2. Low level of commitment.
3. Restrictions imposed by custom and tradition.
4. Involvement of high risk.
5. Socio-cultural rigidities.
6. Lack of motivation.
7. Lack of infrastructural facilities.
8. Lack of communication network.
9. Absence of entrepreneurial aptitude.
10. Low status of businessmen.
11. Market imperfections.
12. Legal formalities involved to set up a unit.
13. Low quantity products.
14. Low package of salaries to employees.

### Impact of Make in India on Employment Opportunities in India

Increase in Investment will drive the Growth. The government's latest initiative has aroused positive sentiments in the minds of the industry professionals. Union government is investing in various sectors that have been targeted in the campaign. The increase in investment will give a kick to the employment potential that lies in the sector. Professionals are expecting pretty robust job growth in the manufacturing industry for a protracted period of time. Make in India Effect 2.75 Lakh New Jobs Created, 118% Increase in Employment [July-Dec 2014] During the same period in 2013, 1.26 lakh jobs were created. Analysts and observers of the Human Resource industry have stated that this exponential increase in job creation can be a strong indication that Make In India vision launched by the Modi Govt. is working; and it has brought in a positive change in the overall spectrum.

"There is certainly an upswing in the number of jobs created in the country. But that is largely because of improvement in sentiments and the huge optimism around the initiatives of the new government." (Rituparna Chakraborty, President of the Indian Staffing Federation)

### Labor Law Reforms will Boost Job Growth

There are certain labor laws (e.g. Section 10 of Labor regulations Act) that lay down unnecessary obligations on manufacturing sector while hiring contract workforce. With the reform in such laws, the sector will open up and hire labor with more freedom, hence creating more job opportunities.

### Domestic Companies Might Transmute into Global Brands

The other aspect that the government has focused is the ease of doing business. India ranks 142 out 189 countries if we talk about ease of setting up a business. Existing laws and complicated procedures hinder the growth of the manufacturing sector. The introduction of new policies under this campaign will speed up the land acquisition and the clearance processes. Special Economic zones and a cell that will address the issues of the business entities in 72 hours are planned to be created in different parts of the country. This will project India as a favorable manufacturing destination, opening up the way for more investment. This will promote human capital requirement and develop a host of employment opportunities.

### Growth & Employment in Other Sectors

Investment in the manufacturing sector will also act as an elevator for the development of other sectors. With the establishment of new companies in the infrastructure and energy sector, a lot many job opportunities are expected, even in the service sector.

The campaign surely has provided the kick that was needed for the growth of the manufacturing sector. A lot depends on the efficient implementation of the measures. The effect of these plans and schemes will be seen in the due course of time.

#### **Conclusion**

It is evident from this paper that MAKE IN INDIA initiative has the potential to positively contribute towards increasing entrepreneurship in India. Make in India campaign aims at making India a manufacturing hub. In India the micro, small and medium enterprises as we call today are one of the most predominant occupations since immemorial. The Make in India campaign definitely enables us optimistically to look at creating India into a manufacturing hub and the advantages being; capital inflow, employment generation, and better economy hence overall development, through this it might lead to economic growth. Make in India programme with its focus primarily on foreign investment and foreign capital to boost manufacturing industry will achieve its height if it is supplemented by the growth of unrecognized micro, small and medium enterprises which are labor intensive. Every country depends upon those sectors for employment generation at root level. Traditional knowledge works primary for the institution of any industry which further transform into large scale industry due to invention and innovation. Thus MSME works as the base of the large scale industry and in turn creates employment opportunities and Entrepreneurship opportunities.

#### **References:**

1. Economy Profile of India.pdf, Doing Business 2015, World Bank Group .
2. Goods and services tax: <http://gstindia.com/>
3. Make in India: Turning Vision into Reality, BCG The Boston Consulting Group, CII Confederation of Indian Industry, CII 13th Manufacturing Summit 2014.