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# CORPORATE GOVERNANCE AND COMPANY'S ACT, 2013: A COMPARATIVE STUDY

**Dr. Sabat Kumar Digal** *
**Mrs. Basuli Dasgupta** **

## ABSTRACT

*Corporate Governance is key to the long-term success of any organization. But, the realization of this seems to have not dawned yet on the corporate across strata and countries. Contrary to the various studies and its recommendations, corporate governance has mostly remained in the conceptual level and in the rule books. Companies adhering corporate governance are also far and few. It is not always correct to say that the companies shun good governance. Problem lies in lack of inclusivity and also ambiguity in the norms. Moreover, its evolving nature makes it difficult to adhere. This gives the companies enough scope to dilute the norms or use it to their advantage, compromising the interests of various stakeholders. Therefore, it is attempted to study the corporate governance practices among six selected companies in India and the gaps in its implementation of the Companies Act.*

**Key Words:** Corporate Governance, Company's Act, 2013, Board Composition, Woman Director, Remuneration Committee, Audit Committee

## PROLOGUE

Corporate Governance (CG) is a potent tool to address all the concerns of all the stakeholders. But, in a country like India, it is still in a nascent stage. It must find its way from the conceptual level to the Board rooms. It has to be implemented for proper functioning of the organization. So far, corporate governance has been mostly focusing on accountability, fairness, transparency, legal compliance and ethics and disclosure of relevant facts to the related parties. Each and every type of stakeholder has a right to know what is exactly going on inside the organization. Therefore, in the present context, experts recommend action based on these principles of corporate governance are expected to work better.

For many, corporate governance is highly ideal and practically just not possible to implement. Worldwide experience confirms that the Corporate Governance can be successfully implemented if there is sincere desire and commitment of the Board of Directors and well defined organizational structure, ensuring transparency in their functioning. As corporate governance is highly relative and qualitative in nature, it is quite impossible to interpret in a proper manner. Still new Companies Act, 2013 and revised listing agreement highlight few additional provisions with the belief for better implementation of corporate governance in practical environment.

* *Asst. Professor, P. G. Department of Commerce, Utkal University, Bhubaneswar, Odisha.*
* *Research Scholar, P. G. Department of Commerce, Utkal University, Bhubaneswar, Odisha.*

Unlike other acts and statutes, the Companies Act 2013 gives greater emphasis on corporate governance through the composition of board and board processes. Act suggests that every company should appoint one resident director and, for listed and specific classes of companies, appoint independent director and women director on its board. In this new context, nominee directors shall no longer be treated as independent directors. For the first time new act codifies the duties of directors that are aligned with SEBI guidelines. In this article, an attempt has been made to analyze the inter firm analysis of six top ranking companies in India in the context of important changes introduced by new Companies Act, 2013 with respect to management and administration, specifically board composition of the companies in the light of higher standard of transparency and accountability and seek to align corporate governance practices in India with global best practices.

## Literature Review

Considering the evolutionary and dichotomous nature of Corporate Governance, literature on in it is few and ever changing in nature. Though, there is near consensus on what CG is, as per the Companies Act, yet its meaning and perception varies from country to country and is subject to misleading interpretations. It's because, many times its meaning is overlapping, in many cases, it seems too narrow and, in other cases, it's broad enough to accommodate the wide spectrum of things.

**Rahnamay Roodposhti and Nabavi Chashmi** (June, 2011) in their study in Iran, felt that the role of corporate governance is to reduce the divergence of interests between shareholders' and managers. Their findings showed that the presence of stock holders could effectively monitor the management to avoid opportunistic behavior of the management including earnings management. In addition, they found that board independence was negatively related to earnings management. Because, investors can rely on the information revealed in the financial statements when there are more outside directors in the board.

The relationship between audit quality (measured by auditor size) and corporate governance mechanism (Audit Committee and Board of Director) impact on earnings management for IPO companies in countries like Malaysia. The audit quality proxy by auditor size does not have any significant relationship with earnings management for IPO companies. In addition, the independence of audit committee and total number of non-executive directors has positive relationship with earnings management. (Saleh, Ismail, 2012)

**Werner (**2009) proved that the effect of Good Governance practice can reduce earnings management practice done by a company. In his study, companies registered in manufacturing sector in Indonesia Stock Exchange, during the period 2005-2007, showed that only two variables had significant effect to Earning Management practice which was a CEO duality and controlling shareholder existence. Other independent variables such as independent commissioner and audit committee and also shareholder coalition outside the controlling shareholder didn't have any effect to earning management practice in the company. Further, it is seen that the control variables like coverage analyst and debt didn't have any effect either, to earning management practice existence.

In case of 20 Tunisian firms listed during the period 2000-2009, earnings management was found to be a function of Board Directors' size, presence of external directors within the board, the separation between the manager and role of the president of the board, the majority shareholder's capital percentage, managers' shareholdings, presence of financial institutions and appointment of the CEO by the state. It is seen that presence of external directors within the board, board size and presence of a CEO seems to have impact on earnings management whereas the other board characteristics have no impact (Chekili, 2012)

Analysis of various codes of corporate governance in different countries shows that each of the CG requirements was adopted, in one way or another, to the national policy. Efficient corporate governance can be achieved through the transposition of the transparency principle and the publication of the accounting information of the entities. Many are also of the view that one can develop efficient corporate governance only if all OECD principles in this regard are observed. Amidst this background, various researchers have focused mainly on the manner in which the principle of transparency must be put into practice in order to ensure efficient corporate governance (Timea, 2011).

### Problem Statement

Past studies show that corporate governance can influence corporate performance of companies operating in different sectors. Keeping this mind, new Companies Act 2013 is introduced along with revised listing agreements to lay more emphasis on corporate governance. Perusal of literature, reading of the relevant provisions of new act and revised listing agreements, leads to only one question in mind that the implementation of CG in both letter and spirit is the only solution to achieving highest level of Governance and long-term sustainability of the companies. Considering its discreet nature, it is very difficult to quantify as to what exactly is CG and what is the quantum of CG activity among the companies?

Researchers across the globe had already proved it in their research work that corporate governance is kind of a platform which makes the organization accountable and transparent to reflect the true and fair view related to entire activities towards their different stakeholders, so that they can get a clear picture about the organization. But after the introduction of new act, many new aspects have been added which makes corporate governance more stringent. It is now more complicated to follow by all types of companies. For easy and simple clarification, we have chosen six top ranking companies in different fields in India. Therefore, present study is trying to find out how these six companies are following all the relevant provisions of new act in their environment to put proper CG in place?

### Research Objectives

In view of the research gap, present paper tries to study:

1. The provisions of Companies Act, 2013;
2. Top Six Indian Companies (as per market capitalization) compliance with regard to the provisions of Companies Act, 2013; and
3. The gaps in Companies Act and suggest measures.

### Research Methodology

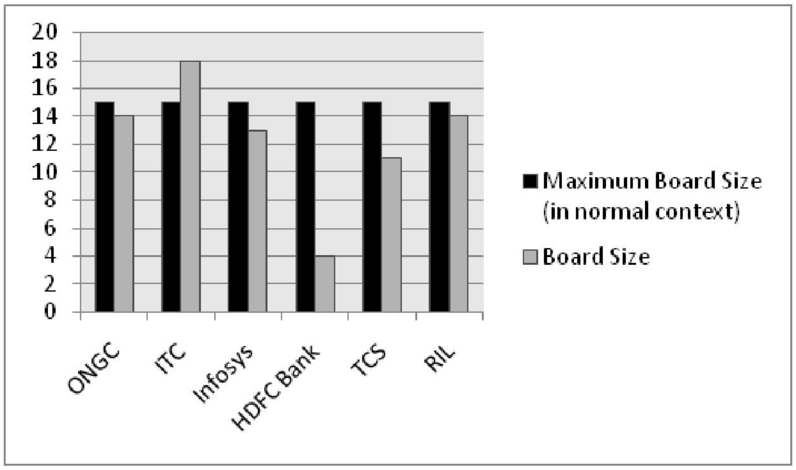
On the basis of the set objectives, six top ranked companies of 2013-14, on the basis of market capitalization, have been selected for the study. Those companies are ONGC, ITC, Infosys, HDFC Bank, TCS and RIL. Six companies representing five different areas have been chosen to have an idea about the ramifications and impact of the Companies Act, 2013 on these companies. The data for the study is mainly is secondary in nature which is collected from the SEBI websites and individual company websites. Collected data have been tabulated and relevant averages and percentages are calculated to gauge the compliance of Companies operating in different sectors. The data pertains to the year 2013-14 to see that how seriously the Act is taken and viewed by the Companies.

### Analysis and Discussion with regard the Changes Incorporated in Companies Act, 2013

### 1. Board Composition

**(a) No of Directors:** New companies act introduced significant changes regarding composition of the Board. Previous act allowed to set maximum number of Directors as per its own articles of association of the company. If it crossed the limit of 12, company had to take the government's prior approval. New act states that company can set maximum number of directors up to 15 by authorizing such increase through a special resolution. There is no need for taking central government's approval. This new step actually gives greater flexibility to the company. In case of one Person Company, minimum one director is permissible by the new act.

**Figure 1 Board Size of the Companies**




**Source:** *Compiled from various sources*

From the above figure 1, it is clear all the companies except HDFC bank are enjoying greater flexibilities by appointing more no of directors in their board.

**(b) Classes of Directors**

**(i) Resident Director:** Companies Act, 2013 introduces the requirement of appointing a resident director i.e., a person being a director should have stayed in India for a total period of not less than 182 days in the previous calendar year. The intension behind this step is better involvement of directors in company affairs which indirectly helps to maintain greater accountability. The studied companies are silent in this context.

**(ii) Independent Director:** As per listing agreement, only listed companies were required to appoint independent directors. If the chairperson of the board is non-executive director, number of independent directors in the board should be one third of the board size. If the chairperson of the board is executive director, number of independent directors in the board should be one half of the board size.

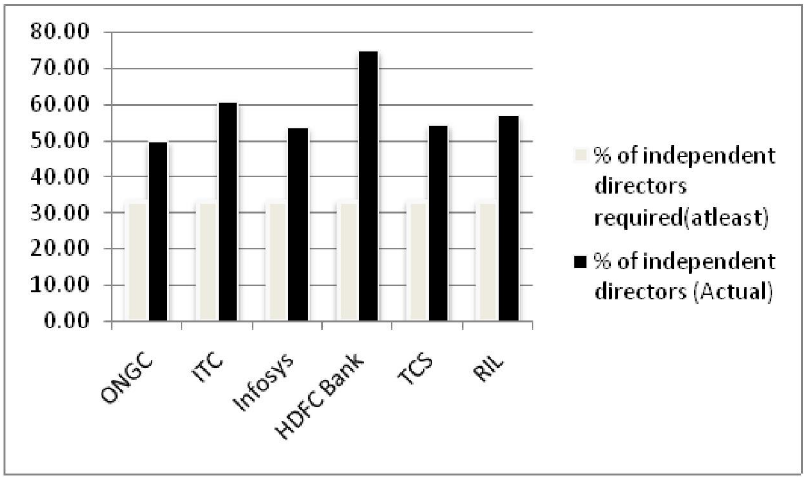
However, under new act, 2013 the public listed companies are required to have at least one third and certain specified companies, which have paid-up share capital of hundred million or turnover of one billion or aggregate outstanding loans, debentures and deposits exceeding five hundred million, are required to have at least two independent directors.

For the appointment of the directors, new act prescribes some important qualifications which includes that the person should be of integrity, must have relevant expertise and experience and should have had no direct or indirect pecuniary relationship with the company or its related parties which ensures greater independence of the independent directors. The term integrity, expertise and experience are quite relative and are prone to multiple interpretations resulting in confusion for the company because new act is totally silent regarding its quality criteria.

Scope of duties of independent directors was neither prescribed in the listing agreement nor in the previous company act, 1956. But, new act guides the independent directors regarding professional conduct which crystallizes the role of independent directors by prescribing facilitative roles such as offering independent judgment on issues of strategy, performance and key appointments and taking an objective view on performance evaluation of the board. It will help to enhance the effective functioning of the company.

It is also proposed in the new act to empower independent directors with a view to increase accountability and transparency. They are only liable for acts or omission or commission by a company that occurred with their knowledge and attributable through board processes.

**Figure 2 Proportions of Independent Directors**

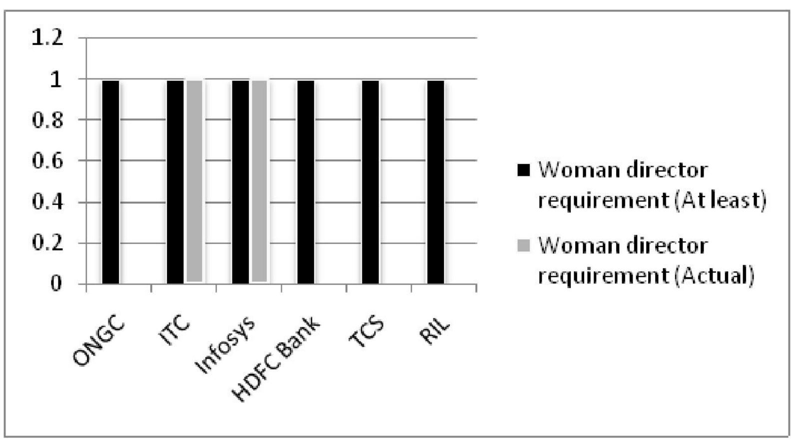



**Source:** *Compiled from various sources*

Contrary to popular belief all the companies maintained the required percentage of independent directors in their board (Figure 2).

**(iii) Woman Director:** Listed companies and certain other specified companies shall be required to appoint at least one woman on its board within six months from its incorporation just to bring diversity in the board for better functioning.

**Figure 3 Women Directors in the Board**




**Source:** *Compiled from various sources*

From the figure 3, it is very clear that only two companies maintained this provision for better functioning. SEBI stricture of 31st March, 2015 has not really been followed. Therefore, this parameter needs to be improved for the sake of the company.

**(c) Duties of Directors:** Though previous act is silent regarding duties of independent directors, the new act clearly sets out some duties which independent directors should follow to bring about greater standards of corporate governance such as:

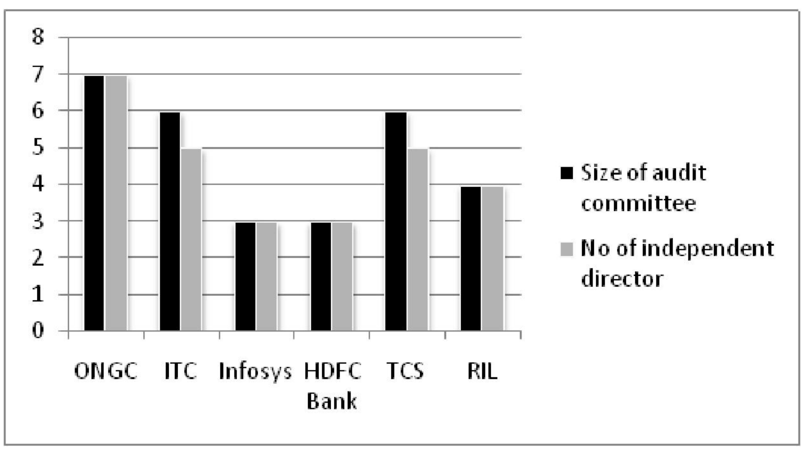
- to act in accordance with company's articles;
- to act in good faith to promote the objectives of the company for the best interest of company; and
- to exercise duties with reasonable care, skill and diligence with fair judgment.

Further, the Directors should not be permitted to involve in a situation which may contradict the interest of the company and they are not allowed to achieve any direct or indirect undue gain.

**2. Committees of the Board**

**(a) Audit Committee:** Under Companies Act 1956, public company with a paid-up capital in excess of fifty million was required to set an audit committee which comprises of at least three directors. At least one third had to be comprised of directors other than managing directors or whole time directors whereas new act suggests that every listed company and certain other public companies should constitute an audit committee consisting of minimum three directors forming the of majority of independent directors where chairman of the committee is able to read and understand financial statements with the task of providing recommendation for appointment and remuneration of auditors, review of independence of auditors, providing approval of related party transactions and scrutiny over other financial mechanisms of the company.

**Figure 4 Independent Directors & Audit Committees**

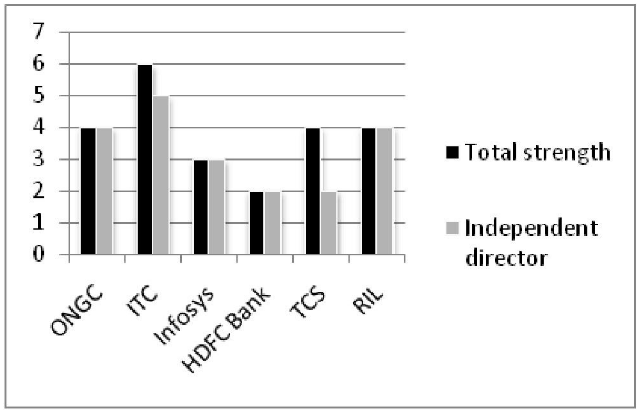



**Source:** *Compiled from various sources*

Every company complied with the relevant provision related to minimum no of independent directors in the audit committee so that they can better understand and scrutinize financial position of the respected company and guide their board properly (Figure 4).

**(b) Nomination and Remuneration Committee:** Here, the old act is totally silent on the nomination and remuneration committees. Only SEBI guidelines suggested to constitute a remuneration committee. But the new act, 2013 says every listed company should form a remuneration committee comprising at least three non executive directors out of which at least ½ should be independent directors. The role of this committee is to identify the qualified persons to become a director for the company and provide recommendation to the board regarding their appointment and removal as well as carry out their performance evaluation.

**Figure 5 Independent Directors & Remuneration Committee**

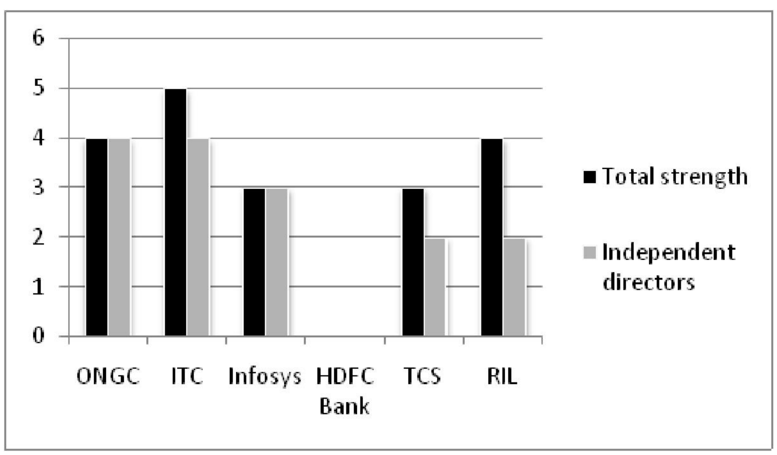



**Source:** *Compiled from various sources*

Figure 5 shows that all the companies maintained the provision related to this committee.

**(c) Stakeholder Relationship Committee:** Earlier, only listing agreement of SEBI guidelines suggested to maintain this committee to examine complaints and issues of shareholders. Now new act also says that every company having more than 100 shareholders, debenture holders, deposit holders and any other security holders at any time during the financial year should form the same committee to resolve the grievances of different stakeholders of the company.

**Figure 6 Stakeholder Relationship Committee**

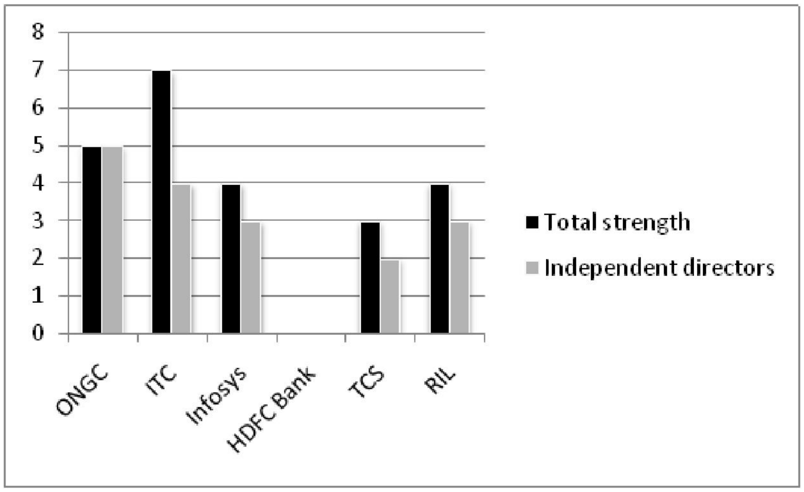



**Source:** *Compiled from various sources*

Except HDFC Bank all other firms maintain this committee for better relationship with their stakeholders (Figure 6). Therefore, it is always advisable to form this committee for better brand image.

**(d) Corporate Social Responsibility Committee:** Each company is a part of the society. So, it is duty of the company to return back something to the society. New act welcomes this approach by forming a committee with the task of interaction with different related stakeholders of the company which indirectly helps to increase greater transparency and accountability of the board as well as company.

**Figure 7 CSR Committee**




**Source:** *Compiled from various sources*

All the companies, except HDFC have a committee to look after CSR activities of the company. Therefore, it is suggested that HDFC bank forms this committee at the earliest to increase greater transparency and accountability of the board as well as contribute towards the society.

**3. Board Meeting and Processes:** Companies act 2013 recommends few changes in procedure of at board meeting:

(a) First board meeting should be held within 30 days of its incorporation

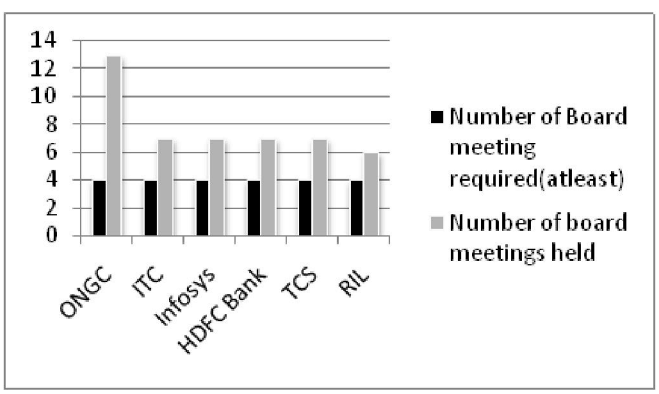
(b) Notice of minimum 7 days should be given for each board meeting either through physical mode or via electronic means.

(c) For urgent business company may give short notice and at least one independent director should attend the meeting.

(d) Participation through audio visual means is permissible for counting quorum as well as valid meeting

(e) At least four meetings should be held in each year with a gap of not more than 120 days between two consecutive meetings.

**Figure 8 No. of Board Meetings**




**Source:** *Compiled from various sources*

So far as meetings are concerned, all the companies had more meetings than required, which indicates that the companies have realized the importance of having more number of meetings to resolve the issues for the benefit of the Company and stakeholders. Public sector behemoth, ONGC has the highest nos. of meetings as compared to other companies who had almost same nos. of meetings. Therefore, ONGC should be emulated by their peers.

## Conclusion

It is cliché to say that the good governance is not only the buzz word but also a new norm for all the companies. In the age of cut throat competition and faster information communication and dissemination of knowledge, all the companies should not only follow the mandatory guidelines but also take more steps proactively and set examples for others to follow. The studied companies, being the market leaders, must not only follow rather create new benchmarks for others to emulate. They are the market leaders and must ensure higher levels of corporate governance and become the trend setters. All the companies must also communicate the result of their initiatives and remedial measures, if any to all the stakeholders. This will create an atmosphere of trust and will benefit both the company and stakeholders. Mere appointment of Independent Directors or setting up of committees, without proper implementation in both letter and spirit, may not help the cause of the society. Rather, this will defeat its very spirit and objective. Further, the Independent Directors must be in requisite nos. and be adequately empowered to not be bulldozed by others decisions.

Women who constitute about more than half of the population must get their due in the board rooms also. Mere appointment of women will not suffice. Rather, their induction should be with an intent to heed their concerns and take actions proactively. Given the rapidly changing environment and requirements of the stakeholders, there is a need for continuous improvement in the Corporate Governance mechanism to better corporate performance. And the study shows that all the companies are following the relevant provisions of the new Companies Act, 2013 for better corporate governance. This, in days to come, is sure to build confidence of the stakeholders on the company and create an atmosphere of mutual trust benefitting both the stakeholders and the company. Further, good initiatives by global companies should also be adhered to. And, there must be a sense of competition amongst these companies to outdo each other in terms of better governance practices.

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# MAKE IN INDIA : GROWTH OPPORTUNITIES FOR MSME

**Dr. Durga Madhab Mahapatra** *
**Dr. Soumendra Patra** **
**Prof. (Dr.) Ashok Kumar Mohanty** ***

## ABSTRACT

*The "Make in India" initiative was launched in 2014-15 to promote India as a global manufacturing hub. The success of this scheme would require broad-based policy actions in enhancing human capital, access to inputs and finance and better connectivity. The MSME sector is the second largest employer with 36 million units after agriculture. The sector provides employments to over 80 million people with 6,000 products are manufactured and 40% are exports from the country. MSMEs convert their multiple challenges into opportunities and continue to excel and contribute to the Indian economy. The initiative of Make in India has kick started the Indian industrial climate is becoming gradually visible. The MSME sector in India contributes 8% of the country's GDP, 45% of the manufactured output and 40% of its experts. The sector provides employment to about 60 million persons through 26 million enterprises. The MSMEs of India would be the cradle for the "Make in India" vision of the present Government with an objective of growth with equity and inclusion. There is need to improve the institutional structures at the field level and to evolve better co-ordination among the various organization. There is a need to facilitate startups and evolve a time-bound exit mechanism. The PSBs have been advised to open at least one specialized branch in each district. As per the Prime Minister's Task Force Report on MSMEs (2010) the banks shall have to achieve 20% year on year growth in credit to Micro and Small Enterprises (MSEs), 10% annual growth in the number of micro enterprise accounts and also have to allocate 60% of the MSE advances to the micro enterprises. The Ministry of MSME has been implementing a credit-linked subsidy scheme named "Prime Ministers" Employment Generation Programme (PMEGP) through banks with Khadi and Village Industry Commission (KVIC) as nodal agency at national level. Thus, the ministry realized subsidy of Rs 1,010 crore in 2011-12, Rs 1228 crore in 2012-13 and Rs 988.36 Crore during 2013-14 has been allocated under PMEG.*

**Keywords:** Micro and Small Enterprises (MSEs), Make in India, Employment, Growth and Reforms

## INTRODUCTION

Micro, small and medium enterprises(MSME) sector plays a pivotal role in generating employment, increasing cross-border trade and fostering the sprit of entrepreneurship. Recognizing the important role played by MSMEs in economic development and its sizable contribution to employment and GDP, and realizing that financial access is critical

* *Lecturer and Head in Commerce MPC Autonomous College, Mayurbhanj, Odisha,*
** *Sr. Asst. Professor (QT & Decision Science) School of Management Studies, Ravenshaw University, Cuttack*
*** *Professor and Head, Dept. of Commerce, Berhampur University, Odisha*

for MSMEs growth and development. The government of India also set up an Inter-Ministerial committee to boost experts from the MSME sector chairman Sri R. S. Gujral, Finance Secretary. The Committee has submitted its report which is being examined by the Government. Further, The Prime Minister's task force on January 2010 recommended to set up a dedicated stock exchange platform for SMEs.

Moreover, India's ranking in the Global Innovation Index (2016) has climbed 15 sports to 66 among 128 countries. The top three in quality innovation of high incomes countries (i) Japan (ii) USA (iii) UK; further the middle income countries i.e. (i) China (ii) India and (iii) Brazil etc. Table-01 stated the global competitiveness Index, global Innovation Index and ease of doing business ranking of India. A technology policy that incentivizes genuine Rs D is required. Further, The Make in India concept stated that (a) Ease of entry and exit of firms, (b) A vibrant financial sector that allocates capital to new profit potential, (c) A culture of entrepreneurship and requirement of political empowerment of the common man.

Small and medium enterprises (SMEs) account for over 95% of establishments and over 80% of jobs in the manufacturing sector in India. Based on the Hon'ble Prime Minister's suggestion in his 'Mann Ki Baat', on 3.10.2014, to simplify forms to enable ease of registration of MSME's, Ministryof MSME has notified a simple one-page registration Form 'Udyog Aadhaar Memorandum' (UAM) on 18th September, 2015 in the Gazette of India Vide Notification Number S.O 2576 (E). The simplified one page registration form "Udyog Aadhaar" was made after consultations with the states and stakeholders, on the basis of recommendations made by the Kamath Committee on Financial Architecture and observations/approvals by Department Related Parliamentary Standing Committee, National Board for MSME and Advisory Committee for MSMEetc. The salient features of the UAM are:(a) The one page simplified registration Form would constitute a self declaration format under which the MSME will self certify its existence, bank account details, promoter/ owner Aadhaar details, other minimum basic information required, etc. (b) There shall be no fee for filing the UAM. (c) Udyog Aadhaar Acknowledgement shall be generated and mailed to the email address provided in the UAM which shall contain unique Udyog Aadhaar Number. (d) No supporting document is required to be uploaded or submitted while filing the UAM.

**Table 01: Stated the Global Competitiveness Index, Global Innovation Index and Ease of doing business ranking of India**

| **Global Competitiveness Index** | | | **Global Innovation Index** | | | **Ease of Doing Business** | | |
|---|---|---|---|---|---|---|---|---|
| **Year** | **2015-16** | **2016-17** | **Year** | **2015** | **2016** | **Year** | **2014-15** | **2015-16** |
| *Overall Ranking* | 55 | 39 | *Overall Ranking* | 81 | 66 | *Overall Ranking* | 131 | 130 |
| No. of Procedures to start a business | 129 | 132 | Ease of starting a business | 125 | 114 | Starting a Business | 155 | 155 |
| Quality of electricity supply | 98 | 88 | Electricity output, kWh/cap | 94 | 91 | Getting Electricity | 70 | 26 |
| Ease of access to loans | 29 | 39 | Ease of getting credit | 34 | 39 | Getting Credit | 42 | 44 |

| Global Competitiveness Index | | | Global Innovation Index | | | Ease of Doing Business | | |
|---|---|---|---|---|---|---|---|---|
| **Year** | **2015-16** | **2016-17** | **Year** | **2015** | **2016** | **Year** | **2014-15** | **2015-16** |
| Protection of Minority shareholder's interests | 69 | 37 | Ease of protecting minority investors | 7 | 8 | Protecting Minority Investors | 8 | 13 |
| Efficiency of legal frame work in settling disputes | 42 | 32 | Ease of resolving insolvency | 118 | 110 | Resolving Insolvency | 136 | 136 |
| ***Average*** | ***70.33*** | ***61.17*** | | ***76.50*** | ***71.33*** | | ***90.33*** | ***84.00*** |
| ***SD*** | ***37.30*** | ***40.39*** | | ***46.98*** | ***41.92*** | | ***59.08*** | ***63.03*** |

The above table: 01 describes the Global Competitiveness Index, Global Innovation Index and Ease of doing business ranking of India for the year 2015-16 and 2016 – 17. With respect to Global Innovation Index (GII) of the year 2015 and 2016. the average value is coming maximum for the year 2015 -16 then 2016 -17. And in standard deviation (SD), it is also low in 2015 then 2016 respectively. This reveals that there is a consistency in global competitive index in 2015 then 2016. In global innovation index (GII), the average is coming highest in 2015 then 2016, but SD is coming highest in 2015 then 2016. So there is a consistency in GII in year 2016. In Ease of Doing Business, the average value is coming highest in 2014-15 then 2015-16. Also the SD is coming highest in 2015-16 then 2014-15. In overall rank, global competitiveness index is coming highest rank then global innovation index and ease of doing business.

**Table 02: Stated the SME Equity Markets in select Asian Countries**

| Country | Exchange | No of Companies | Mcap ($m) |
|---|---|---|---|
| China | SME Board (SZSE) | 732 | 834,417 |
| | Chi Next (SZSE) | 406 | 357,101 |
| South Korea | Kosdaq (KRX) | 1,061 | 1,30,163 |
| | Konex (KRX) | 71 | 1,296 |
| | Free Band (Kofia) | 117 | 11,563 |
| India | SME Platform (BSE)<br>EMERGE (NSE) | 82<br>6 | 1,432<br>68 |
| Malaysia | ACE (Bursa Malaysia) | 107 | 2,765 |
| Philippines | SME Board (PSE) | 4 | 773 |
| Thailand | Mai (SET) | 109 | 11,907 |
| Vietnam | UPCOM (HNX) | 169 | 1,749 |

***(Source:*** **ADB, ET, 4th Sept 2015)**

The economic expansion in Asia has created a base of growth-oriented Small and Medium Enterprises (SMEs). The South Korea's Kosdoq market is the oldest and India's SME markets were setup just three years ago. Thus, the table 02 stated the SME Equity Markets in select Asian Countries. MSME sector have several challenges like (a)Lack of financial resources;(b)Lack of marketing support like unique selling point not developed;(c)Lack of skilled manpower;(d)Technology up-gradation and Poor government assistance etc.

**Table 3: Stated the Credit flow to MSME Sector**

(No. of A/c in lakh)(Amount in Crore)

| Year | Micro | | Small | | Medium | | MSME | |
|---|---|---|---|---|---|---|---|---|
| Last Friday of | No. of | Amount A/c | No. of | Amount A/c | No. of | Amount A/c | No. of | Amount A/c |
| March 2012 | 83.42 (8.11) | 217773 (8.57) | 15.16 (-0.75) | 309912 (6.68) | 0.93 | 153621 | 99.51 | 681306 |
| March 2013 | 93.81 (12.46) | 281258 (29.15) | 18.05 (2.93) | 405951 ( 18.2) | 1.19 | 181815 (18.35) | 113.05 (0.01) | 869024 (20.88) |
| March 2014 | 106.67 (13.71) | 354813 (26.15) | 18.93 (0.79) | 496279 (13.14) | 0.84 | 188838 (3.86) | 126.44 (0.01) | 1039930 (14.86) |
| March 2015 | 120.15 (12.64) | 428501 (20.77) | 18.11 (-0.65) | 537977 (4.9) | 0.93 | 229595 (21.58) | 139.19 (0.02) | 1196073 (11.20) |

(***Source:*** RBI, Min of MSME, Note: Figs. In brackets indicate Y-o-Y % growth/decline)

The above table:03 represents the stated credit flow to MSME sector. The table reveals that the credit flow is coming highest in 2014 for micro enterprises, for small enterprises it is coming highest in 2013, for medium enterprises it is coming highest in 2015 and for MSME it is coming highest in 2013.

**Table 4: Outstanding Bank Credit to Micro and Small Enterprises (Amount in Crore)**

| Year | Public Sector Banks | Private Sector Banks | Foreign Banks | All Scheduled Commercial Banks |
|---|---|---|---|---|
| 2005 | 67,800 | 8,592 | 6,907 | 83,498 |
| 2006 | 82,434 | 10,421 | 8,430 | 1,01,285 |
| 2007 | 1,02,550 | 13,136 | 11,637 | 1,27,323 |
| 2008 | 1,51,137 | 46,912 | 15,489 | 2,13,538 |
| 2009 | 1,91,408 | 46,656 | 18,063 | 2,56,127 |
| 2010 | 2,78,398 | 64,534 | 21,069 | 3,64,001 |
| 2011 | 3,76,625 | 87,857 | 21,535 | 4,86,017 |
| 2012 | 3,96,343 | 1,10,514 | 21,760 | 5,28,617 |
| 2013 | 5,02,459 | 1,54,732 | 30,020 | 6,87,211 |
| 2014 | 6,20,139 | 2,00,840 | 29,491 | 8,50,469 |
| 2015(Provisional) | 7,01,571 | 2,32,171 | 30,837 | 9,64,578 |

***Source:*** Reserve Bank of India

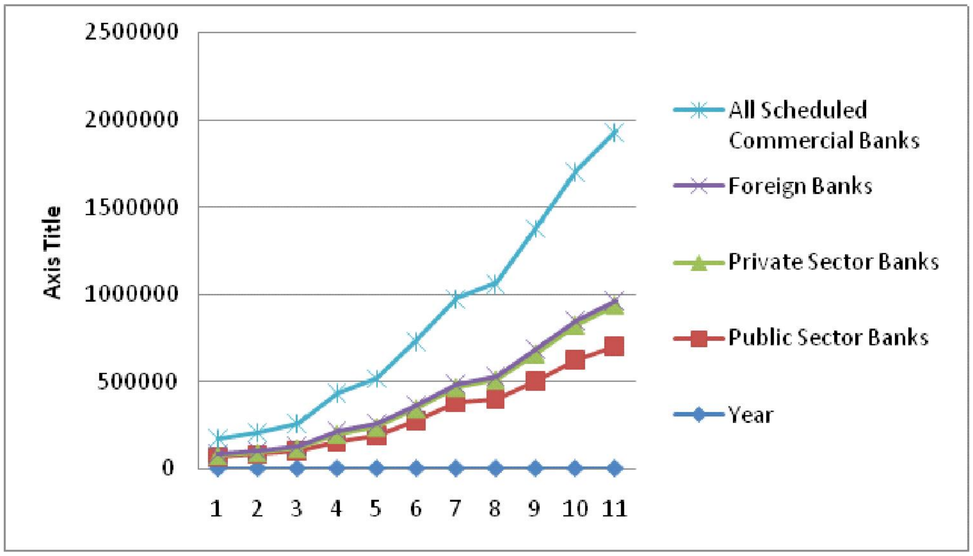


**Fig.1: Outstanding Bank Credit to Micro and Small Enterprises**

The above table:04 represents the outstanding Bank Credit to Micro and Small Enterprises. The results reveals that, private sector banks outstanding bank credit is higher than public sector banks. The trend of foreign banks are align with trend of private sector banks.

## Promotion of Make in India and Role of SIDBI for Promoting MSME Sector

Banks play an important role in the MSME sector. The venture capital fund is being set up in collaboration with Small Industries Development Bank of India (SIDBI). SIDBI recently launched a number of new initiatives.

1. A Rs 1000 crore "SIDBI Make in India Fund" for adequate credit to select MSME sectors at competitive interest rates.
2. SIDBI Make in India soft loan fund for Micro, Small & Medium Enterprises (SMILE) for soft loan and term loans to competitive rates to MSMEs.
3. SIDBI MOU with Snapdeal for financial support to its MSME vendors.
4. SIDBI setting up Micro Units Development & Refinance Agency ltd. (MUDRA) to found the unfunded micro units.

SIDBI (Small Industries Development Bank of India) new initiatives with regards to MSME sector such as

**(a) SIDBI make in India Loan for Enterprises (SMILE) Scheme**

SIDBI has introduced a new scheme SMILE with a Corpus of Rs 10,000 crore to make available soft loan.

**(b) India Aspiration Fund (IAF)**

India Aspiration Fund (IAF) launched with a Corpus of Rs 2,000 crore has been formulated to give boost to the start-up venture capital ecosystem in the country and also strengthen the domestic venture capital industry.

**(c) Make in India Fund**

SIDBI has launched "SIDBI make in India" fund with a Corpus of Rs 1,000 crore to make MSME as world class manufacturing point.

**(d) SIDBI @ E-Commerce**

SIDBI signed an MOU with Snapdeal to address the problem of lack of required financial assistance and will help in scaling up online business.

**Table 5: NPAs in MSEs in Scheduled Commercial Banks**

(Amount in Crore)

| Year ended March | Total MSE | Micro Enter prises | Gross NPA in SCBs | NPA as % of loan assets | NPA in MSE | % of NPA in MSE to total NPAs of SCBs | % of NPA in MSE to total MSE O/s. | NPA in Imcro Enter prises | % Enter prises to total MSME O/s. |
|---|---|---|---|---|---|---|---|---|---|
| **2009** | 257361 | 99431.98 | 683280 | 2.45 | 13944.59 | 2.04 | 5.42 | 8035.76 | 3.12 |
| **2010** | 364001 | 149545.8 | 846980 | 2.51 | 20067.09 | 2.37 | 5.51 | 11885.34 | 3.27 |
| **2011** | 485942 | 200528.9 | 979000 | 2.36 | 21258.54 | 2.17 | 4.37 | 12686.96 | 2.61 |
| **2012** | 528616 | 217773 | 1429030 | 2.94 | 26312.99 | 1.84 | 4.98 | 13078.82 | 2.47 |
| **2013** | 687208 | 281258.3 | 1940740 | 3.42 | 31477.96 | 1.62 | 4.58 | 16825.95 | 2.45 |
| **2014** | 851092 | 354813.2 | 2641950 | 4.1 | 42428.79 | 1.61 | 4.99 | 19583.01 | 2.3 |
| **2015** | 966478 | 428501.3 | NA | 4.45 | 60749.27 | NA | 6.29 | 26784.74 | 2.77 |

**(*Source:* RBI)**

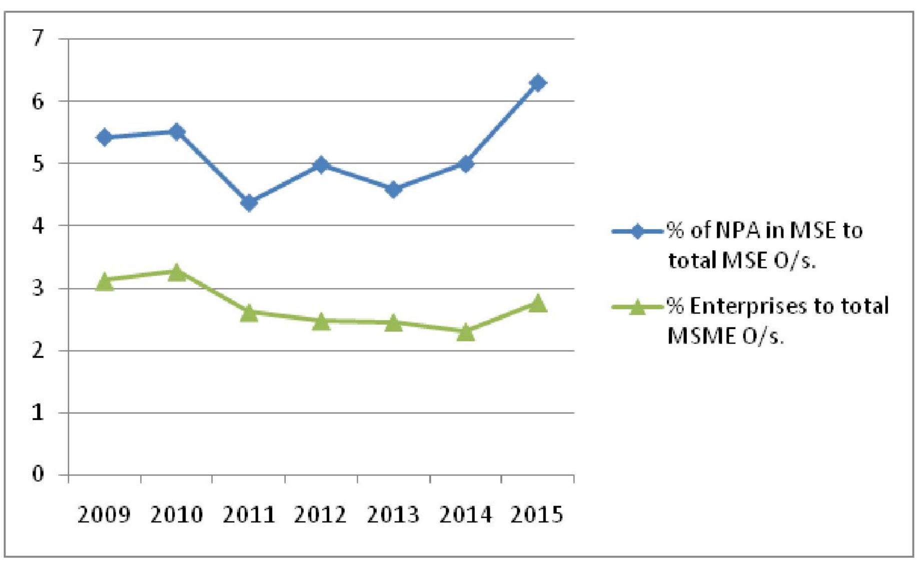


**Fig.2: NPAs in MSEs in Scheduled Commercial Banks**

Non-Performing Assets and exit policy have been raised from time to time in different quarters. Keeping in view these issues in the table:05 stated that , the Ministry of Micro, Small & Medium Enterprises has notified a Framework for Revival and Rehabilitation of MSMEs such as (a)Identification of incipient stress, (b)Committees for is stressed Micro, Small and Medium Enterprises,(c)Corrective Action Plan (CAP) by the Committee, (d)Options under Corrective Action Plan (CAP),(e) Restructuring Process,(f)Prudential Norms on Asset Classification and Provisioning, (g) Wilful Defaulters and Non-Cooperative Borrowers(h)Review: In case the Committee decides that recovery action is to be initiated against an enterprise, such enterprise may request for a review of the decision by the Committee within a period of fifteen working days from the date of receipt of the decision of the Committee.

1. Make in India as an engine to create jobs.

2. To remain competitive, Indian companies cannot avoid adopting big-data techniques to improve their marketing and consumer service, while also training machine-learning systems to perform operational tasks. These artificial intelligence requirements hold huge opportunities for Indians and should be as intergral parts of "Make in India" efforts.(Khindaria, Brij.(2017)" Awaiting the jury", Business India, December19th –January1st 2017 issue, p.27**.**

3. Micro, Small and Medium Enterprises Development (Amendment) Bill, 2015 was introduced in the Lok Sabha on 20.04.2015. The objectives of the proposed amendments of Policy Initiatives (i) Enhance the existing limit for investment in plant and machinery considering changes in price index and cost of inputs consistent with the emerging role of the MSMEs in various Global Value Chains. (ii) Include medium enterprises apart from small enterprises in section 7(9) to enable the aforesaid category of enterprises to avail the benefits and become competitive. (iii) Empower the central Government to revise the existing limit for investment by notification, considering the inflation and dynamic market situation.

**Table 6: Contribution of MSME Sector in GDP and Output**

(At 2004-05 prices)

| Year | Gross Value of Output of MSME Manufacturing Sector (in crore) | Share of MSME Sector in Total GDP (%) | | | Share of MSME Manufacturing Output in Total Manufacturing Output (%) |
|---|---|---|---|---|---|
| | | Manufacturing Sector MSME | Services Sector MSME | Total | |
| 2006-07 | 1198818 | 7.73 | 27.40 | 35.13 | 42.02 |
| 2007-08 | 1322777 | 7.81 | 27.60 | 35.41 | 41.98 |
| 2008-09 | 1375589 | 7.52 | 28.60 | 36.12 | 40.79 |
| 2009-10 | 1488352 | 7.45 | 28.60 | 36.05 | 39.63 |
| 2010-11 | 1653622 | 7.39 | 29.30 | 36.69 | 38.50 |
| 2011-12 | 1788584 | 7.27 | 30.70 | 37.97 | 37.47 |
| 2012-13 | 1809976 | 7.04 | 30.50 | 37.54 | 37.33 |

***Source:*** Fourth All India Census of MSME 2006-07, National Account Statistics (2014), CSO, MoSPI and Annual Survey of Industries, CSO, MOSPI.

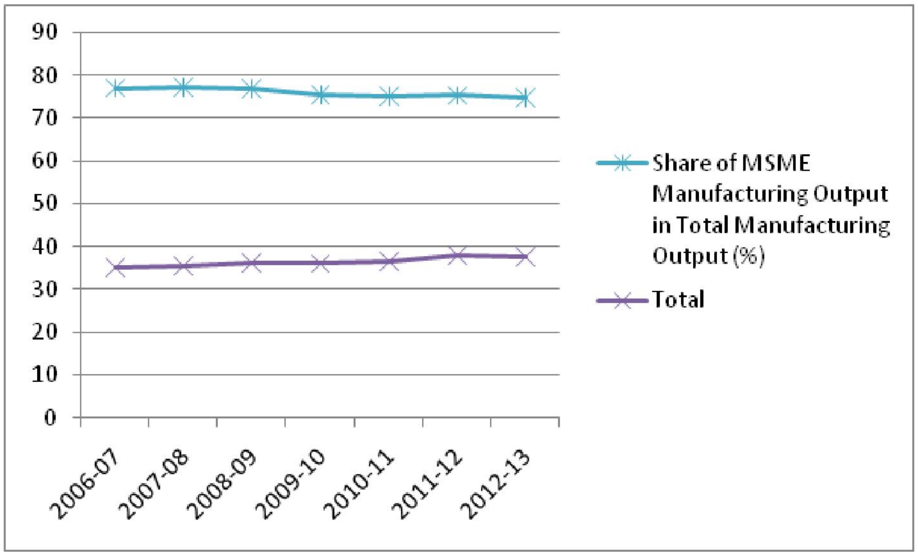


**Fig.3: Contribution of MSME Sector in GDP and Output**

The above table: 06 stated and graph represents the contribution of MSME sector in GDP and output along with manufacturing sector and service sector. The trend of manufacturing sector reveals that after the year 2007-08, the share is coming down where as in service sector of MSME it is increasing. Similarly in share of MSME manufacturing output in total manufacturing output (%), the trend is coming down from 2006 to 2013. This reveals that the contribution of MSME sector in GDP and output is decreasing.

## Conclusion

MSMEs in India has achieved a steady growth during last some of years. The role of MSMEs in the industrial sector is growing rapidly. Further, it has a thrust area for future growth. MSMEs in India face several problems such as, (a) lack of availability of adequate and(b) timely credit, high cost of credit, (c) lack of collateral requirements,(d) limited access to equity capital, (e) problems in supply to government departments and agencies, (f) procurement of raw materials at a competitive price,(g) issues of storage, (h) designing, packaging and product display,(i) lack of access to global markets,(j) inadequate infrastructure facilities like power, water and roads, (k) technology and lack of access to modern technology, (l) problems of skilled labour for manufacturing, services and marketing, (m) multiplicity of labour laws and complicated procedures, absence of a suitable mechanism which enables the quick revival of sick enterprises and measures to close down the unviable entities and issues relating to direct and indirect taxation and their procedures (Report of Prime Minister s Task Force, 2010).

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# IMPACT OF MAKE IN INDIA ON HANDLOOM SECTOR : A SPECIAL REFERENCE TO BOYANIKA

***Malaya Ranjan Mohapatra* ***

***Ramesh Chandra Das* ****

## ABSTARCT

*This paper examines the impact of Make in India on Handloom sector in Odisha. We have taken the Boyanika handloom sector in Odisha as part our sample. We have used descriptive statistics, growth rate and Karl Pearson correlation coefficient for analysis of this study. Using various statistical technique, we have not found any remarkable positive changes of financial performance of Handloom sector in Odisha after the implementation of Make in India. It can be concluded that there is no impact of Make in India scheme on Boyanika handloom sector in Odisha.*

**Keywords:** Make in India, Handloom sector, Boyanika

## 1. INTRODUCTION

Socio economic condition of an economy represents the internal standard of a region or nation. At that time rapid transformation and enhancement of basic sectors in order to strengthen those socio economic conditions provide the fuel for the development of a nation. In a developing country like India,every human being requires some basic earning to survive. There are lot of occupation available in India with a variety of skill and opportunities. Out of these Textile sector provides lot of job opportunities to our citizens. In this present scenario Handloom sector is also growing due to its uniqueness in handloom products as well as various government initiatives.

Make in India initiative was launched in September 2014 with an aim to create investment climate in our country by inviting all global players to start their manufacturing in India. The basic aim of this scheme is to improve the manufacturing capacity and promote productive activities in our country. This scheme has wide scope for textile and garments industry. Textile Industry is a major contributor towards India's total export with an average of 11 percent of total exports. In this stage "Make in India" initiative plays an important role for prospering this industry. Make in India initiative will act as an uplifter for this industry by creating more indiscriminate opportunities in our economy (Sawhney, 2016). This scheme also offers wide scope for manmade fibre and filament manufacturing in our country. Therefore there is a huge opportunity for handloom sectorin upcoming periods. Handloom sector plays a vital and important role in India's textile industry. One of the largest family-based traditional industries in India is handloom sector. In India, handloom sectors are scattered and decentralized. This sectors is a source of livelihood for lakhs of weavers and artisans in India. At this stage Make in India concept will help for the growth of this sector by providing various cooperation through 'Skill India', 'Digital India', 'Brand India' and other Government initiatives.

* *Research Scholar, Vinod Gupta School of Management, IIT Kharagpur;*

** *Research Scholar, Vinod Gupta School of Management, IIT Kharagpur.*

At present India is a dominant position in global market having world's highest installed weaving capacity with more than 4.9 million looms (including 2.4 million handlooms) as per the sectorial report of Make in India, 2014-15. This present study has focused on impact of Make in India on Handloom sector of Odisha. This Handloom sector is the second best alternative to provide massive employment to rural artisans in Odisha. Odisha has a rich tradition in producing handloom products in this state. High skill and embodied knowledge over generation has given Odisha's hand woven textiles an unparalleled position in national and international level. This present study has brought the attention regarding the impact of Make in India in Handloom sector as well as availed opportunities for the growth of this sector in Odisha.

## 2. LITERATURE REVIEW

In this section, we have segregated the literature review into two parts. (1) Past research regarding handloom sectors, (2) regarding profile of Boyanika sector in Odisha. Finally, objective is defined.

**Shambhavi Sawhney (2016)** has discussed the impact of Make in India in handloom sectors and its role for uplifting this sector in future period. He observed that there are some spill over effects from the Make in India on our economy but these changes hold a significant place for small cottage industries like the handlooms.Therefore the goal of the government should be to promote a sense ofentrepreneurship among the weaving communities and find ways to bring the indigenouslyproduced cloth to the markets.

**Mubarak Ali (2004)** has emphasized that the handloom industry is today in doldrums. The weaving community is feeding the finch in every aspect of their working life, be its production or marketing or finance or anything else. The community has been today pushed to the mercy of the government.

**Prabhakara Sharma and Joglekar (2002)** emphasised that socio-economic and working conditions of the weavers is tough one. At present, most of the weavers are leading miserable life for which the main reason is due to improper technology and also the fruits of the industry are actually grabbed by the middlemen.

**Chakaraborthy S.M. (1982)** remarked that the handloom quality of products was declined, due to the high rates of raw materials. The weavers were using cheap quality dyeing colours. As a result of this the consumers prefer mill made cloth so as weavers community lost their livelihood. To overcome this situation, government should supply raw materials at subsidized rates, with quality and in right time.

**SahaiBiswambhar(1956)** observed the problems of handlooms are due to the competition from power looms and mills. He felt the need to employ modern techniques of production and design, government should establish training centres for the benefit of weavers where they are concentrated and materials like, design books and related instruments have to be made available.

### 2.1 PROFILE OF BOYANIKA

Odisha State Handloom Weavers Cooperative Society Ltd. (BOYANIKA) was registered in 1956 under Cooperative Societies Act with the objective to provide marketing support, quality raw material to the weavers of the state. Boyanika plays a vital role in promotion and development of handloom products in Odisha. The present study primarily has focused on financial performance of Boyanika and its contribution to state economy pre and post implementation period of Make in India initiative. Boyanika has provided better employment opportunities to rural people. It is also helpful in financial improvement of handloom artisans in Odisha.

Boyanika is associated with the rich weaving heritage of Odisha. It has provided a wide scope for handloom products and weavers in Odisha as well as in our country. Boyanika is working for the weavers in the state for more than five decades and created its own image as Odisha's pioneer brand for hand-woven fabrics. Today it is a brand of authenticity and high quality of handloom products to the consumers in India. Boyanika also offer authentically designed famous Hand-woven to the discerning international buyers.

At present Boyanika is working with 43 sale branches out of which 07 located outside Odisha. It has brought together 48250 weavers under its roof and provided lot of job opportunities. Presently it is providing marketing supports to other weavers in the unorganised sector under cluster approach after closure of the Orissa State Handloom Development Corporation since 1998.

## 2.2 OBJECTIVE OF THE STUDY

After reviewing the above literature, the following objective is defined.

- To study the financial growth of Boyanika sector in Odisha before and after implementation of Make in India.

## 3. RESEARCH METHODOLOGY

This study primarily based on secondary data. The data of Handloom sectors and Boyanika have been collected from the Department of Textiles and Handloom sector of Odisha. Information relating to Textile industry's performance has collected from Centre for Monitoring Indian Economy (CMIE). Along with that some economic survey report and Handloom statistics of Odisha have been used for detail analysis and interpretation. The data has been presented by using some statistical techniques such as correlation coefficient, growth rate and descriptive statistics. In addition, we have shownthe sectorial growth as well as industry growth of textile sectors. The data period consists from 2008-09 to 2015-16.

### *Growth rate*

We have analysed the growth rate in three different periods, such as whole period, period before implementation of Make in India and period after implementation of Make in India. This growth rate is used to show the trend of increase/ decrease of financial performance for Boyanika sector and industry.The following equation is used to determine the growth rate.

$$\text{Growth Rate (GR)} = \frac{(V_{t8} - V_{t1})}{V_{t1}} \times 100 \qquad \text{..........Eq (1)}$$

$$\text{Growth before Make in India} = \frac{(V_{t6} - V_{t1})}{V_{t1}} \times 100 \qquad \text{..........Eq (2)}$$

$$\text{Growth after make in India} = \frac{(V_{t8} - V_{t6})}{V_{t6}} \times 100 \qquad \text{..........Eq (3)}$$

Where,

$V_{t8}$= Value for the period 2015-16, $V_{t6}$= Value for the period 2013-14and

$V_{t1}$= Value for the period 2008-09

In addition to above statistical method, year to year growth (YoY) is calculated to compare sale growth and profit growth.

$$\text{Year to Year Growth (YoY)} = \frac{(V_{present} - V_{past})}{V_{past}} \times 100 \qquad \text{..........Eq (4)}$$

Here year to year growth indicates the average growth rate of sales and profit of textile industry and Boyanika sector.

### *Correlation*

The correlation is used to establish the degree of association between salesgrowths from year to year and profit growth from year to year of industry as well as Boyanika.

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right]\left[n\sum Y^2 - (\sum Y)^2\right]}} \quad ..........Eq\ (5)$$

Where, x = Sales growth rate and y = Profit growth rate

## 4. ANALYSIS AND INTERPRETATION

Financial performance in term of sales and profit after tax indicates the basic idea about the profitability position of a concern. In this study, we have compared the above financial parameter between the textile industry and Boyanika for 8 consecutive years i.e. from 2008-09 to 2015-16. Table 6.1 indicates that textile industry sales have increased at 185.007 percentage over the study period whereas growth rate of Boyanika in term of sale is quite high than the result of the textile industry (i.e. 244.211 percentage). But when we segregate the growth period into two part i.e. before and after implementation of Make in India, we observed that growth rate before Make in India is quite satisfactory than after implementation of Make in India. Here the time period after the implementation of Make in India is very short i.e. 1.5 years. Therefore we cannot do proper judgement for its future impact but the overall short term result is not good in the post implementation phase.

**TABLE – 1**

**FINANCIAL PERFORMANCE IN TERM OF PROFITABILITY**

| **Year** | **Industry Figures (Rs. In Millions)** | | **Boyanika Figure (Rs. In Lakhs)** | |
|---|---|---|---|---|
| | **Sales** | **Profit after tax** | **Sales** | **Profit after tax** |
| 2008-09 | 3428.901 | 58.268 | 2253.590 | 40.920 |
| 2009-10 | 3810.290 | 192.445 | 2620.040 | 48.690 |
| 2010-11 | 4709.039 | 234.468 | 3687.170 | 218.440 |
| 2011-12 | 5233.178 | 73.814 | 5279.680 | 671.700 |
| 2012-13 | 6224.407 | 105.419 | 7059.860 | 766.770 |
| 2013-14 | 6652.504 | -9.645 | 7680.300 | 773.260 |
| 2014-15 | 6557.646 | -113.819 | 7731.030 | 836.840 |
| 2015-16 | 6182.121 | -166.495 | 7757.110 | 750.000 |
| **Growth rate (GR)** | **185.007** | **-225.387** | **244.211** | **1732.845** |
| **GR before Make in India** | **206.692** | **-107.263** | **240.803** | **1789.687** |
| **GR after Make in India** | **-7.071** | **1626.284** | **1.000** | **-3.008** |

***Source:*** *CMIE database, India*

Profit after tax (PAT) in the table 1 also shows the similar result as sales for the study period. Total growth rate of Boyanika in term of profit after tax is very high than the industry result for the study period. Boyanika has increased its profit after tax at 1732.845 percentage from 2008-09 to 2015-16. Here growth rate of PAT before Make in India scheme shows better result than the post implementation phase.

**TABLE – 2**
**SALES GROWTH AND PROFIT GROWTH FROM 2009-2016.**

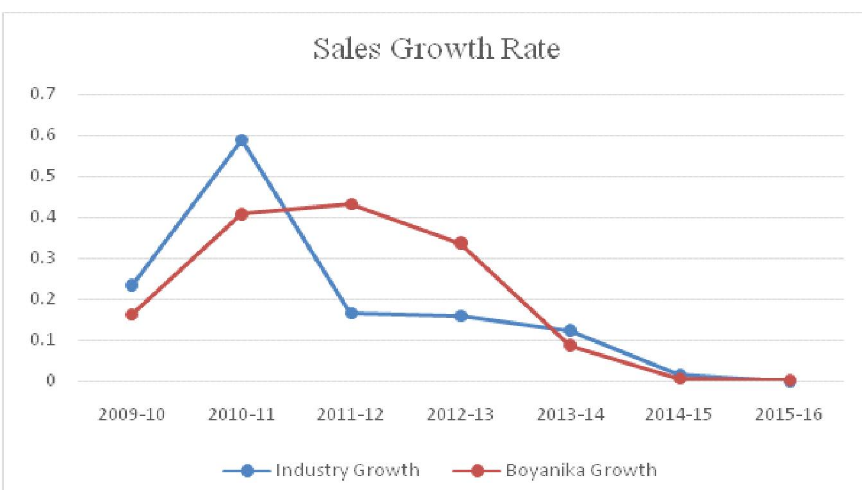
| | Industry Growth | | Boyanika Growth | |
|---|---|---|---|---|
| Year | Sales Growth (X) | Profit Growth (Y) | Sales Growth (X) (X) | Profit Growth (Y) |
| 2009-10 | 0.23439 | 0.05477 | 0.16261 | 0.18988 |
| 2010-11 | 0.5877 | 4.63012 | 0.4073 | 3.48634 |
| 2011-12 | 0.16735 | –1.4767 | 0.43191 | 2.07499 |
| 2012-13 | 0.15987 | 2.18295 | 0.33718 | 0.14154 |
| 2013-14 | 0.12524 | 0.43975 | 0.08788 | 0.00846 |
| 2014-15 | 0.01769 | –1.7859 | 0.00661 | 0.08222 |
| 2015-16 | 0.00132 | –1.34112 | 0.00337 | -0.1038 |
| Correlation | 0.70735486 | | 0.770319438 | |

***Source:*** *CMIE database, India*

The above table 2 has shown the year to year (YoY) growth trend of sales and profit after tax oftextile industry as well as Boyanika during the study period. Here we have established the degree of association between growth rate of sales and profit after tax for both industry and Boyanika. The above result indicates that sale and profit after tax growth rate for both industry and Boyanika are positively correlated. But the degree of correlation in case of Boyanika is more than industry. It means sales growth rate and profit growth rate are more positively related than the industry for the above study period.

The below figure 1 shows the trend of sales growth of textile industry and Boyanika from 2009-10 to 2015-16. In the initial period sales growth rate of industry is more than the Boyanika growth rate, but after 2010-11 the growth rate of industry has continuously dropped. At the same time growth rate of Boyanika was more than the industry growth rate for 2011-12 and 2012-13. But in the year 2012-13 the growth rate has dropped below than the industry growth rate. After that it has maintained decreasing growth rate up to 2015-16.

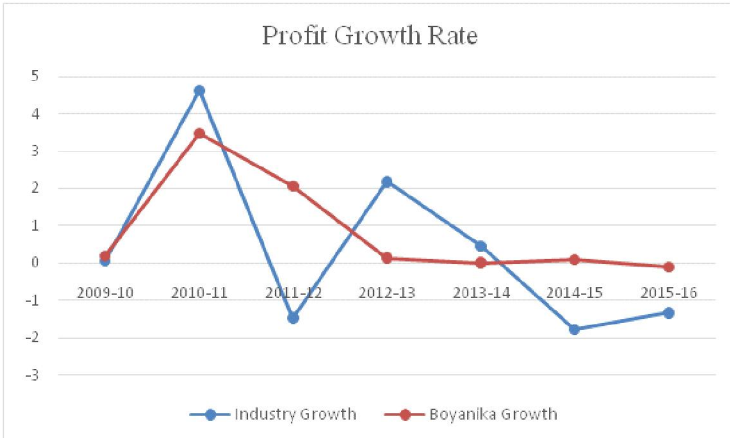
**FIGURE 1 SALES GROWTH RATE**




***Source:*** *CMIE database, India*

In the similar way, we have observed the growth rate of profit after tax for the above mentioned study period in figure 2. Growth rate of profit after tax of textile industry is highly fluctuating. Whereas the growth rate of profit after tax of Boyanika has started decreasing after 2010-11 and it continues up to 2015-16.

**FIGURE – 2 PROFIT AFTER TAX (PAT) GROWTH RATE**




## 5. CONCLUSION

We have taken the Boyanika handloom sector in Odisha as part our sample. Using various statistical technique, we have not found any remarkable positive changes of financial performance in Handloom sector of Odisha after the implementation of Make in India. It can be concluded that there is no impact of Make in India scheme on Boyanika handloom sector in Odisha. Though time period is short, there is no immediate effect on financial performance of Boyanika sector in Odisha.

In the initial period sales growth rate of industry is more than the Boyanika growth rate, but after 2010-11 the growth rate of industry has continuously dropped. At the same time growth rate of Boyanika was more than the industry growth rate for 2011-12 and 2012-13. But in the year 2012-13 the growth rate has dropped below than the industry growth rate. After that it has maintained decreasing growth rate up to 2015-16. In the similar way, the growth rate of profit after tax of Boyanika has started decreasing after 2010-11 and it continues up to 2015-16.

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# Agricultural Finance in Odisha
# A Comparative Study of Farmers Perception and Bankers attitude towards agricultural credit.

***Surendra Kumar Mallick* ****

***Dr. Tushar Kanta Pany* ****

## ABSTRACT

*Agricultural Finance is a yearly sectorial distribution of commercial banks total loans and advances to the agricultural sector. The purpose of the study is to identify the beneficiaries of commercial banks agricultural credit and to access the impact for bank finances and the barrower farmers. The study reveals pattern of financing by commercial banks to agricultural sectors. The banking system is still hesitant in various ground to provide agricultural credit to small and marginal farmers. An attempt has also made to analyse the farmers perception relating to agricultural finance by using quantitative tools viz: ANOVA, chi-square test, percentage, etc. This study based on both primary and secondary data.*

***Key Words**: Agriculture finance, commercial banks, farmers perception, bankers attitude.*

## INTRODUCTION:

Agriculture is a vital sector of the economy of Odisha. This sector consists of forestry, animal husbandry, mining and fishing strategically, it is in this sector, the battle for long term economic development will be won or lost. The importance of agriculture development in economic development is stressed due to the fact that agriculture is the most popular sector of economy in the early stages of economic growth in most of the countries. It is evident that the history of economic development of countries like England, Russia, Australia, Japan, reveals that the initial economic development was mainly due to agricultural development. Agricultural development is a pre-requisite for industrial development in developing countries like India. In the Indian economy agriculture contributes one-third of national income.

Sixty percent of the export directly or indirectly originates from agriculture sector. It provides employment to 67 percent of the work forces. It plays a decisive role in economic development and planning and provides numerous to the industrial and service sector.

Credit is one of the critical inputs for agricultural development. It capitalizes farmers to undertake new investment and/or adopt new technologies. The importance of agricultural credit is further re-enforced by the unique role of Indian agriculture in the macroeconomic framework along with its significant role in poverty alleviation. Realizing the importance of agricultural credit in fostering agricultural growth and development, the emphasis on the institutional framework for agricultural credit is being emphasized since the beginning of planned development era in India. So agricultural credit is an essential input for augmenting agricultural production and helps a lot to the poverty stricken farmers of Odisha .

* *Research scholar in Management, Ravenshaw University, Cuttack, Odisha*

** *Head, Department of Commerce, Ravenshaw University, Cuttack*

## 1.1. Statement of the Problem:

There are two important institutions viz. the commercial Banks and the Co-operative Banks are lending to agriculture in the study area viz. Kendrapara District , Odisha State, India many commercial banks have been lending divert and indirect finance to agriculture RRB sponsored by commercial banks and co-operative banks are inclined towards working for agriculture and rural development. Many priority sector banks tends to invest the funds in Rural Infrastructure Development in attending the Statutory of 40 percent of net bank credit to the priority sector. Even though this indirect finance promotes the infrastructure facilities and service in rural areas to poor farmers are unable to acquire the services due to financial constraints. Thus agricultural credit delivery mechanism is loosely integrated and not reaching the target beneficiaries. Risk are heavy in agriculture that hampers the productivity and mispricing of the output thereby dent to their revenues.

Based on my intended study "Agricultural Finance in Odisha" – A Comparative study of farmers perception and bankers attitude towards agricultural credit.

In this context, following questions may arise,

(i) To what extent the credit supplied by commercial banks and co-operative banks could meet the requirements of farmers ?

(ii) What are the new trend of pattern of financing in agriculture ?

(iii) To study what extent farmers are benefited through bank credit ?

(iv). What is the Bankers attitude towards fulfillment of all the requirement of agricultural credit ?

(v). Whether the credit given are properly recovered by banks or not ?

## 1.2. Description of Study Area.

Kendrapara District was carved out of erstwhile Cuttack District on 1$^{st}$ April 1993 . Kendrapara District comprises one sub-division with 9 Tahasils, 9 Blocks 2 Municipality and 230 Gram Panchayat . The District Headquarters, Kendrapara, is on the western border of the district. The district has an area of 2644 Sq. Km. Agriculture is the main occupation of people. Paddy, Mung, Black gram, Sugarcane, Jute and vegetable are the main crops. Besides, there is ample potential for dairy, poultry and fishery activities. The credit flow for crop loan during last three years had increased from 537.06 crore to 671.86 crore. The district has commercial banks, Co-operative and Regional Rural Banks . There are 21 Commercial Banks, 1 (One) Co-operative and 1(One) Regional Rural Bank are functioning and also 121 PACS functioning . The role of RIDF is significant in the districts infrastructure development in spite of these credit platform, farmers distress also exist . The study tries to find out the reasons for the farmers distress in the district .

## 1.3. Significance of Study :

Credit is the key factor to accelerate agricultural development in a developing country like India. As Odisha is an Agrain State, credit is essence for farm production and productivity. The farmer needs three types of credit such as :

(a) Short term credit to finance agricultural operation like purchase of seeds, fertilizes, pesticide and payment of wages etc.

(b) Medium term credit for purchase of plough, agricultural equipment, tractors, mirror irrigation works etc.

(c) Long term credit for improvement of land, construction of farm houses, digging of wells, purchase of land, farm machinery etc.

The study brings out the fact that banks are simply giving agricultural lone just to reach the target of priority sector lending . In India agricultural productivity is low, soil health is in danger zone and risk mitigation mechanism is normal. The rural financing agency are not vertically integrated to a complete extent at different phases in this regard. There is need to make banks more participative through policy implementation and built a conductive environment for sustainable farming system. By transversing most of the previous study, the present study felt the research gap in this aspect and does stress the need for study.

### 1.4. Scope of the Study :

This study is confined to the farmers mainly engaged in cultivation of land in Kendrapara District. It provides the details status of farmers a, perception of the farmers about agricultural finance and problems encountered by farmers for receiving agricultural loan and socio-economic background of the farmers. It covers the farmers perception towards agriculture finance provided by various sector of banks in Kendrapara district.

### 1.5. Review of Literature :

Literature relating to the subject has been surveyed before formulating the problem, which infact posture the awareness of the researcher in the field. There are different kinds of literature in the field. There are different kinds of literature available relating to the subject. Eminent experts published a number of books in the field of Banking, those also Government of India from time to time. Published and unpublished research reports of various universities were verified, moreover, a few have contributed research papers to reputed journals in the banking field.

**Ratnajyoti Dutta (2016)** This paper emphasis that application of information technologies via mobiles, SMS alerts, Portals can empower farmers for all kharif (Summer) crops, for all Rabi(Winter) crops. Technology aided information flow empowers a farmers as to when to expect rainfall and also where to store produce after harvest. This study gives importance farmers awareness programmes are run on regular basis through multi-media platforms.

**Seena P.C (2015)** This paper describes the management of agricultural credit in India and the impact of various Banking sector reforms on agriculture. She concluded that performance of agriculture credit in India revels that though the overall flow of Institutional credit has increased over the years, There are several gaps in the system like inadequate provision of credit to small and marginal farmers, limited deport mobilization and heavy dependence on borrowed funds. Efforts are required to address and rectify these issues. Banking sector reforms like fixing prudential norms, reduce SLR, CRR. Banking diversification all affect the Indian agriculture sector.

**K. Baby (2014)** researcher examined that credit is an input process of development. Agricultural finance is a very important aspect to the farmers Lack of access to finance is a key impediment to farmers in improving the efficiency of their productions and adopting better technologies. He says that "Indian farmer is born in debt, lives in debt and dies in debt".

### 1.6. Research Gap:

By going through literature review in form of research paper, I came to know that all research paper are at the national level. I have not found any good standard of research at the state level particularly Odisha which would be giving grater support to the governments and academician. Hence an attempt is made in the study to examine the comparative study of farmers perception and bankers attitude towards agricultural credit in Kendrapara district of Odisha state . The main focus of the study is famers perception towards bank credit for agriculture and to determine the attitude of bankers lending and recovering process on farm credit.

### 1.7. Objectives of the Study:

The specific objective of the present study are given below:

(I) To make comparative study in between CBs, Co-Banks and other RRBs to the agriculture sector.

(II) To study existing and new trends patterns of financing.

(III) To study difference between requirements and availability of agriculture credit.

(IV) To understand farmers perception towards bank loan for agriculture and its outcome.

(V) To examine the attitude of bankers in advancing farm loans and subsequent recovery process.

## 1.8. Research Methodology:

Research methodology includes the assumptions and values which is useful for interpreting data and reaching the conclusions. Methodology involves:

- **(i) Sources of Study –** The for the present study is both from primary and secondary data. The primary data is to be collected from farmers by using interview methods. The secondary data have been collected from the published journal books, committee reports magazines and websites.
- **(ii) Sampling Design –** for administrate convenience, the entire Kendrapara district has been divided into 9 blocks, namely : Aul, Derabish, Gardpur, Kendrapara, Mahakalpada, Marshaghai, Pattamundai, Rajnagar and Rajkanika . In each Block one schedule commercial bank, one co-operative bank and one regional rural bank is selected at random. The total sample size covers 270 (9blocks x 3banks x 10farmers) respondents.
- **(iii) Pilot Study –** A pilot study was mode before carrying out the actual study. The interviewed schedules were used in the pilot study from selected farmers. From pilot study necessary changes were carried out in the interviewed schedule for the final administration.
- **(iv) Tools for Analysis –** The following tools and techniques are used to analyze the data with reference to fulfill the objectives of the study. Percentage variation, trained analysis, chi-square test, one-way ANOVA.

**Comparative Analysis of Agriculture Credit(Odisha & India)**

**Table – 1**

| Trends in Agriculture Credit as proportion of GSDP in Odisha and All India | | | |
|---|---|---|---|
| Years | Odisha | All India (average) | Difference |
| 1 | 2 | 3 | 4-3-2 |
| 2009-10 | 3.07% | 5.45% | 2.38% |
| 2009-10 | 3.98% | 6.10% | 2.12% |
| 2010-11 | 0.43% | 0.63% | 0.19% |
| 2011-12 | 0.37% | 0.68% | 0.31% |
| 2012-13 | 3.46% | 7.18% | 3.72% |
| 2013-14 | 3.48% | 7.81% | 4.33% |
| 2014-15 | 0.34% | 7.59% | 7.24% |
| 2009-10 | 3.07% | 5.45% | 2.38% |
| 2009-10 | 3.98% | 6.10% | 2.12% |
| 2010-11 | 0.43% | 0.63% | 0.19% |
| 2011-12 | 0.37% | 0.68% | 0.31% |
| 2012-13 | 3.46% | 7.18% | 3.72% |
| 2013-14 | 3.48% | 7.81% | 4.33% |
| 2014-15 | 0.34% | 7.59% | 7.24% |

**(GSDP is used at current price, 2004-05).**

Source: Various volume of Basic Statistical Returns of Scheduled Commercial Banks(SCBs) in India and Handbook of Statistics on India Economy published by Reserve Bank of India(RBI).

Agriculture credit as proportion of GSDP is lower in case of Odisha as compare to all India average (excluding Odisha) (in table-6.1).Overall average of agriculture credit of Odisha is just half of the all India average. Difference of agriculture credit between Odisha and all India average is widening against Odisha over the period of time. The descriptive statistics indicates both minimum and maximum credit to GSDP of Odisha of the agriculture is half of the all India average is presented

**Agricultural Credit Advance in Kendrapara(Odisha) from 2010-16**

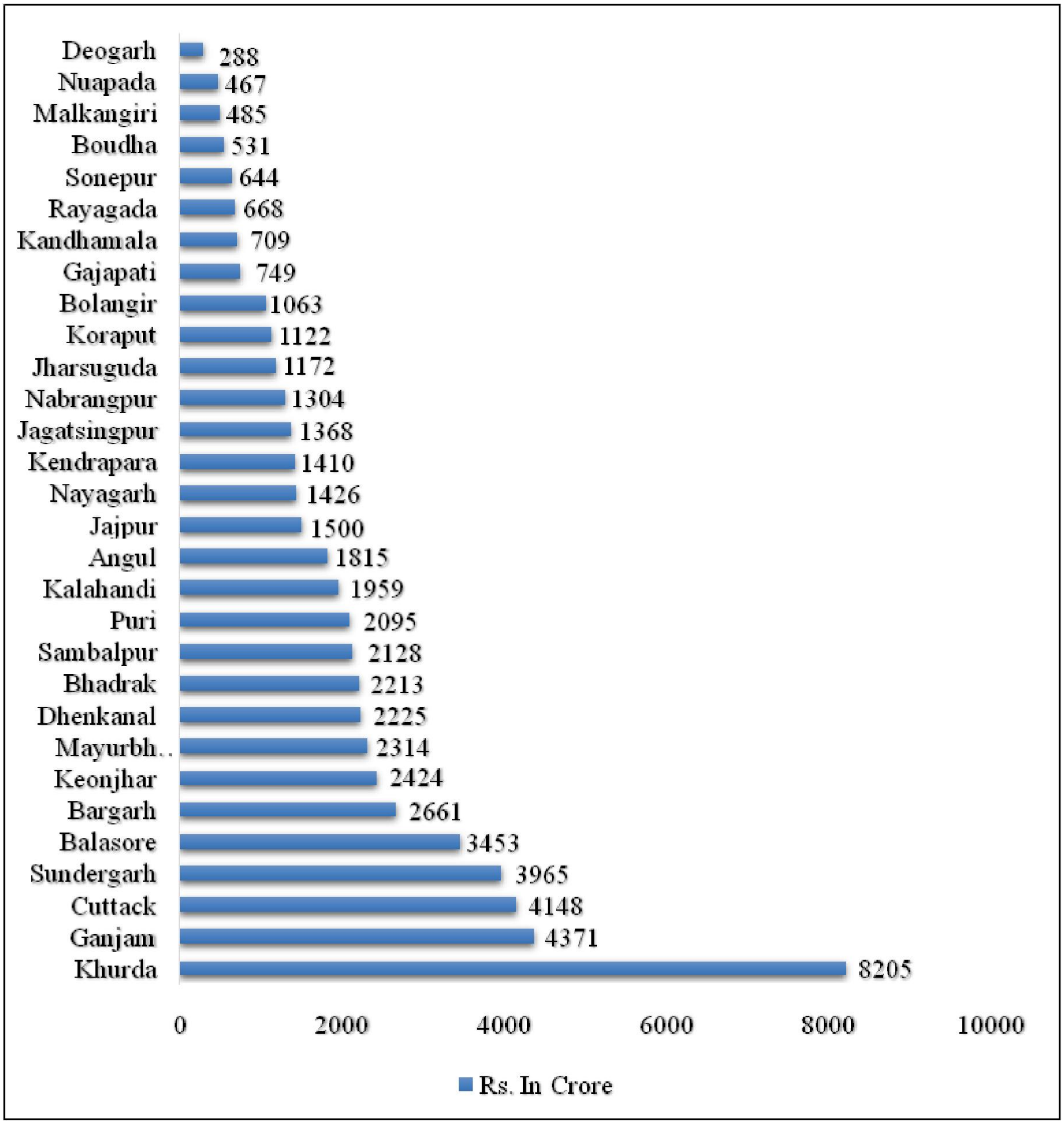
**Table : – 2** **'000**

| Year | Commercial Banks | Co-operative Banks | RRBs | Total |
|---|---|---|---|---|
| 2010-11 | 2230600 | 1445000 | 344500 | 4020100 |
| % of Total Loan | 55 | 36 | 9 | 100 |
| 2011-12 | 808210 | 1485396 | 302952 | 2596558 |
| % of Total Loan | 31 | 57 | 12 | 100 |
| 2012-13 | 1388948 | 1790804 | 471060 | 3650812 |
| % of Total Loan | 38 | 49 | 13 | 100 |
| 2013-14 | 1091419 | 3531866 | 42648 | 4665933 |
| % of Total Loan | 23 | 76 | 1 | 100 |
| 2014-15 | 2750561 | 2817243 | 482118 | 6049922 |
| % of Total Loan | 45 | 47 | 8 | 100 |
| 2015-16 | 1606670 | 5605632 | 125961 | 7338263 |
| % of Total Loan | 22 | 76 | 2 | 100 |

**Source :** Annual credit plan SBI lead bank office Kendrapara

On the above table indicate that Co-operative Banks lending higher percentage of agricultural credit to study area as compared to Commercial Banks and Regional Rural Banks .

**Spatial distribution of Agriculture Credit in different district in Odisha during 2016-17**




**(Source: - NABARD State Focus Paper Odisha Region)**

**Conclusion and suggestion:**

Agriculture is complex sector. Odisha is an under developed state inspite of its vast natural resources. It was observed that agricultural credit flow to state is half of the national average. Co-operative bank contribute major share of credit flow to agriculture sector as compared to commercial bank and RRB. However what is observed, in recent years the flow of credit to the agriculture by these agencies has declined and this has affected the investment and growth in agriculture. Farmer's perceptions are attitudinal in nature and basically it depends upon farmer's category. Financial illiteracy, indiscipline, lack of group cohesiveness attributes, stimulate farmers to come out from banking hold. The banking institution should change attitude to diversify agricultural credit structure in rural economy. It is necessary to interventions and portrays a road map for the banks for credit planning. It also for the state Govt. to take special focus in accelerating the pace of capital formation in agriculture for sustainable growth.

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# "MAKE IN INDIA"- A BOOST TO INDIAN ECONOMY

***Dr Jayashree Jethy*** *
***Subash C Pattnaik*** **

## ABSTRACT

*The Prime Minister Narendra Modi, launched 'Make in India' Campaign, on 25th September 2014 in New Delhi a major initiative which focuses on making India a global manufacturing hub. The idea was to increase the contribution of the manufacturing sector to India's GDP, job creation, skill development and innovation in the field of Research and Development (R&D) by encouraging Public Private Partnership (PPP), Joint Ventures (JV), Foreign Direct Investment (FDI) inflow, and advancing Ease in Doing Business (EDB). This paper focuses on the "Make in India" program of the government which has been an international marketing campaigning slogan to attract more and more businesses investors from around the world to invest and manufacture in India. The present study highlights the aims, objectives and vision of Make in India and its effect on India's GDP growth. The strength, weaknesses, challenges and opportunities are discussed briefly to make the Make in India Campaign successful in making India a biggest manufacturing hub in the world.*

**Keywords:** Make in India, Manufacturing Sector, Government Policy,

## INTRODUCTION

The Prime Minister Narendra Modi, launched 'Make in India', on 25th September 2014 in New Delhi a major initiative which focuses on making India a global manufacturing hub. The idea was to increase the contribution of the manufacturing sector to India's GDP.

The objective of the campaign is to ensure that manufacturing sector which contributes around 15% of the country's Gross Domestic Products is increased to 25% in the upcoming years.

## CONCEPT OF MAKE IN INDIA

The 'Make in India' program is an initiative launched to encourage companies to increase manufacturing in India. This not only includes attracting overseas companies to set up shop in India, but also encouraging domestic companies to increase production with the country.

Make in India is intended to make India a manufacturing hub of the world (at least Asia, for that matter). The idea was to increase the contribution of the manufacturing sector to India's GDP.

* *Lecturer in Gunupur College,Gunupur,*
** *Asst Professor in Gandhi Institutes of Management Studies Gunupur*

Make in India aims at increasing the GDP and tax revenues in the country, by producing products that meet high quality standards and minimizing the impact on the environment.

## MAJOR FOCUSED AREAS ON WHICH THE MAKE IN INDIA PROGRAM:-

- Automobiles
- Biotechnology
- Aviation
- Food Processing
- Renewable Energy
- Automobile Components
- IT and BPM
- Roads and highways
- Media and Entertainment
- Textiles and garments
- Construction
- Pharmaceuticals
- Wellness
- Electrical Machinery
- Ports
- Electronic Systems
- Railways
- Oil and Gases
- Tourism and Hospitality
- Chemicals
- Railways and many more

## OBJECTIVES OF THE STUDY

- To study the role of Make in India scheme as a driver for growth in different sectors
- To study the SWOT analysis of Make in India scheme.
- To know different policies launched by the government to make the make in India scheme successful.

## RESEARCH METHODOLOGY

- Research Type: Descriptive Research
- Sources of Data: The present study is based on secondary data which has been derived from various books, Articles from Newspapers, Magazines and Journals, and from the various related web-sites

## LIMITATIONS OF THE STUDY

1. The study is based on secondary data and no primary data is being collected.
2. Secondary data may lacks accuracy, or they may not be completely dependable

## SWOT ANALYSIS OF MAKE IN INDIA SCHEME

## STRENGTHS OF MAKE IN INDIA PROGRAM

1. Demographic Country: India is the second largest populated in the world with more than 1.29 billion population according to census data which is equivalent to 18% of the world's population. And it is expected to have more than 2% of the population growth rate in the coming decade.
2. Mass Young Population: In India the age of about 50% population is between 25 and 64 years. It means one third populations is a youth. This gives an advantage to India over other countries in terms of human resource by having the highest number of workforce.
3. Availability of Cheap Labor: Every company wants to take cost advantage. And in India labour costs is the lowest in the world.

4. Democratic Country: being a democratic country it provides equal justice and equal opportunity for everyone or entity in country. This ensures best transparency practices in economy in comparison to other countries in the world
5. Platform for Entrepreneurs: India has a strong base of entrepreneurs, who have great potential in bringing up the Indian economy growth. Big Indian industries can also be a good consumer for manufacturing sector; they can also provide good capital to invest in further manufacture the products while making Make in India Campaign successful. In fact, Indian government is strongly in support of entrepreneurship and self-employability to generate a long term positive impact on Indian economy.
6. Financial Institutions: To promote small and medium scale industry, government has established many financial institutions like Small Industrial Development Bank (SIDBI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), ICICI Bank, and IDFC etc. Commercial banks are playing important role in providing continues support for development of small scale or unorganized sector.

## WEAKNESSES IN MAKE IN INDIA PROGRAM

1. Lack of Water and Power Resources: India is already suffering with lack of water and power resources. The Make in India campaign will share these scare resources. To gain investors' attention, India should focus and invest on power plants, energy and water resources.
2. Lack of Technical knowhow and dependence on Others: In India manufacturing sector facing major challenge in technological aspect. Due to lack of updated technology and dependency on others the growth of Make in India campaign would be affected.
3. Shortage of Skills Development and Training Institutes: There is a big gap between the skills needed and skills possessed by the workforce of India, We need to develop the training institutes in many sectors like electronics, chemicals and textiles etc to make the Make in India Campaign successful.
4. Less investment in R&D: India is lacking behind in terms of technology, innovation and Research and development. India, as compare to other developed country
5. Land Acquisition and Facilitative Infrastructure: Land acquisition is a big constraint for developing better infrastructure for the industry. Often land acquisition becomes a trouble at the local level for the industrial purpose. Finding solutions to these problems is necessary. Facilitative infrastructure and land for factories are important factors that could give growth to manufacturing sector through Make in India policy.

## OPPORTUNITIES OF MAKE IN INDIA PROGRAM

1. Develop employment Opportunity- Indians will get more jobs so less unemployment. Youngsters will not move abroad, all things they can get in their own city/state/country.
2. Increment in GDP-Exporting rate will increase. Our foreign exchange reserves will increase.
3. Fortify the Rupee-Rupee will get stronger & competitive against other currencies.
4. Increase in Brand Value-We Don't have to pay to foreign brands, we should be paid by them.
5. Up-gradation of Technology-Foreign investment will bring technical expertise and creative skills along with foreign capital.
6. Development of Rural Areas- infrastructure of the country would improve.
7. Flow of Capital- Big Indian industries can also be a good consumer for manufacturing sector; they can also provide good capital to invest in further manufacture the products while making Make in India Campaign successful.

## THREATS OF MAKE IN INDIA PROGRAM

1. Negligence of Agriculture
2. Depletion of Natural Resources
3. Loss for Small Entrepreneurs
4. Disruption of Land
5. Manufacturing based Economy
6. Interest in International Brands
7. Pollution
8. Bad Relations with China

## MAJOR POLICES OF THE GOVERNMENT IN MAKE IN INDIA PROGRAM

Government had launched major policies under the 'Make in India 'program

1. Policy for New Initiatives: This initiative is to improve the ease of doing business in India, which includes increasing the speed with which protocols are met with, and increasing transparency in Administration. Under this policy, the Government has already rolled out:

- Environment clearances can be sought online.
- All income tax returns can be filled online
- Validity of industrial license is extended up to three years
- Paper registers are replaced by electronic register by businessmen.
- Approval of the head of the department is necessary to undertake an inspection.

2. Policy for Foreign Direct Investment: Government of India has allowed 100 % FDI (Foreign Direct Investment) in all sectors except Spare (74%), Defense 49%) and News Media 26%). FDI restrictions in tea plantation has been removed, while the FDI limit in defense sector has been raised from the earlier 26% to 49% currently.
3. Policy for Intellectual Property Facts: The Government has decided to improve and protect the intellectual property rights of innovators and creators by upgrading infrastructure, and using state of the art technology. The main aim of intellectual property rights is to establish a vibrant intellectual property regime in the country.
4. Policy for National Manufacturing: The vision of Make in India is to increase manufacturing sector growth to 12-14% p.a. over the medium term and to increase the share of manufacturing in the country's GDP from 16% to 25% by the year 2022. Further, the vision is to create appropriate skill sets among rural migrants and the urban poor for inclusive growth and to ensure the sustainability of growth, particularly with regard to environment.
5. Other Policies: Land acquisition made easy. Labour reforms, GST implementation, single allocation and price guidelines for domestic gas for works, lifting of restrictions on domestic airlines from flying abroad, simplification of Toll collection and many more.

## RESPONSES IN INVESTMENT TRENDS IN MAKE IN INDIA PROGRAM

Make in India' Program gets Smart Response from abroad and few are highlighted as follows:

1. In January 2015, the Spice Group said it would start a mobile phone manufacturing unit in Uttar Pradesh with an investment of 500 crore. A memorandum of understanding was signed between the Spice Group and the Government of Uttar Pradesh.

2. Hitachi said it was committed to the initiative. It said that it would increase its employees in India from 10,000 to 13,000 and it would try to increase its revenues from India from ¥100 billion in 2013 to ¥210 billion. It said that an auto component plant will be set up in Chennai

3. Huawei opened a new research and development (R&D) campus in Bengaluru. It had invested US$170 million to establish the research and development center

4. Tata JLR (Jaguar Land-Rover) announced that it will move its production of the Land Rover Defender to its Pune facility in India

5. Airbus said that it will manufacture its products in India and invest $ 2 Billion US dollars. Also Marine Products Export Development Authority said that it was interested in supplying shrimp eggs to shrimp farmers in India under the initiative.

## CONCLUSION

Make in India is an ambitious project, but it is one that India desperately needs to kick start and sustain its growth momentum It is about time, where we stop thinking "INDIA" and others, we have to create a situation, which works best for us as well as others. We are living during the times of Global Civilization and these times, support Global growth. I believe we use our best resource (Population) with others best resource, (Natural resource, land area etc) and we can create a Win Win situation for everyone

Prime Minister Shri Narendra Modi's 'Make in India' program is the new mantra and the objective was to encourage the production of goods within the country. If India successfully provides the industrial houses all this then it will certainly become a world manufacturing hub. Favorable investment climate, assistance of financial services, relaxes and industry favorable government policies are the essential for making Make in India program successful.

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# MAKE IN INDIA: THE FIVE P's APPROACH WITH SPECIAL REFERENCE TO TOURISM AND HOSPITALITY SECTOR

***Dr. A. K. Roy* ****

## ABSTRACT

*Make in India is a coveted concept in re-energising the pace and pattern of creating a manufacturing hub and re-building the Indian economy in a sustainable way. In this direction, the 5P's of Make in India which connotes Programme, Process, Plan, Partnership and Progress are worth noting.*

*The **Programme** which was launched in September, 2014 only about two years old is a strategic approach with a right attitude and at right time to combat economic slowdown. **Process** which represents a complete change of mind set of the GOI in its performance with "Minimum Government, Maximum Governance". **Plan** for credibility and capability in terms of brand new infrastructure has a spread work in selected 25 sectors in its ambit. **Partnerships** through a collaborative model, both internal and global perspective, are the road map towards its goal attainment. With its mantra of 'ease of doing', **Progress** of various sectors have been opened up for investments. Particularly, new vistas of opportunities in the **Tourism and Hospitality** sector are profoundly visible due to related policy initiatives and interventions. The UNWTO Tourism Barometer currently (May, 2016) ranks India as 40th in terms of global tourist footfalls as against 65 earlier. The goal is to increase India's share in world tourist arrivals from the present 0.68 % to 1% by 2020 and further increase it to 2% by 2025. The major initiatives undertaken in tourism and Hospitality sector are worth rewarding for its goal attainment. Further, rural tourism is a focusing and emerging segment in this sector. The Ministry of Tourism has a rural tourism scheme, which is a part of PIDDC for the development of tourism and hospitality. This sector has been a harbinger of more "Inclusive Growth" in India by promoting other industries in its ambit.*

**KEY WORDS :**

- UNWTO- United Nations World Tourism Organisation
- PIDDC- Product Infrastructure Development at Destinations and Circuits

## I. MAKE IN INDIA: A FRAMEWORK OF 5 P's

**PROGRAM** TOWARDS TRANSFORMATION

As a management strategy to overcome economic slowdown, the programme of Make in India was launched by GOI in Sept.2014. The objective was to make a turnaround transformation in the nation building initiative to become a manufacturing hub in the global market. Indeed, a critical path better termed as a' journey' to achieve long term economic goal of a vibrant India to meet challenges as opportunities ,whither too big to succeed or too big to fail.

* *Former Principal, Icm (Ncct)*

## PROCESS TOWARDS A CHANGE OF MINDSET

Keeping in mind, the ease of doing business, the outdated processes and policies were overhauled for a comprehensive platform in cascading the objectives. An innovative mindset to behave as a business partner, the GOI shifted the focus in mitigating "minimum government, maximum governance". The idea is to open an ocean of opportunities to potential partners and investors around the world to make India as the manufacturing hub. A considerate effort is being put to make this vision and mission being accomplished in a timeframe.

## PLAN FOR CREDIBILITY & CAPABILITY

As a development strategy, a basket of messages in a communicative form was built-up for gaining creditability of the programme. Confidence building measures were taken to inspire confidence in India's capability among potential partners and other collaborators abroad. Frameworks of technical information on 25 Industrial Sectors were disseminated amongst the local and global audience about business opportunities and reforms in this direction.

## PARTNERSHIPS FOR A ROADMAP

Idea creation and idea implementation are the vital ingredients of project management. The layers of collaborative effort from various segments i.e., government, leaders and knowledge partners were the unique nature of the Make in India programme. It has been proclaimed that these exercises resulted in a road map for the single largest manufacturing initiative undertaken by a nation in recent history. They also demonstrated the transformational power of public-private partnership, and have become the hallmark of make in India initiative.

## PROGRESS FOR A SPARKLING TRACK

With a transparent and user-friendly system, the make in India programme is fostering innovation and build best-in-class manufacturing infrastructure helping drive investment. Many segments of the key sectors are also opening up higher level of fdi. Besides, the action plans in 25 sectors are well prepared to boost investments. The opening of industrial corridor and other upcoming projects have opened up new vistas to become world's most powerful economy.

In fact, the 5 P's (Programme, Process, Plan, Partnership, and Progress)of Make in India have testing time for On-Time- Performance (OTP) to fulfil its purpose and possibilities to boost up investment resulting in the growth of various sectors and developing the economy at large.

## II. TOURISM & HOSPITALITY SECTOR

### TOURISM AS A STRATEGIC PARTNER:

The Government of India has undertaken various initiatives through policy interventions and by enabling infrastructure development to make 'Incredible India' a 'must revisit, must experience' destination. As a result of these initiatives, the sector has registered a phenomenal growth in domestic tourism, foreign tourist arrivals, foreign exchange earnings, and employment opportunities. As per the Travel & Tourism Competitiveness Index 2015 of the World Economic Forum, India's rank climbed up 13 Places to 52 in 2015 from 65 in 2013. The UNWTO Tourism Barometer (Volume 14, May 2016) currently ranks India at #40 in terms of global tourist footfalls. The goal is to increase India's share in world tourist arrivals from the present 0.68% to 1% by 2020, and further increase it to 2% by 2025.

## MAJOR INITIATIVES:

- FDI Policy Reform
- Impressive growth in FDI Inflows

- Increase in Foreign Exchange Earnings(FEEs)
- Fiscal Incentives
- E-Tourist Visa (e-TV)
- Growth in tourist footfalls
- Rise in medical tourists
- Enabling world-class infrastructure development
- Development of Niche Tourism

## TOURISM: AN ENGINE FOR SOCIO ECONOMIC GROWTH

Tourism & Hospitality Sector has been universally recognized as an agent of development and an engine for socio-economic growth. According to WTTC's India Benchmarking Report 2015, every USD 1 million in Travel and Tourism spending in India generates USD 1.3 million in GDP. Tourism & Hospitality sector has been a harbinger of 'more inclusive growth' in India by promoting other industries in the economy through backward and forward linkages and generating employment in various sectors such as hospitality, travel, and entertainment, wellness and other sectors. For every USD 1 million spent in Travel & Tourism sales, USD 0.18 million of GDP is generated in the agriculture sector and the wholesale and retail sector gains USD 0.11 million. In 2014, Tourism & Hospitality contributed 6.7% to India's GDP and sustained a total of 36.7 million direct, indirect, and induced jobs in the country, a bigger share indeed. In the last two years, the Ministry of Tourism has undertaken several initiatives to provide a further boost to the sector such as launch of new schemes like Swadesh Darshan and PRASAD, revamping of existing schemes such as Hunar se Rozgar tak, extending e-Tourist Visas to more countries, developing a Mobile Application for Tourists, introducing an Incredible India Tourist Helpline, and undertaking various skill development initiatives such as setting up of Indian Culinary Institute, approval of new Institutes of Hotel Management etc.

## CREATION OF WORLD CLASS TOURISM RELATED INFRASTRUCTURE

**Swadesh Darshan** (Integrated Development of Tourist Circuits on Specific Themes) scheme was launched by the Ministry of Tourism on March 9, 2015 for the development of theme based tourist circuits to cater to both mass and niche tourism. Thirteen theme tourist circuits, viz North-East India Circuit, Buddhist Circuit, Himalayan Circuit, Coastal Circuit, Krishna Circuit, Desert Circuit, Tribal Circuit, Eco Circuit, Wildlife Circuit, Rural Circuit, Spiritual Circuit, Ramayana Circuit and Heritage Circuit (launched in the month of December 2015) have been identified for development under this Scheme. Under Swadesh Darshan scheme that aims to develop world class infrastructure to promote cultural and heritage value of the country and enhance the tourist attractiveness, 27 projects for Rs. 2261.50 crore have been sanctioned for 21 States and Union Territories since its launch in January 2015. They include Ecotourism Circuit in the states of Uttarkhand, Telangana and Kerala, Tribal Circuit in Nagaland, Chhattisgarh and Telangana, Coastal Circuit in Andhra Pradesh, Odisha, Pudicherry, West Bengal, Maharashtra and Goa, Buddhist Circuit in Bihar and Madhya Pradesh, Himalayan Circuit in Jammu and Kashmir, Desert Circuit in Rajasthan, Wild Life Circuit in Madhya Pradesh & Assam and North East India Circuit in Arunachal, Sikkim, Manipur, Mizoram, Meghalaya and Tripura under Swadesh Darshan. A Project for Integrated Development of Eco-Tourism, Adventure Sports, and Associated Tourism related Infrastructure for Development of Tehri Lake and surroundings as New Destination-District Tehri has been sanctioned for an amount of Rs.80.37 crores under the Swadesh Darshan scheme.

Five Pan India Mega Circuits have also been identified, namely, Ramayana-Krishna-Buddhist Mega Circuit, Himalayan & Adventure Circuit, World Heritage Circuit, Coastal and Wild Life Circuits, to showcase India as the Land of Buddha and destination for Spiritual and Adventure Tourism.

**PRASAD** The National Mission for Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) scheme was launched by Ministry of Tourism on March 9, 2015 for the development and beautification of pilgrimage sites to tap the growth of domestic tourists driven by spiritual/ religious sentiments. The scheme seeks to augment tourism infrastructure at places of pilgrimage to provide better facilities to pilgrims/tourists and enhance their experience.

In the first phase, 13 cities, viz, Amritsar, Kedarnath, Ajmer, Mathura, Varanasi, Gaya, Puri, Dwarka, Amravati, Kanchipuram, Vellankanni, Guwahati and Patna have been identified for infrastructure development under PRASAD.

During 2014-16, Ministry of Tourism has sanctioned 11 projects for Rs.284.53 crores under PRASAD. 11 projects, in Amravati, Kamakhya Temple, Patna Sahib, Patna, Vishnupad Gaya, Shri Jagannath Puri, Amritsar, Ajmer-Pushkar, Varanasi, Mathura-Vrindavan, and Kedarnath Dham Uttarakhand have been sanctioned under this scheme. These include 2 Projects worth Rs.36.96 crores approved for Varanasi River Cruise and Dwarka.

## III. RURAL TOURISM IN INDIA

It's 21st century and the world is almost up to its neck with big cities, skyscrapers, never ending roadways and chaotic life styles. Now, while travelling you need to rejuvenate your soul and not glossaries your eyes. As such, the next big thing in travel is going to rural tourism in India, closer to man's origin, nature's care and spiritual presence, who is more pleased by rural life. Rural tourism focuses on actively participate in rural life. It can be a variant of ecotourism. Many rural villages can facilitate tourism because of many villagers are hospitable and easier to welcome visitors. (Wikipedia) With this optimistic note, Rural tourism has been a focus area under Ministry of Tourism.. The Rural Tourism Circuit has been identified as one of the thirteen thematic circuits for development under the Swadesh Darshan Scheme. Besides, the Ministry of Tourism has a Rural Tourism Scheme, which is a part of Product/Infrastructure Development for Destinations and Circuits (PIDDC) Scheme. The main objective of the scheme is to showcase rural life, art, culture and heritage in villages, which have core competence in art & craft, handloom, textiles, natural environment etc. Under the scheme, Central Financial Assistance (CFA) is provided for infrastructure development and capacity building to State Governments/Union Territory Administrations for each identified site by them. An amount of Rs.20.00 crores has been allocated under U.T. Plan for the PIDDC during 2015-16.

## WHAT IS RURAL TOURISM?

According to a Ministry of Tourism policy paper, *"Any form of tourism that showcases rural life, art, culture and heritage at rural locations, thereby benefiting the local community economically and socially as well as enabling interaction between the tourists and the locals for a more enriching tourism experience, can be termed as rural tourism."*

**Ministry of Tourism in India has laid a great deal of emphasis on the development of such rural tourism sites which boast of rich art, culture, handloom, heritage and crafts. These villages are affluent in both natural beauty and cultural splendor.**

## MAJOR TYPES OF RURAL TOURISM IN INDIA:

- **Agricultural tourism**- Where you explore more about the agricultural industry and how farmers work with crops. Where open fields steal the show.
- **Food routes**- Where wanderlust meets the variety that persists in our cuisine. It's tourism all about food and knowing more about different staples of different places.
- **Community ecotourism**- Where tourism is for a purpose. It is a rather responsible travel to natural areas that conserves the environment and improves the well-being of local people.
- **Ethno-tourism**- Where you expand your horizons to view cultures different from yours. It is essentially to know more about various ethnic and cultural lifestyles and beliefs.

**WHY RURAL TOURISM IN INDIA?**

- You might want to go all rural while travelling if you're **knowledge thirsty**. It gives you knowledge of **agriculture**, **governance** and what not.
- If you love working for various causes then volunteering independently or in association with organizations is something you might want to do.
- Our culture is so varied and vibrant that a whole life time is but too short to explore it completely. Rural tourism gives you a great deal of exposure to different cultures that **breathe in the interiors of India**.
- Home stays with people you know or come across while your tour.
- All the art and craft enthusiasts can quench their craving for **rustic art** here. From traditional music and dance forms to *paintings* and appliqué **pottery**, rural India has it all.
- You might want to draw or click your way through your rural travel if you're an artist or photographer. Villages boast of some of the best scenes one gets to see in life.
- Villages are heaven to **soul seekers**. Away from the **chaos** of city, away from **exhausting duties** and closer to **nature's lap** you can get to live life at its simplest.

## MYTHS OF RURAL TOURISM :

- ✓ *Rural tourism in India is discomfort.*
- ✓ *Rural tourism in India is unsafe.*
- ✓ *Rural tourism in India is irrelevant in*
- ✓ *Today's era of urbanization.*
- ✓ *Rural food and water are unhygienic.*

## EASE OF DOING BUSINESS

- ➢ Ministry of Tourism has set up a Web-based Public Delivery System for recognition of Travel Trade Service Providers and for classification of hotels in order to ease the process of filing applications by Travel Trade Service Providers seeking recognition from the Ministry. This is also to bring in transparency in granting the approvals. This online process has also been integrated with payment gateway with effect from January 2016.
- ➢ Introduction of a Mobile App: The Ministry of Tourism launched a mobile application called Swachh Paryatan on February 22, 2016, which will let citizens report any hygiene issues at various tourist destinations across the country.
- ➢ Multilingual Tourist Helpline: The Ministry of Tourism launched the 24x7 Toll Free Multilingual Tourist Helpline in 12 languages on February 8, 2016. It can be accessed on Toll Free Number 1800-11-1363 or short code 1363. The languages handled by the Tourist Helpline include ten international languages besides English and Hindi, namely, Arabic, French, German, Italian, Japanese, Korean, Chinese, Portuguese, Russian and Spanish. The multi-lingual help desk in the designated languages provides support service in terms of providing information relating to Travel & Tourism in India and assists the callers with advice on action to be taken during times of distress while travelling in India and if need be alert the concerned authorities.

## IV. TOURISM IN ODISHA

Tourism in Odisha is treated as a priority sector in terms of rich potential of employment & income generation, foreign exchange earnings and value addition to the State economy. With abundance in natural assets, Odisha tourism bears the deliverables like ecologically sound and economically viable tourism development, integration of infrastructural support, institutional mechanism, investment etc. with developmental frame work of the State. Tourist revenue is equally important for the state exchequer. Odisha bears the essence of rich tourism sector with its age old cultural heritage, a myriad of monuments and nature's bounties like beach resorts, eco- tourism, flora & fauna, biodiversity and national parks and sanctuaries. Although the State tourism plays a comparatively small role in Indian tourism scenario, still huge potential for growth is ingrained in this sector in Odisha. Blend with both forward and backward linkages, this hospitality sector generate more than 92 thousand direct employment and 2.77 lakh indirect employments in the ratio of 1:3 in Odisha. The State has several sources and triggers for attracting tourists. Bhubaneswar, the city of temples, the ancient sun temple of Konark, Lord Jagannath Temple at Puri, the Budhist monastic complexes at Ratnagiri, Lalitgiri and Udayagiri are vestiges of rich cultural heritage. The sanctuaries and wildlife parks viz. Bhitarkanika, Similipal National Park, Chandaka Elephant Reserve, Nandankanan and Chilika Lake with migratory birds are some of the major natural tourist attraction points of Odisha. It has been reported that Odisha used to get less than one percent share of foreign tourists arrived in India. However, in absolute terms, the number of tourists from within the State, outside the State and abroad has been increasing. It is further revealed that between 2001 to 2013, the number of tourists from within the State has 4 times, while it is more than doubled from the rest of India and more than doubled in case of abroad. Most tourists to Odisha come from West Bengal and Andhra Pradesh. During 2012, they constituted 14.03 percent and 3.51 percent of all tourists respectively from India, including those from Odisha. France, German, UK and USA were the major tourist generating markets from overseas during 2013, and nearly 54 percent foreign tourists came from Western Europe. As per the tourist profile survey 2008-09, the average duration and spending of a domestic tourist is 3.7 days and Rs. 1,357 per day respectively. While the duration and spending of foreign tourist is 14.2 days and Rs. 2,255 per day. Based on this, the estimated inflow of money to Odisha during 2013-14 has been assessed at Rs.10597.54 crore, a tremendous rise of 117.38 percent over 2012-13.

## OBSERVATIONS & SUMMING UP

India lives in villages. Rural life is the mural of Indian economy. Rural tourism is the nerve centre and prime destination of travellers in the recent times. It is well said that beauty lies with the beholder. The flora and fauna of mountains and fountains gives a new sense of intrinsic satisfaction to the travellers and community at large. The serene Odisha is the soul of Incredible India because of various destinations (Temples, Beaches, lakes, forests, monuments, etc.) and treasure house of Arts and Crafts as well. Make in India programme is the novel path to encompass the encourage and enrich rural tourism as the effective means of livelihood to transform the rural India/Odisha in the upliftment of the economy in the long run. The major initiatives undertaken by the Make in India Programme under tourism sector is commendable to attain its goal. What is more required is the sense of commitment and competency with its fraternity along with a sense of hospitality to protect and promote particularly Rural Tourism?

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# A STUDY ON MAKE IN INDIA- SKILL DEVELOPMENT THROUGH CSR

***Dr Biswa Mohana Jena*** *

## ABSTRACT

*Education and skill development are fast emerging as preferred choice for CSR initiatives in India. If you go by recent trends, we find that many corporates have integrated their business goals with CSR and there's a strategic contribution to capacity building and community development through partnering with training partners, NGOs and other organizations. Corporate organizations have a crucial role to play in accomplishing the national agenda for skilling India. Besides meeting their demand for skilled and talented workforce, they also address requirements of the industry and engage with the larger community. The Companies Act 2013 has mandated corporates to spend at least 2% of their profits on CSR. First, let's look at the big picture of CSR and then discuss the 5 models that can be used for skill development and vocational training in India.*

**Keywords :** *Education, Skill Development, Csr, Vocational Traning*

## INTRODUCTION

"The future of India lies in its village" said by Mahatma Gandhi. MAKE IN INDIA launched by Prime Minister NarendraModi on 25th September 2014 in a function at the VigyanBhavan. For the development of Indian people PM Modi is encouraging the national and multi-national companies through this concept. Most of the people in India are unemployed for this reason the economic status of India is very poor. Through this concept the unemployment problems will be solved and also the work efficiency of people will increase by creating high quality product because the aim of this concept is providing high quality standard and not giving any type of harm to the environment (one type of sustainable development). Government have selected 25sectors for MAKE IN INDIA which will establish the top position of India in the world these sectors are Automobiles, Auto components, Aviation, Biotechnology, Chemicals, Constructions, Defense manufacturing, Electrical machinery, Electronic system design and manufacturing, Food processing, IT and BPM(Business Process Management), Leather, Media and entertainment, Mining, Oil and gas, Pharmaceuticals, Ports, Railways, Renewable energy, Roads and highways, Space, Textiles, Thermal power, Tourism & Hospitality and wellness. The slogan of PM Modi is "Zero Defect Zero Effect" which means the product of companies should be defectless and the product donot affect the environment(eco-friendly product).

## REVIEW OF LITERATURE

Russell (2014) "Can Make in India make jobs?" Defined the potentially high impact of an acceleration of formal-sector manufacturing should serve as motivation for the Indian government at all levels to push hard toward the goal.Aditya

* *Lecturer, Dept. of Commerce, Netaji Subhash Chandra Bose College, A Govt. Lead College , Sambalpur*

Nigam (October 20, 2014) “Make in India- Modi’s war on the poor” in this study he says that Modi has started a war not just on the environment, but a class war on the poor of this country.

Shri.SagarS.Pole “Make In India Programme – Problems And Perspectives” said in this study that Make in India initiative of the Govt. is to change the growth dynamics of the economy. Nearly 2 decades of economic liberalization, coupled with huge domestic demand, a growing middle class, a you population and high return on Investment make India a incredible Investment destination.

Dr. T. Vijayaragavan “ Make in India and Its Strength to Become India a Manufacturing Hub”India has been called upon foreign companies to invest in India to create a virtuous cycle of economic growth with provide effective and easy governance. Moreover our prime minister said the government will provide a growth-oriented environment and act as a facilitator rather than create new hurdles. Make in India will surely create investment opportunities but these will be unevenly distributed.

In conclusion, we have to acknowledge the fact that advancing manufacturing growth will be essential if Indiawants to transform itself into a high-income economy. We cannot rely on services alone to fulfil this ambition. At the same time, we will also have to focus on skilling our youth population. The ‘Make in India’ programme may have the potential to transform India into a manufacturing hub but if we are to achieve that potential, the government would have to move beyond rhetoric to actual implementation of the announced policies.

The Slogan of “Make in India” by PrabhatPatnaik, The only way that the manufacturing sector can expand and employment generated in the economy, is by enlarging the home market, since the export market is hit by the world capitalist crisis. This requires putting more purchasing power in the hands of the working population through larger welfare expenditure, larger expenditure on employment guarantee schemes like the MGNREGS and larger public expenditure on irrigation and on reviving agriculture. And if such an agenda is frowned upon by international capital, then this hostility of international capital has to be nullified by appropriate capital controls.

## OBJECTIVE :

1. To find out the cause and effects of Make in India initiative of the Govt Which helps to change the growth dynamics of the economy
2. To provide investment opportunities, employment generation and growth in manufacturing sector

## HYPOTHESIS

1. Whether the cause and effects helps in changing the growth of the economy
2. Adequate growth in manufacturing sector , investment and employment are adhered to it or not

## RESEARCH METHODOLOGY

Survey method is adopted, secondary source of data collection along with extensive study from the internet is applied. Extract from Odisha Economic Survey 2013-14 and statistical indicatoras are also taken.

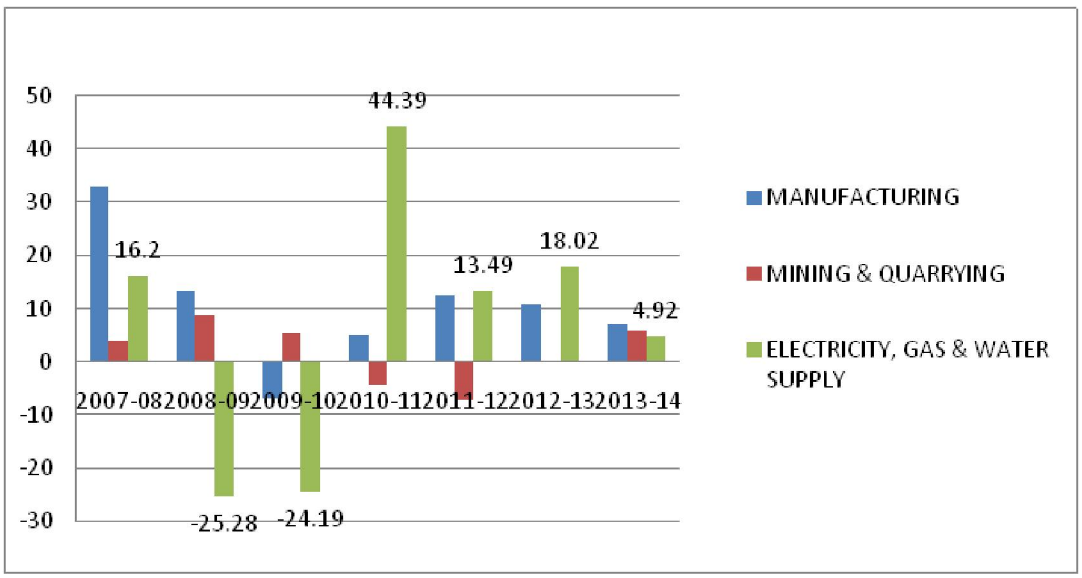
## SIGNIFICANCE OF MAKE IN INDIA

All the country wants to develop their economic condition bt not for short period it must be for long period for our next generation without any problem for future period (sustainable development). PM Modi said, FDI stands for First Develop India instead of Foreign Direct Investment. Make in India provides facilities to the companies to start their business and motivate foreign investment in capital and corporate FDI. In other words MAKE IN INDIA concept is similar to SWADESHI MOVEMENT. Used our own product which are produced in our country and also supply that product outside the country that's why it will increase the economic status of the individuals and the country. It will also decreased the unemployment level. In other hand this concept have some disadvantages. This concept openly invite the foreign country to start their business in India it must increase our economic growth but the pollution is simultaneously increase in India. By this way India may be most polluted country in the world like China.

## DIAGRAMATIC REPRESENTATION OF STUDY

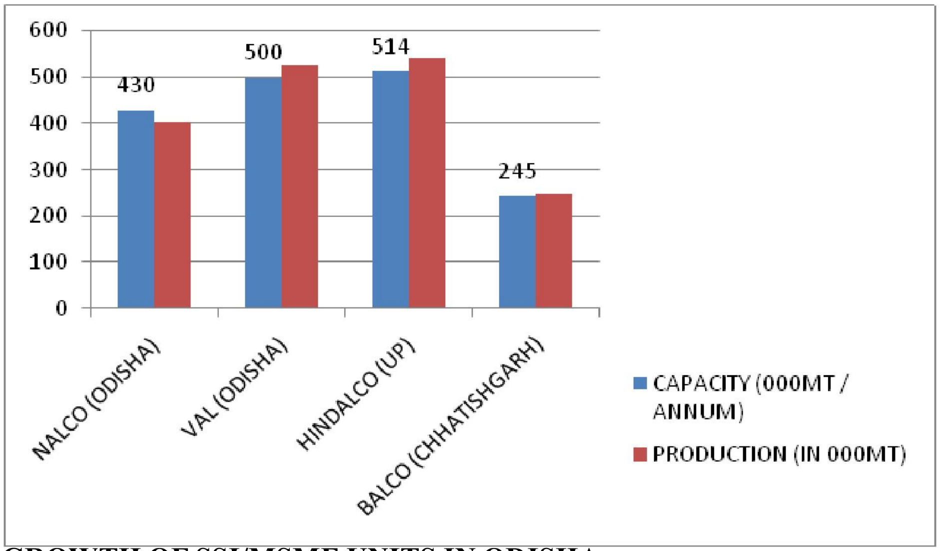
### 1. REAL ANNUAL GROWTH RATES OF INDUSTRY SUB-SECTORS IN ODISHA, 2007-08 TO 2013-14

| YEAR | MANUFACTURING | MINING & QUARRYING | ELECTRICITY, GAS & WATER SUPPLY |
|---|---|---|---|
| 2007-08 | 33.04 | 3.94 | 16.2 |
| 2008-09 | 13.36 | 8.95 | -25.28 |
| 2009-10 | -6.74 | 5.49 | -24.19 |
| 2010-11 | 5.3 | -4.19 | 44.39 |
| 2011-12 | 12.44 | -6.95 | 13.49 |
| 2012-13 | 10.97 | 0.31 | 18.02 |
| 2013-14 | 7.1 | 6.16 | 4.92 |

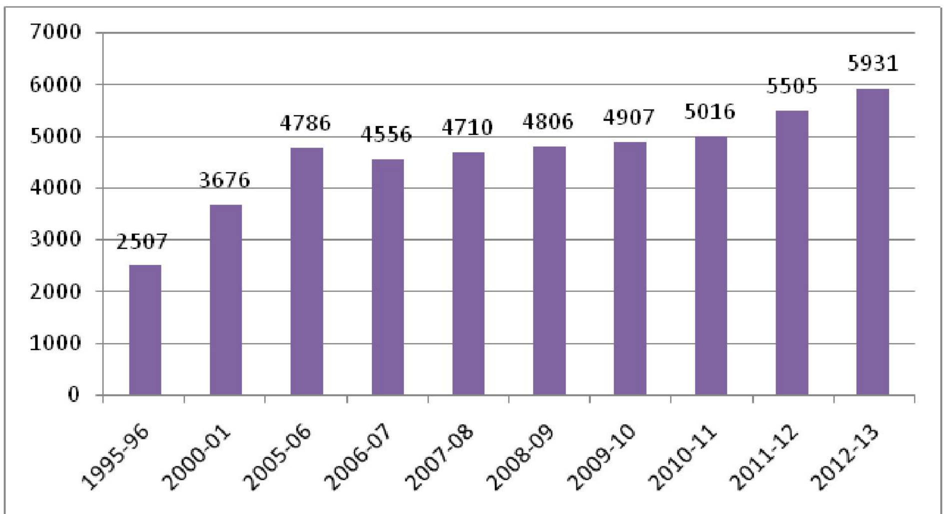



### 2. ALUMINIUM PRODUCTION CAPACITY AND PRODUCTION BY MAJOR PLANTS, 2012-13

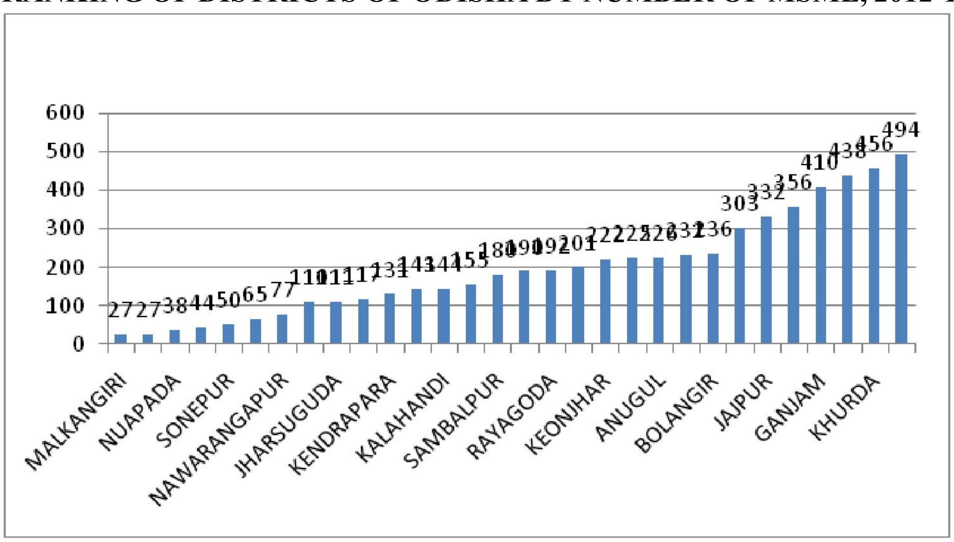
| | CAPACITY (000MT/ ANNUM) | PRODUCTION (IN 000MT) |
|---|---|---|
| NALCO (ODISHA) | 430 | 403 |
| VAL (ODISHA) | 500 | 527 |
| HINDALCO (UP) | 514 | 542 |
| BALCO (CHHATISHGARH) | 245 | 248 |



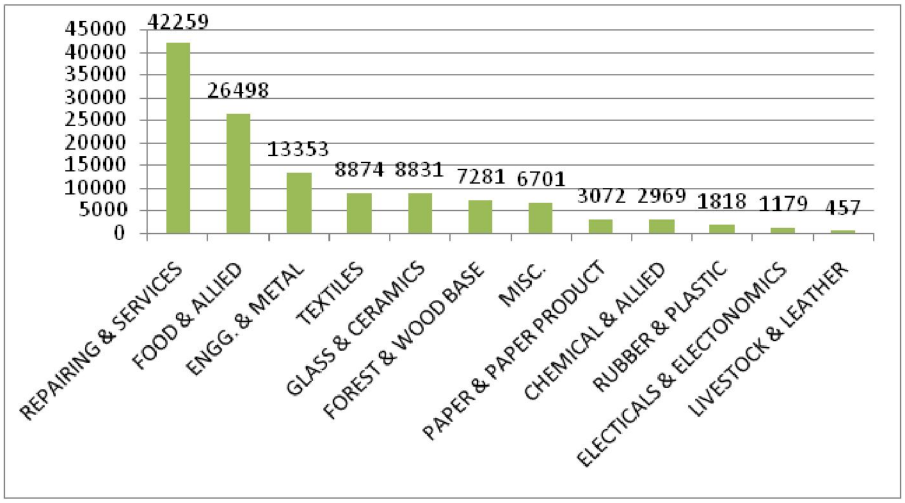

**3. GROWTH OF SSI/MSME UNITS IN ODISHA**



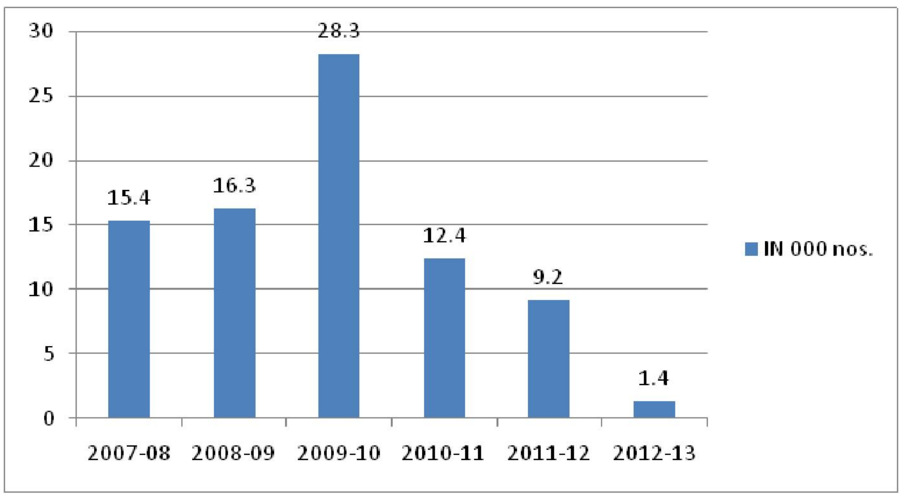

**4. RANKING OF DISTRICTS OF ODISHA BY NUMBER OF MSME, 2012-13**



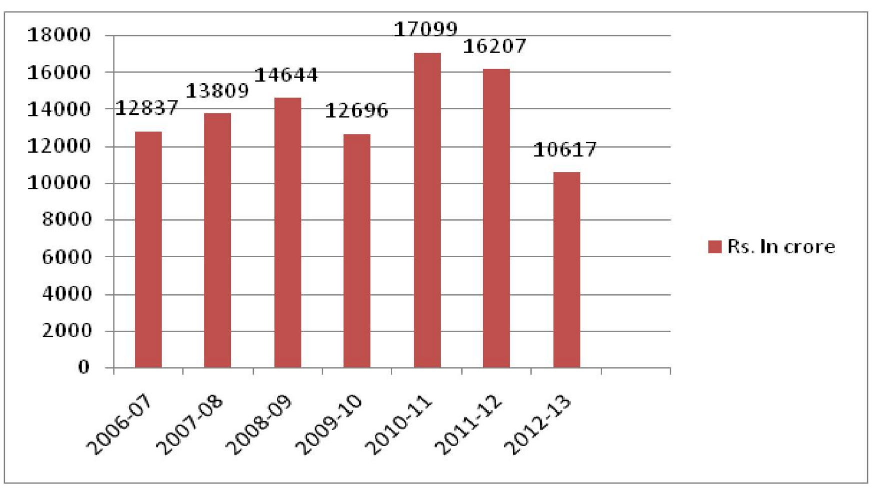
**5. NUMBER OF MSME UNITS SET-UP IN ODISHA, AS ON 2012-13**



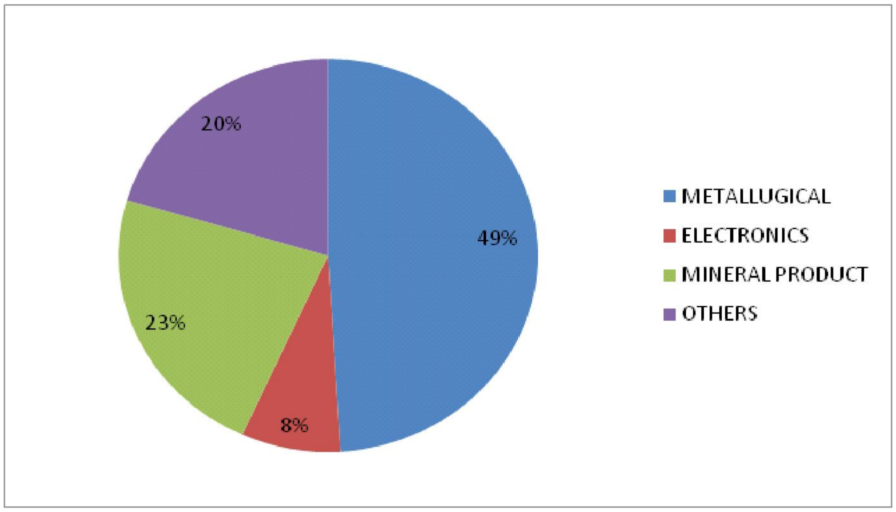

**6. EMPLOYMENT GENERATION THROUGH COTTAGE INDUSTRIES IN ODISHA**



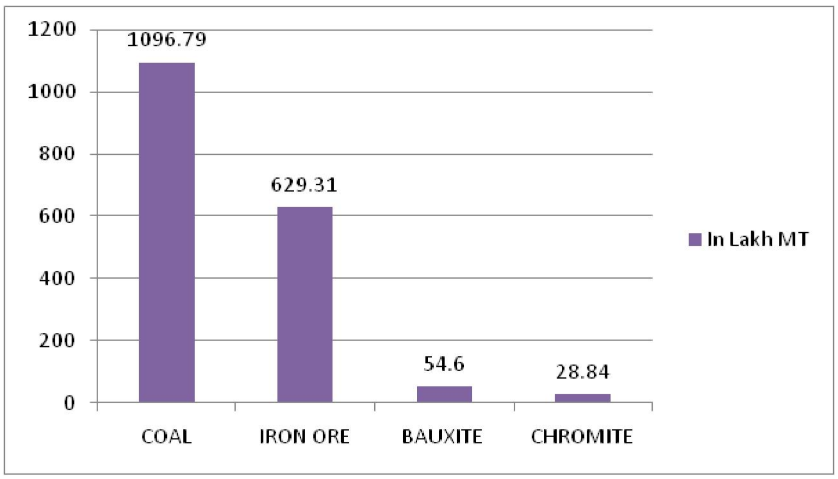

**7. VALUE OF GOODS EXPORTED FROM ODISHA TO FOREIGN COUNTRIES**



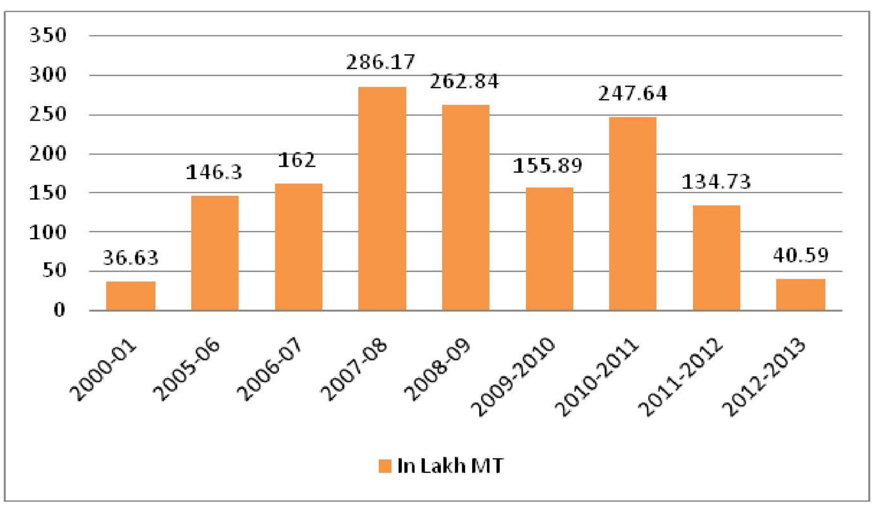
## 8. COMPOSITION OF EXPORTS FROM ODISHA, 2012-13



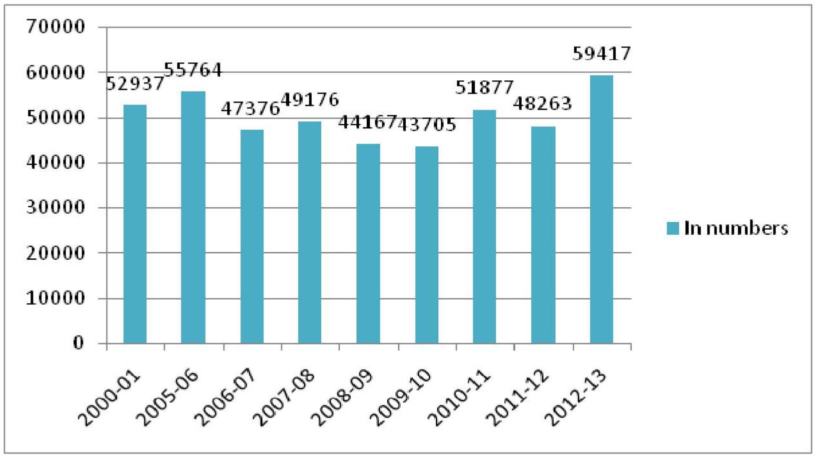

## 9. PRODUCTION OF MAJOR MINERALS IN ODISHA, 2012-13




## 10. TOTAL EXPORTS OF MINERALS AND ORES, 2000-01 TO 2012-13



**11. WORKERS DIRECTLY EMPLOYED IN MAJOR MINERALS ACTIVITIES IN ODISHA, 2000-01TO2012-13**




**SKILL DEVELOPMENT THROUGH CORPORATE SOCIAL RESPONSIBILITY (CSR) IN MAKE IN INDIA**

MAKE IN INDIA main aim is to provide employment generation and increase economic growth and also provide good quality product. For good quality product it needs proper skilled worker, for this purpose training programmes are needed for the employees. In India companies have some responsibity towards the society and these responsibilities are mandatory for all CSR listed companies, they are spend at least 2% of average net profit towards the society. CSR provide training facility and help the National Skill development corporation (NSDC) for achieving objectives of produce skilled manpower.CSR providing training through SHGs (Self Help Groups) for rural women. CSR also provide ITIs (Industrial Training Institues) and vocational training and give training facility with out migration.

**CONCLUSION**

Inviting the companies through make in india definitely increase our economic condition and also creating job opportunity for approximate 10 million people in India which decreased unemployment problem of our country with the help of top investors. Through MAKE IN INDIA people must not suffer from poverty it will reduce poverty alleviation and also reduce social discrimination like caste, religion, gender, status. Somes peoples are doing antisocial work due to their basic needs such type of antisocial work are also will be checked by this concept. Our country and the companies both are benifited by the concept. Government of India has given much more facilities to the companies besides all these facilities the Government of India has also given appointment some advisor group and also facilitate online website (makeinindia.com) for better and easy communication with the investors.

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# DETECTION OF EARNINGS MANAGEMENT

***Ramesh Chandra Das*** *
***Sarthak Kumar Jena*** **

## ABSTRACT

*The paper quantifies accrual-based earnings management (AM) and real earnings management (RM) in the Indian context by considering 673 listed non-financial companies for the period 2009-2013. Modified Jones model (1991) and Roychowdhury model (2006) have been used for quantifying AM and RM respectively. The results suggest that Indian companies undertake both AM and RM with a higher predisposition towards AM. This study has also explained the magnitude and frequency of earnings management. It finds that accrual-based earnings management supersedes the real earnings management in every year. Further this study has categorized the whole sample firms based on firm specific parameters such as large size vs. small size firms, high levered vs. low levered firms, high-growth vs. low-growth firms, high- performance vs. low-performance firms, business group firms vs. standalone firms. Analyzing these firm specific parameters, it is evident that high leverage firms, high growth firms, firms with higher ROA and firms belonging to business groups are exhibiting higher AM. Finally, this study finds that unlike accrual-based earnings management, there is no clear cut pattern of RM across firm specific parameters.*

**Keywords**: Accrual-based Earnings Management; Real Earnings Management; Firm specific parameters

JEL Classification: M40; M41

## 1. INTRODUCTION

This paper examines various earnings management models used in different context for detecting earnings manipulation. There are two possible ways manipulation occurs i.e., manipulation of discretionary accruals and by manipulation of real activities (operational activities). Zang (2012) articulates the difference between AM and RM as follows: "*Unlike real activities manipulation, which alters the execution of a real transaction taking place during the fiscal year, accrual-based earnings management is achieved by changing the accounting methods or estimates used when presenting a given transaction in the financial statements. For example, changing the depreciation method for fixed assets and the estimate for provision for doubtful accounts can bias reported earnings in a particular direction without changing the underlying transactions*."

In AM, manipulations occur in financial statements by altering the reports that deviate from the underlying economic transactions (Schipper, 1989, p.92). Some examples of AM are (i) changes in revenue recognition policy, (ii) timing of assets write-offs, (iii) under/over provisioning of bad debt accounts and pension accounts, (iv) accounting for timely gain and loss, etc.

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* *Ph.D Scholar, IIT Kharagpur and Lecturer at Panchayat College, Bargarh*

** *Ph.D Scholar, IIT Kharagpur and Lecturer at Bhadrak (Auto), College, Bhadrak*

In RM, the departure occurs from normal operating practices (Roychowdhury 2006). In a primary survey undertake by Graham, Harvey and Rajgopal (2005) report that 80 percentage survey participants would decrease discretionary spending on R&D, advertising, and maintenance expenditures to meet an earnings target and 55.3 percentage survey participants would delay the new project to meet earnings target. Few examples of RM are: (i) increasing sales by changing credit terms and providing impulse discounts to buyers, (ii) deferral of expenditures such as R&D and advertising expenses to reduce the current year expenses, (iii) overproducing to decrease COGS expense etc.

Healy (1985) is the first to relate earnings management pattern to executive compensation. He uses working capital accruals as a base measure of discretionary accruals and finds that managers manipulate income in order to increase their compensation from bonus plan. Following Healy (1985), more sophisticated models have been developed that decompose total accruals into discretionary accruals and non-discretionary accruals. Jones (1991) for the first time decomposes total accruals into discretionary accruals and non-discretionary accruals and includes change in revenues and the level of gross property, plant, and equipment as determinants of non-discretionary accruals. Dechow, Sloan and Sweeney (1995) modifies the original Jones model (1991) and includes changes in credit sales instead of changes in total sales as determinants of non-discretionary accruals. Dechow and Dichev (2002) propose a new accrual model by correcting temporary matching problems with firms' underlying cash flows. In their study, they consider past, present and future cash flows as determinants of non-discretionary accruals. McNichols (2002) combines both Jones (1991) model and Dechow and Dichev (2002) model for determining non-discretionary accruals. Kothari, Leone and Wesley (2005) propose a matching procedure that entail subtracting estimates of discretionary accruals from Jones (1991) model using control firms matched by industry and return on assets.

Various dimensions related to RM have been gained importance after the enactment of Sarbanes-Oxley Act (2002) in USA. In a primary survey, Graham, Harvey and Rajgopal (2005) report that managers actively engage in RM such as reducing expenditure for meeting the short-term objectives. Roychowdhury (2006) provides evidence on RM activities, which deviate from normal operations of companies. He examines various activities undertaken by companies such as boosting sales through increase in price discounts or more lenient credit policy, over production to lower fixed costs and reducing discretionary expenditures (R&D expenses, advertising, SG&A expenses) etc. to improve the reported profits as examples of real earnings management. In his study, three different proxies like *abnormal cash flows, abnormal expenditure* and *abnormal production* are used for measuring the real earnings management. Many other researchers (Kim and Sohn, 2013; Cohen, Dey and Lys, 2008; Gunney, 2010; Osma, 2008) have used the Roychowdhury (2006) model to measure the real earnings management.

Recently, a few researchers (Zang, 2012; Chen, Huang and Fan, 2012; Cohen and Zarowin, 2010; Zhu, Shan and Zang; 2015) have measured both AM and RM. Field, Lys and Vincent (2002) observe this aspect and found that overall effect of earnings management cannot not be judged for a firm if managers use RM and AM and commented that in such cases, examining either type of earnings management activities in isolation cannot lead to definitive conclusions. Hence, it is imperative to study both AM and RM to gauge the extent of earnings management undertaken by companies. Though a few studies in Indian context have measured AM, to the best our knowledge, no study that has examined AM and RM together. Hence the broad objective of this chapter is to measure both AM and RM in Indian context.

The rest of the chapter is organized as follows: *Section 2* describes the literature review. *Section 3* presents the methodology and sample selection. *Section 4* presents result analysis and interpretation. *Section.5* concludes the chapter.

## 2. Literature Review

This section discusses the major and widely used models such as accrual-based earnings management models and real earnings management models for detection of earnings management. *Section 2.1* and *section 2.2* discuss AM models and RM models respectively. Section 2.3 and section 2.4 discuss the earnings management research in India and research gap objective respectively.

## 2.1 Accrual-based Earnings Management

This section discusses the five different accrual models that are used widely for measuring the accrual-based earnings management.

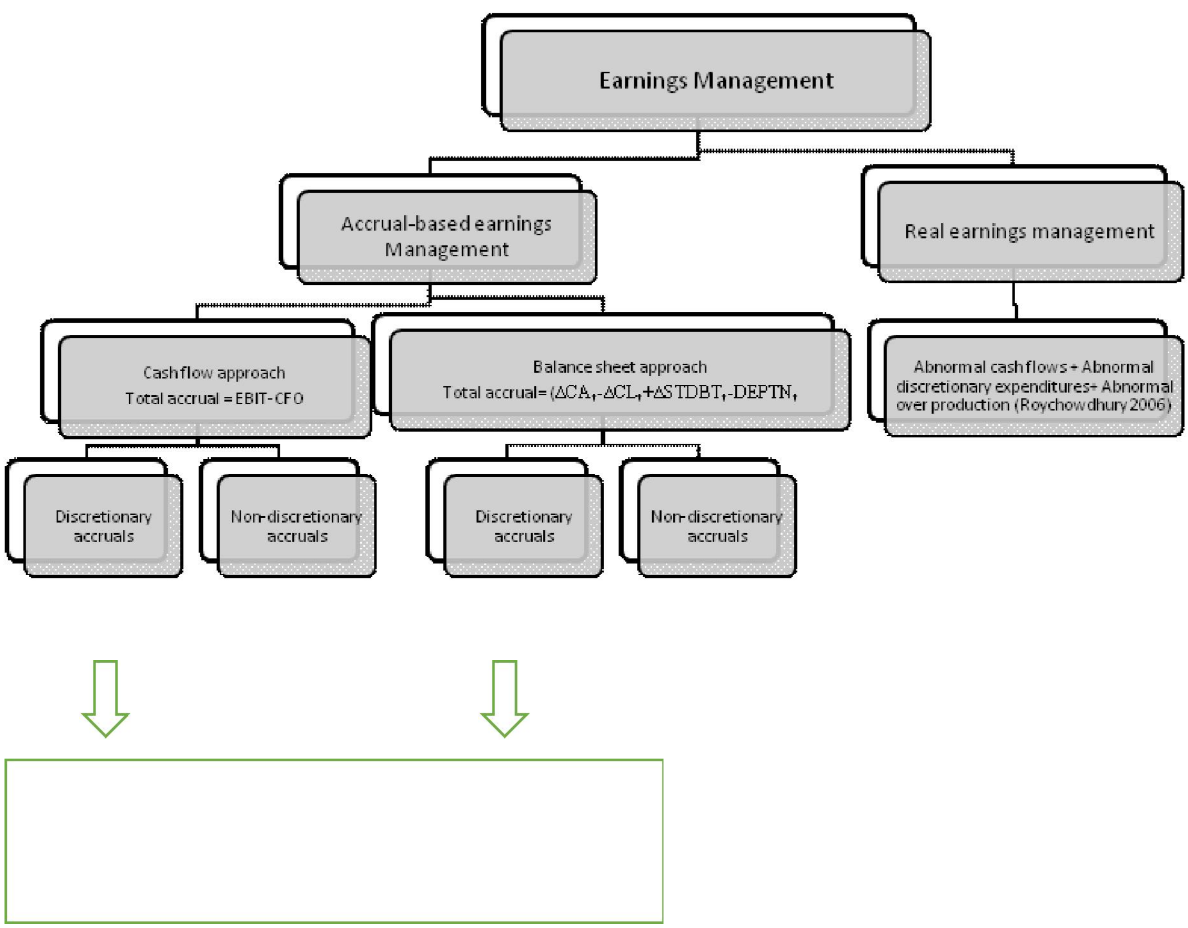
### (a) The Healy (1985) Model

Healy (1985) define discretionary accruals (DA) in a period as total accruals scaled by lagged total assets. He predicts that systematic earnings management occurres in every period and assumes that non-discretionary accruals follow the regression of white noise, whose average value is zero. So the value of the expected non-discretionary accruals is zero.

### (b) The DeAngelo (1986) Model

DeAngelo (1986) estimates the earnings management by computing differences in total accruals and assuming that first differences have an expected value of zero under the null hypothesis of no earnings management. The measure of non-discretionary accruals rests on the last period's total accruals (scaled by lagged previous year total asset). The model assumes that non-discretionary accruals follow a random walk and use the change in aggregate accruals from year $t_{-1}$ to t to represent the discretionary accruals.

**Figure 1.1: Earnings management graph**



**Note: Authors own collation** NDA- Non-discretionary accruals; "$CA_t$ - change in current assets from year t to $t_{-1}$; "CL- change in current liabilities from year t to $t_{-1}$; "STDBT- change in current maturities of long-term debt and other short-term debt included in current liabilities during period t; depreciation and amortization expense during period t; EBIT- net income before extraordinary items and discontinued operation. Typically all variables are deflated by lagged total assets ($TA_{t-1}$) to control for scale differences.

### (a) The Jones (1991) Model

Kaplan (1985) points out that accruals are a likely result from the exercise of managerial discretion and changes in the economics conditions. Following the Kaplan (1985), total accruals are regressed on the change in sales and the level of gross property, plant and equipment (PPE). This model is based on two assumptions. First, current accruals (changes in working capital accounts) result from changes in the firms' economic environment related to changes in sales, or sales growth. Second, gross property, plant and equipment controls for the portion of total accruals related to non-discretionary depreciation expenses. The Jones (1991) model for non-discretionary accruals in the estimation year

### (b) The Modified Jones (Dechow, Sloan and Sweeney 1995) Model

Dechow, Sloan and Sweeney (1995) have developed a modified version of the Jones model. The modification is designed to eliminate the conjectured tendency of the Jones model to measure discretionary accruals with an error when discretion is exercised over revenues. In this model cash sales are adjusted (sales-receivables) in the prediction period. The Modified Jones (1995) model for non-discretionary accruals in the estimation year is:

$$\frac{TAC_{it}}{TA_{it-1}} = \alpha_1 \frac{1}{TA_{it-1}} + \alpha_2 \frac{\Delta REV_{it} - \Delta REC_{it}}{TA_{it-1}} + \alpha_2 \frac{PPE_{it}}{TA_{it-1}} \qquad ...(1)$$

where,

$TAC_{it}$ = Firm's total accruals for firm i in year t.

$TA_{it-1}$= Firm's total assets for firm i in year t.

" $REV_{it}$= Firm's change in revenues for firm i in year t.

" $REC_{it}$= Firm's change in receivables for firm i in year t.

$PPE_t$= Firm's property, plant and equipment for firm i in year t.

The *Eq. 2* is used to the estimate of coefficients for calculation of DA using data in period t.

$$DA_{it} = \frac{TAC_{it}}{TA_{it-1}} - \hat{\alpha}_1 \frac{1}{TA_{it-1}} + \hat{\alpha}_2 \frac{\Delta REV_{it} - \Delta REC}{TA_{it-1}} + \hat{\alpha}_3 \frac{PPE_{it}}{TA_{it-1}} \qquad ...(2)$$

$\hat{\alpha}1$, $\hat{\alpha}2$, $\hat{\alpha}3$ are estimated coefficients from Eq (2.5).

Postive DA indicates the income increasing accrual manipulation overstating earnings, and negative DA indicates income-decreasing accrual manipulation understating expenses.

The model is well specified when applied to a random sample of firm-years with the expectation of earnings management. However, the model generates tests of low power for earnings management of plausible magnitude (one per cent to five per cent of assets). The model rejects the null hypothesis of no earnings management at rates exceeding the test levels when applied to a sample of firms with extreme financial performance. The model has two limitations. In the first case, it has less power in case of firms with extremely good performance. In the second case, it has less power when the earnings management is in between 1 percent to 5 percent of total assets.

### (c) The Performance-Matched (Kothari, Leone and Wesley 2005) Model

Kothari, Leone and Wesley (2005) have addressed the issue raised by the Dechow, Sloan and Sweeney (1995) regarding the extreme financial performance of firms earning management; they have added a new independent variable return on asset (ROA) with Modified Jones (1995) model. This study suggests that accruals having firms that have experienced unusual performance are expected to be systematically non-zero, and, therefore, firm performance is correlated with accruals. This model is a better measure when the firm shows extremely good performance. Their result indicates that performance matching is no panacea; first, their performance matching procedures rarely eliminates misspecification and sometimes exaggerates misspecification. Their intuition indicates that ROA mitigates misspecification for samples with extreme earnings to price and book to market, but can exaggerate misspecification in samples with extreme size and operating cash flows.

Among the models described, Modified Jones (1995) model is used for detecting accrual-based earnings management. Dechow, Sloan and Sweeney (1995) find that modified Jones model is a most powerful test of a model for detecting accrual-based earnings management compared to Healy (1985) model and DeAngelo (1986) model. Dechow et al., (2012) suggest that Modified Jones (1995) model is the most effective model for detecting accrual-based earnings management. Doukakis (2014) find that the Modified Jones (1995) model is more powerful at detecting earnings management than original. This model controls the revenue recognition, which is subject to manipulation by management. Zhu, Shan and Zang (2015) find that Kothari, Leone and Wesley (2005) model fails to control for differences in fundamentals (such as firm performance) between treatment and control groups and lead to biased or over-claimed empirical conclusion in testing earnings management. In the Indian context, Sarkar, Sarkar and Sen (2008), Rao and Dandel (2008), Rudra and Bhattacharjee (2012) have used Modified Jones (1995) model for estimating accrual-based earnings management in Indian context.

## 2.2 Real Earnings Management [Roychowdhury, 2006] model

Roychowdhury (2006) has provided evidence on RM activities which deviate from normal operations of companies. He cites various activities undertaken by companies such as boosting sales through an increase in price discounts or more lenient credit policy, over production to lower fixed costs and reducing discretionary expenditures (R&D expenses, advertising expense and SG&A) etc. to improve the reported profits as examples of RM. In his study, three different proxies like *abnormal cash flows, abnormal expenditure,* and *abnormal production* are used for measuring the RM. Many other researchers (Zang, 2012; Chen, Huang and Fan, 2012; Kim and Sohn, 2013) have used the Roychowdhury (2006) model to measure the RM.

Estimation of real earnings management has been done following the Roychowdhury (2006) model considering two proxies, i.e., *abnormal cash flows and abnormal discretionary expenditures*. Abnormal cash flow is the difference between a firm's actual cash flows and the firm's normal cash flows. Similarly, the abnormal discretionary expenditure is the difference between a firm's actual discretionary expenditures and the firm's normal discretionary expenditures. Discretionary expenditure has computed as the aggregate of selling, general and administrative expenses, advertising expenses and R&D expenses. *Eq. (3) and Eq. (4)* have been used to calculate a firm's normal cash flows and normal discretionary expenditures. "

$$\frac{CFO_{it}}{TA_{it-1}} = \beta 0 + \beta_1 \frac{1}{TA_{it-1}} + \beta_2 \frac{SALES_{it-1}}{TA_{it-1}} + \alpha_2 \frac{\Delta SALES_{it}}{TA_{it-1}} + \varepsilon_{it}$$

$$\frac{CFO_{it}}{TA_{it-1}} = \beta 0 + \beta_1 \frac{1}{TA_{it-1}} + \beta_2 \frac{SALES_{it-1}}{TA_{it-1}} + \alpha_2 \frac{\Delta SALES_{it}}{TA_{it-1}} + \varepsilon_{it}$$

Roychowdhury (2006) model is used to estimate the normal cash flows and normal discretionary expenditures.

Where, $CFO_{it}$ = Firm's cash flow from operation for firm i in year t; $TA_{it-1}$ = Firm's total assets for firm i in year t-1; $SALESit_{-1}$ = Firm's sales for firm i in year t-1; "$SALES_{it}$ = Firm's change in sales from $t_{-1}$ to t.

$$\frac{DISEX_{it}}{TA_{it-1}} = \beta 0 + \beta_1 \frac{1}{TA_{it-1}} + \beta_2 \frac{SALES_{it-1}}{TA_{it-1}} + \varepsilon_{it} \quad ...(3)$$

$$\frac{DISEX_{it}}{TA_{it-1}} = \beta 0 + \beta_1 \frac{1}{TA_{it-1}} + \beta_2 \frac{SALES_{it-1}}{TA_{it-1}} + \varepsilon_{it} \quad ...(4)$$

Where $DISEX_{it}$ = Firm's discretionary expenditures (advertising expenses, selling, general and administrative expenses+ R&D expenses) at year t; $TA_{it-1}$ = Firm's total assets for firm i in year t-1; $SALES_{it-1}$ = Firm's sales for firm i in year t-1

Consistent with Zang (2012), Cohen and Zarowin (2010) and Chen, Huang and Fan, (2012), this chapter uses a comprehensive measure of RM by aggregating the standardized value of two individual real activities. Consistent with Zang (2012) and Cohen and Zarowin (2010), the study multiplies abnormal CFO and abnormal DISEX by negative one (–1) to reflect the fact that larger the amount of abnormal CFO and abnormal DISEX, more likely it is that a firm is engaged in sales manipulations through price discounts and cutting discretionary expenditures.

## 2.3 Earnings Management Research in India

Different aspects of earnings management have been studied extensively in the global context, especially from the perspective of US and UK. Even though India has the largest number of listed companies and many of these companies are perceived to undertake earnings management, research pertaining to earnings management is limited in the Indian context. Prevalence of earnings management by Indian companies has been documented by Verma (2013), Ajit Malik and Verma ( 2013), Sarkar, Sarkar and Sen (2008), Rao and Dandel (2008), Ghosh (2010), Goel (2012), Rudra and Bhattacharjee (2012), Jaiswal and Banerjee (2011), Agrawal and Chatterjee (2015).

Besides the above literature, Kapoor and Goel (2016), Houque, Ahmed and Zijl (2016), and Dayanandan and Sra (2016) examine the earnings management research in Indian context.

## 2.4 Research Gap and Objective

Though some studies have focused on accrual-based earnings management in the Indian context, research in real earnings management is scant. Fields, Lys and Vincent (2002) observe that one particular method (either accrual-based or real activities based) is not sufficient to draw the overall conclusion about the earnings management of the firm and both accrual and real earnings management need to studied in tandem to understand the extent of earnings

management of a company. In light of the above discussions, the objective of this chapter is as follows:

- Detection of accrual-based earnings management and real earnings management in Indian context.

## 3. Methodology

The measurement for AM, Modified Jones (Dechow, Sloan and Sweeney (1995) model is used for detecting accrual-based earnings management and for real earnings management model, comprehensive measure of RM by aggregating the standardized value of two individual real activities are used.

## 3.1 Sample Selection and Data Description

The sample for this study is comprised of 673 listed Indian firms. The data period is from 2009 to 2013. The analysis is confined to listed companies only because all listed firms are required to follow the norms set by Securities and Exchange Board of India (SEBI) for financial reporting. **Table - 1** provides the sample selection procedure for analysis of this chapter.

**Table –1 Sample Selection Procedure from the period 2009-2013 (673 Sample Firms)**

| Criterion | Number of firms |
|---|---|
| Initial sample collected from Prowess data base (created by the CMIE) | 2919 |
| Minus the financial and banking companies | 1197 |
| Minus the government-owned firms | 55 |
| Minus the firms that have missing financial statement information | 994 |
| Final sample | 673 |

## 4. Result Analysis and Interpretation

**Table - 2** reports the univariate analysis of one sample mean test and one sample median test of AM and RM, respectively.

Using Modified Jones (1995) model, this study reports an average AM (***Table 2)*** i.e., *5 percent of total assets of a firm*. Employing Roychowdhury (2006) two proxies model, this study finds an average RM of *3 percent of total assets of a firm.* The detail comparative analysis of AM and RM reported by other studies is given in ***Table 3***. AM of 5 percent as compared to 8 percent and 2.9 percent reported by Sarkar, Sarkar and Sen (2008) and Ajit, Malik and Verma (2013) respectively could be due to difference in time period of study and sample size. It is interesting to note that past researchers have reported negative AM and RM. Negative AM and RM is exhibited when firms undertake activities to decrease income and assets as well as to increase liabilities. To measure the efficacy of earnings management, whole sample is segregated based on firm specific parameters such as size, leverage, growth, performance and ownership affiliation. The logarithm of total assets of the firm is used for measuring the size of the firm (***Table 2***). The median to higher and median to lower are measured as large size firm and small size firm. The ratio of total liabilities to total assets is used for measuring the leverage of a firm. The median to higher and median to lower are measured as high-levered firm and low-levered firm.

**Table – 2 Univariate Analysis of Earnings Management**

| | AM | | RM | | AM | | RM | |
|---|---|---|---|---|---|---|---|---|
| | Mean | t-statistics | Mean | t-statistics | Median | Wilcoxon test | Median | Wilcoxon test |
| Whole sample | 0.05*** | 84.49 | 0.03*** | 26.46 | 0.05*** | 5663295 | 0.02*** | 5663295 |
| Large size | 0.04*** | 31.75 | 0.03*** | 11.61 | 0.04*** | 224115 | 0.01*** | 224115 |
| Small size | 0.05*** | 30.72 | 0.02*** | 10.96 | 0.04*** | 224115 | 0.01*** | 224115 |
| High leverage | 0.05*** | 31.33 | 0.03*** | 9.09 | 0.05*** | 224115 | 0.01*** | 224115 |
| Low leverage | 0.03*** | 31.50 | 0.03*** | 9.63 | 0.04*** | 224115 | 0.01*** | 224115 |
| High growth | 0.05*** | 30.51 | 0.05*** | 11.47 | 0.04*** | 224115 | 0.01*** | 224115 |
| Low growth | 0.03*** | 32.45 | 0.03*** | 11.06 | 0.05*** | 224115 | 0.01*** | 224115 |
| High performance | 0.06*** | 33.53 | 0.03*** | 11.11 | 0.05*** | 224785 | 0.01*** | 224785 |
| Low performance | 0.03*** | 31.35 | 0.03*** | 8.31 | 0.03*** | 224115 | 0.01*** | 224115 |
| Standalone | 0.03*** | 30.43 | 0.03*** | 8.31 | 0.04*** | 221445 | 0.01*** | 221445 |
| Business group | 0.05*** | 32.98 | 0.05*** | 10.62 | 0.05*** | 227475 | 0.01*** | 227475 |

**Notes:** This table represents one sample mean (t-test) and one sample median (Wilcoxon test) test of accrual-based earnings management and real earnings management. ***, ** and * show the value significant at 1, 5 and 10 per cent respectively.

The ratio of market value of equity to book value of equity is used for measuring the growth of the firm. The median to higher and median to lower are measured as high growth and low growth firm. Return on assets is used as a performance measurement of the firm. The median to higher and median to lower are measured as high-performance firm and low-performance firm. Ownership affiliation is segregated into two parts such as business group firms and standalone alone firm. As per Prowess India "*Business group is defined on the basis of their ownership. An ownership group is the group to which the company belongs. For example, the Tata Group or the Birla Group or the Thapar Group. All companies in the Prowess database are mapped to an ownership group in CMIE's classification of ownership groups. The mapping reflects the structure of the ownership of the equity shares and the management control of the companies*".

The t-test and wilcoxon test are used for one sample mean test and one sample median test respectively. Despite of whole sample analysis, it is observed that earnings management i.e., AM and RM varies significantly both mean and median wise based on firm specific parameters (***Table 2***). Further analysis is done using graphical presentation (***Fig. 1.3 and Fig. 1.4).***

***Figure 2.1*** shows year wise AM and RM for the whole sample. As can be seen from this figure, in 4 out of 5 years, Indian companies have undertaken more AM as compared to RM. Only in 2013, RM is higher as compared to AM. ***Figure 2.2(A)*** to ***Figure 2.2(E)*** show the difference between mean values of AM based on firm specific parameters i.e, large size vs. small size firms, high levered vs. low levered firms, high-growth vs. low-growth firms, high- performance vs. low-performance firms, business group firms vs. standalone firms. Analyzing these figures, it is evident that high leverage firms, high growth firms, firms with higher ROA and firms belonging to business groups are exhibiting higher AM. Similarly, ***Figure 2.3(A) to Figure 2.3(E)*** show the difference between mean values of RM based on firm specific parameters. Though all types of companies have undertaken RM, unlike AM, there is no clear cut pattern of RM across firm specific parameters.

**Table – 3 Findings of Prior Studies on Accrual-based Earnings management and Real Earnings Management**

| Authors | Period of Study/ Number of firms | Model | Country | AM | RM |
|---|---|---|---|---|---|
| Dechow, Sloan and Sweeny (1995) | 1950-1991/1000 | M JM (1995) | USA | 0.01-0.05 | |
| Peasnell, Pope and Young (2000) | 1990-1997/700 | M JM (1995) | USA | 0.063 | |
| Sarkar, Sarkar and Sen (2008 ) | 2003-2004/500 | M JM (1995) | India | 0.084 | |
| Rosenboom, Goot and Mertens (2003) | 19984-1994/64 | M JM (1995) | Netherland | 0.065 | |
| Rao and Dandle (2008) | 1993-2004/259 | M JM (1995)) | India | 0.1 | |
| Cohen and Zarowin (2010) | 1987-2006/1511 | M JM (1995) Roychowdhury model | USA | 0.014 | 0.085 |
| Yoon and Miller (2002) | 1995-1997/249 | M JM (1995) | Korea | 0.0152 | |
| Ahmad-Zaluki, Campbell and Goodacre (2011) | 1990-2000/250 | M JM (1995) | Malaysia | 0.029 | |
| Zang (2012) | 1987-2008/6500 | M JM (1995)/ Roychowdhury model | USA | (-0.0234) | 0.048 |
| Kim and Sohn (2013) | 1987-2011/4212 | M JM (1995)/ Roychowdhury model | USA | 0.059 | 0.215 |
| Chen, Huang and Fan (2012) | 1994-2010/9829 | M JM (1995) / Roychowdhury model | Taiwan | (-.0.025) | (-0.047) |
| Atieh and Hussain (2012) | 1994-2004/3778 firm years | M JM (1995) | UK | (-0.0101) | |
| Ajit, Malik and Verma (2013) | 2008-2011/2229 | M JM (1995) | India | 0.029 | |
| **Present study** | **2009-2013/673** | **M JM (1995)/ Roychowdhury model** | **India** | **0.05** | **0.03** |

**MJM: Modified Jones (1995) model (Source : Authors' own collation)**

## Earnings management pattern during 2009- 2013

**Fig. 2.1 :AM and RM during 2009-2013**

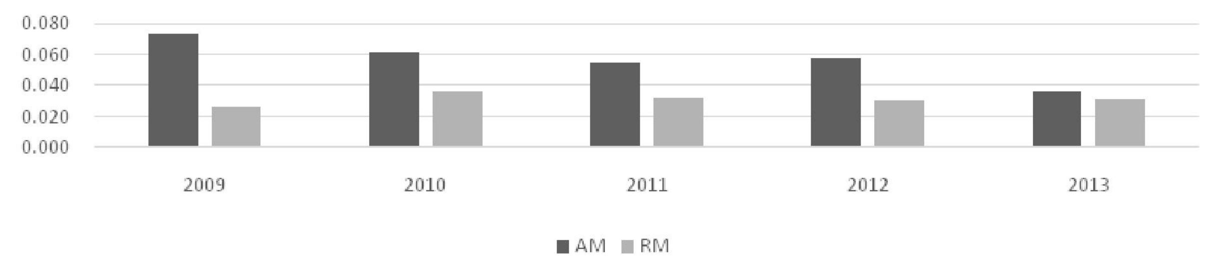



**Fig. 2.2 (A) AM: High Leverage vs. Low Leverage**

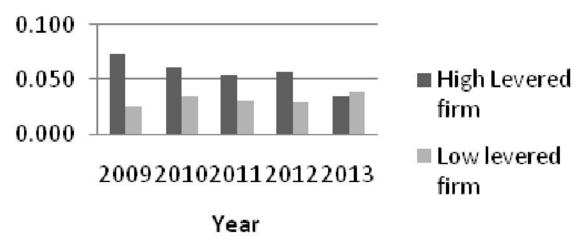



**Fig. 2.2 (B) AM: Large Size vs Small Size**

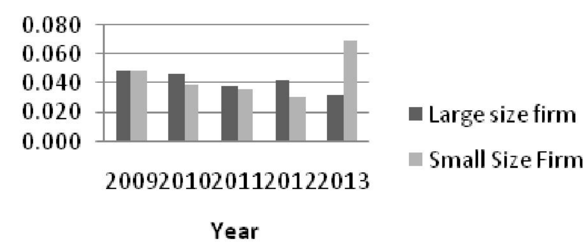



**Fig. 2.2 (C) AM: High Growth vs. Low Growth**

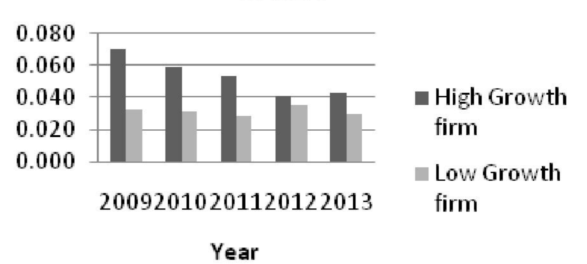



**Fig. 2.2 (D) AM: High ROA vs. Low ROA**

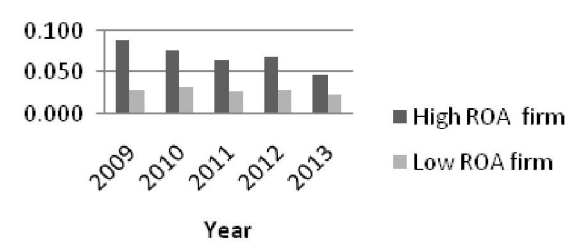



**Fig. 2.2 (E) AM: Busniess group firms vs. Standalone firms**

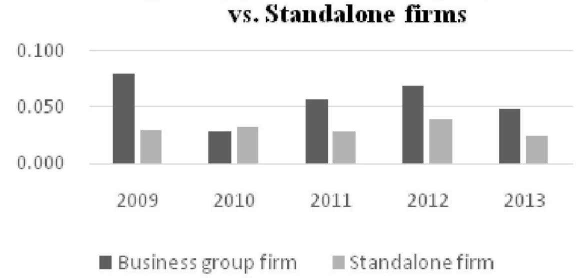



**Fig. 2.3 (A) RM: High Leverage vs. Low Leverage**

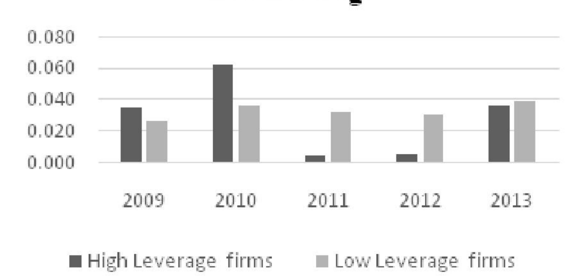


**Fig. 2.3 (B) RM: Large Size vs. Small Size**

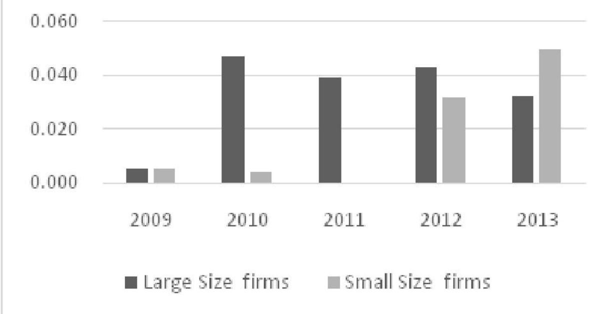



**Fig. 2.3 (C) RM: High Growth vs. Low Growth**

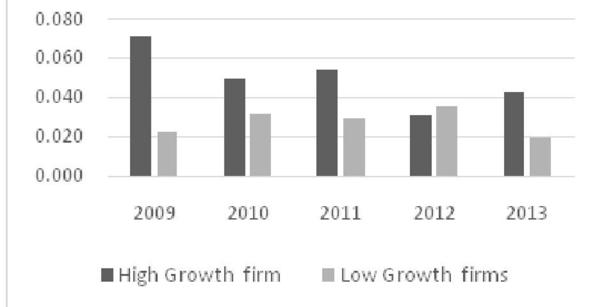



**Fig. 2.3 (D) RM: High ROA vs. Low ROA**

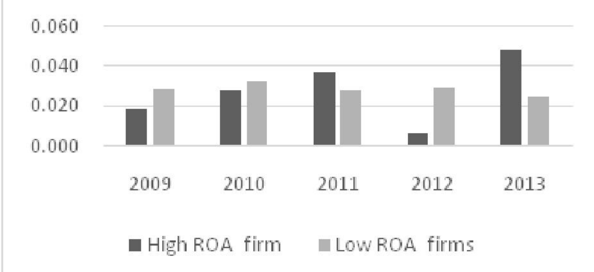
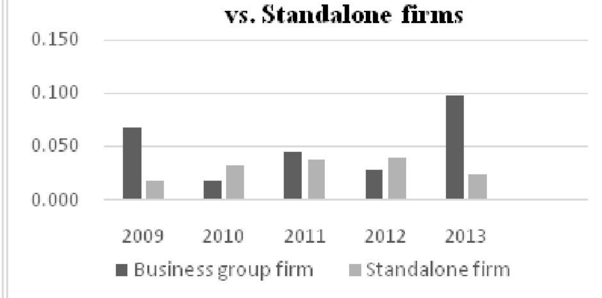



**Fig. 2.3 (D) RM: Busniess group firms vs. Standalone firms**




## 5. Conclusion

This chapter provides detection of earnings management of 673 listed non-financial Indian companies from the period 2009 to 2013. The results show that Indian firms indulge in both accrual-based earnings management as well as real earnings management in their financial reporting. The average AM is estimated at 5 percent of total assets of Indian companies, while average RM is estimated at 3 percent of total assets. Analyzing the earnings management pattern of both AM and RM, the study finds that AM overtakes the RM during the period 2009-2013. It can be concluded that managers of Indian companies indulge in more accrual-based earnings management than real earnings management while reporting their financial results.

Further analysis is done segregating whole sample based on firm specific parameters such as size, growth, leverage, performance and ownership affiliation. The study finds that earnings management varies based on firm specific parameters. The results show that high leverage firms, high growth firms, firms with higher ROA are indulged in higher AM compared to low leverage firms, low growth firms and low ROA firms. Though all companies are indulged in RM, unlike AM, the results do not find the clear cut pattern of RM of leverage firms, growth firms and firms with ROA. In both cases, the study does find the clear cut pattern of AM and RM between large size firms and small size firms. Finally, business group affiliations firms are indulged in higher AM compared to standalone firms. Unlike AM, the study does not find the clear cut pattern of RM between business group firms and standalone firms.

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# "ROLE OF INDUSTRIAL OPPORTUNITIES ON ENTREPRENEURIAL DEVELOPMENT IN ODISHA"

***Jiwan Jhunjhunwala* ****

## ABSTRACT

The promotion and development of small industries is necessary and essential for achieving the objectives of employment generation, fostering entrepreneurial innovation, dispersal of entrepreneurship, distribution of entrepreneurial income, geographical distribution of industries, better integration of agriculture with other streams of economy and export promotion in a globally competitive market small enterprise development needs an integral approach on the past of the government meth.. due to smallness in size, the entrepreneur has a real problem in processing the raw material from the supplier, finance from financial institutions, technology from R & D agencies and among the basic infrastructure rendered for the production and marketing of the product.

In the present circumstances there is an urgency to give a boost to industrial activity for a faster growth of economy with the help of resources available locally, to help entrepreneurs to plan for an appropriate investment strategy either to set up new industry or to enlarge the existing activity in the state. The entrepreneurial activity at any time is dependant upon a complex and varying combination of socio-economic, psychological and other factors. The various environmental factors exercise a strong influence on the personality or personal back-ground of the entrepreneurs. Therefore, any attempt to understand the entrepreneurial spirit among people should include examination of the socio-economic origins of the entrepreneurs. The process of interaction and adaptation between the individual and his environment goes on continuously.

Entrepreneurial development is an organized and systematic development. It is now regarded as a tool of industrialisation and a solution to unemployment problem. The main objective is to motivate a person for entrepreneurial career and to make him capable of perceiving and exploiting successfully opportunities available locally for enterprises. Now it is the role of Government, Banks and financial Institutions to set the ground acting as facilitor for the emerging entrepreneurial talents to start the ventures with proper motivation and training. In this direction the NGOs can play a catalistic role in motivating the educated unemployed youths to come forward and adopt the entrepreneurship as a way of life in the changed scenario. This will result in solving all the problems both in social and economic front.

## INTRODUCTION :

In the present circumstances there is an urgency to give a boost to industrial activity for a faster growth of economy with the help of resources available locally, to help entrepreneurs to plan for an appropriate investment strategy either to set up new industry or to enlarge the existing activity in the state. The entrepreneurial activity at any time is dependant upon a complex and varying combination of socio-economic, psychological and other factors. The various environmental factors exercise a strong influence on the personality or personal back-ground of the entrepreneurs. Therefore, any attempt to understand the entrepreneurial spirit among people should include examination of the socio-economic origins of the

* *Lecturer, Department of Commerce,Christ College,Cuttack.*

entrepreneurs. The process of interaction and adaptation between the individual and his environment goes on continuously. Technically or professionally qualified entrepreneurs consider educational qualification as the main motivating factor. Most of the technical qualified persons had established enterprises in the field of their specialization which shows that such entrepreneurs were prompted by their qualification or specialization to undertake the industrial activity. Desire to work independently in manufacturing line came out as another important motivating factor. An entrepreneur in this category expressed a desire to have important share in the decision making and control in the overall working of an organization. Some of the entrepreneurs wanted to change their occupation and started manufacturing activities for various reasons. No further scope in trading, greeted respect in manufacturing etc were the main reason. Among the external motivating factors assistance from financial institutions and assistance from government emerged as the most significant factors. Almost all the entrepreneurs were of the opinion that they would not have perhaps been able to implement the project without financial assistance, infrastructural facilities etc. These factors are not the prime motivators but play the role of contributing factors in the implementation of the entrepreneurial idea. Availability of resources and technology either from indigenous sources or from foreign collaborations also attracted few entrepreneurs to take up manufacturing activities.

The small scale industries covering a wide spectrum of industries in small, tiny and cottage sector occupy an important position in planned development of Indian Economy and has grown to be the most vital sector of the nation. The liberalized policy of the government has thrown this industrial sector to the large and giant multinational companies, also posing certain challenges as well as bringing opportunities to the small scale sector. There are 35.72 lakh small scale units spread all over the country giving employment to around 199.65 lakh people with production at current prices estimated at Rs. 74,2021 crore and at constant prices Rs.51,4292 Crore. The volume of exports (direct) from this sector is Rs.59978crores (provisional) earning valuable foreign exchange. The process of liberalisation and market reforms has created tremendous opportunities for growth of small scale industries. At the same time, changing world scenario has thrown up new challenges. Government policies have been reoriented from time to time so that the sector would adopt itself and face the challenges boldly and effectively. The new policies for small scale sector have exhibited continuity in the various promotional measures taken by the government. The small scale sector is growing fast and is capable of addressing itself to the basic problem of Indian economy i.e. unemployment. There is ample evidence to suggest that it will continue to play an increasingly important role in industrial development of the country. The sector is ideally posed to attract both technology and funds to generate rapid growth in future. But SSIs based on the locally available unexplored resources if promoted can better face the challenge due to comparative advantage and to compete and sustain in the liberalized era.

After liberalisation and opening of the Indian Economy potentially in the WTO regime, the SSI sector will be facing more competition from other countries that have made their products more competitive.

## AVAILABLE RESOURCES AND ITS OPTIMUM UTILIZATION

There are many material resource/raw materials available which are either partly used or untapped totally. Such resources are agricultural resources, horticulture, live-stock resources, forest resources, mineral resources, marine resources etc. these resources if used locally can be beneficial in terms of cost. Prices could be fixed in order to maintain good profit and face the competitive products also. As resources are available in local areas the transportation cost reduces. The employment for that is also generated through which an industry could run easily.

Just utilization of resources is not enough. A proper plan is to be made for optimum utilization of the available resources so that proper and correct use can be done. A real and dynamic entrepreneur is a person who after studying all the pros and cons of the aspects takes a correct decision so that the available resources are utilized properly. For this he performs the function of innovation, a function of high achievement, organization building function, a function of group level pattern, a function of managerial skill and leadership, Gap filling function, a function of status withdrawal, a function of social, political and economic structure, a function of religious beliefs etc. the entrepreneurial personality is a composite of the person, his skills, styles and motives. The ultimate success of a new venture depends largely upon the psychological makeup and determination of the entrepreneur. A dynamic leader has a capacity to assume risk, has technical knowledge and willingness to change, ability to marshal resources and has the ability of organization and administration.

A true entrepreneur is one who has the ability to mobilize necessary resources in the best possible manner for achieving the business objectives. He should be able to minimize the cost of production without reducing the quality of the product or service. The quality of the Entrepreneur would help him in taking sound judgment and to utilize the resource properly.

## INFRASTRUCTURE

Availability of infrastructural facilities is a sine-qu-anon for economic development. These facilities consist of power, transport, communication, financial network, industrial accommodation etc. Orissa continues to lag behind in creating proper infrastructural facilities for industrial development in comparison to other states. Realizing the above facts, the State Government through IDCO has taken bold steps to accelerate the pace of development of infrastructure in core areas. The persistent efforts of state government have got a tremendous response from investors in and outside the state, as a result of which a number of proposals could be attracted to the state under industrialisation programme.

Different facilities are available with the help of which unused resources available locally can be properly utilized. Such facilities are power, roads, motor vehicles, railways, ports, air-ports, postal and telecommunication, industrial estate/ growth centers, industrial parks, industry trade and culture centre, special economic zones, software complex, convention centre, common facility centre etc. Such infrastructure facilities would help in optimum utilization of resources.

## ADVANTAGES OF RESOURCE BASED SSIs

As the resources available locally are not fully utilized, SSIs can be promoted by using these resources. The most important benefit is in terms of cost. If cost is reduced to a comparative extent it makes the product more competitive. The transportation cost is also reduced. Labour problems are solved and can be available or hired from the local areas and there is no need of arranging labour forces from outside at higher cost unless otherwise it is inevitable. The next advantage is that with the existing infrastructure facilities one can plan to utilize the available resources based on local conditions including utilizing the local labour force. The foremost objective of setting up SSI is to remove regional disparity. With the utilization of resources in its place of origin, the employment, income, as well as lifestyle of people increases not only directly by the production but also through forward and backward linkage. The entrepreneur base as well as the infrastructure support becomes stronger. From the marketing point of view the product can be manufactured to cater to the needs of the local people besides forgetting the outside market. In the WTO regime particularly the products manufactured on local resources create a comparative advantage from the last point of view which makes it more competitive.

## INDUSTRIAL OPPORTUNITIES IN ORISSA

Orissa is endowed with vast natural and human resources which can be used for further industrial development. Mineral deposits like Iron Ore, Manganese Ore, Chromites, Bauxite, Graphite etc. and agricultural surplus like Rice, Pulses, Oil seeds, Vegetables, Spices offers vast scope for establishing new industries in Orissa. Cheap unskilled labour forces are available in the districts as more than 80% of the total population of the state lives in rural areas. Similarly skilled labour is also available adequately to work in the industry. State is also endowed with attractive tourism potential as it has got world famous tourist spots and rich culture, heritage and antiquity. But it has been observed that technically sound and skilled entrepreneurs are rarely available and adequate infrastructural facilities in different areas is not sufficient for establishing new industries. Therefore, Orissa continues to be one of the industrially backward states of the country.

* *Jiwan Jhunjhunwala*

The information pertaining to industrial potentialities in small scale sector has been compiled from the various District Industrial Potentiality Surveys undertaken by the SISI. Cuttack during the last five years. Potential item in SSI are selected after detail survey of the district. The identified items have been categorized broadly and classified as below.

Orissa is known for its natural and other resources which can be properly utilized by setting of SSIs. The advantage of SSIs as mentioned, it requires less capital, labour intensive in nature besides the ability to quickly adopt to new and changed situations and spreading of entrepreneurship talent and most important, utilize the locally available resources, skill etc. It is only through the development of SSIs based local resources that the basic problem of societies i.e. poverty and unemployment can be tackled.

Based on the survey of resources available in different districts of the state the following line of the industries are suggested which are illustrative in nature.

**1. BALASORE & BHADRAK DISTRICTS :**

**Agro based:** Rice milling, Dal milling, Edible Oil milling, Dehydration of vegetable, vegetable pickles, groundnut decorticating, mushroom, cultivation, spice grinding, ginger powder, jute twin cattle feed, orange/lime/pine apple squash and mango soft drink etc.

**Forest based:** Siali rope, Sabai Grass rope/Mats, cane furniture, wooden furniture etc.

**Mineral based**: Granite stone polishing, stone chips, mosaic tiles etc.

**Leather based:** Tannery, footwear and leather good hide.

**2. BOLANGIR AND SONEPUR DISTRICTS :**

**Agro and Food based:** Dal milling, Maize milling, Ragi Malt, Oil Mill, Mini Rice milling, Rice bran Oil, pop corn, Cattle/Poultry feed, cotton oil, surgical Cotton, Banana chips, Dried Mango, Mango Kernel powder, Mushroom cultivation.

**Forest based:** Myrobalam Concentrate, Agrabati Sticks, Rectified spirit from Sal Seed Oil, Neem and Karanj Oil, Leaf plates, various types of Gum, Bidi making Citronella Oil, Sisal, Amla, Pickles, Mango.

**Mineral Based:** Graphite crucibles, Granite Tiles and Slabs, Hydrated lime, Mini Cement Plant, Quartz grinding, Stone Quarry.

**Leather Based:** Foot wear, Leather goods, Tannery.

**3. CUTTACK, JAJPUR, JAGATSINGPUR AND KENDRAPARA DISTRICTS :**

**Agro & Forest based Industries**: Coconut oil, confectionery, groundnut oil and kernel, coconut shell powder, banana processing, dehydration of fruits and vegetables, potato processing, Dal milling, mini rice milling, bari/papada manufacturing, squashes, coil based industries, bee keeping for honey processing, coir based industries.

**Mineral based Industries:** Chrome beneficiation, Quartz calcinations and Grinding, Stone crushing, simple glass mirror, Dustless chalk crayons, chromic acid, sodium dichromate, etc.

**Marine and Fish based:** Fish and prawn pickles, dry fish, prawn/Shrimps firming.

**4. DHENKANAL AND ANGUL DISTRICT :**

**Agro based industries:** Dehydration of fruits and vegetables, mini rice milling, potato processing, confectionery, mango soft drink etc.

**Mineral based Industries:** Coal based Industries.

**Forest based Industries:** Minor forest based industries, Bidi making, agarbati sticks, mahua rectified spirit, leaf plates and cup, wooden, furniture decorative items etc.

**5. GANJAM & GAJAPATI DISTRICT :**

**Food and Agro based Industries:** Salt, spices, Dal milling, oil milling, Khadsari, Sugar, Fish based, cattle and poultry feeding, Mushroom, Cashew, and Corn flakes.

**Forest based:** Cane manufacturing, leaf plates and cups, broom sticks, non-edible oil, rubber, coffee, tea plantation.

**Leather based Industries:** Tannery, footwear preservation of raw hides etc.

**6. KALAHANDI & NUAPADA DISTRICT :**

**Agro based Industries:** Mini rice mill, rice bran oil, maize milling, cattle/poultry feed, ragi malt, dal milling, oil milling, surgical cotton, chilli powder, tamarind concentrate, starch/powder, guava jelly, mango jelly/pickles, tomato products, peptin, jackfruits processing, starch, cotton seed oil, caster oil.

**Forest based:** Agarbati stick, myrobolan, sal seed oil, mahua rectified spirit, neem/karanj oil, natural adhesives, industrial adhesive based on starch, Amla pickles, leaf plates biri, starch from sweet potato etc.

**Mineral based:** Graphite powder and crucibles, mini cement plant, quartz quarrying, calcium oxide from lime, granite zelly, gems cutting.

**Leather based:** Tannery, shoes, animal glue, bone meal.

**7. KEONJHAR DISTRICT :**

**Agro based:** Mustard oiling, non-edible oil (Niger, Karanj), Tamato products, mango kernel and pickles, maize milling, guava processing.

**Forest based:** Ayurvedic medicine, leaf plates and cups, agarbati, palmrosa oil, sisal fibre, broom sticks etc.

**Mineral based:** Stone crushing, mineral grinding, chalk crayons, quartz grinding, manganese dioxide, iron ore sizing, chrome beneficiation lime etc.

**8. KORAPUT, NAWARANGPUR, MALKANGIRI & RAYAGADA :**

**Agro based:** Maize product, ragi malt, oil milling, mini rice mill, spices grinding, tamarind concentrate/powder, table salt, cashew processing, starch from sweet potato, ginger/garlic concentrate etc.

**Forest based:** Sal seed, caster, cotton oil, bamboo chips, natural adhesive, byrobolan, plywood, leaf plates and cups kusum/karanj oil, sisal fibres lac, arrowroot processing, wooden furniture.

**Mineral based:** Granite polishing, tin ore processing, quick lime, mini cement, red oxide plant, mineral grinding, graphite crushable/powder, quartz.

**Leather based:** Preservation of raw hides and skins, tannery, leather goods and footwear.

**9. MAYURBHANJ DISTRICT :**

**Agro based:** Paula powder, mushroom cultivation, spices processing, jute twine.

**Forest based:** Herbal medicines, tamarind concentration, sisal rope, sabai ghas rope, mats, non edible oil, broom sticks, jhuna, lac, honey, resin, bamboo, articles good, lactic acid, oxide acid, wooden furniture, mulberry silk, leaf plates, briquette, musical instruments.

**Mineral based:** Granite polishing, soft stone powder, mosaic tiles, chine clay wires, quartz powder, stone chips, glass sand dimension stone.

**10. BOUDH & PHULBANI DISTRICT :**

**Agro based:** Mustard oil, groundnut, non-edible oil (Til caster, Karanja, Niger, ginger) onion dehydration, jackfruit juice, chips, spices grinding, essence from garlic for medicine etc. corn flakes, ragi malt, mushroom, mango kernel oil, maize powder, gudakhu.

**Forest based:** Match industry, leaf plates and cups, bamboo chips, ayurvedic products, tamarind concentrate, sisal fibre/carpet, juhuna/lac, industrial alcohol, mahua, sal seed oil, broom stick, honey processing units etc.

**Mineral based:** Granite, precious stone, mini cement plant, graphite powder.

**Leather based:** Preservation of raw hides, skins and footwear.

**11. PURI, KHURDA & NAYAGARH DISTRICTS :**

**Agro based:** Patoto chips, banana chips/processing, groundnut oiling, decorticating, chanachur, ice plant, prawn, processing, cashew processing, ice cream, ice candy, talagur, canning of vegetables and green peas, tamato sauce, squash/ jam/jelly/pickles, vinegar, spices grinding and mushroom based industry, coir based industry.

**Forest based:** Sisal rope wooden furniture and building materials, bamboo sticks, bidi manufacturing, bee keeping and honey processing, laminatied leaf plates, sal seed oil, lactic acid from mahua flower, ethyl, alchol from mahua flowers, polang oil cashew processing.

**Leather based:** Hawai chappal, shoes, sports goods

**Marine based:** Prawn and fish pickle, dry fish

**Tourism based:** Handicrafts and utility items, mineral water, hotel and restaurants.

**12. SAMBALPUR, DEOGARH, BARAGARH & JHARSUGUDA DISTRICTS :**

**Agro based:** Dehydrated fruits and vegetables, jam and jelly, cornflakes out of maize salty fried Dal, potato processing, groundnut oil, squashes and syrups, mushroom cultivation, ginger and garlic processing, bee keeping cum honey processing, tamato product, khandasari, prawn farming, instant food mixes, mustard oil processing.

**Mineral based:** Mini cement plant, stone crushing lime, mineral grinding, cement concrete, stone wire, jars and bowls, building bricks, thermometer rope upto 150 degree centigrade, coke brisquettes.

**Forest based:** Wooden furniture and fixture, non-edible oil, ayurvedic medicines, bamboo and cane product, leaf cups and plates, bidi making, Agarbati.

**13. SUNDARGARH DISTRICT :**

**Agro & Food based:** Potato processing, dehydrated fruits and vegetables, fruit juice, concentrates, ground and processed spices.

**Mineral based:** Fire clay bricks and block, like mineral grinding, quartz calcinations and grinding chalk crayons, refractory tiles, sodium silicate, cement jalli.

**Forest based:** Bee keeping cum honey processing starch from Tamarind seeds, wooden furniture and fixture.

## PROMOTIONAL ORGANIZATIONS UNDER STATE GOVERNMENT :

Different organization is set up under the state government to promote SSI. Some of the organizations are:

1. Directorate of Industries, Orissa
2. District Industries Centre

3. Industrial Development Corporation of Orissa Ltd.
4. Orissa State Financial Corporation
5. Orissa Small Industries Corporation, Cuttack
6. Agricultural Promotion & Investment Corporation of Orissa Ltd.
7. Institute of Entrepreneurship Development
8. Industrial Promotion & Investment Corporation of Orissa Ltd.
9. Industrial Infrastructure Development Corporation of Orissa
10. Directorate of Export Promotion and Marketing
11. Mahilavikash Samabaya Nigam
12. Software technology park of India
13. Orissa State Electronics Development Corporation Ltd.
14. Orissa Agro-industries Corporation.

**CONCLUSION :**

Development of entrepreneurship incorporates four basic issues viz:

i. The availability of material resources

ii. The selection of real entrepreneurs

iii. The formation of industrial units and

iv. The policy formulation for the development of the region.

All these issues are closely inter-related, Entrepreneurial development is an organized and systematic development. It is now regarded as a tool of industrialisation and a solution to unemployment problem. The main objective is to motivate a person for entrepreneurial career and to make him capable of perceiving and exploiting successfully opportunities available locally for enterprises.

Now it is the role of Government, Banks and financial Institutions to set the ground acting as facilitor for the emerging entrepreneurial talents to start the ventures with proper motivation and training. In this direction the NGOs can play a catalistic role in motivating the educated unemployed youths to come forward and adopt the entrepreneurship as a way of life in the changed scenario. This will result in solving all the problems both in social and economic front.

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# MAKE IN INDIA-A DRIVE FOR SUSTANABLE GROWTH IN MANUFACTURING SECTORS

***Swarnalata Nayak ****

## ABSTRACT

*Make in India is a national program designed for India to make it into a global manufacturing hub and transform it into a vibrating economy by encouraging both multinationals as well as domestic companies to manufacture their products within the country. The objective of the study is to highlight the conceptual aspect of Make in India, understand the advantages and disadvantages and to know the FDI inflows toward Indian Manufacturing firms. Secondary data have been collected this study and the study covers 5 years data. The study concludes that make in India is a boost for Indian economy and it leads to technology up-gradation.*

**Key words:** Make in India, Global manufacturing hub, FDI, Technology up-gradation

## INTRODUCTION

Make in India campaign inaugurated by honourable Prime Minister Mr. Narendra Modi on 25 september, 2014. The objective of the scheme is to ensure the manufacturing sector which contributes around 16% of country's GDP is increased to 25% in next 5 years. Make in India scheme Eliminates Unnecessary laws and regulations. The major objective of this scheme focuses on 25 sectors. The sectors are Automobiles, textiles and Garments, Biotechnology, Wellness, Defense, Manufacturing, Ports, Food Processing, Mining, Media and Entertainment, IT and BPM, Pharmaceuticals, Renewable Energy, Roads and Highways, Railways, Thermal Power, Oil and Gas, Space, Leather, Construction, Aviation, automobile components, chemicals and Electronic System.

## LITERATURE REVIEW

**K. Kalaivani (2015)** studied on a topic "A Study on the Impact of Make in India on HRM Practices – An overview". The objective of the study to understand the impact of make in India on the HRM practices followed in our country and the synergy between the HRM practices and the job opportunities. The study found that, a significant positive and meaningful relationship between HRM practices and the make in India.

**Dr. K. V. Ramana (2015)** made a study on "Make in India Illusion or Possible Reality Project?" The objective of the study to find out the issues of the make in India, sectors covered, worldwide and positive responses and some critics.The study found that, this campaign attracts foreign investments and boost the manufacturing sector of India has been timed to perfection.

* *Lecturer, Department of Commerce, B.B. (Auto) Mahavidyalaya, Chandikhole,*

**S. Soundhariya (2015)** have made a study on "Make in India - Scheme for transforming India" The objective of this paper to discuss about Make in India scheme, its opportunities, challenges, changes needed and some examples of different investors invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.

**Seema Sangwan (2015)** completed a study on "Making Make in India realism: role of FDI". The objective of this study to focus on the changes in FDI rate after introduction of Make in India by Modi and growth due to increase in the FDI rate. The study concludes that, there is high correlation between industrial production and FDI inflows and the effect of FDI on economic development ranges from productivity increased to enable greater technology transfer.

## OBJECTIVES OF THE STUDY

**The objectives of the study are follows:**

- To study the conceptual aspect of Make in India.
- To understand the pros and cons of Make in India.
- To study the effect of foreign direct investment in Indian manufacturing.

## RESEARCH METHODOLOGY

The study is based on secondary data. The data collecting through different journal, magazines, news paper, webs, research paper are preferred for the study. This study cover a time span of 5 years from 2010-11 to 2015-16.

## CONCEPTUAL ASPECT

The Make in India campaign was launched and started by Prime Minister Narendra Modi in India on September 25, 2014 in a function at the Vigyan Bhavan. Basically it is an initiative of the Government of India to encourage multinational, domestic as well as, companies to manufacture their products in India. Indeed, it hopes to make India a major manufacturing hub. India has emerged, after first quarter of 2015, as the top destination globally for investment. The major expectation from this campaign is that it will create around 100 million job opportunities for youths in India over time. The aim is to take a share of manufacturing in country's gross domestic product from 16% to 25% by 2022, as stated in national manufacturing policy. The major objective of this scheme focuses on 25 sectors. The sectors are Automobiles, textiles and Garments, Biotechnology, Wellness, Defence, Manufacturing, Ports, Food Processing Mining, Media and Entertainment, IT and BPM, Pharmaceuticals, Renewable Energy, Roads and Highways, Railways, Thermal Power, Oil and Gas, Space, Leather, Construction, Aviation, automobile components, chemicals and Electronic System.

## PROS & CONS

## BENEFITS

- ❖ **Generating Job Opportunity**: Make in India will lead to the creation of many job opportunities for many citizen of India. Around ten million people are expected to get jobs.
- ❖ **Growth of GDP**: Due to the Manufacturing of products in India, will help the economic growth of the country, this will not only boost the trade sector but also will increase the GDP of Indian economy.
- ❖ **Increase in Brand Value**: Most of the urban population prefers international brands rather than putting their faith in Indian retailers. As a result, the small manufacturing companies suffer extreme loss in the market. Due to the make in India campaign, such small manufacturers will be provided with a real shot at business.

- **Business can be carried out at ease**. With the open invitation given to the entire world to manufacture their products in India, the various restrictions opposed over the entrepreneurs will be lifted and aspiring businessmen from all over the globe could invest in India with no hindrances.
- **Attracting the Young generation**: Due to the make in India campaign, the youth will be attracted to stay in the country and contribute their creativity and new ideas for the betterment of the country.
- **Rural Areas are developing**: The set up of new factories in rural areas improves the rural economy and provides employment opportunity to young rural mass. So that the quality of people will automatically enhance.
- **Capital Inflow**: Make in India programme will flow more foreign currencies to India.
- **Attract More Foreign Direct Investment (FDI):-** The ease of running businesses in India will attract more FDI to India.

## LIMITATIONS

- **Disputes in WTO against India**: Since India is part of WTO, there could not be any trade distortion practices. But using only Make in India goods is a trade distortion and will surely lead to dragging India to WTO disputes and India has to face consequences.
- **Pollution:** One of the biggest problems that is prevailing in India is pollution. According to statistics, India has a pollution index of 76.50. With the make in India movement, this pollution level is likely to arise in a couple of years.
- **Interest in International Brands**: Usually Indian people are habituated with foreign brands. This will create a big hurdle for the local entrepreneurs.
- **Loss for Small Entrepreneurs**: The make in India campaign, welcomes foreign countries to manufacture in India with open arms. However, these companies will not only reduce the Indian population but also would dominate the small local entrepreneurs and force them out of business.

## FOREIGN INVESTMENT IN INDIAN MANUFACTURING

**Table 1: Annual FDI Inflows to India in Manufacturing (US $ Billion)**

| Year | Annual FDI Inflows (US $ Billion) |
|---|---|
| 2010-11 | 4.79 |
| 2011-12 | 9.34 |
| 2012-13 | 6.53 |
| 2013-14 | 6.38 |
| 2014-15 | 9.61 |
| 2015-16 | 8.44 |

**Source:** RBI Annual Report

Table no 1 reveals that, the recent FDI inflow data from the Reserve Bank of India. It shows that with the implementation of make in India progrmme, foreign direct investment increased in the year 2014-15 i.e. 9.61 billion dollar.

## FINDINGS

- Make in India will bring a drastic change in the manufacturing sector.
- The job opportunities are multiples and opened the doors
- Make in India programme leads to technology development.

## CONCLUSION

The Make in India campaign helps to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India's ranking among the world's 10 largest manufacturing countries has improved by three places to sixth position in the coming years. The proposal of making in India will boost manufacturing the electronic manufacturing market in the country. The large investment in manufacturing will bring in more capacity creation in the country. Make in India campaign also focuses on producing products with zero defects and zero effects on environment. Come Make in India, Come Manufacture in India, Sell in any country of the world but manufacture here. We have got skill, talent, discipline and determination to do something. Such long term initiative which will realize the dream of transforming India into manufacturing hub.

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# PEOPLE PERCEPTION TOWARDS 'MAKE IN INDIA' CONCEPT: RESPONSES FROM URBAN RESIDENTS OF KOLKATA.

***Soumen Nath* ***

***Dr. Niloy Sarkar* ****

***Dr. Bhagaban Das* *****

## ABSTRACT

*Indian Government launched its 'Make in India' project on 25th September, 2014. It is no denying fact that India becomes a hotspot destination for the foreign investors by virtue of this project. Domestic organizations are also in a hurry to utilize the benefits of the project and give back something good to the society. After adoption of new industrial policy in 1991, Indian economy took a rocket boost in every sector. Main aim of promoting this project is to attract as many companies to start their ventures in India. This project is really helpful for the generation of more number of employments in our country. But do people aware about the 'Make in India' term? What are the thinking and attitude towards the project? Especially when 'Made in India' concept is already in existence from independence. Do people know the difference between 'Made in India' and 'Make in India'? It is true that after independence 'Made in India' project help to develop a stronger economy and proper use of human resources. Still there is an urgent need of a new project which will supplement it. "Make in India' is one of that kind. This paper is meant for examining the people perception of 'Make in India', from their desire to know, willingness to participate, attitude, and reactions towards it.*

**Key words:** Make in India, Made in India, People perception, Attitudes and reactions.

## INTRODUCTION

Government of India initiated 'Make in India' program on 25th September 2014 and the program was inaugurated by the Prime Minister Mr. NarendraModi. 'Make in India' campaign aimed to encourage multinational and domestic companies for direct investment and manufacturing of products and goods in India.

India is well known for its offering of services in different fields across the globe. 'Make in India' campaign concentrates on twenty five different sectors of Indian economy for creation of new jobs. It also gives priority to skill development.

* *Faculty- Department of Management,George College, Kolkata.& Ph.D. Research Scholar (Management),M.A.K.A.U.T., W.B. Affiliated to MaulanaAbulKalam Azad University of Technology, West Bengal, (Formerly West Bengal University of Technology) 136, B. B. Ganguly Street, Kolkata, West Bengal, India.*

** *Professor & Dean – Academics NSHM College of Management & Technology, Durgapur,West Bengal, India. Affiliated to MaulanaAbulKalam Azad University of Technology, West Bengal, (Formerly West Bengal University of Technology)*

*** *Professor, Head & Dean, Department of Business Management, Fakir Mohan University, Balasore, Odisha, India.*

Few of the sectors are information technology, manufacturing, automobiles, chemicals, textiles, ports, aviation, pharmaceuticals, tourism, leather, hospitality, railways, renewal energy, mining etc. It has been expected that 'Make in India'program will be able to attract foreign capital as well as technological investments in India.

## MAKE IN INDIA

The 'Make in India' concept / program focuses on manufacturing sector with "Zero defect, Zero effect" slogan coined by Prime minister of India. The program aims that there will be no export return of manufacturing goods.

'Make in India' campaign comes with a new logo (lion), a new website, and full page advertisement in national and regional newspapers. The main objective is to generate employment by establishing new manufacturing units in India.

## MADE IN INDIA

Made in India program was adopted post independence to build and develop different industrial sectors. The main aim of 'Made in India' program was to encourage foreign and domestic organizations to develop and manufacture products domestically.

'Made in India' campaign was very much successful till the New Industrial Policy (1991) comes into effect.

## PEOPLE PERCEPTION AND ATTITUDE

People perception generally refers to how and why an individual initiates and sustains certain behavior. People perception is based on sensation or exposure on which an individual gets exposed.

People attitude is also influenced largely by their perceptual selectivity. Perceptual selectivity is a process by which they give a meaning to it. Indian people are perceptually very sensitive.

## LITERATURE REVIEW

According to NalinRai (The Better India Reader, your view: "Make in India" to Make A Better India, 2014 www.thebetterindia.com) the 'Make in India' is creating a whole new brand identity for India. The lion icon chosen to represent the 'Make in India' is very successful to attract the attention of the mass.

GunjanBhagowaty (2014) published a research paper on different aspects of 'Make in India'. Bhagowaty also discussed about the different challenges of practical implementation of Make in India concept and also offered possible solutions to it. Researcher also raises several feasibility issues of 'Make in India' concept to the root level.

SamridhiGoyal et al. (2015) in a research emphasizes the role of human resources and financial services in making 'Make in India' campaign successful. Researcher also suggested that there are needs for reforms in different industrial strategies to guarantee the success of 'Make in India' campaign.

Researcher Russel (2014) raised questions about 'Make in India' campaign that it can generate jobs in manufacturing sector or not. Russel also pointed that formal manufacturing sectors are real growth sector in India.

## OBJECTIVES OF THE RESEARCH

1. To find out peoples familiarity with the 'Make in India' and 'Made in India' program.
2. To find out people awareness of the perspectives (differences) of 'Make in India' and 'Made in India' concept.
3. To find out peoples trust on 'Make in India' program as a catalyst to boost Indian economic growth.
4. To find out peoples belief on 'Make in India' campaign to attract foreign investment.
5. To assess people's belief that 'Make in India' campaign will create more job opportunities.

## RESEARCH HYPOTHESIS

1. H0: There are no differences between the people's age and familiarity with'Make in India' and 'Made in India' campaign.

   H1: There are differences between the people's age and familiarity with 'Make in India' and 'Made in India' campaign.
2. H0: There are no differences between the people's age with awareness of differences (perspective) of 'Make in India' and 'Made in India' campaign.

   H1: There are differences between the people's age with awareness of differences (perspectives) of 'Make in India' and 'Made in India' campaign.

## METHODOLOGY

This study was done by taking into account both primary and secondary data.

**Primary Data**: Primary data was collected with the help of a self completion questionnaire with literatepersons who are urban residents belonging to various areas of Kolkata. 72 of such persons completed the questionnaire.

**Response Rate and Sample Description**: A self completion questionnaire was given to 80 literate urban residents of different parts of Kolkata. Out of which only 72 literate residents completed the questionnaire.

**Secondary Data**: It was collected from different articles, journals, books and internet etc.

**Sampling Type**: Convenience sampling method was used.

**Analytical Tool Used**: Numbermethod and Chi square test.

**Period of Study:** Data collection took approximately six months.

## DEMOGRAPHIC PROFILE OF RESPONDENTS

The demographic profiles of the literate urban respondents of Kolkata took part in the survey process are given below in table number 1.

**DEMOGRAPHIC PROFILE OF RESPONDENTS**

**Table No. – 1**

| **Age in years** | **Number of Respondents** |
|---|---|
| 20-29 | 42 |
| 30-39 | 30 |
| **Sex** | **Number of Respondents** |
| Male | 45 |
| Female | 27 |
| **Occupation** | **Number of Respondents** |
| Student | 20 |
| Business | 15 |
| Service | 21 |
| Homemaker | 16 |
| **Education** | **Number of Respondents** |
| $10^{th}$ Std | 12 |
| $12^{th}$ Std | 25 |
| Graduate | 27 |
| Post Graduate | 8 |

## FINDINGS

From table number 2 it has been clear that:

- Out of 72 respondents 48 literate urban respondents of Kolkata city are familiar with 'Make in India' campaign.
- Out of 72 respondents 45 literate urban respondents of Kolkata city are aware about the differences of perspectives of 'Make in India' campaign.
- Out of 72 respondents 39 literate urban respondents of Kolkata city beliefs that 'Make in India' will boost Indian economic growth.
- Out of 72 respondents 29 literate urban respondents of Kolkata city beliefs that 'Make in India'will attract foreign companies to invest in India.
- Out of 72 respondents 31 literate urban respondents of Kolkata city beliefs that'Make in India' will create more job opportunities in India.

| **Questions (Table No. – 2)** | **Response from literate urban residents of Kolkata** | |
|---|---|---|
| | **Make in India** | |
| Familiarity with the campaign | Yes | No |
| | 48 | 24 |
| Awareness about the differences of perspectives of | Yes | No |
| | 45 | 27 |
| Beliefs that Make in India will boost Indian economic growth | Yes | No |
| | 39 | 33 |
| Make in India will attract foreign companies to invest in India | Yes | No |
| | 29 | 43 |
| Make in India will create more job opportunities in India | Yes | No |
| | 31 | 41 |

## RESULT

From table 3 it has been clear that:

| **Familiarity with the campaign (Table No.: 3)** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Age in years** | **Make in India** | | **Chi-square statistic** | ***p*-value <0.05** | **Remarks** | **Made in India** | | **Chi-square statistic** | ***p*-value <0.05** | **Remarks** |
| | **Yes** | **No** | | | | **Yes** | **No** | | | |
| 20-29 | 30 | 12 | 1.028 | 0.310 | H1: Rejected | 18 | 24 | 8.159 | 0.0042 | H1: Accepted |
| 30-39 | 18 | 12 | | | | 23 | 7 | | | |
| **Awareness about the differences of perspectives of** | | | | | | | | | | |
| **Age in years** | **Make in India** | | **Chi-square statistic** | ***p*-value <0.05** | **Remarks** | **Made in India** | | **Chi-square statistic** | ***p*-value <0.05** | **Remarks** |
| | **Yes** | **No** | | | | **Yes** | **No** | | | |
| 20-29 | 28 | 14 | 0.746 | 0.387 | H1: Rejected | 19 | 23 | 4.345 | 0.0371 | H1: Accepted |
| 30-39 | 17 | 13 | | | | 21 | 9 | | | |

- There are no differences between the people's age and familiarity with 'Make in India' campaign.
- There are differences between the people's age and familiarity with 'Made in India' campaign.
- There are no differences between the people's age with awareness of perspective of 'Make in India' campaign.
- There are differences between the people's age with awareness of perspective of 'Made in India' campaign.

## LIMITATIONS

1. The population was limited to the literate urban residents of Kolkata city only.
2. Respondents may have their own biasness towards the campaigns.
3. Convenience sampling method has been used; generalization needs to be done cautiously.

## CONCLUSION

This study demonstrates few key points. Firstly, younger generation literate respondents from Kolkata belonging to age group 20-29 years are familiar with 'Make in India' concept but lacks in terms of erstwhile 'Made in India' concept. While respondents belong to age group 30-39 years are familiar with both 'Made in India' and 'Make in India' concept. Secondly, there is not much difference in terms of knowledge about the differences of the above mentioned two concepts among two age groups. Thirdly, very few respondents' of Kolkata beliefs that 'Make in India' will boost Indian economic growth. Fourthly, less number of respondents from Kolkata trusts that 'Make in India' will attract foreign companies to invest in India. Lastly, small number of respondent's from Kolkata admits that 'Make in India' will create more job opportunities in India.

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# MAKE IN INDIA: THE ROAD AHEAD

***Dr. Santanu Kumar Das*** *
***Dr. Suman Kalyan Chaudhary*** **
***Narayana Maharana*** ***

## ABSTRACT

*Make in India is an international marketing strategy and rapidly increasing global competition has provided the manufacturers the opportunities of cheap labour, raw material, potential high profit making markets. Focusing on the employment generation, boosting trade and economic growth, safe guard and sustain the overall development of India and its citizen. The 15th and current Prime Minister of India "Mr.NarendraDamodardasModi" on September 25th,2014 launched the "MAKE IN INDIA"which is a new national program designed to facilitate investment (both domestic and foreign) in India, fostering innovation, intensify skill development, generate employment opportunities, preventing brain drain and making the use of internationally standardized technology affordable for Indian citizens. The aim behind this paper is to highlight the importance. The aim is to take a share of manufacturing in country's gross domestic product from stagnant 16% currently to 25%by 2022, as stated in national manufacturing policy, and to create 100 million jobs by 2022. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. Make in India is the key to revitalization of Indian economy. It is one of the schemes to pull back the economy from clutches of recession. Make in India initiative aims to correct the composition of Indian GDP which is the root cause of recession. Currently India's GDP is heavily tilted in favor of service sector. Secondary research is usefor the purpose of the study. The main purpose behind this paper is to highlight the importance discusses about Make in India scheme, its advantages and criticism. Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.*

**Keywords:** ***Make In India, GDP, Skill development, Trade and Economic Growth.***

## INTRODUCTION

The 15th and current Prime Minister of India "Mr.NarendraModi" unveiled the "MAKE IN INDIA" program on September 25th 2014 in New Delhi. He along extending an invitation to foreign firms to invest in India also solicited the CEOs of domestic firms to invest in India by saying that, "There is no need to leave the nation. We want our companies to shine as MNCs". The MAKE IN INDIA program laid the foundation of India's new national manufacturing policy and rolled out the red carpet to both domestic and international industrialists with an aim to make India a manufacturing hub

* *Assistant Professor, P.G. Department of Business Administration, Kalam Institute of Technology, Berhampur*
** *Faculty Member, P.G. Department of Business Administration, Berhampur University, Berhampur*
*** *Research Scholar, P.G. Department of Business Administration, Berhampur University, Berhampur*

that will in turn boost the employment and overall growth of India. The program lays emphasis on 25 sectors such as automobiles, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways, auto components, design manufacturing, renewable energy, mining, bio-technology, pharmaceuticals, electronics, etc. with focus on job creation, skill enhancement, economic, technical as well as overall infrastructure development. It also focuses on giving Indian industry a global recognition. Manufacturing industry requires heavy finance to facilitate the buying of latest modern technology, setting up and development of required infrastructure, developing skill set of its human resource to produce best quality products and survive in ever increasing global competition. And if India wants to lure the investors and turn itself into a manufacturing hub, its human resource and financial services will play a vital part in making it's this dream come true. Finance and Human Resource are the most abundant, flexible and readily leveraged resources which demand precise attention and articulation.

According to World Bank Data, in 2013 the contribution of Indian Manufacturing sector to Indian Economy was merely 13%. The overall contribution of the manufacturing sector to its gross domestic product (GDP) is just 28%. India also stands at a very low in contributing in the world manufacturing, with its overall share standing at a meager 1.8%. These statistics are the clear indicators that India has not done very well in its manufacturing sector. Domestic manufacturers are also looking for markets to setup their manufacturing units outside the Indian borders. Reasons are many for such an attitude of domestic industrial houses, Fewer subsidies, over interference of government, less availability of financial services etc. are a few to mention among the reason why the attention of industrial houses is towards other countries when it comes to setting up an industry. When domestic industrialists are behaving in such a manner, what can be expected from the foreign players? Merely urging the domestic and foreign investors And industrialists is not going to make India a Manufacturing hub or revive its health. For this we need to understand the role and importance of its domestic work force which is immensely talented and will also have to provide the industrialists with the ample, easy and readilyavailable financial services which will help them generate and make the finance available as and when needed.

Indian brain is immensely intelligent and talented but due to lack of ample and relevant job opportunities, excellent Indian talent is going abroad and working for companies outside Indian borders. And if India is converted to a Manufacturing hub and most preferred investment destination for domestic as well as foreign investors and manufacturers, it will create job opportunities for the immensely talented Indian youth. Transformation of India into a Manufacturing hub will help develop, strengthen and modernize the Indian infrastructure. Such advancement will revive the health of other sectors such as service, agriculture, hospitality, medical, tourism, etc. In order to achieve this dream, India needs to analyze the importance of its human resource and financial services. Out of all the other resources, resource from where the finance is generated and the human resource of an organization are the two most important. Industry cannot be setup

If the industrialist does not have the money or finance available with him as, when and in how much quantity needed. And at the same time if he has setup an industry, has best in class infrastructure and technology, material, etc. all these are of no use if he does not have the people competent and intelligent enough to utilize the available limited resources in the best manner these could be utilized. The country which does not understand the value and importance of its work force and financial services can never survive. Hence, the effective utilization of the financial services and the human capital of an organization is the secret of the success of a firm.

**OBJECTIVES**

The main objectives of this paper is to highlight the importance discusses about Make in India scheme, its advantages and criticism. Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation:

1. To convert India into Global Manufacturing Hub
2. To Provide Employment

3. Boost Economic Growth
4. To urge both local and foreign companies to invest in India

## Research Methodology

Research Type: Descriptive Research

Type of Data: Secondary Data

The present study is based on secondary data. Basically, the required information has been derived from research papers, Articles from Newspapers, Magazines and Journals and various websites.

## Limitations of the study

1. The study is based on published data and information. No primary data is being collected.
2. Every care has been taken to entice qualitative and correct data, still secondary data have collected for the purposes other than problem at hand.
3. The objectives, nature and methods used to collect secondary data may not be appropriate to the present situation.
4. Secondary data may be lacking in accuracy, or they may not be completely current or dependable.
5. Time constraint remained the major limitation in the study
6. The biasness can always be there.
7. Before using secondary data, it is important to evaluate them on above mentioned factors. So, it consumes the same time as the primary data.

## Advantages of make in India scheme

1. Make in India scheme will create large scale employment opportunities to low skill workforce since majority of workforce in India are low skilled.
2. India is hugely dependent on FDI to keep the economy positive. Make in India scheme will attract more FDI to revitalize Indian economy.
3. Any manufacturing hub needs supply of parts which is boon for SME's. Make in India will help to generate indirect employment through SME's.(Small& Medium Sized Enterprises)
4. Manufacturing sector helps to reduce India's trade deficit through exports.
5. India is the largest consumer market. Any company investing in India under Make in India initiative will directly get access to huge market of 125 Cr people.
6. Job Creation, Enforcement to Secondary and Tertiary sector, boosting national economy.

Converting the India to a self-reliant country and to give the Indian economy global recognition

## Description on logo

The logo for the Make in India campaign is an elegant lion, inspired by the Ashoka Chakra and designed to represent India's success in all spheres. Wheel denotes peaceful progress and dynamism. lion has been the official emblem of India and it stands for: courage, tenacity and wisdom – all Indian values The campaign was dedicated by the Prime Minister to the eminent patriot, philosopher and political personality, PanditDeenDayalUpadhyaya who had been born on the same date in 1916.

Some key takeaways from the Prime Minister's speech at the launch ceremony

1. We do not want to see any company or enterprise leave India due to business constraints
2. An environment of trust will convince industry leaders of the government's commitment to developing industry
3. The movement will help in increase in employment; employment will come only when we start developing the manufacturing sector in India.
4. Investors are not attracted by incentives, investment will be attracted only by friendly policies and a secure environment
5. Ease of business is important for development, India has slipped low in the list of countries in terms of ease of doing business
6. Scrutiny and red tape should not create barriers for development, simplification of processes should be the focus
7. The world is looking to invest in Asia, particularly in Asian democracies, and in places with high demand – India fits the bill perfectly
8. Effective governance is a key factor in attracting investors; the government needs to reassure investors of its effectiveness in promoting business and industry
9. Skilled manpower mapped to the natural potential and creation of sustainable growth will be the focus of 'Make in India'
10. Private-public partnership must be the basis of skills development in the country
11. Digital India is the crux of effective governance; if this is not achieved, the governance and society will stay divergent. Ease of governance will come only with use of technology
12. For years we have been emphasizing on Look East; only when we link West to this will we develop
13. There are numerous opportunities in manufacturing and to develop this sector we will require a whole new world of infrastructure – from highways to I(information) ways, gas, water pipelines, ports, and a lot many more
14. This government does not have a political agenda; it is dedicated tom development as an article of faith
15. The life and destiny of India can and will be changed for the better .May Indian companies become multinational organizations but only when they grow and develop with India
16. 'Make in India' is our responsibility; may India gain strength with this mission .The 'Make in India' campaign is dedicated to PanditDeenDayalUpadhyaya, the patriotic thinker and Philosopher

## Recent Investment trends: Make in India

In January 2015, the Spice Group said it would start a mobile phone manufacturing unit in UttarPradesh with an investment of 500 crore. A memorandum of understanding was signed between the Spice Group and the Government of Uttar Pradesh. In January 2015, HyunChil Hong, the President and CEO of Samsung South West Asia, met with Kalraj Mishra, Union Minister for Micro, Small and Medium Enterprises (MSME), to discuss a joint initiative under which 10 "MSME-Samsung Technical Schools "will be established in India. In February, Samsung said that will manufacture the Samsung Z1 in its plant in Noida. In February 2015, Hitachi said it was committed to the initiative. It said that it would increase its employees in India from 10,000 to 13,000 and it would try to increase its revenues from India from ¥100 billion in 2013 to ¥210 billion. It said that an auto component plant will be set up in Chennai in 2016.In February 2015, Huawei opened a new research and development (R&D) campus in Bengaluru. It had invested US$170 million to establish the research and development center In April 2015, Airbus said that it will manufacture its products in India and invest $ 2 Billion US dollars. Also in February, Marine Products Export Development Authority said that it was interested in supplying shrimp eggs to shrimp farmers in India under the initiative. In May, 2015 Tata JLR (Jaguar Land-Rover) announced that it will move its production of the Land Rover Defender to its Pune facility in India in 2016.Shiv Kumar Rungta, president, FTAPCCI, stressed on key sectors like services (mainly in IT), mechanization of Agriculture sector for achieving increased productivity, among others, for the success of 'Make in India.

## Challenges and Criticism

India's small and medium-sized industries can play a big role in making the country take the next big leap in manufacturing. India should be more focused towards novelty and innovation for these sectors.The government has to chart out plans to give special privileges to these sectors. According to World Bank, India ranks 142 out of 189 countries in terms of ease of doing business. India has complex taxation system and poor infrastructure facilities. Rapid skill up gradation is needed because skill intensive sectors are dynamic sectors in India, otherwise these sectors would become uncompetitive. India should motivate research and development which is currently less in India and should give more room for innovation. The NDA government's Make in India campaign has till early October attracted INR 2000 crore worth investment proposals. The campaign has, despite this, found its fair share of critics. The topmost of these criticisms is leveled 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. A number of layoffs in companies such as Nokia India cast long shadows over the campaign. A number of technology based companies have not been enthused by the campaign launch and have professed to continue getting their components manufactured by China. Providing the strongest critique to the government's Make inIndia strategy, Reserve Bank of India (RBI) governor RaghuramRajan said India rather needs to make for India, adding that either an incentive-driven, export growth or import-substitution strategy may not work for the country in the current global economic scenario. Speaking at an event organized by industry lobby Federation of Indian Chambers of Commerce and Industry, Rajan said 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. "Other emerging markets certainly could absorb more, and a regional focus for exports will pay off. But the world as a whole is unlikely to be able to accommodate another export-led China," he said. Rajan said 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. "Instead of subsidizing inputs to specific industries because they are deemed important or labour-intensive, a strategy that has not really paid off for us over the years, let us figure out the public goods each sector needs, and strive to provide them," he added. Speaking at the same event, former Prime Minister Manmohan Singh said India can achieve a growth rate of 8- 9% provided there is a "national consensus" on methods to take advantage of globalized world. Former Tamil Nadu deputy chief minister Stalin said Make in India is being confused with Make in Coal India, Make in Air India, Make in MSMEs, and Make in SEZs and so on. Modi should focus on making business as easy and honest as possible, avoiding artificial props, curbing inflation and fiscal deficits, ensuring a realistic exchange rate, and letting the market decide which sectors should flourish. Investors from everywhere will then rush in to make in India. The proverbial cat, however, is now finally out of the bag, for the slogan to 'Make in India' is an invitation to global corporate capital to come loot and plunder the natural commons, to destroy the environment, to dispossess populations made dispensable and to exploit cheap Indian labour; it is an invitation to global corporations who are being forced out of their home countries because high environmental and labour costs have been long been eating into their profits.

## CONCLUSION

Indian has the capacity to push the GDP to 25% in next few years. The government of India has taken number of steps to further encourage investment and further improve business climate. "Make in India" mission is one such long term initiative which will realize the dream of transforming India into manufacturing Hub. Start-ups in the core manufacturing sectors are poised to play a crucial role in the success of 'Make in India' ambitions "Start-ups in the fields of telecom, defense manufacturing, automobile, Internet of Things, financial technology modules and mobile internet have immense potential to succeed in the scheme of 'Make in India'. Make in India scheme also focuses on producing products with zero defects and zero effects on environment. Improved quality and better performance management system needs to be in place to guide, monitor and enhance the skill set of its work force. Mind set of Industrialists both foreign and domestic towards India needs to be changed. On the basis of the study it can rightfully concluded that People and money, both are the organization's greatest competitive edge. It is essential to unlock the human talent for the success and sustainability of any organization. The development, prosperity and sustainability of India as a Manufacturing hub clearly depend upon the immense potential of its human resources and the financial services that are available for the domestic and foreign players. Employees possessing high value and unique intellectual skills significantly contribute to generate intellectual products. If India successfully provides the industrial houses all this then it will certainly become a world manufacturing hub. This study both empirically and rationally explained the patterns through which India can become a manufacturing hub. Favorable investment climate, assistance of financial services, relaxes and industry favorable government policies are the essential ingredients of "MAKE IN INDIA".

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# MAKE IN INDIA: A STRATEGY FOR MANUFACTURING-HUB IN INDIA

***Mr. Samira Patra ****

## ABSTRACT

*From the pre-independence period i.e. colonial system of the British Government ruled over India, western developed countries and other developed countries are carrying out these valuable natural resources to their counties at cheap rate and sale products produced from the these natural resources to us at high rate. Hence, Make in India is one of the strategies of NaMo Govt. to increase manufacturing sector growth, facilitate investment and to make India a manufacturing hub. A good no of studies have been conducted by expert, research scholars and other academicians. But, no remarkable study has been conducted on 'Make in India' as a Strategy of Manufacturing-Hub in India. So, this is an attempt to analysis the 'Make in India' as a strategy for making India as a manufacturing hub. This study is based on the secondary data. The secondary data have been collected through well designed strategy and these have been collected from various e-journals, e-magazines, e-annual reports of companies and from various reputed websites. The collected data have been classified and tabulated according to the requirements of the study. This study concluded on that 'Make in India' is strategy of Govt. to increase manufacturing sector growth, facilitate investment and to make India a manufacturing hub.*

**Keywords:** *Make in India, GDP, Manufacturing Hub, Strategy and Natural resources.*

## INTRODUCTION:

India is a country rich in natural resources. Labour is aplenty and skilled labour is easily available given the high rates of unemployment among the educated class of the country. Make in India is an initiative of the Government of India, to encourage companies to manufacture their products in India. The manufacturing industry currently contributes just over 15% to the national GDP. The aim of this campaign is to grow this to a 25% contribution as seen with other developing nations of Asia. In the process, the government expects to generate jobs, attract much foreign direct investment, and transform India into a manufacturing hub preferred around the globe. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. The initiative hopes to increase GDP growth and tax revenue. The initiative also aims at high quality standards and minimizing the impact on the environment. The initiative hopes to attract capital and technological investment in India.

**The Make in India focuses on new ideas and initiatives such as-** First Develop India and then Foreign Direct Investment, Look-East on one side and Link-West on the other, Highways and 'I-ways, facilitate investment, Foster innovation, and protect intellectual property, build best-in-class manufacturing infrastructure.

* *Ph.D. Scholar, Department of Commerce, Ravenshaw University, Cuttack*

**Table No 1: Key 25 sectors allowed making in India**

| | | |
|---|---|---|
| Automobiles | Food Processing | Renewable Energy |
| Automobile Components | IT and BPM | Roads and highways |
| Aviation | Leather | Space |
| Biotechnology | Media and Entertainment | Textiles and garments |
| Chemicals | Mining | Thermal Power |
| Construction | Oil and Gas | Tourism and Hospitality |
| Defence manufacturing | Pharmaceuticals | Wellness |
| Electrical Machinery | Ports | |
| Electronic Systems | Railways | |

**(Source:** http://www.business-standard.com/article/economy-policy/key-projects-announced-under-make-in-india-116021200853_1.html)

## REVIEW OF LITERATURE:

There are number of studies carried out by various researchers in this area. Some selected research works are portrayed as follows:

**Goyal, S, Kaur, P and et. el. (2015)** in their article "Role of HR and Financial Services in Making "Make in India" Campaign a Success" have studied the importance of the role of HR and Financial Services in making "MAKE IN INDIA" campaign a success; making INDIA a manufacturing hub and a bench mark of development and prosperity.

**Khandelwal, N, M, and Gupta, L (2015)** in their paper "Made in India Vs Make in India" made a comparison study between Made in India and Make in India. They viewed that the NaMo Govt's first budget 2015-16 makes a confident move towards make in India and Made in India both.

**Deodhar, Satish Y. (2015)** in his Working Paper "Make in India: Re-chanting the Mantra with a Difference" had studied the origin and idea of Make in India through time and identifies what needs to be done to turn the Make in India mantra into a reality.

**S. Soundhariya (2015)** in her paper "Make in India – Scheme for Transforming India" studied the objectives of Make in India as to convert India into Global Manufacturing Hub, to Provide Employment, to Boost Economic Growth and to urge both local and foreign companies to invest in India.

**Nathani1, J. K. and Parik, V. A. (2015)** in their paper "Make in India: Issues and Challenges - A Paradigm Shift" made an attempt to identify major issues and challenges that may be tackled swiftly and smartly to feature India as a global manufacturing hub for addressing its multi-socio economic issues.

## RESEARCH GAP/RELEVANCE OF THE STUDY:

There are a good no of studies have been made on Make in India by various research scholars, investigators, professors, professional bodies and other academician and academic institutions in India after introduction of make in India. But, there are no remarkable studies have been made on "Make in India – A Strategy for Manufacturing Hub in India". So this is an attempt to study the make India as a strategy for global manufacturing hub in India.

## OBJECTIVES OF THE STUDY:

The objectives of the current study are as follows:

- Analyze the Make in India as a strategy for converting India into global manufacturing hub.
- To analyze the growth prospects of the manufacturing sector in India with reference to make in India.

## RESEARCH METHODOLOGY:

The present study is based on the secondary data. The secondary data have been collected through well designed strategy and these have been collected from various e-journals, e-magazines, e-annual reports of companies and from various reputed websites. The collected data have been classified and tabulated according to the requirements of the study. The present study is made in the month of December 2016 and January 2017.

## DATA ANALYSIS AND INTERPRETATION OF RESULT:

1. **Automotive Sector :** The USD 93 billion automotive industry contributes 7.1% to India's GDP and almost 49% to the nation's manufacturing GDP (FY 2015-16).

### Growth trends in the Indian Automobile Industry in the last two years:

- **Rise in Production:** Production increased by 2.6% in FY 2015-16 with the industry producing a total 23,960,940 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadric cycle in FY 2015-16 as against 23,358,047 vehicles produced in previous fiscal year.
- **Rise in Domestic Sales:** Sales of Passenger vehicles increased by 7.24% in FY 2015-16 over the same period previous year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 7.87%, 6.25% and 3.58% respectively in FY 2015-16 over the same period previous year.
- **Rise in exports:** In FY 2015-16, Automobile exports grew by 1.91 percent (exports worth USD 8.8 billion). The major growth drivers were Passenger Vehicles, Commercial Vehicles and Two Wheelers which registered a growth of 5.24%, 16.97% and 0.97% respectively in FY 2015-16 over the same period previous year.

2. **Electronic and IT sectors:** As the demand for high-end products rises in the domestic market, the Indian ESDM sector is projected to grow at a CAGR of 24% from USD 70 billion in 2014 to USD 400 billion by 2020. With a target of 'Net Zero Imports' by 2020, the Government has embarked on several initiatives to promote manufacturing in the country. In FY 2014-15, approximately 1.9 lakh crore of electronics products were manufactured indigenously.
3. **Mining Sector:** India is blessed with abundant mineral deposits and the country's mining sector forms an important segment of the economy contributing around 2.6% to the country's GVA (FY 2015-16(PE)). The mineral production witnessed a 9% growth in FY 2015-16. It recorded 7.23% growth in FY 2016-17 (Apr – Sep) driven primarily due to increase in production of Iron ore (25.85% growth) and Chromites (25.9% growth).
4. **Skill Development Sector:** Skills and knowledge are the driving forces of economic growth and social development for any country. India is blessed with 65% percent of its youth in the working age group.To steer and coordinate the current skilling initiatives with quality deliverables, the Ministry of Skill Development and Entrepreneurship (MSDE) was created in November 2014 to drive the 'Skill India' agenda in mission mode.

5. **Textile Sector:** This sector offers tremendous employment opportunities for people, especially in the rural regions. The textile sector in India accounts for 10% of the country's manufacturing production, 5% of India's GDP and 13% of India's exports earnings. Textile and apparel sector is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly in 2015-16.

## SUMMARY, FINDINGS AND CONCLUSIONS:

**Summary:** Today, Indian manufacturing companies in several sectors are targeting global markets and are becoming formidable global competitors. Many are already amongst the most competitive in their sectors. Make in India is aimed at making India a manufacturing hub and economic transformation while eliminating the unnecessary laws and regulations, making bureaucratic processes easier, make government more transparent, responsive and accountable and to take manufacturing growth to 10% on a sustainable basis.

**Key Findings:**

- The strategy for converting India into global manufacturing hub under Make in India Mantra is now revealing.
- Almost all 25 sectors under make in India is now rising in its production, revenues as well as net earnings. These are evidence from last two years analysis of data under make in India.
- Global investors are now investing all most all the sectors under make in India. This is possible because of 100% FDI in all the sectors of Make in India.
- Make in India also creating more employment opportunities for Indian as well as foreigner. Make in India also help in boosting of Indian economy.

## CONCLUSIONS :

The campaign of make in India for converting India in to global manufacturing hub, now this strategy is unveiling the growth of manufacturing in India and it is evidence from achievement reports of last two years i.e. 2014-15 and 2015-16. The productions of these 25 sectors are increasing. Exports and FDI are also increasing. So, the dream of contributing 25% to GDP from manufacturing sectors in India is now fulfilling up to some extent. Employment opportunities are also increasing. These all have positive impact on Indian economy. Make in India also boosting Indian economy. Hence, Make in India slowly achieving its predetermined objectives.

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# A QUALITATIVE STUDY OF TORISM SECTOR TO PROMOTE MAKE IN INDIA

***Rajaram Majhi*** *

## ABSTRACT

*The main objectives of this paper is to examine the how far Make-in-India is responsible for the developing of the country and interpret and analyze the perceptions of respondents regarding various issues of the Make-in-India along with suitable suggestions to strengthen the Make-in-India. Make in India Initiative was launched globally in September, 2014 as a part of the Government of India's renewed focus on invigorating the country's manufacturing sector. Tourism is the third largest foreign exchange earner after gems, jewellery and readymade garments. The paper hence is an attempt to understand the tourism sector and the Make in India concept. The work also studies the Impact of Make in India on future tourism sector of India.*

**Keywords** : Make In India, Tourism Sector, Foreign Exchange Earnings

## INTRODUCTION

Tourism in India is economically important and is growing rapidly. The World Travel & Tourism Council calculated that tourism generated ¹ 8.31 lakh crore (US$120 billion) or 6.3% of the nation's GDP in 2015 and supported 37.315 million jobs, 8.7% of its total employment. The sector is predicted to grow at an average annual rate of 7.5% to ¹ 18.36 lakh crore (US$270 billion) by 2025 (7.2% of GDP). Tourism in India accounted for 6.88% of the Gross Domestic Product (GDP) during 2012-13, being the third largest foreign exchange earner for the country.India registered 8.03 million foreign tourist arrivals in 2015, registering an annual growth of 4.5% over the previous year. The Foreign Exchange Earnings (FEE) from tourism during 2015 were USD 21.07 billion. India is 15th in the world in terms of International Tourism Receipts with a share of 1.62% of the world's tourism receipts. India offers geographical diversity including 35 World Heritage Sites and 10 bio-geographic zones.

## REVIEW OF LITERATURE:

The significance of comprehending constraints has been discussed (Kim & Chalip, 2004) as has the importance of positioning, targeting and market segmentation. Festivals are becoming an increasingly important component of tourism destination portfolios Bowdin et al. (2006). Festivals can best be defined according to Getz (2007) as „themed, public celebrations . Most definitions of festivals look to their significance as celebration of local identities. Dasgupta and et al.(2007) mentioned that movement of people within their own country or across the national border became one of the largest and gainful industries in the economic domain of human life. Sahu (2011) mentioned that promotion of tourism is essential for a less developed state like odisha to earn revenue and to generate employment. Rajib bhaduri and G. Anjaneya

* *Research Scholar, Department of Commerce, Ravenshaw University, Cuttack*

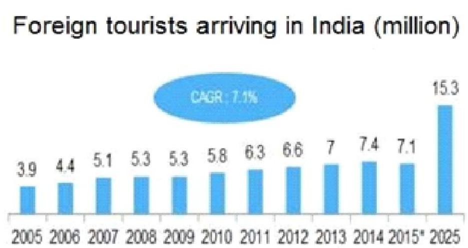
swamy (2012) mentioned that emerging event tourist markets are identified and developed and the promotional campaigns over media are turning out to be a star attraction.

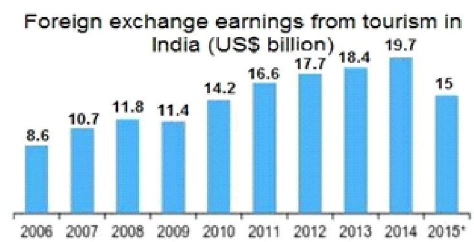
## OBJECTIVES OF THE STUDY:

1. To analyse the foreign tourist arrivals and foreign exchange earnings from tourism in India
2. To analyse domestic tourist visit and foreign tourist visit to all states/UT in India.
3. To study the policy taken by government to success the Make in India.
4. To analyse the contribution of tourism and hospitality to GDP in India.

## RESEARCH METHODOLOGY:

The study is based on secondary data. The required data has been collected from various Sources i.e. research papers, various Bulletins of Reserve Bank of India, Publications from Ministry Of Tourism, Bureau of Immigration and Govt. of India.




*Source: World Travel & Tourism Council's Economic Impact 2015*

In 2015, foreign tourist arrival in India stood at over 8 million foreign tourists arriving in India (million) and accounted for 3.1 million in 2016(1) during the current calendar year, the country is expected to witness footfall of nine million foreign tourists, thereby witnessing a growth of around 12 per cent, from the eight million visitors last year. Foreign tourist arrivals into the country is forecasted to increase at a CAGR of 7.1 per cent, during 2005–25 By 2025, foreign tourist arrivals in India is expected to reach 15.3 million, according to the World Tourism Organisation In October 2016, a total of 1, 05,268 foreign tourists arrived on e-Tourist Visa, in comparison with 56,477 foreign tourists in October 2015, registering a growth of 86.4 per cent over the previous year. Foreign exchange earnings from tourism accounted for USD21.1 billion in 2015, witnessing growth at a CAGR of 10.5 per cent during 2006–15 However, during January - April 2016, foreign exchange earnings from tourism stood at USD7.7 billion.

## DOMESTIC TOURIST VISITS TO STATES/ UTS

During 2015, the number of domestic tourist visits to the States/ UTs was 1432 million as compared to 1282.8 million in 2014 registering a growth of 11.63% over 2014. The top ten States in terms of number of domestic tourist visits (in millions), during 2015, were Tamil Nadu (333.5), Uttar Pradesh (204.9), Andhra Pradesh (121.6),Karnataka (119.9), Maharashtra (103.4),Telangana(94.5),MadhyaPradesh(78),WestBengal (70.2),Gujarat(36.3) and Rajasthan (35.2).The contribution of top 10 States was about 83.62% to the total number of domestic tourist visits during 2015. Tamil Nadu and Uttar Pradesh have maintained the first and second rank respectively in terms of DTVs in 2015. Andhra Pradesh has gained the third position leaving Karnataka and Maharashtra at the succeeding fourth and fifth positions respectively.

## FOREIGN TOURIST VISITS TO STATES/ UTS

During 2015, the number of foreign tourist visits (FTVs) to the States/ UTs was 23.3 million as compared to 22.3 million in 2014 registering a growth of 4.4% over 2014. The top ten States in terms of number of FTVs (in millions) during 2015 were Tamil Nadu (4.68), Maharashtra (4.41), Uttar Pradesh (3.1), Delhi (2.38), West Bengal (1.49), Rajasthan(1.48), Kerala(0.98), Bihar(0.92), Karnataka(0.64) and Goa(0.54). The contribution of top 10 States was about 88.4% to the total number of FTVs in the country during 2015. In 2015, while the top 4 states retained their previous rankings, West Bengal improved by one rank to leave Rajasthan at sixth rank. Kerala, Bihar and Karnataka retained their ranks at seventh, eighth and ninth and Goa re-entered the top 10 most visited states causing Haryana to drop out of the ranks.

### FDI Policy

100% FDI is allowed under the automatic route in tourism and hospitality, construction projects, including the development of hotels, resorts and recreational facilities.

### National Tourism Policy, 2002:

A draft New Tourism Policy that has currently been formulated seeks to take forward the National Tourism Policy 2002, taking into account the widespread, interrelated global developments and advancements, which have had a strong bearing on the Tourism sector

### Financial Support - Key Provisions of Budget:

To develop and enhance tourist infrastructure a provision of USD 108.67 million is made for developing Swadesh Darshan (13 Theme based Tourist circuits) and USD 15.38 million for Pilgrimage Rejuvenation and Spirituality Augmentation Drive (PRASAD) for Beautification of Pilgrimage Centres.

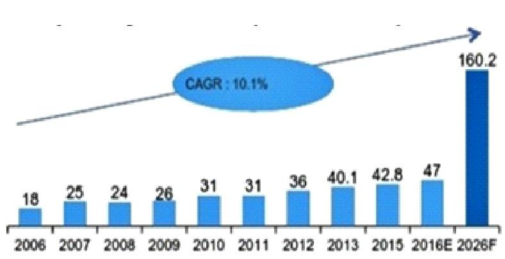
### Tax Incentives:

An investment-linked deduction under Section 35 AD of the Income Tax Act is in place for establishing new hotels in the 2-star category and above across India, thus permitting a 100% deduction in respect of the whole or any expenditure of a capital nature excluding land, goodwill and financial instruments incurred during the year

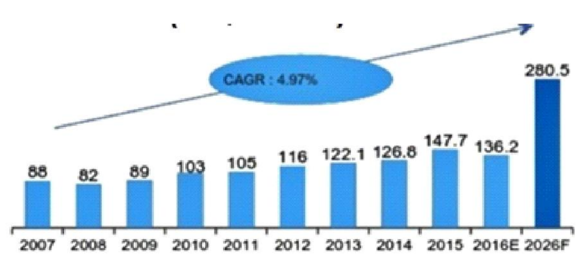
### State Incentives and Incentives from the Ministry of Tourism:

Incentives offered by state governments include subsidised land cost, relaxation in stamp duty, exemption on sale/ lease of land, power tariff incentives, concessional rate of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects Incentives are provided for setting up projects in special areas  the North-east, Jammu & Kashmir, Himachal Pradesh and Uttarakhand. Assistance in large revenue-generating projects Support to Public Private Partnerships (PPPs) in infrastructure development such as viability gap funding Schemes for capacity-building of service providers.

**Tourism and Hospitality to GDP (US $ billions)**




**Travels and Tourism's to GDP (US $ billions)**




***Source:*** *World travel and tourism council's economic impact 2015*

Tourism in India accounts for 7.5 per cent of the GDP and is the third largest foreign exchange earner for the country. The tourism and hospitality sector's direct contribution to GDP in 2016 is estimated to be US$47 billion. The direct contribution of travel and tourism to GDP is expected to grow at 7.2 per cent per annum, during 2015 – 25, with the contribution expected to reach US$160.2 billion by 2026.The sector's total contribution to GDP is expected to increase to US$ 136.2 billion by the end of 2016 and is expected to further grow to US$ 280.5 billion by 2026. The total contribution of travel and tourism to Indian GDP is forecasted to increase by 4.97 per cent per annum to US$ 280.5 billion by 2025 (7.2 per cent of GDP)

## CONCLUSION

The above analysis found that tourism sector has the wide opportunity to generate the income and inclusive growth of the economy. It has the greater contribution to the gross domestic product for developing the nation. The government of India have been taken lot of policies to attract the investors as well as foreign tourist to visit India and to increase the foreign exchange. In this analysis found that government has established lot of initiatives to success the Make in India programme with the increased 100% FDI policy, national tourism policy 2002, tax incentives and various projects. The main objectives were to enhance and develop the infrastructure of tourism sector as well as increase the foreign tourist visit to India.

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# "MAKE IN INDIA" INITIATIVE: THE ROLE OF MSMEs SECTOR

***Subhadarshini Pradhan*** *

## ABSTRACT

*"Make in India" is a national programme launched by the Prime Minister Mr. Narendra Modi on 25 September 2014, with an objective to transform India into a global manufacturing hub. The Government of India has coordinated benchmark to increase Gross Domestic Product (GDP) by 16% to 25% within 2025. It is considered that the MSMEs sector would play a great role in this programme and contribute significantly towards the industrial production of the country. The MSMEs sector employs over 80 million people in 36 million units, contribute 45 percent of the manufacturing output and contribute about 7-8 per cent of India's GDP and 40 per cent of the exports. Hence it is an attempt made by the researcher to analyze the Make in India scheme. Current study highlights the Make in India scheme and the role of MSMEs sector in the 'Make in India' initiative. The study based on secondary data. For which required data have been collected through Published articles, internet, from the annual report of MSMEs, The study was conducted in the year2016 - 2017, further the study concluded that MSMEs segment will play a key role in domestic manufacturing in the coming days and will lead the 'Make in India' programme towards success.*

***KEY WORDS:*** *MSMEs, GDP, Employment, Industry*

## INTRODUCTION

The Indian manufacturing sector is the typical instance of an industry that has great prospective. The objective of the scheme is to ensure the manufacturing sector which contributes around 16% of country's GDP is increased to 25% in next 5 years. Make in India scheme eliminates unnecessary laws and regulations. Three sectors which contribute to GDP of any country are agriculture, manufacturing and services. According to the current contributions of these sectors to Indian economy manufacturing occupies 16% which is lowest. There are lots of opportunities to be tapped as far as Indian manufacturing sector is concerned. 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 25 key sectors identified under the programme include automobiles, auto components, bio-technology, chemicals, defense manufacturing, electronic systems, food processing, leather, mining, oil & gas, ports, railways, ports and textile. **'Make in India' programme can be possible through strengthening MSMEs Sector.** The MSME sector is significant to our nation's economic growth and Employment. This sector employing nearly 8 crore people are the vehicle for inclusive growth and an incubator for entrepreneurs. India needs a focused policy momentum to improve the competitiveness of MSMEs and incentivize exports to extensive base and actualize the benefits from "Make in India" initiative.

* *Lecturer in Commerce, Science College (Autonomous), Hinjilicut, Ganjam*

## REVIEW OF RELATED LITERATURE

**Subina Syal (2015)** in his study on "Role of MSMEs in the Growth of Indian Economy" he tried to find out the growth of MSMES and outlining the opportunities available for the MSMES in the Indian economy. His study concludes that the MSME sector of India is today at the gateway of global growth on the strength of competitive and quality product range. However, facilitation from the Government is required to minimize the transaction costs of technology up gradation, market penetration, modernization of infrastructure etc. In this paper we have looked at growth of Indian Micro Small and Medium Enterprise Sector over the last ten years. MSMEs in the Indian Economy have shown tremendous growth and excellent performance with the contribution of policy framework and efficient steps which had been taken by the Government time to time for the growth and development of the MSMEs

**Mishra Pratiksha, Taruna(2016)** In their research article on "Role of Make in India as driver of growth in manufacturing sector" they wanted to study the role of Make in India as a driver of growth in different sectors and its opportunities, challenges, changes needed. Required data have been collected from Secondary sources. Their study concluded that India has that capability to push the GDP to 25% in next coming years. The government of India has taken tremendous steps to encourage investment and to improve further business climate. "Make in India" mission is one such long run initiative which will accomplish the dream of transforming India into manufacturing hub.

**Sushma. C (2016)** in her research study on "Make in India- Challenges to Make India as a Manufacturing Hub", she tried to identify some of the key challenges of India in the path of development and provide possible solutions to deal with the same. Indian manufacturing Industries is very much dependent on Agriculture, government facilities, labour force, technology, etc. The Government should provide various facilities like modernized technology, subsidies, reduce the tax rates etc. for manufacturing sector. The Government strategies should promote Manufacturing sector. Indians should encourage and promote Indian products, if domestic people are not supporting their own country's products and manufacturing sector, expecting FDI into this sector is difficult. The Indian youths are important for India; they have to be groomed well in order to put them in right jobs. Political instability is also a major concern in succeeding Narendra Modi campaign.

**Shachi Pathak, Sanjeev Swami, Shalini (2016)** in their research article on "Make in India campaign' for manufacturing sector: A strategic analysis" study brings to light the importance of manufacturing sector in India using SWOT analysis. The paper also evaluates newly started government policy "Make in India" after one year of completion. The study concluded that though a great beginning has been achieved by the Make in India campaign with the small but important changes made by government in Indian policies but some more steps still needed to ensure its success as it is just a beginning not the end. India with its strengths, strong pro industry government should make correct decision at the right time to grab the opportunity to be a leader in manufacturing sector in the world.

## RESEARCH GAP

From the above literature it appears that a good number of studies have been conducted on 'Make in India' Programme, However only few studies were focusing on the role of MSMEs sector in 'Make in India' Programme in the year 2017. With this gap, it is an attempt made by the researcher to fill the existing gap by conducting this study**.**

## OBJECTIVES OF THE STUDY

- To highlight various issues of "Make in India" programme.
- To study the role of MSMEs sector in "Make in India" programme.

## RESEARCH METHODOLOGY

The study was based on secondary data. The required data have been collected through Published articles, internet, from the annual report of MSMEs. The study was conducted from the period 2016 to 2017.

## VARIOUS ISSUES OF "MAKE IN INDIA" INITIATIVE

The initiative is built on four pillars which are as follows:

**New Processes:** The government is introducing several reforms to create possibilities for getting Foreign Direct Investment (FDI) and foster business partnerships. Some initiatives have already been undertaken to alleviate the business environment from outdated policies and regulations. This reform is also associated with parameters of World Bank's 'Ease of Doing Business' index to improve India's ranking on it.

**New Infrastructure:** Infrastructure is integral to the growth of any industry. The government intends to develop industrial corridors and build smart cities with state-of-the-art technology and high-speed communication. Innovation and research activities are supported by a fast-paced registration system and improved infrastructure for Intellectual Property Rights (IPR) registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being addressed.

**New Sectors:** 'Make in India' has identified 25 sectors to promote with the detailed information being shared through an interactive web-portal. The Government has allowed 100% FDI in Railway and removed restrictions in Construction. It has also recently increased the cap of FDI to 100% in Defense and Pharmaceutical.

**New Mindset:** Government in India has always been seen as a regulator and not a facilitator. This initiative intends to change this by bringing a paradigm shift in the way Government interacts with various industries. It will focus on acting as a partner in the economic development of the country alongside the corporate sector.

## ROLE OF MSMEs SECTOR IN "MAKE IN INDIA" MOVEMENT

New policies were framed under "Make in India" campaign to facilitate the expansion of Micro Small and Medium Enterprises (MSMEs) and increase the focus on innovation. The manifest capacity of Micro, Small and Medium Enterprises (MSMEs) around the world for driving economic growth and development at regional, national and global levels cannot be overemphasized. The significance of MSMEs is attributable to their caliber for employment generation, low capital and technology requirement, promotion of industrial development in rural areas, use of traditional or inherited skill, use of local resources, mobilization of resources and exportability of products.

According to the estimates of the Ministry of MSME, Government of India, the sector generates around 100 million jobs through over 46 million units situated throughout the geographical expanse of the country. There are about 30 million MSMEs in India which contributes up to 8% towards India's GDP, 45% of the total manufacturing output, employing over 60 million. GDP has been steadily growing over the years. The govt. has also planned to locally manufacture 181 products at a cost of US$ 18.1 billion. This is also boosting the infrastructure sector such as gas, oil, power etc. Separate set of labour laws has been made to govern MSMEs. The proposed new labour laws will be applicable to industrial units that employee 40 or less in their workforce.

## INITIATIVES FOR NURTURING INDIAN MSMEs BY CONFEDERATION OF INDIAN INDUSTRY (CII)

For over 120 years, Confederation of Indian Industry has been persistently engaged in creating and sustaining an environment conducive to the development of Indian industry. Confederation of Indian Industry has undertaken a slew of measures for supporting the development of the Indian MSMEs and enhancing their global competitiveness. The Indo-German Manager Training Programme (IGMTP), run with support from the Governments of India and Germany, aims at enhancing the international business and economic potential of Indian enterprises by bringing them in contact with German enterprises. MSMEs have been guided to enhance their competitiveness through the time tested techniques of the Cluster Approach. Along with its strategic partners, about 245 clusters have been constituted by far impacting over 3000 MSMEs.

In partnership with the Overseas Human Resources Development Association (HIDA), Japan, Confederation of Indian Industry is operating a training programme on Production Management for Manufacturing in India to enhance production management capability in the Indian manufacturing industry in order to achieve the idea of "Make in India" through Japanese-style Management. To enhance their leadership skills and awareness on diversity management as well as to provide them with networking opportunities, Confederation of Indian Industry also runs a training programme on the Empowerment of Women Leaders with HIDA. Confederation of Indian Industry has set up an online SME Finance Facilitation Centre to provide advisory and credit facilitation support to SMEs.

## CONCLUSION

'Make in India' is a national initiative which focuses on making India a global manufacturing hub. This Strategy adopted to facilitate investment, foster innovation, enhance skill development and build a sustainable eco-system for the manufacturing infrastructure in the country. However lack of adequate finance is one of the biggest challenges faced by MSMEs sector. Financial institutions have limited their exposure to the sector due to a higher risk perception. The main reason is high level of NPA in specific sector results in avoiding the lending facilities to the Micro Small and Medium Enterprise sector by the financial institutions. Now Government is taking various initiatives to ensure credit availability to the MSMEs while upgrading the technology to increase the standards of products. It stressed the need to make the sector attractive for capital investment to strengthen existing enterprises. Government is committed to providing all possible support to promote and encourage MSMEs in the country by providing a sustainable platform for growth and development in terms of productivity, wide range of products, and better availability to finance, world class marketing strategies and international competitiveness. MSME segment will play a key role in domestic manufacturing in the coming days and will lead the 'Make in India' programme towards success. Government would be coming up with quality up gradation schemes.

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