

INDIA'S OPPORTUNITY TO BECOME A GLOBAL MANUFACTURING HUB

Abstract

India has been making significant progress in the manufacturing sector over the years, with its policies aimed at promoting the manufacturing sector through initiatives such as '**Make in India**' and '**Atmanirbhar Bharat**.' With its abundant resources, skilled labor force, and favorable government policies, India has the potential to become a global manufacturing hub. This paper analyzes the opportunities and challenges faced by India in achieving this objective and recommend a roadmap for the country to become a global manufacturing hub.

Keyword: India, Manufacturing, Global hub, Opportunities, Policy Reforms.

Author

Mayank Verma
Assistant Professor
School of Education
MIET
Meerut, India.
mayankcandy@gmail.com

I. INTRODUCTION

India has been focusing on developing its manufacturing sector to promote economic growth and job creation. The country's manufacturing sector currently accounts for approximately 17% of its GDP and employs over 100 million people. However, compared to other major economies, India's manufacturing sector still lags behind. With its vast resources and a large pool of skilled labor, India has the potential to become a global manufacturing hub. The Indian government's recent initiatives such as 'Make in India' and 'Atmanirbhar Bharat' aim to promote the manufacturing sector and encourage foreign investment. This paper analyzes the opportunities and challenges faced by India in becoming a global manufacturing hub.

II. REVIEW OF LITERATURE

India has long been recognized as a potential manufacturing hub due to its large workforce, favorable demographics, and strategic geographic location. Here is a brief review of literature on India's opportunity to become a manufacturing hub:

- **"India's Manufacturing Sector: Unlocking Potential"** by McKinsey & Company: The report identifies key challenges such as inadequate infrastructure, complex regulations, and a lack of skilled workforce that hinders India's manufacturing sector. The report also suggests that India can leverage its large domestic market and skilled workforce to become a competitive manufacturing hub in industries such as automotive, electronics, and textiles.

1. **"India's Manufacturing Sector: Moving Up the Value Chain"** by Deloitte: The report highlights the need for India to focus on developing high-tech and value-added industries such as aerospace, biotechnology, and pharmaceuticals to become a global manufacturing hub. The report also suggests that India needs to invest in research and development, infrastructure, and talent development to achieve this goal.

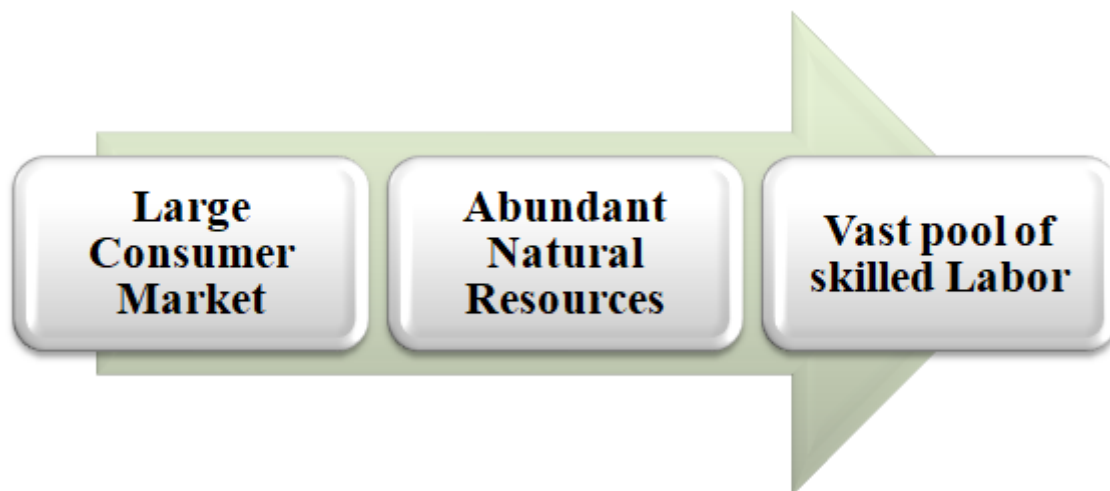
- **"Make in India: A Roadmap for Manufacturing Excellence"** by KPMG: The report recommends that India should focus on creating a business-friendly environment and improving the ease of doing business to attract foreign investors. The report also suggests that India should invest in technology and innovation, build a skilled workforce, and enhance infrastructure to become a global manufacturing hub.

2. **"India's Manufacturing Sector: Aiming for the Top"** by PwC: The report suggests that India has the potential to become a manufacturing powerhouse by leveraging its strengths such as a large domestic market, a competitive workforce, and low labor costs. The report also highlights the need for India to focus on improving the business environment, enhancing infrastructure, and developing innovation capabilities to become a global manufacturing hub.

Overall, the literature suggests that India has the potential to become a manufacturing hub by leveraging its strengths and addressing key challenges. However, to achieve this goal, India needs to focus on developing high-tech and value-added industries, improving infrastructure, and creating a business-friendly environment that attracts foreign investors.

III. OPPORTUNITIES

India has several opportunities to become a global manufacturing hub. The country has a large and growing consumer market, which makes it an attractive destination for manufacturing. Additionally, India has abundant natural resources, including minerals and metals that can be used for manufacturing. The country also has a vast pool of skilled labor, which is cost-effective compared to other countries.



The government's initiatives such as 'Make in India' and 'Atmanirbhar Bharat' have created an enabling environment for foreign investment in the manufacturing sector. India's strategic location between Asia, Europe, and Africa makes it a viable option for companies looking to set up manufacturing facilities.

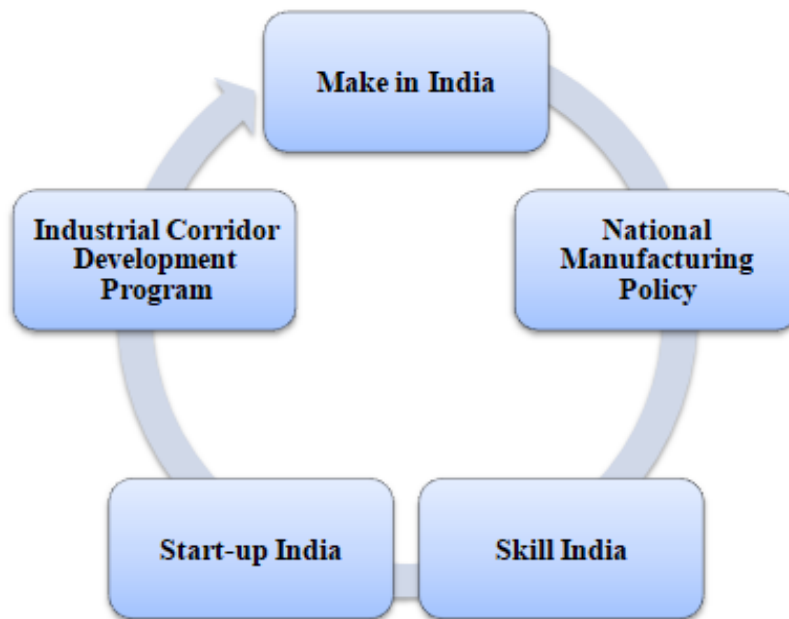
Some of the highlights of the opportunities for India to become a global manufacturing hub are:

1. **Large and Skilled Workforce:** India has a large workforce that is well-educated and skilled in a variety of fields, including engineering, IT, and manufacturing. With the right training and education, this workforce can be leveraged to produce high-quality products and compete on a global scale.

- 2. Competitive Labor Costs:** India has lower labor costs than many other nations, which attracts businesses looking to cut the cost of their manufacturing. This can lead to increased investment in India's manufacturing sector and create more job opportunities for the local population.
- 3. Improving Infrastructure:** India has been investing heavily in improving its infrastructure, including roads, airports, and ports. This can help to facilitate the movement of goods and raw materials and make it easier for companies to do business in India.
- 4. Strategic Location:** India's strategic location makes it an ideal hub for manufacturing and distribution. It has access to a large and growing consumer market, as well as to other key markets in Asia and the Middle East.

IV. GOVERNMENT INITIATIVES

To encourage manufacturing, the Indian government has started a number of programs, such as the Make in India program. These initiatives provide incentives and support to companies looking to invest in India's manufacturing sector. Some of the highlights of these schemes are:



(Government Initiative Schemes)

- 1. Make in India:** Launched in 2014, the Make in India initiative aims to attract foreign companies to invest in India's manufacturing sector. The initiative provides a host of incentives, including tax breaks, subsidies, and a streamlined regulatory framework, to encourage companies to set up operations in India.
- 2. National Manufacturing Policy:** By 2025, the National Manufacturing Policy, which was introduced in 2011, wants manufacturing to account for 25 percent of India's GDP.

The policy includes a range of measures to promote manufacturing, including the establishment of National Investment and Manufacturing Zones (NIMZs), the promotion of research and development, and the development of a skilled workforce.

- 3. Industrial Corridor Development Program:** The Industrial Corridor Development Program aims to create a network of industrial corridors across the country, connecting major ports and economic hubs. The program includes the development of infrastructure, such as highways, railways, and airports, to facilitate the movement of goods and raw materials.
- 4. Skill India:** Launched in 2015, Skill India aims to provide training and skill development to India's workforce, with a particular focus on the manufacturing sector. The initiative aims to develop a pool of skilled workers to meet the needs of India's growing manufacturing sector.
- 5. Start-Up India:** The initiative aims to promote entrepreneurship and support start-ups in the country. It provides tax breaks, access to financing, and mentorship to help start-ups grow and create jobs.

Overall, India's potential as a global manufacturing hub is significant, and the country is well-positioned to take advantage of this opportunity. With the right investments and policies, India could become a major player in the global manufacturing industry, creating jobs and driving economic growth. By providing a supportive environment for manufacturing, the government hopes to make India a global manufacturing hub.

V. CHALLENGES

Despite the opportunities, India faces several challenges in becoming a global manufacturing hub. Lack of infrastructure, such as roads, ports, and power supplies, is one of the main problems because it can impede the movement of goods and drive up costs. India also faces a challenge in streamlining its regulatory environment, which can be complex and bureaucratic. Additionally, India's labor laws are complex and can make it difficult for companies to hire and fire employees. India also lags behind in the adoption of new technologies, which can reduce productivity and increase costs.

Roadmap to Becoming a Global Manufacturing Hub:

- To overcome these challenges and become a global manufacturing hub, India needs to adopt a comprehensive approach.
- The country needs to focus on building its infrastructure, including roads, ports, and power supply, to improve connectivity and reduce costs.
- To make it simpler for businesses to conduct business in India, the government must streamline its regulatory framework.
- The labor laws need to be reformed to make them more flexible, which can promote job creation and economic growth.
- India needs to invest in new technologies and promote innovation to increase productivity and reduce costs.

- The government needs to provide incentives and support to promote research and development in the manufacturing sector.

VI. CONCLUSION

India has enormous potential to become a global manufacturing hub. With its abundant resources, skilled labor force, and favorable government policies, India can attract foreign investment and become a manufacturing powerhouse. However, to achieve this objective, India needs to address the challenges it faces, including infrastructure, regulatory environment, labor laws, and adoption of new technologies. By adopting a comprehensive approach and investing in the manufacturing sector, India can become a global leader in manufacturing and promote economic growth and job creation.

REFERENCES

- [1] Ahluwalia, M. S. (2016). India's Industrialization: An Agenda for the Future. *Economic & Political Weekly*, 51(20), 22-24.
- [2] Bahl, R. (2018). Manufacturing sector in India: trends, issues and outlook. *Journal of Indian Business Research*, 10(2), 97-122.
- [3] Gupta, A. (2019). India's Manufacturing Sector: Opportunities and Challenges. *Journal of Management and Science*, 9(1), 1-8.
- [4] Hasan, R., & Jandoc, K. (2018). Manufacturing in India: From growth to stagnation?. *Economic & Political Weekly*, 53(21), 16-19.
- [5] Kannan, R., & Tantri, P. L. (2018). A review of the manufacturing sector in India: Opportunities, challenges, and policy implications. *Journal of Asia-Pacific Business*, 19(4), 271-294.
- [6] Khanna, T., & Palepu, K. G. (2018). Winning in India Now. *Harvard Business Review*, 96(4), 110-119.
- [7] Kozhikode, R. K. (2019). India's quest to become a global manufacturing hub: A reality check. *Journal of Business Research*, 98, 365-380.
- [8] Nagaraj, R. (2017). Manufacturing in India: From Make in India to Make for India. *Indian Journal of Labour Economics*, 60(4), 575-590.
- [9] Nataraj, S., & Singh, R. (2017). India's Manufacturing Sector: Unlocking Opportunities for Growth. World Bank Group.
- [10] Nayyar, D. (2018). India's Services-led Growth: An Unfulfilled Promise. *Economic & Political Weekly*, 53(47), 13-16.