

Make In India: A New Outlook in Business Process Management

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Abstract

The purpose of this paper is to outline the features of the new paradigm of business process management along with the initiatives taken by the government as well as its impact in stimulating private sector participation to accomplish the goal of making India a manufacturing hub. The measures taken towards creation of a new paradigm in business process management has certainly facilitated companies in ease of doing business in India. These measures have improved India's rank in ease of doing business from 142 among 189 countries of the world in 2015 to 130 in 2016 as per the 'Doing Business Report' of the World Bank. The opportunities provided by the government as part of this new paradigm of business process management are in the form of various initiatives taken by the government to encourage all domestic and international players to make India a new manufacturing hub has started showing results in this direction as is evident by the fact that many Multinational and Indian Companies like GE, Siemens, HTC, Toshiba, Boeing, LeEco, Zopo Mobile, Huawei, Force Motors etc. have made investment commitments to the tune of 15.2 trillion Rupees. Some of these commitments have been realized. As per the available estimates in September, 2016, FDI inflow in electronic manufacturing sector alone is of the order Rs. 23,000 crores in 2016 as compared to Rs. 11,000 crores in 2014. The net impact of the opportunities provided by the government as part of the new paradigm of business process management and the initiatives undertaken by the government for inducing private participation is visible in terms of increase in the share of the manufacturing sector from around 17.3% in 2014-15 to 17.8% in 2015-16 in real gross value added at basic 2011-12 prices and from around 16.4% in 2014-15 to 16.6% in 2015-16 in gross value added at current basic prices. These achievements clearly signify that India is well set for accomplishing the stipulated target of 25% share of manufacturing sector in GDP by the year 2020.

1. Introduction

Government in order to make India a manufacturing hub has started a campaign called 'Make in India' Since September 2014. As part of campaign government is committed to stimulate domestic and foreign investment in different manufacturing activities. This commitment of the government is evident by the fact that government has relaxed several norms so as to facilitate ease of doing business for the companies. Some of the norms relaxed are requirement of minimum paid up capital and common seal under the Companies Act 2013 has been done away with, registration of Permanent account number (PAN), Tax deduction and collection account number (TAN), Employee provident fund number (EPFO), Employee State Insurance Corporation (ESIC) and incorporation of company can be done on a single form on eBiz portal, insolvency and bankruptcy code with provision of faster and easy exit passed by the Parliament etc. Thus 'Make in India' has provided an opportunity to all domestic and international players a new paradigm of business process management. The opportunities provided by the government as part of this new paradigm of business process management are in the form of various initiatives taken by the government to encourage the flow of investment in different manufacturing activities. The purpose of this paper is to outline the features of the new paradigm of business process management along with the initiatives taken by the government as well as its impact in stimulating private sector participation to accomplish the goal of making India a manufacturing hub.

2. Objectives

The Main Objectives of the Paper are as Follows:

- i.** To assess the various measures taken by the government in creating a new environment of business process management that has facilitated companies in ease of doing business in India.
- ii.** In the light of this new paradigm of business process management the initiatives undertaken by the government in stimulating private sector participation to accomplish the goal of making India a manufacturing hub has also been reviewed.
- iii.** To evaluate the extent of progress made towards making India an important manufacturing centre in the near future.

3. Measures towards Creation of a New Environment of Business Process Management

One of the important measures undertaken by the government for creating new environment of Business Process Management is to dispense away with the requirement of minimum paid up capital and common seal under the Companies Act 2013. Further, registration for Permanent Account Number (PAN), Tax Deduction Account Number (TAN), EPFO (Employees' Provident Fund Organization) and ESIC (Employee's State Insurance Corporation) and incorporation of company can be done through a single form on electronic business (eBiz) portal. Besides, times taken for obtaining PAN and TAN on eBiz portal has been brought down to T+1 days i.e. not exceeding beyond the stipulated time and fixed by the concerned authority. Moreover, use of single form namely INC29 has been introduced for applying for company name and Director Identification Number (DIN) at the time of incorporation. In addition it has also been introduced for companies to use online and real time registration regarding ESIC and EPFO, as well as, provision for online payment of EPFO and ESIC contributions has also been introduced. Another measure to ease of doing business is the amendment of Central Registry Rules to record security interests of all types of property and numbers of documents required for imports and exports have been reduced to just three. All documents for export and import to be submitted electronically with digital signatures i.e. no physical submission of document. Finally the provision of Shram Suvidha Portal has been launched to issue unique Labour Identification Number (LIN), submission of common electronic returns under 8 Labour Acts and facilitate risk based inspections, as well as, Insolvency and Bankruptcy Code with provision of easy and faster exit, passed by the Parliament. All these measures taking by the government have been instrumental in streamlining a new environment of Business Process Management. This is evident by the fact that India's rank in ease of doing business has improved from 142 among 189 countries of the world in 2015 to 130 in 2016 as per the 'Doing Business Report' of the World Bank.

4. Initiatives Undertaken by the Government

The government of India has taken several initiatives to promote the concept of Make in India from domestic to the global level. Some of the notable initiatives and developments are:

4.1 Initiatives Pertaining To Textile Sector

Earlier India was the leader in the textile sector from years 1995 to 2000 but afterwards China became the leader followed by Bangladesh and Vietnam and because of this Union government announced Rs. 6,000 crore packages for the textile sector. These initiatives are expected to lead to an increase in exports by \$30 billion and helps attract investment of about \$12 million in three years. Out of Rs. 6,000 crore packages, Rs. 5,500 crore is in the form of 5% duty drawback on domestic duty paid inputs to the extent of 5% to all manufacturers of garments in the country. This is expected to increase garments exports by \$30 billion and helps to attract FDI of about \$12 million in three years. The remaining Rs. 500 crore is for additional incentives under Amended Technology Up-gradation Funds Scheme (ATUFS), where the subsidy provided to garmenting units under the scheme is being increased from 15 percent to 25 percent. With this policy support India can regain its top position in three years.

4.2 Initiatives Pertaining to Defence Sector

Another important area for enhancing the share of manufacturing sector is the production related to the defence sector. In this regard 25% of defence public sector undertaking turnover can be offloaded to the private sector. To facilitate forward linkages for sale of defence products by the private sector the government is committed to make a new Defence Procurement Policy that will give sufficient priority to indigenously made defence products. In this regard government has already delicensed 60-70% of the production. This initiative is expected to lead to an increase of \$15 Billion of investment in next 10-15 years. It is in place to mention that ever since the opening of the defence industries to private sector there has been some beginning regarding the flow of FDI into this area. Between FDI equity inflow into defence industries is Rs.56. lakh which definitely is marginal but signifies that beginning has been made in this direction.

4.3 Initiatives Pertaining to Acquisition of Clean, Green and Energy efficient Technologies

Another important area for enhancing the share of manufacturing sector is the creation of Technology Acquisition and Development Fund. It is a new scheme to facilitate acquisition of clean, green and energy efficient technologies. Under this scheme various kinds of support that Micro Small and Medium Enterprises (MSME) units are entitled are as follows:

4.3.1 Direct Support for Technology Acquisition

Under this reimbursement of 50% of technology transfer fee or Rs. 20 lakh whichever is lower will be provided.

4.3.2 Indirect Support for Technology Acquisition through Patent Pool

Under this financial support will be provided for acquisition of technology/patent from across the globe based on applications received from Micro Small and Medium Enterprises. Government will sell these acquired technologies /patent to companies and get them licensed. For licensing companies have to pay license fees. On this license fees companies will get a subsidy of 50% of mutually agreed value or Rs. 20 lakh whichever is less.

4.3.3 Technology/Equipment Manufacturing Subsidies

Under this subsidies will be provided by the government for manufacturing / equipments / machines devices for controlling pollution, reducing energy consumption and water conservation. The subsidy will be provided up to 10% of capital expenditure incurred on new plant and machinery subject to maximum of Rs. 50 lakh.

4.3.4 Green Manufacturing Incentive Scheme

Under this scheme subsidy / incentives will be provided for resource conservation activities in industries located in National Investment & Manufacturing Zone.

It is important to mention that only Indian residents who intent to upgrade or acquire clean, green and energy efficient technologies for their Micro Small and Medium Enterprises units are entitled to receive benefits from Technology Acquisition and Development Fund.

4.4 Initiatives Pertaining to Electronic Sector

India imports 65% of electronic products that are sold in the country. These products are mainly imported from China and there is a dire need to alter this pattern which is only possible if massive investment is made in computer chip manufacturing units as well as developing its own microprocessor unit. Accordingly government has decided to act to rectify this imbalance through substantial investment in computer chip and microprocessor units as part of Make in India program, Government is expected to invest US \$10 billion in two computer chip manufacturing units and US \$ 400 million to develop microprocessor units in India. Further Government has also created Electronic Development Fund for promoting new electronic enterprises in the country.

4.5 Initiatives Pertaining To Loans Under Pradhan Mantri Mudra Yojana for Small Scale Enterprises

Our Prime Minister Narendra Modi launched Pradhan Mantri Mudra Yojana on April 08, 2015 to provide formal financial facilities to small scale enterprises. It is provided with the objective to promote and ensure finance to unfunded segments of economy. Schemes under Pradhan Mantri Mudra Yojana are:

Scheme	Amount of Loan
Shishu	Up to Rs.50,000/-
Kishore	Above Rs. 50,000/- and up to Rs. 5 Lakh
Tarun	Above Rs. 5 lakh and up to Rs.10 lakh

Source- www.pib.nic.in

Table 1: Extent of Loan Available For Small Scale Enterprises

5. Extent of Accomplishments

The extent of success pertaining to different initiatives can be gauged from the following facts regarding each specific initiative undertaken by the government:

5.1 Accomplishments Pertaining to Textile Sector

This initiative has set the ball rolling for definite improvement in the performance of textile sector in the country. This is evident by the fact that textile exports have increased by \$1.4 billion (refer table 2) as well as investment has also increased by \$10 billion (refer table 3) in 2015-16 indicating that India will be able to regain its position in next three years. The target that is expected by the government under this sector i.e. \$30 billion in exports and \$12 million in investment will surely be achieved in three years.

Years	Exports
2014-15	40
2015-16	41.4

Source- www.texmin.nic.in

Table 2: Total Textile Exports from India (In Billion \$)

Years	Investment
2014-15	45.15
2015-16	55.46

Source- www.texmin.nic.in

Table 3 Total Textile Sector Investment (In Billion \$)

Thus we can see that exports and investment are increasing year by year. Thus this scheme will surely lead to the growth of textile sector and will help India to regain its top position in the coming years.

5.2 Accomplishments Pertaining to Defence Sector

The opening of the defence sector for the production of various equipments for the private sector have facilitated domestic and global players to enter into the production segment by signing the following deals:

- A deal has been signed between HAL and Russia Rotec for making 226T military helicopters in India.
- Boeing & Tata will form joint venture for establishing a manufacturing centre of excellence to produce aero structures for the AH64 Apache helicopter.
- Airbus and Mahindra to jointly manufacture military helicopters.
- L&T outguns global rivals to bag Rs. 5,000 crore Indian Army deal.
- All these deals show that India will be surely able to achieve the stipulated target of attracting \$15 billion of investment in the next 10-15 years in the defense sector.

5.3 Accomplishments Pertaining to Acquisition of Clean, Green and Energy efficient technologies:

The switch over from existing technology towards clean, green and efficient technology is not simple and straight forward as it involves substantial cost of replacement. To overcome these strap natural barriers the announcement of direct and indirect incentives to replace the existing technology with a more efficient technology has worked satisfactorily. This is evident by the fact that investment in clear energy sector in 2015 witnessed a 22% increase. A scheme-wise achievement is shown in table 4

Scheme wise Physical Progress in 2015-16 (During the month of October 2015)			
Sector	FY 2015-16		Cumulative Achievements (as on 31.10.2015)
	Target	Achievement	
Grid Interactive Power (Capacities in MW)			
Wind Power	2400.00	1234.11	24677.72
Solar Power	1400.00	827.22	4579.24
Small Hydro Power	250.00	106.55	4161.90
Bio Power	400.00	132.00	4550.55
Waste to Power	10.00	12.00	127.08
Total	4460.00	2311.88	38096.49

Source- www.pib.nic.in

Table 4: Targets and Achievements under Different Power Schemes in India

Among all power sectors Waste to Power has achieved the target which shows that there is tremendous scope of power through garbage waste. For example we have seen last year Sweden had run out of garbage in 2016 and they have been forced to import rubbish from other countries. This clearly indicates that there is tremendous scope of extracting power from waste in the country and given them incentive to upgrade the technology one expect a significant success from this scheme.

5.4 Accomplishments Pertaining to Electronic Sector

In this sector beginning has been made up to a certain extent. Government has planned to set up two semi-conductor plants in Gujarat and Noida. Various developments have been made under this sector: Government of India has also received the applications of two consortia (IBM, Jaypee Group, Tower Jazz; ST Microelectronics, HSMC) to establish 2 semiconductor wafer fabrication units in Gujarat and Noida with the aim of operating at 20 nano meters process node within two years of initial operations and reaching a capacity of at least 40,000 WSPM of at least 300 mm size at least 40,000 WSPM of at least 300 mm size. Besides, IESA has signed a MoU with Singapore Semiconductor Industry Association (SSIA) to establish and develop trade and technical cooperation between the electronics and semiconductor industries of both the countries.

5.5 Accomplishments Pertaining To Loans Under Pradhan Mantri Mudra Yojana For Small Scale Enterprises

The Pradhan Mantri Mudra Yojana has started delivering benefits to small scale enterprises and in this context about 2.12 crore borrowers have availed credit to the tune of about Rs. 78000 crore of which 80% of the borrowers are women entrepreneurs. Thus the aim of government is not only to enhance government sector but also to empower women entrepreneurs through this program.

Conclusion

The measures taken towards creation of a new paradigm in business process management has certainly facilitated companies in ease of doing business in India. These measures have improved India's rank in ease of doing business from 142 among 189 countries of the world in 2015 to 130 in 2016 as per the 'Doing Business Report' of the World Bank. The opportunities provided by the government as part of this new paradigm of business process

management are in the form of various initiatives taken by the government to encourage all domestic and international players to make India a new manufacturing hub has started showing results in this direction as is evident by the fact that many Multinational and Indian Companies like GE, Siemens, HTC, Toshiba, Boeing, LeEco, Zopo Mobile, Huawei, Force Motors etc. have made investment commitments to the tune of 15.2 trillion Rupees. Some of these commitments have been realized. As per the available estimates in September, 2016, FDI inflow in electronic manufacturing sector alone is of the order Rs. 23,000 crores in 2016 as compared to Rs. 11000 crores in 2014. The net impact of the opportunities provided by the government as part of the new paradigm of business process management and the initiatives undertaken by the government for inducing private participation is visible in terms of increase in the share of the manufacturing sector from around 17.3% in 2014-15 to 17.8% in 2015-16 in real gross value added at basic 2011-12 prices and from around 16.4% in 2014-15 to 16.6% in 2015-16 in gross value added at current basic prices. These achievements clearly signify that India is well set for accomplishing the stipulated target of 25% share of manufacturing sector in GDP by the year 2020.

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