

Make In India: A Multifarious Regime to National Development (A Special Emphasis On Efforts Of BMW India)

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I. Introduction

For any country to Prepare to Prosper it requires investments from within the country as well as FDIs. With the same in mind, the NDA government in September 2014 announced its ambitious initiative which was famed and named: “Make in India”. The initial developments in attracting FDIs has started after the announcement of the New Economic Policy or the commonly known LPG Policy of 1991. FDI came under the tag of Liberalization, Privatization and Globalization of the Government which was proposed and propounded by the Finance Minister during those times, Dr. Manmohan Singh.

II. Objectives

- To deal with the prospects and challenges of Make in India.
- To discuss the general issues and benefits of Automobile sector through the ambit of FDI.
- To study the case of BMW India which is an adherer to the regime.

III. Research Methodology

The present study is a theoretical study. An attempt is made to review the existing systems with respect to the campaign, its prospects and challenges with a specific emphasis on BMW, a leading luxury automobile manufacturer based in Germany. The attempt lies to focus on the facets discussed above so as to come up with the glorying in and triumph of the Mission. The information is a clubbed form from researching the company documents (BMW India & Germany).

IV. Vision Of “Make In India”

It is with Narendra Modi ascending the PMO lot many initiations has happened in the country which is a driver of economic growth and overall progress of the country and countrymen alike. This includes the Digital India campaign, Skill India Mission, PMJDY, PMKVY etc. along with the current topic of emphasis i.e. Make in India. India has been acknowledged and applauded well the world goggles on to the initiatives being taken by the center to develop on its own and branches alike. The aforesaid campaign is to spice up the domestic producing trade cycles in a plethora of sectors and to spread a red carpet to the foreign investors to anchor and hone their business operations in the Indian economic and demographic jurisdiction.

The logo of Make in India is a chic lion, galvanized by the Ashoka Chakra and to represent India’s triumph across certain spheres. It is symbolized as to the figure of ferocity in winning the hunted fragments earned through certain sectors, bringing in wealth accumulation and acclamation. The campaign was dedicated to Pandit Deen Dayal has been on constant date in 1916.

Aim of the campaign is to grow this to a twenty fifth contribution as seen with different developing nations within Asia.

Participants (Parliamentarians):-

- Mr. Narendra Modi – Hon. Prime Minister (Innovator & Key Executor)
- Mr. Ravisankar Prasad – Law Minister
- Ms. Nirmala Sitaraman – Commerce Minister

Participants (CEOs & Company Heads):-

Heads of –

- Tata Sons
- ICICI Bank
- Wipro Ltd.
- Maruti Suzuki India
- ITC Limited
- RIL
- Aditya Birla Group

V. A Ladder To Scale National Progress

Make in India, the most acclaimed and widely talked initiative of the NDA government started by Shri. Narendra Modi in September has won applaud at the global level as this has just been an initial and prime movement by the government of any nation to promote its own market, products and services. The key intention of this project is to enable the power switches of India in gearing itself as the leading hub of innumerable manufacturing and service oriented sectors. The main feature of this initiative is to develop world standard infrastructure and develop a global face of its own as India standing high amongst all other leaders. Many of these developments have crept in with the advent of IT which eradicates the level of unemployment, especially among the skilled population and gaining a global figure. The government is willing to allow incentives in the form of tax, infrastructural support etc. with the view of local and foreign investors to base their operations in either ways in the Indian soil.

VI. Challenges To Make In India Initiative

As this is a Mission which incorporates 3I's (Innovation, Intelligence & Inclusion), it too has certain challenges to overcome. Imitation is as such a big challenge which it sets before in its smooth run. The legal outlay of the country is moving outdated in many ways as it is high time to amend those laws which are to setup, develop and prosper in any business. The current legal system requires a swift and sound revival and revamping as to suit to the dynamic global business scenarios. Indian legal system has to be amended and framed in compatibility with the rules and regulations prevailing in the context of world business. The outdated legal framework pertaining to Business Laws and the shortfalls in infrastructural locus are the major hurdles before the union government and other supporting institutions to Make in India, in posing and positioning India among other leading players.

The following steps are to be addressed primarily to get over the challenges in its way-

1. Foreign investors are to be attracted by instilling confidence in those players with freed and flexible procedures and regulations to start up their operations in India. The upkeep of those procedures are to be properly administered to make their way to India as to a fashionable cakewalk to setup and prosper in India.
2. Setting up of foreign assistance cells as the success story of Telangana CM's initiative in this regard can be an inspiration for all other states which drive in foreign investors in any form to their own boundaries.
3. Timely and prompt response and rapport extended through the Make in India portal.
4. Regular issuance of newsletters, information bulletins and other materials are to be distributed both in online and offline mediums as for detailing the latest updates in business and its conduction in India.
5. Assistance has to be offered globally, even when the investor is at his/ her home country.
6. Regular communication between the partner organizations have to be fostered. (This is of great importance when Joint Venture form of business operation is being incorporated).
7. Fraudulent activities has to be barred from the event of its occurrence.
8. Upkeep and adherence of IP Rights.

VII. Steps To Achieve Ultimate Success Of The Campaign

The following steps are to be incorporated to achieve ultimate success of this campaign. The following are to be encouraged with the aforementioned incorporation of the 3I policy.

1. Promoting innovation by fostering IP.
2. Building world class infrastructural locus.
3. Providing facilitation centers with an industry centric facilitating approach.
4. Creation of advantageous environment for the protection of IP Rights.
5. Steps to tap the ability of the manpower employed, technology being used and the regulations which are set to abide along with free entry and exit mechanisms.
6. Encouragement of FDI by promoting India as a friendly hub to attract foreign investments for their business operations.
7. Specialist care and assistance to giant sectors, which even includes the sector of current emphasis i.e. Automobile.
8. Framework of a standardized FDI policy with prime emphasis and focus to the sunrise and burgeoned sectors alike.

The key facets to be discussed as an addition to this novel regime includes and thereby underlines the Natural Manufacturing Policy (NMP), IP Rights and labor laws play an important role in the movement of Make in India in breadth and length. FDI Policy as to the relevance of sunrise and burgeoned sectors are to be addressed and encouraged at this outset as its very vital for the progress to scale further along with other international players.

VIII. India: A Hub Of Automobile Production

The overall position which India holds in terms of the automobile production scale is immense and is worth comparable with certain leading nations in the same regard.

- India is the seventh largest automotive producer in the world.
- India is a country with mean annual production almost touching close to the toll of million vehicles.
- India is expected to grow as the third largest automotive market by the forthcoming phase of 2016.
- India as a nation standing for diversity holds four large manufacturing hubs honing in a plethora of automotive to choose from. (Royal Enfield – Outer Chennai, BMW – Chengalpattu (Outskirts of Chennai), Hyundai – Gurgaon and Audi in Aurangabad).
- The volume attributes lie over at 7% of the GDP.
- A foreseen target of 6 million and plus to be sold annually be the Visionary Year as proposed by the Former President, Dr. APJ Abdul Kalam which is in 2020.

IX. Fdi Policy Of The Automobile Sector

100% FDI is allowed in the automatic route subject to the adherence of rules and regulations in force and practice over time.

Special incentives and concessions are offered liable to the adherence on R&D and relevant points which are released in every year's policies.

The sector offers innumerable opportunity for investment as for the population dependence, which is of direct demand towards the products in its short run of rolling out from the units. Its stand is viable in all modes or formats of automobile well enough for the Indian mankind.

Prominent Automobile Leaders – Global Players

- Mercedes
- Audi
- Chevrolet
- Ford
- Hyundai
- Toyota
- Mitsubishi
- Honda
- Volkswagen

Prominent Players – Indian Base

- Tata
- Hindustan
- Jaguar
- Mahindra

X. An Analysis Towards The Efforts Of Bmw India To Make In India

The leading luxury automobile manufacturer, BMW from Germany has agreed to adhere to the widely sought after regime for a foreign investment named and famed as “Make in India”. The company has worked out plans to extend the product range and the use of components which are manufactured within India to its new array of luxury cars.

The earlier percentage of locally sourced parts in BMW cars stood at 22% (Scale during 2014/2015) wherein the adherence and warm acceptance to this multifarious regime skyrocketed its share to a whopping 50% being assembled in its plant in the suburbs of Chennai, Tamil Nadu. The Indian parts are being added and assembled to the current array as this did much to the regime and directly employed 200+ in the supplier companies where the company sources its parts from. This arises even to the fact of a comparatively lower price which makes it worth affordable to the crème of Indian population.

The component sourcing firms of BMW India are:-

Components or Parts	Company or Sourcing Firm
Engine & transmission parts	Force Motors
Axles	ZF Hero Chassis
Door panels & wiring harness	Draexlmaier India
Exhaust systems	Tenneco Automotive India
A/C & cooling modules	Valeo India & Mahle Behr
Seats	Lear India

The list above is not about all the components and hence it's not to final conclusions. The table shows the relevance of the facts thus cited in order to prove the production being in India and the generation of employment in the sourcing companies as such.

Bmw India: Basic Facts

- Established: 29 March 2007.
- Managing Director (Bmw Chennai): Robert Frittrang
- Brand Ambassador: Sachin Tendulkar (The Cricketing Legend).
- Plant Location: Chengalpattu, Chennai Suburbs.
- Current Array Strength: 8 Different Models.
- Number Of Assembly Lines: 2 Numbers.
- Array Of Cars (With Locally Sourced Parts): Bmw 1 Series, 3 Series, 3 Series Gran Turismo, 5 Series, 7 Series, X1, X3 & X5.
- Current Staff Strength: 550 People.
- Maximum Units Per Year (Double Shift As Basis): 14000 Units.

The Above Statistics And Facts Really Spreads Light To The Plethora Of Opportunities Which Make In India As A Regime Influenced A German Car Manufacturer Like Bmw. The Initiatives Taken By The Luxury Car Giant Is A Remarkable And Appreciable Move Where The Prices Of Locally Aligned And Rolled Out Cars Slashes To A Range Of One To Five Lac Of Indian Rupee.

Prospects Of The Regime

- Luxury at Indian prices
- Local employment generation
- GDP leverage
- Easy availability of raw materials
- Strategic location of the plant
- Simultaneous model releases
- Foreign exchange (FOREX)
- 9+ years of monopolistic production cycle for any foreign auto brand in India
- Demand rise due to dependence
- Wide market
- Open market with less choices of upper class luxury

Challenges Of The Regime

- Fear of falsification of IP rights
- Instable rules and regulations
- Dynamic business environment
- Unprecedented political clouts
- Upkeep of standardized systems or practices
- Uneven distribution of wealth

XI. Conclusion

- Our automotive sector is a well-equipped sector which is the life blood of the Indian economy. The sector in India is at exponential growth when on many foreign players have tied up with Indian leaders for a collective participation in rolling out new ranges. The engagement of foreign players with a production base in India has seen exorbitant growth than those companies which have their factory or unit outside India.
- Make in India is indeed a refined tool to all sectors of which automobile is never a strange figure. This very initiative have extended its arms of development within the sector with the expectations of many MoUs, MoAs, mergers etc. The rapid expansion of the units with add-on facilities tied up with and the availability of locally sourced parts posed a positive flag for BMW in India.
- Adoption of new business models, modern technologies, multi-talented manpower etc. are the foremost thrust focus of the organizations falling under this umbrella sector. The dream of Make in India could be materialized, if financial system of Indian economy is strong and stabilized to welcome more investors to its soil.
- The invitation can be sent to many more foreign players who are eager in looking for an option to start up and stand up in and from India. The companies in that sense or position has to be given emphasis even when the current players are in its full form of producing more with the regime.

- The regime is a success with a potential and momentum for further growth. The demand and supply has to be equated to strengthen its name and underlying philosophy as a whole to the national progress rolling on.

Suggestions

The key suggestions for the success of Make in India as a whole & to the industry as a whole are-

1. Offering hassle free policies for investment in India
2. Better investor relations
3. Freed reforms and policies
4. Flexible entry and exit procedures
5. Incentives for investment from within and outside India
6. More mergers to be engaged
7. Revival and revamping of legal framework
8. A regular study with a forecasting mechanism
9. Revival of FDI policies (if need be)
10. Make in India norm amendments (if need be) relevant to the Automobile sector
11. Engagement of PPP
12. A platform to be set about discussions for MoUs, MoAs, mergers and acquisitions etc.

References

- [1]. Website of Make in India
- [2]. Corporate Brochure – BMW Germany and India

Legends

- NDA – National Democratic Alliance
- FOREX – Foreign Exchange
- IPR – Intellectual Property Rights
- MoU – Memorandum of Understanding
- MoA – Memorandum of Association
- PPP – Public Private Partnerships

