IJMDRR
E- ISSN –2395-1885
ISSN -2395-1877

MAKE IN INDIA- ISSUES AND CHALLENGES IN THE MARKETING CONTEXT

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1.0 Introduction

"Change is inevitable" and change is the one which drives nations to become successful. In this era of technology, change is mandatory and every country needs to follow this effectively in all areas of production viz., agriculture, manufacturing and services. Manufacturing actually triggers overall development whereby employment generation, local area development, sub urban society development, economic upsurgence all are possible. Many of the countries internationally have tried to attract more foreign investment in manufacturing areas whereby they could provide more employment to the locals. This article will dwell into the areas where make in India is expected to deliver. The attractiveness of the country, the economic conditions, and presence of multinationals, the areas identified for the purpose, their issues and challenges will be dealt with.

2.0 Attractiveness of the Country

Marketing strategy plays a very important part in business. Most of the businesses have to make marketing decisions, which include wider and longer term marketing issues. These include matters such as how a business can gain a competitive advantage, in which markets a business should operate and where a business wishes to be in the future years. Marketing strategy is very important because it reflects the objectives of the businesses as a whole. For example, a business, which is aiming to reduce the number of countries into which it operates, should not develop international marketing strategies, which go against this wider corporate strategy. While an organisation plans to be international, it faces number of problems in the areas of country risk, fiscal and non fiscal barriers, non tariff barriers etc. The most important is the country risk analysis. In the seventies, the world economy was facing a relevant liquidity, plenty of dollars, most of them derived from the recycling of money, earned by nations that were members of OPEC. Their strong reserves were deposited in the international banking system. At that time, the financial institutions were not well prepared to deal with country risk but, looking for business, they quickly enhanced their exposure in foreign markets, especially in developing ones, which traditionally require capital. In several cases, the loans seemed to be contracted without regular attention to credit procedures of both the borrower and the country.

Since the eighties, some important problems involving the payback of those credits have started affecting countries such as Poland, Mexico and Brazil, whose defaults had caused heavy losses for the international banks and, consequently, for its investors and shareholders. There are several agencies that could be seen as reliable sources like Standard and Poor's, Moody's, Economist Intelligence Unit, Euromoney, Institutional Investor, Political Risk Services, Business Environmental Risk Intelligence, Control Risks Information Services, international banks in general and others institutions. Some of them also provide information and analysis of economic sectors, companies and operations assigning its related ratings. Such ratings, while an evaluation about the quality of the assets or the transactions, according to their objective and terms also affect their pricing. Nowadays, the rating system is wide known and used all over the world. Moody´s and Standard and Poor´s rating system useful to categorise countries as below and the four first levels of each one are considered "investment grades" (better quality of the asset in risk terms). Based on their evaluations of a bond issue, the agencies give their opinion in the form of letter grades, which are published for use by investors. For the typical investor, risk is judged not by a subjectively formulated probability distribution of possible returns but by the credit rating assigned to the bond by investment agencies. In their ratings, the agencies attempt to rank issues according to the probability of default. Both agencies have a credit watch list that alerts investors when the agency is considering a change in rating for a particular borrower.

According to RBI (2014), the real GDP growth rate is at 4.7 per cent in 2013-14 as compared to 4.5 per cent in 2012-13. They have mentioned that there is an absence of a clear legal and regulatory framework in key areas such as natural resources, especially mining activity, environmental clearances and land acquisition, business confidence dipped and affected investments in the economy. According to Das (2014), the manufacturing sector has recorded productivity growth with 8 out of 14 industries showing faster productivity growth during 2000-08. He also mentions that the liberal market reforms in the 1990s seem to have helped in the accumulation of capital in some segments of manufacturing immediately after the reforms, while opening up to foreign technology and import of capital goods might have translated into better productivity gains in the latter period. This augurs well for the country as higher the productivity, better is the prospect for multinationals to show interest in a country.

According to Ernst and Young (2014), India had a share of 6.3% of the global FDI projects, 5.5% of the global FDI inflows and 9.4% of the global FDI created jobs during 2012-13. According to them, the top five key features of the country are:

- India is ranked among the top five in terms of FDI.
- There is an increased interest from Middle east and Southeast Asia.
- Some of the cities in India have become top FDI destinations.
- Attractive market with challenging business environment.
- Considered as the most important market in 2020.

However, they have mentioned that the following needs to be done in order to attract more investment in manufacturing:

- Develop infrastructure.
- Boosting production,
- Improving the taxation system,
- Easing FDI regulations and
- Increasing awareness about emerging cities.

3.0 Areas Identified For Make In India

- The following sectors have been identified for this purpose:
- Automobiles
- Automobile components
- Aviation
- Bio technology
- Chemicals
- Construction
- Defence manufacturing
- Electrical machinery
- Electronic systems
- Food processing
- IT and BPM
- Leather
- Media management
- Mining
- Oil and Gas
- Pharmaceuticals
- Ports
- Railways
- Renewable energy
- Roads and Highways
- Space
- Textile and Garments
- Thermal power
- Tourism and Hospitality and
- Wellness

It can be noted that areas hitherto not given to the foreign investments have been opened for this purpose. Railways, Space and Defence manufacturing have been given a chance and the budget proposals have been adhered to in this context. While infrastructure requires a fillip, there is a need to provide some of the basic aspects as quoted earlier by E&Y. Unless the promise is given to the foreign investors on certain issues like human resource practices, industrial relations scenario, taxation and the possibility of repartition to home country the investments may not come forth. There is a need for assurance to the foreign companies in terms of uninterrupted water supply, electricity and moratorium in the likes of Special Economic Zones then only there will be positive notes from them will emerge. In fact the delegations which visited various countries have been assured of their participation, there is a need for constant monitoring of the situation by the Ministry of External Affairs, Industries and Finance in this line.

If we apply the Chandrasekhar Action Attitude model in this context and find that the reversible model on the FDI on India, The predisposition of the consumer towards the brands can be measured on the following cases:

1. Attitude on the part of the consumers.
2. Action from the consumers in terms of buying a global brand

There are four quadrants and the same are explained as follows:

CAA model –unfavourable

If the attitude of the consumers are positive and the brand buying pattern among them is unfavourable, then the company has to look into the brand in terms of the product quality, poor target identification, media usage etc. The product in which the brand comes has to be immediately evaluated on the basis of the product category life cycle stage, the product class life cycle stage. This would be required when the FDI is already there in the country and trying to make in roads by improving a brand which is already there.

CAA model – unfavourable

When the attitude of the consumer is negative and no more purchase is effected from the shelf, then the brand has to literally move out of the market. There have been many examples in the Indian context like Great Shakes soya milk, Savlon antiseptic liquid and Kellogg's cornflakes in the initial stages. Now with the health considerations taking a major role, this quadrant will make more companies to plan investments.

CAA model –favourable

In case the attitude of the consumers is negative because of opposing factors to the brand, companies have to literally look for any problems on the promotional front only. This needs constant improvement in the promotion of the brand and the perceived negative aspects be studied effectively to assess the need for the innovative promotional effort. As the world becomes more global and the competition is increasing, it has become more essential to have an appropriate launching campaign that can be used in different markets. Most of the foreign companies can launch a brand from India which can find markets in emerging countries.

CAA model –favourable

The most important quadrant is the last in the model where the attitude of the consumers is positive and the action is favourable but then the brand has succeeded in the global markets. This brand equity quadrant could be achieved by focusing on the following factors:

1) Brand is exposed already to the consumers.
2) Brand associations are perfectly matched.
3) Brand established a clear identification among the consumers
4) The brand could be the breadwinner for the entire global market.

Here, all those brands that have invested already or those who have a greater presence in the country would be able to leverage the same. With China coming closer to India on economic ties, there is great opportunity for these companies to exploit such a huge population base.

4.0 Conclusion

It is not going to be easy for India to attract the FDI with the new slogan. There is a need for strategic thinking and over all development of indicators. The sectors identified needs to be protected, nurtured and the red tapism in all these sectors be removed with a new think tank in operation for this programme. Then only this will succeed and India will be able to realise the dream of being the developed country by 2020 by the Past President of India, Dr.A.P. J. Abdul Kalam.

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