

India's Global Competitiveness: Challenges

Ms. Tayebah

Allana Institute of Management Sciences, Savitribai Phule Pune University, Pune.

ABSTRACT

This report traces the India's position on economic development and its global fight. Foreign Direct Investments have been a central driver for speeding up the economic development through employment generation, and improved access to managerial expertise, global capital, product markets and distribution network. FDI in India has enabled to reach a certain level of financial stability; growth and development to sustain and compete in the world-wide economic system. Most importantly FDI is central to India's integration into global production chains which involves production by MNCs spread across locations all over the globe. (Economic Survey 2011-12). It is anticipated that by effective implementation of 'Make in India' slogan utilization in a maximum extent of Indian natural resources, labor, money and machinery across the country will be possible.

Key words: Economic Growth, Technology, Globalization, Foreign Direct Investments, Global Competitiveness

I - INTRODUCTION

Innovation in developing nations should not be defined simply in terms of shifting global frontier technology, but in terms what is new to the state. Innovation strategy should include policies and mechanisms that bear on a country's ability to make on global knowledge as good as domestic R&D effort. Such strategy will be affected by policies that include trade, foreign investment, applied science transfer, domestic R&D, human capital and training more broadly speaking.

Current Scenario

After 1984 and especially from the mid-nineties

onwards India's software industry has matured in a striking fashion, achieving annual growth rates of 37.5 % per annum (1995-2000) and 14.5 % in the beginning years of the new Millennium. This dynamic is based on a highly successful penetration of global software markets. Exports accounted for almost 80 % of the industry

Gross revenue in 2001-2002. The value of exports of software and other services reached US\$ 12 billion in 2003-2004. This increase in exports was accompanied by a similar expansion of the sector specific labor market: In 2004 the Indian software industry employed approximately 345,000 individuals. A secondary result of this impressive development is that the visible increase of the rewards for being educated has boosted demand for educational services.

This table records the latest rankings and the wads of the world's 10 largest economies:

Country	Rank	Score out of 7
China	14	4.3
UK	45	3.7
Germany	56	3.6
USA	80	3.4
Japan	81	3.4
India	104	3.1
Russia	120	2.9
France	130	2.7
Italy	146	2.2
Brazil	147	2.0

Source: Global Competitiveness Report

Growth in productivity, 1995-96 to 2012-13, %

II - INDIA COMPETITIVENESS RANK 2007-2016

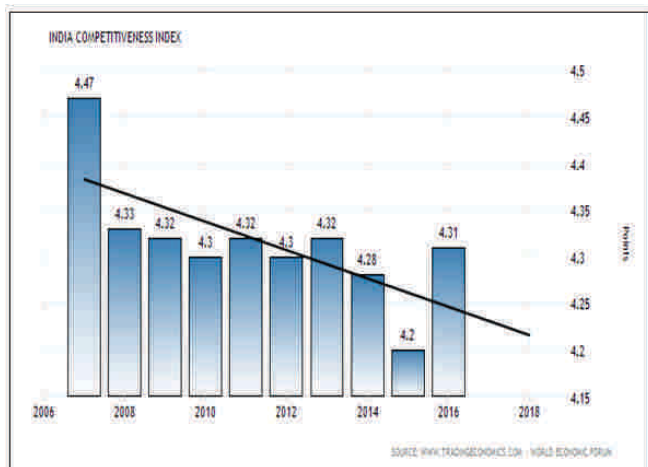
India is the 55 most competitive nations in the world out of 144 countries ranked in the 2015-2016 edition of the Global Competitiveness Report published by the World Economic Forum. Competitiveness Rank in India averaged 54.10 from 2007 until 2016, reaching an all time high of 71 in 2015 and a record low of 42 in 2007. Competitiveness Rank in India is reported by the World Economic Forum.



Rodrik / Subramanian (2004), pp. 9 f.

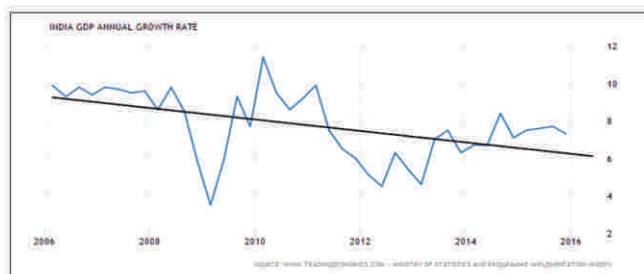
India Competitiveness Index 2007-2016

India scored 4.31 points out of 7 on the 2015-2016 Global Competitiveness Report published by the World Economic Forum. Competitiveness Index in India averaged 4.32 Points from 2007 until 2016, reaching an all time high of 4.47 degrees in 2007 and a record low of 4.20 degrees in 2015. Competitiveness Index in India is reported by the World Economic Forum.



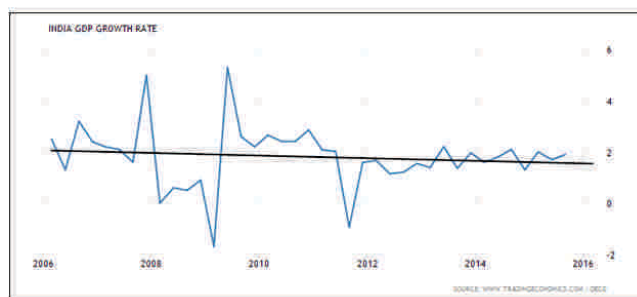
III - INDIA GDP ANNUAL GROWTH RATE 1951-2016

The Indian economy expanded 7.3 percent year-on-year in the final three months of 2015, slowing from an upwardly revised 7.7 percent increase in the previous quarter but in line with market expectations. The manufacturing sector surged 12.6 percent, while farm output shrank 1 percent. GDP Annual Growth Rate in India averaged 6.04 percent from 1951 until 2015, reaching an all time high of 11.40 percent in the first quarter of 2010 and a record low of -5.20 percent in the fourth quarter of 1979. GDP Annual Growth Rate in India is reported by the Ministry of Statistics and Programme Implementation (MOSPI).



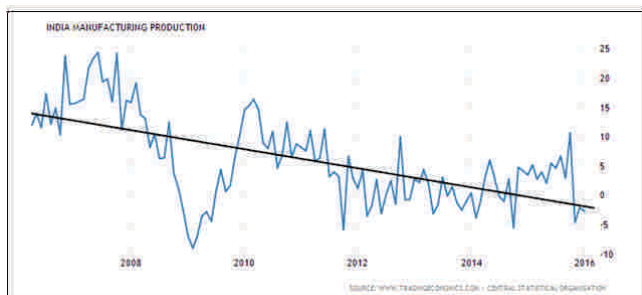
India GDP Growth Rate 1996-2016

The Gross Domestic Product (GDP) in India expanded 1.90 percent in the third quarter of 2015 over the previous quarter. GDP Growth Rate in India averaged 1.66 percent from 1996 until 2015, reaching an all time high of 5.30 percent in the second quarter of 2009 and a record low of -1.70 percent in the first quarter of 2009



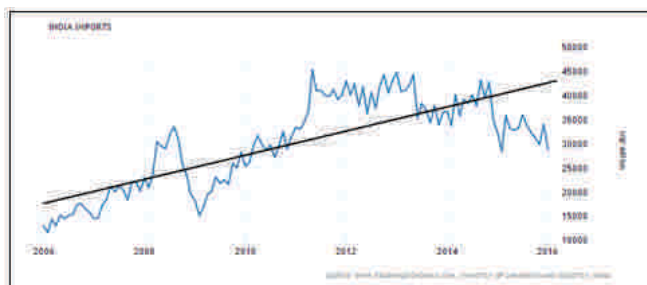
India Manufacturing, Production 2006-2016

Manufacturing Production in India decreased 2.80 percent in January of 2016 over the same month in the old yr. Manufacturing Production in India averaged 5.97 percent from 2006 until 2016, reaching an all time high of 24.30 percent in June of 2007 and a record low of -9.10 percent in February of 2009. Manufacturing Production in India is reported by the Central Statistical Organization.



India Imports 1957-2016

Imports to India dropped 11 percent year-on-year to USD 28,710 million in January of 2016, following a 3.88 percent fall in the previous month. While oil purchases slumped 39 percent, gold imports surged 85.2 percent. Imports in India averaged 6564.39 USD Million from 1957 until 2015, reaching an all time high of 45281.90 USD Million in May of 2011 and a record low of 117.40 USD Million in August of 1958. Imports in India are reported by the Ministry of Commerce and Industry, India.



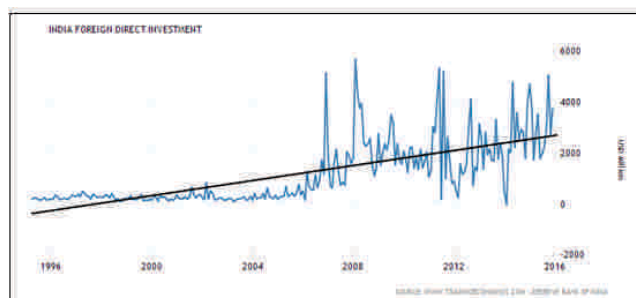
India Terms of Trade 2000-2016

Terms of Trade in India decreased to 57.90 Index Points in 2015 from 60.20 Index Points in 2014. Conditions of Trade in India averaged 79.94 Index Points from 2000 until 2015, reaching an all time high of 100 Index Points in 2000 and a record low of 57.90 Index Points in 2015. Terms of Trade in India are reported by the Reserve Bank of India



India Foreign Direct Investment 1995-2016

Foreign Direct Investment in India increased by 3743 USD Million in December of 2015. Foreign Direct Investment in India averaged 1127.37 USD Million from 1995 until 2015, reaching an all time high of 5670 USD Million in February of 2008 and a record low of -60 USD Million in February of 2014. Foreign Direct Investment in India is reported by the Reserve Bank of India.



IV - INDIA ECONOMIC FORECASTS

'Make in India' program-

Make in India initiative launched by Prime Minister Narendra Modi on 25th September 2014 was an initiative aimed at making India a global manufacturing hub

1. Generating millions of jobs in the country.
2. To improve the business environment by facilitating processes to manage business in the state,
3. Attract foreign investments.

Government's 'Make in India' campaign aimed at translating the country into a global manufacturing hub and has already created a "tremendous" impact on the investment climate as evidenced by the increase in FDI

Policies under 'Make in India' initiative:

Thither are 4 major policies under the 'Make in India' program:

1. 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.

- Here's what the government has already rolled out
- Environment clearances can be searched online.
- All income tax returns can be filed online.
- Validity of industrial license is expanded to three years.
- Paper registers are replaced by electronic registers by businessmen.
- Approval of the head of the department is necessary to undertake an inspection.

V - FOREIGN DIRECT INVESTMENT (FDI)

The government has allowed 100% FDI in all the sectors except Space (74%), Defense (49%) and News Media (26%).

FDI restrictions in tea plantation have been taken out, while the FDI limit in defense sector has been enhanced from the earlier 26% to 49% currently.

Intellectual Property Facts

The government has decided to improve and protect the intellectual property rights of pioneers and creators by upgrading infrastructure, and using state-of-the-art technology.

The primary intent of intellectual property rights (IPR) is to build a vibrant intellectual property regime in the country, according to the site.

These are the various types of IPR:

- Patent: A patent is awarded to a raw product in the diligence.
- Design: It refers to the shape, form, pattern, color of the article.
- Trademark: A design, label, heading, sign, word, letter, number, emblem, picture, which is a theatrical performance of the goods or service.
- Geographical Indications: According to the site, it is the indication that identifies the region or the state where the commodities are cooked up.
- Copyright: A right granted to creators of literary, dramatic, melodic and aesthetic works.
- Plant variety Protection: Protection granted for plant varieties, the rights of farmers and plant breeders and promote the growth of novel forms of plants.
- Semiconductor Integrated Circuits Layout-Design: The aim of the Semiconductor Integrated Circuits Layout-Design Act 2000 is to provide protection of Intellectual Property Right (IPR) in the area of Semiconductor.

VI - NATIONAL MANUFACTURING

Here the vision is,

- To increase manufacturing sector growth to 12-14% per annum over the medium term.
- To increase the share of manufacturing in the country's gross domestic product from 16% to 25% by 2022.
- To create 100 million extra jobs by 2022 in the manufacturing sector.
- To create appropriate skill sets among rural migrants and the urban poor for inclusive development.
- To increase the domestic value addition and technological depth in manufacturing.
- To enhance the global competitiveness of the Indian manufacturing sector.
- To ensure sustainability of growth, particularly with regard to the environment.

VII - CHALLENGES BEFORE MAKE IN INDIA

Occasionally foreign companies complain about India's poor infrastructure, cumbersome land purchasing arrangements, excessive regulations, rigid labour laws and frequent power cuts.

Due to poor infrastructural facility, foreign investors are less interested to invest in India. As per the Global Competitiveness Report 2013-14 of World Economic Forum India ranked 85 out of 148 countries for its base. The Government will take necessary steps in the right way as building ports, highways, power generation centers and so on to make India a manufacturing hub.

The Government too has given emphasis on the framework of industrialization, which include the time bound project clearances through a single outline portal supported by the eight member team dedicated to answering investor queries within 48

hours and addressing key issues pertaining to land acquisition, labor laws, infrastructure and skill development to draw clientele from around the globe to invest and manufacture in India.

1. Creating healthy business environment will be possible only when the administrative machinery is efficient. India has been very stringent when it comes to procedural and regulatory clearances. A commercial enterprise-favorable environment will only be created if India can signal easier approval of tasks and set up hassle-free clearance mechanism.

2. India should also be quick to tackle elements that adversely affect the competitiveness of manufacturing. To progress to the country a manufacturing hub the unfavorable factors must be taken away. India should also be quick to grant tax concessions to companies who come and set up unit in the state.

3. India's small and medium-sized industries can play a large part in getting the country adopt the next great jump in manufacturing. India should be more focused towards novelty and innovation in these sectors. The government has to chart out plans to give special sops and privileges to these sectors.

VII - CONCLUSIONS

India should constantly keep up its strength so as to outpace China's supremacy in the manufacturing sector. India is facing tough competition from China.

India must also encourage high-tech imports, research and development (R&D) to upgrade 'Make in India' give edge-to-edge competition to the Chinese counterpart's campaign.

To do so, India has to be better prepared and motivated to perform world class R&D. The government must ensure that it provides a platform for such research and development. So that India's competitiveness might be ameliorated.

REFERENCES

- [1] (Dr. Sukamal Datta) Athreye (2005), p. 4. Carl Dahlman, U. o. (n.d.). Innovation Strategies of three of the BRICS: Brazil, India and China What can we learn from Three Different Approaches?
- [2] Dahlman, C. (n.d.). Innovation Strategies of three of the BRICS: Brazil, India and What can we learn from Three Different Approaches? SLPTMD Working Paper Series No. 023 .
- [3] <http://www.tradingeconomics.com/india/forecast>. (n.d.) Retrieved from <http://www.tradingeconomics.com>.
- [4] http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf. (n.d.). Retrieved from <http://www3.weforum.org>.
- [5] Klaus Schwab, W. E. (2014-15). The Global Competitiveness Report 20142015. Geneva: World Economic Forum.
- [6] Laura Bloodgood, U. I. (7-1-2007). Competitive Conditions for Foreign Direct Investment in India. Federal Publications.
- [7] Tilman Altenburg, H. S. (18 - 19 January 2006). Building knowledge-based competitive advantages in China and India: Lessons and consequences for other developing countries. "Asian and other drivers of global change", Global Development Network Annual Conference, .
- [8] St. Petersburg, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

AUTHOR BRIEF



Ms. Tayebeh is a citizen of Iran, currently pursuing her professional post graduate, MBA course at Allana Institute of Management Sciences affiliated to Savitribai Phue Pune University, Pune, India.

Email ID: t.saramtb@gmail.com

Mobile No : +91 9158976611