

Dynamics of Manufacturing Industry in India: Some Selected Aspects

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ABSTRACT:

Manufacturing industry trends suggest that a tendency for self employment is gradually catching up in the manufacturing industry scenario. There is a wide disparity between the ownership rates in the rural areas and the other parts of the country. However, due to insufficient funds, not many entrepreneurial schemes are being implemented. Manufacturing industry trends also indicate that there has been a growth in employment opportunities in the manufacturing industries in different sectors. Automobile manufacturing industry shielded the US economy in the event when the country encountered recession. The economy of United States Of America, was subjected to several transformations in the last decade. Changes in forestry, mining as well as technological modifications pertaining to agriculture industry were witnessed. Large scale production also led to the switching over of workers to the industries manufacturing goods. This gave rise to increase in the number of industrial belts across USA.

MANUFACTURING INDUSTRY TRENDS AND EMPLOYMENT:

Records reveal that there was growth in employment opportunities in the manufacturing industries by 14% between 1994 through 2005. This was a sharp contrast to the growth in manufacture related to employment between 1983 through 1994 which was 24%. During the same period, 33% employment growth was registered in local government, state government, hospitals as well as education sector. Manufacturing industry trends also imply that working opportunities in the retail industry registered 13% growth, insurance, finance and real estate industry recorded 6% of employment opportunities. Transport industry, communication industry offered 7% of the jobs.

MANUFACTURING INDUSTRY TRENDS MANIFESTING REAL EARNINGS:

A job offered by the wholesale industry was 7%. Manufacturing industry trends suggest that in the event when production increases in the service sector, simultaneously, there is a rise in the productivity of the manufacturing sector too. This causes the total earnings of the service sector as well as the manufacturing sector to meet at some point. Consequently, the strength of the workers can also be downsized.

Manufacturing activities in India rose the most in 17 months in July 2014, on increased orders. With investors gaining more confidence in India's economy, the country's manufacturing sector could grow by up to 14 per cent, according to the government. As 2015 approaches, it's time for manufacturers to look ahead at emerging trends that will impact the sector.

Coca-Cola is planning to launch a 1,200 crore facility in Nellore district of Andhra Pradesh, which is supposedly going to be its biggest green field manufacturing facility in Asia. According to industry sources, the facility would be built over 150 acres of land in the industrial zones being developed by IFFCO in the region. The beverage giant has picked up areas like Andhra Pradesh, Tamil Nadu and Karnataka for its upcoming factory in order to cater to the burgeoning demand of its products.

Baumer Group, the Switzerland based establishment has also set up an engineering, training and assembly centre at Pune to manufacture electronic pressure sensors. Baumer India, which has its presence in the country since 2007 also plans to source local components. The group has invested around US\$ 25 million in its Indian operations and also plans to raise the headcount from 30 to over 100 which is likely to create lucrative job opportunities in the Indian Manufacturing industry.

1. By the second quarter of 2015, Daimler India Commercial Vehicles, the truck manufacturer have their plans lined up to manufacture buses from its unit near Chennai. The Rs 425-crore (US\$ 70.21 million) factory will help Daimler India to set up its entire truck and bus manufacturing operations in

- the country. The factory will have a manufacturing capacity of about 1,500 buses a year, which can be increased to 4,000 units. The unit has been equipped to manufacture Mercedes-Benz, rear-engine luxury buses and Bharat Benz front engine buses, intended to cater to intra-city transport and schools.
2. Cummins, the merger between Tata Motors and Cummins Inc, has established their 3rd manufacturing unit at the Cummins Megasite in Phaltan to produce diesel engines. Their new facility will manufacture ISL and QSL 8.9 litre engines to cater to the global power generation, automotive and industrial markets.
 3. Britannia Industries Ltd. has outfitted a manufacturing unit worth Rs 75–100 crore (US\$ 12.39 – 16.52 million), first of its kind in Gujarat. This new facility is equipped to produce 45,000 tonnes of products per annum. The facility would serve markets in Gujarat, Maharashtra and Madhya Pradesh. Apart from this facility, the company has already established units in Bihar, Orissa and Tamil Nadu. Britannia Industries generates annual revenues of more than Rs 6,000 crore (US\$ 991.20 million), and has over 35 lakh retail outlets across the country.

EMPLOYMENT TRENDS:

India's manufacturing sector is vital for its economic progress. The government has realised the importance of this sector to the country's industrial development, and has taken a number of steps to further enhance the industry. Today, the country's attractiveness as a manufacturing centre for foreign companies is clear.

As per a study by ASSOCHAM, India's manufacturing sector is all set to create 3.2 million manufacturing jobs during the period of 2012-17- Great relief for professionals associated with the manufacturing industry! Despite deceleration in performance in the past few years, the Indian manufacturing industry is now getting back on track to create 3.2 million work opportunities during the 12th Plan period (2012-2017), according to a study by ASSOCHAM.

The report found that the sector clocked 28.5% growth in employment generation during the 11th plan (2007-12). "An additional 2.9 million jobs were generated in the registered manufacturing sector during 2007-08 to 2011-12 from over 10.45 million jobs in 2007-08," the ASSHOCAM Report said.

Tamil Nadu among all the states is topping the chart with as high as 14.5% share in total jobs generated by registered manufacturing sector across India, with Maharashtra leading the second position with 14% and Gujarat with 10% shares respectively.

Highest growth rate has been recorded in Uttarakhand in terms of employment generation in registered manufacturing sector during the 11th Plan. Other states tagging along in the growth rate race are Bihar (71.8 per cent), Himachal Pradesh (70 per cent), Odisha (54 per cent) and Maharashtra (38.8 per cent) that recorded high growth rate as well.

Meanwhile, Chhattisgarh (19 per cent), Uttar Pradesh (15 per cent), Haryana (14 per cent), Kerala (10.5 per cent) and Punjab (9 per cent) recorded the slowest growth rate in employment generation. The report further says that the Indian manufacturing sector is going through a revival phase. With an improved economic performance, the sector may help in generating about 3.2 million additional manufacturing jobs by 2017.

The entire supply chain ecosystem encompassing manufacturers, distributors and retailers is undergoing a business transformation. This is in response to changing dynamics involving shifting consumer expectations, time to market and intense global competition that is being dictated by the

rising Internet and mobile economies. Advances in technology coupled with changing labour demographics are proving to be the lynchpin shaping this new business model. To remain economically viable, retailers must sell products faster and at competitive prices which sends a ripple effect down the supply chain. For example, manufacturers must accelerate production cycles and distributors must shorten delivery times.

Stakeholders throughout the supply chain have no choice but to adjust their business models to meet consumer demand and increase profits. However, technology is helping businesses stay relevant in these changing times. Let's take a look at five manufacturing trends that will impact the industry in the coming year:

1: SMAC STACK' ADOPTION TO GAIN SPEED:

A Manufacturing Comeback Is Being Driven By Smac — Social, Mobile, Analytics And Cloud. The Smac Stack Is Becoming An Essential Technology Tool Kit For Enterprises And Represents The Next Wave For Driving Higher Customer Engagement And Growth Opportunities. The Need To Innovate Is Forcing Cultural Change Within A Historically Conservative "If It's Not Broke Don't Fix It Industry, And Smac Is Helping Early Adopters In The Manufacturing Market Increase Efficiencies And Change.

2: SOCIAL MEDIA TO FURTHER IMPACT BUSINESS MODEL INNOVATION:

According To An Idc White Paper, 'The Future Of Manufacturing'; Sponsored By Infor, Social Media Is Forcing Manufacturers To Become More Customer-Centric. The Traditional Business-To-Business Model Is Becoming Outdated Because Today's Connected Consumers Are Better Informed And Expect Products On-Demand. Consumers Compare, Select Or Buy Multiple Products With A Tap Of Their Smart Phone Or Tablet, And Social Media Has Become Their Preferred Communication Platform. This Consumer Purchasing Style Is Not Only Having An Impact On Brand-Oriented Value Chains, But Is Transforming Traditional B2b To B2c Models.

3: INTERNET OF THINGS' WILL INCREASE AUTOMATION AND JOB OPPORTUNITIES:

A renewed focus on science and engineering education is cultivating a manufacturing workforce that can manage highly technical systems and allow for greater automation. This frees up employees to put their talents to work on R&D which is helping to redefine what it means to have a career in manufacturing. In addition, Internet of Things (IoT) allows for condition-based maintenance which is driving efficiencies as businesses save on labor and service costs.

4: GREATER CAPITAL INVESTMENT:

Though the slow economic recovery continues to hinder expansion and growth opportunities, recent government and industry reports show an uptick in capital investment funding. As manufacturers become focused on capturing value through innovation, original design and speed to market, they are increasing spend for upgrading plant, equipment and technologies.

5: THE EMERGENCE OF 'NEXT-SHORING:

The rise of a more technical labour force to manage supply chain operations - combined with rising wages in Asia, higher shipping costs and the need to accelerate time to market to meet retailer and consumer demands - has led to more companies shifting their manufacturing strategies from outsourcing overseas to developing products closer to where they will be sold. 'Next-shoring', as this tactic has been dubbed, allows manufacturers to increase the speed at which product is replenished on store shelves. The faster inventory can be moved to the consumer, the sooner the costs to warehouse, ship and dock goods can be freed up.

These are a few of the game-changing trends expected to impact manufacturing in 2015 and it will be exciting to watch which take off as the industry continues to evolve.

MORE ON MARKETS:

Automobile Exports Trends

Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	4,46,145	4,44,326	5,08,783	5,59,414	5,96,142	6,22,470
Commercial Vehicles	45,009	74,043	92,258	80,027	77,050	85,782

Three Wheelers	1,73,214	2,69,968	3,61,753	3,03,088	3,53,392	4,07,957
Two Wheelers	11,40,058	15,31,619	19,75,111	19,56,378	20,84,000	24,57,597
Grand Total	18,04,426	23,19,956	29,37,905	28,98,907	31,10,584	35,73,806

KEY MARKET DRIVERS FOR THE INDIAN MANUFACTURING INDUSTRY:

1. The Indian manufacturing sector has been witnessing a sluggish growth due to deceleration in investment.
2. The national manufacturing policy suggests raising the share of manufacturing in GDP to 25% in order to create 100 million jobs in the coming decades.
3. Additional capacities are being planned to be installed in all the major manufacturing units.
4. A public procurement policy has been proposed incorporating technology along with common facility centres while the Khadi Mark steps has been launched to promote Micro Small and Medium Enterprises.

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