

MAKE IN INDIA
RESTRUCTURING INDIAN ECONOMY BY
CONTRASTING MODEL OF OUTSOURCING WITH
RESPECT TO REVERSE OUTSOURCING

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ABSTRACT

In a world full of growing complexities and simplicities, the factors of economies keep moving back and forth like ripples in a pond. Call it a specialization of labor & resources or cost-effectiveness; outsourcing may have been known by many vernacular nomenclatures, but it is certainly not a novel concept. Right from the days of barter to the modern electronic commerce, outsourcing, and its mirror image reverse-outsourcing have come a long way to the 21st century. After the LPG wave of The nineties, India has been creating the noticeable impact on the global economy. No matter how small or how big, the possibilities are gaining its momentum in transforming the Indian business globally. The Make in India initiative is a grand manifestation of a vision making the whole world eyeing for Indian markets.

This paper is a subtle attempt to study the philosophical impact of both sides of the mirror in reference to outsourcing and reverse outsourcing, along with a pulse on its past, present and future possibilities in specific reference to 'Make-In-India' initiative on the Indian economy.

Keywords

Outsourcing, Reverse Outsourcing, Make-In-India, LPG, Specialization of Resources, Indian Economy, IT industry, Cost Effectiveness.

Right from the barter days, we have been exchanging goods and services on an individual basis. Incidentally, we evolved from agrarian to industrial economies. But things have not changed much in essence. However, after the invention of currencies, the barter gave away its share to exchange. Today, even in the days of E-commerce the service sector has especially come into limelight for a while, for seeking the service providers beyond the international boundaries. And now goods and service sectors are no more in demarcation to one another. Every product is now being produced with resources scattered and allocated across the globe. Here come the harmonizing forces of Outsourcing and Reverse Outsourcing in the times of globalization of economies.

In simple terms, outsourcing is nothing but allocating a part of production functionalities of services or goods or both to another concern in commercial considerations. Today, all items are directly or indirectly being affected by the ripples of outsourcing and reverse outsourcing. This analogy is very similar to brain drain to brain gain. Needless to say, it compliments every factor of the concerns involved, right from the production till the consumption of a product, beyond the boundaries of nations and nationalities.

In the wider perspective on the other side of the mirror, reverse outsourcing has been seen as not only as neutralization of the political hype created in the host countries but also as the balancing act of the aftermath of the outsourcing decisions of the corporates.

The metaphysical thought of Peter Drucker 'Do your best and outsource the rest' has been gaining grounds for almost three decades since its first break in the nineties. However, the real spirit of outsourcing goes beyond specialization of core competencies, contractual obligation, competition, global politics, profit-taxation crunching, cost effectiveness and even optimization of resources. Outsourcing and Reverse Outsourcing are here to stay for a very long time, despite its various forms and features.

It is not a hyperbole to say that right from every consumer to every economy, have a certain set of skills and resources, which are unique to itself and cannot be easily substituted easily by someone else. Nevertheless, it can be generalized to specific firms, specific countries, and specific regions.

The various factors of production and the laws of economics are no more applying on the micro level. Everything is expanding to macro level like the big bang. The factors of production have their own share in the cost sheet of any product line. The cost reduction is just a derivative of cost effectiveness. Irrespective of which factor do we consider, capital-owned or borrowed, labour-skilled or unskilled, technology-traditional or innovative, economic policies-local or global etc., all boil down to one concrete fact that outsourcing was the inception and reverse outsourcing is nothing but an echo. These two sides of the mirror viz. outsourcing and reverse outsourcing, reinforce each other, so that the global economic framework can someday work upon as one body, rather be shackled by political wills of few nations.

The Indian corporates story, despite its own ups & downs, has been hot and happening, since the LPG (Liberalization, Globalization, and Privatization) reforms of 1991. The demographic advantage of India has finally been acknowledged as an asset to the outsourcing industry of the developed countries. Nevertheless, the game player has always been the exchange rates between the outsourcing and the outsourced country. Notwithstanding its natural resources, the labor is still cheaper in India, but the production technology is still a costly affair. The competition from the other Asian countries like China, Vietnam etc. on one hand and the rising wages in India are making Indian corporates opt for reverse outsourcing.

Despite the political framework and functioning glitches of the past, India is no more a hub to only Business Process Outsourcing and other IT industry. In times, when BPOs have further evolved into Knowledge Process Outsourcings, the changes in the manufacturing industry have also arrived at yet another milestone. The current political vision and will are creating its own history through 'Make-In-India' initiative. A non-stop enterprise took by the Indian Prime Minister to establish India, as the final destination for manufacturing, has been widely appreciated by major political leaders and corporates around the world.

Right from the large business houses to the Medium and Small Enterprises, the whole India is undergoing a drastic metamorphosis of creating a right pitch, for accommodating the corporates of the world at large to the Indian soil. Now whether it is defense, production, technology, R&D, education and energy to count a few, India is destined to be the next manufacturing destination of the world.

The major smart cities are being connected through metropolitan corridors and Special Economic Zones. So that not only the foreign investors but also Indian business houses too could employ the sources of production for mutual benefits of both the parties.

As per the latest 2015 report of World Bank Group, India's Ranking has improved astonishingly, surpassing the major competitors like China and USA. It has been just a small period that India has zoomed from the bottom towards the top, being trusted as the most favored nation for Foreign Direct Investments. The expected trends show that, at least 30% rise in foreign direct investment in India. Be it GE in Bihar for Railways diesels locomotives, Boeing's assembly junctions, Lenovo, Blackberry, HTC etc., R&D centers by Huawei, Qualcomm and Foxconn all are destined to land on Indian soil.

The series of international treaties and agreements are being signed with Russia, UK, France, USA, China, UAE, Japan and so on. The 'Make-In-India' Momentum is now acting as a catalyst in the ripples of outsourcing and reverse outsourcing.

As the 'Make-In-India' momentum accelerates, the people of not only India but the whole world at large are set to celebrate the spirit of enterprise. And the world awaits, the rise of India once again, to the glory of a Golden Bird.

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