

The Conceptual Framework of Make in India Campaign and Its Impact on Indian Economy

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Abstract – *Make in India is an international marketing campaign slogan by the Prime Minister of India, Narendra Modi to attract businesses from all over the world to invest and manufacture in India. The campaign is focused to fulfill the objective of creating employment, implementing secondary and tertiary sector, boosting the national economy, transforming India into a self-reliant country and giving global recognition to the Indian economy. Make in India which is a recipe for PM Narendra Modi's goal of making India the manufacturing hub of the world. The idea of using cheap labor to produce for the world is not new. Through this initiative the Government of India aims to put its rapidly growing workforce to productive use, realizing that the service sector may not be the sole driver of the economy contributing around 55-60% of GDP. In this research paper 'Make in India' an attempt has been made to review the pros and cons of this concept and understand its impact on the Indian economy.*

Key Words – *Make in India, Growth, Foreign Direct Investment, Opportunities and Challenges, GDP.*

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INTRODUCTION

Make in India is an international marketing campaign launched by Prime Minister Narendra Modi on 25 September 2014, encouraging companies from around the world to invest and manufacture in India. He has started this ambitious campaign with the aim of making the country a global manufacturing hub. To achieve manufacturing-based transformation, India will need to adopt a structured and planned approach in review manufacturing, achieve global competitive advantage and achieve global leadership.

For this campaign to be successful it was important to be open to capital and expertise from across the globe and the implementation of GST would make India a market and strengthen the overall programme. Doing business in India today is more difficult than anywhere else, but the government wants to change that. Several pressing issues prompted the launch of this campaign. First and foremost India needs to restart its economy. After several years of GDP growth averaging 7.7 percent between 2002 and 2011, that pace slowed to about 5% in 2013 and 2014. Second, India needs more jobs for its young people. Recently, on average of 5 million new jobs have been created each year, but about 12 million people join the workforce each year.

India's labor force is expected to grow to 600 million by 2022. Employment generation will fight poverty and help wean people out of agriculture, which has little ability to sustain their livelihood. Third, India's economic development model has been peculiar, often

privileged skilled workers employed by foreign companies. This is why manufacturing in China today accounts for 34% of GDP. The Chinese have established themselves as the workshop of the world, accounting for 22.4% of global manufacturing, while India accounts for only 2%. India's manufacturing sector is less productive than its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.



The Indian manufacturing industry currently contributes just over 15% to the national GDP. This Make in India campaign aims to increase this to 25%. In the process, the government hopes to create jobs, attract foreign direct investment and turn India into a manufacturing hub. This campaign helps investors by making India a pleasant experience and leads to the overall development of the country. The main objective of this campaign is to focus on 25 sectors of the economy for employment generation and skill enhancement.

The initiative is expected to increase GDP growth and tax revenue. The initiative aims to attract capital and technological investments into India, with high quality standards and minimizing impact on the environment.

The logo of the Make in India campaign is a beautiful lion, inspired by the national emblem of India, the Ashoka Chakra and designed to represent India's success in all fields. The wheel signifies peaceful progress and dynamism - a sign from India's enlightened past, indicating the way to a vibrant future. The advancing lion stands for strength, courage, tenacity and wisdom - values that are as Indian today as they ever were. The campaign was dedicated by the Prime Minister to the eminent patriot, philosopher and political personality Pandit Deen Dayal Upadhyay, who was born on the same date in 1916.

REVIEW OF LITERATURE

K. Kalaivani (2015) Article titled "A Study on the Impact of Make in India on HRM Practice - An Overview". This study helps to understand the impact of Make in India on HRM practices followed in our country. The study also covers the synergy between HRM practices and job opportunities. The study found a significant positive and meaningful relationship between HRM practices and Make in India. The study also found that, HRM practices become the means by which HRM professionals are needed to design new culture and cultural change with innovative and exciting HRM practices ahead of the curve.

Dr. K. V. Raman (2015) Article titled "Make in India Illusion or Possible Reality Project? The paper covers issues of Make in India, areas covered, worldwide and positive responses and some critics. The study covered those challenges. who will face the project and movement. The study found that, the drive attracts foreign investment and India's manufacturing sector is time-bound to completion.

S. Soundarya (2015) The article titled "Make in India - Scheme for Transforming India" discusses about the Make in India scheme, its opportunities, challenges, changes required and some examples of different investors who have invested so far. The study found that the Make in India campaign certainly makes India an investment destination and a global hub for manufacturing and innovation.

Article titled "Making in India Realism: Role of FDI" by Seema Sangwan (2015). This study focuses on the change in FDI rate and growth due to increase in FDI rate after the launch of Make in India by Modi. The study found that there is a high correlation between industrial production and FDI inflows. The study also found that the impact of FDI on economic growth has increased from productivity to enabling greater technology transfer.

OBJECTIVES

1. To understand the concept of Make in India.

2. To understand the advantages and disadvantages of Make in India.
3. To understand the impact of Make in India on the Indian Economy.
4. To understand the FDI in manufacturing sector in India.

RESEARCH METHODOLOGY

The study involves the data collected from the secondary sources. The secondary data has been collected from journals, Research paper, Newspapers, Literature review, Websites.

An Exploratory research was chosen in order to develop a profound understanding of the research topic and obtain in depth data about the research objectives.

PROCESS OF MAKE IN INDIA

Make in India was launched by the Prime Minister in the backdrop of this crisis, and quickly became a rallying cry for India's myriad stakeholders and partners. It was a powerful, inspiring call to India's citizens and business leaders, and an invitation to potential partners and investors from around the world.

But, Make in India is much more than a motivational slogan. It represents a massive and unprecedented overhaul of outdated procedures and policies. Most importantly, it represents a complete change of mindset of the government – a shift from the issuing authority to the business partner, in keeping with the prime minister's principle of minimum government, maximum governance.

FOUR PILLARS OF MAKE IN INDIA

Manufacturing in India is the main vision of the government and leads to national development. The initiative is built on four pillars which are as follows:

1. **New Processes:** The government is introducing several reforms to create possibilities for getting FDI and promoting business partnerships. This improvement is also aligned with the parameters of the World Bank's Ease of Doing Business Index to improve India's ranking on it. Make in India recognizes ease of doing business as the most important factor in promoting entrepreneurship. Several initiatives have already been taken to ease the business environment.
2. **New Infrastructure:** The government intends to develop industrial corridors and build smart cities, world class infrastructure with state-of-the-art technology and high-

speed communication. The innovation and research activities are supported by fast paced registration system and better infrastructure for IPR registration. Along with infrastructure development, training for skilled workforce is also being implemented for the areas.

3. **New Sectors:** The campaign has identified 25 areas to promote with detailed information being shared through an interactive web portal. The government has allowed 100% FDI in railways and removed restrictions in construction. It has increased FDI in Defense and Pharmaceuticals to 100%.
4. **New Mindset:** This initiative is intended to bring about a change in the way the government interacts with various industries. It will focus on development in the corporate sector as well as acting as a partner in the economic development of the country.

“MAKE IN INDIA” IMPACT ON INDIAN ECONOMY

Creates a policy framework to facilitate foreign investment, ease of doing business and management of intellectual property. This helps the industries to establish their manufacturing base in India. In turn, this helps in generating employment in India. Industries develop a support ecosystem around them, thus empowering small businesses. Exports from such industries help to contribute to our foreign exchange reserves. Most importantly, such initiatives help bring important knowledge about manufacturing and production to the Indian population. This initiative of Mr. Modi is really inviting rich and semi-rich countries to step into India and invest their money for India's future. It is like inviting countries to set up their companies in India and manufacture in the territory of our country.

Now, this initiative has had a great impact on the economy of our country. Obviously, if big companies set up their branches here, it will have a direct impact on India's GDP. The supreme objectives of Make in India are as follows:

The main focus of the Make in India campaign is on 25 sectors. Almost every sector is capital intensive and demands a lot of skill. Therefore, with more and more investments in these sectors, the main focus will be on increasing employment and use of advanced technology.

Table 1: Make in India Campaign is focus on 25 sectors

SL. NO.	SECTOR	SL. NO.	SECTOR
1	Automobiles	14	Mining
2	Food processing	15	Thermal power
3	Renewable energy	16	Construction
4	Automobile components	17	Oil and gas
5	IT and BPM	18	Tourism, Hospitality
6	Roads and highways	19	Defense manufacturing
7	Aviation	20	Pharmaceuticals
8	Leather	21	Wellness
9	Space	22	Electrical machinery
10	Biotechnology	23	Ports
11	Media, Entertainment	24	Electronic system
12	Textiles and garments	25	Railways
13	Chemicals		

Source: Reserve Bank of India Annual Report

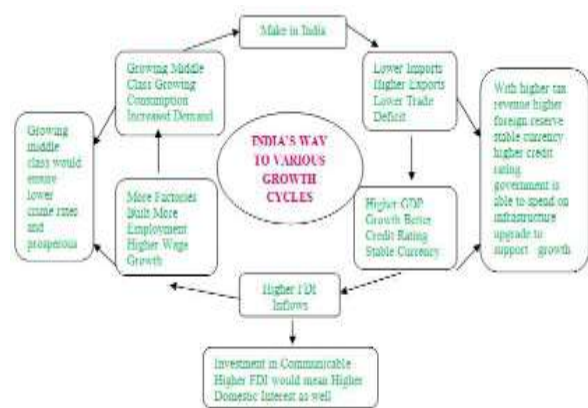


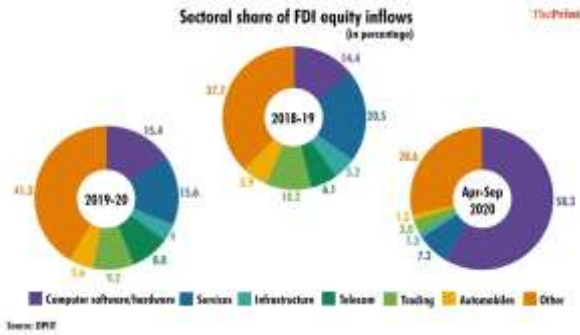
Figure 1. Various growth cycles of make in India

FOREIGN INVESTMENT IN INDIAN MANUFACTURING

Table 2: Annual FDI Inflows to India in Manufacturing (US \$ Billions)

Year	Annual FDI Inflows (US \$ Billions)
2010 - 11	4.79
2011 - 12	9.34
2012 - 13	6.53
2013 - 14	6.38
2014 - 15	9.61
2015 - 16	8.44
2016 - 17	9.00
2017 - 18	5.4
2018 - 19	10.93
2019 - 20	13.4

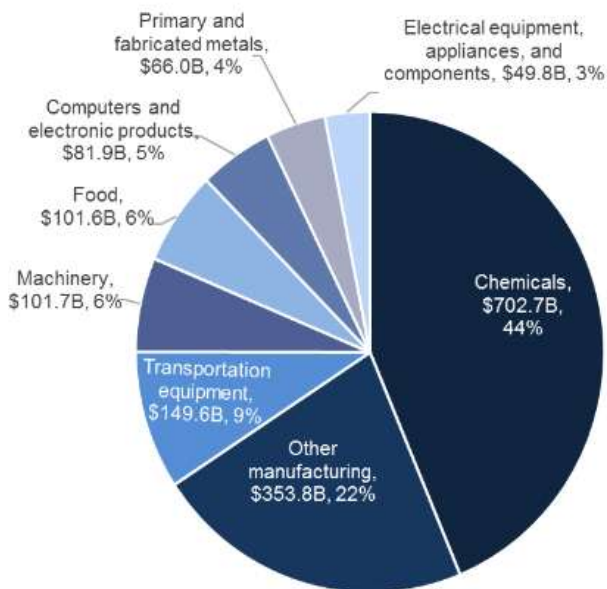
Source: Reserve Bank of India Annual Report



Source: Reserve Bank of India Annual Report

The table and the figure show that the most recent FDI data from the Reserve Bank of India, segmented by sector since Make in India, pertains specifically to manufacturing. After an encouraging jump from a record \$9.6 billion in 2014-2015, FDI in manufacturing actually fell to 8.4 billion in 2015-2016.

Industry Breakdown of FDI in U.S. Manufacturing Position, 2017



The table and the figure show that the percentage of FDI flowing into the manufacturing sector, which has been in the range of 35-40% for the last four years, fell to 23% in 2015-16. Instead of manufacturing, e-commerce providers such as Amazon, services such as Snapdeal and Flipkart, ride-sharing services such as Uber and Ola are drawing a major chunk of investment.



The Make in India initiative has not only empowered manufacturing in India, but has also promoted indigenously developed robust and reliable digital infrastructure for the benefit of citizens. With an aim to make an ecosystem to supply better healthcare within the country, Hon'ble Prime Minister of India Shri Narendra Modi announced National Digital Health Mission (NDHM) on the occasion of 74th Independence 2020

The country's existing digital infrastructure that identifies people and facilitates their daily lives through digital means includes Aadhaar Unique Identification (UID), Jan Trinity (Jan Dhan Aadhaar Mobile) and Unified Payments Interface (UPI). This strong digital infrastructure base acts as a launcher for NDHM to further develop and enhance healthcare within the country through digital management.

The primary institutions responsible for administering and implementing the mission include the Ministry of Health and Family Welfare (MoHFW), the Ministry of Electronics and Information Technology (MEIT) and the National Health Authority (NHA).

CHALLENGES FOR INDIA IN THE NEAR FUTURE

India remains a major international investment destination due to its inherent advantages – a vast market with relatively young population, democratic set-up, investor friendly reforms, increased pace of urbanization, steady increase in rural consumption levels, and per capita disposable income and continuous growth.

Nevertheless, the country has been badly hit by the pandemic, which has slowed growth on some indices. Global investors will be watching to see how India stabilizes its economy after a brutal COVID wave and is able to implement vaccination programs and restore normalcy. These are the areas where investors would need maximum assurance from the government authorities and clear results in the near future.

OPPORTUNITIES OF MAKE IN INDIA

- With an aim to make India as their export hub, home appliance makers Bosch and Siemens today announced the company's first manufacturing facility in the country.
- The South East Asian region is expected to start operations by the second half of 2014.
- Japan's largest consumer electronics exporter is now seriously evaluating the opportunity to come and make in India.
- The Make in India campaign seems to have arrived at the right time. Several large foreign companies have already shown interest in setting up manufacturing facilities in India.
- Switzerland-based chocolate maker Barry Callebaut is looking to set up a manufacturing unit in India as part of its global expansion plan to tap the Rs 3,000-crore domestic market. Barry Callebaut currently only has commercial operations in the country.
- The economic impact of manufacturing in India will go beyond direct employment. It will generate employment in the service sector and allied services.
- Improvement in logistics infrastructure like port-to-inland connectivity, cargo airport etc.
- KPMG and CII recently completed a report which identified nine key work items to make India conducive for large scale manufacturing.

FINDINGS OF THE STUDY

1. Make in India will bring huge changes in sectors like Automobile, Aviation, Biotechnology, Defence, Media, Thermal Power, Oil & Gas and Manufacturing Sector.
2. The job opportunities are manifold and the doors have opened without any limits.
3. The progress of the Indian economy can be sustained through continuous foreign investment.
4. The challenges and threats to the human resource sector will be refined across sectors of the economy.
5. This initiative creates a lot of awareness about the growing technology.

SUGGESTIONS

Additional incentives have been proposed by the government on initiatives like skill development to provide the necessary support for Make in India to flourish. We should manufacture the goods in such a way that they have zero defects and the goods are of zero impact so that they do not have negative impact on the environment. Reforms like bringing more sectors under automatic route, raising FDI limits and easing procedural delays are to be initiated. India should work consciously towards attracting more and more FDI in research and development.

CONCLUSION

Make in India is an ambitious project aimed at sustainable development of the economy. With tireless policies in this direction, it is possible to make India a manufacturing powerhouse in the world. India has the potential to reach 25% of GDP in the next few years. The Government of India has taken several steps to further encourage investment and further improve the business environment.

Manufactured has emerged as one of the high growth sectors in India. The Make in India campaign helps to place India as a manufacturing hub on the world map and bring global recognition to the Indian economy. India's ranking among the world's 10 largest manufacturing countries has improved three places to the sixth position in the coming years.

Make in India proposal will boost manufacturing of electronic manufacturing market in the country. It will in turn focus on electronic manufacturing and is planning to set up electronic clusters in various towns and cities. Large investment in manufacturing will lead to more capacity building in the country. The tax relief given to start-ups and MSMEs will lead to sustainable employment and boost the quality of startups in the design-based manufacturing sector.

The Make in India mission is one such long-term initiative that will fulfill the dream of turning India into a manufacturing hub. The Make in India campaign also focuses on producing products with zero defects and zero impact on the environment. Come make in India, manufacture in India, sell in any country of the world but manufacture here. We have skill, talent, discipline and determination to do something.

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