



## TO ANALYZE THE COLLISION OF MAKE IN INDIA INITIATIVE ON EXPANSION OF DOMESTIC INDUSTRIES

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**Abstract:** Make in India is one of the major initiatives taken up by the Indian government; this plan was set up in the year 2014 for the growth of the country, and with the objective of make India a world manufacturing hub. This initiative was made to increase the foreign direct investment in the Country and to increase the exports from India to other countries.

In this paper it is seen the Make in India ease of doing business, the five countries which are directly investing in the Indian economy, the various sectors of Improvement i.e. Automobile Industry, Electronics and Manufacturing Industry, Highways and The transportation network system. The various confront which are been faced by MSMEs Industry, make in India impact on various Industries.

This paper is primarily based on a secondary source of data collection, including the confronts which are been faced by the initiative of Make in India.

**Index Terms - Make in India, Foreign Direct Investment [FDI], Export-Import policies [EXIM] and Micro Small Medium Enterprise [MSME] Industry.**

### I. INTRODUCTION

The Make in India is one of the biggest Initiative which is been taken up by the Indian government with the objective to made and provide the goods and services within the nation and in the whole world and to become the biggest exporter of goods and services. This project of making in India shows the growth in the Indian Economy in terms of FDI, employment and in almost all industries.

With the coming of Make in India initiative, there have been new guidelines for the working of the Industries like MSME, Automobile Industry, Roads and railways, Electronics and Manufacturing Industry, as with the make in India initiative, India has grown in many folds.

With this Initiative, there has been a growth in many Industries when this was to be started in 2014 and in present time i.e. the financial year 2019 India rank t 63rd position in case of ease of doing business among the 190 countries as reported by the world bank with this ease of doing business leading to a strong attraction on the foreign institutions and manufacturing companies to produce their products and in case of construction permits in the financial year 2014 India ranked at 184th number but by seeing the analysis for the financial year 2019 the rank has moved to somewhat about 27th position out of 190 countries.

But this doesn't mean that this makes in India is successful, there are major flaws, shortcomings and one of the major reason for its non-fulfillment is lack of advanced technology, corruption by the leaders, taxation is another major reason causing hindrance in the working of the Industries, another reason is of the transportation system as Indian transportation is still a lag as compared to other countries transportation system which also leads to an increase in cost making good expensive as compared to other country's same good.

### II. Review of Literature

(Srivastava, 2019) In this the author was of the opinion that by 2020 India's population is about to prosper to 500 million and about two third of the population will be eligible to work, thus cultivation of youth jobs is the ultimate objective of these 'make in India' concepts. but the conclusion says that the students of B schools only have limited awareness and need more knowledge about the policies of this concept, but it yet, needs more time and efforts to reach the pinnacle of 'Make In India' initiative., (Bhatia & Agrawal, 2018) In this the author throws light on the efforts made on MSME sector in 'MAKE IN INDIA' initiative. it is analyzed how MSME sector is recognized as a key engine to promote the growth of entrepreneurship across the country. She also stated that the sector faced a wide gap between finance available and its requirements and proper efforts are to made to synchronize it., (Gaubha & Dhingra, 2016) In this the author explained about the opinion that Make In India is an initiative of PM Modi, which invites the rich and semi rich countries to step in India and invest their money for the future of INDIA. It is a kind of initiative of the companies to set up in INDIA and manufacture in the

territory of the country. Sell everywhere but manufacture in India, (Mahapatra, 2018) in this the author stated in his journal that Make In India is PM Narendra Modi's recipe to make India a hub of global manufacturing with an idea to utilize cheap labor. Thus to conclude it can be said that the concept of make in India can boost the Indian economy and can help to combat problems like poverty, unemployment, low per capita income and can also help in sharing the burden of government., (Aneja, 2016) According to author, the government has successful to a noticeably terms of positioning. India as a global manufacturing hub, but only small steps were taken on the basis of slogans and propaganda , (Rajeshwari et al., 2017) Make in India will bring drastic change in the fields of aviation, biotechnology, defense, media, oil and gas automobiles and manufacturing sector, (Career Anna, 2015) The manufacturing industry has been ailing for many years and was neglected in the stride of development

### III. Objectives

1. To know about make in India Initiative.
2. The main objective is to scrutinize the FDIs in various sectors of the economy.
3. To analyze the impact of Make in India initiative on domestic industries.
4. To examine the various challenges that hinders the industry growth from the make in India initiative.

### IV. Methodology

This paper is focusing on the make in India initiative which was set up in the financial year 2014 for the growth of the economy, and also to become one of the major exporters of goods and services. The paper is primarily based on secondary sources of collection of data no primary survey was done in collecting the information.

Make in India program which was initiated by our Prime Minister Mr. Modi jii with the purpose to change the working of production and to confront the ways of responsibility for doing manufacturing in the country, and to make India a leading country in the bloodthirsty world by enhancing the promotion of manufacturing within the country and also outside the world.

With the introduction of make in India initiative India has grown many folds in the various sectors of production and services.

Impact of Make in India on Foreign Direct Investment [FDI]



From the above

graph,

- It is clear from the fact that there has been an augmented in overall foreign direct investment inflow from the financial year 2014 to the financial year 2019 and this is all because of the beginning of making In India proposal, thus showing an increase in the percentage of 63.9 % in US billion (\$) from the financial year 2009-2014 to the financial year 2014-2019 from 134 billion \$ to 285 billion \$.
- It is clear from the fact that there has been an increase in overall foreign direct investment equity inflow from the financial year 2014 to the financial year 2019 and this is all because of the prologue of make In India proposal, thus showing an increase in the percentage of 60.2 % in US billion (\$) from the financial year 2009-2014 to the financial year 2014-2019 from 127.1 billion \$ to 204 billion \$.

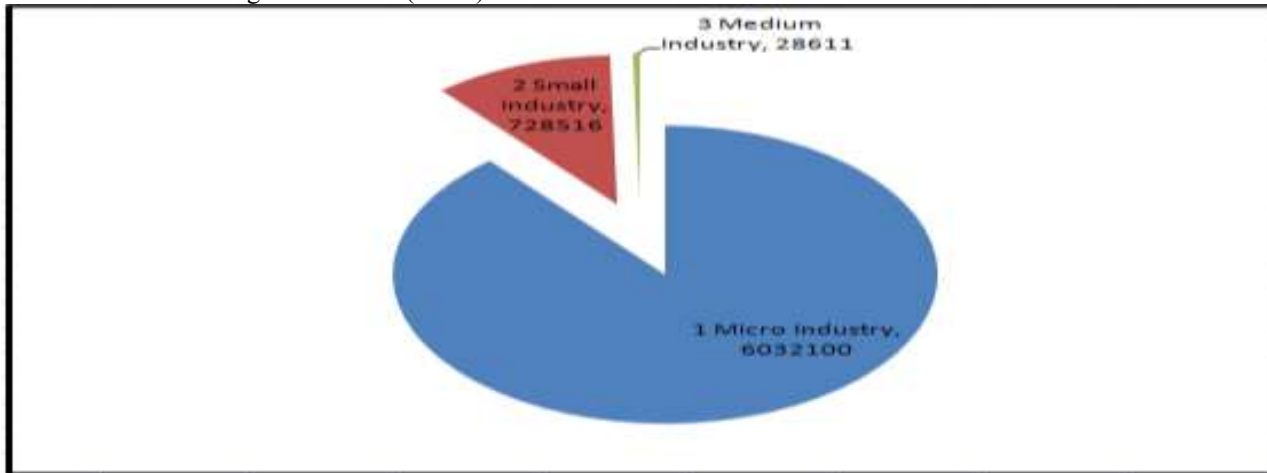
With the introduction of Make in India initiative, various amendments were also been made concerning Micro Small and Medium Enterprises, as per the MSME act, 2006 with the amendments made in the financial year 2018 thus showing that the further changes in differentiating in these 3 enterprises based on the amount invested in the business i.e.

- Micro-industries are those which are covering turnover of not more than \$0.72 mn.
- Small-industries are those which are covering turnover of not less than \$0.72 mn but not exceeding \$10.75mn.
- Medium-industries are those which are covering turnover of not less than \$10.75 mn but not exceeding \$39.4mn.

The exports which are initiated by these MSME productions have reached approximately \$124.4 Billion in the financial year 2018.

The total numbers of micro small medium industries which are registered under the memorandum called (UAM) are about 6.8 million.

“Total no. of MSME registered under (UAM) UDYOG AADHAR MEMORANDUM”



With the initiative taken up for successful implementation of Make in India proposal, thus helps in attracting the new entrants to produce and boost the economy, as with the introduction of make in India leads to an easy of doing business in the Indian borders as there has been an onward shift of about 79 places from the financial year 2014 to financial year 2019 out of these 190 countries India rank to about 63<sup>rd</sup> place of doing business defining the positive change in the business sector which are

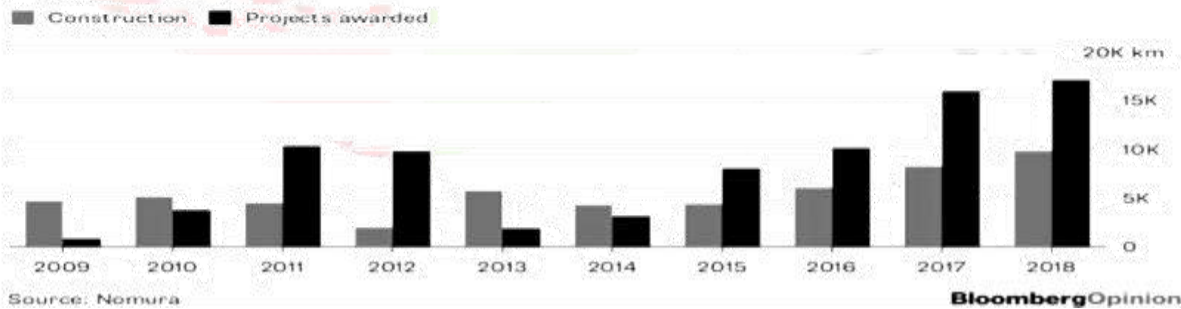
- Initial beginning of a business
- Documentation required for dealing in EXIM policies
- Yielding of electricity
- Imbursement of various forms of taxes
- Registering the possessions
- Getting of credit

There has been seen an remarkable development in the field of doing business which are

**1. Construction permits**

**Patch Up the Potholes**

Highway construction and new projects awarded (in kilometers) have risen but the pace of growth slowed last year



From the above graph

- It is clear from the fact that from the year 2014 there has been an increase in percentage of covering of new construction projects of patch up the potholes.
- As in the year both of these construction and projects awarded were not more than 5 thousand kilometers and more over projects awarded were less as compared to construction.
- In the year 2018-19 these patch up of the potholes was maximum showing the overall coverage of about 10 thousand kilometers in case of construction and approximately of about 18 thousand kilometers in case of award almost double than the construction.

**Impact of construction sector**

The major impact of make in India in case of construction sector will leads to a hike in construction of roads, dams and bridges, initiating of new development undertaking and with the plan of redevelopment of 500 cities across the country which are having population of about one lakh (1, 00, 000). According to the 2011 census there was only 377 million population which was living in the urban sector of the economy, but the government objective is to reach this stats to about 590-600 million population to reside in urban areas of the nation and with the total contribution in the GDP of the country from 62% - 63% in the financial year 2010 to about 70% - 75% in the financial year 2030.

## 2. Generation of Electricity in the nation

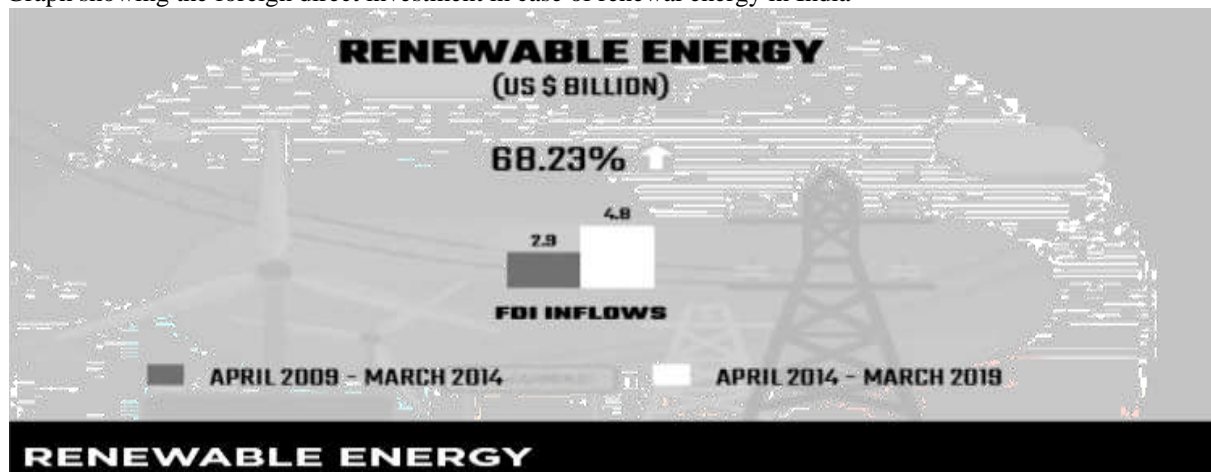
With the introduction of make in India plan the electricity industry has seen a major growth in the country, as electricity is the most important and a necessary component for any industry to progress with weather it is a small industry or a large industry, every industry requires electricity. From the rank of about 137<sup>th</sup> position out of 190 countries in the world in the financial year 2014 there has been a hike in position to 22<sup>nd</sup> in the financial year 2019.

In case of renewal energy, India's renewal energy is very enormous and unexploited thus showing that India in the financial year 2015 was having an impending of about more than 750 Giga-watt and the impending from wind energy was about 302 Giga-watt.

Thus with the increment of inflow of foreign direct investment of about \$ 7.3 billion US this has lead to an additional of 37.84 Giga-watt of capacity in producing of electricity.

India has further planned to use atleast of 100 Giga-watt of electricity from these renewal resources by the end of financial year 2022, and at least to derive forty percent of their electricity from these renewal sources by the end of financial year 2030.

Graph showing the foreign direct investment in case of renewal energy in India



From the above graph it is clear from the fact that

- In the period ranging from 2009-2014 there was total inflow in terms of foreign direct investment amounting to only \$ 2.9 billion US. In case of renewal energy.
- In the period ranging from 2014-2019 there was total inflow in terms of foreign direct investment amounting to \$ 4.8 billion US.
- It is clear that there has been an approximate increase in 68.23 percent in foreign direct investment inflow from the period comparing from financial year 2010-14 to financial year 2014-2019, thus showing an increase in renewal energy inputs in terms of foreign technology in the country.

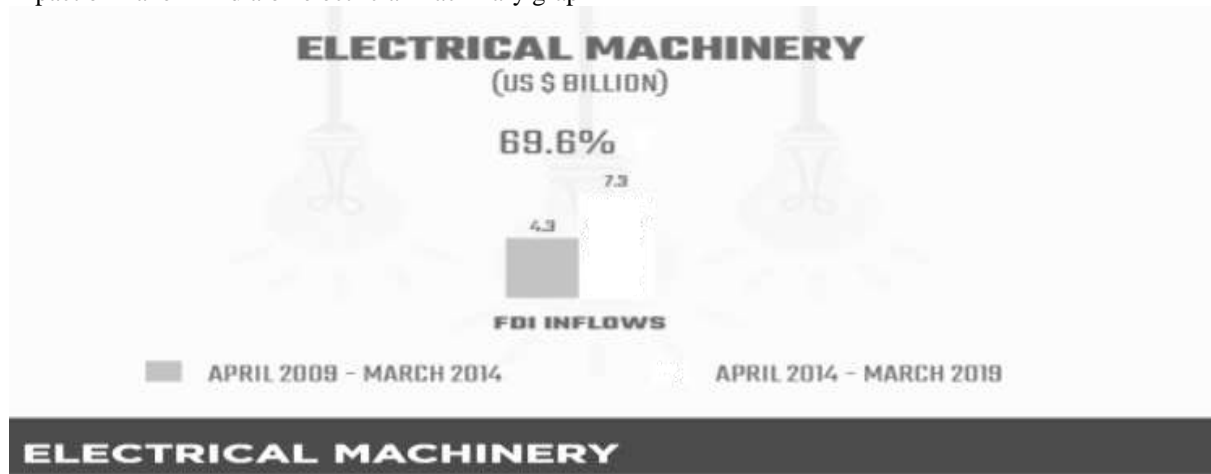
## 3. Electronics and Manufacturing Industry

Electronics is one of the growing industry in the world and not only make in India initiative but also electronics is one of the most important pillars of digital India as well.

With the introduction of National Policy on Electronics in the year 2019, the main objective of this policy is to make india as a international industrialized hub. The main goal of this policy is

- To manufacture about one billion mobile handsets by the financial year 2025
- To attract the foreign direct investment of about \$100 billion US
- To achive the annual turnover of about \$400 billion US
- To make an increase in employment generation in this electronics field of about 28 million.
- To enhance the exports from India to other country from 8 billion to \$80 billion USD.

Impact of make in India on electrical machinery graph

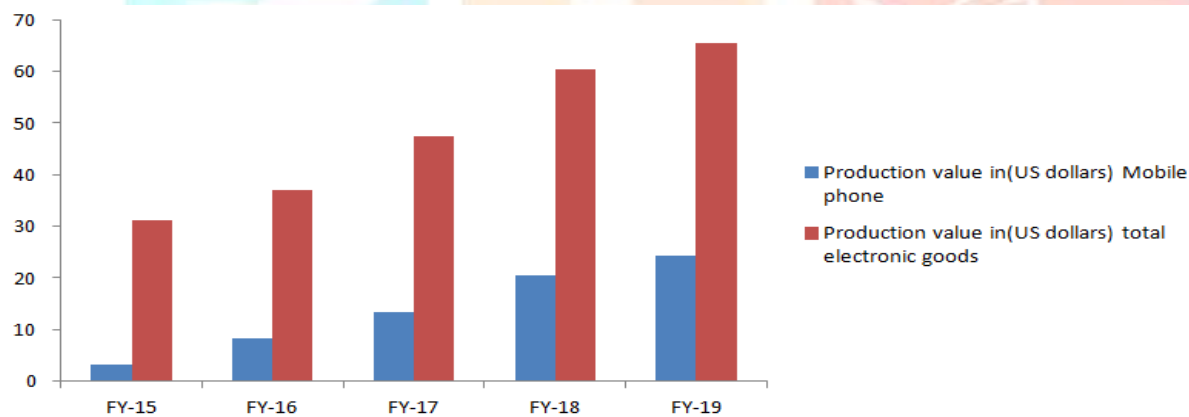


From the above graph,

- In the period ranging from 2009-2014 there was total inflow in terms of foreign direct investment amounting to \$ 4.3 billion US.
- In the period ranging from 2014-2019 there was total inflow in terms of foreign direct investment amounting to \$ 7.3 billion US.
- It is clear that there has been an approximate increase in 69.6 percent in foreign direct investment inflow from the period comparing from financial year 2010-14 to financial year 2014-2019, thus showing an increase in electrical inputs in terms of foreign technology in the country

Impact of manufacturing sector from Make in India proposal

The major purpose of make in India initiative was to strengthen the manufacturing sector in the country, with the introduction of the proposal the contribution was upto only percent in case of a manufacturing industry but with the initiative of make in India, it shows an increase in 7.6 percent hike in case of manufacturing sector, but still this sector didn't command that level of employment which is required thereby impacted the employment level.



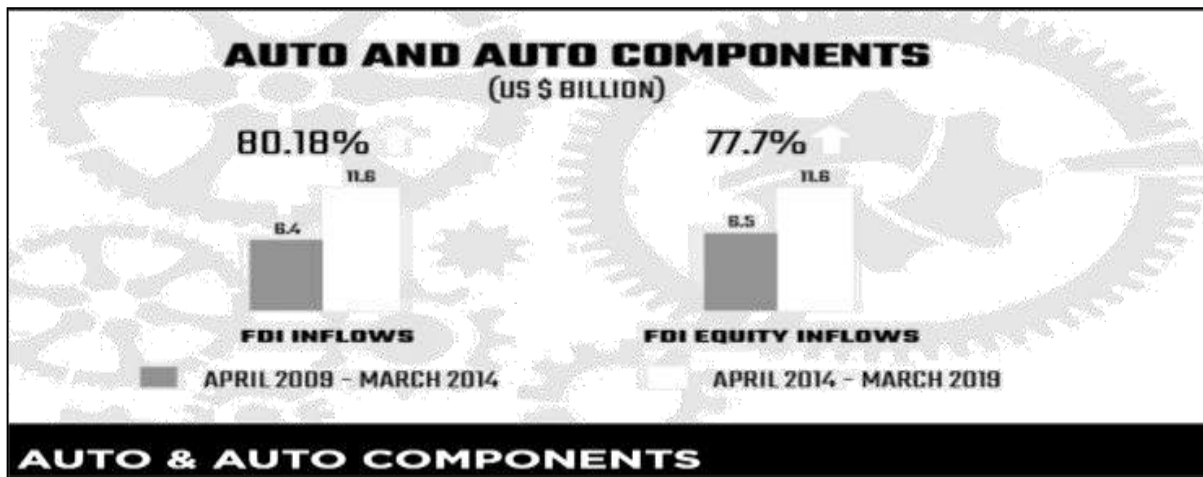
From the above graph

- It is clear from the figures that production of electronic goods has increased from 31.2 billion dollar in financial year 2015 to about 65.5 billion dollar in financial year 2019.
- In case of production of mobile phones in terms of values has also seen a hike in production from 3.1 billion in financial year 2015 to about 24.3 billion usd in financial year 2019.
- Thus proving that India is moving towards the largest exporter of mobile phones in the world.

#### 4. Automobile Industry

The make in India initiative plays a very major role in case of automotive sector, as India was easily be able to attract many foreign car manufacturers to produce in the Indian economy, thereby increasing the level of population, increase in competition among the existing companies. From the financial year 2015 there are lots of entrants in the automotive industry naming: KIA Motors, Morris Garage, Great Wall Motors and many more to setup their production unit in the country with an initial investment of about 6000-7000 crore to be invested in the manufacturing of automobile in India.

Graph showing growth in FDI in auto and Auto components



From the above graph

- It is clear from the fact that there has been an augmented in overall foreign direct investment inflow from the financial year 2014 to the financial year 2019 and this is all because of the beginning of making In India proposal, thus showing an increase in the percentage of 80.18 % in US billion (\$) from the financial year 2009-2014 to the financial year 2014-2019 from 6.4 billion \$ to 11.6 billion \$.
- It is clear from the fact that there has been an increase in overall foreign direct investment equity inflow from the financial year 2014 to the financial year 2019 and this is all because of the prologue of make In India proposal, thus showing an increase in the percentage of 60.2 % in US billion (\$) from the financial year 2009-2014 to the financial year 2014-2019 from 127.1 billion \$ to 204 billion \$.

The Automotive mission plan was been setup by the Indian government with the aim to accomplish the goals set up in collaboration with Indian Government and Indian Automotive Industry which are

- To achieve 65 million jobs in the automobile sector
- To achieve the exports to about 35% - 40% of the total production
- With the aim to contribute upto 12% to the total GDP level of the country.
- To grow its current value from \$ 74 billion to about \$ 260 - \$ 300 billion

The above goals are to be achieved by the end of financial year 2026, for the growth of automobile industry in the country.

The impact of Make in India on automobile industry is about to make Automotive 3<sup>rd</sup> largest market in the whole world by the end of financial year 2026. There has been an increase in production of two wheelers from 8.5 million to 15.9 million per year and this market to grow annually with approximately 6 million until or unless any discrepancy or any uncertainty occurs.

In present scenario in financial year 2019-20, India is at the 7<sup>th</sup> position of automotive producer in the world with the total production of approximately 24 million vehicles approximately of which 3.64 million cars are exported to other countries worldwide.

\*This is how the initiative of make in India has impacted the Indian domestic Industries\*

### The challenges faced by the industries

#### 1. Labor laws

With the rising youth population, Indian country has the potential of fixing into an excellent economy. the worldwide Rights Index (2016), Indian country as one of the 10 worst countries for in operation people. Indian country has sanctioned exclusively four, and refuses to consent to the next four: Freedom of Association and Protection of the right to organize Convention, Right to organize and talk Convention, Minimum Age Convention, as these labor laws are not upto the level, they are outdated and didn't receive any amendment which leads to quiver the interest to work.

#### 2. Taxation Regime

The advanced taxation system, an oversized amount of labor, and corruption may even be the foremost reason behind worries among the investors. Indian country inherits poorly-designed GST, that has dampened capitalist sentiment and created tremendous compliance burdens on little and medium-sized enterprises (SMEs). It is found that administering the GST is a challenge and prune the chief burden on taxpayers. this will not exclusively facilitate improve the business climate but in addition lead to higher revenues.

#### 3. Political hold-ups:

The biggest concern of policy-makers, analysts, and investors related to the success of the 'Make in India' initiative is around political hold-ups. In every session, the in operation of Parliament is interrupted that delays the approval of significant bills. Therefore, the economy, and thus the mind-sets of the investors suffer setbacks. Important economic reforms that unit required for the implementation of 'Make in India' program unit still being delayed in Parliament. Investors, global organization agency was attracted by formidable guarantees, would possibly choose different selections because of this prolonged political stalemate.

#### 4. Infrastructure and power

India desires funds to create industries that in turn need infrastructure. Economists believe that stern land acquisition laws and inflexible labor law build it difficult for Indian country to attract investors to the manufacturing sector. Industrial zones equipped with basic desires of recent and high-speed communications technologies, integrated supplying arrangements, regular power provides, redoubled property, and straightforward accessibility of raw materials unit needed the accessibility of land is required for higher infrastructure. this desires a current, clear, effective, and just land acquisition law. The approval of such laws is interrupted because of political interference in Indian country.

#### 5. skilled force:

Over the years, trade specialists have argued that ‘lack of opportunities’ may be a priority. But, it seems, ‘lack of skills’ may be a bigger concern in step with the National Sample Surveys, out of the 470 million people of in operation age in Indian country, exclusively 100% receive any quite coaching job or access to train employment opportunities leading o one of the biggest challenge in achieving the make in India initiative.

#### 6. Role of states:

Indian states play an extremely crucial role at intervals the implementation and success of the incorporate Indian country initiative. Indian country encompasses a flexible geographical and demographical distribution with a federal type of government. The involvement and cooperation of state-level decision-makers, political leaders and authorities throughout a positive manner is the fundamental demand for the initiative to work and if these states didn’t work in a positive manner then there are chances of downfall thus creating an another big challenge in growth of Indian economy.



### Advantages of Make in India

- Develop Job occasion
- reorganize the surrounding area
- enlarge in Brand Value
- Up-gradation of Technology
- Ease of Business
- accessibility of Young Minds
- Development of Rural Areas

### Disadvantages of Make in India

- Inattention of Agriculture
- Exhaustion of Natural Resources
- Thrashing for Small industrialist
- Disturbance of ground
- Interest in worldwide Brands
- contamination

## V. Conclusion

It is clear from the fact that the Make in India initiative plays a very crucial role in putting a positive impact on the domestic industries, this initiative shows the hike in foreign direct investment in India in various sectors i.e. Automobile, Manufacturing, food and packaging, logistics, textile, renewal sources, etc. thus making the underutilized resources to full-utilized as resources are scarce. The initiative of making in India also helped in getting new and advanced technology thus helps in increasing the employment generation and also leads to an increase in exports to other countries.

In the route to achieving the goals set up under the make in India initiative, various challenges been discussed which are responsible for the hindrance of successful implementation of the Make in India initiative, along with various advantages and disadvantages are also been discussed.

If the initiative goes on smoothly with successfully overcoming the challenges then the targets can easily be met and well on time.

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