



# MAKE IN INDIA: IMPACT ON MANUFACTURING SECTOR

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## ABSTRACT

India is a one of the fastest growing economy ranked 5<sup>th</sup> largest in the world on nominal basis after surpassing United Kingdom and France. To improve or being India at this place, Indian government launch various programmes from time to time, one of which is “Make in India”. “Make in India” is an international slogan choice by Prime Minister ‘Narendra Modi’ to attract foreign investment around the world. Campaign concentrated to fulfil the purpose of job creation, Growth of GDP. Attracting the young generation, Bosting national economy, converting India to a self-reliant country and to give the Indian economy global recognition. “Make in India” main aim to make the India as manufacturing hub of the world. This paper covers overview of the Make in India campaign, sector covered, and growth cycles. FDI flow in India and impact of “Make in India” campaign on manufacturing sector. The data has been extracted from various sources like research articles. Publications, various bulletins of RBI and authenticated websites. Study concluded that “Make in India” being a drastic change in the fields like Automobiles, biotechnology, media, thermal power, oil gas and manufacturing sectors but despite these fact it also bring various challenges in execution of this programme

## KEYWORDS

Make in India, Foreign Investment, GDP, Manufacturing Sector, India, Growth, and Impact.

## INTRODUCTION

“Make in India” is type of Swadeshi Movement which covers 25 sectors of the Indian economy. This campaign is launched by Government of India on 25 September 2014 to encourage companies all over the world to manufacture their products in India. To make this campaign more successful, FDI is permitted in all the sectors except space industry (74%), defence industry (49%) and Media (26%). The World Bank latest “Ease of Doing Report (2019)” acknowledges India at 77<sup>th</sup> position in 2019 after jump 23 points against its Rank of 100<sup>th</sup> in 2018 among 190 countries. “Make in India” campaign was launched with three major objectives.

- To boost up the growth of manufacturing sector from 12% to 14% per annum
- To crate 100 million jobs by 2022.
- To ensure contribution of manufacturing sector to GDP is increased to 25% by 2022.

Campaign main focus was to create a conducive environment for investment, development modern and efficient infrastructure and various other initiatives to attract foreign capital. The initiative towards on 25 sectors mainly for job creation and skill enhancement, and aimed to transform India into a global campaign and as a main manufacturing hub. “Zero Defect Zero Effect ” slogan was also coined by Prime Minister “Narendra Modi” as essence of Make in India that manage various process, technology, materials in such a way in which we can produce product with no defects with no adverse environment and ecological effects. “Make in India” campaign from on 25 sectors in which one of the major is manufacturing sector. Manufacturing sector has been emerged as one of high growth sector in India. Prime Minister has launched, the programme.

## OBJECTIVES OF THE STUDY

- 1) To study about Make in India campaign ( focus area, various growth cycles of Make in India)
- 2) To study Foreign Investment flow in India.
- 3) To study the impact of “Make in India” campaign on manufacturing sector.

## RESEARCH METHODOLOGY

The data has been extracted from various sources like research articles, publication from Ministry of Commerce, Government of India, various Bulletins of RBI and authenticated sites.

## REVIEW OF LITERATURE

**M.Shettae & M.Sheshg (2017)** the article entitled “Impact of Make in India Campaign: A global perspective”. This paper covers overview of Make in India campaign, sector covered, challenges, opportunities and foreign investment in India manufacturing. The data has been extracted from Ministry of Commerce, government of India, various bulletins of RBI and authenticated websites. This paper help us to study the impact of “Make in India” mainly on manufacturing sector make in India mission is one such long term initiative which will enalize the dream of transforming India into manufacturing hub. The study found that “Make in India” will bring a drastic change in the fields like Automobiles, aviation, biotechnology, defence, media, thermal power, oil gas, and manufacturing sector mainly. Thus we can conclude that, despite the fact that “Make in India” though come at right time, its execution remains a big challenge.

**Srivastava (2019):** the article entitled- “Impact of Make in India” in Indian economy. This paper mainly cover the make in India overview, impact of make on Indian economy and various govt. initiative to boost investment in Indian economy. Make in India will boost foreign investment in the economy and on the other, make in India will help the country being self-reliant in terms of manufacturing of products. It is like inviting the countries to setup their companies in India and manufacturing in the territory of our country. On concluding, it can be safely stated that Make in India is an opportunity for everyone; it is a prospect, which if given time will flourish like a spring flower and would provide with expected fruit.

**Shaikh and Khan (2017)-** the paper entitled “Make in India campaign- PROS, CONS AND IMPACT ON INDIAN ECONOMY”. In this research paper “Make in India” an attempt has made to review the pros and cons of this concept and to understand the impact of it on Indian economy. Make in India creates job opportunities and looks for overall development of India, but like every coin has two sides Make in India is not in favour of Agriculture development. The government of India has taken a no. of step to further encourage investment and further improve business climate. So it can be concluded that “Make in India” is an ambitious project, with an aim for sustainable growth of the economy. With relevant policies towards this end, it is possible to make in India the power have of manufacturing sector in the world. And Make in India scheme also focus on producing products with zero defects and zero effects on environment.

## Make in India Programme

“Make in India” is a type of swadeshi movement which covers 25 sectors of Indian economy. This campaign is launch by Government of India on 25 September 2014 to encourage companies all over the world to manufacture their product in India. “Zero Defect Zero Effect” slogan was also coined by PM Modi as essence of Make in India that manage various process, technology, materials in such a way in which we can produce product with no defects with no adverse environment and ecological effects.

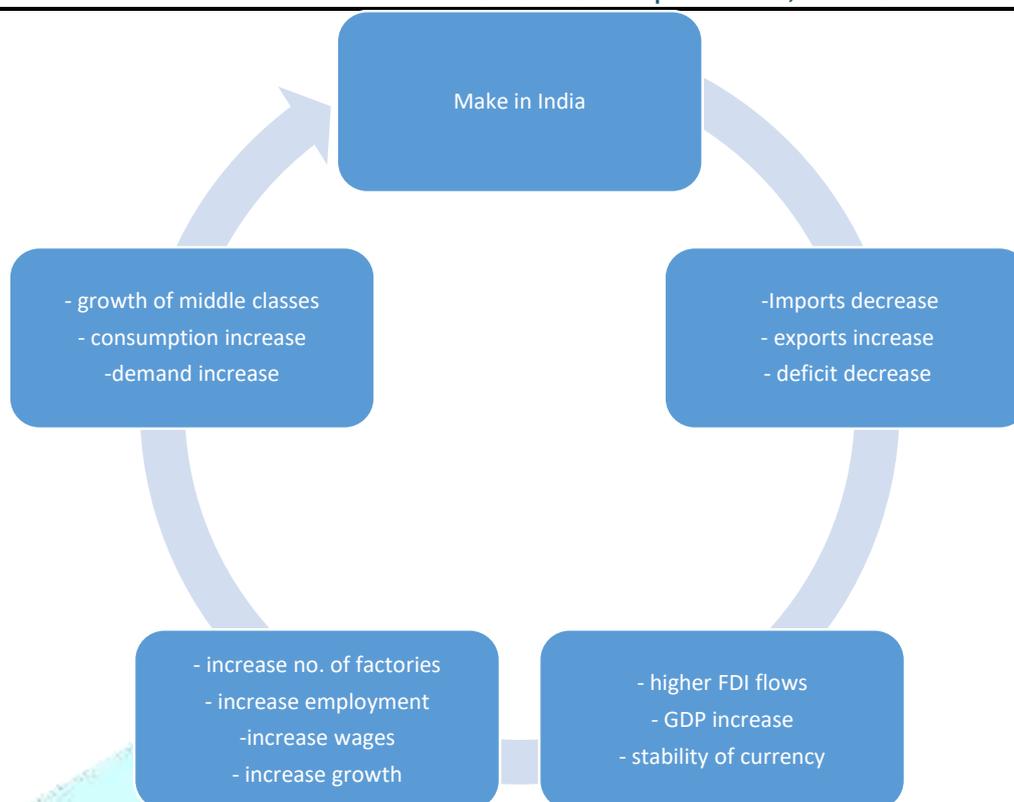
## MAKE IN INDIA CAMPAIGN MAIN FOCUS ON THESE AREAS

### FOUR PILLARS OF MAKE IN INDIA

1. **New Process:-** Indian government introduce the new policies or make new laws to make Indian economy more liberal for attracting FDI and to attract new investors to invest in India. The initiative which are taken by the Government of India are helpful to improve the rank of India in Ease of Doing Business which is given by the World Bank. "Make in India" initiative is the single most important factor to promote entrepreneurship in India.
2. **New Infrastructure and Technology:** - The main focus of Indian government to build infrastructure and technology for high speed communication. Innovation and new technology helpful in fast registration system and helpful to attract IPR. "Make in India" also train the unskilled labour to skilful labour.
3. **New Sectors:** - In "Make in India" initiative 25 sectors are included. Indian government open the door for 100% FDI in many sectors to attract investment.
4. **New Approach:** - The initiative of industry make to change the approaches of government that easily help of industry for new initiative.

### VARIOUS GROWTH CYCLES OF MAKE IN INDIA

Automobiles	Leather
Automobiles components	Media and Entertainment
Aviation	Mining
Biotechnology	Oil and Gas
Chemicals	Pharmaceutical
Construction	Ports and Shipping
Defence Manufacturing	Railways and Highways
Electrical Machinery	Renewable Energy
wellness	Space
Electronic System	Textiles and Garments
Food Processing	Thermal Power
Entertainment	Tourism and Hospitality
Information Technology and Business process Manufacturing	



## INDIA'S EASE OF DOING BUSINESS OVER LAST SIX YEARS

Year	Rank
2019	63
2018	77
2017	100
2016	130
2015	131
2014	142



SOURCE: www.worldbank.org

In 2014, when Narendra Modi took initiative for “Make in India”, India was at 142<sup>nd</sup> rank in the ‘world Banks ease of doing business’ list. Since then, the rise has been consistent. In 2018, country jump 23 places from 2017 to rank 77th after fulfilling the criteria of taxation, insolvency and other areas.

- As it is consistency rising, in 2019 it rank 63rd which was 77th in 2018 so it denotes that India simplified the procedure of doing business by removal of various constraints like abolishing filing fees for incorporating company electronically.
- And India ranked 63rd in 2019 among 190 countries in the world (report released by “World Bank Ease of Doing Business Report” on 24 October, 2019).

## IMPACT ON MANUFACTURING SECTOR

**MARKET SIZE:-** Gross Value Added (GVA) at basis current price from manufacturing sector in India grow at a rate of 4.29% during financial year 12 and financial year 2019 as per the annual national income published by Govt. of India. Quarterly Gross value added at basis point for Q1 2019-2020 stood at Rs. 697824 crore under “Make in India” campaign, it aims to increase the GDP to 25% by 2020 from 16%. The manufacture sector grow 0.5% year-on-year. And India total overall export in November 2019-2020 are to be US \$353.96 Billion.

## INVESTMENT

India has been one of the most attractive destination for investments in manufacturing sector and cumulative FDI in India’s manufacturing sector US \$ 91.20 Billion during April 2000-June 2019 some major investments are-

- In September 2019 Mumbai got its first metro coach manufactured by state-Run-Bharat Earth Movers (BEML).
- In Oct. 2019, Berger Paints Ltd. (Kolkata Based Co.) acquired 95.53% share of STP (Ltd.), which is mainly into waterproofing and protective coating.
- In September 2019, one plus launched its smart TV in Indian Market.
- In August 2019, Vivo planned to invest 3500 crore in India.
- As of August 2018, IISC’s society of Innovation’s Development (SID) and WIPRO 3D are collaborating to produce India’s 1<sup>st</sup> sale 3D Printing machine.

## GOVERNMENT INITIATIVES FOR MANUFACTURING SECTORS

Govt. has taken various measures or initiatives for the growth of manufacturing sector in the country. Some of these are: -

- As per MOSPI’s report on Payroll Reporting in India, no. of new subscribers under “employees Provided fund scheme” reached 3,22,77,218 during Sep. 2017-Oct.2019
- In August 2019, Govt. allowed 100% FDI in contract manufacturing through automatic route.
- Under “Pradhan Mantri Kaushal Vikas Yojana” (PMKVY)
  - Total candidate trained – 19.85 lakh
  - Got placements – 2.62 lakh (13.23%)

And under PMKVY 2.0 (2016-20)

- Total candidate trained – 52.12 lakh
- Got placements – 12.60 lakh (24.18%)
- In September 2018, India Govt. exempted 35 machine parts free custom duty in order to boost production in country.
- Govt. of India also made a new Industrial Policy which mainly works on the development of global competitive Indian Industry and policy has been sent for approval to Union Cabinet.
- Under the review of Foreign Trade Policy (2015-2020) the Govt. of India increased export initiatives available to labour intensive MSME by 20%.
- To boost up the domestic manufacturing of mobile handsets in India, Govt. of India has launched a programme named “Phased Manufacturing Programme” aimed at adding more smartphone components
- Govt. of India also working to further easy FDI in defence sector from 49% to 51%.

## FINDINGS OF STUDY

- “Make in India” have brought a vast change in the fields like defences, aviation, thermal power, oil gas and manufacturing sector.
- Manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025.
- “Make in India” initiative create great awareness about growing technology also multiplies job opportunities.

## CONCLUSION

Manufacturing sector has emerged as one of the high growth sectors in India. "Make in India" campaign helps place India on the world map as a manufacturing hub and it gives global recognition to the Indian economy. Make in India also helps to boost electronic clusters across various towns and cities. Various types of investments and tax reliefs given to startups and MSMEs will boost sustainable employment and it will also help to boost the quality of the manufacturing sector. Govt. of India also has taken various steps to further encourage investments and further improve the business climate. Startups play a core role in the success of Make in India. "Make in India" also focuses on producing products with 'zero defect and zero effect' products that will help to save the environment and also help to improve the quality of Indian products so that we can compete globally with impacts on developing industrial corridors and smart cities, the government aims to ensure holistic development of the nation. The corridor would further assist in integrating, monitoring and developing a conducive environment for industrial development and will promote advanced practices in manufacturing.

At last, we can conclude that "Make in India" is an opportunity for everyone, it is a prospect. Which will flourish like a spring flower after a time and it would provide expected fruits.

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