

Make In India

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ABSTRACT

Make in India is an initiative launched by the Government of India to encourage multi-national, as well as national companies to manufacture their products in India. It was launched by Prime Minister of India on 25 September 2014. This is an international marketing strategy conceptualized by the PM of India to attract investments from Businesses all over the world and transforming India into a global manufacturing Hub. For promoting this campaign the web portal, logo and brochures are used for detailing 25 priority sectors of the economy. The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India. Through Make in India initiative, government will focus on building physical infrastructure as well as creating a digital network to make India a global hub for manufacturing of goods ranging from cars to soft wares, satellites to submarines, pharmaceuticals to ports and paper to power.

Keywords

Job creation, Skill Development, Research and Development, Manufacturing Hub, Initiative

INTRODUCTION

What is Make in India Campaign

Indian Prime Minister launched the Make in India initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%. Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing

intellectual property rights and developing the manufacturing sector.

It targets 25 sectors of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM), the details of each can be viewed on the official site (www.makeinindia.com).

25 major 'Make in India' focus sectors

Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defence manufacturing, Electrical Machinery, Electronic systems, Food Processing, IT and BPM, Leather, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports and Shipping, Railways, Renewable Energy, Roads and Highways, Space, Textiles and Garments, Thermal Power, Tourism and Hospitality, Wellness

Government has allowed 100% FDI in all sectors except Space (74%), Defence (49%) and News Media (26%)

OBJECTIVES OF THE STUDY

- To analyse the impact of make in India campaign on GDP
- To analyse the impact of make in India campaign on different sectors of economy.

RESEARCH METHODOLOGY

The present study is based on **secondary data**. Basically, the required information has been derived from:

- Articles from Newspapers, Magazines and Journals, and
- From the various related web-sites which directly or indirectly analyzed to address the objectives of present study.

MAKE IN INDIA CAMPAIGN OBJECTIVE

The main objective of this campaign is to making the country a manufacturing hub for domestic and foreign companies. Companies across the globe would be invited

to make investment and set up factories and expand their facilities in India and use India's highly talented and skilled manpower to create world class zero defect products. Mission is to **manufacture in India and sell the products worldwide**. The basic thinking behind this campaign is:

- Develop global level infrastructure facilities.
- Focus on skill development.
- To promote exports and reduce imports.
- Create more employment
- Increase individual's income and purchasing power.
- Facilitate investment and innovation.

POLICIES UNDER 'MAKE IN INDIA' INITIATIVE

There are 4 major policies under the 'Make in India' program:

1. New Initiatives: This initiative is to improve the ease of doing business in India, which includes increasing the speed with which protocols are met with, and increasing transparency.

- Here's what the government has already rolled out
- Environment clearances can be sought online.
- All income tax returns can be filed online.
- Validity of industrial licence is extended to three years.
- Paper registers are replaced by electronic registers by businessmen.
- Approval of the head of the department is necessary to undertake an inspection.

2. Foreign Direct Investment (FDI):

The government has allowed 100% FDI in all the sectors except Space (74%), Defence (49%) and News Media (26%).

FDI restrictions in tea plantation has been removed, while the FDI limit in defence sector has been raised from the earlier 26% to 49% currently.

3. Intellectual Property Facts:

The government has decided to improve and protect the intellectual property rights of innovators and creators by upgrading infrastructure, and using state-of-the-art technology.

The main aim of intellectual property rights (IPR) is to establish a vibrant intellectual property regime in the country, according to the website.

These are the various types of IPR:

- Patent: A patent is granted to a new product in the industry.
- Design: It refers to the shape, configuration, pattern, colour of the article.
- Trade mark: A design, label, heading, sign, word, letter, number, emblem, picture, which is a representation of the goods or service.
- Geographical Indications: According to the website, it is the indication that identifies the region or the country where the goods are manufactured.
- Copyright: A right given to creators of literary, dramatic, musical and artistic works.
- Plant variety Protection: Protection granted for plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants.
- Semiconductor Integrated Circuits Layout-Design: The aim of the Semiconductor Integrated Circuits Layout-Design Act 2000 is to provide protection of Intellectual Property Right (IPR) in the area of Semiconductor.

4. National manufacturing:

Here the vision is,

- To increase manufacturing sector growth to 12-14% per annum over the medium term.
- To increase the share of manufacturing in the country's Gross Domestic Product from 16% to 25% by 2022.

- To create 100 million additional jobs by 2022 in manufacturing sector.
- To create appropriate skill sets among rural migrants and the urban poor for inclusive growth.
- To increase the domestic value addition and technological depth in manufacturing.
- To enhance the global competitiveness of the Indian manufacturing sector.
- To ensure sustainability of growth, particularly with regard to environment

THE MAKE IN INDIA LOGO

The Make in India logo is derived from India’s national emblem. The wheel denotes the peaceful progress and dynamism – a sign from India’s enlightened past, pointing the way to a vibrant future. The prowling lion stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



RESPONSE TO THE 'MAKE IN INDIA' INITIATIVE

Since the launch of Make in India in September 2014, FDI inflows of USD 77 billion including an equity inflows of USD 56 billion has been received for the period October 2014 to March 2016. This represents about a 44% increase in FDI Equity inflows over the same corresponding period. ‘Zero defect zero effect’ is a key phrase which has come to be associated with the Make in India campaign. In the words of Prime Minister, “Let’s think about making our product which has 'zero defect'... and 'zero effect' so that the manufacturing does not have an adverse effect on our environment”. Thus, sustainable development in the country is being made possible by imposing high-quality manufacturing standards while minimising environmental and ecological impact.

Make in India Expected Contribution in Gross Domestic Product (GDP)

Sectors	Contribution (Before Make in India)	Expected Contribution (After Make in India)
Automobiles	\$8 Billion	50 Billion
Food Processing	\$1.43 Trillion	\$7.21 Trillion
Renewable Energy	\$20 Billion	\$40 Billion
Automobile Components	\$10.81 Billion	\$39 Billion
IT and BPM	\$143 Billion	\$300 Billion
Roads and Highways	\$14 Billion	\$57.8 Billion
Aviation	\$17 Billion	\$25 Billion
Leather	\$28 Billion	\$76 Billion
Space	\$47 Billion	\$85 Billion
Biotechnology	\$1.1 Billion	\$7 Billion
Garments	\$67 Billion	\$100 Billion
Chemicals	\$16.8 Billion	\$70 Billion
Mining	\$56 Billion	\$80 Billion
Thermal Power	\$34 Billion	50 Billion
Construction	\$78.5 Billion	\$140 Billion
Tourism and Hospitality	\$20.236 Billion	\$21.071 Billion
Defence Manufacturing	\$56 Billion	\$100 Billion
Pharmaceuticals and Wellness	\$500 Billion	\$1 Trillion
Electrical Machinery	\$54.3 Billion	\$65 Billion
Ports	\$68.3 Billion	\$86 Billion
Electronic System	\$43 Billion	\$94.2 Billion
Railways	\$80 Billion	\$100 Billion

Just between September 2014 and November 2015, the government had received proposals from the interest

companies for manufacturing electronics in India worth Rs.1.20 Lakh Crore. Moreover, 24.8% of smart phones that were shipped in April-June of 2015 were manufactured in India. This initiative has the tendency to turn the Indian economy upside down, all for the better reasons. With the investment in the manufacturing sector, advancement in the technology, generation of the employment opportunities, and the ways to make the labour skilled, our country will be touching the sky of success in just a matter of few years. Moreover, the way Indian Government has been working is commendable and it justifies the need of transformation in the country. There are many foreign companies which have started making plan to invest in India, some of them are as follows:-

- In January 2015, a memorandum of understanding (MoU) was signed between the Spice Group and the government of Uttar Pradesh stating that Spice would start a mobile phone manufacturing unit there, with an investment of Rs 500 crore.
- In January 2015, Hyun Chil Hong, president & chief executive officer (CEO), Samsung South Asia, met Union MSME Kalraj Mishra to discuss a joint initiative under which 10 “MSME-Samsung technical schools” will be established in India. In February, Samsung said it will manufacture the Samsung Z1 in its plant in Noida.
- In February 2015, Hitachi committed to the initiative. It said it would increase its employees in India from 10,000 to 13,000 and would try to increase its revenues from India from ₹100 billion in 2013 to ₹210 billion. It added that an auto-component plant will be set up in Chennai in 2016.
- In February 2015, Huawei opened a new R&D campus in Bengaluru. It had invested \$170 million to establish the centre. It is also in the process of setting up a telecom hardware manufacturing plant in Chennai. Also, in February, Marine Products Export Development Authority said it was interested in supplying shrimp eggs to shrimp farmers in India under the initiative.
- In February 2015, Xiaomi began initial talks with the Andhra Pradesh government to begin manufacturing smartphones at a Foxconn-run facility in Sri City. On 11 August 2015, the company announced the first manufacturing unit was operational and introduced the Xiaomi Redmi 2 Prime, a smartphone assembled at the facility.
- In June 2015, France-based LH Aviation signed an MoU with OIS Advanced Technologies to set up a manufacturing plant in India to manufacture drones.
- On 8 August 2015, Foxconn announced it would invest \$5 billion over five years to set up R&D and hi-tech semiconductor manufacturing facility to be set up in Maharashtra. Later, General Motors announced that it would invest \$1 billion to begin manufacturing automobiles in the state.
- On 18 August 2015, Lenovo announced that it had begun manufacturing Motorola smartphones at a plant in Sriperumbudur near Chennai, run by Singapore-based contract manufacturer Flextronics International. The plant has separate manufacturing lines for Lenovo and Motorola, as well as quality assurance, and product testing.
- On 16 October 2015, Boeing Chairman James McNerney said the company could assemble fighter planes and either the Apache or Chinook helicopter in India. The company is also willing to manufacture the F/A-18 Super Hornet in India if the Indian Air Force (IAF) were to purchase it.
- In November 2015, Taiwan's Wistron Corp, which makes devices for companies such as Blackberry, HTC and Motorola, announced that it would begin manufacturing the devices at a new factory in Noida, Uttar Pradesh.
- On 30 November 2015, the ministry of railways signed formal agreements with Alstom and GE Transport worth Rs 40,000 crore (\$5.9 billion) to set up locomotive manufacturing factories in Madhepura and Marhaura in Bihar.
- In December 2015, Qualcomm announced that it was starting a Design in India programme to help mentor up to 10 Indian hardware companies with the potential to come up with innovative solutions and help them reach scale. As part of the programme, the company will set up an innovation lab in Bengaluru to provide technical and engineering support to the selected companies.
- In December 2015, Micromax announced that it would put up three new manufacturing units in Rajasthan, Telangana and Andhra Pradesh, at a cost of Rs 300 crore (\$44 million). The plants will begin

functioning in 2016, and will employ 3,000-3,500 people each.

- In December 2015, Following Japanese Prime Minister Shinzo Abe's visit to India, it was announced that Japan would set up a \$12-billion fund India-related projects, called the "Japan-India Make-in-India Special Finance Facility"
- In late December, Vivo Mobile India began manufacturing smartphones at a plant in Greater Noida.

Make in India Impact on Manufacturing Sector

(Sector wise)

The main and the prime motive of Make in India campaign is to strengthen the manufacturing sector and to make India, a global manufacturing hub. This campaign mainly focuses on this sector just because there is a lot of scope of growth, employment, and contribution in the economy from this sector. The aim was to increase the contribution of the manufacturing sector up to 25% in the Gross Domestic Product of the country's economy. Earlier, the contribution was limited up to 15% but the impact of Make in India has increased the contribution by 7.6% in 2015-16. In the last several years, this was the fastest change in the sector. Another aim of the campaign was to increase the employment in this sector. Since manufacturing is to be increased, then the employment opportunities will automatically rise up. The poor and the unemployed will get a chance to get involved in this sector. The employment will generate income, and that, in turn, will increase the purchasing power of the people.

Make in India Impact on Construction Sector

The real estate sector of the country is the second largest sector. The employment statistics in this sector is more than 35 Millions. The approximate share of this sector in the GDP was 62%-63% in 2009-10 and the government intends to increase this contribution up to 70%-75% by 2030. The growth of this sector was consistent and the sector grew about 30% in 2005-08. But, the global financial crisis in 2008 affected the growth rate of the construction sector very badly. If you believe the stats, then this sector alone is worth USD 78.5 Billion and the government is planning to increase the worth up to USD 140 Billion by 2017. The impact on the 'Make in India' on the construction sector will lead to the development of townships, road & bridges, hospitals, recreational facilities, residential/commercial premises, hotels, resorts,

educational institutes, city and regional level infrastructure.

Make in India Impact on the Tourism & Hospitality Sector

There is no denying the fact that India is a country that is rich in heritage. People from all over the world step in India to enjoy the ancestral heritage, ancient monuments, beautiful cities, heart-warming greenery, and great hospitality that India proudly possess. India has left no stone unturned in attracting the tourists with various initiative, like Incredible India and Athithi Devo Bhava. This sector is the third largest foreign exchange earner of the country. The total contribution of this sector in the GDP was 6.88% in 2012-13. And, the government wants to increase this contribution by 7.5%. Every USD 1 million investment in the sector creates 78 jobs; hence, increase in employment can be the reason of large investment. The government is also trying to increase the number of domestic tourists as well.

Make in India Impact on IT Sector

Everybody is aware of the growth that the IT sector is witnessing in present era. If there is one sector in India that is developing at a rapid speed, then that is IT sector. With the indulgence of the youth and the foreign companies opening up their branches in India, the contribution of this sector in the Gross Domestic Product is approximately 9.3%. India proudly holds the third position in the list of startup hubs. India has encouraged 4200 start-ups in the country. And, the total revenue of this sector is USD 130 Million. With the help of Make in India, this sector has witnessed the highest growth since last five years in 2015. The sector has registered approximately 13.5% growth. The social, mobility, analytics, and cloud market (SMAC) holds 1, 50,000 employees. The government is expecting the growth of SMAC market up to USD 225 Billion by 2020. The Digital India campaign of the government focuses on providing mobile The aim of the government connectivity throughout the country, making every government process technological, and e-delivery of citizen services. If everything goes right, then very soon, India will be a country of technology. With the development in IT sector, employment opportunities will raise, and the people will become more knowledgeable to the technology.

Make in India Impact on Automobile Sector

The impact of the campaign on this sector will be in a way that it will be the 3rd largest automotive market in the

world by 2026. The production of two wheeler has grown from 8.5 Million units to 15.9 Million units per year. The car market is expected to grow by 6 Million+ units annually by 2020. The contribution of this industry in country's GDP is approximately 45%. The employment rate of the sector is about 19 Million. India is the 7th largest producer of vehicles in the world and produces approximately 24 Million vehicles annually. 3.64 Million Vehicles of the total production are exported annually. The

government is expecting to increase the position of the sector from 7th largest to 3rd largest by 2016-17. India is currently 2nd largest producer of the two-wheeler, largest motorcycle producer, and the 5th largest producer of the commercial vehicle of the world.

Moreover, all of these policies are a great source of creating employment opportunities. Not just for men but for women as well! Besides, to increase the GDP will be the most beneficial thing for the country.

EFFECTS OF MAKE IN INDIA ON INDIAN ECONOMY

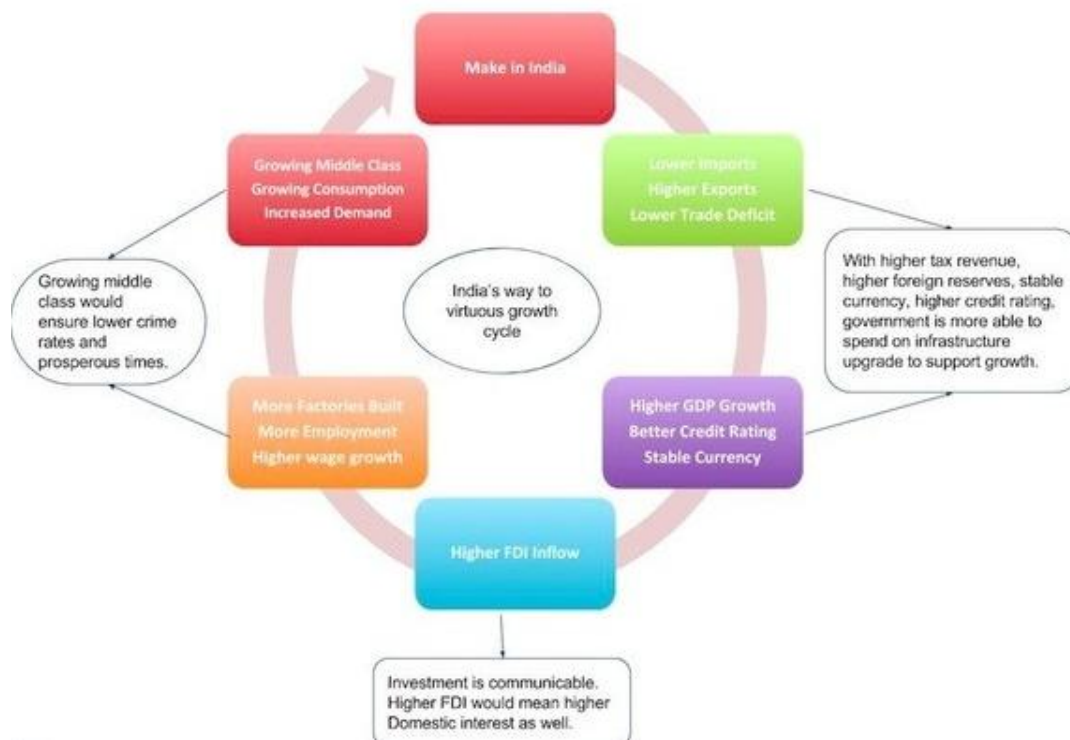


Fig. Make in India - A trigger to India's virtuous growth cycle

- 1. Increase the share of manufacturing sector:** - For the growth of any country manufacturing sector's contribution to GDP needs to be much more significant. Make in India campaign will help in increasing the share of manufacturing sector in GDP from current 15-16% to 25% by 2022.
- 2. Boost India's Economic Growth:** -The make in India campaign will lead to an increase in exports and manufacturing. An increase in exports will improve the economy and India will be transformed into a global hub of manufacturing through global investment using the current technology.

Manufacturing will also boost India's economic growth and GDP.

- 3. More Job Opportunities:** -It will lead to the creation of many job opportunities. Around 100 million people are expected to get jobs by 2022. An increase in investment will bring employment opportunities for both skilled and unskilled labours and this will form a job market. As majority of workforce in India is low skilled therefore it will provide millions of job to this sector. Every manufacturing unit requires supply of parts which is boon for SME's. Make in India will help to generate indirect employment through SME's.

4. Attract More Foreign Direct Investment (FDI):-

Whether we love it or hate it but fact of the matter is that India has huge dependence on FDI to keep economy alive. It will welcome more FDI. Our honourable Prime Minister gave a new term for FDI. For him FDI means 'first develop India'. Since the government had promised to improve the ease of running businesses in India, it is going to attract many FDI. Foreign investment will bring technical expertise and creative skills along with foreign capital. At the moment it has already received an amount of INR 20 K million from a proposal that was made on October 2014. Based on the recommendations of the Foreign Investment Promotion Board (FIPB), FDI inflows have increased 40 per cent during April-December 2015 to reach US\$ 29.44 billion.

5. Investment in India:

–Through Make in India Project more companies are looking to set up factories, a unit known as "Invest India" is in the process of being put to place. This unit will be under the department of commerce and will be available any time to make it easy to carry out regulatory clearance within the shortest time possible ensuring that businesses are run in India easily.

6. Reduce Trade Deficit:

In comparison to service sector, manufacturing sector has multiplier effect on Exports which will help the government to reduce India's trade deficit. Reduction in trade deficit will have large scale positive impact on the finances and economy of the country. It will stop devaluation of currency and increase sovereign rating which in turn will attract more FDI. FDI inflow will help to stimulate Indian economy.

CONCLUSION

The main target of Make in India campaign is to give the Indian economy global recognition. It is a platform to attract industrialists to make India a global manufacturing hub. It will contribute to country's economic growth by developing infrastructure, promoting exports and by increasing more employment opportunities for the youth in the country. Employment will increase individual's

purchasing power which ultimately helps in eradication of poverty and expansion of consumer base for companies. It will attract big enterprises because any company will invest in India through this campaign it will directly get access to huge market of 125cr. People. India will break this inhibition that India can not become manufacturing house competing china. It will take India higher on Ease-of-doing-business index and will enhance Public-Private Partnerships in skill development.

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