



## IMPACT OF MAKE IN INDIA CAMPAIGN: A GLOBAL PERSPECTIVE

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**ABSTRACT:** India is one of the world's fastest growing economies, the tenth largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). India needs to identify the steps being taken to give more financial powers to states, increased investment on infrastructure, emphasis on manufacturing which enables to open the door for investment. This Make in India campaign guides the foreign investors, prompt response, assistance to foreign investors and provide relevant information and proactive approach. This paper covers overview of the Make in India campaign, sectors covered, Initiatives taken by companies, growth cycles, challenges, opportunities and foreign investment in Indian manufacturing. The present study is based on secondary data. The data has been extracted from the various sources like research articles, publications from Ministry of Commerce, Government of India, various bulletins of RBI and authenticated websites. The study found that, Make in India will bring a drastic change in the fields like automobiles, aviation, biotechnology, defense, media, thermal power, oil, gas and manufacturing sectors. Thus, we can conclude that, despite the fact that "Make in India" though came at a right time, its execution remains a big challenge.

**Keywords:** Make in India, Growth, Foreign Direct Investment, Opportunities and Challenges.

### I. INTRODUCTION

Make in India is an international marketing campaigning slogan coined by the Prime Minister Narendra Modi on 25<sup>th</sup> September 2014, to encourage the companies around the world to invest and manufacture their products in India. He has launched this ambitious campaign with an objective to turn the country into a global manufacturing hub. To achieve a manufacturing led transformation, India would need to undertake a structured and planned approach in review manufacturing, gain global competitive advantage and gain global leadership. In order to succeed in this campaign, it was important to be open to capital and expertise from all over the globe and implementation of GST will make India one market and strengthen overall programme. Doing business in India today is much more difficult than elsewhere, but the government wants to change this. Several pressing issues prompted the launch of this campaign. First and foremost is India needs to reboot its economy. After several years of gross national product growth averaging 7.7%, between 2002 and 2011, this pace slowed down to around 5% in 2013 and 2014. Secondly India needs more jobs for its young people. Recently, on an average 5 million new jobs have been created each year, but around 12 million people join the workforce each year. India's labour force is expected to grow to 600 million by 2022. Job creation will fight poverty and help divert people from agriculture, which has a low capacity to sustain their livelihood. Thirdly, India's economic development model has been quite peculiar, offering privileges to skilled labour often employed by foreign companies. That is why today manufacturing in China makes up 34% of gross domestic product. The Chinese have positioned 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 compared to its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.

In order to make this initiative a great success, we need to be at par with the advanced world as far as usage of modern technology is concerned and we need to have more clarity, maturity and intensity on quality aspects of our products. India's youth population is both a strength and threat. In order to bring the huge chunk of unemployed youth power in to employment stream, India needs to create millions of jobs every year. The new government is aware of this fact and that is why the Make in India campaign is so earnestly launched. Most of the western countries are rapidly ageing, whereas India will continue to remain young for next 2-3 decades.

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So the aging world will have to depend a lot on India. Therefore Make in India is not a short term programme, it will be an ongoing process.

The Indian manufacturing industry currently contributes just over 15% to the national GDP. The aim of this Make in India campaign is to grow this to 25%. In this process, the government expects to generate jobs, attract much foreign direct investment and transform India into a manufacturing hub. This campaign aids the investors by making India a pleasant experience and leads to overall development of the country. The major objectives of this campaign are to focus on 25 sectors of the economy for job creation and skill enhancement. The initiative hopes to increase the GDP growth and tax revenue. The initiative also aims at high quality standards and minimizing the impact on the environment, attracts capital and technological investment in India. The campaign was designed by the Wieden + Kennedy (W+K) group which had previously worked on the incredible India campaign and a campaign for the Indian air force.

The logo for Make in India campaign is an elegant lion, inspired by the India's national emblem Ashoka Chakra and designed to represent India's success in all spheres. 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. The campaign was dedicated by the Prime Minister to the eminent patriot, philosopher and political personality Pandit Deen Dayal Upadhyaya who had been born on the same date in 1916.

## II. NEED FOR THE STUDY

India too needs to develop its infrastructure in order to militate its presence in the global picture and to match the rising demands and the living standards of its citizens. The most easy and important way to keep pace with the environment for a country is to develop its manufacturing sector. When more global and local players will invest in a country, it will boost the trade and economic growth, develop its infrastructure and generate more employment opportunities for its citizens. Hence the present study is on Impact of Make in India Campaign: A Global Perspective

## III. OBJECTIVES OF THE STUDY

1. To study the overview of Make in India campaign.
2. To study the Make in India campaign main focus areas.
3. To study the initiatives taken by companies and various growth cycles of Make in India.
4. To study the effect of foreign direct investment in Indian manufacturing.
5. To study the major challenges, opportunities of Make in India initiative.
6. To offer useful suggestions in the light of findings.

## IV. RESEARCH METHODOLOGY

The present study is based on secondary data. The data has been extracted from various sources like research articles, publications from Ministry of Commerce, Government of India, various bulletins of RBI and authenticated websites.

## V. REVIEW OF LITERATURE

- ★ **K. Kalaivani (2015)** the article entitled "A Study on the Impact of Make in India on HRM Practices - An overview". The study helps to understand the impact of make in India on the HRM practices followed in our country. The study also covers the synergy between the HRM practices and the job opportunities. The study found that, a significant positive and meaningful relationship between HRM practices and the make in India. The study also found that, HRM practices become the means whereby designing new culture requires that HRM professionals and ahead of the cultural change curve with innovative and exciting HRM practices.
- ★ **Dr. K. V. Ramana (2015)** the article entitled "Make in India Illusion or Possible Reality Project?" The paper covers issues of the make in India, sectors covered, worldwide and positive responses and some critics. The study also covers the challenges that the project and movement will face. The study found that, this campaign attracts foreign investments and boost the manufacturing sector of India has been timed to perfection.
- ★ **S. Soundhariya (2015)** the article entitled "Make in India - Scheme for transforming India" The paper discusses about Make in India scheme, its opportunities, challenges, changes needed and some examples of different investors invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.
- ★ **Seema Sangwan (2015)** the article entitled "Making Make in India realism: role of FDI". This study focuses on the changes in FDI rate after introduction of Make in India by Modi and growth due to increase in the FDI rate. The study found that, there is high correlation between industrial production and FDI inflows. The study also found that, the effect of FDI on economic development ranges from productivity increased to enable greater technology transfer.

## VI. MAKE IN INDIA CAMPAIGN MAIN FOCUS AREAS

The focus of Make in India programme is on creating jobs and skill enhancement in 25 sectors. The following are the major areas:

Automobiles	Electronic System	Ports and Shipping
Automobiles Components	Food Processing	Railways,
Aviation	Entertainment	Roads and Highways
Biotechnology	Leather	Renewable Energy
Chemicals	Media and Entertainment	Space
Construction	Mining	Textiles and Garments
Defense Manufacturing	Oil and Gas	Thermal Power
Electrical Machinery	Pharmaceuticals	Tourism and Hospitality
Wellness	Information Technology (IT) and Business Process Manufacturing (BPM)	

## VII. RECENT INITIATIVES TAKEN BY COMPANIES

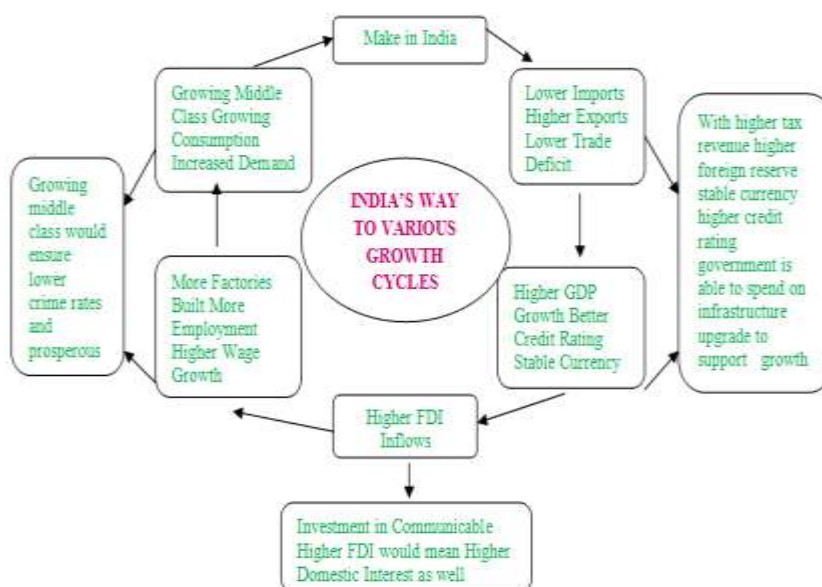
- ❖ In January, 2015 the Spice Group would start a mobile phone manufacturing unit in Uttar Pradesh with an capital investment of 500crore. A memorandum of understanding was signed between the Spice Group and the Government of Uttar Pradesh.
- ❖ In January, 2015 HyunChil Hong the president and CEO of Samsung South West Asia under Micro Small and Medium Enterprises (MSME) 10 MSME Samsung Technical Schools will be established in India.
- ❖ In February, 2015 Hitachi committed to the initiative of increasing its employees in India from 10,000 to 13,000 and tries to increase the revenue from India i.e. from 100 billion to 210 billion.
- ❖ In February, 2015 Huawei opened a new research and development (R and D) campus in Bengaluru. Invested 170 million to establish research and development centre.
- ❖ In April, 2015 Air Bus Company will manufacture its products in India and invest 2 billion US dollars.
- ❖ In February Marine Products Export Development Authority interested in supplying shrimp eggs to shrimp farmers in India.
- ❖ In May, 2015 Tata JLR (Jaguar Land Rover) moves its production of the Land Rover Defender to its Pune facility in India.
- ❖ In 2016 Shiv Kumar Rungta president FTAPCCI stressed on key sectors like services mainly Information technology (IT), Mechanization of Agriculture sector for achieving increased productivity among others for the success of make in India.

## VIII. 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:

- ✚ **New Processes:** The government is introducing several reforms to create possibilities for getting FDI and foster business partnerships. This reform is also aligned with parameters of 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 single most important factor to promote entrepreneurship. A number of initiatives have already been undertaken to ease business environment.
- ✚ **New Infrastructure:** The government intends to develop industrial corridors and build smart cities, create world class infrastructure with state of the art technology and high speed communication. Innovation and research activities are supported by a fast paced registration system and improved infrastructure for IPR registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being implemented.
- ✚ **New Sectors:** This campaign has identified 25 sectors to promote with the detailed information being shared through an interactive web portal. The government has allowed 100% FDI in Railway and removed restrictions in Construction. It has also increased the FDI to 100% in Defense and Pharmaceutical.
- ✚ **New Mindset:** This initiative intends to change by bringing a paradigm shift in the way Government interacts with various industries. It will focus on acting as a partner in the economic development of the country along with development in corporate sector

### IX. VARIOUS GROWTH CYCLES OF MAKE IN INDIA



### X. FOREIGN INVESTMENT IN INDIAN MANUFACTURING

**Table 1:** Annual FDI Inflows to India in Manufacturing (US \$ Billion)

Year	Annual FDI Inflows (US \$ Billion)
2010-11	4.79
2011-12	9.34
2012-13	6.53
2013-14	6.38
2014-15	9.61
2015-16	8.44

Source: Reserve Bank of India Annual Report

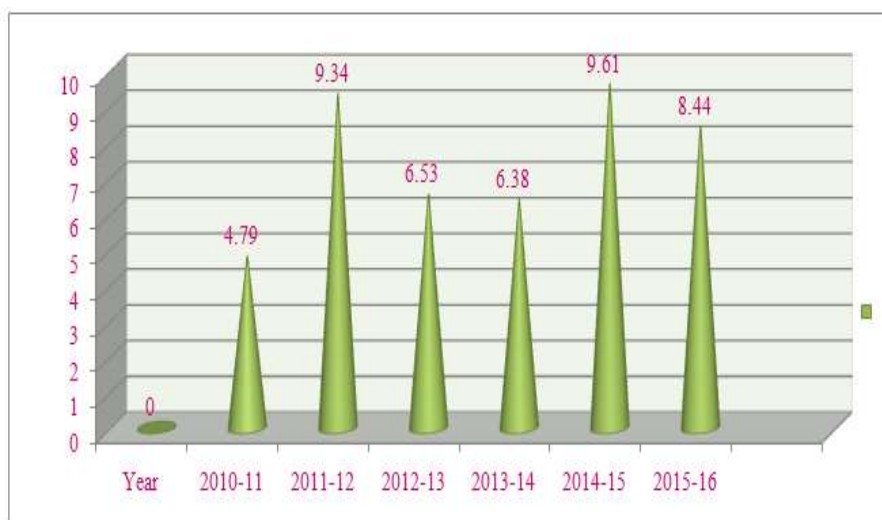


Table and figure reveals that, the most recent FDI data from the Reserve Bank of India, broken up by sector, since Make in India specifically concerns manufacturing. After an encouraging jump to a record of \$ 9.6 billion in 2014-2015, FDI in manufacturing actually fell to 8.4 billion in 2015-2016.

## XI. PROPORTION OF FDI GOING TO MANUFACTURING

**Table 2:** FDI in Manufacturing as a percentage of Total Annual FDI to India

Year	Percentage of Total Annual FDI in Manufacturing
2010-11	32
2011-12	40
2012-13	36
2013-14	40
2014-15	39
2015-16	23

**Source:** Reserve Bank of India Annual Report

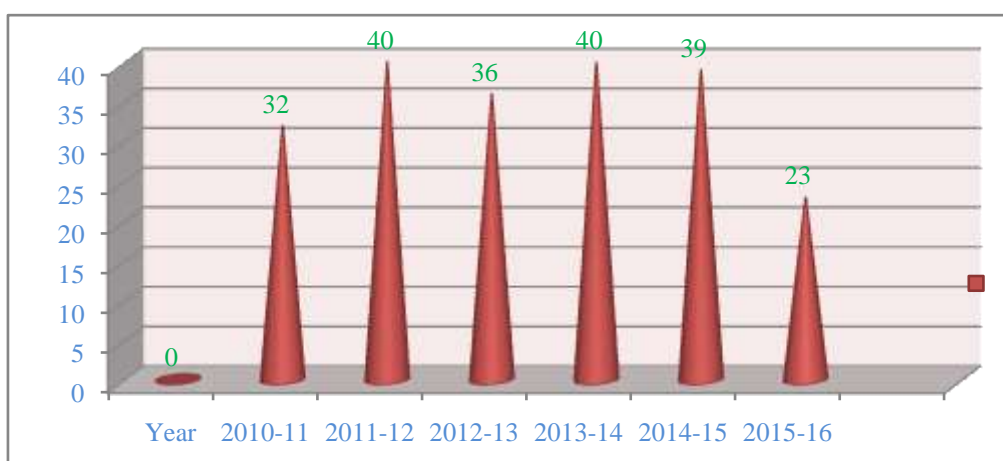


Table and figure reveals that, the percentage of FDI flowing to manufacturing sector, which has been in the range of 35-40% for the past four years, dropped to 23% in 2015-16. Rather than manufacturing, services like e-commerce providers i.e. Amazon, Snapdeal and Flipkart, ride sharing services like Uber and Ola seem to be drawing a greater share of the investment.

## XII. MAJOR CHALLENGES OF MAKE IN INDIA

- India needs funds to build industries, which in turn need infrastructure. This requires more finance which itself is a major challenge. India's banking systems are not in a position to lend many funds to industries, unless their balance sheet is cleared. If the government pumps more funds to bank, that leads to less investment in infrastructure.
- India can start manufacturing in India, but they cannot create more jobs because robots may take over the manufacture worldwide and still stay competitive. Vivek Wadhawa, Stanford University fellow who is at the forefront of alerting the world on the robotic threat, that new kind of industrial revolution won't require many humans. We are headed into a jobless future, just think of Google's self driving cars.
- Many companies like Maruti, Nokia, Ford and Hyndai have had strikes and protests in India at their manufacturing plants in the past two years alone. India has labour laws and organized unions that can hinder smooth expansion. The Congress affiliated Indian National Trade Union Congress controlled more than 33 million workers. The BJP friendly Bharatiya Mazdoor Sangh (BMS) controlled 17 million workers. Communist party run unions had 20 million workers.
- India lagging behind in imparting skills training to workers. Dearth of vocational education facilities and lack of training facilities are the key challenges of India's industrial landscape.
- Long term global competitiveness in industry required huge investments in research and development, but Indian companies have been slow to embrace research and development.
- India has been very stringent in application of procedures and regulations. Creating healthy business environment will be possible only when the administrative machinery is efficient. A business friendly environment will only be created if India can signal easier approval of projects and set up hassle free clearance mechanism.
- India should be ready to tackle elements that adversely affect competitiveness of manufacturing. India should also be ready to give tax concessions to companies and set up unit in the country.
- India should be more focused towards novelty and innovations in small and medium sized industries. The government has to chalk out plans to give special scope and privileges to these sectors.
- India's Make in India campaign will be constantly compared with China's Make in China campaign. India should constantly keep up its strength so as to outpace china's supremacy in the manufacturing sector.



### **XIII. OPPORTUNITIES OF MAKE IN INDIA**

- ❖ Aiming to make in India as its export hub, home appliances manufacturer Bosch and Siemens today announced company's first manufacturing plant 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 to come and make in India opportunity.
- ❖ The Make in India campaign seems to have come at perfect time. Many giant foreign companies have already expressed their interest in setting up manufacturing facility in India.
- ❖ Switzerland based chocolate maker Barry Callebaut is looking at setting up a manufacturing unit in India as part of its global expansion plans to cash in on the 3,000crore domestic market. Barry Callebaut currently has only commercial operations in the country.
- ❖ The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services.
- ❖ Improving logistics infrastructure such as port-to- inland connectivity, cargo airports etc.
- ❖ KPMG and CII recently completed a report which identified nine key action items to make in India conducive for large scale manufacturing.

### **XIV. FINDINGS OF THE STUDY**

- ✓ Make in India will bring a drastic change in the fields like automobiles, aviation, biotechnology, defense, media, thermal power, oil and gas and manufacturing sector.
- ✓ The job opportunities are multiples and opened the doors without any limitations.
- ✓ Through continuous foreign investments, the progress of the Indian economy can be made sustained.
- ✓ The challenges and threats for the human resource sector will be refined in the sectors of the economy.
- ✓ This initiative creates great awareness about the growing technology.

### **XV. SUGGESTIONS**

- ✓ The extra impetus by the government on initiatives like skill development has been proposed to provide essential support to make in India to thrive.
- ✓ We should manufacture goods in such a way that they carry zero defects and goods with zero effect that they should not have a negative impact on the environment.
- ✓ Reforms like bringing more sectors under the automatic route, increasing the FDI cap and simplifying the procedural delays has to be initiated.
- ✓ India should consciously work towards attracting greater FDI into Research and Development.

### **XVI. CONCLUSION**

Manufactured has emerged as one of the high growth sectors in India. The Make in India campaign helps to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India's ranking among the world's 10 largest manufacturing countries has improved by three places to sixth position in the coming years. The proposal of making in India will boost manufacturing the electronic manufacturing market in the country. This in turn will focus on electronic manufacturing and plans to set up electronic clusters across various towns and cities. The large investment in manufacturing will bring in more capacity creation in the country. The tax reliefs given to start ups and MSME's will boost sustainable employment and the quality of startups in the design led manufacturing sector. Make in India mission is one such long term initiative which will realize the dream of transforming India into manufacturing hub. Make in India campaign also focuses on producing products with zero defects and zero effects on environment. Come Make in India, Come Manufacture in India, Sell in any country of the world but manufacture here. We have got skill, talent, discipline and determination to do something.

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