

# Impact of “Make in India” in Indian Economy

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## ABSTRACT

Make In India, is buzzword initiated for the sole purpose of inviting various commercial sectors from all around the world, to engineer their products in India and sell them anywhere they wish. The crusade had instigated on 25th September 2014, and since then has emerged as one of the grandest triumphs of the Indian economy.

Both the policies seem to benefit the Indian economy in their respective ways. On one hand, Make in India will boost foreign investments in the economy and on the other, Made in India will help the country being self-reliant in terms of manufacturing of products. Therefore, a logical route is needed to be adopted.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behavior and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers.

With this initiative, Mr. Modi is literally inviting the rich and semi-rich countries to step in India and invest their money for the future of India. It’s like inviting the countries to set up their companies in India and manufactured in the territory of our country. **Sell everywhere but manufacture in India** sums it up all.

**Keywords:** Make In India, Growth, Made In India, Key Differences, GDP, Impact On Indian Economy

## 1. Introduction

Prime Minister Narendra Modi 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.

It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India, 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.

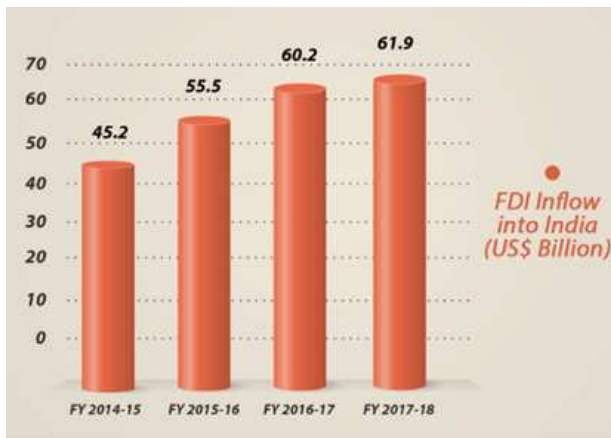
It targets **25 sectors** of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM), the details of each can be viewed on the official site



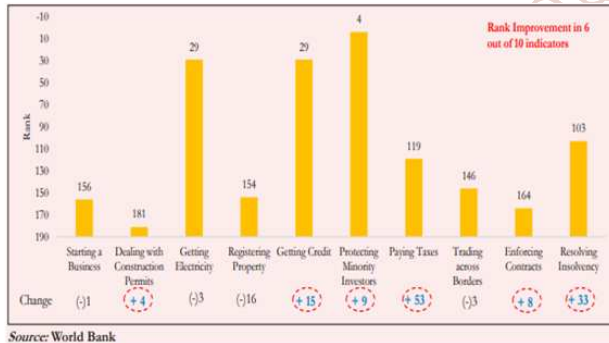
It also seeks to facilitate job creation, foster innovation, enhance skill development and protect intellectual property. The logo of ‘Make in India’ – a lion made of gear wheels – itself reflects the integral role of manufacturing in government’s vision and national development.

### 1.1 GROWTH

Many foreign companies making the investments in Make in India project thus having a great impact on the economy of India. Obviously, if the big companies will set up their branches here, it will directly affect the GDP of India. So if you are planning to **start your business in India** by making an investment in Make in India then first read these effects of Make in India over the economy:



India ranked 100 among 190 countries assessed by the Doing Business Team in the Ease of Doing Business Report, 2018 with an improvement of 30 ranks over its rank of 130 in the Ease of Doing Business Report 2017. India saw an improvement in six out of ten indicators namely – Dealing with construction permits, getting credit, protecting minority investors, paying taxes, enforcing contracts and resolving insolvency (Figure 1).



These improvements in rankings (Figure 2) have been a result of various reform measures undertaken by the Government including Structural and deep-seated reforms such as Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC); reforms aimed at strengthening India's institutions – Demonetization, mechanism for inflation targeting via the Monetary Policy; progress in Aadhaar enrollment and use in targeted delivery of benefits; and announcement of the Government's decision for recapitalization of public sector banks.

## 1.2 The 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.

## 1.3 Benefits

- Make in India initiative helps in creating jobs for ever-increasing population of India.
- Conversion of India into a manufacturing hub of various commercial products.
- Development of the areas and the neighboring locations where the industries would be set up.
- The program will boost the GDP of the Indian economy as foreign investments will lead to humongous flow of income.

- The FDI under this initiative would strengthen the rupee against the domination of the American dollar.
- As countries from all over the world will bring along latest technology, India will have an opportunity to make use of it as it lacks in various test mechanization.
- Setting up of industries under this initiative will help in the development of rural areas.

## 1.4 Drawbacks

- Under Make in India campaign, all the focus lies on the manufacturing sector. So this causes a negative impact on the agriculture sector of India.
- As setting up manufacturing industries requires natural resources like land, water, etc on a large scale. So, there is a possibility of depletion of these natural resources which can threaten the survival of such large population of India.
- Entry of foreign countries into the manufacturing sector in India has caused a threat to the existing small local entrepreneurs and might force them out of business.
- A wide disruption in the agricultural sector due to the utilization of land primarily for setting of manufacturing industries.
- Tough competition leads to lowering of returns on FDI and results in outflow of capital from the economy.
- Unemployment will be created if the foreign investors back out from the initiative

## 2. Made in India

'Made in India' initiative gave an identity to the products being manufactured in India. This program does not attract any foreign investors and believes inefficient utilization of the country's available resources. It encourages domestic manufacturers to produce goods in the country by using factors of production like land, labor, capital, entrepreneurship, and technology, thereby generating employment opportunities for the Indian masses. If this program is promoted efficiently, it would recognize and endorse the Indian homegrown brands. It will provide the domestic manufacturers with a platform to compete with foreign products and raise the standard of their products.

### 2.1 Benefits

- Efficient utilization of the country's talent and resources to manufacture a product
- Generation of employment opportunities for the Indian masses
- Promotes domestic manufacturers to produce goods in India

### 2.2 Drawbacks

The current circumstances of the Indian economy are unfavorable for the domestic brands. The BJP government is focusing more on the Make in India as it will make the country globally recognized because the government is trying to bring in competition and improve the quality of Made in India products. The deficiency in the quality of the domestic products has led to a fall in the exports and a decrease in the consumer base.

### 2.3 Key Differences

- Initially, it creates a service, a giant goal of presidency. Second, establishing even very low-tech security instruments constructed high-quality manufacturing means, which inserts into constructed the worldwide manufacturing commerce that is essential for (Made in India) work.

- The designers and integrators of weapons can take care of refined and a greater design, positive that works – from the low stage of manufactured gadgets, actuators and sensors and fuse packing containers washers bolt and to elevated ranges of pumps are obtainable without having to import or start developed gadgets to offer them.
- Made in India helps the Indian monetary system as soon as we commerce our merchandise made in our property to utterly totally different nations. In distinction, the Make in India will help the nation's monetary system by welcoming open air speculators to contribute proper right here furthermore help the residents by opening up entryways in the assembling house.
- It's an enterprise pitching program began by the model new authorities the place you attraction distant industrial ventures to rearrange their bases in India. Generally, the principle degree of this train is to make further job open doorways for Indians proper right here. The Made in India, nevertheless, is simply a punch line. It dosage make work in gentle of the reality that open air organizations discovered shoddy work in India.

### 3. Objective of Paper

- To study the concept and vision of **MAKE IN INDIA**
- To find out the importance Campaign of "Make In India"
- To study about "Made In India" and to know the key differences of Make in India v/s Made in India
- To find out the Impact of Make In India in Indian Economy

### 4. Research Methodology

The study focuses on extensive study of Secondary data collected from, offline annual reports, magazines government reports, publications from various websites which focused on my subject matter.

### 5. Impact on Indian Economy

The impact of this campaign will be felt both domestically and internationally. The development of the manufacturing sector will create employment opportunities for the youth of the country, alleviate poverty, attract investments, create value for Indian goods and fix the rising trade deficit. Internationally, it will improve India's standing in the world and investors will look at India not merely as a market but as an opportunity. The interaction between domestic and international firms will, inevitably, help transform domestic firms into MNCs.

The government has backed this campaign by taking steps such as:

- setting up 'Invest India' (will act as the first reference point for assisting investors)
- setting up a dedicated web portal "<http://www.makeinindia.com>" to resolve all queries
- setting up of an expert panel to redress grievances and handle queries of global and domestic investors within 24 hours
- raising FDI caps in railways and defense production to 100% and 49% respectively
- The environment of positivity created by this campaign has significantly improved the perception of the Indian economy.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025,

owing to shift in consumer behavior and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers.

The new rankings are indeed a boost for the economy, but much more is needed to be done on the ground. For example, when it comes to starting business, the ranking has slipped by one notch to 156 from 155 from 2016. In this field, government needs to do much more if its wants 'Start Up' India programme to succeed. India also fared lower in the areas of registration of properties and enforcing of contracts. It reflects slow progress in land and labor reforms. Thus, the new rankings may give a motivational cheer to the government, but it still had to move miles ahead for full-fledged celebrations.

India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

India's labor force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labor force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI.

### 6. Conclusion

India has the capability to push its manufacturing contribution to GDP to 25% by 2025. Government has to act as the central pivot of aligning industries, private companies, public sectors and all stakeholders in realizing this vision. Government has to put policies in place be it sector reforms, labor reforms or the elimination of business barriers. The Government of India has taken a number of steps to further encourage investment and improve business climate. „Make in India“ mission is one such long term initiative which will help to realize the dream of transforming India into a „manufacturing hub“.

Hon'ble Prime Minister's call for "zero defect and zero effect" manufacturing resonates well with our industry as we grow and produce for the world. India's expanding economy offers equal investment opportunities to domestic entrepreneurs and international players. It is our responsibility to leverage emerging economy.

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitization, globalization, favorable demographics, and reforms.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence

spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

The Prime Minister said ***“FDI” should be understood as “First Develop India” along with “Foreign Direct Investment.”*** He urged investors not to look at India merely as a market, but instead see it as an opportunity.

**‘Make in India’** is the proof that the nation is willing to embrace growth by adopting changes on the journey to becoming an economic superpower.

On a concluding note, 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 the expected fruit.

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