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### Make in India: An Assessment of India's economic growth

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#### ABSTRACT

To foster a manufacturing sector and to be able to advance and benefit the economy, expansion of manufacturing is a must. According to India's Jobs and Economic Development Plan, the manufacturing sector must play a crucial role to help the country achieve its target of increased employment and developing the economy. To that end, "Make in India" became a worldwide practice, announced by Hon'ble Prime Minister Shri Narendra Modi on 25th September 2014, to enhance the country's manufacturing capacities to become a global hub. His vision is to strengthen the manufacturing sector as a motor for India's economic growth by enticing global firms to move in and creating the climate for massive investment by encouraging them to invest in India, drawing the attention of those firms to set up their factories, and encouraging those within India to raise their industry to work on a low-cost design. A central objective of national manufacturing policy has been to raise the standard of living for all citizens by a factor of 25 over the next two decades through the addition of a hundred million workers. Therefore, the key intent of this research paper is to highlight the significant outline of this initiative, its strategies, possibilities, implication, possibilities and drawbacks (if any).

**Keywords:** Make in India, Economic growth, Strategies, and Manufacturing capacities.

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#### 1. INTRODUCTION

On September 25th, 2014, Prime Minister Narendra Modi publicly unveiled the "Make in India" as his new vision for India's economic development. As a longstanding, often welcoming foreign resource companies to start investing in India, there was no persuasive argument in favour of that necessitated direct inquiries to the chief executives of our domestic corporations, who were requested, to uproot themselves, except that there is no convincing justification for why they should leave the country. We are concerned that our businesses want to sparkle like top multinational corporations. The software accentuates on twenty-

five divisions where an attempt is in the aim of this programme, that is, to support the 16% of the GDP manufacturing contribution and develop it to 25% over the next five years. The Make in India initiative reduces unnecessary regulations and controls the three primary sectors that influence any nation's economy: agriculture, manufacturing, and the service industry. To the best of empiricism, we have many openings for us in Indian manufacturing, for sure, where several business and entrepreneur people are eager to participate in the government's initiatives to increase our national economic growth.

India's manufacturing sector would have to play a critical role in achieving its employment target. The government and industry must demonstrate a solid commitment to enabling high growth and development to generate jobs. Without a doubt, India is well-known for its export of services. Still, many doubt its ability to export manufactured goods, a perception that our Prime Minister Narendra Modi intends to alter.

It will turn into a worldwide manufacturing centre for employment and be a boon for its people. The Indian brain is full of creativity. Even Indian professionals are moving abroad due to the lack of sufficient and suitable employment opportunities in India. Consider the case that India is established as a manufacturing and investment hub for domestic and foreign investors. In that case, sufficient opportunities will be created for India's massively talented youth. India's transformation into a manufacturing hub will contribute to the development, along with strengthening and modernization of the Indian production base. Among the numerous resources available to an organisation, the resource from which funds are raised, and the human resource are the two most critical areas.

A country that does not understand the value and importance of its labour force and financial services will perish. As a result, the successful use of an association's budgetary services and human resources is the key to a country's success. Both human and financial resources shift in lockstep. Both have an impact, whether positive or negative, and both are directly related.

India's growth strategy has provided a socially equitable economy powered by self-sufficiency and social justice. These aims were set within a democratic framework and alongside a mixed economy that employs a combination of private and public sector actors. After the introduction of the Planning Commission, India started its growth strategy, which are now being carried forward by the NITI Aayog. Recent efforts have tried to put India as a global manufacturing powerhouse. India has several plans to attract domestic and foreign industry to invest in manufacturing. Its primary purpose is to focus on job creation and skill growth in India's critical sectors. The programme also aims to preserve high quality while reducing environmental effects. The initiative is aimed at attracting capital and technical investments to India.

## **2. OBJECTIVE OF THE STUDY:**

- To highlight the significant outline of the Make in India initiative.
- To reinvigorate the major initiatives considered by the Indian government to make the initiative more successful.
- To trace the significant issues in the process of implementing the initiatives.
- To assess the significant contribution of the initiative and its impact on the Indian economy.

### **3. RESEARCH METHODOLOGY:**

This research paper explores the significant opportunities and challenges of the initiative, i.e., Make in India for the Indian economy and its unprecedented growth. For the empirical facts of the study, this paper will also study each fact and data on experimental paradigms. Also, this paper has critically analyzed the various official articles, government reports and data, and related literature to assess and evaluate the initiative and its impact on the Indian economy.

### **4. WHY WE NEED 'MAKE IN INDIA'?**

The focus is on various objectives such as job development and capacity enhancement in various sectors of the economy, most notably chemicals, information technology, pharmaceuticals, renewable energy, weaving, bio-innovation, and hardware. Around 25 regions will be created with the end goal of actualizing the Make in India definition. Make in India is expected to draw FDI for capital financing and technological investment in various economic segments of the Indian economy. We are currently examining Smart Cities and Metro Rail systems for various cities across India due to the Make in India concept. Manufacturing in India by multinational corporations is to be accelerated under the make in India idea.

The Make in India initiative is being used to accelerate progress in the framework division. This is primarily to support the Indian economy's rising services and industrial sectors. This is to alleviate undue demand on agricultural land. At the moment, the agricultural sector is overburdened. To be a developed economy, approximately 30% of the population or even less than that must be employed in agriculture. Still, in India, approximately 60% or more of the population is employed in agriculture. This is the most critical concept: to encourage manufacturing and service sector development and increase jobs. India has enormous potential in the health and tourism sectors. This would increase India's foreign currency reserves. Meanwhile, this Make in India initiative will promote efficient resource utilisation within the country. Make in India would contribute to the expansion of employment opportunities in the country.

#### **Aims of Make in India initiative**

Skill growth programmes will be prioritised for rural residents and the vulnerable in urban areas. Twenty-five critical divisions have been condensed, including media relations, power, automobiles, tourism, and pharmaceuticals. Individuals between the ages of 15 and 35 will receive high-quality instruction in various fields, including welding, masonry, painting, and nursing, to assist senior citizens. Skill certifications will be issued to provide a framework for the training process. As of now, manufacturing in India continues to suffer from low performance, rigid rules, and a weak base, resulting in low-quality products being produced. Over the next two years, over 1000 training centres will be opened across India. To assist businesses in setting up factories, the commerce department establishes an "Invest India" unit accessible 24 hours a day. The primary objective of this department will be to simplify doing business in India by streamlining all approval procedures and resolving issues associated with obtaining administrative clearances within 48-72 hours to expedite clearances. To make this possible, a dedicated committee will be available to respond to all inquiries about assisting international investors/organizations. Soon, an e-commerce entry will be launched that will be available in real-time, 24 hours a day. FDI was historically permitted in the defence sector at 26 per cent, but not in railways. This was done in the hope of lowering India's military imports. Thus, the Make in India programme is focused on job creation and skill development in 25 key sectors.

## **5. MERITS OF MAKE IN INDIA**

“Make in India” has aided the Indian economy on both fronts. As a result, organisations worldwide have poured money into India’s industrialising it and gaining an advantage over the United States, putting forth a total of \$63 billion in foreign direct investment. However, the ‘make in India’ initiative has existed, no end to the debates is insight. On the one hand, the best industrialists believe in the vision of a financially powerful India. Still, on the other, industrialists and financial analysts are sceptical of the risk involved in Make in India’s development.

Investments in targeted industries, such as media, pharmaceuticals, and tourism, would encourage young entrepreneurs to approach their creative ideas without second-guessing the source of the hypothesis. To set up a factory in India, a place with good infrastructure is needed to increase the intensity of the zones that come into contact with this requirement. Such is key for developing countries like India.

Additionally, the work obtained from the area will benefit the economic well-being of the surrounding families. Since manufacturing is moving into India, monetary growth is inevitable, which will increase the GDP and the Indian commercial sector’s future hiring. Seventh-largest in the Urban world, customers prefer global brands to Indian ones. As a result, the small production company suffers. The protection of Indian factories would make it easier for small companies to succeed. Indian small retailers could become more influential brand names because of the investment. Much of India’s younger generations want to emigrate. Because of its human resources, the country hasn’t seen many technologies and innovations. It will not only provide employment for the youth but will help the industry reach new heights. With the introduction of capitalization, the Indian currency has been sent abroad; yet with the implementation, capital will remain in India. India will not spend overseas, but they will invest and pay salaries within the country.

## **6. DEMERITS OF MAKE IN INDIA**

Most significantly, the Make in India initiative will affect India’s agricultural sector. There is 61% of arable land in the Indian Territory. With the growth of industrial sectors, the need for agriculture will decline. Manufacturing in India means setting up various processing plants. On this scale, these sorts of ventures, natural resources are being depleted. India would be threatened by the near-term depletion of vital resources. Various countries worldwide are encouraged to manufacture in India due to this initiative, which attracts interest from commercial firms from abroad. to large companies

India’s farming sector is thriving. Roughly cultivated. Several corporations will turn their attention to fertile grounds to develop factories. Industrialization will trigger the long-short-term disruption of farming in the not-too-distant future India is the world’s most enormous. Agriculture, manufacturing, and retail industries. Currently, the service sector accounts for approximately 57% of the Indian GDP. However, given the Make in India initiative, the Indian economy will be majorly reliant on manufacturing and exports development. However, many upper-class Indians are addicted to foreign-oriented products. It will require a lot of time and effort to be put into brands to gain the locals’ confidence. Pollution is ailed India. Statistics say that the index is 76.50 for India. As the Make in India movement grows, this pollution is anticipated to increase. Thus, in India, ‘Make in India’ will lead to both favourable and some unfavourable results. However, in the broader perspective, as the economy develops, the share of the agricultural sector is bound to decrease, while the manufacturing sector has to boom. Thus, the Make in India initiative, along with

attractive Foreign Trade Policy and ease of doing business strategy, is expected to make India embark on the path of manufacturing led development.

## **7. CHALLENGES- AN ASSESSMENT**

Small and medium-sized enterprises (SMEs) in India would be crucial in propelling the manufacturing sector forward. India's commitment to novelty, interest and innovation in these fields should be increased. The legislature must lay out its intentions for providing unique benefits to these regions. According to the World Bank, India ranks 142nd out of 189 countries to ease doing business. India's taxation scheme is complicated, and its base facilities are inadequate. Rapid skill development is necessary because skill-intensive sectors are dynamic segments of our economy; without rapid skill development, these sectors will become uncompetitive. India should stimulate innovation, science, and growth, which are currently underdeveloped and provide more room for advancement.

India must also encourage high-tech imports; R&D to upgrade 'Make in India' puts India in direct competition with China's crusade. To achieve this, India's research and development capabilities must be strengthened and motivated to be world-class. The legislature must ensure that such innovation and development flourish in an atmosphere that fosters them.

### ***Recommendations***

- Make a highly robust, export oriented new Foreign Trade Policy that will begin to be functional from this year
- Make manufacturing sector schemes that are WTO compliant in labour and quality standards
- Massive infrastructure improvement, especially in export oriented sectors, is required.
- Upgrading the technology and skills in our manufacturing sector is essential.
- Enhancing access to education through increased enrolment and improved educational quality.
- Incentivize factory employees with a skills premium.
- Revise the content of design courses to reflect global trends.
- Utilization of technology-enabled solutions and implementation of the 'PPP model school' format—Government as a Facilitator
- Develop infrastructure to attract business, not the other way around.
- Allocate 25% of available land along all industrial corridors to MSMEs at various rate slabs and model acquisition.
- Across states and the federal government, there is a lack of cooperation between state agencies.
- Public entities responsible for project execution must develop practices for executing and monitoring investments to prevent project delays.
- PPI (Private Infrastructure Participation) should be high.
- The growth of the unregistered sector results in decreased productivity, which must be considered

in light of the Land Acquisition Bill.

- The government and financial institutions must collaborate to develop rural SEZs, hubs, and clusters geared toward MSME growth.

## **8. CONCLUDING OBSERVATIONS:**

In brief, India can increase its GDP to 25% over the next couple of years. The Indian government has identified a range of measures to further motivate investors and improve the business environment. Ambitions, according to experts speaking at the 11th India Innovation Summit 2015. “New companies in the telecommunications, defence manufacturing, automotive, financial technology modules, and mobile internet sectors have enormous potential to succeed in the Make in India initiative,” Siddhartha Das, general partner, Venture East, told aspiring business visionaries during a discussion on “Entrepreneurship - The Role of Start-ups in Make in India.” Additionally, the Make in India initiative places a premium on defect-free goods and negligible environmental impact. Additionally, the campaign will foster stronger ties between the centre and states to advance India’s status as a global manufacturing hub.

Thus, the initial objective is to turn the country into a global manufacturing hub. Ignoring rhetoric, India’s demographics are dominated by a young, low-skilled population. We can only hope that the Make in India initiative is a huge success. Over-reliance on the service sector is suicidal, and we can only hope that Make in India will remove this impediment to India being a manufacturing powerhouse comparable to China.

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