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Make in India-Consistent Success Factor for Indian Economy

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ABSTRACT: This research paper presents Make in India-Consistent success factor for Indian economy Prime Minister Modi announced the Make in India program in September 2014 as part of his comprehensive program for building the nation. The programme includes the development of a global design and manufacturing hub in India. India's growth rate plunged to a decade-low level during the second half of 2013 due to the emerging markets bubble burst and a low inflation rate. The initiative, "Make in India," aimed to respond to this tumultuous period. This program is aimed at transforming the country into a global manufacturing hub. With PM Modi's continued pursuit of this objective, Indian companies will be enticing organizations to produce their products in India, which will help drive India's economic growth. PM Modi aims to encourage investment and set up plants in India, as well as to hire highly skilled and trained workforce in India to create world class products with zero defects.

KEYWORDS: Make in India, GDP, FDI, Indian economy, growth.

I. INTRODUCTION

Natural resources are abundant in India. The workforce in the country is relatively skilled and unskilled and has a great deal of determination and ability. It is not hard to find talent here. Indian manufacturers are focused on becoming a preferred manufacturing location for their partners and investors, since all eyes are on the east for outsourcing activities. In order to capitalize on this opportunity, a campaign named "Make in India" was launched on September 25, 2014, with the objective of attracting existing stakeholders as well as strategic investors to invest and pick India as their manufacturing base. Providing a country with a comprehensive manufacturing transition requires a unified strategy empowering and enabling citizens in an irrefutable manner, so that they can become competitive globally. As a result, it was crucial to welcome capital and technology from around the world to lay the foundation of the program. Through the implementation of a world-class manufacturing position and a knowledge-based infrastructure, the strategy will help prepare the organization for global and local challenges while stepping up to global competition.

PM Modi coined the slogan 'zero defect, zero effect'. This means manufacturing companies should create products that have either zero or no effect on the environment, as well as the processes by which they produce products and use them. With this program, the government seeks to create jobs, attract significant foreign direct investment, and position India as an international manufacturing hub. Boosting domestic manufacturing is part of the campaign.

Agriculture, manufacturing, and services are the three sectors of a country that contribute to GDP. Manufacturing makes up the lowest percentage of the Indian economy according to the current contribution of the segments. As far as the manufacturing sector in India is concerned, there is no shortage of opportunities. A significant number of businessmen and entrepreneurs view the Make in India initiative as a way to advance our economy. As we strive to create employment in the manufacturing sector, our employees must receive specialized training. In order for India to achieve its objective of creating jobs, the manufacturing sector would need to play a vital role. Government and industry must work together to promote high growth and development for job creation. The export of services from India is well-known, but most question the capability of exporting manufactured goods, and it's this perception that our PM Narendra Modi is hoping to change.
There are many Indians working abroad for companies in India's outskirts. Additionally, if India is turned into a manufacturing hub and the number one investment destination for international and local investors, it will enable ample opportunities to be created for the massively talented Indian youth.

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OBJECTIVES OF THE STUDY

- To understand different success factor in the Indian economy.
- To understand "Make in India" campaign impact as a success factor in Indian economy.
- To understand how these factors can be consistence success factor on Indian economy.

SUCCESS FACTORS OF MAKE IN INDIA CAMPAIGN

Our government has undertaken an excellent initiative by launching the Make in India initiative, which will boost up our economic growth and alleviate the burden of borrowing. India possesses a wide range of natural and human resources. However, our economic growth is very slow due to the direction as well as financial investments in different areas. This prevents us from competing with developed countries.
Following are the new initiatives that were carried out under Make in India:

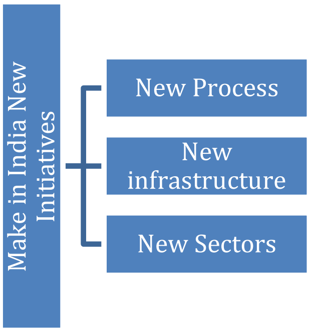

Fig 1: Make in India New Initiatives

1. New process:

The World Bank's Doing Business ranking of 2020 ranked India 63th due to new improved business processes and methods that have made doing business easier in India, and consequently, has increased confidence among entrepreneurs.
These procedures were highlighted by the following points:

- The duration of company incorporation has been reduced from ten days to one day.
- The power connection was made within 15 days of the mandated time frame rather than 180 days.
- The number of documents for exports and imports was reduced from eleven to three.
- Industrial licenses may now be valid for up to seven years instead of three.
- The new bankruptcy law, "Bankruptcy Code 2015," will implement a simplified, time-bound process for insolvency by 2017.
- The goods and services tax will become a single tax by April 2017.
- Ten-year permanent residency status for foreign investors.

2. New infrastructure:

The development of new transport and digital infrastructure contributes to the development of the economy and improves the lives of citizens. The following projects are presently being carried out in regards to infrastructure development:

- A total of 21 industrial cities will be developed along industrial corridors:
  - Delhi-Mumbai Industrial Corridor (DMIC)
  - Chennai-Bengaluru Industrial Corridor (CBIC)
  - Bengaluru-Mumbai Economic Corridor (BMEC)
  - Vizag-Chennai Industrial Corridor (VCIC)
  - Amritsar Kolkata Industrial Corridor (AKIC)
- In addition to the above, these 21 new nodal cities will offer benefits such as planned communities, ICT enabled infrastructure, sustainable living, excellent road and rail connectivity, etc. A mega-project worth USD 100 billion, covering 1,483 km, the Delhi-Mumbai Industrial Corridor involves financial and technical aid from Japan. As part of the DMIC, a dedicated freight corridor (DFC) of 1504 km will connect seven states including Delhi, Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat, and Maharashtra.
- As part of various projects, it is proposed to double the road network by 2020 and to build 15,000 kilometres of new roads.
- Modernizing and improving connectivity of Indian railways has been undertaken through projects such as the construction of new railway stations, the modernization of rolling stock, high-speed railways, port mine connectivity, etc.
- Many projects relating to the building of eastern and western dedicated freight corridors are under way, as well as several projects requiring planning.
- The government of India began the Sagar Mala project for modernizing its ports and inland waterways to enhance port-led development and contribute towards the country's growth, providing a $10 billion investment.
- Smart cities mission, which currently has a project budget of $7.69 Bn, is well underway

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with special purpose vehicles for 19 cities already in place.

- The aviation industry is aiming at becoming the third largest by 2030 and to serve domestic and international traffic.
- “Start-Up India” initiative is intended to encourage entrepreneurship and promote innovation by establishing an ecosystem that encourages growth of start-up enterprises.
- Despite the country's high potential for start-ups, it ranks as the world's third largest tech ecosystem, and its start-up population has been increased from 4,300 to 11,500 by 2020.

3. New sectors:
Making India a global design and manufacturing hub was the goal of the Make in India initiative, which focused on creating jobs and developing skills in 25 economic sectors.

Make in India initiative targeted 25 Economic Sectors				
Automobile	Automobile Components	Aviation	Biotechnology	Chemicals
Construction	Defence Manufacturing	Electrical Machinery	Electronic System	Food Processing
IT and BPM	Leather	Media and Entertainment	Mining	Oil and Gas
Pharmaceutical	Ports and Shipping	Railways	Renewable Energy	Roads and Highways
Space	Textiles and Garments	Thermal power	Tourism and Hospitality	Wellness

Fig.2: Make in India targeted 25 sectors

The manufacturing industry continues to contribute approximately 16% to the Indian GDP today, but Make in India plans to boost its contribution to 25% by 2022. This is not a difficult goal to achieve since right now the manufacturing sector contributes 34% of the Chinese GDP. As a result of the imports of goods from China, the Indian manufacturing sector contributes this much for the country. With everyone taking part in the Make in India movement, we can help our country achieve its development goals.
Foreign direct investment helps drive an economy's progress and creates an environment conducive to business growth

Following are the major FDI reforms:

- Defence: Up to 49% under automatic routing, and over 49% via government routing.
- Civil aviation: 100% FDI under automatic route in Greenfield Projects and 74% FDI in Brownfield projects under automatic route beyond 74% for Brownfield projects is under government route.
- Broadcasting: Broadcasting carriage services & down-linking of news channels: 100% FDI. Cable Networks: 100% FDI and in News channels: 49% FDI. Banking: FDI up to 74%, of which 49% enters through the automatic route, with the rest going through the government route.
- Rail: 100% foreign direct investment is permitted under the automatic route in projects involving the construction, operation, and maintenance of rail infrastructure.
- Construction: 100% foreign direct investment through the automatic route, and removing minimum floor area and minimum capital requirements.
- Pharmaceuticals: The extant FDI policy on the pharmaceutical sector provides for 100% FDI under automatic route in Greenfield pharma and FDI up to 74% under automatic route and 100% under government approval in Brownfield pharma.
- Plantation: Certain plantation activities namely; coffee, rubber, cardamom, palm oil tree and olive oil tree plantations has opened for 100% foreign investment under automatic route.
- Telecom: FDI up to 100% with 49% under automatic route.
- Insurance & Pension: FDI Policy has been reviewed to increase the sectoral cap of foreign investment from 26% to 49% with foreign investment up to 26% to be under automatic route.
- Medical devices: The automatic manufacture of medical devices has been permitted with 100% FDI under the automatic manufacturing regime.
- E-Commerce: 100% FDI in B2B e-commerce, single brand retail trading entity permitted for B2C e-commerce and e-commerce food retailing.
- Retail: 100% foreign direct investment and 49% through automatic routing. In case of 'state-of-the-art' and ‘cutting-edge technology’ sourcing norms can be relaxed subject to government approval. As part of the automatic route, 100% foreign investment takes place in customs bonded areas, where duty-free shops are operated.

Made in India
A product manufactured in India receives an identity through the “Made in India” campaign. On various tags of products that are sold to consumers, one can often find the phrase “Made in

India". The label establishes the product's Indian origin, and creates a means by which consumers abroad can identify its Indian origin. It may be possible to resolve the problems related to Make in India by encouraging domestic manufacturers to produce goods in India.

As a product is branded Made in India, it must have been produced by factories using the factors of production of India - land, labour, capital, enterprise and technology. In other words, the promotion of made in India would not only leverage India's natural talent and resources, but create jobs for the nation's citizens as well. Government policies and resources that provide ample opportunities for entrepreneurs would encourage start-up businesses. It's possible that made in India products could eventually promote Indian homegrown brands.

There is a diverse set of consumers for different products, which results in a strong competitive environment. Developing a product that replaces imported goods by making it labour-intensive would contribute to taming unemployment and cutting down imports. Likewise, producers would have to decide which market to target, whether to produce for domestic customers or for export.

II. IMPACT OF MAKE IN INDIA CAMPAIGN

1. Impact on manufacturing sector

In India, the manufacturing sector has emerged as one of the fastest growing industries. In addition to putting India on the map as a manufacturing hub, the "Make in India" campaign will also give the Indian economy international recognition. An aim of this initiative was to boost manufacturing's contribution to the country's GDP by 25 percent. Indian manufacturing sectors currently account for 16-17% of GDP and its target for the next five years is 25%. This sector will provide employment opportunities for the poor and the unemployed. Creating employment will increase wages, thereby increasing the purchasing power of the citizens. Electronic clusters in multiple towns and cities are also being boosted by Make in India. Tax advantages and investments were given to start-up enterprises and small and medium-sized businesses for the purpose of boosting employment and enhancing the quality of manufacturing.

2. Impact on the construction sector

Over 35 million people are employed in this sector. In 2009-10 it contributed 62% to the GDP, and by 2030 it is anticipated that this percentage will increase to 70%-75%. Currently, this sector alone is worth 2.7 trillion Indian rupees, and the government intends to increase it. As a result of this development, townships, roads, bridges, hospitals, recreational facilities, residential and commercial properties, hotels, resorts, educational institutes, city and regional infrastructure will all be developed.

3. Impact on tourism and hospitality sector

In terms of foreign exchange earnings, this sector is the 3rd largest in the country. According to government estimates, the contribution of travel & tourism to GDP for 2019 is 6.8%, of rupees 13,68,100 crores (US$ 194.30 billion), and the government wants to increase this contribution by 7.5%. The sector generates 78 jobs for every $1 million invested, so investment can be linked to increased employment. As well as foreign tourists, the government is attempting to increase domestic tourism.

4. Impact on IT sector

India is experiencing rapid growth in this sector. This sector contributes approximately 7.7% to GDP. There are now more than 4500 start-ups in the country. This sector generates a total revenue of USD 194 billion. An estimated 13.5% of growth has been recorded in the sector. By 2021, the government expects the SMAC market to grow to USD 225 Billion. This sector's goal is to make India a technologically advanced country. As part of this initiative, the government will setup IT service providers, software firms, and service centres. With the advancement of technology in this sector, people will be able to find more employment opportunities in the IT sector.

5. Impact on the automobile sector

By 2026, this sector will have become the 3rd largest automotive market in the world due to the campaign. Unit sales for the Indian 2-Wheeler Market were 21.2 million units in 2019 and they are projected to reach 26.6 million units by 2025 with a reasonable CAGR of 2.6% over the forecast period (2020-2025). By 2022, the car market is projected to grow by more than 8 million units per year. About 7% of the country's GDP is contributed by this industry and will increase its contribution by 12% in coming years. It has an employment rate of approximately 19 million. There is no doubt that all of these policies will lead to increased employment opportunities.

6. Impact on young generation

Creating 100 smart cities under the government's "Make in India" initiative can further boost employment, which is a boon for sectors such as manufacturing, engineering, and automation.

In order to empower today's youth, "Make in India" initiatives can utilize the following strategies:

Dynamism of the Indian economy:The country will reap the benefits of higher investment and technological investment by attracting companies from around the world. Young Indians can live and work in an environment that is dynamic and economically powerful.

Better training:Developing Indian workers' skills is vital to making it a manufacturing hub. Nowadays, India's manufacturing ambitions are mainly driven by engineering, technology and science skills. The government will upgrade old and poorly managed Industrial Training Institutes (ITIs) under Make in India. To assist young people with their integration into the working world, two-year apprenticeships with businesses are being developed. Establishing a link between education and employment is facilitated by public-private partnerships. India's higher number of skilled workers will give it a competitive advantage over other countries.

Better job opportunities:Many international corporations will set up manufacturing in India as a result of a more dynamic economy, resulting in greater job opportunities for local youth. Manufacturing spans 25 different industries, enabling workers to find work across many professions. Changing labour law could increase employment opportunities since employers will be given more freedom. The greater job opportunities in India will encourage young brains not to leave the country.

Access to better infrastructure:The infrastructure must be built to meet the infrastructure requirements of both Indian and foreign companies who wish to set up in India. Plan is to create manufacturing units across the city. Good transportation services are required to link cities.

Better business administration:India's complicated business policies have earned it a low ranking of 134 out of 189 in the World Bank's Ease of Doing Business Index 2014. In an attempt to demonstrate that doing business in India is not any more complicated, the Make in India initiative has been launched. A portal has been established to provide responses to business policy queries within 72 hours. A three-year validity period was added to the E-biz portal applications for industrial licenses. A good environment with many opportunities for entrepreneurs is offered by Make in India. Youth will gain access to better training and job opportunities, improved infrastructure, and better chances to start their own businesses.

7. Impact on domestic companies

The competition faced by home brands from other domestic manufacturers would also be healthier. This is because adverse effects such as unemployment, substandard infrastructure, and inadequate wages could occur.

Defence companies benefit as well. Foreign-invested MNCs could create negative effects if they control the production of Indian arms instead of government entities. Strategic benefits like defence strength and nuclear energy are volatile in nature. Defence sectors can especially benefit from indigenous technology and production when it comes to complex combat weapons that rely on navigational guidance (for instance, air-to-air missiles) and defence communications or intelligence gathering that is particularly risky when warring at the national level. Secrets, which ensure national security and give the nation a strategic advantage, can be protected by the nation.

Making something in India may have certain advantages, but is not without its downsides. Local brands are having a difficult time competing with overseas brands in both exports and imports due to the economy and the lack of government support, as domestic products are not of a high enough quality to ensure that they can compete.

III. OBSERVATIONS AND FINDINGS

Growth

The Make in India project is attracting many foreign investments, which have a significant impact on the economy of India. In India, setting up branches of large multinational companies will affect the GDP directly. According to the ease of doing business report, India ranked 63rd out of 190 countries. Doing business report, released ahead of union budget 2021, said it had improved to about 14 places higher from 77 in 2018. According to the report, India is performing better on 6 of the 10 indicators including getting electricity, getting credit, enforcing contracts, paying taxes, and resolving insolvency.

Starting a business**:**Abolition of fees for registering a SPICe company, electronic incorporation documents, and articles of association made starting a business in India easier.

Dealing with constructionpermits:By strengthening the professional certification

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requirements, India simplified and accelerated the process of obtaining building permits, as well as reduced application time and costs. The building permit process in India has been simplified and made quicker and cheaper.

Trading across borders:The government of India has made cross-border trade more convenient by enhancing port infrastructure, enabling post-clearance audits, and integrating trade stakeholders on a single electronic platform.

Resolving insolvency: The practice of reorganization proceedings in India made it easier for insolvencies to be resolved. Furthermore, in India insolvency laws make it more difficult to resolve insolvency by preventing dissenting creditors from receiving as much under reorganization as they would under liquidation.

Gross Domestic Product

Gross domestic product (GDP) is the sum of the market value of all the final goods and services produced in an economy over a particular timeframe (year or quarter). India's manufacturing of products will definitely grow the monetary market which will not only add to the exchange segment, but will also build the GDP of the country. In India, new plants will be built, and different ventures will be opened. The employees will receive a large salary as a result. The Indian economy, which is already the sixth largest in the world, is probably going to grow inevitable in a variety of sectors such as construction, textiles, and telecommunications, for instance.

A young population and low dependency ratios, strong savings and investment rates, increasing globalization and integration of the Indian economy remain positive factors contributing to the long-term growth prospects of the Indian economy. Despite demonetization in 2016 and the Goods and Service Tax (GST) in 2017, the economy slowed in 2017. Private consumption accounts for approximately 60% of India's GDP, making it the sixth largest consumer market in the world. Government spending, investment, and exports also contribute to India's GDP. According to the latest statistics, India was the world's tenth largest importer and the nineteenth largest exporter.

Since India has a huge informal economy, only 1.5% of Indians pay income taxes. The economy faced a mild downturn during the global financial crisis in 2008. Both fiscal and monetary stimulus initiatives were taken in India to boost growth and generate demand; the economy took off in subsequent years. In order to attain sustained economic development, India needs to reform the public sector, develop infrastructure, support agricultural development and rural development, remove land and labour regulations, promote financial inclusion, encourage private investment and exports, and improve education and public health.

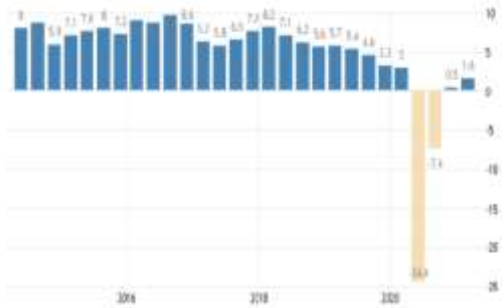

Fig.3: GDP from 2014-2021

Since the launch of the Make in India program in 2014, the GDP growth rate has not increased much. Nevertheless, it has only been a very short time since the campaign was launched in India. It will take a few more years for positive impact to be visible on GDP.

Foreign Direct Investment

Investments by a company or an individual from one country in another company from another country are known as foreign direct investment (FDI). Business opportunities in foreign countries can range from setting up a new business to taking over a well-established business or buying a portion of one. A portfolio investment, on the other hand, involves simply buying stocks in foreign countries. Foreign direct investment plays a significant role in controlling business decisions. It was decided to use FDI as an indicator primarily because the Make in India campaign aims to increase FDI inflows into the economy, making it a good indicator for gauging the success of the campaign.

The country must align its technology and capital with foreign technology in order for the program to succeed. India will be able to increase its GDP from manufacturing with the gradual inflow of funds and expertise from outside the country. A nation's goal is to attract foreign direct investment and give investors an enjoyable investment experience with the minimal amount of bureaucracy.

FDI policy has been amended by the government of India to increase inflows. According to the government, the limit for foreign investment in the insurance sector was raised from 26 to 49 percent. FDI policy was also liberalized for 25

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sectors under the Make in India initiative in September 2014. According to April 2015 figures, FDI inflows into India increased by 48% since "Make in India" was launched. Under the automatic route, FDI in defence manufacturing increased from 49 to 74% in May 2020. Government amended existing consolidated foreign direct investment policy in April 2020 to restrict opportunistic takeovers and acquisitions of Indian-owned companies by foreigners.
The below graph shows the inflows and % of GDP by foreign direct investment.

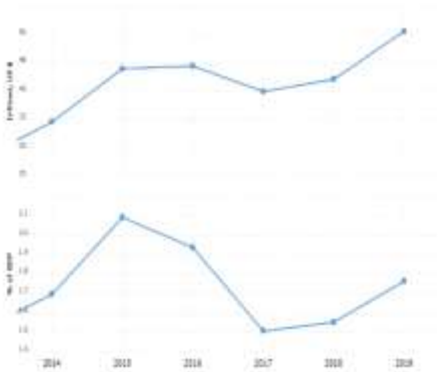

Fig.4: Inflows and percentage of GDP by foreign direct investment

- India's foreign direct investment for 2019 was $50.61B, a 20.17% increase from 2018.
- India's foreign direct investment for 2018 was $42.12B, a 5.38% increase from 2017.
- India's foreign direct investment for 2017 was $39.97B, a 10.1% decline from 2016.
- India's foreign direct investment for 2016 was $44.46B, a 1.02% increase from 2015.

Foreign direct investment flows to India-Country wise and sector wise

The chart shows that Mauritius is leading the way with 13383 and 13415USDmillions of investments in 2016-17 and 2017-18 respectively. As of 2018, 2019 and 2020, Singapore made the most investments in India. A total of 11,972 million US dollars was invested by foreign investors in the Manufacturing Sector in year 2016-17, 2018-19, and 2019-20. For the year 2017-2018, foreign investors invested 8.809 million dollars in communication services and 23,050 million dollars in computer services in 2020-21, which is the largest investment to date.

(US$ million)

Source/Industry	2016-17	2017-18	2018-19	2019-20	2020-21 (P)
1	2	3	4	5	6
Total FDI	36,317	37,366	38,744	42,629	52,546
Country-wise Inflows					
Singapore	6,529	9,273	14,632	12,612	15,999
US	2,138	1,973	3,823	3,401	13,204
Mauritius	13,383	13,415	8,570	7,480	4,491
UAE	645	408	885	323	4,071
Saudi Arabia	13	155	37	88	2,813
Cayman Islands	49	1,140	800	3,440	2,599
Netherlands	3,234	2,677	3,319	6,296	2,139
Japan	4,237	1,313	2,745	2,338	1,794
France	487	403	375	1,167	616
UK	1,301	716	1,211	1,133	779
Germany	845	1,095	817	443	633
Spain	313	583	109	88	425
South Korea	466	595	980	777	433
Luxembourg	99	243	251	252	267
Belgium	112	313	36	388	246
Taiwan	12	112	34	44	219
Switzerland	502	605	285	140	189
Others	1,900	3,216	3,407	3,189	1,834
Sector-wise Inflows					
Computer Services	1,937	3,173	3,453	4,184	23,050
Transport	891	1,267	1,019	2,333	7,584
Manufacturing	11,972	7,066	7,919	8,153	6,738
Retail & Wholesale Trade	2,771	4,478	4,311	4,914	2,383
Financial Services	3,732	4,070	6,372	4,326	2,728
Communication Services	5,876	8,809	5,365	4,838	3,314
Business Services	2,684	3,005	2,597	3,694	1,793
Construction	1,564	1,281	2,009	1,867	1,748
Electricity and Other Energy Generation, Distribution & Transmission	1,722	1,870	2,427	1,860	888
Education, Research & Development	205	347	736	538	863
Miscellaneous Services	1,816	655	1,339	423	471
Real Estate Activities	105	405	213	594	481
Restaurants and Hotels	330	452	749	2,546	279
Mining	141	93	247	217	166
Trading	0	0	0	0	0
Others	475	225	103	187	167

Fig.5: FDI inflows to India-country wise and Sector wise

Key findings from the manufacturing sectors

Agro and food processing industry

- The food processing sector contributes 9% of manufacturing GDP and almost 13% of India's exports.
- Approximately 8.4% is the average annual growth rate (AAGR) of the Indian food processing industry.

Auto components & automotive industry

- 22% of the manufacturing GDP comes from this sector
- Tractors are India's largest manufacturing product, two-wheelers are the second largest, and commercial vehicles are the fifth largest.

Drugs & pharmaceuticals

- Approximately 4 million skilled and semi-skilled workers are employed directly or indirectly by the sector
- More than 15% of the compound annual growth rate (CAGR) has been recorded in the Indian pharmaceutical industry.

Engineering

- Over 4 million workers are directly or indirectly employed in the sector.
- In particular, the Indian engineering industry is increasingly recognized for its high-tech, low-cost, frugal innovation technology.

FMCG industry

- Among the major economic sectors in India, FMCG ranks fourth.
- It has a market size of more than $44.9 billion.

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Gems and jewellery

- In India alone, the gold market is estimated to be worth over US$30 billion. Gems and jewellery contribute about 14% to India's total exports, and over 3.4 million people are employed in the industry.

Infrastructure

- For a sustainable and inclusive economy to grow, infrastructure networks need to be effective.
- In the Tenth Five Year Plan, their share of infrastructure investment was 22%; in the Eleventh Plan, it was 38%; and in the Twelfth Plan, it will be about 48%.

Leather and leather products

- There are about 2.5 million jobs in the leather industry, generating significant employment.
- As a result, the sector is among the country's top ten sources of foreign exchange earnings.

Services sector

- The market for IT services in India is among the fastest growing in the Asia-Pacific region.
- The contribution of India's services sector to national and state incomes, trade flows, foreign direct investment, and employment has increased with time.

Textile and readymade garments

- Textiles and readymade garments account for 14% of industrial production.
- Textiles and readymade garments account for 11% of the country's export earnings

IV. OPPORTUNITIES

Despite its massive size and complexity, the Indian market is filled with regulations. For foreign firms to gain a foothold in the Indian market, they typically import their products initially. Many companies are finding that setting up manufacturing in India and making in India is an excellent investment as soon as the time comes especially now when the government is trying to help foreign companies with the "Make in India" marketing campaign. Several companies have already taken advantage of the opportunity to open manufacturing facilities in India, including Huawei, GE, and Lenovo. In addition, companies like Samsung, Boeing, and Pepsi are considering setting up or expanding their manufacturing facilities there. With the 'Make in India' campaign, foreign direct investments have increased by 40% in the first year following its launch.

A large part of the purpose of Make in India is to promote entrepreneurship in India. In the long run, a well-developed manufacturing sector is likely to drive our economy and financial growth to new heights, since it will provide jobs and fulfil youths' desires. Manufacturing in India has a much broader impact than just direct business. This sector will offer occupations such as logistics, transportation, retail, and so forth. As manufacturing demands free movement of raw materials and finished goods, enhancing logistics infrastructure such as connectivity between ports and inland areas, airports, and so on, is of paramount importance. This would be a simple transition, and it promises to make India a worldwide manufacturing hub.

As a result of CII's work, nine key activities were identified to make India more conducive to large-scale manufacturing. These aim to streamline venture approval processes, facilitate land acquisition processes, create a labor development ecosystem, enforce laws efficiently and effectively, facilitate cross-border transactions, facilitate clear exit guidelines, rationalize taxation regimes, and make the government more tech-savvy. A detailed road map for the implementation of the aforementioned action items will comprise developing uniform standards, procedures, and common application forms for gaining approval from state and federal governments, as well as developing a solitary window component.

V. CHALLENGES

Since its launch, "Make in India" has played an important role in improving the ease of doing business in India. Investor confidence has risen greatly due to a variety of initiatives being undertaken.

India has improved its ranking by 79 positions in five years (2014-19). In the recent World Bank's ease of doing business 2020 report, the country jumped to 63rd position, among 190 nations.

Fig.6 Doing business ranking 2020

For the third time in a row, India ranked among the top 10 performers. According to a senior economist at a brokerage firm who requested anonymity, "India's ranking improved even as the

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central government took drastic steps such as demonetization and the implementation of a grossly unfair goods and services tax."

Despite rising from 130th place in 2016 to 63rd place in 2020 in the business index, McKinsey consultancy firm reported that there are still obstacles for Indian companies, which range from flawed public procurement procedures to lengthy and complex permit processes.

The average time to get a construction permit in emerging markets is 106 days, almost double the average. The government could resolve these and other issues by adopting global best practices in relevant areas.

Taxation in India is complex and foundation facilities are poor. We must quickly upgrade skills in skill intensive sectors in order to maintain their competitiveness because they are dynamic segments in our nation. India must encourage innovation work, research, and development, which is currently underdeveloped in the country, and make room for advancement.

Challenges faced by business sectors:

- **Starting a new business:**Bureaucracy, corruption, permit and clearance requirements, as well as procedural delays are all time-consuming processes.
- **Labour laws:** There are many inflexible and rigid labour laws in India that need to be addressed. A progressive labour law would contribute to the growth of the manufacturing sector by increasing job opportunities.
- **Credit constraints:** MSMEs have a problem obtaining financing**.**
- **Tax and its payment:** A lot of documentation is required, difficult to understand tax laws, and multiple taxes.
- **Environment related laws**: Time-consuming, multiple stages of clearance.
- **Infrastructure problems:** Limited access to electricity and inadequate funding for infrastructure projects.
- **Land acquisition:** Land acquisition leads to elevated project costs, due to the time-consuming process of registering or registering properties. Acquisitions are costly and lengthy under current laws. Investment in infrastructure and manufacturing requires an effective land acquisition policy that makes acquisition much easier, together with an attractive refund and reinvestment package.
- **Enforcing contracts and Resolving insolvency**: Long court processes, ineffective and slow insolvency procedures, complicated and time-consuming filing procedures.
- **Equity:** India's economy is growing faster, but its poor sections are still poor and its rural areas are not as developed as its urban areas. Social equality and balanced economic growth are hampered by this.
- **Resources:** It is true that India has a number of resources; however, these resources are not fully utilized. In rural and urban areas, they are not being exploited or are being under-exploited due to government policies regarding infrastructure.
- **Poor governance:** A poor economy may be hindered by a poor governance system. A strong governance system is essential for the success of Make in India and for the growth of the manufacturing sector. There must be swift action taken against corruption cases pending in government.

VI. MERITS

- **Boost India's economic growth:**

Exports and manufacturing will increase as a result of the Make in India campaign. Export increase and global investment into India will make it a hub of manufacturing and transform it into a global powerhouse. Additionally, manufacturing will increase India's GDP and economic growth.

- **More job opportunities:**

This will lead to many new jobs being created. There are expected to be around ten million new jobs. As investments increase, more skilled workers will find jobs and the job market will grow.

- **Attract more foreign direct investment (FDI):**

FDI will increase in the country. India is likely to attract many foreign direct investments as the government is promising to make business in the country easier.

- **Investment in India:**

More companies are seeking to build factories in India as part of the Make in India Project. There is currently a unit known as "Invest India" being established. The regulatory clearance unit will be under the department of commerce and be open at all times to ensure the smooth running of business in India through the shortest time possible.

- **Improvement in areas:**

Factory or industry establishments attract people, markets, and other resources to an area. Consequently, the lives of the people who live close to these areas will be improved financially, as well. In a community, the people living in the area and those in the neighbouring areas will grow together over time.

- **Increasing the value ofRupees:**

Foreign Direct Investment, or FDI, will benefit from Make in India, resulting in an increase in the Indian rupee's value against the U.S. dollar. The dollar's dominance over the Indian rupee will also be reduced as a result.

- **A shift from international brand to native brands:**

Generally, Indians pay less attention to indigenous products and are more attracted to international brands. The indigenous products in India will be recognized and get recognition from Make in India, and the producers will begin to make profits.

- **Technological advancements:**

Indians can take advantage of the latest technologies through Make in India. Through this campaign, India is encouraged to develop new technologies. Additionally, the country's labour force is being trained to become more skilled.

- **Simplifying business:**

An open invitation is extended to manufacturers present all around the world to take part in Make in India. Many restrictions have been removed by the government in order to facilitate the participation of as many manufacturers as possible.

- **Innovative ideas from the young generation:**

Indian youth are unable to achieve their full potential within the confines of the country, so they leave the country to find better opportunities abroad. By promoting Make in India, the country itself will provide the proper environment and can capitalize on the innovators in its young generation.

- **Development of rural India:**

It is not only economical beneficial to set up a factory, but it also contributes to local development. Usually, when a factory is located in a rural area, then schools, health care facilities, markets, etc are developed.

VII. DEMERITS

- **Exclusion of agriculture:**

The country has 61 percent of its land under cultivation, making it a largely agrarian society. While Make in India encourages industrialization, it excludes agriculture.

- **Exploitation of resources:**

Human beings have an insatiable appetite for resources, whereas the world's resources are limited. Make in India encourages the development of industries that consume a great deal of natural resources. As a result, the population may face an imminent threat of extinction.

- **Loss to small entrepreneurs:**

Make in India welcomes other countries into India. However, when these countries establish their manufacturing units, they push locals towards them. This hurts small businesses that are already struggling to establish themselves. Making in India tends to pull in other countries into India, and when these countries set up manufacturing units in India, they attract large numbers of people toward them, and this is bad for small businesses that are already struggling to establish their position.

- **Loss of cultivable land:**

A manufacturing unit is being set up in India as part of the campaign. Manufacturers may set up their manufacturing plants anywhere, and they sometimes settle on fields used for farming. Therefore, Make in India will rob land of its value.

- **Loss to other sectors:**

India has one of the world's largest economies. The economy is divided into three sectors: agriculture, industry, and services. In the current Indian economy, the service sector directly contributes 54% of the GDP. It's also likely that the economy will become completely dependent on manufacturing and exporting in the wake of the Make in India campaign, whereas the import operation will remain static. In the long run this will be devastating to other economic sectors and will also slow down India's progress.

- **Pollution:**

In accordance with available information, the pollution index in India is 58.08µg/m^3, and this figure is certain to rise after the Make in India campaign.

- **Poor relations with China:**

India stands out as China's most promising competitor due to the rampant make in India campaign, which has already caused the Indo-China relationship to become strained. In this way, Make in India has automatically worsened the long-term feud between India and China. The situation between the two could become more problematic in the future as Make in India becomes more successful. India has a younger and more skilled work force than China, which will propel India's make in India industry into the future.

VIII. CONCLUSION

Making India a hub for global manufacturing has been targeted in a new government initiative called Make In India. Several proposals are included to entice companies - domestic and foreign - to invest in India and help it become a global manufacturing centre. In order to achieve its aims, the initiative emphasizes the creation of jobs and the development of skills in 25 economic sectors. Aside from achieving high quality standards, the initiative also intends to minimize environmental impact. Investment and technological capital will be attracted to India as a result of this initiative.

A positive result can be seen in India's Make in India campaign. Make in India must, however, overcome certain difficulties to become completely successful and to have its success reflect in the nation's gross domestic product. The only way for a nation to develop is to supply its people with the goods and services that they need and to export a sizeable amount of the products. This is where the manufacturing industry plays a vital role. But to achieve this, sound policies and facilities such as those for land procurement, labour laws, power rates, transport, and logistics are essential. Small businesses were adversely affected by the implementation of the GST and demonetization. As a result of the turbulence, the rupee value decreased.

Making funds available for infrastructure and attracting foreign direct investment is not enough to ensure the success of Make in India. Implementation needs to be done by the government. Efforts should be made to ensure that the adopted policies are implemented better. There is a need to understand and address problems on a grassroot level.

We hope that the Make in India initiative will be a great success. Indian economy will be helped to emerge from the shadow of recession by Make in India. A country's overdependence on the service sector is a risk, and one hopes that the Make in India initiative will alleviate this inhibition so that India can become an industrial powerhouse competing with China.

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