www.eprawisdom.com e-ISSN : 2347 - 9671, p- ISSN : 2349 - 0187
EPRA International Journal of Economic and Business Review | Vol - 4,Issue- 12, December 2016
Inno Space (SJIF) Impact Factor(2016) : 6.484 ISI Impact Factor (2013): 1.259 (UAE)

MAKE IN INDIA: A MISSION FOR TRANSFORMING VISION INTO REALITY

Dr. Anjana Bedi[1]
[1]Assistant Professor, BBK DAV College for Women, Amritsar, Punjab - India.

ABSTRACT

India's democracy is the world's largest democracy and hence Indian Govt. has always been required to meet the aspirations of the immensely varied society and diverse population. After independence till now, India has come over acute backwardness and is now one of the world's fastest growing economies. Various international bodies i.e. International Monetary Fund, Moody's Investment Investor's service, United Nations and World Bank are very optimistic about growth prospects of India. Global Economic Prospects report by World Bank has shown India to become the fastest growing major economy by 2015. "Make in India" is a major new national programme of Government of India having focus on 25 sectors of economy. The primary objective is to attract investment across the globe and strengthen India's manufacturing sector. The article endeavors to have a comprehensive insight of this initiative. Various write-ups of eminent authors, websites, reports of news channels and news papers have been consulted to write this article. The article has considered indicators for analysis of economic performance of India. The concluding part shows that "Make in India" will lead to employment generation while boosting manufacturing sector. It will help India to transform its economy from import oriented to export oriented.

KEYWORDS: *Make in India, employment generation, fastest growing economies*

INTRODUCTION

India's democracy is the world's largest democracy and hence Indian Govt. has always been required to meet the aspirations of the immensely varied society and diverse population. After independence till now, India has come over acute backwardness and is now one of the world's fastest growing economies. International agencies like International Monetary Fund, Moody's Investors service, World Bank and Goldman Sachs are very optimistic about growth prospects of India. India has already marked its presence as one of the fastest growing economies of the world. She has been ranked among the top three attractive investment destinations in the world. Indian Government has created a stir worldwide by launching "Make in India" campaign on global platform. It has become the largest and fastest growing government initiative which is wittily planned according to current national needs of the nation. The initiative has been highlighted at key international events held at Davos and Hannover Messc 2015.

About the Campaign:-

"Make in India" is an initiative of Government of India to attract investment from across the globe and strengthen India's manufacturing sector. Prime Minister Narendra Modi launched "Make in India" programme on 25th September 2014 at the Vigyan Bhawan, New Delhi. The campaign was designed by Widen + Kennedy. It focuses 25 sectors of the economy. These include: automobiles, aviation, chemicals, IT and business process management, pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism, and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems. The dedicated website for this initiative (i.e. www.makeinindia.com) not only show cases 25 sectors but also puts focus on the live projects like industrial corridors and policies in the area of foreign direct investment, national manufacturing, intellectual property and new initiatives. The investor facilitation cell is an integral part of this website, which aims at providing all information/data analysis to investors across sectors.

Significance of the Campaign:-

- The government of India is trying to give boost to the manufacturing sector and aims to take it up to 25 per cent of the GDP from current 15 per cent.
- Improvement of infrastructure with foreign investment will lead to increase in exports leading economic growth of country and reducing current account deficit.
- This campaign will transfer the economy from service driven growth model to labour intensive manufacturing model. It will further help in utilizing the existing Indian talent base, creating additional, employment and enhancing skill development.
- This initiative is expected to increase the purchasing power of average Indian consumer which will further increase demand and spur development of various industries in addition to benefiting investors.

OBJECTIVE OF STUDY

The study of this initiative endeavors to have comprehensive insight about the programme. The aim is to know about the measures taken by government to promote "Make in India" programme. This article also studies the impact of this programme on the economy of the country.

RESEARCH METHODOLOGY

Various write-ups of eminent authors, websites reports of news channels and newspaper have been referred to write this article.

THEORETICAL BACKDROP

"Make in India" programme is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India. It is designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. Various steps have been taken by Government of India in this direction.

1. Increased custom duty from 10 to 40 percent on imported or complete built units of buses will protect domestic market of buses.
2. National skill Mission will be launched to promote skill development.
3. For enhancing the employability of rural youth 'Dean Dyal Upadhay Grameen Kaushal Yojana' has been started.
4. Reduced custom duty on certain imported raw materials will decrease import cost of Indian companies.
5. Foreign equity caps in various sectors has been relaxed. 100percent equity in above mentioned sectors have been permitted except for space (74percent), defence (49percent) and news media (26percent).
6. The application for licenses has been made available on line and validity period is increased to three years. Various other norms and procedures have been relaxed.
7. Infrastructure initiatives such as Delhi-Mumbai industrial corridor, Amritsar-Kolkata Industrial Corridor, Chennai-Bengaluru Industrial Corridor etc.
8. Implementation of GST (Goods and Services Tax) in 2016 will lead to economic growth of country.
9. Twenty four manufacturing cities or hubs will be created which would be the kingpins of the of manufacturing industries and would abrogate the manufacturing void created in our country.
10. GAAR has been deferred by two years. This is going to improve case of doing business in India.
11. Investor facilitation cell has been launched to help the first time investors.

Just like any other emerging nation India needs to attract foreign investment for better infrastructure, energy and logistics. Foreign investors are given the following incentives announced recently.

CENTRAL GOVERNMENT INCENTIVES

1. Investment allowance (additional depreciation) at the rate of 15 percent to manufacturing companies investing more than INR 1 billion in plant and machinery available till 31.3.2015.
2. Incentives available to unit's set up in SEZ, NIMZ etc.

3. Export incentives like duty drawback, duty exception/remission schemes, focus products and market schemes.
4. Area based incentives like unit set up in north-east region, Jammu and Kashmir, Himachal Pradesh and Uttarakhand.
5. Sector specific incentives like M-SIPS in electronics.

STATE GOVERNMENT INCENTIVES

1. Each state government has its own incentives policy, which offers various types of incentives based on amount of investments, project location, employment generation etc.
2. The broad categories of state incentives include: stamp duty exemption of value added tax, exemption from payment of electricity duty etc.

Following the government's initiatives several plans for Investment have been undertaken which are as follows

a) FoxConn Technology group, Taiwan's electronics manufacturer is planning to manufacture Apple iphones in India. The group also aims to establish 10-12 facilities in India including data centers and factories by 2020.
b) US-based First Solar Inc. and China's Trina Solar have plans to set up manufacturing facilities in India.
c) Hyderabad is set to become the mobile manufacturing hub in India and is expected to create 150000-200000 jobs. Telangana Govt. aims to double IT exports to Rs. 1.2 trillion by 2019.
d) General Motors plans to invest US $1 billion in India by 2020 mainly to increase the capacity of Telangaon plant in Maharashtra from 1,30,000 units a year to 2,20,000 by 2025.
e) Hyundai Heavy Industries (HHI) and Hindustan shipyard Ltd. have joined hands to build warships in India. Besides, Samsung Heavy Industries and Kochi shipyard will be making Liquefied Natural Gas (LNG) tankers.
f) JSW Group plans to expand its cement production capacity to 30 MTPA from 5MTPA by setting up grinding units closers to its steel plants.

Based on the recommendations of the Foreign Investment Promotion Board (FIPB), the Government of India has recently approved 23 proposals of FDI amounting to Rs. 10,378.92 crore approximately in August. The Government of India has launched an initiative to create 100 smart cities as well as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities.

The most recent N-Pact between India and Japan on **December 12, 2015** to push "Make in India' has been made to promote peaceful 'uses of nuclear energy. Another hallmark agreement signed is building of the first bullet train network between Mumbai and Ahmedabad.

This programme promotes public relations also. "Zero Defect Zero Effect", a slogan coined by PM Narendra Modi signifies production mechanisms wherein products have no defects and the process for producing products has zero adverse environmental and ecological effects.

Aarisa Pitha of Odisha, Gushtaba of Kashmir, Chicken Curry of Punjab, Khakhra and Khandvi of Gujarat, Bamboo Steam Fish, Vada and Medhu Vada of Karnataka, Khaja and Inarsa of Bihar and Kebaba of Uttar Pradesh and Puran Poli of Maharashtra have been selected as traditional regional food to be promoted in campaign.

The 35th edition of India International Trade Fair (IITF) held at Pragati Maidan in November 2015 had 'Make in India' as its theme.

MAKE IN INDIA WEEK

A make in India week event was held in Mumbai from 13th Feb. 2016. This event was attended by domestic as well as delegations from 68 countries and business teams from 72 countries. It had bagged big business deals.

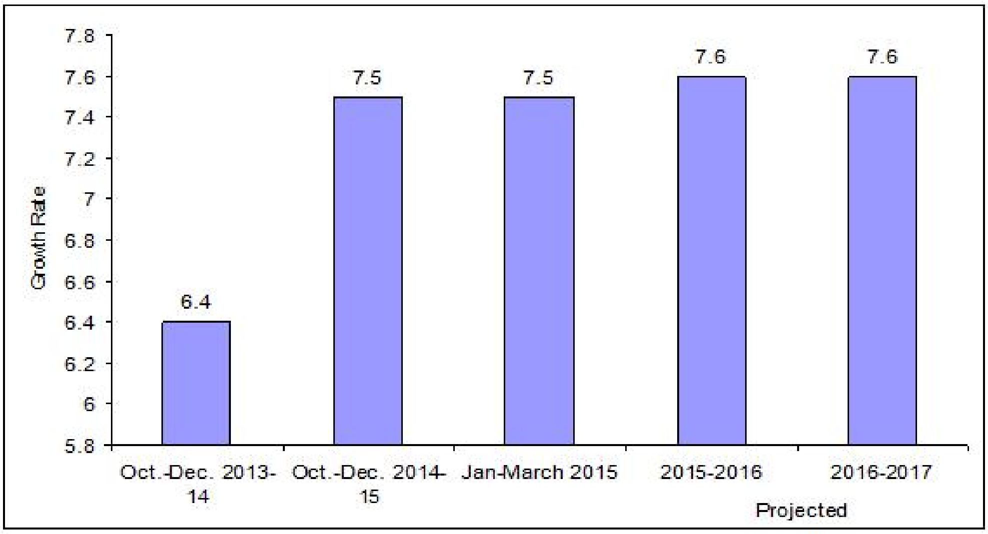
FACTS OF FIGURES

Data on various indicators of economic performance of India have been analysed as follows:

1.Growth:-

The Gross Domestic Product (GDP) is one of the primary indicators to gange the health of country's economy.

Fig. I
GDP of India



Source: (1) http://indiafacts.org/performance_analysis_of_indian_economy_in_the_fiscal-2014-2015
(2) m.Economictimes.com

Fig. I shows that the annual growth rate of GDP improved to 7.5 percent in last Oct-Dec. quarter of 2014 (as per revised figures) as against 6.4 per cent in Oct.-Dec. quarter of 2013 (as per revised figures).

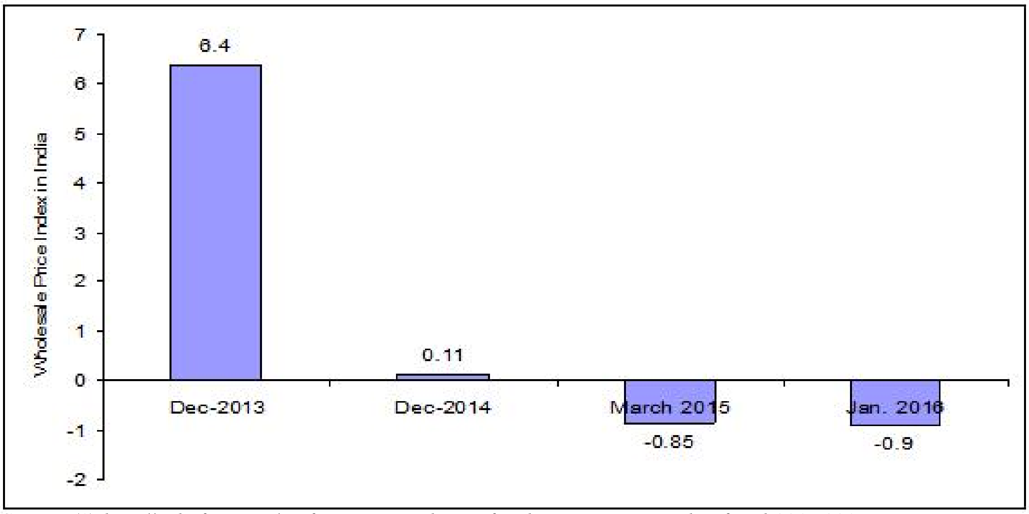
The data released by India's statistics offices showed GDP rosed to 7.5percent in Jan-Mar. 2015. The highest growth rate as been reported for services including electricity, gas, water supply etc. (10.1percent) followed by trade hotels, transport, communication and services (7.2percent). The manufacturing sector as expanded by 4.2 per cent.

Data given by central statistics office projected a growth of 7.6percent in 2015-16 although GDP growth showed in the fiscal third quarter. As per advance estimates by Govt. released in Feb. 2016. The country is likely to clock a GDP growth rate 7.6 percent in this fiscal year (2016-17). The key legislation like Aadhar Bill, Bankrupty code and Monetary Policy Committee are likely to support medium term outlook.

2. Inflation:-

Control on price rise continued and remarkable downfall in inflation was noted with wholesale price index (WPI in Fig. 2) falling at 5 year low of 0.11 in Dec. 2014 in contrast to 6.40 in December 2013. India's WPI inflation stood at -0.85percent in March 2015 and -0.9 in January 2016.

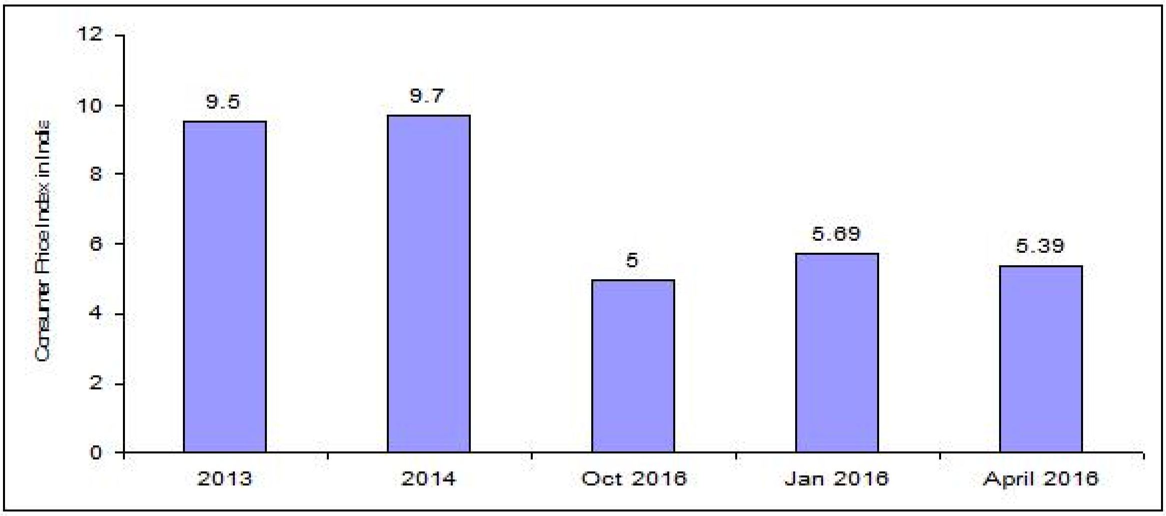
Fig. 2
Wholesale Price Index in Inida



Source: (1) http://indiafacts.org/performance_analysis_of_indian_economy_in_the_fiscal-2014-2015
(2) m.Economictimes.com

Retail inflation (CPI Consumer price index) has also moderated. Fig. 3 showed it declined to all time low of 5 per cent in Q3 of 2014-15 after having remained stubbornly stuck around at 9-10 per cent of last two years. The CPI index rose to 5.69percent in Jan 2016 but a fall was noticed in April 2016 with rate approaching to 5.39percent.

Fig. 3
Consumer Price Index in India



Source: (1) http://indiafacts.org/performance_analysis_of_indian_economy_in_the_fiscal-2014-2015
(2) m.Economictimes.com

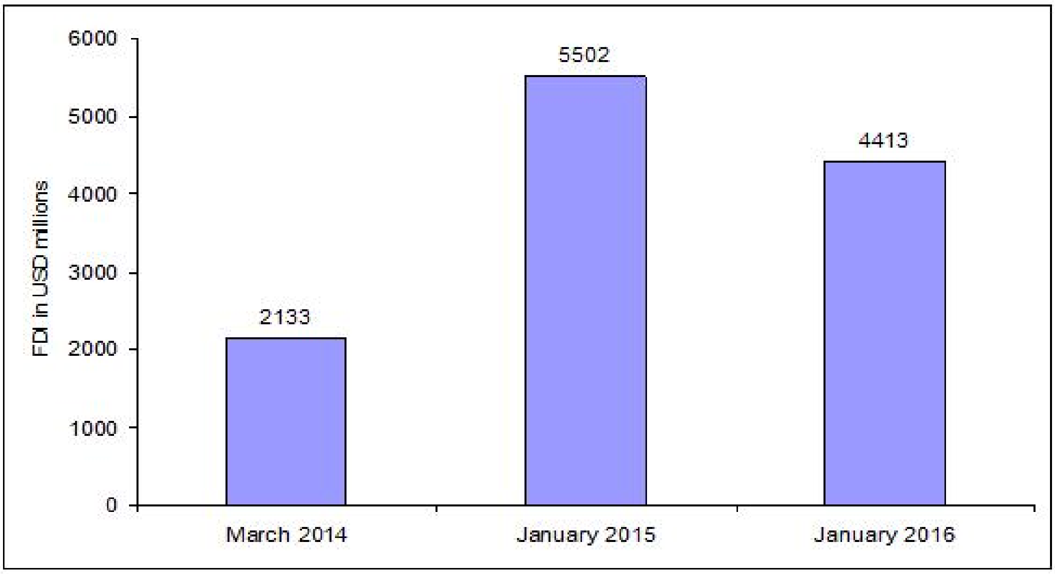
3. Foreign Direct Investment:-

The Govt. has initiated a number of measures to improve investment climate and case of doing business. The higher FDI inflows are reflective of growing positive sentiment about India.

Indian economy is becoming afavourable destination for investment. The foreign destination for investment The foreign direct investment India in Fig. 4 reflects the same, as it has increased from 2133 USD million by March 2014 to 5502 USD million by Jan. 2015. In Jan 2016, FDI reduced to 4413 USD million due to slow pace of reforms undertaken by government as contended by international credit rating agencies.

Fig 4

FDI in India (USD millions)



Source: (1) http://indiafacts.org/performance_analysis_of_indian_economy_in_the_fiscal-2014-2015
(2) m.Economictimes.com

CONCLUSION

India is rich in manpower and cheap labour. 'Make in India' will lead to development of new jobs in the country. This will increase employment level by almost five percent in India. Labour laws should be modified to promote work culture. Inspite of store house of different raw materials, India is lacking in proper infrastructure. FDI in infrastructure will lead to less reliance on imported goods, thus promoting the manufacturing sector. Make in India will further increase export of the country which will result in reduced current account deficit and increased GDP of the country. India's growing economy will provide investment opportunities to domestic as well as foreign companies. Bureaucracy must be tamed so that it is easier to do business-more red carpet than red tape must be mantra. The efforts should be consistently made to ease the regulatory environment to support foreign direct investment and make India an investor friendly destination.

REFERENCES

1. *"India, Japan agree on N-Pact" The Tribune 13 December, 2015.*
2. *articles.economictimes.indiatimes.com*
3. *chowdhury, Arjit and Sood, Ashish (2015), "Make_in_India_A comprehensive Insight" published on 17 August 2015 retrieved from:*
4. *http://en.wikipedia.org/wiki/make_in_indiaiu*
5. *http://indiafacts.org/performance_analysis_of_indian_economy_in_the_fiscal-2014-2015*
6. *http://miigbs.com/global_opportunity_for_fdi/*
7. *http://www.firstpost.com*
8. *http://www.ibef.org/economy/indian_economy_overview*
9. *http://www.ibef.org/economy/make_in_India http://www.mbaskool.com/business_articles/finance/14266_make_in_India_a_comprehensive_insight_html.*
10. *http://www.ndtv.com/India_news/100-billion-foreign-investments-knocking-at-indias-doors-pm-modi-676972*
11. *http://www.newsgram.com/make_in_india_steps_taken_by_modi_government_to_give_a_boost_to_manufacturing_sector/*
12. *http://www.newsroompost.com/202775/7-facts_not_known_pm_modies_make_india*
13. *indianexpress.com*
14. *m.Economictimes.com*
15. *ww.livemint.com*
16. *www.tradingecnomics.com*