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IMPACT OF MAKE IN INDIA CAMPAIGN

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ABSTRACT

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

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

INTRODUCTION

On September 25, 2014 the Government of India launched the ambitious "Make in India" scheme. The campaign Make in India is a major national programme designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure. The aim is to take a share of manufacturing in GDP from stagnant 16% currently to 25% by 2022, as stated in manufacturing policy, to create 100 million jobs by 2022. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. Make in India is the key to revitalization of Indian economy.

The initiative aims to correct the composition of India's GDP which is the root cause of recession. Currently India's GDP is heavily tilted in favour of service sector.

Major objective of this scheme focuses on 25 sectors. These sectors are automobiles, textile and garments, biotechnology, wellness, defence, manufacturing, mining, food processing, media and entertainment, IT and BPM, pharmaceuticals, renewable energy, roads and highways, railways, thermal power, oil and gas, space, leather, aviation, construction automobile components, chemicals and electronic system. The scheme also aims to provide employment opportunities for the people of India. Since the contribution of manufacturing sector to GDP is around 16%, lower compared to other two prime sectors of any economy i.e. agriculture and service sector. And to complete the above objectives of the scheme a huge amount of investment is needed. So the Prime Minister has urged both local and foreign companies to invest in India.

REVIEW OF LITERATURE

K. Kalaivani (2015) the article entitled "A Study on the Impact of Make in India on HRM Practices - An overview". The study helps to understand the impact of make in India on the HRM practices followed in our country. The study also covers the synergy between the HRM practices and the job opportunities. The study found that, a significant positive and meaningful relationship between HRM practices and the make in India. The study also found that, HRM practices become the means whereby designing new culture requires that HRM professionals and ahead of the cultural change curve with innovative and exciting HRM practices.

Dr. K. V. Ramana (2015) the article entitled "Make in India Illusion or Possible Reality Project?" The paper covers issues of the make in India, sectors covered, worldwide and positive responses and some critics. The study also covers the challenges that the project and movement will face. The study found that, this campaign attracts foreign investments and boost the manufacturing sector of India has been timed to perfection.

S. Soundhariya (2015) the article entitled "Make in India - Scheme for transforming India" The paper discusses about Make in India scheme, its opportunities, challenges, changes needed and some examples of different investors invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.

Seema Sangwan (2015) the article entitled "Making Make in India realism: role of FDI". This study focuses on the changes in FDI rate after introduction of Make in India by Modi and growth due to increase in the FDI rate. The study found that, there is high correlation between industrial production and FDI inflows. The study also found that, the effect of FDI on economic development ranges from productivity increased to enable greater technology transfer.

OBJECTIVES OF THE STUDY

1. To study the overview of Make in India campaign.
2. To study the Make in India campaign main focus area.
3. To study the effect of foreign direct investment in Indian manufacturing.
4. To study the major challenges, opportunities of Make in India initiative.
5. To offer useful suggestions in the light of findings.

METHODOLOGY

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

Advantages of investing in Manufacturing

1. Make in India scheme will create large scale employment opportunities for low skill workforce since majority of workers in India are low skilled.
2. India is highly dependent on FDI to keep the economy going. Make in India scheme will attract more FDI to revitalize the Indian economy.
3. In the process of making India a manufacturing hub, India will need supply of parts which is boon for MSME's. Make in India in this way, will help to generate indirect employment through MSME's.
4. Since manufacturing sector comprises a larger share in India's exports hence the growth of the manufacturing sector will help India to reduce trade deficit.
5. India is one of the largest consumer market. Any company investing in India under Make in India initiative will directly get access to huge market of 125 crore people.

India's manufacturing sector:

Following are major facts regarding manufacturing sector in India:

- Share in global manufacturing has grown from 0.9% in 1991 to 2.0% in 2012-13 while its share in GDP has gone up to 2.5% from 1.2%.

- Share of manufacturing sector in India's GDP has been consistent at around 15% throughout this period. There has been slight decline in last three year i.e. 2014-2017.
- Jobs in manufacturing sector increased from 37 million to 53 million that is 1.8% increase as against services which increased by 6.5% during the same period. It must be remembered that job elasticity is higher in manufacturing sector than in service sector.
- Growth of manufacturing sector has been negligible since 2009 due to global recession which had an adverse impact on manufacturing sector.
- Share of manufacturing sector in India's export has been declining continuously since 2000-01 to 2011-12. It has gone down from 78.8% in 2000-01 to 63.7% in 2011-12. That is why balance of trade has worsened.

The GDP is based on different sectors including agriculture and allied services, industry, mining and quarrying, manufacturing, services performance. The data below depicts the trend of manufacturing sector as compared to GDP of India and its growth rate.

Year	Declining manufacturing as percent of GDP (%)	Declining manufacturing growth rate (%)
2004-05	15.25	7.38
2005-06	15.34	10.10
2006-07	16.00	14.32
2007 -08	16.14	10.28
2008-09	15.78	4.33
2009-10	16.17	11.30
2010-11	16.23	9.73
2011-12	15.70	2.69
2012-13	15.23	1.89
2013-14	14.9	-0.7
2014-15	14.73	-0.3
2015-16	14.07	-0.9
2016-17	12.89	-1.92

Source: Economic Survey of Various Years

From the above table it can clearly be seen that the share of manufacturing sector as percent of GDP is declining as well as the growth rate of manufacturing sector is also decreasing. Thus it can be said that India needs to grow its manufacturing sector which can create jobs. Further one has also to analyze the trade of manufacturing goods to get an insight of the competitiveness of manufacturing sector of India vis-a-vis other countries.

MAKE IN INDIA CAMPAIGN MAIN FOCUS AREA

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

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

FDI AND MAKE IN INDIA

Another important source of investment if domestic savings are constant or declining can be FDI. The GOI has initiated steps to raise FDI in India since 1991.The policy for Make in India also adds to this.

(a.) FDI has been the major source of investment in the manufacturing sector of India. However one of the objectives of make in India programme is also to increase the investment in manufacturing sector. FDI inflows in the manufacturing sector had decreased in 2012-13 sharply from 2011-12 and it was approximately remain the same in 2013-14 also. But in 2014-15 when make in India programme launched FDI inflows increased sharply in manufacturing sector i.e. it increased from 6,381 US $ million to 9,613 US $ million. And for 2015-16 only provisional data available till date.

(b.) However to evaluate, the success of the make in India programme as the increase in FDI inflows in manufacturing sector the period is too short. 'But it has increased around 33% in 2014-15 from 2013-14.

(c.) However the factors behind the increase in FDI inflows might be others such as the restoration of faith of the other economies of the world in Indian economy due to the increased internal and external stability of Indian economy.

Year	FDI inflows in manufacturing sector
2011-12	9,337
2012-13	6,528
2013-14	6,381
2014-15	9,613
2015-16 (P)	➢ 8,439

(US $ million)

MAJOR CHALLENGES OF MAKE IN INDIA PROGRAMME

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

should also be ready to give tax concessions to companies and set up unit in the country.

- India should be more focused towards novelty and innovations in small and medium sized industries. The government has to chalk out plans to give special scope and privileges to these sectors.
- India's Make in India campaign will be constantly compared with Chin's Make in China campaign. India should constantly keep up its strength so as to outpace china's supremacy in the manufacturing sector.

OPPORTUNITIES OF MAKE IN INDIA PROGRAMME

- Aiming to make in India as its export hub, home appliances manufacturer Bosch and Siemens today announced company's first manufacturing plant in the country.
- The South East Asian region is expected to start operations by the second half of 2014.
- Japan's largest consumer electronics exporter is now seriously evaluating to come and make in India opportunity.
- The Make in India campaign seems to have come at perfect time. Many giant foreign companies have already expressed their interest in setting up manufacturing facility in India.
- Switzerland based chocolate maker Barry Callebaut is looking at setting up a manufacturing unit in India as part of its global expansion plans to cash in on the 3,000crore domestic market. Barry Callebaunt currently has only commercial operations in the country.
- The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services.
- Improving logistics infrastructure such as port-to- inland connectivity, cargo airports etc.
- KPMG and CII recently completed a report which identified nine key action items to make in India conducive for large scale manufacturing.

FINDINGS OF THE STUDY

- The job opportunities are multiples and opened the doors without any limitations.
- Through continuous foreign investments, the progress of the Indian economy can be made sustained.
- The challenges and threats for the human resource sector will be refined in the sectors of the economy.
- This initiative creates great awareness about the growing technology.

SUGGESTIONS

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

CONCLUSION

The government of India is right to prioritize creation of high quality jobs as a key to economic inclusion. India needs to achieve two objectives: creating new jobs and shifting more workers to high productivity sectors. Meeting both can provide large economic headwinds to the Indian economy for several decades.

The goal of the programme can be achieved but it has been the implementation part of the most of the government programme which is lagging. So the implementation of the programme must be done in effective manner.

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