



Make In India-a critical review

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Abstract: The objective of make in india is to make India a renowned manufacturing hub for key sectors. Companies across the globe would be invited to make investment and set up factories and expand their facilities in India and use India's highly talented and skilled manpower to create world class zero defect products. Mission is to manufacture in India and sell the products worldwide. Skill development programs would be launched especially for people from rural and poor ones from urban cities. 25 key sectors have been short listed such as telecommunications, power, automobile, tourism, pharmaceuticals etc., Individuals aged 15-35 years would get high quality training in the following key areas such as welding, *masonries*, painting, nursing to help elder people. Skill certifications would be given to make training process, a standard. Currently manufacturing in India suffers due to low productivity rigid laws and poor infrastructure resulting in low quality products getting manufactured.

Key words: Invest ,Skill enhancement, FDI,GDP,manufacture, infrastructure.

Introduction

Make in India is an initiative launched by the Government of India to encourage multi/national, as well as national companies to manufacture their products in India. It was launched by the Prime Minister Narendra Modi on 25 September 2014. India emerged, after initiation of the programme in 2015, as the top destination globally for foreign direct investment (FDI), surpassing the United States of America as well as the People's Republic of China. In 2015, the major objective behind the initiative is to focus on job creation and skill enhancement. The initiative hopes to attract capital and technological investment in India.

In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defence sector and 100% in railways infrastructure. The defence sector previously allowed 26% FDI and FDI was not allowed in railways. This was in hope of bringing down the military

imports of India. Earlier, one Indian company would have held the 51% stake, this was changed so that multiple companies could hold the 51%.

Between September 2014 and November 2015, the government received 1.20 lakh crore (US\$ 18 billion) worth of proposals from companies interested in manufacturing electronics in India.

With the demand for electronic hardware expected to rise rapidly to US\$400 billion by 2020, India has the potential to become an electronic manufacturing hub. The government is targeting to achieve net Zero imports of electronics by 2020 by creating a level playing fields and providing an enabling environment.

India ranks 130th out of 190 countries in the World Bank's 2016 ease of doing business index, covering the period from June 2014 and June 2015. India was ranked 134th in the 2015 index.



In February 2017, the government appointed the United Nations Development Programme (UNDP) and the National productivity Council to 'to sensitize actual users and get their feedback on various reform measures". The World Bank does not consider reforms initiated by a government in its ease of doing business index, but instead considers feedback from actual beneficiaries of those reforms. The move is intended to take advantage of this fact to improve India's ranking on the index, and marks a shift from India's previous policy of questioning the World Bank's ranking methodology. In particular, the government criticized the World Bank's decision to survey only two cities – Delhi and Mumbai – and use it to rank the whole of India.

Prime Minister Narendra Modi launched the Make in India initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic Companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%.

Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector.

In targets 25 sectors of the economy which range from automobile to information Technology (IT) & Business Process Management (BPM).

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

The initiative is built on four pillars which are as follows:

- 1. New Processes:** The government is introducing several reforms to create possibilities for getting Foreign Direct Investment (FDI) and foster business partnerships. Some initiatives have already been undertaken to alleviate the business environment from outdated policies and regulations. This reform is also aligned with parameters of World Bank's 'Ease of Doing Business' index to improve India's ranking on it.
- 2. New Infrastructure:** Infrastructure is integral to the growth of any industry. The government intends to develop industrial corridors and build smart cities with state-of-the-art technology and high-speed communication. Innovation and research activities are supported by a fast-paced registration system and improved infrastructure for Intellectual Property Rights (IPR) registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being addressed.
- 3. New Sectors:** 'Make in India' has identified 25 new sectors to promote this policy. The Government has allowed 100% FDI in Railways and removed restrictions in Construction. It has also recently increased the cap of FDI to 100% in Defense and Pharmaceutical.



4. **New Mindset:** Government in India has always been seen as a regulator and not a facilitator. This initiative intends to change this by bringing a paradigm shift in the way Government interacts with various industries. It will focus on acting as a partner in the economic development of the country alongside the corporate sector.

Since the launch of Make in India in September 2014, FDI inflows of USD 77 billion including equity inflows of USD 56 billion has been received for the period October 2014 to March 2016. This represents about a 44% increase in FDI Equity inflows over the some corresponding period.

'Zero defect zero effect' is a key phrase which has come to be associated with the Make in India campaign. In the words of Prime Minister Narendra Modi, "Let's think about making our product which has 'zero defect'... and 'zero effect' so that the manufacturing does not have an adverse effect on our environment". Thus, sustainable development in the country is being made possible by imposing high-quality manufacturing standards while minimizing environmental and ecological impact.

Within the short span of time, there are many instances of the initiative's success. In December 2015, Micromax announced that it would put up three new manufacturing units in Rajasthan, Telangana and Andhra Pradesh. Japan announced it would set up a USD 12 billion fund for Make in India-related projects, called the "Japan -India Special Finance Facility" after the Japanese Prime Minister Shinzo Abe's visit to the country. Huawei opened a new Research and Development (R&D) campus in Bengaluru and is in the

process of setting up a telecom hardware manufacturing plant in Chennai. France-based LH Aviation signed a Memorandum of Understanding (MoU) with OSI Advanced Technologies to set up a manufacturing facility in India for producing drones. Foxconn announced it would invest USD 5 billion over five years for R&D and creating a hi-tech semiconductor manufacturing facility in Maharashtra. Samsung said it would manufacture the Samsung ZI in its plant in NOIDA while General Motors declared that it would invest USD 1 billion to begin producing automobiles in the capital state. And this is only the tip of the iceberg as there are many more proposals in the pipeline.

What are the advantages of this policy? Are there any adverse effects?

To answer this question lets first take a look at some facts

- Intense industrialization in Europe during the mid 18th to 19th century lead to increase in pollution, overcrowded cities, unhealthy residents and Lack of sanitation
- China is the living example of an overly industrialized country which is economically well off but is a masterpiece of POLLUTION to such extent that some 1.6 million Chinese people die per year because of it and rest suffer from serious lung diseases. Wearing a mask when outdoors is a common practice there
- Blindfolded Industrialization in India has led to incidents like Bhopal Gas Tragedy.
- Even today residents of some major industrial cities like



Chennai ,Mumbai ,Kolkata are facing serious pollution and health problems.

So even if industries create job opportunities and economy, we can't simply erect them recklessly only to become the next CHINA !

We must have a firm control on the number and type of industries being build

This is something which Mr Modi should keep in mind before openly inviting foreign firms and telling them to 'Make in India' and assuring them easy land and labor. Yes, we do need moderate industrialization but we should definitely avoid the excess hunger for it. But if we don't industrialize enough, how would we generate economy and employment? Take a look at Arab countries. Their main source of economy and employment is petroleum extraction because they are naturally gifted with petroleum resources for it.

India also has a sector in which it is exceptionally gifted than others, a sector which is being considered a rather dead one for the past few decades, **Agriculture**. We should develop employment in this field.

Advantages of Make in India

1. Develop Job Opportunity

One of the main purposes of make in India crusade, is to provide job opportunities for as many citizens of India as possible. It has targeted the young generation of the country as its prime beneficiary. The investments in the targeted sectors, i.e. telecommunications, pharmaceuticals, tourism etc. will encourage the young

entrepreneurs to come forth with their innovative ideas without worrying about the source of speculation.

2. Ameliorate the Vicinity

In order to manufacture in India, a particular industry requires a promising location to set up machinery as well as factories. To fulfill this requirement, not only the areas chosen would be improved but also the neighboring locations will be highly benefited.

For a developing nation, such as ours' an initiative of this kind is extremely crucial. In addition, the labor hired, from the locality would also improve the financial status of the families living nearby.

3. Expand GDP

Due to the manufacturing of products in India, economic growth is inevitable, which will not only boost the trade sector but also will increase the GDP of Indian economy as with the setting up of new factories and various investments being speculated in the Indian commercial sectors the flow of income will be humongous. Various sectors such as exportation, architecture, textiles, telecommunications etc. are likely to flourish inevitably, strengthening the Indian economy which is already the seventh largest in the world.

4. Fortify the Rupee

The emergence of the manufacturing industries would automatically convert India into a hub for the fabrication of various commercial products; as a result, there would be a grand collection of the FDI, which, in turn, would strengthen



the rupee against the domination of the American dollar.

5. Increase in Brand Value

Most of the urban population prefers international brands rather than putting their faith in Indian retailers. As a result, the small manufacturing companies suffer extreme loss in the market.

Due to the make in India campaign, such small manufacturers will be provided with a real shot at business. With companies investing in such small time retailers from all around the world, the brand value of Indian merchandise will increase dramatically.

6. Up-gradation of Technology

India being an underdeveloped country obviously lack various latest mechanization, which, is a big hurdle in the path to development of the nation. Hence, with myriad of countries coming forth by the make In India crusade, India will be given with the opportunity to make use of the latest technology these countries bring along. Not only will India benefit from the knowledge and use of the technology but also, the concerned nations will be provided with a skilled and erudite labor.

7. Ease of Business

India is a nation which ranked 130th on the ease of doing business scale. But with the open invitation given to the entire world to manufacture their products in India, the various restrictions opposed over the entrepreneurs will be lifted and aspiring businessmen from all over the

globe could invest in India with no stress at all.

8. Availability of Young Minds

Most of the young generation of India plans to move out of the country in the hope of a better future. Due to the lack of young labor, India has always been deprived of innovative and new ideas. With the make in India campaign, the young population would not only be provided with employment but also their young and fresh minds would take the industrial sector to new heights. Making it a win win situation for the India as well as the concerned countries.

9. Development of Rural Areas

It is a well-known fact, that a factory set up not only improves a particular area, but also provides for the locals with employment, thus the quality of life of people would automatically enhance. Amenities like schools, hospitals and other public conveniences will be developed for the betterment of the public.

10. Flow of Capital

Since the beginning of capitalization, the Indian currency is being spent on the foreign countries. with the introduction of make in India, the capital will not only remain in India, but also the foreign currency will be provided to the nation as well. In a nutshell, India will not spend on foreign countries, but the foreign countries will spend on India in the form of investments and wages.



We also have disadvantages too from make in India in disguise:

Disadvantages of Make in India

1. Negligence of Agriculture

The most negative impact of the make in India campaign will be on the agriculture sector of India. It is a well-known fact that Indian Territory has 61% cultivable land. With the introduction of industrial sectors, the agriculture in India will be neglected somewhat.

2. Depletion of Natural Resources

Since Make in India is primarily based on manufacturing industries, it demands the set-up of various factories. Usually such projects consume the natural resources such as water, land etc. on a large scale. With the rapid devouring of such precious resources, India might be left with zero opportunity to replenish them, threatening the survival of such a large population in the near future.

3. Loss for Small Entrepreneurs

The make in India campaign, welcomes foreign countries to manufacture in India with open arms, this automatically eases up the various restrictions over trade with foreign countries, inviting attention of the international commercial companies. However, these companies will not only seduce the Indian population but also would dominate the small local entrepreneurs and force them out of business.

4. Disruption of Land

As stated above, India is very rich in the agriculture sector. About 60% of the Indian soil is arable. With the emphasis

being given to the make in India campaign, thousands of companies would come forth to set up their factories on the land which could be used for cultivation. Eventually this set up of manufacturing factories would lead to the permanent disruption of the agrarian land in the near future.

5. Manufacturing based Economy

Indian economy is one of the largest economies in the world. It constitutes of three sectors i.e. agriculture, industry and services. Now the Indian economy majors up from the service sector which contributed up to 57% of the GDP. But with the introduction of the make in India campaign the economy is likely to rely completely on the manufacturing and exporting while the import industry will remain static. This eventually will be a huge loss for the other economic sectors and would automatically reduce the advancement of make in India.

6. Interest in International Brands

As stated earlier, the brand value of Indian merchandise will definitely increase. But the Indian upper class, which can actually afford such merchandise, is addicted with foreign label. This will eventually become a big hurdle for the local entrepreneurs as a great level of promotion is required to build the confidence of people in the local brands.

7. Pollution

One of the biggest problems which is prevailing in India is pollution. According to statistics, India has a pollution index of 76.50. With the make in India movement, this pollution level is likely to arise in a



couple of years. Eventually, making the condition in India worse. Hence, Make in India might be economically but it will have an inverse effect ecologically.

6. www.mapsofindia.com > Government of India

8. Bad Relations with China

The Indo-China relation is already a problematic cause for the country, with the initiation of the make in India crusade, India stands as one of the most promising rivals for China. This automatically has worsen the India's long term feud with China, gradually with the success of Make in India, it is possible for the situation to become worse among the two economically growing countries because India has the advantage of young and skilled work force over China which will expectedly take make in India to new heights in the near future.

But looking at the disadvantages we can't neglect make in India. We should take steps to reduce the effect of disadvantages. "Come make in India. Sell anywhere but make in India." Prime Minister Narendra Modi said while introducing his vision to the public. And it seems that the world is more than ready to embrace this vision, which is already set on a path to become a reality.

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