



IMPACT OF MAKE IN INDIA INITIATIVE ON INDIAN ECONOMY

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Abstract

The objective with which the Make in India initiative was started to make India a global manufacturing hub seems to be fruitful today. Today, India is not only manufacturing in the country, but Make in India products are also being exported to other countries. Make in India, the flagship program of the Government of India, facilitates investment, fosters innovation, enhances skill development and builds best in class manufacturing infrastructure. Make in India has made substantial achievements in 27 sectors. These also include strategic sectors such as manufacturing and services.

The government of India's Make in India initiative was well-thought-out for large-scale growth of the manufacturing sector in order to provide decent labour employment opportunities to workers, and it was launched at the right time with full zeal. Agriculture employs at least half of India's workforce. Industrialization is the only way to overcome this problem and will play a significant role in the development of our nation, as the development of the manufacturing sector with other sectors of industry shows the economic growth and strength of the nation, which generates employment for skilled and unskilled labourers, which raises productivity of the sector, which supports the national economy. The study focused on impact of Make in India initiative on Indian economy.

Keywords: Make in India, Swadeshi, Globalization, Invest India, Industrialization

Introduction-

To strengthen the Make in India initiative, several other measures have been taken by the Government of India. These reform measures include amendment of laws, liberalization of guidelines and regulations to reduce unnecessary compliance burden, reduce costs and enhance ease of doing business in India. The burdensome compliances of rules and regulations have been

reduced through simplification, rationalization, decriminalization and digitization making it easier to do business in India. Recognizing the importance of semiconductors in the world economy, the Government of India has launched a \$10 billion incentive scheme to build a semiconductor, display, design ecosystem in the country. The government has taken several steps to simplify the process of doing business in India. Many rules and procedures have been simplified and many items have been removed from licensing requirements.

The government aims to provide strong infrastructure for business by developing requisite facilities as well as institutions in the country. The government wants to develop industrial corridors and smart cities to make state-of-the-art technology available to business entities. Efforts are being made to provide skilled manpower through the National Skill Development Mission - External website that opens in a new window. Innovations are being encouraged through better management of patent and trademark registration process.

Some key sectors have now been opened up for foreign direct investment. The policy has been liberalized in the defense sector and the FDI limit has been increased from 26% to 49%. 100% FDI has been permitted in the defense sector for cutting edge technology. 100% FDI has been permitted under the automatic route in construction, operation and maintenance of rail infrastructure projects. Liberalized norms for insurance and medical devices have also been approved.

The Ministries concerned with the industry are working on specific targets for each sector after detailed discussions with various stakeholders in the National Workshop held on 29th December 2014. Under this initiative, each ministry has identified an action plan for the next one and three years. The 'Make in India' program represents a behavioral change in India regarding investors and their expectations. An Investor Facilitation Cell has been constituted in 'Invest India'. An experienced team is also available at the Investor Facilitation Cell to assist new investors.

On September 25, 2014, the country's Prime Minister Narendra Modi launched "Make in India", which aims at the development of the manufacturing sector nationwide. The Industrial Revolution played an important role in this context and showed the world how a country can become a high-income country if its manufacturing sector is strong.

In this campaign, the government has emphasized on making goods and services in the country itself, which will increase employment in the country and knowledge of new technologies. Through this campaign, the Government of India wants to increase the investment of capital and technology in the country. After the launch of this campaign, the government has increased the FDI limit in many sectors, but in areas of strategic importance such as 74% in space, 49% in defense and 26% in news media, investment is still allowed in these sectors. Not opened to

foreign investment in any way.

Make in India advantage and purpose

There are many objectives behind launching Make in India, one of which is to increase the growth rate of manufacturing sector by 12-14% per annum in the medium term. The plan includes increasing the share of manufacturing in the country's GDP from 16% to 25% by 2022, while also creating 100 million jobs in the manufacturing sector. Building appropriate skills among rural migrants and urban poor for inclusive growth, domestic value addition and increasing technological depth in manufacturing, enhancing global competitiveness of Indian manufacturing sector, ensuring growth conditions especially with respect to the environment. The objective of the plan is.

If we talk about the benefits of this campaign, Make in Indian has provided job opportunities to many people in India. The young generation has benefited the most from the scheme. After this, the people working in the factories will need to rent a room in the areas near the factory, which will help the renters financially and also new shops will open. When people will start getting employment, they will get financial help, then the country's GDP will start improving. Companies investing in India will manufacture products, which will increase the business area and open new factories. And this will have an effect on the economy which will increase the GDP. The effect of income will increase, the possibility of development of export architecture, textile market and other areas will increase.

The same manufacturing will turn India into a commercial hub for products leading to collection of FDI which will strengthen the rupee against the dollar. The establishment of a factory improves an area and also provides employment to the people there. This increases the quality of the people and develops hospitals, schools and other public facilities.

India is the largest democracy in the world which is now on the way to strengthen its economy. For which auspicious beginning of many schemes has been started in the country. One of which the Make in India scheme has opened doors for investors from all over the country and abroad to do business in India. Big foreign companies are investing in India under this scheme. The government has selected 25 sectors for this scheme, which include automobile, biotechnology, chemical, railway, thermal power, road and highway, aircraft industry, defense, space, electronic machine etc.

An investment of about 20 thousand crores has been made in this entire scheme, but in the beginning an investment plan of 930 crores has been made for this, out of which the Government of India is giving 580 crores. Every country has different rules and regulations for doing business and investing.

In 2015, the World Bank conducted a research on "Where it is easier to do business" among 189 countries, in which India came at number 130. After that the World Bank conducted a survey in 17 cities of the country to do business, according to which Ludhiana, Hyderabad, Bhubaneswar, Gurgaon and Ahmedabad are the 5 main cities.

Evaluation of Make in India

Since the objective of this initiative was to increase the three major factors of the manufacturing sector – investment, production and employment. Therefore, it can also be evaluated on the basis of these three, such as-

Investment: The rate of growth of investment in the economy has been very slow in the last five years. The situation worsens when we consider capital investment in the manufacturing sector. According to the Economic Survey 2018-19, Gross Fixed Capital Formation (GFCF), representing total investment in the economy, declined from 31.3 per cent of GDP in 2013-14 to 28.6 per cent in 2017-18.

Significantly, the share of the public sector in total investment remained more or less the same during this period, while the share of the private sector declined from 24.2 per cent to 21.5 per cent. On the other hand, it is known from the savings data during this period that the domestic savings rate has declined, while the private corporate sector's savings rate has increased. Thus we are in a situation where private sector savings are increasing but investment is decreasing.

Production: The Index of Industrial Production (IIP) is the broadest indicator of changes in the output of the manufacturing sector. If we look at the data of the Index of Industrial Production between April 2012 and November 2019, it is known that double digit growth was recorded only twice during this period, while in most of the months it was either less than 3 percent or negative. Thus it is clear that production in the manufacturing sector has not yet increased.

Employment: Recently the Center for Monitoring Indian Economy (CMIE) has released data regarding the unemployment rate, according to which India's unemployment rate increased to 7.5 percent during September-December 2019. The unemployment rate was even worse in the case of educated youth, indicating that the year 2019 was the worst year for young graduates. It may be noted that in May-August 2017 this rate was 3.8 percent.

Conclusion-

This initiative of government of India is an honest attempt to revive the fortune of Indian manufacturing industry, which will also revive the Indian economy in turn. Manufacturing sector is capital and resource consuming sector, which requires conducive environment for

business. One should not judge this great initiative by its policies and schemes, but by future results as the government initiates the single online portal for all the approvals in a time bound manner for the Make in India entities. This step of government will certainly be proved as a right step at right time, in the right direction by the nationalist government with right aim and will set the right composition.

The 'Make in India' campaign was an initiative launched by the Indian government with the goal of making India a global manufacturing hub. The 'Make in India' campaign had a huge impact; it not only had a domestic impact, but its aftereffects also crossed international borders. Another impact of the 'Make in India' campaign was the creation of jobs for Indians in the manufacturing sector, which increased India's GDP and employee living standards. Several of the 'Make in India' campaign's challenges have been overcome, but others are still in the works and on their way out.

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