MAKE IN INDIA: UNLOCKING INDIA'S POTENTIAL AS A MANUFACTURING HUB

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Abstract

Make in India was created with the intention of easing the way for businesses of all stripes to set up shop in India and export their wares to the rest of the world. This programme, which began on September 25, 2014, has become a landmark achievement in India's economic history. "Make in India" and "Made in India" both contribute to the growth of the Indian economy in their own ways. Increased foreign investment is a result of Make in India, which is good for India's economy. At the same time, the Made in India initiative encourages insular production inside the country, cutting down on imports. That's why it's so important to do these steps in a methodical, consistent manner. Consumption in India is forecast to quadruple to US$ 4 trillion by 2025, making it the world's third-largest consumer economy, according to research by the Boston Consulting Group (BCG). Consumers' habits and spending habits are changing, which is driving this development. PricewaterhouseCoopers also projects that by 2040, India will have the world's second-biggest economy as measured by PPP, overtaking the United States. Mr. Modi's initiative sends a clear message to the world's affluent and semi-wealthy countries that they may benefit from investing in India's future development. This is analogous to encouraging companies from other countries to set up shop in India and manufacture their wares inside the country's borders. The fact that these goods are made in India yet sold all around the world says a lot about the importance of the country.

Paper Identification

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Introduction

Make in India is an initiative that was first introduced "on September 25, 2014 by Prime Minister Narendra Modi with the main objective of making India a global manufacturing Centre by encouraging both international and local firms to produce their goods inside the country. This was accomplished via the implementation of the Make in India campaign".

The initiative, which is being led by the "Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India, aims to increase the contribution of the manufacturing sector to

25% of the Gross Domestic Product (GDP)", up from its current level of 16%, by the year 2025. Make in India has launched a number of new initiatives, some of which include encouraging direct foreign investment, enforcing intellectual property rights, and fostering growth in the manufacturing sector.

The particulars of each of these 25 economic subsectors, which vary from automobiles to information technology (IT) and business process management (BPM), may be found on the organization's official website.

In addition to this, "it intends to help enable the creation of new jobs, encourage innovation, improve skill development, and safeguard intellectual property. The emblem for "Make in India," which is a lion constructed of gear wheels, is itself a reflection of the significant role that manufacturing plays in both the government's goal and the growth of the country".

1.1 GROWTH

A significant number of international businesses are investing in the Make in India programme, which is having a significant bearing on the Indian economy. Large companies' decision to set up shop in India will undoubtedly have an immediate effect on the GDP of the nation. If you're thinking of "starting your business in India" and investing in Make in India, you should be aware of the following implications on the economy:

The following is a breakdown of the total foreign direct investment (FDI) that has been recorded over the last eight financial years:

Table 1 Amount to FDI inflow in India

Financial Year	Amount to FDI inflow (US$ Billion)
2014-15	45.15
2015-16	55.5
2016-17	60.2
2017-18	61.9
2018-19	62
2019-20	74.39
2020-21	81.97
2021-22	83.57

During the financial year 2021-22, India reached a previously unachievable milestone by obtaining a total of USD 83.57 billion in Foreign Direct Investment (FDI), beating the previous record by a significant margin. In spite of obstacles like as "the military action in Ukraine and the COVID-19 epidemic", this extraordinary result increased Foreign Direct Investment (FDI) by 1.60 billion US dollars above the previous year's total. In order to put this into perspective, the total amount of "Foreign Direct Investment" (FDI) that India received in the financial year 2014-2015 was only USD 45.15 billion. There has been a huge rise of twenty-fold in the amount of FDI that is coming into India since the financial year 2003-2004, when these inflows were only worth 4.3 billion US dollars.

In addition, foreign investors see India's manufacturing sector as a desirable investment location, and this trend is causing the country's manufacturing industry to see significant growth. The foreign direct investment (FDI) equity inflow into the manufacturing sector reached USD 21.34 billion for the financial year 2021-22, representing a significant increase of 76% when compared to the previous financial year 2020-21.

These recent advancements in India's Foreign Direct Investment inflow provide conclusive proof that the nation has justly earned its image as a top option for investors all around the globe. Notably, the overall amount of foreign direct investment (FDI) recorded in India post-Covid (March 2020 to March 2022) was USD 171.84 billion. This is a 23% increase from the total amount of FDI reported pre-Covid (February 2018 to February 2020), which was USD 141.10 billion. It is important to draw attention to this significant trend.

In terms of the major investor countries, 'Singapore' retains the highest place, accounting for 27% of the FDI equity inflow for the financial year 2021-22. Singapore is followed by the United States of America (18%) and Mauritius (16%). The “Computer Software & Hardware” sector was the main recipient sector of foreign direct investment (FDI) equity inflow over the same time, taking roughly 25% of the total share. This was followed by the “Services Sector” and the “Automobile Industry.”

It is anticipated that the states of Karnataka, Delhi, and Maharashtra would be the key receivers of foreign direct investment (FDI) equity during the financial year 2021-22. Karnataka will lead the way with 53%, followed by Delhi and Maharashtra, each of which will get 17%. Notably, Karnataka was successful in luring 38 percent of the total foreign direct investment (FDI) equity inflow that was reported for the financial year 2021-22. Maharashtra came in second with 26 percent, while Delhi came in third with 14 percent. The 'Computer Software & Hardware' industry received 35% of the equity inflow in Karnataka, followed by the 'Automobile Industry' with 20% and 'Education' with 12%.

The government's measures over the previous eight years have produced fruit, as seen by the rising inflow of foreign direct investment (FDI), which has established new records over the course of the past year. “The government of India regularly evaluates its Foreign Direct Investment (FDI) policy and makes significant policy revisions based on the results of these evaluations in order to maintain India's standing as a desirable and business-friendly destination for FDI. The federal government has implemented a policy on foreign direct investment (FDI) that is open and transparent, making it possible for the majority of economic sectors to accept FDI through the automatic route. Recent policy reforms have been enacted across a variety of sectors, including coal mining, contract manufacturing, digital media, single-brand retail commerce, civil aviation, defence, insurance, and telecommunications, to name a few of these industries. These reforms are intended to further liberalise and simplify the FDI policy, improve the ease of doing business, and attract investments”. As a result, the FDI policy will become more liberalised and simplified.

Source: World Bank

The gains in rankings seen in Figure 2 may be linked to a variety of reform efforts adopted by the government. These actions can be found in Figure 2. These reforms include fundamental alterations to the structure of the economy, such as the implementation of the “Goods and Services Tax” (GST) and the “Insolvency and Bankruptcy Code” (IBC). Demonetization and the adoption of a framework for inflation targeting via the Monetary Policy are only two examples of the changes that have been implemented in India with the intention of strengthening the country's governmental institutions. The advancements achieved in Aadhaar enrolment and its implementation in targeted benefit distribution, as well as the announcements made by the government, each contribute in their own unique way to these positive changes.

1.2 The logo

The national symbol of India served as the inspiration for the “Make in India” logo. “The wheel is a symbol of India's enlightened past, which points the path to a prosperous future. It also represents the peaceful growth and dynamic nature of India”. The roaring lion is a symbol of bravery, perseverance, intelligence, and strength; these are all qualities that have been and continue to be important to Indian culture.

1.3 Benefits

- The Make in India project contributes to the creation of employment opportunities for India's rapidly expanding population.
- Transformation of India into a centre for the manufacture of a wide variety of consumer goods.
- The development of both the areas themselves and the surrounding regions, which are where the industries will be located.
- Because of the massive influx of revenue that would result from foreign investments, the GDP of the Indian economy will increase as a direct result of this programme.
- Through this effort, foreign direct investment (FDI) would help the rupee become more competitive against the United States currency.
- India will have the chance to make use of the most recent technology that will be brought along by nations from all over the globe. This is because India is lacking in a variety of test mechanisation.
- The establishment of enterprises in accordance with the aims of this programme would contribute to the growth of rural regions.

1.4 Drawbacks

- The “Make in India” programme has placed an intense amount of emphasis on the country's manufacturing industry. As a consequence, this has a detrimental effect on the agricultural industry in India.
- Because the establishment of industrial businesses needs substantial quantities of natural resources such as land, water, and so on. Therefore, there is a likelihood that these natural resources may eventually be depleted, which poses a risk to the continued existence of such a big population in India.
- The participation of other nations in the manufacturing industry in India has created a challenge for the country's pre-existing small local businesses and may ultimately compel them to close their doors.
- A significant upheaval in the agricultural sector as a consequence of the principal use of land, which is the establishment of industrial production facilities.
- The decline in returns on foreign direct investment (FDI) that occurs from intense competition leads to a net loss of capital for an economy. If the international investors withdraw their support for the project, it will have a negative impact on employment.

2. Made in India

The “Made in India” campaign lent a sense of provenance to the goods that were being produced in India. This programme does not entice any foreign investors, and its proponents say it makes wasteful use of the nation's limited resources. This policy promotes local manufacturers to make items inside the nation by using production variables like as land, labour, capital, entrepreneurialism, and technology. As a result, job opportunities are created for the general population of India. If this programme is pushed well, it will recognise and endorse the domestic products that are produced in India. It will provide local producers a platform from which they can compete with international items and raise the bar for the quality of their own goods.

2.1 Benefits

- Utilisation of a nation's human capital and other resources in a productive manner in order to provide a good or service
- the creation of job possibilities for the people of India's vast rural areas
- Encourages India's homegrown producers to create more items inside the country

2.2 Drawbacks

The conditions that now exist in the economy of India are not conducive to the success of the nation's homegrown brands. Because the government is working to increase both the amount of competition and the overall quality of goods that are Made in India, the BJP administration is placing a greater emphasis on the "Make in India" initiative. This will help the nation become more well-known on a worldwide scale. A drop in the customer base as well as a decrease in exports have occurred as a direct result of the worse quality of the country's manufactured goods.

2.3 Key Differences

- In the beginning, it establishes a service, which is a major objective of government. Second, the development of even very low-tech security tools contributed to the construction of high-quality manufacturing means, which in turn contributed to the construction of the global manufacturing commerce that is necessary for the operation of the (Made in India) initiative.
- The creators and integrators of weapons are able to take care of a refined and a better design, one that is sure to work. This is possible from "the low level of manufactured devices, actuators and sensors and fuse packing containers washers bolt and to elevated levels of pumps that are available without the need to import or begin developed devices to provide them".
- "Made in India is advantageous to the Indian financial system since it allows for the export of goods which have been produced on Indian soil to completely different international locations". Make in India, on the other hand, will benefit the economy of the country by inviting outside investors to invest right here, and it will also aid the people of the nation by expanding employment opportunities in the manufacturing sector.
- It is a business pitching programme that was created by "the brand-new government in which you invite faraway industrial ventures to re-establish their bases in India". In widespread, the primary goal of this course is to create more employment openings obtainable to Indians just right here. The Made in India label is, on the other hand, nothing more than a punch line. Given that outside companies have found the work in India to be of poor quality, it does not make sense to employ people there.

3. Objective of Paper

- "To investigate the MAKE IN INDIA concept and long-term vision."
- To learn more about the "Made in India" campaign. To do research on the "Make in India" campaign. To learn the fundamental distinctions between the "Make in India" campaign and the "Made in India" campaign.
- To investigate the effect that "Make in India" is having on the economy of India

4. Research Methodology

The primary emphasis of the research is "an in-depth analysis of secondary data obtained from offline yearly reports, periodicals, government papers, and publications gathered from a variety of websites that centred on my topic of interest".

5. Impact on Indian Economy

The results of this campaign will be felt not just in the United States but also in other countries. The growth of the manufacturing sector would result in the creation of job opportunities for the country's young people, the reduction of poverty, the attraction of investments, the generation of value for Indian commodities, and the reduction of India's widening trade imbalance. It will strengthen India's reputation in the globe on an international scale, and investors will begin to see the country not only as a market but also as an opportunity. It is inevitable that "the interaction between local and foreign enterprises will help turn domestic firms into multinational corporations (MNCs)".

This initiative has been supported by the government, which has taken actions such as establishing 'Invest India,' which will serve as the primary resource for providing assistance to investors.

- The establishment of a specialised web site
- "http://www.makeinindia.com" to answer any questions and set up an expert panel to address complaints and answer questions from foreign and Indian investors within one day.
- Increasing the limit on foreign direct investment in railroads to 100 percent and in defence manufacturing to 49 percent respectively
- This campaign has helped generate a more optimistic atmosphere, which has had a substantial impact on improving how people see the state of the Indian economy.

"According to a report by the Boston Consulting Group (BCG), India is projected to be the third largest consumer economy by the year 2025, with its consumption possibly tripling to US$ 4 trillion. This is due to a shift in consumer behaviour and expenditure pattern. India is also projected to surpass the United States to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040".

The recent rankings are, without a doubt, good news for the economy, but there is still a great deal of work to be done on the ground level. When it comes to launching a company, for instance, the country's rating has dropped from 155 in 2016 to 156 in 2017, a decline of one place. If the government of India wants the 'Start Up' India plan to be successful, it has to do much more in this area. The registration of properties and the enforcement of contracts were both areas in which India performed poorly compared to other countries. It represents the modest progress being made in reforms of land and labour. In light of this, the new rankings could serve as a motivating shout for the government, but it still had a long way to go before it could celebrate in any meaningful way.

It is anticipated that India's GDP expanded by 7.2% in the financial year 2017-2018 and by 7% in the financial year 2018-2019. India has around 4,750 technological start-up companies, which has allowed it to maintain its position as the third biggest start-up base in the world.

"According to research that was conducted by ASSOCHAM and Thought Arbitrage Research Institute, it is anticipated that India's labour force would reach 160-170 million by the year 2020. This projection is based on a number of variables, including the rate of population growth, greater labour force participation, and increased enrolment in higher education.

According to figures provided by the Reserve Bank of India (RBI), India's foreign currency reserves reached US$ 405.64 billion in the week leading up to March 15, 2019".

6. Conclusion

India has the potential to increase the manufacturing sector's contribution to the country's

GDP to 25% by the year 2025.In order to materialise this vision, the government must play the role of the primary pivot that aligns all of the industries, private firms, public sectors, and other stakeholders. The government is required to put policies into action, whether such policies include labour changes, sector reforms, or the reduction of hurdles to enterprise. “The government of India has implemented a number of reforms in recent years to create a more favourable environment for business and to increase the amount of capital flowing into the country”. “Make in India is one such long-term programme” that will assist to realise the aim of converting India into a “manufacturing hub.” This initiative is known as the “Make in India” mission.

“The honourable Prime Minister's appeal for zero defect and zero effect” manufacturing strikes a chord with our sector at a time when we are expanding and increasing our output for the global market. The growing economy of India presents local business owners and foreign companies with equal opportunity to make investments in the country. Utilising opportunities presented by the growing economy is our duty.

On the backs of digitalization, globalisation, favourable demographics, and reforms, it is anticipated that India's gross domestic product (GDP) would exceed US$ 6 trillion by FY27 and that the country will attain upper-middle income status.

Because of the many efforts taken by “the Indian government, such as Make in India and Digital India, a growing number of international businesses are locating their operations in India. “Make in India” is an initiative that was launched by “the Prime Minister of India, Mr. Narendra Modi”, with the goals of boosting the manufacturing sector of the Indian economy, increasing the purchasing power of an average Indian consumer, which would further boost demand, and therefore spur development, and providing benefits to investors. Under the Make in India programme, the government of India is working to increase the contribution provided by the manufacturing sector. Specifically, the government wants to increase the manufacturing sector's share of the GDP from its present level of 17 percent to 25 percent. In addition, the government has come up with an effort known as Digital India, the primary goals of which are to develop digital literacy, create digital infrastructure, and provide services in a digital format”.

According to the Prime Minister, the term “FDI” should also be interpreted to mean “First Develop India” in addition to “Foreign Direct Investment.” He asked investors “to perceive India not only as a market but as an opportunity instead, and he emphasised the importance of this distinction”.

On its way to becoming an economic giant, India is demonstrating via its “Make in India” initiative that it is ready to accept progress by embracing change.

In conclusion, it is possible to assert without risk that the “Make in India” initiative presents “an opportunity for everyone and every person”. It is a possibility that, if given enough time, would blossom like a flower in the spring and will ultimately result in the fruit that was anticipated.

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