



MAKE IN INDIA INITIATIVE- THE ROLE OF EDUCATIONAL INSTITUTIONS & ITS IMPACT ON FOREIGN DIRECT INVESTMENT

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ABSTRACT

With the primary objective of attracting investments from across the globe and strengthening India's manufacturing sector, Make in India is a major new national programme of the Government of India designed to facilitate investment, enhance skill development, foster innovation, protect intellectual property and build best in class manufacturing infrastructure in the country. The programme also aims at enhancing Foreign Direct Investment and improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable. With these objectives the higher education policy needs to be reformed so as to upgrade the development level of students to meet the higher expectations of the industry. The paper, hence, is an attempt to understand the growth in FDI due to Make in India initiative and also the role of Indian Higher education in successfully applying the Make in India campaign. The work also studies the Impact of Make in India on future Higher Education of India.

Introduction

The make in India initiative was launched in September 2014 with an aim to promote India as an important investment destination and a global hub for manufacturing, design and innovation. When India witnessed a 28% rise in FDI to \$44.20 billion in 2015 then a United Nations report in June said FDI flows to India might cross \$60 billion in 2016 with liberalised foreign investment regulations. India's ranking in EODB ranking has improved by four places after 2015. Experts argue that the country needs to focus on quality education not just skill development. In the emerging economy, people will need to continuously learn new skills to meet the economy's changing requirements and drive for success in international business world. There is a need to improve the higher education system which yields future job

seekers. With this, the relevance of Higher education in the Make in India concept is highly noticeable. This study emphasises on defining the role of Indian Higher Education in implementing the campaign successfully. New institutes of excellence have been announced, making development more regionally balanced with states such as Jammu and Kashmir, Bihar, Himachal Pradesh and Assam getting AIIMS, IITs and IIMs.

Objectives of the study

1. To study the impact of Make in India initiative in enhancing Foreign Direct Investment (FDI) by improving EODB ranking.
2. To study the role of Indian education institutions in achieving the objectives of make in India initiative.

Make In India-An initiative by the Government of India

The Prime Minister Mr. Narendra Modi launched 'Make in India' program on September 25, 2014 which is a major national initiative focused to boost the economy making the country self-sufficient and a global manufacturing hub. Make in India is a initiative to encourage companies to manufacture their products in India and generate more employment opportunities for the poor and give greater purchasing power in their hands.

It is expected that this developmental initiative will increase GDP growth and tax revenue of the country. The initiative also aims at high quality standards and minimising the degradation of environment. The other important objectives of this initiative are:

- to facilitate investment,
- enhance skill development,
- foster innovation
- protect intellectual property, and
- to build best-in-class manufacturing infrastructure.

This programme can be successful by cutting down in delays in manufacturing projects, developing adequate infrastructure and making it easier for companies to do business in India Skill development & emphasis on education has to be synchronized between the objectives of the government, academic world, industry and job seekers for ensuring that industry specific skills are imparted.

According to reports by 2020, India is set to become the world's youngest country with 64% of its population in the working age group. With the Western countries, Japan and even China aging, this demographic potential offers India and its growing economy an edge that economists believe could add a significant 2% to the GDP growth rate annually.

The Ease Of Doing Business(EODB) Ranking

The government has acknowledged that India is being ranked low on the 'ease of doing business' ranking by World Bank, ranking 135th in the world out of 189 countries in consideration in 2014. The Ease of Doing Business (EODB) index is a ranking system established by the World Bank Group in which 'higher rankings' (a lower numerical value) indicates a better and simpler regulations for businesses and stronger protections of property rights. EODB index considers 10 areas of business regulation which includes Starting a Business, Dealing with Construction Permits, Getting Credit, Protecting Minority Investors, Getting Electricity etc. Rankings and weightings on these parameters are used to develop an overall EODB ranking. A high EODB ranking means the regulatory environment is more conducive for starting and operating of businesses.

Since 2014, the Government of India launched an ambitious program of regulatory reforms like decrease in number of procedures and time taken to start a business in India, reduced time to get a permanent electricity connection for a business, protecting interests of minority investors and lesser procedural burdens for starting a new business making it easier to invest in India. The efforts have yielded substantial results with India jumping 4 places on the World Banks' Doing Business rankings and also there has been a remarkable improvement in foreign investments.

YEAR	2015	2016	2017
INDIA'S EODB RANKING	134	131	130

Note- Ranking for 2015 has been revised from 142 to 134 and 2016 has been revised from 130 to 131

Source: <http://www.makeinindia.com/eodb>

Impact on growth of Foreign Direct Investment (FDI)

The launch of the Make in India campaign has made India a more attractive investment destination as there have been relaxations initiated in Foreign Direct Investment (FDI) norms in many sectors including multi-brand retail, telecom and defence. The Reserve Bank of India (RBI) has opened the gates for more overseas investment coming to India by a series of steps liberalising the foreign direct investment rules.

FDI INFLOWS DURING FIRST & SECOND QUARTER OF FINANCIAL YEAR 2016-17 (APRIL, 2016 TO SEPTEMBER, 2016)	
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TOTAL FDI INFLOWS INTO INDIA (Equity + 'Re-invested earnings' + 'Other capital')	US\$ 29,016 Million
FDI EQUITY INFLOWS	US\$ 21,624 Million

(source: as per RBI's Monthly bulletin)

To further boost investment environment and bring in foreign capital, the government is taking various measures like opening up FDI in many sectors, carrying out FDI related reforms and improving ease of doing business. Sectors that attracted maximum FDI include services, trading, automobile and power.

India's emergence as the world's top FDI destination in the first half of 2015 has been the outcome of the Make in India initiative. India has pulled ahead of China and the US to emerge as the world's number one destination for FDI. India received \$31 billion in foreign capital inflows in the first half of 2015; China was second with \$28 billion and the US third with \$27 billion. These indicators showcase remarkable pace of approval being accorded by the government and confidence of investors in the resurgent India.

The Foreign Policy Magazine in its present analysis on a vast number of parameters has rated India as the No.1 destination in the world. Frost & Sullivan, a US based agency has on number of indicators selected the Make in India initiative as the best initiative to drive manufacturing. India stands committed to have a FDI policy and regime which is investor friendly and also promotes investment leading to increased manufacturing, job creation and overall economic growth of the country.

Role Of Indian Education Institutions

The Twelfth Plan had articulated the need for expanding educational facilities and improving quality of education, as key instruments for achieving faster and inclusive growth. There has been notable success in expanding capacity, but the challenge of improved quality still persists. This means extensive and improved teacher training, upgrading curriculum, research based teaching methodology and enforcing of accountability in teachers..

The government of India introduced couple of initiatives like Make In India, Digital India, Skill India etc to strengthen Indian economy and reach to new heights. The main aim of the make in India campaign is to enhance the contribution of the manufacturing sector in the growth of Indian economy which means raising the GDP from merely 15% to 25%. The other objective is to create millions of jobs in the country and make people employable. It also



aimed at easing the business process and attract foreign direct investment. The Make in India showed its tremendous impact in all the spheres of the economy and will be showing in the near future. The role of the higher education is quite visible for successfully implementing the campaign as more manpower with higher qualifications are required. The improvement in higher education seems to be a solution to the various issues and problems of implementing make in India program. The objective of Make in India of Skill development will enhance the employability skill of the job seekers which will open the doors of industries with open arms.. The aim of manufacturing in the country will create and generate the job opportunities as the programme stresses on the employment generation and poverty alleviation. The increase in job opportunities will in turn motivate the students to go for higher education. The objective to attract the FDI (Foreign Direct Investment) will pave the way for more and more R&D in India which will raise the Research standards. More investment in R&D has to be made in order to create world-class quality, which will help to achieve mastery in technological advancements and develop research-oriented curriculums.

The campaign also promotes foreign universities to collaborate with the Indian one. It launched a programme to invite people from abroad at government expense which make easy for universities to invite foreign faculty. The educational institutions should make use of this facility given by government and exchange ideas to promote higher education in India.

Conclusion

With an increase in investment in the form of FDI in India especially in a climate of contracting worldwide investments indicates the faith that overseas investors have imposed in the country's economy and the reforms initiated by the Government towards ease of doing business. The Make in India initiatives of the Government and its outreach to all investors have made a positive investment climate for India which is evidenced in the results for the last financial year. As per the discussions done above, it is concluded that by simplifying the process of starting a new business we can make India a more developed and powerful economy. The higher education system needs few reforms in order to succeed the make in India initiative.

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