



## MAKE IN INDIA CAMPAIGN-PROS, CONS AND IMPACT ON INDIAN ECONOMY

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### ABSTRACT

*Make in India is an international marketing campaigning slogan coined by the Prime Minister of India, Narendra Modi to attract businesses from around the world to invest and manufacture in India. The campaign has been concentrated to fulfill the purpose of Job Creation, Enforcement to Secondary and Tertiary sector, Boosting national economy, converting India to a self-reliant country and to give the Indian economy global recognition. Make in India which is the recipe of PM Narendra Modi's aims to make India the manufacturing hub of the world. The idea of utilizing cheap labor to produce for the world is not new. The Indian government through this initiative aims to put to use its rapidly increasing workforce to productive use, realizing that service sector though contributing about 55-60% of the GDP cannot be the sole driver of the economy. In this research paper 'Make in India' an attempt has been made to review the pros and cons of this concept and to understand the impact of it on the Indian Economy.*

### 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 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, surpassing the United States of America as well as the People's Republic of China.

Make in India is a campaign launched by the PM, Narendra Modi, which facilitates all the big business investors worldwide who want to do business in India. This programme was launched in 2014 on 25<sup>th</sup> of September by the PM at the Vigyan Bhawan in New Delhi. It is a big step taken by the government of India to reduce the level of unemployment faced by the youths of the country. This campaign was launched a day after the Mars mission when PM was to go on his first visit to the USA as prime minister of India.



The aim of launching this campaign in India is to make India a world level manufacturing powerhouse which will definitely help in solving the biggest issue of Indian economy. This initiative was launched with new deals for foreign investors successfully in New Delhi with the top industrialists of India including Mukesh Ambani (Reliance Industries chairman), Azim Premji (Wipro chairman), etc.

## OBJECTIVES

- 1) To understand the concept of Make in India.
- 2) To understand the advantages and disadvantages of Make in India.
- 3) To understand the impact of Make in India on the Indian Economy.

## RESEARCH METHODOLOGY

The study involves the data collected from the secondary sources. The secondary data has been collected from journals, Research paper, Newspapers, Literature review, Websites. An Exploratory research was chosen in order to develop a profound understanding of the research topic and obtain in depth data about the research objectives.

## PROCESS OF MAKE IN INDIA

Make in India was launched by Prime Minister against the backdrop of this crisis, and quickly became a rallying cry for India's innumerable stakeholders and partners. It was a powerful, galvanizing call to action to India's citizens and business leaders, and an invitation to potential partners and investors around the world.

But, Make in India is much more than an inspiring slogan. It represents a comprehensive and unprecedented overhaul of out-dated processes and policies. Most importantly, it represents a complete change of the Government's mindset – a shift from issuing authority to business partner, in keeping with Prime Minister's tenet of 'Minimum Government, Maximum Governance'.

## ADVANTAGE OF MAKE IN INDIA

**Make In India is a Lion's Step.**” So, pledged the prime minister of India, Narendra Modi, during the inauguration of the prominent 'Make in India' campaign

Lets have a look on some advantages of Make in India

**1. Generating Job Opportunity:** Make in India crusade is providing job opportunities for as many citizens of India. It has targeted the youth of the country. 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. Growth of GDP**

Manufacturing of products in India, will help the economic growth of the country, this will not only boost the trade sector but also will increase the GDP of Indian economy.. Various sectors such as exportation, architecture, textiles, telecommunications etc. are likely to flourish inevitably, strengthening the Indian economy.

## **3. 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.

## **4. Business can be carried out at ease.**

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.

## **5. Attracting the Young generation**

The young generation of India plans to move out of the country in the hope of a better future. Because of this India has always been deprived of innovative and new ideas. With the make in India campaign, the youth will be attracted to stay in the country and contribute their creativity and new ideas for the betterment of the country.

## **6. Rural Areas are developing**

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.

## **7. Capital Inflow**

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.

## 8. More Job Opportunities:-

It will lead to the creation of many job opportunities. Around ten million people are expected to get jobs. An increase in investment will bring employment opportunities for the skilled labor force and this will form a job market.

## 9. Swachh Bharat Abhiyan

The masterstroke of Modi government is the Swachh Bharat Abhiyan. This mission is being incorporated by Modi government in the memory of Mahatma Gandhi, aiming for a hygienic and a clean India. The vision is to sweep, mope, dust and wash the surrounding and remove unwanted unhygienic materials from the society to help improve thought and action in Daily Routine.

## 10. Junking the Old System & Laws

The title itself says the applicability of new system in the country. This actually goes in favor of the Modi government as well as the government lead by Shri Atal Bihari Vajpayee, who literally worked on removing junk laws from the system. Modi has in return, removed various dead files and the era of advancement has arrived.

## DISADVANTAGES

1. **ANTI COMPETITIVE:-** This move will be **anti-competitive** as this can remove competition from foreign brands

### 2. Disputes in WTO against India:

Since India is part of WTO and signatory of GATT, there could not be any trade distortion practices. But using only MII goods is a trade distortion and will surely lead to dragging India to WTO disputes and India has to face consequences

3. **Depletion** of own, mainly **natural, resources**

4. **Agriculture Myth:**

India is often termed as an agricultural economy whose mainstay is agriculture. However, the contribution of agriculture to the GDP is fast coming down from its above 50% levels at one point. Industry and services together rose over 11% in their contribution to the GDP, but employment figures rose only by 6%. This implies that we continue to employ more and more people in agriculture while income growth is happening in the industry.

## 5. 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. 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. 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.

## “MAKE IN INDIA” IMPACT ON INDIAN ECONOMY

Creates a policy framework to ease foreign investment, ease of business and management of intellectual property. This helps industries to establish their manufacturing bases in India.

In turn, this helps create employment in India. Industries tend to develop a support ecosystem around them, thus empowering small businesses. Exports from such industries help in contributing to our foreign exchange reserve. Most importantly, such an initiative helps bring critical knowledge about manufacturing and production into the Indian population.

## LIST

This initiative, by Mr Modi is literally inviting the rich and semi-rich countries to step in India and invest their money for the future of India. It's like inviting the countries to set up their companies in India and manufacture in the territory of our country.

Now, this initiative has a great impact on the economy of our country. Obviously, if the big companies will setup their branches here, it will directly **affect the GDP of India**. The supreme objectives of Make in India are as follow: The main focus of **Make in India Campaign** is mainly on **25 sectors**. Almost every sector is capital-intensive and demands a lot of skill. So, with the more and more investment in these sectors, the main focus will be on increasing employment and the use of advanced technology.

These sectors are

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|----------------------------------|----------------------------------|
| 1. <b>Automobiles</b>            | 14. <b>Mining</b>                |
| 2. <b>Food processing</b>        | 15. <b>Thermal power</b>         |
| 3. <b>Renewable energy</b>       | 16. <b>Construction</b>          |
| 4. <b>Automobile components</b>  | 17. <b>Oil and gas</b>           |
| 5. <b>IT and BPM</b>             | 18. <b>Tourism, Hospitality</b>  |
| 6. <b>Roads and highways</b>     | 19. <b>Defense manufacturing</b> |
| 7. <b>Aviation</b>               | 20. <b>Pharmaceuticals</b>       |
| 8. <b>Leather</b>                | 21. <b>Wellness</b>              |
| 9. <b>Space</b>                  | 22. <b>Electrical machinery</b>  |
| 10. <b>Biotechnology</b>         | 23. <b>Ports</b>                 |
| 11. <b>Media, Entertainment</b>  | 24. <b>Electronic system</b>     |
| 12. <b>Textiles and garments</b> | 25. <b>Railways</b>              |
| 13. <b>Chemicals</b>             |                                  |

However, like every coin has two sides, we cannot ignore the negative impact and the probabilities of failure of this campaign. There are some constraints and limitations to this campaign as well.

The main thing is that the focus is on the manufacturing sector, and the population of India is majorly middle-class or lower middle-class. So, the products manufactured by the foreign companies will be entirely for the upper section of the society. Hence, it is possible that the goals and aspirations of Make in India may not find much success.

Make in India initiative is an honest attempt to revive the fortunes of Industry / Manufacturing sector. Revival of Industry sector is key to revival of Indian economy.

Digital India will help to maintain contribution of Service sector but manufacturing / industry sector has to grow at much faster pace to out-pace service sector. It is not an easy

task. Government should target to increase contribution of Industry / manufacturing from existing 16% to 35% in next 5 years.

Make in India will help to achieve this goal but it comes with its own set of challenges. Manufacturing is capital and resources intensive sector which will require conducive environment for business. Labour issues will be major hurdle which the govt is trying to handle through labour reforms. Besides this, a major push is required to upgrade infrastructure of country. Govt has also set up 10,000 Crore start up fund to encourage entrepreneurship. Basically objective is to create ecosystem of small industries in periphery of manufacturing hub similar to Maruti model. Government will provide all the approvals under Make in India initiate in a time bound manner through single online portal.

However, as that quote goes 'Never judge a book by its cover.' So, today, we are not going to judge the Make in India initiative by its policies and schemes, but future results.

## CONCLUSION

Make in India is an ambitious project, with an aim for sustainable growth of the economy. With relentless policies towards this end, it is possible to make India the powerhouse of manufacturing sector in the world.

At this moment, our Prime Minister's Make in India campaign appears to be an imaginative marketing campaign. But there is much thought and even more work that is required to convert this to reality.

Make in India theme and also accept that this is an opportunity before us and we must cash it. This project will help us to stand globally with strong economy along with our Indian brand through

Make in India. Creates job opportunities and looks for overall development of India, But like every coin has two sides Make in India is not in the favor of agriculture development,

Indian has the capacity to push the GDP to 25% in next few years. The government of India has taken number of steps to further encourage investment and further improve business climate.

"Make in India" mission is one such long term initiative which will realize the dream of transforming India into manufacturing Hub. Start-ups in the core manufacturing sectors are poised to play a crucial role in the success of 'Make in India'

"Start-ups in the fields of telecom, defense manufacturing, automobile, Internet of Things, financial technology modules and mobile internet have immense potential to succeed in the



scheme of ‘Make in India’,” said Siddhartha Das, general partner, Venture East addressing aspiring entrepreneurs at the discussion on “Entrepreneurship - Role of Startups towards Make in India”.

Make in India scheme also focuses on producing products with zero defects and zero effects on environment

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