



# Conceptual Framework of Make in India Campaign and It's 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. Make in India mission is one such long term initiative which will realize the dream of transforming India into manufacturing hub. Make in India campaign also focuses on producing products with zero defects and zero effects on environment. Come Make in India, Come Manufacture in India, Sell in any country of the world but manufacture here. We have got skill, talent, discipline and determination to do something.

## 1. INTRODUCTION

Make in India is an international marketing campaigning slogan coined by the Prime Minister Narendra Modi on 25th September 2014, to encourage the companies around the world to invest and manufacture their products in India. He has launched this ambitious campaign with an objective to turn the country into a global manufacturing hub. To achieve a manufacturing led transformation, India would need to undertake a structured and planned approach in review manufacturing, gain global competitive advantage and gain global leadership.

In order to succeed in this campaign, it was important to be open to capital and expertise from all over the globe and implementation of GST will make India one market and strengthen overall program. Doing business in India today is much more difficult

than elsewhere, but the government wants to change this.

Several pressing issues prompted the launch of this campaign. First and foremost is India needs to reboot its economy. After several years of gross national product growth averaging 7.7%, between 2002 and 2011, this pace slowed down to around 5% in 2013 and 2014.

Secondly India needs more jobs for its young people. Recently, on an average 5 million new jobs have been created each year, but around 12 million people join the workforce each year.

India's labour force is expected to grow to 600 million by 2022. Job creation will fight poverty and help divert people from agriculture, which has a low capacity to sustain their livelihood.

Thirdly, India's economic development model has been quite peculiar, offering

privileges to skilled labour often employed by foreign companies. That is why today manufacturing in China makes up 34% of gross domestic product. The Chinese have positioned themselves as the workshop of the world, accounting for 22.4% of global manufacturing while India accounts for only 2%. India's manufacturing sector is less productive compared to its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.

The Indian manufacturing industry currently contributes just over 15% to the national GDP. The aim of this Make in India campaign is to grow this to 25%. In this process, the government expects to generate jobs, attract much foreign direct investment and transform India into a manufacturing hub. This campaign aids the investors by making India a pleasant experience and leads to overall development of the country. The major objectives of this campaign are to focus on 25 sectors of the economy for job creation and skill enhancement.

The initiative hopes to increase the GDP growth and tax revenue while aiming at quality standards, lesser environment degradation and more capital and technological investment.

Make in India campaign logo is inspired by the India's national emblem Ashoka Chakra and designed to represent India's success in all spheres. The wheel denotes the peaceful progress and dynamism - pointing the way to a vibrant future. The prowling lion stands for strength, courage, tenacity and wisdom - values that are every bit as Indian today as they have ever been.

The campaign was dedicated by the Prime Minister to the eminent patriot, philosopher and political personality Pandit Deen Dayal Upadhaya who had been born on the same date in 1916.

## 2. REVIEW OF LITERATURE

*K. Kalaivani (2015)* the article entitled "A Study on the Impact of Make in India on HRM Practices – An overview". The study helps to understand the impact of make in India on the HRM practices followed in our country. The study also covers the synergy between the HRM practices and the job opportunities. The study

found that, a significant positive and meaningful relationship between HRM practices and the make in India. The study also found that, HRM practices become the means whereby designing new culture requires that HRM professionals and ahead of the cultural change curve with innovative and exciting HRM practices.

*Dr. K. V. Ramana (2015)* the article entitled "Make in India Illusion or Possible Reality Project? The paper covers issues of the make in India, sectors covered, worldwide and positive responses and some critics. The study also covers the challenges that the project and movement will face. The study found that, this campaign attracts foreign investments and boost the manufacturing sector of India has been timed to perfection.

*S. Soundhariya (2015)* the article entitled "Make in India - Scheme for transforming India" The paper discusses about Make in India scheme, its opportunities, challenges, changes needed and some examples of different investors invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.

*Seema Sangwan (2015)* the article entitled "Making Make in India realism: role of FDI". This study focuses on the changes in FDI rate after introduction of Make in India by Modi and growth due to increase in the FDI rate. The study found that, there is high correlation between industrial production and FDI inflows. The study also found that, the effect of FDI on economic development ranges from productivity increased to enable greater technology transfer.

## 3. 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, Website. 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 as follows:

- a) To understand the concept of Make in India.
- b) To understand the advantages and disadvantages of Make in India.
- c) To understand the impact of Make in India on the Indian Economy.

d) To understand the FDI in manufacturing sector in India.

#### 4. 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'.

#### 5. PILLARS OF MAKE IN INDIA

Manufacturing in India is the main vision of the government and leads to national development. The initiative is built on four pillars which are as follows:

**a) New Processes:** The government is introducing several reforms to create possibilities for getting FDI and foster business partnerships. This reform is also aligned with

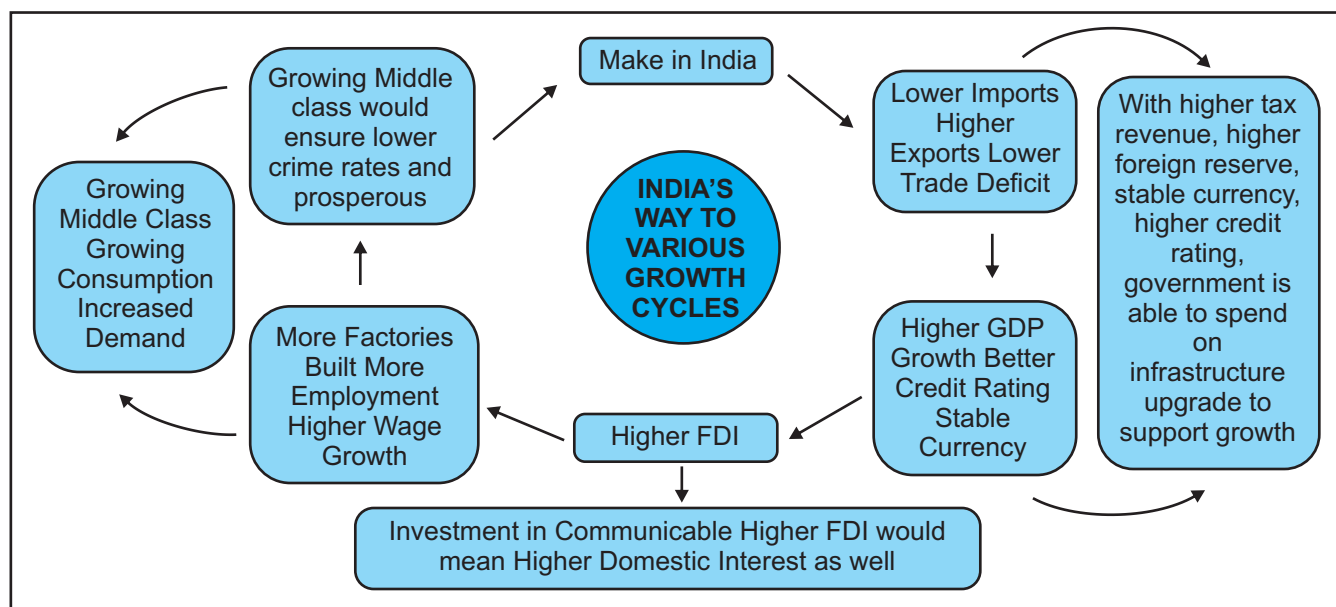
parameters of World Bank's Ease of Doing Business index to improve India's ranking on it. Make in India recognizes ease of doing business as the single most important factor to promote entrepreneurship. A number of initiatives have already been undertaken to ease business environment.

**b) New Infrastructure:** The government intends to develop industrial corridors and build smart cities, create world class infrastructure 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 IPR registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being implemented.

**c) New Sectors:** This campaign has identified 25 sectors to promote with the detailed information being shared through an interactive web portal. The government has allowed 100% FDI in Railway and removed restrictions in Construction. It has also increased the FDI to 100% in Defense and Pharmaceutical.

**d) New Mindset:** This initiative intends to change 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 along with development in corporate sector.

Figure 1  
Various growth cycles of make in India



## 6. IMPACT OF MAKE IN INDIA ON INDIAN ECONOMY & FOREIGN INVESTMENT

It 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. This initiative, by Prime Minister Modi is literally inviting the rich and semi-rich countries to step

**Table 1**  
**Make in India Campaign is focus on 25 sectors**

Sl. No.	SECTOR
1.	Automobiles
2.	Food processing
3.	Renewable energy
4.	Automobile components
5.	IT and BPM
6.	Roads and highways
7.	Aviation
8.	Leather
9.	Space
10.	Biotechnology
11.	Media, Entertainment
12.	Textiles and garments
13.	Chemicals
14.	Mining
15.	Thermal power
16.	Construction
17.	Oil and gas
18.	Tourism, Hospitality
19.	Defense manufacturing
20.	Pharmaceuticals
21.	Wellness
22.	Electrical machinery
23.	Ports
24.	Electronic system
25.	Railways

Source: Reserve Bank of India Annual Report

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.

## 7. FOREIGN INVESTMENT IN INDIAN MANUFACTURING

Table and figure reveals that, the most recent FDI data from the Reserve Bank of India, broken up by sector, since Make in India specifically concerns manufacturing. After an encouraging jump to a record of \$ 9.6 billion in 2014-2015, FDI in manufacturing actually fell to 8.4 billion in 2015-2016.

Table and figure reveals that, the percentage of FDI flowing to manufacturing sector, which has been in the range of 35-40% for the past four years, dropped to 23% in 2015-16. Rather than manufacturing, services like e-commerce providers i.e. Amazon, Snapdeal and

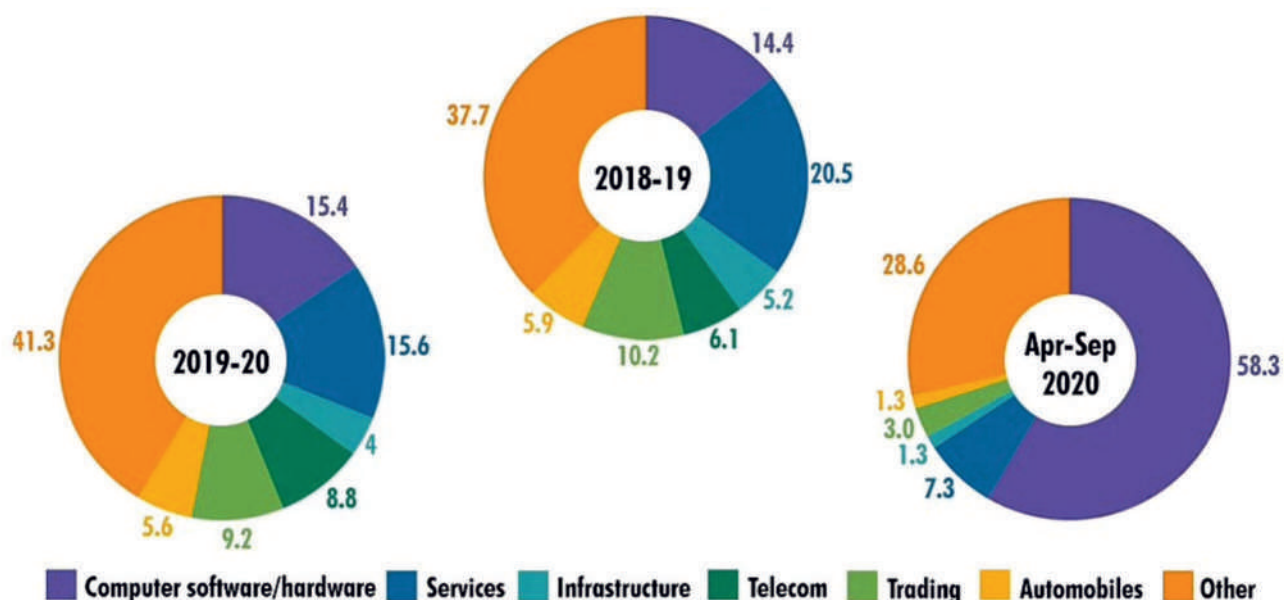
**Table 2**  
**Annual FDI Inflows to India in Manufacturing**

Year	Annual FDI Inflows (US \$ Billions)
2010 - 11	4.79
2011 - 12	9.34
2012 - 13	6.53
2013 - 14	6.38
2014 - 15	9.61
2015 - 16	8.44
2016 - 17	9.00
2017 - 18	5.40
2018 - 19	10.93
2019 - 20	13.4

Source: Reserve Bank of India Annual Report



**Figure 2**  
**Sectoral Share of FDI Equity Inflows (%)**



Source: DPIIT

Flipkart, ride sharing services like Uber and Ola seem to be drawing a greater share of the investment.

The Make in India initiative has not only empowered manufacturing in India, but has also promoted indigenously developed robust and reliable digital infrastructure for the benefit of citizens. With an aim to create an ecosystem to provide better healthcare in the country, Hon'ble Prime Minister of India Shri Narendra Modi announced National Digital Health Mission (NDHM) on India's 74th Independence Day on 15th August 2020.

The country's current digital infrastructure that identifies people and simplifies their daily lives through digital means includes Aadhaar Unique Identification (UID), Jan Trinity (Jan Dhan Aadhaar Mobile) and Unified Payments Interface (UPI). These strong digital infrastructure base acts as a launcher for NDHM to further develop and enhance healthcare in the country through digital management. The primary institutions responsible for governing and implementing the mission include Ministry of Health and Family Welfare (MoHFW), Ministry of Electronics and Information Technology (MEIT) and National Health Authority (NHA).

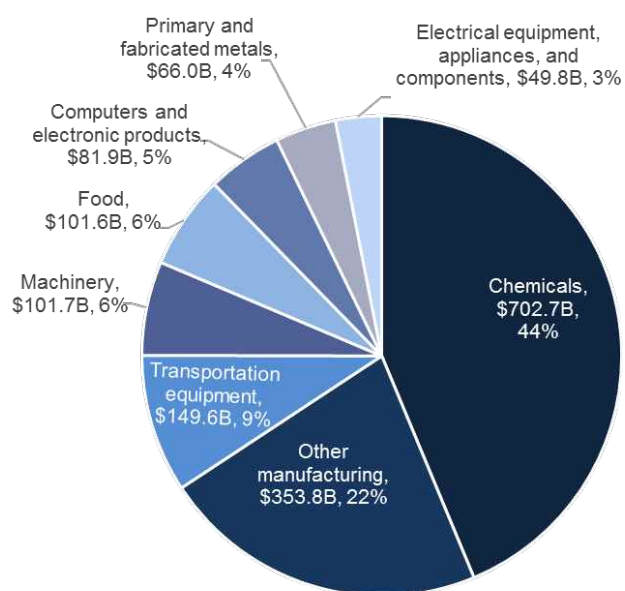
## 8. CHALLENGES FOR INDIA IN THE NEAR FUTURE

India remains a major international investment destination due to its inherent advantages – a vast market with relatively young population, democratic set-up, investor friendly reforms, increased pace of urbanization, steady increase in rural consumption levels, and per capita disposable income in continuous growth. Nevertheless, the country has been badly hit by the pandemic, which has slowed growth on some indices. Global investors will be watching to see how India stabilizes its economy after a brutal COVID wave and is able to implement vaccination programs and restore normalcy. These are the areas where investors would need maximum assurance from the government authorities and clear results in the near future.

## 9. OPPORTUNITIES OF MAKE IN INDIA

- Aiming to make in India as its export hub, home appliances manufacturer Bosch and Siemens today announced company's first manufacturing plant in the country.
- The South East Asian region is expected to start operations by the second half of 2014.
- Japan's largest consumer electronics exporter is now seriously evaluating to come

**Figure 3**  
**Industry Breakdown of FDI in US Manufacturing Position, 2017**



Source: <https://tradegov.files.wordpress.com/2018/09/mfg-position.png>

and make in India opportunity. The Make in India campaign seems to have come at perfect time. Many giant foreign companies have already expressed their interest in setting up manufacturing facility in India.

- Switzerland based chocolate maker Barry Callebaut is looking at setting up a manufacturing unit in India as part of its global expansion plans to cash in on the 3,000 crore domestic market. Barry Callebaut currently has only commercial operations in the country.
- The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services.
- Improving logistics infrastructure such as port-to- inland connectivity, cargo airports etc.
- KPMG and CII recently completed a report which identified nine key action items to make in India conducive for large scale manufacturing.

## 10. FINDING OF THE STUDY

i) Make in India will bring a drastic change in the fields like automobiles, aviation, biotechnology, defense, media, thermal power, oil and gas and manufacturing sector.

- ii) The job opportunities are multiples and opened the doors without any limitations.
- iii) Through continuous foreign investments, the progress of the Indian economy can be made sustained.
- iv) The challenges and threats for the human resource sector will be refined in the sectors of the economy.
- v) This initiative creates great awareness about the growing technology.

## 11. SUGGESTIONS

The extra impetus by the government on initiatives like skill development has been proposed to provide essential support to make in India to thrive. We should manufacture goods in such a way that they carry zero defects and goods with zero effect that they should not have a negative impact on the environment. Reforms like bringing more sectors under the automatic route, increasing the FDI cap and simplifying the procedural delays has to be initiated. India should consciously work towards attracting greater FDI into Research and Development.

## 12. 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. India 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.

Manufactured has emerged as one of the high growth sectors in India. The Make in India campaign helps to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India's ranking among the world's 10 largest manufacturing countries has improved by three places to sixth position in the coming years. The proposal of making in India will boost manufacturing the electronic manufacturing market in the country. This in turn will focus on electronic manufacturing and plans to set up electronic clusters across various towns and cities. The large investment in manufacturing will bring in more capacity creation in the

country. The tax reliefs given to start ups and MSME's will boost sustainable employment and the quality of startups in the design led manufacturing sector.

Make in India mission is one such long term initiative which will realize the dream of transforming India into manufacturing hub.

Make in India campaign also focuses on producing products with zero defects and zero effects on environment. Come Make in India, Come Manufacture in India, Sell in any country of the world but manufacture here. We have got skill, talent, discipline and determination to do something. ●

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