Make in India: A Roadmap for Sustainable Growth

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Abstract

The Make in India program was launched by The Hon’ble Prime Minister Mr. Modi in September 2014 as part of a wider set of nation-building initiatives. The programme has been devised to transform India into a global design and manufacturing hub.

Make in India was a launched to respond to a critical situation of 2013, the much-hyped emerging markets bubble had burst, and India’s growth rate had fallen to its lowest level in a decade. The promise of the BRICS nations had faded, and India was tagged as one of the so-called ‘Fragile Five’. Global investors were in doubt whether the world’s largest democracy was a risk or an opportunity. India’s 1.2 billion citizens questioned whether India was too big to succeed or too big to fail. India was on the brink of severe economic failure.

Against the backdrop of this crisis, and quickly became a rallying cry for India’s innumerable stakeholders and partners. It was a powerful, galvanising 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

Introduction

On 14 August 1947, Nehru had declared: “Long years ago we made a tryst with destiny, and now the time comes when we shall redeem our pledge. The achievement we celebrate today is but a step, an opening of opportunity, to the great triumph and achievements that await us.” He reminded the country that the tasks ahead included “the ending of poverty and ignorance and disease and inequality of opportunity”.

These were the basic foundations on which India embarked upon its path of development since gaining independence in 1947. The purpose of this talk is to analyze how much has India really achieved in the last 55 years in fulfilling the aspirations on which it was founded.

The Government of India’s development strategy has been to establish a socialistic pattern of society through economic growth with self-reliance, social justice and alleviation of poverty. These objectives were to be achieved within a democratic political framework using the mechanism of a mixed economy where both public and private sectors co-exist. India initiated planning for national economic development with the establishment of the Planning Commission.

Make In India is a new national program designed to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge companies - local and foreign - to invest in India and make the country a manufacturing powerhouse.
Prime Minister Narendra Modi launched "Make in India" on 25 September 2014 in a function at the Vigyan Bhavan. On 29 December 2014, a workshop was organised by the Department of Industrial Policy and Promotion which was attended by PM Modi, his cabinet ministers and chief secretaries of states as well as various industry leaders.

The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India.

1 "Look East, Link West, says PM Modi at Make in India launch". Hindustan Times. 25 September 2014.
2 "Centre, States to ready 'Make in India' plan". The Hindu. 28 December 2014. Retrieved 28 February 2015.
The campaign was designed by Wieden+Kennedy. ⁶ Under the initiative, brochures on the 25 sectors and a web portal were released. Before the initiative was launched, foreign equity caps in various sectors had been relaxed. The application for licenses was made available online and the validity of licences was increased to three years. Various other norms and procedures were also relaxed. ⁷

**Research Methodology**

Present study focus on the changing nature of Indian economy since Independence, it also focus on make in India project and its impact on automobile industries. It aims to make India manufacturing hub Centre in the world by attracting the flow of FDI from various countries. It also throw light on the competitive nature of Indian Industries which is comparatively defined with China. The basic objectives can be divided into various heads which are as follows:-

1. Examine the Concept of Make in India and major initiatives under Make in India Program and its effect on economic growth pattern in Indian Economy.

2. Identify the objectives, aims and vision of the Make in India initiative in manufacturing sector.

3. Find out the major initiatives which are taken under the Make In India program in various sector in Indian Economy.

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⁶ "Revealed: Man behind PM's Make in India campaign", DNA India. 18 November 2014. Retrieved 27 February 2015

The study to be conducted is based on a **descriptive approach** since we aim to establish outline existing models used for evaluating ‘Make in India’ campaign. Additionally, report is also going to document and describe what companies consider costs and benefits with ‘Make in India’ campaign, and this is based on the findings of the empirical study. This study will also include some **explorative** elements, mainly during its early stages, when examined the secondary sources available in order to develop understanding of the research area. During this phase we were also able to more clearly define purpose as well as the limitations adopted for the descriptive part of the research. Some part of this thesis will be **prescriptive** in nature, since this part focuses on constructing a method for identifying and measuring the benefits and effectiveness ‘Make in India’ campaign investments.

**Aims and vision of the Make in India program**

As mentioned in the website\(^8\) Manufacturing currently contributes just over 15% to the national GDP. The aim of this campaign is to grow this to a 25% contribution as seen with other developing nations of Asia. In the process, the government expects to generate jobs, attract much foreign direct investment, and transform India into a manufacturing hub preferred around the globe.

The logo for the Make In India campaign is a an elegant lion, inspired by the Ashoka Chakra and designed to represent India's success in all spheres. The campaign was dedicated by the Prime Minister to the eminent patriot, philosopher and political personality, Pandit Deen Dayal Upadhyaya who had been born on the same date in 1916.

The initiative also seeks to actively target top companies across key sectors in identified countries to encourage them to invest in India. Domestically, the ‘Make in India’ initiative aims to **identify**

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domestic companies having leadership in innovation and new technology for turning them into global players. The focus will be on promoting green and advanced manufacturing and helping these companies to become an important part of the global value chain. The Government has identified.

Vision of Make in India Campaign

- An increase in manufacturing sector growth to 12-14% per annum over the medium term.
- An increase in the share of manufacturing in the country’s Gross Domestic Product from 16% to 25% by 2022.
- To create 100 million additional jobs by 2022 in manufacturing sector.
- Creation of appropriate skill sets among rural migrants and the urban poor for inclusive growth.
- An increase in domestic value addition and technological depth in manufacturing.
- Enhancing the global competitiveness of the Indian manufacturing sector.
- Ensuring sustainability of growth, particularly with regard to environment.

Results & Discussions

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9 ‘Make in India’ official website, accessed in Aug 2016
In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defence sector and 100% in railways infrastructure. The defence sector previously allowed 26% FDI and FDI was not allowed in railways. This was in hope of bringing down the military imports of India. Earlier, one Indian company would have held the 51% stake, this was changed so that multiple companies could hold the 51%.10

Between September 2014 and November 2015, the government received Rs.1.20 lakh crore (US$18 billion) worth of proposals from companies interested in manufacturing electronics in India.11 24.8% of smartphones shipped in the country in the April–June quarter of 2015 were made in India, up from 19.9% the previous quarter.12 13 14

The focus of Make In India programme is on creating jobs and skill enhancement in 25 sectors. Make in India focuses on the following twenty-five sectors of the economy15:

1. Automobiles
2. Automobile Components
3. Aviation
4. Biotechnology
5. Chemicals

10 "Cabinet approves raising (FDI) cap in defense to 49 per cent, opens up railways". The Economic Times. 7 August 2014. Retrieved 9 March 2015.
11 "Make in India: Centre gets Rs 1.20 lakh crore worth investment proposals in electronics sector". timesofindia-economictimes.
12 Press Trust of India (24 August 2015). "Global Electronics Manufacturers Propose Rs 90,000 Crore Investment In India". Huffingtonpost.in. Retrieved 1 October 2015.
13 "Make in India: Govt receives proposals worth Rs 90,000 crore from global electronics companies". Dnaindia.com. 24 August 2015. Retrieved 1 October 2015.
14 "E-boost for Make in India: Global electronic companies line up Rs 90,000 cr for India plants". Firstpost. Retrieved 1 October 2015.
6. Construction
7. Defence manufacturing
8. Electrical Machinery
9. Electronic systems
10. Food Processing
11. Information Technology and Business process management
12. Leather
13. Media and Entertainment
14. Mining
15. Oil and Gas
16. Pharmaceuticals
17. Ports and Shipping
18. Railways
19. Renewable Energy
20. Roads and Highways
21. Space and astronomy
22. Textiles and Garments
23. Thermal Power
24. Tourism and Hospitality
25. Wellness
As per the new Govt. Policy 100% FDI is permitted in all the above sectors, except for space (100%), defense (100%) and news media (26%).

Major Initiatives of the Make In India plans are as follows:

1. **Invest India cell:** An investor facilitation cell set up by the government will act as the first reference point for guiding foreign investors on all aspects of regulatory and policy issues and to assist them in obtaining regulatory clearances.

2. **Consolidated services and faster security clearances:** All central government services are being integrated with an e-Biz single window online portal while states have been advised to introduce self-certification. The ministry of home affairs have been asked to give all security clearances to investment proposals within 3 months.

3. **Dedicated portal for business queries:** A dedicated cell has been created to answer queries from business entities through a newly created web portal (http://www.makeinindia.com). The back-end support team of the cell would answer specific queries within 72 hours.

4. **Easing policies and laws:** A vast number of defence items have been de-licensed and the validity of industrial license has been extended to three years.

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16 “Sectors”. Make In India. Archived from the original on 14 August 2015. Retrieved 1 October 2015.

17 “PM Modi’s ‘Make in India’ turns one: All you need to know about the initiative”. dna. 25 September 2015.
5. **Interactions with the users/visitors:** A pro-active approach will be deployed to track visitors for their geographical location, interest and real time user behaviour. Visitors registered on the website or raising queries will be followed up with relevant information and newsletter.

6. **The Companies (Amendment) Act, 2015** has been passed to remove requirements of minimum paid-up capital and common seal for companies. It also simplifies a number of other associated regulatory requirements. It also simplifies a number of other regulatory requirements.

7. **An Investor Facilitation Cell** has been created in ‘Invest India’ to guide, assist and handhold investors during the entire life-cycle of the business.

8. **The Department of Industrial Policy and Promotion** has also set up Japan Plus and Korea Plus. They are special management teams to facilitate and fast track investment proposals from Japan and Korea respectively.

9. **Protecting Minority Investors:** Greater disclosure of conflicts of interest is now required by board members, increasing the remedies available in case of prejudicial related-party transactions. Additional safeguards have been put for shareholders of privately held companies.

**Major Bottlenecks in ‘Make in India’ Campaign**

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18 Exploring Prospects for make in India and Made in India: A Study. PHD Chamber
According to the survey, following bottlenecks have been identified by the respondents which may impede growth and hamper the implementation of Make in India initiative.

**Land Acquisition** -- 93% of the respondents have said that the current laws make acquisition costly as well as tedious. A robust Land Acquisition policy which would make acquisition much easier along with an attractive R&R package is essential for investment in infrastructure and manufacturing.

**Labour Laws** -- 89% of the units have responded that India’s labour laws are rigid and inflexible that needs to be addressed. Progressive labour laws would create more job opportunities in the market and would contribute towards the growth of manufacturing sector.

**Multiple Taxation** -- 80% of the respondents opine that there is a need for simplification of tax laws and earliest implementation of GST to remove multiple taxation and to rationalize the tax system.

**Companies Act 2013** -- About 41% of the respondents said that the Companies act in its current form is detrimental for all the companies. The Act of 2013 need to be scrapped instead of making any attempt of modifying it and a fresh act in spirit of corporate governance should be drafted.

**Poor Governance** -- 37% of the respondents said that poor governance may impede growth in the economy. They believe that good governance is essential for manufacturing sector growth and for the success of Make in India initiative. The government must fast track all pending cases of corruption.
**Police Raj**--24% of the respondents also said that there is an urgent need to drastically overhaul the Police Raj to make it people friendly. Police is the most important arm of the Government which interacts with the common man directly and we need to define.

![Roadblocks to 'Make in India'](image_url)

**Figure: Roadblocks to ‘Make in India’**

**Conclusions**

Make In India is a new national program designed to transform India into a global manufacturing hub. It contains a raft of proposals designed to urge companies - local and foreign - to invest in India and make the country a manufacturing powerhouse. The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India.
There is a laudable attempt to reduce red tape, enhance foreign direct investment limits, prune labour laws and environmental clearance processes, and in general to speed bureaucratic processes up. Some sectors like information technology, automobile-components, pharmaceuticals, etc, are globally quite competitive. Some sectors, such as defense manufacturing, food processing, and electronics are not competitive. Some are reasonably competitive like electrical machinery, textiles and leather. Make in India policy, which aims to turn India into a "global manufacturing hub". Ignoring rhetoric, the demographics of India are all about a young, under-skilled workforce.

Let’s hope that Make in India initiative will be a great success. Make in India will help the Indian economy to come out of shadow of recession. Over dependence on service sector is suicidal and we may hope Make in India will break this inhibition that India cannot become manufacturing power house competing China.

References


2. ‘Make in India’ official website, accessed in Aug 2016


6. "Look East, Link West, says PM Modi at Make in India launch". Hindustan Times. 25 September 2014.

7. "Look East, Link West, says PM Modi at Make in India launch". Hindustan Times. 25 September 2014.

8. "India's income inequality has doubled in 20 years - The Times of India". Imesofindia.indiatimes.com.


10. "India outpaces China in 2015 economic growth - BBC News"


14."End of policy paralysis: Govt approves 51% FDI in multi-brand retail". Zeenews.india.com.

15."E-boost for Make in India: Global electronic companies line up Rs 90,000 cr for India plants". Firstpost. Retrieved 1 October 2015.


