Will 'Make In India for the World' Help the Indian Economy bounce back on it journey to become a Global Powerhouse?

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ABSTRACT - Indian manufacturing output for 2014 was $307.21 Billion, and the percentage of GDP was 15.07%. In 2014, the newly formed NDA government launched an ambitious "Make in India" campaign in September 2014. The main aim of the policymaker was to give impetus to manufacturing in India and make India a global manufacturing hub. Despite the policy, there are many barriers in front of the Indian economy such as stringent labor laws, hard to do business environment, more inclined towards Consuming economy. After so many of years down the line in 2020 there are sectors such as renewable, defense, electronic, pharmaceutical, and textile sector increased positively and the share of global manufacturing has increased and today India is the third top-most country as per the Global Manufacturing Risk Index 2020 and China and USA retains the top position, while India has moved one place higher from the previous edition of the report. But that is not enough there are many things to do to "make in India" campaign more successful. And manufacturing has emerged as one of the high growth sectors in India and can give global recognition to the Indian economy. This study investigates a few sectors that will help the Indian economy to become a manufacturing hub and become self-sufficient. This paper presents a comprehensive review of studies on the 'Make in India' campaign and its role in empowering the Indian Economy.

Keywords – Economy, Global PawerHouse, GDP.

I. INTRODUCTION

An important element of India's rapid economic growth since the early 1990s has been the improved performance of its manufacturing sector. The output in manufacturing grew by 5.7% per year in the period 1993-2005. The policy such as LPG that gives emphasis on trade liberalization, and more private Industrial licensing policies, and the limited labor market reform is undertaken since 1991. But there were many sectors that were neglected by the government of India and also the various crucial reforms were ignored and that can become a critical factor in the growth of this sector. Moreover, reforms in the 1990s allowing greater foreign and domestic competition with the significantly improved regulation. There were many reforms had made from 1991 to 2014 to grow manufacturing output in India and focus on improving export and reduce imports. For this to improve the newly elected NDA government, on the 25th of September 2014, introduced the "make in India" campaign in order to give thrust to the manufacturing sector's growth. But the initiative was not that successful and achieves the target. The main objective of the campaign was to increase the manufacturing sector's growth rate to 12-14 percent per annum in order to increase the sector share in the economy. And also it was intended to ensure that the manufacturing sector should contribute around 15% of the country's Gross Domestic Product. Furthermore, it also aims to create a better environment for investment, development of modern and efficient infrastructure, opening up a new sector for foreign investment.

After the five years, we all are witnessed the slow growth of investment in the economy. Gross fixed capital formation of the private sector, a measure of aggregate investment, declined to 28.6% of GDP in 2017-2018 from 31.3% in 2013-14 as per the economic survey 2018-2019. The public sector share remained more or less the same during this period, the private sector share declined from 24.2% to 21.5%. Part of this problem can be attributed to the decline in the saving rate in the economy, household saving is declined, while the private corporate sector saving has increased, despite policy measures to provide a good investment climate. And in 2014, the share of manufacturing in India Gross Domestic Product was 15% and last year (2019), it fell to 14%. If we look at some other nations such as china, which we like to compare ourselves to, has an economy more than 5times the size of India. The manufacturing share of GDP is at 29% (double that of India) and has remained there in the period of 2014-2020. In the same period as Make In India, Bangladesh's share of manufacturing has risen from 16% to 18%. Bangladesh's overall GDP is growing at 8% per year, much faster than India. Manufacturing comes to a place where we have a semi-skilled worker. The quality of education in China is many a time superior to India and also it is more expensive to set up manufacturing in China because the cost of labor is higher. Despite that, china's share in manufacturing has not fallen in the last five years. But in the near future, India can grow its manufacturing output by focusing on sector's which are doing well and also on those unseen sectors that have an indefinite potential to grow in India such as Defence, Renewable Energy and etc. And various reforms

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are necessary to make a better environment for manufacturing and meeting the need of the world.

II. OBJECTIVE OF THE RESEARCH

I. To analyze the potential sector in India.
II. To identify the vitality of "Make in India" campaign in those sector.
III. To exhibit the sector-wise analysis of "Make in India" policy.
IV. To identify the problem relating to boost manufacturing in those sector and to make suitable suggestion.

III. LITERATURE REVIEW

1. Sarang, Haritha; Mudamb, Ram; scotter, Andreas PJ (2017): the study talks about India's economic growth and potential, developing a successful strategy for India still remains the most complex challenge for multiple foreign industries. The study tells the challenge is rooted in the hard readiness of global scale and costs also many foreign executives have faced difficulty to make money in India with their existing product portfolios at the scale of operations demanded by locals. The research also speaks about FDI and manufacturing with various nations.

2. Sandeep Tayal; Nishant Nagwal; Kapil Sharma (2018): The research talks about how big data is a big word in the field of technology for some time now. The research is a study of the role big data can play in manufacturing products in India. This study aims to help companies in India and abroad to understand the benefits of big data in manufacturing their products.

3. V Suresh Babu, R Vinitha (2019): the research talks about FDI and Make in India initiatives, FDI is viewed as sources of economic development, modernization, employment, and income growth for emerging economies like India. This paper attempts to analyze the FDI in various sectors and the impact of the Make in India scheme on FDI.

4. R Geetha (2016): the study talks about Make in India initiatives aimed at showcasing India as a global investment destination. This research paper aims to identify some key challenges in the path of development and recommended possible solutions to the problems the conclusions of the study were if government bodies continued their work and focused on the manufacturing sector will certainly grow to "Make in India" a manufacturing hub.

IV. RESEARCH METHODOLOGY

The secondary data was analyzed to find out the Lucrative sector in India and to find out those sector that have an potential to grow and to boost "Make In India" campaign . The Secondary data was collected from various report and publication of GOI, website. This study is based on the time period September 2020.

V. MAKE IN INDIA

Make in India is a campaign dedicated by Sh. Narendra Modi to Late Sh. Pandit Deen Dyal Upadhaya and was designed by Wieden + Kennedy (W+K) group. This group has earlier designed a campaign for Incredible India and a campaign for Indian Air Force (IAF). Logo for the campaign is an elegant lion which is inspired by India's national emblem Ashoka Chakra. It is designed to represent India's success in all spheres. The wheel denotes the peaceful progress and dynamism where as the prowling lion stands for strength, courage, tenacity and wisdom.

VI. NEED FOR MAKE IN INDIA

India is a country blessed with quality human and natural resources and still, it is considered as a developing country. This is due to a lack of direction and financial investment opportunities in different areas that restrict India from competing with other developed nations in the world. And hence, these both human and natural resources are not being properly utilized. Highly educated and well-qualified youngsters are shifting to abroad in search of jobs and in this way India is losing its human resources rapidly. The lack of human resources left behind in the country is affecting the manufacturing sector adversely which in turn retarding the capability of the county to do export and earn foreign exchange. In view of these challenges, the campaign "Make In India" can be of great relief as after the successful launch of the campaign, job opportunities will be created, infrastructure will be developed, technology will be improved, innovation and research will be encouraged. Moreover, the campaign is expected to create job opportunities in India and to increase the share of the manufacturing sector in the country's GDP from 16% to 25% by 2022. The objective of job creation and skill enhancement will be achieved by focusing on 25 sectors listed in the plan of action.

VII. FOUR PILLAR OF "MAKE IN INDIA"

The campaign of "Make in India" is built on four pillars which are as follows:

- ***New process***

It is a well-known fact that doing business in India is not as easy as in other countries of the world. The government has made initiatives and suggested various measures to create a platform where the process of doing business in India can be carried out easily.

- ***·New infrastructure***

The successful technology has to meet international standards and one of the most vital requirements for the growth of the industry is the availability of modern and facilitating infrastructure. The government of India has plan to developed various industrial corridors and smart cities in order to provide infrastructure on the state of the art technology with modern high-speed communication, and

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integrated logistic arrangements. The existing infrastructure will be strengthened by the up-gradation of infrastructure in industrial clusters. The innovation and research activities will be supported by a fast-paced registration system and the up-gradation of the IPR registration system has already been done. The workforce shall be developed according to the skills set required for the industry.

- ***New sectors***

In the campaign of "Make in India", 25 sectors have been identified and the detailed information is being shared through an interactive web portal and professionally developed brochures. The government has allowed 100% FDI in almost all sectors with the exception of a few sectors like defense, new media, etc. FDI restriction in tea plantation has also been waived.

- ***·New mindset***

The role of government was perceived as that of a regulator in the industry. But now the government has made efforts to change this mindset and henceforth, will act as a partner in the economic development of the country and not as a regulator.

VIII. FDI IN INDIA

FDI is an important monetary source for India's economic development. Economic liberalization started in India in the wake of the 1991 crisis and since then, FDI has steadily increased in the country. India today is a part of the top 100-club on Ease of Doing Business (EoDB) and globally ranks number 1 in the Greenfield FDI ranking. The Government of India favorable policy regime and robust business environment has ensured that foreign capital is very crucial for our economy. FDI equity inflow in India is at US$ 49.97 billion in 2019-20. Data for 2019-20 indicates that the service sector attracted the highest FDI equity inflow of US$ 7.85 billion, followed by computer software and hardware at US$ 7.67 billion, telecommunications sector US$ 4.44 billion, and trading at US$ 4.57 billion. Throughout 2019-2020, India collected the highest FDI equity inflow from Singapore (US$ 14.67 billion), followed by Mauritius (US$ 8.24 billion), Netherlands (US$ 6.50 billion), USA (US$ 4.22 billion), and Japan (US$ 3.22 billion).

IX. ANALYSIS AND INTERPRETATION

1. RETAIL SECTOR

- ***Market Size***

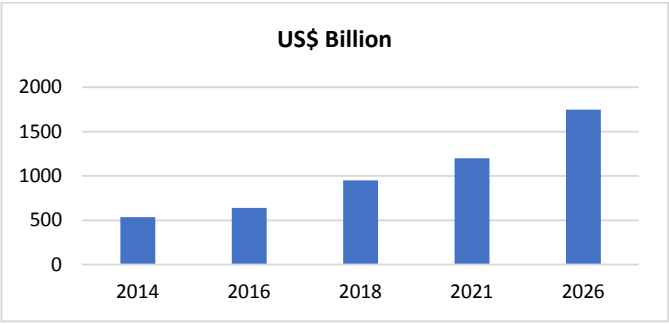

Figure 1: Market size in US$ Billion

- ***Sector Composition***

Category wise breakup of the total Retail market in FY 19

- ***Key Trends***

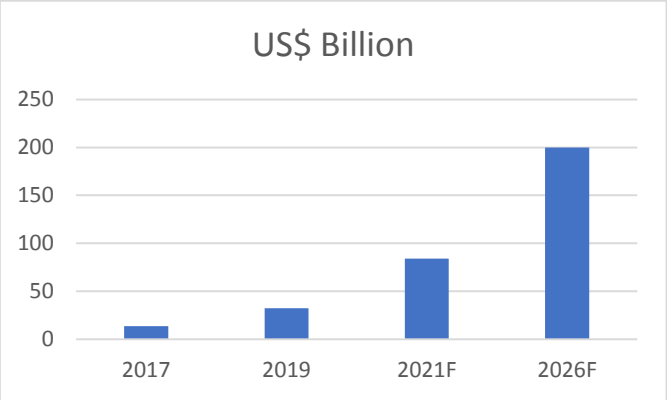

Figure 2: Indian E commerce market (US$ Billion)

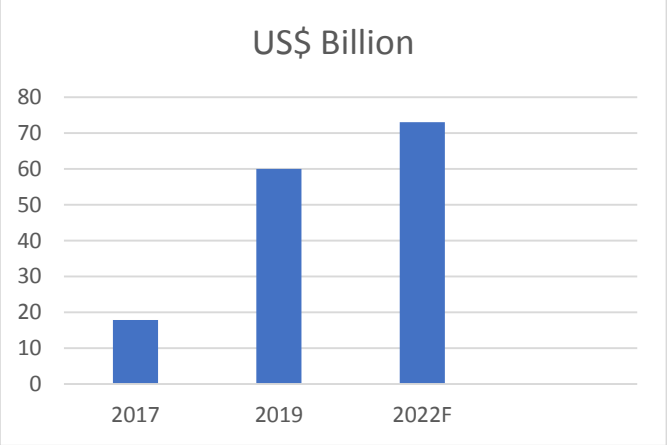

Figure 3: Online Retail in India (US$ Billion)

- ***Government initiatives***
  - ➢ Retail sourcing and investment rule for supermarkets
  - ➢ FDI : 100% single brand retail and 51% multi brand retail

2. FMCG SECTOR

- ***Market Size***

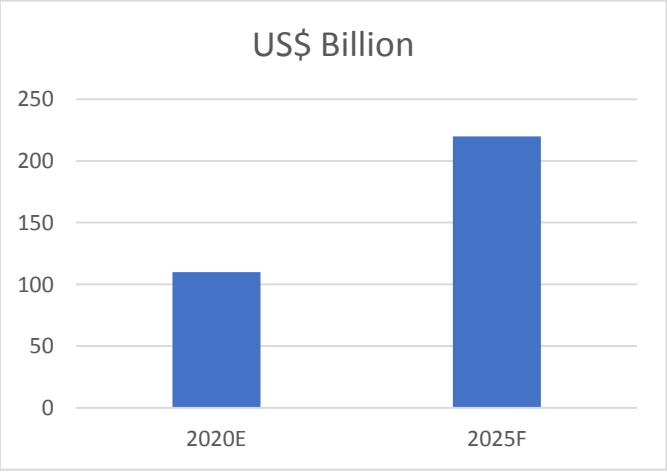

Figure 4: Market size in US$ Billion (E- estimate, F- forecast)

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- ***Sector Composition***

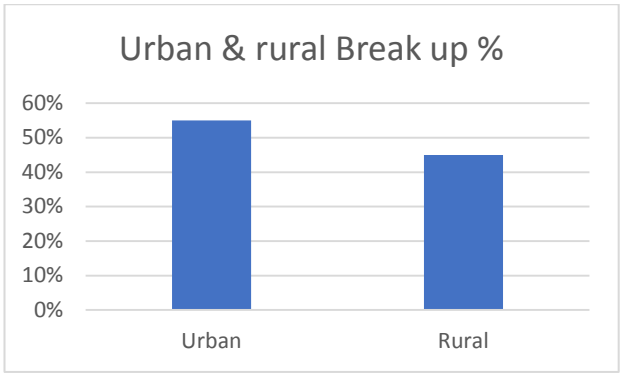


Figure 5: Rural – Urban break up FY 19

- ***Key Trends***

- Growth in online users to drive online FMCG market
- Final consumption expenditures (US$ Trillion)

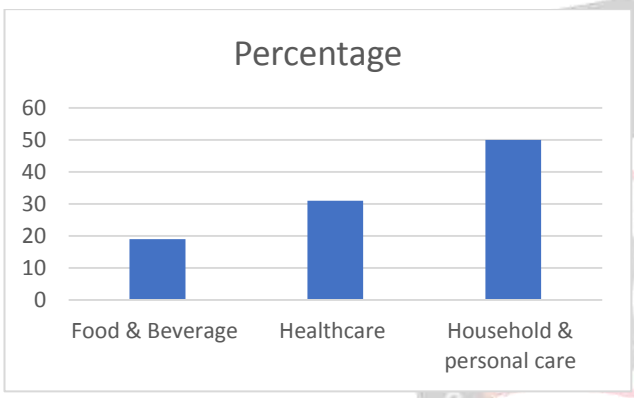


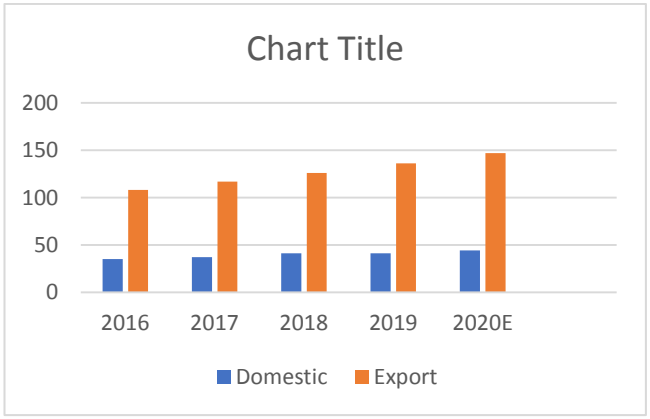
Figure 6: Segment wise breakup of revenue

- ***Government initiatives***

Goods and services Tax (GST) has been beneficial for the FMCG industry as many of the FMCG products such as soap, tooth paste and hair oil now come under 18% tax bracket against the previous 23-24% rate.

3. IT & BPM

- ***Market Size***



- **Figure 7: Indian IT industry in US$ Billion**

- ***Sector Composition***

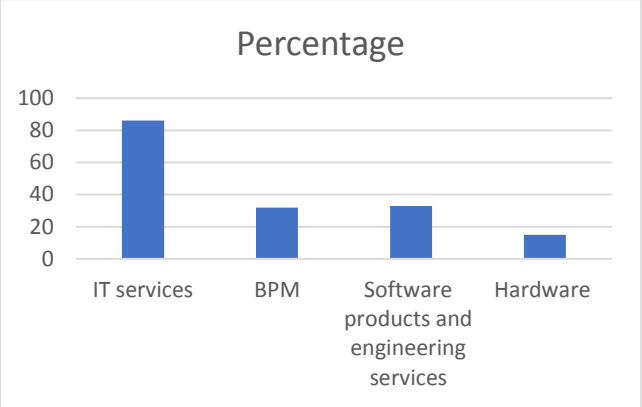


Figure 8: Sector wise break up of Indian IT

- ***Government initiatives***

- Make in India
- Phased manufacturing programme (PMP)
- Software Technology park of India

4. AGRICULTURE SECTOR

- ***Market Size***

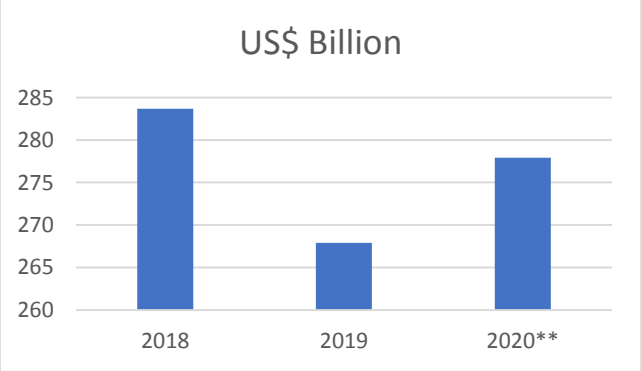


Figure 9: Gross value added by Agriculture and Allied Sector (US$ Billion, * 1st estimate, ** 2nd advanced estimate)

- ***Sector Composition***

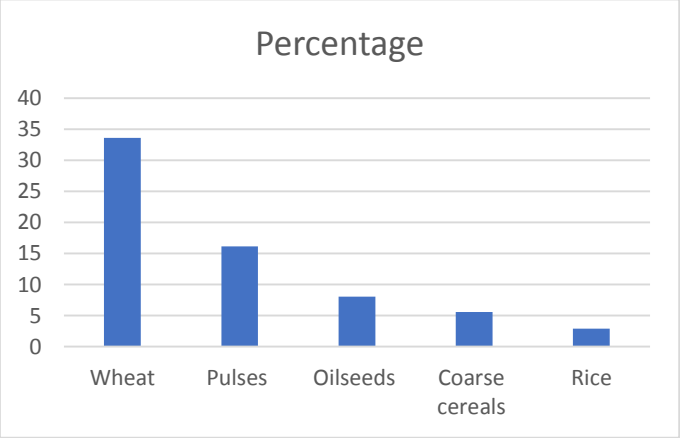


Figure 10: Rabi area sown in 2019-20 (mn hector, as on January 31,2020)

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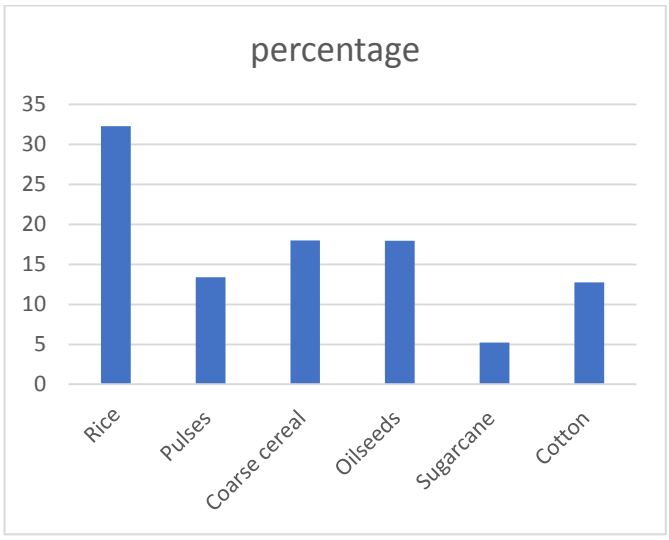

Figure 11:Kharif area sown in 2019-20 (mn hector, as on September 27,2019)

- ***Key Trends***

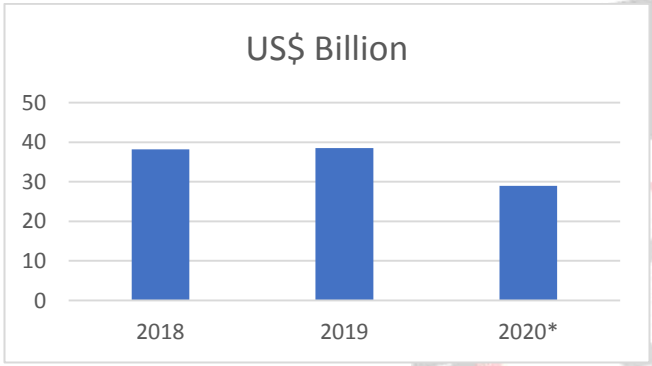

Figure 12: Agriculture export from India

- ***Government initiatives***
  - ➢ Pradhan mantri krishi sinchayee yojana
  - ➢ Long term irrigation fund
  - ➢ Pradhan mantri fasal bima yojana

5. RENEWABLE SECTOR

- ***Market Size***

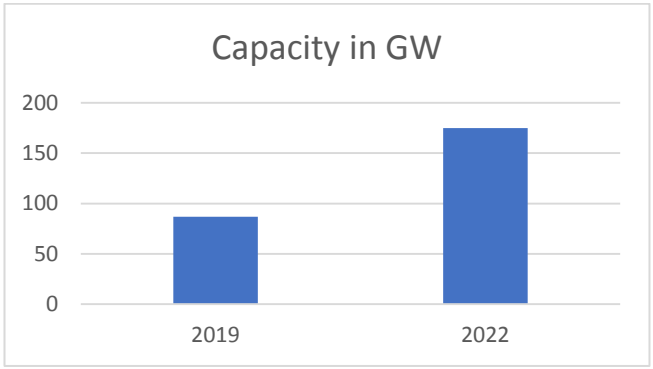

Figure 13: Renewable energy capacity in GW

Note: includes wind, solar, bio energy and small Hydro, as a part of its Paris agreement commitment, the government of India has set an ambitious target of achieving 175 GW of renewable capacity by 2022

- ***Sector Composition***

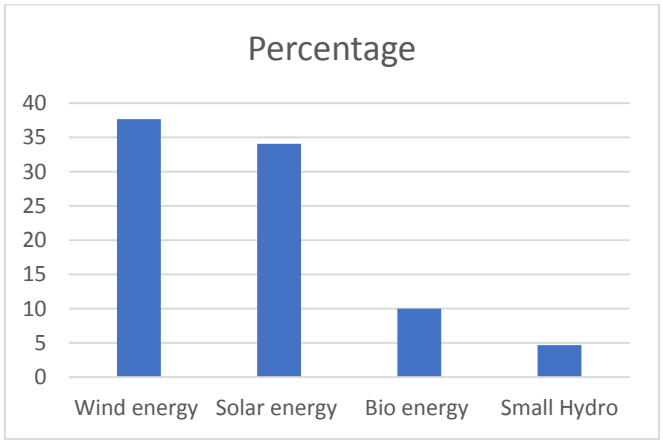

Figure 14: Installed capacity for different RES as of April 2029, GW

- ***Key Trends***

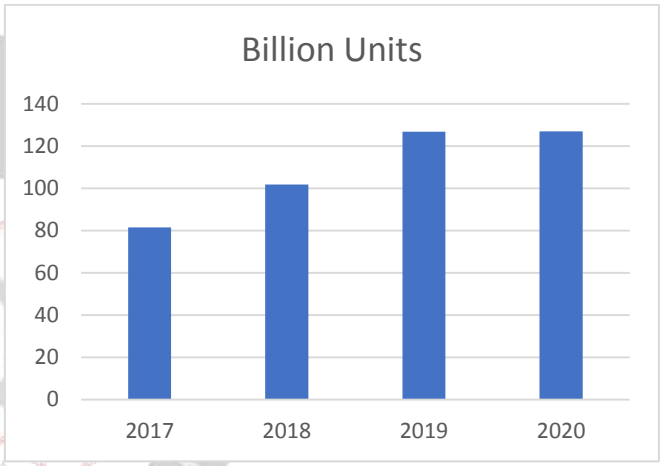

Figure 15: Capacity generation from RES in Billion Units

- ***Government initiatives***
  - ➢ Green energy corridor
  - ➢ Wind solar hybrid policy
  - ➢ Solar parks and ultra mega solar power projects.

X. FINDINGS

I. Retail sector

- ➢ Healthy economic growth, changing demographic profile increasing disposable income, changing consumer taste, and preferences are driving growth in the organized retail market in India.
- ➢ Collective efforts of financial houses and banks with retailers are enabling consumers to go for durable products with easy credit.
- ➢ The retail segment in India attracted private investment of around US$ 1 Billion in 2019.
- ➢ Cumulative FDI inflow in retail between April 2000 to March 2020 stood at US$ 2.13 Billion.

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- Retail sourcing and investment rule for supermarkets
- FDI: 100% single-brand retail and 51% multi-brand retail.
- GST comes as a single unified tax system for the sector.

II. FMCG Sector

- FMCG is the 4th largest sector in the Indian economy and is expected to grow 9-10% in the future.
- Rising income and growing youth population have been the key growth deliver for this sector. Brand consciousness has also aided demand.
- Increase in disposable in rural India and 1000 penetration levels in the rural market offers room for growth in the FMCG sector.
- Food security bill and direct cash transfer subsidies have reached almost 40% of Indian households.
- Investment approval is permitted for up to 100% in single-brand retail and 51% in multi-brand retail.
- Investment in this sector attracts investors as FMCG products have demand throughout the year.
- The sector witnessed a healthy FDI inflow of US$ 16.28 Billion.
- Goods and Services Tax (GST) has been beneficial for the FMCG industry as many of the FMCG products such as soap, toothpaste, and hair oil now come under the 18% tax bracket against the previous 23-24% rate.

III. IT & BPM Sector

- AI and machine learning will contribute US$ 1 Trillion to the Indian economy by 2035.
- Indian IT firms have delivery centers across the world and are well diversified across verticals such as BPM, Telecom and Retail.
- The ministry of electronics and information technology launched the MeitY start-up hub (MSH) portal in May 2019.
- India has a low cost advantage by being 5-6 times inexpensive from the US.
- Tax exemptions of 3 years in a block of 7 years to start up under startup India.
- The government of India released the National policy on software products 2019 to develop India as a software product nation.

IV. Agriculture Sector

- A large population and rising urban and rural is driving the demand external demand is driving export from the sector.
- Demand for agricultural inputs and allied services like warehousing and cold storage is increasing in India at a fast pace.
- Agriculture export policy has set a target to increase agricultural exports to over US$ 60 Billion by 2022.
- Government of India is also aiming to double farmer's income by 2022.
- High proportion of agricultural land, diverse agro climate conditions encourage the cultivation of different crops.

V. Renewable Sector

- The renewable energy will account for 55% of total installed power capacity by 2030.
- Non-conventional energy received an FDI inflow of US$ 9.22 Billion between April 2000 to March 2020.
- By 2028, India can see renewable energy investment worth US$ 500 Billion.
- Government plans to establish a renewable energy capacity of 500 GW by 2030.
- Government of India has ramped up its previous target to achieve 225 GW of renewable energy capacity by 2022.
- India was ranked fourth in wind power, fifth in solar power, and fifth renewable power installed capacity as of 2018.
- India ranked third on the EY renewable energy country attractive index 2019.

VI. Defence Sector

- India spent 2.3% of GDP on defense and globally we import share of Defence equipment is 15% and export is just $1.5 billion (2018-19)
- India has a plan to spend $130 billion on military modernization in the next 5 years, as achieving self- reliance in the defence industry and encourages private sector participation to provide impetus to indigenous manufacturing.
- The annual turnover by the private sector in the defence and aerospace sector in 2018-19 is $2.4 billion.
- The import bills in the defence sector is much more than our minimal export and that is a huge concern as the Indian defense sector is over-dependent on others nation for arms.
- In recent years, the government had re-design policies and align with the “make in India” initiative to encourage domestic manufacturing to a new level.
- It is estimated that around $130 billion opportunities in the coming 7 to 8 years in the manufacturing of armed forces. And various manufacturing clusters will be open in various cities.

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- %15.4 million allocated to R&D and set-up Technology Development Fund.

XI. CONCLUSION

India has the ability to push its manufacturing contribution to GDP to 25% by 2025; the government of India has to act as the central pivot of aligning industries, private companies, public sectors, and all stakeholders in perceive this vision. The government of India has policies in place been it sector reform, labor reform, or the abrogation of business hurdles. The government of India has taken a number of steps to further motivate investment and make a better business climate for Make in India, mission is one such long term initiative which will help to realize the dream of transforming India into manufacturing. And meeting the need of the world.

XII. SUGGESTIONS

1. In this mechanized world, it is not possible to thrive without the combination of the technology and infrastructure in order to support all the investment that will go into developing the manufacturing sector; we need a liberal taxation policies to facilitate technology import. There are some legacy laws interconnected to imports of components and intellectual property rights that India must do away with at the advance.
2. Gujarat has managed to undertake infrastructure a project under infrastructure development that ensure a robust supply chain of goods and services. The government of India must take hold of cues from this state to expand the plan to other states.
3. Unfortunately, much of India's manufacturing footprint is focused upon building products that are designed and developed outside of India. Progressively, if India has to perceive its potential as a global manufacturing hub it should take responsibility for innovating and developing the products that it then manufactures for sale into India and throughtout the world. Product leadership will come from a dedication to innovation, not manufacturing quality.
4. For innovation capabilities to evolve, India needs a convergence of capital, talent, entrepreneurial, spirit, and knowledge. The government must invest more in developing truly skilled students/employees.
5. There is significant short term opportunity in various industries India is likely to place orders on multinational defense contractors in the next 12 months that will position a huge demand for offset manufacturing whilst there is an huge potential future to leverage this "build to print" chances, India must leverage this involvement and build indigenous ability for developing remarkable products in India.
6. Building products under license can be a great catalyst for developing the right type of capability but it is imperative that it is seen as a stage on the journey, not an limit goal in and of itself.
7. Today VR is gaining popularity in a big way, with applications in personal computing, communicating, entertainment to product testing, and research. VR related products and software will constitute a large chunk of all electronics produced around the world in the next decade. So, India should focus on this kind of software application.
8. Recommendations by NITI AAYOG are very good but are not adequate to meet our national objective of Make in India. Except technical, infrastructure, human resources, and raw material matter are addressed and indigenous design, development, and manufacturing is done both through top-down and bottom-up routes, using SPV clusters.
9. India needs to shift its priority on industries like defense, agriculture, retail, IT &BPM.
10. Indian agriculture is mainly dependent on monsoon, so permanent means of irrigation should be developed.
11. Agricultural marketing should be improved so that the farmer gets the proper price for their produce warehousing facilities should be improved. Means of transport should be strengthened. A regulated market and cooperative marketing societies should be established.
12. Various scientific methods of cultivation should be employed to increase production farmers should adopt techniques like the rotation of crops. The use of fertilizers, pesticides, farmers using new techniques must be encouraged more research on the crops, seeds, and fertilizers will be useful.
13. India needs to establish rules for a Green Bond Market and facilitate the inflow of low-cost offshore funds such as pension funds into renewable.
14. Relaxing the sectorial and group exposure norms by RBI can be of immense help for renewable energy funding.
15. The government should introduce a 5% subsidy for using indigenously manufactured products, thereby promoting its Make in India initiative.
16. Today, The export from India, the manufacturer has to fight against higher interest costs in India

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and logistics too, like India is not in the trunk shipping path. If the wind export incentive of 2 percent is grow to 5 percent for a finite interval, we will see huge growth in exports of wind energy.

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