

## THE VISION AND NEW PROCESS OF MAKE IN INDIA

**DR.VASA.PRABHAKAR**

Associate Professor of Commerce

SAP College Vikarabad.

R.R District.

### **ABSTRACT**

*Prime Minister Narendra Modi launched the Make in India initiative with the primary goal of encouraging multinational and domestic companies to manufacture their products in India. Prime Minister Narendra Modi launched the Make in India initiative on September 25, 2014, with the primary goal of making India a global manufacturing hub, by encouraging both multinational as well as domestic companies to manufacture their products within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%. Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector. The world's ninth-largest civil aviation market with a market size of USD 16 Billion, the Indian aviation industry is expected to become the world's largest by 2030. Growing 20% annually, it's among the world's five fastest growing markets. Growing at 14.3% annually, marked by rising standards of creativity and technical excellence, India's media and entertainment industry is expected to reach revenues of INR 994 Billion by the year 2025. While contributing 7% to India's GDP, India's MSME sector provides employment to 117 million people and remains an essential partner for achieving socio-economic growth across both urban and rural areas. Employing over 6 lakh people and contributing nearly 2% of the nation's GDP, India's steel sector plans to further increase production to 300 million tonnes per annum by 2025. It targets 25 sectors of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM), the details of each can be viewed on the official site ([www.makeinindia.com](http://www.makeinindia.com)).*

**KEYWORDS:** *Make in India, Technology, business process, GDP.*

### **INTRODUCTION**

Make in India is an initiative launched by the Government of India to encourage multinational, 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 (FDI), surpassing the United States of America as well as the People's Republic of China. In 2015, India received US\$63 billion in FDI.<sup>[1]</sup>

### **HISTORY**

Prime Minister Narendra Modi launched "Make in India" on 25 September 2014 in a function at the Vigyan Bhavan.<sup>[2]</sup> On 29 December 2014, a workshop was organized 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.<sup>[3]</sup> The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy.<sup>[4]</sup> The initiative also aims at high quality standards and minimising

the impact on the environment.<sup>[5][6]</sup> The initiative hopes to attract capital and technological investment in India.<sup>[4]</sup>

The campaign was designed by Wieden+Kennedy.<sup>[7]</sup> 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 licenses was increased to three years. Various other norms and procedures were also relaxed.<sup>[8]</sup>

In August 2014, the Cabinet of India allowed 49% foreign direct investment (FDI) in the defense sector and 100% in railways infrastructure. The defense 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%.<sup>[9]</sup>

Between September 2014 and November 2015, the government received 1.20 lakh crore (US\$18 billion) worth of proposals from companies interested in manufacturing electronics in India.<sup>[10]</sup> 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.<sup>[11][12][13]</sup>

It also seeks to facilitate job creation, foster innovation, enhance skill development and protect intellectual property. The logo of 'Make in India' – a lion made of gear wheels – itself reflects the integral role of manufacturing in government's vision and national development. The initiative is built on four pillars which are as follows:

**New Processes:** The government of India is initiating several reforms to attract the Foreign Direct Investment (FDI) in various sectors in India. The previous governments have taken some initiations to attract the FDI in India. This reform is also aligned with parameters of World Bank's 'Ease of Doing Business' index to improve India's ranking on it.

1. **New Infrastructure:** Infrastructure is integral to the growth of any industry. The government intends to develop industrial corridors and build smart cities 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 Intellectual Property Rights (IPR) registrations. Along with the development of infrastructure, the training for the skilled workforce for the sectors is also being addressed.
2. **New Sectors:** 'Make in India' has identified 25 sectors to promote with the detailed information being shared through an interactive web-portal.<sup>1</sup> The Government has allowed 100% FDI in Railway<sup>2</sup> and removed restrictions in Construction.<sup>3</sup> It has also recently increased the cap of FDI to 100% in Defense and Pharmaceutical.<sup>4</sup>
3. **New Mindset:** Government in India has always been seen as a regulator and not a facilitator. This initiative intends to change this 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 alongside the corporate sector.

4. **Conclusion** Since the launch of Make in India in September 2014, FDI inflows of USD 77 billion including a equity inflows of USD 56 billion has been received for the period October 2014 to March 2016.

This represents about a 44% increase in FDI Equity inflows over the same corresponding period. 'Zero defect zero effect' is a key phrase which has come to be associated with the Make in India campaign. In the words of Prime Minister Narendra Modi, "Let's think about making our product which has 'zero defect'... and 'zero effect' so that the manufacturing does not have an adverse effect on our environment".<sup>5</sup> Thus, sustainable development in the country is being made possible by imposing high-quality manufacturing standards while minimising environmental and ecological impact.

Within the short span of time, there are many instances of the initiative's success. In December 2015, Micromax announced that it would put up three new manufacturing units in Rajasthan, Telangana and Andhra Pradesh. Japan announced it would set up a USD 12 billion fund for Make in India-related projects, called the "Japan-India Make-in-India Special Finance Facility" after the Japanese Prime Minister Shinzo Abe's visit to the country. Huawei opened a new Research and Development (R&D) campus in Bengaluru and is in the process of setting up a telecom hardware manufacturing plant in Chennai. France-based LH Aviation signed a Memorandum of Understanding (MoU) with OIS Advanced Technologies to set up a manufacturing facility in India for producing drones. Foxconn announced it would invest USD 5 billion over five years for R&D and creating a hi-tech semiconductor manufacturing facility in Maharashtra. Samsung said it would manufacture the Samsung Z1 in its plant in Noida while General Motors declared that it would invest USD 1 billion to begin producing automobiles in the capital state.<sup>6</sup> And this is only the tip of the iceberg as there are many more proposals in the pipeline. "Come make in India. Sell anywhere, [but] make in India." Prime Minister Narendra Modi said while introducing his vision to the public. And it seems that the world is more than ready to embrace this vision, which is already set on a path to become a reality.

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