MAKE IN INDIA: AN OVERVIEW

Dr. Mohd. Wasim Ali¹ & Jawed Anwar²

¹Associate Professor, Department of Law, Aligarh Muslim University, Aligarh-202002, Uttar Pradesh (India)
²Research Scholar, Department of Law, Aligarh Muslim University, Aligarh-202002, Uttar Pradesh (India)

Received: December 09, 2018 Accepted: January 19, 2019

ABSTRACT: The Prime minister of India Mr. Narendra Modi on 25 September 2014 launched a very ambitious campaign “Make in India”. He has launched this campaign with an aim to turning this country worldwide producing hub. The Govt. of India (GoI) took opening move to attract Foreign Direct Investment in manufacturing sphere through Make in India campaign. In the field of investment, India occupies a distinguished place in the world. Not solely in the list of Asian nation however conjointly within the class of developed nations. India has marked its personal appeal as one of the fastest growing economy within the world. It has been ranked amongst the top five impinging destinations for numerous investments. It’s become investor friendly in terms of foreign investment.¹

Over the past twenty years Indian manufacturing sector has grown at nearly a similar pace as the overall economy. However, its share within the overall economy has been stagnant at around fifteen percent even this modest figure has declined in last few years, due to of retardation in manufacturing. Despite the retardation of economy India was ranked 130 in the ease of doing business index in 2016 and remains same in 2017 according to World Bank report. This leaves a positive thought for improvement. The gov’t. has taken numerous measures to form a path for opening new sectors so as to attract foreign investment.

The government’s objective to initiate Make in India is to lift the output of manufacturing sector from 15% to 25% in 2022.² Both central and state governments are changing their trade and investment policies for Make in India and trying to give all essential needs to foreign investors for investing in India with a clarion call for Make in India and “zero defects; zero effects” policies. The study offer a summary on Make in India with the assistance of knowledge collected from secondary sources. The secondary data has been collected from journals, research paper, newspaper, literature review and websites. In order to make an exploratory research, chosen in order to develop a profound understanding of the research topic and procure knowledge through concerning research objectives from different angles to explain it.

Key Words: Make in India, Foreign Direct Investment, Industrial Corridors and Manufacturing Units

INTRODUCTION

Make in India was launched by Prime Minister, Narendra Modi on 25September 2014. After initiation in 2015, India emerged in concert of the highest fifth destination globally for foreign direct investment, surpassing the United States of America as well as the People’s Republic of China. The campaign aims to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing Infrastructure in India.³ Through this campaign, India might turnout plenty of opportunities untapped in industrial production sector. Through this fashion a good advantage utilized by a producer in numerous ways:

- Cheaper costs of production & logistics.
- Easy flow of business
- Easy identifications and allocations of skills.
- Improve profits with the capacity to pay⁴

¹ Dr. Priyanka Banerji “Impact of Make in India launched on FDI” 19, IOSR-JBM, 26 (2017).
³ Rajaganesh S. Selvakumar and Sundara Mahalingam “FDI in Make in India.” IJEMS 59 (2017).
⁴ Dr. T.V. Ramana “Make in India: Illusion or Possible Reality Project.” 2 ICAR17 (2015).
In fig. 1.1 the industrial production was not satisfactory before 2014 but a slight move in positive direction after 2014 by this campaign. India will help it steer the manufacturing sector to increase the performance and contribution in gross domestic price. The plan of “Make in India” lies solely on manufacturing sector. Numerous reasons are given for investment in manufacturing sectors that ultimately helpful in poverty reduction, reductions in imports of goods, to boost up the Indian economy in employment generation, attempting to shift of the individuals from primary to service sectors and proving to be in useful reaping the advantages of demographic dividend etc., Make in India is not a very new concept; it is based on the LPG. The concept of LPG (liberalization, globalization and privatization) played a significant part in the field of economic development in India. Indeed, a major amendment has been brought by this technique in the field of foreign investment. The LPG model has offered a crucial role in reforming the Indian economy. However there are certain restrictions on FDI in India which have been relaxed now. Over the past few years several sectors have been seen a major growth in FDI in India, especially in hotels, tourism, insurance, and telecom. These core sectors attract huge foreign investment. The govt. in a position to nourish the manufacturing sector of India that incredibly useful in gross domestic price as compared to alternative sectors. Although it’s a nice step to attract foreign investors to speculate in India, primarily, due to low cost labour and skilled employees.

The division of Indian economy is based on occupational structure. The contribution of manufacturing sector is lower rather it should be the highest to fulfill the development necessities of economy. Attracting foreign investment has been one amongst most guarantees created by existing Indian government. India has already marked its presence on the globe by attracting foreign investment. Now Make in India is one such initiative launched by the GOI to encourage multinational as well as national companies to manufacture their products in India with a clarion call “zero defect; zero effect”.

MAKE IN INDIA

The Make in India program is an initiative under the Department of Industry Policy & Promotion (DIPP) Ministry of Commerce & Industry. It has opened new windows for investment. Today’s India’s quality stands out to be powerful than ever, with a slogan zero defect zero effect. This phrase that comes with Make in India campaign has urged the trade particularly MSMEs of India, to manufacture goods within the country with “Zero defects” and guaranteeing that the products have “Zero effect” on the environment. MSMEs are the backbone of Indian economy that contributed around 22% of GDP. These MSMEs considered as the real Makers of India.

5 Available at: https://www.google.co.in/search?q=industrial+production+in+india+2014&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjZuv6j1mbAhVTWisKHXiADm0Q_AUIICygC&biw=1366&bih=662 (Last visited on June 4, 2018).
6 3 years of Make in India, available at: https://blog.mygov.in/3-years-of-make-in-india (Last visited on May 25, 2018).
The present govt. is trying to boost the manufacturing sector under the banner of Make in India. It is an emerging initiative of the govt. of India to encourage companies to manufacture their products in India with a flagship campaign intends to spice up the domestic manufacturing industry and attract foreign investors to take a position in the economy. With an intention of renewing manufacturing business and emphasizing key sectors in India amidst, growing concerns that most entrepreneurs are moving out of the country because to its low rank in ease of doing business ratings. The government of India has proclaimed that Make in India in 2014 with an eye to boost the growth in manufacturing sector in India. A variety of steps were taken to further encourage investment and improve business climate in manufacturing. Make in India mission is one such long run initiative that helps to realize the dream of renewing India into a manufacturing hub. As per the recent demographic search India are the house of a 906 million of working age by 2020 (DIPP, 2015).

The requirements of the massive working age population can be consumed by the manufacturing sectors in future; a manufacturing sector could solely be the only giver of jobs to satisfy the dreams of young generations. Due to high level of unemployment among the educated classes, Labour is plenty and skilled labour is easily available in Indian geographical areas. The govt. is doing all attainable work that helps the foreign investor to invest. India is before long getting to become one of the popular manufacturing destinations & most investors across the world showing zeal towards the investment. Make in India is that the Indian government's efforts to harness this demand and boost the Indian economy. The recent data of world economic forum, India’s rank low on the ease of doing business index. The rank achieved by India is not satisfactory in nature because the explanation behind is various harsh laws are applied for business work particularly on foreign investors & ultimately slowdown the position in ease of doing business.

To encourage ease of doing business index satisfactory in international level the GoI is doing all possible work. There is no doubt the rank achieved by the India in ease of doing business last few years, provide an affirmative hope to induce higher position in international trade. In India few laws are not business friendly & labour laws is one of them. The labour laws within the country are still not conducive for Make in India campaign. This is often one among universally noted disadvantages of manufacturing and investing in India. GOI is taking all possible efforts to amend the previous laws & trying to draft business friendly laws to raise the position in ease of doing business.

The new government initiating a new ways for free flows of capital. The govt. has identified 25 key sectors in which Indian industries have the potential to compete with the best in the world. These sectors have been listed on web portal with separate brochure to guide companies. The brochures covering sectors like automobiles, aviation, chemicals, pharmaceuticals textiles, information technology sectors and railways etc., which provide details of growth drivers, investment opportunities. The key focus of Make in India campaign is based on 3D concept which implies democracy, demography and demand that aim to make full utilization of the skill, talent, discipline and determination which is found in excess within the individuals of India. Govt. also focuses on building infrastructure as well as creating digital network to make India a global hub for manufacturing of goods.

The growth of economy revolves around a common man and his purchasing power. It is the first duty of the govt. of this country to extend the buying power of the common person through generating employment opportunities in the market. Additional employment creates additional buying power and this might be achieved conjointly by the digital India mission, this mission ought to in tune with corporate process by the government of India to spice up the economy. Make in India is having some special objectives like low cost & zero defects products that are useful in innovation to promote the certain kind of skill development just to save the concept of intellectual property rights and build India the best manufacturing infrastructure started with a slogan “zero defect, zero effect” which implies that products have not any defects and the product which is formed has zero environmental effects. In a lay man language the word zero defect zero effect employed by the prime minister for the products or goods are made by the foreign investors which ought to be eco-friendly and sustainable in nature for the long run future generations. The government is making an attempt to realize the best simplest possible way to enforce this concept. Make in India in India through these 25 sectors enhance the

---

8 Pankaj Kumar Mandal “Make in India and Recent Trend of FDI Inflow.” 5 IJCBM, 172 (2016).

Research Paper IJRAR- International Journal of Research and Analytical Reviews
proportion level in economic process particularly from manufacturing sectors just because of less contribution in gross domestic product.

**GOVERNMENT’S INITIATIVES**

To accelerate foreign investment inflows the present govt. has taken some vital call for the promotion of Make in India and introduced various initiative like a new tax reform resolution known as GST (Goods and Services Tax) enforced throughout India. This is a remarkable step taken by the govt. to give strengthens to investors and small business holders performing business within the country. Through this GST implementation, currently the investor’s are free from plethora of excess taxes and same situation with the common people to relieve from the harshness of the taxation.

The objective of GST one tax for all simply to lift the business and production in India. It will be convenient for the foreigners to speculate in manufacturing sector in India without any kind of hurdles. Recently government has introduced INC-29, a brand new business in India to make enlightened that the entrepreneurs need to fill up only one form instead of eight. Earlier, the union cabinet has been conferred with increased (FIPB’s) powers to advocate foreign investment proposals before FIPB within 30 days rather than of within 90 days (DIPP, 2015). Few other initiatives highlights ascertained underneath Make in India plans are Invest India Cell: The govt. of India is making an attempt to establish the invest India cell that acts as the first reference to guide the foreign investors on all aspects of regulatory and policy problems. It is the country’s official agency for investment, promotion, and facilitation. Through invest India cell, govt. can see all problems in relation to investment and checkout to resolve ant try to do what the regulatory method so as to create easy and more effective for the foreigner investors.

The Gov has asked New Delhi’s envoys over one hundred sixty countries to specialize on economic diplomacy to assist govt. to draw in investments and transform the Make in India campaign into a productive venture to spice up the expansion throughout the annual head mission’s conference. Prime minister has also utilized the chances to brief New Delhi’s envoys concerning the government’s foreign policy priority and immediate focus on restoring confidence of foreign investors and augmenting foreign capital inflow in production sector.

**Establishment of a Web Portal:** A web portal started with the www.makeinindia.com to provide productive answer to any or all the queries through this newly created internet portal. This portal is specially created for the investors to visualize the fundamental problems in relation to take a particular position in investment in India. The investors can raise any queries with the assistance of this portal and would obtain to answer specific queries within a period of 72 hours. There is also a provision for the visitors to register him on the websites to get information and updates from time to time in the form of news. An Investor facilitation cell has been jointly established to provide help to the foreign investors from their time of arrival within the country till their departure.

**Easing the Policies and Laws:** The government of India is making an attempt to form straight forward laws so as to urge a lot of responses from the investors. A varieties of laws has been amended with old draconian laws especially taxation laws are repealed to form friendly laws for the investors especially. Through these new laws the validity of industrial license has been extended to three years.

**Skill Development Establishment:** In the last two years the govt. has taken a bunch of initiatives to channelize the skill development program. The Ministry of Skill Development and Entrepreneurship (MSDE) was created in November 2014 to drive the (skilled India) programme. In July 2015 Pradhan Mantri Kaushal Vikas Yojna (PMKVY) was launched with the mission “Kaushal Bharat” to benefit one crore youth through National Skill Development Corporation. A brand new version of (PMKVY) was launched on July 13, 2016 with modification and continuation of PMKVY as skill development of component of PMKVY with a target to skill 10 million people over four years (2016-2020) at an outlay of INR 1200 crore. All these indicatives trying to facilitate the foreign green field investments in India. Besides, Gov has organized totally different program under the banner of Make in India to attract investment particularly in designated sectors. It’s a real truth that doing business in India today is much more difficult than elsewhere, but the new govt. trying to shift this myth through many years. India’s pressing problems prompted the launch of this campaign. After several years of gross national product growth averaging 7.7% between 2002 and 2012, this place slowed down to around 5% in 2013 and 2014. India wants lot of jobs for its young people.

10 Pankaj Kumar Mandal supra note 8 at 173.

11 Make in India, available at: http://www.visionias.in

12 Ministry of skill development and entrepreneurship, available at: http://www.skilldevelopmentgov.in (Last visited on June 4, 2018)
Recently on an average 5 million jobs are created each year, however it’s terribly to mention that around 12 million individuals join the workforce each year. India’s labour force is anticipated to grow to 600 million by 2022. A lot of jobs creation can fight economic condition and facilitate to divert individuals from agriculture to industrial sectors which have low capacity to sustain their livelihood. India’s economic development model has been quite peculiar giving privileges to consummate skilled labours soften employed by foreign companies. That is why nowadays manufacturing in china makes 34% of gross domestic product. The Chinese have positioned themselves because the workshop of the world accounting for 22.4% of global manufacturing whereas India accounts for only 15% of its GDP. The govt. has set a target of 25% of GDP by 2022. The main focus of Make in India program is on creating jobs and skill improvement mentioned in these 25 sectors that is mentioned below fig 02. It’s a bold and crucial decision adopted by the govt. to nourish these 25 sectors.

Establishment of Industrial Corridor Project:
Five most significant industrial corridor projects come in the way, which is already planed and launched by the GOI. These corridors are spread across in India with strategic targets that offer an impetus to industrialization and planned urbanization.

Every corridor plays an important role in raising the share of production in India’s gross domestic price from the current level of 15% to 25% by 2025. Through this industrial corridor, smart industrial cities are being developed along with the corridors. These are being developed to integrate the new workforce which will empower the manufacturing sectors and ultimately lead to planned urbanization.

This industrial corridor could be a package of infrastructure outlay allocated to a selected geographical region, with the intent to stimulate industrial development. An industrial corridor aims to make a region with a cluster of manufacturing or alternative trade & such corridors are often created in areas that have preexisting infrastructure, such as ports, highways and railroads. Through these modalities are organize like highway or railroad, receives feeder roads or railways, together with properly assessing demand and viability, transport choices for products and staffs, land values, and economic incentives for companies or firms. Here the govt. tries to allocate these industrial corridors through different phase wise and these phases are discussed one by one.

1.1 The Delhi-Mumbai Industrial Corridor Project: This could be a planned industrial development project between India’s capital, Delhi and its monetary hub, Mumbai. It is one amongst the world’s largest infrastructure projects come with an estimated investment of US$90 billion planned as a high-tech industrial zone spread across six states. Delhi being a Union Territory across the 1500 kms long Western Dedicated Freight Corridor that includes 24 industrial regions, eight smart cities, two airports, five power projects, two mass rapid transit systems, and two logistical hubs in the light of the govt. The GoI proposed the eight investment regions are to be developed.
In Phase I of DMIC are Dadri-Noida-Ghaziabad in Uttar Pradesh, Manesar-Bawal in Haryana, Khushkhera-Bhiwadi-Neemrana and Jodhpur-Pali-Marwar in Rajasthan, Pithampur-Dhar-Mhowin Madhya Pradesh, Ahmedabad-Dholera Special Investment Region (SIR) in Gujarat, the Shendra-Bidkin Industrial Park, and Dighi Port Industrial Area in Maharashtra. The project has received a significant major boost from India and Japan, due to an agreement to set up a project development fund with an initial size of 1,000 crore (US$155.9 million). The Japanese and Indian govt. are seemingly to contribute equally. The work is on progress at a rapid pace, with the dedicated freeway corridor expected to be completed by December 2019.

1.2 The Chennai Bangalore industrial corridor: It is one amongst the five industrial corridors arising in India under the Aegis National Industrial Corridor Development and Implementation Trust (NICDT). This is an upcoming mega infrastructure project of GOI. The corridor plans to come along Chennai with numerous cities. It is expected to spice up commerce between south India and East Asia by facilitative faster movements of products from these places to Chennai and Ennore port.

1.3 The Bengaluru-Mumbai Economic Corridor (BMEC): This is a planned economic corridor in India between Mumbai and Bangalore. This corridor is spread across the states of Karnataka and Maharashtra and passes through major cities like Davangere, Chitradurga, Hubballi-Dharwad, Belagavi, Solapur, Sangli, Satara and Pune. The overall length of the corridor is around 1,000 km and covers a section of around 143,000 km². It's delineated around the existing National Highway 4 (NH4) which connects Bangalore to Mumbai, the existing Bangalore-Mumbai railway line and the Dabhol-Bangalore Natural Gas Pipeline. The Indian govt. aims to come up with an investment over 3 lakh crore (US$47 billion) from this corridor and expects it to create 2.5 million jobs. Besides this, during the India-United Kingdom summit in November 2013, the Indian and British Governments agreed to undertake a joint practiceability study on this project. The DMICDC and the U.K Trade and Investment (UKTI) were appointed as the nodal agencies for this project, representing the two sides respectively. The DMICDC floated a tender to appoint a consultant for this project in November 2013, awarded the contract to a joint venture between Egis India Consulting Engineers Pvt. Ltd., Ile-de-France and CRISIL Risk & Infrastructure Solutions Limited on 14 February 2014. The practability study was supported by the GoI with a new project.

1.4 The Amritsar Delhi Kolkata Industrial corridor (ADKIC): This corridor project is proposed under economic corridor among the cities of Amritsar, Delhi and Kolkata, developed by the GoI. It is a great ambitious project aimed towards developing an Industrial Zone spanning across seven states in India and can be helpful for 20 cities underneath these states. This Project can see as an enlargement of Infrastructure and trade together with industrial clusters like rail, road, port, air connectivity within the states along these corridors. The Amritsar to Delhi Kolkata Industrial Corridor encompasses one among the foremost densely inhabited regions in the world having home of about 40% of India's population. Looking like a neighborhood design that is significant push for industrialization and job-creation, ADKIC can act as a catalyst for this growth. As of 20 January 2014, the GoI has approved the project that seeks to spice up industrial sector within the country.

1.5 The Udhana-Palsana Industrial Corridor: This is a crucial project of Indian govt. in the Indian state of Gujarat and probably be a last project region comprising quite a 1000 industries of metal, textile, pharmaceuticals, plastic and chemical which may be a 32 km long belt. It's amongst the busiest industrial zones in Asia. The corridor starts close to UM road in Udhana and ends up in Palsana. This project elapsed by state government to start Bus Rapid Transit System (BRTS) on this route to boost the superiority of the belt with the nearby townships. The BRTS will start from Udhana Darwaja and will end up in Sachin in first phase and in second phase from Sachin to Navsari and Palsana. Having an object to commuting time on this industrial belt that decrease by an hour.

Udhana is that the headquarters of commercial belt region and so Udhana are connected rapidly with the other nearby regions by BRTsthrough this govt. plan. Though the conversion of CC road and six-lane project of Udhana-Sachin phase is finished but it lacks rapid transport. To boost the transport, the Surat metro will pass through this belt which will be a boon for the congested belt and would save one’s commuting time from one hour to 15 minutes. This belt will be upgraded to international standards as per plans of State government through various corporations to give a good connectivity to New Surat International Airport & the port of Magdalla and Hazira.16

---
15 Rajaganesh S. Selvakumar and Sundara Mahalingam, *supra* note 3 at 61.

MAKE IN INDIA AND FDI REFORMS

The latest reform to the country’s Foreign Direct Investment (FDI) has some development ambition through Make in India, worldwide manufacturing hub. They introduced some important steps in manufacturing investments which are earlier not existed before. The new FDI reforms proclaimed under the supervision of Mr. Narendra Modi’s on proposed sectors that stimulates country’s economic development and creates additional contributive atmosphere to grow. Here are few sectors where govt. has changed their FDI norms to give strength to Make in India.

Civil Aviation: In civil aviation 100% FDI allowed under automatic route through green field projects and 74% FDI in brownfield project, above 74% for brownfield projects that covered under govt. route.

Railways: 100% FDI under automatic route permissible in construction operational and maintenance of rail infrastructure project recent example of china’s investment in bullet train project. A new joint venture of French major Alstom & Indian Railways introduced a new electric locomotive engine having 1200 H.P built in Bihar’s Madhepura under the banner of Make in India program.

Construction: It becomes a growing field of foreign investment, where 100% FDI through automatic route and removal of minimum floor area & lowest capital requirement.

Banking: FDI up to 74% with 49% under automatic route lies through govt. route.

Pharmaceuticals: Recently govt. has given assent of 100% FDI through automatic route in pharmaceuticals. Whereas FDI up to 74% through automatic route &100% under govt. in brownfield pharmaceutics. An increase in FDI and FII limits over 49% either individual or in conjunction, leading to a transfer of ownership or control to foreign investors for a sector that requires government approval, will requires permission from FIPB (Foreign Investment Promotion Board).

Telecom: Being a part of service sector that is one of the most effective elements of investment, govt. has allowed 100% with 49% under automatic route.

Insurance & Pension: FDI policy has been reviewed to extend the sectoral cap of foreign investment from 26% to 49% with foreign investment up to 26% to be under automatic route. Similar changes have also been brought in the FDI policy on Pension Sector.

Retail Sector: The dimension of investment under Retail Sector charges day by day. GOI has allowed 100% FDI and 49% under automatic route is permissible. While in case of state of art and cutting edge technology sourcing norms are often relaxed under the subject of governmental approval.

Medical Devices: In this sector 100% FDI under automatic route for the production of medical devices has been approved with an object of life saving equipments.

E-commerce: E-commerce played a crucial role in economy of India, simultaneously creating employment especially to both skilled and unskilled people in present scenario. Government has approved 100% FDI in b2b e-commerce whereas single brand retail trading entity permitted for b2b e-commerce same as in e-commerce food retailing.

Recent changes in FDI proposal that throws light on business in India which dealt about the toughness of business but the govt. desires to alter this. Through many years India’s pressing issues prompted the launch of this campaign (Make in India). India needs to reboot its economy through gross national product. This growth averaging 7.7% between 2002 and 2012 but this place caught up to around 5% in 2013 and 2014. India desires a lot of jobs for its youth. Recently on average 5 million jobs are created annually however it’s terribly to mentions that around 12 million people join the workforce annually. India’s labour force is predicted to grow 600 million by 2022. Indeed job creation can fight for financial condition and facilitate to divert people from agriculture which has a low capacity to sustain their living. It is noted that the workforce engaged in agriculture is coming down remarkably and more people are employed in higher wage activities such as construction, and it result a growth of purchasing power that causes an increasing demand for consumer-durable among the people of India. As a result an increasing demand for allowing FDI in Business to Customer, E-commerce is seen recently. India’s economic development model has quiet peculiar giving privileges to skilled labour often employed by foreign companies. That is why manufacturing in china makes 34% of gross domestic product and

17 Department of Industrial Policy and Promotion prepares composite limit draft for foreign investments, The Economics Times, Kolkata 11-14 October 20, 2015.
18 Dr. Priyanka Raj supra note 1 at 30.
19 Rajaganesh S. Selvakumar and Sundara Mahalingam supra note 3 at 60.
Chinese have positioned themselves as the workshop of the world accounting for 22.4% of global manufacturing while India accounts only 15% of its GDP. Finally the govt. has set a target of 25% of GDP by 2022 in a five years plan & trying to focus on Make in India program for creating jobs and skill enhancement in these 25 sectors.

**FOUNDATION KEYS OF MAKE IN INDIA**

According to the economic survey 2016-2017, the service sector is projected to grow at the pace of 8.8 per cent in 2016-17 same as 2015-16. The average common share of service sector is growing day by day in the gross domestic product. However there is no intrinsically a change occurred in manufacturing sector the speed of growth virtually remains same. Finally govt. of India introduced the Make in India campaign.

At present a certain kind of triggering effects in manufacturing sector to boosting GDP of India. Manufacturing in India is the main vision of the present govt. to lead national development. Through this new initiative, the govt. has to get rid of the barriers from manufacturing growth and promote India as a manufacturing destination. Ultimately the GoI laid down this foundation keys upon which Make in India would works to promote industrialization and entrepreneurship. Here are the few steps that make an easy way to introduce the investment process.

**New Process:** To improve India’s ranking in ease of doing business varied reforms are being undertaken in areas like starting a business, insolvency etc. As per the recent World Bank report India ranked 130 in the ease of doing business index. This ranking isn’t satisfactory within the eyes of the govt. however somewhere it reflects the perception of the world business community regarding India’s attractiveness as an area for doing business.

The recent govt. is very enthusiastic in doing business and giving all possible measures to attract foreign investor to invest in India. G2B (government to business) portal is being setup to function as a one-stop shop for delivery of services to investor and address the wants of business from inception thus follow the entire life cycle of business. A new websites E Biz also facilitated for industrial license. And industrial entrepreneur memorandum for economy, specially manufacturing sector under this concept. The new process not only to attract investment, obtaining construction permits, property registration, obtaining power supply, paying taxes, implementing contracts and resolving by the foreigner, however conjointly provision for the establishment of manufacturing companies in India to promote entrepreneurship.

**Infrastructure:** The government is doing all attainable efforts to boost industrial corridors especially port, airports and building smart cities etc., through PPP (Public Private Partnership) model of investment. The GOI considered that if infrastructure not enhanced, a powerful relation could not established ultimately produce hurdles for investor. It is the first duty for the govt. to boost the infrastructure with state of art technology and high speed communication.

**New Investment Regulations:** As per the recent investment regulations, govt. has opened the door of FDI and allowed 100% in numerous sectors under automatic rules in a liberalized manner. Make in India campaign has conjointly increased the capacity of investment under these 25 sectors while the govt. has allowed 100% FDI in Railways and removed restrictions in construction, also increased the FDI to 100% in Defense and Pharmaceuticals. Through this new investment regulation, the role of investment is increasing day by day.

**New Mindset:** It is quite attainable for Make in India to exist without skill India. It is the fundamental duties of the govt. to do all attainable efforts. As per the recent data the current size of India’s formally skilled workforce is just 2% while South Korea and Japan is 96% and 80% respectively. The recent govt. emerged with a new outlook and initiated to interact with various entrepreneurs to invest in India with a new view to providing flexibility in working hours for labour and trying to increased intake of skilled apprentices. A multiple overlapping labour laws are amended to hunt skill India.

**MAKE IN INDIA AND RECENT FDI INFLOWS:**

India has registered tremendous growth in FDI inflows during the last decades. Whereas the production sector that was showing a declining trend within the past few years suddenly showed a sharp jump of 50% in FDI in year 2014-2015 because of introducing of Make in India initiative. According to data released by RBI in its report for the financial year 2014-15 the aggregate FDI rose by 54% which is the highest FDI in last five years. India’s economic reforms way back in 1991 has robust strong feelings interest in foreign

---

21 Dr. (Smt.) Rajeshwari M. Shettar supra note 13 at 3.
22 Ibid.
investors. Turning India into one in all favorite destinations for Foreign Direct Investment flow\textsuperscript{23}. According to A.T Kearney, India ranks second in the world in terms of attractiveness for FDI.\textsuperscript{24} A Foreign Direct Investment could be a dominant ownership in business enterprises in one country by an entity based in another country.

No doubt FDI stimulate the economic development of the country through which the investment is formed, creating benefits for local industry and conducive environment for the investors that ultimately creates jobs and raise employment within the target country. It permits resources transfer and exchange of information access to new skills and technologies. The equipment facilities provided by the investors can increase the productivity of the workforce in the target country. The govt. has started up with a rationalizing policy on FDI up to 100% is permissible under the automatic route in most of the sectors to give an effect. There is diminutive list of sectors which neither prohibited for FDI nor subject to restrictions in the nature of equity caps, entry route or conditionality.

No doubt FDI stimulate the economic development of the country through which the investment is formed, creating benefits for local industry and conducive environment for the investors that ultimately creates jobs and raise employment within the target country. It permits resources transfer and exchange of information access to new skills and technologies. The equipment facilities provided by the investors can increase the productivity of the workforce in the target country. The govt. has started up with a rationalizing policy on FDI up to 100% is permissible under the automatic route in most of the sectors to give an effect. There is diminutive list of sectors which neither prohibited for FDI nor subject to restrictions in the nature of equity caps, entry route or conditionality.

Here in fig 03\textsuperscript{25} and fig. 04\textsuperscript{26} shown that how FDI growth within 2 decades. Further to present the FDI policy is evaluated on an everlasting, therefore build it additional investor friendly. In FDI considerable changes are made within the FDI policy organization in recent times, to make certain that India remains an increasingly striking investment target.

To liberalize and build FDI a simple policy for providing ease of doing business in the country. The govt. has introduced in FDI connected reforms in varied sectors in the economy. In September 2014 the Department of Industrial Policies and Promotion (DIPP) of the Ministry of Commerce and Industry took up a series of measures to boost the ease of doing business. To simplify some of the existing rules, here are the some recent FDI inflows.

- In January 2015 a Spice group declared an investment of US $75.16 million to set up a producing unit for smart phones in Uttar Pradesh.
- US-based first Solar Inc and China’s Trina solar have plans to set up producing facilities in India, simultaneously clean energy investments in India raised to US $ 7.9 billion to help the country maintain its position to being the seventh largest clean energy capitalist in the world.
- Chinese company Huawei has invested with US $170 million to setup for Research and Development (R&D) campus in Bengaluru to accommodate 5000 engineers.
- Global Beverage Company Pepsi plans to speculate 500 crore of Rupees to establish a new unit in Maharashtra to make mango, pomegranate and orange based citrus juices.\textsuperscript{27}

\textsuperscript{24} Seema. Sangwan ”Making “Make in India” a realism: role of FDI.” IJR 770 (2015).
\textsuperscript{27} Megha Dua “Turning Dreams into Reality: Make in India and FDI Inflow.” IJESC8181 (2016).
• Magnetic Marnelli has started joint venture with leading two wheeler maker Hero Motor Corp for the production of electronic fuel injection system in Manesar.
• Japan has started India’s first bullet train, providing a loan of US $ 8.1 billion to India for its construction.
• Samsung electronics has invested Rs 517 crore towards the enlargement of its manufacturing plant in Noida, (Uttar Pradesh). Samsung India electronic is committed to strengthen its producing infrastructure gradually expanding its capacity to meet the growing domestic demand for mobile handsets through this new approach.²⁸
• World’s largest cereal maker Kellogg Company has started Research and Division (R&D) center close to Mumbai in India.²⁹
• French aircraft manufacturing company, LH Aviation signed a Memorandum of Understanding (MoU) with Indian OIS Advanced Technology (OIS-AT) to form Tactical Drones in India.
• Drugs & Pharmaceuticals Company and the Automobile Industry also having power to attract FDI through this new approach.
• Mauritius continued to be the single largest share of the Foreign Direct Investment in pie chart whereas FDI equity infuses from Singapore trailed Mauritius, with $ 6.4 billion in fiscal year.
• General Electric Transport and Alstom have contracted for a worth US$5.6 billion to supply India’s railways with new locomotives.
• Japan Prime Minister Shinzo Abe’s visit to India has announced setting up a US$12 billion fund for Make in India related projects. This investment will be in the name of “Japan India Make in India”. These special monetary facilities may strength to relationship between these two countries.
• The govt. has announced that March 2016, India achieved its highest ever FDI influx in a financial year at US$55.5 billion. Japanese technology giant Hitachi proclaimed its plans to roll out ATMs in India- one of Asia’s largest ATMs in India-one of Asia’s largest ATM market with the investment capital of US $ 15 million.
• April 2015, witnessed Airbus stating that it’ll manufacture in India for a price of 2 billion USD.
• Tata JLR declared to move its productions unit or assembly line of Land Rover in pune.
• India and Sweden signed a Memorandum of Understanding in 2017 to facilitate the trained personnel from India to Sweden. The deal between (NSDC) and Sweden that provides the vocational training to its citizens to cater to specific ability sets needed for jobs in Sweden. According to statistical data 3500 work permits have been issued out of which 3000 are in information and communication.³⁰

THE DOWNSIDE EFFECTS OF MAKE IN INDIA
India is basically a service industry that is making an attempt to move its focus away from tertiary sector of the economy to the manufacturing sector. Keeping this goal “Make in India” campaign was launched to draw in additional foreign investments by removing obstacles. However the RBI governor has warned against these specialized sectors, particularly manufacturing industries being dangerous for economic process. If the govt. have tendency to target a selected sector it’s giving to frustrate the aim and objective of FDI. It is the prime duty of GOI to concentrate overall industries
Government’s Make in India campaign till early October attracted INR 2000 crore worth investment proposals despite it is under the cloud of critics. The top criticism is leveled against the incumbent government does not walk with labour policy reforms. Despite the 100% FDI inflows in the country doesn’t make success of Make in India at the particular level of satisfaction among the citizens. This campaign hasn’t yet been implemented in smooth way.
Various companies suffered in technicalities like layoff, retrenchment & the best example of Nokia India that cast a long shadow over this campaign. Varieties of technology based companies have not been baffled by this campaign & ultimately professed to continue obtaining their components manufactured by china.
Being an agro based country; the largest work force is engaged in agriculture that aims & objectives to shifting work force from agriculture to manufacturing sector. GoI creating an environment where all sorts of

²⁹ Megha Dua, supra note 27 at 8182.
³⁰ India, Sweden ink MoU to facilitate Mobility of Trained Personal, available at: http://www.economicstimes.com/jobs/india-sweden-ink- to-facilitate-mobility-of-trained personal/articles mou ( Last visited on June 8, 2018) show/60110463.cms
enterprises can flourish and leave business to decide what they want to do just to sort out the traditional paradigm associated with the country. If we compare to China, contributed nearly 35% in GDP from manufacturing sector whereas India only 16%. Presently a rift exist between Indo-China relations that is a problematic concern for the country, with the initiation of the Make in India crusade, India stands as one of the most promising rivals for China. Through this campaign India’s term with China, bit by bit with the success of Make in India to make worse condition. It is attainable for the situation to become deteriorate amongst the two economically growing countries.

India has the advantage of young and skilled workforce over China which is able to expectedly take Make in India to new heights in the near future. However the proverbial cat is now finally out of the bag for the slogan to Make in India is a call to participation to global corporate capital to come loot and plunder the natural resources with an objective to destroy the surroundings, to dispossess populations made dispensable and to take advantage of low cost Indian labour. It’s a call for participation to global corporations who are being forced out of their home countries because high environmental and labour costs they have entered in geographical area of a country with an objective to make profit (Adityaigam). According to the present data exports are not really in India’s strong points that ultimately drag the position of Make in India on market level.

**PROS AND CONS OF MAKE IN INDIA**

The role of service sector increasing day by day in last twenty years and therefore the govt. principally depends on the service sector instead of manufacturing sector for economic growth. It has been recorded that the share of manufacturing sector in gross domestic sector has nearly stagnant with 15 to 16% that shrunken by 0.7% showing a negative growth in economy, that is not appreciable at all. It is very important for a developing country that the manufacturing sector shouldn’t be in stagnant nature otherwise produce a downside effects in the growth of the economy. To curb this problem, finally GOI provides a clarion decision of Make in India campaign on 25th September 2014 to encourage the national and multinational companies to make goods in India with a new hope and zeal.

Pros of Make in India

**Employment Opportunity**: Make in India campaign will certainly provide a heap of opportunities in manufacturing sector, particularly for the skilled and unskilled youth. The main objective of the governments to produce maximums jobs satisfaction. Hence the govt. introduced this campaign. Through this initiative the young entrepreneurs will come forth with their innovative ideas and without worrying invest in India. It is being expected that this campaign can generate 100 million of jobs by 2022. Here in fig. 05 that is showing an expected difference between 2015 and 2022 in generating employment result especially in textile sector.

<table>
<thead>
<tr>
<th>Employment (No of employees in millions)</th>
<th>2015</th>
<th>2022 (projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working population in textile sector</td>
<td>35.4</td>
<td>61.6</td>
</tr>
<tr>
<td>Total working population (15-59)</td>
<td>793.6</td>
<td>881</td>
</tr>
<tr>
<td>Total population</td>
<td>1280</td>
<td>1370</td>
</tr>
</tbody>
</table>

Source: http://www.kmpg.com

**Economic Growth**: The growth of an economy is highly associated with the manufacturing sectors. It is the duty of existing govt. to draw additional foreign investors to take a strong position in economy just for a healthy growth with an objective to boost the trade sector. However, in addition to gross domestic price and other noted sectors giving the strength to Indian economy through this way. Make in India can facilitate in achieving objectives of national manufacturing policy i.e. increase the proportion of production in GDP from 15-16% to 25% till 2022.

**Recognition of Brand Value**: It is the common phenomenon, that the sound income people from urban areas prefer international brands rather than putting their faith in Indian retailers. As a result the small manufacturing companies suffer extreme losses within the market. Make in India campaign a small

---


32 Available at: http://www.kmpg.com
manufacturer or entrepreneur is able to coordinate with the foreign manufacturers to obtain business assistance. A definite kind of commercial loan is provided on a long term with an objective to enhance the business in competitive world to compete the imported goods. A Low income people may purchase the branded goods if it’s manufactured in India on low cost with good qualities like Nike and Adidas producing mercurial, jabulani in Bangladesh and Punjab that minimized the cost of high demanded goods with an opportunity in service sector. The upcoming of new manufacturing enterprises is alone making recent demands across various service streams, including IT logistics, catering and healthcare.

Development of Rural Areas: It is a widely acceptable fact, if a factory set up not only improves a particular area but also provides employment to local individuals. Ex- Nano in Sanand (Gujarat). Through this, the quality of life of people would automatically enhance. Various amenities provided like school, hospital and other public convenience will be developed for the betterment of the particular masses.

Growth in FDI: India worldwide opens its market in investment to attract foreign investors & finally opted a second position in terms of economic attractiveness. The Prime Minister Mr. Narendra Modi has launched the Make in India campaign to put India on the world map as a manufacturing hub to get Indian economy recognized worldwide as a most preferred destination for Foreign Direct Investment. FDI brings an enormous capital, technological information, employment opportunities for the host country that boosts manufacturing industry by adding and fixing up varied producing units in various parts of the world. How a dramatic change occurred from Oct. 2016 to July. 2017 can be analyzed by fig 06 in investment point of views.

![Source](http://tradingeconomics.com)

Fig: 06

**Single Tax System:** - A single tax system brought by present GoI known as Goods and Services Tax (GST). GST can develop into one common market, resulting in bigger ease of doing business that massively savings in logistics from companies a crossly involved in all sectors. Few companies can gain a lot, because the GST rate is not going up to the present mark to pay; other will lose as the rate is going to be on top at the present effective rate. Due to the rate of GST is not yet to decided, industry observers have assumed at 18% rate suggested by a govt. Generally developed economies have a standardized rate between 15% to 20%, whereas India most presumably adopt a GST regime between 18% to 28%. At last the GOI finalized the tax rate in June 2017 of various sectors.

**Cons of Make in India**

**Extinction of Small Entrepreneurs:** Make in India welcome foreign countries to manufacture in India with open arms, this automatically ease up the varied restrictions over trade with foreign countries. It is extremely tantalizing the eyes of the international business companies and these companies not solely seduce the Indian population but additionally dominating the small native entrepreneur to force them out of business. Although it observed that the small scale business owners jointly agitated on the installation of Wal-Mart, jointly as best example of FDI protest.

**Interest in International Brand:** No doubt the brand value of Indian merchandise will certainly increase but the Indian socio economic class cannot truly afford such merchandise is addicted with foreign label. It eventually create huge hurdle for the native entrepreneurs. To build the confidence in the eyes of common people a good level of promotion is needed in native brands.

---

33 Available at: http://tradingeconomics.com
Make in India could hog all attention: There is already a scramble among varied state govt. to draw large projects under the Make in India program which is comprehensible, given the development potential through these projects often hold by the states. However, through this method, there is a growing risk of specialization in MSMEs dilution. Indeed, one massive investment might provide a state’s economy to boost many hundreds of SMEs but simultaneously put together that won’t be able to match. The approval processes for SMEs have changed from state to state to being efficient various challenges opted like land acquisition, electricity and water supply that able to resolved by any single-window mechanism. Any further problem arises a state may focus on these SME problems which might be prejudice to the expansion of the sector.

Taxation and Financing Issues: It’s a certain kind of relaxation provided to companies through startups by exempting profits from taxes for three years if turnover doesn’t exceed Rs 5 crore and similar for SMEs too. The filing of returns simplified and relaxed (from quarterly or semi-annual filing to annual) for the initial years of operation. No doubt, it is beneficial for foreign investment but what about the domestic companies. It ultimately affects the country’s growth if tax exemption provided to foreign companies to such a large extent.

Exploitation of Resources: India has superabundant natural resources, after the announcement of Make in India suddenly an outsized variety of companies has shown interest to invest in production sector. It should keep in mind once a company established in India that definitely exhaust the resources with none care to the requirement of future generation, ultimately affect the interest of upcoming generation.

CONCLUSION:
From the above discussion it’s evident that the campaign named as “Make in India” initiated by Government of India that hold a nice potential with additional incorporated great tools to support the economical functioning. Indeed, it has a flavor to mesmerize the foreign investors, with the primary objective to manufacture goods on the Indian ground itself. As we tend to feel through the pages of past, we would realize this concept is not new, rather it is like old wine in a new bottle. Further, an issue arises if the govt. has a concrete proposal of investment, then why such extravagant mechanisms have popped up? There’s no doubt of the fact “Make in India” legitimized to a certain extent. This point it would only be efficient on a short term basis. As a fact, it would lead more employment and investment, thus molding the economy in a positive manner. However this phenomenon has a fluctuation quotient, as the mindset of investors cannot stay stagnant. In my opinion “Make in India” looks promising and hefty in approach but somewhere helpful in economy. After all, the present government doesn’t achieve the proposed target in these 3 years but still the govt. is trying to secure the funds for new start up to boost up the country’s growth in a positive direction & make all possible efforts to get success.

---

34 Sunit Sudhakaran and Prakash Divakaran, supra note 9 at 2.