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## SOCIO-ECONOMIC IMPACT OF 'MAKE IN INDIA' ON TOURISM AND HOSPITALITY SECTOR IN HIMACHAL PRADESH.

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### ABSTRACT

*Make in India is the key to revitalization of Indian economy. It is one of the schemes to pull back the economy from the clutches of recession, unemployment and balance of trade. Make in India initiative aims to correct the composition of Indian GDP which is the root cause of recession. Currently India's GDP is heavily tilted in favour of the service sector. Three sectors which contribute to GDP of any country are agriculture, manufacturing and services. There are 25 major sectors of Make in India in which considerable FDI is allowed. FDI in India has witnessed a positive trend since the launch of Make in India campaign in 2014. FDI inflow from April 2014 to March 2020 (USD 357.35BN) is 52.5% of the overall FDI received in the country since April 2000 (USD 680.91 BN). for the first time India has crossed the USD 70BN mark in FY 2019-2 and recorded total FDI inflow of USD 73.45. Government has allowed 100% FDI except for Defence industry (74%) and Media of India (26%). Tourism and hospitality sector is one of the core sector in which 100% FDI is allowed. This sector is one of the biggest magnet of Forex in India and world as well.*

*This paper is an attempt to study the fundamental mechanism of make in India with special reference to Tourism and Hospitality sector and perceptions of stakeholders of tourism and hospitality sector analysed to assess the socio-economic impact of Make in India. The finding of the study reveals that Make in India scheme is getting success in transforming the objectives of making India self reliant, jobs creation, increasing income, improvement in infrastructure facilities of tourism and hospitality in Himachal Pradesh.*

### **Introduction:**

It is a flagship programme of the Government of India for making India a manufacturing hub, creating more employment opportunities, developing Infrastructural facilities and export promotion etc. The aim is to take a share of manufacturing in country's gross domestic product from currently 16% to 25% by 2022, as stated in the national manufacturing policy, and to create 100 million jobs by 2022. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill

enhancement. Make in India is the key to revitalization of Indian economy. It is one of the schemes to pull back the economy from the clutches of recession, unemployment and balance of trade.

Make in India initiative aims to correct the composition of Indian GDP which is the root cause of recession. Currently India's GDP is heavily tilted in favour of the service sector. Make in India campaign surely makes India as world investment destination and global hub for manufacturing and innovations. Make in India scheme Eliminates Unnecessary laws and regulations. Three sectors which contribute to GDP of any country are agriculture, manufacturing and services. Make in India campaign after allowing 100% FDI in the Tourism & Hospitality sector can make the optimum use of available potentials of the tourism sector, moreover strengthening the Tourism & Hospitality sector under this auspicious program further can give a boost up to the economic growth in four ways, firstly Tourism & Hospitality sector can be strengthened by allowing foreign investors to invest in India and world level infrastructure can be created; secondly, tourism potential will be increased and the revenue will be squeezed to the union exchequer as strengthening this sector will allow to tap the neglected tourism potentials; thirdly, employment can be generated in this sector by liberalization; and last but not the least socio economic development can be ensured by adding up the income level of individuals through increasing purchasing power.

Tourism & Hospitality sector is a sunshine sector of our economy, hence by allowing 100% FDI in this sector it can be rejuvenated and the core objectives of the Make in India programme i.e. make India a manufacturing hub, creating world level infrastructure, making India self-sufficient in production, reducing import dependence and export promotion etc. can be attained.

**Keywords:** FY: Financial Year, FOREX: Foreign Exchange, FTAs: Foreign Tourist Arrivals, FDI: Foreign Direct Investment, GDP: Gross Domestic Product, USD: US Dollar, MN: Million, BN: Billion, T&H: Tourism & Hospitality, SA: Strongly Agreed, SDA: Strongly Disagreed, DA: Disagreed.

### Review of Literature:

Review of literature is designed to provide a background and justification for the research undertaken. It includes the published information on the particular topic and area of certain time period.

**Sahoo (2018)** observed in his study that India has already proved itself as one of the fastest growing economies of the world. It has been ranked among the top 10 attractive destinations for investment all over the world. It has now become a professional license for investors to approach and endow in the escalation legend of India. Since 1991, the regulatory environment in terms of foreign investment has been consistently eased to make it investor-friendly. The overall scenario of Make in India and FDI was a positive summon to prospective investors from all over the world. It represents a wide-ranging refurbish of processes and policies. Earlier, the Indian Government was working with the mindset of an issuing authority, but now with the launch of Make in India, it has started working as a Business Partner.

**Bhatia and Agrawal (2018)** conclude that the government has been successful to a great extent in terms of positioning India as a global manufacturing hub not only on the basis of slogans and propaganda, but also on the basis of small steps taken in every sphere of the economy. These small actions, from reducing the export formalities to setting up an Investor Facilitation Cell, have been the real catalysts behind this campaign and are at its core.

**Shettar (2017)** in his study entitled “Impact of Make in India Campaign: A Global Perspective” advocates that the programme will bring about a drastic change in fields like automobiles, aviation, biotechnology, chemicals. The researcher proves that Make in India will boost the manufacturing sector with an impact on electronics.

**Saikh and Khan (2017)** find in their study that Make in India scheme creates job opportunities and allow overall development of India. As every coin has two sides, Make in India is not in favour of agricultural development. However, India has the capacity to push the GDP to 25% in next few years. The Government of India has taken a number of steps to further encourage investment and improve business climate. “Make in India” mission is one such long term initiative which will realize the dream of transforming India into a ‘manufacturing hub’.

**Kaur et al. (2017)** find that, for the growth of economy, ‘Make in India’ is the biggest step. But the limited access on the capital will choke the initiative. The government needs a massive cleanup of the banking industry or they need to make more strategies to encourage investment in India.

### **Objectives of the Paper:**

- To assess the Socio-Economic impact of ‘Make in India’ on the stakeholders of Tourism & Hospitality sector in Himachal Pradesh.
- To study the fundamental mechanism of ‘Make in India’ with special reference to Tourism and Hospitality sector.

### **Scope of the study:**

The present study confines to the HP state only. The 4 districts have selected with purposive random sampling namely Kullu, Shimla (Most visited places), Kinnaur and Lahaul Spiti (Least Visited places) districts of Himachal Pradesh.

### **Sources of Data Collection:**

For accomplishing the objectives of the study both primary and secondary data will be utilized:  
*Primary Data:* The primary data is collected afresh among some specific purpose. The primary data will be collected through questionnaires and schedules.

*Secondary data:* Secondary source is one, where data is collected from the available sources. It is the data already in use. The secondary data includes websites, annual reports, publication, newspapers, journals, books and gadgets etc.

### **Statistical Tools and Techniques:**

The mathematical and statistical tools such as percentage, simple average, AM, standard deviation, and Chi Square test are used in analysing the data collected through schedule.

### **Analysis:**

The Tourism and Hospitality is the major component of economy of Himachal Pradesh. As Himachal Pradesh is the most beautiful destination for indigenous and foreign visitors to visit in India, therefore tourism and hospitality sector is a major contributor to the GDP of the state. Further, majority of the population of HP are directly or indirectly associated with Tourism and Hospitality sector in HP.

The Tourism industry in India is registering continuous growth which is significantly higher than the world average. Foreign Tourist Arrivals (FTAs) during the year 2019 were 10.89 mn as compared to 10.56 mn in the year 2018 registering a growth of 3.2%. The foreign exchange earnings of the Tourism industry in India added up to INR 2.1 lakh cr during the period Jan 2019 to Dec 2019 registering a growth of 8.3% over the same period in 2018. There are 25 major sectors of Make in India in which considerable FDI is allowed. FDI in India has witnessed a positive trend since the launch of Make in India campaign in 2014. FDI inflow from April 2014 to March 2020 (USD 357.35BN) is 52.5% of the overall FDI received in the country since April 2000 (USD 680.91 BN). for the first time India has crossed the USD 70BN mark in FY 2019-20 and recorded total FDI inflow of USD 73.45. Government has allowed 100% FDI except for Defence industry (74%) and Media of India (26%). Tourism and hospitality sector is one of the core sector in which 100% FDI is allowed. This sector is one of the biggest magnet of Forex in India and world as well.

As a major economic reform, this program has certainly a bearing on the stakeholders of Tourism and Hospitality sector in Himachal Pradesh. Therefore, entrepreneurs' survey conducted towards socio-economic changes that took places after the launch of Make in India scheme. The perceptions of entrepreneurs regarding socio-economic impact i.e. Increase in Income, improvement in infrastructure, employment generation etc.

**Increase in the income level:** Change in the income of entrepreneurs engaged in T&H sector is the major socio-economic impact of Make in India. The table 1.1 describes the perceptions of entrepreneurs regarding increase in the Income level.

**Table 1.1 Increase in the income level:**

District	Frequency (%)	Increase in the Income level					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
<b>Kullu</b>	Frequency (%)	4 (13.0%)	0 (0%)	14 (46.7%)	12 (40.0%)	0 (0%)	<b>30 (100%)</b>
	% of Total	3.3%	0.0%	11.7%	10.0%	0.0%	<b>25.0%</b>
<b>Shimla</b>	Frequency (%)	2 (6.7%)	0 (0.0%)	14 (46.7%)	8 (26.7%)	6 (20.0%)	<b>30 (100%)</b>
	% of Total	1.7%	0.0%	11.7%	6.7%	5.0%	<b>25.0%</b>
<b>Kinnaur</b>	Frequency (%)	2 (6.7%)	4 (13.3%)	10 (33.3%)	8 (26.7%)	6 (20.0%)	<b>30 (100%)</b>
	% of Total	1.7%	3.3%	8.3%	6.7%	5.0%	<b>25.0%</b>
<b>Lahaul Spiti</b>	Frequency (%)	0 (0%)	2 (6.7%)	12 (40.0%)	14 (46.7%)	2 (6.7%)	<b>30 (100%)</b>
	% of Total	0.0%	1.7%	10.0%	11.7%	1.7%	<b>25.0%</b>
<b>Total</b>	<b>Frequency (%)</b>	<b>8 (6.7%)</b>	<b>6 (5.0%)</b>	<b>50 (41.7%)</b>	<b>42 (35.0%)</b>	<b>14 (11.7%)</b>	<b>120 (100%)</b>

Source: Field Survey (Sample of 120 respondents)

$\chi^2 = 22.499$ ;  $p < 0.032$

The perception of respondents of 4 sample districts namely i.e. Kullu, Shimla, Kinnaur, Lahaul Spiti reveals that no major increase in the Income level taken place since the launch of Make in India. As per Table 1.1, it is evident from the results that in respect of Kullu district majority of the respondents remained neutral i.e. 46.7% which is 11.7% of the total sampled responses followed by respondents who agreed i.e. 40.0% which is 10.0% of the total sampled responses that Income of the respondents increased over a period since launch of Make in India scheme. In respect of Shimla district majority of the respondents remained neutral i.e. 46.7% which is 11.7% of the total sampled responses followed by respondents who agreed i.e. 26.7% which is 6.7% of the total sampled responses that Income of the respondents increased over a period since launch of Make in India scheme. As far as Kinnaur district is concerned similarly majority of the respondents remained neutral i.e. 33.3% which is 8.3% of the total sampled responses followed by respondents who agreed i.e. 26.7% which is 6.7% of the total sampled responses that Income of the respondents increased over a period since launch of Make in India scheme. In respect of Lahaul Spiti district of HP majority of the respondents Agreed from the statement i.e. 46.7% which is 11.7% of the total sampled responses followed by respondents who NA nor DA i.e. 40.0% which is 10.0% of the total sampled responses that Income of the respondents increased over a period since launch of Make in India scheme.

In Nutshell, it is revealed from the table that majority of the respondents remained Neutral from the statement that Income level increased over a period since launch of Make in India scheme i.e. 41.7% followed by 35.0% who Agreed, 11.7% Strongly Agreed, 5% Disagreed and 6.7% Strongly Disagreed. On applying Chi-square test its p value came to less than .05 which reveals that there is significant difference in sample districts and perceptions towards increase in Income since Make in India scheme inaugurated.



**Improvement in the existing infrastructure:** Infrastructure improvement is the basic necessity and the core socio-economic impact which caused due to the launch of Make in India scheme in T&H sector. Table 1.2 analyses the perception of respondents in 4 sample districts regarding improvement in existing infrastructure facilities. It can be seen from the table that in respect of Kullu district, majority of the respondents agreed i.e. 46.7% which is 11.7% of the total sampled responses followed by respondents who remained neutral i.e. 20.0% which is 5.0% of the total sampled responses that Infrastructure facilities improved over a period since launch of Make in India scheme. In respect of Shimla district majority of the respondents remained Neutral i.e. 33.3% which is 8.3% of the total sampled responses followed by respondents who agreed i.e. 20.0% which is 5.0% of the total sampled responses that Infrastructure facilities improved over a period since launch of Make in India scheme. In respect of Kinnaur and Lahaul Sipti district majority of the respondents are agreed from the statement that Infrastructure facilities improved.

**Table 1.2 Improvement in the existing infrastructure:**

District	Frequency (%)	Improvement in the infrastructure:					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Kullu	Frequency (%)	4 (13.3%)	2 (6.7%)	6 (20.0%)	14 (46.7%)	4 (13.3%)	30 (100%)
	% of Total	3.3%	1.7%	5.0%	11.7%	3.3%	25.0%
Shimla	Frequency (%)	2 (6.7%)	0 (0%)	12 (40.0%)	10 (33.3%)	6 (20.0%)	30 (100%)
	% of Total	1.7%	0.0%	10.0%	8.3%	5.0%	25.0%
Kinnaur	Frequency (%)	4 (13.3%)	0 (0%)	10 (33.3%)	12 (40.0%)	4 (13.3%)	30 (100%)
	% of Total	3.3%	0.0%	8.3%	10.0%	3.3%	25.0%
Lahaul Spiti	Frequency (%)	0 (0%)	4 (13.3%)	4 (13.3%)	14 (46.7%)	8 (26.7%)	30 (100%)
	% of Total	0.0%	3.3%	3.3%	11.7%	6.7%	25.0%
Total	Frequency (%)	10 (8.3%)	6 (5.0%)	32 (26.7%)	50 (41.7%)	22 (18.3%)	120 (100%)

Source: Field Survey (Sample of 120 respondents)

$\chi^2 = 19.613$ ;  $p < 0.075$

In Nutshell, it is revealed from the table that majority of the respondents agreed from the statement that infrastructure facilities has improved over a period since launch of Make in India scheme i.e. 41.7% followed by 26.7% who are Neutral, 18.3% Strongly Agreed, 5% Disagreed and 8.3% Strongly Disagreed. On applying Chi-square test its p value is insignificant at 5% level of significance which reveals that there is insignificant difference in sample districts and perceptions towards improvement in existing infrastructure facilities since the Make in India scheme inaugurated.

**Employment generation:** Employment generation is the major socio-economic impact of any economic activity that can take place in any economy of the country. Table 1.3 exhibits responses of the respondents about employment generation impact of Make in India. It is evident from the table that in

respect of Kullu district 33.3% remains neutral followed by 26.7% who agreed that employments are generated in T&H sector since launch of Make in India. Whereas, in Shimla district majority of the entrepreneurs i.e. 60.0% which is 15% of the overall responses, agreed that employments are being generated in T&H sector since the launch of Make in India. In Kinnaur and Lahaul Spiti district it is evident that employments in T&H sector generated comparatively less in numbers.

**Table 1.3 Employment Generation:**

District	Frequency (%)	Employment Generation:					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Kullu	Frequency (%)	4 (13.3%)	2 (6.7%)	10 (33.3%)	8 (26.7%)	6 (20.0%)	30 (100%)
	% of Total	3.3%	1.7%	8.3%	6.7%	5.0%	25.0%
Shimla	Frequency (%)	2 (6.7%)	0 (0%)	4 (13.3%)	18 (60.0%)	6 (20.0%)	30 (100%)
	% of Total	1.7%	0.0%	3.3%	15.0%	5.0%	25.0%
Kinnaur	Frequency (%)	2 (6.7%)	4 (13.3%)	14 (46.7%)	8 (26.7%)	2 (6.7%)	30 (100%)
	% of Total	1.7%	3.3%	11.7%	6.7%	1.7%	25.0%
Lahaul Spiti	Frequency (%)	0 (0%)	2 (6.7%)	16 (53.3%)	10 (33.3%)	2 (6.7%)	30 (100%)
	% of Total	0.0%	1.7%	13.3%	8.3%	1.7%	25.0%
Total	Frequency (%)	8 (6.7%)	8 (6.7%)	44 (36.7%)	44 (36.7%)	16 (13.3%)	120 (100%)

Source: Field Survey (Sample of 120 respondents)

$\chi^2 = 25.818$ ;  $p < 0.011$

Overall, it is revealed that an equal proportion of respondents agreed and remained neutral i.e. 36.7% respectively from the statement that Employment generation increased since launch of Make in India. On applying Chi-square test its p value is significant at 5% level of significance which reveals that there is significant difference in sample districts and perceptions towards employment generation in T&H sector since Make in India scheme inaugurated.

### Conclusion and Findings of the Study:

The Tourism industry in India is registering continuous growth which is significantly higher than the world average. Foreign Tourist Arrivals (FTAs) during the year 2019 were 10.89 mn as compared to 10.56 MN in the year 2018 registering a growth of 3.2%. The foreign exchange earnings of the Tourism industry in India added up to INR 2.1 lakh cr during the period Jan 2019 to Dec 2019 registering a growth of 8.3% over the same period in 2018. There are 25 major sectors of Make in India in which considerable FDI is allowed. FDI in India has witnessed a positive trend since the launch of Make in India campaign in 2014. FDI inflow from April 2014 to March 2020 (USD 357.35BN) is 52.5% of the overall FDI received in the country since April 2000 (USD 680.91 BN). For the first time in history, India has crossed the USD 70BN mark in FY 2019-20 and recorded total FDI inflow of USD 73.45. Government

has allowed 100% FDI except for Defence industry (74%) and Media of India (26%). Tourism and hospitality sector is one of the core sector in which 100% FDI is allowed. This sector is one of the biggest magnet of FOREX in India and world as well.

The perceptions of entrepreneurs regarding socio-economic impact i.e. Increase in Income, improvement in infrastructure, and employment generation etc. revealed that majority of the respondents have favorable perceptions that Make in India scheme has positive impact on the stakeholders of tourism and hospitality sector in Himachal Pradesh. There is considerable increase in the Income level of entrepreneurs, infrastructure facilities are improved, and employments are generated as a result of launch of Make in India or allowance of 100% FDI in Tourism and Hospitality sector. Thus, Make in India scheme is getting success in transforming the objectives of making India self reliant, jobs creation, increasing income, improvement in infrastructure facilities of tourism and hospitality.

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