



Make in India: Exploring Challenges and Unveiling Opportunities

Dr. I.S. Kishore Mathew Arnold

Academic Consultant, Department of Political Science and Public Administration
S.V. University, Tirupati, Andhra Pradesh

Abstract : India ranks among the world's rapidly expanding economies, being the tenth largest by nominal GDP and the third largest by purchasing power parity (PPP). The 'Make in India' campaign was inaugurated on 25th September 2014 by Prime Minister Shri Narendra Modi as an international marketing initiative designed to attract global business investments and establish India as a premier manufacturing centre. A specialised web presence, an official logo, and detailed pamphlets emphasising 25 target sectors have been created to promote this program. The campaign's key aims are to enhance job creation, promote skill development and innovation, and integrate India's manufacturing sector into the global value chain. This will be accomplished by implementing strategies such as fostering Public-Private Partnerships (PPP), advancing Joint Ventures (JV), augmenting Foreign Direct Investment (FDI) inflows, and improving the Ease of Doing Business (EDB) in the nation. The effort aims to expedite economic growth, extricate the economy from recessionary patterns, and recalibrate India's GDP, which is presently disproportionately weighted towards the services sector. This study aims to analyse the opportunities and challenges linked to the 'Make in India' campaign and evaluate its effects on the Indian economy.

IndexTerms - Ease of Doing Business, GDP, FDI, strategy, Make in India, digital India, Manufacturing.

I. INTRODUCTION

India possesses a wealth of natural resources and a substantial, proficient labour force. Notwithstanding elevated unemployment rates among the educated demographic, the presence of competent labour constitutes one of India's most significant advantages. As Asia ascends as the global outsourcing centre, India is swiftly establishing itself as a favoured manufacturing locale for international investors. The Make in India project is the Government of India's principal endeavour to use this potential and expedite economic growth.

Nevertheless, India persists in its poor ranking on the Ease of Doing Business Index, with antiquated labour rules posing a significant obstacle to manufacturing and investment. In acknowledgement of this, the government has initiated changes to promote unrestricted capital movement and alleviate regulatory obstacles. Initiated on September 25, 2014, by Prime Minister Narendra Modi, the Make in India initiative seeks to convert India into a worldwide manufacturing centre by promoting domestic production and enticing foreign direct investment.

The main goal of this project is to elevate the manufacturing sector's contribution to GDP from the present 16% to 25% within five years. The initiative aims to eradicate superfluous laws and regulations, promote innovation, establish premier infrastructure, and improve talent development to fortify the manufacturing sector.

Agriculture, manufacturing, and services constitute the three fundamental foundations of GDP in any country. In India, manufacturing presently constitutes the least significant portion among these industries. This indicates unexploited prospects for expansion and employment generation. The Make in India initiative focusses on 25 priority sectors, including Automobiles, Textiles and Garments, Biotechnology, Wellness, Defence Manufacturing, Ports, Food Processing, Mining, Media and Entertainment, IT and BPM, Pharmaceuticals, Renewable Energy, Roads and Highways, Railways, Thermal Power, Oil and Gas, Space, Leather, Construction, Aviation, Automotive Components, Chemicals, and Electronic Systems.

Since its inception, the initiative has transformed into Make in India 2.0, currently concentrating on 27 important areas. It was among the initial articulations of the "Vocal for Local" vision, advocating for domestic competencies on an international level. This vigorous manufacturing initiative possesses significant potential to propel India's economic expansion and create extensive employment opportunities for its youthful labour population.

Prime Minister Modi, during the launch of Make in India, urged both foreign investors and domestic enterprises to invest with assurance in India, highlighting that Indian firms should aim to become global leaders instead of relocating outside. The effort

establishes the groundwork for India's new national manufacturing policy, providing a conducive climate for investors and entrepreneurs to establish enterprises, create jobs, and stimulate comprehensive growth.

To actualise this objective, it is imperative to augment skill development and furnish specific training to the workforce. Micro, Small and Medium Enterprises (MSMEs), which account for over 90% of India's economic activity, are pivotal to the employment generating plan. A robust manufacturing sector will not only provide employment but also fortify ancillary industries such as services, agriculture, healthcare, tourism, and hospitality.

Attaining this objective necessitates proficient financial administration and the optimal utilisation of human capital. Industrial expansion necessitates sufficient financial resources and a skilled staff adept at effectively exploiting contemporary infrastructure and technology. The interplay between capital and human resources dictates the success or failure of every organisation; both must progress concurrently.

In conclusion, converting India into a global manufacturing center via Make in India will create new economic prospects, mitigate brain drain, and provide a robust industrial foundation that fosters sustainable development and inclusive progress.

II. METHODOLOGY

OBJECTIVES

1. To deliver an extensive summary of the Make in India initiative.
2. To analyse the principal focal points of the Make in India project.
3. To examine the principal difficulties and opportunities linked to the Make in India initiative.
4. To provide constructive recommendations derived from the principal results of the study.

RESEARCH METHODOLOGY

This study relies predominantly on secondary data. Information pertinent to the subject has been gathered from multiple reputable sources, including research journals, publications from the Ministry of Commerce, Government of India, bulletins from the Reserve Bank of India (RBI), and verified websites. The data has been meticulously collated, analysed, and interpreted to extract significant insights regarding the potential and problems linked to the Make in India project.

JUSTIFICATION FOR THE RESEARCH

India must fortify its infrastructure to elevate its standing in the global economy and fulfil the increasing ambitions and living standards of its populace. One of the most efficacious methods to accomplish this is by cultivating a healthy manufacturing sector. Augmented investment from both domestic and international entities can catalyse trade and economic expansion, enhance infrastructure, and create substantial employment prospects. This study aims to examine the Make in India movement, emphasising the opportunities it presents and the problems it encounters.

III. MAKE IN INDIA – AN OVERVIEW

WHAT IS THE RATIONALE BEHIND MAKE IN INDIA?

The Make in India project aims to stimulate job creation and skill enhancement across several economic sectors, particularly focussing on chemicals, information technology, pharmaceuticals, renewable energy, weaving, bio-innovation, and hardware. The program delineates roughly 25 pivotal areas for the thorough execution of this aim.

The program seeks to expedite GDP growth and enhance national tax collections through the promotion of targeted efforts in these sectors. Since its inception, Make in India has positively impacted the nation's economic growth and fiscal revenue, as seen by current data.

A primary goal of the Make in India initiative is to attract Foreign Direct Investment (FDI) to fulfil capital requirements and introduce innovative technology across many sectors of the Indian economy. Investments from nations such as Japan, Germany, and South Korea in infrastructure projects, including trains and highways, are direct results of this endeavour. Furthermore, revolutionary initiatives such as Smart Cities and Metro Rail systems in various urban areas exemplify the program's influence.

AREAS OF EMPHASIS

The Government of India has designated 25 priority industries for targeted development and investment promotion under the Make in India initiative. These sectors present significant opportunities for foreign direct investment and are essential for fostering sustainable economic growth.

At the campaign's inception, Prime Minister Shri Narendra Modi underscored that advancing these sectors will establish India as a favoured global manufacturing centre, underpinned by democratic principles, a strong industrial foundation, and transparent governance. The primary objective is to generate job opportunities and improve skill levels within these essential industries.

The Make in India initiative places strategic emphasis on 25 priority sectors identified for targeted development and investment promotion. These sectors are Automobiles, Automobile Components, Aviation, Biotechnology, Chemicals, Construction, Defense Manufacturing, Electrical Machinery, Electronic Systems, Food Processing, Information Technology (IT) and Business Process Management (BPM), Leather, Media and Entertainment, Mining, Oil and Gas, Pharmaceuticals, Ports and Shipping, Railways, Renewable Energy, Roads and Highways, Space, Textiles and Garments, Thermal Power, Tourism and Hospitality, and Wellness. By nurturing these vital sectors, the Government of India aims to position the country as a premier global manufacturing hub, generate substantial employment, foster skill enhancement, and attract robust foreign direct investment, thereby driving sustainable economic growth and national development.

FUNDAMENTAL PILLARS OF MAKE IN INDIA

Manufacturing in India is key to the government's aim for national development. The Make in India project is founded on four fundamental pillars:

The government has implemented comprehensive reforms to attract Foreign Direct Investment (FDI) and foster strong corporate ties. These reforms correspond with the World Bank's Ease of Doing Business criteria, intending to enhance India's international standing. Understanding that the facilitation of business operations is essential for promoting entrepreneurship, various initiatives have been enacted to simplify and enhance the business landscape.

New Infrastructure: The government is constructing industrial corridors and smart cities to facilitate industrial expansion, alongside establishing world-class infrastructure integrated with advanced technologies and high-speed connectivity. Innovation and research are facilitated by an effective registration system and improved facilities for Intellectual Property Rights (IPR) registration. Concurrently, skill development initiatives are being implemented to guarantee a proficient workforce across multiple sectors.

The program has chosen 25 priority industries for targeted development, with detailed information accessible via an interactive web page. The government has liberalised foreign direct investment regulations by authorising 100% FDI in Railways, removing limits in the Construction sector, and allowing up to 100% FDI in Defence and Pharmaceuticals to attract increased investment and stimulate sectoral growth.

New Mindset: Make in India seeks to instigate a fundamental transformation in the government's industrial strategy, promoting a cooperative collaboration. The government aims to function not just as a regulator but also as an active partner in fostering economic growth and facilitating the development of the corporate sector.

Opportunities of Make in India Employment Generation: A primary aim of the Make in India project is to create substantial employment opportunities for Indian citizens, particularly emphasising the empowerment of the youth. Investments in various areas, including media, healthcare, and tourism, empower young entrepreneurs to explore novel concepts without financial limitations.

Infrastructure and Regional Development: Industries necessitate appropriate sites for the establishment of manufacturing facilities. Designated zones will be established to address this demand, thereby enhancing adjacent areas. This initiative would generate local employment and improve the economic welfare of families in adjacent communities—a vital advantage for a developing country such as India.

Enhancement of GDP: Domestic manufacturing will catalyse substantial economic growth by augmenting goods output, elevating exports, and invigorating associated sectors such as textiles, telecommunications, and architecture. This expansion would facilitate a consistent increase in India's GDP, bolstering the nation's status as one of the world's greatest economies.

Fortifying the Rupee: The proliferation of manufacturing centres would draw significant foreign direct investment (FDI), establishing India as a pivotal global production nexus. The augmented influx of international cash will aid in stabilising and fortifying the Indian rupee against principal currencies, particularly the US dollar.

Augmentation of Brand Equity: Urban customers frequently favour multinational brands, presenting difficulties for domestic businesses. Make in India provides a platform for small and medium enterprises (SMEs) to prosper through enhanced domestic and foreign investments. This would enhance the worth and competitiveness of Indian brands in domestic and international markets.

Technological Advancement: India's development has been impeded by restricted access to sophisticated technologies. Make in India provides the nation with the opportunity to embrace advanced technologies presented by international investors. This information transfer modernises Indian businesses and cultivates a competent workforce adept at employing and enhancing these technologies.

Utilising Young Talent: A considerable segment of India's youth pursues possibilities overseas owing to constrained options domestically. Make in India seeks to counter this trend by generating domestic opportunities that involve the youth. Their novel concepts and inventive ethos will drive India's industrial advancement and cultivate a culture of innovation.

Augmented Capital Influx: Historically, significant Indian capital has been directed towards foreign nations. Make in India aims to preserve native capital while concurrently attracting foreign investment and generating employment. Consequently, India will gain from a strong capital foundation, with foreign countries investing in India instead of the reverse.

IV. OBSTACLES OF MAKE IN INDIA

Disregard for Agriculture

A primary concern is the possible neglect of India's agriculture industry. Given that almost 61% of India's land is arable, emphasising industrial growth may detract focus and resources from agriculture, thus impacting rural livelihoods and food security.

Exhaustion of Natural Resources

Large-scale manufacturing necessitates significant utilisation of essential natural resources, including water, land, and minerals. Accelerated industrialisation may hasten the exhaustion of natural resources, providing minimal opportunity for regeneration and jeopardizing the sustainability of India's substantial population.

Excessive Reliance on Manufacturing

The Indian economy is presently equilibrated among agriculture, industry, and services, with the services sector accounting for approximately 57% of GDP. A transition to a primarily manufacturing-oriented economy may impede the expansion of the services sector and agriculture, resulting in an imbalanced and less resilient economic framework.

Competition with International Brands

The existence and prominence of established foreign brands present a considerable obstacle for indigenous producers. Affluent demographics in India frequently favour international items, complicating the ability of domestic firms to establish consumer confidence without significant investment in marketing and brand development.

Ecological Contamination

India currently faces significant pollution challenges, evidenced by a pollution score of 76.50. Augmenting manufacturing operations without rigorous environmental protections may exacerbate air, water, and soil contamination, jeopardising public health and ecological sustainability.

Tense Relations with China

The Make in India project establishes India as a rival to China in the international manufacturing sector. This rivalry has already exacerbated diplomatic and economic tensions, harming bilateral commerce and regional stability.

Insufficient Power Supply

The dependable provision of electricity continues to be a significant impediment. Numerous rural and semi-urban regions continue to experience recurrent power outages and insufficient electrical access. The electricity shortfall stands at 5.1%, compounded by substantial losses from inefficiencies in coal block allocation, estimated by the CAG at USD 37 billion. Ensuring a continuous energy supply for industries presents a considerable problem that must be resolved to render the program feasible.

IV. MAJOR ACHIEVEMENTS UNDER MAKE IN INDIA

As per Economic Survey 2021-22, in spite of covid-related disruptions, there is a trend of the positive overall growth of gross value addition (GVA) in the manufacturing sector. The total employment in this sector has increased from 57 million in the year 2017-18 to 62.4 million in the year 2019-20.3.

Powered by indigenously produced vaccines, India not only achieved COVID-19 vaccination coverage in record time but also became a major exporter of much-needed life-saving vaccines to many developing and under developed countries across the world.

Vande Bharat trains, India's first indigenous Semi High Speed train featuring state-of-the-art coaches and providing an entirely new travel experience to passengers, is a stellar example of the "Make in India" success story.

INS Vikrant is India's first domestically made aircraft carrier. India is achieving new milestones in defense production to reduce imports and be atmanir bhar in this core sector.

Highest ever merchandise exports of 420 billion USD was achieved in FY 2021-22.

India is currently a mobile and electronics manufacturing hub with global recognition.

Significant initiatives implemented to facilitate Make in India

Initiated in September 2014, the Make in India project is a premier program of the Government of India designed to convert India into a worldwide manufacturing centre. The effort aims to augment the manufacturing sector's contribution to GDP, improve employment prospects, and elevate exports. The following are key initiatives implemented to advance this vision:

V. SIGNIFICANT INITIATIVES IMPLEMENTED TO FACILITATE MAKE IN INDIA

1. Production-Linked Incentive (PLI) Programs: To achieve the objective of Atmanirbhar Bharat (self-reliant India) and enhance manufacturing capacities, the Government budgeted INR 1.97 lakh crore (US\$ 26 billion) in the Union Budget 2021–22 for Production-Linked Incentive (PLI) schemes across 14 important manufacturing sectors. These initiatives seek to enhance home output, diminish imports, and augment exports.

2. PM GatiShakti and National Logistics Policy: GatiShakti is an extensive initiative designed to enhance multimodal infrastructure, facilitating synchronised planning and implementation among many ministries. The National Logistics Policy, introduced in 2022, seeks to align logistics costs with global standards (8–10% of GDP), hence improving the competitiveness of Indian manufacturing.

3. Industrial Corridors and Urban Development: The government is building 11 industrial corridors consisting of 32 projects under the National Industrial Corridor Development Programme to establish world-class greenfield industrial zones. These corridors are intended to stimulate urbanisation, industrial expansion, and job creation.

4.Design, Innovation, and Research & Development: India possesses the third-largest start-up ecosystem globally, with more than 79,000 start-ups. The Start-up India project fosters entrepreneurship, stimulates innovation, and establishes a conducive environment for start-ups to thrive.

5. Competitive Taxation: To establish India as a manufacturing base, corporate tax rates have been optimised, positioning India among the most tax-competitive economies in Asia. This initiative aims to entice both domestic and international investment.

6. Policy Endorsement and Business Facilitation: As per FICCI (2016), the government has implemented certain reforms to: Streamline commercial regulations, Advocate for transparency, Enhance investor confidence. These initiatives have markedly improved India's Ease of Doing Business rankings.

7. Expanding Consumer Market: The expanding middle class in India is anticipated to stimulate demand for a diverse array of goods and services. According to BCG (2017), this generational transition offers significant market prospects for companies aiming to produce and market in India.

8. Promotion of Foreign Investment: Promoting Foreign Direct Investment (FDI) is fundamental to Make in India. A 2017 analysis by NBER indicated that the effort had significantly increased foreign direct investment (FDI). The government persists in: Provide tax advantages, Simplify regulatory structures, Advocate for India's favourable business climate

9. Infrastructure Advancement: Infrastructure continues to be an essential facilitator. NITI Aayog (2016) asserts that India needs make substantial investments in: Transport networks, Electrical supply, Digital and physical interconnectivity. These enhancements are crucial to strengthen industrial competitiveness.

10. Competency Enhancement: A continual challenge is the scarcity of skilled labour. CII (2016) asserts that the government should augment vocational training and invest in extensive skill development initiatives to satisfy the requirements of contemporary manufacturing.

11. Innovation and Technological Progress: A 2017 BCG study emphasises the significance of fostering innovation-driven manufacturing. It advises: Incentives for Research and Development

Assistance for technological implementation, Enhanced intellectual property protection methods, These are essential for enabling Indian industry to maintain global competitiveness.

The Make in India strategy is bolstered by an extensive array of reforms and policy actions across several sectors. These programs encompass infrastructure, innovation, taxation, and skill development, all striving to establish India as a globally competitive manufacturing hub and promote inclusive economic growth.

VI. CONCLUSION

The Make in India project presents significant prospects to enhance and diversify the Indian economy. Nonetheless, its success hinges on overcoming critical difficulties, including insufficient infrastructure, a lack of qualified personnel, and intricate regulatory frameworks. The government must prioritise infrastructure development, invest in skill enhancement programs, attract foreign investment, foster innovation and technological advancement, and promote partnerships between industry and academia to fully realise this initiative's potential. Through a persistent and deliberate initiative, Make in India can establish India as a competitive and dynamic global manufacturing centre, fostering economic growth and employment for the foreseeable future.

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