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**Dr. Nidhi Bansal**

Associate Professor, ARSD  
College, University of Delhi,  
New Delhi, India

# Make in India to “Atmanirbhar Bharat”- Vocal for Local

**Dr. Nidhi Bansal**

### Abstract

India is a young country in terms of population. By 2027, India's workforce of one billion individuals between the ages of 15 and 64 is expected to overtake China's. (Mint, 2017). India has huge task on hand for creating employment for such large and increasing employable population. India has been predominantly an agricultural economy. But as the population increased, with limited land and also with opening up of tertiary sector, share of agriculture in GDP declined. Tertiary sector became one of the biggest source of employment. The rate at which employment has to be created can only be supported by the good manufacturing growth. So, the focus has to be on improving the manufacturing sector. The challenge is not only to provide employment opportunities and also enable the youth to acquire the necessary skill set. In light of this, on September 25, 2014, Indian Prime Minister Mr. Narendra Modi introduced the "Make in India" campaign, the main goal of which is to stimulate the manufacturing sector by enticing both local and foreign businesses to establish production facilities in India. With Outbreak of COVID-19, the never seen pandemic in the recent years, to further boost manufacturing sector Government of India announced various schemes under the name Atmanirbhar Bharat to further strengthen make in India initiative. This article aims to analyse the steps implemented to support the expansion of the manufacturing sector, the scheme's current status, and its future importance. The paper found that though not much has been achieved in concrete terms but a vision like this requires structural changes in the processes and mindset. This cannot be achieved in a short span of 7 years, out of which two years were marred by COVID 19 pandemic. The initiative will definitely yield results and will drive the India's growth story in the coming years.

**Keywords:** FDI, GDP, COVID-19

### Introduction

To absorb the huge workforce, a bigger vision is required. The Prime Minister of India introduced the "Make in India" programme on September 25, 2014, which was a reflection of that goal. The initiative's goal was to increase manufacturing employment by using both foreign direct investment and domestic capital. The principal objective is to establish India as a global centre for manufacturing by incentivizing both local and multinational enterprises to produce their goods in the nation. Improving business accessibility, building up infrastructure, and giving young people the skills, they need to become more employable in the manufacturing industry are the main goals of efforts to attract foreign investment. The effort, spearheaded by the Department of Industrial Policy and Promotion, seeks to increase the manufacturing sector's share of the GDP to 25%, training 500 million youth in necessary skills and creating 100 million jobs, by end of 2022 (Times of India, 2017) <sup>[8]</sup>. Made in India has unveiled a number of novel projects aimed at advancing industrial growth, enforcing intellectual property rights, and attracting foreign direct investment.

Goals of the Research:

1. To comprehend the scope of the Made in India campaign;
2. To gather knowledge about the various initiatives taken so far;
3. To assess the current standing of the scheme;
4. To study the future relevance of the scheme.

### Make in India- The four legs of the Lion

The "Made in India" emblem, which features a lion fashioned from gear wheels, symbolises the crucial role that manufacturing plays in the government's agenda and the advancement of the country. The effort is supported by the following four pillars:

**Corresponding Author:**

**Dr. Nidhi Bansal**

Associate Professor, ARSD  
College, University of Delhi,  
New Delhi, India

1. **New Procedures:** The Indian government is very focussed to make this vision a reality. To achieve this, lot of changes are being introduced in the processes of doing business, the way businesses can get credit, simplifying the tax system and the legal system. The government is trying to improve upon all the parameters of World Bank's Index of ease of doing business.
2. **Improved Infrastructure:** Attracting both domestic and foreign investment requires infrastructure above all else. Attracting both domestic and foreign investment requires infrastructure above everything. Government intends to develop infrastructure by building smart cities, smart transportation system and industrial corridors. A lot of work is done in the direction of Intellectual Property Rights awareness and registrations.
3. **Priority Sectors:** Make in India identified broad category of 25 sectors ranging from automobiles, aviation, construction, biotechnology, defence manufacturing, pharmaceuticals, space, thermal power to tourism and wellness. The FDI rules have also been loosened to promote investment in certain areas. For the manufacturing of small arms and ammunition regulated by the Arms Act of 1959, the foreign direct investment (FDI) restriction has been increased to 100% (49% under the automatic route, exceeding 49% under the government route). 100% FDI under automatic route is allowed for projects using brownfield airports. In brownfield pharmaceuticals, 100% FDI is authorised (anything over 74% will require government approval).
4. **New Mindset:** Government is now playing the role of facilitator. It is now:
  - Promising good infrastructure and other facilities to industries setting manufacturing units;
  - Taking strong steps to align the work culture with the present-day requirements;
  - Training youth through 'Skill India' initiative and
  - Encouraging youth to stand up on their own through 'Stand up India' initiative.

#### Initiatives Taken

Out of 25 priority sectors selected, significant improvements have been made in Textile, pharmaceuticals and textiles. Accomplishments of these sectors under Make in India scheme is highlighted in brief below.

#### Textiles

With the help of the Made in India campaign, the textile industry has advanced significantly. The Indian Prime Minister popularised again Banarasi saris which helped weavers gain their glory and pride along with livelihood. Khadi is another fabric which has gained popularity. Khadi masks were a huge hit with people as a part vocal for local campaign. Further for the first time ever, India's merchandise exports saw a significant rise from \$34.0 billion in Mar 2021, that is 58% increase from \$21.49 bn in Mar 2020 (Times of India, 2021)<sup>[9]</sup>. With a daily production capability of two lakh Personal Protective Equipment (PPE) kits, India emerged as the world's second-largest maker of these kits.

#### Pharmaceuticals

1. Given a boost from Government. Pharma sector has made considerable progress. India is among few countries who have developed indigenous vaccine for covid 19. Not only this indigenously developed and produced vaccine COVAXIN has only got global recognition and also being exported to several nations to help them fight the pandemic. The share of pharmaceutical industry in country's exports is increasing as substantiated by the statistical data. "During the first and second quarter in 2020 pharma exports saw a 18% rise as compared to same quarter in 2019. (Ministry of Finance, 2021)

#### Telecom

Samsung has established a production facility in Noida. The Chinese mobile company Huawei is in the midst of establishing a telecom gear manufacturing facility in Chennai in addition to opening a new R&D campus in Bengaluru.

The iPhone manufacturer Foxconn intends to move its production facility from China to India. It intends to invest in the Sriperumbur facility in Tamil Nadu state, which will create about 6,000 new employment when Apple's iPhone XR is manufactured there. The entry of major telecom companies like Foxconn, Huawei, and Samsung will increase employment and manufacturing capacity in India.

#### Current Status

##### Ease of Doing Business

Countries are ranked according to facilities and infrastructure available for setting up and running a business in the World Bank's ease of doing business index. The ranking throws a light on the acceptability of the country as an investment destination in the global market.

India's position in the 2019 World Bank Ease of Doing Business Survey (released in 2020) jumped 14 points from 77<sup>th</sup> to 63<sup>rd</sup> position out of 190 countries surveyed. However, we are still much behind China which is ranked at 46<sup>th</sup> position. As the table below shows that in the last four years the rank has improved by 65 points, that's a big achievement in terms of attracting investors both domestic and international.

**Table 1:** India's Global Rank on Ease of Doing Business from 2015-2020

Year of Announcement	Global Rank
2015	142
2016	131
2017	130
2018	100
2019	77
2020	63

Source: <http://www.doingbusiness.org>

These ranks are decided by the world bank on the basis of 10 parameters. The Table below shows how India fared globally on these ten parameters in 2017 and 2018.

**Table 2:** India’s Global Rank on Various Parameters of Ease of Doing Business In 2017-2019

Parameters	2017	2018	2019
Starting a business	155	156	137
Getting credit	44	29	22
Trading across borders	143	146	80
Dealing with construction permits	185	181	52
Protecting minority investors	13	4	07
Getting electricity	26	29	24
Enforcing contracts	136	164	163
Paying taxes	172	119	121
Resolving insolvency	136	103	108
Registering property	138	154	166

Source: <https://pib.gov.in/newsite>

As indicated above, India has shown considerable improvement in almost all the parameters of ease of doing business. However, we are considerably lagging behind on the parameters of registering property and enforcing contracts. There still needs to be done a lot on the judiciary area. Investors find it a big deterrent. They are really sceptical of investing in India because of this legal delay in enforcing the contracts.

**Job Market**

The number of job-seeking people in India is rising very rapidly. According to Centre for Monitoring Indian Economy (CMIE), as on March 2012 was 5.98%.

**Table 3:** Annual Unemployment Rates (in percent) in India from 2014 to 2021

Year	Unemployment Rate (%)	Annual Change
2021	5.98%	-2.02%
2020	8.00%	2.73%
2019	5.27%	-0.06%
2018	5.33%	-0.03%
2017	5.36%	-0.07%
2016	5.42%	-0.01%
2015	5.44%	0.00%
2014	5.44%	0.01%

Source: <https://unemploymentinindia.cmie.com/>

The unemployment rate has been hovering around 5% since 2014. According to Economic Survey 2016-17, between,

2014 and December 2016, only 641,000 jobs were created. This figure is too low given 10,00,000 lakh people enter the job market every month. It jumped to 8% in 2020, that was a peculiar situation due to covid. This was not only limited to India rather Covid 19 had deep impact on economy Worldwide. In 2021 <sup>[10]</sup>, it fell back to 5.98%. Still, it is very high. Given such a high rate of unemployment government is way behind its goal of creating 100 million jobs by 2022. To achieve the Make in India vision, more and more jobs are required to be created every year.

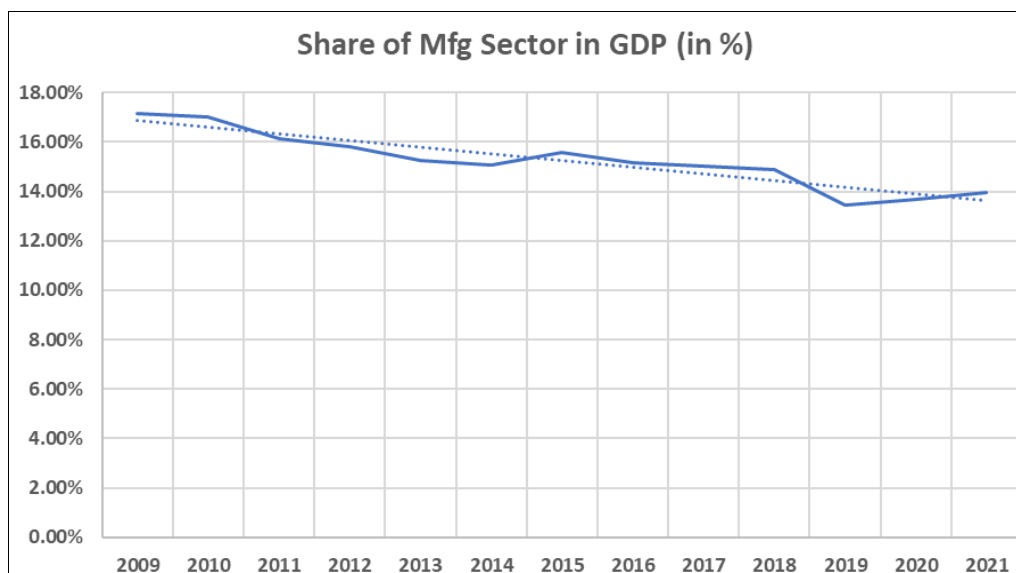
**Manufacturing Sector’s Contribution to GDP**

By 2022, the manufacturing sector's GDP share of the overall economy is expected to rise to around 25% thanks to the Made in India initiative. India was moving towards this vision but the outbreak of COVID 19 pademenic derailed the manufacturing activity. The lockdown announced in March 2020 which was the need of hour has negative impact on manufacturing activity. From the current of share of manufacturing in country’s GDP which is nearly 13.98%, it appears bit difficult to achieve it by 2022 given the current state of affairs. The share of the manufacturing sector as show by figure 1 below has fallen from 17.14 in 2009 to 13.98% in 2021.

**Table 4:** GDP percentage of the manufacturing sector from 2009 to 2021

Year	GDP percentage of the manufacturing sector
2009	17.14%
2010	17.03%
2011	16.14%
2012	15.82%
2013	15.25%
2014	15.07%
2015	15.58%
2016	15.16%
2017	15.02%
2018	14.88%
2019	13.47%
2020	13.68%
2021	13.98%

Source: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?end=2021&locations=IN&start=2005>

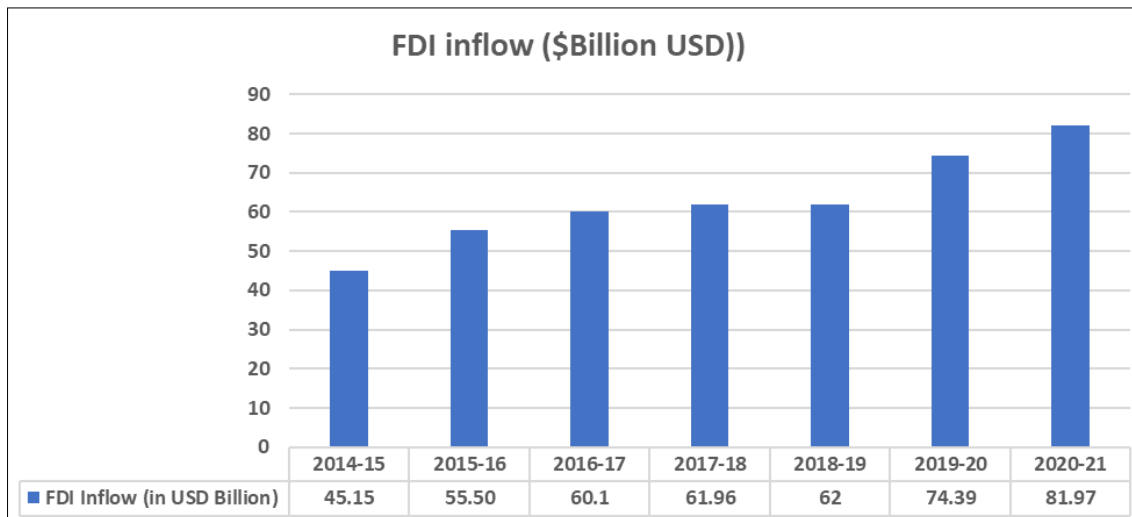


**Fig 1:** Pictoral Representation of Share of Manufacturing Sector in GDP in India from 2009 to 2021.

**FDI Inflow**

Following the scheme's introduction, FDI inflow increased by almost 20% in 2014–15 and 2015–16. A significant FDI inflow of \$60 billion USD occurred in that country in 2016–17, marking the first time that such an inflow has occurred.

In 2016-17, FDI inflow increased in absolute number but the growth slowed to 8.38 per cent. In 2017-18, despite of improvement in ranking in ease of doing business, growth rate of FDI dropped further to 1.24 percent.



Source: <http://www.makeinindia.com/foreign-direct-investment>

**Fig 2:** FDI Inflow (in USD Billion) from 2014 to 2018

**Table 5:** Top 3 Sectors Attracting Highest Equity Inflows During FY 2020-2021

Sector	Percentage of the overall inflow of FDI equity
Hardware and software for computers	44%
Construction Development and Infrastructure	13%
Services Sector	8%

Source: <https://pib.gov.in>

**The Road Ahead**

The Make in India is a big visionary step. There are many roadblocks that needs to be cleared. But the government has put the country on to the road to growth. Country’s acceptability has increased globally as indicated by 77<sup>th</sup> rank in ease of doing business. As far the legal parameter of ease of doing business is concerned, period of 4 years is a very short span to overhaul the system. Given few more years we will see India in top 50 countries in ease of doing business Index. Regarding unemployment rate, unemployment is not a problem peculiar to India only, it is a global phenomenon. Unemployment cannot be merely tackled by more job creation by the government or private sector. Mindset of youth has to shift from job seeker to job creator. That is possible only by equipping the youth with necessary skills. Share of Manufacturing sector in GDP has fallen. However, it is not an indicator of slump in the manufacturing sector. Many top experts and economists are of view it is because of tax reforms and demonetisation initiated by the government. Both these reforms were the need of the hour. Simplification of tax system was long overdue. India's ranking on the ease of doing business index has improved as a result of the unified tax system, or GST. Once the economy settles down with these reforms, share of manufacturing sector in GDP will not only rise but also cross the previous benchmark. FDI will also increase in the manufacturing sector besides an overall increase. Now the world economy as a whole is service sector oriented,

investors are more willing to invest in services sector as the returns are immediate. But to boost manufacturing sector, government has to take steps to enhance share of manufacturing sector in FDI inflow. However, given all the positive steps undertaken, it will also rise soon.

**Conclusion**

Make in India is a vision that requires a longer duration to turn into reality. Period of 4 years is a very short span to assess the performance. An initiative like this requires complete overhauling of systems and mindsets. An added advantage is that it is completely backed by political and administrative will. One thing is for sure, this initiative has provided the direction for future growth. The initiative will definitely yield results and will drive the India’s growth story in the coming years.

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