

Analysis of Indian and Foreign Manufactures in Make in India

Kajal Rahul Patodia¹, Dr. Yatish Chandra²

¹Research Scholar, OPJS University Churu Rajasthan

²Associate Professor, OPJS University Churu Rajasthan

Abstract

Make in India, is buzzword initiated for the sole purpose of inviting various commercial sectors from all around the world, to engineer their products in India and sell them anywhere they wish. On September 25, 2014, the cruise instigated and became one of the Indian economy's greatest triumphs. The Indian economy seems to benefit in both ways. The Indian economy Make in India will stimulate foreign investment in the economy on the one hand and in India on the other, helping India to be self-reliant with regard to product manufacturing. A logical path must therefore be taken. The Boston Consulting Group (BCG) reports that India is expected to be the third-biggest economy in terms of consumption and consumption by 3 to 4 trillion U.S. dollars by 2025 and is expected to become by 2040 the second larger economy in terms of buying power parity according to a Price water house consulting report. This initiative literally encourages Mr. Modi to step into the country and invest money for India's future. It is like inviting countries to establish their own companies in India and produce in our country's territory selling it all but manufacturing it all in India. Due to various government initiatives, such as Make in India and Digital India, numerous foreign companies set up their facilities in India. Mr. Modi, India's Prime Minister, has launched the Make in India Initiative to boost the Indian economy's manufacturing sector and increase the purchasing power of an average Indian consumer, thus boosting demand and, as well as helping investors, boosting growth.

Keywords: *Indian and Foreign manufactures, Make in India, commercial sectors, Indian economy, The Boston Consulting Group.*

1. INTRODUCTION

India is a natural resource-rich country. The employment of the educated class in the country is plentiful and skilled workers are easily available. India is soon becoming the preferred manufacturing destination of most investors around the world with Asia becoming the outsourcing hub of the world. The efforts to harness this demand and boost the Indian economy in India is made by the Indian government. The "easy business index" is low in India. In the country, the labor laws are still unfavorable to the campaign Make in India. This is one of India's most universally known production and investment disadvantages. The new administration is initiating new ways of free capital flows. Make in India is a Government of India initiative to encourage companies to produce their products in India. The government's flagship campaign aimed at boosting domestic manufacturing and attracting foreign investors to invest in the Indian economy with the aim of revitalizing industrial companies and emphasizing key sectors of India among the increasing concerns expressed by most entrepreneurs, which are easily excluded because of their low ranking. The Indian manufacturing industry is a classical example of a potential industry. The goal of the scheme is to ensure that, over the next 5 years, the manufacturing sector that contributes some 16% of national GDP will rise to 25%. Make scheme in India eliminates laws and regulations that are not needed. Agriculture, manufacturing and services are three sectors that contribute to every country's GDP. The Indian economy manufacturing accounts for 16 percent of these sectors, which is lower as at present. In Indian manufacturing, there are plenty of opportunities to be exploited. Many businesspeople and businesspeople believe that the initiative to improve our economy in India. This scheme's main objective is 25 areas. Auto, textiles and apparel, biotech and spa, roads and highways, railways, thermal power, oil and gasses, space and space, leather, construction, aircraft, automotive components, chemical and electronic systems. are the areas for which we are involved, including: Automobile, Textiles and Kitchen and Materials;



BJP obtained the absolute majority after more than 2 decades of general Lok Sabha 2014 elections and formed the government under Prime Minister Narendra Modi. A vision of New India with an approach of 'Sab ka Sath sab ka Vikas' was intended by the Prime Minister. For his vision, the core value was inclusive growth for all. With his team known as Team India, Prime Minister Narendra Modi initiated several schemes. The next few plans by the Prime Minister are to be launched.

- Deen Dayal Upadhyaya Grameen Kaushalya Yojna
- Pradhan Mantri Make in India
- Swachh Bharat Abhiyan
- Sansad Adarsh Gram Yojana
- Mission Indradhanush
- Beti Bachao Beti Padhao Scheme
- Digital India Programme and many more

Administrative reform of set is also being undertaken by Prime Minister Narendra Modi's National E-Governance Plan (NeGP) for Good Governance and e-Karnti. The administration must be secure, effective and transparent in translating the vision of prime ministers into public realities. It is essential that all government office activities be transformed into paperless office operations. To move administration to the digital platform, a large number of IT hardware products are required. According to the government's import index, the third most important imported product after subsequent petroleum and gems and gem products is the hardware of India's information technology hardware products. Due to the various initiatives of the government of India, demand for imports of data technology equipment will increase exponentially. The higher imports cause enormous loss of foreign reserves. Political leaders have therefore decided to increase the domestic production of IT hardware products by reducing the import of IT hardware to zero value. Making India's Information Technology Manufacturing Program in the current scenario becomes crucial to the country's growth and prosperity.

2. MAKE IN INDIA

The Government of India, in 25 September 2014, launched Make in India, a type of Swadeshi movement covering 25 economic sectors to encourage companies to make their products in India. In all 25 sectors, with the exception of the space (74 percent), defense (49 percent) and press, 100 per cent FDI is authorized under the current policy (26 percent). A \$12bn "Japan-India Make-in-India Special Finance Facility" fund has been announced by Japan and India. After the launch, between September 2014 and February 2016, India was awarded €16.40 lakh crum (US\$250

billion) of investment commitment and investment inquiries worth approximately 1.5 lakh (US\$23 billion). [5] [5] [5] [6] [4] [6] [7] The report of the Commission. In 2015, India was the world's leading destination, surpassing China and the United States with a US\$ 60.1 billion FDI, for Foreign Direct Investment (FDI). [8] [8] [8] Several states have launched initiatives for themselves in India like Vibrant Gujarat, "Make in Haryana, Maharashtra," for example. [9] [9] [9] In FY 2016-17 India received \$60 billion of FDI. [10] By the end of 2017, India, along with other initiatives, increased 42 business index facility, 32 Global Competitiveness Index (GCI) of the World Economic Forum and 19 logistics performance index entries. The initiative will bring together, synergize and enable other key government schemes in India, such as Bharatmala, Sagarmala, the Dedicated Freight Corridors, Industrial corridors, UDAN-RCS, BharatNet and Digital India.

Growth

This has a large impact on India's economy for many foreign companies investing in Make in India. Of course, it will directly affect India's GDP if large companies establish their branches. So if you plan to start your business in India by investing in Make in India, you will read the economic effects of Make in India first:

In the Facility to Do Business Report 2018, India has ranked 100 out of 190 countries, ranking 30 ranked above 130 ranking in the Facility to Do Business Report 2017. India has enhanced the number of indicators in six out of ten, namely – building permits, loaning, safeguarding minority investment, tax payments, contract enforcement and insolvency resolution.

These ranking improvements are a result of various government reform measures including structural and deep-seated reforms like the GST and the Insolvency and Bankruptcy Code (IBC); reforms to strengthen India's institutions - demonetization, inflation mechanism targeting through the Monetary Policy; progress in the adhaar inscription and application. The government has implemented several reforms in the rankings

The logo

The "Make in India" logo is derived from India's national emblem. The wheel denotes the peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future. The prowling lion stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



Benefits

- The initiative of the Make in India helps to create employment for the growing Indian population. The development of India in the areas and the surrounding areas in which industry is set up, into a production hub for diverse commercial products.
- The FDI initiative would strengthen the rupee against the dominance of the US dollar.

- FDI's program is designed to boost Indian economy GDP because international investment would result in a smooth flow of income.
- India's absence of various test mechanization gives countries from around the globe the opportunity to make use of the latest technology.
- The establishment of industries will help to develop rural areas under this initiative.

Drawbacks

- Focused on the production sector in India, this is all Under Make campaign. That is why the agriculture sector of India is adversely affected.
- The establishment of manufacturing industries calls for a broad range of natural resources, such as land, water, etc. There is also a chance that these natural resources will deplete, which could threaten India's survival.
- Foreign entry into Indian production has threatened, and may force, existing small local entrepreneurs into the manufacturing sector.
- A widespread disturbance in the agricultural sector because land is used primarily for the establishment of the production sector.
- Tough competition results in a decrease in FDI revenues and an exit from the economy of capital.
- Foreign investors' reverse from the initiative will generate unemployment.

Key Differences

- · At first a service is created, a gigantic presidential goal. Secondly, the creation of high-quality production instruments, even very low-tech safety tools, is an essential feature of the global manufacturing industry (Made in India).
- The designers and arms integrateurs can take care of refined and better designs that work positively – bolt washing machines, actuators and fuse containers and a higher range of pumps can be obtained without importing or launching developed gadgets.
- * Made in India, as we trade in our commodities made in our property to wholly different countries, helps the Indian monetary system. The Make in India will help to ensure that India's monetary system contributes to open-air speculators by opening up accesses in the assembly house, in addition to this.
- It is a business pitching program started by the new models of authorities, where distant industrial companies are attracted to rearrange their bases in India. The main degree of this train is generally to make further work open to the Indians. Nevertheless, the Made in India is just a punch. This dosage makes the reality of the shoddy work discovered by open air organizations in India work gentle.

3. IMPACT ON INDIAN ECONOMY

This campaign will have an impact at home and worldwide. The development of manufacturing will create jobs for the country's youth, alleviate poorness, attract investment, create value for Indian commodities and address the increasing trade deficit. It will improve India's worldwide standing, internationally, and investors will see India not only as a market, but also as a chance. The interaction between domestic and international companies inevitably contributes to transforming domestic companies into MNCs. The government has backed this campaign by taking steps such as:

- Setting up 'Invest India' (will act as the first reference point for assisting investors)
- Setting up a dedicated web portal to resolve all queries

- Setting up of an expert panel to redress grievances and handle queries of global and domestic investors within 24 hours
- Raising FDI caps in railways and defense production to 100% and 49% respectively
- The environment of positivity created by this campaign has significantly improved the perception of the Indian economy.

The Boston Consulting Group (BCG) reports that India is expected to be the third-biggest economy in terms of consumption and consumption by 3 to 4 trillion U.S. dollars by 2025 and is expected to become by 2040 the second larger economy in terms of buying power parity (CPP) according to a Price water house consulting report. The new classifications are indeed an economic boost, but a great deal more needs to be done on the ground. For example, the ranking shrank from 155 in 2016 by one to 156 when it comes to starting business. Government has much more to do in this area, if it is to succeed in the 'Start Up' program in India. In the fields of property registration and contract enforcement, India was also lower. The progress in land and labor reforms is slow. The new rankings may therefore give the government a motivating encouragement, but the government had yet to travel miles ahead for full celebrations. It is estimated that GDP in India increased 7.2% in 2017-18 and 7% in 2018-19. India has increased 7.1%. With over 4,750 technology startups, India has maintained its position as the world's third-largest startup base. India's labor force is expected to reach 160-170 million by 2019, according to a study by ASSOCHAM and Thought Arbitrages Research Institute, based on population growth rate, increased labor force participation and higher education. The Indian foreign exchange reserves, according to RBI data, amounted to \$405.64 billion a week up to March 15, 2019.

4. FOREIGN INVESTMENT IN INDIAN MANUFACTURING

Table 1: Annual FDI Inflows to India in Manufacturing (US \$ Billion)

Year	Annual FDI Inflows (US \$ Billion)
2010-11	4.79
2011-12	9.34
2012-13	6.53
2013-14	6.38
2014-15	9.61
2015-16	8.44
2016-17	11.97

Source: Reserve Bank of India Annual Report

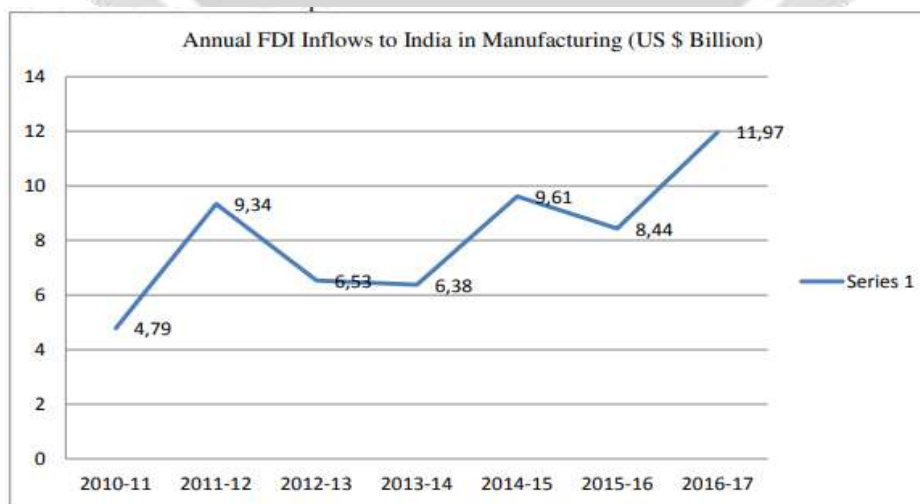


Fig 1: Annual FDI Inflows to India in Manufacturing (US \$ Billion)

Table 1 and figure 1 show that, as Make in India is specifically manufacturing, the latest FDI data from the Reserve Bank of India are split by sector. After an incentive jump in manufacturing to \$9.6 billion in 2014-2015, the FDI actually fell in 2015-2016 to \$8.4 trillion and again jumped to a record \$11.9 trillion in 2016-2017.

Proportion of FDI Going to Manufacturing:

Table 2: FDI in Manufacturing as a percentage of Total Annual FDI to India

Year	Percentage of Total Annual FDI in Manufacturing
2010-11	32
2011-12	40
2012-13	36
2013-14	40
2014-15	39
2015-16	23
2016-17	32

Source: Reserve Bank of India Annual Report

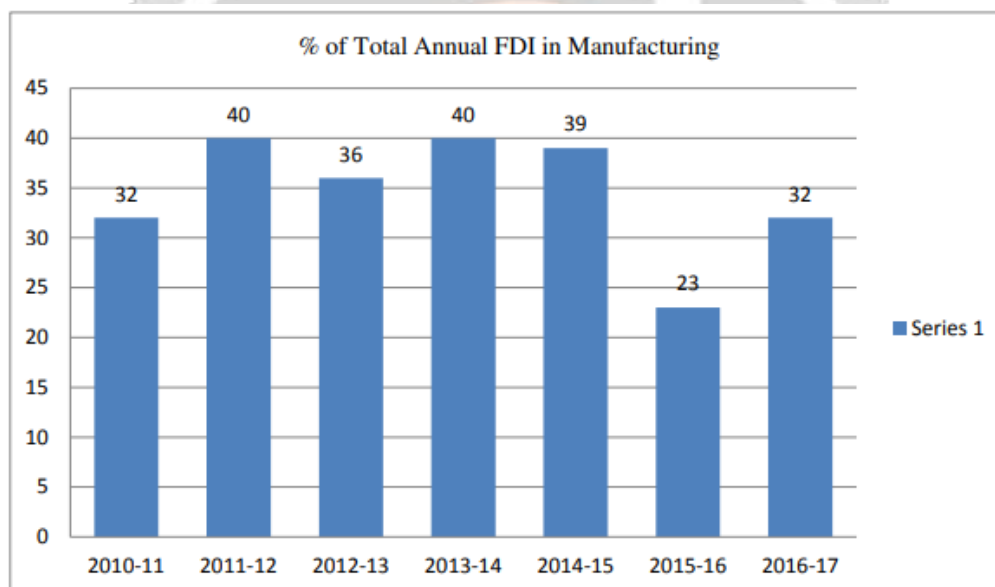


Fig 2: FDI in Manufacturing

Table 2 and Figure 2 show that in 2014-15, the FDI percentage flowing to industry, ranging from 35% to 40% over the last seven years, fell to 39% and again fell to 23% in 2015-16, to 32% in 2016-17. Services draw a larger share of the investment instead of manufacturing.

5. RECENT POLICY MEASURES

- 49% FDI under automatic route permitted in Insurance and Pension sectors
- Automatically permitted foreign investment in the defense sector up to 49 percent. In case of access to modern technology in the country or for other reasons it has been allowed to register foreign investment of 49% on a case-by-case basis with government approving
- 100% FDI limits for the defense sector applied to the manufacture of arms and munitions covered by the 1959 arms act (49% under automatic route, beyond 49% of government routes)
- Up to 100% FDI for teleports, home address, cable networks, mobile televisions, head-in to the Sky Broadcasting Service is allowed.

- Automatically allowed in FDI up to 100 percent Non-News & Current Affairs upgrades, and TV channels downgrade
- For one-stop brand retail trade, sourcing standards may be loosened for up to three years and the procurement scheme may be relaxed for another 5 years subject to the approval of the government.
- Non-Scheduled Air Transport Service Foreign equity cap activities, ground handler services rose by 74% to 100% under automatic routes
- 100% FDI for Brownfield Airport projects on automatic route FDI limits for scheduled air travel service/domestic scheduled airlines and regional air travel services rose to 100% with automatic route allowances of FDI up to 49% and government approval of FDI beyond 49%. • FDI limits
- Foreign airlines would still be allowed, until a limited 49 per cent of their paid-up capital, to invest in the capital of Indian companies operating scheduled and unplanned transport services
- The Government has issued guidelines on foreign investment in the sector to clarify the e-commerce sector. 100% automatically authorized FDI on the e-commerce marketplace model
- FDI 100 percent of food products manufactured and/or manufactured in India under government route for retail trade, including via eCommerce.
- 100% FDI is allowed under automatic route in asset reconstruction companies
- 74% FDI in brown field pharmaceuticals allowed for automatic pathways. FDIs above 74% are permitted via government approval route
- FDI limits increased to 74 percent for private security agencies (49 percent under automatic route, beyond 49 percent and up to 74 percent under government route)
- Approval of the Reserve Banque of India in cases where the FIPB approval, or the license/license has already been granted by the Ministry/Recordator concerned would not require the establishment of a branch office, liaison office, or project office or any other place of business in India where the applicant is the defence, telecom, private security or broadcasting business.
- Animal Husbandry, fish-rearing, aquaculture and apiculture requirement 'controlled conditions' for FDI has been abolished.

6. CONCLUSION

The study carried out to understand critical success factors for the manufacturing of information technology hardware in make in India program. A cross-sectional study is carried out among the senior information technology professional to understand their point of view and find out critical success factor for the manufacturing of information technology hardware. The researcher interviewed various policymaker's and attend various investment summits in which he collected the views of many policymakers and the government representatives. The researcher has formulated some hypothesis, which validates by the statistical techniques with sophisticated software's. The researcher has found out 14 critical success factor for the success of Make in India program for the manufacturing of information technology hardware, and these factors are as follows. Literacy rate, Internet penetration, mobile Internet penetration, the young and restless youth of India, economic size of India, currency rupee rate, unemployment rate, mobile penetration, forex reserve market currencies, depreciation versus the dollar, population, foreign direct investment, recovery mode of emerging economies, urban-rural ratio, gender ratio. The researcher also asked an open-ended question in a quantitative study from the respondent about the critical success factor. To evaluate If there is be any other factor that could be critical for the success of Make in India program for the manufacturing of Information Technology hardware. The significant observation from the research there is less awareness of prime ministers schemes in foreign countries. Ministry of External Affairs should take play a significant role to connect the world to Make in India program. Government of India representatives in the foreign countries should make an effort to attract more foreign direct investment by connecting India's diaspora to the mainland of India. Ministry of Foreign affairs should announce special incentive schemes for non-resident Indians.

7. REFERENCES

1. A.K. Sharma, E. V. (2009). Critical evaluation of road infrastructure in India: a cross-country view. *Engineering, Construction and Architectural Management*, 16(1), 73–91., <http://doi.org/https://doi.org/10.1108/09699980910927903>
2. Abhoy K. Ojha. (2014). MNCs in India: focus on frugal innovation. *Journal of Indian Business Research*, 6(1), 4–28. <http://doi.org/https://doi.org/10.1108/JIBR-12-2012-0123>

3. Aggarwal, R. (2010). India in the World Economy. *Review of Market Integration*, 2(2–3), 181–228. <http://doi.org/10.1177/097492921000200302>
4. Agrawal, N., Banda, M., Marshall, A., Mehrotra, N., & Patrao, C. (2017). How India can be essential to the global ecosystem economy. *Strategy & Leadership*, 45(4), 33–39. <http://doi.org/10.1108/SL-05-2017-0046>
5. Agwani, M. S. (1963). India and West Asia. *International Studies*, 5(1–2), 169–171. <http://doi.org/10.1177/002088176300500120>
6. Ahmed, F., & Kumar, P. (2018). Toward a national participation index for developing countries in the global value chains. *Journal of Modelling in Management*, 13(2), 475–494. <http://doi.org/10.1108/JM2-07-2016-0066>
7. Ajami, R. A. (2015). Headwinds and Opportunities Facing the Indian and Chinese Economies. *Journal of Asia-Pacific Business*, 16(3), 167–170. <http://doi.org/10.1080/10599231.2015.1062304>
8. Bahal, G., Raissi, M., & Tulin, V. (2018). Crowding-out or crowding-in? Public and private investment in India. *World Development*, 109, 323–333. <http://doi.org/https://doi.org/10.1016/j.worlddev.2018.05.004>
9. Bajar, S., & Rajeev, M. (2016). Contribution of Infrastructure to Output Growth in India. *Emerging Economy Studies*, 2(2), 240–252. <http://doi.org/10.1177/2394901516661093>
10. Bajpae, C. (2016). Modi, India and the emerging global economic order. *Journal of Asian Public Policy*, 9(2), 198–210. <http://doi.org/10.1080/17516234.2016.1165335>
11. Bakul H Dholakia, & Ravindra H Dholakia. (1994). Total Factor Productivity Growth in Indian Industry. *Economic And Political Weekly*, 30(28), 3342–3344. Retrieved from <https://www.epw.in/journal/.../total-factor-productivity-growth-indian-industry.html>
12. Baragde, D., & Baporikar, N. (2017). Business innovation in Indian software industries. *Journal of Science and Technology Policy Management*, 8(1), 62–75. <http://doi.org/10.1108/JSTPM-12-2015-0039>
13. Bhat, J. A., & Sharma, N. K. (2018). The twin-deficit hypothesis: revisiting Indian economy in a nonlinear framework. *Journal of Financial Economic Policy*, 10(3), 386–405. <http://doi.org/10.1108/JFEP-09-2017-0082>
14. Bhattacharya, I., & Sharma, K. (2007). India in the knowledge economy – an electronic paradigm. *International Journal of Educational Management*, 21(6), 543–568. <http://doi.org/10.1108/09513540710780055>
15. Bhawsar, P., & Chattopadhyay, U. (2018). Evaluation of industry cluster competitiveness: a quantitative approach. *Benchmarking: An International Journal*, 25(7), 2318–2343. <http://doi.org/10.1108/BIJ-02-2017-0022>
16. Brooksbank, R., Subhan, Z., & Miller, S. (2018). What differentiates successful strategic marketing among manufacturers in an emerging versus developed market? *Asia Pacific Journal of Marketing and Logistics*, 30(2), 00–00. <http://doi.org/10.1108/APJML-12-2016-0251>
17. Chandra, P. (2015). Pivoting Indian Manufacturing Policy Differently. *India Review*, 14(1), 111–127. <http://doi.org/http://dx.doi.org/10.1080/14736489.2015.1001279>
18. Chatterjee, S., Kar, A. K., & Gupta, M. P. (2018). Success of IoT in Smart Cities of India: An empirical analysis. *Government Information Quarterly*, 35(3), 349–361. <http://doi.org/10.1016/j.giq.2018.05.002>
19. Chowdhury, S. R., & Chowdhury, S. R. (2016). Policy Reforms and SME Performances: A Comparison of Two Major EMEs. *Emerging Economy Studies*, 2(2), 145–155. <http://doi.org/10.1177/2394901516661807>