

## **MAKE IN INDIA: AN INITIATIVE FOR NATIONAL MANUFACTURING**

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### **ABSTRACT**

*The key to employment is manufacturing and thus growth of the weaker sections of the society. More the number of manufacturing units, more the employment opportunities. Make In India concept of our Prime Minister Narendra Modi aims to make India the manufacturing hub of the world. It also aims at increasing the GDP and tax revenues in the country through production of products that meet high quality standards, and minimising the impact on the environment. The idea of utilizing cheap labour to produce for the world is not new. It's been implemented rather successfully in the countries like South Korea, Malaysia, Thailand, Indonesia East Asia and gave phenomenal results for three decades popularly called the East Asian growth miracle.*

### **INTRODUCTION**

India is one of major importers of the world. From automobiles and arms to everyday electronic items, everything is imported. This adds up to the import bills. India is among the biggest arms importer of the world. If we start manufacturing these items in India, not only will they generate millions of jobs and a better infrastructure, but this will also lower the import bills. **'Make in India'** is an initiative of the Government of India to encourage companies to manufacture their products in India. It was launched by Prime Minister Narendra Modi on 25 September 2014. **The logo for the Make in India campaign is an elegant lion, inspired by the Ashoka Chakra and designed to represent India's success in all spheres.** The objectives of this campaign are as follows:

- to make India a **manufacturing hub** for domestic as well as foreign companies.
- to focus on **job creation and skill enhancement** in 25 sectors of the economy.

- to meet **high quality standards** and minimising the impact on the environment.
- to attract capital and **technological investment** in India.

**After the launch of Mars Mission, the Prime Minister said-** "Nobody can question the talent of our people"

**Kumar Mangalam Birla, Chairman, Aditya Birla Group, said-** "The launch of Make in India mission coincides with the spectacular success of Mangalyaan's Mars Mission, India's triumph in outer space embodies frugal home grown engineering through zero defects, teamwork, precision and it is by any reckoning a world-class achievement."

**Chanda Kocchar, Managing Director and Chief Executive Officer, ICICI Bank said-** "When we talk of cost there is no better example than MOM (Mars Orbiter Mission), with a lot of pride we can all stand here and claim that India's indigenous science and production technology skills that are orbiting the planet Mars".

Make in India project focuses on the following sectors to increase the economy of India.

• Automobile Components
• Automobiles
• Aviation
• Biotechnology
• Chemicals
• Construction
• Defense Manufacturing
• Electrical Machinery
• Electronic systems
• Food Processing
• Information Technology and Business Process Management
• Leather

• Media and Entertainment
• Mining
• Oil and Gas
• Pharmaceuticals
• Ports and Shipping

### **PROS & CONS of the campaign:**

- The value of Indian rupee will get stronger and competitive.
- Indians will get more jobs so there will be less unemployment.
- The rate of export will increase. Make in India is the Indian government's efforts to harness this demand and boost the Indian economy.

Besides these advantages there are certain challenges to the campaign. It must be keep in mind that whatever product is designed or manufactured there should be more focus on quality rather than quantity. Labour laws in the country are still not conducive to the Make in India campaign. Another debatable issue is of environmental clearance, which has been surfaced in many projects especially related to mining sector.

### **RESPONSES ON NATIONAL MANUFACTURING**

Manufacturing currently contributes just over 15% to the national GDP while the vision of the campaign is to grow national GDP to a 25%. Its too early to talk about the progress of Make in India and we need to be aware of the fact that many projects are in the early stages and it would take time to see the results. The snapshot of early success stories of this campaign:

- In military aviation, the recent deal with France on **Rafale** jets is well publicized. Whatever the politics of the deal is, the Indian government has been able to extract substantial investment in India in the future.
- In civil aviation, **Airbus** has already announced restructuring of its organization in India and the new CEO has announced that Airbus exports will reach \$2bn from India.
- **Hyundai Heavy Industries** of South Korea will work with **Hindustan Shipyard Limited**, Vizag to build warships in India. Currently, the time duration from the point of

order to delivery takes around 6 years. With this collaboration, this gap is expected to fall to 2.5 years.

- Manufacturer of iPhone and iPad, **Foxconn** is expected to open a manufacturing unit soon. A latest development, FOXCONN has agreed to setup a \$5 Billion Plant in Maharashtra while Companies like **Xiaomi, Huawei** have already set up manufacturing units in India.
- **Mercedes Benz** has brought into the “Make in India” program in two different areas. Firstly, in the luxury car segments, it has decided to manufacture more of its components in India – thus increasing the localization of its new model. Secondly, Mercedes Benz has also decided to manufacture its luxury buses in India, to be exported to Africa and South East Asian markets.
- Our **Indian Railways** has invited bids from international suppliers for the procurement and manufacture of 15 train sets. Two train sets will be imported, where as the remaining will need to be manufactured in India – which will result in 40 coaches to be imported and 275 coaches will be manufactured in India.
- Recently, **Lenovo** also announced that it has started manufacturing Motorola smart phones in a plant near Chennai.
- Mobile manufacturer **Spice** will setup manufacturing facility in UP with an investment of 500 crore.
- **Hitachi** agreed to set auto-component plant in Chennai by 2016. Hitachi said that it would increase its employees in India from 10,000 to 13,000 and it would try to increase its revenues from India from ¥100 billion in 2013 to ¥210 billion.
- In May, 2015 **Tata JLR (Jaguar Land-Rover)** announced that it will move its production of the Land Rover Defender to Pune in India in 2016.
- **Samsung** said that will manufacture the Samsung Z1 in its plant in Noida.
- **Reliance Infrastructure** is in discussion with officials in Russia to explore opportunity to build nuclear submarines and stealth warships in India, along with other partners.

Considering the above responses, the direct benefits would be in terms of inflow of foreign exchange, job creation leading to lower unemployment and also technological upgradation.

## **CONCLUSION**

Despite having increase in the share of manufacturing in global GDP, we are far behind the major players such as China, United States who showed immense growth in manufacturing in this decade. The Indian government through 'Make in India' aims to put to use its skilled labour and rapidly increasing workforce to productive use, realizing that service sector though contributing about 55-60% of the GDP cannot be the sole driver of the economy. Hopefully this initiative of Indian Government is going to enhance the global competitiveness of the Indian manufacturing sector.

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